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New Building of the National City Bank,
Wall Street, New York.

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THE

BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-THIRD YEAR JANUARY, 1909 VOLUME LXXVIII, NO. 1

BANKING IN PITTSBURGH.

As the great centre of the iron and steel industry—widely regarded as the barometer of prosperity—Pittsburgh affords an instructive field for studying the progress being made by the banks of the country toward recovery from the period of depression following the October, 1907, panic.

In New York, where the banking trouble first showed itself, serious weakness was disclosed among some of the banks and trust companies, resulting in runs on several institutions, followed by temporary suspension of a number of them.

Pittsburgh has had no such difficulties to contend with—its banks were in good condition when the financial storm broke, and by standing together the banks and trust companies there came through the financial disturbance of 1907 in safety.

In one or two cases there was some difficulty, of individual origin, but nothing like general weakness developed at any time; on the contrary, the Pittsburgh banks have shown by their ability successfully to resist the shock of 1907 that they are not only sound but managed with a high degree of financial ability.

Some years ago banking in Pittsburgh was so profitable that it led to a considerable speculation in bank and trust company stocks, and possibly to greater additions to the banking capital than were desirable. But the conclusion that the city is "over-banked" hardly receives support from the high rates of dividend generally declared after keeping up the surplus funds to good proportions.

Herewith are presented some figures showing the condition of the Pittsburgh banks prior to the 1907 panic, also statements of condition at the dates of the last two official calls.

The business spurt immediately succeeding the Presidential election was found to be somewhat sentimental in character, and its short duration has not been very surprising. There has been genuine improvement, of course, but not to the extent indicated by the post-election activity. On September 23, 1908, the Pittsburgh National banks had $180,000,000 total deposits, compared with $176,000,000 on November 27, 1908, and $182,000,000 on August, 1907. In other words, by September last they had almost regained what was lost in the 1907 panic, though some of this gain was lost between September 23 and November 27. Between the figures preceding the panic and those of the present time, there is a difference of only about $6,000,000, so that the falling off in deposits as a result of the panic has been comparatively small.

Quite recently some of the banks have reported a considerable demand for banking accommodation to meet the demand of the steel mills in bringing iron ore from the northern ranges before the close of lake navigation. It

* TABLES SHOWING DEPOSITS, ALSO SURPLUS AND UNDIVIDED PROFITS OF THE NATIONAL BANKS, STATE BANKS, AND TRUST COMPANIES OF PITTSBURGH, PA., ON VARIOUS DATES IN 1907 AND 1908.

NATIONAL BANKS.

	Deposits.			Surplus and Und. Profits.		
	Jan. 26, '07.	Sep. 23, '08.	Nov. 27, '08.	Jan. 26, '07.	Sep. 23,'08.	Nov.27,'08.
First National	$19,461,370	$16,889,033	$17,614,592	$2,506,672	$2,261,613	$2,205,434
Second National	11,772,804	12,944,734	12,169,168	2,252,920	2,116,470	2,204,321
Third National	1,049,177	1,021,836	934,919	252,025	247,073	220,081
Fourth National	589,674	675,335	701,836	105,748	94,012	95,356
Allegheny National ..	2,617,273	....	....	796,791	....	....
American National ..	790,941	....	....	249,255	....	....
Bank of Pittsburgh N. A.	16,979,971	16,180,486	16,472,270	2,797,500	2,948,778	2,949,983
Columbia National ..	8,304,444	7,322,381	6,905,565	1,211,626	1,116,621	1,132,610
Commercial National.	1,671,171	2,043,088	2,254,497	241,307	250,127	249,709
Cosmopolitan Nat. ..	649,039	....	....	147,138	....	....
Diamond National...	5,299,065	4,384,962	4,272,507	1,643,411	1,666,817	1,662,431
Duquesne National...	2,135,673	2,227,979	2,330,071	820,678	862,325	854,093
Exchange National..	2,662,073	2,559,080	2,287,781	809,691	853,209	831,892
Farmers Deposit ...	25,060,993	25,243,064	23,849,013	2,505,316	1,918,524	1,957,262
Federal	2,940,378	3,124,011	3,207,479	1,308,198	1,349,066	1,349,744
First National of Birmingham	801,589	648,559	644,130	193,116	197,683	201,841
Fort Pitt National..	2,610,143	....	....	1,102,512	....	....
German National of Pittsburgh	4,380,943	4,776,710	4,950,896	751,355	805,674	803,115
Keystone National..	4,379,778	3,677,234	3,355,045	907,779	938,409	962,168
Liberty National ...	934,995	848,318	856,622	127,397	149,872	154,527
Lincoln National....	3,414,960	3,549,816	3,563,842	864,890	891,470	889,948
Marine National	1,049,985	1,023,181	1,042,945	114,474	122,266	125,879
Mellon National ...	30,954,945	32,092,822	29,476,614	1,722,383	2,542,729	2,551,817
Metropolitan National	879,256	633,359	702,353	371,217	362,077	365,324
Monongahela National	4,834,013	5,262,438	5,373,541	1,774,011	1,834,283	1,833,110
National Bank of Western Penn.....	2,472,065	2,774,979	3,572,420	529,091	565,446	553,810
Penn. National	967,159	751,184	742,093	171,684	168,868	164,795
Peoples National	12,227,099	12,230,390	11,536,369	1,699,435	1,792,185	1,811,496
Union National	6,385,417	10,154,696	11,235,457	5,172,577	5,217,738	5,203,577
U. S. National	714,633	653,273	685,079	215,717	211,347	212,124
Washington National	1,021,965	886,306	1,034,486	151,422	175,431	175,008
ALLEGHENY AND OUTSIDE.						
First National of Allegheny	1,344,200	1,144,263	1,064,416	136,893	155,686	152,386
Second National of Allegheny	1,398,473	1,073,318	1,122,422	825,581	846,852	847,498
German National of Allegheny	3,206,600	3,112,644	3,016,454	868,926	892,529	894,882
Braddock National ..	3,676,235	†........	3,329,006	534,720	†........	621,025

STATE BANKS.

	Deposits.			Surplus and Profits.		
	May 28, '07.	May 19, '08.	Nov. 27, '08.	May 28,'07.	May 19, '08.	Nov.27,'08.
Anchor Sav. Bank.	$ 1,273,042	$1,165,401	$1,418,102	$390,472	$390,625	$391,613
Allegheny Valley Bk.	516,598	400,600	375,994	38,844	43,011	39,389
All-Nations Dep. Bk.	433,597	356,315	357,118	16,489	27,797	30,515
Arsenal Bank	771,502	801,420	817,928	138,570	147,796	153,768
City Deposit Bank..	3,447,335	3,073,149	3,052,829	530,060	556,294	584,109
Diamond Sav. Bank	1,102,475	964,131	912,298	155,555	156,593	160,060
Dollar Savings Bank	24,580,520	25,186,155	25,094,305	1,486,540	1,470,948	1,526,260
Farmers Deposit Savings Bank	4,642,051	4,104,050	3,782,283	83,621	126,909	155,561
Fifth Avenue Bank.	696,139	636,511	646,574	70,592	74,066	76,597
Freehold Bank	1,400,399	1,682,859	2,575,145	1,096,097	1,096,725	1,099,668
German Savings and Deposit Bank	3,899,718	3,702,677	3,596,122	598,707	619,327	633,422
Germania Sav. Bank	7,137,251	6,668,498	6,586,576	511,630	499,125	486,879
Hazelwood Bank	102,959	112,937	95,861	8,369	7,545	8,028
Homewood Peoples Bank	335,844	291,193	310,013	14,124	14,900	16,039
Iron and Glass Dollar Savings Bank	1,886,172	1,686,775	1,585,679	349,583	347,676	315,185
Liberty Savings Bank	738,439	711,907	706,831	10,170	19,102	20,233
Manufacturers Bank	654,938	490,633	584,607	169,500	168,887	173,382
North American Savings Co.	2,751	....	2,015	190,425	....	155,802
Park Bank	338,032	474,010	513,066	15,888	20,290	24,843
Penn. Savings Bank	430,359	429,240	398,636	43,374	44,117	45,728
Peoples Sav. Bank.	10,381,167	9,295,232	8,984,648	1,292,472	1,261,284	1,203,346

STATE BANKS.—Continued.

	Deposits.			Surplus and Profits.		
	May 28, '07.	May 19, '08.	Nov. 27, '08.	May 28,'07.	May 19, '08.	Nov.27,'08.
Pittsburgh Bank for Savings	16,003,135	15,667,443	15,397,532	780,000	794,883	311,723
Traders and Mechanics Bank	361,507	....	....	123,390	......	......
Union Savings Bank	6,235,132	5,044,981	4,994,689	326,891	428,860	490,464
Western Savings and Deposit Bank	1,125,371	1,051,920	1,051,894	308,478	323,472	331,594
Bank of Secured Savings	1,283,840	1,070,423	1,052,827	115,826	121,136	124,605
Ohio Valley	480,362	355,129	299,473	30,172	30,348	29,478

TRUST COMPANIES.

	Deposits.			Surplus and Profits.		
	May 28, '07.	May 19, '08.	Nov. 27, '08.	May 28,'07.	May 19, '08.	Nov.27,'08.
Bankers Trust Co.	....	....	....	$13,778	$12,858	$12,935
Central Trust Co.	$543,928	$428,454	$381,815	43,764	48,078	49,997
Colonial Trust Co.	11,364,896	8,643,042	8,385,420	6,280,459	6,238,681	6,146,933
Com'wealth Tr. Co.	2,445,533	1,977,786	2,083,359	1,391,442	1,420,288	1,439,144
Continental Tr. Co.	268,084	264,326	274,622	108,070	124,314	129,142
East End Savings & Trust Co.	921,984	881,281	420,037	118,589	124,899	127,201
Fidelity Title & Tr. Co.	9,820,293	9,668,309	10,178,271	5,007,244	5,084,557	5,140,948
Franklin Savings & Trust Co.	250,378	211,458	220,708	42,756	44,909	47,638
German Trust Co.	116,242	....	....	100,839	....	....
Guarantee Title & Trust Co.	5,389,287	4,220,365	4,161,370	919,697	935,871	874,914
Guardian Trust Co.	166,443	101,944	109,388	140,038	96,759	101,286
Hazelwood Savings & Trust Co.	458,209	423,481	409,119	86,594	90,821	94,241
Hilltop Savings & Trust Co.	587,196	471,045	435,236	31,387	44,506	48,612
International Savings & Trust Co.	176,187	....	....	20,406	....	....
Iron City Trust Co.	2,034,724	....	....	770,823	....	....
Land Trust Co.	427,081	805,114	845,887	111,234	112,266	103,965
Mercantile Trust Co.	635,117	452,942	401,313	263,198	241,660	237,204
Merchants Savings & Trust Co.	440,060	275,376	202,911	128,576	123,414	79,958
Metropolitan Savings & Trust Co.	277,839	....	....	15,766	....	....
Metropolitan Tr. Co.	237,172	155,076	177,637	17,354	19,989	20,903
Mt. Washington Savings & Trust Co.	107,497	....	....	16,568	....	....
Oakland Savings & Trust Co.	544,292	553,619	523,521	150,615	136,564	152,796
Peoples Trust Co.	1,044,699	867,115	781,100	73,009	90,068	99,462
Union Fidelity Title Insurance Co.	....	....	....	44,791	17,256	11,855
Pittsburgh Tr. Co.	11,558,847	8,636,558	8,852,167	4,213,194	4,239,215	4,221,420
Pittsburgh Surety Co.	....	....	....	24,644	21,220	12,638
Potter Title & Tr. Co.	71,931	141,231	183,063	21,928	21,509	24,258
Real Estate Tr. Co.	3,126,787	2,282,444	2,192,758	2,131,204	2,082,429	2,068,389
Safe Dep. & Tr. Co.	....	....	588	7,704,397	7,791,474	7,807,593
South Hills Tr. Co.	349,413	339,289	357,155	18,077	22,981	21,598
Southside Trust Co.	775,286	682,948	572,499	54,229	73,975	81,241
Terminal Trust Co.	87,488	54,022	57,063	2,263	5,163	8,223
Treasury Trust Co.	300,024	....	....	55,867	....	....
Union Trust Co.	28,178,543	25,066,748	24,741,983	23,460,000	24,354,043	24,926,971
Washington Tr. Co.	400,199	382,115	402,167	10,443	12,842	23,622
West End Savings & Trust Co.	1,198,009	1,150,235	1,072,219	263,401	278,856	279,771
Allegheny Trust Co.	2,466,109	2,260,755	2,243,777	255,817	276,198	289,508
Dollar Savings Fund & Trust Co.	3,043,618	3,066,300	3,020,385	1,052,003	1,034,614	1,037,266
Manchester Savings Bank & Trust Co.	611,311	661,120	670,995	69,052	75,878	82,219
Workingman's Sav. Bank & Trust Co.	3,691,893	3,099,604	3,093,165	624,431	675,155	684,797
Provident Trust Co.	594,340	556,661	504,868	76,999	74,335	79,579
Real Estate Savings & Trust Co.	1,263,600	1,186,591	1,121,209	126,623	129,419	125,334
American Deposit Tr. Co.	....	....	662,611	....	....	62,549

* These figures are arranged from compilations furnished through the courtesy of the "Pittsburgh Dispatch."

† Statement of this date not available at time this table was prepared.

will require some time before this supply of ore can be turned into finished products and converted into money. While the mills are running far below normal, the situation is gradually bettering itself.

Perhaps no city in the country, except New York, felt the banking strain of 1907 more severely than Pittsburgh, though the strain came about in a different way. New York as a central reserve city was called on to meet the demand for reserves made by the banks of the whole country. Pittsburgh as a reserve city also had to bear a large part of this burden; but in addition the banks of that city had to meet cash demands for payroll purposes far greater in proportion to their total deposits than the banks of other cities. Whenever everybody begins to want cash, the banks having to meet heavy calls for cash to make up payrolls have a hard problem before them. The Pittsburgh banks stood this test without causing any bank failures.

One of the leading bankers of that city declares that the basis of the city's prosperity rests on the coal and iron dug from the earth and that the character of the people is derived from Scotch-Presbyterian ancestors—a combination that ought to afford a secure foundation upon which the banking business of this great industrial centre shall continue to grow.

FURTHER testimony in addition to that already given in THE BANKERS MAGAZINE in favor of the establishment of an International American Bank appears in the annual report of Hon. JOHN BARRETT, Director of the International Bureau of American Republics. In detailing the things needed to add to our trade with Latin America Mr. BARRETT's report declares:

"First, and possibly the principal influence needed after better shipping facilities to build up Pan-American exchange of trade is the establishment of banks controlled by United States and native capital or of direct and exclusive agencies of representative United States banks. The best argument in favor of this contention is the success of European banks and agencies and the corresponding building up of European trade. There is not now one bank below Panama controlled by United States capital."

Valid objections may be found against permitting the existing national banks to establish branches in foreign countries (though we see no good reason why a national bank with sufficient capital might not safely do so); these objections will hardly apply if Congress finally decides to establish a central bank for the United States. But even if this decision fails to be reached, provision ought to be made that will permit a properly organized American bank, acting under Federal authorization, to establish branches, not only in Latin America, but in the chief commercial centres of the world.

COURT proceedings in Brooklyn, N. Y., in November brought out some illuminating testimony as to the duties of directors as actually performed.

According to newspaper reports of the trial, one director testified that he knew nothing of any of the alleged dummy loans. He had attended every meeting of the board, had seen the loan book lying on the table, but had never looked at it. He said that some of the directors were charged with the duty of investigating the collateral offered for loans, but he could not remember who they were.

Another director is reported as testifying that he had attended all board meetings. He knew only two clerks in the institution by name. He did not know of any of the dummy loans, had never looked in the loan book. Under cross-examination he admitted that he was the chairman of the executive committee of the board, and knew he could examine the books at any time, but had never done so. The loans were not read from the book, he said, but from the envelopes which contained the collateral securities. The amount of each loan and the name of the borrower were endorsed on the envelope. He never saw the collateral, and he couldn't remember who called off the loan list. He was quite sure that was no part of his duties.

Where the directors exercise no adequate check upon the action of bank officers, it is not surprising that they are sometimes awakened by the failure of the banks they are supposed to direct. Impossibilities need not be asked of directors, but it is certainly not too much to insist that they give to their institutions a reasonable amount of their time and attention.

FUNDAMENTAL principles regarding banking and currency, as viewed by Hon. Chas. N. Fowler, chairman of the Banking and Currency Committee of the House, were thus stated recently:

"No government should have any demand obligations outstanding. Therefore our United States notes should be eliminated either by retirement or conversion into gold certificates.

"Our standard of value is gold; therefore our bank reserves should be all in gold or gold certificates, which are the same thing.

"The only true and the most economical currency is an untrammelled credit currency—that is, a currency which is interchangeable with bank deposits that are subject to check.

"We should be able to know both the quality and the quantity of the bank reserves in every banking institution in the United States. This can only be done by one single administration of all the banking institutions.

"We should know that the savings of the masses in all the states are invested in specified securities of a conservative character and not used for speculative purposes which invariably leads to an unhealthy condition, disaster and untold misfortune. This end can only be secured throughout the United States by a uniform supervision of all commercial banks.

"During the last twenty years a distinctly new phase of the banking business has developed enormously in the United States known as the trust company business. All trust funds should be segregated from the commercial accounts, and not diverted by scheming speculators to the promotion of their enterprises, thereby developing unhealthy conditions, which in turn breed and precipitate panics.

"The problem before the people of the United States is peculiarly our own and cannot be solved by simply aping some other nation. To preserve and maintain the principle of individual banking which is so strikingly peculiar to the United States, and at the same time secure that strength and protection that is essential to absolute confidence and an impregnable defense to American commerce, we must accomplish three things:

"First—We must unify American banking.

"Second—We must decentralize our bank credits.

"Third—We must centralize our gold reserve.

"The unification of our banking system can be accomplished only through a national act. It must provide for a common central ample and general gold reserve, directly related to the total liabilities of all the banks, and must also provide for a degree of mutuality of responsibility between the individual units composing the system sufficient to make loss to the depositor as well as to the note holder impossible.

"Neither a government savings bank nor a government guarantee of bank deposits, which are identical in fact and principle, should find any place on the statute books of our country, whose chief asset, greatest strength, and crowning glory is the individualism of our citizenship."

It must be admitted that if these principles are correct, we have departed very widely from them in our banking and currency systems as they have developed under present laws. Sometimes it is instructive and beneficial to get back to first principles. Mr. FOWLER'S declarations should be studied, and their soundness either established or controverted.

NO good reason exists why national and state banks should not do a savings bank business where no regular savings banks exist. In an address before the National Monetary Commission at Washington recently Mr. ARTHUR REYNOLDS, president of the Des Moines (Iowa) National Bank, told how this could be done. He advocated changing the National Banking Law so as to permit the establishment of a national trust and savings bank, or a department under the present system in a national bank which would segregate the assets for savings of depositors from other commercial business. By limiting the securities to only the best it would be possible to provide such a secure place for the depositing of savings that there would be no further need of a Government guarantee, either through an assessment upon banks for a guarantee fund or in the establishment of postal savings banks.

This contains the essential provision for making savings deposits safe, namely, their investment in high-grade securities. If the present postal savings bill should go through, and the Government should redeposit the savings in national banks, the latter would use the funds for ordinary commercial business; and while the deposits would be safe enough, particularly if they be made a prior lien on assets as proposed, the use of the savings funds in the manner mentioned will contravene one of the principles that has heretofore been adhered to by states having the most careful regulation of their savings institutions.

GENERALLY proposals for retrenchment of Government expenditures do not find much favor, either in Congress or out of it. Members of the House and Senate feel that generous expenditures will give them a reputation for liberality among their constituents, particularly when the latter get a direct share of the benefits. The constituents who pay the bills do not bother much about it, since the Federal taxation is indirect and by no means burdensome.

But the Secretary of the Treasury, in his annual report to Congress, says that many millions of public expenditures might be saved with no sacrifice of efficiency. We quote from his report:

"There have been, under many Administrations, excessive expenditures, due to one cause or another. The time may come when a session of the Congress will be given over largely to the consideration of ways and means to reduce the operating expenses of the Government; and, if it does come, and patriotic and discriminating judgment is brought to bear on the problem, we shall see a saving of many millions of dollars, with no sacrifice of efficiency of administration. Few domestic reforms would do so much to set the people an example of good business and economical government."

As the Secretary points out in his report, the growth in ordinary expenditures for carrying on the Government, exclusive of interest on the public debt, but including payments for pensions and many public works, was from $135,000,000 in 1878 to $638,000,000 in 1908, or an increase in a generation of nearly 400 per cent.

With this very large increase of expenditures the necessity of exercising a more careful scrutiny over the outgo of public money becomes yearly more urgent. The Secretary's recommendations on this point are worthy of careful consideration by Congress.

A CENTRAL bank is favored by the Secretary of the Treasury in his annual report, provided such an institution can be kept clear of the Scylla of "great moneyed interests" and the Charybdis of "politics." In suggesting the establishment of such an institution, the Secretary says:

"The increase in our population, the development of industry, both national and international, present problems which can not be solved by a blind adherence to all the details of a system which, though in many ways well adapted to our requirements and of great service to our people as it has been, was yet primarily the outgrowth of the exigencies of a time of civil strife. The changed conditions call for modifications of the existing system or for the ultimate establishment, if it can be safeguarded so as to keep it out of the domain of politics on the one hand and the control of great moneyed interests on the other, of a central institution of issue and control."

These are precisely the objections often set forth in these pages, although others have been made also. But so far as these objections are concerned, it might be possible to overcome them by a carefully-drawn law. Probably, any way, if the "great moneyed interests" conclude that they want banking control they will get it whether we have a central bank or not. Indeed, it may be suspected that these "interests" have a pretty strong grip on banking already.

As for political interference in the management, that could be guarded against by the constitution of the central bank, though there would always be the danger of hostile legislation whenever the bank's operations are attacked.

Unless a central bank shall be given a monopoly of the note-issuing privilege, it can not regulate the discount rate; and if given such monopoly every other bank must pay tribute to the central bank when desiring to procure a loan of notes. If the individual banks were permitted to issue notes they could save this expense. Of course, they will save it any way by passing it on to their borrowers; but the cost must be paid by the commercial community.

INTERNATIONAL gold certificates are advocated in the annual report of the Secretary of the Treasury, who says:

"It would seem that means might be devised to diminish the transfer of physical gold under these conditions. That credits or loans of gold might be extended more generously than at present by one nation to another in times of stress was proposed soon after the crisis of a year ago. It has been suggested that an international conference be called of representatives of the ministries of finance and of the great state banks with a view to more prompt and effective co-operation in emergencies. If such a conference should be held there might well be included in the list of topics to be considered the creation of an international gold certificate which would represent for all practical purposes the transfer of gold coin or bullion without the necessity of transferring the metal itself.

"Such an arrangement would require international sanction, either by an agreement among the leading banks of the world to issue a transferable international certificate upon a certain amount of gold coin definitely set aside for the purpose, or an agreement through diplomatic channels among the several Governments to some similar arrangement under official control.

"In the present advanced state of public faith and of financial responsibility there is apparently no serious obstacle to reaching such an agreement if measures are once set on foot by those capable of carrying it out. The issue of such international certificates, payable on demand like the gold certificate of the United States, would not prevent the transfer of the physical gold when desired. The certificates might be redeemable in all countries which were parties to the agreement without regard to the country in which they were issued, and it might be left to those in charge of the gold funds to determine from time to time whether physical transfers of gold were required. It is suggested that the Secretary of the Treasury might be authorized to receive hospitably any suggestion on this subject from abroad and to appoint through the proper channels delegates on behalf of the United States to any conference which might be assembled having the subject within the scope of its deliberations."

While international bankers are inclined to believe this plan impracticable, it nevertheless has attracted considerable attention. The suggestion has been made before, though we do not remember having seen it in an official recommendation until now. Were the scheme feasible it would economize the shipment of gold and would in many cases make the certificates available more quickly than is possible under the present practice.

It is understood that some sort of an international money conference will be held in Europe next summer. The proposed international gold certificates should form an interesting topic of discussion at the conference.

WALL STREET is being investigated by a special commission appointed by Governor HUGHES of New York. The commission is composed of the following gentlemen:

HORACE WHITE, the well-known banking and monetary authority, and former editor of the New York "Evening Post"; CHARLES A. SCHIEREN, merchant, and ex-mayor of Brooklyn; DAVID LEVENTRITT, lawyer; CLARK WILLIAMS, Superintendent State Banking Department; JOHN B. CLARK, professor of political economy in Columbia University; WILLARD V. KING, president Columbia Trust Company; SAMUEL H. ORDWAY, lawyer; EDWARD D. PAGE, merchant; CHARLES SPRAGUE SMITH, director People's Institute.

In his letter appointing the commission, Governor HUGHES says:

"At the last session of the Legislature I recommended that provision should be made for suitable inquiry into the facts relating to speculation in securities and commodities with the view of ascertaining the manner in which illegitimate transactions might be prevented and legitimate business safeguarded.

"As I stated in accepting renomination, I had in mind, in making this recommendation, such an expert inquiry as was made into banking conditions, the result of which was the passage of highly beneficial measures.

"In this commonwealth the vast commercial and financial transactions represent the activities of the entire country. It is of the utmost importance that legislation affecting business and exchange should be the result of deliberate study, and that we should neither threaten business stability by ill-considered measures, nor on the other hand invite agitation or impair confidence by ignoring abuses and by failing to provide suitable correction.

"It is with this view that I request you to act as a committee for the purpose of collecting facts, receiving suggestions and making such recommendations as may seem to you fitting with regard to the following question:

"What changes, if any, are advisable in the laws of the State bearing upon speculation in securities and commodities or relating to the protection of investors or with regard to the instrumentalities and organizations used in dealings in securities and commodities which are the subject of speculation?

"It is not my intention to limit you in the consideration of any phase of the matters submitted, and I am confident that your carefully formed opinions, being those of men known for their interest in public questions and their acquaintance with affairs, and accredited to the community by high reputation, will be of the greatest value.

"I must ask this public service without offer of compensation or indemnity for expense, as I have no authority to subject the State to any obligation in connection with your appointment. But I know that your generous action in serving the community will be highly appreciated and will afford another and most welcome illustration of the public spirit of our citizens.

"I shall be glad to receive your report at as early a date as you may find practicable."

It can hardly be doubted that this commission, composed of able and fair-minded men, will unearth whatever abuses may exist in the New York exchanges and suggest corrective legislation. Anything like mere demagogic agitation would be as foreign to the character of the commission as it would be to the spirit of Governor Hughes' letter above quoted. "It is of the utmost importance," declares the Governor, "that legislation affecting business and exchange should be the result of deliberate study"—an obvious fact, but one which many ardent reformers are prone to overlook.

This Magazine has never joined in the general denunciation of Wall Street, so freely indulged in by the press. Nor has it been blind to the evils that have developed in the enormous growth of trading on the various exchanges. We should like to see wise laws enacted and enforced for correcting these evils. It is believed that the banks, not only of New York city but of the whole country, are too closely related to Stock Exchange speculation; and it is openly asserted by those in a position to know that the speculative movements are largely controlled by powerful manipulators.

The commission appointed by Governor HUGHES will carefully investigate these and other matters, and no doubt will make a report that will be used as the basis for framing wise legislation.

REFERENCE was made in last month's issue to the preliminary meeting of representatives of commercial organizations in New York for the purpose of forming a federation of commercial and civic organizations to coöperate toward securing a solution of our currency problems. In order that this new movement may be fully understood, we make public the following declaration of its purposes, obtained from an authentic source:

First.—The movement is in no way in opposition to the interests of the bankers, whose business it is to deal with finance and currency. The intention is to coöperate with them, and with the efforts of the American Bankers' Association, to secure wise legislation. It is believed that this coöperation will be more effective, if directed by an independent federation of commercial organizations, which will be free from the prejudice which unfortunately exists in the minds of some citizens against associations of bankers.

Second.—The movement includes a full recognition of the Monetary Commission appointed by Congress. An attempt will be made to prepare the minds of the business men of the country for wise currency legislation, and until the commission has reported a plan, the organization of commercial associations will only advocate the general principles underlying the currency issues of other great nations, leaving for future consideration the method by which the currency may be brought into circulation. It is understood that it is the intention of the Monetary Commission to issue, within a few months, a comprehensive report of the financial methods of other nations; a report which will aim to be educational, and will not suggest any definite legislation. It is important that this report, when issued, receive the widest circulation, and be carefully studied by business men. The organization referred to hopes to provide a channel for this circulation, and to prepare for its careful and respectful consideration. It is regarded as equally important that business men organize to effectively assist the passage of legislation which will ultimately be suggested by the Monetary Commission, if, as is hoped will be the case, it is wise and comprehensive, or to actively oppose such legislation if this be not the case.

Third.—It is desired to appeal to the business man, not only on the ground of civic duty, but to urge his coöperation, because the establishment of a safe and elastic credit currency means much to his individual prosperity. It is essential to the Far West, to meet the requirements of the rapidly developing trade with the Orient; to the Middle West, to effectively and economically move the crops; to the South, to finance the cotton, and develop industries; to the East, to protect financial relations with the great countries of Europe, and to the entire nation to assure that the United States will ultimately command the position of chief financial power of the world. This cannot be accomplished with a defective currency system, and a proper system will probably not be secured until the question is broadly understood by business men.

Those in charge of the new movement for currency reform believe that the above explicit declaration of aims and motives at the outset will do much to prevent misunderstanding on the part of some bankers, who hold that the currency question is outside of the sphere of the business man. It is believed that the broad principles governing the currency should be as much a part of his education as a knowledge of transportation methods; and the entire movement emanates from a desire to coöperate with others who are seeking a wise solution of this great national problem.

WHILE we have never had much hope of a satisfactory bill emanating from the present Monetary Commission, whose report, unless we are greatly mistaken, will be shaped to support the central bank proposal, nothing is to be gained by antagonizing the Commission, especially before an unsatisfactory report has been made. The unexpected may happen and the Commission's report be unobjectionable.

It is, in our judgment, most important that there should be complete harmony between this business men's movement for currency reform and the work being done along the same line by the American Bankers' Association. The latter organization has been a long time in the field and has done much valuable educational work, besides getting Congress to listen respectfully to its suggestions.

It augurs well for the future of currency reform that the subject is being taken up by the commercial organizations of the country, and the determination to coöperate with other organizations, already at work, assures the greatest possibilities of success. It may be safely predicted that if the business interests of the country unite in favor of any reasonable banking and currency reforms, they will succeed in having their demands heeded by Congress.

AN investigation of the different subjects which have a practical relation to the improvement of social and living conditions is being made by the Russell Sage Foundation. One of the subjects being investigated is the salary loan business in New York. A report has been prepared by Professor CLARENCE W. WASSAM, Ph.D., under the direction of the Bureau of Social Research of the New York School of Philanthropy.

In an introductory note it is said:

"That borrowing is often a necessity to those who have no means beyond their salaries and have no friendly source to which they can apply is plain. That such persons cannot afford to borrow on the onerous terms now offered by those who supply this need is equally plain.

"The loan problem for those who can borrow on the pledge of personal property has been partially solved in New York by the organization of the Provident Loan Society (1894), and elsewhere by societies on like lines. This problem has evidently not been solved for those who have salaries and who have no personal property to pledge."

Outside the realm of banking may be found a fringe of money-lenders of various types. Their operations sometimes are without much regard to the usury laws, which they manage to evade.

At the last annual convention of the American Bankers' Association a delegate called attention to the odium which sometimes attaches to bankers from the operations of money-lenders who are not bankers, but who are looked upon as such by the unenlightened borrower. He suggested that the bankers of the country might profitably study this problem, with a possible view to forming an organization to make loans on goods on more favorable terms than can be had from the chattel-mortgage "bankers." The gentleman referred to not only believed that the legitimate banking interests would gain in reputation by the formation of such an organization as he proposed, but was of the opinion that a fair return might be made on the capital invested. This has been the experience of the Provident Loan Society of New York, mentioned above.

In many cases, especially in the larger cities, borrowers who apply to the professional money-lenders are not compelled to do so by lack of adequate security alone. They may never have had accounts at commercial banks and know nothing of their ways. The city banks are so big, too, that the borrower who requires from $10 to $50 would hesitate to apply to them for an amount so small. They do not know that the Bank of France—one of the greatest banks of the world—makes thousands of loans annually for smaller sums. Probably if they possessed this knowledge it would not help them much.

It may be that the would-be borrower, of good credit, driven from a bank to a professional money-lender because the sum needed is small, offers a profitable subject of investigation and study by the banks of the country. Where it is a case of lack of credit or adequate security, the problem is one outside the domain of banking.

MEXICO'S credit institutions are to be fully described in THE BANKERS MAGAZINE by Señor JOAQUIN D. CASASUS in a series of articles, the first of which appears in this issue. Mr. CASASUS was formerly the Mexican Ambassador at Washington, and is one of the leading monetary authorities of our neighboring Republic.

In his first paper Mr. CASASUS defines the principles on which the legislation governing the Mexican credit institutions are based. Subsequent articles will tell how the development of the several classes of institutions has proceeded. It will be seen that in establishing a banking system Mexico avoided the mistake of tying the bank circulation to the national debt, but based the issues on the true foundations—coin and bank credit. Provision was also made for a system of mortgage banks to aid agriculture.

By having the banks under one general law, a homogeneity has been attained such as has thus far proved impossible in this country.

The National Monetary Commission, which has been gathering information about the banking systems of several foreign countries, could find profitable instruction in studying this description of the banking system of Mexico. We feel sure also that it will prove of exceptional interest to American bankers.

CONSOLIDATION of the North and South Wales Bank, Limited, with the London City and Midland Bank, Limited, will make the latter institution, with £66,000,000 deposits and current accounts one of the four greatest banks of the world. By the terms of the purchase, the paid-up capital of the London City and Midland Bank will be raised to £3,799,100 and the reserve or surplus to £3,654,000.

AN evidence of the strength of the banks of this country has been afforded by the comparatively few failures in the wake of the 1907 panic. When the trouble was at the acute stage, and there was a general suspension of cash payments, the position of weak banks was temporarily concealed. But as the clouds of the panic rolled away and the long period of depression set in, the character of the banks' resources began to undergo a severe test. It is creditable to the clean management of the great majority of our banks that but little weakness has been revealed.

Following a panic there is always a great deal of discussion of unsound banking methods and of plans for eradicating them. All this is commendable, but it should cause no one to lose sight of the fact that our banks are, with few exceptions, managed with ability and the strictest fidelity to the interests of shareholders and depositors.

PROFIT is by no means the principal thing to be considered in discussing the issue of bank notes; and yet there must be some profit or the banks will not take the trouble to issue notes at all. And if there is to be a profit why should it not inure directly to the banks in the respective localities where the banks which lend out the notes are located?

Manifestly, cost is one of the important elements governing profits. If we are to have a central bank with a monopoly of note issues, all other banks will have to borrow notes of the central bank, either by a direct pledge of their own credit or by rediscounting their commercial paper.

It will be well for the banks carefully to consider how much more they will have to pay for the use of the central bank notes than the issue of their own notes would cost them. In borrowing notes from a central bank the other banks would probably have to pay a rate of discount averaging between four and six per cent. The profit to be made would be the difference between the discount obtained on the commercial paper pledged with the central bank and the rate paid to the latter for the loan of its notes. This difference could not be very great.

But if the banks were allowed to issue their own credit notes, the items of cost would be as follows: Reserve, tax on circulation, redemption expenses, and cost of engraving notes. These charges could not amount to anything like what the banks would have to pay to the central bank for rediscounting their customers' paper in exchange for the central bank notes.

Besides, in the one case the profit would go to the local bank, and in the other to the central bank. Of course, if the central bank was owned by the other banks, this objection would not amount to anything.

If it is more economical, however, for the banks themselves to issue their notes instead of borrowing notes from a central bank, it is not likely that this lessened cost would all be absorbed as profits by the banks. They would share the advantage with their customers. So that from the standpoint of banking profit and of economical service to the business community, the conferring of a monopoly of the note-issuing privilege upon a central bank seems objectionable.

REDISCOUNTING upon such a colossal scale as would become necessary if we are to have a central bank of issue opens up some new problems. The constant inflow and outflow of commercial paper and notes from some 20,000 banks would present many interesting phases. The necessity of pledging its paper for a loan of another bank's notes would probably not be relished by an ordinarily conservative bank. Customers, too, might be squeamish about having their paper sent away to a distant locality.

Banks borrowing notes on rediscounted paper would be incurring a fresh liability, and while the law does not require any reserve to meet it, prudent banking would seem to demand that provision of some kind should be made by a bank to care for any paper on which a default of payment might occur.

The spectacle of 20,000 banks being deprived of the direct use of their own credit and compelled to borrow in order to feed another institution, is not one to arouse much enthusiasm among the bankers of the country. If in addition they are compelled to forego a legitimate and reasonable profit which they might otherwise enjoy, and to charge their borrowers more for loans, their enthusiasm for this project will be still further reduced.

Perhaps the above assumptions may be subject to some modifications which do not occur at the moment. We are likely to have a discussion of this whole problem whenever the Monetary Commission's report is published, for a central bank will no doubt be recommended in that report.

ONE of the notable changes taking place in the character of American banking is indicated in the following quotation from an article by Professor JOSEPH F. JOHNSON on "The Crisis and Panic of 1907," appearing in a recent number of the "Political Science Quarterly":

"According to Mr. MUHLEMAN ('Monetary and Banking Systems,' 1908, pp. 81, 132) the national and state banks of the United States increased their ownership of stocks and bonds from $50,000,000 in 1892 to $487,000,000 in 1907, while the amount held by trust companies increased from $142,000,000 in 1894 to $785,000,000 in 1907. Furthermore, the loans of trust companies, which are largely secured by stocks and bonds, increased in the same period from $374,000,000 to $1,602,000,000."

In other words, within a period of fifteen years the stock and bond holdings of the banks and trust companies have increased from $192,000,000 to $1,272,000,000.

This change in the character of securities held by banks introduces new problems into bank management, and makes it imperative for the larger banks and trust companies to have a thorough knowledge of the value of securities available either for investments or as collateral for loans. Some of the banks now have, in fact, bond and statistical departments almost as fully equipped as those maintained by the bond and investment bankers themselves.

MEXICO, like the United States, has been suffering from a period of depression, their trouble not following ours, however, but ante-dating it.

From a valued correspondent in the City of Mexico we learn that business is showing a slight improvement, and conditions are expected gradually to right themselves with the beginning of the new year. One factor that will hasten the return of prosperity will be the new loan made for the promotion of agriculture. There is now $30,000,000 ready for the agriculturists. This money will be loaned to farmers for getting in their crops, irrigation works and general improvements. These loans are to be for several years' time, and will be made through local banks. To guarantee that the loans are used for the purposes stated when the loan is applied for, the bank has the right to examine the vouchers and expense accounts. The banks will not pay the total proceeds of the loans out immediately, but in installments as needed.

The provision of funds for making loans in this manner will be a great relief to the local banks, as formerly if crops were bad the banks had to keep making renewals, and were never sure as to what proportion of these documents would be paid in cash.

Coöperation among the banks, supplemented by a wise financial policy by the Minister of Finance, Mr. LIMANTOUR, has enabled Mexico to pass through its period of depression without serious difficulty either to the banks or to commercial houses.

At present, as in this country, the tendency is distinctly toward a revival of enterprise and trade.

EUROPEAN critics of our banking methods object very strongly to the floating of single-name paper in the open market. A particularly caustic criticism of the large use being made of such paper appears in an article by Mr. W. R. LAWSON in the London "Bankers' Magazine" for December. Mr. LAWSON says that the attempt to float this paper in London will not meet with success, as it is a form of credit practically unknown in the European money markets.

INTERESTING statistics regarding the character of the loans of the national banks of the United States may be found in the annual report of the Comptroller of the Currency, recently transmitted to Congress.

On September 23, 1908, the 6,853 national banks reported total loans and discounts at 4,750 million dollars, divided as follows: On demand paper, with one or more individual or firm names, $395,900,000; on demand, secured by stocks, bonds and other personal securities, $922,700,000; on time paper, with two or more individual or firm names, $1,582,400,000; on time, single-name paper—one person or firm—without other security, $852,100,000; on time, secured by stocks, bonds and other personal securities, or on mortgages or other real-estate security, $997,500,000.

The national banks of New York reported on the same date $381,349,493 of demand loans and $524,303,982 on time.

AS might have been expected in connection with such a vast enterprise under Government direction, the Panama Canal has furnished a fruitful source of trouble of one kind and another. In the first place, vague charges have been made that the money which the United States paid for the franchise has gone to enrich an American syndicate. And while these charges appear to be without foundation, they will probably lead to an investigation and cause much unpleasant agitation. Already they have called forth a fiery message from the President denouncing the author of these stories.

Rumors are circulated affecting the stability of some of the constructive work. There is an urgent call for over $5,000,000 by the engineer in charge. And, finally, declarations are made to the effect that the lock type of canal will prove unsatisfactory and that the sea-level scheme must be adopted.

Possibly some of these troubles are originated by those who would be glad to see the whole project abandoned, but it is more likely that they are the natural concomitants of so vast an undertaking. Doubtless all the real and imaginary obstacles will be surmounted in the end.

If a sea-level canal is built not only will the time required for construction be greatly lengthened, but the cost of the enterprise will be enormously increased. This would necessitate a large issue of bonds. The question arises whether the Government can continue to sell two per cents. at par if large issues shall become necessary.

It would be fortunate from many standpoints if all artificial props to the value of United States bonds were removed, and the issue of such securities made on an investment basis purely.

ANNOUNCEMENT recently made by the Pennsylvania Railroad that the company now has in operation on its lines east of Pittsburgh over 200 passenger coaches, dining-cars, baggage cars and mail cars of the new all-steel type, marks an important departure in equipping American railways. As regards comfort, safety and appearance the steel cars are a great improvement over the wooden coaches. This innovation foreshadows the gradual substitution of electricity in place of steam as a motive power for railways. On the New York Central, and a few other lines, such substitution has already taken place in handling suburban traffic. Probably, with the completion of its New York tunnels, the Pennsylvania will install electricity not only to haul its suburban traffic, but will extend the use of the new power to Philadelphia, and possibly beyond.

This change in motive power will add quite materially to the equipment charges of the railways for a long time to come. But when the change is completed the railroads will be much better equipped than they have been for handling the immense local passenger traffic between densely populated communities.

UNIFORM VOUCHER CHECKS.

A SECOND meeting of the joint conference of committees of five representing the Society of American Railway Financial Officers, the Association of American Railway Accounting Officers, the American Association of Public Accountants and the American Bankers' Association was held in the reception room of the latter organization on Wednesday, December 9. The object of the conference was to come to an agreement, if possible, with regard to a standard uniform voucher check to be recommended to the respective organizations for general use.

At the first meeting held three weeks previous, the conference reached an agreement that the voucher check should be a negotiable instrument, and further that it should be in the form of a straight check or draft and the endorsement of the payee thereon be accepted as the only receipt required.

At the second meeting, after several hours' discussion, final agreement was reached upon the following proposition:

RESOLVED: That it is the sense of this meeting that the check voucher should be of the standard check size and in the standard draft form, with the number, date, amount and signature at the right end in the order named, and the name of the payor (bank or treasurer of company) in the lower left corner and that where a folded voucher is considered necessary by railroad companies, it should fold to standard check size, the check or draft to be at the bottom; that when a detachable check is used it should be in the standard form described above.

A sub-committee of one from each organization was appointed to draft forms in accordance with the resolutions adopted at both meetings.

PRECIOUS METALS—FIGURES FOR YEAR 1907.

THE annual report of the Director of the Mint states that the coinage executed by the mints during the fiscal year 1908 amounted to $197,238,377 in gold. Subsidiary silver coinage amounted to $16,530,477, which is the largest in any year since 1877. Minor coinage was $1,946,008. The production of gold in the United States during the calendar year 1907 is estimated to have been $90,435,700, and silver for the same period 56,514,700 ounces of the commercial value of $37,299,700. The production of gold in the world for 1907 is estimated by the director of the mint to have been $410,555,300, and silver 185,014,623 ounces of the value of $122,090,000.

MEXICO'S CREDIT INSTITUTIONS.*

By Joaquin D. Casasus.

IT is now eleven years since, on March 19, 1897, the Government of the United States of Mexico promulgated a general Banking Law, which both in the country and abroad has been considered one of the most important in force on the subject.

In fact, no other nation has up to the present date consolidated under one law the whole of the provisions relating to Institutions of Credit, and summarized them into one code.

In those nations in which issue and mortgage banks have been established, thanks to the charters which guarantee them an exclusive monopoly, we can understand the absence of a general law governing institutions of credit; but even in such countries where, as in the United States, freedom in banking has been sanctioned, several different laws, promulgated at various times, have regulated the constitution of banks of issue and discount, as well as savings banks and other like institutions.

The Mexican law has attempted to affirm the precise nature of institutions of credit, to give them an exact definition which will determine their essential character, and has made permanent provision for their creation and for the principles under which they are to carry on their operations.

Mexican legislation has classified as institutions of credit, in the strict sense of the term, and worthy of forming the subject of a special law, those establishments which act as intermediaries between the persons who desire capital and others who need it, besides clearly laying down the distinction existing between the different classes of securities and evidences of debt, which each institution may put into circulation.

Acting in accordance with these principles, the law has given special attention to the enactment of regulations that govern everything relating to banks of issue, mortgage banks and agricultural banks.

Freedom of Banking Combined with Government Intervention.

Legislation on institutions of credit is based on two fundamental principles: the liberty of the banks, and Government intervention in their constitution and management. At first sight, there appears to be some incompatibility between these two principles, but experience has shown us that they work in perfect harmony.

The Mexican Legislature has recognized the fact that national trade and industry, and with them agriculture, require for their development that the banks should enjoy absolute liberty, so that they may be able to offer an abundance of capital at low rates of interest: but it has, at the same time, understood that banking cannot be allowed to enter into a full and free competition, and that the Government has a right to supervise its proceedings, in order to prevent abuses with their resulting dangers.

It is evident that in order to be efficient the use of credit must enjoy that full liberty which is its life; and at the same time it is the duty of the Government to prescribe the maintenance of certain principles which serve as a foundation for that credit.

The necessity of a more or less direct intervention on the part of the public authorities in the management of institutions of credit is precisely the fact which justifies the existence of special legislation.

* The second installment of the interesting series of articles by Senor Casasus will appear in the February issue of the Magazine.

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Those establishments of a strictly commercial character, whose operations do not create any rights, except in favor of those persons who operate them, do not in any way call for the intervention of the public authorities. The private persons who make contracts with them are perfectly capable of guarding their own interests, better than the authorities could; but, on the other hand, it is both necessary and desirable that the authorities should watch over the management of institutions of credit, when they carry on transactions that necessarily create rights in favor of persons who have not entered into any direct and personal contract with them, and consequently who have not been able to guarantee the success of such operations or take steps to protect their own interests.

In this case the Government sets forth the conditions under which these operations may be carried out, establishes rules which serve as a guarantee, stipulates the periods and conditions which shall be binding on both parties; and, in a word, bearing in mind the particular character of each institution of credit, it sets forth the principles which are intended to serve as a safeguard to the anonymous and unknown public, destitute of all means of protecting itself.

The Mexican law, which is of a highly conservative character, has authorized the creation of banks of issue as well as mortgage and agricultural banks throughout the country; but at the same time it has regulated the operations which each shall be allowed to carry on, and established rules for the issue of securities or evidences of debt, which distinguish each class of bank, and it has likewise created a permanent staff of inspectors, whose special duty is to enforce the fulfillment of these provisions.

The experiment was made eleven years ago. From a practical point of view it has put an end to the struggle that had been maintained between two apparently different principles: the liberty of action on the part of the banks, and the governmental control of a monopoly.

The former, warmly defended by the advocates of economic liberty, who desired that the circulation of wealth should be governed by its own natural laws, offered such magnificent results as could only be obtained by the exercise of that liberty.

The latter, proclaimed in the name of important social interests, promised to establish that order which only the state can guarantee.

The Mexican law has desired to furnish to industry, commerce and agriculture all the advantages to be found in each of the two systems, and has secured to the banks the natural development as guaranteed by the freedom of their establishment, whilst it has at the same time obliged them to preserve such order and methods as can only be imposed and enforced by the Government.

Outline of the Banking Law.

The law allows the establishment of banks of issue and discount in all the States and Territories of the Mexican Republic with the exception of the Federal District, where the National Bank of Mexico and the London and Mexico Bank enjoy a special monopoly.

The law defines banks of issue and discount as those which are exclusively permitted to issue bank notes payable at sight and to bearer. The legal provisions on which banks of issue are founded are the following:

1. The note issue shall not exceed three times the amount of the paid-up capital stock, which, added to the amount of the deposits payable at sight or at three days' notice, at the utmost, shall not exceed double the amount of cash and bullion on hand.

2. Loan and discount transactions shall only be made for a period not exceeding six months with two reliable signatures or some collateral guarantee.

3. Loans with mortgage guarantee

shall not be made except by special authorization of the Finance Department, and to an amount not exceeding a fourth of the fully paid-up capital stock of the bank, nor may mortgage guarantees be accepted except for the purpose of insuring a debt already contracted.

4. They shall not take open credits which are not revocable, nor make loans without collateral security with persons not residing in the same place as there are banks or where these have branch offices.

5. They shall not definitely take issues of stocks and bonds exceeding ten per cent. of their capital stock and reserves, nor shall they accept responsibilities whether directly, indirectly or jointly, of any single individual or corporation exceeding, on the whole, ten per cent. of the paid-up capital stock.

6. They shall not undertake insurance operations, pledge their loans and discounts or bills, nor develop on their own account mines, or agricultural, industrial or commercial establishments, nor enter into partnership with such.

Regulation of Bank Note Issues.

According to the Mexican law the above provisions are intended to avoid the dangers which threaten banks of issue, without in any way preventing these institutions from serving the interests of industry and trade.

The principal object which every legislator must keep in view, in laying down the principles which are to govern banks of issue, is to determine the rules which are to govern bank notes payable at sight and to bearer.

The bank note is the evidence of indebtedness which banks of issue and discount make use of, in order to raise the capital with which to make loans. Consequently, the amounts at their disposal will always increase in proportion to the facilities granted to the banks for the issue of these notes.

At the same time, we have to bear in mind that there is no evidence of indebtedness of so dangerous a character, nor more liable to give rise to grave disorders that may endanger the very interests it is intended to conserve.

If the bank note is the most powerful agent which can be used for the purpose of increasing the rapidity of monetary circulation and at the same time attracting the idle capital seeking employment, in order to give it out like a fertilizing stream which is productive of wealth, it is also the title of credit, which, if it does not produce, certainly increases the fatal effects of commercial crises, whether it be by over-issues or failure to redeem on presentation.

In order to make certain that the bank note shall serve the interests of trade and commerce, without producing those dangers which its issue might entail, the Mexican law has limited its total circulation to double the amount of the cash on hand.

If the banks of issue put no greater amount of bank notes in circulation than their cash balances, the issue could not possibly give rise to any evil; but on the other hand, it would lose all its advantages. The banks would derive no benefit from the issue of their notes, and neither would the public receive any benefit through their use in preference to coin.

On the other hand, the advantages derived from the use of the bank note commence exactly at the point at which its dangers also begin. When the amount of the issue is greater than the cash balance, the bank is using, without paying any interest whatever, the capital which the public supplies; but then commences the fear on the part of the public, that the whole of the notes will not be paid on presentation.

Banks issues notes in exchange for coin, or when they carry out some loan operation. In one case, the coin which is received into the bank, guarantees the repayment; in the other, there is no further guarantee than the bills receivable which the bank may have in its safe.

How can a bank redeem its notes

payable at sight on their presentation, when its stock of coin is exhausted and it has no bills receivable that it could offer?

If the notes payable at sight and to bearer were collected by the public as soon as received, the issue of these notes would be found impossible; but the fact is that they circulate for a period not fixed by the bank, but practically granted by the holders of those notes.

If the notes were collected at the end of the term of the discount period, the issue would not be attended with any danger; the bank would pay its notes as fast as it collected its bills receivable. But although the public grants time for the collection of the note, it does not previously fix a specific term, nor does it guarantee that the notes will not be collected before the completion of any such period.

The determination of the time during which the notes are kept in circulation and not collected, and the amount of such notes in circulation, and which nobody collects, constitute the foundation on which that issue rests.

The uncertainty of the period and of the amount which the public will keep in circulation supply the mechanism, which regulates the issue and the system that intimately connects that issue with all discount and loan operations.

As a matter of fact, if there is no danger whatever to the public when bank notes are put into circulation, leaving an equal amount of coin in the Treasury, and if there is no danger when the note is guaranteed by bills receivable within a term equal to that during which the note is to remain in circulation, the only risk depends on the lack of correspondence between the terms of the operations and the average term during which the notes remain in the hands of the public without being collected.

The experience derived by bankers through the collection of sight deposits, their knowledge of the requirements of the circulation and of the commercial customs of the people amongst whom the banks are opened, have enabled financiers to formulate precepts which, although they may suffer some variations, are nevertheless true, and permit the banks to perform their functions with perfect regularity.

To the precept which authorizes the issue of double the amount of the cash balance, the Mexican law has added another, which provides that all loan and discount transactions shall be limited to an average term of six months.

What is the reason for the enactment of such a provision?

The principle is empirical; but it finds its support in the mercantile customs of Mexico.

Sales on time are always made for a term of six months throughout the whole Republic, and consequently the notes which the banks may issue in excess of their cash balances almost always remain in circulation for an equal period of time.

The law could, therefore, confidently authorize the discount of documents payable in six months, because in that way it places the banks in a position to do a business by the issue of notes, payable at sight and to bearer, somewhat similar to that which they would do if they put notes into circulation, redeemable in six months' time.

The result is that if the balance in cash puts the banks in a position to pay an equal sum in notes on presentation, the banks in Mexico are assured, under normal conditions of the market, that the amount of the issue which may exceed the cash balance will not be collected by the public, except at the end of an average term of six months, the same that banks themselves have to allow for the collection of their bills receivable.

Mexican legislation might have been more liberal. It might have authorized the issue of three times the amount of coin on hand; but it desired to give an unquestionable solidity to its institutions of credit; and not satisfied with only authorizing an issue equal to twice the amount of coin on hand, it has taken into account the deposits which are repayable at sight or within three days, and going still further, it has required the amount of the issue to be in proportion to the total amount of the capital stock, and only authorizing it for thrice the capital.

This last rule is also well justified. An analysis of the theoretical principles governing the issue of bank notes can even be applied to those banks which have no capital stock, because those principles only take into account one fact, viz., that on being issued the note must either leave a similar amount of coin in the safe, or an obligation to pay of equal value.

It may nevertheless happen that the commercial paper which the bank has discounted and holds is not paid when due; that a considerable number of its debtors should become insolvent; and for that case, the capital stock which is also invested in loans on short time and easily negotiated constitutes a further guarantee for the payment of the notes at sight and to bearer.

The capital stock of banks constitutes a fund in favor of the creditors, and when the bank-note issue is in proportion to this fund, the same proportion contributes beforehand to guarantee the payment of the note.

According to the provisions of the Mexican law, it is the duty of the Government to enforce the fulfilment of these provisions; establishing, moreover, that whenever the amount of notes in circulation exceeds any of the specified limits, the bank shall at once notify the Government Inspector in writing and at the same time suspend all loan operations until the circulation of the notes has again come within the limits established by the law. If the bank cannot obtain this result within a period of fifteen days, the Treasury Department has to assign the bank a reasonable term, which shall never exceed one month, within which to adjust its business to legal requirements, and should that order not be complied with, the bank must go into liquidation, forfeiting the charter which authorizes its existence, as well as all the privileges enjoyed by the banks of issue.

On this point the Mexican law has followed the American Federal law on banks of issue, which gives a similar authority to the Comptroller of the Currency; but the system brought into being by Mexican legislation is much superior to that now in force in the United States of America.

Prohibition of Long-Time Loans.

In order to make the legal provisions effective and in order that the mechanism created should work with perfect regularity, it has been found necessary to prohibit the banks of issue from undertaking operations on long time, even though under a mortgage guarantee, as well as all such which may stagnate their funds or jeopardize them in hazardous transactions which, more than anything else, are the work of speculation.

Banks of issue are established preferably to serve the interests of trade and industry in an exclusive manner, and cannot be allowed in any way to tie up their capital stock, or to invest it for any length of time; consequently, and in order to give a further security for the immediate payment of the notes which are constantly presented for redemption, the banks are prohibited, as a general rule, from making any mortgage loans which through their very nature run for a long term.

When the banks of issue have gone into bankruptcy, either in those countries where they enjoy a monopoly, or in those in which they may be created with entire freedom, these disasters have almost always been brought about through loans on long time to the Government or to private individuals, because it has been so stipulated in the contract, or else because those debtors have not been in a position to repay the loans when due.

When the Governments find themselves unable to repay the loans received from the banks, they relieve them from the obligation of paying their bank notes on presentation and decree the forced circulation of paper money; when, however, it is the case of private individuals who cannot meet their obligations, then the banks fail.

The Mexican law has desired to avoid all these abuses, and in laying down the scientific principles which regulate the issue, it has prohibited, as a logical consequence, the carrying out of all transactions which might endanger the repayment of the note.

The Mexican law is therefore plain and intelligible. It has embodied provisions that arise from the very nature of things, and supported on these, it has attempted to sustain the liberty of the banks, so that under its protection it may be possible to establish as many banks of issue as the conditions of the country may require.

Notwithstanding all this, there was good reason to fear some natural exaggeration. The banking business which has been developed under the protection of the law is of itself a protective industry, and it was very possible that that protection might attract a larger capital than could find employment, or what would be worse still, lead to a development of trade and industry which would be out of proportion to the normal money circulation of the country.

In order to avoid these difficulties, the law has not granted any exemption from the payment of taxes, except to the first banks established in the States or Territories of the Republic. All others that may be established through the increasing prosperity of the country and the requirements of trade will be liable to taxation levied by the general laws of the country, besides a special Federal Tax of two per cent. per annum on the amount of the paid-up capital stock.

Such are the legal provisions that govern the establishment and operation of banks of issue.

* * *

(*To be continued.*)

NEW COUNTERFEIT $5.00 SILVER CERTIFICATE (INDIAN HEAD.)

SERIES of 1899; check letter D; face plate number 1164; back plate number 782; W. T. Vernon, Register of the Treasury; Charles H. Treat, Treasurer of the United States. The number on the specimen at hand is D47963872.

This counterfeit is printed from photo-mechanical plates on one piece of paper on which red and blue ink marks have been made to imitate the silk fibre of the genuine paper. The face of the note is very heavy black, and that part of the script lettering that crosses the blue seal and denominational character has apparently been filled in by hand, and is very poorly done. The "e" in "demand" is not formed well. The second "e" in "bearer" instead of being the loop "e," as in the genuine, is like the reverse figure "3." The "b" in "payable" looks more like an "l" than a "b." The fine hair lines forming a double line inside the large figures "5" on both face and back of note, as well as the letter "V" in the center of back of note, are missing. The top of the large figure "5" in the upper left end of the back of the note bulges upward instead of being concave, making it much thicker than the genuine. The general appearance of this counterfeit is deceptive. The only note so far discovered was found in Chicago.

JOHN E. WILKIE, *Chief.*

CHINESE BANKS.

CONSUL-GENERAL Thornwell Haynes, of Singapore, transmits the following tract from a local newspaper relative to the proposed establishment of Chinese banks in Netherlands India.

The Chinese residents at Batavia have long been eager to have a bank of their own. The Java Bode hears now that the scheme is on the point of materializing. A delegate from the Siang Hui, an association in Singapore, arrived at Batavia on August 21, with the object of talking the matter over with the branches of the association there and with the leading members of the Chinese community. A meeting was held for the purpose, at which the scheme was discussed, but no resolutions were passed. Those present were informed that the Siang Hui of Singapore would raise $1,000,000 should the establishment of the bank be proceeded with. In that case the head office of the bank would be established in Shanghai, and branches would be opened in different parts of Netherlands India. Arrangements were then made for delegates from the Chinese chambers of commerce at Singapore and Shanghai to hold a meeting to explain the banking scheme to the Chinese mercantile community at Batavia on September 3. The Java Bode learns that there is every likelihood of the proposed bank being an accomplished fact ere long.

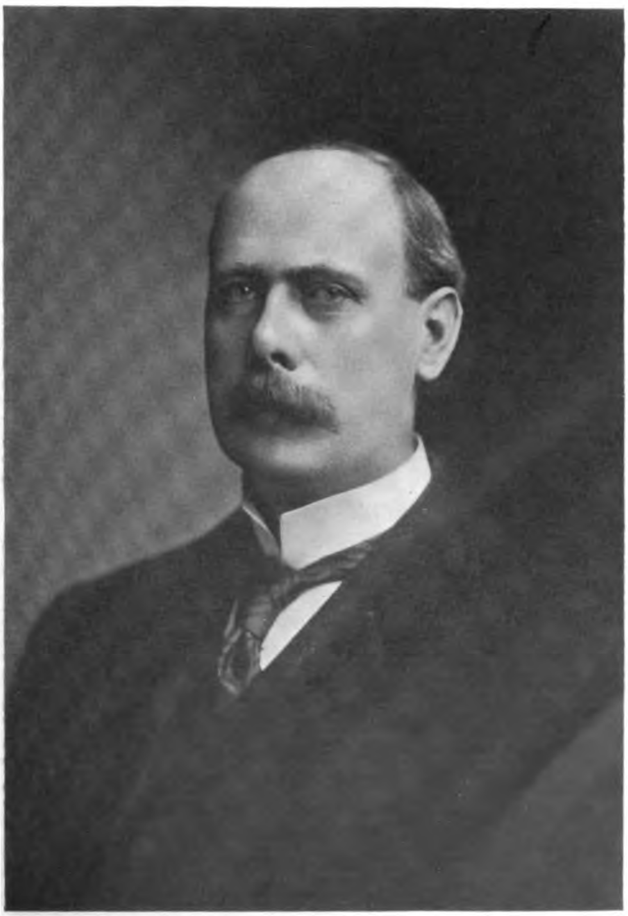
THE COMMERCIAL BALANCE SHEET FROM THE BANKERS' STANDPOINT.

By Ernest Reckitt, C. P. A.

Address Delivered on the Evening of November 10, 1908, Before the Chicago Chapter of the American Institute of Banking.

Mr. Chairman and Gentlemen:

IT may, at first sight, appear presumptuous for a public accountant to come before your Society and deliver an address on a subject which supposedly is the sole property of the banker; and furthermore to enlarge on the subject by attempting to present the standpoint of the banker in reviewing the balance sheets of his borrowers. I believe, however, that I can convince you that no apology is necessary, for not only has it been my privilege to come into close touch with many bankers, receiving much benefit thereby, and in some small measure learning how



Ernest Reckitt.

they conduct their business (especially that most important part of the banking business, the loaning of their funds), but in my professional work I have had to frequently analyze the statements submitted to bankers and determine their own character. The banker, unfortunately, has too often in these instances been in the position of the playgoer, who, sitting in the first balcony, sees nothing on the stage but what is beautiful, the management not desiring his presence behind the scenes. When the public accountant appears, however, he enters by the stage door, he sees the actors and actresses with their paint off, the tawdriness of the trappings, and how the scenic effects are produced.

I will try and describe to you this evening some of the things which take place "behind the scenes," so that when you become presidents, vice-presidents, directors and cashiers of banks, your standpoint towards the commercial balance sheet may be that of an intelligent enquirer into all of the facts.

Factors Relating to Borrowers.

There are, as you know, several factors concerning a prospective borrower, all of which must be considered before a banker should be willing to extend credit. These factors may be summarized briefly as:

(1) The man himself; which again can be subdivided under two headings:

- (a) His business morals.
- (b) His ability in and understanding of the business in which he is engaged.

(2) The financial standing of the business; and under this heading we have:

- (a) Its assets and liabilities.
- (b) The profits or losses made in its operation.

Character Must Be Considered First.

You will note that in enumerating these factors I place first, and purposely so, "The Man Himself," and I believe I am correct in stating that bankers are now placing more stress upon this point than ever before. The man of good character and intelligence, who is full of energy and perseverance, will not find it difficult to obtain a reasonable line of credit with his bankers, while the man who is deficient in those qualities, whatever his reputed wealth may be, will be looked upon with suspicion. It therefore behooves you to become students of human character as well as students of banking, if you are to fill the highest positions within your reach.

These comments may be out of the range proposed by this paper, but I feel I cannot leave this topic without giving you an illustration of the point I wish to emphasize, namely: that it is the character of the man, or men, in a business, which must be first considered before the banker makes a loan. Some time ago, in a certain city, there was a large corporation reputed to be very wealthy, whose balance-sheets were beautiful to behold. Their business being large, they were borrowers of some of the largest banking institutions of their city. Apparently without any warning the corporation was declared bankrupt and went into the hands of a receiver. Later, investigation showed that the balance-sheet was misleading; some people might have called it a worse name, for the assets had been overstated and the liabilities understated. I happened to be in that city at the time of this failure, and meeting a director of one of the banks with whom I was well acquainted, I enquired if his bank had been caught. "No," said he, "they did try and open an account with us some time ago with the object of becoming borrowers, but we turned them down." I asked him what reasons he and his colleagues on the directorate had for such action at a time when this corporation was supposed to be so prosperous. "Well," said my friend, "some time ago it came to my knowledge that this corporation paid no water tax and that its personal property tax was a mere bagatelle to what it should have been, and I figured out that the officers of a corporation that would be guilty of petty bribery would not be good customers for our bank."

So it will be seen that a knowledge of the business morals of the men in your community and a high ideal on your part of what constitutes good business morals is a most essential quality in the make-up of a banker, and that it was these factors that enabled the bank of which my friend was a director to escape what otherwise would have been a bad debt.

Financial Standing of the Business.

We now come to a consideration of the second important factor referred to above, namely, "The Financial Standing of the Business." In dealing with this subject, I must assume that you are all familiar with commercial accounting, and this leads me to say that if a bank clerk expects to advance his position it is absolutely necessary for him to study the broad principles of accountancy and commercial law. The tendency of to-day is to specialize, with the result that the bank clerk is apt to become merely a cog in the whole mechanism. In the work in which you are engaged you cannot see much beyond your own desk or the relation of the entries which you put on the books and the transactions which take place in your cage, as they affect other departments in the bank.

As an offset to these conditions and as a valuable preparation for the more onerous duties which you hope to assume in later life, a thorough course in accounting, commercial law and economics will lighten the drudgery of your work, give you a broader outlook and put you on the road to more rapid advancement. In this building, under the auspices of the Northwestern University, a School of Commerce has been inaugurated this year, your Chapter having been one of the factors instrumental in its foundation, and I earnestly recommend you to take advantage of the courses of study which this school offers.

You are all probably aware of the manner in which bankers get a line upon the financial standing of their borrowers, but it may be advisable briefly to state the methods commonly in vogue. At least once a year, and sometimes more frequently, every borrower is requested to fill up a form of statement of assets and liabilities and to answer certain questions in respect to his business. It must not be supposed that all borrowers consent to fill up this form, and many large corporations ignore the form and in its place present their own statement of assets and liabilities and just as much other information as they may desire, and the competition between banks is such that they will usually only be too pleased to accommodate such corporations. The form used may vary slightly as between banks, and also as to whether the borrower is an individual, copartnership or corporation, but in a general way the accompanying form may be taken as a standard:

ASSETS.

Cash on hand..............	$.........
Cash......... Bank.........	....
Bills receivable, good, due from customers............	....
Bills receivable due from partners or officers of corporation	....
Accounts receivable, good, due from customers............	....
Accounts receivable, due from partners or officers of corporation	....
Merchandise:	
Finished (How valued)....	....
In process (How valued)..	....
Raw material (How valued)	....
Real estate	....
Machinery and fixtures.......	....
Other assets, and of what composed	....
Total assets	$..........

LIABILITIES.

Bills payable, for merchandise	....
Direct loan from bank......	....
Bills payable to others......	....
Bills receivable, discounted...	....
Open accounts, not due......	....
Open accounts, past due......	....
Mortgage or lien on real estate	....
Chattel mortgage or other liens	....
Bonded debt	....
Deposits of money with us....	....
Other indebtedness and of what composed	....
Total liabilities	$..........
Net worth, or in case of corporation, the capital stock plus surplus or minus deficit	....
Total	$..........

Following this statement, a query is inserted so as to bring to light contingent liabilities, if any; and many other questions of a general nature follow respecting information as to incorporation of company, its officers and directors; or names of partners in case of a copartnership; liability of stockholders on stock subscriptions; description of real estate and liens against same; insurance carried on plant and merchandise; method of valuing merchandise inventories; condition of accounts and bills receivable and amount written off in previous year; whether depreciation has been written off plant, and if so, how much; total sales previous year and average terms of sale; annual expenses; and annual dividends etc.

The statement is signed, in the case of a co-partnership, in the firm name by a member of the firm; and in the case of a corporation, in the name of the corporation by one of its officers; and in both instances it is clearly set forth that the statement is prepared and signed for the purpose of procuring credit from time to time on negotiable paper or otherwise; that the statement sets forth their true financial condition and that it may be so considered unless notice of change be given, in which latter contingency, if the change materially reduces their financial responsibility, they agree to give prompt notice of such change.

Other forms used are more stringent in their terms and set forth that in case it is found that the statements are not true or in case the borrower's financial responsibility undergoes material reduction and he fails to notify the bank, then "any or all claims or demands against the undersigned held by said bank shall, at the option thereof, immediately become due and payable." This drastic clause has been dropped by many banks, as it has been found impracticable to enforce it.

Analysis of Statements.

Having thus briefly outlined the methods used by bankers for obtaining data with respect to the financial condition of the business of their borrowers, we can now take up for consideration the manner in which the banker analyzes the figures submitted to him and deduces therefrom something more than appears on the surface. To properly understand the statements put before him, it must be assumed that the banker has a good general knowledge of certain phases of the particular lines of business of his borrowers; and it was a realization of this fact that recently led the First National Bank of this city to assign to each officer of the bank certain groups of businesses; so that a more intimate knowledge of the methods of each kind of business could be obtained. Thus, one officer will have charge of the loans made to Board of Trade concerns; another, the packing house industries; another, the lumber interests, and so on. Each business has its peculiarities, and as an illustration I might mention that certain businesses require considerable accommodation from their bankers during part of the year, while during the remainder of the year they should be liquidating their indebtedness to the banks. A knowledge of these and other conditions will enable the banker to know whether a request for further credit at a certain time of the year is reasonable or not; and if such request be made at a time when the borrower should be liquidating his indebtedness, or in case he fails to take up his maturing obligations, the banker will be put on his guard. A knowledge of the business will also enable the banker to determine whether the business is over or under capitalized for its turn-over, and whether there exists a reasonable ratio between the amount of sales and the outstanding accounts receivable and merchandise on hand.

However, even if the banker may not have the intimate knowledge of the business of the borrower, such as outlined above, a careful comparison of the statements rendered by the borrower may bring out certain important facts, in addition to determining whether the quick assets are sufficiently in excess of the current liabilities to protect the bank and other creditors. And in this connection I would state that while a banker is obliged always to take the position that a man is honest until he is proved to be the contrary, and that the borrower has presented a true statement and not concealed or misrepresented any of the facts called for by the queries contained on the form of borrowers' statements, it is his duty to so scrutinize the statement that logical deductions can be arrived at. Each item on the borrower's statement of assets and liabilities will bear this scrutiny, for each may tell a story, as I shall now endeavor to demonstrate.

Cash on Hand.

Under no circumstances should any large sum of money appear under this caption. If it does so it is very apt to be a sign of loose business methods. Few businesses require that any large amounts be paid out in actual currency. Even wages are as a rule paid by check and the conservative business man will make it a rule to bank all cash as received, and the man who is careless in this respect is very apt to be careless as regards other features of his business.

Cash in Bank.

Where the borrower claims that he carries no accounts with banks other than the one to which he is submitting the statement we are now discussing, it is a good practice to compare the amount shown under this caption with the balance shown by the bank's own records, in order that the banker may satisfy himself of its approximate correctness. The two amounts will, of course, naturally not agree owing to outstanding checks, etc., but any attempt on the borrower's part to inflate this figure beyond a very small amount would be detected by this means.

Bills Receivable from Customers and Accounts Receivable from Customers.

Taken together these two items should bear a fairly constant percentage to the amount of merchandise sales and any violent fluctuation above or below the same percentage as calculated on the last statement submitted by the borrower calls for the banker's very close attention as demonstrating one of three things:

(a) That trade conditions are bad.

(The extent to which an increase in the percentage of book debts to sales is due to this cause can generally be determined by the banker from his own knowledge of the financial situation; for instance, during the recent financial panic any reasonable banker would naturally have expected to find the percentage of book debts heavier than usual on any borrower's statement.)

(b) That there has been a falling off in the efficiency of the credit and collection department of the borrower and that more extended credit is being given to his customers than was formerly the case.

(c) That these figures have been deliberately inflated.

(If this supposition arises in the mind of the banker he would, of course, naturally refuse to grant any extended credit until the accounts of the borrower had been scrutinized in some detail by professional accountants.)

Accounts and Bills Receivable Due from Officers.

Where this amount is large the banker would naturally ask for further information as to the identity of the officers and the amounts due from each in order that he may judge of the financial responsibility of the gentlemen in question.

It has often been my lot to find included amongst the Accounts receivable as stated on a company's Balance Sheet very large sums due from the principles or officers and to find on inquiry that every dollar of their fortunes is already invested in the corporation and that in consequence were the corporation to go into the hands of a receiver any attempt to collect these amounts would be futile.

Merchandise.

The banker, as regards this item, is perhaps more at the mercy of the borrower than is the case with any other item on his balance-sheet. He is obliged to accept the borrower's own estimate of valuations, and the most he can do to protect himself is to insist upon the borrower stating very clearly the basis upon which these values were arrived at and whether they are the result of an actual inventory or are merely taken from book records.

The amount of merchandise carried by the borrower calls for the very careful attention of the banker; and assuming the correctness of the figures shown on the statement, some very interesting deductions can often be drawn. To take an extreme example, for instance, supposing the banker finds that the finished merchandise on hand is only equivalent to about one week's sales, it is obvious that there is something radically wrong with the business and that more capital is needed in order to enable the borrower to make prompt deliveries in response to orders received. In such a case the banker will, however, be called upon to exercise his judgment as to whether the loan being asked for is adequate to accomplish this end, or, if the borrower has put forward some other reason as his desire for securing further credit, then to call for some explanation from him as to how he proposes to "keep up with the procession" as regards turning out his finished merchandise.

On the other hand, if the percentage of merchandise on hand as compared with sales shows a very large increase over that as shown in the last statement, it is obvious that too heavy an inventory is being carried, and unless this is due to extraordinary trade conditions it is a condition which should be immediately remedied. An undue increase under this caption is often an index to the fact that the figures have been deliberately overstated.

Real Estate.

The basis on which this item is valued should always be stated by the borrower, and where the value amounts to a considerable sum inquiry is always made by the banker as to the nature of such real estate and whether any encumbrances on same exist.

Machinery and Fixtures.

Any increase under this caption as compared with the last statement rendered by the borrower if of a considerable amount calls for investigation by the banker and an explanation as to its cause. If the increase is found to be due to an actual extension of the plant, then some corresponding increase in business turn-over should be looked for. If the increase is found to be due to a revaluation of the plant having taken place, then the banker should be careful to see that a corresponding increase in the surplus of the corporation has taken place. It is a very common business subterfuge to have a revaluation of the plant and machinery made so as to bring out increased valuations and thus conceal the depletion of the surplus arising from trade losses or other causes.

Other Assets.

These must, of course, be grouped independently or else stated as individual items. Where they consist of stock in other corporations a detailed list should accompany the borrower's statement on which the basis of valuation should be stated and the current market quotation. Where the stocks are unquoted the banker should require the production of a balance-sheet of the corporation in which the stock is held, made up to a fairly recent date in order that he may judge whether the valuation placed upon such stock by the borrower is justified.

In this connection I may say that it is very customary for corporations seeking credit to include amongst their investments their holdings in subsidiary companies which are practically entirely owned by themselves, and where this is done the valuation placed on the stock is often par, although the stock may, as a matter of fact, positively be dripping with "water." This is, of course, most misleading; but unless the banker requires such a detailed list as I have already mentioned, it would be impossible for him to discover that securities of this nature were being included.

Where a corporation controls a number of subsidiary corporations it is, in my opinion, most unsafe for a banker to loan large sums until an examination of the parent company and its satellites has been made by professional accountants.

Under the heading of "Other Assets" there will, of course, often appear such items as goodwill and patent rights. While these often do possess a real tangible value with the corporation as a going concern, they are generally practically worthless in the event of a liquidation, and for this reason a banker usually eliminates these in considering the available assets.

Liabilities—Bills Payable for Merchandise.

The banker will naturally scrutinize the amount of this liability with a view to seeing that taken altogether with the open accounts due and past due it bears a normal percentage to the purchases. Any increase in this percentage as compared with the last statement would, apart from other causes, seem to indicate a lack of cash capital.

Direct Loan from Bank.

This amount can, of course, be at once certified by reference to the bank's own records.

Bills Payable to Others.

Any increase under this caption as compared with the previous statement should be accounted for by a corresponding increase in an asset or the diminution of a liability. It is, of course, impossible to ascertain definitely whether this liability is being truly stated or not. So many cases have occurred in recent years where borrowers have discounted their paper through brokerage houses and have deliberately omitted the liability on such paper from the statements rendered to the banks, that the bankers have recently taken some steps towards checkmating this maneuver by the appointment of a clearing-house examiner. Amongst the other duties of this official is that of compiling statements showing the total amount of paper negotiated by various business houses with the different banks in Chicago, so that in any individual case it is now possible for a banker to know roughly how much of a borrower's paper is in the hands of various Chicago banks at any given time. The scheme does not, of course, include any amounts negotiated through country banks or brokerage houses, but its moral effect is none the less excellent, inasmuch as the borrower cannot tell just when the brokerage house or the country banker may resell the paper to one or other of the Chicago banks having membership in the Chicago Clearing-House, and he will therefore in the future be timid about understating his liability.

Bills Receivable Discounted.

While many of the banks require that this item be shown as a direct liability, I am personally in favor of its being shown as a deduction from the bills receivable on the asset side of the statement. The latter practice is more in accordance with the usual commercial method of book-keeping, and after all the liability is only contingent. It is of course, however, most important that the amount of this discounted paper be shown separately.

Open Accounts Not Due.

The amount of this item should, of course, not exceed such a proportion of the purchases as the experience of the banker teaches him is proper in the class of business under consideration. In many businesses this amount should not be more than the equivalent of six weeks' to two months' purchases, though in some businesses terms of credit are more extended, and the amount would be correspondingly larger.

Open Accounts Past Due.

This item is as a rule one of the surest signs as to a company's financial condition. Where the amount is large and shows an increase over the last statement, it is obvious that the company's credit is in jeopardy even though the deferment of these payments has been caused by recent heavy investments in fixed assets.

No banker would be willing to make advances to a corporation until satisfied that after such advance was made the corporation would be placed in such shape as to discharge its past-due liabilities; otherwise there is the obvious danger of liquidation proceedings being instituted by their creditors and the banker being placed in the position of being forced to make further advances in order to protect his first loan.

A Mortgage or Loan on Real Estate and Chattel Mortgages and Other Liens.

Here again I am personally of the opinion that this liability is better shown as a deduction from the asset to which it attaches. Such liabilities constitute a first charge upon the property and it is therefore only the difference between the value of the asset and the mortgage placed upon it that would be available as dividend in which the bank would participate in the event of a liquidation. The borrower should, however, of course never state the net value of his real estate or other property, but should show it at its gross value less the mortgage or lien and extend the net figure.

Bonded Debt.

This is, of course, a more or less fixed liability, but the banker will always be careful to make inquiry as to the existence of any sinking fund agreement and the dates at which redemption of the bonds is due. Accrued interest on the bonded debt often amounts to quite a large figure and should, of course, be included in the borrower's statement under the heading of "Other Indebtedness."

Deposits of Money With Us.

This heading is intended to cover loans from officers or their relatives, undrawn salaries and wages left with the company by employees who are often induced to in this way use the company as a savings bank, being usually allowed a higher rate of interest on such deposits than they could get from the bank. The reason that the bank requires such loans to be stated as a separate item is that they are repayable at the caprice of the parties depositing the money and are of such a nature as to often very seriously injure the credit of the concern should there be any difficulty in repaying them practically on demand.

Other Indebtedness.

Under this heading should be included all accrued items such as unpaid interest, taxes, liabilities under repairing leases, and unpaid commissions to salesmen. Where the company is being sued for damages or compensation and there is reasonable grounds for believing that the other parties will be successful in their suit, some provision should be made for this liability under the above heading, and where the sum involved is large, full explanation of the matter should be laid before the banker.

After the banker has gone carefully over the borrower's statement, in somewhat the way in which I have just described, he is in a position to form a fairly good opinion as to whether the increase or decrease in surplus account, as compared with the borrower's last statement, is due to profits or losses sustained in the interim or whether the variation is partly due to other causes.

Summarizing Information.

The banker next proceeds to summarize the figures given in the statement of assets and liabilities and other information relative to annual profits and dividends, upon a card containing columns headed as follows:

Date of statements; total, capital and surplus; gain or loss for fiscal period; dividends paid or profits withdrawn; total quick assets; total current liabilities; excess or deficiency of quick assets over current liabilities; average balance in bank.

A summary of the information contained in the first borrower's statement can be entered on the top line and similar data from succeeding statements entered on the lines below; so that a summarized history of the company or copartnership can be seen at a glance. All statements prepared by the borrower and all mercantile reports in respect to the borrower are systematically filed in vertical filing cabinets for ready reference.

"Quick" and "Slow" Assets.

In making this summary of the borrower's figures, you will notice the banker deals only with what he terms the "quick assets" and "current liabilities." You are all, no doubt, fairly familiar with these terms and in any given instance you will probably have little difficulty in determining what are "quick assets" and what "slow." At the same time it must be pointed out that there is no very clear line of demarcation between "quick" and "slow" assets.

Under normal conditions certain assets are considered "quick" which in the event of liquidation would prove very slow in realization. For instance, merchandise on hand is usually considered a quick asset when considered in connection with a going concern; whereas, real estate is considered as a slow or fixed asset. When, however, a crisis in the company's affairs arises and it is necessary to realize its assets with the greatest possible dispatch, it would frequently happen that whereas a very ready market might be obtainable for the real estate and buildings, the stock of merchandise might, owing to trade conditions in the main line of business carried on by the corporation, be for the time being practically unsalable. It is therefore very necessary for the banker to revise his figures whenever the advisability of forced repayment is under consideration.

To define the term "quick assets" is a matter of some difficulty, but I should describe it as that portion of a corporation's assets which change their nature from day to day as contrasted with "slow" or "fixed" assets, which are of that portion of a corporation's property in which it has permanently invested its capital and which are indispensable to it in order that it may continue to manufacture and carry on business. To draw a like distinction in regard to the liabilities is much easier. All liabilities are current except the liability to stockholders and bonded debts.

Assistance from Public Accountants.

In describing the deductions to be drawn by a banker from a scrutiny of the details set out in the borrower's statement, I have up to the present point assumed that he has been comparing the statement with one previously submitted by the borrower. When, however, the statement undergoing scrutiny is the first of its kind received from the borrower, the inferences to be drawn are not nearly so conclusive, and the reliance which the banker is obliged to place in the absolute truthfulness of the statement is much greater. For this reason it is a growing practice amongst conservative bankers to request borrowers to submit their accounts for examination by public accountants in order that the report of such accountants may furnish the basis for the first loan negotiated with the bank. The objection of borrowers to this course of action is generally grounded upon one of three objections; namely: The expense involved; the delay inevitable in the granting of the loan pending the examination's completion; the danger that the detailed information obtained by the accountants may be used by them or the bank to the detriment of the borrower and to the advantage of his trade competitors.

These objections are none of them, in my opinion, worthy of serious consideration. In most instances it must be clearly understood that such an examination as is here spoken of does not amount to an actual audit. The accountant is generally instructed to assume the clerical accuracy of the borrower's books of account and to devote his attention exclusively to an intelligent analysis and grouping of the assets and liabilities shown therein, and the verification of the values assigned to the various assets. The value of such an examination to the bank is obvious, and when borrowers fully realize the confidence that their submitting to such an examination inspires in the mind of the banker, they are generally willing to submit to it. If they are not willing it is generally a sure sign that the bank's money could be more profitably invested elsewhere.

If the first statement submitted by the borrower is examined in the way described by me, it is not absolutely essential that subsequent statements be verified in the same manner, as by careful comparison of one statement with another the banker is generally able to draw his own conclusion, and provided that he has what Mark Twain has termed "the solid petrified truth" to build on as regards the first statement, it is almost impossible for the borrower to materially falsify subsequent statements without the banker being able to form a shrewd idea that such is the case. As a public accountant, I naturally, of course, believe that the best interest of both banker and borrower would be served if all commercial houses and corporations submitted their accounts for annual audit by certified public accountants. Were this the case, the question of the delay occasioned by the special examination of borrower's statements would be eliminated, as the borrower would always have on file a recent audit report which would be, if signed by reputable accountants, entirely satisfactory to the banker.

Under the English company law, all corporations are compelled to publish an annual statement of their condition which has to be certified as correct by auditors, who are appointed at a general stockholders' meeting. The auditors' certificate is in a statutory form, and if the auditors are unable to give the corporation a "clean bill of health" their certificate merely states that the accounts are "correctly drawn up subject to the remarks contained in our report submitted herewith." This report is, of course, addressed to the stockholders and is available for their scrutiny at the general meeting. The auditors are by law constituted officers of the company, and are punishable for misfeasance if they are found to have cried "peace where there was no peace."

Were such laws operative throughout the United States much of the fraud and financial jugglery which is at present practiced would be rendered impossible, and it is my hope and belief that the time is close at hand when some such legislation will be enacted.

Detection of Window Dressing.

I will now endeavor to show you how the examination of a borrower's statement by accountants frequently reveals a condition of affairs quite otherwise than that appearing on the face of the statement. You are doubtless aware that the large departmental stores have in their employment gentlemen known as window-dressers, to whom quite large salaries are paid for their services in setting out their employer's wares in the most attractive form. A few lines written by Mr. W. S. Gilbert, the composer of so many comic operas, are rather pertinent to this point, namely: "Things are not always what they seem; skimmed milk masquerades as cream." It is a function of the financial window-dresser to so manipulate the "skimmed milk" of his employers as to make it look like the "richest cream," and this in so guileless and childlike a manner as to free both himself and his employer from the charge of deliberate fraud when the deception is discovered; for instance, I have often seen the stocks and bonds of other corporations held by a company stated on its balance-sheet in one item, and in analyzing the same I have found it consists of a large number of investments in all kinds of concerns, some good, some indifferent, and some possessing no value other than as "wall paper." In such cases one would find that the value assigned to each stock has been arrived at on a different basis from that assigned to any other, some being taken at cost, some at par, and others above par. Where market quotations are obtainable the insertion of these is perfectly justifiable even if such price is considerably above the cost; but where no market quotation exists, or where, from his examination of the books, the accountant is satisfied that the stock in question is that of a subsidiary company promoted by the borrower and the market for its shares is being made by the borrower, then only the actual cost of such stock should be taken into consideration.

It is perfectly easy for a large corporation holding a big block of promotion stock in another company, by the usual stock-broking methods to raise the market quotation to a very substantial figure, but the fact that such a price is being quoted is not justification for valuing their entire block of unsold stock at this figure. Were any attempt made by them to throw such a large number of shares upon the market at one time or even during several months, it would often be impossible to find buyers at any price at all, and the market quotation would undoubtedly, in any event, fall very materially.

As regards these subsidiary companies, it is perhaps harsh to say that the value assigned to their stock should never be more than the actual cost to the borrower, but if it is desired to include them at a higher figure, such higher valuation must be amply justified by a showing of the balance-sheet of the subsidiary company, and where the holding is large an examination of the accounts of the subsidiary company itself should be made by the accountant in order to determine whether its surplus is genuine or is not largely composed of water.

Whilst we are on the subject of investments I may point out the common practice of many corporations holding such securities to hypothecate them, in respect of short loans, and where there is any suspicion in the auditor's mind that such is the case, although no indication of the fact appears on the books, then he should require production of the stock certificates in order to satisfy himself that this is not the case.

As previously mentioned, inventories of merchandise and goods in process of manufacture are another place in which the window-dresser becomes extremely active. While it is, of course, impossible for the auditor to verify quantities, he can none the less, by a scrutiny of the detailed inventories and comparison with prices, very often discover instances of "packing." An interesting case came before the courts in England a few years ago in which the auditors of a cotton mill were sued for misfeasance, inasmuch as it had been discovered that the values assigned to the raw material on the balance-sheet certified by them was grossly overstated. The auditors set up the defense that it was entirely outside of their province to verify questions, and that they were entitled to rely upon the certificate of the mill superintendent in this matter. It was, however, shown that by taking the inventory at the beginning of the period under investigation, adding the purchases for raw material and deducting the raw material used in manufacture, as shown by the mill's records, the resulting figure would have been so much less than the quantity claimed to be on hand as per the inventory submitted by the mill superintendent that failure to detect and point out this discrepancy by the auditors amounted to gross negligence. Both the Court of Queen's Bench and Court of Appeals sustained this contention, though the auditors escaped punishment on a final appeal to the House of Lords; their escape being due, however, to other grounds than their lack of culpability in this matter.

The auditor has many ways of testing the genuineness of inventories,—which the scope of this paper does not permit my going fully into. I would mention, however, that in this connection he is always careful to see that a liability is stated in respect of all goods included in the inventory, but not yet paid for. This is a matter in which most commercial houses are extremely careless, goods being received several days before the invoices for, and the liability consequently not being set up on the books until a later day than that at which the goods were included in the inventory. As regards the values assigned to goods in process of manufacture, this is almost invariably based upon the cost records, if any are kept by the company, and of course it becomes the duty of the accountant to scrutinize very carefully the basis on which such cost accounts are kept. It has very frequently been my experience at such examinations to find that an unreasonable percentage was allowed on the value of the goods in process to cover overhead charges.

As regards the accounts receivable, it a very usual thing to find on careful analysis that included under this heading are a number of balances due from officers, and employees, or from branch houses of the borrower's own business. It is, of course, obvious that these should be separately stated and that their collectibility be very carefully gone into. In one case which I recently investigated I found that all goods sent to branch houses were charged to them at selling price, and as the company in question had quite a number of such branch houses all of which owed large balances in current account with the main house, there was a very large shrinkage in the value of the accounts receivable after my examination had been completed.

Goods on consignment are also frequently included amongst the accounts receivable, and as these on such occasions are invariably included at selling price, it will readily be seen that a very different position of affairs may be brought out when such consigned goods are isolated and reduced to cost prices, and shown as a separate item. It is very usual to charge such consignment with the freight charges on sending them to consigned points, and if the venture has proved unsatisfactory it may be necessary to return the goods to the factory, in which case they will ultimately be worth to the borrower only his cost price less the outward and inward freight.

Another very misleading practice is quite common, and is often the result of thoughtlessness rather than due to a deliberate intent to defraud, as indeed is very often true of most of the other instances which I have quoted. The practice to which I refer is that of stating real estate at the net expenditure on same, whereas, as a matter of fact, a large liability exists in respect of unpaid purchase money and the asset should consequently be stated at its full value and the corresponding liability shown. It is also a common practice to assign increased valuations to real estate, which on investigation prove to have been made on the mere say so of some irresponsible real estate man. The accountant should, of course, ascertain the actual cost to the borrower of any real estate owned and only permit the inclusion of increased valuation after having submitted to him very good evidence and justification of such increase.

Another device is to state the fixed assets, such as plant and machinery, at original cost, although the borrower's plant may have been operated for a number of years. In such cases an estimated amount should be deducted from the cost value to cover depreciation.

I have frequently found that balances due on stock subscriptions have been included amongst customers' accounts receivable. This is, of course, most misleading, as in many instances the subscribers for stock are "men of straw" and expect to pay for their stock out of the dividends which it earns.

Omission of Certain Liabilities.

As regards the liabilities, it is a matter of considerable difficulty for an accountant to ascertain that all of these are included, but I have known several instances where by a careful analysis of the interest account, failure on the borrower's part to include certain liabilities has been discovered. For instance, where the accountant finds that interest has been periodically paid to a certain individual, but the books do not show any present or past liability due to such individual, the matter would call for enquiry.

On the other hand, I have known instances where loans had been made to a business by partners, officers or other relatives, and not entered on the books of account, while the interest has been always met by the private check of one of the officers. In such cases it is, of course, impossible to discover the existence of such indebtedness.

Another class of liability which is frequently omitted, but which is readily estimated by the accountant, is accrued interest on unpaid purchase money, loans, taxes accrued, etc., and also in some cases amounts due to sinking fund trustees. In the case of lumber companies, for instance, where bonds have been floated on security of the standing timber, it is customary to appoint trustees for the bondholders, and to provide in the trust deed that so much per thousand feet be paid over to the trustees in respect of the timber cut each year. I have known instances where this liability has been ignored by borrowers in preparing statements.

I could, of course, continue giving innumerable instances of the way in which statements can be manipulated, but the instances I have mentioned are, I think, sufficient to demonstrate my point that in many cases only a detailed examination by public accountants will reveal the true condition of a borrower's business.

No Adequate Penalty for Making False Statements.

A question which undoubtedly will present itself to you as a corollary to the foregoing remarks will be: "What recourse has the banker against the party who signs a false statement of assets and liabilities, knowing it to be false or misleading?" The answer is, I fear, a discouraging one, for in all the many cases I have come in contact with, while there was no question in the minds of the bankers or of myself that the party who signed the statement had a guilty knowledge of its falsity, it would have been impossible to obtain a verdict of guilty from any jury. The result is that under the present law a premium is placed upon dishonesty. The practicer of this form of fraud has everything to gain and nothing to lose; for if he is successful in making good profits out of the funds loaned to him, he will be able to repay the loans and no exposure of his methods will come to light, while if he becomes bankrupt he has succeeded in postponing the failure of his business, and in the meantime obtained a livelihood from it. The reason why the law fails to reach such people lies in the fact that fraudulent *intent* must be proved beyond a doubt, and *intent* is one of the most difficult things to determine that the law has to cope with. The usual defense when a concern becomes bankrupt and a very different condition of affairs is discovered than exhibited in the statements rendered to the banks, is that the statement was handed to the book-keeper and he filled it out; that the signer of the statement was not himself a book-keeper and that he relied upon the book-keeper. A hundred and one reasons can be found for escaping this liability, but it is usually the book-keeper who must bear the blame, whether the erroneous statement is due to errors in the description of the assets, an overstatement of inventories or fixed assets or even the elimination of a part of the liabilities. Under the new interstate commerce law it is a criminal offense for the auditor to sign a report to be submitted to the Interstate Commerce Commission which is false and he cannot offer an excuse of ignorance. This regulation gets at the gist of the matter, and it may be that in years to come we may find a similar law applied to mercantile concerns, making it necessary for all statements used for the purpose of borrowing money to be signed by the head book-keeper or auditor under oath. Book-keepers and auditors may, in order to retain their positions, acquiesce in furnishing figures which they know to be wrong, but they are unlikely to do so if such action places them in the penitentiary.

We will now take up for consideration Exhibits "A" and "B" which you have before you, as they furnish practical illustrations of some of the topics already discussed. And the value of these Exhibits lies in the fact that they are not theoretical and drawn up from imagination, but are actual facts prepared by my firm and submitted to committees of bankers. The names of the concerns are, of course, withheld, and it would be useless to attempt to guess what concerns they represent, as the figures given really illustrate the "swan song" of so many corporations that have passed away since November, 1907.

I desire to call your attention in the first place to the summary at the bottom of page 37 and you will note a remarkable decrease in the net quick assets, which is the difference between the quick assets and current liabilities. At November 1, 1902, the company's financial condition was strong, and even three years later, there was, if the figures were correct, nothing to make the banks apprehensive, unless they studied the figures more closely, for a margin of over $600,000 of quick assets over liabilities appears safe to the most critical. But why such a reduction in the net quick assets? The cause is apparent enough, for a moment's study will show you that the company has enlarged its plant by an expenditure of $600,000 and increased its bills payable by a like amount. This fact alone should have made the banker beware, for it is clear that the funds of other people have been sunk in fixed assets. Furthermore, this plant was of such a size and the nature of the plant was such that in the event of failure it would be almost impossible to have disposed of it. It will also be seen from the statement that the surplus of the company was approximately the same in 1905 and in 1903; therefore it follows that if profits had been made they had all been used as dividends. Inquiry would have elicited the information that the alleged profits were about $80,000 to $100,000 per annum after paying dividends on preferred stock and that as all the common stock was owned by the president his income was also $80,000 to $100,-

000. But by reference to the quick assets we find that in 1903 the president owed the company $47,000 and in 1905, $67,000, showing that he was living beyond even the income stated above, or was making outside investments. The banker should have then and there called a halt, for it appears to me as a ridiculous situation when the president should be drawing out of the concern $100,000 a year, when the cash was needed by the company to pay for the increase in its plant.

Another point which will attract your attention is the fact that in 1905 the amount due by customers was practically the same as in 1903; the reason being that the amount of their annual sales were no larger. If their sales were no larger, why should the size of the plant be more than doubled?

Coming now to a comparison of the

EXHIBIT A.—OPTIMIST MANUFACTURING COMPANY.

Comparative Statement of Assets and Liabilities for the Fiscal Periods Ended Nov. 1st, 1901, to Nov. 1st, 1907, Inclusive.

	Nov. 1, '02.	Nov. 1, '05.	Nov. 1, '07.	Actual Financial Condition, Nov. 1, '07.
QUICK ASSETS—				
Cash	$152.068.96	$201,907.19	$150,230.28	$150,230.28
Customers and agents accounts receivable	403,506.85	405,047.11	871,378.41	545,801.17
Sundry accounts receivable, including accounts with officers and employees of company, branch houses suspense, railroad claims, etc.	33,869.97	49,887.80	91,946.87	40,443.67
Open account and notes receivable of president of company	47,801.68	67,060.78	110,615.55	20,000.00
Notes receivable (not discounted)	21,097.38	20,174.22	12,164.46	12,164.46
Merchandise inventory	985,067.14	1,050,177.72	1,371,415.87	1,163,798.44
Sundry assets, including unexpired fire insurance, etc.	629.89	3,800.22	1.875.94	1,875.94
	$1,644,041.87	$1,798,055.04	$2,609,627.38	$1,934,313.96
FIXED ASSETS—				
Real estate	$77,246.67	$82,959.68	$83,798.78	$83,798.78
Buildings	218,036.83	307,284.37	327,941.60	261,727.31
Machinery, tools and fixtures	466,118.50	783,050.50	1,018,612.52	750,640.99
Additions to plant uncompleted	....	33,374.27	51,268.75	50,819.48
Office furniture and fixtures	3,246.22	7,999.08	19,999.68	14,503.47
Patents	300.00	300.00	300.00	300.00
	$766,948.22	$1,214,967.90	$1,501,921.33	$1,161,790.03
LIABILITIES other than to Shareholders—				
Bills payable	$359,459.09	$957,117.28	$2.190,338.49	$2,190,338.49
Accounts payable	144,043.51	99,203.02	148,691.56	148,691.56
Commissions payable	....	28,214.72	74,710.80	74,710.80
Labor accrued	4,370.57	9,698.68	18,603.25	18,603.25
Sundry reserves	272.18	9,285.33	37,141.06	37,141.06
	$508,145.35	$1,103,519.03	$2,469,485.16	$2,469,485.16
CAPITAL AND SURPLUS—				
Common stock	$750,000.00	$750,000.00	$900,000.00	$900,000.00
Preferred stock	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00
Surplus	152,844.74	159,503.91	257,936.45	*1,273,381.17
	$1,902,844.74	$1,909,503.91	$1,642,063.55	$626,618.83
SUMMARY—				
Total quick assets	$1,644,041.87	$1,798,055.04	$2,609,627.38	$1,934,313.96
Less liabilities	508,145.35	1,103,519.03	2,469,485.16	2,469,485.16
Net quick assets	$1,135,896.52	$694,536.01	$140,142.22	*$535,171.20
Total fixed assets	766,948.22	1,214,967.90	1,501,921.33	1,161,790.03
Total capital and surplus	$1,902,844.74	$1,909,503.91	$1,642,063.55	$626,618.83

* Deficit.

years 1905 and 1907, we find practically the same conditions, only worse. On account of the increased size of the plant, orders had to be taken at any price to keep it going; and sales actually increased from $1,757,000 to $2,900,000 with a corresponding increase in the amount due by customers. The plant had further enlargements made upon it to the extent of $300,000 and the president of the company continued to live extravagantly and increased his indebtedness to the company by $37,000. As all these expenditures and increased outstandings required more money to run the business, we find that at Nov. 1, 1907, the liabilities had jumped up to nearly two and a half million dollars. This was made possible by the ease with which money could be borrowed in 1906 and 1907, up to the time of the panic, and this company had resorted to the method of raising cash by selling its paper to brokers. When the panic actually came, you will readily see how impossible it was for the concern to continue. The country banks, strangers to the Optimistic Mfg. Co., would not, of course, renew its paper, and there was $1,000,000 of this paper out. I maintain that two years prior the banks should have called a halt on the management and insisted upon an independent audit. When the crash came and we were called upon to investigate the affairs of the company, we found facts which the bankers should have discovered two years prior. What we actually found is shown in

EXHIBIT B. — THE EXTRAVAGANZA COMPANY.

Comparative Balance Sheet for the Years Ended November 30th, 1904, 1905, 1906 and 1907.

					True Financial Statement.
ASSETS—	Nov. 30, '04.	Nov. 30, '05.	Nov. 30, '06.	Nov. 30, '07.	Nov. 30, '07.
Cash	$42,167.39	$35,418.05	$130,449.48	$24,020.69	$24,020.69
Accounts receivable	493,850.20	602,007.41	703,238.34	726,325.62	....
Customers	....	....	....	....	244,869.27
Consignment accounts at selling price	....	....	....	....	200,000.00
Due by officers and employees of company	....	....	....	....	†15,000.00
Outside investments	....	....	....	....	10,000.00
Bills receivable	90,570.52	82,976.41	86,438.86	78,601.40	69,568.25
Merchandise inventory	242,231.65	208,882.00	221,693.90	220,462.83	220,462.83
QUICK ASSETS	$868,819.76	$929,283.87	$1,141,820.58	$1,049,410.54	$783,921.04
Real estate, buildings, machinery, etc.	211,245.09	207,834.77	232,580.26	843,323.00	843,323.00
	$1,080,064.85	$1,137,118.64	$1,374,400.84	$1,892,733.54	$1,627,244.04
LIABILITIES—					
Bills payable:					
Due to banks	$325,000.00	$360,000.00	$450,000.00	$769,500.00	$769,500.00
Mortgage notes	....	....	35,000.00	217,500.00	217,500.00
Accounts payable:					
Purchases	47,089.83	68,816.74	135,067.77	246,134.29	246,134.29
Accrued	7,582.14	6,836.30	5,000.00	5,000.00	5,000.00
Total liabilities other than to shareholders	$379,671.97	$435,653.04	$625,067.77	$1,238,134.29	$1,238,134.29
Capital stock	$500,000.00	$500,000.00	$500,000.00	$500,000.00	$500,000.00
Surplus	200,392.88	201,465.60	249,333.07	154,599.25	....
Deficiency	....	....	....	....	110,890.25
	$1,080,064.85	$1,137,118.64	$1,374,400.84	$1,892,733.54	$1,627,244.04

† Amounts due from officers and employees—

Nov. 30, 1904	$99,669.65
Nov. 30, 1905	121,924.96
Nov. 30, 1906	211,638.03
Nov. 30, 1907	210,348.26

the last column of Exhibit A. Instead of there being net quick assets of $140,-142.22 as shown by the books, the liabilities exceeded the quick assets by $535,171.20, a difference of approximately $675,000, while the Fixed Assets carried on the books at $1,500,000 should have been carried at $1,161,000. We found amongst other things:

(1) That the merchandise inventory had been calculated at selling prices; (2) that the customers' accounts contained bad debts of over $300,000; (3) that the president of the company outside of his ownership of the common stock of the company, was not worth over $20,000, and that the value of the common stock was worth nothing, for even the value of the preferred stock was reduced by over 33 1-3 per cent.; (4) that no depreciation had ever been charged against the plant and that therefore the plant accounts stood on their books at too great a valuation; (5) that the profits had been fictitiously increased by making book entries, charging plant account and crediting profit and loss.

My address has already taken much longer than I had first expected, so with your permission I will make my comments on Exhibit B very brief. This exhibit brings out many of the same points which I have already alluded to under Exhibit A, such as the increase in the real estate, buildings, machinery, etc., from $232,000 at November 30, 1906, to $843,000 at November 30, 1907, necessitating a corresponding increase in their liabilities. But in addition, I desire to point out another lesson to be derived from this exhibit. Opposite accounts receivable I present the amounts which were reported as accounts receivable to the bankers. As a matter of fact, out of a total of $726,325.62 reported as accounts receivable, only $244,869.27 could properly be classified under that heading, the balance being consignments of merchandise, outside investments and overdrafts of officers of the company. As a foot-note I show such overdrafts at the close of each fiscal year, and you will note how they increase from $99,000 in 1904 to $210,-000 in 1907. This company was making good profits and paying all of them out in dividends, but the officers, not content with milking the concern of all its profits, drew out of the company a further $110,000 to which they had no right. Here again a careful scrutiny by a banker by comparing the amount reported as accounts receivable with the amount reported as annual sales, would have revealed to him that the alleged accounts receivable must have contained assets of some other nature, for the annual sales amounted to $1,800,000 during the last fiscal period or only 2½ times greater than the accounts receivable at the close of the period, and in the earlier periods the sales were only three times greater than the reported accounts receivable.

Gentlemen, I have attempted to show you the banker's standpoint towards the commercial balance-sheet and the manner in which he tries to read between the lines of the figures submitted to him and learn their true significance, and while I am no prophet nor a son of a prophet, I will venture to predict that at no far distant date the banker's standpoint will be to insist on receiving a balance-sheet certified by a reputable firm of public accountants before parting with the funds entrusted to him by his depositors.

THE INDISPENSABLE MAGAZINE.

Herewith please find New York draft for $5.00 in payment of subscription to the Bankers Magazine from September, 1908, to August, 1909, inclusive.

I feel that the magazine is one of our best investments, the first or second issues usually more than repaying the principal and leaving ten or eleven issues as deferred payments of interest at the highest possible rate.

Suggestions are hard to give, as you always cover the ground so fully.

C. P. HAAG, Secretary and Manager,
State Savings & Commercial Bank,
San Francisco, Cal.

Kindly continue the magazine for 1909; we could not get along without it.

Respectfully,
BANK OF JOLIET, Joliet, Montana,
C. E. Hudson, Cashier.

GOVERNMENT CONTROL OF CORPORATIONS.

By Charles W. Stevenson.

IN the midst of present attempts to control corporate business it is well to ascertain, if we can, the extent to which this is permissible and feasible.

At the very outset we are confronted with the problem of what is feasible. This, in a measure, must determine what is permissible. To attempt that which must end in failure is to interfere with the even running of business, and to do this is to interfere with the comforts and happiness of mankind. Therefore unless it can be shown at the outset that happiness and general welfare are enhanced or increased by the operation of the governmental control it ought not to be exerted. We are at once brought back to the question: which is best for trade, that it shall be unimpeded, or that it shall have a control which is outside of its purpose and its operation? Manifestly the line must be drawn here. Outside interference cannot be tolerated by mankind unless it is by general consent and this consent cannot be obtained unless there are benefits.

Commerce is for the good of all. It engages the best there is in man mentally, physically and morally. It subserves the greatest good to the greatest number, notwithstanding progress is uneven and individual suffering ensues. It cannot be permissible to exercise any sort of governmental regulation and control that is not feasible, for to do so is to destroy the very incentive and conduct of all business. The individual may not know he is a part of a vast and intricate system. But he is. He cannot work for himself alone if he would. Not a blow is struck for high or low wage, high or low price, that others besides the man striking the blow are not affected. It is this fact which makes trade demand freedom.

Control Must Be General.

Any control must be general. It is not possible that the individual transactions of trade shall ever be controlled by the government save in a general way. Yet it is the bartering of individuals, one giving what he does not want for that which another is willing to dispose of, that constitutes trade. Regulation of the individual in his wants and needs must ever be beyond the province of government.

Sumptuary laws have been condemned, and rightly, because their interpretation was antagonistic to personal liberty. The danger is always toward despotism in any law that may be enacted. We give up gladly for the good of the greatest number. We abide in peace by the decisions of the courts as to what is the consent that we shall and shall not stand by. But we cannot give up that which lies in the future and which is a part of environment, a part of epoch, a part of the customs and manners of a civilization of which we are individually an humble part.

Therefore the trade which we shall make to-morrow, next week, next year, we cannot ever know. The law which undertakes to prejudge us in this way must curtail our interests. There is no doubt of it. We must have a certain amount of freedom in order that we may exchange and labor for our own immediate necessities according to the surroundings of our lives. No law therefore can enter into the detail of our wants and needs, for it cannot tell them in advance without tyrannizing over us. Nor can we ourselves tell this year what we will do with our own next year. It follows that detail is not a province of government control of trade.

Trade for the Benefit of All.

If now we come to certain kinds of trading, say that engaged in by corporations, then we have not varied the proposition that all trade must be and is for the benefit of all men. Therefore the corporation once engaging in trade cannot act therein differently from an individual.

Men are ready on every hand to dispute this proposition, But they do not look far enough. They look only to the right of the state because of charter-granting. This is too narrow a conception, too limited a view. Let what will be withheld to the state because of charter rights being given to the corporation, the law of its legitimate action is the greatest good to the greatest number. Here it acts just as the individual does and supplies the wants and needs of mankind as they occur, not as they are prejudged and preconceived by the state. It is true that the corporation must compete with another corporation and with the countless individuals who are free to engage in the same business.

In the case of the railroads but a slightly different condition prevails. They are not producers, but common carriers. But they are the subjects of production at the hands of countless individuals and also consumption by the millions that use their services. Therefore it is impossible to determine the details of their charges in advance without making them subject to laws which will impede their operation and thereby injure those whom they are designed to help. We have lately noted a spirit of control rampant with reference to the railroad rate.

But it remains true that when the Supreme Court of the United States decides in a sweeping way that the state attempt at control provides such penalties as will be excessive and confiscatory, this tribunal recognizes the higher law of control based alone on the wants and needs of mankind as they are determined by the time, place, and circumstance of the service performed. And this is substantially a recognition of the law that there are some things a government cannot do, and one of these is to so enter the domain of detail as to fix individual rates.

Is there any hampering of the right of the individual to manufacture when and where he pleases in the patent law? And if so, is there a man in the country ready to say the patent law ought to be repealed? Now there is the inventor, who is not very often able to get much out of his invention unless he can enter the manufacturing markets, but if he does become a manufacturer, then he may feel assured of success because his interests are protected.

Other laws might be pointed out that have a like influence on trade and that enable men to get rich in an undue way. They are in restraint of trade. And yet this is the very bugaboo which we are having drilled into us with reference to combinations of corporations not provided and not even permitted by law. Is there no relief here? Yes, there is relief, for it comes from the well-known law of profits.

Capital always seeks the best investment. Let one concern, or a dozen acting together, show to the world that they are making an excessive profit and capital will enter that business. Money invested in business talks. Capital is timid in some ways, but it is lion-like in its efforts to add to its volume and to make a proper earning. Look over the world at the gigantic works undertaken by money. It is the armor of the man who would do great deeds. It does not stop because there is one corporation already doing the work. It organizes another.

Here and there a gigantic monopoly grows up out of the very skill and power of those who administer it. But it can only operate according to the law of the greatest good to the greatest number, or there will be such a flaw in its armor that it will succumb to the genius and energy of man-seeking profit in the same or a parallel field. Law then becomes a restraint. We must beware of what we do lest we curtail service.

What the Government May Do.

But the Government may become a ministerial officer in the way of giving to the world certain information. In a sense it stands sponsor for certain things. Yet even here it must be remembered that publication of the amount of the capital stock and the physical basis of valuation must ever remain merely suggestive. It cannot be final. There is a law of profit and earning rate which alone can be determined by free operation according to the competition and conditions of the wide world of business circling round the concern. This physical basis of value is changing all the time, as is the profit basis.

The general law can never become specific in that it can show the sudden changes of worth and value owing to the changes of surroundings. If a concern carrying a million bushels of old wheat should be valued at a given time, this value would not by any manner of means do for that which would ensue the moment it was ascertained that another crop was a failure. The automobile concern that, with its cumbrous machinery, is built for a gasoline motor, will not have the same value, no matter what its physical appointments, the moment a real electric storage battery of cheap design is put on the market. The railroad that has to buy entirely new machinery this year will not be worth the additional cost added to the old valuation of the previous year.

And so throughout the domain of trade the physical and earning values are changing all the time, and the ministerial officer must call for and publish statements every year ere it will be of service to men. Then, it is for the man to make his investments accordingly. But let no one believe that the Government's work can ever be final. It cannot. There is a helpfulness in all this effort to gain some knowledge and impart it to the people. But it is a different thing from fixing rates, wages, or prices.

The measure of governmental control and regulation, then, is that which, applying to all, gives to the people certain information, and this must not be a matter of detail. There is one other way in which regulation and control may benefit the people. It is along the line of honesty that is now recognized in our laws. If a man sell another bank stock, he being a director in the institution, and therefore cognizant of its condition, and the bank immediately fail, the purchaser has a plain cause of action and may recover If a man sell another something under a wrongful representation, the injured one may recover. If one obtain money under false pretenses, the victim may recover and the man is liable to punishment. These laws are well understood and are enforced.

Applying this to the stocks and bonds that are bought and sold continually, can a man take advantage of his ignorance when he deliberately purchases these stocks and bonds either knowing their worth, or, not knowing it, desires only that he may sell them to others? Surely there ought to be some limit to the credulity of men. Thousands buy and sell stocks they know to be problematical or merely wildcat. They ought not to ask much of Government to protect them from their own folly. And if the Wall Street men who make a business of dealing in securities and stocks of all kinds could find no buyers, then there surely would be no harm done. The trouble is we do not distinguish enough, of ourselves, the legitimate from the illegitimate trading. And until we do there will be many failures and much heartburning. But let us not ask that clamps be put on all the freedom of trade because there are those who deal in margins and those who buy without sufficient knowledge. The control that is prayed for must in the end prove general, and not particular, and then but slight.

A FINANCIAL SAFEGUARD.

"What is your favorite flower?"
"The violet."
"Why do you prefer it to others?"
"For financial reasons."
"What can they be?"
"Because as long as you have a single violet, you are never without a scent."—*Baltimore American.*

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq.,
Author Uniform Negotiable Instruments Act.

IMPORTANT LEGAL DECISIONS OF INTEREST TO BANKERS.

All the latest decisions affecting bankers rendered by the United States courts and State courts of last resort will be found in the Magazine's Law Department as early as obtainable.

Attention is also directed to the "Replies to Law and Banking Questions," included in this Department.

COLLECTIONS—DUTY OF BANKS AS COLLECTING AGENTS.

WINCHESTER MILLING CO. vs. BANK OF WINCHESTER.

SUPREME COURT OF TENNESSEE, MARCH 21, 1908.

Under the rule prevailing in Tennessee each successive bank handling an item for collection is agent of the owner, and liable to him for the duties incumbent upon collecting agents, and the several banks in the course of the chain of transmission are held responsible for the selection of proper agents, and for their own diligence and propriety of action in respect of the collection.

The bank on which the check is drawn is not a suitable agent for collection, and a bank receiving paper for collection is not justified in remitting it to the drawee bank, even though that is the only bank in the place.

Where a collecting bank forwards a check to the drawee bank, and receives back a draft which is afterwards dishonored, the collecting bank is liable for the amount, if the check would have been paid in money had it been presented by some suitable agent.

But where the draft so taken in payment of the check is remitted after dishonor to the owner of the paper, who receives the same without objection, such action amounts to a ratification of the transaction and he cannot afterwards claim that the collecting bank was guilty of negligence in sending the check directly to the drawee.

The mere fact that a bank credits as cash a check received by it for collection does not alter the relationship between it and the owner of the paper; and if the check is unpaid it may be charged off and returned to the depositor.

NEIL, J.: The Whitwell Mercantile Society, located in Marion County, this state, was indebted to the Winchester Milling Company, located at Winchester, in Franklin County, and on account of such indebtedness forwarded to the milling company two checks, one for $242.15 and the other for $262, the two aggregating $504.15. These checks were drawn by the mercantile society on the Whitwell Savings Bank in favor of complainant, the milling company. On May 1 and 2, 1906, respectively, the complainant indorsed these checks, making them payable to the order of the Bank of Winchester, and deposited them to their credit as cash in the bank, and checked out the proceeds; their account being overchecked on May 3 to the amount of $315.62. For a number of years the Bank of Winchester and the American National Bank, of Nashville, Tenn., had been in regular banking correspondence with each other. The Bank of Winchester sent these two checks to the American National Bank for collection. There was only one bank at Whitwell; that is, the Whitwell Savings Bank, on which these checks were drawn. The American Bank promptly forwarded these checks to the Whitwell Savings Bank for payment. They were marked by that bank "Paid," respectively, on May 3 and 5. The bank charged up the checks to the Whitwell Mercantile Society, and on May 5 both of them were surrendered to the society; the society having, at the time the checks were charged up, more than enough on deposit to pay them. The Whitwell bank sent to the American National Bank, on account of these checks, two cashier's drafts on the Citizens' Bank & Trust Company, of Chattanooga. These two drafts were promptly forwarded by the American National Bank to its banking correspondent at Chattanooga, and by the latter they were presented to the drawee bank for payment, and, payment being refused, they were duly protested and promptly returned to the American National Bank. The American National Bank, having previously credited them to the Bank of Winchester, charged back to that bank the amount of the two drafts, together with the protest fees thereon; the whole amounting to $509.15. The Bank of Winchester accepted the drafts, and acquiesced in the action of the American National Bank, and charged back to the complainant, the Winchester Milling Company, the $509.15, notifying the complainant of the fact, and on June 21 surrendered the drafts to complainant. They were accepted by complainant without objection made at the time, so far as the record shows. The evidence shows that it was the universal custom in Nashville, and in Winchester, and all over the country, to charge back items received by banks for collection which had been credited to depositors and returned unpaid. The evidence also shows that this was the custom between the American National Bank and the Bank of Winchester, and also the custom between the Bank of Winchester and its patrons, including complainant. In addition to this, the American National Bank had printed on its stationery, which it used, in acknowledging the receipt of collections, the following: "All items payable outside of Nashville received by this bank for credit, or for collection, are taken at the sender's risk. Should returns sent by the collecting agents for such items be dishonored, the amount will be charged back to the bank or banker from whom the item was received. This bank assumes no liability for neglect or default of collecting agents, nor for items lost in the mail, and hereby gives notice to that effect." There was another notice to the same effect, and in almost the same language, on the stationery of the American National Bank, but not limited to items payable outside of Nashville, being general in its terms, and covering all items taken by that bank for credit or collection. These blanks were used in the dealings between the American National Bank and the Bank of Winchester.

On May 10 the Whitwell Savings Bank suspended and went into the hands of a receiver.

On July 26, the original bill in this case was filed against the Bank of Winchester, the American National Bank, and the Whitwell Mercantile Society. There was subsequently an amended bill. It is not necessary to recite the contents of these bills, further than to say that the original bill was amended by the amended bill so as to charge that the Bank of Winchester forwarded the checks to the American National Bank for collection, and that the latter bank forwarded them to the said Whitwell Savings Bank for collection; that thereupon the Whitwell Savings Bank forwarded to the American National Bank the cashier's drafts above mentioned in settlement for the checks; and that the said checks and cashier's drafts were not collected, because of the negligence of the American National Bank "in its failure to present said checks and drafts for payment within a reasonable time and in due course."

There was no evidence offered in the court below that there was any custom among the banks of this state, or in the business of the Bank of Winchester or of the American National Bank, that collections should be sent, or could properly be sent, to the drawee bank. Likewise there was no evidence of any instructions on the part of complainant that would justify such a course of business.

The chancellor dismissed the bill as to the Bank of Winchester, but rendered a decree in favor of the complainant against the American National Bank and the Whitwell Mercantile Society for the amount of the checks and interest, and the other items making up the sum of $509.15 above mentioned.

From this judgment the American National Bank prayed an appeal to the Court of Civil Appeals, and the Whitwell Mercantile Society carried the case into that court by writ of error. The complainant also filed the record for error in that court, to have reviewed the decree of the chancellor dismissing its bill as to the Bank of Winchester.

By some chance, no notice was taken by the Court of Civil Appeals of the writ of error filed by the complainant against the Bank of Winchester. That court, however, reversed the decree of the chancellor as to the American National Bank and the Whitwell Mercantile Society. Thereupon the original complainant brought the case to this court by the writ of certiorari to review the action of the Court of Civil Appeals.

The foregoing facts present several questions for decision. The first question suggested is whether the American National Bank acted negligently in sending the collection directly to the drawee bank. The next concerns the effect and result of the American National Bank's taking from the Whitwell Savings Bank the drafts on Chattanooga in payment of the checks sent for collection; next, the effect of the acceptance and retention of these drafts by complainant, when turned over to it by the Bank of Winchester, and the allegations of the bill as to negligence on the part of the American National Bank in this regard. Another question that may present itself for solution is whether the Whitwell Mercantile Society is still liable.

Under the rule designated by Mr. Morse as the Massachusetts rule, which prevails in Tennessee and several other states, each successive bank handling an item for collection is agent of the owner, and liable to him for the discharge of the duties incumbent upon collecting agents, and the several banks in the course of the chain of transmission are held responsible only for the selection of proper agents, and for their own diligence and propriety of action in respect of the collection. (Bank of Louisville vs. Bank of Knoxville, 8 Baxt. 101; Bank vs. Cummings, 89 Tenn. 609; Morse on Banks & Banking, § 214.)

The author last referred to says, in respect of the selection of the drawee bank as agent:

"In this country the party who is to pay a check is not a suitable agent for its collection. A Chicago bank received a certified check for collection, and sent it to the drawee bank. The latter mailed in return a worthless draft, surrendered the check to the drawer as paid, failed, and closed its doors. The Chicago bank was liable to the depositor for the full amount of the check. The debtor cannot be the disinterested agent of the creditor to collect the debt, and it cannot be considered reasonable care to select an agent known to be interested against the principal, to put the latter into the hands of its natural adversary." (Morse on Banks and Banking, § 236 (a), citing Drovers' National Bank vs. Anglo-American P. & P. Co., 117 Ill. 100. To the same effect is 1 Daniel, Neg. Inst. 328a; 3 Amer. & Eng. Enc. of Law (2d Ed.), p. 809; and 5 Cyc., p. 506.)

On the page of the Encyclopædia of Law referred to will be found the following:

"The forwarding bank must exercise

due care in the selection of the correspondent to whom it transmits the paper for collection, and it will be liable for negligence in selecting an unsuitable correspondent. The bank upon which the bill is drawn is not a suitable agent to collect the bill, and the forwarding bank must answer for all loss occurring as the result of such a selection"—citing numerous authorities.

On the page of Cyc. referred to will be found the following:

"The old rule that paper may be sent to the drawee for payment no longer prevails in many states, notwithstanding the custom of thus sending it; but some states which deny the legality of the rule permit the paper to be sent to the drawee when there is no other bank in the place known by the owner, and collection by a different method would be costly and inconvenient. These rules may be modified, of course, by instruction or agreement."

The latter publication cites in the notes all of the cases, so far as we have been able to find, upon the subject, except a few which have been decided since that publication came out.

On the proposition that the drawee bank is not a proper agent for selection by a transmitting or collecting bank the following cases are cited: Lowenstein vs. Bresler, 109 Ala. 326; German National Bank vs. Burns, 12 Colo. 539; Drovers' National Bank vs. American Provision Co., 117 Ill. 100; Anderson vs. Rodgers, 53 Kan. 542; Chicago First National Bank vs. Citizens' Savings Bank, 123 Mich. 336; Minneapolis Sash & Door Co. vs. Metropolitan Bank, 76 Minn, 136; American Exchange National Bank vs. Metropolitan National Bank, 71 Mo. App. 451; Western Wheeled Scraper Co. vs. Sadilek, 50 Neb. 105; National Bank of Commerce vs. Johnson, 6 N. D. 180; Wagner vs. Crook, 167 Pa. 259; Hazlett vs. Commercial National Bank, 132 Pa. 118; Harvey vs. Girard National Bank, 119 Pa. 212; Merchants' National Bank vs. Goodman, 109 Pa. 422; Givan vs. Alexandria Bank (Tenn. Ch. App. 1898) 52 S. W. 923, 47 L. R. A. 270; Corsicana First National Bank vs. Dallas City National Bank, 12 Tex. Civ. App. 318; Evansville First National Bank vs. Louisville Fourth National Bank, 56 Fed. 967; Farwell vs. Curtis, 7 Biss. (U. S.) 160, Fed. Cas. No. 4,690.

We have examined all of the foregoing cases, except the last, which is not accessible to us, and find that they fully sustain the text to which they are cited.

(Other later cases are Bank vs. Hendrix, 147 Ala. 670; Bank vs. Pollock & Bernheimer, 145 Ala. 321; Carson & Co. vs. Fincher, 129 Mich. 687; Bank of Rocky Mount vs. Floyd, 142 N. C. 187.)

We shall refer particularly to a few of the foregoing cases.

The case of Givan vs. Bank of Alexandria et al., 52 S. W. 923, was decided by the Court of Chancery Appeals of this state, and affirmed orally by this court on Jan. 10, 1899. It will be found reported in the publication above referred to, and also in 47 L. R. A. 270. In that case it appeared that certain checks were placed in the hands of the Bank of Alexandria for collection on the bank of A. Bryan & Co., of Watertown, this state. The Bank of Alexandria transmitted the checks to its correspondent at Nashville, the First National Bank, and the latter transmitted the checks directly to the drawee bank, and they were never paid. Upon this subject the court said:

"It follows that under the facts found the Bank of Alexandria exercised proper care in selecting the First National Bank as an intermediary, and that its duty was then discharged to the complainant when it sent the paper by the mail of the next day to said First National Bank, and the latter became the agent of the complainant. It is true that when the First National Bank sent the check directly to the drawee bank it was guilty of negligence. The authorities upon this point in favor of the proposition stated are overwhelming"—citing Merchants' National Bank vs. Goodman, 109 Pa. 422;

Drovers' National Bank vs. Anglo-American Packing & Provision Co., 117 Ill. 100; Anderson vs. Rodgers, 53 Kan. 542.

In Anderson vs. Rodgers it is said:

"In this case the check seems to have been forwarded for payment in due time; but it was sent directly to the drawee by mail, with the request that the Bank of Whitfield [the drawee bank] remit the amount by mail in exchange on Kansas City. The Hamilton County Bank, therefore, selected the darwee of the check as its agent for collection. That this was negligent is well settled by the authorities. It is said in Daniel on Neg. Inst. vol. 1, section 228a: 'For the purposes of collection, the collecting bank must employ a suitable subagent. It must not transmit its checks or bills directly to the bank or party by whom payment is to be made, with the request that remittances be made therefor. It is considered that no firm, bank, corporation, or individual can be deemed a suitable agent, in contemplation of law, to enorce in behalf of another a claim against itself.' This proposition is sustained by abundant authority."

In Minneapolis Sash & Door Co. vs. Metropolitan Bank, supra, the same proposition is laid down, and the same text of Daniel is quoted with approval.

In First National Bank vs. Citizens' Savings Bank, supra, it is said:

"The main question in this case, and in fact about the only question, is whether the defendant was justified in sending the certificate directly to Parsons [a private banker, the drawee] for collection. It is conceded by counsel for defendant that, in the absence of instruction to do so, it is negligence to send a collection directly to the drawee, and such negligence makes the sender liable for any loss resulting. We think this rule is sustained by the authorities"—citing authorities.

It is unnecessary to quote further from the authorities on this side of the question. The only authorities to the contrary that we have any knowledge of are cited in note 81, p. 506, 5 Cyc. being certain New York cases and some English cases and the case of Kershaw vs. Ladd, 34 Or. 375, and Trinidad First National Bank vs. Denver First National Bank, 4 Dill. (U. S.) 290, Fed. Cas. No. 4810. The leading New York case cited is Indig vs. National City Bank, 80 N. Y. 100. Of this case the New York court said, in the later case of St. Nicholas Bank vs. State National Bank, 128 N. Y. 26, 32, that it was "a broader case," and that its doctrine should not be extended. We do not think the case of Kershaw vs. Ladd sustains the text. We shall have occasion to refer to this more particularly infra.

We do not think that the text of Cyc., supra, is sustained by the authorities cited in the foot note, in which text it is said: "Some states which deny the legality of the rule permit the paper to be sent to the drawee when there is no other bank in the place known by the owner, and collection by a different method would be costly and inconvenient." The cases cited on this subject are Wilson vs. Carlinville National Bank, 187 Ill. 222, and Minneapolis Sash & Door Co. vs. Metropolitan Bank, 76 Minn. 136. Other authorities upon the point are Kershaw vs. Ladd, 34 Or. 375; Drovers' National Bank vs. American Provision Co., supra; American Exchange National Bank vs. Metropolitan National Bank, 71 Mo. App. 451; Bank vs. Floyd, 142 N. C. 187.

In Wilson vs. Carlinville National Bank, the court said: "The evidence sufficiently tended to show, and the court recited, in proposition No. 5, held for the appellee, 'that it is a well-known, long-established, and general custom of collecting banks to transmit directly to their correspondent out of town banks for collection checks drawn upon such out of town banks and in their hands for collection, in cases where there is no other bank in such town.' It also appeared from the testimony, and was recited by the court in proposition No. 1, in the same behalf, that the Citizens' Bank of Gillespie was the only bank in Gillespie. The evidence further sufficiently recited that appellant knew there was but one bank in Gillespie, namely the Citizens' Bank, upon which the check he held was drawn. It was also shown by the proofs that the appellant had, on prior occasions, deposited with the appellee bank other checks upon out of town banks, and availed himself of the facilities offered by the system adopted and in vogue only among banks and bankers for the collection of that class of paper. He may not have known the details of the system or custom in force among banks for the collection of such checks, but he knew the collection was to be made, without expense to him, through banks co-operating together, in compliance with certain usages and customs existing between such institutions to enable such collections to be so made. He knew there was but one bank in Gillespie, and that the one on which the check was drawn. The co-operation of that bank was essential to the operation of the mode of collecting checks, for there was no other bank at Gillespie to act in the matter. With this knowledge the appellant accepted the benefit of the facilities for the collection of his check which the bank held out to their customers. The usages and customs thus availed of by appellant contemplated the sending of the check directly to the bank upon which it was drawn, there being no other bank at that point. The appellant, having knowledge there was but one bank at Gillespie, and that his check was to be collected, without cost or expense to him through the medium of business usages and customs in force only between banks and bankers, could not be permitted to accept the facilities thus afforded by the appellee bank for his accommodation, and afterwards insist that compliance by the appellee bank with the usages and customs, the benefit whereof he sought to avail himself of, should constitute actionable negligence."

In Minneapolis Sash & Door Co. vs. Metropolitan Bank, supra, it was said: "We have stated the grounds upon which the defendant attempts to justify. It did show that it was usual and customary for banks to send checks and drafts payable to other banks at distant points to the drawee direct and by mail, provided there was no other bank of good standing in the same town; while plaintiff was allowed to prove that an express company, whose business it was to collect and transmit money, had offices in both places. We fail to see what possible effect upon a case of this kind the fact that the drawee is the only bank in good standing in the town can have upon the duty of a bank which undertakes the collection. Any reason for such a course is equally as sound where there are two or more banks in the town as where there happens to be but one. While the syllabus of one of the cases cited in support of counsel's proposition (Western Wheeled Scraper Co. vs. Sadilek, 50 Neb. 105, 69 N. W. 765, 61 Am. St. Rep. 550) may justify him, the opinion does not. We cannot agree with counsel that the usage and custom here relied upon is a defense to the claim that defendant was negligent when forwarding this check to the Mapleton Bank for presentation and payment. As a general rule, usage and custom will not justify negligence. It may be admitted that such a course is frequently adopted, but it must be at the risk of the sender, who transmits the evidence of indebtedness upon which the right to demand payment depends to the party who is to make the payment. Such a usage and custom is opposed to the policy of the law, unreasonable, and invalid. It was so decided in Drovers' Nat. Bank vs. Anglo-American Packing & P. Co., 117 Ill. 100, and Merchants' Nat. Bank vs. Goodman, 109 Pa. 422. Counsel for defendant has cited two cases from the English Law Reports and three from the New York Court of Appeals as authority upon this question. An examination of these cases will show that this exact question was not decided."

In Drovers' National Bank vs. Anglo-American P. & P. Co., supra, it was said that it made no difference if the collecting bank did not know of any other bank at the place. Said the court: "If appellant had no correspondent or agent at Cadillac through whom to make collection, it should have so informed appellee, and then acted on the directions of appellee."

In Kershaw vs. Ladd, supra, it was said in the opinion: "The parties agree that at the time the transactions which form the basis of the present controversy took place there existed and still exists, among the banks in Portland and elsewhere, a general and well-established custom to the effect that when a bank or banker receives for collection an ordinary check against an account with a bank or banker situated and doing business at a place distant from where the collecting bank is located, and such collecting bank has no agent or correspondent at the place of the drawee bank, for the collecting bank to forward the check by mail directly to the drawee bank for collection and returns, and that it is also a general and well-established custom among such banks that when a bank or banker receives, from a bank or person at a distance, for collection and returns, an ordinary check, drawn upon a bank situated at the same place as the receiving bank, for the receiving bank not to remit cash to the bank or person from whom such check was received, but to remit the check or draft, either of the receiver or drawee bank, drawn upon the correspondent of such receiving or drawee bank at the place from which the original check was forwarded, payable to the order of the bank or person from whom the check was received. It is contended by the respondent that these customs are to be considered the law of the case, and are controlling for the government of the parties, and that, measured thereby, the defendants are not chargeable with negligence for pursuing the course adopted in endeavoring to make the collection. Upon the other hand, it is maintained that the custom of sending the check direct to the drawee bank for collection and return is unreasonable, and therefore it does not and cannot obtain the sanction of law, and that such an act is negligence per se, which will, in case loss should occur by reason thereof, render the collecting bank liable therefor."

The conclusion reached by the court was: "Upon principle it would seem that the usage is not an unreasonable one, in so far, at least, as it may apply to the collection of a plain, unindorsed check."

In American Exchange National Bank vs. Metropolitan National Bank, supra, it was said that the rule which forbids the collection to be sent directly to the drawee bank is not altered by the fact that there is only one bank in the place where the collection is to be effected, the drawee bank, and that it is the correspondent of the defendant. Continuing, the court said:

"Again, it was said to be customary for banks to transmit collections to their correspondents, even though such correspondent was the debtor. To this we answer that it is not a reasonable custom, and therefore must fail of recognition by the court. We concede it may be, and perhaps is, in many instances, the most convenient mode for the bank intrusted with the collection; but if the bank adopts that mode it takes upon itself the risk of the consequences."

In Bank vs. Floyd, supra, it was held: "It is negligence in a bank having a draft or check for collection to send it directly to the drawee; and this is true, though the drawee is the only bank at the place of payment. A custom by which a bank, having a check upon its own correspondent in good standing, intrusts it with the collection, is unreasonable and invalid, and if a bank adopts that mode it takes upon itself the risk of the consequences." (142 N. C. 187 [Syl., points 3 and 4], 55

S. E. 95. And see Whitney vs. Esson, 99 Mass. 308, 96 Am. Dec. 762.)

In First National Bank vs. Citizens' Savings Bank, supra, the general rule was announced that it was negligence to send directly to the drawee bank, even though it was the only bank at the point of collection; but the defendant in that case was protected because the court construed the letter sending the collection to the transmitting bank as in substance instructing that the paper might be sent to the drawee bank, or at least that it was clearly susceptible of the construction that such course was expected.

We need not consider the question whether the custom to send a collection to the drawee bank, when there is only one bank at the place of collection (the drawee bank), would be reasonable or the contrary, since in the case before us there is no evidence whatever that any such custom prevailed at the time the transactions under examination here took place.

It is clear therefore that the American National Bank was guilty of negligence in sending the collection directly to the Whitwell Savings Bank, the drawee.

It is equally clear from the evidence that, if the checks had been sent to some other person and presented at the counter of the bank on the day they reached there by mail, or within several days thereafter, they would have been paid in cash, inasmuch as it appears that the Whitwell Savings Bank continued to pay cash for several days thereafter, and did not fail until the 10th of the month.

The form of settlement which the American National Bank accepted consited of drafts drawn in its favor by the Whitwell Savings Bank on a bank in Chattanooga, which were dishonored as soon as they reached that city; that is, on the 10th of the month.

Was the Whitwell Mercantile Society discharged by the settlement just referred to, as the result of which the Whitwell Savings Bank charged to it the two checks in controversy and canceled and surrendered them? We think it was. The Whitwell Mercantile Society had more than enough money on deposit at the time the checks arrived to meet and satisfy them. The society had no means of preventing the application of their money to the checks and the cancellation of the latter. It was not incumbent upon the society to inquire whether the Whitwell Savings Bank had authority, since the possession of the checks for the purpose of collection constituted apparent authority, and it was entirely possible that the transmitting bank might have sent the checks to the Whitwell Savings Bank by consent of the holder. Even the holder himself might have sent them directly to the Whitwell Savings Bank. It was not the duty of the society to institute an inquiry as to the source from which the Whitwell Savings Bank had received the checks; that bank being at the time a reputable concern, and there being nothing to arouse suspicion or to put the society upon inquiry. The society had the right to rely upon the authority of the Whitwell Savings Bank, and rightly acquiesced therein. As the result of the transaction, and this acquiescence, the society lost in the failure of the Whitwell Savings Bank the amount represented by the checks; that is, if those checks had not been charged up to the society and canceled, the society would have drawn out that sum of money when it drew out the balance of its account on the 5th of the month.

It results, therefore, that the complainant sustained injury to the amount of the checks by reason of the negligence of the American National Bank; and, nothing else appearing, that bank must respond to the complainant in the amount of the sum lost.

But it appears that the American National Bank, as already stated, took in settlement from the Whitwell Savings Bank drafts on Chattanooga. There is no evidence in the record that there is a custom among banks to make collections in this manner (that is, by receiving checks on other banks), and it is insisted by complainant that in the absence of a proven custom to take payment in this form, from which the consent of the owner of the check would be inferred in the act of putting the paper in bank for collection, such a method of settlement would be unauthorized—citing Morse on Banks and Banking, section 247. (And see Merchants' National Bank of Philadelphia vs. Goodman et al., 109 Pa. 422.) And, if this was an act of negligence on the part of the American National Bank, the warning copied upon its stationery, supra, would be immaterial, because the bank could not thereby be protected against its own negligence. (Minneapolis Sash & Door Co. vs. Metropolitan Bank, 76 Minn. 136.)

However, it is unnecessary to decide whether this was an act of negligence or not, because, when the complainant was informed that the drafts on the Chattanooga Bank had been accepted by the American National Bank, it had a right either to accept those drafts so taken in payment of the checks, or, if the bank had no right to receive such drafts, complainant could repudiate the transaction and sue for the negligence of its agents, both in surrendering the checks and taking for them the Chattanooga drafts, and also in failing to present the checks to the drawee bank by some other agent than the latter bank itself. (National Bank of Commerce of Seattle vs. Johnson, 6 N. D. 180.)

What actually transpired was this: When the drafts were dishonored at Chattanooga, and returned to the American National Bank, that bank transmitted them in due course to the Bank of Winchester, and that bank on June 21, turned these drafts over to the complainant. The complainant accepted them without objection, and subsequently brought the present action, and made it one part of its complaint against the American National Bank that the latter had failed to present these drafts for payment "within a reasonable time and in due course."

This was a ratification of the American National Bank's action in taking the drafts. It is immaterial that in the same connection in the bill the complainant joins the checks and drafts in his allegation of negligence against the American National Bank. The two demands are inconsistent. The complainant could not have a right of action for the failure of the American National Bank to duly present the Chattanooga drafts, unless it ratified the action of the American National Bank in taking those drafts; and if it did this it would have no right of action against the bank referred to for its conduct in sending the checks directly to the drawee bank, because the drafts so ratified and accepted were the product of that act.

On the ground thus stated we are of opinion that the complainant has no right of action against the American National Bank; it not being shown that that bank was in any default in its treatment of those drafts after they came into its hands.

We cannot consider the rights asserted against the Bank of Winchester, inasmuch as there was no decree entered in respect of that party in the Court of Civil Appeals. This being true, we have no jurisdiction of that particular controversy.

Before closing the opinion it may not be improper to add one remark concerning some observations that were made during the discussion of the case at the bar, and also in the briefs, to the effect that the Bank of Winchester had credited the checks when it received them as cash, and permitted the complainant to check out all the money. This is an immaterial subject. As said by Paxson, C. J., referring to one who had deposited a check for collection with a bank: "The mere fact that the collecting bank credited him with the check as cash did not alter that relation [the agency of the bank for collection]. This is done daily; indeed, it is the almost universal usage to credit such collections as cash, unless the customer making such deposit is in weak credit. If the check is unpaid, it is charged off again, and the unpaid check returned to the depositor." (Hazlett vs. Commercial National Bank, 132 Pa. 118, 125, 19 Atl. 55, 56.)

For the reasons and on the ground stated, we are of opinion that complainant is not entitled to recover against either of the parties defendant in this court.

The bill will therefore be dismissed, at the cost of the complainant.

IRREGULAR INDORSER — NECESSITY FOR NOTICE TO.

J. W. PERRY CO. vs. TAYLOR BROS. ET AL.

SUPREME COURT OF NORTH CAROLINA, SEPT. 30, 1908.

Under the Negotiable Instruments Law an irregular indorser is entitled to notice of dishonor the same as any other indorser.

THIS action was brought to recover the amount of a promissory note drawn by B. D. Taylor to the order of the plaintiff, and indorsed by J. T. Bowles and A. F. More before delivery. The plaintiff failed to give notice of dishonor to the indorsers.

WALKER, *J.:* Whatever may have been the law heretofore, it is now provided, and was so provided at the time the note upon which this suit was brought was given, as follows: "A negotiable promissory note, within the meaning of this chapter, is an unconditional promise in writing made by one person to another, signed by the maker, engaging to pay on demand or at a fixed or determinable time, a sum certain in money to order or to bearer." Revisal 1905, § 2334. "A person placing his signature upon an instrument otherwise than as maker, drawer or acceptor is deemed to be an indorser, unless he clearly indicates by appropriate words his intention to be bound in some other capacity." Revisal 1905, § 2212. "Where a person, not otherwise a party to the instrument, places thereon his signature, in blank, before delivery, he is liable as indorser [under rules specified in the section]." Revisal 1905, § 2213. "Presentment for payment is not necessary in order to charge the person primarily on the instrument; but if the instrument is, by its terms, payable at a special place, and he is able and willing to pay it there at maturity, such ability and willingness are equivalent to a tender of payment upon his part. But, except as herein otherwise provided, presentment for payment is necessary in order to charge the drawer and indorsers." Revisal 1905, § 2219. "Except as herein otherwise provided, when a negotiable instrument has been dishonored by nonacceptance or nonpayment, notice of dishonor must be given to the drawer and to each indorser, and any drawer or indorser to whom such notice is not given is discharged." Revisal 1905, § 2239.

It appears, therefore, that as the defendants placed their signatures on the back of the note, and they were not otherwise parties to the instrument, they became liable as indorsers, and were entitled to notice of dishonor after its maturity. (Eaton & Gilbert on Commercial Paper, § 108.) The case of Rouse vs. Wooten, 140 N. C. 558, 53 S. E. 430, 111 Am. St. Rep. 875, which was cited by the plaintiff's counsel, does not bear on this case, as there the defendant was a surety, and so found to be by the jury. The only question raised in that case was whether a surety is entitled to notice of nonpayment and dishonor. We held that he is not. The ruling of the judge was correct.

No error.

CHECK WRITTEN ON FORM OF ANOTHER BANK — HANDWRITING IN BODY OF CHECK.

FIRST STATE BANK OF SCOTT CITY vs. VOGELI.

SUPREME COURT OF KANSAS, JUNE 6, 1908.

It is not negligence for a bank to pay a check written on the blank form of another bank without making inquiry.

Neither any rule of law nor the ordinary

course of business renders it a matter of suspicion that the handwriting in the body of a check is not that of the drawer.

THE plaintiff brought this action against the bank to recover the amount of a check for $1,800, the signature to which he claimed was forged.

There was a conflict in the evidence as to the genuineness of the signature to the check, expert testimony being offered on both sides. The plaintiff was asked if the signature to the check was his, and answered as follows: "Don't look like my signature; I never signed my signature to no check." In his testimony he admitted that while in Sedalia, Mo., he met a stranger who offered to send him some seed wheat if he would sign his name in a book; that he wrote his name in what appeared to be a blank book with a fountain pen which the stranger handed to him, and that he signed it while standing in the street; that he did not have his glasses on at the time though he generally used glasses when he wrote; that he had no place on which to rest his arm at the time of writing; that in the conversation he had informed the stranger that he lived in Scott City and had sold his farm. The officers of the bank and others testified that after he returned home he admitted in different conversations that his signature to the check was genuine, but that he had no intention of signing a check when he wrote his name.

The plaintiff had been a depositor of the bank for a number of years. He was 67 years of age, rather illiterate, and frequently had the cashier of the bank write his checks for him which he would sign. The jury returned a verdict for the plaintiff for the amount of the check, upon which the court rendered judgment. In addition to the general verdict the jury returned the following findings: "(1) Was the signature to the check in controversy written by the plaintiff? Answer: Can't agree. (2) Was the defendant guilty of negligence in paying said check? Answer: Yes. (3) If you answer that the defendant was guilty of negligence, state what the negligence consists of? Answer: In paying a check that was written on a blank of another bank without making inquiry, and for an amount in excess of letter of credit, and after having paid the check written by Vogeli on a bank check of defendant bank for $100 and seeing that the check sued on was not filled up by Vogeli. (4) Was the plaintiff guilty of negligence in signing his name to some blank paper or partly filled out paper in the hands of a stranger? Answer: Yes."

PORTER, *J.*: The instructions properly told the jury that the burden was upon the plaintiff to prove that the signature was not genuine, and that he must do so by a preponderance of the evidence. On this very material issue the jury were unable to agree, but for some reason which is not apparent the court refused to set aside the verdict, and rendered judgment. This was error. If the signature was genuine the bank was obliged to pay unless there was something in the appearance of the check to excite suspicion, or there was some fact known to the bank sufficient to put it upon inquiry. True, the jury found that the bank was guilty of negligence in paying the check, but they also found in what the negligence consisted, and no one of the things or all of them combined would constitute negligence. It is not negligence for a bank to pay a depositor's check written upon the form of another bank. There is no invariable rule by which customers of a bank are required to use a blank check prepared by the bank, and in the ordinary course of business it is of very common occurrence to use a check of another bank, erase the name and insert that of the bank in which the depositor's account is kept. This occurs every day in all banks.

Nor did the fact that the check was for an amount in excess of the $400 letter of credit tend to prove negligence or put the bank upon inquiry. The letter was given the plaintiff to establish credit with other banks or persons with whom he might have business. His account was subject to check, and he needed no letter of credit to oblige the bank to pay checks drawn by himself. Again, the fact that some days previously the bank had paid a check for $100 drawn by the plaintiff on a regular blank of the defendant was wholly immaterial, and not sufficient to excite suspicion as to the genuineness of the check in controversy. The last circumstance found by the jury is that the check was not filled out by the plaintiff, but there was nothing unusual, in this, even if the plaintiff had not been in the habit of having others fill out his checks. "The rule requiring the bank to know the customer's handwriting was always confined to a knowledge of his signature. Neither any rule of law nor the ordinary course of business renders it a matter of suspicion that the body of the check or bill is not written in the handwriting of the maker or drawer." 2 Morse on Banks and Banking, § 480. The rule is stated in 2 Daniel on Negotiable Instruments, § 1654, as follows: "But a bank is not bound to know more than the signature of the drawer of the check; for in the ordinary course of business the body of the check is as often as otherwise filled up by a clerk, and it is by no means a matter of suspicion that it is not filled up in the handwriting of the drawer. If the rule were otherwise, a bank could never safely pay a check filled up in a handwriting not the drawer's, until it had inquired of the drawer whether it was properly filled up. And to require this would greatly embarrass commercial transactions." (To the same effect, see Reddington vs. Woods, 45 Cal. 406, 409, 13 Am. Rep. 190; Bank of Commerce vs. Union Bank, 3 Comst. [N. Y.] 230, 234; National Park Bank vs. Ninth National Bank, 55 Barb. 87 124.)

If this check had been genuine, and the failure of the bank to pay it resulted in loss to the plaintiff, the bank would have been liable to him for all damages resulting therefrom, and none of the circumstances mentioned by the jury would have relieved the bank from its liability. Of course, a false or fraudulent alteration in any material matter in the body of the check after signature would have constituted technical forgery, and the bank would have been liable to the plaintiff, unless by some act of negligence upon his part he furnished the opportunity for the fraud which deceived the bank, in which case he must suffer the just consequences of his own carelessness and bear the loss.

The failure of the jury to agree upon one of the most material issues in the case, as well as the inconsistent findings as to the negligence of the bank, require that the judgment be reversed, and a new trial ordered.

NOTES OF CANADIAN CASES AFFECTING BANKERS.

[Edited by John Jennings, B.A., LL.B., Barrister, Toronto.]

BANKS AND BANKING—BANK ACT—SECURITY UNDER SEC. 88—*SUBSTITUTION OF GOODS —AGENT FOR SALE*—R. S. C. 1906, ch. 29, secs. 86, 87, 88.

BARRY VS. BANK OF OTTAWA (17 O. L. R. p. 83).

It is only the owner of the goods who can give security under sec. 88 of the Bank Act, R. S. C. 1906 ch. 29; and a bank which has taken such security on goods from the owner, cannot, under that section, substitute other goods afterwards coming into the possession of the giver of the security as agent for sale.

Section 87 extends the class of persons who may give or endorse a warehouse receipt or bill of lading under sec. 86, but is not incorporated in sec. 88, by sub-sec. (6) of that section.

STATEMENT OF FACTS: This was an appeal from the Judgment of Mr. Justice MacMahon at the trial and the facts and reasons for judgment will be found in the Judgment of Chief Justice Falconbridge.

JUDGMENT (FALCONBRIDGE, *C.J., K.B.;* BRITTON and MAGEE, *J.J.*): Action against the bank for conversion of plaintiffs' goods, the defence being that the goods were covered by a security in its favor under sec. 88 of the Bank Act, R. S. C., 1906, ch. 29.

On December 10, 1907, two car loads of fruit were shipped from New York to Ottawa on behalf of the plaintiffs, consigned to the order of the plaintiffs, and the bills of lading were sent to the plaintiffs at Montreal. The plaintiffs, having received the bills of lading on the 12th or 13th, endorsed them, and wrote on the 13th to one Hunt at Ottawa (their agent for sale), advising of the shipment and enclosing the bills of lading. The goods arrived in Ottawa on the 13th. Hunt received the bills of lading and obtained delivery on the 14th.

In the meantime, on December 11, Hunt executed an assignment, under sec. 88 of the Bank Act, in favor of the bank, to secure repayment of a loan of $2,500 (represented by his demand note for $2,500) made by the bank on the same date.

The paragraph of the assignment which sets out the property assigned is as follows: "The said goods, wares and merchandise are assigned to the bank as security for the said note or renewals thereof, are now owned by me, and are now in my possession, and are free from any mortgage, lien or charge thereon, excepting advances already made by the Bank of Ottawa, and are in my warehouse, Nicholas street, and are the following: All the apples, about 2,000 barrels; all the oranges, being 1,200 boxes and 300 cases; all the onions, being about 300 cases; and about 200 boxes of dates."

Hunt shortly afterwards got into financial difficulties, and on January 10 he delivered to the bank possession of so much of the goods covered by the two bills of lading before mentioned as had not already been sold by him. The bank sold the goods, and the plaintiffs have brought the present action as owners of the goods.

I think the bank cannot justify the taking possession and sale of the property in question. The assignment refers only to certain specified goods in Hunt's possession on December 11. Hunt at the trial gave some rather uncertain evidence to the effect that the quantities mentioned were estimates merely, and included some of all of the plaintiffs' shipment. But whether the goods in question were then in the contemplation of Hunt or the bank, or not, the assignment does not purport to cover anything not in Hunt's possession at the time of its execution.

It was strongly argued before the Divisional Court, on behalf of the bank, that, under sec. 87 Hunt was in a position to pledge the goods in question on the ground that they were consigned by him to the owner. Apart from the fact that Hunt was not the consignee on December 11, the argument is plainly not a valid one. Section 88 does not say that any person who could have validly endorsed or given a warehouse receipt to the bank under secs. 86 and 87 may give security under sec. 88, but merely that by virtue of "such security" (i. e. a security properly taken under sec. 88) the bank shall acquire the same rights, etc., to the goods covered thereby as if it had acquired the same by virtue of a warehouse receipt. Section 87 extends the class of persons who may give or endorse a warehouse receipt or bill of lading under sec. 86, but is not incorporated in sec. 88 by 88 (6) so as to enable a member of such extended class to give security under sec. 88.

Section 87 being inapplicable, the bank must rely upon the Factors Act, R. S. O. 1897, ch. 150, in order to establish its claim to the goods, as against the real owner, by virtue of an assignment from an ostensible owner. As the learned trial Judge has pointed out, the claim is untenable, as Hunt, on December 11, had possession neither of the goods nor of the documents of title thereto.

It is further set up in the statement of defence and argued on behalf of the bank, that the plaintiffs' goods were substituted by virtue of sec. 88 (2) for the goods originally covered by the assignment. There is not, however, a word of evidence specifically directed to this point. Fenney (the bank manager, who took the security on behalf of the bank) had no communication with Hunt between December 11 (the date of the security) and January 10 (the date of taking possession). The section provides that the "bank may allow the goods, etc., to be removed, and other goods, etc., to be substituted therefor, etc." While I do not say that it is necessary—however advisable it may be—for the bank and customer, prior to or contemporaneously with the act of substitution, to express in a formal document their agreement as to any such substitution, no such substitution can be effected merely by the customer's delivering possession to the bank of goods not covered by the security, after a shortage has been discovered in the goods covered. It is not alleged that there was any wrongful commingling of goods within Bank of Hamilton vs. Noye Manufacturing Co. or the cases cited in Smith vs. Merchants Bank.

The following extracts from the Judgments of Mr. Justice Magee are very important and useful:

It was urged here, however, that the security being expressed to be taken under sec. 88 of the Bank Act R. S. C. 1906, ch. 29, it was competent for the bank, as provided in that section, to allow the goods covered by the security to be removed and other goods of the same character and of equal or less value to be substituted therefor, and that the goods so substituted would be covered by the security as if they had been so originally, and it was argued that here there was such a substitution.

Without stopping to consider whether the substitution must not be the conscious act of both parties, and contemporary with or prior to the removal, it is plain that here there was no substitution. From the time the security was taken on December 11 the bank did nothing until, on January 10 or 12, they went to take possession of the goods mentioned in the security, and then, on the statement of Hunt that the goods in question were so, they took possession and subsequently sold. There was no question of substitution, but of identity, and even at the trial Hunt, called as a witness for the bank, went so far as to state, manifestly contrary to the fact, that when he gave the security, one of the plaintiffs' car loads was in his warehouse, and he intended it to be included in the 1,200 boxes of oranges mentioned.

But, assuming that it could be said that there was a substitution, even in the mind of Hunt, does that carry the appellants any farther? Obviously the substitution must be of goods which could originally be the subject of the security, for sec. 88 says they will be covered as if originally so. Could, then, the bank have obtained these goods under the security, assuming that they had been in Hunt's possession at its date.

The learned trial Judge has held that sec. 88 only applied to loans to and security from the owner of the goods, and exception was here taken to that ruling. The origin of that section is to be found in sec. 74 of the Bank Act of 1890, 53 Vict. ch. 31, which in sub-sec. 1, enabled a bank to lend to a wholesale manufacturer upon the security of goods manufactured by him or procured by him for manufacturing, and in sub-sec. 2 to lend to any wholesale purchaser or shipper of products of agriculture, the forest, mine, etc., upon the security of such products. Manifestly, in the words "manufacturer," "purchaser," and "shipper" no intention is evidenced to mean an agent, factor, or mere consignee, and one hardly needs to look at the further declaration in the section, that the security might be given by the "owner," to see that the transactions authorized were based upon ownership by the party giving the security of the goods manufactured, purchased or shipped by him. Then, in 1900, by 63-64 Vict. ch. 26, sec. 17, the class of persons to whom loans could so be made was extended by adding, in sub-sec. 2, "dealers"—presumably wholesale dealers—in such products, but in the retention of the word "owner" no change was evinced in the nature of the borrower's interest in the goods, even if the word "dealer" could be extended beyond its ordinary meaning of "one who buys to sell again." The rearrangement of these provisions in sec. 88 of the present Act does not change their meaning.

It is pointed out, however, that under sec. 88 the bank, by such a security, acquires the same rights in respect to the goods as if it had acquired the same by virtue of a warehouse receipt, and it is argued that, therefore, the security should have the same effect as if it were a warehouse receipt. As the goods are stated to be in Hunt's possession, that can only mean a warehouse receipt issued by him either in his own favor and endorsed to the bank or in the bank's favor.

The provisions of the Bank Act with regard to warehouse receipts are contained in secs. 2, 86, 87, 89 and 90. By sec. 86 the bank may acquire warehouse receipts or bills of lading as collateral security (for contemporaneous loans—sec. 90), and any warehouse receipt or bill of lading so acquired shall vest in the bank "all the right and title to such warehouse receipt or bill of lading, and to the goods covered thereby, of the previous holder or owner thereof," or, if the warehouse receipt is made direct to the bank, instead of to the previous holder or owner of the goods, then "all the right and title to the goods, wares and merchandise mentioned therein of the person from whom the same were received or acquired by the bank."

If the bank had received from Hunt a warehouse receipt made in his own or the bank's favor, this section would only give the bank his right or title, for he would be "the previous holder or owner thereof"—that is, of the receipt—if it was in his own favor, or he would be the person from whom the goods were received by the bank if it was made in the bank's favor.

But sec. 87 goes on to say that if the previous holder of such warehouse receipt is any person entrusted with the possession of the goods by the owner thereof, or to whom such goods are by the owner consigned, etc., the bank shall be, upon the acquisition of the warehouse receipt, vested with all the right and title of the owner.

This section would not apply if the receipt were made directly in favor of the bank, for there would be no previous holder. If made by Hunt in his own favor, the trouble is it would not be a warehouse receipt within the meaning of the Bank Act, for, under sec. 2, warehouse receipt means any receipt given by any person for goods in his possession "as bailee thereof, in good faith, and not as of his own property."

REPLIES TO LAW AND BANKING QUESTIONS.

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

PAYMENT FOR FORGED INDORSEMENT—RECOVERY BY PAYEE.

SEATTLE, WASH., Dec. 4, 1908.

Editor Bankers Magazine:

SIR: I would like to get your construction of the law on the following matter: The First National Bank having made a collection for A and B, husband and wife, issues its draft in payment, payable to A and B drawn on the Second National Bank. B, the wife of A comes to this bank and deposits the draft with us for collection endorsing it in her own name and also endorsing the name of her husband, A by B. This bank sends the draft through its regular channels on the Second National Bank and collected it and paid the proceeds to B, the party depositing it.

A and B soon after divorced and A sets up a claim that though he delivered the draft to B, she was not authorized to sign his name. He then sued this bank for the whole amount of the draft. The question is, what bank would he have recourse against if any?

Would it not be the bank on which the draft was drawn? He had no contractual relationship whatever with this bank.

J. P. Gleason, *Manager.*

Answer: The Negotiable Instruments Law provides that "where an instrument is payable to the order of two or more payees or indorsees who are not partners, all must indorse, unless the one indorsing has authority to indorse for the others." (Sec. 41 Laws Washington 1899, Ch. 149). If then, B, the wife, did not have authority to indorse for A, the husband, the bank cashing the draft did inot acquire a good title to the same. But we do not see how A could maintain an action against that bank. On this question, the case of Tibby Bros. Glass Co. vs. Farmers & Mechanics Bank, decided by the Supreme Court of Pennsylvania, and reported in the Bankers' Magazine for August, 1908, seems to be directly in point. In that case, a bookkeeper who had authority to indorse checks for deposit to the credit of his employer, the payee, collected from his employer's bank the cash on some of them, the bank itself afterwards collecting the amount thereof from the banks on which the checks were drawn. The payee then sued the bank which had so cashed the checks, basing its right to recover on an implied contract that the moneys held by that bank were for the use of the payee. But the court held that the action could not be maintained. In the course of the opinion, the court said:

As we have already seen, if these checks had been presented to the drawee banks and the money had been paid on the forged indorsements and charged against the deposit account of the drawers, the plaintiff would have no right of action against the drawee banks. And, for the reason that the checks not having been accepted in writing, there was no contractual relation or privity between the parties. The money paid on the checks would not be the money of the drawer of the checks. It would be the money of the banks which paid it. Such is the case here. If the defendant bank received the money on the checks from the drawee banks, the latter did not pay the money out of the deposits of the drawers of the checks, but out of their own money, and hence the money which the defendant received was not the money of the drawers of the checks nor was it the money of the plaintiff. Neither was it received for the use of the plaintiff. The drawers of the checks and the payee were in no way affected by the payment of the amount of the checks by the drawee banks to the defendant bank on the forged indorsements. The deposits of the drawers on which they had drawn the checks were still their money, and the indebtedness of the drawers to the payee for which the checks were given still existed and warranted an action by the payee against his debtors, the drawers of the checks. The collections of the checks by the defendant bank from the drawee banks did not constitute a payment by the latter of the drawers' checks, and hence left intact the drawers' deposits, unaffected by the checks which they had drawn and delivered to the payee. The plaintiff's right of action against the defendant bank is not superior to its right of action against the drawee banks. The money paid the defendant on the several checks was the money of the drawee banks, in which neither the drawers of the checks nor the plaintiff had any interest, and, having been paid on forged indorsements, it may be recovered from the defendant by the paying banks.

Nor could A sue the bank on which the draft is drawn; for under the Negotiable Instruments Law, the drawee bank is not liable to the holder until it has certified or accepted the check or draft. (Sec. 189 Washington Act. See also Pennsylvania case cited above.) The appropriate remedy in such cases is for the drawer to make a claim upon the drawee bank for the money paid out on the forged indorsement, and the drawee bank, in turn, can recover the amount from the bank to which it made payment.

COLLATERAL NOTES—SECURITY FOR OVERDRAFT.

Williston, S. C., Dec. 9, 1908.

Editor Bankers Magazine:

Sir: Below please find one of our forms of notes with the following clause "Having deposited with them as collateral security for payment of this or any other liability or liabilities of the undersigned to it, due or to become due, or that may be hereafter contracted." Kindly advise if this form of note will hold the maker on an overdraft made after note was given.

W. E. Protho, *Cashier.*

Williston, S. C..............190..

...............................after date, for value received............promise to pay to

BANK OF WILLISTON, or Order,

AT ITS BANKING HOUSE,

.... Dollars.

With interest after maturity at the rate of eight per cent. per annum until paid, and if not paid at maturity then ten per cent. on amount due to be added as attorney's fees for collection. Having deposited with them as collateral security for payment of this or any other liability or liabilities of the undersigned to it, due or to become due, or that may be hereafter contracted, the following, viz.:

....

....

....

the market value of which is now, $........ **with the right to call for additional security** should the same decline; and on failure to respond, **this obligation shall be deemed to be due and payable on demand,** with full power and authority to sell and assign and deliver the whole or any part thereof, or any substitute therefor, or any additions thereto, at public or private sale, at the option of said **Bank of Williston,** or its assigns, on the non-performance of this promise, or the non-payment of any of the liabilities above mentioned, or at any time or times thereafter, without advertisement or notice. And after deducting all legal, or other costs and expenses for collection, sale and delivery, to apply the residue of the proceeds of such sale or sales so to be made, to pay any, either or all of said liabilities, as said Bank of Williston shall deem proper, returning the overplus to the undersigned.

....

Answer: The phrase "any other liability or liabilities * * * due or to become due, or that may be hereafter contracted" is quite broad enough to cover a liability arising upon an overdraft made after the execution and delivery of the note. Moreover, we think that an overdraft allowed by the bank after the delivery to it of the securities mentioned in the note could be deemed to have been permitted upon the faith of the agreement in the note, and hence, that the bank would be protected in case of the bankruptcy of the customer. The agreement would also appear to be sufficient as between the bank and the customer, to cover an overdraft previously made; but, as against other creditors, the bank could not hold the securities for a prior overdraft, if bankruptcy proceedings should be commenced within four months after the delivery of the securities to the bank.

NEW COUNTERFEIT $5 SILVER CERTIFICATE (INDIAN HEAD).

ACT of August 4, 1886, series of 1899; check letter D; face plate number 2; back plate number 666. Portrait of Onepapa. W. T. Vernon, Register of the Treasury; Charles H. Treat, Treasurer of the United States.

This is a dangerous photomechanical production printed on one piece of heavy bond paper of good quality. A defect in the plate gives to the Indian chief a cross-eyed expression. The blue seal closely approximates the genuine in color but is badly printed, being rough and coarse with many broken lines.

The blue ink of the seal and numbers lack the metallic gloss of the genuine. In the "stop" at the right end of the number upper right face of note) the small blue triangles which are so sharply defined and perfectly formed in the genuine, are rounded at the corners.

This is true, but to a less extent, with reference to the "stop" in the number on the lower left face of note. The back of the note is a very deceptive piece of work, and except for being a little lighter, closely approximates the genuine in color. In the sample before me, which is number D16899-310, there has been no attempt to imitate the distributed fiber.

This note first made its appearance in Providence, R. I., and is very deceptive. We are indebted to the paying teller of the Merchants National Bank of Providence for the first sample of this counterfeit.

JOHN E. WILKIE, *Chief.*

"Dey ain't no use," says Brother Williams, "ter try ter git money w'en you aint at de gittin-'place; an' de trouble is—de jingle er it is so confusin'! Hit's lak' de rattle er a rattlesnake—you dunno whar and what time ter jump. Hit's trouble ter git money, an trouble ter keep it. Dey despise you ef you ain't got it, and ef so be you has, dey'll despise you ef you don't give it away."—*Atlanta Constitution.*

A REVIEW OF THE YEAR IN SAVINGS BANK CIRCLES.

By W. H. Kniffin, Jr.

THE accounts of a savings bank may be divided into two classes: idle money awaiting investment and reserve funds for times of need. As a whole the savings accounts of the United States average but $429.64, while those of New York average $506.25 and those of the Massachusetts banks $363.70, which would indicate that it is the poor man's money which constitutes the bulk of the savings deposits of this country. Yet in spite of the low average, there are in all savings banks a great many large accounts,—as large in fact as the law allows. In New York the limit is $3,000; in Massachusetts and Maine, $2,000; in New Jersey, $5,000; while in Pennsylvania there is no limit. Many of these accounts are in their nature permanent investments, being disturbed only by the periodical credit and withdrawal of interest. Large numbers of these, however, are but temporary, and as soon as other investments offer larger returns than the savings bank rate, it is to be expected that they will be withdrawn. The year 1908 has witnessed heavy withdrawals of such accounts for investment purposes, and at the same time multitudes have been obliged to fall back upon their savings in order to meet the necessary expenses of living.

Savings Deposits Are Real Money.

In discussing the effect of a depression upon savings banks, two things must be borne in mind: First, that there are no fictitious deposits in savings institutions (of the mutual type), nor can there be. Second, that interest credits to depositors forms a large item and frequently makes good otherwise heavy losses. As any bank man knows full well, no small part of the deposits in commercial banks consists merely of book credits. Merchants and manufacturers in obtaining loans and discounts do not want the cash, but credit, and a loan or a discount is simply placed to their credit as an ordinary deposit to be checked against. A reduction of loans and discounts means a corresponding reduction of deposits and an increase in loans means an increase in deposits. They move up and down in unison and the one offsets the other. Not so, however, in savings banks, for they make no loans of this sort and do not handle checking accounts, and their deposits are real money or its equivalent. Their gains are real gains; their losses are real losses. Therefore when the statement is made that the savings banks of a state have "run off" five millions in deposits, it does not mean that loans have been curtailed to this extent, but that that much money has been paid over the counter,—most of it not to come back again, save it may be in slow degrees.

Interest to Depositors.

Interest credited is not a deposit in the true sense of the word. It is an automatic credit that does not represent an immediate saving, but rather *a reward for past thrift* that goes on the books "willy-nilly," and while it shows up as a deposit, it does not always reflect the true condition of the deposit account.

The Panic and the Poor.

The thriftless and the shiftless we shall always have with us, like their brethren, the proverbial poor, and these are not as seriously affected by times of depression as the thrifty wage-earner whose idleness and limited earning capacity is not of his own volition. The vast majority of the working class are thrifty. They work. They save. They look ahead. And the man who worked hard and could save systematically, must still live, but cannot save. He who did not save, and lived well but not wisely,—lucky for him if he had a savings account when the panic struck his town!

The panic of 1907-8 did more than affect the diamond market and the demand for automobiles. While it cut into the income of the rich, it has cast its shadow over the workingman's home also, and all over the country long lines of depositors have formed before the paying teller's window of the savings bank, withdrawing small amounts to tide them over the crisis.

The Panic and the Savings Banks.

The effect of the panic upon the savings banks has been twofold: It has not only taken money out, *but prevented it from coming in.* East and West, the reports are the same: Increase in the number and amount of withdrawals; decrease in the amount and number of deposits; business far *below* the normal in receipts and far *above* in withdrawals.

Heavy Withdrawals in New York.

It is a well known fact that no section suffered more keenly than New York. Here we find 138 savings banks paying to the depositors the huge sum of $430,000,000 in a single year (July, 1907-8) and receiving in return but $364,000,000, a loss of $66,000,000. Herein the interest comes into play and saves the day, adding $50,000,000 to the credit of depositors, making the net loss but $16,000,000. As a matter of fact only five counties in the State made any gains, aside from interest credited. But as against the year previous, which showed a gain of $59,000,000, it compares badly. Evidently something happened to the savings depositors during that time, and this is what took place: First, the people became frightened. This is a matter of history. How much savings bank money went out in consequence is not known. All the savings banks (but one) in New York City demanded the legal notice as a matter of precaution and to help allay the excitement. One bank in a vain effort to stem the tide met every demand for three days, when it fell in line with the rest and asked notice. It is stated on good authority that three people withdrew $2,600,000 from a large commercial bank and placed it in safe deposit vaults. But the rich were not the only hoarders, for even yet instances are constantly coming to light to indicate that the scare has not yet run its course, and strong boxes are still bulging with hoarded wealth. This is especially true of the foreigner. His "private banker" betrayed him; he distrusts the average American bank, and in consequence he turns to the Post Office or hoarding. *During the past eighteen months one bank in New York in the center of a dense foreign population has not opened a single account with a foreigner.* nor has it received a dollar of such money. How widespread is this condition is not known.

Profitable Investments.

Second. Money rates went up. As everyone knows, the panic had a marked effect upon investment rates and when mortgages go to six per cent. and good bonds to five and one-half no savings bank can hold its own.

For the past few years many of the high grade magazines have been advocating good investments on the part of the private investor. The desirability of good bonds and stocks has been demonstrated and the profitableness of such securities and their safety dwelt upon frequently, so that when a savings bank account became unprofitable in comparison, the small investors were quick to seize the opportunity to make the change. This has been the universal experience among savings banks. From various parts of the country reports have come in, saying that the savings banks have paid out large sums to their people *in large amounts* for such investments. The host of small orders placed with Stock Exchange houses has been due, no doubt, to the activity of the savings bank depositor.

Mortgages on real estate are constantly becoming more popular. The work of the magazines, together with the business of the mortgage and title companies, has made the mortgage as an investment universally in favor, and especially in larger places. It is a common thing to pay out large accounts for this purpose, and when first liens were commanding six per cent., tax paid by borrower, and choice seconds the same rate with a bonus of from five to ten, and often fifteen per cent., it is to be expected that money will seek these channels. And it has. All over the East, the banks report that their people have taken advantage of the favorable rates to make permanent investments in such lines.

Living Expenses.

Third. As already indicated, living expenses have eaten into the reserve funds and the savings bank has extended its friendly aid in the emergency. This is especially true of the "East Side," with its multitudes of workers. Savings banks in such localities as a unit report that they have paid large numbers of wage-earners small amounts for necessities.

Savings Banks in Other States.

But the banks of New York state have not been alone in this experience; it has been common throughout the the country, but principally in the East. Take Connecticut for instance. The 88 savings banks held deposits as follows:

October 1, 1907	$256,372,000
October 1, 1906	246,264,900

A gain of $10,107,100, just about the amount of interest credited during a single year. But the reports for the past year will undoubtedly show a large loss, if individual instances form any criterion, for out of six banks, only one reports any gains.

Rhode Island.

Twenty-nine banks in Rhode Island report as follows:

Deposits June 30, 1908	$66,590,100
Deposits June 30, 1907	65,713,700
Deposits June 30, 1906	62,143,300

While the gain for the year 1907 was $3,570,482, the year 1908 shows but $876,000, a difference of over two and a half millions. But the trust companies operating savings departments were losers to the extent of $22,616,718, as follows:

Savings deposits in trust companies:	
June 30, 1908	$41,032,800
June 30, 1907	63,649,518

This may be accounted for from the fact that one trust company reorganized and one failed, which reduces the loss to $4,000,000. During the panic the large depositors in the trust company savings departments (there is no limit to the amount) *withdrew largely for the purpose of investment as above indicated.* The bank commissioner for Rhode Island states: "It is quite evident that in this state, our laboring classes have not withdrawn any considerable amount of their savings, and during the entire period where depression has prevailed elsewhere, the tendency has really been in the direction of growth."

New Jersey.

The 26 savings banks of New Jersey held deposits as follows:

Sept. 23, 1908	$92,342,472
Dec. 31, 1907	93,167,613
Dec. 31, 1906	92,696,777

These banks have therefore just about "held their own" since Jan. 1, 1907, and in the meantime, have paid to their depositors all the interest accumulations,—something over $6,000,000. Pennsylvania savings banks held deposits of $160,638,470 on May, 1908, as against $159,174,012 on the corresponding date, 1907, a gain of a million and a half,—not as much as interest credited during the period.

Massachusetts.

Returns for Massachusetts are not available at this writing (December 10, 1908,) but the last official figures are;

October 31, 1907	$706,940,596
October 31, 1906	694,081,141
October 31, 1905	662,808,312

Here we find a gain of $32,000,000 for 1906, against $12,000,000 for 1907, but inasmuch as the reports were made *before the panic period,* they indicate nothing of importance in this regard, but the reports for the year just closed will doubtless show a marked falling off from these figures. The nineteen savings banks of the City of Boston held deposits to the amount of $220,402,483 on October 31, 1908, against $217,272,000 one year previous, a gain of $3,130,000, or 1.4 per cent. All but three of these banks made gains during the year, and this would seem about the proportion throughout the state. Individual reports from Massachusetts indicate that this state has had an experience similar to New York during the year of the panic, for out of thirteen banks investigated, *only two* made gains.

Maine.

The savings banks of Maine show gains of but $750,000 for the year ending October 31, 1908, against $2,700,000 the year previous, a decrease of $2,000,000.

The West.

Turning to the West, we find that this section was not affected as seriously as the East, but inasmuch as the savings banks of the West are in most instances commercial concerns, and as in Illinois, do not segregate the savings deposits, accurate information along this line is not easily obtained. In a letter by the president of one of the largest savings banks in Iowa he states: "The panic did not bother our savings business as it did not affect our laboring people in this state hardly in the slightest degree; in fact, *we would not have known in this state we had passed through a panic if it had not been for the newspapers.* This is largely an agricultural state, and crops and prices have been very satisfactory and *business conditions fully up to the normal."*

Results of a Private Canvass.

In the preparation of this paper, the writer addressed a series of questions concerning the year's business to upwards of two hundred of the largest savings banks outside of New York, which is about one-seventh the total number. The banks selected were widely scattered among the states of Massachusetts, Vermont, New Hampshire, Maine, Rhode Island, New Jersey, Pennsylvania, Connecticut, Ohio, Iowa, Michigan, Wisconsin, Minnesota, and the Pacific slope. At this writing, replies are in from enough to get a comprehensive view of the situation, and taking fifty representative banks in all parts of the country *holding deposits of* $485,000,000, *representing* 815,000 *depositors,* we find the following facts: To the question: "Have your deposits increased or decreased during the current year, aside from interest credited?" 36 replied that they have made no gains during 1908, but rather ran behind, while 14 have increased their deposits. These are principally located in those sections but lightly affected by the depression. To the question: "Have your deposits fallen off in number?" 31 replied in the affirmative and 11 in the negative. To the query: "Have your payments increased in number?" 34 replied that this had been the case, while 8 banks report no increase in payments to depositors. Twenty-two banks state that business has been up to the normal in volume, while 20 report to the contrary. Thirty-six banks are of the opinion that withdrawals have been for necessities. Twenty-eight ascribe their losses to investments, while 9 have no opinion. Twenty-three state their business has been affected to a noticeable degree, principally in the East, and 18 have had a contrary experience.

Bank Men Optimistic.

Savings bank men throughout New York State are optimistic, and report that in all sections conditions are resuming the normal. Many banks are now "holding their own" and have every reason to expect an increase in the deposits and a decrease in the withdrawals as improvement becomes general. The larger banks in New York still show losses, but not so great as during the early part of the year. With some the tide has already turned and they are making gains.

In fact, conditions seem to be improving in all sections, and especially in manufacturing centers. The bank commissioner for Pennsylvania reports a marked change for the better since election, and a large East Side bank in New York echoes the sentiment.

It is an accepted fact in savings bank circles that such institutions make their largest gains when other fields of investment are unprofitable in comparison. Bonds are rapidly declining to a point below 4 per cent. and mortgages are showing a downward tendency also, and just as soon as these investments reach normal rates, money will cease to find its way into such investments and turn instead to the savings banks.

But however much the savings banks have suffered from the depression, they have amply demonstrated that they are the bulwark of the people. The rainy day funds entrusted to their care have fulfilled their purpose. The idle funds awaiting investment have found their opportunity and both rich and poor have found these institutions all that they were intended to be.

HOW SAVINGS BANKS FIGURE INTEREST.

By Arthur A. Ekirch.

NUMEROUS inquiries have been made as to the method employed by the various Savings Banks both in New York City and New York State; in reference to computing the depositors' interest.

The average depositor knows, however, that every six months, or (with a few institutions every three months,) a dash of red ink is recorded upon the pass-book, which signifies the account has grown to the extent the newly added figures imply.

With the average sized savings bank, a great amount of time and labor is curtailed, before the interest figures have reached a matured stage, and are ready for distribution to the various accounts.

A number of institutions compute and pay interest every three months, on the first days of January, April, July, and October; the majority, however, find quarterly computation too great a task, and therefore follow the customary way; January and July. Three days' grace are allowed in the months of April and October, and ten days in the months of January and July.

Take for example the following imaginary account:

NO. 5567......JOHN KING......

Date.	Deposits.	Drafts.	Balance.
Jan. 8—08.......	$100.00	......	......
Feb. 2—08.......	50.00	......	$150.00
Mar. 3—08.......	150.00	......	300.00
Apl. 4—08.......	......	$25.00	275.00
May 2—08.......	100.00	......	375.00
Jun. 5—08.......	......	175.00	200.00

Where the interest starts quarterly the above account would on July 1st, receive six months' interest on one hundred dollars, and three months' interest on the remaining one hundred dollars; the amounts 25 and 175 dollars, having been withdrawn previous to July first sacrificed the interest.

An institution where money deposited starts to draw from the first of every month (as in one case in New York City) the interest on the above account would be as follows:

Six months' interest on the $100.00 deposited January 8; five months' interest on the $50.00 deposited February 2; four months' interest on the remaining $50.00.

The difference in the amount of interest between the monthly and quarterly computed at four per cent. would be thirty-three cents in favor of the account with the "first of every month bank."

Banks computing interest semi-annually January and July, usually start around the middle of December or June, some earlier, some later, according to the number of accounts and the force of book-keepers employed; some figure the interest directly on the ledger, placing the temporary figures in pencil; until the close of business December 31, or June 30; when they are verified and entered in red ink. Other institutions figure the interest on sheets (see forms) and on the last day of the interest periods the sheets are ready to be proved and posted to the different

I.

Blank Savings Bank, in account with—

Alfred Jones

DATE	INT		DEPOSITS		DRAFTS		BALANCE		
Jan 5/08				50					
Feb 3 –				100				150	00
Mch 10						50		100	00
Apl 1 –				150				250	00
JULY 1	3	00						253	00

(Form A.)

accounts on the ledgers. Both methods bring about the same results. Figuring quarterly interest the bookkeeper would take account No. 1 for instance (see form A.) and figure six months on the fifty dollars which was deposited before the tenth day; the one hundred dollars deposited February 3, less the fifty dollars withdrawn March 10, would be entitled to three months' interest, as would the one hundred and fifty deposited April 1, both amounts being on deposit before April 3. The total interest $3.00, computed at four per cent., would be placed in ink figures in the interest column on the ledger at the close of the interest period. Where withdrawals are made the pencil figures are erased, and new ones

Sheet No. 1 –

* Interest for the Six months ending.

No	Balance	6 mos	5 mos	4 mos	3 mos	2 mos	I mos	Spare
502	650	50		400		100		100
503	10				10			
506	1 000	500			500			
507	150		50				50	50
508	60 50	60						
509	550	50		500				
510	5				5			
524	125							125
527	8 50			8				
528	75	70				5		
635	200			200				
636	5	5						
Totals.	2 839	735	50	1108	515	105	50	275

(Form B.)

added less the interest lost. The ledgers complete, a balance is taken of the total interest and estimated with the Depositors' Account on the general ledger.

The detailed work involved figuring the interest, making changes, entering in ledger, adding to the previous balance and then verifying the accounts, takes considerable time and is one of the reasons for not paying the interest to depositors before the second or third Monday as the case may be.

I have found in a number of cases, where the interest was figured on the ledger, the book-keeper would make an error, the verifier would fail to catch it, with the result it would lie undiscovered until entered in the depositors' pass-book. Aside from a rough esti-

Ledger. 1 – Verified by G.B.

June 30th 1908

6 mos	5 mos	4mos	3mos	2mos	I mos	Total	Grand Tot.
1 00		5 33		66		6 99	656 99
			10			10	10 10
10 00			5 00			15 00	1015 —
	83				16	99	150 99
1 20						1 20	61 70
1 00		6 66				7 66	557 66
			05			05	5 05
							125 —
		10				10	8 60
1 40				03		1 43	76 43
		2 66				2 66	202 66
10						10	5 10
14 70	83	14 75	5 15	69	16	36 28	2875 28

(Form C.)

mate with the general ledger there is no way to detect errors.

*The writer was connected with a savings bank in New York City, where interest started from the "first of every month." (The only bank at that time.) We had $6,000,000.00 on deposit eighteen ledgers, and forty-five thousand open accounts and by figuring the interest on sheets, with the aid of three assistants, we were able to have a recapitulation on the last day of the period. Of course where interest starts quarterly, the figuring is more simple, and the sheets are not absolutely necessary. In figuring monthly interest, however, the sheets could not be suspensed with. Aside from their simplicity, each sheet is in itself a trial-balance and posting proof.

Preparing Sheets.

The sheets are numbered according to the ledgers, and the account numbers are stamped in the column provided. (See forms B and C.) The sheets are prepared a few days in advance of the interest figuring, and accounts closed in the meanwhile are crossed out. The numbering complete, the book-keepers set to work writing off the balances of the various accounts; this complete, the time the various amounts have been on deposit are called off to an assistant, who enters them in the proper columns. The time balances are then footed and proved as follows: 6 mos., 5-4-3-2-1 and spare totals should prove with the balance column; if an error has been made either in the footings or in calling off the amounts, it is a simple matter to locate it, as each sheet is complete in itself. As no interest is paid on fractional parts of a dollar the time columns contain no pennies.

The column marked *Spare,* is used for all amounts on which no interest is paid; (deposits made after the interest time, etc.) Amounts under $5.00 receive no interest, and are placed in the balance column only.

The balance side of the sheets proved, the next step is to figure the interest; this accomplished, the columns are footed and proved with the balance side. (Refer to form.) The total interest added to the balance gives the Grand Total. A recapitulation of all the ledgers is then made, and are then ready to be posted to the various accounts.

An error is next to impossible if you use sheets of this type.

* Owing to the small income return on savings bank investments, the few institutions that have tried monthly interest, have found it unprofitable at a four per cent. basis.

GOLD PRODUCTION OF AUSTRALIA.

FROM an official statement issued by the Royal mint at Melbourne, Consul John F. Jewell, of Melbourne, finds that the total quantity of gold produced in the State of Victoria during the first eight months of 1908 was 439,784 fine ounces, as compared with the production for the same periods in 1906 and 1907, viz, 524,053 ounces and 456,249 ounces, respectively.

The production of gold in the other states of Australia during the first eight months of 1908 was as follows, in ounces: New South Wales, 153,469; Western Australia, 1,097,126; Queensland, 299,253; South Australia, 11,000; Tasmania, 42,889; making the total production for the Commonwealth 2,043,521 fine ounces.

THE "SINFULLY RICH."

THE farmers are all being corrupted with excess of wealth. They ride in autos; their wives go to church in silks; their daughters play on grand pianos. Farmers have bank accounts, loan money and take usurious interests on their "ill-gotten gains." They invest in elevators, buy bank stock, finance factory enterprises. And the most alarming of all is now about to happen. Up along the Columbia River the farmers are negotiating for the purchase of a railroad line to carry their crops to tidewater at Portland.

Think of these evil days on which we have fallen when a man can no longer remain poor, try he ever so hard. He may run like a scared coyote, but the corrupting dollars fly on eagles' wings and get into his pockets, do what he may.—*Los Angeles Times.*

TRUST COMPANIES

Conducted by Clay Herrick.

NEW YORK TRUST COMPANIES DURING AND AFTER THE PANIC.

THE tables presented herewith show the courses through which the trust companies of Greater New York passed from August 22, 1907, to August 31, 1908, as given in the six reports of the State Superintendent of Banks rendered during that period. The first of these reports was made about two months before the full force of the panic of 1907 was felt; the last was rendered ten months after that event and while the general business of the country was still in a stagnant condition.

Viewed from any standpoint, the showing is remarkable indeed,—whether one considers the furious assaults withstood, the appalling loss of deposits met without succumbing, or the recovery only ten months after the panic to substantially the same aggregate of resources, as before the panic,—while in many respects the position of the companies is stronger than ever before. It is true that the panic brought to light individual cases of abuses and blazed the way for some preventive measures which were without delay put into practice: but these were confined to a very few institutions and persons. The great majority of the companies stood the most severe test to which American financial institutions have been subjected in recent years in a way which reflects the most abundant credit upon the ability and the integrity of their management and proves the soundness of the principles and practices usually followed.

It is of no small significance that not a dollar was lost by depositors through the failure of a trust company in New York City during the panic. Four companies only were forced to suspend,—the Knickerbocker, Jenkins, Williamsburg and International. Of these, the first three have resumed business, paying depositors under the deferred-payment plan,—and anticipating the payments. The International was absorbed by the Brooklyn Bank, which was equivalent to resumption.

The severity of the strain to which the companies were subjected is revealed by a careful study of the figures. During the four months from August 22, 1907, to December 19, 1907, the aggregate deposits dropped from $946,608,382 to $591,912,441,—a decrease of $354,695,941, or over thirty-seven per cent. This loss actually came in much less time than the four months between the reports, as serious loss did not begin until the last of October. Thus within a few weeks these companies found it necessary to pay out considerably more than one-third of their entire deposits, at a time when the procuring of funds or credits was difficult in the extreme,—certainly a severe test for any financial institution. The low-water mark appears to have been passed at or about this time, however, for the statement of December 31, twelve days later, shows an increase of about fourteen millions in deposits, and the subsequent statements show large gains. The statement of August 31, 1908, shows that deposits had returned to within one and a half millions of the figure of August 22, 1907,—so that within the year the companies had lost over a third of their deposits, and then regained them.

As between the preferred and the non-preferred deposits, it was of course to be expected that the latter would show the greatest changes. The changes in preferred deposits were slight, the loss between August 22 and December 19 being about seven and one-half millions, or ten per cent., the amount of such deposits having been seventy-five millions on August 22, 1907. The other individual deposits fell from 789 millions on August 22 to 483 millions on December 19,—a decrease of 306 millions, or nearly thirty-nine per cent. The amounts due banks, bankers and trust companies fell during the same period from eighty-two millions to forty-one millions, or just about one-half. Deposits on certificates fell fifty-two per cent., and still remain low; while deposits subject to check fell about thirty-seven per cent., and on August 31, 1908, were nearly back to the figure of August 22, 1907.

The total loans and total investments at the times of the reports were as follows, the amounts being given in millions of dollars:

	Aug. 22, 1907	Dec. 19, 1907	Dec. 31, 1907	Mch. 25, 1908	June 17, 1908	Aug. 31, 1908
Total investments..........	345	279	278	273	324	346
Total loans................	670	422	417	436	504	522

It thus appears that the decrease in investments between August 22 and December 31, 1907, was about sixty-seven millions, or nineteen per cent.; while that in loans was 253 millions, or a little less than thirty-eight per cent. On March 25, 1908, there had been a further slight decrease in investments, while the loans had increased again.

The chart presented herewith shows in a graphic way the changes in amounts of total deposits, total investments and total loans of trust companies in the city, and of total deposits of trust companies in the whole state of New York. As already suggested, the losses between the calls of August 22, 1907, and December 19, 1907, really came during the last two months of that period; so that the decline in deposits and other items was in fact much more pronounced than the chart would indicate if figures for about the middle of October, 1907, were available.

The Strain on Individual Companies.

Severe as was the testing for the companies as a whole, there were of course individual companies upon which the panic brought a strain that may properly be described as terrific, as a study of the table readily shows. There was no company whose deposits did not show some decrease, the public apparently treating both large and small companies with equal distrust. The losses of deposits between August 22 and December 31, 1907, ranged with individual companies all the way from nine per cent. to seventy-one per cent. Aside from the three companies in the list which were forced to suspend, there were three companies whose deposits decreased during these four months more than fifty per cent.;—the Lincoln, with a loss of seventy-one per cent., the Trust Company of America, with a loss of sixty-eight per cent., and the Morton, with a loss of fifty-three per cent. It must be evident to anyone that institutions which could survive such assaults as these were managed with ability and integrity. That they had to get outside help to do so only proves that they possessed securities and credit so good that men could be found to make the advances at such a time.

There were four companies whose losses of deposits were between forty-five and forty-nine per cent.; four whose losses were between forty and forty-four per cent.; nine whose losses were between thirty-five and thirty-nine per cent.; seven whose losses were between thirty and thirty-four per cent.; two whose losses were between

COMBINED STATEMENTS OF THE TRUST COMPANIES OF GREATER NEW YORK.

RESOURCES.

	Aug. 22, 1907.	Dec. 19, 1907.	Dec. 31, 1907.	Mch. 25, 1908.	June 17, 1908.	Aug. 31, 1908.
Bonds and mortgages	$75,682,997	$68,388,866	$68,532,010	$63,506,548	$66,176,246	$63,864,227
Stock and bond investments	269,699,998	....	....	....	....	....
Public securities	....	43,487,836	43,471,463	46,508,751	65,330,650	67,952,321
Other securities	....	167,089,426	166,358,136	162,868,853	192,554,108	214,585,707
Loaned on collateral	582,826,452	367,474,994	365,723,291	373,411,594	431,920,527	441,557,266
Other loans, not secured by collateral	86,770,861	9,492,820	9,772,982	5,181,620	4,424,517	5,331,283
Bills purchased	....	45,066,994	41,991,223	57,128,496	67,730,186	75,029,878
Overdrafts	165,652	141,563	121,954	119,367	200,100	251,253
Real estate	14,950,841	13,293,750	13,296,286	13,732,694	17,900,195	19,594,127
Due from approved reserve depositories, less offsets	83,582,056	60,824,528	78,992,219	122,927,115	181,145,859	176,772,896
Due from trust companies, banks and bankers, not included in preceding column	23,698,302	13,090,201	12,523,082	15,530,378	22,242,164	28,663,396
Specie	49,179,020	37,000,671	35,844,818	40,730,890	56,373,920	82,145,785
U. S. legal-tender notes and bills of national banks	5,095,751	4,372,427	5,327,384	4,605,588	6,046,786	7,186,094
Cash items	604,977	524,251	1,027,537	675,902	998,830	560,209
Investments, held as executor, etc.	2,578,790	1,075,265	751,265	75,265	....	....
Other assets	10,212,483	28,408,960	25,311,893	22,165,754	17,087,859	24,129,504
Total	$1,205,048,180	$859,732,552	$869,045,543	$929,168,815	$1,130,131,947	$1,207,623,946

LIABILITIES.

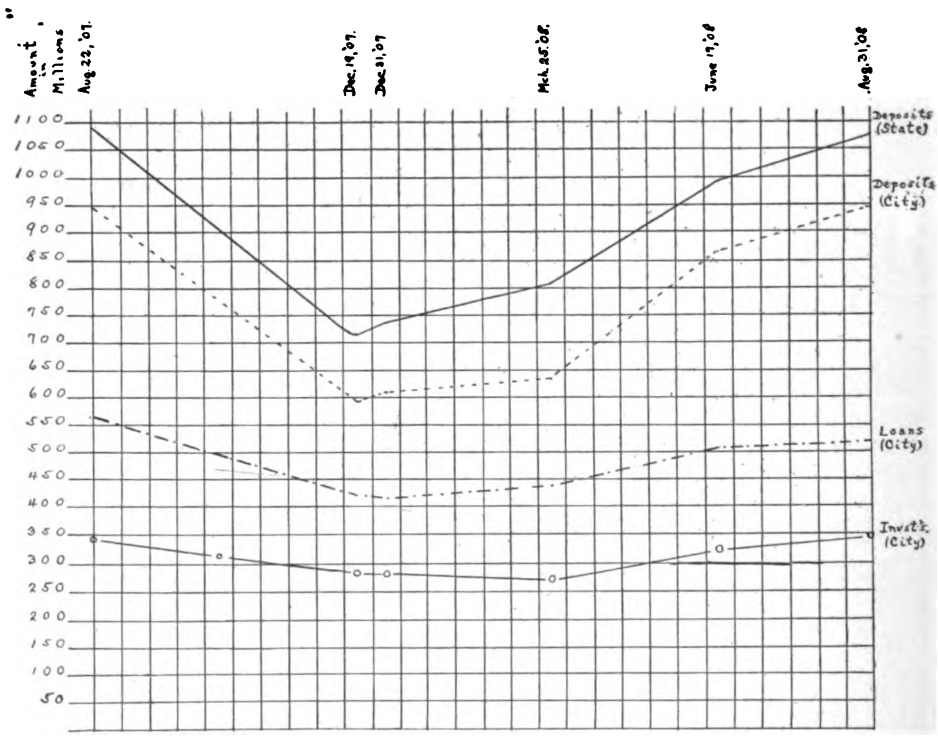
	Aug. 22, 1907.	Dec. 19, 1907.	Dec. 31, 1907.	Mch. 25, 1908.	June 17, 1908.	Aug. 31, 1908.
Capital	$60,636,600	$58,251,560	$58,251,560	$57,775,000	$59,925,000	$59,925,000
Surplus and undivided profits (market value)	....	146,420,387	144,600,599	147,392,431	164,579,545	167,321,427
Surplus and undivided profits (book value)	167,982,441	....	....	....	....	....
Preferred Deposits—Due New York State savings banks	35,126,258	24,181,288	26,074,330	27,818,636	32,601,219	33,522,209
Due New York State savings and loan associations	296,135	127,858	200,155	166,609	272,029	235,182
Trust deposits not payable within 30 days	....	....	....	....	15,672,062	17,192,514
Due as executor, administrator, guardian, etc.	38,079,532	38,605,680	40,296,845	43,173,141	29,296,724	23,119,756
Deposits preferred because secured by outstanding unmatured bonds issued by the State of New York	....	....	....	....	1,950,000	1,875,000
Other deposits preferred because of pledge of a part of trust company assets	886,500	3,771,000	2,609,430	1,797,275	1,527,513	3,013,000
Deposits otherwise preferred	996,616	1,081,123	2,388,755	1,237,410	634,351	1,115,108
Deposits subject to check (not preferred)	688,604,953	435,236,258	444,817,663	486,528,719	615,840,199	653,263,387
Certificates of deposit on time and demand (not preferred)	100,352,199	48,107,077	48,054,808	59,679,339	48,733,882	62,436,444
Time deposits not payable within 30 days	....	....	....	....	35,713,085	44,873,367
Amount due trust companies	41,527,250	18,946,056	22,234,360	35,838,661		
Amount due banks and bankers	40,738,939	21,856,101	18,976,184	24,119,257	84,480,506	104,747,500
Total of all deposits	$946,608,382	$591,912,441	$605,652,530	$680,359,047	$866,721,570	$945,393,467
Borrowed money	....	....	....	....	$9,337,455	$1,825,000
Preferred liability on account of investments held as executor, etc.	$2,578,790	$1,075,265	$751,265	$75,265	....	....
Other liabilities	27,241,967	62,072,899	59,789,589	43,567,072	29,568,377	33,159,052
Total	$1,205,048,180	$859,732,552	$869,045,543	$929,168,815	$1,130,131,947	$1,207,623,946

TOTAL DEPOSITS OF THE VARIOUS COMPANIES.

BOROUGH OF MANHATTAN.	Aug. 22, 1907.	Dec. 19, 1907.	Dec. 31, 1907.	Mch. 25, 1908.	June 17, 1908.	Aug. 31, 1908.
Astor Trust Company	$8,965,745	$8,297,265	$8,103,748	$10,784,611	$12,596,845	$12,217,203
Bankers' Trust Company	23,861,606	20,834,387	20,240,194	24,676,366	28,181,796	30,482,756
Bowling Green Trust Company	16,233,629	11,081,624	11,209,036	10,575,635	12,524,233	14,254,683
Broadway Trust Company	3,932,749	2,154,482	2,340,822	1,998,529	2,418,741	2,462,159
Carnegie Trust Company	7,923,242	6,199,872	6,528,511	5,571,770	7,028,100	8,949,840
Central Trust Company	42,137,580	31,875,331	33,961,798	39,989,444	54,999,003	61,352,315
Columbia Trust Company	6,774,339	4,588,293	4,700,103	5,017,840	7,115,914	8,448,286
Commercial Trust Company	3,876,981	3,003,683	2,948,586	3,702,016	4,168,156	4,193,037
Commonwealth Trust Company	516	477	477	477	477	477
Empire Trust Company	8,898,940	6,015,504	6,304,846	7,333,482	8,915,148	12,514,122
Equitable Trust Company	17,381,123	9,326,433	9,715,776	9,737,347	20,115,160	20,957,353
Farmers' Loan & Trust Company	81,702,513	61,306,279	58,497,300	73,734,130	99,011,481	112,340,522
Fidelity Trust Company	3,028,403	2,746,946	3,016,254	3,804,148	4,131,589	4,371,269
Fifth Avenue Trust Company	17,532,796	9,804,535	10,413,911	11,087,351	13,281,272	13,649,232
Fulton Trust Company	7,423,429	6,065,496	6,047,183	6,248,038	6,454,278	6,832,864
Guaranty Trust Company	41,996,504	28,421,644	28,161,527	37,131,721	47,298,548	60,972,400
Guardian Trust Company	4,185,255	2,619,172	3,315,280	2,789,216	3,211,980	3,729,460
Hudson Trust Company	2,066,175	1,196,052	1,172,075	1,049,674	1,479,632	1,862,589
Italian-American Trust Company	1,569,287	844,651	909,024	511,443	504,863	546,588
Knickerbocker Trust Company	62,114,992	*	*	*	35,378,490	35,736,968
Lawyers' Title Insurance & Trust Company	8,524,049	5,567,089	5,511,071	6,190,029	8,269,914	9,546,116
Lincoln Trust Company	22,400,958	6,469,838	6,483,066	5,792,288	8,090,889	8,009,965
Manhattan Trust Company	10,975,957	9,153,293	9,327,741	12,675,933	16,077,835	17,846,461
Mercantile Trust Company	35,119,131	22,546,591	23,277,232	25,051,639	34,597,866	40,476,826
Metropolitan Trust Company	23,747,751	15,189,130	15,764,837	17,657,105	23,220,339	23,112,013
Morton Trust Company	40,510,828	18,894,382	22,166,365	25,439,724	27,457,918	26,634,274
Mutual Alliance Trust Company	5,763,501	3,749,877	3,651,793	3,628,398	4,018,969	5,523,522
New York Life Insurance & Trust Company	33,782,456	26,417,220	24,680,912	34,022,680	36,764,187	37,793,962
New York Trust Company	33,517,360	25,735,799	27,862,835	32,523,005	36,641,652	48,403,190
Standard Trust Company	12,884,258	7,428,894	7,691,641	9,328,865	10,676,798	13,676,150
Title Guarantee & Trust Company	28,495,980	19,918,293	21,574,526	22,669,699	23,807,857	23,667,556
Trust Company of America	64,124,995	20,193,402	20,705,636	17,974,482	19,391,254	20,640,679
Union Trust Company	48,231,644	43,453,714	44,169,764	47,993,597	52,275,828	49,078,972
United States Mortgage & Trust Company	30,982,562	17,786,231	20,096,258	18,878,890	23,800,646	26,933,275
United States Trust Company	59,394,159	48,407,646	47,302,953	53,847,423	63,357,285	65,961,072
Van Norden Trust Company	8,101,350	5,230,747	5,623,758	5,119,286	6,143,083	6,585,407
Washington Trust Company	9,798,340	6,618,426	7,415,009	7,626,282	8,907,705	9,016,695
Windsor Trust Company	11,162,536	7,167,945	7,773,031	7,144,272	9,032,532	8,469,139
Total	$849,123,619	$526,310,643	$538,664,879	$609,306,835	$781,348,263	$857,249,397
BOROUGH OF BROOKLYN.	Aug. 22, 1907.	Dec. 19, 1907.	Dec. 31, 1907.	Mch. 25, 1908.	June 17, 1908.	Aug. 31, 1908.
Brooklyn Trust Company	$15,363,635	$11,703,062	$11,628,311	$14,024,183	$15,901,465	$16,757,259
Citizens' Trust Company	1,592,398	951,578	1,035,792	978,500	1,135,954	1,118,932
Flatbush Trust Company	3,104,410	2,516,462	2,541,372	2,924,454	3,113,538	3,320,130
Franklin Trust Company	10,929,960	7,537,938	7,579,036	7,075,122	7,373,138	9,491,926
Hamilton Trust Company	6,734,731	5,434,308	5,490,952	5,538,273	6,107,213	6,217,680
Home Trust Company	2,636,974	1,642,244	1,638,373	1,414,256	1,537,160	1,449,501
Kings County Trust Company	12,346,322	9,701,833	10,120,685	11,652,843	12,571,892	12,802,614
Lafayette Trust Company (formerly Jenkins Trust Company)	4,344,881	*	*	*	2,875,876	2,398,498
Long Island Loan & Trust Company	7,055,368	6,116,247	6,489,355	6,347,717	7,504,406	7,499,394
Nassau Trust Company	8,290,228	5,048,638	5,329,614	5,010,919	5,444,873	5,740,787
People's Trust Company	14,946,702	13,463,413	13,651,462	14,638,601	16,579,524	17,141,377
Williamsburgh Trust Company	8,206,663	*	*	*	3,684,097	2,538,826
Total	$95,552,272	$64,115,723	$65,504,952	$69,604,868	$83,829,136	$86,476,924
BOROUGH OF QUEENS.						
Queens County Trust Company	1,934,491	1,486,183	1,482,818	1,447,457	1,544,299	1,667,276

* Not reporting because of suspension.

twenty-five and twenty-nine per cent.; eight whose losses were between twenty and twenty-four per cent.; four whose losses were between fifteen and nineteen per cent.; five whose losses were between ten and fourteen per cent.; and one with a loss of nine per cent. Or,



to put it another way, three companies lost over fifty per cent. of their deposits; eleven over forty per cent.; twenty-seven over thirty per cent.; thirty-seven over twenty per cent.; and ten less than twenty per cent.

The figures for August 31, 1908, as compared with those for August 22, 1907, show some very large gains for individual companies, as well as some very large losses; so that the relative standing of the companies has been materially changed. The largest gain in amount was that of the Farmers' Loan and Trust Company, whose deposits increased $30,638,009, or over twenty-seven per cent., making its line of deposits on August 31, 1908, by far the largest of any company in New York. Other large gains were those of the Central Trust Company, nineteen millions; the Guaranty Trust Company, nineteen millions, and the New York Trust Company, fifteen millions.

Some of the smaller companies, however, made gains which were as large or larger in proportion, though not so large in amounts.

"ON REGULATING THE BANKS."

By a regrettable error, the communication appearing in the November Magazine in the department of "Letters to the Editor," under the title "On Regulating the Banks," was unsigned.

The article was from the pen of Mr. John Cofer Shirley of the First National Bank of Chicago, a frequent and valued contributor to the Magazine's pages.

PRACTICAL BANKING

Conducted by James P. Gardner.

MAKING THE DIRECTORS' MEETING INTERESTING.

By A. G. Boal.

OFFICERS in country banks have often found it difficult to convince some of the directors of the importance of attending meetings of the board with regularity. It makes no difference whether the meetings are held weekly, bi-monthly or monthly. Let there be a meeting at which there is practically nothing to be done, except routine business that the officers or discount committee could do and some of the directors go away feeling that they could have better been employed at their own business. This is especially true if the directors are farmers, or if their attendance at a meeting means to them practically the loss of a half-day. This often happens in country banks where the directors are widely scattered.

Now that the Comptroller of the Currency is bringing the business of directing a bank close home to every director there will undoubtedly be a change. The tendency among directors has been to let the bank's business take what time they have left from other things. They satisfy themselves by saying, "Our cashier is all right. I couldn't do much if I was there. They can get along without me."

Some directors become indifferent about their duties at times because too often the board meeting takes no definite form, but is merely a little talk about this and a little talk about that and a final disposition of all subjects by leaving them to the discretion of the president and cashier.

How to Plan for Each Session.

It has been found advantageous for the cashier, especially if he is the active executive officer of the bank, to arrange a definite program for each meeting. This facilitates business, saves time and is altogether a satisfactory way of doing things. The program can be typewritten and a copy given to each member, or just a copy to the president. So often the president of a country bank comes in from other work with no very clear idea of what the board is to consider. With a program like the following in his hands the board can get down to business in a minute.

Order of Business.

I. Reading minutes of previous meeting for correction and approval.

II. Reading statement of bank's condition for previous day. This should include a statement of the reserve fund and how it is distributed.

III. Reading list of overdue loans with statement of their condition and efforts made to collect them.

IV. Reading list of cash items,—if any.

V. Reading all overdrafts.

VI. Reading list of expenses paid since last meeting.

VII. Report on new accounts opened and old accounts closed.

BILLS RECEIVABLE—PAST DUE 190

	MAKER	ENDORSER	TIME	WHEN DUE	AMOUNT		

	CASH ITEMS			OVER CHECKS			

	DATE		EXPENSE			DATE		EXPENSE			

			NEW ACCOUNTS					NEW ACCOUNTS			

Form of Report for Directors' Meeting.

VIII. Reading applications for loans.
IX. Reports of committees.
X. New business.

Some of these items may be omitted, a part of the time, or added to at other times. If the meetings are only held once a month, nothing should be omitted that would give the directors full knowledge of the bank's condition. In some banks it would be well to make a report on the demand loans held and this could be in detail or a general statement made, as conditions warranted.

Loans to directors and loans which directors have guaranteed or endorsed should also receive attention at a full meeting of the board as it is sometimes neglected. Some directors do not like this, especially if at the time they happen to be large borrowers. It is a proper proceeding and there should be no hesitation in giving the full list to the board.

Such a system gives purpose to the meeting, makes every director cognizant of the bank's condition and enables a board to transact in thirty minutes more business than can be attended to in an hour or two, when it is done in a haphazard manner.

Other ways to make a meeting interesting are easily planned by a wide-awake cashier. The expense account can be analyzed each month, or each quarter, and again at the end of a six months' period. Earnings may be treated in the same way. Comparisons can be made between the same month of the preceding period or year.

At some meetings each director should be called on for suggestions regarding the bank's advertising, new business that should be gone after, improvements to be made on the bank's property, etc. In this way each member will take a greater interest in the bank and feel that its success is due in part to his direct efforts just as much as it is, in too many cases, due to the activity of the officers.

Every suggestion should be noted down, and as often as possible and practicable, the ideas should be put into effect. Often good ideas come from unexpected sources. Some directors are so modest that they hesitate to offer a suggestion to a cashier because it is not their regular line of business.

Either the president, cashier, or the bank's attorney should from time to time post all the directors on financial conditions, financial legislation and the general business outlook as seen from the banker's point of view. This can be done by reading a clipping or an editorial from some of the financial magazines, or by a brief typewritten statement handed to each director, or by securing and distributing pamphlets on some financial subject after marking some particularly important point that has been elucidated.

People are always interested in what they are doing if they understand the fundamental principles governing their work, the relation it bears to other activities in life, how the same business is being conducted in other places and what changes that business is undergoing in the present.

Too many banks are conducted as isolated units. As a matter of fact the smallest country bank is a part of our financial system and is affected by the conditions that exist elsewhere. Directors haven't time to read a mass of stuff about banks, but intelligent bank officers should take the time to keep fully informed and should boil this information down to the important facts and give it to the directors. In this way our banking system can be made stronger in all its parts and with such a dissemination of knowledge, bankers will become agreed upon the legislation they want and the changes in banking practice that should be effected.

SIGNIFICANCE OF DETAILS.

THAT important decisions oftimes hinge upon a single word, years after that word has been written, every lawyer well knows. So it is in banking, and more particularly with entries made in the details of the daily books of record. The entry hurriedly posted, the description of a check or draft or bill of lading quickly written in, may prove of supreme importance, when a defalcation is being unearthed, or a law suit defended. Eternal vigilance in the care of detail should be the watchword of every ambitious bank clerk.

SPECIAL GUARANTEES.

A NEW FORM which is to secure in a convenient way the confirmation of the guarantee of an endorsement on a check is shown here. The endorsement of the Curtis Produce Company by "Johnson," submitted to illustrate the form, is irregular, inasmuch as "Johnson," if an officer of the company, has not signed the endorsement in an official capacity, and so the guarantee of the bank presenting the check is necessary. This is done in lieu of returning the check for a guarantee of endorsement, and the form as filled in is sent to the bank forwarding the check for signature.

Samuel N. Aldrich, President. Alfred L. Ripley, Vice-President. George B. Warren, Cashier.

STATE NATIONAL BANK OF BOSTON.

State Mutual Building—50 Congress Street.
Capital, $2,000,000. Surplus and profits, $1,600,000.

Boston, Oct. 31, 1908.

The Cashier
First National Bank of Cincinnati,

Dear Sir:
We have been required to give a special guarantee of endorsement of
"Curtis Produce Co. by Johnson"
to secure payment of the following item, received by us in your letter of
Check for $1027.33 drawn on the Merchants National Bank of Concord by Smith & Jones, received by you from Central National Lexington.
Kindly confirm our action by replying on this sheet.

Yours truly,
GEO. B. WARREN, Cashier.

We confirm your action as above.

....
Date.................. Cashier.

THE MAN BEHIND THE PEN.

BANK officials might well pattern after the plan in force in many large manufacturing establishments in placing a premium on the skill of the men in effecting any improvements in the machinery of the shop. A great many of the patents for the reduction of expense and increasing the output have been taken out by workmen. This seems very reasonable. Considering the intimate contact the men have with their work, if they are at all ingenious, naturally they would seek to reduce the effort to accomplish a given task. Thus many of the practical improvements in the method of management of banks have been adopted when brought to the notice of the bank officials. This opens up a wide field for the bank clerk in the study of methods, and should inspire him to look up and keep above the drudgery of his work.

SEPARATE PROOFS.

MANY banks to-day handling many times the volume of business of a decade ago stagger along with the same system all very well then but now very top-heavy. They will find that in a system of separate proofs of the morning mail much of the difficulty in proving it is removed. On receipt of the mail a portion of the letters are assigned to a man who is responsible for the proof of that lot apportioned to him. This is not practical when the work is hurriedly done, but where there is ample time it will be found to be feasible.

APPRENTICESHIP.

GERMAN bankers, methodical and thorough as they are, believe in training their young men, so they have a system whereby a young man enters the employ of a bank for three years. While he receives little or no pay during this time, he does get a careful and thorough training in bookkeeping, accounting, and in all the departments of a bank. This is a very general training and the apprentice at the end of his three years is well qualified to take up the work in any department of the bank.

If a young man should leave before his term of service is completed he forfeits the papers given to him upon the fulfillment of his term, and without which he would experience great difficulty in securing a position in another bank. This system of apprenticeship is to a certain extent in force in Great Britain.

In this country, however, the young man who enters a large bank receives a fair salary from the very first, and his pay is increased as he picks up a working knowledge of the banking business from the various departments.

SENDING ITEMS STRAIGHT.

WITH country bankers prepared to furnish reliable service in the collection of checks payable in their town, it is difficult to understand the persistence with which many city banks follow the rule, long outgrown, of forwarding checks on nearby points to a central city for distribution in turn. Economy alone cannot justify this system, for the delay often of a week or more during which time the check travels from town to town, and, if unpaid, back again, cannot be economical. At least, it is far from economical if the owner having waited a week, and thinking the check surely paid, is surprised to learn ten days after he deposited it that the check is dishonored. With at least one strong and efficient bank in nearly every town, there is no reason why checks should not be forwarded more directly and so hasten their cancellation.

A DEPARTMENT SCRAP BOOK.

THE head of every department in a bank would find it of great value by way of reference to have a handy scrap book in which should be carefully filed all the data of interest to his department. These should be alphabetically filed and kept up to date. This book will increase in value every year.

NEW COUNTERFEIT $5 SILVER CERTIFICATE (INDIAN HEAD).

ACT of August 4, 1886, series of 1899; check letter B; face plate number blurred, probably 1072; back plate number also blurred, possibly 603 or 608; W. T. Vernon, Register of the Treasury; Charles H. Treat, Treasurer of the United States; portrait of Onepapa.

This is a fairly well executed photomechanical production on a single piece of stiff, heavy paper which should attract immediate attention and betray the character of the note. There are a few faint marks on the surface of the paper to imitate fiber. The color of the seal, denominational design, and numbers is deceptive. The number of the sample under inspection is D4544370.

The portrait of the Indian chief is scratchy and patchy. The lathe work is fair in spots but the cycloidal design and ornamental work in the border is very much broken. This note will not deceive the experienced handler of money but might be accepted in a hurry by one not familiar with currency. The division is indebted to Fred W. Schmidt, receiving teller, Metropolitan Trust and Savings Bank, Chicago, for the first sample of this note.

JOHN E. WILKIE, *Chief.*

WOMEN AND NEW MONEY.

THE cashier, as usual, paid the loom boss in new money—crisp, sweet-smelling bank notes that it was pleasant to handle.

"But why is it, George," he asked, "that you insist upon new money always? I know you hand every cent of it to your wife."

The loom boss chuckled.

"It's easy to see you ain't a married man, Will," said he. "Otherwise you'd know a woman's nature better, and wouldn't need to be told the advantage of taking home new money to the wife. The explanation is, Will, that women are so fond of new money that they hate to part with it. It makes them economical. They bargain for this, they deny themselves that, and the upshot is that at the end of each week they have a tidy little sum, all brand new, put by in a stocking or a teapot.

"It pays, Will, to give the wife new money. It pays something like 20 per cent." —*Philadelphia Bulletin.*

GUARANTEED DEPOSITS AND MODERN ECONOMIC LIFE.

By Dr. Raymond V. Phelan, Department of Economics, University of Minnesota.

THE question of insuring bank deposits has been argued pro and con by bankers, politicians, economists and others, but in no case, so far as the present writer knows, has this question been discussed with reference to the associative character of modern industrial life. Indeed, in many expressions of opinion on the proposition to make bankers responsible collectively for honesty and efficiency in their business, one finds implied at least a denial of some of the most patent facts of present day economic life.

In a recent discussion of guaranteed deposits, an American economist of wide reputation declared that there was no more justice in laying the depositor's losses, for which he is not responsible, upon others who are not responsible for his losses, than there would be for A, who had been robbed by B, to ask his honest neighbor C to make good A's loss, or, as this economist puts it, that C should be robbed to make up A's loss. This appears to the present writer to be a rather strange argument for these days when on every hand we are bearing one another's burdens, including the burden of loss through robbery, the very thing cited by the professor in question. In providing collectively a city police department and well-lighted streets, we co-operate to insure ourselves as individuals against robbery and through burglar insurance we often agree again to bear one another's burdens in case robbery or burglary is actually committed. Furthermore, the taxation levied for police protection and as well other taxation is levied, not in accordance with the eighteenth century individualistic principle of payment in proportion to benefits received from the state, but is levied, so far as we realize modern ideals in taxation, in accord with ability to pay. C, the so-called innocent neighbor, does indeed help defray the expense of arrangements designed to prevent the robbery of A, and if A is actually robbed, C may through burglar insurance help to reimburse A. Then, too, the question may arise as to whether it is strictly correct to regard the neighbor, C, as innocent. As a citizen he may be regarded as responsible in some measure at least for the social and general environmental conditions that make possible the robbing of A. The assertion of the economist above mentioned that "the ethical justification for taxing sound banks to cover the lapses of unsound banks has no existence whatever," fails to recognize the tendency in modern economic life, to regard as highly desirable and socially moral, the enforcement of the injunction, bear ye one another's burdens.

It is perhaps not unreasonable to insist that the honest part of the banking fraternity is under moral obligations to enforce decent conditions in banking. A guarantee of bank deposits may, under careful and proper supervision, be relied upon to force a recognition of this obligation and at the same time bring into our widely decentralized banking system a measure of coherence, of unity, of centralization that will make American banking more efficient. That our banks can, through clearing-house associations and other means of united action, inflict wholesome discipline of a reciprocal kind is amply testified to by the history of the justly famous Suffolk System and by the prompt, decisive and necessary action of the saner elements in the New York Clearing-House Association in the panic of 1907.

The argument that insurance of bank deposits will necessarily promote rascality in banking and enable the unscrupulous banker to profit at the expense of the honest banker, disregards the patent and significant fact that such is not the case in other forms of insurance,—life, fire, burglar, industrial, accident, et cetera,— where proper regulations enforce in general honest conditions, and where the injustices resulting from the partial failure of such regulations are small and insignificant as compared with the great and highly desirable benefits of the insurance of one another's risks. Proper rules and reasonable care and honesty in the adjustment of losses secure the insured against loss because of physical incompetency not calculated upon in the case of life insurance; because of arson or of carelessness, in the case of fire insurance; because of failure to take precautions, in the case of burglar insurance.

The proposal to insure bank deposits cannot be regarded as necessarily an attack upon property. The age of individualism, of laissez-faire, of the philosophy of natural liberty has passed by; to-day there are no rights of property that are paramount to the general welfare. The progressive of this age recognize property as a socio-legal institution. Possession of things may be natural, but property in things is legal.

Government guarantee of bank deposits

may be socialistic, but it is no more socialistic than public control of railway rates; than the enforcement of pure food laws; than factory legislation; than workmen's compensation for industrial accidents; than the maintenance even in decadent Spain of a public Institute of Social Reform; than the comparatively recent labor legislation in France, which includes among the duties of the Labor Minister the obligation to provide means of relief for persons who are solely dependent upon capacity for work when that capacity, either permanently or temporarily, fails them.

Instances can be cited almost ad infinitum to prove that modern economic life is distinctly associative, corporative and socialized and that it is becoming increasingly more associative, corporative, and socialized. The insurance of bank deposits may be desirable or undesirable, but such a reform is certainly in accord with the trend of twentieth century economic life, and if instituted under wise provision for its administration it is by no means unlikely that this reform would bring into American banking a greater coherence, a greater unity and hence a greater honesty and efficiency.

GOVERNMENT TO PLACE NATIONAL FOREST RECEIPTS IN WESTERN DEPOSITORIES.

THE names of six government depositories which are to handle the receipts of the United States Forest Service, after December 1, when its organization for the administration of the National Forests will be removed from Washington to six field districts in the west, have just been announced.

The designation of western banks to handle the moneys received from timber sales, permits for stock grazing and for special uses of various resources in the National Forests is an innovation which will mean that all the receipts of the Forest Service in the future will be deposited to the credit of the Treasurer of the United States and made available for circulation in the part of the country from which it is derived, within the limits of the amounts allowed by law for government deposits, instead of being forwarded to the Treasurer at Washington. The banks which have been named and which have all consented to serve the government are located in the district headquarters of the Forest Service at Denver, Ogden, Albuquerque, Missoula, Portland and San Francisco. They are as follows:

Western Montana National Bank, Missoula, Montana. Headquarters of the first district, including northeastern Washington, northern Idaho, northern Wyoming, and northwestern South Dakota.

Denver National Bank, Denver, Colorado. Headquarters of second district, including Colorado, southern Wyoming, South Dakota, northwestern Minnesota, Nebraska, western Kansas, southeastern Utah.

First National Bank, Albuquerque, New Mexico, headquarters of third district, including Arizona, Arkansas, New Mexico, and Oklahoma.

First National Bank, at Ogden, Utah, headquarters of fourth district, including Utah, southern Idaho, western Wyoming, eastern Nevada, and northwestern Arizona.

First National Bank, San Francisco, California, headquarters for fifth district, including California and southwestern Nevada.

First National Bank, Portland, Oregon, headquarters of sixth district, including Washington, Oregon, a small part of northern California, and Alaska.

The estimated receipts for the National Forests for the present fiscal year will be approximately $2,000,000, making the receipts from each of the six districts range from $275,000 to $350,000. The depositories will receive all remittances due the government for use of the National Forests after December 1, and deposit them to the credit of the Treasurer of the United States. According to the plan which has been approved by the officials of the United States Treasury, the Forest Service and the officers of the various depositories, when a timber sale, stock grazing, or special use application is made, the forest supervisor will fill out a letter of transmittal in duplicate and tell the applicant to remit the amount directly to the national bank which is the depository for the district. Remittances will be in the form of a national bank draft, express or post office money order, and will be payable to the bank, since forest supervisors are not allowed to receive money. The letter of transmittal is virtually a deposit slip to accompany the remittance. The duplicate copy goes to the district fiscal agent. All remittances will be assembled and checked up at the end of each day, a single certificate of deposit made out by the bank and mailed to the Secretary of the Treasury. This simple plan which has required months for the Treasury officials and officers of the Forest Service to perfect, is one which will expedite business both for the users of the National Forests and for the force in the office of each district forester, and at the same time will make it possible for the government to deposit the National Forest receipts in western banks, and help the circulation in that particular section of the country where it is originally spent.

CURRENT OPINION

THE MONETARY COMMISSION.

COMMENTING upon the Monetary Commission, its purpose and the results that have been obtained, "The Wall Street Journal" says:

Senator Aldrich and his associates on the National Monetary Commission are engaged in the most important work now being done in this country.

The reorganization of the banking and currency system of the United States is a tremendous undertaking, but the members of the commission are going about it in the right way, first, by finding out what are the defects in our own system, and what are the merits of the foreign systems, and then applying this knowledge in a practical fashion, to the construction of a new organization which shall be truly American, peculiarly adopted to the needs of our people and the methods of our business.

It is gratifying to learn that immense as is the work of obtaining the information upon which to base this study and solution of the problem, it will not take as long a time as is expected, and that the final report —a splendid summing up of the world's banking—will probably be ready within eighteen months.

Meanwhile a campaign of education should be carried on to prepare the people of the country for this report, to make them able to digest it, and to act upon its recommendations.

It is the opinion of The Wall Street Journal that such an exhaustive study of banking as this can lead but to one conclusion, namely, a system by which banking reserves can be centralized. This does not involve a banking monopoly though it may mean the complete nationalization of banking, but there is a way by which the independence of existing banks can be secured, and yet all of them united by some central institution which would have such resources as to be able to regulate interest rates, and stand as a breakwater against panic.

CANADIAN BRANCH BANKS.

REFERRING to the Canadian banking system B. E. Walker, president of the Canadian Bank of Commerce, said at the Chamber of Commerce annual banquet November 19:

I was particularly requested to say something regarding our banking system, but I have so recently spoken to the American Bankers' Association regarding yours that I hesitate to refer to the subject again, further than to add to my remarks at Denver regarding what Alexander Hamilton had tried to do in banking for the United States, the fact that when you threw his system overboard we picked it up and based our first charters largely on the charter of the first United States bank, and that we have clung to this, building it up to suit our purposes, until we have a system which, whether suitable for other countries or not, admirably serves our purposes both as to the individual and as to the nation as a whole.

The difference between the two countries stated in the smallest compass is that instead of about 17,000 individual banks we have thirty banks with 1,900 branches, and these banks being few in number, and each large in capital and importance, they are trusted to manage their own reserves, to issue credit notes, to hold the deposits of the Government—one being selected as the chief banker for all important Government business—and to open branches even in foreign countries, thus developing not only a local but a great international force in the finances and trade of the country.

Next to transportation, adequate banking is one of the most important requisites. The number of bank branches in Canada is 1,900 in comparison with about 640 ten years ago. The growth in the railroads and banking will suggest without further detail what the strain of providing new towns, new schools, churches, teachers, doctors, lawyers, trading people of all classes, the early stages of manufacturing and all the other accessories of civilization has been.

BONDS AND STOCKS.

ON December 2, George Garr Henry, vice-president of the Guaranty Trust Company of New York, spoke in the 57th street Y. M. C. A. before the Class in Banking and investments. He said, in part:

The distinction between bonds and stocks is that between promises to pay and equities. Bonds, real estate mortgages and loans on collateral represent someone's promise to pay a certain sum of money at a future date, and if the promises be valid and the security ample the holder of the promise will be paid the money at maturity.

Stocks, on the other hand, represent only a beneficial interest, or residuary share, in the assets and profits of a working concern after payment of its obligations and fixed charges. The value of this residuary share may change, it may increase or diminish, but in no case can the holder of such a share require any one, least of all the company itself, to redeem his interest at the price he paid for it, or, indeed, at any price.

If a man buys a thousand dollar railroad bond, he knows that the railroad, if solvent, will pay him $1,000 in cash when the bond matures, but if he buys a share of railroad stock his only chance of getting his money back, if he should want to, is that someone else will desire to purchase from him his share at the price he paid for it, or more.

If he buys a bond he becomes a creditor of the company without voice in its management, but entitled to receive his principal and interest when due under pain of forfeiture of the security which has been lodged with the trustee of the mortgage.

If he buys a share of stock he becomes a partner in the business enterprise, exercising his proportionate share in the management of the company and sharing ratably in its profits and losses. In the one case he has bought a promise to pay and in the other case an equity.

There is no mystery involved in determining the safety of railroad bonds. Any man of business experience, keeping in mind the general principle which measures the security of all obligations, can easily determine with the aid of two documents the degree of safety which attaches to any particular railroad bond.

The general principle to be observed is that the safety of any obligation depends upon the margin of security in excess of the amount of the loan; and the two documents to be consulted are the mortgage, or trust indenture, which describes the property mortgaged, and the last annual report of the road, which shows its financial condition.

WRECKERS OF BANKS—THEIR PUNISHMENT.

G. W. WATTLES, vice-president of the United States National Bank of Omaha, Neb., fancies the Chinese law, prescribing beheading for bankers guilty of fraud. Mr. Wattles says:

I am in favor of the most stringent banking regulations. The interests of the depositor cannot be too strongly safeguarded or the speculative tendency of the banker restricted.

The Chinese law, whereby a banker who betrays the trust imposed in him by his depositors is beheaded, is not too severe.

The coming legislature will receive my co-operative influence in enacting a law to safeguard depositors if it contemplates the passage of such a law, but I do not favor the taxing of the depositors of one bank to pay the losses of depositors of other banks.

The great danger in taxing deposits under a guarantee law, is that it establishes a precedent which may result disastrously. A tax of one per cent. means that if occasion requires the same principle of law would permit of a tax of two per cent., of five per cent. or of even a much larger per cent.

POSTAL SAVINGS BANKS.

SPEAKING of the Republican pledge to establish postal savings banks, the "Springfield (Mass.) Republican" says:

If the general Government is to go into this business, however, it should be with a determination to make the most of it; and to obtain from the national banks a rate of interest on savings deposits to which the postal depositors would be fairly entitled, the Government will have to deal gently with the banks in the matter of special security for such deposits. To pay only about two per cent. on postal deposits, when state savings banks are paying four per cent. or so, would seemingly foredoom the scheme to an inconsequential life.

This is a field of public effort much better adapted to state than to national undertaking; and if the Western States had exhibited the enterprise and philanthropic spirit characteristic of Massachusetts and New York in this particular, we might have been spared this further and needless step in the way of centralization of governmental powers and activities. But the people appear to have thought differently about the matter, and a reasonable degree of party good faith with the people evidently demands the establishment of postal savings banks.

UNITED STATES TREASURY.

Fiscal year 1908-9:

	Dec. 2	This Month	Fiscal Year
Fiscal year 1908-9:			
Receipts	$2,253,899	$3,767,730	$246,872,086
Expenditures	2,620,000	5,790,000	302,913,374
Deficit	$366,101	$2,022,270	$56,041,288
Fiscal year 1907-8:			
Receipts	$2,131,888	$2,131,888	$272,260,689
Expenditures	2,400,000	2,400,000	273,297,059
Deficit	$268,112	$268,112	$1,036,370
	Dec. 2,'08	Nov. 2,'08	Dec. 2, '07
Avail cash balance	$151,387,362	$166,882,253	$250,551,013
Of which in banks	130,111,805	131,693,492	236,548,321
Cr. Treasurer U. S.	118,497,514	120,279,145	224,384,881

National bank notes received for current redemption: This day, $1,040,050; this month, $1,040,050; fiscal year, $148,926,149; national bank notes awaiting redemption, $17,752,117; 5 per cent. redemption fund, $25,160,263.

A WOMAN CASHIER.

Mrs. V. F. Church Tells of Her Work with the Cunningham National Bank of Joplin, Mo., and of the Opportunity for Women in Banking.

THE Cunningham National Bank of Joplin, Mo., has a woman for a cashier—Mrs. V. F. Church, and the two assistant cashiers are also women—Tillie Muller and Blanche Jenkins.

At our request Mrs. Church has furnished us with some interesting facts concerning her connection with this bank. Mrs. Church says:

"Mr. T. W. Cunningham, president of this bank, has handed me your letter and requested me to reply, which I am very glad to have an opportunity to do, and if my business experience will be the means of encouraging any women so situated as I was, finding it necessary to make their own living, I will feel that I have accomplished some little good.

"It was very necessary for me to do some kind of work to assist in supporting my mother, father and four children. Through my mother's persistent working, I was enabled to graduate from our public schools 19 years ago last May. I had planned to become a 'school marm' but shortly after finishing school I went to the 'Bank of Joplin' to cash a check and in a conversation with Mr. Cunningham, the president, with whom I was acquainted, he stated they had been thinking of get-

Mrs. V. F. Church.

ting a girl to assist with the books, and in a casual way asked me what I intended to do and if I thought I would like bank work. I lost no time in saying that I thought I would like the work, but was not familiar with bookkeeping. He replied that it was not complicated and for me to come behind the counter and try.

"Well, I can recall my first experience to this very day. I was a very poor penman, and soon discovered I could neither add or figure interest very quickly or accurately, but as I was the only clerk outside of the president and cashier, they were very patient and assisted me by making suggestions which I endeavored to follow. I put in my evenings at home practicing writing and addition and in a short time I was getting along very well. I have always been fond of my work, and during twelve years of my married life I retained my position. While at times the work has been hard and confining I thoroughly enjoy it.

"Our business has kept pace with our city's growth, our deposits at this time being over $600,000.00. We have nine persons in the bank, seven of whom are women. Mr. Cunningham has always advocated that women should have equal rights with men, and from the number he employs you can readily see that he is sincere.

"It was 26 years ago last February since he organized and opened the 'Bank of Joplin' with a capital of $5,000.00, and until the first of this year it was in existence, with a surplus of $300,000.00. During the recent panic Mr. Cunningham conceived the idea of organizing a National Bank, thereby helping this section by placing more currency in circulation. He took $200,000 of our United States Bonds and organized the Cunningham National Bank, with a capital of $200,000.00, which enabled us to place that amount of new currency in this vicinity. While we had to give up our unique institution, Mr. Cunningham is a man who feels every citizen should do his or her part in time of distress.

"What women most need to become factors in business are the opportunities, which I feel now are being offered more in the last few years than ever before.

"I believe that woman is a valuable adjunct and asset to any banking institution, and that she possesses in a very marked degree the qualifications of honesty, integrity, faithfulness, affability, good habits and intuition. For these reasons, I assert that woman should hold positions of honor and trust and profit in our best banking institutions; and I assert further that such institutions would be more trustworthy and prosperous on account of her holding such position."

SAVINGS BANKS DEPOSITS.

INDICATIVE of the more plentiful supply of money at the disposal of the average individual, numerous savings banks in Greater New York report that, in direct contrast to one year ago, deposits are coming in at a rate which shows a condition of normality. Interest on deposits begins the first of January, and, as one bank official expressed it, there is a tendency sometimes to hold on to the money, in many instances hard earned dollars, until the last moment.

"But this year," said this banker, "the people appear to have recovered from their timidity, and are evidently as willing that we should have their money in our keeping some time before the interest-bearing period begins as we are anxious to see the work spread over a larger space than just a few days before the final date.

"The public has hardly any idea what it means to have crowds of depositors confront us all at once. It entails a mass of labor than can be minimized to a considerable extent by more evenly graded, from day to day, crowds of a lesser proportion.

"It is, of course, a very gratifying state of affairs that peope have money to put out on interest. We look for good business, and if this before-the-holiday rush is any evidence, then it presages a fine start for 1909."

Savings banks of the county of New York aggregate in deposits nearly $800,000,000.—Boston News Bureau.

THE JESTER'S PAGE.

ALL WORKING NOW.

SINCE all the wealthy people of New York are reported to be working overtime to cut down expenses it is hardly fair to speak of them as the idle rich.—*Pittsburgh Gazette-Times.*

TAKING IN COIN.

"Talking about inventions," said the business man, "I have a little machine in my place that would make me a millionaire if I could keep it going all the time."

"What is it?"

"A cash register."—*The Catholic Standard and Times.*

ONE RECOURSE LEFT.

Elderly Uncle—Spent your entire patrimony, have you, Archibald? Gone through everything?

Scapegrace Nephew—Yes, uncle; everything but the bankruptcy court.—*Chicago Tribune.*

HOPEFUL SIGN.

Binggs—What makes you think confidence is being restored in a financial way?

Dinggs—Well, Spooner was in to borrow another hundred yesterday; must have had some confidence that money was circulating. —*Toledo Blade.*

RECEIVERS WHO RECEIVE.

A real old-fashioned receivership has just been closed up at Hartford. It began eight years ago with assets which liquidate at $41,346. The receiver claims a compensation of $16,000 or nearly one-half; legal expenses eat up $6,000, while $800 is needed to pay the expenses of distributing the small remainder among the creditors.—*Springfield Republican.*

HIS STRATEGY WON OUT.

"I thought your bank wasn't going to give any vacation this year."

"It didn t intend to," replied the assistant cashier, brown from a long outing, "but I put on an anxious look and puttered over my books so long they insisted on my taking a rest."

"So they could examine your accounts?"

"Sure. And they found them in such elegant shape that when I struck for a raise they had to give it."—*Philadelphia Ledger.*

FAR SEEING.

"Have you any reason for keeping your money in the bank next door?"

"Yes; I can get there quicker in case of a run."—*St. Louis Post-Dispatch.*

A HIGH-ROLLER.

The good things of existence
  It is my aim to grab.
If I have to go to the poor-house
  I'll go in a taxicab.

—*Philadelphia Bulletin.*

IN OKLAHOMA..

When the cashier and the teller disappear from a guaranteed bank the Oklahoma bank examiner will loom up and discover that the books were kept on the double-exit system.—*Baltimore American Star.*

THE AWAKENING.

A feminine writer says: "There is no sleep so delicious as that which overwhelms us when we know we ought to be getting up," whereat the Archbold (Ohio) *Advocate* adds: "Quite right; and there is no awakening so disagreeable as that which comes when we are dreaming that we have money in five or six banks."

A LESSON IN FINANCE.

Dumley—What they call "preferred stock" is the stock that pays dividends, isn't it?

Wiseman—Not at all; but the stock that does pay dividends is always preferred.—*Philadelphia Press.*

THE TENDER HEARTED TAR.

A seaman from our navy, fresh from the long battleship cruise, entered a bank in San Diego, hailing the teller boisterously as follows:

"Hello, matey! How's business?"

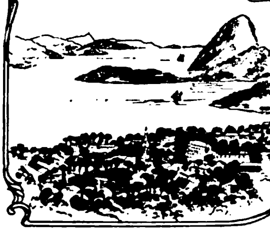
"Business isn't any too brisk," replied the teller, indulgently, "but maybe it'll pick up. What can I do for you?"

The jacky produced a check for $30, payable to bearer.

"How will you have it?" asked the teller.

The genial seaman hesitated a moment, and then replied.

"Matey, seein' that business ain't so good, I won't be hard on you. Gimme $10 now an' I'll take the rest at 10 a month."—*Success Magazine.*



LATIN AMERICA

IN the century that has passed, the development of North America has, on the whole, proceeded faster than the development of South America; but in the century that has now opened I believe that no other part of the world will see such extraordinary development in wealth, in population, in all that makes for progress, as will be seen from the northern boundary of Mexico through all Central and South America.—*Theodore Roosevelt.*

DEVELOPMENT OF PANAMA.

THE improvement of conditions in Panama since the advent of American influence is interestingly set forth in a report by the British minister to that republic, Mr. Claude Coventry Mallet, recently presented to the British Parliament.

The Panama Republic has an area of 31,500 square miles, or about equal to that of Maine, and a population of a little less than 400,000, or about one-half that of Maine. Its sea frontage aggregates 1,245 miles, 478 on the Atlantic and 767 on the Pacific, though there are only four ports for foreign commercial entry; Colon, Cristobal, and Bocas del Toro on the Atlantic, and Ancon on the Pacific.

The Canal Zone is a strip of territory ceded to the United States in perpetuity, having an area of 474 square miles, or slightly less than half the size of Rhode Island, and consisting of all the land for five miles on each side of the canal except the cities of Panama and Colon. Its population is 54,036, exclusive of that of the city of Panama, which is 33,584, and has 65 wholesale establishments, 270 retail dealers, 18 hotels, and in all, 545 establishments. The government of the canal strip is under the direction of officers representing the Government of the United States.

The Isthmus is undergoing rapid improvement in its material and social condition, and under the progressive and civilized guidance of the United States is bound to expand and become an important commercial center. The National Assembly of the Republic of Panama assigned $2,000,000 for public works, and of this about $600,000 have been expended on works completed or in course of completion. They comprise the making of roads, bridges, port improvements, public buildings, schoolhouses, etc.

The sanitary regulations and hospitals have been under the control of the U. S. Army Medical Corps for three years, and the result of their administration is eloquent testimony in support of the methods adopted to improve health conditions. The annual death rate in 1907, in a total population of 102,133 people in Panama, Colon, and the Canal Zone, was 33.63 per 1,000, as compared with 46.40 in 1906. The United States Government up to June 30, 1907, expended on the sanitation of the canal, $5,500,000; on street improvements in Panama City, $404,000; on waterworks and sewers at Panama, $657,000; at Colon, $424,000; on construction of roads, $372,000, and on the zone waterworks, $1,037,000.

A weekly steamship service is maintained between the republic and Ecuador, Peru, and Chile, while the freight and passenger traffic from Mexican and Central American ports via Panama, formerly monopolized by a single company, is now open to all steamers on equal terms. A new coastal service was recently organized with local capital to operate on the Pacific coast, the light draft of the vessels enabling them to enter rivers hitherto inaccessible except by small sailing craft. Extensive harbor improvements have been made and are in progress at Port Ancon.

HOME BUILDING MOVEMENT IN MEXICO.

ENRIQUE C. CREEL, governor of the state of Chihuahua, has taken up the philanthropic work of trying to encourage the laboring Mexican classes to become home owners. He had just begun this work while acting governor, but had to drop it when he accepted the Ambassadorship of Mexico to the United States.

Governor Creel proposes to start what he has named the "Colonia de Obreros" colony of workers. For this purpose he is having set aside for a beginning 100,000 square meters of land belonging to the city of Chihuahua. This will be divided into small building lots and a lot will be given to each laborer who will build a home complying with regulations to be decided upon. He also purposes having the Legislature pass a homestead of 2000 pesos in value exempt from debt and to exempt all improvements from taxation for a certain number of years.

The Governor also purposes helping to organize among the working men something like the building and loan associations in the United States to encourage them to save for home building. He says he will give time and attention to this benevolent plan and not only will support it personally and officially but financially from his own means.

This is the first effort of this kind to be made in all Mexico and it will be watched with much interest.

HIGH TARIFF FOR MEXICO.

A NEW tariff bill has been submitted to the Mexican Congress by the Department of Finance. The schedule of proposed duties applies principally to cotton and other fibre fabrics. The proposed increase in duties ranges from ten to one hundred per cent.

Among the articles involved are sacks made of jute, hemp, ixtle, henequin and other fibres, all kinds of cotton fabrics, bleached or unbleached, cotton hosiery, cotton wearing apparel of various kinds, yarns, paper bags and paper envelopes.

The chief object of the new measure is to protect and encourage the manufacture of these articles in Mexico.

GERMANY AND MEXICO.

CONSUL-GENERAL Richard Guenther, of Frankfort, advises that newspapers of that city contain a call issued by German manufacturers and capitalists upon business and financial circles to participate in and promote a new German enterprise, the "German Mexican Company of Berlin." The published prospectus says:

> The object of this company is to undertake agricultural, manufacturing, trading, and mining enterprises in Mexico and other transoceanic countries. The initiatory step will be to take over from the German Over-Sea Syndicate the business of a firm in the City of Mexico, which firm, as authenticated by the German consul at Mexico, has made a net profit of 32 per cent. on its invested capital during the half year ending June 30, 1908. New and lucrative business branches are to be added, which will open new mar-

kets for German manufacturing industries. Mexico is one of the most important countries for German export trade. Commerce and industries in Mexico are highly flourishing. It is much to be regretted that hitherto German capital has not profited by this favorable condition in the same measure as English and American capital has done in Mexico. The markets of that country still afford a vast and lucrative exploiting ground for German products, and it will be the endeavor of this company to strongly push German interests in Mexico. Official statistics show that Germany's exports to Mexico amounted to $6,262,000 in the year 1901, increased to $10,500,000 in 1905, and to $12,000,000 in 1906. The German-Mexican Company purposes starting business with a working capital of $1,000,000 marks, equal to $238,000.

MEXICAN BONDS—GOVERNMENT AND STATE—AS INVESTMENTS.

GEO. D. Cook, of Geo. D. Cook and Company, New York, and president of the Mexican Mineral Railway, was in Mexico City recently with a party of friends, and while there expressed himself on Mexican issues and various topics.

The firm of Geo. D. Cook and Company was the first to create a market in New York for Mexican government bonds, but their sale has been enormous, and it is a well known fact that in the panic of 1907 they were the only bonds which showed no depreciation in value.

Their marketable qualities, Mr. Cook says, are due almost wholly to the great stride Mexico made when it adopted the gold basis and the peso was given a fixed value. Previous to this, the fluctuations in silver naturally were reflected very forcibly in exchange and there was no telling one day what the next day's price would be. These recent financial strides have, therefore, given Mexico her legitimately high position and caused a widespread demand for Mexican bond issues, both government and state.

Of these issues, Mr. Cook says that he has found the state of Jalisco six per cent. gold and six per cent. sinking fund bonds to be in great demand and the most conservative investment, as well as safe security offered. The first of these were issued in January, 1898, and are due January 1, 1928. Interest is payable semi-annually, January and July, in gold in New York. They are made more attractive by being redeemable numerically, one-tenth annually, beginning in 1918. Another issue of these six per cent. gold bonds was made, says Mr. Cook, in February, 1900, and these are due February 1, 1930, with interest payable semi-annually, February and August, both principal and interest being payable in gold in New York. Both issues were sold for the purpose of enlarging the system of water works, sewerage and public buildings in Guadalajara and created a big demand on the New York market.

MEXICO'S MERGED RAILROADS.

A FULL report of the Government railroad merger situation has just been made to the Mexican Congress by Minister of Finance Jose Y. Limantour. After a statement showing the Government's controlling interest in the different properties comprising the merger system, Mr. Limantour says:

In the present state of advancement of the financial operations, legal details and administrative organization of the National Railways of Mexico the great project of concentrating in the hands of a single Mexican corporation the ownership and management of the two most extensive railway systems of the country may be regarded as accomplished in all its essential features. The securities representing the capital of the National and Central railways have almost in their entirety been deposited with the new company and the pecuniary resources necessary to enable the latter to initiate its programme of improvements and extensions are practically assured.

What remains to be done in order to complete the work is the matter of a short time, and, though laborious and involving manifold details, is not capable of jeopardizing the result of the combination. The administration of the system of the Central Railway is being brought into line with that of the other merged properties, and subject as far as possible to a single directing power.

Mr. Limantour expresses the conviction that no difficulties will be experienced by the enlarged company in meeting its fixed charges. He says:

During the short time that will elapse before the National Railways of Mexico absorb completely the National and Central, which at present have charge of the operation of the lines, the insufficiency of the income of the National Railways of Mexico to meet the liabilities contracted in part to pay debts and defray other expenses on accounts which cannot as yet figure in their assets will be more than compensated by the surplus earnings of the Central and National railways.

In the financial combination all possible precautions were taken to the end that the guarantee of the nation may be always nominal, or rather to the end that the interest and sinking fund on all the funded debts of the new company may be amply met out of the net earnings and other revenue of the lines. Such was the scrupulous care taken in the negotiations in this respect that it was even stipulated that the Federal exchequer was to be released from all liability under the guarantee until after June 30, 1909, when assuredly the National Railways' period of transition, which like all periods of transition is liable to inevitable perturbations, will have come to an end. Later when for improvements or extensions it is proposed to issue new bonds the Government will always be able to graduate the issues, within due limits of time and amount, on a scale commensurate with the earnings realized by the company and the probable revenue from the proposed additions or acquisitions.

INDEPENDENCE DAY IN BRAZIL.

On November 16, the Republic of Brazil celebrated the anniversary of its birth with an official reception at the palace.

President Penna bestowed a medal on Sr. Barbossa commemorating his services at the Hague during the peace conference.

TROPICAL INDUSTRIES IN MEXICO.

In answer to inquiries Consul P. Merrill Griffith, of Tampico, furnishes the following information concerning agricultural conditions in that part of Mexico:

The section contiguous to Tampico offers many opportunities for tropical industries worthy of investigation, but great care should be taken in the selection of the land.

Failure in enterprises of this character in Mexico has more often been the result of bad management than anything else. Several enterprises in this section, which have been postponed, or the development work of which has been curtailed on account of the financial stringency, are again under way.

The climate in this vicinity is good. Naturally, the summers are long and hot, but the winters are mild and delightful. The soil is generally good, the prices of land varying from $4 to $20, gold, per acre, depending on the location and the quality of the land.

PRESIDENT ROOSEVELT ON THE LATIN-AMERICAN REPUBLICS.

PRESIDENT ROOSEVELT'S last annual message, sent to Congress on December 8, contained the following passage bearing on Latin-America:

The commercial and material progress of the twenty Latin-American republics is worthy of the careful attention of the Congress. No other section of the world has shown a greater proportionate development of its foreign trade during the last ten years and none other has more special claims on the interest of the United States. It offers to-day probably larger opportunities for the legitimate expansion of our commerce than any other group of countries. These countries will want our products in greatly increased quantities, and we shall correspondingly need theirs. The International Bureau of the American Republics is doing a useful work in making these nations and their resources better known to us, and in acquainting them not only with us as a people and with our purposes toward them, but with what we have to exchange for their goods. It is an international institution supported by all the Governments of the two Americas.

The work on the Panama Canal is being done with a speed, efficiency, and entire devotion to duty, which make it a model for all work of the kind. No task of such magnitude has ever before been undertaken by any nation, and no task of the kind has ever been better performed. The men on the Isthmus, from Col. Goethals and his fellow Commissioners through the entire list of employees who are faithfully doing their duty, have won their right to the ungrudging respect and gratitude of the American people.

I again recommend the extension of the Ocean Mail act of 1891 so that satisfactory American ocean mail lines to South America, Asia, the Philippines, and Australasia may be established. The creation of such steamship lines should be the natural corollary of the voyage of the battle fleet. It should precede the opening of the Panama Canal. Even under favorable conditions several years must elapse before such lines can be put into operation. Accordingly I urge that the Congress act promptly where foresight already shows that action sooner or later will be inevitable.

GENERAL NOTES.

—The International Oil and Gas Company, of Indianapolis, Ind., is a powerful concern with $20,000,000, gold, capital, incorporated under the laws of Arizona to take over the oil rights and concessions over a territory in the district of Iturbide and Camargo in eastern Chihuahua, estimated to be from 8,000,000 to 10,000,000 acres. Among its stockholders and directors are some of the most practical and successful oil operators and business men in the United States, together with local people of fine business standing and connections. And this company has the money already deposited in the Banco Minero of Chihuahua ready to buy all the necessary machinery to commence drilling wells just as soon as the expert now examining the field decides on the proper machinery to use anu selects the locations where several wells are to be put down.

—Enrique H. Bartning has declined the position of manager of the Bank of Zacatecas, of Zacatecas, Mexico, and Flavio Macias Torres has been appointed his successor.

—Mr. Karl Buenz, Imperial German Consul-General in New York, has been officially notified of his appointment by the German Government as envoy extraordinary anu minister plenipotentiary to Mexico.

Mr. Buenz will remain in New York until shortly after January 4 in order to take part on that day in the ceremonies attending the opening of the German art exhibition, to be held during the early part of 1909 at the Metropolitan Museum of Art. He will then assume the duties of his new diplomatic office.

—Antonio Martin Rivero, minister from Cuba to Mexico, will hand in his resignation to President-elect General Miguel Gomez on the day he takes possession of his office, which will be on January 28.

Minister Rivero was appointed by the late Tomas Estrada Palma and with all other of the Cuban diplomatic representatives tendered his resignation at the time of the renewal of the provisional government, but the resignation was not accepted.

—A movement has been started in New Orleans for the organization of a Spanish-American or Latin-American club, for the purpose of creating close relations with the merchants of New Orleans and planters and merchants of Mexico, Central America and West Coast of South America. The organization is to be based upon the plans and ideas of the Spanish-American club of St. Louis, which has been in operation for several years and has been influential in creating harmonious feelings between merchants of Mexico and those of St. Louis.

—A new Chinese bank has been opened in Torreon, Coahuila, and its success seems assured.

The interior of this new bank is handsomely finished and furnished. Everything has been well arranged for convenience and show. The bank building stands on the corner of the Plaza Dos de Abril, around which business is beginning to center, and the bank departments occupy the main corner of the building. The other ground floors are arranged for business concerns, one now being occupied by a large dry goods firm. There are over fifty rooms on the second and third floors, which will probably be occupied by offices of professional men.

Dr. J. W. Lim is general manager of the bank. Foon Chuck is heavily interested. Wealthy San Francisco Chinamen are stockholders in this bank and the Chinese street

—The National Bank of Mexico, Mexico City, desiring to afford its customers and the public in general all the convenience possible in certain classes of important transactions for small amounts, has decided to issue money orders at its main office and at all of its branches and agencies, payable directly in Mexico or at any of the numerous branches or agencies in the Republic.

These money orders will be issued in amounts not to exceed $100 nor for less than $5 and a nominal rate of twenty-five cents will be charged for each order.

—In his annual report, Hon. John Barrett, director of the International Bureau of the American Republics, gives a brief, but comprehensive outline of the work undertaken and accomplished by the Bureau during the past year.

This report contains interesting matter relating to Latin-America, a field which to-day offers greater opportunities and inducements for the legitimate extension of the trade and influence of the United States than any other section of the world.

Ten years ago, our twenty sister republics were almost unknown to us, so far as active commerce and intercourse were concerned, but to-day, the attention of manufacturers and investors, the world over, is directed to those countries, for in them lie possibilities heretofore undreamed of.

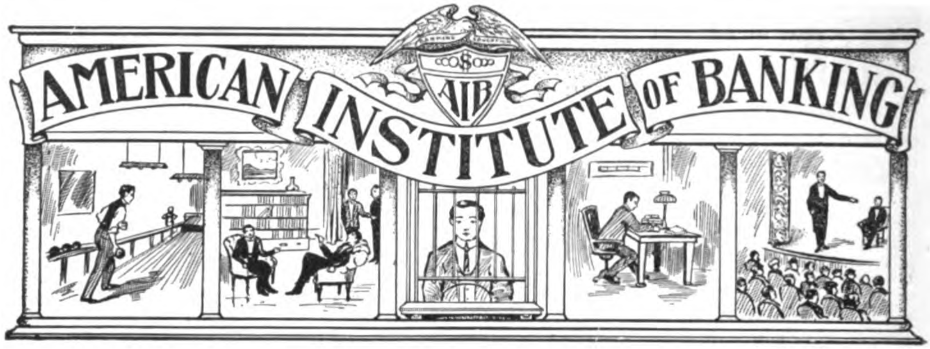
On May 11, 1908, the corner-stone of the Bureau's new building was laid in Washington with impressive ceremonies in the presence of the President and Cabinet and other high officials and guests.

Addresses were delivered by the President, the Secretary of State, the Brazilian Ambassador, and Andrew Carnegie. By November, 1909, the Bureau expects to be in the new building. which will be one of the handsomest, architecturally, in the Capitol city.

LONG AND SHORT OF IT.

Chief of Detectives—Now give us a description of your missing cashier. How tall was he?

Business Man—I don't know how tall he was. What worries me is that he was $25,000 short.—*Philadelphia Record.*



THIS department is conducted in the interests of the American Institute of Banking. From time to time articles of special value to members of the Institute will appear here and it is intended to publish as much news of the various chapters as possible. It is hoped that each chapter will appoint someone whose regular duty it shall be to correspond with THE BANKERS MAGAZINE for this purpose.

Group and individual photographs of officers and members, photographs of chapter rooms, accounts of banquets, debates, speeches and chapter progress are desired and practical suggestions and discussions are solicited from all members of the Institute. Manuscripts and photographs must reach us by the 12th of the month to be in time for the following month's issue.

WHAT CHAPTERS ARE DOING.

Activities of Some of the Most Wide-Awake Organizations in the Institute.

THE work of some of the leading chapters during the past few weeks has been reported to us as follows:

Springfield.

The Springfield Chapter American Institute of Banking was organized March 21, 1902, with thirty-one charter members. Starting so auspiciously it has been growing and developing with great evidence of a continuance of the success of past years. Now in its seventh year of activity the chapter has a membership of eighty-eight.

This year as in the past two a course of lectures on economic subjects will be given by Prof. J. W. Crook of Amherst College. There will be also a series of addresses on banking topics by well known men, debates, papers and various social activities.

The officers for the year 1908-9 are as follows:

President, Harold E. White, Springfield Safe Deposit and Trust Co.

Vice-President, George J. Clark, Chicopee National Bank.

Treasurer, Harry Wells, Chapin National Bank.

Secretary, Watts Wood, Hampden Trust Co.

The board of governors or executive committee for the year are: Harold E. White, Harry H. Wells, Dwight W. Hakes, Jr., Horace W. King, Fred W. Ferre, George J. Clark, J. Watts Wood, George C. Stebbins and Charles G. Hubbard.

The subject of Prof. Crook's first lecture was "The increase of gold and its effect on prices, including the prices of securities." Before starting the lecture Professor Crook was notified of his recent election as the first honorary member of the chapter, this membership being included in the new constitution to be conferred upon persons rendering the chapter a service worthy of recognition.

Prof. Crook did not advance the subject matter of the lecture as his theory, but simply stated what would be the natural effect of the increase of gold as judged by previous events and experience and gave those present a chance to undermine his argument from various points of view.

As a basis of the lecture the professor took the statement that the supply of gold is inexhaustible, which has been made by Arthur C. Brown and other gold mining authorities, for with the progress in chemistry it will be possible to extract gold from sources where heretofore it has not been known that gold existed.

He said that with the largely increasing production of gold prices are bound to go up remarkably, and that with the increase in the supply of gold that might come prices would be at least fifty per cent. higher in 1920 than at the present time.

It was maintained that the only place to invest money during the coming decades would be in industrial corporations where there is no limitation placed on the price of the product by public opinion, provided such corporations have the management of wise and far-seeing men. He said that industrial corporations either large or small or real estate, would be surely safe for investment with the prophesied "gold inflation."

WATTS WOOD, Secretary.

Dec. 1st, 1908.

Philadelphia.

Joseph Wayne, cashier of the Girard National Bank and ex-president of the Pennsylvania Bankers' Association, gave a very able address on the subject of "Guaranty of Bank Deposits," at the November meeting of the Philadelphia Chapter. Mr. Wayne reminded his hearers that, although the agitation of this question during the heat of the Presidential campaign is past, we must by no means take for granted that all the doctrines propounded by the defeated parties are dead. The comparatively new issue of a deposit guaranty is a live one and has so many strong adherents in all parties, that it is bound to bob to the surface during the next session of Congress.

In answer to the claim that the defeat of deposit guaranty would force upon us a postal savings system, the speaker stated that, in his opinion, he could see no objection to the latter as he would consider a properly organized system of postal savings a welcome addition to our already nearly complete banking facilities. Such a system could in no way harm the present banks or savings institutions, as the rate of interest to be allowed would not attract their depositors; but would encourage small savings among a class of people who at present do not deposit in banks and who would not do so under any circumstances, thus putting into circulation a large sum of money that is not available for the purposes of banking or for commercial uses.

Commenting on the proposal of changing or shifting the responsibility of a bank to its depositors from an individual to a joint responsibility, he pointed out the dangers of removing from the business some of the present inducements for conservative banking—Amount of capital, accumulated surplus and profits, personnel of officers and directors, and reputation for conservatism and ability to safeguard depositors' interest. The foundation of the whole system is personality, which asset will be virtually swept away by the guaranty scheme, thus placing all banks upon the same footing. Another result would be to open wide the way to unfair and ruinous competition, as no laws could be framed which could safely limit the possible inducements for business.

In refutation of the fallacy that deposit guaranty would be similar to the principles in practice for insuring our lives, health and property, he called attention to the fact that such attempted comparison is misleading. Even if such a scheme were desirable or feasible, to be at all effective, it must be compulsory and therefore a tax. In placing insurance, a man is at liberty to choose the company which to his mind offers the best security, but that he has no guarantee other than the strength of the individual company involved that he will ever, in case of necessity, be able to collect the amount of his policy. Are the strongest insurance companies taxed to guarantee the risks assumed by any and all insurance companies? Most assuredly not. The premium for insurance or guaranty or whatever it may be called, is in any line of business based upon the character of the risk involved, which principle, however, has apparently been overlooked in the bank guaranty plan.

The claim that a guaranty plan in action would make every banker a policeman or private detective to watch other banks and bankers, Mr. Wayne dismissed as absurd, being equally impracticable and undesirable, owing to the fact that no bank could have actual knowledge of the investments of another bank and no cause for action until some serious condition has actually developed.

Citing the experience of the State of Oklahoma where the guaranty plan has been in operation for nearly one year, he pointed out that actual figures from the latest reports of its banking authorities showed the following:

Within the state there were fifty-eight millions (58,000,000) of deposits, of this amount thirty-seven millions (37,000,000) were in national banks prohibited from enjoying the protection of the state guaranty law, leaving only twenty-one millions (21,000,000) of dollars on deposit with state institutions enjoying the privilege of the guaranty law, and this with all public moneys on deposit with the state banks. Only eight national banks have become state banks and the majority of those made the change owing to their affiliations with the guardians of the public funds.

Attention was then called to the fact that the bank deposits of the United States aggregate upwards of thirteen billion (13,000,000,000) dollars and that we now have a vast guaranty fund in the capital, surplus and undivided profits of our financial institutions, an amount in excess of three billions five hundred millions (3,500,000,000) of dollars; to say nothing of the double liability of the stockholders of all national banks and some state institutions. In case there should be created the deposit guaranty fund as sugcreated the deposit guaranty fund as suggested, it would be the natural tendency to distribute the present fund among stockholders and let the Government assume the liability at the expense of the depositors insured.

The most serious feature of the guaranty scheme, however, is that no practical plan has been provided for the handling of the immense guaranty fund which would of necessity be accumulated. To be effective, prompt payment of the depositors of a failed bank must be assured, and to accomplish this an enormous amount of actual money must be on hand awaiting emergencies. The requirements of general business would not permit the withdrawal from circulation of such an immense sum and depositing it with the Government. Nor could it be distributed among the banks insured for that would virtually be taking it out of one pocket in putting it in another. In times of stress like last fall, it would have prevented the Government from rendering the aid it did to the banks, and in either case it would have been practically impossible to have advanced the cash necessary to tide over such a stringency. The only solution for such an experience is better currency laws, which will enable banks to meet the needs of business in such seasons of alarm and distress.

Mr. Wayne then stated that, in his opinion, the Committee on Federal Legislation of the American Bankers' Association about nailed the subject of a bank guaranty in the following pertinent words: "Depositors of a bank are guaranteed primarily by the character of the assets in which the depositors' money is invested, margined and fortified by the bank's capital and surplus. If a bank's assets are good, if the credits have been wisely made, depositors are amply protected and need no other guaranty. Why should not a bank's assets be guaranteed? Why not guarantee payments to banks of their advances to various clients, for this would guarantee deposits? Both propositions are alike illogical and absurd. We should rather discourage unwise extension of credit, rather than open the way for reckless banking, which would seem to be the inevitable result of the proposed scheme."

In closing, he quoted the words of President Powers of the American Bankers' Association who said: "Many good men, as we well know, believe that such a guaranty was just and right, but in the early stages of the free silver heresy many good men also believed that cause right. There was a great awakening, however, after the fallacy of a sixteen to one had been thoroughly exposed and so it will be with the guaranty of bank deposits."

The splendid ovation accorded Mr. Wayne at the conclusion of his address was strong proof of the appreciation with which his timely words were received by the young bankers present.

The concluding speaker of the evening, Prof. J. C. Monoghan, principal of the Stuyvesant Evening Trade School of New York city, formerly of the United States Bureau of Commerce and Labor, held the closest attention of his hearers on the subject "The Real Yellow Peril." Prof. Monoghan said in part:

The atmosphere surrounding the leading nations of the world is full of dread or fear of so-called perils—The American Peril, the German Peril, the Yellow Peril and the like. In all cases these perils are of a military nature and a brief analysis of each one of them will quickly dispel the gloom the mere mention of them arouses in some parts of the world. This is especially true with regard to the oft repeated warnings of Japan's warlike intentions towards this country. Prof. Monoghan disclaimed any danger from this source, even with England's co-operation against us. And this, for the simple reason that it is a recognized fact that "armies move on their bellies," which is to say, the commissary department is the most important one of an army. Both Japan and England are well aware of our almost inexhaustible supply along that line, and, on the other hand, their too limited resources for feeding their soldiers and especially at a distance from their base of supplies. In addition to this we have almost ideal protection from invasion in the magnificent mountain ranges lying near both our coasts, which would prevent the progress of an invading army inland. Again, Japan's total wealth is estimated as but seven billions (7,000,000,000) of dollars, which is only about equal to our surplus annual wealth. These and many other facts are well known and recognized by the wise Japanese statesmen, and they preclude all possible danger from that source for many years to come.

In answer to the supposed danger of China and her awakening hordes, Prof. Monoghan gave a brief history of the Chinese and analyzed all the possibilities of their fulfilling the warnings advanced in respect to them. His brief outline proved conclusively that the teachings of their revered Confucius still obtain and that the basic principle or ruling desire of the Chinese may be summed up in their repeated assertions that they want no war, but "peace and justice."

The speaker then proceeded to give a brief outline of the magnificent material resources of the Chinese Empire in the way of coal, ore for making all kinds of precious metals, iron, steel, etc., all of which have been lying waiting for centuries, to be utilized. The ancestral worship of the Chinese had caused them to revere the burial places scattered haphazard all over the Empire as hallowed ground. Their present awakening and disposition to utilize the abundance of wealth in the ground, opens a new era in the commercial world and presents a real danger and especially in this country where coal, iron and steel are supreme. He also called attention to the great skill of the Chinese in weaving silks and other costly fabrics and predicted that when factory methods superseded individual industry, with their cheap wages for labor and abundance of raw materials, no tariff wall, however high, would prevent that Empire from successfully competing with the other nations of the world for industrial supremacy. Commercial invasion and not military, he declared to be the "real yellow peril," and as the whole world is eagerly watching the amazing advances made by the Celestials along this line, it behooves the American people to take notice and prepare for the inevitable results. The Professor, however, took an optimistic view of these conditions, and reminded his hearers that China in order to realize her fullest possibilities needs both capital and trained men to guide her in her great advance. The United States possesses both of these essentials, and as we stand as near as any nation of the world to her, if we will but take advantage of the great opportunities presented, we shall share with the Chinese and the rest of the world the great benefits which will accrue from her complete awakening and development.

Prof. Monoghan's appearance before the Philadelphia Chapter was an event that had been long desired, and at the conclusion of his address he was given one of the most enthusiastic ovations that has ever been accorded a speaker on our platform.

That the excellent programme of the evening was appreciated and enjoyed by the young bankers of Philadelphia, was demonstrated by the fact that the attendance was well over sixty per cent. of the local Chapter's total membership.

From this season's indications, signs are not wanting that the serious problems of "crowded quarters" may again be forced upon the hustling board of governors of the Philadelphia Chapter in the near future.

E. L. Allison.

New Orleans.

Philip Werlein, president of the Progressive League, recently addressed the New Orleans Chapter on "Reciprocal Relations." Analyzing the relations between employer and employee he gave some excellent advice to young men as to how they should conduct themselves and also said a few things that it would be well for the heads of banking institutions to remember. Starting from the relation of an individual to his own immediate family, he traced the successive relationship to his neighbors, his city, state and country. Speaking of New Orleans he said it must have more manufactures, that it was a borrowing city and should be made a lending city. Notwithstanding the great progress of the city and the vast number of new manufacturing enterprises which have been established here during recent years he said there were more wanted. He hoped to see the day when New Orleans products would be shipped from here in carriers owned by New Orleans capital.

R. S. Hecht of the foreign department of the Hibernia Bank and Trust Company followed President Werlein. The speaker has recently returned from a trip through Europe, and in his address compared the method of European banks with those of this country. While, he said, ours were far superior as to handling details, and were faster, there were many things we could learn from foreign methods.

Tacoma.

The first general meeting of the Tacoma Chapter of the American Institute of Banking was held on November 9 in the rooms of the Commercial Club. Sixty Seattle bank clerks, members of the Seattle Chapter, were present to establish friendly relations between the two chapters. Over a hundred were present during the evening. E. C. Johnson, assistant cashier of the Scandinavian-American Bank presided over the meeting. Addresses were made by W. F. Paull, trust officer of the Union Savings and Trust Company, first president of the Seattle Chapter; L. H. Woolfolk, the present president, and Forbes P. Haskell, Jr., assistant cashier of the Fidelity Trust Company.

Oakland.

The Oakland (Cal.) Clearing-House Association has given the Oakland Chapter a monthly allowance for educational work, especially to secure lectures on banking by experts. The Chapter has also been granted quarters in the Clearing-House building, rent free.

Photo by Oliver Lippincott, N. Y.

R. P. KAVANAGH

President New York Chapter.

R. P. KAVANAGH, President of New York Chapter, has been actively engaged in advancing the interests of the Institute since its inception. For two years, before becoming president, besides being a member of the Board of Governors of New York Chapter, he was its secretary and prominently identified with three administrations that have seen the membership of the chapter grow from 450 to the present total of 650 members. Prior to his appointment last June as bank examiner by Superintendent Clark Williams, Mr. Kavanagh had long been connected with the Fifth Avenue Bank of New York, where he started his business career. Entering as messenger that institution so well known for having graduated so many of the present New York bank officers, and headed by A. S. Frissell, classed as one of the most conservative bankers of the country, he worked his way up through every department. The experience thus acquired peculiarly fitted him for the new work he has undertaken.

He is well known in Institute circles as a strong exponent of the development of the educational side of the work of the various chapters and has acquired a wide acquaintance among bank men throughout the country by attendance at the various conventions of the Institute.

CHICAGO-INDIANAPOLIS DEBATE.

Chicago Wins Out and Government Must Not Guarantee Deposits.

A FEATURE of the convention of the Indiana Bankers' Association at Indianapolis in November was the debate between the Chicago and Indianapolis chapter teams on the question of the guarantee of bank deposits. The question was: "Resolved, That the United States Government Should Guarantee National Bank Deposits." Indianapolis supported the affirmative ,Chicago the negative. Chicago won.

Extracts from all the speeches are as follows:

AFFIRMATIVE.

The Oklahoma Plan.

C. R. Keogh:

Our opponents may point to the guaranty plan in Oklahoma as being a poor example, but we say the system has been satisfactory, when taken out of politics. Outside of any politics, whatever, it has been a success. A large amount of hoarded money has been put into circulation, and it is also a fact that the state banks and trust companies just across the line in Kansas have lost over a million dollars in deposits, why? Because this money has been put in the secured banks of Oklahoma, where it is absolutely safe. As an instance of this safety, I will tell you of a clipping which I obtained from one of the financial magazines, in quoting one of our eminent statesmen it says: "Recently a bank failed in Oklahoma and within forty-eight minutes after suspension, the officer in charge was authorized to pay off all creditors, and after summoning the farmers to come for their money, he received this answer from some: 'I am busy with my crops, will be in in a day or two.' About the same time a bank failed in Cleveland and the papers reported 'twelve hundred infuriated Italians stormed the closed doors of the busted banking house of Costan Liopea in Orange st. to-day. The police drove the crowd back.'" Now just look at the difference, gentlemen, note the different attitudes, what is the cause of the Oklahoma farmer's pleasant indifference, none other than the guaranty law and why, simply because it gives the people confidence and the knowledge that their money is safe, and consequently they act like rational beings, instead of frenzied maniacs.

The Best Supervision.

E. I. English:

This plan provides that each state pay seventy-five per cent. of its losses, but leaves the supervision of banks in that state to bankers of that state. Can it be said justly that reckless banking will be encouraged? Rather it will be discouraged by extreme watchfulness which will furnish protection from loss.

Another point. Each bank examiner should have only a small portion of state for his territory so that it will be possible for him to be familiar with the reliability of firms whose paper he must handle in pursuing his duties. And we would also suggest that an examiner be assigned in going over notes, etc., by at least two men, directors, but not officers of the bank under examination.

A Panic Panacea.

John V. Coffield:

Had deposits been guaranteed last fall the undue, unreasonable demand upon banks for cash withdrawals would have been averted. Under the guarantee plan deposits will increase when trade conditions demand a greater supply of money, because the increased interest rate due to shortage of supply will induce people to put their money where it is most needed and where they can get the most interest.

It should be possible for a reaction in the business world to come without bringing terrible panic. Trade conditions under the guarantee system, should correct themselves from over-active to normal without the attendant panic; just as bright sunlit days are followed by darkest night or balmy summertime is succeeded by inclement winter. Under this plan, the people will have confidence in the banks and therefore there will be no reason for panic; for you all probably know that panics, business depression and the consequent hard times, are greatly the result of the inadequacy of our banking machinery. Every bank, under the guaranty system, will be benefited, for the gain on increased deposits will more than pay the guaranty fund assessment.

NEGATIVE.

Robbing Peter to Pay Paul.

C. R. Wheeler:

Is this the way to further good banking—to make bank deposits safe? Here is an illustration used by Prof. Laughlin in his speech before the Illinois Bankers' Convention. "Suppose you wanted to encourage honesty and thrift. If a burglar 'A' robs 'B's' house, go to 'C' and rob him to pay for 'B's' loss—it will increase the eagerness of all men to be honest and discourage burglary. 'C' the successful man will enjoy paying for 'B's' carelessness in keeping no locks on his house. As 'C' who had nothing to do with with the case is penalized, and not 'A' the burglar, the plan will discourage burglary- and encourage all to be honest and thrifty, so that they can pay for all the deviltry in town." This is not more absurd than the proposition before us. In fact it is exactly what this measure proposes to do.

Lowering the Standard.

Harold W. Dorn:

In the third place, the Oklahoma law is lowering the standard of banking in that state. It is encouraging speculation and permitting politicians to enter the banking business. Here are three instances: In one case a man who has failed twice before is under the new law starting a string of fifteen new banks throughout the state. His bank in Oklahoma City with $25,000 capital has already over $100,000 deposits and he is starting the fifth bank in Mangum, a town of less than 2000 souls. In another case, a banker offered eight per cent. of deposits of fraternal orders, and when reprimanded by the State Commissioner, offered to pay the difference between the legal rate of three per cent. and his promise, out of his own pocket. Governor Haskell's son is cashier of a new state bank in Muskogee which advertises in Gov. Haskell's own newspaper "All deposits guaranteed by the state."

H. R. Ross:

Will this so-called guarantee fund actually guarantee or simply be a segregated fund to be used to pay the losses of depositors in national banks? A tax of one per cent. on the deposits in national banks will insure a return of more than sixty million dollars. But what then? To be absolutely a guarantee fund it must be withdrawn from circulation and held dormant in the vaults of the U. S. Treasury—the removal of such a vast sum in itself would tend to if not actually produce a panic rather than prevent one, if done at an unfavorable moment—and you cannot so legislate—that prosperity will be assured at any particular time. If this fund be reinvested it no longer becomes strictly a guarantee fund and the very confidence for which it was levied has been shaken.

NEW YORK'S SPEAKERS.

NEW YORK Chapter has been particularly fortunate during the last month in the speakers secured by the Educational Committee. On November 5 Henry Clews gave some inside information on the financial outlook, and Franklin Dickey, editor of the "Foreign Bankers Almanac," gave the salient features of the various European currency systems. His lecture aroused so much interest that the discussion which followed lasted until a late hour.

November 19 Robert A. Parker, vice-president of the Market and Fulton National Bank, gave a lecture on "Credit," illustrated by financial statements of concerns in various lines of business, presented on black boards and analyzed to show the amount of credit to which each was entitled. No better method could be devised to instruct bank clerks in those principles which are the essence of good banking. Hon. Charles N. Fowler, chairman of the House Committee on Banking and Currency, delighted his audience with an eloquent address on the needs of currency reform. The afternoon study courses have been so successful that they have outgrown the quarters so kindly loaned by the American Bankers Association and have removed to rooms in the Evening Post Building. These quarters will also be available for committee and board meetings and as a reading room for members.

A recent revision of the constitution has made every chapter member eligible for any office in the gift of the chapter, thus creating a greater incentive to active participation in the work. The year book will contain the new constitutions of the chapter and of the Associated Chapters beside the programme of this season's work. Regular meetings will be held hereafter on the first and third Thursdays in each month.

L. N. ROE, *Chairman Press Committee.*
Dec. 1st, 1908.

NEW YORK'S BANQUET.

ARRANGEMENTS are being made for the annual banquet of the New York Chapter, which will be held at the Hotel Astor on February 10th.

DENVER'S AUSPICIOUS BEGINNING.

THE Denver Chapter at its first open meeting on November 11th, 1908, held in the ordinary of the Brown Palace Hotel, had about 125 members of the different banking institutions of the city present.

Professor Fred H. H. Roberts of the Denver University, gave a very instructive talk on "Municipal Ownership."

A social time was then enjoyed by the chapter.

Having already enrolled about eighty members, it is anticipated that the Denver Chapter will take its place among the most active chapters of the West.

The officers are: George A. Brown, of the Denver National Bank, President; Page Lawrence, of the Columbia Savings & Loan Association, Vice-President; Horace H. Brooks, of the International Trust Company, Secretary; J. C. McEllherren, of the Denver Stock Yards Bank, Treasurer.

Dec. 1st, 1908.

HORACE H. BROOKS, *Secretary.*

THE PRIZE CONTEST.

Subject this Year is "American Currency Problems."

DETAILS of the Institute's prize essay contest for 1909 have been announced. The subject is "American Currency Problems."

It is prescribed that each essay shall be of not less than 5,000 nor more than 10,000 words. Competition is open to active chapter members.

A first prize of $200 has been posted, a second prize of $100 and a third prize of $50. Three copies of each essay must be in the hands of George E. Allen, educational director of the Institute, in New York, not later than May 1, 1909.

CHICAGO'S ANNUAL SHOW.

Chapter's Histrionic Stars do Themselves Proud in a Roaring Farce.

AN original burlesque on "The Man from Home," written by S. E. Kiser, was presented by the members of Chicago Chapter Thursday and Saturday evenings, November 12th and 14th, at the Y. M. C. A. Auditorium.

THE CAST.

T. Sycamore Yapp......Benjamin B. Bellows
Grand Duke Vasaline......Everett B. Mann
Marascino......................J. W. Brown
Edith Gudgeon-Simpkins.......J. W. Hayes
Countess de Champignon.....Geo. J. Doyle
Army of Monaco..........Hans Wuehrmann
Ivacoff ....L. E. Brockway
Harry..........................Harry Boyell
Lady Screech.............Franklin LePelley
Earl of Hardscrabble...........H. B. House
Riberino ....H. C. Grier
Mike ....Charles E. Johnson
Albert Sweet-Auburn.......E. N. Shrosbree

Chicago Chapter's Clubroom.

The Yapp from Home was a glittering success, artistically, socially, financially, or from any standpoint one wishes to view it, and Chicago Chapter has again established a record which it will be difficult to equal.

The plot of the original play, "The Man from Home," was closely followed, but the characters, costumes, stage business, etc., were uproariously caricatured. It was one long laugh from the moment the curtain rose on the servant, Marascino, cleaning tableware while an organ ground out "My Mariutch," to the grand wind-up when the villian gets his and the hero and the heroine get together.

The cast was excellent in all respects. Ben Bellows as the Yapp, in an Uncle Joe Cannon outfit and the accompanying political small-talk, seemed to be peculiarly fitted for such a part and he certainly made good with a whoop. Everett Mann as the disguised Russian grand duke had Joe Weber skinned to a Theodore Roosevelt frazzle, false whiskers, padded stomach, dialect and all. J. W. Brown's portrayal of Marascino was really a piece of art. He played a difficult part with intelligence and tact. J. W. Hayes as Edith, "the sweet young thing" looking for a titled husband, was too cute to live. He wore three gorgeous gowns during the course of the performance and altogether made a very acceptable heroine. He and LePelley, who played the part of Lady Screetch, reminded one of the Russell Brothers with their glad rags and rough voices. One of LePelley's costumes was an up-to-date directoire gown which certainly kept the house in a roar, especially when he sat down. Hans Wuehrmann made a very discreet Army of Monaco and was on the job when needed. George J. Doyle's delineation of the role of the Countess was of such a high-class standard that we understand that Klaw & Erlanger will star him soon as a female impersonator. His Spanish dance in the fourth act made as great a hit as it did in the last minstrel show, which is going some. L. A. Brockway, as Ivacoff, somewhat resembled Dave Warfield in the Music Master. His low comedy was rich and he made a ferocious looking bomb-thrower with his gentle face and an arm full of rubber balls. Harry Boyell as Harry the spendthrift, brother of "the sweet young thing," was a hot looking article in a full dress suit and boiled shirt. The Earl of Hardscrabble as played by H. B. House was so blamed funny it would make a brass monkey laugh. His costume in the first act consisted of spats, a pair of cuffs, and a dirty bath robe under which could be plainly discerned a suit of loud red underwear. It seems that he had fallen into a frog pond the night before, having on at the time the only suit of clothes he possessed. These of course had to be cleaned, which accounted somewhat for his seedy appearance. E. N. Shrosbree as Albert Sweet-Auburn, the bandy-legged son of the Earl, was a scream and made a personal hit. H. C. Grier's Riberino, the Grand Duke's secretary, was well acted and he introduced a lively little buck and wing dance during the course of the performance.

Benj. B. Bellows and J. W. Hays. H. B. House.
Benj. B. Bellows. E. B. Mann and Geo. J. Doyle.

Chicago Chapter Stars in "The Yapp From Home."

Too much credit cannot be given to Mr. Leigh Sargent, chairman of the entertainment committee, Mr. Frederick Karr, the stage director, Mr. Everett Mann, and the various committees for their untiring efforts and energy towards the success of the show. Mr. Sargent worked like a nailor, even to devoting his whole vacation period to the task of whipping things into shape. Everett Mann, besides carrying a prominent part in the burlesque, took on his shoulders the job of attending to the box office and the sale of seats, using up the better part of his vacation in so doing. The thousand and one details which are necessary to the final success of an enterprise of this kind must be handled by sound intelligent fellows, and Chicago Chapter has, this year, been wonderfully lucky in having such men on the several committees. Following are the names of the members of the various committees:

Entertainment—Leigh Sargent, Everett

Meeting of November 10th

¶ Two lectures of substantial value have been arranged for this meeting by the Educational and Speaker's committees. These are:

¶ "The Commercial Balance Sheet from the Banker's Standpoint," by Ernest Reckitt, C. P. A., of Wilkinson, Reckitt, Williams & Co., public accountants.

Unless a bank man is familiar with credit department work he is usually at a loss to correctly appraise a concern's balance sheet. Moreover, recent failures have shown that sometimes the balance sheets or statements of borrowers do not tell the whole truth, and even, in some cases, any part of the truth. Hence this lecture by so well known an authority as Mr. Reckitt should be wholly interesting and informing.

¶ Music.

¶ "Bank Checks," by James I. Ennis, of the Chicago bar.

Mr. Ennis has the ability to infuse solid information with life and interest. His lectures, several of which we have already heard, are of real, practical value to bank men.

¶ Everything is moving along finely for that big show on the two big nights, November 12 and 14. Come and see the pretty actresses in directoire gowns. It will be a thriller. Four rehearsals a week means something in the way of a good show, and it is in the hands of an excellent director. Watch the daily papers for pictures and announcements. Don't wait too long to secure your tickets; they are going fast.

¶ Ticket sellers: Make all ticket settlements with ticket representative in your own bank, and he will report in total to the ticket committee. *All unsold tickets must be returned.*

Everett B. Mann, Chairman Ticket Committee.

Chicago Gets Out a Poster Announcement for each Meeting.

Mann, E. L. Read, H. E. Ellefson, W. M. Crowley, F. E. Musgrove, and E. S. Fletcher.

Advertising—Leigh Sargent, J. B. Schnell, E. F. Schoeneck, P. P. Thorsen, A. V. Eilert, E. T. Ellington, E. B. Mann, R. S. Fletcher, F. E. Musgrove, W. M. Crowley, H. E. Ellefson, and E. L. Read.

Tickets—Everett Mann, H. S. Smale, Walter Johnson, R. G. Gadsden, and R. F. Carton.

Press—G. H. Tomlinson, L. J. Meahl, Thad. S. Kerr, E. T. Gilmeister, and F. H. Thiese.

THOS. J. NUGENT.

MINSTRELS AT LOS ANGELES.

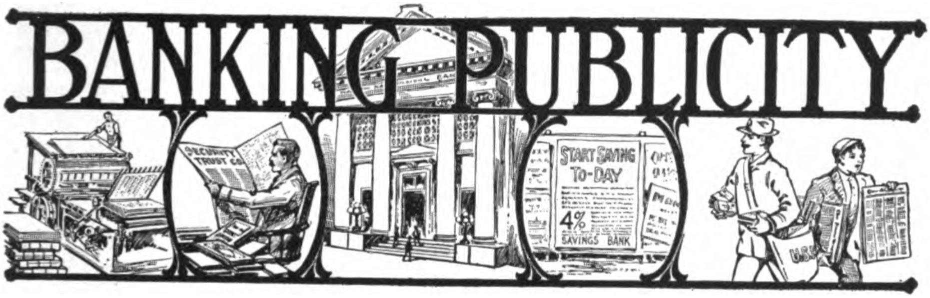
THE Los Angeles Chapter gave a successful minstrel performance on November 13th. This is an annual affair with the Los Angeles boys.

ADDRESS AT TERRE HAUTE.

W. R. WILSON, Assistant Cashier of the Terre Haute National Bank, spoke before the Terre Haute chapter recently on "The Organization of National Banks."

THE TRUE SOLUTION.

THERE is convincing proof of the need of postal savings banks in states which are not well supplied with privately-owned savings institutions. There is no doubt about the need of savings banks in states which have them not, and also no doubt about the possession of power on the part of such states to establish adequate savings systems. Why then do they not do it? Why look to the national government when there is no necessity for it?—*Chicago Daily News.*



THIS department is for the benefit of those interested in promoting the business of banks, trust companies and investment houses by judicious advertising. Correspondence is desired. The purpose is to make this department a clearing house for the best ideas in financial publicity. Send inquiries, suggestions, information concerning results of various methods and campaigns, and samples of advertising matter for comment and criticism, to T. D. MacGregor, Manager, Publicity Department, Bankers Publishing Co., 90 William Street, New York.

A TEXAS BANK'S ADVERTISING.

How a Country Bank in the Lone Star State has Worked Out its Publicity Problems.

By C. E. Auracher, Editor "The Bank Advertiser," Lisbon, Iowa.

"WE never use the same copy more than once, as we never want our copy to get stale."

These are the words of W. D. Sanders, cashier of the DeKalb Exchange Bank, DeKalb, Texas, who has advertised his bank persistently, constantly and successfully since 1902.

Mr. Sanders discovered six years ago that his bank was not getting the business that it should. The farmers, after marketing their crops, took their money home with them. With deposits ranging from $15,000 to $40,000, according to the season, it was realized that something must be done.

The situation is reviewed by Mr. Sanders in these words:

"We did not know anything about advertising, and published a certain kind of copy that would fit any bank from Alaska to Mexico. We could see no tangible results. This copy did not tell the people about 'our' bank, but merely kept our name before the public. So we decided to change the style of copy; put some life and personality into it; localize the copy so that the man who read it could see our bank while he was reading it and know that it fitted our bank and our bank only. We wanted every ad., as far as possible, to show first the necessity of a bank account, then create the desire for a bank account, and both combined to have force enough to bring the man into our bank.

"We decided that we would not waste our ammunition by firing at a different object every week, but to have one ad. directed towards one object. This being a farming country, we could not push the savings feature. As most of our business is drawn from the farmers, and the majority of the farmers usually need help during the summer, we began to talk about the help this bank was able and willing to extend its customers; we told them what we had to offer and what we could do for them."

A Monthly House Organ.

"Our local newspaper had a rather limited circulation and we were not reaching enough people. We began to mail a small monthly paper every month to 1,000 farmers. This monthly paper carried our ads. which were original in every respect, and we found this paper to be the best advertising medium ever brought to our attention. A man will read an ad. in the newspaper and will not take it to himself, but when you mail him your own paper, he feels that your message is directed to him, and before he knows it, he begins to feel an interest in your business. Our little paper goes out on the first of every month, and, about four or five times a year, we send out something on the fifteenth of the month. This is usually a card, booklet or folder, and is mailed when crops are being marketed and we want to keep things hot. At frequent intervals, we mail out circular letters giving more reasons why people should come to this bank. We endeavor to make these letters rather personal.

"At the end of the first year of this kind of advertising, we had a crop failure, yet our deposits were $100,000. We kept continually at it; now our deposits are over $200,000."

An analysis of the situation of the DeKalb Exchange Bank shows that in the town of 1,000 population with about 3,000 people in the surrounding country, there are about 800 accounts at the bank, which reveals the fact that the bank has more accounts than there are families in the territory. It must be considered also that there are two banks in the town.

Annual Appropriation—$700.

It is interesting to note the amount of the advertising appropriation of this bank and the manner in which it is divided among the different mediums. As high as $1,200 has been spent in a single year for advertising, but this is exceptional. Mr. Sanders says that with $700 he covers the territory as well as it can possibly be done, divided as follows:

Monthly Papers	$240
Newspaper Space	100
Circular Letters	100
Novelties	100
Mailing Cards and Extras	160
	$700

Deposits have increased nearly $200,000 since the new style of advertising was employed; "This," says Mr. Sanders, "in the face of two successive crop failures, the panic, and other things with which we have to contend, so that, after all, we feel that our money is well spent."

Aside from monthly papers and newspaper space, the bank uses the form letter to advantage. Letters are sent out constantly to different classes—to customers who have accounts; to farmers who have borrowed money, in addition to prospective customers. Letters accompany monthly statements to every customer.

Even the children are not forgotten, because Mr. Sanders is building for the future as well as the present. Recently a check for twenty-five cents, issued by a five-year-old customer, was reproduced on the bank's stationery, with the explanation that the bank does not object to small accounts but makes a special effort to get them. As a special inducement to boys and girls, the bank offers to make to anyone under sixteen years of age who has earned four dollars and brings it to the bank, a present of one dollar and gives a bank book with a deposit of five dollars. The only requirement is that the money remain in the bank one year.

Effective Form Letters.

Following is one letter sent out by the bank, illustrating service to customers:

> Dear Sir: While the principal cotton buyers will pay off at this bank, we will cash the tickets of any buyers to whom you may sell, it matters not where they may tell you to go, and we want our customers to bring their tickets to us always; we will give you cash on them or place to your credit, as you may wish, and it would be quite a favor to us for you to bring them here.
>
> You may have some renters who sell cotton; if you have, tell them to leave your rent here for you; we will send you a complete statement of the cotton sold.
>
> Numbers of our customers have more or less money loaned out in the country; if you have any, and will leave the notes here with us, we will notify the parties, if you wish, and will collect them for you.
>
> If you have any deeds, mortgages, notes, rent notes, contracts, wills or other legal papers that you wish drawn up, come in to us and we will prepare them for you without any charge whatever. Sometimes it may not be convenient for you to bring in your wife to sign the papers; in cases of this kind, we will take pleasure in driving out to your home, provided you do not ask us to take any pay for it.
>
> Some of our customers have said that they felt that they were imposing on us in matters of this kind; please do not think this, for it is a pleasure for us to be of any assistance to you, and we want you to call on us any time we can do anything for you.

The two following letters were mailed with monthly statements for September and October, 1908, and display accommodation that many bankers would never think of giving.

Accommodate Your Banker.

> We know very well that you appreciate the many ways in which we favor you; the things that in themselves seem trifles, but which, if not done, would cause you inconvenience; things for which we do not charge and for which we would not accept any pay. We know you appreciate them for you have shown it by doing the business with us that you have.
>
> Most every bank that we know anything about opens at 9 o'clock and closes at 4 o'clock; this bank has for over 20 years kept open for your accommodation from morning until night; we never close on holidays, for that might be the very day you would want to transact some business. We have had other banks to ask us to close with them on holidays, but we would never do so, and we are staying open and taking no holidays simply to accommodate our customers.
>
> For your own accommodation and for the pleasure we derive from assisting you, we write all

of your deeds, mortgages, notes and other legal papers free of charge and we want you to call on us whenever you have any work of this kind to be done; we also record your deeds and obtain marriage licenses, or look after any other business you may have at the Court House.

Now there are some things you can do to accommodate us, and it will not cost you one cent or put you to any inconvenience. We want you to bring your cotton tickets to us to be cashed; it makes no difference to whom you sell or where the buyer tells you to go, you can bring the tickets here and cash them. This will be an accommodation to us and will be appreciated.

Our cooler is still full of ice water.

Everybody's Business.

Some things, like politics and the weather, are everybody's business, but your banking transactions are nobody's business, but your own and the bank's. A man likes to do business in confidence, and does not like to have his transactions and his pecuniary arrangements talked about and discussed. We have no stockholders or directors who may have curiosity enough to want to know something of your business. We are not interested, either directly or indirectly, in any other business; we are in the banking business and you have never heard of us wanting to trade or sell anything; we can never take advantage of knowing how much money you have, for we will never want to trade or sell you anything.

We will consider it quite a favor, if, when you sell your cotton you will bring the tickets to this bank. Most of the buyers will pay off here, but we will cash the tickets of any buyer, no matter where he may tell you to go. This will be quite an accommodation to us and will be very much appreciated, for which we thank you in advance and shall be very glad indeed to have you call on us at any time, so that we may return the favor.

Don't forget us when you have any legal papers to be drawn up; we know how to prepare them correctly and it gives us pleasure to fix them for you without any charge whatever.

IDEAS AND SUGGESTIONS.

THE following news item from the Detroit "Journal" of November 18, last, can be used by banks in their advertising to show people the folly of not depositing all valuables in the bank or safe deposit vault.

Home Made Bank Failed.

Joseph Wawro, 334 Londale avenue, doesn't believe in banks, so he secreted $70 in gold under a board in the kitchen floor. The "banking" was done a few days ago. On Tuesday night, when Joseph returned from his work in a foundry, he thought he would inspect his "bank." To his great surprise and sorrow the gold was gone. Investigation proved that a boarder was also missing.

The following article from the Lincoln, Nebraska, "Journal" is of interest to all bank advertisers:

Bank advertising has been revolutionized in Nebraska and elsewhere in the past ten years. Fifteen years ago a banker who would have dared to advertise in any other way than with a stiff card giving the name of his bank, its officials and capital stock would have been ridiculed as a mountebank. It is a fact that in those days many country newspapers had their bank advertisements stereotyped in the city and ran them year after year without change. The cost of this advertisement was regarded by the banker as a donation to the support of the editor, and was expected to secure his active assistance in the election of candidates for office favored by the banker. Today, both East and West, the majority of banks are doing "live" commercial advertising, designed to convince the public that the bank has something to sell which it is to the interest of the public to buy. That article is bank standing and credit, stimulation of the habit of saving, advice in the matter of investment, having part in the world of industrial activity which is financed through the banks.

The commercial banks to-day are reaching out after the accounts of the small farmer, the moderate wage-earner, even the student, trying to induce him to put his small sums into the bank for safe keeping instead of the bureau drawer or the bedtick, and promising him in return loans proportioned to his earnings and savings when he needs them to make an investment or to tide over some temporary need of cash. The cost of keeping many of these accounts is, at the start, more than the revenue derived from them, but it is regarded as a good bank investment for the future. The savings from many of them will grow into large accounts and business enterprises, and, besides, the added stability to the banking business from dealing with a community which has formed the habit of doing its business through bank deposit and bank check instead of the pocketbook and hidden reserve about the house, is a large factor. Any discussion of the currency question which does not take into account the diminishing use of ready money in business and the greatly enlarging use of banks by classes which have hitherto never gone into a bank except to cash a draft and carry away the currency, is a discussion outside the facts in the case. Banks have gone into advertising as a business. Almost every country newspaper carries bank advertisements of persuasive art, asking the great non-banking public to come in and sample their line of goods.

It is folly for anyone to try to write effective advertising matter in the rush and noise of a busy office. That environment is not conducive to the mental concentration which is absolutely indispensable to genuine creative work. As well attempt to write a poem in a boiler shop as to prepare an effective advertisement when you are surrounded by the noise and confusion of a business office or when you are constantly subject to interruptions. Elbert Hubbard says there is no pleasure in life equal to that of putting salt on the tail of a new idea. But, rest assured, this salting process is most likely to occur in the solitude of a private room, away from the manifold distractions of the public office. The executive head of a large corporation has an electric light with a red bulb set above the door of his private office. This is a danger signal, and when the red light is on it is as much as any subordinate's job is worth to "butt in" on any pretext whatever. This might not be a bad idea for bank cashiers who write their own advertising.

The Columbia Trust Company of 135 Broadway, New York, makes use of a very good means to remind customers and prospective customers of its facilities. Everybody on its mailing list receives at the first of every month several blotters bearing the month's calendar and a statement of some feature of the bank's service. Often the blotters arrive at just the psychological moment for use and we cannot help believing that the suggestions as to how the company can serve the public also come at the psychological moment in a good many cases.

ADVERTISING CRITICISM.

Remarks on Financial Advertising Submitted for Comment.

A WESTERN house has issued a series of advertising postcards for the use of savings banks. The illustrations are in several colors and are quite artistic and effective. They illustrate the twelve ages of a saver. Somebody has asked us to "knock" the poetic effusions which accompany the pictures. We prefer to reproduce the verses and let them speak for themselves:

The saving process was begun
When Baby Bob was only one.
Each day a nickel or a dime
Was put away to wax with time.

But soon the Baby older grew,
And, learning now what he could do,
His parents made the little tot,
Himself, put money in the slot.

When Bobbie's bank was full, his Dad
Went with the thrifty little lad
To the big bank, which agreed to pay
Him interest on money put away.

And the saving habit grew so strong
That Bob was kept from going wrong.
His bank account in all this while,
With interest, now was a goodly pile.

So, when our Bob was twenty-one,
He was considered a model son,
With a good income, if you please,
From gilt edged "Securities."

When Cupid lodged his deadly dart
Plumb in the center of Robert's heart,
His bank book showed the girl loved best
That he was able to "feather the nest."

With wife and child to care for now,
He faced the future with fearless brow;
For a thrifty past provided the way
To meet the proverbial "rainy day."

When Robert Junior's time grew near
To start for college, never fear
The money needed to pay his way
Had been in bank for many a day.

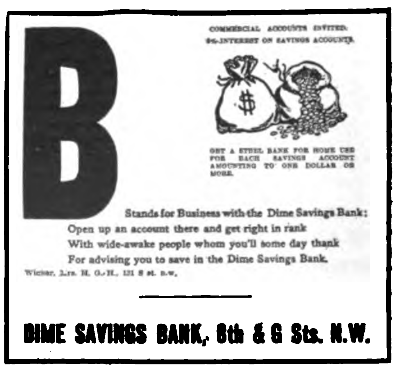
Robert's income in middle life
Placed him beyond the reach of strife;
For money saved by him in years past
Now brought in rents and interest fast.

As his family grew and multiplied,
He showed his bank books with pride,
And explained to his children how to lift
Themselves to ease thro' habits of thrift.

Old age found Robert and his wife
Enjoying the solid comforts of life.
Their years pass now in a home complete
On the Sunny Side of Easy Street.

The grandchildren, too, have learned the art
Of saving their money to get a start
In the race of life, where the greatest prize
Is won by the thrifty and the wise.

The last word in the second line of the Dime Savings Bank's verse, as reproduced, describes the whole ad.—"rank." If banks feel that they must use poetry in their advertising, let them choose something with



A Doggerel Primer.

merit and "go," like the following from the pen of S. E. Kiser, published originally in the Chicago "Record-Herald," and reprinted in a calendar leaflet by the First Trust and Savings Bank of Chicago:

HALCYON DAYS.

When the coal is in the cellar, and you've
money in the bank,
And the job you have is pleasant and you're
neither stout nor lank;
When the mornings in October are all
beautiful and bright,
And you own the house you live in and your
liver is all right;
Oh, it's then that life's worth living, and
the effort's worth your while,
And it's then that you may bravely throw
your shoulders back and smile
With compassion for the foolish and with
pity for the crank,
When the coal is in the cellar and you've
money in the bank.

There's a thrill that's coming to you when
your brassey lifts the ball,
Which goes sailing over bunkers for two
hundred yards to fall
At the edge of where the green is, and then
rolls and wriggles up
Till at last it stops within about two inches
of the cup,
And this helps to keep a fellow from believ-
ing life is vain,
From deciding that the profit isn't worth
the wear and strain,
Makes him rather think that living has its
bright side, to be frank,
When, with coal piled in the cellar, he has
money in the bank.

Life is not a useless hardship when you
have no rent to pay,
And your income is sufficient to keep
trouble bribed away,
When your clothes are made to fit you, and
your head is good and clear,
And there isn't anybody in the world you
need to fear;
When your home is filled with sunshine and
a lady who can please,
Helps to make the office cheerful as her
fingers hit the keys;
When your face is still unwrinkled and
you're neither stout nor lank,
When your coal is in the cellar and you've
money in the bank.

There can be favorable as well as adverse criticism, so that the appearance of an advertisement in this department does not necessarily imply that there is anything wrong with it. We want to criticise favorably for the benefit of our readers some of the advertising of the Union Trust Company of Chicago. C. B. Hazelwood, advertising manager of the institution, has sent us a booklet entitled "A Bank of Strength and Character," which contains a statement of the company's business principles, the subject matter being made up of paragraphs used in advertisements first printed in the Chicago "Daily Tribune." These are so good in ideas and typography that we are reproducing a group of them. Why will not all advertising banks give to their copy the thought that is evident in the preparation of such advertisements as these?

In connection with the name plate advertisement of the Gaston National Bank reproduced herewith the following correspondence is interesting:

THE GASTON NATIONAL BANK OF
DALLAS, TEXAS.

Capital $250,000. Surplus $50,000.

Dallas, Texas, Nov. 13, 1908.

Banking Publicity Department, Bankers Magazine, New York, N. Y.

Gentlemen: I invite your attention and criticism to the enclosed ads., the smaller one particularly, since it has been the subject of some criticism by an advertising expert who recently lectured the Advertisers League in this city. The smaller one ran for a week or ten days in each of the daily papers published here in just the same form as the clipping herein.

Yours very truly,
D. E. WAGGONER,
Vice-President.

The following letter was published in the Dallas "News:"

Dallas, Tex., Nov. 11, 1908.

Mr. P. L. Wills, Advertising Manager, The News, Dallas, Tex.

My Dear Sir: The writer was one of the company that listened to the address at the Oriental Hotel last evening by Mr. William Thompson of Kalamazoo, Mich., the advertising expert of national reputation. Mr. Thompson convinced me, as he seemed to

Ability and Character First

OLD FASHIONED banking meant prudence, extreme care, repudiation of speculation, right principles. To this extent it should be held to uncompromisingly by every banker. But often, also, it meant narrow-mindedness, failure to appreciate merit in any man except according to his bank balance. We look for ability and character first, and for an increase in bank balance after. We believe we best serve our clientele and ourselves in so doing.

Strength

WHAT CONSTITUTES strength in a bank? Strong resources, ample cash reserves, adequate capital, a large growing surplus, a long honorable record are all important, *vitally essential* in fact. But most important is the character of the men at the head of the institution. These men should be able, experienced in business and of seasoned judgment. But even if ever so well known, if they do not *direct*, they are of no value to the bank except as *names*. We invite your consideration of the management of this Bank.

Personal Attention

NO one ever thinks it necessary to know the proprietor of the store where he buys his hat or shoes. But a man should know his banker.

The good banker is experienced, of level judgment, and cautious of speculation. A banker's advice is usually valuable; his actual help certainly is. It is decidedly worth while to choose a bank where the individual depositor knows the officials. Our policy is and always has been one of personal interest in our patrons.

Establishment of Credit

A BUSINESS man's greatest asset is his *credit*. The life of his business would be snuffed out with its loss. In these days, also, a bad credit record with a Bank follows one *everywhere*. But conversely, a bank can, if it will, *greatly help* in the establishment of a man's credit. It is the policy of this Bank to *whole-heartedly* lend this aid when it conscientiously can.

A Chicago Bank's Strong Copy.

General Publicity.

convince every one present, that he not only knows the stove business, but knows how to advertise it.

The financial success of Mr. Thompson's "Kalamazoo Direct to You" stove business, which he has built up as he says, from advertising, more than qualifies him as authority on how to use printer's ink. And yet, if what he said last night is correct, then the Gaston National Bank has wasted money on a lot of its advertising, and particularly during the past few months when it has run the ad. reproduced below:

This ad. may not be what experts call effective. Shown to Mr. Thompson, he said it was a waste of money to run such copy. And yet, our business has grown so rapidly for several months past that I am slow to believe the advertising done has had nothing to do with the increase.

This letter, then, is addressed to you as a member of the executive committee of the Dallas Advertising League, the purpose of which organization is to create "more and better advertising for Dallas," with the request that you bring before the League the question which I have raised, and after that body has discussed the matter I should be glad to have an official expression as to what is thought of the ad. in question.

Very truly yours,

D. E. WAGGONER,

Vice-Pres. Gaston National Bank, Dallas.

Our answer to Mr. Waggoner's letter was in part as follows:

Our opinion of that kind of advertising is best expressed in the enclosed clipping from The Bankers Magazine of March, 1908, in which we criticized a similar advertisement of the Phenix National Bank of New York.

On the whole, we believe that Mr. Thompson was right in his criticism of your advertisement, although we would not say that your advertising was wasted. General publicity is good, but when you can, in the same space, get both general publicity and do some real educational advertising, giving people facts and reasons why they should deposit and deal with your institution, why neglect this opportunity? In other words, why not get the full value of your advertising expenditure?

We think that Mr. Waggoner's scheme to get the business people of Dallas talking about his bank's advertising was a very good one. It will help to make it generally known that there is such an institution in Dallas as the Gaston National and if Mr. Waggoner will follow this up by letting the people know regularly and continuously what the bank can do for them he will find that business will increase at a still greater rate. We hope that, for the benefit of other bank advertisers, Mr. Waggoner will inform us further concerning his advertising and its results.

THE FIRST STATE BANK OF KENDALL.
Capital $25,000.

Kendall, Mont., Nov. 9, 1908.

Banking Publicity Department, The Bankers Magazine, New York City.

Gentlemen: The writer has been greatly interested in your Publicity Department and your criticisms on different advertising material and schemes. We herewith hand you a folder we got out just prior to election, mailing it to the surrounding community. We would be pleased to see any comment from you regarding this in your subsequent issues.

Yours very truly,

R. L. HENDERSON, Cashier.

The leaflet referred to is entitled "The Strength of Our Bank." It is a strong one. Some of the good points brought out in it are these:

As the deposits come into this bank, a certain proportion of them is kept as actual cash in the bank, another proportion is deposited with banks in large central cities on which the bank draws its money orders and drafts, and the balance is loaned out to your neighbors: the law specifies just what proportion of the deposits shall be placed in the different places just outlined. A bank is based on the proposition that not over twenty-five per cent. to fifty per cent. of the

Rather Surprising for a Bank Ad.

depositors will ever want all their money at the same time and that the balance of the depositors will wait until the bank can collect in on its loans sufficient to pay them. If the bank has been properly managed, these conditions can be easily complied with and in a remarkably short time. Of course, in the regular daily business of the bank, there is probably a bare five per cent. of the depositors who would want their money all at the same time, but the law requires a big safety margin and all GOOD banks make it even larger than the law requires. The depositors have a first claim on the above.

The strength of a bank then rests on its capital, its stockholders' liability, its surplus or reserve fund, its cash on hand, its balances in other banks, and its loans; and the total of all these usually exceeds the total deposits about 40 per cent. or more; this is a safety margin and the depositors have first claim on the entire amount, including the forty per cent., safety margin. We have a safety margin of sixty per cent.

In regard to the map ad. of the First Trust and Savings Bank of Chicago, Advertising Manager F. W. Ellsworth wrote us as follows:

I am enclosing herewith for your consideration a copy of an ad. which we are running in the Chicago daily papers during this week. I "stole" the idea from someone else, and I cannot remember now just where I got it. Perhaps you can help me out. If so, I will be glad to be advised so that I may acknowledge my obligation to the originator. The idea of the ad., by the way, is to emphasize the fact that our savings bank is exactly in the center of Chicago's business district. What do you think of it?

We referred Mr. Ellsworth to The Bankers Magazine for September, 1907, where an ad. of the New Netherland Bank of New York was reproduced containing a similar idea and we also called attention to the fact that the Third National Bank of Springfield, Mass., had made use of a map ad. to impress its location. Mr. Ellsworth replied:

I am very much obliged for your favor of the 26th, advising me as to the gentleman or gentlemen to whom I am indebted for our little map ad. I might have known that the original of this idea could be found in The Bankers Magazine, as that publication seems to get hold of pretty nearly everything in the way of catchy and effective bank advertising extant.

There seems to be no good reason why banks in different sections of the country should not adopt each other's ideas to some extent, in their local advertising at least.

ADVERTISING LITERATURE.

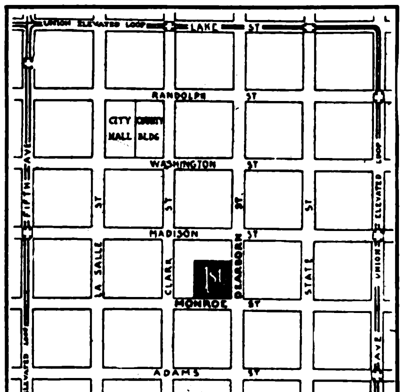
"How to Increase a Bank's Deposits." This book is a compilation of articles on the promotion of a bank's business which have appeared from time to time in the "System" magazine and the volume is the result of the collaboration of Daniel Vincent Casey and B. C. Bean. It is divided into five parts as follows:

1. How to Advertise a Bank.
2. How to Secure Savings Deposits.
3. How to Secure Commercial Accounts.
4. How to Secure Individual Accounts.
5. How to Secure Business for the Country Bank.

The points brought out in the various chapters are illustrated by appropriate cuts and diagrams.

The message of this book is in harmony with the latest thought in publicity matters, emphasizing practically the same points as have been dwelt upon in this department of the Bankers Magazine for a long time. This is a good book for progressive, think-

In the Center of the Loop



Conveniently reached

—From any part of Chicago
—From all "L" roads
—From all surface lines
—From all R. R. depots
—From shopping district

SAVINGS ACCOUNTS may be started any business day.

FIRST TRUST AND SAVINGS BANK

Ground Floor First National Bank Bldg.
N. W. Cor. Dearborn and Monroe Sts.

A Geographical Idea.

Some Striking Emblems.

ing bankers, as the principles it lays down are founded upon successful experience and the book is written in such a way that it is an inspiration and a genuine help to those upon whom devolves the responsibility of increasing their bank's business by advertising.

The methods described in the book are based on the practice of twenty-six of the largest banks and trust companies in the country. We heartily recommend this book and will forward it to our readers upon receipt of price, $1.00.

— —

"PRACTICAL PUBLICITY," by Truman A. De Weese. This book is a treatise on the art of advertising and is written by one of the most prominent and most succesful advertising men in the country. Mr. De Weese is director of publicity for the Shredded Wheat Co. of Niagara Falls, and an extensive writer on business subjects.

The book aims to cover the broad field of commercial publicity, showing the relation of advertising to modern business. It does not exploit any theories, but is a treatise on the successful adaptation of advertising to all lines of commercial enterprise.

It contains a chapter on bank advertising which, while rather short, is correct in its conclusions and very suggestive to any bank man who is in earnest about increasing the returns from his advertising. The scope of the book can be judged from the chapter titles which are as follows:

Modern Commercial Publicity, The Creative Power of Advertising, What is Advertising?, Mediums Employed by General and Direct Publicity, "Copy" the Soul of Advertising, What is Good Advertising "Copy," The Bull's-Eye Method In Advertising, "Reason-Why Copy," The Value of Pictorial Advertising, The Magazine and the Newspaper, Relative Value of Magazine Pages, Local Advertising by General Merchants, Mail-Order Advertising, Follow-Up Systems, The Booklet in Mail-Order Advertising, "Keying" Mail-Order Advertisements, Advertising Food and Drink Products, Bank Advertising, Street Car Advertising, Railway and Steamship Advertising, Automobile Advertising, Outdoor Advertising, Advertising Value of a "Window-Trim," Planning an Advertising Campaign, The Advertising Agency.

The book consists of 250 pages, contains many fine half-tone illustrations and is handsomely printed and bound. It is published by George W. Jacobs & Company of Philadelphia. The price is $2.00 and the Bankers Publishing Company will forward the book on receipt of that amount.

HOUSE ORGANS.

AMONG the monthly house organs which we receive regularly are: "South San Francisco Banker," issued by the Bank of South San Francisco; "West Elizabeth Thrift" published by the First National Bank of West Elizabeth, Pa.; "Farmers Bank News," issued by the Farmers National Bank of Lexington, Okla.; "The Review," issued by the First National Bank of Chicago; "The Shield," issued by the Real Estate Title Trust Co. of Pittsburgn; "The Business Monthly," published by the First National Bank of Pittsburgh; "North Side Bulletin," published by the North Side Savings Bank of New York, and "The Banker," of the First National Bank of Joliet, Ill.

We occasionally receive other house organs of financial institutions and take this occasion to say that we would be pleased to receive such publications regularly and from time to time will take pleasure in reproducing from them in this department anything of particular value to bank advertisers in general.

Some of the house organs referred to above are syndicate publications containing only a few columns for the local advertising of the institution issuing them, while others are entirely original. The particular value of a house organ as compared to a booklet is the force of repetition which it is able to bring to bear upon customers and prospective customers, while the fact of periodicity adds to the value placed upon the publication by those who receive it and in many cases probably keeps the publication out of the waste paper basket and enables it to advertise the institution for a longer period than the booklet which is quickly thrown away.

GOOD FORM LETTERS.

Extracts from some effective follow-up literature.

SOME striking paragraphs from recent form letters are as follows:

We wish to call your attention once more to this institution as a depository for such funds as you may have on hand or under your control.

Our capital, surplus and undivided earnings of $2,800,000 amply guarantee the safety of your deposit, while the personnel of our directorate assures you that the best of attention will be given to any business entrusted to our care.

American Trust Co., Boston, Mass.
F. R. Nourse, Asst. Secy.

The tenth reason why this good bank should be your bank is that it loans to farmers—the safest men on earth, and cannot loan to owners or relatives, or through sympathy or friendship, or on stocks, bonds or speculations. It has enough good farmer's notes in safe most any time, to pay every dollar it owes. The farmer is the bulwark of our Nation's greatness—the foundation and bed rock of all prosperity. Tie to the farmer and the farmer banks.

It could give you a hundred more good reasons—but "enuf's—enuf."

Try—just once (and tell your friend to try).

Bank of Dakota County.
"The Bank that ALWAYS Treats you RIGHT."
Jackson, Nebraska.

While the panic had a marked effect upon our usual run of deposits, the withdrawals have been surprisingly small. As a matter of fact, no savings bank in Greater New York shows any gain in deposits, exclusive of interest credited, excepting the Home Savings Bank. These losses may be accounted for from the general cheapness of good stocks and bonds, the prevailing high interest rates on mortgages, making such investments more profitable than a savings bank deposit, and the necessary withdrawals for living expenses.

But whatever the cause, the fact remains that this bank has received from its depositors, $126,942.00 more than it has paid to them, a showing somewhat remarkable under the existing conditions.

In proof of the fact that this has been in small amounts, we submit the following classification of deposits for the year ending July 1, 1908.

3,027	were in amounts	less than $25.			
377	were	from	$ 25	to	$ 50.
281	were	from	50	to	100.
99	were	from	100	to	200.
137	were	from	200	to	300.
56	were	from	300	to	500.
50	were	from	500	to	1,000.
44	were	from	1,000	to	2,000.
21	were	from	2,000	to	3,000.

For whatever part you may have had in attaining these results, we beg again to thank you and remain,

Very truly,
HOME SAVINGS BANK, Brooklyn, N. Y.
W. H. Kniffin, Jr., Cashier.

The second follow up letter of Title Guarantee & Trust Co., of New York, is so strong that we reproduce it in full:

Dear Sir: Some two weeks ago we sent you a copy of our booklet, "The Safe Way to Save." We also wrote you a letter about saving and investing money. Were you disappointed in our plan for saving? We judge that you were interested or you would not have taken the trouble to write for our booklet.

Perhaps you thought that there was some way to save money without earning it first. Some alchemy that turns things to gold? There are many people who will offer you investments for which they make these claims. They can't make good their promises and you can't afford to have anything to do with any "get rich quick" scheme, be it honest or dishonest. So far as you are concerned, it will surely turn out to be a "get poor quick" scheme.

Perhaps you expected more interest than four and one-half per cent. Experience is a hard teacher. Learn from the great money savers in New York, men and women who are making the very best use that they can of millions of dollars. They do not expect to get more than four and one-half per cent. They make it their life business to make their money bring in the best possible safe returns. They have learned that risk goes with trying to get more than four and one-half per cent. You are probably a busy individual with no time to study finance. You will do more wisely to let us use our brains, our business organization and our experience to make your money earn just as much as it safely can.

Have you ever looked forward to a trip to Europe? Have you begun to think that you never will have enough money to go? Send us $10 a month for 20 months and you will own a $200 certificate. Twenty dollars a month pays for two certificates. They are due in five years, and then if you have saved your interest, you will have $504.25 toward your trip.

Is there some boy or girl that you would like to send to college some six or seven years from now? Would you like to give them advantages that you have not had? Start one of our certificates each year for four years and you will have $200 coming in each successive year. This will be a good start toward paying expenses at college. If you can afford to start two certificates, you will have $400 coming in, etc. Remember that your money is always secured by first mortgages on New York city real estate, the kind of mortgages that we have furnished for 25 years past to New York's most conservative investors.

Sign the contract in the book we sent you. Tear it out and return it to us to-day. If you have lost it, write us for another one. You will never regret having started to save your money.

Yours very truly,
C. H. KELSEY, President.

HOW BANKS ARE ADVERTISING.

Note and Comment on Current Financial Publicity.

THE Union Trust Co. of Springfield, Mass., is doing some good advertising, featuring its handsome new building to quite an extent. One of the advertising novelties it uses is a metal pocketpiece carrying a representation of the building and the names of officers, capital, surplus, etc.

Title Guarantee & Trust Co. of New York recently started a campaign which includes the use of newspapers, street cars, magazines and billboards. A sample of the magazine copy is shown herewith. It is a good model in every way. "The Safe Way to Save" is a well printed booklet explaining the company's plan of investing in First Mortgage Certificates. While not elementary in character the book is written in simple language and is a good argument for the company's securities because it is logically and sensibly written and contains facts and not "hot air." Another booklet used in the follow up is a form of contract for the purchase of a $200 guaranteed First Mortgage Certificate. One of the strongest paragraphs in this company's literature is the following:

Are your savings safe from yourself? Impulsive investments make poor men. Ready money spends itself. You should put away some money that you cannot spend without trouble and thought. It should be safe and it should not be idle. These certificates meet all of these requirements. Buy one or more as you are able.

"The Importance of the Last Will and Testament" is the title of a booklet issued by the Mercantile Trust Co. of St. Louis, being a reprint of an address on that subject delivered by Virgil M. Harris, trust officer of that company, before the Missouri Bankers' Association Convention. It contains a vast amount of valuable information on the subject of wills.

A great many banks make use of postal cards in their advertising. The Fort Scott State Bank of Fort Scott, Kansas, sends us one which contains in white letters on black back-ground this sentence, "We want your business and we'll treat you right."

The Bank of South San Francisco at tax paying time sent out a post card exploiting its bank drafts showing how much cheaper they are than post office and express money orders, and on the card was a cut showing a specimen of the money order.

The Maine Savings Bank of Portland, Me., uses two postal cards, one showing the bank building and the other a design including the handsome entrance to the bank building, both of them carrying good advertising matter on the portion of the card devoted to correspondence.

The Union Trust Co. of Chicago, sends out a post card after a person has been on its mailing list for some time, which reads as follows:

> If you desire to receive other literature that we may get out from time to time relating to money and banking, we shall be pleased to send it to you. If so, please fill out and mail this card.
>
> Name..............................
>
> Address............................
>
> ....
>
> Are you also interested in learning about investments; as bonds or real estate mortgages? ....

The Mechanics Saving Bank of Holyoke, Mass., was the first institution to send us a 1909 calendar. It is a very neat one containing a reproduction of a good painting and our only criticism of it is that most of the advertising matter is printed on the back of the calendar where it will never be seen.

A strong argument is contained in a folder entitleu "The Best Guarantee for Bank Deposits," issued by the Home Savings Bank Co., of Toledo, O. Part of it follows:

> The guarantee to which we refer consists in the character of the Board of Directors and of the Executive Officials of the bank. People with money that is not needed for immediate use ought to deposit it in a bank to avoid the risk of loss by robbery, fires and the like, and to keep the money in circulation. It would be unwise, however, for a depositor to choose the first bank that he might see on the street. It is the duty of the man with money to make careful inquiry among persons who are in position to know what the character of the banks' management is before he entrusts his money to them. All banks should have a proper amount of their own capital invested in the business; they should be managed by Boards of Direction, the members of which own a large share of the bank's stock, so that their personal interest is secured. The officers of a bank should be experienced bankers, devoting their attention exclusively to their banking interests.
>
> We want the citizens of Toledo and its vicinity to know us before they entrust us with their funds. We are not afraid to have you examine into the past history of any member of our Board of Direction nor of the Executive Officers. The space in this folder will not permit of our going into the history of the men comprising our Board, even if their natural modesty would not prevent it. On the last page of this folder you will find the names of our Board of Direction fully set forth, and we invite you to learn all you can about them. The character of these men, who own in the aggregate a majority of the capital stock of this bank, is the best guarantee for the protection of your deposits that you could receive.

The Naugatuck Savings Bank, of Naugatuck, Conn., provides a number of industrial concerns in its community with pay envelopes in which there is printed matter calculated to induce the workmen to deposit a portion of their wages regularly in the bank. The copy used on some of these envelopes is as follows:

> How much have you saved in the last five years?
>
> One dollar a week would have meant almost $300 to you now.

Did You Ever Save $200?

WOULD you like to know how it feels? Anybody who can save $10 a month can save $200 by our plan. You get better interest than in any other safe investment and your money will be where it can't be squandered or stolen.

It makes a man have a different feeling to be a capitalist and have income checks coming in every six months. Would you like to try this? Write for our booklet "The Safe Way to Save." It costs you nothing.

During the last 25 years our capital and surplus have grown from $1,000,000 to $12,000,000. Ask anybody from New York whether your money is safe with us.

TITLE GUARANTEE AND TRUST Co

Capital and Surplus $12,000,000

176 Broadway, New York City

175 Remsen St., Brooklyn, N. Y.

350 Fulton St., Jamaica, L. I.

Mail this Coupon to

TITLE GUARANTEE & TRUST CO.

176 Broadway, New York

Please send "The Safe Way to Save" advertised in The Saturday Evening Post to

Name ....

Address ....

Magazine Copy.

The Naugatuck Savings Bank pays four per cent. interest and is open every Wednesday evening (except holidays) from 7 to 8.30.

Did you ever buy anything on the installment plan? The collector comes around each week and you must pay up or you lose the goods. At the end of two years you look back and surprise yourself at what you have paid.

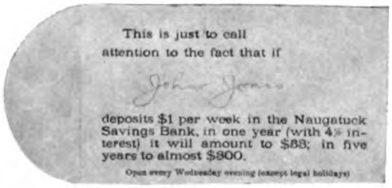
An installment of a dollar a week in the Naugatuck Savings Bank will also surprise you. In five years, with four per cent. interest, you will have $300; in ten years $650.

One dollar will open an account. Bank open every Wednesday evening (except legal holidays) from 7 to 8.30.

Do you anticipate a pension when the time comes to retire from work? It not, perhaps with the help of the Naugatuck Savings Bank you can acquire one.

A dollar saved each week amounts to $53 in one year, $300 in five years, $650 in ten years and $1,614 in twenty years.

One dollar will open an account. Bank open every Wednesday evening (except legal holidays) from 7 to 8.30.



A Pay Envelope Ad.

One of the best ideas is that shown in the reproduction herewith in which the name of the recipient of the pay envelope appears as part of the advertisement.

H. A. Dalby is in charge of the advertising of this bank.

The Bank of South San Francisco and the Northwestern National Bank of Minneapolis also use this pay envelope advertising idea.

The First National Bank of Montgomery, Ala., has issued a little booklet entitled, "Cash Preserves." On the cover is a picture representing money in glass fruit jars and the idea brought out in the story of the booklet is that the best way to save money is to open a bank account with the First National Bank. Evidently the book is meant especially to appeal to the possible women customers and we can see no reason why it should not be effective. The only criticism we can make is that perhaps it does not explain fully enough the advantages that the bank offers for women customers, but this is offset somewhat by the illustrations showing the very attractive ladies' reception room in the bank.

The Peoples Savings Bank of Brockton, Mass., in one of its folders appeals to the civic pride of Brockton people by showing how savings bank deposits help to build up the city. We quote a few paragraphs:

The Massachusetts law provides that, among other investments in which deposits in savings banks may be placed, are:

FIRST.—"In first mortgages of real estate located in this Commonwealth, not to exceed sixty per cent. of the value of such real estate; but not more than seventy per cent. of the whole amount of deposits shall be so invested. If a loan is made on unimproved and unproductive real estate, the amount loaned thereon shall not exceed forty per cent. of the value of such real estate."

The last published report of the Bank Commissioner showed that the average amount of loans so held by the one hundred and eighty-nine savings banks in this state was 40.95 per cent. of the deposits.

On Sept. 1, 1908, of $2,447,612.77 deposits of the People's Savings Bank, $1,576,543.63, being 64 42-100 per cent., were so invested. Well selected mortgages on Brockton real estate have proven among the best possible investments of depositors' money.

"The Inside of a Bank" is the title of a very interesting booklet issued by the State Savings Bank of Topeka, Kansas. It contains a picture of the inside of the bank and it also tells some of the inside facts concerning the institution and the advantages of saving money, depositing, using the safe deposit vaults, banking by mail, money orders and a great many other points. It is a book which people will be very likely to keep for reference.

An advertising advantage which banks that issue regular financial letters enjoy is the fact that if these letters are ably prepared, newspapers will sometimes be glad to publish the letters gratis and in this way the bank issuing the letter gets some valuable free advertising.

The American Savings Bank of Buffalo, N. Y., prints on a card the four per cent. interest tables printed at the bottom of this page.

AT 4 PER CENT. WEEKLY SAVINGS GROW LIKE THIS.

Savings.	1 yr.	2 yrs.	3 yrs.	4 yrs.	5 yrs.	6 yrs.	7 yrs.	8 yrs.	9 yrs.	10 yrs.
One dollar	$ 52.85	$107.82	$165.00	$ 224.50	$ 286.40	$ 350.80	$ 417.78	$ 487.48	$ 560.02	$635.48
Two dollars	105.70	215.64	330.02	449.02	572.84	701.64	835.64	975.68	1120.12	1271.04
Five dollars	264.25	539.08	825.06	1122.60	1432.14	1754.20	2089.28	2437.88	2800.56	3177.90

AT 4 PER CENT. MONTHLY SAVINGS GROW LIKE THIS.

Savings.	1 yr.	2 yrs.	3 yrs.	4 yrs.	5 yrs.	6 yrs.	7 yrs.	8 yrs.	9 yrs.	10 yrs.
One dollar	$12.26	$ 25.02	$ 38.29	$ 52.10	$ 66.46	$ 81.41	$ 96.96	$113.14	$129.97	$147.49
Two dollars	24.52	50.04	76.58	104.20	132.93	162.82	193.62	226.28	259.95	294.97
Five dollars	61.31	129.09	191.45	260.49	332.32	407.06	484.81	565.70	689.86	737.43

LETTERS TO THE EDITOR

IMPROVEMENT IN OUR FINANCIAL METHODS.

Editor Bankers Magazine:

SIR: The following suggestions for improvement of our financial methods are made with the claim that they are practical and will solve many if not all of the difficulties under which we have labored for many years.

The Government to be required to handle its financial affairs in the same manner as corporations and business men, avoiding the use of cash as far as possible, depositing its funds in national banks without security and paying by the use of exchange as well as cash.

The Government notes to be gradually retired.

National banks to issue notes, at least twenty-five per cent. of capital with privilege to issue to full amount of capital stock, with thirty-three and one-third per cent. reserve in gold coin held in the U. S. Treasury, redemption of notes to be handled as at present.

Additional currency to be issued with approval of the Secretary of the Treasury, secured and taxed in manner provided by Aldrich-Vreeland Bill.

Comptroller of the Currency to have the same power over organization of bank as now, restricting as to number, capital, etc., as he deems wise, to have power to compel increase of capital so that the volume of deposits shall never be more than ten times the amount of capital and fully earned or paid in surplus.

Rate of interest upon deposits to be restricted to one-half of the legal rate fixed by the laws of the state wherein the bank is located, savings accounts funds to be segregated, invested and handled in the same manner as now required of savings banks.

Less than ten per cent. of deposits consisting of cash, no depositor to have the right to compel a bank to pay the full amount standing to his credit in cash, part payment in exchange to be permitted at option of bank.

A tax on circulating notes to be paid for the purpose of paying expenses and to acquire a fund for redeeming the notes of failed banks, one-half of one per cent., annually.

An annual tax of one-tenth of one per cent. upon the average volume of deposits to be paid by every bank to secure a fund to provide for the paying off of depositors of failed banks if assets are not sufficient for the purpose.

These funds shall be invested in United States or state bonds, quickly realized upon, and when each fund shall have reached $50,000,000, tax shall be remitted till that amount is reduced twenty-five per cent., when the tax shall be put in force to bring the sum to $50,000,000 again.

In the event of the failure of any bank, the Government shall redeem its notes as presented, first using the reserve funds of thirty-three and one-third per cent., then drawing from the fund raised by the tax on circulation.

The assets of the bank shall be realized upon as rapidly as possible without sacrificing too much, the demand deposits being first paid, then the time deposits being taken care of.

If at the end of six months enough has not been realized from the assets to pay off all depositors, a sufficient amount shall be taken from the fund paid in by taxation and all claims be paid together with interest at the prevailing legal rate in the state in which the bank is located.

When all has been realized from the assets that is possible, expenses shall be paid and the amounts taken from the two funds shall be repaid in full before anything is paid to stockholders.

Should there not be enough for this, each fund shall receive from the assets a dividend in such proportion as the capital of the bank bears to its deposits.

F. E. LYFORD.

WAVERLY, N. Y., Dec. 20, 1908.

MODERN FINANCIAL INSTITUTIONS AND THEIR EQUIPMENT

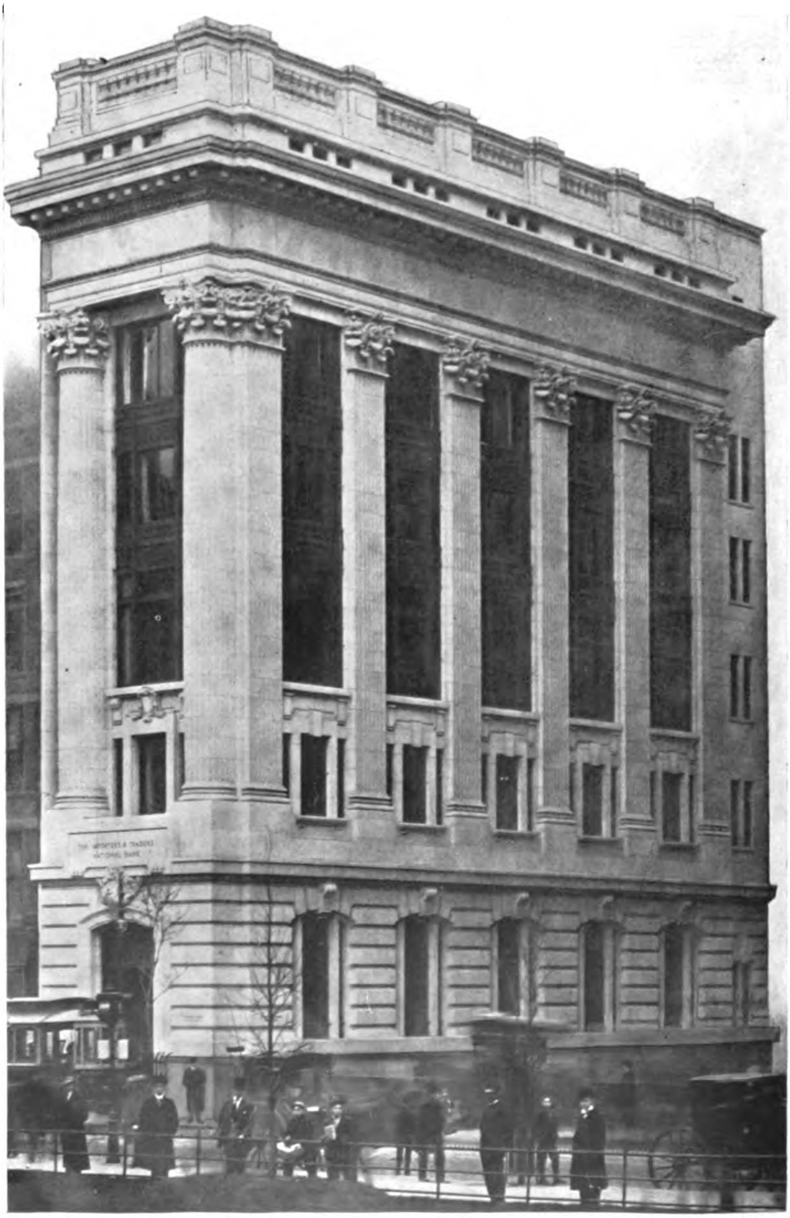
NEW HOME OF THE IMPORTERS AND TRADERS' NATIONAL BANK OF NEW YORK.

FOR a period of abcut four months, the New York public has had a chance to admire the classic outlines of the marble building of the Importers and Traders' National Bank at No. 247 Broadway, but it is safe to say that only a small per cent. of that public knows that this structure is of a distinctive type in the construction of bank buildings.

When, some years ago, it was decided to replace the old building occupying the present site with a new building, there seemed to be but one thing to do, and that was—acquire several adjoining lots on Broadway.

EDWARD TOWNSEND
President Importers and Traders' National Bank.

But President Townsend and the other officers began to plan a structure that would at once be modern, roomy and pleasing, and yet could stand on the corner lot, twenty-five by one hundred feet.



Importers and Traders' National Bank Building.

After careful study and the rejection of numerous projects, the commission to prepare plans and supervise the erection of the building was given to J. H. Freedlander, and work was begun in June, 1907.

The materials to be used in constructing the new building were selected with the greatest care, white marble being chosen for both the interior and exterior. That used on the interior is of a particularly fine quality, and presents an appearance of rare beauty.

Bronze window frames, of chaste design, are one of the many attractive features of this latest and best example of bank architecture.

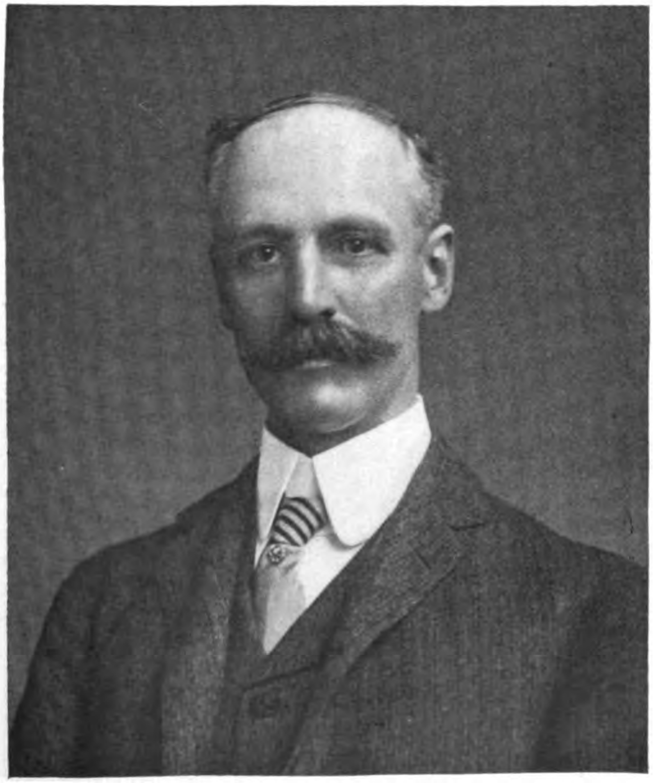
Now that the bank is in its new home, it seems appropriate to describe in detail some of the pleasing features of the new quarters, and to speak of the enterprise and prudent management which have made it possible to erect such a magnificent building.

Custom has been ignored by the architect in this case and instead of housing all the employees in one vast room, the various departments are placed on separate floors and are connected by double elevators for the use of customers. By this plan the conduct of business is greatly simplified and the amount of floor space to each department is materially increased.

The first floor is devoted exclusively to the departments of note teller, collection clerk, and receiving teller. Along the south wall of this room there are four splendid paintings by Albert Herter, typical of the commerce and industry of the world.

On the second floor the paying teller, individual and balance bookkeepers, and an assistant cashier are located. Every detail as to decorations and furnishings is the same here as on the main floor.

The third floor may be said to be divided into two parts; that in the front end of the room given over to the officers' quarters and the other half of the floor space utilized by the discount department, loan department, general bookkeepers and typewriters. That part of the room which ac-



H. H. POWELL
Cashier Importers and Traders' National Bank.

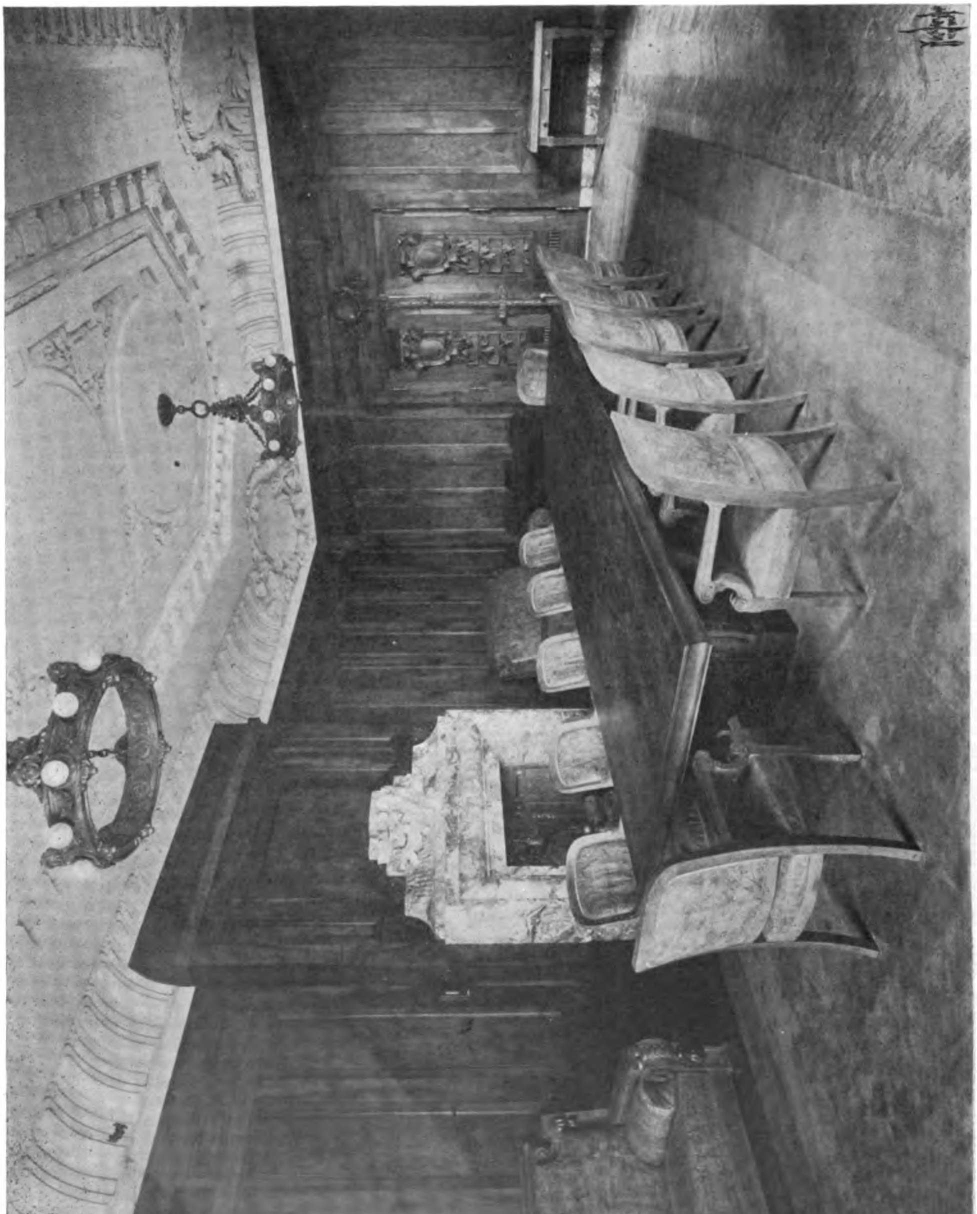
Main Entrance, showing the Bronze Doors, with Figures in Relief.

commodates the president, cashier, and assistant cashier is finished in chestnut wood, used in the furniture and wainscoting and the very simplicity of the decoration scheme must appeal to the observer with an appreciative eye.

On the fourth floor will be found the working space of the check clerks, corresponding department, and bank bookkeepers, who have no connection with the bank's customers or the public.

The major portion of the fifth floor is devoted to the directors' room and foyer, and it is this room, even more than any other, which elicits such enthusiastic comment from those who have seen it. Stepping from the elevator into the foyer, which is finished in Italian marble, one passes through great, massive doors of hand carved Circassian walnut into the magnificent room beyond. This room is quite a revelation to those who have previously pictured its interior arrangement and size by noting the exterior dimensions of the building. It seems to be

Mantel of Rare Italian Marble, in Board Room.



Where the Directors' Sessions are Held — Fifth Foor.

wider and longer than any other room in the bank and this fact is remarked upon by all who see it.

Every bit of furniture including the high wainscoting is of the same natural wood as the doors, and even the upholstering of the chairs and the rug upon the floor match in color with it. An open hearth at the side of the room adds a cheerful home-like air that is noticeable.

One piece of furniture in the board room is worthy of especial notice. This is a magnificent Circassian walnut table, whose massive proportions, combined with extreme simplicity of outline, make it one of the handsomest pieces of banking furniture to be found in any of our modern bank buildings.

At the rear end of this floor there is a room fitted up as a department for clerks.

The sixth floor is unassigned at present, but will permit of future expansion of the bank.

The main security vault is located in the basement and has one feature that is not often seen in vaults. At the rear end, there is a small door which will give access to the interior of the vault, should the mechanism of the large door ever become out of order. This emergency door may be opened by a secret combination. It serves a useful purpose as a means of ventilating the vault.

In close proximity to the main vault are placed the day-book vault, stationery room, storage vault, locker rooms, toilets, etc.

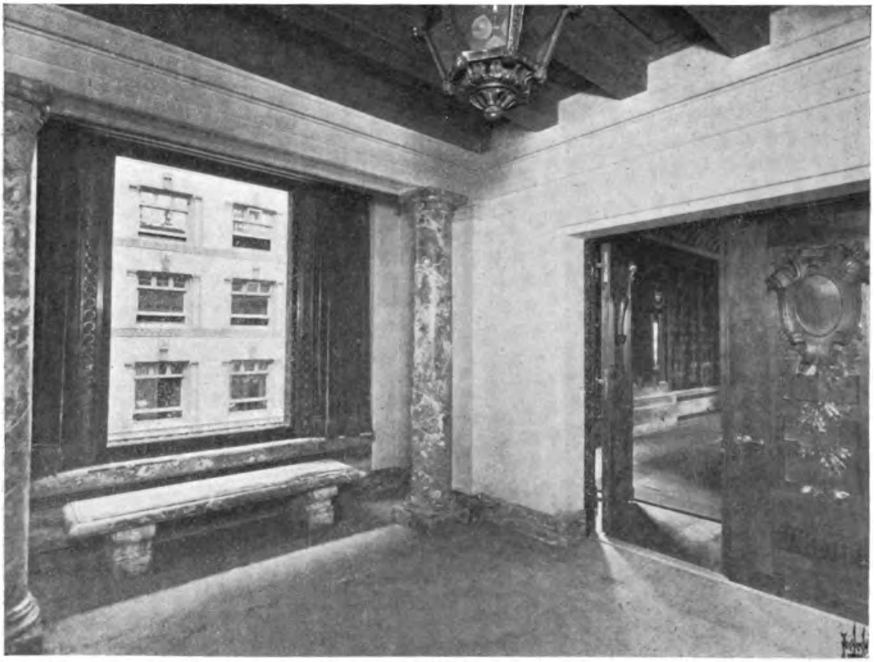
The mechanical plant occupies the entire space of the sub-basement.

Ventilation is supplied by electric fans which force air through the building after it has been filtered by screens and moistened by coming in contact with a spray of water. The plant embraces, likewise, a refrigerating apparatus, an ice machine, a vacuum sweeper, an independent emergency boiler, fire pumps, etc.

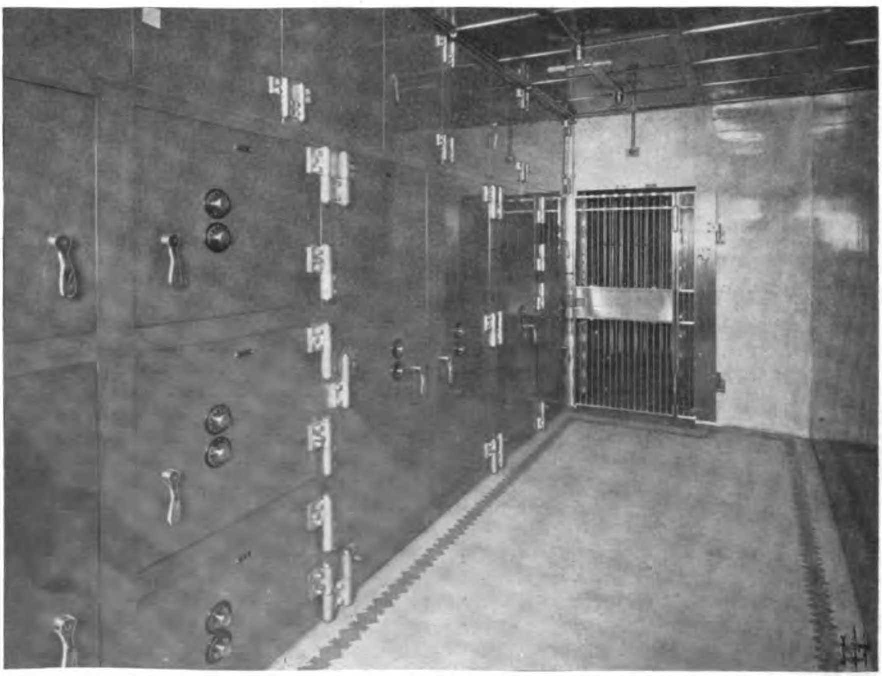
View of Officers' Room.

Many unique features are to be found in this bank that are not found in other banks; for instance, there is a private security elevator running to the basement from the upper floors, by which it is possible for the clerks to go from their cages to the vault without coming in contact with the public or using any outside passages. Another elevator is used to carry employees up or down, and so it goes throughout the building, every bit of space has been made use of in the best possible way, and the result is a structure that meets every requirement for which it was designed.

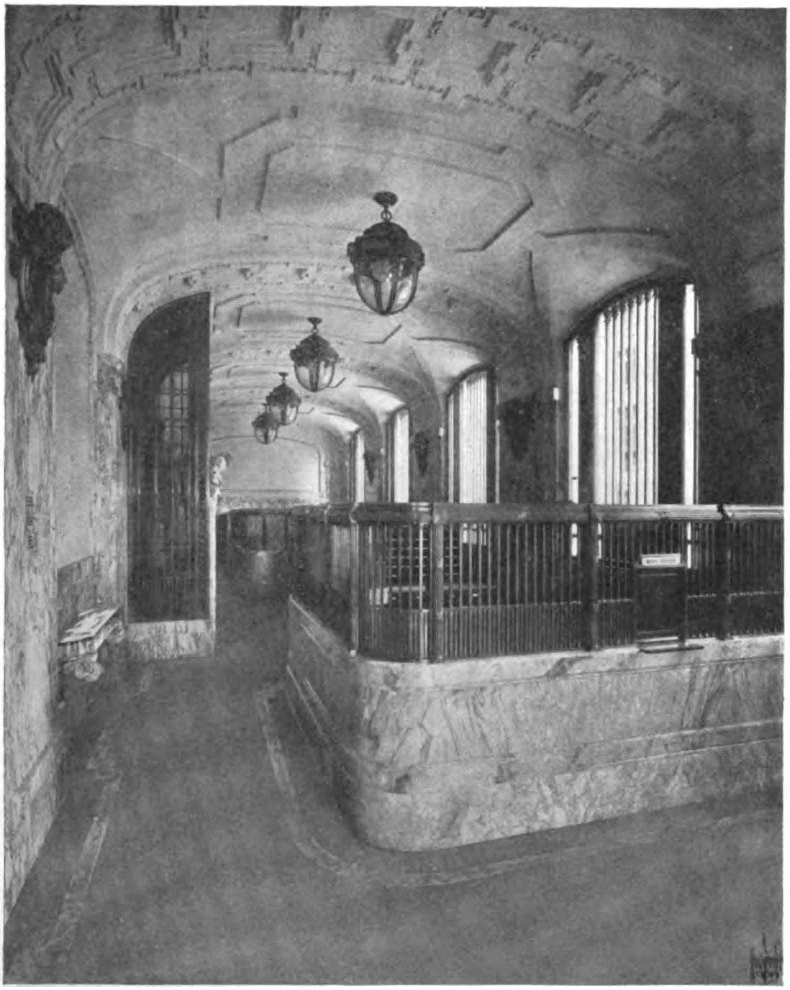
The Importers and Traders' has passed the half-century mark, having been organized as a state bank August 1, 1855, and later entering the national banking system. A record of fifty-three years of successful



Foyer in Directors' Suite and Board Room — Fifth Floor.



View of Security Vault.



Note Clerk, Collection Clerk, and Receiving Teller — First Floor.

commercial banking deserves more than a passing notice.

From the start the management has been guided by the soundest principles of commercial banking and it has established a reputation that will bear comparison with any bank in the United States. Although the volume of assets has grown steadily, there has been no straining after mere bigness, and yet the Importers and Traders' ranks among the largest and soundest banks of New York. It has attained to its present proportions entirely by prudent and skillful management. Besides having an accumulation of surplus and profits amounting to $8,708,302.49—all of which has been earned—shareholders have received dividends totaling $11,300,000.

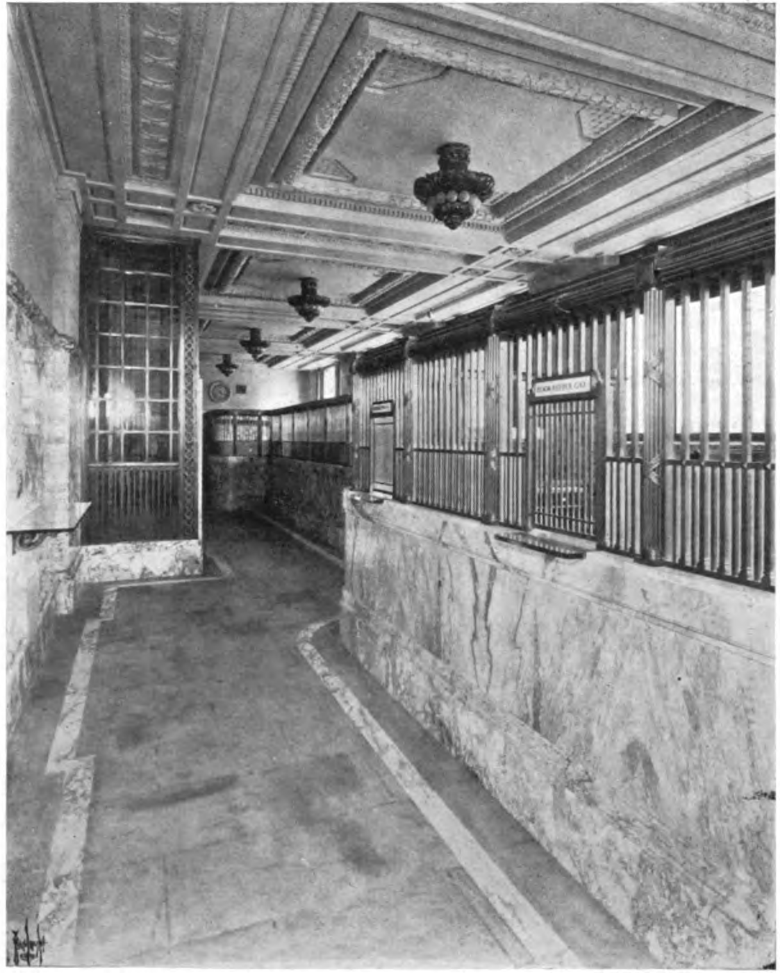
By keeping clear of investment banking, the Importers and Traders' National has maintained a position enabling it to serve both its mercantile borrowers and banking correspondents more efficiently than might otherwise have been possible.

An idea of the condition of the bank may be gained from the following statement, taken from the books on July 1, 1908:

RESOURCES.

Discounts		$19,849,244.91
U. S. bonds at par		150,000.00
Real estate		605,900.00
Demand loans	$7,563,621.58	
Due from banks	1,006,918.23	
Checks on other banks	1,572,199.94	
Specie and U. S. notes	6,136,377.00-	16,279,116.75
		$36,884,261.66

Bronze and Marble Cartouches over Entrance to Customer's Elevators, Main Floor.



Paying Teller and City Bookkeeper's Department, Second Floor.

LIABILITIES.

Capital	$1,500,000.00	
Surplus	6,000,000.00	
Total capital (including surplus)		$7,500,000.00
Undivided profits, after paying 104th dividend, July 1st, 1908, $150,000.00		1,208,302.49
Circulation		149,400.00
Deposits		28,026,559.17
		$36,884,261.66

been connected with the bank since 1866, starting as a junior clerk. He became assistant cashier in 1873 and cashier in 1880. On the death of Edward H. Perkins, Jr., president of the bank, Mr. Townsend was on April 18, 1902, unanimously elected as his successor.

Naturally the success of an institution to which he has given life-long service is very gratifying to Mr. Townsend. His im-

View in Officers' Quarters.

This statement is so strong on its face as to call for but little comment. The large surplus, heavy cash reserve and the absence of "stocks, bonds and securities" in the resources, are notable features.

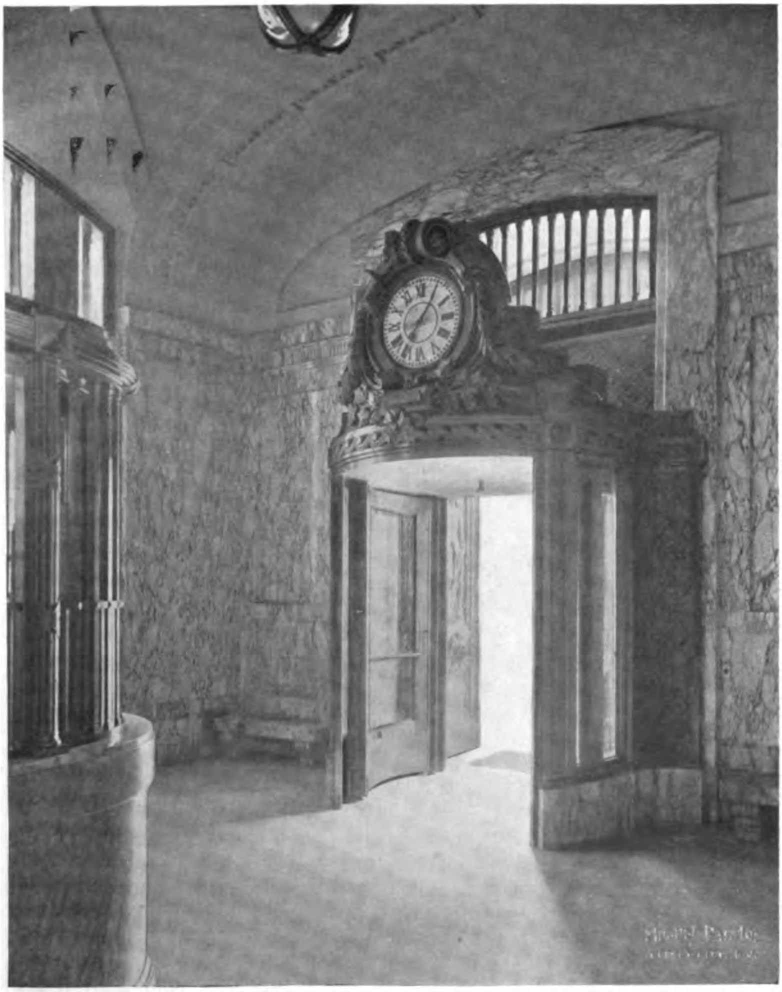
Edward Townsend, president of the Importers and Traders' National Bank, has portant official connection with the bank for so many years, and his promotion to the highest position in the management, warrant The Bankers Magazine in saying what is well known in city banking circles—that he has contributed largely to the honorable success the bank has achieved.

H. H. Powell, the cashier, began like Mr. Townsend as a junior clerk. His identification with the bank dates from 1875. In 1893 he was chosen assistant cashier, and became cashier in 1902. Mr. Powell, during his thirty-three years of service, has shown himself a capable bank officer, and by his courtesy and the knowledge gained from his long experience, has helped to establish the Importers and Traders' National still more firmly in the estimation of its extensive clientele.

G. H. Hulin, G. H. Blish and C. F. Regan, assistant cashiers, complete an efficient and loyal executive staff.

The conservative character of the management is further attested by the following strong board of directors: John Arbuckle, of Arbuckle Brothers, coffee; Isaac D. Fletcher, chairman American Coal Products Co.; Henry C. Hulbert, formerly of H. C. Hulbert & Co., paper; Henry R. Ickelheimer, of Heidelbach, Ickelheimer & Co.; Adolph Lewisohn, capitalist; James R. Plum, of James R. Plum & Gale, leather; H. H. Powell, cashier; Edward C. Rice, of Rice, Quinby & Co., grain and flour; Edward Townsend, president; Edward Van Volkenburgh, formerly of P. Van Volkenburgh & Co., dry goods; John J. Walton, of Hunter, Walton & Co., produce, and P. B. Worrall, of Fred. Butterfield & Co., dry goods.

Discount and Loan Department—Third Floor.



View of Bronze Doors and Clock from Main Corridor.

LIBERTY NATIONAL BANK.

AT a recent meeting of the board of directors of the Liberty National Bank, Zoheth S. Freeman, who has been a vice-president of the Merchants' National Bank of New York for the past year, and Charles W. Reicks, were elected vice-presidents of the Liberty National. Mr. Reicks, however, still retains the cashiership of the bank.

The election of Mr. Freeman to the vice-presidency of this reliable old bank is a marked recognition of the executive ability which he has shown since his banking career began.

For many years he was in charge of the credit department of the Hanover National Bank, going from that responsible post to become cashier of the Merchants' National Bank.

After eighteen months of faithful service in this capacity, Mr. Freeman was, in November, 1907, given the office of vice-president in the Merchants' National, where he has been up to the present time.

Mr. Freeman comes to the Liberty National with a full knowledge of the duties and responsibilities of a vice-president and his connection with the bank will be regarded with satisfaction by its friends and patrons.

Zoheth S. Freeman.

LECTURE COURSE ON BANKING AND INVESTMENTS.

THE West Side Young Men's Christian Association of 318 West 57th Street, New York City, has, with the co-operation of eminent authorities, provided a series of lectures on banking and investment subjects, which will run throughout the winter.

A number of these lectures have already been given, and the large attendance on those evenings showed clearly that the remaining sessions would be full of live interest and well attended.

John Moody, editor of "Moodys Magazine," and well known writer, is director of the course and it is mainly through his efforts that the following speakers have been secured:

PART ONE.

November 18th, Introductory Address, John Moody, explaining the general basic facts regarding investments and investment markets, and the proper methods for analysis, with special reference to bond investments, the bond markets, etc.; November 25th, "Investments as affected by Speculation, and other influences sometimes overlooked," Albert Strauss, of Messrs. J. & W. Seligman & Co., bankers; December 2d, "How to Judge the Value of Railroad Bonds," George Garr Henry, Vice-President, Guaranty Trust Co., and author of "How to Invest Money"; December 9th, "Municipal Securities," Arthur M. Harris, of Messrs. N. W. Harris & Co., bankers; December 16th, "High Grade Bonds," George W. Hodges, of Messrs. R. L. Day & Co., bankers.

PART TWO.

January 6th, Introductory Address, John Moody, outlining the broader fields of investment, showing the diverse factors involved in a wide treatment of the subject; January 13th, "Investment Values as Related to the Savings Bank Depositors," John Harsen Rhoades, of Messrs. Rhoades & Co., bankers; January 20th, "Comparative Merits of Stocks and Bonds," Floyd W. Mundy, of Messrs. James H. Oliphant & Co., bankers; January 27th, "The Responsibilities of the Investment Banker," N. W. Halsey, of Messrs. N. W. Halsey & Co., bankers; February 3d, "Savings Banks," Henry A. Schenck, President, Bowery Savings Bank; February 10th, "Administrative Aspects of Investments," Frederick A. Cleveland, Ph. D., author of "Funds and Their Uses," etc.

PART THREE.

February 17th, Introductory Address, John Moody, treating banking as related to finance and investments generally; February 24th, "Government Bonds and the National Banks," Frank A. Vanderlip, Vice-President, National City Bank; March 3d, "The Mechanism of a Bank," James G. Cannon, Vice-President, Fourth National Bank; March 10th, "Growth of Banking in New York," William A. Nash, President, Corn Exchange Bank; March 17th, "Banking in Europe," Charles A. Conant, author "History of Money and Banking," etc.

PART FOUR.

March 24th, Introductory Address, John Moody, treating the investment field from the public point of view, the buying of securities, etc.; March 31st, "Booms and Panics," Alexander D. Noyes, financial editor, New York Evening Post; April 7th, "The Distribution of Investments," Sereno S. Pratt, editor, Wall Street Journal; April 14th, "Preparing Securities for the Markets," Harvey E. Fisk, of Messrs. Fisk & Robinson; April 21st, "Importance of Accounting Methods as a Safeguard to the Investor," Edward L. Suffern, of Messrs. Suffern & Son, certified public accountants; April 28th, "Lights and Shadows of Wall Street," William M. Kingsley, Vice-President, United States Trust Co.; May 5th, General Review of the Course, John Moody.

ALL BOOKS MENTIONED IN THESE NOTICES WILL BE SUPPLIED AT THE PUBLISHERS LOWEST RATES BY THE BANKERS PUBLISHING COMPANY, 90 WILLIAM STREET, NEW YORK.

Lewis Rand. By Mary Johnston. Houghton Mifflin Co., Boston and New York. Price $1.50.

This is a strong novel from the pen of a strong writer. It is a thrilling story of the days when Thomas Jefferson was President of the United States and Aaron Burr and other restless spirits were engaged in ambitious schemes in regard to the vast territory shortly before acquired by the United States in the Louisiana Purchase.

The heart interest in this story is fully as strong as in Miss Johnston's previous well known novel "To Have and To Hold." Moreover, a fine picture of the political and social life of Virginia a hundred years ago is drawn in this entrancing tale.

The plot centres about the Napoleonic character of Lewis Rand, who becomes one of the great men of his party and time,—a self-made hero, a man of achievement and overwhelming ambition, whose fortunes are followed by the reader with absorbing and even breathless interest.

The strongest part of the book is that which deals with the struggle of Rand against his conscience and his ultimate surrender to it. This is interesting psychologically, but the result does not leave the reader entirely pleased with the way the story turns out—the hero in prison a confessed murderer. However, there is a great deal of charm and interest in the other characters delineated with such a skillful hand. There is little doubt but that in "Lewis Rand" Miss Johnston has made an important contribution to American literature—a permanent addition to our masterpieces of fiction.

Webster's International Dictionary (enlarged edition). G. & C. Merriam Company, Springfield, Mass.

The latest edition of this famous work contains 25,000 added words and phrases, a revised gazetteer of the world, and a revised biographical dictionary. The editor-in-chief is W. T. Harris, Ph.D., LL.D., United States Commissioner of Education.

This wonderful work is a monument to the scholarship of a strong group of editors and to the business ability of its publishers. An alliance of scholarship and business sagacity has been characteristic of Webster's dictionary ever since it passed into the hands of the present publishers many years ago. From that alliance has sprung a harmonious aim and a comprehensive plan of work. The full fruition of this is seen in this latest and most complete edition of the dictionary, in which the publishers have endeavored to include the fruitage of the language gathered during the last decade and thus make the "Twentieth Century Webster" fully up to date and worthy of the preeminent position so long held by its predecessors. Many new words have been inserted from time to time in the vocabulary proper by plate changes while 25,000 more are now added in a supplement of 234 pages.

The new words may, for the most part, be divided into the following classes:

1. Scientific words, like *radium, telephotography, autohypnotism,, aquilegia,* etc., mostly from Greek or Latin roots.

2. Technical words, like *dormy, built-up, over-expose,* etc., from the arts, trades, sports, etc.

3. Foreign words, like *tamale, kopje, paprika, tabasco,* etc., brought into English by our closer relations with other peoples.

4. Dialect words, like *bash, frazzle, hike,* etc., brought into literary use by the magazine or novel.

5. Slang words, like *faker, jamboree, jolly,* that from wide prevalence in literature may demand dictionary record. Words of this class, however, have been severely scrutinized and only sparingly admitted.

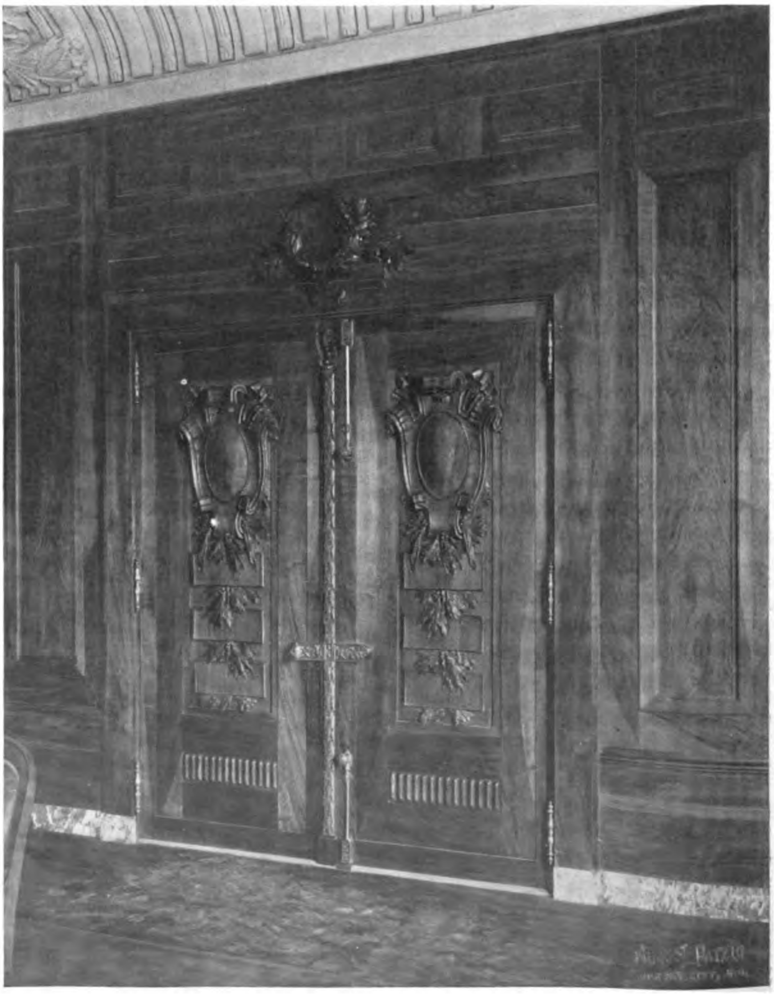
The same ideals and principles which were followed in the body of the book governed the work of the supplement.

In addition to the supplement of added words the biographical dictionary and gazetteer of the world have now been thoroughly revised. In the biographical dictionary, several hundred names of persons more recently prominent have been added in the place of some that are now less sought for. Much additional information, as the dates of reigns or administrations, has also been included and great care has been taken to verify many doubtful dates by comparison with the most recent authorities.

In the revised gazetteer the figures for population and area have been made to agree witn the census returns taken in 1900 and 1901 by the leading countries of the world, or with authoritative estimates where other data were not available. The spelling has been conformed to the adopted forms or rules of the United States Board of Geographic Names, the Geographic Board of Canada and the Royal Geographical Society. The addition of sixteen new pages admits the insertion of a very large number of places that have recently become prominent.

The typical American is familiar with Webster's Dictionary as his guide and authority from his earliest school days until he reaches the highest rank of official power, business responsibility, or literary eminence. Nor is it the American only who prizes Webster. The book has standing and authority wherever the English language is spoken or used. It is a familiar standard in the mother country and in all her colonies; the official standard in the English Postal Telegraph Department as well as in the United States Government Printing Office at Washington, and the German Government also uses it. It is printed and published in London, England, where it has a very large sale.

For the combination of accuracy, fullness, clearness, convenience, and authority, in a single book for everyday practical use by all classes of people, Webster's International Dictionary is an ideal work.



Hand Carved Doors of Circassian Walnut between Board Room and Foyer, Importers and Traders' National Bank.

MONEY, TRADE AND INVESTMENTS

NOTE.—Owing to the change of publication date, the article on "Money, Trade and Investments" was omitted from the December issue of the Magazine, the present article being the one that should have appeared in that issue. Hereafter this department will be maintained as usual.

New York, December 1, 1908.

A Post Election Boom gave Wall Street an air of prosperity last month but the meaning of the advance and of the activity is obscured. About 25,000,000 shares of stock were traded in during the month and of these three stocks, Union Pacific, Reading and United States Steel were dealt in to the extent of more than 3,000,000 shares each, or about double their total capital for the first two properties. Sixteen stocks recorded sales exceeding 300,000 shares each and the aggregate transactions in these stocks were over 17,000,000 shares or about 75 per cent. of the total sales of stocks at the Stock Exchange.

The accompanying table shows the total number of shares of each of the sixteen most active stocks sold last month with the net advance in price for the month.

SALES OF ACTIVE STOCKS IN NOVEMBER.

	Shares Sold.	Net Advance Per Cent.		Shares Sold.	Net Advance Per Cent.
Union Pacific	3,201,000	12⅝	Erie	556,000	2¼
Reading	3,129,000	8⅛	Pennsylvania	552,000	2⅞
United States Steel ...	3,115,000	7⅝	Missouri, Kans. & Tex.	368,000	7½
Southern Pacific	1,632,000	11⅝	Rock Island pref.......	355,000	7
Chic., Mil. & St. Paul.	896,000	8½	Consol. Gas	340,000	18⅜
Northern Pacific	890,000	9	Great Northern pref...	330,000	7¾
Amalgamated Copper..	853,000	5½	Atchison	327,000	6¼
Am. Smelt. & Ref.....	621,000	2⅛	New York Central	325,000	12½

Most of these stocks made a substantial advance as in fact did a number of stocks that were less active. The final prices of the month, however, were not at the highest figures recorded in the month, which in many cases were the highest reached this year.

The market took on increased activity and strength immediately after the election on November 3. On Wednesday, November 4, the sales of stocks amounted to 1,359,000 and on every day following until November 23, with the exception of Saturdays, the daily sales exceeded one million shares. The average price of the 16 stocks already mentioned advanced from 101.58 per cent. on October 31 to 102.66 on November 2 and to 104.54 per cent. on the day after the election. The activity and strength of the market may be measured in the comparison presented on top of page 132.

The average price of these stocks had reached nearly 109 on November 17, a gain since October 31 of nearly 7 1-2 per cent. On November 19 Northern Pacific sold ex-dividend of $11.26 per share, which affected the average price of the 16 stocks somewhat, but on November 27 the average was up to 109.17 and at the close of the month it was 108.98.

The market did not go all one way by any means and there were alternate vigorous buying and selling movements. Rapid advances were followed by violent breaks and in the absence of specific causes the course of the market was frequently inexplicable. Satisfaction with election results was at the bottom of the advance. This with some evidence of improvement in the business situation gave the opportunity to advance the market, but there is the suspicion of extensive manipulation which leaves the future course of prices very uncertain.

Probably the most extraordinary advance was that which carried United States Steel common stock to 58 3-4 on November 13, the highest price at which that stock ever sold. While this advance was going on a Congressional committee was at work laying the foundation for tariff revision and as prominent a protectionist as Andrew

DAILY STOCK SALES AND AVERAGE PRICES.

	Total Sales, Shares.	Average Closing Price, 16 Stocks.
Oct. 31	*284,000	101.58
Nov. 2	540,000	102.66
Nov. 4	1,359,000	104.54
Nov. 5	1,136,000	103.94
Nov. 6	1,516,000	105.81
Nov. 7	*932,000	106.75
Nov. 9	1,602,000	106.47
Nov. 10	1,636,000	107.26
Nov. 11	1,614,000	106.69
Nov. 12	1,272,000	107.01
Nov. 13	1,630,000	108.65
Nov. 14	*654,000	108.06
Nov. 16	1,097,000	108.46
Nov. 17	1,092,000	108.96
Nov. 18	1,135,000	108.00
Nov. 19	1,048,000	106.88
Nov. 20	1,284,000	106.92
Nov. 21	*460,000	105.76
Nov. 23	719,000	105.94
Nov. 24	988,000	108.28
Nov. 25	960,000	107.94
Nov. 27	765,000	109.17
Nov. 28	477,000	108.91
Nov. 30	957,000	108.98

* Saturday, only two hours' trading.

Carnegie was declaring himself in favor of the removal of the tariff on steel. The usual effect of proposed tariff revision is to demoralize business in the lines that are affected, but at the present time the prospect seems to have awakened no apprehensions on the part of anybody. Whether the reason is to be found in a doubt, rather widely entertained, that there is to be any substantial reduction in tariff duties is the question.

With the activity in the stock market there were also large dealings in bonds. The month's transactions in bonds reached an aggregate of $136,000,000, the largest for any month in three years. The most interesting event in the bond market was the sale by the city of New York of $12,000,000 4 per cent. 50-year bonds on November 23. The subscriptions exceeded $148,000,000 and the average price realized was 102.385 per cent. The result of this effort on the part of the city to borrow is in striking contrast to the experience of last year. For about six years, from 1900 to 1905, inclusive, the city was able to sell its 3 1-2 per cent. bonds at above par, getting as high as 111 in December, 1900. In 1906 it was forced to issue 4 per cent. bonds and in December of that year the average price obtained was only 101.42. In February, 1907, an issue of 4 per cents. was sold at an average of 100.39. In June following only about $2,000,000, out of a total of $29,000,000 offered, were taken at an average price of 100.094 per cent. In August an attempt to sell $15,000,000 4 per cents. was a practical failure, only $2,700,000 being taken at a price barely above par. Then the city undertook to sell its bonds over the counter and contractors to whom the city owed money took some of the bonds at par and sold them for whatever they could get, the price in some cases being only 93. In September an issue of $35,000,000 4 1-2 per cent. bonds was offered and was oversubscribed, but the average price was only 102.063 per cent. These bonds are now quoted at about 112 in the market.

The fact that the city was able last month to get a higher price for its 4 per cent. bonds than it obtained in September last

PRICE OF SILVER, 1878 TO 1907.

Year.	Price per Ounce. Highest. Pence.	Price per Ounce. Lowest. Pence.	Value of Silver Dollar. Highest. Cents.	Value of Silver Dollar. Lowest. Cents.
1878....	55¼	49½	93.68	83.93
1879....	53¾	48⅞	91.13	82.87
1880....	52 13-16	51½	89.54	87.32
1881....	52⅞	50⅞	89.65	86.26
1882....	52⅜	50	88.80	84.77
1883....	51 3-16	50 1-16	86.79	84.88
1884....	51⅜	49½	87.11	83.93
1885....	50	46⅞	84.77	79.48
1886....	47	42	79.69	71.21
1887....	47⅛	43¼	79.90	73.33
1888....	44 9-16	41⅝	75.56	70.57
1889....	44⅜	41 15-16	75.24	71.10
1890....	54⅝	43⅝	92.62	73.97
1891....	48¾	43½	82.66	73.75
1892....	43¾	37⅞	74.18	64.22
1893....	38¾	30½	65.70	51.71
1894....	31¾	27	53.83	45.78
1895....	31⅜	27 3-16	53.20	46.10
1896....	31 15-16	29¾	54.15	50.44
1897....	29 13-16	23⅝	50.55	40.06
1898....	28⅜	25	48.11	42.39
1899....	29	26⅝	49.17	45.14
1900....	30¼	27	51.21	45.78
1901....	29 9-16	24 15-16	50.12	42.28
1902....	26 1-16	21 11-16	44.19	36.77
1903....	28½	21 11-16	48.32	36.77
1904....	28 9-16	24 7-16	48.43	41.43
1905....	30 5-16	25 7-16	51.39	43.13
1906....	33⅛	29	56.16	49.17
1907....	32 7-16	24¼	55.00	41.12

year for its 4 1-2 per cent. bonds is an encouraging indication of the change that is taking place in the financial situation.

The price of silver declined last month to the lowest point recorded since 1903 and to within 1-2d. of the lowest ever known. The low price last month was 22 3-16d. per ounce English standard, at which figure the bullion value of our standard silver dollar would be only about 37.6 cents. To bring the value to par the English price of silver should advance to 59 pence per ounce. At no time in the last 30 years has the price of silver reached that level. The highest price in that period was 55 1-4d. in 1878, making the silver dollar worth 93.68 cents, and the next highest price was 54 5-8d. in 1890, when the dollar was worth 92.62 cents. Since 1893 the value in bullion of the silver dollar has fluctuated between 56.16 and 36.77 cents, the higher value being recorded in 1906 and the lower in 1902 and 1903. The yearly fluctuation in the price of silver and the value of the silver dollar in the last thirty years is shown in table on page 132.

It may be interesting to note that the government under the Act of 1878 purchased $308,000,000 of silver at an average price equivalent to about 82 cents for each silver dollar, and under the Act of 1890 about $156,000,000 at 71 1-2 cents per dollar.

The production of silver in the United States in recent years has been well up to the maximum record, excepting in the years 1892 and 1893, when the yield was 63,500,000 and 60,000,000 ounces, respectively. During the last four years the annual production has been from 56,000,000 to 57,000,000 ounces. On the other hand, there has been a constant reduction in the net exports of silver since 1904. In that year the exports were $24,000,000, and in 1907 only $15,700,000. In the ten months ended October 31, 1908, the net exports were only about $8,600,000 as compared with nearly $15,000,000 for the same time in 1907. The accompanying table shows the production of silver and net exports of the United States in five-year periods since 1872.

The amount of silver produced in the United States in the last five years exceeds that of any previous period, but the reduced price makes the value less than in any other period since 1872, excepting in the five years ended 1902. The net exports were greatly increased after 1890, in which year they were only about $4,000,000, rising to $33,000,000 in 1896, but they have since materially decreased. The excess of production over exports in the last five years was $78,000,000, as compared with $42,000,000 in the previous five years and with $197,000,000 in the five years 1888 to 1892.

The recent heavy reduction in lawful money on deposit with the United States Treasurer to retire national bank circulation has reawakened attention to the peculiar system which governs the inflation and contraction of our bank currency. Between October 1, 1907, and January 1, 1908, when the need of money was particularly pressing the national banks increased their deposits of government bonds to secure circulation by about $90,000,000. After January 1 the banks began to withdraw their bonds and by July 1 the circulation secured by bonds was reduced $20,000,000, while over $28,000,000 of lawful money was deposited to retire circulation. Instead, therefore, of a decrease in note circulation of $20,000,000 between January 1 and July 1 there was an actual increase of $8,000,000.

Now the pendulum has swung the other way. Circulation secured by bonds increased $3,500,000 between July 1 and November 1, while that based on lawful money decreased $36,000,000, making the decrease in bank notes outstanding during that time $32,500,000. A table on page 132 shows the monthly change in note circulation based on government bonds and on lawful money:

The lawful money now on deposit to retire circulation is about what it has been during the previous ten years. From January 1, 1898, to January 1, 1907, the smallest amount was $28,044,373 on June 1, 1901, and the largest $46,399,102 on December 1, 1907, while the average has been about $35,000,000. Only once have the deposits of lawful money exceeded the total of $75,000,000 reported on July 1 last. In 1886 this fund began to accumulate and between January 1 of that year and July 1, 1887 it increased from $42,976,706 to $107,588,447, bond secured circulation falling during the same time from $274,466,748 to $171,629,341.

PRODUCTION AND EXPORTS OF SILVER.

	Production. Ounces.	Production. Value.	Net Exports.	Amount. Retained.
1873-1877	141,831,900	$175,196,300	$99,473,498	$75,722,802
1878-1882	166,361,200	189,358,500	25,134,620	164,223,880
1883-1887	194,801,600	204,412,800	61,900,784	142,512,016
1888-1892	272,233,500	260,418,100	63,310,783	197,107,317
1893-1897	277,921,800	186,638,200	146,628,809	40,009,391
1898-1902	277,563,500	163,261,600	120,766,448	42,495,152
1903-1907	281,528,955	172,827,980	94,700,760	78,127,220

While the decrease in circulation secured by bonds was $102,000,000 the decrease in bank notes outstanding was only $38,000,000. The decrease in lawful money deposits after July, 1887, was slow and it was not until September, 1889, that they fell below $75,000,000 and not until February, 1891, that they got below $50,000,000.

An improvement in the foreign trade situation has been taking definite shape recently and the worst effects of last year's panic appear to have been experienced in that quarter. A loss of $135,000,000 in exports in eight months and of $325,000,000 in imports in thirteen months approximates a disaster, and the fact that in October imports were only $16,000,000 less than the high record of October, 1906, and exports only $15,000,000 less is in a measure very encouraging. Imports in October aggregated $102,000,000 and exports $172,000,000, making the total movement $274,000,000. This is some $50,000,000 less than the maximum for any single month, but it is $84,000,000 more than the total for August last, when the aggregate movement was the smallest in three years.

As the prosperity of a country is to be measured not by its exports alone, but by its aggregate trade, in and out, a gauge of the present and recent conditions may be had from a comparison of the total combined exports and imports in the last two years.

The total foreign trade in the twelve months ended October 31, 1906, amounted to $3,061,076,795 and increased in the following year to $3,358,988,677, a gain of $297,911,882. There was a monthly increase of from about $24,000,000 to nearly $39,000,000 up to August, 1907, then a decline set in and since November, 1907, there has been a decrease every month. In March, April, May and July this year there was a monthly decrease of from $63,000,000 to $66,000,000, but in September the decrease was less than $4,000,000 and in October of $18,000,000. The October figures are even less favorable as the comparison is with a decrease of $13,000,000 in that month last year.

CHANGES IN NATIONAL BANK CIRCULATION.

	Circulation Secured by U. S. Bonds. Amount.		Change in Month.	Circulation Secured by Lawful Money. Amount.		Change in Month.
Oct. 1, 1907	$556,101,330		....	$47,885,784		....
Nov. 1, 1907	562,727,615	Inc.	$6,626,285	47,252,851	Dec.	$632,933
Dec. 1, 1907	610,156,008	Inc.	47,428,393	46,062,188	Dec.	1,190,663
Jan. 1, 1908	643,459,899	Inc.	33,303,891	46,670,996	Inc.	608,808
Feb. 1, 1908	641,919,664	Dec.	1,540,235	53,483,098	Inc.	6,812,102
Mar. 1, 1908	632,458,712	Dec.	9,460,952	63,215,807	Inc.	9,732,709
Apr. 1, 1908	628,834,336	Dec.	3,624,376	67,573,019	Inc.	4,357,212
May 1, 1908	625,425,375	Dec.	3,408,961	72,220,323	Inc.	4,647,304
June 1, 1908	624,714,147	Dec.	711,228	73,735,370	Inc.	1,515,047
July 1, 1908	623,250,517	Dec.	1,463,630	75,083,400	Inc.	1,348,030
Aug. 1, 1908	625,360,982	Inc.	2,110,465	66,728,009	Dec.	8,355,391
Sept. 1, 1908	625,986,993	Inc.	626,011	58,076,953	Dec.	7,388,894
Oct. 1, 1908	626,972,885	Inc.	985,892	48,639,442	Dec.	10,699,673
Nov. 1, 1908	626,778,555	Dec.	194,330	39,065,637	Dec.	9,573,805

TOTAL IMPORTS AND EXPORTS.

	1906-1907. Total.	Increase over Previous Yr.	1907-1908. Total.	Increase over Previous Yr.
November	$302,412,028	$33,799,793	$315,407,133	$12,995,105
December	324,749,737	23,868,418	299,361,980	*25,387,757
January	315,883,878	38,759,300	291,112,232	*24,771,646
February	282,522,904	36,523,467	252,509,683	*30,013,221
March	294,795,398	35,687,114	230,701,756	*64,093,642
April	287,005,856	35,307,735	220,795,783	*66,210,073
May	261,271,674	25,814,090	197,653,006	*63,618,668
June	250,249,845	24,435,791	207,476,208	*42,773,637
July	253,171,428	38,885,705	189,635,069	*63,536,359
August	253,076,490	17,578,007	201,626,591	*51,449,899
September	241,683,522	568,245	237,772,483	*3,911,039
October	292,165,917	*13,315,783	274,143,631	*18,022,286
Twelve months	$3,358,988,677	$297,911,882	$2,918,195,555	*$440,793,122

* Decrease.

Money Rates in New York City.

	July 1.	Aug. 1.	Sept. 1.	Oct. 1.	Nov. 1.	Dec. 1.
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
Call loans, bankers' balances	1¼–2	1 –1¼	1 –1¼	1¼–2	1 –2	1½–2
Call loans, banks and trust companies	1 –	1 –	1 –	1¼–	1 –	1½–
Brokers' loans on collateral, 30 to 60 days	1½–2	2 –	1¾–2	2¼–½	2¾–3	2½–¾
Brokers' loans on collateral, 90 days to 4 months	2 –2¾	2½–3½	2 –3½	2½–3¼	3 –¼	2¾–3
Brokers' loans on collateral, 5 to 7 months	3¼–4	3½–4	3½–¾	3½–	3½–¾	3½–½
Commercial paper, endorsed bills receivable, 60 to 90 days	3½–	3 –3½	3 –3½	4 –	4 –	3¾–
Commercial paper, prime single names, 4 to 6 months	4½–	4 –4¼	4 –4½	4 –4½	4 –4½	4 –4½
Commercial paper, good single names, 4 to 6 months	4½–5	4½–5	4½–5	4½–5	4½–5½	4½–5

New York Clearing House Banks—Average Condition at Close of Each Week.

Dates.	Loans.	Specie.	Legal tenders.	Net Deposits.	Surplus Reserve.	Circulation.	Clearings.
Oct. 31...	$1,333,365,600	$305,162,400	$81,280,800	$1,411,416,300	$33,589,125	$52,983,500	$1,557,851,200
Nov. 7...	1,323,142,100	301,116,900	78,393,300	1,396,920,900	30,279,975	52,634,100	1,809,411,100
" 14...	1,328,147,600	302,088,100	79,004,500	1,403,522,600	30,211,950	52,431,800	2,345,970,500
" 21...	1,332,773,100	303,390,500	79,716,200	1,414,028,300	29,599,625	47,901,300	2,172,383,000
" 28...	1,340,537,100	304,427,200	80,047,200	1,425,375,000	28,130,650	45,542,100	1,689,119,200

Deposits and Surplus Reserve on or About the First of Each Month.

Month.	1906.		1907.		1908.	
	Deposits.	Surplus Reserve.	Deposits.	Surplus Reserve.	Deposits.	Surplus Reserve.
January	$977,651,300	$4,292,575	$981,301,100	$5,369,225	$1,050,925,400	*$20,170,350
February	1,061,403,100	11,127,625	1,076,720,000	12,634,100	1,138,501,500	40,526,752
March	1,029,545,000	5,008,755	1,038,431,800	3,857,650	1,167,623,700	29,262,675
April	1,004,290,500	5,131,270	1,019,817,300	13,131,275	1,189,334,300	39,788,525
May	1,028,683,200	10,367,400	1,106,183,300	12,346,775	1,257,759,200	62,352,900
June	1,036,751,100	6,816,025	1,128,194,600	12,782,450	1,285,788,800	47,910,000
July	1,049,617,000	12,055,750	1,092,031,700	2,509,275	1,320,176,400	66,098,800
August	1,060,116,900	18,892,475	1,099,302,400	7,473,200	1,365,401,300	59,083,575
September	1,042,057,200	2,869,400	1,046,655,800	8,756,450	1,394,617,300	65,608,970
October	1,034,059,000	12,540,350	1,055,193,700	5,646,575	1,396,771,400	42,289,655
November	1,015,824,100	3,049,775	1,051,786,900	*38,838,825	1,411,416,300	33,589,120
December	998,634,700	1,449,125	1,083,283,300	*52,989,425	1,425,375,000	28,130,650

Deposits reached the highest amount, $1,425,375,000, on November 28, 1908; loans, $1,340,537,100 on November 28, 1908, and the surplus reserve $111,623,000 on Feb. 3, 1894. *** Deficit.**

October, 1906, was, however, an exceptionally favorable month, imports showing an increase of nearly $11,000,000 over the same month in 1905 and exports of $33,000,000, making a total gain of $44,000,000. For the twelve months this year the loss in foreign trade exceeds $140,000,000, or $142,000,000 more than the increase in the previous twelve months.

The Money Market.—The local money market continues easy and the supply at present seems to be in excess of the demand. Call money has been in light request while time money is freely offered at concessions. Little commercial paper is offering. At the close of the month call money ruled between 1½@2 per cent., with the average about 1¾ per cent. Banks and trust companies loaned at 1½ per cent. as the minimum. Time money on Stock Exchange collateral is quoted at 2½@2¾ per cent. for sixty days, 2¾@3 per cent. for ninety days, 3 per cent. for four months, and 3¼@3½ per cent. for five to six months, on good mixed collateral. For commercial paper the rates are 3¾ per cent. for sixty to ninety days' endorsed bills receivable 4@4½ per cent. for first-class four to six months' single names, and 4½@5 per cent. for good paper having the same length of time to run.

New York Banks.—The final statement of the New York clearing-house banks for the month shows that loans and deposits were reported on rising averages and reserves on declining averages. Average loans on November 28 were $1,340,000,000, the largest ever recorded, while the actual figures were $1,348,000,000. Average deposits were $1,425,000,000, also the largest on record, while the actual deposits were $1,432,000,000. Reserves averaged $384,000,000,

New York Clearing House Banks—Actual Condition.

Dates.	Loans.	Specie.	Legal Tenders.	Net Deposits.	Reserve Held.
Oct. 31	$1,328,436,000	$304,604,300	$80,071,200	$1,404,706,100	$384,675,500
Nov. 7	1,318,234,700	300,237,100	79,093,300	1,391,422,600	379,330,400
" 14	1,330,159,700	302,108,300	79,752,200	1,408,087,100	381,860,500
" 21	1,337,942,000	305,781,500	80,232,000	1,422,389,100	386,013,500
" 28	1,348,282,700	301,300,600	80,659,600	1,432,316,300	381,960,200

State Banks and Trust Companies Outside of Clearing House—Average Condition.

Dates.	Loans.	Specie.	Legal Tenders.	Net Deposits.	Gross Deposits.	Reserve on Deposits
Oct. 31	$976,105,400	$87,937,800	$14,951,600	$892,406,100	$1,083,505,400	$332,096,400
Nov. 7	972,068,700	88,535,100	14,644,600	889,441,700	1,077,240,200	324,587,500
" 14	979,911,500	88,413,400	15,374,200	894,968,300	1,078,426,800	318,462,300
" 21	985,306,400	89,242,800	15,168,900	902,360,200	1,090,479,900	322,142,200
" 28	991,191,200	90,551,200	15,399,400	910,348,300	1,104,841,100	329,479,600

State Banks—Average Condition.

Dates.	Loans.	Specie.	Legal Tenders.	Gross Deposits.	Reserve on Deposits.
Oct. 31	$282,869,200	$60,066,400	$26,236,500	$342,915,700	$108,878,900
Nov. 7	282,150,900	59,507,100	24,067,800	338,047,100	103,432,700
" 14	287,847,900	58,448,900	24,310,000	343,831,200	102,805,900
" 21	288,756,100	57,512,700	24,670,900	343,640,100	102,810,800
" 28	288,097,500	58,395,800	25,309,400	345,841,500	106,247,800

Trust Companies—Average Condition.

Dates.	Loans.	Specie.	Legal Tenders.	Gross Deposits.	Reserve on Deposits.
Oct. 31	$886,080,200	$81,823,500	$7,406,500	$974,942,200	$299,869,000
Nov. 7	881,840,300	82,590,700	7,191,500	970,725,800	294,763,900
" 14	890,068,600	82,324,100	7,578,300	971,721,700	287,786,400
" 21	895,039,800	83,242,800	7,465,400	983,146,700	291,228,300
" 28	900,570,600	84,556,200	7,475,900	996,845,900	297,815,300

Non-Member Banks—New York Clearing-House.

Dates.	Loans and Investments.	Deposits.	Specie.	Legal tender and bank notes.	Deposit with Clearing-House agents.	Deposit in other N. Y. Banks.	Surplus Reserve.
Oct. 31	$89,850,100	$109,027,600	$6,486,300	$8,002,900	$14,557,400	$6,169,300	$7,959,000
Nov. 7	90,116,400	107,666,300	6,502,100	7,820,900	13,569,500	5,679,800	6,681,725
" 14	90,462,300	109,686,500	6,633,900	8,302,500	14,733,600	5,930,800	8,179,175
" 21	90,560,400	110,394,900	6,614,200	8,188,200	15,564,100	6,010,900	8,778,675
" 28	90,467,300	109,211,800	6,525,500	8,406,600	15,599,400	5,815,600	9,044,150

Boston Banks.

Dates.	Loans.	Deposits.	Specie.	Legal Tenders.	Circulation.	Clearings.
Oct. 31	$210,262,000	$262,714,000	$25,428,000	$3,908,000	$10,288,000	$138,554,600
Nov. 7	207,497,000	265,310,000	25,495,000	3,990,000	10,267,000	180,565,400
" 14	212,420,000	265,734,000	26,645,000	4,119,000	10,198,000	186,294,800
" 21	210,429,000	263,669,000	26,694,000	4,058,000	8,783,000	187,431,100
" 28	210,756,000	257,054,000	25,650,000	4,408,000	8,621,000	....

while the actual were below $382,000,000. Average loans increased $7,000,000 during the month and actual loans nearly $10,000,000. Average deposits increased nearly $14,000,000 and actual deposits over $27,000,000. Average deposits are $342,000,000 larger than they were a year ago, while there is a surplus reserve of $28,000,000, as compared with a deficit of nearly $53,000,000 last year. The surplus reserve is $5,000,000 less than it was a month ago and is smaller than at any time since the recovery from the panic began.

Foreign Banks.—The Bank of England lost $4,000,000 gold in November while the Bank of France gained $67,000,000, the Bank of Germany $5,000,000 and the Bank of Russia $5,000,000. The three first named banks together hold $225,000,000 more gold than they had a year ago while Russia has lost $18,000,000 in the twelve months.

Foreign Exchange.—After declining during the first half of the month sterling exchange began to advance and has steadily moved toward the gold exporting point since. Selling of American securities abroad and a short interest in exchange have been the main influences which caused the advance. That there will be any important export of gold is not, however, generally believed.

Money Rates Abroad.—Rates for money

Philadelphia Banks.

Dates.	*Loans.*	*Deposits.*	*Lawful Money Reserve.*	*Circulation.*	*Clearings.*
Oct. 31	$245,844,000	$302,848,000	$81,618,000	$13,931,000	$106,441,700
Nov. 7	246,167,000	307,082,000	82,587,000	13,908,000	119,571,100
" 14	247,425,000	309,087,000	82,175,000	13,357,000	139,225,000
" 21	247,004,000	308,502,000	80,551,000	13,230,000	142,022,100
" 28	245,905,000	307,837,000	82,053,000	13,228,000	....

Gold and Silver in the European Banks.

	Oct. 1, 1908.		*Nov. 1, 1908.*		*Dec. 1, 1908.*	
	Gold.	*Silver.*	*Gold.*	*Silver.*	*Gold.*	*Silver.*
England	£38,017,545	....	£36,376,341	....	£35,577,714	....
France	129,656,957	35,806,332	121,803,855	£35,602,841	135,287,326	£35,670,752
Germany	35,809,000	14,859,000	39,208,100	16,249,000	40,395,000	16,740,000
Russia	120,052,000	7,257,000	121,445,000	6,603,000	122,402,000	6,419,000
Austria-Hungary	48,545,000	13,037,000	48,710,000	12,557,000	48,874,000	12,523,000
Spain	15,724,000	33,809,000	15,755,000	32,942,000	15,778,000	32,611,000
Italy	37,037,000	4,500,000	36,928,000	4,425,000	37,176,000	4,450,000
Netherlands	7,769,600	4,095,200	7,772,300	3,986,000	8,078,700	3,927,100
Nat. Belgium	4,016,000	2,008,000	4,088,000	2,044,000	4,140,000	2,070,000
Sweden	4,132,000	....	4,180,000	....	4,248,000	....
Switzerland	4,604,000	....	4,676,000	....	4,705,000	....
Norway	1,629,000	....	1,730,000	....	1,732,000	....
Totals	£446,992,102	£115,371,532	£452,672,496	£114,408,841	£458,393,740	£114,410,852

Rates for Sterling at Close of Each Week.

Week ended.	Bankers' Sterling.		*Cable transfers.*	*Prime commercial, Long.*	*Documentary Sterling, 60 days.*
	60 days.	*Sight.*			
Oct. 31	4.8425 @ 4.8450	4.8620 @ 4.8630	4.8645 @ 4.8655	4.83½ @ 4.83¾	4.83¼ @ 4.84¼
Nov. 7	4.8375 @ 4.8385	4.8575 @ 4.8585	4.8605 @ 4.8615	4.83⅜ @ 4.83½	4.82¾ @ 4.84
" 14	4.8360 @ 4.8370	4.8575 @ 4.8580	4.8605 @ 4.8610	4.83¼ @ 4.83⅜	4.82⅝ @ 4.84
" 21	4.8400 @ 4.8410	4.8620 @ 4.8630	4.8640 @ 4.8650	4.83⅝ @ 4.83¾	4.82¾ @ 4.84⅜
" 28	4.8440 @ 4.8450	4.8655 @ 4.8660	4.8680 @ 4.8690	4.83⅞ @ 4.84	4.83¼ @ 4.84¾

Foreign Exchange—Actual Rates on or About the First of Each Month.

	Aug. 1.	*Sept. 1.*	*Oct. 1.*	*Nov. 1.*	*Dec. 1.*
Sterling Bankers—60 days	4.85¼— ⅜	4.84¼— ½	4.85 — ⅛	4.84¼— ½	4.84½— ⅝
" " Sight	4.86⅞—87	4.85¾— ⅞	4.86¼— ⅜	4.86¼— ⅜	4.86⅝— ¾
" " Cables	4.87 — ⅛	4.86 —	4.86½— ⅝	4.86⅜— ½	4.86⅞— 7
" Commercial long	4.85 — ⅛	4.83¼— ¾	4.83⅞— 4¾	4.83½— ¾	4.84 — ¼
" Docu'tary for paym't	4.84½—85	4.83 —84	4.84¼— ⅝	4.83¼— 4¼	4.83⅝— ¾
Paris—Cable transfers	5.15⅝—	5.16⅞—	5.15⅝— —	5.15⅝—	5.15⅝—
" Bankers' 60 days	5.17½—16⅞	5.18¾— ⅛	5.18⅛— —	5.18⅛—17½	5.18⅛—17½
" Bankers' sight	5.16¼—15⅝	5.17½—16⅞	5.16¼— —	5.16¼—	5.15⅝—
Swiss—Bankers' sight	5.15 3/32— 1/16	5.16 — ⅞	5.16⅞— ¼	5.16¼—	5.16¼—
Berlin—Bankers' 60 days	95⅛— 3/16	94¾— ⅞	94 13/16— 15/16	94¾— 13/16	94⅝— 11/16
" Bankers' sight	95 7/16— ½	95 3/16— ¼	95 5/16— ⅜	95⅛—	95 11/16— ⅛
Amsterdam—Bankers' sight	40 5/16—	40¼—	40 6/16— —	40 5/16—	40 5/16— 1/16
Kronors—Bankers' sight	26⅞—27	26 13/16— ⅞	26 13/16— 15/16	26⅞— 15/16	26 13/16— ⅞
Italian lire—sight	5.15⅝ −15	5.16¼—	5.16⅞— ¼	5.16⅞— ¼	5.16¼—

Bank of England Statement and London Markets.

	Aug. 31, 1908.	*Sept. 30, 1908.*	*Oct. 31, 1908.*	*Nov. 30, 1908.*
Circulation	£29,252,000	£29,549,700	£28,558,400	£28,526,600
Public deposits	7,876,000	8,091,600	7,650,100	9,275,600
Other deposits	44,233,000	42,516,300	41,296,200	42,793,200
Government securities	15,532,000	15,732,300	14,730,500	14,730,533
Other securities	28,508,000	26,237,100	25,655,300	29,592,700
Reserve of notes and coin	27,929,000	26,917,300	26,267,100	25,501,500
Coin and bullion	38,731,862	38,027,545	36,396,341	35,577,714
Reserve to liabilities	53.60%	53.15%	53.62%	48.92%
Bank rate of discount	2 1/2%	2 1/2%	2 1/2%	2 1/2%
Price of Consols (2 1/2 per cents.)	86 1/8	85 3/4	84 5/8	84 1/16
Price of silver per ounce	23 5/8d.	23 7/8d.	23 1/4d.	22 5/16d.

Monthly Range of Silver in London—1906, 1907, 1908.

Month.	1906.		1907.		1908.		Month.	1906.		1907.		1908.	
	High	*Low.*	*High*	*Low.*	*High*	*Low.*		*High*	*Low.*	*High*	*Low.*	*High*	*Low*
January	30 1/4	29 11/16	32 7/16	31 1/4	26 3/4	25 1/8	July	30 7/16	29 13/16	31 15/16	31	24 7/8	24 3/16
February	30 13/16	30 1/8	32 1/8	31 1/8	26 5/16	25 1/4	August	30 13/16	29 7/8	32 3/16	31 1/8	24 3/16	23 5/8
March	30 7/16	29	32 3/16	30 5/8	25 13/16	25 7/16	September	31 3/4	30 13/16	31 5/16	31 1/8	24 1/8	23 5/16
April	30 3/16	29 5/8	30 1/8	30	25 1/8	24 5/16	October	32 5/16	31 11/16	30 7/8	27 7/16	24	23
May	31 1/8	30 3/16	31 1/8	29 13/16	24 13/16	24	November	33 1/8	32	27 13/16	26 5/16	23 3/4	22 3/16
June	31 3/16	29 5/8	31 3/16	30 5/8	25 3/8	24 1/4	December	32 3/16	31 5/16	26 11/16	24 3/16		

Foreign and Domestic Coin and Bullion—Quotations in New York.

	Bid.	*Asked.*		*Bid.*	*Asked*
Sovereigns	$4.85	$4.88	Mexican doubloons	$15.50	$15.65
Bank of England notes	4.80	4.90	Mexican 20 pesos	19.50	19.65
Twenty francs	3.90	3.96	Ten guilders	3.95	4.00
Twenty marks	4.75	4.80	Mexican dollars	.45	.51
Twenty-five pesetas	4.78	4.82	Peruvian soles	.37	.41
Spanish doubloons	15.50	15.65	Chilian pesos	.37	.41

Bar silver in London on the first of this month was quoted at 22 5/16d. per ounce. New York market for commercial silver bars, 48 5/8 @ 49 7/8c. Fine silver (Government assay), 48 1/4 @ 50c. The official price was 48 5/8c.

Exports and Imports of the United States.

Month of October.	Merchandise.				Gold Balance.		Silver Balance.	
	Exports.	*Imports.*	*Balance.*					
1903	$160,388,508	$81,921,147	Exp.,	$78,467,361	Imp.,	$4,673,859	Exp.,	$405,534
1904	162,527,943	92,777,920	"	69,750,023	"	4,189,626	"	1,767,984
1905	154,372,979	107,444,909	"	46,928,070	"	10,411,436	"	2,079,371
1906	187,353,348	118,128,352	"	69,224,996	"	20,176,308	Imp.,	333,505
1907	180,253,296	111,912,621	"	68,340,675	"	796,208	Exp.,	1,454,302
1908	172,000,804	102,142,827	"	69,857,977	"	1,830,131	"	633,852
Ten Months.								
1903	1,149,664,979	840,719,383	Exp.,	308,945,596	Exp.,	5,222,320	Exp.,	8,687,500
1904	1,147,996,824	844,172,259	"	303,824,565	"	10,155,612	"	21,220,673
1905	1,256,924,354	979,717,437	"	277,206,917	"	1,926,883	"	17,015,563
1906	1,425,187,772	1,066,395,469	"	358,792,303	Imp.,	96,162,363	"	12,113,765
1907	1,511,841,992	1,219,984,920	"	291,857,072	Exp.,	18,221,385	"	14,936,871
1908	1,402,768,153	900,658,289	"	502,109,864	"	28,679,276	"	8,623,528

in the principal money centres in Europe are but little changed from those ruling a month ago. The posted bank rates have not been advanced or reduced. Open market rates in London and Paris have advanced. Discounts of sixty to ninety-day bills in London at the close of the month were 2 1/2 per cent., against 2 1/2 @ 2 3/8 per cent. a month ago. The open market rate at Paris was 2 1/4 per cent. against 2 1/8 @ 2 1/4 per cent. a month ago, and at Berlin and Frankfort 2 5/8 @ 2 3/4 per cent., against 2 3/4 @ 2 7/8 per cent. a month ago.

Silver.—The silver market in London was very weak, the price falling to 22 3-16d., the lowest recorded since 1903. The final price of the month was 22 5-16d., a net decline since October 31 of 15-16d.

Foreign Trade.—Both imports and exports of merchandise in October showed a substantial gain over earlier months of the year although neither have reached the figures of 1906 or 1907. For the first time since November, 1907, imports crossed the $100,000,000 line. They were in excess of $102,000,000, or about $10,000,000 less than in October, 1907, and $16,000,000 less than in 1906. Compared with July last imports have increased $16,000,000. Exports in October were valued at $172,000,000. This is the largest total for any month this year excepting January, and is larger than for

National Bank Circulation.

	Aug. 31, 1908.	Sept. 30, 1908.	Oct. 31, 1908.	Nov. 30, 1908.
Total amount outstanding	$685,326,108	$675,612,327	$665,844,192	$667,178,177
Circulation based on U. S. bonds	625,986,993	626,972,885	626,778,555	614,907,265
Circulation secured by lawful money	59,339,115	48,639,442	39,065,637	52,270,912
U. S. bonds to secure circulation:				
Four per cents. of 1925	14,677,450	14,945,450	14,960,450	14,588,450
Three per cents. of 1908-1918	10,086,600	10,057,260	10,468,520	12,005,580
Two per cents. of 1930	554,955,200	555,508,060	554,700,700	552,878,200
Panama Canal 2 per cents	37,701,740	38,424,680	38,558,680	39,019,460
Certificates of Indebtedness 3 per cent	14,186,500	13,936,500	15,936,500	6,250
Total	$631,607,490	$632,871,890	$632,624,850	$618,497,940

The National Banks have also on deposit the following bonds to secure public deposits: 4 per cents. of 1925, $7,239,250; 3 per cents. of 1908-1918, $8,011,400; 2 per cents. of 1930, $49,083,950; Panama Canal 2 per cents. $14,267,000; District of Columbia 3.65's, 1924, $2,403,000; Hawaiian Islands bonds, $1,777,000; Philippine loan, $8,411,000; state, city and railroad bonds, $44,795,946; Porto Rico, $736,000; certificates of indebtedness 3 per cent., $——; a total of $136,724,546.

United States Treasury Receipts and Expenditures.

Receipts.

Source.	November, 1908.	Since July 1, 1908.
Customs	$22,932,989	$114,463,923
Internal revenue	21,832,556	106,210,889
Miscellaneous	3,237,145	22,429,544
Total	$48,002,690	$243,104,356
Excess of receipts	*$9,935,443	*$54,019,018

*Excess of expenditures.

Expenditures.

Source.	November, 1908.	Since July 1, 1908.
Civil and mis.	$10,637,082	$70,861,917
War	10,287,865	56,199,399
Navy	11,224,337	48,255,210
Indians	1,867,396	7,855,709
Pensions	14,713,613	68,052,855
Public works	7,088,471	35,268,067
Interest	2,219,369	10,630,217
Total	$57,938,133	$297,123,374

United States Public Debt.

	Sept. 1, 1908.	Oct. 1, 1908.	Nov. 1, 1908.	Dec. 1, 1908.
Interest-bearing debt:				
Consols of 1930, 2 per cent	$646,250,150	$646,250,150	$646,250,150	$646,250,150
Loan of 1925, 4 per cent	118,489,900	118,489,900	118,489,900	118,489,900
Loan of 1908-1918, 3 per cent	63,945,460	63,945,460	63,945,460	63,945,460
Panama Canal Loan of 1916, 2 per cent	54,631,980	54,631,980	54,631,980	54,631,980
Certificates of Indebtedness 1908	14,186,500	13,936,500	13,936,500	....
Total interest-bearing debt	$897,503,990	$897,253,990	$897,253,990	$883,817,490
Debt on which interest has ceased	3,867,625	3,823,195	3,738,235	3,647,265
Debt bearing no interest:				
Legal tender and old demand notes	346,734,298	346,734,298	346,734,298	346,734,298
National bank note redemption acct	48,808,438	42,642,365	39,069,430	50,259,945
Fractional currency	6,862,374	6,862,374	6,861,924	6,861,924
Total non-interest bearing debt	$402,405,110	$396,239,037	$392,665,652	$403,856,167
Total interest and non-interest debt	1,303,776,726	1,297,316,223	1,293,657,878	1,290,820,923
Certificates and notes offset by cash in the Treasury:				
Gold certificates	837,564,869	842,045,869	850,817,869	863,262,869
Silver certificates	487,768,000	488,208,000	488,793,000	488,125,000
Treasury notes of 1890	4,847,000	4,767,000	4,705,000	4,649,000
Total certificates and notes	$1,330,179,869	$1,335,020,869	$1,344,315,869	1,356,036,869
Aggregate debt	2,633,956,595	2,632,337,092	2,637,973,747	2,646,857,792
Cash in the Treasury:				
Total cash assets	1,786,442,021	1,779,635,023	1,770,503,682	$1,772,900,071
Demand liabilities	1,446,551,883	1,450,582,450	1,453,621,429	1,471,512,709
Balance	$339,890,138	$329,052,573	$316,822,253	$301,387,362
Gold reserve	150,000,000	150,000,000	150,000,000	150,000,000
Net cash balance	189,890,138	179,052,573	166,882,253	151,387,362
Total	$339,890,138	$329,052,573	$316,882,253	$301,387,362
Total debt, less cash in the Treasury	963,886,588	968,263,650	976,775,625	989,433,561

October in any previous year excepting 1906 and 1907, when the exports aggregated $187,000,000 and $180,000,000 respectively. The net balance of exports exceeded $69,000,000 or about the same as in the previous two years. There was a gain from imports of $1,800,000 gold.

fiscal year revenues show a decrease of $27,000,000 and expenditures an increase of $26,000,000.

UNITED STATES PUBLIC DEBT.—The certificates of indebtedness of 1908 amounting to $13,936,500 were all retired last month except $6,250 still held to secure bank circulation. The cash balance in the Treasury was reduced $15,500,000 and the total debt less cash assets was increased nearly $13,000,000. There was an increase of more than $12,000,000 in gold certificates outstanding, the amount of which now exceeds $863,000,000. The gold certificates now exceed in amount the combined issues of legal tender notes and silver certificates.

MONEY IN CIRCULATION IN THE UNITED STATES.

	Sept. 1, 1908.	Oct. 1, 1908.	Nov. 1, 1908.	Dec. 1, 1908.
Gold coin	$619,990,263	$615,955,118	$610,060,562	$616,998,061
Silver dollars	74,891,095	75,084,147	74,740,245	75,218,693
Subsidiary silver	124,005,574	124,024,077	131,663,701	133,260,840
Gold certificates	806,653,109	805,667,764	807,246,389	813,644,839
Silver certificates	475,083,723	475,843,942	483,899,842	480,742,500
Treasury notes, Act July 14, 1890	4,837,418	4,750,809	4,691,225	4,638,857
United States notes	341,311,926	341,190,465	342,994,056	343,637,183
National bank notes	630,633,800	635,783,039	643,202,001	649,426,060
Total	$3,077,406,908	$3,078,299,361	$3,098,498,021	$3,117,561,033
Population of United States	87,733,000	87,852,000	87,971,000	88,090,000
Circulation per capita	$35.07	$35.04	$35.22	$35.39

NATIONAL BANK CIRCULATION.—While there was an increase of $1,333,000 in national bank circulation in November the bond secured circulation was reduced nearly $12,000,000 by reason of the retirement of the 3 per cent. certificates of indebtedness issued a year ago. As the certificates were withdrawn lawful money was deposited to retire circulation increasing that fund over $13,000,000 during the month.

MONEY IN THE UNITED STATES TREASURY

	Sept. 1, 1908.	Oct. 1, 1908.	Nov. 1, 1908.	Dec. 1, 1908.
Gold coin and bullion	$1,021,568,685	$1,027,726,268	$1,039,298,182	$1,041,846,060
Silver dollars	493,369,887	493,176,835	493,519,567	493,046,119
Subsidiary silver	23,774,263	21,746,013	19,272,269	17,913,465
United States notes	5,369,090	5,490,551	3,686,960	3,043,833
National bank notes	54,692,308	39,829,288	22,642,191	17,752,117
Total	$1,598,774,233	$1,587,968,955	$1,578,419,169	$1,573,601,624
Certificates and Treasury notes, 1890, outstanding	1,286,574,250	1,286,262,515	1,295,837,456	1,299,025,696
Net cash in Treasury	$312,199,983	$301,706,440	$282,581,713	$274,575,928

GOVERNMENT REVENUES AND DISBURSEMENTS.—The Treasury reports another deficit of nearly $10,000,000 for November, making the total since July 1, $54,000,000. Compared with a year ago the month's receipts increased $2,500,000 and expenditures $15,500,000. For the five months of the

MONEY IN CIRCULATION IN THE UNITED STATES.—The volume of money in circulation increased $19,000,000 in November, nearly $7,000,000 being in gold coin and $6,000,000 in gold certificates. National bank notes also increased $6,000,000. The per capita circulation increased from $35.22 to $35.39.

SUPPLY OF MONEY IN THE UNITED STATES.

	Aug. 1, 1908.	Sept. 1, 1908.	Oct. 1, 1908.	Nov. 1, 1908.	Dec. 1, 1908.
Gold coin and bullion	$1,630,299,889	$1,641,558,948	$1,643,681,386	$1,649,358,744	$1,658,844,151
Silver dollars	568,260,982	568,260,982	568,260,982	568,259,812	568,259,812
Subsidiary silver	147,005,385	147,779,837	145,770,090	150,935,970	151,173,805
United States notes	346,681,016	346,681,016	346,681,016	346,681,016	346,681,016
National bank notes	692,088,991	685,326,108	675,612,327	665,844,192	667,178,177
Total	$3,384,336,263	$3,389,606,891	$3,380,005,801		$3,392,136,961

SUPPLY OF MONEY IN THE UNITED STATES.—The total stock of money in the country increased $11,000,000 in November, over $9,000,000 of which was in gold and $1,000,000 in national bank notes. Since July 1 the stock of gold increased $42,000,000 but the entire money supply gained in that time only $16,000,000 owing to a decrease of about $31,000,000 in national bank notes.

MONEY IN THE UNITED STATES TREASURY.—The net cash in the United States Treasury was reduced $8,000,000 in November. The net gold holdings were reduced $4,000,000, subsidiary silver $1,000,000 and national bank notes about $5,000,000. Silver certificates increased $2,500,000.

BANK AND TRUST COMPANY STOCKS.

Corrected to December 19, 1908.

NEW YORK BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges 120 Broadway, New York.

	Div. Rate.	Bid.	Asked.
Aetna National Bank	8	165	175
Amer. Exchange Nat. Bk.	10	245	250
Bank of America	26	550	575
Bank of the Manhattan Co. (par $50)	12	300	...
Bank of the Metropolis ..	16	375	400
Bank of N. Y., N. B. A. ..	14	320	...
Bank of Washington Heights	..	250	...
Battery Park Nat. Bank	..	115	135
Bowery Bank	12	320	340
Bronx Borough Bank	..	300	...
Century Bank	6	160	175
Chase National Bank	6	300	...
Chatham National Bank (par $25)	16	300	...
Chelsea Exchange Bank..	..	190	205
Chemical National Bank.	15	415	425
Citizens' Central Nat. Bk.	6	155	160
Coal & Iron Nat. Bank..	10	225	250
Colonial Bank	20	800	...
Columbia Bank	12	400	...
Consolidated Nat. Bank...	6	125	...
Corn Exchange Bank.....	16	335	350
East River National Bank (par $25)	6	125	140
Fidelity Bank	..	165	175
Fifth Avenue Bank	100	4000	...
Fifth National Bank	12	300	350
First National Bank	32	750	...
Fourteenth Street Bank..	10	150	180
Fourth National Bank....	8	205	210
Gallatin National Bank (par $50)	12	350	375
Garfield National Bank...	20	280	300
German-American Bank (par $75)	6	135	145
German Exchange Bank..	20	475	500
Germania Bank	20	480	...
Greenwich Bank	10	250	275
Hanover National Bank..	16	530	...
Importers & Traders Nat. Bank	20	550	570
Irving Nat. Exchange Bk.	8	180	200
Jefferson Bank	10	170	180
Liberty National Bank...	20	500	525
Lincoln National Bank...	8	465	480
Market & Fulton Nat. Bk.	10	260	270
Mechanics National Bank	12	255	265
Mercantile National Bank	..	160	...
Merchants Exchange National Bank (par $50).	6	160	170
Merchants National Bank (par $50)	7	162	168
Metropolitan Bank	6	165	...
Mount Morris Bank	8	220	...
Mutual Bank	8	290	305
Nassau Bank (par $50)..	8	200	...
Nat. Bank of Commerce.	8	194	198
Nat. Butchers & Drovers Bank (par $25)	6	150	160
National City Bank	10	350	360
National Copper Bank....	..	225	234
National Park Bank	16	460	470
New Netherlands Bank...	..	200	210
N. Y. County Nat. Bank.	40	750	...
N. Y. Produce Exchange Bank	8	150	165
Night & Day Bank	..	...	255
Nineteenth Ward Bank...	12	...	475
Northern Bank	6	...	150
Pacific Bank (par $50)...	8	230	250
People's Bank (par $25)..	10	300	325
Phenix National Bank (par $20)	6	160	170
Plaza Bank	20	600	625
Seaboard National Bank..	10	350	...
Second National Bank....	12	350	...
Sherman National Bank..	..	140	...
State Bank	10	250	...
Twelfth Ward Bank	6	...	200
Twenty-third Ward Bank	6	105	...
Union Exchange Bank....	10	200	215
West Side Bank	12	500	...
Yorkville Bank	16	400	430

NEW YORK TRUST COMPANY STOCKS.

	Div. Rate.	Bid.	Asked.
Astor Trust Co.	..	300	325
Bankers Trust Co.	16	445	...
Bowling Green Trust Co.	20	325	350
Broadway Trust Co.	6	130	135
Brooklyn Trust Co.	20	395	410
Carnegie Trust Co.	..	160	170
Citizens' Trust Co.	..	115	125
Central Trust Co.	80	1775	...
Columbia Trust Co.	..	225	...
Commercial Trust Co.	..	140	155
Empire Trust Co.	8	245	...
Equitable Trust Co.	12	390	415
Farmers Loan & Trust Co. (par $25)	40	1200	1250
Fidelity Trust Co.	..	195	205
Fifth Avenue Trust Co....	12	...	425
Flatbush Trust Co.	8	200	250
Franklin Trust Co.	8	195	205
Fulton Trust Co.	10	275	...
Guaranty Trust Co.	20	545	...
Guardian Trust Co.	..	160	175
Hamilton Trust Co.	10	260	275
Home Trust Co.	4	100	110
Hudson Trust Co.	..	130	...
Kings Co. Trust Co.	12	450	...
Knickerbocker Trust Co...	..	295	315
Lawyers' Mortgage Co. ..	10	220	230
Lincoln Trust Co.	..	165	175
Lawyers' Title Ins. & Trust Co.	12	230	250
Long Is. Loan & Trust..	12	290	310
Manhattan Trust Co. (par $30)	12	350	390

	Div. Rate.	Bid.	Asked.
Mercantile Trust Co.	20	740	...
Metropolitan Trust Co.	24	510	...
Morton Trust Co.	20	425	...
Mutual Alliance Trust Co.	8	120	145
Nassua Trust Co.	8	160	170
N. Y. Life Ins. & Trust Co.	50	1100	1150
N. Y. Mtg. & Security Co.	10	140	145
N. Y. Trust Co.	32	575	...
People's Trust Co.	12	275	...
Standard Trust Co.	10	325	400
Title Guar. & Trust Co.	16	420	...
Trust Co. of America	..	305	...
Union Trust Co.	50	1075	...
U. S. Mtg. & Trust Co.	20	350	375
Van Norden Trust Co.	10	250	260
Washington Trust Co.	12	400	...
Windsor Trust Co.	6	120	140

BOSTON BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 60 Congress St., Boston.

Name.	Div. Rate.	Last Sale.
Atlantic National Bank	6	141
Boylston National Bank	4	100
Commercial National Bank	6	140
Eliot National Bank	8	207
Faneuil Hall National Bank	7	138
First National Bank	12	312½
First Ward National Bank	8	181½
Fourth National Bank	7	165¾
Merchants' National Bank	10	219
Metropolitan National Bank	6	122
National Bank of Commerce	6	165
National Market Bank, Brighton	6	102
Nat. Rockland Bank, Roxbury	8	167
National Shawmut Bank	10	288
National Union Bank	7	171
National Security Bank	12	*
New England National Bank	6	145
Old Boston National Bank	5	114
People's National Bank, Roxbury	6	130
Second National Bank	10	226⅜
South End National Bank	5	100
State National Bank	7	159
Webster & Atlas National Bank	6	152⅛
Winthrop National Bank	12	325

* No public sales.

BOSTON TRUST COMPANIES.

Name.	Div. Rate.	Last Sale.
American Trust Co.	8	345
Bay State Trust Co.	7	*
Beacon Trust Co.	8	185
Boston Safe D. & T. Co.	14	369
City Trust Co.	12	410
Columbia Trust Co.	5	120
Commonwealth Trust Co.	6	160
Dorchester Trust Co.	..	105
Exchange Trust Co.	..	*
Federal Trust Co.	6	130
International Trust Co.	16	400
Liberty Trust Co.	..	*
Mattapan D. & T. Co.	4	150
Mechanics' Trust Co.	6	115
New England Trust Co.	15	309
Old Colony Trust Co.	20	700
Puritan Trust Co.	6	219
State Street Trust Co.	8	*
United States Trust Co.	12	225

* No public sales.

CHICAGO NATIONAL BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 152 Monroe St., Chicago.

	Div.	Bid.	Asked.
Bankers' National Bank	8	195	199
City National Bank, Evanston	10	250	258
Commercial National Bank	12	297	301
Continental National Bank	8	242	248
Corn Exchange Nat. Bank	12	395	402
Drovers Deposit Nat. Bk.	10	215	224
First National Bank	12	423	428
First Nat. of Englewood	10	200	250
Ft. Dearborn Nat. Bank	8	180	190
Hamilton National Bank.	5	133	138
Live Stock Exchange Nat. Bank	10	225	240
Monroe National Bank	4	124	133
Nat. Bank of the Republic	8	195	200
National City Bank	6	161	165
National Produce Bank	..	120	126
Oakland National Bank	6	160	...
Prairie National Bank	..	160	...

CHICAGO STATE BANKS.

	Div. Rate.	Bid.	Asked.
American Tr. & Sav. Bk.	8	211	215
Central Trust Co.	7	139	144
Chicago City Bank	10	150	...
Chicago Savings Bank	6	123	127
Colonial Tr. & Sav. Bk.	10	160	170
Drexel State Bank	6	135	...
Drovers Tr. & Sav. Bk.	8	175	190
Englewood State Bank	6	112	116
Hibernian Banking Assn.	8	197	205
Harris Tr. & Sav. Bank.	8	215	...
Illinois Tr. & Sav. Bk.	16-4ex.	495	505
Kenwood Tr. & Sav. Bank	6	116	120
Lake View Tr. & Sav. Bk.	5	108	112
Merchants Loan & Tr. Co.	12	379	391
Metropolitan Tr. & S. Bk.	6	118	122
Mutual Bank	..	112	120
Northern Trust Co.	8	315	330
North Western Tr. & Sav. Bank	6	140	150
Prairie State Bank	8	250	...
Railway Exchange Bank.	4	105	120
Royal Trust Co.	8	180	185
So. Chicago Sav. Bank.	6	125	135
State Bank of Chicago	12	318	332
Stock Yards Savings Bank	6	193	205
Union Bank	6	120	127
Union Stock Yards Bank.	6	120	130
Western Tr. & Sav. Bank	6	140	147
Woodlawn Tr. & Sav. Bk.	6	120	127

BANKING AND FINANCIAL NOTES

NEW YORK CITY.

—Superintendent Clark Williams of the State Banking Department has approved a certificate of incorporation of the Wall Street Safe Deposit Co. with a capital of $100,000. The directors are: Herbert L. Griggs, Anson W. Hard, George L. Rives, William L. Matheson, and Henry C. Swords, all of New York.

—From August 31 to November 27, the resources of the Corn Exchange Bank climbed from $60,944,909 to $68,997,118 and deposits increased from $52,788,578 to $60,-754,212. These figures disclose a very gratifying growth in the bank's business and indicate that its conservative policy works out well.

—The directors of the Mercantile National Bank declared a dividend of two per cent., payable December 15. This is the first payment on the stock of the institution since July, 1907, when a semi-annual dividend of five per cent. and an extra one per cent. dividend were paid.

The new dividend declaration, while covering no regular period, was taken to mean that the Mercantile Bank had regained much of the ground lost by it in last year's panic.

—Announcement has been made at the State Banking Department of the appointment of William B. Haeffner, of Auburn, Arthur S. Barber, of Baldwinsville, George A. Plant of Albany, and Frank B. Hoga of Schenectauy as state bank examiners.

—As the result of the recent visit of vice-president Lawrence L. Gillespie of the Equitable Trust Company to Seattle, the American Bankers' Association has taken steps to install at the exposition next June an exhibit which it is expected will take the form of a model banking office on a small scale, with some officer of a bank or trust company always in attendance. It is also planned to have a modern vault in the exhibit, in which may be kept an exhibit of gold nuggets and other valuable products of the mines.

—R. S. Rowland has received an appointment as assistant cashier of the National Butchers and Drovers Bank. He fills the vacancy caused by the recent death of E. G. Tucker.

—The annual meeting of group six, New York State Bankers' Association, composed of all but twelve banks in the counties of Dutchess, Orange, Putnam, Rockland, Sullivan, Ulster, Westchester and Delaware, was held December 8, at the Manhattan Hotel. At the election which preceded a luncheon, John D. Judson, president of the Rhinebeck Bank, was elected chairman of the group; Harry M. Carpenter, of Ossining, secretary-treasurer; Samuel K. Bell, of the First National of Larchmont, chairman of the executive commitee, and F. M. Morgan, of the Rondout National; A. W. Thompson, of the Kingston National; Chas. F. Van Inwegon, of the First National of Port Jervis, and J. F. Duryee, of the Suffern National, members of the executive committee.

Addresses were made by Col. F. E. Farnsworth, secretary of the American Bankers' Association, on "Coming Legislation Affecting Banks," by S. Wood Cornell, and by the retiring chairman, his successor, and the new secretary-treasurer.

— A jury before Supreme Court Justice Kelly, Brooklyn, on December 2, returned a verdict of "not guilty as charged in the indictment" in the case of John G. Jenkins, Jr., charged with appropriating to his own uses, $50,000 of the funds of the Jenkins Trust Company.

The defendant was president of the trust company and was also a member of the brokerage concern of Frank and John G. Jenkins, Jr. It was charged that while president he loaned the funds of the banking institution to the stock brokerage concern. In the course of the testimony it was shown that the firm or corporation of Frank and John G. Jenkins, Jr., had borrowed upward of $550,000 from the trust company. At a time when the banking institution was short of the legal reserve Jenkins ordered the loan of $50,000 to the brokerage concern. The day after this happened, on October 23, 1907, the State Bank Superintendent took charge of the bank's affairs.

—The application of the Union Exchange Bank, of New York, to be converted into the "Union National Bank, of New York," with a capital of $1,000,000 has been approved.

—The Knickerbocker Trust Company has two new officers. They are F. C. Walcott, vice-president, and James Ely Miller, assistant secretary. Mr. Walcott and Mr. Miller were elected on December 8.

The new vice-president of the Knickerbocker was very active in the work of the committee of reorganization. Since its reopening he has been conspicuous in its management, and it is largely due to his energy and ability as an effective organizer that the trust company has made such a splendid showing since its resumption.

With the selection of Mr. Walcott, Yale class of '91 now has twenty-eight bankers on the roster. In this class, with which Mr. Walcott was graduated, were thirty-two colleagues who entered the manufacturing business. Mr. Miller is also a graduate of Yale.

—Owing to the difficulty of procuring capital for the branches, to comply with the new provisions of the banking law, the Lafayette Trust Company (a reorganization of the failed Jenkins Trust Company) of Brooklyn, will wind up its business.

Harold A. Davidson, former president of the Lafayette Trust Company, and who made a strong fight to carry the reorganization plan through to success, has been appointed receiver to close up the company's business.

SERENO S. PRATT
Secretary Chamber of Commerce.

Sereno S. Pratt, editor-in-chief of "The Wall Street Journal," has been unanimously elected secretary of the Chamber of Commerce. He takes the post made vacant by the death of George Wilson on October 8.

Mr. Pratt was born on March 12, 1858, in Westmoreland, this state; attended the public schools in Burlington, Vt., and spent several years in the University of Vermont. In 1876 he became editor of "The St. Albans Advertiser," then came to New York City on the staff of "The Commercial Bulletin." In 1882 he was Wall Street reporter for "The World." From 1885 to 1887 Mr. Pratt was the New York correspondent for "The Baltimore Sun," and for several years he was manager of the New York Bureau of "The Philadelphia Ledger." In 1903 he wrote "The Work of Wall Street," one of Appleton's series of business books. The same year he received the appointment of financial editor of "The Times," but resigned to become associate editor of "The Wall Street Journal," of which he became editor-in-chief in 1905.

—The National Bank of Cuba is sending out to its friends in the island of Cuba, a handsome postal card, printed in colors, showing the bank's New York office at the corner of Wall Street and Broadway.

The illustration is accompanied by a suitable greeting in Spanish, and will prove to be a very good sort of publicity.

—A statement of the Mercantile National Bank made to the Comptroller of the Currency, November 27, 1908, shows a very gratifying recovery from the condition in which the bank found itself after the panic of 1907.

Deposits of the bank are now $9,555,259, and, according to the statement of Feb. 14, 1908, deposits then were only $4,854,687. The increase is almost one hundred per cent. The gain in deposits since Feb. 14 has been steady. On May 14, 1908, deposits were $6,440,644, on July 15 they were $7,122,102, and on Sept. 23 they were $7,844,936.

—Herbert L. Satterlee of New York, son-in-law of J. P. Morgan, has accepted the post of Assistant Secretary of the Navy, to succeed Truman L. Newberry, now head of the department.

The work will not be entirely strange to Mr. Satterlee, for he was attached to the

Intelligence Department of the Navy during the Spanish war.

—Considerable local interest is being taken in the organization of a new bank in Long Island City, to be known as the Queensboro Bank. It is proposed to merge the present Long Island City branch of the Queens County Trust Company with this new State bank, which will start with a capital of $100,000.

Local capital is being interested in the project and it is the intention of the committee on organization, composed of Thomas F. Haste, George E. Clay, James J. Conway, Eugene N. L. Young, Frederick C. Trowbridge and William M. Griffith, to make the new institution representative of local interests and under the control of Long Island City people.

Articles of incorporation have been filed with the Secretary of State and efforts are now actively under way towards securing the required amount of subscriptions to the capital stock, which has been divided into 1,000 shares with a par value of $100 per share. It is proposed to sell these shares at $120 each in order that a snug surplus may thus be made immediately available.

The bank will be able to start on a well-established foundation, for, inasmuch as it is to be the result of a merger, under a new name, with the local branch of the Queens County Trust Company, it will have the benefit of the already well-established and profitable business which this branch has built up in Long Island City.

—Ledyard Cogswell, Jr., assistant cashier of the New York State National Bank of Albany, has been named as one of a legislative committee of three for the council of advisers of the State Bankers' Association. E. D. Fisher, secretary of the Flatbush Trust Company of Brooklyn, is chairman of the committee which comprises also r. E. Lyford of Waverly, N. Y.

—Joseph M. Gazzam, Jr., of Brooklyn, writes to the "Eagle" proposing the following amendments to the banking laws:

Any director or officer of a bank or trust company who loans any of the funds of such bank or trust company, or knowingly permits the same to be loaned to himself or to any person in his employ, or to any other director or officer of such bank or trust company, or to any employee of another director or officer of such bank or trust company, or to any firm or copartnership of which he or another director or officer of such bank or trust company is a member, partner or employee, or to any corporation of which he or another director or officer of such bank or trust company is a director, officer, employee or stockholder; or who wilfully conceals from such bank or trust company or from any director or officer thereof the true name or identity of the real party in interest in any loan made by such bank or trust company; or who knowingly enters or permits to be entered upon the books or records of such bank or trust company, in any transaction, the name of any person, firm or corporation as the party in interest in such transaction, where such person, firm or corporation whose name is so entered is not the real party in interest therein, with intent to conceal from such bank or trust company, or from any director or stockholder thereof, or from any public officer, the identity of the real party in interest therein; or who accepts or knowingly permits to be accepted on behalf of such bank or trust company, any note, bill or other evidence of indebtedness showing or purporting to show that the person, firm or corporation executing the same is another than the real party in interest in the transaction, with intent to conceal the identity of such real party in interest, is guilty of a misdemeanor, and shall forfeit to the people of the State a sum equal to the amount of such loan or the amount involved in such transaction; and, in addition thereto, any and all directors or officers of such bank or trust company violating any of the provisions of this act shall be jointly and severally liable for all loss or damage which may be thereby sustained by such bank or trust company or by any stockholder, depositor or creditor thereof.

—Three of the directors of the Montauk Bank, one of Brooklyn's youngest financial institutions, have resigned. The men who have given up their positions are ex-Senator Stephen M. Griswold, who was the prime mover in the organization of the bank and who for a time it was thought would be president; Congressman William M. Calder and W. H. Gieseler.

There seems to be a difference of opinion as to the reason for the resignations. President Randall of the bank says that there has been no dissension among the directors, but from another source it was learned that there was a move on foot to reduce the directorate from fifteen to nine, and that when the project had been partially carried out it was dropped.

It is said that ex-Senator Griswold's resignation was tendered as a direct result of this move, as he was one of those who favored the reduction of the directorate. Mr. Calder's resignation has nothing to do with the proposed change, as his other interests are occupying his whole time, and he has taken little interest in the affairs of the bank. The reason for Mr. Gieseler's resignation is the fact that he is to move out West. It is quite probable that there will be other changes in the bank's directorate at the January meeting.

—It is stated at the treasury that no way is open for banks to withdraw from currency associations under the present law. The matter has been officially decided by the attorney general, who was asked to construe the Aldrich-Vreeland currency act in this respect.

Unless Congress should amend this law, a bank once joining a currency association, cannot withdraw.

There seems to be no prospect of the subject being reopened so far as can be learned at the department of justice. No responsible party has requested the attorney general to reconsider his decision.

—At a meeting of the board of directors of the Bowling Green Trust Company, held December 16, George T. Smith, of Jersey City, N. J., was elected a director in place of E. F. C. Young, deceased, and Charles M. Warner was elected a director to fill a vacancy. The board also declared a quarterly dividend of five per cent. on the capital stock, payable January 2.

—Directors of the Union Trust Company have elected John W. Castles president to succeed the late Edward King, and have thereby set aside the reports that George B. Cortelyou, Secretary of the Treasury, would be given the presidency. Mr. Castles resigned as president of the Guaranty Trust Company on December 14, just the day before he was asked to head the Union Trust Company.

The rise of Mr. Castles in banking circles in New York has been rapid, as he became connected with the Guaranty Trust Co. only four years ago, acting in the capacity of vice-president, and after four months in that office he was elected president of the company. Before entering the Guaranty Trust Co., Mr. Castles was president of the Hibernia Bank & Trust Co. of New Orleans, having accepted that position when the old Southern National Bank was merged with the Hibernia National Bank, both of New Orleans. Before this Mr. Castles was a merchant, and his family is well known among the cotton interests of the South.

Under his regime as president of the Guaranty Trust Co., the deposits of the institution increased from about $34,000,000 to more than $60,000,000, the latter being the approximate amount reported by the institution under the call of the state banking department on Nov. 27. In the same period, in addition to dividends on the $2,000,000 of capital stock, the company added $2,000,000 to the surplus account, this being in the neighborhood of $7,000,000.

The Union Trust Co., of which Mr. Castles will be head, has a capital of $1,000,000, gross deposits of more than $46,000,000 and a surplus of $8,180,000.

—The Fidelity Trust Company declared on December 16 its first dividend, a semi-annual payment of three per cent., to be made December 31 to stockholders of record on Dec. 24. The company began business on May 22, 1907, and now has deposits amounting to $4,500,000.

—Directors of the Trust Company of America declared a dividend of two per cent. on that institution's stock December 15, the first since October 1, 1907. During the course of the panic the company achieved the distinction of withstanding the longest "run" in the hisory of banking.

It was not stated for what period the dividend was to be paid, but it is expected that at least two per cent. quarterly will be paid from this time on. In the twelve months preceding the panic dividends aggregating 40 per cent. were disbursed.

—E. H. Harriman, president and chairman of the executive committee of the Union Pacific Railroad Company, and George F. Baker, president of the First National Bank, have been elected members of the executive committee of the Guaranty Trust Company. This will increase the number of members of that committee from seven to nine as Mr. Castle's resignation does not take effect until after January 1.

—It is definitely known that the Broadway Bank of No. 12 Graham avenue, Brooklyn, will use the building of the closed Lafayette Trust Company at Myrtle avenue and Bleeker streets, Ridgewood, as a branch. In accordance with the banking laws, which require additional capital for each branch of a state bank, an issue of stock, par value of $50,000, will soon be made to increase the total capital to $200,000. Henry Batterman is president of the Broadway Bank.

—The Liberty National Bank has declared a quarterly dividend of five per cent. and an extra dividend of five per cent., both payable January 2. This is the same amount as was declared last year, notwithstanding the low rates for money which have prevailed during the present year. The deposits of the bank have increased nearly $10,000,000 during the last year, and now amount to about $20,000,000. The surplus and undivided profits aggregate over $2,500,000 on a capital of $1,000,000.

NEW ENGLAND STATES.

—Governor-Elect Draper of Massachusetts has resigned his directorship in the Old Colony Trust Company and the National Shawmut Bank of Boston.

His action is due, it is said, to his conception of political propriety. The resignation has been accepted.

—E. V. R. Thayer has been elected a director of the New England Trust Company of Boston to fill a vacancy.

—Vice-President Arthur T. Lyman has been elected president of the Provident Institution for Savings of Boston, succeeding William S. Dexter, deceased. Arthur B. Silsbee and Charles P. Curtis were added to the board of trustees to fill vacancies.

—It is understood that the State Street Trust Company of Boston will not occupy its proposed new quarters in the Worthington building, No. 33 State street, for at least three years. In the meantime it will continue business at its present location, No. 38 State street. The new location, which will comprise all tne room below the third floor, was secured about a year ago under a thirty-year lease, with a cancellation clause which may be exercised after the first eleven years of occupancy. Plans have been decided upon for an extensive remodeling of the Worthington building to begin in July, 1911, to meet the demands of the trust company. The first floor will be lowered to the level of the street and the Congress street entrance changed, affording one large high-studded banking room instead of two rooms as at present. The basement will be utilized for safe deposit vaults. The second floor will be reserved for the future growth of the bank. The present tenants on that floor are not expected to be disturbed for some time after the date of removal, Jan. 1, 1912.

—Frank W. Derby, who has been with the Millers River National Bank of Athol, Mass., for twenty-one years, has accepted the cashiership of the Athol National Bank to succeed Charles A. Chapman, resigned. Mr. Derby's election was unanimous and has been very gratifying to all those doing business with the bank.

—A recent meeting held by the directors of the Nonotuck Savings Bank of Northampton, Mass., resulted in the election of the following officers: President, H. L. Williams; first vice-president, O. W. Prouty; second vice-president, Calvin Coolidge; clerk, R. W. Lyman; treasurer, John Prince; investment committee, O. W. Prouty, Isaac Bridgman, John Prince; auditing committee, O. W. Prouty, H. N. Gardiner, Isaac Bridgman.

A semi-annual dividend at the rate of three and one-half per cent. was declared. Deposits now amount to more than $780,-000.

—On or about June 1, the First National Bank of Spencer, Mass., will seek new quarters where the bank's growing business can be accommodated. When the National bank locates in new quarters, the place vacated by them will be taken up by the Spencer Savings Bank. There will be in the new location of the National Bank, a modern vault, safety deposit boxes, rooms for the directors, a private room and also an office for the cashier, as well as all modern bank conveniences.

—The trust companies of Massachusetts which have savings departments have formed a permanent organization. Elmer H. Bright, of Pettigrew, Bright & Co., president of the Central Trust Company of Cambridge, is the president, and Albert R. Drake, treasurer of the Waltham Trust Company of Waltham, is secretary and treasurer.

—At its annual meeting held in December, the Haydenville Savings Bank of Haydenville, Mass., elected tne following officers: President, Byron Loomis; vice-presidents, Alvan Barrus, J. M. Belcher, Thaddeus Graves, Horatio Bisbee, George Marks; treasurer, W. M. Purrington; clerk, A. G. Cone; finance committee, Byron Loomis, W. M. Purrington, F. P. Breckenridge, George Marks, L. C. Graves, T. P. Larkin. L. M. Clapp was elected a trustee to fill the vacancy caused by the death of his father, R. W. Clapp. A committee was appointed to draw up resolutions on the death of R. W. Clapp. The treasurer's report showed deposits of $523,000, comprising an increase of $200,000 in ten years. Life insurance under the state law pertaining to savings banks was discussed, and left open for further investigation.

—Charles B. Fiske, cashier of the Palmer (Mass.) National Bank, has resigned his position, resignation to take effect January 1. Mr. Fiske has been with the Palmer National for many years, since 1883 as cashier, and he will now take a well-earned rest.

—The Jewellers' National Bank of North Attleboro, Mass., has declared another liquidation dividend of ten per cent., making ninety-five per cent. paid depositors to date.

—The banks and trust companies of Bangor, Maine, have organized a clearing house with Arthur Chapin, vice-president of the Merchants National Bank, as president. The manager is Charles D. Crosby, treasurer of the Eastern Trust & Banking Co.

—A certificate of organization has been filed by the Paris Trust Company of South Paris, Maine, for the purpose of doing a trust and banking business.

The capital stock of the corporation is $50,000, of which amount nothing has been paid in, and the par value of the shares is $100 each. The stock is divided among about one hundred shareholders.

The president of the corporation is George R. Norton and the treasurer is George C. Fernald. The directors are William J. Wheeler, Winfield S. Starbird, George W. Cole, Jr., N. Dayton Bolster, Frank A. Shurtleff, George R. Norton, George M. Atwood and F. A. Heidner.

—The organization of a "popular bank," such as those which have met with much success in Canada, but have hitherto been untried in this country, will shortly be completed by members of St. Mary's church parish of Manchester, N. H.. The plans for the new institution appear to partake jointly of the features of co-operative and savings banks.

The idea of adopting the Canadian method was largely due to a desire to prevent usury by money lenders, and to induce working people and chidren to save their money.

One of the features of the proposed bank is that depositors may borrow to the extent of their savings, and further according to their responsibility.

—At the sixth annual meeting of the Savings Banks Association of Connecticut, held in New Haven, the following officers were elected: President, Costello Lippitt, treasurer of the Norwich Savings Society; first vice-president, Miles Lewis Peck, treasurer of the Bristol Savings Bank; second vice-president, James S. Hemingway, secretary and treasurer of the New Haven Savings Bank; third vice-president, Edwin S. Hunt, assistant treasurer of the Waterbury Savings Bank; secretary, A. T. Nettleton, treasurer of the Newtown Savings Bank; treasurer, P. Leroy Harwood, treasurer of the Mariners' Savings Bank of New London; executive committee, Lyman S. Caplin of Bridgeport, Robert W. Dwyer of Hartford, Burton Mansfield of New Haven, Walter E. Houghton of Stamford, and Harvey J. Brooks of Deep River.

—At a recent meeting of the subscribers of the stock of the Northfield Trust Co., of Northfield, Vt., it was decided to go ahead with the organization of the company. Directors were elected as follows: A. E. Denny, G. C. Sanborn, M. L. Smith, I. C. Ellis, G. W. Wallis, T. J. Deavitt, W. B. Mayo. The capital stock of the corporation is $20,000. The stock has all been subscribed. Ten per cent. was paid in cash and fifty per cent. will be paid before the bank begins business, which is expected to be January 1.

EASTERN STATES.

—A new financial institution for Philadelphia, to be known as the Morris National Bank is in process of formation and if present plans are successfully carried out will open for business about March 1. The bank will be located in the wholesale and commission district, not far from Second and Chestnut streets. Temporary offices have been opened in the Bourse building.

The consent of the Comptroller of the Currency to organize was obtained on December 1 and since then considerable progress has been made. The capital stock has been placed at $500,000, par value $100, and the bank will begin business with a surplus of $100,000. The incorporators and directors are Samuel W. Whan, of No. 112 Chestnut street; H. Vance Peters, of No. 211 Market street; F. A. Von Boynehurgk, located in the Bourse; George Y. Schoch, of 320 South Delaware av.; Robert McCaulley, Jr., of No. 156 Dock street, and H. G. Peddle, of No. 14 South Front street. These men are in the wholesale business and associated with them will be a number of prominent financial men whose names for the present are being withheld.

—On December 1, the Logan Trust Company of Philadelphia passed the million-dollar mark in deposits, total net deposits at the close of business on that day being $1,073,751.

—Stockholders of the Lincoln Savings and Trust Company of Philadelphia have decided upon an increase of capital stock as a basis for reorganization. The authorized capital stock of the company before it failed was $500,000 with $132,000 paid in. The amount of new capital and the details of reorganization will be decided soon.

—Depositors of the defunct Cosmopolitan National Bank of Pittsburgh have received a thirty per cent. dividend and as a result are much encouraged with the prospects for another dividend soon.

—The Pittsburgh Bank for Savings has increased its capital stock from $75,000 to $600,000. The bank has total resources of $16,000,000.

—The American Deposit & Trust Co. of Pittsburgh began business on Nov. 24, having taken over the business of the American National Bank. The new organization, which is under the same management as its predecessor, has a capital of $200,000 and surplus of $100,000; the bank which it absorbs had a capital of $400,000 and its stockholders are entitled to take their pro rata share of stock in the new institution. O. P. Cochran is president; John Aufderheide is assistant to the president, and C. B. Johnston is secretary and treasurer. The American National Bank began business on Feb. 1, 1905, as successor to the German-American Savings & Trust Co., which started operations in 1902. The capital of the institution was reduced with its conversion to the national system from $1,000,000 to $400,000.

—The Pittsburgh Bank for Savings has increased its capital stock from $75,000 to $600,000. This additional protection to its depositors is supplemented by a surplus fund of $250,000, with total reserves in excess of $16,000,000.

The bank has enjoyed an expansion of business continuously since it was instituted in 1862, and is considered by many as an old landmark in the financial history of Pittsburgh. The stock is held closely and at the last rating the book value was given as $1,159.84. In 1901 it absorbed the Real Estate Savings Bank.

—At the annual meeting of the Franklin Savings and Trust Co. of Pittsburgh the following directors were re-elected: President, George S. Ward; vice-presidents, F. J. Kress, A. C. Canfield and Thomas Ward; cashier, J. M. Stoner, Jr.; H. L. Kreusley, J. B. Arthur, E. W. Moore, John McLaren, J. W. Mills, George H. Danner, R. B. Ward, C. B. Comstock, R. T. M. McCready and Joseph Speidel.

—Hundreds of depositors and friends of the Anchor Savings Bank of Pittsburgh attended a reception given by the officers and directors in the new banking house of the concern, Smithfield and Diamond streets, recently remodeled at a considerable expense. The bank occupies the first and second floors of the building.

In honor of the occasion the various rooms were transformed into flower gardens. In the windows overlooking Smithfield street were immense red roses. Potted ferns were placed to advantage throughout the building and each of the rooms was supplied with roses. The walls on the first floor have been tinted a delicate shade of green and the ceiling is of buff, the molding being white and gold. The office furnishings on the first floor are mahogany and the rooms are lighted by brass trimmed chandeliers of special design in groups of four.

On the second floor is the directors' room, which faces Smithfield street, and the color scheme here is garnet and buff. The furnishings are of the mission style and a handsome mission table stands in the center of the room. A handsome Oriental rug of figured design adds to the air of completeness which characterizes the room. The color scheme of the retiring room, which adjoins, is similar to that of the directors' room.

The Anchor Savings Bank was organized February 26, 1873, chartered July, 1877. The bank first located at 153 Wylie avenue, corner Elm street, until 1874, when it removed to 135 Fifth avenue. The bank remained in this location until 1879, when it moved across the street to the number then known as 134 Fifth avenue, now 426 Fifth avenue, where it has remained continuously until the occupation of its own banking house at the corner of Smithfield and Diamond streets.

Major A. M. Brown has been president since its organization.

Other officers are: John D. Brown, vice-president; Thomas H. Lewis, cashier; directors, Major A. M. Brown, R. J. Stoney, Jr., G. C. Dellenbach, Theodore F. Straub, W. D. Henry, Lawrence P. Monahan, T. J. Keenan, Edward H. Straub and John D. Brown.

—Stockholders of the Hamburg Savings Bank of Hamburg, Pa., have re-elected the former directors, namely: S. A. Loose, Geo. F. Meharg, W. M. Raubenhold, Sol. H. Lenhart and Daniel A. Burkey, David S. Wolfe, Joseph S. Hix, N. S. Schock, and William D. Boyer.

The bank has had a prosperous year and increased its business to a large extent.

—At a meeting of the directors of the Monongahela Trust Co. of Homestead, Pa., Cashier Hugh Nevin of the First National Bank of Homestead was elected treasurer, succeeding John O. Miller, lately elected secretary and treasurer of the Peoples Savings Bank of Pittsburgh.

—Plans are in preparation for enlarging the quarters of the Farmers National Bank of Reading, Pa., by adding a rear building which will accommodate the officers. It is the intention to also enlarge the public lobbies and to install safe deposit vaults of the latest design. The Farmers National is the oldest and strongest bank in Reading. It was established as a state bank in 1814, became a national institution in 1865, soon after the passage of the law creating such banks, and to-day its capital and surplus aggregate one million two hundred and sixty thousand and twenty dollars.

—A new bank, the American Commercial, has opened in Newark, N. J., which bids fair to become one of the largest and strongest institutions of that city.

E. C. Bataille is president; James H. Bannister and William H. Barkhorn, vice-presidents; J. C. Hoffman, cashier.

—David C. Watkins, Commissioner of Banking and Insurance of New Jersey, has approved the charter of the Newark Trust Company, which it is proposed to open in the city of Newark. The new company has an authorized capital stock of $100,000 and each of the incorporators has taken a block of $10,000.

—On December 10 the Merchants National Bank of Cape May, N. J., opened its doors for business. The cashier is H. H. Eldredge and his assistant is Everett Jerrell, both of Cape May. The directors are W. H. Church, W. L. Cummings, Joseph H. Hanes, John T. Hewitt, F. B. Mecray, John W. Mecray, Dr. W. H. Phillips, George H. Reeves, H. S. Rutherford, E. W. Springer and T. L. Stevens.

—Everything is in readiness for the opening of the new bank in Bayonne, N. J., on January 7. It will be known as the City Bank of Bayonne and has a capital stock of $50,000, which has been largely oversubscribed. Organization has been perfected by the election of William H. Vreeland, president; Julius G. Hocke, vice-president; Emmett S. Hamilton, cashier, and this board of directors: George Carragan, Frederick Currie, George M. De Waters, C. W. Dill, J. W. Empie, E. S. Hamilton, J. F. Hocke, Edw. B. Quaeger, Herman Kline, Hyman Lazarus, Julius Melniker, L. W. Morse, William H. Vreeland, and John Alvin Young.

—On December 1, at 9 o'clock of that morning, the doors of the North American Bank and Trust Company of Wilmington, Del., opened for business. At that hour there were customers present who were anxious to be the first ones to open an account. Every day since has seen the business steadily growing and C. G. Boyd, cashier, says he is well pleased with the prospects.

The other officers are: Clawson Bachman, president; Frederick A. Kinney, vice-president, and J. C. Brennan, secretary and treasurer.

—Announcement is made of a still further increase in the capital stock of the

Columbia National Bank of Buffalo, N. Y. The capital now stands at $700,000 and the bank announces the increase to take place on July 1 next to $2,000,000, through the selling of additional stock and the payment of a stock dividend to be taken from the surplus fund, which will leave the surplus at $800,000, with a capital of $2,000,000. This gives the Columbia National Bank first place in the city in point of capital and surplus of financial institutions.

It is anticipated that beginning with January, 1909, the dividend will be fixed at eighteen per cent. These dividends have been paid monthly passing through the panic without interruption.

—Alterations and additions, which were begun some months ago by the Citizens Bank of Buffalo, N. Y., have been completed and the remodeled quarters are very handsome in finish and design.

In the customers' space and executive offices, the floors are of light Tennessee marble with border in Pennsylvania green, the wainscot being of blue-veined Italian marble with polished green base. The office of the cashier and assistant cashier is separated from the lobby by a low rail of the same Italian marble used in the wainscot, with which the counter screens are also faced. Partitions of marble and plate glass enclose the president's office, the privacy of which is insured by window screens of mahogany with opal glass and gold pattern grille work.

Four large ball clusters of five lights each, each cluster surmounted by a heavy brass canopy, adorn the ceiling panels, providing illumination more than sufficient for the darkest days, in addition to which small standards with ball globes appear at intervals along the top of the counter screens. The lighting fixtures, which were specially designed and constructed for the bank by the well-known house of Cassidy & Son Mfg. Co., of New York city, are finished handsomely in dull bronze. Ceiling panels and upper side walls are finished in light tones with lines of mosaic in soft greens under cornice and above wainscot.

—James M. Easter has resigned the presidency of the Commercial and Farmers National Bank of Baltimore and the office has been offered to Samuel H. Shriver, now vice-president of the National Surety Company of New York.

Following the directors' meeting, the stockholders gathered and authorized a reduction in the capital stock of the bank from $650,000 to $500,000. By this reduction the surplus fund becomes $100,000 and will be used to strengthen the bank's working fund.

—C. W. Dorsey has resigned as vice-president of the National Exchange Bank of Baltimore of which Mr. Waldo Newcomer is the president. Mr. Dorsey was formerly president of the Manufacturers' National Bank. When it was absorbed by the First National, about six years ago, he was offered and accepted the vice-presidency of the National Exchange.

—Stockholders of the Mercantile Trust and Deposit Company of Baltimore met on December 16 and approved the plan of reducing the capital stock from $2,000,000 to $1,500,000. More than 26,000 of the 40,000 shares of stock outstanding were represented and the vote taken was unanimous.

—Five years ago a branch of the International Banking Corporation was established in Washington, D. C. Since that time the business has had a wonderful growth, and it has been necessary to greatly increase the staff. It was then seen that larger quarters were needed, and the magnificent granite banking building on the south side of F street, adjoining the Willard Hotel, formerly occupied by the Union Trust Company, was selected for the new home of the business.

Extensive improvements have been made in the building, the chief undertaking being the cutting of additional windows through the massive front walls.

The banking room is large, with a ceiling about forty-five feet from the floor. The main room is sixty-five feet in length by thirty-seven feet in width, and the public space in the center fifty-six by sixteen feet. The floor is of white marble, with Tennessee marble border. The banking screens are of dark mahogany, with plate glass and bronze grilles. The walls are relieved by pilasters and panels in light shades of ivory and green, with a covered paneled ceiling and a large ceiling light in the center.

The manager's room is at the right of the entrance, and on the left is the reception and waiting room, with ladies' room and ladies' teller adjoining. In the rear the corporation has installed a modern vault. Its walls are of solid concrete, reinforced by staggered steel rails, lined on the four sides and top and bottom with two inches of five-ply welded chrome steel, hardened, drillproof, making the safe proof against drill and explosives.

The entrance to the vault is through a vestibule, the outside door of which is eight inches thick and of solid steel; also proof against drill and explosives. In addition to its outside and inside doors and the strength of its solid walls, the vault is supplied with steel safes to carry funds, securities, etc., the whole being of burglar-proof and fireproof construction.

The officers of the Washington branch of the International Banking Corporation are J. Selwin Tait, manager, and James Morris Morgan, assistant manager. Norman Best is manager of the branch bank maintained in Connecticut avenue northwest. The president of the banking corporation is Gen. Thomas H. Hubbard, of New York, and the vice-president is James S. Fearon.

The bank has special facilities for transacting an international business, and it gives equal attention to local accounts. The bank's capital and surplus aggregate $6,-500. The local deposits of the International Banking Corporation exceed $3,500,000.

—A new branch of the Merchants and Mechanics' Savings Bank of Washington, D. C., opened for business in that city December 1.

The new branch bank is located on the northeast corner of Pennsylvania avenue and Twentieth street northwest. The building is a three-story structure, built of vitrolized brick, of a light color, with white limestone trimmings. The first floor will be used entirely for banking purposes, and the two upper floors have been split into apartments. The lobby in the banking room is fifteen by fifty feet, and has a mosaic floor. It is finished in Tennessee marble and mahogany. All base panels are of marble, and the upper ones of plate glass with mahogany finish. All desks and office furniture are of mahogany.

William C. Worthington will be manager of the new company, as well as the Seventh street branch, and John D. Howard will be assistant manager. George R. Linkins, one of the stockholders of the bank, will be auditor of the the new branch. Mr. Linkins is at present with his father, George W. Linkins, in the real estate business.

—On December 9 the United States Trust Company of Washington, D. C., reported deposits of $1,018,000 which marks a new record in the history of the company. On February 14, deposits were $484,-358; on May 14 they were $582,825; on July 15, they were $626,711; by September 23 they had increased to $665,709; and on November 27 they were reported to be $931,-138.

Since this call then, the deposits have passed the million-dollar mark and the officers have every reason to feel proud of the splendid advancement that has been made during the past year.

MIDDLE STATES.

—Samuel K. Martin has resigned as vice-president of the Monroe National Bank of Chicago, but continues as a director.

He will go to Lisbon as secretary to the American minister.

—A large adjacent floor area, which formerly constituted the rear portion of the Corn Exchange National Bank's quarters in "The Rookery" has been occupied by the Chicago Stock Exchange. The removal of the partition gives the Exchange a large and beautiful trading room, elegantly appointed, with fine offices, directors' and committee rooms, smoking salon and every modern facility for doing business.

—Fred I. Kent, manager of the foreign exchange department of the First National Bank of Chicago, becomes after January 2, a member of the official staff of the Bankers Trust Company of New York.

—The provision of the amendment of the Illinois banking law, which was adopted by the voters in the November election, requiring bank directors to own ten or more shares of stock, is wholly prospective, according to an opinion by Attorney General

Stead. Under the attorney general's opinion the director with less than ten shares of stock elected before this act became effective is not disqualified, but is competent to serve for the remainder of the term for which he was elected.

—Under date of November 27 last, the Commercial-German National Bank of Peoria, Ill., published an excellent statement. This government depositary bank now has a surplus fund of $400,000, which is $25,000 more surplus than that carried by any other national bank of Peoria. Its undivided profits account, too, leads with a total of $118,718, while the $6,941,633 of resources reported, is more than two millions ahead of the resources of its nearest competitor.

—One of the finest banking houses in the state of Michigan has been opened at Marshall for the First National Bank. Improvements costing $18,000 have been made on the interior; Venetian marble has been used extensively and the rooms now present a handsome appearance. The bank was established in 1848 by the late Gen. C. T. Gorham, who was assistant secretary of war during President Grant's administration. His son, C. E. Gorham, is now president of the bank.

—A completely equipped bank has been presented to the college at Hillsdale, Mich., by President C. F. Cook of the Hillsdale Savings Bank. The bank will be used as a part of the commercial department of the college.

—J. J. Myer, W. E. Parker, G. B. Coon, and others, have incorporated the First State Bank of Pequot, Minn., and the new institution opens with a capital stock of $10,000.

When the incorporators decided to open a state bank in Pequot they first bought out the banking business of J. S. Buttolph and then proceeded to raise the capital necessary to start the new bank in business.

—The application of the Duluth Savings Bank of Duluth, Minn., for a national bank charter, has been approved and the bank will be changed to a national, and will be known as the Northern National of Duluth. It will have a capital of $250,000. The men making the application were: J. L. Washburn, L. S. Loeb, John G. Williams, Francis W. Sullivan and J. W. Lyder, Jr.

The new institution will probably not complete its organization and begin business under its new name until some time near February.

—The consolidation of the Northwestern National Bank of Minneapolis, and the Swedish-American National Bank of the same city, under the name of the Northwestern National Bank, with a capital of $2,000,000, surplus of $2,000,000, and deposits of $29,000,000, makes the new bank the largest in the Northwest outside of Chicago. Only twenty-six national banks in the whole United States have more deposits at the present time—one in Pittsburgh, two in St. Louis, two in Boston, four in Chicago, four in Philadelphia, and thirteen in New York. In other words, only the three central reserve cities and the three largest of the reserve cities have any institutions with more deposits.

O. Werner, president, and C. S. Hulbert, vice-president of the Swedish-American National Bank, will retire from active duties. J. A. Latta, vice-president of the Swedish-American National Bank will become a director and a vice-president in the Northwestern National Bank. E. L. Mattson and A. V. Ostrom, cashier and assistant cashier, respectively, of the Swedish-American National Bank, will become assistant cashiers of the Northwestern National Bank. All officers of the Northwestern National Bank will remain with the combined bank. The alterations being made in the banking room of the Northwestern National Bank will make more than enough room for the combined business of the two banks.

Following the absorption of the Swedish-American Bank by the Northwestern National Bank, comes the announcement that the Minnesota National Bank will increase its capital from $200,000 to $500,000; and a new bank, with $1,000,000 capital, will be organized to absorb the Union State Bank, and take the place of the Swedish-American.

—St. Paul and Minneapolis banks have been experimenting quietly several months with a system for independent bank examination, which, it is claimed, will result in the establishment of Twin City financial institutions on a firm and impregnable basis.

The plan of independent examination of banks is in force in Chicago, San Francisco, Los Angeles, Kansas City, St. Paul and Minneapolis. St. Louis bankers are organizing for the purpose of establishing the plan in that city and a number of the larger cities of the country contemplate taking up the idea.

St. Paul and Minneapolis were among the first cities of the country to try the proposition, and probably have it in better working shape than some of the other cities.

In brief, the plan may be described as follows: Competent men are employed to make examinations of all the banks twice a year or oftener if it is deemed advisable, following the same methods employed by the federal examiners.

They then report their findings to a committee of the clearing-house association, and this means that the directors of every bank may have a general knowledge of the institutions with which their particular bank does business. The cost of the examination is defrayed by the banks and trust companies, in proportion to their size.

The advantages of the special examination are manifold. It is an absolute preventive of mismanagement of banks; it protects depositors against the possibility of misuse of funds and against investment in bad paper. It keeps bank employees and officials on the qui vive to maintain their institutions at all times up to the standard of efficiency.

When the special examiner finds that a bad investment has been made—that poor or slow paper has been taken—the matter can immediately be called to the attention of the board of directors and measures taken to make the investment a safe one.

—Articles of incorporation of the Farmers' Savings Bank of Alleman, Iowa, have been filed. The capital stock is listed at $10,000. J. P. Alleman, Art. Hildreth, W. A. Buth, O. M. Johnson, Christ Lehman, S. B. Lee and M. S. Helland are the incorporators and comprise the board of directors of the new institution. The officers of the bank are: J. P. Alleman, president; Art. Hildreth, vice-president, and Martin H. Johnson, cashier.

—Directors of the Kent State Savings Bank of Kent, Iowa, have made a number of changes, among them being the addition of Myron Smith, cashier of the First National of Creston, and William Linnegar of Kent to the board of directors, and the election of W. F. Tripp as president of the bank to succeed Lewis Linbarger, who has been president of the bank since its organization

—On December 1, the Scott County Savings Bank of Davenport, Iowa, celebrated its twenty-fifth anniversary.

Depositors of the bank were remembered with a handsome sterling silver spoon engraved with an inscription chronicling the silver anniversary and the stockholders were the recipients of an extra dividend of five per cent. in honor of the day.

This institution is the second largest savings bank in the state of Iowa and has met with extraordinary success since it began business. During the past year of 1908, stockholders have been paid seventeen per cent. in dividends.

Still remaining with the bank after its twenty-five years of successful life, are President I. H. Sears, Vice-President Henry F. Peterson, Cashier J. H. Hass and Directors A. P. Doe and C. A. Ficke. The other directors at present besides the officers named are Louis Hanssen, Patrick T. Walsh, Johannes Sindt and M. L. Marks.

—Prominent business men of St. Louis have organized the Union Station Bank, a state institution, which will occupy quarters on the lower floor of the Terminal Hotel in Union Station, St. Louis. This bank will be the only one in the world, so far as known, located in a railroad station. It now has a capital stock of $100,000 and a surplus of $10,000, fully paid.

It will be kept open until 10 o'clock at night and will have as a feature safe deposit vaults with boxes specially designed to accommodate travelers in safeguarding their valuables during short stays in the city. There will be 1200 boxes, to be rented for any period from one day up.

Charles E. Lane, president of the Allen-Pfeiffer Chemical Company, has been chosen for president of the new bank; Emison Chanslor, until recently assistant to the president of the Mercantile National Bank of New York, will be the cashier; and the other officers will be chosen later.

—A new national bank, with a capital of $1,000,000 and a surplus of $250,000, is being organized in St. Louis and if opened will be in the down-town district.

W. F. Churchman, former president of the Capital National Bank of Indianapolis, Ind., is one of the leading organizers. Harry M. Rubey will likely be president.

—Fernando P. Neal, formerly vice-president of the Union National Bank of Kansas City, has formed a new national bank in that city, which will be called the Southwest National. Although the fixed capital will be $1,000,000, subscriptions so far received total $2,400,000.

Fernando P. Neal will be president; Edwin W. Zea vice-president; and Eugene P. Davis assistant cashier. John W. Moore, formerly vice-president of the Fourth National Bank of Wichita, Kansas, will also be a vice-president.

—The new First National Bank, of Butler, Ind., opened for business December 1, with a capital stock of $25,000. Out of a large number of stockholders residing in that city and vicinity directors were selected as follows: Daniel W. Weitz, F. L. Farnsworth, James D. Wilcox, Frank Creager and Walter Snyder. Officers elected were: Daniel W. Weitz, president; F. L. Farnsworth, first vice-president; James D. Wilcox, second vice-president; Frank Creager, third vice-president; Walter Snyder, cashier; R. C. Campbell, assistant cashier. Mr. Snyder is a Lafayette man and the mainspring of the movement.

—The Citizens' Bank at Fortville, Ind., which was organized two years ago, has changed to a national bank, and will be called the First National Bank of Fortville. The capital stock is $25,000, and there are forty-six stockholders. The new officers are: John C. McCord, president; William R. Rash, vice-president; O. L. Morrow, cashier, and Walter Todd, assistant cashier.

—Efforts are being made to start a bank at Kirkpatrick, Ind., and most if not all of the $25,000 capital has been subscribed. Jas. A. Peterson, who is president of the Farmers & Merchants' Bank of Darlington, will be president of the Kirkpatrick bank. Mr. Wright of Clark's Hill will be the cashier.

—A number of the directors and stockholders of the defunct First National Bank of Niles, Ohio, have organized and applied for a charter to open another bank.

The new bank will be known as the Niles National Bank and will be capitalized at $100,000. C. P. Wilson, former vice-president of the First National Bank, will be president of the institution and Robert L. McCarkle, cashier

The new company has purchased the building occupied by the First National Bank for $25,000 and will be open for business as soon as the affairs of the old bank are settled. Among the prominent men who are backing the scheme are W. A. Thomas, L. H. Young, P. E. McCormick, C. P. Wilson, D. J. Finney and Dr. D. W. Strickland.

—Directors of the Second National Bank of Cincinnati have approved the plan to increase the bank's capital stock from $500,000 to $1,000,000. The present stockholders will be allowed to purchase sixty per cent. of the new issue at $150 per share and the public will be allowed to buy the remaining forty per cent. at $275 a share. This issue will increase the surplus to $1,000,000 and the undivided profits account to $250,000.

—On December 1 the Remple National Bank of Logan, Ohio, opened its doors for business.

The new bank succeeds the Remple Banking Company and is assured of liberal patronage.

John R. Remple, former cashier of the old bank, is the new president, and Elmer E. Stiverson is cashier.

—The Bank of Cleveland, Hippodrome building, newest among the banks of Cleveland, Ohio, having been organized several months ago, was taken over on December 1 by the State Banking & Trust Co. Depositors will be paid in full, the assets of the bank being twice its liabilities.

The Bank of Cleveland was organized during the height of the financial panic and the clearing-house refused from the first to clear for it. After surviving this long the directors decided they would not prolong the unequal struggle any longer and accordingly voted to close.

O. P. Fisher was president and treasurer of the bank, and Julius Pomerene, treasurer. Its board of directors was composed principally of business men who had not previously been identified with banking interests.

—The consolidation of the various banks of Cincinnati in recent years has served to place the remaining institutions in an independent position. With the absorption of the National, Lafayette, and the Ohio Valley National Banks by the First National, and the absorption of the Third National and American National Banks by the Fifth National, two banks are now in control of the business which a short time ago was distributed among six, and competition has been narrowed to an unimportant amount.

—At the initial meeting of the new council of administration of the Ohio Bankers' Association, held in Columbus recently, George P. Jones, National Bank of Findlay, was elected chairman of the council, to succeed W. F. Hoffman of Columbus, who was elected vice-president of the association at the convention last summer.

The meeting was largely attended and was held in the headquarters of the organization in the New First National Bank building. In addition to electing a chairman, the council discussed the work of the coming winter and also proposed changes in the state banking law, as it is known that several amendments will be offered to that measure.

SOUTHERN STATES.

—The Maiden Bank, of Maiden, Catawba county, N. C., has been chartered by the Secretary of State, with $7,500 capital subscribed and power to increase its capital to $15,000. The principal incorporators are B. M. Spratt, Jr., Chester, S. C., and J. L. Cromer.

—At a meeting of the directors of the Germania Savings Bank of Charleston, S. C., Gen. Henry Schachte was elected president, succeeding the late A. F. C. Cramer. Capt. Julius H. Janz, who has been acting as president since the death of Mr. Cramer, was elected vice-president. The vacancy on the board of directors was filled by the election of J. D. Lesemann.

—While its new building is in the course of construction, the Commercial Savings Bank of Charleston, S. C., will occupy quarters directly across the street from its old location. The temporary quarters are well arranged and patrons will suffer no inconvenience by the move.

—Secretary of State Phil Cook, of Georgia, has granted a charter to the Bank of Lumpkin, organized at the town of that name in Stewart county, Ga. The capital is to be $25,000. It was formed by John D. Walker of Sparto.

—Colonel Robert J. Lowry, president of the Lowry National Bank of Atlanta, Ga., was on December 8 elected president of the Atlanta Clearing-House Association for the ensuing year, beginning January 1. He succeeds Charles E. Currier, president of the Atlanta National Bank.

Colonel Lowry, who was vice-president of the association, was succeeded as vice-president by Frank Hawkins, president of the Third National Bank.

Thomas C. Erwin was re-elected as treasurer of the association, and Darwin G. Jones was unanimously re-elected manager of the clearing-house.

At this meeting the question of declaring a holiday from Thursday, December 24, Christmas eve, through to Monday, December 27, was discussed, but the suggestion was defeated and the banks were open for a half day on Saturday, December 26, as usual.

The large amount of paper maturing toward the close of the year and the fact that pay rolls were to be met then defeated the proposition which would have given the bank clerks a half week holiday during the holiday season. The reports of the officers of the association were read and approved. The statement that there was $666 in clearing-house certificates still in circulation was an item of interesting comment.

—Application has been made to the Secretary of State for a charter of the People's Bank, recently organized at Tennille, Ga. The capital stock is to be $30,000. The organizers are J. Bashinski, G. H. Wood and H. M. Bashinski.

—T. W. McCoy, who has been connected with the First National Bank of Greenville, Miss., one of the strongest banking institutions in the state, for more than fifteen years and has been assistant cashier for much of that time, recently tendered his resignation in order to accept a position with a prominent bank of Vicksburg, Miss. Mr. McCoy has established himself thoroughly as a banker, understanding well all the intricacies of the banking business and possessing besides sound business judgment.

D. D. Woollard, a young man of splendid ability and high character, has been elected by the board of directors of the First National Bank to succeed Mr. McCoy. Mr. Woollard has been connected with the bank as bookkeeper for several years and his promotion is well deserved.

—Work has begun on a handsome new building, designed for the exclusive use of the Manhattan Savings Bank of Memphis, Tennessee. During the course of its construction the bank will occupy quarters in the building recently occupied by the First National Bank, at Main street and Monroe avenue.

The new home of the Manhattan bank will be a model of the up-to-date bank home. It will be two stories in height and occupied by the bank exclusively. There will be a main and mezzanine floor, the interior being open to the roof.

The plan of having a building for exclusive use is finding favor with banks of the big cities at present, and many of the new institutions are built on this plan.

The Manhattan is one of the prosperous banks of Memphis. Its capital stock is $100,000, and its deposits average well over the two million dollar mark. Its officers and directors are among the wealthiest and most conservative of Memphis' business men. They are as follows:

President, Hirsch Morris; vice-president, Jas. S. Robinson; cashier, James Nathan.

Directors: R. B. Snowden, W. H. Bates, Napoleon Hill, Jacob Goldsmith, W. J. Crawford, Sol. Coleman and the officers.

—The newly elected board of directors of the Farmers' Union Bank of Lexington, Tenn., met recently and elected bank officers for the year beginning Dec. 1, 1908. President E. J. Timberlake, who does the work of cashier, was re-elected, and George H. Maxwell, who has filled the place of assistant cashier during the first year of the bank's existence was elected cashier.

—Oscar Wells, cashier of the Fort Worth National Bank of Fort Worth, Texas, comes to Houston about January 1 to assume a similar position with the Commercial National Bank of that city.

When H. R. Eldridge resigned from the active vice-presidency of the Commercial

Bank a few weeks ago to go to Colorado, the Commercial Bank authorities immediately offered the cashiership to Mr. Wells. After taking the matter under consideration for some time, he decided to accept it, and accordingly he will be elected cashier in this Houston bank in January. He will also be made a director. Mr. Wells is thirty-three years of age, and has spent all of his business career in the banking business. After graduating at a Virginia college he entered the banking business in Missouri, and about three years ago left Carthage, Mo., to accept the call of the Fort Worth National Bank to its cashiership. This is one of the largest and strongest banks in Texas, and he has been connected with it continuously during his residence in Texas. Mr. Wells will make an important addition to the banking forces of Houston.

—Major George W. Littlefield, president of the American National Bank of Austin, Texas, and associates, have acquired the majority of the stock of the Capital Bank and Trust Company of that city and the following directors were elected to fill vacancies on the board: George W. Littlefield, John H. Houghton, Edwin Wilson, M. Butler, H. A. Wroe, Charles Rogan, H. Y. Benedict and T. H. Davis.

Major George W. Littlefield was elected president of the bank, and T. H. Davis was elected cashier. The bank will conduct a general banking and trust business in accordance with the original plan of the charter. The acquisition of the new stockholders in the bank will make it one of the strongest institutions in the state, its individual stockholders being worth about $6,000,000.

The affairs of the Capital Bank and Trust Company will be conducted entirely separate and distinct from the business of the American National Bank of that city, of which Major George W. Littlefield is also president.

—Quarters for the new banking enterprise of Brownsville, Texas, the Brownsville Bank and Trust Company, are being refitted and put in shape with steel vaults, tiled floor and suitable fixtures. The officers are: W. W. Lastinger, president; J. L. Landrum, vice-president; E. A. McGary, cashier.

It is the intention to start business on $60,000 capital and to increase this as the future growth of the bank demands.

—Stockholders of the new State Bank of Goliad, Tex., have elected the following officers and directors: W. A. Pettus, president; T. M. O'Connor, Hy Shaper, Mike Schiwetz, J. B. Shelton, vice-presidents; Levi Baker, acting vice-president; G. W. Johnson, cashier; Hy Shaper, W. A. Pettus, C. B. Reed, J. B. Shelton, Mike Schiwetz, F. C. Albrecht, Charles Danford, G. W. Johnson, J. C. Calhoun, E. Horney, B. W. Martin, R. L. Pettus and Levi Baker, directors. The bank will commence operations as soon as the charter is received.

The Bank of Goliad, which will hereafter be known as the First State Bank, is one of the oldest institutions in the city, having been conducted as an incorporated firm for over seventeen years.

—Stockholders of the First National Bank of El Paso, Texas, have voted to increase the capital stock from $300,000 to $500,000, and will take up all of the issue themselves.

—The Farmers State Bank has organized and opened for business in the town of Trent, Texas.

Its capital stock is $15,000 and the stockholders are farmers, stockhmen, land owners and bankers of considerable wealth. George S. Berry is president; W. D. Hutcheson, vice-president; R. O. Anderson, cashier. Mr. Anderson was formerly cashier of the First National Bank of Merkel, Texas, and will be the active manager of the new bank.

—At a meeting of numerous citizens of Starr county, Texas, held in Rio Grande city, it was agreed to organize a state bank with a capital of $60,000, to be in operation by May 5. Of the amount $11,000 was at once subscribed and the remainder was completed within a few days by others who were not in attendance at this meeting.

WESTERN STATES.

—Frank H. Snure, cashier of the First State Bank of Blanchard, N. D., has been elected cashier of the new Wayzata State Bank of Wayzata, N. D. The building for the new bank is being rushed to completion and the directors expect to be able to open for business in January.

—Conway Springs, Kansas, is to have a new bank. Application has been made for a charter for an institution which is to be known as the People's State Bank. It is to be opened with a capital stock of $20,000. T. C. Moore, formerly of Hutchinson, is to be cashier. Mr. Moore was associated with the late J. W. Harper of Conway Springs. The other officers are to be selected.

A new two-story brick building is to be constructed as a home for the bank. The bank, however, is to open for business immediately afer the first of the new year.

—The Aberdeen National Bank, a government depositary of Aberdeen, South Dakota, is rapidly approaching the two million-dollar mark in deposits. On November 12, last, the bank reported deposits of $1,710,000, which was the largest volume of deposits held by any bank in the state.

The bank is capitalized for $100,000 and is officered by these men:

J. C. Bassett, president; Isaac Lincoln and E. T. Cassel, vice-presidents; Clyde Bowman and Alex Highland, assistant cashiers; and H. N. Bouley, cashier.

J. C. BASSETT
President The Aberdeen National Bank, Aberdeen, S. D.

—The First National Bank of Tyndall, S. D., is going to have a splendid new home. The plans and specifications call for a building having stone pillars in front, and the treatment of both exterior and interior is classic. The South Dakota bank will be of Bedford stone and red terra cotta, and will cover twenty-seven by seventy-five feet of ground. It is to have a directors' room at the rear, safety deposit vaults and all the other features of a first class city bank.

—C. W. Marley, Ona Marley and L. M. Marley are the incorporators of a new state bank at Winona, South Dakota. The institution will be called the Bimetallic State Bank and is located in a country which is yet Indian land. However the bank will have no small part in the development of the country and should meet with success.

—On December 9, the Bigelow State Bank of Bigelow, Ark., filed articles of incorporation with the Secretary of State. The capital stock is $10,000, and $5,075 has been subscribed. C. L. Sailor is the president; John Staue, vice-president; W. I. Blackwell, secretary; A. T. Cox. These officials, with Andrew Valpert, constitute the board of directors.

—A bank has been organized at Edgemont, Ark., with W. W. Morgan as president, E. T. Stanfield, vice-president, and W. T. Black, cashier. A brick building, twenty-four by seventy feet is to be built, the upper floor to be used as a lodge room by the Masons.

—Lantie Martin has resigned his position as assistant cashier of the Randolph County Bank of Pocahontas, Ark., and has been appointed to the position as cashier of the State Bank at Reyno, Ark. J. A. Parker has been appointed to succeed Mr. Martin.

—Stockholders of the Citizens' Bank & Trust Company, of Bartlesville, Okla., have purchased a majority of the stock of the Bartlesville National Bank and the latter institution is to be continued in the Citizens' building. Frank Phillips is president; H. J. Holm, vice-president; L. E. Phillips, cashier; and G. R. McKinley and F. J. Spies, Jr., assistant cashiers.

—Announcement has been made that the Omaha Loan and Trust Company of Omaha, Neb., which failed several years ago, will pay all creditors in full. Ex-United States Treasurer Wyman was president of the institution.

—L. M. Talmage, assistant cashier of the United States National Bank of Omaha, Neb., has been elected cashier of the First National Bank of Grand Island, Neb.

Mr. Talmadge has been with the Omaha institution twenty-one years. He recently bought a large part of the stock owned by the estate of the late C. F. Bentley, who was cashier and founder of the Grand Island bank.

—Alfred Millard, cashier of the United States National Bank, of Omaha, has been promoted to the office of vice-president. W. E. Rhoades, for many years an assistant cashier of the bank, was made cashier. Mr. Rhoades entered the bank as messenger and has held every position in the bank from messenger up to cashier. Robert W. Morsman was elected an assistant cashier. Mr. Morsman has been the note teller of the bank for several years.

—The La Salle State Bank of La Salle, Colo., has been incorporated, capitalized at

$10,000. The incorporators are: R. W. DeVinney, president; B B. Carpenter, cashier, and D. S. Ellis, vice-president.

—The Burlington State Bank is a new institution organized by several men, all residents of this community and prominent in its affairs.

The officers of the bank are: F. D. Mann, president; Louis Vogt, vice-president; George O. Gates, cashier. The capital is $10,000.

—Directors of the First National Bank, of Ismay, Montana, have elected E. J. Armstrong, of Glendive, cashier to succeed Wilson Eyer, who will soon return to Dickinson, S. D., to take the cashiership of a bank there. Mr. Armstrong is at present assistant cashier of the Merchants' National Bank, of Glendive, where he is held in high esteem by the people generally. He will take up his new duties at once. In accepting the resignation of Mr. Eyer, the directors extended to him a vote of thanks for the faithful and efficient service he had rendered the bank and expressed regret that he was not to remain.

—The Round Mountain Banking Corporation of Round Mountain, Nev., a town sixty miles north of Tonopah, has closed its doors. Bad loans are given as the cause. It is announced that the bank will reopen in thirty days to pay depositors, but will not resume business. The bank is capitalized at $25,000 and has deposits amounting to about $30,000. The extent of its liabilities is unknown.

—The National Bank of Carlsbad, N. M., has changed management. H. A. Houser, the president, and R. B. Armstrong, the cashier, have sold their entire holdings to C. H. McLenathen, Elliott Hendricks, and C. M. Richards, and will retire from the management of the bank January 1, 1909. They will be succeeded by C. H. McLenathen as president and C. M. Richards as cashier. The National Bank of Carlsbad, founded by S. T. Bitting, has been conducted along very conservative and safe lines, and passed through the panic last fall without any inconvenience. It has been the policy of the bank from the start to assist all legitimate enterprises in developing the resources of the Carlsbad Project, and it has been an important factor in the progress of the lower Pecos valley.

—On December 4 articles of incorporation were filed for the Bank of Iron County, Parowan, Utah. The capital stock is placed at $25,000 and the officers are as follows: Edgar L. Clark, president; William Adams, vice-president, and L. N. Marsden, cashier. Thursday, December 10, the bank was open for business.

PACIFIC STATES.

—The California State Bankers' Association may meet with the state associations of Washington, Oregon, Idaho and Montana in Seattle next summer. The Seattle clearing-house has sent an invitation to the California bankers to meet with the four Northern state associations, and named the convention days as the last Thursday, Friday and Saturday in June.

If the California association decides to meet in Seattle, the joint session of the five associations will draw 1,000 of the prominent financiers of the Pacific coast to the city and to the exposition, and may bring as high as 2,000.

—A very satisfactory report was that made on November 27, by the Old National Bank of Spokane, Washington. This reliable bank has nearly seven millions of deposits—to be accurate—$6,968,037, and its resources now total $8,046,976. Its officers have followed closely the policy of conservatism which has marked the bank's history from its very beginning and to-day the Old National Bank has the confidence of the whole northwest, especially that section near and around Puget Sound. The officers are: D. W. Twohy, president; T. J. Humbird, vice-president; W. D. Vincent, cashier; W. J. Kommers and J. A. Yeomans, assistant cashiers.

—Very attractive and convenient quarters have been opened by the Scandinavian-American Bank of Spokane, Washington, in the Peyton building annex at the northeast corner of Sprague avenue and Post street.

The fixtures are mahogany and bronze, with wainscot of fine Italian marble and verd-antique baseboard and rail. The officials' desks are in an enclosure set off with a panel of marble. The lobby, or main banking room, has tile floors laid in designs. A ladies' room, with telephone, has been fitted up with the view of making it comfortable and convenient.

The walls of the room are done in solid green with conventional frieze of yellow and gold, while the chandeliers and wall lights are dull brass.

Ample vault space has been provided. The vaults are built of concrete and steel and are burglar and fire proof. Inside the vault is a large manganese steel safe for receiving the cash kept on hand by the bank. Later a safety deposit vault department may be installed.

The Scandinavian-American bank succeeded the Spokane County Savings Bank a few months ago, at which time the capital was increased from $50,000 to $100,000. The bank is a state institution. Its officers are: O. A. Johnson, president; L. W. Hutton, first vice-president; L. G. Heiberg, second vice-president; S. A. Anderson, cashier. These, with the following, are the directors: J. D. Finley, Frank Swanson, Nick Norman, F. E. Peterson and Martin Woldson.

—Thomas H. Brewer, vice-president of the Fidelity National Bank of Spokane, Wash., for the past two years, has resigned and will at once take up his new duties as vice-president of the Exchange National, to which he was elected at a meeting of the stockholders held recently. It has been decided by the directors of the Fidelity National not to fill the vacancy caused by Mr. Brewer's resignation at once. D. K. McPherson is now the only vice-president of the Fidelity, and will probably assume all the duties of that office until the annual meeting in January.

—W. L. Steinweg has just been elected president of the North Yakima, Wash., Clearing-House Association. He is also president of the First National of North Yakima. The other officers are: O. H. Fechter, vice-president; H. C. Lucas, secretary and treasurer; E. E. Streitz, manager; George Donald, George S. Rankin, Mr. Steinweg and Mr. Fechter the executive committee.

—W. S. Short has resigned as cashier of the Tenino State Bank of Tenino, Wash., and accepted a similar position with the Security State Bank of Chehalis, in which he has purchased a part interest. W. Dean Hayes at the same time left the cashiership of the Chehalis bank and went to the Tenino bank as Mr. Short's successor.

—Depositors of the suspended Citizens' Savings Bank of Long Beach, Cal., have adopted the plan outlined by the committee of seven appointed to devise some manner in which they might receive back most of their deposits. They will petition the receiver to pay a dividend of fifty per cent., all those signing the petition to take an undivided half interest in the First National bank building, at a valuation of $125,000, and the balance of the amount subscribed—about $60,000—in mortgages, these mortgages to be held by the building company as an investment and guarantee fund that the indebtedness on the building can be taken care of without any assessment of the stockholders. This is to be taken instead of cash.

—The Bank of Perris, Cal., has opened its doors for business, after a delay of several weeks in securing a charter.

S. V. Gates is president, W. W. Stewart is cashier. The capital stock is $25,000.

—A splendid new building has been completed and is now occupied by the Salinas City Bank of Salinas, Cal. In every respect the new quarters are complete and modern and especial attention has been given to the furnishing of the various rooms.

Heavy concrete pillars support the second story. The entire woodwork in the banking room is mahogany, and finished in very elegant design and highly polished. In the second story of the building are ten suites of two rooms each and a few other rooms, splendidly lighted and arranged, with all the modern conveniences of heating and ventilation. Altogether the new Salinas Bank building is one that the whole county may be proud of. The officers of the bank are: President, J. H. McDougall; vice-president, W. J. Irvine; cashier, Elmer Alexander; assistant cashier, E. M. Hills; John A. Armstrong, C. Z. Hebert, Henry Bardin, William Sarles and Harry Winham.

—Directors of the Equitable Savings Bank of Los Angeles, Cal., have authorized an increase in the capital stock of that bank from $50,000 to $250,000, and $150,000 of the new stock will be issued at this time. The remaining $50,000 will be held in the treasury against future needs.

The bank now has, in addition to its capital of $50,000, a surplus of about the same amount.

—Directors of the First National Bank of San Jose, Cal., have decided to erect the new bank building which they have been contemplating for some time past. The new building will be an eight-story, steel and concrete structure, modern in every particular. It will be erected on the site of the present First National Bank quarters. President Clayton says that the new building will be completed within two years from the present time.

It is estimated that the total cost will be about $250,000. The building will be as fire-proof and earthquake-proof as modern construction can make it. No combustible material whatever will be used except about the windows and doors on sides facing the street. The structure will be built on a solid foundation of concrete piles, and will have a steel frame, surrounded by heavy concrete walls. The floors also will be of concrete, and the partitions between the rooms will be of tile. The facade will be constructed of extra-gloss white-enameled terra cotta. The hallways will have mosaic floors and the vestibules will be lined with marble. The stairs will be marble also.

The bank will occupy the first floor which will be planned and furnished to meet every need of a large and up-to-date banking business. It will be provided with all the new appliances and furnishings which simplify the work of the employees and add to the comfort and security of the patrons. The decorations will be elaborate and artistic.

—S. B. Hunkins, president of the Garden City Bank and Trust Company, San Jose, Cal., has made application to the State Bank Commissioners for license to increase and enlarge the scope of that bank by adding a department for general trust business.

—On November 27 the American National Exchange Bank of San Francisco reported deposits of $5,888,800; surplus and undivided profits of $983,300; and total resources of $8,711,703.

—A number of changes have been made in the personnel of the Fort Sutter National Bank of Sacramento, California.

At a directors' meeting held December 1, D. W. Carmichael, H. W. Couger and J. E. Govan were elected directors to succeed F. J. Ruhstaller, E. A. Nicolaus, and Henry A. Mohr.

A. L. Darrow was elected first vice-president; H. W. Couger, cashier, and Joseph F. Azevedo, assistant cashier.

—Beginning with the first quarterly payment of the year in March, the First National Bank of Los Angeles, Cal., will increase its dividend rate from twenty to twenty-four per cent.

CANADA.

—The Dominion Bank is about to open a branch at 574 Sherbourne street, Rosedale. Toronto, pending the completion of a new building on property recently purchased on the corner of Sherbourne and London streets. The Dominion Bank has now fifteen branches in Toronto.

—The Sterling Bank of Canada has absorbed the banking business of Messrs. Gould and Bros. of Montreal, and J. W. Gould will assume the managership.

—On December 15, it was announced that the Bank of British North America would open a branch at Wynward, Sask. This branch will be under the temporary managership of A. S. McCormick.

—An arrangement has been made between the Western Bank of Canada and the Standard Bank, whereby the latter has acquired the Western Bank. A meeting of the shareholders of the Western Bank for ratification has been called for January 6, 1909. By this arrangement, twenty-six branches of the Western will be added to the forty-nine of the Standard.

—Plans have been drawn up by the Bank of Montreal for a new $700,000 branch office in Winnipeg. This structure, when completed, will be one of the finest of its kind in western Canada.

—B. E. Walker, C. V. O., president of the Canadian Bank of Commerce, has been enrolled as a vice-president of the American Bankers' Association, representing Canada.

—Fred. Carmichael has been appointed manager of the Dundas street (Toronto) branch of the Bank of Montreal.

—The Canadian Bank of Commerce for the year ended November 30 showed net profits of $1,627,332 against $1,752,349 last year. The net profits were at the rate of of about sixteen and one-quarter per cent. on the capital.

The deposits of the bank totalled $95,037,796 compared with $87,041,057 a year ago, a remarkable increase for a Canadian institution.

—Directors of the Royal Bank of Canada, Montreal, have elected H. S. Holt, heretofore vice-president, to the presidency as successor to the late Thomas E. Kenney. Edson L. Pease, formerly general manager, was elected vice-president.

—There are now 1,961 branches of Canadian banks scattered throughout Canada, U. S., Newfoundland, Cuba, England and West Indies.

—R. Campbell, who has for the past two years been assistant general manager of the Northern-Crown Bank, has been promoted to the general managership, to replace J. W. De C. O'Grady, who has retired from the position to devote his attention to private interests.

—For the year ending November 30, the Bank of Toronto reports net profits of $582,156 and total deposits of $26,879,805. Despite the poor year, the bank has been very prosperous.

WITH BANKERS MAGAZINE ADVERTISERS.

CITY TRUST COMPANY, BOSTON, MUNICIPAL NOTE DEPARTMENT.

FOLLOWING the marked success of the department established a few years ago by the City Trust Co. of Boston, for the supervision of the issuance of municipal bonds, the facilities of the company have been further extended to similar supervision of municipal notes. The advantages offered by this new department are readily manifest. They are summarized in a pamphlet recently issued by the company, as follows:

1. Every conceivable safeguard against accidental or fraudulent duplication is adopted.
2. Experienced supervision of experts on municipal obligations is secured in the details of the preparation and issue.
3. The use of notes prepared from steel engraved plates owned absolutely by the Trust Company.
4. Printed on paper made especially for us, with our own water mark.
5. The advice and counsel of eminent attorneys.
6. Certification by an officer of this Company as to the genuineness of each note.
7. Municipalities will find a broader market for their notes.

The pamphlet in question goes into detail as to these advantages and explains in a very clear way how many of the present difficulties in the way of safeguarding municipal note issues can be avoided by making use of this new department.

The success of the City Trust Co.'s municipal bond department may be gathered from the fact that issues to the extent of nearly $15,000,000 have been supervised by this department.

Incidentally, it may also be mentioned that patrons of the City Trust Co. are protected by surplus and undivided earnings of nearly $3,500,000 in addition to the company's capital stock of $1,500,000. The total assets of the City Trust Co. are now over $32,000,000.

STEEL OFFICE FURNITURE.

THE Berger Manufacturing Co. of Canton, Ohio, which makes a specialty of steel office furniture, has just issued a special catalog of its steel clothing lockers.

The advantages claimed for these devices are stated as follows:

Clothing lockers facilitate the maintenance of an orderly and sightly condition of affairs in Offices, Stores, Factories, etc., and prevent tampering with clothing or their contents.

The advantages of STEEL Lockers over wooden ones are too apparent to require extended comment.

STEEL Lockers are stronger and more secure.

Their non-combustible, fire-resisting construction is also the most compact of any, and gives maximum capacity for space occupied.

They are rodent and vermin proof; non-absorbent; sanitary.

They withstand hard usage, wear and tear; and save in cost of maintenance.

Built on the unit system; quickly and easily assembled and installed. Additional sections may be added at any time by simply removing end plates and connecting up the new sections.

NEW BANKS, CHANGES IN OFFICERS, ETC.

NEW NATIONAL BANKS.

The Comptroller of the Currency furnishes the following statement of new National banks organized since our last report.

Applications to Organize National Banks Approved.

The following notices of intention to organize National banks have been approved by the Comptroller of the Currency since last advice.

Peoples National Bank, Meadville, Pa.; by M. G. Beatty, et al.

First National Bank, Coalinga, Cal.; by S. P. Young, et al.

First National Bank, Mt. Pleasant, Tenn.; by D. W. Shofner, et al.

First National Bank, Altavista, Va.; by H. L. Lane, et al.

Peoples National Bank, Patterson, Pa.; by H. A. Ebright, et al.

Akron National Bank, Akron, Pa.; by G. F. Weidler, et al.

First National Bank, Dyersville, Iowa; by W. E. Beddow, et al.

Ely National Bank, Ely, Nev.; by A. B. Witcher, et al.

First National Bank, Gary, S. D.; by T. M. Antony, et al.

First National Bank, Moscow, Pa.; by W. B. Miller, et al.

Southwest National Bank, Kansas City, Mo.; by F. P. Neal, et al.

Morris National Bank, Philadelphia, Pa.; by F. A. von Boyneburgk, et al.

First National Bank, Three Forks, Mont.; by A. G. Baker, et al.

First National Bank, West Salem, Ill.; by G. C. Walser, et al.

First National Bank, Walnut Ridge, Ark.; by T. J. Sharum, et al.

First National Bank, North Bend, Ore.; by Fred Hollister, et al.

First National Bank, Montclair, N. J.; by Seward Davis, et al.

First National Bank, East Islip, N. Y.; by W. H. Robbins, et al.

First National Bank, Monticello, Ga.; by Taney O. Benton, et al.

Applications for Conversions to National Banks Approved.

Union Exchange Bank, New York, N. Y.; into Union Exchange National Bank.

Citizens State Bank, Fortville, Ind.; into First National Bank.

American State Bank, Caldwell, Idaho; into American National Bank.

National Banks Organized.

9280—First National Bank, Bremerton, Wash.; Capital, $25,000; Pres., E. W. Andrews; Vice-Pres., W. Bremer; Cashier, J. S. Cameron, Jr.

9281—First National Bank, Hermiston, Ore.; Capital, $25,000; Pres., E. L. Smith; Vice-Pres., J. R. Haley; Cashier, F. B. Swayze. Conversion of the First Bank of Hermiston.

9282—Central National Bank, Columbus, Ohio; Capital, $200,000; Pres., J. F. Stone; Vice-Pres., Fred Lazarus; Cashier, H. C. Park.

9283—First National Bank, McIntosh, S. D.; Capital, $25,000; Pres., J. W. Harris; Vice-Pres., Niels Jacobson; Cashier, J. E. Davies. Conversion of the Evarts State Bank of McIntosh.

9284—Rempel National Bank, Logan, Ohio.; Capital, $50,000; Pres., J. R. Rempel; Vice-Pres's., Frederick Barnes and L. R. Ayers; Cashier, E. E. Stiverson; Asst. Cashier, O. S. Newman.

9285—Merchants National Bank, Cape May, N. J.; Capital, $50,000; Pres., W. L. Stevens; Vice-Pres., J. H. Hanes; Cashier, H. H. Eldridge; Asst. Cashier, E. J. Jerrell.

9286—First National Bank, Butler, Ind.; Capital, $25,000; Pres., D. W. Weitz; Vice-Pres's., F. L. Farnsworth, J. D. Willox and Frank Creager; Cashier, W. Snider.

9287—First National Bank, Nome, N. D.; Capital, $25,000; Pres., A. Johnson; Vice-Pres., E. E. Lindvold; Cashier, Theo. Torbenson. Conversion of the First Bank of Nome.

9288—First National Bank, Rowlesburg, W. Va.; capital, $25,000; Pres., G. E. Rogers; Vice-President, W. W. Schoch; Cashier, E. Carver.

9289—First National Bank, Torrington, Wyo.; capital, $25,000; Pres., H. S. Clarke, Jr.; Vice-President, E. H. Reid; Cashier, J. T. McDonald.

9290—Farmers National Bank, Leechburg, Pa.; capital, $50,000; Pres., W. F. Hill; Vice-Pres., J. D. Flude; Cashier, C. F. Armstrong.

9291—First National Bank, Chase City, Va.; capital, $50,000; Pres., N. H. Williams; Vice-Pres., T. E. Roberts; Assistant Cashier, H. R. Cooley. Conversion of Bank of Chase City.

9292—First National Bank, Cimarron, N. M.; capital, $25.000; Pres., H. H. Chandler; Vice-Pres., C. R. Bass; Cashier, W. S. Kilpatric.

9293—Farmers National Bank, Kansas, Ill.; capital, $50,000; Pres., R. S. Briscoe; Vice-Pres., P. B. Honnold; Cashier, E. E. Covalt.

NEW STATE BANKS, BANKERS, ETC.

ALABAMA.

Ariton—Ariton Banking Co.; Capital, $25,000; Pres., W. C. Windham; Vice-Pres., F. J. Travick; Cashier, Ross Rainer.

Odenville—Bank of Odenville; capital, $15,000; Pres., W. T. Brown; Vice-Pres., J. E. Maddox; Cashier, McLane Tilton, Jr.

ARKANSAS.

Salem—Bank of Salem; capital, $5,000; Pres., B. H. Castleberry; Vice-Pres., J. L. Short; Cashier, Rex Castleberry.

COLORADO.

Flagler—Flagler State Bank; capital, $10,000; Pres., Lind Nelson; Vice-Pres., R. B. Hanks; Cashier, Carlyle Nelson.

La Salle—La Salle State Bank; Capital, $10,000; Pres., R. W. DeVinny; Vice-Pres., D. S. Ellis; Cashier, R. B. Carpenter.

DELAWARE.

Wilmington—National Real Estate Co.; capital, $75,000; Pres., W. P. Jorde; Vice-Pres., S. M. Dillon.

GEORGIA.

Adrian—Citizens Bank; Pres., C. R. Williams; Vice-Pres., E. J. Summer; Cashier, S. H. Lynde; Asst. Cashier, J. R. Cherry.

Cumming—Farmers and Merchants Bank; capital, $25,000; Pres., J. D. Waler; Vice-Pres., W. R. Otwell; Cashier, M. W. Webb.

Kennesaw—Bank of Kennesaw; Capital, $25,000; Pres., J. W. Bennett; Vice-Pres., J. G. G. Lewis; Cashier, W. P. Whittaker.

Tennville—Peoples Exchange Bank; capital, $30,000; Pres., H. M. Bashinski; Vice-Pres., G. H. Wood; Cashier, J. Bashinski, Jr.

IDAHO.

Wendell—Wendell State Bank; Capital, $10,000; Pres., I. C. Brubacher; Vice-Pres., C. H. Chapin; Cashier, J. N. Watson; Asst. Cashier, L. R. Hastings.

ILLINOIS.

Bridgeport—Bridgeport Banking Co.; capital, $25,000; Pres., W. E. Finley; Vice-Pres., W. Reed; Cashier, R. E. Laughlin.

Champaign—Citizens State Bank; succeeds Citizens Bank; Pres., A. M. Burke; Vice-Pres., E. Q. Burke; Cashier, C. L. Maxwell.

Glasford—Peoples Bank; Pres., E. W. Butler; Cashier, C. S. Martin.

Highland—East End Bank; Capital, $25,000; Pres., E. Feutz; Vice-Pres., Frank Zolk; Cashier, John Leu.

Nilwood—Nilwood State Bank; Capital, $25,000; Pres., W. C. Ledferd; Cashier, F. W. Cooper.

IOWA.

Crawfordsville—First Savings Bank; successor to Bank of Crawfordsville; Capital, $15,000; Pres., F. W. Rickey; Vice-Pres., Elias Williams; Cashier, J. R. Rickey.

Elberson—Farmers State Bank; successor to Bank of Elberson; Capital, $40,000; Pres., John Skrable; Vice-Pres., Chas. Skrable; Cashier, E. P. Skrable.

Eddyville—Eddyville Savings Bank; conversion of Eddyville Security Bank; capital, $10,000; Pres., L. A. Andrew; Vice-Pres., W. T. Hall; Cashier, D. W. Ward.

Martelle—Farmers Savings Bank; capital, $10,000; Pres., F. Hoffman; Vice-Pres., C. J. Muerfield; Cashier, C. H. Brown.

Pierson—Farmers Savings Bank; Capital, $25,000; Pres., J. F. Brooks; Vice-Pres., Joe Bierman; Cashier, F. F. Nicholls.

KENTUCKY.

Hodgenville—La Rue Savings Bank; Capital, $15,000; Pres., M. L. Meers; Vice-Pres., T. J. Poteet; Cashier, F. R. Twyman.

Lexington—Commercial Banking Co.; Capital, $7,500; Pres., H. G. Austin; Vice-Pres., R. M. Buckmaster; Cashier, L. Patton.

Waterford—Waterford Bank; Capital, $15,000; Pres., Chas. Jasper; Vice-Pres., M. C. Alloway; Cashier, R. L. Mitchell.

MAINE.

So. Paris—Paris Trust Co.; Capital, $50,000; Pres., G. R. Morton; Vice-Pres., J. B. Robinson; Cashier, G. C. Fernald.

MASSACHUSETTS.

Medford—Medford Trust Co.; conversion of Medford National Bank; capital, $100,000; Pres., E. T. McKnight; Cashier, C. H. Barnes.

MICHIGAN.

Edmore—Peoples State Bank; Capital, $20,000; Pres., E. S. Wagar; Vice-Pres., W. A. Wood; Cashier, H. E. Wagar. Successor to E. S. Wagar's Bank.

Harbor Beach—State Bank; Capital, $25,000; Pres., J. Livingston; Vice-Pres., J. J. Leszegynski; Cashier, H. Binkle.

Twining—Twining Bank Co.; Cashier, J. J. Finnerty.

MINNESOTA.

Mound—State Bank; Capital, $10,000; Pres., M. H. Hegerle; Cashier, E. J. Cladek.

MISSISSIPPI.

Artesia—Artesia State Bank; Capital, $12,000; Pres., J. Cook; Vice-Pres., J. N. Roberts; Cashier, A. T. McIlwain.

MISSOURI.

Meta—Farmers and Merchants Bank; Capital, $10,000; Pres., H. S. Burd; Vice-Pres., S. J. Terrill; Cashier, F. I. Crone.

O'Fallon—German American Bank; Capital, $10,000; Pres., L. H. Glossmeyer; Vice-Pres., J. Dickherber; Cashier, W. S. Wells.

Princeton—Farmers Bank; conversion of T. W. Ballew's bank; capital, $25,000; Pres., O. C. Casteel; Vice-Pres., W. S. Davis; Cashier, G. W. Miller.

Springfield—Bank of Commerce; Capital, $50,000; Pres., D. J. Landers; Vice-Pres., J. N. Williams; Cashier, N. N. Coffman.

Vienna—Farmers State Bank; Capital, $10,000; Pres., H. Valmert; Vice-Pres., L. C. Parker; Cashier, W. R. Parker.

MONTANA.

Conrad—Pondera Valley State Bank; conversion of Pondera Valley Bank; capital, $25,000; Pres., Dennis Kelly; Vice-Pres., Patrick Kelly; Cashier, P. Kelly.

NEW JERSEY.

Newark—Roseville Trust Co.; Capital, $100,-000; Pres., W. P. Odell; Vice-Pres., Harry Foster; Secretary and Treasurer, R. E. Smith—American Commercial Bank; Capital, $50,000; Pres., E. C. Bataille; Vice-Pres., J. B. Banister; Cashier, J. F. C. Hoffman.

NEW YORK.

New York—A. E. Fitkin & Co.; Cashier, W. R. Fitkin.

NORTH DAKOTA.

Garrison—Atlas State Bank; capital, $10,-000; Pres., W. A. Baldwin; Cashier, C. H. Barber.

Kief—First State Bank; Capital, $10,000; Pres., J. J. Schmidt; Vice-Pres., G. A. Elbert; Cashier, R. M. Hoenisch.

Stanton—German State Bank; Capital, $12,-000; Pres., John Young; Vice-Pres., W. A. Olson; Cashier, L. L. Beinhauer.

OHIO.

Cincinnati—Short, Stanton & Co.; Capital, $15,000; Pres., C. W. Short; Vice-Pres., L. N. Northington; Cashier, R. W. Cist.

OKLAHOMA.

Amber—State Bank; Capital, $10,000; Pres., E. W. Frey; Vice-Pres., H. M. Smelser; Cashier, I. E. Hemmingway.

Canute—Citizens Bank; capital, $10,000; Pres., C. E. Davis; Vice-Pres., C. T. Reese; Cashier, F. T. Smallwood.

Cashion—Farmers State Bank; capital, $10,-000; Pres., B. F. Woodworth; Vice-Pres., A. R. Eastman; Cashier, Melville Carter.

Durant—Oklahoma State Bank; capital, $30,-000; Pres., E. T. Haynes; Cashier, C. H. Hardin.

Hulbert—First State Bank; Capital, $10,-000; Pres., A. L. King; Vice-Pres., G. W. Capps; Cashier, H. A. King.

Lovell—First State Bank; conversion of City State Bank; capital, $10,000; Pres., O. B. Acton; Vice-Pres., J. W. Lovell; Cashier, O. E. Acton.

Madill—Madill State Bank; successor to Madill National Bank; Pres., W. S. Derrick; Vice-Pres., J. D. Arbuckle; Cashier, J. L. Derrick.

Medford—State Bank; capital, $10,000; Pres., J. L. Godfrey; Vice-Pres., J. C. Bingner; Cashier, J. W. Chism.

Milburn—First Bank; successor to Milburn Bank; Capital, $10,000; Pres., F. L. Hunnicutt; Vice-Pres., G. A. Melton; Cashier, C. H. Baer.

Mill Creek—First State Bank; capital, $10,-000; Pres., Felix Penner; Vice-Pres., J. F. Walter; Cashier, J. M. Browning.

Tulsa—Bank of Oklahoma; capital, $50,000; Pres., G. R. McCullough; Vice-Pres., H. O. McClure; Cashier, A. E. Bradshaw.

Weleetka—Weleetka Guaranty Bank; successor to Weleetka National Bank; Capital, $25,000; Pres., W. Johnston; Vice-Pres., W. R. Blake; Cashier, J. H. Cunningham.

SOUTH CAROLINA.

Clio—Peoples Savings Bank; Pres., A. L. Calhoun, Jr.; Vice-Pres., John Bursentino; Cashier, H. L. Galloway.

TENNESSEE.

Collierville—Peoples Bank; Capital, $15,000; Pres., Felix Kirk; Cashier, W. L. Matthews.

TEXAS.

Coahoma—First State Bank; Capital, $10,-000; Pres., J. W. Shinn; Vice-Pres., W. W. Lay; Cashier, R. A. Marshall.

Goliad—Goliad Bank and Trust Co.; successor to Bank of Goliad; Capital, $50,000; Pres., W. A. Pettus; Vice-Pres., Levi Baker; Cashier, Geo. Johnson.

Irving—Irving State Bank; conversion of Merchants & Planters Bank; capital, $10,000; Pres., G. W. Riddle; Vice-Pres., D. W. Gilbert; Cashier, W. F. Miller.

Kopperl—First State Bank; successor to First Bank of Kopperl; Capital, $10,000; Pres., O. S. Houston; Vice-Pres., W. P. Guer; Cashier, J. G. Philen.

Westhoff—Bello State Bank; capital, $10,000; Pres., W. F. Edwards; Vice-Pres., Gus Thieme; Cashier, C. B. Richardson.

VERMONT.

Northfield—Northfield Trust Co.; Capital, $50,000; Pres., G. C. Sanborn; Vice-Pres., M. D. Smith; Cashier, W. E. C. Washburne.

WISCONSIN.

Galesville—Farmers & Merchants Bank; conversion of State Bank; capital, $15,000; Pres., A. O. Nelson; Vice-Pres., H. F. Clausen; Cashier, J. A. Berg.

CANADA.

ONTARIO.

Cobalt—Royal Bank of Canada; branch.

CHANGES IN OFFICERS, CAPITAL, ETC.

ALABAMA.

Brantley—First National Bank; W. F. Rainer, Assistant Cashier.

Scottsboro—First National Bank; L. W. Rorex, Pres., in place of J. D. Snodgrass; no Vice-Presidents in place of R. H. Bynum and C. A. Webb; J. W. Gay, Cashier, in place of L. W. Rorex; Ben. T. Howland, Assistant Cashier.

ARKANSAS.

Bonanza—First State Bank; C. R. Breckinridge, Pres., in place of Wm. Moore.

CALIFORNIA.

Auburn—Placer County Bank; Dunning Rideout, Pres., in place of F. C. Lusk.

Pasadena—First National Bank; W. H. Vedder, Vice-Pres.

Putnam—J. F. Carpenter, Vice-Pres., in place of J. A. Carpenter; G. H. Gilpatric, Cashier, in place of J. F. Carpenter.

Sacramento—Fort Sutter National Bank; A. L. Darrow, Vice-Pres., in place of E. A. Nicholus; H. W. Conger, Cashier, in place of A. L. Darrow; J. Azevedo, Asst. Cashier, in place of W. H. Conger.

CONNECTICUT.

Norwich—Merchants National Bank; Arthur E. Story, Asst. Cashier.

FLORIDA.

Live Oak—First National Bank; C. A. Hardee, Pres., in place of C. H. Brown; Thos. Dowling, Vice-Pres.

IDAHO.

Shoshone—Lincoln County National Bank; C. H. Forehand, Asst. Cashier.

ILLINOIS.

Brookport—Brookport National Bank; H. W. Hollfield, Pres., in place of J. F. McCartney; A. T. Kerr, Vice-Pres., in place of H. W. Hollfield.

Chicago Heights—First National Bank; E. R. Davis, Pres., in place of J. W. Thomas, deceased; F. Wilkening, Vice-Pres., in place of E. R. Davis.

Lanark—Exchange Bank; title changed to Exchange State Bank; Amos Wolf, Pres.; J. R. Wolf, Vice-Pres.; Guy Wolf, Cashier.

Metropolis—National State Bank; J. M. Elliott, Pres., in place of J. F. McCartney, deceased.

Streator—Union National Bank; W. C. Flick, Asst. Cashier, in place of W. H. Ryon.

Triumph—First National Bank; no Pres., in place of E. L. Watts, deceased.

White Hall—First National Bank; Myron A. Ellis, Second Asst. Cashier.

INDIANA.

Dana—First National Bank; G. O. Newton, Ast. Cashier.

Kewanna—First National Bank; E. J. Buchanan, Asst. Cashier.

Indianapolis—Citizens Trust Co. and Union Trust Co.; consolidated under latter title.

IOWA.

Belmond—First National Bank; J. P. Rule, Asst. Cashier.

Lemars—Lemars Savings Bank; J. L. Mitchell, Pres., in place of Fred Becker; G. H. Mammen, Vice-Pres., in place of C. Fissel; A. W. Dula, Cashier, in place of F. H. Becker.

Linden—Linden Savings Bank; L. W. Flack, Cashier, in place of A. J. Polkins.

Sioux City—Iowa State National Bank; John McHugh, Pres., in place of George Weare; H. G. Weare, Vice-Pres., in place of John McHugh; O. D. Pettit, Asst. Cashier.

Victor—Victor Savings Bank; J. T. McGuire, Cashier, in place of A. E. Stocker.

GEORGIA.

Jonesboro—Bank of Jonesboro; J. M. Birchmere, Cashier; L. M. Blalock, Asst. Cashier.

Nicholls—Merchants and Farmers Bank; J. C. Deen, Cashier, in place of F. G. Jones; C. Weeks, Asst. Cashier.

KENTUCKY.

Covington—Farmers and Traders National Bank; C. B. Edwards, Vice-Pres., in place of L. C. Stephens.

Louisville—First National Bank; J. B. Brown, Pres., in place of C. C. McClarty; no Vice-Pres., in place of C. C. Bickel; no Cashier, in place of J. B. Brown.

Richmond—Citizens National Bank; no Pres. in place of James Bennett, deceased.

MAINE.

Ellsworth—Burrill National Bank; F. Carroll Burrill, Vice-Pres., in place of S. J. Morrison.

New Castle—New Castle National Bank; authorized to remove to Damariscotta, under the title New Castle National Bank of Damariscotta.

MARYLAND.

Baltimore—Commercial and Farmers National Bank; no Pres. in place of James M. Easter.

MASSACHUSETTS.

Athol—Athol National Bank; Frank W. Derby, Cashier, in place of C. A. Chapman.

MINNESOTA.

Keister—State Bank; L. L. Thorgerson, Asst. Cashier, in place of E. H. Teubner.

Minneapolis—Northwestern National Bank; J. A. Latta, Vice-Pres.; E. L. Mattson and A. V. Ostrom, Asst. Cashiers.

Mountain Lake—First National Bank; J. Niessen, Asst. Cashier.

MISSISSIPPI.

Greenville—First National Bank; D. D. Woollard, Asst. Cashier, in place of T. W. McCoy.

MISSOURI.

Carthage—Central National Bank; A. B. Deutsch, Pres., in place of A. H. Caffee; Samuel McReynolds, Vice Pres., in place of A. B. Deutsch; H. M. Boggs, Asst. Cashier.

Kansas City—National Bank of Commerce; David T. Beals, Pres., in place of W. B. Ridgley; W. T. Kemper, Vice-Pres., in place of G. T. Cutts; W. H. Seeger, Vice-Pres.; James T. Bradley, Cashier, in place of Edward Ridgley; C. M. Vining, Asst. Cashier.

MONTANA.

Fort Benton—Stockmens National Bank; F. A. Flanagan, Asst. Cashier.

NEBRASKA.

Beaver City—Bank of Beaver City; J. L. Freeland, Pres., in place of R. S. Hendricks; H. Brouhand, Vice-Pres., in place of F. G. Downing.

Grand Island—First National Bank; John Reimers, Vice-Pres.; L. M. Talmage, Cashier, in place of C. F. Bentley.

Nehawka—Nehawka Bank; capital increased from $20,000 to $25,000.

Omaha—United States National Bank; A. Millard, Vice-Pres.; W. E. Rhoades, Cashier, in place of A. Millard; R. P. Morsman, Asst. Cashier, in place of W. E. Rhoades.
Seward—Jones National Bank; T. H. Wake, Pres., in place of H. T. Jones; J. F. Goehner, Vice-Pres., in place of J. J. Thomas; J. C. Mulfinger, Cashier, in place of T. H. Wake.

NEW YORK.

New York—Liberty National Bank; Z. S. Freeman and Chas. W. Riecks, Vice-Pres.'s; Mr. Riecks continues as Cashier.—Merchants National Bank; no Second Vice-Pres., in place of Z. S. Freeman.—National Butchers and Drovers Bank; R. S. Rowland, Asst. Cashier, in place of E. G. Tucker, deceased.—Hanover National Bank; Henry R. Carse, Vice-Pres., J. Niemann, Asst. Cashier, in place of Henry R. Carse; William Donald, Asst. Cashier.
Springville—Citizens National Bank; P. J. Cady, Pres., in place of Henry Curtis; D. L. Tuttle, Vice-Pres., in place of P. J. Cady.

NORTH CAROLINA.

Windsor—Citizens Bank; E. S. Lall, Vice-Pres., in place of E. S. Wall.

NORTH DAKOTA.

Dickinson—Merchants National Bank; Wilson Eyer, Cashier, in place of E. W. Carlock.
Leeds—First National Bank; C. H. Ross, Pres., in place of E. B. Page; C. H. Davidson, Pr., Vice-Pres., in place of S. J. Atkins; O. I. Hegge, Vice-Pres; Lydia Keithhahn, Asst. Cashier.
Sheyenne—Farmers and Merchants Bank; capital increased from $10,000 to $15,000.

OHIO.

Bellefontaine—Peoples National Bank; no Pres., in place of J. B. Williams, deceased.
Cincinnati—Fifth-Third National Bank; H. A. Winans, Asst. Cashier.—Metropolitan Bank; capital increased to $200,000.
Franklin—Warren National Bank; D. A. Williams, Pres., in place of J. B. Weis.
Mendon—First National Bank; S. C. Bright, Cashier, in place of C. B. Lair.

OKLAHOMA.

Bartlesville — Bartlesville National Bank; Frank Phillips, Pres., in place of R. L. Beattie; H. J. Holm, Vice-Pres., in place of Ola Wilhite; L. E. Phillips, Cashier, in place of G. B. McKinley; G. R. McKinley and F. J. Spies, Jr., Asst. Cashiers.
Bennington—First National Bank; W. E. Utterback, Pres., in place of W. O. Byrd.
Dewey—First National Bank; no Vice-Pres., in place of W. A. Letson; W. A. Letson, Cashier, in place of A. S. Gentry; A. S. Gentry, Asst. Cashier.
Durant—First National Bank; H. D. Neely, Cashier, in place of O. R. Nicholson.
Fairfax—First National Bank; Raymond Hoss, Second Vice-Pres., in place of Chas. Pasche; J. F. Rochau, Cashier, in place of Raymond Hoss; H. H. Rochau, Asst. Cashier.

OREGON.

North Bend—Bank of Oregon; Henry Hewitt, Jr., Vice-Pres., in place of A. M. Simpson.

PENNSYLVANIA.

Lewistown—Mifflin County National Bank; Rufus C. Elder, Vice-Pres.

Blue Ball—Blue Ball National Bank; Jacob Hartz, Pres., in place of G. A. Wallace; no Vice-Pres., in place of Jacob Hartz.

Curwensville—Citizens National Bank; Hugh M. Irvin, Pres., in place of E. Z. Irvin, deceased; C. A. Woods, Vice-Pres., in place of Hugh M. Irvin.

Apollo—First National Bank; no Asst. Cashier, in place of C. F. Hageman.

Masontown—First National Bank; Charles S. Hempstead, Vice-Pres., in place of John Sterling.

RHODE ISLAND.

Providence—Providence Institution for Savings; E. D. Pearce, Pres., in place of G. A. Phillips, deceased.

TENNESSEE.

Chattanooga—Bank of East Chattanooga; A. J. Henderson, Vice-Pres., in place of J. M. Stephens.

SOUTH CAROLINA.

Prosperity—Peoples National Bank; W. W. Wheeler, Pres., in place of H. C. Moseley; R. T. Pugh, Cashier, in place of W. W. Wheeler.

TEXAS.

Crandall—National Bank of Crandall; J. E. Murphy, Cashier, in place of W. D. Morrow.

Clifton—First National Bank; Tom C. Parks and J. N. Fallis, Vice-Pres.'s.

Farmersville—Farmers and Merchants National Bank; P. L. Miller, Cashier, in place of W. M. Windom; A. F. Yeager, Asst. Cashier, in place of P. L. Miller.

Longview—First National Bank; J. R. Rainey, Asst. Cashier.

VERMONT.

Bellows Falls—National Bank of Bellows Falls; Hugh Henry, Pres.; Eugene S. Leonard, Vice-Pres., in place of Hugh Henry.

Norfolk—Norfolk Dime Savings Bank; title changed to Norfolk City Bank.

VIRGINIA.

Harrisonburg—Rockingham National Bank; G. G. Grattan, Pres., in place of A. M. Newman, deceased.

WASHINGTON.

Spokane—Spokane State Bank; H. A. Steurke, Vice-Pres., in place of G. W. Peddycord; G. W. Peddycord, Cashier, in place of G. J. Walbridge.—Traders National Bank; A. F. McClaine, Vice-Pres., in place of C. S. Eltinge.—Exchange National Bank; E. T. Coman, Pres., in place of Chas. Sweeney; T. H. Brewer, Vice-Pres., in place of E. T. Coman.

WEST VIRGINIA.

Webster Springs—First National Bank; J. B. Skidmore, Cashier, in place of J. W. Arthur; J. M. Herold, Jr., Asst. Cashier, in place of J. B. Skidmore.

WISCONSIN.

Cambridge—International Bank; capital increased from $5,000 to $10,000.

BANKS REPORTED CLOSED OR IN LIQUIDATION.

CALIFORNIA.

Vacaville—Fuso Ginko Bank; reported closed.

GEORGIA.

Abbeville—Citizens Bank; closed.

Macon—Equitable Bank and Loan Co.; closed.

Tallapoosa—First National Bank; in voluntary liquidation Sept. 8.

ILLINOIS.

Pearl—Bank of Pearl; reported closed.

LOUISIANA.

New Orleans—Colonial Bank and Trust Co.; in hands of receiver.

INDIANA.

Remington—First National Bank; in voluntary liquidation Nov. 21.

MISSOURI.

Springfield—National Exchange Bank; in charge of receiver December 7.

NEW YORK.

Brooklyn—Lafayette Trust Co.; in voluntary liquidation Nov. 30.

OHIO.

Cincinnati—American National Bank; in voluntary liquidation Nov. 24.

Cleveland—Bank of Cleveland; in voluntary liquidation.

OKLAHOMA.

Altus—Altus National Bank; in voluntary liquidation Nov. 15.

Kingfisher—Peoples National Bank; in voluntary liquidation Sept. 12.

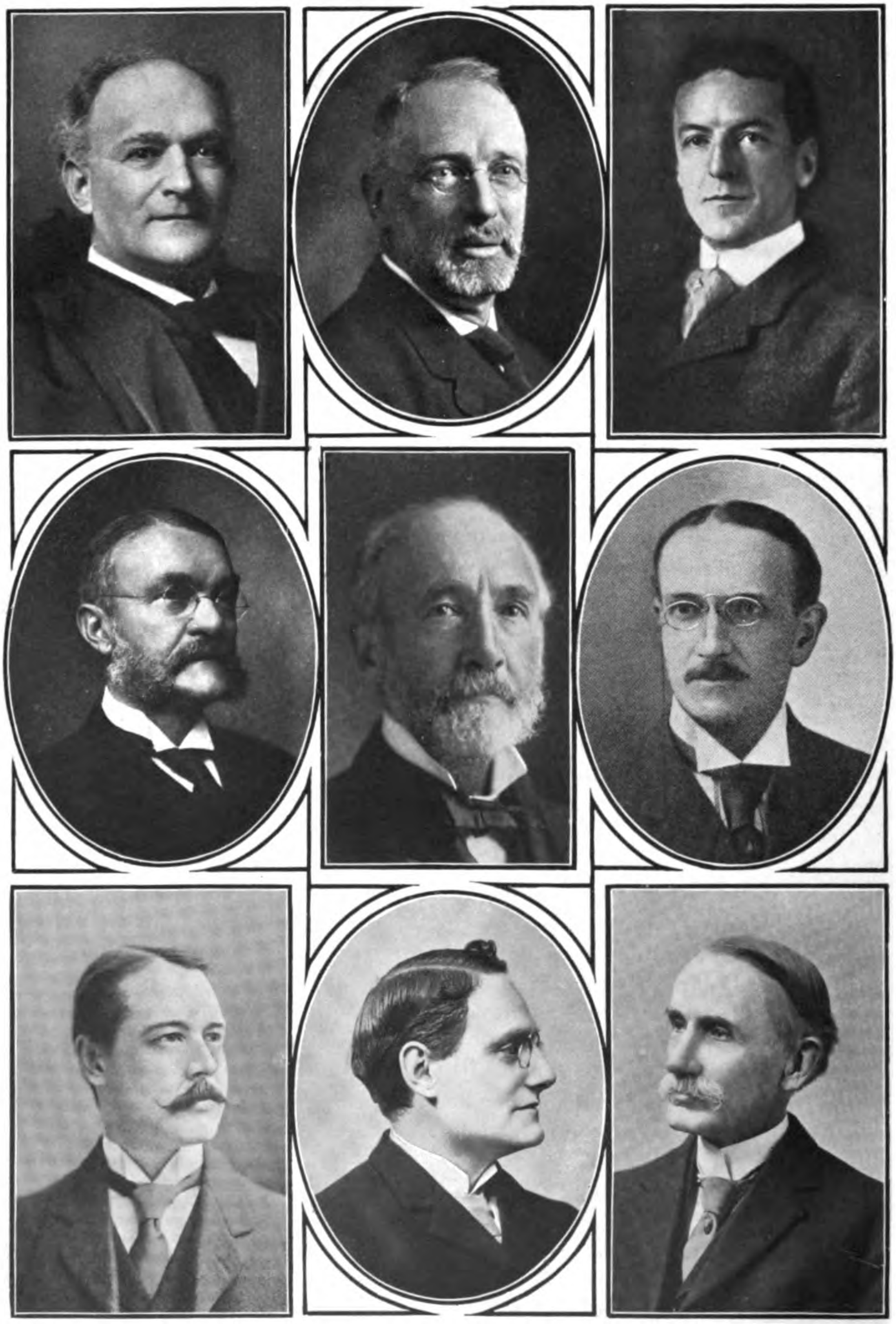
Tahlequah—Cherokee National Bank; in voluntary liquidation Nov. 25.

PENNSYLVANIA.

Pittsburgh—American National Bank; in voluntary liquidation Nov. 23.

Wall Street Investigating Committee

See page 230



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THE

BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-THIRD YEAR FEBRUARY, 1909 VOLUME LXXVIII, NO. 2

THE CHANGE IN THE PRESIDENCY.

BY the time another issue of THE BANKERS MAGAZINE is in the hands of its readers Mr. TAFT will have succeeded Mr. ROOSEVELT as President of the United States. The change is an important one, although it involves no political rearrangements, since both men belong to the same party, nor does it imply a marked departure from the general policies that have been pursued while Mr. ROOSEVELT has been President, as Mr. TAFT has frequently expressed his approval of these policies. The difference in the temperament and training of the new President, however, can not fail to modify his course to a large extent.

It is quite out of the question at this time to pass impartial judgment upon the Administration of THEODORE ROOSEVELT. For nearly eight years he has kept the country in an uproar, and his last months in office have been distinguished by controversies with Congress such as render dispassionate criticism of his acts exceedingly difficult.

The principal achievement of Mr. ROOSEVELT in the Presidential office was his attack upon dishonest corporate practices. What he really accomplished in this direction was not so much in securing new laws or in successfully enforcing those already existing (and this is said with no aim to detract from the magnitude of his work), but rather in his ringing pronouncements in his messages, addresses and letters in favor of higher standards in the conduct of great corporate enterprises. His influence in this direction was far-reaching in its power, acting as a tremendous stimulant to reform all over the country. Mr. ROOSEVELT has unquestionably left the standards of corporate management higher than he found them on his accession to the Presidency. It would be difficult to see how any one not blinded by political or personal prejudice could deny this.

Mr. ROOSEVELT's personality is peculiar. Born of an old New York family and educated at Harvard, no one could have been surprised had he leaned toward aristocracy. That he went so far in the opposite direction probably caused some popular resentment on the part of the people who had their calculations upset. His residence on a Dakota ranch exercised a strong influence over his mind and character. What he did not seem clearly to discern was that the manners which were unobjectionable enough on the broad prairies were not suited to the White House and the limitations of the Presidential office.

Perhaps all men have a good-humored contempt for the intellectual weakness of those who do not hold the same views as themselves. But Mr. ROOSEVELT went beyond this. He seemed to bear a strong antipathy towards all who opposed him. His great mental and physical vitality made him always eager for a conflict. The evils he saw in our business life touched him with noble anger and filled him with impatient rage that such things could not be uprooted and destroyed at once. As President HARRISON once said of him, he wanted to destroy all existing evils between sunrise and sunset. He chafed under the restraints of orderly and leisurely procedure in the courts. To him the law's delays meant the perpetuation of injustice and wrong. And it is as a crusader against wrong, particularly in high places, that President ROOSEVELT will live in the history of his country. He was hardly the author of any great constructive measure. His work was the destruction of abuses. The task of rebuilding required more patience than he could command.

For great state questions like the tariff and the currency he had no aptitude. On the latter question he seems to have been badly advised. He gave his approval to a measure almost universally condemned by expert opinion without even suspecting the blunder he had made. Given an opportunity of rendering his countrymen a service equal to that performed by GRANT when he vetoed the greenback inflation bill, or like that of CLEVELAND in forcing an unwilling Congress to repeal the silver-purchase law, the bent of his mind rendered it impossible for him to see the duty he owed the cause of sound currency. At a time when courageous and able leadership on this question would have been of immeasurable benefit to the country, his utterances were perfunctory and his acts disappointing. It was again an example of his unfitness for great constructive work.

It is probable that the apparent defects of Mr. ROOSEVELT's personality were inseparable from the service he was to perform. In a play produced not long ago at one of the New York theatres certain unwholesome conditions were described to one of the characters (a clergyman) whose indignation is so stirred that with an oath he throws off his coat and exclaims, referring to the task to be performed, "This is the work of a man!" The courteous and dignified ARTHUR or the lovable McKINLEY was not the man for the vigorous work to be done by THEODORE ROOSEVELT.

His popularity was immense, and had its origin primarily in the public belief in his honesty of purpose—a belief fully justified. The courage he displayed in attacking wrongs perpetrated by powerful corporations also aroused popular admiration. Had he given the word, he could have had a second re-election to the Presidency. As the late Administration passes into history, the verdict upon it must be that it achieved great reforms. A certain work had to be done. It was not of a pleasant character at the best. Doubts may be entertained whether less drastic means than those employed by President ROOSEVELT would have proved effectual.

MR. TAFT comes to the Presidency under favorable circumstances. In both Houses he will have a safe majority to support him. If the policies he favors command party support, they can be enacted into law. He will begin his Administration free from personal or other controversies with Congress. His ideas of the relations that should be preserved between the several departments of the Government seem to rest upon the Constitution. Having been a judge himself, he may be expected to show patience with the courts when their decisions fail to sustain his own personal views. While he may quietly but firmly continue the policies of President ROOSEVELT in regard to the so-called "malefactors of great wealth," both his own temperament and the conditions themselves give assurance that we are not to have a renewal of the agitation which has for so long disturbed business.

Temperamentally Mr. TAFT appears to be admirably equipped for the Presidency. His unfailing good humor alone will carry him easily over many rough places. A judicial cast of mind will enable him to consider problems of State with that calmness which often is essential to their wise solution.

The new President's experience on the bench, as a member of the cabinet, and the executive post he held in the Philippines, are all excellent qualifications for the task upon which he is about to enter. Nothing further could be wished in the way of experience, save perhaps a term in either the House or Senate. This might be helpful in enabling him to understand the point of view taken by Congress. It was an advantage possessed by HARRISON and MCKINLEY among recent Presidents, and whose lack gave rise to some bitterness between Congress and the Executive during the terms of Mr. CLEVELAND and Mr. ROOSEVELT.

The reformatory work done by President ROOSEVELT, and which let us hope need not be repeated for some time to come, will afford Mr. TAFT a comparatively clear field for the exercise of constructive statesmanship. Both the tariff and the currency are in need of immediate attention. Upon the former the President-elect has already expressed himself, and it is to be hoped that in due season he will deliberately investigate the proposals for banking and currency reform which are sure to come up in Congress before very long, and throw the weight of his influence in favor of sound measures.

Banking and all lines of business are more or less dependent for their prosperity upon the policies inaugurated and carried on by the occupant of the Presidential office. Every indication points to an Administration by Mr. TAFT which will promote the healthful development of business, and we suppose that unanimity of opinion prevails as to the desirability of having that kind of Administration installed at Washington.

GREAT disturbances were produced in the minds of some bankers by the proposal to insure bank deposits. It was loudly declared that the insurance of deposits would put a premium on reckless banking. But it seems the truth of this assertion would depend to a large extent upon the kind of insurance provided; whether the plan in its details were carefully worked out or not. We do not remember that it has been shown that the safety fund contributed by the Canadian banks for the redemption of the notes of failed banks has tended to encourage reckless banking in that country. But we do not aim to advocate the insurance of deposits, though it seems to us that the charge that such insurance would foster reckless banking is not, necessarily, well founded.

A bill has lately been drawn up by Senator VOLPP for introduction in the Legislature of Nebraska, providing for the insurance of bank deposits. In order to set forth its provisions clearly, we quote the principal sections of the law creating a "Depositors' Protective Fund," and have italicized certain passages that seem especially calculated to *discourage* reckless banking.

"SEC. XXXIV. The State Banking

Board shall provide for the establishment of a fund to be known as the 'Depositors Protective Fund,' to which incorporated banks meeting the requirements hereinafter set forth may subscribe, and the purpose of which fund shall be to protect the depositors of insolvent banks, subscribing to such fund, from loss. At the first meeting of the Banking Board provided herein, and at each regular meeting thereafter, they shall consider the applications of banks desiring to participate in such protective fund, and shall admit to participation therein such incorporated banks as meet the requirements hereinafter set forth, *and which in their judgment are solvent and capably managed,* and they shall thereupon levy against each of the banks so admitted, an assessment of one per centum of its average deposits as shown by the four statements last preceding. The assessment so levied shall be paid by each bank from its undivided profits account, and be placed upon the books of such bank to the credit of the Treasurer of Nebraska, 'for account Depositors Protective Fund' and shall be subject to withdrawal upon the order of the Treasurer, countersigned by the President and Secretary of the State Banking Board.

"Sec. XXXV. The State Banking Board may admit to privileges of the 'Depositors Protective Fund' and issue a certificate of such membership only to banks meeting the following requirements, to-wit:

"(*a*) Such bank must be incorporated, and its articles or a certified copy thereof on file and approved by the State Banking Board.

"(*b*) It must have a paid up capital of not less than fifteen thousand dollars ($15,000.00) *and a surplus fund of not less than twenty per centum of its capital.*

"(*c*) It must have not less than five directors, each of whom shall own in his own name not less than ten shares of stock of said bank, none of which ten shares shall be pledged or hypothecated for the security of any debt, and it must be shown to the satisfaction of the State Banking Board *that suitable loan and auditing committees have been appointed and perform their duties with care and regularity.*

"(*d*) *It must show to the satisfaction of the State Banking Board that no money has been loaned to its active managing officers, including president, vice-president (when active), cashier, or assistant cashier. It must furthermore show that all loans to directors are approved by the entire board of directors, and such approval made a matter of record on the minutes of the said board of directors.*

"(*e*) *It must show that its combined capital and surplus are at least ten per cent. of its gross deposits.*

"(*f*) It must show to the satisfaction of the State Banking Board, that no loan to any single person, firm, partnership, or corporation exceeds twenty per cent. of its combined capital and surplus, and in considering such loan as to excess, there shall be grouped together all loans made to groups of persons or corporations so closely affiliated as to constitute practically the same risk.

"(*g*) *Such bank shall agree not thereafter to pay a higher rate of interest than may be permitted to be paid, under orders of the State Banking Board, which rate and the conditions under which interest is to be paid shall be fixed by said State Banking Board, and shall be uniform throughout the State, and shall not in any case exceed four (4) per cent.*

"In considering the qualifications set forth above, the State Banking Board may accept the sworn statements of the active officers of such banks, touching any of such requirements, and if any later examination shows that misstatements have been made, the penalties prescribed in Section XIII of this Act shall be inflicted, and the protection of the 'Depositors Protective Fund' for deposits made after that time shall be withdrawn.

"Sec. XXXVI. The State Banking Board may admit any national bank, transacting a banking business in this State, to the privileges and duties of the 'Depositors Protective Fund' whenever such national bank shall qualify in every way with the requirements set forth in Section XXXV of this Act, and in addition shall agree to furnish to the said Board copies of all reports which it may thereafter make to the Comptroller of the Currency, *and copies of all letters from the Comptroller's office relative to examinations made by national bank examiners of such bank and their replies thereto.* They shall also agree to permit any examiner or special officer detailed by the State Banking Board to make a special examination of such national bank, whenever the said Board may deem such special inspection necessary.

"Sec. XXXVI. Whenever in the judgment of the State Banking Board, sufficient opportunity has been given all banks in this State to qualify themselves for the benefits and to assume the responsibilities of the 'Depositors Protective Fund,' they shall thereupon make proclamation of this finding, and thereafter it shall be unlawful for the Treasurer of this State, or of any county, city, township, village, or school district to deposit, or permit to be deposited any public funds belonging to said state, county, city, township, village or school district, or any public funds of any kind or description in any bank except those banks which subscribe to the 'Depositors Protective Fund' in this Act provided, and for such public funds so deposited no special bonds or other security shall be required. The several banks desiring such funds shall first be designated as depositories in manner prescribed by the laws of this State, except as to bonds to be furnished, and shall pay interest at rates to be agreed upon, not to exceed three per centum per annum.

"Sec. XXXVII. *The membership of any bank in the 'Depositors Protective Fund' and the enjoyment of its benefits may be terminated by order of the State Banking Board, whenever it shall appear to the said Board that such bank is conducting its business in an unlawful or hazardous manner, or is disregarding the instructions or requirements of said Board, or fails for more than thirty days after notice to correct irregularities, or persists in carrying an insufficient reserve.* In such event, and after due hearing, the Board shall make its decision, and if the vote is to suspend such bank from the privileges of the 'Depositors Protective Fund,' notice thereof shall be published by the Secretary of said Board in a newspaper of general circulation published in the vicinity of the suspended bank, and no deposits received thereafter shall be entitled to any of the benefits of the fund herein provided.

"Sec. XXXVIII. Any bank, which may have participated in the privileges and duties of the 'Depositors Protective Fund' in this Act provided may withdraw from such participation whenever it may be so decided by its board of directors. Whenever such action is taken, the said bank shall notify the State Banking Board, and the Secretary of such Board shall publish a notice that the 'Depositors Protective Fund' is no longer responsible for the payment of deposits in such bank, such notice to be printed in a newspaper of general circulation in the county of the withdrawing bank, and in the immediate village or town in which such bank is located if there be one there published. And thereafter, such bank shall bear no responsibility for losses incurred in other banks after the date of its own withdrawal, but it shall be held responsible for all deposit liability of protected banks then existing. And after a reasonable time the State Banking Board may, in their discretion, repay to such bank such portion as may remain of its initial and other assessments, provided for elsewhere in this Act.

"Sec. XXXIX. The intention of this Act is to provide for sufficient assessments against all the banks participating in, and enjoying the benefits of the 'Depositors Protective Fund,' to completely pay within 30 days all the creditors of failed banks for their bona fide deposits in such failed banks subscribing to such fund, and this without limitation as to the number of assessments which may be made in any one year. No other indebtedness of any kind may claim the benefit of the 'Depositors Protective Fund,' but the State Banking Board may, in their discretion, use the funds in their control in such protective fund, to pay off notes for borrowed money, where it may appear that collaterals will be released, and the general good conserved.

"Sec. XL. Whenever, in the course of deposit redemption, the balance in the 'Depositors Protective Fund' shall fall materially below one per cent. of the amount at risk, the State Banking Board shall make such levy as will replenish such fund, the intention of this Act being to maintain a reserve of one per cent. of deposits, for the uses herein set forth.

"Sec. XLI. *Whenever in the course of any examination, or in any report which shall be submitted, it shall be shown that irregularities or violations of the provisions of this Act have been committed by any bank under the supervision of the State Banking Board, the Secretary of said Board shall by letters addressed to each director of such offending bank, call attention to such irregularities or violations, demanding correction thereof, and setting a return date not more than thirty days thereafter, before which date a report, showing correction of the irregularity, must be made to the Secretary. Should the offending bank fail to make such correction or to report such action, or if it shall appear at any time that such bank is conducting its business in an unsafe or hazardous manner, the said State Banking Board shall order an examiner to take immediate charge of such offending bank.*"

NOW whatever valid objections there may be urged against the insurance of deposits, the encouragement of reckless banking does not appear to be one of them when the insurance plan has been carefully worked out as it has been in the bill drawn by Mr. Volpp.

Reckless lending by the banks and reckless borrowing at high rates of interest are carefully guarded against. Indeed, if a law of the above character were strictly enforced, there would probably be but little recourse to the protective fund to meet the losses of insolvent banks. The Comptroller of the Currency has recently declared (repeating a statement of his predecessor) that national banks that obey the law do not fail.

Perhaps a stricter enforcement of the laws, or the adoption of better methods of examination, will render unnecessary any scheme for insuring deposits by contributions to a common fund.

We can not see, however, that a law such as Mr. Volpp proposes would encourage reckless banking. At the first sign of anything of that kind membership in the protective fund would be forfeited and the fact advertised.

WHILE, therefore, the statement that deposit insurance would put a premium on unsound banking may be true or not according to the plan adopted, there remains a substantial objection to any plan of deposit insurance that can be devised. We have stated it many times before, but it will bear repeating. It is this. Whenever by any system of taxation or voluntary contribution to a common fund all banks are made equally safe, a serious injustice is perpetrated against the bank whose reputation for safety is built upon long years of capable and prudent management. The First Mushroom Bank, organized yesterday, springs at once into the same position as the Bank of North America which has weathered every panic and whose life is as long as that of the Government itself. The Chemical National of New York and the First National of Chicago—and hundreds and thousands of other banks which have established a reputation by weathering the storm and stress of panic, growing stronger every year, would enjoy not a whit of preëminence over this freshest comer into the banking field. We believe it would be a most unwise step to destroy among the banks of the country the incentive they now have to attain to a high reputation for safety by the exercise of prudence and skill in management. Nor can we see any necessity for the enactment of legislation of this character.

The bankers themselves, as our pages have amply witnessed in the past few months, are all the time taking measures looking to the further safeguarding of their business. A little more energy in official supervision, coupled with examination under the direction of bankers themselves, will doubtless give to depositors whatever additional protection may be demanded. At least these measures should be given a fair trial before resorting to a scheme of deposit insurance that would work substantial injustice to the old established banks of the country.

ANOTHER section in the bill mentioned above is worth quoting. It relates to savings banks, and is as follows:

"Sec. XXXI. Any corporation, within this State, formed for the specific purpose of transacting a savings bank business and having received a charter for such purpose in accordance with the provisions of this Act, shall have power to conduct a savings bank business as hereinafter set forth. Any savings bank may receive deposits from the general public, and all deposits in any savings bank shall be repaid to depositors, or their lawful representatives when required, at such times and with such interest and under such regulations as may be prescribed by the said bank and approved by the State Banking Board, which regulations shall be printed, and conspicuously posted in some place accessible and visible to all persons in the business office of said bank. The funds of any savings bank, except the reserves provided for in this Act, shall be invested in bonds of the United States, or of any State in the United States, or in the public debt or bonds of any city, county, township, village. or school district of any State in the United States, which shall have been authorized by the Legislature of this State, or shall be loaned on negotiable paper secured by any of the above mentioned classes of security, or upon notes or bonds secured by mortgage lien, upon unincumbered real estate, provided, that second mortgage loans may be made upon farm lands but no loans shall be made on such improved farm lands or other real estate, which, including the aggregate amount of incumbrance thereon, shall exceed fifty per cent. of the cash value thereof, or upon notes secured by collateral security of known marketable value, or held as cash, or shall be deposited in good solvent banks, approved by the State Banking Board; Provided further, that chattel mortgages shall not be deemed collateral security, and savings banks are hereby prohibited from investing their funds in them, except loans on cattle."

The investments above prescribed are generally good. Objections might be made to the second-mortgage loans, to notes secured by collateral security and to chattel mortgages on cattle. It is believed that by a careful restriction of investments of savings banks to high grade bonds and to first mortgage loans on real estate (the latter form of investment being carefully limited), experience would show such a record of safety that the demand for postal savings banks would soon subside.

Several of the Western States have been tardy in providing by appropriate legislation for a system of savings banks where the investment of savings would be safeguarded so as to make loss practically impossible.

The bill drawn by Mr. Volpp, which in general follows the existing law, appears well calculated to add to the safety of the banks of the State of Nebraska.

DEMANDS for postal savings banks constitute a most unreasonable attitude of mind on the part of those making them. There is absolutely no justification for the establishment of such institutions. None whatever. And in making this assertion we do not speak without care and deliberation and a just regard for the reputation of The Bankers Magazine.

There is no good purpose to be subserved by postal savings banks that can not be attained as effectively and more wisely in other ways.

Only one real argument can be advanced in favor of postal savings banks, namely, that the people shall be furnished an indisputably safe place in which to put their savings.

Now, this argument, on the face of it, appears to be unanswerable. And it would be if there were not already plenty of places where savings may be so deposited.

Hardly a community in the United States lacks a bank that is absolutely safe. But if the depositor does not want to trust his own banker whom he knows, and prefers to have a stranger handle his money, he can send it to any one of a thousand or more banks in the country whose strength is unquestionable. He has at his service the savings banks of New York, whose record for safety, since the enactment of the present laws, is perhaps as high as that of any institution which man can devise. Or he may put his money in the New England Savings banks, in the trust companies of New York, in the Society for Savings at Cleveland, in the First National of Chicago, the Chemical National of New York, or in thousands of other banks, all over the country, whose safety never has been questioned for a moment and never will be.

The exercise of a very small amount of common sense will enable any man to place his savings where they will be absolutely safe. Weak-minded people who are unable to select a safe bank may consult some one else, or the courts may appoint conservators for their funds.

AGAIN: this demand for Federal savings banks, if successful, will work substantial injury to the excellent savings bank systems already established. For it will make the Federal Government a competitor in receiving deposits. And this competition will take some business away from the existing banks. For while the latter may pay a slightly higher rate of interest, the Federal Government will have an advantage over a private institution in securing deposits, because with postal savings banks in the field some people will imagine them to be safer, though as a matter of fact the safety of the ordinary savings banks may be absolute.

NOW, there is no reason why any State may not provide itself with an absolutely safe system of savings banks if it chooses to do so.

We believe that New York and most of the New England States have such a system. But there is no patent on it. Illinois, Iowa, Nebraska—any of the States—may copy it in part or as a whole if they desire. That they have not done so already has doubtless been due to sufficient reasons. We need not enumerate all of them, but some of the most obvious are these: first, the demand for commercial funds has been so great that it has perhaps not seemed wise to limit any of the banks to an investment business purely; second, local securities—high-grade municipal and other bonds—have not been abundant enough to absorb savings funds. For these, and probably for other reasons, the savings bank as it exists in New York and New England has not yet become a part of the financial machinery of the West and South. But whenever the people of these sections want such savings banks, and when the conditions are ready for them, it should be an easy matter to induce the State legislatures to enact appropriate laws.

But if a postal savings bank is established, a considerable part of savings funds now available for home use will be diverted to other channels. Everybody realizes that, so far as possible, the savings funds of a community should be invested at home. But this will not be the case if, as now proposed, the receipts of the postal savings banks are deposited with local national banks. Much of the funds will be redeposited with reserve banks and no small share will gravitate to the call loan market in New York.

Savings funds ought not to be redeposited in commercial banks. They should be invested in sound securities, local, as near as may be, to the point where the funds were originally deposited. Any other use of them contravenes one of the fundamental rules applicable to a savings institution.

BEHIND this postal savings bank scheme there appears a desire to "do something for the people," one of the many manifestations of the beneficent functions of the Federal Government as now interpreted by sociologists, cranks and sophomoric upstarts. If we decline to advocate this nostrum it is not because we are the organ of the banks, for we have never yet been able to see that the banks had interests differing from those of the business community as a whole, and if they had such interests they would get no support from THE BANKERS MAGAZINE.

No; our opposition to postal savings banks rests on other grounds. First, there are plenty of safe banks already; second, if savings banks of the mutual kind are wanted, that shall be instruments of investment purely, they may be had at any time the people will demand them of their State legislatures.

PHRASES that are sonorous have had much to do with the progress of popular movements. A good battle cry, a stirring slogan, are almost equal to a regiment of men.

One of the latest mouth-filling phrases to stir the popular imagination is, "Conservation of national resources." Everybody, from the President down, is harping on it. Young graduates, just out of college, are earning big salaries telling us how it is to be done. Unless their theories are quickly put into practice, the goblins will get us sure enough.

The first thing that occurs to the "conservator of national resources" is—to issue bonds! To prevent our trade from decaying and our industries from languishing, we must at once enter upon a policy of internal improvements, involving an outlay of nobody knows how many millions or billions, the expenses to be defrayed by issues of United States bonds.

One of the first projects to receive attention will be a deepening of the Ohio River from Pittsburgh to Cairo. Other schemes, some of them equally meritorious, will follow, and no one knows where the end will be. Already we are confronted with an expenditure of $500,000,000 for the Panama Canal, and even more may be required before the canal is finished. With this big job on hand, we might display wisdom by going a little slow in embarking on an extensive scheme of internal improvements. If any of the States are in a hurry, they may do as Illinois and New York are doing, use their own money in developing their waterways.

If bonds are to be issued to aid all these projects we shall repeat the experiences of the early history of the country. The States issued bonds for canals, railroads, etc., and these bonds were used as a basis for issuing bank notes, with a perennial harvest of disaster consequent upon such inflation. To-day an increase of bonds will mean more banks and more bank notes, and inflation will follow now just as it did in the country's earlier days.

WAYS for conserving the country's resources may be profitably studied. We are so hopelessly old-fashioned as not to believe that the incurring of additional debts is the first thing to be considered. On the contrary, a nation so rich as ours might have paid for the Panama Canal out of current revenues, increasing the taxes somewhat if necessary, and saved an enormous interest charge while the canal was being built. When the enterprise was finished, the cost could have been capitalized, and the current interest provided for out of the canal's earnings. Probably if the appropriations annually made for rivers and harbors had been applied solely to improving the navigable waters of the country, there would have been no need of an issue of United States bonds for such purposes.

From innumerable sources come attacks upon our national resources. In the United States and Canada the loss by fire in the last thirty-two years has been $4,508,882,325, or an average of over $140,000,000 annually. Last year alone the loss was $238,562,250. Might not our national resources be conserved by studying how to prevent this waste; and if non-inflammable materials were substituted for the wood now used, not only would much of the present annual loss be prevented, but the decreased demand for lumber would of itself largely reduce the drain on our forests.

Bad currency laws alone have been a potent source of national waste. Failure to pay off and destroy the greenbacks has also cost the country hundreds of millions. A bad system of bank notes has perpetuated the public debt, caused the people to be unnecessarily taxed, promoted inflation, bred panic and wrought widespread destruction. Bad housing, bad sanitation, poor transportation facilities, drink—these and many other causes are wasting our resources beyond calculation. Congress and the executive help by extravagant and wasteful appropriations.

So long as these sources of waste remain unstopped, suggestions for "conserving the national resources" by running into debt can but make the judicious grieve.

WHETHER the national resources are in any immediate danger of exhaustion may well be questioned. A few years ago direful stories were circulated that the lobster was becoming extinct. Yet who that has ever walked along upper Broadway can believe this report? China is one of the oldest of civilized countries, but to-day men are turning their eyes in that direction as to a new land. It may be said that China is unprogressive. But France is also an old country and alive to modern ideas. Yet the wealth of France today is one of the wonders of the world.

What does anybody except these new-fangled Federal officials really know about our actual resources anyway? There are regions in Illinois now producing petroleum where a quarter of a century ago such a thing would have been scouted as a dream. Who would have thought that the brown prairies of Kansas concealed vast beds of salt? And these examples might be multiplied indefinitely.

This movement for "conserving national resources" is, however, worthy of public support so long as it is confined to attempts to curtail waste. When it proposes to effect this end by running into debt, it will bear watching, as ABRAHAM LINCOLN remarked of the rat-hole in the corner of a Springfield lawyer's office.

CHICAGO has made rather astonishing gains in banking in the past fifteen years. According to a recent article in the "Manufacturers' Record" of Baltimore, written by Mr. JOSEPH T. TALBERT, vice-president of the Commercial National Bank of Chicago, the deposits in the state and national banks of Chicago in the period named have grown from $179,000,000 to about $700,000,000.

Despite this large increase of deposits, Mr. TALBERT says that the city's banking relations between that part of the South lying east of the Mississippi and south of the Ohio have grown but little, except along the borders and in the large centers. He realizes, of course, that the growth of banking is dependent upon trade relations, but he points out several ways in which the latter may be cultivated, laying particular emphasis upon financing the cotton crop. On this point he says:

"Our bankers should bear in mind the tremendous burden which is thrown each autumn on southern banks in financing the cotton crop. This year the value of that crop will aggregate $650,000,000. This is practically all new wealth, grown out of the earth, and it exists in the form of an exportable commodity that brings in foreign gold. It represents much more in actual wealth than a rise in stocks, securities or property values of an equal amount. The cotton crop must all be paid for in cash by the banks on the spot. A large percentage is paid in currency, especially at primary markets, while the whole crop must be moved to the central markets within a period of four or five months. Heavy borrowing by southern banks is, therefore, necessary, and should be well understood and encouraged. Loans may be made there with as much safety as the choicest commercial paper in our own markets can be bought. We have too long permitted other cities to enjoy a monopoly of this business. The South is very much alive and growing rich. We are not awake to our opportunities if we fail to realize these facts and turn them to good account.

"The South is talking of cotton warehouses and the issuance of negotiable certificates on cotton stored in such warehouses. It would seem to be as practicable to store cotton and to make loans against it as it is to store grain. There does not seem to be any good reason why storehouses similar to the great ones in Memphis should not be established in all the cotton centers of the South, and there is certainly no reason why Chicago banks should be unwilling to make liberal loans against cotton stored in them. Banks in Liverpool, Hamburg and Bremen have for years carried cotton for importers and spinners. Why should we not do so for our spinners and dealers? An undertaking on these lines has recently been successfully carried out here for the storage of wool on a large scale for Western growers."

That Chicago's ambition to maintain closer business and banking relations with the South rests upon an adequate basis is unquestionable.

The suggestions advanced by Mr. TALBERT probably point to new banking adjustments which are already taking place. With the vast addition to the corporate securities seeking flotation every year, New York and other Eastern centers will find themselves less able to compete for the outside commercial banking of the country, which will gravitate to other centers. This does not mean that New York, Philadelphia and Boston will show a decrease in their banking business, either absolutely or relatively. On the contrary, they will undoubtedly show a gain; but the character of the business done will undergo a marked change from commercial to financial and investment banking. In fact, this change has already taken place to a large extent.

While probably the Eastern financial centers will not relish the loss of any portion of the business they have had heretofore, this loss may not lack compensations. A wider distribution of the commercial banking business of the country would probably tend to reduce the seasonal strain which is now so heavily felt each year by New York, and with the growth of the resources of the banks at the other centers they will be able to supply a greater amount of bank credit to sections of the country needing such accommodation.

Outside of New York, Chicago and St. Louis are the only central reserve cities, and they may well prepare to see their share of the country's commercial banking extended enormously in the next ten years.

GOLD promises to play an important part in accelerating the return of prosperity. The South African production for 1908 is placed at $130,-

000,000, or $10,000,000 more than in 1907, while the total world output for last year is reckoned at $438,300,000, which exceeds the total for 1907 by $118,090,000.

With the annual production nearly four and a half times what it was in the early '80's, and steadily increasing, as "The Statist" of London points out, we are apt to witness a period of monetary ease in the next twelve months, unless a war should break out.

Business has received a world-wide check, and is now but slowly reviving, while anything like the speculative activity of the last few years may not be looked for until much later.

The large output of gold, with the reduced pace of business, will, if international peace can be maintained, afford a solid basis for the gradual return of prosperity.

LAWS are to be proposed by the American Bankers' Association to punish persons who procure credit from banks on the strength of false statements, also to punish those who circulate false statements regarding the financial standing or solvency of banks.

The great trouble with this country is that we haven't laws enough. There are only about fifty State legislatures, some of which do not meet oftener than once every two years, and these can not begin to supply the demand for new laws. Slow countries like Great Britain and France may worry along with a single legislative mill, but such economy in legislation in the United States would immediately plunge the country into hopeless ruin.

True, the paucity of legislative enactment is compensated for to some extent by the existence of a few thousand city councils, county boards, town meetings, etc., grinding out annually a fair grist of petty laws. And the numerous judges and justices of the peace put their own constructions on the various statutes, thus affording us a pleasing relief from that legal monotony which would be sure to result from the passage of laws by a single legislative body and interpreted by only one court. Still, we need more laws. The enactment of them keeps the law book publishers, the lawyers, the courts and the legislators all busy. Such aids to industry are not to be neglected.

The evils sought to be reached by the proposed laws are not to be defended, of course. But it will surprise most people to learn that there is not already law enough to hang anybody guilty of either of them.

It is quite possible that the American Bankers' Association may become unduly active in securing new legislation, and thus arouse hostility that might well be avoided. The association has done much good work in advocating certain legislative measures, but it will gain in public confidence and respect by favoring only such legislation as may be indispensable to the better carrying on of banking and commerce.

ALTHOUGH according to "Bradstreet's" building activity for 1908 as reported from sixty-two leading cities of the United States showed a falling off of six per cent. as compared with 1907, the "American Contractor" has reports from forty leading cities indicating that the cost of new buildings in the month of December, 1908, was nearly double the figures for the same month in 1907. The gain is not all accounted for, it is believed, by the fact that the building activity in the last month of 1907 was much reduced by the financial panic occurring in the previous month.

The depression, although checking enterprise, has, by the reduction in cost of labor and materials, made it a favorable time to undertake the construction of new buildings.

AGITATION in favor of more careful supervision of banks by their directors, while highly commendable in the main, nevertheless carries with it possibilities of harmful interference with the necessary freedom which banks should have. This danger was thus explained by Mr. JAMES B. FORGAN, president of the First National Bank of Chicago, in a letter written in reply to certain inquiries propounded by a committee of the Monetary Commission for the purpose of securing information to be used as a basis for some amendments to the National Bank Act:

"I would suggest that your committe should not attempt to regulate the management of the banks by law. Very often laws passed for the purpose of regulating or preventing one evil will produce unthought-of conditions which greatly retard the development of the banks and of banking interests along perfectly legitimate lines.

"For instance, there can be no doubt that in some instances the loaning of a bank's funds to its directors or to concerns in which its directors are interested is greatly abused. As a rule, however, the very best directors a bank can have are men actively engaged in business and connected with the leading commercial and manufacturing industries in their communities; the men who practically control the business of the community in which they live and influence it to the bank with which they are connected. Their close touch with business affairs makes them the best judges of credit in the community, and unless they are placed on the directorates of the banks the much to-be-dreaded 'dummy' directors are inevitable. If the banks are prohibited from loaning to such directors or to the concerns in which they are interested, the inevitable result will be that 'dummies' will be put on the boards in their places to do their bidding; and the last condition of banking under such a law would be infinitely worse than the first.

"There are other evils, the technical correction of which by legal enactment would produce similarly bad results."

These active business men are manifestly the ones that will inspire confidence in a bank and bring it the most business. As the principal men in commerce and manufacturing it is natural that they should be the ones most likely to need banking accommodation. If one were to start any other enterprise besides a bank these are the men whose co-operation would be sought.

Not only can good men be kept off the boards of banks by being prohibited from borrowing, but the same effect will be produced by imposing liabilities and duties upon directors more onerous than any prudent man not an executive officer of the bank would care to assume.

There has been considerable laxity on the part of directors no doubt, but too much zeal on the part of supervising officers of banks and legislators may defeat the end aimed at, which is wise and efficient regulation.

BANKS of New York State will be interested in the following description of the Torrens system of registering real estate titles, which recently went into effect. The "Evening Post" says in regard to it:

"To carry out the provisions of the law a special branch of the Supreme Court will be named to hear all applications for registry. There a complaint will be entered and a summons issued to all persons claiming any interest in the property. On the papers filed the court shall determine whether or not the plaintiff has a title that should be registered. When the court is satisfied that the plaintiff appears to have such title, a summons will be issued which will be returnable in twenty-eight days. Any person whose interests may be affected by the judgment may answer the complaint.

"The court may decree in whom the title to or any right or interest in the property is vested, and may remove clouds from the title and may determine whether it is subject to any lien or encumbrance.

"When ownership is proved beyond reasonable doubt, judgment will be entered which by law shall forever be binding and conclusive. After the final judgment is duly entered, the registrar will register title to the property and will give a duplicate of the original certificate to the owner.

"A registered owner of real property, in order to transfer his whole estate or interest, will have to execute to the intended transferee a deed or instrument of conveyance in form authorized by law. Upon filing such deed in the registrar's office and surrendering to the registrar the duplicate certificate of title, the registrar will enter such statement upon the proper original certificate. He will then make out and register a new certificate and also an owner's duplicate certifying the title to the estate or interest in the property conveyed to the transferee, and will enter upon the original and duplicate certificate the date of the transfer and the name of the transferee.

"In court actions preceding the registration of any property the law permits the use of searches by lawyers or title companies and the guarantees of corporations. Such search being necessary to establishing ownership, the original cost of registration will be greater than thereafter. It is estimated that no transfer under the new law will cost more than $15. All costs are provided for by law."

One effect of the law, apparently, will be to make the State a guarantor of titles to real estate, assuming the functions heretofore performed by corporations established for that purpose.

Time may develop objections in the operation of the system, which has already been tried in other States and in some foreign countries. It would seem to insure greater simplicity, safety and economy in making transfers of real property.

WHEN the 1907 panic was raging it was found in order to prevent additional failures in New York and a more or less general financial breakdown throughout the country, that it was necessary to effect a sale of the Tennessee Coal and Iron Company to the United States Steel Corporation. Before the sale was made it was thought advisable to consult the President and to inquire whether the purchase referred to would be construed by the Government as a violation of the anti-trust act. To this query the President is said to have replied that while he could not advise those concerned to make the purchase, he saw no duty to the public which would require him to prevent it.

Lately the relations between the President and Congress have been very much strained, and the latter body, either from a desire to "get even" with Mr. ROOSEVELT or from a sudden access of virtuous indignation against trusts, has decided to investigate the whole matter.

No doubt the President acted conscientiously and courageously in "permitting" the absorption of the Tennessee Coal and Iron Company by the United States Steel Corporation. The Attorney-General did not see that the law was violated, and the President can hardly be criticised for acting on his advice.

Without the slightest reflection upon the President's course in this case, it may be said that it is bound to cause adverse criticism for the officers of the Government to treat one trust as a benevolent aggregation of philanthropic gentlemen and another as a band of red-handed pirates. Though the letter and the spirit of the law may justify such a separation of the goats from the sheep in the great flock of trusts, the public will find it hard to realize just where the distinction begins. One trust may come within the prohibition of the law because it is declared to be an illegal combination in restraint of trade, while another veils its real character under the euphemism that it steadies the price of its output and gives continuous employment to labor.

Probably careful investigation would show that the great corporations are not the only ones that combine unlawfully to restrain trade. Supposedly there are price agreements in various lines of trade that have the same end in view.

In the course of time, either by judicial construction or a modification of existing statutes, we shall come to realize what has actually taken place —a combination of capital to carry on trade and manufacturing that was once done by separate concerns.

EXPRESS companies continue to do a large share of business which might be obtained by the banks. According to a census report recently issued, the express companies in 1907 issued 14,014,960 money orders, compared with 4,598,567 in 1890, or an increase of more than 204 per cent. The total value of all financial paper issued by the express companies in 1907 —money orders and travellers' checks —was $168,175,588, ninety per cent. of this total being in the form of money orders. This business was equal to 29.8 per cent. of the domestic and international postal money orders issued by the Government.

Evidently this service fills a popular need which the banks might supply by the proper study and cultivation. If they can furnish these orders with equal facility, cheapness and safety, and will convince the public of that fact, they ought to get a large share of the money order business now being done by the express companies.

COMPARING bank suspensions in 1908 with those reported in 1893, "Dun's Review" finds that the number was 253 with liabilities of $261,924,354 in 1908, and 642 with liabilities of $210,998,808 in 1893.

It is explained that the figures for 1908 are actually much less unfavorable than appears on their face, since account must be taken of the increase in the number of banks and of the growth in their deposit liabilities. A number of the suspended banks also resumed.

The 1907 crisis was less disastrous than that of 1893, and it may be expected that the period of depression will be much shorter.

BEGINNINGS OF THE GREAT BANKING SYSTEMS OF TO-DAY—ENGLISH BANKING HISTORICALLY DESCRIBED.

By W. R. Lawson.

THE most notable banking movement of the present day is toward international coöperation. National and provincial banks are being called on to adapt themselves to this new demand. How they may succeed in doing it will depend on their existing organization and their historical principles. It becomes of great interest, therefore, to study the various national types of banking with a view to ascertaining how they may fit into the international combination which is being gradually developed. This important task we have entrusted to a writer with whom our readers are already familiar, namely, Mr. W. R. Lawson, of London. During the coming year he will furnish THE BANKERS MAGAZINE with a series of articles on international banking. In these he will trace its historical evolution from the crude English banking of the Tudor age up to the complex operations of international exchange as carried on in 1909. He begins very appropriately by showing how the goldsmith banker of the seventeenth century developed into the merchant banker, then into the joint-stock bank, and finally into the international bank of to-day.

ENGLISH BANKERS CONSERVATIVE BY NATURE.

The English banker is by nature the most conservative of business men, nevertheless his professional history is full of variety and not altogether innocent of romance. Straight as he looks himself, his evolution has followed no straight line. It has taken many curious turns and dashed off now and then at sudden tangents. If it be narrow and conventional it can blame no one but itself, for assuredly it has had ample freedom of development. Less than any other business has it been hampered by legislative or administrative interference. There is no general banking law in England. Now and then special laws have been passed like that which constituted the Bank of England and conferred upon it its various privileges. There have also been currency laws which directly or indirectly affected banks—the Act of 1844 for instance. But none of these are controlling laws: they confer privileges rather than impose restrictions.

ENGLISH BANKERS HAVE A FREE HAND.

The series of acts of Parliament which approach most nearly to bank laws are the acts of 1826 and onwards, permitting the establishment of joint-stock companies for banking purposes. They were chiefly intended to protect the Bank of England against the rising tide of merchant banking. For the new joint-stock banks which then came into vogue a department was fenced off. They might operate in London, provided they did not issue notes payable on demand. Or if they kept outside of the sixty-five-mile radius round London they might do anything they pleased. Private bankers were always perfectly free up to 1844, when their note issues were limited to the average amounts then in circulation. In their banking business they have always had practically a free hand and as a rule they have made good use of it. Probably this circumstance more than any other accounts for the many-sided character of their evolution.

Impecunious Governments Easy on Bankers.

Why the State should have been so indulgent to a class of business which more than any other requires supervision in the public interest, is a question that carries us far back in English history. The Parliaments of the eighteenth century were favorable to banks for the same reason that made the Plantagenet Kings friendly to Jews and Lombards. They were always hard up, and therefore had to be civil to the money power of the day. Up to the end of the eighteenth century, when the industrial era began, Kings and Governments were the most persistent borrowers. As a rule they could never get enough money. When they had exhausted their own loyal citizens they had often to go abroad for supplementary loans.

The monetary center of the world then was not London but Antwerp. The Flemish merchants did a little money-lending, and had Emperors as well as Kings in their private ledgers. Sovereigns who required many loans to keep them going had to employ special agents to look after them. The most celebrated of these was Sir Thomas Gresham, the founder of the Royal Exchange in London, who had the honor of financing both Edward the Sixth and Queen Elizabeth. The affairs of Edward the Sixth were in a rather desperate state when Gresham took them in hand, but not so very desperate perhaps as those of Henry the Third had been. The latter King's own description of his financial difficulties is a characteristic specimen of full-bodied old English. When his nobles and prelates hinted to him that his requests for "benevolences" followed each other a little too fast, he hotly retorted on them:

"Is it to be marvelled at that I covet money? It is a horrible thing to imagine the debts wherewith I am bound. By the head of God! they amount to two hundred thousand marks, and if I should say three hundred I should not exceed the truth. There is a necessity for me to have money, gotten from what place soever and by what means soever and from whomsoever."

Monarchs liable to get cornered as badly as Henry the Third seems to have been would welcome any kind of banking scheme. Now and then they were foolish enough to kill the goose that laid the golden eggs, as Charles the First did, when he scooped all the money the city merchants had lodged at the Tower for safe-keeping. But as a rule successful financial agents were appreciated. Even the Virgin Queen, who adopted a rather lofty tone toward money-lending citizens and told them that "to borrow their money was a matter of great grace and favor," acknowledged the valuable services of Sir Thomas Gresham both to herself and her brother, Edward the Sixth.

Sir Thomas Gresham as a Financial Agent.

Sir Thomas succeeded an agent who had sadly mismanaged the royal debt. When he first went over to Antwerp he discovered that the King (Edward the Sixth) owed there £108,000 on short loans which fell due with most inconvenient rapidity. To pay interest on them, let alone any part of the principal, was a heavy tax aggravated by a low rate of exchange. The latter had fallen so much that the pound sterling was worth in Antwerp only sixteen

Flemish shillings. The new agent applied himself to raising the exchange as well as to reducing the royal debt and in a short time he had so far succeeded that the pound sterling commanded twenty-two Flemish shillings.

Sir Thomas Gresham might be more properly termed a financier than a banker, though his operations certainly included a good deal of banking. He was the precursor of the goldsmith bankers who were a product of the Civil War. The city shopkeepers who had hitherto kept their cash in their own cellars did not care to leave it behind them when they were called out to serve in the train bands. It was handed over accordingly to the goldsmiths for safe custody, and the new arrangement was found so convenient that it survived the 1. Civil War and became the nucleus of a vast system of deposit banking. In tracing the evolution of this system the free hand which English bankers have always enjoyed will be once more apparent.

Development of Deposit Banking.

Deposit banking in England assumed a great variety of forms. Not only were there many local varieties of it but different trades and industries developed banking methods to suit themselves. If the old banks in Cornwall be traced back to their origin they will generally be found associated with tin-mining. In Wales there are local banks still extant whose founders began by lending money to cattle-dealers to enable them to buy cattle and drive them to the English fairs. Some of them may have begun life as cattle-dealers themselves. In the Midlands the local bank was frequently an outgrowth of the principal store or shop. Sometimes it started as an annex of a successful cotton or woolen factory.

These merchant bankers of the provinces helped to produce the London banker. He passed through a series of distinctive stages—first, the goldsmith banker; second, the merchant banker; third, the joint-stock banker. The first stage was comparatively short. The transition from goldsmith banker to regular banker occupied less than a century. It is a wonderful proof of the steadiness of commercial and financial evolution in England that the first great English bank was organized while banking was still in its infancy and that it continues to this day to operate on its original lines. More wonderful still, there are private banks older than the Bank of England yet alive and flourishing.

Bank of England Becomes a Rival of the Private Banks.

The Bank of England was established as a rival to the private banks 3. which had sprung up during the preceding half-century. It was intended to compete with them for private business as well as to have a monopoly of the Government account. According to all ordinary rules of life it ought to have won a speedy victory over such a scattered and divided crowd as the goldsmith bankers were. It pressed them pretty hard, at first, but as it became more and more involved with the Government it had less time and money to spare for private banking. Its chief privilege—the Government account—proved in the end a handicap to it. The Bank of England never but once secured an important share of the trade banking of the country—commercial deposits and discounts—and that was during the twenty years when specie payments were suspended.

The goldsmith bankers held on firmly to their own end of the business, and they were never seriously threatened in it until the rise of the joint-stock banks eighty years ago. After some hard fighting the Bank of England relinquished the struggle and a division of territory was tacitly agreed upon. While the Bank of England kept the Government account and the chief control of the currency, the private bankers got the lion's share of the trade deposits and discounts. Under this dubious compromise private banking grew and developed in England for more than two centuries. Its persistent growth in the teeth of difficulties and misfortunes should be ample proof of vitality. There was always more in it than mere vegetation. It developed a large amount of individuality and original character.

Curious Legacies from the Private Bankers.

The private banker has been a power in English society from his origin and what little remains of him is a power still. His methods and traditions were largely adopted by the joint-stock banks. When anything archaic or out-of-date crops up in them we may be sure it is a survival from the private banking age. Foreign critics often wonder at the large proportion of their resources which the joint-stock banks hold in securities. The usual explanation is that they are held as a second reserve, but they are in fact a continuation of a very old practice among private bankers. When commercial discounts were still in their infancy and bank deposits were held rather for safe-keeping than for relending, the only remunerative use that could be made of them was to put them in public securities. Latterly consols offered a large and free market for such investments, but previous to 1688 floating supplies of Exchequer "tallies," Exchequer bills, warrants, navy bills, etc., had to serve the purpose.

What may seem to foreign and especially to American bankers excessively large holdings of gilt-edged securities have always been a distinctive feature of English banking. The old usury laws were partly responsible for this, but the chief reason was the financial necessities of the State. These provided a never-failing and generally superabundant supply of lucrative and at the same time fairly safe investments. The transition from Government securities to trade loans and discounts was clearly described by Mr. Joplin in the evidence he gave before the select committee of 1837 on joint-stock banks:

"When not more than five per cent. could by law be given on bills of exchange it was an established practice that bankers, particularly country bankers, should hold Government securities, by the sale of which, though at a great sacrifice, they could raise money in periods of emergency. They frequently on such occasions had to sell stock, etc., at from five to ten per cent. loss, which if they only wanted the money for a month was raising it at the rate of fifty to 100 per cent. for that period. But the usury laws having been altered as regards bills of exchange, and the joint-stock banks being thus enabled to give a higher rate of interest on such securities if necessary, appear to think that they will obtain money on them at any time at a less sacrifice than by holding stock, and they consequently keep all their reserve in bills of exchange. This is worthy of observation since the practice of re-discounting has become so general, for should the Bank of England as heretofore at particular periods set their faces against the paper of any of these banks though the banks themselves might not suffer much by it their customers would."

The latter part of Mr. Joplin's evidence as to the new joint-stock banks holding their reserves in bills of exchange did not long hold true. When deposits became so plentiful with them that they could not be fully employed commercially, the overflow was invested in securities. The next discovery made in this interesting process of evolution was that large holdings of securities diminished the available supply of trading credit and rendered it so much easier to maintain money rates. Within the past twenty years there have been private banks in London with as much as eighty per cent. of their deposits invested in gild-edged securities.

Banking Influenced by Politics.

Politics has always been a considerable factor in the evolution of English banking. It was of course strongest in the early stages and at some critical periods it was predominant. The banking literature of the latter half of the seventeenth century is amusingly polemical. The pamphlets published for and against the goldsmith bankers would alone form a substantial library. They are quite as hot and as spicy as any of the political or theological brochures of the day, which is saying a good deal. Their very titles are slaps in the face, among the mildest being: "The Mystery of the New-Fashioned Goldsmith's" and "The Villainy of Stock-Jobbers."

The English goldsmith banker had about as hard a fight for life at the beginning of his career as the pioneer American banker had centuries afterwards in the Western States. He was accused of pretty much every possible crime, from treason to coin-clipping. In the days of the Commonwealth he was upbraided with his servility to Cromwell. One pamphleteer charged the bankers with having been bought by the Protector with Spanish silver. Cromwell's navy was fairly successful in the West Indies, and in one season it captured £300,000 worth of Spanish dollars, which Cromwell deposited with the goldsmiths—up to that time a record deposit.

Exactions of the Goldsmiths.

The same principles which led the goldsmith bankers to support Cromwell ought to have made them no less favorable to William of Orange. Meanwhile, however, they had waxed fat and prosperous. Naturally, they were more conservative. Perhaps, too, they better understood their business. The dire necessities of the new King did not appeal to them except as a reason for screwing up their terms. According to Michael Godfrey, one of the founders of the Bank of England and its most doughty champion in the press, before the establishment of the Bank of England the goldsmiths were charging the Treasury twelve to twenty per cent. for advances on the wine, vinegar and tobacco duties. Exchequer "tallies" yielded them even more. Their lowest rate of discount was eight per cent. and their stiffest anything from twenty to thirty per cent. For advances to customers on securities, including real estate, they charged nine to ten per cent.

No doubt all these were flagrant violations of the anti-usury laws, but laws never gave much trouble to money-lenders. The goldsmith bankers had various illicit strings to their bow, and one more or less did not matter. They were promiscuously charged with "regrating" and "engrossing," with cornering the coin of the realm, and with sweating it, with monopolizing trade and devouring "broken men's" fortunes. A vicious indictment was drawn up against them in 1676, which in a torrent of hard words gives us a vivid description of the methods so strongly condemned.

"In my time," says the writer, evidently a hard-shell Tory, "their whole employment was to make and sell plate, to buy foreign coynes and gold and silver imported, to cull them and cause some to be coyned at the Mint and with the rest to furnish the refiners, plate-makers and merchants as they found the price of gold and silver to vary and as the merchants had occasion for foreign coynes. But above thirty years since (1640-46) the civil wars giving apprentices opportunity to leave their masters at will (the old way having been for merchants to trust their cash in one of their servant's custody) many such servants left their masters in the lurch and went to the army and merchants knew not how to confide in their apprentices. Then did some merchants begin to put their cash into goldsmiths' hands to receive and pay for them (thinking it was more secure) and the trade in plate being then but of little worth most of the nobility and gentry and others melting down their old plate rather than buying new, and few daring to use or own plate, the goldsmiths sought to be cash-keepers to the merchants, to receive and pay for nothing, few observing or conjecturing the profit they had for their pains."

There we have the germ of modern deposit banking, which, according to the pamphleteer of 1676 was no sooner born than it began to develop many and various abuses, a few of which he proceeds to enumerate:

"These unlawful practices and profits of the goldsmiths made them greedy to engross all the cash they could and to combine with all men servants who continued to keep any cash to bring their monies to them to be culled and to remain with them at four pence per day interest per centum without their masters' privity. And thus having got money into their hands they presumed upon some (money) to come as others was paid away and upon that confidence in a 'running cash' (as they called it) they began to accommodate men with moneys for weeks and upon extraordinary gratuities and to supply all necessitous merchants that overloaded their stock with present money for their bills of exchange, discounting sometimes at double, perhaps treble interest, as they found the merchants more or less pushed."

Borrowings of Charles the Second.

If Charles the First gave the first stimulus to goldsmith banking by seizing the merchants' spare cash at the Tower, and if Cromwell fostered it with liberal deposits of prize-money, Charles the Second proved still more helpful to it as a lavish borrower. He soon became the best customer the goldsmith bankers had yet met with. Their treatment of him excited the special ire of our pamphleteer of 1676. He says of it:

"After the king's return (1660), he wanting money, some of these bankers undertook to lend him not their own but other men's money, taking barefaced of him ten pounds for the hundred, and by private contracts many bills, orders, tallies and debts of the king's above twenty and sometimes thirty in the hundred, to the great dishonour of the Government."

Conditions out of Which Grew the Bank of England.

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It may be that the goldsmith bankers got so filled up with the Merry Monarch's paper that when William the Third came along they had little left for him. Hence he had to look about for somebody else to finance him, with the result that the Bank of England was organized in 1695 for that special purpose. Naturally, the goldsmith bankers did not encourage the advent of a new competitor likely to prove so formidable. But they did not all launch into violent opposition. There were among them some Whigs who took the Government side and either remained neutral or became active supporters. Of the latter the most notable was Francis Child, the founder of Child's Bank, a still surviving and thriving institution.

The Treasury Papers show that Mr. Child assisted to finance the Revolution from a very early period, possibly from its birth. In March, 1692, there is a record showing that he and his associates advanced the Government £10,000 on the security of customs duties lately granted by Parliament. In those days the King got very short leases of taxes, either customs or excise, and he could seldom wait for them until they were collected. As soon as he obtained a fresh grant he had to send for the money-lenders and get the best advance on it he could. Such, no doubt, was the transaction arranged with Mr. Child in March, 1692. In August of the same year we find him engaged in a still larger operation of a similar kind. A syndicate consisting of Sir F. Child (by this time knighted), Sir Joseph Herne and Sir Stephen Evance advanced £50,000 "to meet the expenses of the Government in Ireland."

Three years after the battle of the Boyne things were still critical in Ireland as well as in the Netherlands, and a great deal turned sometimes on a few thousand pounds. In November, 1693, when the issue of William's life and death struggle with Louis the Fourteenth was trembling in the balance, a very special effort was needed to raise a trifle of £5,000. The money had been voted by the House of Commons, but in addition to that the financiers of those days required a specific lien on the customs or excise, the same as third-rate states like Greece, Bulgaria and Servia have still to give. This time the Lords of the Treasury objected to the usual practice. The excise, they said, was already so heavily pledged that they could not "strike" more upon it. Sir F. Child and his friends then offered to risk one-half of the £5,000 if their lordships would give them an excise tally for the other half. How the negotiation ended does not appear, but the £5,000 must have been raised somehow.

This sad plight of the English Government soon after the "glorious revolution" is curiously akin to that of the Continental Congress after the battle of Trenton. Robert Morris had then to go out into the streets of Philadelphia and borrow fifty thousand dollars to enable Washington to follow up his success. Sir F. Child was the Robert Morris of the English revolution, and another curious parallel between the two crises is that they were finally solved in the same way—by the organization of a national bank.

A sovereign with a great war on his hands, which was in danger of being brought to a standstill for lack of a few thousand pounds, would be sure to welcome any feasible looking scheme for a state bank. For several years before its actual birth the Bank of England had become an absolute and self-evident necessity. From Sir Francis Child's business relations with the Government we may infer that he had some share in creating the scheme which was embodied in the so-called "Million Act," from the fact of the intended capital of the Bank having been originally one million sterling. He was certainly one of its god-fathers, for in the first entry relating to it in the Treasury Papers he heads the list of commissioners for receiving subscriptions. The text of the entry is as follows:

"March 22, 1693-4. The Right Hon. the Lords Commissioners of their Majesties' Treasury have pitcht upon Sir

Francis Child and Sir Stephen Evans, Knights, Charles Duncombe, Esq.; Mr. Lassels, Mr. Johnson and Mr. Fowlys, goldsmiths, to be Receivers of the Contributions on the Act of Parliament Intitled an Act for granting to their Majesties certain rates and duties upon Salt and upon Beer, Ale and other Liquors for securing certain Advantages and Recompenses on the said Act mentioned to such persons as shall voluntarily advance the sum of Ten Hundred Thousand Pounds toward carrying on the war with France."

The two Knights and the "Esquire" were presumably full-fledged bankers, while the three commoners who bring up the rear would be goldsmith bankers. Afterwards five more goldsmiths were added to the Commission, among whom occurs the long-familiar name of Hoare. Though the new profession was as yet a little more than half a century old it had already begun to differentiate itself. There were now bankers who were not goldsmiths and goldsmiths who were not bankers. There were also bankers outside of London who had never been goldsmiths. As a counterpart to Child's, a purely London bank which dates back to the Revolution, we may instance Smith's, originally a provincial bank but subsequently a London bank, which can trace its pedigree almost as far back as the Commonwealth. Its annals are an epitome of the commercial and industrial, as well as the banking development of England.

The Oldest English Bank.

Before Smith, Payne and Smith's was absorbed by the Union Bank of London, under the title of the Union of London and Smith's Bank, it enjoyed the proud distinction of being the oldest banking house in England. It had followed the usual course of English evolution, having originally grown out of a retail business in the provincial town of Nottingham. Its founder, the first of many Thomas Smiths, was apprenticed to a mercer at the early age of ten years. At the age of twenty-two he set up in business for himself. This was in 1653, four years after the beheading of Charles the First, who quite unintentionally set in motion so many hidden wheels of modern progress; among others banking. In previous reigns a custom had grown up among London merchants of depositing their spare cash in the Tower for safe keeping. That the crown should ever betray so sacred a trust never entered their minds. But in his long struggle with Parliament Charles the First's financial condition became desperate, and in an evil hour he seized the whole of the deposits. They were only a trifle of thirty thousand pounds, so that the crown of England was dishonored for less than a week's income of a modern millionaire.

How Transferable Notes Arose.

After the Tower ceased to be available as a safe deposit the London merchants had to find other custodians for their spare cash. The goldsmiths of Wood street and Cheapside were already in the habit of taking in family plate and jewels for their wealthy patrons. They also made advances on them when the owners happened to be temporarily pressed. Receipts were of course given for these deposits, whether cash or plate. The next step was to make the receipts payable to bearer, and so much confidence was placed in them that they passed from hand to hand like bank notes. They were transferable by simple endorsement and as every successive holder had to endorse them, the backs of the receipts were often covered with strings of names.

Out of the transferable note and the bill of exchange arose the Lombard street banker of the Rothschild and Baring dispensation. He was limited, of course, to London, and the provinces had to be content with humbler methods. Every large country house had its strong box in which deeds and valuables were securely kept. The principal shop-keepers in the provincial towns also required to have some kind of burglar-proof money-box. To oblige a neighbor they would take in anything too valuable to be kept at home in an ordinary house. Thus the leading shop-keeper of the district became by degrees a sort of banker and pawnbroker combined. The receipts which he gave for money or goods left in his care became, as in the case of the London goldsmiths, transferable notes. Ultimately they were to have a double development—on one hand into modern bank notes and on the other into bank checks. All these offshoots, however, were still in the womb of the future when Mr. Thomas Smith of Nottingham, toward the end of the seventeenth century, combined banking with mercering. By 1688 the banking branch of the business had assumed definite shape and was fast overshadowing the mercery.

Thomas Smith the second, eldest son and successor of the first, became a banker pure and simple. He reigned from 1699 to 1727, and in his capable hands the Nottingham bank made great progress. He issued notes payable on demand, after the latest fashion of the London goldsmiths. He discounted bills for local traders and manufacturers. Frequently a man would ride down from Leeds or Sheffield, where there was no bank, with a few foreign bills of exchange for which he would take home notes or gold. Customers in neighboring towns might have money sent to them or have their bills paid wherever they happened to be due.

Even London came at last within the scope of Thomas Smith's expanding operations. First he employed an agent to whom he remitted funds and drew against them. But by the middle of the eighteenth century this arrangement had been outgrown, and in 1758 a new firm of Smith and Payne was formed to transact the London business. This was only one of several historical partnerships that hived off from Nottingham. The branch bank established about the same time at Hull had William Wilberforce, the anti-slavery apostle, among its proprietors. In the deed of partnership he was described as a Russian merchant, so he also must rank among the merchant bankers.

English Provincial Banking Two Centuries Ago.

A very precise and detailed description of English banking as it was carried on in the early part of the eighteenth century has been found in a deposition made by Thomas Smith the second in a lawsuit in which he was engaged in 1811. Though couched in the legal jargon of the day, it is quite intelligible:

"And this deponent humbly offers that this deponent actes in the nature of a banker and returnes great sums of money to London and from thence to Nottingham and divers other places in the Kingdom and also for several years past, and his father for many years before him hath used to take in and receive great sums of money of divers persons and upon receipt thereof to give notes under his hand for the same, thereby promising to pay the said sums so received to the person interested in the money or the bearer of the note upon demand, and in case any note so given by this deponent be produced and endorsed only with the name of the person to whom it is payable upon delivering in the said note this deponent pays the same to the bearer, so that sometimes this deponent's notes are paid by endorsement as money to sevseral persons before the same is demanded of this deponent, and this deponent is advised that he is obliged in law to pay such notes when endorsed to the person demanding the same, and this deponent's credit so much depends upon his punctual paying of his notes to the bearer that in case of refusal it might be of ill consequence to him in his business."

Transfer by endorsement was thus one of the original principles of English banking. In fact, it was much older than banking. In the manufacturing districts of Yorkshire and Lancashire, bills of exchange, both inland and foreign, had long before this period passed from hand to hand and served as local currency. At first blush such currency may appear to be of a rather free and easy sort, but it was much safer than it looked. As the bills circulated they gathered quite a number of endorements, and every fresh one added to their security. The transfer of bankers' notes by endorsement was only a slight extension of an already familiar practice in connection with bills of exchange.

In the archives of Smith, Payne and Smith's there are of course many curious items. They include early specimens of bills of exchange, promissory notes and checks. Contrary to what might be naturally expected, the oldest forms are not promissory notes but checks. There is one check preserved which dates back to 1705—over two centuries. It reads thus:

NOTTINGHAM, 31 August, 1705.

Sir:

Please to pay Thomas Wright or order Sixty-Four Pounds eleven shillings and fivepence and place the same to Eliz. Metcalfe and sister.

Yours,
S. Smith.

To Mr. Thomas Smith.

The oldest promissory note is fully twenty years later than the oldest check. It reads thus:

S. A. S.

August 26, 1728.

I promise to pay John Newton, Esquire, Six Hundred and Forty Pounds at Nottingham on demand, value received.

For Brother Samuel Smith and selfe.
Abel Smith.

At first there was no difference between a banker's promissory note and that of a private person. They were issued singly, as required, each for a particular occasion and for a specific amount, often pretty large. The one here reproduced is for £640. Another exists, dated November 1, 1735, the amount of which is £80. A third, dated September 24, 1746, is for £20. Not till toward the end of the eighteenth century do we find them for comparatively small amounts like five guineas. After the suspension of specie payments in 1797 one guinea notes became common—rather too common indeed, for a note collector (Mr. Maberly Phillips) has ascertained that in the early part of the nineteenth century no less than 900 different firms were making their own paper issues.

It was the suspension of specie payments that gave private banking in England the greatest stimulus it ever had. The issue of notes not liable to be redeemed in gold on demand became a very lucrative and agreeable business, or it might be more correctly called "recreation." The Bank of England took full advantage of the opportunity and the private bankers naturally thought that they could not do better than follow such a distinguished example. During the period of restriction—1797 to 1816—the Bank trebled its circulation (1797, £9,674,000; 1816, £27,012,000), while the private bankers did even better. Commercial inflation was, of course, the inevitable result. Between 1797 and the year of

Waterloo the commercial paper discounted by the Bank of England increased from £5,350,000 to £14,917,000.

Limiting the Note Circulation.

Little wonder that Sir Robert Peel had a tough job in 1844 when he undertook to reduce the heterogeneous note issues then current to safe and manageable limits. The country bankers were so strong in Parliament that they practically defied him. No doubt his original idea was to obtain from them a similar guarantee for their issues to what he obtained from the Bank of England. They would not listen, however, to any suggestion of the kind. The secretary of their committee notified Sir Robert that "If security for their issues of promissory notes was demanded they would rather relinquish their issues than give it." With outraged dignity he added:

"They would regard it as having an improper mark set upon them if the Government were to call upon them for security for their notes, which they do not furnish for their depositary customers."

If, he said, the Government wished to protect the existing note issues from commercial trouble the simplest way would be to have a special supplementary currency ready for use at any moment. Five or ten millions sterling of it would suffice and the Government might furnish it to the Bank of England when convinced that it was needed. This looks like the germ of the emergency currency of the German Reichsbank, as well as of the elastic currency on which so many zealous politicians have been at work in the United States Congress. If the suggestion had been adopted we might have escaped a great deal of the misapprehension and misrepresentation to which the so-called "Suspension of the Bank Act" always gives rise, even among people who should know better.

NEW BANK FOR TURKEY.

CONSUL-GENERAL ERNEST L. HARRIS writes from Smyrna that it is reported that a new national bank for Turkey is about to be established, with head offices in Constantinople, where a large building is to be erected for the purpose, the programme being as follows:

The chief plan of the bank will be the Credit Foncier system; that is, an establishment which advances money on land, taking mortgages as security, thus enabling the borrower to repay after a certain period of years in the shape of annuities so calculated that at the end of the appointed time the amount of the capital loaned is returned with interest. Of the 300,000 shares proposed, only Ottoman subjects can own as many as 30,000. Every Ottoman subject purchasing 30 shares at $50 each will be considered as a founder.

The initial capital of the bank is to be $15,000,000, with the right to increase the amount to $50,000,000. The capital of the Credit Foncier, which is also $15,000,000, may be increased to $100,000,000. The duration of the concession is ninety-nine years. The interest on the money loaned to farmers and landowners will be well below the legal rate in Turkey, which is 9 per cent. The sums loaned are repayable at the maximum in fifty years. The national bank will not infringe on the privileges of the Ottoman Bank. Branches will probably be established in all the large cities of the Empire.

GOOD SENSIBLE ADVICE.

IN their Monthly Bulletin of Investments Fisk & Robinson say in part:

Conservative optimism is quite as much in order now as it was months ago, when conditions making for the revival of business were but just beginning to manifest themselves. We should beware of infection from that over-enthusiasm which revels in booms, but notes not those slow steps which inevitably must be taken before the process of business restoration is complete. The jubilations of the enthusiast to-day, stimulated possibly by the rise in prices on the Exchange, are quite liable to give place to-morrow, even under slight provocation, to direful predictions as to the future, and the weak repinings that recovery is lagging sadly.

MEXICO'S CREDIT INSTITUTIONS.

By Joaquin D. Casasus.

(Continued from January Bankers Magazine, page 22.)

THE MORTGAGE BANKS.

IN a country like Mexico, of an essentially agricultural character, and which contains large areas of land that as yet have not been brought under cultivation, mortgage banks must necessarily become an object of preferable attention, and this attention they have in fact received, on the part of the Mexican Legislature.

The law allows mortgage banks to be established, either by associations of landed proprietors or by ordinary associations of capitalists. The former, which are those that for many years obtained a preference in Germany, did not appear adapted to the spirit of the Mexican law, and the Legislature considered it preferable, in the interest of the country, to create associations of capitalists, mainly organized on the lines of the best-known institution of this kind, the "Credit Foncier" of France.

Mortgage banks are distinguished from other institutions of credit by the issue of an evidence of indebtedness, which is redeemable at a long term, bears interest and is called a mortgage bond.

The success of banks of this character depends, therefore, on the regulations and principles which govern the issue of their obligations and on the guarantees which they may be in a position to offer to the holders of such papers.

The issue of mortgage bonds rests on two fundamental bases:

1. The nominal value of the bonds which the banks are authorized to issue shall not exceed, at the end of every half year, the total amount of the loans which may have been granted under mortgage security.

2. The nominal value of the bonds shall not exceed twenty times the total amount of the paid-up capital stock of the bank.

The reasons for the enactment of these provisions are readily understood. If the mortgage bond is nothing more than a fraction of a mortgage credit instituted in favor of the bearer, and which acquires its commercial life and enters into circulation on account of its giving a right to an income, it is impossible to allow the total of the mortgage bonds to exceed the total value of the mortgages, which have been executed in favor of the bank issuing such bonds.

The primary function of a mortgage bank is that of furnishing capital, to be repaid on a long term, to the owner of real estate under a mortgage security. This being the case, in order to properly fulfil its office, the bank is bound to issue mortgage bonds for an equal amount, and thus raise the funds in the open market, in order to give them out on loan.

The above principle appears very easy to understand and easy to apply; but nevertheless it has given rise to difficulties in practice, which have not always been removed by the Legislature with that wisdom which would be desirable.

Mortgage banks make their loans either in bonds or in money. In the first case, the issue of the bonds is made as the loans are required, and in this case no difficulty arises, and it is easy to preserve the exact equilibrium required between the bonds in circulation, and the amount given out on loan.

In the second case the question becomes somewhat complicated, and at first gives rise to difficulties of many kinds.

Shall the banks be allowed to issue their bonds before making the loans, or must they wait for the loan applications to accumulate until they reach such an amount, within a specific period, that will allow of the issue of the bonds? Either the banks must first issue their bonds in violation of the principle above stated, because until the loans are actually made the total amount of such loans cannot be equal to that of the bonds issued; or else they must wait until they have arranged such loans before they issue bonds, with the practical result that their business operations would be indefinitely delayed, probably to such a degree as to be prohibitory.

The Mexican law has avoided these two difficulties and allows the bonds to be issued before or after the loan is made, and simply confines itself to requiring that at the end of every half-year the value of the bonds in circulation shall not exceed the total value of the mortgage deeds in the possession of the banks.

The French economists who have studied the text of the French Law of February 28, 1852, and the provisions that govern the "Credit Foncier," have called attention to the difficulties that have arisen in practice, and referring to that French institution have asserted that the concordance between the total amount of the transactions and that of the bonds in practice can only be approximate, because the sums which are received as proceeds of the issue are employed in the loans applied for, and if the capital supplied by the bondholders is not sufficient, the deficit is made up from other resources.

The solution given by the Mexican legislation is therefore evidently the best for the interest of the banks, and at the same time it better preserves the rights of the holders of mortgage bonds.

The second rule exactly reproduces the principle that has already been sanctioned in 1852 by the French legislation. It is nothing more than a subsidiary guarantee which is offered to the bondholders with respect to the payment of interest.

The capital of the mortgage banks, like that of the banks of issue, serves as a guarantee fund, and as we naturally have to presume that the debtors of the bank will fail to comply with the obligations they have contracted, it is desirable to establish a proportion between the amount of the bonds to be issued and the capital stock, in order that the latter may be able to cover all deficiencies.

The Mexican law also contains another provision, intended to secure the redemption of the mortgage bonds, which as stated in the initiative of the Secretary of the Treasury, is not generally found in the banking legislation of other countries, and which consists in the formation of a special guarantee fund in cash, which must always be greater than the total amount of the interest for a half-year, payable on the total amount of bonds in circulation.

The above provision constitutes a new departure, and even though it imposes a great sacrifice on the banks, it undoubtedly tends to increase the value of the bonds issued by the mortgage banks of Mexico.

As the Government is fully convinced that the future of the mortgage banks must depend on the success of their bond circulation, in order to secure them favorable acceptance by the public, it has endeavored to surround such bonds with all kinds of securities.

With this object it grants the bondholders a right of preference over the other creditors of the bank both with respect to the reserve and guarantee funds, as well as with respect to its paid or unpaid capital; besides which it guarantees that the principal and interest of the bonds shall not be retained, even under judicial order except in the extreme case of loss or theft of such bonds, and under the requisites provided by law for their replacement. Lastly, the law permits that in all cases where, whether by legal provision or by private contract, corporate funds or the proceeds of intestate estates are to be invested in the purchase of real estate or in mortgages, the investment be made in the purchase of these bonds.

Having laid down the principles which govern the issue of bonds, it became necessary for the law to determine how and under what conditions the banks should be allowed to make mortgage loans, which are the principal operations of these institutions. According to the said law these loans must be granted in accordance with the following rules:

I. The term of the loan shall not exceed forty years.

II. The loan shall only be granted on a first mortgage.

III. The amount of each loan shall not exceed half of the value of the mortgaged property, or fifty per cent. thereof, when the buildings on such property represent more than the half of its value.

IV. The yearly payments to be made by the holders shall not exceed the returns of the capital represented by the estate, calculating such returns at the rate of interest specified in the by-laws of each bank.

V. The instalments may be paid quarterly, half-yearly or annually.

Long term loans shall receive the special attention of mortgage banks because they supply the agricultural interests of the nation with the capital to be put into the soil and which can only be repaid through the annual increase of the products.

If the mortgage banks are to fulfil the objects with which they were created, if they are to render effective service in the development of agriculture, on which the principal hopes of the country are founded, it is necessary that they should relieve that important industry from the enormous load under which it now labors, the mortgage debts on the short term, which have been hitherto the rule.

On the other hand, the system of redemption constitutes a necessary basis of the loan on long term, because if the capital which is put into the soil cannot be taken out in one sum, but necessarily has to be converted into an increase of returns, it is absolutely necessary that a part of that increase should be dedicated to the repayment of the principal and interest, during the stipulated number of years.

The difficulties which are presented by the civil legislation, render absolutely necessary that the loans should be granted on a first mortgage, as otherwise, the banks would not find it easy to enforce the re-payment of the money lent.

If the above principle can limit in part the requirements of the agriculturists on the other hand, the law allows the total amount of the loan to go as far as fifty per cent. of the value of the mortgaged property.

The proportion specified by the Mexican legislature is the same as that which has been adopted in almost all the countries of the world, and is founded on good reason. Seldom is an agricultural property able to give a perfect guarantee to its creditors, and at the same time support a debt amounting to more than half of the value which it represents. The legislature must take care of two interests at the same time; those of the agriculturist who mortgages his property and of the capitalist who purchases the mortgage bonds, that furnish the capital to be loaned; and if it should be liberal towards one, it ought likewise to afford full security to the other. For this reason, the law not only limits loans to fifty per cent. of the value of the property, but also requires that the annual payments intended to redeem the principal and pay the interest, shall in no case exceed the amount of the annual returns of the capital represented by such property, calculated at a given rate of interest.

If through non-payment, it should become necessary to foreclose the mortgage, the law desires, that either its value in case of sale should be sufficient to repay the debt, or that in case of its adjudication, its products should be sufficient to continue the punctual payment of the stipulated instalments.

By way of compensation for these risks, the law permits the amount devoted to the payment of sinking fund and interest, to be delivered to the banks, quarterly, half-yearly or annually. Regarding rural properties, it might perhaps have been better to arrange for these payments to be only made yearly, because it is not easy for the agriculturist to have sufficient returns before that period with which to meet his engagements; but there can be no doubt that this was the intention of the legislator.

The banks should preferably require the re-payment of their loans by quarterly or half-yearly instalments when the loans are guaranteed by rural properties.

If the mortgage bonds in circulation are not to exceed the total amount of the loans, if the latter, in their turn, shall not represent more than fifty per cent. of the value of the mortgaged property, and if the debtors are obliged to repay the loan to the banks within a period equal to that stipulated for the redemption of the bonds, the latter run no further risk of default, than that which the banks run of not being able to enforce their rights under such mortgage.

To provide for this case, the Law on Institutions of Credit, has amended the legislation throughout the Republic respecting civil procedure, and has provided for brief and rapid proceedings, so that the banks may at once enter into possession of the mortgaged property, and proceed with its sale within a very short term.

The means for foreclosure which are provided by Mexican law, consist of three different stages and are as follows: First the execution of the mortgage right, then the attachment of the property, followed by the sale of the same.

As regards the proceedings for foreclosure, the mortgage banks are bound to apply to the judicial authorities for the necessary decree. The constitutional legislation of the Republic would have made it impossible to set aside this requisite.

As regards the attachment, the banks are allowed to take immediate possession of the mortgaged property, so that they may at once utilize the products and returns, to cover the sinking fund and interest on the loans.

As regards the sale of the properties, such banks are authorized to make the sales in their own offices, although there are certain provisions enacted intended to guarantee the right of the debtors.

If, in enacting its laws for the organization of banks of issue, the Mexican Congress condemned the principle of monopoly, it was natural that it should follow the same course in dealing with mortgage banks. It has therefore freely authorized the establishment of the mortgage banks throughout the territory of the Republic, without any limitation whatever.

The success of the mortgage banks necessarily depends on their multiplication. On this point, Germany has furnished us with a brilliant example which is well worthy of imitation, and other countries also give us proof that the great mortgage banks, when protected by exclusive privileges, have failed to promote the interests of the agricultural industry.

The Mexican law allows a bank of this character to follow out an extensive programme with a certainty of success; to create large banking establishments which are capable of raising the credit of mortgage bonds both within and without the country, as well as other smaller banks which can arise under the aegis of the larger ones, and that can supply capital wherever it can find room through the requirements of trade and agriculture.

The advantageous results which will be derived from the creation of mortgage banks in Mexico, will unquestionably be superior to those at present obtained through the banks of issue. The former will offer indisputable securities in the form of bonds, bearing interest, which will have no rival as an investment of capital, and will undoubtedly attract a large amount to the country.

The agricultural interests of the nation will in their turn present a wide field for investment, because Mexico is an essentially agricultural country, and if it has not been able to progress in the last few years, as much as could be desired, it has been precisely through the want of mortgage banks which could supply capital repayable on long terms and at comparatively low rates of interest.

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As was very natural, the agricultural problem merited the attention of the Mexican legislator, and his desire to solve it, led him to create an institution under the title of "Banco Refaccionario."

The Banco Refaccionario is intended to place capital at the disposal of the agricultural industry, in the strictest sense of the word, as well as of the mining industry.

All authorities on financial problems have continually endeavored to lay down the exact conditions of the agricultural problem and the class of requirements which Agricultural Banks ought to satisfy. The exact statement of the problem is the first step towards its resolution.

In every country, agriculture has need of two kinds of capital; one which is repayable at long periods after being put into the soil, and which can only be reimbursed by the increase of the returns which is self-productive, and another which is repayable at comparatively short periods of time, and which is employed as working capital, and is distinguished from other kinds by the fact that it is repaid every time that the agriculturist harvests his crops.

It is therefore evident, that the agricultural interests of a country have need of two different classes of capital. The mortgage banks are those intended to furnish capital on long periods and the institutions which would be properly so called Agricultural banks, are those which will be organized on such lines as to furnish capital repayable at short periods.

The difficulties that have arisen in every country with respect to the creation of agricultural banks, consist in the determination of the character of the document by means of which capital could be obtained for the same periods and under the same conditions, under which it is to be furnished to the agriculturist.

If mortgage banks have obtained a complete success, it is due to the fact that, thanks to the issue of mortgage bonds they can obtain capital under the same condition of time and repayment as those which they themselves impose on the proprietors of the soil.

And if on the other hand, the agricultural banks have in many cases failed to obtain satisfactory results, it is due to errors that have been committed with respect to the character of the paper of which they have had to make use.

"Cash Bonds."

The Mexican legislator has probably discovered the only kind of document that is most adapted to these institutions and in this country has undertaken an experiment which may bring the most important results.

The trade and agricultural development banks, whose establishment is authorized by the Mexican Law of Institutions of Credit, are authorized to issue an interest-bearing bond, redeemable at periods of not less than three months or longer than two years, and denominated cash bond. This bond has received different names, sometimes it has been called a time bond, or else a cash bond.

As the period for which these documents are issued is short, and the interest they bear is fixed, they represent the interest-bearing deposits which the banks receive under conditions which are previously arranged between the bank and the depositor.

The cash bond is intended to provide a remunerative investment for a part of the national savings, and for all those funds which have not been able to find a permanent investment, and which, for the convenience of their owners, must always be kept ready for immediate use.

Banks of any kind and capitalists can take up those bonds until they find a more advantageous employment for their capital, whilst those people who are of a saving disposition will invest their funds in those bonds, in order to obtain a profit which, while stimulating them to place the accumulated fruits of their work in other hands, will at the same time allow them to look for the kind of speculation which will give them a permanent investment.

The cash bond is not the kind of security that will be kept in circulation; it is not intended to take the place of the bank note, seeing that it bears interest and it not payable at sight; but on the other hand, it can render more valuable service, because, if as is true, the bank note enters the lowest social strata, on the other hand the cash bond does not present the risk that is inherent to the former.

As explained in the Report of the Banking Committee in Congress, the cash bond is, strictly speaking, nothing more than the transformation of the current account with interest into a proof of indebtedness in favor of the bearer, intended to pass from hand to hand as if it were a certificate of deposit by an anonymous and unknown depositor.

The laws have laid down principles, which are intended to serve as guarantee for the repayment of the cash bonds. They are to be issued, either in making loans to agriculturists or in exchange for cash.

In the one case, the agriculturist will obtain their value by selling them on his own account, whilst in the other case the bond holder receives the amount of his loan in cash.

The amount of the cash bonds in circulation shall at no time exceed twice the fully paid-up capital stock and the cash balance in coin or bullion added to the amount of the bills receivable or easily negotiable securities that can be as readily negotiated in the possession of the bank that issues them.

When the cash bonds are to be issued for periods that will correspond to the loan operations, the bank must redeem them whenever it collects the amount of the loans which may have given rise to their issue.

Whenever the value of the bonds remains in the hands of the bank in cash, the bank shall redeem them from its cash balance, or by the realization of commercial securities in which it may have invested the proceeds of their issue.

The capital and interest of the bonds, according to Art. 97 of the law, shall have for their reimbursement with respect to any other credits, the same preference as is established by Art. 25 for bank notes.

The loans which the agricultural banks as well as the mortgage banks may grant, must harmonize, as regards the time, for the repayment and the rate of interest, with the securities which are to be issued for the purpose of obtaining capital.

There are three kinds of business, which the banks undertake with agriculturists or persons employed in other industries:

I. Cash loans for periods not exceeding three years, to mining, industrial or agricultural enterprises.

II. Collateral loans for periods not exceeding two years to industrial or agricultural negotiations or to such concerns as develop these, though not owners thereof.

III. Guarantees for facilitating the discount of notes or other obligations which are recoverable within a maximum term of six months.

The law has invested the first of these operations with very important privileges, and given it a form resembling the mortgage.

In fact, the loans granted by these banks are considered as funds dedicated to the maintenance and management of the property by which they are guaranteed, and in such case they are preferred, and in this case only, even above mortgage debts, which may have been previously incurred.

The nature of the loan is what has given these banks the title they bear, because the law establishes that the amount of the loan shall be employed in the maintenance of the property, its cultivation and development, all of which contributes to the benefit of the property and consequently, to the benefit of its creditors.

In order to avoid all conflict between these operations and those connected with the ordinary mortgage, the banks are bound to limit the amount of such operations to fifteen per cent. of the value of the property or, what is practically the same, to the estimated value of the crops for one year.

As regards those loans which are granted on the guarantee of the products, crops, cattle, machinery, plant or implements of agriculture it is not necessary that the hypothecated properties be delivered to the bank, and they can be left in the possession of the agriculturist who has obtained the loan.

The owner or lessee of the property in which these hypothecated effects are preserved, will be considered as trustee of the same without prejudice to the right of the bank to appoint someone who shall have special intervention in the estate or property in question, under the terms specified in its own by-laws.

The operations which the banks may make for the purpose of guaranteeing the obligations of agriculturists or manufacturers, will enable these important industries to receive, as if they were merchants, the same benefits that are now furnished by the large banks of issue. As can be understood from the above explanations, the funds derived from the placing of the cash bonds issued by the banks, will be invested either in commercial paper or other reliable securities or else in loans for the improvement and development of agricultural enterprises with or without a charter mortgage.

The system adopted by the Mexican law, has undoubtedly been inspired by the operations of the German associations, called Schulze Delitsch and by the "Credito Agricola" associations established in Northern Italy.

In both of these institutions, the capital received on deposits is employed to develop the interests of the agricultural industry and for this reason the Mexican legislator has considered that, whether the capital is recorded on the books of the bank, or whether it is represented by cash bonds, the conditions of redemption and interests, are those which decide the character of the employment to be given to that capital.

In Mexico agriculture will receive from the mortgage banks the capital which is to be put into the soil, and which will only be returned through the increase of returns brought about thereby, whilst the Banco Refaccionarios will furnish the working capital which the soil returns through the crops which it produces.

The necessary amendments have been introduced into the civil legislation and that relating to civil procedure, both as regards the chattels hypothecated and also the legal resources at the disposal of the banks for enforcing repayment of the debt.

If the banks are to act as intermediaries between capitalists and agriculturists, and are to receive the amounts of the loans made in proportional periods so as to pay in their turn the capital which has been deposited in their vaults, it is necessary to furnish them with efficacious means for enforcing the rights which they acquire, without having to go through the delays of ordinary litigation.

In order to secure the success of the agricultural banks, the law has authorized their creation throughout the Republic, and has even recently permitted that banks of issue be converted into Bancos Refaccionarios by giving up their original charter.

Nevertheless, there remains a double problem to be solved in practice. In order to carry on business with agriculturists, the banks should preferably open their offices in the country towns, in the midst of the people whose necessities they have to satisfy, but on the other hand, the placing of the cash bonds, which would utilize the surplus funds in the hands of banks and of private persons, or in one word, the capital which is to be placed at the disposal of the agricultural classes, renders it desirable that these banks should be established in the great commercial centres.

The creation of large and small banks, as in the case of the mortgage banks, will probably furnish us with a solution of this apparently insurmountable difficulty.

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(*To be continued.*)

NATIONAL BANKS.

ACCORDING to a bulletin issued January 4 from the office of the Comptroller of the Currency, during the month of December, 1908, eighteen national banking associations with total capital of $2,415,000 were authorized to begin business. Of the number chartered, nine, with capital of $225,000, were banks with individual capital of less than $50,000, and nine with capital of $2,190,000, banks with individual capital of $50,000 or over.

The number of banks chartered since March 14, 1900, is 4,038, with authorized capital of $241,563,300, of which 2,606, with capital of $67,8[illegible],500, were incorporated under the act of 1864. From the date last mentioned to December 31, 529 state banks, with capital of $36,610,800, were converted into national banks, 1,282 state and private banks reorganized as national banks with capital of $83,362,000, and 2,227 banks, with capital of $121,590,500, organized independently of other banks.

There were in existence on December 31 6,889 banks, with authorized capital, $933,020,275, and circulation outstanding secured by bonds, $628,786,205. The total amount of national bank circulation outstanding is $677,088,165, of which $48,281,960 is covered by lawful money of a like amount deposited with the Treasurer of the United States on account of liquidating and insolvent national banks and associations who have reduced their circulation.

THE NEW BANKING LAW.

MR. CHARLES A. CONANT, the distinguished financier, has done the bankers, the lawyers, the credit man, and the financial and trade interests generally, a distinct service in his handy little volume, "The New Banking Law"—recently issued by the Bankers Publishing Co., New York. A couple of pages are first devoted to the purpose and general scope of what is popularly known as the "Emergency Currency Law," approved May 30, 1908. By means of this, at a glance as it were, the reader or consulter, albeit a very tyro in the science, is made to grasp the fundamentals of the act. Following, under relevant captions, come lucid expositions of the various features of the measure (with section references), and the proper machinery and methods for carrying out its provisions. Later comes the full text of the measure, followed by the Circular of Secretary Cortelyou of the Treasury Department, in explanation. Forms for resolution authorizing national banks to join national currency associations, for certificates, applications, etc., to complete the process, are also given. A large amount of practical information is thus put into a volume of 57 pages and of a superficial area of but 32 square inches.—*Mercantile Monthly, Boston, Mass.*

OLD MONEY WASHED FOR USE IN HOTEL.

"PERHAPS you do not believe the money of this hotel is sterilized," said a cashier of the Hotel Gotham of New York the other day. "We get new silver when we can, but all the silver that has been used is carefully washed in scalding water and dried by the head hall man. Clean money is appreciated by men and women alike. Soon some enterprising hotel will be washing and ironing greenbacks. At present we have no difficulty in getting plenty of new bills."

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq.,
Author Uniform Negotiable Instruments Act.

IMPORTANT LEGAL DECISIONS OF INTEREST TO BANKERS.

All the latest decisions affecting bankers rendered by the United States courts and State courts of last resort will be found in the Magazine's Law Department as early as obtainable.

Attention is also directed to the "Replies to Law and Banking Questions," included in this Department.

BANK PRESIDENT—VERIFYING REPORTS—LIABILITY FOR NEGLIGENCE—POWERS OF CASHIER.

DAVENPORT vs. PRENTICE ET AL.

SUPREME COURT OF NEW YORK, APPELLATE DIVISION, SECOND DEPARTMENT, MAY 8, 1908.

The Banking Law of New York does not require that the reports to the superintendent of Banks shall be verified by an unqualified oath, but only by the oath of the officer that the report is true and correct "to the best of his knowledge and belief."

In an action against a bank president for negligence in verifying a false report to the superintendent of banking, the court charged that it was the duty of the president to have such knowledge of the contents of the reports that he could truthfully make oath that the reports were true:—Held, that the charge constituted prejudicial error, where it did not appear that the jury had ever heard read or read the statute, and where they might not have found proof of defendant's negligence in verifying the report, had they known that he might verify it on oath limited to the best of his knowledge and belief.

In determining whether a bank president was negligent in making oath that a report to the superintendent of banking was true to the best of his knowledge and belief, the word "knowledge" must be taken in its common, ordinary meaning.

The duty of a bank president is to preside, and his other duties may vary according to usage or by-law of the institution, and, while he is usually expected to exercise a more constant, immediate, and personal supervision than an ordinary director, the mere fact that he permits the cashier to have physical control of the securities is not necessarily proof of his negligence.

The cashier of a bank is presumed to be the principal executive officer, and by virtue of his office is generally intrusted with the bank's securities.

THE plaintiff, as the receiver of the Bank of Staten Island, sued the officers and directors of the bank in a common-law action for negligence. whereby Ahlmann, the cashier and a director, found opportunity for thefts which brought the bank to insolvency and the closing of its doors on December 31, 1903. Ahlmann killed himself on December 30, 1903. Twenty-two thousand five hundred and thirty dollars was recovered from his estate. Augustus Prentice was the president, and he, with A. B. Prentice, R. L'H. Finch, Wood, and Ahlmann were directors.

The plaintiff read in evidence official reports of the bank to the superintendent of banking, of which all, save the last, were verified by Prentice as president and by Ahlmann as cashier. The last was verified by Ahlmann alone. with the statement that Prentice was ill. The examination by the State Bank Examiner showed that the report of December, 1902, was correct and that the assets were intact. A report was verified by Prentice, however, after securities to a large amount or their proceeds had been made away with by Ahlmann. which report showed that the securities or their equivalent were still assets of the bank; and the contention of the plaintiff was that the fact that Prentice as president verified a report or reports which were false in that respect was evidence of negligence in his offices as president and as a director.

The court in its charge to the jury gave the following instructions:

Now, the banking laws of the State of New York in the year 1900 and subsequent thereto made it the duty of the president of the bank to verify by oath the several quarterly reports to the superintendent of banks which have been put in evidence in this cause, and to verify by his oath as to each of said reports that the same was true and correct in all respects. I charge you as matter of law that it was the duty of the president of the bank to have such knowledge of and such acquaintance with the several matters stated in the quarterly reports that he could truthfully make oath that the said reports were true in all respects.

Jenks, *J.* (omitting part of the opinion): The instruction of the court was not a correct statement of the statute existing at the time of these thefts; for the provision of Banking Law, Laws, 1892, p. 1853, c. 689, as amended by Laws 1898, p. 958, c. 333, then was and now is (section 20):

Every such report shall be verified by the oath of the president and cashier or treasurer of such corporation or by such individual banker, to the effect that the same is true and correct in all respects, to the best of his knowledge and belief.

Thus it appears that the learned court charged that the law was that the president must verify by an unqualified oath, when the law required only an oath to the best of his knowledge and belief.

The third question is whether the error is fatal to the judgment. "If it is possible that the defendant was injured by this error, the verdict must be set aside. It is not for the defendant to show how or to what extent he was prejudiced. The existence of the error establishes his claim to relief. If the plaintiffs wish to sustain the verdict, it is for them to show that the error did not and could not have effected it" —citing authorities. (Greene vs. White, 37 N. Y. 405.) If the court had instructed the jury that the oath was limited to the best of Prentice's knowledge and belief, can it be concluded that the jury would have found in such verification (and such was the verification actually made) evidence of negligence? It is to be noted that at no time was the oath as required by the statute stated to the jury, nor have we any proof that the jury ever heard read or ever read the statute. Indeed, at the close of the case, the court asked the jury whether they desired to take any exhibit with them, and it does not appear that anything was submitted to them but a statement of the alleged items of loss. Even if the jury had before them in their jury room the reports as verified, can it be at all certain that they would have assumed that the reports were verified according to the statute when the court had instructed them that the oath thereto must be absolute? The verdict itself seems to indicate that the reports influenced the jury, for the following reasons: The verdict represents the total deficit less $22,930 collected from Ahlmann's estate and $9,000. This $9,000 item represented a specific entry in the books of a loan to Ahlmann on August 8, 1903, without corresponding entry of repayment. The learned court charged the jury that, whereas the other items of defalcation were due to acts of Ahlmann previous to the signing of the last quarterly report by Mr. Prentice, "the loan to Ahlmann himself [i. e., this $9,000 item] was made after the last quarterly report." The court was referring to the last report signed by Mr. Prentice, as it appeared that the final report was verified by Ahlmann alone at a time when Mr. Prentice was ill. Thus the jury, told by the court that the loss of $9,000 (as to which there was no conflicting evidence) was alone subsequent to any report signed by Mr. Prentice, excluded it alone from the alleged sum total of the loss. The action was not brought for the falsity of the reports under section 21 of the banking law or section 611 of the Penal

Code, but, as I have said, it rested upon negligence. These reports were read in evidence on the theory that the verification thereof by Mr. Prentice was a prescribed duty of the president. The statute requiring the oath does not prescribe in what respect the president or the cashier shall qualify himself to make the oath. It does not in any way bear on the supervising duties of either officer with reference to the affairs of the bank. The report is required of the officers by statute in order that primarily the banking department, and, secondarily, others by publication thereof may have information from the principal officers of the bank of its condition, attested by their oath made to the best of their knowledge and belief. If it be false, the direct remedy may be found in section 21 of the banking law, or it may be under section 611 of the Penal Code.

(a) A substantial difference between the oath charged and the oath in the statute book is shown by the fact that originally the statute read every such report should "be verified by the oath of the president and cashier * * * to the effect that the same is true and correct in all respects" (section 20, c. 689, p. 1853, Laws 1892), and that by an amendment made by chapter 333, page 958, Laws 1898, the limitation of the oath "to the best of his knowledge and belief" was grafted upon the statute. It seems to me that the reason for the modification is not far to seek. The Legislature thought that a conscientious bank president or official might discharge his duties to the full, and yet be not qualified and could not in the nature of things qualify himself to make positive oath to the report and its details. The original requirement might exclude that kind of man required to discharge the duties of president or of cashier, and thus limit the occupancy of such places to those who would take such an oath without compunction, though it might, in fact, be "false as dicers' oaths."

(b) I think that the jury in passing upon the negligence of Mr. Prentice as evidenced by his acts of omission indicated by his act of commission in verification of the report might not have found proof of his neglect therefrom if they had been informed, not that he must verify each report on oath, but on oath limited to the best of his knowledge and belief. Might not the jury, regarding the limitation of the oath in considering the qualifications of the affiant, draw a distinction between the conscientious state of a mind required to make an oath or an oath to the best of his knowledge and belief? Might not a jury have concluded that Mr. Prentice was negligent in his qualification upon the facts, when he came to take a positive oath and have concluded that he was not thus negligent when he came to take an oath to the best of his knowledge and belief? Knowledge may mean that gained by information or intelligence. Webster's Dictionary; Worcester's Dictionary; Century Dictionary; Imperial Dictionary; Stormonth's Dictionary. "Knowledge is information and information knowledge," and it is "not confined to what we have personally observed." (Bouvier's Law Dictionary, citing authorities.) (See, too, Iron Silver Mining Co. vs. Reynolds, 124 U. S. 384; Lambert vs. People, 76 N. Y. 220, 227, 228.) To one's knowledge means "so far as one is informed." Century Dict. Knowledge and belief is nothing more than a firm belief. Anderson's Law Dict. We must take the word in its common acceptation; its plain, common, ordinary meaning. (Utley vs. Hill, 155 Mo. 232.)

What was the negligence attributed to the verification of the report? I admit that, as the rule is that the respondent must establish that the error could not have affected the verdict (Greene vs. White, supra; People vs. Smith, 172 N. Y. 243) a discussion of this question is perhaps unnecessary, even for the purpose of showing that the jury might have absolved the president if they had been instructed that he was only required to make a qualified oath to the reports. And I do not intend to be understood as intimating, much less declaring, that, if the court had charged the jury correctly as to the oath, the jury could not have found negligence in the circumstances surrounding the verification of the reports by Prentice.

(a) It does not satisfactorily appear that the opportunity to thus dispose of the securities was due to any failure on the part of Mr. Prentice to inspect the books, and the investment account of the bank prior to the verification of the report. The reports, verified by Mr. Prentice and Ahlmann, seem to be in accord therewith. It is true that the investment account did not, as it had prior to 1902 and 1903, specify the securities nor were they specifically listed in the books; but that is another matter. Whether Mr. Prentice knew this does not appear; but Mr. Wood knew it. The State Examiner had seen that system (or omission, if you please), but it did not appear that he had made any sign or had taken steps in the way of requiring change of method. The negligence asserted necessarily was that Mr. Prentice did not see that the securities were on hand at the time when he verified the reports. The bank was in Stapleton, Richmond County. It was incorporated in 1885 with a capital of $25,000 of 500 shares with par value of $50 a share. When Ahlmann died, he owned 347 shares. Augustus Prentice owned 10 shares. Ahlmann had been cashier since 1887, and always had owned a majority of the stock. He lived on Staten Island, was of good social standing, had gained the respect of the people about him, and had demeaned himself so as to command confidence for his integrity and for his character. He was diligent and constant about the bank's business. In fine, he was practically the bank, in its dealings with depositors and customers, as well as in its administration. Prentice had been president for many years. He was a lawyer with an office in Manhattan, New York City, where he lived. When these thefts were made, he was 77 years old, with impaired eyesight due to cataract which hindered his movements, and even made it difficult for him to sign his name. Of course, he is not to be acquitted of blame because of these infirmities, but I am stating all the circumstances. So far as the management of the bank in the bank itself or in its business routine with customers or depositors, he took little part in the latter years. No specific duties were cast upon him by resolution or by law. He received a salary of $500 a year. Ahlmann's salary was $5,000 a year. Of the other directors, Finch lived near the bank, and was a lawyer, with his office in connection with that of Prentice. A. B. Prentice was the son of Augustus Prentice, a lawyer with offices with his father; and Wood was the assistant cashier, who had worked his way up in the bank. Ahlmann went to the offices of Mr. Prentice twice a week, and would stay there about an hour, discussing the bank, the different loans, the standing of the people in its community—whether they were people who should receive loans. A. B. Prentice would often enter into the discussion, and Finch also would often take part. Up to December 18, 1902, the bank stood examination. The State Examiner then found matters correct, and saw the assets of the bank, and checked them with the books. Mr. Prentice was not an insurer of the honesty of the cashier. (Bloom vs. Nat. United Benefit Savings Co., 81 Hun, 127, 30 N. Y. Supp. 700, and cases cited; Id., 152 N. Y. 114-121, 46 N. E. 166; Scott vs. Depeyster, 1 Edw. Ch. 512.) The duty of the president is to preside; and his other duties may vary according to usage or by-law of the institution. "Ordinarily the position is one of dignity, and of an indefinite general responsibility, rather than of any accurately known power." He, however, is "usually expected to exercise a more constant, immediate, and personal supervision" than an ordinary director. (Morse on Banks & Banking, § 143.) The mere fact that Ahlmann had physical control of the securities was not necessarily evidence of the negligence of Mr. Prentice. Ahlmann as cashier was presumed to be the "principal executive officer of the bank" (City Bank of New Haven vs. Perkins, 29 N. Y. 554, 86 Am. Dec. 332. See, too, Potter vs. Merchants' Bank, 28 N. Y. 641, 86 Am. Dec. 273, citing Story, J., in Wild vs. Passamaquody Bank, 3 Mason, 505, Fed. Cas. No. 17,646), and the facts show that he was the chief managing officer of it. Story, J., in Wild vs. Passamaquody Bank, ut supra said:

> The cashier of a bank is, virtute officii, generally intrusted with the notes, securities, and other funds of the bank, and is held out to the world by the bank as its general agent in the negotiation, management and disposal of them.

(See, too, United States vs. City Bank of Columbus, 21 How. [U. S.] 356, 364, 16 L. Ed. 1130.)

"The cashier of a bank is ordinarily its chief executive officer, through whom the financial operations of the bank are conducted. Directly or through subordinate officers, he receives and pays out its moneys, collects and pays its debts, and receives, discharges, and transfers its commercial securities." (21 Am. & Eng. Ency. of Law [2d Ed.] 862; Coats vs. Donnell, 94 N. Y. 168, 176; Merchants' Bank vs. State Bank, 10 Wall. [U. S.] 604, 650, 19 L. Ed. 1008. See, too, Morse on Banks and Banking, § 157, and cases cited; section 160, and cases cited.) There was the legal right to impose confidence in Ahlmann in everything within the scope of his duties. (Scott vs. Depeyster, 1 Edw. Ch., especially at pages 540 and 541.) It does not appear but that the cashier with the securities at hand in the bank and under his control could not as readily have abstracted them and disposed of them as he did from the safe deposit box in Manhattan. He did not obtain them from the safe deposit box in Manhattan and fly; but he took them therefrom and sold them in the market as for account of the bank, and received a check therefor in favor of the bank. The bank cleared with a bank in Manhattan, and the securities were a reserve fund kept near the financial district to raise money speedily if required. The fact that they were kept there did not make the cashier immune from producing them if called upon to do so any more than if they had been kept in the bank vaults. The point of this discussion is that the mere place of deposit and the absolute control of the cashier thereat do not necessarily in themselves indicate any greater laxity than if the securities had been kept in the bank under the normal control of the cashier. The reports were prepared by Ahlmann or under his supervision, and were then brought over by Ahlmann to Mr. Prentice, who would look them over and consult with his son, who would make suggestions. The conversations over the affairs of the bank on such days were protracted beyond the usual hour, and were about the details of the report. Mr. Prentice would take time to consider the report before he signed it. Mr. Wood began to work in the bank in 1887, and rose to assistant cashier in 1895, and became a director in 1896. He was paying and receiving teller and always at the bank, save vacation time. He examined the daily balance book every day. "To some extent" he was in supervision of the bookkeeping, and the routine work thereof in a general way was in his charge. He had no suspicion at any time that "anything was wrong with the bank," and, so far as he knew, everything was in proper shape and in good order until Ahlmann killed himself. Ahlmann came then to Mr. Prentice with the reports as the managing agent of the bank, who apparently had administered its affairs under the scrutiny of the bank examiners successfully and with diligence for many years. He was the chief executive officer, the practical power in the bank, and had so far as the evidence shows achieved a reputation in his community such as attaches to a substantial man of affairs, diligent, constant, and attentive about his business. He owned the great majority of the stock in the bank. And he, too, then represented himself to Mr. Prentice as prepared to take his oath to the same report. All these circumstances might not be sufficient to acquit the president, but they are of the atmosphere of the case. It is true that it is argued that Mr. Prentice had warning of Ahlmann's character by his lapse in 1890 in the matter of the forgery of two notes, but the learned court charged the jury that there was no evidence that permitted a finding that the forgeries ever existed. It seems to me that the question whether the president was negligent in failing to see the securities at the time he made the verification of the report was a question of fact for the jury, and was not to be disposed of as one of law. Mr. Prentice is to be regarded as a trustee (Hun vs. Cary, 82 N. Y. 65, 37 Am. Rep. 546; Bosworth vs. Allen, 168 N. Y. 157-165, 61 N. E. 163, 55 L. R. A. 751, 85 Am. St. Rep. 667), and bound to exercise care and prudence in his office in the same degree that men of common prudence ordinarily show in their own affairs (Hun vs. Cary, supra). The measure of that care is dependent on the subject to which it is due, and each case must be determined by the circumstances thereof. (Morse on Banks and Banking, § 128, citing Briggs vs. Spaulding, 141 U. S. 132.)

The judgment must be reversed and a new trial granted, costs to abide the event. All concur, except Gaynor, J., who dissented.

DISCOUNT OF NOTES WITH BLANKS UNFILLED—NOTICE TO BANK.

WILSON R. HUNTER vs. ISAAC N. E. ALLEN ET AL.

SUPREME COURT OF NEW YORK, APPELLATE DIVISION, JULY 8, 1908.

Where a bank discounts notes which when received by it are blank as to date, amount and time of payment it cannot be regarded as a holder in due course either under the Negotiable Instruments Law, or under the law merchant.

Where the cashier receives such notes when engaged in the business of the bank the notice to him of the incomplete condition of the paper is binding upon the bank.

THIS action was brought upon two promissory notes made by the firm of I. N. E. Allen & Co. to the order of the North State Lumber Company, and discounted by the First National Bank of Dunham, N. C. The firm was composed of Isaac N. E. Allen and Alexander Bacon; but the latter had retired therefrom, trough he had omitted to give legal notice of such withdrawal, and Allen continued the business alone but under the copartnership name. Allen became interested in the North State Lumber Company, Ltd., operating near Durham, N. C. It became the custom for the First National Bank of Durham to permit the lumber company to overdraw its bank account, and to draw on Allen &Co. in New York to make good such overdrafts. Either to meet these overdrafts or to furnish money to the lumber company, Allen sent to the bank or to the lumber company the notes in suit, payable to the order of the lumber company, signed "I. N. E. Allen & Co." When the cashier of the bank received them some of them were blank as to date, time of payment and amount, and he or some one under his direction filled in these blanks as occasion required, and the lumber company indorsed them and the bank placed the proceeds to the credit of the company.

HOUGHTON, *J.* (omitting part of the opinion): It is claimed that authority to fill out these blanks came from Allen through the president of the lumber company, who was instructed to authorize the cashier to fill up the notes for as large an amount as the bank would take. The notes not having been paid they were transferred to the plaintiff after their maturity.

The plaintiff, amongst other claims, insists that the bank was a *bona fide* holder and that, therefore, he is entitled to be so considered. The appellant Bacon contends that the bank was not a *bona fide* holder as matter of law, and that they were accommodation notes as to himself given by Allen & Co. after his retirement from the firm, and that he cannot be held liable on them because the giving of accommodation paper was not any part of the copartnership business.

We think it is very clear that the bank was not a *bona fide* holder of the August fourth notes. When the cashier of the bank received them they were not complete notes and could only be made so by filling in the amount and date and time of payment. The cashier was engaged in the business of the bank in discounting them, and notice to him was notice to the bank itself. (Gibson vs. Nat. Park Bank of N. Y., 98 N. Y. 87.)

The notes purported to be made in New York State and were payable there, and by the express provisions of the Negotiable Instruments Law (Laws of 1897, chap. 612, § 91, subd. 1) one can be a holder in due course of a negotiable instrument only where the instrument is "complete and regular upon its face." This statutory provision is but a codification of the rule of the law merchant, which was that a party buying commercial paper which remains in some essential particular incomplete and imperfect, does not acquire the character of a *bona fide* holder. (Davis Sewing Machine Co. vs. Best, 105 N. Y. 59.)

The situation is not such as existed in Chemung Canal Bank vs. Bradner (44 N. Y. 680). In that case a draft containing blanks was in the possession of the holder, and it was held that authority on his part to fill them in could be assumed from his possession. The decision was based on the doctrine that because apparent authority had been given it would be a fraud upon innocent parties to permit an assertion to the contrary. (Town of Solon vs. Williamsburg Savings Bank, 114 N. Y. 136.) In the present case as to the August fourth notes, the blank notes were sent to the bank and filled in by the bank officer. There was no reliance on possession as evidencing authority to complete the instrument.

LIABILITY OF IRREGULAR INDORSER—PAROL EVIDENCE TO SHOW ORDER OF LIABILITY.

HADDOCK, BLANCHARD & CO., INC., vs. HADDOCK.

COURT OF APPEALS OF NEW YORK, SEPT. 29, 1908.

The section of the Negotiable Instruments Law which prescribes the liability of irregular indorsers is to be read in connection with the section which provides that as between or among indorsers themselves evidence is admissible to show any agreement as to the order of their liability.

The drawer of a bill is in legal effect and within the intention of the last-mentioned section an indorser, and as between him and an irregular indorser evidence is admissible to determine the liability as between them.

CHASE, *J.:* The plaintiff is a foreign corporation authorized to do business in this State and engaged as a wholesale dealer in coal at Binghamton. The Plymouth Coal Company, a corporation, was engaged in the operation of coal mines in Pennsylvania prior to March, 1902, at which time it went into the hands of a receiver. The defendant was the president and manager of said coal company and the owner of substantially all of its stock. The defendant was, until May, 1902, the president of the plaintiff, and during all the time herein mentioned had charge of plaintiff's New York office. At the time when the note and bills hereinafter mentioned were given the plaintiff was engaged in selling on commission at wholesale the coal mined by the Plymouth Company or its receiver, under a contract made with said coal company. One B., the vice-president of the plaintiff prior to May, 1902, and its president thereafter, passed upon the financial responsibility of persons seeking credit with the plaintiff, and he arranged with a trust company at Binghamton to discount commercial paper of the plaintiff's customers. The Lenape Coal Company, the Living Stone Coal Company, and the Montauk Coal Company were severally organized as corporations and engaged in the business of retailing coal in or near the city of New York, and the defendant was the owner of substantially all of the stock of each. Soon after the organization of such corporations to retail coal, they sought credit with the plaintiff, and their financial responsibility was investigated by B. The responsibility of each was found to be unsatisfactory, and B. so reported to the defendant, and the defendant replied that said companies were his companies and he would guarantee their credit by indorsing their paper.

On February 13, 1902, said Lenape Coal Company, for value received, executed and delivered to the plaintiff, as payee, its certain promissory note for $880.96, dated on that day, payable four months after date at a bank in the city of New York. On and between January 27, 1902, and May 13, 1902, the plaintiff, for value received, made 30 special drafts each on either said Lenape Coal Company, said Living Stone Coal Company, or said Montauk Coal Company, payable to the order of itself as payee, which drafts aggregated $26,833.15, each of which drafts was, for value received, accepted by the coal company on which it was drawn, payable at a place and on a day in each respectively specified. The drafts or bills were all similar in form, and the following is a copy of one of said bills: "1327.41-100. Coal Office of Haddock, Blanchard & Co., Incorporated, New York, Apr. 28, 1902. Four months after date pay to the order of ourselves thirteen hundred twenty-seven and 41-100 dollars, value received, and charge the same to account of Haddock, Blanchard & Co., Incorporated. C. N. Blanchard, Asst. Treas. To Montauk Co., Brooklyn, N. Y." Indorsed across the face: "Accepted. Payable at the Binghamton Trust Co., Binghamton, N. Y. The Montauk Coal Co., Chas. B. Smith, Treas." Indorsed on the back: "Haddock, Blanchard & Co., Incorporated. C. N. Blanchard, Assistant Treasurer. John C. Haddock."

Said note after it had been signed by said Lenape Coal Company, and each of said bills after they had been accepted by the corporation on which they were severally drawn, were indorsed by the defendant before delivery, and thereafter each of them, so indorsed, was before maturity delivered to the plaintiff as payee, and the plaintiff thereafter and prior to their maturity severally indorsed and procured them to be discounted at a trust company at Binghamton. Said note and each of said bills were given and delivered to the plaintiff for the purchase price of coal sold and delivered by the plaintiff to the acceptors, respectively, of said bills and the maker of said note, or in renewal in whole or in part of prior notes or bills given or accepted for the purchase price of coal so sold and delivered. Said note and each of said bills were so indorsed by the defendant for the accommodation of the maker of said note and the acceptor of said bills, respectively, and for the purpose of giving such maker and acceptors credit with the plaintiff, and in pursuance of an agreement between the defendant and the plaintiff by which the plaintiff agreed to sell coal on credit to the acceptors of said bills and to the maker of said note upon the defendant's guaranteeing the credit of said companies respectively, and the plaintiff was induced to take said accepted bills and said note, and each of them for such coal by reason of the indorsement of the said defendant and pursuant to said agreement that the defendant would be liable thereon to the plaintiff in case the respective corporations primarily liable thereon should make default in payment thereof. The proceeds of said bills and note were remitted to the defendant at the New York office of the plaintiff to provide funds to pay for coal and other current expenses. At the time when said note and bills respectively became due they were presented for payment at the place where they were respectively made payable, and payment duly demanded, which was refused, and thereupon each was duly protested for non-payment, and notice thereof given to the plaintiff and to said defendant. Thereafter the plaintiff was compelled to take up said note and drafts and pay the amount due thereon, respectively, and became the owner and holder thereof and of each of them.

This action is brought to compel the defendant to pay to the plaintiff the amount of said note and bills pursuant to his said agreement with the plaintiff when they were severally indorsed by him, and the facts upon which the plaintiff's claim is based are stated in the complaint. The defendant denies that he indorsed the note and bills for the accommodation of and as surety for the retail coal companies, respectively; but the evidence is sufficient to sustain the findings of the court from which the statements of facts in this opinion have been taken. As the facts are found, if the intention of the parties is to prevail, the defendant should be required to pay to the plaintiff the amount of such note and bills as established by the judgment. The defendant contends that the position of his name upon the note and bills conclusively establishes that he indorsed the several instruments without liability to the plaintiff, and that parol evidence should not have been received to affect or overcome the alleged conclusive presumption arising from his indorsements as made.

In the early decisions by the courts in this State there was some confusion relating to the liability of a person who indorsed a note or bill prior to its delivery. (Labron vs. Woram, 1 Hill, 91; Herrick vs. Carman, 12 Johns. 159; Hall vs. Newcomb, 3 Hill, 233, s. c. 7 Hill, 416; Hahn vs. Hull, 2 Abb. 352.) This court, in Moore vs. Cross, 19 N. Y. 227, referring to a case of a person who for the accommodation of a maker indorsed a note payable to a third person, say: "Some confusion has been thrown around this subject from what has been finally settled to have been an error, treating such an indorsement as a guaranty and charging the indorser as a maker or guarantor. This doctrine was advanced in Herrick vs. Carman, 12 Johns., 160, and was adjudged in Nelson vs. Du Bois, 13 Johns., 175, and Campbell vs. Butler, 14 Johns., 349. It was attacked in Dean vs. Hall, 17 Wend. 214, and in Seabury vs. Hungerford, 2 Hill, 80, and was finally overthrown in Hall vs. Newcomb, 3 Hill, 233, and the same case in error, 7 Hill, 416. The Chancellor, in his opinion in the latter case, says: 'If the object of the second indorser was to enable the drawer to obtain money from the payee of the note upon the credit of the accommodation indorser, he may indorse it without recourse, and by such indorsement may either make it payable to the second indorser or to the bearer; and such original payee may then, as legal holder and owner of the note, recover thereon against such second indorser, upon a declaration stating such special indorsement by him and subsequent indorsement of the note to him by the second indorser.'" The court further says: "If a note be made and indorsed for the accommodation of A., who indorses it to another person, and afterward in the course of trade again becomes the holder, he could maintain no action against the maker and indorser for his accommodation, notwithstanding their apparent liability to him on the face of the paper. The fact of the accommodation making and indorsing might be proved to defeat the action, and it would establish that the agreement of the parties, contrary to the legal inference from the face of the paper, did not impose a liability on the maker and indorser to pay the party suing."

There has always been conflict among the courts of the several States both in asserting the principles upon which irregular indorsers upon commercial paper are to be held and in the conclusion arrived at in particular cases litigated. The number of cases is so great, and the possibility of even a partial reconciliation of them so remote, that we will confine our citation of authorities wholly to those in this State. It was well settled in this State for many years prior to the enactment of the negotiable instruments law that a person who puts his name on the back of a bill or note before its delivery is presumably a second indorser and not liable to the payee, but the presumption could be rebutted by parol evidence to show that the intention of the indorser was to become surety for some prior party to the instrument. (Moore vs. Cross, supra; Bacon vs. Burnham, 37 N. Y. 614; Meyer vs. Hibsher, 47 N. Y. 265; Phelps vs. Vischer, 50 N. Y. 69; Clothier vs. Adriance, 51 N. Y. 322; Hubbard vs. Matthews, 54 N. Y. 43; Coulter vs. Richmond, 59 N. Y. 478; Easterly vs. Barber, 66 N. Y. 433; Jaffray vs. Brown, 74 N. Y. 393; Witherow vs. Slayback, 158 N. Y. 649; Smith vs. Weston, 159 N. Y. 194; Davis vs. Bly, 32 App. Div. 124, affirmed 164 N. Y. 527; Far Rockaway Bank vs. Norton, 186 N. Y. 484; Lester vs. Paine, 39 Barb. 616; Foerster vs. Squier [City Ct. N. Y.] 13 N. Y. Supp. 367; Reed vs. Photo-Gravure Co. [City Ct. N. Y.] 13 N. Y. Supp. 798; Wyckoff vs. Wilson [Com. Pl.] 13 N. Y. Supp. 270; Luft vs. Graham, 13 Abb. Prac. [N. S.] 175; Draper vs. Chase Mfg. Co., 2 Abb. N. C. 79; Holz vs. Woodside Brewing Co., 83 Hun, 192; Meise vs. Doscher, 68 Hun, 557; Bank of Port of Jefferson vs. Darling, 91 Hun, 236; Hendrie vs. Kinnear, 84 Hun, 141; Montgomery vs. Schenk, 82 Hun, 24; McPhillips vs. Jones, 73 Hun, 516; Staiger vs. Theiss, 19 Misc. Rep. 170; Rose vs. Packard, 4 Wkly. Dig. 427; Cuming vs. Roderick, 16 App. Div. 339; McMoran vs. Lange, 25 App. Div. 11; Howard vs. Van Gieson, 46 App. Div. 77; Nagel vs. Lutz, 41 App. Div. 193.)

The negotiable instruments law was first enacted in this State in 1897. Laws 1897, p. 734, c. 612. Section 113 of the said law provides: "A person placing his signature on an instrument otherwise than as maker, drawer or acceptor is deemed to be an indorser, unless he clearly indicates by appropriate words his intention to be bound in some other capacity." The defendant was within this definition an indorser of each of said instruments. Section 114 of the said law provides: "Where a person, not otherwise a party to an instrument, places thereon his signature in blank before delivery, he is liable as indorser in accordance with the following rules: (1) If the instrument is payable to the order of a third person, he is liable to the payee and to all subsequent parties. (2) If the instrument is payable to the order of the maker or drawer, or is payable to bearer, he is liable to all parties subsequent to the maker or drawer. (3) If he signs for the accommodation of the payee, he is liable to all parties subsequent to the payee." By this section of said law the presumption as established by the courts in this State was changed, and an irregular indorser is now presumed to be liable in accordance with the express language of the statute. Questions relating to the sufficiency of the pleadings are settled by the statute. A complaint upon a note or bill, without alleging a collateral agreement between the parties whose names are on the instrument, seeking to recover against a person except as provided by the statute, would clearly be demurrable.

The note of the Lenape Coal Company was payable to the plaintiff, a third person, and the defendant, according to the provisions of said section 114, is liable to the plaintiff, the payee therein. No serious contention has been made to the contrary. The serious question for consideration arises from the fact that the bills were payable to the maker and drawer thereof, respectively, and the defendant, as an indorser thereon before delivery, is not under the statute prima facie liable thereon to the plaintiff. Should parol evidence have been allowed to show the intent of the parties? We have not discovered any exception to the rule as established by the courts of this State allowing parol evidence as between the parties whose names appear on the bill or note to determine their liability as between themselves. It is frequently stated that where a note is payable to a person other than the maker, and is indorsed by a third person before delivery, the intention of the indorser is ambiguous and uncertain on the face of the paper, and such uncertainty justifies the receipt of parol evidence to determine the true intention of the parties. We do not see that any greater certainty exists upon the face of a bill as to the true intention of the parties, where it is drawn to bearer or to the order of the maker, and it is indorsed by a third person after acceptance by the acceptor and before delivery to the payee and maker. There is a certain rule of presumption determined by common law or by statute, but the alleged reason for the rule in either case is not very apparent. The long-established rule to allow parol evidence that the intention of the parties may prevail seems to have met with somewhat general approval, without discussing specifically the principles upon which such evidence is admitted.

It is said by Daniel in his work on Negotiable Instruments (5th Ed., § 710): "Whatever diversities of interpretation may be found in the authorities on the subject, they very generally concur, though not with entire unanimity, that as between the immediate parties the interpretation ought to be in every case such as will carry their intention into effect, and that their intention may be made out by parol proof of the facts and circumstances which took place at the time of the transaction." Story on Promissory Notes, § 479. In Good vs. Martin, 95 U. S. 90, the court say: "Considerable diversity of decision, it must be admitted, is found in the reported cases, where the record presents the case of a blank indorsement by a third party, made before the instrument is indorsed by the payee and before it is delivered to take effect; the question being whether the party is to be deemed an original promisor, guarantor, or indorser. Irreconcilable conflict exists in that regard; but there is one principal upon the subject almost universally admitted by them all, and that is that the interpretation of the contract ought in every case to be such as will carry into effect the intention of the parties, and in most cases it is admitted that proof of facts and circumstances which took place at the time of the transaction are admissible to aid in the interpretation of the language employed. Denton vs. Peters, L. R. 5 Q. B. 475. Facts and circumstances attendant at the time the contract was made are competent evidence for the purpose of placing the court in the same situation and giving the court the same advantages for construing the contract which were possessed by the actors. Cavazos vs. Trevino, 6 Wall, 773.

It must constantly be borne in mind that the acceptance of a bill makes the acceptor the principal debtor. A bill, when accepted, becomes similar to a promissory note, the acceptor being the promissor, and the drawer standing in the relation of an indorser. Daniel on Negotiable Instruments (5th Ed.) § 532. There is nothing in the negotiable instruments law to indicate an intention on the part of the Legislature to change the rule as established in this State relating to the receipt of parol evidence to determine the primary liability as between the persons whose names appear upon the instrument or as between those secondarily liable thereon. By section 55 of the negotiable instruments law it is provided: "An accommodation party is one who has signed the instrument as maker, drawer, acceptor or indorser, without receiving value therefor, and for the purpose of lending his name to some other person. Such a person is liable on the instrument to a holder for value, notwithstanding such holder at the time of taking the instrument knew him to be only an accommodation party." Parol evidence is necessary to determine whether a party to an instrument, including an indorser thereon, is an accommodation party, and also to determine which other party to the instrument he had accommodated. The plaintiff was the holder of the note for value, and the evidence showed that the defendant was an accommodation indorser for the benefit of the acceptor. The last subdivision of section 114, as we have quoted, makes parol evidence necessary to establish whether the indorser signed the instrument for the accommodation of the payee. It is true that this section does not expressly state that, if the indorser signed for the accommodation of the acceptor, he is liable to all parties subsequent to the acceptor; but the fact that such a provision is not included in section 114 does not prevent the admission of parol evidence to determine generally the questions relating to an accommodation party as provided by section 55. The negotiable instruments law by section 7 provides: "In any case not provided for in this act the rules of the law merchant shall govern." By section 118 of the negotiable instruments law it is provided: "As respects one another, indorsers are liable prima facie in the order in which they indorse; but evidence is admissible to show that as between or among themselves they have agreed otherwise." As we have seen, upon the acceptance of the bill the acceptor becomes the principal debtor and the one primarily liable to pay the amount of the bill, and all other parties to the instrument, including the maker and indorser, are secondarily liable. We are of the opinion that the maker of the bill is in legal effect and within the intention of this section an indorser, and that as between the plaintiff and the defendant parol evidence is authorized to determine the liability as between them.

The articles of the negotiable instruments law relating to the presentation of bills and notes for payment and notice of dishonor (articles 7 and 8) further show an intention by the Legislature to leave the order of liability among those whose names are on the instrument subject to determination by any competent evidence. Section 130 provides: "Presentment for payment is not necessary in order to charge the person primarily liable on the instrument. * * * * But except as herein otherwise provided, presentment for payment is necessary in order to charge the drawer and indorsers." Section 139 provides: "Presentment for payment is not required in order to charge the drawer where he has no right to expect or require that the drawee or acceptor will pay the instrument." Section 140 provides: "Presentment for payment is not required in order to charge an indorser where the instrument was made or accepted for his accommodation, and he has no reason to expect that the instrument will be paid if presented." Section 160 provides: "Except as herein otherwise provided, when a negotiable instrument has been dishonored by nonacceptance or nonpayment, notice of dishonor must be given to the drawer and to each indorser, and any drawer or indorser to whom such notice is not given is discharged." Section 186 provides: "Notice of dishonor is not required to be given to an indorser in either of the following cases: * * * (3) Where the instrument was made or accepted for his accommodation."

There is no reason that we can conceive why the Legislature should intend to change the rule in regard to the admission of parol evidence as it had existed in this State for many years. All of the quotations that we have made from the negotiable instruments law show that it has enlarged rather than restricted the rules allowing parole evidence to show the true liability and relation of the parties whose names appear upon the bill or note in all actions between themselves. It is certainly very material to the drawer of a bill whether an indorser signs it at his request or at the request and for the benefit of the acceptor. We do not think it was the intention of the Legislature by the enactment of section 114 of the negotiable instruments law to establish a rule as to the liability of an irregular indorser conclusive on the parties to the instrument as between themselves in an action where the facts showing a different intention are fully alleged. All of the decisions of our courts since the enactment of the negotiable instruments law tend to sustain the views herein expressed. (Corn vs. Levy, 97 App. Div. 48, 89 N. Y. Supp. 658; Kohn vs. Consolidated Butter & Egg Co., 30 Misc. Rep. 725, 63 N. Y. Supp. 265.) In the case last mentioned McAdam, J., said: "Prior to the statute of 1897, supra, the allegation referred to was a necessary one in such cases, and, if denied, the onus of proving the allegation was on the plaintiff, for the payee was presumably the first indorser. Daniel's Neg. Inst. (4th Ed.) § 704; Wood's Byles' Bills, 151, note, and cases before cited. Since the statute the legal presumption is changed where the complaint alleges that the irregular indorsers indorsed the paper 'before delivery' to the payee; and when this fact is established the onus is cast upon such indorsers to allege and prove that, notwithstanding such delivery, the payee was to become first indorser according to the customary form of the contract, and that they did not indorse for the purpose of lending their credit to the maker or with the intention of becoming liable to the payee. That this is the proper interpretation of the act is obvious. The true intention of indorsers as between themselves can always be shown by oral evidence. (Daniel's Neg. Inst., supra; 4 Am. & Eng. Ency. of Law [2d Ed.] 492 et seq.; Guild vs. Butler, 127 Mass. 386; Cady vs. Shepard, 12 Wis. 639; Benjamin's Chambers' Bills [2d Am. Ed.] 250; Witherow & Slayback, 158 N. Y. 649.) To go further, and decide that the statute intended to create an incontestable liability against irregular indorsers, would be to impute to the legislative wisdom a design repugnant to every notion of judicial procedure, especially in a provision enacted in the interest of law reform."

The judgment should be affirmed, with costs.

CULLEN, *C. J.*, and HAIGHT, VANN, WERNER, WILLARD BARTLETT, and HISCOCK, *J.J.*, concur.

Judgment affirmed.

NOTES OF CANADIAN CASES AFFECTING BANKERS.

[Edited by John Jennings, B.A., LL.B., Barrister, Toronto.]

INSURANCE—GUARANTEE POLICY—EMPLOYER AND EMPLOYE—BANK OFFICIALS—DUTY AND RESPONSIBILITY OF—TELLER'S CASH—EXAMINATION AND CHECKING OF—PROXIMATE CAUSE—EXPENSES OF FOLLOWING DEFAULTER—RIGHT TO DEDUCT FROM SUM RECOVERED—INDEMNITY—SUBROGATION.

THE CROWN BANK VS. THE LONDON GUARANTEE AND ACCIDENT CO.

(17 O. L. R. p. 95.)

This was an appeal from the judgment at the trial, of Mr. Justice Mabee holding the defendants liable to the bank for the shortage due to the defalcation and defect of two officials of the bank up to the amount of $11,000, being the total sum for which the two officials were bonded.

The defendants, a guarantee company, gave the plaintiff bank a bond whereby they agreed to indemnify the plaintiffs to the extent of $5,000 in the case of a paying teller, and of $6,000 in the case of an accountant of the bank, against "all and any pecuniary loss sustained by the plaintiffs directly occasioned by dishonesty or negligence or through disobedience of direct and positive instructions on the part of those persons in connection with their duties in the plaintiffs' service . . . ." The bond also contained a provision whereby the defendants were exempted from liability for acts or omissions of any employe in pursuance of any instructions received by him from the employer or a superior officer, or for mere errors of judgment or *bona fide* mistake on the part of the employe, also a provision requiring the plaintiffs when required by the defendants, and at their cost, to assist them in every way in bringing to justice any employe for a criminal offence entailing loss upon the employer, and procuring the reimbursement to the defendants by the defaulting employe or his estate of any money paid by or recoverable from the defendants by reason of such defalcation.

On a Saturday the teller stole from the plaintiffs a large sum of money and absconded from Canada. The moneys were properly in his custody until the close of the day, when it was his duty to deposit them, along with the other moneys and securities in his possession, in the bank vault, having first submitted his cash to examination and checking by the accountant, whose duty it was to perform this office in the absence of, or by direction of the manager. On the day in question the accountant certified to the correctness of the teller's statement in which the stolen money was included.

The operation of the system is, shortly, as follows: The teller is provided with a box, which contains a certain amount of coin and bank bills, and in which he places the cash that he receives during the day. The box is provided with two locks, the key to one of which is held by the teller, the key to the other being held by the manager or officer acting on his behalf. The box is locked up every night in a compartment of the cash safe of the vault. Each morning the teller and the manager or officer acting on his behalf proceed together to the vault, the cash safe is opened, the box is removed from its compartment or is carried to the teller's cage. Each of the parties opens the lock of which he has the key, and the teller is then left in charge until the close of the day's business. At the close of business, the manager or officer acting on his behalf enters the teller's compartment or "cage," and examines his cash, checks and vouchers, and checks over and verifies his statements and lists according to a method which seems to be in vogue in other similar institutions, and which, if properly carried out, appears calculated to lead to the discovery or detection of any discrepancy or difference that might exist, and almost inevitably to the discovery and prevention of the abstraction of such a large sum as was taken by Banwell. After the examination and checking and verification with the teller's statement, the box is closed, locked by the two parties, and by them taken to the vault and locked up in the compartment of the cash safe, where it remains until the morning of the next business day.

Its absence was discovered on the opening of the teller's cash box on the following Monday, the teller having taken it with him when he left the bank on Saturday. No steps were taken by the defendants towards following or apprehending the teller, but the plaintiffs, without communication with the defendants, took active steps and finally succeeded in apprehending him and recovering from him a large part of the stolen money. In so doing they incurred expenses to a large amount which they claimed to be entitled to deduct from the recovered money and to hold the defendants responsible for the deficiency, after making such deduction, up to the amount in which the defendants were liable in respect of both officials.

MOSS, *C.J.O.*, OSLER, GARROW, MACLAREN and MEREDITH, *J.J.A.*: Judgment of the Court of Appeal was delivered by the Chief Justice who, after a very careful summary of the facts, gave the following pronouncement upon the law:

Upon the argument of the appeal, it was scarcely contended for the defendants that they were not liable in respect of Banwell. Indeed, it was virtually conceded that there was liability so far as he was concerned, and that in his case the sole question was whether the moneys expended by the plaintiffs were to be taken into account.

But, in respect to Maunsell, in addition to the argument that the plaintiffs were not entitled to any allowance for the expenditure, it was earnestly contended that it was not shown that the plaintiffs had sustained any pecuniary loss "directly occasioned by dishonesty or negligence or through disobedience of direct and positive instructions," within the meaning of the contract. It is urged that Banwell's abstraction of the coins and bills from the box had preceded Maunsell's examination and checking, and, therefore, that the latter's negligence could not be said to be the direct occasion of the loss. But does this follow? It is probably true that Banwell had removed the coin and bills from the box before Maunsell made whatever examination he did make that day, and before he certified to the correctness of the statements. But Banwell's action would not have resulted in loss to the plaintiffs if Maunsell had not been negligent in his examination.

The evidence shows, and it is scarcely open to doubt, that a proper examination and checking in the prescribed manner, even though the examination does not extend to an actual scrutiny and counting of every bill in the bundles, must have led to the instant discovery of the absence of such a large part of the whole quantity—more than one-third of the whole—for which Banwell was accountable.

It is quite evident from what subsequently transpired that the discovery of the discrepancy and the detention of Banwell until it was accounted for would have led to an immediate restoration of the amount. That this did not happen was due to the negligence of Maunsell, and the resultant loss flowed directly from it. There was dishonesty on the part of Banwell, but this would not have produced loss but for the negligence of Maunsell. As a result of their respective defaults, each default acting upon the other, the plaintiffs sustained a loss, but that it was directly occasioned by Maunsell's failure to do his duty seems scarcely possible to gainsay. The negligence did not consist in rendering it possible for Banwell to attempt a crime. The negligence here occurred after the crime was attempted. It consisted in the failure to observe and carry into efficient practice the duties which were imposed upon him for the very purpose of discovering any attempt at and frustrating the consummation of such a crime.

In this there was a plain breach of the duty Maunsell owed to the plaintiffs, and it led directly to the loss which they sustained.

The defendants were therefore properly held by the learned trial Judge to be responsible to the plaintiffs for Maunsell's negligence, as well as for Banwell's dishonesty.

Then, what is the measure or extent of their liability, in the circumstances of this case?

The contract on which the plaintiffs are suing, though generally spoken of as a guarantee bond, is not strictly a contract of suretyship. It is not an undertaking to pay if another does not, but is a positive direct contract to pay a loss of the particular class. It is more in the nature of an insurance—a contract of indemnity—entitling the insured to payment of the loss insured against, and entitling the insurers, upon payment, to be subrogated to any rights of the insured against the person whose acts or defaults are the subject of the insurance.

Upon the happening of the events provided for in the contract in question here, the plaintiffs were entitled to receive from the defendants the sum of $11,000.

The contract placed them under no obligation to take any steps or proceedings for the apprehension or punishment of the offender or, unless called upon by the defendants, to render assistance towards that end.

On the other hand, they were not obliged to remain inactive, and suffer the full loss they had sustained without any effort on their part to regain it in whole or in part.

Policy and self-interest would necessarily and properly be opposed to a course of inaction, and it cannot be said that the plaintiffs acted unreasonably in resolving to follow Banwell for the purpose of securing his arrest and punishment, and, as consequent thereupon, regaining possesion of the stolen property.

These were remedies of which the law permits parties in the plaintiffs' situation to avail themselves in a proper way, and to the extent to which the plaintiffs were recouped the moneys and property of which Banwell had deprived them, a substantial benefit has accrued to them. But to what extent does this affect the defendants' liability?

The matter may be tested by considering whether if, before taking any steps against Banwell, the plaintiffs had required the defendants to pay, and had recovered from them payment of, the full sum of $11,000, and had then done what they did in the first instance, the defendants could recover back any part of the $11,000. If the amount recovered, after paying or providing for expenses exceeded the whole loss, the defendants would be entitled to recover the excess. In other words, the plaintiffs are only entitled to indemnity, and for anything received beyond that they must account to the insurers. The latter would be entitled to require repayment of the excess over and above indemnity. Technically the right is not to recover back the money paid, but rests upon an application of the doctrine of subrogation. But the right of subrogation does not arise until there is full indemnity. In Porter on Insurance, 4th ed., at p. 263, the principle to be extracted from Castellain vs. Preston (supra) is thus stated: "If the assured, after payment by the insurers, obtains by action (or otherwise than by special gift not intended to be by way of indemnity) any money (or other indemnity which has a money equivalent) which, together with the sum received from the insurers will be entitled to recover from the insured the amount of such surplus."

And it appears to be well-settled law that before the insurers can recover back any part of what they have paid, there must have been full indemnity to the insured. The next question is, does the fact that the insurers have not paid, and are not suing to recover back, but are being sued, make any difference in their rights in this respect?

It is plain that if the plaintiffs are compelled to bear the expenses incurred, they are not and will not be fully indemnified. The defendants will obtain the benefit of the property recovered, while the plaintiffs bear the burden of the recovery. As already pointed out, the express contract does not require the plaintiffs to initiate or follow up any proceedings for the benefit of the defendants. Then, if the plaintiffs decide to take steps towards recovering of the property, is there any reason why they should be compelled to account for more than the net result?

If the defendants say they should not have incurred the expense, the answer is that in that case there would have been no recovery, and nothing to account for, and the defendants' liability for the whole would be clear. And to the extent of the sums named in their contract they would be compellable to make good the total loss occasioned to the plaintiffs.

In the present case their position can be no higher, except to the extent, if any, that the property recovered, less the reasonable expenses incurred in its recovery, goes to reduce the total loss to an amount less than $11,000. To that extent they are entitled to the benefit of the plaintiffs' action. The judgment appealed from gives the defendants that right, and fully protects them against any improper or unreasonable claim in respect of expenses.

BILLS OF EXCHANGE AND PROMISSORY NOTES—HOLDER OF BILL FOR COLLECTION ONLY—HIS RIGHTS NOT TRANSMISSIBLE TO HIS HEIRS—DEATH OF SUCH HOLDER DURING PENDENCY OF SUIT—CONTINUANCE.

MARSON VS. TAYLOR AND MARSON ET AL.

(Q. R. 34 Sup. Ct. p. 37.)

The rights of a holder, for collection only, of a bill of exchange, against the acceptor and parties liable, are personal to himself, as the *prete-nom* of the owner, and are not transmitted, upon his death, to his heirs. When, therefore, such a holder dies during the pendency of a suit brought by him on the bill, his heirs have no right to continue it in his stead.

THIS action was instituted on the 18th of March, 1907, and is based on a bill of exchange for

£72,12.11, dated April 10, 1906, drawn by Rocco Palmisano on the defendant, accepted by him on May 30, 1906, payable forty-five days after sight to the order of Palmisano and endorsed by him. The defendant pleads, among other things, that the plaintiff became holder of the bill after it was dishonored for non-payment; that he is a mere *prete-nom* for collection, and that he has no interest or right therein. The plaintiff, by his answer, admits that he is merely a holder for collection, that he received the bill after maturity, but alleges that, as bearer, he has a right to recover. The plaintiff, examined on discovery, admitted then he gave no consideration for the bill; that he is holding it for collection for Palmisano who is the owner, and to whom he will account when collected.

The plaintiff died on September 1, last, and, on the twenty-sixth of that month, the defendant presented a petition asking that the heirs and representatives of the plaintiff be ordered to intervene and take up the instance. On the same day the petitioners filed a petition asking for permission to continue the suit, as the heirs of the plaintiff. The defendant's petition was dismissed; and that of the plaintiff's heirs is contested by the defendant. It is admitted that the petitioners are the heirs of the plaintiff.

Lynch, *J.:* The petitioners rely largely upon the fact that, at his death, the plaintiff was the holder and bearer of the bill, with all the rights and powers conferred upon him as such, under "The Bill of Exchange Act, 1890," and that, as his heirs, the exercise of such rights and powers is continued in them. The defendant says that although the plaintiff was the holder and bearer of the note, he was so only for the purposes of collection and as the agent of the owner, Palmisano. The question is an interesting one; and I have found it somewhat troublesome. There can be no difficulty that the plaintiff, as the holder and bearer, had the right to sue on the bill, collect the amount due and give a valid discharge; but it is equally true that in all he did he was merely acting for the owner as his agent, and that his powers, as such, were terminable at the will and pleasure of Palmisano, the owner of the bill. Such were the relations between Palmisano and the plaintiff; but as between the plaintiff and the defendant under the Bills of Exchange Act, the plaintiff was the owner to all intents and purposes. There is nothing in that act which defines the rights and obligations of the heirs of a holder like the plaintiff. If the civil law is to be considered, then clearly, under art. 1755 C. C., par. 3, the agency which had existed terminated by the death of the plaintiff; and the defendant would have an interest in contesting the petitioners' right to continue the suit.

I feel I am bound by the case of Laforest vs. Inkeil, 11 S. C. 534, which distinctly lays down the doctrine that the holder for collection has none of the rights of the owner apart from those of collecting and receiving. If then, his position is thus restricted he is certainly no more than an ordinary agent whose agency terminated with the death of his principal under the Civil Law.

EDITORIAL NOTE: This case is of some importance in view of questions which have arisen in practice with respect to the defunct Banque de St. Hyacinthe. This bank is in process of liquidation and will not pay the creditors in full. On the last day upon which its doors were opened monies were received in payment of bills and notes forwarded for collection and the liquidator takes the position that the forwarding banks are entitled only to a dividend while the forwarding banks claim that the money received in payment of items forwarded for collection and remittance only never became part of the assets of the defunct bank and are charged with a trust in favor of the forwarding bank. Undoubtedly the position asserted by the forwarding banks is the English law apart from special circumstances and this case would seem to sustain the same position with regard to the Province of Quebec.

BILLS AND NOTES—NOTE DELIVERED CONDITIONALLY—INDORSEMENT — LIABILITY OF PARTNER OF PAYEE.

ROSS VS. REID (42 N. S. R. p. 232).

Plaintiff purchased from C., a member of the firm of R. & C., a quantity of hay, and gave in payment thereof his promissory note, which C. undertook should not be used until the hay was delivered.

The hay was never delivered and C., in violation of his agreement, indorsed plaintiff's note to T. for value.

An action brought by T. against plaintiff to recover the amount of the note was defended by the plaintiff at the instance of R., who practically joined in the defence and acted as if the cause were his own.

Held, affirming the judgment of the trial judge, that plaintiff was entitled to recover against R. not only the amount of the note for which judgment was recovered against him but the amount of the costs taxed as well.

THIS was an appeal to the Supreme Court from the judgment at the trial of Mr. Justice Drysdale in favor of the plaintiff. The facts will appear in the judgment of Mr. Justice Longley.

LONGLEY, *J.*, TOWNSHEND *C.J.*, MEAGHER, RUSSELL and LONGLEY, *J.J.:* The facts in this case are as follows: Reid & Creighton were partners, and selling hay among other articles. Creighton contracted to sell hay to Ross, to the value of $96.43, and took Ross' note for that amount payable at thirty days. This note Creighton indorsed to one Treen in payment of a debt that the firm of Reid & Creighton owed to him. Ross went to get his hay and found that Reid & Creighton could not deliver him any. Creighton then went away out of the country. When Ross found that he could not get his hay he naturally became interested in the whereabouts of his note, and went to Reid who said he had it not. But it was soon found to be in the possession of Treen, who was brought into consultation with Ross and Reid, and asked to give up the note. He practically refused. Ross then asked Reid what he intended to do about it. Reid told him he needn't worry about the note, that he (Reid) would see that he (Ross) got it back.

At this moment undoubtedly the responsibility of dealing with this note rested upon Reid. He knew the note had been given for hay which the firm had never delivered. He knew that Treen held it for good consideration against the Reid & Creighton firm, who owed Treen an amount equivalent to the note. It was the proper thing for Reid to have taken up the note when it became due and handed it over to Ross.

He did not do this. He allowed Ross to be sued on the note by Treen, and when notified of the suit, instead of stopping it by arranging for its payment, he encouraged Ross to defend it, told him he would give evidence that would defeat Treen, and gave a statement of his proposed evidence to Ross' solicitor. Ross' defence failed, and he was compelled to pay the note and costs of suit. He is now seeking to recover them from Reid as damages for the breach of contract. His right to recover the $96.43 is not contested, but he denies the right of plaintiff to recover the costs as well. The learned trial judge, Mr. Justice Drysdale, decided that under the law he was entitled to recover his costs of suit in the Treen action as well.

Naturally the facts of each case differ in certain particulars, but principles govern. The law, as I understand it, founded upon common sense and sound principle, is that the man who makes a breach of a contract must be responsible for the natural or reasonable consequences of such breach. Here Reid had every opportunity of saving those costs, by either paying Treen, which I conceive it was his duty to do, or where action was brought against Ross to have warned him. When he was advised of the suit by Treen against Ross, he encouraged Ross to defend, and declared that Treen could not succeed. Under these circumstances I think it was reasonable for Ross to contest Treen's claim, and that Reid thereby became legally liable for all the loss, costs, etc., which arose out this suit, which Reid could have easily avoided by simply doing his duty in the first instance.

INVESTIGATING WALL STREET.

Governor Hughes' Committee is an Able and Public-Spirited One and Its Report is Eagerly Awaited.

OUR frontispiece this month is the first group picture published of the Wall Street Investigating Committee recently appointed by Governor Charles E. Hughes of New York.

The membership of the committee is as follows:

Horace White, author and editor.

Charles A. Schieren, merchant, formerly Mayor of Brooklyn.

David Leventritt, former Justice of the Supreme Court.

Clark Williams, State Superintendent of Banking.

John B. Clark, Professor of Political Economy in Columbia University.

Willard V. King, banker, president Columbia Trust Company.

Samuel H. Ordway, lawyer, New York.

Edward D. Page, member of the firm of Faulkner, Page & Co.

Charles Sprague Smith, director of the People's Institute.

This committee serves without pay. The object of the appointment of the committee is briefly stated by Governor Hughes thus:

That "illegitimate actions may be prevented and legitimate business safeguarded."

The New York "World" gives the following statement of the qualifications of the members of this public-spirited committee:

Horace White is a well-known editor and an authority of high standing on financial matters. He has made a lifelong study of banking and finance.

Charles A. Schieren, former mayor of Brooklyn, is a merchant of large means, versed in sound business methods, experienced in public affairs.

David Leventritt is one of the best commercial lawyers in New York, whose ability on the bench reversed the initial prejudice against his election.

Clark Williams is the State Superintendent of Banks, one of the best, if not the best, of Gov. Hughes's official appointments. He was a member of the Banking Commission which devised effective banking reforms. As Superintendent he has enforced these reforms, notably in his reduction by more than nine-tenths of the expenses of bank receiverships.

John B. Clark is professor of political economy in Columbia, a studious publicist, whose recent address to the Ethical Social League described proper standards of corporate management.

Willard V. King is president of the Columbia Trust Company, a practical banker and acquainted by experience with Wall Street customs.

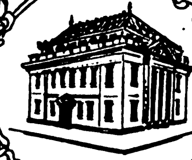
Samuel H. Ordway is a well-known lawyer with a commercial practice.

Edward D. Page is a member of a large fabric firm, who knows the effects of cotton gambling on the mills and the dry goods trade.

Charles Sprague Smith is director of the People's Institute and a publicist of repute.

The report of this committee is being looked forward to with great interest in financial and business circles.

TRUST COMPANIES



Conducted by Clay Herrick.

TORRENS TITLE SYSTEM IN NEW YORK.

TRUST companies, and especially those which do a title insurance business, will watch with interest the operation of the "Land Title Registration Law," passed by the New York Legislature in May, 1908, which went into effect February 1, 1909. This act establishes in New York state what is practically the Torrens land title system. Its adoption by any land owner is optional, but when a parcel of land has once been registered under the system its registry thereunder is made obligatory in the future. For this reason it may be years before any considerable amount of land is thus registered: yet the law offers the opportunity for a decided revolution in the manner of proving and recording the ownership of real estate.

The Torrens system, established half a century ago in South Australia by the man from whom it gets its name, is now in operation throughout Australia, and appears to give great satisfaction. It has already been adopted in several States of the Union, and its introduction in the Empire State will be followed with general interest. Its sponsors expect it to provide a quicker and less expensive system of transferring real property, and to establish greater security of ownership.

The bill (Chapter 444, Laws of 1908), which as printed fills a booklet of thirty-eight pages, specifies the proceedure in detail. Application for registration must be made to the Supreme Court, of which a special part is designated for this work. The Court is to be always open for this purpose, in vacation as well as in term time. County clerks and registers act as registrars of title under the bill. Before application is made for the registration of a title, it must be thoroughly examined and certified by an "official examiner of title." Regularly admitted attorneys and corporations duly authorized to guarantee or insure titles to real property are the only ones who may become official examiners. Application for registration of title may be made by (1) persons who claim and hold the ownership in fee simple of the legal estate in land or in some right in or over land; (2) persons who claim to own a contract for the purchase in fee simple of the legal estate in land, or in some right in or over land; or (3) persons who claim to have the power of appointing or disposing in fee simple of the legal estate in land, or in some right in or over land. No title to a mortgage, lien, trust, charge or estate less than a fee simple shall be registered, unless the title to the legal estate in fee simple is first registered. If such lesser estates exist, they shall be noted on the certificate of registration of estate in fee simple when issued.

The application is made by filing a complaint, which shall name as parties to the action all persons having or claiming any right or interest in or lien upon the property, or any part thereof, as shown by the examiner's certificate of title, and such additional parties as may be designated by the Court. At the time of filing the complaint, the plaintiff must cause to be filed a notice thereof in the office of the county clerk in each county where the property is situated. The preliminary papers having been filed, the Court examines whether or not the plaintiff appears to have a title that should be registered. If he does, the Court orders the action to be commenced by the issue and service of summons and the posting of notice, in a manner similar (but with some stated exceptions) to that required by the code of civil procedure for a summons in an action in the Supreme Court.

A copy of the summons and notice of the object of action must be posted in a conspicuous place on each parcel of land included in the action, at least forty days before application is made for judgment in the action. Any person interested in the property, or whose interests may be affected by the judgment in the action, may appear and defend, whether specifically named as defendant or not. The Court may find and decree in whom the title to or any right or interest in the property or any part thereof is vested, may remove clouds from the title, and may determine whether or not the same is subject to any lien or incumbrance. The final judgment of the court is "forever binding and conclusive upon the State of New York and all persons in the world," save for the proof of fraud. No action or proceeding shall lie or be commenced, except on the ground of fraud, to set aside any judgment of registration, or to modify or affect the same adversely to the title or interest registered therein, unless commenced within six months after the judgment of registration is entered.

After the final judgment is duly filed in the registrar's office, the latter registers the title in the "registration book," and issues an original certificate of registration, the form of which is given in the act. He also makes an exact duplicate of the certificate, which is delivered to the owner. This certificate is to be admitted by the courts of the State as prima facie evidence of the facts set forth therein, up to the time of issuance. Registered property may not be affected by prescription or adverse possession.

If the registered owner of real property wishes to transfer his whole estate or interest therein, or any part or parcel thereof, he executes to the intended transferee a deed or instrument of conveyance in any form authorized by law. Upon the filing of such instrument in the registrar's office, and the surrendering to the registrar the duplicate certificate of title, if the interested parties agree in a statement as to the nature and effect of the transfer, the registrar enters such statement as a memorial upon the proper original certificate, makes out a new certificate and duplicate and stamps upon the original and surrendered duplicate certificates the word "cancelled."

Provision is made for an "Assurance fund" for the benefit of any persons who may, without negligence on their part, sustain loss or damage because of registration of another person as owner of their property through fraud or error. This fund is created by the payment, upon original registration, of a fee of one-tenth of one per centum of the assessed value of the property; but the fee is not required of an applicant who elects to take his certificate "without recourse to the assurance fund."

The fees to be charged by the regstrars are prescribed, as follows:

(a) Filing the application, including entering it in the entry book, indexing it, and entering it in tickler certificate book, $1.50.

(b) Entering and filing each order of service or summons, seventy-five cents.

(c) Entering and filing order, appointing guardian ad litem, seventy-five cents.

(d) Entering, filing and indexing judgment and issuing certificate of title in accordance therewith, and indexing same, $5.00.

(e) Entering, filing and indexing any lien, incumbrance or charge pending registration or subsequent thereto, $1.00.

(f) Entering, filing and indexing a deed or other paper requiring the cancellation of one certificate and the issue of another,—for each new certificate issued, $2.00.

(g) Entering, filing and indexing any instrument cancelling any lien or incumbrance on a certificate, fifty cents.

(h) Making any additional certificate, fifty cents.

(i) Entering, filing and indexing a caution, $1.00.

RESERVES OF TRUST COMPANIES IN VARIOUS STATES.

DURING the past few months changes have taken place in the legal reserves required of trust companies in several states, notably in Massachusetts, where the new requirements became operative on January 1, 1909, and in New York, whose new reserve law went into full force on February 1, 1909. In this connection it is of interest to compare the trust company reserve laws of different states, which are shown in the following table. Except where otherwise stated, the percentages refer to the ratio of reserve to aggregate deposits. In some cases the reserves named in the table apply to trust companies only when they do a banking business, in which case they are frequently the same as those for banks.

Alabama.	15%, two-fifths in cash.
California.	20% in cities of 200,000 or over; 15% elsewhere; one-half in cash.
Connecticut.	15%, four-fifteenths in cash.
Idaho.	15%, one-half in cash.
Iowa.	25% of demand, 10% of time deposits.
Kansas.	25% of demand, 10% of time deposits.
Louisiana.	25% of demand deposits, 8% in cash.
Maine.	15% of deposits payable on demand or within ten days.
Massachusetts.	In Boston, 20% of aggregate deposits less time deposits not payable within thirty days; elsewhere, 15% of same; two-fifths in cash. Reserve companies in Boston, one-half in cash.
Michigan.	20% of "Matured obligations and money due and payable." One-fourth in cash.
Missouri.	15% of demand deposits.
Montana.	15%.
New Jersey.	15% of demand deposits, one-fifth in cash.
New Mexico.	15% of liabilities, less deposit with Territory.
New York.	Reserves are figured on the aggregate deposits less trust funds, time deposits not payable within thirty days and deposits secured by New York State bonds. In New York city, borough of Manhattan, 15%, all in cash. In New York city, other boroughs, 15%, two-thirds in cash. Elsewhere in state, 10%, one-half in cash.
North Carolina.	15%, two-fifths in cash.
Ohio.	15%, 6% of demand and 4% of time deposits in cash.
Oregon.	15% of demand and 10% of time deposits, in cities of less than 50,000; elsewhere, 25% of demand and 10% of time deposits; one-third in cash.
Pennsylvania.	15% of demand and 7½% of time deposits; one-third in cash.
Rhode Island.	15%, two-fifths in cash.
South Dakota.	25% of demand and 10% of time deposits.
Texas.	25% of demand deposits, one-tenth in cash.
Washington.	20% of demand deposits.
West Virginia.	15% of demand deposits, two-fifths in cash.
Wyoming.	25%.

AMERICAN BANK IN PEKING.

ARRANGEMENTS have been made for the establishment in Peking of an American branch of the International Banking Corporation. This is the first American bank in the East to join the group of British, French, German, and Japanese institutions which has been in existence there since 1902. The purpose of the local branch is to test the opportunities for American capital, especially in connection with the development of Manchuria. The British, French, and German affiliated banks deprecate competition in loans, believing that no further financial advances should be made and that China should be restrained from borrowing. The Americans interested also agree that no more international loans should be made contracted before the restoration of normal conditions.

THE ORGANIZATION OF A SAVINGS BANK.

By W. H. Kniffin, Jr.

THE conception of a savings bank is usually the work of one man, and naturally one whose interests, present or future, will be enhanced by such an institution. The motives which prompt him to undertake this work may be many, or it may be a single idea. In the case of a commercial bank the added prestige, a salaried position, the enlarged borrowing capacity, the profits arising from the increase in the stock value, any or all would be sufficient to explain why a man would give his time and attention to the organization of the commercial bank; but in the savings bank, especially of the mutual type, many of these controlling motives will necessarily be wanting and we must look elsewhere for the real secret.

The Motive.

It takes no wide stretch of imagination to understand that a man greatly desiring a position in such an institution and failing to find an opening might set about it to organize a bank for himself. One instance comes to mind, of a young man so anxious for a position in a bank, that he was willing to equip a new bank with the fixtures and furniture, at a cost of over $2,500, in order to get an executive office, so desirable did it seem to present itself to him, and another who gave up a lucrative business to accept a tellership in an eastern savings bank.

Another plausible reason may be found in the fact that a savings bank account in a bank of discount is highly desirable, and it is possible that a commercial concern might be tempted to foster a savings bank movement, for the sake of the profitable reserve account to be had from the savings institution when it shall have become a "going concern."

No Immediate Financial Gain.

But whatever the motive, the basis of the founder's hopes cannot be immediate financial gain, nor in the line of borrowing, for as an officer he will be barred from using the bank's funds in almost every state that has a good savings bank law. In the state of Minnesota there is a statute forbidding a trustee borrowing directly or indirectly, or becoming surety or endorser *for any loans,* and besides, he must file a surety bond in the sum of $5,000 as evidence of good faith, and violation of the borrowing prohibition will bar him from holding office in any savings bank. In Connecticut, they are not permitted to borrow and are liable for all losses resulting from investments made in violation of the law. In Maine no loans may be made to trustees directly or indirectly, or to any firm or corporation of which they may be a member. In Vermont, they are not permitted to borrow directly or otherwise or to sign any note or security upon which any of the deposits may be loaned. In all these states, fees, commissions, or any other emolument for influencing loans, investments, etc., are prohibited. In New Hampshire they may not borrow directly or indirectly without the consent of all the other trustees in writing and are liable for losses arising from illegal investments, but may receive "reasonable pay" for their services. Fees, or commissions are also prohibited and a fine of $10,000 or ten years' imprisonment is the penalty for such practices. In Massachusetts, they are likewise prohibited from borrowing, and the law goes to the extent that if a mortgage is made on property owned by a trustee the office becomes void after sixty days, if the loan is not discharged. Any person in Massachusetts who circulates printed matter containing names of trustees who have not qualified is guilty of a misdemeanor and subject to a fine of $50.00. In New Jersey loans to trustees are prohibited, as well as becoming surety for loans, but trustees in that state may receive fees for attendance at meetings. In Indiana a trustee may not borrow for himself, or any corporation or firm in which he may be interested, or become surety for any loans. Violation of this provision voids the office. In New York the law provides "that no trustee of any such corporation shall have any interest, direct or indirect, in the gains or profits thereof, nor as such directly or indirectly, receive any pay or emolument for his services, except as herein provided; and no trustee or officer of any such corporation shall directly or indirectly, for himself, or as an agent or partner of others, borrow any of its funds or deposits . . . nor shall any trustee or officer of any such corporation become an indorser or surety, or in any manner become obligor, for moneys loaned by or borrowed of the such corporation."

Banking in the Past.

Therefore being barred from borrowing, and there being no stock to increase in value, and receiving no fees save in a very few states, for his attendance at meetings, and these nominal, as in the new law of Rhode Island being restricted to $2.00 for each meeting, and the salaried office being desirable only after the bank is firmly established, we must look a little deeper for the underlying motive that would prompt a good man to undertake this work.

Fifty years ago, when life was less strenuous than at present, and men had time to live and do things benevolent, we may find savings banks that were established through pure philanthropy. Many of the older banks will point with pride to the time when their trustees were the attending officers, usually one or two evenings a week, giving their services gratis. When business warranted, a clerk was employed, who was general utility man, and did all the work, oftimes in connection with other business, and between the two managed to eke out a living.

As an instance of savings bank run after this fashion, may be named one in New York State, in a modest country town, whose deposits are but $300,000 after having been in business since 1871, and whose salary list is the munificent sum of $840 per year.

Banking in the Present.

But the days of shabby outfits and cheap men are gone, and it is of the modern savings bank, this paper treats. In these days of competition, fast and furious, to start a bank after the old time notions, and in the old time way, would invite disaster, especially in the larger cities. The people nowadays demand marble and bronze and beveled glass and well dressed men, in order to convince them that this is really a bank and worthy of their regard. The difficulty attending the establishment of a modern savings bank will readily be seen, when it is remembered that since 1890, there have been but 20 savings banks organized in the state of New York, and all but six in the Greater New York. One opened in a modest fashion, with second-hand fixtures, oil cloth on the floor, cheap men in charge, and in its first fifteen months, with teeming life on every side, it showed deposits of but $62,000, while another with more pretentious quarters had the creditable sum of over half a million as the result of its first year's operation.

A Laudable Ambition.

But to come back to the motive. The man we have in mind, as desirous of starting a savings bank is generally a lawyer. Herein we have a secret—the secret. He is a *lawyer,* and most lawyers like to have a bank among their clients and if no bank can be found that is badly in need of the services of an able and experienced attorney, what more simple, and better, than to build one for himself? At least six out of the twenty mentioned were organized by lawyers. This is strictly proper and no one can charge the profession with any breach of etiquette when this is the case. Now a bank is a good client, and a savings bank, when it attains its growth, especially so. It looks well on the letter head to have Mr. Beechwood, Attorney for the Rainy Day Savings Bank, and to have the bank advertising this fact far and wide, is also highly desirable. It looks well,—it feels well in the pocketbook.

Incidental Profits.

The principal part of a savings bank's business, so far as the investments are concerned, is in the line of mortgage loans. And loans of this character are always accompanied by searches, legal papers, etc., and a profitable line of business may be found in this feature. Then, too, there is incidental business that comes to the attorney through the bank. A perfect stranger came in the bank one evening and stated that his wife had died, leaving two small bank accounts. How could he get the money? Being in another bank, only a general answer could be given until the bank was communicated with. They would require letters of administration. Having no favored counsel, he was turned over to the attorney for the bank, and in a few hours at best his case was attended to and $25.00 found its way to the credit side of the attorney's account book. Hundreds of such small cases are turned into bank attorneys' offices every year, and this is most desirable business. It is stated on good authority that the fees of the counsel of a four-million-dollar bank amount to over $6,000 per year. All this is strictly proper, perfectly legitimate and desirable, withal, and if this be true, we have found a good motive, aside from the prestige the official connection with a financial institution will carry.

Enlisting Support.

But to want a bank and to get one are two different things, and widely separated. Having made up his mind to build him a bank, he will need moral and financial support. Moral support to make it *go* with the people and financial support to provide the "wherewithal" until it becomes self sustaining. Inasmuch as this institution is of the mutual or trustee type, with no stock, (perhaps the best type of savings bank) the only funds with which it may do business are those coming over the counter as deposits, and in competition with older banks, it will be obliged to pay interest to depositors from the beginning. It will have running expenses, such as salaries, rent, light, stationery, etc., and will of necessity have to be "carried" until it can walk alone.

The Men.

The savings bank law of New York, being recognized as a model, we shall organize after this law, side stepping to note differences as occasion may demand. The first thing needful in this line will be men,—good men with clean records and widely known, who will trade empty honor for the use of that good name and record, and a few hundreds of their surplus money for a few years. Now this is not the easiest thing imaginable. Men may be found by the score in every community who would be glad to accept a savings bank trusteeship, but to get men who will go in from the beginning and take some risk, not a little responsibility, spend considerable time and some money is not as easy as it may appear. It is a standing wonder how some men, who have lent their influence to new savings banks in New York, could ever have been persuaded to embark. They cannot possibly get anything out of it for themselves, save the honor, and this may be long in coming and delusive after it arrives. The laws of New York do not require that the trustees of a new savings bank become responsible for the running expenses until the bank becomes self supporting, but of late years the banking superintendent has refused to grant a charter until the trustees file a surety bond, guaranteeing the running expenses and interest at not less than 3½ per cent. to depositors until the bank becomes self sustaining. This means, not only moral risk, but financial; how long this burden will be upon them is for the future to determine. Some banks have taken ten years. Others promise to do it in half that time.

Trusteeship Desirable.

These positions are sought after when the institution becomes of goodly size, for it stamps a man as one of a few, when a trusteeship is given to him. Not every man can qualify. In New York, he must have had a clean financial record, for "no person against whom a judgment for any sum of money shall have been recovered or shall hereafter be recovered and remain unsatisfied of record, or unsecured upon appeal, for a period of more than three months, or who hereafter takes the benefit of any law of bankruptcy or insolvency, or who makes a general assignment for the benefit of his creditors, shall be a trustee of any savings bank, and the office of such trustee is hereby vacated." Indiana requires that they (the trustees) each own free of encumbrance at least $5,000 worth of real property.

In illustration of the manner in which these positions are regarded in New York, may be cited the case of the trustee who became embarrassed financially and went into bankruptcy. Not understanding the law, great was his surprise to get a note from the bank, stating that by operation of the law his office was void. He came in to talk it over and wept like a child,—it was the hardest blow of all!

Moral Banking.

But to induce the required number of good men to embark upon this enterprise without the hope of financial reward will require tact, persistency and moral suasion. One who was thus approached refused, for reasons easily to be understood; but subsequently, when the bank looked like a "coming" institution, he went on record as being willing to pay a thousand dollars for a seat on the board,—"climbing aboard the band wagon," as it were, after the procession has started, but not willing to play his part in the beginning. Another, a "Standard Oil" man, with the very best of qualifications, highly respected in the community, and a man eminently desirable from every standpoint, was interviewed, and without result, not from financial, but from sentimental and business reasons. At length the proposition was put to him this way: "Mr. Smith, you're an old resident in this part of the city; you made your money here; you once lived here,—now help us! We need your good name and your influence, for this is a public institution, for the good of the community, as well as of a few men, and from this standpoint, you ought to help us." And he did, becoming one of the most useful and interested of all.

The Board of Trustees.

If this lawyer friend of ours lives in New York and would start his bank there, he must "persuade" thirteen men, two-thirds of whom live in the county where the bank is to locate, that they ought to do as the Standard Oil man did. If his bank is to be in Rhode Island, under the new law of 1908, he will need fifteen to incorporate and nine of them to serve as trustees; if in far-away Texas, only five will be necessary; if in Indiana, not less than seven who have resided in the county for five years and own real estate worth $5,000 clear; in Vermont, the corporation must consist of not less than fifty members, of whom seven are trustees; in Pennsylvania, thirteen, and as many more as he can get; in Colorado, only three trustees, and $25,000 capital stock; in Massachusetts, nine; in New Jersey, nine; in Maine, thirteen, of whom three-fourths are residents of the county where the bank is to locate; in Minnesota, he will need but three.

If his men hesitate, and assume the duties and responsibilities only after due consideration, and go into the matter carefully,—it will be well, for such men will give their best—and the best is none too good in this business. If they are too willing to go in, they may be just as willing to pull out. The deliberate man usually makes a "sticker," and the stickers are the ones to be sought.

Completing the Organization.

Having the required number of trustees the organization of his bank really begins. The statutes of the state must be closely adhered to and all the proceedings in due form. In some states, such as Connecticut, Massachusetts (until 1908), and New Hampshire, charters were granted by special act of the Legislature. But in many of the states, definite procedure is prescribed in the formation of the corporation and New York being typical, the steps necessary to secure charter in this state will be closely followed.

Applying for Charter.

The first thing to do, is to apply for charter. The usual procedure is to draw up articles of association, stating the object, etc., signed by the various members, and forward to the department having such matters in charge.

Before applying for charter, however, in New York, notice of intent to organize must be published at least once a week for a period of four weeks previous to filing the application, in one newspaper of largest circulation published in the city or town where the bank is to locate. If no such paper is published, then one circulating in the county where the bank is to operate; if no such paper circulates, then in the adjoining county. This notice shall set forth the name, the location, the names of the incorporators, and if any other savings bank is doing business in the same county, a copy of this notice must be sent to every savings bank at least fifteen days before the filing of the certificate.

In New York state the superintendent of banks has sole charge of such matters; in Maine, the bank examiner; in Rhode Island, under the new law, a board of bank incorporators, consisting of the banking commissioner, the treasurer-general and the attorney-general; in Pennsylvania, the bank commissioner; in Massachusetts, the bank commissioner (formerly three commissioners, now reduced to one,); in New Jersey, the commissioner of banking and insurance.

Filing Certificate.

The certificate must be filed in the county clerk's office in the county where the bank is to locate and a duplicate filed with the banking department.

This certificate or articles of association must set forth: The place, and if in a large city, the ward in which the bank will locate; the name of the bank; the residence and occupation of the incorporators, with full names; declaration that each will assume and faithfully discharge the duties of the office. In the case of bank being permitted to issue stock (as in some states), the amount, the par value, the number of shares into which it was divided, and the amount held by each incorporator must also be stated.

In Indiana this application must be acknowledged before a judge of the court of common pleas in the county where the bank is to locate. In Pennsylvania, the application is made to the attorney-general, who after approving the same sends it to the bank commissioner, who in turn forwards to the Governor.

In New York the certificate must be filed with the bank superintendent within sixty days after the acknowledgment.

Minnesota requires the same publication as New York; likewise New Jersey; Maine, once a week for three weeks; Pennsylvania, once a week in two newspapers for *three months*.

If the certificate shall not be in due form and comply with the law in every respect, the superintendent shall refuse to file the same until the provisions as to acknowledgment, advertising, notice to other banks, etc., are fully complied with. If the same is in regular form, he shall endorse the same "filed for examination," and over his signature with the date.

Is the Bank Needed?

Thereupon, the superintendent shall ascertain from the best sources at his command: 1. Whether the greater convenience of access to a savings bank will be afforded to any considerable number of depositors by opening a savings bank in the place designated. (This is usually required in all states.) 2. Whether the density of population in the designated neighborhood and the surrounding country affords a reasonable promise of adequate support to the enterprise. (The density is not sufficient, as the density may be very "dense," yet the character of the people such as to discount the success of the bank from the start. The *class* of people to be served will have as much to do with the success as the number. In some sections of New York, thickly populated, a savings bank would not pay its gas bills, in others it would thrive.) 3. Whether the responsibility, character, and general fitness for the discharge of the duties appertaining to such a trust of the persons named in the certificate are such as to command the confidence of the community in which the savings bank is to be located.

Is the Motive Good and Are the Men Responsible?

Here is where the motive will be investigated, and the character and standing of the men looked into, the territory looked over, competition considered, etc. A few months ago, a savings bank was proposed in a thickly populated section of Greater New York, to be officered by Poles. When the business and social standing of the incorporators was investigated, the following proved to be the facts: No. 1 was a "private" banker, steamship agent, chief promoter, advisor to the poor, and slated for vice-president. No. 2 was a retired saloon keeper. No. 3 was a night watchman. No. 4 was the proprietor of a cheap grocery. No. 5 was bartender in his own saloon. No. 6 was a fireman in an oil works. No. 7 was a cooper, and claimed to be worth $50,000. No. 8 was his son, and made no claims. No. 9 was the owner of a delicatessen store, and claimed to own a brick row of flats. No. 10 was a tailor on the top floor of a tenement on Second avenue, New York, and was reported as having saved $5,000. No. 11 was another private banker, and ran a "building and loan association" with assets of $16,000. A dusty desk and a few broken chairs was his "bank." He was slated for cashier. The rest were Polish priests. No. 1 was rated at from $500 to $1,000 by Bradstreet, No. 5 at less than $500 by the same agency and the rest had no rating whatever. It is needless to say that such men are not of savings bank calibre and *did not get a charter*.

Let the Opposition Be Heard.

During this time, opposition, if any, will develop. It is the custom in New York to give a public hearing, notifying all banks in the territory to come and "if they have anything to say, to speak it now, as in the marriage ceremony, or forever hold their peace." But usually, if conditions warrant and the men are acting in good faith and responsible, the charter is readily granted. Practically all the states providing for savings banks require investigation before granting charters. In Indiana the judge of the court of common pleas who took the acknowledgment must make the investigation as to the motives and character, and if satisfied, forward his decision to the state auditor.

In New York, the superintendent is supreme, there is no appeal from his decision, in fact nothing can be done, if he is obstreperous, but to bring pressure to bear, or wait until a change of administration and try again. According to the new Rhode Island law, the granting of charters rests with the board of bank incorporators; in Colorado, the secretary of state has charge of such matters; in South Carolina, likewise; in Minnesota, the examiner must compare the name with existing banks, and if similar, or likely to lead to confusion in the minds of the public, with other banks, new names must be submitted until a satisfactory name is found. In fact in all states, similarity of names is avoided, as it should be.

Similarity of Names Avoided.

For instance, in Brooklyn there are two "Home" banks, the Home Bank and the Home Savings Bank. During the panic, one, the former, closed its doors,—the other *did not*, but by lucky chance, the distance was so great that none of the latter's depositors were frightened, although the similarity of names in the paper opened the question and necessitated some explanations. This should have been noted by the department before granting charter.

Safeguarding the Depositors.

Before the New York department will issue charter, a surety bond is now required signed by all the trustees, obligating themselves to pay expenses and interest as above noted, until such time as the bank can carry itself. This has been found necessary, on account of new banks starting, and the original trustees dropping out, the department soon found banks with an entire new set of trustees, without legal obligation to take care of their offspring,—or rather the offspring of others, which they have adopted. They are "sticklers" over technicalities in Albany, one man's name being spelled Fischer, instead of Fisher in the acknowledgment, nothing would do but a new acknowledgment and another trip to Albany. But this is right.

If the superintendent shall be satisfied from his own knowledge (automobile trips around the neighborhood, etc.) and information gained concerning the several matters specified in regard to the population, character of the men, etc., that the organization of a savings bank, as proposed, will be a public benefit, he shall within 60 days after the same has been filed with him for examination, issue under his hand and seal, the certificate of authorization required by the law, a copy of which is herewith reproduced. This certificate is transmitted to the clerk of the county in which the savings bank is to operate, where it shall be attached to the first certificate filed, and both recorded in the book of corporations. The superintendent also files a copy in his own office and one with the bank, and this completes the chartering. If, for any reason, certificate is refused, the county clerk shall be so informed within sixty days after the filing of the original application, and nothing remains but to try again "some other day." Upon due organization, election of officers, and the filing of the names of the same with the department, the organization becomes complete and the bank is authorized to receive deposits and do a savings bank business. Business must be begun within one year, unless time is extended by the superintendent.

Completing the Work.

Having received the momentous piece of paper, a meeting would naturally be in order for organization, appointment of committees, adoption of the by-laws, etc. One bank held an organization banquet, and after the good things had been served, the "slate" was presented, by-laws read for information and the organization completed. All this will naturally fall upon the organizer. He can pay for the banquet if he likes, and get whatever "plums" the men may care to pass his way. The usual officers are president, first and second vice-presidents, secretary, and tellers, book-keepers, etc. Some banks call the latter treasurer, others combine the two offices, while others have a secretary to the board, a scribe, who takes the minutes, etc., while the treasurer is the executive officer. In some, he is designated cashier, as in commercial banks, while large banks have all these, designating one "comptroller."

Finishing Touches.

The real work has just begun, and the heaviest hill is ahead. Quarters will have to be secured, employees hired, counters, safes, book-keeping outfit ordered, all of which will necessitate much time and labor. An assessment will be levied against each trustee; this will form the expense fund, from which all expenses will come until the bank becomes a going institution, when these advances will be returned with interest. How long this will be depends upon the lavishness of the initial outfit, the rent, the salaries, etc., together with the earning capacity of the bank. One bank in the greater city, with a board of thirteen men, started off with a $2,000 mahogany counter, an $8,000 vault, an item of $1,500 rent, salaries to the tune of $2,500, with interest to depositors at 4 per cent. Another, in the greater city also, was fortunate enough to have rent free for the first year, with unusual success in deposits, high rates of interest for its money, and at the end of the first year it was paying all expenses, save an allowance for rent,—an unusual and noteworthy record. The most notable achievement in the line of deposits belongs to a Buffalo bank, which secured half a million in deposits during the first year of its existence. Some of the newer banks have been ten years in repaying their trustees, and this is easily accounted for from the prevailing low rates of interest during the early part of their history.

Almost a Bank.

But even yet, the venture may fall through. One bank went all through the organization and secured an option on the quarters desired, when the summer season came on, and with it a disagreement as to fittings. One faction wanted marble and bronze, the other a more modest outfit. Vacations and election took time and attention away from the project and the proposed bank, in a splendid location, with a growing section of thrifty people, with every promise of success, gave up the ghost and surrendered its precious piece of paper,—more's the pity!

Opening Day.

Having secured quarters that are roomy and attractive, contracts are let for counters, and signs and desks and safes and books and supplies of all kinds. The details will be multitudinous and it will fall upon an interested few to look closely after affairs, in order that everything may be "just right." At length the banking room is complete and a day can be set for formal opening. It is usual to invite the public to inspect the new quarters, allowing them the freedom of the place.

As the opening day draws near, there will be increased interest; Book No. 1 will be in wide demand, for sentimental reasons; accounts will be promised; many will be anxious to be among the first to deposit, and insisting upon "low numbers" near the bottom. One bank opened 168 books the first day, representing $17,000.

The supplies arrive, the safe men "lug and tug"; the charwomen scrub and clean and dust; the young man favored with the management of the place will strut around with an important air, while the first assistant and the office boy will be very busy doing nothing. The notices are sent out, "write ups" prepared for the papers, invitations to other banks delivered, asking them to come and see their new competitor; flowers come in with complimentary and "good luck" inscriptions. The time arrives, the doors are opened, the crowd comes in, and book No. 1 goes out, and the bank is in operation. May its life be long, and success come quickly!

STATE OF NEW YORK.

BANKING DEPARTMENT.

Know all Men by these Presents, That William Jennings Bryan, William H. Taft, Theodore Roosevelt, Charles E. Hughes, Thomas Johnson, Elihu Root, William R. Hearst, Eugene V. Debs, Samuel Gompers, Booker T. Washington, Lyman Abbott, Alton B. Parker, Chauncey M. Depew having duly filed in this Department a Certificate of Association to organize the Rainy Day Savings Bank.

Now, Therefore, In pursuance of the authority conferred upon me by Section 104, of Chapter 689 of the Laws of 1892, I do hereby authorize the above named persons to organize the said Rainy Day Savings Bank in the City of Plumland in the county of York and to open an office for the deposit of savings, subject to the provisions of said act, and of the laws of this State.

In Witness Whereof, I have hereunto set my hand and affixed my official seal, this 15th day of January, in the year one thousand nine hundred and nine.

WILLIAM CLARKE,

[SEAL] *Superintendent.*

(Form of Certificate of Authorization issued by the New York State Banking Department, permitting a new savings bank to transact business. By courtesy of Hon. Clark Williams, Supt.)

CANADIAN BANK STATEMENT.

CONSUL A. G. SEYFERT, of Owen Sound, reports that the October bank statement issued from Ottawa discloses a remarkable condition of affairs in Canadian financial circles, which he thus describes:

The people are accumulating money at a much faster rate than the banks and business men can dispose of it in profitable investments. The result is that deposits in Canada increased during October to the extent of $11,362,879, while the business of the country absorbed by way of current and call loans only $3,322,014 more than during the previous month. The crop movement began very early this year, and the farmers were paid for their wheat and other products promptly; hence several million dollars of the increase in deposits may be due to the plentifulness of money in the rural districts. There were probably also the fruits of greater thrift in the towns and cities where the pinch of the past year has taught caution. It seems almost certain that, confronted with a decline of almost $64,000,000 in loans in Canada, as compared with this time a year ago, the banks will be forced to stimulate business by loaning freely wherever good security offers. It is rather a notable circumstance that while the loans in Canada are enormously less than they were a year ago, the banks are finding a use for some of their funds by an increase of over $6,000,000 on the loans made abroad.

LECTURE COURSE IN BANKING AND INVESTMENTS.

THE course of lectures on banking and investment subjects, being conducted under the auspices of the Fifty-seventh street Y. M. C. A. of New York, is proving to be a success in every respect.

Part two of the course opened on January 6 with an introductory address by John Moody, who outlined the broader fields of investment and spoke of the further work to be taken up by the class during the remainder of the winter.

Following are the subjects and speakers for the month of February: February 3, "Savings Banks" by Henry A. Schenck, president of the Bowery Savings Bank; February 10, "Administrative Aspects of Investments," by Frederick A. Cleveland, Ph. D., author of "Funds and Their Uses," etc.

February 17, introductory address of part three, by John Moody, director of the course.

February 24, "Government Bonds and the National Banks" by Frank A. Vanderlip, president of the National City Bank.

THE WELCOME STRANGER.

Now, Mister Good Times,
  Whar you been?
I got no house
  Fer to ax you in.
    But out in de a'r—
    Des anywhar,
    I's happy—long
    Ez I knows you dar!

—*Atlanta Constitution.*

FOREIGN BANKING AND FINANCE.

Conducted by Charles A. Conant.

MONETARY REFORM IN SPAIN.

THE Spanish Government is proceeding in earnest to restore order to the Spanish monetary and banking system. Spanish finances were in bad shape for ten years prior to the war with the United States in 1898, and the events of the war completed the demoralization which had long prevailed. The causes of the difficulty were constant deficits in the public budget, which were met by loans from the Bank of Spain, against which bank notes were issued for which there was no commercial demand. A house-cleaning was begun by Senor Villaverde, Minister of Finance, immediately after the war, with the result that expenses were resolutely cut and a surplus took the place of a deficit in the annual budget.

The country has grown up gradually to the mass of bank paper, and Spanish exchange for several years has been only from 10 to 15 per cent. below par. The quotation for gold francs in Paris was 111.11 in December last, and the four per cent. internal bonds, which were down to 50 during the war, were quoted at about 84.40. Senor Villaverde unfortunately died in 1905, but his work has been continued by his successor. The point has now been reached at which the Minister of Finance believes it possible to gradually restore par of exchange and end the abnormal relations between the Bank of Spain and the Government. A measure presented to the Cortes on November 10th last prescribed new regulations for the note issues of the bank and provided for the reduction of the redundant mass of subsidiary silver in circulation.

The new regulations regarding circulation limit what may be called the authorized circulation to 1,000,000,000 pesetas ($200,000,000). A metallic reserve is required to be held of one-third the amount of this circulation, of which two-thirds must be in gold and one-third may be in silver. Circulation in excess of 1,000,000,000, but not in excess of 1,500,000,000 pesetas, must be covered to the extent of 40 per cent. in gold and 60 per cent. in the aggregate, while between the limits of 1,500,000,000 and 2,000,000,000 pesetas, the reserve must consist of 50 per cent. in gold and 70 per cent. in the aggregate. These requirements are not to take effect, however, until such time as is fixed by the Minister of Finance. The text of the law, as published in the *"L'Economiste Europeen,"* seems to impose a tax of 2 per cent. on issues above 1,000,000,000 pesetas, which would amount to 5 per cent. upon the uncovered portion of 40 per cent. of the issues, while the tax is 4 per cent. upon the next class of circulation, which would amount to more than 13 per cent. upon the uncovered issues of 30 per cent. of the total. It would seem that the latter tax was almost too high to become a permanent feature of the law.

The Government proposes to reduce the present circulation of subsidiary silver to 7 pesetas per capita,—2 pieces of 2 pesetas, 2 of 1 peseta and 2 of 50 centimes. As the present population is estimated at 18,600,000, this will provide for a total circulation of subsidiary silver of 133,000,000 pesetas. It is estimated that the present circulation is more than twice this amount, and it is being urged in some quarters that the per capita should be fixed at 10 pesetas, which would call for the retirement of a considerably smaller portion of the present circulation and would permit some elasticity to meet the growth of business. The bank is to divide with the Treasury the loss on the silver which is demonetized.

SIGNS OF RECOVERY ABROAD.

THERE are many signs in Europe that business is resuming its old degree of activity after the depression of last Autumn. Rumors of loans by the Russian Government, by the French Republic and by other countries, indicate that capital is accumulating and that such issues can be floated under favorable conditions. One of the evidences of renewed interest in securities is the amount of capital applications recorded in Great Britain. The total applications in 1904 were £123,-019,000; in 1905, £167,187,400; in 1906, £120,173,200; and in 1907, £123,630,000. Nearly two-thirds of these applications in 1907, (£89,753,-200), were made in the first two quarters, and were followed by a sharp decline during the last half of the year. The year 1908, however, promises to rival or exceed the high record of 1905. The first three-quarters of the year showed total applications amounting to £141,215,300, of which the first quarter afforded £45,287,900, the second quarter £64,385,600, and the third quarter £31,541,800. The total for the last quarter included Irish land stock to the amount of £5,000,000, but the record for the nine months included also foreign railway issues of £28,512,300 and colonial railway issues of £16,399,400. Issues of new securities in Germany during the first half of the year 1908 reached 2,267,-000,000 marks ($538,500,000) which was an increase of 50 per cent. over the same period of 1907.

An evidence that the commercial movement has not yet returned to its old magnitude is afforded by the persistent low rates for money during the period when it is usually in greatest demand. The private discount rates, according to the "*Moniteur des Interets Materiels*," of November 22, was not above 2 1-2 per cent. at Berlin, Paris or London. These low rates are attributed in some quarters to the great increase in the output of gold, which promises to carry the product of South Africa far beyond the previous record. A striking contrast is afforded by the condition of European bank reserves about the middle of November, 1908, as compared with the previous year of panic and monetary pressure. Increases are shown at the Bank of England from £31,896,291 on November 18, 1907, to £35,719,196 ($174,100,-000) on November 11, 1908; at the Bank of France, (gold only) from 2,-709,200,000 francs ($523,000,000) on November 21, 1907, to 3,354,300,000 francs ($647,400,000) on November 19, 1908; and at the Imperial Bank of Germany, from 729,805,000 marks ($173,330,000) on November 14, 1907, to 1,093,094,000 marks ($259,600,000) on November 14, 1908.

GROWTH IN ENGLISH BANKING

THE steady expansion in capital and deposits in the banks of Great Britain is shown by the semi-annual statement compiled by the "London Economist." The process of consolidation has not yet come to an end and the fashion has extended to Scotland, where two amalgamations have recently taken place. The more recent of these is the absorption of the Caledonian Banking Company by the Bank of Scotland. The English amalgamations are the absorption of the Bradford Old Bank by the United Counties Bank, and of the Lancaster Banking Company by the Manchester and Liverpool District Bank. New capital was issued to a little more than the amount of the capital of the two banks absorbed, making a net increase of English banking capital by £175,000. Commenting upon the effect of the panic upon deposits, the "Economist" says:

A comparison of the amount held on current accounts and deposit by the English banks seems to justify the conclusion that dear or cheap money makes very little difference to the total amount held by the banks on current and deposit accounts. Undoubtedly a smaller amount is now held on deposit at interest when the rate allowed is one per cent. than was held a year ago, when the depositor was receiving three per cent. But the money withdrawn has been employed in the purchase of securities that pay a higher rate, and has gone to swell current accounts or deposits in other directions, while the low rates encourage bank customers to take advances, which increase the deposits by a corresponding amount. The Bank of England's deposits, however, are about seven millions more than at this period last year, and allowing for this, deposits of the other banks are eight millions less, but this, again, is almost accounted for by a reduction, owing to special circumstances, of the deposits held by Baring Brothers & Co., and the real decline in the amount held by the remainder is less than a million. As the usual movement is a steady increase in the volume of business, it would appear that the withdrawal of money placed on deposit at interest does to some extent diminish the total volume of current and deposit accounts, but the effect is less marked than might be thought when the wholesale diversion of deposits into Stock Exchange securities is alone considered. It has always to be remembered, also, that much of the money is counted twice, or even three times over, owing to the keeping of balances by the country banks with London bankers, while the latter, of course, take credit in their own balance-sheets for the balances they hold at the Bank of England.

The net result of these conditions is changes in deposits and current accounts in the joint stock banks of England and Wales from £698,200,000 on December 31, 1906, to £713,300,000 on June 30, 1907; £697,700,000 on December 31, 1907; and £712,300,000 on June 30, 1908. The changes in the entire United Kingdom show an increase from £875,600,000 on June 30, 1907, and £865,000,000 on December 31, 1907, to £880,400,000 on June 30, 1908.

THE GOLD STOCK OF THE BANK OF FRANCE.

THE disposition to call in balances as a measure of precaution against speculative commitments is the explanation given by the "London Economist" in an article in its issue of November 2st, of the persistent accumulation of gold at the Bank of France. The English journal reasons out the problem in the following interesting manner:

France is notoriously the most thrifty and cautious of the leading commercial nations, and it probably invests abroad a relatively larger amount, year by year, than any other, though on this point again it is obviously impossible to obtain definite figures. Consequently, if for any reason it ceases for the time being to export capital, the exchanges of the world go automatically in its favor, and money flows to it steadily to pay interest due to it, and to meet the short obligations that it holds, which are the liabilities of other centres. During the era of great commercial activity, which culminated a year ago, France lent freely to the other nations which were most deeply engaged in that mighty outburst of industrial exuberance, and when the outburst was over cautious French financiers called in some of their money. It was natural enough that they should do so to some extent, since the very tempting rates offered to them by other countries were a thing of the past, but the persistence with which they have continued the process is the really difficult item in the problem. The power of the thriftiest nation in the world to take gold from others is easily explained. Its desire to make such an unprofitable use of its resources, long after its central bank has assumed a position of strength which is overwhelming to the point of wastefulness, is much less easy to account for.

Nevertheless, there are features in the position which go some way to explaining why French prudence should prefer gold in hand to credits abroad. Its reduction of its balances in Germany very likely proceeded to a considerable length owing to uncomfortable moments that it experienced last year, when, as readers of the "Economist" need not be told, the position of German financial institutions was a source of considerable anxiety; and political reasons, arising out of the German attitude with regard to Morocco, may have quickened the desire of French money-lenders to reduce their relations with a debtor who appeared on several occasions to be in a quarrelsome temper. Germany liquidated its debt to Paris by drawing on London, being enabled to do so partly by placing bills here at low rates, and partly by, in its turn, calling in its balances from its Scandinavian and other debtors, who, again, came to London for the credits wherewith to meet their obligations. Reasons why France should call in money from the United States were provided in plenty by last year's crisis, and in this case also it is probable that the operation was financed through London, which has thus, to some extent, taken the place of France as lender to Germany and the United States, and the place of Germany as lender to Scandinavia, and has paid the debts of all by means of its weekly arrivals of gold from the Cape, which have been piled up in the vaults of the Bank of France.

THE LATIN-MONETARY UNION.

ARRANGEMENTS for increasing the subsidiary coinage of France and the other countries in the Latin monetary union have, for the past two years, been a subject of negotiations which have finally been completed. The subsidiary silver coinage, which was fixed in 1865 at 6 francs per capita and in 1897 at 7 francs, with wider limits for Italy and Belgium, is to be increased at once by 60 centimes. The new coinage is to be executed, however, from the 5-franc pieces which have accumulated in the state banks. The new pieces are to be of 50 centimes, one franc and two francs and to be 0.835 fine, as with the present coins.

The stock of 5-franc pieces ceased some years ago to be a menace to the stability of the circulation in France. Down to about 1892 silver approximated about 40 per cent. of the reserve of the Bank of France. There was a disposition on the part of the public to surrender the heavy silver pieces in exchange for bank notes secured by the combined gold and silver reserve. The steady accumulation of gold, however, by the bank has increased the stock of that metal by about 100 per cent., while some 300,000,000 francs of the silver has melted away—either into general circulation or into the colonies. Where the maximum gold holdings of 1892 were 1,708,300,000 francs ($330,000,000) and the maximum silver holdings were 1,299,000,000 francs ($250,700,000) the state of the reserve on December 10 last was 3,424,000,000 francs ($661,000,000) in gold and only 894,000,000 francs ($172,700,000) in silver. Silver, therefore, now constitutes only a little more than 20 per cent. of the total reserve of the bank and will be still further reduced by the new coinage. It is stated in the Paris letter to the London Economist of November 14th that during the twelve years ended July 1, 1908, the amount of silver legal tender pieces sent to the French colonies for the army, including Morocco, was about 104,500,000 francs. Even this amount probably does not represent anything like the total volume of French silver coins which have disappeared in Africa, many of them being hoarded by the natives in spite of the difference between their bullion value and their face value in gold. It is known that about 45,000,000 francs ($8,690,000) have been distributed along the west coast through the Bank of Western Africa. These circumstances, together with the growth in the proportion of gold and notes in the general circulation of France, have reduced to a minor ratio the part of the silver 5-franc pieces.

THE EXCHANGE STANDARD IN INDIA.

THE character of the test to which the gold exchange standard was subjected in British India during the last spring and summer was set forth in a special article in this magazine in November. At that time, however, full particulars were not available regarding the amount and character of the changes in the gold standard reserve. As late as August it was found necessary to realize £2,500,000 in securities in London in order to meet the exchange sold in India for silver rupees. The stock of silver held in the reserve in India was correspondingly increased. The result was to reduce the amount of the fund invested in gold securities from £14,019,676 on March 31st, to £6,785,361 on August 31st, or a change of £7,234,315. The silver in India increased by a corresponding amount, from £4,000,000 to £11,499,088. The total fund, including some smaller items, stood at £18,447,886.

These figures show that an unusual strain was imposed upon the gold standard fund, in order to maintain the parity of $600,000,000 in silver rupees and meet the great adverse balance of trade due to the failure of the crops. The pressure was over with August, and since that date the Indian Government has been able to sell Council drafts in London in the manner which prevailed when the crops had to be paid for. If the situation had demanded it, the Indian Government would doubtless have issued short-term securities on the London market. The experience of 1908, severe as it has been, will be a guide to the methods to be pursued in case of any future crisis and will probably insure confidence in the ability of the Government to maintain the standard if it takes proper measures.

BANKING FRAUDS IN DENMARK.

A STORY of gross banking frauds and manipulation of accounts by a Cabinet Minister reads strangely when coming from conservative little Denmark. The crimes of Alberti, the former Minister of Justice, involved forgery and frauds estimated at about $4,500,000, which fall mainly on the Farmers Savings Bank and the Butter Export Association. The association was formed by Alberti, and he sold butter largely to a well-known firm in England. As a controlling director for the Butter Association, Alberti drew upon this firm bills to be paid by delivery of the butter, and it is very questionable whether the validity of these bills can be contested. The *modus operandi* of Alberti would seem to have been, from the moment the Butter Association was formed, to falsify the accounts of the English buyers so as to make it look as if he got higher prices in England than was really the case. His chief object in doing this was to show that his association was a success. Considerable losses were made under this head, and, in addition, he is believed to have lost money to the tune of over $1,500,000 by speculation in gold mining shares in London, whilst other enterprises conducted by him also proved a drain upon his resources. All these unfortunate transactions were financed by the funds of the Savings Bank which he formed, and the total losses of this institution are now estimated at more than $3,000,000, of which about $500,000 may be provided by the uncalled liability of the members and the rest will fall upon the depositors. The funds so held amount to about $10,000,000, so that it looks as if the depositors will lose about 25 per cent. of their capital.

BANKING PROGRESS IN EGYPT.

THE agricultural regeneration of Egypt is one of the items in the programme of the reform party which has come into power in Turkey. As a necessary instrument of this reform, it has been proposed to create a national bank, organized chiefly for mortgage and agricultural loans. Already talk of such a bank (according to "*Moniteur des Interets Materiels*" of November 22nd) has reached the definite proposal of a capital of $15,000,000, capable of being carried to $50,000,000, and it was reported late in November that Sir Ernest Cassel was at Constantinople for the purpose of examining the subject.

It is not intended that the new bank shall interfere with the functions of the Imperial Ottoman Bank nor with its privilege of note issue. It is intended to be essentially for the development of the agricultural resources of the country, but might extend its activities into the field usually occupied by joint stock banks. One of the difficulties which has to be cleared away before the bank can enter upon an extensive programme is the modification of the land laws. The present Turkish law does not guarantee to the proprietor the possession of the soil, which necessarily imposes serious fetters upon mortgage loans. Reform in this respect is one of the first articles in the programme of the young Turks and will clear the way for the introduction of improved agricultural machinery and modern methods of culture into Turkey.

FAILURE OF A GERMAN BANK AMALGAMATION.

THE community of interests which subsisted for some five years between the Dresdner Bank, of Berlin, and the A. Schaaffhausen 'scher Bankverein, has been dissolved. The announcement was not a great surprise to the German public, as it was known for some time that the agreement was not working to the advantage of both institutions. It is suggested by a correspondent of the London "Bankers' Magazine" that the failure of this great combination, holding an aggregate capital of about $76,000,000 and a reserve of $20,800,000, proves that the movement towards the formation of large trusts and syndicates has reached a climax. The capital of this combination exceeded that of the Bank of England and was larger than that of the Bank of France, the Bank of Russia, the Imperial Bank of Germany, or the National City Bank of New York. It was, however, a combination and not a complete fusion of interests. It was arranged that profits were to be pooled, and dividends and shareholdings equalized on the basis of the respective capitals and reserves of the two banks, and an arrangement was made by which the Committee of Supervision for each bank included delegates from the other bank. The Schaaffhausen 'scher Bankverein was, and is, altogether identified with the Rhenish-Westphalian coal and iron industry, whose business it finances. This business entails a system of advances on long terms of credit, and when trade becomes depressed, as has happened latterly, it has to sustain the burden of non-liquid assets for protracted and trying periods. The Dresdner Bank, on the other hand, has always devoted its attention to a much wider range of banking interests; its outlook is an international one, and its connection takes in all countries with which Germany is commercially related.

An eminent writer in the "Neue Freie Presse" suggests that the policy so largely adopted in Germany as well as in this country, of large holdings by banks of the stock of subsidiary banks, "will come to a bad end." Discussing the practical experience of German bankers in this respect, this writer declares:

> The largest banks have frequently made a practice of this system, but situations can be brought about in which the strongest banks are not strong enough to retain their grasp of so heavy a burden. The Deutsche Bank began this practice of filling its portfolio with the shares of other banks, and, for instance, has now complete control of the Bergisch-Markische Bank, whose shares it exclusively holds. In the same way the Discontogesellschaft has in its day taken over the Norddeutsche Bank in Hamburg, of course with the notable difference that the acquisition of the Bergisch-Markische by the Deutsche was in consequence of the latter's free volition, while the fusion of the Discontogesellschaft with the Norddeutsche was a remedial measure for losses incurred in Venezuela. I should rather think that, were the Deutsche Bank free to-day, it would think twice before again undertaking a half-fusion of this sort. A constant supervision and unceasing initiative such as the Deutsche Bank practices, in the case of one of the best and most profitable of institutions, as the Bergisch-Markische Bank is, brings with it both trouble and anxiety. . . . . One can only have a close knowledge and control of business undertaken in one's own way and carried through on one's own responsibility. If every small transaction has to be brought to the cognizance of the controlling bank, then the governing body of the latter has a task set before it to which no individual or body of men is equal.

DANGERS OF TYPEWRITTEN AND CANCELLED CHECKS.

A DISCUSSION is taking place in England of the dangers of typewritten checks. One of the chief criticisms made is, that such a check can be more easily altered than one filled in by hand by the old method. The subject was discussed by Sir Felix Schuster, head of the Union of London and Smith's Bank, in his inaugural address as president of the Institute of Bankers at the autumn meeting. Sir Felix declared that the danger to bankers of such typewritten documents, where the figures and writing can so easily be obliterated or altered, is obvious, and that no reasonable clients could object if the banks notified them that they would in future decline to pay typewritten checks. There is even a tendency, he declared, to have signatures impressed with rubber stamps. "How will you guard against forgery in such cases?" asked Sir Felix. "In the case of public companies, I doubt whether any of them are authorized by their articles to sign checks with a rubber stamp."

Another fraud, recently perpetrated, at which Sir Felix expressed surprise that it had not occurred before, was the removal of the cancellation marks on checks which had been paid, which were then presented and paid a second time. A stamp-perforated check seemed to be the obvious remedy. The system of surrendering paid vouchers, which was contrary to the old practice and to the existing practice of the Scotch banks, was also commented upon as open to danger.

IMPORTANT BANKING AMALGAMATION IN GREAT BRITAIN.

A COMBINATION has just been effected between the London City and Midland Bank and the North and South Wales Bank. Both institutions were founded in 1836 and both adopted limited liability in 1880. The North and South Wales had as Chairman, for a number of years, Mr. George Rae, the author of the work on "The Country Banker." It has built up a system of 105 branches, of which about half are in the principal towns of Wales and the remainder are in Liverpool, Cheshire, and other towns on the Welsh border. The bank showed assets of £13,019,138 on June 30 last. The completion of the arrangement will raise the deposit and current accounts of the London City and Midland to about £66,000,000, bringing the bank into the position of one of the four largest institutions of the world. Hitherto, the London City and Midland has been represented chiefly in the southern part of Wales, but the fusion will give it strong representation in the north.

CURIOUS CURRENCY OF EARLY DAYS.

THE need of a circulating medium brought into existence a curious currency among the Mormons of Utah in the early days. They had a fairly abundant supply of gold dust, but no form of money. When taxes were collected, for instance, they were paid in gold dust. The tax collector was often unable to provide fractional change and issued due bills for small amounts.

Finally, so great became the need for a convenient circulating medium that the suggestion was made by some of the leaders that the circulation of the Kirtland notes be authorized, the community to stand sponsor for them. And this was adopted.

The Kirtland notes were the product of a bank of the wildcat species which was in operation in 1837 at Kirtland, Ohio, where under the leadership of Joseph Smith, the Mormons had a settlement. The institution was known as the Kirtland Safety Society Bank and issued notes in the denominations of $1, $3, $5 and $10.

Fully $50,000 worth of these notes were said to have been issued. Then the bank failed, not having at the time of suspension more than $5,000 with which to redeem its issue. The result was that the notes became absolutely worthless. Many of the Mormons kept their notes, regarding them as curiosities, while other retained possession of them in the faith that the prediction of Smith would one day be realized; that the notes would be as good as gold.

The action of the Mormon leaders in Utah in 1849 made this prediction come true for the Kirtland notes at once went in general circulation and were placed on a par with gold. Each and every one of them was redeemed at the Mormon headquarters in gold dust.—*New York Sun.*

PRACTICAL BANKING

LOAN DEPARTMENT METHODS.

By William M. Rosendale, of the Market and Fulton National Bank, New York.

IT is part of the business of a bank to loan money at the prevailing rates of interest. It should earn enough to pay expenses, to add to the surplus and to pay dividends to the stockholders.

Form 40-A-1000-7-07.

$5000 00/100 New York, Dec 1st 1908

On Demand *for value received* I *promise to pay to*

THE MARKET AND FULTON NATIONAL BANK OF NEW YORK.

or order at its Banking House, in funds current at the New York Clearing House

Five thousand # ——— *Dollars,*

with interest at 5 *per cent. per annum; having deposited with said Bank, as collateral security for the payment of this or any other liability or liabilities of* me *to said Bank, due or to become due, or that may have been heretofore or may be hereafter contracted,*

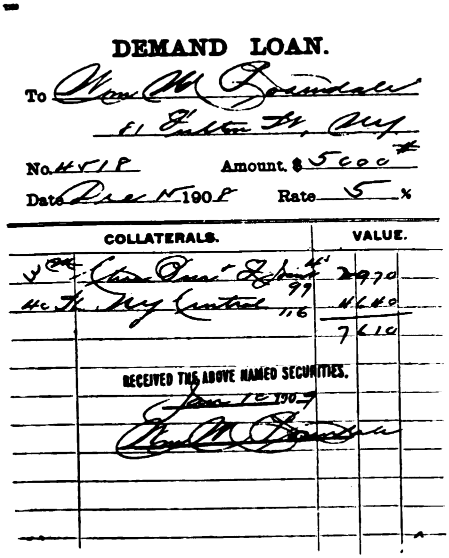
5 Mo. Pac. Ry. - Quincy joint 4s

40 Shares N.Y. Central

upon the following conditions, viz: That **The Market and Fulton National Bank** *may from time to time call for such additional security as it may deem proper, and on failure to respond forthwith to such call, or on the non-performance of this promise,* I *hereby give to said Bank, its President or its Cashier full power to sell said collateral security, or any other collaterals that may have been substituted therefor or added thereto, at public or private sale without notice and without advertising the same, and to apply the proceeds of any such sale to payment of this or any other indebtedness due or to become due to said Bank by* me *at the time of said sale, returning the overplus, if any, to the undersigned.*

Wm. M. Rosendale

Form 1.—Collateral Note.


DEMAND LOAN.

To Wm. M. Borrowdale
81 Fulton St., N.Y.

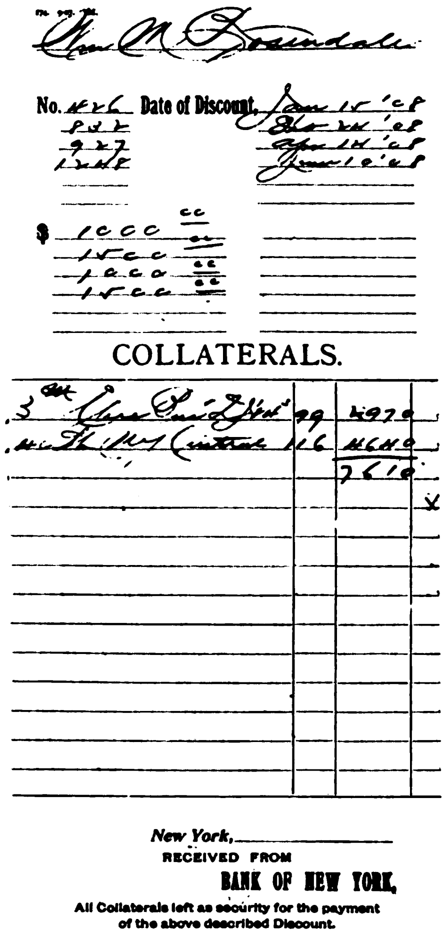
No. 4818 Amount $5000

Date Dec 15 1908 Rate 5 %

COLLATERALS.		VALUE.	
30 sh. Chic. Pneu. Tool	99	2970	
40 sh. N.Y. Central	116	4640	
		7610	

RECEIVED THE ABOVE NAMED SECURITIES.
Jan 10 1909
Wm. M. Borrowdale

Form 2a.—Collateral Envelope.


Wm. M. Borrowdale

No. 426 Date of Discount, Jan 15 '08
822 Mar 24 '08
927 Apr 14 '08
1248 June 10 '08

$ 1000
1500
1000
1500

COLLATERALS.

30 sh. Chic. Pneu. Tool	99	2970	
40 sh. N.Y. Central	116	4640	
		7610	

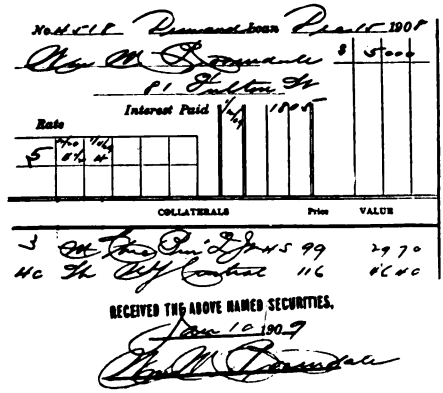
New York, ____________
RECEIVED FROM
BANK OF NEW YORK,
All Collaterals left as security for the payment of the above described Discount.

Form 2b.—Collateral Envelope. Number of Loans on Same Collateral.

All money that is loaned to be paid when called for should pass through the Loan Department. In some banks all the collateral loans, whether time or demand, are kept in the Loan Department.

Loans are usually secured by some evidence of actual property, such as bonds, stocks, warehouse receipts or promissory notes. In addition, the banks require a note giving them the right to dispose of the collateral if the loan be not paid. (Form 1.) Care should be taken to see that proper assignments of the securities are made. These securities require daily watching, especially in an active market and particularly with prices falling.

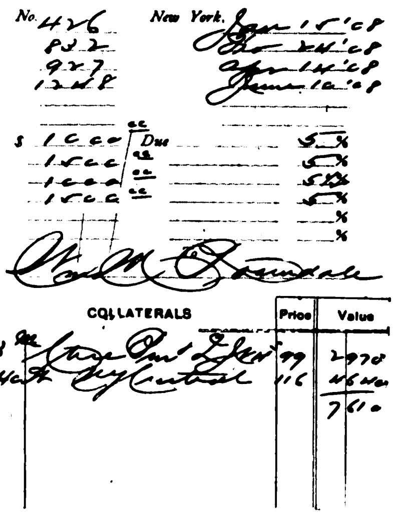
The loaning officers having approved the loan, the collateral, with the note properly executed, should be placed in a heavy manilla envelope. (Form 2.) On the envelope is recorded, number of the loan, borrowers' name, date, amount, rate per cent., a full description of the securities and the value. The value should be kept in lead pencil, so it can be readily changed. All envelopes are filed alphabetically. A record of the loan is made in a loan book, which is an account of each day's loans. This book goes to the Board of


No. 4818 Demand Loan Dec 15 1908
Wm. M. Borrowdale $ 5000
81 Fulton St.
Interest Paid 1/1 1909
Rate
5

COLLATERALS	Price	VALUE
30 sh. Chic. Pneu. Tool	99	2970
40 sh. N.Y. Central	116	4640

RECEIVED THE ABOVE NAMED SECURITIES.
Jan 10 1909
Wm. M. Borrowdale

Form 3a.—Collateral Card.


No. New York.

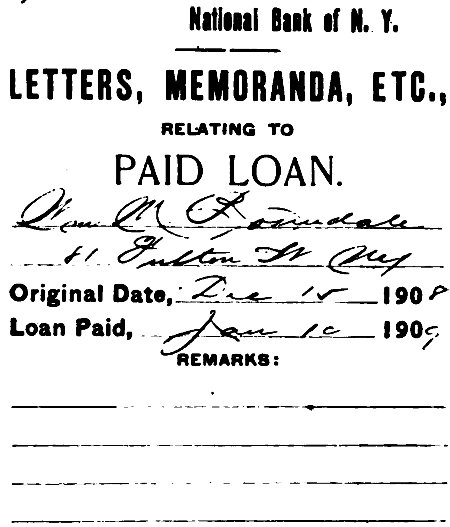
$ Due %

COLLATERALS | Price | Value

Form 3b.—Collateral Card. Number of Loans on the Same Collateral.

Directors for their examination. It is ruled in columns, entitled, number, date, borrower's name and address, rate per cent., amount, collateral, valuation, then columns for a record of the day's payments. A record is made on a card, which is practically a copy of the envelope, except there are spaces for changes in the interest rate and for partial payments. (Form 3.) These cards are filed alphabetically. Some banks keep account of the changes of collateral, of valuations, and credits only on these cards.

A record is also kept in a loose leaf liability loan ledger, showing number of loan, date, amount, rate, collateral, credits, and interest paid. This has the borrower's name at the top of the page, and is kept as a permanent record. Pages are in alphabetical order. (Form 4.)


National Bank of N. Y.

LETTERS, MEMORANDA, ETC.,

RELATING TO

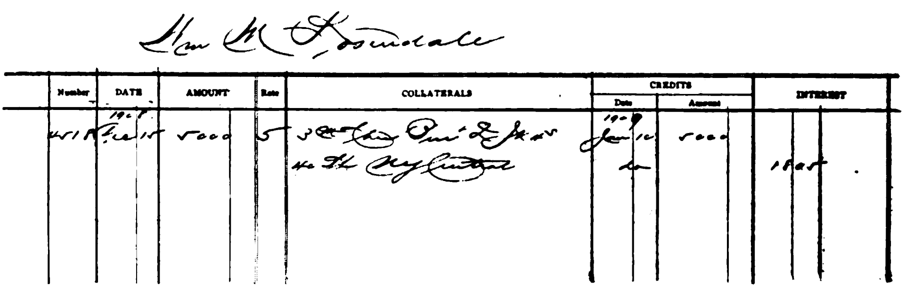
PAID LOAN.

Original Date, 190

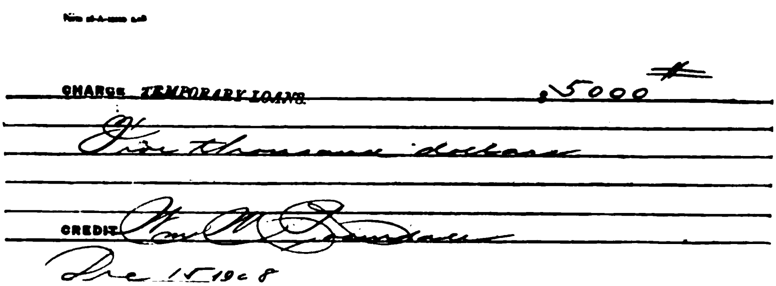
Loan Paid, 190

REMARKS:

Form 6.—Paid Loan Envelope.


Number	DATE	AMOUNT	Rate	COLLATERALS	CREDITS Date	CREDITS Amount	INTEREST

Form 4.—Liability Loan Ledger.


CHARGE TEMPORARY LOANS $

CREDIT

Form 5.—Credit Ticket.

The loan is credited to the account for which it is made and charged to "Temporary Loans" by a ticket which passes through a teller's department. (Form 5.) When the loan is paid, the money is credited to "Temporary Loans" and the interest to "Interest."

All the credits are made on the cards so that the total record outstanding on the cards equals the balance of "Temporary Loans" in the bank's ledger.

Receipts for the return of the collateral are best taken on the envelopes, and all letters, memoranda, etc., should be filed in the envelopes. Where receipts and changes are made only on the cards, have a large "PAID LOAN" envelope in which everything pertaining to the loan is kept. (Form 6.) It is also a good plan when stamping the note "Paid" to have it read "Collateral Returned. If there be anything in a loan that requires attention on a cer-

New York, Dec 20 1908

Cashier of
The Market and Fulton National Bank
of New York:

Dear Sir

From loan of $5000.00 made Dec 15 - 08 would like to WITHDRAW the following named securities

40 Sh N Y Central

and SUBSTITUTE in place thereof as follows

50 Sh Am Loco Pf

Respectfully,
[illegible]

Form 7.—Substitution Order.

New York, Dec 23 *189*08

Received from THE MARKET & FULTON NAT'L BANK, of New York, the following named property, which is held by said Bank as COLLATERAL SECURITY

3 M Ches & Ohio [illegible] 4s

and in consideration thereof I HEREBY AGREE TO HOLD SAID PROPERTY IN TRUST *for the following purposes, viz* to sell

with the understanding that I *will deliver to said Bank the* proceeds

as soon as received, the intention of this arrangement being to protect and preserve unimpaired, the lien of The Market & Fulton Nat'l Bank of New York on the above named property.

[illegible]

*Amount of Loan $*5000.00

Date of Loan Dec 15th 08

Form 8.—Trust Receipt.

tain date, record it under the proper day in a tickler or diary.

Loans made to brokers are called "Street Loans," and are usually made for $100,000. The rate of interest changes every few days, and therefore settlements for the interest are made monthly. The interest is best calculated by multiplying the rate per cent. by the numbers of the days it stood at that rate. Find total of these products, add four decimal places, then divide by 36. The answer will be the interest on $100,000.00 in dollars and cents. Thus, $100,000 loaned Oct. 1, 1908, at 3 per cent., changed Oct. 4 to 2½, Oct. 8 to 4 per cent. and Oct. 10 to 3½, paid Oct. 15, 1908.

Oct. 1 to 4	at 3	per cent.	—3 days	$9.00
4 " 8	" 2½	" "	—4 "	10.00
8 " 10	" 4	" "	—2 "	8.00
10 " 15	" 3½	" "	—5 "	17.00
				$44.50

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36)44.5000(123.61
   36
   --
    85
    72
    ---
    130
    108
    ---
     220
     216
     ---
      40
      36
      --
       4
```

Know all Men by these Presents,

THAT I, Wm M Lonsdale

for and in consideration of one dollar to me in hand paid by THE MARKET & FULTON NATIONAL BANK OF NEW YORK, the receipt whereof is hereby acknowledged, do hereby sell, assign, transfer and set over unto The Market & Fulton National Bank of New York, its successors and assigns, Bank Book No. 41144 of the Bowery Savings Bank issued by said Savings Bank to me, and the amount represented by said Bank Book, together with all the moneys therein mentioned, and all moneys now on deposit to my credit in said Savings Bank, or due or owing by said Savings Bank to me, and all interest or dividends which may hereafter grow due or be declared thereon.

And I do hereby authorize and empower the said The Market and Fulton National Bank of New York its successors or assigns to draw from the said Bowery Savings Bank, upon presentation of the said Bank Book, the whole or any part of the moneys therein mentioned, and hereby assigned at any time or times, and to collect and receive the same, and for me and in my name, place and stead, to make, sign, seal, execute and deliver all necessary and proper receipts and releases therefor.

Witness my hand and seal the 15th day of December 1908.

Wm M Lonsdale

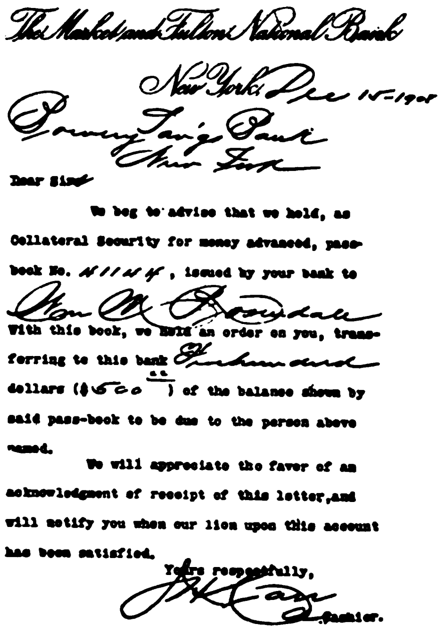
NEW YORK, Dec 15 1908

Bowery S Savings Bank.

Pay to THE MARKET & FULTON NAT'L BANK OF NEW YORK, or order, Five hundred # dollars.

on my Bank Book No 41144 Wm M Lonsdale

Form 9.—Assignment of Savings Bank Account.


The Market and Fulton National Bank

New York Dec 15-1908

Bowery Savings Bank
New York

Dear Sir:

We beg to advise that we hold, as Collateral Security for money advanced, pass-book No. [illegible], issued by your bank to [illegible]

With this book, we hold an order on you, transferring to this bank Fifteen hundred dollars ($1500 00) of the balance shown by said pass-book to be due to the person above named.

We will appreciate the favor of an acknowledgment of receipt of this letter, and will notify you when our lien upon this account has been satisfied.

Yours respectfully,

[illegible] Cashier.

Form 10.—Order Notifying Savings Bank.

Some banks keep a sort of daily skeleton balance ledger of the loans at rate per cent. the loans are made, posting the new loans and payments under the rate per cent. This enables the bank to tell at once just at what rates all the loans stand.

BANK PRINTING.

THE printing of the many forms, card records, etc., used by every bank, is an important item of expense. Certain forms, such as deposit slips, can be purchased in large quantities at a comparatively low cost, but there are a great many other forms not used so frequently for which the cost of printing is necessarily high, if the job printer does the work. This work can be done, however, on the Multigraph at times when the machine is not needed for form letter work. It is said that some banks have cut down their printing bill fully one-half in this way, and have the added advantage of being able to produce the work when needed, avoiding customary delays of the printer. The machine will accommodate any thickness or grade or paper, from tissue to the heaviest cardboard, and all sizes ordinarily used. Banks throughout the country are now getting out in this way a great variety of forms, including imprinting signatures on incomplete currency, signature cards, etc.

A FOOLISH PROCEEDURE.

A DISPATCH from Moscow says that a millionaire named Petroff, while on his deathbed, withdrew his fortune from the banks in the form of bank notes and burned them in his sick room.

He then summoned his relatives, who were poor, and showed them the ashes, congratulating them upon their escape from the evil of wealth, which he said was the source of all sin.

As a matter of fact, this eccentric millionaire did not destroy his money, as he supposed, but merely burned a quantity of paper which, if presented to the banks who had issued it, could have been redeemed in coin of the realm.

As a result of his strange actions the banks are richer to-day to the amount of all such notes destroyed, for they will never be called upon to redeem notes that lie in ashes.

ORGANIZATION OF BRITISH-RUSSIAN CHAMBER OF COMMERCE.

CONSUL JAMES W. RAGSDALE reports that a meeting of persons interested in the organization of a British-Russian chamber of commerce was held on October 25, in St. Petersburg, under the presidency of V. I. Timiriazev, late minister of trade and industry, and with the participation of representatives of large Russian commercial towns and English merchants. The object of this meeting was to work out a charter of the future chamber. It was decided to place a council at the head of such chamber, to consist of twenty-four members, elected for four years, with right of being reelected. The contribution of each member was fixed at 25 rubles per annum for individuals, and 100 rubles for firms, joint stock companies, and commercial organizations. The object of the chamber is to promote the trade and industrial relations of the two countries, organizing conferences, lectures, museums, expositions, libraries, publishing statistics on Russian and British markets, representing Russo-British interests before the respective Governments, officials, and private organizations, and removing any difficulties which may impede them.

A NEW DEPRESSION THEORY.

IN our issue of September, 1908, page 346, we referred to a new publication relating to the cause of depressions, entitled: "A Neglected Point in Connection with Crises." In the following we give the comment of one of our highest authorities on economics. Prof. John B. Clark, of Columbia College, New York City; also the author's reply to his criticism:

Prof. John B. Clark's Comment.

The causes of commercial crises and the ensuing periods of depression are still imperfectly understood, and every contribution toward the solution of these problems is welcome. For making such a contribution Mr. Johannsen has the advantage of a knowledge of practical business, familiarity with the literature of his subject and independence of thought. It may be found that his theory suffers from one of the limitations which are not uncommon, namely, the treatment of the phenomena of capital too much in terms of money and assuming that there can be additions to the social fund of productive wealth which does not consist in substantial instruments of production, but in "cash capital" the form of which it is difficult to discover.

Mr. Johannsen's work offers an interesting exposition and criticism of a number of theories of crises and depressions, and states his own view of their two principal causes. One of these causes, he thinks, is a fundamental and hitherto neglected one, while the other is largely contributory. The primary cause of the depressions is a saving of income which does not result in an addition to the material plant or equipment of industry or even to the stock of metallic currency, but is first an addition to the "cash capital" above referred to. A country may have been in the habit of saving and adding to its permanent funds an amount equal to three billion dollars per annum. The effect of a crises may be to reduce the savings of a year to two billion dollars and of this, the sum of one billion only takes shape as "new constructions" or net additions to the material plant and equipment of production. The other half of the amount saved is first deposited in banks and then used in buying from unfortunate owners plants already existing. If this is really Mr. Johannsen's meaning, it is clear that the original assumption that there is an addition to the real capital of the country amounting to two billions of dollars would be incorrect, since buying what already exists adds nothing to that sum total. It is an evidence that A has saved something, that B has lost it and that B's mill has passed into A's hands. If the total savings of individuals amount to two billions and the losses to one, the net accumulations of the country amount to only one billion of dollars.

It will be necessary in order to establish the theory either to assume that the billion dollars are accumulated in tangible form and that the cash capital is an extra amount, or to find some way in which the cash capital can appear in tangible and material shape. In the conception of this as a form of wealth which may appear on the general inventory, though it is neither material goods nor any additional metallic currency, most readers will find one fallacy of the theory. To A a deposit in B's bank does, of course, mean cash capital, since it is a claim for cash against B and may be presented and honored at any time while the bank is in good running order. It is not an addition to any variety of the capital of the country. To B it is a liability and reduces the net amount of his wealth. A plus sum of a billion dollars and a minus one of the same amount do not together make the country any richer.

It is true indeed, that one particular country may acquire a claim against another country, as a particular man may acquire one against another man; and in that case, the country holding the claim has an increase of available cash capital; but the two countries together are not richer thereby; and moreover Mr. Johannsen's theory, like others, should apply and is doubtless intended to apply to the whole economic society that is affected by a depression of business, and not merely to the part of it that is included within the boundary of one state.

All this does not prove that the surrendering of plants by owners who have made losses to men who have accumulated enough to take them, is not an element in the situation following a crisis. If one gives up the attempt to treat bank deposits and other credits as, of themselves alone, entering into the sum of real accumulations, and if one recognizes the fact that, under the conditions which Mr. Johannsen appears to describe, the net accumulation of the country is reduced from the three billions of a prosperous year to one billion, the fact that the savings of one class are largely used to acquire property of another class remains as one actual and important fact, and a study of its causes and effects throws light on the problem of depressions.

The seconu point on which Mr. Johannsen lays emphasis is the mode in which a loss of employment by one class leads to a loss of employment by other classes. If a primary cause throws one set of men into idleness, the loss of much of their purchasing power throws others into idleness. This is a subject of study, on which the last word has not been said. The work of Mr. Johannsen, suggestive though it be, makes here the impression of not recognizing all the limitations on this process of multiplication of the original disaster. It appears to overestimate the amount of the enforced idleness which is indirectly caused; but on this point, as on the other, it contains a suggestive study.

JOHN B. CLARK.

Author's Reply to the Foregoing.

Professor Clark is undoubtedly right when holding that the mere accumulation of cash capital (by means of the saving process) does not increase the aggregate of the country's wealth. But I never claimed that it does. I am well aware that if a man saves $100 in cash (no matter whether in the form of coin or of "money in bank") the country's wealth is not increased in the least thereby, though his own is. To increase the country's wealth, these savings must be invested in the production of some new construction or of some kind of property.

This point, far from having been overlooked by me, constitutes one of the fundamental principles on which I built up my depression theory—the gist of which is that if the savings funds are not so invested, the saving process, though making the savers richer, will make others poorer. Thus, if the country's savings aggregate two billion dollars in a year, and only one billion finds investment in new constructions, etc., the social fund of the country's wealth will grow by only this one billion. Then the savers have become richer by two billions; the country as a whole by only one; so the non-savers evidently must have become poorer by one billion—and this "becoming poorer" on the part of the masses, as the inevitable sequence to saving under such conditions (the "Impairing Form" of saving) originates the depression.

Inasmuch as Prof. Clark agrees with me in holding that, under such conditions, the odd bullion would be absolved by a mere "Change of Possession," the savers buying up property already existing (such as those who "become poorer" cannot hold any longer) or making loans on such property—it would seem that his obligations were matters of expression rather than of thought. If any valid objections could be adduced, such as would really bear against my depression theory, I would be interested to learn them.

N. JOHANNSEN.

ENGLAND'S INFANT PENSION LIST.

If you are a citizen and resident of Great Britain or Ireland, are 70 years old, have never been in tne poorhouse or in jail, have been reasonably industrious throughout your life and have no considerable income of your own, you are now entitled to a pension of something like a dollar a week from the Government.

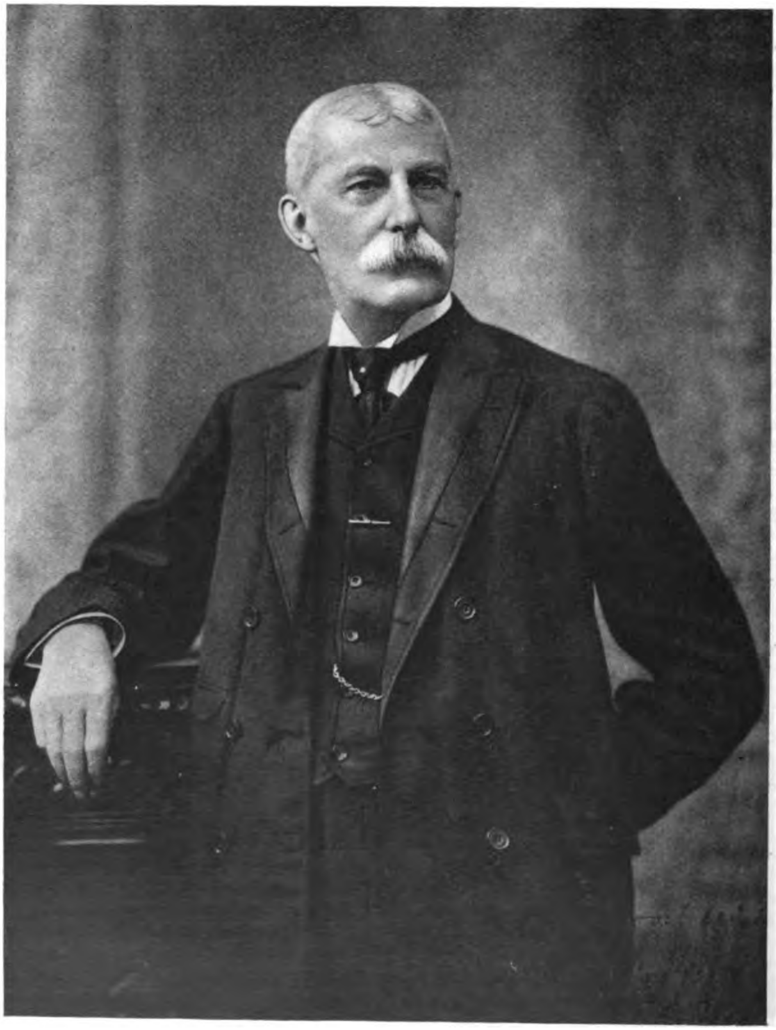
The new age pension law went into effect the first of the year. Already 700,000 applicants for pensions have appeared, but 200,000 of these have been rejected as not coming under the provisions of the act.

One of the important measures soon to come forward in Parliament will have to do with raising the $35,000,000 a year of extra revenue these pensions are expected to absorb. Heavier taxes on taverns will be proposed, a most logical suggestion, since to the tavern went in so many cases in younger uays the money that might have otherwise been saved to make age pensions unnecessary.

Great Britain's old age pensions will cost her annually about one-fourth the amount the United States Government now pays to pensions of the Civil War.—*Nebraska State Journal.*

A TARIFF COMMISSION OF EXPERTS.

A "SCIENTIFIC" tariff is a contradiction in terms; the very essence of protection is interference with the laws of economics. But it is quite possible that a commission of experts could produce a tariff that would be superior to the article manufactured by Congressmen at the dictates of the special interests affected by its operation. That is the reason why so many business men who are anything but free traders advocate the institution of such a body. Mr. Taft has also indorsed the plan, so that it may be regarded as having been brought within the sphere of practical politics. One fact, however, should be borne in mind. So long as large financial gains are to be obtained by legislation, so long politics will dictate, in one form or another, the consideration of the question. A tariff commission might thus in turn be as amenable to party necessity as Congress itself.—*Providence Journal.*



H. M. Flagler.

THE TRANSFORMATION OF THE FLORIDA EAST COAST.

By Edward Staats Luther.

RECLAIMING an entire state from sand waste and jungle; building up its commercial value from almost nothing to leading rank; and changing it from an isolated section to a vital connecting link in the great traffic chain that is being forged to join the interests of the United States with those of the West Indies, Central and South America, as well as those of the Orient by way of the Panama Canal—that is achievement enough to satisfy the dream of accomplishment of any one man.

Yet it is for just these things that the State of Florida is indebted to Henry M. Flagler. And, as is the case in most ventures that a man undertakes, it started from a small beginning and has grown to a magnitude that Mr. Flagler never dreamed of when, a quarter of a century ago, he entered upon his first financial interest in that state. That was the now famous Ponce de Leon Hotel in St. Augustine, the building of which he undertook as a sort of whim and on which he expected to spend about $500,000. This, however, concentrated his view on Florida's possibilities, brought his great abilities of generalship to bear and aroused in him so keen an interest that he spent five times as much on the hotel as was first intended, and since then he has constructed hotels and railways to open up the entire East Coast until now his total expenditures have reached the sum of approximately $50,000,000.

Mr. Flagler's career in Florida reads like a tale of fairyland, and this is not merely a simile but a fact, as the magnificent country which he has developed and made accessible is a veritable fairyland. It was in the latter part of 1884, while on a casual visit to St. Augustine, that he first thought of becoming interested in Florida affairs. The hotel accommodations of St. Augustine at that time were inferior and antiquated. Deploring this situation in the oldest, and in many ways quaintest, city in the United States he suggested the building of a new hotel which would be worthy of the city and of the state. This resulted in the acquisition of land, the preparation of plans and the beginning of work, in the fall of 1885, on the Ponce de Leon.

Railroad Building Undertaken.

Modest though the ideas of Mr. Flagler were in the beginning regarding this enterprise, he soon found himself thinking along those broad lines of generalship which had characterized his activities during the earlier days in the oil trade. In fact, it was impossible for a man of his training and accomplishment to think along any but broad lines.

One of the first results was that when work had progressed only six weeks on the construction of the Ponce de Leon Hotel Mr. Flagler announced his purchase of the rickety old narrow-gauge railroad that ran over the thirty-seven miles between Jacksonville and St. Augustine. He had foreseen what the construction of a big hotel in the latter city would mean in the way of developing a fashionable and popular winter resort.

Immediately the hand of a master builder was seen. The old tracks were torn up with an energy and rapidity that fairly shook the residents of the slumbering old Southern towns and villages from their moss-covered shells. A new and standard-gauge railroad with up-to-date equipment went down in the twinkling of an eye, a bridge was built from Jacksonville to South Jacksonville, and St. Augustine was bound by rails of steel and a through transportation service to the great centers of the North. Tourists poured in and the Ponce de Leon was filled to overflowing almost immediately on being thrown open to the public on January 10, 1888.

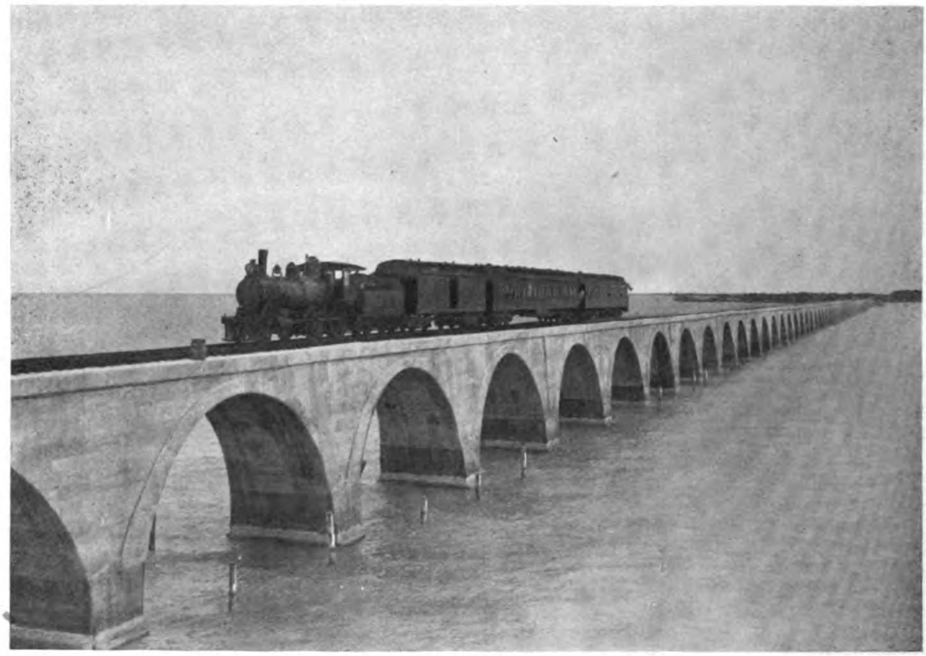
Following this came the opening, later in the same year, of the Hotel Alcazar, this hotel having been started by Mr. Flagler while the Ponce de Leon was only partially built, and was rushed to completion so that it was available shortly after the opening of his first house. Even this did not suffice for the tourist business that poured into old St. Augustine and the purchasing and remodeling of the Cordova, which since has been joined to the Alcazar, was made necessary.

By this time Mr. Flagler was thoroughly embarked on his new career as a builder of hotels and railroads in the state, having been led along almost unconsciously from one stage to another, while his investments had run to a figure fully ten times that originally contemplated. Each time he looked around his trained eye found new possibilities for development, and his next move was to purchase an interest in the Hotel Ormond at Ormond, and practically to reconstruct the building. After the acquisition of an interest in this house he soon acquired complete ownership and then purchased two more short lines of antiquated railroad so that he had a continuous line from Jacksonville through St. Augustine to Ormond and Daytona. What this meant to Ormond and Daytona is shown each winter on the wonderful beach, thirty miles long, where the international automobile races are held.

Developing the Country.

From this time on Mr. Flagler's ideas grew by leaps and bounds, and enterprise, the like of which Floridians never had dreamed, was to be seen on every hand. Nor was it all in the line of building winter resort hotels. Orange groves, plantations, and great stretches under fruit culture sprang into being on every side, while thriving villages soon were located where only sand waste and jungle had been before. To-day the cultivation of oranges, pineapples and vegetables for the northern market is one of the chief sources of income of those living along the line of the railroad. With each new step in his great enterprise he was drawn by a natural course into new sections of the state. From Ormond and Daytona, on the Halifax River, he continued his road to the Indian River. This led him to make a trip to Lake Worth, which he found to be a garden spot where a few wealthy persons had constructed modest winter homes.

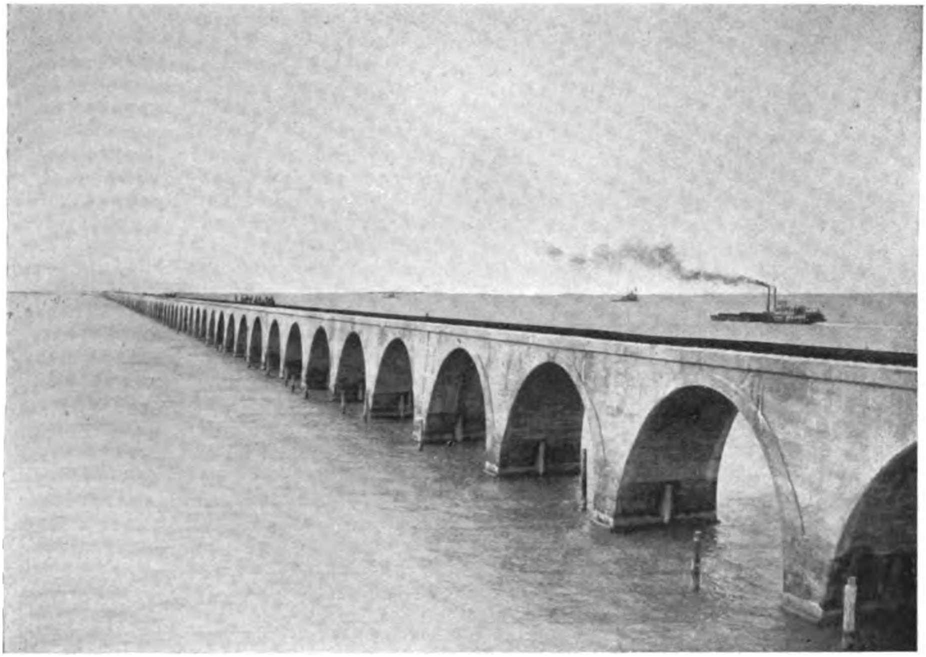
The beauties of the place so appealed to him that immediately he started to perfect plans which resulted in the building of the world famous Royal Poinciana Hotel at Palm Beach. This house, which was completed in February of 1894, located on a beautiful stretch of land, with Lake Worth on one side and the sands of Palm Beach and the waters of the Atlantic on the other, naturally led to the immediate continuation of the Flagler railroad for the entire distance of more than 150 miles from the Halifax River to Palm Beach. Before this road was built Lake Worth had been accessible only by boat down the Indian River. The construction of the road to West Palm Beach was finished a couple of months after the Royal Poinciana was completed and the following year the first train crossed Lake Worth Bridge to Palm Beach proper.



Long Key Viaduct.—Total distance between abutments at the springing line, 10.444.65 feet; 181 piers; 180 arches; additional water opening Long Key to Grassy Key (embankment) 19,100 feet; total opening Long Key to Grassy Key, 29,544.65 or 5.6 miles.

Extending the Chain of Pleasure Resorts.

By this time tourist travel had made even the magnificent Royal Poinciana hotel inadequate for the people that poured in



Long Key Viaduct.—Height of rails above tide level, 31 feet. In crossing the viaduct trains go practically out of sight of land.

and another hotel, the Breakers, was constructed between the first hotel and the ocean, so that one faced the Atlantic and the other the beautiful Lake Worth. This new house was burned down June 9, 1903, which gave another opportunity to show the characteristic Flagler energy, as it was rebuilt complete and open to the public in the first of the following February.

Not content with what he already had accomplished, Mr. Flagler's next step in the transformation of this great peninsula was the extension of the Florida East Coast Railroad from Palm Beach sixty-six miles south to Miami. This was completed in April of 1896 with the intention of making Miami the southern terminal of the road. Naturally, the building of the railroad to Miami meant the building of another hotel at that point, with the result that the Royal Palm, conducted on the same princely plan as all of the Florida East Coast hotels, was opened for business the following January.

It was at this point that Mr. Flagler for the first time digressed from his pursuit of the Florida coast line, for he left the sands of the beach long enough to jump 185 miles over the ocean to Nassau in the Bahama Islands where he purchased the Royal Victoria Hotel and established a steamship line between Nassau and Miami. Then almost at once he began the construction at Nassau of the Hotel Colonial, which was opened for business in 1899.

Being so close to the end of the Florida peninsula, with the completion of railroad building apparently in sight, and having already embarked in a steamship venture to Nassau, he next fixed upon Key West and Havana as objective points, with the result that a steamship service was inaugurated from Miami to both cities. This meant a new life for the fruit and vegetable growers and the sugar and coffee planters of Cuba, as well as for the cigar industries of Havana and Key West, for the new facilities offered enabled them, especially in the case of fruit and vegetables, to rush their produce to northern climes in order to catch the best of the markets, and in all cases to cheapen the cost of transportation.

A Daring Project.

True to all his traditions, however, Mr. Flagler no sooner had accomplished one thing than he undertook to improve it. With a water line from Miami to Key West, he at once saw the possibility of making it a rail line and thus saving a hundred and sixty odd miles of water route. Engineers were called in for consultation, only to be thunderstruck when told of the Napoleonic idea of building a railroad from key to key and over thirty miles of practically open ocean, in order that the train service of the Flagler line should be carried into the gulf-garrison port of Key West.

If any of the engineers had doubts as to the feasibility of the idea they did not express them to the man whose master hand had drawn the plans in their bold outlines. To think was to act, and the world has read the result in the daring work that has been carried on over the coral keys and the treacherous ocean until now it is a certainty that in a year Pullman trains will be run solid from New York to Key West where great car floats will ferry them over the 90 miles of water to Havana, thus transporting passengers from New York to the Cuban capital without compelling them to leave their car-seats or sleeper-berths.

What it means to passenger traffic, however, is as nothing compared with its importance to commercial shipments, for all along the line of the new Cuban railroad, in which Mr. Flagler also is interested, planters and growers can load their produce on cars side-tracked at their plantations, have them hauled by standard-gauge railroad to Havana, floated to Key West and thence hauled by the Florida East Coast Railway to connect with all lines of the United States, so that the shipments will go direct from consignor to consignee without the breaking of bulk.

The whole commercial growth of Cuba has received a tremendous impetus from this great work, while as a connecting link with Caribbean ports, even to all South America and to the Orient via Panama, its value is incalculable. To the State of Florida it means life, commercial and industrial life. The land of sentiment and of the Seminole has been turned into a practical, living reality, part and parcel of the modern world.

THE KEY WEST EXTENSION.

The work on the Key West extension, which is the keystone in the Flagler arch, was begun in the early summer of 1905, although a year before that the Flager activities had carried the East Coast Railway along the twenty-eight miles south from Miami to Homestead. So rapidly has work been pushed on the extension that on February 5, 1908, passenger train service was inaugurated to Knight's Key, eighty-three miles south of Homestead, 111 miles south of Miami and 477 miles south of Jacksonville. This took the railroad into the sea-going class, to the astonishment alike of laymen and engineers, but even greater wonders are being performed on the construction that now is being com-

Long Key Viaduct,—Filling the last arch.

pleted over the forty-seven miles between Knight's Key and Key West, three and a half miles of which, from Knight's Key to Bahia Honda, is solid bridging. Since the opening of the road to Knight's Key the steamships from Havana and Key West have transferred passengers and freight there, thus saving 112 miles of water route north to Miami.

In carrying this railroad from key to key by the kangaroo process a remarkable feat was performed in the construction of the famous Long Key viaduct with its 181 piers and 180 arches, showing a distance of 10,-444.65 feet, or nearly two miles, between abutments. This viaduct is constructed of concrete reinforced with steel rods and the trains running along the top present a weird spectacle when viewed from the deck of a vessel. While still miles out at sea the trains running over the top of this viaduct are plainly discernible from steamers. The viaduct, however, owing to the convex surface of the earth, cannot be seen from a distance and the trains appear to be sailing through the air when first they come to view. As the vessel approaches, by the illusion the trains seem to be running on the water until, when quite near at hand, the white surface of the arches can be made out.

Work train on Long Key Viaduct. Long Key in the distance.

When the line is completed into Key West Mr. Flagler will have a direct line of 524 miles from Jacksonville to Key West and a total mileage for the Florida East Coast Railway, including the small branch lines, of 573.

Other Hotels Built.

During this time he has made only one digression in the line of hotel construction, aside from that at the Bahamas, it being the building of the Hotel Continental at Atlantic Beach, which was opened to the public in 1902. Atlantic Beach is on the Mayport division, only twenty miles from Jacksonville, and presents the apparent anomaly of a summer resort near the tropics, for while all the others of the Florida East Coast hotels open on various dates between the middle of December and the tenth of January, and close between April first and fifteenth each year, the Continental at Atlantic Beach opens each year late in March, as the others are closing, and remains open until August. The answer lies in the fact that Atlantic Beach gets the full benefit of the winds from the north and of cooling ocean currents.

While engaged in his wonderful work in railroad and hotel construction from end to end of Florida's east coast Mr.

Flagler has found time to build a magnificent home for himself at Palm Beach and to act as a sort of princely patron to the city of St. Augustine. For not only does that city owe to him its thanks for its commercial advancement, but it also has cause to remember that it was he who paved the city streets and put in the sewer system for the city. He also reconstructed the old Cathedral and built a beauiful church there in 1890, as a memorial to a deceased daughter.

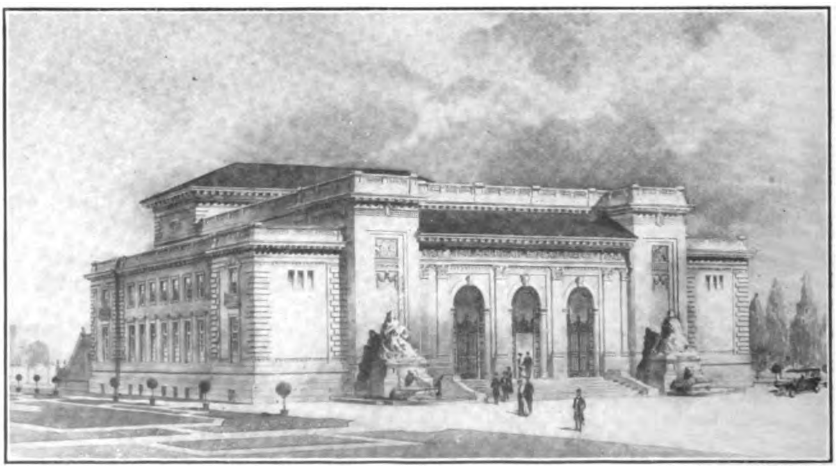
The hotels built by Mr. Flagler have total accommodations for 5,000 guests and are said to represent a cost of fully $12,000,000, while upwards of $30,000,000 has been spent on the railroad and approximately $0,000,000 more will be required for its completion. From beginning to end Mr. Flagler has carried on his hotel and railroad construction unaided, bearing personally all the financial burden and all the broad supervision of the work. In addition he has furnished large sums of money, without security, to enable settlers to establish plantations for the cultivation of fruits and vegetables.

And now, having achieved what was regarded as an engineering impossibility by building a railroad into Key West, Mr. Flagler, like Alexander the Great, may sigh for more worlds to conquer and attempt to bridge or tunnel the ninety miles from Key West to Havana.

THE BUSINESS SIDE OF OUR NATIONAL CAPITAL.

By Edward White.

TRADE in the highest sense, such as wholesaling and jobbing, and even manufacturing, must play a conspicuous part in the development and upbuilding of every large city. No city can be built and maintained beyond a certain point on a retail trade only, or upon a purely political foundation. It must become a distributing point—a source of supply—for the smaller cities and communities, and the more attractive it becomes—the greater its magnetic power may be—the more potent must be its reasons for meeting the commercial wants of those communities.



International Bureau of American Republics.

Our beautiful national capital, the city of Washington, of which every true American is so justly proud, is awakening to the importance of these facts, and it really appears that its citizens have come to regard them as a genuine responsibility. They realize that the average country merchant feels that he is unworthy to be called a loyal citizen if he fails to visit the capital of his country at least once a year, and that it would be but fair to him to enable him to do his season's buying there also; therefore, the business men of Washington are determined to meet this exigency.

The work is along the line of concentrated effort, through the medium of a splendidly organized and equipped business body known as the Washington Chamber of Commerce. This organization has not only taken the initiative in the movement, but is actively engaged in showing to the world why the Washington market can meet the buyer's every want—why it pays to use the national capital as a commercial base.

In its efforts in behalf of Washington, however, the Chamber of Commerce does not stop at trade-getting. Through its efficient secretary, Mr. Thomas Grant, it is upholding the name of the city and district from a civic standpoint, and exploiting their supreme advantages as places of permanent residence and seats of education, art, culture and refinement. Among other things, it is shown that there are over one hundred educational institutions in the district, including three universities—the George Washington, the Georgetown and the Catholic University of America—besides the Carnegie Institute of Science. The city also has an excellent system of public schools, which includes five high schools and one technical school.

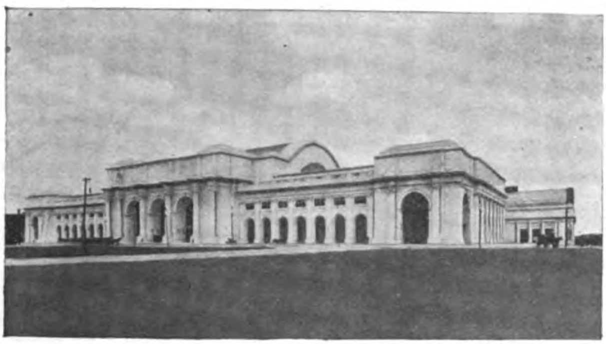
Washington also has:

One of the finest union railroad stations in the world.

Six trunk lines of railroad, running through trains to every part of the country.

One of the best trolley systems in the world.

Pennsylvania Avenue Looking Northwest from Seventh Street.



New Union Station. One of the Finest in the World.

More miles of broad, smoothly-paved streets than any other city in the world.

Finest, most appropriate and most expensive system of street ornamentation of any city in the world.

Cleanest sidewalks and steet pavements of any city in the world.

The finest system of parks and boulevards in the country.

Most attractive, most picturesque and most desirable building sites in its vicinity of any city in the world.

A clean municipal government, with a new marble municipal building, valued at $2,500,000.

One of the finest Masonic temples in the United States.

Annual postoffice receipts of $1,125,000, which is only twenty-five per cent. of the business handled, the other seventy-five per cent. being franked or free matter.

Manufacturing establishments to the number of 2,669, with 16,000 employes, and an annual output valued at $37,000,000.

No strikes or lock-outs.

Monthly pay-roll to Government employes in the city of $3,000,000.

New $3,000,000 freight yards between Washington and Alexandria.

Banking Facilities.

Washington's banking facilities are among the best in the entire country. While they embrace all the various systems of commercial, savings and trust company banking, affording the business element of the community every resource in those lines, they are yet all directly under the control and supervision of the Comptroller of the Currency, making a double safeguard for the depositor. During the darkest hours of the recent financial depression the Washington banks experienced no trouble whatever in meeting the requirements of the business community, as well as their own obligations.

There are thirty-two banking institutions in the city of all kinds, with capital, surplus and profits amounting to $22,876,571, individual deposits reaching a total average of $55,000,000, and resources aggregating $92,000,000.

WASHINGTON TO RECEIVE FUTURE ATTENTION.

In a future number of The Bankers Magazine there will appear a more or less exhaustive article on Washington showing its commercial and financial advantages, the superiority of its educational facilities and its pre-eminence as a residential city. There is an inherent pride in every American in the many praiseworthy features of his national capital, and it is therefore every American's duty to become directly interested in the work of making that capital one of the leading cities of the world in every respect. That is the foundation of the story of Washington that is to come.

RAILROAD REGULATION BY RAILROAD MEN.

To gain a seat upon a state railway commission or upon the Interstate Commerce Commission ought to be the highest ambition of a successful railway man, just as to gain a seat upon the Supreme Court bench of his state or of the United States is the highest ambition which a competent lawyer can entertain.

"What the railways now most fear, and justly fear, is supervision by ignorant and narrow minded men who have no real conception of the problems of railway construction, operation and management. We have long since substituted judicial procedure for the primitive trial by ordeal in ordinary criminal cases, but it may well be doubted whether we are not even today compelling the transportation systems to submit to trial by ordeal rather than to judicial inquiry and determination. Moreover, in our state and national supervision of the common carriers we must have a care that we do not attempt to substitute these governmental commissions for the board of directors."—*Nicholas Murray Butler.*

THE EARTHQUAKE AND TRADE DEPRESSION.

Every great disaster which destroys property and life on a great and terrible scale within the civilized world in the end always brings contraction, falling values, depression and industrial stringency.

The Sicilian earthquake has had no effect thus for, but it will. It is certain to disorganize Italian trade and finance. This will cause general sales of securities in Europe. In such sales European holdings of our shares and bonds are certain to be freely sold, because they are high and have a market. The American share market has to reckon with a large movement to this side in the next half year.

This will not be seen at first, but it will probably come in summer. Italy, too, is not a wealthy country. Taxation is heavy. The national and local debt is very large. The earthquake has not only checked trade and destroyed property, as a fire does, but it has stopped production over a great area.—*Philadelphia Press.*

SECURITY FOR UNITED STATES DEPOSITS.

State, city and railroad bonds are fast disappearing as security for government deposits. On April 4, 1908, such bonds reached $137,500,000. The amount now is less than $42,000,000.

Their place is being taken by the new Panama bonds, of which $16,000,000 of the recent $30,000,000 have been deposited as security for public deposits and for bank circulation. Of previous issues of Panama bonds—$54,000,000—nearly $53,000,000 are up as security.

The state, city and railroad bonds have found their way back into the bond market or been absorbed as investments by the public.

CURRENT OPINION

CURRENCY REFORM.

ON December 30, last, Paul Warburg, the New York banker, addressed a session of the American Economic Association, held in Atlantic City, N. J., and advocated many changes in the present currency system.

Having explained that the attempts of one bank to draw on the reserves of other banks, as during the last panic, must necessarily result in increased drain by the public, Mr. Warburg explained that from such a condition there could be but one consequence, a tremendous rise in interest rates and fall in the price of securities. He spoke of clearing-house certificates as a polite term for a general suspension, and declared the present system did not even provide for scientific suspension.

The most urgent need, Mr. Warburg said, was the creation of an elastic currency, a concentration of reserves, and the possibility of concerted action in lieu of decentralization. The chief argument against the central bank system, he contended, was the existence of a bond-secured currency, the decentralization of note-issuing power and reserves, and the lack of commercial paper on which to base elastic currency, together with obsolete usury laws and a popular adverse prejudice.

Only weak nations, or those engaged in war, he said, resorted to a bond-secured currency, which always expands and rarely contracts. He approved the recent legislation, which, he said, for the first time admitted commercial paper as a basis for note issue. He regretted, however, that the note-issuing power was made contingent on previous issuance of bond-secured currency.

"We must first of all redeem our bond-secured currency so that our note issue may hereafter be able to contract in times of abundance, and so that roughly, from the lowest point upward, the note issue shall remain in healthy touch with the demand for currency," said Mr. Warburg. He went on to say that this must be done without injuring the banks that now own bonds and at the same time in a manner to provide new currency when the old was withdrawn. He said further:

"I should advocate the conversion of the present Government bonds into bonds bearing a rate of interest higher by so much that after the privilege of issuing notes against them shall have been withdrawn the bonds shall sell just as high, and possibly a little higher, than they now sell with this privilege."

Natural Basis For Bonds.

This could be accomplished in various ways and gradually, and while it would entail an increase in the interest charge to be borne by the Government, the speaker said, it would place the bonds on a natural basis and they would be taken popularly for investment. By founding a healthy financial system and preventing a recurrence of past convulsions, they would constitute the best expenditure the Government could make.

"In creating new currency," the speaker continued, "we could probably follow the lines of the recent legislation, and provide for the organization of currency associations throughout the country. These associations, which should be open also for state banks and possibly for trust companies, and which should be modified in many other respects, would discount the legitimate commercial paper handed in by their members and pass it on with their indorsement to the Central Issue Department at Washington, which in turn would issue notes against such guaranteed paper. Of course such paper with such guarantee should be taken at par and not at seventy-five per cent., as at present provided, and it should be taken at a uniform rate, to be published from time to time by the Central Issue Department.

"A most important consequence of such development would be that we should break with our present dangerous system by which banks are filled with single name paper which they cannot resell, and which, under our present conception of banking, they could not attempt to sell without ruining their credit.

"When our banks once feel that they can rely on being able to rediscount their legitimate paper they will be able to purchase it freely without, as now, running the risk of dangerously locking up their capital through such investment.

"I have repeatedly dealt with this question and with the disastrous effects of our usury laws, and have tried to show that our present system is in this respect directly opposed to the European system, and that our almost annual convulsions will perforce continue unless we make our commercial paper the quickest asset and the basis of our banking, instead of using the Stock Exchange call loan for this purpose."

THE STOCK EXCHANGE AND THE PUBLIC.

THE *Wall Street Journal* says: A system has been established whereby a very limited number of industrial corporations obtain an adequate market on the Stock Exchange for their securities, but furnish few figures to the listing committee in return.

It is years since the then chairman of the listing committee, aroused by the erratic movements in American Sugar, tried to force such concerns to list or withdraw their securities. He found himself fronting an impenetrable wall of vested interests. The abuse is an old one and has grown up rather by force of circumstances than on account of any impulse to foster loose methods.

No doubt when transactions were permitted in stocks which had not satisfied the requirements of the listing committee, the Stock Exchange had rivals and felt that in driving such trading away, it was inflicting a hardship upon its own members. Unlisted stocks are differentiated from the far greater number of listed issues by a special mark, intelligible to people who know all about the subject already. The protection afforded to the public is not worth having. The outside investor, in fact, may be forgiven if he does not recognize any difference between the two classes.

Defenders of the indefensible say that the Stock Exchange cannot pretend to guarantee the quality of what it sells any more than any market master can guarantee the quality of the beef sold at the stalls. The market master, however, guarantees not the quality but the character of what he sells. He is bound to see that what is sold as beef is beef, not horse. In quality, the buyer must protect himself. Thanks to the requirements of the listing committee, he can do this with most stocks. If, however, those requirements are not complied with, character and countenance are given to securities which are simply nothing more than blind pools.

The listing committee in the past three years has made strenuous efforts to restrict new entries to the unlisted department. The last unlisted security admitted was, it is understood, allowed only on a definite pledge of listing within a reasonable time. But among the unlisted stocks there remain such notorious offenders against publicity as American Smelting. Other industrial corporations similarly situated find it possible to make adequate reports.

Once the pressure were brought to bear, there is very little doubt that corporations whose securities are quoted in the unlisted department would abandon their policy of concealment rather than lose the privilege of a market. Opposition to the change is powerful and there must be many who profit by the present condition. It is, however, not a question of individual profits, but of setting the Stock Exchange right with the public.

WEAKNESS OF OUR BANKING SYSTEM.

UNDER date of December 30, last, the *Journal of Commerce and Commercial Bulletin* says:

The weakness of our banking system lies in the great multitude of small institutions scattered over the whole expanse of the country, each independent of the others and of any organization for mutual restraint. It is in wide contrast with those foreign systems in which there are large institutions with branches and agencies for diffusing their capital and their credit for the service of commerce. With nearly 7,000 national banks and a still larger number of banking institutions not subject to national authority, it is not possible to insure competency, prudence and honesty in their management, but the least of their perils lies in the exercise of the function of discounting commercial paper. If with such a system it is difficult to secure in adequate measure the capacity and character requisite for sound and safe banking and to maintain the standard which will command universal confidence, it is more than difficult, it is absolutely impossible, to supply the deficiency through official regulation and supervision by a Bureau of the Treasury Department at Washington. The Comptroller of the Currency cannot with safety to business or to his own office undertake to direct the vast machinery by which the web of commercial transactions is being constantly woven and wound up.

DEFINITION OF PROSPERITY.

AT a recent meeting of the Economic Club in New York city, President Butler of Columbia University, gave the following definition of prosperity:

Prosperity is not a matter of possessions, but of feeling. That man is prosperous who feels prosperous, and no man or nation can ever be really prosperous whose eyes are shut to the real things for which all material well-being is amassed. We are not going to build up prosperity, no matter how vast our resources, so long as a sense of injustice rankles in the minds of any considerable number of intelligent American citizens.

SPECULATION IS UNIVERSAL.

HENRY CLEWS, of New York was one of the speakers at a session of the Association for the Advancement of Science, held in Baltimore, December 30, 1908. Mr. Clews said:

The dividing line between investments and speculation is extremely narrow. All business is more or less speculative, because it involves risk; and we are a nation of speculators. The impulse to speculate is indeed natural and characteristic of the people of all countries. The most conservative of all investments is that of the farmer. But he is dependent upon the elements and the risk makes even farming a speculation, not merely fancy farming by gentlemen with more money than brains or agricultural knowledge, but corn, wheat and cotton growing by the plain horny-handed toilers who farm for profit.

NEW ARGUMENTS FOR GOVERNMENT GUARANTEE OF BANK DEPOSITS.

A CONTRIBUTOR to the Philadelphia *Public Ledger,* C. H. Darlington by name, takes occasion to revive the subject of guaranty of bank deposits and to state some reasons for adopting such a plan. The letter follows:

Bank deposits are the life-blood of business. The check that is drawn on them is merely evidence of title and only good when the deposits themselves are good. The deposits are for all practical purposes money. When a deposit becomes for any reason unavailable the depositor cannot pay his debts. * * *

There are $5 of bank deposits for every dollar of every other kind of money in use. Destroy faith in the bank deposits and five-sixths of the business must of necessity stop. Men begin to clamor for better, surer money. To satisfy this clamor is impossible. One dollar cannot be made to do the work of six. Panics will be inevitable until all our money of business is equally good.

Time was when the value of a bank bill was deemed solely a matter between the holder and the bank. Business offices were heaped high with detectors, and the bills, like chickens, came home to roost at night—as many as could get home. We have changed all that. The Government guarantees the bank note and the bank pays for the guarantee. What has occurred as to bill money must occur as to deposit money. The Government must guarantee it, and at the bank's expense. Then there will be no more inducement to demand bill money when financial matters take on a squally look.

At the bank's expense. That is where many banks squirm. And yet they are every one of them trying inadequately to guarantee their own deposits and doing it by keeping money idle in their vaults, a waste of earnings in safe times, no protection worth considering in squally ones. That idle money, if it were set to work would defray the cost of a Government insurance policy and earn something besides for the stockholders. How could that injure the best and strongest bank? * * *

The Government has an army of examiners. What are they for but to know that the banks are conducting their business properly? If, in spite of the best watchfulness a bank should fail, its assets would become Government property until all its debts were paid. The balance would be returned, if there were any balance. Wouldn't the bank pay for its own misdeeds?

BLOW TO BIG BOND ISSUES.

REPRESENTATIVE BURTON'S victory over the House Committee on Rivers and Harbors is being favorably received by the advocates of economy in Federal expenditures, as it cuts down this year's probable appropriations for rivers and harbors from the desired $50,000,000 or $75,000,000 to not to exceed $10,000,000, the amount of the expected appropriation for maintenance and investigative work looking to further development of the waterway policy. It is also looked upon as a decided blow to the immense waterway schemes accompanied by enormous bond issues that have been promoted at recent conventions as well as by the President in speeches.

The bond issue scheme is denounced in positive terms by some of the committee members, even those who want a large bill saying that they believe it should be paid for by some form of current taxation and not by incurring debt. This and the present depleted condition of the Treasury were really the controlling arguments at the stormy meeting at which varying votes, first one way and then the other, ended in a determination adverse to the large bill desired by the boomers. It is believed that the decision in this matter will tend to have a wholesome effect in restricting proposed expenditures in other directions.—*N. Y. Journal of Commerce.*

BUILDING AND LOAN ASSOCIATIONS.

An Officer of the Franklin Society for Home Building and Savings Writes of these Institutions.

ONE of the most successful of the building and loan associations is the Franklin Society for Home Building and Savings of No. 1 Beekman street, New York. At our request Mr. H. A. Theis, second vice-president of that society, has written especially for THE BANKERS MAGAZINE the following interesting account of these associations in general and the Franklin Society in particular.

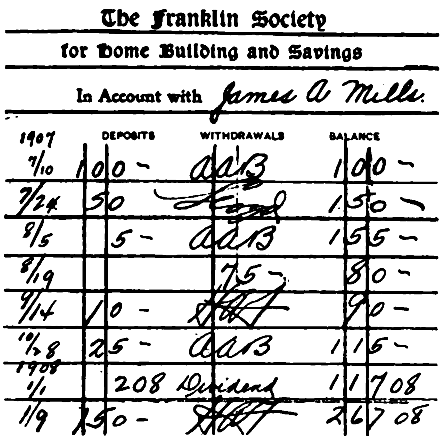
H. A. THEIS

Second Vice-President, The Franklin Society for Home Building and Savings, New York.

Building and loan associations were originally designed to encourage thrift and systematic saving among men of little means. Workingmen and artisans had few opportunities for accumulating a fund against the day of sickness and want; or, for acquiring a home. The demand for independent homes was great. To accomplish by co-operation what could not be accomplished singlehanded was the mission of the building and loan associations.

In England as far back as 1809 we find records of such institutions. The first one formed in America was organized in 1831 at Philadelphia.

In the earliest forms their field was very limited. A number of people, united by ties of locality, or a common employment, and actuated by a desire, which every good man ought to entertain, to found a home for



The Franklin Society
for Home Building and Savings

In Account with James A Mills.

1907	DEPOSITS	WITHDRAWALS	BALANCE
7/10	100 -	A.A.B	100 -
7/24	50	[illegible]	150 -
8/5	5 -	A.A.B	155 -
8/9		75 -	80 -
9/14	10 -	[illegible]	90 -
10/8	25 -	A.A.B	115 -
1908 1/1	2 08 Dividend		117 08
1/9	150 -	[illegible]	267 08

Page of Pass Book.

himself and his family, formed themselves into associations agreeing to make small periodic payments.

The funds thus obtained were advanced at auction to members desiring to build homes, the sum loaned to be repaid with interest in small installments.

The success of these associations soon attracted the attention of enterprising men. If small local associations were successful why should not the same be true of large ones? As long as monthly or weekly payment loans were in demand why should not these furnish a profitable investment for all classes?

The theory of this class of loans was new and undeveloped. In addition to excessive interest rates the borrower had to put an exorbitant premium on the money borrowed.

A class of men, ambitious and unscrupulous, saw in this condition of affairs opportunities for large salaries. They formed associations with well equipped offices, employed clerks, and hired agents to solicit subscriptions. Their expenses were enormous. To meet these they made speculative and unwise loans. The inevitable crash came. One by one the reckless institutions went into the hands of the receiver. However not all the associations formed at that time were of this character. In his report to the Legislature in 1906, Superintendent of Banks Kilburn said:

Stringent Legal Safeguards.

"As the general public could not distinguish between these mismanaged associations and the honestly conducted associations, all associations suffered severely from the disclosures made in connection with the failure of the closed institutions. The practices which led to their failure have been almost entirely discontinued."

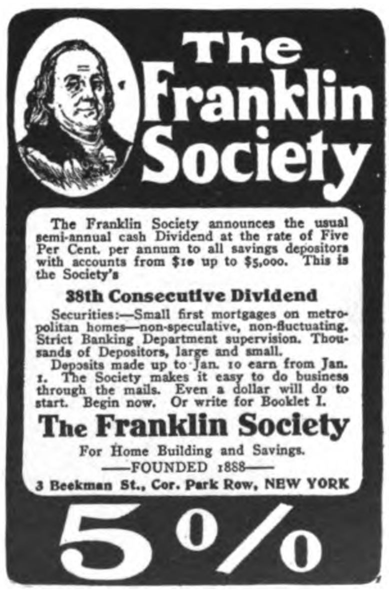
A natural reaction resulted in new and stringent laws of state regulation and supervision.

Clark Williams, Superintendent of Banks, in his report to the Legislature this year said:

"While the last year has been a very trying one for financial institutions of all classes, the building and loan associations of the state passed through their most trying ordeal some years ago. . . . Notwithstanding the financial stringency and the panic conditions that have recently prevailed, the total assets of the associations of this state have shown a greater increase than at any other recent period."

There are many associations throughout the state which are doing splendid work, but they operate in a very limited field and under awkward and cumbersome systems.

The Franklin Society is practically the only institution doing an active and progressive business which has lived and grown continually making changes to meet new



One of the Franklin Society's Ads.

demands. To-day it handles savings accounts (including mail accounts) by methods as simple and convenient as those of any mutual savings bank. It has demonstrated its ability to maintain consistently and persistently a dividend rate of five per cent. per annum.

The Origin of the Society.

The society had a natural origin and growth. In 1888 a number of newspaper men, editors, printers, and reporters, organized to encourage thrift and systematic saving. They were led by Mr. Charles O'C. Hennessy, at that time city editor of the Daily News. Little by little they extended their field. Mr. Hennessy soon saw the fallacies of the more reckless institutions and incorporated into his by-laws restrictions and principles nearly all of which are now laws of the state.

When Mr. Gilbert Lloyd, Jr., was made secretary-treasurer he took a trip to Pittsburgh and Cleveland, the centres of the most up-to-date banking by mail concerns. He studied their methods of bookkeeping and upon his return installed the latest card systems.

Accounts may be opened in the Franklin Society with one dollar or more. They may be opened by mail or in person. A specimen leaf from the pass book is reproduced herewith.

First Mortgage Security.

The society lends only on first mortgages secured by homes in the Metropolitan District and never in amounts exceeding $10,000—a class of security long recognized in France as the best in the land and gaining more and more favor all over the world. By means of these loans more than eight hundred homes have been built in and near New York city. The expenses of getting a loan are, appraisers' fees, survey and title examination. No bonus or premium of any kind is charged. Loans are repaid in installments of $10 on the $1,000. These payments are applied as is shown in the following table.

TABLE

Showing progress of a loan of $1,000 towards extinction, payments of $10 being made each month in advance.

Payments—How Applied.

Month.	Interest 6%	Principal.	Still Due.
1	$5.00	$5.00	$995.00
2	4.98	5.02	989.98
3	4.95	5.05	984.93
4	4.92	5.08	978.85
5	4.89	5.11	973.74
6	4.87	5.13	968.61
7	4.84	5.16	963.45
8	4.82	5.18	958.27
9	4.79	5.21	953.06
10	4.77	5.23	947.83
11	4.74	5.26	942.57
12	4.71	5.29	937.28
13	4.69	5.31	931.97
14	4.66	5.34	926.63
15	4.63	5.37	921.26
16	4.61	5.39	915.87
17	4.58	5.42	910.45
18	4.55	5.45	905.00
19	4.53	5.47	899.53
20	4.50	5.50	894.03
21	4.47	5.53	888.50
22	4.44	5.56	882.94
23	4.41	5.59	877.35
24	4.39	5.61	871.74
25	4.36	5.64	866.10
26	4.33	5.67	860.43
27	4.30	5.70	854.73
28	4.27	5.73	849.00
29	4.24	5.76	843.24
30	4.22	5.78	837.46
31	4.19	5.81	831.65
32	4.16	5.84	825.81
33	4.13	5.87	819.94
34	4.10	5.90	814.04
35	4.07	5.93	808.11
36	4.04	5.96	802.15
37	4.01	5.99	796.16
38	3.98	6.02	790.14
39	3.95	6.05	784.09

It may be seen that for every $1,000,000 invested in this way that $10,000 in cash is paid into the society every month. In this way each individual risk is constantly decreasing and the security getting better and better.

While the society does not promise withdrawals of large sums on demand it frequently does pay out such sums, especially when a depositor finds himself forced to meet an unexpected obligation. By not promising withdrawals on demand it keeps out a speculative element which would be more harmful than beneficial, especially in such times as we have just passed through. The proof of this may be seen in last year's record. All of us remember the panic and the days immediately following. The society closed the year December 31, 1907, without a single unpaid withdrawal on file.

The writer began his connection with the society in October, 1907, taking charge of depositors, planning an advertising campaign and maintaining a follow-up system. Though the year was a generally admitted hard one in which many depositors were forced to draw upon their savings accounts The Franklin Society gained in deposits more than double the gain made for the year 1907. The society now has depositors in every state in the Union and in several foreign countries.

The society unfortunately is the only institution of its kind and can only gain in deposits by its own educational campaign in creating confidence.

BANK FAILURE.

THE latest shocking bank failure is reported from Ohio, where a suspicious citizen buried $900 in gold in the hen house. After thieves had burned said hen house down the citizen dug a small irregular lump of melted gold out of the debris, and is now waiting patiently to have it assayed and weighed and bought back by the government. The hen house bank will not re-open for business.

LATIN AMERICA

IN the century that has passed, the development of North America has, on the whole, proceeded faster than the development of South America; but in the century that has now opened I believe that no other part of the world will see such extraordinary development in wealth, in population, in all that makes for progress, as will be seen from the northern boundary of Mexico through all Central and South America.—*Theodore Roosevelt.*

BANCO DEL ESTADO DE MEXICO, TOLUCA.

THE Banco del Estado de Mexico, in virtue of a federal government concession dated April 2, 1897, was established in Toluca, the capital of the state of Mexico and began operations August 2,

Building of the Banco del Estado de Mexico, Toluca.

1897, in the house now the property of the bank at No. 2 and 3 Calle de la Constitucion. The capital at the start was $1,500,000, with fifty per cent. paid in, and at the end of 1899 the balance of fifty per cent. was paid in. In December of 1905 the capital was raised to $3,000,000 by issuing 15,000 shares of $100 nominal value at the price of $115, the premium of $15 per share being for the purpose of retiring the 3,000 founder's shares, which had been issued originally.

The bank now has branches in the mining town of El Oro, state of Mexico, in Mexico city, and in Morelia, state of Michoacan.

Agencies are established in the towns of Amecameca, Ixtlahuaca, Sultepec, Temascaltepec, Tenancingo, in the state of Mexico,

Juan Henkel, Manager.

Mr. Henkel is a native of Hamburg, Germany, and before coming to Mexico twenty-seven years ago was connected with a German banking-house in New York city. He also gained extensive experience in Mexico with a large German importing house. He has been with the bank from its opening day.

Years.	Loans and Discounts	Deposits.	Bank bills in circulation.	Reserve fund.	Dividends declared. Per cent.
1898	$794,089.75	$15,497.67	$304,155.00	......	3½
1899	1,404,652.26	32,162.00	607,505.00	$3,337.20	7
1900	2,046,517.87	262,598.17	996,345.00	9,708.95	8
1901	2,259,710.96	600,759.82	1,315,230.00	23,788.04	8
1902	3,073,069.36	903,732.91	1,858,175.00	38,244.10	8
1903	3,209,447.05	891,883.04	1,675,155.00	52,976.25	8
1904	3,701,649.10	1,496,157.86	1,686,710.00	67,631.58	9
1905	4,309,142.81	1,700,770.07	1,979,775.00	86,524.76	9
1906	5,628,563.09	2,435,735.02	1,848,400.00	105,582.19	10
1907	5,715,054.09	2,497,113.74	1,856,895.00	144,339.62	9

and in Patzcuaro and Uruapan in the state of Michoacan.

The business of the bank has gone on progressing, as shown by the above figures taken from the yearly balance sheet.

Guillermo Lebrija, Accountant.

Mr. Lebrija came to the Banco del Estado de Mexico in 1901, and has served faithfully as bookkeeper, cashier and accountant.

The board of directors in Toluca is composed of the following: Eduardo Henkel, Alfredo Ferrat y Alejandro Pliego.

The advisory board of directors in Mexico City is formed by: Manuel Araoz, Ramon Alcazar, Ernesto Schroeder, Fernando Pimentel y Fagoaga, Donato de Chapeaurouge y Martin Ribon.

Other officers of the Banco del Estado de Mexico are: Joaquin Palomo Rincon, secretary; Guillermo Lebrija, accountant; Ignacio Garduno, cashier, and Juan Henkel, general manager.

Ignacia Garduno, Cashier.

Mr. Garduno entered the bank as a bookkeeper in 1903 and rose rapidly from that position to the office of assistant cashier and then to the office of cashier. He is a comparatively young man, a native of Toluca, and is thoroughly conversant with every detail of the bank's business.

MEXICAN BANKS.

THE city of Chihuahua has five strong banking institutions all of which are ably managed and doing a splendid business. Nowhere is banking capital managed in a safer way and at the same time more helpful to business and enterprise.

The bank of issue in this state is the Banco Minero, with headquarters in this city. It is capitalized at $5,000,000, and it has just been voted by the stockholders to raise it to $7,000,000. This bank is backed by such men as Gen Luis Terrazas and Gov. Enrique C. Creel. This bank has branches in C. Juarez, Parral, Gomez Palacio, Dgo., and Hermosillo, Son., with agencies in every important town in the state. Juan A. Creel is general manager and E. C. Cuilty assistant manager and cashier.

Banco Hipotecario, La Plata, Argentina.
(Illustration presented through courtesy of the International Bureau of American Republics.)

The Banco de Sonora, of Hermosillo, in that state, has a flourishing branch in this city, under the able management of W. C. Wineger with Leon Escobar as cashier. The Banco Sonora and its branches is one of the most successful financial institutions in the republic.

The Chihuahua Investment Co.'s bank is strictly home institution, of which Wm. Dale is president and Thos. Dale, vice-president. They built up this institution and the name of Dale goes for honesty and fair dealing.

The Banco Nacional de Mexico, one of the greatest financial institutions of the republic, has a branch here under the management of Federico Sisniega.

The Banco Comercial Refaccionario is another flourishing bank owned and controlled by leading capitalists in the Banco Minero. Martin Falomir, a prominent business man and land owner, has just been made manager of this bank, succeeding Guillermo Munoz, resigned.

Of the above banks, the Chihuahua Investment Co. and the branch of the Banco Nacional recently moved into new and commodious quarters of their own. By July 15 the Banco Minero will move into its new quarters, one of the finest in the republic. The branch of the Banco de Sonora will also soon be in new and better quarters which are rapidly being prepared for it.—*Chihuahua Enterprise.*

OPPORTUNITIES FOR AMERICAN CAPITAL.

SIGMUND KRAUSZ, whose South American letters are now being printed in the Chicago Daily News, was a recent visitor in Mexico City, and while there gave out an interview, a part of which follows:

I find that the prejudice which formerly existed against the Americans in Latin-American countries is rapidly passing. The visit of Mr. Root and the visit of the fleet, together with the example of the management of the affairs of Cuba by Americans have done much to show the South Americans that while the United States is indeed a very big, big brother, the United States has no evil designs against the integrity of the governments of these countries.

American capital is beginning to go into those countries now. Within the last year or two many very heavy investments have been made.

One of the things most needed in South America to blaze the way for American commerce is American banks. There are banks of every country in Europe, but no American banks, and it makes it the more difficult to do business with American firms.

THE UNITED STATES AND LATIN AMERICA.

IN view of the growing demand for closer relations of commerce and comity between the United States and the twenty Latin-American republics, a letter of President-Elect Taft, made public, announcing that Mr. Taft will continue the present policy toward Latin-America, is of interest. The letter, addressed to John Barrett, director of the International Bureau of the American Republics, under date of December 7, says:

I have always regarded the visit of Mr. Root to the Latin-American republics and other measures taken at his instance to cultivate their good will and to increase as much as possible the extent of their commercial relations with this country as one of the most important branches of the policy of Mr. Roosevelt.

I expect to continue the same policy toward Latin-America thus so happily entered into by Mr. Root and Mr. Roosevelt, and shall count my administration fortunate if further steps can be taken and new measures adopted to awaken a greater international sympathy.

GET SOUTH AMERICA'S TRADE.

SOME day not very far distant, it is hoped, exporters and importers in the United States will awaken to the realization that South America offers them exceptional business opportunities, and then probably a systematic and determined effort will be made to wrest from Europe the trade which, geographically speaking, belongs to us. Why this rich field has not been cultivated is one of the mysteries which for a decade has puzzled citizens who visited the continent to the South. Perhaps the explanation is that we have been too busy extending our trade to Europe and Asia, but whatever the cause, the time has passed when American merchants can any longer afford to ignore the possibilities apparent to the well informed.—*Brooklyn Standard Union.*

GENERAL NOTES.

—The Chilean paper peso has increased in value until it is now worth 22 cents United States gold, against about 15 cents at the beginning of July.

—The Bolivian Government has placed a loan of $2,500,000 with J. P. Morgan, of New York. Many offers to supply this money were made. The allotment to the New York banker has been received with general satisfaction.

—The *Mexican Financier* says that the Rediscount Bank (Caja de Prestamos para Obras de Irrigacion y Formento de la Agricultura, S. A.), is now loaning money. The loans generally made are for aiding agriculture in the form of improvements.

Exceptions, however, are provided for, and where farmers or owners of agricultural lands owe money to banks on short time paper, on the endorsement of the banks holding the notes, the Caja de Prestamos will pay the amount and greater facilities will be given the debtor in paying off the obligations, these facilities being in the way of lower interest and longer time. No loans will be made for a longer time than fifteen years. The rate of interest charged is seven per cent.

Another exception provided for is the loan of money to further the development of the oil industry of Mexico, the coal fields and the iron industry. The same conditions apply to parties making loans for these purposes as apply to the agriculturalist.

The Caja de Prestamos has a capital stock of $10,000,000 besides $50,000,000 which the government secured on bonds bearing their guarantee. It recently received remittances from the United States to cover the sale of these bonds which were floated there and is now in a position to very greatly aid the agricultural industry in Mexico.

—President Roosevelt has invited the Governor General and the Premier of Canada and President Diaz, of Mexico, to confer with him at the White House on a plan for the conservatism of the national resources of North America. The date of the conference is to be February 18.

—A project for the development of the national territories of the Argentine Republic was recently promulgated by Congress which authorized the Executive to build railways, construct shipping facilities, concede subventions to shipping and develop the inland waterways. The Executive is authorized to make use of credit to the extent of $25,000,000 gold.

—The Diario Oficial of November 26 contains a decree of President Diaz of the same date reducing the import duty on wheat to 1 peso (49.8 cents) per 100 kilograms gross weight (or 13.6 cents per bushel). This step is taken to relieve the scarcity of domestic wheat, and the reduced rate, which went into effect December 15, 1908, is to remain in force until April 30, 1909, inclusive.

—The Nicaraguan charge d'affaires, Benigno Diez Salceda, who received his appointment as envoy extraordinary and minister plenipotentiary last June, has resigned from his post and will in the future devote his time to his large business interests.

In the diplomatic lists of Nicaragua Mr. Diez Salceda figures as minister, and the secretary of the Nicaraguan legation, Pio Noriega, will remain in charge of its affairs as he has done since the retiring diplomat's departure for Europe.

—Consul Luther T. Ellsworth sends detailed statistics showing the value of the foreign production imported by the Mexican district of Ciudad Porfirio Diaz during the six months ended June 30, 1908. The total was $2,363,059 American currency, of which the United States furnished $2,050,990 worth, Germany $198,522, England and India $88,728, France $14,094, and Spain $9,376. The largest items from the United States were: Engines $356,612, lumber $181,397, steel rails $106,288, cottonseed oil $270,000. The consul adds that the popularity of American manufactured articles and productions is not diminishing, and he expects this trade to increase rapidly when business again resumes its normal conditions.

—The following report from Puebla is published by the Mexican Herald:

The national exposition which it was proposed to hold here in 1910 will not be carried into effect, this decision being arrived at by the committee which thereupon dissolved. The reason for this is that only $250,000 had been got together, which would not be sufficient to defray initial expenses. A committee was appointed to officially apprise the governor of the state of this resolution.

—The Mexican treasury has a surplus of $18,594,426, and the budget for the coming year indicates an excess of revenues over expenditures of $325,697.89. The Mexicans appreciate the difference between a surplus and a deficit.—*New York World.*

—Enterprising business men of Parral, Chihuahua, Mexico, both Mexicans and foreigners, have organized a Chamber of Commerce and elected the following officers: F. Griese, president; Juan B. Baca, vice-president; Jas. Q. Long, treasurer; Charles Perez, secretary, and E. Schaefer, assistant secretary. The organization has located its headquarters on calle Coronado next to the U. S. Bank and the officers and board of directors will meet there every Sunday morning from 11 to 12 o'clock.

A circular is to be issued to all the business men, miners, professional men and hacendados in the Parral section inviting them to become members of the organization and co-operate in the up-building of Parral and its tributary territory.

EXECUTIVE COMMITTEE, NATIONAL CURRENCY LEAGUE.

Finley Acker, Philadelphia Trades League.

Wm. George Bruce, Merchants & Manufacturers' Association, Milwaukee.

Francis T. Simmons, Chicago Association of Commerce.

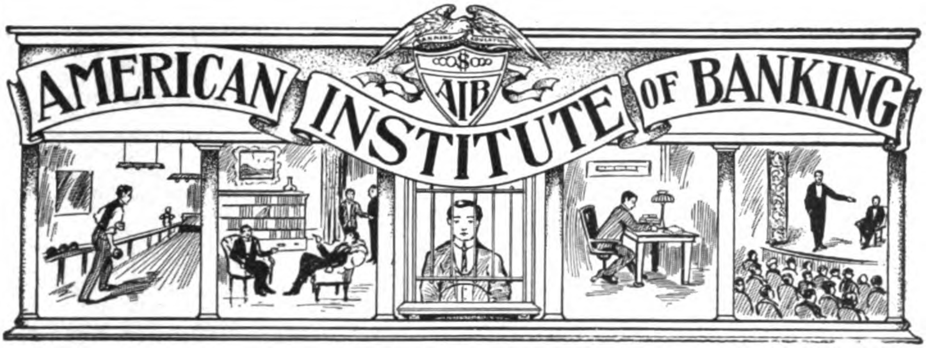
Lyman H. Treadway, Chamber of Commerce, Cleveland.

Herbert E. Law, Merchants' Association, San Francisco.

R. G. Rhett, Charleston Chamber of Commerce.

Irving T. Bush, Merchants' Association, New York.

(*See Bankers Magazine for December, 1908, p. 839.*)



THIS department is conducted in the interests of the American Institute of Banking. From time to time articles of special value to members of the Institute will appear here and it is intended to publish as much news of the various chapters as possible. It is hoped that each chapter will appoint someone whose regular duty it shall be to correspond with THE BANKERS MAGAZINE for this purpose.

Group and individual photographs of officers and members, photographs of chapter rooms, accounts of banquets, debates, speeches and chapter progress are desired and practical suggestions and discussions are solicited from all members of the Institute. Manuscripts and photographs must reach us by the 12th of the month to be in time for the following month's issue.

BUSINESS ABILITY.

An Inspiring Statement of Some Fundamentals of Success.

By Walter H. Cottingham.

"BUSINESS Success" is the title of a book by Walter H. Cottingham, vice-president and general manager of the Sherwin-Williams Co., which has been sent us by the Dodge Publishing Company for review. The chapter in this book entitled "Business Ability" is so strong and of such a special value for ambitious members of the American Institute of Banking that we have secured permission from the publishers to reproduce this copyrighted chapter in full as follows:

There are two kinds of ability, natural ability and acquired ability. I have more faith in the latter than in the former, on the principle that what comes easy, goes easy, and what you get by hard knocks usually sticks. It is a fortunate thing for the majority of us that ability can be acquired. It is gained by experience and study, by doing things over and over again and watching the results, by learning how not to make the same mistake twice, and how to follow up and develop each successful action. The very best way to get ability is to do thoroughly whatever you do. Master every detail of each piece of work that falls to your lot. Really the genius of success is nothing more than doing well whatever you do. If this rule is followed you cannot fail to develop ability of some kind, and how great your ability becomes is largely dependent upon your capacity for learning. But remember this, it is much better and vastly more profitable to know how to do a few things well than to do a great many things indifferently. Be a specialist in something, and then take on, besides, all you can. It is the man who learns to do some one thing better than it has ever been done before who wins the prize. Practice, constant practice, is the only way to acquire sound business ability.

Applying Your Experience.

With practice and experience come good judgment. Good business judgment is nothing more than applying to your work the sound principles you have learned by hard experience. There's not much chance for a man to display judgment unless he has been through the mill himself. I believe there is such a thing as business instinct, by which some men seem to know intuitively the right decision and the psychological moment for action. But I also believe that this power can be acquired by studious experience. The very best way to gain business ability is to dig down into every transaction you handle, and find out the reason for it. Investigate, analyze, study. Do not be content to do things by rule alone; know the why and wherefore of them. Master every position which you occupy and learn as much as you can about the one just ahead of you. Let your watchwords be: Development, improvement, progress. Take stock of yourself very frequently, and find out if you are developing, improving, and getting ahead, and if you are not, find out the reason and do not blame anyone but yourself, for development and improvement depend upon yourself, and yourself alone. Get these things into line and nothing can stop your progress, for in business the demand for exceptional ability is always greater than the supply.

The greatest stumbling block to development of capacity and ability is the contentment of men and women with mediocrity. They are satisfied if they reach average conditions. They're not willing to put forth that extra effort necessary to pull away from the crowd—to rise above the average. They become tired of the struggle and cry out pitifully, "What's the use? What's the good? I'm not going to kill myself trying to get ahead further—I'm doing well enough!"

Growth and Progress.

Poor souls! They fail to realize that the only real satisfaction in life is growth and progress; that the whole purpose of life is self-development; that when we give up the struggle we invite decay. We deceive ourselves if we imagine happiness is to be found in ease or comfort or idleness. It lies in the desire and effort for improvement—in equipping ourselves for bigger and greater things.

When I speak of growth and development, I do not mean simply material advancement, making of more dollars, or acquiring of more fame. I mean the development of all our powers; I mean the making of a career; the building of a personality. These are the only things worthy of our finest efforts. No, my friends, mediocrity won't do. It falls short. It fails to satisfy. Reach out! Strike high! Strike for supremacy!

Be What You Want To Be.

My faith in man's ability to learn is so great I believe with energy and perseverance he can fit himself for any kind of position. I believe he can be practically what he wants to be, if he is willing to pay the price. Great success demands a great price. The things worth having in this world all command high prices, and must be striven for. It is through tremendous striving that we develop. If there was nothing to strive for we would not exert ourselves, and without exertion there would be no development, no growth.

Ability is the award of patient, tireless, dogged perseverance. Its acquirement is worth a mighty effort, for it is by the exercise of it that men gain power, fame and riches in business.

A great aid in acquiring business ability is to study successful men and successful methods. There's a reason for every man's success, and a knowledge of how the great men of business—the captains of industry—have won their positions cannot fail to interest as well as instruct those who indulge an ambition to follow in their footsteps. The more you study the biographies of successful men and their methods, the better you will understand that there is less of genius and mystery about their make-up and more of every-day common sense and hard work than is generally thought.

In the development of one's business ability, it is important to ascertain as early as possible your natural points of strength, so you can work in that direction. Most men are cut out for some one particular kind of work more than another, and a man's best chance is to follow the career for which nature intended him. And remember always that it is better to be a success in something, even if it is short of your desires, than to attempt more than you are capable of and fail at it. Human effort has its limitations, and that man is the wisest who finds his limits and succeeds within them, rather than to aim at something outside his range which he can never reach. When a man has made the most of what he is, he has won success, and nothing short of it should satisfy him.

In business watch your competitors. Never for an instant allow yourself to entertain the idea that you are above or superior to competition. The successful general is the one who rather over-estimates than underestimates the strength of the enemy, and prepares for the worst. No one man or concern has a monopoly of all the best brains and methods. He is a mighty smart one who can acquire a little more than the average. Let competition be an incentive to your energy and ambition. Give the other fellow a fair, square deal and beat him out on your merits.

The other chapters in this book are: The Field of Business; The Choice of a Career; The Start; Training for the Race; Work to a Plan; The Value of Time; Be Enterprising; System; Enthusiasm; Character. The price of the book is seventy-five cents and we heartily recommend it to the perusal of every A. I. B. man. The Bankers Publishing Company will forward the book upon receipt of price.

VARIOUS CHAPTER EVENTS.

Lectures.

Chicago, Nov. 24.—Judge Karel of Milwaukee: subject, "Yellowstone Park," stereopticon.

San Francisco, Nov. 24.—James F. McGauley, Savings and Loan Society; subject, "The Ideal Savings Bank;" William B. Compton, Crocker National Bank; subject, "Subject to Change." Dec. 17, John S. Partridge; subject, "Mortgages and Deeds of Trust."

Baltimore, Dec. 8.—Chas. W. L. Johnson; subject, "The Balkan Peninsula," stereopticon. George E. Allen, Educational Director A. I. B., "Financial Fog."

Buffalo, Dec. 9.—F. W. Hyde, National Chatauqua Co. Bank, Jamestown, N. Y.; subject, "The Panama Canal and Its Commercial Value."

Richmond, Va., Dec. 10.—Geo. J. Seary; subject, "The Postal Savings Bank."

Oakland, Cal., Dec. 10.—Prof. A. C. Whitaker; "The Commercial Bank and the National Banking System." A large number of bank officers attend these lectures.

Springfield, Mass., Dec. 22.—Prof. J. W. Crook; subject, "Government Ownership."

Pittsburgh, Nov. 24.—Judge J. D. Shafer; subject, "Mortgages."

Philadelphia, Dec. 18.—Chas. Heber Clark; subject, "Deep Waterways." January meeting, Atty. John J. Sullivan; subject, "The Law Partnership."

New York, Dec. 17.—Chas. A. Conant; subject, "Banking and Exchanges of the Orient." Col. Chas. E. Sprague, "Savings Bank Acountancy."

Detroit, Dec.—Hon. Geo. A. Loud; subject, "An Hour With American Poets."

Los Angeles, Nov. 18.—G. F. Bovard, Pres. University of Southern California; subject, "Elements of Character Necessary to Success." Leslie W. Gray, "Fire Insurance Companies." Chas. V. Peckham, "Fire Insurance Adjusting."

St. Louis.—Among those who have spoken or will speak to the members on educational topics are: W. G. Lackey, bond officer of the Mississippi Valley Trust Company; V. L. Price, chairman of the executive committee of the National Candy Company; Clay Herrick of the Brooklyn branch of the Cleveland Trust Company; Professor J. C. Monoghan, principal of the Stuyvesant Evening Trade School, New York city; D. C. Houston, president of Washington University, St. Louis; Reverend Father Conway, professor of finance and commerce, St. Louis University; E. D. Hulbert, of the Merchants Loan and Trust Company, Chicago; John I. Beggs, head of the public utility companies of St. Louis; W. R. Barclay, vice-president of the Simmons Hardware Company, St. Louis; P. W. Coyle, commissioner of the Business Men's League Freight Bureau, St. Louis, and J. C. Lincoln, commissioner of the Merchants' Exchange Traffic Bureau.

Norfolk, Va., Nov.—E. R. F. Wells; subject, "The Influence of Legislation as Related to Banking."

Spokane, Wash., Dec.—J. T. Burcham; subject, "Commercial Law."

Chicago, Dec. 22.—Atty. James I. Ennis; subject, "Checks."

Social Affairs.

Chicago, Dec. 8.—Annual "Ladies' Night;" musical program and dancing.

New Orleans, Dec. 23.—House warming for new quarters at Canal and camp streets; committee, W. R. Machado, C. W. Kay, F. L. Ramos and Wm. Palfrey. Short talks and musical program.

Richmond, Va.—January meeting a New Year's smoker in charge of entertainment committee.

Baltimore, Dec. 22.—First of two dances. Committee: J. Custis Handy, H. B. Shaffer, W. P. Duvall, D. A. Ralston, S. M. Reid and S. H. Moore.

San Francisco, Dec. 1—Chapter moved into its handsome new quarters in First National Bank building, Post and Montgomery streets.

Oakland, Ca., Nov. 12.—"Ladies' Night."

Los Angeles, Nov. 12, 13.—Minstrel show.

Banquets.

Jackson, Tenn., Dec. 15.—First annual "Duck Supper," B. H. Blalock, presided. Speakers: I. B. Tigrett, president Tenn. Bankers Assn.; F. B. Fisher, vice-president Union Bank and Trust Co.; Col. R. S. Fletcher, president Bank of Commerce; W. G. Foster, editor Jackson Daily Whig. There was a large attendance of local and out-of-town bankers.

Milwaukee, Dec. 19.—Dinner at the Plankington given by Milwaukee Chapter in honor of the Minneapolis Chapter debaters.

Debates.

Philadelphia.—Recent questions debated, "Tariff Revision," "The Deposit Guarantee Question."

Milwaukee, Dec. 19.—Debate between Milwaukee and Minneapolis chapters, question: "Resolved, That general business interests would best be subserved if all banking were entirely transacted by national banks." Milwaukee supported the affirmative and won, its speakers being Alexander Wall, S. M. Smith and Frank Bachhuber.

Chicago, Jan. 26.—Mock session of the House of Representatives. The proposed Chicago-Detroit debate did not take place Dec. 19 as Detroit did not get a team together in time.

New Orleans.—Extracts from a recent debate are given elsewhere in this department.

New Chapters.

A movement to establish permanent headquarters in a downtown office building where clubrooms will be furnished with all conveniences, was inaugurated at the meeting last night of the Denver Chapter of the American Institute of Banking, an organization consisting of bank employes and a branch of the American Bankers Association. The following committees were appointed. Program—Page Lawrence, C. D. Williamson and H. B. Snyder. Publicity—G. A. Askling, J. T. Pickett and O. E. Crabill. Educational—C. I. Deardon, W. O. Bird and H. M. Sammin. Entertainment—J. N. Hansen, U. P. Reed and R. J. Baker. Finance—J. B. Lippet, A. B. Olson and George M. Hauk.—Denver Times, Dec. 10.

The Board of Governors of the Portland, Ore. Chapter consists of G. W. Gammie, Ladd & Tilton Bank; G. Jones, First National Bank; A. M. Wright, United States National Bank; G. W. Weber, Bank of California; F. H. Fleming, Merchants National Bank; W. H. Mathewson, Canadian Bank of Commerce; D. W. Upshay, Portland Trust Company; F. A. Freeman, Lumberman's National Bank; J. W. Bickford, Security Savings and Trust Company; and C. D. Sewall, Hibernia Savings Bank.

Officers of the new Shreveport, La., Chapter are: President, George Johnson, First National Bank; vice-president, C. F. Haywood, Commercial National Bank; secretary, J. C. Baker, American National Bank; treasurer, E. A. Conway, of Continental Bank and Trust Company.

The Memphis, Tenn., Chapter was formally organized on Dec. 4. Franklin L. Johnson of St. Louis, president of the Associated Chapters, was present. Officers were elected as follows: Laurence C. Humes, of the First National Bank, president; Frank Bragg, of the Union and Planters Bank and Trust Co., vice-president; Ernest Oppenheimer, of the Bank of Commerce and Trust Co., secretary, and R. S. Scrivener, of the Mercantile Bank, treasurer. These four offcers, with Horace Smith, of the People's Savings Bank and Trust Co., Abe Lewis, of the Commercial Savings Bank and Trust Co., and A. A. Tobias, of the Central Bank and Trust Co., will constitute the executive committee.

Contests.

Pittsburgh, Dec. 8.—Pierce Ferguson, of the First National Bank of Charleroi, Pa., won the money counting contest in the remarkable time of ten minutes and five seconds. Mr. Drake, of the Mellon National Bank, and Mr. Wells of the Pittsburgh Bank for Savings, took second and third place respectively. The adding machine contest was won by Mr. Edward W. Doehla, of the Monongahela National Bank. Mr. Doehla listed and totaled correctly one hundred and fifty checks in two minutes and thirty-two seconds. Mr. Ritchie and Mr. Vandevoort, of the same bank, took second and third prize, respectively. This makes the third time that Mr. Doehla has won the adding machine contest.

The adding machine contest which has been in course of arrangement between Richmond (Va.) and Oakland chapters has been postponed. On account of the fact that the contest will be held between teams, and also individuals, it became essential that more time be taken in which to make the arrangements absolutely complete without any opportunity for any misunderstanding. The number of checks, originally two hundred has been changed to one hundred and fifty, and it has been decided to allow Mr. Bates of Richmond to run against Mr. Stuart of Oakland after the work of the teams has been done. The Burroughs Adding Machine Company of Detroit has taken a great interest in the competition, and Local Agent D. E. Perkins has expressed his willingness to give a cup to Oakland if the individual winning score is held by a member of Oakland Chapter.

Oakland Chapter.

Oakland Chapter has had a most remarkable career in its first eighteen months of existence. Organized in August, 1907, but three months prior to the panic, it found itself with its president and treasurer in the only two banks in Oakland that closed, and its members in just about the same hysterical condition as that in which every bank officer and employe in America was when the stringency commenced.

Despite these drawbacks, within a year of its organization it boasted of a membership of one hundred and sixty, its own quarters furnished at an expense of nearly a thousand dollars without a cent of indebtedness, and with more publicity to its credit in local and eastern papers than any other chapter in America.

W. A. Stuart of the Central Bank of Oakland, an enthusiastic member of the chapter holds the world's record for one hundred and fifty items on the Burroughs Adding Machine and was presented with a cup setting forth the facts by the local agent.

Arrangements are now being completed whereby Mr. G. H. Bates of the Richmond, Virginia, chapter, will contest with Mr. Stuart for the supremency again, one hundred and fifty checks, the event taking place some time in January, probably the twenty-eighth. At the same time, two teams of five men each from the two chapters will match one another, the results being exchanged by wire.

KENNETH A. MILLICAN, Sec.

Dec. 15, 1908.

Seattle's Monthly Paper.

Seattle Chapter has begun the publication of "Seattle Spirit," a monthly paper covering the various phases of the chapter's activity.

ANOTHER SUCCESSFUL INSTITUTE MAN.

On January 1, Fred I. Kent, formerly manager of the Foreign Exchange Department of the First National Bank of Chicago became a vice-president of the Bankers Trust Company of New York. The "Bank Man," the organ of the Chicago Chapter, gives this sketch of Mr. Kent:

Fred I. Kent.

Mr. Kent has spent practically all his business life with the First National, where he has risen from a modest clerical position to an important official one within a comparatively few years.

He is a thorough Institute man, having been one of the organizers of Chicago Chapter, and was its first president. The subsequent remarkable success of our organization has been due largely to the intelligent and painstaking foundation building performed under the executive direction of Mr. Kent, during the first two years of our career. In recent years he has retained an active interest in the affairs of the Chapter and of the Institute, and is now a Fellow, and President of the Correspondence Chapter. On numerous occasions Mr. Kent has appeared before the local chapter, and the announcement of an illustrated lecture on his travels has invariably attracted a large audience. His recent effective work as Chairman of the Express Companies Committee of the American Bankers' Association has received strong commendation from bankers all over the country, and has resulted in the inauguration of a practical reform, the development of which will be watched with unusual interest.

Mr. Kent's career—and he is but a young man, having not yet touched forty—is a significant example of what can be accomplished nowadays by application and hard work—accompanied by a reasonable amount of healthful recreation (for he does love golf and fishing). He never had any "pull" other than what may be secured by ability and willingness to work. What he has achieved may be duplicated, in greater or less degree, by any young man who has as much real desire to succeed as has Mr. Kent.

The Bank Man and Chicago Chapter extend to "Fred" hearty congratulations on a well earned promotion, and will look forward with pleasure to the time when we can entertain him as "our distinguished guest from New York."

DEBATE AT NEW ORLEANS.

THE New Orleans Chapter is very much interested in debating. At a recent meeting the discussion was on the following question:

"Resolved: That the establishment of postal savings banks would be in the best interests of our country."

Decision was rendered in favor of the affirmative. Extracts from all the speeches are as follows:

AFFIRMATIVE.

Absolute Security.

W. B. Machado:

It means that if we pass this postal savings bill, immediately we would have thirty-eight thousand commodious savings banks conveniently located, known to the people, and sufficiently manned by competent officials. Every man, woman and child would believe the security was absolute. No question would be asked, no investigations made, relative to its safety. Every person that had a dollar who had no faith in private institutions would immediately place it in this bank. Does any sane man doubt the truth of these statements? Can any man doubt that immediately the countless millions now hidden in the pockets of the people would begin to come out of hiding, and would soon be in the channels of trade? Can any man doubt that the panic that we have been suffering from, a panic caused entirely by the people's fear of banks and the banks' fear of themselves, would not have occurred if we had had in operation a savings bank system? Can you deny that the wage-earner, the farmer or the man living in a town where there are no banks will be benefited? Can you not see what a real boon it would be to all these small saving people?

Avoid Panics.

F. G. Walle:

Most of the money withheld from circulation in the panic of 1907 went into the pockets of the people and the safety deposit boxes of the banks. I have statistics here to show that the number of safety deposit boxes rented from September to December of the year 1907 exceeded all previous records and the number of new boxes rented in New York alone amounted to over 200 during a single week. So helpless were the banks to prevent the locking up of currency that in San Francisco and several other cities the banks and safety deposit companies made formal arrangements to positively refuse to rent boxes to any one. For months this agreement was in force until it was finally modified to the extent of renting boxes only to those who could show legitimate use for them. Can any one doubt that postal savings banks would have assisted the banks and made such radical measures unnecessary?

Patriotic Duty.

Rudolf S. Hecht:

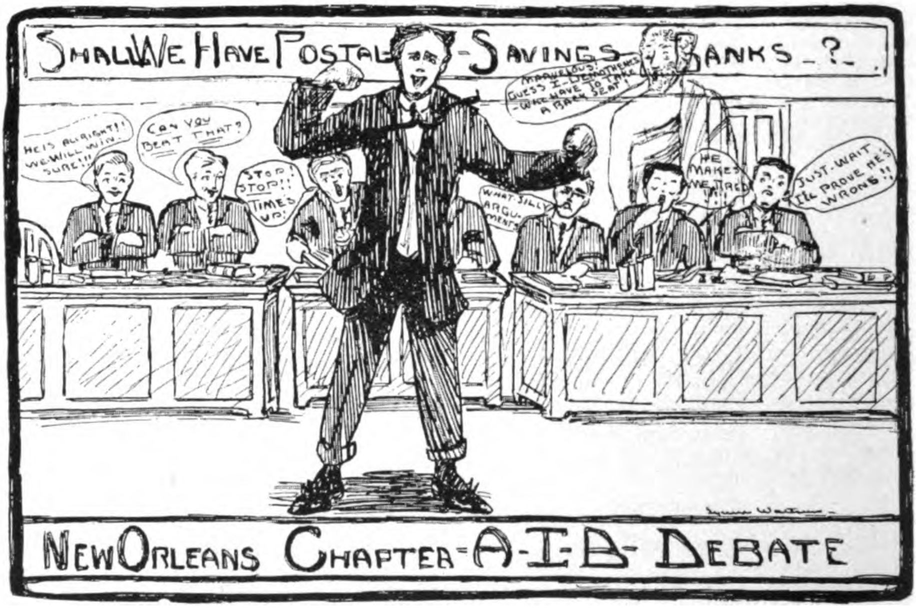
It seems clear that if our citizens are thrifty, they will be more apt to be contented and happy and if they have placed their savings with the government they would be more imbued with the spirit of patriotism. The world's wisest and most far-seeing statesmen have realized that an individual who has been invested with a selfish interest in the maintenance of the nation's credit will at once become a more conservative and more dutiful and a more loyal citizen. Every patriot whether he be Democrat or Republican knows that most of our political ills could be cured by an intelligent use of the ballot.

NEGATIVE.

Few Failures Now.

E. S. Luria:

The soundness of our existing institutions for savings is undeniable, because failures at present are rare. The total number of failures, according to the report of the Comptroller of the Currency, during the year ending June 30, 1907, was thirty-four banks; these were ten state banks, four trust companies, and twenty private banks. In the year 1906 the aggregate net loss to depositors in savings banks was the trivial sum of $120,000, being 3-10,000 of one per cent. on a total of $3,500,000,000 in savings deposits, whereas the proposed government rate of interest, that is two per cent., would have deprived the depositors of at least $50,000,000 in interest, in that very same year. Think of it, honorable judges, $120,-000 lost whilst the proposed establishment of postal savings banks would have shown a loss of some $50,000,000 in interest to depositors within the same period.



From the Hibernia "Rabbit."

As It Looked to the New Orleans Cartoonist.

European Examples.

F. L. Ramos:

How about France at the time of the establishment of the postal savings banks? There were almost the same conditions as in England, only worse. The savings banks were not only few in number, but were so restricted by law, as to make their very existence a wonder. Under the legislation then in force, these banks could not receive from any one depositor more than $60 per week nor could any account exceed $200. Minors and married women could open an account only through the intervention of their teacher, legal representatives, or husband, and could only withdraw through such intervention.

The Government then organized the postal banks, and at the same time repealed the obnoxious laws. Again, is it a wonder that these banks thrived? Here again as in England there has been a deficit due to the same causes. Why, if public savings banks were in existence in these countries, they would be paying surely one per cent. more interest, due to a greater field for investment, and on a total of $1,000,000,000 postal deposits in these two countries, this would mean $10,000,000 more interest to the people. Of course, such a small sum does not matter, the people do better by putting their money in the Government banks, and thus help the Government buy warships and guns, maintain great standing armies, buy aeroplanes, and balloons, and thus help the agricultural class.

Present Banks Would Suffer.

Abram Luria:

Now, to my argument, that postal savings banks would be injurious to the people's enterprise, the American savings banks. Notwithstanding what my opponents may say, postal savings banks having the guarantee of the Government behind them will undoubtedly harm our savings institutions, and bear this in mind that every penny of the millions of dollars that would leave our savings banks to go into the government banks is an argument in itself against their establishment. That the savings banks would be injured, you just have to recall the conditions in Great Britain as shown to you by my colleague a few moments ago, where fully fifty per cent. of the trustee savings banks there were forced to close by the establishment of the postal savings bank.

ALLING FOR PRESIDENT.

New York Chapter Nominates its Candidate for Head of Associated Chapters.

AT a special meeting of the Board of Governors of New York Chapter, held on December 30, 1908, Newton D. Alling, chief clerk of the Nassau Bank, was unanimously nominated for the office of President of the Associated Chapters.

Photo by Oliver Lippincott, N. Y.

Newton D. Alling.

Mr. Alling has been president of the New York Chapter and a trustee of the Institute. He has written many papers on financial subjects which have attracted favorable attention and been widely published in banking journals. Among them one entitled "Bank Reserves," in which the recent panic was predicted.

Mr. Alling is widely known in Institute circles and is popular.

At the meeting of the New York Chapter on January 21, Mr. Alling delivered the following address on the educational work of the Institute:

The Institute was originally organized by a committee of the American Bankers Association to carry on study courses for the benefit of its members who were to be drawn from the clerks in the various banks of the country. Such members were authorized to organize themselves into chapters in any cities where there were a sufficient number to warrant. The chapters soon grew to such proportions in the larger cities that their numbers and work overshadowed the work of the Institute courses of study. The chapters held annual conventions and formed a Federation which has within the past year taken over the whole management and direction of the Institute and been made a section of the A. B. A. with a representative sitting on its council.

The arrangement and administration of the study courses has been placed entirely in the hands of the International Correspondence Schools of Scranton, though the control and issue of the certificates still rests with the Institute. A special rate is of course made to members of the Institute by the Scranton School. Since this change has been made a marked improvement has been noticed in the number and work of students. More certificates have been issued, and among the chapters themselves a steadily increasing tendency is noticed toward having lectures and courses which are calculated to prepare chapter members to take the examinations and secure the certificate or diploma of the Institute. This is quite as it should be. For the grounding of the members in the subjects contained in the Institute courses is substantially the only excuse for the Institute's existence. And if we can not make those courses so attractive and valuable to the young bank men of the country that they will be anxious to take them, and, having taken them and obtained the certificate, be so much better informed and more competent than those who have not, that they will be preferred, then the Institute will have missed its aim.

As I have said the chapters are having lectures and reading courses of their own, calculated to prepare the members to take the examinations and procure the certificate. This is not in opposition but rather in support of and collateral to the correspondence courses, which are more for the benefit of those in rural districts where the formation of chapters is not possible and their benefits not to be obtained. Notably successful have been such lecture courses under the direction of the Education Committees in New York and Chicago during the current season.

And I want to see the time not far distant when such lectures with suitable commentaries may be prepared by competent professors and printed under the auspices of the Institute for use in any of its chapters which through a shortage of members and funds may not be able to engage professors as New York and Chicago can.

For, beneficial as the study courses are by correspondence, I believe that they will be far more so if they can be taken in class, where the inspiration for study is stronger, and the enthusiasm born of emulation is a factor.

Of course the regular chapter work is useful and is not to be forgotten. I mean the regular meetings where addresses on topics of varied interest are given, papers read by members and some measure of social and entertainment work engaged in. But this is all up to the individual chapters and the Institute has no reason for interference.

We therefore come to the conclusion that the Institute should make every effort to advance the study courses, and to this end I am in favor as I said previously of having prepared under the auspices, and at the expense of the Institute, suitable courses of lectures which will supplement the reading recommended, these courses of lectures to be used by the small chapters throughout the country. My idea is that these lectures could be read in class by one of the chapter members, and we could even go so far as to have commentaries appended, where a digression into the more important branches of the subject was considered advisable. Thus in time could every small chapter be placed upon an equal footing with the large ones, and the full advantages of the Institute would be made available to all.

BANKING IN CANADA.

CONCERNING the establishment of numerous branch banks in small places in the Dominion of Canada and the resultant increase in the amount of business, Consul Frederick M. Ryder, of Rimouski, Quebec, reports:

"There were on December 1, 1908, no less than 1916 branch banks doing business in Canada, 13 having been established during the month of November. These branches represent the 30 chartered banks of the Dominion having head offices in commercial centers; of these Toronto has 11, Montreal 7, Quebec 3, Halifax 2, while Ottawa, Hamilton, Winnipeg, St. John, St. Stephen, Oshawa, and Sherbrooke have 1 each.

"These chartered banks also maintain 16 branches in the United States, 24 in Cuba and the West Indies, 3 in London, 1 in Paris, and 1 in Mexico City, making a total of 1916 branches. At the present rate of increase, it will not be long before every town of 1,500 or even many of less population will have its banking institution, for there appears to be no limit to the number of branches a chartered bank may establish. One of these, for instance, with a capital and surplus of $25,000,000, has 135 branches, while another with $5,000,000 of capital and reserve, has 81.

"There is no doubt that these branch banks, located in small towns, are of material assistance in facilitating the business of the country merchant, lumber manufacturers with limited capital, and commercial interests generally. There appears to be a greater demand for advances and loans on good security than the deposits in many of these branches would warrant, in which case the matter is referred to the head office, and, if deemed advisable, sufficient funds are transferred and placed at the disposal of the branch manager for the accommodation of his client.

"One scarcely realizes the volume of business transacted by these branch banks scattered in the apparently obscure towns of Canada, and the amounts of money thus gathered and forwarded to the parent institution materially increase the funds at its disposal and enlarge its influence in the trade centers of the Dominion. Every one of these branches maintains a savings department, where interest is paid quarterly at 3 per cent. per annum on daily balances. These, in addition to the postoffice and government savings banks, have educated the Canadian people to acquire the saving habit, while the benefits naturally accruing from such thrift are plainly visible in every direction."

BANKING PUBLICITY

THIS department is for the benefit of those interested in promoting the business of banks, trust companies and investment houses by judicious advertising. Correspondence is desired. The purpose is to make this department a clearing house for the best ideas in financial publicity. Send inquiries, suggestions, information concerning results of various methods and campaigns, and samples of advertising matter for comment and criticism, to T. D. MacGregor, Manager, Publicity Department, Bankers Publishing Co., 90 William Street, New York.

ADVERTISING A COUNTRY BANK.

By Archibald G. Boal, Cashier, First National Bank, West Elizabeth, Pa.

ADVERTISING a country bank is not essentially different from advertising a city bank. Both are seeking customers. Customers are just plain everyday human beings. They are influenced by plain straightforward talk. In a country bank the man who writes the ads. is often the man who waits on the customers. He comes to know the people of the community intimately. If he is a good ad. writer his advertisements read like little confidential talks or letters to folk he knows.

Archibald G. Boal.

In spite of the fact that the banking business is centuries old it is new and mysterious to hundreds in every populous community. Most of them are willing to learn something about the banking business if approached in the right way. They must be led gently. They must be encouraged to understand that it is not difficult to learn the rudiments of the business and they can be shown that it is not extra hazardous for the depositors.

From day laborers to men in the professions, there can always be found some who hoard their money through fear and ignorance of banks. They assume risks in caring for their money in their own way that would not be taken if it was placed in any bank organized under national or state laws. It is possible to persuade some of them of the greater safety for their funds in a bank.

Any banker that secures a deposit of hoarded money has done a good service to the depositor and to the community at large. The depositor secures greater safety for his money and the community's power to do business is increased.

A Suggested Plan.

In laying out a campaign for advertising a country bank a plan of proceeding similar to the following may be adopted:

1. Fix in the minds of the people the location and appearance of the bank.
2. Tell them why your bank is a safe place for them to place their money.
3. Show them the advantages of keeping a checking account and tell them how

small a sum of money is required to open such an account.

4. Tell them of the advantages of savings accounts and certificates of deposits and the rate of interest paid on each.

5. Advise them on what terms money is loaned and emphasize the fact that a bank's customers have preference over other borrowers.

6. Explain the other services that a bank performs, such as issuing money orders or drafts, advising about investments, safe deposit boxes, etc.

7. In a plain and convincing manner discuss the importance of a bank in each community. Show how a properly conducted bank is as important to the welfare of the town and surrounding country as any business house, or industrial establishment.

This is only a general and suggestive plan. Any bank officer who makes a study of advertising his bank can enlarge it to meet the requirements of his particular location.

In the first suggestion the idea is to make your bank so well known that if a stranger asked any one where he could find a bank he would be almost sure to be told of your bank even if there were two or three competitors. The bank that advertises well places its name and location in the minds of the people so that unconsciously when they think of a bank they think of the bank whose ads. they have read.

The question of safety is nearly always uppermost in the minds of the people and especially so at present. If your ad. talks have been convincing and your appearance is reassuring they will be won.

Testing the Bank.

Be willing to take small deposits and to make small loans. Some people work up their confidence in a bank gradually. They make a test with a small deposit and watch you. It is an excuse to get to the bank and become acquainted. Outside they watch you. If the test is satisfactory more money comes over the counter to be cared for. Small loans involve a little more work for all they earn, but there is less risk and they bring good will. As the Bank of France makes this a feature of its business it won't hurt a country bank to test the plan.

Some bankers think it unwise to suggest investments for customers. Investment is what is strictly meant as a wise banker will not suggest a speculation to a customer, though he may properly advise with him regarding one. Customers want to make their money earn all they can and are always looking for investments, or are just getting ripe for some one, who has something to sell—be it good or bad. Too often it is bad. It is always far-sighted banking to be looking after a customer's welfare, and confidence established along this line always brings more business.

Dignity in bank advertising is maintained by making absolutely true statements in the most convincing English, by advertising for new business, without referring to competitors, by especially aiming to get hoarded money into the bank and by avoiding any attempt at wit or humor. A woman once said in the writer's hearing in making reply to a pleasantry, "One always expects solemn words in a bank." Advertisements may be interesting and convincing without recourse to the humorous.

Safety and Service.

Safety and service are the principal points of nearly all bank ads. To this may be added those which should be classed as educational. All three kinds should be used over and over as new people are constantly coming into a community, young people are growing up and either earning money or taking charge of business. Many persons are convinced that banks are a good thing only after much persuading.

The bank that brings an advertising campaign to a close and imagines that its work along that line is complete has reached a stationary point in its career. A stationary period is not of long duration. The declining time soon arrives and unless this course is soon arrested the end can be predicted.

The subjects that may be discussed in a bank advertisement may be limited, but there is an endless variety of ways of telling the same thing. The thinking banker finds the other ways.

SOME NEW BOOKLETS.

WE have recently received a number of good booklets issued by financial institutions and take pleasure in describing them briefly for the benefit of other institutions which may be considering the booklet proposition at this time.

The Citizens National Bank of Raleigh, N. C., Jos. G. Brown, President, publishes an extremely attractive little booklet bearing on its cover the combination triangle and swastika emblem adopted by the bank some time ago and likewise carrying the well-known statement of Mark Twain to the effect that his most valued book was his bankbook. The subject matter of the booklet is entirely worth while, the scope of the booklet being indicated by the special headings, which are as follows: Our Citizenship; The Places of Interest in Raleigh; Our Motto; Our Corner Stone the Solid Rock of Safety; Our Aims; Our Strength; Our Pride; Our Facilities; Our Sponsors; Our Motive Power; Our Suggestions; Why Open An Account; Why Use Us; Our Name; Our Sign; Our Symphony; Our Home.

"The Result of Saving" is the title of a booklet issued by the Hibernia Bank & Trust Co., presumably of New Orleans, although no statement of location of the bank is given in the booklet. An oval "cut-out" on the cover of the booklet reveals an attractive home, the point undoubtedly being that the systematic saving of money will result in the owning of such a home. The text matter of the book is along the usual lines of thrift literature.

Under the title of "Funds for Travelers" the National Tradesmen's Bank of New Haven, Conn., issues a handy booklet which discusses very fully letters of credit, travelers' checks and foreign money. We do not remember having seen anywhere else such a complete and handy statement of the important facts in connection with these things. The value of the booklet is increased by a thorough table of contents which enables the reader to turn at once to the information which he desires. This bank also publishes a leaflet entitled "How to Carry Money When Traveling" which summarizes the more important facts about travelers' checks and gives an illustration of one of them.

A unique feature of the latest statement folder of the First National Bank of Montgomery, Ala., is a reproduction of the bank's twelve-story building standing upon a foundation of capital and surplus of $1,275,000.

Among the most attractive of the statement folders we have received recently is that of the Old National Bank of Spokane, Wash., being its eighty-fifth report to the Comptroller of the Currency.

The latest statement folder of the Germania National Bank of Milwaukee is ornamented by a winter scene beneath which are these appropriate paragraphs:

Business has its storms, as surely as autumn or winter.

Then the financial staunchness, the ability and disposition of your bank to help you in heavy weather, are vital.

The stability of this bank is established, and our inclination to interest ourselves in every individual account must be considered among the assets of every depositor.

A booklet entitled "United States Trust Company: Its Powers, Functions and Limitations," written by C. W. Warden, for the United States Trust Company of Washington, D. C., is one of the most comprehensive we have ever seen dealing with trust company activities. The booklet is clearly written and well printed. An idea of its scope can be obtained from the index of subjects, which is as follows: Banking Department; Banking by Mail; Charges for Fiduciary Services; Committee; Drawing Wills without Charge; Executor or Administrator; Fiduciary; Fiscal Agent for Corporations; Fiscal Agent for Municipalities; Foreign Banking Department; Guardian; Inheritance Tax; Interest on Deposits; Loans; Receiver or Assignee; Regarding Wills; Responsibility of Company; Safe Deposit Department; Trustee under Life Insurance Policy; Trustee under Private Agreement; Trustee under Special Deposits.

MORE COURTESY NEEDED.

THAT one of the points brought out in B. C. Bean's story, "The Unbeaten Track," in the December number of the magazine was not overdrawn is evident by the following letter published in the New York "Sun":

SAVINGS BANK METHODS.

Protest Against Incompetent and Surly Clerks.

To the Editor of The Sun—Sir: Are not savings banks public institutions? If so, why are depositors not treated and served in the same courteous manner as in a private business house?

I had occasion recently to go to a savings bank uptown to have my interest credited and to make some inquiries as to opening new accounts for my two boys. I was sent to a window and after having wasted fully ten minutes a very young man at last came and in a most discourteous and surly manner said, "What do you want?"

I explained the information I wanted, and to my surprise he said he could not tell me and to wait there, and after ten more minutes he brought with him an elderly clerk, who readily and courteously gave me the information. I lost in all fully twenty minutes, when if the bank had had an experienced clerk at the window in the first place I could have transacted all my business in less than five minutes.

This bank has a large surplus and is one of the largest in this town. It is a shame that its depositors and the public should be obliged to submit to such inferior service. If more clerks are needed why not employ them? The depositors would not complain. What is more important, an experienced man, able to answer questions, should be kept on duty. The depositors and the public should be able to transact their business quickly and satisfactorily, and it is up to the directors of the bank to see that they do.

A BUSINESS MAN.

New York, December 15.

Along the same line, the "Scientific American" recently said:

Above all, the tellers and the cashiers of every bank need a course in the art of gracious expression. Why should the depositor of money be regarded with frowning suspicion, and why should his mistake in indorsing checks wrong side up or his failure to have his books balanced regularly call forth shouts of correction instead of a few words of kindly instruction? After all, he is only ignorant or only forgetful. No dark scheme for defrauding the bank lurks behind his failure to follow the bank's rules. Courtesy is its own reward. It pays in personal satisfaction, in minimizing friction, in making friends and in raising you in the eyes of your business associates.

CALENDAR ADVERTISING.

Banks are Large Users of this Form of Publicity.

BANKS have become large users of art calendars during the past five years. There is difference of opinion as to the value of calendar advertising, but the bank that puts out something distinct and exclusive each year certainly impresses its name indelibly upon the minds of the community.

If an art calendar is of the right sort, a subject that appeals to the people, it hangs in a conspicuous place in the home for a year and sometimes longer. It doesn't go into detail, but it tells its story over and over both to those in the home and to their friends and neighbors. It is worth while that a majority of a large population, when they think of a bank, should think of your bank. This is what calendar advertising does. You may have only said in your advertisement on the calendar, "The Tenth National Bank, Capital and Surplus $500,000. Thoroughly Equipped to Care for Your Business. Interest Paid on Savings and Idle Funds."

Even this small ad. impresses your name and location, your fixed financial power, ability and desire to serve and willingness to pay interest under certain conditions.

Art and utility can be combined in a calendar so that it is a useful and highly appreciated gift to your customers. For general distribution the calendar pad should be fairly large so that the dates can be easily read. Some date pads are so small and there is so little contrast between the paper on which they are printed and the type, that their utility passes almost to the vanishing point.

Art calendar makers have tended rather more to art than to utility in the past. Manufacturers do yield to suggestion and combination of art and utility ought to be beneficial to all.

The banker especially wants his calendar to be appreciated for its practical use and also for the beauty it may have. Both tend to make it sure of a conspicuous place in the home.

Appropriate Subjects.

The subject matter of a calendar may be anything that an individual may fancy. The buyer, however, should remember that

Copyright, 1908, Brown & Bigelow.

A Good Calendar for the Lincoln Centennial Year.

he is not buying for himself alone and should endeavor to select a subject that is sure to appeal to many persons. Whenever possible it is well to have an appropriate subject, one that suggests some phase of the banking business to which the wording of the ad. may point. In one instance a bank used a picture of a row of bulldogs, the title of which was, "The Committee of Safety." The ad. used suggested that the directors of that bank were a committee of safety for the depositors. In another instance a painting entitled "Safely Guarded," was used and a line on the calendar read, "The officers and directors of this bank place every safeguard about the funds of depositors."

In endeavoring to select a suitable subject, and, if possible, one that suggests the banking business, every banker should be on guard against selecting a forced subject.

Calendar makers have felt the need of subjects that are particularly suited to banks and have at times endeavored, with but poor success, to meet the demand. Special pictures have been painted showing a young boy or girl making a first deposit at a bank, but it doesn't appeal to the public. The auditing committee, elderly men going over the cashier's books, at first sight looks appropriate. But hang it up where you have to look at it every day for a week or two and see how soon it wearies you. Bankers and their customers will be far more pleased if they select a picture simply because it is a good picture that tells a good story, than if they select a picture that suggests something about banking that has been forced and is not appealing.

What we all like in a picture, or a story, is that quality which causes us to like the picture, or story, better every time we see, or read it. Ordinary working people study pictures more than we give them credit for. The picture, then, that is revealing its story to them day by day, is sure to be admired and retained for a long time.

Ideal heads are popular with buyers, but people tire of such subjects sooner than of those that have a story in them. Just as in literature, human interest stories are most read, so in pictures human interest subjects are most admired. Dogs, horses and other animals, landscapes, or scenes like the old home on a country road, attract and hold the attention. Pictures in which children are prominent are also much appreciated.

A bank, having once established a reputation for issuing good calendars, has no difficulty in getting the people to come to the bank at the time of the annual distribution. This has the advantage of making possible a closer acquaintance with customers and prospective customers.

When ready to distribute calendars a post card announcing the date of the distribution, the subject of the calendar, etc., may be sent out. To check results of this advertising a line on the card should read, "On the return of this card to the bank, you will receive a handsome art calendar for the year 1909. No calendars given to children."

Advertising by means of art calendars is rather expensive, but many small banks have found that it pays and continue to buy year after year. They know it pays, because they have seen the old calendars framed, or still hanging in prominent places as much as two years after they were issued.

A Few Samples.

The Lincoln calendar of the Hampden Trust Company, Springfield, Mass., reproduced herewith, is an especially appropriate one for this year, as the one-hundredth anniversary of Lincoln's birth is being celebrated this month.

We are in receipt of a large number of other 1909 calendars issued by financial institutions. The Butte County Bank of Bellefourche, S. D., sends us a little desk calendar of aluminum, bearing a picture of the bank with an attractive misletoe border. The Imperial Bank of Canada sent out an attractive "Christmas Greetings" card, which, in addition to a 1909 calendar, carried a condensed statement of the bank's affairs.

Among other bank calendars received were those of the following institutions:

The First National Bank of West Elizabeth, Pa. In sending this out the bank sent with it this card:

OUR ANNUAL CALENDAR.

We take this means of advising you that one of our beautiful art calendars, entitled "On the Farm in October," reproduced from an original painting by A. Montgomery, has been reserved for you, and would ask that you kindly call for it between December 15th and January 15th. We have found this manner of distribution desirable, as they are too expensive to risk their loss by breakage in the mail.

In thanking you for your patronage and friendship, may we express the hope that you will continue to let us serve you? Your business will receive our best attention. We aim to grow in business by deserving to grow.

May the year 1909 be a prosperous one for you.

Yours very truly,
THE FIRST NATIONAL BANK.
West Elizabeth, Pennsylvania.

The Union Trust Company, Springfield, Mass., has a calendar with all the months of the year on one card, the design being a reproduction of a portion of the front of the company's handsome new building. Above the calendar is a view of the whole building.

The Union Safe Deposit Company of Pittsburgh also gives a view of its building on its calendar. Title Guarantee & Trust Company of New York ornaments its 1909 calendar with a reproduction of a painting showing the signing of the treaty with the Indians in 1642 at the home of Peter Bronck, after whom the Bronx river and the Borough of the Bronx were named. The Audit Company of New York issues a handsome calendar ornamented by an etching of the skyscrapers of lower New York as seen from the Hudson River.

The Diamond National Bank of Pittsburgh issues a very large calendar suitable for general office use, the figures being very large.

The Waco State Bank of Waco, Tex., has issued its eighteenth New Year greeting, "Maturity Calendar," giving the maturity dates of thirty, sixty and ninety day paper. It is also convenient for finding the number of days between any given dates by taking the difference between the calendar dates of the days given.

In next month's issue of the magazine we will refer to calendars, diaries, almanacs, etc., received too late for mention in this issue.

AN EMBLEM CONTEST.

How a Western Trust Company Got a New Trademark.

ADVERTISING Manager Frank B. Finch of the Commerce Trust Company of Kansas City, Mo., sends us information concerning the emblem reproduced herewith, as follows:

Kemper, Vice-President of the Commerce Trust Company, Russell Greiner, and the writer.

Upon the decisions of the judges, checks were mailed to the successful contestants. And, as a result of the general publicity we obtained from the contest, we consider the $40.00 well spent.

Much interest was manifested from the beginning, and many designs were submitted from various parts of the United States, by young and old.

It was a noticeable fact that very few people have a correct conception of the requirements of a trademark to be used by a financial institution. That is, its commercial value, as well as the dignity it should maintain for the bank, is not given the necessary attention. Too many consider their design from the standpoint of the artistic and the beautiful, rather than with

The Commerce Trust Company of Kansas City, Mo., opened for business October 1, 1906, since which time we had been using our monogram, "C. T. Co.," but had not adopted an emblem.

However, realizing the value of an emblem to this institution, we announced our "Emblem Contest" through the local papers, offering the following cash prizes:

FIRST PRIZE........	$25.00
SECOND PRIZE......	10.00
THIRD PRIZE........	5.00

The Contest continued from September 14th to October 19th, 1908. The decisions were made by three judges, viz., W. T.

the idea of commercialism, in exploiting its institution.

We believe that, in the selection of the "Light House," we have an emblem, so suggestive of safety, carefulness, etc., that it would be impossible to excel it among the designs received. Therefore, as an adjunct to the Publicity Department of the Commerce Trust Company, it will be one of the best advertising features that any emblem could make for us.

I will be glad to correspond with anyone contemplating an "Emblem Contest."

FRANK B. FINCH.
Advertising Manager.

RESULTFUL BANK ADVERTISING.

An Article Written for the "Advertisers Magazine," Kansas City, Mo., by T. D. MacGregor, Editor of this Department.

BANK advertising is no longer a debatable subject. The only thing that now concerns bankers and persons interested in the publicity of financial institutions is how to advertise most effectively. It is not my purpose in this article to propound any new theory, but rather to give a few concrete illustrations of the successful working out of modern advertising of banks and trust companies.

The problem of the advertising bank lies in the fact that the great masses of people and a good many business men know very little about banking methods and facilities. It is true that the bankers themselves have been largely responsible for this popular ignorance, and that, realizing this, bankers who are now advertising in a modern way, make their advertising largely a campaign of education. They are taking the public into their confidence in their advertising and are making the people feel that they need the help of a bank.

Nothing else but this kind of advertising will answer because newspaper readers have become so used to strong and interesting advertisements in other lines that formal cards and bald, unsupported statements attract slight attention and have little weight w..n them.

As a text for this article, perhaps nothing could serve better than the following extract from a letter recently received from a trust company officer:

> "We have been running advertisements in certain papers for nearly two years and have had very few replies. Since using your copy, which has been running only a few weeks, we have had more inquiries than in all the previous time. This certainly assures us that your copy is very much better than mine was, although, as far as I can judge, mine looks fully as good as yours."

Reproduced herewith (No. 1), is one of the advertisements prepared by this trust company officer, and likewise (No. 2) a sample of the other advertisements which proved so much more resultful, drawing more inquiries in three or four weeks than the banker's own copy had produced in two years.

Now, in what does the proved superiority of No. 2 over No. 1 consist? There may be difference of opinion in this matter, but probably experienced advertisers would agree as to the points brought out by the following comparison of the two advertisements·

No. 1.

The heading "We Find That" is meaningless and has practically no attention value.

No. 2.

The heading "Interesting Free Book on Depositing by Mail" tells the whole story of the ad. at a glance. It excites interest because it conveys a complete idea and especially because it appeals to the well known trait in humanity—the desire to get something for nothing.

No. 1.

This ad. occupies single column space, which does not give room for an effective heading. It is also a shape that can be easily "stowed" away in an undesirable position by the make-up man of the newspaper.

No. 2.

Two-column space permits the use of a good heading and a more effective display. It also makes it much less easy for the advertisement to be stowed away in an inconspicuous place among other announcements.

The judicious use of white space and different kinds of type brings out the special features of the advertisement that need emphasis.

No. 1.

This ad. is too general in its appeal. For example, "all such persons," and "Particulars will be furnished on request." It lacks the personal touch and does not tell the reader to do something definite at once.

No. 2.

This advertisement begins and ends with the Imperative Mode, Second Person. It tells the reader exactly what the advertiser wants him to do—"Write your name and address on a postal card and mail it to-day to, etc." The suggestion or command, "Send for your copy to-day," coming after a clear, interest-exciting statement concerning the advertiser's proposition is sure to be more effective than the impersonal generality, "Particulars will be furnished on request."

Among other strong points of the second advertisement are these:

While the first advertisement mentions "an absolutely safe investment at 4%," the second one tells definitely what the investment is, but not more than enough to cause curiosity in the reader and a desire to get more information.

It is the logical thing for a conservative financial institution to feature the safety of an investment first and the profitableness last.

It is permissible for a company to call itself a $1,200,000 institution when it has resources of that amount. This makes the advertisement stronger than merely to state that the capital is $300,000.

The theory, in advertising for inquiries, is that the easier it is made to answer the advertisement, the more persons will answer it. Ad. No. 2 disposes of the idea that it is necessary for a person interested to sit down and write a formal letter. Just the name and address on a postal card will do. Then it also removes an objection that might arise by saying that the person who answers the

We Find That

In all prosperous communities there are many people who are glad to avail themselves of the opportunity of an absolutely safe investment at 4 per cent interest, because they encounter too many risks of loss of the principal in striving to get a better rate. All such persons can secure absolute safety at 4 per cent. and entire privacy, by making use of the plan which we offer. Particulars will be furnished on request.

Central Wisconsin Trust Company

Madison, Wis.

$300,000.00 Capital.

WM. F. VILAS, Pres.
MAGNUS SWENSON, 1st V-Pres.
JOHN BARNES, 2d V-Pres.
L. M. HANKS, Secretary.
JOSEPH M BOYD, Treas.

No 1.

Interesting Free Book On Depositing By Mail

Write your name and address on a postal card and mail it to-day to the Central Wisconsin Trust Company, Madison, Wis., and by return mail you will receive a copy of an interesting free book on "THE REASONABLENESS OF DEPOSITING BY MAIL."

This book tells—

Why it is safe
Why it is convenient, and
Why it is profitable

to deposit money by mail with this $1,200,000 institution, and it tells just how to do it. The book also describes the 4 per cent. time Certificate of Deposit and the 4 per cent. Debenture Bonds of this company, which provide a safe and profitable investment for idle money.

It places you under no obligation whatever to get the interesting information contained in this book, but it will be of great value to you.

Send for your copy to-day.

CENTRAL WISCONSIN TRUST COMPANY

MADISON, WIS.

WM. F. VILAS, Pres.
MAGNUS SWENSON, 1st Vice-Pres. L. M. HANKS, Sec.
JOHN BARNES, 2d Vice-Pres. JOSEPH M. BOYD, Treas.

No 2

Psychology of Saving

"Psychology" is a big word and it stands for a big thing, but the "psychology of saving" is a simple matter.

It means just this—besides the actual amount of money you accumulate by systematic saving, you get very valuable mental effects.

The mind has a great influence over the body. Saving makes you think success thoughts. It creates in you a desire to get ahead, and desire is the first step toward attainment.

Saving frees you from worry about the present, and from anxiety for the future.

Therefore, the psychological effect of saving is that you are enabled to give your whole attention and best efforts to your work.

In short, when you save regularly you can do better work and more of it.

This strong national bank encourages your thrift by paying 3 per cent. compound interest on your savings.

THE QUINCY NATIONAL BANK

Fourth and Hampshire Streets

Opportunity Insurance

Many a man has lost good business opportunities by not being prepared financially to grasp them.

In an Eastern city a skilled machinist, 50 years old, who had always earned a good salary, sold a valuable invention for a small amount because he had not saved any money and had not capital to float it. He said that if he had even a small amount of capital, he could have made a fortune out of the device

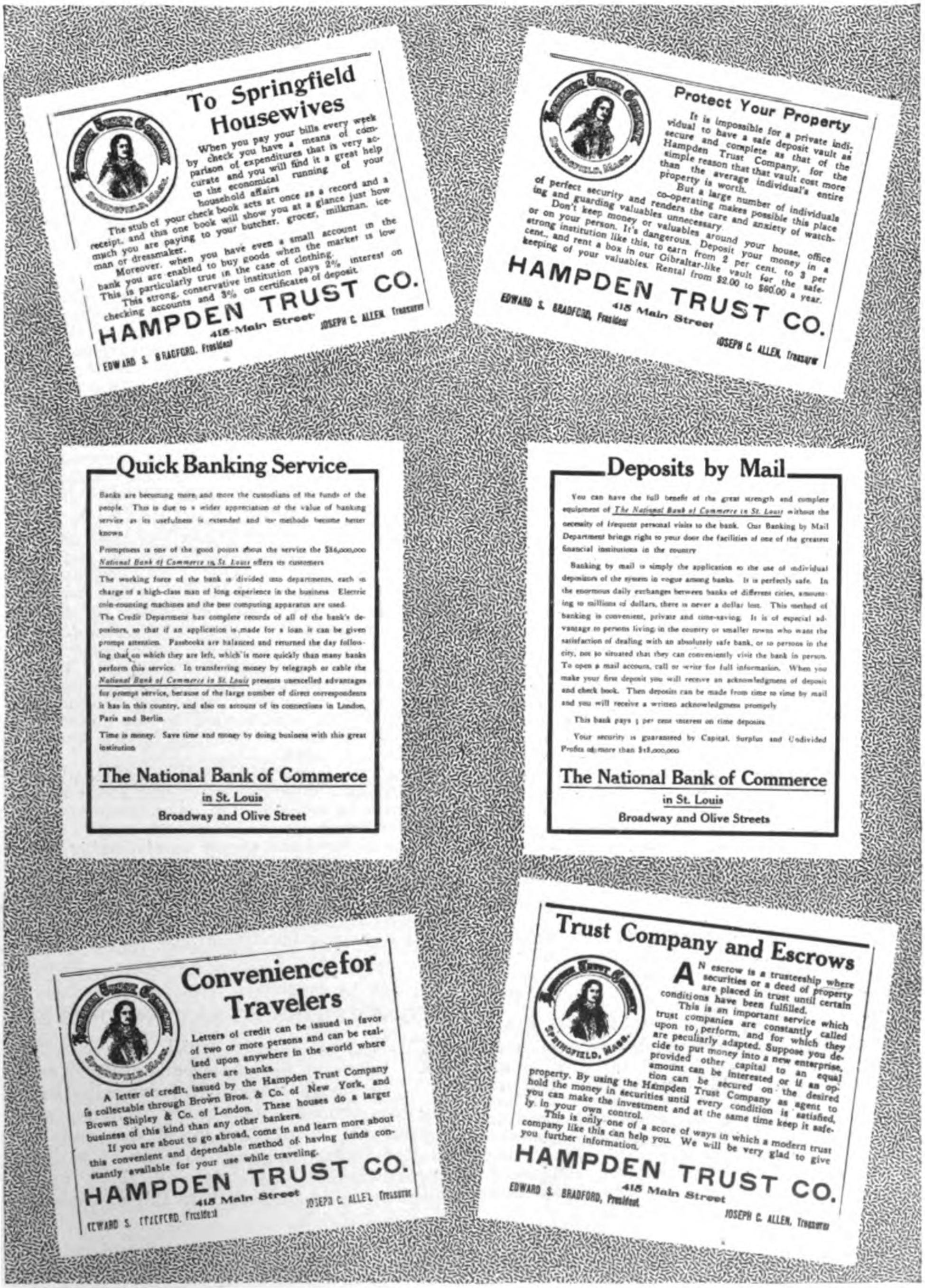
Now past middle life, he must keep on working, when he might have retired in comfort.

Insure your opportunities by means of a savings bank account. In this kind of insurance you are paid dividends instead of having to pay premiums.

At this $1,200,000 bank your dividends come in the form of 3 per cent. semi-annually compounded interest.

THE QUINCY NATIONAL BANK

Fourth and Hampshire Streets


To Springfield Housewives
When you pay your bills every week by check you have a means of comparison of expenditures that is very accurate and you will find it a great help in the economical running of your household affairs.
The stub of your check book acts at once as a record and a receipt, and this one book will show you at a glance just how much you are paying to your butcher, grocer, milkman, iceman or dressmaker.
Moreover, when you have even a small account in the bank you are enabled to buy goods when the market is low. This is particularly true in the case of clothing.
This strong, conservative institution pays 2% interest on checking accounts and 3% on certificates of deposit.
HAMPDEN TRUST CO.
415 Main Street
EDWARD S. BRADFORD, President
JOSEPH C. ALLEN, Treasurer
Protect Your Property
It is impossible for a private individual to have a safe deposit vault as secure and complete as that of the Hampden Trust Company, for the simple reason that that vault cost more than the average individual's entire property is worth.
But a large number of individuals co-operating makes possible this place of perfect security and renders the care and anxiety of watching and guarding valuables unnecessary.
Don't keep money or valuables around your house, office or on your person. It's dangerous. Deposit your money in a strong institution like this, to earn from 2 per cent. to 3 per cent., and rent a box in our Gibraltar-like vault for the safe-keeping of your valuables. Rental from $2.00 to $60.00 a year.
HAMPDEN TRUST CO.
415 Main Street
EDWARD S. BRADFORD, President
JOSEPH C. ALLEN, Treasurer
Quick Banking Service
Banks are becoming more and more the custodians of the funds of the people. This is due to a wider appreciation of the value of banking service as its usefulness is extended and its methods become better known.
Promptness is one of the good points about the service the $86,000,000 National Bank of Commerce in St. Louis offers its customers.
The working force of the bank is divided into departments, each in charge of a high-class man of long experience in the business. Electric coin-counting machines and the best computing apparatus are used.
The Credit Department has complete records of all of the bank's depositors, so that if an application is made for a loan it can be given prompt attention. Passbooks are balanced and returned the day following that on which they are left, which is more quickly than many banks perform this service. In transferring money by telegraph or cable the National Bank of Commerce in St. Louis presents unexcelled advantages for prompt service, because of the large number of direct correspondents it has in this country, and also on account of its connections in London, Paris and Berlin.
Time is money. Save time and money by doing business with this great institution.
The National Bank of Commerce
in St. Louis
Broadway and Olive Street
Deposits by Mail
You can have the full benefit of the great strength and complete equipment of The National Bank of Commerce in St. Louis without the necessity of frequent personal visits to the bank. Our Banking by Mail Department brings right to your door the facilities of one of the greatest financial institutions in the country.
Banking by mail is simply the application to the use of individual depositors of the system in vogue among banks. It is perfectly safe. In the enormous daily exchanges between banks of different cities, amounting to millions of dollars, there is never a dollar lost. This method of banking is convenient, private and time-saving. It is of especial advantage to persons living in the country or smaller towns who want the satisfaction of dealing with an absolutely safe bank, or to persons in the city, not so situated that they can conveniently visit the bank in person. To open a mail account, call or write for full information. When you make your first deposit you will receive an acknowledgment of deposit and check book. Then deposits can be made from time to time by mail and you will receive a written acknowledgment promptly.
This bank pays 3 per cent interest on time deposits.
Your security is guaranteed by Capital, Surplus and Undivided Profits of more than $18,000,000.
The National Bank of Commerce
in St. Louis
Broadway and Olive Streets
Convenience for Travelers
Letters of credit can be issued in favor of two or more persons and can be realized upon anywhere in the world where there are banks.
A letter of credit, issued by the Hampden Trust Company is collectable through Brown Bros. & Co. of New York, and Brown Shipley & Co. of London. These houses do a larger business of this kind than any other bankers.
If you are about to go abroad, come in and learn more about this convenient and dependable method of having funds constantly available for your use while traveling.
HAMPDEN TRUST CO.
415 Main Street
JOSEPH C. ALLEN, Treasurer
Trust Company and Escrows
AN escrow is a trusteeship where securities or a deed of property are placed in trust until certain conditions have been fulfilled.
This is an important service which trust companies are constantly called upon to perform, and for which they are peculiarly adapted. Suppose you decide to put money into a new enterprise, provided other capital to an equal amount can be interested or if an option can be secured on the desired property. By using the Hampden Trust Company as agent to hold the money in securities until every condition is satisfied, you can make the investment and at the same time keep it safely in your own control.
This is only one of a score of ways in which a modern trust company like this can help you. We will be very glad to give you further information.
HAMPDEN TRUST CO.
415 Main Street
EDWARD S. BRADFORD, President
JOSEPH C. ALLEN, Treasurer

advertisement is placed under no obligation by so doing.

The customers of the savings bank come from a broader field and are more numerous than those of any other financial institution. Likewise its appeal is more personal and there are greater possibilities of human interest in its advertising story. Everybody who earns money should save some of it and deposit his earnings in a strong bank.

This is the gospel the savings bank has to preach. It has innumerable texts and hundreds of different ways to preach them. The subject of thrift is an old one, but it has not been exhausted yet. And a new generation is constantly rising up that needs instruction in the straight and narrow path of saving which leads to financial independence.

The newspaper advertisements of the Quincy National Bank of Quincy, Ill., samples of which are shown, are typical of the newer style of saving bank advertising.

The result of these particular advertisements which appeared last spring and summer in two of the daily papers of Quincy, have been very satisfactory, the savings deposits of the institution having steadily increased through the continuance of the advertising. The advertisements occupied space of about four inches, double column and appeared three times a week on the local pages of the newspapers. It has been found that by adopting and maintaining a distinctive style of type display, the advertisements secure additional strength and while it is probable that they would be more effective if it were possible to illustrate them, the advertisements differ so much from those of any other financial institution in that city, that they obtain a distinctive display without any illustration whatever.

This bank is just about to enter upon a new savings campaign in which it will use a booklet on the subject of saving. The booklet will be mentioned in each advertisement so that the institution will have the advantage of being able to key the advertisements and also provide a special inducement to get prospective customers to come to the bank, all this being in addition to the strong advertising arguments contained in the booklet itself. A trade mark or emblem is also to be used regularly as part of every advertisement.

The four advertisements of the Hampden Trust Company, Springfield, Mass., illustrate a few of the many possibilities there are in the way of interesting topics for trust company advertisements.

Owing to the great variety of services that it has to offer the public, the trust company has a broad field to work in and a strong and vitally interesting advertising story to tell. Perhaps the necessity for educational advertising is particularly apparent in the case of trust companies, because these institutions are comparatively new and their functions are not so well understood by the public generally as are those of the banks.

The advertisement headed "To Springfield Housewives" is designed to interest women in the safety and convenience of a checking account; "Convenience for Travelers" exploits letters of credit; "Protect your Property" advertises the safety deposit department; and "Trust Company and Escrows" is part of a campaign of education as to the functions of the trust company. Such advertisements, besides imparting considerable information and calling attention to special features of the service offered by the advertising institution, give it a great deal of valuable general publicity, and, especially when a trade mark or emblem cut is used regularly, they do much to create a good will for the institution which will prove one of its most important assets.

The two advertisements of the National Bank of Commerce in St. Louis further illustrate the new idea in educational bank advertising.

In discussing such topics as "Deposits by Mail," and "Quick Banking Service" this bank works in harmony with modern ideas of profitable publicity, and results obtained from the use of these advertisements in the St. Louis newspaper were satisfactory as might be expected. The advertisements occupied space of 75 lines by two columns and appeared three days in the week.

In regard to this series of advertisements The National Bank of Commerce said: "This series was designed to increase the commercial deposits and the general business of the bank and brought good results. These advertisements are different from the stereotyped form of bank advertisements. They are educational in character and have a considerable amount of the human interest element in them."

A good deal is said about "soulless corporations," and it is rather hard to get enthusiastic about a great, cold, lifeless and machine-like institution. But if the banker can make people feel his business is dominated by men with human sympathy, understanding and consideration — men who are not only approachable, but glad to be approached—he has taken a long step toward creating a good will for his institution, which, while not figuring in his statement of assets, will be worth a great deal in dollars and cents.

That is what the officers of this bank thought and how the idea was worked out is shown in some of the advertisements reproduced.

Wide observation shows unmistakably that the trend of banking advertising throughout the country is now strongly toward the effective "educational copy" style which has done so much to make advertising in other lines a paying investment.

SUGGESTIONS TO SAVINGS BANKS

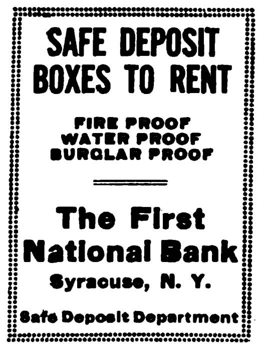
THE great interest which is now being taken in the conservation of natural resources—President Roosevelt's calling conferences of Governors of States and representatives of Canada, Mexico and the United States—suggests a series of savings advertisements embodying in short essay form thoughts suggested by this example of National thrift.

The short chapter on "Thrift" in Andrew Carnegie's latest book ("Problems of Today": Doubleday, Page & Co., New York) would be a good one for savings banks to reproduce in leaflet form if the permission of the publishers could be obtained.

ADVERTISING CRITICISM.

Comment on Advertising Matter Submitted for Criticism.

THE Syracuse banks are beginning to do a little real advertising in the local newspapers. We think the ad. of the Salt Springs National is the best of the three reproducea herewith, and we are inclined to give the credit for it to Mr. Edward H. O'Hara, one of the directors of the institution, who is also editor and manager of the Syracuse "Herald." There is a rather unfortunate statement in the Commercial National's advertisement, viz., "assuring to you those courtesies and considerations which your account deserves." Doubtless the idea which it is intended to convey is that being a regular depositor is a condition precedent to the borrowing privilege, but, as the a... stands, it gives the impression that courtesy on the part of the officers and employees of this bank does not spring from the heart, but is a purely mathematical proposition, the degree of courtesy a customer is to expect being in direct ratio to the size of his bank account.

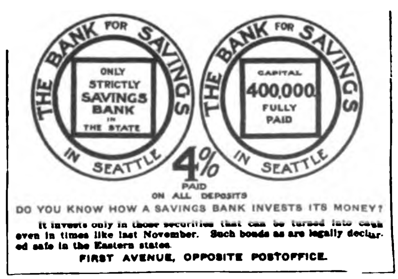


Some Syracuse Bank Advertising.

We think it would be better if the Syracuse banks would use two-column space so that stronger display lines could be employed, and it would be better to run the ads. on the general news pages rather than on the financial page. The reason is this—everybody does not consult the financial page, but everybody who does read that page likewise reads the general news pages of the paper.

The Syracuse savings institutions are doing practically no newspaper advertising. This seems like a mistake as the "Typewriter City" has many thousands of well paid mechanics in its large industrial population—a class to whom good thrift arguments appeal very strongly. The Syracuse Trust Company is advertising in the cars of the Syracuse Rapid Transit Company. The Onondaga County Savings Bank has the largest office building in the city and it is most conspicuously located. It has acquired deposits of more than $22,000,000 without advertising, and perhaps has a right to feel satisfied, but there is little doubt but that good advertising would result in largely increased deposits for this great institution.

One of the most enterprising advertisers among the Seattle banks is The Bank for Savings in Seattle. We are in receipt of the



Too Much Trademark.

following letter from the secretary of the bank, Mr. O. H. P. LaFarge:

I am enclosing herewith samples of advertising matter issued by this bank and also specimens of our newspaper advertising. This has all been issued since the starting of the bank in March, 1907. With the assistance of Mr. F. H. Lord, it has been arranged and sent out under my own direction here in the bank with the exception of the article in the Pacific Monthly. I shall be pleased to receive any criticisms you may have to make upon these.

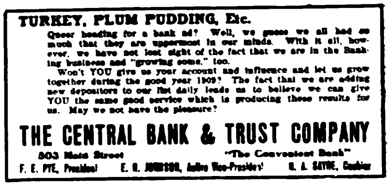
The advertising matter of this bank which Mr. LaFarge sent us is varied and in each case seems to be of the right kind. The institution makes use of a feature which we have never seen used by any other bank, that is, a special colored design on the left hand upper corner of its booklets and letterhead. This consists of red, white and blue stripes, and in some of the leaflets where this design is not used, the matter is printed in these three colors. On one leaflet the same colors are used in the form of a target. It has occurred to us that a criticism which can justly be made of this advertising is that it would be better to adopt one trade-mark or emblem and use it consistently throughout all the advertising. In some of the newspaper advertisements, a sample of which is reproduced, it will be observed that a trade-mark consisting of two concentric circles enclosing a square is used. In one other advertisement the design is not formed of a square within the circles, but as the advertising matter submitted covers a period of more than one year it is not improbable that the bank has changed its policy in regard to an emblem.

Our criticism of the double trade-mark, as shown in the accompanying ad., is that it takes up too much space. It is not necessary for a trade-mark to predominate. It is sufficient if it is striking enough to attract attention and identify the advertisement. It seems as if this could be done without taking so much space from the reading matter of the advertisement. It would be better to have more reading matter and more striking headlines.

As far as the subject matter of the various booklets, leaflets, cards, etc., is concerned, it is very good indeed and in each case the printing is effective. The various pieces of advertising are as follows:

Two leaflets on the banking-by-mail features of the institution, containing a blank to be used as a deposit slip. One of these is much better than the other as instead of using on the cover the old-fashioned plan of printing just the name of the institution, this interest-exciting title is employed: "$1,000 Principal and Interest Compounded Semi-annually will make $1,487 in Ten Years." On this leaflet is still another emblem consisting of a bee-hive surrounded by a motto, "A Cent in the Bank is Worth Two in the Purse."

Another good leaflet, in addition to giving the customary facts as to officers, directors, etc., contains four short essays with the following titles: "Selection," "Protection," "Collection" and "Direction." This is printed in large, easy-reading type.



The Bank Ad. Gastronomic.

One folder bears the title "Don't forget that—" on its cover and what you are supposed not to forget is plainly stated on the inside, being all the facts in regard to the institution's security and service.

This bank also uses little cards for letter enclosures to serve as reminders to depositors and prospective depositors, especially those who have in their possession one of the pocket banks issued by the institution. One of these cards reads as follows:

Don't forget that you have one of our Pocket Banks!

Why not bring it in and let us credit the contents in your book.

If it's only one cent—it's a gain!

One of the best pieces of advertising matter is a little vest-pocket-sized folder which contains two tables illustrating how small weekly and monthly savings—from $1 to $5 a week and from $1 to $10 a month—will grow at four per cent. compound interest in from five to forty years.

The article in the "Pacific Monthly" for December, referred to by Mr. LaFarge, is entitled "Side Lights on Guaranty of Bank Deposits by Government." It is written by R. C. Rohrabacher and is in reality an interesting little lecture on safe banking and the moral it draws is that if all banks were conducted like the Bank for Savings, there would be no cry for Government guaranty of bank deposits.

On the whole, we think that the advertising of this bank is good and we can see no reason why it should not be resultful, but we think it would be more effective if the newspaper copy were strengthened in some particulars.

ABOUT ADVERTISING.

Extracts from Recent Articles on Financial Advertising.

Advertising Shows You are Alive.

THERE is no business, from ditch-digging to banking, which is not susceptible of growth, if it is legitimate. And there is no business which cannot be increased by some kind of advertising. Advertising shows, first, that you are alive; second, that you have confidence in what you sell; third, that you want more trade.—San Francisco Trade Journal.

A Powerful Agency.

Financial advertising ought to be one of the greatest agencies for the mobilization of capital and the promotion of enterprise which the world has produced. It certainly will be and it is only a question of time when all the banks will be forced to adopt it. Those who get first into the field will display the highest wisdom and obtain the largest profit.

Financial advertising, however, must of necessity be truthful advertising. It should have for its motto the publication of exact truth. The individual who advertises falsely, who exaggerates the facts, who attempts in any way to dispose of stock under false pretences, should be summarily dealt with. Upon this basis financial advertising could be made a stupendous power. It would inevitably become the connecting link between the surplus income of the country, and the securities representing the nation's vast enterprises. — The Cosmopolitan Financier, London.

Keeping Everlastingly at it.

A good story is told of a certain eastern banker who had spent a large amount of money in advertising and whose bank had sustained a remarkable growth. Suddenly he decided to abandon his publicity efforts—to drop all his advertisements as fast as the contracts expired. It so happened that he explained his position to an advertising solicitor one day in the presence of a third party—a friend of the banker—by saying that he had spent money enough in advertising, and had made his bank so well known that it would not need any further publicity of that kind. After the solicitor had left, empty-handed, the friend opened a conversation with the banker by saying:

"Say, W——, I have been trying to think of the name of that fellow who ran for Vice-President on the ticket with Bryan in 1896. Help me out; what was his name?"

"Let me see—wha—what wa—was his name?" responded the banker. "Lemme think! Wha—what the devil was that fellow's name? Hanged if I can remember. 'Twasn't—"

"Don't you think you're a fine man," broke in the friend, "to be talking about having established your name so firmly that it could never be forgotten? Here was a man whose name was in the mouth of nearly every man, woman and child in the United States for months—who was advertised as you could never hope to be advertised—and yet he has passed completely out of your memory in a few short years. Oh, you're a good one, you are."

The friend left the banker looking for the telephone number of a certain publication.—Industry.

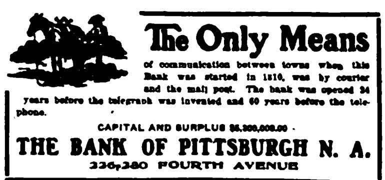
Persistent and Intelligent Advertising.

It is not necessary to preach to Pittsburghers very long sermons on the value of newspaper advertising. A glance at the advertising columns of The Chronicle Telegraph is sufficient to prove that the advertising business men of this city are fully alive to the importance and necessity of persistent publicity. It is interesting, however, to find in a technical journal published in another city, recognition of the good work done in the advertising line in Pittsburgh, with an acknowledgment of the excellent results of that work. We find the statement that in Pittsburgh "bank advertising is perhaps better done than in any other community." The banks in this city that advertise in newspapers show an increase in assets of 38 per cent., and an increase in deposits of 85 per cent., in a period of five years, while the banks which do not avail themselves of the opportunity to advertise gained in the same time only 27 per cent. in assets and 11 per cent. in deposits. What is true in this regard of the banking business is undoubtedly true of other forms of activity. It is the man who advertises persistently and intelligently who wins the big prizes in the business world.—Chronicle Telegraph, Pittsburgh.

Some Chicago Bank Advertisers.

Some present day bank advertising is very bad and some very good.

The most that is bad is deadly uninteresting. In one large, progressive city the clearing house banks have contributed to a common fund used to pay for printing their respective names, alphabetically arranged, in a list on the financial pages of the newspapers. Then, again, many other banks in-



Impressing the Age Feature.

sert their "card" in the paper, which card contains the few uninteresting and monotonous details about name, capital and surplus, deposits, "domestic and foreign exchange," "cable transfers," "letters of credit, available in all parts of the world," officers and directors, etc., etc. Then, perhaps, there is added a line or two which has appeared in bank advertisements hundreds, yes, thousands of times. It may run like this: "Every facility extended consistent with conservative banking methods." Now, such a line may have been interesting when originated, but the originator, whoever he was, has doubtless been a long time dead. Why a brainy, progressive banker can not conceive something fresh and original and different from that which can be said and has been said by nearly all of his competitors, is hard to see.

That is not advertising.

It would require a large imagination to believe that it is of value to the bank paying for it. It would seem axiomatic that if they would fill the thousands of dollars' worth of space they pay for with red-blooded, convincing arguments, they would profit thereby.

A number of the Chicago banks are waking up to this fact. Among the better advertised may be mentioned the following: The largest in the city, The First National, advertises in a soberly, dignified, but exceedingly effective way. The advertising of this bank, together with that of the First Trust and Savings Bank, is handled by F. W. Ellsworth. Only recently the Illinois Trust and Savings Bank, the second largest, started a campaign for savings deposits. They are publishing a series of "savings talks" which can not fail to be of benefit.

Announcement

On Saturday evening, December 18th, Wednesday evening, December, 23d. Thursday evening December 24th, this bank will open for business from 8 until 10 o'clock.

This is done for the convenience of merchants and others who desire to deposit money received, and do not wish to carry it in office safes. Change gladly furnished, and bright new money for Christmas exchanged for old without charge.

UNION TRUST COMPANY

Springfield's Leading Commercial Bank

Emphasizing Special Service.

The advertising of the Merchants' Loan and Trust Company is handled by Charles H. Ravell, and is well done. The National Bank of the Republic's advertising, though about the same from month to month, always has character and individuality.

The Northern Trust Company, whose advertising was until recently handled by George A. Robertson, and is now in the hands of the Wm. McJunkin Advertising Agency, has instituted a new and excellent plan, that of a free consulting bureau, which, being advertised, should bring a great many people into the bank. This means that some of them will open savings accounts.

The Central Trust Co. is exploited by Mr. Malcolm McDowell, the well-known former war correspondent. Actual results have come. Mr. Mulford, himself an old newspaper man, has succeeded in bringing much new business to the Harris Trust and Savings Bank by keyed newspaper advertising. He states that many thousands of people have called at the bank for their "Household Expense Book."

A number of the other large banks have gotten out of the rut, among them being The Hibernian Banking Association, where Vice-President Clarke has himself supervised the advertising appropriation, a large part of which is spent in programs and souvenirs gotten out by patrons of the bank; The Fort Dearborn National Bank, looked after by Vice-President Lampert; The National City Bank, in charge of Assistant Cashier Grimme; The Commercial National Bank, handled by C. W. Ross; The Colonial Trust and Savings Bank, the Prairie National, Prairie State and several others.

It is not wandering too far into the field of probabilities to say that in the next few years there will be a decided change for the better in all of the Chicago bank advertising, leading to the consequent betterment of the condition of the banks themselves.—C. B. Hazlewood, Adv. Mgr. of the Union Trust Co., Chicago, in "Signs of the Times."

THOUSANDS OF IDEAS FOR $5.

MODERN FINANCIAL INSTITUTIONS AND THEIR EQUIPMENT

BANCO MERCANTIL DE MONTEREY, MONTEREY, N. L., MEXICO.

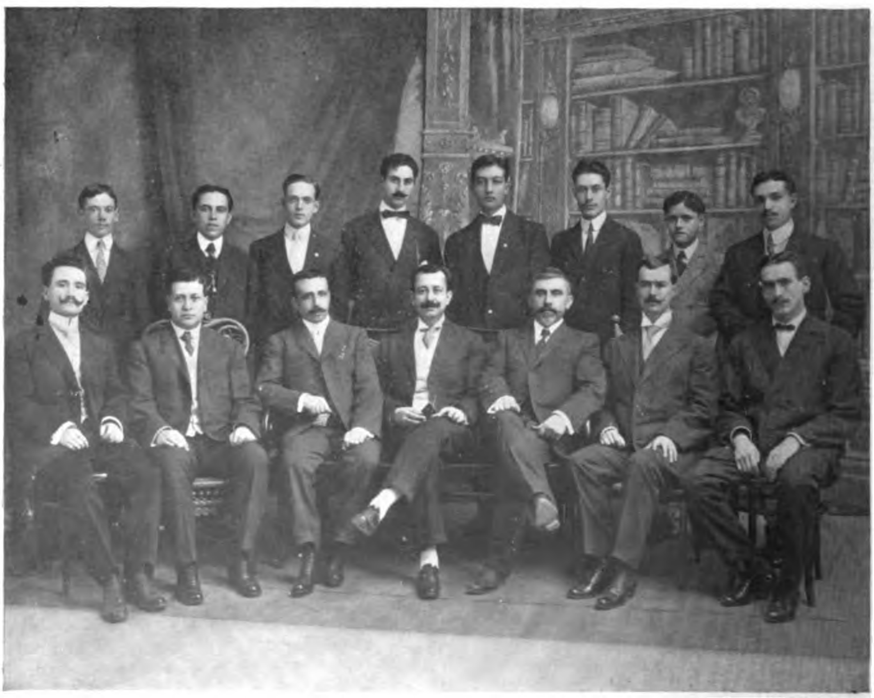
IN the October number of THE BANKERS MAGAZINE were presented sketches and illustrations of the banks of the City of Mexico. There are many large and important institutions outside the Federal District. One of the largest of these is the Banco Mercantil de Monterey of Monterey, State of Nuevo Leon. It was organized November 16, 1899, by virtue of a concession issued by the Federal Government on June 27, 1899, based on the General Banking Laws of March, 1897. Messrs. Enrique C. Creel, Joaquin D. Casasus, and Tomas Mendirichaga organized the bank. They are known throughout Mexico as gentlemen of the highest business ability, being connected with many of the leading banking commercial and manufacturing enterprises.

It was proposed to organize the bank with a capital not to exceed $2,000,000, but the amount was largely oversubscribed, and as a compromise the capital was made $2,500,000. Subscribers to the stock were largely residents of the City of Monterey or the State of Nuevo Leon, of which it is the capital, besides many residing in other parts of Mexico and abroad.

Banco Mercantil de Monterey.

DON TOMAS MENDIRICHAGA
First President Banco Mercantil de Monterey.

JOSE L. GARZA
Manager Banco Mercantil de Monterey.



Manager and Employees of Bank.
BANCO MERCANTIL DE MONTEREY.

Entrance to Manager's Office.

Directors and Stockholders' Room—west end.

BANCO MERCANTIL DE MONTEREY.

9

Cashier's Department and Entrance to Safe Deposit Vaults.

Receiving and Paying Tellers Windows.

BANCO MERCANTIL DE MONTEREY.

The shares of the bank are now well distributed and rank as first-class securities and are owned largely in Mexico, Europe and the United States.

On December 29, 1899, the bank entered into an agreement with the State of Nuevo Leon for the erection of a substantial banking building in the center of the City of Monterey. A three-story, fireproof building, of cream-colored stone, covering over 10,000 square feet of space, was

Waiting Room.

erected, at the northwest corner of Morelos and Zaragoza streets. This is not only one of the handsome buildings of Monterey, but, as may be seen from the views presented herewith, compares most favorably with the best modern bank buildings. It is elegantly finished and well equipped throughout.

This bank soon came to occupy the foremost position amongst the banking institutions in northern Mexico, and was designated by the State of Nuevo Leon as the official depository for state and city funds, this designation to continue as long as the bank operates under the concession issued by the Federal Government under which it was organized. The business done by the bank or any of its branches or agencies is exempt from taxation.

The bank's affairs have been splendidly handled by its directors and officers, who are all well-known business men of the highest class, and amongst them are many of the foremost men of northern Mexico. To their experienced care the bank owes its remarkable success.

The bank has always paid satisfactory dividends as shown in the following statement of dividends paid:

Year	per cent.	Year	per cent.
1900	6.75	1904	7
1901	10	1905	11
1902	10	1906	11
1903	10.40	1907	11

Mr. Jose L. Garza, the manager of the bank, has had many years of actual banking experience in Mexico and has been connected with the Banco Mercantil de Monterey since its organization, formerly holding the position of auditor. Because of special aptitude, and solely on account of merit, he was elected manager on May 1, 1906.

The record made by the bank during the past year, under most trying circumstances, due to the unfavorable business conditions prevailing throughout Mexico and the United States, has demonstrated the ability of its board of directors and officers. The bank met every demand on it, and extended concessions and assistance to many new clients as well as to its regular customers, promptly paying its depositors and bills in metallic money. During this time it acted prudently, reducing its loans about one million dollars, and largely increased its holdings of gold and silver currency, so as to be prepared at all times to meet any situation that might present itself.

The present board of directors and officers consist of the following gentlemen:

Directors: Senor Tomas Mendirichaga, Senor Enrique C. Creel, Senor M. Hernandez Mendirichaga, Senor L. Gonzalez Trevino, Senor V. Rivero y Gaja.

Fire-place in Main Banking Room, with Tablet showing names of Founders of Bank.

Substitutes: Senor Manuel Garza Guerra, Senor Francisco G. Sada, Senor Marcelino Garza, Senor Jose A. Muguerza, Senor Jose L. Garza.

Auditors for Board of Directors: Senor Andres Martinez Cardenas. Substitutes: Senor Francisco de P. Martinez, Senor Joaquin Villegas.

Direction: Jose L. Garza, manager; Senor Enrique Miguel, cashier; Senor Emeterio Velarde, accountant; Senor Manuel E. Gomez, Government inspector.

Agencies are established in the following cities of northern Mexico: State of Nuevo Leon—Cadereyta, Lampazos, Montemorelos, Villaldama; State of Coahuila—Allende, Cuatro Cienegas, Monclova, Muzquiz, Parras, Saltillo, Torreon; State of Tamaulipas—Ciudad Laredo, H. Matamoros, Ciudad Victoria; State of Durango—Gomez Palacio.

The principal correspondents of the Banco Mercantil de Monterey are National Park Bank, New York city; Banco Hispano America, Madrid; Credit Lyonnais, Paris; Credit Lyonnais, London, Hamburger Filiale der Deutschen, Hamburgo.

As shown by a recent monthly balance-sheet, the reserve fund (or surplus) amounted to $232,869.49, and deposits, current accounts, etc., aggregated $2,836,459.41.

The accompanying illustrations will serve to indicate in a general way the appearance of the Mercantile Bank's building. In point of convenience, elegance and solidity it ranks with the best bank structures of the present day.

Present Board of Directors, Banco Mercantil de Monterey.
Jose A. Muguerza, Mariano Hernandez, V. Rivero y Gaja, Francisco G. Sada, Jose L. Garza.

HANOVER NATIONAL BANK, NEW YORK.

THE stockholders of the Hanover National Bank of New York at their recent annual meeting added two new names to the directorate, which will still further strengthen what has always been regarded as one of the strongest boards among the New York banks.

These additions are John W. Castles, president of the Union Trust Co. of New York, and J. William Clark, of the Clark Thread Co. Mr. Castles stands high among the financial leaders of New York is well known to BANKERS MAGAZINE readers as until recently president of the Guaranty Trust Co. Mr. Clark is treasurer of the great Clark Thread Co. of Newark and identified with many other important interests.

The full board of directors is now as follows:

James T. Woodward, President.

Vernon H. Brown, Agent Cunard Steamship Company.

William Barbour, President The Linen Thread Company, 96 Franklin street.

John W. Castles, President Union Trust Company of New York.

J. William Clark, Treasurer Clark Thread Company, Newark, N. J.

James F. Fargo, Vice-President and Treasurer American Express Company.

William Halls, Jr., Summit, New Jersey.

William de F. Haynes, of Lawrence & Co., dry goods commission, 24 Thomas street.

Arthur Curtiss James, Vice-President Phelps, Dodge & Co., Inc., metals, 99 John street.

Charles H. Marshall, Chairman Liverpool & London & Globe Insurance Company.

Cord Meyer, merchant, 62 William st.

Samuel T. Peters, of Williams & Peters, coal merchants, 1 Broadway.

John S. Phipps, 787 Fifth avenue.

William Rockefeller, 26 Broadway.

Elijah P. Smith, of Woodward, Baldwin & Company, dry goods commission (cottons).

James Stillman, of Woodward & Stillman, merchants, 16 to 22 William street.

Isidor Straus, of L. Straus & Sons, importers of china and glassware, 44 Warren street.

James M. Donald, Vice-President.

E. Hayward Ferry, Vice-President.

William Woodward, Vice-President.

The Hanover under its present aggressive management has been uniformly successful, its last official statement showing capital of $3,000,000, surplus $10,000,000 and deposits more than $90,000,000.

These figures compare with $1,000,000 capital, $2,800,000 surplus, and $47,000,000 deposits in 1900.

In a comparison of the increase in surplus and profits made during the year 1908 by the various Clearing-House banks of New York the Hanover led all but the National City Bank with an increase of $967,000, in addition to 16 per cent., or $480,000, paid out in dividends. Dividends at the rate of 16 per cent. have been paid for many years and the latest quotation on the stock of the bank is about 525.

The official staff to whose aggressive work the credit for the growth of this great commercial bank is due, is as follows:

James T. Woodward, President.

James M. Donald, Vice-President.

E. Hayward Ferry, Vice-President.

William Woodward, Vice-President.

Henry R. Carse, Vice-President.

Elmer E. Whittaker, Cashier.

William I. Lighthipe, Assistant Cashier.

Alex. D. Cambell, Assistant Cashier.

Charles H. Hampton, Assistant Cashier.

J. Niemann, Assistant Cashier.

William Donald, Assistant Cashier.

BOSTON SAFE DEPOSIT AND TRUST COMPANY.

WHAT will prove another fine addition to the bank facilities of Boston is the new building now in course of erection by the Boston Safe Deposit & Trust Co. This new structure will cover almost an entire block of land fronting on Franklin, Devonshire and Arch streets, in the heart of the business section of the city. The building will be constructed of Vermont marble and will cover a space 110x127 feet and will be ten stories in height. The entire first floor and basement will be occupied by the trust company, giving it the greatly extended space required by its rapidly increasing business. The upper eight stories will be rented for office purposes.

The new banking rooms will be modern and up to date in every particular, and will provide for the best possible accommodation of those doing business with the company as well as for the needs of the company itself.

The safe deposit vault will have a capacity of 10,000 safes. It will have every modern device known to vault engineering as a safeguard against burglary, fire or riot. In connection with the vaults there will be seventy rooms of various sizes, furnished with every convenience which modern conditions suggest, for the use of individuals, trustees and committees, special attention being paid to the needs of savings banks and other corporations.

As has already been noted in these columns, the Boston Safe Deposit & Trust Co. was one of the pioneer trust companies in this country and is equipped for the careful handling of estates as well as carrying out the other functions of a corporation of its kind.

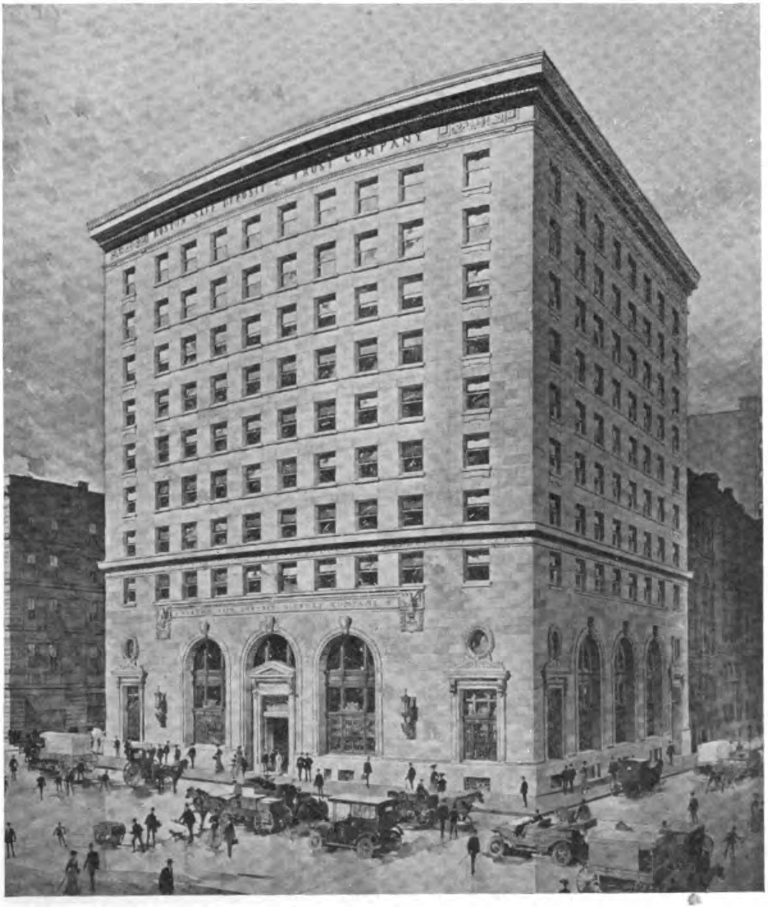
The capital is $1,000,000, and the surplus and undivided profits $2,783,453.65, all of which has been earned.

There have been paid in dividends since the company commenced business a sum amounting to $2,503,000.

The company from the first has always enjoyed a reputation for conservatism in the conduct of its affairs.

As evidence of the feeling towards this company, held by those who know it, may be cited the fact that it holds as executor and trustee in its trust department over $12,500,000, which is more than is similarly held by any other trust company in the New England States.

In the banking department it has deposits amounting to more than $12,000,000, and its capital of $1,000,000, its surplus and undivided profits of over $2,700,000, and its individual liability of stockholders of $1,000,000, offer a security of nearly $5,000,000 available for the protection of those who entrust their funds to its keeping.



Proposed Building for Boston Safe Deposit and Trust Co.

In its bond and transfer department the company is trustee under corporate mortgages aggregating $300,000,000; it is transfer agent for twenty-nine corporations and agent to register transfers for seventeen corporations.

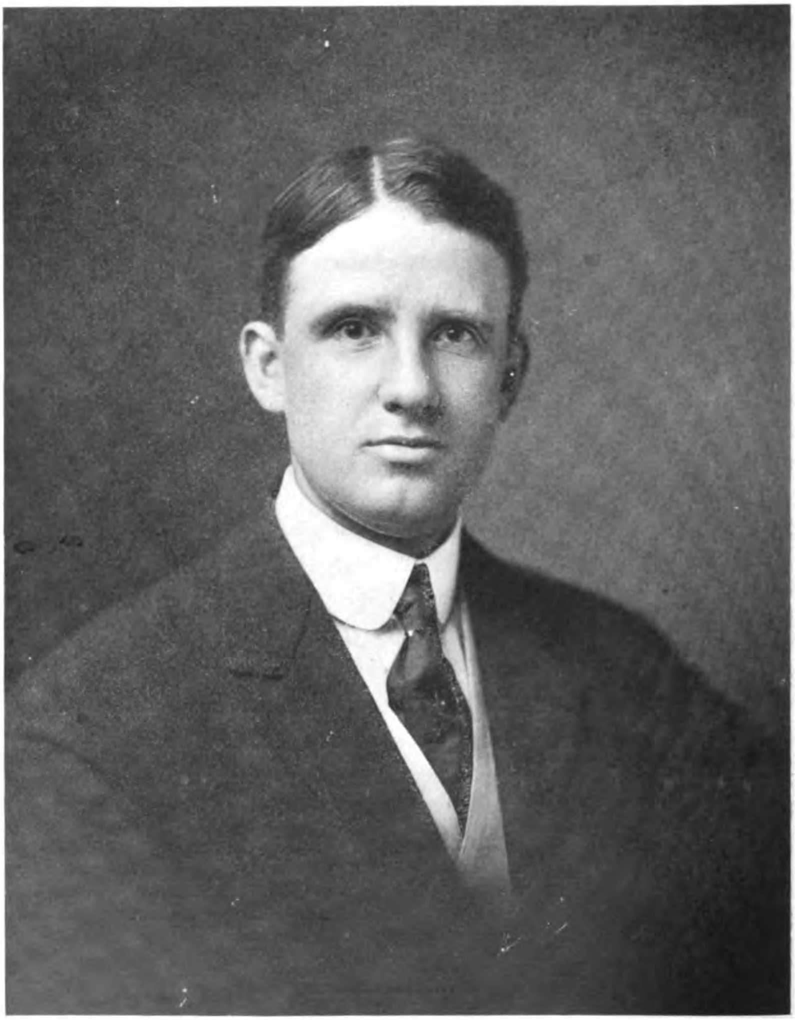
Its present quarters in the New England Mutual Life building at the corner of Milk and Congress streets have recently been thoroughly modernized, but are rapidly becoming inadequate to the needs of the company's growing business. The new banking rooms will be ready for occupancy in about a year.

A DISTINGUISHED BANKER.

MUCH has been said in the past few years about personality in business and the success which has attended the injection of red blood into the profession of banking, heretofore infused with cold conservatism. It seems an anomaly that one of the conspicuous examples of this innovation's success has attained his pre-eminence in Philadelphia, a city justly renowned for its respect of hoary traditions and a disinclination to depart therefrom.

Wm. Adger Law, although the son of a Presbyterian minister, came into a rich heritage of financial pre-eminence and intellectual distinction from his maternal grandparents, the Adgers of Charleston. A graduate of Wofford College, he made his first success as a banker by organizing and conducting the Central National Bank of Spartanburg, S. C., of which he was president. His banking reputation had spread well beyond the confines of his native state when in 1903 the management of the Merchants National Bank of Philadelphia, in seeking to extend its Southern connections, elected him as an assistant cashier. The selection evidenced both recognition of the best means to accomplish the desired end and a good judgment of the man, for the Southern business of the Merchants National Bank is more extensive than that of any other Philadelphia bank and its board of directors has found occasion to reward his ability with successive elections to the offices of cashier and vice-president.

Mr. Law gives his particular attention to the credits of his institution and his constant observation and study of this interesting subject is ample evidence that in his mind, at least, it is not a fixed science. It was doubtless this openness to conviction which influenced his appointment to the American Bankers Association committee on credit information, whose other members are Joseph T. Talbert of Chicago, the chairman, and Robt. A. Parker of New York. The report of this committee to the Association at Denver, on a plan to register with



WM. A. LAW.

Vice-President of the Merchants National Bank of Philadelphia.

clearing-houses in the principal reserve cities, commercial paper issued through brokers, and Mr. Law's paper on the same subject read at that session, provoked the most interesting and what will probably result in the most profitable discussion of the convention.

Although devoting a good part of his time each day to this important branch of the business, as the more active executive head, he is in constant touch with the various departments of the bank and the best index of his true nature is to be found in the respect and high esteem with which he is regarded by the Merchants staff and force from lowest to highest.

Always a believer in the value of co-operation, he has been a strong supporter of bankers' organizations from the time when he assisted in the formation of the South Carolina Bankers' Association down to his present connections with the Pennsylvania and American Bankers' Associations, and the imprint of his personality has been left on every office which he has held. Mr. Law was the first president of and a moving spirit in the South Carolina Bankers' Association. While vice-president for Pennsylvania of the American Bankers' Association, he added more new members to the roster than any one except the secretary, and his active interest in and the influence of his genial southern temperament on Group 1 of the Pennsylvania Bankers' Association helped to transform the annual dinners into gatherings replete with cordiality and good fellowship.

His activities, however, are not confined to those organizations, with which so many bank officers naturally affiliate. As an educated man and a man disposed to help others, he has seen in the Institute of Banking and the Evening School of the University of Pennsylvania, opportunities for the coming generation of bankers to acquire in a comparatively short and easy manner, the information and instruction which he was compelled to grind out of the hard mill of experience with many break downs, repetitions and mistakes, and he has given these institutions his active support, and devoted valuable time to the preparation and delivery of instructive addresses for their benefit.

When the wise man sees a strong figure rising above the level in the financial world with an inheritance of ability and mentality improved by self culture and experience and equipped with "sympathy, knowledge and poise," he does not attempt to prophesy the destiny of that figure, nor will we, but it is reasonable to say that if William A. Law attains to any great portion of the success which his friends and associates predict and wish for him, his future is assured.

FOR A STANDARD COIN.

REPRESENTATIVE PETERS of Massachusetts has introduced a bill in Congress establishing the $10 gold piece as the standard gold coin of the United States, and providing that it shall consist of sixteen and ninety-five hundredths grams of standard gold. The bill directs that the several gold coins authorized by existing law shall no longer be issued from any mint of the United States, but that those in existence shall continue current at the reduced rate of $9.86 for every $10. The gold dollar of one-tenth the value of the $10 piece is made the standard unit of value, and in exchange with Great Britain it is given a value of fifty pence, sterling. For the same purpose the value of the pound sterling is fixed at $4.80.

The bill also provides for a postal exchange under which American stamps may be used in England on mail for the United States, and English stamps in this country on mail intended for England, at the rate of two cents of American money for one English penny. The purpose of the bill is to facilitate exchange between the two countries and render it practicable to maintain a more satisfactory postal arrangement.

NEW BUILDING FOR CHARTERED BANK OF INDIA, AUSTRALIA, AND CHINA.

CROSBY HALL, an historic pile and quaint specimen of Gothic architecture situated in Bishopgate, London, is being torn down and will be occupied by a new building for the Chartered Bank of India, Australia and China. The building generally may be loosely described as Italian Renaissance. The Bishopsgate street front is on an Aberdeen granite base, and consists of four bays, with a high basement, the whole being relieved by Corinthian columns that are carried through two of the upper floors and are capped by an attic story covered with green Westmorland tiles. These tiles, which have been an outstanding feature of certain buildings further west, add a pretty touch of color to a street which may be described, not unfairly, as drab.

A feature of the new banking house will be the strong rooms and safe deposit vaults which will probably be the strongest and most modern in the city.

Altogether the new offices of the Chartered Bank promise to be as convenient and comfortable as they are modern; and, even if some still lament Crosby Hall, they have the satisfaction of knowing that the directors of the bank will have added to the city a building of which the city has every right to be proud. The bank has a branch in New York City, located at 88 Wall Street. The American agent is G. Bruce-Webster.

ALL BOOKS MENTIONED IN THESE NOTICES WILL BE SUPPLIED AT THE PUBLISHERS LOWEST RATES BY THE BANKERS PUBLISHING COMPANY, 90 WILLIAM STREET, NEW YORK.

Confessions of a Railroad Signalman. By J. O. Fagan. (Price, $1.00). Boston: Houghton, Mifflin Co.

Dealing with problems that affect human life, this volume is a notable contribution to the practical literature of the day. It sets forth some plain truths which the railroads and the public might profitably study.

James O. Fagan, the author of "The Confessions of a Railroad Signalman," was born at Inverness, Scotland, fifty years ago. When he was ten years old he went to a school for boys at Manchester, England, where he had won a scholarship. Here he studied electricity along with the classics, and when sixteen years old he apprenticed himself to a cable-laying expedition which took him from Portugal and the Canary Islands to Rio Janeiro. He worked for several years in South America as a cable-operator and then caught the gold fever and went to South Africa, where he enlisted in fighting against the Kaffirs and engaged in trading and gold mining. After the battle of Majuba Hill he made up his mind that he was ready for a change and decided to go to the United States. In the spring of 1881 he arrived in Boston and secured a job on the Boston & Lowell Railroad. After a few months he went to East Deerfield, Mass., on the Fitchburg Railroad, where he worked nights for five years. From there he went to the signal-tower at Cambridge, where he has now been located for twenty-two years, during which time he has made a very unusual study of railroading, economics and sociology in general. He has contributed many articles and stories to newspapers and magazines. He is to lecture this winter at the new Harvard Graduate School of Business Administration.

Tate's Modern Cambist. (Twenty-fourth edition.) By H. T. Easton, London: Effingham Wilson.

This is a new and revised edition of this well-known work on the foreign exchanges, bullion, monetary systems of the world and foreign weights and measures. It is a useful manual for bankers.

Problems of To-day. By Andrew Carnegie. New York: Doubleday, Page & Co. (Price, net, $1.40.)

As one who has borne close relations to practical problems of labor and capital, Mr. Carnegie is qualified by experience to treat of the questions with which this volume is concerned. He is forceful in his opinions, but not intolerant. Believing thoroughly in the present industrial system, he does not deny that the remote future may bring great changes, but their consideration is not for one day. We should make the best possible adaptation of the present system to our progressive needs; or, in his own words:

"All that is desirable and even possible as man exists to-day is being accomplished—too slowly, we agree, much too slowly—but in no small measure realized from generation to generation under the present system, which always has been and is being now and always must be steadily modified and improved as man correspondingly advances and is himself modified and improved, but not otherwise. Man and his conditions must march abreast, acting and reacting upon each other, that improvement may be evolved. This is the law of his being."

While socialism gets no support from Mr. Carnegie, wise progress along existing lines is favored. He would not prevent the accumulation of great fortunes, but favors heavy inheritance taxes which would either compel the multi-millionaires to distribute their wealth while living or have a large part of it go to the state at their death

The Book of Wheat. An Economic and Practical Manual of the Wheat Industry. By Peter Tracy Dondlinger, Ph. D. New York: Orange Judd Co.

For the first time this most important cereal has been treated exhaustively in a single volume. This book comprises a complete study of everything pertaining to wheat. It is the work of a student of economic as well as agricultural conditions, well fitted by broad experience in both practical and theoretical lines to tell the whole story in a condensed form. A glance at the table of contents shows that all phases of the wheat industry have been treated. The book is written with a view to completeness and accuracy, and at the same time is made very readable for the benefit of the general student. It is designed for the farmer, the teacher and the student as well, and the bibliography which accompanies the book is alone a valuable feature to the investigator of any subject connected with the culture of wheat.

This book presents most interesting reading to those not particularly interested in the practical side of agriculture, owing to the extensive historical notes regarding the methods followed in the culture of wheat from ancient times to the present. The great age of wheat as a tilled crop is impressed upon one when the early history is traced from prehistoric times to the present. The chapters on transportation, marketing and prices should be read by every miller and dealer in this staple crop, and the practical farmer will find in the chapters on improvement, cultivation, harvesting, fertilizing, etc., the most up-to-date, practical information as deduced by the best investigators.

As wheat is one of the great staple products of the country, and one of the important sources of revenue to the farmer, everything relating to its production and manufacturing is of interest to bankers as well as to farmers. "The Book of Wheat" is a book of genuine solid worth.

Manual of Bookkeeping and Accounting. By L. B. Moffett. Philadelphia: Published by the Pierce School.

This is an excellent manual of bookkeeping by Mr. L. B. Moffett, director of the well-known Pierce School of Philadelphia. It is clear in its explanations and admirably arranged, with numerous illustrations.

New York State Library Index of Legislation, 1907. Edited by Frederick D. Bramhall.

A brief index of legislation adopted in 1907. Under the head of "Banking" will be found references to a number of changes made in the laws regulating the various classes of moneyed institutions.

Accounts: Their Construction and Interpretation for Business Men and Students of Affairs. By William Morse Cole, A. M., Assistant Professor of Accounting in Harvard University. Boston: Houghton, Mifflin & Co.

Bankers are vitally interested in scientific methods of accounting, and this work is calculated to help very materially in bringing about a clearer understanding of the principles upon which accounting is based. The methods used in constructing the various kinds of accounts are also fully explained and illustrated. It is a valuable work for the banker as well as for the professional accountant.

Famous Cavalry Leaders, by Charles H. L. Johnston. Boston: L. C. Page & Co. Price, $1.50.

Any man with red blood in his veins will read this book with delight. It is a stirring account of some of the heroes of sabre, spur and saddle down through the ages from Attila to Custer. It vividly describes their forced marches, dashing raids and glorious charges. The heroes thus chronicled are: "Attila, the Scourge of God;" "Saladin, the Great Sultan of Egypt;" "Genghis Khan, the Perfect Warrior;" "Chevalier Bayard, the Warrior Without Fear and Without Reproach;" "Count Pappenheim, the Troublesome;" "Gustavus Adolphus, the Lion of the North;" "Prince Rupert, the Impetuous;" "Old Father Ziethen, the Prussian War Horse;" "Frederick William, Baron von Seydlitz, Hero of the Seven Years' War;" "Francis Marion, the Swamp Fox;" Marshal Ney, the Bravest of the Brave;" "Joachim Murat, the Great Napoleonic Leader of Horse;" "Jeb Stuart, Cavalier;" "Phil Sheridan, the Daredevil;" "George Armstrong Custer, the Indian Fighter."

The sketches making up this book are far from conventional biographies. They are written rather in modern journalistic style and there is not a dull line in the book.

Cavalrymen have ever been dashing, brave and picturesque. While this author does not at all disparage the infantry, he paints a bright picture of the part that horsemen have played in the wars of history. There are thrilling accounts of brave deeds and strong portrayals of dramatic incidents. The anecdotes are there too. Some of the old ones you used to read in your schoolboy days and also many that are entirely new to you.

There are four Americans in Mr. Johnston's cavalry Roll of Honor—Marion, Stuart, Sheridan and Custer—and it will stir the heart of any true American to read of the noble Marion, the dashing and admirable Stuart, the daredevil Phil, and the brave martyr, Custer. The exploits of these heroes are most entertainingly chronicled, and completely, too. In the case of Phil Sheridan, his first horseback ride—when as a boy he responded to a dare and rode a spirited horse bareback—is as graphically related as his more famous ride "To Winchester, thirty miles away."

Bankers and office men, when you want relief from the manifold worries of business, pick up a stirring book like this of an evening. It will do you good.

THE ENCHANTED HAT, by Harold MacGrath. Indianapolis: The Bobbs-Merrill Co. Price $150.

This is a little volume of short stories by the famous author of "The Man on the Box," "Half a Rogue" and other stories that have delighted thousands. These short stories are like MacGrath's longer incursions into the field of romantic literature—bright, witty and pleasing. The volume takes its title from the first story in it. The others are "The Wrong Coat," "A Night's Enchantment," and "No Cinderella." The stories are interesting—pleasant reading for an idle hour or two—but do not provide very hearty mental pabulum—a cream puff desert for a mind fed to satiety with heartier nourishment rather than a substantial intellectual meal in themselves. MacGrath has done better things than "The Enchanted Hat." Many a popular writer has done worse.

THE BLUE PETER. By Morley Roberts. Boston: L. C. Page & Co. (Price $1.50.)

If you like sea yarns you will thoroughly enjoy this book of thrilling, mysterious and amusing tales of those who go down to the sea in ships. The book consists of five separate stories, as follows: "Extra Hands on the Nemesis;" "The Strange Situation of Captain Brogger;" "The Overcrowded Iceberg;" "The Remarkable Conversion of the Rev. Thomas Ruddle;" and "The Captain of the Ullswater." The yarns are well told and breezy in style. "Extra Hands on the Nemesis" is the astounding story of how an entire firm of London ship owners—consisting of four members—was kidnapped and carried away in one of their own ships. It seems that this was a particularly hard-hearted firm, made up of grasping, domineering men who squeezed every penny, especially in the matter of wages paid to their employees.

One day the firm suddenly determined to take a little trip on the "Nemesis," one of their own boats just about to sail for Capetown and Australia. They plan to leave the ship at Gibraltar and return home by land. Special delicacies and comforts are brought aboard for their benefit, the cheap "grub" and "grog" that they provide for the crew, of course, not being good enough for them. The proceed to antagonize the officers and men by their overbearing actions. One member of the firm gets into a fight with the mate and it is not long before a mutinous spirit manifests itself on board, the skipper himself being the ringleader. The latter individual feels particularly independent because he has just come into a small fortune and had intended to make the present voyage his last one anyway. As a result of this combination of circumstances, the aforesaid hard-hearted ship-owners do not land at "Gib," but go on to Capetown and before they set foot on terra firma again they learn some very salutary lessons about the equality of man, especially before the mast of a ship manned by mutineers.

"The Overcrowded Iceberg" tells a delightfully improbable story of what happened after a ship was shattered and sunk by striking an iceberg in the fog. The crew got safely aboard the iceberg with supplies of food enough to keep them alive for some time and a life boat as a last resource should the berg melt away before the marooned party was rescued. After the iceberg had split in two, turned turtle, and performed a few other such disconcerting evolutions, a fog came on again, and at the psychological moment (for those on the iceberg) a collision occurred between two steamers not far away. One was so badly damaged that passengers and crew were transferred to the other ship and the damaged craft was left to sink or float away as a derelict. The sailors stranded as a result of the first accident now take possession of the derelict, patch it up and steam away with it, buoyed up by hopes of a big reward in salvage fees and with grateful hearts for their own escape from an inconvenient situation, not to say a watery grave. On the whole this book is quite worth while, and as Lincoln said, "Those who like that kind of thing probably will enjoy it."

BOOKS RECEIVED.

Trust Company Section American Bankers' Association; proceedings of the convention held at Denver, Colo., September 29, 1908.

MINERAL WEALTH. New York: Wm. B. Macklow.

LAWS RELATING TO FOREIGNERS AND FOREIGN CORPORATIONS. By G. F. Emery. London: Effingham Wilson.

NOTES ON HYDRO-ELECTRIC DEVELOPMENTS. By Preston W. Player. New York: McGraw Publishing Co. (Price, $1.00.)

MONEY, TRADE AND INVESTMENTS

NEW YORK, January 6, 1909.

CONFIDENCE IN THE FUTURE seemed to gather strength as the memorable year 1908 hastened to its close. It was not so much that the final month of the year was productive of many significant happenings, but that the mere fact that a full year had intervened since the panic of 1907 would of itself have a good effect upon sentiment. In many lines of business a very hopeful view is expressed regarding the immediate future, and by the early spring many evidences of revival of activity are expected to put in an appearance.

The stock market was irregular at times but it came through the month without any general break in prices which can not be said of every December, particularly in a year which has witnessed an extensive upward movement. Not only were the highest prices of the year for a great majority of stocks recorded in December, but in many cases the final prices of the year were near the best figures. The year 1908 was in striking contrast to its immediate predecessor. In 1907 the highest quotations for that year were almost without exception recorded in January and the lowest in October or November, a few stocks falling to their low point in December. In 1908 the course of the security market was almost exactly the reverse. The low records were nearly all made in January or February and the highest in December. It was also in the last two months of the year that the stock market was most active, while in 1907 they were the dullest months of the year.

Nearly 200,000,000 shares of stock were traded in at the New York Stock Exchange during the year or about the same as in the previous year but 90,000,000 shares less than in 1906. There was extraordinary activity in bonds during the entire year, the total sales aggregating about $1,100,000,000, or nearly double the year's transactions in 1907. Both stocks and bonds show a large net advance in prices for the year and it is estimated that the market value of railroad stocks listed at the Stock Exchange was $1,413,000,000 greater on December 31, 1908, than on the corresponding date of 1907, while industrial stocks show an increased value of $834,000,000 making the total appreciation in values $2,247,000,000. Were the advance in bonds similarly calculated it would be seen that investors have had several billions of dollars added to the market value of their securities as the result of the advance in prices in 1908.

Nevertheless there has been only a partial recovery from the great slump in 1907. In fact the average high prices of 1908 closely approximate the average low prices of 1906. A record of the prices of twenty representative railroad stocks and twelve industrial stocks kept by the "Wall Street Journal" shows the average highest and lowest prices for each of the last eight years as here indicated.

AVERAGE PRICES OF STOCKS.

	—Railroad Stocks.—		—Industrial Stocks.—	
	Highest.	Lowest.	Highest.	Lowest.
1901	117.65	93.56	78.26	61.61
1902	129.30	111.73	68.44	59.57
1903	121.28	88.30	67.70	42.15
1904	119.46	91.31	72.23	46.41
1905	133.54	114.52	96.56	71.37
1906	138.36	120.30	103.00	85.18
1907	131.95	81.41	96.37	53.00
1908	118.18	86.04	88.38	58.62

The twenty railroad stocks reached the high average price of 138.36 in 1906 and fell to 81.41 in 1907. The highest average price in 1908 was 118.18 recorded on December 12. At the close of the year these stocks averaged 30 per cent. higher than at the close of 1907.

The twelve industrial stocks reached the high average of 103 in 1906 and fell to 53 in 1907. On November 13, 1908, they had recovered to 88.38, or to within about 15 per cent. of the high price in 1906. The final prices of the year were about 27 per cent. higher than on December 31, 1907.

While security values have been appreciating conservatism has marked the flotation of new enterprises. The "Journal of Commerce" reports that the capital of new companies chartered in 1908 amounted to $2,060,084,459, as compared with $2,545,052,508 in 1907, a decrease of nearly $500,000,000. The incorporations with $1,000,000 capital or over represented an aggregate capital of $1,251,197,250, the smallest for any year since 1904. In 1907 the total was $1,459,325,000, in 1906 $2,307,970,000, in 1905 $1,694,187,211, in 1904 $1,003,542,200, in 1903 $1,654,656,000, in 1902 $2,617,478,650, in 1901 $3,714,105,000 and in 1900 $2,361,975,000. The large total in 1901 was affected by the incorporation of the United States Steel Corporation. The record for 1908 is less than one-half of that for 1902.

The issues of new securities were larger in 1908 than in 1907, the total for the two years being $1,419,799,371 and $1,393,913,300 respectively. Nearly $2,190,000,000 of bonds, stocks and notes were authorized but conditions prevented the issue of the entire amount. It is believed that the coming year will witness a considerable increase in new issues and that investors will be ready to accept bonds of a high grade which will net about 4 per cent. income.

That the railroads will seek a large amount of new capital is beyond question. Temporary loans bearing a high rate of interest will be replaced by long term bonds, while many of the roads have improvements and extensions under way which must be financed. The earnings of the railroads are still unsatisfactory and the gross will probably show a loss of $100,000,000 for the year. Of late net earnings have shown improvement, but how far the economies employed to produce the result will tend to increased expenditures sometime in the future is an important question.

Railroad construction reached a low ebb in 1908, only 3,214 miles having been built. This is a decrease of nearly 2,000 miles compared with 1907 and the smallest for any year since 1898. The mileage built in each of the last sixteen years is shown in the accompanying table.

The economy which the railroads were compelled to practice, and the falling off in traffic caused a very decided reduction in the manufacture of railway cars last year. Returns from equipment building companies show that only 78,271 cars were built in the United States and Canada in 1908 as compared with 289,645 in 1907, 243,670 in 1906 and 168,006 in 1905.

A larger railroad mileage was placed in the hands of receivers in 1908 than in any previous year since the panic year 1893. The railroads for which receivers were appointed represented 8,009 miles of railway and a total capitalization of $596,359,000. In the year 1893 the new receiverships embraced 29,340 miles of road with a capitalization of $1,781,046,000.

These are not encouraging statistics but they reflect conditions which it is believed no longer exist or are in process of disappearing. As a factor in future prosperity the crops of the country are expected to play a very important part. The government estimate of yield and value of farm crops was issued in December. Of the principal cereal crops none established new records as to quantity in 1908, although nearly all are large crops. The corn yield is the third highest and is only about 600,000,000 bushels below the maximum. The wheat crop has been larger in five other years but is within 84,000,000 bushels of the high record. The oats crop has been exceeded in six other years and is 180,000,000 bushels below the highest yield. Barley and rye are close to bumper crops while cotton is only about 700,000 bales less than the record crop. An interesting comparison of the principal crops is shown here.

While the crops are slightly deficient as

RAILROAD CONSTRUCTION.

Year.	Miles.	Year.	Miles.	Year.	Miles.	Year.	Miles.
1893........	3,024	1897........	2,109	1901........	5.368	1905........	4.388
1894........	1,760	1898........	3.265	1902........	6,026	1906........	5,623
1895........	1,428	1899........	4,50[illegible]	1903........	5,652	1907........	5.212
1896........	1,672	1900........	4,894	1904........	3,832	1908........	3,214

1908 CROPS AND MAXIMUM RECORDS.

	—Yield 1908.— Bushels.	Rank.	—Maximum Crop.— Year.	Bushels.
Corn	2,668,651,000	3d	1906................	2,927,416,091
Wheat	664,602,000	6th	1901................	748,460,218
Oats	807,156,000	7th	1902................	987,842,712
Barley	166,756,000	2d	1906................	178,916,484
Rye	31,851,000	3d	1902................	33,630,592
Cotton	*12,920,000	3d	1904................	*13,654,000

* Bales.

to quantity prices generally are so much higher than they were a year ago that the farmer as a class may be considered very prosperous. This is an element of prosperity however which will not appeal to the consumer who in many instances has to be content with lower wages or less work than were his a year or two years ago. The farm value of eleven crops—not including cotton—is estimated by the Department of Agriculture at about $3,697,000,000, as compared with $3,409,000,000 in 1907 and $2,926,000,000 in 1906. An increase of $288,000,000 over the 1907 total and of $771,000,000 over the 1906 figures gives the American farmer a good deal upon which to base his confidence in the country's future. The total value of all crops in 1908 is estimated by the government at $7,778,000,000, which exceeds all previous totals.

the last year. Beginning the year with a deficit in their reserves of $11,509,550, on January 4, in four weeks they had accumulated a surplus of $40,526,725 and on June 27 the surplus had increased to $66,098,800, the highest figure in many years. In the last half of the year the surplus declined almost continuously and on December 26 was only $10,009,700. Since that date the surplus has increased $10,000,000.

The cash reserves have reached a higher amount than at any previous time in the history of the banks. They now exceed $351,000,000, or $100,000,000 more than at the beginning of 1908. The maximum amount reported during the year was $414,013,300 on August 29, since which date they have been reduced $63,000,000. The reserve has shown wide fluctuations during the year as indicated in the table annexed:

NEW YORK BANK RESERVES.

	Reserve.	Change.		Reserve.	Change.
Jan. 4	$250,606,900	....	Aug. 29	$414.013.300	Inc. $34.885.000
Feb. 1	325,152,100	Inc. $74,545,200	Oct. 10	385,395,500	Dec. 28.617.800
Feb. 15	313,927.500	Dec. 11.224,600	Oct. 24	387,413,100	Inc. 2,017.600
May 16	383.662,400	Inc. 69.734.900	Nov. 7	379,510,200	Dec. 7,902,900
June 6	367.817,300	Dec. 15,845,100	Nov. 28	384.474.400	Inc. 4,964.200
June 27	396,142,900	Inc. 28,325,600	Dec. 26	347,461.300	Dec. 37,013.100
July 11	379.128,300	Dec. 17.014,600	Jan. 2	351,174,200	Inc. 3,712,900

THE COUNTRY'S STOCK OF MONEY.

January 1—	Gold Coin and Bullion.	Silver Dollars.	Subsidiary Silver.	Treasury Notes of 1890.	National Bank Notes.	Total.
1900	$1,016,009,857	$476.201.341	$79.643.721	$88,320,280	$246,277,223	$2,253,133,438
1901	1,108,541,829	504,690.508	87,569,473	61,397.000	340,141.175	2,449,021,001
1902	1,176,172.153	530.732,617	91,975.381	38,596,000	360,289.726	2,544.446,893
1903	1,246,876.715	548,098,168	100,769,875	24,053,000	384,929.784	2,651.408,558
1904	1,314,622,524	554,841,489	105,938,279	15,906.000	425,163,018	2,763.152.326
1905	1,345,952.535	558,484,968	112,171,494	11,019,000	464,794,156	2,839.103.169
1906	1,419,943,124	559,898,865	116,990,855	8,330,000	540,914,347	2,992,758,207
1907	1,587,018,385	561,635,530	127,841,368	6,616,000	596,162.469	3,225,954,768
1908	1,604,530.493	562.770.982	139.630,994	5.479,000	690.130.895	3.349,223,380
1909	1,653.881,807	563,663,812	153,226,112	4,596,000	677,068,165	3.399.116,912

The question of money seems to attract no particular interest and the advance in rates in December was considered rather favorable than otherwise. Even gold exports the first since July caused no apprehension. The country lost about $40,000,000 gold in 1908 but this is insignificant as compared with the nearly $200,000,000 gained by import in the previous two years.

The sterling exchange market has frequently shown its sensitiveness to prevailing conditions here and any hardening of interest rates in this market is quickly reflected by a movement of sterling from the gold exporting point to the point which permits gold imports.

The New York clearing-house banks passed through a remarkable experience in

The reserves increased much more rapidly in the first half of the year than later and in December were lower than at any previous time since April. The growth of deposits was of an extraordinary character. From $1,048,000,000 they increased to $1,425,000,000, the latter figure being recorded on November 28. From this high point they have since declined $105,000,000. Several times during the year the deposits increased from $20,000,000 to $40,000,000 in one week, while in the latter part of the year there were reductions exceeding $40,000,000 a month.

The past year has witnessed some important changes in the money supply of the country. At the close of the year the total amount of money, combining that in circulation with the holdings of the United States Treasury, was $3,399,116,912. This is an increase of not quite $50,000,000 for the year. This is the smallest increase in over ten years. In 1907 there was an increase of $124,000,000 and this after the Treasury Department had revised its previous estimates of the gold supply and reduced the figure $135,000,000. The actual increase in that year was therefore nearly $260,000,000. In 1906 there was an increase of $233,000,000 and in 1905 of $153,000,000.

A table presented herewith shows the total amount of each kind of money at the beginning of each year since 1900. United States notes (greenbacks) are not stated separately as they do not vary in amount, being held at the fixed sum of $346,681,016. They are included however in the aggregate in the last column:

For the first time in ten years the supply of national bank notes shows a decrease for the year. The net decrease is $13,000,000. Gold increased $49,000,000. That is the smallest gain since 1905 when the increase was only $31,000,000. In 1907 the apparent increase was only $17,000,000 but this was after the reduction of $135,000,000 in the estimated supply which was made in August, 1907. The ratio of gold to the total stock of money has been very slightly changed since 1900, being then as now about 50 per cent. National bank notes have increased from about 11 per cent. to 20 per cent. of the total.

While silver dollars have increased $87,000,000 since 1900 there has been very little change in the last four or five years, while in the meantime only about $4,500,000 of the Treasury notes of 1890 are now outstanding as against $88,000,000 on January 1, 1900. The supply of fractional silver has nearly doubled in the last nine years, the increase in 1908 being over $13,000,000.

While the amount of gold in use as money has increased more than $600,000,000 in the last nine years there is very little more in active circulation than there was on January 1, 1900. In fact a decrease of $73,000,000 is reported for the last two years, the revision of official estimates more than accounting for this reduction however. Still the circulation of gold coin is now $29,000,000 less than it was a year ago. Compared with January 1, 1900, gold coin in circulation shows an increase of only about $1,300,000, or allowing for the reduced estimate, of about $136,000,000. Silver coin shows an increase of $60,000,000, due mainly to the increased supply of fractional silver, while the various forms of paper money, including coin certificates, increased $1,050,000,000. The amount of money in circulation classified as coin and paper at the beginning of each of the last nine years is shown in tne annexed table:

That there is a preference for paper money over coin in its actual use is apparent from the table. In 1900 31.20 per cent. of the total money in circulation was in gold coin and 7.43 per cent. in silver coin, a total of 38.63 per cent., while 61.37 per cent. was in the form of notes. At the present time only 20.03 per cent. is in gold coin and 6.70 per cent. in silver coin

COIN AND PAPER CIRCULATION OF THE UNITED STATES.

January 1—	Gold Coin.	Silver Coin.	Paper.	Total.
1900	$617,977,830	$147,071,368	$1,215,348,972	$1,980,398,170
1901	629,192,578	159,305,789	1,384,753,512	2,173,251,879
1902	635,374,550	158,301,080	1,456,952,360	2,250,627,990
1903	629,680,632	172,661,003	1,546,359,266	2,348,700,901
1904	627,970,533	179,204,575	1,659,170,789	2,466,345,897
1905	649,548,528	182,930,722	1,737,141,875	2,569,621,125
1906	654,168,025	193,765,592	1,823,609,954	2,671,543,571
1907	692,623,564	209,498,773	1,981,777,991	2,883,900,328
1908	648,573,173	226,293,287	2,204,122,838	3,078,989,298
1909	619,317,841	207,506,958	2,265,490,904	3,092,315,703

CIRCULATION BASED ON COIN.

January 1—	Gold Coin and Certificates.	Silver Coin and Certificates.	National Bank Notes & U.S. Notes.
1900	$779,100,627	$629,046,535	$572,251,008
1901	861,980,507	642,935,351	668,336,021
1902	913,371,619	646,233,709	691,022,662
1903	976,099,451	660,152,061	712,449,389
1904	1,049,050,552	660,869,718	756,425,627
1905	1,116,288,217	661,888,003	791,444,905
1906	1,135,107,044	666,000,961	870,435,566
1907	1,273,018,763	683,916,627	926,964,938
1908	1,355,185,522	699,493,690	1,024,310,086
1909	1,421,178,350	682,933,946	988,203,407

Money Rates in New York City.

	Aug. 1.	Sept. 1.	Oct. 1.	Nov. 1.	Dec. 1.	Jan. 1.
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
Call loans, bankers' balances	1 —1¼	1 —1¼	1¼—2	1 —2	1½—2	2½—3¼
Call loans, banks and trust companies	1 —	1 —	1¼—	1 —	1½—	2½—
Brokers' loans on collateral, 30 to 60 days	2 —	1¾—2	2¼—½	2¾-3	2½— ¾	3 — ¼
Brokers' loans on collateral, 90 days to 4 months	2½—3½	2 —3½	2½—3¼	3 —¼	2¾—3	3¼—
Brokers' loans on collateral, 5 to 7 months	3½—4	3½—¾	3½—	3½—¾	3½— ½	3½—4
Commercial paper, endorsed bills receivable, 60 to 90 days	3 —3½	3 —3½	4 —	4 —	3¾—	3¾—4
Commercial paper, prime single names, 4 to 6 months	4 —4¼	4 —4½	4 —4½	4 —4½	4 —4½	4 —
Commercial paper, good single names, 4 to 6 months	4½— 5	4½—5	4½—5	4½—5½	4½—5	4½—5

a total of 26.73 per cent., while 73.27 per cent. consists of paper.

The gold basis of our currency has been materially broadened however and nearly one half of the total circulation is now either gold or supported by gold in the Treasury dollar for dollar. This is without reference to the $150,000,000 gold reserve held in the Treasury for the redemption of legal notes and which equals about 40 per cent. of the notes which it secures.

The circulation classified according to the basis—metallic or non-metallic—upon which it rests is shown in another table covering a similar period.

The currency based on gold, exclusive of the legal tender notes, now amounts to $1,421,000,000 and is 45.96 per cent. of the total, as against 39.34 per cent. in 1900. The currency based on silver is $682,000,000 or 22.08 per cent. of the total, as against 31.77 per cent. in 1900. National bank notes and United States notes, only in part represented by a gold reserve amount to $988,000,000 or equal to 31.96 per cent. of the total as compared with 28.89 per cent. in 1900. This increase is due to the large expansion of national bank notes, all of which are secured by a deposit of government bonds exceeding in value the face of the notes.

While our currency system is far from being perfect and while open to the strongest criticism, the basis of the currency has been very much strengthened since the days when greenbackism and free silver were great political issues.

The supply of gold is still increasing, the world's production in 1908 being estimated at $427,000,000, which compares with $410,555,000 in 1907. Africa is the largest producer, the yield for that country last year being $165,000,000. The United States is next in rank and is credited with $96,300,000 for last year against $90,435,000 in 1907.

One event in the last month of the year was the Government's offering of $30,000,000 Panama Canal 2 per cent. bonds. The bids amounted to $102,000,000 and the issue was sold at an average price of 102.4 per cent. The national banks have $13,363,000 of these bonds now deposited to secure circulation and $1,453,000 to secure public deposits. Of the former issue of about $55,000,000 canal bonds the national banks hold for the purposes mentioned $53,369,000 or practically all. A substantial increase in the circulation of the New York banks quickly followed the issue of the new bonds.

The Money Market.—Money was firmer during the last month of the year but became easier toward the end of the month. One important influence was the sale of $30,000,000 Panama Canal bonds by the Government which drew upon the reserves of the banks. On December 15 call money touched 4½ per cent., the highest point for the year. At the close of the month call money ruled between 2½@3¼ per cent., with the average about 3 per cent. Banks and trust companies loaned at 2½ per cent. as the minimum. Time money on Stock Exchange collateral is quoted at 3@3¼ per cent. for sixty to ninety days, 3¼ per cent. for four months, and 3½@4 per cent. for five to six months, on good mixed collateral. For commercial paper the rates are 3¾@4 per cent. for sixty to ninety days' endorsed bills receivable, 4 per cent. for first-class four to six months' single names, and 4½@5 per cent. for good paper having the same length of time to run.

New York Banks.—As shown by the statement of averages the New York

New York Clearing House Banks—Average Condition at Close of Each Week.

Dates.	Loans.	Specie.	Legal tenders.	Net Deposits.	Surplus Reserve.	Circulation.	Clearings.
Dec. 5...	$1,347,145,300	$296,706,800	$79,498,100	$1,424,132,500	$20,171,775	$45,959,700	$2,190,116,900
" 12...	1,339,547,400	289,966,800	79,082,300	1,408,597,900	16,899,625	46,489,000	2,004,408,500
" 19...	1,315,980,100	272,848,200	79,389,600	1,368,912,400	10,009,700	46,612,100	2,142,183,800
" 26...	1,276,715,300	269,193,600	78,262,700	1,322,151,900	16,923,325	49,129,600	1,888,256,700
Jan. 2...	1,273,220,700	271,626,100	79,548,100	1,320,867,600	20,957,300	50,360,900	1,780,143,400

clearing-house banks lost $124,000,000 in deposits between November 28 and January 2. The actual deposits on the latter date were however $24,000,000 more than the average for that week. The reserves were reduced $33,000,000 and the surplus reserve shows a net loss of $7,000,000. The latter item was down to $10,000,000 on December 19 but increased to nearly $21,000,000 on January 2. A year ago there was a deficit of $20,000,000. The average deposits are $270,000,000 more than on January 1, 1908, and now exceed the loans by $47,000,000. At this time last year the loans were $49,000,000 in excess of the deposits. Loans reached their maximum record on December 5, aggregating $1,347,000,000, but on January 2 had fallen to $1,273,000,000.

Deposits and Surplus Reserve on or About the First of Each Month.

Month.	1907.		1908.		1909.	
	Deposits.	*Surplus Reserve.*	*Deposits.*	*Surplus Reserve.*	*Deposits.*	*Surplus Reserve.*
January	$981,301,100	$5,369,225	$1,050,925,400	*$20,170,350	$1,320,867,600	$20,957,300
February	1,076,720,000	12,634,100	1,138,501,500	40,526,752	....	....
March	1,038,431,800	3,857,650	1,167,623,700	29,262,675	....	....
April	1,019,817,300	13,131,275	1,189,334,300	39,788,525	....	....
May	1,106,183,300	12,346,775	1,257,759,200	62,352,900	....	....
June	1,128,194,600	12,782,450	1,285,788,800	47,910,000	....	....
July	1,092,031,700	2,509,275	1,320,176,400	66,098,800	....	....
August	1,099,302,400	7,473,200	1,365,401,300	59,083,575	....	....
September	1,046,655,800	8,756,450	1,394,617,300	65,608,970	....	....
October	1,055,193,700	5,646,575	1,396,771,400	42,289,655	....	....
November	1,051,786,900	*38,838,825	1,411,416,300	33,589,120	....	....
December	1,083,283,300	*52,989,425	1,425,375,000	28,130,650	....	....

Deposits reached the highest amount, $1,425,375,000, on November 28, 1908; loans, $1,347,145,300 on December 5, 1908, and the surplus reserve $111,623,000 on Feb. 3, 1894. * Deficit.

New York Clearing House Banks—Actual Condition.

Dates.	*Loans.*	*Specie.*	*Legal Tenders.*	*Net Deposits.*	*Reserve Held.*
Dec. 5	$1,339,279,300	$293,307,100	$79,082,600	$1,411,435,900	$372,389,700
" 12	1,336,422,200	285,220,500	79,947,900	1,400,957,400	365,168,400
" 19	1,288,310,700	268,842,800	79,649,200	1,337,231,800	348,492,000
" 26	1,264,616,800	267,577,600	77,333,700	1,306,566,500	344,911,300
Jan. 2	1,293,502,000	269,916,100	80,922,000	1,344,534,900	350,838,100

State Banks and Trust Companies Outside of Clearing House—Average Condition.

Dates.	*Loans.*	*Specie.*	*Legal Tenders.*	*Net Deposits.*	*Gross Deposits.*	*Reserve on Deposits*
Dec. 5	$1,011,778,800	$90,378,600	$16,358,100	$933,127,000	$1,118,755,800	$321,465,400
" 12	1,030,876,000	91,040,700	17,083,100	951,442,100	1,123,055,300	307 479,500
" 19	1,047,342,600	91,623,700	17,345,700	966,037,300	1,124,661,000	294,656,600
" 26	1,057,049,200	91,267,000	17,134,800	971,940,600	1,115,026,600	278,464,400
Jan. 2	1,061,461,400	92,228,600	17,512,200	980,579,600	1,128,588,300	283,873,200

State Banks—Average Condition.

Dates.	*Loans.*	*Specie.*	*Legal Tenders.*	*Gross Deposits.*	*Reserve on Deposits.*
Dec. 5	$294.312,700	$57,960,200	$25.174,700	$350,523,400	$104,191,800
" 12	299,545,900	51,559,400	25,000,300	350,291,700	98,208,100
" 19	297,453,200	49,864.100	25,344,000	345,279,800	96,030,200
" 26	295,578 000	49,617,300	25,256,700	342,449,400	98,993,500
Jan. 2	293,511,600	47,577.000	25,219,500	338,299,600	92,186,000

Trust Companies—Average Condition.

Dates.	*Loans.*	*Specie.*	*Legal Tenders.*	*Gross Deposits.*	*Reserve on Deposits.*
Dec. 5	$920,695,300	$84,549,800	$8,304,900	$1,010,538,400	$290,668,400
" 12	938,791,000	85,315,700	8,999,300	1,018,022,200	276,053,600
" 19	953,709,200	85,578,300	9,144,000	1,014,737,500	264,854,300
" 26	963,222,300	85,174,700	9,143,500	1,005,842,400	249,501,900
Jan. 2	967,293,800	86,058,500	9,396,700	1,018,260,500	254,390,900

Non-Member Banks—New York Clearing-House.

Dates.	*Loans and Investments.*	*Deposits.*	*Specie.*	*Legal tender and bank notes.*	*Deposit with Clearing-House agents.*	*Deposit in other N. Y. banks.*	*Surplus Reserve.*
Dec. 5	$91,326,700	$110,351,300	$6,404,100	$8,548,400	$14,529,800	$6,017,200	$7,911,675
" 12	92,369,600	113,261,900	6,417,000	8,750,800	16,084,700	6,093,400	9,030,425
" 19	93,513,800	114,472,700	6,586,400	8,694,700	16,568,400	5,422,600	8,658,925
" 26	94,237,500	110,387,600	6,506,900	8,509,500	12,706,300	4,873,100	4,998,900
Jan. 2	....	....	....	....	....	....	....

Boston Banks.

Dates.	*Loans.*	*Deposits.*	*Specie.*	*Legal Tenders.*	*Circulation.*	*Clearings.*
Dec. 5	$211,596,000	$261,205,000	$25,138,000	$4,521,000	$8,763,000	$173,859,100
" 12	214,761,000	261,588,000	25,327,000	4,830,000	8,795,000	170,823,000
" 19	216,489,000	259,478,000	24,673,000	4,151,000	8,756,000	165,386,700
" 26	212,378,000	247,035,000	22,814,000	4,431,000	8,945,000	176,564,600
Jan. 2	....	....	....	....	....	138,494,300

Philadelphia Banks.

Dates.	*Loans.*	*Deposits.*	*Lawful Money Reserve.*	*Circulation.*	*Clearings.*
Dec. 5	$245,965,000	$306,379,000	$82,366,000	$13,243,000	$138,967,700
" 12	247,543,000	304,504,000	80,860,000	13,461,000	121,531,400
" 19	249,348,000	301,959,000	75,486,000	13,614,000	135,870,100
" 26	250,526,000	295,598,000	69,778,000	13,904,000	107,004,400
Jan. 2	....	....	....	....	117,279,300

Gold and Silver in the European Banks.

	Nov. 1, 1908.		*Dec. 1, 1908.*		*Jan. 1, 1909.*	
	Gold.	*Silver.*	*Gold.*	*Silver.*	*Gold.*	*Silver.*
England	£36,376,341	....	£35,577,714	....	£30,732,402	....
France	121,803,855	£35,602,841	135,287,326	£35,670,752	139,529,620	35,314,185
Germany	39,208,000	16,249,000	40,396,000	16,740,000	37,660,000	15,608,000
Russia	121,445,000	6,603,000	122,402,000	6,419,000	121,451,000	6,876,000
Austria-Hungary	48,710,000	12,557,000	48,874,000	12,523,000	49,146,000	12,148,000
Spain	15,755,000	32,942,000	15,778,000	32,611,000	15,806,000	32,424,000
Italy	36,928,000	4,425,000	37,176,000	4,450,000	37,467,000	4,500,000
Netherlands	7,772,300	3,986,000	8,078,700	3,927,100	8,417,800	4,110,800
Nat. Belgium	4,088,000	2,044,000	4,140,000	2,070,000	4,282,667	2,141,333
Sweden	4,180,000	....	4,248,000	....	4,239,000	....
Switzerland	4,676,000	....	4,705,000	....	4,707,000	....
Norway	1,780,000	....	1,732,000	....	1,656,000	....
Totals	£452,672,496	£1 4,408,841	£458,393,740	£114,410,852	£455,094,489	£113,121,818

While the clearing-house banks were showing a loss in deposits week after week the trust companies were reporting an increase and gained $21,000,000 net since November 28. The circulation of the banks increased about $5,000,000 in December and now exceeds $50,000,000.

Foreign Banks.—The Bank of France continued to accumulate gold, last month gaining over $21,000,000. Since November 1 that institution has increased its gold holdings $88,000,000 and now has $160,000,000 more than it held a year ago. The Bank of England lost $24,000,000 in December but has within $9,000,000 as much as it reported on January 1, 1908. The Bank of Germany lost $13,000,000 in December but has $64,000,000 more than it held a year ago.

Foreign Exchange.—The market for sterling exchange was strong during the greater part of the month and gold was exported for the first time since July. Dearer money in New York with the sale of American securities to European investors caused a temporary decline in sterling exchange, but at the close of the month the demand for remittance for settlements maturing January 1 caused a renewal of the advance.

Money Rates Abroad.—During the greater part of the month an advance in the Bank of England rate of discount was expected but no change was made and the rate remains at 2½ per cent. Open market rates are slightly lower in London than they were a month ago and fractionally higher in Paris and Berlin. Discounts of sixty to ninety-day bills in London at the close of the month were 2 per cent., against 2½ per cent. a month ago. The open market rate at Paris was 2⅝ per cent. against 2¼ per cent. a month ago, and at Berlin and Frankfort 2⅞ per cent., against 2⅝@ 2¾ per cent. a month ago.

SILVER.—The price of silver in London declined to 22d. per ounce on January 2, the lowest price recorded since 1903. The market then became stronger and on December 30 advanced to 23⅞d., reacting on the following day to 23 3-16, a net advance for the month of ¼d.

RATES FOR STERLING AT CLOSE OF EACH WEEK.

WEEK ENDED.	Bankers' Sterling. 60 days.	Bankers' Sterling. Sight.	Cable transfers.	Prime commercial, Long.	Documentary Sterling, 60 days.
Dec. 5	4.8440 @ 4.8450	4.8640 @ 4.8645	4.8665 @ 4.8675	4.84 @ 4.84⅛	4.83¼ @ 4.84⅝
" 12	4.8480 @ 4.8490	4.8690 @ 4.8695	4.8725 @ 4.8730	4.84⅛ @ 4.84⅝	4.83¾ @ 4.85⅛
" 19	4.8490 @ 4.8500	4.8690 @ 4.8700	4.8720 @ 4.8730	4.84½ @ 4.84⅝	4.84 @ 4.85⅛
" 26	4.8500 @ 4.8510	4.8690 @ 4.8695	4.8740 @ 4.8745	4.84⅝ @ 4.84¾	4.84 @ 4.85⅛
Jan. 2	4.8510 @ 4.8520	4.8705 @ 4.8710	4.8735 @ 4.8745	4.84¾ @ 4.84⅞	4.84⅛ @ 4.85¼

FOREIGN EXCHANGE—ACTUAL RATES ON OR ABOUT THE FIRST OF EACH MONTH.

	Sept. 1.	Oct. 1.	Nov. 1.	Dec. 1.	Jan. 1.
Sterling Bankers—60 days	4.84¼— ⅛	4.85 — ⅛	4.84¼— ⅛	4.84⅛— ⅝	4.85⅛— ¼
" " Sight	4.85¾— ⅞	4.86¼— ⅜	4.86¼— ⅜	4.86⅝— ¾	4.87 — ⅛
" " Cables	4.86 —	4.86½— ⅝	4.86⅝— ½	4.86⅞— 7	4.87⅜— ½
" Commercial long	4.83¼— ¾	4.83⅞— 4¾	4.83½— ¾	4.84 — ¼	4.84¾— ⅞
" Docu'tary for paym't	4.83 —84	4.84¼— ⅝	4.83¼— 4¼	4.83⅝— ¾	4.84⅛— 5¼
Paris—Cable transfers	5.16⅞—	5.15⅝— —	5.13⅝—	5.15⅝—	5.15 1/16— 1/32
" Bankers' 60 days	5.18¾— ⅛	5.18⅛— —	5.18⅛—17½	5.18⅛—17½	5.18⅛—17½
" Bankers' sight	5.17⅛—16⅞	5.16¼— —	5.16¼—	5.15⅝—	5.15⅝—
Swiss—Bankers' sight	5.16 — ⅞	5.16⅞— ¼	5.16¼—	5.16¼—	5.16¼—15⅝
Berlin—Bankers' 60 days	94¾— ⅞	94 13/16— 15/16	94¾— 13/16	94⅝— 11/16	94 7/16— ⅝
" Bankers' sight	95 3/16— ¼	95 5/16— ⅜	95⅛—	95 1/16— ⅛	95 3/16—
Amsterdam—Bankers' sight	40¼—	40 5/16— —	40 5/16—	40 5/16— 7/16	40⅜—
Kronors—Bankers' sight	26 13/16— ⅞	26 13/16— 15/16	26⅞— 15/16	26 13/16— ⅞	26 13/16— ⅞
Italian lire—sight	5.16¼—	5.16⅞— ¼	5.16⅞— ¼	5.16¼—	5.16¼—

BANK OF ENGLAND STATEMENT AND LONDON MARKETS.

	Sept. 30, 1908.	Oct. 31, 1908.	Nov. 30, 1908.	Dec. 31, 1908.
Circulation	£29,549,700	£28,558,400	£28,526,600	£30,319,200
Public deposits	8,091,600	7,650,100	9,275,600	7,924,600
Other deposits	42,516,300	41,296,200	42,793,200	53,603,000
Government securities	15,732,300	14,730,500	14,730,533	14,730,533
Other securities	26,237,100	25,655,300	29,592,700	45,086,700
Reserve of notes and coin	26,917,300	26,267,100	25,501,500	19,431,200
Coin and bullion	38,027,545	36,396,341	35,577,714	30,732,402
Reserve to liabilities	53.15%	53.62%	48.92%	31.60%
Bank rate of discount	2½%	2½%	2½%	2½%
Price of Consols (2½ per cents.)	85¾	84⅝	84 3/16	84 1/16
Price of silver per ounce	23⅞d.	23¼d.	22 5/16d.	23 3/16d.

MONTHLY RANGE OF SILVER IN LONDON—1906, 1907, 1908.

MONTH.	1906. High	1906. Low.	1907. High	1907. Low.	1908. High	1908. Low.	MONTH.	1906. High	1906. Low.	1907. High	1907. Low.	1908. High	1908. Low
January	30¼	29 13/16	32 7/16	31¼	26¾	25⅛	July	30 7/16	29 13/16	31 15/16	31	24⅞	24 3/16
February	30 13/16	30⅛	32⅛	31½	26 9/16	25½	August	30 13/16	29⅞	32 3/16	31⅛	24 3/16	23⅝
March	30 7/16	29	32 3/16	30⅝	25 13/16	25 7/16	September	31¾	30 13/16	31 9/16	31⅛	24⅛	23 9/16
April	30 9/16	29⅝	30½	30	25½	24 9/16	October	32 9/16	31 11/16	30⅞	27 7/16	24	23
May	31⅝	30 9/16	31⅛	29 15/16	24 13/16	24	November	33⅛	32	27 13/16	26 9/16	23¾	22 9/16
June	31 1/16	29⅝	31 1/16	30⅝	25⅝	24¼	December	32 3/16	31 9/16	26 11/16	24 3/16	23⅞	22

FOREIGN AND DOMESTIC COIN AND BULLION—QUOTATIONS IN NEW YORK.

	Bid.	Asked.		Bid.	Asked
Sovereigns	$4.85	$4.88	Mexican doubloons	$15.50	$15.65
Bank of England notes	4.85	4.88	Mexican 20 pesos	19.50	19.65
Twenty francs	3.88	3.92	Ten guilders	3.95	4.00
Twenty marks	4.75	4.80	Mexican dollars	.45	.51
Twenty-five pesetas	4.78	4.82	Peruvian soles	.35	.39
Spanish doubloons	15.50	15.65	Chilian pesos	.35	.39

Bar silver in London on the first of this month was quoted at 23 13/16d. per ounce. New York market for commercial silver bars, 50¼ @ 51¾c. Fine silver (Government assay), 50⅜ @ 51⅜c. The official price was 50¼c.

Exports and Imports of the United States.

Month of November.	Merchandise.			Gold Balance.	Silver Balance.
	Exports.	Imports.	Balance.		
1903	$160,268,538	$77,006,310	Exp., $83,262,228	Imp., $10,377,540	Exp., $3,511,336
1904	158,068,657	95,170,172	" 62,898,485	Exp., 16,086,338	" 965,824
1905	170,327,921	98,284,314	" 72,043,607	Imp., 4,065,472	" 1,054,981
1906	182,655,685	119,756,343	" 62,899,342	" 6,971,517	" 1,209,849
1907	204,464,217	110,942,916	" 93,521,301	" 62,959,702	" 584,973
1908	161,272,063	103,936,544	" 57,335,519	Exp., 75,570	" 676,378
Eleven Months.					
1903	1,309,933,517	917,725,693	Exp., 392,207,824	Imp., 5,155,220	Exp., 12,198,836
1904	1,306,065,481	939,342,431	" 366,723,050	Exp., 26,241,950	" 22,186,497
1905	1,427,252,275	1,078,001,751	" 349,250,524	Imp., 2,138,589	" 18,070,564
1906	1,607,843,457	1,186,151,812	" 421,691,645	" 103,133,880	" 13,323,614
1907	1,716,306,209	1,330,927,836	" 385,378,373	" 44,738,317	" 15,521,844
1908	1,564,023,950	1,004,474,822	" 559,549,128	Exp., 28,751,846	" 9,296,706

National Bank Circulation.

	Sept. 30, 1908.	Oct. 31, 1908.	Nov. 30, 1908.	Dec. 31, 1908.
Total amount outstanding	$675,612,327	$665,844,192	$667,178,177	$677,068,165
Circulation based on U. S. bonds	626,972,885	626,778,555	614,907,265	628,786,205
Circulation secured by lawful money	48,639,442	39,065,637	52,270,912	48,281,960
U. S. bonds to secure circulation:				
Four per cents. of 1925	14,945,450	14,960,450	14,588,450	14,085,950
Three per cents. of 1908–1918	10,057,260	10,468,520	12,005,580	11,966,080
Two per cents. of 1930	555,508,000	554,700,700	552,878,200	552,684,300
Panama Canal 2 per cents, 1916-1936	38,424,680	38,558,680	39,019,460	34,219,440
Panama Canal 2 per cents, 1918-1938	....	....	....	....
Certificates of Indebtedness 3 per cent	13,936,500	15,936,500	6,250	18,363,020
Total	$632,871,890	$632,624,850	$618,497,940	$631,318,790

The National Banks have also on deposit the following bonds to secure public deposits: 4 per cents. of 1925, $6,961,250; 3 per cents. of 1908–1918, $8,130,900; 2 per cents. of 1930, $48,738,950; Panama Canal 2 per cents, 1916-1936 $14,150,500; Panama Canal 2 per cents, 1918-1938 $1,453,000; District of Columbia 3.65's, 1924, $2,408,000; Hawaiian Islands bonds, $1,777,000; Philippine loan, $8,288,000; state, city and railroad bonds, $42,202,946; Porto Rico, $701,000; a total of $134,811,546.

United States Treasury Receipts and Expenditures.

Receipts.

Source.	December, 1908.	Since July 1, 1908.
Customs	$24,539,153	$139,003,076
Internal revenue	22,529,592	128,740,481
Miscellaneous	3,249,762	25,679,306
Total	$50,318,507	$293,422,863
Excess of receipts	*$10,251,593	*$64,270,612

*Excess of expenditures.

Expenditures.

Source.	December, 1908.	Since July 1, 1908.
Civil and mis.	$10,922,810	$81,784,227
War	11,855,653	68,055,052
Navy	11,235,301	58,490,511
Indians	1,543,000	9,398,709
Pensions	13,949,602	82,002,458
Public works	11,901,459	47,169,526
Interest	162,775	10,792,992
Total	$60,570,100	$357,693,475

Foreign Trade.—The exports of merchandise in November were about $161,000,000, a decrease of $43,000,000 as compared with the same month of 1907. The exports were smaller than for any corresponding month since 1904. For the eleven months ended November 30 a decrease of $152,000,000 is shown as compared with the previous year and of $43,000,000 compared with 1906. Imports have been increasing, the total in November being nearly $104,000,000, the largest for any month since November, 1907. They are however $7,000,000 less than for that month and nearly $16,000,000 less than in November, 1906. For the eleven months of the calendar year imports were $326,000,000 less than in 1907, $182,000,000 less than in 1906 and $74,000,000 less than in 1905. The excess of exports over imports in November was $57,000,000, the smallest since 1902, and for the eleven months $559,000,000, the largest ever recorded except in 1900 when the excess was $571,000,000.

National Bank Circulation.—The aggregate national bank note circulation increased about $10,000,000 in December, bond secured circulation increasing $14,000,000, while the notes secured by deposit of lawful money were reduced $4,000,000. Nearly $15,000,000 of bonds were deposited as security for circulation, of which $13,000,000 were the newly issued Panama Canal 2 per cent. bonds. Nearly $1,500,000 additional of these bonds were deposited to secure public deposits.

Government Revenues and Disbursements.—The first half of the current fiscal

United States Public Debt.

	Oct. 1, 1908.	Nov. 1, 1908.	Dec. 1, 1908.	Jan. 1, 1909.
Interest-bearing debt:				
Consols of 1930, 2 per cent	$646,250,150	$646,250,150	$646,250,150	$646,250,150
Loan of 1925, 4 per cent	118,489,900	118,489,900	118,489,900	118,489,900
Loan of 1908-1918, 3 per cent	63,945,460	63,945,460	63,945,460	63,945,460
Panama Canal Loan of 1916, 2 per cent	54,631,980	54,631,980	54,631,980	54,631,980
Panama Canal Loan of 1918, 2 per cent	....	....	....	29,583,360
Certificates of Indebtedness 1908	13,936,500	13,936,500	....	....
Total interest-bearing debt	$897,253,990	$897,253,990	$883,817,490	$912,900,850
Debt on which interest has ceased	3,823,195	3,738,235	3,647,265	3,448,935
Debt bearing no interest:				
Legal tender and old demand notes	346,734,298	346,734,298	346,734,298	346,734,298
National bank note redemption acct	42,642,365	39,069,430	50,259,945	46,905,160
Fractional currency	6,862,374	6,861,924	6,861,924	6,861,924
Total non-interest bearing debt	$396,239,037	$392,665,652	$403,856,167	$400,501,382
Total interest and non-interest debt	1,297,316,223	1,293,657,878	1,290,820,923	1,316,851,168
Certificates and notes offset by cash in the Treasury:				
Gold certificates	842,045,869	850,817,869	863,262,869	858,272,869
Silver certificates	488,208,000	488,793,000	488,125,000	491,216,000
Treasury notes of 1890	4,767,000	4,705,000	4,649,000	4,596,000
Total certificates and notes	$1,335,020,869	$1,344,315,869	1,356,036,869	$1,354,084,869
Aggregate debt	2,632,337,092	2,637,973,747	2,646,857,792	2,670,936,037
Cash in the Treasury:				
Total cash assets	1,779,635,023	1,770,503,682	$1,772,900,071	1,796,198,759
Demand liabilities	1,450,582,450	1,453,621,429	1,471,512,709	1,476,697,342
Balance	$329,052,573	$316,822,253	$301,387,36	$319,501,417
Gold reserve	150,000,000	150,000,000	150,000,00	150,000,000
Net cash balance	179,052,573	166,882,253	151,387,36	169,501,417
Total	$329,052,573	$316,882,253	$301,387,362	$319,501,417
Total debt, less cash in the Treasury	968,263,650	976,775,625	989,433,561	997,349,751

Money in Circulation in the United States.

	Oct. 1, 1908.	Nov. 1, 1908.	Dec. 1, 1908.	Jan. 1, 1909.
Gold coin	$615,955,118	$610,060,563	$616,998,061	$619,317,841
Silver dollars	75,084,147	74,740,245	75,213 693	72,448,593
Subsidiary silver	124,024,077	131,663,701	133,260,840	135,063,365
Gold certificates	805,667,764	807,246,859	813,644,339	801,860,509
Silver certificates	475,843,942	483,899,842	480,742,500	470,837,799
Treasury notes, Act July 14, 1890	4,750,809	4,691,225	4,638,857	4,589,189
United States notes	341,190,465	342,994,056	343,637,183	336,422,969
National bank notes	635,783,039	643,202,001	649,426,060	651,780,438
Total	$3,078,299,361	$3,098,498,021	$3,117,561,033	$3,092,315,703
Population of United States	87,852,000	87,971,000	88,090,000	88,209,000
Circulation per capita	$35.04	$35.22	$35.39	$35.06

Money in the United States Treasury.

	Oct. 1, 1908.	Nov. 1, 1908.	Dec. 1, 1908.	Jan. 1, 1909.
Gold coin and bullion	$1,027,726,268	$1,039,298,182	$1,041,846,090	$1,034,563,966
Silver dollars	493,176,835	493,519,567	493,046,119	495,816,219
Subsidiary silver	21,746,013	19,272,269	17,913,465	18,162,747
United States notes	5,490,551	3,686,960	3,043,833	10,258,047
National bank notes	39,829,288	22,642,191	17,752,117	25,287,727
Total	$1,587,968,955	$1,578,419,169	$1,573,601,624	$1,584,088,706
Certificates and Treasury notes, 1890, outstanding	1,286,262,515	1,295,837,456	1,299,025,696	1,277,287,487
Net cash in Treasury	$301,706,440	$282,581,713	$274,575,928	$306,801,219

Supply of Money in the United States.

	Sept. 1, 1908.	Oct. 1, 1908.	Nov. 1, 1908.	Dec. 1, 1908.	Jan. 1, 1909.
Gold coin and bullion	$1,641,558,948	$1,643,681,386	$1,649,358,744	$1,658,844,151	$1,653,881,807
Silver dollars	568,260,982	568,260,982	568,259,812	568,259,812	568,259,812
Subsidiary silver	147,779,837	145,770,090	150,935,970	151,173,805	153,226,012
United States notes	346,681,016	346,681,016	346,681,016	346,681,016	346,681,016
National bank notes	685,326,108	675,612,327	665,844,192	667,178,177	677,068,165
Total	$3,389,606,891	$3,380,005,801	$3,381,079,734	$3,392,136,961	$3,399,116,912

year shows a deficit in government income of $64,000,000, of which $10,000,000 was in December. In 1907 the deficit in December was $8,500,000 and for the six months $9,000,000. The revenues for the month were $3,000,000 larger than in the previous year and the expenditures $4,700,000 larger. For the half year revenues show a loss compared with the corresponding six months in 1907 of $24,000,000, of which nearly $17,000,000 was in customs receipts. Expenditures increased nearly $31,000,000, of which $11,000,000 was in the civil and miscellaneous list, $13,000,000 for war and $7,000,000 for pensions.

United States Public Debt.—The interest bearing debt was increased $29,583,360 in December by the issue of the new Panama Canal bonds. The total net debt less cash in the Treasury increased only $8,000,000 however, the cash balance being increased $18,000,000. The bank note redemption fund was reduced $3,500,000 and certificates outstanding $2,000,000. The balance in the Treasury on December 31 was $319,501,000, and the net debt $997,349,000.

Money in Circulation in the United States.—The volume of money in circulation was reduced $25,000 in December, all of which practically was absorbed by the United States Treasury. Nearly $12,000,000 of gold certificates and $10,000,000 of silver certificates were withdrawn from circulation; also $7,000,000 of legal tender notes. The per capita circulation was reduced from $35.39 to $35.06.

Money in the United States Treasury.—The total money in the United States Treasury was increased $10,000,000 in December, but a reduction of $22,000,000 in certificates outstanding made the net cash in the Treasury show an increase of $32,000,000. The gain in net gold was $4,000,000, in silver certificates $13,000,000 in U. S. notes $7,000,000 and in national bank notes $7,500,000.

Supply of Money in the United States.—The total stock of money in the country increased $7,000,000 in December, although the supply of gold was reduced by exports $5,000,000. An increase of $2,000,000 in fractional silver and of about $10,000,000 in national bank notes account for the net increase in the total.

BANK AND TRUST COMPANY STOCKS.

Corrected to January 20, 1908.

NEW YORK BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 120 Broadway, New York.

	Div. Rate.	Bid.	Asked.
Aetna National Bank	8	165	180
Amer. Exchange Nat. Bk.	10	250	255
Bank of America	26	550	570
Bank of the Manhattan Co. (par $50)	12	320	...
Bank of the Metropolis	16	375	410
Bank of N. Y., N. B. A.	14	320	...
Bank of Washington Heights	..	250	...
Battery Park Nat. Bank	..	115	135
Bowery Bank	12	320	...
Bronx Borough Bank	..	300	...
Century Bank	6	160	175
Chase National Bank	6	300	330
Chatham National Bank (par $25)	16	300	315
Chelsea Exchange Bank	..	...	200
Chemical National Bank	15	420	435
Citizens' Central Nat. Bk.	6	155	160
Coal & Iron Nat. Bank	10	225	...
Colonial Bank	20	300	...
Columbia Bank	12	400	...
Consolidated Nat. Bank	6	125	...
Corn Exchange Bank	16	335	350
East River National Bank (par $25)	6	125	135
Fidelity Bank	..	165	175
Fifth Avenue Bank	100	3900	...
Fifth National Bank	12	300	350
First National Bank	32	775	...
Fourteenth Street Bank	10	...	180
Fourth National Bank	8	205	210
Gallatin National Bank (par $50)	12	355	...
Garfield National Bank	20	280	...
German-American Bank (par $75)	6	135	145
German Exchange Bank	20	475	500
Germania Bank	20	475	...
Greenwich Bank	10	250	270
Hanover National Bank	16	525	...
Importers & Traders Nat. Bank	20	550	570
Irving Nat. Exchange Bk.	8	175	...
Jefferson Bank	10	170	180
Liberty National Bank	20	500	530
Lincoln National Bank	8	450	480
Market & Fulton Nat. Bk.	10	265	270
Mechanics National Bank	12	255	265
Mercantile National Bank.	..	165	...
Merchants Exchange National Bank (par $50).	6	160	175
Merchants National Bank (par $50)	7	160	170
Metropolitan Bank	6	165	...
Mount Morris Bank	8	220	...
Mutual Bank	8	290	310
Nassau Bank (par $50)	8	200	...
Nat. Bank of Commerce	8	195	198
Nat. Butchers & Drovers Bank (par $25)	6	150	160
National City Bank	10	358	362
National Copper Bank	..	230	235
National Park Bank	16	465	...
New Netherlands Bank	..	...	210
N. Y. County Nat. Bank.	40	750	...
N. Y. Produce Exchange Bank	8	155	165
Night & Day Bank	..	...	230
Nineteenth Ward Bank	12	...	450
Northern Bank	6	...	150
Pacific Bank (par $50)	8	230	250
Peoples' Bank (par $25)	10	300	315
Phenix National Bank (par $20)	6	160	170
Plaza Bank	20	600	...
Seaboard National Bank	10	350	...
Second National Bank	12	350	...
Sherman National Bank	..	135	145
State Bank	10	260	...
Twelfth Ward Bank	6	...	200
Twenty-third Ward Bank.	6	110	...
Union Exchange Bank	10	190	205
West Side Bank	12	500	...
Yorkville Bank	16	400	425

NEW YORK TRUST COMPANY STOCKS.

	Div. Rate.	Bid.	Asked.
Astor Trust Co.	..	300	325
Bankers Trust Co.	16	510	...
Bowling Green Trust Co.	20	335	...
Broadway Trust Co.	6	130	140
Brooklyn Trust Co.	20	395	415
Carnegie Trust Co.	..	160	175
Citizens' Trust Co.	..	115	...
Central Trust Co.	80	1850	1900
Columbia Trust Co.	..	230	240
Commercial Trust Co.	..	135	150
Empire Trust Co.	8	235	...
Equitable Trust Co.	12	410	...
Farmers Loan & Trust Co. (par $25)	40	1200	1300
Fidelity Trust Co.	..	195	205
Fifth Avenue Trust Co.	12	...	425
Flatbush Trust Co.	8	200	...
Franklin Trust Co.	8	190	...
Fulton Trust Co.	10	275	310
Guaranty Trust Co.	20	550	575
Guardian Trust Co.	..	...	175
Hamilton Trust Co.	10	260	275
Home Trust Co.	4	100	...
Hudson Trust Co.	..	135	145
Kings Co. Trust Co.	12	450	...
Knickerbocker Trust Co.	..	300	325
Lawyers' Mortgage Co.	10	230	245
Lincoln Trust Co.	..	180	200
Lawyers' Title Ins. & Trust Co.	12	235	245
Long Is. Loan & Trust	12	290	...
Manhattan Trust Co. (par $30)	12	350	400
Mercantile Trust Co.	20	725	...
Metropolitan Trust Co.	24	515	540
Morton Trust Co.	20	450	...
Mutual Alliance Trust Co.	8	125	150
Nassua Trust Co.	8	160	170
N. Y. Life Ins. & Trust Co.	50	1100	...
N. Y. Mtg. & Security Co.	10	150	160
N. Y. Trust Co.	32	570	...
Peoples' Trust Co.	12	280	300
Standard Trust Co.	10	325	360
Title Guar. & Trust Co.	16	430	...
Trust Co. of America	..	300	315
Union Trust Co.	50	1200	...
U. S. Mtg. & Trust Co.	20	360	375
Van Norden Trust Co.	10	240	...
Washington Trust Co.	12	400	...
Windsor Trust Co.	6	125	140

BOSTON BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 60 Congress St., Boston.

Name.	Div. Rate.	Last Sale.
Atlantic National Bank	6	141
Boylston National Bank	4	100
Commercial National Bank	6	140
Eliot National Bank	8	207
Faneuil Hall National Bank	7	138
First National Bank	12	312½
First Ward National Bank	8	181½
Fourth National Bank	7	165¾
Merchants' National Bank	10	225⅛
Metropolitan National Bank	6	122
National Bank of Commerce	6	165
National Market Bank, Brighton	6	102
Nat. Rockland Bank, Roxbury	8	167
National Shawmut Bank	10	288
National Union Bank	7	170½
National Security Bank	12	*
New England National Bank	6	145
Old Boston National Bank	5	114
People's National Bank, Roxbury	6	130
Second National Bank	10	226⅜
South End National Bank	5	100
State National Bank	7	159
Webster & Atlas National Bank	6	152⅛
Winthrop National Bank	12	325

* No public sales.

BOSTON TRUST COMPANIES.

Name.	Div. Rate.	Last Sale.
American Trust Co.	8	345
Bay State Trust Co.	7	*
Beacon Trust Co.	8	185
Boston Safe D. & T. Co.	14	369
City Trust Co.	12	410
Columbia Trust Co.	5	120
Commonwealth Trust Co.	6	160
Dorchester Trust Co.	..	105
Exchange Trust Co.	..	*
Federal Trust Co.	6	130
International Trust Co.	16	400
Liberty Trust Co.	..	*
Mattapan D. & T. Co.	4	150
Mechanics' Trust Co.	6	115
New England Trust Co.	15	309
Old Colony Trust Co.	20	700
Puritan Trust Co.	6	219
State Street Trust Co.	8	*
United States Trust Co.	12	225

* No public sales.

CHICAGO NATIONAL BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 152 Monroe St., Chicago.

	Div.	Bid.	Asked.
Bankers' National Bank	8	195	200
City National Bank, Evanston	10	250	258
Commercial National Bank	12	298	302
Continental National Bank	8	243	248
Corn Exchange Nat. Bank	12	395	402
Drovers Deposit Nat. Bk.	10	218	225
First National Bank	12	423	428
First Nat. of Englewood	10	200	250
Ft. Dearborn Nat. Bank	8	180	190
Hamilton National Bank.	5	133	138
Live Stock Exchange Nat. Bank	10	240	250
Monroe National Bank	4	125	135
Nat. Bank of the Republic	8	195	200
National City Bank	6	159	164
National Produce Bank	..	121	126
Oakland National Bank	6	160	...
Prairie National Bank	..	150	...

CHICAGO STATE BANKS.

	Div. Rate.	Bid.	Asked.
American Tr. & Sav. Bk.	8	208	213
Central Trust Co.	7	138	143
Chicago City Bank	10	150	...
Chicago Savings Bank	6	124	128
Colonial Tr. & Sav. Bk.	10	160	170
Drexel State Bank	6	135	...
Drovers Tr. & Sav. Bk.	8	170	190
Englewood State Bank	6	115	120
Hibernian Banking Assn.	8	198	205
Harris Tr. & Sav. Bank.	8	235	...
Illinois Tr. & Sav. Bk.	16-4ex.	500	510
Kenwood Tr. & Sav. Bank	6	116	120
Lake View Tr. & Sav. Bk.	5	108	112
Merchants Loan & Tr. Co.	12	381	390
Metropolitan Tr. & S. Bk.	6	118	122
Mutual Bank	..	112	120
Northern Trust Co.	8	325	340
North Western Tr. & Sav. Bank	6	140	150
Prairie State Bank	8	250	260
Railway Exchange Bank	4	100	110
Royal Trust Co.	8	180	190
So. Chicago Sav. Bank.	6	125	135
State Bank of Chicago	12	315	330
Stock Yards Savings Bank	6	200	...
Union Bank	6	120	127
Union Stock Yards Bank.	6	120	130
Western Tr. & Sav. Bank	6	145	153
Woodlawn Tr. & Sav. Bk.	6	115	127

BANKING AND FINANCIAL NOTES

NEW YORK CITY.

—Under date of January 2, 1909, the Importers and Traders National Bank of New York published a statement of condition that is deserving of some comment and explanation. Its important features were: A surplus fund of $6,000,000; undivided profits, after paying dividends of $150,000, of $1,292,009.95; total deposits of $29,537,-577.20, and total resources of $38,376,587.15. But these figures are even more interesting when compared with others taken from a statement made July 1, 1908. On that date the undivided profits account stood at $1,-208,302.49; deposits were $28,026,559.17, and resources totaled $36,884,261.66. By comparison, then, we see that the last six months of 1908 brought a gain of $83,704.46 in undivided profits, a gain of $1,511,018.03 in deposits and a gain of $1,487,325.49 in resources.

—Frank A. Vanderlip was on January 12 elected president of the National City Bank, to succeed James Stillman, who remains, however, a member of the board of directors.

Mr. Stillman is at present in Europe, where he has been for over a year, and the election of Mr. Vanderlip as the bank's active head was at his request.

Mr. Vanderlip has acted as one of the vice-presidents of the National City Bank since he came to New York from Washington, in 1901.

At the annual meeting of the National City Bank the directors were re-elected.

James Stillman, the retiring president, was retained as chairman of the board of directors, and J. E. Gardin was elected a vice-president.

—The Yokohama Specie Bank has taken quarters in the National City Bank building on the first floor of the space that is being rented. The Standard Bank of South Africa will also occupy space in the building.

The law firm of Sherman & Sterling will be located on the top floor, and this firm, together with the New Jersey Zinc Company, will occupy all of this floor.

Others who have taken space in the building are Potter, Choate & Prentice, Percy, Pyne & Co. and Stephen S. Palmer.

—Speyer & Co. announce that Hans Winterfeldt has become a partner in their banking house. Mr. Winterfeldt is not yet 40 years old, and is a son of Max Winterfeldt, one of the leading business men of Berlin, where he has long occupied a prominent position as a director of important banking and industrial corporations. Mr. Winterfeldt came to this country about four years ago, and until recently has been the managing partner of Hallgarten & Co.

The Speyer house is one of the oldest in the United States, having been established in New York in 1837. Besides Mr. Winterfeldt there are six partners, whereof two reside in Europe, viz.: Sir Edgar Speyer, Bart., being at the head of the London house of Speyer Bros., and Edgar Beit, being the head of the old Frankfort firm of L. Speyer-Ellissen.

—By the opening of a branch at the northwest corner of 181st Street and St. Nicholas Avenue, Washington Heights, the Corn Exchange Bank has the northernmost bank on Manhattan Island, its nearest neighbor being the Bank of Washington Heights at 155th Street and Amsterdam Avenue.

G. A. Schultze is the manager in charge of the new branch.

—At the annual meeting of the First National Bank, held January 12, George F. Baker resigned as president and Francis L. Hine, formerly vice-president of the First National, was elected to that office.

Mr. Hine became cashier of the bank in 1896 and three years later was made vice-president. He was also honored on January 12, by being chosen a director of the Chase National Bank, and as an exchange of courtesies A. Barton Hepburn, president of the Chase, was chosen a director of the First National.

Thomas W. Lamont, who has been vice-president of the Bankers' Trust Company, was chosen vice-president of the First National, succeeding Henry P. Davidson, who resigned recently to become a member of the firm of J. P. Morgan & Co. Mr. Davidson remains a director of the First National. The retiring president, Mr. Baker, will remain in the First National as head of the board.

—Benjamin Strong, Jr., D. E. Pomeroy, and Frederick I. Kent were on December 21 last, elected vice-presidents of the Bankers' Trust Co. The directors accepted the resignation as vice-president of Thomas W. Lamont, who has since become a vice-president of the First National Bank.

Of the new vice-presidents two have been connected with the institution before, Mr. Strong as secretary and Mr. Pomeroy as treasurer of the company. Mr. Kent was formerly manager of the foreign exchange department of the First National Bank of Chicago. F. N. B. Close, former assistant treasurer, was appointed treasurer, and H. B. Donovan, former assistant secretary, was appointed secretary. H. F. Wilson was appointed assistant secretary. These, together with E. C. Converse, president, and J. F. Thompson, vice-president, now form the official staff of the company. On Nov. 27, under the call of the state banking department for conditions of trust companies, the Bankers' Trust Co. showed deposits of $36,000,000.

—When the Carnegie Trust Company rendered its report last August, it was just eighteen months old, and the figures presented at that time were said by all to be most excellent.

Now on January 1, 1909, when the company had just completed its second year of existence, a statement was published which showed a remarkable growth for the past half year. This growth is best shown by comparing the two statements of the company, the one dated August 1, 1908, and the other, January 1, 1909.

On the first mentioned date, undivided profits amounted to $180,005; deposits totaled $8,775,441; and total resources were given at $12,195,514.

In the latest report undivided profits are shown to be $257,031; deposits, $11,633,925, and resources, $15,946,171.

All of the gains are large and officers and directors of the Carnegie Trust Company may well feel proud of the record their institution has made since its organization two years ago.

The following new directors have been elected to the board of the Carnegie Trust Company: Martin J. Condon, Samuel H. Kress, Charles Arthur Moore, Jr., and Joseph B. Reichmann, New York; George M. Courts, Galveston; George D. Crabbs, Cincinnati, and John Cudahy, Chicago.

—Permission has been granted to the Broadway Bank of Brooklyn to increase its capital stock from $150,000 to $200,000 and to open a branch office at Myrtle avenue and Bleecker street, Brooklyn.

—The trustees of the Sumner Savings Bank, at 776 Broadway, Brooklyn, have decided to erect a new building for the use of their institution. The structure will be built on the site of the present quarters of the bank and in the meantime the institution will occupy temporary quarters in the immediate vicinity. It is expected that the new home will be ready for occupancy by May, next year. The bank is one of

Trust Companies in New York State are required to report to the Superintendent of Banks five times each year. Four of these reports are called for at unexpected dates, and the fifth is called for at the end of the year. These reports contain complete lists of bonds and stocks owned together with other information. Annual reports and reports as found by examinations by the Banking Department are published in the "Annual Report of the Superintendent of Banks."

Thorough examinations are also made by a committee of three directors twice each year.

For the information of our depositors and others, we are pleased to reproduce herewith the essential details from our Annual Report, January 1st, 1909.

RESOURCES

BONDS (THE COMPANY OWNS NO STOCKS)	Par Value	Book Value	Estimated Market Value
State of New York Canal Improvement 3%, 1957	$750,000	$750,000	$757,500
City of New York 3%, Nov. 1910	100,000	98,250	98,250
City of New York 3½%, Nov. 1940-1955	199,000	179,100	181,090
City of New York 4½%, May 1957	345,000	372,600	382,950
City of New York 4½%, Nov. 1957	90,000	97,200	99,900
Kings County, N. Y., Refunding 4%, 1910	15,000	15,000	15,000
City of Yonkers, N. Y., Revenue 4½%, 1913	100,000	101,710	101,710
City of Yonkers, N. Y., Water 4½%, 1909-1948	80.000	86,400	86,400
City of Yonkers, N. Y., Park 4½%, 1909-1928	25,000	26,250	26,250
City of Yonkers, N. Y., City Hall 4½%, 1910-1918	22,500	22,932	22,932
City of Yonkers, N. Y., Road Improvement 4½%, 1910-1918	22,500	22,932	22,932
City of Rochester, N. Y., 4%, 1909	25,000	25,000	25,000
City of Rochester, N. Y., 4.11%, 1909	14,000	14,000	14,000
City of Troy, N. Y., Public Improvement 4½%, 1909-1928	37,000	38,897	38,897
County of Oswego, N. Y., Bridge 4½%, 1911-1912	18,000	18,057	18,057
Village of Saranac Lake, N. Y., Sewer 4½%, 1913-1938	5,500	3,986	5,500
City of Philadelphia, Pa., 4%, 1938	115,000	118,908	118,908
American Cigar Co. 4% notes, 1911, guaranteed by Continental and American Tobacco Companies	100,000	96,000	97,000
American Telephone & Telegraph Co. Convertible 4%, 1936	165,000	148,500	151,800
American Telephone & Telegraph Co. Convertible 4%, 1936, receipt	17,281	17,281	17,281
Atchison, Topeka & Santa Fe Ry. Co. Transcontinental Short Line 4%, 1958	189,000	179,550	179,550
Atlantic Coast Line R. R. Co., 5% notes, 1910	50,000	50,000	50,000
Baltimore & Ohio R. R. Co., Prior Lien 3½%, 1925	50,000	46,375	46,375
Brighton Beach Development Co., 6%, 1909-1912, guaranteed by Realty Associates	30,000	30,000	30,000
Buffalo, Rochester & Pittsburg Ry. Co. Consolidated 4½%, 1957	50,000	52,625	52,625
Central Pacific Ry. Co. 1st Refunding 4%, 1949, guaranteed by Southern Pacific Co.	50,000	47,500	48,000

A Page from the Annual Report Showing Part of the Bond Investments of the Columbia Trust Company, New York.

the youngest savings institutions in Brooklyn, it having been organized only about three years ago. Nathan S. Jonas, who is president of the bank, is also the head of the Citizens Trust Company.

—A permit has been issued to tear down the four old-fashioned five-story flathouses at the northwest corner of Sixth avenue and 40th street to clear the site for the bank building to be erected for the Union Dime Savings Bank, which has for many years occupied a plot facing Greeley square. The new building is to be of classic architecture. It will have an avenue frontage of 98.9 feet and a depth of 90 feet. It will be built from plans by Alfred Taylor, as architect. It is to cost $225,000.

—The annual report of the Columbia Trust Company shows a growth in deposits of 134 per cent. during the year, this item being now over $11,000,000, a gain of $6,000,000. The surplus and undivided profits are $1,311,000, an increase of $181,000. A pamphlet is being issued giving a detailed report of the company, including a complete list of all investments.

—Henry D. Cooper, of the firm of J. F. White & Co., has been elected a director of the Bank of New York, N. B. A., to fill a vacancy.

—At the annual meeting of the Home Savings Bank, 804 Manhattan avenue, Brooklyn, the following officers were elected for the ensuing year: George H. Gerard, president; Charles A. Miller and James T. Kelly, vice-presidents; E. M. Hazelwood, counsel, and W. H. Kniffin, Jr., cashier.

The trustees have decided to complete the bank building by erecting a two-story extension in the rear of the present structure, with a trustees' room on the second floor. A modern steel vault, with bankers' chests and filing devices will be installed. It will take three months to complete the work.

—The Comptroller of the Currency has drawn a form of bond for execution by the national bank examiners and requested its immediate execution by them. The bond is in the sum of $20,000 to be paid by the examiner in the event of delinquency in office. In case, however, he faithfully performs the duties imposed on him by the law or by the orders of the Comptroller as bank examiner and is not guilty of any fraudulent act during the performance of his duties as national bank examiner, and if appointed by the said Comptroller of the Currency receiver of any national bank in the United States shall, for the period of three months after such appointment, faithfully perform duties imposed on him as receiver and pay over moneys that may come into his hands by virtue of such receivership the obligation is to be void; otherwise to remain in force.

—The Nassau Trust Company of Brooklyn has severed its connection with the New York Clearing-House as a non-member, and now makes the National City Bank its principal depository.

There are now only five trust companies availing themselves of clearing-house privileges as non-members, namely: The Flatbush and Hamilton of Brooklyn, the Mechanics' Trust Company of Bayonne, and the Van Norden and Manhattan Trust Companies of New York.

—Alfred H. Curtis announces that he has opened an office at 50 Broadway, for the purpose of doing a stock and bond commission business.

—To fill the vacancy by the resignation of Timothy Perry, who recently gave up the presidency of the Greenpoint Savings Bank on account of ill health, Ephraim A. Walker, for twenty years the first vice-president of the institution, has been elected its executive head. Mr. Walker has been prominent in financial circles in Greenpoint for a period of forty years.

Charles H. Reynolds, a trustee of the institution, was elected first vice-president to fill the vacancy caused by Mr. Walker's promotion; Adrian Meserole was re-elected second vice-president, and Donald A. Manson was elected appraiser. George W. Feller was elected secretary and Frank W. Harlow assistant secretary of the institution.

—The annual statement of the Trust Company of America shows substantial gains in all the important items in contrast to the situation as it stood five months ago, when the company made up its last tabulation.

The deposits are now $26,911,874, as against $20,650,417 on August 31; almost $4,000,000 of this gain belongs to the last month. The company, despite its dividend payment, has gained $55,000 surplus in the last four months and now has $6,261,550 over and above its capital stock of $2,000,000.

The total assets have increased since August 31 from $29,079,194 to $35,324,171, and the cash held from $5,276,926 to $7,776,912. Its cash is therefore more than $1,000,000 in excess of the twenty-five per cent. reserve which a national bank doing business in this city would have to carry against the volume of deposits held by the Trust Company of America.

—A. D. Lewis and William T. Larbig have been elected assistant cashiers of the Metropolitan Bank.

—Directors of the Consolidated National Bank have asked stockholders to ratify a proposition to increase the capital of that institution from $1,000,000 to $1,200,000, and to change its name to the National Reserve Bank of the City of New York. The shareholders will act upon these matters at a special meeting on February 18. At the same time the number of directors will be increased.

Subject to the approval of the shareholders the directors have authorized the purchase of the portion of the assets of the Oriental Bank. It has been decided to give tne Oriental stockholders an opportunity to subscribe for shares of the increased capital stock of the Consolidated National at $150 a share. To carry out this plan the directors of the Consolidated have sold certain surplus assets and declared a special dividend out of the proceeds.

Besides its capital of $1,200,000 the Consolidated Bank will have a surplus of $600,000. The plan to acquire the Oriental has been adopted by the directors.

—The Comptroller of the Currency, with the approval of the Secretary of the Treasury, has appointed Edwin F. Rorebeck of Marietta, Ohio, a national bank examiner at large. Mr. Rorebeck has been employed in the Comptroller's office for the last eight years. He will not be regularly assigned to any examination district but will be sent wherever his services are most needed. It is also the Comptroller's purpose to have these special examiners investigate and report to him confidentially whenever it may be deemed necessary how thoroughly and intelligently the regular examiners perform their duties.

—At the annual meeting of the Windsor Trust Company, John H. Storer of the State Street Trust Company of Boston was added to the board of directors, increasing the Boston representation on the board to three members, the other two being Gardiner M. Lane of Lee, Higginson & Co. and Philip Stockton of the City Trust Company.

Other additions to the Windsor board were O. L. Gubelman, T. P. Shonts, F. C. Stevens, H. W. Ford and A. G. Norrie.

NEW ENGLAND STATES.

—At the annual meeting of the Wellesley National Bank of Boston, Isaac Sprague of N. W. Harris & Co., who has served as president since the organization of the bank, declined re-election as a director, and the board was reduced from twelve to eleven members.

The following officers were elected:

Charles N. Taylor, president; Robert G. Shaw, Jr., vice-president; Benjamin W. Guernsey, cashier, re-elected.

—At the annual meeting of the United States Trust Co. of Boston, Charles W. Gammons was elected a director succeeding James T. Phelps, deceased. No successor was elected in place of Thomas J. Gargan, deceased. Edwin U. Curtis, sub-treasurer, was elected vice-president, succeeding James T. Phelps, deceased.

—President William A. Gaston, of the National Shawmut Bank of Boston, in his annual letter to the stockholders, says:

We have completed another year of good business. Earnings during the first six months were satisfactory; during the last three months they were disappointing.

On April 7, 1908, we acquired the business and good will of the National Bank of the Republic. We purchased from its loans $2,740,453 of its best commercial paper. This has been reduced to less than $1,700,000 at present. We lost, of the Republic deposit, that which depended upon the loan we decided not to take. We also lost almost all its deposit subject to check, upon which interest at two and one-half to three per cent. per annum was being paid.

The average deposit with us due to acquisition of the business of the Republic Bank has been about $8,500,000. The deposit of the Republic on April 7 was $12,179,000; the loan, exclusive of stocks and bonds, was $10,147,000. Consequently we held $8,500,000 deposit, with which there went an obligation to loan less than $2,000,000, and lost the less desirable deposit of $3,700,000, on part of which there went an obligation to loan over $7,500,000. The new deposit gave us at least $6,500,000 of money free of all obligation to loan, has immensely strengthened the position of our institution and has proved the wisdom of the price paid.

Our average deposit for the year has been $72,575,000; for the past six months $82,453,000; for the past three months over $84,000,000. The average deposit in 1907 was $55,000,000. On Nov. 3, 1908, deposits reached a maximum figure of $97,201,000. The number of depositors on Dec. 31 was 7554. The number with an average deposit of $1,000 or under is over 4250.

We have made only two losses during the year, both of which have been charged off in full without regard to probable large dividends. We have increased our dividend from eight per cent. to ten per cent. per annum. We have maintained our practice of charging down our banking building $75,000 per year, which is considered an equivalent to the rent of the space we are occupying in it.

—William B. Smith has been elected a vice-president of the Puritan Trust Company of Boston, succeeding James T. Phelps, deceased. Additions to the directory are John Joyce, treasurer of the Gillette Safety Razor Co., and J. Howard Edwards of James T. Phelps & Co.

—Nearing its forty-eighth year of successful management, the Boston Penny Savings Bank, incorporated 1861, on January 6 formally threw open the doors of its magnificent building at 1375 Washington street, corner of Union Park street, and started upon another era of prosperity.

The new structure is after the latest approved plans of bank architecture, thoroughly modern in every respect, and equipped with every device and with every facility for accuracy and expedition in daily routine. It is built of handsome mottled marble, resting upon a granite base, and rears its massive dome over sixty feet above the sidewalk.

The main portion of the building extends sheer to the roof and is occupied by the steel compartments of the various tellers, cashiers and clerks. At the left in the rear are the private offices of the officers of the bank, and the meeting room for the bank directors, all finished in polished mahogany. At the right and to the rear are the vaults of modern chilled steel construction, burglar-proof as well as fireproof, next to which are located the sleeping room of the night watchman and the lockers for the employes. Located at the extreme of the building and up one flight is the meeting room of the board of trustees.

—A plan to unite the Boston Chamber of Commerce and the Boston Merchants' Association was ratified by both organizations at meetings on January 5. The consolidation will be effected under the name of the Boston Chamber of Commerce, and application will be made to the Legislature for a special charter for the consolidated corporation.

—J. J. Oldfield has been elected cashier of the American Trust Company of Boston, to succeed the late E. A. Coffin. Mr. Oldfield was formerly paying teller of the bank and has a large number of friends who wish him success in his new office.

—At the annual meeting of the Provident Institution for Savings of Boston, Vice-President Arthur T. Lyman was elected president succeeding William S. Dexter, deceased. Arthur B. Silsbee and Charles P. Curtis were added to the board of trustees to fill vacancies.

—Permission to establish a branch bank in the town of Revere, Mass., has been granted to the County Savings Bank of Chelsea, Mass. The town treasurer will receive the deposits of those who desire to establish banking connections.

—Trustees of the Attleboro (Mass.) Savings Bank are considering the advisability of establishing a branch office in Attleboro. Mark E. Rowe and George H. Herrick have been named as a committee to investigate the proposition.

The Attleboro Savings Bank has a flourishing business in Attleboro and it is thought that a branch office may be desirable to attend to this patronage.

—Because the co-operative banking plan has become so popular, the directors of the Security Co-operative Bank of Brockton, Mass., will secure permission of the Legislature to increase the limit of its accumulating rights to $2,000,000. The bank now has assets of $903,367.95 and during the year 1908,' distributed dividends of $42,-346.18.

—Charles L. Burleigh has been elected treasurer of the Mechanics Savings Bank of Worcester, Mass., to fill the vacancy caused by the death of Frank W. Cutting.

—The last quarterly examination of the Peoples National Bank of Marlboro, Mass., on December 23, 1908, reveals a gratifying growth in the bank's assets. Especially is this shown when the date of the last report is taken as a basis for comparison with reports of other years. In 1902, the deposits were $471,665; in 1904 they had increased to $509,406; in 1906 they totaled $535,568, and in 1908 they stood at $680,564.

Walter P. Frye is president of the bank; Waldo B. Fay, vice-president, and S. R. Stevens, cashier.

—John B. Knight was formally elected treasurer of the Chicopee Falls Savings Bank of Chicopee Falls, Mass., at a meeting of the trustees held January 6. He succeeds Henry J. Boyd, who presented his resignation last July to take effect the first of this month. The other officers were re-elected, as follows: President, George S. Taylor; vice-presidents, T. C. Page, Andrew Gale and Martin Dunn; assistant treasurer, Mabel H. Page; finance committee, George Morton, James Flint, Woodman S. Page and Fred Withrel; auditors, James Flint and Fred L. Hinkley. The election of the special auditor required by a new law will be left with the finance committee.

—Colonel Robert W. Taft on January 12 succeeded to the presidency of the Merchants National Bank of Providence, R. I., a position which his father, former Governor Royal C. Taft, held for forty years. Colonel Taft's immediate predecessor is Edward D. Pearce, elected a year ago, and who now retires on account of recently assumed duties as president of the Providence Institution for Savings.

The stockholders re-elected the old board of directors of the Merchants National Bank. The board later organized and elected Robert W. Taft as president, Moses J. Barber as cashier and Frank A. Greene as assistant cashier.

The Merchants National Bank is in the ninety-first year of its corporate existence, and during ninety years had but three presidents. Former Governor Taft was elected a director of the Merchants on Dec. 16, 1859, and is still a member of the board.

—Extensive improvements have been made upon the exterior and interior of the building occupied by the Rutland Savings Bank, of Rutland, Vt., and the bank can now boast of quarters as fine as any in the state. Vermont marble has been used to advantage in the wainscoting, and all the woodwork is of solid mahogany. The grille over the counter and the fixtures throughout the building are of solid bronze and harmonize well with the other furnishings.

The Rutland Savings Bank was incorporated in 1850, and at the time of the issuing of the 115th semi-annual statement on July 1, 1908, the bank reported 13,699 depositors with deposits amounting to nearly $5,000,000. The trustees of the bank are H. O. Carpenter, F. H. Farrington, N. K. Chaffee, Edward Dana, Fred A. Field, W. R. Kinsman and E. C. Tuttle.

The officers are: President, H. O. Carpenter; vice-president, F. H. Farrington; treasurer, Charles A. Simpson; assistant treasurer, L. E. Campbell.

—Edwin G. Merrill has resigned the presidency of the Merrill Trust Company of Bangor, Me. He is succeeded by Henry W. Cushman.

SOUTHERN STATES.

—Jacob E. Ridgway has retired from the presidency of the Quaker City National Bank of Philadelphia, and William H. Clark, vice-president, has been named by the board of directors to succeed him. Mr. Ridgway resigned because of ill health. He is in his eighty-fifth year. He became president of the bank sixteen years ago, succeeding S. Davis Page.

Much of the early part of his career was spent in building the city's railway systems. He also devoted much of his time to the development of coal lands in the western part of the state.

Mr. Clark has had wide financial experience. He is vice-president and a director of the Southern Towing Company, secretary and director of the Southern Transportation Company, treasurer and director of the Kenmore Pulp and Paper Company, vice-president and director of the Henrico Lumber Company and vice-president and director of the New Jersey and Hudson River Railway and Ferry Company.

—The Industrial Trust Company of Philadelphia has added $25,000 to its surplus, in addition to declaring the regular semi-annual dividend of five per cent. The capital of the company is $500,000, surplus $700,000 and undivided profits $33,351.15.

—At the annual meeting of the Clearing-House Association of the banks of Philadelphia the following officers were elected:

President, Francis B. Reeves.

Secretary, John C. Boyd.

Clearing-House Committee, Richard H. Rushton, Howard W. Lewis, T. Tatnall Lea, Samuel S. Sharp, Levi L. Rue, Joseph Moore, Jr.

Committee of Arbitration, William H. Heisler, John B. Harper, Benjamin Githens, Charles Porter, Edward A. Landell, William H. Carpenter.

—The annual report of the Girard Trust Company of Philadelphia showed earnings in excess of $1,000,000, of which $600,000 was distributed in dividends and the balance was used in paying for the construction of the new building. The entire cost of this structure, including the safe deposit vaults, furniture and fixtures has been wiped off the books by payments from the excess earnings over and above dividends during the last three years. Deposits are now held amounting to $33,000,000 subject to check, and over $83,600,000 of trust funds.

—An innovation in the banking business of Philadelphia is the installation of a banking institution that will remain open until midnight.

Samuel A. Boyle, Jr., & Company have announced the removal of their offices to 141 South Fifteenth street, where they will follow the lead of banks in other cities that are open to the public after the regular working hours of other financial houses have drawn to a close. In this way the firm expects to supply a long-felt want in this regard.

The success which has met the inauguration of the night banking system in other cities has prompted the firm to take these steps.

—The Corn Exchange National Bank of Philadelphia is distributing to its friends a handsome booklet on the historical pageants held in Philadelphia last October during "Founder's Week."

There are over half a hundred half-tone plates with an explanatory text and as a souvenir it is most pleasing.

—A new home will be erected for the Second National Bank of Pittsburgh on the site of its present quarters, Ninth street and Liberty avenue. The new building will be one of the handsomest bank edifices in Pittsburgh. It is to be ten stories high. The bank will utilize the first three floors and the remaining floors will be rented for offices.

Work on the new building will be started in a few weeks and will be rushed to completion. While the work of razing and erection is in progress the bank will have quarters in the Westinghouse Building, Ninth street. The building committee, consisting of William McConway, chairman, Robert D. Ellwood and Frank S. Willock, is at work on the plans.

—Joseph R. Paull has tendered his resignation as vice-president of the Bank of Pittsburgh, N. A. He will give his attention to the new banking firm of Joseph R. Paull & Co., with offices in the Commonwealth building. Mr. Paull is also president of the Homewood Peoples' Bank.

—W. W. Ramsey and A. A. Vilsack have resigned the presidency and cashiership, respectively, of the German National of Pittsburgh.

A. A. Frauenheim has been chosen president, and J. F. W. Eversmann, cashier.

—Figures made public on January 1 from the big Union Trust Company of Pittsburgh show that the year 1908 was not such a bad one for Pittsburgh. This is the banking institution in which H. C. Frick and Senator P. C. Knox are so greatly interested. The bank besides adding to its surplus the sum of $1,000,000, declared a quarterly dividend of fifteen per cent., or at the rate of sixty per cent. per annum. The surplus is now an even $25,000,000 and the capital stock on which the dividend was issued is only $1,500,000.

Bankers all over the country have been interested in the report of this banking institution, since it is manned by some of the strongest men east of the Allegheny Mountains, Knox and Frick not being by any means the most important. Henry Phipps, as well as others of international fame, is on the board, and its condition would be considered as a fair criterion by which to judge Pittsburgh's financial condition.

—The Pennsylvania Bankers' Association has decided to hold the next convention of the association at Bedford Springs on September 7 and 8, the same place the convention was held last September.

—S. D. Lovering has resigned as cashier of the Carnegie, Pa., National Bank, to take effect in February.

—George T. Smith has been elected president of the First National Bank, of Jersey City, to succeed the late Mr. Young.

Mr. Smith has been vice-president of the bank for several years. Robert E. Jennings was elected to the vice-presidency to succeed Mr. Smith.

The election of Mr. Smith is a popular one. He was closely associated with Mr. Young for years, and will follow out the ideas of banking that Mr. Young made so successful.

—Owing to the increased demand for safe deposit boxes, the Hudson Trust Co. is installing additional vaults in its main building, corner of Newark and Hudson streets, Hoboken, N. J. The opening of the new Hudson tunnel (the entrance to which is about a block from its banking rooms) is no doubt a large factor in the growth of this institution. Deposits on Dec. 31 were reported at $12,605,916, while aggregate resources were $14,364,127. The company has a capital of $500,000 and surplus and profits of $1,248,511. Myles Tierney is president; Jas. R. Ferens, treasurer, and J. H. P. Reilly, secretary.

—The Security Trust and Safe Deposit Co. of Wilmington, Del., gives notice that its hours have been changed from 9 o'clock in the morning to 3 in the afternoon, instead of from 9 to 4, the present closing hour on Saturdays, 12 o'clock, continuing.

—Directors of the Eutaw Savings Bank of Baltimore have authorized extensive improvements and additions to the present bank building at Eutaw and Fayette streets. This entire structure will be remodeled. Property fronting sixty-five feet on Fayette street, immediately in the rear of the bank, has been bought. On this the addition will be erected. When completed this will give the bank space room of 65 by 135 feet. In addition, provision will be made in the plans for a sixteen-foot alley both on the south and on the west, affording ample light and desirable ventilation on all four sides of the building.

The new structure will be one story and will contain the offices of the president, treasurer, the board room, a reception room for the women customers and lockers for the clerical force.

In the center will be an armor plate steel vault, fifteen by twenty feet in dimension, for the safe-keeping of vouchers, books and securities of the institution.

The provision for this vault was one of the chief reasons which influenced the bank officials in making this improvement. As explained by Mr. William M. Hayden, the president, the bank's business has grown so during the twenty years it has occupied the present building that further provision has become an absolute necessity. The deposits of the bank have grown in the period from $9,000,000 to $22,000,000, with still further expansion in sight.

This growth has made additional facilities necessary, as it has increased the bookkeeping and, consequently, the books and vouchers required in the daily transactions.

In the contemplated improvements all the bank's force will be on one floor. The present floor space for the clerical force is only about seventy feet deep. This will be increased to ninety feet by taking in the rooms now used by the executives and by the vault. This space is now elevated about five feet from the level of the bank floor. It will be lowered so as to make all the level uniform. This same principle will be carried out in the new structure. The floor level will be the same, but the officers' quarters and the new vault will be carried back into the addition.

The general character of the present architecture will be maintained in the addition. This will also be built of brownstone of the same quality as the present outer walls of the bank. It is the intention of the officers to make the whole building as near fireproof as modern methods can devise.

—The Dorchester National Bank, of Cambridge, Md., opened for business in its new home on January 2, which is its former building enlarged and improved. The present structure is more than double the size of the old one, and ranks as one of the most imposing in town.

The building fronts fifty feet on High street, running back forty feet. It is heated by steam and lighted by gas and electricity. It is equipped with all conveniences and appropriatey furnished. It contains, in addition to the counting room, rooms for the president, cashier and directors, and a room for the use of ladies. The bank's vault space has been doubled to give room for storing papers and books. The building is of brick and is substantial throughout.

The Dorchester National Bank was established in 1889, its first president being the late Daniel M. Henry. It has had a very successful career. The capital stock is $50,000; surplus, $50,000; undivided profits about $10,000. For some years past it has paid a semi-annual dividend of five per cent. Former Governor Henry Lloyd is president; R. T. Wright, vice-president, and Thomas H. Medford, cashier.

The directors are Messrs. Lloyd, Wright, Medford, J. W. Henry, of Baltimore; Levin S. Dail, Charles Webster, John W. T. Webb, Daniel H. LeCompte, A. J. Foble, S. Spry Andrews, W. Laird Henry and J. W. McCready.

—The last statement of the Citizens National Bank of Baltimore shows resources and liabilities of $12,196,709.30. The liabilities are a combined capital, surplus and undivided profits of $3,006,300.45, making the book value of a $10 share $30.06. The liabilities further are: Deposits, $7,970,408.85; borrowed bonds, $405,000, and circulation, $815,000.

In the resources, the cash and reserve amount to $1,981,084.35, while the loans and discounts amount to $7,291,014.65. The remainder of the resources consists of solid investments.

—At a special meeting of the stockholders of the German-American Bank of Buffalo, N. Y., held December 18, 1908, a resolution was unanimously adopted, authorizing an increase of the capital of that bank from $200,000 to $300,000. The new stock already largely over-subscribed, is to be sold at $200 per share for each share of $100 par value.

At a meeting of the board of directors the semi-annual dividend of five per cent. was declared, increasing the annual dividend from eight to ten per cent.

—At a meeting of the Syracuse (N. Y.) Savings Bank held January 4, Alfred F. Lewis retired as treasurer and W. J. Reidel, who has been secretary of the bank about a year, was promoted to succeed Mr. Lewis, his title to be that of secretary and treasurer.

Mr. Lewis began in the bank in 1862 and had been there ever since. He is widely known among business and banking men in the city and vicinity and has been popular among both. No other change was made at the meeting yesterday. George Doheny was re-elected president, Francis Hendricks, first vice-president, Mr. Reidel, secretary and treasurer, and Leroy B. Williams, attorney.

Mr. Reidel has been employed in the bank for about fifteen years, beginning as a bookkeeper after he left high school. He has been promoted several times and has held nearly every position in the bank in succession until a year or more ago he was made secretary.

—The seventh annual dinner of the Albany, N. Y., Chamber of Commerce held January 7 at The Ten Eyck in Albany, was attended by 300 representative citizens of that city. Among those who spoke were W. C. Brown, recently elected president of the New York Central Railroad; Governor Hughes, Seth Low, ex-mayor of New York city, and Rev. James S. Kittell, pastor of the First Reformed Church of Albany.

—North & Co., bankers of Unadilla, N. Y., and members of the American Bankers' Association and the New York Bankers' Association, report a cash capital of $25,000 invested in U. S. bonds; a surplus of $20,000 and total deposits of $503,464. Taking every item of the statement, it proves to be an exceptionally good one, and there are many national banks that can show no better.

—Henry T. Keeler, who for the past seventeen years has been with the Cayuga County National Bank, has resigned to come to the National Bank of Auburn, N. Y., as cashier.

EASTERN STATES.

—At a regular meeting of the board of directors of the People's National Bank of Prosperity, N. C., H. C. Moseley tendered his resignation as president. W. W. Wheeler, formerly cashier, was elected president to succeed Mr. Moseley. Mr. Moseley was largely instrumental in the organization of this banking institution and has been a leading figure in the commercial life of Prosperity. Recently, however, he has suffered a breakdown in health, which necessitated his retirement from active business affairs.

—Erwin Sluder, who was for a number of years cashier of the Blue Ridge National Bank of Asheville, N. C., and vice-president of the American National Bank when it consolidated with the Blue Ridge National, has resigned from the American National to engage in another line of business. As a token of their esteem and appreciation of Mr. Sluder the employes of the bank presented him with a handsome loving cup upon his retirement. Mr. Sluder is so favorably known by the banking fraternity of North Carolina that his resignation will be a matter of regret to many.

—The Home Bank of Lexington, S. C., has received its charter from the Government and from this time on will be known as the Home National Bank. It will have as its officers: Samuel B. George, president;

Julian E. Kaufman, vice-president; Alfred J. Fox, cashier; Karl F. Oswald, assistant cashier.

—Benjamin V. Booth, who has for the past 10 years been cashier of the First National Bank of Clifton Forge, Va., has been elected cashier of the First National Bank of Danville, Va., to succeed Allen Cucullu, who has accepted the position of cashier of the First National Bank of Lynchburg. The change was effected early in January.

—The Citizens' Bank of South Hill, Va., has been organized with a maximum capital of $25,000, the following officers and directors being elected to serve for the first year: Dr. S. S. Northington, president; M. M. Carver, first vice-president; W. R. Holden, second vice-president; W. W. Wright, cashier; J. H. Cheatham, O. S. Cooke, W. S. Manson, Norborne G. Smith, J. Aubrey Holmes and Mr. Buchanan, directors.

—J. G. Fry, cashier of the Marion National Bank, of Marion, Va., has been elected to the same position with the First National Bank of Clifton Forge, Va., and assumed the duties of his new position about January 10. His position in Marion will be taken by Thomas E. King, now cashier of the Bank of Matoaka, W. Va.

—Robert G. Jordan, of Macon, has been elected president of the Bank of Talbotton, one of the strongest banking institutions of West Georgia. He succeeds L. O. Benton, who had been president for many years. The directors of the Bank of Talbotton are J. W. Jordan, J. B. Douglas, E. W. Smith, J. H. McGhee and R. G. Jordan. Mr. Jordan was originally from Talbotton. The bank has a capital of $30,000; deposits, $20,-000.

—These officers have been chosen for the new Peoples' Bank of Hartwell, Georgia: B. F. Maulden, Anderson, S. C., president; Clarence Linder, first vice-president and cashier; Dr. W. I. Hailey, second vice-president. The capital stock of the bank is $50,000.

—For the year 1908 the Brooks Bank of Brooks, Ga., earned over ten per cent. profits. A dividend of five per cent. was paid to the stockholders and a neat sum placed to the surplus account. At the annual meeting the following officers were re-elected: Sam Boykin, president; A. Steinheimer, vice-president, and Arthur Digby, cashier.

—Incorporation papers have been filed and the necessary permission received, authorizing the City Bank & Trust Co. of Birmingham, Ala., to carry on a banking and trust business in that city.

The capital stock of the new company is $100,000 and it will begin business with this amount fully subscribed and paid up. The officers and directors are as follows: B. T. Head, president; S. P. King, vice-president; R. C. Head, secretary and treasurer; Thomas Boggess, Jr., E. G. Cole, W. E. Spink, R. A. Brown and T. J. Carson.

—The First National Bank of Tampa, Fla., one of the largest and strongest financial institutions in the South, opened a savings department on January 1.

The management says there was such a persistent demand for this department they decided to install it, and thus extend to the public every possible convenience.

The First National Bank has the immense cash capital of $600,000, is the pioneer of all South Florida banks, and has daily given the public perfect service for the past quarter of a century.

The pass book system, now to be installed, is more convenient than the interest bearing certificates, especially for customers making frequent deposits, and will therefore place at the service of the people the opportunity to earn four per cent. interest, and at the same time give to them the protection and facilities of this large, conservative and progressive bank.

—A comparison of the figures given in the two last statements made by the City Bank and Trust Co. of Mobile, Ala., shows that in two months time, from October 21 to December 31, 1908, there was a clear gain of $217,042 in resources. Deposits climbed from $1,787,763 to $2,082,917 and the surplus was increased $100,000, making it $450,-000.

—The Calcasieu National Bank, of Lake Charles, La., on account of the expansion of its business is making some changes in the interior of its building. An idea of the volume of the business done by this bank can be conceived from the fact there are eighteen regular employes besides the discount committe and officers and over 5,000 accounts are handled. The Calcasieu National's policy from its first inception was to aid business men and developers as far as consistent and until this time there has been no deviation from its original policy, and especially during the past year has it been of incalculable benefit to the community. Its officers are: H. C. Drew, president; J. A. Bel and Geo. Horridge, vice-presidents; Frank Roberts, cashier; E. N. Hazzard and S. Arthur Knapp, assistant cashiers.

—Directors of the Bank of Logansport, La., have elected T. Smith Price as the successor to the late cashier, Royal Dennis. Mr. Price has been assistant cashier under Mr. Dennis for the past four years. T. T. Calhoun was selected to fill the vacancy of assistant cashier.

—Stockholders of the Cosmopolitan Bank and Trust Company of New Orleans by unanimous vote have decreased the bank's capital to $200,000, its surplus to $50,000, changed the par value of its stock from $20 to $100, by decreasing the number of shares, and reduced its directorate from twenty-five to nine members.

This action was taken at a meeting held just before the new year and 23,751 shares of the entire 30,000 were represented. An examination into the affairs of the bank was made and a satisfactory report returned. The action of the stockholders was taken in an effort to bring the Cosmopolitan Bank into a position corresponding to that occupied by other financial institutions of the city, which is thought can be accomplished with greater success under the new arrangement.

—J. S. Welborn, assistant cashier of the Alvin, Texas, State Bank, has resigned his position and has gone to Houston, where he has a position with the American National of that city. Ernest Steele, who has been with the League City State Bank as cashier, has accepted the place vacated by Mr. Welborn.

—A consolidation has been affected between the Commercial National Bank of Greenville, Tex., and the Greenville Bank & Trust Co., whereby the Commercial National becomes the surviving bank with between $400,000 and $500,000 deposits.

Its officers are: W. M. McBride, president; W. H. James, vice-president; R. K. McAdams, vice-president; John O. Boyle, cashier.

—On account of the increase in the number of State banks throughout Texas, it became necessary for the State department of insurance and banking to increase its force of bank examiners from three to four. Paul Smith, for the past several years connected with the Austin National Bank, assumed the duties of examiner on Jan. 1.

—Bruce E. Oliver has been appointed vice-president of the Commercial National Bank of Abilene, Texas, to succeed W. McCollough.

—In its statement of December 31, 1908, the Union Bank and Trust Company of Jackson, Tenn., reports deposits of $746,-532; total assets of $919,863, and undivided profits of $23,330. J. C. Edenton is president of the bank; I. B. Tigrett, cashier.

—Stockholders of the Broadway Bank & Trust Company of Nashville, Tenn., met January 5 at the company's quarters, 301 Broadway, and elected the following officers for the coming year: W. T. Hardison, president; J. H. Bradford, vice-president; A. E. Potter, cashier. All of these were re-elected. Half of a three per cent. annual dividend was declared.

MIDDLE STATES.

CHICAGO.

—All the national banks and the majority of the state banks held their annual meetings Jan. 12. There were a number of changes among directors and minor officials, but as a rule the stockholders appeared to be satisfied with the manner in which their principal officers had carried the banks through a year of dull business, cheap money, and liquidation of bad loans. Most of the banks elected officers, but some deferred that action until a later date.

The year closed with the banks in good condition, for the examinations made under the direction of the Clearing-House Association itself have resulted in the charging off of bad accounts.

—James B. Forgan, president of the First National Bank, in his letter to the stockholders, has this to say:

In presenting herewith the forty-fifth annual statement of the First National Bank and the fifth annual statement of the First Trust and Savings Bank, we can again give you the gratifying information that in the entire line of loans and discounts, as shown in the statements, aggregating $65,045,062.24 in the First National Bank and $16,728,056.54 in the First Trust and Savings Bank, there are no past due obligations, nor any known bad or doubtful debts that have not been fully provided for.

In our last year's report it was stated that owing to existing financial conditions during the year 1907 the bond accounts of both banks did not prove profitable from an investment standpoint. We are now pleased to advise you that due to the entirely reversed conditions which developed during 1908 and the good market demand for high-grade investment securities, which improved and increased as the year advanced, these accounts have proved unusually profitable, while the profit on loans and discounts owing to the low interest rates prevailing has been correspondingly small. It is due to this variety in our business that the net profits earned by the two banks disclose what must be considered a satisfactory average, viz., 11⅓ per cent. net on the capital, surplus and accumulated earnings, the aggregate of which show the amount of your investment.

The bond accounts amounting to $7,999,576.73 in the First National Bank and to $11,432,998.58 in the First Trust and Savings Bank as given in the statements are valued well within their present market price, and the banks' remaining interest in the purchase of the assets of the Chicago National Bank, the Equitable Trust Company and the Home Savings Bank has been reduced to a valuation which will, we feel confident, make it unnecessary to provide for any further loss on that account.

As indicated in our last annual report the stock of the National Safe Deposit Company (bank building) is now on a six per cent. dividend paying basis and is commanding a premium in the open market.

As already stated from the standpoint of earnings the year's work has averaged up satisfactorily between the two banks. It has enabled the directors after paying the usual dividend of 12 per cent. on the stock of the First National Bank to add $483,075.98 to its profit and loss account. The net profits for the year in the First Trust and Savings Bank, amounting to $850,386.82, has made it possible to add $1,000,000.00 to surplus account, making the latter equal to the capital and to leave a balance of $205,430.35 at the credit of profit and loss account.

The First Trust and Savings Bank was organized five years ago and since then its entire earnings have been allowed to accumulate to furnish the additional invested capital which the rapid growth of its business required, and hence no division of earnings has been made during that period. We are pleased, however, to inform you that having thus accumulated the capital demanded by the growth of the business we are now in a position to consider your right to an income on your investment, and we are contemplating commencing April 1st next, the payment of quarterly dividends that will be equal to four per cent. per annum on your holdings in the First National Bank.

At the annual meeting of the First National, held January 12, all the old officers and directors were re-elected, but at the same time there were several vacancies filled. H. H. Heins was elected assistant manager of division "B;" A. C. Timm, assistant of division "F;" John F. Hagey, assistant attorney, and Charles P. Clifford, assistant manager of the foreign exchange department.

—Directors of the Commercial National Bank have elected all the retiring officers for another year. The officers are: President, George E. Roberts; vice-presidents, Joseph T. Talbert, Ralph Van Vechten, David Vernon; cashier, N. R. Loesch. William T. Bruckner, an assistant cashier, was made assistant to the vice-presidents.

—The 103 subscribers to the stock of the Northwest State Bank, which is soon to continue the business of the Northwest Savings Bank, Milwaukee and North Avenues, have held their organization meeting and elected the following directors: Henry B. Berentson, James Davis, Otto J. Hartwig, Gus G. Martin, Charles H. Menzel, William New, Joseph R. Noel, Peter J. Orbesen, Adolph C. Sievers, Martin Weick, and Charles A. Zahn. The directors elected the following officers: President, Joseph R. Noel; vice-president, Henry B. Berentson; cashier, Albert S. Boos; assistant cashier, Frank W. Hausmann; chairman of the board, Otto J. Hartwig.

—Henry S. Henschen, cashier of the State Bank, has been appointed vice-consul for Sweden to Chicago. He will succeed John R. Lindgren, who was recently promoted to the office of consul of a district composed of Illinois, Indiana, Ohio, Michigan, Wisconsin, Missouri and Arkansas. Mr. Henschen is a native of Brooklyn, 35 years old, and has been connected with the State Bank of Chicago for eighteen years. He spent several years as a student in the University of Stockholm. He is a member of the Union League Club and a trustee of Wesley Hospital.

—The Mutual Bank has been merged with the American Trust & Savings Bank, which has taken over the accounts and deposits of the smaller institution. With this announcement of this combine comes the passing of the most novel of Chicago's financial experiments, the "profit sharing plan," which was the idea of Lawrence Heyworth, one of the youngest bank presidents in the country. Confronted by the alternative of accepting small profits or increasing the capital stock largely the stockholders of the Mutual Bank voted to discontinue the profit sharing plan, by which the depositors shared equally with the stockholders, and the merger was decided upon.

—Houston Jones, formerly cashier of the Mercantile Bank and Trust Co. of Boulder, Colo., has assumed the duties of his position as cashier of the Chicago Savings Bank and Trust Co. The deposits of the bank now exceed $3,500,000.

—The Clearing House Association of Chicago has passed resolutions opposing the creation of the postal savings bank bill, on the ground that the Government has no satisfactory facilities for returning the money to the channels of trade in the localities where it belongs, and other crude and objectionable features.

—The annual meeting and banquet of the Bankers' Club of Detroit, held recently at the Hotel Cadillac in that city, was one of the largest and most successful of the series. Hon. George E. Roberts of Chicago was the prinicipal speaker, his subject being "The Currency Problem." The following action was taken by the club:

"This meeting of the Bankers' Club of Detroit is marked by the retirement of its secretary, Colonel Fred. E. Farnsworth, enforced by his removal to New York as the secretary of the American Bankers' Association.

"For eight years he has served this organization. Each year delightful dinners, superb in their appointments, distinguisned by brilliant speakers, have proved the loyalty of his service.

"The personal friend of every member, his enthusiasm has been the great factor in the success of the Bankers' Club.

"As a secretary and as a friend he will be missed by every banker. His successful administration of his new office has been assured and we therefore tender to him by this resolution not only our best wishes but our congratulations for his prosperity and happiness, and the assurance of a heartfelt welcome on every occasion he may be able to be with us in the reunions of the Bankers' Club of Detroit."

"For him our welcome ever smiles
And our farewell goes out sighing."

—Twenty years ago, Jan. 2, 1889, the Home Savings Bank of Detroit opened for business in mouest quarters in the McGraw Building on Griswold Street. On December 11 of the same year the statement called for by the commissioner of state banking showed that the bank's total resources amounted to $793,723.

On Jan. 2, 1909, twenty years later, the statement of the bank's condition showed total resources of $6,483,240.

The magnificent growth of the Home Savings Bank to a place among the leading financial institutions of the city leaves little to be said of the ability and judgment of its officials and directors, particularly that of Julius H. Haass, who as cashier has held the reins of the bank's actual business since the year 1894.

The officers and directors are: President, James McGreggor; vice-president, W. K. Anderson; vice-president, Charles I. Farrell; cashier, Julius H. Haass; assistant cashier, Edwin J. Eckert; assistant cashier, Arthur E. Loch; directors in addition to these officers, are: Orla B. Taylor, Fred Guenther, Ralph Phelps, Jr., George H. Clippert, Emory W. Clark, Leartus Connor.

—Nicholas D. Fratt, the oldest bank director and president in the state of Wisconsin, has tendered his resignation as president of the First National Bank of Racine on account of his ill-health, being obliged to make his home in Richland, Cal. Mr. Fratt is unquestionably the oldest living bank president in the United States. He became a director of the Racine County Bank in 1853 and a few years after was elected its president and served up to 1858, when the bank was reorganized as the First National. He has acted as director and president since that time, making the terms of his directorship fifty-six years and of his presidency fifty-one years. Frank L. Mitchell has been elected president to fill the vacancy.

—Not a depositor in a state bank in Wisconsin lost a cent by reason of the failure of any such institution during 1908, says State Banking Commissioner Bergh in his annual report. The total resources and liabilities of all banks in Wisconsin amount to $283,130,688, an increase of $6,411,863 over the preceding year. The trust companies increased their resources and liabilities from $10,203,335 to $10,830,946. There are 447 state banks, three mutual savings banks and twelve trust companies in Wisconsin.

—Plans have been perfected for the reorganization of the National Union Bank by the formation of a new institution to be known as the City National Bank of Oshkosh, Wis. The comptroller of the currency has approved the application of J. E. Morgan, George Bauman, Charles Barber, Gabriel Streich and J. Y. Hull for a charter. The new institution will have a capital of $200,000, with a surplus of $40,000. The stock is over subscribed.

—Geo. D. Bartlett, who was cashier of the Citizens' State Bank of Stanley, Wis., resigned from that position on January 1. He still retains a minor interest in the bank and for the present he will continue to manage the insurance department for the Wisconsin Bankers' Association, which has been in his charge since it was organized two and one-half years ago.

—Because of a largely increased surplus, the Second Ward Savings Bank of Milwaukee has increased its capital stock from $200,000 to $1,000,000. According to a late statement, the surplus fund was shown to be $900,000, with undivided profits amounting to $181,000.

—The First National Bank of Austin, Minn., only recently applied and secured a re-extension of its charter, the third granted it. The bank is now occupying quarters in its own handsome building of pressed brick and stone. Solid mahogany has been used for the fixtures of the main room and all other equipment is most modern. There are four large vaults, with safety deposit boxes provided for renting to customers. A late statement of this bank shows a surplus fund of $50,000, and deposits of $812,909. O. W. Shaw is president; N. F. Banfield, vice-president and cashier; H. L. Banfield and Henry J. Drost, assistant cashiers. Mr. Shaw has been president since 1868.

—The Citizens' National Bank of Faribault, Minn., have just completed extensive improvements in their building, which is located in the best business corner of the city. The present management bougnt out the stock a year ago and found it necessary to enlarge ana improve the premises to accommodate a growing business. A rear room has been added which is now utilized as the directors' room, equipped in a manner to do credit to a much larger bank. The present officers are: C. M. Buck, president; C. H. March and H. F. Kester, vice-presidents; S. F. Donaldson, cashier; and J. J. Rachac, assistant cashier.

—A handsome new bank building, erected at a cost of $80,000, is now occupied by the First National of Winona, Minn. The exterior is of Bedford stone, with beautiful ornamentation. Entrance is through a vestibule finished in the finest American gray marble. In the main lobby the desks are wainscoted with a rare marble imported from Greece. In the background is the vault, massive and strong, covered with snow-white marble and polished cold steel doors. The woodwork is of polished mahogany.

—January 4 marked the opening of another mammoth bank in Kansas City. The Southwest National Bank, with a capitalization of $1,000,000 and headed by Fernando P. Neal, the former vice-president of the Union National Bank, will occupy quarters in the east banking room of the New York Life Building until the expiration of the lease on the rooms formerly occupied by the Union National.

The new bank is the outcome of the efforts of the officers, directors and stockholders of the old Union National who did not favor the consolidation with the National Bank of Commerce. At the time of the consolidation the remaining officers started plans for the formation of a new bank which met with the best of results.

With the new bank are associated all the officers and directors of the Union National who did not become associated with the National Bank of Commerce by the consolidation. The following compose the list of officers: Fernando P. Neal, president; Edwin W. Zea, vice-president; John M. Moore, cashier; Eugene P. Davis, assistant cashier.

—Formal steps have been taken for the organization of the Planters National Bank of St. Louis and efforts are being made to secure a permanent location. The first title decided upon was the Commercial National, but the organizers were notified that a protest against the use of that name had been filed because of the possible confusion that would arise between it and the Commercial Trust Co. The bank is capitalized at $1,000,000, with $200,000 surplus. Harry M. Rubey is president, and W. F. Churchman and H. V. S. Lewis, vice-presidents.

FESTUS J. WADE

President Mercantile Trust Co. and Mercantile National Bank, St. Louis.

—Quite a little excitement was stirred up in financial circles in St. Louis recently when it was announced that the officers of the Mercantile Trust Co. would organize the Mercantile National Bank, which would open for business in the trust company's building about January 15. Various opinions were given as to the reasons the old officers of the Mercantile Trust Co. had for going into the banking business, but beyond the official announcement, nothing could be learned. The announcement was as follows:

The management of the Mercantile Trust Co., after due consideration of the subject, has decided to organize a national bank, and has applied for and received from the Comptroller of the Currency a charter under the name of The Mercantile National Bank. The chief reasons for this action are the following:

1. As banks of deposit and discount, national banks enjoy rights and privileges which trust companies do not enjoy. National banks can become depositaries of the funds of the national government and of the funds of the state and city and county governments of the state.

2. They can receive commercial deposits and discount commercial paper and so aid in the development of the commercial and manufacturing interests and enterprises of our city.

3. National banks may become depositaries of the reserve and other funds of other national banks, and so increase their own usefulness to the community in which their business is carried on.

4. They have the power to issue, under the absolute safeguards of the law, circulating currency which passes for money, and in case of great public financial stringency, may, for the relief of trade and commerce, issue emergency currency under safeguards of equal protection.

5. Being organized under the national banking law, their powers and privileges are well defined and understood throughout the financial world.

6. National banks are not subject to the continual attacks in the state legislatures. Their welfare as well as the welfare and protection of the people are protected by Congress, which is more generally guided by the maxim, "Let well enough alone," than are our state legislatures.

7. The Mercantile National Bank will be under the control of the same management as the Mercantile Trust Company, and all profits arising therefrom will inure to the stockholders of the Mercantile Trust Company. The business of the Mercantile Trust Company, as it has been conducted during the nine years of its existence, will in no way be disturbed by the organization of the Mercantile National Bank.

The formation of The Mercantile National Bank of St. Louis will not interfere with the business of the Mercantile Trust Company, which by reason of its safe and prudent management since its organization has gained and enjoyed the confidence and patronage of the people. On the contrary, the customers of the Mercantile Trust Company will find the additional facilities for the transaction of business which will be afforded by the Mercantile National Bank a great advantage and substantial gain.

Board of directors: James G. Butler, Paul Brown, David Eiseman, Festus J. Wade, James Campbell, William J. Kinsella, George W. Wilson, L. D. Dozier Officers: Festus J. Wade, president; George

W. Wilson, vice-president; Edward Buder, cashier.

The capital stock of the new bank will be $1,500,000, and the surplus $500,000, all of which has been paid in.

—The directors of the Commonwealth Trust Co. of St. Louis have elected Albert N. Edwards president, to succeed Tom Randolph, who has been elected vice-president. The Commonwealth Trust Company recently transferred its commercial banking business to the National Bank of Commerce, and at the time of the transfer President Randolph and Vice-President W. L. McDonald of the Commonwealth Trust Co. were elected vice-presidents of the National Bank of Commerce. Mr. Edwards was formerly vice-president of the trust company. He is a brother of B. F. Edwards, president of the National Bank of Commerce.

—H. M. Whinery, cashier of the Century Savings Bank of Des Moines, Iowa, since its organization in 1903, has resigned and will seek to regain his health on the Pacific coast.

—On January 5, the City National Bank of Council Bluffs, Ia., opened for business in a handsome home of their own. No outside capital is interested in the new bank, its officers, directors and stockholders all being local men. The building, just completed at a cost of over $50,000, is one of the most substantial in the city. The upper floors are divided into offices, all of which are occupied by professional men. Every modern convenience and device known to modern construction is to be found in the new building.

The interior of the bank proper is elaborate, the furnishings being in white marble, figured tile, mission bronze and mahogany, with walls of delicate green tint on a cream background. The two vaults in the bank are said to be the finest in the west. They are constructed of chrome steel and are equipped with the latest modern locks and appliances. Every precaution that mechanical ingenuity can devise for safeguarding the funds and papers of the bank are provided within and without the vaults. Safety deposit boxes are also provided for the public.

The bank is officered as follows: President, T. G. Turner; vice-presidents, J. G. Wadsworth and Oscar Keeline; cashier, C. R. Hanna, Jr.; directors, B. M. Sargent, E. H. Doolittle, William Orr, W. H. Kimball, F. H. Klopping; receiving teller, R. D. M. Turner; head bookkeeper, O. Mitchell.

The City National starts business with a capital of $150,000 and a surplus of $50,000.

—At the annual election of officers of the Des Moines, Ia., Clearing-House Association, John H. Blair, vice-president of the Des Moines National Bank, was made president; H. S. Butler, first vice-president; and G. E. MacKinnon, second vice-president. George E. Pearsall was re-elected secretary and manager for the thirteenth time. The new Clearing-House committee consists of C. T. Cole, Jr., vice-president of the Valley National Bank; A. O. Hauge, vice-president of the Iowa Trust and Savings Bank, and D. F. Witter, vice-president of the Marquardt Savings Bank. During the year $144,552,826 passed through the Clearing-House.

—The Indianapolis, Ind., Clearing-House Association has taken action against the Carter postal savings bank bill now pending in Congress, declaring it to be "unscientific, un-American and revolutionary in character."

The resolutions were approved by representatives of all the banks and trust companies of Indianapolis, and also by the Commercial Club, Merchants' Association, Manufacturers' Association, the Board of Trade and the Executive Committee of the State Bankers' Association.

The Indiana Representatives in Congress are urged to take a decided stand against the proposed law.

—The First National Bank of Hammond, Ind., has taken over the Commercial Bank of the same place, thereby becoming the largest of the banks in northern Indiana. It now has a capital stock of $150,000, a surplus of $100,000, and deposits to the amount of $1,500,000. A. M. Turner, president of the First National, retains that position, while Thomas Hammond, former president of the Commercial, has been made vice-president of the new corporation. W. C. Belman remains as cashier.

—Frank A. Scott has been elected a vice-president of the Superior Savings & Trust Company of Cleveland. Mr. Scott has been secretary and treasurer of the company since its organization in 1905, and is now relieved of the duties entailed in that post in order to enable him to devote more attention to the affairs of the Cleveland Railway system, of which he is a receiver. P. J. Darling, heretofore assistant treasurer of the institution, has been elected secretary, and E. L. Howe, formerly assistant secretary, has been chosen treasurer. Col. J. J. Sullivan is president.

—The proposal to increase the capital of the Second National Bank of Cincinnati, Ohio, from $500,000 to $1,000,000, recommended by the directors last month, has been ratified by the stockholders. It is understood that sixty per cent. of the additional stock (3,000 shares) will be disposed of to existing shareholders at $150 per

$100 share, and the remaining forty per cent. to new interests at $275 per share.

—A bank with $125,000 capital stock has been chartered for Niles, Ohio. The incorporators are C. P. Wilson, T. E. Thomas, L. H. Young, W. Aubrey Thomas and D. A. Strickland. The bank will be known as the Niles Trust Co. It is not connected in any way with the First National Bank, which failed recently, although several of the incorporators were interested in it.

—The People's Bank, of Mt. Vernon, Ky., incorporated as successor to the bank of the same name, which was a branch of the Citizens' Bank of Brodhed, Ky., opened for business January 1. It has erected a splendid building, modernly equipped and starts with a capital of $20,000 and deposits to the amount of $40,000. U. G. Baker is president and W. B. Salin, cashier. Mt. Vernon has two banks, both solid institutions.

WESTERN STATES.

—G. W. McWilliams, president; C. H. Mott, vice-president, and H. E. Shearn, cashier, of the Cogswell State Bank of Cogswell, N. D., have purchased the stock of that bank formerly owned by H. A. Soule, Thos. F. Marshall and H. C. McCartney. The president and cashier remain in their respective positions, but the office of vice-president will be filled by C. H. Mott. The capital stock is $15,000; surplus, $3,500; deposits, $175,000. Mr. Mott was for years in the hardware business at Lisbon, N. D., but retired from that business recently. The president, vice-president and cashier now own all the stock.

—Articles of incorporation for the Fourth State Bank at Lamro, Tripp county, S. D., have been filed with the secretary of state under the name of Lamro State Bank. The new institution is capitalized at $5,000. The incorporators are George W. Mitchell of Lamro, H. R. Dennis of Sioux Falls, W. H. Pratt and C. H. Entenmeier of Chamberlain and H. A. Dixson of Presho.

—There is rejoicing in Durango, Colo., over the final settlement of the Colorado State Bank's affairs. This bank and its branch at Pagosa Springs, with deposits and liabilities of about $400,000, closed Nov. 13, 1907. Through offsets and payment of preferred claims the liabilities were reduced to about $230,000. Of this amount depositors took securities and approved 5 per cent. bonds for $100,000 and to meet $127,000 still due depositors, the receiver has on hand $130,000 out of which the receiver and his attorneys must be paid. Thus depositors taking cash will receive upward of 95 cents on the dollar, while those taking approved securities will receive dollar for dollar. The officers of the bank were B. N. Freeman, president; W. C. Chapman, Frank Eldredge and E. C. Hampton, directors.

—Official announcement was made January 2, of the merger of the Butte Commercial and Silver Bow National Banks, both of Butte, Mont. The enlarged bank will have a capital of $200,000, with former Governor B. F. White of Dillon as president. Robert T. F. Smith of Butte will be cashier. The new organization will be known as the Silver Bow National.

—E. P. Chapin, managing director of the State Savings Bank of Butte, Mont., has resigned. A. T. Morgan succeeds him. R. B. Nuckolls continues as cashier.

—Representatives from many banks both state and national, recently met at Reno, Nevada, and organized the Nevada Bankers' Association. The following officers were elected: President, F. M. Lee, cashier of the Nixon National, Reno; vice-president, John Henderson, president of the Henderson Banking Company, Elko; secretary, George Taylor; treasurer, Fred Grob, cashier of the Farmers and Merchants National, Reno. W. J. Harris, vice-president of the Carson Valley Bank, Carson City, and O. J. Smith, president of the First National of Rhyolite were chosen for the executive council.

—The Farmers and Merchants State Bank of Jerome, Idaho, has been incorporated with a capital of $15,000. It is probable that it will change to a national bank in the near future. R. S. Fraser is the president; J. M. Hall, vice-president; O. Z. Berkhead, cashier, and Paul A. Kutzke, secretary.

—At the regular meeting of the directors of the Bank of Nampa, of Nampa, Idaho, held recently, former Assistant Cashier F. E. Munhall was elected cashier to succeed C. R. Hickey, and C. E. Lore was chosen assistant cashier. The Bank of Nampa is considered one of the most substantial banking institutions in Idaho and enjoys a large business.

—Beginning with the new year the resignation of Thomas R. Cutler as president of the Utah Banking Company of Lehi, Utah, became effective and Ira D. Wines, his successor, assumed the duties of that office. John Y. Smith continues as cashier and general manager.

Mr. Cutler had occupied the position of president since he founded the institution nineteen years ago and under his direction the institution achieved a considerable degree of success. Mr. Cutler's retirement is said to have been brought about on account of the increasing requirements of his duties as general manager of the Utah-

Idaho Sugar Company. At the recent meeting of the board of directors Mr. Cutler was presented with a handsome testimonial in the shape of an expensive silver service.

—The directors and stockholders of the Bank of Marion, located at Marion, Ark., just west of Memphis, will change its name to the Critenden County Bank & Trust Company. The capital stock is to be increased to $75,000. The company will establish a branch at Earle and at Crawfordsville.

—At a recent meeting of the stockholders of the Citizens' Bank of Foreman, Ark., the capital stock of the bank was reduced from $30,000 to $25,000. A certificate showing this action had been taken was filed with the secretary of state.

—When the excavations for the new $300,000 building for the occupancy of the First National Bank at Fort Smith, Ark., are made, the concrete pier, upon which rests the twenty-ton Corliss safe, which has been in use in the old building, will not be disturbed. The plans have been made to build the big structure around the safe. When the old building is torn down the safe will stand exposed to wind and weather, but the bank officials state that the massive steel bulk will not be damaged and whatever is contained within will be perfectly protected from the elements. It is probable that this is the first instance where a building ten stories high was plannea to build literally around a safe.

—The Traders' State Bank, a new institution of Salina, Kansas, opened its doors in that city on the morning of January 2. It is capitalized for $35,000 and has started under the most favorable auspices. The active officers for the first year will be H. C. Smither, president; H. J. Stover, cashier, and B. E. Smith, assistant cashier.

—On January 1, the Union State Bank of Arkansas City, Kan., opened for business. It is capitalized for $50,000, and the officers are as follows: Thomas Baird, president; C. E. Mabee, vice-president; A. F. Thomasson, cashier.

—The Citizens' National Bank of Waurika, Okla., has gone over to the ranks of the state institutions and has been licensed by the state commissioner. Its capital is $25,000. The officers are: H. W. Lemons, president; A. A. Breeneman, vice-president: O. E. Heacock, cashier.

—George Wilson of Pauls Valley, Okla., has received the appointment of bank examiner to replace L. H. Patten, resigned.

—H. H. Smock, Bank Commissioner for Oklahoma, reports that there are now 546 state banks in the state. Their resources total $41,888,999 and their individual deposits $29,448,970.

—The Cherokee National Bank of Tahlequah and the First National Bank of Eldorado, Okla., have surrendered their national charters and reorganized as state banks in order to come under the depositors' guarantee law. Twenty-two national banks have surrendered their charters thus far.

PACIFIC STATES.

—On January 1 the Exchange National Bank of Spokane, Wash., increased its capital stock to $1,000,000. This was done by declaring a dividend of thirty-three per cent. out of its surplus. Stockholders who did not want additional shares of stock were given the cash.

—The directors of the Security State Bank of Chehalis, Wash., have about decided to erect a two-story brick block on their lots on Chehalis avenue, the front to be finished with stone. If satisfactory arrangements can be made to vacate the lots the building will be commenced at an early date. The block will be fifty by one hundred feet, and will occupy the space now used by the bank and an adjoining clothing store. The cost of the improvement is estimated at close to $15,000.

—Stockholders of the Yakima Valley Bank of North Yakima, Wash., have taken up an increase of $50,000 in the bank's capital stock. The capital stock is now $100,000.

—The Bremerton State Bank of Bremerton, Wash., has been absorbed by the First National Bank of Bremerton, which was opened about the middle of last December. Its officers are: E. W. Andrews, president; William Bremer, vice-president; J. S. Cameron, Jr., cashier, and E. Fitzwater, assistant cashier. The capital stock is fixed at $25,000.

—The First State Bank of Milwaukie, Oregon, has filed articles of incorporation with the clerk of Clackamas County, the capital stock being placed at $10,000. A. L. Bolestead, W. A. Shewman, N. B. Harvey and J. P. Shaw are the incorporators. It is expected that the capital stock will shortly have to be increased, but on the advice of Mr. Bolestead the amount was placed at $10,000 to start with. Of this amount $7,500 has been subscribed by the people of Milwaukie, the remainder being taken by Mr. Bolestead, who has been in the banking business in Wisconsin. The promptness with which the stock of the bank was taken was an agreeable surprise to the promoters, and it is considered that the establishment of a state bank will help the pioneer town more than anything else. A bank building will be erected in the course of time, but at the start quarters will be rented.

—A consolidation of the Merchants' National Bank and the United States National Bank, both of San Francisco, has been effected and the combined institution will be conducted under the name of the larger concern, the Merchants' National.

Charles Nelson is the president of the Merchants' National, which has a paid up capital of $300,000. The combined capital of the consolidated banks is, therefore, $500,000. In addition to this is the paid up capital of $50,000 of the Scandinavian Savings Bank, which belongs to the Merchants' National.

On the first of the year, when the merger became effective, the Merchants' National moved into handsome new quarters adjoining the former location in the Chronicle building. On the same date the Scandinavian Savings Bank occupied the former quarters of the United States National in Fillmore street. The safe deposit departments of the consolidated banks will continue at both places of business.

—The consolidation of the Anglo-California Bank of San Francisco, one of the oldest institutions on the Coast, with the London-Paris National Bank, formerly the London-Paris and American Bank, was announced January 8. The details of the plan have not yet been made public, but it is understood that the London-Paris will absorb the Anglo-California, taking up its shares at $90. The market value of the stock is $85.

The Anglo-California is one of the strongest institutions in the West, the Seligmans of New York having been behind it. It was incorporated April 4, 1875, its founder being the late P. N. Lilienthal, who was married to one of the Seligmans and who came to California as the representative of those bankers. The authorized capital stock of the corporation is $6,000,000 and is subscribed to $3,000,000. The capital of the London-Paris National is $2,000,000.

—At a recent meeting of the executive council of the California Bankers' Association it was decided to hold the state convention at Del Monte, California, and the dates chosen were May 26, 27, and 28. Because these dates fall so close to those on which the Washington bankers will meet in Seattle, the invitation to meet in joint session with them was reluctantly declined.

—Directors of the Home Savings Bank of Los Angeles have authorized an increase in the bank's capital which went into effect January 1, 1909. The capital stock is now half a million and according to President Waters, may soon be doubled if the business demands it. Extensive alterations are contemplated which will give the bank more than twice its present space.

An "All Night and Day Bank," the first of its kind to be established on the Pacific Coast, has opened its doors in Los Angeles.

The new institution, which has been established to meet the requirements of the general working public, is capitalized for $250,000, fully paid up. It will give the working man, who is not able to leave his position during the regular banking hours, an opportunity to place his savings where they will be safe, and in addition a large safe deposit vault has been constructed and will be operated in conjunction with the bank proper.

The officers of the institution are; Newton J Skinner, president; J. S. Moore, vice-president, and H. M. Ostrum, cashier; E. R. Millar and T. J. Greene, assistant cashiers. One of the three assistant cashiers will be on duty at all times, each twenty-four hours being divided up into eight-hour shifts.

The bank will be open at all hours, both day and night, from 7 a. m. Monday morning until midnight Saturday night. From midnight, Saturday, the institution will remain closed until early Monday morning.

The result of the first day's operations has shown that the new type of depository has met with favor among the people of Los Angeles.

AUSTRALIA.

—The Bank of New South Wales, head office at Sydney, Australia, held its half-yearly meeting at the chief banking house on November 24, 1908, and adopted the statement of the assets and liabilities of the bank, as determined up to September 30 last, together with the auditor's report and declaration. In moving the adoption of this report, the president, C. K. Mackellar, M. L. C., called attention to some of its striking features. A comparison of the figures submitted, with those of September, 1907, shows an increase in circulation of £18,000; in deposits of £816,000; and in capital and reserves of £135,000. The bank is capitalized for £2,500,000, has a reserve fund of £1,600,000, and has branches established throughout the continent and in the islands of New Zealand and Fiji.

During the half-year, new branches were opened at Annandale (Sydney), Gloucester, Guy Fawkes, and Urana, in New South Wales, and at Sunshine, in Victoria. The name of the East Collingwood branch has been changed to Abbotsford.

CANADA.

—For the year 1908, the Traders Bank of Canada, head office Toronto, reports profits of $500,217, as compared with $522,822 in 1907. Deposits, which now reach $25,000,000, are two million dollars in excess of those reported a year ago. In dividends, at the rate of seven per cent. per annum, the bank paid $304,698. To the officers' guarantee fund, $5,000 was transferred, and $20,000 was written off bank premises and furniture. The liquid assets now amount to over $9,000,000.

—In spite of the fact that the year 1908 was a period of keen anxiety and depression in the financial world, the annual statement of the Royal Bank of Canada, head office Montreal, shows that in many respects, the year was one of increased activity and growth. Net profits for the year amounted to $746,775. After paying dividends of ten per cent., amounting to $390,000, transferring $20,000 to officers' pension fund, writing $200,000 off the bank premises' account, and transferring $210,000 to the reserve fund, a balance of $78,685 has been carried forward to the profit and loss account.

—Bank clearings at Canadian cities for the year 1908 were: Montreal, $1,467,315,031; Toronto, $1,166,902,436; Winnipeg, $614,111,801; Halifax, $90,232,246; Hamilton, $72,329,688; St. John, $66,435,636; Vancouver, $183,083,451; Victoria, $55,356,013; Quebec, $111,812,551; Ottawa, $154,367,756; London, $56,875,041; Edmonton, $38,496,507; Calgary, $64,810,229; total $4,142,128,386.

—The Merchants Bank of Canada has opened a branch at St. Agathe des Monts, in the province of Quebec, and another at Opotoks, in the province of Alberta.

—Charles R. Hosmer has been elected a director of the Bank of Montreal, where he replaces the late Sir Robert G. Reid. Mr. Hosmer is a director of many other Canadian enterprises and is held in high esteem by his many acquaintances.

—A new bank building, to cost $40,000, will be built for the Canadian Bank of Commerce branch at Lathbudi, Alta.

—On January 2, the Molsons Bank opened a new branch in Vancouver, B. C.

—Circumstances have caused the Union Bank, which has its headquarters in Quebec, to follow the trend of development in the Northwest. Indeed, the Union is largely the wheat farmer's bank, its branches being thickly scattered throughout the Prairie Provinces.

Its net profits for last year, after making the usual deductions, were $401,013, which is within a fraction of thirteen per cent. upon the average capital.

During the year twelve new branches of the bank have been opened; of these, one is in the province of Ontario, eight in Saskatchewan, two in Alberta, and one (Prince Rupert), in British Columbia.

MEXICAN PROVERBS.

He who never ventures will never cross the sea.

There's no gain without pain.

Flies cannot enter a closed mouth.

Behind the cross is the devil.

A cat in gloves will never catch rats.

To the hungry no bread is dry.

A book that is shut makes no scholar.

A good laundress washes the shirt first.

No evil will endure a hundred years.

When the river is passed, the saint is forgotten.

NEW BANKS, CHANGES IN OFFICERS, ETC.

NEW NATIONAL BANKS.

The Comptroller of the Currency furnishes the following statement of new National banks organized since our last report.

Applications to Organize National Banks Approved.

The following notices of intention to organize National banks have been approved by the Comptroller of the Currency since last advice.

City National Bank, Oshkosh, Wis.; by J. Earl Morgan, et al.
Peoples National Bank, Boydton, Va.; by W. E. Homes, et al.
Kohala National Bank, Kohala, Hawaii; by John Hind, et al.
First National Bank, Versailles, O.; by C. B. Douglas, et al.
Mercantile National Bank, St. Louis, Mo.; by J. G. Butler, et al.
First National Bank, Malden, Wash.; by R. P. Loomis, et al.
First National Bank, Dallas, S. D.; by John Stewart, et al.
Union National Bank, Mount Wolf, Pa.; by A. H. Diehl, et al.
Citizens National Bank, Waverly, Tenn.; by A. P. McMurry, et al.
American National Bank, Danville, Va.; by W. H. Barker, et al.
Farmers and Merchants National Bank, Williamsburg, Pa.; by R. S. Fluke, et al.
El Centro National Bank, El Centro, Calif.; by F. B. Fuller, et al.
Merchants National Bank, Springfield, Mo.; by J. T. Woodruff, et al.
First National Bank, Wylam, Ala.; by R. F. Smith, et al.
First National Bank, Ulster, Pa.; by Wm. Giles, et al.
First National Bank, Leesport, Pa.; by A. F. Mogel, et al.
Houston National Exchange Bank, Houston, Texas; by H. S. Fox, et al.
Ridgewood National Bank, Ridgewood, N. Y.; by Louis Berger, et al.
Farmers National Bank, Knoxville, Pa.; by W. W. Davis, et al.
Commercial National Bank, Beaumont, Texas; by J. F. Keith, et al.
Merchants National Bank, Michigan City, Ind.; by F. N. Smith, et al.
First National Bank, Appalachia, Va.; by E. J. Prescott, et al.

Applications for Conversions to National Bank Approved.

Bank of Exeter, Calif.; into First National Bank, Exeter.
Morgan County Bank, Madison, Ga.; into Morgan County National Bank, Madison.
Tremont Bank, Tremont, Ill.; into Tremont National Bank.
Bank of Horry, Conway, S. C.; into Conway National Bank.

National Banks Organized.

9294—Butte County National Bank, Chico, Wash.; capital, $250,000; Pres., F. C. Lusk;

Vice-Pres. and Cashier, J. R. Robinson; Asst. Cashier, Ed. Harkness. Conversion of Bank of Butte County.

9295—First National Bank, Altavista, Va.; capital, $25,000; Pres., H. L. Lane; Vice-Pres., B. R. Powell; Cashier, E. T. Yeaman.

9296—Home National Bank, Lexington, S. C.; capital, $25,000; Pres., S. B. George; Vice-Pres., J. E. Kaufmann; Cashier, A. J. Fox. Conversion of Home Bank of Lexington.

9297—Mercantile National Bank, St. Louis, Mo.; capital, $1,500,000; Pres., Festus J. Wade; Vice-Pres., G. W. Wilson; Cashier, Edward Buder.

9298—Milford National Bank, Milford, Iowa; capital, $25,000; Pres., M. S. Dewey; Vice-Pres., H. H. Overocker; Cashier, H. S. Abbott; Asst. Cashier, F. A. Heldridge.

9299—First National Bank, Fortville, Ind.; capital, $25,000; Pres., John G. McCord; Vice-Pres., W. R. Rash; Cashier, O. L. Morrow; Asst. Cashier, W. S. Todd. Conversion of Citizens State Bank of Fortville.

9300—First National Bank, Portsmouth, Va.; capital, $100,000; Pres., J. L. Watson; Cashier, V. Garland Weaver.

9301—Whitbeck National Bank, Chamberlain, S. D.; capital, $50,000; Pres., W. M. Pratt; Vice-Pres., N. W. Egleston; Cashier, A. C. Whitbeck; Asst. Cashier, S. F. Rosencrance.

9302—First National Bank, Thomson, Ga.; capital, $90,000; Pres., J. H. Boyd; Vice-Pres., B. F. Thomson; Cashier, Paul A. Bowden; Asst. Cashier, J. O. Shields. Conversion of Farmers and Merchants Bank of Thomson.

9303—National Bank of Bloomfield, Iowa; capital, $55,000; Pres., H. C. Taylor; Vice-Pres., S. S. Standley; Cashier, S. F. McConnell; Asst. Cashier, S. E. Rowe.

9304—Citizens National Bank, Stoughton, Wis.; capital, $50,000; Pres., F. B. Hyland; Vice-Pres., Walter Atkinson; Cashier, R. D. McCook. Conversion of Citizens State Bank, Stoughton.

9305—City National Bank, Gloversville, N. Y.; capital, $200,000; Pres., W. H. Place; Vice-Pres., W. E. Whitney; Cashier, C. N. Harris. Conversion of Manufacturers and Merchants Bank of Gloversville.

9306—City National Bank, Council Bluffs, Iowa; capital, $120,000; Pres., T. G. Turner; Vice-Pres., Oscar Keeline; Cashier, C. R. Hannan, Jr.

9307—Farmers National Bank, Claysville, Pa.; capital $50,000; Pres., D. W. Rasel; Vice-Pres., J. T. Carter; Cashier, Burns Darsie; Asst. Cashier, Benj. Anderson.

9308—First National Bank, Sanger, Calif.; capital, $25,000; Pres., D. L. Snodgrass; Vice-Pres., W. D. Mitchell; Cashier, W. M. Barr; Asst. Cashier, O. J. Hudson. Conversion of Sanger State Bank.

9309—Peoples National Bank, Kansas City, Kan.; capital, $200,000; Pres., G. C. Smith; Vice-Pres., G. M. Gray; Cashier, E. W. Moore; Asst. Cashier, Jas. Ratcliffe.

9310—Ely National Bank, Ely, Nevada; capital, $25,000; Pres., A. B. Witcher; Vice-Pres., John Weber; Cashier, Neil Monroe.

9311—Southwest National Bank, Kansas City, Mo.; capital, $1,000,000; Pres., F. P. Neal; Vice-Pres., E. W. Zea; Cashier, J. M. Moore; Asst. Cashier, E. P. Davis.

9312—First National Bank, Landisville, Pa.; capital, $25,000; Pres., Amos H. Hoffman; Vice-Pres., S. N. Root; Cashier, Jacob N. Summy.

9313—First National Bank, Plainville, Conn.; capital, $25,000; Pres., J. H. Trumbull; Vice-Pres., Edwin Hills; Cashier, A. A. McLeod.

9314—United States National Bank, La Grande, Oreg.; capital, $100,000; Pres., N. K. West; Vice-Pres., Wm. Miller; Cashier, T. J. Scroogin; Asst. Cashier, H. E. Coolidge.

9315—Merchants National Bank, Springfield, Mo.; capital, $200,000; Pres., Louis S. Meyer; Cashier, M. C. Baker.

9316—Terre Hill National Bank, Terre Hill, Pa.; capital, $40,000; Pres., S. S. Watts; Vice-Pres., S. F. Foltz; Cashier, L. F. Talley.

9317—Farmers National Bank, Canton, Pa.; capital, $50,000; Pres., J. A. Innes; Vice-Pres., E. Allen; Cashier, H. A. Bell.

9318—First National Bank, Cressona, Pa.; capital, $25,000; Pres., C. F. Beck; Vice-Pres., W. P. Heffner; Cashier, E. D. Meixell.

9319—First National Bank, Mount Pleasant, Tenn.; capital, $50,000; Pres., D. W. Shofner; Cashier, J. E. Hackney.

9320—First National Bank, Jackson, Ky.; capital, $25,000; Pres., J. P. Adams; Cashier, J. H. Letton, Jr.

9321—First National Bank, Beaver Creek, Minn.; capital, $25,000; Pres., Chas. Shade; Vice-Pres., J. S. Crawford; Cashier, M. O. Page; Asst. Cashier, B. R. Page.

NEW STATE BANKS, BANKERS, ETC.

ALABAMA.

Birmingham—City Bank and Trust Co.; capital, $100,000; Pres., B. T. Head; Vice-Pres., S. P. King.

Millport—Millport State Bank; capital, $15,000; Pres., H. H. Strickland; Vice-Pres., A. K. Collins; Cashier, G. Breune.

Oneonta—Blount County Bank; capital, $25,000; Pres., F. G. Donahoe; Vice-Pres., J. H. Lowry; Cashier, A. A. Fendley.

ARKANSAS.

Edgemont—Edgemont Bank; capital, $25,000; Pres., W. W. Morgan; Vice-Pres., E. T. Stanfield; Cashier, C. Blackwood.

Glenwood—Bank of Glenwood; capital, $5,000; Pres., W. M. Fagan; Vice-Pres., W. B. Lillard; Cashier, F. B. Murphy.

CALIFORNIA.

Fresno—Kamikawa Bros. Bank of Fresno; capital, $25,000; Pres., Riichi Kamikawa; Vice-Pres., Koichi Kamikawa; Cashier, Kwaichi Eezima; Asst. Cashier, Shusuka Mayeda.

Los Angeles—All Night and Day Bank; capital, $250,000; Pres., N. J. Skinner; Vice-Pres., J. S. Moore; Cashier, J. S. Moore; Asst. Cashier, T. F. Green.

Redding—First Savings Bank; capital, $3,500; Pres., C. C. Bush; Vice-Pres., A. W. Etter; Cashier, B. L. Smith.

San Francisco—Marine Trust and Savings Bank; successor to Reuters Loan and Trust Co.; capital, $100,000; Pres., G. M. Perine; Vice-Pres., W. H. Marston; Cashier, C. S. Scott; Asst. Cashier, J. L. Sharp.

COLORADO.

Burlington—Burlington State Bank; capital, $10,000; Pres., F. D. Mann; Vice-Pres., Louis Vogt; Cashier, G. O. Gates.

GEORGIA.

Forsyth—Monroe County Bank; capital, $17,000; Pres., W. C. Hill; Vice-Pres., C. B. Hollis; Cashier, C. W. Hill.

Hartwell—Peoples Bank; capital $50,000; Pres., B. F. Mauldin; Vice-Pres., C. Linder; Cashier, Clarence Linder.

Lovejoy—Lovejoy Banking Co.; capital, $15,000; Pres., J. O. Norris; Vice-Pres., J. W. Fields; Cashier, J. O. Rutherford.

Tallapoosa—Farmers and Merchants Bank; capital, $15,000; Pres., W. W. Summerlin; Vice-Pres., G. A. Barton; Cashier, P. E. Baxley.

IDAHO.

Jerome — Farmers and Merchants State Bank; capital, $15,000; Pres., R. S. Frazer; Vice-Pres., J. M. Hale; Cashier, O. Z. Burkhead; Asst. Cashier, Ralph Moore.

ILLINOIS.

Metamora—Metamora Bank; successor to Heiple & Kingsbury; Cashier, E. W. Knoblanch.

Mokena—Mokena State Bank; capital, $25,000; Pres., C. Bechstein; Vice-Pres., G. H. Cooper; Cashier, F. Liess.

INDIANA.

Butlerville—Butlerville State Bank; capital, $25,000; Pres., J. N. Callicutt; Cashier, E. Bemish.

Macy—Citizens Bank; capital, $10,000; Pres., W. Musselman; Vice-Pres., H. B. Hartes; Cashier, S. H. Musselman.

Uniondale—Bank of Uniondale; capital, $10,000; Pres., H. W' Lipkey; Vice-Pres., P. E. Gilbert; Cashier, J. A. Brickley.

IOWA.

Millersburg—Millersburg Savings Bank; capital, $10,000; Pres., W. E. Sanger; Vice-Pres., Jacob Bauer; Cashier, L. W. Hatter.

Shenandoah—Security Trust and Savings Bank; capital, $30,000; Pres., C. W. Fishbaugh; Vice-Pres., Joseph Morhain; Cashier, E. L. Fishbaugh.

KANSAS.

Arkansas City—Union State Bank; capital, $50,000; Pres., Thos. Baird; Vice-Pres., O. E. Mabee; Cashier, A. F. Thomasson; Asst. Cashier, W. D. MacAllister.

Caney—First State Bank; capital, $25,000;

Pres., J. D. Canary; Vice-Pres., H. S. Sinclair; Cashier, F. C. Rush.

Lucas—Farmers State Bank; capital, $15,000; Pres., C. M. Lownsbury; Vice-Pres., F. W. Bow, Cashier, J. H. Moore, Jr.

Offerle—Farmers State Bank; capital, $10,000; Pres., E. P. Ott; Vice-Pres., Herman Weiss; Cashier, M. F. Ehlers.

Parsons—Mechanics State Bank; capital, $50,000; Pres., C. S. Huston; Vice-Pres., W. R. Payne; Cashier, J. H. Myers; Asst. Cashier, Pearl Myers.

Sylvia—Citizens State Bank; capital, $10,000; Pres., O. C. Lang; Vice-Pres., S. Snowbarger; Cashier, F. E. Lang.

KENTUCKY.

Allensville—First State Bank; capital, $15,000; Pres., W. T. Young; Vice-Pres., R. F. Gill; Cashier, B. F. Gill, Jr.

MARYLAND.

Arlington—Commercial Bank; capital, $25,000; Pres., C. T. Cockey, Jr.; Vice-Pres., J. K. Culver; Cashier, J. A. J. Medcalf.

MICHIGAN.

Athens—Farmers State Bank; capital, $16,000; Pres., F. G. Woodruff; Vice-Pres., S. B. Hartman; Cashier, F. E. Estes.

Detour—Chippewa County Bank; capital, $50,000; Pres., Robert Rea; Cashier, S. H. Knisely.

MINNESOTA.

Callaway—Citizens State Bank; capital, $10,000; Pres., J. R. Holton; Vice-Pres., C. M. Case; Cashier, F. S. Graham; Asst. Cashier, Frank Murphy.

Elmore—Farmers State Bank; capital, $20,000; Pres., C. D. Williams; Vice-Pres., H. T. Erich; Cashier, L. H. Haeger.

International Falls — International State Bank; capital, $30,000; Pres., M. F. Murphy; Vice-Pres., R. S. McDonald; Cashier, J. B. Mooney.

MISSISSIPPI.

Mendenhall—Peoples Bank; capital, $15,000; Pres., S. L. McLaurin; Vice-Pres., D. C. Enochs; Cashier, A. S. Davis.

MISSOURI.

Atlanta—Bank of Atlanta; capital, $15,000; Pres., J. W. Gwinner; Vice-Pres., J. Campbell; Cashier, H. C. Surbeck.

Hunnewell—Farmers and Merchants Bank; capital, $10,000; Pres., A. L. Vaughn; Vice-Pres., W. B. Arnold; Cashier, W. B. Herron; Asst. Cashier, A. N. Dunlap.

Kansas City—Mercantile Bank; capital,, $100,000; Pres., W. H. Winants; Vice-Pres., P. E. Covington; Cashier, J. E. McDaniell.

Ridgeway—Commercial State Bank; capital, $15,000; Pres., C. T. Webb; Vice-Pres., J. N. Homan; Cashier, E. Scott.

St. Louis—Federal Trust Co.; capital, $150,000; Pres., J. McCoy; Vice-Pres., W. H. Garanfle.—Union Station Bank; capital, $100,000; Pres., C. E. Lane; Vice-Pres., Louis Renard; Cashier, E. Chanslor; Asst. Cashier, C. C. Collier.

MONTANA.

Poplar—Traders State Bank; capital, $25,000; Pres., H. M. Cosier; Vice-Pres., R. E. Patch; Cashier, J. C. Gregory.

NEBRASKA.

Albion—Citizens State Bank; capital, $20,000; Pres., J. P. Shirley; Cashier, James Fox.

Ashton—Ashton State Bank; capital, $10,000; Pres., F. X. Badura; Vice-Pres., A. C. Wichman; Cashier, J. Jankowski.

Crookston—Bank of Crookston; capital, $10,000; Pres., C. H. Cornell; Vice-Pres., M. V. Nicholson; Cashier, M. E. Viertel.

Sidney—Dalton State Bank; capital, $10,000; Pres., G. H. Willis; Vice-Pres., W. H. Kleinke; Cashier, J. L. Willis.

NEW JRESEY.

Bayonne—City Bank; capital, $50,000; Pres., W. H. Vreeland; Vice-Pres., J. G. Hocke; Cashier, E. S. Hamilton.

Millville—Millville Trust Co.; capital, $100,000; Pres., L. M. Hess; Vice-Pres., E. B. Goodwin; treas., H. A. Weatherby.

NORTH CAROLINA.

Huntersville—Bank of Huntersville; capital, $10,000; Pres., J. C. Chart; Vice-Pres., W. J. Ranson; Cashier, C. F. Cline.

Maiden—Maiden Bank; capital, $7,500; Pres., J. L. Cromer; Vice-Pres., L. A. Carpenter; Cashier, B. M. Spratt, Jr.

Roxobel—Bank of Roxobel; capital, $5,000; Pres., L. Capehart; Vice-Pres., J. E. Peele; Cashier, R. C. Mullican.

NORTH DAKOTA.

Fargo—Dakota Trust Co.; capital, $100,000; Pres., Max Stean; Vice-Pres., R. S. Lewis; Sec., W. J. Sorstbaugh.

Foxholm—Foxholm State Bank; capital, $10,000; Pres., S. J. Rasmussen; Vice-Pres., W. M. Dodds; Cashier, Cook Robinson; Asst. Cashier, C. M. Wall.

OHIO.

Niles—Niles Trust Co.; successor to First National Bank; capital, $125,000; Pres., C. P. Wilson; Vice-Pres., D. J. Finney; Treas., M. J. Flaherty.

Waterford—Waterford Commercial and Savings Bank; capital, $25,000; Pres., John Zumbro; Cashier, Harry Crooks.

OKLAHOMA.

Mannsville—Farmers State Bank; capital, $10,000; Pres., J. B. Wall; Vice-Pres., J. M. Browning; Cashier, G. L. Browning; Asst. Cashier, P. R. Williams.

Milburn—Johnson County State Bank; successor to First National Bank; capital, $15,000; Pres., J. R. McKinney; Vice-Pres., Z. W. Rains; Cashier, J. W. Walker; Asst. Cashier, L. L. Caldwell.

Stigler—First State Bank; capital, $10,000; Pres., W. S. Munn; Vice-Pres., A. B. Callaway; Cashier, J. P. Brown; Asst. Cashier, T. A. Wootton.

Tahlequah—Oklahoma State Bank; successor to Cherokee National Bank; capital, $25,000; Pres., A. H. Campbell; Vice-Pres., J. Morse; Cashier, O. A. Fisk.

Tulsa—Oklahoma State Bank; capital, $25,000; Pres., L. D. Marr; Vice-Pres., Lorenzo D. Marr; Cashier, J. M. Reinhard; Asst. Cashier, R. D. Marr.

Walters—Oklahoma State Bank; capital, $10,000; Pres., R. L. Reid; Vice-Pres., Frank Wiemer; Cashier, B. S. Coleman.

OREGON.

Linnton—Linnton Savings Bank; capital, $12,000; Pres., C. G. Wilson; Vice-Pres., J. Frank Watson; Cashier, S. M. Mann; Asst. Cashier, R. J. Burley.

SOUTH DAKOTA.

Armour—Farmers and Merchants Bank; successor to First National Bank; capital, $10,000; Pres., B. W. LaShier; Vice-Pres., and Cashier, W. J. Barloon.

Lamro—Lamro State Bank; capital, $5,000; Pres., W. H. Pratt, Jr.; Vice-Pres., Isaac Battelyoun; Cashier, G. W. Mitchell.

Midland—Midland State Bank; capital, $5,000; Pres., F. P. Roll; Vice-Pres., F. J. Carpenter; Cashier, W. C. Krog.

Strool—First State Bank; capital, $6,000; Pres., G. P. Allen; Vice-Pres., S. A. Smith; Cashier, W. J. Toner.

Wakapala—Gall State Bank; capital, $5,000; Pres., J. W. Harris; Vice-Pres., H. H. M. Imee; Cashier, K. H. McLaughlin.

TENNESSEE.

Ripley—Lauderdale County Bank and Trust Co.; successor to Lauderdale County Bank; capital, $50,000; Pres., G. A. Lusk; Vice-Pres., J. M. Jenkins; Cashier, L. A. Williams; Asst. Cashier, W. G. Bruton.

TEXAS.

Burnet—First State Bank; capital, $20,000; Pres., W. W. Taylor; Vice-Pres., A. R. Johnson, Jr.; Cashier, W. C. Galloway; Asst. Cashier, Chas. Schnabel.

Groom—State Bank of Groom; successor to Bank of Groom; capital, $15,000; Pres., J. C. Knapp; Vice-Pres., J. W. Knapp; Cashier, J. L. Knapp.

Junction—Junction State Bank; successor to First State Bank and Kimble County State Bank; capital, $50,000; Pres., Chas. Schreiner; Vice-Pres., H. E. Wilson; Cashier, W. G. Boyle; Asst. Cashier, C. R. Stevenson.

Luling—Lipscomb Bank and Trust Co.; successor to A. K. Lipscomb; capital, $50,000; Pres., W. W. Lipscomb; Vice-Pres., S. J. Francis; Cashier, W. H. Muenster; Asst. Cashier, L. A. Ridout.

Trent—Farmers State Bank; capital, $15,000; Pres., G. S. Berry; Vice-Pres., W. D. Hutcheson; Cashier, R. O. Anderson.

UTAH.

Parowan—Bank of Iron County; capital, $18,000; Pres., E. L. Clark; Vice-Pres., Wm. Adams; Cashier, L. K. Marriden.

VIRGINIA.

South Hill—Citizens Bank; capital, $10,000; Pres., S. S. Northington; Vice-Pres., M. M. Carver; Cashier, W. W. Wright.

WASHINGTON.

Renton—Bank of Renton; capital, $15,000; Pres., T. J. Beglin; Vice-Pres., I. Sartori; Cashier, T. J. Beglin; Asst. Cashier, M. J. McLaughlin.

Roy—Roy State Bank; capital, $10,000; Pres., A. W. Wert; Cashier, L. Allison.

WISCONSIN.

Antigo—Fidelity Savings Bank; capital $50,000.

Holmen—Bank of Holmen; capital, $15,000; Pres., Otto Bosshard; Cashier, A. C. Sjolander; Asst. Cashier, Oscar Hang.

Stratford—Stratford State Bank; capital, $10,000; Pres., R. Connor; Vice-Pres., C. Franzen; Cashier, Walter Oby.

CHANGES IN OFFICERS, CAPITAL, ETC.

ALABAMA.

Mobile—First National Bank; J. W. Woolf, Asst. Cashier.

ARKANSAS.

Newport—Arkansas Bank and Trust Co.; A. Ferguson, Vice-Pres., in place of G. D. Clements; I. D. Kinsman, Asst. Cashier.

Texarkana—State National Bank; E. K. Smith, Vice-Pres.; R. L. Dalby, Cashier, in place of E. K. Smith; Edw. Kuhl, Asst. Cashier, in place of R. L. Dalby; W. J. Paulk, Asst. Cashier.

Wilmar—Bank of Wilmar; W. Corter, Cashier, in place of B. P. Kidd.

ARIZONA.

Douglas—Arizona Trust and Banking Co.; Fletcher M. Doan, Pres., in place of Geo. Mitchell.

CALIFORNIA.

Los Angeles—Bank of Los Angeles; W. F. Callander, pres., in place of W. B. Ames; R. M. Moore, Cashier, in place of Addison Lysle.

DISTRICT OF COLUMBIA.

Washington—Home Savings Bank; E. E. Swan, Treasurer, in place of A. S. Clark.

FLORIDA.

Perry—Perry Banking Co.; capital decreased from $40,000 to $20,000.

GEORGIA.

Adel—Citizens Bank; W. H. Baskin, Pres.; G. P. Leggett, Vice-Pres.; J. E. Pitts, Cashier; E. L. Knight, Asst. Cashier.

Barney—Bank of Barney; title changed to Barney Banking Co.

Hagan—Bank of Hagan; Geo. DeLonde, Pres., in place of M. A. Smith.

Hamilton—Bank of Hamilton; C. H. Cook, Pres.; W. H. Williams, Vice-Pres.; W. K. Clements, Cashier.

Jonesboro—Bank of Jonesboro; J. M. Birchmore, Cashier.

Milledgeville—Exchange Bank; capital increased from $25,000 to $50,000.

Nicholls—Merchants and Farmers Bank; J. C. Deen, Cashier, in place of F. G. Jones; C. Meeks, Asst. Cashier.

IDAHO.

Kimberly—Bank of Kimberly; capital increased from $10,000 to $20,000.

St. Joe—First State Bank; A. H. Morgan, Cashier, in place of F. G. Ramsey; M. D. Harris, Asst. Cashier.

ILLINOIS.

Chicago—Mutual Bank; merged with American Trust and Savings Bank.

Flora—First National Bank; H. F. Pixley, Pres., in place of R. Smith; C. S. Cunningham, Vice-Pres., in place of H. F. Pixley.

Macomb—Macomb National Bank; no Pres. in place of J. O. Peasley.

Millstadt—First National Bank; Louis Diesel, Vice-Pres., in place of A. B. Daab.

Moline—Peoples Savings Bank and Trust Co.; capital increased from $150,000 to $200,000.

Tamaroa—First National Bank; H. B. Haines, Cashier, in place of C. A. Hoyt.

INDIANA.

Coatesville—First National Bank; C. D. Knight, Cashier, in place of J. M. Reeds.

Lafayette—Merchants National Bank; C. Murdock, Pres., in place of James Murdock; W. G. Gude, Cashier, in place of C. Murdock; Deloss W. Smith, Asst. Cashier, in place of W. G. Gude.

Rensselaer—State Bank; capital increased from $25,000 to $30,000.

Rockville—Rockville National Bank; F. H. Nichols, Pres., in place of S. T. Catlin, deceased; A. T. Brockway, Cashier, in place of F. H. Nichols; W. H. Dukes, Asst. Cashier, in place of A. T. Brockway; Edgar Teague, Asst. Cashier.

IOWA.

Grimes—Farmers Savings Bank; Peter Bohrofen, Pres., in place of A. M. Allen; A. M. Parmenter, Vice-Pres., in place of Peter Bohrofen.

Independence—First National Bank; no Pres. in place of W. G. Donnan, deceased.

Victor—Victor Savings Bank; J. T. McGuire, Cashier, in place of A. E. Stocker.

West Bend—West Bend Savings Bank; A. L. Frye, Cashier, in place of L. A. Martin.

West Liberty—Peoples State Bank; Ray Whitacre, Vice-Pres., in place of W. S. Luce.

Winterset—Winterset Savings Bank; P. J. Cunningham, Pres., in place of A. B. Shriver.

Yetter—State Savings Bank; O. J. Woodard, Cashier, in place of C. A. Nordhaus.

KANSAS.

Anson—Anson State Bank; L. C. Taylor, Cashier, in place of C. C. Taylor.

Burlington—Farmers National Bank; C. N. Converse, Pres., in place of W. F. Swift; A. L. Hitchens, Vice-Pres., in place of C. N. Converse.

Burns—Burns State Bank; E. S. McIntosh, Vice-Pres., in place of J. A. Benke.

Fort Scott—Kansas State Bank; A. B. Dickmann, Cashier, in place of H. T. Hansford.

Hill City—American State Bank; I. R. Mort, Cashier, in place of E. V. Cumberford.

Hutchinson—Citizens Bank; capital increased from $75,000 to $100,000.

Kansas City—Bankers National Bank; J. G. Boomer, Cashier, in place of W. R. Berry.
—Inter-State National Bank; G. S. Hovey, Pres., in place of Lee Clark; R. M. Cook, Vice-Pres., in place of G. S. Hovey.

Lawrence—Lawrence National Bank; J. D. Bowersock, Pres., in place of W. R. Stubbs.

La Harpe—First National Bank; J. S. Wilson, Second Vice-Pres., in place of Samuel Malcom; no Asst. Cashier in place of G. C. Hough.

Olathe—Olathe State Bank; F. C. Peck, Pres.; H. C. Livermore, Vice-Pres.; H. E. Hayes, Cashier; J. S. Pellett, Asst. Cashier.

Parsons—First National Bank; E. B. Stevens, Pres., in place of Lee Clark; Lee Clark, Vice-Pres., in place of E. B. Stevens; Kirby Parton, Cashier, in place of E. B. Stevens; Luther Cortelyou, Jr., Asst. Cashier, in place of Kirby Barton.

Sedan—Peoples National Bank; P. F. Eggen, Cashier, in place of D. J. Moore.

Quenemo—Farmers State Bank; J. T. McMillan, Vice-Pres., in place of E. J. Williams.

KENTUCKY.

Falmouth—Citizens Bank; J. B. Woolery, Cashier, in place of E. S. Clarke.
Lexington—Fayette National Bank; J. E. Bassett, Pres., in place of S. Bassett; J. T. Tunis, Vice-Pres., in place of J. E. Bassett.

LOUISIANA.

Logansport—Bank of Logansport; Smith Price, Cashier, in place of Royal Dennis; T. T. Calhoun, Asst. Cashier, in place of Smith Price.

MARYLAND.

Baltimore—Mercantile Trust and Deposit Co.; capital reduced from $200,000 to $150,000.

MASSACHUSETTS.

Lowell—Union National Bank; Edward E. Sawyer, Vice-Pres.; Geo. R. Chandler, Asst. Cashier.
Townsend—Townsend National Bank; Henry A. Hill, Vice-Pres., in place of J. F. Hill; Carl B. Willard, Asst. Cashier.
Westfield—Hampden National Bank; C. J. Little, Pres.

MICHIGAN.

Pinconning—Farmers Bank and Commercial State Bank have consolidated under title Pinconning State Bank; capital, $20,000; Pres., W. S. Fotherington; Vice-Pres., W. A. McDougald; Cashier, D. J. Cody.
Stephenson—Bank of Stephenson; R. A. Packard, Cashier, in place of W. J. Duncan.
Traverse City—Peoples Savings Bank; M. O. Robinson, Cashier, in place of C. A. Hammond.
Webberville—Ingham County Bank; title changed to Farmers State Bank.

MINNESOTA.

Litchfield—Bank of Litchfield; T. F. McClure, Pres., in place of A. Nelson; P. Rodange, Cashier, in place of T. F. McClure.
Minneapolis—Peoples Bank; Chas. L. Grandin, Pres., in place of H. G. Merritt.

MISSOURI.

Green Ridge—Peoples Bank; Robert Ewers, Pres., in place of M. Doherty; A. Habecker, Vice-Pres., in place of J. S. Ream.
Springfield—State Savings Bank; capital increased from $25,000 to $50,000.
St. Joseph—Drovers and Merchants Bank; H. E. Wyatt, Pres., in place of P. A. Thompson.

MONTANA.

Billings—First National Bank; Lee N. Goodwin, Vice-Pres., in place of J. B. Arnold; R. N. Newton, Cashier, in place of Lee N. Goodwin.
Fromberg—Bank of Fromberg; name changed to Clarks Fork Valley Bank.
Plains—First National Bank; C. H. Rittenour, Acting Cashier.

MISSISSIPPI.

Ackerman—First National Bank; C. C. Lancaster, Cashier, in place of N. A. Perry.
Vicksburg—Merchants National Bank; T. W. McCoy, Cashier, in place of J. F. Walker, Jr.

NEBRASKA.

Adams—Farmers Bank; R. C. Pearson, Cashier, in place of F. R. O'Neil.
Geneva—Citizens Bank; W. H. Stewart, Cashier, in place of E. K. Cobb.
Hyannis—Bank of Hyannis; capital increased from $15,000 to $30,000.
Lincoln—American Savings Bank; C. B. Gregory, Cashier, in place of L. F. M. Easterday; C. E. Gow, Asst. Cashier.
Osmond—Farmers State Bank; M. J. Kuhl, Cashier, in place of B. M. Smith.

NEW MEXICO.

Artesia—Bank of Artesia; John C. Gage, Vice-Pres., in place of A. V. Logan; capital increased from $30,000 to $50,000.

NEW JERSEY.

Hoboken—Trust Co. of New Jersey; E. P. Meany, Vice-Pres., in place of E. F. C. Young.
Jersey City—First National Bank; G. T. Smith, Pres., in place of E. F. C. Young; R. E. Jennings, Vice-Pres., in place of G. T. Smith.—Merchants National Bank; G. C. Smith, Acting Cashier.

NEW YORK.

Brooklyn—Flatbush Trust Co.; Warren Cruikshank, Vice-Pres.
Cooperstown—First National Bank; G. H. White, Second Vice-Pres.; Frank Hale, Asst. Cashier.
Gouverneur—First National Bank; L. W. Burdick, Cashier, in place of A. L. Woodworth; no Asst. Cashier in place of L. W. Burdick.
New York—First National Bank; T. W. Lamont, Vice-Pres., in place of H. P. Davison.
Norwood—State Bank; capital increased from $25,000 to $50,000.
Peekskill—Peekskill National Bank; G. E. McCoy, Pres., in place of Bernhard Beinecke.
Rochester—Genesee Valley Trust Co.; D. D. Sully, Vice-Pres.
Spencerport—Bank of Spencerport; H. A. Freeman, Cashier, in place of M. F. Page.

NORTH CAROLINA.

Southport—Bank of Southport; T. E. Cooper, Pres.; J. J. Louglin, Vice-Pres., D. O. Daniel, Cashier.

NORTH DAKOTA.

Almont—First State Bank; C. Gierke, Cashier, in place of J. O. Bondhus.
Beach—Golden Valley State Bank; Eli Cole, Pres.; Aylmer Cole, Vice-Pres.
Blanchard—First State Bank; A. A. Bruton, Cashier, in place of F. H. Snure.
Cogswell—Cogswell State Bank; C. H. Mott, Vice-Pres., in place of H. A. Soule.
Nome—First National Bank; capital increased to $25,000.
Palermo—Farmers and Merchants State Bank; P. J. Barry, Pres.; W. J. Brugman, Vice-Pres.; J. J. Brugman, Cashier; D. H. Nelson, Asst. Cashier.
Wyndmere—First National Bank; Donald Wright, Pres., in place of G. C. Ottis; W. H. Morrill, Vice-Pres., in place of Donald Wright.

OHIO.

Brinkhaven—Union Savings and Banking Co.; C. S. Starner, Cashier, in place of P. J. Parker.
Canal Dover—First National Bank; D. Defenbacher, Cashier, in place of Vic. Wentz.—Iron Valley Bank; absorbed by First National Bank.
Dayton—Third National Bank; no Pres. in place of J. K. McIntyre, deceased.
Lindsay—German Banking Co.; F. M. Dotson, Pres., in place of F. D. Prentice.
McConnelsville—Citizens National Bank; L. J. Weber, Vice-Pres., in place of J. W. Barkhurst.

OKLAHOMA.

Berwyn—First National Bank; H. H. Croskell, Cashier, in place of J. W. Massey, deceased.

Eufaula—First National Bank; H. B. Ernest, Pres., in place of I. H. Nakdimen; D. B. Whybark, Asst. Cashier.
Henryetta—First National Bank; J. R. Vaughan, Cashier, in place of J. W. Sullins.
Milburn—Milburn Bank; title changed to First State Bank.
Tulsa—Central National Bank; J. E. Crosbie, Pres., in place of J. G. McGannon, deceased.
Weleetka—First National Bank; H. B. Catlett, Pres., in place of W. G. Cathcart; no Vice-Pres. in place of H. B. Catlett.

OREGON.

Condon—First National Bank—S. B. Barker, Pres., in place of Edward Dunn; Jay Bowerman, Vice-Pres., in place of A. Greiner; C. O. Portwood, Cashier, in place of N. Farnsworth.

PENNSYLVANIA.

Annville—Annville National Bank; no Vice-Pres. in place of H. H. Kreider, deceased.
Blacklick—First National Bank; H. L. Taylor, Cashier, in place of C. E. Wiley.
Clintonville—Peoples National Bank; G. A Rumsey, Pres., in place of C. E. Crawford; C. E. Crawford, Vice-Pres.; J. A. Lawson, Cashier, in place of H. J. Crawford.
Hays—Hays National Bank; Chas. Schmelz, Vice-Pres., in place of J. O. Miller.
Harrisburg—Central Guarantee, Trust and Safe Deposit Co.; name changed to Central Trust Co.
Middletown—Citizens National Bank; B. T. Brandt, Cashier, in place of H. A. Bell.
New Kensington—First National Bank; E. E. Patton, Pres., in place of J. S. McKean; W. D. Boyce, Vice-Pres., in place of Jos. Bullers.
Philadelphia—Investment Co.; merged with Independence Trust Co.
Pittsburgh—German National Bank; A. A. Frauenheim, Pres., in place of W. W. Ramsey; J. F. W. Eversmann, Cashier, in place of A. A. Vilsack.
Reading—Neversink Bank; H. S. Strunk, Cashier, in place of H. J. Meixell.
Spartansburg—Grange National Bank; H. E. Blakeslee and E. A. Elston, Vice-Pres's., in place of Leon Morris and R. H. Patchen; Lane T. Smith, Asst. Cashier.
Sunbury—First National Bank; W. F. Rhoads, Asst. Cashier.
Windber—Windber National Bank; J. R. Caldwell, Pres., in place of W. A. Crist; B. L. Simpson, Vice-Pres., in place of J. R. Caldwell; R. W. Maneval, Cashier, in place of B. L. Simpson.

RHODE ISLAND.

Providence—Phoenix National Bank; no Vice-Pres. in place of G. E. Martin, deceased; Howard L. Anthony, Asst. Cashier.

SOUTH CAROLINA.

Charleston—Germania Savings Bank; Henry Schacht, Pres.; J. H. Jahnz, Vice-Pres.

SOUTH DAKOTA.

Bryant—Merchants Bank; W. A. McNulty, Vice-Pres., in place of H. S. Rowe; E. A. Ruden, Cashier, in place of W. A. McNulty.
Draper—Draper State Bank; S. P. Seierson, Pres.; B. F. Blocklinger, Vice-Pres.; P. N. Korsgaard, Cashier.
Sinai—First State Bank; H. Hogansan, Cashier, in place of E. A. Peterson.

TENNESSEE.

Normandy—Bank of Normandy; E. I. Hitt, Cashier, in place of W. J. Allen.

TEXAS.

Abilene—Commercial National Bank; Bruce E. Oliver, Vice-Pres., in place of W. McCollough.
Alvin—Citizens State Bank; A. C. Abraham, Vice-Pres., in place of J. W. Carlisle.
Austin—Capital Bank and Trust Co.; G. W. Littlefield, Pres., in place of G. L. Hume.
Bay City—First National Bank; Goodwin Sterne, Vice-Pres.; M. Thompson, Cashier, in place of W. T. Goode.
Farwell—First National Bank; D. A. Linthicum, Pres., in place of Walter Farwell; E. G. Martin, Vice-Pres., in place of D. A. Linthicum.
Greenville—Greenville Bank and Trust Co.; absorbed by Commercial National Bank.
League City—Citizens State Bank; J. P. Atkinson, Asst. Cashier.
Lubbock—First National Bank; J. D. Caldwell, Pres., in place of O. L. Slaton; L. T. Lester, Vice-Pres., in place of R. A. Barclay; H. T. Kimbro, Cashier, in place of W. S. Posey; J. W. Baker, Asst. Cashier, in place of F. W. Boerner.
Merkel—First National Bank; C. L. Barker, Vice-Pres.
Quincy—Bank of Quincy; merged with First National Bank.
Stephenville—First National Bank; J. J. Bennett, Vice-Pres., in place of J. W Wright; J. B. Ator, Cashier, in place of J. J. Bennett; J. W. Frey, Asst. Cashier, in place of J. B. Ator.
Venus—Farmers & Merchants National Bank; J. D. Kugle, Cashier, in place of C. L. Barker; D. W. Burleson, Asst. Cashier.
Wills Point—Van Zandt County National Bank; Spencer Starnes, Cashier, in place of L. L. Henderson.

WISCONSIN.

Milwaukee—Second Ward Savings Bank; capital increased to $1,000,000.

WEST VIRGINIA.

Logan—Logan National Bank; title changed to First National Bank.

BANKS REPORTED CLOSED OR IN LIQUIDATION.

ARKANSAS.

Winthrop—Bank of Winthrop; in hands of receiver.

KANSAS.

Kansas City—Bankers National Bank; in voluntary liquidation Jan. 2.

MINNESOTA.

Brainard—Security State Bank; closed.

NORTH DAKOTA.

Barton—Barton State Bank; closed.
Rugby—First National Bank; in charge of receiver, Jan. 4.

NEW HAMPSHIRE.

Somersworth—First National Bank; in hands of a receiver Dec. 16, 1908.

OKLAHOMA.

Afton—First National Bank; in voluntary liquidation Dec. 16, 1908.
Alva—Alva National Bank; in voluntary liquidation Dec. 22, 1908.
Blackwell—State National Bank; in voluntary liquidation Dec. 4, 1908.
Bokchito—Bokchito National Bank; in voluntary liquidation Dec. 16, 1908.
Clinton—Clinton National Bank; in voluntary liquidation Dec. 19, 1908.
Eldorado—Farmers & Merchants National Bank; in voluntary liquidation Dec. 30, 1908.
Eldorado—First National Bank; in voluntary liquidation Dec. 1, 1908.
Granite—First National Bank; in voluntary liquidation Jan. 11.
Mannsville—First National Bank; in voluntary liquidation Dec. 31, 1908.

Temple—Farmers National Bank; in voluntary liquidation Dec. 15, 1908.
Waurika—Citizens National Bank; in voluntary liquidation Dec. 1, 1908.

OHIO.

Lebanon—Farmers & Merchants National Bank; in voluntary liquidation Jan. 12.
Napoleon—Citizens Bank; closed.

TEXAS.

Channing—Bank of Channing; suspended.
Frankston—First National Bank; in voluntary liquidation Dec. 21, 1908.
Weatherford—Merchants & Farmers National Bank; in voluntary liquidation Dec. 31, 1908.

VIRGINIA.

Newport News—Newport News National Bank; in voluntary liquidation Dec. 14, 1908.

TENNESSEE.

Nashville—Landis Banking Co.; closed.

PENNSYLVANIA.

Coal Center—Bank of Coal Center; closed.

RESUMED BUSINESS.

PENNSYLVANIA.

New Kensington—First National Bank; in charge of a receiver Nov. 9, 1908; resumed business Jan. 7.

WITH BANKERS MAGAZINE ADVERTISERS.

SUGGESTIONS FOR BANK ADVERTISING AND PRINTING.

THE American Multigraph Sales Co., 1819 Case avenue, Cleveland, Ohio, have just published a book of interest to financial men in general entitled "Suggestions for Bank Advertising and Printing."

The book contains pointers and suggestions on newspaper, magazine, personal letter and other forms of bank advertising, being in fact a compilation of advertising information based on the experiences of many of the most successful banks in the country.

The American Multigraph Sales Co. will send a complimentary copy, charges prepaid, upon request from any officer of a financial institution—bank, trust company, brokerage or investment house.

The many users of the Multigraph in banks makes it one of the modern labor, time and expense savers, and bankers who are interested should write to the Sales Co., as above, for full description of the machine and its manifold uses. It should not be lost sight of that a simple substitution of the special inking attachment changes the Multigraph into a practical office printing press, which the stenographer or office boy, without previous experience, can handle satisfactorily.

A TIME-SAVING SYSTEM FOR THE TRANSIT DEPARTMFNT.

BUSINESS Systems Department of the Burroughs Adding Machine Company announces an attractive little booklet describing, in detail, a new system which has been adopted in the transit department of several leading banks.

It is known as the Hibernia Transit System, after the Hibernia Bank & Trust Company of New Orleans, La., where it originated. This system presents a quick, simple and accurate method of eliminating the many cumbersome customs that have been in vogue, even in the best banking institutions, in connection with making up remittance letters.

The information in the book was supplied largely by L. M. Pool, vice-president of the Hibernia, and will, doubtless, be of interest to every bank official.

No new principle is involved in adopting the Hibernia System. It is offered rather as a successful application of an old principle to the time-wasting and worry-making task of handling transit letters. It is as safe as it is simple, and extremely economical in its operation. The economy, of course, lies mainly in the saving of time.

One of the particular merits of the Hibernia method is that the various remittance letters issued by a bank are made up entirely on the Burroughs machine, without the necessity of any hand notations. Moreover, the letter is readily made in duplicate and triplicate, by means of carbon sheets, giving a three-fold check on the work and throwing around it the safeguard of accuracy.

The book describing the Hibernia System is just off the press, and the Burroughs Company will be glad to fill all requests from bank readers of the magazine who wish to look it over and inform themselves regarding this new departure. Requests should be addressed to the Business Systems Department, and mention this paper, to receive prompt attention.

AN OPTIMISTIC LETTER.

JUST before New Years George La Monte & Son, of New York, manufacturers of safety papers, sent out this letter to their customers:

Dear Sir: Last year about this time we wrote to our friends looking forward with confidence to the business conditions which would exist during the year 1908, and now that we are at the end of that year we look over the past, feeling that possibly the year has not been as prosperous as we had anticipated, but at the same time we regard it with considerable satisfaction.

The strain to which all business houses have been put has been very considerable, and the recovery in many cases has been much more rapid than could have been expected and has proven absolutely that the underlying basis is solid.

We are firmly convinced that it is not corporation wrong-doing as much as individual wrong-doing that is the cause of business troubles, and that corporations and firms are just as good and just as bad as the individuals who compose them. At this season of the year, when we pause to take account of stock, it behooves us to be charitable in our judgment of others, and when conditions are not right to see if there is not something that each one of us can do to help better the situation rather than to place all of the blame upon others.

We believe that if each one will accept his individual responsibility, in business matters as well as in civic matters, and put forth his best efforts to see that we, as individuals, give every one a square deal, we will be doing more to bring about an absolute return to prosperity than can be brought about by any governmental investigation or by the appointment of regulating commissions.

Please accept our assurances of esteem and best wishes for the coming year, and believe us to be

Very truly yours,

GEORGE LA MONTE & SON,

Geo. La Monte, President.

A SALESMEN'S CONVENTION.

THE salesforce of the Berger Mfg. Co., of Canton, Ohio, manufacturer of steel office furniture, have regular annual conventions at the home office for the purpose of inspiring enthusiasm and developing the best methods for increasing business. The company issued a handsome souvenir at the last convention containing portraits of its representatives. We quote from this booklet the following paragraphs which explain the value of such conventions:

Intelligent salesmanship has its value not only to the seller but to the buyer. What the world demands of the salesman to-day is, the enlarged knowledge which enables him to intelligently and specifically present his wares to the discriminating buyer. He must know his line and be able to present it logically, concisely and clearly, without unnecessarily taxing the time and patience of busy men whose trade he seeks; and to this end there exists a three-cornered interest between Factory, Salesman and Buyer that these conventions should promote that broad knowledge of affairs so mutually desirable from these various standpoints.

Knowledge, Methods, Enthusiasm—all of them essentials—we confidently expect to be distinctively promoted by the Convention of 1909.

A PROGRESSIVE HOTEL.

THE new St. Charles Hotel of New Orleans is a particularly good advertiser. At the first of the year it remembered its friends by giving them valuable novelties, including a celluloid pocket diary for 1909 and several different kinds of calendars. It also distributed some interesting printed matter concerning New Orleans. From one of these leaflets we quote the following interesting matter concerning the city:

WHY YOU SHOULD VISIT NEW ORLEANS.

BECAUSE

She is unlike any other American city—a world nationality in all colors—in appearance, dress, places and mode of living—in one street the characteristic people and business of to-day—in the next the style and customs of a century ago.

BECAUSE

Her history is quaint and romantic—a moulded past and present—evidenced by her French Opera—Roman Carnival—Spanish architecture—the curios and antique fragments of royal ancestry yet purchasable in the queer old second-hand shops of the French quarter, where the gay notes of the fandango of Spain may still be heard mingling with the soul-stirring chorus of the French Marseillaise.

BECAUSE

Her battle grounds and parks, with their grand old groves of live oaks and historic duelling grounds—her red-tiled roofs, narrow streets and clatter of foreign tongues—her miraculous Church of St. Roch and its famous Wishing Shrine—her magnificent cemeteries, mausoleums and monuments of the dead—her celebrated French Market and antiquated restaurants—her Sicilian luggers laden with tropical fruits—her Indian shrimp girls and herb gatherers—her Arcadian hunters and Dago fishermen—her courtly Creoles and their dark-eyed belles—her voudoo negroes and haunted houses enumerate but a part of what presents to a tourist the equivalent of a trip around half the world.

BECAUSE

Her climate is healthy and delightful—warmer, and free from the cold fog banks of San Francisco—more equable and without the low night temperatures of Florida. The fall months of October and November and the spring months of March, April and May are especially lovely and attractive, with the blue of Italian skies overhead, the perfume of roses in the air and the eye dazzled by the beauty and profusion of her tropical flowers.

BECAUSE

The fancies of all may be indulged in. To the lover of horses—racing—continuous from November to April supported and patronized by some of the most noted stables in the country—to the musically inclined the justly celebrated French Opera, with its wealth of Creole beauty, Parisian singers and danseuse—to the lovers of the drama eleven first-class theatres present ever-changing attractions, grave or gay, where the best known stars touring the country may be seen.

BECAUSE

Within thirty minutes, over one of the best street car systems in the world, the limits of the city may be reached—from the river to Lake Pontchartrain and from Southport to Chalmette—while within an hour's ride are the health-giving forest of pine—the white shell beaches of the Mexican Gulf—the quaint little fishing villages and seaside resorts of the Gulf Coast—our sugar and cotton plantations—our orange groves and rice fields. In the numerous bayous, streams and woodlands all over the State fish await the fisherman and game the hunter, making Louisiana a paradise for the disciples of Nimrod and Izaak Walton and awarding the palm to the Crescent City as the most attractive winter resort of America.

FRANK A. VANDERLIP

President National City Bank of New York

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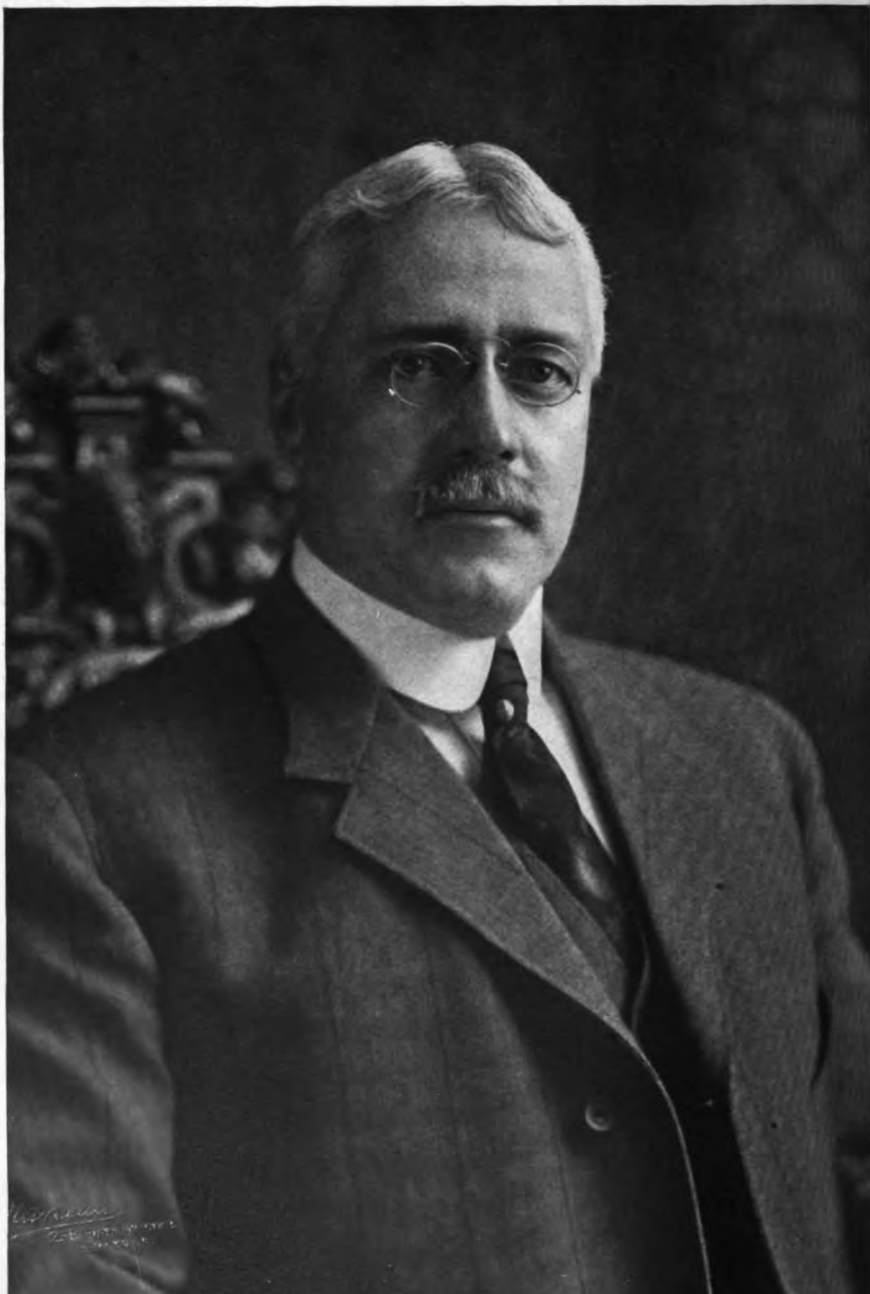


FRANK A. VANDERLIP
President National City Bank of New York.

THE

BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-THIRD YEAR MARCH, 1909 VOLUME LXXVIII, NO. 3

PROGRESS OF THE CENTRAL BANK SCHEME.

WHEN more than a year ago Congress authorized the creation of a National Monetary Commission to study and report upon needed improvements in our banking and currency system, we expressed the belief that this was intended as a device to postpone consideration of the subject until sentiment could be worked up in favor of a central bank. Our opinion then expressed has been confirmed by recent outcroppings from the commission's deliberations, intimating that its report (should one ever be published) will favor a central bank. Truly, this is startling news! Who could have expected it?

Now that the central bank plan is known to have the approval of the commission, the proposal should be carefully examined. Since those who dominate the commission will probably control the financial legislation of the country, there is almost a certainty that this plan will go through unless the bankers and business organizations unite in opposition to it.

Some of the best financial authorities in this country have long favored the establishment of a central bank for the United States. That their motives in advocating such an institution are as lofty as anybody else's we have not the slightest doubt. The most appropriate method of improving our imperfect financial machinery is certainly a matter about which men may honestly differ. We have not been an advocate of a central bank, but if, after full discussion, that seems to be the best for the country, it will receive our cordial support. A central bank, properly organized and managed, with power to issue notes on its own credit, would be an immense improvement over things as they are.

But is it not possible that everything which might be done by a central bank can be done in other and better ways? Above all, should not the work of banking reform move along the line of least resistance? The central bank plan will arouse strong opposition, perhaps such as will defeat or at least indefinitely delay financial legislation of any kind. Would it not be far easier and just as effectual to adapt the chief features of a central bank to our existing financial machinery, slightly modified as may be required? A central bank is advocated chiefly for these purposes: (1) To issue circulating notes; (2) to manage certain fiscal operations for the Government; (3) to regulate the rate of discount.

Taking up these objects in their order, we hardly think it can be denied that the history of the New England banks under the Suffolk system clearly establishes the fact that the existing banks may safely issue circulating notes based on their own credit. As to the second object, the banks in the principal business centers could act as Government depositories and perform other needed fiscal services quite as efficiently as a central bank. The third object is more difficult of attainment. In fact, it may be open to question if a central bank could do that. It has become a task of increasing difficulty for the Bank of England, and as is well known, the Bank rate is one thing and the open market rate another. We believe the most practicable way of regulating the discount rate would be by some form of association among the banks acting unitedly through their clearing-houses. This, in our judgment, would prove far more effectual than the promulgation of an official rate by the central bank. The whole banking problem is summed up in this—that co-operation must take the place of individual struggling among the banks against each other. In the clearing-houses we already have the elementary parts of the machinery through which that co-operation may be obtained. Does anybody expect that the establishment of a central bank will tend to create harmonious relations in our banking system? Whoever labors under that illusion should carefully study the history of the second Bank of the United States.

DEMAND for a central bank originates largely, perhaps, from the splendid record of the Bank of France. As one swallow does not make a summer, neither does the success of a single central bank out of many establish beyond question the supremacy of that system.

Would it not be more in keeping with the spirit of our laws and institutions to have a number of rediscount banks, say, in the reserve cities rather than to have a single central bank? These rediscount banks should, of course, have the power to issue credit bank notes; and their operations ought, broadly speaking, to be guided by the local clearing-house association —that is, by all the bankers acting together. Unless some sort of co-operative action is established, neither a central bank nor any other device will amount to anything.

At the best, the task of reforming our currency and banking system will be a difficult one. The difficulty will be increased by trying to ram the central bank scheme down the people's throats.

A STRONG argument against postal savings banks comes to the MAGAZINE from A. E. Rice of Fremont, Ohio, president of the Ohio Bankers' Association. After pointing out with exceptional clearness and force the harm that would be inflicted on local communities by a postal savings bank system, he concludes by thus defining the functions of the Government in its relation to banking:

"Through the wise supervision of the Government and the States, the national and state banks both are growing stronger and better. The ideals of banking are constantly being lifted higher, and, more and more, the banks are welcoming the most rigid examination into the conduct of their affairs. With all these improved conditions, therefore, the justification for governmental competition has grown infinitesimally small. The true province of the Government and States is to provide ample and reasonable laws for the safety of banks, and see that these laws are strictly observed. At this very point the function of the Government and State absolutely ends."

This is true. But it is not alone the advocates of postal savings banks who want the Government to go into the banking business. The advocates of a central bank, partly owned and supervised by the Government, aim at the same thing. Many people seem to believe that the great central banks of the world are Government institutions. This is a mistake. They are practically all private corporations, except the Imperial Bank of Russia, though in most of them the Government is in some way represented in the management.

CURIOUS arguments have been brought forward to support the paternalistic postal savings bank scheme. Here is one of them, from the last annual message of President ROOSEVELT:

"I again renew my recommendation for postal savings banks, for depositing savings banks with the security of the Government behind them. The object is to encourage thrift and economy in the wage-earner and person of moderate means. In fourteen States the deposits in savings banks as reported to the Comptroller of the Currency amount to $3,590,245,402, or 98.4 per cent. of the entire deposits, while in the remaining thirty-two States there are only $70,308,543, or 1.6 per cent., showing conclusively that there are many localities in the United States where sufficient opportunity is not given to the people to deposit their savings."

To a less sure mind this fact might conclusively show a number of other things. The fourteen States might have such a preponderance of wage-earners as to render the figures less surprising than they seem; but this aside, the figures do not amount to anything as evidence. They take no account of the savings deposits in other than savings banks. If the people of Kansas or Ohio have their savings deposits in the national or state banks instead of in savings banks, does that show conclusively that the people of those States lack sufficient opportunity for depositing their savings?

Wisconsin has an excellent mutual savings bank law, but there are fewer than a half-dozen such banks in the State. We do not know what this conclusively shows, but suspect it may indicate that the people who have savings to deposit are satisfied to trust the state and national banks. Certainly there is no legal obstacle to the establishment of savings banks in Wisconsin if the people want them.

Some people by a little investigation have discovered that there may be savings deposits without savings banks. In fact, the great majority of both National and State banks invite such accounts, and with large success. The fact that they do not call themselves savings banks does not alter their real relation to those who wish to make use of their facilities.

Many millions of savings deposits are also safely cared for by the chartered banks of Canada, which are not savings banks in the ordinary understanding of that term.

As only a few of the States of the Union have savings banks, and since the figures cited by the President take no account of the savings deposits in other banks, they lend no support whatever to the postal savings bank scheme. Furthermore, the use of statistics in such a careless manner in an official utterance of the President of the United States is greatly to be deplored.

CONSERVATORS of National resources who propose to begin their work by issuing bonds have no patience with those who have only plain common sense and lack that supreme power of imagination which would enable them to look ahead and count up the dollars that would begin to roll into our coffers when we embark upon this policy of expansion and inflation.

At the second annual banquet of the Traffic Club of Chicago on the evening of January 27, Hon. J. E. RANSDELL, a member of Congress from Louisiana, spoke on the topic, "Shall the Government Issue Bonds to Improve Its Waterways?" He said:

"If we intend to improve our waterways we should at once adopt a definite plan and provide at least $50,000,000 a year for that purpose, so the work may be commenced and prosecuted to completion on all such projects as are admitted worthy without unreasonable delays or change of plans.

"In order to accomplish this I believe it necessary to authorize a bond issue of $50,000,000 a year for the next ten years or so much thereof as may be necessary, in addition to appropriations out of the current revenues, and I fail to see any reasonable objection to such a bond issue.

"There is a vast difference between incurring debt for current expenses and for permanent investments, and most of our proposed waterway improvements would prove investments that would pay a large annual dividend on their cost in reduced freight rates."

Another speaker, Mr. W. J. CALHOUN, did not see why Americans fail to take advantage of some of the existing waterways. Upon this point he said:

"Our guest this evening has discussed the waterway question, largely as a matter of local or domestic interest, but a great many people take a broader, wider range of view, and fancy that this internal waterway system that is proposed is the necessary concomitant to a more extended foreign trade. Yet I could not help but think that there is the great, broad rolling Atlantic Ocean, the greatest waterway in the world, and we are making absolutely no use of it whatever.

"All the great trade that is being developed all along the coast of South America and the Argentine, where great developments are being made year by year, we have absolutely no part in it whatever; and if you do not use a waterway like that at our door, what use are we going to make in the way of foreign commerce of these internal waterways that we are going to spend so much money to build?"

Mr. CALHOUN, we fear, lacks imagination. Let him figure a little and he will see the advantage of bond issues for improving waterways. An annual issue of $50,000,000 of bonds would give us $50,000,000 of new bank notes a year, or in ten years a total of $500,000,000. We already have $600,000,000 of this kind of money, which brings the total up to over a billion, and if the Aldrich-Vreeland law is kept alive we can possibly issue $500,000,000 more. If all this "money" does not make times good we don't know what would.

But to speak seriously, Mr. CALHOUN has, we think, placed his finger upon a very weak spot. He has shown us that we are betraying a tendency to embark upon hazy, far-away projects, involving the creation of a huge bonded debt, overlooking entirely the opportunities ready at hand and calling for no outlay whatever.

BUT if, as Mr. CALHOUN says, the United States is neglecting its opportunities in South America, another alert and vigorous nation is not. Almost at the same time when the addresses referred to were being made, information was telegraphed from San Francisco to the effect that a representative of a Japanese Steamship Company was in that city on his way to Mexico and South America to make arrangements for establishing a new line of steamers between these countries and Japan.

The chances for developing our trade with South America are being seized by other countries, and the opportunities which exist to-day may be gone to-morrow.

IN this issue we present the third of the instructive and interesting articles by Senor CASASUS relating to the credit institutions of Mexico. Some of the figures presented show in a very striking way the remarkable growth that has taken place in Mexican banking since 1898, when the aggregate liabilities of the banks of issue were $143,000,000, compared with $613,000,000 in 1908. In the same time the capital has grown from $39,000,000 to $119,000,000, and the note circulation from $44,000,000 to $92,000,000.

Senor CASASUS points out that the excess of notes over the cash on hand has tended to decline of late years, and says that if this tendency should continue for a number of years, and become more marked, "it may perhaps prove what is already an accomplished fact in other countries, namely, that in proportion as the banking system of a country becomes more perfected the note issue decreases in importance and comes closer to the level of the cash on hand; because the deposits and checks constitute the greatest force of the metallic circulation movement—a force such as notes payable at sight and to bearer are incapable of giving."

DEFICIENT revenues and the redundancy of the bank-note circulation are giving rise to some slight anxiety concerning the small amount of gold in the general fund of the Treasury. It is out of this general fund that the $150,000,000 gold reserve fund is reimbursed for redemption of the legal-tender notes. Should the gold in the general fund be exhausted it might become necessary to issue bonds to keep the reserve up to the legal requirement. But of that there appears to be no present probability.

The Treasury situation has been complicated by the large accumulation of bank notes and silver certificates in the general fund and by the further fact that lately some rather heavy demands for gold payments have had to be met.

While there is nothing in the present situation of the Treasury to excite apprehension of a repetition of the unpleasant financial experiences of Mr. CLEVELAND's second administration, the low state of the gold in the general fund and the accumulation of bank notes and silver certificates there emphasize the defects in our currency system and particularly of the method of issuing bank notes. Practical illustrations like this confirm the arguments which financial experts have patiently put forth for many years. We see no indication, however, that the teachings of the experts or of experience are to be regarded.

ADDRESSING the joint session of the New York Legislature on the occasion of his election as United States Senator, Hon. ELIHU ROOT made a plea for the exercise by the State of those functions which it was unnecessary for the Federal Government to assume. He said that the tendency to shift burdens upon the latter not only encumbered the Federal Government with a heavy load, but also weakened the responsibility of the States.

It seems to us that the doctrine laid down by Mr. Root, namely, that the States themselves should regulate their local affairs, is a sound one. The movement in favor of postal savings banks we regard as in direct contravention of this doctrine. That this is a matter peculiarly within the province of State regulation, or at least that it can be so regulated with entire satisfaction to the people, the experience of Mr. Root's own State, and of the New England States as well, amply demonstrates. Because the other States have neglected to provide themselves with a system of savings banks equally good affords no justification for saddling the Federal Government with a duty which some of the States have evaded.

UPON the proposal to elect United States Senators by a direct vote of the people, Mr. Root declared that "There is no evidence that the people acting directly would perform the duty of electing a Senator better than the legislature which they have chosen." To this it might be replied that the Senate itself affords considerable evidence that they could hardly do worse. Just having been elected to the Senate by the vote of a State legislature, Mr. Root very naturally concluded that there could be no more appropriate instrumentality for the choice of Senators.

But the manner of his own election serves to illustrate the defects of the present system. Theoretically, those who have an ambition to go to the Senate present their claims before the legislature and the people, and in what is supposed to be a free field the best man may be expected to win. Yet that is not always what takes place. There was no such canvass in the recent election of a Senator from New York. Men who might have had an ambition to seek the honor knew in advance that the attempt would be useless whatever their merits. Neither the people nor the legislature had much to say in the matter. A conference of State and National politicians was held at Washington and everything was settled.

We do not pretend to say that had there been a free and open campaign the result would have been different, and as we shall presently have occasion to say, we regard Mr. Root as the most "senseless and fit" man for the place. But the manner of his selection for this great office, though entirely honorable to himself, leaves much to be desired.

There are good reasons, however, for preserving the method of electing Senators by the State legislatures instead of having them chosen by direct vote of the people. Probably the chief grounds of objection to the present methods of election would be removed if the members of the various State legislatures were nominated by a direct vote of the people instead of being, as in many instances they now are, the creatures of a political boss and nominated by him to carry out his personal and political schemes. Not infrequently this State boss is a Senator himself and controls in his own interest the making of nominations for members of the legislature.

ELIHU ROOT, the new United States Senator from New York, will immediately take rank among the ablest members of the upper House of Congress. He is not a politician, but a statesman of national and international reputation. As Secretary of War it fell to his lot to deal with new and perplexing problems in the Philippines, and he dealt with them broadly, ably and humanely. His diplomacy, as Secretary of State, has re-enforced the policy inaugurated by Mr. HAY and has further strengthened the respect in which America is held among the nations of the world.

One of Mr. ROOT's achievements as Secretary of State is destined to have a lasting influence on the politics and commerce of the Western Hemisphere. This was his tour of South America, which did more than anything that had preceded it to inspire the friendship and confidence of the Latin-American nations.

The criticism has been made very frequently of late that the United States Senate is largely composed of bosses and mere millionaires. The election of Mr. ROOT is notice that the State of New York proposes hereafter to give no ground for such criticism. His abilities are worthy of the great State he will represent and worthy of the United States Senate in the days when it was composed of intellectual giants.

ANOTHER merger of a London and provincial bank was recently announced, the London Joint Stock Bank absorbing the York City and County Banking Company. The latter had 116 branches and 71 sub-branches, while the former institution had but 44 branches, none of which was more than twenty miles distant from Charing Cross. The consolidation therefore gives the London Joint Stock bank a strong foothold in the country. It is reported that the capital of this bank will now be increased from £12,000,000 to £20,000,000.

This process of combination among English banks, which began several years ago, has been going steadily forward, and the number of parent banks is constantly diminishing and their size increasing.

In this country no such tendency is manifest at the present time. The movement in favor of bank consolidations gained considerable strength here a few years back, but now seems to have subsided. New banks are organized with such facility in the United States that there is not much incentive to adopt this method of getting rid of a competitor, in whose place a new one may spring up immediately; and furthermore, a bank here absorbing a rival gets only one, not as in England a large number of branches.

While always advocating the greatest freedom in banking consistent with safety, and profoundly believing in the small bank, if well managed, we are inclined to think that our banking development has now proceeded to a point where fewer, larger and stronger banks would be more advantageous than numerous banks of smaller size and less strength. This does not imply approval of the branch banking system for the United States, but simply that often the number of banks in certain communities may be reduced with profit to the banks and an increase of their efficiency.

RECEIPTS of the Treasury have been for some time growing smaller, but expenditures have kept on increasing. The excess of outgo over income will soon absorb the surplus on hand and make it necessary for the Government either to impose new taxes or to borrow. There is an alternative—to reduce expenditures—but nobody expects it will be adopted, though the

Secretary of the Treasury in his last annual report expressed the opinion that expenses might be materially reduced without any loss of efficiency.

It is not always so easy for a nation to retrench as it is where an individual or business firm is concerned. The Government has many irons in the fire, some of which cannot well be taken out. Expenditures are authorizeed a considerable time ahead of their being made, and perhaps at a time when the necessity of retrenchment was not apparent. But surely Congress ought to have realized that the panic of 1907 would cause a loss of revenues and in making appropriations should have acted in the light of that knowledge.

The situation is one of some embarrassment to the Republican party, which is pledged to a revision of the tariff. Whether the duties on imports are reduced or not, some additional ways of raising revenue must be found. It is even proposed to revive the stamp taxes levied during the war with Spain. Should these duties be reimposed, bank checks would probably be one of the first objects to receive attention, although this is an annoying form of taxation, and also inequitable, since it falls most heavily on the smaller traders, who draw the greater number of checks.

AN International Bill of Exchange Conference is be held at The Hague next September, and Mr. CHARLES A. CONANT, the well-known American Monetary and Banking expert, has been selected by the Treasury Department to represent the United States. Acocrding to a Washington dispatch in the New York "Evening Post," the conference will confine itself exclusively to the consideration of questions concerning bills of exchange and drafts, reserving the discussion of checks for a future occasion. Regarding the bills of exchange, the first point suggested for consideration is that of their creation and forms; the laws regulating them; copies and documentary aspects, etc. Next is brought up the question of endorsement, its forms and provisions regarding obligations in the event of default of payment, and the party to be held responsible. Obligations of drawers of bills of exchange are next in the list.

Laws of various countries of Europe differ materially on many of the above points, and while it is not hoped at this time to secure the adoption of a uniform code, it is believed that some agreement may be reached that will facilitate international commercial relations.

The growth of commerce between the numerous States of the American Union emphasized the diversities of the laws governing notes, checks, drafts, etc., and within recent years led to the formation of a substantially uniform code which has been adopted by the principal commercial States, with a few exceptions. No doubt the great increase in international trade and in financial operations has brought more clearly to light the differences existing in the laws of the nations respecting the instruments of commerce and finance.

What success the conference may have can not be foretold, but the mere fact that it is even contemplated is a hopeful sign. While the peoples of the earth remain different, they can hardly be brought under the dominion of uniform laws. But trade levels many time-honored customs, and by patient study and comparison non-essential differences in laws may be reconciled. A clear definition by competent authority of the rules governing international bills of exchange, and a simplification of these rules where possible, will tend toward economy and the conduct of foreign trade with greater safety. As the laws governing instruments of exchange and of investment securities approximate uniformity, at least in principle, the accumulated capital of the world will more freely move toward points where it may be most needed.

NATIONAL banks, it is reported, are feeling some concern as to the possible effect the passage of State laws guaranteeing bank deposits may have in drawing away deposits to the State banks. Whatever may be the opinion as to the actual merit of these deposit insurance schemes, they may prove a strong advertising card, and a State bank, whose deposits are "guaranteed" may thus be given quite an important advantage over their competitors in the national system.

The opinion of the Attorney-General of the United States that national banks, under the present laws, had no power to enter into any arrangement to guarantee the payment of the debts of other banks, was undoubtedly correct, for judicial decisions have clearly established the rule that a national bank can not act as guarantor, except in certain cases directly affecting its own dealings.

We have repeatedly pointed out amendments to the National Banking Act in the direction of a safe extension of their powers that would have greatly added to the serviceableness of the national banks to the business community; namely, that the national banks be permitted to do a savings and trust business, under proper restrictions. These suggestions have been embodied in the new banking laws of Texas and Ohio. But Congress has done nothing to adapt the national banking system to the wonderful development of business that has taken place in the last half-century.

If, as we have long advocated, the national banks had been permitted to issue bank notes on their own credit, they could have competed much better with the State institutions. But the national banks, as a body, have viewed this reform with indifference. It is probable that before long, if the present apparent programme is carried out, the national banks will have the circulation privilege taken away from them and bestowed upon a central bank to which the other banks must pay tribute in the shape of interest on rediscounted paper.

Even the simplest suggestions for improving the methods of examining national banks, though approved by practically every Comptroller of the Currency, have been "turned down" by Congress.

The remedy for whatever dilatoriness there may have been on the part of Congress in failing to make needed improvements in the national banking system lies in the hands of the banks. If they continue to sleep on their rights they will either get no legislation at all or more of the Aldrich-Vreeland kind.

WHAT are the "trusts" going to do if they can not legally collect debts due them? That they need not expect much help from the courts to enforce payment of what customers may regard as exorbitant demands, is the gist of a decision recently handed down by the United States Supreme Court. The plaintiff was a wall paper company, admittedly a combination in restraint of trade, that sought to recover a debt for wall paper sold to a customer who refused to pay, on the ground that he had already paid what was justly due the company, and that the balance claimed represented an advance of 50 per cent. over the prices that would have ruled under competition. Virtually, the decision of the court in favor of the defendant, absolving him from liability, rested upon the ground that an illegal combination could not use the courts to enforce its demands; in other words, that the plaintiff being an unlawful combination, had no standing in court.

From a moral standpoint it might be held that a man should pay the debts he has contracted; but the court was not concerned with a question of ethics but with one of law. If the doctrine laid down in this case prevails, and it has the clear sanction of the highest legal tribunal in the land, the "trusts" will be caused great annoyance. They can hardly put their business on a cash-in-advance basis, for that would greatly restrict sales. Of course, when a customer refuses payment once he can hardly expect to be trusted again.

Such a means of getting even with the trusts can hardly be defended. since it strikes a blow at that confidence which is essential to credit—one of the greatest factors in modern trade. Yet one can hardly expend much sympathy on the trusts either. For years they have openly defied the laws whose protection they now invoke. But there is a right remedy for these conditions, and, in our opinion, it is not to be found in evading the payment of debts, but rather in enforcing the laws against illegal combinations, or possibly in making some modification of these laws.

It should be said that the case in question involved a state of affairs where the defendant himself was a party to the trade agreement. This being so, the average citizen who refuses to pay for his breakfast-food on the ground that it is a trust-made product is apt to get into difficulty with his grocer.

MERCHANDISE exports for the calendar year 1908 exceeded the imports by $620,000,000 in value. It is interesting to note that the figures for 1898 are almost precisely the same. The years named constitute a high record, except for the year 1900, when they went up to over $648,000,000. In November and December, 1907, and January, 1908, the exports were especially heavy, exceeding $200,000,000 for each of the months named. This extraordinary movement of merchandise abroad was to a considerable extent due to the financial disturbances in the latter part of 1907.

CONSTRUCTION will shortly be begun on a new building for the Bureau of Engraving and Printing at Washington, which is to cost $2,000,000, and will, it is said, be the largest and finest engraving plant in the world.

Very much of the work of the Bureau of Engraving and Printing consists in making the plates and printing the various paper currency issues of the Government and of the national banks.

Perhaps no nation in the world can show such a variety of paper money. Some of the issues seem obsolete. The purpose of the greenbacks could be supplied with gold certificates, making the latter, if need be, a legal tender except by the Treasury. National bank notes, as at present issued, have but little justification. The additional support which the credit of the United States receives from the use of bonds as a basis for circulation is fictitious and is no longer needed.

One and two-dollar certificates, though popular, might be dispensed with. They are generally the filthiest forms of our paper currency. Many other countries get along comfortably enough without the smaller denominations of paper. Recently in Mexico the hard peso seems to have disappeared from circulation, but its place is supplied by the fifty centavo piece. The Bank of England, as is well known, does not issue notes of a denomination below £5.

Any reduction of the activities of the Bureau of Engraving and Printing, however, would be vigorously resisted. Though the expenditure of many millions might thus be saved, that way of conserving our resources is not likely to be popular. The more work to be done by the Bureau of Engraving and Printing, the more jobs for the constituents of Congressmen.

It ought to be said that the Bureau of Engraving and Printing serves a most useful purpose in printing bank notes. In the days of the issue of State bank notes overissues and counterfeiting were comparatively easy owing to the lack of a central printing and engraving establishment. The work done by the Bureau is recognized to be of a very high order.

DATING from February 1 the trust companies of New York city will carry much larger reserves.

As the trust companies are compelled to keep larger reserves, it may be expected that they will hereafter transact more of that kind of business against which reserves are particularly necessary, namely, commercial banking. Probably if the trust companies had kept out of that field they might not have been required to add to their reserves. No class of banks can long expect to enjoy all the privileges of other banks without being compelled to comply with substantially the same legal requirements.

EFFORTS have been made from time to time looking to the establishment of a central bureau of credit for the exchange of information among banks relative to the borrowings of corporations, firms and individuals. It is easy enough for a bank to know how much an applicant for a loan is indebted to the bank where the application for the loan is made, but extremely difficult, if not impossible, to find out how much he may be indebted to other banks. Something like this central credit bureau is now being operated by the New York State Banking Department. It is thus described in the annual report of Superintendent WILLIAMS:

"A feature of great value to the Department and to the banks and trust companies under its supervision has been the establishment of a system of credits. On the occasion of each semi-annual examination by this Department, it is the duty of the examiner to take off from the books of the bank or trust company a list of all loans in excess of certain amounts. These reports of all borrowings of corporations, firms and individuals are sent to the New York office of the Department. There proper entry is made on cards of the names of the borrowers, by which the cards are indexed, and of the names of the institutions making the loans, and of the amounts of indebtedness, and whether secured or unsecured. Excessive borrowing is thus revealed, and an opportunity afforded to the Superintendent to be helpful to the lending institutions in preventing loss. Moreover, when a failure occurs the Department is enabled at once to know what institutions are affected and to what extent."

Apparently this system might be gradually extended, either under official direction or otherwise, until every bank making a loan would have at its command information that would greatly diminish the risks now involved.

FEMININE financiers continue to occupy a prominent position in the history of the day. One of these, VIOLET CHARLESWORTH by name, whose exploits have received much attention in the newspapers of late, seems to have copied the methods of Mme. HUMBERT, who lived very comfortably for some years on the loans obtained from French bankers on the strength of a mythical will which made her the legatee of large sums. Miss CHARLESWORTH, it is said, claimed to be expecting to inherit a fortune of $2,500,000 from the late General GORDON, whose total estate amounted to about $11,000. She is described as a most businesslike young woman, and very fascinating. "Her eyes," it is declared, "of a curious reddish tinge, were her strangest feature." Dangers inherent in "red eye" have not been unknown to keen students of sociology heretofore.

Upon the prospects of this inheritance, coupled with a persuasive manner, Miss CHARLESWORTH is said to have been living for some time past at the rate of $30,000 or $40,000 a year, speculating to the tune of thousands of pounds on the stock exchange, purchasing expensive motor cars, valuable diamond tiaras, and other jewelry, hiring country houses in England, Scotland and Wales.

Lately her stock speculations had not been fortunate, and her brokers had pressed for settlements. The young woman disappeared, and it was reported that while riding in an automobile along the coast of North Wales she had been thrown over a cliff into the sea and drowned. Suspicions were aroused as to the accuracy of the story, and later reports stated that Miss CHARLESWORTH had been found alive at a small town in Wales.

One may wonder how shrewd bankers can be deceived by such clumsy inventions as those employed by CASSIE CHADWICK, Mme. HUMBERT, and as reported, by Miss CHARLESWORTH. With a "persuasive manner," the feminine financier could probably succeed with "green goods," "gold bricks" or anything else, just as well as with mythical fortunes in expectation.

ACCUMULATION of gold by the Bank of France keeps going on all the while. Lately the total holdings reached nearly $700,000,000. Large as are the accumulations of gold by the Bank of France, the New York "Evening Post" points out that during the past ten years the Bank has taken only 7.2 per cent. of the world's product, while the United States Treasury has absorbed 23.4 per cent.

Temporary influences, the recent Russian loan especially, no doubt had much to do with the diversion of gold to France, but causes are steadily at work in the same direction, as recently declared by M. ALFRED NEYMARCK:

"France is a creditor everywhere, and a debtor nowhere. French capital placed abroad is being called in, and as the exchanges are in her favor, foreign countries having payments to make to her send gold or its equivalent for their reimbursements.

"All the exchanges are without exception, in favor of France, and have contributed to the formation of the immense stock at the Bank of France, because all countries are debtors to France."

France seems to be contesting very sharply with England for financial supremacy, and at present is winning in the game. Whether this ascendancy will be permanent or not remains to be seen. It is claimed that French subscribers to the Russian loan borrowed freely in the London market for the purpose of making their subscriptions.

NEW YORK State has long had a good code of banking laws, notwithstanding the deficiencies developed in the crisis of 1907. These were due to the rapid growth of trust companies and to the somewhat elastic powers which these institutions had come to exercise in the absence of proper legislative restraint. Now that the deficiencies mentioned have been corrected and other needed reforms enacted, the declaration made by Superintendent WILLIAMS of the State Banking Department that New York now has "the most perfect body of banking laws of any State of the Union," is fully justified. We feel like adding that it also has as good a system of official supervision as can be found anywhere.

We publish elsewhere in this issue of the MAGAZINE a summary of the recent changes in the New York State banking laws.

COMPETITION of the discount banks and trust companies with the savings banks is deplored by Superintendent WILLIAMS. Where, as in this State, a proper system of savings banks has been provided, it would seem to be desirable that the discount banks and trust companies should not compete with the savings banks for deposits. It would seem to be the policy of the State to provide for the safety of savings deposits by the institutions specially created to care for them. Both the discount banks and the trust companies have other means of earning dividends, denied to the savings banks. If they are not satisfied with what they have, and seek to invade the saving banks' field, they may provoke retaliatory legislation.

In towns where no savings banks exist it is difficult to see just ground for criticising the discount banks and trust companies for seeking to attract savings deposits. So far as the national banks are concerned, they can not be reached by State legislation. But as a matter of comity, they should conform to the spirit of the State laws in this respect.

As we said long ago, this question is of far-reaching importance, and probably before many years it will have to be determined in some way whether we are to have the lines of banking delimited by statute, or whether we shall adopt department store methods and permit one bank to do a discount, savings and trust company business under one roof and one management. In Ohio and Texas the laws permit of the organization of state banks to do all the kinds of business just enumerated. Will not the national banks, with their operations circumscribed as they are, chafe under these restrictions, and either demand that they be relaxed, or seek relief by incorporating under State laws?

AT the best, bank examination, even of the most efficient sort, has its limitations—a fact which the public sometime fails to realize. In a recent article on "Clearing-House Examinations," published in the "Journal of the American Bankers' Association," Mr. JOSEPH T. TALBERT, vice-president of the Commercial National Bank of Chicago, points out these limitations. He says that the public has been led to expect too much of examinations as the means of insuring the safe and proper conduct of banks. "Too much emphasis," he declares, "can not be laid upon the fact that supervision through the power of inspection by whatever authority it may be exercised, or however efficiently it may be done, never can be made to prevent failures. The most that can be expected in any event, under the best and most intelligent system of inspection, is to reduce the probability of banks reaching a failing condition. Even this is not often the direct result of the examinations, which of necessity always take place after the acts which deserve to be criticised have been committed and all possible harm has been done; but it grows out of the fact that where a thorough system of examinations exists the managing officers of banks always are conscious that their acts are frequently to be reviewed and criticised by competent and well-informed authorities possessed of power to inflict penalties. In this manner there is created and maintained a strong and continuous restraining influence which is far more beneficial in its effect than criticism after the act."

Mr. TALBERT realizes very fully that a bank's safety depends upon the business judgment and honesty of its executive officers—and these factors come from within the bank, and can not be supplied or put into use by any outside authority, for that would be to take away from a bank the right to manage its own affairs.

But where, as in Chicago and in several other cities, and in the State of California, the examination is under the direction of a clearing-house organization, the examiner on discovering any unsound methods or conditions can report the facts to the clearing-house, and unless the offending bank mends its ways it can be disciplined by being deprived of its clearing-house membership. This, as Mr. TALBERT says, exercises a restraining influence on the banks, and no doubt will greatly contribute to the correction of loose methods where they are found to exist. It is plain enough that the clearing-house examiner can not prevent a bad loan, since he has no means of knowing of the bad loan until after it is made. But he can at least, by reporting this one case to the clearing-house, bring a cautionary warning that more loans made to the same firm or corporation, or possibly the use of the bank's funds in financing some speculative enterprise, must go no further. When it is discovered by the examiner that a bank has entered upon a course which if persisted in must inevitably lead to failure, the clearing-house committee may step in and say, "Thus far shalt thou go and no farther." This discovery frequently may not be made until too late, and therefore, as Mr. TALBERT says, no system of examination can be relied on to prevent bank failures; but quite often the irregularity may be revealed in time and the bank be saved.

IN electing Hon. THEODORE E. BURTON to the United State Senate the Republicans of Ohio have conferred a benefit upon the people of the entire country. Mr. BURTON has seen extensive service in the House, and has shown by his attitude on public issues that he is an earnest and conscientious student of legislative problems. He has given especial attention to matters relating to banking and the currency, and is the author of a well-known work on "Crises and Depressions" and of a biography of one of his distinguished predecessors, Mr. SHERMAN.

It would be a worthy ambition for Mr. BURTON to take up and complete the labors inaugurated by Mr. SHERMAN, who was the author of the act for the resumption of specie payments, and who as Secretary of the Treasury had the honor of being the first to administer the law. Mr. SHERMAN was appealed to in his later years to undertake a thorough reformation of the bank-note currency, but declined on the ground that the task was beyond his strength.

The work to be done is one for which Mr. BURTON is well fitted and would probably be congenial to his tastes. He is a member of the National Monetary Commission and has shown great interest in practicable suggestions for improving the banking and currency system. It would be a fortunate thing for the country if he should become Chairman of the Finance Committee of the Senate, for the Senate has for many years sadly lacked sound leadership on financial questions.

To establish the currency and banking upon a basis affording the highest attainable degree of safety for the conduct of the country's production and trade is a work worthy of the greatest ability and the most conscientious and patriotic endeavor.

WE had occasion last month to utter some criticism regarding certain proposed laws promulgated by the Standing Law Committee of the American Bankers' Association. These criticisms were based upon newspaper reports of the scope of the proposed legislation. Now that the text of these measures has come to hand it is possible to comment upon them more intelligently, and perhaps a little more justly.

The first of these measures is an act to punish the making or use of false statements to obtain credit. One would think that the laws already existing relating to the procuring of money or anything of value by false and fraudulent representations ought to be quite sufficient to cover everything which is aimed at in this act. The gentlemen composing this committee are men of wide experience in banking, and seem to be of a contrary opinion. Their view must be based upon a better knowledge than ours, and we are disposed to defer to their judgment.

But at the same time we greatly fear that the good which such a law will do may be overweighed by the harm that would follow its enactment and enforcement. Not only may it deter the dishonest from procuring money or credit of the banks, but it may lead many honest and well-meaning people to fear that a bank may at any time take advantage of some technicality in a statement and resort to a criminal prosecution.

Bankers complain of the prejudice existing against their business. Would the enactment of a law which even honest people might ignorantly fear that in some way its provisions could be invoked against them, when they were unable promptly to meet their obligations, tend to remove that "prejudice" or give additional ground for it?

The recent Booth failure in Chicago shows that a firm in high reputation may be capable of issuing doctored statements for the purpose of "improving" its credit. There does not appear to be any lack of law in Illinois to cover such a case, provided criminality can be shown.

ARE not the bankers of the country, in common with nearly everybody else, endeavoring to shift responsibility from their own shoulders upon those of some one else? Do they not seek to rely upon the criminal laws to save them from their own inadequate equipment for investigating the standing of borrowers, and possibly from downright laziness? The tendency of such laws as the one under consideration may cause the banks to relax their vigilance, and thus become a source of weakness. This is not a case like that of police duty. It goes direct to the management of the bank. If a bank is vigilant it will suffer little from bad debts, and its vigilance may be relaxed rather than strengthened by leaning too much on protective laws.

ANOTHER of these proposed laws deserves careful scrutiny. It is a bill to punish derogatory statements affecting banks, and reads as follows:

"Any person who shall wilfully and maliciously make, circulate or transmit to another or others any statement, rumor or suggestion, written, printed or by word of mouth, which is directly or by inference derogatory to the financial condition or affects the solvency or financial standing of any bank, savings bank, banking institution or trust company doing business in this State, or who shall counsel, aid, procure, or induce another to start, transmit, or circulate any such statement or rumor, shall be guilty of a misdemeanor, and upon conviction thereof, shall be punished by a fine of not more than five thousand dollars or by imprisonment for a term of not more than five years, or both."

This bill, in its present form, seems imperfectly drawn. Might it not protect a failing bank from having its rottenness publicly exposed, and enable a thieving bank to go on robbing the people with the assurance that so long as an official examiner did not find it out, it would be safe to continue its operations?

Doubtless the aim of the bill is proper enough—to prevent the circulation of false and malicious rumors about a solvent bank. But if that is the object sought, the language of the bill is extremely loose, for it is quite conceivable that somebody might "wilfully and maliciously" circulate rumors about a bank which he had found to be in an insolvent condition, and at the same time render the public a real service. If the word "false" were inserted before the word "statement," the real object of the bill would be attained, and no one's mouth would be stopped from proclaiming the condition of a rotten bank.

The proposed laws in relation to the limitation of the time for which a bank shall be liable to a depositor for payment of forged or raised checks, the one relating to giving of check or draft without funds, as well as bills covering several other banking and commercial matters, seem to be carefuly drawn, providing for nothing more than reasonable protection.

Great care will have to be exercised in carrying out a programme of wholesale banking enactments to prevent the cry of "class legislation" being raised and engendering political and public hostility that will injure the banks far more than they can hope to be advantaged by the passage of some of these bills in their present shape.

AS A COMMERCIAL BASE AND A FINANCIAL CENTER

By Edward White.

FACING, as a seaport, the commerce of the Old World, and backed by the richest and most productive country on the footstool, Baltimore ranks as the imperial city of the South and one of the leaders of the great. municipalities of the American continent. The superiority of its commercial and industrial advantages is firmly established, and the soundness and stability of its financial institutions are equal to those of any other city in the world. The growth of its commerce and its shipping is one of the marvels of American expansion, while the record of one bank failure in seventy years is without a parallel in the history of the large cities of both hemispheres.

Not only has this remarkable development and this wonderful record of business stability been maintained in the face of one of the most disastrous conflagrations in the nation's history, but a new city has literally sprung from the ashes of five years ago, and to-day its public and private improvements, its hundreds of magnificent fireproof buildings, and the absolute cleanliness of its streets and highways, place it first in the rank of the great cities in enterprise, in civic pride and in substantial business uplift.

Making Fortune Out of Misfortune.

The history of the great Baltimore fire is well known to every reader—how 1,343 buildings were destroyed in the heart of the business district, entailing a loss of $125,000,000, and for a time paralyzing the business energy of a city of 600,000 people. It is, therefore, with the recuperative force of those people—the dynamic power manifested in overcoming misfortune and changing it to good fortune—that this article will deal.

The fire occurred February 7 and 8, 1904, and by the close of that year buildings and improvements to the value of $20,000,000 were either completed or under way. According to the annual report of the Inspector of Buildings, the number of new buildings for which permits were granted by December 31, 1904, including stores, warehouses, manufactories, and dwellings, was 1699, just 356 more than were destroyed by fire less than eleven months previously. Five hundred and seventy-nine of this number were stores, banks, office buildings, hotels, warehouses and manufactories—fully one-half the total number of such buildings destroyed. To these figures must be added improvements on damaged buildings amounting to $500,000, and the erection of fifteen churches at a cost of $210,000.

For the year 1907 the report included 31,479 applications for buildings and improvements, at a total cost of $12,722,741, and the year 1908 the estimated cost of such improvements is about $9,000,000.

National Bank of Commerce.

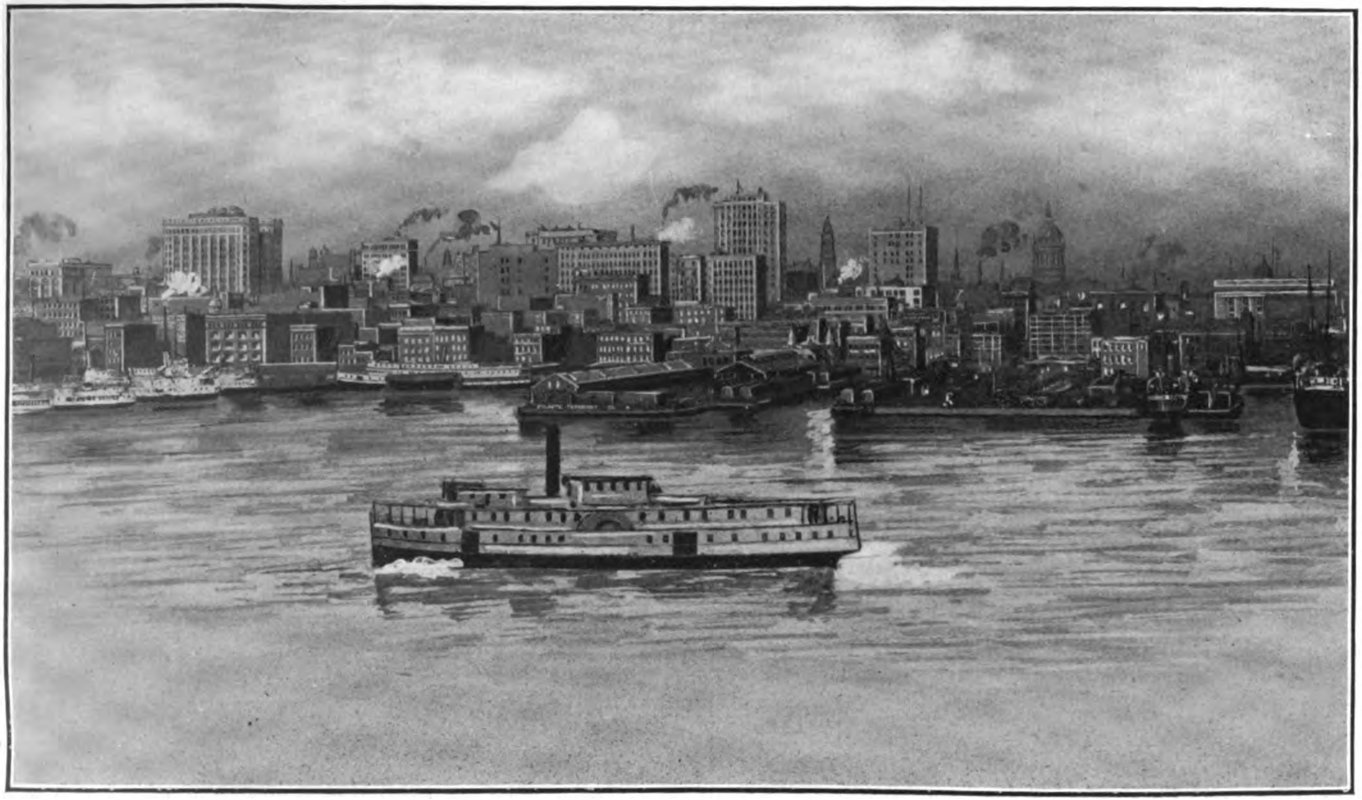
Organized in 1854. Capital, surplus and profits, $628,294; deposits, $2,330,932; total resources, $3,556,227. Eugene Levering, President; James R. Edmunds, Vice-President and Cashier. Directors, Eugene Levering, Henry Williams, John R. Blaud, Hiram G. Dudley, Harry R. Jones, Harry Fahnestock, Douglas M. Wylie, Samuel G. B. Cook.

During the year 1905 permits were granted for 27,399 buildings and improvements, at a cost of $23,260,415, which included 6 banks, 8 churches, 6 hotels and apartment houses, 9 office buildings, 4 hospitals, 1 theatre, 16 schools, 3 engine houses, and 275 stores and warehouses.

In 1906, applications were made for permits for 33,672 buildings and improvements with a total value of $17,753,700, including 201 stores, banks, office buildings and warehouses.

Rehabilitation Complete in Five Years.

It will be seen that the total expenditure for new buildings and improvements in five years has been upwards of $80,000,000, or within $45,000,000 of the total fire loss, including stocks of goods, office equipment, etc. There are very few vacant lots in the burned district, and in some sections streets have been widened and undergone substantial improvements over their former condition. Every building has been made to conform to the letter of the law of the State regarding fire-



FROM PHOTOGRAPH MADE EXPRESSLY FOR THE BANKERS MAGAZINE.

Baltimore's Harbor and Business Section, all rebuilt since the great fire in 1904.

Centre of Baltimore's

proofing, and many of the new structures are models of architectural adornment, making the new Baltimore one of the cleanest and handsomest of American cities.

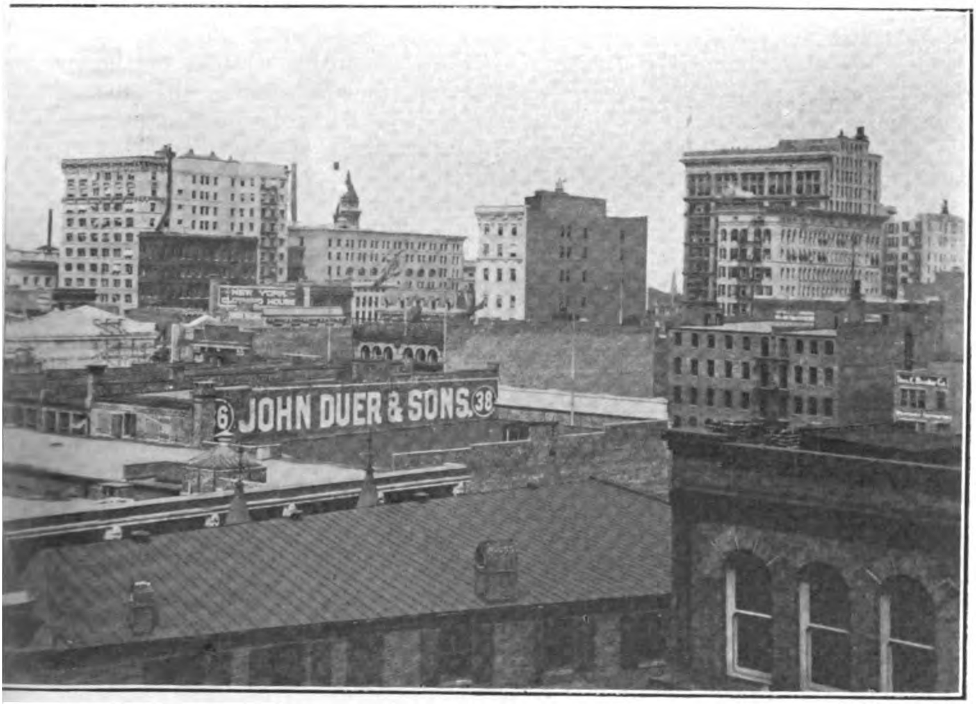
As a Commercial Base.

Aside from the geographical economy of Baltimore's location as a distributing point, as well as its unequaled transportation facilities and the great physical improvements with which it is being blessed, there is still the all-important advantage of meeting the requirements of the retail buyer which the city possesses to a marked degree. The strength of its market facilities is unsurpassed by those of any other city of its class. The gradual expansion of its territory as a wholesale trading point serves as a clincher in the statement of this important fact. For many years, Baltimore looked to the South for the maintenance of its wholesale and manufacturing trade. To-day its trade not only covers more Southern territory than ever, but it is extended to a large number of the Northern States, and its goods and wares are constantly growing in popularity.

And this substantial development will go forward with even greater strides in the future. Baltimore merchants and manufacturers have awakened to the importance of reaching out in earnest for trade—of heralding abroad the advantages of the Baltimore market. They can do this without a question as to their ability to "make good." They have built their commercial structure upon the solid foundation of business honor and thorough reliability, and when a customer is once secured he is always a Baltimore customer.

Growth of Shipping.

The following table, prepared by H. E. Flack, City Statistician, shows



Wholesale District.

the growth of shipping in thirty-two years.

An analysis of the table shows that while there was not any material increase in the number of vessels entered and cleared, there was yet a very substantial increase in the total tonnage from 1875 to 1907, the exact figures being 3,844,212 tons entered and cleared in the year 1875, and 8,804,243 tons entered and cleared in the year 1907, a net increase of 130 per cent. It must be borne in mind that much of Baltimore's shipping belongs to what is known as the coastwise trade—a trade easily competed with by

VESSELS ENTERED AND CLEARED AT BALTIMORE.

		Entered.		Cleared.	
Year.	Foreign or Coastwise.	No.	Tonnage.	No.	Tonnage.
1875	To or from foreign ports..............	1,040	569,454	981	563,167
	Coastwise	1,777	1,321,681	2,110	1,389,910
1890	To or from foreign ports..............	685	805,104	842	1,110,299
	Coastwise	1,132	1,035,785	1,666	1,339,426
1895	To or from foreign ports..............	511	711,898	628	984,372
	Coastwise	1,155	1,500,431	1,911	1,820,323
1900	To or from foreign ports..............	883	1,612,239	883	1,686,602
	Coastwise	1,544	2,098,106	2,268	2,595,923
1905	To or from foreign ports..............	795	2,423,932	758	1,435,439
	Coastwise	1,525	2,306,955	1,972	2,615,646
1907	Foreign	782	1,479,782	797	1,549,333
	Coastwise	1,691	2,697,337	2,149	3,074,791

railroads—and that many roads have been constructed in the past thirty years which tap that territory. This fact makes the above increase appear most substantial indeed.

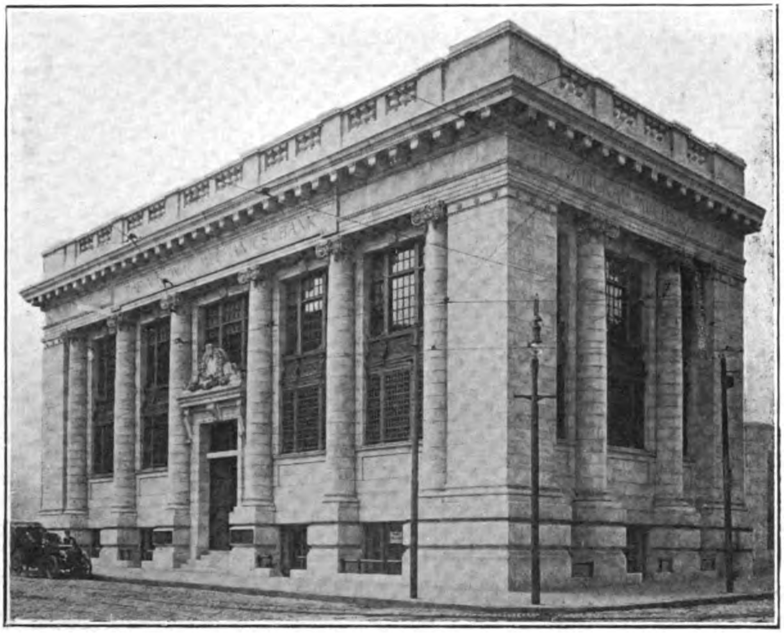
Baltimore as a Financial Centre.

The tendency of the times to make financial centres of the various large cities of the country, instead of concentrating the nation's monetary transactions within the shadow of Wall Street, is gradually though surely becoming a fixed fact. While it is true that the three central reserve cities—New York, Chicago and St. Louis—will continue to receive the larger share of bank deposits, it is equally as true that the business houses of the country are becoming awakened to the fact that it is more directly to their interest to keep their bank balances where they are the most easily accessible for trading purposes. The natural result is that while the bank resources of the central reserve cities are growing rapidly, those of other cities are increasing at even a more rapid rate.

Baltimore is justly entitled to the position of financial centre of the South. Most of the business of the South, especially that portion east of the Mississippi, is centered in Baltimore, and its banking facilities are equal to a still greater development. It has twenty-four national and state banks and fourteen trust companies, besides a large number of savings banks, each one of which is equipped in its particular line with the best and most up-to-date facilities for meeting the requirements of modern trade. The banking interests of Baltimore are not only diversified—they are ample in capital and up-to-the-minute in equipment.

Baltimore Street.

The conservatism of the banks of Baltimore is of a kind that means absolute safety. This is no idle talk. A city with a record of only one bank failure in seventy years, is entitled to the palm for conservatism that means nothing but safety. It is true that a



National Mechanics' Bank.

Organized in 1806. Capital, surplus and profits, \$2,112,738; deposits, \$7,-518,000; total resources, \$10,731,341. John B. Ramsay, President; James Scott, Cashier; Charles Hann, Assistant Cashier. Directors, Alexander Brown, George C. Jenkins, W. S. Hills, D. D. Mallory, John B. Ramsay, Miles White, Jr., Lawrason Riggs, E. B. Hunting, Morris Whitridge, Seymour Mandelbaum, John Pleasants, George K. McGaw.

Metropolitan Savings Bank.

Commercial and Farmers' National Bank.

Established 1810. Capital, surplus and profits, $593,907; deposits, $1,748,997; total resources, $3,005,404. Samuel H. Shriver, President; James M. Easter, Vice-President; Frank V. Baldwin, Assistant to the President; Harry M. Mason, Cashier. Directors, Hugh L. Bond, Jr., James M. Easter, George M. Gillet, Henry H. Hubner, William B. Joyce, New York, Ernest J. Knabe, Jr., Daniel B. Miller, John G. McHenry, Pennsylvania, Samuel H. Shriver, George M. Shriver, Samuel H. Tattersall, Turner T. Tongue, Joseph W. Vallant, N. Winslow Williams.

few institutions have been liquidated in the period of seventy years, and have passed out of existence through an honorable door, but only one bank has actually failed in all that time.

PRESENT FINANCIAL STANDING HIGH.

There are 52 organized banking institutions in Baltimore, besides 30 private banking houses, all doing a safe and paying business. Of the organized banks, 14 are savings institutions, 19 trust and and bonding companies, 18 national banks and 4 State banks. The savings banks are operated without capital and do not report their surplus and undivided earnings, and therefore do not figure in the first item of the following table, showing the capital, surplus and profits and the total deposits of the Baltimore banks:

Capital, surplus and profits.....	$53,000,000
Deposits	178,000,000

CONCENTRATED EFFORT—TEAM WORK.

An important factor in the upbuilding of Baltimore as a commercial center is its organized commercial bodies—the Merchants and Manufacturers Association, the Travelers and Merchants Association, and the Chamber of Commerce.

THE MERCHANTS AND MANUFACTURERS ASSOCIATION

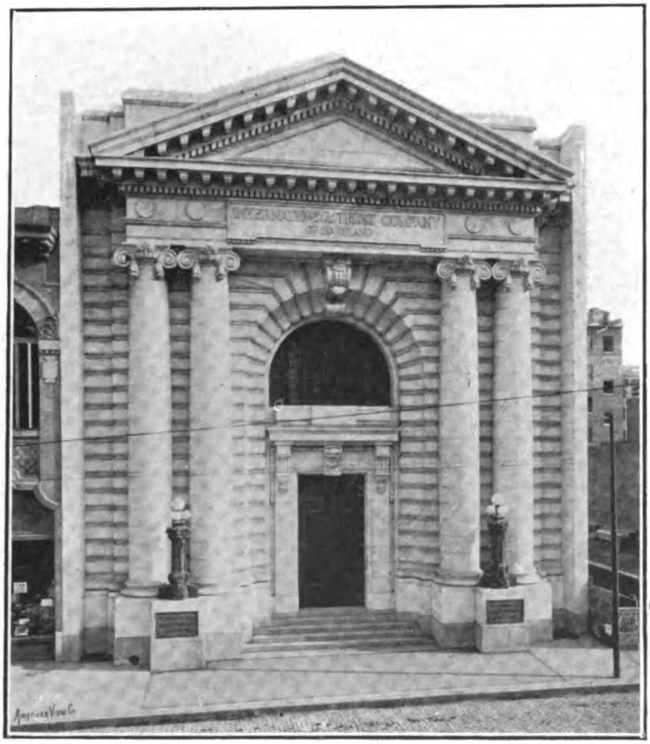
takes the lead in legislative work and in the betterment of civic conditions, as well as the expansion of the city's trade, and its influence is manifest on every hand. It publishes a Monthly Bulletin, which conveys to the membership the work of the association from month to month, and does much towards advertising Baltimore's advantages as a commercial and financial center. The association has, through its indomitable secretary, Thomas G. Boggs,

The first patent for a locomotive was granted.

The first ribbon of American silk was made.

The first steam engine for traction purposes was operated.

The first steam vessel to cross the Atlantic set sail.



International Trust Company of Maryland.

Organized in 1899. Capital, $1,500,000; surplus, $1,000,000. Douglas H. Gordon, President; Summerfield Baldwin, Vice-President; Samuel C. Rowland, Vice-President; Charles D. Fenhagen, Secretary and Treasurer; Walter D. Focke, Assistant Secretary and Assistant Treasurer. Executive Committee, Isaac H. Dixon, Chairman, Summerfield Baldwin, Richard H. Edmonds, Douglas H. Gordon, Samuel C. Rowland, William C. Seddon, Stevenson A. Williams.

taken the initiative in the great work of bridging the Chesapeake Bay, which, when completed, will rank as one of the greatest enterprises in the history of modern commerce.

From the literature of the association the following important facts are learned:

Past History Inspiring.

It is a matter of history that in Baltimore
The first railroad was organized.

The first steam vessel entirely of iron was constructed.

The first telegraph line was operated.

The first iron building was erected.

The first revolving cylinder printing press was made.

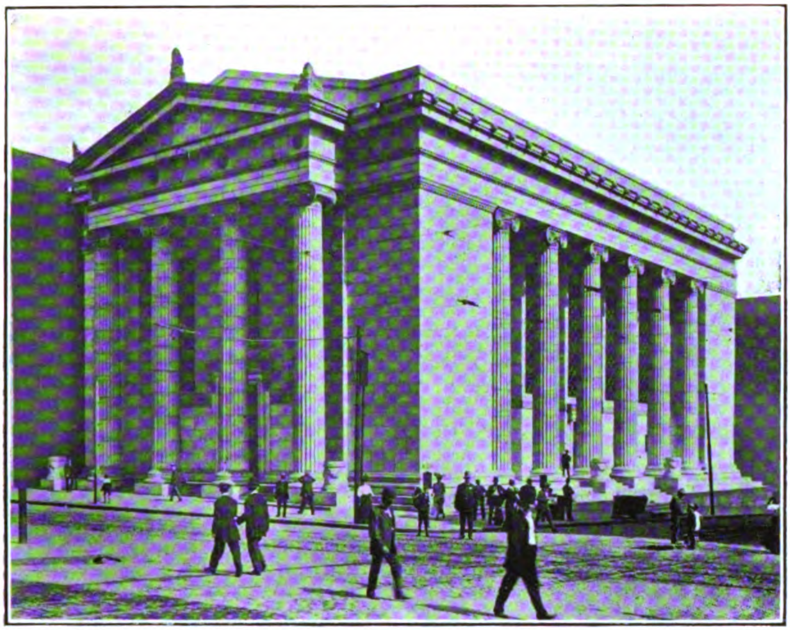
The first armor plate was made.

The first electric car was operated.

The first electric locomotive was used by a railroad.

The first linotype machine was made.

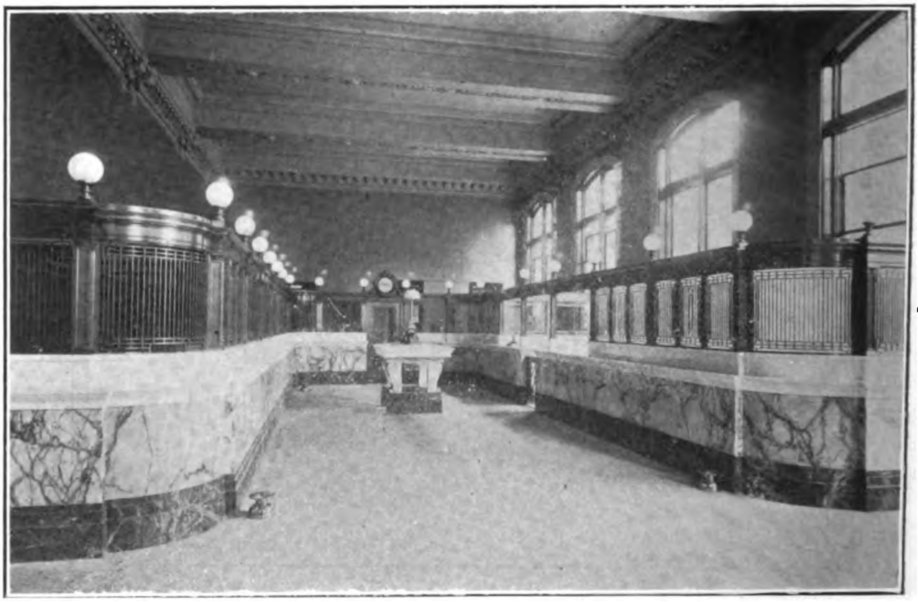
General Office Building Baltimore & Ohio Railroad Company.



Savings Bank of Baltimore.

Building of the Citizens National Bank.

Established 1849. Capital, surplus and profits, $3,000,000; deposits, $7,837,644; total resources, $12,059,064. William H. O'Connell, President; Albert D. Graham, Vice-President-Cashier; Frank M. Dushane, Assistant Cashier. Directors, James A. Gary, James E. Ingram, Reuben Foster, John S. Gibbs, William H. Gorman, J. H. Judik, Vanlear Black, William E. Hooper, William H. O'Connell, Albert D. Graham.



Interior View of the Third National Bank of Baltimore.

Organized in 1865. Capital, surplus and profits, $655,000; deposits, $3,013,500; total resources, $4,492,065. A. B. Crouch, President; Robert H. Smith, Vice-President; W. R. Hammond, Vice-President; T. Rowland Thomas, Cashier; Snowden Hoff, Assistant Cashier. Directors, William J. Donelly, G. W. Gail, Jr., Robert M. Spedden, Murray Vandiver, John J. Kelly, H. G. Evans, W. R. Hammond, Robert H. Smith, Peter E. Tome, Louis F. Young, J. William Middendorf, John W. Hall, W. B. Duke, A. B. Crouch, John Schoenewolf.

The first carburetted hydrogen gas for illuminating was made.

The first monument to Washington was reared.

The first merchants exchange was erected.

The Dewey, the largest floating dry dock in the world, was built.

The Bankers Magazine was established in Baltimore in 1846.

Baltimore recovered more quickly, more completely, without a dollar of outside assistance, without the loss of a single life or a business failure, from a disaster (fire of 1904) than any city in the world ever visited by a similar catastrophe.

What Baltimore Has.

These are some of the "Firsts" of Baltimore. Here are some of the things she has. Baltimore has but 31 square miles of territory, while many cities, not half her population, have two to three times her area. Baltimore has 18,424 people to every square mile. No city in the Union is so densely populated. Yet its suburbs are the most beautiful and healthful of any city in the land. The population in these narrow limits is 570,000, which is greater than that of any like territory in the United States.

Taking in an area of less than that occupied by St. Louis, Pittsburgh, Cleveland, Cincinnati, Boston, New Orleans, and many smaller cities, the population is 700,000.

It is the sixth largest city in the United States.

Its taxable basis is $675,000,000.

Miles of paved streets, 506.73.

Miles of street railways, 466.

Private dwellings, 92,995.

Dwellings with stores, 11,914.

Buildings of all kinds, 116,355.

Churches, 444.

Bank buildings, 58.

Libraries and branches, 22; more building.

Hospitals, 52.

Educational institutions, 244.

Total park acreage in city limits, 2,101.98.

Factories in city limits, 1,890.

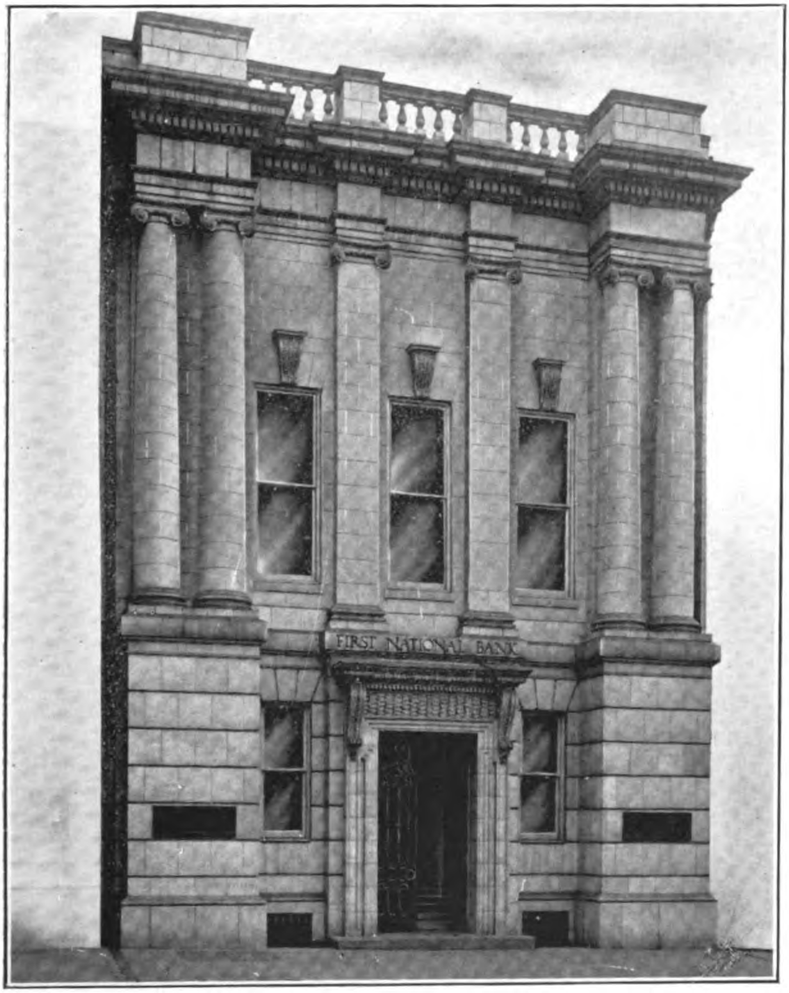
Operating from Baltimore are 32 steamboat and steamship lines.

The number of coastwise craft exceeds 13,000.

Baltimore has 35 Parked Public Squares.

Baltimore is the Monumental City, with 17 notable memorials.

Baltimore is the birth-place of the Star-Spangled Banner—the National Anthem.



First National Bank of Baltimore.

Organized in 1863. Oldest National Bank in Baltimore. Capital, surplus and profits, $1,531,278; deposits, $5.768,328; total resources, $7,925,351. H. B. Wilcox, President; W. S. Hammond, Cashier; Samuel W. Tschudi, Assistant Cashier. Directors, George A. Blake, William A. Dickey, Joseph R. Foard, Solomon Frank, Joseph Friedenwald, John Hubner, Nathaniel W. James, Alexander T. Leftwich, Louis Muller, Blanchard Randall, William C. Rouse, Hugh Sisson, James A. Smyser, James T. Woodward, H. B. Wilcox.

Within the city limits of Baltimore there are 104 specified industries manufacturing an annual product valued at 180 million dollars. Within a radius of 15 miles of Baltimore the factories turn out annual products to the value of nearly 250 million dollars.

Baltimore's output of men's clothing amounts to more than 25 million dollars per annum.

Baltimore is first in the canning and preserving industry.

Baltimore is first in the manufacture of cotton duck.

Baltimore is first in the manufacture of straw hats.

Baltimore ranks first in medical and surgical education in America.

The Johns Hopkins is the one real University in America.

Baltimore is first in the oyster industry.

Baltimore is the largest banana market in the world.

The Continental Building, Baltimore.

Built and owned by The Continental Trust Company. This Company commenced business in January, 1899. Its capital is $1,350,000 and surplus and undivided profits $2,425,000. Since organization this Company has paid its stockholders $1,204,750 in dividends. The President is S. Davies Warfield, the other Directors being Thomas J. Hayward, William H. Grafflin, F. S. Landstreet, J. H. Wheelwright, Thornton Rollins, William P. Harvey, Daniel E. Conklin, George Cator, George F. Randolph, David H. Carroll, Jacob Epstein, Frank A. Furst, Frederick W. Feldner and John M. Dennis, of Baltimore, George J. Gould, Winslow S. Pierce and C. Sidney Shepard, of New York, and A. B. Fleming, of West Virginia.

Baltimore stands first in the bonding business.

Baltimore is first in the manufacture of fertilizers.

Baltimore is one of the three leading jobbing centers of the country and its volume of annual wholesale trade amounts to over 300 million dollars.

Baltimore ships more bituminous coal than any other American port.

Baltimore is 250 miles nearer the grain and meat producing fields of the great Northwest than any city on the Atlantic Coast.

Baltimore as a distributing point for foreign and domestic trade has advantages that are possessed by few other American cities.

Baltimore is pre-eminently, with all its industrial and commercial advantages, a residential city. The slum is practically unknown. The laboring people are contented.

Baltimore lies in the most delectable spot in all this country—at the head of the beautiful Chesapeake Bay and at the foot hills of the Blue Ridge Mountains.

Baltimore is spending millions of dollars (over $27,000,000) in public improvements—among them a new sewerage system that will be the most complete of modern times, costing beyond 10 million dollars. And into the hills and valleys, as the city rises from the bay, great boulevards are being constructed.

Baltimore is near to any place you wish to go on business or pleasure.

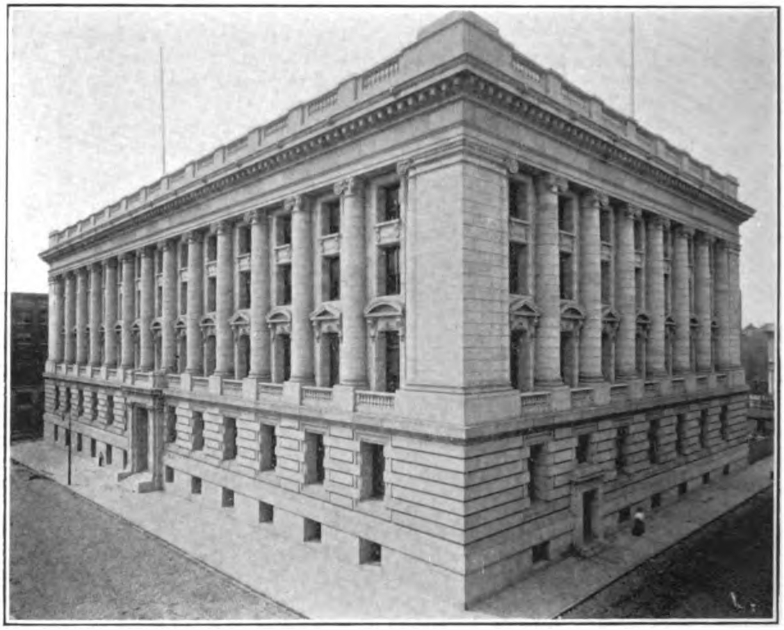
Extracts from the Annual Report of Secretary Boggs of the Merchants and Manufacturers Association.

The Nearby Trade.

That which will engage our closest attention, as it has during the past 20 months, is the development in the trade of the nearby territory. This not only includes a continuation of the efforts on the eastern shore, but on the western side of the bay, into the mountains of Maryland, in Virginia, Pennsylvania and Delaware. There lies at our very doors a rich field that is making a poor showing compared with that of which it is capable. Nor is this a question of Baltimore consuming or being the sole market, or distributing point, for the products of the waters of the bay and the fields of its shores. It is impossible for it to do either. But the point is to assist these people to

Western National Bank.

Established 1835. Capital, surplus and profits, \$1,057,316; deposits, \$3,051,212; total resources, \$4,208,997. C. E. Rieman, President; W. B. Brooks, Vice-President; William Marriott, Cashier; John L. Swope, Assistant Cashier.



Custom House, Baltimore.

have many and unlimited markets, to bring about intensive cultivation of the land. They will spend for necessaries at the nearest and most convenient point—Baltimore.

It is to increase the prosperity of our State that we have entered into co-operation with our Immigration Bureau, which has during the past year located over 150 farmers from other States of the Union, from Germany and Switzerland. These newcomers—scientific farmers—have brought nearly three-quarters of a million dollars into Maryland and are cultivating about 20,000 acres of land which was partly lying idle. This bureau is worthy our enthusiastic and practical support. The present value of the farm products of Maryland is about 50 millions a year. It is within the range of conservative estimate that this value can be increased ten-fold. Here, then, is shown a purchasing power which should induce the Merchants and Manufacturers Association to do everything in its power to put Baltimore in the easiest reach of the people in her nearby territory.

THE BRIDGING OF THE CHESAPEAKE.

It is this purpose which lies behind that monumental, feasible and practical enterprise that the association has inaugurated—the bridging of the Chesapeake Bay. To bring this fertile land within five hours less traveling time to Baltimore. If the agricultural interests of the nearby territory grow and these facilities are consummated, the cry of diverting this trade will be forever hushed. And Baltimore must control the means of transportation. We could spend hours on this subject and combat much senseless thought of "knockers" and "clams" who would retard these splendid designs.

THE TRAVELERS AND MERCHANTS ASSOCIATION.

This association is composed of what is known as the hustling element of the city of Baltimore, and it is thoroughly equipped for its work. It is a trade-winning body, as well as a civic association, and its scope of work is so broad and so comprehensive and so useful that it commends itself to every buyer within two thousand miles of Baltimore, as well as every citizen of the city itself. It affords the country merchant a distinct and positive help in his efforts to secure the most and the best for his money, makes him at home in its quarters and gives him the very best there is in its line. The association bears the reputation of making good on everything it advertises. Its efficient secretary is Alexander H. McDannald.

MEXICO'S CREDIT INSTITUTIONS.

By Joaquin D. Casasus.

(Continued from February Bankers Magazine, page 211.)

DEVELOPMENT OF MEXICAN BANKING.

THE Banking Law of March 19, 1897, and its reforms of June 19 ultimo, whose principles we have now studied from a simply theoretical point of view, have already given the most satisfactory results, and under its protection, many banks of issue have been opened in different states of the Republic, as well as five Bancos Refaccionarios and a new mortgage bank.

Mexican capital appears to have preferred investment in banks of issue, because these were more immediately required in order to furnish trade and industry with the means for development demanded by the conditions of the country.

We shall enter into the effects produced by the law in the banks of issue and we shall then take into account those produced in the other categories, viz., mortgage and Bancos Refaccionarios.

In order to form a just idea of the effects of this law, it is necessary to bear in mind the number of banks of issue which existed before its promulgation, their importance, and the number of those that have been opened since the enactment of the law.

Before the nineteenth of March, we had in the Mexican Republic: the National Bank of Mexico, which had been founded under the name of the Mexican National Bank, by a concession granted on August 16, 1881, and amended on May 31, 1884; and the Bank of London and Mexico, which although opened without any concession since 1864, did not place itself under the protection of the Mexican law, until it obtained its concessions of May 11, 1886, and August 21, 1889.

Besides these, we had two banks in the State of Chihuahua, which although incorporated under authority granted by the government of that state, nevertheless obtained concessions or charters from the Federal Government on May 22, 1888, and on March 15, 1889; two banks opened in the State of Yucatan, under charters from the Federal Government of September 7 and 18, 1889, and one bank in each of the states of Durango, Zacatecas and

MEXICAN BANKS.—BALANCES OF 1896.

ASSETS.

Months.	Unpaid Capital.	Coin and Bullion.	Bills Receivable.	Debtor Accounts Current.	Real Estate.
January	$12,740,000.00	$38,340,059.70	$36,553,276.15	$23,862,237.49	$588,792.23
February	12,740,000.00	36,293,184.09	37,192,610.85	23,657,488.23	594,381.27
March	12,740,000.00	37,007,042.41	38,348,744.78	23,966,029.81	589,943.34
April	12,740,000.00	38,231,070.03	39,031,674.78	25,834,998.23	663,601.99
May	12,740,000.00	39,551,443.06	38,792,656.40	24,195,484.82	661,853.46
June	12,740,000.00	39,164,778.32	38,831,667.18	22,677,449.83	638,786.85
July	12,540,000.00	41,588,070.98	39,122,295.72	22,074,656.47	668,768.49
August	12,540,000.00	43,261,530.70	38,650,577.51	22,594,947.47	881,129.54
September	12,540,000.00	45,259,455.90	41,068,548.53	21,163,729.78	907,928.44
October	12,540,000.00	47,643,373.69	42,023,640.36	23,337,728.74	895,985.05
November	12,540,000.00	45,735,048.53	43,057,927.74	26,146,729.03	924,056.21
December	12,540,000.00	42,947,348.07	47,335,376.39	21,918,602.27	898,766.21

* The next and final article of this series will treat of the growth of mortgage banking in Mexico.

LIABILITIES.

Months.	Capital Stock.	Notes in Circulation.	Sight Deposits.	Creditor Accounts Current.	Reserve Funds.	Totals.
January	$29,050,000.00	$34,928,208.75	$119,761.47	$41,378,377.06	$6,532,018.29	$112,008,365.57
February	29,050,000.00	34,634,076.50	147,062.82	40,115,394.06	6,541,131.06	110,477,644.44
March	29,050,000.00	35,427,616.25	127,562.36	41,505,450.67	6,541,131.06	112,651,760.34
April	29,050,000.00	36,283,745.25	148,644.14	44,477,824.58	6,541,131.06	116,501,345.03
May	29,050,000.00	36,395,926.00	131,015.98	43,353,302.01	7,011,193.75	115,941,437.74
June	29,050,000.00	35,719,111.00	111,638.01	42,174,431.85	6,997,501.32	114,052,682.18
July	30,188,350.00	36,261,357.00	130,925.09	42,408,641.88	7,004,517.69	115,993,791.66
August	30,849,050.00	37,250,881.25	137,889.21	43,665,317.66	7,025,047.10	118,928,185.22
September	33,527,950.00	37,346,120.50	150,183.65	42,238,361.40	7,675,047.10	120,937,662.65
October	35,550,000.00	39,345,195.75	133,647.80	45,736,837.19	5,675,047.10	126,440,727.84
November	35,550,000.00	38,914,468.25	136,160.56	48,128,085.60	5,675,047.10	128,403,761.51
December	35,550,000.00	37,967,105.00	1,980,628.39	44,422,312.45	5,720,047.10	125,640,092.94

The accompanying table shows us, that the capital stock of the banks on December 31, 1896, amounted to	$35,550,000.00
Deducting the unpaid capital..	12,540,000.00
We have a paid-up capital of	$23,010,000.00
Adding to this the amount of the reserve and precautionary funds	5,720,047.10
We reach a total of	$28,730,047.10
The general volume of the business transacted is clearly shown by the total amount of bills receivable	$47,335,376.39
All this business was carried on with a maximum total of note circulation, amounting to....	37,967,105.00
The coin and bullion on hand, at that date was	42,947,348.00

Nuevo Leon created under charters that were respectively granted on September 6, 1890, March 31 and August 5, 1891.

In order to enable the reader to form an idea of the importance of those banks before the promulgation of the Law of Institutions of Credit and show the business transacted by them, we herewith present a table giving the monthly balances of all of them, for the year 1896.

The above table, at the same time, does not allow us to form a proper idea of the importance of each one of the individual banks which are included in it, nor does it clearly show their actual and individual position, at the time when the law of March 19, 1897, came into force. In order to supply this information, we have prepared the following table which shows the balances of all the banks then existing for January, 1897.

Subsequently to the enactment of the law, the following banks of issue have been incorporated: Bank of the State of Mexico, Bank of Coahuila, Bank of San Luis Potosi, Bank of Sonora, Occidental Bank of Mexico, Mercantile Bank of Veracruz, Bank of Jalisco, Mercantile Bank of Monterey, Oriental Bank of Mexico, Bank of Tabasco and Bank of Guanajuato, Chiapas, Hidalgo, Tamaulipas, Micho-

MEXICAN BANKS.—BALANCES OF JANUARY, 1897.

ASSETS.

Banks.	Unpaid Capital.	Coin and Bullion.	Bills Receivable.	Debtor Accounts Current.	Real Estate.
Banco Nacional de Mexico.	$12,000,000.00	$29,681,612.99	$23,608,234.21	$13,626,027.90	$522,590.46
Banco de Londres y Mexico	....	9,611,548.52	18,032,383.07	5,762,038.43	122,667.89
Banco Minero de Chihuahua	....	632,087.00	1,640,088.49	1,706,286.45	....
Banco Yucateco	....	697,227.63	1,510,918.98	227,156.06	28,500.00
Banco Mercantil de Yucatan	....	927,078.65	1,202,261.64	380,772.44	....
Banco de Durango	....	270,670.50	925,050.70	491,078.98	....
Banco de Nuevo Leon.....	....	426,855.39	1,125,982.03	192,266.18	224,884.87
Banco de Zacatecas	240,000.00	226,191.69	807,208.35	676,871.88	....
Banco Comercial de Chihuahua	300,000.00	99,752.92	285,556.34	163,457.78	....
Totals................	$12,540,000.00	$42,573,025.29	$49,135,683.81	$23,225,956.62	$998,643.22

LIABILITIES.

Banks.	Capital Stock.	Notes in Circulation.	Sight Deposits.	Creditor Accounts Current.	Reserve Funds.	Totals.
Banco Nacional de Mexico ...	$20,000,000.00	$21,727,100.00	....	$32,499,021.48	$5,212,344.08	$79,438,465.56
Banco de Londres y Mexico	10,000,000.00	11,529,045.00	$1,894,470.61	10,105,122.30	....	33,528,637.91
Banco Minero de Chihuahua ...	1,500,000.00	1,180,940.00	....	1,002,522.74	295,000.00	3,978,462.74
Banco Yucateco	1,000,000.00	1,021,357.00	11,271.75	318,994.37	112,179.55	2,463,802.67
Banco Mercantil de Yucatan...	750,000.00	904,436.00	....	829,111.52	26,565.21	2,510,112.73
Banco de Durango	500,000.00	566,220.00	....	610,580.18	10,000.00	1,686,800.18
Banco de Nuevo Leon	600,000.00	1,077,429.00	94,385.46	139,674.97	58,499.04	1,969,988.47
Banco de Zacatecas	600,000.00	309,849.00	....	1,025,422.92	15,000.00	1,950,271.92
Banco Comercial de Chihuahua.	600,000.00	180,991.00	....	62,776.04	5,000.00	848,767.04
Totals ...	$35,550,000.00	$38,497,367.00	$2,000,127.82	$56,593,226.52	$5,734,587.88	....

acan, Aguascalientes, Oaxaca, Morelos, Queretaro, Campeche and Guerrero. In the first months of the past year by virtue of the fusion of the Yucatan Bank and the Mercantile of Yucatan, the Mexican Peninsular Bank has been constituted.

In order to give an idea of the progress realized through the creation of these banks and of the great increase of the capital which the previously existing banks were obliged to raise, the increased circulation of the bank notes and the enormous development in loan operations, we present on the next page the balances of all the banks existing in the country for the month of June, 1901.

As is readily observed, the system adopted by the law of March 19, 1907, differs widely from that adopted by many European governments, and by the United States in the Federal law of June 24, 1864.

Comparison With European Systems.

The Mexican banks of issue differ from many of the European in that these latter are founded on the basis of a monopoly, more or less restricted, of the issue of bank notes, and in that, in order to throw them into circulation, either the amount of the national debt towards the bank or the value of the bullion kept by the Department of Issue is taken into account, as is the case in England, or an arbitrary limit is assigned, which the Legislature determines by means of decrees, as in France, or again, it is related to the cash on hand and the loans and discounts to be made up of short term loans, as in Germany. They differ from the American national banks in that in the United States, the chief security of bank notes, lies in the deposit which must be made in the Treasury of their value in Government bonds at ninety per cent. of their nominal value, or, in other words, in that, it is the state which, with its credit, guarantees the payment of bank notes, in the event of the said banks being unable to fulfil their direct obligations.

The Mexican system, however, is somewhat similar to that created in Switzerland by the law of March 8, 1881, and which has been in force until a very recent date; because in both countries permission has been granted for the free establishment of banks of issues; because in both, bank notes have had no other guarantee than the commercial one accorded by the cash on hand and the loans and discounts, and because, in order to fulfil the provisions governing their operations, they have been subjected to a strict inspection either intermittent or permanent, which although imposing certain responsibilities on the Government, nevertheless guarantees the bank note holders that the progress of the banks will be exempt from grave dangers, so long as they conform to the limitations which their liberty of contracting imposes.

MEXICAN BANKS.—MONTHLY BALANCES OF JUNE 30, 1901.

ASSETS.

Banks.	Unpaid Capital.	Coin and Bullion.	Bills Receivable.	Debtor Accounts Current.	Real Estate.
Nacional de Mexico	....	$27,359,128.09	$46,576,412.61	$18,220,482.80	$494,891.66
De Londres y Mexico	....	13,547,864.71	33,634,761.71	7,412,927.76	301,927.76
Minero de Chihuahua	....	1,350,895.62	5,687,714.08	2,939,347.91	45,480.00
Yucateco	....	2,703,522.99	6,883,563.81	1,102,332.07	35,453.25
Oriental de Mexico	....	1,011,509.79	3,445,640.08	666,484.87	16,035.00
Mercantil de Monterrey	$750,000.00	433,880.94	2,672,610.28	515,714.53	59,829.70
Mercantil de Veracruz	....	1,403,332.96	3,438,290.90	259,942.44	....
De Coahuila	....	840,708.50	2,733,614.05	2,683,597.29	101,568.88
Mercantil de Yucatan	....	1,530,500.19	2,375,300.44	725,964.99	....
Del Estado de Mexico	....	553,681.57	2,197,729.96	1,315,369.67	22,000.00
De Nuevo Leon	....	580,257.79	3,078,794.72	441,001.66	64,439.65
Occidental de Mexico	....	519,504.04	1,062,018.09	2,469,159.09	....
De San Luis Potosi	275,000.00	851,331.78	3,729,160.79	862,396.80	....
De Durango	....	370,530.84	1,581,565.73	559,945.88	98,000.00
De Jalisco	....	1,003,410.87	2,662,073.66	994,443.15	58,462.38
De Zacatecas	400,000.00	495,063.19	1,858,445.53	1,436,204.82	12,000.00
De Tabasco	500,000.00	247,376.04	557,622.72	164,044.22	....
De Sonora	250,000.00	816,836.81	621,071.87	2,221,443.35	62,232.99
De Guanajuato	125,000.00	295,099.30	963,857.69	269,567.17	....
Totals	$2,300,000.00	$55,914,436.02	$125,760,248.72	$45,260,370.47	$1,372,321.27

LIABILITIES.

Banks.	Capital Stock.	Notes in Circulation	Sight Deposits.	Creditor Accounts Current.	Reserve Funds.	Totals.
Nacional de Mexico	$20,000,000.00	$23,325,827.00	....	$42,559,083.83	$6,766,004.33	$92,650,915.16
De Londres y Mexico	15,000,000.00	16,492,043.00	$6,378,896.29	12,275,745.02	4,750,000.00	54,896,684.31
Minero de Chihuahua	4,000,000.00	2,444,501.00	126,723.91	2,727,177.97	725,034.73	10,023,437.61
Yucateco	3,000,000.00	4,711,072.00	17,256.46	2,534,878.34	461,665.32	10,724,872.12
Oriental de Mexico	3,000,000.00	990,525.00	340,848.09	798,296.65	10,000.00	5,139,669.74
Mercantil de Monterrey	2,500,000.00	644,580.00	16,432.87	1,259,124.92	11,897.66	4,432,035.45
Mercantil de Veracruz	2,000,000.00	2,016,645.00	94,304.03	933,865.89	56,751.38	5,101,566.30
De Coahuila	1,600,000.00	1,415,750.00	9,193.91	3,288,613.36	45,931.45	6,359,488.72
Mercantil de Yucatan	1,500,000.00	1,906,216.00	9,650.00	1,026,024.33	189,875.29	4,631,765.62
Del Estado de Mexico	1,500,000.00	1,050,084.00	29,022.85	1,485,130.31	23,788.04	4,088,781.20
De Nuevo Leon	1,500,000.00	1,620,103.00	16,494.76	901,621.12	126,274.94	4,164,493.82
Occidental de Mexico	1,500,000.00	566,865.00	91,677.27	1,878,638.49	13,500.46	4,050,681.22
De San Luis Potosi	1,100,000.00	1,574,820.00	4,282.32	3,012,005.61	26,781.44	5,717,889.37
De Durango	1,000,000.00	608,438.00	67,397.91	864,799.44	69,407.10	2,610,042.45
De Jalisco	1,000,000.00	1,212,225.00	40,917.90	2,444,680.10	20,567.06	4,718,390.06
De Zacatecas	1,000,000.00	566,570.00	70,346.46	2,403,297.08	161,500.00	4,201,713.54
De Tabasco	1,000,000.00	376,540.00	52,279.89	40,223.09	....	1,469,042.98
De Sonora	1,000,000.00	1,472,000.00	94,643.78	1,295,416.95	109,524.29	3,971,585.02
De Guanajuato	500,000.00	533,165.00	25.00	620,334.16	....	1,653,524.16
Totals	$63,700,000.00	$63,505,969.00	$7,460,393.70	$82,348,956.66	$13,568,503.49	....

The Mexican Government is undertaking a most judicious experiment in authorizing a large number of banks to issue notes payable at sight and to the bearer in a country of vast territorial extension and commercial habits but little developed, confiding solely in the efficiency of the principles as dictated by economic science and banking experience. That is why the provisions of the law of March 19, 1897, and its reforms of June 19, 1907, all tend towards endeavoring that the banks of issue shall be only the auxiliaries of trade and industry and shall only carry on short-time operations strictly guaranteed, so that their funds, due to constant activity, may be realizable at a moment's notice or at any rate of easy realization.

The development attained in this short period, i. e., eleven years since March 19, 1897, to June 30, 1908, is truly remarkable.

In effect, the capital of the banks of issue absolutely paid up, which amounted in 1897 to	$23,010,000.00
Has risen in 1908 to	119,900,000.00
Or in other words, it has quintupled.	
Including the reserve funds, the capital amounted to	20,730,047.10
While it has now reached the enormous sum of	169,854,381.64
Or in other words, it has sextupled,	
The increase brought about in the capital stock of the banks, has been reflected, as was to be expected, in all their operations, in their loans and discounts, in their current accounts and in their bank-note issue.	
The following comparisons bring out strikingly the above referred to increases.	
The loans and discounts in 1896 reached the sum of....	$ 49,135,683.00
While it actually rises to the figure of	226,870,989.67
Which proves that the increase is almost five times, i. e., that it is proportional to the increase in the capital stock.	
The debit current accounts amounted to	23,225,956.00
While on June 30 their total was twelve times greater, amounting to	296,144,073.38
The bank-note circulation in 1907 attained a maximum of	38,497,367.00
And on June 30, it had risen to	92,253,293.00
While the deposits which reached only	2,000,127.00
Rose to a sum twenty times greater, viz.	49,598,952.48

STATEMENTS OF ACCOUNTS OF THE BANKS OF ISSUE IN MEXICO FROM 1897 TO 1908.

ASSETS.

Years.	Uncalled Capital.	Cash on Hand.	Loans and Discounts.	Debit Accounts.	Real Estate.
1897	$14,180,000.00	$34,297,000.00	$65,712,000.00	$28,312,000.00	$698,000.00
1898	14,705,000.00	38,373,000.00	79,449,000.00	37,356,000.00	768,000.00
1899	8,356,000.00	50,887,000.00	113,448,000.00	35,812,000.00	772,000.00
1900	6,670,900.00	48,394,761.03	127,631,287.31	42,742,065.88	1,113,830.85
1901	2,550,000.00	56,213,408.63	135,987,980.02	55,883,188.95	1,556,809.15
1902	3,129,320.00	54,663,029.82	173,569,720.83	70,878,941.50	2,036,359.39
1903	5,316,250.00	63,668,973.96	200,023,559.65	88,251,775.21	2,883,586.89
1904	5,002,409.00	80,599,993.93	216,906,497.83	112,398,004.57	3,574,544.31
1905	3,017,607.00	69,862,390.38	263,433,483.29	169,826,092.07	4,561,593.27
1906	2,430,056.00	68,055,572.23	302,857,517.35	191,459,011.04	5,785,854.70
1907	1,803,152.00	74,814,922.25	309,738,564.28	233,841,270.21	7,289,268.09
1908	1,738,451.00	80,928,310.02	226,870,898.67	296,144,073.38	7,630,110.51

LIABILITIES.

Years.	Capital.	Notes.	Credit Accounts.	Reserve Funds.	Totals.
1897	$39,150,000.00	$44,792,000.00	$52,920,000.00	$6,337,000.00	$143,199,000.00
1898	44,000,000.00	54,372,000.00	65,308,000.00	6,971,000.00	170,651,000.00
1899	47,710,000.00	63,197,000.00	90,316,000.00	8,052,000.00	209,275,000.00
1900	62,200,000.00	64,012,464.00	88,296,279.33	12,102,600.00	226,611,344.02
1901	65,700,000.00	71,257,626.00	101,266,462.41	13,967,297.00	252,191,385.41
1902	74,050,000.00	86,145,227.00	129,139,172.95	16,442,971.00	306,277,370.95
1903	88,650,000.00	84,202,709.00	168,404,353.73	18,887,082.00	360,144,144.73
1904	92,400,000.00	83,525,876.00	220,707,847.60	20,847,726.00	417,481,449.60
1905	113,859,350.00	94,141,407.00	275,103,268.26	27,597,140.00	510,701,165.26
1906	119,900,000.00	97,787,878.00	302,456,178.37	51,319,616.00	571,463,672.37
1907	121,400,000.00	91,475,982.00	361,471,004.40	53,140,210.00	627,487,196.40
1908	119,900,000.00	92,253,293.00	351,204,168.44	49,954,381.00	613,311,842.94

In order to demonstrate how this increase has been taking place, in a general manner, we have framed the preceding table which *sums up* the balance sheets of all the banks in existence on December 31 of each year from 1897 to 1907 and on June 30, 1908.

This table speaks in eloquent terms, and reflects to better advantage the constant progress experienced in the world since 1897 with regard to the facilities which the law of March 19 of the same year, establishing the liberty of banks, granted to the organization of banks of issue.

The capital devoted to banks of issue has been constantly on the increase, with the sole exception of the first half of the present year which has seen a diminution, due almost wholly to the reduction in the capital of the two Banks of the State of Yucatan, the Yucatan and the Mercantile of Yucatan, which, though having $12,000,000 and $6,000,000 respectively, only contributed, when merged, $16,500,000 to the Peninsular.

If we gather into a single table the capital stock properly speaking and the reserve funds, which are in reality an increase of the same, we shall see what has been the onward march and what the effects produced on the operations carried on by the banks, throughout the Republic.

Years.	Capital.	Yearly Increase.
1897	$45,487,000	....
1898	50,971,000	$5,484,000
1899	55,762,000	4,791,000
1900	74,302,600	18,540,000
1901	79,669,297	5,364,697
1902	90,492,971	10,825,674
1903	107,537,082	17,044,111
1904	113,247,726	5,710,644
1905	141,456,490	28,208,764
1906	171,219,616	29,763,126
1907	174,540,210	3,320,594
1908	169,854,381	4,685,829
Yearly average	$12,500,000.	

What we have just done with the capital stock we shall proceed to do with the sums which represent the loans and discounts: that is, the operations realized in the years from 1897 to the present, in order to show that their advance has been proportional to that of the capital stock of the banks, with the exception again of 1908, in which, owing to the crisis through which the country has been passing, the institutions of credit have deemed it necessary to reduce their loans and discounts in order to place themselves in a position to meet their obligations.

Years.	Loans and Discounts.	Yearly Increase.
1897	$65,712,000	....
1898	79,449,000	$13,737,000
1899	113,448,000	33,999,000
1900	127,631,287	14,183,287
1901	135,987,980	8,356,693
1902	173,569,720	37,581,740
1903	200,023,559	26,453,839
1904	216,906,497	16,882,938
1905	263,433,483	46,526,986
1906	302,857,517	39,424,034
1907	309,738,564	6,881,047
1908	226,870,898	82,867,666
Yearly average	$16,116,000.	

If we examine the figures relative to the capital together with those referring to the loan and discount operations, it will be noted that the increases in capital have almost always been brought about by an increase in the total value of the loans effected in the year immediately preceding. The year of 1899 was noted for an increase of $33,999,000 in the loans and discounts, while the next year of 1900 saw an increase in the capital stock of the banks to the extent of $18,500,000; in 1902 the loans and discounts rose from 135 millions to 173 millions, while the capital in the following year increased 17 millions; while the greatest increases in capital of 28 and 29 millions in the years of 1905 and 1906 correspond to the greatest increases of loans and discounts of 46 and 39 millions. The development therefore, in the Mexican banks has not been fictitious, nor the exclusive result of the protection bestowed on them by the Government, rather has it obeyed real necessities felt by the simultaneous progress of our commerce and industry which have been daily demanding a larger investment of capital. The bank notes in circulation have not followed the same ascending proportion as the capital stock and loans. The number of notes retained by the public in its power has barely doubled, while the sum of the capital and loans has quintupled, which proves that, although the use of notes has been growing more general among the various social classes, this work must perforce be slow, so that the guarantees, which notes payable at sight and to bearer should under all circumstances afford, be not exposed to loss.

We give herewith the table of cash on hand and the circulation of notes with the annual increase of both.

The accompanying table brings out the fact that there has not been an exact correspondence in the increases and decreases of the cash on hand with the increases or decreases of note circulation, for while in 1900 the cash decreased two millions, the circulation increased approximately one million, and while in 1902 the cash was reduced by one million and a half, on the other hand the circulation exceeded that of the preceding year by $14,800,000; and again while in 1905 and 1906 the cash declined $7,000,000 and $1,800,000, the note circulation grew to the extent of $10,500,000 and $3,600,000 respectively. But on the other hand each time that the circulation was lessened, as happened in the years 1903, 1904 and 1907, the cash rose to figures of considerable importance.

Years.	Cash on hand.	Yearly increase or decrease.	Notes.	Yearly increase or decrease.
1897	$34,297,000	....	$44,792,000	....
1898	38,373,000	*$4,076,000	54,372,000	*$9,580,000
1899	50,887,000	*12,514,000	63,197,000	*8,825,000
1900	48,394,761	†2,492,239	64,012,464	*815,464
1901	56,213,408	*7,818,647	71,257,626	*7,245,162
1902	54,663,029	†1,550,379	86,145,227	*14,887,601
1903	63,668,973	*9,005,944	84,202,709	†1,942,518
1904	80,599,993	*16,931,020	83,525,876	†676,833
1905	69,862,390	†737,603	94,141,407	*10,615,531
1906	68,055,572	†1,806,818	97,787,878	*3,646,471
1907	74,814,922	*6,759,350	91,475,982	†6,311,896
1908	80,928,310	*6,113,388	92,253,293	*777,311

* Increase. † Decrease.

A certain tendency, however, towards a marked decrease in the excess represented by the note circulation over the cash on hand, is noted.

In 1897	the circulation with regard to the cash on hand represented a decrease of	30 per cent.
In 1898	....	40 " "
In 1899	....	25 " "
In 1900	....	25 " "
In 1901	....	26 " "
In 1902	....	55 " "
In 1903	....	30 " "
In 1904	....	4 " "
In 1905	....	34 " "
In 1906	....	37 " "
In 1907	....	22 " "
In 1908	....	14 " "

Should this tendency become more marked and continue for a greater number of years, it may perhaps prove what is already an accomplished fact in other countries, viz., that in proportion as the banking system of a country becomes more perfected the note issue decreases in importance and comes closer to the level of the cash on hand; because the deposits and checks constitute the greatest force of the metallic circulation movement, a force such as notes payable at sight and to bearer are incapable of giving.

The preceding figures supply, without a doubt, a complete idea of what the banks of issue and discount are in Mexico, as also of the importance which these have acquired in the last few years.

Mexico has been carrying on a most valuable experiment, that of the system of free banks, governed solely by the efficacy of the principles which determine the character and conditions of the operations which they should transact, subjected in a vast territory to the law of competency and inspected by the Government in whatsoever refers to the fulfilment of the obligations imposed upon them. So far the nation has had cause to be satisfied with the experiment carried on, and, as is readily seen, the separation between public and private credit, which this experiment signifies, has been beneficial. The future will sanction, or not, the work of the Mexican Government and prove that the best system is that adopted by the law of March, 1897, since it harmonizes the necessities of free banking with the security of bank note redemption, constituting as this does the cornerstone on which true banking rests.

(To be continued.)

CANADIAN POST OFFICE SAVINGS BANK.

BALANCES at the credit of depositors in the Post Office Savings Bank at the close of November, 1908, again show a falling off, which emphasizes our frequently expressed opinion that the bank does not enjoy the confidence of the public to the extent that might be expected. These deposits are virtually a loan to the Government and on that account the increasing of them should be encouraged, as they keep within the country the interest payable thereon instead of sending it out of the Dominion. The deposits for the month were $782,223, to which was added $1,800, amount transferred from the Post Office Savings Bank of the United Kingdom to the Post Office Savings Bank in Canada, as also $10,635, amount of interest allowed to depositors on accounts closed during the month, bringing up the aggregate to $794,659, and the withdrawals for the same time amounted to $1,097,110, the withdrawals exceeding the deposits by $302,456. Compared with October, the balances at the credit of depositors have a falling off of $302,450, and compared with November, 1907, there is a falling off of $1,432,285. The balances in the Government Savings Banks on November 30 last were $14,445,688. This sum added to the balances in the Post Office Savings Bank on the same date, $45,184,981, makes an aggregate of $59,630,669. Compared with October, this is a falling off of $363,410, and compared with November, 1907, one of $1,659,624. It would thus appear that moneys hitherto deposited in these savings banks have been withdrawn and invested elsewhere at higher rates of interest.—*The Shareholder and Insurance Gazette.*

BANK EXAMINERS CLEARED.

COMPTROLLER of the Currency Lawrence O. Murray has directed national bank examiners to refrain from holding stock in national banks and from becoming borrowers at such banks. The order has been complied with and it can safely be said that now for probably the first time in many years the examiners are neither stockholders nor borrowers at the national institutions and that their investments in bank stock as well as the loans they secure at banks are being made and obtained exclusively at state institutions, private banks or loan and trust companies. The reform has been accomplished without the resignation of a single examiner, which shows that the men are quite strongly attached to their places and will not readily relax their grasp upon the examinerships.

It has been understood for a long time past that the examiners were in some instances too close to the institutions which they examined and that in certain cases they were comparatively large stockholders in such banks. Strong representations on these points have been made at various times in the past and occasionally an examiner has been removed for the reason that he had engaged in irregular transactions involving fictitious loans to him by some institution which he had nominally examined.

It is probable that this was never as widely diffused as some have supposed, but the general situation was such as to lead Comptroller Murray when he took office and studied conditions in the system to attempt a thorough-going reform. The present order is the outcome of the inquiries made and is intended to place the staff beyond reproach in this particular. There is reason to think that as the result of this step and of other reforms lately adopted the force is on a basis of greater efficiency than ever before.

HIS FIRST DEPOSIT.

By W. H. Kniffin, Jr.

IN the preceding papers of this series, we have organized a savings bank of the mutual type, or at least "gone through the motions," and it stands with open doors, its charter neatly framed and hanging in the lobby as evidence that it really is a bank, not only ready but authorized to receive deposits. The men are in their places, and the officials stand 'round, eager to extend the "glad hand" to all who may come in, whether on business or out of curiosity. *A bank is made by its friends,* and its best advertising medium will be the comment of the public and the recommendation of its friends and patrons.

If this bank was of the stock type, similar in this respect to the bank of discount, there would be in its till, or on deposit with its depository banks, the capital stock fund, which would provide an immediate source of income and a working balance with which to do business. But inasmuch as this is a mutual concern, its only funds will be those received from depositors, and its till is empty and the depository banks, reserve agents in name only.

Preliminary Work.

Preceding the auspicious moment when the first depositor steps to the "new account" window and makes his first deposit, a vast amount of preliminary work has been done, as was shown in the previous number. The banking site has been selected with much care as to location, light, tides of travel, prominence, convenience, neighborhood and rental rates. After much discussion with landlords and agents, and much dickering over terms of lease, etc., the contract has been drawn and signed and the quarters are ready for the mechanics and craftsmen. The vaults, counters, fixtures, desks, bookkeeping outfit, stationery and incidentals have all been provided with much labor and careful thought both as to adaptability and cost. The opening announcements have gone forth, both by mail and through the press, and the bank is off on its hunt for money.

Running Expenses.

As already stated, the bank has no funds on which to draw for support, and deposits are its only stock in trade. Not being permitted to use any of the deposits for running expenses, in order to provide for the expenses until such time as the bank can pay its own way, the better way, the logical way, and in New York the compulsory way, is for the trustees to subscribe to an organization fund, out of which the running expenses may be met, and in due time returned with interest. This plan is not of modern origin, for as long ago as 1816, when the Philadelphia Saving Fund Society was started, the contingent expenses were provided for by the voluntary contributions of the managers, which of course were not on a scale commensurate with those of today.

The return of these advances is not a legal obligation on the part of the bank, but moral only. But in order to keep the bank solvent at all times, the assets must equal the liabilities, and to

BOOK NO. 80908 DATE OF SIGNATURE Feb. 9, 09

I AGREE TO BE GOVERNED BY AND TO ABIDE BY THE BY-LAWS AND REGULATIONS OF THE CHATTANOOGA SAVINGS BANK.

NAME Daniel Boone

POST OFFICE ADDRESS Sunshine Ave., Nashville Tenn.

BUSINESS Explorer

AGE 90 BIRTHPLACE Does not remember

FATHER'S NAME Matthew

MOTHER'S NAME Eliza

NAME OF HUSBAND

NAME OF WIFE Ellen

Form 1.—Signature Card of Chattanooga Savings Bank, Nashville, Tenn. In very good arrangement.

use the depositors' money for expenses would be neither wise nor lawful. Hence the contribution of the men interested. In the case of one bank in Greater New York, the trustees came forward with upwards of $15,000 in order to provide the equipment and running expenses for the first year. Another bank was fortunate in obtaining the quarters of a defunct commercial institution at a nominal cost, but even at this their expenses for the first six months were over $6,000. Another was equipped, after a few years, with a handsome home by a syndicate, and paid as remuneration a fair rental on

To be filled out only in handwriting of John Blank and returned to Oneida County Savings Bank. It will save you trouble when you come to draw.

Signature Card. No. 59910

ONEIDA COUNTY SAVINGS BANK
ROME, NEW YORK.

Signature John Blank

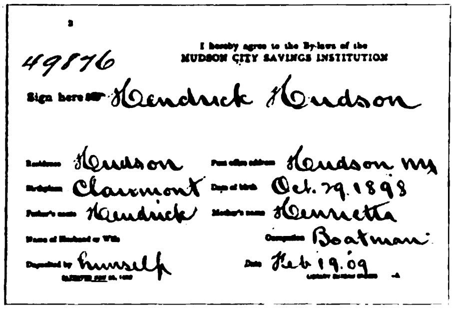
Address 809 Manhattan St

Father's Full Name Peter B Blank

Mother's Full Name Anna Maria Blank

Husband or Wife's Name Sara Jane

Form 2.—Signature Card without much detail.


I hereby agree to the By-laws of the HUDSON CITY SAVINGS INSTITUTION

49876

Sign here Hendrick Hudson

Residence Hudson — Post office address Hudson NY

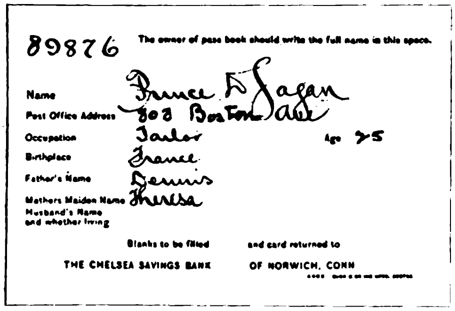
Birthplace Clairmont — Date of birth Oct. 29. 1898

Father's name Hendrick — Mother's name Henrietta

Name of Husband or Wife — Occupation Boatman

Deposited by himself — Date Feb 19. 09

Form 3.— **Card Signature Form with full details. A good form. Size 3 x 5.**


89876 The owner of pass book should write the full name in this space.

Name Prince D Fagan

Post Office Address 308 Boston Ave

Occupation Tailor — Age 25

Birthplace France

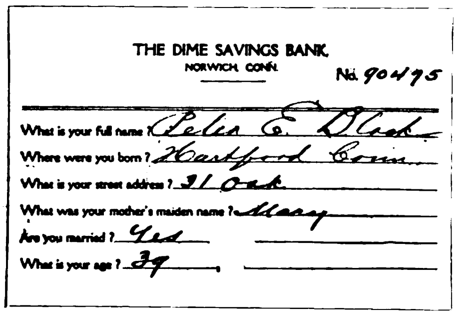
Father's Name Dennis

Mothers Maiden Name Theresa

Husband's Name and whether living

Blanks to be filled and card returned to THE CHELSEA SAVINGS BANK OF NORWICH, CONN

Form 4. — Signature Card in good arrangement, 3 x 5 in size.


THE DIME SAVINGS BANK

NORWICH, CONN.

No. 90475

What is your full name? Peter E. Black

Where were you born? Hartford Conn

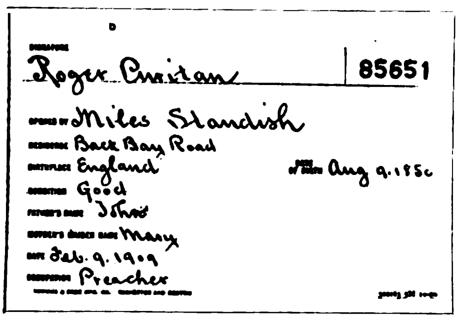
What is your street address? 31 Oak

What was your mother's maiden name? Mary

Are you married? Yes

What is your age? 39

Form 5.—Signature Card with simple details.


D

Roger Conistan — 85651

Miles Standish

Back Bay Road

England — Aug 9. 1850

Good

John

Mary

Feb. 9. 1909

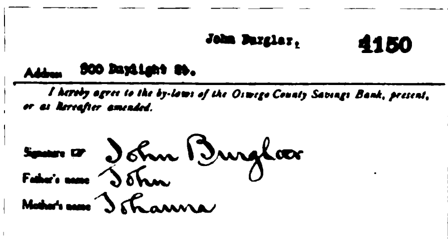
Preacher

Form 6.—Signature Card, Charlestown Five Cent Savings Bank. Boston. 3 x 5 in size and very plain.

the amount invested. How long it will take a bank of this character to "get on its feet" depends upon the volume of business, the prevailing rates for money, the expenses and management. As the margin of profit in ordinary times and under usual conditions, will not be more than from one to two per cent., a bank having a running expense of $5,000 will need upwards of half a million before it can begin to repay the trustees. One new institution organized just before the panic of 1907 was able to place its money to such good advantage that the margin of profit was nearly two per cent., and it will become self-supporting in about one-half the usual time.

His Money.

In previous papers, the ethics of the savings bank have been thoroughly discussed; the thrift habit advocated, and


John Burglar, 4150

Address 500 Daylight St.

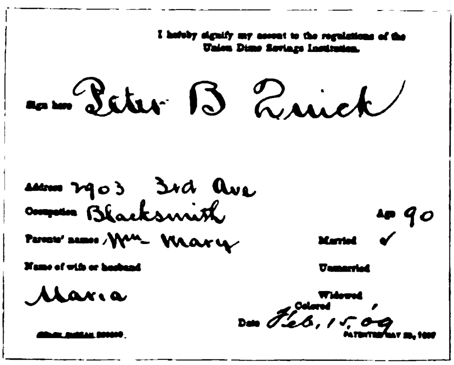
I hereby agree to the by-laws of the Oswego County Savings Bank, present, or as hereafter amended.

Signature John Burglar

Father's name John

Mother's name Johanna

Form 7.—Signature Card without much detail. Blank space at the top can be used for filling in the name by bank officials, making the names easily read. Typewriter used on this one to indicate the purpose of the blank space.


I hereby signify my assent to the regulations of the Union Dime Savings Institution.

Sign here Peter B Zwick

Address 1903 3rd Ave

Occupation Blacksmith — Age 90

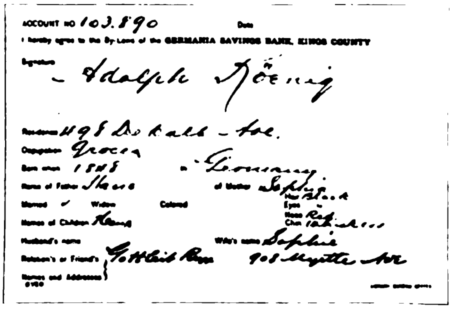
Parents' names Wm — Mary — Married ✓

Name of wife or husband — Unmarried

Maria — Widowed — Colored

Date Feb. 15. 09

Form 8.—Signature Card of the Union Dime Savings Institution. New York. One of the smallest submitted, being but 3 x 4 inches.


ACCOUNT NO 103.890

I hereby agree to the By-Laws of the GERMANIA SAVINGS BANK, KINGS COUNTY

Signature Adolph König

Form 9. — Signature Card with complete details. Note the personal description.

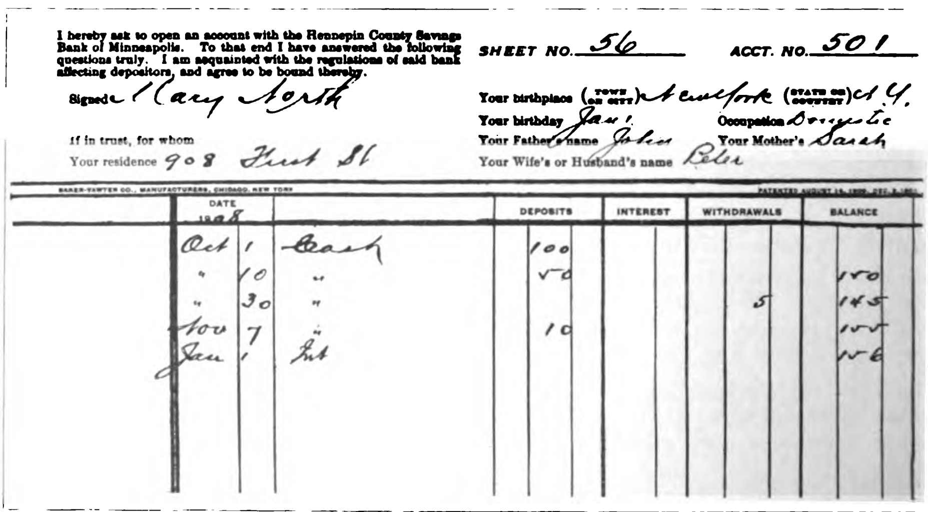
the benefits of the savings bank to the individual and to the community presented at length. Having found a man of thrifty habits "looking for a bank and found ours" we will proceed to open a new account with him,—*his first deposit and ours.*

He would do well to have a care how he hands in this money, for in some banks they are "mighty particular." The truck driver who had a wad of bills rolled up like a ball, crushed and crumpled into a hard mass and tucked up his sleeve; or the depositor with three cigar boxes full of silver—all loose—would have found a cold reception at some counters. Likewise the countryman who offered as his first deposit a motley collection of coin and bills that would have delighted the heart of the numismatist. He had been hoarding for thirty years, but finally decided to put his money in the bank rather than in the garret. Doubtless at many banks he would have been directed to the coin collector's. But inasmuch as this bank takes "any kind of money that's good," such depositors need have no scruples.

What Kind of an Account?

With money in hand the new depositor is directed to the "new account" or "signature" window, where his pedigree will be taken and pass book issued to him. He will be asked what manner of account he would like to open, and the obliging clerk will explain that the bank opens "joint accounts," "trust accounts" and "single name accounts," and the character of each will be made plain to him.

A *single name account* will be his sole property during life and at death


I hereby ask to open an account with the Hennepin County Savings Bank of Minneapolis. To that end I have answered the following questions truly. I am acquainted with the regulations of said bank affecting depositors, and agree to be bound thereby.

Signed Mary North

If in trust, for whom

Your residence 908 First St

SHEET NO. 56 ACCT. NO. 501

Your birthplace (town or city) New York (state or country) N. Y.

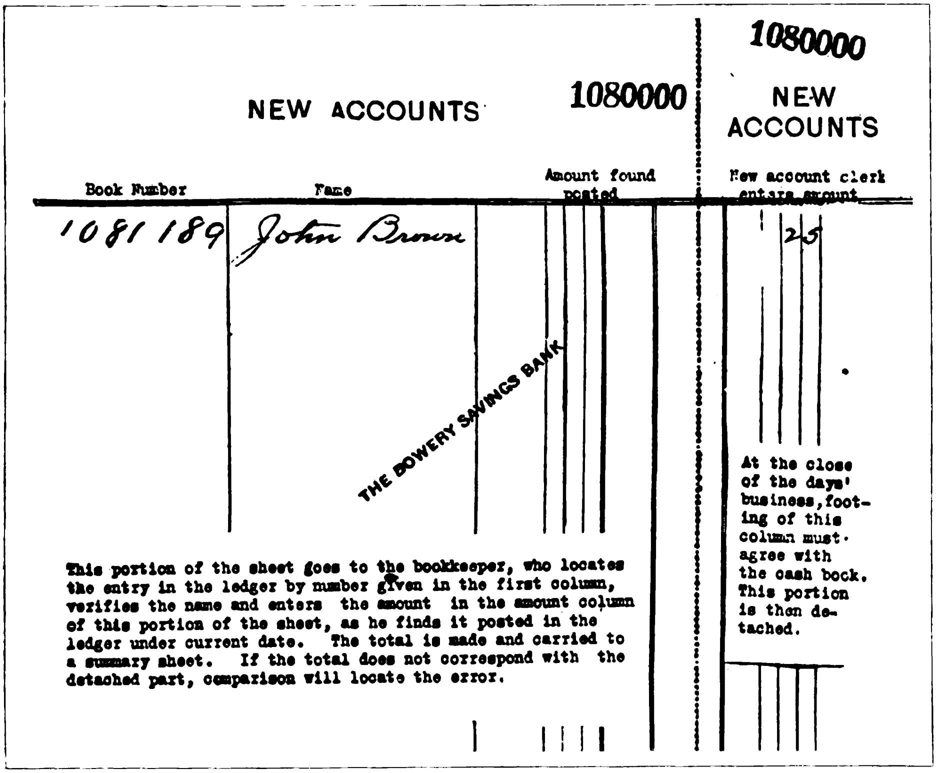
Your birthday Jan 1 Occupation Domestic

Your Father's name John Your Mother's Sarah

Your Wife's or Husband's name Peter

Date 1908			Deposits	Interest	Withdrawals	Balance
Oct	1	Cash	100			
"	10	"	50			150
"	30	"			5	145
Nov	7	"	10			155
Jan	1	Int				156

Form 10.—A Loose Leaf Ledger and Signature Card combined. A unique idea. All information desired about an account in one place. The only objection is that the depositor must be present in person in order to sign the sheet. By using cards, accounts may be opened by mail. A separate slip could be used with this form, pasting in when signed. It would seem to be a pretty good scheme.


NEW ACCOUNTS 1080000

1080000 NEW ACCOUNTS

Book Number | Name | Amount found posted | New account clerk enters amount

1081189 | John Brown | | 25

THE BOWERY SAVINGS BANK

This portion of the sheet goes to the bookkeeper, who locates the entry in the ledger by number given in the first column, verifies the name and enters the amount in the amount column of this portion of the sheet, as he finds it posted in the ledger under current date. The total is made and carried to a summary sheet. If the total does not correspond with the detached part, comparison will locate the error.

At the close of the days' business, footing of this column must agree with the cash book. This portion is then detached.

Form 11.—New Account Teller's Proof as used in the Bowery Savings Bank.

the balance due will be paid to his legal representatives. In some parts of the country, notably in Pennsylvania, a book is kept in the bank in which the depositor "shall be at liberty to appoint some person or persons to whom, in the event or his or her death the money shall be paid if not otherwise disposed of by will." The *joint account* will be payable to either, and in case of death will belong to and paid to the survivor. The *trust account* will be his sole property, as in the single name account, but in case of death the balance due thereon will belong to and paid to the beneficiary in whose name the account was made. This is the New York rule, and sanctioned by the highest court, and is coming to be quite general in savings bank practice. As a general rule savings banks will not go beyond the limits of these three forms, except society accounts. Some banks will not accept the latter and some will not take the trust account. Others refuse the joint account, and still others will not open accounts with persons who cannot write.

His Signature.

This man would like a single name account. This will be "absolutely your property until death, when the bank will pay your legal representative," explains the clerk. This will be satisfactory, and a signature card is handed him (Forms 1-10), containing the number of the pass book which he is to receive, the amount, date, and other data which will be explained presently. While he is writing his name, the clerk will make out a ticket (forms of deposit tickets will appear in a subsequent number) with the number, amount, and afterwards the name. In large banks the procedure will vary somewhat, the

SIGNATURE SLIP

John Greenback

The above is my signature for the signature book of The Bowery Savings Bank, New York.

Form 12.—Signature slip to be pasted in Signature Book when depositor is not present in person.

receiving teller taking the money and passing it along to the new account clerk with ticket calling for a new book and pass the transaction through as a regular deposit. In others, notably the larger banks, depositors wishing to open new accounts, are turned over to the new account teller, who takes the money and issues the pass book, and at the end of the day turns the amount so received over to the paying teller, and starts each day without any balance on hand, except it may be a small amount of "change." (Form 11.)

These methods will be dwelt upon at length later, in quoting the systems of larger banks. But this is a small bank, where the same clerk receives the money and prepares the pass book. In handing in the money, *it is the universal rule to require the depositor to state how much he wishes to deposit,* and generally savings banks do not require depositors to make out their own tickets, owing to the fact that many are unfamiliar with banking methods and would be sure to get it wrong.

Coming back with his card duly signed, in many banks, he would also be required to sign on the signature book (Forms 12 and 13), giving a permanent record, and at the same time permitting the card to be sent out by mail for signatures in banking by mail, or to obtain missing signatures. The cards are more quickly available for comparison of signatures and are

Form 31.)

The Western Saving Fund Society

OF PHILADELPHIA

Tenth and Walnut Streets.

SIGNATURE BLANK.

M William Penn

Please answer the questions in the following form, and sign your name in the ruled space below, and also on the accompanying card.

Residence 400 Chestnut St.

Occupation Retired

Married or single Married

I desire to open an account with The Western Saving Fund Society of Philadelphia, and hereby assent to the rules and regulations of the Society, and to any future amendments thereto, and agree to be bound thereby.

Sign your name (in ink) inside the space.

Wm Penn

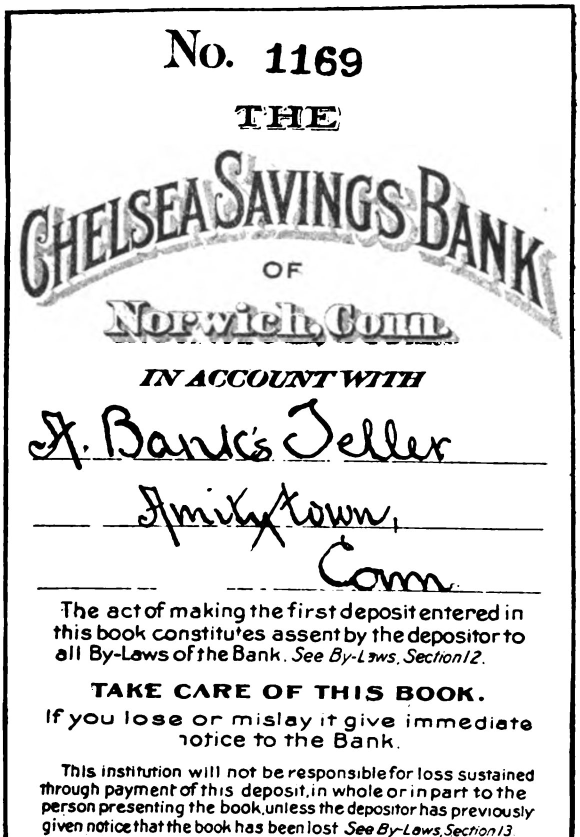
Form 13.—Frequently accounts are opened for others. In order to obtain the signature of the one in whose name the account stands, this form is used by the Western Savings Fund Society of Philadelphia, Pa.

becoming to be universally used for this purpose, as will be seen in discussing payments to depositors, subsequently.

Owing to the fact that this man may not come back in years and being one of those who do not write often enough to develop a regular signature and stick to it, it may be needful to have some test questions to put to him in event of not being able to identify him by his handwriting. These will also be valuable in the event of this account becoming "dormant," when it will be necessary, at least advisable, to trace him through his family connections.

TEST QUESTIONS.

The problem is to ask enough to have several lines of identification, and at the same time, not too much detail to be wearisome and in appearance inquisitive. The usual questions are: Age, date of birth, father's name, mother's maiden name; whether married or single; occupation; place of birth; residence (street and number), and sometimes husband's or wife's


No. 1169

THE

CHELSEA SAVINGS BANK

OF

Norwich, Conn.

IN ACCOUNT WITH

A. Banks Teller

Amitytown,

Conn.

The act of making the first deposit entered in this book constitutes assent by the depositor to all By-Laws of the Bank. *See By-Laws, Section 12.*

TAKE CARE OF THIS BOOK.

If you lose or mislay it give immediate notice to the Bank.

This institution will not be responsible for loss sustained through payment of this deposit, in whole or in part to the person presenting the book, unless the depositor has previously given notice that the book has been lost *See By-Laws, Section 13.*

Form 14.—Particular attention is called to the clause on the cover of this Pass Book just beneath the name as follows: "The act of making the first deposit entered in this book constitutes assent by the depositor to all By-Laws of the Bank." It is literally and legally true. It is a most excellent idea and worthy of wide adoption. For further discussion see text.

name and the number of children. In the matter of children, it is not wise, for in many instances it is only correct for a short time, especially in the case of foreigners. A bank debating this question, can make its own selection; I have given all the usual and leading test questions to be found among the banks. If the signature book and card both are used, *all the book need contain is the name and address.* It is better to have too much than too little, but some people dislike to be questioned, while others become suspicious that due care is not taken if too little is asked. Said a woman to the writer, "How is it you ask so many questions while the other bank just asked me to write my name?" And another, "Don't you take my husband's name and the number of children?—the other bank does." A study of the forms herewith will be of interest in this connection.

Where the signature book alone is used, and there are many such cases, a slip similar to Forms 12 and 13 is used where the depositor does not come in person. This is generally gummed on the back, and is pasted in the book when properly signed. In such instances, of course, the full details would be taken in the book. The trouble with the book is the "dead wood" that is bound to accumulate, making a search for signatures troublesome and lengthy on that account. Cards are sorted out and filed away when the account is closed and are strongly recommended. They are at immediate command when wanted and are infinitely superior to the book.

His Bank.

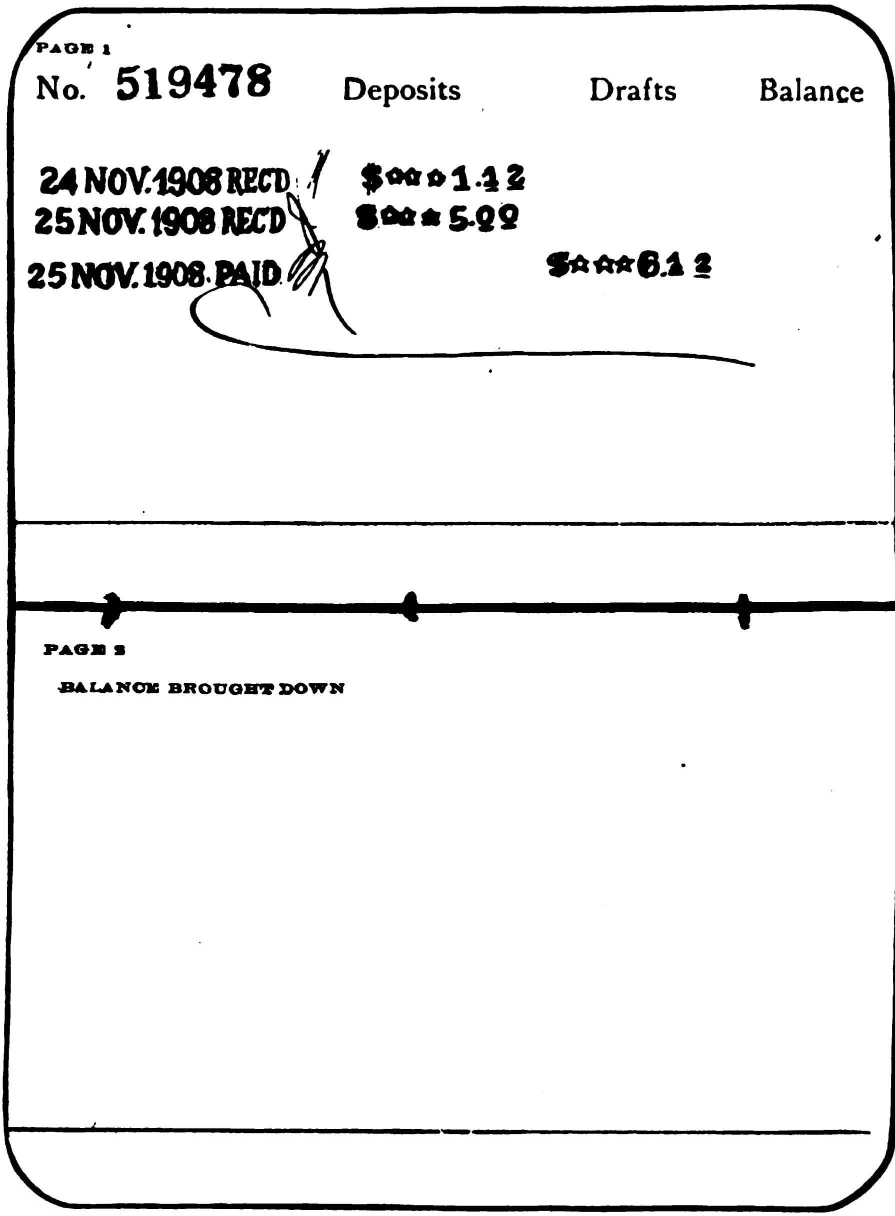
A little girl went into a savings bank the other day and said, "Mister, I want to join the bank. Here's a dollar." She was right. The new depositor "joins the bank." *This man by subscribing his name to the card or signature book has joined our bank* and is henceforth a member of the corporation. He will be governed by the by-laws, rules and usages of this bank. It is hereafter "his bank," and he will be interested and affected by every loan and every investment and every success and every failure of "his bank." Just the legal relation hereby established, is too lengthy a subject to be treated at this time. He has entered into a contract with the bank and the bank with him. The terms of that contract are to be found in the pass book which he will receive,—this is universally true.

Particular attention is called to the cover of the pass book of the Chelsea Savings Bank, reproduced herewith, which contains on its face a clause to the effect that the acceptance of the book is sufficient to establish the fact that the depositor agrees to be bound by the conditions to be found therein. This is literally and legally true. The book is the contract between the bank and himself, and if he does not wish to leave his money subject to the conditions of that contract, let him return the book and get his money. That he speaks another language than that in which the contract is printed will not excuse him,—let him get someone to explain it to him. That a bank deals with people speaking twenty different languages, is not to say it must print its rules in twenty different tongues, although the Union Dime Savings Institution of New York prints its by-laws in three languages, English, German and French; but this is not compulsory. So says the law and so says common sense. He must acquaint himself with the by-laws, and failure to do so is at his own peril. They are just; they are reasonable; they are for his protection as well as the bank's, and he will be required to abide by the contract into which he has entered and so will the bank.

Methods of Identification.

In the event of this man being unable to write (and many savings bank depositors are unable to do so), he will be asked to make his mark, or perhaps bring some one to identify him. And in addition to the usual questions, the color of his eyes, hair, facial characteristics may be taken (Form 9), and if possible a distinguishing mark, or a scar, which is usually a good proof. In the case of foreigners, many have pocket stamps, private marks, used as a "trade mark," and this may also be taken. But a scar, if permanent, is often a valuable help, and in law, a bank taking all reasonable precautions to ascertain the identity of its depositors will be protected.

The methods of proving the correctness of the new accounts will be treated under "posting and proving meth-



PAGE 1

No. 519478	Deposits	Drafts	Balance
24 NOV. 1908 REC'D	$☆☆☆1.12		
25 NOV. 1908 REC'D	$☆☆☆5.00		
25 NOV. 1908 PAID		$☆☆☆6.12	

PAGE 2

BALANCE BROUGHT DOWN

Form 15. — Pass Book of the Union Dime Savings Institution of New York in which all entries are made by adding machine.

ods" and at the same time descriptions of the systems used in large banks for this purpose will be given, and we proceed with the issuance of the pass book. (See Form 11.)

His Pass Book.

The evolution of the pass book* would afford as interesting a study as the evolution of the depositors' ledger, which it has closely followed in form. It should be a duplicate, and it would not be too strong to say, an *exact duplicate* of the ledger account. In other days, the debit and credit page was largely used, and is yet in many places, but the balance form, providing for extending the balance at each transaction, is coming into universal use. In large banks, where the volume of business is large and deposits multitudinous, the old form seems popular, as it obviates the chance of making errors in extensions, and an error in the balance is often fruitful of misunderstanding, as the depositor is apt to get the notion that this is the balance in the bank and where error has been made in extending it is difficult to explain at times. Where this form is used, it might be well to insert a clause in the pass book in a prominent place, something as follows: "The balance shown in the balance column is memorandum for the convenience of depositors only. It is not guaranteed to be correct, unless the book is presented at the bookkeeper's window and the amount shown therein is verified by comparison with the ledger account." This will avoid misconceptions of its purpose.

Savings bank pass books have hard usage and should be made with this in view. The cover should be of light but strong material that will bend without breaking. Boards should never be used, unless of extra weight, but this adds to the mailing cost, and the same end can be gained by using a light,

NEW ACCOUNT TELLER'S
PROOF

Feb. 1, 1909

Cash to Paying Teller.			
Specie,	15	000	
Mutilated,		29	
1s,		350	
2s,		180	
5s,	3	525	
10s,	2	000	
20s,		98[illegible]	
50s,		4[illegible]0	
100s,	[illegible]	000	
500s,		500	
1000s,			
Packages,	6	000	
Checks,		50	
do		185	90
do		98	75
		50	
Total,	30	398	65

(Figures fictitious)

THE BOWERY SAVINGS BANK

Form 16.—New Account Teller's Proof of Cash. – Bowery Savings Bank.

tough material. Special attention should be given to the opening qualities, as some books otherwise good go to pieces after a few months' use. They should be well stitched or wired, preferably the former, and should be made by an experienced firm, as the average printing house does not do enough of this work to "know how." Experimenting in this line has cost one bank more than their share of trouble in the pass book line. Get good ones and go where they know how to make that kind, and pay a little more if necessary for good work.

* Forms of pass books will appear in the April number.

Varieties of Pass Books.

As to size, it is a matter of judgment, but it is well to have the book small enough to go in an ordinary mailing envelope, and of the number of samples at hand, the most desirable size would seem to be 3½x6 inches, which gives room enough for working space and yet leaves the book small enough to be mailed without special cover. A bank in Connecticut has its books the same size as an ordinary bill. Some of the New York banks have books so large that a trip to the stationery store is necessary if it is to be sent through the mails, and sometimes the stationer cannot furnish envelopes so large. The book of the Union Dime Savings Institution shown herewith, is about as small as a book can well be, 3x4½ inches, and is rivaled only by that of the State Savings Bank, Topeka, Kansas, which is but 2½x3½, but all entries are made in this bank (Union Dime) by adding machine, a feature quite distinctive in savings bank work. (See Form 15.)

Manipulating the Pass Books.

Some years ago a clever rogue opened two accounts, one for a small sum and the other for a larger. This was before the day of close comparison of pass books and ledgers, and before the large numbers on the pages came into general use. By manipulating the leaves of the two books he was able to "beat the bank" out of the difference between the two books. This could not happen in the average bank today, for all balances are verified before payment. But such swindles have had much to do in perfecting the savings bank pass book as we find it today, and also installing better methods of accounting in such institutions.

Pass Book Suggestions.

The custom of writing out the amount of deposit seems to be dying out, if the hundred samples are to be a criterion in this regard. The protection afforded thereby is questionable, although it still obtains in many places. The entry, however, should always be initialed by the clerk making the same. The name is sometimes written on the cover, as well as inside, but this is a matter of taste. The book should in every instance contain those sections of the by-laws and regulations affecting depositors. *This is very essential,* as previously indicated. The interest rules, hours of business, and other information should also be inserted, and if subject to change, on a separate leaf, to be pasted in the book. The officers are frequently changing and trustees die or drop out and it is no unusual thing for a bank to find itself, where the books are purchased in quantities, as they should be for economy's sake, with a lot of books, with dead men's names or those not connected with the bank, thereon.** As a remedy, it is suggested that this part be kept separate and added by an insert, or the books can be made up, all but the cover containing the officers, etc., and completed in lots of five hundred or a thousand, as the needs demand. *This will keep the list fresh and up to date, a desirable feature.*

Having received his contract "duly drawn and delivered," his first deposit is complete and our first depositor has been duly initiated into the ranks of the savings bank depositors,—one of the great army of the contented. May he live long and prosper.

** Since this was written a case has come to notice of a savings bank which has just moved into its handsome new building, and to celebrate the occasion changed its pass books. A fine engraving of the building adorned the front cover, and the book was a creditable piece of work. The new books had been used but two months, when three of the officers listed on the back were changed and the bank finds itself with a large number of books on hand which do not contain the correct list of officers and trustees. A little forethought would have avoided this.

UNCLAIMED DEPOSITS GO TO THE STATE.

BY a recent decision the Massachusetts Supreme Court has declared constitutional the law of that State which provides that deposits in Savings banks and trust companies which have been dormant for thirty years shall escheat to the State, subject to recovery, however, by the rightful owner. As the matter of unclaimed accounts has been widely discussed of late, we give the decision in full. The case was that of Malone, Attorney-General, vs. the Provident Institution for Savings, and the opinion of the Supreme Court was delivered by Knowlton, Chief Justice.

This application to the probate court was brought by the Attorney-General, under the St. 1907, c. 340, which is now found in the St. 1908, c. 590, ss. 56 and 57. This statute is as follows:

Section One. The Probate Court shall, upon the application of the attorney-general and after public notice, order and decree that all amounts of money heretofore or hereafter deposited with any savings bank or trust company to the credit of depositors who have not made a deposit on said account, or withdrawn any part thereof, or the interest, or on whose pass books the interest has not been added, which shall have remained unclaimed for more than thirty years after the date of such last deposit, withdrawal of any part of principal or interest, or adding of interest on the pass book, and for which no claimant is known, or the depositor of it cannot be found, shall, with the increase and proceeds thereof, be paid to the treasurer and receiver general, to be held and used by him according to law, subject to be repaid to the person having and establishing a lawful right thereto, with interest at the rate of three per cent. per annum from the time when it was so paid to said treasurer to the time when it is paid over by him to such person.

Section Two. Any person claiming a right to money deposited with the treasurer and receiver general under the provisions of the preceding section of this act . . . . . may establish the same by a petition to the Superior Court, as provided in section one of chapter two hundred and one of the Revised Laws, as amended by section one of chapter three hundred and seventy of the acts of the year 1905.

The question presented by the report is whether the law is constitutional. The objections to it, on the part of the respondent, are that it is in contravention of the constitution of Massachusetts, and particularly of sections ten and twelve of the Declaration of Rights, that it is in contravention of the fourteenth amendment of the Constitution of the United States in that it deprives persons of their property without due process of law, and that it is in contravention of the new Constitution in that it impairs the obligation of contracts.

Inasmuch as the depositors referred to in the application have not appeared, and no one represents them or any of them before the court, objections to the constitutionality of the statute, founded only on their interests, are not open to this respondent. (Hingham vs. Quincy Bridge Corp., 6 Allen 353-357; Lampasas vs. Bell, 180 U. S. 276-284; Hatch vs. Reardon, 204 U. S. 152-160.)

But inasmuch as most of the objections that they might make are founded upon considerations which are applicable to the claims of this respondent, although perhaps from a different point of view, we shall deal with the questions presented without close scrutiny of the respondent's right to raise them.

The principal argument of the respondent has been in support of six propositions, as follows:

One. The Legislature cannot substitute another person for the person with whom the depositor made his original contract.

Two. The Legislature cannot substitute a right to the whole of a small fund for a proportional share of a deposit in a very large one.

Three. The Legislature cannot turn a cestui que trust of the savings bank into a mere creditor of the state.

Four. The Legislature cannot impair the depositor's right to interest.

Five. The Legislature cannot deprive the respondent of the right to retain the deposits until called for by the owners.

Six. The Legislature cannot deprive a bank of its right to do business in accordance with the terms of its charter.

The argument in support of these propositions seems to assume that the contract between the respondent and each depositor was made to continue for all time, even if the depositor should die, leaving no heirs, so that his property would escheat to the commonwealth under the R. L. c. 140, s. 3, or should absent himself for many years from the commonwealth, leaving no one to represent him or care for his estate, and should abandon his property altogether. On the contrary the charter granted to the Institution for Savings and the contract between the institution and its depositors must be assumed to have been subject to the sovereign power of the commonwealth, through proper proceedings, to take possession of the property that escheats to the commonwealth and hold it as its own, and also to take into its care and custody property abandoned by its owner, when he is an absentee from the commonwealth, leaving no one to represent him for many years, and cannot be found. The right of the commonwealth, in its sovereign power, so to take property into its control under such circumstances, is well established. (Nelson vs. Blinn, 197 Mass. 279; Cunnius vs. Reading School District, 198 U. S. 458; S. C. 206 Penn. St., 469; Deadrock vs. County Court, 1 Cold. [Tenn.] 202.)

The contract between the corporation and each depositor, by an implied condition, was to be subject to termination by the commonwealth whenever conditions should arise that would justify the state in exercising this power to take the property into its care for the benefit of the persons entitled to it, and when the commonwealth, in view of these conditions, should assert this power. There is nothing in the respondent's charter that limits the right of the commonwealth in these particulars. By the act of the Legislature the corporation was authorized to receive deposits of money, and to use and improve them to the best advantage for the persons making the deposits. (St. 1816, c. 92.) The ownership of the property by the depositors, and the right of the commonwealth to deal with property within its jurisdiction, are not affected by the statute.

The property is within the commonwealth and subject to its jurisdiction. The obligation of a savings bank, chartered in Massachusetts, to one of its depositors, is property subject to the jurisdiction of the state, as much as any tangible chattel. (Blackstone vs. Miller, 188 U. S. 189; Cunnius vs. Reading School District, 198 U. S. 458; S. C. 206 Penn. St. 469.)

If the court, under R. L. c. 144, as amended by the St. 1904, c. 206, had appointed a receiver of the property of any one of these depositors as an absentee from the commonwealth, there is no doubt that he would have been entitled to collect the money from the respondent and hold it, under the doctrine stated in Nelson vs. Blinn, ubi supra.

Most of the questions raised by the above quoted propositions could be raised as well, in objecting to the constitutionality of the proceedings, if the suit were brought against the savings bank by a receiver appointed under that statute. Such a suit would be founded on the commonwealth's right to take possession of the abandoned property of an absentee. All the conditions necessary to the exercise of this right must exist before action can be taken under the statute now before us. Thirty years must elapse after the last act of the depositor in relation to his deposit; and the deposit must be one for which no claimant is known, or of which the depositor cannot be found. These facts show, at least prima facie, that there is no owner in charge or care of the property, and seemingly that it has been abandoned. The last known owner is an absentee, within the meaning of the word as used in the decisions above referred to. The length of time that the property has been left, without any action by him in regard to it, furnishes a strong presumption that, willingly or unwillingly, or ignorantly, he has permanently abandoned it. Such facts give the state jurisdiction to take it in charge.

There is nothing unconstitutional in the disposition made of it under the statute. It is to be held and used by the treasurer and receiver general according to law, but all the time in recognition of the rights of the owner, and of the necessity of repaying it to him, with interest, when he establishes his lawful right thereto. The commonwealth, under the statute, becomes a kind of trustee for the owner. The security of the owner is ample.

No question has been raised by the respondent in regard to the course of procedure under the statute. The courts can be trusted to apply the statute properly, under the rules of law. Under our statutes probate courts are to make rules requiring notice of proceedings before the courts to be given to parties interested. (R. L. c. 162, s. 30.) This means proper notice, which, as against a respondent savings bank, would be nothing less than a personal notice. Besides the general requirements of the R. L., this act specially prescribes public notice. This is sufficient. Kentucky Railroad Tax Cases, 115 U. S. 321-334. (Beaks vs. DeCunha, 126 N. Y. 293.) The statute implies that the whole course of procedure will be legal and proper.

Inasmuch as the state has the substantive right to take the property into its charge and terminate the relations between the savings bank and the depositor under the conditions described in the statute, and to hold the property as a trustee for the true owner until he comes and establishes his right, the statute is constitutional.

Decree of probate court affirmed.

This decision, in effect, merely substitutes the State for the bank as the trustee of the depositor's money, should he finally be found, but if not, the State will get the use of the money indefinitely. About the only advantage a bank gained from these deposits consisted in the surplus of earnings on them over the amount necessary to pay the dividend; or if interest ceased altogether after a certain period, the entire earnings, after that period, could go to the bank's surplus. The deposit itself, whether held by the bank or by the State, is from the beginning and for ever remains a trust fund. We see no reason why the State should be a better custodian of these trust deposits than the banks. The law might well provide that the savings banks and trust companies should hold back such funds, except in the case of liquidation, when they should be turned over to the State or to some other trustee.

According to the report of Bank Commissioner Pierre Jay for 1907 there were 1921 accounts in the Massachusetts savings banks that had been dormant for twenty years. This report further showed that a comparison of the returns made in 1887 with those made by the same banks in 1907 disclosed the fact that in 1887, sixty-eight banks reported 1422 accounts, amounting to $478,388.28, and during the intervening twenty years the ownership of 1104 of these accounts, amounting to $356,364.70 has been established.

INCREASED GOVERNMENT BOND ISSUES.

MUCH is heard in Congress and in the press these days about large government bond issues in connection with public buildings, waterways and similar enterprises. Theoretically there is nothing more attractive than the thought of carrying out on broad, well considered lines great internal improvements, national in character and paid for from the national purse, but in practice it would be a most difficult task, with every step of the way menaced by the risk of unnecessarily high costs and the impairment of Government credit.

The reasons for this are not difficult to find. The citizens of the older nations are habituated to rely on the central government for the initiation and execution of large public undertakings, as well as for their adequate safeguarding. Not so in the United States. Here the individual or group of individuals, is and always should remain, so far as possible, the originator and executor of enterprises. While our people's admiration for and loyalty to the government of their creation is unstinted they do not hold in high esteem its capacity for the efficient and economic management of large affairs nor disdain personally to profit therefrom. In this connection it is instructive to turn to the humiliating history of our river and harbor improvements of which President Roosevelt recently said in his message to Congress, "We know that our rivers can and should be made to serve our peoples effectively in transportation, but the vast expenditures for our waterways have not resulted in *maintaining,* much less in promoting inland navigation." He then recommends the adoption of a comprehensive plan which would give the people "the benefits for which they have paid, but which they have not received."

The Panama Canal illustrates our inability to forecast costs even after exhaustive investigations by our best engineers. Mr. Taft admits that the original estimate of $140,000,000 for this laudable enterprise will have to be doubled, and a bill has even been introduced in Congress naming $500,000,000.

Again, we are the most wasteful and extravagant of nations. We not only squander our natural resources, but our method of handling national expenditures is as unscientific and indefensible as is our banking and currency system. In France, a nation practically devoid of natural resources, thrift is a "vice," while the "besetting sin" of this richly endowed land is extravagance. It is the first lesson learned by the immigrant, and to a greater or less degree it influences his whole future career. No official ever penned a sentence of greater wisdom than that of President Roosevelt when, in the message to Congress just referred to, he wrote "Our first and greatest task is, to set our house in order and begin to live within our means." The fact that since July 1, 1908, we have expended nearly $80,000,000 in excess of our receipts, should cause concern to the most thoughtless.—*Fisk and Robinson's Bulletin of Investments for February.*

NEW GOLD CERTIFICATES.

SECRETARY CORTELYOU has had prepared at the Bureau of Engraving and Printing new designs for gold certificates of the ten and fifty dollar denominations. On the face of the ten-dollar certificate is an admirable bust portrait of the late President Cleveland, the lower part framed in a wreath of laurel, and on the face of the fifty is an equally fine portrait of General Grant, similarly treated with a wreath of oak leaves.

The text on the face of each of the notes is so arranged as to have the general effect of a wide pedestal, upon which the busts are resting. The numerals in the corners of the notes are large and conspicuous and the scroll engraved borders are narrower than in other notes, leaving a larger white space in the centers. The backs of the notes are printed in gold bronze color, used exclusively in printing gold certificates.

It is the opinion of the Treasury officials that the designs for the new notes are superior to any hitherto put out by the Government.

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq.,
Author Uniform Negotiable Instruments Act.

IMPORTANT LEGAL DECISIONS OF INTEREST TO BANKERS.

All the latest decisions affecting bankers rendered by the United States courts and State courts of last resort will be found in the Magazine's Law Department as early as obtainable.

Attention is also directed to the "Replies to Law and Banking Questions," included in this Department.

DUTY OF DEPOSITOR TO NOTIFY BANK OF FORGERY—EFFECT OF DELAY.

McNEELY CO. vs. BANK OF NORTH AMERICA.

SUPREME COURT OF PENNSYLVANIA, JUNE 2, 1908.

It is the duty of a depositor to give the bank prompt notice whenever he discovers that checks bearing forged signatures have been charged to his account.

If the depositor fails to give such notice promptly he cannot recover of the bank, even though the bank fails to show that it has been prejudiced by the delay.

THIS action was brought to recovei the amount of ninty checks to which the signatures of the payees had been forged by a person in the employ of the depositor. The fact that some of the indorsements were forged was discoverd by the depositor about January 1, 1904, and within two or three weeks thereafter he knew that a very large number of the ninety forgeries had been committed; but no notice of this was given to the bank until nearly three months afterwards.

Brown, *J.* (omitting part of the opinion): The duty of a depositor in a bank, upon discovering that it has paid and charged to his account either a check bearing his forged signature as drawer or his check on the forged indorsement of the payee, is to promptly notify it of the forgery. This notification is not only a duty, but it is what a depositor will instinctively do on discovering, upon the return of his bank book with canceled checks charged to his account, that there are among them some which he never signed or which were not paid to the payees named in them. This duty is not questioned by the learned counsel for the appellant. Their contention is that, for the disregard of it, a depositor is not to be barred from recovering from the bank what it may have paid on his forged signatures or on the forged indorsements of payees named in checks drawn by him, unless, by his failure to promptly notify it of the forgeries, it has lost rights over against other parties, and the burden is upon it to prove such loss. Authorities are not wanting to support this, but the referee and court below did not follow them. Relying upon others, they held that the plaintiff, by reason of its failure to promptly notify the bank of its discovery of the forgeries, could not recover, even though the bank had offered no evidence that it could have protected itself and the plaintiff had not shown that it could not if prompt notice had been given.

The relation between a bank and its depositor is a contractual one. Its undertaking with its depositor is to pay his checks, if he has sufficient funds with it for that purpose, and it assumes all the risk as against him of a mispayment in paying and charging to his account a check which he has not signed or one which he has signed bearing a forged indorsement of the payee. To his account it may not charge such a check. If it does, the depositor can recover from it the amount so charged. No payment by a bank on a forged signature of a depositor as drawer of a check or on a forged indorsement of his payee can affect him. His right is to get back from the bank whatever he has deposited with it, less what has been properly paid out on his orders. The responsibility of the bank to the depositor is absolute, and it can retain no money deposited with it by him to reimburse it for any mispayment it has made out of such deposit; but it can recover from a forger responsible for the mispayment, or from those who, by their indorsement of a check, have vouched for previous indorsements or the genuineness of the signature of the alleged drawer. The right of a bank to recover from a forger, or from those to whom it may have paid a check bearing the forged signature of one of its depositors, or a forged indorsement, is its only remedy for the fraud practiced upon it by the forgery. The depositor's money is not affected by it, and, when he is the first to discover it, it is not reasonable that he should not be required to give prompt notice of it to the bank, if he intends to hold his depository liable for the mispayment, and this without regard to what may or may not result from a prompt effort to recover from the party or parties who may be liable to the bank for the mispayment. The depositor can gain nothing by withholding knowledge of the forgery, but the bank, if kept in ignorance of it after his discovery of it, may lose everything. As soon as a bank learns that it has paid a check on a forged signature of a depositor, or on a forged indorsement on his check, it is its duty to promptly restore to the depositor's account what was improperly taken from it, and its right at the same time is to proceed against those who wrongfully got the money. This right is to proceed immediately, and to the promptness with which a bank is able to exercise it recovery is often due. When a depositor withholds from his bank his knowledge of the forgery, he withholds from it this right to proceed promptly for its own protection. It may or may not be able to recover from the forger by promptly proceeding against him, but its right is to try by so proceeding; and, when one of its depositors discovers that it has innocently sustained a loss, he ought, not only in all good conscience, but as a legal duty, to notify it at once of its mistake; for by withholding from it what he has discovered he can, as just stated, gain nothing, but it may lose all. A forger may be insolvent or beyond the reach of civil or criminal process, but, by prompt proceedings against him, others may become interested in him and come to his assistance, who after delay may not do so. This incident to a bank's right to promptly proceed against a forger is not to be overlooked. Whenever a depositor knowingly withholds from it knowledge without which it cannot so proceed in an effort to protect itself, he ought to be regarded, when he comes to enforce alleged rights against it, as having withheld from it a substantial right, without regard to what might or might not have resulted from a prompt exercise of that right. When an indorser on a promissory note defends on the ground that prompt notice was not given him of its nonpayment, the holder will not be heard in reply that, if notice of the nonpayment had been promptly given, it would not have helped the indorser, because he could have recovered nothing from the maker of the note or prior indorsers. The right of the indorser on a note is to prompt notice of its nonpayment, that he may have an opportunity of proceeding promptly against the maker or prior indorsers, without regard to what may result from his efforts, and, if this right is not given him, his liability is at an end. "The insolvency of the maker of a note, though known to the indorser, ought not to discharge the holder from giving notice. There are various degrees of insolvency, and it rarely happens that a man is totally insolvent. So that there is a chance of getting something by an application to the debtor. Besides, if a man has nothing of his own, he may have freinds, who, to relieve him from pressure, will do something for him. The indorser, therefore, has a chance of securing himself, at least in part. The only reason that can be assigned for insolvency taking away the necessity of notice is that notice could be of no use to the indorser; but it is almost impossible to prove that it might not have been of use. Therefore it is necessary." (Barton vs. Baker, 1 Serg. & R. 334, 7 Am. Dec. 620.) Why should a different rule apply to a bank, which never knowingly pays on a forgery, but, in cases like the one now before us, is always an innocent victim?

Delay by a depositor in giving notice to a bank means not only its enforced delay in proceeding against those liable to it, but means loss of evidence as well; and, if the rule for which appellant contends should prevail, a bank might be deprived of the opportunity of showing that prompt proceeding on its part would have resulted in its recovering for its loss. And, again, in a suit brought by a depositor against a bank to recover the amount which it may have improperly paid on a forgery, the issue is the forgery. This issue ought not to be complicated with another, and a speculative one, as to whether anything might have been recovered from the forger, if prompt notice had been given to the bank of the forgery. The only reasonable and logical rule is the one adopted by the referee and the court below. Our own cases are in harmony with it, and it is approved by high authority. A different one would be putting a premium upon the laches of a depositor, and give to a dishonest one opportunity to help a forger to escape.

In Rick vs. Kelly and Rick vs. Fisher, 30 Pa. 527, the plaintiffs below purchased from the defendants notes bearing the genuine signature of George Fox, as maker, but the forged indorsements of the payee. In reversing the judgments in favor of the plaintiffs and announcing the general rule that notice of a forgery within a reasonable time after discovery is necessary for the maintenance of an action for the recovery of the money paid for such notes, it was said by Porter, J.: "The notes in this suit contained a genuine name. For aught that appears, timely application to that party might have saved the debt, for others thought proper to obtain judgments and sell his property. At some stage of the business the plaintiffs obtained knowledge of the forgery, for they brought the actions and put the fact on record. Why not inform the defendant of his risk, and give him a chance of escape by a direct blow at the maker? What justice could there be in permitting a holder to hold on until the very close of the period of limitation, and then to spring a suit on the seller, when the genuine parties are dead and their estates gone?" In Myers vs. Southwestern National Bank, 193 Pa. 1, 44 Atl. 280, 74 Am. St. Rep. 672, in a suit to recover what had been paid by the bank on the forged signature of the plaintiff to checks, judgment on a verdict directed for the defendant was sustained, because the plaintiff had not promptly notified it of the forgeries after he was held to have had notice of them, and we said: "It was not the bank's fault that the first forgeries were not promptly discovered and notice thereof given. If the plaintiff's duty to the bank had been performed at the proper time, the fact would have appeared that the bank had charged plaintiff, on his bank book, with the payment of two items ($300 and $200) for which no vouchers appeared among the checks handed to him by his clerk. These vouchers, the two forged checks, had been abstracted and destroyed by the latter. No objection having been made at the time of the first settlement, the bank had a right to assume that everything was correct, including the two checks purporting to be signed by him. His silence was tantamount to a declaration to that effect, and, in afterwards honoring checks signed by the same person, the bank had a right to consider the fact that the signatures had been at least tacitly recognized by the plaintiff as genuine. While the plaintiff was not chargeable with the knowledge of his clerk that the latter had committed the forgery, he was clearly responsible for the acts and omissions of his clerk in the course of the duties with which he was intrusted, viz., to receive the checks from the bank, take them to his employer's office, compare the amounts thereof with the amounts in the bank book and check book, etc. In view of the uncontradicted evidence as to the foregoing facts it cannot be doubted that, as between the bank and the plaintiff, the latter alone should be held responsible for the consequences resulting from the failure to examine the checks in question, and approve or reject them within a reasonable time. In contemplation of law the delivery of the checks to plaintiff's clerk was a delivery by the bank to the plaintiff himself, as the basis on which its credits were claimed. The bank was therefore entitled to have them examined, and, if rejected, returned within a reasonable time. That was not done, and because of plaintiff's failure to perform his duty in that regard he should not be permitted to recover. Any other rule would be inconsistent, not only with general and long-established custom, but also with well-settled principles of law on the subject. (Leather Manufacturers' Bank vs. Morgan, 117 U. S. 96, 107; United Security, etc., Co. vs. Central Nat. Bank, 185 Pa. 586.)

A very learned referee in United Security Life Insurance & Trust Company of Pennsylvania vs. Central National Bank of Philadelphia, 185 Pa. 586, 40 Atl. 97, in his report, confirmed by the court, held that the plaintiff was not entitled to recover from the defendant the amounts paid and charged to its account on forged indorsements, because it had not promptly notified the defendant of the forgeries after it had what the referee held to be constructive notice of them. The judgment was reversed solely on the ground that the referee had erred in finding that the plaintiff had had constructive notice of the forgeries on March 27, 1894, and judgment was directed to be entered for it, because, when it actually discovered the forgeries on May 17, 1894, it gave immediate notice to the defendant. What the referee said and what was not held to be error was: "The referee is of opinion that it is not necessary for the defendant to make effective the defense based upon the want of diligence of the plaintiff in giving notice of the forgery to show with certainty that had notice been given at an earlier day a fund belonging to Williams (the forger) was in existence which could have been attached and held. When it is once shown that the plaintiff failed to give prompt notice of the discovery of the forgery, the plaintiff's right of action is gone. The law assumes, and does not find it necessary to conduct an inquiry to verify the assumption, that, had the notice been given promptly, the Central Bank might have taken steps to protect itself as against Williams." A sentence from the opinion in Iron City National Bank vs. Ft. Pitt National Bank, 159 Pa. 46, is pointed to by counsel for the appellant as an expression from this court sustaining their contention. In that case the present Chief Justice did say that all a bank which has paid a forged check of one of its depositors "need do in any case is to give notice promptly according to the circumstances and the usage of the business, and, unless the position of the party receiving the money has been altered for the worse in the meantime, it would seem that the date of notice is not material." This must be read with reference to the facts in that case. As to those in the present one, it is not applicable. There the Fort

Pitt National Bank, the defendant, which received the money on the forged check, had paid it out on the check of its depositor, to whose credit it had been placed, and all that we meant to say was that if the bank had not paid it out, and could still have protected itself by withholding it; the date of the notice of the forgery would not have been material.

The rule followed by the learned referee and court below is the only reasonable, logical and proper one in this class of cases. It is approved by the Supreme Court of the United States in Leather Manufacturers' Nat. Bank vs. Morgan et al., 117 U. S. 96, where it is said by Harlan, J.: "If the depositor was guilty of negligence in not discovering and giving notice of the fraud of his clerk, then the bank was thereby prejudiced, because it was prevented from taking steps, by the arrest of the criminal, or by an attachment of his property, or other form of proceeding, to compel restitution. It is not necessary that it should be made to appear, by evidence, that benefit would certainly have accrued to the bank from an attempt to secure payment from the criminal. Whether the depositor is to be held having ratified what his clerk did, or to have adopted the checks paid by the bank and charged to him, cannot be made, in this action, to depend upon a calculation whether the criminal had at the time the forgeries were committed or subsequently property sufficient to meet the demands of the bank. . . . As the right to seek and compel restoration and payments from the person committing the forgeries was in itself a valuable one, it is sufficient if it appears that the bank, by reason of the negligence of the depositor, was prevented from promptly, and, it may be, effectively, exercising it. (Continental Bank vs. Nat. Bank of the Commonwealth, 50 N. Y. 583; Voorhis vs. Olmstead, 66 N. Y. 113, 118; Knights vs. Wiffen, L. R. 5 Q. B. 660; Casco Bank vs. Keene, 53 Maine, 103; Fall River Bank vs. Buffinton, 97 Mass. 498.)"

Other questions raised by the appellant need not be considered in view of the correct conclusion of the court below that its delay in giving the appellee notice of the forgeries bars its right to recover.

The assignments of error are all overruled, and the judgment is affirmed.

NOTES OF CANADIAN CASES AFFECTING BANKERS.

[Edited by John Jennings, B.A., LL.B., Barrister, Toronto.]

SECURITY TO BANK BY MARRIED WOMAN — SEPARATE ESTATE — GUARANTEE BY WIFE FOR LIABILITY OF HUSBAND—CONVEYANCE BY WIFE IN SATISFACTION OF LIABILITY.

STUART VS. THE BANK OF MONTREAL; 17 O. L. R. p. 436.

THIS was an action brought to have it declared that certain instruments of guaranty agreement and transfer of real and personal property made and entered into by the plaintiff to and with the bank are not binding on her and for a direction that the bank account to her for the proceeds of the property. The claim is based on three grounds (a) that there was no consideration given to or received by the plaintiff; (b) that the bank by threats, intimidation and undue influence procured the plaintiff's husband to exercise his will, dominion and influence over the plaintiff to induce her to execute the impeached documents; and (c) that to the knowledge of the bank the plaintiff had no independent advice in regard to the instruments or in regard to the representations made concerning them.

Mr. John Stuart, the plaintiff's husband, had for many years occupied a prominent position in the city of Hamilton; he was the head of a large wholesale house, president of the Bank of Hamilton and connected with other corporations. Prior to 1896 he had made large investments in The Maritime Sulphide Fibre Company, a pulp and paper mill at Chatham, N. B. He was the president of the company, his son was the general manager, and almost the whole of his available assets were invested in the company. The defendant bank was carrying the account of the Fibre Company and in February of 1896 more money was urgently needed. On February 6 Mr. Stuart wrote to the bank asking them to make a further advance to meet checks, a list of which was enclosed and then first tendered the guaranty of his wife. In answer the general manager of the bank wrote to say that they would pay the greater number of the checks and the rest could stand until the guaranty was finally arranged, adding as a postscript that it was only reasonable to ask for a statement of Mrs. Stuart's assets. This statement was furnished the bank, showing the plaintiff at that time to be possessed in her own right of various assets to the value of about $250,000. On February 24 the proposed transaction was so far completed that there was delivered to the bank a guaranty signed by the plaintiff securing advances to the Fibre Company up to the amount of $100,000.

The next step in the matter was that in July, 1896, the plaintiff transferred to the bank, mortgages to the value of $27,000. In April, 1898, she gave a further agreement of guarantee whereby she increased her liability to the bank for advances to the company by $25,000, making a total liability of $125,000.

On February 26, 1896, when the first guaranty was given, the bank had made advances to the company of approximately $20,000 and the trial judge found that the bank had actually advanced $80,000 upon the strength of the first guaranty and a further sum of $25,000 upon the second guaranty being given.

In 1903 the company being insolvent went into liquidation and upon the second day of October in that year both the plaintiff and her husband gave the bank a mortgage on all the real estate owned by them. On February 28, 1904, a lengthy agreement was entered into between the bank and the plaintiff and her husband, the result of which was that the plaintiff gave up to the bank her whole estate, both real and personal. The bank in consideration of this surrender released the plaintiff from her guarantee and discharged Mr. Stuart from his liability to them, which at that time consisted of a note for $196,052 and a guaranty of $50,000.

In January, 1903, Mr. Stuart resigned the presidency of the Bank of Hamilton, having entered into an agreement with them that they would pay to him throughout the remainder of his life the sum of $5000 a year in monthly instalments and, while Mr. Stuart stated that his understanding was that this annuity was not available to creditors, the trial judge found that a creditor could have had a receiver appointed and so have swept away from all the benefits of his agreement with the bank of which he had formerly been president. This right the defendant bank of course gave up by the settlement of February, 1904.

The plaintiff, who was a lady of intelligence and refinement, gave an account of the circumstances connected with her execution of the various agreements and said that she had no experience in business matters, that she signed at her husband's wish, that she knew something of his business matters and thought that he had independent means; that she knew of his connection with the Sulphide Fibre Company; that her son was connected with it and had been for many years the manager of it, and that she and her husband were both hoping that the company would afford him an opportunity for a successful business career. She also said that on account of the large investment of her husband and the connection of himself and their son with it she was deeply interested in the success of the company; that she consulted no one about the wisdom of her entering on the guaranty; that she would have scorned to consult anyone about the transaction and regarded it solely as a matter between herself and her husband; that she knew the bank would advance and she intended the bank to advance upon the strength of her guaranty; that she was in no way under the control or influence of her husband but exercised her own free will, being sanguine of the success of the company if it could get the benefit of the advances. Had her husband advised her to take outside advice before signing the documents she would have refused to do so; that there had been no misrepresentation to her at all, but that knowing the circumstances as above she gave the guaranties knowing and intending to be legally bound thereby.

With respect to the surrender of all her property to the Bank of Montreal in 1904 the plaintiff said that she then knew all the facts, her husband's arrangement with the Bank of Hamilton, and the release from the Bank of Montreal of all claim against her husband and that her home in Hamilton was passing to that bank since it could not be kept up on the annuity of $5000, which was all that was left to them.

The judgment of the trial judge was in favor of the defendant bank and an appeal from his judgment was taken to the Court of Appeal for Ontario. On the argument there it was directed that Mr. Stuart be added as a party and the question argued as to whether, in the event of the plaintiff succeeding in having the documents executed by her declared null and void, the release given by the bank to Mr. Stuart must not thereby be cancelled and the bank remitted to their former position as against him.

Moss, *C.J.O.*, Osler, Maclaren, Garrow, *J.J.A.*: What was done by Mrs. Stuart was done, no doubt, for the benefit of her husband; but there was no coercion, no deception, no misrepresentation, no intimidation, practiced upon the plaintiff. The bank acted in the utmost good faith. It advanced large sums of money upon the faith of the dealings now impeached, which it is manifest it need not and would not have done but for them. When the plaintiff was first tendered by her husband as a guarantor the bank could have closed the account with The Sulphide Fibre Company having then security for all its then advances to the company. So far as the bank was concerned it was not the case of a creditor holding unsecured claims against a worthless debtor and looking about for security. There was no impelling of the debtor to get some one to come to his assistance, but on the other hand the urgency was all on the side of Mr. Stuart and it was he who suggested her as a guarantor and brought her into the matter. He neither was nor assumed to be the agent or representative of the bank and the plaintiff never for one moment had reason to think that it was at the instance of the bank that she was being appealed to. One can scarcely imagine a case more free from those features which have moved the courts to relieve a party from the consequences of contracts or agreements entered into by him. In fact, counsel for the plaintiff were forced to rely and did rely almost wholly on the one argument that the plaintiff acted without independent advice and that the absence of such advice was in itself sufficient to entitle her to have the tranactions set aside.

If that be the law effect must be given it, for it does not appear that anyone occupying an independent position, actuated only by a regard for the plaintiff's own interests, possessing a knowledge of all the circumstances material to enable him to form a proper judgment and competent to advise her thereon intervened to explain her position to her. It seems, indeed, that her position was not explained to her until after the commencement of this action and it would rather appear that it was not at her instance, but at that of her husband that the proceedings were taken, and it was more in order to comply with his wishes than with her own that she finally sanctioned their continuance. And if it be that by reason of the absence of independent advice the transactions cannot stand as between the plaintiff and her husband, it seems to follow that they cannot stand as between her and the bank, for it had notice and knowledge of the relationship and was therefore bound to see that all proper and necessary steps had been taken in order to make the transaction binding upon and effective against the plaintiff.

As far as disclosed by an examination of cases decided in the English courts no case has yet arisen similar to the present one; a case free of all the sinister elements of imposition, deception, misrepresentation, pressure by threats, intimidation or any other sort of duress or undue influence, and where there was knowledge of what was required by the wife and an intention on her part to do it of her own free will and presenting only the one point of absence of independent advice.

Having regard to the freedom now accorded to married women in this Province to deal with their separate estate as freely and effectually as an unmarried woman, it may seem strange that safeguards are to be adopted which are not required and could not be called for in the case of an unmarried woman. Of course, even the latter is entitled to protection to some extent against voluntary alienation and against fraud or undue influence in a proper case. But charges of this nature may be rebutted in other ways than by showing that there was independent advice. But the law does not seem to have reached that point in the case of a married woman dealing with her husband. She must, it seems, be protected, not only against her husband, but against herself, so that even in a case where, as in the present one, she would reject the suggestion of the intervention of an independent adviser and refuse absolutely to be guided by any but her own judgment, she is utterly incapacitated and the position is that no one can safely deal with her in respect of a transaction in which her husband is personally interested.

Being, therefore, of the opinion that the plaintiff was entitled to have her agreements with the bank set aside, the Chief Justice went on to say that Mr. John Stuart was not entitled to be relieved to any extent from the effect of his acts and agreements and that there should not be withdrawn from the bank the proceeds of any securities which could be shown to have belonged to him. Neither would it be equitable that the release of all claims against him given by the bank as one of the terms of the final settlement and agreement should stand and be a bar to the assertion by the bank of every remedy it may still have against John Stuart.

With this judgment Mr. Justice Garrow agreed, giving reasons, while the other two members of the Appellate Court agreed with the trial judge that as the statute had placed a married woman in the same position as an unmarried one with respect to contract, it was not possible to relieve a married woman from a contract entered into by her understandingly and of her own free will merely upon the ground of the absence of independent advice.

REPLIES TO LAW AND BANKING QUESTIONS.

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

PROMISSORY NOTE—FAILURE TO PROTEST—LIABILITY OF INDORSER.

SYRACUSE, N. Y., Jan. 18, 1909.

Editor Bankers Magazine:

SIR:—We received from one of our correspondents a note made by A to the order of B and indorsed by C. Both A and C reside in Syracuse. The note was presented on the day it was due at A's place of business, where it was made payable. A failed to pay, and the paper was delivered to a notary for protest. Through some mistake the notary omitted to present the paper again on the day it was due, but the next day we sent a letter to C, informing him that the note had not been paid by A when presented, and that we would look to him for payment. Please give me your opinion through the Bankers Magazine whether C the indorser is liable.

X. Y. Z. Cashier.

Answer: The Negotiable Instruments Law authorizes protest in the case of all negotiable instruments, and notes are usually protested for non-payment as well as bills, since the certificate of the notary affords the easiest and most convenient method of proving presentment and notice of dishonor; but formal protest is not required except in the case of foreign bills of exchange. (Sec. 189.) If, therefore, the note in question was properly presented on the day it was due, and notice was given the indorser on the next day, the indorser was charged, notwithstanding the failure of the notary to protest.

CHECKS FOR MORE THAN BALANCE—NO LIABILITY BANK TO HOLDER.

CLEVELAND, OHIO, Jan. 23, 1909.

Editor Bankers Magazine:

SIR:—We received from a correspondent in the same mail three checks drawn by A as follows: One to B for $200, one to C for $160 and one to D for $150. A's balance at the time was a little less than $500. We paid the checks for $200 and $160 and returned the other. Now, D claims that we should have paid his check instead of C's, his (D's) having the earlier date, and threatens to sue the bank. Can he hold the bank on the amount?

Vice-President.

Answer: Under the Negotiable Instruments Law, "a check of itself does not operate as an assignment of any part of the funds to the credit of the drawer with the bank, and the bank is not liable to the holder unless and until it accepts or certifies the check." The bank, therefore, in the case stated, incurred no liability to D, and there is no theory of law upon which he can hold the bank liable. If any action were to be commenced it would have to be brought by A upon the theory that the bank had wrongfully refused to pay his checks. But as the fault was his in drawing for an amount in excess of his balance, there would be no ground upon which he could recover damages.

GOLD IN MISSOURI.

MISSOURI is about to take her place among the gold producing states of the West," says the Macon correspondent of the New York Sun. That has been determined by a year's careful investigation by D. J. Reed, former mine inspector of Colorado, and a report from the assayer's office at Denver. The ore runs on an average of $8 a ton, but much of it assays $40 to the ton. A cyanide mill is being established at the mine.

Mr. Reed, who owns the mine, has purchased eighty acres surrounding it at a cost of $8,000. He controls the mineral rights to 400 acres in addition. The mine is fourteen miles west of Macon, in the Chariton Valley. A shaft of 100 feet strikes the ledge, which is eight feet thick and is free milling ore.

The location of Missouri's only gold mine is decidedly picturesque. The foothills of the valley extend as far as the eye can reach. Between them is a tableland flat as a barn door, two miles wide. This land is the most fertile in the state.

CANADIAN BANKING AND COMMERCE.

By H. M. P. Eckardt.

DOUBTLESS the expert bankers in the United States and Canada, when they were battling a year ago with the conditions engendered by the panic, foresaw that 1908 would be a year of quiet trade and of increasing cash reserves. It is questionable however whether they realized the extent of the gains they were to make in deposits and quick assets. So far as the chartered banks of the Dominion are concerned, the extraordinary change occurring in their position during 1908 is set forth in the following table:

CONDITION OF CANADIAN BANKS.

LIABILITITES.

	Dec. 31, 1908.	Dec. 31, 1907.
Note circulation	$73,058,234	$77,504,398
Dominion Government deposits	4,343,942	11,315,319
Provincial Government deposits	11,622,015	7,527,112
Deposits of the public "demand"	210,180,147	157,185,414
Deposits of the public "notice"	429,719,218	402,626,076
Deposits elsewhere than Canada	66,903,834	53,407,203
Loans from other banks, Canada, secured	6,005,939	1,959,639
Deposits of other banks, Canada	7,900,062	6,646,570
Due to banks in Great Britain	2,186,228	10,330,250
Due to banks in foreign countries	2,979,949	4,742,092
Other liabilities	6,017,033	10,450,630
Total liabilities to the public	$820,916,668	$743,694,782
Capital paid up	96,457,573	95,995,482
Rest, or surplus	74,427,630	70,901,232
Balance, undivided profits	9,550,419	10,665,779
	$1,001,352,290	$921,257,272

ASSETS.

	Dec. 31, 1908.	Dec. 31, 1907.
Specie	$27,099,074	$25,119,474
Legal tender notes	66,124,760	49,963,860
Circulation redemption fund	4,070,212	4,255,670
Notes and checks, other Canadian banks	36,393,247	33,853,075
Loans to other banks, Canada, secured	6,330,158	1,309,638
Deposits in other banks, Canada	12,350,702	10,370,043
Due by banks in Great Britain	14,662,030	6,074,747
Due by banks in foreign countries	34,929,007	16,308,929
Dominion and Provincial Government securities	10,497,945	9,210,716
Canadian municipal, British and foreign public securities	19,606,371	19,907,744
Railway and other bonds	44,213,479	41,971,437
Call loans on bonds and stocks, Canada	43,827,771	44,501,112
Call loans on bonds and stocks, elsewhere	97,136,400	43,509,229
Current loans and discounts, Canada	511,808,909	556,588,451
Current loans and discounts, elsewhere	30,351,721	22,928,188
Loans to Dominion Government	....	4,864,443
Loans to Provincial Governments	3,919,366	446,204
Overdue debts	7,387,956	3,420,200
Real estate, other than premises	1,718,540	968,610
Mortgages on real estate	494,730	447,112
Bank premises	18,186,682	17,183,649
Other assets	10,243,050	8,055,258
Total assets	$1,001,352,290	$921,257,9[illegible]5

(Difference in addition due to omission of cents from figures reported by thirty-odd banks in Government Bank Statement.)

The two positions which are here compared show all the difference between stringency and unexampled ease. Ease is not shown so much in increased holdings of specie and legals (though both are higher than a year ago) as in another direction. Roughly, the specie and legals increased some $18,000,000; but it is in connection with their foreign loans and balances that the chief change occurred. Briefly the alteration in the foreign position may be thus summed up:

	Increased.
Net balance due from Great Britain	$16,731,305
Net balance due from foreign countries	20,382,221
Call loans "elsewhere"	53,627,171
Current loans "elsewhere"	7,423,533
Deposits "elsewhere"	$98,164,230
Net investment abroad	13,496,631
	$84,667,599

Thus the net investment abroad increased over eighty million dollars. Taken by themselves the call loans and balances increased over ninety millions. This, of course, constitutes a very important part of the cash reserves. It is reasonably certain that the bulk of the new call loans was put out in New York. In the three months, October, November and December, some $37,000,000 were put out; and in the closing month of the year the Canadian banks took an active part, along with the New York city trust companies and the interior banks of the United States, in taking over the loans shifted by the Clearing-House banks.

The Montreal and Toronto head-offices thus have at the beginning of 1909, an extensive command over New York's resources. Their funds in that center are so placed to be available at once when industrial conditions in Canada improve sufficiently to provide employment at home for the bank resources. At present that day is not in sight. Though trade is picking up, the process is very quiet and gradual; and it is not likely that the mercantile and industrial interests will be pressing the bankers hard for loans during the rest of the current year. So, it is to be expected that New York will retain the greater part of the Canadian fund, now loaned there for an indefinite period.

History of the Banking Year.

The year 1908 has been remarkable, among other things, for the amount of British capital supplied to the Dominion. Every year, practically, there is considerable placing of security issues by Canadian corporations upon the London market. Either the Dominion or provincial governments, or the railroad and industrial corporations, have some bonds and stocks to put there every year. But the aggregate of issues taken by London in 1908 exceeded previous records. Counting securities of all classes it reached very nearly $200,000,000, perhaps three-quarters being new loans. Proceeds of these loans account for a great deal of the gains in cash resources reported by the Canadian banks. The operation of transferring them to this side of the ocean gave rise to some important exchange transactions in New York city, and it is pretty sure that these obviated, to quite an extent, the necessity of New York's returning to Europe the gold shipped to this side during the panic.

Prior to the issue of these securities, the corporations of all kinds in Canada —municipal, railroad, industrial, etc.— were heavily indebted to the banks for direct loans. Many municipalities had borrowed upwards of half a million dollars from local banks, and in the agregate their loans came to a large sum. New security issues in London have therefore gone quite largely to liquidate bank loans. That is one reason how it is that current loans in Canada show steady reduction all through the year while the foreign balances of the banks were accumulating. Even now the banks are in position to finance the first stages of the next forward movement; and quite possibly they will make further additions to their strength before it takes place.

With respect to profits, 1908 has not been favorable. Cash reserves have been too strong, interest rates in the big centres too low. The following table shows the earnings of the individual banks as compared with 1907, also the rates of dividend paid.

The figures cover all the going banks except one, the report for which has not yet been issued. There are twenty-nine in the list. An absorption of the Western Bank of Canada by the Standard Bank of Canada, was put into effect in the month of January, 1909.

It will be seen that only in a few instances have the banks been able to earn profits equal to 1907. But, though decreases were general, they were not large; and the twenty-nine banks in the aggregate earned within $600,000 of the 1907 profits. Dividends have not been jeopardized at all. All the rates were maintained and a few increases made. It is to be expected, however, that the current year will prove rather more difficult for

PROFITS AND DIVIDENDS.

Bank.	Year Ended.	Profits. 1908.	Profits. 1907.	Dividends Paid. 1908.	Dividends Paid. 1907.
Bank of Montreal	Oct. 31	$1,957,658	$1,980,138	10	10
Canadian Bank of Commerce	Nov. 30	1,627,332	1,752,350	8	8
Royal Bank of Canada	Dec. 31	746,776	742,034	10	10
Merchants Bank of Canada	Nov. 30	738,597	961,660	8	8
Imperial Bank of Canada	Apr. 30	721,175	719,029	11	11
Dominion Bank	Dec. 31	643,318	635,235	12	12
(a) Molsons Bank	Sept. 30	595,803	528,735	10	10
Bank of Toronto	Nov. 30	582,156	586,635	10	10
Bank of British N. America	June 30	572,821	563,476	7	7
Bank of Nova Scotia	Dec. 31	559,577	681,710	12	12
Traders Bank of Canada	Dec. 31	500,217	522,822	7	7
Bank of Ottawa	Nov. 30	429,879	443,288	10	10
Union Bank of Canada	Nov. 30	401,013	446,432	7	7
Banque d'Hochelaga	Nov. 30	381,387	449,794	8	8
Eastern Townships Bank	Nov. 15	367,111	372,670	8	8
Bank of Hamilton	Nov. 30	360,309	384,708	10	10
Quebec Bank	May 15	281,057	300,011	7	7
(b) Banque Nationale	Apr. 30	274,121	252,361	7	7
(c) Standard Bank of Canada	Jan. 31	186,097	251,618	12	12
Union Bank of Halifax	Jan. 31	178,061	171,008	8	8
Metropolitan Bank	Dec. 31	135,872	147,819	8	8
Bank of New Brunswick	Dec. 31	134,444	133,291	12¼	12
Banque Provinciale	Dec. 31	121,599	119,466	5	5
Home Bank of Canada	May 31	88,784	83,941	8	7
Western Bank of Canada	Feb. 15	95,412	78,031	6	6
Sterling Bank of Canada	Apr. 30	50,091	27,206	5	1¼
Farmers Bank of Canada	Dec. 31	21,025	14,350	4	nil
(a) United Empire Bank	Dec. 31	14,990	9,983	1	nil
(d) St. Stephen's Bank	Apr. 30	12,425	10,880	5	5
		$12,779,107	$13,370,681		

Northern Crown Bank report for 1908 not published at date of writing this article.

(a) Molsons Bank and United Empire Bank: Profits less taxes, deducted by other banks before declaration.

(b) Banque Nationale: Profits less rebate, deducted by other banks before declaration.

(c) Standard Bank of Canada: Profits for eight months in 1908.

(d) St. Stephens Bank: Profits estimated in both 1907 and 1908.

profit making than 1908. The banks enter it with a very large part of their resources earning very small rates of revenue, and with their interest-bearing deposits at a record high level.

However, their practice has always been very conservative in the matter of dividends. Rarely have they paid, on the whole, more than 65 per cent. of their ordinary profits as dividends. And the general expectation is that it is merely a case of waiting patiently for a year or fifteen months, content to carry large reserves of cash, and then the next season of prosperity will be fairly beginning. When the next season of brisk demand for credits does come it will give the large banks an unexampled opportunity for profit-making by reason of their huge resources.

The general opinion is that there will be very few, if any, new banks started in the Dominion for some years to come, and that if the existing banks are moderate in the exercise of their present monopoly it will continue indefinitely. That is one reason why the bank stocks are in such good favor as investments.

As regards banking history there is very little to record. It was mentioned in the half yearly review, published in the August 1908, number of The Bankers Magazine, that two small French Canadian banks, of the local type, in the Province of Quebec, failed in April and June respectively. Those occurrences and the liquidation of the Sovereign, determined upon in January last year, were the only events in Canadian banking to excite notice in the past year—at least until the Standard-Western amalgamation was announced in November. Judging from present indications 1909 also will be uneventful. Some are inclined to look for one or two amalgamations which have been talked of on occasions in the past two years.

Production and Trade.

In production and trade the most important event was the successful harvesting of a record wheat crop in the three Western Provinces of Manitoba, Alberta and Saskatchewan. The crops for the whole Dominion are valued by the Government at $432,000,000, distributed amongst the Provinces as follows:

VALUE OF CROPS.

Ontario	$185,308,000
Quebec	80,896,000
Manitoba	66,660,000
Saskatchewan	37,614,000
Nova Scotia	20,083,000
New Brunswick	18,042,000
Alberta	14,522,000
Prince Edward Island	9,408,000
	$432,633,000

The value of the wheat harvest in the three Western Provinces is set at $72,424,000 or one-sixth of the whole crop of all Canada. As it was sold at high prices it had a good effect in checking the force of the depression. As a result of it the Canadian Pacific and Canadian Northern Railways were able to report weekly increases in gross earnings from September to the end of the year. But the Grand Trunk System, which is more susceptible to general conditions in the East reported decreases continuously till January, 1909.

Nineteen hundred and eight was remarkable for the coming into prominence of the Cobalt silver mining camp. Production showed a heavy increase. How it has developed is shown by the following comparison of the shipments for the past five years:

COBALT YEARLY SHIPMENTS.

1904	191.55	tons silver ore
1905	2,336.01	" " "
1906	5,836.59	" " "
1907	14,851.34	" " "
1908	25,510.91	" " "

The value of the 1908 shipments approximates $10,000,000. Some very enthusiastic estimates have been made regarding the 1909 output. It has been placed as high as $20,000,000; but even if that figure is not reached all are looking for the 1908 record to be left far behind. Outside of Cobalt several new fields are being developed, and from them an increasing output of silver is expected.

IMMIGRATION.

The experience of the United States in regard to immigration has been duplicated in Canada. The year saw a considerable decline in the number of arrivals. Following is a table showing the falling off:

IMMIGRATION TO CANADA.

	1908.	1907.
Via ocean ports.....	89,483	214,726
From United States..	54,271	53,611
	143,754	268,337

From Europe less than half the immigrants received in 1907 came in 1908. But in the immigration from the United States there was a slight increase in the later year. As this consists largely of farmers of a good class from the Western States it is the most highly prized. At the present time it is said that the movement from Europe is showing signs of increasing. The steamship companies are making arrangements to handle a good rush as soon as the spring opens.

FOREIGN TRADE.

During 1908 the foreign trade acted as it always does after a panic and period of forced liquidation. Imports were heavily curtailed, and exports increased. The government now ends its fiscal year on March 31, and the foreign trade figures are compiled to that date making it difficult to compare for the period of the calendar year. For the nine months ended December 31, 1908, the total imports were $217,958,-135, a decrease of $66,085,110 as compared with the same nine months of 1907. Exports were $194,583,189, an increase of $669,843.

OUTLOOK FOR 1909.

In all directions the general expectation is for improvement in 1909. Railway construction will be on a large scale and a heavy acreage will be seeded to grain in the spring. Stock exchanges in Montreal and Toronto have been very buoyant latterly on the prospect for betterment, and on the increase in funds available for market purposes.

MUTILATED CURRENCY.

HOW many people outside banking circles know that mutilated bills are not always redeemed in full by the United States Treasury? The popular impression is that a bank note, no matter how tattered and fragmentary, will always be cashed at one hundred cents on the dollar. The removal of this misconception may save unwary business men some loss and a good deal of worry, not to mention mortification. It will also throw light on certain Government statistics that strike the layman as peculiarly nonsensical. Not one of the totals of different denominations of paper bills outstanding is divisible by its denomination. How can the last figure in a total of $10 bills be 7? How can a national bank's note include an odd 50 cents, since there are no bills of less value than $1? Mutilation plays a part in both cases.

Several years ago there was a regulation in force that required a deduction of one-tenth of the face value of a note for odd figures. The regulations now in force are as follows:

United States notes, Treasury notes of 1890, fractional currency notes, gold certificates, silver certificates and national bank notes, when mutilated so that less than three-fifths or clearly more than two-fifths of the original proportions remain, are redeemable by the Treasury only at one-half the face value of the whole note or certificate. Fragments not clearly more than two-fifths are not redeemed unless accompanied by the evidence required in the following paragraph.

Fragments less than three-fifths are redeemed at the face value of the whole note when accompanied by an affidavit of the owner or other persons having knowledge of the facts that the missing portions have been totally destroyed. The affidavit must state the cause and manner of mutilation, and must be subscribed and sworn to before an officer qualified to administer oaths, who must affix his official seal thereto, and the character of the affiant must be certified to be good by such officer or some one having an official seal. Signatures by mark (X) must be witnessed by two persons who can write, and who must give their places of residence. The Treasurer will exercise such discretion under this regulation as may seem to him needful to protect the United States from fraud. Fragments not redeemable are rejected and returned. Paper currency totally destroyed cannot be redeemed.—*Philadelphia Telegraph.*

TRUST COMPANIES

Conducted by Clay Herrick.

THE CERTIFICATION OF MUNICIPAL BONDS BY TRUST COMPANIES.

A NEW MEANS OF PUBLIC SERVICE.

THE various functions of the modern trust company and the manifold ways in which it can be of service to the business public are now pretty generally understood. There is one phase of this service, however, which is a recent development, but which has thoroughly proved its value in many ways. This is the department of certification of municipal bonds and notes as adopted by some of the leading trust companies.

The City Trust Company of Boston was one of the pioneers in this branch of service and has developed the department to a marked degree. The fact that about seventy cities, towns and counties in various parts of the country have availed themselves of its services, in connection with bond issues amounting to over $17,000,000, shows the possibilities of such a department when thoroughly developed and conducted in a proper manner.

Briefly speaking, the object of this new trust company department is the certification of municipal bonds, by which the genuineness of the issue is thoroughly established, as well as its legality. The whole service includes the following:

(1) Services of lawyers expert in this line of work;

(2) Bonds prepared from steel engraved plates of intricate design, owned absolutely by the company;

(3) Paper on which the bonds are printed made expressly for the company, with private water-mark;

(4) Certification of the company as to the genuineness of every bond;

(5) Supervision of all details of the issue by officers of the company;

(6) Delivery of the bonds by the shortest possible time, usually within two weeks;

(7) An increase in the value of the bonds;

(8) A saving, in that no money is wasted on invalid bonds;

(9) The services of the company in taking charge of the advertising;

(10) All at a cost within the means of the smallest municipality.

In order to cover the question of validity, prominent attorneys, expert specialists in municipal bonds, are connected with the department, whose opinion is accepted without question by investors. The opinion of these attorneys is on file and accessible at all times to interested parties at the office of the Trust Company.

All the regulations of the New York and Boston Stock Exchanges are complied with, and to absolutely avoid the possibility of counterfeiting or forgery the bonds are all certified by the company.

The form of the certificate is as follows:

> The City Trust Company of Boston, Mass., hereby certifies that this is one of the bonds referred to in the within-mentioned proceedings as authorized thereby, and that in the opinion of (name of attorneys) this issue is a valid obligation of the municipality within-named. The original papers relating to this issue may be inspected at our banking rooms at any time.
>
> CITY TRUST COMPANY
>
> By
>
> Secretary

It has been found by experience that this method of issuing bonds easily justifies the slight additional expense on account of the increased saleability of the bonds. Oftentimes bonds that have been so certified command a higher price than those issued in the old way.

Although a number of trust companies have taken up this matter of certification of municipal bonds, the Boston institution has carried the department a step further and arranged also to certify municipal notes.

The experience that some municipalities have had with over-issue of notes, and the experience of investors who have bought notes that have proved to have been illegally issued, show the necessity of such a department as this and its possibilities of service.

The Company adopts every available safeguard against accidental or fraudulent duplication in the issue of notes, investigating the legality of the votes authorizing the notes, and calling in expert legal advice on the details of preparation and issue.

The notes used are prepared from steel engraved plates owned by the company and like the bonds are printed on specially made paper with a private water-mark. Each note is certified to as to its genuineness by an officer of the company in the following form:

The City Trust Company of Boston, Mass., hereby certifies that this is one of the notes referred to in the within-mentioned proceedings, as authorized thereby, and that the legality hereof has been approved by (name of attorneys), whose opinion may be inspected at our banking rooms at any time.

CITY TRUST COMPANY
Secretary

So again, the expense accompanying this method of certification is more than met by the broader market obtained for the notes and the feeling of security in the minds of those investing in such securities.

This department of the City Trust Company, although somewhat experimental at the start, has proved a valuable feature of its business and is only another evidence of the many kinds of service the public now receives from the modern trust company.

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This was the first published pamphlet on the subject, and has not been excelled for a clear statement of the functions and advantages of the trust company, and of the differences between banks and trust companies.

THE CIRCULARS PUBLISHED BY VARIOUS TRUST COMPANIES furnish a good source of general information regarding the functions they exercise and the advantages they offer.

PROCEEDINGS, REPORTS AND PERIODICALS.

BANKERS MAGAZINE, THE. New York. Published monthly, $5.00 a year.

Has a trust company department, and contains numerous notes and articles regaruing trust companies. Publishes annually the proceedings of the Trust Company Section of The American Bankers' Association. For a historical study of the subject, the files of this magazine, which run back to 1846, are invaluable.

BANKING LAW JOURNAL, THE. New York. Published monthly, $4.00 a year.

Has a Savings and Trust department, gives legal decisions affecting banks and trust companies, with discussions of same.

BANKING PERIODICALS. In addition to those named here, most banking periodicals contain articles relating to trust companies.

BULLETIN OF THE AMERICAN INSTITUTE OF BANKING. New York. Published monthly, $2.00 a year.

Frequently contains articles on trust companies.

COMMERCIAL AND FINANCIAL CHRONICLE, THE. New York. Published weekly, $10.00 a year.

Contains occasional articles on trust companies, and weekly gives news items regarding same. Publishes annually the proceedings of the Trust Company Section of The American Bankers' Association. Good for statistics of New York trust companies.

COMPTROLLER OF THE CURRENCY, REPORTS OF THE. Washington. Published annually.

Beginning with 1875, these reports contain statistics of "Loan and Trust Companies," and frequently contain general information and discussions regarding same. Each report gives a resume of the statistics for the previous years.

FORMS COMPLIED UNDER THE SUPERVISION OF THE TRUST COMPANY SECTION OF THE AMERICAN BANKERS' ASSOCIATION. New York: Published by the Association, 1903. pp 30.

Contains about forty forms for the use of trust companies. The selections were good, but some of the forms have since been materially improved upon. The Section now keeps at its office (11 Pine street, New York), a collection of forms contributed by its members.

LAW SOCIETY, THE: PROCEEDINGS TWENTY-NINTH PROVINCIAL MEETING, 1903. London, England.

Contains, pp 234 to 264, a paper on Trustee Companies by Robert C. Nesbitt. Describes the trustee companies of Australia and the Public Trust Office of New Zealand, and discusses somewhat analogous institutions in England.

NEW ZEALAND OFFICIAL YEAR BOOK, 1898. Pages 454-462 contain a discussion of the Public Trust Office, with statistics.

NEW ZEALAND, STATISTICS OF THE COLONY OF, 1903. Gives statistics of the Public Trust Office, 1886-1904.

PRINTED FORMS. Published by The Savings Bank Section of The American Bankers' Association. New York, 1906.

A book of forms used by savings banks, taken from samples submitted and used by members. Contains about 600 forms, arranged under the following headings: Deposits, Withdrawals, Signature and Index Cards, Bond and Mortgage Loans, Depositor's Ledgers, Loans, Miscellaneous Notices and Advices, Passbooks.

SAFE DEPOSIT COMPANIES, THE LEGAL RIGHTS AND DUTIES OF. A pamphlet containing the reports of special committees of 1904 and 1905 of The Trust Company Section of The American Bankers' Association. Published by the Association, New York, 1905. Besides discussion of the matters indicated by its title, the work includes practical suggestions as to rules and other matters, and some thirty forms.

SAVINGS BANK SECTION OF THE AMERICAN BANKERS' ASSOCIATION, PROCEEDINGS OF THE. Published annually by the Association, New York.

Contain much that is useful for the savings departments of trust companies.

STATE BANKERS' ASSOCIATIONS, PROCEEDINGS OF. These often contain papers regarding trust companies. They are usually published in local banking periodicals.

STATE BANKING DEPARTMENTS, REPORTS OF. In states which are strong in trust companies, these reports often contain instructive matter, in addition to statistics. Those of New York are especially useful. See also those of Massachusetts and Pennsylvania.

TRUST COMPANIES. New York. Published monthly, $3.00 a year.

A magazine published monthly since March, 1904, devoted exclusively to trust company matters. Contains leading articles on various subjects of interest to trust companies, with news items. There are many valuable articles in its files.

TRUST COMPANY SECTION OF THE AMERICAN BANKERS' ASSOCIATION, PROCEEDINGS OF THE. Published annually since 1896 by the Association, New York.

Contains the valuable papers and addresses delivered at the meetings, with stenographic reports of the discussions, lists of offices and members. The proceedings for the years 1896-1903 inclusive have been published under one cover.

TRUST COMPANY SECTION, PENNSYLVANIA BANKERS' ASSOCIATION, PROCEEDINGS OF THE. These are included in the proceedings of the annual meetings of The Pennsylvania Bankers' Association since 1901.

ARTICLES IN PERIODICALS.

(Note: With a few exceptions, this list does not include articles in the periodicals named in the preceding list, for which their indexes should be consulted. An exception is made of the Bulletin of The American Institute of Banking [referred to below as Bulletin], because it does not publish an index.)

ADVANTAGES OF TRUST COMPANIES, THE. W. C. Miller. Bulletin, Oct. 15, 1905, p. 550.

AUSTRALIAN TRUST COMPANIES. C. E. Cowdery. Trust Companies, Vol. II., p. 676.

BANKS, THE, AND THE TRUST COMPANIES. The Nation, Vol. 74, pp 362-3, May 8, 1902; Vol. 82, p 132, Feb. 15, 1906. (Editorials.)

BONDS AS INVESTMENT SECURITIES. Annals of The American Academy of Political and Social Science, Vol. XXX., pp 193-427.

A group of papers under the following headings: The Proper Basis for Bond Accounts When Held for Investment, by Charles E. Sprague; The Valuation of Bonds on an Income Basis, by Charles E. Sprague; Bond Redemption and Sinking Funds, by C. M. Keys; The Value of a Bond Department to a Bank or Trust Company, by George B. Caldwell; Tables of Bond Values—Theory and Use, by Montgomery Rollins; Essential Recitals in the Various Kinds of Bonds, by Andrew Squire; Organization and Management of a Bond House, by William Foley; Bond Salesmanship, by William Foley; Selling American Bonds in Europe, by Chas. F. Speare; Methods of Accounting and Auditing in a Bond House, by Charles S. Ludlam; Bonds as Additional Banking Reserve, by William C. Cornwell; Railroad Bonds as an Investment Security, by Floyd W. Munday; Electric Interurban Railway Bonds as Investments, by Edgar Van Deusen; Real Estate Bonds as an Investment Security, by George A. Hurd; Industrial Bonds as an Investment, by Lyman Spitzer; The Physical Condition of a Municipality Issuing Bonds, by Harry E. Weil; Municipal Bond Issues Explained, by Harry E. Weil; Protection of Municipal Bonds, by Park Terrell; Classification and Description of Bonds, by F. A. Cleveland; Bonds in Their Relation to Corporation Finance, by F. A. Cleveland.

CONTROL AND SUPERVISION OF TRUST COMPANIES, THE. Frederick D. Kilburn. Annals of the American Academy of Political and Social Science, Vol. XXIV, pp 27-42. July, 1904.

DEFINITION AND HISTORY OF TRUST COMPANIES, THE. Clay Herrick. Banking Law Journal, Vol. XX., p 329, (May, 1903.) Same article, Bulletin, July 1, 1903, p. 8.

DETAILS OF A TRUST COMPANIES BUSINESS, A FEW. Walter P. McComas. Bulletin, May 15, 1903, p 8.

FEDERAL SUPERVISION OF TRUST COMPANIES. David R. Carson. Bulletin, Sept. 15, 1905, p 424.

GOVERNMENT CONTROL OF BANKS AND TRUST COMPANIES. William Barrett Ridgely. Annals of the American Academy of Political and Social Science, Vol. XXIV, pp 15-26. July, 1904.

GROWTH OF TRUST COMPANIES. Alfred M. Barrett. Bulletin, January, 1906, p 25.

GROWTH OF TRUST COMPANIES. Charles A. Conant. American Review of Reviews, Vol. XXVI., p 574. Nov., 1902. (Reprinted in Conant's "Wall Street and the Country.")

GROWTH, REMARKABLE, OF AMERICAN BANKS AND TRUST COMPANIES. S. S. Pratt. Independent, Vol. 59, pp 1454-67. Dec. 21, 1905.

HOW A TRUST COMPANY MAKES ITS MONEY. T. W. Lamont. Bulletin, May 15, 1905, p 1327.

ILLINOIS TRUST COMPANIES. W. E. Miller. Bulletin, Sept. 1, 1904, p 377.

JOINT ACCOUNT, LEGAL ASPECTS OF PAYMENT TO SURVIVOR OF. Thomas B. Paton. Proceedings Savings Bank Section of the American Bankers' Association, 1906.

KNICKERBOCKER TRUST CO. SUSPENSION. See UNLOCKING $47,000,000." Harper's Weekly, Vol. 52, pp 8-9, April 11, 1908.

LEGAL RESPONSIBILITIES OF TRUSTEES UNDER CORPORATION BONDS AND MORTGAGES OR DEEDS OF TRUST. Robert Ludlow Fowler. American Law Review, Vol. 24, pp 703-726.

MODERN TRUST COMPANY, A. W. F. Mackay. Bulletin, Dec. 1, 1904, p 693.

NATURE AND THE FIELD OF TRUST COMPANIES, THE. World's Work, August, 1902. Vol. 4, pp 2463-5.

PUBLIC'S STAKE IN THE TRUST COMPANIES, THE. World's Work, June, 1905. Vol. 10, pp 6237-9.

PUBLIC TRUSTEE, THE. Henry D. Lloyd. Current Literature, Vol. 29, pp 671-2. Dec. 1900. (Subdivision of article on Some New Zealand Experiments).

PUBLIC TRUSTEE, THE. E. K. Allen. Nineteenth Century, Vol. 63, pp 297-304. February, 1908.

PUBLIC TRUSTEE, SOME COMMENTS ON THE. William Schooling. Nineteenth Century, Vol. 63, pp 465-475. March, 1908.

RELATION OF TRUST COMPANIES TO BANKS, THE. J. Barton Townsend. Bulletin, Sept. 1, 1904, p 373.

RELATION OF TRUST COMPANIES TO INDUSTRIAL COMBINATIONS, AS ILLUSTRATED BY THE UNITED STATES SHIPBUILDING CO. L. Walter Sammis. Annals of the American Academy of Political and Social Science, Vol. XXIV., pp 239-270. July, 1904.

RESERVES OF TRUST COMPANIES. Festus J. Wade. Bulletin, Oct. 15, 1904, p 521.

SAFEGUARDING THE TRUST COMPANIES. C. M. Keys. World's Work, Feb. 1908. Vol. 15, pp 9907-9912.

STOCK TRANSFERS. James S. Carr. Bulletin. April 1, 1903, p 10.

SUPERVISION OF TRUST COMPANIES. World's Work, Nov. 1904. Vol. 9, pp 5457-8.

TITLE INSURANCE. J. Smith Christy. Bulletin, June 1, 1905, p 23.

TRUST ACCOUNTS IN SAVINGS BANKS. William Hanhart. Proceedings Savings Bank Section of the American Bankers' Association, 1903.

TRUST AND TITLE INSURANCE COMPANIES. Thomas Leaming. Lippincott's Magazine, Vol. XLII., pp 886-893. Dec. 1888. (An early view.)

TRUST COMPANIES. W. F. Mackay. Bulletin, Aug. 1, 1905, p 266.

TRUST COMPANIES: IS THERE DANGER IN THE SYSTEM? A. D. Noyes. Political Science Quarterly, Vol. 16, pp 248-261. June, 1901.

TRUST COMPANIES. Chas. E. Willock. Bulletin, March 1, 1903, p 7.

TRUST COMPANIES. Guy Morrison Walker. A pamphlet published by Moore, Baker & Co., Boston, 1903. Contains a discussion of the earning power of trust companies, and reasons for their growth.

TRUST COMPANIES AND THE CLEARING-HOUSE. Horace White. The Nation, Feb. 12, 1903. Vol. LXXVI., p 126.

TRUST COMPANIES AND THE PANIC. William Justus Boies. American Review of Reviews, Dec. 1907, Vol. 36, pp 680-83.

TRUST COMPANIES AND RESERVES. A. S. Frissell, Annals of the American Academy of Political and Social Science, Vol. XXXI., p 463.

TRUST COMPANIES AND THEIR FUNCTIONS. Samuel M. Hahn. Bulletin, July 1, 1902, p 10; July 15, 1902, p 11.

TRUST COMPANIES: THEIR ORGANIZATION, GROWTH AND MANAGEMENT. Clay Herrick. Bankers Magazine, 1904-1907 incl. Vols. LXVIII.-LXXV.

TRUST COMPANY ASSOCIATION OF THE STATE OF NEW YORK, THE. The Banking Law Journal, Vol. XXI., pp 419-20.

TRUST COMPANY, THE. Arthur H. Cooley. Bulletin, Feb. 15, 1903, p 9.

TRUST COMPANY, THE. Charles W. Stevenson. The Bankers' Monthly. July, Aug., Sept. and Oct., 1903. Vol. XXV.

TRUST COMPANY OF TO-DAY, THE. Virgil M. Harris. The Banking Law Journal, Feb. 1905. Vol. XXII, pp 97-101.

TRUST ESTATE MANAGEMENT. John W. Marshall. Bulletin. Jan. 1909, p 51.

TRUST ESTATES. H. B. Loud Bulletin, Oct. 1906, p 1018.

WORKING FORCE OF A TRUST COMPANY, THE Albert S. Abbott. Bulletin, Jan. 1, 1905, p 823.

WORKING FORCE OF A TRUST COMPANY, THE. Geo. D. Sears. Bulletin, Dec. 15, 1904, p 766.

BANKING, TECHNICAL AND GENERAL.

(Most trust companies do either a savings or commercial banking business, or both, and a thorough understanding of trust companies involves an understanding of the principles and practices of banking and of financial matters in general. In these fields the number of books is quite large, and only a few are included here.)

A. B. C. OF BANKS AND BANKING, THE. George M. Coffin. New York: S. A. Nelson, 1903. pp 136.

Explains banking theory and practice in a simple way.

A. B. C. OF STOCK SPECULATION, THE. New York: S. A. Nelson, 1903. pp 232.

Useful for an understanding of current methods of dealing in stocks.

A. B. C. OF WALL STREET, THE. Edited by S. A. Nelson. New York: S. A. Nelson, 1900. pp 164.

Explains methods of trading, and gives general information as indicated by title. Includes a dictionary of Wall Street terms.

ACCOUNTANCY OF INVESTMENT, THE. Charles Ezra Sprague. New York, 1904. pp 95.

Includes a treatise on compound interest, annuities, amortization and the valuation of securities. Discusses theory of accounts, their form and application to different forms of investments.

AMERICAN LAW RELATING TO INCOME AND PRINCIPAL, THE. Edwin A. Howes, Jr. Boston, 1905. pp 104.

Discusses the legal rules for the guidance of trustees in separating funds from investments into income and principal.

BANK SYSTEMS. Boston: Library Bureau, 1901. pp 40.

Practical accounting systems for trust companies and other banks.

CARE OF ESTATES, THE. Frederick Trevor Hill. New York, 1901. pp 176.

Practical questions regarding the rights, duties and liabilities of fiduciaries.

CLEARING-HOUSES: THEIR HISTORY, METHODS AND ADMINISTRATION. James G. Cannon. New York: D. Appleton & Co., 1900. pp 383.

A standard work on the subject.

CORPORATION FINANCE. Thomas L. Greene. New York.

A study of the principles and methods of management of the finances of corporations in the United States, with special reference to the valuation of corporation securities.

FOREIGN EXCHANGE. New York: The Financier Co., 1902. pp 184.

Reprint of a series of articles treating the subject in an elementary way.

FUNDS AND THEIR USES. F. A. Cleveland. New York: D. Appleton & Co., 1902. pp 297.

Describes the methods, instruments and institutions employed in modern financial transactions. Illustrated.

HISTORY OF BANKING IN THE UNITED STATES. John J. Knox, New York: The Bankers Publishing Co., 1903, pp. 902.

Gives the history of banking in the United States, with sketches of banking in each of the states. Makes some mention of trust companies.

HISTORY OF SAVINGS BANKS IN THE UNITED STATES. Emerson W. Keyes. New York: Bradford Rhodes & Co., 1876. Vol. 1, pp 438.

Considers the subject in a general way and by states.

INTERNATIONAL EXCHANGE. Anthony W. Margraff. Chicago, 1904. pp 300.

A practical work on the foreign banking department and its administration by American bankers.

LAWS OF THE STATES, THE, relating to trust companies.

In many states the Banking laws, including those relating to trust companies, are printed in separate pamphlets. They may be obtained from the state banking department, if any, or from the Secretary of State.

METHODS AND MACHINERY OF PRACTICAL BANKING. Claudius B. Patten. New York: Bankers Publishing Co., ninth edition, 1901. pp 520.

Originally published in 1891 and revised to date. Treats in a very interesting and instructive way of the practical details of the business, with illustrations.

MONEY AND BANKING. Horace White. Boston: Ginn & Co., 1902. pp 467.

Treats of the theory and principles of money and of banking, with historical sketches and descriptions of American banking institutions, and of foreign banking systems.

MODERN BANK, THE. Amos Kidder Fiske. New York: D. Appleton & Co., 1905. pp 348.

Discusses principles and details of work, with forms and explanations. Has a brief chapter (No. 28) on state banks and trust companies.

MODERN BANKING METHODS. Albert R. Barrett. New York: The Bankers Publishing Co., 1902. pp 320.

Treats in detail of the various departments of national banks, methods of working, bookkeeping, etc., with numerous forms and illustrations.

MODERN BUSINESS CORPORATIONS. William Allen Wood. Indianapolis: The Bobbs-Merrill Co., 1906.

Defines corporations, explains their legal status, formation and organization, officers, capital stock and bonds, accounting, forms used. With a bibliography on corporations.

MONEY AND INVESTMENTS. Montgomery Rollins. Boston: Dana Estes & Co., 1907. pp 436.

An encyclopedic dictionary of financial terms.

NATIONAL BANK ACT, THE. Washington: Government Printing Office.

Contains the laws relating to national banks. Chapter IX. gives the laws governing trust companies in the District of Columbia.

NEWEST ENGLAND. Henry D. Lloyd. New York. 1900.

Under Chapter II., pp 12-30, is given a description of the Public Trustee of New Zealand.

PRACTICAL BANKING. Albert S. Bolles. New York, 1892, eighth edition.

Besides discussion of banking principles and methods, gives a brief sketch of loan and trust companies, pp 281-289.

PRACTICAL PROBLEMS IN BANKING AND CURRENCY. Edited by Walter Henry Hull. New York: The MacMillan Co., 1907. pp 596.

Under the Trust Company Section, pp 457-585, are included reprints of a number of the papers read at the meetings of The Trust Company Section of The American Bankers' Association and elsewhere.

PRINCIPLES AND PRACTICE OF FINANCE. Edward Carroll, Jr.

A practical guide for bankers and others. Summary of state and national banking laws, legal rates of interest, glossary of commercial and financial terms.

PRINCIPLES OF BANKING, THE. Charles A. Conant. New York: Harper and Bros., 1908. pp 488.

This is the second part of the author's work on The Principles of Money and Banking. Discusses the theory and history of banking, currency, reserves, evolution of commercial banking, crises.

SAVINGS AND SAVINGS INSTITUTIONS. James Henry Hamilton. New York: The MacMillan Co., 1902. pp 428.

Explains the theory, benefits and educational aspects of savings. Discusses different kinds of savings institutions, including postal savings banks. With a bibliography.

STATE BANKING IN THE UNITED STATES SINCE THE PASSAGE OF THE NATIONAL BANK ACT. George E. Barnett. Baltimore: The Johns Hopkins Press, 1902. pp 117.

One of the Johns Hopkins University Studies. Treats the subject from the economic standpoint.

THEORY AND HISTORY OF BANKING, THE. Charles F. Dunbar. New York: G. P. Putnam's Sons, 1891. Revised edition, 1904.

Explains the theory of banking operations, and sketches the principal foreign banks and the national banks of the United States.

TRUST FINANCE. Edward S. Meade. New York: D. Appleton & Co., 1907. pp 387.

A study of the genesis, organization and management of industrial corporations. Origin, methods, promotion, sale of stock, U. S. Steel Corporation, capitalization, suggestions for reform and legislation.

TRUSTEE'S HANDBOOK, A. Augustus Peabody Loring. Boston, 1900. pp 191.

States the rules governing the management of trust estates and the relationship between trustees and beneficiaries.

WALL STREET AND THE COUNTRY. Charles A. Conant. New York: G. P. Putnam's Sons, 1904. pp 247.

Chapter VI., pp 205-235, The Growth of Trust Companies.

WORK OF WALL STREET, THE. Sereno S. Pratt. New York: D. Appleton & Co., 1903. pp 286.

Explains the subject in theory and practical detail with clearness and interest. Specially valuable for an understanding of financial methods.

FOREIGN BANKING AND FINANCE

Conducted by Charles A. Conant.

FINANCIAL INDICATIONS IN EUROPE.

THE reviews of market conditions and future prospects which appeared in foreign financial journals at the close of last year indicate that the year 1908 was one of comparative quiet in financial circles, but that some increase in activity may be expected during the year which has just begun. In England the private rate of discount did not harden greatly at the close of the year, nor at the beginning of the new year, in spite of the advance in the bank rate of January 14. The "London Statist" is of the opinion that available capital will be very abundant during the spring and that the official rate may fall again to two per cent.

In France the comparative stagnation of affairs during 1908 is indicated by the reduction in the dividend rate of the Bank of France and the diminished output of securities. The total dividend declared for the year at the Bank of France was 160 francs as against 175 francs in 1907. The difference is easily traceable to the decline in the average rate of discount from 3.47 per cent. in 1907, to 3.04 per cent. in 1908. The profits, even with this reduction, remained above those of years prior to 1907. One of the influences which impaired earnings, in addition to the low rate of discount, was a considerable decline in the volume of discounts.

In the matter of issues of securities in France, the total of all classes for 1908 appears at 3,480,000,000 francs ($675,000,000) as compared with 3,886,000,000 francs in 1905, 5,076,000,000 francs in 1906, and 2,847,000,000 francs in 1907. These totals include, however, large amounts of foreign loans, which are also listed on other bourses and are not sold exclusively in France. Limiting the inquiry to securities exclusively French which have been listed or introduced upon the French market, it appears that the amount in 1908 was 731,548,994 francs ($141,200,000) as compared with 885,598,495 francs in 1905; 870,323,566 francs in 1906; and 968,348,385 francs in 1907. The classification of issues for 1908 showed public funds to the amount of 97,302,640 francs; various classes of bonds, 248,192,563 francs; and stocks or founders' shares, 386,053,791 francs.

It is estimated by M. Lechenet, in an article on the subject in "L'Economist Europeen," of January, that the actual absorption of foreign securities in France during 1908 did not exceed 1,600,000,000 francs. These figures do not include two important offers of securities made at the beginning of this year, one of which was 350,000,000 francs in new three per cent. bonds of the Credit Foncier. These and other suggested offers, including the Russian loan, indicate the greater degree of activity which is anticipated on all the important bourses during the coming year.

In Germany considerable new issues have already been announced and several foreign loans have been offered on the Berlin market. Among the home issues are loans of 803,000,000 marks ($191,000,000) to restore equilibrium to the Imperial Treasury. The Imperial Bank showed some tension at the close of the year but the metallic stock exceeded by 344,000,000 marks that at the close of 1907, standing on December 27, 1908, at 1,059,068,000 marks ($255,000,000). The comparative ease of the bank's position is indicated by the fact that the limit of note issues at the beginning of the year, free of taxation, showed a margin of 37,500,000 marks.

BANKING IN GREAT BRITAIN IN 1908.

THE annual review of the condition of the banks of the United Kingdom which is made by the "London Bankers' Magazine," begins for 1908 in the number for the new year. The same resolute writing down of banking capital which has gone on for several years. partly as the result of amalgamations and partly in revaluation of securities, results in a trifling reduction of total capital and reserve funds for last year. The amount of the reduction is calculated at £224,447, as against a similar reduction of £458,120 in 1907 and a gain of £641,691 in 1906, leaving conditions very much where they were at the beginning of 1906. The reason for the apparent large increase in capital about the beginning of the century is indicated by the following explanation by our London contemporary:

"Since 1876, as we have to remind our readers, the gradual conversion of many private banks into joint-stock companies brought to light the existence of large sums of banking capital which had never been generally known of before. Thus in the years 1885-1892, several private banks published statements which showed that their capital amounted to more than £15,000,000, but as no public notice had been given of this, it appears in the statements of banking capital, when first mentioned, like a fresh sum invested in the business at the time. Since 1898, however, there have not been many transactions of this character, and the larger part of the growth recorded marks the addition of 'new money' to the capital of banks."

In the matter of writing off the value of securities, it appears that this was done in 1908 to a greater extent than in any year since 1904, when the shrinkage in consols had to be faced. The amount written off in the seven years ending with 1908, on account of securities, was £7,959,262, of which 1904 is credited with £3,600,000, 1907 with £1,773,940, and 1908 with £1,773,022. The amount written off on account of premises and the cost of acquiring other banks was £2,734,547 in seven years, but was much more evenly distributed than the amount written off on account of securities. The distribution of capital and reserve funds of British banks at the close of 1908 is exhibited in the following table:

	Capital.		Reserve Funds.
Bank of England	£14,553,000	Say,	£3,000,000
Other banks, England	55,254,700	"	34,308,000
Banks, Isle of Man	30,000	"	37,000
Banks, Scotland	9,241,700	"	7,633,700
Banks, Ireland	7,309,200	"	3,919,000
Total	£86,388,600		£48,897,700
Total	£135,286,300		

The need of definite measures to strengthen English specie reserves is again discussed by our London contemporary, and it is pointed out that proportionally to liabilities throughout the world, the reserves held are now smaller than they were a generation ago. The relations upon which this conclusion is based are described thus:

"The banking institutions of the other countries of the world stand now in a totally different position from that which they occupied thirty-three years since. The position of the Bank of England was far stronger relatively then to that of the other great banks of Europe than it is now, while, owing to the development of banking in this country in the interval, and the totally different conditions of business, the demands that might be made on it were far smaller than may be the case at the present time. Compared with thirty-three years since, there is no doubt that the deposits of the banks of the United Kingdom have increased something like £400,000,000 or £410,-000,000, if not more. In these figures the deposits of the Colonial and Foreign Banks having offices in London are not included. These amounts must be very large. In times of difficulty. these banks, as well as all the banks of the United Kingdom, would look to the Bank of England for assistance. The Bank of France, the Imperial Bank of Germany, and the National Banks of the United States, now all possess far stronger specie reserves than they did thirty-three years since, while the position of the Bank of England is practically weaker than it was then."

THE SILVER MARKET DURING 1908.

A REVIEW of the influences which depressed the price of silver last year is contained in the annual market summary of the "London Bankers' Magazine" for January last. The highest price of silver during 1908 was 27 pence per ounce, London standard, while the minimum price was 22 pence. The causes of this decline are thus discussed by the London publication:

"The ruling factor in the business of the year has been the small demand for the metal on the part of India, owing to the depression in business occasioned by the famine. During the eleven months ended November 30, India only took £7,914,000 in silver, as compared with £10,666,000 in 1907, and £14,479,000 in 1906. Remembering that last year importations of silver were checked soon after October commenced, we have to go back to 1906 for a normal period, and we find that the imports have fallen by nearly one-half. The gravity of this decline in demand on the part of the greatest consumer would not have been so great had it not been for the fact that the other large absorber of the metal, China, was suffering from glutted markets, as an after effect of the Russo-Japanese war. The consequence has been that throughout the year there was a very poor demand for the metal, the only relief to the position being afforded by the outbreak of a strong 'bull' speculation in Bombay, which has led to large shipments of the metal to that city, and the building up of a stock out of all proportion to local needs. This stock has not yet been liquidated, and much uncertainty prevails as to how the position will work out; but although the demand for Council drafts for India has improved of late, it is feared that several months at least will yet elapse before the Indian Government can be expected to come into the market as a buyer of the white metal.

"China, at the same time, has not got rid of its redundant supply, so that the prospect is that, for some time to come, the market will remain dull and depressed, even if a dip below the previous lowest record of 21 11-16d. per ounce is avoided. Trade in India, however, is improving, both the cotton and rice crops being reported good, and as a consequence, the bank rates have risen lately to the level of 6 per cent."

The reason for the bull movement at Bombay is set forth more fully in a circular issued by Messrs. Samuel Montagu & Co., in which they state that the Indian bazaars were "calling for silver week after week" with the result of record shipments in October and December. It is declared that this demand "clearly showed, as time went on, that the native, attracted by the fall in silver, was replacing the coins in his waist cloth by ornaments on the family limbs." This reflux of coin became ere long an embarrassment to the Government, who were confronted by an increasing redundance of currency, which threatened a loss of control over the exchange between London and India, hitherto so successfully maintained since the closure of the free mint. To restore the equilibrium, the gold securities in the gold reserve were partially replaced by silver rupees, the Government shipped sovereigns from India, and released £2,000,000 in sovereigns earmarked in London, as security for the note circulation. Fortunately the monsoon was fairly satisfactory, and gave promise of favorable harvests, whereupon remittances eastward again came into request, and the India Council resumed drawing on India. A vast speculative movement arose in the Bombay bazaar, in the course of which a vigorous effort was made to corner the "bears" by locking up the local stocks, which touched at one time the huge total of about £2,000,000, the actual weight of which, at prices ruling at the commencement of 1907, would have been worth £2,800,000. The struggle centered on the mid-November settlement, for which as the date drew near, a premium of 3 per cent. was quoted over silver to be shipped from London. Such a premium has not been unusual; but, with a stock of 20,000,000 ounces lying idle on the spot, the situation was unique.

BANKING IN ITALY.

THE second issue of an Italian banking manual "Italia Bancaria, 1908" affords some general information in regard to joint-stock and popular banks in Italy, which is not readily accessible to English readers. In Italy, as a whole, not including the three banks of issue, there are fully 170 joint-stock banks with a capital of nearly $75,000,000. Besides these there are more than 650 co-operative institutions with total capital of fully four million pounds. Banking in Italy is gradually developing. Some parts are far wealthier than others. Thus there are 21 joint-stock banks in Lombardy, with capitals of more than $35,000,000, practically half the entire capital of the joint-stock banks of the whole country. There are 70 co-operative institutions in the same division with capitals of $7,000,000. The banking power of the country is very largely in the hands of "Peoples' Banks" and other co-operative institutions. The establishment of the Peoples' Banks (*Banche Popolari*) was the work of the well-known statesman, Signor Luzzatti, who started his first Peoples' Bank at Milan in 1865, and still remains its Honorary President. The growth of these banks continues. A Cassa Rurale may be found in many villages of about 1,000 inhabitants, while in those that are larger, co-operative popular banks carry on all banking operations, discount bills, receive deposits and make remittances either within the country or elsewhere. The arrangements differ. In some cases the maximum loan permitted is limited to $100 or some similar amount, in other cases the maximum may be only $20, or even lower. The rate of interest charged is fairly moderate, 5½ or perhaps 6 per cent.

One important feature in the constitution of these banks is the employment of local people as officers. The president, vice-president and directors are sometimes paid, but the services of the Committee for Discounts which settles the advances, the most important part of the business, appear to be entirely gratuitous. Useful as the peoples' banks have been, they have not entirely covered the ground. The Casse Rurali, which may be described as co-operative councils of the whole parish, established to assist the working inhabitants, have also been of great service. The government of the institutions is entirely democratic, the elected council which directs the detail is appointed by the general meeting, which also regulates the admission to membership. In respect of personal qualifications it is strict as none other. A man may be as poor as a church mouse. That is no bar to his election, more particularly since the casse require not a penny to be paid down for shares. But he must be honest, and sober, and thrifty, and well conducted, and thoroughly trusted by his neighbors. And he must be able to write and read, at any rate rudimentarily.

DISPOSITION OF FRENCH SILVER COINS.

AN interesting discussion of the disposition of the large silver coinage with which France found herself burdened after the fall in silver, has resulted from the last official inquiry on the subject. It appears that the entire amount of silver pieces of five-francs executed by France from the time of Napoleon to the suspension of free coinage in 1878, was 5,060,606,-240 francs ($976,700,000). The coinage of the other four countries of the Latin Union brought up the total coinage of five-franc pieces to 5,947,014-340 francs ($1,147,800.000).

This enormous amount of silver currency has, however, gradually melted away under the influence of several causes. Under conventions of the Latin Union in 1885 and 1897, France has converted into subsidiary coins nearly 119,000,000 francs of the old pieces. Belgium demonetized 13,002,165 francs and Italy, 4,090,000 francs. A further supplementary coinage which has just been authorized will absorb a considerable additional sum in all these countries, including Greece and Switzerland, which did not execute any additional subsidiary coinage under the convention of 1897.

Another source of the absorption of the heavy French pieces has been exportation to the French Colonies. Statistics of shipments actually known from 1896 to July 1, 1908, represent a total of 104,524,000 francs, of which Madagascar has taken 34,334,000 francs; Algeria, 12,650,000 francs; Senegal, 12,900,000; the Upper Niger country, 9,330,000 francs; and the other French Colonies smaller amounts. It is well known that these figures are far below the amount actually absorbed by the Colonies. To the question how many 5-franc pieces are still in circulation in France, the answer is made by *"L'Economiste Europeen,"* of December 25:

"In an investigation made after the inquiry of 1897, M. De Foville estimated that there were then in France 1,935,000,000 francs ($373,500,000), of which 1,380,000,000 were in French coins and 555,000,000 francs in foreign coins. Resuming the same investigation after the inquiry of 1903, M. De Foville estimated that at that time the quantiy had been reduced to 1,800,000,000 francs. What conclusions will it be permissible to draw from the next monetary inquiry, which will probably take place in 1909? The difference between 1903 and 1909 will be, without doubt, more important than that observed between 1897 and 1903, but it is obviously impossible to calculate more precisely."

POLICY OF THE BANK OF SPAIN.

THE new project of law which has been submitted to the Spanish Cortes by the Minister of Finance, Senor Gonzalez Besada, contemplates the entrance of Spain into the Latin Union as soon as she is able to restore order to her monetary system. It is with this object that a limit has been fixed to the outstanding volume of subsidiary silver of seven pesetas ($1.40) per capita. It is proposed to retire the surplus above this amount gradually and to divide the loss between the Treasury and the bank. It is declared that considerations of the most elementary prudence militate against proceeding at once to the recoinage of the pieces of five pesetas and that the age of the pieces which are now in circulation is one of the best safeguards against future attempts at fraudulent coinage.

The shares of the Bank of Spain have declined between twenty and thirty points as the result of the reduction of profits which will ensue from the recent agreement with the government. It is calculated that the new law will cause the bank a loss of 4,000,000 to 6,000,000 pesetas ($1,-200,000), if the profits derived from commercial operations do not continue to increase as they have done during the past eight years. Several concessions, however, are made to the bank which will make it easier to show a favorable balance-sheet. The new law permits the bank to count among the securities held against its note issue some 344,468,953 pesetas ($66,500,-000) of Interior Four Per Cents., with the privilege of replacing these securities from time to time with those of the funded debt, to the amount of 270,000,-000 pesetas. It is contemplated that the Treasury shall withdraw the old securities by appropriating to this purpose one-fifth of the excess of receipts in future budgets. The duty is also imposed upon the bank of increasing its gold reserve and of co-operating in the monetary reform. It is declared by Mr. Arthur Houghton, the accomplished Madrid correspondent of "L'Economiste Francais," in its issue of December 26, 1908, that the majority of Spaniards expect from the monetary reform a favorable reaction on the exchanges which will tend to improve the economic condition of the country.

THE NEW CONVENTION OF THE LATIN UNION.

FURTHER details are coming to hand of the agreement reached by the governments making up the Latin Union in regard to the new subsidiary silver coinage. The subsidiary silver allotted to each country has been raised to sixteen francs per capita. France and Belgium have contracted to employ for their new coinage only the pieces of five francs, except that Belgium is authorized to employ also to the amount of 1,900,000 francs the silver money issued by the former Independent Congo State. Of the other countries, Switzerland is authorized to employ bullion entirely, Greece to employ bullion for three-quarters of her new issues, and Italy for a third, but only up to the point that such coinage shall represent twelve francs per capita. Greece is also authorized to coin exclusively from bullion the 3,000,000 francs conceded to the other powers by the convention of October 29, 1897, the profit arising from this coinage to be paid into a reserve fund for the maintenance of the circulation. The new issues, aside from th special concession made to Greece, are not to exceed 60 centimes per capita per year.

Article 4 of the new agreement authorizes the French, Italian, Swiss, and Belgian governments to withdraw from their circulation the Greek subsidiary silver pieces and to remit them to the Government of Greece for redemption. These coins will be no longer received for public dues by foreign governments four months after the ratification of the convention. One month after acceptance ceases, they will be placed at the disposition of the Greek Government and carried to an account in favor of the states making the remittances, at an interest rate of two and one-half per cent. which will be advanced to three and one-half per cent. twenty days after the shipments. The actual reimbursement of these coins will be accomplished in five annual payments, of which the first will be due eighteen months after the opening of the account, and the others annually thereafter. The Greek Government pledges itself, after covering the cost of repatriating the existing coins, to apply the seigniorage on coinage from bullion to the retirement of notes of one and two drachmas.

THE ITALIAN GOVERNMENT AND THE BANK OF ITALY.

THE new regulations adopted by the Italian Government last year for the control of note issues have resulted in a considerable increase in the strength of the Bank of Italy and the other two banks of issue. The gold reserve of these institutions increased during last year by 71,500,000 lire and attained 1,169,000,000 lire ($226,300,000). The note issue increased in the meantime only by 29,500,000 lire, thereby advancing the ratio of reserve to circulation from 70 to 73 per cent. The Government is to participate in the future in the profits of the Bank of Italy to an amount which will average during the next five years 3,200,000 lire, including the tax on circulation and the impost on transferable wealth. The share of the state will be one-third of the net profits, after setting aside five per cent. to shareholders and the required reserves, and will be half of the excess when available profits exceed six per cent. The tax on the circulation of the notes of the Bank of Italy, however, will be reduced to one-tenth of one per cent.

It is anticipated that at the end of the present year all the unliquid assets of the Bank of Italy will be liquidated and there will remain a surplus of 12,000,000 lire. The bank will abandon the right to repay to the shareholders the 30,000,000 lire which was demanded from them at the time of the banking troubles of 1893, and will carry a sum of 48,000,000 lire to surplus fund, which would be the property of the shareholders in case of liquidation. It is calculated that by the year 1913, the increase in the value of securities set aside will be about 30,000,000 lire, of which half will constitute an extraordinary reserve fund and the remaining half will be devoted to a new pension fund for employes. From 1909 to 1923 this pension fund will benefit by five per cent. of the annual net profits which are not absorbed by the surplus fund, which should be completed at the end of this year.

The measure presented by Signor Carcano, the Minister of the Treasury, for carrying out the arrangement with the Bank of Italy, proposes that the legal tender quality of the notes of all the banks of issue shall be continued until the close of the year 1909. The agreement with the Bank of Italy is approved and provision is made for a codification of the existing law regarding banks of issue and the circulation of notes.

THE EARTHQUAKE AND THE ITALIAN EXCHANGES.

THE terrible disaster in Sicily was naturally not without its effect upon the Italian stock market, just as that at San Francisco was upon the American market. A vigorous campaign was begun by the "bears," which was brought to a halt by an order from the Government closing all the official exchanges until January 7. A corps of inspectors was created charged with exercising an active scrutiny of those who circulated injurious news. These measures were followed up by a royal decree forbidding time operations of any sort for a fortnight.

A reassuring view of the immediate financial difficulties caused by the earthquake was presented by Signor Luzzatti, the former Minister of Finance, in the "Corriere della Serra." Signor Luzzatti condemns the attack to which the best national securities have been subjected, especially the shares of the Bank of Italy. This institution, he declares, is loaded down with gold. In the branches at Messina and Reggio everything remains intact. The commercial losses, which are not large, are divided between the Bank of Sicily and the Bank of Naples, and will be offset by the inevitable destruction of thousands of lire in bank-notes. Moreover, as Messina and Reggio were places devoted essentially to exportation, possessing foreign drafts which had been accepted by the banks, they are creditors rather than debtors to foreign countries.

ANOTHER LONDON BANK MERGER.

ANOTHER important merger has been arranged in London, which will create a new institution with a deposit of over $150,000,000. The merger was effected by the union of the London Joint Stock Bank with the York City and County Banking Company. The London Joint Stock Bank was established in 1836 and has a subscribed capital of £12,000,000, of which fifteen per cent., or £1,800,000, has been paid up. The York City and County Banking Company was established in March, 1830, and has a subscribed capital of £2,600,000, of which £780,000 has been paid up. The London Joint Stock Bank has been up to the present time a purely metropolitan institution, all its branches being embraced within a circle of twenty miles of Charing Cross. The amalgamation will enable the bank to enter the provincial field in the same manner as the London City and Midland, Lloyds, and Parr's. The latter institutions have thus far confined their extensions largely to the west of England and to Wales. The London Joint Stock Bank will have a comparatively untested field in the east of England, and is likely to become one of the strong half dozen banks in London which compete for places among the largest banks of the world.

FOREIGN CAPITAL IN ARGENTINE.

AN interesting calculation of the amount of European capital invested in various enterprises in the Argentine Republic has been made recently by Monsieur Raffalovich, the well-known Russian financial student. According to figures as recent as May 31, 1908, the amount of English capital invested was about $875,000,000, of which about $685,000,000 was in railways, $42,000,000 in banks, and $40,000,000 in tramways. French capital was estimated at about $108,000,000, of which $75,000,000 was in railways. German capital thus far invested is estimated at only $60,000,000, divided between banks, tramways, lighting plants, and other objects. The amount of German capital has not increased materially during the last few years, because of a degree of caution which was imposed by the events which followed the crisis of 1890. Much of the German capital embarked in the Argentine is invested in commercial houses. The amount of Belgian capital is estimated at $2,000,000.

BANK CONSOLIDATION IN CANADA.

THE number of banks in Canada has been reduced considerably of late, but without impairing accommodation to the public, which is extended by means of branches. The last consolidation is that of the Standard Bank, with a capital of $1,560,000 and deposits of $14,966,000, with the Western Bank. The latter was a prosperous little country bank, possessing a head office at Oshawa and twenty-six branches in Central and Northern Ontario. Its capital was but $550,000, while it held deposits amounting to $4,625,000, had accumulated a reserve of $350,000, and distributed dividends at the rate of thirteen per cent., as against the Standard's twelve per cent. The combination seems likely to benefit both institutions, for the Standard gains an entry into a district it had not previously covered, and the shareholders of the Western will not run the risk of finding their successful little business eaten into by the competition of powerful rivals.

BANK PROSPERITY IN PERSIA.

THE recent disturbances in Persia, while they have hampered commercial business to some extent, did not prevent a fair amount of profit by the Imperial Bank of Persia during its last fiscal year. According to the summary made by the "London Bankers' Magazine," the actual decline in earnings, for the year ending September 20, is not more than £13,000, and leaves the total at the satisfactory level of £62,680. As a result of the prudent handling of profits in the past, the directors find themselves well able to repeat the usual 8s. per share dividend and then add £10,000 to reserve, as against £25,000 a year ago, carrying forward the large balance of £16,493. The balance-sheet gives little indication of dislocation of business, and the increase in both the deposits and the note circulation are indicative of the complete confidence of traders in this representative of British banking in Persia at a time of political unrest and conflict within its borders.

WORK WELL DONE.

JOHN BARRETT, director of the international bureau of the American republics, is performing an excellent mission in seeking a greater development of commerce and comity with the twenty sister republics of the south. Some uncommonly instructive and artistic reports of an economic nature are emanating from his department; and Mr. Barrett himself exhibits an enthusiasm, a certainty and definiteness of knowledge, a directness of purpose and a frank independence in all his publications as cannot but tend to create friendly conviction and a co-operative inclination. That United States commercial relations with South and Central America are of a pitiably curtailed volume Mr. Barrett is only too well aware, as Blaine was before him; and our whole people in due time also must recognize that regrettable fact, and earnestly desire its modification in a manner consonant with the natural order of things on this continent. The trade all up and down both east and west coasts and throughout the deep circuities of gulfs and bays normally belongs to merchants and mariners on this hemisphere; and Mr. Barrett's mission is to further this sentiment till its reclamation or procurement has been attained. His part of a large and difficult undertaking certainly is being executed with discernment, force and, one may well believe, with the prospect of tangible results adequately compensatory.—*Madison* (Wis.) *Democrat.*

IN LINE AT THE SAVINGS BANK.

THE line which passes continually by the window of the receiving teller in the savings bank shows life in a variety of conditions and at a variety of ages. The one fact that most impresses an observer is the number of babies.

Most mothers who have an account in a savings bank perforce must take baby with them when they make their weekly or bi-weekly or other stated pilgrimages, for there is no one at home to take care of baby. So you will always see in the changing line one or two women with babies in their arms.

Or it may be baby doesn't want to stay in arms. He or she wishes to creep or toddle about the floor and by making that wish known with vociferous persistence attains his desire. So a depositor, entering hurriedly, frequently has to step carefully because of the tiny bits of humanity sprawling here and there.

The bank clerks don't seem to mind the little ones. It may be they are used to them or are sufficiently human so that this phase of life really interests them. Then too they must have an eye for business, for these babies, many of them, are among the bank's best customers.

The proud young mother, standing book and money in hand, isn't saving up for herself, it's for baby, while baby, all unconscious that he is a person of some financial importance, is playing happily with the steam radiator.

Then also in the line is the young woman who looks wistfully at the babies. It needs but a glance to tell that she is thriftily putting away what she can spare from her earnings at the typewriter or in the store against the day when she too will have a home of her own and qualify for the mothers' class.

There are a few old women in line, faded and worn usually, eagerly anxious to get enough put by for their funeral. They notice the babies usually with thoughtful reminiscence, sometimes with the asperity born of a loveless, lonely life.

Of course not all of those in this line are women, but they far outnumber the men. Of the men the young predominate. The thin, light curly haired young man you guess is saving up to get married; the timorous look he gives the babies shows that. But the men depositors as a rule get through their business as quickly as possible and show little emotion except impatience that the line doesn't move faster.

It must be that prosperity is returning, for the only line in the savings banks these days is at the receiving teller's window. The paying teller has little to do.—*Ansonia* (Ct.) *Sentinel.*

PRACTICAL BANKING

THE RELATIONSHIP OF THE CLEARING HOUSES OF THE UNITED STATES AND CANADA TO THE QUESTION OF EXCHANGE.

The Regulations Adopted by the Clearing House in the Chief Towns and Cities in the Matter of the Charges for the Collection of Checks, Drafts and Notes—and Rules in Force Governing the Subject.

By James P. Gardner.

PERHAPS no department of banking has been the subject of more discussion of late years than the question of exchange, or the charges made for the collection of the various items cash or collection passing through the bank for the credit of its customers. What points should be collected free, what points should be discretionary or why should a charge on any item be exacted, and why should a customer maintaining a handsome balance be charged at all for the collection of out-of-town checks and other items,—these are some of the questions that have caused bank officials many an uneasy quarter of an hour. But of late years the adoption of rigid rules by the clearing houses throughout the country have led in a measure to an adjustment.

It was by an amendment to the constitution adopted March 13, 1899, that the New York clearing house passed resolutions which, in substance, will be found embodied in this article, that brought the question to a focus and paved the way for a tacit agreement on the subject of the clearing houses throughout the country.

The subject had long been agitated and various plans suggested to effect a harmonious settlement, but it was not until there was concerted action on the part of the associated banks of the clearing house that the demoralizing competition was ended, and the question placed on a satisfactory basis. It is one of the proper functions of a bank to collect drafts, notes and checks, yet it was long contested by the depositor that his balance warranted the free collection of his items.

Such an appeal in certain cases was undoubtedly warranted, but the general principle is sustained, that to reimburse itself for the responsibility and the risk in the selection of proper agents, the securing of prompt remittances, and the expense incident to such collections, a bank is warranted in exacting a fair and moderate charge.

While local conditions very largely have goverened the clearing houses in the adoption of their regulations, there will be noticed a certain uniformity common to them all, which in brief is an agreement between the banks and trust companies comprising the clearing houses, that they will exact from their customers and their correspondents a charge of exchange for the collection of their various items. These regulations, found in the tables, reflect very clearly the attitude of representative bankers throughout the country.

A close perusal of the tables will guide bankers to a wider knowledge of the charges they will have to pay for the collection of their items, and to understand on what basis their reciprocal correspondents make their terms. The writer wishes to thank the managers of the clearing houses mentioned in the article for their courtesy in answering his questions and thus enabling him to lay before the readers of THE BANKERS MAGAZINE the first list of such a nature to be compiled.

ALABAMA.

BIRMINGHAM.

The clearing house of Birmingham has not adopted any rule to govern the charge of exchange by its members, each bank and trust company treating individually with its customers, and with its reciprocal correspondents. The rates of exchange range from par to one quarter of one per cent., $2.50 a thousand, while most business is transacted on a basis of one-tenth of one per cent. to one dollar and a half a thousand, remittance in payment being made daily.

MOBILE.

The following charges to be made by banks and trust companies composing the Mobile clearing house for the collection of out of town items went into effect July 1, 1907.

For all items payable in the following states, a charge of not less than $1.50 per thousand shall be made, viz:

Connecticut, Delaware, District of Columbia, Illinois, Indiana, Kansas, Kentucky, Maine, Massachusetts, Maryland, Michigan, Missouri, New Hampshire, New Jersey, New York, Pennsylvania, Ohio, Rhode Island, Tennessee, Vermont, Virginia, Wisconsin.

For all items payable in the following States a charge of not less than $2.00 per thousand shall be made, viz:

Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina.

For all items payable in the following States, a charge of not less than $2.50 per thousand shall be made:

Arkansas, Arizona, California, Colorado, Dominion of Canada, Idaho, Indian Territory, Iowa, Minnesota, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washingon, West Virginia, Wyoming.

All items received from, or on account of, any bank, trust company, person or firm outside of Mobile, but bearing the endorsement of a depositor in Mobile, shall be subject to the same charge as if received from the depositor direct.

For items collected for account of or in dealings with the Governments of the United States, State of Alabama, and the City of Mobile, for Board of Public Schools and Steam Railway Companies and for items payable in the Cities of Baltimore, Boston, Cincinnati, Louisville, Chicago, New York, New Orleans, Pittsburgh, Philadelphia and St. Louis the charges shall be discretionary with the collecting bank, and shall not be governed by the provisions of these rules and regulations.

On items drawn at sight, deposited as cash, and bearing three days' grace, an additional charge of fifty cents per thousand shall be added to the above rates.

No exception is to be made on items drawn with exchange, or with any similar notation. Checks with written or printed qualifications or restrictions as to payment, shall not be accepted on deposit.

In case the charge on any item at the rates above specified does not equal ten cents, the collecting bank shall not charge less than that amount, but all items received from any one person at the same time, and payable at the same place, may be added together and treated as one item, for the purpose of fixing the amount chargeable.

It is further agreed that the charges herein specified shall in all cases be collected at the time of deposit.

No collecting bank, shall, directly or indirectly, allow any abatement, rebate, or return for, or on account of, such charges, or make in any form, whether of interest on balances or allowances on New York Exchange in his deposit or otherwise, any compensation therefor.

ARKANSAS.

Little Rock.

The clearing house of Little Rock up to this time has not been able to effect an agreement on the question of exchange charges, and so each member arranges the matter independently. The charges generally are from one-tenth to one-quarter of one per cent. with one-eighth of one per cent. the average charge, though this is governed very largely by the character of the exchange furnished and the relationship existing between the two banks at interest.

Generally speaking banks in Little Rock are compelled to pay one-quarter of one per cent. for their collections throughout the State.

CALIFORNIA.

Los Angeles.

On January 29, 1907, the Los Angeles clearing house association adopted a very complete set of rules which in substance are here given.

The United States are hereby divided into what will hereafter be termed "Eastern Territory" and "Western Territory."

Western territory shall embrace California, Oregon, Washington, Nevada, Idaho, Utah, Arizona, New Mexico, and the City of El Paso, Texas.

Eastern territory shall embrace the rest of the United States.

1st. *Rates of exchange on points in western territory.*

For exchange on drafts sold to the general public, excluding banks and bankers, on points in "Western Territory," there shall be charged five cents for each $100 or fractional part thereof. No draft shall be sold for less than five cents, and *no deduction shall be made on account of purchase of a number of drafts at one time.*

Purchasers of exchange on any point in the western territory, in amounts of not less than $10,000.00 during any calendar month, may be allowed a rebate of two and one-half cents per $100.

2nd. *Rates of exchange on points in eastern territory.*

For drafts sold on points in eastern territory, the following charges shall be made:

Drafts of $50.00 or less, 10 cents each.

Drafts over $50 and not over $650 15 cents per $100.

Drafts over $650 and not over $1,000, $1.00 each.

Drafts over $1,000, 10 cents per $100.

The following table will show more in detail, the charges to be made under this rule:

Under $50		$ .10
Over 50 and not over......	$100	.15
Over 100 and not over......	133	.20
Over 133 and not over......	166	.25
Over 166 and not over......	200	.30
Over 200 and not over......	233	.35
Over 650 and not over......	1000	1.00
Over 1000 and not over......	1050	1.05
Over 1050 and not over......	1100	1.10
Over 1100 and not over......	1150	1.15
		etc.

No reduction on account of purchase of a number of drafts at one time shall be made, and no variation from above schedule shall be allowed.

EXCEPT—

(1st.) That purchasers of exchange on points in the eastern territory, who settle monthly for exchange bought, may be permitted to pay the exchange on the sum total of their monthly purchases, when the same are not less than $5,000.00, at the rates above specified.

(2nd.) Depositors of exchange on points in eastern territory, shall be entitled to receive the same class of exchange without charge, if called for within six months.

(2nd.) When any clearing house bank cashes any check or other item, drawn upon another city bank, which bank has requested such Los Angeles clearing house bank to clear its items when presented, such encashment of such checks or other items, shall not be considered a payment of such check, until the same has been forwarded to the bank upon which it is drawn, and been approved by it, notwithstanding the fact that said bank was charged with the check or other item, when the same was encashed.

(3d.) On checks or other items sent to any bank in this city, requiring returns in exchange on points in eastern territory, a charge shall be made at not less than the rates for exchange on points in the eastern territory, as prescribed by schedule under the head of rates of exchange.

Oakland.

No rules have been adopted by the Oakland Association, each bank acting independently.

Rates are generally one-tenth of one per cent.

San Francisco.

The clearing house of San Francisco has not formulated any rules for its members to observe in relation to exchange charges; each bank follows its own views on the subject. Exchange rates fluctuate very much, varying from day to day; in consequence no terms for remittances are fixed on.

CANADA.

Halifax, Nova Scotia.

No uniform rule has been adopted in Halifax for the collection of items, at the same time the rates are more or less uniform, being generally one-tenth of one per cent. for daily remittances, with a minimum charge of ten cents. On large items of two thousand and over, the rate is reduced to one-sixteenth of one per cent.

Montreal.

No rules governing the charges to be made for the collection of items have been adopted in Montreal. It is strictly a private matter between the various banks.

Toronto.

The plan adopted by the Toronto clearing house is for one of the banks to arrange or call the rates, which are posted up every morning in the clearing house. These rates are on a reasonable basis of profit. As each bank sends one or two clerks to the clearing house every morning, the rate is reported to his bank upon his return. This system is at present used by the twenty-two banks and their ninety offices.

Victoria, B. C.

There is no agreement in Victoria on the subject of rates for collection, but the individual banks are very well agreed in principle. Collections are undertaken for correspondents at a charge ranging from one-eighth to one-sixteenth of one per cent., depending on the extent of the business.

COLORADO.

Colorado Springs.

Members of the clearing house association of Colorado Springs will accept for credit, at par, all deposits, checks, drafts and bonds where they can utilize the same at par without cost to themselves, otherwise they charge cost of collection, except brokers' drafts with mining stock attached or drawn against mining stock, which shall be charged one-eighth of one per cent. in addition to the cost of collection.

On telegraph transfers for banks, the charge is one-eighth of one per cent. besides the cost of telegram. All such other telegraph transfers are charged one-quarter of one per cent. up to $1,000, and one-eighth of one per cent. above that amount. Funds paid out on telegraph transfers sent here for payment, except for deposit from correspondents, are as follows:

No charge less than 15 cents and one-quarter of one per cent. on amounts of $100 to $1,000, and one-eighth of one per cent. on all sums above $1,000.

In the purchase of acceptance for deposit of domestic exchange, by any member of this Association, no premium shall be paid.

All drafts received for collection or credit drawn on the citizens of this city or vicinity, "With Exchange," shall be subject to the following rates of exchange, which shall be collected from the payer:

No drafts shall be collected for less than 10 cents.

Drafts from $100.00 up, one-tenth of one per cent.

Checks on banks in this city bearing endorsements from points outside of the State of Colorado, except from States west of the east line of Colorado and Texas, whether received for collection or credit, shall be subject to a charge of one-tenth of one per cent.

Denver.

The banks in Denver charge for the collection of checks, drafts and notes coming from points east of the eastern line of Colorado, one-tenth of one per cent. when payable in the city of Denver. When payable outside of Denver, the same charge is made plus cost of collection, which cost varies in different places.

The clearing house banks charge their customers exchange on drafts purchased. They also charge their customers on checks or drafts deposited by them at the rate of fifteen cents per hundred when not drawn or payable at banks in Colorado, New Mexico, Utah and Wyoming or the cities of New York, Boston, Cleveland, Chicago, St. Louis and a dozen or so of the other principal cities of the United States.

CONNECTICUT.

Hartford.

In Hartford there is no agreement among the banks comprising the clearing house and each bank settles the question on its own terms. The terms of remitting their New York correspondents are generally at par twice a month for the accrued balance on city of Hartford items.

New Haven.

No rules on the subject have been adopted by the New Haven clearing house.

DELAWARE.

Wilmington.

The Wilmington clearing house has not adopted any rules upon the subject.

FLORIDA.

Jacksonville.

The rates of exchange and collection charges adopted by the members of the Jacksonville clearing association went into effect September 1, 1903, and for Jacksonville items are as follows: Drawn with exchange, no charge is made; without exchange, on sums under $500. one-fourth of one per cent.; $500 to $1,000, $1.25; $1,000 to $10,000, one-eighth of one per cent.; while sums of $10,000 and upwards are charged for at the rate of one-tenth of one per cent.

GEORGIA.

Augusta.

Commencing on September 1, 1907, all items received from customers on points outside of Augusta shall be taken at the uniform discount of one-fifth of one per cent.; items under $50.00 at a minimum charge of fifteen cents, except that charges on items under $10.00 shall be discretionary.

Items on any eastern points which New York will accept at par, such as Albany, Baltimore, Bayonne, Boston, Hoboken, Newark, Philadelphia, Jersey City, Providence and Troy, also Chicago, Cincinnati, Louisville, St. Louis and Washington, shall be accepted by the banks at par the year round—cotton bills excepted. These are generally taken at $2.00 a thousand the year round.

For a wilful violation of the first provision of this report any bank in the association is fined fifty dollars for the first offence, and one hundred dollars for every repetition of the violation.

Exchange on collections is charged on the usual sliding scale the year round.

The banks in this association buy and sell exchange only at rates to be established by the exchange committee.

Rates for telegraph transfers to New York are $1.00 per thousand higher than the rate over the counter.

The following schedule of exchange charges was adopted by the Augusta clearing house association, effective Monday, December 2, 1907:

Drafts sold over counter, and drafts drawn with exchange and transient collections.

Amounts under $500, one-fourth of one per cent. premium.

Amounts of $500 to $1,000, one-fifth of one per cent. premium.

Amounts of $1,000 to $5,000, one-eighth of one per cent. premium.

Amounts of $5,000 and over, one-tenth of one per cent. premium.

Telegraphic transfers, $1.00 per $1,000 premium.

As checks received in payment of transient collections are only available through the clearing house the following day, remittances for them will be held up until then.

BRUNSWICK.

For the collection of checks, notes and drafts in Brunswick from whomsoever received, and remitting on day of payment, on what is known as transient or collection and return basis, the charges are:

Over	$ 5.	to $	25.	10 Cents
"	25.	to	60.	15 "
"	60.	to	80.	20 "
"	80.	to	100.	25 "
"	100.	to	1000.	¼th of one per c. maximum $1.25
"	1000.			⅛th of one per c

A uniform charge for New York, Savannah and all other exchange sold over the counter is shown in the accompanying table.

Not exceeding	$ 5.	and not less than	$ 1.	3 cents
Over	5.	and not exceeding	10.	5 "
"	10.	" " "	40.	10 "
"	40.	" " "	60.	15 "
"	60.	" " "	80.	20 "
"	80.	" " "	200.	25 "
"	200.	" " "	800.	⅛th of 1 per cent.
"	800.	" " "	1000.	$1.00
"	1000.	" " "	2000.	1-10th of one per cent., max. $1.50.
"	2000.			75c. per thousand

It is not permissible to receive at par from local customers, either as cash or collection, items payable in the States of Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, Tennessee, Kentucky, North Carolina or South Carolina, but such items shall be discounted not less than as follows:

Over $5 and not exceeding $500, one-fourth of one per cent., minimum 10 cents; over $500 and not exceeding $1,000, $1.25; over $1,000, one-eighth of one per cent.

except that such charge may be discretionary on items payable at the following points in said States, namely, Albany, Atlanta, Augusta, Columbus, Darien, Jesup, Macon, Rome and Savannah, Ga.; Birmingham, Mobile and Montgomery, Ala.; Chattanooga, Tenn.; Louisville, Ky.; Wilmington, N. C.; Charleston, S. C., New Orleans, La. Items on one point handled at one time may be bunched and taken at the minimum rate.

Other sections provide a premium

ranging from seventy-five cents per thousand to $1.25 per thousand on transfers for correspondent banks.

COLUMBUS.

A few years ago the associated banks of Columbus agreed upon a uniform systems of charges for the collection of their checks and other items. Each bank deposited one thousand dollars with the treasurer of the clearing house to be forfeited in case of any violation or evasion of the agreement. On all items deposited over their counters the rates as cash

$25 and less	10 cents
Over $25 to $50	15 cents
Over $50 to $75	20 cents
Over $75 to $100	25 cents
Over $100 and upwards one quarter of one per cent.	

For collections the same rates prevail, excepting on items of $500 and over the rate is reduced to one-eighth of one per cent.

MACON.

The Macon clearing house adopted a set of rules August 31, 1907, covering very fully the question of exchange, besides fixing the rates at which New York exchange is sold over the counter. The rates for New York exchange are, on amounts up to $50, ten cents, and on amounts up to $120 a charge of one-eighth of one per cent. These rules have been given with but little abridgement of any reference to exchange, as they reflect very clearly the sentiment of Southern bankers on the matter.

On amounts of $2,000 and over sold over the counter, a rate of one-tenth of one per cent. is charged, except from September 1 to January 1 each year, any rate may be charged, but the entire amount must be drawn at time of purchase.

It is agreed that where parties keep an average monthly balance of $5,000 and over, there is no charge for exchange purchased.

Exchange on Out-of-Town Items:

There is a uniform charge on all out-of-town items cashed, deposited as cash or for collection by either individuals, merchants, mercantile or manufacturing firms and corporations of all kinds, except accounts of individuals only outside of city:

A uniform rate of ten cents on each item up to $50.

A uniform rate of fifteen cents on each item of $50 up to $120.

A uniform rate of one-eighth of one per cent. on amounts over $120.

Items on New York city, Philadelphia, Pa., and Macon, Ga., excepted.

When there are two or more items on the same place aggregating not more than $100, they are treated as one item, but it is agreed that in lieu of the above charges, any bank has the right to make a monthly charge to each individual or corporation of not less than $40.

Collection Charges:

It is agreed that on all drafts and checks deposited for collection by the aforesaid depositors and returned unpaid, a charge of ten cents will be made on each item, and it is further agreed that on all notes left for collection, whether collected or returned, a charge of ten cents shall be made on each item.

Penalty:

It is also agreed that each bank shall deposit with the manager of the clearing house association, $500 in five $100 cashier checks payable to the order of the manager of the clearing house association, upon the ratification of this agreement, with the understanding that $100 will be forfeited for each and every item not charged for according to the above agreement, or for every violation thereof. The clearing house association must act as a jury in each case reported, and a majority of its members will decide if the forfeit is to be made.

It is also agreed that as fast as each $100 is forfeited by any one bank for violating the above agreement, the said bank is to immediately deposit with the manager another $100 to take its place, or the remaining deposit with the manager of the clearing house will be forfeited.

It is also agreed that accidents, carelessness and ignorance of the rules will be no excuse for any bank violating the above agreement.

It is also agreed that any amount forfeited by any bank for the violation of these rules be held by the manager of the clearing house in a general fund.

Savannah.

On May 25, 1906, the following schedule of rates went into effect in Savannah. The New York rate spoken of in the list covers items on the cities of New York, Philadelphia, Boston and Baltimore; this rate varies, depending on the amount offered on these points. In July the rate is buying at one-tenth discount and selling at one-tenth premium, yet in the fall, when the cotton crop is moving, as a large amount of exchange is offered, the rate is then usually at a discount.

Georgia, Atlanta, Augusta, Macon, Columbus	1-8 of 1%
Rest of the State	1-4 of 1%
Florida, Jacksonville, $1.50 per $1,000 on amounts of $1,000 and upwards, 3-16 of 1% for lesser amounts	
Rest of the state	1-4 of 1%
Alabama, Mobile, Montgomery, Birmingham	1-8 of 1%
Rest of the state	1-4 of 1%
South Carolina, Charleston and Columbia	1-8 of 1%
Rest of the state	1-4 of 1%
North Carolina, Wilmington	1-8 of 1%
Rest of the state	1-4 of 1%
Middle and eastern states, New York rate plus	1-10 of 1%
Virginia and West Virginia, New York rate plus	1-10 of 1%
Chicago, St. Louis and Louisville, New Orleans, New York rate plus	1-16 of 1%
Nashville, Cincinnati, Cleveland and Indianapolis	3-16 of 1%
Galveston	1-8 of 1%
Pacific Coast	1-2 of 1%
Canada	1-4 of 1%
All of the rest of the country	1-4 of 1%

And if the amounts of the items when calculated at the agreed rates shall be less than ten cents, then a minimum charge of ten cents shall be made, provided that all items received at any one time from a customer and payable in the same State, may be charged for as if they were one item.

IDAHO.

Weiser.

The rules adopted by the clearing house of Weiser, comprising three banks, went into effect March 1, 1908, With slight modifications the rules are given as they are adopted. They are of particular interest, as provision is made and distinction drawn between items originating in the State and those coming from outside points.

All items except bank drafts payable in Weiser, Idaho, are subject to exchange charges by members of the Weiser clearing house association according to the following rates:

All items originating in the State of Idaho, and bearing no outside endorsements, may be received at par, except when received with request to remit returns direct, in which case they will bear the regular charge.

All items received from correspondents within the State of Idaho which do not bear the endorsement of any other bank in the same city, and which bear no endorsement of any bank outside of Idaho, may be received at par, except when direct returns are requested, in which case they will bear the regular charge.

The rate to be charged shall be on all amounts up to and including $300, one-fourth of one per cent.; from $300 up to $1,000, twenty cents per hundred; from $1,000 up to $2,000, fifteen cents per hundred, and from $2,000 up, ten cents per hundred; the minimum charge on any item to be ten cents, but when two or more items are received in the same letter they will be treated as one item.

Exception to the above charges may be made, in cases where any bank outside of the State carries and maintains a credit balance with any of the members of this Association. In such cases items received from them will be credited at par, but subject to final payment.

ILLINOIS.

Bloomington.

In the thriving city of Bloomington the clearing house has concluded not to adopt any rules on the question of exchange, but to leave the matter in the hands of the various banks. Generally speaking, checks on Bloomington are remitted for at one-twentieth of one per cent. and collection items at an average rate of one-tenth of one per cent.

Rockford.

In Rockford it is the agreement for banks to remit for checks on any bank in the city at par, and on collections a minimum charge of twenty-five cents is made for items under $250, and one-tenth of one per cent. for items over that sum.

Chicago.

On April 2, 1906, the Chicago clearing house association rules and regulations governing the charges on collections went into effect. One paragraph of particular interest is that relating to items drawn "with exchange."

Every bank, banker and trust company member of, or connected with the Chicago clearing house, shall charge for all items received from Chicago city and Cook County customers (including all banks, bankers and trust companies members of or connected with said clearing house) and passed direct to their credit or cashed for any resident of said city or county on points (excepting those hereinafter declared discretionary) in Connecticut, Delaware, District of Columbia, Illinois, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island and Vermont not less than seventy-five cents per thousand on the amount of the item; and if said per cent. when calculated upon any such item does not equal ten cents, the charge shall not be less than that sum, excepting on items of $10 and under, when the charge shall be five cents; provided, that all items received at any one time from any customer, and payable at one city or town, may be added together and treated as one item, and be charged for as if they were one item.

And for all such items (excepting those hereinafter declared discretionary) on points in Indiana, Iowa, Kansas, Kentucky, Michigan, Missouri, Tennessee, Virginia, West Virginia and Wisconsin, not less than $1 per thousand on the amount of the item; and if said per cent. when calculated upon any such item does not equal ten cents, the charge shall not be less than that sum, excepting on items of $10 and under, when the charge shall be five cents; provided, that all items received at any one time from any customer, and payable at one city or town, may be added together and treated as one item, and be charged for as if they were one item.

And for all such items (excepting those hereinafter declared discretionary) on points in Alaska, Alabama, Arizona, Arkansas, California, Colorado, Florida, Georgia, Idaho, Indian Territory, Louisiana, Minnesota, Mississippi, Montana, Nebraska, Nevada, New Mexico, North Carolina, North Dakota, Oklahoma, Oregon, South Carolina, South Dakota, Texas, Utah, Washington, Wyoming, Canada and Newfoundland, not less than $2 per thousand on the amount of the item; and if said per cent. when calculated upon any such item does not equal ten cents, the charge shall not be less than that sum, excepting on items of $10 and under, when the charge shall be five cents; provided, that all items received at any one time from any customer, and payable at one city or town, may be added together and treated as one item, and be charged for as if they were one item.

On all such items on the city of Albany, N. Y.; Baltimore, Md.; Boston, Mass.; Brooklyn, N. Y.; Hoboken, N. J.; Jersey City, N. J.; Milwaukee, Wis.; Newark, N. J.; New York city; Philadelphia, Pa.; Providence, R. I.; St. Louis, Mo.; all towns in Cook County, Illinois, and on drafts drawn by banks or bankers on banks and bankers in such reserve cities as will agree to remit for same without charge, the charge shall be discretionary with each bank or company.

On all items on the following points the minimum charge shall be fifty cents per thousand on the amount of the item: Buffalo, N. Y.; Cincinnati, O.; Cleveland, O.; Indianapolis, Ind.; and Pittsburgh, Pa. And if said charge when calculated upon any such item does not equal ten cents, the charge shall not be less than that sum, excepting on items of $10 and under, when the charge shall be five cents; provided, that all items received at any one time from any customer, and payable at one city or town, may be added together and treated as one item, and be charged for as if they were one item.

On all items on the following points the minimum charge shall be $1 per thousand on the amount of the item: Denver, Colo.; Lincoln, Neb.; Minneapolis, Minn.; Montreal, P. Q.; New Orleans, La.; Omaha, Neb.; St. Paul, Minn.; Toronto, Ont.; and Winnipeg, Manitoba. And if said charge when calculated upon any such item does not equal ten cents, the charge shall not be less than that sum, excepting on items of $10 and under, when the charge shall be five cents; provided, that all items received at any one time from any customer, and payable at one city or town, may be added together and treated as one item, and be charged for as if they were one item.

On all items drawn "with exchange" or "and exchange" the charge may be one-half of the foregoing rates, but in no case shall it be less than ten cents on items over $10 or five cents on items of $10 and under.

All items received from or for the account of any bank, banker or trust company, person or firm outside of Chicago, and bearing a Chicago endorsement, or which may be drawn by an individual, firm or corporation having an office in Chicago, or an account in Chicago in connection with business originating in Chicago, shall be subject to the same charge as if received direct from a Chicago customer.

On all items entered for collection the charge shall not be less than the cost incurred by the bank, banker or trust company taking the item, plus a handling charge of ten cents per item. Each bank, banker or trust company member of, or connected with the Chicago clearing house association shall actually collect the foregoing charges on all items not later than the fifteenth day of the calendar month next following the receipt or handling of the items. And no such bank, banker or trust company shall, directly or indirectly, allow any abatement, rebate or return of any such charges, or make in any form, whether of favor or otherwise, any compensation therefor. Banks, bankers and trust companies shall not be obliged to impose any of the foregoing charges on items drawn on, or by, or deposited by the United States Government, the State of Illinois, the County of Cook, the City of Chicago, steam railroads, or the Board of Public Schools of the City of Chicago.

INDIANA.

Fort Wayne.

The clearing house of Fort Wayne permits its members to waive charges on items payable in Fort Wayne or in reserve cities, but on all items received over the counter for collection, except checks and bank drafts and coupons, and on all items discounted, a charge of ten cents per $100 or fraction thereof, is made, provided there is a minimum charge of twenty-five cents on each item.

Indianapolis.

The clearing house of Indianapolis has no rule on the subject of exchange or collection charges, each bank reserving for itself the right to arrange the terms of remittance.

South Bend.

In South Bend, as in Indianapolis, each bank adjusts the question of exchange without any restriction placed upon it by the clearing house.

Evansville.

In Evansville the selling rate for New York and Philadelphia exchange is one dollar per thousand, and on other points fifty cents per thousand, with a minimum rate of fifteen cents for small amounts.

The rate for checks and bank drafts drawn on points south of the Ohio river and west of the Mississippi river, excepting the State of Kentucky and the city of St. Louis, Mo., received over the counter, is one-eighth of one per cent. discount.

Drafts with bills of lading attached, one-quarter of one per cent. discount with interest and exchange in addition if not paid within ten days.

Every bank must obtain an agreement signed by each customer to be responsible for any check or draft cashed or deposited, until returns for same are finally paid.

No bank, trust company or savings bank, members of this association, to pay interest on daily balances subject to check.

IOWA.

Cedar Rapids.

The question of the charges on country checks and other items has been very carefully taken up by the clearing house association of Cedar Rapids. The minimum charge on out-of-town checks is ten cents. Items over one hundred dollars, one-tenth of one per cent. Items on the same points deposited at the same time may be added together and the charge based on the total, except in the cases where the collecting bank charges on each separate item, when charges shall be made accordingly. About one hundred and fifty towns in the State are collected without charge, and most of the large Eastern cities are likewise treated. Lack of space prevents printing at length an itemized list of these cities.

Davenport.

The rules of the clearing house association at Davenport are very simple. A charge of one-tenth of one per cent. is made on the total of the letter, a minimum charge of ten cents. On items over $2,500 the option of a charge of one-twentieth of one per cent. is given if the collecting bank so elects.

KANSAS.

Topeka.

At the present writing the Topeka clearing house has not arrived at any definite conclusion relative to exchange charges. The question is under discussion and undoubtedly soon a set of rules will be drawn up.

Wichita.

The Wichita clearing house association banks charge local customers exchange on all checks drawn on Kansas, except Hutchinson, Topeka, Leavenworth and Kansas City, Kansas, or on Oklahoma except Oklahoma City; and on all checks drawn on points in Texas and New Mexico.

They also charge exchange on all checks coming for credit and remittance, having the endorsement of any other State, except Kansas, Nebraska and Oklahoma. The only exception to this rule being checks received from regular correspondents, country, and on drafts drawn by country correspondents on these Wichita correspondents.

(To be continued.)

A WORD OF WARNING ON TYPEWRITTEN CHECKS.

THERE has crept into usage recently, in several large firms, a system of drawing up their checks in typewriting. This is a very dangerous procedure, for it will be readily understood, inasmuch as typewritten words and figures may be erased, with what ease a check could be raised or altered.

This custom is also in usage in drawing up notes and drafts, and here also, particularly in the case of notes, is the custom risky, for while there is a reasonable certainty that a check will be presented within a short space of time, a note may await presentation several months before its maturity, and in the meantime a dishonest holder may have changed the amount, by readily filling in a larger sum, and negotiated the instrument without suspicion. Under no circumstances should notes or checks with typwritten figures or words be issued.

This question has been brought forcefully to the notice of the bankers abroad who have come to this conclusion only after rather expensive teaching.

INSURANCE ON COMMERCIAL PAPER.

IN our day when insurance may be arranged on anything in earth, sea, or sky, it is of passing interest to note that no attention has been directed by the large insurance companies to a form of insurance that well might engage their close attention. Reference is made to the insurance of commercial paper. This department of business affords them an excellent field. There is always a quantity of commercial paper in the market in need of closest scrutiny, and for whose good name the banker without the aid of a well-equipped credit department is, unless he be familiar with the paper, wholly at sea. A large insurance company, equipped as it is with agents throughout the country, could readily organize a department of statistics necessary to take care of this new feature of its business.

Banks and purchasers of commercial paper would run no risk in discounting such paper when at a small premium, and they would be protected against any loss by reason of failure of the makers of the note to fulfill their contract.

BANK OF BELGIUM.

THE Bank of Belgium's capital of 50-000,000 francs in 1000-franc shares is held by 912 stockholders, of whom 565 held ten shares or less. There is a branch in Antwerp and thirty-nine agencies in other cities. The notes constitute the paper currency of the Kingdom and are redeemable in coin on demand and secured by a permanent metallic reserve equal to one-third of the circulation, in which by custom certain foreign securities are included.

Average note circulation is $135,486,000. The notes are legal tender. The bank pays the government one-fourth of the profits exceeding four per cent., part of expenses of the treasury, receipts from discounting operations when the rate is above three and a half per cent., one-quarter per cent. every half year of circulation in excess of $53,-075,000, and returns from the investments of available government bonds. The bank acts gratuitously as financial agent of the government. The business of the bank in 1906 amounted to $8,685,000,000, and 4,851,-000 drafts, etc., were cashed. Paper discounted was $821,313,744, of which $657,-358,000 was Belgian obligations, and the average for which paper was drawn was forty-three days. More than 80 per cent. was in sums of less than $20. Average rate of discount in 1906 was 3.84 per cent. and between 1879 and 1899 averaged 3.33 per cent. The bank is not interested in increasing the rate above 3½ per cent., as all profits above that rate go to the government. In a recent year the state received $90,903 from that source.

GOLD ON INDIAN RESERVATION.

J. S. HOUSER, a Klondike miner, has discovered rich gold outcroppings near Cloudcroft, N. M., on the Mescalero-Apache Indian reservation, and the stores in Cloudcroft have closed and the proprietors and clerks gone into the gold fields after claims. They have discovered in their hunt that the Indians have been working claims in the region for many years. Cloudcroft is a summer resort and the Mescalero reservation is about to be turned into a national park, a bill now pending in Congress for it.

THE JESTER'S PAGE.

RARE INDEED.

"The time, the place and the girl. How seldom we see them together."

"And another rare combination is the man, the scheme and the coin."—*Louisville Courier-Journal.*

FINANCIAL RESEARCH.

Wife—"I stitched up the hole in your trousers pocket last night. Now, am I not a thoughtful little wife?"

Husband—"H'm; how did you know there was a hole in my pocket?"—*New York Times.*

TRACING IT BACK.

"Pa."

"Well, what now?"

"What's atavism?"

"Atavism is why a descendant of an old family robs a bank."—*Cleveland Leader.*

THE SECRET OF HIS SUCCESS.

"And so," said the reporter who was interviewing the great financier, "you got your first thousand dollars by saving it?"

"Yes."

"And after that?"

"After that I put in my time finding out how to get the thousands that other people had saved."—*Chicago Record-Herald.*

WHAT'S THE USE.

"Time is money," I quoted once
To silence my chattering daughter;
"But it's very little, papa," she said,
"Three months make only a quarter."
—*Boston Transcript.*

WEIGHTS AND MEASURES.

"In our country," said the English tourist, "we reckon money by the pound."

"In this country," rejoined the American trust magnate, "we reckon it by the barrel."—*Chicago Daily News.*

MODERN TABLE OF VALUE.

"Now, children," commanded the austere instructor in advanced arithmetic, "you will recite in unison the table of values."

Thereupon the pupils repeated in chorus:

"Ten mills make a trust.

"Ten trusts make a combine.

"Ten combines make a merger.

"Ten mergers make a magnate.

"One magnate makes the money."—*New York Times.*

GLIMPSE OF THE FUTURE.

Ages had passed, and the national debt had been paid at last, to the uttermost farthing.

At once a novel condition arose.

The country was threatened with a surplus.

"What shall we do with it?" anxiously asked the financiers.

For a time nobody seemed able to suggest anything feasible.

Then a wild, reckless radical boldly asked:

"Why not pay the Government clerks living salaries?"

A fierce controversy instantly ensued.

But nothing came of it. The proposition was too revolutionary.—*Chicago Tribune.*

EXAMPLE AND PRECEPT.

Mr. Andrew Carnegie, in the December number of "The World's Work," observes "It is a low and vulgar ambition to amass money." This reminds us of the small boy who, after a sound chastisement was thus addressed by his father, "Now, Tommy, understand that this is for your own good. Remember what the great Solomon said, 'spare the rod and spoil the child.'" "Yes, I know," sobbed the little delinquent; "but Solomon didn't say that till he was growed up!"—*London Financial Times.*

THEIR RULING PASSION.

If John D.'s generosity should make him feel inclined
To give the Plebs a gallery for paintings, we would find
By way of stipulation he'd be very apt to say:
"All paintings there must be of oil from 26 Broadway."

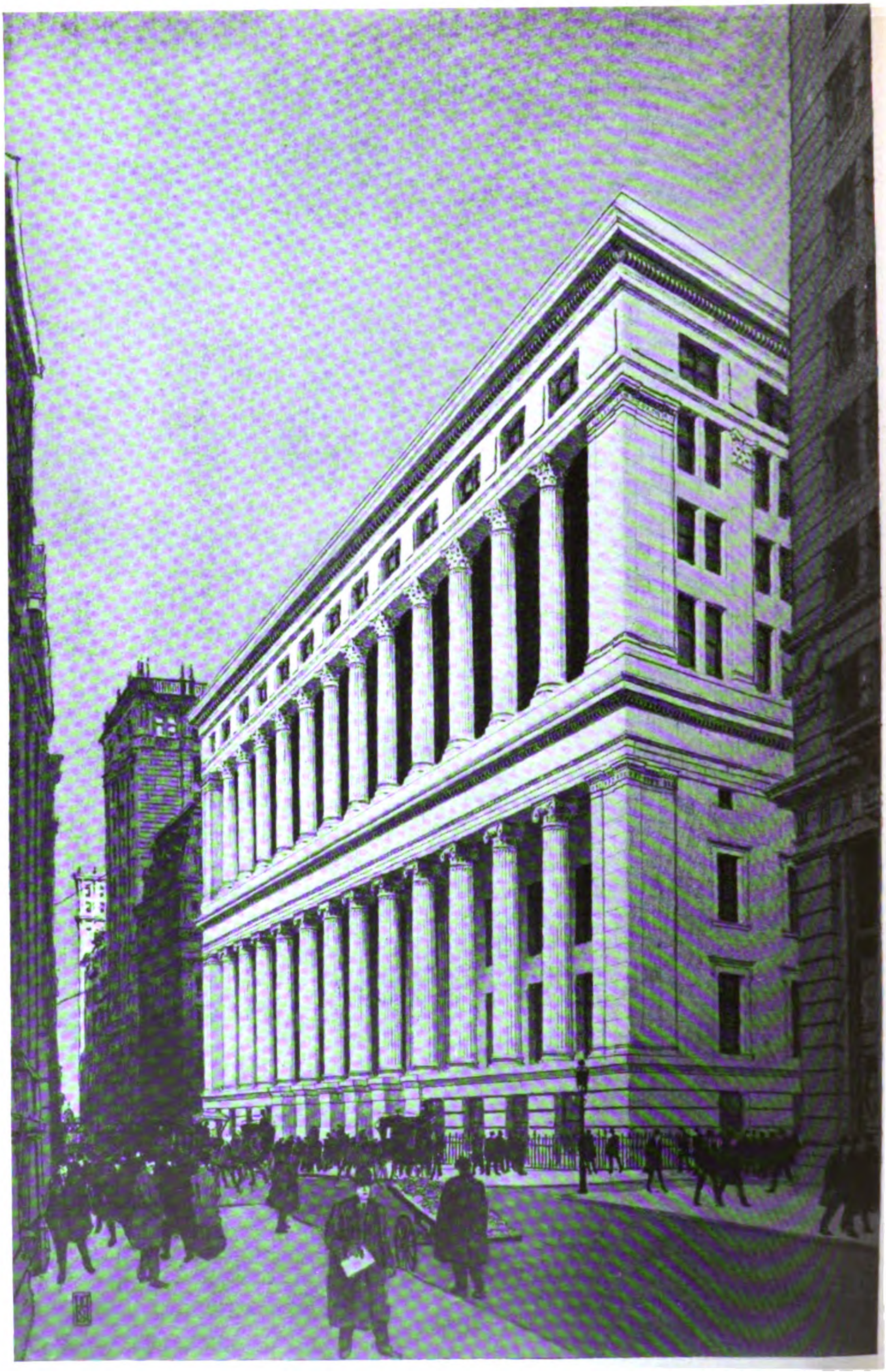
And Andrew C. should give some dough with similar intent,
Which, for a home for modern art, must carefully be spent,
No doubt with thoughts of "Auld Lang Syne," he naturally would feel
That all the steel engravings should be made from "U. S. Steel."
—*Lippincott's.*

FATHERLY ADVICE.

Father—"My boy, never ask for credit."

Son—"No?"

Father—"No; put up a pouter-pigeon front and let 'em force it on you."—*St. Louis Times.*



WALL STREET AND THE NATIONAL CITY BANK BUILDING

The fine lines and architectural traditions of the old Custom House have been preserved in the admirable work of the architects, McKim, Mead & White.

THE NATIONAL CITY BANK OF NEW YORK.

By E. S. Blasdel.

MUCH has been written about the National City Bank during the past two or three months, mainly about the beauty of its new home and the record figures of its routine banking operations. But thoughtful bankers have looked at other aspects of this great institution, and have talked over such topics as its relations to out-of-town banks, its foreign operations in international money markets and its relations with Wall Street men and corporations. And they have speculated about the National City's new president, Frank A. Vanderlip, and what he should mean to the banking world, and have wondered what plan has been laid out for the future growth of the bank.

And after all the real story of the National City Bank lies in such topics as these.

The daily papers printed many columns about the bank's new specie vaults and the unique contrivance for turning jets of live steam upon invaders, but the story of its closely knit web of out-of-town connections is of much greater importance, although of less casual interest.

The National City has correspondents in all American cities and towns. This phase of its activities is growing at a tremendous rate, and it has flourished largely on account of the excellent services the National City has rendered out-of-town banks at New York, Washington and elsewhere. The National City was one of the first New York banks to see the possibilities of a special service at Washington for out-of-town banks, particularly new national institutions, and it has reaped the legitimate harvest of the pioneer.

Its foreign connections are equally extensive, and its dealings in the foreign exchange market range from three to ten million dollars daily. Formerly private bankers had a monopoly of gold shipments, but in the last year or so the National City has made itself the prime factor in this specialized field. National City officials will tell you that the institution aims at all times to act between nations or to meet the requirements of any international financing operations. It has acted as fiscal agent for Japan, Russia, China, Cuba and Spain and has recently turned actively toward the South American republics.

Some Facts Not Generally Known.

"The National City Bank and Wall Street" is a story with many versions. Perhaps more nonsense than truth has been written about the bank's connections with great movements on the Stock Exchange.

Mr. Stillman in his more active days played a considerable part in the formation and flotation of the great stock companies and corporations, and the public has been quick to link the name of the National City with the operations of him and his associates. The truth is that the National City acted in a purely banking capacity, and in more than one instance has been the banker of sharply competing corporations. Its large capitalization and great resources have been necessary to meet the tremendous demands of the great business concerns of the country, but the actual operations have been along the same simple lines that govern the daily business of the smallest and most conventional country bank.

It was very natural that out of these varied connections and activities the National City should find it advisable to build up a wholesale bond department. It is by far the largest dealer in government bonds; it was fairly successful in its attempt to popularize English Consols in this country and it

GENERAL VIEW OF THE INTERIOR
The entrance portal is probably the largest in existence. It opens from Wall Street and is in the center of the main banking room.

was one of the chief American underwriters in the recent Brazilian coffee loan. The National City is usually a member of the banking syndicates handling railroad bond issues of any importance, and it often heads these syndicates. Wall Street has lately noted with no little interest the fact that Morgan institutions and the National City have been members of the same syndicates. There was at one time a tradition that the National City and the Morgan interests were unfriendly, but if there was ever a basis of fact for such a belief, it no longer exists.

The Man Behind the Bank.

And now to the personal phase of the bank, although the former president, Mr. Stillman, and the new president, Mr. Vanderlip, are averse to any consideration of the parts played by themselves in the bank's growth. Mr. Stillman has been one of the silent men of Wall Street, and in addition was popularly supposed to be one of the coldest and most isolated of men. When Mr. Stillman came to the bank eighteen years ago, its deposits were $13,251,300; when he retired, the gross deposits had grown to $308,728,000, a figure only surpassed by two European banks.

Things happen rapidly in American affairs, especially in American finances, but this achievement is rather in a class by itself and one calling for very pronounced human qualities on the part of Mr. Stillman.

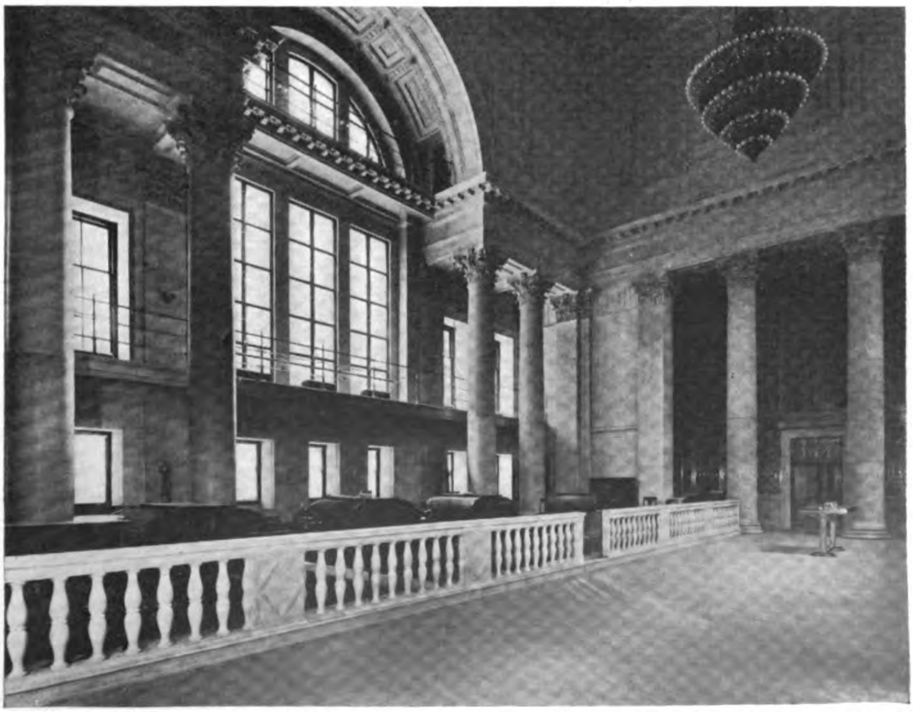
It would then seem reasonable to concede that the popular estimate of Mr. Stillman was wrong in some particulars. He must have been a man with a large amount of faith and optimism as well as foresight and prophetic vision. No banking institution can prosper that lacks alliances and enduring friendships, and yet these conditions do not grow up about a human iceberg.

Two important decisions made at the close of his administration go far toward revealing the real Stillman. One was a determination to make Mr. Vanderlip his successor in the presidency of the bank and the other was the selection of plans for the new building, Some of the bank's advisers were inclined to favor a modern skyscraper for the site of the old Custom House, but he took the position that it was due the city and the country to preserve the architectural character and tradition of the fine old structure. Furthermore, when it came to the details of this plan, he insisted that quiet beauty and classic simplicity should be the keynote of the general interior rather than a scheme of richness and magnificence.

Sketch of the New President.

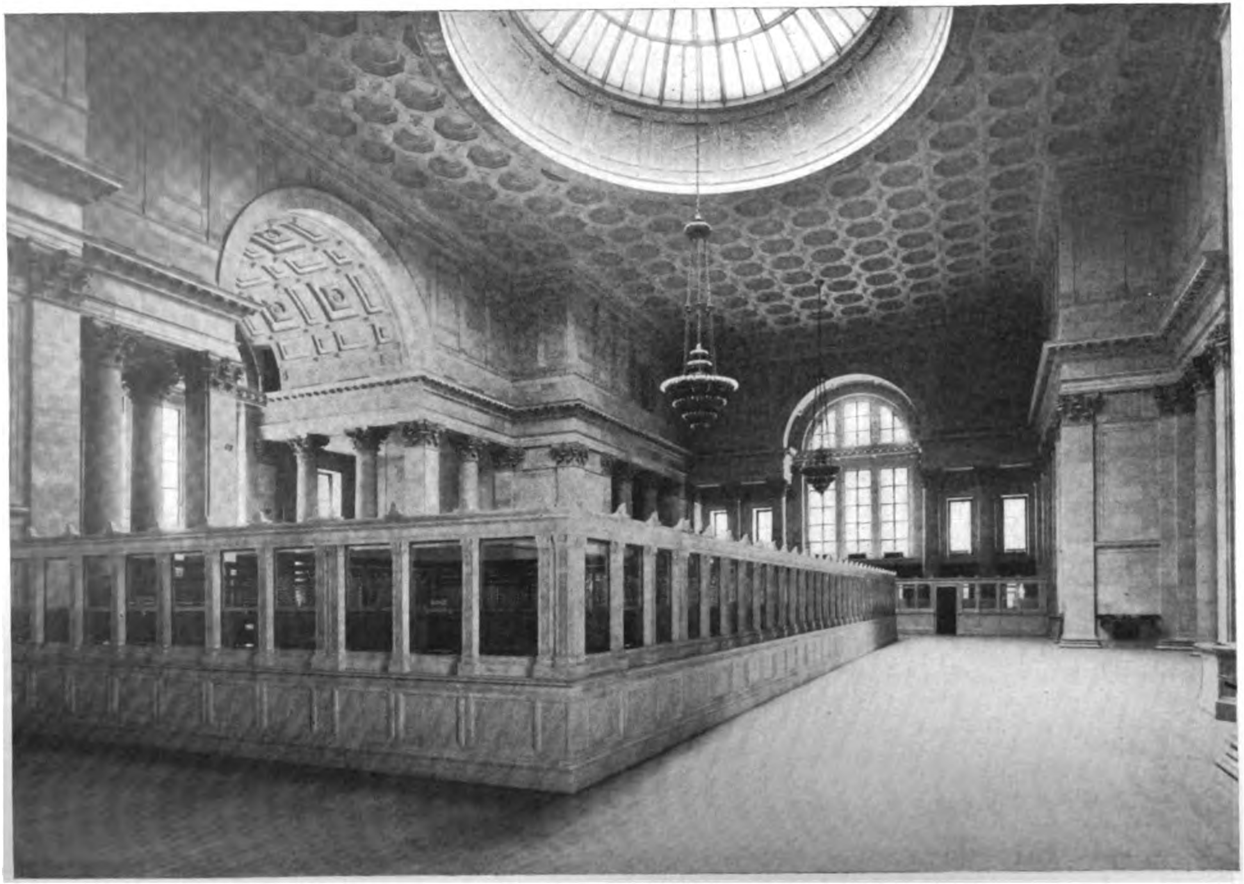
Mr. Stillman's attention was attracted to Mr. Vanderlip when the latter was Assistant Secretary of the Treasury with Lyman J. Gage at Washington. Mr. Vanderlip's story has often been told, but not often enough, because it is one of the most encouraging life stories of the present time. Briefly, it is an account of an Illinois farm boy, thrown out upon the world to hustle at the age of 12, who became successively a machinist, a stenographer, a newspaper reporter, a financial writer, a private secretary, an assistant of the Treasury, Vice-President of the National City Bank and now President of that institution.

In the Assistant Secretary of the Treasury, Mr. Stillman discerned a man who had always kept faith, who had



THE OFFICERS' QUARTERS

The principal officials have desks on a slightly raised platform which extends across the Hanover Street side of the banking chamber.



THE MAIN BANKING ROOM

The banking screen is of soft gray Italian marble which blends admirably with the monotone color scheme of the general interior.

THE DIRECTORS' ROOM

In this simple and severely furnished room the final word is passed upon transactions of tremendous importance.

worked hard and who had developed his natural powers on his own account and at effort and sacrifice. Few bank presidents know as many phases of American life as does Mr. Vanderlip and few have such broad sympathies. He is one of the most democratic of men, and his friends of former days are still his friends. His election to the presidency of the National City Bank was a severe test to his poise, because it attracted wider interest and satisfaction than almost any event short of a general election.

Description of the New Quarters.

The National City's new home opposite the old quarters at 52 Wall Street is in every respect an interesting study. The architects, Messrs. McKim, Mead & White were wonderfully successful in preserving the lines and character of the old building although they have more than doubled its capacity. The old granite walls with the Ionic colonnade on Wall Street were left almost unchanged although the interior was entirely removed and the floor level lowered to meet the street level. On the shoulders of this old structure were superimposed four stories and a roof floor; a Corinthian colonnade was placed above the old Ionic monoliths. The bank will occupy all of the lower section but the four floors above will be rented. These floors are built about an interior court or light well, at the bottom of which is the huge glass dome which lights the main banking chamber. This banking room, containing some 25,000 square feet, is a strikingly beautiful interior. It is finished in soft warm gray Italian marble, a material that enters in the columns, pilasters, wall panels, banking screen, etc. The floor is a smooth French stone of a similar color tone. The ceiling and dome base are likewise without color; in fact the whole color scheme is a monotone, the only color present being lent by the heavy bronze grills and chandeliers and the dark rich mahogany furniture. The banking screen is seventy-five feet long and forty-five feet deep and back of it are located the specie vaults, which have been treated frankly as a great strong box. The corner angles of the room are concealed by columns and grills with a background of satin finished glass. Three mezzanine floors are hidden in these corner angles and they serve as the quarters for the bookkeeping and clerical staffs. In the corners on the Wall Street side is located the bond department under the management of J. H. McEldowney; the foreign exchange department is at Wall and William Streets under J. E. Gardin. The president's offices, which by the way received the severely plain decorative treatment of the whole interior, are located in the Hanover and Exchange Place corner and above is located the directors' room. The telegraph and cable offices occupy the remaining angle.

On a slightly raised platform extending across the Hanover Street side are located the desks of the more important officials of the bank outside of the President. A low marble balustrade with a simple Colonial gate is all that separates them from the public and this arrangement lends a wholesomely democratic air to the daily operations of the institution. It is furthermore a fact that the National City officials are the most accessible men in the financial district.

The roof floor is a story in itself, housing as it does the dining rooms for guests, officers and employes, with complete kitchen arrangements, a laundry, a refrigerating plant, an assembly room and a library in addition to the living quarters of the superintendent of the building. The number of the bank's employes is just short of 400 and they have a club organization which meets for social purposes as well as for the study of banking.

The National City grew very fast under Mr. Stillman's direction and in the adoption of banking system and machinery slight regard was paid to custom or tradition, but in every instance the most effective mediums were selected. This policy was extended to the selections of officials and department heads; when there was a man big enough for an opening, he was promoted from the ranks of the bank's own employes, but there was never any hesitation in going outside to obtain a particularly efficient man. Accordingly, the present leaders of the bank are a combination of those who have fought their way to the front in the bank itself, and those who have shown a special fitness elsewhere, either in banking or otherwise.

James A. Stillman, a son of James Stillman, is one of the vice-presidents. Others are William A. Simonson, Horace M. Kilborn and John E. Gardin. Arthur Kavanaugh is cashier; the assistant cashiers are W. H. Tappan, S. E. Albeck, J. H. McEldowney, G. E. Gregory, A. H. Titus, and William Reed.

When the bank had safely settled itself in its new quarters, the officials and others got together one evening and presented testimonials to Vice-President Horace M. Kilborn and Assistant-Cashier G. Gregory as a recognition of their services in planning many of the details of the new building and in carrying out the programme of removal.

CLEVER.

The waiter expected a fifty cent tip, but he didn't get it. "This was a quarter you gave me, sir," he suggested, meaningly. "That's all right," said the guest. "I never do things by halves." And he walked out with a munificent air.—*Cleveland Leader.*

AS A SUBSTITUTE.

If money were not the root of all evil it would probably be something else just as good.—*Dallas News.*

CURRENT OPINION

A DEFENSE OF POSTAL SAVINGS BANKS.

POSTMASTER - GENERAL MEYER took up the cudgels in behalf of the postal savings bank plan, in an address delivered before Group I., Pennsylvania Bankers' Association, at their annual dinner held February 5, in the Bellevue-Stratford, Philadelphia. A part of his speech follows:

The object of postal savings banks is to instill in our people habits of thrift and to attract the money of those who are not near any bank or those timid persons who have no confidence in banks, and also those who have such small sums that they feel diffident about offering to private banks.

A postal savings system wisely planned and administered is an important adjunct to commercial banking. There are many small towns not large enough to maintain savings banks. The more than 60,000 post-offices of the United States and the approximately 40,000 rural carriers are ideal agents for the collection of small savings deposits.

In Austria the deposits in postal savings banks increased $18,500,000 from 1898 to 1905. In the same time deposits in other savings banks increased $687,000,000. The growth of the postal savings bank, while healthy, was less than three per cent. of that made by private savings institutions. The official rate of interest is three per cent. and the system has been in operation since 1883.

It is pertinent to inquire what classes of people patronize the Austrian postal savings banks. The Austrian Comptroller of the Currency, in his 1907 report, says the average account in the postal savings bank is only $22.39, as against $187.32 in all savings banks. A recent report on the Austrian postal banks classifies depositors, with the result that children are found to comprise 44 per cent. of all the depositors; artisans and laborers, 14.3 per cent.; domestic servants, 8 per cent.; married women and widows, 4.5 per cent.; military men, 2.1 per cent.; state and parochial officers, 1.5 per cent., the remaining 25.6 per cent. being representatives of a great variety of professions and callings. The number of children who made request for pass books in the single year 1893 is given at 54,713.

SITUATION IN GREAT BRITAIN.

In Great Britain, from 1898 to 1905, the deposits in postal savings banks increased $141,000,000. The greater part of this is made up of the accretion due to interest credited, the system having been in operation there since 1861. Deposits in "joint stock" banks increased during the same period $428,000,000. As a matter of fact, the postal savings bank business in England has been nearly stationary in recent years. In the period from 1898 to 1907 the deposits exceeded the withdrawals by only $38,000,000. The gain in the total holdings from interest amounted to $164,500,000. . . .

QUESTION OF ITS PAYING.

It has been alleged that a postal savings system in this country could not be made to pay its way, and such an argument has at times been bolstered with the declaration that it is a losing venture in Great Britain. The Postmaster-General of Great Britain, Sydney Buxton, tells me that since 1876 the postal savings banks have paid into the exchequer a net gain of $5,437,735. He states that the deficiency during the years 1896 to 1899 was due to a rapid increase in the price of consols, in which postal savings deposits are invested, and when the price dropped in 1900 the balance of the year's business was again in favor of the state.

England's experience has shown that one-fourth of one per cent. was sufficient to maintain postal savings banks and leave a margin of profit which might accumulate as a surplus fund.

I feel that I should call your earnest attention to an important phase of the present savings bank situation. I find that large numbers of immigrants habitually bank a portion of their earnings in the postal savings banks of their native countries. It does not seem to me that American bankers can get this business to any great extent except through the agency of the postal savings bank.

During the last fiscal year 488,564 money orders were sent to Italy from this country, amounting to $21,292,938.57, an increase of $2,306,418.96 over the previous year. It is apparent that this forms but a small part of the total amount sent out of the country annually by Italian residents. A large portion of this amount was remitted for deposit in the postal savings banks of Italy.

SWEDISH POSTAL SAVINGS.

A copy of a paper published in Chicago in the Swedish language was brought to my notice a few weeks ago. Prominently displayed therein is an advertisement of the Swedish postal savings bank, and throughout its columns no fewer than fifty displayed advertisements of private Swedish banks appear.

These advertisements indicate that a considerable business is transacted with Swedish banks by the Swedish element of our population.

Objectors to postal savings banks consist chiefly of those who object to the methods of conducting the system, and those who object to the principle of the Government taking on the duties of savings banks.

Details are being thoroughly discussed and commented upon in the Senate, and there is no doubt in my mind that the few objectionable features which will inevitably creep into the first draft of a measure of such far-reaching importance will be entirely eliminated in the course of debate.

John Schuette, president of the Manitowoc Savings Bank, Manitowoc, Wis., in his desire to find a vital defect, remarks that the postal savings bank will not protect the deposits of the many who have no savings account.

It would be rather difficult, I think, to devise a system which would. The same banker adds that when banks were in a tight place depositors would withdraw their deposits and put them in the postal savings bank.

In a degree this would unquestionably be true, but it should be borne in mind that the total deposit of any individual cannot exceed $500, nor can more than $100 be deposited in any one month. And the bill now under consideration provides that the money received shall be immediately turned over to the national banks in the vicinity of the postoffices where it is received; and there is an amendment under consideration providing that such deposits may also be made in state banks under certain conditions.

JUDGMENT OF DEPOSITORS.

I do not believe that any intelligent depositor who at present has dealings with a savings bank and is getting 4 per cent. interest would take his deposit away to place it in the postoffice, thereby reducing his income one-half. Again, if people become nervous as to their deposits in banks, the panic of last year showed that they would not wait for the Government to establish postal banks before withdrawing it.

Far from militating against banking institutions, I believe that during times of financial stress the postal savings bank would be of inestimable service to them. If depositors withdrew their money in such times, instead of placing it in hiding as they do now, they would have the opportunity to deposit it in the postal savings bank, when the Government would immediately turn it over to a local bank, thus strengthening that institution and the entire community with money which, under present conditions, would disappear from circulation and cause a contraction of the currency.

It has been urged as an objection that the money which the Government receives would eventually find its way to the financial centers. The movement of the money will, of course, be governed by the law of supply and demand.

MAKING BANKS SAFE.

INSTEAD of enacting a guaranty deposit law which appears to be the schedule, Eugene Denton, Secretary of the State of Kansas, is in favor of having the Legislature strengthen the present banking laws so that they will serve the same purpose.

Some of his views are embodied in the following:

I believe that the present banking law is one of the best in existence. It has some weak places, as is the case with all laws, but it can be strengthened until it will be a model and give all the protection that could be secured under a guaranty law and have none of the injustices of that proposed law. Greater restrictions should be placed around the men in active charge of the business of the banking institutions. The laws holding them responsible for loss should be more rigid. They should be so rigid that crooked men could not afford to go into the banking business. This is one place where improvement could be made. During the last ten years I do not believe there has been a dollar lost by a Kansas depositor except where there was crookedness in the bank. My idea is to enact laws that will cut out the crookedness and make the bankers themselves responsible and not saddle the result of crooked work onto all the bankers of the state.

It is my opinion that the weakest point in the present banking system is the manner in which charters are granted to new banks. That is the starting point and is where reform should start. The present law is such that it is a very easy matter for a set of men to secure a charter for a new bank. All they have to do is to have the necessary capital stock and pay the charter fees. The state charter board ought to be given authority to take three things into consideration when going over the application for a bank charter. First, the board should investigate thoroughly the character of the men interested in the proposed institution. It should know exactly the kind of men who are going to have charge of the affairs of the bank, their reputation and their real life. Then the board ought to be allowed to investigate the financial standing of the men. Men who can merely scrape together enough money to start a bank should not be allowed to have a charter.

They should have money and property in reserve enough to carry through the undertaking. The board should go even back of this. It should look into the location of the proposed bank and determine whether or not there is demand for another bank. In a town where there are two banks they may be doing a good, substantial business and be strong institutions. Someone may think a third bank would be able to pull through and scrape together enough money from various sources to start one. Nine times out of ten in such instances as this the third bank merely crawls along and at the same time takes business from the two banks that were formerly strong institutions, thereby making weak banks of all three. This brings about a condition where a failure would not be unexpected. The board ought to have authority to take such matters into consideration before granting a charter.

With a board to pass upon the character of the men who propose to go into the banking business, after an investigation, to pass upon their financial standing and finally to pass upon the question as to whether or not there is need for the bank, I believe the danger of bank failures would be reduced to a minimum and that there would be no need for a guaranty law as is being talked about. I will make no recommendation along this line in my report for I understand that Attorney General Jackson has covered this very matter with just such suggestions as I would make.

It strikes me that the guaranty proposition is losing ground every day. I have talked with a number of Oklahomans recently and they have all discredited the law in that state. They look upon it as a piece of freak legislation and would like to get from under it. I not only believe that the guaranty measure as proposed is unwise legislation but I believe it will be unjust to a large percentage of the bankers of the state.

A NEW RELIGION.

SPEAKING before the Harvard Club of New York recently Charles W. Eliot, former president of Harvard University declared that "It is just and accurate to say that we are developing in this country a new religion—the religion of serviceableness. The real American estimate of success in the world is serviceableness and not wealth."

INFLUENCE OF CLEARING HOUSES.

THERE is a movement on foot to enlarge the scope of clearing house activity throughout the country. The bankers believe that the usefulness of these institutions can be very much extended. W. T. Fenton, vice-president of the National Bank of the Republic, who has been one of the leaders in the plan to extend the usefulness of the clearing house in Chicago, in discussing the situation, said:

Clearing houses of the country have not any adequate conception of their power. As a mechanism for the clearing of checks the clearing house system is complete. But it is more than a mere machine. In a large sense it is government, and it only needs further development to take the place of all "police power" so far as the world of credits is concerned, and credits really rule the world. Take events of the past year as illustrating the growth of the clearing house power. In the hour of panic it was the clearing house far more than the government that checked the tide of disaster.

The bank examinations of the government being insufficient, the clearing houses are now beginning to institute examinations of their own. They are creating a system of regulations far more effective than that which the government has instituted. They are providing a guarantee of solvency and payment far more powerful than any system of government guarantee which Congress can devise. But there are larger possibilities of development in the clearing house system than even these achievements disclose. This country needs such a concentration and flexibility of reserves as would promote its financial stability, and what the government has been unable to do it is within the power of the clearing houses to accomplish whenever they are conscious of their influence and ready to exercise it.

WHY CURRENCY REFORM IS SLOW.

AT the business meeting of Group I, New York State Bankers' Association, held January 21, in the beautiful home of the Buffalo Club, Col. Fred E. Farnsworth, secretary of the American Bankers' Association, was the principal speaker.

Declaring the currency system as it exists to-day to be entirely inadequate for the needs of the country, particularly at crop-moving time, Mr. Farnsworth said:

Our laws have been so long on the statute books that the commission realized whatever was accomplished must be done by degrees only. This was the difficulty with Mr. Fowler and his last Fowler bill. He started out to revolutionize the banking and currency system of the country at one fell swoop. Had he confined himself to the lines laid down by our commission, it is believed he would have met with a fair measure of success.

We cannot expect that so great a question as is now being considered by the National Monetary Commission can be settled in a few months. I believe that our recovery from the panic of 1907 presages prosperity for some years to come. Our advancement has been marvelous, and during the period of liquidation, say the last twelve months, of 154 banks which were suspended, forty-nine have resumed. Of the banks which did not resume, the assets in their entirety were greater than the deposits, thereby insuring little if any loss.

I only mention these facts to prove to you that the banking interests under all circumstances are in a sound condition and that we need not anticipate any necessity for emergency currency or any likelihood of a return of a liquidating period before proper legislation can be secured.

NEW REGIME IN CUBA.

SINCE the inauguration of a new president in Cuba, and the launching of a new administration, students of finance have been eagerly watching the reports of the country's credit and its recuperative powers. The following extract from the WALL STREET JOURNAL may help to a better understanding of the true conditions now existing there:

The announcement that the Bank of Havana has undertaken a partial liquidation, leading to a reduction of some fifty per cent. in its capital, is a sharp reminder that one of Cuba's most urgent needs is a definite system of banking laws which shall afford reasonable security for financial and commercial interests in the expanding operations upon which they appear to have entered.

Banking in Cuba is at present conducted under loose and undesirable conditions. There is no specific law relating to the business, and in the absence of such measures, banking transactions are conducted under the general mercantile laws, which, at best, are cumbersome, vague and poorly adapted to the needs of the financial community. Under these conditions the banks of Cuba possess powers which are incompatible with sound financial policy. They have authority to invest their funds in almost any sort of enterprise, speculative or otherwise. They do not provide adequate security for depositors. Their operations are not subjected to the careful regulation and inspection which prudence requires, and consequently, there is the ever-present danger of mismanagement, bad investment and loss in their operations.

Obviously, therefore, one of the first duties of the Cuban Government, now about to be restored to native control, should be to enact a general banking law which shall provide ample security for financial interests and thus attract to the island the large investments of foreign capital required for the dèvelopment of Cuban resources. The natural wealth of Cuba is known to the world, and the capital to develop it is available, but it must have assurances of security before it will enter the territory for investment. So long as those assurances are lacking the commercial and industrial progress of Cuba must be tardy and uncertain.

With the restoration of the Government of Cuba to a native administration and the withdrawal of American authority, the experiment of self-rule in Cuba will be advanced to its second, and possibly, its final trial. That it may be completely successful is desired nowhere more earnestly than in the United States. If it is to succeed, one of the first measures to insure that result should be the enactment of laws to guarantee the security of public and private credits, establish stable conditions of commerce and finance and invite the investment of foreign capital.

In short, the success of the experiment of self-government in Cuba requires as a first condition the speediest possible development of a sound national credit, and the foundation of that credit must be laid in laws to create a banking system which will be safe, responsible and capable of meeting the legitimate needs of the business community. Lacking this fundamental essential of stability and civil progress, Cuban self-rule will end in utter failure, no matter how promising its operations in other directions.

PROTECTION FOR COMMERCIAL PAPER.

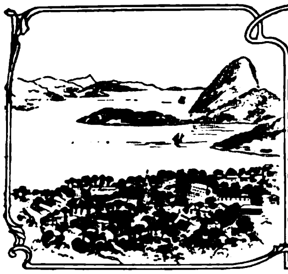
BANKERS' conventions have had for several years as one of their most important topics for discussion the better safeguarding of commercial paper. Under the term commercial paper the banks usually understand the notes of legitimate business concerns which are offered for sale to whoever will buy them, and are distinguished in this respect from the regular lines of credit extended by banks to their permanent depositors. The surplus funds of banks all over the country have been so large that the banks have found it necessary to seek paper of this kind originating in the great centres of trade and industry, and so beyond the lending bank's power of close supervision.

It is true that even through the panic times of last winter the losses of the banks from commercial paper were very small. Two of the largest firms that went into receivers' hands have paid off in full, and, while the losses caused by a few others will be severe, yet the number of such losses is not great. Nevertheless such a state of deception and misrepresentation as was brought to light by a recent failure in this city has gone far to discredit all commercial paper.

In England the note brokerage business is conducted on a different basis from that established here. There the brokers, dealing with large capital of their own, indorse the notes they sell. Here the brokers merely indorse without recourse, if their names appear on the paper at all, and there are no signs that houses of the English type will be established.

To secure greater protection for this class of paper the American Bankers' Association has drafted a bill which provides heavy punishment for any officer or employe of a corporation, or for any person on his own account, who in writing makes a false statement in order to obtain credit. Even where a statement made at an earlier date, and later become inaccurate, stands as the basis for a loan the penalty will apply. Statements made to bankers and to note brokers are treated alike in these respects. The penalty proposed is a fine not exceeding $1,000 or imprisonment not exceeding five years, or both.

Such legislation is a special form of the ordinary laws against the obtaining of money under false pretences, adapted and provided with appropriate penalties to meet the business needs of the times. Many state legislatures will have the measure before them this winter, and a favorable action by many is to be expected and desired.—*Chicago Record-Herald.*



LATIN AMERICA

IN the century that has passed, the development of North America has, on the whole, proceeded faster than the development of South America; but in the century that has now opened I believe that no other part of the world will see such extraordinary development in wealth, in population, in all that makes for progress, as will be seen from the northern boundary of Mexico through all Central and South America.—*Theodore Roosevelt.*

BANCO DE NUEVO LEON, MONTEREY, MEXICO.

MONTEREY, the capital of the State of Nuevo Leon, is one of the thriving and busy cities of Mexico, having important manufacturing establishments, a large and growing commerce, and first-class banking institutions.

The Bank of Nuevo Leon was organized by virtue of a contract entered into between the Federal Government and General Francisco Olivares and Lic. Manuel Peniche, on August 5, 1891. On September 30, 1897, this contract was modified, and on November 22 of the same year the bank was organized in accordance with the general law governing credit institutions in Mexico, the change in the form of organization first being sanctioned by the Minister of Finance and by the Federal Congress.

The bank began operations October 1, 1892, with a subscribed capital of $600,000, which was fully paid up in the course of

Banco Nuevo Leon, Monterey.

the second year. At the end of the seventh year the capital was increased to $960,000; in the eighth year to $1,200,000; in the ninth year to $1,500,000, and in the eleventh year to $2,000,000, with which the bank is now operating. Dividends have been distributed to shareholders as follows:

Dividends.	Annually.
1st	$ 1.64
2d	7.65
3d	9.00
4th	10.00
5th	12.00
6th-11th	15.00
11th-14th	14.00
15th-16th	15.00

The board of directors of the Banco de Nuevo Leon is formed by the following persons: Directors: V. L. Villarreal, Evaristo Madero, Constantino de Tarnava, Marcelino Garza, Ernesto Madero. Substitutes: Gen. Geronimo Trevino, Evaristo Madero Hernandez, Lic. Felicitos Villarreal, Sr. Jose Armendaiz, Sr. Juan Guzman.

The management consists of: Rudolfo J. Garcia, manager; Arturo Manrique, accountant, and Amador Paz, cashier.

A better idea of the size of the bank may be obtained from the monthly balance-sheet of December 31, 1908:

MONTHLY BALANCE-SHEET OF THE BANCO DE NUEVO LEON, MONTEREY, MEXICO, DECEMBER 31, 1908.

ASSETS.

Gold in head offices and agencies	$556,670.00	
Hard pesos (silver) in head offices and agencies	241,603.00	
Fractional money in head office and agencies	82,067.97	
Notes of other banks	26,950.00	
		$917,290.97
Discounts		763,039.66
Loans on securities		685,776.86
Credits on current account		4,075,826.00
Loans on mortgages		34,965.95
Public funds—values immediately realizable		782,900.00
Sundry debtors		1,013,713.00
Impersonal debtor accounts		99,254.66
Furniture and fixtures		17,468.37
Real estate		225,000.00
Total		$8,615,235.47

LIABILITIES.

Capital	$2,000,000.00
Notes in circulation, head office and agencies	2,085,062.00
Deposits and current accounts at sight without interest	17,391.00
Deposits and current accounts at sight with interest	61,127.13
Deposits for term of more than three days	1,863,147.35
Sundry creditors	1,517,873.25
Impersonal credit accounts	371,574.59
Surplus and undivided profits	699,060.15
Total	$8,615,235.47

The Banco de Nuevo Leon has eighteen agencies in the States of Coahuila, Tamaulipas, Durango and Nuevo Leon, which cooperate with the central office, facilitating the circulation of its notes.

The bank has also as correspondents all the local banks in the country and their branches, the large banking institutions in the capital of the Republic, and in foreign countries strong banks and powerful banking houses, enabling the bank to give ample facilities to its numerous clients.

OUTLINES MEXICAN PROSPERITY.

ROMULO FARRERA, manager of the Bank of Chiapas, left New York on January 6 for Europe, where he will remain for several months studying the monetary questions and conditions in European countries. While in New York Mr. Ferrera gave out the following interview on Mexican affairs:

After the business depression and lack of confidence which resulted as a consequence of last year's panic, a strong reaction is noticeable, and it seems that the factories are working to their full capacity to fill the many orders they are receiving from all parts of the country.

Manufacturers being so busy with domestic orders pay little attention to foreign markets, but as production has a marked tendency to increase, when the normal condition of business comes on there will be a surplus of manufactures which the bordering countries might consume and so balance the general output of industries, preventing the stagnation which in bad times is the result of overproduction.

Furthermore, we must bear in mind that the United States has an ever increasing interest in international affairs and is ready to compete with European countries in all branches of human activity.

Among the neighboring nations, Mexico undoubtedly offers the best field for investment and for outlet of American manufacturers, not only on account of its size and population, but because of the stability and rapid development of the country.

Few countries have a better government than Mexico, and I have felt proud to hear from all sides the words of praise and high esteem in which President Diaz and Secretary of Finance Limantour are held by all the prominent men of the United States

As a matter of fact, since General Diaz came into power in 1876 Mexico has enjoyed perfect peace; great facilities and perfect security have been given to foreign capital; the great patriot has devoted his unbounded energies to the development and welfare of the country. He has been ably seconded in his great work by his skillful and expert coadjutor, Mr. Limantour, whose ability and knowledge have hardly been surpassed by any finance minister of modern times.

Mr. Limantour took the portfolio of finance in 1893, and during the last fifteen

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HON. ELIHU ROOT

The New Senator from the State of New York.

[Mr. Root's visit to South America and Mexico, while Secretary of State, had an immense and permanent influence in promoting friendship and trade between the United States and Latin America.]

years has accomplished what his predecessors have been unable to do and anticipated the work of some of his successors. His first important act in 1895 was the abolition of the octroi or internal custom houses which levied duties on all kinds of products, making impossible the development of internal commerce and industry. This was the most important bill of an economic nature passed in Mexico during the nineteenth century.

He was the first to cover the budget, having since the beginning a surplus which has been accumulating yearly. In 1907 this amounted to $75.000,000.

In 1897 the banking law was passed and from that time the assets of the charter banks have increased from $174,000,000 to $823,000,000. There are, outside of the private banks, thirty-four chartered banks, and not a single failure has occurred during all the time elapsed.

In 1899 the conversion of the public debt was made at 5 per cent. and these bonds have a market value above par, while the loan of 1893 was made at 6 per cent. and only reached a price of 74½.

In 1905 the monetary reform was established by adopting the gold standard, an operation which assured the stability of foreign exchange, destroying the sudden changes which constantly occurred. This step really put Mexico in touch with the outside world and on a level with the great markets, giving a fixed and stable value to Mexican money, making easy and safe the investment of foreign capital which formerly could go in, only in reduced amounts and on a large margin, to cover all possible eventualities.

Finally, what has been called the Mexican railroad policy was carried out. By this step the government obtained control of the principal lines, and by so doing prevented the formation of a trust, which would practically have placed commerce at its mercy by making rates to the detriment of business at large. The government thus assured a normal and regular function of the railroads.

Foreign commerce has increased in ten years from $235,000,000 to $480,000,000. The revenue during the same period has also increased from $52,000,000 to $114,000,000. President Diaz has paid great attention to the development of railroads, the length of the lines now reaching close to 26,000 kilometers, having nearly all been constructed during his administration. Great works have been undertaken to improve harbors and in a general way the spirit of enterprise has awakened in all branches of activity.

According to estimates, the national wealth when General Diaz came to power was between $1,500,000 to $2,000,000. Now conservative calculations place it beyond $6,000,000,000. The advance in price of real estate has been such that in the City of Mexico some cases are reported in which the prices have increased an hundredfold in twenty-five years.

The principal sources of wealth are agriculture, mining, railroads, real estate, banking and commerce.

Agriculture is, in its majority, in the hands of natives, although many properties have lately passed to foreigners. The extension of railroads has created facilities for the tilling of large tracts which formerly were inaccessible.

Under the patronage of the government a new bank is being established to develop irrigation. For this purpose $25,000,000 in bonds have been placed in the city guaranteed by the government. Thus the great national problem of immigration is undertaken, beginning a new policy in this respect; it is thought that it is just the time for a free current of European blood, energy and skill to be imported, for in Mexico foreign capital has been going in freely, far ahead of immigrants.

In American countries agriculture must be the principal source of wealth and Mexico offers an inexhaustible field for investment, for as it has different climates all kinds of products may be cultivated.

Mining products are now the principal item of export and yet it is considered to be in its infancy. Nearly a billion dollars of American capital have been invested in Mexico and the great part of it is in the mining business. Silver, copper and gold are exported in large quantities and lately large fields of coal and abundant wells of oil have been discovered. In mining some big fortunes have been made suddenly, and in certain cases, like Dos Estrellas, the price of shares has increased over 10,000 per cent. in a short time.

The Mexican railroads are worth more than a billion dollars and American subjects are the principal owners, the government and the English coming right after.

Real estate to a great extent is also held by Mexicans, and I believe it is the surest and safest business to put money into, for, besides the rent, there is an indirect profit which consists in the regular increase of price in urban property, and we make a conservative estimate that capital carefully invested in this line produces at least twelve per cent.; that is to say, six per cent. in the rent and the same amount from the increase of value.

Banking has developed largely in late years. The market value of these shares has increased in ten years from $45,000,000 up to $400,000,000. About one-half, that is $200,000,000 worth of shares, is held in Paris, and the majority of the remainder is in the hands of Spaniards and Mexicans.

Industrials offer a vast field for investment, although these have developed to a great extent recently. In this field capital is invested in the following order: French, Spanish, Mexican and in a minor scale American, English and German.

Commerce being the result of business at large reflects the general condition of the country and has improved in a similar proportion. French, Spanish, Mexican and German carry the greatest part of the commercial business.

Finally, I deem it very important that American factories should establish agencies and send machines as samples and traveling agents to cover the country and to show personally and practically the applications and advantages; and as Mexico is progressive and pushing forward, the latest inventions are easily accepted and the people adapts itself quickly to new and useful inventions.

MONETARY CIRCULATION.

CONSUL GEORGE E. ANDERSON, of Rio de Janeiro, reports that under the new currency law of Brazil the monetary circulating medium is slowly shifting from the basis of inconvertible paper to the gold basis. He says:

Practically the only gold and silver money in circulation in Brazil since the proclamation of the Republic, was coined in 1907. In 1906 there was coined a total of about a third of a million dollars. Previous to that time the only money in circulation in Brazil was the inconvertible paper money and a few copper coins used chiefly by banks for making change, and with the addition of necessary nickel coins for amounts less than 1 milreis, the latter worth at present exchange 30 cents. The amount of money coined under the new order of things, according to a statement of the work of the Brazilian mint just issued by the Minister of Finance, is as follows:

	Gold Currency. Milreis.	Silver Currency. Milreis.
1903	17,410	158
1904	14,290	....
1905	......	....
1906	7,920	1,108,000
1907	74,980	7,946,000

The total amount of silver coined since the new coinage was inaugurated, therefore, is 9,054,000 milreis, or, at present exchange, $2,716,200. The amount of gold coin is, at par exchange, the equivalent of $62,572, and the total of gold and silver coined amounts to $2,778,772. This is practically the total of the coin in circulation, and, with a population of 16,000,000, amounts to 17.36 cents per capita. The Caixa de Conversao, or exchange bureau, since its organization under the new regime, has issued a total of 98,-360,120 milreis, or $29,491,536, now outstanding. This money is issued against gold of the equivalent value in the Brazilian treasury. The total of all gold and silver money and of paper money secured by gold in the treasury amounts to $32,270,308, a per capita circulation of $2.0136 in American money.

The amount of inconvertible paper money in circulation in Brazil has been reduced in recent years in accordance with the announced policy of the Government, the amount in circulation on August 31, 1898, being 788,351,614 milreis, as compared with 642,963,951 milreis in circulation on Feb. 29, 1908, according to a statement in the official gazette. At present exchange this circulation has a gold value of $192,889,185, which, at a population of 16,000,000, amounts to $12 per capita, inconvertible paper. The total per capita circulation of Brazil at present, therefore, is substantially $14.0136, of which one-seventh is in coin or based upon gold.

BANKS OF EQUADOR.

THE following information concerning the condition of the Guayaquil banks, and of the Banco del Pichincha of Quito, is furnished by Consul-General Herman R. Dietrich, of the former city:

The Bank of Ecuador, with a paid-up capital of $1,500,000, declared a dividend of fifteen per cent. during 1907 and increased its reserve fund $50,000. On December 31, 1907, the government indebtedness to the bank amounted to $1,443,300, and the municipality indebtedness of Guayaquil to $487,534. The issue of notes amounted to $2,523,887, and the gold and silver in the vaults to $1,856,134. As the gold reserve was much in excess of the legal requirements, a portion of it has been exported to Peru, the United States, Italy, and Great Britain for exchange purposes.

The Banco Comcial y Agricola, with $2,500,000 capital, eighty-five per cent. paid up, during the same period declared a dividend of twelve per cent., and increased its reserve fund $25,045, making the total of this fund $212,500. The bank also carried forward a fund of $134,944 for the purpose of meeting anticipated dividends in 1908. Its issue of notes amounted to $2,261,675; gold and silver in the vaults, $1,232,223. The indebtedness of the Government to this bank on December 31, 1907, was $1,285,434; other loans outstanding, secured by mortgages, amounted to $2,726,377.

Banco de Credito Hipotecario, with a paid-up capital of $500,000, declared a dividend of sixteen per cent., and had loans outstanding to the amount of $2,812,869, secured by real estate mortgages. It has no issue of notes.

Banco Territorial, with a paid-up capital of $250,000, declared a dividend of ten per cent. and increased its reserve fund $3,309, making its total reserve fund $45,000. It had loans outstanding, secured by real estate mortgages, to the amount of $1,229,848.

Banco del Pichincha, of Quito, with a paid-up capital of $300,000, declared its first dividend, three per cent., at the close of 1907, and carried forward the sum of $1,320 to be applied on the payment of anticipated dividends for 1908. The amount of gold and silver and notes of other banks on hand was $149,424; loans outstanding were $307,594. The issue of notes amounted to $245,587.

TWO NEW STEAMERS FOR SOUTH AMERICAN TRADE.

TWO fine new steamers have just been added to Barber & Co.'s line of steamers trading between New York and the River Plate. The Ventura De Larrinaga is now in port loading and her sister ship, Victoria De Larrinaga, has sailed from the builders' yard for New York to follow her.

These steel steamers are 405 feet long,

52 feet beam and 25 feet 6 inches deep. Although they are not fitted for the passenger trade, they can steam eleven knots per hour and easily make the voyage to Buenos Ayres in twenty-four days. The immense freight capacity of these steamers enables them to carry under deck 10,000 tons of cargo besides their bunker coal for the voyage.

With statements made in Congress that our trade with South America is hampered for want of proper steamship facilities, it is interesting to note that whereas seven years ago one steamer per week was all that was dispatched from New York to River Plate—each steamer being limited to 3,000 tons cargo capacity—now steamers of the size of the Ventura de Larrinaga, each carrying 10,000 tons, readily get full cargoes, and during the year 1908 no fewer than 106 steamers cleared from New York alone for the Argentine Confederation, the average size of these steamers being certainly double the average of those that were dispatched previous to 1902.

MONETARY COMMISSION.

In accordance with Article I. of the convention concerning future Central American conferences, signed by the delegates of the Central American Peace Conference in the city of Washington, December 20, 1907, the Government of Honduras has appointed a monetary commission to study the monetary system of that Republic, and especially in relation to the systems of other states, as well as matters relating to the custom-house systems, the systems of weight and measures, and other matters of an economic and fiscal nature which it may be deemed expedient to make uniform in Central America. The official title of the commission is: "Comision Auxiliar de la Primera Conferencia Centroamericana," and its personnel is General Jose Maria Reina, chairman, Senor Federico Travieso, and Senor Octavio R. Ugarte, secretary.

NEW MEXICAN RAILROAD.

The project of building a railroad down the Gulf coast of Mexico, connecting Matamoros, opposite Brownsville, Tex., with the port of Tampico, has taken definite shape. It is authoritatively announced that Jose Y. Limantour, Government Minister of Finance, is at the head of a syndicate of Mexicans who will build the road. This syndicate is composed for the most part of wealthy land owners whose holdings are adjacent to the route of the proposed line. President Diaz, who owns more than 1,000,000 acres of land near Matamoros, is said to be a heavy stockholder in the enterprise. It is understood that the road will eventually become a part of the Government railroad merger system. The distance between Matamoros and Tampico is approximately 350 miles. At Tampico the new line will connect with the Monterey and Aguas Calientes divisions of the Mexican Central

Railroad, which is now controlled by the Government. The plans of the Limantour syndicate include the building of an international bridge across the Rio Grande at or near Brownsville.

The coast territory between Matamoros and Tampico is said to be exceedingly rich in natural resources. In many localities surface oil indications are found, and a number of liquid asphalt springs exist. A few American ranchmen and farmers have invaded that section. J. O. Brictson of Deerfield, Wis., owns a 1,000,000-acre ranch in the valley of the Soto la Marina River and the proposed road will pass through his big tract. It is said to be a part of the Government's plans to establish a new deep water harbor at the mouth of the Soto la Marina River, situated at a point about midway between Matamoros and Tampico. Charles Shillaber of Chicago, who has the contract for constructing the intercostal canal between Tampico and Tuxpam, 120 miles, has been given the contract to remove the bar at the mouth of the Soto la Marina River and thus admit ocean-going vessels to the shelter of that stream.

RAILROAD BUILDING IN MEXICO IN 1908.

It is worthy of note that Mexico gained in railroad building in 1908 over 1907. The increase was 23.4 per cent.

During 1908, 435 miles of railroad were laid. In 1907, 333 miles were laid.

The figures show that Mexico had a larger per cent. of increased railroad building in 1908 over 1907 than either the United States or Canada.

STEAMSHIPS FOR MEXICO.

A REPORT from Consul William W. Canada, at Veracruz, states that the vessels of the Hamburg-American Line, heretofore calling at Habana, Veracruz, and Tampico, have now included the port of Coatzacoalcos in their itinerary. The Furst Bismarck, sailing from Veracruz October 9, was the first vessel of this line to call at that port. This would seem to indicate that considerable traffic will be inaugurated with Pacific coast countries in connection with South American steamship lines via the Isthmus of Tehuantepec. The Royal Mail Steam Packet Company will also make Coatzacoalcos a port of call.

CEMENT PLANT FOR MEXICO.

AT an estimated cost of $2,000,000 the Cia. Mexicana de Cemento de Portland, or Portland Cement Company of Mexico, has already undertaken the construction of a completely new plant at Dublan, which plant is to operate on the "dry" system, with all rotary kilns and thoroughly modern machinery, and an output of approximately 1,000 barrels per day.

The Portland Cement Company is a branch of the Cia. Bancaria de Obras y Bienes Raices.

The cement plant of the Portland Cement Company is located at Dubapan, State of Hidalgo, about seventy-five kilometers from the City of Mexico, on the Mexican Central Railroad.

BRAZILIAN TARIFF RATES.

WORD has reached the State Department at Washington that Brazil has given notice of the continuance of her twenty per cent. tariff rates on certain articles imported from the United States. This action, which is for a stated period, is taken under the Brazilian preferential tariff law of December 30, 1905, which is designed to correct disparities in mutual tariff treatment.

BIG AMERICAN CAPITAL.

THE *Mexican Herald* says: The statistical department of the federal government has just issued a booklet showing the number of mining and industrial companies registered from 1886 to 1907, a period of more than twenty-one years, together with a resume of the capital invested, showing that almost twice as much American capital has been invested as Mexican capital. The figures as given for 1886-1907 are as follows:

Mexican capital invested—$237,754,734 gold; American capital $336,991,000 gold; English capital, £52,169,717 or $253,543,024 gold; German, 109,817,500 marks; French, 83,757,500 francs or $243,169 gold; Austro Hungarian, 1,000,000 florins or $371,000 gold; Spanish, 12,334,300 pesetas or $223,-817 gold; Italian, 300,000 liras or $57,900 gold.

From 1892 to 1907, the distribution in countries of capital invested, as shown by the public register of companies, was as follows:

Mexican, $114,307,250 silver; American, $17,257,800 gold; English, £677,400; German, 1,200,000 marks.

The total shown for the entire period aggregates $1,908,418,697 Mexican currency.

GENERAL NOTES.

—An item in a recent number of the *Mexican Herald* calls attention to the development of the State of Tamanlipas. One mining company is making a survey for a 5-mile aerial cable system for carrying ore; another company will soon begin the erection of a smelter, while a company of Mexican capitalists are preparing to construct an 8-mile canal to a reservoir and irrigate 30,000 acres for farming purposes.

—The entire census of Mexico is to be taken all in one day, Oct. 24, 1910. The department of Fomento of the federal government is making most elaborate prep-

Buenos Aire Branch of the London and Brazil Bank.

(By courtesy of the International Bureau of the American Republics.)

aration for this census. The governor of each state and territory will have complete charge of the work in the commonwealth which he governs.

While the census is to be taken in one day, the officials who are to secure these figures will be given a year to familiarize themselves with the locality and individuals

—Geo. J. McCarthy, vice-president of the Mercantile Banking Company, of Mexico City, has assumed the active management of the bank, owing to A. H. McKay having to devote so much time to the interests of Mr. Harriman and the Southern Pacific Railway's extension into Mexico, of which he is the representative.

in their territory. Each governor will appoint officers to supervise the work in his state and the plan is to appoint the jefe politico or some very influential person so as to inspire the ignorant classes with confidence and thus be able to get a thoroughly reliable census.

—Plans are under way for a new line of steamships, to fly the Mexican flag, to ply between the western coast of Mexico, San Francisco and Japan. Japanese, Mexican and English capital will together back tne new company.

—The Banco de Sonora, the state bank of issue of the state of Sonora, Mexico, and which has a most flourishing branch in Chihuahua, has just issued its financial statement showing that it has fully sustained its record as the best dividend payer of any state bank of issue in the entire republic of Mexico. It has declared a dividend of sixteen per cent. on its capitalization of $1,500,000 Mexican money for the year just closed. This rate of dividend is exceeded by no bank of issue in Mexico except the Banco Nacional de Mexico.

The Bank of Sonora's statement shows a net profit of over $400,000 Mexican money for 1908, a most remarkable showing for the year which was an exceedingly dull one in a business way. Its stock is quoted at 220 and none for sale at that price. This bank also has the proud distinction of having the highest quoted stock of any state bank of issue in all Mexico.

The Chihuahua branch of this bank is in a most flourishing condition and is very popular with the local business interests. It is ably managed by W. C. Winegar with Leon Escobar as cashier.

—The State Legislature has passeu a special act authorizing the city of Morelia, Mexico, to issue $1,000,000 in bonds for street improvements, drainage, sewers, waterworks and a market house. The Governor convened the Legislature in special session for this purpose.

The city of Morelia, formerly Valladolid, is situated about 125 miles northwest of the City of Mexico in the Guayangaro Valley, at an elevation of 6,400 feet above sea level. It was founded early in the sixteenth century by Mendoza, and received its new name in 1828, in honor of Morelos, the Mexican patriot, who was born there. The central square of the city is the Plaza de los Martires, where Matamoros was shot by Spaniards in 1814.

The city, although not in any natural route of commerce, has grown as a produce centre. In 1880 its population was 20,400, but it has increased a good deal since then.

—President Roosevelt has nominated Arnold Shanklin, of St. Louis, as Consul General to Mexico, to succeed Consul General Ridgely, deceased. Mr. Shanklin is Consul General to Panama, which was the first diplomatic post he has held. He is forty-two years of age, and is well known in Mexico, having been commissioner to Mexico for the St. Louis World's fair.

—Startling changes have just taken place in the Bank of Southern California, located at Los Angeles. A majority of the stock has been acquired by J. M. Neeland, vice-president and general manager of the Pan-American railroad and George I. Ham, president of the United States Banking Company of Mexico, two well known capitalists of Mexico. The first mentioned has been made president of the bank, while Colonel J. B. Lankershim, former president, has accepted the vice-presidency.

Upon the conclusion of the negotiations, there was an immediate increase of the capital stock of the bank to $300,000, and this will shortly be increased to $500,000.

It is the intention of those who brought about the alliance to make a specialty of Mexican and Central American business, which has been neglected up to this time.

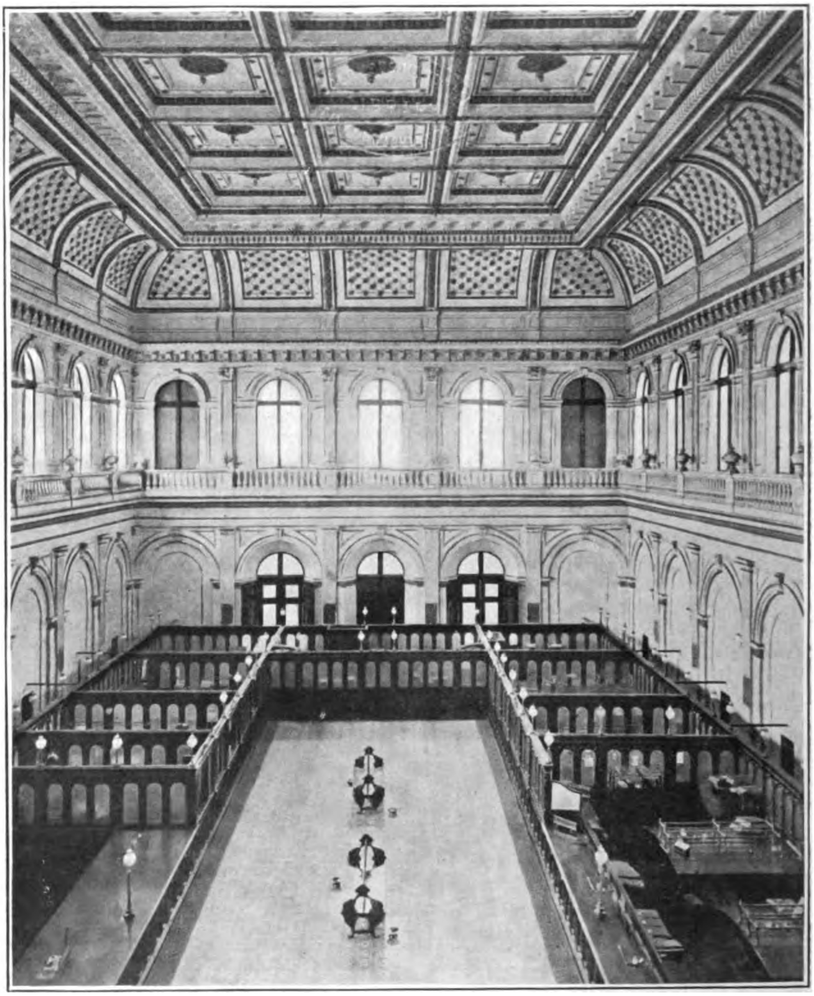
—The Descuento Espanol of Mexico City has lately remodeled its very attractive and unique building. This bank was established in 1904, has $9,000,000 capital and over $20,000,000 total resources. M. Rivero Collado is president, Augustin de la Hidalga, vice-president; M. L. Buega, manager pro tem., and Luis Soto, cashier.

—On January 24, occurred the annual election of the Chamber of Commerce, Chihuahua, Mexico.

In the absence of the president, Juan Terrazas, Vice-President Andres Bunsow presided.

The following were elected directors: Juan Terrazas, Andres Bunsaw, Guillermo Munoz, Alberto Valdes Llano, Juan Ramonfrur, Severo J. Martinez and Federico Margaillan. The following were chosen as substitutes: Francisco Ramos, Francisco Sahuagun, Bernardo Bucher, Jorge Griggs, Mauricio Picard, Thos. Dale and Vicente Horcasitas.

—The Corporation Trust Company of New York has issued a booklet on "Business Corporations under the Laws of Mexico." It deals with the comparative advantages of domestic and foreign corporations; protocolization; organization and maintenance; the powers of attorney and other topics. This publication should be of great value to anyone contemplating the establishment of a business in Mexico.



Interior of a Bank in Buenos Aires.

(By courtesy of the International Bureau of the American Republics.)

—After years of patient waiting on the part of the United States, there is a prospect for the settlement, by a method satisfactory to this country, of the disputed claims with Venezuela, the refusal of that Government to arbitrate them, resulting last spring, in the breaking of friendly relations between the two countries.

On Jan. 15, the State Department announced tnat W. I. Buchanan, the special commissioner who has been in Venezuela for several weeks negotiating regarding these cases, had reported that he had reached the basis of an agreement for their settlement and that a protocol to that effect was now being drawn up for signature. Presumptively, the cases will go to the International Court of Arbitration at The Hague, but a positive statement to this effect will not be made by the State Department.

It is probable that Mr. Buchanan's negotiations will result also in reaching an understanding with Venezuela for a general arbitration treaty between the two countries for the settlement of disputes arising in the future. His work on the protocol, begun several days ago, is necessarily slow and tedious, and he has been in communication with the State Department frequently regarding certain of its features.

—Governor Magoon has sent in a statement of the financial condition of Cuba which shows that all contracts and other obligations of the provisional government have been paid as far as practicable to date.

The treasury statement on January 27 is as follows:

Cash in treasury vaults............	$776,043
Cash in banks subject to check of treasurer	133,333
Cash in banks subject to call......	795,853
Cash in transit	1,240,250
Cash in hands of disbursing officers in excess of their outstanding checks	1,051,189
Total cash available for purposes of the new Government...........	$2,860,668

In addition there is in the treasury $1,-000,000 in Cuban bonds, purchased by the Palma government, which were carried on the books and in the treasury statement as cash.

—The Panama-Colombian treaty was ratified by the national assembly of Panama, on Jan. 30, and was signed by President Obaldia.

—The Argentine government has introduced a bill into the chamber for restricting the coasting trade (hitherto open to all flags) to national vessels carrying crews of at least one-third Argentine subjects and an Argentine captain. Further, it is proposed to grant subsidies up to $300,000 gold per annum for not more than ten years for such of these coasting vessels as may extend their voyages to Patagonian, Chilean, or Brazilian ports. Premiums up to ten per cent. of the value are also to be granted for new vessels built in home yards.

—The government of Uruguay has authorized the Mortgage Bank of Montevideo to issue a new series of mortgage bonds to the amount of $3,000,000.

—The government of Peru has asked the Congress to authorize a loan of $3,000,000 in order to cancel the balance of the loan of November, 1905, and to pay debts amounting to $400,000 left by the former administration.

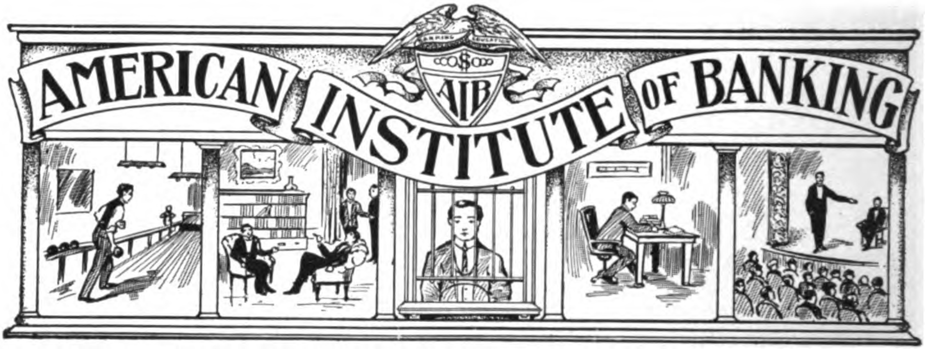
—A Mexican journal states that the imports of merchandise into Mexico for the fiscal year ending June 30, 1908, amounted to $110,767,900 gold value, a decline of $13,-241,100 from the previous year. The only item for which a notable increase is cited is classified under textiles and manufactures thereof, in which a gain of $2,400,000 is reported in 1908.

TIME TRUST CO. DEPOSITS.

THE new trust company law which went into effect Jan. 1 by abolishing the tax of approximately $12 per $1,000 formerly imposed on time deposits in trust companies, has in large measure altered the conditions under which the savings trust business has been developed in this state.

Since 1893, trust companies in Massachusetts have been receiving savings deposits. The tax of $12 per thousand levied on time deposits has prevented trust companies from receiving such deposits for any but short dates. It was, therefore, a considerable convenience to be able to deposit funds which would otherwise have been deposited as time deposits in the savings department. There is little question but that this has been a material factor in the development of the savings trust business in this state. It is interesting to note that the law imposing the tax on time deposits has never been of any effect as a producer of revenue. . . . While these factors would tend to diminish the importance of the savings department in several institutions, it is an important factor tending to their further development that the new law has placed savings trust companies on as good if not a better basis for the solicitation of savings deposits than are the savings banks themselves. By requiring that all savings deposits shall hereafter be invested under the savings bank investment laws, and that funds hitherto received shall be so invested within five years, savings trust companies have for the first time become possessed of all those elements of security which have been considered the peculiar feature of savings banks.

Of the nineteen Boston trust companies the Old Colony, Puritan and United States Trust companies are the only ones which at present conduct savings departments. The Dorchester Trust Company also intends to open a savings department in the near future. Within the state, but outside of Boston, eight of the twenty-nine institutions conduct savings departments. They are: The Central Trust Company of Cambridge, Gloucester Safe Deposit & Trust Company, Haverhill Trust Company, Lynn Safe Deposit & Trust Company, Malden Trust Company, North Adams Trust Company, Security Safe Deposit & Trust Company of Lynn, and the Waltham Trust Company.—*Boston News Bureau.*



THIS department is conducted in the interests of the American Institute of Banking. From time to time articles of special value to members of the Institute will appear here and it is intended to publish as much news of the various chapters as possible. It is hoped that each chapter will appoint someone whose regular duty it shall be to correspond with THE BANKERS MAGAZINE for this purpose.

Group and individual photographs of officers and members, photographs of chapter rooms, accounts of banquets, debates, speeches and chapter progress are desired and practical suggestions and discussions are solicited from all members of the Institute. Manuscripts and photographs must reach us by the 12th of the month to be in time for the following month's issue.

BANKING AS A PROFESSION.

Being an Address Delivered by I. B. Tigrett, President of the Tennessee Bankers' Association, Before the Jackson Chapter, A. I. B.

WOODROW WILSON, President of Princeton University, delivered an address before the American Bankers' Association at Denver last October in the course of which he made this statement: "I am sure that many bankers must have become acutely and sensitively aware of the fact that the most isolated and the most criticized interest of all is banking." "Banks in the general view and estimation. . . . . .stand remote from the laborer and the body of the people, and put whatever comes into their coffers at the disposal of the corporations which are in the way to crush all competitors."

While Dr. Wilson states further that he himself does not regard this as a just view, yet his epitome of the popular sentiment leads us to seriously consider the profession of banking.

That there has existed through all ages a well established prejudice against the over accumulation of wealth and the usurious money lender there can be little doubt. Even before the birth of Christ, philosophers and statesmen, in writings still extant, found some occasion to complain; and the handicap placed upon the "rich man" by the Master himself will of course never be lifted. The pages of literature are replete with arguments sympathetic to this view. The Italian poet, Dante, in the 13th Century turned aside from his "Inferno" long enough to write against "Riches and their Dangerous Increase."

In the 16th Century Lord Bacon and Sir Thomas Overbury both take "The Usurer" as the subject of essays, the latter insisting that even a contentious lawyer is preferable as a neighbor. Two or three centuries later the placid and serene Ruskin is moved to cry out against the oppression of Wealth and Mercantile Panics. Admitting, then, the justice of these sentiments without even giving the other side a hearing we claim the right to ask why they should reflect upon banking—professional banking,—real banking? The charge is against the over accumulation of wealth and the usurious money lender, and if the present body and class of men engaged in this service exemplify the type of the past then the great majority of bankers are, putting wealth on the basis herein spoken of, comparatively poor men.

Mistaken Public Opinion.

Mind you now, we are talking of the men who operate the banks, who create banking systems. It is not the owners of banks who are bankers. Ownership of a railroad stock does not make a railroader. The man of wealth who never sees or thinks of his one-thousand-acre farm except to collect its revenue has no more right to be called a farmer than he would to be called a doctor had he chosen to have bought a drug store instead of the land. Because banking has to do with wealth in the concrete form of money, public opinion has been wont to assume that bankers are rich, rapacious and greedy, while as a matter of fact it would occasion no surprise to me if investigation should show that the income of the one hundred thousand best lawyers or physicians in the United States from their profession would be considerably more than the income of the one hundred thousand leading bankers from their profession.

I. B. TIGRETT

President Tennessee Bankers' Association.

Mr. Tigrett began banking immediately after his graduation from Union University, of Jackson, Tenn., his position being that of cashier in the Bank of Halls, Halls, Tenn., which he organized. He was then just twenty-one. After making that institution one of the strongest country banks in Tennessee, he went to Jackson in 1903 and organized the Union Bank and Trust Co. His success in managing this institution has been great. In 1904 he was elected treasurer of the Tennessee Bankers' Association, and also a member of the Executive Council of that body. He has been continuously a member of the Council, and last year was elected to the presidency of the Association. Mr. Tigrett has attained this prominence at the age of twenty-nine.

But so much for the defensive. Thomas Carlyle has dedicated an essay of some length to the Captains of Industry who he says are virtually Captains of the World. If then there were no nobleness in the Captains of the World the world would have long since become uncivilized.

What, you ask, is banking? It would be difficult to define the professions of law, or medicine, or engineering in a single sentence and the same difficulty confronts us in answering this question. But if such brevity must suffice I would say that banking is the bringing together of the idle resources of the country and the distribution of these resources among such pursuits as will most benefit the economic development and progress of the community, the state and the nation; with an eye single to the sure return in due time of these resources so that they may be returned to their owners, or redistributed in other channels. Could one seek a broader work, a more patriotic purpose?

The Nation's Financiers.

The educated, charitable, sacrificing banker of sound judgment is entitled to as much credit for the construction of this American commonwealth as belongs to any profession. What has he done? In 1776 when America was struggling desperately under Washington's leadership for independence and freedom there came a crisis in the young nation's fight. Jefferson could do nothing. Henry and Franklin and Randolph and Adams could do nothing. A banker, a financier who could plan a foundation for the Revolutionary War and a system for maintaining our financial integrity was essential, and it was at this period that Robert Morris, banker and patriot, became the national hope. "The influence of his credit, his ability in raising loans, and his financial skill were of the utmost importance to the struggling cause of the Revolution, and it is generally admitted that he was a momentous force in Washington's administration," says a historian. In the early part of the war practically the entire business of the colonies was transacted through him, and Washington relied solely on his ability to furnish the means for carrying on the war. At the close of the war he organized the Bank of North America at Philadelphia, an institution which exists to-day, and he then became superintendent of Finance for the new government, and continued in this service at the nation's request after he had asked to be allowed to resign.

And what shall we say of Hamilton, who thought that his brilliant mind could do nothing greater for the young nation than to devise for it an honest and sound banking system; of Hamilton of whom it was said, "By the enchantment of this 'Mighty Magician' the beauteous fabric of public credit rose in full majesty upon the ruins of the old confederation;" of whom it is said, "He smote the rock of our public resources and abundant streams of revenue gushed forth;" of whom it is said that, "Take him for all in all we ne'er shall look upon his like again"?

The United States has known few men with so keen and versatile an intellect. He it was who planned the formation of the Bank of the United States which was of incalculable benefit to the war-impoverished states of that time, even should we admit that it had served its usefulness by the time Andrew Jackson became President.

In 1812 we find ourselves again at war, and it was then that Stephen Girard became useful. He was said to be a man of peculiar habits, ill-tempered and repellent in manner, but his services were always unstintedly given to his country; and when the City of Philadelphia was scourged with yellow fever Stephen Girard not only gave freely of his moneys, but he himself volunteered as a nurse, and throughout the siege gave his personal care to the afflicted. The Girard National Bank and Girard College, a school liberally endowed for the education of orphans only, are living monuments of him to-day.

Great Bankers.

During the Civil War the man at the head of the financial system was Salmon P. Chase. He is said to be the father of our present National Banking System, and his memory, too, has a mighty monument in the Chase National Bank of New York. Chase, although Secretary of the Treasury under Lincoln, was the most formidable candidate for the Republican Nomination against him. When Chase offered his resignation his political opponents urged its immediate accceptance. Lincoln, however, declined it, saying that no matter what else Chase might have done or might do, so long as he continued to so ably serve the country in the Treasury Department he could not deprive the country of these services because of personal feelings; thus showing the character of both men.

But it would be literally an endless task to attempt to tell you of all the great bankers who have taken a prominent part in the nation's upbuilding.

The lamented James H. Eckles, Comptroller of the Currency under Cleveland during the panic of 1893, and afterwards President of the Commercial National Bank of Chicago, has not long since died, leaving as a heritage a comparatively small quantity of material effects, yet leaving a vacancy in the religious work and the civic uplift of the city of Chicago which will keep his memory fresh in the hearts of his countrymen.

In our own State of Tennessee we had a pioneer in banking whose name will endure as long as that of the state's history. Hugh Lawson White was president of the Bank of Tennessee from 1815 to 1827, and as such attracted the attention of every state in the Union. He afterwards was elected to the United States Senate from which he later resigned because his sincere judgment would not let him vote in favor of a bill which his state wanted him to vote for.

Examine Your Qualifications.

There is not lacking, gentlemen, one characteristic from the profession of banking which you would expect and have a right to demand in any other high calling. Honesty, virtue, intellect, patriotism, charity, are all required, and it should be so. So much power given to a lower order of men would be disastrous, for on the bankers largely depends the development not only of commerce, agriculture and manufacture, but the extension of education and the maintenance of the national integrity as well. If any of you here have thought lightly of your banking work I ask you to consider seriously. If you have no love for the work do not, I pray you, turn your ability into uncongenial channels. If you see in it nothing more than an opportunity for a living you will get no more than that. If you have entered this profession with only the end in view of accumulating wealth, then you need not expect to rise to any greater height than if you had entered medicine, or the law, or the ministry, for the same reason.

You should be a banker because you regard the profession as the best and most pleasant avenue through this world to the next for your particular talents. God and nature are the only powers whom you need consult in your choice, and, with their approval, there are no barriers which determination cannot remove.

THE CHICAGO BANQUET.

By C R. Wheeler.

THE eighth annual banquet of Chicago Chapter was held at the Auditorium Hotel, January 23. Two hundred bank men and guests were present. President George A. Jackson presented Ralph C. Wilson as toastmaster.

Mr. Wilson introduced Rev. Mr. Bartlett, who spoke on "Saving the Waste." The speaker in a brief address drew a lesson from the saving of the waste products of industry and applied it to the saving of time for culture and recreation; to the negro question and to the child labor question.

The next speaker was Prof. J. C. Monaghan, Principal of the Stuyvesant Evening Trade School, New York City, who spoke on "America, The Land of Opportunity." Prof. Monaghan's reputation as a speaker had preceded him and his hearers were on the tiptoe of expectancy. After he had concluded his address he was obliged to rise again and again in acknowledgement of applause.

In introducing Alexander Wall, of the First National Bank of Milwaukee, Chairman of the educational committee of the Institute, the toastmaster said there were three Alexanders in history—Alexander the Great, Alexander Hamilton and Alexander Wall of Milwaukee. Mr. Wilson quite outdid himself in introducing this speaker—even breaking the record by telling a *new* story, at least he said it was new.

In response Mr. Wall expressed the opinion that he had "had it handed to him" by the toastmaster.

GEO. A. JACKSON
President, Chicago Chapter.

Mr. Wall's address was on the topic "Productive Education and the Institute Degree." He said in part: "Our educational scheme up to the present time has been mostly receptive. We have been instructed by others but no constructive economic thought has come from our efforts." This, he said, is the key to our future success. If the Institute is to succeed and grow in the future, we must change our system of education. Is it not much more important at the present time to devote our time and attention to ways and means of doing things rather than having things done for us? If we are to make the Institute a success we must produce and should make a school of economic thought that will have as its aim the practical solution of our banking and monetary difficulties of to-day.

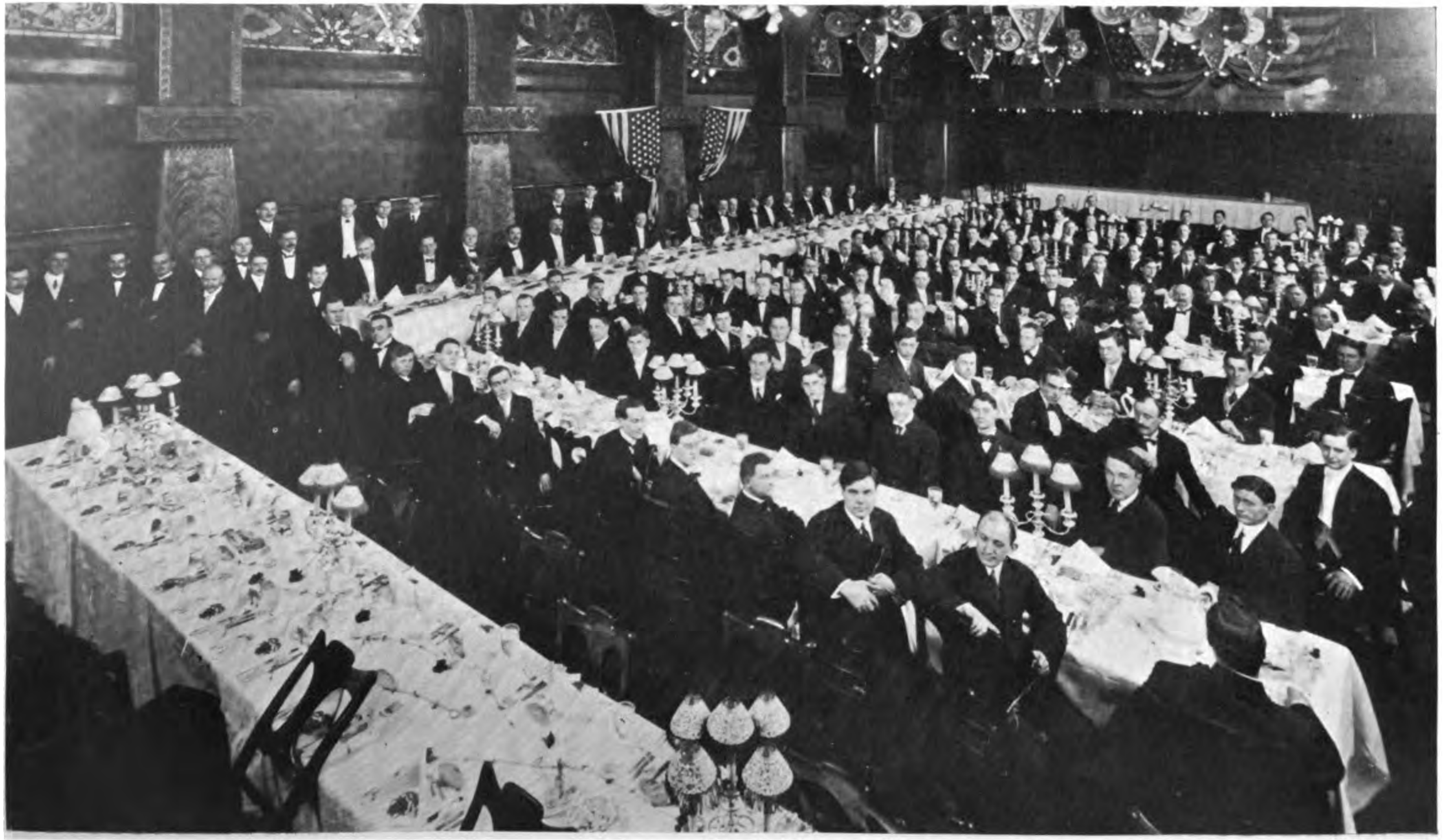
He then called attention to the controversy on monetary reform. He spoke of the fact that the public generally were waking up to the importance of the question and urged that the Institute take an active part in teaching the people what is needed and what can be done by way of currency reform.

He concluded by urging the importance of the Institute degree and the advantage of having a large number of men who had obtained the degree that would be far stronger and could do more for the Institute than any other body of men could do.

H. Russell Ross, of the First National Bank, spoke entertainingly on "Human Nature a Study."

John Puelicher of Milwaukee made a few remarks. The toastmaster then called on E. D. Hulbert, saying that when the Chicago Chapter held its first banquet we sent Mr. Hulburt a complimentary ticket. This he indignantly declined to accept but sent in his check. Mr. Hulburt responded with a story and said that he had overcome his prejudice against complimentaries and took occasion to thank us for our hospitality.

There were present, besides the speakers of the evening, Elmer H. Youngman, editor


Chicago Chapter's Annual Banquet, Auditorium Hotel, January 23, 1909.

of the Bankers Magazine, New York; M. A. Greattinger, Cashier, Merchants' & Manufacturers' Bank of Milwaukee; H. A. Hallenbeck, Cashier, Capital National Bank, St. Paul; Ray L. Stone, Assistant Cashier, German American Bank of Milwaukee; and John H. Puelicher, Assistant Cashier, Marshall and Ilsley Bank, Milwaukee. The following Chicago bankers also honored us by their presence: E. D. Hulbert, Vice-President, Merchants' Loan & Trust Co.; F. W. Smith, Cashier, Corn Exchange National Bank; William G. Schroeder, Cashier of the Continental National Bank; R. M. McKinney, Cashier of the National Bank of the Republic; Ralph Wilson, Assistant Cashier of the Bankers National Bank; Fred A. Crandall, Assistant Cashier, National City Bank; W. H. Monroe, Assistant Cashier, First National Bank; and E. A. Brickson, President of the Security Bank.

Prof. J. Paul Goode of the University of Chicago and Mr. James I. Innis of the Chicago bar, were also our guests. Telegrams regretting their inability to attend were received from Franklin L. Johnson of St. Louis, President of the Institute, and Brant C. Downey of Indianapolis. Greetings by wire were also received from Presidents Woolfolk of Seattle Chapter and Cerini of Oakland Chapter. The menu cards were patterned after the emblem of the Institute.

EDUCATIONAL WORK AT ST. PAUL.

ST. PAUL Chapter will commence the second half of the season's work with the February meeting, at which a proposition of the St. Paul School of Commerce will be discussed. The School of Commerce is about to inaugurate a new lecture course on the topic "Banks and Banking," to be conducted by Prof. F. L. McVey, President-elect of the North Dakota State University. The St. Paul School of Commerce, which is a branch of the St. Paul Institute of Arts and Sciences, is a semi-municipal organization and is financed by the business men of the city. Each class, however, is supposed to be self supporting in so far as lecturers, text books, etc., are concerned —the general administrative expenses are paid from the guarantee fund. We have several times invested in lecture courses, which have not been altogether successful. We believe that this was due to the method in which we have conducted these courses. With the aid of Mr. E. D. Burchell, director of The School of Commerce, we hope to arrange a course which will retain the interest of all and which will permit of an examination at the close of each lecture. This we believe will tend to keep the student's mind more closely upon the lecture, as it will inject a little of that very desirable competitive spirit into the class. We have not completed arrangements as yet and will not do so until we have thoroughly discussed the plan and succeeded in interesting enough of the members to make the class practical. The Debating Club is proving very popular, not only among the older men, but with the young fellows also. The feature of their last semi-monthly meeting was a review of the "Banking Conditions and Systems in Germany," which was very ably presented by Mr. Otto Wolff.

FRANK H. DELANEY.

VARIOUS CHAPTER EVENTS.

Lectures.

PHILADELPHIA, Jan. 8.—Thos. J. McCarthy, "Management of a Bankrupt Estate;" Prof. F. H. Green, "Books—Bank Books and Other Books;" Jan. 22.—Atty. J. Hector McNeal, "Law of Promissory Notes;" Feb. 5.—Thomas Martindale, "The Call of the Wild;" T. D. MacGregor, "Advertising Results."

Washington, Jan. 14.—W. W. Millan, "Indorsement and the Liberty of an Indorser;" Ralph Given, "How the Banks can Assist in Preventing Crime."

Denver, Jan. 13.—Page Lawrence, "Building and Loan Associations."

Portland, Ore., Feb. 2.—Judge E. C. Bronaugh, "Commercial Banking."

New York, Feb. 4.—E. P. Moxey, Special National Bank Examiner; Gates W. McGarrah, President Mechanics National Bank.

Milwaukee, Jan. 22.—Prof. H. C. Taylor, "The Production and Disposition of Wheat."

Baltimore, Jan. 12.—Senator Burket of Nebraska, "Postal Savings Banks."

Detroit, Dec. 18.—E. St. Elmo Lewis, Adv. Mgr., Burroughs Adding Machine Co., "The Duty and Privilege of Advertising a Bank."

Richmond, Jan.—A. K. Parker, "For Postal Savings Banks;" James Tyler, "Against Postal Savings Banks."

Alanta, Jan.—Address by Mayor Robt. F. Maddox.

Chicago, Jan. 12.—Prof. J. Paul Goode, "The Commercial Ports of Europe."

Spokane, Jan.—B. L. Jenkins, "Bank Examinations."

Debates.

Washington, Jan. 21.—Question: "Resolved, That the United States Government should guarantee all funds deposited in the National banks." Affirmative, Herbert F. Smith and J. F. B. Goldney; Negative, Edward S. Fawcett and Frank W. Grayson. Negative won.

Pittsburgh, March.—Debate on postal savings banks between Pittsburgh chapter and Washington and Jefferson college teams.

St. Paul, Jan.—"Are Accounts Averaging Less than $100 Profitable?" Affirmative, Messrs. Lee and Lindike; Negative, Messrs. Fairchild and McGillick. Affirmative won.

Banquets.

Chattanooga, Jan. 28.—Annual banquet at Calumet Club. Nathan L. Bachman, toastmaster.

Chicago, Jan. 23.—Annual banquet, Auditorium Hotel. Geo. A. Jackson, toastmaster. Speakers: Professor J. C. Monaghan of St. John's College, Brooklyn; Professor David Kinley, University of Illinois; Rev. A. Eugene Bartlett, Don A. Moulton, Franklin L. Johnson of St. Louis, Alexander Wall of Milwaukee and H. R. Ross.

Washington, Feb. 6.—Annual banquet. Hon. H. B. F. Macfarland, toastmaster. Speeches by Senator Joseph W. Bailey, Hon. L. A. Coolidge, Assistant Secretary of the Treasury; Hon. Duncan E. McKinlay, Representative from California; Hon. William A. Mearns, Secretary District of Columbia Bankers' Association, and Dr. William J. Kirby of the Catholic University of America.

New York, Feb. 10.—Annual banquet, Hotel Astor.

Chattanooga, Jan. 28.—Annual banquet. Nathan L. Bachman, toastmaster. Among the speakers were C. M. Preston, L. G. Browne, W. R. Snyder, Clifford Johnston, D. S. Griswold, A. M. Dickerson and T. R. Durham.

Social Affairs.

San Francisco, Jan. 21.—Vaudeville show and dance. Program:—Roy Folger, imitator; Oscar Franks, barytone; instrumental trio, violin, Mr. Kehrlein; cello, Mr. Wallach; piano, Mr. Longstroth; Richard N. Walsh, the musical Dutchman, in his musical monologue; Charles S. Travers and Miss Ethel Williams in the sketch, "After School;" "The Village Choir," a 20 minute skit by Rollin M. Ayres, who plays the part of the deacon; Carlton V. Lane, Frank W. Lane and Florence Vestal also in the cast.

St. Paul, Jan. 13.—Informal dinner in honor of Educational Director Geo. E. Allen.

Spokane, Feb. 22.—Ball.

Minneapolis, Feb. 16, 17.—Benefit performances, Lyric Theater.

"SEATTLE SPIRIT."

THE maiden speech of "Seattle Spirit," Geo. R. Martin, editor, the new monthly paper of the Seattle Chapter, was as follows:

The Seattle Spirit with this number begins its journey along the broad highway of monthly periodicals. While primarily a paper published in the interests of Seattle Chapter of the American Institute of Banking, its appeal will reach beyond the Chapter to bank men everywhere. The banking fraternity of the nation is looking toward Seattle, marveling over her wonderful growth and forecasting her future. It suggests the need of "The Seattle Spirit" to tell the story of Seattle and make plain some vital truths concerning her real greatness as a modern commercial city.

The first of these articles, on Seattle, appears in this number, by Mr. W. F. Paull, trust officer of the Union Savings Bank and Trust Company and first president of Seattle Chapter. We are glad to announce that this series will be continued throughout the year from month to month.

Mr. R. S. Walker, assistant cashier of the National Bank of Commerce, will have charge of the "Echoes from the Corners," a department which we hope will grow with the paper in interest to every bank man of Seattle.

A special feature each month will be the "Sound News," consisting of little newsy items and editorials, pertaining to events and happenings in and around Seattle, affecting Seattle's financial and commercial life. Mr. Walker this month, opens up a timely discussion with his advocacy of the widening of the Duwamish river, irrespective of building the proposed canal between Lake Washington and Puget Sound.

The Athletic Department will be edited by Mr. Arthur Goodfellow of the Peoples Savings Bank and Mr. E. W. Brownell of the National Bank of Commerce. Mr. Goodfellow asks in this number, why not take the management of the inter-banking baseball from the respective committees appointed by the clearing-house banks and put it under control of the Chapter. This suggestion, we believe, will meet with general approval. An athletic committee should be appointed at once to take full charge of all inter-banking athletics, whether baseball, bowling or track.

The Seattle Spirit wishes all its readers a happy and prosperous New Year. If it can merit your appreciation and good will and retain your hearty co-operation, its purpose, in part at least, will be fulfilled.

MODEL BANK AT SEATTLE.

THE Seattle Chapter took up the second and third steps in the construction of its model theoretical bank at a recent meeting. The second step was the laying out of the plans for constructing the clearing-house department. A representative of each bank in the Clearing-House Association told how the work was handled in his institution. When each department of the bank has been discussed a committee will decide upon the best plan employed in each department, and thus assemble the system on which to conduct a model bank.

PAULL FOR EXECUTIVE COUNCIL.

Seattle Announces a Strong Candidate.

W. F. PAULL, organizer and first president of the Seattle chapter, has announced his candidacy for membership on the national executive council of the institute. Three members of the national executive council will be elected at the 1909 convention to be held on the Alaska-Yukon-Pacific exposition grounds at Seattle this summer.

Among the three members whose terms expire this summer is LeRoy H. Civille, a member of the Los Angeles chapter and at present the only Pacific coast man on the executive council. The Pacific Northwest has never had a member on the national council, and Mr. Paull's candidacy will doubtless receive support from all the Northwest chapters.

Mr. Paull has taken a prominent part in the Seattle chapter ever since he organized it. He went East as its delegate in 1906 to the Atlantic City convention, and again to Detroit in 1907, delivered the invitation to the institute to meet on the exposition grounds in 1909, and his speech in its favor brought support from all over the country. This address was on "The awakening of China," in which he dealt with the trade and commerce of the Pacific coast and Seattle.

Mr. Paull's name has his chapter's indorsement. He is trust officer of the Union Savings & Trust Company, Seattle.

CONTEST AT OAKLAND.

Clerks Show Their Expertness on Adding Machines.

THE official results of the adding machine contest between Oakland and Richmond chapters were as follows:

RICHMOND CHAPTER TEAM.

William Calkley	2.22
W. M. Goddard	2.28 1-5
J. M. Miller	2.37 1-5
C. H. Phillips	2.41
J. C. Wheat	(Incorrect totals)

OAKLAND CHAPTER TEAM.

Matt Heithier, Central Bank	2.34 2-5
Harry U. Long, First National Bank	2.44
Walter von Manderscheid, Oakland Bank of Savings	2.37 3-5
John J. Flynn, Central Bank	2.41 3-5
W. Howard Metcalf, Union Savings Bank	2.52

INDIVIDUAL CONTEST FOR CHAMPIONSHIP BETWEEN G. H. BATES, RICHMOND CHAPTER, AND WM. A. STUART, OAKLAND CHAPTER.

G. H. Bates	2.31
William A. Stuart	2.13

NOTE.—Section No. 5 of the Rules governing the contest reads as follows:—

Accuracy shall determine the contest. One team with five correct totals shall be considered to have won the match against the other team with only four or less correct totals, regardless of time.

By the invocation of this rule, therefore, Oakland Chapter's team has been conceded the victory, while the times made by Messrs. Bates and Stuart give Mr. Stuart the victory without any question.

The most exciting and interesting event of Chapter interest during the past month has been the adding machine contest held between Richmond (Va.) and Oakland (Cal.) Chapters. Owing to a misunderstanding due to a delay in the mails, a postponement for which Richmond made request did not reach Oakland in time to allow the latter team to continue their work until a later date. As a consequence, therefore, Oakland's team, composed of the following operators, with their running time for 150 items in brackets following each name, completed the work on Jan. 28th:

Matt. Heithier, Central Bank (2 min. 34 2-5 sec.); Harry U. Long, First National Bank (2 min. 44 sec.); Walter von Manderscheid, Oakland Bank of Savings (2.37 3-5); John J. Flynn, Central Bank (2.41 3-5); W. Howard Metcalf, Union Savings Bank (2 min. 52 sec.).

The results from the Richmond Chapter team, which held its contest on Feb. 4th, were as follows:—

William Calkley (2 min. 22 sec.); W. M. Goddard (2.28 1-5); J. M. Miller (2 min. 37 1-5 sec.); C. H. Phillips (2 min. 41 sec.); J. C. Wheat (totals incorrect).

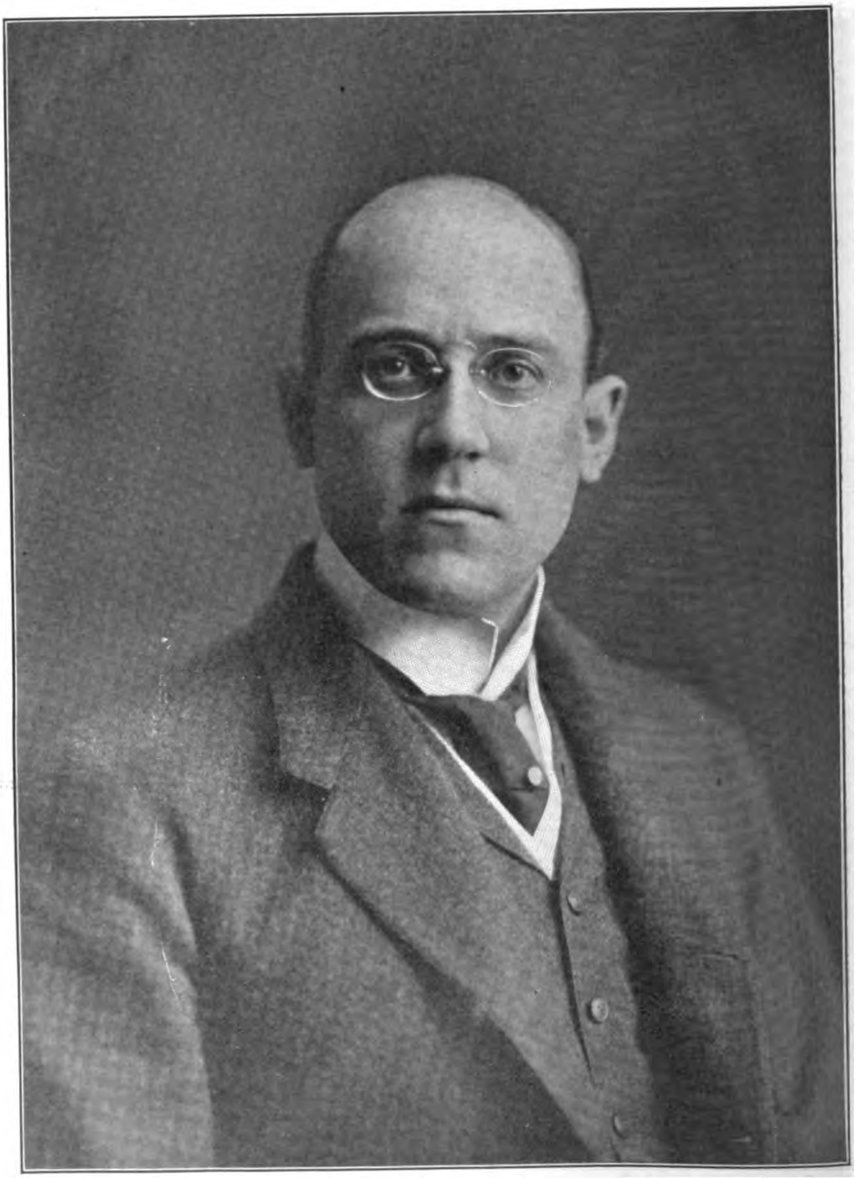
The contest between G. H. Bates of the National Bank of Virginia and William A. Stuart of the Central Bank of Oakland resulted in Mr. Stuart (with a world's record of 2 minutes, 13 seconds) winning against Mr. Bates with 2 minutes, 31 seconds.

The day following the contest Mr. Stuart as a test again ran the same items used in the contest, with which he had of course become familiar, in the remarkable time of two minutes and four seconds—work which it is believed has never been equalled.

On February 16th the Chapter Entertainment Committee, of which J. S. Killam is chairman, will have charge of the Second Annual Chapter Ball, to be given in the finest building of its kind in Oakland. Applications for tickets are being made very heavily, and it has become necessary to make the affair an invitatory one pure and simple.

The Board of Governors of the Chapter has announced the candidacy of President Frank Martin Cerini for election to the Executive Council, choices for vacancies caused by expiring terms being made at the annual convention in Seattle. It is felt that Mr. Cerini's ability in chapter work has been proven by the results in building up Oakland Chapter to its present prominent position in scarcely a year and a half, and locally it is hoped that Mr. Cerini's election will be successful as a token of the Institute's appreciation for his remarkable achievement in this particular.

KENNETH A. MILLICAN,
Feb. 6th, 1909. Secretary.



HON. JOHN BARRETT

Director National Bureau of American Republics, Washington, D. C., who was one of the chief speakers at the New York Banquet.

NEW YORK BANQUET.

Some Prominent Speakers of the Annual Banquet of the Chapter.

CITY Controller Herman A Metz, of New York, was the principal speaker at the eighth annual dinner of the New York Institute of Banking in the Hotel Astor February 10. Three hundred members of the institute listened to a speech from him on the city finance and applauaed him warmly when he had finished. The Controller said, incidentally, that before long he would have another issue of city bonds to put out and that his computations indicated that the city had about $40,000,000 borrowing capacity at the present time.

"The bonds of the city are absolutely safe," he said, "and so long as I stay in office they will continue so.

"Unfortunately," he added, "the banking fraternity will have to use city bonds as security for emergency circulation, and the Aldrich bill puts the fourteen per cent. debt limit scheme out of business. We can't afford to lose sight of the principle of keeping a check on ourselves, and if we've got to hold up for a time it's better to hold up now and rest a bit than to go on to the point where we can't raise any money for any purpose."

The other speakers were John Barrett, Director of the Bureau of American Republics; the Rev. J. H. Randall, and Creswell McLaughlin.

CHICAGO MAKES MONEY.

THAT the Chicago Chapter knows how to make money is evident from the statement concerning its recent amateur theatrical entertainment, "The Yapp From Home," which follows:

STATEMENT—"YAPP FROM HOME."

By Leigh Sargent, Chairman.

EXPENDITURES.

Programs	$ 800.00
Mounting show, costumes, properties, scenery, music	1,379.05
	$2,179.05

RECEIPTS AND ASSETS.

Received from advertising	$2,477.00
Outstanding from advertising	130.00
Tickets, etc.	1,182.50
Total receipts	$3,789.50
Total expense	2,179.05
Estimated profit	$1,610.45

MORE ONE CENT PIECES USED.

THE striking of more than a million cent pieces at the San Francisco Mint in 1908, made a new record in the history of the United States Mint and its branches, for never since the coinage of pieces of this denomination was begun, in 1793, had such coins been struck anywhere but at the parent establishment at Philadelphia.

As a matter of fact, no need for the making of coins of this denomination in the West presented itself until within recent years, as the demand for cent pieces was confined almost exclusively to the Atlantic and Middle Western states. In the West and Southwest this minor coin has had no purchasing value, was not recognized and was seldom seen in circulation. Indeed, even at the present time there are many Western localities in which cent pieces are not accepted.

In Colorado, for example, if a person tenders a five cent piece to a postmaster for two two cent stamps he receives in exchange, together with his stamps, not a one cent piece, but a one cent postage stamp. There are no cent pieces in the money drawer of the postmaster, and he doesn't desire any.

In a Denver store a certain commodity is quoted at, say 17 cents a pound. The purchaser must take either 15 or 20 cents' worth. Nothing less than 5 cents' worth is sold. Apples may be four for 5 cents, but one apple is also 5 cents, just the same.

Now the people of the Centennial State are going to have a chance of becoming acquainted with the little bronze cent, for it is the intention of the Government to strike cent pieces at the new Denver Mint in 1909.

California has had as little use for the cent as other parts of the West. For many years no coin of less denomination than 10 cents had a purchasing value there, and in the gold days nothing less than 25 cents would buy anything, miners frequently throwing a handful of small silver pieces out into the street as useless weight to carry, the "two-bits" or quarter being the minimum current coin.

Times have changed and the people along the Pacific Coast have been quicker to adopt the cent than those in the Rocky Mountain district. Now the coin is used in such quantities that it has been found advisable to manufacture cents on the ground and thus save the expense of shipment across the continent from Philadelphia. For the calendar year of 1908 the United States

Mint report shows that $11,150 worth of cents were struck at the San Francisco Mint and $323,279.87 worth at Philadelphia.

Following the custom of placing a distinguishing mark upon the coins struck at the different mints the new cent pieces made at the San Francisco and Denver mints will respectively bear the mint letters S and D.

The cent piece is the most profitable coin Uncle Sam turns out at his mints, the profit on its manufacture being estimated at something like 85 cents on the dollar when the coins do not return for redemption. The number of these pieces that do come back for redemption is infinitesimal in comparison with the millions coined every year.

The use of the copper cent has been yearly increasing in all parts of the country. As an interesting example of the small proportion of the cent pieces that are presented for redemption compared to the vast number issued the report of the Director of the Mint for 1907 showed that the cents of all kinds and dates, including old time copper cents and the nickel cents, that were redeemed amounted to only $27,-453.22. Yet in the same year nearly a million dollars' worth were newly coined.

The coining presses of the Philadelphia Mint are always making cent pieces. The coinage of gold and silver pieces may stop temporarily, but the manufacture of cents seems to go on forever.

The making of a cent entails almost as much work as the coining of a double eagle, for while a coining press has the capacity of striking ninety double eagles a minute yet the same press can make only one hundred cent pieces.

For a number of years the mint purchased from private contractors the blank circular pieces of copper to be used for striking cents already prepared to go into the coining presses. Now arrangements have been made to do away with much of this outside help and the mint makes the cent through the different stages from the pig metal.

The San Francisco Mint began operations in 1854 with the coinage of gold pieces. In 1855 the coinage of silver pieces of the denomination of quarters and half dollars was begun. In the following year ten cent pieces were made, the striking of silver dollars not being begun until 1859. In 1863 silver five cent pieces were struck and a limited number of these coins were made in each of half a dozen or so years following, the small figures indicating clearly that little need existed at that period for even a five cent piece in that part of the country. The few coins made evidently were struck as curiosities rather than as coins intended for circulation.—*New York Sun.*

CANADA'S ELASTIC CURRENCY.

WHILE our financiers, especially those in Congress, are quite unable to think of any way that will make the circulating medium expand of its own accord in the autumn, when the requirements for currency are especially large, and thereafter voluntarily contract, the Canadian circulation continues to expand and contract as regularly as the crops grow and are gathered. The note issues at the end of July were $66,697,000. At the end of October, by which time most of the crops had been marketed, they attained a volume of $83,036,000. The need of circulation declining thereafter, the volume of notes decreased about $10,000,000 in November and December. There was no official in Ottawa to draw in circulation when he thought there was too much, and to pump it out when he thought there was too little. The banks can issue all the notes they wish up to the amount of paid-in capital, and under certain restrictions in excess thereof. There is a thoroughly effective redemption system, of which there seems to be not even a recollection in this country, under which notes that the business community doesn't need are promptly returned to the bank that issued them and redeemed. Every bank is eager to keep its own notes out, and therefore it is very vigilant to return to the bank that issued them the notes of other banks that are paid in over the counter. That is all there is of it, and it does the trick.—*Philadelphia Record.*

RAILROADS AND STEEL PRICES.

IT is obvious that lower prices for steel mean reduced cost of bridges and structural steel and for the hundreds of iron and steel appliances that the railroads use up in great quantity; eventually it will probably mean a lower price for steel rails, which will also apply to such portions of orders already placed as have not been executed at the time that the market price declines. It is expected that the steel manufacturers will endeavor to roll as many tons of the rails already ordered as possible before rails are reduced and this desire may work to delay a reduction in rails.

But the actual saving to the railroads on steel and iron consumed will be a small matter in comparison with the benefits which will accrue in case the volume of iron, steel, ore and kindred traffic responds to the stimulus of lower steel prices in any substantial degree. Railroad men are decidedly hopeful, even confident, that it will. In their opinion, the apparent reluctance of steel consumers to enter the market at once is only a natural hesitation and one not likely to last long.

THIS department is for the benefit of those interested in promoting the business of banks, trust companies and investment houses by judicious advertising. Correspondence is desired. The purpose is to make this department a clearing house for the best ideas in financial publicity. Send inquiries, suggestions, information concerning results of various methods and campaigns, and samples of advertising matter for comment and criticism, to T. D. MacGregor, Manager, Publicity Department, Bankers Publishing Co., 90 William Street, New York.

ADVERTISING CRITICISM.

Remarks on Financial Advertising Submitted for Criticism.

WE have received from E. H. Hollister, vice-president of the Farmers and Merchants Bank of Idaho Falls, Idaho, the following letter:

I have been reading with much interest the Publicity Department of the Bankers Magazine. Several months ago I started out to advertise our bank in a small way. The work was new to me and exceedingly difficult at first. However, I believe that we have gotten good results from our work. I enclose herewith for your criticism a copy of a "New Year's Resolution" ad., and also of a circular letter. We have a sugar factory at Idaho Falls. The 15th of November was pay day. We procured from the sugar factory a list of the men to whom a pay check would be issued on that day, and on November 14th a copy of the enclosed letter was mailed to each. We issued about 500 of the letters and got 30 new accounts as a result. I should be pleased to have your criticism on the enclosures.

The form letter was as follows:

FARMERS AND MERCHANTS BANK.

Idaho Falls, Iowa.

Dear Sir:—We have been thinking about you, and have often wondered if you carry a bank account in Idaho Falls. If you do not we should like to have you for our customer. Within the next few days you will receive from the Sugar Company, a check, in part payment of your beet crop. This check, no matter upon which bank drawn, we want you to deposit with us, and then pay your own accounts, with your own check, on this bank. Even if you expect to pay out, immediately, the entire proceeds of this pay check, deposit it with us anyway, for we firmly believe that if you once start doing your banking business with us, you will always do a banking business, and will never care to go elsewhere in future. When we organized this bank eighteen months ago, we did so with the intention of making it distinctively a farmers' bank. We still have the same idea. It is the farmers' business we want. It is the farmers' business we are getting, and we are doing it with the feeling on both their part and our part, that we can take just a little better care of their needs than anyone else. Feeling confident of our ability to please you, we invite your patronage.

Very truly yours.

E. H. HOLLISTER, Cashier.

We think that the fact that this letter made a depositor of every sixteenth person out of 500 who received it is sufficient comment, but we might add that we believe this letter was successful because it gets right down to business and tells definitely how the bank can help those to whom it is appealing. It gets under the farmer's skin, as it were. The letter has a sincere and hearty ring which is refreshing.

The New Year's resolution ad. referred to is good as to copy, but not very well set up by the printer. The copy of the other advertisement is as follows:

THE REASON WHY.

A man recently made application to an Idaho bank for a loan of one hundred dollars. He was an honorable man; he had one hundred and sixty acres of land; had horses and cattle and grain on hand, was free from debt, still his application was refused.

The same day another man, worth less than half as much as the first, made application to the same bank for twice as much money AND GOT IT. Was favoritism shown? No. The loaning funds of the bank were in strong demand. The first man was not a depositing customer in any bank. When he sold his produce he pocketed his funds. THE BANK WAS UNDER NO OBLIGATION TO HIM. The second man carried an account at the bank. It was not large, but when he had money on hand it was left with the bank on deposit. He was a regular customer, and when he wanted an accommodation, HE WAS TAKEN CARE OF. Circumstances of this kind are of al-

IF HE HAD ONLY SAVED HIS MONEY!!

IT WOULD BE SAFE IN THE BANK NOW

VAIN REGRETS will be poor consolation to you in that hour of need. Your friends will be glad to help you if it were not that they had just "had to use what ready cash they had." The road to independence is SELF-dependence. Keep yourself in a position to help yourself. Save your money.

We will pay you 4 per cent interest on the money you put in our savings department and compound the interest every six months.

Texas Bank & Trust Co.

Capital and Surplus, $480.000

DIRECTORS

C. H. MOORE	D. W. KEMPNER	R. LEE KEMPNER
DR. WM. GAMMON	F. OHLENDORF	BRYAN HEARD
M. ULLMANN	J. H. W. STEELE	I. H. KEMPNER

Come on, Remorse!

most daily occurrence, and should suggest to every man THE NECESSITY AS WELL AS THE CONVENIENCE OF A BANK ACCOUNT. It is part of our policy to take care of the legitimate needs of our customers so far as their circumstances will warrant.

THE FARMERS & MERCHANTS BANK.

James W. Andrews, assistant cashier of the American National Bank of Pensacola, Fla., writes:

I would like to have an expert opinion from you on the merits of our "ad." in the "Realty Exchange," copy of which I am sending under separate cover. (The "Exchange" is for out-of-town circulation.)

I am an admirer of the Bankers Magazine which I consider the leader of them all in its class.

The advertisement occupied the first inside cover of the paper and was in the form of this letter:

Dear Sir:—We hope to soon number you as a citizen of this city or vicinity, and extend you a cordial invitation to do your banking with us.

We have a great deal of confidence in the future of Pensacola and Escambia County. So much confidence have we, in fact, that we are now erecting for our own use and for renting purposes, a thoroughly modern, steel constructed, ten-story building, a photograph of which will be found on another page of this publication. We will send you a large engraving of this on request.

We want you to write us, should you desire any information as to business conditions, investments, etc.

We call special attention to our Savings Department, on accounts in which we pay interest at four per cent., compounded quarterly. Or, we will issue you a Certificate of Deposit, bearing four per cent. interest, at 3, 6, 9, or 12 months. You can do business with us by mail.

Yours very truly,

M. E. CLARK,

Vice-Pres. and Cashier.

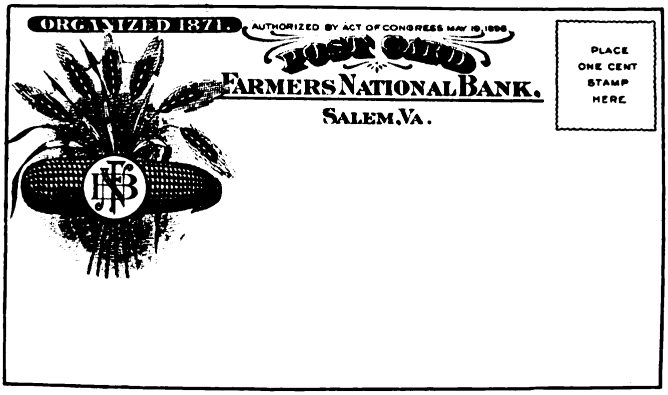
This is written in a cordial spirit and gives concise information as to just what facilities the bank has to offer newcomers to the city. It might be better if "you" were emphasized more than "we" in the copy.

R. Lee Kempner, cashier of the Texas Bank and Trust Co., Galveston, Tex., writes:

We invite your attention and criticism to the enclosed advertisements.

We confine our attention to the daily

Different Ways of Doing It.



A Postcard Advertisement.

papers and concentrate our advertising on our savings department, feeling that the continual appearance of our name in a prominent place in the daily papers will of itself attract commercial and checking accounts as well.

Thanking you to give us the benefit of your experience in the matter, we beg to remain, etc.

The ads. are illustrated by cuts from drawings by R. F. Outcault. One of them is reproduced herewith. It is a particularly strong one. Mr. Kempner's point about the collateral value to commercial and checking business from the advertising of the savings department is well taken, though it would be well to slip in an ad. covering other departments occasionally, too.

Oklahoma bankers are not the only ones who are referring in their advertising to the discussion about the guarantee of bank deposits. We show ads. along this line from Fort Smith, Ark., Madison, Wis., and Cohoes, N. Y. These ads. are all strong, but perhaps the Arkansas one would be better without a negative heading, although there is some advantage in making people sit up and take notice by saying something in the head which they least expect you to say.

Editor Banking Publicity Department, Bankers Magazine:

We are enclosing herewith, one of our postcard statements of condition, and if you care to do so, we should be pleased to have you reproduce the two sides of this card.

Heretofore, we have always published our statement on a small folder, as is the usual custom. We believe the statement printed on a postcard, will be more likely to be read than when on a folder.

As you will see, the address side is lithographed. This brings out the design better. Of course, we had a large number lithographed, and our local printer prints the different forms as needed.

What is your criticism on this card from an advertising standpoint? Do you consider the address side of this card too "fancy" for a bank's use?

We will say, by way of explanation, that the corn and wheat design is used on our stationery as our "emblem," while the "ORGANIZED 1871," on the black background, is used as our "Trade Mark." We enclose herewith a few of our forms showing this idea.

We read with interest that portion of the Bankers Magazine devoted to bank advertising and wish to thank you in advance for your criticism of this card advertisement.

Your very truly,

C. W. BEERBOWER, Asst. Cashier.

The Farmers National Bank, Salem, Va.

Using Current Topics.

Thomas Jefferson
3rd President

"When a .nan assumes a public trust, he should consider himself public property."

This bank fully believes as Jefferson has taught, and it believes that a Bank assuming public trust should be considered public property.

It has therefore constantly adhered to safe ... ods, and shall continually keep in mind the f... part of the public, are interested in its welfar...

Upon the basis of safe banking we invite you ...

Union Bank & Tr...
COR. MARKET AND LAFAYETTE ST...
JACKSON, TENN.
J. C. EDENTON, President. I. B. TIGRET...

Andrew Jackson
7 -h President

"Experience Should Teach Us Wisdom"

Jackson, our city, was honored when its founders gave it the name of this illustrious President. His sayings are full of great maxims, but none greater than the one above quoted.

Perhaps you have had some experience that will teach you ...m of saving. Why not begin at once by opening an ac... this bank?

...semi-annual interest paid on Savings Accounts.

...n Bank & Trust Co.
...R. MARKET AND LAFAYETTE STREETS.
JACKSON, TENN.
...ENTON, President. I. B. TIGRETT, Cashier.

Abraham Lincoln
16th President

"It is easier to pay any sum when we are able, than it is to pay it before we are able."

Lincoln was born poor, and the success he attained was attributed to his indurtrious and economical habits. He gave us many maxims well worth our study.

In the quotation he was referring to a suggestion regarding the settlement of the slavery question. It is, however, true with individuals. Why not begin to save in order to be prepared for any emergency?

Your deposits in this bank will be increased semi-annually by 3% interest.

Union Bank & Trust Co.
COR. MARKET AND LAFAYETTE STREETS.
JACKSON, TENN.
J. C. EDENTON, President. I. B. TIGRETT, Cashier.

Andrew Joh...
17th Presid...

"WE SHOULD FOLLOW THE WISE PRECEDENTS ESTABLISHED, AND WITHOUT FURTHER DELAY MEKE PROVISION FOR THE PAYMENT OF OUR OBLIGATIONS AT AS EARLY A PERIOD AS PRACTICABLE."

President Johnson was the third Tennessean to occupy the President's office. He was quite likely the most eloquent President the United States has had. He came to the Presidency at an unfortunate period, but used his best efforts to wipe out the indebtedness of the civil war.

The payment of an obligation is just, and there is no better way for the individual to do this than to deposit a portion of their earnings with a bank. This bank pays 3% interest on savings accounts.

Union Bank & Trust Co.
COR. MARKET AND LAFAYETTE STREETS.
JACKSON, TENN.
J. C. EDENTON, President. I. B. TIGRETT, Cashier.

James A. Garfield
20th President

"Poverty is uncomfortable, as I can testify."

Garfield and Lincoln began life poorer than any of the Presidents, yet, they, by exercising economy and industry, became two of our greatest.

Opportunities for saving are far more abundant now than in the days of Garfield. Now we have saving banks to care for the savings of wage earners. This banks pays 3% interest on savings account.

Union Bank & Trust Co.
COR. MARKET AND LAFAYETTE STREETS.
JACKSON, TENN.
J. C. EDENTON, President. I. B. TIGRETT, Cashier.
F. B. FISHER, Vice-President.

A Good Idea Well Carried Out.

That BOY,

with those chubby cheeks, is he cared for in case of your death?

In other words will he have to neglect his education—his studies, because his father's estate was mismanaged?

Leave it in such hands as

THE SAFE DEPOSIT & TRUST CO
Wood at 4th

And you can die knowing that he will be looked after by an institution with 40 years' experience.

Call and Permit Us to Explain.

"The safest investment in the world is United States Government Bonds," and North & Co., Bankers have their Capital invested in them.--Their Banking House has been known as a safe and conservative financial institution since established in 1868

AN ALL AROUND GOOD BANK

PAID IN CAPITAL
$200,000.00

FORT SUTTER NATIONAL BANK

DEPOSITS
JULY 1, 1905—$108,000.00

DEPOSITS
October 26, 1908
$1,600,000.00

DON'T THINK

YOU ARE GETTING

Ahead in the world simply because you hold a good position to-day.

Unless you are using a portion of the money you earn as a means to provide for the future, you're simply at a STANDSTILL.

Now, while you hold the good position, is the time to deposit your spare dollars at this bank—with every dollar you add and the 3% interest you receive you'll be getting ahead.

Begin today.

THE DIME SAVINGS BANK
Corner Fort and Griswold Streets
1174 Jefferson Avenue 1491 Woodward Avenue
Detroit, Mich.

THE FOURTH NATIONAL BANK OF THE CITY OF NEW YORK OFFERS TO DEPOSITORS EVERY FACILITY WHICH THEIR BALANCES, BUSINESS AND RESPONSIBILITY WARRANT.

They Might Have Been Worse.

This postcard statement idea is all right. It is a change from the customary folder, and its chances of being seen are very good. We think this bank's emblem is appropriate for an institution of its name and location.

B. H. Blalock, assistant cashier of the Union Bank and Trust Co., Jackson, Tenn., writes:

I am sending you herein samples of advertising used by this bank. The samples enclosed have been running in Jackson in our morning and evening papers. You will note that we have been running a series giving quotations from Presidents of the United States. We endeavor to get items of news which relate in some measure to banking to use as advertising. You will note in some of the samples sent herein that there are some of these. That kind of advertising we believe is the most catching. On all of our stationery and in all of our advertising matter we use the cut that is on this letterhead.

If these ideas would be of any benefit to your readers I shall be very glad.

These ads. speak for themselves. They are unusual, strong and in keeping with correct advertising principles.

We have put a bunch of poor ads. together so that we can kill them all at one fell swoop. The ad. of the Safe Deposit & Trust Co., with the child's head sticking out of the black pall is ghastly and unpleasant. The copy is negative instead of positive advertising. It attracts attention, yes.

But so does a piece of crape on the door.

That is a freak ad. of North & Co. By the time the reader gets to the 1868 he is likely to be so dizzy that he cannot read it.

Nobody wants to turn summersaults or stand on his head to read your advertisement.

The Fort Sutter ad. is another member of the Freak family. It advertises a second rate pun as much as it does a first rate bank.

The copy of the Dime Savings Bank ad. is good, but is worthy of a better dress. We "don't think" much of that particular kind of a stock cut.

We publish the ad. of the Fourth National Bank for the benefit of those who are interested in relics. This is the bank ad. primeval—the prototype from which more modern bank advertising copy has developed, the original, self sufficient, all inclusive advertisement, which is as good now as it was fifty years ago.

REPORT TO SHAREHOLDERS

Irving National Exchange Bank

West Broadway and Chambers Street, New York

To Our Stockholders:

During the past year, after paying four quarterly dividends, in all 8 per cent., or $160,000, also charging off $32,000, on Furniture and Fixtures and premium on United States Bonds, and creating a Guarantee Account valued at $35,000, we have increased our Profit and Loss Account by $166,600.

New business has come to us generously, and largely through the efforts of our friends and Directors, 768 new accounts, with initial deposits of $3,800,000, were placed on our books during 1908.

Acting under instructions from the Board, the Examining Committee has caused a most thorough examination to be made of every department in the Bank, as well as of its assets and liabilities, by Messrs. Marwick, Mitchell and Company, Certified Public Accountants, whose report is noted opposite.

We are again glad to report that there are no past due or any known doubtful items included in our statement.

Respectfully,
LEWIS E. PIERSON,
President.

Marwick. Mitchell & Co.,
Chartered Accountants
BANK AUDIT DEPARTMENT
79 Wall Street

New York, October 26, 1908.

Messrs. Daniel W. Whitmore,
Chairman,
Theodore F. Whitmarsh,
William Halls, Jr.,
M. M. Belding, Jr.,
John G. Luke,
Examination Committee.
Irving National Exchange Bank,
New York City.

Gentlemen:

In accordance with your instructions we have examined your Bank as at the close of business October 5, 1908.

The Cash, Securities, Loans and relative Collateral, as also the Amounts Due from Banks and all other items forming a part of the Resources, were found to be correct.

The Amounts Due to Banks were verified, and other Liabilities, as shown in the Statement of Condition, were checked and found to be as represented.

A careful inspection of the Assets shows them to be of high grade and remarkably clean and liquid. The business is conducted economically and the system of accounting in the various departments is worthy of special commendation.

Yours truly,
MARWICK, MITCHELL & CO.

STATEMENT
December 31, 1908

ASSETS

Immediately Available		
Cash in vault and Checks for Clearings.	$7,714,381.52	
Due from Correspondents and Demand Loans................	6,199,432.48	$13,913,814.00
Available within 30 Days		
Loans Due in 30 Days..	4,017,554.07	
U. S. and other Bonds..	978,025.00	
Other Investments.....	554,461.02	$5,550,040.09
Other Loans and Discounts		
Due within 4 Months...	6,931,712.58	
Due after 4 Months....	2,584,703.86	$9,516,416.44
		$28,980,270.53

LIABILITIES

CAPITAL.............		$3,000,000.00
SURPLUS & PROFITS.		1,380,948.81
Circulation............		800,000.00
Deposit: Individual....	$13,497,[illegible].86	
Deposit: Banks........	11,301,958.86	24,799,321.72
		$28,980,270.53

Member of New York Clearing House

STRICTLY A COMMERCIAL BANK

A Convincing Advertisement.

ADVERTISING RESULTS.

Address Delivered by T. D. MacGregor, of The Bankers Magazine, Before the Philadelphia Chapter, American Institute of Banking, February 5, 1909.

THIS is quite a big subject, and in attempting to cover it within the limits of an hour or so I feel like the young preacher who undertook to speak on "The Universe." He said he would divide his subject into three parts, as follows:

Firstly, why the universe is;
Secondly, how the universe is, and,
Lastly, I will say a few words on universes in general.

At the very beginning, I want to make it clear that I do not pretend to be a banker. I have never been behind the counter of a bank.

But neither have the thousands of customers and possible customers of your institutions.

That is the class I represent. I am a student of banking from the outside viewpoint, which is a hard one for the banker himself to get, but very important for the success of his advertising.

My experience has been in newspaper, magazine, agency and general advertising work, but always specializing in financial publicity.

If I am able to say anything on this subject which shall be of value to you, it will be in the same way that, for example, your family physician can counsel you about your health although he knows little about loans and discounts; or, as your lawyer is able to advise you in regard to legal matters although he can not figure interest on daily balances.

PHILADELPHIA AN ADVERTISING CENTER.

In presuming to tell Philadelphians anything about advertising, however, I feel as though I were carrying coals to Newcastle.

Philadelphia is quite generally known as the home of good advertising.

Here lived the first and one of the cleverest of American advertising men—Benjamin Franklin.

Here was produced an advertisement, which, although it appeared almost 133 years ago, is "pulling" yet, as the figures of the Immigration Bureau show. It was the most effective political advertisement ever written—the Declaration of American Independence.

Here was created an advertising medium whose circulation is now world-wide, the trademark and emblem of liberty—the Stars and Stripes.

Philadelphia is the birthplace of the modern department store, an institution which could not exist without publicity. The stores of this city are unexcelled in the quality of their advertisements. Their business announcements are used as models in many other cities.

This is particularly true of the grocery advertisements of the gentleman who is to follow me on this platform. Thomas Martindale's ads. are warranted to make your mouth water any time.

Philadelphia is a great industrial city whose products have been made known everywhere by advertising, while its products, in turn, advertise Philadelphia to the world.

Philadelphia is the home of the oldest, and one of the greatest, advertising agencies in the country—N. W. Ayer & Son.

Philadelphia has the two greatest periodical advertising mediums in the world—the Ladies' Home Journal and the Saturday Evening Post.

The daily newspapers of this city are well known for their enterprise, high quality and large circulation. Philadelphia is a city of homes and the newspapers go into the homes more generally here than in almost any other city in the country—a condition which makes for public spirit and popular intelligence at the same time that it provides a very fertile field for the advertiser to cultivate.

IMPORTANCE OF ADVERTISING.

Advertising has become an all-important factor in our daily lives. It affects every one of us in some way or another as long as we live. If you stop to consider this matter, you will be surprised to find how closely advertising affects you personally in almost every phase of your existence and activity.

Some wag has pointed out how advertising goes with us from the cradle to the grave.

A child no sooner comes into the world than he begins to advertise—for food.

A man and a woman get married, and thus advertise to the world that they are looking for trouble.

And even after a man is dead and gone, he comes in for more or less truthful advertising in the form of eulogies and epitaphs. Your own Franklin would not trust the preparation of the copy for his final advertisement to any hands but his own, so he wrote that famous epitaph, in which, after having likened his mortal body to an old, worn-out book, he expressed the beautiful sentiment:

> "Yet the work itself shall not be lost, for it will appear once more in a new and more beautiful edition, corrected and amended by The Author."

This is finer, if not more epigrammatic than that other posthumous advertisement told about by Alfred Henry Lewis—that of the cowboy over whose grave was placed a board with this inscription scrawled upon it:

> "He done his damnedest. Angels could do no more."

ADVERTISING A CREATIVE FORCE.

Advertising in its modern development is a fascinating subject.

In primitive times and under simpler conditions of life, advertising was not necessary. The man who had something to sell and the man who wanted to buy got together easily and naturally. But as population increased, civilization advanced and barter gave place to a more highly developed form of trade, competition arose and it became necessary for the seller to attract or seek out the buyer.

That was the beginning of advertising. The time at my disposal does not permit of a discussion of all the intermediate steps. But suffice it to say that with the increasing complexity of commerce and daily life—railroads, telegraphs, telephones, wireless communication, and all that they stand for —advertising has become an absolutely indispensable factor in business, a necessity born of modern conditions and methods in the commercial world.

Nowadays advertising not only aids in satisfying old wants, but it also creates new ones. It makes two blades of grass grow in the business world where only one grew before.

Great improvement in engraving, printing and other mechanical features of advertising has gone hand in hand with an enormous growth in the circulation of mediums of publicity.

Coincident with the development of the conditions which have made extensive advertising a necessity, has been the growth of the means for filling the need in the most satisfactory manner.

The annual expenditure for advertising in the United States is variously estimated at from $300,000,000 to half a billion dollars a year. One advertising agency claims that $100,000,000 of that is wasted on ads. that never pay, but that's another story, as Kipling says.

The business this advertising produces undoubtedly is many times the amount expended. The advertising in ten representative magazines last year amounted to almost $8,000,000. It is probable that if statistics were available covering the advertising expenditure in our 23,000 newspapers and periodicals, in the street cars, on the billboards, by letters, circulars, booklets, calendars, and in many other ways, the figures would exceed those of almost any other business or industry.

HOW IT AFFECTS BANKERS.

What part are the bankers of the country taking in this vastly important factor of modern business? Is it any more than to care for the money that others make through advertising, and thus benefit only indirectly themselves?

The banker sees the business of many of his customers grow largely on account of their advertising. He knows of not a few instances where fortunes have been made through well planned and persistent publicity.

But, strange as it may seem, in many cases the banker does not think it wise to avail himself of this mighty force in pushing his business on to greater success.

Bankers who are not very enthusiastic on the subject of advertising are fond of pointing out the alleged fact that some of the largest and most successful financial institutions in the country do practically no advertising.

"If," they say, "the National City Bank in New York or the Fourth Street National Bank in Philadelphia rarely advertise and yet are such big and successful institutions, why should we spend our good money in advertising?"

It is true that the dominant financial institutions of the country are contributing little to the new, progressive ideas and methods in bank advertising. But most of them had attained their great prestige before the days of modern advertising. Naturally the greater industries allied themselves with them. Business came to them through the influence of powerful interests and by virtue of the personal equation with the working of which you, as practical bankers, are all familiar.

In reality, these banks advertised, but it was in a subtle way. The individuality of the banker was exploited. His personal acquaintance and influence were extended through his civic and social activities. The prestige of their officers and directors being very great, such institutions are carried along by their own momentum. Their massive and conspicuously located buildings serve as advertisements for them, too, constantly reminding the public of their existence at least.

However, such advertising is a luxury beyond the reach of most banks, and it would be folly for the average bank to attempt to emulate the example of big non-advertising banks.

For every bank you can mention that has been successful IN SPITE of not advertising, I can name a dozen which have been successful ON ACCOUNT OF THEIR ADVERTISING.

RESULTS ARE WHAT COUNT.

There is only one test of all bank advertising, and that is results.

A man who got a wife through a matrimonial advertisement was asked:

"In the light of your experience, do you believe that advertising pays?"

As his marriage had proved a failure, he replied:

"No, I can't say that it pays, but I'll say this much—it brings results."

Advertising DOES bring results, but sometimes the results are on the wrong side of the ledger. The right kind of advertising pays, but all advertising is not the right kind.

The two most important factors of resultful advertising are right mediums and right copy.

In the first place, to be effective, your advertising must be seen. That involves the question of mediums and display.

Then it must excite and hold interest, convince and lead to favorable action. That brings up the matter of the copy itself.

THE NEWSPAPER AS AN ADVERTISING MEDIUM.

The daily newspaper is the most valuable advertising medium for any bank seeking local business. There is no better way to reach a large number of persons cheaply and effectively.

The newspaper is a part of the daily life of the American people. It goes everywhere. Everybody reads it. Every day it comes entirely fresh and new. If he is wise, the advertiser in it makes his message fresh and new daily, too.

The daily newspaper can best give the constant repetition that wears away forgetfulness and forces attention.

It enables the advertiser to tell his story quickly.

It makes it possible for him to reach many whom he could reach to advantage in no other way, as everybody who reads at all reads some newspaper.

Size of circulation is not the only thing to be considered in choosing an advertising medium. There is a quality as well as a quantity factor which enters into the case. For some kinds of advertising 50,000 of a high class circulation is worth 100,000 of a poorer class.

The editorial policy and the character of the news columns of a newspaper have an important bearing upon the advertising value of the medium. A wide-awake paper which is clean, ably edited and progressively managed, is a splendid place for an advertising bank to present its announcements.

In such a paper your advertisement will be in good company. An honest and fearless newspaper inspires confidence on the part of its readers and this confidence is given likewise to those who advertise in it. If its editorials carry weight and its news matter is well presented, the advertisements in its columns have the best kind of environment for satisfactory results.

OTHER ADVERTISING MEDIUMS.

Street cars should be used by banks only as supplementary to newspaper advertising. The street car card serves as an effective reminder, but under ordinary circumstances, street cars alone would not be enough. They prove more effective in the larger cities where practically everybody uses the cars twice a day than in smaller places where riding on the cars is not a daily necessity. Special advantages of street car advertising for banks are: Only high class advertising is permitted in the cars—no fakes or worthless patent medicine ads.; every advertiser has equal display; there is no waste circulation, as practically everybody who uses the cars sees the cards; women are especially likely to see the advertisements as they do not so generally have the habit of reading papers while riding in the cars as men do; and there is good opportunity for artistic design and strong typographical display in the 11x21-inch street car card.

Personal letters, either genuinely personal ones or form letters in imitation of individual letters, and sent out to specially prepared lists of prospective customers, have proved most effective when properly prepared and handled according to an intelligent system of following up prospects.

It is often claimed that it is undignified for a financial institution to use a follow up system. Records of banks which have used such a system show that without it a great deal of business would be lost to them and the cost of their advertising materially increased. But a great deal depends upon what you say in your letter, and this brings us up to the vitally important subject of copy.

WHAT CONSTITUTES GOOD COPY.

What is "copy"? The word is a technical term for the text matter of advertisements, but a better definition is that it is the life and soul of advertising.

Bank advertisement copy should be original, concise, logical and well written in simple language. It should not consist of glittering generalities, nor of long, involved sentences.

The headline should be interest-exciting, and, if possible, should briefly tell the whole story of the advertisement so that hasty or casual readers of the advertisement may receive a distinct impression.

As a rule copy for the advertisement should be changed with each insertion. But the same typographical style should be maintained throughout so that there may be both continuity and differentiation in the advertisements, the former building up, by constant repetition, a good will and the latter educating the public and inducing people to take definite action.

The attempt should not be made to cover the whole field of the bank's service in one advertisement, but different phases should be taken up in each of a series of advertisements.

It is better to use small, or moderate-sized space regularly than larger space spasmodically. The general reading pages of a paper are better than the financial page because those who read the financial page likewise see the other pages, but all those who read the general pages do not read the financial page.

Three insertions a week is better than one insertion a week, and every day is better still.

Proper position and display of advertisements are important, as they insure a larger circulation for the advertisement, i. e., more readers.

One or two strong display lines in an ordinary-sized advertisement are enough—the headline and the name of the institution.

There ought to be as much personality and human interest as possible in bank advertising. At the same time dignity must be maintained. Humor is always out of place in advertising, although good nature and kindliness are not to be tabooed.

Remember that the good ad. is not the one you quote and talk about, but the one you act upon.

MUST NOT BE MECHANICAL.

Copy must do more than fill space. It must "pull," bring results.

Good copy is not mechanical. It cannot be ground out of a hopper. If it could, there would be no need to study the problem of salesmanship on paper. You could just buy good copy as easily as you can printing.

Financial advertising copy cannot be too strong, concise and original. It is not enough for the writer to know the inside facts about his particular proposition.

Indeed, strange as it may seem, you may be too close to your own business to realize its strongest advertising points.

It will pay you to cultivate that valuable "outside" attitude, the viewpoint of the disinterested man or woman—your prospective customer. Don't look at the proposition entirely from your standpoint. Put yourself in the other fellow's place.

Emphasize "you" and "your" in the copy, not "we" and "our."

Get the "you" habit in your advertising. It is polite, and it is good business, too.

It is all right to read the advertising matter of others for suggestions, but do not slavishly adapt ideas and phrases that seem to fit your case.

It is always wiser to ignore competitors as far as referring to them in your advertising is concerned. Every time I see an advertisement in which the advertiser mentions a competitor, I am reminded of the story of the two rival sausage-makers in an English town. Their places of business were on opposite sides of the street. For a time they had conducted a lively campaign of advertising by means of placards in their store windows extolling the virtues of their respective sausages and there was considerable crimination and recrimination as to the competitor across the way.

Every morning the citizens of the town passing by were edified by the new claims of the rivals. Finally, one of the men thought that he had put an end to all discussion when there appeared in his window one morning a placard with the words:

"His Majesty, the King, eats my sausages."

But this did not put his competitor out of business, or put an end to the placard repartee, for the next morning he came out with a sign reading:

"God save the King!"

ORIGINALITY IS DESIRABLE.

So it is advisable to forget your competing banks in your advertising.

It is better to be original. Have initiative. Explore your own proposition for new ideas. Then express them brightly and with all the literary skill you can command.

Make your advertising interesting and educating.

As far as the actual preparation of an advertisement is concerned, no fixed rule can be laid down as to detail of method. There are as many different ways of doing it as there are successful advertisement writers.

But experience has proved the wisdom of certain methods and has established some general principles.

Study every phase of your proposition thoroughly. Then set down in black and white all the talking points that occur to you.

Omit no fact or argument that might possibly be used to advantage.

With this list of talking points, you have your material ready. The next step is to outline a plan for the particular piece of advertising in hand, be it a series of newspaper advertisements, a circular or a booklet.

When it is planned to run a complete series, each individual advertisement should, if possible, emphasize a different point, although it is well sometimes to summarize other points, the theory being that there are always some readers who have not seen preceding advertisements and who may not see later ones.

There are very few persons who read through the copy of all the advertisements, but there are many who see all or nearly all of the heavy headlines. So the wise thing to do is to state your case clearly in the headlines.

"The meat at the top" is the rule for good headlines just as much in an advertisement as in a news article. By constant practice the advertisement writer can learn to tell his whole story in the headlines and thus get a bigger circulation for his announcement, the head at the top and the name of the advertiser at the bottom making in themselves a complete advertisement for the benefit of the nearsighted and cursory readers.

PICK OUT TALKING POINTS.

Having chosen a suitable head, you have the subject of your advertisement. Pick out the talking point or points you wish to develop. Then sit down and write as fast as the ideas come to you.

Give real arguments and reasons, not just bald, unsupported statements. Be logical and consistent.

When you have written yourself out on that particular subject, rewrite your composition.

Cut out all unnecessary words. Condense. Boil it down.

Use the shortest, simplest, strongest words that come to you.

It is better to use short, easy-reading paragraphs.

There are several reasons why this wholesale pruning process is a good thing. It saves valuable space, makes easy reading and permits more effective display.

At a recent dinner of advertising men New York's most influential editor said, "He is a good advertising man whose words suggest more than they say. If you can make the reader think four agate lines for every one that you write you have obtained three lines gratis."

The use of a good illustration may add 50 per cent. to the "pulling" power of an advertisement.

In the first place, a good, strong illustration serves as an eye-catcher. Then it may present an argument in itself. It can be made so striking that it will hammer in a point indelibly and prove of more value than the rest of the advertisement.

A good illustration tells its story at a glance, a story intelligible to young and old alike, to the educated and the illiterate. It can touch the feelings and lead to favorable action in the direction suggested—often more quickly than an appeal to reason, because most persons, men as well as women, act more upon impulse than they do as the result of cold logic.

There must always be a close connection between the idea brought out by the illustration and the thought expressed in the copy of the advertisement. Unless this rule is observed, there will be waste motion, so to speak, in the advertising. The picture of a pretty girl or of a beautiful piece of scenery probably will attract passing attention, but unless the illustration is tied up in some way with the copy, it will not help the advertisement. On the contrary, it is more likely to injure it by distracting attention from the main purpose of the announcement.

THE VALUE OF AN EMBLEM.

An illustration increases the value of an ad. if it is a good illustration. It attracts attention and drives home its point. A trade-mark emblem in advertising is good because it gives something concrete around which a popular conception of the advertising institution can be built. At the same time if it is appropriate it can constantly advertise some feature of the institution's strength or service. A constantly advertised emblem becomes in time a very valuable asset on account of the cumulative force of advertising. Every ad. is a drop in the bucket of prestige.

Get a good emblem to represent you, make it known by advertising and then back up your advertising by making good on your promises and by courteous and prompt attention to the wants of your customers.

In conclusion, I want to emphasize the importance of enthusiasm in advertising copy.

Your advertising must deal with the human will, which, in a great many cases, is the human WON'T.

It is hard enough even in a personal interview to bend the will of another to your own in a business matter. It is a good deal harder to do it by cold type, but enthusiasm will accomplish it.

ENTHUSIASM IS NECESSARY.

As a matter of fact, nothing very great ever has been or ever can be accomplished without enthusiasm somewhere on the part of somebody.

Etymologically, enthusiasm means divine inspiration. Practically, it means progress because it is a contagious spirit that rallies to its aid all the forces of human nature.

Every great idea in the history of mankind has had an enthusiast back of it.

If you want the readers of your advertising to do as you suggest you must win their co-operation by kindling in them some of your own enthusiasm.

On this point, I want to quote the words of Claude C. Hopkins, Lord & Thomas' $1,000-a-week ad. writer, who in a recent address before the Sphinx Club in New York, said:

> "We cannot be successful in anything these days if we attempt it in a half-hearted way. The battle is too severe; competition too strenuous. There is no success which is not built up of the red blood, the vital force and the compelling personality of the man behind it.
>
> "I know a man who knows nothing of grammar; a man who can't spell; a man whose writing looks like nothing we've seen since the days of Horace Greeley. Yet that man has become a tremendous factor in advertising through the dominant power of enthusiasm."

MODERN ADVERTISING SPIRIT.

The spirit of modern advertising is well illustrated by the story told of the Englishman, the Frenchman and the American who as fellow-travelers aboard a trans-Atlantic liner were discussing American business methods. The Frenchman had been impressed with the motto so commonly found in American offices—"Do it now!" He thought it was typical of the people. The Englishman said he thought "Do it right!" would be a better one. The American, appealed to for his opinion, suggested that the other two compromise on this motto: "Do it right now!"

The next time you take up a newspaper or magazine look at the advertisements a little more carefully than usual and see if the ones which appeal to you most strongly do not have a good deal of the enthusiastic "Do-it-right-now" spirit in them.

In salesmanship on paper you cannot look your prospective customer in the eye. There can be no expressive gesture, no responsive lighting up of the countenance. Euthusiasm and personality must take another form.

Now, you are probably asking how you can get this kind of enthusiasm. The formula is simple.

Know your institution, believe in it and constantly seek points of contact between it and those you want to interest in your facilities and service.

There probably is not the slightest doubt in your mind about your ability to convince anybody you meet personally that your bank is a good one. Perhaps you feel that you could talk enthusiastically to a whole roomful of people about your bank and inspire a good many of them with your own confidence in the institution.

Now, if you will carry the same directness and enthusiasm into your advertising when you come to address a larger audience by mail or through the printed page, your chances for success will be infinitely greater than if you allow yourself to succumb to the formality and lifelessness which so often characterize bank advertising.

Why should not the bank advertiser feel enthusiastic when he thinks of what a splendidly helpful institution he represents.

When there are being exploited so many risky, not to say fraudulent, schemes to beguile the people from the straight and narrow path of safety for their savings, and many misguided persons are parting with their hard-earned money to put it into wildcat projects of one kind or another, is there any reason why the banker should not grow enthusiastic in presenting the solid realities which he has to offer those who ought to come to him instead of falling into the clutches of the get-rich-quick schemer?

When there are thousands of young business men in the community, who, just starting out in their commercial careers, could advantageously use the bank's service and facilities if they only knew it, do you think it ought to be hard for the banker to get enthusiastic in telling them about it, when he KNOWS the coming together of the bank and these young business men will be mutually advantageous?

The old saying is that "Knowledge is power." I think that as it applies to advertising, it ought to be amended to "Knowledge, plus enthusiasm, is power." That is a combination hard to beat.

And this is the message I want to leave with you, the coming bank officers of this great city.

BANK AD ASSOCIATION.

The Pittsburgh Organization is an Effective One.

THE Bankers Ad Association of Pittsburgh held its annual meeting and dinner on January 28. Fred W. Ellsworth of the First National Bank of Chicago was the principal speaker. A plan for advertising the entire Pittsburgh banking community was discussed.

For the benefit of bank advertisers in other cities who may be thinking of starting a similar organization, we publish the constitution of the Pittsburgh association:

CONSTITUTION.

(Adopted January 25th, 1906, at a meeting at the Hotel Lincoln, Pittsburgh, Pa., of the bank advertising men of Allegheny County.)

ARTICLE I.

Name.

The name of this organization shall be the BANKERS AD ASSOCIATION OF PITTSBURGH.

ARTICLE II.

Purpose.

The object of this Association shall be:

First—The study of bank and trust company advertising, with a view to furthering and protecting the interests of the banking institutions of the Pittsburgh district.

Second—Mutual helpfulness, through the interchange of ideas, and the meeting together of men interested in similar lines of work.

Third—Concerted effort to educate the public in regard to practical banking matters.

ARTICLE III.

Membership.

The members shall be of four classes, as follows:

First—THE ACTIVE MEMBERS shall be male representatives of banking institutions of Allegheny County, Pennsylvania, who are responsible for, or particularly engaged in the advertising of their respective institutions.

Second—THE CORPORATE MEMBERS shall be banking institutions of Allegheny County, Pennsylvania. Each corporate member shall be entitled to nominate one representative for membership in the first class.

Third—THE ASSOCIATE MEMBERS shall be former active members no longer eligible to that class by reason of change of residence or occupation; or persons engaged or interested in advertising of banking institutions in Allegheny County, Pennsylvania, or elsewhere, whether as representatives of such institutions or outside advertising specialists.

Fourth—THE HONORARY MEMBERS shall be persons of more than ordinary importance in the financial or advertising world.

ARTICLE IV.

Management.

The government of this Association shall be vested in a board of nine managers, who shall elect from among their number a president, first vice-president, second vice-president, and secretary-treasurer.

ARTICLE V.

Committees.

The President shall appoint a MEMBERSHIP COMMITTEE of three persons, not members of the Board of Managers. It shall be the duty of the Membership Committee to consider all applications for membership, and refer same for final action to the Board of Managers.

ARTICLE VI.

Meetings.

The annual business meeting of the Association shall be held on the third Thursday of January, unless the Board of Managers otherwise directs, at which meeting the Board of Managers for the ensuing year shall be elected, and such other business transacted as shall properly come before the meeting. The election of managers shall be by ballot, the nine candidates receiving the highest number of votes of the active members present to be declared elected. The managers so elected shall serve for one year, and until their successors are elected. Vacancies occurring in the Board of Managers or in any of the offices, shall be filled by the Board of Managers.

Special business meetings of the Association shall be called by the President, at the request of the Board of Managers, or of five active members, not members of the board.

Meetings for the discussion of advertising topics, reading of papers of interest and other profitable exercises may be called as often as the Board of Managers deems wise.

ARTICLE VII.

Duties of Officers.

PRESIDENT—The President shall preside at all meetings of the Association, and shall be chairman of the Board of Managers. He shall be a member ex-officio of the Membership Committee. He shall have the authority to call special meetings of the Board of Managers, or of the Association, and to appoint other committees not provided for by this Constitution.

VICE-PRESIDENTS—In the absence of the President, the First Vice-President shall assume and exercise all the duties of the President's office; in the absence of both President and First Vice-President, the Second Vice-President shall assume and exercise all the duties of the President's office.

SECRETARY-TREASURER—The Secretary-Treasurer shall keep the minutes of the Association and Board of Managers. He shall have the custody of correspondence, records and other documents of the Association. He shall receive and keep in trust for the Association, all dues and other revenues, and shall make an accurate report of receipts and expenditures at the annual meeting, and when requested to do so by the Board of Managers. He shall notify the Board of Managers of all meetings of the board, and shall mail to each member of the Association, at least ten days in advance, notices of all meetings of the Association.

ARTICLE VIII.

Election of Members.

A candidate for membership must be proposed and seconded in writing by two members of the Association, and the application referred to the Membership Committee to pass on qualifications under the constitution; and if approved and recommended by the Membership Committee, then such candidate shall be voted on by the Board of Managers, and if such candidate receive a two-thirds majority of the managers present, shall be declared elected.

ARTICLE IX.

Expulsions.

Any member may be expelled from the Association for any cause prejudicial to the best interests of the Association. A specific charge must be made against such member by an active member of the Association in good standing, and be filed with the Secretary. The Secretary shall mail a copy of the charge to the accused member, notifying said member to attend the next meeting of the Board of Managers, where said member shall have the right to be heard. If the Board of Managers shall believe the charges sustained and sufficient, they shall have the right, without appeal, by a two-thirds majority vote of the managers present, to expel the said member from the Association.

ARTICLE X.

Quorum.

Five members of the Board of Managers shall constitute a quorum of said board. At any business meeting of the Association, twelve, or a majority of the active members of the Association, shall constitute a quorum.

ARTICLE XI.

Amendments.

This Constitution may be amended at any regularly called business meeting of the Association, by a two-thirds majority vote of the active members present, provided that a copy of the proposed amendment or amendments be mailed to each active member of the Association at least two weeks before the meeting.

ARTICLE XII.

Dues.

The dues for corporate membership in this Association shall be $10.00 per annum, unless said member shall have been elected after the close of the first half year, in which case the dues shall be $5.00 for that year.

All dues must be paid within 30 days from the receipt of notice from the Association.

ARTICLE XIII.

THE BOARD OF MANAGERS shall adopt from time to time such By-Laws and Standing Rules as they shall, by a majority vote, deem necessary for the prompt conduct of the meetings of the Association.

Officers of the Association for this year are:

President, Edwin B. Wilson, advertising manager of the Real Estate Trust Company; first vice-president, W. H. Siviter, advertising manager First National Bank of Pittsburgh; second vice-president, Paul C. Dunlevy, treasurer East End Savings and Trust Company; secretary-treasurer, George K. Reed, advertising manager Colonial Trust Company. The 1909 board is Alexander Dunbar, secretary Guarantee Title and Trust Company; H. S. Hershberger, vice-president West End Savings Bank and Trust Company; A. D. Sallee, advertising and sales manager J. S. & W. S. Kuhn; Charles E. Schuetz, cashier Western Savings and Deposit Bank; J. F. W. Eversmann, cashier German National Bank; P. C. Dunlevy, W. H. Siviter, George K. Reed and Edwin B. Wilson.

Corporate Members.*

(Each Corporate member has one representative in the Active membership of the Association.)

Allegheny Trust Company.
Anchor Savings Bank.
Bank of Pittsburgh, N. A.
Chartiers Trust Company.
Colonial Trust Company.
Columbia National Bank.
Commonwealth Trust Company.
Diamond National Bank.
Diamond Savings Bank.
Dollar Savings Fund & Trust Company.
East End Savings & Trust Company.
Fidelity Title & Trust Company.
First National Bank of Pittsburgh.
First National Bank of Crafton.
First National Bank of Homestead.

* List complete to March 20, 1908.

"THE BANK LADY."

Of a Woman, by a Woman, for a Woman.

"THE BANK LADY" is the title of an unusual book recently issued to advertise the Woman's Department of the Portland Trust Company of Oregon. In transmitting us a copy, President B. I. Cohen writes

> I enclose a little book, "The Bank Lady," which I think will be of interest to you. It was written by a well known newspaper woman, Miss Anna Mynott Docking, and I think it is absolutely unique in bank literature.

The booklet has as a frontispiece the halftone portrait of Harriet E. Moorehouse, reproduced herewith. In the booklet Miss Docking describes in a graphic manner the work of the superintendent of the woman's department.

Following is an extract from the booklet:

Before this task was finished a woman who had just fallen heir to a large sum through the settlement of an estate was waiting for a patient tutoring about financial mysteries such as no mere man could give, as he seems quite incapable of understanding the average woman's views of business. The different advantages and rates of interest of bonds, mortgages, special certificates, and other things, were explained before the customer was passed on to the higher officials for final decision.

When banking hours were done there was an invalid patron to visit with information about her affairs. That call was followed by an appointment with a wealthy stranger who wished to have a money talk with the Bank Lady. Besides attending to these professional matters, she managed to find a position for a girl out of work, and found time to drop into a poor little cottage and encourage a woman who was struggling with the problem of earning a living for three little children.

Months and years of days like this have marvelously trained the Bank Lady's brain and heart. She was the pioneer of her profession in the Northwest, and the Portland Trust Company of Oregon was the first bank on the Pacific Coast to have a Woman's Department. Her knowledge, patience, tact and sympathy are potent to do away with difficulties big and little. While money troubles, with all their manifold complications, have no terrors for her, yet she understands well the attitude of the feminine mind unfamiliar with these things. The

Harriet E. Moorehouse.

business world welcomes her as one who fills a long-felt need, and the hosts of women who are aiding and encouraging her in her work by their confidence and patronage wonder how they ever got along without the Bank Lady.

HOW BANKS ARE ADVERTISING.

Note and Comment on Current Financial Publicity.

"WHAT a Trust Company May Do" is the title of an effective booklet issued by the Prudential Trust Company, of Topeka, Kan. It summarizes the principal functions of a trust company in a graphic manner and is made particularly effective by a good typographical arrangement.

The First National Bank of Alger County, of Munising, Mich., makes use of illustrated blotters to send out its condensed statement.

Under the title of "Forty Years of Conservative Banking," the Citizens Savings & Trust Co. of Cleveland, O., issues an attractive piece of follow-up literature for its banking by mail department. The copy of a form letter accompanying the booklet is as follows:

Dear Sir.—Before you deposit your money with this bank, you would doubtless like to know more about the stages by which it has reached its present eminent position among the largest savings banks of the country, and we are enclosing you herewith a brief history of The Citizens Savings and Trust Company from its establishment, which will serve to make you feel better acquainted with its record, its safe methods and the personnel of its management.

This bank is proud of its growth and development, built up, as it has been, upon conservative banking principles. Such an institution can not fail to command your utmost confidence.

Our plan of Banking by Mail makes it just as easy for you to deposit your money at four per cent. compound interest with this old established bank as if you lived in Cleveland, and we hope soon to have the pleasure of numbering you among our depositors. Yours very truly,

E. O. HALE, Treasurer.

The Illinois Trust & Savings Bank, of Chicago, in its statement folder, runs a complete list of the stockholders of the institution.

"All Things To All Men."

The Oklahoma banks continue to feature the state guaranty of deposits in their advertising. The City State Bank, of Oklahoma City, issues an effective little folder entitled "Why Not Have Your Deposits Guaranteed?"

The First National Bank, of Richmond, Va., uses a mailing enclosure card giving some information concerning Richmond as a financial center. The First National Bank claims to handle about one-sixth of the $32,000,000 of loans reported by the Richmond banks, and also the same proportion of deposits and capital.

The First National Bank, of West Elizabeth, Pa., explains the various items in its statement so that the average person can understand its various features more clearly than he could from the customary condensed statement. The Central National Bank, of Cleveland, O., issues its statement on fine pebbled paper and uses a brown tint cut of its building on the folder.

The Union National Bank, of Grand Forks, N. D., uses the map of that state in a convenient cover as one of its advertising features, and this idea is also used by the Exchange Banking & Trust Co. of Charleston, S. C., using a map of South Carolina.

Strong Illustrated Catch Phrase.

Arthur S. Leland & Co. of 40 Exchange place, New York, have issued a pocket manual of dividends for the year 1908, and will send it to anyone upon receipt of a two cent stamp. It contains a list of all dividends paid on stocks listed on the New York and Boston Stock Exchange. It also gives the par value, amount of stock outstanding and an income table showing what securities pay at a given rate.

The employes of the Hibernia Bank & Trust Co., of New Orleans, issue a little house organ called "The Hibernia Rabbit." Erwin L. Bourgeois is editor. The Christmas number was an especially good looking production. It contains a history of the Hibernia Bank by Charles Palfrey, who has been cashier of the institution for the past twenty-seven years. Other contributors are W. E. Morriss, W. H. Gage, W. D. Machado and A. Luria. The magazine is illustrated by several good half-tones and the art work reflects great credit upon the bank artist, some of whose work was reproduced in the American Institute of Banking Department of the February number of THE BANKERS MAGAZINE.

We regret that we have not a color printing process which would enable us to reproduce a striking cover of the statement folder used by the Third National Bank of St. Louis. The cover contains the name of the institution embossed on an autumn maple leaf.

COMMERCIAL NEWS: WEDNESDAY, JANUARY 13, 1909.

AMERICAN NATIONAL BANK.

At the annual meeting of the shareholders of the American National Bank the directors were all re-elected as follows: W. H. Talbot, Louis P. Monteagle, W. H. Chickering, James McNab, P. E. Bowles, Francis Cutting, Henry J. Crocker, Geo. P. McNear and E. W. Wilson.

These directors meet every Monday afternoon, to discuss the affairs of the Bank-

The president's report showed net earnings for the year 1908, after charging off all losses and $12,000 from furniture and fixtures, of $140,887.79, or more than fourteen per cent on the capital stock. During the year $65,000 was paid to the shareholders in dividends and $75,887.79 was added to undivided profits, which now stand at $231,376.73.

Despite the poor business conditions of the past year, the net earnings of this bank were slightly in excess of those of 1907, an excellent showing.

The statement showing the condition of the bank as of December 31, 1908, at the close of business, was:

RESOURCES

Loans and discounts	[illegible]
United States bonds	[illegible]
Premium on bonds	[illegible]
Other stocks and bonds	[illegible]
Furniture and fixtures	[illegible]
Customers' liability under letters of credit	[illegible]
Cash and exchange	[illegible]
	[illegible]

LIABILITIES

Capital stock	[illegible]
Surplus	[illegible]
Undivided profits	[illegible]
Circulation	[illegible]
Deposits	[illegible]
	[illegible]

The board of directors organized and re-elected the following officers: P. E. Bowles, president; Francis Cutting, vice-president; E. W. Wilson, vice-president; Geo. N. O'Brien, cashier; E. J. Broberg, assistant cashier. Russell Lowry was promoted to the position of assistant cashier.

TIONAL BANK.

ing of the

A Good Way to Emphasize.

ANNUAL STATEMENT

OF THE

ORGANIZED 1871 FARMERS NAT'L BANK SALEM, VA. CAPITAL $75,000.00

JANUARY 1, 1909

RESOURCES

Loans and Discounts	$191,222.71
U. S. Bonds (Circulation)	46,750.00
Other Bonds	62,056.00
Furniture and Fixtures	848.82
CASH RESOURCES	134,360.95
	$435,238.48

LIABILITIES

Capital	$ 75,000.00
Surplus and Profits	47,740.11
Semi-Annual Dividend No 76 at 3 per cent.	2,250.00
Reserved for Interest	3,543.49
Circulation (Outstanding)	45,950.00
DEPOSITS	260,754.88
	$435,238.48

WE ARE PLEASED TO PLACE AT THE DISPOSAL OF OUR PATRONS THE EXPERIENCE GAINED AND THE FACILITIES DEVELOPED DURING THIRTY-EIGHT YEARS CONTINUOUS SERVICE.

NEW ACCOUNTS INVITED

Form 29, 1-09-500

Statement on Postcard.

The Guaranty Trust & Banking Co., of Atlanta, Ga., publishes a well written and printed booklet advertising its income trust bond. It claims that this form of investment is better than a savings bank account.

The Union Savings Bank of Toledo, O., is giving away a pocket memorandum book on the top of each page of which is printed a strong thrift maxim.

The National Bank of Brunswick, Ga., also issues a handy memorandum book which contains a large amount of useful information in addition to the advertising matter of the bank and place for memoranda.

The Union Dime Savings Institution, of New York, with its January 1 statement, for the convenience of depositors, is issuing a calendar showing bank holidays, exact interest periods, etc.

The Commercial National Bank, of Kansas City, Kan., with its statement prints this outline of its policy:

The bank started in 1897 with a distinct, and then new and peculiar policy: namely, no loans to any officer or director; no overdrafts to any officer or director and no officer or director accepted as security for a loan, feeling that the officers of a bank should not borrow its funds for their own private business. This we consider to be one of our strongest features.

Second—All loans to be approved in writ-

A No. 1. Talking Point Well Used.

ing by a discount committee, consisting of at least three directors, a strong feature.

Third—All officers and clerks to be bonded by a corporate surety bond, paid for by the bank, leaving none of them under obligations to show special favors to anybody, another strong feature.

To the consistent carrying out of these policies, coupled with prompt and efficient service and as liberal accommodations as are consistent with good banking we ascribe our gratifying growth and success. We invite all who have not formed banking connections, or who desire to form them, to give us consideration.

Celluloid novelties are being used by a good many banks. The National Bank of Rochester gives away a combination calendar and rule made of celluloid. The American National Bank of Nashville uses a little pin with a celluloid tag attached conveying a brief advertisement of the bank.

Among banks which have sent us postcards containing interior views of their institutions are the First Bank & Trust Co., of Cairo, Ill., Hempstead County Bank of Hope, Ark., and the Bank of South San Francisco, Cal.

The Mechanics Bank & Trust Co. of Knoxville, Tenn., recently issued a very good booklet outlining its complete service and illustrating by half-tones and wash drawings the interior and exterior of its building. The cover of the booklet is embossed, printed in brown and is bound with a brown silk cord to match. The interior of the booklet is decorated by tint blocks setting off the half-tone. The following form letter was sent out accompanying the booklet:

We enclose herewith a booklet showing some views of our building and stating in a concise way what we are doing. You are cordially invited to inspect our building at any time and we will be pleased to extend its facilities to you.

We have a large capital, a strong directory and have always been commended for our conservative management and fair dealings.

We solicit a part or all of your business and assure you that it shall be our earnest effort to make it entirely satisfactory to you.

With best wishes for a happy and prosperous year, we are

Yours truly,

MECHANICS BANK & TRUST CO.,

E. G. Oates, Vice-Pres.

We pay four per cent. on Certificates of Deposit and Savings Accounts.

La Banque Nationale of Quebec, sent a New Year's greeting to all its customers and friends in a finely printed folder containing this French sentence:

Le personnel du Bureau-Central de La Banque Nationale vous presente ses meilleurs souhaits de bonne et heureuse annee.

Which, being interpreted, means "The officers of the central office of the La Banque Nationale extend to you their best wishes for a prosperous and happy year."

Among the institutions, in addition to those mentioned in earlier numbers of the magazine, who have favored us with calendars, are the Mechanics Bank & Trust Co. of Knoxville, Tenn.; North & Co., bankers, Unadilla, N. Y.; the Boylston National Bank, of Boston, Mass.; the First National Bank of Northfork, W. Va.; and the Peoples State Bank of Detroit, Mich. The latter calendar is entitled "The Business Calendar for the United States and Canada, 1909 and 1910." It indicates the law regarding days of grace, interest rates and holidays. The Boylston National Bank calen-

Emblem planned and executed for the First National Bank of North Yakima, Wash., by the Publicity Department of the Bankers Publishing Co. North Yakima is in the center of one of Washington's famous apple districts.

dar is mailed monthly and each month contains the picture of a different ancient coin and historical information concerning it. In connection with this the bank says:

Coins, both ancient and modern, are of interest for many reasons besides their relations to commerce. Coins of ancient and bygone times, particularly, serve to bring to us much that is interesting both in history and art. They have a peculiar individuality, and frequently suggest to the student something of the religious ideas and the political systems of their day. By them, also, we can trace, in instances, the features of men mentioned in history, of whose faces, otherwise, we should not have even a suggestion.

The first coins were probably made by driving with a punch metal of a certain weight into a die. In these the design appears on one side of the coin, and, frequently, the impression of the punch may be seen on the other side.

A little later coins were probably made by means of two dies, one being fastened to either claw of a pair of nippers which closed on the metal. The heavier or lighter blows of the hammer left a greater or less impress on the coin, and this variation is noticeable in many of the older coins.

Progress in design and execution may be traced in the coins from ancient to modern times.

It is proposed to send you, during the coming year, twelve calendars—beginning with January, 1909—each calendar bearing an illustration of a coin; these coins differing as to times and as to countries. It is believed these will interest you.

The management of the Boylston National Bank desires to enlarge its field of usefulness, and hopes by this frequent reminder to come nearer its old friends and to attract new ones.

NEW EMERGENCY CURRENCY.

DIRECTOR Ralph of the Bureau of Engraving and Printing has completed the printing of $500,000,000 of the so-called emergency national bank currency, authorized by the act of May 30, 1908, and $80,000,000 of the new notes are now being issued to banks in the regular course of redemption. These notes will take the place of the old national bank notes, which will be retired as fast as they reach the Treasury.

The law directing the issue of these notes contemplated the formation of national banks throughout the country into currency associations, which were to be held responsible for the notes issued by the individual banks forming the association. The city of Washington association, however, is the only one which has fully complied with the requirements of the law as interpreted by the Secretary of the Treasury. Soon after the act of May 30, 1908, was passed there was a general movement among the banks of the country to form currency associations, but the question was early raised whether an individual bank could retire from the association at its pleasure provided all of the obligations of the associated banks had been fully met.

The Secretary of the Treasury decided against this proposition, whereupon banks generally suspended further efforts to form associations, until Congress had specifically authorized the retirement of banks under the conditions named. Up to this time Congress has taken no action in the matter.

BANKING IN OKLAHOMA.

SINCE election we have not heard much of the bank deposit guarantee plan. The law is in operation in Oklahoma, and its influence has been thus far to increase deposits in State banks. Twenty National banks have denationalized and become State institutions. Nothing has broken out yet, but a dangerous situation is developing.

An Oklahoma banker writes to the New York Times and says: "Since the law became operative (February 14, 1908) there have been something over one hundred State bank charters issued, a majority of them for a minimum capital of $10,000. This does not augur well for the banking situation to my mind—rather indicates an era of 'wildcatting.'

"An unreasonable number of banks are being chartered. Men who lack experience are breaking into the banking business and advertising for deposits, claiming that their bank is just as safe as the strongest bank in the State. The tendency is to eliminate capital and surplus, as these are an unnecessary element in guaranteeing depositors as long as there are any strong banks who may be assessed and made to pay the losses of the weak or incompetent banker.

"We are hoping that this Legislature will amend the banking law so as to take out of it more vicious provisions and leaving it so that weak and incompetent banks will not have it in their power to bankrupt the stronger banks by their loose and irregular methods."—*Weekly Financial Review of J. S. Bach & Co., Jan. 15.*

BUSINESS IMPROVING IN SAN FRANCISCO.

MR. H. RUSSELL VOORHEES, of Voorhees & Co., 116 Nassau street, New York, specialists in financial advertising, is now in San Francisco, where he finds banking conditions greatly improved.

ALL BOOKS MENTIONED IN THESE NOTICES WILL BE SUPPLIED AT THE PUBLISHERS' LOWEST RATES BY THE BANKERS PUBLISHING COMPANY, 90 WILLIAM STREET, NEW YORK.

Every Day Law or the Law of Usual Contracts: By Robert C. Strong and Claude B. Denson. Edward & Braughton Printing Co., Raleigh, N. C. Price, $2.50.

This 355-page book contains a large amount of compactly arranged information covering the law of ordinary contracts. It is well indexed and contains useful tables of cases, making it a particularly valuable reference work. Among some of the topics considered are the following: General discussion of contracts; difference between written and oral contracts; consideration; incapacity of parties, infants, married women, principal and agent, partnership, etc.

We believe that bankers can advantageously use this book.

The Character of Jesus: By Charles E. Jefferson, D. D., New York. Thomas Y. Crowell & Co. Price, $1.50 net.

It is not often that we review in these columns a book of a religious character, though there is perhaps no really good reason why we should not. This book by Doctor Jefferson is one which every earnest man can read with profit, no matter what his creed or denomination may be.

Among the many books written on the life of Jesus Christ this one by the pastor of Broadway Tabernacle (Congregational), New York, is unique. If a man's character is for him the principal thing in this world, then to have the character of the ideal man so vividly and convincingly placed before him is to create a strong desire to become like unto the grandest and noblest personality in all history. To no one is it more evident than to the man of business that character is at a premium in the commercial world. It is an asset that in value is far and away beyond any amount of money or bank-stocks. Doctor Jefferson's keen and reverent analysis of the character of Jesus must appeal to every business man who wants to make a success of his life. In twenty-six chapters the writer paints a word-portrait of Jesus which is so beautiful and strong that it is a genuine inspiration to right living.

The different phases of the character of Christ discussed include these: Strength, sincerity, reasonableness, poise, originality, narrowness, breadth, trust, brotherliness, optimism, chivalry, firmness, generosity, candor, enthusiasm, gladness, humility, patience, courage, indignation, reverence, holiness and greatness.

Personal influence has a greater share in the formation of character than the enforcement of any mere abstract principle. For this reason every business man will be benefited by the perusal of this worthy contribution to the world's Christological library.

Cotton Movement and Fluctuation: Latham, Alexander & Co., 16 and 18 Wall Street, New York.

The 35th annual edition of this work is a very complete exposition of the cotton industry of the United States. It contains a vast amount of statistical information covering all phases of the industry—agricultural, manufacturing and financial. We have never seen anything on this subject which contains so much valuable information and we can readily see how persons directly interested in the cotton industry would consider the work an invaluable one. The ably compiled matter is of value to the seller and buyer of cotton and to the student of the crops, history and marketing of this important product. The figures it contains include tables of receipts, stocks, exports, consumption, acreage, visible supply and fluctuations, in fact, every item of importance to those engaged in this industry.

The book is typographically perfect. It is a masterpiece of the bookmaker's art, an ornament to any library. It is not for sale, but the publishers have prepared it for gratuitous distribution among their customers and friends. From the introduction of the book we quote the following paragraphs concerning the future prospects in the cotton business:

Conditions at the opening of the present season are in striking contrast to those of a year ago. The price of raw cotton is about 4 cents a pound cheaper, and even with this the mills complain of their inability to sell manufactured goods on a profitable basis.

For months past the buying of goods has been on a conservative basis, and mills have been forced to restrict their output; and yet, this curtailment on the part of the manufacturer and the conservatism of buyers are favorable omens of the future.

Artificial Waterways and Commercial Development: A. Barton Hepburn, New York. McMillan Co. Price, $1.00 net.

The importance of a well devised and judiciously located canal system, as a factor in the material development and advance in civilization of a country, is thoroughly developed in this interesting book. The author begins with a brief outline of the history of the world's canals. From the time of the Pharaohs down to the 1000-ton barge canal across New York State and the Panama Canal. Taking the Erie Canal as typical of all artificial waterways, the author goes into its history quite fully. While necessarily the consideration of the subject involves the use of considerable statistical matter, the subject is treated in a more interesting manner than is usually the case where so many facts and figures are marshalled to prove an economic theory.

There is also a short chapter on the Panama Canal. This is quite appropriate, as no discussion of the effect of artificial waterways upon the economic future of the world would be complete without the gigantic undertaking of the government of the United States to complete the enterprise of connecting the Atlantic and Pacific Oceans at the Isthmus of Panama. The book concludes with a short discussion of the waterways question and the conservation of our natural resources, which are at present topics of the greatest interest.

The conclusion that Mr. Hepburn draws is that the canal is returning to popular favor and that deepwater navigation from St. Louis to the Gulf meets the approval of railway managers as well as publicists and is likely to receive favorable attention from the national government. The faith and prestige of our nation before the world are committed to the speedy construction of the Panama Canal, and the author believes that such powerful examples must exercise a contagious local influence throughout the country which will make for greater prosperity everywhere.

The Financial Calendar for 1909. The Financial Calendar Co., New York. Price $3.00.

This is a very complete and handy work, covering a field distinctly its own. In this latest issue many new features have been added, among them the high and low prices of all traded in securities in the United States and Canada by years since the organization of each company, and dividend records treated in the same way.

The calendar itself is handsomely and artistically gotten up and shows a remarkably well executed steel engraving reproduction of the New York Clearing-House.

The calendar covers every dividend paying stock—both Canadian and American—the stocks listed on all exchanges—and all unlisted, mining, curb, etc.—and shows the actual official dates in advance for the year 1909 for dividend meetings, for payment of dividends, for books opening and closing, for selling ex-dividend, for annual reports, for annual meetings; and a complete list of transfer offices. It combines all the essential features of the high-priced manuals and statistical systems.

This quick, concise shape makes it handy to obtain the gross issue of bonds and stocks, the par value, rate of dividend, companies controlled, gross earnings and surplus in preceding years. The bank and trust companies section, showing the surplus, capital, profits, dividends and dates of payment of dividends, is also a valuable feature.

Each day, in regular calendar form, is given the official events due to happen on that day, and following the monthly sheets are arranged alphabetically, every one of these companies, with the due dates in advance for these events for the entire year.

The American Tropics. By William Thomas Corlett. Cleveland: Burrows Brothers Co. Price, $1.50.

In this volume the author has made a notable addition to books of travel. Departing from the usual "guide book" style followed in many books of this class the story of a midwinter cruise is told in a breezy entertaining manner and one travels through the tropics and back with unflagging interest.

The book is handsomely illustrated from photographs taken by the author.

The Essentials of Business Law. By Francis M. Burdick. The Business Man's Pub. Co., Detroit, Mich.

This is a practical exposition of law as applied to business transactions of to-day. This work is remarkable for its freedom from the confusing technicalities usually found in works of this character. Law is usually a dry subject, but Professor Burdick has succeeded in making it interesting. The book is thoroughly worth while for any business man.

The book contains eleven chapters as

follows: The Nature and Origin of Municipal Law; the Law Merchant and the Common Law; Contracts; Agency; Bailments, Including the Obligation of Postmasters, Innkeepers, Common Carriers, and Telegraph Companies; Bankruptcy and Insolvency; Insurance; Negotiable Paper; Partnership, Joint-stock Companies, Corporations; Property, Its Acquisition and Transfer; Sales of Personal Property.

London Banks and Kindred Firms, 1907-'08. By Thomas Skinner.

A classified list of London and foreign banks, very convenient and valuable for reference.

Tales From Bohemia. By Robert Neilson Stephens, illustrated by Wallace Goldsmith. Boston: L. C. Page & Co.

Life's pathos and humor are delicately blended in these brief tales—each one a rare gem. They will engage your interest, refresh your mind and purify your heart. What else could be asked? No more delightful volume has come from the press in a long time.

The Tragedy of Richard the Third, With the Landing of Earle Richmond and the Battell at Bosworth Field. New Variorum Edition of Shakespeare, edited by Horace Howard Furness, Jr., Philadelphia: J. B. Lippincott Company.

We have commented heretofore on the excellence of a previous volume of this edition, and find it only necessary to repeat that it fulfills all the highest requirements of literary and mechanical excellence. In scholarship it ranks with the best editions of Shakespeare ever published. The notes to this play, and the analysis of the character of Richard, presenting critical views from various sources, all of authority, are especially interesting and valuable.

The work of Dr. Furness and his son, the latter the editor of the present volume, reflects lustre on American literary annals.

Bankers who may be collecting libraries will find this edition of Shakespeare worthy of their attention.

Baedeker's London and Its Environments. New York: Imported by Charles Scribner's Sons.

This well-known guide book has been thoroughly revised and brought up to date, making a convenient volume of 450 pages, giving ample descriptions and in many cases plans of the most famous points of interest in the city of London and its suburbs. Much practical information is also given concerning hotel, railway, postal and telegraph service and routes of travel; and a very comprehensive list of shops, theatres, clubs, churches, sports, etc., is included. Several pages are devoted to comment on English customs and suggestions to tourists regarding the disposition of time in sightseeing. The most important sights of London are arranged topographically so that the reader may see at a glance what places can be visited together. Nine maps and nineteen plans are included in the work.

The World's Gold: Its Geology, Extraction and Political Economy. By L. de Launay; translated by Orlando C. Williams: with an introduction by Charles A. Conant.

An interesting book on a subject of perennial interest. Mr. Conant has written an introduction which gives the reader a zest for the book itself.

Investment Bonds: Their Issue and Their Place in Finance. By Frederick Lownhaupt. (Price, $1.75.) New York: G. P. Putnam's Sons.

With the vast increase of holdings of bonds by banks and trust companies in recent years, the laws and principles governing their issue become of more and more importance to bankers. This volume constitutes a substantial addition to the literature of investments.

PRESIDENT RIPLEY ON PREVAILING CONDITIONS.

President Ripley of the Atchinson says: "Considering uncertainty and unstable condition due to the tariff, I consider business surprisingly good. The spring dividend of Atchison will be earned all right, but the declaration of course depends on what the directors think.

"Traffic has been better than a year ago, but not as good as two years ago. The country is in a waiting mood. It wants to see whether the coming administration will give a man with a bit of capital a fair show. It is waiting to see whether anything will be done with the tariff and whether the country will be autocratic or republican; just at the moment it is an oligarchy.

"I am hoping for a radical change, which Mr. Taft can give if he wishes. Any radical change will be a radical improvement. If Taft adopts a generous or even a fair policy toward the railways, business generally will advance quickly to what all wish to see."

MODERN FINANCIAL INSTITUTIONS AND THEIR EQUIPMENT

THE BATTERY PARK NATIONAL BANK OF NEW YORK.

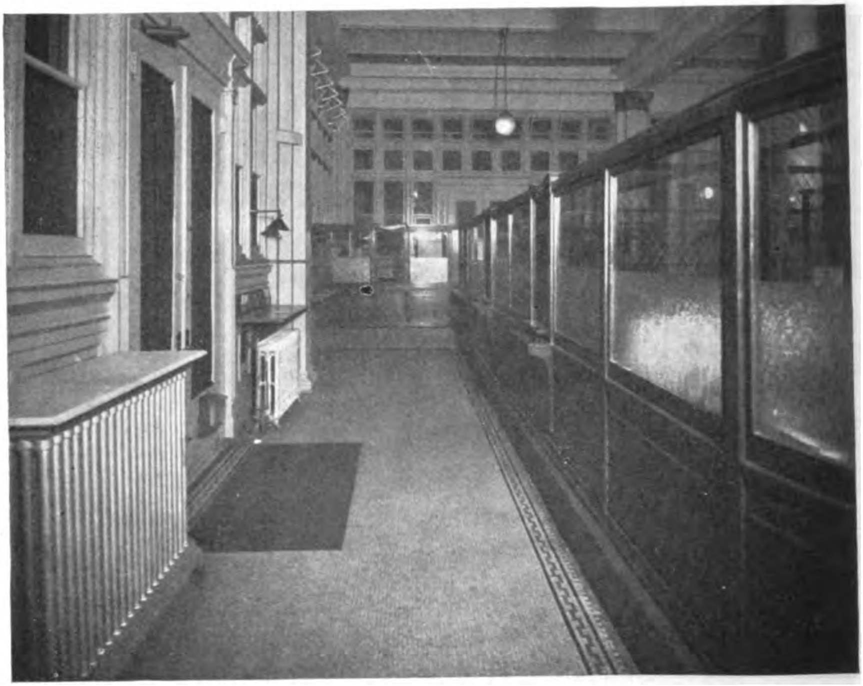
BANKS, like individuals must specialize in their operations, for by so doing they can hold the patronage of certain classes of people, who come to believe that no other bank would serve them so well.

E. A. De LIMA
President The Battery Park National Bank.

And down in the shipping and export district, there is no institution which is better known than the Battery Park National Bank.

Organized in October, 1904, and in business since November of that year this bank has won a host of friends by its careful management and conservative operations.

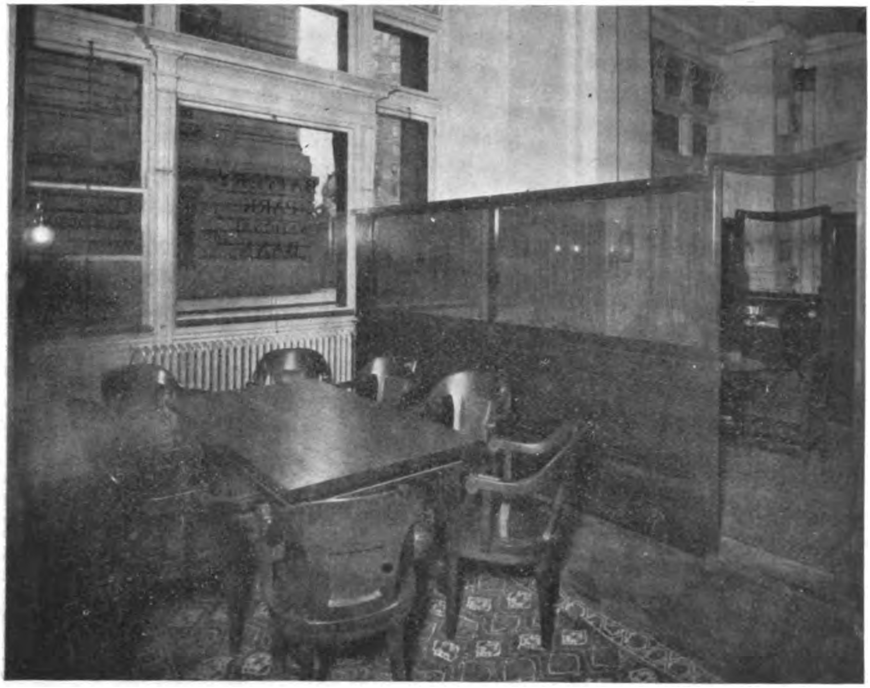
Up to September of last year the bank was located at No. 24 State street, but during that month removed to larger and better quarters on the ground floor of the Produce Exchange building, just opposite the new Custom House. The new rooms are fitted up in excellent style and provided with all



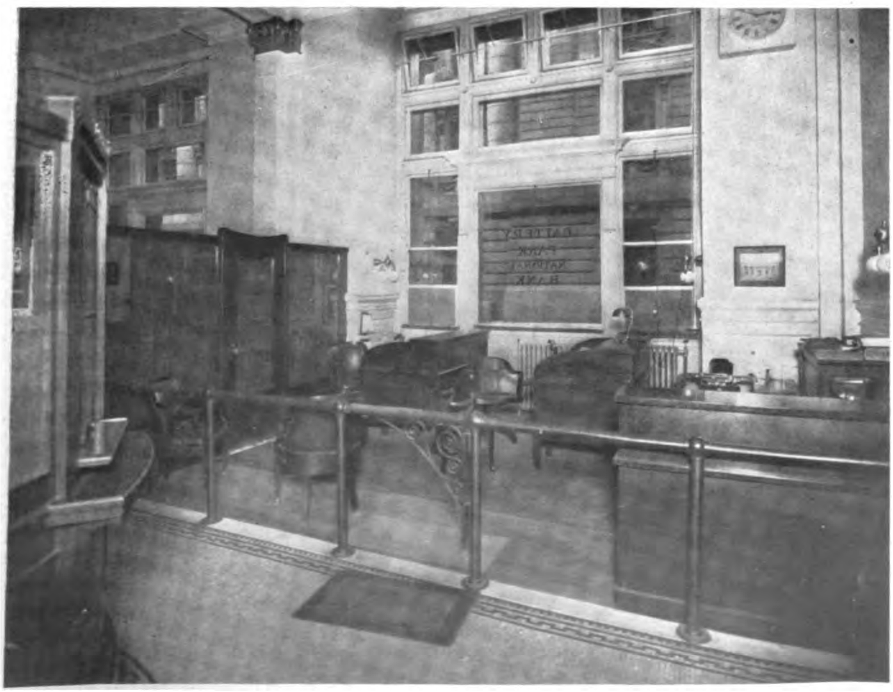
Public Lobby.

View of Corridor leading to Board Room.

THE BATTERY PARK NATIONAL BANK OF NEW YORK.



Directors' Room.



Officers' Quarters.

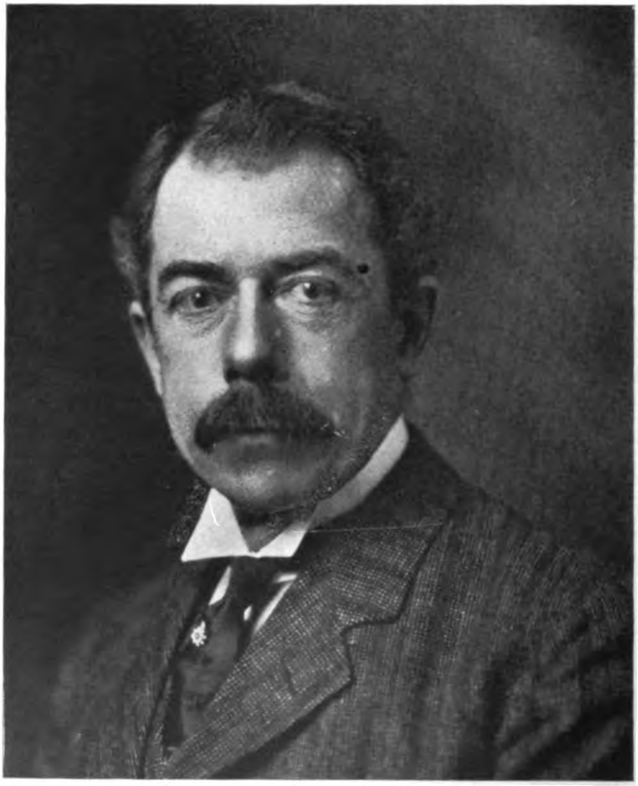
THE BATTERY PARK NATIONAL BANK OF NEW YORK.

modern conveniences as the reader may see by the accompanying illustrations, presented now for the first time.

The bank's officers are: E. A. de Lima, president; Calvin Tomkins, vice-president; Richard C. Corner, vice-president; Edwin B. Day, cashier; A. M. Ferris, assistant cashier. The directors include some of the best known men in the shipping trade. They are Nicholas W. Anthony, Richard C. Corner, of Corner, Bros. & Co., commission merchants; E. A. de Lima, president; George S. Hart, of George S. Hart & Co.; George T. Hay, of J. F. Whitney & Co.; Carman R. Runyon, vice-president of Burns Bros.; Calvin Tomkins, manufacturer, and William G. Willcox, of Willcox, Peck & Hughes, insurance.

Mr. de Lima, the president, is well-known in business circles, as he is the senior partner of the firm of E. A. de Lima and Co., 17 State street, export commission merchants. He is a graduate of Cornell University, B. S., 1886, and Columbia Law School, 1889, and is particularly well fitted for the presidency of the Battery Park National Bank.

Mr. Day, the cashier, entered the National Bank of Commerce in New York when quite a young lad, and served in the capacities of collection clerk, discount clerk, and loan department manager. He severed his connection with the National Bank of Commerce upon its consolidation with the Western National Bank, and since has been identified with the Battery Park National Bank, in a manner which speaks most highly for his excellent discriminative judgment and executive ability.



EDWIN B. DAY

Cashier The Battery Park National Bank of New York.

NATIONAL UNION BANK, BOSTON.

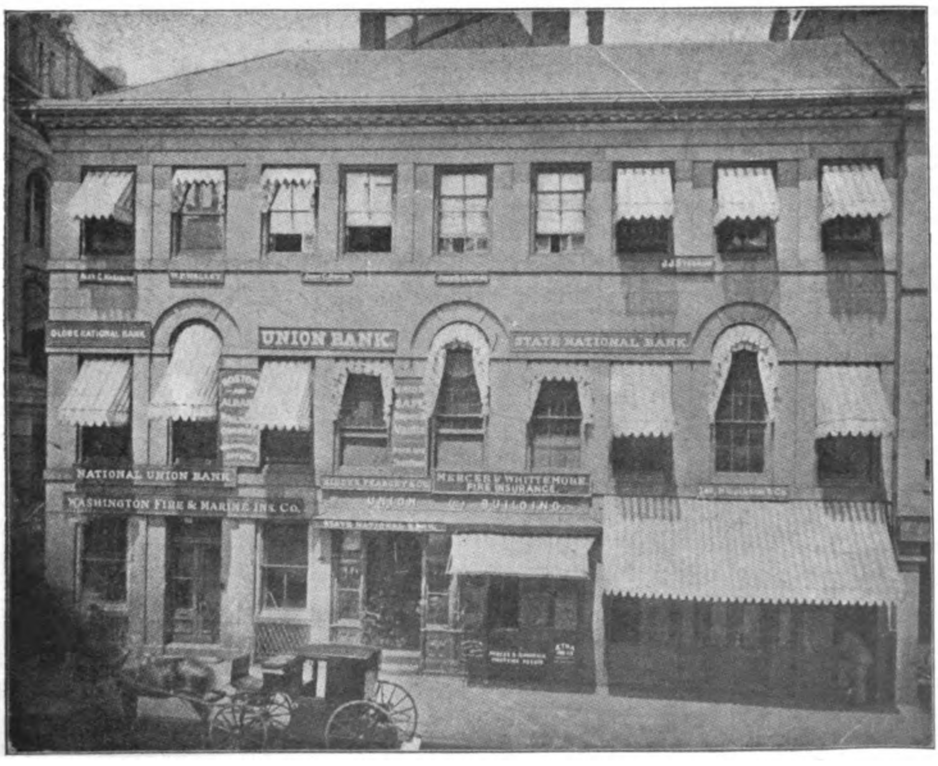
BOSTON finance has long been inseparably connected with the old Union building at the corner of State and Exchange streets, in the heart of financial Boston. This building, a view of which is shown herewith, has undergone few changes in outward appearance since it was built, more than eighty years ago, and at least one tenant has occupied the building continuously since that time. Kidder, Peabody & Co. occupied a portion of the building when that firm was established, Lee, Higginson & Co. are now tenants, and have been for many years past, the City Trust Co. first opened its doors in the old building, and many other financial concerns have first seen the light of day there.

The one tenant which has remained in spite of all changes and vicissitudes of financial life is the Union Bank, and it was the bank that bought the site in 1826, formerly the residence of Attorney General Perez Morton, and erected what is now the front portion of the building. The bank has remained there since, although keeping pace in every other respect with the march of time.

HISTORY OF THE BANK.

The history of the Union Bank is an exceedingly interesting one. It was in the latter part of the year 1791, or the early part of 1792, that several gentlemen met at Concert Hall, in Boston, for the purpose of establishing a new bank. There were at that time only two banking institutions in the town, the Massachusetts Bank and the Branch Bank, the latter a branch of the United States Bank in Philadelphia and but recently opened for business. The population of Boston and of the state at large was increasing and it was felt that there was room, if not need, for another bank.

In addition to the two banks there was a quasi bank called the Boston Tontine Association. This was a joint tenancy, with shares which could be subscribed for, for the lives of any persons whom the subscribers designated. As fast as the nom-

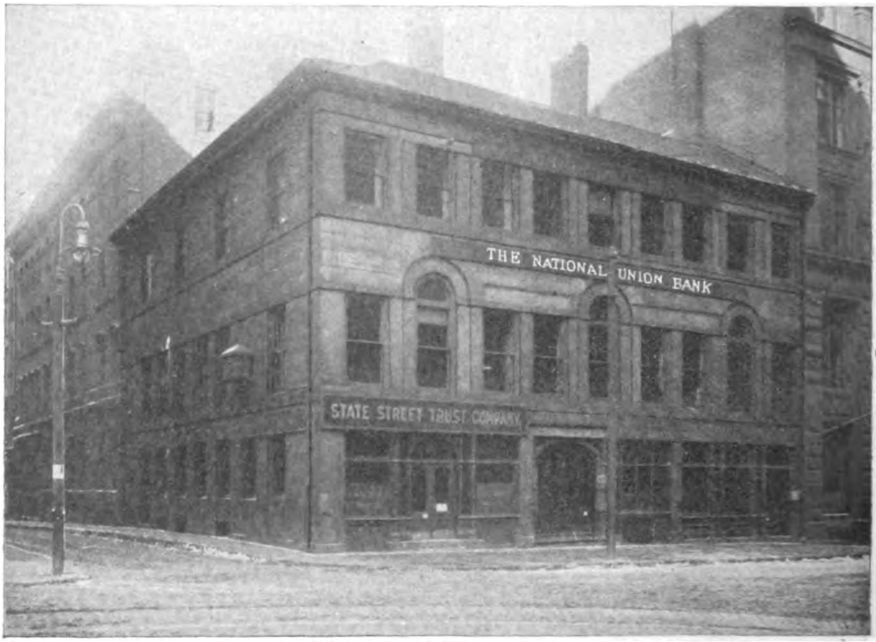


THE UNION BUILDING

As it appeared thirty years ago. The building was in the center of financial Boston and the old signs tell of its importance.

inees died the shares lapsed and it was provided in the Constitution that the association should end in 1850, the then survivors to divide the profits. The plan was for the new bank to take over the assets and liabilities of this association, which was accordingly done and the association dissolved.

A state charter for the Union Bank, as the new institution was called, was obtained, although not without some opposition in the Legislature, as is shown by the vote in the Senate, which stood fifteen yeas and nine nays. The act of incorporation was approved and signed by Governor John Hancock June 27, 1792, and the bank began business shortly after with Hon. Moses Gill, lieutenant-governor, as president.



THE UNION BUILDING OF TO-DAY

Though surrounded by tall and pretentious neighbors it still houses many important business interests.

Terms of the Charter.

By its charter, the capital stock was fixed at not less than $400,000 nor more than $800,000, to one-third of which the Commonwealth reserved the right to subscribe. The bank was forbidden to issue notes for less than $5, or to an amount exceeding twice its capital stock, the directors being expressly declared liable for any excess. One-fifth of the bank funds was required to be appropriated to loans to citizens of the Commonwealth, not resident in Boston, as the charter expresses it "for the benefit of the agricultural interest." The loans were to be in sums of not less than $100 nor more than $1,000 on personal bonds, secured by sufficient mortgages on real estate, having not more than one year to run and bearing interest.

The bank began at once to look for a home, and an advertisement appeared in the papers of July 28, 1792, for "a convenient building situate either in Cornhill [now Washington street] or State street." Rooms were finally taken in the residence of the Hon. Perez Morton, at the corner of State street and Exchange lane.

The Union Building.

This was an ideal location, in the centre of business, near the State House, and across Exchange lane from Israel Hatch's Coffee House, from which the New York stage started. The location proved so satisfactory that in 1799 the bank purchased the building, altering it to suit its increased needs and renting such parts as it did not use.

The present structure was erected in 1826 and in 1850 the property was sold, the bank continuing as a tenant. From time to time increasing business has necessitated enlargement of its rooms, until now the entire front of the second story is occupied, making, as owners and tenants, a continuous occupancy of 117 years.

That everybody was not so sanguine as to the success of the bank as its promoters, may be gathered from the following communication published in the Columbian Centinel for September 8, 1792:

A correspondent observes that the report that certain Directors of the Branch Bank, also the Massachusetts Bank, in their corporate capacities, have purchased into the stock of the Union Bank, is totally without foundation and therefore that institution must inevitably fail. The same correspondent observed that bets have been offered of two to one that the Union Bank never issues a bill.

In view of this statement it is interesting to look at the actual facts. The stock was subscribed for by many of the most prominent persons and institutions in the state, whose names or family names still appear on the list of stockholders. September 18, 1792, just ten days after the communication quoted, an issue of bills was voted at a directors' meeting to the amount of $400,000 and at the end of the first six months dividend No. 1 of four per cent. was declared. From that time to the present, in addition to earning a surplus of $1,275,000, dividends have been declared semi-annually without a break, averaging, for the 117 years over six per cent. per annum and amounting to over $7,000,000—a remarkable record in view of the several wars and panics that have occurred during the more than a century of its existence and one not equaled, it is believed, by any other institution in the country.

The Governor of the Commonwealth was an early patron of the bank as well as the Commonwealth itself, through its Treasurer, in his official capacity, and within two years from the time of the granting of its charter, June 24, 1794, notice was publicly given that no further loans would be made for the present on bonds and mortgages, for the reason that the legal limit had been reached.

December 4, 1792, bills and notes were discounted to the sum of $137,998.41, while on June 14, 1796, the amount was $599,686.19 and the dividend in October, 1796, was five per cent. In short the bank was a success from the very beginning.

Change to National Bank.

The charter has been renewed from time to time and in 1865 the bank became the National Union Bank of Boston, and is to-day the oldest bank in the state.

There have been connected with the National Union since its inception many of Boston's best-known citizens, including among others such names as Winthrop, Codman, Parkman, Eliot, Amory, Wainwright and Coolidge.

The present directors of the bank are as follows: George Dexter, Nathaniel H. Emmons, Amory A. Lawrence, Theophilus Parsons, William Farnsworth, James R. Hooper, Francis W. Fabyan, Philip Dexter, Henry S. Grew 2d, Philip Y. DeNormandie, Ralph B. Williams, Stedman Buttrick.

The officers are: President, Henry S. Grew 2d; vice-presidents, Theophilus Parsons and Charles P. Blinn Jr., and cashier, William S. B. Stevens.

Although a bank may have been in existence for many years, it does not always follow that its strength is equal to its age. This is true of the National Union Bank, however, for although it is by some years the oldest bank in Boston, it is now numbered among the strongest and most progressive.

Comparison of Statements.

An interesting comparison of the official statement dated November 27, 1908, with the statement filed in June, 1809, has been made, and it is valuable not only in showing the present strong position of the bank, but as indicating the changed conditions in the banking business, as shown by the fact that the capital 100 years ago was even more than it is to-day, and the deposits at that time amounted to the insignificant sum of $470,000.

The two statements are as follows:

June, 1809.

Capital	$1,200,000.00
Debts due on interest	251,304.73
Debts due not on interest	1,487,131.33
Deposits	471,262.15
Notes in circulation	279,431.00
Specie	132,242.81
Notes of banks within the state	109,722.00
Notes of banks without the state	2,120.00
Notes of $1, $2 and $3	
In circulation	5,256.00
On hand	54,744.00
Real estate	62,932.00
Dividend last declared, 3½%	42,000.00
Profits on hand	12,557.24

November 27, 1908.

ASSETS.

U. S. bonds to secure circulation		$150,000.00
Bonds and stocks		15,301.00
Time loans and discounts		4,305,419.95
Demand loans	$3,403,251.88	
Due from reserve agents	1,397,099.30	
Due from other banks	489,235.63	
Five per cent. fund	7,500.00	
Exchanges for Clearing-House	1,167,876.56	
Cash	1,568,735.01	8,033,698.38
Total		$12,504,419.33

LIABILITIES.

Capital	$1,000,000.00	
Surplus	1,000,000.00	
Profits, net	272,495.75	
		$2,272,495.75
Reserved for taxes		27,000.00
Circulation		148,000.00
Deposits:		
Individuals	$7,742,132.67	
Banks	2,314,790.91	
		10,056,923.58
Total		$12,504,419.33

MONEY, TRADE AND INVESTMENTS

New York, February 6, 1909.

A DOWNWARD TENDENCY in prices of securities marked the first month of the new year. The stock market was weak during the greater part of the month and temporary advances were promptly followed by declines. Stock Exchange transactions were much smaller than in either of the last two months of the previous year although about the same as in January, 1908.

As far as activity is concerned the month started briskly enough, and on three consecutive days of the first week the sales of stocks exceeded one million shares a day, but prices moved rapidly downward. Later in the month sales fell to below 500,000 shares a day. The bond market was less active than in December but the sales of bonds were well up to the total for last November, which was the record month for the year until December made its remarkable showing. The sales in January this year were fifty per cent. larger than in January, 1908, and the largest for any corresponding month since 1889 with the exception of 1905.

The situation, so far as it has revealed itself, has not been very encouraging. The return of prosperity seems to be retarded. The railroads of the country, through the earnings of which sentiment is apt to take shape, are still making a poor showing. The looked for increase in traffic has not yet materialized to any appreciable extent. What improvement has been shown in net earnings has been due mainly to economy practiced in expenditures, which in some cases, it may fairly be inferred, worked to the detriment of the properties.

The statistics of surplus cars indicate that the railroad situation is but little better than in the extreme depression of a year ago. There were 310,706 net surplus cars reported on January 20, as compared with 332,513 on January 6. Notwithstanding this decrease of nearly 22,000 cars the total is larger than for any other period since June 24, 1908.

The record of idle cars gives a fairly accurate view of the traffic conditions that have affected the railroads for more than a year past. On October 30, 1907, there was a net shortage of cars to the number of 83,811. By January 8, 1908, there was a surplus of 341,110 which was increased to 342,828 on February 5. There was then a drop to 296,035 on March 18, followed by an increase to 413,338 on April 19, when the surplus exceeded all previous records. Between April 15 and October 30 the number of idle cars run off to 100,073, the most favorable showing since the early part of December, 1907. Then followed an increase in a little more than two months to 332,513 with the reduction to 310,706 noted on January 20.

In spite of the existing unfavorable conditions an optimistic view is taken as to the future, and it is the opinion of many prominent railroad authorities that the worst is in the past. Some of the largest railway corporations have been placing orders for new cars and are making preparations for an increased traffic.

The cheapness of money while evidence of a present inactivity in business is considered also an argument for improvement in the future. One New York banker is quoted as saying that for the first time in his experience he had seen 2 per cent. money over the first of the year and he argued from this that money being so cheap people would be induced to engage in new enterprises and manufacturers would proceed to increase their output even in anticipation of the demand.

Corporations are finding it easier to market their new issues of securities, and the month witnessed a number of important financial operations. The Pennsylvania directors voted to issue $80,000,000 of bonds. The Chicago and Alton sold $8,000,000 3 per cent. bonds. The Denver and Rio Grande placed $17,500,000 bonds. The Chicago and Northwestern sold $16,250,000 3½ per cent. bonds. These and other transactions indicate that the railroads are finding it easier to obtain capital than was the case last year.

A significant event of the month was the marketing of the new $280,000,000 Russian loan bearing 4½ per cent. The announcement was made that the loan was oversubscribed thirty fold in Paris.

As reflecting on the money situation abroad the statistics of new security issues in London in 1908, published by the "London Economist" are of interest. From June until December the bank rate was 2½ per cent. and so low a rate gave borrowers an opportunity of which they availed themselves. The new issues of securities during the year amounted to $916,000,000, an increase over 1907 of $300,000,000. This is the largest ever recorded in a single year and compares with $540,000,000 in 1903 when the total was the smallest since 1895.

The decision of the United States Supreme Court dismissing the injunction obtained by the Consolidated Gas Company against the 80 cent gas law of New York, rendered last month, recognized the power of the state legislature to control within certain prescribed limitations the charges made by public franchise corporations, although the right of such a corporation to earn a reasonable profit is distinctly recognized.

A matter which has attracted widespread attention came up in Congress last month. Whether politics inspired the action or not the probing by the Senate committee into the deal which ended in the absorption of the Tennessee Coal and Iron Company by the United States Steel Corporation has brought to light some strange facts bearing upon the panic of 1907.

Certain individuals who had obtained control of the Tennessee Coal and Iron Company in 1905, when the panic in October, 1907, was destroying credit in all directions, were indebted to a number of New York banks for loans on the stock of that corporation. The banks were pressing their borrowers, and at last overtures were made to the United States Steel Corporation to take over the company. This was speedily accomplished and without the payment of any money the financial difficulties were removed. According to the testimony taken by the Senate committee there was a combination of philanthropy, patriotism and business involved in the deal, but the exact proportions were not defined.

The United States Steel Corporation secured a valuable property and got rid of what might have been a dangerous rival, so in one way it profited by the panic. From the quarterly statement just issued by this corporation it is evident that the steel industry is still suffering from depression. The net earnings for the last quarter of 1908 were $26,225,485 as compared with $32,553,995 in the corresponding quarter of 1907 and with $41,744,964 in the last quarter of 1906. The record of earnings by quarters since 1902 is shown here.

For the year 1908 the earnings were $91,826,520 against $160,984,477 in 1907, a decrease of $69,000,000.

One matter which is attracting increased attention is the recurring deficits which are being reported from month to month by the United States Treasury. In December last there was a deficit of $10,000,000 and in January following a deficit of $15,500,000. In the thirteen months since January 1, 1908, the expenditures of the Government

UNITED STATES STEEL NET EARNINGS.

	1st Quarter.	2d Quarter.	3d Quarter.	4th Quarter.
1902	....	$37,662,058	$36,945,488	$31,985,759
1903	$25,068,707	36,642,308	32,422,954	15,037,181
1904	13,445,231	19,490,725	18,773,932	21,466,203
1905	23,025,895	30,305,116	31,240,582	35,216,063
1906	36,634,490	40,125,033	38,114,624	41,744,964
1907	39,122,492	45,503,705	43,804,285	32,553,995
1908	18,229,005	20,265,756	27,106,274	26,225,484

U. S. TREASURY DEFICIT AND CASH BALANCES.

	Deficit for Month.	Cash Balance in Treasury. End of Month.	Deposited in National Banks.	Net Balance in Treasury.
December, 1907	....	$269,519,991	$256,920,155	$12,599,836
January, 1908	$9,382,375	266,417,301	238,190,043	28,227,258
February, 1908	8,405,108	268,845,804	230,515,443	38,330,361
March, 1908	8,584,364	262,608,191	202,662,622	59,945,569
April, 1908	15,969,463	251,596,988	200,713,219	50,883,769
May, 1908	11,958,990	240,933,256	164,912,412	76,020,844
June, 1908	*3,947,244	239,557,993	165,219,315	74,338,678
July, 1908	24,869,432	203,628,173	130,660,745	72,967,428
August, 1908	3,909,128	189,890,139	128,907,343	60,982,796
September, 1908	4,583,971	179,052,573	129,925,200	49,127,373
October, 1908	10,721,038	166,882,253	131,693,493	35,188,760
November, 1908	9,935,443	151,387,362	130,111,806	21,275,556
December, 1908	10,251,593	169,501,417	123,928,436	45,572,981
January, 1909	15,543,832	149,701,585	100,511,200	49,190,385

* Surplus.

MERCHANDISE EXPORTS AND IMPORTS.

	Exports.	Imports.	Total Exports and Imports.
1896	$1,005,837,241	$681,579,556	$1,687,416,797
1897	1,099,709,045	742,595,229	1,842,304,274
1898	1,255,546,266	634,964,448	1,890,510,714
1899	1,275,467,971	798,967,410	2,074,435,381
1900	1,477,946,113	829,149,714	2,307,095,827
1901	1,465,375,860	880,419,910	2,345,795,770
1902	1,360,685,933	969,316,870	2,330,002,803
1903	1,484,753,083	995,494,327	2,480,247,410
1904	1,451,318,740	1,035,909,190	2,487,227,930
1905	1,626,990,795	1,179,144,550	2,806,135,345
1906	1,798,243,434	1,320,501,572	3,118,745,006
1907	1,923,426,205	1,423,169,820	3,346,596,025
1908	1,753,307,931	1,116,402,243	2,869,710,174

have exceeded the revenues by $130,000,000, or at the rate of $10,000,000 a month, and it is estimated that for the present fiscal year the deficit will be even at a higher rate.

The deficient revenues are ample reason for the calling in of funds of the Government on deposit with national bank depositaries. The Treasury called in $15,000,000 to be surrendered on January 23 and another instalment of $10,000,000 on February 10. It is possible that a further call will be made in a short time. On January 31 there was $100,500,000 'of Government funds in the banks, of which nearly $12,000,000 was to the credit of disbursing officers. On December 31, 1907, there was about $257,000,000 on deposit in the national banks, which amount has since been reduced $156,000,000.

The cash balance in the Treasury has been reduced from $269,000,000 on December 31, 1907, to $149,000,000 on January 31, 1909, a decrease of $120,000,000. The cash balance in the Treasury over and above the deposits in national banks on the former date was only $12,500,000 and now it is $49,000,000.

On May 31 last the Treasury held $76,000,000 in addition to the deposits in banks, which was reduced to $21,000,000 on November 30 last, and in the following two months was increased to the present figure of $49,000,000. The monthly deficit since January 1, 1908, and the changes in the Treasury balance and in deposits in national bank depositaries are shown in the annexed table:

It is apparent that the finances of the Government are in anything but good shape. The present rate of excess of expenditures will exhaust the entire balance in the Treasury and withdraw every dollar deposited with the national banks within a twelvemonth. There has been suggested an increase in revenues by reviving taxes on certain commodities and increasing in some instances existing taxes.

The present condition of the Treasury has raised a question whether tariff revision will proceed on the lines of reduction after all. At all events the Government must soon take hold of the problem that confronts it, and perhaps the final resort will be new bond issues.

The official statement of foreign trade movements in 1908, published last month, shows that the exports of merchandise were valued at $1,753,000,000, a decrease of $170,000,000 compared with 1907, and the imports were $1,116,000,000, a decrease of $307,000,000. The total foreign trade was $2,869,000,000, compared with $3,346,000,000 in 1907 and $3,118,000,000 in 1906. With the exception of those two years the total for 1908 is the largest ever recorded. The total merchandise movement each year since 1896 is shown herewith.

The exports of merchandise exceeded the imports last year by nearly $637,000,000. The previous high records were $620,000,000 in 1898 and $648,000,000 in 1900. In no other year did the balance reach $600,000,000. While the net exports last year were the largest for any year excepting 1900, the net exports of gold were the largest in any year since 1895 with the exception of 1904. The exports of gold in excess of imports were nearly $31,000,000. In 1898 when the net exports of merchandise were $620,000,000, we imported net gold to the amount of nearly $142,000,000. In 1900 the year of the largest net exports of merchandise some $12,000,000 gold was imported. A table presented here shows the net movement of merchandise, gold and silver yearly since 1896.

Last year the net exports of merchandise and specie amounted to $677,000,000, a total never before reached. In the thirteen years since 1895 we exported net nearly $6,371,000,000 of merchandise and $284,000,000 of silver and imported $366,000,000 gold, leaving the net exports of merchandise and specie for that period $6,289,000,000, or a yearly average of nearly $484,000,000. The table shows that in the last four years the yearly net exports of silver have fallen from $21,000,000 to less than $10,000,000.

Another table which may be of interest

shows the total movement of gold and silver since 1895.

In the thirteen years we exported over $697,000,000 gold and imported $1,063,000,000. Of silver we exported $723,000,000 and imported $439,000,000. The total gold movement both ways aggregated $1,760,000,000 and the net amount retained by the United States was about $366,000,000 or only a little more than 20 per cent. of the total. These figures suggest that a more scientific and less expensive method of settling international balances might be devised than the shipping of gold either in coin or bullion.

The advance in the Bank of England rate of discount from 2½ to 3 per cent. on January 14 was an event that had been anticipated. The 2½ per cent. rate had ruled since May 28, 1908, a period of 231 days. This was an unusual length of time for a rate so low to be maintained, and except between March 9 and September 6, 1905, is the only time since June 30, 1898, that the rate has been lower than 3 per cent. The 2½ per cent. rate in 1908 was in the nature of a reaction from the 5 to 7 per cent. rate which ruled between November 1, 1907, and January 23, 1908.

A table presented here shows the duration of the various rates made by the Bank of England each year since 1880 with the average annual rate. Since 1897 the rate has never been as low as 2 per cent. That rate stood from February 22, 1894, until September 10, 1896, a continuous period of 931 days and this was without parallel in the history of that institution. It reflected the unfavorable conditions which existed in the years named.

Prior to 1891 it was of frequent occurrence that the rate should rise to 5 per cent., but so high a rate is now exceptional although 6 and even 7 per cent., the latter the highest rate recorded in many years, has been made in each of the last two years. The average rate of interest in 1908 was 3.01 per cent., as compared with 4.92 per cent. in 1907, and 4.27 per cent. in 1906. The previous high rates in 30 years were 4.15 per cent. in 1882 and 4.52 per cent. in 1890.

THE MONEY MARKET.—Rates for money during the entire month of January were abnormally low and the demand for both call and time money was limited. Money is in increasing supply coming from outside

NET EXPORTS MERCHANDISE AND SPECIE.

	Exports of Merchandise.	Exports of Silver.	Imports of Gold.	Exports of Mdse., Gold and Silver.
1896	$324,257,685	$33,777,001	$46,474,369	$311,560,317
1897	357,113,816	25,578,990	*253,589	382,946,395
1898	620,581,818	24,665,724	141,968,998	503,278,544
1899	476,500,561	22,617,808	5,955,553	493,162,816
1900	648,796,399	26,121,321	12,614,461	662,303,259
1901	584,955,950	24,491,576	*3,022,059	612,469,585
1902	391,369,063	22,870,019	8,162,726	406,076,356
1903	489,258,756	16,635,834	20,920,862	484,973,728
1904	415,409,550	24,048,203	*36,408,593	475,866,346
1905	447,846,245	21,573,967	3,498,938	465,921,274
1906	477,741,862	16,729,250	108,870,222	385,600,890
1907	500,256,385	15,713,506	88,182,391	427,787,500
1908	636,905,688	9,640,705	*30,969,357	677,515,750

* Exports.

EXPORTS AND IMPORTS OF GOLD AND SILVER.

	—GOLD—		—SILVER—	
	Exports.	Imports.	Exports.	Imports.
1896	$58,256,890	$104,731,259	$64,056,741	$30,279,740
1897	34,276,401	34,022,812	58,661,292	33,082,302
1898	16,194,954	158,163,952	53,797,104	29,131,380
1899	45,379,411	51,334,964	53,461,737	30,843,929
1900	54,134,623	66,749,084	66,221,664	40,100,343
1901	57,783,939	54,761,880	55,638,358	31,146,782
1902	36,030,591	44,193,317	49,272,954	26,402,935
1903	44,346,834	65,267,696	40,610,342	23,974,508
1904	121,211,827	84,803,234	50,135,245	26,087,042
1905	46,794,467	50,293,405	57,513,102	35,939,135
1906	46,709,158	155,579,380	60,957,091	44,227,841
1907	55,215,681	143,398,072	61,625,866	45,912,360
1908	81,215,456	50,246,099	51,837,671	42,196,966
Total, 13 years	$697,550,232	$1,063,545,154	$723,789,167	$439,325,263

BANK OF ENGLAND RATE OF DISCOUNT.

	2% Days.	2½% Days.	3% Days.	3½% Days.	4% Days.	4½% Days.	5% Days.	6% Days.	7% Days.	Av'ge Rate.
1880............	...	175	191	...	...	...	...	...	...	2.76
1881............	...	112	90	35	42	...	86	...	...	3.48
1882............	...	...	147	...	42	...	152	24	...	4.15
1883............	...	...	166	28	147	...	24	...	...	3.57
1884............	112	78	78	35	7	...	56	...	...	2.96
1885............	168	14	42	49	63	...	29	...	...	2.92
1886............	78	77	62	56	77	...	15	...	...	3.05
1887............	98	14	49	14	156	...	34	...	...	3.34
1888............	56	91	91	7	33	...	88	...	...	3.30
1889............	...	112	98	7	42	...	104	2	...	3.56
1890............	...	...	70	7	98	7	106	77	...	4.52
1891............	...	84	126	50	77	...	28	...	...	3.32
1892............	175	21	149	21	...	...	...	...	...	2.52
1893............	...	147	134	21	42	...	21	...	...	3.06
1894............	312	21	32	...	...	...	...	...	...	2.11
1895............	365	...	...	...	...	...	...	...	...	2.00
1896............	254	14	28	...	70	...	...	...	...	2.48
1897............	133	56	143	13	20	...	...	...	...	2.79
1898............	...	84	146	7	128	...	...	...	...	3.25
1899............	...	...	161	96	19	2	56	31	...	3.75
1900............	...	...	35	21	284	7	7	11	...	3.96
1901............	...	...	140	7	169	14	35	...	...	3.72
1902............	...	...	238	14	113	...	...	...	...	3.33
1903............	...	...	77	28	260	...	...	...	...	3.75
1904............	...	...	254	7	105	...	...	...	...	3.29
1905............	...	182	88	...	95	...	...	...	...	3.01
1906............	...	...	...	112	172	...	8	73	...	4.27
1907*...........	...	...	...	...	112	91	84	20	54	4.92
1908............	...	217	70	14	42	...	7	14	2	3.01

* From Nov. 1 to Nov. 4—four days—there was a 5½ per cent. rate.

points while the excess of expenditures by the Government has more than offset the reduction in public deposits in the national banks. The supply of commercial paper is also small and rates are lower. At the close of the month call money ruled between 1½@2 per cent., with the average about 1½ per cent. Banks and trust companies loaned at 1½ per cent. as the minimum. Time money on Stock Exchange collateral is quoted at 2 per cent. for thirty days, 2@2¼ per cent. for sixty days, 2¼@2½ per cent. for ninety days, 2¾@3 per cent. for four months, and 3 per cent. for five to six months, on good mixed collateral. For commercial paper the rates are 3¼@3¾ per cent. for sixty to ninety days' endorsed bills receivable, 3½@4 per cent. for first-class four to six months' single names, and 4½ per cent. for good paper having the same length of time to run.

New York Banks.—The New York Clearing-House banks reported a net increase in average deposits of $102,000,000 in January and in actual deposits of $75,000,000. At the beginning of the year the actual deposits were $24,000,000 more than the average, while at the close of January the actual were $3,000,000 less than the average. The reserves increased $32,000,000 as appears by the statement of averages, while the actual increase was $7,000,000 less. The

MONEY RATES IN NEW YORK CITY.

	Sept. 1.	Oct. 1.	Nov. 1.	Dec. 1.	Jan. 1.	Feb. 1.
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
Call loans, bankers' balances....................	1 –1¼	1¼–2	1 –2	1½–2	2½–3¼	1½–2
Call loans, banks and trust companies.........	1 –	1¼–	1 –	1½–	2½–	1½–
Brokers' loans on collateral, 30 to 60 days	1¾–2	2¼-½	2¾ 3	2½–¾	3 –¼	2 –¼
Brokers' loans on collateral, 90 days to 4 months..	2 –3½	2½–3¼	3 –¼	2¾–3	3¼–	2¼–3
Brokers' loans on collateral, 5 to 7 months...	3½–¾	3½–	3½-¾	3½–½	3½–4	3 –½
Commercial paper, endorsed bills receivable, 60 to 90 days................................	3 –3½	4 –	4 –	3¾–	3¾–4	3¼–¾
Commercial paper, prime single names, 4 to 6 months	4 –4½	4 –4½	4 –4½	4 –4½	4 –	3½–4
Commercial paper, good single names, 4 to 6 months.........	4½–5	4½–5	4½-5½	4½–5	4½–5	4½–

New York Clearing House Banks—Average Condition at Close of Each Week.

Dates.	Loans.	Specie.	Legal tenders.	Net Deposits.	Surplus Reserve.	Circulation.	Clearings.
Jan. 2...	$1,273,220,700	$271,626,100	$79,548,100	$1,320,867,600	$20,957,300	$50,360,900	$1,780,143,400
" 9...	1,297,035,700	279,129,410	83,151,000	1,358,349,800	22,692,950	50,254,200	2,459,238,700
" 16...	1,329,110,600	293,344,600	83,358,500	1,404,459,700	25,588,175	49,434,100	2,166,840,500
" 23...	1,335,045,900	302,852,100	81,979,400	1,417,776,200	30,387,450	49,113,000	1,878,518,600
" 30...	1,341,960,600	301,202,200	82,200,200	1,422,820,100	27,697,375	49,441,500	1,865,018,200

Deposits and Surplus Reserve on or About the First of Each Month.

Month.	1907.		1908.		1909.	
	Deposits.	Surplus Reserve.	Deposits.	Surplus Reserve.	Deposits.	Surplus Reserve.
January	$981,301,100	$5,369,225	$1,050,925,400	*$20,170,350	$1,320,867,600	$20,957,300
February	1,076,720,000	12,634,100	1,138,501,500	40,526,752	1,422,820,100	27,697,375
March	1,038,431,800	3,857,650	1,167,623,700	29,262,675	....	....
April	1,019,817,300	13,131,275	1,189,334,300	39,788,525	....	....
May	1,106,183,300	12,346,775	1,257,759,200	62,352,900	....	....
June	1,128,194,600	12,782,450	1,285,788,800	47,910,000	....	....
July	1,092,031,700	2,509,275	1,320,176,400	66,098,800	....	....
August	1,099,302,400	7,478,200	1,365,401,300	59,063,575	....	....
September	1,046,655,800	8,756,450	1,391,617,300	65,608,970	....	....
October	1,055,193,700	5,646,575	1,396,771,400	42,289,655	....	....
November	1,051,786,900	*38,838,825	1,411,416,300	33,589,120	....	....
December	1,083,283,300	*52,989,425	1,425,375,000	28,130,650	....	....

Deposits reached the highest amount, $1,425,375,000, on November 28, 1908; loans, $1,347,145,300 on December 5, 1908, and the surplus reserve $111,623,000 on Feb. 3, 1894. * Deficit.

New York Clearing House Banks—Actual Condition.

Dates.	Loans.	Specie.	Legal Tenders.	Net Deposits.	Reserve Held.
Jan. 2	$1,293,502,000	$269,916,100	$80,922,000	$1,344,534,900	$350,838,100
" 9	1,307,659,000	284,378,100	86,069,800	1,376,585,800	370,447,900
" 16	1,335,209,900	298,565,000	82,239,300	1,413,811,600	380,804,300
" 23	1,334,930,800	305,129,300	82,873,100	1,420,320,500	388,002,400
" 30	1,347,614,900	294,033,200	81,485,900	1,419,196,200	375,519,100

State Banks and Trust Companies Outside of Clearing House—Average Condition.

Dates.	Loans.	Specie.	Legal Tenders.	Net Deposits.	Gross Deposits.	Reserve on Deposits
Jan. 2	$1,061,461,400	$92,228,600	$17,512,200	$980,579,600	$1,128,588,300	$283,878,200
" 9	1,056,502,900	92,826,200	18,474,900	978,003,900	1,145,499,800	303,284,100
" 16	1,036,530,300	93,946,400	18,829,000	963,987,600	1,148,949,000	320,583,600
" 23	1,043,370,900	99,870,900	18,812,500	976,015,700	1,175,690,800	343,002,100
" 30	1,061,536,200	108,179,500	19,550,400	1,001,084,100	1,201,371,800	354,725,500

State Banks—Average Condition.

Dates.	Loans.	Specie.	Legal Tenders.	Gross Deposits.	Reserve on Deposits.
Jan. 2	$293,511,600	$47,577,000	$25,219,500	$338,299,600	$92,186,000
" 9	295,346,500	49,722,900	26,114,400	343,814,300	95,669,300
" 16	299,027,300	52,708,300	26,775,400	352,306,500	99,423,900
" 23	298,493,100	53,449,500	26,420,600	352,264,900	100,193,100
" 30	297,616,500	53,598,500	26,230,200	350,424,600	99,527,100

Trust Companies—Average Condition.

Dates.	Loans.	Specie.	Legal Tenders.	Gross Deposits.	Reserve on Deposits.
Jan. 2	$967,293,800	$88,058,500	$ 9,898,700	$1,018,260,500	$254,390,900
" 9	963,076,500	86,852,500	10,230,400	1,035,803,400	273,289,300
" 16	942,958,400	88,107,800	10,328,100	1,037,721,100	290,172,900
" 23	950,494,100	94,125,700	10,580,100	1,064,906,300	312,245,800
" 30	969,524,800	102,358,900	11,330,700	1,092,178,000	324,479,700

Non-Member Banks—New York Clearing-House.

Dates.	*Loans and Investments.*	*Deposits.*	*Specie.*	*Legal tender and bank notes.*	*Deposit with Clearing-House agents.*	*Deposit in other N. Y. banks.*	*Surplus Reserve.*
Jan. 2	$93,975,100	$111,872,800	$6,449,200	$8,540,000	$14,130,700	$5,878,400	$6,535,100
" 9	93,993,500	114,332,000	6,456,900	8,749,900	14,471,500	6,490,400	7,585,790
" 16	93,995,200	117,081,300	6,474,800	9,046,700	16,499,600	7,005,400	9,756,175
" 23	93,285,100	113,411,200	6,517,400	8,914,800	14,220,000	6,985,000	8,228,960
" 30	92,615,600	111,097,600	6,437,100	8,789,200	13,620,200	6,236,600	7,208,700

Boston Banks.

Dates.	*Loans.*	*Deposits.*	*Specie.*	*Legal Tenders.*	*Circulation.*	*Clearings.*
Jan. 2	$207,079,000	$252,527,000	$24,064,000	$4,567,000	$9,163,000	$168,195,600
" 9	204,702,000	256,507,000	25,873,000	4,811,000	9,379,000	186,371,600
" 16	210,202,000	266,510,000	28,011,000	4,230,000	9,344,000	197,952,300
" 23	211,506,000	267,649,000	28,814,000	3,975,000	9,317,000	179,321,500
" 30	211,770,000	262,238,000	27,962,000	4,140,000	9,385,000	....

Philadelphia Banks.

Dates.	*Loans.*	*Deposits.*	*Lawful Money Reserve.*	*Circulation.*	*Clearings.*
Jan. 2	$251,101,000	$300,579,000	$72,876,000	$14,098,000	$129,505,600
" 9	251,873,000	304,764,000	76,708,000	14,346,000	153,790,300
" 16	252,859,000	307,615,000	78,838,000	14,506,000	186,890,700
" 23	252,069,000	306,171,000	79,518,000	14,702,000	125,222,100
" 30	251,319,000	304,472,000	81,605,000	14,897,000	....

Gold and Silver in the European Banks.

	Dec. 1, 1908.		*Jan. 1, 1909.*		*Feb. 1, 1909.*	
	Gold.	*Silver.*	*Gold.*	*Silver.*	*Gold.*	*Silver.*
England	£35,577,714	....	£30,732,402	....	£34,254,376	....
France	135,287,326	£35,670,752	139,529,620	35,314,185	145,396,426	£35,393,832
Germany	40,395,000	16,740,000	37,660,000	15,608,000	44,713,650	13,329,350
Russia	122,402,000	6,419,000	121,451,000	6,876,000	120,403,000	6,028,000
Austria-Hungary	48,874,000	12,523,000	49,146,000	12,148,000	49,531,000	12,662,000
Spain	15,778,000	32,611,000	15,806,000	32,424,000	15,827,000	32,421,000
Italy	37,176,000	4,450,000	37,467,000	4,500,000	37,664,000	4,600,000
Netherlands	8,078,700	3,927,100	8,417,800	4,110,300	9,068,800	4,038,700
Nat. Belgium	4,140,000	2,070,000	4,282,667	2,141,333	4,218,667	2,109,333
Sweden	4,248,000	....	4,239,000	....	4,346,000	....
Switzerland	4,705,000	....	4,707,000	....	4,733,000	....
Norway	1,732,000	....	1,656,000	....	1,604,000	....
Totals	£458,393,740	£114,410,852	£455,094,489	£113,121,818	£471,759,919	£110,582,215

Rates for Sterling at Close of Each Week.

Week ended.	Bankers' Sterling.		*Cable transfers.*	*Prime commercial, Long.*	*Documentary Sterling, 60 days.*
	60 days.	*Sight.*			
Jan. 2	4.8510 @ 4.8520	4.8705 @ 4.8710	4.8735 @ 4.8745	4.84¾ @ 4.84⅞	4.84⅛ @ 4.85¼
" 9	4.8490 @ 4.8500	4.8720 @ 4.8725	4.8740 @ 4.8750	4.84½ @ 4.84⅝	4.84 @ 4.85⅜
" 16	4.8500 @ 4.8510	4.8735 @ 4.8740	4.8770 @ 4.8775	4.84½ @ 4.84⅝	4.84 @ 4.85¼
" 23	4.8500 @ 4.8505	4.8720 @ 4.8730	4.8755 @ 4.8760	4.84⅛ @ 4.84⅝	4.84 @ 4.85⅛
" 30	4.8510 @ 4.8520	4.8760 @ 4.8770	4.8790 @ 4.8800	4.84¾ @ 4.84⅞	4.84⅛ @ 4.85⅜

surplus reserve increased from $20,957,000 to $27,697,000, but is $13,000,000 less than it was a year ago. The trust companies' statement shows an increase of $74,000,000 in gross deposits, of $18,000,000 in legal tenders and specie and of $70,000,000 in reserves on deposits.

Foreign Banks.—The Bank of England last month began to accumulate gold again and gained $17,000,000 for the month. The Bank of France added $29,000,000 more to its stock, making a total of nearly $120,000,000, gained in three months. The Bank of Germany gained $35,000,000 during the month. Compared with a year ago. all the principal banks excepting the Bank of England have more gold than then. That institution shows a loss of $20,000,000, France a gain of $190,000,000, Germany a gain of $60,000,000, Russia a gain of $23,000,000 and Austria-Hungary of $17,000,000.

FOREIGN EXCHANGE.—The sterling exchange market was dull and was influenced mainly by the conditions prevailing in London. At the close of the month the market was strong, being affected by the demand to remit for securities. Compared with a month ago there is no change in the price of long sterling, and an increase of 55 points in short and a similar increase in cables.

MONEY RATES ABROAD.—The Bank of England on January 14 advanced its rate of discount from 2½ to 3 per cent. The lower rate had prevailed since May 28, 1908. Open market rates are also higher in London, but have declined at Paris and Berlin. Discounts of sixty to ninety-day bills in London at the close of the month were 2⅝@2¾ per cent., against 2 per cent. a month ago. The open market rate at Paris was 1⅞@2 per cent. against 2⅝ per cent. a month ago, and at Berlin and Frankfort

FOREIGN EXCHANGE—ACTUAL RATES ON OR ABOUT THE FIRST OF EACH MONTH.

	Oct. 1.	Nov. 1.	Dec. 1.	Jan. 1.	Feb. 1.
Sterling Bankers—60 days	4.85 — ⅛	4.84¼— ⅛	4.84⅛— ⅝	4.85⅛— ¼	4.85⅛— ¼
" " Sight	4.86¼— ⅜	4.86¼— ⅜	4.86⅝— ¾	4.87 — ⅛	4.87⅝— ¾
" " Cables	4.86½— ⅝	4.86⅜— ½	4.86⅞— 7	4.87⅜— ½	4.87⅞—88
" Commercial long	4.83⅞— 4¾	4.83⅛— ¾	4.84 — ¼	4.84¾— ⅞	4.84¾— ⅞
" Docu'tary for paym't	4.84¼— ⅝	4.83¼— 4½	4.83⅝— ¾	4.84⅛— 5¼	4.84⅛— 5⅜
Paris—Cable transfers	5.15⅝— —	5.15⅝—	5.15⅝—	5.15 1/16— 1/32	5.15⅝—
" Bankers' 60 days	5.18⅛— —	5.18⅛—17½	5.18⅛—17½	5.18⅛—17½	5.18⅛—17½
" Bankers' sight	5.16¼— —	5.16¼—	5.15⅝—	5.15⅝—	5.16¼—15⅝
Swiss—Bankers' sight	5.16⅞— ¼	5.16¼—	5.15¼—	5.16¼—15¾	5.16¼—
Berlin—Bankers' 60 days	94 11/16— 13/16	94¾— 13/16	94⅝— 11/16	94 3/16— ⅝	94 13/16— ⅞
" Bankers' sight	95 5/16— ⅜	95⅛—	95 1/16— ⅛	95 3/16—	95⅛—
Amsterdam—Bankers' sight	40 5/16— —	40 5/16—	40 5/16— 1/16	40⅜—	40 5/16— ⅜
Kronors—Bankers' sight	26 13/16— 13/16	26⅞— 13/16	26 13/16— ⅞	26 13/16— ⅞	26 13/16— ⅞
Italian lire—sight	5.16⅞— ¼	5.16⅞— ¼	5.16¼—	5.16¼—	5.17½—16⅞

BANK OF ENGLAND STATEMENT AND LONDON MARKETS.

	Sept. 30, 1908.	Oct. 31, 1908.	Nov. 30, 1908.	Dec. 31, 1908.	Jan. 30, 1909.
Circulation	£29,549,700	£28,558,400	£28,526,600	£30,819,200	£29,134,000
Public deposits	8,091,600	7,650,100	9,275,600	7,924,600	7,398,700
Other deposits	42,516,300	41,296,200	42,793,200	53,603,000	43,277,800
Government securities	15,732,300	14,730,500	14,730,533	14,730,533	14,861,155
Other securities	26,237,100	25,655,300	29,592,700	45,086,700	29,862,500
Reserve of notes and coin	26,917,300	26,267,100	25,501,500	19,431,200	24,010,900
Coin and bullion	38,027,545	36,396,341	35,577,714	30,782,402	34,656,94
Reserve to liabilities	53.15%	53.62%	48.92%	31.60%	47.38%
Bank rate of discount	2½%	2½%	2½%	2½%	3%
Price of Consols (2½ per cents.)	85¾	84⅝	84 3/16	84 1/16	83⅝
Price of silver per ounce	23⅛d.	23¼d.	22 5/16d.	23 3/16d.	24d.

MONTHLY RANGE OF SILVER IN LONDON—1907, 1908, 1909.

MONTH.	1907.		1908.		1909.		MONTH.	1907.		1908.		1909.	
	High	Low.	High	Low.	High	Low.		High	Low.	High	Low	High	Low.
January	32 7/16	31¼	26¾	25⅛	24⅝	23 3/16	July	31 13/16	31	24⅞	24 3/16	....	....
February	32⅛	31½	26 9/16	25½	...	....	August	32 3/16	31⅛	24 3/16	23⅝	....	....
March	32 1/16	30⅝	25 13/16	25 7/16	....	....	September	31 9/16	31⅛	24⅛	23 9/16	....	....
April	30½	30	25½	24 5/16	....	....	October	30⅞	27 7/16	24	23	....	....
May	31⅛	29 15/16	24 13/16	24	....	....	November	27 15/16	26 9/16	23¾	22 3/16	....	....
June	31 1/16	30⅝	25⅜	24¼	....	....	December	28 11/16	24 3/16	23⅞	22	....	....

FOREIGN AND DOMESTIC COIN AND BULLION—QUOTATIONS IN NEW YORK

	Bid.	Asked.		Bid.	Asked.
Sovereigns	$4.85	$4.88	Mexican doubloons	$15.50	$15.65
Bank of England notes	4.85	4.88	Mexican 20 pesos	19.50	19.65
Twenty francs	3.88	3.92	Ten guilders	3.95	4.00
Twenty marks	4.75	4.80	Mexican dollars	.45	.51
Twenty-five pesetas	4.78	4.82	Peruvian soles	.35	.39
Spanish doubloons	15.50	15.65	Chilian pesos	.35	.39

Bar silver in London on the first of this month was quoted at 24d. per ounce. New York market for commercial silver bars, 52⅛ @ 53⅝c. Fine silver (Government assay), 52¼ @ 53¾c. The official price was 52⅛c.

Exports and Imports of the United States.

Month of November.	Merchandise.			Gold Balance.	Silver Balance.
	Exports.	*Imports.*	*Balance.*		
1903	$174,819,566	$77,768,634	Exp., $97,050,932	Imp., $15,765,642	Exp., $4,436,996
1904	145,253,259	96,566,759	" 48,686,500	Exp., 10,166,643	" 1,861,706
1905	199,738,520	101,142,799	" 98,595,721	Imp., 1,360,349	" 3,503,403
1906	190,399,977	134,349,760	" 56,050,217	" 5,736,842	" 3,405,636
1907	207,119,996	92,241,984	" 114,878,012	" 43,444,074	" 191,662
1908	188,813,638	111,956,052	" 76,857,586	Exp., 2,235,169	" 343,999
Eleven Months.					
1903	1,484,753,083	995,494,327	Exp., 489,258,756	Imp., 20,920,862	Exp., 16,635,834
1904	1,451,318,740	1,035,909.190	" 415,409,550	Exp., 36,408,593	" 24,048,203
1905	1,626,990,795	1,179,144,550	" 447,846,245	Imp., 3,498,938	" 21,573,967
1906	1,798,243,434	1,320,501,572	" 477,741,862	" 108,870,222	" 16,729,250
1907	1,923,426,205	1,423,169,820	" 500,256,385	" 88,182,391	" 15,713,506
1908	1,753,307,931	1,116,402,243	" 636,905,688	Exp., 30,969,357	" 9,640,705

National Bank Circulation.

	Oct. 31, 1908.	*Nov. 30, 1908.*	*Dec. 31, 1908.*	*Jan. 31, 1909.*
Total amount outstanding	$665,844,192	$667,178,177	$677,068,165	$676,673,092
Circulation based on U. S. bonds	626,778,555	614,907,265	628,786,205	630,309,637
Circulation secured by lawful money	39,065,637	52,270,912	48,281,960	46,363,455
U. S. bonds to secure circulation:				
Four per cents. of 1925	14,960,450	14,588,450	14,065,950	14,026,950
Three per cents. of 1908–1918	10,468,520	12,005,580	11,966,080	12,176,180
Two per cents. of 1930	554,700,700	552,878,200	552,684,300	552,671,050
Panama Canal 2 per cents, 1916-1936	38,558,680	39,019,460	34,219,440	39,862,440
Panama Canal 2 per cents, 1918-1938	....	....	13,363,020	16,477,940
Certificates of Indebtedness 3 per cent	15,936,500	6,250	....	....
Total	$632,624,850	$618,497,940	$631,318,790	$635,214,560

The National Banks have also on deposit the following bonds to secure public deposits: 4 per cents. of 1925, $6,487,750; 3 per cents. of 1908–1918, $7,778,900; 2 per cents. of 1930, $45,699,450; Panama Canal 2 per cents, 1916-1936 $13,179,700; Panama Canal 2 per cents, 1918-1938 $1,630,000; District of Columbia 3.65's, 1924, $2,343,000; Hawaiian Islands bonds, $1,479,000; Philippine loan, $7,861,000; state, city and railroad bonds, $34,889,846; Porto Rico, $541,000; a total of $121,889,646.

United States Treasury Receipts and Expenditures.

Receipts.

Source.	*January, 1909.*	*Since July 1, 1908.*
Customs	$23,818,870	$162,821,947
Internal revenue	81,672,084	147,412,566
Miscellaneous	4,989,474	30,668,779
Total	$47,480,428	$340,903,292
Excess of receipts	*$15,543,832	*$79,814,448

*Excess of expenditures.

Expenditures.

Source.	*January, 1909.*	*Since July 1, 1908.*
Civil and mis.	$17,244,183	$99,028,409
War	11,030,366	79,085,418
Navy	9,313,387	67,803,868
Indians	1,006,386	10,405,095
Pensions	11,914,965	93,917,424
Public works	9,238,529	56,406,054
Interest	3,276,444	14,069,435
Total	$63,024,260	$420,717,775

2¼ per cent., against 2⅞ per cent. a month ago.

Silver.—There was a steady advance in the price of silver in London in the early part of the month, from 23 3-16d. to 24 3-8d. Later the market became weaker and at the close of January the price was 23 7-8d., a net advance for the month of 11-16d.

Foreign Trade.—The December exports of merchandise were valued at nearly $189,000,000, the smallest for any corresponding month since 1904 and $18,000,000 less than in December, 1907. Imports were about $112,000,000, exceeding those of any other December except in the year 1906 when they were $134,000,000. Compared with December, 1907, there was an increase of nearly $20,000,000. The excess of exports over imports was $76,000,000, as compared with $114,000,000 in 1907. There was a net export of gold of $2,000,000 during the month as against net imports in December, 1907, of $43,000,000. The total figures for the year show exports of merchandise of $1,753,000,000. While this is a decrease of $170,000,000 from the total for 1907, it is the largest reported for any other year excepting 1906 when the exports were $45,000,000 larger than in 1908. Imports reached $1,116,000,000, the smallest since 1904 and $307,000,000 less than the high record made in 1907. The balance of exports for the year was about $637,000,000, the largest for any year except 1900, when the net exports aggregated $649,000,000.

UNITED STATES PUBLIC DEBT.

	Nov. 1, 1908.	Dec. 1, 1908.	Jan. 1, 1909.	Feb. 1, 1909.
Interest-bearing debt:				
Consols of 1930, 2 per cent	$646,250,150	$646,250,150	$646,250,150	$646,250,150
Loan of 1925, 4 per cent	118,489,900	118,489,900	118,489,900	118,489,900
Loan of 1908-1918, 3 per cent	63,945,460	63,945,460	63,945,460	63,945,460
Panama Canal Loan of 1916, 2 per cent	54,631,980	54,631,980	54,631,980	54,631,980
Panama Canal Loan of 1918, 2 per cent	....	....	29,583,360	.. ..
Certificates of Indebtedness 1908	13,936,500	....	....	....
Total interest-bearing debt	$897,253,990	$883,317,490	$912,900,850	$913,307,490
Debt on which interest has ceased	3,738,235	3,647,265	3,448,935	3,373,705
Debt bearing no interest:				
Legal tender and old demand notes	346,734,298	346,734,298	346,734,298	346,734,298
National bank note redemption acct	39,069,430	50,259,945	46,905,160	43,550,967
Fractional currency	6,861,924	6,861,924	6,861,924	6,861,357
Total non-interest bearing debt	$392,665,652	$403,856,167	$400,501,382	$397,146,623
Total interest and non-interest debt	1,293,657,878	1,290,820,923	1,316,851,168	1,313,827,818
Certificates and notes offset by cash in the Treasury:				
Gold certificates	850,817,869	863,262,869	858,272,869	864,263,869
Silver certificates	488,793,000	488,125,000	491,216,000	480,898,000
Treasury notes of 1890	4,705,000	4,649,000	4,596,000	4,525,000
Total certificates and notes	$1,344,315,869	1,356,036,869	$1,354,084,869	$1,349,686,869
Aggregate debt	2,637,973,747	2,646,857,792	2,670,936,037	2,663,514,687
Cash in the Treasury:				
Total cash assets	1,770,503,682	$1,772,900,071	1,796,198,759	1,765,303,524
Demand liabilities	1,453,621,429	1,471,512,709	1,476,697,342	1,465,601,938
Balance	$316,822,253	$301,387,36	$319,501,417	$299,701,585
Gold reserve	150,000,000	150,000.00	150,000,000	150,000,000
Net cash balance	166,882,253	151,387,36	169,501,417	149,701,585
Total	$316,882,253	$301,387,362	$319,501,417	$299,701,585
Total debt, less cash in the Treasury	976,775,625	989,433,561	997,349,751	1,014,126,233

MONEY IN CIRCULATION IN THE UNITED STATES.

	Nov. 1, 1908.	Dec. 1, 1908.	Jan. 1, 1909.	Feb 1, 1909.
Gold coin	$610,060,562	$616,998,061	$619,317,841	$605,944,900
Silver dollars	74,740,245	75,213 698	72,443,593	72,770,675
Subsidiary silver	131,663,701	133,260,840	135,063,365	131,487,554
Gold certificates	807,246,869	813,644,339	801,860,509	838,307,539
Silver certificates	483,899,842	480,742,500	470,837,799	461,362,763
Treasury notes, Act July 14, 1890	4,691,225	4,638,857	4,589,189	4,509,724
United States notes	342,994,056	343,637,183	336,422,969	338,019,020
National bank notes	643,202,001	649,426,060	651,780,438	638,910,371
Total	$3,098,498,021	$3,117,561,033	$3,092,315,703	$3,091,312,546
Population of United States	87,971,000	88,090,000	88,209,000	88,328,000
Circulation per capita	$35.22	$35.39	$35.06	$35.00

SUPPLY OF MONEY IN THE UNITED STATES.

	Oct. 1, 1908.	Nov. 1, 1908.	Dec. 1, 1908.	Jan. 1, 1909.	Feb. 1, 1909.
Gold coin and bullion	$1,648,681,386	$1,649,358,744	$1,658,844,151	$1,653,881,807	$1,649,029,3[illegible]8
Silver dollars	568,260,982	568,259,812	568,259,812	568,259,812	568,259,812
Subsidiary silver	145,770,090	150,935,970	151,173,805	153,226,012	154,387,552
United States notes	346,681,016	346,681,016	346,681,016	346,681,016	346,681,016
National bank notes	675,612,327	665,844,192	667,178,177	677,068,165	676,678,092
Total	$3,380,005,801	$3,381,079,734	$3,392,136,961	$3,399,116,912	$3,395,030,775

For the first time in four years the movment of gold was against the country last year, nearly $31,000,000 being exported. In 1907 there were net imports of gold amounting to $88,000,000 and in 1906 to $108,000,000. Silver exports were the smallest in many years and fell below $10,000,000. Until 1906 the net exports of silver usually exceeded $20,000,000 a year.

NATIONAL BANK CIRCULATION.—Nearly $4,000,000 additional bonds were deposited to secure bank circulation in January, although the total notes outstanding decreased about $400,000. There was an increase of $1,600,000 in bond secured circulation and a decrease of $2,000,000 in circulation secured by deposit of lawful money. There was a reduction of nearly $11,000,000 in bonds deposited to secure public deposits, the Government now withdrawing deposits from the national banks in order to meet accruing deficits.

GOVERNMENT REVENUES AND DISBURSEMENTS.—The United States Treasury continues to report an increasing deficit. In January it exceeded $15,500,000, making since July 1 last a total deficit of almost $80,000,000. In January, 1908, there was a deficit of $9,000,000 and for the seven months ended January 31, 1908, of $19,000,000. Receipts for the current fiscal year show a decrease of $26,000,000, of which $16,000,000 was in customs, while expenditures increased $35,000,000. The principal items showing an increase are war $15,000,000, civil and miscellaneous $13,000,000, pensions $6,000,000, and Indians $2,000,000.

United States Public Debt.—The net cash balance in the Treasury was reduced in January from $319,000,000 to $299,000,000 and the total debt less cash in the Treasury increased from $997,000,000 to $1,014,000,000. There was no important change in the interest bearing debt, but gold certificates were increased $6,000,000 and silver certificates reduced $10,000,000. The national bank note redemption account was also reduced $3,000,000.

Money in Circulation in the United States.—There was a decrease in the amount of money in circulation in January of $1,000,000, reducing the per capita from $35.06 to $35.00. The changes in the different classes of currency were varied and in some cases exceptionally large. Gold coin decreased $13,000,000 and gold certificates increased $36,000,000. Silver dollars increased $300,000, silver certificates decreased $9,000,000 and fractional silver decreased $3,000,000. United States notes increased $1,500,000 and national bank notes decreased $13,000,000.

Money in the United States Treasury.—By withdrawing deposits from the national banks, the Government retained most of its net cash in the Treasury, the decrease for the month being only $3,000,000. The Treasury lost $28,000,000 in net gold but gained $10,000,000 in silver dollars, $4,000,000 in fractional silver and $12,000,000 in national bank notes.

Supply of Money in the United States.—The stock of money in the country was reduced $4,000,000 in January, a loss of nearly $5,000,000 being shown in gold. There was an increase of $1,000,000 in subsidiary silver and a decrease of $400,000 in national bank notes.

BANK AND TRUST COMPANY STOCKS.

Corrected to Feb. 20, 1909.

NEW YORK BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 120 Broadway, New York.

	Div. Rate.	Bid.	Asked.
Aetna National Bank	8	165	175
Amer. Exchange Nat. Bk.	10	252½	257½
Bank of America	26	550	570
Bank of the Manhattan Co. (par $50)	12	320	...
Bank of the Metropolis	16	375	410
Bank of N. Y., N. B. A.	14	320	...
Bank of Washington Heights	..	250	...
Battery Park Nat. Bank	..	112	135
Bowery Bank	12	320	...
Bronx Borough Bank	..	300	...
Century Bank	6	165	175
Chase National Bank	6	300	330
Chatham National Bank (par $25)	16	300	315
Chelsea Exchange Bank	..	...	200
Chemical National Bank	15	422½	430
Citizens' Central Nat. Bk.	6	158	163
Coal & Iron Nat. Bank	10	245	...
Colonial Bank	20	300	...
Columbia Bank	12	400	...
Consolidated Nat. Bank	6	130	...
Corn Exchange Bank	16	330	335
East River National Bank (par $25)	6	125	135
Fidelity Bank	..	165	175
Fifth Avenue Bank	100	3900	...
Fifth National Bank	12	300	350
First National Bank	32	780	...
Fourteenth Street Bank	10	...	180
Fourth National Bank	8	214	220
Gallatin National Bank (par $50)	12	355	...
Garfield National Bank	20	280	...
German-American Bank (par $75)	6	135	145
German Exchange Bank	20	475	500
Germania Bank	20	525	...
Greenwich Bank	10	265	280
Hanover National Bank	16	530	...
Importers & Traders Nat. Bank	20	555	570
Irving Nat. Exchange Bk.	8	185	185
Jefferson Bank	10	180	185
Liberty National Bank	20	500	530
Lincoln National Bank	8	450	480
Market & Fulton Nat. Bk.	10	265	270
Mechanics National Bank	12	255	265
Mercantile National Bank.	..	165	...
Merchants Exchange National Bank (par $50).	6	160	175
Merchants National Bank (par $50)	7	160	170
Metropolitan Bank	6	175	...
Mount Morris Bank	8	250	...
Mutual Bank	8	290	310
Nassau Bank (par $50)	8	200	...
Nat. Bank of Commerce	8	195	198
Nat. Butchers & Drovers Bank (par $25)	6	150	160
National City Bank	10	358	362
National Copper Bank	..	230	235
National Park Bank	16	465	...
New Netherlands Bank	..	...	210
N. Y. County Nat. Bank.	40	750	...
N. Y. Produce Exchange Bank	8	155	165
Night & Day Bank	..	...	230
Nineteenth Ward Bank	12	...	470
Northern Bank	6	...	150
Pacific Bank (par $50)	8	230	250
Peoples' Bank (par $25)	10	300	315
Phenix National Bank (par $20)	6	160	170
Plaza Bank	20	600	...
Seaboard National Bank	10	365	...
Second National Bank	12	350	...
Sherman National Bank	..	135	145
State Bank	10	260	...
Twelfth Ward Bank	6	...	200
Twenty-third Ward Bank.	6	110	...
Union Exchange Bank	10	190	205
West Side Bank	12	500	...
Yorkville Bank	16	400	425

NEW YORK TRUST COMPANY STOCKS.

	Div. Rate.	Bid.	Asked.
Astor Trust Co.	..	300	315
Bankers Trust Co.	16	590	...
Bowling Green Trust Co.	20	375	385
Broadway Trust Co.	6	133	138
Brooklyn Trust Co.	20	400	415
Carnegie Trust Co.	..	185	195
Citizens Trust Co.	..	125	130
Central Trust Co.	80	2000	...
Columbia Trust Co.	..	235	240
Commercial Trust Co.	..	140	150
Empire Trust Co.	8	...	...
Equitable Trust Co.	12	430	450
Farmers Loan & Trust Co. (par $25)	40	1200	1250
Fidelity Trust Co.	..	200	210
Fifth Avenue Trust Co.	12	325	...
Flatbush Trust Co.	8	200	...
Franklin Trust Co.	8	195	210
Fulton Trust Co.	10	270	...
Guaranty Trust Co.	20	550	565
Guardian Trust Co.	..	180	190
Hamilton Trust Co.	10	260	275
Home Trust Co.	4	102	...
Hudson Trust Co.	..	140	150
Kings Co. Trust Co.	12	465	...
Knickerbocker Trust Co.	..	305	315
Lawyers' Mortgage Co.	10	230	245
Lincoln Trust Co.	..	190	200
Lawyers' Title Ins. & Trust Co.	12	230	235
Long Is. Loan & Trust	12	295	305
Manhattan Trust Co. (par $30)	12	350	410
Mercantile Trust Co.	20	725	...
Metropolitan Trust Co.	24	540	...
Morton Trust Co.	20	425	...
Mutual Alliance Trust Co.	8	120	130
Nassau Trust Co.	8	160	175
N. Y. Life Ins. & Trust Co.	50	1100	1130
N. Y. Mtg. & Security Co.	10	150	160
N. Y. Trust Co.	32	560	570
Peoples' Trust Co.	12	280	...
Standard Trust Co.	10	325	...
Title Guar. & Trust Co.	16	440	...
Trust Co. of America	..	305	312
Union Trust Co.	50	1100	...
U. S. Mtg. & Trust Co.	20	370	380
Van Norden Trust Co.	10	255	265
Washington Trust Co.	12	400	425
Windsor Trust Co.	6	130	140

BOSTON BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 60 Congress St., Boston.

Name.	Div. Rate.	Last Sale.
Atlantic National Bank	6	141
Boylston National Bank	4	103¼
Commercial National Bank	6	140
Eliot National Bank	8	207
Faneuil Hall National Bank	7	138
First National Bank	12	325½
First Ward National Bank	8	181½
Fourth National Bank	7	165
Merchants' National Bank	10	226
Metropolitan National Bank	6	122
National Bank of Commerce	6	165
National Market Bank, Brighton	6	102
Nat. Rockland Bank, Roxbury	8	167
National Shawmut Bank	10	288
National Union Bank	7	170½
National Security Bank	12	*
New England National Bank	6	145
Old Boston National Bank	5	115
People's National Bank, Roxbury	6	130
Second National Bank	10	226
South End National Bank	5	100
State National Bank	7	161¼
Webster & Atlas National Bank	6	152⅛
Winthrop National Bank	12	325

* No public sales.

BOSTON TRUST COMPANIES.

Name.	Div. Rate.	Last Sale.
American Trust Co.	8	345
Bay State Trust Co.	7	*
Beacon Trust Co.	8	185
Boston Safe D. & T. Co.	14	369
City Trust Co.	12	410
Columbia Trust Co.	5	120
Commonwealth Trust Co.	6	165¼
Dorchester Trust Co.	..	105
Exchange Trust Co.	..	*
Federal Trust Co.	6	130
International Trust Co.	16	400
Liberty Trust Co.	..	*
Mattapan D. & T. Co.	4	201
Mechanics' Trust Co.	6	115
New England Trust Co.	15	309
Old Colony Trust Co.	20	700
Puritan Trust Co.	6	219
State Street Trust Co.	8	*
United States Trust Co.	12	225

* No public sales.

CHICAGO NATIONAL BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 152 Monroe St., Chicago.

	Div.	Bid.	Asked.
Bankers' National Bank	8	190	200
City National Bank, Evanston	10	248	258
Commercial National Bank	12	295	305
Continental National Bank	8	253	262
Corn Exchange Nat. Bank	12	393	403
Drovers' Deposit Nat. Bk.	10	217	225
First National Bank	12	418	425
First Nat. of Englewood.	10	235	250
Ft. Dearborn Nat. Bank.	8	182	190
Hamilton National Bank.	5	131	141
Live Stock Exchange Nat. Bank	10	244	255
Monroe National Bank	4	122	132
Nat. Bank of the Republic	8	193	203
National City Bank	6	167	174
National Produce Bank	..	120	128
Oakland National Bank	6	160	...
Prairie National Bank	..	...	140

CHICAGO STATE BANKS.

	Div. Rate.	Bid.	Asked.
American Tr. & Sav. Bk.	8	212	222
Central Trust Co.	7	137	147
Chicago City Bank	10	156	165
Chicago Savings Bank	6	122	132
Colonial Tr. & Sav. Bk.	10	175	200
Drexel State Bank	6	135	...
Drovers' Tr. & Sav. Bk.	8	180	190
Englewood State Bank	6	112	120
Hibernian Banking Assn.	8	207	218
Harris Tr. & Sav. Bank.	8	235	...
Illinois Tr. & Sav. Bk.	16-4ex.	495	505
Kenwood Tr. & Sav. Bank	6	115	124
Lake View Tr. & Sav. Bk.	5	106	112
Merchants Loan & Tr. Co.	12	384	396
Metropolitan Tr. & S. Bk.	6	...	117
Northern Trust Co.	8	300	316
North Western Tr. & Sav. Bank	6	130	140
Prairie State Bank	8	250	260
Railway Exchange Bank.	4	106	120
Royal Trust Co.	8	180	190
So. Chicago Sav. Bank.	6	125	135
State Bank of Chicago	12	340	358
Stock Yards Savings Bank	6	195	205
Union Bank	6	123	133
Union Stock Yards Bank.	6	120	130
Western Tr. & Sav. Bank	6	146	155
Woodlawn Tr. & Sav. Bk.	6	118	128

BANKING AND FINANCIAL NOTES

NEW YORK CITY.

—The American Bankers' Association, through Secretary Fred. A. Farnsworth, has issued a letter with regard to a system of numbering and lettering checks and drafts under a plan outlined by the Clearing-House Section of the Association. The letter calls attention to a circular addressed last May to the banks of the twenty-five largest clearing-house cities of the country, which described the system, and contained a key showing the lettering of the cities from A to Y, and the numbering of banks according to their clearing-house number. It is stated that while the suggestion has been taken up by some of the banks, the plan as yet has not been universally adopted, and as much time, it is claimed, can be saved in transit departments by the system, its general adoption is sought. In again drawing attention to the matter, Secretary Farnsworth encloses a new form of check and draft embodying a suggestion received from several banks. It is noted that where the old form has been adopted it will not in any way interfere with the plan proposed in the new form, which involves merely a consolidation of the letter and number. The circular concludes with the request that the banks when getting out new checks or drafts adopt this system, which, when its use becomes more general, will, it is felt, work a decided advantage to the banks.

—Depositors in several trust companies of the city have received notices of a reduction or restriction of interest on their deposits. This action by the companies, it is said, is an effect of the new law which became operative on February 1 and provides for an increase of the cash reserves of trust companies to a fifteen per cent. minimum. In general about one-half per cent. has been shaded off the rate of interest. In addition some of the companies which have not as yet announced any change in their rate of interest have come out with the statement that hereafter no interest at all will be paid on daily balances of less than $1,000.

—Plans have been filed for enlarging the Hamilton Bank building at 213, 215 and 217 West 125th street, in which are located the offices of the bank, now a branch of the Northern Bank of New York. Two new stories are to be added, making it seven stories high. The improvements are to be made at a cost of $48,000 from designs by George H. Griebel, as architect for the Bank Building Company of Harlem as owner.

—Plans have been filed with Buildings Superintendent Murphy for remodeling the basement and main stories of the offices of the Bankers' Trust Company, of which Edmund C. Converse is president, in the Smith building, No. 7 Wall street, owned by the estate of W. Wheeler Smith. The improvements will include the installation of a new staircase, new ornamental marble screens and desking, and will be made from designs by Mason R. Strong, architect, for the company.

—Stockholders of the Lincoln Trust Company have authorized an increase of the capital stock from $750,000 to $1,000,000. No better proof than this could be offered to show the rapid growth of the company's business during the past year, for it will be remembered that during the days of the panic, the capital of $1,000,000 was reduced to $750,000, that depositors might be the better secured. And now with the return of prosperity, the stockholders have voted to restore the original amount of capital stock—$1,000,000.

—Otto T. Bannard has been elected president of the Provident Loan Society of New York to succeed James Speyer, who becomes treasurer.

—At the annual meeting of the Fidelity Trust Company, Robert Dickson was appointed an assistant secretary and Arthur W. Mellon was appointed trust officer.

NEW ENGLAND STATES.

—The annual banquet of the Massachusetts Bankers' Association, held at the Hotel Somerset, Boston, on Wednesday evening, January 27, was the largest in the history of the association, and was attended by at least 260 bankers and their guests. The speakers of the evening were ex-Mayor Curtis, Chas. A. Miller of Utica, N. Y., Lucius Teter, chairman of the postal committee of the American Bankers' Association. Seated at the table with President F. W. Rugg were Charles A. Miller, vice-president of the Utica, N. Y., Savings Bank; Lucius Teter, president of the Chicago Savings Bank and Trust Company; Hon. Edwin U. Curtis; Francis B. Sears, vice-president of the National Shawmut Bank; James A. Parker, vice-president of the Old Colony Trust Company; Francis A. Shove, treasurer of the Malden Savings Bank; C. A. Ruggles, manager of the Boston Clearing-House; Fred F. Farnsworth, secretary of the American Bankers' Association; H. M. Batchelder, president of the Merchants National of Salem, and I. M. Longley, vice-president of the Boston Safe Deposit and Trust Company.

—Arthur W. Pinkham of Lynn, Mass., who has been elected president of the Lynn National City Bank, is twenty-nine years old and is one of the youngest national bank presidents in the state. He succeeds Frederick S. Pevear, who has been president of the institution for sixteen years. Mr. Pevear was re-elected president, but immediately resigned and the directors voted Mr. Pinkham into his place.

Mr. Pinkham has been vice-president of the bank for two years. He is the son of the late Charles H. Pinkham and grandson of Lydia Pinkham. He graduated from Brown University in 1902. He is president of the Oxford Club, a member of the Lynn park commission, a director of the Security Trust Company and a trustee of the Lynn Institution for Savings. He is unmarried.

—Following the remodeling of the new quarters of the Board of Trade and others, the directors of the Gloucester National Bank, of Gloucester, Mass., which institution is the owner of the building, have decided to remodel and renovate the banking quarters. Workmen are already engaged in the labor and when completed the bank will occupy quarters much improved and more up to date than those of the past.

A portion of the old directors' room on the front of the building will be taken into the new general public banking rooms, and new mahogany fixtures and furniture installed, and a tiled floor laid.

The improvements when finished will be very marked in comparison to what has been in use for so many years.

—At the annual meeting of the New Britain National Bank of New Britain, Conn., all the old officers were re-elected. They are: Andrew J. Sloper, president; David N. Camp, vice-president; F. S. Chamberlain, cashier; Andrew S. Parsons, assistant cashier.

—The First National Bank of Somersworth, N. H., which was obliged to close its doors on Dec. 9, reopened for business on February 8, and it is said that nearly everyone in the town wore a smile. Melvin L. Stevens, the new cashier, well known in Somersworth, was kept busy all day greeting patrons of the bank, and the business of the day was most satisfactory, the deposits being large. All who had money in the institution were surprised and pleased upon looking at their pass books to find that they had been credited with interest from the date of suspension.

—George L. Woodward has been elected secretary and treasurer of the South Norwalk (Conn.) Savings Bank to fill the vacancy caused by the death of George F. Bearse.

—There are fifty-two savings banks, forty trust companies and thirty-five building and loan associations now doing business in the state of Maine, according to the report of State Bank Examiner William B. Skelton of Lewiston. These institutions have total assets of $140,635,861, a gain of $4,257,548 over last year. Including dividends, the deposits in the savings banks during the past year showed a year's increase of $748,963. The percentage of gain for the year was 88 per cent., as compared with 3.3 per cent. the year before. The table of deposits and withdrawals gives the total amounts of deposits as $86,131,410, the year's total additions being $18,919,999, against which there were withdrawals amounting to $18,171,035. The estimated value of the resources of the savings banks above liabilities is given as $9,965,764, against $11,067,770 for the year 1097. There is an increase of $93,172 in reserve fund and of $81,316 in undivided profits.

EASTERN STATES.

—At the annual meeting of the German National Bank of Pittsburgh, J. F. Erny was elected president to replace A. A. Frauenheim, who was temporarily chosen in December as successor to W. W. Ramsey, resigned. Mr. Frauenheim again becomes vice-president of the bank. With his election as head of the German National, Mr. Erny retires as president of the German Savings & Deposit Bank of Pittsburgh, in which post he is succeeded by J. E. Roth.

—The directors of the Guardian Trust Co. of Pittsburgh, Pa., have elected William T. Lyon president of the institution. The company will shortly move to its new quarters at 329 Fourth avenue.

—At the annual directors' meeting of the Allegheny Valley Bank of Pittsburgh, John Loresch was elected president and Frank Leckner was chosen vice-president. F. J. Kuesling is cashier.

H. F. Richards, treasurer of the Federal Trust Co. of Philadelphia, has also been made secretary of the institution, to fill the vacancy due to the resignation of H. C. Davis.

—William B. Vrooman, who is well and favorably known in banking circles in Philadelphia, has been elected secretary and treasurer of the Peoples Trust Company of Philadelphia. Mr. Vrooman has been acting in the capacity of assistant since the death of former treasurer William H. Harper.

—A meeting of the stockholders of the American Bank of Philadelphia will be held on March 11 to act on the question of increasing the capital from $50,000 to $100,000. The institution is located at Broad street and Passayunk avenue; it began business on June 1, 1908. It is stated that there is a likelihood of its conversion to the national system.

—Group II., Pennsylvania Bankers' Association, held their fourteenth annual meeting February 12, at the Bellevue-Stratford, Philadelphia. This group comprises the section of Pennsylvania immediately adjacent to Philadelphia, but not included in it, and the annual meetings are always held in this city. Among the topics discussed were: "How can bankers guard against the over-capitalization of corporations, the securities of which have become the principal offerings?" "Postal Savings Banks," "National Currency Associations," and "The Twenty-Nine Questions." In addition to the regular programme, the association observed the one hundredth anniversary of the birth of Abraham Lincoln, and an address was delivered by Dr. G. M. Philips, principal of the West Chester State Normal School, on "Lincoln—a Comparison."

—The stockholders of the Maryland Trust Company of Baltimore have elected J. V. McNeal as vice-president. L. S. Zimmermann continues as acting president; Carroll Van Ness is secretary; Jarvis Spencer, Jr., treasurer; and Ivan Skinner, assistant secretary and treasurer. Mr. McNeal, the new vice-president, is fourth vice-president and treasurer of the Baltimore & Ohio R. R Company.

—William D. Hoover has been elected president of the National Savings and Trust Co., of Washington, D. C., to succeed Thomas R. J. Jones. The other officers are: E. Francis Riggs, first vice-president; Woodbury Blair, second vice-president; Frank W. Stone, third vice-president; George Howard, treasurer; Charles E. Nyman, secretary; Frank Stetson, assistant trust officer; Samuel J. Henry, assistant treasurer; Charles C. Lamborn, assistant treasurer and assistant secretary. The bank has a capital of $1,000,000 and deposits of $6,020,800.

—Directors of the Marine Trust Company, of Atlantic City, N. J., have adopted plans for a $50,000 banking house, to be erected at Atlantic and New York avenues The structure will be of stone and fitted with tile and mahogany with a luxuriously equipped waiting room for women patrons. Davis & Davis, of Philadelphia, are the architects.

It is expected the new home will be ready for occupancy late in the coming summer.

—A number of Jamestown, N. Y., Swedish-American manufacturers are taking the lead in a movement to found a new bank to be known as the Scandinavian-American Bank, and capitalized at $200,000. These men include A. C. Norquist of the A. C. Norquist Furniture Company; Edward Nord of the Union Furniture Company, and William Hjorth of the Hjorth Manufacturing Company. Forty men have thus far agreed to subscribe for stock, and this number will be increased tenfold; for it is the purpose of the men at the head to limit the number of shares held by individuals. In short, it is to be a bank of small stockholders, so that no one man will be in control.

—The Syracuse Trust Company of Syracuse, N. Y., has increased its semi-annual dividend from four to five per cent., thus increasing the annual dividend from eight to ten per cent.

At the annual meeting of directors the following officers were elected: President, F. R. Hazard; vice-presidents, W. A. Holden, W. L. Smith, William Nottingham; secretary, James M. Gilbert; treasurer, George M. Barnes. The executive committee was re-elected.

—About 160 of the bankers of Troy, Albany and other cities of eastern New York attended the annual meeting and dinner of Group V. of the New York State Bankers' Association Saturday evening, January 30, at the Hotel Ten Eyck, Albany. The following officers were elected: Chairman, Henry Colvin of the National State Bank of Troy; secretary, Jacob H. Herzog of the National Commercial Bank of Albany; executive committee, A. W. Sherman, cashier of the First National Bank of Glens Falls, James S. Clute of the Manufacturers' National Bank of Cohoes, J. N. Jarvis of the Second National Bank of Cooperstown, Dewitt C. Dow of the First National Bank of Cobleskill and John R. Wilson of the People's National Bank of Salem. At the banquet retiring Chairman Kerley presided as toastmaster and four speeches were heard, from Superintendent Clark Williams of the State Banking Department; Attorney General Edward R. O'Malley, William P. Rudd and Rev. James S. Kittell of the First Reformed Church of Albany.

MIDDLE STATES.

CHICAGO.

—Reports of the sixteen national banks of Chicago showing their condition at the close of business Feb. 5 made a new high record in the matter of deposits. The total was $398,442,523, against a previous high record of $378,381,371 Nov. 27, 1908. The growth, however, has been steady with the national institutions, so that records do not excite any particular attention. General business is dull, and this may be taken to account for the idle money which is accumulating in the commercial banks.

Illinois Trust and Savings Bank, Chicago—Lincoln Centennial Decorations.
(Group of the Bank Clerks in the Foreground.)

A number of the banks showed new records individually. Following are the figures:

LOANS AND DISCOUNTS.

	Feb. 5, 1909.	Nov. 27, 1908.
Bankers'	$13,255,347	$12,191,059
Commercial	32,068,486	30,216,448
Continental	44,898,028	45,790,509
Corn Exchange	39,546,120	36,682,570
Drovers' Deposit	4,249,884	4,152,299
First National	71,636,148	63,660,841
First of Englewood	1,592,974	1,724,706
Fort Dearborn	7,890,620	7,582,770
Hamilton	4,871,351	4,054,863
Monroe	738,795	660,492
National Bank of Rep.	15,268,620	13,902,432
National City	7,654,910	6,783,828
Live Stock Exchange	6,949,446	6,970,862
Oakland	892,570	926,758
Produce National	641,233	678,767
Prairie National	928,414	1,095,861
Total	$252,971,756	$237,075,068

DEPOSITS.

	Feb. 5, 1909.	Nov. 27, 1908.
Bankers'	$23,290,396	$19,978,812
Commercial	48,288,458	46,470,658
Continental	73,037,218	68,967,667
Corn Exchange	62,037,985	60,053,533
Drovers' Deposit	6,940,846	6,829,944
First National	112,709,701	108,647,516
First of Englewood	2,477,006	2,303,720
Fort Dearborn	11,617,600	11,421,885
Hamilton	8,008,000	7,492,015
Monroe	1,031,258	1,104,557
Nat'l Bank of Rep.	22,612,008	21,922,759
National City	12,612,507	10,204,309
Live Stock Exchange	10,026,768	9,699,056
Oakland	1,078,114	1,042,703
Produce National	1,120,343	904,859
Prairie National	1,545,315	1,337,387
Total	$398,442,523	$378,381,370

CASH RESOURCES.

	Feb. 5, 1909.	Nov. 27, 1908.
Bankers'	$10,997,134	$9,251,083
Commercial	18,250,970	17,800,079
Continental	31,774,579	30,266,855
Corn Exchange	24,438,792	25,278,202
Drovers' Deposit	3,384,705	3,360,366
First National	46,751,681	52,329,592
First of Englewood	572,873	425,465
Fort Dearborn	4,302,573	4,551,122
Hamilton	3,030,966	3,238,370
Monroe	445,618	474,423
Nat'l Bank of Rep.	10,469,469	11,295,185
National City	5,450,653	4,804,240
Live Stock Exchange	4,679,230	1,194,235
Oakland	238,932	173,986
Produce Exchange	523,688	349,652
Prairie National	841,286	509,192
Total	$165,353,098	$168,298,047

—Many of the banks of Chicago took exceptional pains to decorate their buildings elaborately and tastefully on the occasion of the Lincoln Centennial, feeling that in a special sense the Great Emancipator belonged to that city.

One of the examples of bank decoration on that day that called forth praise from the newspapers and the public was that of the Illinois Trust and Savings Bank. Herewith is shown a view of the decorations on the La Salle street side of the building, the clerks of the bank appearing in the foreground.

—At the directors' annual meeting of the Hamilton National Bank of Chicago, W. T. Perkins, assistant cashier, was elected vice-president in place of J. H. Cameron, who has filled the position since the organization of the bank. Mr. Cameron has resigned from the board of directors and expects soon to engage in another line of business. Mr. Perkins has, for a young man, had quite a wide experience in banking. His initial service was with the Chemical National of New York, where he spent five years; then for a number of years he was with the German National and the Western Bank of Denver in various capacities, culminating with the cashiership of the latter institution. For the past three years he has been with the Hamilton National of Chicago, rendering praiseworthy service. At a more recent meeting of the board W. N. Jarnagin was elected an assistant cashier. Mr. Jarnagin was formerly an assistant cashier of the Monroe National Bank.

—A charter has been issued to the Sheridan Trust and Savings Bank of Chicago.

The incorporators are: W. J. Klingenberg, manager of the collection department of the First National Bank; C. W. Ross, in charge of new business accounts of the Commercial National; Thomas F. Love, a capitalist, living at the Auditorium Annex; Malcolm Lamont, a real estate dealer in Evanston avenue, near Wilson, and Theodore Krueger of the Theodore Krueger Hardware Company.

The plan is to establish the new bank in the vicinity of Wilson and Evanston avenues.

—On February 5, the Union Trust Company reported deposits of $13,388,596, loans and discounts of $7,132,503, and a surplus of $1,000,000, all earned.

This reveals a growth in deposits for the year of $2,729,781.

CONSOLIDATED CASUALTY COMPANY OF CHICAGO.

—Robert B. Armstrong, president of the Consolidated Casualty Company of Chicago, is an executive of force, character and experience. Indeed his whole career, up to last fall, when the Consolidated Casualty Company was organized, has been a sort of training field for the responsibilities of the position which he now fills.

Mr. Armstrong was born near Des Moines, Iowa, August 19, 1873. He received his early education in the public schools of Polk City, Iowa, and then entered the State Agricultural College, to graduate in 1892, with the degree of honorary Ph.M. After his graduation, Mr. Arm-

HON. ROBERT B. ARMSTRONG
President, Consolidated Casualty Company of Chicago.

strong acquainted himself with the printer's trade and became the editor of various Des Moines newspapers. His work here attracted attention and secured for him a position with the Chicago "Record-Herald" as political editor in charge of that paper's eastern editorial work. This was from 1896 to 1898. From 1898 to 1901, he did some work in New York as the Eastern correspondent of the Chicago Record-Herald; from 1901 to 1902 he was the western correspondent of the New York Herald, with offices in Chicago.

In April, 1902, Mr. Armstrong was appointed private secretary to Leslie M. Shaw, Secretary of the Treasury, and while in this capacity displayed such marked administrative ability and such a mastery of details, that in February, 1903, he received the appointment of First Assistant Secretary of the Treasury. He resigned this office in March, 1905, to accept the presidency of the Casualty Company of America in New York City. But two years later he was obliged to resign because of broken health and go abroad to recuperate. Upon his return to America, Mr. Armstrong was elected president of the Philadelphia Casualty Company, Philadelphia, and it was from this corporation that he resigned last September in order to assist in the organization of the Consolidated Casualty Company of Chicago, and later to become its president.

—Charles N. Ayers, recently appointed assistant cashier of the People's State Bank of Detroit, Mich., has assumed his active duties with that institution.

—Charles O. Patch, late of the Cleveland Trust Co., is now vice-president of the Security Trust Co. of Detroit, Mich.

—At the annual meeting of the Minneapolis, Minn., Clearing-House, F. M. Prince, president of the First National Bank, was elected president; F. A. Chamberlain, president of the Security National, vice-president, and Perry Harrison, vice-president of the Security National, re-elected manager.

—Simon Casady, formerly president of the Des Moines Savings Bank, of Des Moines, Ia., has been elected president of the Central State Bank of that city, succeeding H. B. Hedge, who has become a vice-president. The capital of the Central has been increased from $50,000 to $200,000.

—L. B. Tebbetts and W. L. McDonald have retired as vice-presidents of the Commonwealth Trust Company of St. Louis. Their successors are S. M. Kennard and Samuel C. Davis.

—Application to organize the Planters' National Bank of St. Louis, Mo., has been approved. The officers of the new bank are: Harry M. Rubey, chairman of the State Democratic Committee, president; W. F. Churchman of Indianapolis, until recently president of the Capital National Bank of that city, first vice-president; C. H. D. Lewis of Kansas City, second vice-president, and F. M. Estes of St. Louis, counsel. The cashier has not yet been elected. The capital stock of the bank is to be $1,000,000.

—The Mechanics-American National Bank of St. Louis has strengthened its official staff by the election of Jackson Johnson as vice-president. Mr. Johnson is president of the Roberts, Johnson & Rand Shoe Co. of St. Louis, one of the leading shoe manufacturing companies of the United States. The Mechanics-American National has a capital of $2,000,000, surplus of $2,500,000 and deposits of $26,867,728. Walker Mill is president.

—The next convention of the Missouri Bankers' Association will be held at St. Joseph on May 5 and 6. These dates were determined by a session of the executive council held in Sedalia.

—Frederick Hertenstein has been chosen president of the Western German Bank of Cincinnati, to succed Leopold Kleybolte, resigned. Henry Hoppe has become cashier in place of George Opitz, and Adolph Dreyer has been elected to the new office of second vice-president. Edward F. Weil is retained as first vice-president and Albert Widman and Charles W. Dupuis continue as assistant cashiers.

—The following officers were elected at the annual meeting of the Cleveland (Ohio) Clearing-House Association: President, E. R. Fancher, vice-president of the Union National Bank; vice-presidents, F. W. Wardwell, president Cleveland National Bank, and E. R. Date, cashier National City Bank. C. E. Collins, for many years secretary and manager of the clearing-house, was re-elected to that position.

The executive committee is composed of Thomas H. Wilson, first vice-president of the First National; Col. J. J. Sullivan, president of the Central National; George S. Russell, cashier of the Bank of Commerce, N. A.; T. W. Hill, cashier of the Cleveland National, and L. A. Murfey, cashier of the National Commercial.

—C. N. Mathews has been elected cashier of the First National Bank of Louisville, Ky., succeeding James B. Brown, who became president in November last, following the retirement of Clint C. McClarty. J. J. Flynn is Mr. Mathews' successor as assistant cashier

SOUTHERN STATES.

—Pending the work of erecting a new banking house, the Norfolk (Va.) National Bank will conduct its business in a building adjoining the Norfolk Bank for Savings and Trust and formerly occupied by the National Bank of Commerce.

The new building will be built on the site of the old one which is now coming down to make room for it.

It will be modernly designed and furnished and will cost $75,000 or more.

At a recent meeting of the directors provision was made for amending the by-laws of the bank, so that Cashier A. B. Schwarzkopf might be made vice-president and Assistant Cashier W. A. Goodwin become cashier.

—A charter has been granted to the Haralson County Bank of Buchanan, Ga. Its capital stock is to be $25,000. The organizers are sanguine about the new institution and feel assured that it will be successful.

—The National Bank of Savannah, Ga., on February 5 reported a surplus and undivided profits fund of $422,356; deposits of $1,608,133; and total available resources of $2,515,695.

Herman Myers is president of the bank; Sigo Myers, vice-president; F. D. Bloodworth, cashier; R. R. Withington, assistant cashier.

—G. N. Cox, cashier of the People's Bank of Sheffield, Ala., since its organization two years ago, has resigned his position and gone to San Antonio, Tex., where he will reside. He is succeeded by F. W. Glover, of Guntersville, Ala.

—Thomas E. Lovejoy has been elected vice-president of the Montgomery Bank and Trust Co. of Montgomery, Ala.

The management is unchanged otherwise, with W. E. Halloway, president, Meyer L. Greil, vice-president, F. H. Logan, cashier, and John W. Kelley, secretary.

—The Mississippi Bankers' Association will hold its annual meeting in Columbus, Mississippi, on Tuesday and Wednesday, May 11 and 12. B. A. Weaver, president of the Columbus Insurance and Banking Company; Capt. C. A. Johnston, president of the First State Bank, and Joseph Street, president of the Merchants and Farmers Bank, the three local depositories, are arranging the entertainment for the visitors when they come to Columbus. The programme for the business to be transacted at the meeting will be arranged by the executive committee of the association.

—R. E. Craig, upon his retirement from the presidency of the New Orleans National Bank of New Orleans, Ala., was made the recipient of a handsome loving cup from the directors of the board. Gustave Lemle, one of the directors and attorney for the bank, made the presentation speech. Mr. Craig, while relieved of the responsibilities of the presidency will still serve as a director and keep in touch with every important step which the bank may make.

—Following the regular semi-annual conclave of the Williamson County Bankers' Association, which was held in Taylor, Texas, February 5, the officers of the three national banks of Taylor entertained their visiting members with a banquet served in the dining room of the Murphy hotel.

The personnel of the party was as follows: C. C. Gidney, I. D. Benson, I. N. Keller, D. G. McFadin and A. W. Storrs of the Granger National Bank; S. M. Brown and F. W. Carothers of the two Georgetown national banks; C. W. Pfluger, cashier of the Coupland State Bank; Charles A. Davis of the Thorndale State Bank, and the following officers of the Taylor national banks; President J. J. Thames, vice-president John H. Griffith, cashier James Shaw, and director M. F. Klattenhoff of the City; vice-president Curren Mendel, cashier G. M. Booth and assistant cashier F. W. Jaeggli of the Taylor, president Fred L. Welch, vice-president Francis H. Welch and cashier Robert J. Eckhardt of the First.

—The Merchants State Bank of Port Arthur, Texas, opened for business February 2. This bank absorbed the Park Bank and Trust Company of Port Arthur and occupies quarters formerly used by that institution. W. E. Hall is president; S. O. Latimer is vice-president. All of the capital is from local sources.

—R. C. Ayres, heretofore cashier of the Commonwealth National Bank of Dallas, Texas, has been elected president of the institution, to take the place of E. M. Turner. Manton W. Jones, assistant cashier, has been chosen to fill the post of cashier.

—Leslie Cheek has been elected president of the Union Bank & Trust Co. of Nashville, Tenn., to succeed Edgar Jones. Watkins Crockett, cashier, was at the same time made a vice-president and E. R. Burr was chosen to the cashiership.

—The first meeting of the West Tennesse group of the Tennessee Bankers' Association was held February 16, at Jackson, Tenn., and was attended by nearly two hundred of the most prominent bankers in the western grand division of the state. The primary object of the meeting was to discuss and take action on the Stewart Bill which has been introduced in the state legislature and provides for the creation of a fund by the banks of the state to guarantee deposits of a failed bank.

The body as a whole declared itself as unalterably opposed not only to the Stewart Bill but to any legislation which provided for a guaranty of deposits on the grounds that it was not needed, was not fair, nor just, but would encourage "wild cat" banking and would work a hardship on all banking institutions of recognized standing.

WESTERN STATES.

—Oklahoma City, Oklahoma, will have another state bank in operation by the first of March.

Articles of incorporation have been issued for the Guaranty Bank, the incorporators being four Oklahoma City men—F. C. Morey, W. S. Hicks, George E. Black and S. L. Dorsey. The capital will be $25,000 and will be furnished by the incorporators.

Mr. Hicks wil be president of the new bank and Mr. Morey cashier. The company will transact a general banking business. Quarters for the new concern have not yet been definitely selected.

—A new banking institution is being organized for Yale, Oklahoma, and it is expected to be in operation in a very short time, as the Yale's State Bank. The following are directors: W. H. Norgrave, president; Will Lauderdale, cashier; John Foster, Jacob Puckett, C. W. Carpenter, W. B. Hudson, J. F. Harriott.

—The Lawrence State Bank of Lawrence, Nebraska, has been incorporated with B. F. Seroggin as president, Henry Buescher, vice-president, and H. G. Eggeress, cashier.

—On January 15 the Fourth National Bank of Wichita, Kansas, in response to an official call, submitted an excellent statement of its condition.

L. S. NAFTZGER
President Fourth National Bank, Wichita, Kans.

The bank, which is a depository for government, state, county and city funds, has a capital stock of $200,000 and a surplus of $125,000. Its deposits amount to $2,913,051 and there is an undivided profits fund of $22,136.

The officers are: L. S. Naftzger, president; J. M. Moore, C. W. Brown, W. R. Tucker, vice-presidents; V. H. Branch, cashier.

—A new bank is to be established in Springdale, Ark., to be known as the Fruit Exchange Bank, and it is expected to be ready for business April 1. It will have a paid up capital of $50,000. L. D. Petross will be president of the bank and Charles Jarvis secretary and treasurer.

—Owing to its increased business the First National Bank of Weiser, Utah, has found it necessary to declare an increase of capital from $50,000 to $75,000.

PACIFIC STATES.

—The Bankers' Associations of the states of Washington, Oregon and Idaho will hold a joint convention in the city of Seattle, Washington, June 24, 25 and 26, 1909. This convention will be very largely attended and will probably be one of the most important meetings of the year. For entertainment features the visiting bankers will have the Alaska Yukon Exposition at their disposal and no doubt many will see fit to remain in Seattle longer than the three convention days.

—Kincaid & Long, private bankers, White Bluffs, and the Commercial Bank of Molson, Molson, are new members of the Washington Bankers' Association.

—T. B. Minahan, a banker of long experience and former vice-president of the American Savings Bank and Trust Company, has been elected vice-president of the Scandinavian American Bank of Seattle, Washington.

—William L. Collier, who for nearly three years was manager of the Miners and Merchants Bank of Nome, Alaska, has accepted the cashiership of the Northern Bank and Trust Company of Seattle and has entered upon his new duties. Mr. Collier succeeds James T. McVay, who is now cashier of the Security Bank of Seattle.

Mr. Collier was for a long time assistant cashier of the Scandinavian-American Bank of Seattle, having resigned in 1906 to accept a position with the Miners and Merchants Bank of Nome. This relation continued until October. Mr. Collier has a wide acquaintance in Seattle and in Alaska and makes a strong addition to the staff of the Northern Bank and Trust Company.

—At the annual meeting of the Spokane clearing-house association J. P. M. Richards, president of the Spokane and Eastern Trust Company, was chosen president of the association for the coming year. Mr. Richards has served as vice-president during the past year. A. F. McClaine, vice-president of the Traders National, was elected vice-president; and W. D. Vincent, cashier of the Old National, was elected secretary and treasurer.

This is the third time that Mr. Richards has been president of the clearing-house association. In the fall of 1907, during the financial stringency, Mr. Richards was chairman of the executive committee. Mr. McClaine, the new vice-president, recently came to Spokane from Tacoma to take the vice-presidency of the Traders National.

—The Pioneer State Bank of Almira, Wasnington, has opened for business, with

F. J. Trunk, formerly with the Old National, as cashier. The other officers are: W. R. Cunningham, Jr., president; O. H. Greer, vice-president. As soon as spring opens a bank building will be erected for a permanent home. Among other stockholders, besides those mentioned as officers, are: A. E. Parsons of Spokane, J. C. Keller, Almira, and A. G. Gritman, of Ritsville.

—The financial letter of the American National Bank of San Francisco for January is full of their usual interesting matter. For one thing, they show San Francisco's commanding position in business by submitting their bank clearings as against the combined clearings of all the other reserve cities of the coast for the year 1908. San Francisco's clearings were $1,757,000,000. The other cities were $1,771,000,000. It also notes the fact that while there was a loss of $13,000,000 of the savings deposits of San Francisco during the year, that figure about expresses the gain that is made in commercial deposits. "The inference is reasonable," says the letter, "that the savings were taken from the vaults of luxurious idleness and put to work at more productive occupation." The letter closes with an interesting discussion of the then existing conditions in European and Oriental exchange.

—Stockholders of the London-Paris National Bank of San Francisco have been asked to meet on March 8 to act on the proposition to increase the capital from $2,500,000 to $4,000,000. The question of changing the name of the institution to the Anglo and London Paris National Bank, in line with the consolidation plans entered into with the Anglo-California Bank, Ltd., will also be submitted for ratification.

—On the morning of February 1 the First National Bank of San Francisco opened in its new quarters at Post and Montgomery streets. Business, which had been dull during January, on account of the inclement weather, immediately began to assume greater proportions and the officers and clerks gave the new building the credit for their busy day.

The corridors of the institution were thronged all day with visitors, who inspected the new counting house from the mezzanine floor down to the safe deposit vaults. The interior of the bank was filled with floral pieces bearing mottoes of success and good luck.

The banking room proper is entirely of marble and bronze. The ceiling is white and old gold, inlaid with a deep blue. The doors and all grill work are of bronze, while the directors' rooms and office furniture are mahogany.

The safe deposit vaults, which are said to be the largest in the city, are almost complete. Several freight cars were used to transport the steel sides and fronts to this coast and it required six months' time to install them. The old premises of the bank, it is reported have been offered to the government for an addition to the subtreasury site, but as yet no answer has been received from the treasury authorities as to whether they have considered the site.

—Headquarters of National Bank Examiner Eugene T. Wilson, chairman examiner of the Pacific Coast district, and Examiner F. H. Luce, have been removed from Davenport, Washington, to Seattle. Mr. Wilson has resided in Davenport since 1904 on account of his duties as receiver of the Big Bend National. An excellent record was made by Mr. Wilson in winding up the affairs of the bank at an expense of only 4.6 per cent. of the liabilities and 5.1 per cent. of the collections.

—The stockholders of the Union Savings & Trust Company of Seattle have formally ratified the proposition recommended by the directors to increase the capital from $100,000 to $300,000. The entire amount of additional capital, it is reported, has been subscribed and paid for.

—On February 9, the Union Exchange Bank of Los Angeles reopened for business under new management.

I. L. Spencer of St. Louis, who is connected with the Manahattan Securities Company of New York, is president, and H. J. Haynes, of the same company, vice-president. Benjamin Marks of Wisconsin is cashier. By the new arrangement not one depositor of the old institution will lose a cent, many already having been tendered checks in full for their deposit accounts.

—Stockholders of the San Diego Savings Bank of San Diego, Cal., at their annual meeting elected the following officers and directors: M. T. Gilmore, president; J. W. Sefton, Jr., vice-president; E. M. Barber, cashier; who with the following constitute the board of directors: R. M. Powers, M. F. Heller, J. Perry Lewis, William Crouse, A. H. Sweet and W. R. Rogers.

The choice of Mr. Gilmore to guide the future destinies of the bank is a particularly happy and judicious selection, and is a guarantee that the bank will follow the same sound and conservative methods which in the past have established its reputation for security and stability throughout the southern part of the state.

Mr. Gilmore has been connected with the banking business of San Diego since his arrival from Bangor, Maine, in 1883. He was one of the first stockholders in the Bank of Southern California, which was subsequently merged into the First National Bank, of which institution he became the assistant cashier, serving in such capacity until the year 1889, when he resigned and organized the San Diego Savings Bank, becoming its first cashier. As cashier he ably served for sixteen years and in the year 1905 he was elected vice-president.

—At the annual meeting of the Corona (Cal.) National Bank, M. Terpening, the cashier, was made president; C. L. Sutherland, vice-president; and H. L. Lyman, cashier. The Corona National reports a most successful year and now has a surplus and profits fund of $1,200 and total deposits of $140,000.

CANADA.

—It is reported that the Traders Bank of Canada may establish a branch in Montreal, which will be followed by the opening of other branches throughout the province of Quebec. In view of the excellent record made by the bank for the current year, it is not surprising that the directors are contemplating a further extension of the bank's influence.

—At the last annual meeting of the Banque Provinciale held in Montreal, the directors were authorized to increase the capital stock by $500,000, to be issued at the discretion of the board. During the year the bank earned the net sum of $121,569, which was equal to twelve per cent. earned on the paid up capital.

—Robert Campbell, acting general manager of the Northern Crown Bank of Winnipeg since the resignation of Mr. De Courcy O'Grady, has been appointed general manager by the board of directors.

Mr. Campbell is a native of the city of Montreal and began his banking career with the Bank of Montreal, in whose service he remained twenty-three years, occupying several responsible positions, being for a time assistant manager of that bank in Toronto.

In leaving the Bank of Montreal Mr. Campbell accepted a responsible managerial position with Messrs. Mackenzie & Mann in the conduct of the Inverness Railway and Coal Company in Inverness, Cape Breton, remaining several years.

In December, 1906, he accepted the position of inspector of branches of the Northern Bank and came to Winnipeg to reside. Appointed superintendent of branches, Mr. Campbell held that position until his appointment, upon the resignation of Mr. O'Grady a few months ago, as acting general manager of the Northern Crown Bank.

—Branches of the Royal Bank of Canada have been established at the following places: Lumsden, Sask., Edward Quirk, manager; Galt, Ont., William Philip, manager; and one at Gowganda.

At the annual meeting of the Royal Bank held recently in Montreal, it was decided to issue $1,000,000 of additional capital during the company year, bringing the paid-up capital up to $5,000,000.

—Arthur R. Sampson, assistant manager of the Dominion Bank at Winnipeg, has been appointed manager of the branch at Guelph, Ont.

—The Standard Bank of Canada has opened a branch at Arkona, Ont., under the joint management of J. Wilcocks and G. N. Brown.

—On February 1, the new Winnipeg Stock Exchange was opened, thus becoming the fourth exchange in the Dominion. It is believed that the new organization will have a successful career and will be of untold benefit to the crop raisers of the West.

—In their general statement for January 30, the Union Bank of Halifax, N. S., reports forty-two branches in active operation. The bank has had a most successful year and is credited with a reserve fund of $1,200,000, and total deposits of $7,421,559.

NEW BANKS, CHANGES IN OFFICERS, ETC.

NEW NATIONAL BANKS.

The Comptroller of the Currency furnishes the following statement of new National banks organized since our last report.

Applications to Organize National Banks Approved.

The following notices of intention to organize National banks have been approved by the Comptroller of the Currency since last advice.

First National Bank, Crandon, Wis.; by Henry Jay, et al.
U. S. National Bank, Fessenden, N. D.; by E. F. Volkmann, et al.
First National Bank, Bend, Oreg.; by C. S. Hudson, et al.
First National Bank, Cheraw, S. C.; by Edw. McIver, et al.
Citizens National Bank, Attleboro, Mass.; by J. L. Sweet, et al.
Nichols National Bank, Nichols, N. Y.; by J. R. Edsall, et al.
First National Bank, St. Elmo, Ill.; by T. F. Heckert, et al.
First National Bank, Anamoose, N. D.; by C. G. Kapelovitz, et al.
Trinity National Bank, Dallas, Texas.; by J. H. Ardrey, et al.
First National Bank, Higginsport, Ohio.; by J. E. Lyons, et al.
Farmers and Traders National Bank, Westfield, Pa.; by E. M. Tucker, et al.
First National Bank, Wyoming, Del.; by C. E. Wetzel, et al.
Union National Bank, Providence, Ky.; by A. E. Orr, et al.
First National Bank, Prairie View, Kan.; by J. S. Garberson, et al.
First National Bank, Selby, S. D.; by H. P Gutz, et al.
Benton County National Bank, Prosser, Wash.; by G. W. Hamilton, et al.
First National Bank, Wheaton, Ill.; by A. L. Metzel, et al.
Planters National Bank, St. Louis, Mo.; by W. F. Churchman, et al.
Windsor National Bank, Windsor, N. Y.; by T. V. Furman, et al.
American National Bank, Bowling Green, Ky.; by J. Whit Potter, et al.

Applications for Conversions to National Bank Approved.

State Bank, Warroad, Minn.; into First National Bank, Warroad, Minn.
Bank of Artesia, N. M.; into State National Bank, Artesia, N. M.
Farmers and Merchants Bank, Hollister, Cal.; into First National Bank, Hollister, Cal.
Thornton Banking Co., Nevada, Mo.; into Thornton National Bank, of Nevada, Thornton, Mo.
Allen County Bank, Scottsville, Ky.; into Allen County National Bank, Scottsville, Ky.
Douglas County Bank, Roseburg, Oreg.; into Douglas National Bank, Roseburg, Oreg.
Security State Bank, Stanley, N. D.; into First National Bank, Stanley, N. D.
First State Bank, Philip, S. D.; into First National Bank, Philip, S. D.

National Banks Organized.

9322—First National Bank, East Islip, N. Y.; capital, $25,000; Pres., E. Thompson; Vice-Pres., G. K. Day; Cashier, O. S. Brewster.
9323—First National Bank, Coalinga, Cal.; capital, $50,000; Pres., S. P. Young; Vice-Pres., A. E. Webb; Asst. Cashier, C. E. Whitney.
9324—First National Bank, Earle, Ark.; capital, $30,000; Pres., C. T. Whitman; Vice-Pres., M. T. Boone; Cashier, H. A. Morrison; Asst. Cashier, A. Horner.
9325—Tremont National Bank, Tremont, Ill.; capital, $25,000; Pres., A. H. Menard; Vice-Pres. and Cashier, F. J. Davis. Conversion of Tremont Bank.
9326—National Bank of Wappingers Falls, Wappingers Falls, N. Y.; capital, $25,000; Pres., J. C. DuBois; Vice-Pres., John O'Farrell; Cashier, W. R. Tanner.
9327—Northern National Bank, Duluth, Minn.; capital, $250,000; Pres., J. L. Washburn; Vice-Pres., J. G. Williams; Cashier, J. W. Lyder, Jr.
9328—First National Bank, North Bend, Oreg.; capital, $25,000; Pres., J. C. Gray; Vice-Pres., J. V. Pugh; Cashier, J. W. Gardiner.
9329—Farmers National Bank, Monticello, Ga.; capital, $30,000; Pres., E. H. Jordan; Vice-Pres., J. A. Kelly; Cashier, D. N. Harvey. Conversion of Farmers Bank of Monticello.
9330—First National Bank, Mercersburg, Pa.; capital, $25,000; Pres., D. W. Faust; Vice-Pres., L. H. Johnson; Cashier, F. P. Brewer.
9331—Citizens National Bank, Waverly, Tenn.; capital, $50,000; Pres., A. P. McMurray; Vice-Pres., B. R. Thomas; Cashier, Mason Sanders.
9332—First National Bank, Walnut Ridge, Ark.; capital, $25,000; Pres., T. J. Sharum; Vice-Pres., W. G. McClamroch; Cashier, C. W. White.
9333—American National Bank, Caldwell, Idaho; capital, $25,000; Pres., S. D. Simpson; Vice-Pres., J. C. Nichols. Conversion of the American State Bank, Caldwell.
9334—First National Bank, Paris, Tenn.;

capital, $50,000; Pres., Sol Jones; Vice-Pres., T. B. Walker; Cashier, O. Yates. Conversion of Citizens Bank of Paris.

9335—Commercial National Bank, Statesville, N. C.; capital, $100,000; Pres., M. K. Steele; Vice-Pres., E. Morrison; Cashier, D. M. Ausley.

9336—First National Bank Versailles, Ohio; capital, $30,000; Pres., R. W. Douglas; Vice-Pres., D. F. Douglas; Cashier, C. B. Douglas.

9337—First National Bank, Three Forks, Mont.; capital, $25,000; Pres., E. B. Clark; Vice-Pres., A. G. Baker; Cashier, H. D. Cook.

9338—First National Bank, West Salem, Ill.; capital, $25,000; Pres., Wm. Harrison; Vice-Pres., G. C. Walser; Cashier, J. A. Turner.

9339—First National Bank, Montclair, N. J.; capital, $100,000; Pres., C. W. Anderson; Vice-Pres., F. W. Dunbar; Cashier, H. F. Adams.

9340—First National Bank, Moscow, Pa.; capital, $25,000; Pres., J. E. Loveland; Vice-Pres., J. D. Callegan; Cashier, W. B. Miller.

9341—Trinity National Bank, Dallas, Texas; capital, $600,000; Pres., J. B. Wilson; Vice-Pres., R. H. Stewart; Cashier, J. H. Ardrey.

9342—First National Bank, Cheraw, S. C.; capital, $25,000; Pres., W. Godfrey; Vice-Pres., E. McIver; Cashier, S. C. Godfrey.

NEW STATE BANKS, BANKERS, ETC.

ALABAMA.

Boaz—The Boaz Bank; capital, $25,000; Pres., W. R. Snead; Vice-Pres., J. P. Templeton; Cashier, S. H. Leeth.

Bridgeport—First State Bank; capital, $15,000; Pres., J. W. Gay; Vice-Pres., M. W. Anderson; Cashier, L. W. Rorex.

Guntersville—Citizens Bank; capital, $25,000; Pres., J. R. Sherman; Vice-Pres., W. C. Ragborn; Cashier, W. E. Sherman.

Lincoln—Bank of St. Clair Co.; Branch of Bank of St. Clair Co.; Pell City.

Seales—Bank of Seales; capital, $25,000; Pres., H. T. Benton; Vice-Pres., E. M. Anderson; Cashier, T. W. Anderson.

Standing Rock—Bank of Standing Rock; capital, $15,000; Pres., F. E. Callaway; Vice-Pres., J. H. Hines; Cashier, C. E. Hines.

Woodlawn—Bank of Woodlawn; Branch of Jefferson County Savings Bank, Brimingham.

Wylam—Bank of Ensley; Branch of Bank of Ensley, Ensley.

ARIZONA.

Glendale—Glendale State Bank; capital, $10,000; Pres., H. B. Lehman; Vice-Pres., C. E. Hemperly; Cashier, W. H. Slaughter.

Mesa—Salt River Valley Bank; capital, $25,000; Pres., Robert Scott; Vice-Pres., C. E. Van Antwerp; Cashier, L. W. Stillwell.

Wilcox—Wilcox Bank and Trust Co.; capital, $15,000; Pres., H. A. Morgan; Cashier, H. E. Dunlap.

ARKANSAS.

Calico Rock—Bluff City Bank; succeeds Bank of Calico Rock; capital, $10,000; Pres., E. C. Parsons; Vice-Pres., J. W. Williamson; Cashier, A. M. Benbrook.

Earle—Crittenden Co. Bank and Trust Co.; succeeds Bank of Marion; capital, $75,000; branch of Marion.

Paraloma—Bank of Paraloma; capital, $4,000; Pres., W. H. Cannon; Vice-Pres., J. M. Rivers; Cashier, J. D. Moore.

Rogers—Bank of Rogers; capital, $100,000; Pres., W. R. Felker; Cashier, J. E. Felker.

CALIFORNIA.

Highgrove—Bank of Highgrove; capital, $12,500; Pres., T. B. Cole; Vice-Pres., S. J. Castleman; Cashier, W. H. Ryan.

Los Angeles—Merchants Bank and Trust Co.; capital, $250,000; Pres., Mark G. Jones; Vice-Pres., G. B. Epstein; Cashier, E. Cohen.

Oakland—Syndicate Bank; capital, $100,000; Pres., F. M. Smith; Vice-Pres., D. Searles; Cashier, W. O. Shockley.

FLORIDA.

Hastings—Hastings Banking Co.; capital, 30,000.

St. Augustine—Commercial Bank; capital, $30,000; Pres., H. Lindsley; Vice-Pres., B. Genovar; Cashier, T. K. Cureton.

Wildwood—Bank of Wildwood; F. P. McMullen, Manager; Branch of City Savings Bank, Tampa.

GEORGIA.

Barnesville—Barnesville Bank; capital, $25,000; Pres., W. A. Prout; Vice-Pres., S. Rumble; Cashier, E. Langford.

Buchanan—Haralson Banking Co.; successor to Buchanan Banking Co.; capital, $16,000; Pres., G. J. Holcombe; Vice-Pres., J. L. Evans; Cashier, H. S. McCalman.

Camak—Bank of Camak; capital, $15,000; Pres., J. D. Walker; Cashier, C. W. Colley.

Jackson—Comercial Loan and Trust Co.; capital, $12,000; Pres., O. A. Pound; Vice-Pres., J. B. Carmichael; Sec., A. H. Carmichael.

IDAHO.

Sturnburg—Bank of Sturnburg; capital, $10,000; Pres., J. P. Vollmer; Vice-Pres., A. E. Clarke.

Wendell—First State Bank; capital, $10,000; Pres., W. T. Smith; Vice-Pres., A. P. Scritchfield; Cashier, H. E. Bartlett.

ILLINOIS.

Decatur—Citizens Title and Trust Co.; capital, $50,000; Pres., M. Johnson; Vice-Pres., J. A. Corbett.

Glencoe—Glencoe State Bank; capital, $25,000; Pres., J. Schnur; Vice-Pres., M. B. Orde; Cashier, F. A. Andrew.

Lansing—Lansing Loan and Savings Bank; successor to Bank of Lansing; Pres., P. Kipley; Vice-Pres., C. H. Thomsen; Cashier, W. J. G. Maurer.

Opdyke—Opdyke Bank; capital, $10,000; Pres., J. W. Kern; Vice-Pres., T. B. Williamson; Cashier, J. W. Kern.

Orangeville—Orangeville State Bank; capital, $25,000; Pres., B. D. Yarger; Vice-Pres., C. Wohlford; Cashier, E. M. Reeser—Peoples State Bank; successor to Bank of Orange-

ville; capital, $25,000; Pres., D. A. Schoch; Vice-Pres., G. A. Bolenden; Cashier, G. S. Wagner.
Toluca—Peoples Bank; Pres., J. T. Ball; Cashier, E. G. Ball.
Wateska—First Trust and Savings Bank; capital, $60,000; Pres., F. P. Martin; Cashier, S. A. Reenie.

INDIANA.

Gary—Calumet Trust and Savings Bank; capital, $50,000; Pres., C. O. Holmes; Vice-Pres., P. W. Wayn.
Rockport—Brown Trust Co.; capital, $25,000; Pres., W. H. Brown; Vice-Pres., B. F. Bridges.
Scipio—Amick's Bank; capital, $10,000; Pres., J. Amick; Vice-Pres., C. A. Whitcomb; Cashier, Wynn Thompson.
Sellersburg—Sellersburg State Bank; capital, $13,500; Pres., J. A. Pass; Vice-Pres., E. C. Hughes; Cashier, O. W. Scott.

IOWA.

Carroll—Carroll Trust and Savings Bank; capital, $25,000; Pres., C. J. Specht, Jr., Vice-Pres., J. P. Minchen; Cashier, Julius Ruge.
Haverhill—German Savings Bank; capital, $10,000; Pres., J. M. Silvester; Vice-Pres., M. L. Krees; Cashier, F. C. Pritchard.
Struble—Farmers Savings Bank; capital, $10,000; Pres., H. F. Backer; Vice-Pres., J. H. McMahon; Cashier, F. H. Beeker.
Waterloo—Farmers Loan and Trust Co.; capital, $100,000; Pres., J. E. Sedgwick; Vice-Pres., J. O. Trumbauer.
Wapello—Citizens Bank; Pres., H. B. Davison; Vice-Pres., H. L. Davison; Cashier, R. L. Davison.
Wesley—Security Bank; successor to Hill & Hall; capital, $25,000; Pres., G. B. Hall; Cashier, L. H. Rasmuson.

KANSAS.

Conway Springs—State Bank; successor to Bank of Conway Springs; capital, $25,000; Pres., J. N. Hurt; Vice-Pres., F. W. Myers; Cashier, C. C. Taylor.
Jamestown—Farmers State Bank; capital, $16,000; Pres., J. F. St. Clair; Vice-Pres., E. Fitzgerald; Cashier, J. H. Mott.
Miltonvale—Miltonvale State Bank; capital, $10,000; Pres., S. W. Bond; Vice-Pres., D. W. Bond; Cashier, W. E. Emick.
Morgansville—Farmers and Merchants State Bank; capital, $15,000; Pres., F. C. Silver; Vice-Pres., E. L. Linder; Cashier, J. E. Carlson.
Salina—Traders State Bank; capital, $35,000; Pres., H. C. Smither; Vice-Pres., W. F. Grosser; Cashier, H. J. Stover.
Speed—Farmers State Bank; capital, $15,000; Pres., A. Dougherty; Vice-Pres., E. L. Williams; Cashier, M. C. Knox.
St. Paul—Mission State Bank; capital, $15,000; Pres., B. B. Fitzsimmons; Vice-Pres., P. Daskin; Cashier, J. R. Long.
Westmoreland—Citizens State Bank; capital, $20,000; Pres., M. S. Knox; Vice-Pres., L. L. Bradley; Cashier, R. J. Grover.

KENTUCKY.

Grant—Citizens Deposit Bank; Pres., J. Rogers; Vice-Pres., R. O. Ryle; Cashier, F. H. Brown.
Olive Hill—Carter Commercial Bank; capital, $15,000; Pres., A. J. Stamper; Vice-Pres., W. B. Whitt; Cashier, E. A. Evans.

LOUISIANA.

Garyville—Gary State Bank; capital, $10,000; Pres., Dennis Labiche; Vice-Pres., S. G. Bourgeois; Cashier, J. A. Schafer.

MINNESOTA.

Biscay—First State Bank; capital, $10,000; Pres., J. Kennedy; Vice-Pres., S. G. Anderson, Jr.; Cashier, C. F. Finnon.
Eitzen—Eitzen State Bank; capital, $25,000; Pres., W. F. Deters; Vice-Pres., H. H. Fruechte; Cashier, F. H. Fruechte.

MISSISSIPPI.

Byhalia—Byhalia Bank; Pres., J. E. Anderson; Vice-Pres., W. C. McCrary; Cashier, W. M. Nichols.
Jackson—Farmers Union Bank and Trust Co.; Pres., J. H. Myers; Vice-Pres., J. M. Bass.

MISSOURI.

Kansas City—Manufacturers and Mechanics Bank; capital, $20,000; Pres., T. Cooke; Cashier, S. R. Cooke.
Oakwood—Farmers Bank; capital, $10,000; Pres., W. Z. Link; Vice-Pres., H. Priest; Cashier, R. T. Clark.

MONTANA.

Laurel—Laurel State Bank; successor to First National Bank; capital, $25,000; Pres., W. R. Westbrook; Vice-Pres., W. L. Aland; Cashier, J. H. Ladd.
Medicine Lake—Bank of Medicine Lake; Pres., K. O. Stetts; Vice-Pres., C. H. Farrell; Cashier, J. E. Peterson.
Stevensville—First State Bank; capital, $25,000; Pres., T. Baird; Vice-Pres., G. T. Baggs; Cashier, H. D. Smart.

NEBRASKA.

Lawrence—Lawrence State Bank; capital, $10,000; Pres., B. F. Scroggins; Vice-Pres., Henry Buercher; Cashier, H. H. Eggers.
Loretto—Loretto State Bank; capital, $10,000; Pres., J. O. Detweiler; Vice-Pres., E. J. Mille; Cashier, R. E. Stewart.
Merna—Farmers Bank; capital, $15,000; Pres., B. F. Cox; Vice-Pres., E. B. Daley; Cashier, F. L. Beals.

NEW JERSEY.

Newark—Newark Trust Co.; capital, $100,000; Pres., W. B. Day; Vice-Pres., W. R. Mueller.

NEW MEXICO.

Dexter—Dexter State Bank; capital, $15,000; Pres., A. E. Macy; Vice-Pres., J. W. Poe; Cashier, F. Mielenz.

NEW YORK.

New York—Wall St. Safe Deposit Co.; capital, $100,000; Pres., H. L. Griggs; Sec., G. P. Hall.

NORTH CAROLINA.

Colerain—Bank of Colerain; capital, $10,000; Pres., L. A. Newell; Vice-Pres., J. H. Jernigan; Cashier, D. R. Britton.
Elkin—Farmers and Merchants Bank; capital, $15,000; Pres., W. S. Riich; Vice-Pres., J. V. Foote; Cashier, W. S. Gough.

Kinston—Farmers and Merchants Bank; capital, $25,000; Pres., C. F. Harvey; Vice-Pres., J. F. Hooker; Cashier, L. J. Newborne.
Polkton—Bank of Polkton; capital, $10,000; Pres., W. J. McFaniel.

NORTH DAKOTA.

Carpio—Farmers and Merchants State Bank; capital, $10,000; Pres., M. L. Meyer; Vice-Pres., H. A. Sampson; Cashier, W. O. Sampson.
Hamar—First State Bank; capital, $10,000; Pres., E. S. Severtson; Vice-Pres., O. G. Cooling; Cashier, E. A. Lindstrom.
Hartland—Hartland State Bank; capital, $10,000; Pres., M. J. Johnson; Vice-Pres., T. S. Johnson; Cashier, M. D. Johnson.
Harvey—Farmers State Bank; capital, $25,000; Pres., F. O. Brewster; Vice-Pres., Hugh Montgomery; Cashier, L. W. Miller.
Linton—German American State Bank; capital, $10,000; Pres., Edw. Braddock.
McCluskey—Sheridan County State Bank; capital, $10,000; Pres., L. L. Beiseker; Cashier, S. P. Hodge.
Rugby—First State Bank; capital, $20,000; Pres., C. H. Ross; Vice-Pres., C. H. Davidson, Jr.; Cashier, J. B. Johnson.
Rugby—Security Bank; Pres., O. T. Tofurnd; Vice-Pres., Ed. Seel.
Tioga—Farmers and Merchants Bank; capital, $10,000; Pres., L. C. Wingate; Vice-Pres., R. C. Lubiens; Cashier, P. K. Everson.

OHIO.

Bethesda—Commercial and Savings Bank; capital, $25,000; Pres., T. M. Kildrow; Vice-Pres., W. M. Kilgore; Cashier, Fred Bailey.
North Dayton—North Dayton Savings Bank; capital, $25,000; Pres., Joseph Kramer; Vice-Pres., F. A. Duckwall; Cashier, C. K. Lemmon.
Toledo—Peoples State Savings Bank; capital, $50,000; Pres., W. H. Tucker; Vice-Pres., J. D. Salvail; Cashier, O. D. Tiffany.
Vienna—Farmers Deposit Bank; capital, $10,000; Pres., W. Wildman; Cashier, W. J. Wildman.

OKLAHOMA.

Altus—Altus State Bank; successor to Altus National Bank; capital, $30,000; Pres., J. R. McMahon; Vice-Pres., T. G. Braddock; Cashier, W. C. Baker.
Anarkado—First State Bank; capital, $15,000; Pres., H. C. Bradford; Vice-Pres., C. C. Leech; Cashier, T. D. Lawson.
Arnett—Farmers and Merchants Bank; capital, $10,000; Pres., J. O. Ralston; Vice-Pres., E. E. Plank; Cashier, D. McPherson.
Bokchito—Citizens Bank; successor to First National Bank; capital, $15,000; Pres., C. L. Sawyer; Vice-Pres., E. W. Ferry; Cashier, W. E. Riddle.
Chandler—First State Bank; successor to Chandler National Bank; capital, $15,000; Pres., C. A. Tieghman; Vice-Pres., F. A. Ashton; Cashier, F. W. Clegg.
Clinton—First State Bank; capital, $10,000; Pres., C. G. Welch; Cashier, H. L. Quiett.
Comanche—Comanche State Bank; capital, $15,000; Pres., W. A. Wade; Vice-Pres., W. H. Patty; Cashier, C. S. Wade.
Fargo—Farmers Exchange Bank; capital, $10,000; Pres., C. A. Stromberg; Vice-Pres., Jas. Hastings; Cashier, O. C. Manss.
Gate—State Bank; capital, $10,000; Pres., R. B. Rutherford; Vice-Pres., R. H. Ross; Cashier, L. N. Moore.
Guymon—Texas County Bank; capital, $10,000; Pres., J. H. Wright; Vice-Pres., W. H. Langston; Cashier, R. S. Cox.
Loveland—Farmers and Merchants State Bank; capital, $10,000; Pres., C. B. McHugh; Cashier, J. A. Overstreet.
Mulhall—Oklahoma State Bank; capital, $10,000; Pres., G. W. Busford; Vice-Pres., H. H. Busford; Cashier, G. E. Busford.
Newkirk—State Guaranty Bank; capital, $25,000; Pres., J. S. Eastmen; Cashier, P. S Mason.
Oklahoma—Night and Day Bank; capital, $25,000; Pres., W. E. Hodges; Vice-Pres., J. F. Harbour; Cashier, F. C. Haskett.
Olustee—Farmers State Bank; capital, $10,000; Pres., B. E. Kelly; Vice-Pres., T. R. Moore; Cashier, T. S. Dodson.
Parton—Bank of Parton; capital, $10,000; Pres., O. T. Hayward; Vice-Pres., J. T. Harmon; Cashier, W. W. Hayward.
Prague—Farmers and Merchants State Bank; capital, $14,000; Pres., W. G. Botts; Vice-Pres., L. B. Hampton; Cashier, E. L. Garnett.
Rush Springs—First State Bank; capital, $10,000; Pres., J. A. Slaton; Vice-Pres., G. W. Hill; Cashier, M. J. Collins.
Sulphur—Security State Bank; capital, $15,000; Pres., T. E. Molacer; Vice-Pres., H. B. Jones; Cashier, C. T. Jones.
Stillwater—Farmers State Bank; capital, $15,000; Pres., W. P. Hall; Vice-Pres., S. A. Leka; Cashier, Alex. Drake.
Temple—Farmers Exchange Bank; capital, $10,000—Farmers State Bank; capital, $10,000; Pres., E. E. Evans; Vice-Pres., J. J. Terry; Cashier, E. O. Terry.
Yale—Farmers State Bank; capital, $11,000; Pres., W. A. Northgrove; Vice-Pres., John Foster; Cashier, W. Lauderdale.

OREGON.

Milwaukee—First State Bank; capital, $10,000; Pres., Philip Streib; Vice-Pres., N. B. Harvey; Cashier, A. L. Bolstad.
Portland—Mount Scott Bank; capital, $5,000; Pres., F. N. Myers; Vice-Pres., W. S. Davis; Cashier, J. C. Land.
Talent—State Bank; capital, $10,000; Pres.,

A. Alford; Vice-Pres., A. O. Walters; Cashier, C. W. Walters.
Wilsonville—Farmers Bank; capital, $15,000; J. W. Thornton & Son, Proprietors.

PENNSYLVANIA.

Olyphant—Olyphant Bank; capital, $100,000; Cashier, G. F. Stuckert.
Philadelphia—Belmont Trust Co.; capital, $125,000; Pres., J. H. DeVictor; Vice-Pres., J. W. Kenworthy.

SOUTH CAROLINA.

Beaufort—Beaufort Bank; capital, $25,000; Pres., W. J. Thomas; Vice-Pres., Geo. Waterhouse; Cashier, W. E. Richardson.

SOUTH DAKOTA.

Canastota—Citizens State Bank; capital, $15,-000; Pres., Chas. Kostboth; Vice-Pres., Sam Morrow; Cashier, S. S. Clark.
Crocker—Farmers State Bank; capital, $10,-000; Pres., J. Scanlon; Vice-Pres., L. J. Nicholson; Cashier, F. Dudley.
Lamro—Lamro State Bank; capital, $5,000; Pres., W. H. Pratt; Vice-Pres., I. P. Bettelyou; Cashier, G. W. Mitchell.
Morristown—Morristown State Bank; capital, $5,000; Pres., J. W. Harris; Vice-Pres., C. D. Smith; Cashier, N. E. Fjosee.
Oelrichs—Oelrichs State Bank; capital, $5,-000; Pres., W. E. Sweeney; Vice-Pres., C. J. Duff; Cashier, J. B. Coleman.
Reliance—Reliance Savings Bank; capital, $5,000; Pres., A. L. Freelove; Cashier, F. B. Carter.

TENNESSEE.

Cottage Grove—Union Bank; capital, $10,000; Pres., J. F. Austin; Vice-Pres., W. J. Bite; Cashier, C. B. Aden.
Knoxville—Knoxville Savings Bank; capital, $25,000; Pres., J. W. Hope; Vice-Pres., J. Woodridge; Cashier, F. E. Hann.
Memphis—Memphis Bank and Trust Co.; Pres., D. A. Fisher; Vice-Pres., L. W. Dutro; Cashier, E. R. Parkam.
Tellice—Tellice Bank and Trust Co.; capital, $50,000; Pres., E. P. Loomis; Vice-Pres., L. H. Southard; Cashier, N. G. Carter.

TEXAS.

Abilene—First State Bank and Trust Co.; capital, $55,000; Pres., W. Reeves; Vice-Pres., J. Skelton; Cashier, W. F. Suddath.
Angleton—Brazoria County State Bank; capital, $10,000; Pres., W. B. Munson; Vice-Pres., E. L. Perry; Cashier, J. C. Falckney.
Bastrop—Citizens State Bank; capital, $25,-000; Pres., P. D. Page; Vice-Pres., J. L. Willbarger; Cashier, J. T. Crysup.
Ben Arnold—Bank of Ben Arnold; Pres., G. W. Riddle; Cashier, C. W. Straus.
Big Springs—First State Bank; capital, $35,000; Pres., C. D. Read; Vice-Pres., A. B. Jones; Cashier, F. S. Currie.
Brownsville—Brownsville Bank and Trust Co.; capital, $60,000; Pres., W. W. Lastinger; Vice-Pres., J. L. Landrum; Cashier, E. A. McGary.
Cappell—First State Bank; capital, $10,000; Pres., T. J. Harrison; Vice-Pres., H. B. Bennett; Cashier, L. K. Roberts.
Chillicothe—First State Bank; successor to Herring & Laird Bkg. Co.; capital, $20,-000; Pres., J. G. Ayers; Vice-Pres., G. B. Bettes; Cashier, R. A. Morgan.
Chilton—First State Bank; successor to Chilton Bank; capital, $20,000; Pres., G. W. Riddle; Vice-Pres., G. Gaither; Cashier, L. A. Speer.
Dallas—Texas Loan and Guaranty Co.; capital, $100,000; Pres., G. W. Riddle; Vice-Pres., W. T. McCampbell.
Dumas—First State Bank; capital, $15,000; Pres., W. J. Morton; Vice-Pres., Bob Powell; Cashier, J. H. Manis.
Edgewood—First State Bank; capital, $10,-000; Pres., I. B. Wathen; Vice-Pres., N. L. Chatham; Cashier, J. P. Downs.
Fort Worth—Texas State Bank; capital, $10,000; Pres., O. Houston; Vice-Pres., C. D. Reimers; Cashier, W. L. Smallwood.—North Texas State Bank; capital, $25,000; Pres., W. H. Groves; Vice-Pres., A. J. Lang; Cashier, E. Hargrove.
Frankston—First State Bank; capital, $15,-000; Pres., G. W. Riddle; Vice-Pres., S. W. Feassel; Cashier, A. Maudlin.
Gainesville—German American State Bank; capital, $50,000; Pres., T. R. H. Smith; Vice-Pres., A. Grube; Cashier, E. F. Comegys.
Goldthwaite—Trent State Bank; capital, $25,-000; Pres., W. H. Trent; Vice-Pres., E. B. Anderson; Cashier, W. C. Dew.
Louise—Louise State Bank; capital, $10,-000; Pres., W. F. O'Briant; Vice-Pres., W. F. Davis; Cashier, D. W. Wybrants.
Lubbock—Lubbock State Bank; capital, $75,-000; Pres., O. L. Seaton; Vice-Pres., R. A. Barclay; Cashier, W. S. Posey.
Midlothian—Farmers State Bank; capital, $10,000; Pres., S. J. Mortin; Vice-Pres., M. W. Hawkins; Cashier, G. W. Newton.
Olton—Lamb County Bank; capital, $10,000; Pres., W. P. Soash; Vice-Pres., J. R. Jones; Cashier, K. L. Hatfield.
Ontario—Peoples Bank; capital, $10,000; Pres., W. H. Simmons; Vice-Pres., M. P. Simmons; Cashier, G. R. Parker.
Port Arthur—Merchants State Bank; capital, $25,000; Pres., W. E. Hall; Vice-Pres., S. O. Latimer; Cashier, C. G. Hall.
Shamrock—Farmers and Merchants State Bank; capital, $25,000; Pres., E. L. Woodley; Vice-Pres., S. W. Norwood; Cashier, O. T. Nicholson.
Vega—First State Bank; capital, $10,000; Pres., J. Landergin; Vice-Pres., F. Brandenbury; Cashier, T. B. Jones.
Weatherford—Merchants and Farmers State Bank; capital, $100,000; Pres., W. H. Eddleman; Vice-Pres., H. L. Brevard; Cashier, P. R. Braselton.
Wildarado—Wildarado State Bank; capital, $10,000; Pres., J. R. Goodman; Vice-Pres., L. A. Pierce; Cashier, J. E. Brewer.

VIRGINIA.

Hot Springs—Pinehurst Loan and Trust Co.; Pres., J. C. Noel; Cashier, G. R. Wood.

WASHINGTON.

Almira—Pioneer State Bank; capital, $10,-000; Pres., W. R. Cunningham; Vice-Pres., O. H. Greene; Cashier, F. J. Trunk.

Mesa—Anderson & Kirby; Pres., W. T. Anderson; Cashier, Lee Kirby.
Outlook—Outlook State Bank; capital, $10,-000; Pres., W. Goodsell; Vice-Pres., W. H. Norman; Cashier, H. E. Schroeder.
White Bluffs—Kincaid & Long; Pres., W. N. Long; Cashier, W. J. Kincaid.

WEST VIRGINIA.

Charleston—Glenwood Bank; capital, $27,-000; Pres., P. Silman; Vice-Pres., J. J. Molton; Cashier, A. Young.

WISCONSIN.

Antigo—Fidelity Savings Bank; capital, $50,-000; Pres., H. Hay; Vice-Pres., A. Malle; Cashier, W. R. Daskam.
Cedarburg—Cedarburg State Bank; capital, $40,000; Pres., C. C. Wirth; Vice-Pres., J. H. Wittenberg; Cashier, D. M. Rosenheimer.
Holman—Bank of Holman; capital, $15,000; Pres., O. Bosshard; Vice-Pres., T. Johnson; Cashier, C. A. Sjolander.

WYOMING.

Baggs—First State Bank; capital, $10,000; Pres., C. M. Heberton; Vice-Pres., A. H. Allen; Cashier, C. I. Neptune.
Powell—First State Bank; capital, $10,000; Pres., J. B. Arnold; Cashier, T. W. Marshall.

CHANGES IN OFFICERS, CAPITAL, ETC.

ALABAMA.

Andalusia—First National Bank; J. D. Henderson, Pres., in place of C. A. O'Neal; F. Henderson, Vice-Pres.; J. G. Sessoms, Asst. Cashier, in place of H. J. Law.
Citronelle—First National Bank; J. S. Lynch, Vice-Pres.; R. L. Price, Cashier, in place of J. S. Lynch.
Columbia—First National Bank; C. T. Harris, Asst. Cashier.
Enterprise—First National Bank; C. A. O'Neal, Pres., in place of J. E. Henderson; V. O. Warren, Asst. Cashier.
Eufalia—Commercial National Bank; C. P. Roberts, Vice-Pres., in place of E. S. Shorter.
Hartford—First National Bank; J. R. Alfred, Vice-Pres.
Huntsville—First National Bank; R. E. Spragins, Pres., in place of W. H. Echols; W. H. Echols, Vice-Pres., in place of A. S. Fletcher.
Jacksonville—Tredegar National Bank; George Crow, Vice-Pres., in place of F. J. Burke.
Lineville—Lineville National Bank; J. H. Ingram, First Vice-Pres., in place of W. H. McKleroy.
Montgomery—First National Bank; F. Stellenwerck, Vice-Pres., in place of M. P. LeGrand.
Oxford—First National Bank; T. A. Howle, Vice-Pres., in place of J. R. Draper; C. H. Howle, Asst. Cashier, in place of T. A. Howle.
Sheffield—Sheffield National Bank; W. S. Hatch, Vice-Pres., in place of R. H. Wilhoyte; Geo E. Roulhac, Asst. Cashier, in place of W. S. Hatch.

ARIZONA.

Phoenix—National Bank of Arizona; C. Goldman, Vice-Pres., in place of Sol Lewis.

ARKANSAS.

Bentonville—Benton County National Bank; R. D. Massey, Vice-Pres., in place of Dwight Dickson.
Eldorado—First National Bank; R. N. Garrett, Pres., in place of B. W. Reeves; B. W. Reeves, Vice-Pres., in place of R. N. Garrett.
Fayetteville—Arkansas National Bank; J. T. Hight, Vice-Pres.
Hampton—Hampton Bank; J. E. Sturgis, Pres.

CALIFORNIA.

Claremont—Citizens State Bank; George Jencks, Pres., in place of C. M. Parsons.
Fresno—Union National Bank; A. B. Clark, Vice-Pres.
Modesto—First National Bank; M. McHenry Langdon, Pres.
Lodi—First National Bank; T. C. Shaw, Vice-Pres., in place of M. W. Shidy.
Los Angeles—American National Bank; M. J. Monnette, Pres., in place of W. F. Botsford.—National Bank of Commerce; J. A. Murphy, Vice-Pres.—Merchants National Bank; J. H. Ramboy, Asst. Cashier, in place of Henry Anderson.
Porterville—Pioneer Bank; S. Mitchell, Pres., in place of P. N. Lillienthall.
Riverside—First National Bank; E. S. Moulton, Pres., in place of George Frost.
San Francisco—London Paris National Bank; Alden Anderson, Vice-Pres.
Selma—D. S. Snodgrass, Pres., in place of M. Sides; M. Sides, Vice-Pres., in place of D. S. Snodgrass.

COLORADO.

Alamosa—Alamosa National Bank; W. W. Ickes, Cashier, in place of W. H. Mallett.
Colorado Springs—Colorado Springs National Bank; O. E. Hemenway, Vice-Pres., in place of N. S. Gandy.
Fruita—First National Bank; C. W. Cain, Vice-Pres., in place of G. S. Lane.
Granada—First National Bank; K. M. Irving and J. R. Gorden, Vice-Pres's.
Julesburg—First National Bank; E. D. Hamilton, Cashier, in place of T. V. Grantham.
Paonia—First National Bank; C. C. Hawkins, Vice-Pres., in place of W. R. Cook.
Salida—Commercial National Bank; D. P. Cook, Pres., in place of J. W. Calhoun; M. J. Guerin, Vice-Pres., in place of D. P. Cook.
Trinidad—Trinidad National Bank; H. K. Holloway and D. P. Jones, Vice-Pres's.; W. R. Chapman, Cashier, in place of H. K. Holloway.

CONNECTICUT.

Canaan—Canaan National Bank; H. B. Ives, Vice-Pres., in place of Wallace Canfield.
Clinton—Clinton National Bank; C. A. Eliot, Pres., in place of L. L. Hull.
Deep River—Deep River National Bank; W. F. Wilcox, Pres., in place of R. P. Spencer; H. J. Brooks, Vice-Pres., in place of W. F. Wilcox.
Norwich—First National Bank; C. L. Hopkins, Vice-Pres. — Merchants National Bank; C. Lippitt, Pres., in place of J. H. Smith; F. L. Woodard, Vice-Pres.
Southington—Southington National Bank; E. G. Lewis, Vice-Pres.
Waterbury—Manufacturers National Bank; C. F. Mitchell, Cashier, in place of A. E. Lord.

Westport—First National Bank; B. L. Woodworth, Pres., in place of W. H. Saxton; C. P. Harris, Cashier, in place of B. L. Woodworth.

DELEWARE.

Delmar—First National Bank; Irving Culver, Vice-Pres., in place of P. S. Shockley.
Harrington—First National Bank; D. B. Tharp, Cashier, in place of W. T. Sharp.

DISTRICT OF COLUMBIA.

Washington—American National Bank; E. L. Wolfe, Asst. Cashier.—National Metropolitan Bank; G. W. White, Pres., in place of E. S. Parker; C. H. Rudolph, Vice-Pres., in place of S. W. Woodward; G. O. Walson, Cashier.

FLORIDA.

Arcadia—First National Bank; J. G. King, Cashier, in place of C. C. Chollar.
Jacksonville—Barnett National Bank; C. S. L'Engle, Asst. Cashier.
Pensacola—Pensacola Bank and Trust Co.; title changed to Pensacola State Bank; T. A. Jennings, Pres.; J. A. Wright, Vice-Pres. and Cashier.
St. Petersburg—First National Bank; J. G. Lewis, Pres., in place of John Trice; C. W. Springstead, Vice-Pres.

GEORGIA.

Colquitt—First National Bank; C. C. Bush, Pres., in place of J. S. Bush; J. S. Bush, Vice-Pres., in place of N. L. Stapleton.
Covington—First National Bank; R. E. Stephenson, Cashier, in place of C. D. Terrell.
Colquitt—Colquitt National Bank; F. E. Fudge, Vice-Pres., in place of J. A. Bush; W. W. Watson, Cashier, in place of W. E. Williams.
Columbus—National Bank of Columbus; H. L. Williams, Vice-Pres., in place of R. A. Carson.
Dawson—City National Bank; M. C. Edwards, Vice-Pres., in place of A. M. Raines; R. D. Smith, Asst. Cashier.
Elberton—First National Bank; H. P. Hunter, Cashier, in place of G. P. Allen; S. W. Thornton, Asst. Cashier, in place of H. P. Hunter.
Forsyth—First National Bank; R. E. Pouder, Cashier, in place of C. W. Hill.
Greensboro—Copelan National Bank; J. B. Williams and W. R. Jackson, Vice-Pres's.
Griffin—City National Bank; J. G. Rhea, Vice-Pres.; J. E. Drake, Cashier, in place of J. G. Rhea.
Lavonia—Vickery National Bank; C. A. Addington, Pres., in place of C. W. Vickery; A. B. Vickery, Vice-Pres., in place of J. O. Shirley.
Maysville—Atkins National Bank; F. W. Deadwyler, Pres., in place of T. E. Atkins.
Macon—American National Bank; W. M. Johnson, Vice-Pres., in place of R. W. Johnson, deceased.
Pembroke—Pembroke National Bank; J. Morgan, Second Vice-Pres.; F. V. Cameron, Asst. Cashier.
Savannah—Merchants National Bank; J. F. C. Myers, Pres., in place of J. A. G. Carson; W. M. Davant, Vice-Pres., in place of J. F. C. Myers.
Valdosta—First National Bank; T. M. Smith, Vice-Pres., in place of C. R. Ashley; J. B. Blitch, Vice-Pres.; Abila Winn, Cashier, in place of J. B. Blitch.
Waycross—First National Bank; P. N. Hanley, Vice-Pres., in place of C. W. Deen.

IDAHO.

Coeur d'Alene—First National Bank; M. D. Wright, Pres., in place of T. H. Brewer; T. H. Brewer, Vice-Pres.
Payette—First National Bank; W. A. Coughanour, Vice-Pres., in place of G. V. Leighton.
Pocatello—Citizens Bank; capital increased to $100,000.
Weiser—Weiser National Bank; W. J. Speer, Cashier, in place of E. M. Shelley.
Wallace—First National Bank; J. W. Wimer, Asst. Cashier.

ILLINOIS.

Beecher—First National Bank; Thos. Clark, Vice-Pres., in place of Fred Wilke.
Benid—National Bank of Benid; F. W. Edwards, Pres., in place of R. E. Dorsey; H. A. Pattison, Vice-Pres., in place of F. W. Edwards.
Carmi—First National Bank; J. A. Miller, Vice-Pres., in place of S. C. Cosney.
Carrier Mills—First National Bank; A. V. Fuller, Pres., in place of G. B. Dodds; G. H. C. Henderson, Cashier.
Chicago—Calumet National Bank; Squire S. Burke, Vice-Pres., in place of G. D. Uebele—Inter-State National Bank; no Asst. Cashier, in place of J. C. Graves.—Comercial National Bank; W. T. Bruckner, Asst. to Vice-Pres.—National City Bank; H. E. Otte, Vice-Pres.; L. H Grimme, Cashier, in place of H. E. Otte.—National Bank of the Republic; W. H. Hurley, Asst. Cashier.—Oakland National Bank; Robt. Jones, Vice-Pres.—Metropolitan Trust and Savings Bank; J. E. Lindquist, Vice-Pres.—North West Savings Bank; title changed to Northwest State Bank; J. R. Noel, Pres.
Crescent City—First National Bank; J. S. Muller, Vice-Pres., in place of C. A. Calkin.
Dahlgreen—First National Bank; W. Garrison, Vice-Pres., in place of C. M. Hall.

Dundee—First National Bank; G. B. Irick, Cashier, in place of Robert Schultz.
Elgin—Home National Bank; E. D. Waldron, President, in place of J. W. Ranstead; W. Grote, Vice-Pres., in place of E. D. Waldron.
Fairbury—First National Bank; C. E. Maundel, Cashier.
Findlay—First National Bank; A. W. Askins, Vice-Pres., in place of W. M. Pogue.
Freeburg—First National Bank; J. A. Hamilton, Pres., in place of A. B. Daab; G. C. Huber, Vice-Pres., in place of J. A. Hamilton.
Freeport—First National Bank; J. M. Clark, Cashier, in place of A. Bidwell.
Golconda—First National Bank; S. V. Clanahan, Vice-Pres., in place of O. Bauer.
Grayville—Farmers National Bank; E. P. Bowman, Vice-Pres., in place of S. P. Ronald; H. L. Ronald, Cashier, in place of E P. Bowman.
Danville—Palmer National Bank; Thomas Conron, Vice-Pres.
Grayville—J. W. Perry, Pres., in place of W. W. Gray.
Granite—First National Bank; E. Rammer, Vice-Pres.
Greenup—Greenup National Bank; W. H. Catey, Vice-Pres.
Ivesdale—First National Bank; C. S. Coe, Cashier, in place of W. A. Miller.
Jacksonville—Ayer National Bank; R. M. Hockenhull, Vice-President.
Johnston City—First National Bank; R. G. Fleming, Pres., in place of J. S. Lewis.
LeRoy—First National Bank; Henry Brittin, Vice-Pres., in place of J. M. Grizzell.
Lincoln—First National Bank; W. Ruterbaugh, Pres., in place of J. T. Hoblit.
Mount Olive—First National Bank; A. E. Loescher, Vice-Pres., in place of C. B. Munday.
Mount Pulaski—First National Bank; Robert Aitchison, Pres., in place of D. Vanhise; C. K. Lucas, Vice-Pres., in place of R. Aitchison.
Mount Sterling—First National Bank; F. W. Crane, Vice-Pres.; H. G. Vandeveater, Cashier, in place of F. W. Crane.
National Stockyards—National Stockyards National Bank; F. T. Ransom, Vice-Pres.; O. J. Sullivan, Asst. Cashier.
New Haven—First National Bank; W. P. Tuley, Pres.; M. L. Tuley, Asst. Cashier.
Olney—First National Bank; G. T. Weber, Vice-Pres., in place of D. Gould.
Paxton—First National Bank; W. H. Hunter, Vice-Pres., in place of E. A. Gardner.
Peoria—Illinois National Bank; Frank Fischer, Vice-Pres.
Percy—First National Bank; W. C. Davis, Jr., Pres., in place of E. R. Hincke; E. R. Hincke, Vice-Pres., in place of W. C. Davis, Jr.
Potomac—Potomac National Bank; B. D. Wise, Vice-Pres., in place of W. H. Rice.
Sycamore—Sycamore National Bank; C. E. Walker, Vice-Pres.; J. R. Wateman, Cashier, in place of C. Walker.
Triumph—First National Bank; A. P. Wylie, Pres., in place of E. L. Watts.
Westfield—First National Bank; A. J. Bigelow, Vice-Pres., in place of R. Endsley.
Waukegon—First National Bank; C. J. Jones, Cashier, in place of C. F. Wiard.

INDIANA.

Anderson—National Exchange Bank; J. W. Sansbery, Pres., in place of T. J. McMahan.
Bedford—Citizens National Bank; E. B. Thornton, Vice-Pres.
Bloomington—Bloomington National Bank; E. C. Hogate, Vice-Pres., in place of W. J. Allen.
Danville—First National Bank; W. C. Osborne, Pres., in place of M. Carter; F. J. Christie, Cashier, in place of W. C. Osborne.
Dana—First National Bank; G. O. Newton, Cashier.
Elkhart—First National Bank; A. R. Beardsley, Vice-Pres.
Evansville—Mercantile National Bank; G. M. Snyder, Cashier, in place of Joel Bailey.
Ferdinand—Ferdinand National Bank; J. A. Sondermann, Vice-Pres., in place of J. H. Beckmann.
Fort Wayne—German-American National Bank; H. C. Berghoff, Vice-Pres., in place of T. Wentze; Theo. Wentze, Cashier, in place of H. C. Berghoff.
Franklin—Citizens National Bank; A. A. Alexander, Pres., in place of R. A. Alexander; O. C. Dunn, Vice-Pres., in place of A. A. Alexander; J. H. Tarlton, Cashier, in place of O. C. Dunn.
Greenfield—Capital State Bank; capital increased to $50,000.
Greencastle—First National Bank; Andrew Hirt, Vice-Pres., in place of T. T. Moore.
Hammond—First National Bank; Thomas Hammond, Vice-Pres., in place of E. C Minas.
Hammond—Citizens German National Bank; G. M. Elder, Pres., in place of C. C. Smith; E. S. Merine, Cashier, in place of G. M. Elder.
Loogootee—First National Bank; W. J. McCord, Pres., in place of T. W. Force.
Lynnville—Lynnville National Bank; J. F. Rickrich, Pres., in place of J. H. Madden; H. S. Auster, Vice-Pres., in place of J. F. Rickrich.
Mayo—First National Bank; J. W. Trowbridge, Vice-Pres., in place of O. E. Rich.
Montezuma—First National Bank; Samuel Skeeters, Pres., in place of J. E. Johnston; J. E. Johnston, Vice-Pres., in place of Chas. Cansey.
Mount Vernon—First National Bank; Louis H. Keck, Vice-Pres., in place of R. V. Stinson.
New Albany—Merchants National Bank; J. H. Fawcett, Vice-Pres., in place of C. H. Fawcett.
New Harmony—First National Bank; Ezra Stephens, Pres., in place of T. Mumford; Harold Stephens, Cashier, in place of E. Stephens.
Noblesville—First National Bank; George Bowen, Vice-Pres., in place of G. M. Snyder.
Odon—First National Bank; A. A. Lane, Pres., in place of L. Cooper; J. M. Winkelpleck, Vice-Pres., in place of W. Sims; J. A. McCoy, Cashier, in place of W. C. Garton.
Peru—Citizens National Bank; W. H. Zimmerman, Vice-Pres.
Plymouth—Marshall County Trust & Savings Co.; capital increased to $40,000.
Princeton—Peoples National Bank; O. M. Welborn, Pres., in place of J. W. Ewing.
Princeton—American National Bank; M. V. Witherspoon, Pres., in place of J. McCarty.
Rockport—First National Bank; J. G. Rimstidt, Vice-Pres.
Richmond—Second National Bank; C. W. Elmer, Vice-Pres.
Sheridan—First National Bank; G. H. Palmer, Vice-President, in place of J. N. Parr.
Thornton—Home National Bank; L. W. Beesley, Vice-Pres., in place of R. J. Ferguson.
Tennyson—Tennyson National Bank; J. J. Metz, Vice-Pres.
Valparaiso—Valparaiso National Bank; H. M. Evans, Vice-Pres.
Williamsburg—First National Bank; Mile Crano, Vice-Pres., in place of Asher Pearce.
Wabash—First National Bank; L. L. Daugherty, Pres., in place of J. S. Daugherty; J. S. Daugherty, Vice-Pres., in place of L. L. Daugherty.

Winamac—Citizens National Bank; M. A. Dilts, Pres., in place of W. Sable; John Austis, Vice-Pres., in place of M. A. Dilts.

IOWA.

Akron—First National Bank; Frank Wakeman, Vice-Pres., in place of J. D. Earnham.

Belmond—First National Bank; G. H. Richardson, Pres., in place of T. B. Kaufman.

Belle Plains—First National Bank; G. R. Ahrens, Pres., in place of S. S. Sweet; C. A. Sweet, Cashier, in place of G. R. Ahrens.

Cedar Falls—Cedar Falls National Bank; H. S. Gilkey, Vice-Pres., in place of H. Johnson.

Charles City—Commercial National Bank; J. W. Snyder, Cashier.

Kent—Union County Savings Bank; title changes to Kent State Savings Bank; Pres., W. F. Tripp.

Nashua—Lipman Loser; title changed to Banking House of L. Loser.

Pella—Pella National Bank; R. R. Beard, Pres., in place of P. H. Bousquet.

Knoxville—Citizens National Bank; W. R. Myers, Vice-Pres., in place of A. J. Hanna.

Crystal Lake—First National Bank; L. G. Larsen, Vice-Pres., in place of W. B. Vaughn.

Everley—First National Bank; H. E. Jones, Pres., in place of A. W. Sleeper.

Gilmore City—First National Bank; R. Conwell, Vice-Pres., in place of G. W. Black.

Hawarden—First National Bank; John Smith, Pres., in place of F. E. Watkins.

Indianola—First National Bank; A. E. Schimelfenig, Vice-Pres.

Independence—First National Bank; R. B. Raines, Pres., in place of W. G. Donnan, deceased; Jed Lake, Vice-Pres. W. G. Stephenson, Cashier.

Lineville—First National Bank; W. B. Wasson, Vice-Pres., in place of C. W. Elson; R. E. Molleston, Cashier, in place of D. T. Sollenbarger.

Linn Grove—First National Bank; E. M. Duroe, Vice-Pres., in place of J. J. Spindler; E. O. Lee, Cashier, in place of N. O. Monserud.

Little Rock—First National Bank; A. G. F. Ross, Vice-Pres., in place of W. B. Burton.

Maquoketa—First National Bank; A. B. Bowen, Vice-Pres.

Malvern—First National Bank; W. L. Summers, Pres., in place of M. L. Evans; Geo. Mellor, Vice-Pres., in place of O. A. Strahan.

Melvin—First National Bank; W. T. Steiner, Vice-Pres., in place of J. F. Mattert.

Norway—First National Bank; Jacob Hofferd, Vice-Pres., in place of G. A. Doebel.

Ottumwa—First National Bank; Geo. Haw, Vice-Pres.; no Cashier in place of W. B. Bonnifield, Jr.

Peterson—First National Bank; E. L. Manton, Pres., in place of A. S. Weir; H. G. Morrison, Cashier, in place of C. H. Staples.

Prairie City—First National Bank; B. E. Moore, Vice-Pres., in place of J. G. Olmstead; Hugh G. Little, Cashier, in place of W. D. Scott.

Redoak—First National Bank; Thomas Griffith, Pres., in place of F. M. Byrkit.

Sioux City—Iowa State National Bank; F. A. McCormack, Vice-Pres., in place of H. A. Jandt.—Northwestern National Bank; I. M. Lyon, Cashier, in place of C. E. Hoflund.

Sibley—First National Bank; J. F. Mattert, Cashier, in place of H. L. Emmert.

Traer—First National Bank; John Steffen, Vice-Pres., in place of Howard Everett.

Waterloo—Commercial National Bank; G. E. Lichty and F. C. Platt, Vice-Pres's.

Williams—First National Bank; R. J. Hurd, Second Vice-Pres.

Webster City—Farmers National Bank; R. E. Jones, Pres., in place of J. M. Jones; J. M. Jones, Vice-Pres., in place of R. E. Jones.

Anthony—Citizens National Bank; W. A. Miller, Pres., in place of J. D. Brown; C. E. Morris, Vice-Pres., in place of W. A. Miller.

KANSAS.

Cherryvale—Montgomery County National Bank; A. J. Atell, Vice-Pres., in place of J. N. Houck.

Cherokee—First National Bank; F. N. Chadsey, Pres., in place of A. C. Graves; R. H. Montgomery, Vice-Pres., in place of F. N. Chadsey.

Columbus—First National Bank; H. A. LaRue, Vice-Pres.; F. C. Hainer, Cashier, in place of H. A. LaRue.

Dodge City—National Bank of Commerce; P. H. Young, Vice-Pres., in place of M. W. Sutton.

Ellsworth—Central National Bank; B. L. Gardanier, Vice-Pres., in place of E. D. Schermerhorn; H. S. Buzick, Jr., Cashier, in place of B. L. Gardanier.

Eureka—Home National Bank; Wm. Knox, Pres., in place of G. A. Bower.

Fort Leavenworth—Army National Bank; E. A. Kelly, Pres., in place of A. A. Fenn; P. B. Johnson, Vice-Pres., in place of H. Jackson.

Garden City—Garden City National Bank; O. H. Warner, Cashier, in place of S. C. Rosencrans.

Harper—Security National Bank; J. E. Martin, Pres., in place of J. Baumstark.

Lebanon—First National Bank; A. Lull, Pres., in place of E. T. Derge; E. T. Derge, Vice-Pres., in place of A. Lull; P. A. Derge, Cashier, in place of J. D. Mossman.

Leroy—First National Bank; J. R. Copple, Vice-Pres.; L. V. Watson, Cashier, in place of J. R. Copple.

Madison—First National Bank; N. McGilvray, Vice-Pres., in place of S. Brambaugh.

Meade—First National Bank; W. F. Casteen, Vice-Pres., in place of G. S. Selvidge.

Ness City—National Bank of Ness City; O. H. Laraway, Pres., in place of Mary C. Bennett; Mary C. Bennett, Vice-Pres., in place of O. H. Laraway.

Oberlin—Farmers National Bank; Van B. Wiggins, Vice-Pres., in place of C. M. Sawyer.

Osborne—Farmers National Bank; H. A. Taylor, Vice-Pres., in place of D. Kaser. Exchange National Bank; J. R. Loomis, Pres., in place of J. A. Morton; J. C. O'Brien, Vice-Pres., in place of J. R. Loomis.

Overbrook—First National Bank; J. W. Hollis, Vice-Pres., in place of W. T. Coffman.

Sedan—Peoples National Bank; W. H. Dennis, Vice-Pres., in place of W. H. Study; L. G. Wells, Asst. Cashier, in place of H. W. Loomis.

KENTUCKY.

Beattyville—National Bank of Beattyville; G. S. McDonald, Pres., in place of J. J. McHenry; G. T. Perkins, Vice-Pres., in place of G. S. McDonald.

Burnside—First National Bank; C. W. Stuart, Pres., in place of W. E. DeLaney; J. A. Mann, Vice-Pres., in place of G. S. Dudley.

Cattlesburg—Cattlesburg National Bank; G. H. Hampton, Vice-Pres.

Covington—Farmers and Traders National Bank; C. B. Edwards, Pres., in place of J. H. Mersman.—German National Bank; G. E. Engle, Vice-Pres.; H. P. Colville, Cashier, in place of G. E. Engle.

Elizabethtown—First National Bank; R. Holbert, Vice-Pres.

Frankfort—State National Bank; C. E. Hoge, Pres., in place of F. Hewitt; W. F. Dandridge and F. V. Gray, Vice-Pres's.; E. E.

Hoge, Cashier, in place of C. E. Hoge.
Glasgow—Citizens National Bank; E. F. Jewell, Pres., in place of J. P. Depp.
Horse Cave—First National Bank; B. M. Steffey, Pres., in place of R. T. Smith; Luther Rhea, Vice-Pres., in place of B. M. Steffey.
Leitchfield—Grayson County National Bank; W. O. Jones, Vice-Pres., in place of D. O. Riley.
Louisville—Southern National Bank; W. J. Thomas, Pres., in place of J. S. Escott; P. N. Clarke, Vice-Pres., in place of W. J. Thomas.—Union National Bank; Basil Doerhoefer, Vice-Pres., in place of C. G. Strater; W. P. Otter, Vice-Pres.—Continental National Bank; W. F. Tafel, Vice-Pres.—First National Bank; Jas. Clark, Jr., Vice-Pres.; C. N. Mathews, Cashier.
Olive Hill—Olive Hill National Bank; M. W. Armstrong, Vice-Pres., in place of Claude Wilson.
Paducah—American-German National Bank; Henry A. Potter, Vice-Pres., in place of T. J. Atkins.
Prestonburg—First National Bank; A. J. May, Vice-Pres., in place of James Goble.
Russell—First National Bank; J. W. Ramey, Vice-Pres., in place of W. H. Gilley.
Sebree—First National Bank; B. O. Warren, Cashier, in place of V. Sullenger.
Uniontown—First National Bank; W. M. Morgan, Pres., in place of W. T. Wathen, Sr.; Gibson Chapman, Vice-Pres., in place of W. M. Morgan.

LOUISIANA.

De Ridder—First National Bank; P. W. West, Vice-Pres., in place of T. J. Carroll; W. A. Martin, Vice-Pres., in place of A. J. Hanchey.
Lake Arthur—First National Bank; E. P. Fox, Vice-Pres., in place of D. Hebert.
Leesville—First National Bank; J. L. Reaves, Vice-Pres., in place of T. J. Davis.
New Orleans—Third District Savings Banking and Trust Co.; H. L. Franz, Pres., in place of E. J. Leonhard.—New Orleans National Bank; A. Baldwin, Jr., Pres., in place of R. E. Craig; F. E. Reiss, Vice-Pres., in place of A. Baldwin, Jr.
Patterson—First National Bank; G. A. Roussel, Pres., in place of R. L. Riggs; N. B. Trellus, Vice-Pres., in place of G. A. Roussel.
Shreveport—American National Bank; J. D. Eubank, Vice-Pres., in place of P. C. Wideman.—First National Bank; Andrew Quesbes, Pres., in place of W. Dillon; S. H. L. Cooper, Vice-Pres., in place of Andrew Quesbes.

MAINE.

Bangor—Second National Bank; T. R. Savage, Vice-Pres.
Brunswick—Union National Bank; Barrett Potter, Pres., in place of H. A. Randall.
Ellsworth—Burrill National Bank; E. F. Small, Cashier, in place of J. E. Parsons.
Houlton—Farmers National Bank; F. A. Powers, Pres., in place of L. Powers.
Thomaston—Georges National Bank; R. O. Elliott, Vice-Pres., in place of S. E. Smith.
Waldoboro—Medomak National Bank; Levitt Storer, Vice-Pres.

MARYLAND.

Baltimore—First National Bank; H. B. Wilcox, Pres., in place of J. D. Ferguson; W. S. Hammond, Cashier, in place of H. B. Wilcox.—Commercial and Farmers National Bank; S. H. Shriver, Pres.; J. M. Easter, Vice-Pres., in place of H. M. Mason.
Brunswick—Peoples National Bank; S. W. George, Vice-Pres., in place of H. M. Jones; W. F. Stonebraker, Vice-Pres.
Elkton—Second National Bank; J. S. Hopper, Vice-Pres., in place of J. J. Archer.
Frederick—First National Bank; R. Rush Lewis, Pres., in place of F. C. Norwood.
Gaithersburg—First National Bank; James Anderson, Vice-Pres., in place of H. M. Talbott.
Havre de Grace—Citizens National Bank; J. M. Michael, Pres., in place of R. C. Hopkins.
Hyattsville—First National Bank; C. A. Wells, Vice-Pres., in place of E. Q. Smith.
Union Bridge—First National Bank; E. O. Cash, Vice-Pres.; L. Q. Repp, Asst. Cashier.

MASSACHUSETTS.

Amesbury—Powow River National Bank; E. R. Sibley, Pres., in place of G. F. Bagley; F. E. Lowell, Vice-Pres., in place of E. R. Sibley.
Haverhill—Haverhill National Bank; H. H. Gilman, Vice-Pres.
Harwich—Cape Cod National Bank; E. K. Crowell, Pres., in place of J. H. Cummings.
Hopkinton—Hopkinton National Bank; J. H. Leman, Pres., in place of W. C. Pierce; R. B. Stanley, Vice-Pres., in place of G. A. Bridges.
Lynn—Manufacturers National Bank; W. N. Littlefield, Pres., in place of B. W. Corrier, deceased; W. M. Libbey, Vice-Pres., in place of W. B. Littlefield.—National City Bank; A. W. Pinkham, Pres., in place of F. S. Peaver; C. G. Grover, Vice-Pres., in place of Arthur W. Pinkham.
Leominster—Leominster National Bank; E. F. Blodgett, Vice-Pres., in place of J. M. Lockey.
Newburyport—First National Bank; G. W. Piper, Pres., in place of E. P. Shaw.
Peabody—Warren National Bank; L. P. Osborn, Pres., in place of H. F. Walker; A. F. Poor, Vice-Pres., in place of F. W. Stanley.
Palmer—Palmer National Bank; E. G. Childs, Pres., in place of J. F. Holbrook; C. A. LeGro, Vice-Pres., in place of E. G. Childs.
Wellesley—Wellesley National Bank; C. N. Taylor, Pres., in place of Isaac Sprague; R. G. Shaw, Jr., Vice-Pres., in place of C. N. Taylor.

MICHIGAN.

Allegan—First National Bank; F. I. Chicester, Pres., in place of Leon Chichester; F. Andrews, Cashier, in place of F. I. Chicester.
Detroit—First National Bank; G. F. G. Smith, Cashier, in place of J. T. Shaw.—American Exchange National Bank; J. N. Wright, Pres., in place of W. A. Avery; J. P. Williams, Asst. Cashier.
Durand—First National Bank; C. S. Reed, Vice-Pres., in place of N. P. Leland.
Grand Rapids—Old National Bank; Willard Barnhart, Pres., in place of J. M. Barnett.
Ironwood—First National Bank; C. E. Houk, Vice-Pres., in place of James Devey.
Lansing—City National Bank; B. F. Davis, Pres., in place of E. W. Sparrow; F. J. Hopkins, Cashier, in place of B. F. Davis.
Morenci—First National Bank; E. H. Rorick, Vice-Pres., in place of J. C. Rorick.
Muskegon—Hackley National Bank; William Monroe, Vice-Pres., in place of D. D. Erwin.
Marquette—First National Bank; E. S. Bice, Vice-Pres.; C. L. Brainerd, Cashier, in place of E. S. Bice; O. E. Brown, Asst. Cashier.
Alexandria—First National Bank; C. J. Gunderson, Pres., in place of G. B. Ward; N. R. Ward, Vice-Pres., in place of C. H. Raiter.

MINNESOTA.

Austin—Austin National Bank; C. H. Ross, Pres., in place of F. I. Crane; F. I. Crane and C. H. Davidson, Jr., Vice-Pres's.
Blackduck—First National Bank; A. L. Wedge, Jr., Vice-Pres.
Ericelyn—First National Bank; R. L. Mork, Vice-Pres., in place of O. J. Clark; G. O. Halverson, Asst. Cashier, in place of R. L. Mork.

Battle Lake—First National Bank; Henry Olson, Vice-Pres., in place of O. T. Langen.
Bertha—First National Bank; W. E. Parker, Vice-Pres.
Clarkfield—First National Bank; E. Monson, Pres., in place of H. Molson.
Chatfield—First National Bank; F. W. Pease, Vice-Pres., in place of J. Underlark.
Eveleth—Miners National Bank; C. B. Hoel, Cashier, in place of L. Shapiro.
Eyota—First National Bank; Theo. Weld, Vice-Pres., in place of Mrs. J. H. Simpson.
East Grand Forks—First National Bank; J. R. Johnson, Vice-Pres.
Gilbert—First National Bank; John Saari, Pres., in place of W. J. Smith.
Hendricks—First National Bank; L. A. Larson, Vice-Pres.
Halstread—First National Bank; H. W. Gjerdingen, Vice-Pres., in place of H. Henderson.
Hallock—First National Bank; Elmer C. Yetter, Pres., in place of D. E. Tawney; D. E. Tawney, Vice-Pres., in place of E. C. Yetter.
Herman—First National Bank; G. H. Mumm, Vice-Pres.
Hopkins—First National Bank; W. G. Shafer, Pres., in place of J. G. Lund.
Mankato—National Citizens Bank; G. W. Sugden, Vice-Pres., in place of F. K. Meagher; F. K. Meagher, Cashier, in place of G. W. Sugden.
Motley—First National Bank; L. L. Case, Vice-Pres., in place of W. A. Lancaster.
Moorhead—Moorhead National Bank; H. E. Roberts, Vice-Pres.
Minneota—Farmers and Merchants National Bank; A. J. Kile, Vice-Pres., in place of C. K. Melby.
Preston—National Bank of Preston; J. W. Hopp and S. A. Langum, Vice-Pres's.
Renville—First National Bank; H. J. Dale, Pres., in place of F. O. Gold.
Sauk Center—First National Bank; J. A. Caughren, Vice-Pres.
Slayton—First National Bank; J. F. Toy, Pres., in place of B. I. Weld; B. I. Weld, Vice-Pres., in place of A. S. Dyer.
St. Paul—First National Bank; W. A. Miller, Vice-Pres.; F. A. Nienhauser, Cashier, in place of W. A. Miller.
St. Cloud—Merchants National Bank; R. B. Brower, Vice-Pres., in place of D. Getchell.
Worthington—Citizens National Bank; S. M. Stewart, Pres., in place of G. W. Patterson; K. V. Mitchell, Cashier, in place of S. M. Stewart.

MISSISSIPPI.

Ackerman—First National Bank; D. H. Quinn, Vice-Pres., in place of J. W. Norment.
Hattiesburg—First National Bank; G. L. Hawkins, Vice-Pres.
Meridian—First National Bank; H. L. Bardwell, Vice-Pres.; Walker Broach, Cashier, in place of H. L. Bardwell.
Okolona—First National Bank; F. M. Elliott, Vice-Pres., in place of E. S. Elliott.
Vicksburg—American National Bank; W. T. Rose, Vice-Pres.; Mr. Rose continues as Cashier.

MISSOURI.

Albany—First National Bank; M. P. Whaley, Cashier, in place of B. F. Hardin.
Cassville—First National Bank; R. G. Sayler, Pres., in place of J. H. McGuffin.
Cowgill—First National Bank; O. A. F. Griffey, Cashier, in place of F. M. Kern.
Centralia—First National Bank; H. S. Williamson, Pres., in place of D. T. Turner; J. W. Robinson, Vice-Pres., in place of H. S Williamson.
Clinton—Clinton National Bank; W. H. Gibbins, Pres., in place of T. G. Hutt; R Rowen, Vice-Pres., in place of W. H. Gibbins.
Excelsior Springs—First National Bank; J. M. Coburn, Pres., in place of A. M. Bates; F. M. Kern, Cashier, in place of W. J. Craven.
Fairview—First National Bank; O. S. McCall, Vice-Pres.
Kansas City—New England National Bank; G. B. Harrison, Jr., Vice-Pres.; Mr. Harrison continues as Cashier.—National Bank of Commerce; C. H. Moore, Vice-Pres.
Lamar—First National Bank; J. S. Jones, Vice-Pres., in place of W. A. McCormick.
Sedalia—Citizens National Bank; Grant Crawford, Vice-Pres., in place of J. D. Crawford.
St. Louis—City National Bank; Jacob Berger, Vice-Pres.—Mercantile National Bank; Paul Brown and Wm. Moffitt, Vice-Pres's; Mechanics-American National Bank; Jackson Johnston, Vice-Pres., in place of W. J. Kinsella.—National Bank of Commerce; B. F. Edwards, Pres., in place of J. C. C. Van Blarcom; T. Randolph, Vice-Pres., in place of B. F. Edwards; W. B. Cowen, J. W. Perry and W. L. McDonald, Vice-Pres's.
Stewartville—First National Bank; J. C. Watson, Vice-Pres.
Springfield—Merchants National Bank; J. H. Keet, Vice-Pres.
Nevada—First National Bank; F. H. Glenn, Pres., in place of T. Lacaff.

MONTANA.

Hardin—First National Bank; G. F. Burla, Pres., in place of J. B. Arnold.
Havre—First National Bank; Simon Pepin, Pres., in place of W. E. Houser; E. T. Broadwater, Vice-Pres., in place of Simon Pepin.
Ismay—First National Bank; E. J. Armstrong, Cashier, in place of Wilson Eyer.
Roundup—First National Bank; T. A. Marlow, Vice-Pres., in place of R. M. Calkins.
Wibaux—First National Bank; A. Davis, Vice-Pres., in place of L. S. Patterson.

NEBRASKA.

Thurston—Thurston State Bank; E. G. Hancock, Vice-Pres., in place of A. F. Call.

NEW JERSEY.

Asbury Park—Asbury Park and Ocean Grove Bank; capital increased to $100,000.
Egg Harbor—Egg Harbor Commercial Bank; A. G. Vautrinot, Cashier, in place of Herman Dietz
Jersey City—Commercial Trust Co.; J. W. Hardenbergh, Pres., in place of David W. Lawrence.

NORTH DAKOTA.

Taylor—Taylor State Bank; capital increased to $20,000.
Jamestown—Farmers and Merchants State Bank; R. R. Wolfer, Cashier, in place of F. J. Simonsitseh.

OREGON.

Bend—Central Savings Bank and Trust Co.; capital increased to $25,000.
Grass Valley—Bank of Grass Valley; consolidated with Citizens Bank.

SOUTH DAKOTA.

Hoven—First State Bank; A. F. Dankenbring, Cashier, in place of A. P. Erpelding.

TENNESSEE.

Dayton—Dayton Bank and Trust Co.; T. J. Brewer, Vice-Pres., deceased.

TEXAS.

Austin—Capital Bank and Trust Co.; title changed to Central Bank and Trust Co.

Carlton—Carlton State Bank; consolidated with Farmers and Merchants State Bank.

Weatherford—Merchants and Farmers National Bank; title changed to Merchants and Farmers State Bank.

WASHINGTON.

No. Yakima—Yakima Valley Bank; capital increased to $100,000.

Quincy—Bank of Quincy; consolidated with First National Bank.

Montesano—Montesano State Bank; capital increased to $50,000.

Seattle—Security Savings and Trust Co.; title changed to Metropolitan Bank.

BANKS REPORTED CLOSED OR IN LIQUIDATION.

CALIFORNIA.

San Francisco—U. S. National Bank; in voluntary liquidation, Dec. 31.

ILLINOIS.

East St. Louis—City National Bank; in voluntary liquidation Jan. 16.

Benton—Coal Belt National Bank; in hands or receiver Feb. 9.

KANSAS.

Kansas City—Bankers National Bank; in voluntary liquidation Jan. 2.

LOUISIANA.

New Orleans—Peoples National Bank; in voluntary liquidation Jan. 29.

MINNESOTA.

Minneapolis — Swedish-American National Bank; in voluntary liquidation Dec. 31.

MONTANA.

Havre—First National Bank; in voluntary liquidation Feb. 6.

NORTH DAKOTA.

Rugby—First National Bank; in hands of receiver Jan. 4.

OHIO.

Lebanon—Farmers and Merchants National Bank; in voluntary liquidation Jan. 12.

OKLAHOMA.

Afton—First National Bank; in voluntary liquidation Dec. 16.

Alva—Alva National Bank; in voluntary liquidation Dec. 22.

Bokchito—First National Bank; in voluntary liquidation Dec. 29.—Bokchito National Bank; in voluntary liquidation Dec. 16.

Blackwell—State National Bank; in voluntary liquidation Dec. 4.

Chandler—Chandler National Bank; in voluntary liquidation Jan. 18.

Comanche—Comanche National Bank; in voluntary liquidation Jan. 20.

Clinton—Clinton National Bank; in voluntary liquidation Dec. 19.

Eldorado—Merchants National Bank; in voluntary liquidation Dec. 30.—First National Bank; in voluntary liquidation Dec. 31.

Granite—First National Bank; in voluntary liquidation Jan. 11.

Holdenville—National Bank of Commerce; in voluntary liquidation Jan. 20.

Mannsville—First National Bank; in voluntary liquidation Dec. 31.

Milburn—Farmers National Bank; in voluntary liquidation Jan. 19.

Newkirk—Farmers National Bank; in voluntary liquidation Jan. 19.

Ravia—First National Bank; in voluntary liquidation Feb. 1.

Temple—Farmers National Bank; in voluntary liquidation Dec. 15.

Waurika—Citizens National Bank; in voluntary liquidation Dec. 1.

OREGON.

Pendleton—Commercial National Bank; in voluntary liquidation Feb. 5.

TENNESSEE.

Waverly—First National Bank; in voluntary liquidation Feb. 1.

TEXAS.

Frankston—First National Bank; in voluntary liquidation Dec. 21.

Weatherford—Merchants and Farmers National Bank; in voluntary liquidation Dec. 31.

VIRGINIA.

Newport News—Newport News National Bank; in voluntary liquidation Dec. 14.

WASHINGTON.

Everett—American National Bank; in voluntary liquidation Jan. 16.

WISCONSIN.

Omro—First National Bank; in voluntary liquidation Jan. 30.

RESUMPTION OF BUSINESS.

KENTUCKY.

Monticello—Citizens National Bank; in charge of receiver Nov. 18, resumed business Jan. 18.

MISSOURI.

Springfield—National Exchange Bank; in hands of receiver Dec. 7, resumed business Jan. 18.

NEW HAMPSHIRE.

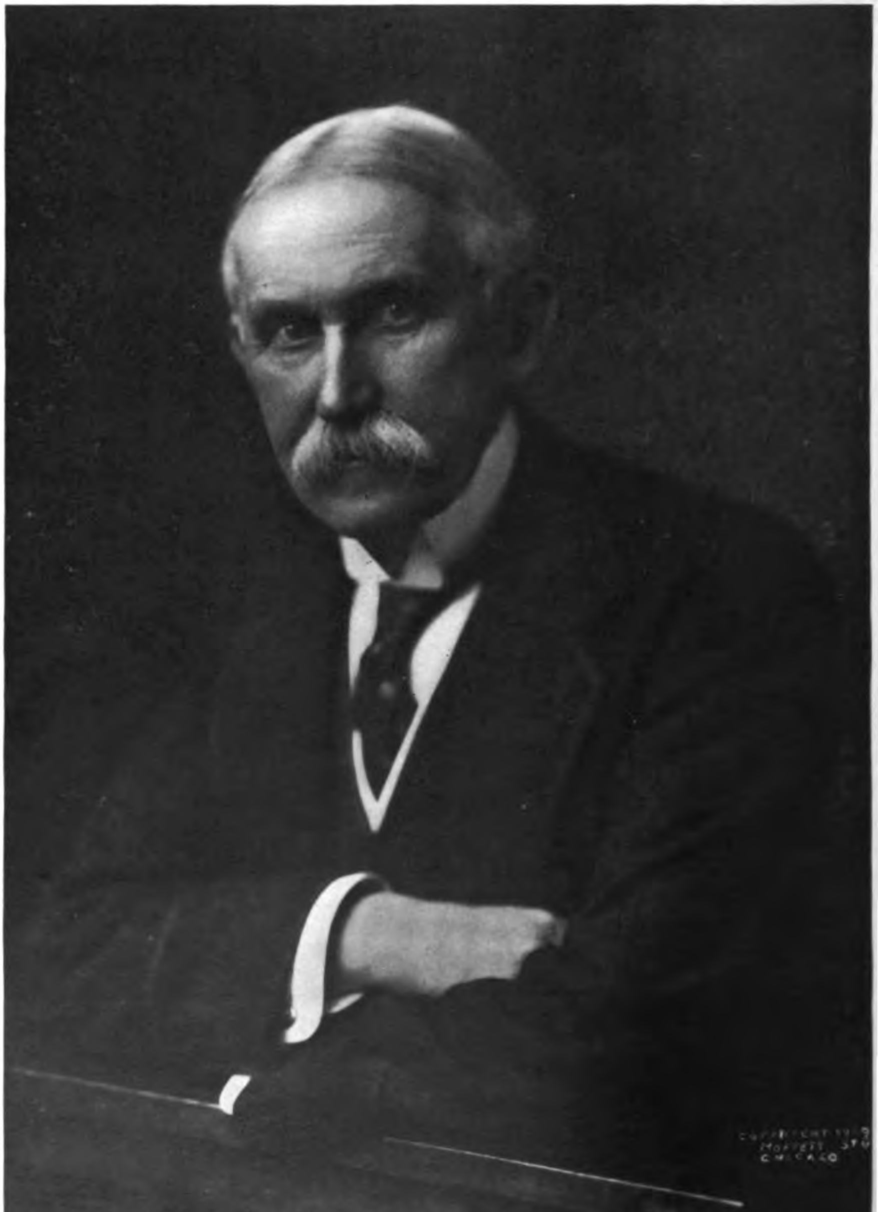
Somersworth—First National Bank; in charge of receiver Dec. 16, resumed business Feb. 8.

PENNSYLVANIA.

Summerville—Union National Bank; in charge of receiver Oct. 16, resumed business Jan. 28.

THE NEW SECRETARY OF THE TREASURY

FRANKLIN MACVEAGH, who was sworn in as Secretary of the Treasury in the Cabinet of President Taft on March 8, was born on a farm in Chester county, Pa.; graduated from Yale in 1862; Columbia Law School, New York, 1864; abandoned law practice in New York because of ill health and removed to Chicago where he established the wholesale grocery house of Franklin MacVeagh & Co., of which he has been president since its organization; president of Chicago Citizens' Association in 1874; nominated by Democrats for United States Senator in 1894 and made canvass of the State, but was defeated in the Legislature; has been president of Chicago Bureau of Charities, and vice-president of American Civic Association; chairman immigration department of National Civic Federation, and chairman board of directors of the Commercial National Bank of Chicago.



FRANKLIN MacVEAGH
The New Secretary of the Treasury.

THE

BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-THIRD YEAR APRIL, 1909 VOLUME LXXVIII, NO. 4

BUSINESS interests in the United States are again being subjected to the strain periodically imposed upon them by a revision of the tariff. Whether one believes in high protection, moderate duties or absolute free trade, all must realize that the uncertainty preceding a change in the tariff laws of the country unfavorably affects business enterprise. As a matter of fact, the fear engendered by tariff revision, like that of death, lies most in apprehension. So long as the Republican party remains in power the doctrine of protection is likely to be maintained, and while the schedules may be shaken up and altered in various ways, the duties will probably not be much lowered. It may well be questioned whether it would not be better to let the tariff alone, seeing that business is to be greatly disturbed and probably to little purpose. Some day, perhaps, when the Democratic party is more wisely and more ably led, the battle of protection vs. "tariff for revenue only" will be fought over again as it was in the CLEVELAND campaigns, but until that time it is doubtful whether the alterations made in the tariff by the party now in power are of sufficient importance to justify the partial paralysis of business which always precedes a remodelling of the tariff.

While the protective doctrine is not likely to be abandoned for some time to come, as the industries of the country grow in strength and importance, there is a tendency, even among Republican protectionists, to modify their views. The desire to extend our foreign trade is partly responsible for this changed view, for manufacturers understand very well that international trade can not be wholly one-sided—that if we would sell to other countries, they must also have the privilege of selling to us. Our "infant industries" have grown so big that the cry for their protection excites what the reporters of debates in Congress describe as "derisive laughter." But the difference in wages paid here and abroad is still used as an argument for sustaining the protective system.

Possibly the periodical disturbance of business now incident to tariff legislation might be avoided by placing the whole subject in the hands of a commission that would recommend desirable changes from time to time. This plan might seriously affect a single industry, but could hardly be so injurious to business as a whole as is the present plan of upsetting the tariff system completely once in a decade.

BY modifying the rules of the House of Representatives, the "leaders" of that body who have heretofore carried out their programmes with a high hand, have received an intimation that public sentiment is not yet quite dead. The disgraceful manner of forcing the Aldrich-Vreeland bill through the House, practically without debate, will be recalled. Under the rules as modified recently it will be more difficult to repeat a performance of that kind.

It is probable that in the future it may not be so easy as it has been to force through bad financial legislation on the pretext of a supposed political or other emergency. Any bill framed as a result of the Monetary Commission's report will have to stand debate in the House and be approved by the public opinion of the country. This may not be altogether comforting to those who have mapped out a complete financial and banking policy which they hoped to rush through under the iron-clad rules that have so long governed the House, but it is an indication that the people have not wholly lost interest in the management of their affairs.

RECENTLY the Pennsylvania Railroad Company decided that in placing future loans it would invite competitive bids instead of engaging a single banking house or syndicate to underwrite the loans.

While this plan has some advantages in times when money is easy, in that it enables the company to get a better price for its securities, it is open to some objections when conditions are not favorable, for not infrequently concerns in the best credit find it difficult to float loans on acceptable terms at such times without the help of bankers.

Probably the bankers and banking syndicates would not relish being called on only when the money market is tight and having their services dispensed with at other times.

Experience has shown that the method of placing loans by competitive bidding is not always beneficial to a corporation or municipality. The enhanced prices thus obtained for the securities sold may be more than offset by an occasional failure to float a loan at a satisfactory price, damaging the credit of the corporation or municipality and depreciating its outstanding securities.

Bankers making a specialty of floating large corporate or municipal loans have developed their business until it has become almost a science. Like all specialists, they charge a good round sum, but probably, all things considered, not more than their services are worth.

NEW YORK CITY has become so complex a municipal organization with such vast annual expenditures that the opportunities for waste and extravagance, always sufficiently numerous, have multiplied with the growth of the city's population and the increase of its outlays. With a view to abolishing the present waste, due to the absence of the checks afforded by a modern and efficient accounting system, the Merchants' Association through its committee on Taxation and Finance, has reported a plan for reforming the city's system of accounts, records and reports. This committee is composed of Professor Joseph F. Johnson, Frank A. Vanderlip, president of the National City Bank, Comptroller Herman A. Metz, Robert C. Ogden, Nathan Bijur and William B. Howland.

The committee advocates the creation of a commission, to be called the "Commission to Revise the Public Accounts, Statistical Records and Reports of the City of New York," to consist of the Comptroller and five others. It is proposed that such commission shall have power to appoint and fix the compensation of a secretary, counsel, accountants, engineers, clerks, and such other assistants as may be necessary.

The commission is to examine into the functions, organization, operations and methods of every division of the city government, including the local courts, and those branches of the county governments whose expenses are paid by the city.

The commission is then to devise a system of controlling accounts for the Department of Finance; a system of operating accounts for each department or division; a system of statistical operating records for each department or division adapted to show all the physical facts affecting the efficiency and economy of its administration; and a system of statistical reports for each department or division, which shall set forth in prescribed tabular and statistical form for each fiscal year, and in comparative form for a series of years, in summary and in detail, all the financial, operating, and other details necessary or pertinent to a full exhibit of the efficiency and economy with which such department, bureau, board, commission or other division or sub-division is administered.

The commission is to install and put in actual operation the systems devised by it, after which they are to be supervised by the Department of Finance.

The banks of the State of New York —the savings banks in particular—as holders of large amounts of New York City bonds are vitally interested in whatever tends to curb extravagance and waste in the expenditures of that city. Although New York is one of the richest cities of the world, its credit is perhaps much lower than it ought to be or than it would be if more business-like methods of financial administration were employed. An efficient system of accounting is one of the first and most important steps to be taken to insure economy and a fair return for the outlays incurred.

The plan outlined by the committee of the Merchants' Association seems well calculated to insure the installation of needed reforms in the management of New York City's finances. A bill embodying the committee's recommendations has been introduced in the State legislature, and should become a law.

PUBLICITY in banking, so much relied on as a banking safeguard in the United States, is not employed to anything like the same extent in the United Kingdom. Except the half-yearly statements, only a few of the London banks publish reports of their condition.

Recently, however, there has developed a movement in favor of greater banking publicity. Last fall a committee was appointed by the Associated Chambers of Commerce to consider "the restrictive laws relating to currency and banking in the United Kingdom." This committee has now made its report, of which we find the following summary in a London dispatch to the New York "Journal of Commerce":

"It points to the greater fluctuations in bank rates here than elsewhere, urges that they are injurious to trade, admits that no measures can do more than minimize them, and adds that, in proportion as the stock of gold available is increased, the necessity for these fluctuations will be decreased. It lays stress on the relatively small stock of gold held here, and on the fact that the Bank of England, 'in contrast with all other European banks of issue,' did not strengthen its stock of gold during last year. It proceeds to suggest that the Bank of England should multiply branches and extend its business; also that it should, from time to time, diminish its fiduciary note issue, a suggestion which is complicated by the fact that the Government shares in the profits of the fiduciary issue, so that it would involve a rearrangement of the relations between the Bank and its principal customer.

"In order to secure the maintenance of more adequate cash reserves, the committee proposes to trust largely to the effect of public opinion, and to secure its effectiveness by greater publicity in banking, advocating monthly statements by all the banks, giving fuller details, and showing the average of the daily balances. Opinions will differ concerning the desirability of the details to be furnished, but it will generally be agreed that monthly statements should be made universal, and not confined to a select few among the banks, which are thus placed at a disadvantage, and that the average amount of the deposits and of the cash in hand and at the bank should be shown.

"Other suggestions include a cash reserve to be held by the trustee and post-office savings banks, an issue by the bank of £1 notes, and the separate statement in the bank return of the bankers' balances, temporary advances, and bills discounted. The separation of the bankers' balances from the rest of the other deposits is attractive at first sight, but, if pressed, might have unexpected results; for the Bank would probably be less inclined to lend as freely as it does now at the end of the half-years, if the result of its lending were published in the form of bankers' balances swollen to a figure larger than that of its reserve. Finally the committee suggests that, after the gold reserves have been duly increased, the bank should be empowered, on the recommendation of a committee representing the State, the bank, and the banks, to increase its fiduciary issue in times of emergency; and that a committee should be appointed to consider the rearrangement of the relations between the bank and the Government, for which an opportunity will arise in March, 1911."

Some of these "reforms," while apparently revolutionary in the practices of the London banks, have been in use here for many years. On this side of the water the opinion seems nearly universal that the frequent publication of detailed bank statements is desirable, and the tendency has been of late toward increased publicity. Great differences exist in the banking systems of the two principal English-speaking countries of the world, and the conditions that make banking publicity imperative here do not obtain in the United Kingdom. Yet the desirability of greater publicity there is being recognized. The movement in question is one destined more firmly to establish the security of what is already one of the world's strongest banking systems.

COMMENTING unfavorably on the report of the committee "The Statist" of London says:

"When Sir Robert Peel was legislating he looked upon coin and bank-notes as constituting the currency of the country. But Bank of England notes have practically ceased to be currency. Rich people carry a few notes about with them, or more generally keep them at their houses. But as the Bank is not allowed to issue notes of a smaller denomination than £5, practically the bank-note is useless to the great majority of the population. Similarly, coins are cumbrous and heavy, and are carried in as small amounts as convenience will permit.

"So the check has come to form the real currency of the country. That it is an exceedingly handy form of currency we fully admit. That it economises coin is evident. In fact, the benefit it renders to trade is almost inestimable. Nevertheless, the fact remains that the power of issuing checks is highly profitable to the joint-stock banks, and is one of the reasons why they have become so immensely successful. Looking at the matter from another point of view, the fact that they now supply the country with its ordinary circulation is one of the strongest possible reasons for insisting that they should keep adequate gold reserves. The checks really represent the deposits. And, therefore, the rule that reserves must bear a certain proportion to the deposits is thoroughly sound."

"The Statist" is much dissatisfied with the report and states that it seems to try to shift the responsibility for present conditions from the joint-stock banks to the Government and the Bank of England.

NEEDY governments that apply to the Bank of France for loans are, it is said, apt to have their applications refused unless evidence appears that a goodly part of the funds obtained for the loans will be expended in France. It seems that in order to list the loans on the Bourse permission must be obtained from the Foreign Minister and the Minister of Finance. This sanction may be withheld in case the proceeds of the loans are to be entirely withdrawn from France to be expended elsewhere.

This policy enables the Bank of France to become a powerful agency in sustaining the economic supremacy of the country. So long as Paris maintains its financial lead over other markets, with abundance of money to offer at low rates, it can prescribe conditions of this sort. Yet such a policy may drive some borrowing nations to less favorable markets, but where the loans may be used as the borrowers choose.

It is but natural that the French financiers who supply money to foreign governments should wish that the latter when ordering naval or military equipment would expend part of the money in the country whence it was obtained, rather than send it outside to enrich other nations. After all, the ordinary commercial banks, especially in the smaller cities, adopt the same principle. They are lending money on credit to be employed largely in the development of home production and enterprise. While the banks can not dictate what use a borrower makes of his loans, no doubt the granting of the applications for loans is largely influenced by a feeling that they are to be put to proper uses.

THE cabinet of Mr. TAFT may be lacking in conspicuously brilliant names, but it fairly represents the average of ability which one might reasonably expect. Had the cabinet been made up principally from the party chieftains it might have presented a more imposing appearance, but the difficulty of harmonious coöperation would have been increased. The custom of a President inviting his defeated competitors for Presidential honors to become members of his cabinet seems to have died out. Nor can this be regretted. Great leaders who have to take a subordinate place inevitably chafe under the restraints imposed upon them. The history of the HARRISON cabinet illustrates this. Mr. BLAINE, long impatient of his position as Secretary of State, finally resigned. Mr. SHERMAN in the MCKINLEY cabinet had an experience that must have been galling to his pride.

Students of American history looking over the illustrious names that have graced the cabinets of the Presidents since the foundation of the Republic may regret that the cabinet of President TAFT contains no names that are likely to go thundering down the ages, but we are far from certain that the regret is well founded.

The problems of our day are not exactly those of the past. Perhaps they may be handled better by men of business training than they could be by great statesmen. President TAFT's cabinet may be less brilliant than some that have preceded it, but it appears to lack none of the constituents essential to giving the country a wise and safe administration of public affairs.

JUST prior to his inauguration as President, Mr. TAFT improved some of his spare moments by stating his conception of certain ethical standards by which the acts of public men should be measured. He castigated the critics who are never satisfied with the compromises sometimes essential in dealing with public affairs.

Yet these critics whom Mr. TAFT, taking the cue from his distinguished predecessor, so unmercifully belabors, have their place among the factors going to make up the sum of human progress. They are never satisfied! Why should they be with anything short of perfection? To sneer at every piece of legislation or every act of a public officer falling short of the highest ideals is very ungracious. The wise critic will accept gladly what may be had to-day, using it as a vantage-ground to push on in the progress of to-morrow. And if each day's achievement still leaves the final and complete victory ungained, he will still point to the heights that must be scaled, the forts of error and wrong that must be captured.

Just as a man who is really hungry will not refuse to eat because the bill of fare does not contain the luxuries dear to his palate, so no reasonable man sitting in judgment upon the world's progress will refuse to approve the slightest advance because it does not go far enough.

After all, it is these critics whom Mr. TAFT condemns that are responsible for most of the world's progress. It is the standards set up by them—even their "counsels of perfection"—that continually guide the practical politician and statesman. These gentlemen sometimes would like to stop where they are rather than to be pressed forward by aroused public opinion. Sometimes, also, they seek to excuse their own shortcomings by pointing out the imperfect instruments with which they must work. This is always an indication of weakness if not of moral cowardice. When appealed to with sufficient directness and strength the public conscience is always true. Compromises involving bargains with the corruptionists are never necessary. It is easier always to carry through a good measure than a bad one. This is something the politician knows, but his timidity and weakness often betray him into a disregard of this fundamental truth.

Fortunately, the standard of human conduct has been defined by a Higher Authority than the new President. While none of us may ever be able to conform to that high standard, it is healthful for Presidents and critics to keep it constantly in their minds.

VEXATIONS of one kind or another have beset Mr. TAFT in making up his cabinet. He seemed to make up his mind quite early in the game that he did not wish to give Mr. LOEB a portfolio. Mr. KNOX was one of his first selections, but a complication arose about his eligibility. With regard to the Secretary of the Treasury many perplexities were encountered. No sooner did the choice seem to have settled on one man before he was dropped. Then another selection was made—a bank president this time; but the directors of the bank got busy and made a big increase in the president's salary. As the salary of the

Secretary of the Treasury is fixed by law, Uncle Sam could not become a competitor in a game of this kind. But Mr. TAFT's representative kept going over the country with a fine-tooth comb, picking up a merchant who was debarred because he was an importer, and so on.

A month or so ago we very kindly consented to relieve Mr. TAFT of all anxiety as to the best appointment to be made for Secretary of the Treasury, and had our advice been followed a great deal of worry might have been avoided and a Secretary chosen that would have ranked with the leading finance ministers of the world. But all that is another story.

New York, in these days, seems to be regarded with scant favor in choosing a Secretary of the Treasury. It is supposed that a Secretary coming from that city would lean too much in the direction of Wall Street. Yet, were it not for this real or fancied handicap, it is in New York that one would look for the most skilled financiers, just as you would look for the best fishermen along the seacoast.

We are inclined to think this objection lacks force. As a matter of fact Wall Street is much more likely to succeed in pulling the wool over the eyes of an unsophisticated financier from the rural section than it would be with one of its own number. The rural statesmen who are elevated to the head of the Treasury Department are pretty apt to become panic-stricken over some of the Street's doings, while the New Yorker who has witnessed these things at close range for many years views them with indifference. So far as being subject to Wall Street influences is concerned a New York banker would therefore be less likely to be swayed in that direction than a Secretary of the Treasury coming from any other part of the country.

EFFORTS are being made by the Comptroller of the Currency to have the National Bank Examiners relinquish all business connections and the holding of any other kind of public office. A bank examiner who is in business for himself or is an officer or director of a corporation in the neighborhood of where the banks he examines is located, and where he or the corporation he represents may be borrowers of the banks examined, can hardly be an impartial judge of the character of such banks' assets.

Perhaps before long we shall develop in this country a class of professional bank examiners who will do their work with the skill of a trained surgeon. The Canadian branch banking system permits of the banks there having an inspector who generally possesses such qualifications. Here most of our examinations have been conducted by state and national authority, primarily with the view to the enforcement of the laws regulating banks. But this kind of examination, though admirable so far as it goes, has been found insufficient, and already there is growing up a new kind of bank examination devised and put in force by the bankers themselves. As this system develops and becomes gradually extended, in conjunction with the official supervision now in force, it will afford all the protection to the banks and to the public that may be derived from supervision of any kind.

THE situation developed by the discovery of Senator KNOX's ineligibility to a place in the Cabinet brings to light a curious attitude of public officials toward the laws they are supposed to enact or to enforce. No doubt the real purpose of the constitutional prohibition involved in this case was merely to prevent the men who voted for the creation of an office or for an increase of salary of an existing one from profiting by their own votes. Nobody believes that Senator KNOX in voting for an increase in the salary of Secretary of State expected to derive any personal benefit from casting his vote for such increase. That question never was brought up at all and could not be. Indeed, both Mr. TAFT and Mr. KNOX, great constitutional lawyers as they are, were evidently as genuinely astonished as anybody when the provision of the Constitution that made Mr. KNOX ineligible was called to their attention. While by repealing that part of the law which increased the salary of the Secretary of State, this technical obstacle may have been removed, and possibly both the spirit and letter of the law complied with, it is at best a subterfuge, a way of getting around the law, such as shrewd corporation lawyers are familar with, and a proceeding to which the American Congress and the President of the United States ought not to be parties. When Congress and the Executive agree to the modifying of a law of this character to meet a special circumstance, it has all the bad effect, morally, of a corporation lawyer's driving a coach and four through a statute which if obeyed would balk his company in carrying out some financial scheme. Congress and the President would hardly dare go so far as to disregard the law openly; but, having absolute power, they bend the law to their purpose by employing a device that comes very near to trickery.

This is hardly a good example to be set by the highest law-making body of the country and by the Chief Executive officer. We need a greater respect for law, a more careful observance of the provisions of the Constitution, rather than a fresh illustration of how easily the fundamental law of the land itself may be rendered nugatory.

A UNIFORMITY of state laws is to be worked for by a council of representative men in each State appointed by the National Civic Federation. As the progress of invention has brought into closer and closer relations the people of the different States, giving them in fact a practical unity in their business concerns, the inconvenience and frequent injustice caused by the diversity in the laws of the various commonwealths composing the Union have become more and more apparent. Yet we do not believe, particularly in the earlier stages of the country's history, that a uniform system of laws would have been best. The conditions were far from being everywhere the same, and hence uniform laws might have impeded progress and hindered the rapid development that has taken place.

And even now, although conditions in the several States approximate uniformity more closely than they did fifty years ago, there are still enough differences to render a system of laws universally applicable to all the States of very doubtful propriety.

The movement of the Civic Federation probably contemplates nothing of that sort, but only to favor such uniform laws as may be found desirable, after the particular subject covered has been fully investigated.

Undoubtedly it is much better where uniform laws are adopted that they should be State laws rather than Federal. Possibly it may sound paradoxical, but it is nevertheless true that the more power is conferred on the Federal Government the less chance the people will have of controlling their affairs. In other words, it is much easier to get a State legislature to enact a new law or to repeal or amend an old one than it is to secure the same result from Congress. To test this assertion it is only necessary to examine the history of the National Banking Law since its enactment, comparing the few changes made in it in nearly fifty years with the radical alterations and improvements made in the State banking laws. Of course, in making this comparison regard must be had for the fact that the National Bank Act was an excellent law to start with—much better no doubt than the average State banking law; but making due allowance for this, the difference in the legislative history of the two banking systems is very marked.

We have never looked with favor on the suggestion to provide a uniform Federal law for trust companies. In the first place, as the conditions are not the same in all the States, a law uniform in all details is not desirable. It would be advantageous if substantially the same principles were adopted in the enactment of trust company legislation, leaving to the respective State legislatures the power to make such modification of the laws in regard to non-essentials as may suit the requirements of each particular case. Furthermore, if a uniform Federal law were adopted for regulating trust companies, if it developed that in practice the law was faulty, even in minor particulars, great difficulty might be found in inducing Congress to amend the law. It would be much easier to get needed legislation from the State's lawmakers.

The regulation of a State's domestic affairs should be jealously guarded as one of the inalienable prerogatives of the state itself, and the Federal Government given jurisdiction only over those affairs which the States can not control.

Many of the diversities in the laws of the States cause annoyance and inconvenience and put heavy and unnecessary burdens upon business transactions. Not infrequently they are a source of serious injustice. These defects should be corrected, and the appointment of a committee for that purpose by the National Civic Federation is a commendable step. Already there is a Commission on Uniform State Laws working, we believe, under the direction of the American Bar Association. The new committee of the Civic Federation, co-operating with this organization, which has already achieved substantial success, ought to prove of great help in correcting the present conflict of State statutes.

PAPER money advocates will welcome the bill recently introduced in the House by Mr. WEISSE of Wisconsin. It provides that non-interest-bearing Treasury notes to the amount of one million millions of dollars may be issued by the Secretary of the Treasury whenever, in his discretion, the business situation requires it. The notes, which are to be in denominations of five, ten and twenty dollars and are to be a legal tender for dues, public and private, until the time named by the Secretary for their redemption, are to be redeemable whenever the Secretary of the Treasury thinks the necessity for them has ceased.

This ought to be adopted at once as an amendment to the ALDRICH-VREELAND law, which provides for only $500,000,000. The only change that we would suggest is that there should be a billion billions of the new money instead of a million millions. This would look bigger and would be a genuine attempt to provide a supply of money commensurate with the demands.

We are pleased to see that the proposed law carries out the ALDRICH-VREELAND idea of making the Secretary of the Treasury the one who is to determine whether more money shall be issued. All that would be needed, should the WEISSE bill become a law, to give us an unlimited supply of money would be a Secretary of the Treasury who thought the business situation required a million millions of new money.

The ALDRICH-VREELAND measure was a long step in the direction of unlimited inflation; but, through accident or design, the bill was so clumsily drawn that no use will probably be made of it.

FRENCH banking forms the subject of an interesting paper by the well-known London financial writer, W. R. LAWSON, in this issue of THE BANKERS MAGAZINE. It will prove especially timely in view of the prominent share lately played by France in the world's financial operations, and the primacy rapidly being attained by Paris as a financial centre.

Mr. LAWSON seeks for the secret of the great success of the French banks, and inclines to the belief that while it may be due to a number of factors, it may be explained largely by the abundant capital of these institutions and by the able leadership of the Bank of France and the soundness of the currency.

As we believe that American bankers generally will like to read the article itself, we shall attempt to make no analysis of it. We merely wish to point out that, in our opinion, what Mr. LAWSON finds to be a conspicuous element of strength with the French banks —their adequate capital equipment— is, in too many cases, lacking in our own banks, and constitutes one of the serious defects of the American banking system.

TRUST companies in New York State are recovering the loss of deposits sustained in the 1907 panic. According to the report of the Superintendent of the State Banking Department the deposits have increased $450,000,000, or sixty-one per cent. in the past year, and the surplus computed upon market value of investments has gained $31,000,000, against $25,000,000 charged to profit and loss on account of depreciation in 1907.

Part of this improved condition has been due to the clearing up of the banking and business situation, and part of it to better laws regulating the trust companies, and the careful enforcement of these laws by Superintendent WILLIAMS. The trust companies of New York have made a good record— not devoid of mistakes by any means, but such as experience is gradually correcting or preventing. These institutions are deserving of their general popularity and of the confidence in which they are held.

REVENUE features of the new tariff will excite interest among students of Government finance. While the reductions of customs duties will cause a falling off of income, this will probably be more than compensated for by the proposed inheritance taxes and other new sources of revenue. By providing for a bond issue to meet canal construction expenses, and making further provision for the issue of certificates of indebtedness, any shortage of cash in the Treasury has been so fully guarded against as to remove whatever apprehensions may have existed on that score. As a matter of fact the Treasury situation is not so gloomy as it has been painted. There is still a good working cash balance available, a liberal supply of gold on hand above the reserve requirements, and the deficiency of receipts over expenditures is growing smaller. Finally, if the cash balance and the free gold should run down far below the present figures, and necessitate recourse to borrowing, the Government's credit is such that loans could be easily and advantageously floated.

Any alarm which may have arisen, therefore, with respect to the Treasury situation is not justified. And this element of possible disturbance to business may as well be considered as having no potency for harm.

The needs of the Treasury will be fully provided for, and the only thing worth discussing is the method of doing this. Economy of expenditure and increased taxation would, in our judgment, have been the wisest way, thus avoiding an addition to the public debt. But the thing of real importance is that the new tariff and revenue law will remove any possible cause for alarm about the balance between the Treasury's income and outgo, and thus help in paving the way for a restoration of solid prosperity.

COMBINING life insurance with the business of a savings bank is the purpose of a bill recently introduced in the New York Legislature. The bill is said to be a copy of the statute adopted by Massachusetts a few years ago. Several savings bank officers of New York city have expressed the opinion that it would not be advisable for the savings banks of the State to embark in this business, and it is also believed by some that the experience of Massachusetts has hardly been extensive enough to afford a basis for determining as to the wisdom of this innovation.

The subject of savings bank insurance has been fully discussed in the MAGAZINE by MR. BRANDEIS, the author of the Massachusetts act.

ONE lacking element, and a most important one, in the training of a bank clerk for higher duties whether this training be gained by experience in a bank or from the educational work of the American Institute of Banking, was referred to by MR. EDWARD WHITE of the BANKERS MAGAZINE staff in an address before a recent meeting of bank clerks in Washington. Commending the work of the Institute, MR. WHITE said it lacked only one thing necessary to furnish the all-round equipment essential to a bank clerk who hoped to become a bank officer—acquaintance with business men.

Quite often the bank clerk, immersed in his daily duties, finds no opportunity of forming acquaintances with the business men of his city, not even with those dealing with the bank where he may be employed. To remedy this condition of affairs, MR. WHITE proposes that bank clerks be made members of the local boards of trade, chambers of commerce and other commercial organizations. Such a plan would be of benefit not only to the clerks but to the commercial bodies themselves, as the latter are always desirous of extending their membership, and they could hardly obtain a better class of recruits than the bank clerks who are identified with one of the highest forms of business activity. The bank clerk would gain by this contact with men of affairs, since it would supplement his purely professional training with the knowledge to be gained only by acquaintance. As Mr. WHITE aptly says: "Mixing is the surest cure for narrowness. It broadens a man's vision of life and increases the scope of his usefulness. It teaches us how to fill our part in the great brotherhood of humanity, and when reduced to a final analysis, we see it bringing business to our enterprises and money to our coffers." And the plan he proposes for bringing these advantages to the bank clerk is simple and practicable and worthy of the careful consideration of those in whose interests the suggestion was made.

IN studying the regulations governing exchange and collections as published in this and the preceding number of the MAGAZINE, one is struck by the great diversity of these rules. They range all the way from complete freedom of the banks to do as they choose to the most stringent regulations, the violation of which will be marked by the infliction of severe penalties.

Amid the conflicting rules and the charges imposed, one clear principle stands out in a rule of the Chicago Clearing-House Association, which says: "On drafts drawn by banks and bankers in such reserve cities as will agree to remit for same without charge, the charge (for collection) shall be discretionary." This embodies the doctrine of reciprocity, which is capable of a much wider application in banking than it has received.

While the imposition of the charges on out-of-town checks was confined to a few large cities, the banks located in these cities were quite well satisfied with the revenue derived from this source. But when the smaller cities began to retaliate by taxing the checks on banks in the big cities, the advantage these latter had looked for was much reduced. Conceivably, if the volume of checks drawn on a place equalled in amount the checks drawn by the banks in that place, and the charges at the points of origin and payment were the same, the sums received as charges for the collection of checks might offset each other, and neither community be the gainer. Yet the banks could derive a profit by passing the charge over to their dealers.

The revenue derived by the banks from buying and selling exchange is an important source of their profits, and of course entirely legitimate. So far as the charges on country checks are concerned, the more scientific way would seem to be the handling of them on the Boston plan, though it is not quite easy to adapt this plan to the entire country.

MEMBERS of the London Stock Exchange are chafing under the rule that prohibits them from advertising their business. Here are the provisions of this prohibition:

"Members of the Stock Exchange are not allowed to advertise for business purposes or to issue circulars to persons other than their own principals.

"Persons who advertise as brokers or share dealers are *not* members of the Stock Exchange or in any way under the control of the committee.

"Members issuing contract notes are required to use such a form as will provide that the words 'Member of the Stock Exchange, London,' shall immediately follow the Signature.

"A list of members of the Stock Exchange who are stock and share brokers may be seen at the Bartholomew Lane entrance to the Bank of England, or obtained on application to Edward Satterthwaite, Secretary to the Committee of the Stock Exchange."

In the face of dull business there is considerable opinion favorable to the relaxation of this rule. Nothing prevents outside brokers from advertising, and thus the public are invited to deal with those who are, presumably, less responsible than the members of the Stock Exchange. The injustice of the rule is thus epitomized by the London "Daily Mail": "We are content to point out that, as we have convincingly shown, there are good brokers seeking clients and good clients seeking brokers, and neither can reach the other to the disadvantage of both." And the "Daily Telegraph" says that it is hard to see "why any firms with special knowledge of a particular class of securities should not be permitted to say so publicly. Leaving the question of cost out, it would seem as if those who complain of the paucity of business might at least be allowed to give advertising a trial. The utmost freedom in dealing and the utmost publicity are essential to the popularity and prosperity of the Stock Exchange."

In this country there is perhaps too much spectacular financial advertising, although the members of the Stock Exchange are not the chief offenders. But it would hardly be wise for any class of business men to taboo advertising merely because the unscrupulous sometimes make use of it.

Brokers as well as bankers are finding out that under modern conditions they must advertise or be left behind in the race for business. This fact may be deplored by those who desire to be known as "conservative," but its truth will have to be recognized. Undoubtedly some brokers enjoy advantages over others, and why should not the public be asked to deal with those who are most skillful and reliable. All banks are not equal in facilities. And it is perfectly legitimate to tell the people what particular claims a bank has to the patronage of the public.

GOLD has been flowing out of the United States recently to meet several foreign requirements. Argentina has taken about $20,000,000, which has gone to pay London subscriptions to the Argentine loan and for wheat imported into England from the South American country.

Wherever there is a demand for gold it is likely to be shifted upon the United States. Uncle Samuel is "easy" when it comes to supplying gold for the world. Instead of basing his own bank circulation on gold, he taxes himself and maintains a perpetual public debt so that he may have a basis for his bank currency. So when any nation wants gold it always knows where it may be had. Sometimes the benevolent old gentleman may not have much gold in his treasury; but if not, he issues bonds and buys some with which to oblige the foreign friends who need it.

If France wants gold to pay for Russian bonds, an export movement sets in toward Paris; if London wants to subscribe to a foreign loan or pay for imports of wheat, the United States must furnish the gold. Should the Timarch of Timbuktu desire to buy new hats for his wives, he would doubtless ask Uncle Sam to fork over a few millions in eagles.

Without going into a discussion of the reasons for the present gold-export movement, it may be said that were all our paper currency based upon a reasonable gold reserve, the movement might be viewed with indifference. One discouraging element in our financial situation has been that in spite of greatly reduced business the volume of bank notes has kept on expanding. As Mr. FRANK A. VANDERLIP has recently pointed out, the issue of Treasury certificates to meet deficiencies in revenues may cause a further expansion of the bank-note circulation.

Some time the idea ought to get into the heads of the leaders in Congress that there is no relation between the public debt and the demand for currency. "Mexico," says that country's accomplished Finance Minister, "has kept the public debt and the bank note absolutely separate." Can any thoughtful student of our currency problem doubt that Mexico has acted more wisely than we? The exigencies of the Civil War may have justified the bond-secured currency. There is no justification for maintaining it nearly half a century after those exigencies have passed away.

ACQUITTAL of the Standard Oil Company of Indiana on the charge of accepting rebates leaves the Treasury some $29,240,000 poorer than it might have been had the fine imposed by Judge LANDIS held good.

Many words could be wasted in trying to tell why this prosecution proved ineffectual. We might charge, for instance, that this was a gross miscarriage of justice, where a rich defendant failed to receive the punishment that would have been meted out to a poor one. But the fact is that the judge who heard the case last decided that there was insufficient evidence, and the jury brought in a verdict of acquittal.

Now, the courts being the instruments for deciding controversies of this character, their decisions will have to be accepted, however distasteful they may be to those who believe the Standard Oil Company ought to be punished. It has been a long time since the Government brought an action in which there was so much sound and fury and so little in the way of results.

BANKS that bolster up stock speculation are being harshly criticised in many quarters. In an article in "The Outlook" of March 20, describing certain financial manipulations, it is said:

"Is it not enough to make the nation vomit up its whole financial spstem that its banks should be the foundation of such colossal swindling? For the banks are its foundation."

Speculation as it is carried on in these days is, of course, dependent upon banking assistance, just as every kind of business is which everybody admits to be legitimate. The banks might stop speculation if they chose, just as they might stop war, or the manufacturing and selling of intoxicating liquors, a traffic which many good people abhor. But if stock speculation is immoral, are the banks to decide? And if the pockets of a few people are depleted in this way, must the banks take the initiative and shut down on loans to Stock Exchange houses? We could marshal a very respectable array of people—cranks and old fogies, no doubt—who would declare the hats worn (or lately worn) by the women of the country to be inimical to the public welfare, begetting extravagance on account of their cost and profanity on account of their size. Are the banks therefore to stop extending credit to the milliners?

The performance of police power is not a part of the business of banking. Furthermore, the remedy for "colossal swindling" lies elsewhere. The banks are no more to blame for the evils of stock speculation than the maker of cards for the devices employed by dishonest gamblers to cheat the unwary. While the game is enjoyed by the public the banks are not averse to making a profit out of it. They might be just as willing to employ their funds in enterprises for the promotion of piety, but since opportunities in this direction are so limited as to leave over some spare cash, they find it profitable to lend it to carry on other schemes.

But if you will look abroad in the world you will find that the banks are in fact devoting practically all their cash and their credit, their skill and their integrity, to the upbuilding of the community; to the building of houses, factories, stores, schools and churches; to the fostering of industry and trade; to the production of food, clothing and books— in short, to making the world more comfortable to live in and to the ennobling of life and character. Compared with all this, the promotion of speculation in stocks, and the forwarding of reprehensible undertakings of any sort by the banks, measure but as dust in the balances.

WHETHER justly or not, the position a man holds or has held gives his opinions a weight far greater than they would otherwise have. If, for example, Emperor WILLIAM II. of Germany should declare the law of gravitation non-existent, many learned articles would doubtless appear supporting this view. So with our Presidents and ex-Presidents, whatever position they take upon matters of current interest, their opinions receive attention and a certain deference that would not be accorded to the ideas of other less exalted persons.

Former President ROOSEVELT in a recent number of "The Outlook" discusses the question of Socialism with his usual clearness and force. Those who believe in maintaining human society upon anything like its present organization can hardly dissent from the views he expresses. There is one point, however, which might be further elucidated. He says:

"It is simply common sense to recognize that there is the widest inequality of service, and that therefore there must be an equally wide inequality of reward, if our society is to rest upon the basis of justice and wisdom."

But where the State itself may have been responsible for conditions that gave to some individuals advantages over others, thus favoring an inequality of service, it is clearly the duty of the State to endeavor, in so far as possible, to bring about equality of opportunity.

If the State denies education to certain elements of the population, or enslaves them, manifestly they would lack the opportunity of rendering a service equal to that performed by the more favored classes. And a like result follows, though not in the same degree, when under the cover of State or municipal authority any portion of the populace is exploited in such a manner as to make it impossible for those affected to free themselves from the conditions that handicap their progress. LINCOLN in his backwoods Kentucky home may have lacked the advantages of modern schools, but he at least grew up amid surroundings favorable to a healthy development of both mind and body. Can the same be said of the boy whose growth is passed in the unwholesome atmosphere of a crowded tenement? He grows up surrounded by influences that may sap the very foundations of character and that may permanently impair his physical health. And the blame may not be his. The fault may lie with the State or the city for allowing unsanitary quarters to exist, or with a transportation monopoly that provides such poor facilities as to compel the herding together of vast numbers in densely-populated neighborhoods.

It is to the correction of these and other inequalities of opportunities that the thought and action of the present day should be addressed.

AMERICA'S banking and currency systems were up for discussion at the meeting of the Institute of Bankers in London on March 12. Mr. MARSHALL MASON said the most serious defect in the present currency system of the United States was its lack of elasticity. It did not naturally and easily respond to the expansion and contraction of the needs of commerce, but adjusted itself to those needs through a series of spasmodic jerks and jolts, sometimes ending in panic, which entailed great loss to many innocent persons. A more elastic currency system, however, would undoubtedly make these evils, and the effects of over speculation, over capitalization and panic less acute than they were at present.

Sir FELIX SCHUSTER, Governor of the Union of London & Smith's Bank, believed it was a mistake for one nation to try to follow too closely the methods of another nation, and particularly was this the case with the United States, whose commercial and industrial development was so entirely different from the conditions which prevailed in Europe. The people there must find out and devise a system of their own and adapted to their own needs. He agreed with Mr. MASON that the great fault of the present system was lack of elasticity, which had prevented crises being dealt with in an efficient manner. The banking system of the United States was not by any means responsible for these crises, but an adequate banking system should enable the people to deal with a crises in such a manner as to ensure that solvent concerns should not be dragged down with the insolvent.

He thought a central bank would provide a suitable remedy for many of the evils from which the United States suffered. He wondered how much longer that country was going to remain the debtor nation that it was now. He believed that long before half a century had elapsed it would become a creditor nation, and the importance to London banking interests of such a condition of affairs would be enormous. He had recently heard of American farmers who, 15 or 20 years ago, had heavy mortgages on their land at six and eight per cent. (some of which interest came over to Europe), but who had now liquidated these liabilities and had become investors in European securities. That was a very significant and important fact, and one which in any commercial and banking system would have to be taken into account. The changing conditions of the United States presented a most interesting problem. Great Britain looked upon that country as one of the chief exporters of food stuffs. That position would not last for many years. With the enormous growth of population the time was not far away when the United States would require its production of food stuffs for home consumption. That would again present a very difficult problem.

Our imperfect currency system is attracting attention abroad, and very naturally since the trouble it occasions here reacts on foreign financial centres.

NEW BANK FOR TURKEY.

TURKEY is to have a new national bank on the credit foncier system, with headquarters at Constantinople. Its starting capital is to be $15,000,000, with the right to increase to $50,000,000. The capital, $15,000,000, of the present Credit Foncier, may be increased to $100,000,000. The concession for the new bank is for 99 years.

THE BIG BANKS OF TO-DAY.

II.—THE FRENCH GROUP.

By W. R. Lawson.

THERE is an idea much too prevalent just now, especially in the United States, that ideal systems of banking can be made to order. The actual history of banking operations gives little or no encouragement to such a theory. And the strongest evidence against it is to be found in an intelligent comparison of the banking systems of various countries. If we compare these with each other we shall find that most of them have had a natural and not an artificial growth. If we examine the national conditions and circumstances in which they operate we shall further find that they have invariably adapted themselves to local requirements.

Banking Systems Evolved, Not Invented.

National banking systems are in short evolved and not invented. The cleverest inventor can do very little to divert them from their natural line of development. He may, however, do a great deal to facilitate and accelerate their proper growth. It may be expected therefore that each of the principal banking systems in the world will have a large amount of national character. As to some of them, notably the Scottish and the Canadian systems, that fact is generally admitted. But it is equally true of other systems, and of none more so than the French. Were the question brought to a very close test, the French banks might be found to be the most distinctively national of all. They express truly and fully the French genius in commerce and finance. They are, almost, the only banks which adequately satisfy both the commercial and financial needs of their country.

The Scottish banks, perfect as they are in their business methods, have strict limitations. They are mainly, if not almost entirely, commercial. The English joint-stock banks were at first even more limited in their scope than the Scottish ones. They were hardly even national banks, most of them concentrating themselves in a special territory, larger or smaller as the case might be. There were joint-stock banks for the City, others for London at large, and others again for the provinces. Only of later years have these geographical limits been swept away by a series of absorptions and amalgamations.

English joint-stock banks are now thoroughly national as regards their territory. But they retain important limitations in their programme. While they do an enormous commercial business they are still shy of financial operations pure and simple. These they leave as a rule to their French and German competitors, who by combining finance with commerce have made themselves the most complete all-round banks of their day. This is specially true of the various groups of French banks about to be described. It is their chief characteristic, and the key to their exceptional success. It will be admitted, I think, even by English bankers, that the most progressive banking system of the present day is the French. It advances most rapidly in volume of business, in the scope of its operations and in earning power.

Leadership of French Banks in International Finance.

But these are mere details compared with the strong lead which the French banks have taken of late in international finance. Here they are so powerful that the Bank of France practically controls the gold market and Paris rules the movements of international credit. No state loan of any consequence could now be launched in Europe without the support, direct or indirect, of the French international banks. With little if any exaggeration it may be said that they are the financial rulers of the world. So closely bound together that they act as one man, so wealthy that they can afford to take large risks, and so powerful that they can dictate their own terms,--they have Governments and markets alike at their command.

The total amount of capital they control is not so very great judged by English or American standards. It could easily be doubled in Lombard Street, or for that matter in Wall Street. But it possesses in a far greater degree than either Lombard Street or Wall Street capital the conjuring power of high finance. Merely to be connected with *la haute banque* gives it prestige beyond the reach of ordinary dollars and sovereigns. Add to that, unrivalled skill in all the mysteries of the foreign exchanges, and to that again a vast network of alliances and combinations, and it will no longer seem strange that Paris should be the pivot of the financial world.

La haute banque is a very composite and also a very variable body. It is like a guild or trade union which is continually changing its composition. New people are taken in when they become too important to be left out, and old members are dropped when no longer worth retaining. Even the inner circle which arranges the various combinations is subject to frequent change. Financial leaders are proverbially short-lived, and the rising star of today may be the falling star of to-morrow. But *la haute banque* goes on all the same. Its ramifications are so extensive that a slight hitch is easily got over. It causes hardly a moment's delay.

In an international *consortium* there may be any number of groups and subgroups. Certain private banking houses like the Rothschilds act together. Certain joint-stock banks have permanent satellites revolving around them. The Banque de Paris et de Pays Bas, for instance, is the centre of a powerful group of capitalists, not French only, but English and German as well. But big institutions like the Credit Lyonnais can always take care of their "participations" themselves. Some banks again have foreign and colonial auxiliaries which often prove a convenient stand-by at home. Two or three of these operate in Algeria, one in Canada and one or more in Argentina.

The size of any particular combination will depend of course on the magnitude of the operations in hand. An ordinary issue may be handled by one financial group. For large ones two or three groups may join together. For first-class international loans or industrial issues the whole power of *la haute banque* may be necessary. All this be it observed is a business by itself quite apart from the commercial operations of the French banks.

Combination of Commercial and Financial Banking.

No distinct line can be drawn anywhere between financial and commercial banking, and least of all in Paris where the two are invariably combined. In some cases the financial element predominates and in others the commercial. In Paris it is never difficult to ascertain which category a particular bank belongs to. Their balance sheets give a pretty clear indication of it as will be seen when we reach them. They require, however, to be prefaced with a few preliminary exhibits showing the comparative magnitude and resources of the most typical Paris banks. It will be convenient to divide them into three groups—first the members of *la haute banque;* second, their foreign and colonial auxiliaries, and third, the mortgage banks, or *credit foncier* group. The principal banks in the first or main group are:

The Leading French Joint Stock Banks.

	Nominal Capital, Francs.	Paid-up Capital, Francs.	Reserves, Francs.
Credit Lyonnais	250,000,000	250,000,000	125,000,000
Comptoir National d'Escompte de Paris	150,000,000	150,000,000	20,568,000
Societe Generale	300,000,000	150,000,000	37,772,001
Banque de Paris et des Pays Bas	75,000,000	75,000,000	66,983,000
Banque Francaise pour le Commerce	60,000,000	60,000,000	640,000
Societe Generale du Credit Industrial	100,000,000	25,000,000	......
Banque de l'Union Parisienne	60,000,000	60,000,000	10,702,000

French Foreign and Colonial Banks.

	Nominal Capital, Francs.	Paid-up Capital, Francs.	Reserves, Francs.
Imperial Ottoman	250,000,000	125,000,000	25,000,000
Banque Commerciale Italienne	105,000,000	105,000,000	37,300,000
Banque des Pays Autrichiens	100,000,000	100,000,000	17,700,000
Banque Francaise de Rio de le Plato	60,000,000	60,000,000	331,000
Banque Nationale Du Mexique	80,000,000	80,000,000	65,000,000
Banque Russe Pour la Commerce Etranger	75,000,000	75,000,000	....
Banque Russo Chinoise	37,500,000	37,500,000	16,180,000
Banque de l'Algerie	25,000,000	25,000,000	19,108,000
Banque Espagnole du Credit	20,000,000	20,000,000	250,000
Banque Transatlantique	20,000,000	10,000,000	1,785,000
Banque de l'Indo-Chine	36,000,000	9,000,000	25,374,000

French Mortgage Banks.

	Nominal Capital, Francs.	Paid-up Capital, Francs.	Reserves, Francs.
Credit Foncier de France	200,000,000	200,000,000	38,000,000
Credit Foncier Egyptien	200,000,000	100,000,000	36,675,000
Societe Generale du Credit Foncier d'Autriche	45,000,000	45,000,000	....
Credit Foncier d'Algerie	30,000,000	15,000,000	5,751,000
Credit Foncier Franco Canadien	25,000,000	12,500,000	440,000
Credit Foncier Argentin	25,000,000	12,500,000	....
Credit Foncier Colonial	12,000,000	12,000,000	....
Banque Hypothecaire d'Espagne	50,000,000	20,000,000	4,637,000

Large Capital of the French Banks.

In glancing over these tables the reader will very probably be struck by the comparatively large amount of shareholder's capital which the French banks have at their command. Very few London or New York banks are to be compared with them in this respect. And it is an important peculiarity, which without doubt gives them ex-

Paid Up Capital, French and English Banks.

French Banks.		English Banks.	
Credit Lyonnais	£10,000,000	Lloyds Bank	£4,171,600
Comptoir National	6,000,000	Union of London and Smiths	3,554,878
Societe Generale	6,000,000	Barclay and Cy	3,200,000
Banque de Paris et des Pays Bas	3,000,000	London City and Midland	3,142,850
Banque Francaise pour le Commerce	2,450,000	National Provincial Bank of England	3,000,000
Imperial Ottoman	5,000,000	London and County	2,000,000
Banque Commerciale Italienne	4,200,000	London Joint Stock	1,800,000
Banque des Pays Autrichiens	4,000,000	Capital and Counties	1,750,000
Credit Foncier	8,000,000	Paris	1,708,500
Credit Foncier Egyptien	4,000,000	National	1,500,000
Total	£52,600,000	Total	£25,827,828
Average of the ten banks	£5,260,000	Average of the ten banks	£2,582,782

ceptional freedom in their financial operations. Taking ten of the largest Paris banks and comparing their paid-up capitals with those of the ten largest London banks, we obtain the remarkable result that the Paris average is exactly double the London average. The two groups ranged side by side show this striking fact at a glance.

The Credit Lyonnais.

In respect of paid-up capital the Credit Lyonnais has a long lead of all other French banks. It overtops even the Bank of France which has only 182 million francs (£7,300,000) of paid-up capital against the Credit Lyonnais' 250 millions. It also overtops the State bank in its reserve funds. These are respectively £1,380,000 for the Bank of France and £5,000,000 for the Credit Lyonnais. In total resources the Bank of France is much the larger of the two—234 millions sterling against 92 millions; but if we exclude the note issues of the Bank of France, averaging say 188 millions sterling, its banking funds proper will fall considerably short of those of the Credit Lyonnais. The respective totals will be 92 millions sterling for the Credit Lyonnais and 46 millions for the Bank of France.

The Credit Lyonnais is thus in magnitude of business and of resources the leading French bank. It stands almost at the head of European banks, the only one which seriously rivals it being the Deutsche Bank of Berlin, a kindred institution in spirit as well as in size. The balance sheet of the Credit Lyonnais on June 30, 1908, as set out herewith is well worth careful study:

Balance-Sheet of the Credit Lyonnais.
June 30, 1908.

Liabilities.

	Francs.
Deposits and bonds	899,899,274
Current accounts	924,950,488
Acceptances	106,432,409
Other liabilities	79,487,504
Reserve fund	125,000,000
Capital	250,000,000
Total	2,295,769,675

Resources.

Cash in hand and with banks	169,047,090
Bills discounted	1,212,691,267
Loans	349,709,955
Current accounts	520,576,131
Investments	8,745,232
Bank premises, etc.	35,000,000
Total	2,295,769,675

In magnitude of resources there is only one London bank, namely, Lloyds, which comes near the Credit Lyonnais. On September 30, 1908, it showed very close on 80 millions of assets of all kinds. They were summarized thus.

Cash on hand and at Bank of England	£11,359,963
Cash at call	7,162,836
Investments	11,986,725
Discounts, loans, etc.	48,573,105
Total	£79,082,629

All these items differ widely from those of the Credit Lyonnais. The latter has less than 7 millions of cash on hand against Lloyds $11\frac{1}{2}$ millions. It has no cash at call and only about £350,000 of investments against Lloyds $11\frac{3}{4}$ millions; but it has nearly double the amount of loans and discounts—80 millions sterling against 48 millions. These differences indicate radically opposite kinds of banking. The London bank has huge deposits to take care of while the Paris bank is well supplied with funds of its own and owes comparatively little to the public. Lloyds deposits are nearly eighteen times the amount of its paid-up capital while those of the Credit Lyonnais are less than eight times as much.

An analysis of the accounts of any other of these Paris banks will produce very similar results. They differ only in degree. The banks themselves are very much alike in constitution, in form of capital, in regulations as to reserves, and in the nature of the business transacted.

Comptoir National D'Escompte de Paris.

The Comptoir National D'Escompte de Paris, which comes next to the Credit Lyonnais is more typical owing to the extent and variety of its operations. It is in a special degree international, having offices in London and New York as well as in Paris. It is a live bank and modern in the widest sense. On December 31, 1907, its balance-sheet was as shown herewith:

BALANCE-SHEET OF THE COMPTOIR NATIONAL D'ESCOMPTE DE PARIS, December 31, 1907.

ASSETS.

	Francs.
Cash in hand and in bank	70,784,748
Bills	633,525,066
Contangoes	41,073,450
Correspondents	56,450,075
Current accounts debtors	83,575,399
Dividends and obligations	14,152,791
Financial participations	10,880,842
Advances guaranteed	126,323,387
Acceptances	142,433,767
Agencies outside of Europe	14,600,549
Sundries	14,555,223
Immovables	15,841,544
Total	1,224,196,842

LIABILITIES.

	Francs.
Share capital	150,000,000
Reserves	20,066,199
Check and discount accounts	507,640,027
Current accounts creditors	313,007,145
Fixed deposits	61,417,678
Acceptances	142,034,779
Sundries	19,613,187
Due to shareholders	378,549
Profit and loss	10,039,283
Total	1,224,196,842

The total banking resources of the Comptoir National, say, 1,224 million francs, equal to 50 millions sterling or 200 million dollars, place it very nearly in the first rank among the world's banking institutions. In London there are only five banks showing a larger total, namely:

Lloyds	£79,082,000
London City and Midland	63,530,000
National Provincial Bank of England	60,893,000
London and County	54,586,000
Barclay and Company	50,515,000

The last of these five London banks corresponds so closely with the Comptoir National that a comparison of the various items at once suggests itself. A few such figures may throw more light on the differences between London and Paris banks than columns of description could do. The subjoined table gives in parallel columns the paid-up capital, reserves, deposits, discounts, acceptances, and other balances of the two banks.

There are some very salient differences in the two columns below. The Paris bank works with nearly twice as much capital of its own as the London bank has; it carries less than half as much cash on hand, and has barely one-tenth of the London investments. On the other hand, it does five times as much bill discounting and a vast deal more accepting. The acceptances of the London bank are a mere trifle of less than a quarter million sterling, while those of the Paris bank exceed five and a half millions. In relation to the public the most significant differences between the two institutions are to be seen, first, on the debit side on the deposits and current balances, and, secondly, on the credit side in the discounts, loans and advances. With ten millions sterling less money from its

TWO TYPICAL LONDON AND PARIS BANKS COMPARED.

	Barclay & Co.	Comptoir National D'Escompte.
Paid up capital	£3,200,000	£6,000,000
Reserve fund	1,250,000	800,000
Deposits and current balances	45,816,000	35,322,000
Acceptances at debit	248,000	5,680,000
Cash in hand and in bank	6,924,000	2,832,000
Cash at call	4,113,000	....
Discounts	4,907,000	25,340,000
Loans and advances	22,409,000	12,297,000
Acceptances at credit	....	5,697,000
Investments	10,339,000	1,001,000

customers the Comptoir National d'Escompte lends ten millions more to the public than Barclay & Co. do. The respective totals are:

Barclay & Co.

Deposits and current balances	£45,816,000
Discounts	4,967,000
Loans and advances	22,409,000
Total	£27,316,000

Comptoir National D'Escompte.

Deposits and current balances	£35,322,000
Discounts	25,310,000
Loans and advances	12,297,000
Total	£37,637,000

While the Paris bank lends fully two million dollars more than the total of its customers' balances and deposits, the London bank holds back forty per cent. of them—18½ millions out of 45¾ millions. It invests one-half of that 18 millions in securities and keeps the other half in cash. The double loss of income thereby incurred, first by the bank in carrying so much dead capital, and then by the public in not having the use of it, may well appear to be a high price to pay for extra safety. But each nation according to its taste. The London banker sacrifices a great deal to his conservative ideals, and rightly so, for his customers share these ideals with him. On the other hand, the Paris banker considers it his business to keep the money spinning. He does not trouble himself about gold or consols or French *rentes*. He can risk leaving all these things to the Bank of France with its huge and ever-growing gold reserve.

The Comptoir National may be distinguished as a middle-class or bourgeois bank. It has an immense number of retail accounts, more perhaps than the Credit Lyonnais, which on the other hand has the largest number of wholesale accounts.

Another Large French Bank.

Another large bank of the bourgeois type is the Societe Generale, whose full name—too long for daily use—is "Societe Generale Pour Favoriser le Developpment du Commerce et de l'Industrie en France." It has nearly seven hundred branches, including one opened a few years ago in London. Subjoined is a summary of its latest balance sheet—that of June 30, 1908:

Balance-Sheet of the Societe Generale.
June 30, 1908.

Assets.

Cash in hand	84,647,435
Investments	60,623,026
Bills discounted	699,492,696
Current accts., advances, etc.	534,130,411
Sundry assets	92,541,674
Total	1,471,435,242

Liabilities.

	Francs.
Paid-up capital	150,000,000
Reserve funds	37,772,284
Bills payable	93,360,913
Deposits, current accounts, etc.	1,184,181,600
Sundry liabilities	6,120,445
Total	1,471,435,242

The reader will note a significant similarity in the operations of the Societe Generale and the Comptoir National. They resemble each other in their capitalization, the volume of their resources and the proportion of paid-up capital to deposits. On the last point the Societe Generale is exceptionally strong for a French bank. It holds about eight times the amount of its paid-up capital in deposits and current balances, while the Comptoir Nationale has only six times the amount of its capital. Another French peculiarity which it exhibits in a marked degree is that its discounts and advances exceed the total amount of its deposits and credit balances.

Banque de Paris et des Pays Bas.

In the Banque de Paris et des Pays Bas we have another French type quite apart from the middle class or bourgeois banks. It is financial rather than commercial and international rather than French. Its paid-up capital is small compared with the volume of its operations, but it has a relatively large reserve fund. It has no fixed deposits and its current accounts are insignificant. No one could guess from its balance-sheet that it is one of the most active and powerful members of *la haute banque,* but so it is. It brings out more foreign loans and finances a greater number of international enterprises than any other Paris bank. Indications of these are to be seen among its assets. It frankly admits having more than a million sterling invested in syndicates. Its investments—exceeding 65 million francs—are almost up to the London level. Most of them are probably connected with syndicate operations not yet matured or hanging fire. Its portfolio of less than 73 million francs is quite a secondary affair. The most casual glance over the assets of the Banque de Paris et des Pays Bas tells us that it is a financing rather than a trading institution.

BALANCE-SHEET OF THE BANQUE DE PARIS ET DES PAYS BAS. December 31, 1907.

ASSETS.

	Francs.
Cash in hand and at bank	17,056,199
Bills	72,949,889
Funds with foreign banks	1,401,926
Branches per contra	66,902,797
Current accounts	199,860,329
Loans	43,589,133
Coupons	73,679
Guaranteed advances	2,093,219
Government bonds	8,363,932
Other investments	65,246,848
Syndicates	26,052,466
Sundry assets	3,044,072
Premises, etc.	7,951,279
Total	514,585,768

LIABILITIES.

	Francs.
Capital paid up	75,000,000
Reserve fund	66,983,102
Bills payable	72,437,044
Branches per contra	66,902,787
Current accounts	190,176,088
Coupons payable	15,315,394
Sundry liabilities	27,773,343
Total	514,585,768

To complete the picture an example should be given of the minor French banks. For this the Banque de l'Union Parisienne will serve very well. Its total resources as shown in the accompanying statement are under 4½ millions sterling, but of that nearly 2½ millions is paid-up capital.

BALANCE-SHEET OF THE BANQUE DE L'UNION PARISIENNE.

ASSETS.

	Francs.
Cash in hand	10,545,098
Bills receivable	58,100,830
Investments	25,048,230
Current accounts	93,907,932
Premises, etc	2,359,051
Total	189,961,141

LIABILITIES.

	Francs.
Capital paid up	60,000,000
Reserve funds	10,702,360
Bills payable	45,397,859
Current accounts	65,788,786
Profit and loss	8,072,136
Total	189,961,141

SECRET OF THE POWER OF THE FRENCH BANKS.

Having briefly sketched the various types of French banks now in operation, we run up against the question—What is the secret of their exceptional power in the international money market? It cannot be their number, for there are less than a dozen of them in the highest class. Nor can it be their vast resources, for though they excel the London banks in the amount of their paid-up capital, they are far behind them in deposits and current balances. Their financial operations may be very profitable on the whole, but occasionally they are very much the reverse. It cannot be their big profits, therefore, that they depend upon chiefly. Their secret may be a rather complex one with a variety of factors. Financial skill, hereditary as well as personal, may count for a good deal in it. Financial organization, improving and extending all the time, is another likely factor. Enormous holdings of foreign bills, English, German, Italian and American, are powerful levers to work with on other monetary centres. The very limited demands of home industry and the relatively small amount of capital thus locked up allow a free hand for international finance.

PROTECTIVE POWER OF THE BANK OF FRANCE.

Above all is the immense protective power of the Bank of France, with its 5,000 million francs—200 millions sterling—of notes in circulation, and eighty-five per cent. of metallic cover for it in the Bank vaults. The value of that ubiquitous and universally trusted currency to the French people and particularly to the French banks is only beginning to dawn on the financial world. It is the outstanding and predominant factor in the monetary situation of France at the present day. It relieves the banks from all anxiety about domestic currency and to that extent about domestic trade. Imagine what a load would be taken off the minds of New York bankers if national bank notes were as stable and steady as the note issues of the Bank of France. It has always been a truism that sound currency is the basis of sound banking, but such a striking proof of it as France now presents to the world has never been seen or even dreamed of before. For the counterpart of that truism—unsound banking based on unsound currency—the New York banker has only to look at home. He may, however, console himself with the thought that other nations, not excepting England, are almost as far short of the French ideal as his own country it. A 200 million sterling note circulation with a solid 170 million metallic reserve is even more impossible for the United Kingdom than it is for the United States. Americans and Englishmen alike may vainly envy the French banks that unique bulwark which renders possible to them the greatest variety of credit operations, national and international.

DIVIDENDS AND PRICES OF FRENCH BANK SHARES.

That the French banks as a whole do their work well is proved by the exceptional strength and stability they have given to their money markets. What their individual shares may be in the credit due for that result is much more difficult to ascertain. The public are satisfied as a rule with two rough tests of banking success—dividends and market prices. From both these points of view the French banks made a favorable showing in 1908. Dividends were well maintained, notwithstanding the low rates obtainable for bank funds, and the small volume of new business. During the year there were only eight large issues made in Paris and even small ones were not plentiful. Deposits accumulated which could not be used either at home or abroad: hardly even on the Bourse. On December 1, 1908, they showed an increase of 532 million francs in the preceding twelve months. They were 5,362 millions against 4,830 millions on December 1, 1907.

The strength of French bank shares under these difficult circumstances is notable. In the following list of twelve shares only one decrease will be found. All the others are increases and most of them substantial ones.

PRICES OF FRENCH BANK SHARES IN 1908.

	Jan. 2, 1908. Francs.	Dec. 31, 1908. Francs.
Banque de Paris et des Pays Bas	1450	1553
Comptoir National	676	704
Societe Generale	662	667.50
Credit Lyonnais	1178	1207
Banque de l'Union Parisienne	680	720
Banque d'Algerie	1275	1410
Banque Ottomane	705	713
Credit Foncier de France	680	735
Credit Foncier Algerien	502	495
Credit Foncier Autrichien	1087	1095
Credit Foncier Egyptien	704	708
All the above are 500 franc shares.		
Banque de France (1000 franc shares.)	4135	4200

GLIMPSES OF BANKING IN CHICAGO.

By the Editor of The Bankers Magazine.

WHEN the delegates to the thirty-fifth annual convention of the American Bankers' Association assemble in Chicago next September, "the cloud-capped towers, the gorgeous palaces" that greeted them on their last meeting in that city in 1893—the World's Fair year—will long since have faded away and left not a rack behind. But in their stead have risen many taller and more substantial structures, some of them hardly less beautiful than the buildings of the famous "White City" of 1893. And almost wonderfully has the city grown in its commerce and population, until to-day it ranks among the great world capitals. As a center of transportation, a point for the assembling of the materials of manufacture, and as a great primary mart for the commodities constituting the sustenance of millions at home and abroad, Chicago stands pre-eminent. No city on earth has around it a wider region of productive territory, none is more favored by reason of location geographically, and few cities outside the world's great seaports are better situated with respect to navigable waters. Linked with the chain of great lakes and soon to have a deep waterway to the Mississippi, affording an outlet to the sea, for which purpose $20,000,000 is now being expended. Chicago combines superior railway facilities with the advantages of water transportation.

Capital of the Middle West.

The Middle West, of which Chicago is the commercial and financial capital, is not alone the granary of the world, richer than any of the famed valleys of the earth, but it is the home of a population that for industry, intelligence, progressiveness and sterling character is unexcelled. Its courageous men and women by their industry and their faith have from the farms, the forests and the mines wrought homes and created wealth, developing in the process a character and spirit almost unique in the world's civilization. Whatever is in the best sense distinctive in American life may be found in the great, broad, generous West.

In a peculiar way Chicago is the embodiment of the Western spirit—its enterprise, optimism and success. The smaller cities look to it for leadership, none of them hope to rival it, and all are proud of its remarkable achievements. If in these the Chicago man himself takes a special pride he has adequate justification in the city's remarkable progress—its rise within half a century from a frontier town to a city of 2,000,000 and a commerce surpassed by but few of the great cities of the world.

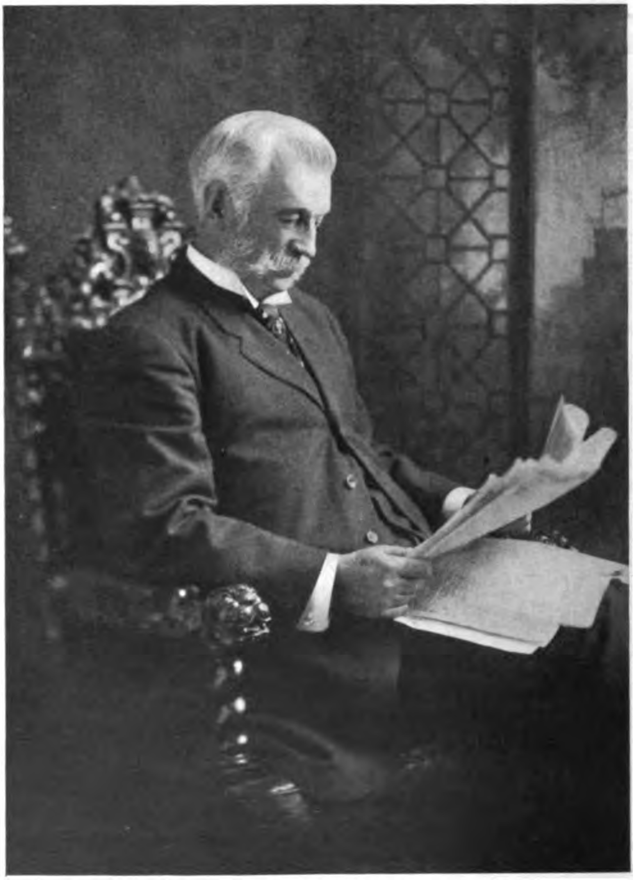
The Development of Banking.

Coincident with the growth in population and wealth there has been a gradual rise to financial power. Less and less has the West come to depend upon the East for its money and credit, until now there is a large degree of independence and indeed of competition with the East on its own ground.

Twice has Chicago given to the country conspicuous illustration of banking principles of the widest application and of the first importance. Back in the days of wildcat money, it was in Chicago that an example was given how bank notes may be issued on credit alone and made, even in those days of imperfect means of communication, practically as good as the standard coin anywhere. That was the work of George Smith, whose "money" became historic, because amid a flood of worthless and depreciated bank notes he invariably made good his promises to pay. He became a multi-millionaire, and retired to London, where he was known as "Chicago Smith," probably to distinguish him from several others of the same name, living in that city. The essence of value of following wise banking principles.

BANKING CO-OPERATION.

Within a time so recent that every banker vividly recalls it, an event happened which changed the banks of Chi-



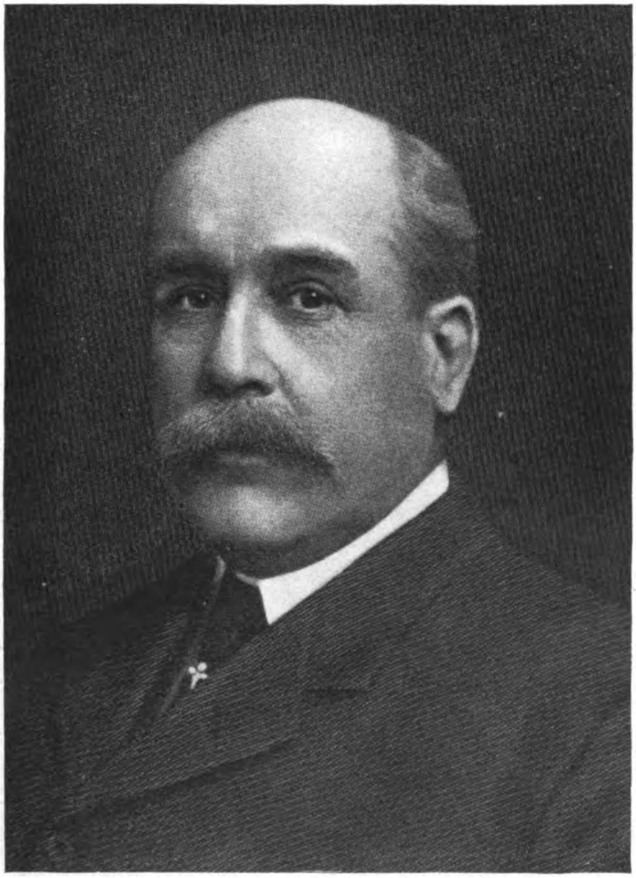
JAMES B. FORGAN

President, First National Bank—Dean of the Chicago Banking Faculty.

(In volume of transactions, number of employees and floor-space occupied the First National Bank is probably the largest bank in the United States.)

George Smith's success as an issuer of bank notes consisted in this: he promised to pay to the bearer of his notes so much on demand. He kept his promise. He "made good" under all circumstances. That was so long ago that all but the students of banking history have forgotten it. But Chicago has given a fresher illustration of the cago from isolated units, acting more or less as selfishness dictated, to a harmonious body, co-operating to secure a judicious regulation of their business so that the reputation of the city's banks might be carefully conserved.

On a certain day not long since it was found that one of Chicago's bankers had become so deeply involved in the promotion of his personal business enterprises that the failure of three banks with which he was prominently identified was imminent. The failure of these banks would have caused "runs" on a number of others, possibly several suspensions, with resulting demoralization not alone to banking in Chicago but throughout the country. The bankers of that city realized that this was a case where they must hang together or be hanged separately—it was perhaps not quite so bad as that, for the banks were solvent and well managed as a rule and could have withstood "runs"—and they chose the former course. Through their clearing-house they got together, assumed the payment of millions of deposit obligations of the embarrassed institutions, voluntarily assessing themselves for that purpose and looking for their gradual reimbursement out of the assets of the banks that were in trouble. The payments were made, in the ordinary course, without difficulty. The embarrassed banks liquidated, and there were no failures. The commercial community was saved from the distress that would have followed the shutting down of payment of deposits in the Walsh banks, and the whole country, possibly, was spared a convulsion like that which followed the



JOHN J. MITCHELL
President, Illinois Trust and Savings Bank, the largest State Bank in Chicago.

bank suspensions in New York in 1907.

Perhaps no more conspicuous practical illustration has been given of the beneficial effect of banking co-operation, wisely exercised, than was afforded by the experiences growing out of the embarrassment of the Walsh banks. But this taught the Chicago banks something else.

JOSEPH T. TALBERT

President, Chicago Clearing-House Association. Vice-President, Commercial National Bank.

Clearing-House Examination.

The clearing-house banks in this case had set a precedent. To save the banking and business community, they had, practically, guaranteed the payment of the obligations of certain insolvent banks. Before assuming this obligation they had an examination made of the affairs of the banks in question. *Here the suggestion arose, why should such an examination have been delayed until the harm was all done? Might not the losses to be met have been curtailed had the examination been made at an earlier stage of the proceedings? Or, perhaps, the demoralizing tendencies pointed out and corrected in time to save the embarrassed banks from becoming hopelessly involved, as they did finally.

Here began the history of a new development in American banking—the examination of banks by banks. The

* To be strictly accurate, this matter had been considered in a tentative way before the Walsh failures.

idea itself was hardly new, but the application of it as since developed in Chicago marked the inauguration of a most important reform in the method of examining banks, and one destined to have a very wide and beneficial influence upon the conduct of the banking business throughout the whole country.

Now, the banks of Chicago do not wish it understood that the system of examination they have put in force there will prevent bank failures, much less that it "guarantees deposits." It does neither. But by careful inspection, under the eye of the clearing-house, it does assure that no bank can continue for any length of time to ignore safe banking methods and continue to enjoy the clearing-house privileges.

This system of clearing-house examination of banks was put in operation in Chicago on June 1, 1906, and its expected benefits have been verified by experience. It has been adopted also by the clearing-houses of St. Paul, Minneapolis, Kansas City and St. Louis, and in California a similar system of examination has been adopted by a State clearing-house.

This important movement, begun by Chicago banks, promises gradually to be extended over the country. Supplementing the official State and Federal supervision now in force, it will afford to stockholders and depositors all the protection that can be looked for from any source outside the management of the banks.

Present Situation of Banking.

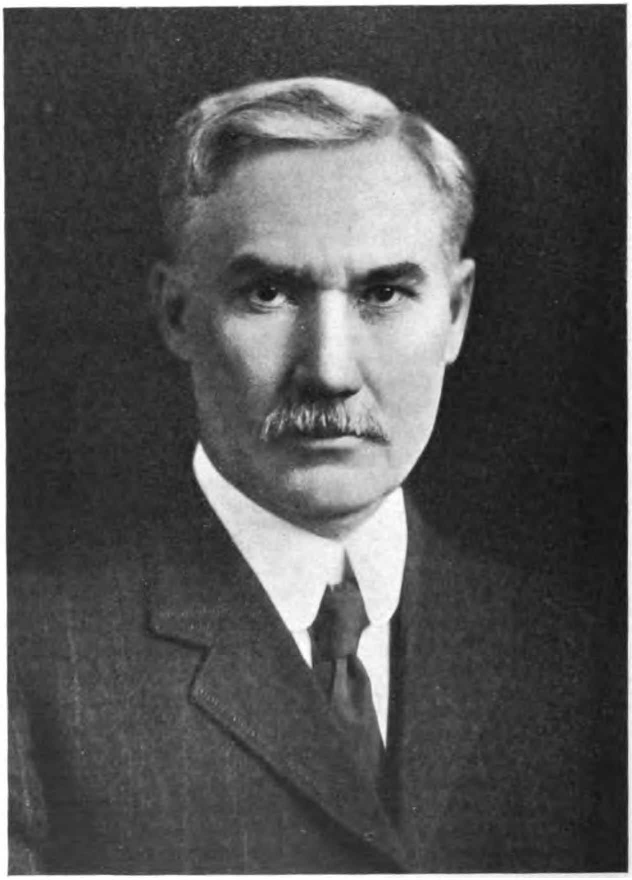
In a conversation with Mr. Joseph T. Talbert, chairman of the Chicago Clearing-House Association and vice-president of the Commercial National Bank, it was learned that in addition to the strong clearing-house organization—Mr. James B. Forgan president of the First National Bank, and dean of the Chicago bankers being the Chairman of the Clearing-House Committee—and the system of examinations described above, the banks of the Western Metropolis are upon a basis that accords with the best banking traditions. As deposits have grown, they have increased their capital (the national banks from $18,000,000 in 1898 to $27,000,000 in 1908), thus increasing their lending powers and strength. The banks have kept free from promotion, stock-jobbing or other such schemes. The national banks confine their operations purely to legitimate commercial banking. State banks, savings banks and trust companies abound, authorized to care for the business properly coming within the scope of such institutions.

It is a noteworthy fact, and a great element of strength in the banking situation of Chicago, that no large or important bank or trust company is especially identified with any ring or clique or dominated by any special interest or caters to any particular line of industry, and they are free from all taint of political entanglements. Although competition is keen, the bankers are not jealous of each other. Their associations are harmonious, and they cooperate in matters affecting the general banking and business situation. They are frank about credits and business relations with borrowers.

Chicago Commercially.

Upon the commerce of a city and its territory the banking business is built, and it must be clear that Chicago has an adequate basis for a large and healthy expansion of banking. Some instructive information on this point is found in the following statement kindly furnished to The Bankers Magazine by Mr. George F. Stone, the veteran and able Secretary of the Chicago Board of Trade:

"Chicago, the largest grain and provision market of the world, is more and more attracting the attention of students of political economy, and more and more arousing an interest in the vast agricultural products of the United States, which lie at the basis of the nation's prosperity. During the year last passed, the receipts of grain in Chicago aggregated, in round numbers, 273,000,000 bushels, and shipments 223,000,000 bushels. What this means to the varied industries and commerce not only of Chicago but of the entire country, one can scarcely comprehend. Again, the receipts of cattle (3,039,206), calves (421,671), hogs (8,131,465), sheep (4,351,889) and horses (92,138) aggregated 16,036,369 head, valued at $307,000,000, and were brought to Chicago in 278,620 cars. Chicago is the greatest transportation center in the world. The volume of our business in live stock is simply astounding, and no adequate impression can be conveyed of its importance and magnitude by a mere recital of an abstract statistical statement. Visit the great Union Stock Yards, look over its 500 acres, 450 of which are covered with paving or plank. Consider that there are 300 miles of railway track within the yards, 25 miles of streets, 13,000 pens, 25,000 gates and you can gain some idea of the immensity of this business, reaching out into all the markets of the world.



HON. GEORGE E. ROBERTS
Former Director United States Mint; President, Commercial National Bank, Chicago.

"Large as is Chicago, great as is her trade, she is yet destined to a still larger development due to the character and enterprise of her population, the superior advantages of her geographical position, her extensive transportation and local facilities, and her location upon the very threshold of the door which opens upon vast fields stretching westward abounding in agricultural and mineral wealth."

The Fiftieth Annual Report of the Trade and Commerce of Chicago for the year ended December 30, 1907, contains these concise statements of Chicago's commercial greatness:

Chicago.

The population of Chicago is estimated by the Chicago Bureau of Statistics at 2,540,896, and by the United States Census Bureau, 2,139,713. Her area is 190.6 square miles.

The number of buildings erected during the year is, 9,353, valued at $59,093,080, with an aggregate frontage of 254,440 feet.

The death rate per month, per 1,000 of population, for the year 1907, was 15.25.

The number of arrivals at this port of all kinds of craft during the year 1907, was 6,745, and the number of clearances, 6,736. The vessel tonnage of arrivals was 8,057,062 tons, and clearances 7,995,211 tons. The total tonnage of cargoes received and shipped amounted to 11,410,470.

The total number of pupils enrolled in our schools during the school year was 273,050, comprising 137,424 males and 135,626 females; the average daily attendance was 225,792; the number of teachers, 5,981; total number of school rooms, 5,318.

The number of volumes in the Public Library, at the close of the year 1907, was 343,383; number of books issued for home use from the main library, 1,467,783; number of books issued for home use from delivery stations, 883,783; number of books issued for home use from branch reading rooms, 120,952. Total number of volumes in the Newberry Library at the close of the year 1907, was 235,282, and in the John Crerar Library, 215,144.

The assessed valuation of property for tax purposes as assessed by the Board of Assessors, reviewed by the Board of Review, and finally equalized by the State Board of Equilization, is 20 per cent. of the assessed actual valuation, and is classified as follows: Real estate, $346,843,590; personal property, $98,343,155; capital stock, $9,953,200; railroad, $22,782,031; total, $477,921,976.

The bonded indebtedness of the city amounted to $24,771,000; the annual interest on same amounted to $976,477.50. The total miles of streets, improved and unimproved, 2,848.13; of alleys, 1,403.11.

The number of uniformed firemen, 1,675; the total number of employes of the Fire Department, 1,738; number of engine companies, 114; hook and ladder companies, 32.

The clearings by the associated banks of Chicago amounted, during 1907, to $12,087,647,870, and balances $2,727,408,863.

The clearings by the Clearing-House of the Board of Trade of the City of Chicago amounted, during 1907, to $106,586,118, and balances $34,895,228.

Our receipts of wheat, corn, oats, rye and barley, and of flour in its wheat equivalent, aggregated during the year, 307,246,141 bushels; and shipments, 228,609,846 bushels.

Of wheat, we received during the year, 24,943,690 bushels, as against 28,249,475 bushels received during the year 1906; 26,899,012 bushels received during the year 1905; 24,457,347 bushels during 1904, and 27,124,586 bushels received during 1903.

Our shipments of wheat aggregated, during the year, 24,314,892 bushels, as against 16,738,573 bushels shipped during 1906; 13,922,714 bushels shipped during 1905, and 17,957,416 bushels during 1904.

Our receipts of corn, during the year, aggregated 125,159,932 bushels, as against 98,896,563 bushels received during the year 1906; 110,823,444 bushels received during 1905, and 100,543,207 bushels received during the year 1904.

Our shipments of corn aggregated for the year, 95,770,779 bushels, as against 78,974,686 bushels shipped during 1906; 91,153,342 bushels shipped during 1905, and 75,184,758 bushels shipped during 1904.

Our receipts of oats, during the year, aggregated 93,906,776 bushels, as against 89,912,881 bushels received during 1906; 92,486,761 bushels received during 1905; 73,023,119 bushels received during 1904, and 88,588,386 bushels received during the year 1903.

The quantity of oats shipped during the year aggregated 68,897,313 bushels, as against 73,718,199 bushels shipped during 1906; 66,131,725 bushels shipped during 1905; 47,303,901 bushels shipped during 1904, and 63,539,179 bushels shipped during 1903.

The receipts of barley in this market during the year aggregated 18,318,253 bushels, as against 20,811,432 bushels received during 1906; 28,074,142 bushels received during 1905; 25,316,917 bushels received during 1904, and 23,273,519 bushels received during the year 1903.

Our shipments of barley for the year aggregated 6,196,708 bushels, as against 6,924,357 bushels shipped during 1906; 7,374,037 bushels shipped during 1905; 5,802,856 bushels shipped during 1904, and 2,986,816 bushels shipped during 1903.

The receipts of grass seeds during the year, comprising timothy, clover, millet, Hungarian, etc., aggregated 51,141,309 pounds, as against 62,729,160 pounds received during 1906; 78,589,943 pounds received during 1905; 88,722,987 pounds received during 1904; 78,381,648 pounds received during 1903, and 71,093,567 pounds received during 1902.

The shipments of such seeds during the year aggregated 75,130,800 pounds, as against 61,683,329 pounds shipped during 1906; 54,210,439 pounds shipped during 1905; 71,196,146 pounds shipped during 1904, and 76,304,807 pounds shipped during 1903. Of the quantity shipped during 1907, 10,877,060 pounds went via the great lakes, and 58,555,047 pounds via Eastern railway lines. The receipts of flaxseed during the year aggregated 1,851,422 bushels, and shipments 98,292 bushels.

The number of hogs received in Chicago during 1907 aggregated 7,717,280, including the number received in yards located outside the Union Stock Yards; the number shipped during the year was 1,711,902; the number used for city consumption and packing was 6,092,159. The valuation of hogs received during the year is estimated by the Union Stock Yards Company at $102,918,041.

The number of sheep received in this market during the year aggregated 4,218,115, as against 4,805,449 received during 1906, and 4,736,558 received during 1905; the number shipped, 1,148,724, as against 1,341,273 shipped during 1906, and 1,355,865 shipped during the year 1905. The number of sheep used during 1907, for city consumption, was 3,069,391. The valuation of sheep received during the year is estimated by the Union Stock Yard Company at $21,735,760.

The receipts of cattle during the year numbered 3,305,314, as against 3,329,250 received during the year 1906, and 3,410,469 received during 1905; shipments during the year aggregated 1,148,724 head, as

CHARLES G. DAWES

Former Comptroller of the Currency; President, Central Trust Company of Illinois, Chicago.

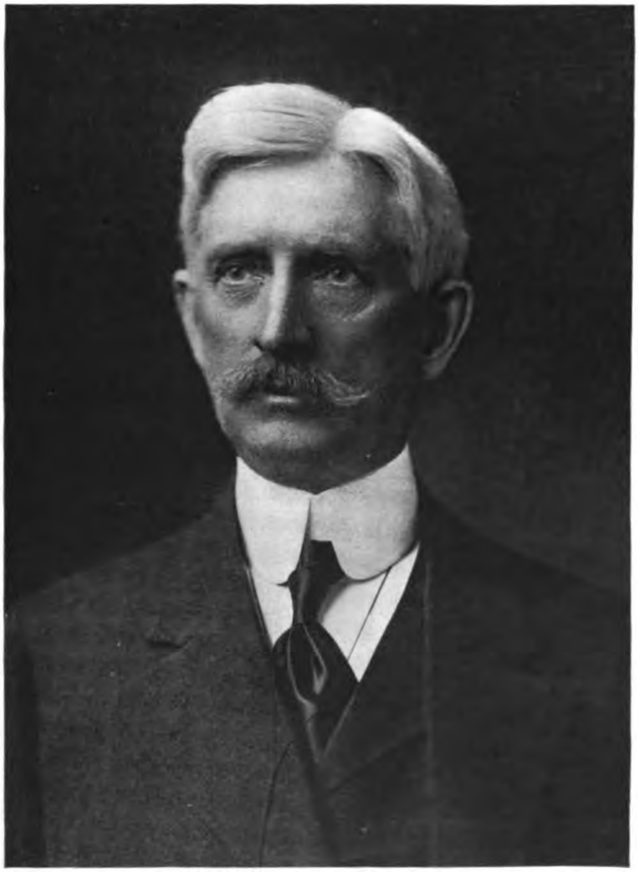
against 1,352,998 head shipped during 1906; 1,140,213 head shipped during 1905, and 1,326,332 head shipped during 1904. The valuation of cattle received during the year is estimated by the Union Stock Yard Company at $173,326,738.

The total receipts of animals at the Union Stock Yards, during 1907, comprising cattle, calves, hogs, sheep and horses, aggregated 15,248,479, valued at $319,202,239.

The valuation of stock received in this market for forty-two years, as estimated by the Union Stock Yard and Transit Company, is $7,595,009,503; the annual valuation ranging from $42,765,838 in 1866, to $319,202,239 in 1907.

Chicago Stock Yards receipts and shipments of all kinds of stock for forty-two years follow:

	Receipts.	Shipments.
Cattle	84,804,114	35,186,691
Calves	4,525,305	639,890
Hogs	246,859,208	68,303,284
Sheep	79,505,895	19,362,441
Horses	2,309,556	2,095,679
Totals	418,004,078	125,587,985
Grand total handled by the Union Stock Yards since their establishment		543,592,063



EDWIN A. POTTER

President, American Trust and Savings Bank, Chicago.

The receipts of dressed beef during the year aggregated 349,582,783 pounds, as against 353,286,580 pounds received during 1906; 360,773,876 pounds received during 1905; 208,204,901 pounds received during 1904; 199,537,879 pounds received during 1903, and 135,372,268 pounds received during 1902. The shipments for the same period aggregated 931,533,601 pounds, as against 1,138,072,285 pounds shipped during

1906; 1,110,371,601 pounds shipped during 1905; 1,072,156,300 pounds shipped during 1904, and 1,252,233,792 pounds shipped during the year 1903.

The receipts of lard during the year aggregated 70,361,665 pounds, as against 80,397,434 pounds received during the year 1906; 84,653,195 pounds during 1905; 54,549,592 pounds during 1904, and 35,993,461 pounds during 1903. The shipments of lard during the year aggregated 393,629,530 pounds, as against 421,914,539 pounds shipped during the preceding year; 405,629,825 pounds shipped during 1905; 336,789,963 pounds shipped during 1904; 371,000,959 pounds shipped during 1903, and 382,498,069 pounds shipped during 1902.

Of meats, other than barreled pork, the receipts during the year aggregated 206,872,674 pounds, as against 204,641,412 pounds received during 1906; 274,012,012 pounds received during 1905; and 200,221,000 pounds received during 1904. The shipments for the year aggregated 753,259,255 pounds, as against 804,642,049 pounds shipped during the preceding year; 754,942,965 pounds during 1905; 652,564,606 pounds during 1904; 580,282,643 pounds during 1903, and 660,680,190 pounds shipped during 1902.

JOHN A. LYNCH
President, National Bank of the Republic, Chicago.

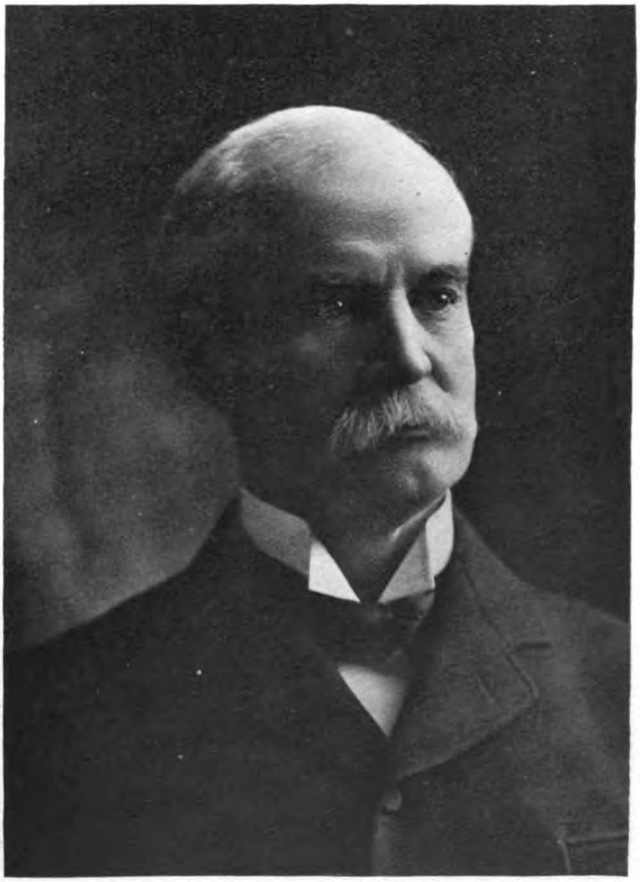
These figures, together with those representing the volume and growth of our grain trade, tell the story of a city whose commercial development is without a parallel.

The grain, provision and live stock business here transacted, constitute the foundation of Chicago's growth, even as the agricultural resources of the entire country are the basis of the nation's wealth.

The receipts of lumber during the year aggregated 2,479,458,000 feet, and shipments 977,746,000 feet, as against 2,362,856,000 feet received, and 1,041,491,000 feet shipped during the year 1906, and 2,193,540,000 feet received, and 956,377,000 feet shipped during 1905.

The number of shingles received during the year was 518,112,000, as against 584,-664,000 received during 1906; 583,334,000 received during 1905, and 450,524,000 received during 1904. The number of shingles shipped during the year amounted to 518,-112,000, as against 482,824,000 shipped during 1906; 421,235,000 shipped during 1905, and 434,195,000 shipped during 1904. These statements of this enormous industry are furnished by Mr. Hooper, the able and courteous secretary of the Lumbermen's Association.

The receipts of cheese during the year aggregated 68,551,368 pounds and shipments 63,501,997 pounds, as against 70,035,027 pounds received and 69,755,039 pounds shipped during 1906, and 85,972,114 pounds received and 69,394,718 pounds shipped during 1905. Of the quantity received, the Chicago & North-Western Railway brought in 25,058,254 pounds, the Chicago, Milwaukee & St. Paul Railway, 22,441,460 pounds, and the Illinois Central Railroad, 12,463,785 pounds; the Eastern lines took out 25,912,-306 pounds, the Wabash (west of Chicago), 15,543,426 pounds and the Illinois Central, 11,804,900 pounds.



EDWARD S. LACEY
Ex-Comptroller of the Currency; President, Bankers National Bank, Chicago.

The receipts of butter during the year aggregated 263,714,642 pounds, as against 248,748,098 pounds received during 1906; 271,914,803 pounds received during 1905; 249,024,146 pounds received during 1904, and 232,032,484 pounds received during 1903; the shipments during the year aggregated 252,005,932, as against 252,807,516 pounds shipped during 1906; 254,130,880 pounds shipped during 1905; 249,359,694 pounds shipped during 1904, and 197,620,-859 pounds shipped during 1903.

While these figures are of themselves sufficient to establish the city's commercial importance, they are far from being complete, taking no account of the large manufacturing, wholesale and retail business, except for a few of the products named above. they went up to $118,154,700—now almost equalled by a single institution, the First National. With an occasional halt the totals continued to mount up until they had reached $188,131,143 in 1898, and on the last day of 1908 they were $378,197,678.

W. T. FENTON
Vice-President, National Bank of the Republic, Chicago.

WHAT THE BANKING FIGURES* SHOW.

On December 31, 1890, the total deposits of the national banks of Chicago were less than a hundred millions ($94,470,800). In the following year

Beginning with 1891 the State banks reported deposit totals of $44,442,399, now exceeded by the Illinois Trust and Savings with almost double these figures ($86,734,000), and by the totals of that landmark of Chicago banking —the Merchants' Loan and Trust Company—($58,752,000). By 1898 the deposits of the State banks first crossed the hundred-million line ($113,-

* Several of the tables given herewith are presented through the courtesy of Babcock, Rushton & Louderback, bankers and brokers, The Rookery, Chicago.

958,404), and they continued to grow steadily and rapidly until on December 31, 1908, they were $362,165,080. Put in another way, the aggregate deposits of the State and national banks of Chicago have grown from $162,000,000 in 1891 to $740,000,000 now. It is an interesting fact that at the close of 1908 there was a difference of only about $16,000,000 between the total deposits of the two classes of institutions. The State banks greatly outnumber the nationals (forty of the former and sixteen of the latter), so that bank for bank the nationals have the largest balance-sheets.

A comparison of the items reported by the national banks of Chicago on December 31, 1898, and February 5, 1909, is given herewith.

RESOURCES AND LIABILITIES OF THE NATIONAL BANKS OF CHICAGO.

DECEMBER 31, 1898.

RESOURCES.

Loans and discounts	$106,485,723.56
Overdrafts	292,085.11
U. S. bonds to secure circulation	1,950,000.00
U. S. bonds to secure deposits	1,043,000.00
U. S. bonds on hand	401,030.00
Premium on U. S. bonds	93,114.50
Stocks, securities, judgments, claims, etc.	10,107,381.85
Banking-house, furniture and fixtures	796,144.81
Other real estate and mortgages owned	712,340.78
Due from other National Banks	32,870,823.68
Due from State and private banks and bankers	10,096,974.73
Due from approved reserve agents	....
Checks and other cash items..	281,110.53
Exchanges for Clearing-House..	9,396,204.60
Notes of other National Banks	1,832,236.00
Fractional paper currency, nickels and cents	27,548.57
Specie	24,208,125.68
Legal-tender notes	17,309,090.00
U. S. certificates of deposit for legal-tender notes	1,420,000.00
Five per cent. redemption fund	81,000.00
Due from U. S. Treasurer	63,000.00
Total	$219,466,984.40

LIABILITIES.

Capital stock paid in	$18,450,000.00
Surplus fund	9,329,900.00
Undivided profits, less expenses	2,545,340.05
National Bank notes outstanding	1,215,875.00
State Bank circulation outstanding	....
Due to other National Banks..	60,401,941.66
Due to State and private banks and bankers	33,517,381.81
Due to approved reserve agents	....
Dividends unpaid	6,369.50
Individual deposits	92,932,717.97
U. S. deposits	969,814.56
Deposits of U. S. disbursing officers	84,643.85
Notes and bills rediscounted..	....
Bills payable	....
Other liabilities	13,000.00
Total	$219,466,984.40

RESOURCES AND LIABILITIES OF THE NATIONAL BANKS OF CHICAGO,

FEBRUARY 5, 1909.

RESOURCES.

Loans and discounts	$252,418,189.23
Overdrafts	57,368.26
U. S. bonds to secure circulation	14,236,000.00
U. S. and other bonds to secure deposits	1,688,332.28
U. S. bonds on hand	512,000.00
Other stocks, bonds and mortgages	28,678,643.19
Real estate, furniture and fixtures	2,588,480.30
Premiums paid	370,302.37
Due from other National Banks	62,167,434.04
Due from State banks and bankers	9,579,146.47
Exchanges for Clearing-House	11,081,605.70
Bills of other banks	1,331,016.00
Cash items, nickels, etc.	266,077.16
Specie	49,745,473.77
Legal-tender notes	29,970,517.00
Redemption fund	702,100.00
Due from U. S. Treasurer	1,331,300.00
Total	$466,723,985.77

LIABILITIES.

Capital stock paid in	$27,900,000.00
Surplus fund	18,730,000.00
Undivided profits	7,576,269.21
National Bank notes outstanding	12,731,395.00
Individual deposits subject to check	145,915,431.31
Demand certificates of deposit	5,046,531.71
Time certificates of deposit..	3,751,882.94
Certified checks	1,482,720.70
Cashier's checks outstanding..	8,378,008.93
Due to other National Banks	154,496,080.54
Due to State banks and bankers	77,870,893.96
Dividends unpaid	6,680.00
U. S. deposits	1,393,619.66
Special deposits (bonds)	1,201,000.00
Reserve for taxes	243,471.81
Total	$466,723,985.77

There were sixteen banks reporting on December 1, 1898, and the same number on February 5, 1909. Changes have taken place on account of the organization of new banks, absorptions and liquidations, but the total number remains unchanged. Their capital, surplus and profits have nearly doubled, making the banks stronger and better equipped for handling business. The aggregate resources have gained over 100 per cent., which means that the individual banks have greatly increased in size, since the number is not larger now than in 1898.

The condition of the State banks at the date of their most recent statement is herewith shown.

RESOURCES AND LIABILITIES OF THE STATE BANKS OF CHICAGO, FEBRUARY 6, 1909.

RESOURCES.

Loans and discounts	$218,808,003.18
Overdrafts	47,242.80
U. S. bonds	813,253.83
Other stocks and bonds	83,752,494.33
Real estate	2,988,294.96
Furniture and fixtures	120,342.05
Current expenses	12,439.04
Exchanges for Clearing-House	8,779,432.51
Checks and other cash items	929,458.92
Cash on hand	47,676,053.09
Due from banks	80,888,201.18
Items in transit	1,673,549.73
Due from U. S. Treasurer	165,002.00
Total	$446,653,767.62

LIABILITIES.

Capital stock paid in	$30,850,000.00
Surplus fund	21,712,500.00
Undivided profits	6,960,234.56
Dividends unpaid	11,407.25
Savings deposits subject to notice	153,244,202.56
Individual deposits subject to check	153,370,127.38
Demand certificates of deposit	4,364,604.55
Time certificates of deposit	25,356,634.63
Certified checks	1,584,299.86
Cashier's checks outstanding	2,466,425.88
Due to other banks	46,444,239.85
Reserved for taxes and interest	289,091.10
Total	$446,653,767.62

The deposits of each individual bank at the date of the last official statements are shown in the accompanying tables:

DEPOSITS OF THE NATIONAL BANKS OF CHICAGO, FEBRUARY 5, 1909.

	Individual.	Bank.	U. S.
Bankers	$6,494,185	$16,760,473	$40,000
Commercial	19,784,753	28,418,196	69,000
Continental	22,351,325	50,676,113	......
Corn Ex'ge	31,825,447	29,691,554	439,620
Drovers Dep.	2,542,829	4,347,557	50,000
First	48,396,775	64,062,927	250,000
First of Engw.	2,477,006	....	......
Ft. Dearborn	5,958,300	5,581,301	78,000
Hamilton	3,238,317	4,510,683	259,000
Live Stock	4,797,272	5,229,497	......
Monroe	780,136	176,123	75,000
Republic	8,016,097	14,526,609	69,000
Nat. City Bank	5,058,557	7,489,951	64,000
Nat. Produce	550,418	569,926	......
Oakland	1,078,189	....	......
Prairie	1,219,263	326,064	......
Totals	$164,568,869	$232,366,974	$1,393,620

Finally, in the annexed tables, are shown comparative statements of the deposits of both classes of banks for a series of years:

DEPOSITS OF THE NATIONAL BANKS OF CHICAGO, DECEMBER 31.

	Individual.	Bank.	Total.
1879......	....	....	$34,124,000
1880......	....	....	44,634,000
1881......	....	....	53,724,000
1882......	$34,798,000	$21,203,000	56,001,000
1883......	37,803,000	23,212,000	61,015,000
1884......	33,970,000	22,242,000	56,212,000
1885......	40,426,000	26,425,000	66,851,000
1886......	42,454,000	29,008,000	71,462,000
1887......	47,469,000	33,006,000	80,475,000
1888......	50,358,000	34,330,000	84,688,000
1889......	53,930,000	38,309,000	92,139,000
1890......	54,467,800	40,003,000	94,470,800
1891......	67,193,000	50,961,700	118,154,700
1892......	77,216,858	52,841,692	130,058,550
1893......	70,176,048	52,178,083	122,354,131
1894......	69,815,770	59,810,883	129,626,653
1895......	69,128,946	51,576,623	120,705,569
1896......	61,070,143	49,228,226	110,298,369
1897......	75,848,479	74,153,592	150,042,071
1898......	94,188,231	93,942,912	188,131,143
1899......	102,267,521	92,876,842	195,144,383
1900......	111,158,975	121,009,050	232,168,025
1901......	127,513,910	134,708,458	262,222,368
1902......	130,796,294	133,457,216	264,253,510
1903......	134,195,906	127,952,616	262,148,522
1904......	151,288,329	148,330,817	299,619,146
1905......	151,596,121	163,407,544	315,003,665
1906......	153,993,090	169,302,331	323,295,421
1907......	152,708,001	155,737,821	308,445,822
1908......	169,883,340	208,314,338	378,197,678

Impressive as are these several sets of figures, reflecting as they do a very large gain in Chicago's importance as a banking center, they represent also,

DEPOSITS OF THE STATE BANKS OF CHICAGO, FEBRUARY 6, 1909.

	Savings.	Individual.	Bank.
American Trust and Savings	$4,381,565	$18,256,423	$9,454,376
Austin State	596,165	564,359	....
Central Trust	1,495,566	8,043,545	2,765,361
Chicago City	856,256	815,699	43,623
Chicago Savings	1,085,107	2,146,290	712,310
Colonial Trust and Savings	219,896	2,300,320	544,862
Cook County State	150,833	191,808	....
Drexel State	661,649	856,018	45,337
Drovers Trust	1,993,192	....	....
Englewood State	278,439	581,715	....
First Trust and Savings	22,508,147	15,203,764	1,300,468
Foreman Bros.	....	7,849,752	....
Harris Trust and Savings	217,949	5,200,750	1,156,685
Hibernian	17,526,351	3,551,448	128,708
Illinois Trust	53,521,458	30,788,385	2,425,919
Kaspar State	1,614,973	749,591	....
Kenwood Trust	319,552	444,524	....
Lake View Trust	206,808	428,132	2,280
Merchants Loan & Trust	6,788,331	30,884,791	21,084,882
Metropolitan Trust	724,138	3,041,005	149,778
North Ave. State	260,834	366,148	....
Northern Trust	10,210,352	16,726,999	2,083,846
North Side State	261,161	258,119	....
North-Western Trust	659,403	891,278	....
Peoples Trust	635,036	526,967	4,698
Prairie State	4,196,820	2,223,976	6,197
Pullman Trust	1,796,275	1,371,127	....
Railway Exchange	93,275	793,011	30,692
Royal Trust	2,102,414	2,403,912	415,803
Security Bank	995,509	698,276	5,243
South Chicago Savings	593,141	533,794	....
State Bank of Chicago	7,789,275	9,661,851	2,141,453
Stockmens Trust	150,825	695,772	67,586
Stock Yards Savings	1,709,878	350,146	....
Union Bank of Chicago	168,858	643,117	11,442
Union Stock Yards State	496,095	337,945	368
Union Trust Co.	3,694,792	9,072,158	621,647
West Side Trust	894,019	651,031	....
Western Trust	1,125,982	6,522,158	1,208,187
Woodlawn Trust	305,930	441,444	32,488
Totals	$153,286,249	$187,067,548	$46,444,239

DEPOSITS OF THE STATE BANKS OF CHICAGO, DECEMBER 31.

	Savings.	Individual.	Bank.	Total.
1891	$14,477,485	$25,787,189	$4,177,725	$44,442,399
1892	19,513,370	33,834,421	5,015,435	58,363,226
1893	15,867,279	35,430,100	5,557,105	56,854,484
1894	18,600,833	41,046,773	7,414,461	67,062,067
1895	22,316,714	40,359,011	10,011,165	72,686,890
1896	20,949,874	38,130,846	7,882,625	66,963,345
1897	24,987,191	53,403,630	12,111,888	90,502,701
1898	33,293,521	66,509,834	14,155,049	113,958,404
1899	44,190,647	71,855,981	13,964,848	130,011,476
1900	55,528,282	82,007,293	18,542,193	156,077,768
1901	68,771,220	88,608,482	24,120,335	181,500,037
1902	89,929,574	99,005,096	25,055,586	213,990,256
1903	109,005,116	96,135,822	25,730,637	230,871,575
1904	123,216,267	139,581,896	30,694,288	293,492,451
1905	145,481,269	162,652,413	32,532,424	340,666,106
1906	151,091,507	165,508,591	38,144,884	354,744,982
1907	157,768,123	153,597,325	30,795,140	342,160,588
1908	147,866,512	171,987,211	42,311,357	362,165,080

to a very large extent, the general expansion in banking that has been going on all over the country within the past ten years. In fact, a comparison would probably show that the banks of Chicago have increased their resources in about the same proportion as the banks of the United States. This view is supported by an examination of the totals of the national banks for the years 1898 and 1908. While, therefore, banking in Chicago is growing, and at a most satisfactory rate, it is not "booming" nor being inflated.

The following statement is interesting as showing the condition of the Chicago banks after they had passed through the great fire.

Chicago's Bank Buildings.

This is an era of magnificence in bank construction, and while Chicago can hardly be said to have more elegant bank buildings than the other large cities, there is a breadth and sweep about many of them that quite astonish one who has been used to the cramped quarters of Manhattan Island. They have plenty of space in Chicago, and have not failed to make a liberal use of it in their bank buildings.

You pass up the wide marble staircase of the First National into a room that is so big that the stranger would be bewildered were it not for the information-desk that confronts him and helps put him right. Each of these modern financial palaces has something especially to commend it to the lover of architecture. The First National impresses you first with its spaciousness, and then you study in detail its many points of attractiveness and excellences

FIRST STATEMENT OF CONDITION OF CHICAGO BANKS FOLLOWING THE GREAT FIRE OF 1871.

Banks.	Capital.	Surplus and Undivided Profits.	Deposits.
First National Bank	$1,000,000	$468,607.06	$3,455,639.93
Third National Bank	750,000	319,155.53	3,107,464.67
Union National Bank	750,000	404,564.79	4,870,188.20
Fifth National Bank	500,000	137,567.35	1,075,759.63
Commercial National Bank	500,000	170,734.91	1,725,326.95
Manufacturers' National Bank	500,000	43,502.28	1,359,625.91
Northwestern National Bank	500,000	256,123.64	1,129,870.50
Corn Exchange National Bank	500,000	41,213.37	916,457.84
German National Bank	500,000	81,915.16	1,672,434.95
Merchants' National Bank	450,000	481,875.14	1,439,564.83
Cook County National Bank	300,000	2,812.56	603,127.19
National Bank of Illinois	300,000	790.76	574,731.23
Merchants' National Bank	250,000	149,390.71	777,076.48
City National Bank	250,000	62,564.97	739,106.88
National Bank of Commerce	250,000	20,749.82	433,239.01
Fourth National Bank	200,000	45,719.49	360,164.80
Traders' National Bank	200,000	61,331.99	692,888.98
Second National Bank	100,000	54,355.57	848,143.26
Union Stock Yards National Bank	100,000	22,602.05	323,572.19
Total National Banks	$7,900,000	$2,825,577.15	$26,104,383.43
Merchants' Savings Loan & Trust Co.	1,000,000	530,571.70	2,174,059.25
State Savings Institution	105,000	55,000.00	3,569,154.12
Lunt, Preston & Kean	100,000	25,317.13	983,948.95
Prairie State Loan and Trust Co.	100,000	13,569.08	652,867.53
Union Insurance and Trust Co.	125,000	21,951.50	369,429.74
International Mutual Trust Co.	200,000	20,000.00	335,157.22
Commercial Loan Co.	100,000	19,137.09	279,536.54
Other banks, not including savings banks or Bank of Montreal	1,250,000	....	2,750,000.00
Totals	$10,880,000	$3,511,123.65	$37,218,536.78

NOTE.—Compiled from official statements of December 31st, 1871.

of arrangement. The various departments occupy some three acres of space. Among the notable features of this bank, in addition to its size, may be mentioned its 600 clerks, sixty-five adding machines, a telegraph office change for a certain loftiness as well as extreme richness; the Illinois Trust and Savings for a classic exterior and an interior that in beauty of design and of color tones reminds you of some antique palace; the Northern Trust

ORSON SMITH
President, Merchants' Loan and Trust Co., Chicago's Oldest Bank.

and a well-equipped printing office.

Next to the new building of the National City Bank in New York, the interior of the Commercial National Bank of Chicago perhaps is as notable as any in the country for simple elegance, and yet so ample in its proportions that it gives you a feeling that here banking is done on a large scale.

Each of the newer banks has some claim to special notice—the Corn Exchange ... Company, which for solidity of structure, richness of furnishing and perfect adaptability of every department to the work in hand seems to come near the ideal in bank building. The American Trust and Savings is another of the very imposing bank buildings of Chicago, joining the home of its neighbor, the First National, the two buildings harmonizing and forming a symmetrical and imposing part of the banking district. The Merchants' Loan and Trust Company and the Continental National are well housed in their own commodious buildings, while the National Bank of the Republic has most attractive banking rooms in the New York Life Building, as the Western Trust and Savings Bank has in The Rookery, and the National City Bank in the Temple. The Central Trust Company and the Monroe National occupy jointly the building on Monroe street that is famed throughout the country as being one of the most palatial banking establishments of the United States. The other banks of the city are well housed, some of them not quite so richly as the ones named, but they have all long ago discarded the small poorly furnished quarters of the shabby-genteel style once regarded as being peculiarly suited to the conduct of every well-regulated bank.

How Banking Is Divided.

Pretty much as elsewhere in the United States the banks of Chicago are coming to do all kinds of banking business (there are a number of exceptions of course). But either in the same building with the ordinary discount bank or not far away you often find a savings bank, a trust company and a safe deposit company, practically under the same management. Let it not be understood that there is any thing reprehensible in this. Usually the organizations are separated, and the business of each kept distinct; but whether they are or not is of less importance than the character of the management—its ability and integrity. Some of the banks conducting the several kinds of banking will proudly declare that their savings funds are invested with the greatest care, that their trust department is a trustee purely and keeps out of all promotion schemes. The savings banks of Chicago have capital stock. As a rule, they pay three per cent. interest on deposits.

Chicago's Oldest Bank.

To write a separate history of every bank in Chicago would be a very large task, and while the result might not be without interest, there would be a great deal of sameness about it. As was remarked by Mr. Judson, cashier of the Bankers' National, "This bank has no history to speak of. It has gone on quietly and steadily year by year, trying to render efficient service, growing a little all the time—with one day and one year much the same, and that is all that can be said." Perhaps that is a good thing to be said of the average bank, that it has no history. Here and there will be found honorable exceptions, like the Bank of New York and the Bank of North America. In the same class is the Merchants' Loan and Trust Company of Chicago—the oldest bank there, and among the largest. Its organization dates back to 1856—a time when the State of Illinois was still afflicted with some of the "wildcat" banking institutions which gave the State's early financial history an unenviable reputation. The then new bank was of an entirely different type. "It was a real bank, with real capital, and plenty of it, started by reputable and successful business men in the trade center of the wonderful and growing West."

The Merchants' Loan and Trust Company has never consolidated with, or absorbed the business of, any bank. Its steady and substantial growth is shown by decades as follows:

Year.	Capital.	Surplus.	Deposits.
1857....	$500,000	*	*
1867....	1,000,000	*	$1,723,000
1877....	1,500,000	$ 100,000	2,321,000
1887....	2,000,000	1,000,000	8,069,000
1897....	2,000,000	1,554,077	18,445,000
1907....	†3,000,000	4,273,851	49,857,000

At the date of the last statement (February 6, 1909), the deposits had increased to $58,758,004.

* Records burned in Chicago Fire.
† Statement May 21, 1907.

The Largest Bank.

Probably in floor space occupied, number of clerks employed and in the volume of transactions, the First National of Chicago heads the list of banks not only in that city but in the United States, though others have larger capital and bigger deposit totals. The deposits of the First National are well above the $100,000,000 line, and are gaining all the time. A considerable part of this bank's machinery is employed in handling the accounts of something over 2,000 bank correspondents.

Personnel of the Chicago Banks.

Whether Mr. James B. Forgan, president of the First National, is the oldest banker or not, he is generally looked upon as the dean of the banking faculty of Chicago. He got his early banking education and experience in Scotland and Canada, where they seem to have the knack of training successful bankers. Mr. Forgan is Chairman of the Clearing-House Committee, and his counsels are of great assistance in the important work performed by the associated banks of Chicago, and he is undoubtedly one of the leaders of

DAVID R. FORGAN
President, National City Bank, Chicago.

(This bank has grown steadily, its deposits at the end of two years' business amounting to over $12,000,000.)

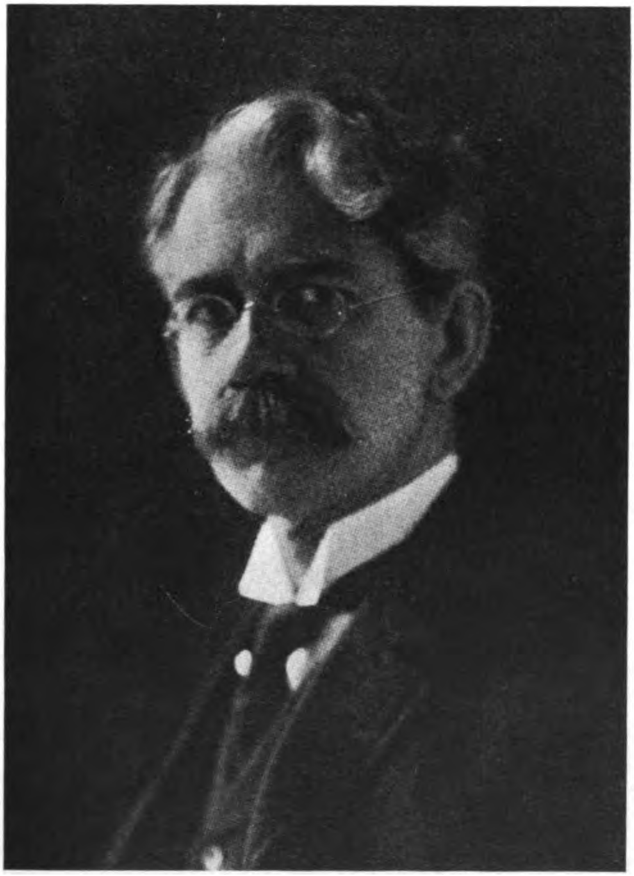
sound banking opinion in this country.

The bankers of Chicago have shown their qualities by the records their institutions have made, and by the manner in which great emergencies have been met. They are not only looking for big deposit totals, but they are watchful of the strength that comes from following sound principles. Two of the city's bank presidents have been Comptrollers of the Currency (Mr. Lacey of the Bankers National and Mr. Dawes of the Central Trust Company of Illinois). Another (Mr. Roberts, president of the Commercial National) has been Director of the Mint. President McKinley took Mr. Gage, president of the First National, as his Secretary of the Treasury, and President Taft took a director of the Commercial National—Mr. Franklin MacVeagh—for the same office. He wanted Mr. George M. Reynolds, president of the Continental National, but when the directors of that bank heard what was up they advanced Mr. Reynolds' salary to $50,000 a year, and he concluded to forego the fame appertaining to the office of the Secretary of the Treasury for the larger emoluments of a Chicago bank presidency.

GEORGE M. REYNOLDS
President, American Bankers' Association; President, Continental National Bank, Chicago.

President of the American Bankers' Association.

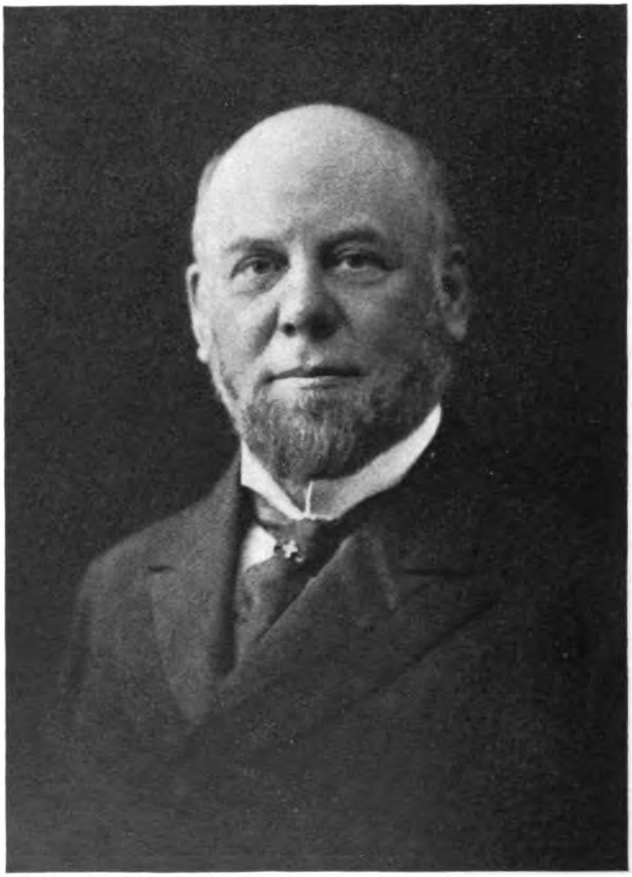
This country banker from the Iowa prairies has had such a steady rise in the banking world that the story of his progress is worth telling. He began his life on a farm in Iowa forty-four years ago, of English and Scotch ancestry. At the age of fifteen he started into banking with the Guthrie National Bank of Panora, Iowa, beginning as a general assistant. From 1886 to 1888 he was in the farm loan business at Hastings, Nebraska, but in the latter year returned to Panora and became cashier and manager of the Guthrie County National Bank. In 1893 he was chosen cashier of the Des Moines National Bank, and January, 1895, when thirty years old, he was elected president of that bank. On December 1, 1897, he went to Chicago to accept the cashiership of the Continental Bank, of which he became vice-president on May 1, 1902, and president in January, 1906. Among the positions held by Mr. Reynolds are: Mayor of Panora, Iowa; vice-president Chicago Clearing-House Association; and in the American Bankers' Association he has held the position of member of the executive council, treasurer, chairman of the executive council, vice-president, and president—the highest honor the organized bankers of the United States can bestow.



E. D. HULBERT
Vice-President, Merchants' Loan and Trust Company, Chicago.

When Mr. Reynolds became cashier of the Continental National in January, 1898, the deposits were $13,000,-

000. Now they average about $70,000,000. Of this growth of $57,000,000 about $14,000,000 was acquired by consolidation, leaving $43,000,000 natural growth. One thing that has helped build up the bank has been the



N. W. HARRIS
President, Harris Trust and Savings Bank, Chicago.

accessibility of the officers, and an atmosphere of genuine courtesy which pervades every department. The growth of this bank, which it must be said in fairness is typical of the recent history of banking in Chicago rather than exceptional, may be better realized by reference to the following figures, showing respectively the bank's items for clearings and its deposits on the dates named:

Clearing-House Items.

March, 1883	$17,000,000
January, 1896	59,910,000
January, 1906	299,758,000
January, 1909	434,073,000

Comparative Statement of Deposits.

1883	$3,600,000
1885	5,100,000
1890	7,600,000
1895	9,000,000
1900	31,000,000
1905	51,000,000
1909	75,000,000

Mr. Reynolds has a very wide acquaintance, and is credited with the ability to judge men. He likes his work. He might have been Secretary of the Treasury; but he preferred to remain a Chicago banker—with a salary of $50,000 instead of $12,000.

Commenting on the desire of Mr. Taft to have a Secretary of the Treasury who was a Chicago banker, the Washington correspondent of the "Chicago Daily Tribune" said that Mr. Taft regarded the Chicago banks as the strongest and the best in the country. This may have been a pardonable ebullition of local pride on the part of the correspondent rather than a reflection of Mr. Taft's views, but it indicates pretty clearly nevertheless the feeling of pride which the Chicago banker has in the banking reputation of his city.

The appointment of a Secretary of the Treasury from the board of the Commercial National recalls the fact that this institution has furnished several cabinet officers, and on the other hand that the bank has taken several officers from the Treasury Department. Of the former may be mentioned Robert T. Lincoln, Secretary of War; Paul Morton, Secretary of the Navy; and Franklin MacVeagh, Secretary of the Treasury. These gentlemen were directors of the Commercial National when chosen for the positions named. But while the bank has given officers to the Government, it has taken some from it. Mr. Eckels, the late president, was Comptroller of the Currency, and Mr. Roberts, the present head of the institution, was Director of the Mint. Thus the Commercial National might almost be called a Government bank.

Where the Banks Are Located.

New York's financial street is watched over by Trinity's impassive steeple. The Board of Trade Building is La Salle Street's monitor. The great banks are not only all within "the loop," but in a small part of it. Starting at Washington and La Salle, moving along to Dearborn and down to Jackson, thence along La Salle back to Washington, you have pretty well covered the financial district. Because of the manner in which the city is built, concentrating business in a comparatively small area, this constitutes what is undoubtedly one of the busiest centers to be found in the United States.

The Outlying Banks.

Outside the great financial district there are many smaller banks, admirably serving local needs. Some of these, like the First National of Englewood, have buildings that would embellish the most prominent part of the financial district and have attained to a high degree of prosperity. The vast business of the Union Stock Yards has brought into existence in that part of the city a group of banks specially organized and equipped for handling this line of business.

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq.,
Author Uniform Negotiable Instruments Act.

IMPORTANT LEGAL DECISIONS OF INTEREST TO BANKERS.

All the latest decisions affecting bankers rendered by the United States courts and State courts of last resort will be found in the Magazine's Law Department as early as obtainable.

Attention is also directed to the "Replies to Law and Banking Questions," included in this Department.

ACCOMMODATION MAKER—EXTENSION OF TIME—EFFECT OF.

WOLSTENHOLME vs. SMITH, ET AL.

SUPREME COURT OF UTAH, APRIL 14, 1908.

Under the Negotiable Instruments Law the maker of a promissory note is "primarily liable" thereon, though he signs only for accommodation.

Under the statute an extension of time given to the person for whose accommodation the note was made will not discharge the accommodation maker.

THIS was an action upon a promissory note signed by Grant H. Smith and J. E. Darmer, as makers. The defendant, Darmer, alleged that his codefendant, Smith, was the principal debtor; that he (Darmer) received no part of the loan or consideration for which the note was given, and that he signed it only as surety, which facts were known to the payee when the note was executed; that by a binding agreement Smith, and the holder of the note, extended the time of payment to October, 1902, without his knowledge or consent; that no demand was made upon him for payment until more than four years after the note became due; and that, by reason of the extension of time and of the delay in payment, he was prevented from protecting and securing himself. The court found as conclusions of law that the defendant Darmer was a maker and primarily liable on the note, and therefore rendered judgment against him. From this judgment, the defendant Darmer appealed.

STRAUP, *J.:* There is no doubt that under the decisions of this court prior to the enactment of chapter 83, p. 122, Laws of 1899, relating to negotiable instruments, the facts alleged in the answer and found by the court constituted a defense, and discharged Darmer. It was the law generally in this country that a binding agreement between the principal and holder of a negotiable instrument, whereby the time of its payment was extended, relieved the surety, though he apparently signed as maker, if the holder had knowledge or notice that he was in fact a surety. It is, however, contended by the respondent that the law in this respect has been changed by the act in question. On the other hand, the appellant contends that it has not been changed, and that the law in this regard is now as it was before the enactment. We cannot agree with appellant in this contention. The negotiable instruments law enacted in 1899 is like that of the bills of exchange act of 1882 of England, and of the negotiable instruments law of New York adopted in 1897, and of about 19 other states.

The particular sections pertinent to the question are:

Section 29: "An accommodation party is one who has signed the instrument as maker, drawer, acceptor, or endorser, without receiving value therefor, and for the purpose of lending his name to some other person. Such a person is liable on the instrument to a holder for value, notwithstanding such holder at the time of taking the instrument knew him to be only an accommodation party."

Section 60: "The maker of a negotiable instrument by making it engages that he will pay it according to its tenor."

Section 63: "A person placing his signature upon an instrument, otherwise than as maker, drawer, or acceptor, is deemed to be an indorser, unless he clearly indicates by appropriate words his intention to be bound in some other capacity."

Section 119: "A negotiable instrument is discharged: I. By payment in due course by or on behalf of the principal debtor. II. By payment in due course by the party accommodated where the instrument is made or accepted for accommodation. III. By the intentional cancellation thereof by the holder. IV. By any other act which will discharge a single (simple) contract for the payment of money. V. When the principal debtor becomes the holder of the instrument at or after maturity in his own right."

Section 120: "A person secondarily liable on the instrument is discharged: I. By an act which discharges the instrument. II. By the intentional cancellation of his signature by the holder. III. By the discharge of a prior party. IV. By a valid tender of payment made by a prior party. V. By a release of the principal debtor, unless the holder's right of recourse against the party secondarily liable is expressly reserved. VI. By any agreement binding upon the holder to extend the time of payment, or to postpone the holder's right to enforce the instrument, unless made with the assent of the party secondarily liable, or unless the right of recourse against such party is expressly reserved."

Section 192: "The person 'primarily' liable on an instrument is a person who by the terms of the instrument is absolutely required to pay the same. All other parties are 'secondarily' liable."

By subdivision 6 of section 120 it will be seen that a person secondarily liable on the instrument is discharged by an agreement binding on the holder to extend the time of payment. If, therefore, the appellant was only secondarily and not primarily liable on the instrument, he is discharged. Otherwise not, unless the instrument was discharged. Section 192 makes a person primarily liable on the instrument who by the terms of the instrument is absolutely required to pay it. And by section 29 an accommodation party in fact is liable on the instrument to the holder notwithstanding such holder at the time of the taking of the instrument knew him to be only an accommodation party. Messrs. Eaton & Gilbert, authors of a recent work on Negotiable Paper, in considering the negotiable instruments law in question, say in section 123f: "The statute only provides for the discharge by an extension of time of a person secondarily liable on the instrument. By the terms of the statute a person is primarily liable who by the terms of the instrument is absolutely required to pay the same. All others are secondarily liable. An accommodation maker or acceptor is absolutely liable on the instrument to a holder for value, notwithstanding such holder at the time of taking the instrument knew him to be only an accommodation party. It would seem to follow that the statute has disposed of the conflict of authority upon this question by holding the accommodation acceptor or maker to his apparent engagement as a principal debtor, and making him liable notwithstanding an indulgence given to the endorser or drawer for whose benefit he became a party to the instrument." The same question raised here was considered in the case of Cellers vs. Meachem (Or.) 89 Pac. 426, 10 L. R. A. (N. S.) 133, and the conclusion was there reached that, under the new law, an accommodation maker was primarily liable, notwithstanding any knowledge the holder of the instrument might have had as to his relationship with the principal. To the same effect are the cases of Vanderford vs. Farmers' & Mechanics' Nat. Bank, 105 Md. 164, 66 Atl. 47, 10 L. R. A. (N. S.) 129, and National Citizens' Bank vs. Toplitz, 81 App. Div. 593. These cases are criticized by the appellant. He contends that the provisions of subdivision 4 of section 119, which provide that a negotiable instrument is discharged "by any other act which will discharge a simple contract for the payment of money," was disregarded. He urges that a contract of suretyship is a simple contract, and the making of a binding agreement for an extension of time to the principal debtor has long been held to be an "act" sufficient to discharge the contract of the surety, and hence the facts alleged in the answer and found by the court were clearly a defense which is included in the general language of subdivision 4 of section 119. To reach such a conclusion one must assume that the appellant was not primarily, but secondarily, liable on the instrument—the very thing to be decided—and the law that a person signing a negotiable instrument is not bound by his apparent obligation, but by his obligation in fact, has not been changed. Under the new law the appellant's apparent engagement as a maker and principal debtor is his real and actual engagement. He signed the note as a maker. By the terms of the instrument, he is absolutely required to pay it. The statute in such case makes him an actual principal and renders him primarily liable, though in fact he received, with the knowledge of the holder, no part of the consideration, and only signed the note for the purpose of lending his name to another. Having signed the note as an apparent maker and principal debtor, he cannot thereafter be heard to assert the contrary so as to affect his liability on the instrument. Section 119 deals, not with the discharge of parties, but with the discharge of the instrument. Of course, if the instrument is discharged, all parties are discharged, whether primarily or secondarily liable. If it was meant that a binding agreement to extend the time of payment should discharge a person, whether primarily or secondarily liable, and is included, as is contended, in the general language of subdivision 4 of section 119, then there was no occasion to insert the provision in section 120 making it a ground of discharge as to a person secondarily liable. Being so inserted strongly indicates that it was the intention to make it a ground to discharge a person only secondarily liable, and not a person primarily liable. While an agreement binding on the holder to extend the time of payment was generally held sufficient to discharge a surety, yet it did not discharge the instrument, nor the principal debtor. It was not such an act as will discharge the instrument itself within the meaning of subdivision 4 of section 119.

Being of the opinion that the appellant is primarily liable on the instrument, and that the facts alleged in the answer and found by the court do not constitute a discharge of the instrument, it follows that the judgment of the court below must be affirmed, with costs. It is so ordered.

McCarty, C. J., and Frick, J., concur.

FICTITIOUS PAYEE—WHO IS—PAYMENT OF CHECK TO.

SNYDER vs. CORN EXCHANGE NAT. BANK.

SUPREME COURT OF PENNSYLVANIA, JUNE 2, 1908.

Under the Negotiable Instruments Law, though a check is drawn payable to the

order of an existing person, yet if the person drawing the check did not intend that the same should be delivered to the ostensible payee, or be indorsed by him, it is to be deemed drawn to the order of a fictitious person, and therefore payable to bearer.

THIS action was brought to recover the amount of certain checks alleged to have been wrongfully paid by the bank. The plaintiff, who was a broker in Philadelphia, had in his employ a clerk named Edwin S. Greenfield, who was authorized to draw checks in the name of the plaintiff. Greenfield drew four checks aggregating $18,387.50, to the order of Charles Niemann, and having indorsed them in the name of the ostensible payee, delivered them in payment of his individual debt to R. M. Miner & Co., a concern carrying on a stock and grain brokerage business. Miner & Co. deposited the checks in their bank, and the same were paid in the regular course of business. When the checks were drawn Greenfield never intended that Niemann should receive them or their proceeds.

BROWN, *J.* (omitting part of the opinion): By our negotiable instruments act of May 16, 1901 (P. L. 194), a check is payable to bearer "when it is payable to the order of a fictitious or nonexisting person, and such fact was known to the person making it so payable." The averment in the affidavit of defense is that Niemann was not a real, bona fide payee, but was in legal contemplation a fictitious person, such fact having been well known to Greenfield at the time he drew the checks; that Niemann had no right to them, or any of them, and it never was intended by Greenfield that he should receive them or their proceeds. Niemann may have been an existing person, but he could have been, and was, a fictitious one within the meaning of the act of assembly if Greenfield intended to use his name, and did use it, as that of a person who should never receive the checks nor have any right to them. The intent of the drawer of the check in inserting the name of a payee is the sole test of whether the payee is a fictitious person, and the intent of the drawer of these checks as attorney for the appellant must, as just stated, be regarded as against the bank upon which they were drawn as the intent of the appellant himself. A fictitious person within the contemplation of the act of 1901 is not merely a nonexisting one; for, if so, the word "nonexisting" would have been sufficient without more. It is clear, then, that, when the Legislature declared that a check payable to a "fictitious or nonexisting person" is to be regarded as payable to bearer, it meant a fictitious person to be one who, though named as payee in a check, has no right to it, or the proceeds of it, because the drawer of it so intended, and it therefore matters not whether the name of the payee used by him be that of one living or dead, or of one who never existed.

In Bank of England vs. Vagliano, L. R. Appeal Cases (1891) 107, the English bills of exchange act of 1882, after which our act of 1901 was modeled, was construed, and, in answering the contention that the word "fictitious" was only applicable to a creature of imagination, having no legal existence, Lord Herschell said: "If so, there was no necessity for the introduction of the word 'fictitious' in the enactment. The word 'nonexistent' would have sufficed. . . . Where, then, the payee named is so named by way of pretense only without the intention that he shall be the person to receive payment, is it doing violence to language to say that the payee is a fictitious person? I think not. I do not think that the word 'fictitious' is exclusively used to qualify that which has no real existence." Lord Morris, following, said: "I entirely agree in the conclusion arrived at by my noble and learned friend, Lord Herschell, viz., that, whenever the name inserted as that of the payee is inserted without any intention that payment shall only be made in conformity therewith, the payee becomes a fictitious person within the meaning of the Bills of Exchange Act, 1882, § 7, subsec. 3, and that the bill may be treated by a legal holder as payable to bearer; and, having had the advantage of reading the noble and learned lord's judgment in print, I concur in the reasoning by which that conclusion is arrived at." In this Lord Watson concurred, saying: "I think that the language of the subsection taken in its ordinary significance imports that a bill may be treated as payable to bearer in all cases where the person designated as payee on the face of it is either nonexisting, or, being in existence, has not, and never was intended to have, any right to its contents."

In Phillips vs. Mercantile National Bank of New York, 140 N. Y. 556, a case singularly similar to the one now before us, the New York Court of Appeals, in construing the word "fictitious" in a statute of that state containing the same provision as ours, attached to it the same meaning as is given to it in Vagliano vs. Bank of England. Bartlett, the cashier of the National Bank of Sumter, S. C., had authority from it to draw checks or drafts upon the Mercantile National Bank of New York, with which it had an account. He drew checks upon that bank, making them payable to the order of existing persons, but without their knowledge, and then indorsed the checks in their names to a firm of stockbrokers in New York, who collected them from the Mercantile National Bank. The receiver of the Sumter bank brought suit against that bank to recover back the amounts which it had paid on Bartlett's checks, on the ground that the indorsements of the names of the payees were forgeries. It was held that there could be no recovery because the checks had been made payable to fictitious persons, even though the names adopted were those of known and existing ones, and were therefore to be regarded as having been made payable to bearer and intended for delivery to the stockbrokers in New York. This having been the intent of Bartlett, who had authority from his bank to draw the checks, his intent was said to have been, so far as the New York bank was concerned, the intent of his bank, and that whatever he did in drawing and delivering the checks was to be regarded as its act. In the course of its opinion the court said: "Whether indorsing the check in the name of the payee therein was a forgery in the legal sense or not is not the important question. In a general sense, of course, the cashier did forge the payee's name, but that fact did not affect the title or rights of the defendant. (Coggill vs. American Exchange Bank, 1 N. Y. 113, 49 Am. Dec. 310.) In the case cited a bill was drawn upon the plaintiff to the order of one Truman Billings, and was discounted at a bank. The drawer had indorsed it with the name of the payee, Truman Billings, a person who in fact had no interest in the bill. It was held that the defendant in the case, who had accepted and paid the bill, held it by a good title. Bronson, J., said: 'As the payee had no interest and it was not intended he should ever become a party to the transaction, he may be regarded, in relation to this matter, as a nonentity, and it is fully settled that when a man draws and puts into circulation a bill, which is payable to a fictitious person, the holder may declare and recover upon it as a bill payable to bearer. In legal effect, though not in form, the bill is payable to bearer.' The case of Shipman vs. Bank of the State of New York, 126 N. Y. 318 . . . was a case wholly other than was made out here. It was stated in the Shipman Case that the maker's intention is the controlling consideration, which determines the character of the paper, and that the statutory rule which gives to paper drawn payable to the order of a fictitious person, and negotiated by the maker, the same validity as paper payable to bearer, applies only when such paper is put into circulation by the maker with knowledge that the name of the payee does not represent a real person. The principle of that decision is quite applicable to the case at bar. Though Bartlett selected, for the execution of his dishonest purposes, the names of persons who were dealers with his bank, it was, in legal effect, as though he had selected any names at random. The difference is that by the methods resorted to he averted suspicion on the part of the directors or other officers of the bank. The names he used were, for his purposes, fictitious, because he never intended that the paper should reach the persons whose names were upon them. The transaction was one solely for the fraudulent purpose of appropriating his bank's moneys by a trick which his position enabled him to perform. Concededly, if the names of the payees were of fictitious persons, the Sumter bank would have had no claim upon the defendant. . . . The fictitiousness of the maker's direction to pay does not depend upon the identification of the name of the payee with some existent person, but upon the intention underlying the act of the maker in inserting the name. Where, as in this case, the intent of the act was, by the use of the names of some known persons, to throw directors and officers off their guard, such a use of names was merely an instrumentality or a means which the cashier adopted, in the execution of his purpose to defraud the bank, in an apparently legitimate exercise of his authority. The cashier, through his office, and the powers confided to him for exercise was enabled to perpetrate a fraud upon his bank, which a greater vigilance of its officers might have earlier discovered, if it might not have prevented. If his position and the confidence reposed in him were such as to enable him to escape detection for the while, then the consequences of his fraudulent acts should fall upon the bank, whose directors, by their misplaced confidence, and gift of powers, made them possible, and not upon others, who themselves acting innocently and in good faith were warranted in believing the transaction to have been one coming within the cashier's powers. It may be quite true that the cashier was not the agent of the bank to commit a forgery or any other fraud of such a nature, but he was authorized to draw or check upon the bank's funds. If he abused his authority and robbed his bank, it must suffer the loss. The distinction between such a case and the many other cases which the plaintiff's counsel cites from is in the fact that it was within the scope of this cashier's powers to bind the bank by his checks. In transmitting them, made out and indorsed as they were, the bank was so far concluded by his acts as to be estopped from now denying their validity."

If the checks drawn by Greenfield to the order of Niemann as a fictitious person had been dawn by Synder himself with the same intent as Greenfield's, and he had indorsed Niemann's name on them and handed them to R. M. Miner & Co., it would not be pretended that he would have any claim against the appellee. And yet this is the real situation; for, when Snyder lodged with the bank his power of attorney to Greenfield, he in effect said to it: "Any check drawn upon you by Greenfield as my attorney and issued by him is to be paid by you as having been drawn and issued by me." If this is not sufficient to protect the bank from liability for what the appellant now charges were its mispayments out of his funds, it is not easy to conceive what would be. The guaranty of the previous indorsements on the checks by the Real Estate Title Insurance & Trust Company was a guaranty of the indorsement of R. M. Miner & Co., for it was the only one upon the checks in legal contemplation when they were deposited with the trust company. When the checks were delivered to R. M. Miner & Co., they were, as shown, payable to bearer, and nothing, therefore, need be said on the contention of the appellant as to the liability of the trust company to the appellee upon the guaranty of the indorsements on the checks, unless it be to repeat what we have said through our Brother

Fell in recognizing the liability of a bank to its depositor for payment of a check on a forged indorsement: "The rule applies where a check has been lost or stolen and the payee's name has afterwards been forged; but it does not protect a depositor who is in fault, as in intrusting a check to one who he has reason to suppose will make a fraudulent use of it, or in so carelessly filling up a check that it may readily be altered, or in issuing a check to a fictitious person. It is confined to cases in which the depositor has done nothing to increase the risk of the bank." (Land Title & Trust Company vs. Northwestern National Bank, 196 Pa. 230.) The allegation that the checks were delivered to R. M. Miner & Co. in connection with gambing or wagering transactions is unavailing, in view of the averments in the affidavit of defense. (Bank vs. Arnold, 187 Pa. 356.)

The assignment of error is overruled, and the order of the court discharging the rule for judgment is affirmed.

NOTES OF CANADIAN CASES AFFECTING BANKERS.

[Edited by John Jennings, B.A., LL.B., Barrister, Toronto.]

BILLS OF EXCHANGE AND PROMISSORY NOTES—NOTE SIGNED IN BLANK—PAYEE—PARTY TO WHOM NEGOTIATED—HOLDER IN DUE COURSE.

Lilly & Farrar (Que. R. 17 K. B., p. 554).

The payee of a promissory note made in the manner set forth in section 31, cap. 119 R. S. C. 1906, may, in the same manner as an indorsee, be the party to whom it is negotiated, as well as issued, and a holder in due course, within the meaning of the following section 32, and of sect. 56.

THIS is an appeal from the judgment of Mr. Justice Tellier, which was confirmed.

By the judgment appealed from, the appellant was adjudged to pay $1,200, amount of a promissory note made to the order of the respondent.

The appellant had pleaded to the action that the note had been forged in a material part thereof, namely, by the insertion of the respondent's name as payee, fraudulently made by one McGee.

The respondent had also alleged in the plea, in substance, that he had signed the draft note, leaving a blank space for insertion of the payee's name, and had intrusted it to McGee, with instructions that an outstanding promissory note for a like sum was about to fall due; that McGee was to ascertain who was the creditor, insert the name of such creditor in the blank space, obtain surrender of the old note, and deliver the new one in exchange for it.

The respondent pleaded in answer that he was ignorant of what instructions might have been given to McGee, but that he had advanced $1,200 upon the note which purported to be a promissory note in regular form.

It was proved at the trial that the appellant was debtor of a promissory note for $1,200, held by a certain Miss Clarke, which became payable on September 10, 1905; that on September 6, 1905, McGee obtained from the respondent $1,200, less $36 for discount, and handed him the promissory note now in question, at the same time taking the respondent's signature, as an accepting party, to what was represented by McGee to be a transfer by the appellant of certain building society shares, which the respondent would hold as security, and that McGee kept the $1,164 ,and did not take up the note due to Miss Clarke. It is contended, for the appellant, that the proof shows that the respondent saw McGee insert his, the respondent's, name in the note as payee, but this is disputed by the respondent.

It appears that the appellant resided at Pointe Claire and had, in previous instances, provided for the taking up of outstanding notes, by leaving signed draft notes with McGee, in the way described.

JUDGMENT (TASCHEREAU, *C. J.*, TRENHOLME, CROSS & BRUNEAU AD HOC, *J.J.*): In the form in which this appeal has been submitted to us, its fate would depend, not upon the application of any generally recognized principle of mercantile law, but upon the particular application to the facts, of sections 31 and 32 of the Bills of Exchange Act, chap. 119, R. S. C., 1906, which reproduce sec. 20 of the former act (53 Vict. cap. 33).

These sections read as follows:

Section 31.—"Where a simple signature on a blank paper is delivered by the signer in order that it may be converted into a bill it operates as a prima facie authority to fill it up as a complete bill, for any amount, using the signature for that of the drawer or acceptor, or an endorser; and, in like manner, when a bill is wanting in any material particular, the person in possession of it has a prima facie authority to fill up the omission, in any way he thinks fit."

Section 32.—"In order that any such instrument, when completed, may be enforceable against any person who became a party thereto prior to its completion, it must be filled up within a reasonable time, and strictly in accordance with the authority given: Provided, that if any such instrument, after completion, is negotiated to a holder in due course, it shall be valid and effectual for all purposes in his hands, and he may endorse it, as if it had been filled up within a reasonable time and strictly in accordance with the authority given."

When it was asserted on behalf of the appellant at the argument that the effect of this sec. 31, as applied to the facts proved in this case, is to exonerate the appellant from liability upon the note, the moment it is proved that McGee exceeded or departed from the instructions which the appellant gave to him, and whether the respondent knew of such instructions or not, it was felt that a somewhat startling proposition was being laid down.

It was insisted that the appellant in the language of the act "Became a party" to the note, "prior to its completion," and therefore could be held liable, only if the instrument had been "filled up within a reasonable time and strictly in accordance with the authority given."

Referring to cases in which parties lend their credit to others by signing their names to blank papers, to be afterward filled as bills or notes written over their signatures, it is stated in Daniel on "Negotiable Instruments," that "it is a settled principle of commercial law, that when such instruments are afterward completed by the holder of such blanks, to whom they are loaned, such parties become as absolutely bound, as if they had signed them after their terms were written out, and further, that the presence of their names upon blanks purports an authority, granted to the holder, to fill them for any sum and with any terms, as to time, place and conditions of payment." And ofter having quoted the saying of Lord Mansfield to the effect that: "The endorsement on a blank note is a letter of credit for an indefinite sum." The defendant said: "trust Galley to any amount and I will be his security." It does not lie in his mouth to say the endorsements were not regular."

The author continues: "And this admirable statement of the law is almost universally quoted with approval and followed as a precedent, applying equally to maker, acceptor and drawer, as to the endorser." (ib No. 142.)

Citations in this sense sound so much like repetition of mere legal commonplace and truisms, that they would not be made, were it not for the obvious fact that, if the contention made on behalf of the appellant be well founded, a very decided inroad has been made by the act into the domain of commercial law.

It is scarcely necessary to point out that the equities are on the side of the respondent. In deciding which one, of the two innocent parties in this suit, should bear the loss arising from the fraud of McGee, it would appear that, upon obvious grounds we should select the appellant, because it was his looseness of method which made the mischief practicable.

In the language of the author already quoted from, it may be added that "the party who puts his paper in circulation, invites the public to receive it of any one having it in possession with apparent title, and he is estopped from urging an actual defect in that which, through his act, ostensibly has none. It is the duty of the maker of the note to guard, not only himself, but the public, against frauds and alterations by refusing to sign negotiable paper made in such a form as to admit of fraudulent practice upon them, with ease and without ready detection."

COMPANY — LIABILITY UPON BILLS OF EXCHANGE—BILLS ACCEPTED BY DIRECTOR IN NAME OF COMPANY WITHOUT AUTHORITY IN FACT—"PERSON ACTING UNDER THE AUTHORITY OF THE COMPANY"—COMPANIES ACT, 1862 (25 and 26 Vict. c. 89), s. 47.

PREMIER INDUSTRIAL BANK, LTD., VS. CARLTON MFG. CO. ET AL (1909, 1 K. B., p. 106).

THE two Bills of Exchange were accepted by one Thornber, a director of the defendants Crabtree, Limited, in the following terms: "J. & W. Crabtree, Limited, Albert E. Thornber, Director." Crabtree, Limited, had no business dealings with the Carlton Manufacturing Company, Limited. Crabtree, Limited, received no part of the proceeds of the bills, nor any consideration for the acceptances, which, although Thornber had no fraudulent intention, were in fact in fraud of Crabtree, Limited. The jury found that the plaintiffs were holders in due course of the bills.

Among the objects of Crabtree, Limited, as defined by its memorandum of association, were (clause 3 M) the drawing, making, accepting, indorsing, and discounting of bills and promissory notes.

Clause 2 of the articles of association was as follows: "In these articles unless the context or subject requires a different meaning . . . words importing the singular number only shall include the plural and the converse shall also apply."

Clause 84: "The business of the company shall be managed by the directors who . . . may exercise all such powers of the company as are not by the statutes or by these articles required to be exercised by the company in general meeting . . ."

By clause 102 the directors were authorized to delegate any of their powers to committees consisting of such member or members of their body as they thought fit.

A resolution had been passed on November 20, 1907, before the date of the acceptances, by the directors of Crabtree, Limited, requiring that all bills of exchange should be signed by one director and countersigned by the secretary.

The question was whether, although Thornber had no authority in fact to accept the bills, he was in accepting them "acting under the authority of the company."

JUDGMENT (MR. JUSTICE PICKFORD): Under these circumstances Mr. Thornber was certainly not in fact authorized to draw or accept bills in the form in which these bills were accepted. Whether he was a person "acting under the authority of the company," is the question I have to decide. On behalf of the defendants Crabtree, Limited, it was contended that Mr. Thornber had no authority in fact, and that therefore he was not acting under the authority of the company. For the plaintiffs it was contended that Mr. Thornber must be taken to be a person acting under the authority of the company, because the memorandum and articles of association showed that it was possible that he might have been constituted a committee of one, and that to him might have been delegated the duty of accepting bills on behalf of the company, and it was urged that the authorities show that under those circumstances the company must be taken to be bound by his act. In support of that contention I was referred to several cases, the gist of which is, I think, practically summed up in the judgment of Lord Halsbury in County of Gloucester Bank vs. Rudry Merthyr Steam and House Coal Colliery Co. (1) Lord Halsbury said: "Persons dealing with joint stock companies are bound to look at what one may call the outside position of the company—that is to say, they must see that the acts which the company is purporting to do are acts within the general authority of the company, and if those public documents, which every one has a right to refer to, disclose an infirmity in their action, they take the consequences of dealing with a joint stock company which has apparently exceeded its authority. But the case here is exactly the other way. All the public documents with which an outside person would be acquainted in dealing with the company would only show this, that by some regulations of their own, what Lord Hatherley described as their indoor management ,they were capable, if they had though right, of making any quorum they pleased; and an outside person knowing that, and not knowing the internal regulation, when he found a document sealed with the common seal of the company and attested and signed by two of the directors and the secretary, was entitled to assume that that was the mode in which the company was authorized to execute an instrument of that description." I may say that the instrument there was a mortgage. Lord Halsbury then continued: "It turns out that their own internal regulation was that the number of directors should exceed two. But that is a matter which was known to them alone. The only external fact with respect to the management of the company of which an outside person would be cognizant would be that they had power to make any quorum they pleased, and I think he would be entitled to assume that the proper quorum had been properly summoned, and had attended, to effect the completion of that instrument." In that case, although the instrument was only executed by two of the directors, whereas the quorum was three, the company was held bound by the act of the two directors.

The question still remains, who is properly to be considered a person acting under the authority of the company, and that matter, I think, has been settled by the several decisions to which reference has been made, the effect of which is very concisely and clearly summed up by the present Lord Chancellor (Lord Hatherley) in Fountaine vs. Carmarthen Ry. Co. (2) His Lordship says: "In the case of a registered joint stock company, all the world, of course, have notice of the general Act of Parliament, and of the special deed which has been registered pursuant to the provisions of the Act, and if there be anything to be done which can only be done by the directors under certain limited powers, the person who deals with the directors must see that those limited powers are not being exceeded. If, on the other hand, as in the case of Royal British Bank vs. Turquand (3), the directors have power and authority to bind the company, but certain preliminaries are required to be gone through on the part of the company before that power can be duly exercised, then the person contracting with the directors is not bound to see that all these preliminaries have been observed. He is entitled to presume that the directors are acting lawfully in what they do. On those decisions, does this case come within the words "acting under the authority of the company"? I think the words of the section "if accepted by any person acting under the authority of the company" must mean something more than a person who might by a certain delegation of power given to him have been authorized and have been thus acting under the authority of the company. I think the section contemplates some one who is in fact acting under the authority of the company to accept bills, and as Mr. Thornber in this case was not, I do not think that the company is bound by his acceptance. The defendants Crabtree, Limited, are therefore entitled to succeed.

BILLS AND PROMISSORY NOTE —BLANK PAPER SIGNED TO BE CONVERTED INTO A BILL —CONDITIONAL AUTHORITY —LIABILITY TO HOLDER IN WHOSE PRESENCE THE BILL WAS FILLED IN—IGNORANCE OF CONDITION—LIABILITY TO SUBSEQUENT HOLDER IN DUE COURSE.

BACON ET AL. VS. DECARIE (Que Reports, 34 S. C., p. 103.)

A party who signs and delivers a blank paper in order that it may be converted into a bill, on a certain condition, is liable, for the amount of the bill into which the paper is converted, to the holder in whose presence the conversion or filling in takes place, and, a fortiori, to a subsequent holder in due course.

THIS was an appeal from the judgment of Mr. Justice Curren in favor of the plaintiffs. The facts of the case appear sufficiently from the extracts from the judgment of Mr. Justice Archibald in appeal.

JUDGMENT (ARCHIBALD *J.*, CHARBONNEAU, *J.*): These are two actions which have been united for proof and jugdment and in which the defendants have been condemned, one to pay the sum of $303.60, and the other the sum of $303.65, but the grounds of action in each case are quite distinct; though they are surrounded by the same circumstances and depend upon the same question.

It appears that the defendants, Decarie and Fauteux, gave to one J. N. Decarie checks in blank. J. N. Decarie filled them up for amounts which, with interest, come to the sum above mentioned, and made them payable to Letourneux, Fils & Co., and delivered the checks to this firm for valuable consideration. Letourneux, Fils & Co. sold the checks with certain other claims, to the present plaintiff, at the rate of sixty-five cents in the dollar. The plaintiffs instituted the present actions for the recovery of the amount of the checks. It is admitted that the Fauteux case is in all respects similar to the Decarie case. I shall therefore refer only to the Decarie case. The defendant pleaded, admitting that he signed the check mentioned, in blank, and delivered it to J. N. Decarie, but he says that, at the time J. N. Decarie promised him that he would deposit funds in the defendant's bank to cover the check, so that the defendant Decarie would not be under any loss or obligation in reference to the check, and the defendant contends that he had never authorized J. N. Decarie to fill up the check, payable to the order of Letourneux, Fils & Co., and alleges, that the check was taken to Letourneux, Fils & Co. by J. N. Decarie, still in blank, and that it was filled up with the knowledge of Letourneux, Fils & Co., and that under those circumstances, Letourneux, Fils & Co. were bound, by all the equities which could have been pleaded by the defendant against J. N. Decarie.

Both parties rely upon the bills of exchange act, chapter 119, of the revised statute, and sections 31 and 32, of that statute, are referred to. These sections are as follows: 32. "Where a single signature on a blank paper comes delivered by the signer, in order that it may be converted into a bill, it operates as a prima facie authority to fill it up as a complete bill for any amount, using the signature for that of the controler or acceptor or an endorser; and in like manner, when a bill is wanting in any material particulars, the person in possession of it, has a prima facie authority to fill up the omission in any way he thinks fit."

Art. 32:—"In order that any such instrument, when completed, may be in force against any person who becomes a party thereto, prior to its completion, it must be filled up within a reasonable time and strictly in accordance with the authority given, provided that if any such instrument, after completion, is negotiated to a holder in due course, it shall be valid and effectual for all purposes in his hands, and he may enforce it as if it had been filled up within a reasonable time and strictly in accordance with the authority given."

The defendant claims that the bill was brought to Letourneux, Fils & Co. in an incomplete state and that that fact put Letourneux, Fils & Co. on their guard and upon inquiry to ascertain the authority of J. N. Decarie to fill up the bill in the way in which it was filled up. It was stated in argument that the bill was actually filled up in the handwriting of the bookkeeper of Letourneux, Fils & Co. and from that, it is argued that Letourneux, Fils & Co. must have had knowledge of the condition of the bill, when brought into their premises. The filling up of the bill in question was no part of the work or business of Letourneux, Fils & Co., and no part of the business of their book-keeper, and, if he did fill it up, he must have been acting simply for the accommodation of J. N. Decarie and, as it were, as his amanuensis, so that his knowledge of the condition of the bill, would not be the knowledge of Letourneux, Fils & Co., nor would it be presumed so.

Admitting that the holder of a check which has been delivered in blank, who has notice that the check was so delivered in blank, is not a holder in due course, and is obliged to satisfy himself that the check has been filled up in accordance with the authority of the person to whom it was delivered, I think that, even from what has been stated in argument, there is no proof that the check was not filled up in accordance with the mandate of J. N. Decarie. The check was delivered to J. N. Decarie for his accommodation in some way. There is no pretence that there was no agreement or understanding that it should not be filled up payable to the order of Letourneux, Fils & Co., and that it should not be filled up for the amount for which it was actually filled up. The only pretense is that J. N. Decarie promised that he would provide funds and deposit them in the defendant's bank, upon which the check was drawn to cover the check. If then J. N. Decarie failed to comply with that promise, that does not affect his authority to draw out the check in the way in which it was actually drawn out.

I am of opinion, on the whole, that the defendants have not made out their case and that the judgment is correct and must be confirmed in both cases.

REPLIES TO LAW AND BANKING QUESTIONS.

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

BILLS OF LADING—ALABAMA STATUTE.

JACKSONVILLE, FLA., January 8, 1909.

Editor Bankers Magazine:

SIR: As subscribers to THE BANKERS MAGAZINE, we would appreciate it if you would kindly advise us what States have the same law respecting bills of lading as the State of Alabama, if any.

GEO. R. DESAUSSURE, Cashier.

Answer: There are in many of the states, statutes regulating to a greater or less degree the subject of bills of lading; but these statutes are so dissimilar that it is not possible without a most exhaustive research to say whether any of them are precisely the same as the statute of Alabama. (Code of Alabama, 1907, sec. 5546.) The Commissioners on Uniformity of Laws have prepared a draft of an Act to "Make Uniform the Law of Bills of Lading," and it is expected that in due course this proposed law will take the place of the diversified legislation now governing the subject. A copy of the proposed law can be had by applying to Mr. Amasa M. Eaton, of Providence, R. I.. the President of the Commission.

PARTNERSHIP ACCOUNT — NOTE OF INDIVIDUAL PARTNER.

PHILADELPHIA, PA., February 23, 1909.

Editor Bankers Magazine:

SIR: I will be obliged if you will quote the decisions in the following case: J. J. Jones borrows $500 from a bank for his personal account, and tenders the firm's check payable to himself and signed by him as a partner. Should the loan clerk take the check?

E. J. MORRIS.

Answer: No. A partner has no right to apply any part of the partnership deposit to the payment of his own debt, and if the bank, with knowledge of the fact permits him to do so, it will be liable to the firm for the amount so misapplied. Mead vs. Keene, 2 Cranch. C. C. 50. The rule was thus stated by Bigelow, J., in *Homer vs. Wood* (65 Mass. 62, 64): "The authority of co-partners is limited by law to the transaction of the business of the firm, and any application of its property, effects or credits to any other purpose by one co-partner is regarded as an excess of authority, and as a fraud upon those members of the firm who do not authorize or participate in the act. As a necessary result of this rule, and in order to render it effective as a shield against fraud, it is also well settled, that a third person, creditor of an individual member of the firm, who obtains from him partnership securities and effects in payment of his separate debt, will, until the contrary is proved, be deemed to act *mala fide* and in fraud of the rights of the other co-partners." In Eyrich vs. Capital State Bank, 67 Miss. 60, one of the members of a firm had borrowed $500 from the bank, and of this sum $400 was immediately paid to the bank to settle sundry drafts held against the firm and $100 was retained to pay interest due on the individual note of the co-partner. The court said: "As to the $400 of the sum represented by the note, it appears to have been borrowed by Rogers, and actually applied to the payment of commercial debts contracted by the firm in the due course of business. But as to the remaining $100 the objection is well taken. This sum was borrowed by Rogers from the bank to be applied to the payment of the interest then due on the $1,500 note executed by himself and Baley, and payable to the bank. The bank knew this to be not a partnership debt, and as the money borrowed was to this extent at once applied to the payment of interest on this note, it was in legal contemplation a loan to Rogers for his own use, and being such the bank was chargeable with knowledge of his want of power to bind his partner. It knew all the facts, and the legal consequences which flowed from them it is conclusively presumed to have known."

PROTEST OF BILLS FOR LESS THAN ONE HUNDRED DOLLARS — LAW OF SOUTH CAROLINA.

WILLISTON, S. C., February 19, 1909.

Editor Bankers Magazine:

SIR: Under South Carolina law prohibiting protest of inland bills of exchange for $100 or less, should this apply to such bills coming to us through inter-state banks, bearing foreign indorsements.

W. E. PROTHRO, *Cashier.*

Answer: While the statute of South Carolina dispenses with protest in the case of inland bills of exchange for less than one hundred dollars, protest in such case is not *prohibited*. The statute is as follows: "No such protest shall be necessary either for non-acceptance or non-payment of any inland bill of exchange * * * * unless such bill be drawn for the payment of one hundred dollars or upwards." Code of South Carolina, 1902, sec. 1668. The law of South Carolina with respect to inland bills of that character is therefore the same as that of the other States respecting all inland bills and promissory notes. In no State where the Negotiable Instruments Law has been adopted is protest necessary except in case of foreign bills, that is, a bill drawn in one State or country and payable in another; but in all such States, it is customary for banks to protest notes and inland bills, since this affords the easiest and most convenient way of proving presentment and notice of dishonor. We see no reason, therefore, why in the case stated by our correspondent, the bank may not protest the bill, notwithstanding in such case, protest is not required.

COMPUTATION OF INTEREST.

ROSELLE, N. J., February 17, 1909.

Editor Bankers Magazine:

Sir: Will you kindly give me the necessary information to ascertain whether it is legal for a bank to charge interest on loans at the rate of six per cent. per annum on the basis of 360 days per year? This question has come up and I am unable to locate the law governing same. Kindly give me reference and oblige

W. P. PHELPS, *Cashier.*

Answer: It has been held in a number of cases that taking interest at the highest rate allowed by law for a portion of a year computed on the principle that a year consists of 360 days, or twelve months of thirty days each, is not usurious, provided this mode is resorted to in good faith, as furnishing an easy and practicable mode of computation, and not as a cover for usury. Agricultural Bank vs. Bissell, 12 Pickering (Mass.) 586; Duvall vs. Farmers Bank, 7 Gill & Johnson (Md.) 44; State Bank vs. Cowan, 8 Leigh (Va.) 238; Parker vs. Cousins, 2 Grattan (Va.) 372. See also Pool vs. White, 175 Pa. St. 459. But the contrary has been held in New York. In Bank of Utica vs. Wagner, 2 Cowen, 712, 763, it was said: "The custom, which is said to be universal, for all moneyed institutions, to calculate interest on 360 days as a year, can have no weight. It would be strange, indeed, if the practice of any set of men, or companies of men, should become paramount to the authority of the Legislature. With respect to most of these banks, who are said thus to calculate, it is well known that their loans are made at 6 per cent.; and although they receive more than six, yet the difference is not such as to amount to a violation of the statute against usury. Hence, perhaps, it is, that the custom has prevailed so generally. The excess amounts to a very little less than one-tenth of 1 per cent. To an individual borrower, it is very trifling; to a bank, however, having an active capital of $500,000, this pittance will produce $500 per annum, and upon the whole active banking capital of the State, according to the report of the Comptroller, it would produce $13,000. The amount therefore is too large to be entirely disregarded, because *de minimis non curat lex*." When this decision was rendered (1824), the legal rate of interest was seven per cent.

GOLD STANDARD IN SIAM.

THE U. S. Minister at Bangkok advises that in pursuance of its policy to place its currency on a gold basis, the Siamese Government has enacted a law providing for a gold coinage and establishing a fund of 12,000,000 ticals (about £925,000, or $4,501,513) as a gold reserve for maintenance of the stability of the exchange value of the silver currency already in circulation. At present there is practically no gold coin in circulation. The law provides for gold and silver coins of a new design, as well as new subsidiary coins on a decimal basis.

THE BANK AND ITS DEPOSITORS.

By W. H. Kniffin, Jr.

IN the simple act of signing his name to the signature card or on the big book and accepting in lieu of his money a bank book with credit for like amount, the depositor has done more than leave the money with the bank for safekeeping; *he has entered into contract with the bank and the bank with him, and the pass book is that contract.* He has not only "joined the bank," but also agreed to do certain things and the bank likewise, and this contract is enforceable in law. Courts have recognized this as a valid contract and have held both parties strictly to the letter of their agreement.

On the cover of the pass book of the Chelsea Savings Bank, of Norwich, Conn., shown in Form 1, will be found the clause, "The act of making the first deposit entered in this book constitutes assent by the depositor to all by-laws of the bank." This is literally and legally true. The acceptance of the book and his signature binds him to all the rules and regulations laid down by the bank—providing such rules are in conformity with the laws of the commonwealth.

As previously stated, all pass books contain part or all of the by-laws. This is universally true of savings bank pass books. The depositor must acquaint himself with them, and if not agreeable to him, let him return the book and get his money. *But retaining the book binds him, as the issuing bound the bank.*

It will afford an interesting and profitable study to inquire into this matter at length, for it is vital, and see how the courts have construed this question, for much depends upon this contractual relation and the manner in which such instruments have been interpreted. The study of this question naturally resolves itself into two parts, viz., What the bank owes the depositor, and What the depositor owes the bank.

The Legal Relationship.

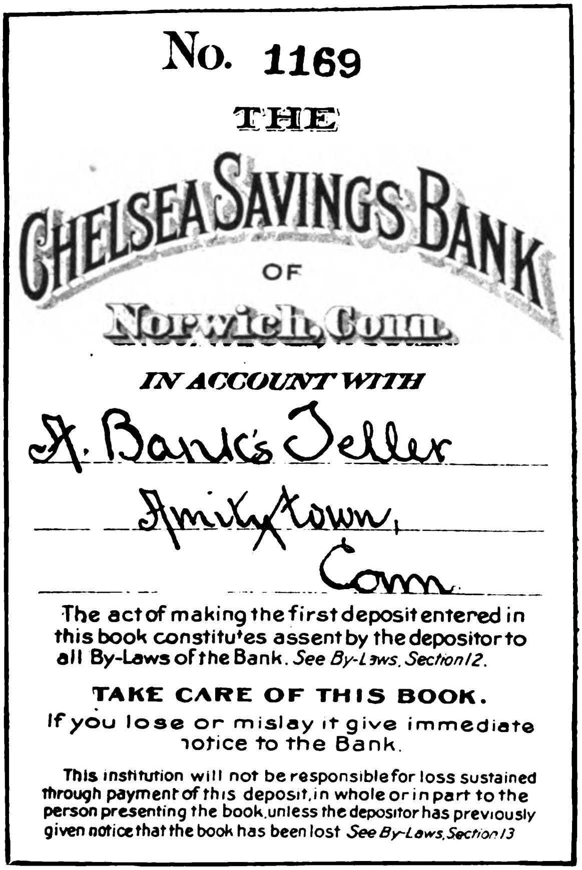
It is a principle of law and of banking that the relationship between a savings bank and its depositors is:

1. Not the relationship of partners.
2. Not the relationship of bailee.
3. But it is that of trustee for the depositors.
4. It is that of agent for the depositors.
5. It is *that of debtor and creditor.*

With respect to any ordinary deposit, the contract between the saving bank and its depositors, in the absence of any by-law or rule limiting the liability of the bank, is the ordinary one of debtor and creditor. Fowler v. Bowery Savings Bank, 113 N. Y., 450.

Debtor and Creditor.

The primary relationship being one of debtor and creditor, which is to say, this man has surrendered his money and his legal title thereto and taken in lieu thereof, a credit with the bank evidenced by his pass book. *He has not loaned the bank his money,* nor *left is for safekeeping;* nor *left it with the bank as trustee,* to hold for the use and benefit of the depositor, *but given it to* *the bank absolutely and unreservedly.* This is common law. As creditor he has the right to demand repayment at such times and in such amounts as he may desire, but *the bank reserves the right to make reasonable rules and regulations in this regard,* which will bind him the moment he accepts his book. In other words the relation of debtor is limited and restricted by contract, and the pass book is this contract. These restrictions and limitations and regulations must be in keeping with the statute law of the state, and *must be reasonable.* In the event of the bank failing, he cannot say: "Give me back my money" —"*my money*" does not exist any longer; *it is the bank's money now,* and he can only say in language of the Holy Writ, "Pay me that thou owest"—but he must take his chances with others such as he.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THE

CHELSEA SAVINGS BANK

OF

Norwich, Conn.

IN ACCOUNT WITH

A. Bank's Teller

Anytown,

Conn.

The act of making the first deposit entered in this book constitutes assent by the depositor to all By-Laws of the Bank. *See By-Laws, Section 12.*

TAKE CARE OF THIS BOOK.

If you lose or mislay it give immediate notice to the Bank.

This institution will not be responsible for loss sustained through payment of this deposit, in whole or in part to the person presenting the book, unless the depositor has previously given notice that the book has been lost *See By-Laws, Section 13*

Form 1.—Particular attention is called to the clause on the cover of this Pass Book just beneath the name as follows: "The act of making the first deposit entered in this book constitutes assent by the depositor to all By-Laws of the Bank." It is literally and legally true. It is a most excellent idea and worthy of wide adoption. For further discussion see text.

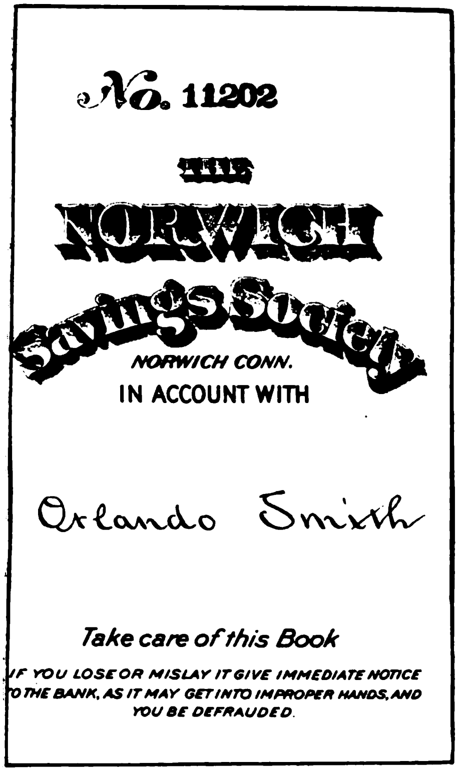
(*Reprinted from the March, 1909, Bankers Magazine.*)

The Rules and Regulations.

In many states it is required that, aside from printing the rules in the pass books, they must be conspicuously displayed in the bank lobby, so that all may read who run.

As suggested above, they must be

legal and reasonable, and the depositors must be placed in such position that they may, if they will, become acquainted with them. The courts have decided that if a man cannot read his contract himself, he must get some-



Form 2. — Cover of a Savings Bank Pass Book in very good taste, neat and attractive. One of the best designs submitted.

one to explain it to him. It need not be printed in the language he speaks. This alters the matter and makes him, not simply a creditor, but a party to a contract. The bank man should make no promises he does not intend to keep (63 N. H., 145) and the depositor should not leave his money if he does not wish to abide by the contract as he has received it, for "A savings bank pass book is not a mere pass book or statement of account: it is issued to the person in whose name the deposit is made and with whom the bank has made its contract of deposit; it is the depositor's voucher, and the only security which he has evidencing the amount of his credit at the bank (Whalen vs. Milholland, 98 Md., 199).

Pass Books Not Negotiable Instruments.

It is also a rule of law that a pass book is not a negotiable instrument, but a savings bank book is generally regarded to be worth "what is on it," and while this is true in the main, it is open to qualifications. It is worth what is on it to the owner, but in other hands the statement will not hold true. Most savings banks require the book to be presented at each transaction, and this being true, the book will show the exact state of the depositor's account at all times, and many commercial banks will loan upon such security without hesitation. The purchaser of a savings bank pass book to whom such book is delivered obtains an equitable title to the fund which it represents, as does also the donee of a book. Pierce vs. Boston Savings Bank, 129 Mass., 425. A gift of a savings bank deposit by delivery of the pass book is a valid and complete gift of the money represented by it. (Whalen vs. Milholland, 98 Md., 199.)

Care in the Payment of Deposits.

Among the regulations to be found in the pass books is one to the effect that possession of the book will be evidence sufficient to sustain the bank in making payment of money to the holder, which is both legal and reasonable, but many banks in an effort to be overzealous in protecting their depositors have added a qualifying clause to the effect that the bank will "endeavor to prevent fraud," or will use its "best efforts" to that end, but nevertheless will pay upon presentation of the book, which has been the cause of frequent loss and litigation. A bank is required to use due diligence and ordinary care, but, further than this, it need not obligate itself; but having contracted *to do more than this,* the

IF THIS BOOK IS LOST GIVE IMMEDIATE NOTICE TO THE BANK

Ledger 19 Folio 57 No. 8964

Samuel Sparks In Account with CHATTANOOGA SAVINGS BANK

BRING THIS BOOK WITH YOU WHEN YOU WISH TO DRAW MONEY

Date		Withdrawn	Deposited	Balance	Date	Withdrawn	Deposited	Balance
1908								
Dec	1		100					
"	9		50	150				
'09 Feb	6	10		140				
"	8	140						
		150	150					

Form 3.—Popular form of Pass Book. Many banks no longer write the amounts in full.

courts will hold it strictly to the letter of its contract. "As a general rule, the respective duties of the bank and its depositors toward each other are defined by by-laws, rules or regulations, but these do not relieve the bank from its general duty to exercise ordinary care to prevent the payment of the deposit to the wrong person." (Kimball vs. Norton, 59 N. H., 1.) "Regardless of by-laws, the bank is bound to exercise ordinary care and diligence in ascertaining the identity or authority of the person presenting the pass book" (Kimmel vs. Germania Savings Bank, 127 N. Y., 488; Brown vs. Merrimac River Savings Bank, 67 N. H. 549).

WEST SIDE SAVINGS BANK 33515

IN ACCOUNT WITH Alexander Hamilton

Date		Amount	Withdrawals	Deposits	Balance
1908					
Dec	1	Five ck		5	
"	8	Ten ck		10	15
"	20	Three ck	3		12
'09 Jan	2	Fifty ck		50	62

Form 4.—Pass Book used sidewise. A very good plan, as it obviates carrying the balance over frequently. Two pages can be used before forwarding is necessary.

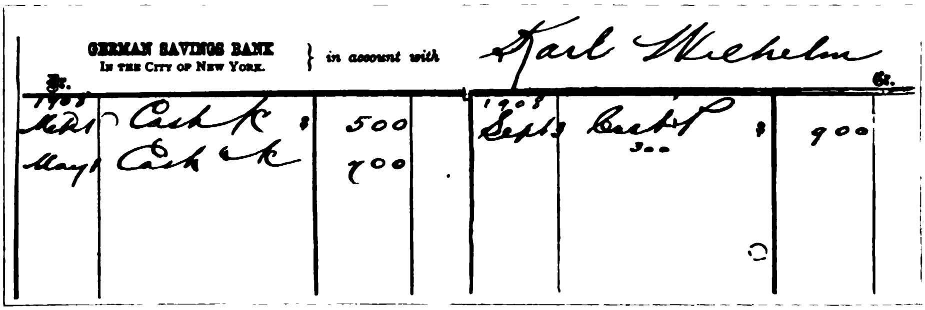
A Mutual Contract.

Having found the by-laws to be the contract between the bank and its depositors (Wahrus vs. Bowery Savings Bank, 21 N. Y., 543) and that they must be legal, and reasonable, and placed within the reach of the depositor, and they must have assented to the same (a contract is formed where two minds agree to and assent to the same proposition) the receipt of the pass book and the signature by this man on the card record, or signature book will bind both him and the bank to this agreement.

Assent Implied.

"The assent to the by-laws may be implied, even though the by-laws require that the depositors subscribe to a certain book." (Gifford vs. Rutland Savings Bank, 63 Vt., 108). "Where the depositor upon making his first deposit in a savings bank, signed an agreement to be bound by the by-laws printed in the pass book, given him, the by-laws become a material part of the contract of deposit." Brown vs. Merrimac River Savings Bank, 67 N. H., 549. *"The fact that the depositor is illiterate and cannot read the rules in the pass book does not excuse him from their binding force if they are reasonable rules."* (Burril vs. Dollar Savings Bank, 92 Pa. St., 134.)

He is supposed to know the terms of his contract. "The adoption of rules and regulations and conditions respecting the relation between a savings bank and the depositors may be shown by long usage." "The signature of the depositor to the book containing the rules and regulations *is not the only method* by which he may be bound. *The agreement may be evidenced by his conduct, such as leaving his deposit at the bank after obtaining his pass book containing the rules and regulations."* (Ladd vs. Augusta Savings Bank, 96 Me., 510.)



Form 5.— Old style Savings Bank Pass Book, fast going out of use. One page for deposits, the other for withdrawals. The balance must be carried inside the writing space, in lead pencil, as indicated. Not recommended, although in use by many large banks. If the balance is struck at each transaction, and comparison is not made with the ledger, error may creep in undetected and cause trouble. With this form no balances are struck except by bookkeepers when comparisons can be made with ledgers. Many banks compare the books at every transaction, which is a good plan.

The contract is usually this: The bank acknowledges the receipt of the money and will repay the depositor, or on his or her order, or power of attorney duly attested, or when dead to the legal representative. "The money deposited in a savings bank can be legally demanded by and received therefrom only by the depositor or his attorney." (Eaves vs. Peoples Savings Bank, 27 Conn., 299.)

Possession of Pass Book No Evidence of Ownership.

While possession and presentation of the pass book is universally required in order to draw funds, the mere possession is not sufficient to warrant payment, even though it is so expressly stated. *Due care must also be used.*

The possession by a stranger of a depositor's pass book constitutes no evidence of a right to draw thereon. To make payment to one having no other evidence of authority to draw, than the possession of the book a protection to the bank, it is necessary for the bank to show some special contract with the depositor authorizing such mode of payment. In a pass book issued by defendant to a depositor was printed a by-law, "All payments made by the bank upon presentation ot the pass book and duly entered therein, will be regarded as binding upon the depositor. Money may also be drawn upon the written order of the depositor or his attorney, when accompanied by the pass book. Held: The by-law contemplates two modes of payment, one to the depositor in person, and the other upon his written order, *both requiring the presentation of the book,* as a condition thereof; and it did not authorize or protect the bank in a payment to a stranger whose only evidence of authority to receive payment was possession of the book" (Smith vs. Brooklyn Savings Bank, 101 N. Y., 58).

Qualifying Clauses.

The right to draw money is generally explicit, and if not qualified, and the bank agrees to pay to the holder of the book and "the book is the order of withdrawal" there is no question but that the bank will be amply protected in payments made without gross negligence according to the tenor of this phrase, but, if otherwise, the payment is at its own peril. The reservation that "notice of withdrawal will be demanded," running from a few days in some states for lesser amounts to ninety days in others, and for greater sums, is both legal and reasonable, but the bank may make daily payments without waiving the right to enforce this rule, which is for the protection of the depositor as well as the bank. "The bank through its appropriate officers may waive the right to notice of withdrawal stipulated in the by-laws" (Hudson vs. Roxbury Savings Inst., 176 Mass., 522).

The Bank Protected If Due Care Is Used.

In support of the position that the bank will be protected in making payments in accord with the contract it has entered into, the following are offered: "In most savings banks there is a rule that payments made to the person producing the book shall discharge the bank. *Such a by-law is reasonable and discharges the bank when it has exercised care in payment, even though the presenter was a thief.* 5 Cyc. 508. The case of Schoenwald vs. Metropolitan Savings (57 N. Y. 418) is in point. Here was a German girl who had saved a hundred dollars. The money went into the bank, and the bank book into her trunk, where it should have stayed, but did not. The bank bargained with her that "it would use its best efforts to prevent fraud, but would pay upon presentation of the pass book." The book was stolen from the trunk and $60.00 withdrawn upon an order purporting to be signed by her. In court, she testified that "the writing looked like hers," but she was certain that "she never signed a paper like that." The higher court reversed the judgment in her favor, and held that if the bank paid upon a forged order, *it was as if there had been no order at all* and the bank therefore paid upon presentation of the book, *which it had a perfect right to do.* It is an open question in this instance if the bank *used its best efforts to prevent fraud,* as it bargained with her to do, but it won its case nevertheless. A bank by-law providing that the bank will not be liable for loss sustained when a depositor has not given notice that his book has been lost or stolen, and the deposit is paid upon presentation of such book, is a reasonable and proper regulation for the pro-

Dr. East Brooklyn Savings Bank, *in acc't with* John Yeggmann / Mary his wife Cr.

1

DEPOSITS			DRAFTS		
1904 Feb	1	Cash J.M. 100	1904 Feb	7	Cash P.D. 40 -

Form 6.—Pass Book with debit and credit page. No balance column. Going out of use.

Interest will be credited with red ink.

HUDSON CITY SAVINGS INSTITUTION, In account with Henry Hudson

No. 35,879

DATE 1908		WITHDRAWN	DEPOSITED	BALANCE	AMOUNT OF DEPOSIT OR DRAFT WRITTEN OUT
Sept	1		500		Five hundred Dolls C
Oct	4		100	600	One hundred K
Dec	1	50		550	Fifty Dolls A

Form 7.—One of the popular forms of Savings Bank Pass Books. Each entry is written out in full and initialed by the officer receiving the deposit.

☞ If you can not come to draw this money, send your Pass-Book and an order, copying form on inside back cover of this book.

Oswego County Savings Bank

IN ACCOUNT WITH Silas Greenback

DATE 1908		DEPOSITED	WITHDRAWN	BALANCE	DATE	DEPOSITED	WITHDRAWN	BALANCE
Jan	7	100						
"	15	50		150 -				
"	30	25		175				
Feb	3		50	125				
"	10	10		135				

Form 8.—Popular form of Pass Book. Both pages alike. Many banks no longer write the amounts out in full.

tection of the bank, and will protect it except where it fails to exercise reasonable care under facts sufficient to excite the suspicion of a prudent man and put him on inquiry. (Gifford vs. Rutland Savings Bank, 63 Vt. 108.) "A payment on a forged order bearing a signature similar to that of the depositor, accompanied by the pass book, will discharge the bank *where there was nothing to arouse the suspicion of the teller or put him on inquiry,* as a reasonable and prudent man, that the signature was forged. (Langdale vs. Citizens Bank, 121 Ga. 105.) But "if a comparison by the officers of the signature of an impostor, presenting the pass book, with the signature of the depositor on file in the bank would prevent the fraudulent imposition, then payment without comparison and without requiring proof of identity other than possession of the book, is no defense, *even though a by-law authorizes payment to the holder of the pass book.*" (Ladd vs. Augusta Savings Bank, 96 Me. 510.)

The case of Appleby vs. Erie Co. Savings Bank, 62 N. Y. 12, is of like tenor. The bank promised only *"to endeavor to prevent fraud."* In this case the book was stolen and presented at the teller's window by one assuming to be the owner. He signed his name at the customer's desk, and the teller carefully compared the same with the one on file, and finding nothing to excite suspicion, paid over the money. The payment was sustained.

These instances and quotations will suffice to establish the point that a bank making reasonable rules and using reasonable care in the payment of money, will be amply protected.

What Is Due Care?

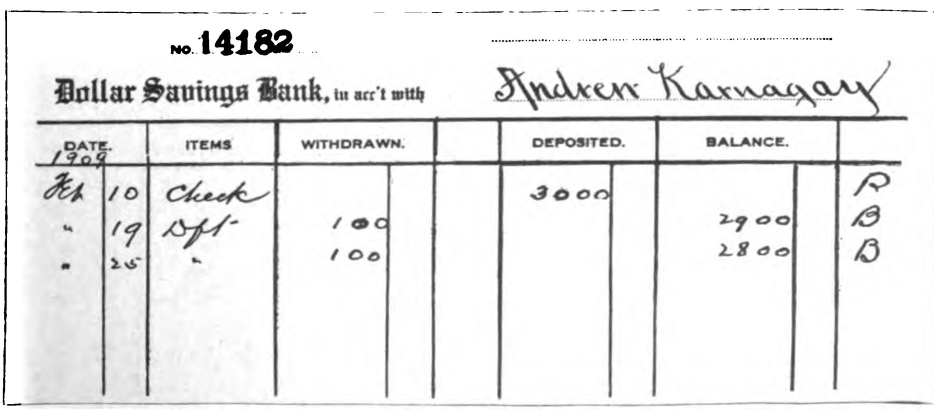
To establish reasonable care the following would seem to be requisite:

1. Possession of the bank book.
2. The signature must agree with the bank's file.
3. The test questions must be answered correctly.
4. Failing in these, definite and complete identification should be required.
5. Nothing to excite suspicion and place the bank on inquiry.
6. If payment is by order, the signature must correspond and the payee should be identified.
7. If by power of attorney, due care must be exercised to see that it is correct and authentic, and pertains to the particular transaction.

The Depositor's Side.

Turning next to the depositor's side, we shall find that the usual conditions of the contract are:

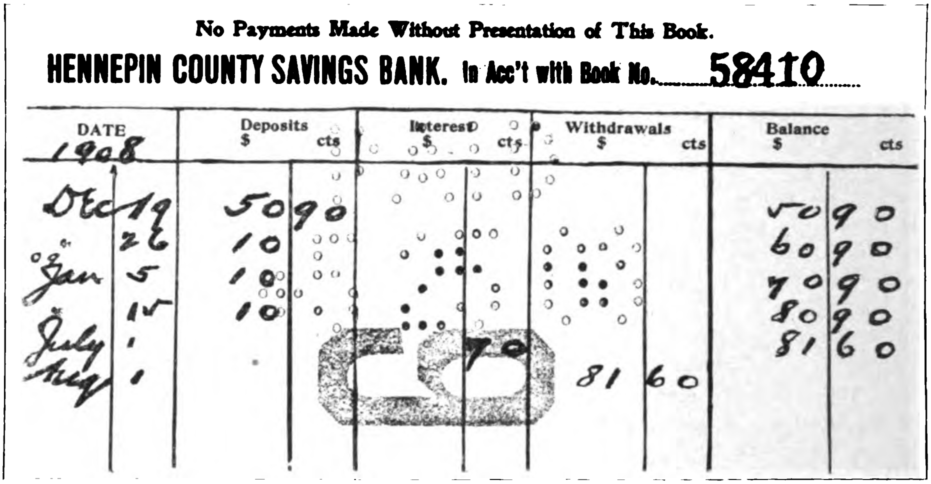
1. That good care be taken of the book.


No. 14182

Dollar Savings Bank, in acc't with Andrew Karnagan

DATE. 1909		ITEMS	WITHDRAWN.			DEPOSITED.		BALANCE.		
Feb	10	Check				30	00			R
"	19	Dft	1	00				29	00	B
"	25	"	1	00				28	00	B

Form 9.—Balance Column Pass Book. The only one of its kind submitted. Usually three columns are on one page. Note the column headed "Items."



No Payments Made Without Presentation of This Book.

HENNEPIN COUNTY SAVINGS BANK. In Acc't with Book No. 58410

DATE 1908		Deposits $	cts	Interest $	cts	Withdrawals $	cts	Balance $	cts
Dec	19	50	90					50	90
	26	10						60	90
Jan	5	10						70	90
	15	10						80	90
July	1				70			81	60
Aug	1					81	60		

Form 10. - Pass Book form, intended to be used sidewise. This book is but 3 x 5 inches in size. Note the interest column. By using two columns for credits, one for principal and the other for interest, the depositors are better able to distinguish the one from the other, but the book cannot be readily balanced, when the account is closed.

2. If lost or stolen, immediate notice must be given to the bank.
3. The book will be presented at every transaction.
4. The provisions of the by-laws are accepted and the depositor agrees to be bound thereby.

The depositor *undertakes to preserve the book he receives as the evidence of his deposit, to present the same or send it whenever he calls for a payment, to give notice if it be stolen or lost,* or failing to do so, to claim as against the institution, nothing which shall have been paid in good faith, and in the exercise of reasonable care, to any one presenting it.

Payment to Wrong Person.

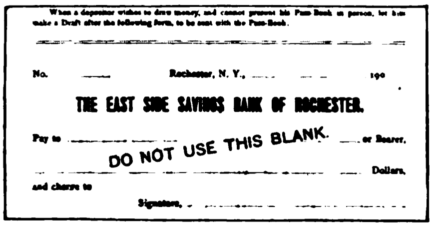
On the other hand, a payment to the wrong person, upon presentment of the book, even before notice of loss, if it were presented under such circumstances or in such a manner as would tend to excite the suspicions or put an ordinary man of prudence upon inquiry, would not exonerate the institution. Its officers are held to the reasonable exercise of care and diligence. (Sullivan vs. Lewiston Savings Bank, 56 Me. 507.)

"The payment of money by a bank, on a pass book presented by a stranger, without inquiry as to his identity, and without comparing his signature with that of the real owner, *is negligence* which *is not excused by the owner's negligent loss of the book,* 67 *N. H.* 549 *Supra.*

"A by-law providing that the bank will not be liable for loss sustained when a depositor has not given notice that his deposit book has been lost or stolen, and the deposit is paid on such presentation, is a reasonable and proper regulation, for the protection of the bank, and will protect it except where it fails to exercise *ordinary* care.

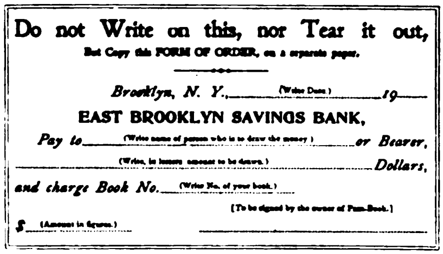
In the case of Gearns vs. Bowery Savings Bank, payment was made upon letters of attorney which proved to be false, and did not pertain to the payment in question. The court held that "Payment by a savings bank of a deposit to a person not entitled to receive it, even though he may have possession of the book and present it, will not discharge the bank if at the time of payment a fact or circumstance was brought to the knowledge of the bank officers calculated to excite suspicion and inquiry by a careful person, and in this instance they failed to make inquiry and to use due care, and the deposit had to be paid twice.

Of like import was the case of Allen vs. Williamsburgh Savings Bank, 69 New York, 314, in which the account stood in the name of the husband, while the book was presented by a female, his wife, with a forged order. This was *prima facie* notice that the book did not belong to the one presenting it, and would have placed a careful man on inquiry. Failing to do so, they assumed the risk of forgery (always operating against the bank) and paid the check. The signature resembled that of the real depositor, but was enough


No. Rochester, N. Y., 190
THE EAST SIDE SAVINGS BANK OF ROCHESTER.
Pay to or Bearer.
DO NOT USE THIS BLANK.
Dollars.
and charge to
Signature,

Form 11.—Withdrawal form placed in the back of Pass Books for guidance of depositors.

at variance to excite suspicion. Here the bank agreed *"to use its best efforts to prevent fraud,"* which the jury seemed to think it had not done, and gave verdict accordingly, and the higher court sustained the finding. Having paid on a forgery, it certainly did not pay the depositor in person, nor on his order, nor to his attorney, and had to settle the same debt again. In full accord with the last, is the case of Kummel vs. Germania Savings Bank, 127 N. Y. 488, where the bank agreed to pay only the depositor or his attorney, but added, "the bank will not be responsible for fraud committed upon its depositors in producing the pass book and drawing money without the knowledge or consent of the owner." Here was another German who had a bank account (there are many such) and the book got into other hands. The first payment was made


Do not Write on this, nor Tear it out,
Brooklyn, N. Y., 19
EAST BROOKLYN SAVINGS BANK,
Pay to or Bearer,
Dollars,
and charge Book No.
$

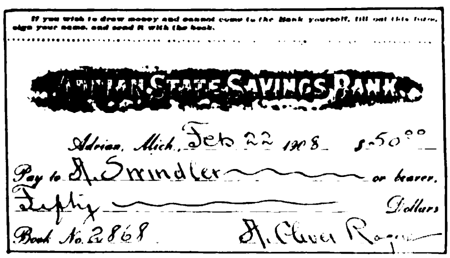
Form 12.—Withdrawal form printed in the back of Pass Books for the guidance of depositors in withdrawing funds. A very good plan, and coming into general use. This one has full instructions and error is almost impossible.

by the cashier, *who simply asked the man where he lived.* In the other payment, a difference was noted in the signature and the man was asked if he could not write a better hand, to which he replied that he "was not feeling well." Not using the care that a careful and diligent man should, this bank, like the Williamsburgh, lost its case.

Having found the relationship between the bank as a corporation and its depositors, and vice versa, let us inquire briefly into the relationship established between the trustees as individuals or managing officials and the depositor.

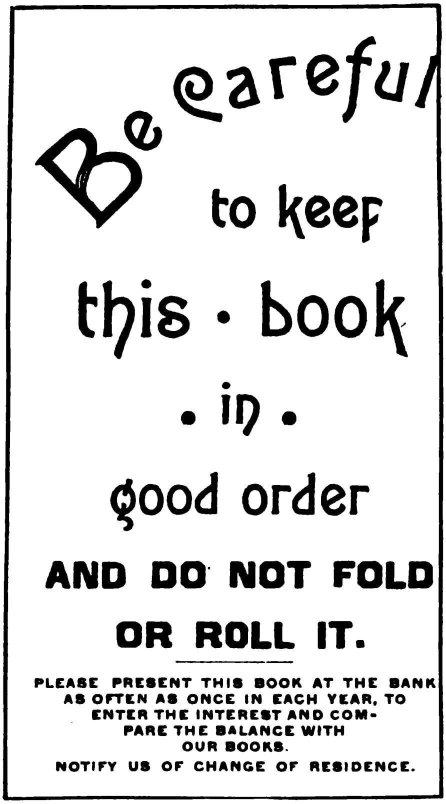
Trustees and Their Liability.

The position of the managers of the bank is somewhat as follows:—"Savings banks officers cannot assume responsibilities or enter into contracts or


STATE SAVINGS BANK.
Adrian, Mich., Feb 22 1908 $50.00
Pay to A. Swindler or bearer.
Fifty Dollars
Book No. 2868

Form 3.—The Adrian State Savings Bank, Adrian, Mich., has placed four blank withdrawal forms in the back of each book, perforated as shown, for use of depositors, in drawing out funds without coming in person. It is the only one of its kind submitted and would seem to be a very good scheme — better even than the idea embodied in Forms 11 and 12.

transactions so as to bind the bank, unless such acts are clearly incidental to their duties. (Grerly vs. Nashua Savings Bank, 63 N. H. 145.) The true rule is that such trustees are bound to the exercise of ordinary care and prudence,—that degree of care



Form 14.—Not a good back cover; too much like a grocer's book—could have been used to better advantage. The back is usually used for list of officers and trustees.

and prudence that men prompted by self interest generally exercise in their own affairs. 24 Am. and Eng. Ency. of Law, 1248. 2nd ed. "The trustees are bound to observe the limits placed upon their powers in the charter (or in the statute) and if they transcend such limits, and cause damage, they incur liability. If they act fraudulently and do a wilful wrong, it is not doubted they may be held for all damages they cause to the bank or to the depositors. But if they act in good faith within the limits of the powers conferred, using proper prudence and diligence, they are not responsible for mere mistakes or errors of judgment. Hun. vs. Cary, 82 N. Y. 65. "Trustees must bring to the discharge of their duties ordinary competency, together with reasonable diligence and care." (Williams vs. McKay, 46 N. J. Eq., 25. Hun. vs. Cary, 82 N. Y. 65.)

RESPONSIBLE ONLY WHEN NEGLIGENT.

"The trustees of savings banks are personally responsible for frauds and losses resulting from gross negligence and inattention to the duties of their trust. They must know the fundamental law controlling the bank, and can be excused only when, and after taking due care to understand the provisions of the law, they honestly mistake the same. (Marshall vs. Farmers Savings Bank, 85 Va. 676.) 'The trustees and directors of savings banks must observe good faith and ordinary prudence in executing the trust imposed in them. (Union Nat. Bank vs. Hill, 148 Mo. 380.)' The managers of such institutions occupy the positions of holders of a public trust of a benevolent nature, and it is their duty to preserve and foster the object of their trust with a reasonable zeal. (Barrett vs. Bloomfield Savings Inst., 64 N. J. Eq. 425.)

So far as the trustees are concerned they say to the depositors: "We are not the bank (if it is a mutual concern), *you are the bank*, and we are your representatives, your managers, your benefactors. Leave us your money and we will take good care of it and put it where it will not be stolen or burned. We will not keep it idle longer than necessary, but invest it according to law, and our best judgment. We will pay it back to you according to the terms of our contract, but if losses attend through error of judgment in investments, or otherwise, and we have not been negligent in any wise,—the loss is yours and not ours. Whatever profit may attend the investment of your money, will come back to you as interest, or may be held in a surplus fund for your benefit and protection. We cannot (except in stock savings banks) share the profits, it is not just that we should bear the losses, save by betrayal of our trust."

As long as the trustees of mutual savings banks keep within the law their responsibility is moral rather than legal. In Minnesota, the savings bank trustees are required to file bonds in the sum of $5,000 each with the banking department as evidence of good faith, but this is the exception. In most of the states, oaths of office are required, but even in New York, with the best savings bank law in the land, even this formality has not been required until the year 1908.

In some states, as in New Hampshire, the trustees are liable to the bank and depositors for "any loss that may attend an illegal investment which has had their sanction."

Enough has been cited in authority to demonstrate: That the relationship is contractual. That the bank must use due care in making payment on depositors' money. The bank man must be careful not to make a contract that he does not expect to fulfill. He must be mindful of his terms and, while in all good intention to protect the depositor, not attempt the impossible, nor assume too much. The depositor owes something to the bank, and that is to take all due precautions that his book, his contract, does not get into evil hands, and if so to give prompt notice to the bank that they may be on guard, —otherwise he is perfectly protected.

Having therefore found a mutual responsibility, it is indeed a *mutual institution*. The depositor stands in a peculiar position to the bank and it to him. He has more than a passing interest in its welfare, for it is in fact "his bank" and he is vitally interested in all it does. Its success is his profit, its failure is his loss.

MINISTER FOUNDED FIRST PENNY BANK.

IN connection with the agitation in Congress for postal savings banks, it is interesting to know that the centennial anniversary of the oldest savings bank in the world will occur in May, 1910, and will be properly celebrated in Scotland, where the first institution on the present system was established by Rev. Henry Duncan, D.D., ministero f the Presbyterian Church at Ruthwell, Dumfriesshire.

Duncan's was the first regular banking institution to accept deposits and pay interest upon them. He got the idea from the writings of John Rone, a Scotch social economist, and several years later himself wrote "An Essay on Parish Savings Banks," in which he presented arguments in favor of the present system, and described the success of his own endeavors to benefit the working people of his parish by offering them five per cent. interest upon all the money they would save from their wages. He demonstrated the moral as well as the material advantages of promoting thrift and economy in that way.

Less money was wasted at the public houses and less was needed to support the indigent poor. The citizens of Dumfries erected a monument to the memory of Dr. Duncan after his death in 1846.

The second savings bank upon the present plan was opened in Edinburgh Dec. 1, 1813, by James H. Forbes of the local banking house of Sir William Forbes & Co., who paid interest on the deposits of the working people at the rate of four per cent. per annum for one year, after which the rate was increased to five per cent.

Following this, savings banks on the Duncan plan were started in nearly all the manufacturing cities of the United Kingdom for the benefit of wage-earners until in 1816 there were seventy-four in Great Britain and four in Ireland.—*St. Louis* (Mo.) *Times*.

COURT RULING ON BANK CHECKS.

THE Massachusetts Supreme Court rules that when a definite order is made in a check, a bank's duty is absolute as a general rule, to pay only in accordance with the order. If payment is to be made to order of a person named in the check, and if he orders payment made to another person, it is the duty of the bank to see that the signature of the payee is genuine. This applies as well to payments by a bank through the clearing house.

TRUST COMPANIES

Conducted by Clay Herrick.

SUSPENSION OF BANKS AND TRUST COMPANIES.

THE accompanying table, taken from Bradstreet's, gives the figures compiled by that paper for the sixteen years from 1893 to 1908 inclusive, and offers the material for a study of the relative records of trust companies and other banking institutions, as to the matter of suspensions.

As to the number of suspensions, the table shows that in the sixteen years there were 1,855 suspensions, of which the national banks contributed 359, the state banks 559, the savings banks 167, the private banks 686 and the "loan and trust companies" 84. The average number of suspensions per annum for each class of banks was therefore as follows:

National banks	22.4
State banks	35
Savings banks	10.4
Private banks	43
Loan and trust companies	5.25

It thus appears that the number of trust companies suspended was small in comparison with the number of other banks suspended, the total for the sixteen years being 84, and the average number each year being five and a quarter. It is also true, of course, that there were not as many trust companies in business as there were other banks. According to the best figures obtainable, the average numbers of the different classes of banks doing business during the sixteen years were approximately as follows: national banks, 4,610; state banks, 5,740; savings banks, 1,108; loan and trust companies, 750. Using these figures as a basis, the percentage of suspensions (or the ratio of the number of companies suspending to the number of companies in business) was as follows:

National banks	49-100 of one per cent.
State banks	61-100 of one per cent.
Savings banks	93-100 of one per cent.
Loan and trust companies	70-100 of one per cent.

On the face of these figures it appears that the loan and trust companies hold third rank among the four classes of banks as to number of suspensions, while the national banks rank first and the savings banks fourth.

As to the losses involved, the tables of indicated total assets and of estimated liabilities, if correct, appear to show losses on the part of trust companies greater than that of any other class of financial institutions except the private banks.

Concerning the figures, however, it is to be noted:

1. The statistics for trust companies are given under the heading "loan and trust companies," and doubtless include figures of some concerns which were not strictly trust companies. When it is considered that the laws of some of the States are very lax regarding the use of the word "trust" in titles of companies, it is evident that the record of legitimate trust companies may easily be made to appear poor by including in the statistics relating to

them the statistics of fake concerns posing as trust companies.

2. The statistics relate to companies suspended, without reference to whether the suspensions were permanent or temporary, and give only preliminary estimates of assets and liabilities. The fact that a considerable proportion of the trust companies suspended in 1907,—including the Knickerbocker Trust Company, by far the largest of them,—have resumed operations and are to-day doing a successful business, without loss to depositors, makes this consideration especially significant. This fact has an important bearing

BANK AND TRUST COMPANY SUSPENSIONS FOR SIXTEEN YEARS.

	National.	State.	Savings.	Private.	Loan and Trust Co's.	Total.
1908	18	35	9	55	15	132
1907	14	28	6	24	17	89
1906	4	19	2	17	3	45
1905	15	14	5	25	4	63
1904	16	23	10	43	4	96
1903	11	28	1	44	6	90
1902	..	8	3	16	2	29
1901	5	13	6	32	..	56
1900	3	8	2	30	..	43
1899	7	5	5	18	2	37
1898	4	12	5	28	2	51
1897	21	24	17	41	2	105
1896	42	65	20	62	8	197
1895	21	57	18	37	2	135
1894	24	36	8	18	3	89
1893	154	184	50	196	14	598

INDICATED TOTAL ASSETS.

	National.	State.	Savings.	Private.	Loan and Trust Co's.	Total.
1908	$19,901,000	$25,369,004	$1,003,702	$11,148,495	$9,313,671	$66,735,872
1907	42,522,429	19,678,339	7,191,686	14,879,942	104,192,210	188,464,606
1906	1,705,000	2,768,815	25,000	4,075,320	4,490,000	13,064,135
1905	6,639,000	1,365,100	2,028,776	2,015,929	6,390,055	18,438,860
1904	6,392,424	2,939,855	1,578,068	3,498,700	1,523,575	15,932,622
1903	8,537,907	2,187,391	35,000	3,732,557	12,764,000	27,256,855
1902	....	348,000	2,908,012	597,709	28,765	3,882,486
1901	4,753,105	1,312,000	596,000	3,537,880	....	10,198,985
1900	1,025,000	1,131,396	381,000	1,373,114	....	3,910,510
1899	9,822,222	168,000	821,332	1,893,072	4,778,000	17,542,636
1898	2,701,680	1,791,100	1,196,300	1,555,254	5,074,486	12,308,820
1897	6,721,000	2,401,150	3,867,098	2,369,714	375,000	15,733,962
1896	22,951,523	7,521,269	8,119,000	5,024,040	3,892,279	47,528,728
1895	3,172,894	3,891,852	10,161,649	1,510,000	155,000	18,891,395
1894	3,485,650	2,773,724	3,029,508	1,186,750	510,000	10,985,632
1893	84,493,433	43,168,979	18,763,938	23,497,164	14,357,500	184,281,014

ESTIMATED LIABILITIES.

	National.	State.	Savings.	Private.	Loan and Trust Co's.	Total.
1908	$23,344,200	$28,446,958	$1,312,182	$27,874,197	$12,547,871	$93,525,408
1907	39,201,694	19,852,940	6,674,071	22,199,622	118,338,036	206,266,363
1906	2,829,000	5,457,503	45,000	6,822,952	7,725,000	22,879,445
1905	9,260,277	2,209,887	2,613,776	3,089,423	6,846,377	24,019,740
1904	7,767,424	4,362,442	1,972,000	5,481,200	2,756,300	22,339,366
1903	9,445,199	2,746,533	235,000	7,286,777	14,438,168	34,151,677
1902	....	825,542	3,821,762	1,709,773	51,661	6,408,738
1901	5,684,720	1,984,053	792,725	7,161,339	....	15,622,837
1900	1,965,304	1,475,855	462,649	4,683,660	....	8,587,468
1899	12,094,572	215,000	1,322,737	4,847,261	6,025,000	24,504,570
1898	2,962,863	2,479,000	1,331,627	2,822,890	6,401,412	15,997,792
1897	7,920,999	3,060,811	5,077,222	4,085,477	550,000	20,694,509
1896	27,544,250	9,933,742	8,457,000	6,654,670	4,089,372	56,679,370
1895	3,971,462	4,922,631	11,167,887	2,537,718	165,000	22,764,638
1894	4,315,900	3,484,600	3,445,000	1,712,450	1,012,000	13,969,950
1893	68,687,994	38,138,323	18,152,136	22,929,225	22,388,000	170,295,678

upon the matter of losses involved. Two companies,—the Knickerbocker of New York and the Union of Providence,—account for approximately $100,000,000 of the $118,000,000 estimated liabilities of trust company suspended in 1907; and both companies resumed business without loss to depositors. If the exact figures showing final settlements were obtained, they would, without question, show that the losses indicated by the table did not in fact occur, and that a small percentage of the indicated loss was all that was actually suffered. It is regrettable that such final figures are not collected and tabulated. This would seem to be a useful line of work for the Trust Company Section of the American Bankers' Association.

The storm center of the last panic was New York; and in view of this fact it is significant that Clark Williams, Superintendent of Banking of the State of New York, reported on August 10, 1908, "So far as the records of this Department are concerned, we know of no case of a failure of a trust company resulting in loss to the depositors."

On the whole, the record of trust companies during the sixteen years covered by the figures compares very favorably with that of the other financial institutions. This, too, in spite of the fact that during the panic of 1907 the strain bore especially upon the trust companies. The failures which have occurred were in no sense ascribable to any inherent weakness in the trust company as an institution. They are accounted for in some instances by the dishonesty of officials and by undue laxity of the state laws under which they operated, and in others by the pressure of circumstances which could not be overcome by any kind of banking institution. The same causes brought about the downfall of other financial institutions, including national banks, and state banks in states having the best laws for their regulation and control.

PROGRESS IN IDEALS.

WHILE public opinion has been making progress in demanding higher ideals in general business and political life, it is gratifying to note that it has not been without its influence upon the administration of banks and trust companies. The standards demanded in such administration today are far higher than those demanded ten or even five years ago. More insistence is being placed upon absolute integrity and conservative methods, and relatively less upon mere financial ability. The people have grown wise enough in this generation to understand that in the management of a financial institution an appreciation of the sacredness of the duties undertaken is quite as indispensable as the ability to solve financial problems.

If there are in fact any differences between the needs of the various kinds of financial institutions in this respect, the element of character is especially important in the case of trust company management. That here is ample room for the exercise of the highest type of talent for finance goes without saying; but the need for such talent is not less conspicuous than the need for character that is above reproach,—character that involves absolute integrity, not as a matter of policy, but as a matter of instinct and of principle. This is fundamental. But the tendency of the times is to demand even more; to insist upon character that is marked not only by integrity, but also by the absence of the speculative instinct,—the willingness to take chances in the hope of greater profit,—even though the chances be taken for the benefit of the company and not for personal ends. In a word, intelligent conservatism must be added to integrity,—if, indeed, it can be separated from absolute integrity.

The signs of the times are hopeful. The public does not err in this judgment; for, after all, where and when has there been a failure of a trust company whose officials obeyed the spirit of the laws and the established, well-known and conservative principles of the business?

SAVINGS DEPOSITS.

THERE appears to be a good many persons who do not appreciate the importance of the savings departments of trust companies in many parts of the country. This fact has been brought out especially in the current discussions of the postal savings bank question.

Outside of New England, and a few other Eastern states, the purely mutual savings bank is rarely found. Its place is taken to some extent by stock savings banks,—which, however, usually do more or less commercial business,—by state banks which generally receive all the savings deposits they can get, by savings and loan associations, by trust companies and in some instances, particularly in small places, by national banks which maintain savings departments. Of these the trust companies are. in proportion to their number, by far the most important holders of savings deposits. Chicago and Cleveland are instances of this fact.

According to the statements of February 6, 1909, the savings deposits of Chicago were distributed as follows:

In 22 trust companies...	$114,994,687
In 14 state banks.......	35,534,499
In 4 stock savings banks.	2,715,013
	$153,244,199

It thus appears that the trust companies of Chicago held, on the date named, $115,000,000 out of the $153,000,000 savings deposits of the city,—a little over seventy-five per cent. In addition to this, the trust companies held $23,380,483 of time certificates of deposit, as against $1,758,326 for the state banks and $217,826 for the savings banks.

The savings deposits in Cleveland were, on November 27, 1908, held as follows:

By 11 trust companies...	$71,207,532
By 1 mutual savings bank	49,042,095
By 5 stock savings banks.	7,571,762
By 8 state banks.......	6,893,362
	$134,714,751

In this case the trust companies held $71,000,000 out of $135,000,000 savings deposits, or about fifty-three per cent.

In both cities the stock savings banks carry also checking accounts, and their business does not differ materially from that of the other state banks, nor from that of the banking departments of the trust companies.

The importance of the savings departments to the trust companies themselves is shown by the fact that the savings deposits were in Chicago thirty-five per cent. and in Cleveland seventy-five per cent. of their total deposits.

HIS BANK ACCOUNT.

McDoodle had a bank account
  In far-off Dinkeyville,
And though it's not the same amount,
  McDoodle has it still.
He brought his wife to New York town,
  And leased a pretty flat,
When in the bank they wrote it down,
  His balance looked like that:
10,000.

The city was a splendid place,
  On this they both agreed,
As in a happy, gladsome pace
  They gratified each need.
But as the year's end came in sight,
  A shadow marred their bliss,
The bank account—oh, woeful plight—
  Stared forth at them like this:
8.11.

Another year went swiftly by,
  And in a cheaper street
They live, and watch the money fly,
  And try both ends to meet;
Sometimes they drag the bankbook out,
  Wherein wealth used to grow,
And ponder o'er the past in doubt,
  For now it mocks them so:
0.00.

—*New York Sun.*

THE BANK OF FRANCE IN 1908.

M. PALLAIN, the Governor of the Bank of France, concludes his annual report for 1908 by quoting the testimony of Senator Aldrich, President of the National Monetary Commission of the United States, who declared on leaving France that he carried away the conviction that the preeminence of the bank and the power of its credit were due to the force of its principles and the superiority of its constitution.

The annual report sums up in an interesting manner the gradual restoration of sound conditions after the crisis of 1907. As the experience of the past would indicate, the report declares, the volume of transactions in the countries particularly affected did not fail to decrease during the course of the year. France, which had enjoyed almost complete immunity during the acute period of the crisis, enjoyed also the advantage of participating in a less degree in the general depression. In the course of the year 1908 the productive operations of the bank reached a total of 21,751,000,000 francs ($4,200,000,000), but this was a decrease of about 3,000,000,000 francs over the record of 1907. The discounts in the course of the year represented 21,854,040 pieces of paper, amounting to a total of 12,800,625,100 francs. The average discounts were 897,000,000 francs ($173,000,000), a decline of 229,000,000 francs as compared with 1907. The average value per piece of paper discounted fell from 732 to 586 francs, but the proportion of pieces below 100 francs discounted at Paris remained at 48 per cent. of the total number discounted. The average maturity of the paper after reaching the bank fell from 26.06 days to 25.65 days. Advances on securities also showed a marked decline, the average falling from 578,000,000 francs in 1907 to 528,000,000 francs in 1908.

The circulation of notes showed an increase on the average of 53,000,000 francs ($10,230,000) and stood at 4,853,000,000 francs ($937,000,000). The increase in circulation, however, was nothing like the increase in the metallic reserve, which M. Pallain declares has been subject to the greatest increase ever recorded in a single year, rising from 3,615,000,000 francs on December 24, 1907, to 4,385,000,000 francs ($846,300,000) on December 24, 1908. The result of this transformation has raised from 75 to 88 per cent. the proportion of notes covered by coin. In discussing the general policy of the accumulation of this great reserve, M. Pallain says:

"The charges which are imposed upon us by this cash reserve, apart from the growing obligations which fall upon us otherwise, have become more and more heavy, but the service which it has rendered, even by its magnitude, to the general interests of the country are too recent to make it necessary to insist at length here upon the importance of the duty which has been assigned to us as guardian and as administrator of the metallic reserve of France. It should not be forgotten that the abundance of money assures a security to business whose paramount value appears in periods of crisis. It is to the financial autonomy which is guaranteed to us by this abundance that we owe in a large measure the power to second effectively the expansion of French commerce, industry and agriculture in maintaining for them the advantages of moderation and stability in conditions of credit.

"We are not ignorant that if our reserves should develop more rapidly than our commercial activity, there might be reason to fear that a larger and larger and perhaps excessive amount of capital was being devoted to the monetary function. The bank constantly seeks the extension in the country of the circulation of capital by means of deposits and cheques, which would diminish by so much the quantity of notes which the public need and which are represented in our metallic reserve. For its part, the bank does not fail to facilitate this result by favoring as much as possible the increase in cheque accounts and the extension of regulations for transmitting money."

It is pointed out elsewhere in the report that if the general movement in the increase of reserves is considered from 1901 to 1908, it has not been disproportionate to the growth in commerce. During this period the reserves of the Bank of France rose by twenty-three per cent., while the product of the stamp tax on commercial paper increased by twenty-three per cent., the foreign commerce of the country by thirty-five per cent., and transfers of money through the bank by fifty-two per cent.

ENGLISH CAPITAL AND INVESTMENT.

THE summary of offerings of new securities of various types on the London market during 1908 indicates that in a single year £203,000,000, or practically a billion of dollars, has been subscribed for new loans and enterprises. This sum does not include capital raised for refunding or issues which are known to have been unsuccessful. The "London Statist," in discussing the matter in its issue of January 2d last, estimates that even if some allowance is made for foreign participation in these issues, the total subscribed by British investors alone has been at least £175,000,000 ($853,000,000). Of course, the whole of the capital thus subscribed has not been paid up, for many of the calls extend into 1909, but allowing for similar installments paid in 1908 on old subscriptions, the actual amount paid has been at least £150,000,000 and probably more. Commenting upon the details of the new flotations, it is said by the "Statist":

"Beyond the savings placed in new securities, both publicly and privately, there is a vast amount of new capital every year embarked in the erection of houses, in the building of ships, in the construction and equipment of factories, in the decoration and stocking of shops, in extending British enterprise of a private character in other countries, and employed in other ways too numerous to detail. For several years past the construction of new houses has been on a relatively small scale in comparison with the new construction in the later nineties. Nevertheless, in the five years from 1902 to 1907 the income from houses assessed to taxation increased from £184,000,000 to £210,000,000, or by £26,000,000—an average increase of £5,000,000 per annum. On a sixteen-year basis of valuation, the amount of capital placed in new houses in this country has been at the rate of about £80,000,000 a year. The period of dear money at the end of 1907 especially affected the operations of builders, and in 1908 the number of new houses constructed has been below the normal. Nevertheless, it is evident that upwards of £50,000,000 has been expended in the past year upon new houses. There can, indeed, be little doubt that the nation's expenditures for reproductive purposes—its savings—has appreciably exceeded £300,000,000.

"A few years ago it was thought and stated that it was no longer of any use for other countries to apply to England for any appreciable amount of new capital. At that time we were spending money with the greatest possible liberality upon adding to our comforts regardless of whether or not our savings were being profitably and productively employed. This condition of things caused us to bring home from other countries the interest upon the capital we had previously lent to them, and prevented us from investing any appreciable amount of fresh capital. Hence our imports showed enormous increase, and relatively our exports were stationary."

The details of the subscriptions for capital for both 1907 and 1908, for both home and foreign and colonial purposes, appear in the table below.

FINANCIAL HOUSE CLEANING IN DENMARK.

THE banking situation in Denmark has recently been going through almost as drastic a shaking-down as that to which certain banks were subjected in this country in the autumn of 1907. A bank guarantee act was passed on February 15th, when two big banks were in difficulties, by which the State agreed to share with the National Bank and several other strong institutions the loss which might be entailed by meeting the liabilities of the failed banks. The amount of the guarantee given by the State was 10,000,000 crowns ($2,680,000). The guarantee was granted mainly as a moral support and it was not supposed that it would entail any loss to the exchequer. This was distinctly stated by the late Minister of Finance in recommending the adoption of the bill. It soon became manifest, however, that the guarantee would mean a loss and probably a very serious one, through the unexpected insolvency of the Detaillehandlerbank.

At the time of the crash of a year ago a committee was appointed by the banks and the Government to control the working of the weak banks. The Government has recently increased the number of its representatives on the bank committee from two to five, making the numbers equal; but the Government had from the beginning five votes and one of its representatives is chairman of the committee.

The committee has recently decided that the public shall receive no information as to what takes place at its meetings nor even as to where the meetings are held. It is reported that

CAPITAL SUBSCRIBED IN GREAT BRITAIN IN 1908.

	Home. 1908.	Home. 1907.	Foreign and Colonial. 1908	Foreign and Colonial. 1907.
Government securities	£4,475,000	....	£39,256,551	£22,751,650
Corporation stocks	7,386,659	£7,432,976	9,138,417	1,750,562
Railways	16,990,488	6,559,164	63,574,660	36,133,220
Banks	130,000	693,912	2,822,500	5,459,333
Breweries and distilleries	....	....	120,000	47,120
Canals and docks	382,500	....	1,102,200	....
Commercial, industrial, etc.	12,209,991	8,061,669	5,985,737	2,654,161
Electric lighting and power	1,762,943	797,040	1,220,271	959,169
Financial, land, investment and trust	1,549,850	2,318,000	11,092,754	2,645,780
Gas and water	861,008	368,567	1,230,938	435,000
Insurance	1,702,369	2,201,403	....	....
Iron, coal, steel and engineering	4,396,673	2,058,667	954,496	514,597
Mines	207,668	13,600	5,395,199	3,540,762
Motor traction and manufacturing	1,825,016	1,869,106	58,000	337,000
Nitrate	....	....	215,700	370,250
Shipping	1,549,250	2,931,000	976,000	450,000
Tea, coffee and rubber	....	....	830,012	1,486,670
Telegraphs and telephones	250,000	1,000,000	150,000	7,940,000
Tramways	605,118	346,000	3,853,781	1,739,402
Grand total	£55,684,523	£36,651,204	£147,977,216	£89,219,676

the scope of the guarantee has been extended beyond the original intent to protect other distressed banks, both in Copenhagen and the provinces. Further details of the situation are embodied in an interesting letter from a Danish correspondent of the "London Economist" of December 26th last, containing the following statements:

"The banks at present under the control (and guarantee) of the committee outside the two already mentioned, comprise the Laanekassen, Copenhagen, for which it was understood at first that the five guaranteeing banks (the Nationalbank, the Handelsbank, the Landsmandsbank, the Privatbank, and the Laane and Discontobank) held themselves responsible. And there are also included the Nibe and the Lögstör Banks, for which the Landsmandsbank was supposed to be the guaranteeing party, and finally the Fredericia Bank (originally a branch of the Landsmandsbank), with its deficit of some 800,000 crowns.

"These latter four banks have been included in the joint State and bank guarantee without the authority of any legislative measure or Parliamentary vote, the Bank Committee acting solely on the strength of a letter from the late Minister of Finance, dated March 10, 1908, in which he authorized the Bank Committee to extend the State guarantee to the depositors in other banks upon which a run has been made or might be apprehended, and the downfall of which it might be deemed advisable to avert. The aggregate State guarantee, however, was not to exceed 10,000,000 crowns. * * *

"It is at present impossible to form any approximately accurate estimate of the deficits in the various insolvent banks (from which the Grundejerbank and the Laanekasse are excluded), but the deficit, beyond the entirely lost share capital (12,000,000 crowns, as far as the Detaillehandlerbank is concerned), is put at from 5,000,000 to 7,000,000 crowns for this bank, both of which figures may prove excessive; the joint deficit for the Lögstör and the Nibe Banks is likely to be about 800,000 crowns, and that of the Fredericia Bank, as already stated, is supposed to be also some 800,000 crowns, of which half comes upon the State. Legal investigation is going on as regards certain dealings and doings of the three Copenhagen banks under the control of the Bank Committee, but so far no public proceedings have been instituted, and matters seem to drag considerably.

"State-aid in some shape is also about to be invoked in connection with the Farmers of Sealand Savings Bank, which has been closed since the day of Alberti's arrest. His embezzlements have left a deficit of 14,000,000 crowns —15,000,000 crowns. No move, however, has been made in this matter as yet; only a capital of about 6,000,000 crowns in the shape of a guarantee fund has been subscribed in the hope that the Savings Bank will be again enabled to resume business."

THE RENEWAL OF THE GERMAN BANK CHARTER.

THE bill for the renewal of the charter of the Imperial Bank of Germany was laid before the Reichstag early in February. The new law is to take effect on January 1, 1911. It does not provide for any increase in the capital of the bank, but requires an addition of ten per cent. of net earnings annually to the reserves after the stockholders have received a preliminary dividend of three and one-half per cent. A new experiment in giving elasticity to the circulation of the bank is proposed, by allowing a larger issue of notes without tax at the turn of each quarter of the year than is allowed at other times. This provision emphasizes the great extent to which currency is still used in the settlement of important obligations in Germany, instead of cheques. The proposal is that the limit of authorized circulation covered by a gold reserve of one-third shall be raised from 450,000,000 marks under the renewal of 1900, to 550,000,000 marks after 1910. The provision for taxing excess circulation which is not fully covered by gold at the rate of five per cent. is retained, but the limit of authorized circulation free of tax is raised to 750,000,000 marks at the turn of the quarter. The "London Economist" of February 13th, discusses this provision and other proposed changes in the charter as follows:

"English observers must not fall into the error of supposing that this provision will result in excessive or even larger issues of notes than at present. The management has never shut down its printing presses in order to escape the payment of the note tax. On the contrary, they have always issued as many notes as the market called for. The only practical effect of the tax limit at all is to give warning to the financial community whenever the demands for credit have reached a critical stage of expansion; but within the past two years the tax limit has been exceeded so often that it was losing this warning function. It is solely for this reason that the proposal to raise the limit is now put forth. Another amendment is introduced to give legal tender character to the notes of the Reichsbank. Considerable opposition to this proposal was manifested in the commission which investigated currency and banking questions last year; but the Imperial Government, the management of the Reichsbank, and the majority of that commission favored the change. They were undoubtedly influenced by the fact that the notes of the Banks of England, France, and Austro-Hungary are lawful money. A declaration that the notes of the Reichsbank shall be legal tender will not weaken its obligation to redeem its notes in gold; in fact, this obligation will be made more explicit and unconditional. The present law, as a matter of fact, only provides that the notes must be redeemed in "current German money," for which the new Bill substitutes "German gold coin." In the Commission the representatives of Hamburg endeavored to impose upon the Reichsbank the obligation to redeem its notes in unlimited amounts at that city, as well as at its head office in Berlin. At present the Bank is only required to pay out gold at its branches as long as its local supply holds out. The Hamburg bankers evidently wanted the change made in order that they could always be sure of an ample supply of gold for export purposes, without having to incur the expense of shipping it from Berlin; but the Bill requires unlimited redemption only at Berlin."

The Imperial Bank has introduced an innovation into the manner of reporting its stock of metal. Since early in the year the weekly returns have stated separately the amount of gold and silver held. Heretofore, this has been done only once a year or on other special occasions and the weekly report has given the total of gold and silver together. The new president of the bank has been much praised by the financial community for his action. The amount of gold held on January 7th, when the first weekly report was made under the new system, was about $201,000,000, as compared with only about $124,000,000 at the close of 1907.

FINANCIAL CONDITIONS IN GERMANY.

An interesting study of economic conditions in Germany during the year 1908 has been published by M. Raffalovich in "L'Economiste Francais" of January 30th last. M. Raffalovich declared that the year was a hard one and one of liquidation, but that Germany was able to demonstrate the essential soundness of her industrial, commercial and financial organization.

Germany needs foreign markets, especially in difficult years when local consumption is restricted. Hence in 1898, when the United States, one of her principal clients, was still suffering from a crisis, it was only because she reduced by half her own production of iron that the German metal trade was not still more seriously demoralized. The statistics of labor bureaus showed a growth in the number of the unemployed, while railway receipts showed the same decline which occurred in other parts of the world. Curiously enough, the first quarter of 1908 showed an increase in freight receipts of 7,000,000 marks over the corresponding period of 1907, but the second quarter showed a loss of 12,000,000 marks; the third, 17,000,000 marks, and the last quarter of 1908 more than 22,000,000 marks ($5,225,000).

The character of the pressure upon the Imperial Bank is indicated by the following figures of some of the principal items of the balance-sheet at the close of each of the past five years:

Dec. 31st.	*Metallic Reserve.*	*Discounts.*	*Advances.*	*Circulation.*
1904	927	1.010	215	1.599
1905	803	1.227	204	1.656
1906	665	1.339	284	1.775
1907	704	1.493	364	1.885
1908	980	1.159	176	1.975

(In millions of marks.)

The Imperial Bank, according to M. Raffalovich, adopted a more severe discount policy during 1908 than previously, refusing renewals and accommodation paper in order to deal with legitimate commercial paper and cultivated more largely dealings in foreign bills in order to facilitate importations of gold. In eleven months there was an excess of importations of the yellow metal of 249,000,000 marks ($60,000,000). The total clearings effected through the medium of the bank were somewhat larger in 1908 than in 1907.

The issue of stock by German companies was larger in 1908 than in either of the previous years, German securities figuring at 2,059,000,000 marks in 1907 and 3,187,000,000 marks ($757,000,000) in 1908.

STRENGTHENING ENGLISH GOLD RESERVES.

A NEW method of leading the English joint-stock banks to keep adequate metallic reserves has been suggested in a recent publication by Mr. E. B. Spicer in a book entitled "An Outline of the Money Market." The proposition is that a law should be enacted that no joint-stock bank shall declare a dividend in excess of ten per cent. per annum on its paid up capital until such bank has paid into a special gold reserve at the Bank of England an amount equal to five per cent. of the liabilities of such bank to its depositors. Each bank is to be credited with the amount paid into the fund, but is not to be entitled to withdraw anything. The gold is to become available in case of emergency through the intervention of the Bank of England, which would be entitled to borrow from the gold fund on approved securities.

The plan of Mr. Spicer is not considered feasible by the "London Statist," which discusses the matter in its issue of January 30th. The opposition of the banks to the impairment of their power to pay dividends is made the basis of the criticism, but by imposing such a requirement the British Government would be going no further than the American and some other governments in requiring reserves. The argument made by the "Statist" on the subject is as follows:

"The real objection of the banks to the formation of an adequate gold reserve is that by doing so they would be obliged to reduce their dividends, or, at all events, to keep them stationary, and that this would displease their shareholders. In the face of this objection, Mr. Spicer proposes that Parliament shall enact—for clearly no other power can compel the banks to do what he suggests—that no joint-stock bank shall pay more than 10 per cent. dividend until it holds a cash reserve equal to 5 per cent. of its deposits. Now it is perfectly clear that the banks would all combine to resist such a proposal. And he would be a very bold Chancellor of the Exchequer who would face the whole of the banks of the United Kingdom. * * * No doubt it would be desirable to limit dividends if any Government was bold enough to propose it and any Parliament patriotic enough to carry it out."

THE FINANCIAL CRISIS IN CHILE.

THERE are indications that the monetary and financial situation in Chile is being righted, but the shocks of the last two years have been severe and have caused violent fluctuations in exchange. In the first half of 1908 Chilian paper dropped to a value of seven and five-eighths pence, but since July, there has been a considerable improvement and a perceptible return of confidence. Exchange recovered to nine and one-half pence at the beginning of August and remained comparatively steady near ten pence during the three following months. A strong upward movement began in December, which left the rate early in the present year at about twelve pence.

The trouble in Chile was due in great part to the earthquake which destroyed Valparaiso on August 16, 1906, but was accentuated by violent speculation in land and mines and the general crisis which began in the United States in 1907. It was estimated that the monetary loss occasioned by the earthquake was not less than $100,000,000 (United States currency), representing a burden of about $25.00 per capita for the 4,000,000 population. Large importations were required to repair the damage done by the earthquake, which would have created an unfavorable trade balance if nitrate and copper, the two principal productions of the country, had not experienced a substantial rise in the world's markets during 1906.

The several efforts which Chile has made, beginning as far back as 1895, to resume gold payments, have been defeated by a variety of unfortunate occurrences. The President of the Republic, however, is strongly in favor of upholding the present law for the conversion of paper money, which was to bring about resumption of gold payments on January 1, 1910. Measures have been introduced in the Chambers to again postpone this date, but it is hoped that they will be rejected, and that Chile will finally be established upon the gold basis.

A SEPARATE BANK FOR HUNGARY.

CONSIDERABLE disquiet has been aroused in financial circles in Austria-Hungary by the active campaign which is being conducted by the Independence Party for the division of the resources and functions of the Austro-Hungarian Bank in order to secure an independent Bank of Hungary. The movement is essentially political and does not find approval with the financial community or the more far-sighted statesmen. They believe that it would result in an impairment of the credit of Hungary and be a burden upon commercial transactions.

The situation is rendered more critical, according to the Vienna correspondent of "L'Economiste Européen," of February 5th, by the fact that the subject of the renewal of the charter of the Austro-Hungarian Bank is imminent. The charter will expire in 1901, and the shareholders of the bank will be called upon to take early action. As the advice of the joint governments will be separately sought, the Hungarian Cabinet will find itself in a critical situation, between the financial interests of the country and the political passions of the parties. The current in favor of separation is so strong that the Cabinet is expected to yield to it, even though it may impair the ability to maintain specie payments. A suggestion which may afford a way out of the difficulty is that a Bank of Hungary shall be created by setting aside for the purpose a part of the capital of the Austro-Hungarian Bank, which would remain in control of the new institution.

STATE NOTE ISSUES IN THE ARGENTINE.

A CURIOUS survival of the system of local note issues is reported by the Buenos Aires correspondent of the "London Economist," in the issue of February 13th. "Some of the Provincial Governments persist in issuing different kinds of paper currency, but taking care to avoid an exact imitation of the notes issued by the Federal Conversion Treasury. The attention of the national executive was called to this fact two years ago, and by the advice of the Attorney-General, the offending Governments were informed that such local issues of currency were illegal, and constituted a violation of the law by virtue of which the National notes are in circulation; therefore, they were required to withdraw the illegal currency within a period fixed in the notice. Nevertheless, in the provinces mentioned the local issues continue to be made, and the Legislature of Mendoza has authorized a further issue of 'Treasury notes' to the amount of $5,000,000. It is claimed that the National Constitution permits the provinces to make use of their credit in any way provided that they do not establish banks with the privilege of issuing notes. The Provincial Treasury notes, bills, *vales*, certificates, &c., are accepted in payment of provincial taxes, and therefore they have hitherto circulated freely at their par value in the respective provinces, but there is a danger that the local governments will exercise too liberally this easy mode of obtaining money, and it is doubtful whether the National Government can put a stop to the practice unless the Constitution be amended so as to confer that power on it by an express prescription."

WHERE HE FOUND TROUBLE.

EVERY one who has ever had any business in J. Pierpont Morgan's office retains a vivid recollection of the big Turk that stands at the door. One's credentials must be absolutely unexceptional to get by him, and he will turn down a cabinet officer with the same nonchalance as a messenger boy, and in the same broguish formula: "He's bizshy now. Yez had betther come back later on"

All this is introductory to the troubles of the minister from one of the small South American Republics. His country—and it is a good, substantial, peaceful little republic—wanted to borrow $2,500,000. Naturally, it appealed to its representative in Washington. He came to New York for the coin, armed with a bundle of bonds and all the needful ritual. He was under the impression that two and one-half million dollars is a good deal of money. Maybe it is, south of New Orleans, but it's chicken feed in the Morgan offices. He walked into J. P.'s hive, planked down his bonds and got the coin. The transaction took about ten minutes.

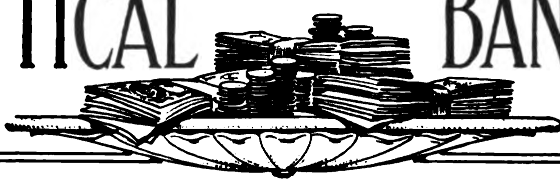
"Didn't have much trouble, did you?" a friend asked, as he was on his way to the Washington train.

"Not wiz Meestair Mor-gan," said he. "But—" and a passionate look came into his black eyes—"eef I have zat beeg Irish scoun'rel at ze door down in my country—I keel heem."—New York Correspondence Cincinnati Times-Star.

POSTAL SAVINGS BANKS IN THE TRANSVAAL.

ACCORDING to the post-office savings bank returns recently published by the Transvaal government there was an increase of saving power to the amount of £131,000 on 55,105 accounts in 1908 on the previous year's deposits. In 1907 the amount due to depositors in the savings bank was £1,343,643, which has increased to £1,474,553 in amount and 3,083 in number. This is the highest number of accounts ever standing open at the local government savings bank. The actual deposits made during the year have been, in round figures, £53,000 less than in 1907, but, on the other hand, the withdrawals have been £137,700 less during 1908.

PRACTICAL BANKING



VIEWS ON PLEDGING COLLATERAL.

By George L. Tickner.

INSPECTION of various collateral note forms discloses an interesting diversity of views, among bankers, as to handling collateral loans.

Each bank seems to have individual and dissimilar notions of how the pledges should read. It would hardly seem that the lending side of banking could require or safely permit so many uninclusive and indefinite forms as one finds in general use.

Of course, short and long forms of pledge are a necessity; the former having its place in answering the need for a simple, inoffensive form of pledge suitable for handling infrequent isolated borrowers—those having one loan and one pledge with no prospect of their becoming, directly or contingently, further indebted to the bank. The long form should protect against all possible fluctuations or changes, in an active borrower's account, or in those accounts to which the pledgor is directly or indirectly related on any paper risks or transactions that enter in or out of the bank.

The Best Form of Pledge.

In reading over cases involving pledges of collaterals and to what extent pledges were applicable to other debts and engagements past, present and future, many opportunities of avoiding the contract of pledge presented themselves, and the question,—What form of pledge is best suited to handling collateral in banks, is one of some magnitude and open to debate.

"To secure any liability whatever," is a phrase appearing in most collateral notes. Upon this phrase there is considerable (misplaced) reliance. The phrase fails to cover many things. It has been decided that security for any liability of an individual did not cover indebtedness of a firm of which such individual was a member; nor did it secure his individual indorsement of his firm's paper; nor does it cover his paper taken from third parties.

To illustrate. Where collaterals were pledged by the firm of J and S to secure a specific note and "any other note or claim held by said bank against us, J & S," it was decided that the collaterals could not be held by the bank as security for a note signed by J as principal and S and others as sureties. (Bank vs. Blocker, 77 Tex. 73.) Also, where a firm agreed that the collaterals pledged should be applicable "on any other of our liabilities or engagements held by the bank," it was held that the pledge was solely to obtain credit for the firm and the collateral could not be held as security for a draft which the firm accepted in favor of another and which was discounted by the bank on the latter's credit. (Loyd vs. Lynchburg National Bank, 86 Va. 690.)

"Where collateral left to secure any liability of a third party has once attached to such liability, the extension of time of payment or the renewal of the liability will release the lien of the collateral, and it will not attach to the new liability unless so specially provided." The words "to secure any liability whatever," will not of themselves cover the extended or renewed liability.

But assuming that "to secure any liability, any renewal, or other indebtedness," or whatever statement of the pledge that is written into the note means everything the banker thinks it means, I ask—other debts existing—of what avail towards liquidating other indebtedness when the maker of a collateral note pays same? You are thereupon obliged to hand the note over to him, leaving you with no pledge of the collateral, even if the maker of the note, unaware of his rights as to forcing delivery of collateral, permits its retention. As a general proposition, is it probable that makers of collateral notes or their assignees, under any conditions of the hard-up-disease, would fail to arrange to take up loans with excess marketable securities attached? Surely there is much risk involved in the practice of combining note and pledge "for any liability whatever," etc., in an instrument more or less under control of its maker.

Some attorneys, while admitting that the collateral note on payment must be delivered, hold, in the event that other indebtedness had come to pass since the inception of the collateral note, that the bank should simply make a copy of the pledge contained in the note that is being paid, cancelled and delivered and that the bank could prove in court pledgee title to collateral by swearing to the copy of the pledge.

Reflection of a dozen legal decisions in cases involving hypothecated collaterals would strongly persuade one to the view that a paid collateral note is a cancelled note, and that a cancelled collateral note is a cancelled pledge of collateral, and that a cancelled pledge gives no right to hold or convert collateral. While unpledged possession is somewhat better than nothing and may furnish a lever to adjust direct or indirect debts, nevertheless a bank should, to my mind, always be in the position of a legal and peaceful possessor of collaterals and have the option of conversion at all times.

The writer offers (see form) for criticism a simple plan which appears adequately to secure and control collaterals. The pledge is contained in a separate document apart from the note. Since an envelope is usually required as a receptacle for collateral, the pledge in this case is printed on the face thereof, combining pledge and receptacle of collateral in one bit of paper. The envelope can be tied to collateral if the size of the latter exceeds capacity of envelope. The plan appears to have many advantages, and in the event that collateral is so taken, I see no reason why it should also appear in the note itself.

Collateral.................... Par Value......

Know all men by these presents, that the undersigned, in consideration of financial accommodations given, or to be given, or continued to the undersigned by the........ National Bank of............, hereby agrees with the said Bank that whenever the undersigned shall become or remain, directly or contingently, indebted to the said Bank for money lent, or for money paid for the use or account of the undersigned, or for any overdraft or upon any indorsement, draft, guarantee or in any other manner whatsoever, or upon any other claim, the said Bank shall then and thereafter have the following rights, in addition to those created by the circumstances from which such indebtedness may arise against the undersigned, or the undersigned's executors, administrators or assigns, namely:

1. All securities deposited by the undersigned with said Bank, as collateral to any such loan or indebtedness of the undersigned to said Bank, shall also be held by said Bank as security for any other liability of the undersigned to said Bank, whether then existing or thereafter contracted; and said Bank shall also have a lien upon any balance of the deposit account of the undersigned with said Bank existing from time to time, and upon all property of the undersigned of every description left with said Bank for safe keeping or otherwise, or coming to the hands of said Bank in any way, as security for any liability of the undersigned to said Bank now existing or hereafter contracted.

2. Said Bank shall at all times have the right to require from the undersigned that there shall be lodged with said Bank as security for all existing liabilities of the undersigned to said Bank, approved collateral securities to an amount satisfactory to said Bank; and upon the failure of the undersigned at all times to keep a margin of securities with said Bank for such liabilities of the undersigned, satisfactory to said Bank, or upon any failure in business or making of an insolvent assignment by the undersigned, then and in either event all liabilities of the undersigned to said Bank shall at the option of said Bank become immediately due and payable, notwithstanding any credit or time allowed to the undersigned by any instrument evidencing any of the said liabilities.

3. Upon failure of the undersigned either to pay any indebtedness to said Bank when becoming or made due, or to keep up the margin of collateral securities above provided for, then and in either event said Bank may immediately without advertisement, and

without notice to the undersigned, sell any of the securities held by it as against any or all of the liabilities of the undersigned, at private sale or Broker's Board or otherwise and apply the proceeds of such sale as far as needed toward the payment of any or all of such liabilities together with interest and expenses of sale, holding the undersigned responsible for any deficiency remaining unpaid after such application. If any such sale be at Broker's Board or at public auction, said Bank may itself be a purchaser at such sale free from any right or equity or redemption of the undersigned, such right and equity being hereby expressly waived and released. Upon default as aforesaid, said Bank may also apply toward the payment of the said liabilities all balances of any deposit account of the undersigned with said Bank then existing.

It is further agreed that these presents constitute a continuing agreement, applying to any and all future as well as to existing transactions between the undersigned and said Bank.

And the liabilities or indebtedness hereby secured and intended to be secured includes any or all liability or indebtedness either as a maker, indorser, acceptor, surety or guarantor for others as well as for the undersigned, and on instruments or accounts of the undersigned's which may be purchased from others, as well as those made to or with said Bank or for the undersigned's direct benefit; and this security and agreement shall apply to all of the above mentioned forms of liability or indebtedness where the principal, maker, indorser, acceptor, surety or guarantor shall be a firm or co-partnership of which the undersigned is or may become a member.

This security is intended as a continuing security binding in case of the undersigned's death, the undersigned's heirs, executors, administrators or assigns as to all transactions, liabilities and indebtedness incurred before the undersigned's death. The extension of the time of payment or the renewal of any of the forms of liability or indebtedness heretofore mentioned shall in no way release the undersigned, or the undersigned's heirs, executors, administrators or assigns, nor shall the release of any other security, sureties, guarantors, indorsers, makers or acceptors in any way release the undersigned, or the undersigned's heirs, executors, administrators or assigns, if such release is made with the undersigned's consent. Application of any payments may be made on any of the forms of indebtedness or liability of the undersigned in the discretion of said Bank.

Dated......19.... Signed............[L.S.]

Syracuse, N. Y. Address...........

(The form is a revision and adaptation of one appearing in McMaster's "Irregular and Regular Commercial Paper." The writer also acknowledges courtesy extended by Thomas B. Paton in citing cases, etc. Size of the envelope on back of which this form is printed is four and three-quarters by eleven inches.)

THE RELATIONSHIP OF THE CLEARING HOUSES OF THE UNITED STATES AND CANADA TO THE QUESTION OF EXCHANGE.

The Regulations Adopted by the Clearing Houses in the Chief Towns and Cities in the Matter of the Charges for the Collection of Checks, Drafts and Notes, and Rules in Force Governing the Subject.

By James P. Gardner.

(Continued from March Bankers Magazine, page 455.)

KENTUCKY.

Louisville.

According to the constitution of the Louisville Clearing House the charges on items payable in Indiana, Kentucky, Ohio and Tennessee are discretionary. The rules governing the charge for exchange were declared obligatory after September 1, 1900. In substance they are as follows:

Collection Charges.

Every bank and trust company, member of or connected with the clearing-house, shall charge for all items received from Louisville city customers and passed direct to their credit or taken for collection, or cashed for any resident of said city on points (except those hereinafter declared discretionary) in Connecticut, Delaware, Illinois, Iowa, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, Virginia, West Virginia and Wisconsin, not less than one-tenth of one per cent. of the amount of the item, and if said per cent. when calculated upon any such item, does not equal ten cents, the charge shall not be less than that sum. But all items received from any one depositor at the same time and payable at the same place, may be added together and treated as one item.

And for all such items (except those hereinafter declared discretionary) on all points in Alabama, Arizona, Arkansas, California, Colorado, Florida, Georgia, Idaho, Indian Territory, Kansas, Louisiana, Mississippi, Montana, Nebraska, Nevada, New Mexico, North Carolina, North Dakota, Oklahoma, Oregon, South Carolina, South Dakota, Texas, Utah, Washington and Wyoming, not less than one-fourth of one per cent. of the amount of the item, and if said per cent. when calculated upon any such item does not equal ten cents, the charge shall not be less than the latter sum. But all items received from any one depositor at the same time and payable at the same place, may be added together and treated as one item.

On all items payable "with exchange," and on which exchange is actually paid, there shall be no charge.

On all items on the States of Indiana, Kentucky, Ohio and Tennessee, and the cities of Baltimore, Boston, Cincinnati, Chicago, Jersey City, New Orleans, New York, Newark, N. J., Philadelphia, Pittsburgh, St. Louis, and Washington, the charge shall be discretionary with each bank or trust company.

LOUISIANA.

New Orleans.

On July 1, 1906, the following regulations adopted by the New Orleans Clearing House became operative:

Section 1. These rules and regulations shall apply to all members of the association and to all banks, trust companies, or others clearing through such members, and to all collections from whomsoever received, except from banks, bankers and trust companies located outside of the parishes of Orleans or St. Bernard. The parties to which same so apply are hereinafter described as "collecting banks."

Sec. 2. For items collected for account of or in dealings with the government of the United States, state of Louisana, and the city of New Orleans, and for items payable in the cities of Baltimore, Boston, Chicago, New York, Philadelphia, Pittsburgh and St. Louis, the charges shall be discretionary with the collecting bank, and same shall not be governed by the provisions of these rules and regulations.

Sec. 3. For all items payable at points in the states of Delaware, District of Columbia, Connecticut, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Massachusetts, Maryland, Michigan, Mississippi, Missouri, New Hampshire, New Jersey, New York, Pennsylvania, Ohio, Rhode Island, Tennessee, Vermont and Wisconsin, a charge of not less than $1.50 per thousand shall be made.

For all items payable at points in the states of Alabama, Georgia and Virginia, a charge of not less than $2.00 per thousand shall be made.

For all items payable at points in the States of Arkansas, Arizona, California, Colorado, Dominion of Canada, Florida, Idaho, Indian Territory, Iowa, Minnesota, Montana, Nebraska, Nevada, New Mexico, North Carolina, North Dakota, Oklahoma, Oregon, South Carolina, South Dakota, Texas, Utah, Washington, West Virginia and Wyoming, a charge of not less than $2.50 per thousand shall be made.

(2) On items taken for collection only, no charge shall be made if item is returned unpaid. If an item is returned unpaid for any cause, and re-deposited, no charge shall be made for second collection.

(3) All drafts with bills of lading attached, drawn on the state of Mississippi, shall be handled for collection only, and at owner's risk.

(4) On items drawn at sight or demand and bearing three days' grace an additional charge of fifty cents per thousand shall be added to the above rates.

Sec. 4. No exception is to be made on items drawn with exchange, or with any similar notation.

Sec. 5. In case the charge on any item, at the rates above specified does not equal ten cents, the collecting bank shall not charge less than that amount, but all items received from any one person, at the same time, and payable at the same place, may be added together and treated as one item, for the purpose of fixing the amount chargeable.

Sec. 6. All items received from or account of any bank, trust company, person, or firm outside of the parishes of Orleans or St. Bernard and bearing the endorsement of a firm in the territory described, shall be subject to the same charge as if received from a New Orleans customer.

Sec. 7. The charges herein specified shall in all cases be collected at the time of the credit of the item or items. No collecting bank shall directly or indirectly allow, or cause to be allowed any payment, rebate, or return for or on account of such charges, or make in any form, whether of interest on balances or otherwise any compensation therefor.

Sec. 8. Should any non-member of the clearing-house association, clearing through a member of the association, violate any of the rules governing collections as above stated, the said clearing house member, thus clearing for said non-member, shall be held responsible and the same penalties shall be imposed upon said member, in the same manner as if said violation had been committed by said clearing house member itself.

Sec. 9. In case any member of the association shall learn that these rules and regulations have been violated by any of the collecting banks, it shall immediately report the facts to the chairman of the clearing-house committee, or, in his absence, to the manager of the association. Upon receiving information from any source that there has been a violation of same, the chairman, or in his absence, the manager, shall call a meeting of the committee, and it shall investigate the facts and determine if a formal hearing is necessary. In case it so concludes, it shall instruct the manager to formulate charges and present them to the committee. A copy of the charges, together with the written notice of time and place fixed for the hearing regarding same, shall be served upon the collecting bank charged with such violation, which shall have the right after hearing to introduce such relevant evidence and submit such argument as it may desire. The committee shall hear whatever relevant evidence may be offered by any person, and whatever argument may be submitted, and shall determine whether the charges are sustained. In case it reaches the conclusion that they are, the committee shall call a special meeting of the association and report the facts with its conclusions. If the report of the committee is approved by the association, the collecting bank charged with such violation shall pay the association the sum of $5,000.00, which amount shall be distributed equally among the banks, members of the association, and in the case of a second violation of these rules and regulations, any collecting bank may also, in the discretion of the association, be excluded from its privileges, directly or indirectly, and if it is a member, expelled from the association.

MAINE.

Portland.

The Portland Clearing House has never adopted any rules in regard to exchange charges on checks and other items, each bank adjusting its charges independently.

MARYLAND.

Baltimore.

The following rates have been adopted by the Baltimore Clearing House Association. While on the points indicated as par no charge may be made, there is generally an arrangement made with large weekly accounts to remit at stated intervals, say once a week, for the balance due:

Alabama	¼	per cent.
Arkansas	¼	"
California	⅜	"
Colorado	⅜	"
Denver	¼	"
Connecticut	Par	
Delaware	1-10	per cent.
District of Columbia	1-10	"
Florida	¼	"
Georgia	¼	"
Illinois	⅛	"
Chicago	1-10	"
Indiana	⅛	"
Iowa	⅛	"
Kansas	¼	"
Kansas City	⅛	"
Kentucky	⅛	"
Louisiana	¼	"
New Orleans	⅛	"
Maine	Par	
Maryland	1-10	per cent.
Massachusetts	Par	
Michigan	⅛	per cent.
Detroit	1-10	"
Minnesota	⅛	"
Mississippi	¼	"
Missouri	⅛	"
St. Louis	1-10	"
Nebraska	¼	"
Omaha	⅛	"
Nevada	⅜	"
New Hampshire	Par	
New Jersey	Par	
New York	Par	
North Carolina	¼	per cent.
Ohio	⅛	"
Cincinnati and Cleveland	1-10	"
Oregon	⅜	"
Pennsylvania	1-10	"
Philadelphia	Par	
Rhode Island	Par	
South Carolina	¼	per cent.
Tennessee	¼	"
Texas	¼	"
Vermont	Par	
Virginia	⅛	per cent.
Norfolk, Richmond, and Lynchburg	1-10	"
West Virginia	⅛	"
Wisconsin	¼	"
Milwaukee	⅛	"
Territories	¼	"
Canada	¼	"
Washington	⅜	"
Wyoming	⅜	"
N. Dakota	⅜	"
S. Dakota	⅜	"

In all cases where the percentage by tariff does not amount to ten cents, that amount shall be charged.

Single items amounting to $10., or less, may be taken free of exchange.

Items drawn with exchange shall be charged not less than one-half of the regular tariff rates, and in all cases where the percentage does not amount to ten cents, that amount shall be charged.

Single items of $5,000, or over, may be taken at special rates, but not less than one-half of the regular tariff charges.

This tariff applies to all cash items and collections for account of depositors and customers, residing in the city of Baltimore; also for any bills receivable held at any time by any of the associated banks as security for loans and collected by them.

This tariff shall apply to the cashing and collecting of coupons for depositors and customers who in addition to exchange shall be charged the actual expressage thereon.

Frederick.

In the town of Frederick the clearing house has not adopted any rules governing the question of exchange, each bank adjusting its own charges.

MASSACHUSETTS.

Boston.

Every bank in New England whose checks clear settles with the Boston Clearing House on the day of receipt and seven-eighths of these settle at par. As in London, England, a great many of the towns throughout the neighboring country clear their checks through the Boston Clearing House. Some 634 out of town banks clear their checks in this way, only 79 of which make a charge. Below will be found the rules of the clearing-house on this subject:

Sec. 2. For all items collected for account of the governments of the United States, the state of Massachusetts, or the city of Boston, for New England checks collectible at par through the Boston Clearing House, and for items payable in the cities of New York, Providence, Albany, Troy, Jersey City, Newark, Hoboken, Bayonne, Philadelphia and Baltimore, the charges shall in all cases be discretionary with the collecting bank, and shall not be governed by the provisions of these rules and regulations.

Sec. 3. For all items payable at any point in New England, excepting items on the city of Providence, R. I., and checks on those banking institutions which pay checks on themselves sent through the clearing house by remitting therefor promptly on receipt thereof, without charge, checks on some member of the Boston or New York Clearing House, or upon some banking institutions clearing through some such member, the collecting bank shall charge not less than one-tenth of one per cent. of the amount of the items respectively, and in no case less than ten cents upon any one item, but all such items received from any one depositor or correspondent on the same day may be added together and treated as one item for the purpose of fixing the amount to be charged.

Sec. 4. For all items received, (except on the points declared discretionary in Section 2,) payable at points in Delaware, District of Columbia, Indiana, Illinois, Iowa, Kentucky, Maryland, Michigan, Minnesota, Missouri, New Jersey, New York, Ohio, Pennsylvania, Virginia, West Virginia, Wisconsin and Canada, the collecting bank shall charge not less than one-tenth of one per cent. of the amount of the items respectively, and in no case less than ten cents upon any one item; but all items described in this section received from any one depositor or correspondent on the same day may be added together and treated as one item for the purpose of fixing the amount to be charged.

Sec. 5. For all items payable at points in Alabama, Arizona, Arkansas, California, Colorado, Florida, Georgia, Idaho, Indian Territory, Kansas, Louisiana, Mississippi, Montana, Nebraska, Nevada, New Mexico, North Carolina, North Dakota, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, Texas, Utah, Washington and Wyoming, the collecting bank shall charge not less than one-quarter of one per cent. of the amount of the items respectively, and in no case less than ten cents upon any one item; but all items described in this section received from any one depositor or correspondent on the same day may be added together and treated as one item for the purpose of fixing the amount to be charged.

Sec. 6. The charges herein specified are in all cases to be collected at the time of deposit or not later than the tenth day of the following calendar month. No collecting bank shall directly or indirectly allow any abatement, rebate or return for or on account of such charges, or make in any form any compensation therefor.

Sec. 7. In case any member of the association shall learn that these rules and regulations have been violated by any of the collecting banks, it shall immediately report the facts to the chairman of the clearing house committee, or in his absence to the manager of the clearing-house. Upon receiving information from any source that there has been a violation of the same, said chairman, or in his absence said manager, shall call a meeting of the committee. The committee shall investigate the facts, and determine whether a formal hearing is necessary. In case the committee so concludes, it shall instruct the manager to formulate charges and present them to the committee. A copy of the charges, together with written notice of the time and place fixed for hearing regarding the same, shall be served upon the collecting bank charged with such violation, which shall have the right at any hearing to introduce such relevant evidence and submit such argument as it may desire. The committee shall hear whatever relevant evidence may be offered by any person and whatever arguments may be submitted, and shall determine whether the charges are sustained. In case it reaches the conclusion that they are, the committee shall call a special meeting of the association and report thereto the facts with its conclusions. If the report of the committee is approved by the association, the collecting bank charged with such violation shall pay to the association the sum of one thousand dollars; and in case of a second violation of these rules and regulations any collecting bank may also, in the discretion of the association, be excluded from using its privileges directly or indirectly, and, if it is a member, expelled from the association.

Fall River.

Each of the five members constituting the Fall River Clearing House is free to make any arrangement desired in the collection of its items, as no rules have been adopted by the association.

Holyoke.

As in Fall River, there have been no regulations adopted by the clearing-house on the subject of exchange charges.

Lowell.

It is the custom in Lowell among banks to remit on items less a charge of one-tenth of one per cent. on all items between $250 and $2,500, fifteen cents on items under $100, leaving discretionary the charges on items between $100 and $250.

New Bedford.

No uniform scale of charges has been adopted by the New Bedford Clearing House, the members acting independently.

Springfield.

The Springfield Clearing House Association has adopted no rules relative to exchange.

Worcester.

In common with many cities in Massachusetts, Worcester has not adopted any exchange rules appertaining to charges.

MICHIGAN.

Saginaw.

The Saginaw Clearing House has not adopted any rules to govern collection charges. The banks generally credit at par miscellaneous checks to their good customers, excepting on such points as their correspondents are compelled to charge, to comply with the rules of their clearing-house.

MINNESOTA.

Duluth.

While at the present time there is no organized clearing-house in the City of Duluth, the banks have agreed among themselves to adopt certain charges for the collection of checks, drafts and notes. The rate is one-tenth of one per cent. on all points in the United States and Canada and remittances are made upon payment on these terms.

Minneapolis.

On January 15, 1906, the Minneapolis Clearing House in connection with that of St. Paul adopted regulations governing exchange.

The banks, bankers and trust companies of St. Paul and Minneapolis make a minimum charge of $1.00 per M on items drawn on or payable at St. Paul or Minneapolis, and a minimum charge of $2.00 per M on items drawn on all other northwestern points, received for collection or for credit, bearing the endorsement of or drawn by banks, bankers or trust companies located in the New England states, the states of New York, Pennsylvania, New Jersey, Delaware, Maryland, Virginia, West Virginia, North and South Carolina, Alabama, Georgia, Florida, Mississippi, Louisiana, Tennessee, Ohio, Indiana, Kentucky, Illinois, the southern peninsula of Michigan, and the city of St. Louis, Mo.; the minimum charge to be fifteen cents on items under $100.00 or items aggregating $100.00.

This agreement does not affect items drawn on St. Paul or Minneapolis by banks, bankers or trust companies located in territory other than that mentioned above.

MISSOURI.

Chillicothe.

On the 15th of March, 1900, the banks of Chillicothe, Mo., agreed to adopt a uniform rate of exchange on items. A charge of ten cents a hundred is made on all checks, with a minimum charge of ten cents. On items received for collection not exceeding $100 a charge of fifteen cents is made and twenty-five cents on items exceeding that amount, in addition to the exchange rate named.

Joplin.

While the present schedule given below drawn up by the Joplin Clearing House is not operative at the present time owing to a lack of agreement yet it is generally followed by the Joplin banks:

$100 and under	$ .25
100 to $200	.45
200 to 300	.65
300 to 400	.85
400 to 500	1.05
500 to 600	1.15
Each additional $100	.10

Kansas City.

The question of exchange is now engaging the attention of the clearing-house committee, and new rules governing the subject will undoubtedly be adopted in the near future. Meantime each bank makes its own terms.

St. Joseph.

The banks of St. Joseph have adopted a clearing-house agreement similar to that in vogue in New York. A uniform charge is made on all foreign items deposited in any bank which is a member of the Clearing House.

St. Louis.

The St. Louis Clearing House, as will be seen from the following table, has very thoroughly covered the ground:

On the following states a minimum charge of $.75 per thousand dollars:

Connecticut	Maine	New Hampshire	Ohio	Rhode Island
Delaware	Maryland	New Jersey	Pennsylvania	Vermont
Illinois	Massachusetts	New York		

On the following states a minimum charge of $1.00 per thousand dollars:

Indiana	Kentucky	Missouri	Virginia	Wisconsin
Iowa	Michigan	Tennessee	West Virginia	
Kansas	Minnesota			

On the following states a minimum charge of $2.00 per thousand dollars:

Alabama	Florida	Montana	Oklahoma	Utah
Alaska	Georgia	Nebraska	Oregon	Washington
Arizona	Idaho	Nevada	South Carolina	Wyoming
Arkansas	Indian Territory	New Mexico	South Dakota	Canada
California	Louisiana	North Carolina	Texas	Newfoundland
Colorado	Mississippi	North Dakota		

The following are exceptions to the foregoing at a minimum charge of $.50 per thousand dollars:

Buffalo, N. Y.	Cleveland, Ohio	Indianapolis, Ind.	Pittsburg, Penn.

The following are exceptions to the foregoing at a minimum charge of $1.00 per thousand dollars:

Denver, Colo.	Lincoln, Neb.	Omaha, Neb.

On the following cities the charges are discretionary:

New York	Boston	Washington, D. C.	New Orleans	Louisville
Brooklyn	Philadelphia	Chicago	Cincinnati	
Jersey City	Baltimore			

And bank drafts on banks in Kansas City, Mo., and bank drafts on banks in St. Joseph, Mo.

Also discretionary:

Charges on items deposited by U. S. Government, the state of Missouri, the city of St. Louis, steam railroad companies, and board of public schools of the City of St. Louis.

On all items drawn "with exchange," or "and exchange" the charge is one-half of the foregoing rates.

All items received from, or for the account of any bank, trust company, person or firm outside of St. Louis, and bearing a St. Louis endorsement, shall be subject to the same charge as if received direct from a St. Louis customer.

On the preceding schedules, excepting the discretionary points, the minimum charge is five cents for items of $10.00 and under, and ten cents for items over $10.00; but in all cases, two or more items received at any one time from any customer and payable at one place may be added together and charged for as one item.

For collections on points outside of St. Louis, the charge shall be the actual cost incurred, and, in addition thereto, a handling charge of ten cents on each item whether collected or not.

SEDALIA.

The banks of Sedalia have an agreement between themselves whereby all checks upon banks in the vicinity are cleared. In this way they are collected at par. This method has proved very satisfactory.

MONTANA.

HELENA.

The Clearing-House regulations of Helena require that on all cashier checks issued there will be made a charge of one-eighth of one per cent., with a minimum charge of five cents. On collections a minimum charge of ten cents is made, and one-eighth of one per cent. on all items.

NEBRASKA.

OMAHA.

The Omaha Clearing House members have adopted the following rates of exchange:

Bank drafts on Omaha banks, remitted on receipt, no charge.

Personal checks on Omaha and South Omaha banks, remitted on receipt, per thousand, $1.00.

Collections on Omaha and South Omaha, remitted on day of payment, per thousand, $1.00.

Checks, drafts, notes and other items on any point in Nebraska outside of Omaha and South Omaha, remitted on day of payment, per thousand, $1.50.

NEW MEXICO.

ROSWELL.

The members of the New Mexico Bankers Association have adopted rules for the collection of checks, which provide that a charge of twenty-five cents a hundred be made on all checks which bear endorsements outside of the territory of New Mexico, except Trinidad, Colorado, and El Paso, Texas. A few banks in the territory, however, do not recognize the rules and remit at lower rates to their own correspondents.

NEW YORK.

ALBANY.

There is no active clearing-house association in Albany, and while the Albany Bankers Association, comprising all the national and state banks and trust companies in the city, has adopted restrictive rules, there is none affecting the rate of exchange, so that the charge for the same is optional with each bank.

BUFFALO.

No rules on the question of exchange have been formulated by the Buffalo Clearing House Association.

NEW YORK CITY.

An amendment to the constitution of the New York Clearing House was adopted March 13, 1899, whereby the clearing-house committee established rules and regulations regarding collections outside the City of New York by members of the association, or banks, or trust companies, or others clearing through such members, and the rates to be charged for such collections.

The position taken by the associated banks in the financial centre of the country on this question very largely determined the attitude of the clearing houses throughout the United States. Besides the charges thus enforced at once led bankers throughout the country to reciprocate and whenever opportunity afforded to enforce charges in turn. The rules given below are those to which the members of the clearing house association rigidly adhere:

NEW YORK CLEARING HOUSE.

AMENDMENT TO THE CONSTITUTION.

REGARDING COLLECTIONS OUTSIDE OF THE CITY OF NEW YORK.

Add to Section 8 as follows: The clearing-house committee shall have power to establish rules and regulations regarding collections outside of the City of New York, by members of the association or banks or trust companies or others clearing through such members, and the rates to be charged for such collections, and also providing for enforcement of the same. The committee may from time to time make any additions to, or changes in, such rules and regulations as it deems judicious. After any rule or regulation upon the subject has been once established, it shall not, however, be altered or rescinded until it has been in force at least three months, except by majority vote of the clearing house association.

RULES, REGULATIONS AND CHARGES.

Pursuant to authority conferred upon it by the constitution of the New York Clearing House Association, the clearing-house committee of said association establishes the following rules and regulations regarding collections outside of the city of New York, by members of the association, or banks, trust companies, or others clearing through such members, and the rates to be charged for such collections, and also regarding enforcement of the provisions hereof:

Sec 1. These rules and regulations shall apply to all members of the association, and to all banks, trust companies or others clearing through such members. The parties to which the same so apply are hereinafter described as collecting banks.

Sec. 2. For items collected for the accounts of, or in dealings with the Governments of the United States, the state of New York, (or the city of New York,) and for items payable in the cities of (Boston, Mass., Providence, R. I., Albany, N. Y., Troy, N. Y., Jersey City, N. J., Bayonne, N. J., Hoboken, N. J., Newark, N. J., Philadelphia, Penn., Baltimore, Md.,) the charge shall in all cases be discretionary with the collecting bank and the same shall not be governed by the provisions of these rules and regulations.

Sec. 3. For all items from whomsoever received (except on those points declared discretionary in Section 2), payable at points in Connecticut, Delaware, District of Columbia, Indiana, Illinois, Kentucky, Maine, Maryland, Massachusetts, Michigan, Missouri, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Vermont, Virginia, West Virginia and Wisconsin, the collecting banks shall charge not less than one-tenth of one per cent. (1-10 per cent.) of the amount of the items respectively.

Sec. 4. For all items from whomsoever received payable at points in Alabama, Arizona, Arkansas, California, Colorado, Florida, Georgia, Idaho, Indian Territory, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Montana, Nebraska, Nevada, New Mexico, North Carolina, North Dakota, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, Texas, Utah, Washington, Wyoming and Canada, the collecting banks shall charge not less than one-quarter of one per cent. (¼ per cent.) of the amount of the items respectively.

Sec. 5. In case the charge upon any item at the rates above specified does not equal ten cents (10c.), the collecting bank shall charge not less than that sum; but all items received from any one person at the same time and payable at the same place may be added together and treated as one item for the purpose of fixing the amount chargeable.

Sec. 6. *The charges herein specified shall in all cases be collected at the time of deposit or not later than the tenth day of the following calendar month. No collecting bank shall, directly or indirectly, allow any abatement, rebate, or return for or on account of such charges or make in any form, whether of interest on balances or otherwise, any compensation therefor.*

Sec. 7. Every collecting bank, trust company or other corporation not a member of the association, but clearing through a member thereof, shall forthwith adopt by its Board of Directors a resolution in the following terms, and file a certified copy thereof with the association as evidence as therein specified:

Whereas, This corporation has acquired the privilege of clearing and making exchange of its checks through the New York clearing house association, and is subject to its rules and regulations, Now, therefore, *Be it Resolved,* that this corporation hereby in all respects assents to and agrees to be bound by and to comply with all rules and regulations regarding collections outside of the city of New York, which may be established pursuant to the constitution of said association, and that the president of this corporation is hereby instructed to file a certified copy of this resolution with the clearing house association as evidence of such assent and agreement on the part of this corporation.

SEC. 8. In case any member of the association shall learn that these rules and regulations have been violated by any of the collecting banks, it shall immediately report the facts to the chairman of the clearing-house committee, or in his absence, to the manager of the association. Upon receiving information from any source that there has been a violation of the same said chairman, or in his absence said manager shall call a meeting of the committee. The committee shall investigate the facts and determine whether a formal hearing is necessary. In case the committee so concludes, it shall instruct the manager to formulate charges and present them to the committee. A copy of the charges, together with written notice of the time and place fixed for hearing regarding the same, shall be served upon the collecting bank charged with such violation, which shall have the right at the hearing to introduce such relevant evidence and submit such argument as it may desire. The committee shall hear whatever relevant evidence may be offered by any person and whatever arguments may be submitted and shall determine whether the charges are sustained. In case it reaches the conclusion that they are, the committee shall call a special meeting of the association and report thereto the facts with its conclusions. *If the report of the committee is approved by the association, the collecting bank charged with such violation shall pay to the association the sum of five thousand dollars, and in case of a second violation of these rules and regulations, any collecting bank may also in the discretion of the association be excluded from using its privileges directly or indirectly, and, if it is a member, expelled from the association.*

Resolved, that the foregoing rules and regulations are hereby established and adopted and shall take effect upon the third day of April, 1899.

RULINGS AND INTERPRETATIONS OF SOME OF THE FOREGOING RULES AND REGULATIONS.

A—See Sec. 5.

(*Circular Letter—March 30th,* 1899.)

The attention of the clearing-house committee having been called to the fact that different interpretations have been made of the meaning of the words "at the same place," in Section 5 of the Rules regarding collections, as formulated by this committee, and it not having been intended that the word "place" in the said Section should have the same meaning as the word "point" used in the preceding Sections 3 and 4; Therefore, this committee declares that the said Section 5 shall be read so as to permit all items payable within the states, territories and districts enumerated in either Sections 3 or 4 to be added together and treated as one item when "received from any one person at the same time."

B—See Sec. 2.

(*Circular Letter—August 16th,* 1899.)

Items on banks not located at a discretionary point, stamped collectible through the clearing house at a discretionary point, are subject to the rules and charges must be made thereon. In order to permit the waiving of charges on such items, they must be made payable at a bank located at a discretionary point.

C—See Secs. 3 and 4.

(*Circular Letter—January 24th,* 1901.)

In consequence of frequent inquiries made at this office, the clearing-house committee beg to notify all banks and trust companies making exchanges through the clearing house, that items upon which appear the words, "Payable in New York exchange," or "With New York exchange," etc., are subject to the collection charges established by the clearing-house association, March 13, 1899.

D—See Sec. 2.

(*Chairman of the Clearing House Committee—December 5th,* 1901.)

In SEC. 2 the provision making the collection charge discretionary, "for items collected for the accounts of, or, in dealings with the governments of the United States, the state of New York, or the city of New York," has relation only to items *deposited by* the representatives of the various governments mentioned, and not to checks, warrants, etc., *issued* by them, and deposited by the banks' other customers.

ROCHESTER.

The Clearing House of Rochester has made the following regulations in regard to charges to be made by its members upon Rochester items collected for out of town banks:

Ten cents on amounts to $100, one-tenth of one per cent. on amounts to $1,000, $1.00 on amounts to $2,000, $1.20 on amounts above $2,000, or remittance once a week at par.

The exchange charge made to customers of the banks upon out of town items is as follows: "Minimum charge to every one one-eighth of one per cent., with no charge less than ten cents on each and every check, except when several checks are drawn on the same town, in which case the charge shall be computed on the aggregate amount of such checks." Par Points—New York, Brooklyn, Albany, Boston, Philadelphia and Chicago.

Syracuse.

The uniform rates given below went into effect in Syracuse May 1, 1901, and continue in force up to the present time.

For all local checks received from outside parties other than banks and regular depositors, amounting to $150 or less, not less than fifteen cents; over $150, not less than one-tenth of one per cent.

Upon all sight and time drafts received from outside parties, other than banks and regular depositors, for each item up to $200, not less than twenty-five cents; over $200, not less than one-eighth of one per cent.

NORTH CAROLINA.

Wilmington.

The Clearing House Association of Wilmington has adopted a very elaborate schedule of collection charges. In substance it is as follows:

Remittance Schedule No. 4—The Wilmington, N. C., Clearing House Association.

The following will be the minimum rates; maintained until further notice, covering daily remittance for all items:

Wilmington items at 1-10 per cent., $5,000 and over at 1-20 per cent.

All points north and west of North Carolina, and the following points in North Carolina, South Carolina, Georgia, Alabama and Louisiana at 1-8.

North Carolina: Asheville, Charlotte, Durham, Goldsboro, Greensboro, High Point, Newbern, Raleigh, Salisbury, Winston.

South Carolina: Bennettsville, Charleston, Columbia, Conway, Georgetown, Greenville, Newberry, Spartanburg, Sumter, Union.

Georgia: Albany, Americus, Athens, Atlanta, Augusta, Columbus, Dawson, Dublin, Griffin, Macon, Milledgeville, Savannah, Thomasville, Valdosta, Waynesboro.

Alabama: Birmingham, Mobile, Montgomery.

Louisiana: New Orleans.

All other points remitted at rates not less than 1-4 of 1 per cent. Effective Nov. 11, 1907.

NORTH DAKOTA.

Fargo.

No clearing-house regulations on the subject of exchange are in force in Fargo, the charges of the banks are based on the time and expense in making the collections. The rates are moderate and probably at no far distant time it is thought the clearing-house will adopt regulations concerning the question.

OHIO.

Canton.

No uniform scale of charges has been adopted by the Canton Clearing House; the general charge is one-tenth of one per cent., with a minimum charge of ten cents.

Cleveland.

There is no rule in force as to the collection of checks, drafts and notes in Cleveland. Generally speaking, it is the practice of the banks to receive most of such items at par, but each bank acts for itself in the matter.

Dayton.

The Dayton Clearing House has adopted no rules governing the question of exchange, except that it requires its members to take a minimum charge of five cents on every New York draft issued. In a general way no charge is made by the Dayton banks to their customers or correspondents for handling checks, drafts, etc.

Springfield.

The Clearing House Association of Springfield, Ohio, has not considered it to be desirable to make any rules concerning the question of exchange.

Toledo.

In common with many Ohio towns the Toledo Clearing House Association has not adopted any rules on the question, each bank charging exchange or not as they elect.

Youngstown.

No rules have been adopted by the Clearing House Association of Youngstown on the subject.

OKLAHOMA.

Guthrie.

Under the rules of the Guthrie Clearing House the following are the rates of exchange in force:

Checks and drafts sent as cash items, ten cents per hundred or fraction part thereof on the total footings of the letters. Street collections sent as cash items from fifteen to twenty-five cents per hundred at the option of the collecting bank. No protest drafts and notes sent for collection twenty-five cents for each collection under $100.00 and at the rate of twenty-five cents per hundred for amounts exceeding $100.00.

OREGON.

Eugene.

The Eugene Clearing House Association has adopted the following rates for exchange charges:

To $25.00, five cents; from $25.00 to $100.00, ten cents; from $100.00 up, at the rate of five cents per hundred or fraction.

Charges for note collection have been left to the collecting bank, but the prevailing rate depends on the trouble in collecting, usually a trifle higher than for exchange.

Portland.

The Portland Clearing House has not adopted any rules on the subject.

PENNSYLVANIA.

Chester.

The banks of Chester act independently on the question and are not governed by the rules of the clearing house. The general practice is to charge exchange only on items received direct from banks and others not regular correspondents.

Easton.

No rules have been adopted by the Easton Clearing House on the subject. The present rates vary from ten to twenty cents per hundred according to the size of the article.

Erie.

The Erie Clearing House Association has not passed any rules on the subject. For the past five years very little exchange has been charged by the banks.

Homestead.

The rules of the clearing house association necessitate a charge on items less than $100.00 of one-tenth of one per cent. Items above this amount one-twentieth of one per cent. and special rates for very large items.

Philadelphia.

Each member of the Philadelphia Clearing House is left free to act in the matter as may seem most desirable to the individual bank.

Pittsburgh.

Each bank is permitted by the association to make best arrangements with its customers without any restrictions by the association.

Wilkesbarre.

No regulations have been adopted to govern exchange charges by the Wilkesbarre Clearing House. The prevailing rate of exchange is one-tenth of one per cent., with deductions for large items.

York.

No system of charges adopted by the clearing-house is in force in York. The average rate of exchange is one-tenth of one per cent.

RHODE ISLAND.

Providence.

Each bank in Providence is permitted by the association to make its own arrangements, no rules having been adopted.

TENNESSEE.

Chattanooga.

On July 1, 1908, the clearing-house felt compelled to enforce regulations governing charges for collections, due to the fact of the increasing cost of collection of out-of-town items. The rates are as follows:

Points in Alabama, Florida, Georgia, Louisiana, Mississippi, North and South Carolina, Tennessee, and on states west of the Mississippi River will be charged for at the rate of $1.00 per thousand.

On the following cities in the states mentioned the above charge will be discretionary with said banks: In Tennessee, the cities of Bristol, Clarksville, Knoxville, Jackson, Nashville, and Memphis; in Missouri, Kansas City, and St. Louis; in Louisiana, New Orleans; in Georgia, Rome, Macon, Atlanta, and Savannah; and in Alabama, Birmingham and Mobile.

All charges herein specified are collected at time of deposit, or not later than the tenth of the following calendar month.

Knoxville.

There has been no agreement made for a clearing-house in this city.

Memphis.

No rules have been passed on the subject.

Nashville.

On March 1, 1907, the Nashville Clearing House put into operation the following schedule of exchange charges on out-of-town items received for deposit locally, and on December 9, 1907, a schedule was adopted to govern items received from out-of-town sources for credit or remittance. The schedules are given in the order named:

1. The banks, bankers, and trust companies of Nashville shall make a minimum charge of $1.00 per M on items drawn on or payable at Nashville, and a minimum charge of $1.50 per M on items drawn on all other Tennessee points, received for collection or credit, bearing the endorsement of, or drawn by banks, bankers, trust companies, corporations or firms located in states other than Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, South Carolina, and Tennessee. The city of Cincinnati, Ohio, shall be exempt from this charge only as to items received by banks, bankers, and trust companies of that city over the counter, and those bearing Kentucky endorsements only. The minimum charge to be fifteen cents (15 cts.) on items under $100 or items aggregating $100.

2. Tennessee items drawn by, or bearing the endorsements of Tennessee banks, bankers, trust companies, firms, corporations or individuals, but sent out of the state for collection, shall be subject to the charge mentioned in Section 1.

Schedule of exchange to be charged by Nashville banks on out-of-town items received on deposit, effective December 9, 1907.

At the rate of $2.50 per thousand: On all points in the states of Alabama, Florida, Georgia, Louisiana (except New Orleans), Mississippi, North and South Carolina, and on states west of the Mississippi River.

At the rate of $1.50 per thousand: On all points in the states north of Tennessee and Kentucky, except Baltimore, Md., Boston, Mass., Chicago, Ill., Cincinnati, Ohio, Cleveland, Ohio, New York city, Philadelphia, Pa., Pittsburgh, Pa., and Washington, D. C.

At the rate of $1.00 per thousand: On all points in the states of Kentucky (except Louisville), and in Tennessee except the following named places, which may be taken at par: Carthage, Centreville, Chattanooga, Clarksville, Columbia, Dickson, Dyersburg, Fayetteville, Franklin, Gallatin, Hartsville, Huntingdon, Jackson, Knoxville, Lawrenceburg, Lebanon, Lewisburg, Martin, Memphis, McMinnville, Mt. Pleasant, Murfreesboro, Pulaski, Shelbyville, Springfield, Trenton, Union City, Winchester.

TEXAS.

Austin.

No regulations have been adopted by the Austin Clearing House.

Dallas.

Each bank is free to collect items, fixing its own rate.

San Antonio.

No agreement has been adopted by the Clearing House of San Antonio on the subject.

UTAH.

Salt Lake City.

The rules and regulations of the Sale Lake City Clearing House Association have been very carefully drawn up and the various questions on the subject of exchange carefully arranged. A charge of five cents on amounts under $50.00, and one-tenth of one per cent. over that amount, is made for all domestic exchange sold. On telegraphic transfers a minimum charge of fifty cents. One-fourth of one per cent. on all amounts up to $1,000.00; over that amount one-eighth of one per cent. A charge of one-tenth of one per cent. is made on all items received for collection, and in the event of failure to collect a minimum of fifteen cents is made to defray the cost of handling the same. A charge of not less than one-tenth of one per cent. is made on all sight drafts when drawn on any point where the days of grace are allowed.

VIRGINIA.

Newport News.

There are no rules established by the Clearing House of Newport News for the collection of checks, drafts, and notes. The customary charge is one-tenth of one per cent.

Norfolk.

On all items received on deposit, payable at points south of Virginia and Kentucky and west of the Mississippi River, the collecting bank shall charge one-fourth (¼) of one per cent. (1 per cent.) of the items, respectively. No single item to be charged less than ten cents (10c.), but several items received from the same party at the same time and payable at the same town, may be added together and treated as one item for the purpose of fixing the amount chargeable. This rule, however, shall not apply to items received from transportation companies, out-of-town banks and out-of-town depositors.

Richmond.

The question of exchange has been agitated since 1892, but no agreement has been arrived at, owing to the opposition on the part of one or two prominent banks. Each bank adjusts the matter to suit itself.

WASHINGTON.

Seattle.

On March 4, 1904, the Seattle Clearing House enacted the following rules governing exchange. On all eastern points, one-eighth of one per cent.; on San Francisco one-tenth of one per cent., with a minimum charge of ten cents.

Spokane.

The rate of exchange on drafts sold to customers is one-tenth of one per cent.; minimum charge for any draft, ten cents, except drafts under $25.00 amount charged may be five cents. "The minimum rate for collections made shall be one-eighth of one per cent." "On all checks bearing the endorsement of banks outside of Wasington, eastern Oregon, Idaho, Montana, and British Columbia, a minimum charge of one-eighth of one per cent. shall be made. This is not applied to bank drafts drawn on Spokane."

WEST VIRGINIA.

Wheeling.

Each bank in Wheeling fixes its own rates of exchange and method of handling items. The usual charge, remitting daily, is one-twentieth of one per cent.

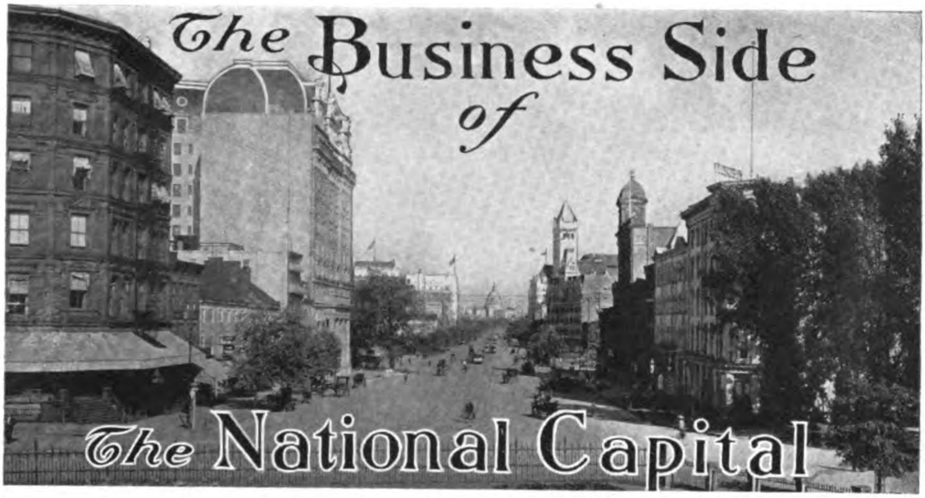
WISCONSIN.

Milwaukee.

There are no fixed rules on exchange charge by the banks and trust companies in Milwaukee.

Superior.

The Clearing House of Superior has no fixed rules on the question. On the cash items the usual rate is one-tenth of one per cent., while on collections the charge is twenty-five cents the first $100.00, and one-tenth of one per cent. in addition for amounts above that.



WASHINGTON'S COMMERCIAL AND FINANCIAL DEVELOPMENT.

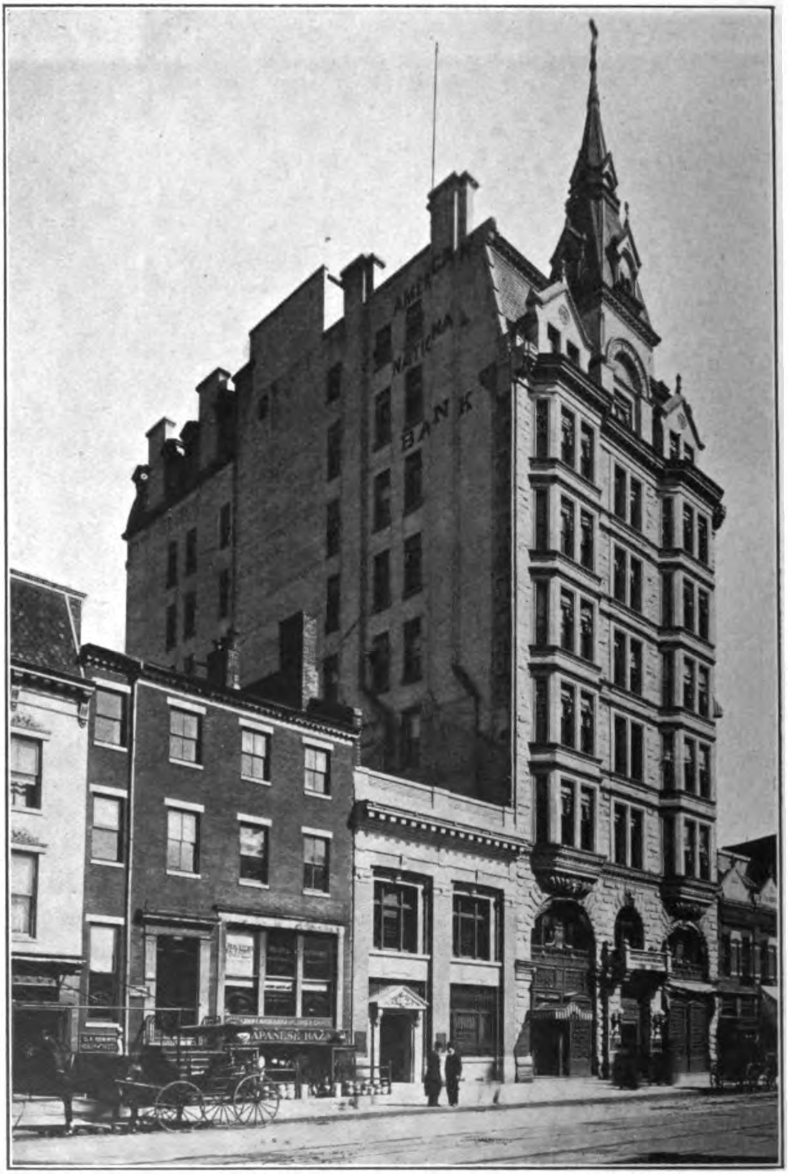
By Edward White.

COMMERCE recognizes only one line of demarcation, and that is where population ends—where there are no people to trade. Where a country is peopled at all there must be barter and trade, and the greater the population of a given community, the greater must the trade become. The principle of this fixed law may be extended until it is seen that trade in the highest sense, such as wholesaling and jobbing, and even manufacturing, must play a conspicuous part in the development and upbuilding of every large city. In fact large cities—cities of the first class—can be built on no other kind of a foundation. That is not to say that political centers are destructive, but they are deficient in constructiveness. They lack the elements so essential in the creation of large municipalities, namely, strong commercial competition, attractions and inducements for out-of-town merchants, and the employment of labor.

Co-operative Effort.

Realizing the importance of these truths, and their bearing upon the future welfare of their city, a number of Washington's most enterprising and public-spirited business men have set about, within the past year, to build up the wholesale and jobbing interests of the city and attract the trade of distant and nearby merchants, using the organization of the Chamber of Commerce as the means for accomplishing that end. It is one of the most praiseworthy efforts ever made by a commercial organization of any kind, having for its ultimate object the upbuilding of a capital of the United States commensurate in size and business importance with one of the greatest nations on earth. It is an effort above and beyond the mere consideration of dollars and cents and barter and trade. It appeals to the pride of every patriotic citizen, and nothing should impede its progress.

International Banking Corporation.



American National Bank, F Street, N. W.

Organized 1903. Resources over $3,500,000; surplus and profits over $185,000.00. R. H. Lynn, President; W. T. Galliher, First Vice-President; C. H. Livingstone, Second Vice-President; William Selby, Cashier; A. C. West, Assistant Cashier; J. W. Williams, Assistant Cashier; Edmund S. Wolfe, Assistant Cashier. Directors, James M. Baker, Lester A. Barr, Geo. M. Bowers, G. B. Chipman, L. A. Clark, J. H. Cranford, Jno. T. Crowley, B. L. Dulaney, T. C. Dulin, Davis Elkins, Azel Ford, W. T. Galliher, Isaac Gans, Griffin Halstead, Jas. B. Henderson, J. Whit. Herron, W. S. Hoge, B. Leonard, Irwin B. Linton, C. H. Livingstone, R. H. Lynn, L. A. Maedel, William Selby, Jas. F. Shea, Thos. Somerville, J. Stanley-Brown, Geo. E. Walker, Nathan Wallerstein and J. C. Weeden.

Section of Pennsylvania Avenue.

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A Sure Foundation.

Up to the present time the development of the jobbing trade of Washington has been more a matter of necessity than a voluntary growth. Nearly all the houses now doing business in the city were originally retail establishments, which began jobbing simply as a sort of side issue, to meet the wants or requirements of out-of-town buyers. It required but little additional capital and scarcely no risk to enter the new field, and when once engaged in it it was found so much more profitable and satisfactory than retailing that the lines and the territory were gradually extended until an exclusive wholesale business was established. This is being done by various firms in Washington to-day, and the Washington market is becoming known in many states.

Potent Reasons for a Large Capital City.

There are many reasons why Washington should become a great wholesale market, and therefore an important financial center, but the chief one is that it is the nation's capital and should become one of its leading cities, and the further reason that it has so many attractions for the sight-seer. The average country merchant spends two weeks in each year away from his business—when he goes to market to "stock up." It is but reasonable, therefore, that he should prefer to go where he can be entertained the best—get the most for his money in sight-seeing—and how natural for him to come to Washington, where he can buy his goods and at the same time be entertainingly relieved from his business cares.

The Retailer Also Gets a Benefit.

And by inducing the country merchant to come to Washington to buy his goods still another purpose is served—that of increasing the trade of the local retailer. The out-of-town merchant not infrequently brings with him at least one member of his family—usually a feminine member—who visits the shops and stores and makes purchases to carry something home from Washington. The volume of Washington's retail trade is already very large, as may be seen in the statement of a New York salesman to the effect that he sold more goods to the department stores of Washington than he did to the department stores of a certain city more than twice the size of the capital city.

Needed Lines Will Be Supplied.

There are only a few lines needed to make Washington a full market for the trader and these will undoubtedly be added in a short time. Nothing can prevent the

of Washington.

establishment of houses in these needed lines. The opportunities are too great to cause them to be overlooked.

Development as a Financial Center.

Washington has witnessed the upbuilding of some strong financial institutions within the past few years, and the next decade will be much more fruitful in that line. Every department of banking is represented here—commercial, trust and savings, and in addition to the organized institutions there are several private banking houses of considerable importance in the city. All the organized banks are under the direct supervision of the Comptroller of the Currency, an arrangement which safeguards all alike.

Splendid Bank Buildings.

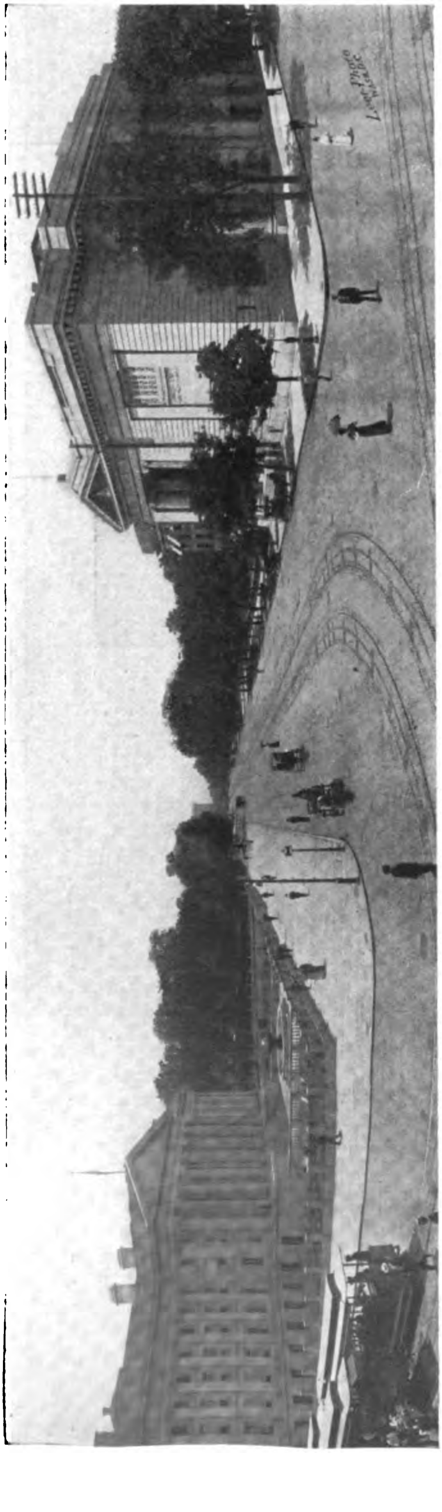
The buildings of the Washington banks and trust companies are among the finest and best equipped in the United States. Some of them are splendid specimens of architectural beauty, and all are designed and arranged for the comfort and convenience of bankers and customers. Cuts of several of the buildings adorn these pages.

Industrial and Commercial Advancement.

George Washington predicted that "Washington city will in time become the greatest commercial emporium of the American people." The signs of the times point to a fulfillment of that prophecy. As has already been shown, the city is becoming known as a jobbing centre, and its growth along that line will undoubtedly be much greater in the future. Attention is now directed to the manufacturing development of Washington. It is true, heavy manufacturing, which require extensive plants, producing smoke and dirt as well as goods, will not be tolerated within the city, but the most profitable lines of manufacturing, which turn out goods of greater intrinsic value and greater general utility than the big smoky mills, can be safely and profitably conducted here. For many years the United States Government has operated factories, chiefly in printing and allied arts, and no one has ever thought of prohibiting this development in manufacturing in the national capital. These Government plants now represent an actual investment of $26,000,000, their pay rolls amount to $10,000,000 annually, and the value of their products reaches a total of $16,000,000.

Evidences of Thrift.

Private enterprises are in operation under a total investment of $22,000,000, disbursing over $4,000,000 in wages and turning out



U. S. Treasury. Pennsylvania Avenue. Riggs National Bank. American Security and Trust Co.

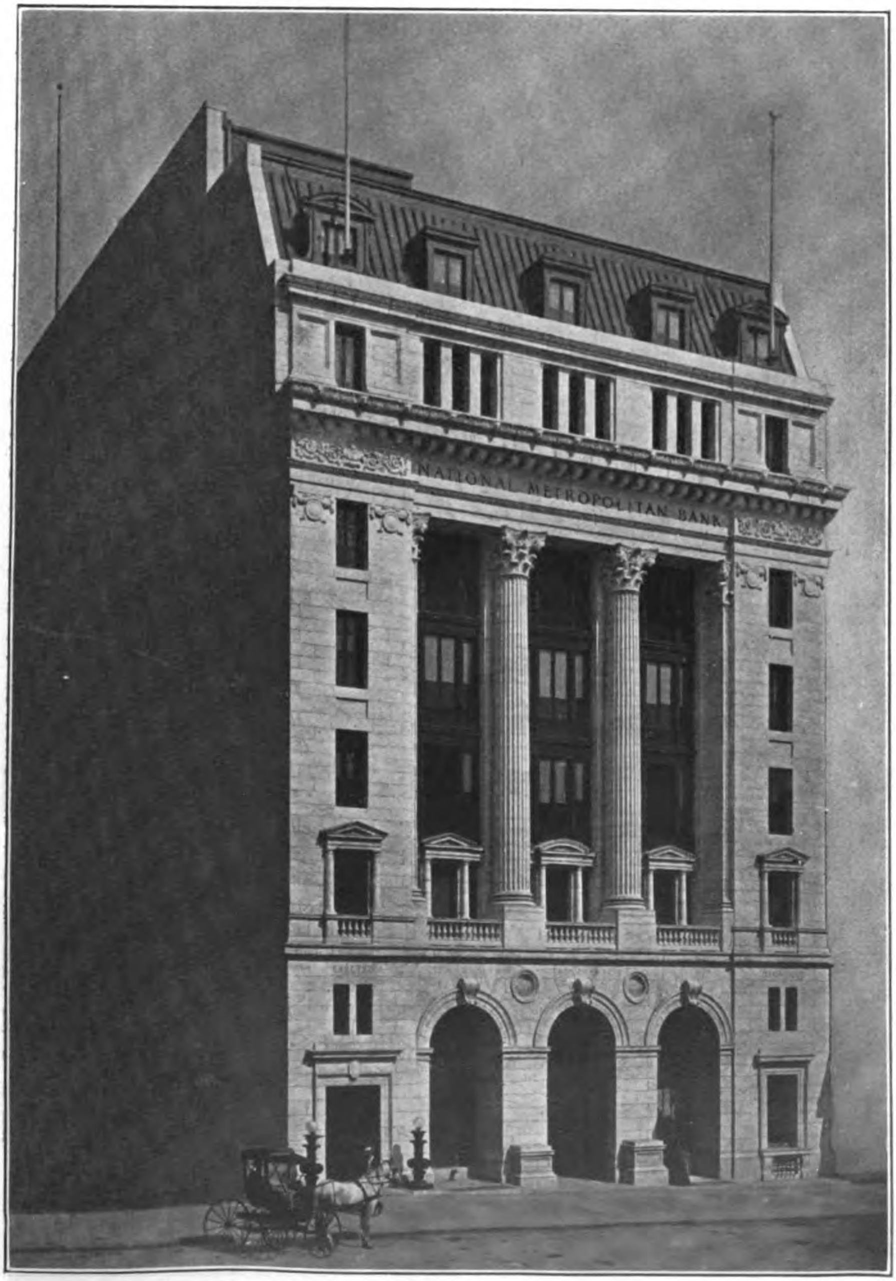
products with a total annual value of $20,-000,000. All these institutions are working under prosperous conditions. An instance in point may be cited in the case of the Cragg Manufacturing Company, a concern making tools and light machinery for inventors. The business was started a few years ago with a capital of $1,800 and a working force of the proprietor and two apprentice boys. Now eighteen skilled specialists in die and tool making are required, and the plant is valued at fifty times the original capital.

W. B. Hibbs & Co., Bankers.

The District of Columbia Paper Company began business in 1899, with capital of $50,000, and now has plant and stock valued at $400,000. In the beginning the concern made one ton of blotting paper a day. It is now making ten tons of paper a day. Competes with Richmond, New York, and Philadelphia mills.

Chamber of Commerce for Information.

The Washington Chamber of Commerce, Mr. Thomas Grant, secretary, offers facilities to bona fide investors for securing the very best information as to location, sites,



National Metropolitan Bank.

transportation, etc. The advantages of Washington are superior to many other cities, and the Chamber is ready with the proof of this assertion.

An Expert Opinion.

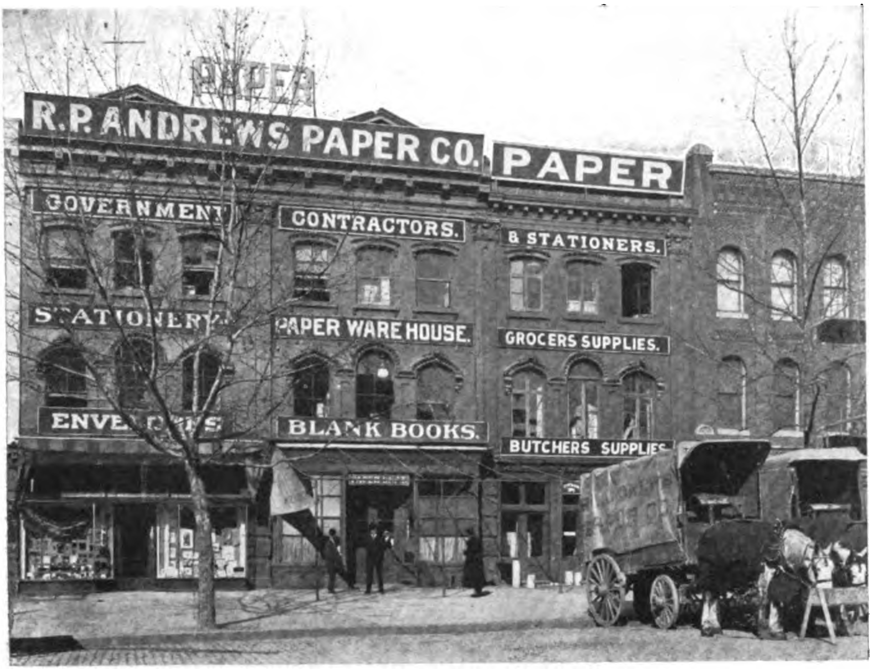
Senator Stephen B. Elkins of West Virginia, who is known as one of the industrial magnates of the United States, said to an editorial representative of the Washington *Times:*

"Washington is destined to become a great manufacturing and commercial city, rivaling Philadelphia and Baltimore, and reaping more than either of them the advantages growing out of the development of the great South. At the present depth of tide-water, all kinds of coastwise commerce can be carried on, and even trans-Atlantic commerce will spring up. Fruit vessels from Italy and the West Indies can discharge cargoes at Washington and carry away coal and manufactured products.

"There is no reason why Washington should not become a greater coal distributing centre than Baltimore, both by water and rail. As for manufacturing, the advantages of the south side of the Potomac, adjacent to this city, are unexcelled. All kinds of raw material can be laid down there as cheaply as at any other point on the Atlantic seaboard. The products of the entire South can be drawn there, to be worked into manufactures. Coal, lumber and cotton can be laid down there to the greatest advantage.

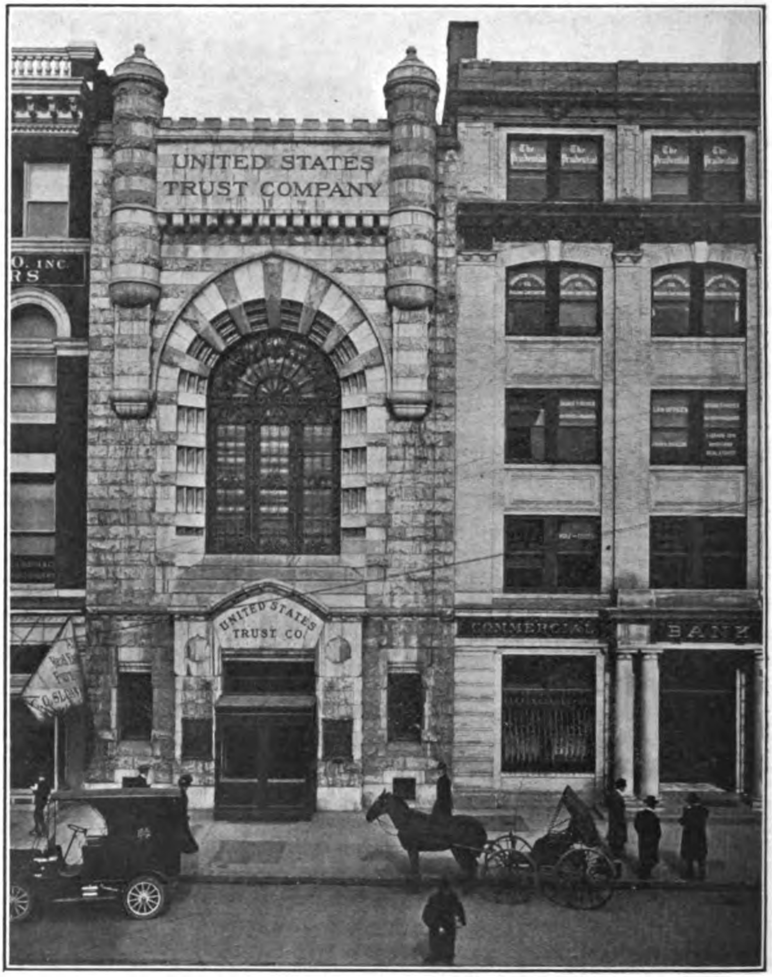
"This city within twenty-five years," he concludes, "will have a million inhabitants, in my opinion."

Union Trust Company.



A Typical Wholesale House.

Interior of a Washington Manufacturing Establishment.



United States Trust Company, G Street, N. W. Capital, $1,000,000.

Transportation.

From the booklet, "Washington," issued by the Washington Chamber of Commerce: "The railroads of the North and South converge at Washington and the Potomac affords water transportation to all Atlantic seaboard ports. The Wabash is now projecting a line into the District and the Pennsylvania Railroad has invested $3,000,000 in freight handling facilities on the south bank of the river. The Baltimore and Ohio Railroad has also established ideal freight facilities along its main line, just north of the Union Station and a freight line into Georgetown is projected for the near future. The trackage facilities afforded have resulted in one case, in the establishment of the largest hay house in the country, with a capacity of 200 cars. The track from the B. & O. runs directly into the structure, so that there is no expense necessary for hauling or second or third handling."

Present Condition of Banks.

A condensed statement of the condition of the Washington banks and trust companies appears in comprehensive form on the opposite page. The statement shows a remarkable increase.

Annual Bank Clearings.

The following statement of the bank clearings of Washington by years is furnished by J. Gales Moore, secretary and Manager of the Washington Clearing-House Association. The association was established in 1887:

WASHINGTON BANKS AND TRUST COMPANIES

Condition February 5, 1909

NATIONAL BANKS

(10 in number)

Loans and Discounts	$18,733,190
Individual Deposits	22,286,140
Capital, Surplus and Profits	9,674,515
Total Resources	43,969,443

TRUST COMPANIES

(5 in number)

Loans and Discounts	$20,826,541
Individual Deposits	22,595,978
Capital, Surplus and Profits	11,787,441
Total Resources	35,251,725

SAVINGS BANKS

(11 in number)

Loans	$5,192,135
Individual Deposits	6,705,290
Capital, Surplus and Profits	1,512,952
Total Resources	8,413,415

Combined Resources in 1909	$87,634,583
Combined Resources in 1873	4,473,325

INCREASE IN 36 YEARS, 2,000 PER CENT

1888	$ 44,134,666
1889	58,729,085
1890	85,231,228
1891	88,355,109
1892	105,201,551
1893	94,790,922
1894	83,488,861
1895	96,686,361
1896	95,626,377
1897	98,055,901
1898	103,143,430
1899	123,893,535
1900	129,360,016
1901	143,065,791
1902	188,315,053
1903	206,523,255
1904	215,877,013
1905	255,100,031
1906	291,178,322
1907	302,108,403
1908	278,079,235

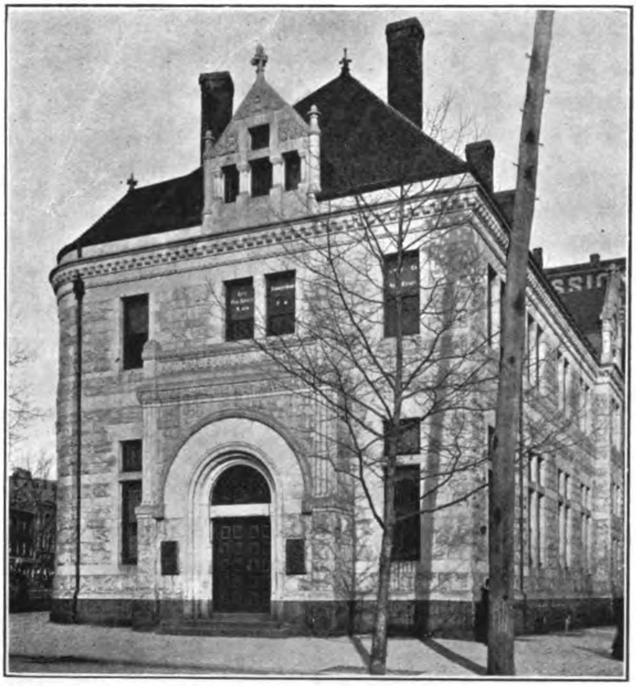
Panic Decline of Clearings.

From the following table compiled from advance sheets of the Report for the Comptroller of the Currency for 1908, it will be seen that Washington stood the ordeal of the recent panic much better than several other cities. The report embraces the year ending September 30, 1908:

	Percentage of Decline of Clearings.
Washington	12.8
New York	23
Boston	17.1
Pittsburgh	21.2
Baltimore	16.1
Albany	24.3
United States	18.7

Commercial National Bank.

Organized 1904. Capital, surplus and profits, $742,386; deposits, $2,640,669; total resources, $4,067,875. Frederick C. Stevens, President; A. G. Clapham and N. H. Shea, Vice-Presidents; George O. Walson, Cashier. Directors, P. J. Brennan, Walter A. Brown, W. A. H. Church, Myer Cohen, James A. Cahill, A. G. Clapham, Samuel G. Cornwell, Michael J. Colbert, H. Bradley Davidson, J. J. Darlington, Victor B. Deyher, Eldridge E. Jordan, Rudolph Kauffmann, Ralph W. Lee, William F. Ham, Arthur C. Moses, W. A. Mearns, Jno. L. Newbold, Clarence B. Rheem, F. C. Stevens, N. H. Shea, Charles F. Schneider.



Washington National Bank.

American Security and Trust Company.

VICE-PRESIDENT OF THE MANHATTAN COMPANY.

PIERRE JAY, who has been Bank Commissioner of Massachusetts, since that office was created in 1906, has come to New York to accept the vice-presidency of the Bank of the Manhattan Company.

Mr. Jay was born at Warwick, N. Y., thirty-nine years ago. He was graduated from Yale University in 1892. For some years prior to 1903 he was in charge of the bond and investment department of the firm of Post & Flagg, New York, but in the year named he went to Boston to become vice-president of the Old Colony Trust Co., which position he held until his appointment as Savings Bank Commissioner. This office, Mr. Jay has filled to the satisfaction of every banker in the State, and there are those who say that it will be hard to find another man to take his place.

PIERRE JAY
New Vice-President of the Manhattan Company.

ENGRAVING IN SCOTLAND.

IN reply to an inquiry from a firm of chemists in Baltimore, Consul J. N. McCunn, of Glasgow, furnishes the following information concerning bank note and other engraving in Scotland:

The Scottish banks issue bank notes of the following denominations: £1, £5, £10, £20, £50, and £100, but the smaller denominations of these, unlike the notes issued by the Bank of England, remain in circulation a very long time, being taken in and given out by the banks in the same way as coin. The Scottish banks are only allowed to issue notes to the amount of gold reserve they hold, and consequently the notes are kept in circulation until practically worn out.

Only two Glasgow banks engrave their own notes, the others being made in London. The colors used are blue, yellow, green, black and red, and the quantity, approximately, in the same respective order.

There is also a certain amount of map engraving, picture work and calico printing engraving, though this latter is gradually being concentrated in Manchester. A considerable amount of lithographic engraving and die stamping work is done here, but in these cases the copper plates are chiefly used for transfers for the stones. There are also several large engraving firms in Edinburg.

BANK YOUR MONEY OR GO TO WORKHOUSE.

JUDGE C. L. Smith, who presides over a police court in Minneapolis, Minn., has a plan in actual operation which he believes will do much to lessen the number of spendthrift offenders that appear before him from time to time.

One man told the judge that he was earning $60 a month and that it cost him $20 a month for board and room. Judge Smith thought it would be no hard matter for him to save $10 a month so he put him on probation provided that he would put away $10 each month for ten months. Another man was given probation on consideration that he put away $5 a month and still another was told to save $15 per month for ten months.

"Some of these men could have big bank accounts if they did not spend so much of their money for drink," said Judge Smith. "I think it is a good plan to make them save money if they won't do it otherwise."

CURRENT OPINION

NOTE ISSUES BY THE BANKS INSTEAD OF BY THE GOVERNMENT.

IN a recent number of Scribner's Magazine, J. Lawrence Laughlin discusses the issue of notes by banks instead of by the government, and proves to the reader's satisfaction that banks, by all means, should have the sole issue of our notes. Part of Mr. Laughlin's article follows:

When we come to positive arguments in favor of assigning to banks the duty of issuing the notes needed by the trade of our country, we are obliged to ask: What other institutions than banks exist which can know when and for how much a demand exists for notes in transactions which cannot be performed by checks? Certainly. Congress cannot know. Whether we like banks or not, the fact is that they are the institutions of credit, evolved by centuries to serve the needs of trade; and whether they like it or not, the banks must satisfy these needs, or cease to exist. Through them idle and new funds pass into the hands of producers; they disburse capital; and they alone can know in just what way the public wish the capital transferred to it—whether through the medium of gold, silver, paper money or checks. In this respect the bank is the slave of the business public. If the public wish only a deposit account, the banks provide it; if they wish notes, the bank must give notes. If such be the case, the banks are the only organizations which can provide an elastic currency. The Treasury cannot do it. As a matter of fact, the greenbacks have been rigidly limited since 1878. Although the present bond circulation of the banks can never be anything but inelastic, since the amount of notes is made to depend upon the price of bonds and the rate of interest, the banks can be given a safe method of issues, quickly redeemable, such as would provide the necessary seasoned elasticity not possible in government issues—elasticity, of course, which contracts as well as expands. Leaving the elasticity to the banks is the only democratic way.

Elasticity in Time of Crisis.

Far different, however, from this seasonal elasticity is the demand for elasticity in a time of crisis. In such a crisis as that of 1907, when an antecedent expansion of speculation, undue rise of prices and reckless promotion had paved the way for disaster, an elastic currency, although it could not have prevented the panic, would yet have in a great measure modified the severity of the crisis. In times of emergency such as this, instant response to the need, and at the spot where the need exists, could have been made only by banks to their borrowers. A Treasury expansion, publicly advertised, would have been a certain means of frightening depositors and borrowers, and would have aggravated the disaster. It being understood that convertibility into gold is the prime requisite either of government or bank issues, it is appropriate to note that the cost of maintaining coin reserves, which we found to be so heavy in the case of the greenbacks, would be removed from the people and put wholly upon the banks, were the latter to be required to furnish the notes. In truth, the banks would never have any real difficulty in maintaining gold payments, provided the government preserved the gold standard and redeemed its own obligations in gold. The national bank note has from the beginning always been as good as the government note into which it was convertible; and the most significant thing in this result is that the national bank notes have not been and are not now a full legal tender. Clearly enough, more depends on redeemability than on legal tender.

Fulfilling Obligations.

If the government at any time needs gold it has to go to the banks or to allied institutions to get it. But if the banks were delinquent in maintaining redemption, have we any means of compulsion to keep them up to the mark? Certainly the bank occupies a better position, in this respect, than the government. A bank failing to redeem can be immediately sued in the courts, and can be obliged to keep its promises or go into liquidation. Not so with the Treasury. If the Treasury ceases to redeem it cannot be compelled to fulfil its obligations against its own consent. Only if Congress permits can the holder of its note proceed against the government for failure to redeem. For seventeen years, 1862-1878, the government was in fact derelict in paying coin, and was able to do so with impunity. The great wealth of the country did not save us from this ignominy. Yet the opinion is prevalent that the whole wealth of the nation lies behind the government paper, for which the credit of the country is pledged. Therefore, government issues would have a greater safety than those of banks.

Paper Money and Country's Wealth.

Then, if there is no limit to taxation and borrowing, say government paper advocates, the state can always secure gold enough to maintain its paper at par. But men do not always do what they ought to do. And if there is boundless wealth, but if none of it is taken to secure the paper, the great wealth of the country adds no more value to the paper than a summer's crop of thistledown. Moreover, the Treasury may have reached its limits of taxation and borrowing by expenditures for war, or for things other than the paper money. And since it cannot be required by court procedure to redeem its money, if it wishes not to redeem, then it is clear that the character of the paper is dependent not on the wealth of the country, but on the whims of Congress to whom the currency is subject. The case is even more favorable for the banks than this. Apply to government paper the same test as that applied to bank notes. If a bank issues its notes as the result of a loan it must receive assets in the form of securities as an equivalent

Favoring Bank Issues

Since the quality of the government paper is not really maintained by the wealth of a country—any more than the thirst of a prisoner in a dungeon is slaked from the cool lake he sees outside—it is obvious that the value of the paper is determined by the action of a Congress usually made up of active politicians. In short, government notes are at the mercy of every passing whim of the voters, whom the politicians sedulously court. Money should be left to experts; but, in fact, government paper never can be so left, as long as it is the plaything of politics. That is the curse of all government issues of notes, just as it is the curse of custom duties which are made political issues. Therefore, the strongest possible reason for relegating the system of paper issues to the banks, under general rules fully providing for elasticity and safety, is that they would be entirely removed from politics. If no other argument were presented this one alone, judging not by theory, but by actual experience, should be sufficient to induce us to decide in favor of bank issues. And this conclusion seems to have been already reached by those great commercial nations which are our closest rivals for the trade of the world.

ROOSEVELT ON SOCIALISM.

THE following words are from the pen of Theodore Roosevelt and appeared in the Outlook of March 20:

We need have but scant patience with those who assert that modern conditions are all that they should be, or that they cannot be improved. There are dreadful woes in modern life, dreadful suffering among some of those who toil, brutal wrong-doing among some of those who make colossal fortunes by exploiting the toilers. It is the duty of every honest and upright man, of every man who holds within his breast the capacity for righteous indignation, to recognize these wrongs, and to strive with all his might to bring about a better condition of things. But he will never bring about this better condition by mistating facts and advocating remedies which are not merely false, but fatal.

AMERICAN PLAN OF OLD AGE PENSIONS.

IN the "National Civic Federation Review" of March 1 appears the following on old-age pensions, by Andrew Carnegie:

There are two systems now in Europe: the German, that is a contributory system, which requires a man himself to contribute in his youth toward the pension he is to receive in his old age. I think that is a most salutary feature. It gives a man that feeling of independence and true manhood that he is doing for himself, and when he has contributed to his pension, and the time comes to get it, it is not another's money he is getting—it is his own. I would not sacrifice the manly, independent spirit of the American for a great deal.

The British system is not contributory. It resembles a charity, given to all without their participation, and I cannot think that it has as stimulating an effect upon the young man as the German.

There is a third plan—because in this country of ours we are never far behind—in which I have been deeply interested, and that is the Massachusetts insurance plan. That is wholly contributory and the State Government has nothing to do with it. The banks and savings banks of Massachusetts are now permitted to issue insurance policies, and these are kept sacred from the banking department under strict supervision of the state, and there is no danger that the man who insures himself will not receive his pension at the time stated. I rather like the American plan, although it is premature to decide upon any plan.

MUTUAL AND OTHER SAVINGS BANKS.

SOME time in February a committee of the American Bankers' Association on postal savings banks appeared before a sub-committee of the House of Representatives and gave their arguments against the proposed legislation for postal savings banks.

Lucius Teter, chairman of the visiting committee, and president of the Chicago Savings Bank and Trust Company, upon his return to Chicago said:

There has developed in practically all of the states west of the Allegheny Mountains a considerable volume of savings deposits, which is held by capitalized institutions organized under more or less satisfactory state banking laws. Here is a point that I wish to make quite clear: While we are willing to admit the ideal character of mutual savings institutions, we are quite positive that their organization in the West was and probably always will be impossible. I wish also to have it understood that we have a great number of institutions that are well equipped for the handling of savings deposits, and that are doing so to the entire satisfaction of the depositors.

The Postmaster General, in illustrating the need for postal savings banks, has taken record of the mutual savings banks of the country, about 1,300 in number, and arbitrarily declared that these and these alone are the savings institutions of the United States, while, as a matter of fact, there are about 22,000 banks of all kinds in the United States, and it is very conservative to say that fully 75 per cent. of these institutions receive savings deposits, turning these deposits into channels of business in their own neighborhoods, thus directly assisting in the upbuilding of their several communities.

Practically all of the remaining 25 per cent. of the banks in the United States take small deposits and issue certificates of deposit therefor, which in the final analysis amounts to a savings bank service. So it is that while the mutual savings banks of the United States have approximately $3,500,000,000 of savings deposits, an authority in financial matters has recently said that the grand total of savings deposits of mutual, state and national banks will certainly approximate $6,000,000,000. I believe that this statement is conservative. In my judgment the total is even greater.

PRESIDENT TAFT ON OUR MONETARY AND BANKING LAWS.

IN his inaugural address, delivered March 4, President Taft said:

One of the reforms to be carried out during the incoming Administration is a change of our monetary and banking laws so as to secure greater elasticity in the forms of currency available for trade and to prevent the limitations of law from operating to increase the embarrassments of a financial panic. The Monetary Commission lately appointed is giving full consideration to existing conditions and to all proposed remedies and will doubtless suggest one that will meet the requirements of business and of public interest. We may hope that the report will embody neither the narrow view of those who believe that the sole purpose of the new system should be to secure a large return on banking capital nor of those who would have greater expansion of currency with little regard to provisions for its immediate redemption or ultimate security.

There is no subject of economic discussion so intricate and so likely to evoke differing views and dogmatic statements as this one. The commission in studying the general influence of currency on business and of business on currency have wisely extended their investigations in European banking and monetary methods. The information that they have derived from such experts as they have found abroad will undoubtedly be found helpful in the solution of the difficult problem they have in hand.

The incoming Congress should promptly fulfill the promise of the Republican platform and pass a proper postal savings bank bill. It will not be unwise or excessive paternalism. The promise to repay by the Government will furnish an inducement to savings deposits which private enterprise cannot supply, and at such a low rate of interest as not to withdraw custom from existing banks. It will substantially increase the funds available for investment as capital in useful enterprises. It will furnish the absolute security which makes the proposed scheme of Government guaranty of deposits so alluring, without its pernicious results.

BANK OF FRANCE.

THE annual report of the Bank of France shows gross receipts in 1908 of $13,546,135, and net of $7,582,010, from which were declared dividends of $5,840,000, at the rate of sixteen per cent. or $32 per 200 share. To reserve $600,000 was added; $216,000 was allotted to employes.

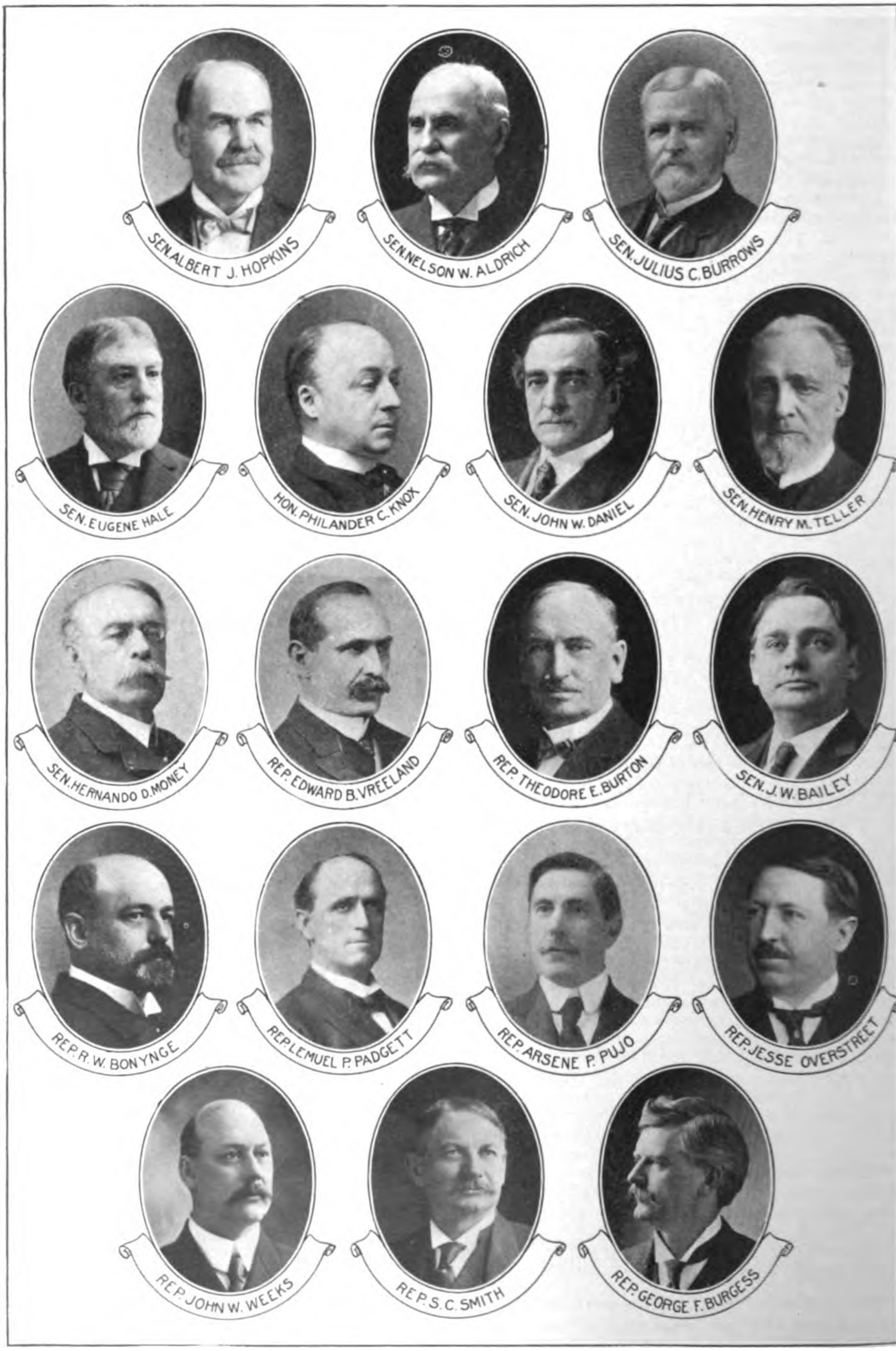
The dividend is payable in Paris to 10,635 shareholders, holding 91,764 shares; and at 127 branches to 20,614 holders, holding 90,736 shares. There are 10,381 persons holding one share; 6,584 holding two shares; 7,166, two to five shares; 3,653, six to ten shares; 1942, eleven to twenty shares; 705 twenty-one to thirty; 453, thirty-one to fifty; 251 fifty-one to one hundred and 113 over one hundred.

Operations in 1908 were $4,350,251,560, against $4,965,933,520 in 1907. With the great restriction in demand for money, French banks financing business abroad were compelled to withdraw large amounts, one result being the enormous increase in gold held by the bank.

The governor declared the bank did nothing to bring this about, it being due to falling off in business and repayment to the bank of money invested in sterling bills in the fall of 1907.

The great increase in reserve caused a loss of profit. Precious metal held Dec. 24, 1907, were $723,060,000, and on Dec. 24, 1908, $877,000,000, an increase of $153,940,000, or 21.3 per cent.; meanwhile note circulation increased only $29,800,000.

Bills discounted were 21,854,040, for $2,560,125,020, an increase of 313,115 in bills and a decrease of $593,696,200. Of the 7,672,605 bills in Paris, 243,675 were for $1.25 to $2; 2,044,598 for $2 to $10; 1,419,717 for $10 to $20; and 3,964,615 for over $20.



THE NATIONAL MONETARY COMMISSION

As Appointed Under Act of May 30, 1908.

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IN the century that has passed, the development of North America has, on the whole, proceeded faster than the development of South America; but in the century that has now opened I believe that no other part of the world will see such extraordinary development in wealth, in population, in all that makes for progress, as will be seen from the northern boundary of Mexico through all Central and South America.—*Theodore Roosevelt.*

MEXICO'S CREDIT INSTITUTIONS.

By Joaquin D. Casasus.

(Continued from March Bankers Magazine, page 400)

GROWTH OF MORTGAGE BANKING.

THE development of mortgage banks in Mexico has not been as great as that of banks of issue notwithstanding the greater need therefor, and that a short term mortgage debt with interest averaging fifteen per cent. per annum (and which may safely be estimated at over $500,000,000) weighs most heavily on the real estate in the country.

To what should this marked contrast in the success attained by mortgage and issue banks be attributed?

The causes which have delayed the development of these institutions are in our judgment twofold: namely, the reforms to the charter of the Mexican mortgage banks of August 31, 1888, and the lack of a market for mortgage bonds in the interior of the country.

The first mortgage bank that existed in Mexico was founded by virtue of a charter approved by the law of May 22, 1882, under the name of Mexican Mortgage Bank; and although striving for six years against the lack of knowledge which then prevailed in the country with regard to the institutions of this kind, the operations they could transact and the values they could issue, it nevertheless effected some most important mortgage loans. In the year 1888, however, certain American firms acquired control of the bank and by changing its name to that of International and Mortgage Bank of Mexico, they partly altered its character, and the Government authorized it to carry on banking operations and to issue deposit certificates of silver and gold, whether coined or in bars, nominal or to bearer, payable at sight in gold coin or Mexican pesos.

Although the new bank, owing to the omission in the charter of the value of said certificates, which because of their character and purpose could not be less than one thousand in gold coin or pesos, could not issue them, it however, devoted itself almost exclusively to carrying on its operations of exchange and loans at six months, thus bringing mortgage transactions into ill-favor.

Inasmuch as the aforementioned bank did not fulfil the purpose of its foundation, the Mexican Government, making use of the faculty reserved to itself by virtue of the charter of May 22, 1882, authorized on May 3, 1900, the creation of the Agricultural and Mortgage Bank, which commenced operations on January 1, 1901.

The first obstacle in the development of mortgage banks having been overcome, both the International and Mortgage Bank as well as the Agricultural and Mortgage Bank have had to contend with the difficulty of placing their bonds in the interior.

Banks of this nature do not comply with their object by loaning their capital stock, but by offering to real estate such capitals as may be obtained by means of their bond issue.

The fundamental necessity, therefore, of these banks consisted in their values being quoted on foreign exchanges, assuring for them an extensive market capable of absorbing all the bonds which the progress of their loans might enable them to issue. For many years the banks in Mexico struggled against an insurmountable obstacle in securing this advantage: the silver monetary system of the nation in which the value of the bonds had to be stated, a circumstance which would have exposed their purchasers to all the chances of the fluctuating quotation of the white metal, suffering from incurable depression; but with the removal of this hindrance by virtue of the monetary reform which has, in effect, placed Mexico among the gold monometallic countries, the Agricultural Bank has devoted itself zealously toward obtaining the quotation of its bonds in Paris, in which it has just recently succeeded, thus assuring the easy development of its operations and performing a service of incalculable importance to the country.

When in the not very remote future the example of the Agricultural Bank —now known by the name Mortgage Bank of Territorial Credit—is followed by the International and Mortgage Bank and imitated by the other banks established throughout the Republic, the condition of real estate will change considerably, freeing itself of the short-term mortgage debt which weighs so heavily on it, constituting, especially for agricultural properties, an insurmountable barrier in their progress and development.

The greatest need at the present

moment of national agriculture consists in finding capital at relatively low rates of interest, repayable at long periods, not less than twenty-five years, so that they can be paid out of the products of the soil; and since this need can only be met by the mortgage banks, which make their loans precisely in accordance with this repayment system, hence the country expects immense benefits from them, much greater than those received by trade and commerce from the banks of issue.

The road is now free from obstacles; our gold standard has found a firm footing in our circulation and the foreign markets will doubtless favorably receive a gold title such as the mortgage bond, which besides being absolutely safe, since it is as good as a mortgage deed, enjoys a high rate of interest and is redeemable at par at half-yearly drawings.

In order to give an idea of the progress of our mortgage bonds we have formed a table which summarizes its operations on December 31, 1899, to 1907 and on June 30, 1908.

STATEMENTS OF ACCOUNTS OF THE MORTGAGE BANKS IN MEXICO.

ASSETS.

Years.*	Uncalled Capital.	Cash.	Mortgage Loans and Loans and Discounts.	Debit Accounts.	Real Estate.
1899	$1,500,000.00	$684,102.70	$8,142,610.52	$3,313,379.07	$281,475.00
1900	1,500,000.00	970,255.75	8,940,786.64	3,056,216.11	270,000.00
1901	2,500,000.00	783,111.41	11,739,837.51	4,237,089.23	273,124.00
1902	1,500,000.00	467,716.45	14,240,405.06	3,134,279.89	273,124.00
1903	1,500,000.00	502,679.55	14,368,856.61	2,937,053.79	521,189.00
1904	1,500,000.00	636,469.21	15,531,316.00	3,912,405.39	731,387.00
1905	1,500,000.00	769,217.17	20,913,662.16	3,652,003.26	750,924.00
1906	1,500,000.00	1,131,225.75	22,992,078.87	3,338,288.89	741,155.00
1907	1,500,000.00	784,592.00	26,142,481.43	3,227,003.94	743,801.00
1908	1,500,000.00	1,024,052.03	29,907,907.45	5,339,170.64	743,958.00

LIABILITIES.

Years.	Capital Stock.	Mortgage Bonds.	Deposits.	Credit Accounts.	Reserve Fund.	Totals.
1899	$5,000,000.00	$6,962,800.00	$388,596.76	$1,492,170.57	$78,000.00	$13,921,567.29
1900	5,000,000.00	7,679,000.00	204,082.41	1,764,176.09	90,000.00	14,737,258.50
1901	7,000,000.00	9,616,700.00	342,815.96	2,470,146.84	103,500.00	19,533,162.80
1902	7,000,000.00	9,851,200.00	282,048.79	2,360,191.43	122,085.81	19,615,526.03
1903	7,000,000.00	10,387,900.00	662,689.25	1,615,794.77	163,395.36	19,829,779.38
1904	7,000,000.00	11,636,500.00	454,168.14	2,937,610.05	283,299.47	22,311,577.66
1905	7,000,000.00	12,541,300.00	1,061,363.44	5,410,598.93	375,199.06	26,388,461.43
1906	7,000,000.00	16,474,600.00	1,560,020.34	4,112,624.32	555,504.60	29,702,749.26
1907	10,000,000.00	17,075,800.00	1,495,170.58	3,598,243.31	667,973.63	32,837,187.52
1908	10,000,000.00	23,212,600.00	1,590,643.43	2,811,483.29	900,361.85	38,515,088.57

The figures given show the progress of the last ten years, slow, it is true, when compared with that realized by the banks of issue but not wholly insignificant. The capital stock, which in 1899 was $3.500,000, has risen to $7,500,000; the loans, which amounted to $8,142,610, to-day reach almost $30,000.000, or in other words, they have tripled; while mortgage bonds, the issue of which was only $6,962,-800. have likewise tripled, amounting at the present speaking to $23,212,600, while it is to be noted that in not one single year of the decade has the figure been lower than that of the preceding year.

The Bancos Refaccionarios have had similar difficulties with which to contend as the mortgage banks with regard to carrying on their characteristic operations, i. e., in their collateral loans, in spite of the fact that the principal bank of this class, the Mexican Central Bank, may justly pride itself on being one of the most powerful institutions of credit in the country, both for the magnitude of its capital, as for the importance it has acquired, owing to its multiple operations, in national as well as foreign markets and chiefly in that of Paris.

There exist at the present moment four Bancos Refaccionarios in Mexico: the Mexican Central Bank, authorized to be established by charter dated October 12, 1898, having commenced operations on February 6 of the following year; the Chihuahua Commercial Refaccionario Bank with charter under date of April 29, 1902; that of Trade and Industry founded on July 29, 1906, and the Laguna Bank created in 1908. The two Bancos Refaccionarios which formerly existed, founded in the States of Michoacan and Campeche in 1900 and 1901, were later converted into banks of issue.

Mexican Central Bank.

The Mexican Central Bank was not established with the set character of an agricultural bank, but the banks of issue in the country make it a kind of centre of union and as an element of cohesion, intended amongst other things to assure the circulation of the notes of these banks equally with metallic coin, and to avoid their being rejected, taking the place in the circulation, outside of their centres of issue, of letters of exchange or negotiable documents.

From this point of view the Central Bank has fulfilled its mission, since it has perfected in no small part the movement of the local banks of issue, having been also to these a powerful help, dispensing valuable aid under all circumstances, but especially in so far as concerns their note issue.

The Mexican Central, in its character of Banco Refaccionario, has been authorized to carry on operations of collateral guarantee and to issue cash bonds to supply preferably capital for transactions of this nature; but in this connection economic and juridical obstacles have impeded both it and the other like establishments from obtaining the success that was to be expected.

In spite of every effort made since the first days of the existence of the Central Bank up to now, it has been found impossible to accustom the public to make use of the cash bonds which, as already stated, enjoy every kind of privilege, are payable at short time and receive a high rate of interest like every fixed deposit.

The Board of the bank has carried out a most active propaganda in favor of these titles; but its labors have earned but scant success.

We give herewith a table showing the total number of bonds in circulation on December 31 of each year and on June 30, 1908, during the years when the Central Bank and other Bancos Refaccionarios have been in existence.

Years.	Cash Bonds.	Increase.	Decrease.
1900......	$766,600	....	....
1901......	1,802,300	$1,035,700	....
1902......	3,395,100	1,592,800	....
1903......	2,155,600	....	$1,239,500
1904......	1,769,600	....	386,000
1905......	3,182,100	1,412,500	....
1906......	2,392,400	....	789,700
1907......	809,000	....	1,583,400
1908......	624,600	....	184,400

The foregoing figures explain, better than we could, the situation of this paper in our market, a paper on which in no small measure depends the future of our agricultural banks.

The juridical obstacles had their origin in the provisions of the law of March 19, 1897, which, while framing the regulations to govern the "refaccionario" loans and granting them the preference to which they were entitled, put them before the mortgage loans registered at prior dates, but without limiting their amount and without demanding proof that the amount of the loan was really and positively invested in such purposes as juridically constitute the "refaccionario" loan, i. e., the preservation of the property to the benefit of creditors and proprietors alike.

The reforms of June 19, to the law of March 19, 1897, have endeavored to correct these errors which prevented the realizing of "refaccionario" loans to owners of agricultural properties already mortgaged. These reforms now demand that the loan shall not exceed fifteen per cent. of the value of the properties and that the whole sum be invested in agricultural operations, purchase of seed, raw material, machinery, pay-rolls and in the expenses of administering and preserving said properties.

The difficulties for the issue of cash bonds have still to be overcome; but the Mexican Government has so thoroughly grasped the situation that, by thinking to create a loan bank to serve the agricultural interests, which shall issue bonds at long term, the capital and interest of which are to be guaranteed by the said bank, it has deemed it prudent that the said bank be allowed to invest its funds in cash or mortgage bonds in order to contribute towards the sale of these latter both abroad and at home.

In order to show the development of the Bancos Refaccionarios we have compiled a summary of their balance sheets up to Dec. 31, 1899-1907, and on June 30, 1908.

These figures are very satisfactory and hold out bright hopes for these institutions at a not very distant future.

The increase in their capital stock, loan operations, deposits and reserve funds, proves how great has been the headway made and the faith of the shareholders and those in charge of administering them in their development.

As can be seen, the capital of these banks has sextupled in a decade, growing from 6 million to 38 million pesos; the loans are at present ten times greater than in 1899; the deposits have doubled; and the reserve fund reaches 6 millions, which increases the actual capital, on which the banks can count for operations to 44½ million pesos.

STATEMENTS OF ACCOUNTS OF THE "BANCOS REFACCIONARIOS" IN MEXICO.

ASSETS.

Years.	Uncalled Capital.	Cash.	Loans and Discounts.	Debit Accounts.	Real Estate.
1899	$3,000,000.00	$1,825,907.59	$4,477,153.60	$1,553,020.39	....
1900	....	1,457,671.10	5,326,710.84	4,085,592.96	$341,240.02
1901	163,800.00	2,518,726.82	11,342,493.10	3,244,731.38	386,895.89
1902	100,000.00	2,390,264.21	15,348,820.99	8,594,817.86	391,730.72
1903	100,000.00	3,404,857.62	12,508,953.83	18,858,946.61	410,000.00
1904	100,000.00	3,646,261.59	11,706,644.69	14,543,651.40	400,000.00
1905	....	3,785,964.39	21,891,096.24	25,399,842.64	390,000.00
1906	5,000,000.00	3,371,739.09	25,298,407.65	42,688,487.92	651,028.63
1907	11,915,945.00	3,288,424.38	32,314,869.17	52,252,635.07	652,392.74
1908	8,000,000.00	3,617,785.63	46,531,285.38	45,858,881.28	687,425.06

LIABILITIES.

Years.	Capital Stock.	Cash Bonds.	Deposits.	Credit Accounts.	Reserve Fund.	Totals.
1899	$6,000,000.00	....	....	$4,856,081.58	....	$10,856,081.58
1900	6,000,000.00	$766,600.00	....	4,423,171.23	$19,443.69	11,211,214.92
1901	7,600,000.00	1,802,300.00	$5,755,438.20	2,330,412.94	168,496.05	17,656,647.19
1902	7,800,000.00	3,395,100.00	8,218,285.55	7,179,114.30	233,133.93	26,825,633.78
1903	10,200,000.00	2,155,600.00	8,249,328.58	8,759,676.21	918,153.27	30,282,758.06
1904	10,200,000.00	1,769,600.00	6,060,818.19	11,322,939.30	1,043,200.19	30,396,557.68
1905	21,200,000.00	3,182,100.00	9,455,300.15	15,579,113.49	2,050,389.63	51,466,903.27
1906	31,200,000.00	2,392,400.00	14,798,488.95	26,437,138.31	2,181,636.03	77,009,663.29
1907	40,200,000.00	809,000.00	13,458,865.41	40,028,387.71	5,928,013.24	100,424,266.36
1908	46,200,000.00	624,400.00	13,744,764.61	37,788,122.26	6,338,090.48	104,695,377.35

YEARS.	CAPITAL.	LOANS AND DISCOUNTS.		DISCOUNTS.		RESERVE FUNDS.
	Increase.	Increase.	Decrease.	Increase.	Decrease.	Increase.
1899..........	$6,000,000.00	$4,477,153.39	....	....	....	....
1900..........	....	849,557.45	....	....	....	$19,443.69
1901..........	1,600,000.00	6,015,782.26	....	$5,755,438.20	....	149,052.36
1902..........	200,000.00	4,006,329.89	....	4,462,847.35	....	64,637.88
1903..........	2,400,000.00	....	$2,839,867.16	31,043.03	....	685,019.34
1904..........	....	802,309.14	....	....	$2,188,510.39	125,046.92
1905..........	11,000,000.00	10,184,451.55	....	3,394,481.96	....	1,007,189.41
1906..........	10,000,000.00	3,407,311.41	....	5,343,188.80	....	131,246.40
1907..........	10,000,000.00	7,016,461.52	....	....	1,339,623.54	3,746,376.21
1908..........	6,000,000.00	14,416,416.21	....	285,899.20	....	410,077.24

The banks of Mexico are still in their infancy; their existence dates only from recent years, while, it can, therefore, be stated that they have not yet won what we might term a glorious past, a great future is nevertheless in store for them, which they will earn for themselves if they, on the one hand, and the Government, on the other, endeavor to strictly fulfil the provisions of the law of March 19, 1897, which infused life into them, and of the reforms of June 19, 1908, which have perfected the mechanism of their operations.

BANCO OCCIDENTAL de MEXICO, MAZATLAN, SINALOA.

In addition to paying dividends from 1899 to 1907 totaling $896,240, the Banco Occidental de Mexico, located at Mazatlan in the State of Sinaloa, has gradually built up the surplus and profits account to a total of $348,189.88.

ALEJANDRO VALDES FLAQUER
General Manager, Banco Occidental de Mexico.

The monthly balance-sheet for August 31, 1908, made the following showing:

LIABILITIES.

Capital paid up	$1,500,000.00
Surplus and profits	348,189.88
Notes in circulation	1,692,060.00
Deposits and current accounts..	4,132,438.83
Total	$7,672,688.71

ASSETS.

Cash	$1,289,269.33
Investments	704,193.00
Current accounts, bills, etc.....	5,519,226.38
Buildings	160,000.00
Total	$7,672,688.71

The bank has branches at Colima and Guaymas, and agencies at Alamos, Culiacan and Hermosillo. Its correspondents embrace leading banks in all parts of the Republic of Mexico, the United States, Europe and South America.

Senor Alejandro Valdes Flaquer is the general manager of the Banco Occidental; Manuel Navarro, auditor, and M. Hernandez, cashier.

The bank was established in Mazatlan by virtue of a Federal concession of September 13, 1897. Its operations have been confined to the proper sphere of banking; and while paying good dividends, the surplus and profits have been built up so that they amount to more than one-fifth of the capital as a result of ten years' business.

GENERAL NOTES.

—Announcement is made by Guillermo Purcell y. Cia., bankers of Saltillo and San Pedro, Coahuila, that the bank of which the late William Purcell was director and founder will continue to be operated by the same management and under the same name.

—On March 1, K. M. Van Zandt, Jr., became manager of the Mercantile Banking Company of Mexico City. A. H. McKay has retired from the active executive work of the bank, but still carries the title of president.

—President Gomez of Cuba has signed the appointment of Carlos Garcia Velez as Minister to the United States, and has cabled Senor Quesada, the incumbent, to return to Cuba for instructions before proceding to his new post at Madrid.

President Gomez is confident the Senate will confirm the appointment.

Banco Occidental de Mexico, S. A., Mazatlan, Sinaloa, Mex.

—President Zelaya of Nicaragua has appointed Dr. Don Rodolfo Espinosa, R., as Minister of Nicaragua to the United States to succeed Dr. Don Luis F. Corea. Doctor Espinosa is a physician of note, whose political career, though short, has been brilliant. He received primary education in Nicaragua and afterwards went to Guatemala where he studied medicine and graduated with high honors. He discharged the duties of Minister of Foreign Relations of Nicaragua for a short time previous to his appointment to Washington as Envoy Extraordinary and Minister Plenipotentiary. Doctor Espinosa was received by President Roosevelt on January 28.

—The senate of Peru has voted approval of the government proposal to raise two loans, one of $4,000,000 to cancel the balance of the $10,000,000 loan raised in Berlin in 1905, and another of $2,000,000 to pay off debts left by the former administration.

—In consequence of the operations of the Columbian Bureau of Information, established in New York in 1906, an impetus has been given to trade intercourse between the republics interested. The adequate exposition of the varied possibilities of Colombia has excited the increased interest of business men of the United States with the result that companies are being formed for the capitalization and working of many hitherto unvalued Colombian resources. The information furnished by the New York bureau is supplmented by the valuable reports received from United States consuls stationed in Colombia.

FREAK CHECKS.

IN a recent lecture before the London Institute of Bankers, Sir John Paget, Bart., K. C., had the following to say on a subject much discussed by American bankers, though without much practical benefit:

I see that the eminent president of the Institute of Bankers, Sir Felix Schuster, in his inaugural address last November, drew attention to some new abominations in the shape of checks and the method of drawing them. First, as to their varying size. He described the checks now issued as ranging from the dimensions of a visiting card to those of a newspaper. And, as a matter of fact, I know a case of a check having been drawn on the back of a visiting card, and after some hesitation being duly paid. The newspaper variety I have not come across. And I can well conceive the inconvenience to you of these freak checks, so to call them. The trouble of sorting and handling documents of such varying proportions must be infinite. But I am afraid that the law, at any rate, affords no remedy. There is nothing in the Bills of Exchange Act or elsewhere regulating the size of a bill or check. It may be an order in writing whether it be as big as a poster or as small as a postage stamp. Of course, the obligation to cash checks or to collect them is one which it is within the theoretical competence of the banker to modify by special agreement with the customer. You may say I will only cash checks drawn on our own forms, I will only collect checks if they conform to such and such regulations; and if the customer agrees, well and good; but you and I know how utterly hopeless it is to try and impose any such restrictions. In this and like matters, Sir Felix Schuster seems to look for help to the combined action of bankers and the intervention of the clearing-house, but not hopefully, since he recognizes the conclusion to which I have reluctantly been obliged to come, namely, the unfortunate impossibility of getting bankers to act in concert, even on matters obviously for their common good. Moreover, in this particular case, I do not see that co-operation among the bankers could effect anything without the acquiescence of the customer. So long as you keep his account, and have no agreement with him to the contrary, you are bound under pain of damages to honor anything drawn by him which is in law a check, provided you have funds sufficient and available for the purpose. It would be absolutely no answer to say that the check was of abnormal size. Were there a custom of bankers to refuse payment of checks unless they conformed to certain minimum and maximum size limits, that might be an answer to the customer, just as the custom to refuse payment of a post-dated check known to be such was, prior to the Bills of Exchange Act, held good. But custom is the growth of time, not the outcome of agreement, and unanimity cannot be held equivalent to antiquity, and nothing short of established custom can bind the customer. So I fear all you can do is to wait in hope that the fashion as to size of checks may alter for the better, as we do with regard to the ladies' hats.

BUILT ON A GOLD FOUNDATION.

BUILT upon a foundation of gold ore, a seven-story bank building is in course of construction at Colorado Springs, Col. Many hundred tons of low grade ore, running in value from $1 to $3 a ton, have been shipped from the mines and dumps on Bull Hill, in the Cripple Creek district, to Colorado Springs and used in the foundations for the Exchange National Bank building. The ore has no mineral shipping value, but it makes an exceptionally strong building material when mixed with cement. The total value of the gold in the foundation is estimated at $2,000. Colorado Springs doubts if there is another bank in the country which rests literally on a foundation of gold.

THE MODERN VAULT AND THE MODERN SAFE-BREAKER.

IT is a remarkable yet well-known fact that the bank-robber of the present day seems able to keep pace with the ingenuity of the designers and manufacturers of the most approved types of safes and vaults. And in this respect a great battle is constantly going on between the safe makers and the safe breakers. As fast as some new element of safety is added, the alert cracksman will devise some means to overcome it.

The modern vault is indeed a remarkable product of mechanical skill and labor. It is fire-proof and apparently burglar proof, but this latter claim is often set aside by the men who have made a study of time locks, steel drills and powerful explosives.

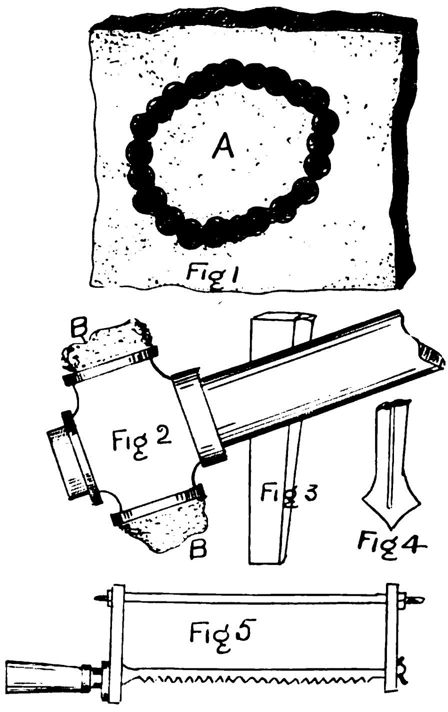
Some of the most dangerous "safe-crackers" who have ever operated in this country were formerly trusted employes in the designing departments of big safe concerns, but the percentage of such criminals is very small.

The good sized town is the mark for the modern vault breaker. He avoids the great commercial cities for the reason that there is too much protection, too watchful guards, too strong walls and too many burglar alarm devices. But out in the towns and country places, where the banks, the depots, the stores, the post offices and the mills use out of date safes and strong-boxes, the modern safe breaker reaps a yearly harvest.

But the safe breaker of to-day finds that he has quite a proposition to handle when he gets up against the concrete or cement walls which are being introduced in many sections of the country at the present time. The burglar is prepared to get into the steel department. He has the steel drills and tapping tools. He can get through a common masonry wall by removing one brick at a time. He is not stopped by wooden partitions, but the annoying concrete is beyond him just now. I saw one place where an attempt had been made to impregnate a cement protecting partition by boring a series of holes like A, figure 1, intending to knock the middle part out and make a passage. The hard concrete ruined the drilling tools. The stuff heats quickly and makes the metal edge of the tool lose the temper. With the temper gone, the tool gets soft and loses its cutting edge. The concrete is simply made up of sand and Portland cement. It is builded up in wall fashion or in hollow concrete blocks about a safe on the danger side.

A hammer, like Figure 2, with a lead end B, is used for pummelling the concrete in order to break it. The cutting tool, Figure 3, is for straight driving and the cutting tool, Figure 4, is for revolving in a stock. Figure 5 is a cement cutting saw.

However, the safe looter finds that he can accomplish a little in the line of breaking and entering when he is favored by the weak points in a wall. In a certain place where entry had been effected, the plates were weakend by rust and corrosion as at



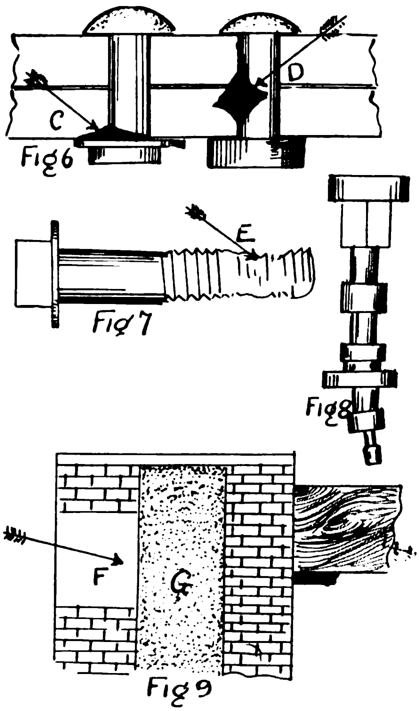
C and D, Figure 6. This made it possible to break open the plates.

Then in another instance, the threads were found to be nearly all gone from some of the frame bolts, due to long use and corrosion, as at E, Figure 7. This permitted the plates of the frame to gap open enough for the looters to insert levers and pry off the door.

Figure 8 is one of the turning devices used to work material out of a hole in process of being bored.

Further information concerning the bothersome cement walls for burglars is given in connection with the illustration Figure 9. In a certain post office where a safe was broken into, the retaining wall prevented the robbers from getting at some of the most valuable portion of the safe's property. The retaining wall was reached through the aperture F. Here the wall of concrete is marked G. The burglars became discouraged as soon as they reached this wall. Their tools were blunted. There seemed to be no hope of breaking through. The looters departed with what valuables were available.

Explosives are sometimes used on cement walls, with the result that the walls become wrecked. Still, the tough cement bothers the safe robber. Futhermore, the advent of electrical contrivances has handi-



capped the gentleman burglar more or less. In fact, the profession of safe breaking is getting to be quite unsafe and unpopular compared with conditions of a dozen years ago. I am told that some of the men who helped make the modern safes have turned burglars because of the greater opportunities for getting rich quickly. But the danger is hardly worth the while to the average man. Regardless of what may be said concerning the modern history of safe making, the designers and builders of safes are keeping well ahead of the cute safe robber.

A Traveler.

HOW A BURRO KICKED FORTUNE INTO THE LAPS OF TWO MINERS.

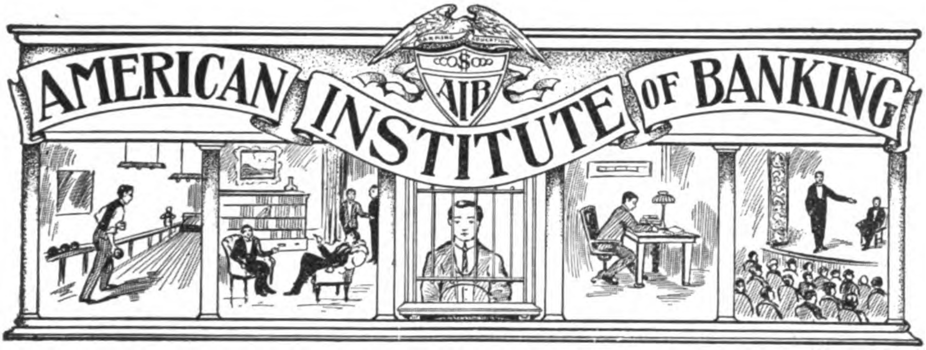
IN September, 1885, N. S. Kellogg, a lean, old prospector, scrambled into Murray, Idaho, following his grub burro, which was laden with some samples of iron-galena ore he had picked up in the mountains. Kellogg came to report to Cooper & Peck, who had grub-staked him for the prospecting tour. The local expert made a critical examination of the ore, and pronounced it worthless. Cooper & Peck were tired of putting up the grub for a prospector who had such bad judgment, so they dissolved the partnership. Kellogg, with the eternal optimism of the miner, decnned to accept the judgment of the assayer on the ore he had discovered, and started back up into the mountains, to take possession of the claim. Before starting, he succeeded in interesting Phil O'Rourke, who promised to accompany him.

The two men were so near broke that they could not even afford a burro to carry their light packs. On the third morning a stray burro wandered into their camp. Kenogg recognized it as the animal belonging to Cooper & Peck, which had previously carried his grub-stake, and which its owners had turned out to graze when they decided to let him go it alone. Kellogg and O'Rourke were tired, so they fastened their supplies and tools on the burro's patient back, and started off in its wake.

At noon they stopped to eat dinner on a sunny slope. The burro was tethered nearby. The sun was hot and the flies troublesome. Presently a particularly vicious insect lit on the donkey's belly, and that animal lifted a quick hind leg to dislodge it. When its hoof struck the rocky ground on the return stroke it uncovered the top of the Bunker Hill and Sullivan mines, which have since paid more than $11,000,000 in dividends.

When Cooper & Peck heard of this discovery, and of how it was made, they brought suit to recover a share of the claim, basing their demand on the proposition that their donkey was the real discoverer. The case was tried in Murray, Idaho, before Judge Norman Buck and a jury. The jury returned a verdict for the defence, but the court set the verdict aside, and rendered a memorable decision in favor of the donkey and its owners.

The case was appealed to the Supreme Court, but before it came on for a hearing it was settled out of court on a basis which gave Peck & Cooper something like $50,000 each in return for the casual kick of their worn-out burro.—H. M. Hyde, in *Saturday Evening Post.*



THIS department is conducted in the interests of the American Institute of Banking. From time to time articles of special value to members of the Institute will appear here and it is intended to publish as much news of the various chapters as possible. It is hoped that each chapter will appoint someone whose regular duty it shall be to correspond with THE BANKERS MAGAZINE for this purpose.

Group and individual photographs of officers and members, photographs of chapter rooms, accounts of banquets, debates, speeches and chapter progress are desired and practical suggestions and discussions are solicited from all members of the Institute. Manuscripts and photographs must reach us by the 12th of the month to be in time for the following month's issue.

SEATTLE, 1909.

Something About Seattle—City, Exposition, Chapter and Convention.

THE enterprising Seattle Chapter is already at work in preparation for its entertainment of the 1909 convention of the Institute on June 21, 22 and 23.

In all the chapters throughout the country there is great interest in the coming convention and the contests for the honor of being elected delegate to the convention are likely to be unusually spirited this year. For a great many of the delegates, attending the convention means a trans-continental trip.

The Mining Building, Alaska-Yukon-Pacific Exposition.

Besides the many natural wonders and beauties en route which are of perennial interest to all Americans, there is this year a special inducement for Easterners and Southerners to turn their faces northward and westward and travel over the famous old "Oregon Trail." It is the Alaska-Yukon-Pacific Exposition.

From the standpoint of the beautiful, it is said that no world's fair in history will compare with the Alaska-Yukon-Pacific Exposition to be held in Seattle from June 1 until October 16. The wonderful natural advantages that the surrounding country presents and an appreciation of them by the landscape architects who designed the grounds combine to produce this result.

The Cascades and Geyser Basin form

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A Glimpse of the A. Y. P. Exposition Buildings.

the center of the general decorative scheme. Surrounding both of them are sunken gardens that will be rich in bloom for the whole exposition period. Beyond them are

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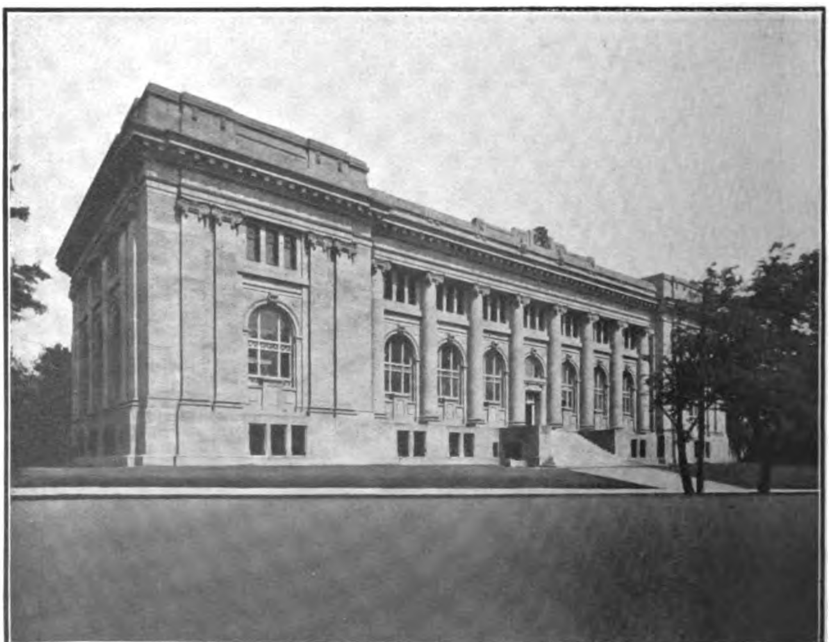
Busiest Part of Second Avenue, Seattle. Ten of the City's Twenty-seven Banks are on this Main Thoroughfare.

the formal gardens and lawns, the vista on the grounds ending in groves of native evergreens. Above these in the distance stands the highest mountain in the United States—Rainier—eighty miles away, but so outlined against the clear blue sky of the Pacific Coast as to seem much nearer. Mount Rainier is south of the Exposition grounds; to the northeast are the Selkirk mountains, and to the west the snow-crested heads of the Olympics make a rugged outline against the sky. Mount Baker, another magnificent peak, is plainly visible from the grounds in a northeasterly direction. In the immediate foreground are Lakes Washington and Union, on the

Residents of Seattle spent $7,000,000 in home building last year.

shores of which the Exposition will be held. Over the narrow neck of land that divides the salt water from the fresh, Puget Sound comes in from the ocean, a great inland sea of itself that lies between two mountain ranges and brings the commerce of the world to Seattle's doors.

On the gentle slope of the Exposition



Carnegie Public Library.

grounds the highest development of landscape art is displayed. The Pacific Northwest's soil and climate unite to make this one of the garden spots of the world. Millions of flowers will be in bloom, their colors carefully blended into harmonious effect. The cactus dahlia, the official flower of the Exposition, will be everywhere in evidence.

Brief facts about the "A. Y. P." Exposition are as follows:

Area 250 acres.
Cost $10,000,000.
Many permanent buildings.
Many states have buildings.
Battleships will be in harbor.
Salmon cannery in operation.

Opens June 1, closes October 16, 1909.

Amusement street is called the Pay Streak.

Snow-capped mountains seen from grounds.

About thirty large attractions on Pay Streak.

Will exploit Alaska and countries of Pacific.

United States Government has five buildings.

Principal monument covered with pure gold.

All counties of Washington will have displays.

Grounds twenty minutes' ride from business section.

This is not in Switzerland, but in Washington.

Under leadership of expert mountain guides large parties climb over the vast fields of snow and over perilous cliffs to the summit of some of the tallest mountains in the United States near Seattle. Mount Rainier is 14,529 feet in height according to United States Geological Survey reports, giving it premiership among mountain peaks of the United States. Rising from a plain its great height is seen at fuller value than is the case of any other mountain in civilization. It is only one of many snow-clad peaks surrounding Seattle.

Chicago will have a building.
Twelve large Exhibit Palaces.
Low railroad rates to Seattle.
Oregon appropriated $100,000.
Value of exhibits $50,000,000.
Borders on two beautiful lakes.
Sub-marine boat on Lake Union.
Uncle Sam is spending $600,000.
Forestry building is of huge logs.
Most beautiful exposition ever held.
Washington appropriated $1,000,000.
California is spending over $100,000.
Wonderful floral and landscape display.
First World's Fair to be ready on time.
Five double tracked car lines to grounds.
Motor boat display on Lake Washington.
Complete in every detail on opening date.

Highest mountain in United States visible from grounds.

Seven buildings were completed eight months before opening.

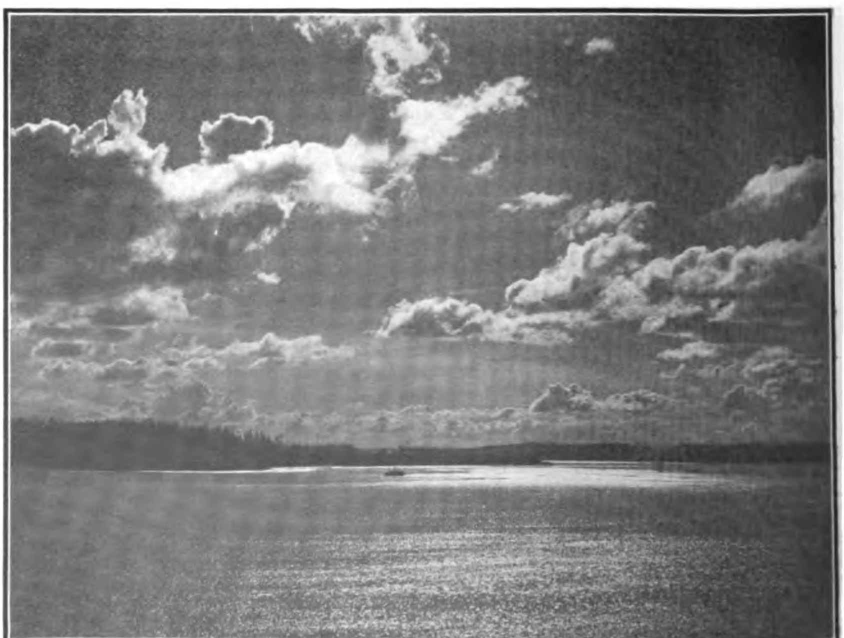
Fourteen thousand gallons of water will flow over Cascades each minute.

Three mountain ranges visible from grounds.

Some weather comparisons from the United States Government records:

	Clear Days.	Partly Cloudy.	Total Fair.	Total Rainfall (Inches.)
New York......	118	109	227	48.60
Boston	75	153	228	41.97
Portland, Me...	98	141	239	37.54
Seattle	126	96	222	34.55

Snoqualmie Falls.



Sunset on Puget Sound.

Seattle Chapter News.

Harry Welty, chairman of Seattle Chapter's press committee, sends the following data concerning the activities of the chapter:

Membership. Seattle Chapter now has about 300 members, which is ninety per cent. of the total possible. The monthly meetings have been exceptionally well attended and great enthusiasm for the year's work has been aroused.

The Model Bank. Communications from the Educational Committee of the Institute, relative to the text-book on banking, gave to Seattle Chapter the idea of compiling forms and of ascertaining the best methods of handling the work of the several departments, for a model Seattle bank. At each regular meeting representatives from the several banks of the city present the forms and explain the methods used in the department assigned for the evening's discussion. Committees are appointed to consider the forms and methods presented and to decide what a model Seattle bank should use. In this way considerable interest has been aroused and great good to the individual members should result.

Debates. We have discussed not only the mechanical side of banking but also the theoretical. The most important debate of the year was on the question of the state guaranty of bank deposits. The judges decided that the affirmative side was best presented.

The Seattle Spirit. Realizing that a monthly magazine would be an effective means of informing its members of the work accomplished and the various chapters of the Institute of the preparations for the 1909 convention, Seattle Chapter has launched the Seattle Spirit. The first number appeared in January and was received with favorable comment. Mr. George R. Martin of the Seattle National Bank and recently of Chicago Chapter is the editor-in-chief and Mr. R. S. Walker of the National Bank of Commerce, associate.

The Big Show. Announcement was made at the regular meeting on February 5 that the annual show would be put on at Moore's Theater on May 21 and 22. We shall endeavor to make this production a standard for all future performances.

Personals. Seattle Chapter is pleased to record the promotion of Mr. C. A. Nelson and Mr. H. V. V. Bean of the Scandinavian American Bank and Mr. Homer C. MacDonald of the Seattle National Bank to the position of assistant cashier in their respective institutions. All are active chapter members and deserving of the advancement.

The annual meeting was held February 5, two months in advance of the usual date, in order that the new officers might have time in which to complete the arrangements for entertaining the Institute convention. The new members of the board of governors are C. A. Bemis, of the First National Bank; B. W. Pettit, of Dexter Horton & Company, bankers; Homer C. MacDonald, of the Seattle National Bank; J. C. Glass, of the Bank of California; B. N. Schnoor, of the Washington Trust Company; R. W. Sprague, of the Northwest Trust and Safe Deposit Company; A. T. Drew, of the American Savings Bank & Trust Company, and L. P. Schaefer, of the Northern Bank & Trust Company. From these Mr. B. W. Pettit, of Dexter Horton & Company and one of Seattle's delegates to the convention at Providence, was chosen as president; Mr. Homer C. MacDonald, of the Seattle National Bank, as vice-president; Mr. C. A. Bemis, of the First National Bank, as secretary, and Mr. A. C. Kahlke, of the State Bank of Seattle, as treasurer.

NEW YORK'S STUDY COURSES.

THE New York Chapter's Educational Committee, of which Milton L. Wicks is chairman, has arranged its educational courses as follows:

COMMERCIAL LAW.

Prof. Cleveland F. Bacon.
Fifteen hours, Tuesdays, 5 P. M.
Business Law, Contracts, Agency, Sales, Mortgages, Partnership, Corporation, Insurance, Functions and Divisions of Various Courts, etc.

Inst. Thomas B. Paton.
Fifteen hours, Tuesdays, 5 P. M.
Bankruptcy, Receivers and Trustees, Wills, Executors, Administrators, Negotiable Instruments, Protest, Banking Laws, etc.

PRACTICAL BANKING.

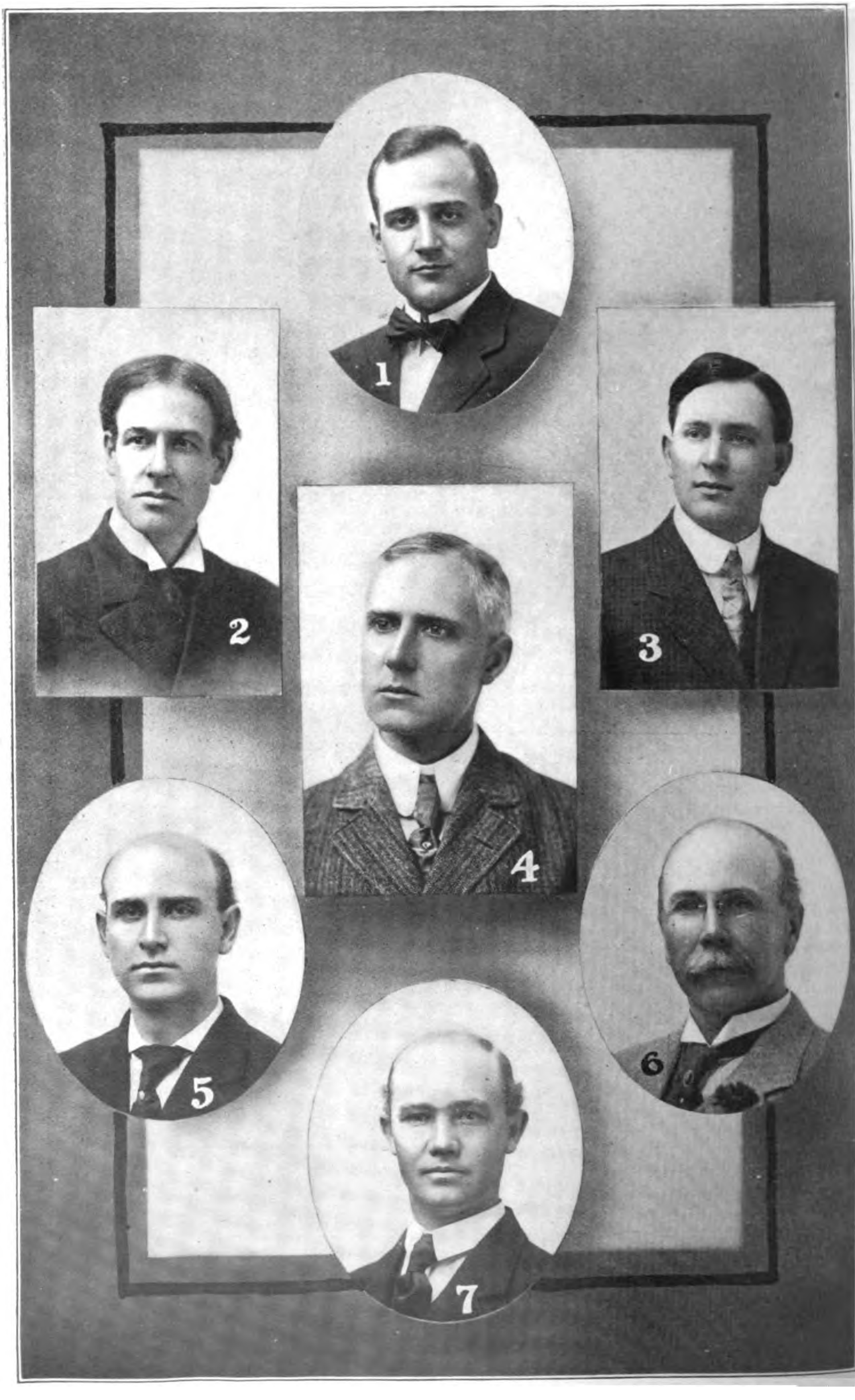
Instructor Ames Higgins.
Fifteen hours, Wednesdays.
Origin and Development of Banking, Classes of Financial Institutions, Powers and Restrictions, State and National Charters, Money and Credit, Deposits, Loans and Discounts, Exchange, etc.

Asst. Prof. Orrin R. Judd.
Fifteen hours, Wednesdays, 5 P. M.
Bookkeeping Methods, Daily and Weekly Statements, Various Examinations, General Auditing Work, etc.

POLITICAL ECONOMY.

Prof. Charles A. Green.
Fifteen hours, Thursdays, 5 P. M.
Laws of Political Economy, Capital and Wealth, Theories of Value, Diminishing Returns, Rents, Wage Fund, Over-production, Production and Profits, Co-operative Efforts, etc.

Prof. Joseph French Johnson.
Fifteen hours, Thursdays, 5 P. M.
Nature and Value of Money, Demand and Supply of Money, Importance of Price, Metallic Money, Theory of Credit and Banking, Bond Deposit and Banking Principle, Investment and Speculation, The Money Market, Money and Credit, Monetary Experiences, etc.



Officers of Los Angeles Chapter.

1.—G. S. PICKRELL 2.—LEROY H. CIVILLE, Chairman 3.—N. M. FRASER, Chairman
4.—CHAS. G. GREENE, President 5.—JOHN VEENHUYZEN, Chairman
6.—G. K. BARRERE, Chairman 7.—A. P. F. HARTNACK

MAKING THE BANK CLERK INVINCIBLE IN LINE OF PROMOTION.

By Edward White, of the Editorial Staff of The Bankers Magazine. — Address before the Washington Chapter, February 25, 1909.

THE subject which I shall briefly lay before you to-night is directly in the interest of the bank clerk, and I assure you that when I conceived the plan I had no other interest at heart. The occupation of bank clerk is one of the most honorable within the domain of modern commercialism, and the goal which he strives for is worthy of man's highest ambition.

My observations of the methods and results of Institute work are not confined to any one city, but include many of the principal cities of the country. In every city I found that educational work, such as debates, lecture courses, absorption of banking and commercial literature, etc., cut no small figure in the success of the respective chapters. And now that the text-book system is proving so successful, still better results may be looked for in all the chapter cities.

In every city I found that since the beginning of Institute work the ratio of promotions from the ranks of bank employes had increased from 300 to 600 per cent. This is the chewing of the string that proves the pudding good. It demonstrates the fact that the standard of efficiency cannot be set too high for Institute work, and that the Institute man carries a mark of excellence that cannot go unrecognized. When the management of a bank begins to cast about for an assistant cashier, and sometimes even for a cashier, it is not necessary to ponder over the fact that an applicant may be qualified in some particulars and not in others; that he is keen in figures, has a good command of detail work, and is possessed of the proper alertness and quickness of perception, but still is deficient in a knowledge of commercial customs, banking law and other essentials of an ideal cashier or assistant cashier. The Institute man who has taken a proper interest in the work can most readily and acceptably fill that gap. He can meet every requirement of the most exacting management.

BUSINESS INFLUENCE.

Did I say "every requirement"? I think I will be obliged to hedge a little on the use of that term. There is still another qualification which many banks require of a new official, and some of them place it above all others. That qualification may be defined in the usual interrogatories, "What is his business influence?" "How much business can be bring us?" Several years ago I interested myself in behalf of a friend who held a cashiership in a western bank, and who wanted to locate in New York city. I thought I had him placed—that I had secured a position for him as assistant cashier in an institution just then being started. In fact we were both sure of it, and my friend began arranging his affairs for his removal, when the cashier of the new bank called me to his office to tell me that he was satisfied with the qualifications of my friend in every respect except one; that he was a stranger in New York, and would not suit them as a business getter.

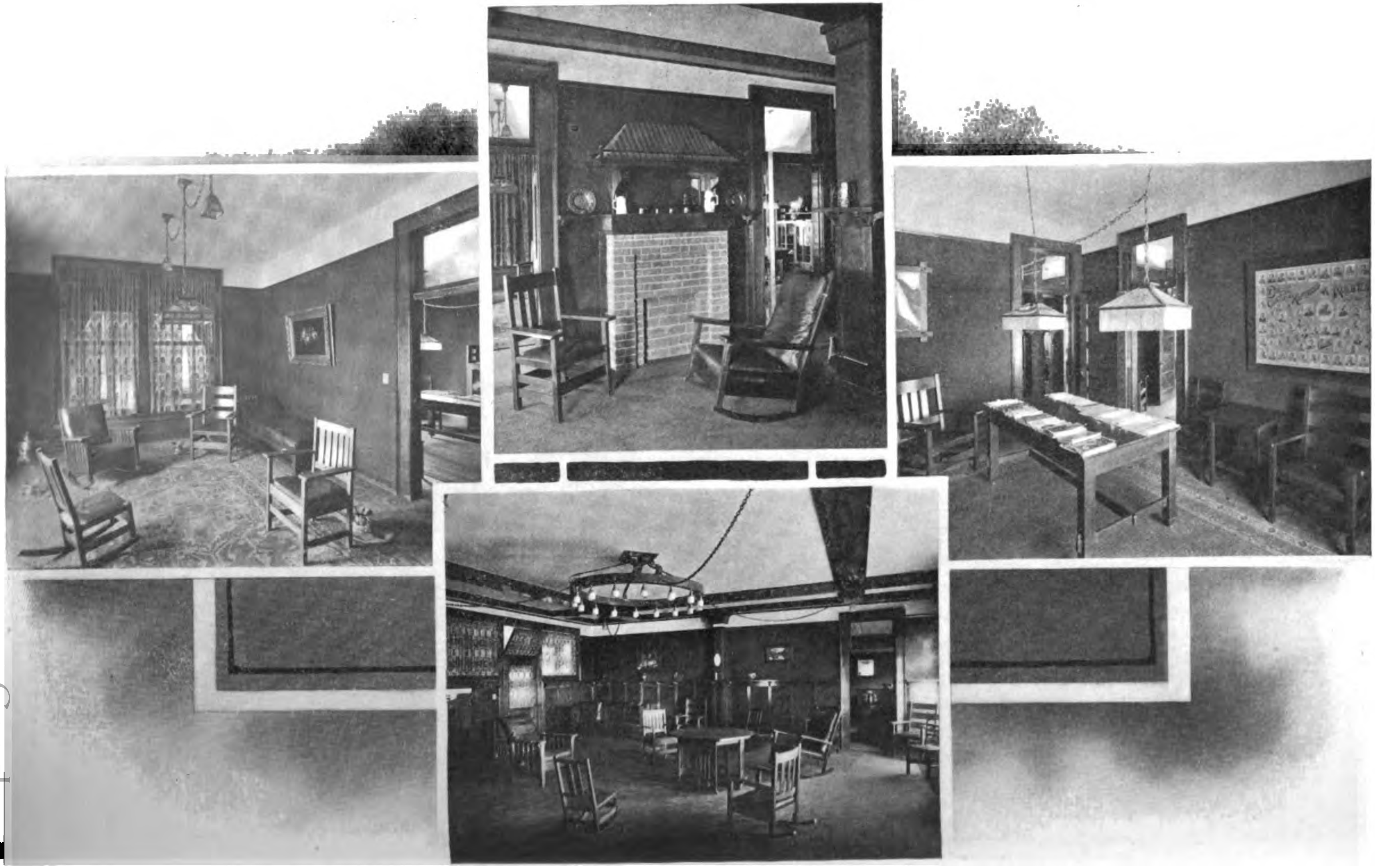
Now the principle of such a regulation may be right or may be wrong: I am not here to defend it or discourage it. But it is practiced just the same, and probably will be as long as the competitive system lasts.

If young men going through clerical rotations toward official positions could only be able to meet that requirement, even measurably, the last possible objections to Institute men would be removed. And there is a way of meeting such an exigency. It is true that no bank clerk has either time or inclination to pay visits to business men for the purpose of becoming acquainted with them, and his opportunities for meeting them socially when they visit the bank are very remote, but there is a broader and better meeting ground than either of these, even if both were possible. There are one or more commercial organizations in every city, to whose membership the bank clerk is always eligible, and whose rate of dues is within the means of all. The Institute man would find himself not only in congenial company if he joined one of those organizations, but he would soon find himself established in a broad circle of business acquaintances and adding materially to his own business education. He would not only place himself in direct touch with the business element of the community as a whole, but he would in time become master of the details of various specialized lines sufficiently to enable him to make use of the knowledge in his bank work.

This idea is probably nowhere better exemplified than in the system employed in the First National Bank of Chicago, one of the largest and most successful banks in the United States. The work of the bank is in divisions, lettered and classified according to various leading lines of business, such as Division A, dry goods; Division B, shoes, and so on. Each division is headed by a member of the executive staff, who has first qualified himself for the position by the acquirement of a knowledge of that particular line. He has studied the requirements of the trade and mastered them sufficiently to practically know the wants of the customers before the customer has made his wants known. It is easy to see how comfortable a new customer must feel when he is turned over to a man who knows his necessities probably as well as he himself knows them.

BROADENING ACQUAINTANCE.

Such a division of work in a bank is no doubt impractical and unnecessary in a city of the size of Washington; but here is where the commercial organization membership would be most effective. The knowl-



View of Los Angeles Chapter Rooms.

edge thus acquired would be along the broad lines of general usefulness, to say nothing of the influence and acquaintance that may be attained. The qualities of "mixer" can be developed to any desired degree, in a commercial organization, and besides if a man has character and usefulness of unusual order they will become manifest in time to promote his advancement in his chosen field of work.

"Mixing" is the surest cure for narrowness. It broadens a man's visions of life and increases the scope of his usefulness. It teaches us how to fill our part in the great brotherhood of humanity, and when reduced to a final analysis, we see it bringing business to our enterprises and money to our coffers.

If the plan I have indicated is followed, it will in many cases throw the bank clerk into direct and personal contact with the directors of his institution, whose interest in the clerk's welfare will be enhanced by the acquaintances thus formed; in fact it will tend to focus the attention of the directors upon the young men, and predetermine them in favor of Institute members.

As I previously intimated, with this qualification added to all his other abilities, the average Institute man would be beyond objection as a bank officer. He would be equipped with a technical training necessary to give him full command of details, be possessed of the essentials in commercial usage and banking law, have acquaintance and influence extensive enough to enable him to attract business to his bank, and be thoroughly prepared for useful and honorable citizenship.

PHILADELPHIA CHAPTER.

At the March meeting of the Quaker City Chapter Hon. Dimner Beeber, president of the Commonwealth Title & Trust Co., by a masterly treatment of the subject of "Hamilton, the Financier," threw new light on several phases of that remarkable man's career. Judge Beeber traced Hamilton's wonderful progress and achievements up to and following the time of his appointment by President Washington as Secretary of the Treasury. In view of the never ceasing study and discussion of two of the most important national topics before the American people, namely, public credit and the proper adjustment of our currency deficiencies, the speaker urged the young bankers present to avail themselves of the great opportunity to secure a thorough understanding and grasp of the fundamental principles of these two questions by a careful study of Hamilton's two foremost public documents, his first papers on the proper adjustment of the public credit and his arguments in favor of the establishment of a national bank, as well as the explanation of its powers and functions, etc.

In the light in which Hamilton was viewed by his countrymen and by the statesmen of other countries, the second speaker of the evening, Dr. W. T. Hull, of Swarthmore College, had a subject which seemed to follow in a most natural sequence to its predecessor, viz., "The Two Peace Conferences at the Hague," which had so much to do with many of the policies and pathways opened up by Hamilton and his contemporaries.

Dr. Hull was one of the American delegates to those remarkable conventions, and his presentation of the inside history of their activities and results opened the eyes of the boys in many ways. Although generally considered as fruitless by the outside world, Dr. Hull presented many facts which proved beyond a doubt that wonderful progress was made in attaining many of the objects for which the two conferences were held.

Of especial interest was the speaker's careful enumeration of some of the remarkable achievements of our leading delegates, White in 1899, and Choate in 1907, and of the influence exerted by them in the deliberations of those august bodies, as well as the effects resulting from the activities of Secretary Root since the last conference.

E. Leslie Allison.

NEW GOVERNORS AT 'FRISCO.

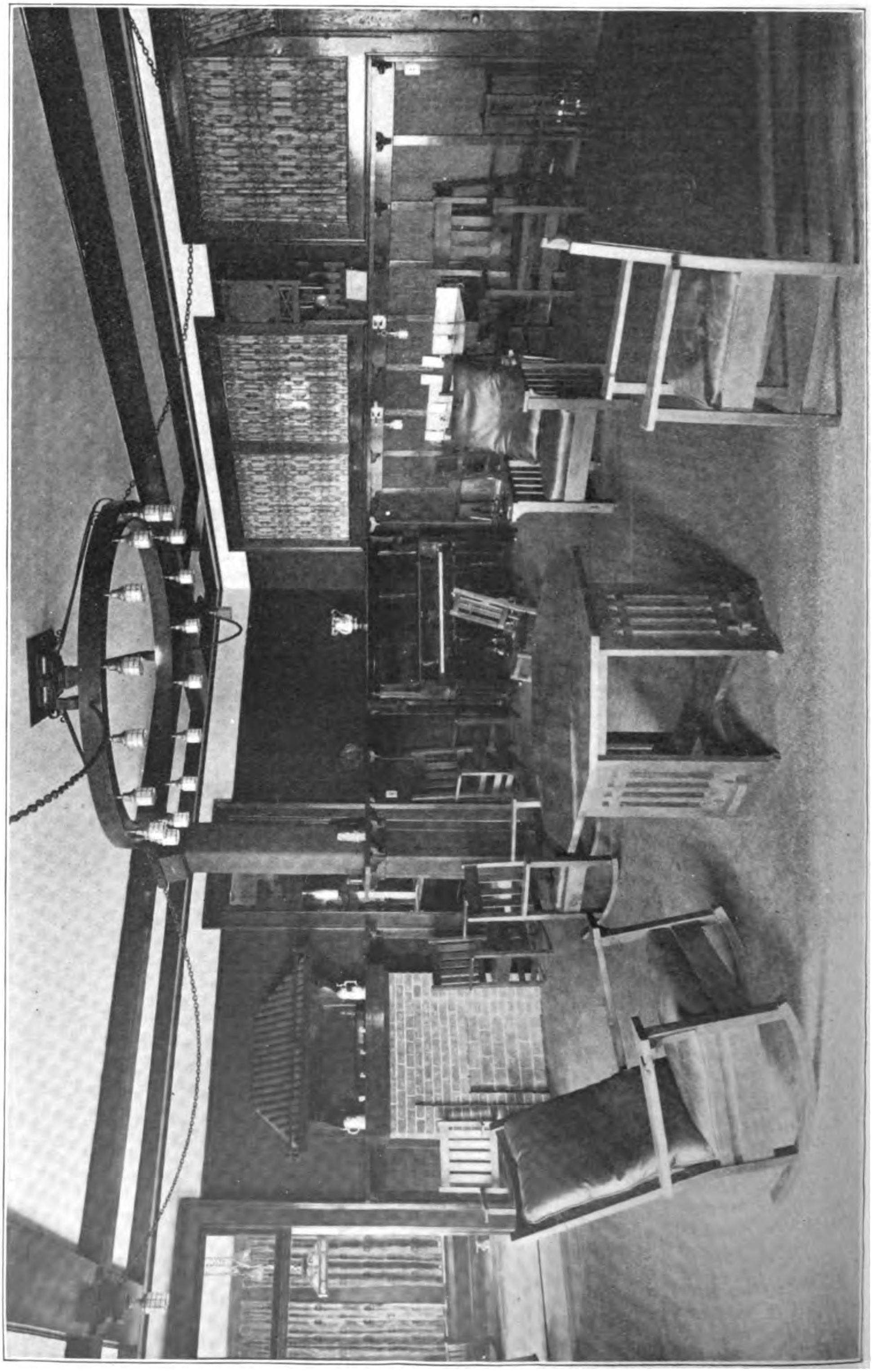
The board of governors of the San Francisco Chapter at a recent meeting elected a number of new governors to serve until the annual election, which will be held in May. The new governors chosen are Thomas G. Spillane, of the Bank of California; Russell Lowery, American National Bank; Grant Courdrey, Central Trust Company; Frank L. Moss, London-Paris National Bank; W. P. Compton, Crocker National Bank.

A BOSTON CHAPTER.

At Last the Hub has Succumbed to the A. I. B Movement.

A Boston chapter of the Institute was organized several weeks ago with a charter membership of over a hundred.

The meeting for organization was addressed by George E. Allen of New York, Educational Director of the Institute, and Charles A. Ruggles, manager of the Clearing House. Charles B. Wiggin of the City Trust Company was elected president, F. A. Goodhue of the First National Bank first vice-president, and George H. S. Soule of the National Shawmut Bank second vice-president. The other officers are: Secretary, Leonard L. Titus of the First



General Assembly Room. Los Angeles Chapter.

National; treasurer, Arthur F. Spring of the National Union Bank; executive committee, Frederick Cate of the Provident Institution for Savings, Roger F. Nichols of the Bay State Trust, Frank B. Lawler of the Bank of Commerce, Horace Ford of the Old Colony Trust, H. E. Stone of the Second National Bank and Lyman N. Banker of the Merchants' National.

It is the intention of this chapter to have systematic study courses in practical banking, commercial law and political economy conducted by professors of Harvard University.

OAKLAND'S CANDIDATE.

F. M. Cerini is urged for Executive Council.

We are in receipt of the following announcement from the president of the Oakland Chapter, which is being sent to all the chapters:

It may possibly interest you to know that at the insistent urging of the Board of Governors of Oakland Chapter, I have consented to a declaration of my candidacy for election to the Executive Council of the Institute to replace some member whose term will expire this year and whose successor will be chosen at the coming convention in Seattle.

I hesitated considerably before taking this step, as I felt that so new a member of the Institute as myself, might possibly be looked upon as presuming upon short acquaintance. However, the matter was brought to my attention by several gentlemen whom I had the pleasure of meeting in Providence, and since it is probable that the West will be given one representative on this body, our local Chapter members could see no objection to my entering the list.

F. M. CERINI,

President Oakland Chapter, American Institute of Banking.

VARIOUS CHAPTER EVENTS.

Lectures.

LOUISVILLE.—A series of lectures on "The Negotiable Instruments Act," by Judge W. O. Harris.

Salt Lake City.—Charles H. Wells, "Loans and Discounts;" Clayton Thatcher, "The History of the Bank of France."

Nashville, Feb. 9.—Prof. G. W. Dyer, "Banking Systems."

Denver, Feb. 10.—A. C. Foster, "Bank Credits."

Detroit, Feb. 18.—Judge James O. Murfin, Prof. R. E. Bunker and W. M. Murtz, on "Lincoln," "Thomas Jefferson" and "Bills of Lading" respectively.

Hartford, Feb. 18.—Hon. Clark Williams, Supt. of Banks, New York, "Bank Supervision."

Fort Wayne, Ind.—C. W. Camp, "Bank Examinations;" Edward Detzer, "Bank Statements."

Tacoma.—Geo. B. Burke, "Pending Financial Legislation."

Minneapolis, Feb. 2.—Hon. W. H. Eustis, "The Growth of Knowledge." Feb. 23.—Charles Braden, "Insurance."

Debates.

Spokane.—Resolved, That Senator Carter's proposed postal savings bank law would promote the best interests of the country. Affirmative, A. R. Charles and Ira Yaunt; negative, F. S. McWilliams and C. D. Kramer.

Denver, Feb. 10.—"Postal Savings Banks." Affirmative, W. O. Bird, C. I. Dearden and G. A. Ashley; negative, C. W. Warner, R. H. Perry and W. G. Carver. Affirmative won.

Washington.—"Postal Savings Bank." Affirmative, H. J. Phelps and Oscar Thompson; negative, Samuel J. Henry and H. H. Smith. Negative won.

Social Affairs.

San Francisco.—The recent entertainment of the chapter yielded about $500, which will be applied toward furnishing the new quarters.

Hartford, March 17.—Banquet at Hartford Golf Club.

Minneapolis, Feb. 16 and 17. The chapter made over $700 by its recent venture into theatricals. The money will be used to fit up permanent quarters and provide a library.

Duluth-Superior.—Second annual entertainment and dance. Committee, G. H. Snyder, R. W. Butchart, C. H. McCarthy, C. J. Crogan and A. W. Taylor.

Philadelphia, March 27.—Annual banquet at Hotel Walton.

Cincinnati.—Annual banquet. Speakers, B. B. Seymour, J. A. Green and Geo. E. Allen.

St. Louis, Feb. 26.—Entertainment and dance.

Oakland, Feb. 16.—Annual ball.

Contests.

New Orleans.—Four members of the Chapter broke the national record for correctly listing one hundred checks on an adding machine. The four men are: George Caster, Teutonia; Morris Rivet, Whitney-Central; Paul Blum, Jr., Teutonia, and

W. W. Sutcliffe, German-American National. The record has been held by Pittsburg, and was one minute and fifty seconds for correctly listing 100 checks. Mr. Caster's record was one minute, forty-one and one-fifth seconds; Mr. Rivet's record was one minute, forty-one and one-fourth seconds; Mr. Blum's was one minute and forty-five seconds, and Mr. Sutcliffe's was one minute, forty-eight and three-fifths seconds.

NATIONAL MONETARY COMMISSION.

THIS Commission was appointed under authority of the act of May 30, 1908.

The portraits, presented on another page of this issue of The Bankers Magazine, are those of the members of the Commission as originally appointed. While some Senators and Representatives have either failed of election, or have been transferred to other posts, they have generally been continued as members of the Commission. Mr. Burton has been elected a Senator since his appointment as a member of the Monetary Commission.

BANKS IN OUR INSULAR POSSESSIONS.

ON March 31, 1908, according to the Comptroller of the Currency, ten banks in the Philippines had resources aggregating $21,816,753, an increase of $2,256,341 since June 20, 1907. The chief resources were: Loans and discounts, $11,058,370; Philippine and other currency, $2,942,750 due from banks and agencies, $2,815,422.

The deposits by the public and the Insular Treasurer amounted to $9,711,688 and the bank notes out to $784,443. The paid-up capital was $2,161,255 and the surplus and individual profits were $1,364,821. The banks referred to are the Banco Espanol Philipino at Manila and its agency at Iloilo; the Manila and Cebu agencies of the Chartered Bank of India; the Manila and Iloilo agencies of the Hongkong and Shanghai Banking Corporation; the Manila and Cebu agencies of the International Banking Corporation; the Monte de Piedad Savings Bank at Manila; and the Bank of Zamboanga. Compared with June, 1907, loans and discounts show an increase of $1,308,878; surplus and profits an increase of $45,247; deposits a gain of $539,393, while currency in bank decreased by $1,424,418.

On June 30, 1908, the 245 postal savings banks of the Philippines had resources and liabilities balancing at $530,000. The accounts number 5,389. About half the deposits belong to Americans and the remainder to Filipinos (44 per cent. of the total), other Asiatics, Europeans and local societies.

Porto Rico has ten banking institutions, one of which is a national bank. The aggregate capital stock of these banks is $2,125,514, including $575,215 due by stockholders of two of the Territorial banks. The resources of the ten banks aggregate $10,417,624, the chief items of which are:

Loans and discounts	$3,841,912
Stocks, bonds and securities	1,942,774
Cash in banks	1,708,082
Due from banks and bankers	751,529

The deposits total $5,940,587.

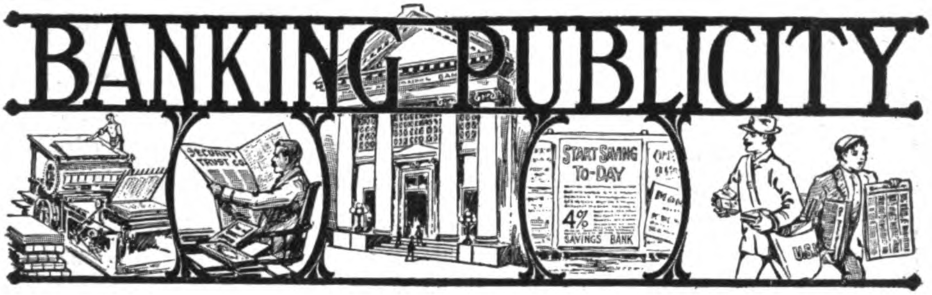
The aggregate resources of the reporting banks including the national bank, have increased over 100 per cent. since 1902, when the eight incorporated banks then in operation had $1,417,725 capital, $2,489,449 deposits and $5,359,189 assets.

Seven Territorial and private banks are operating in the Territory of Hawaii. Their latest reports show $3,042,500 capital, $3,620,125 individual deposits and $7,274,785 aggregate resources. In addition on May 14, 1908, the four national banks had $610,000 capital, $980,736 individual deposits, $104,678 United States deposits and $2,388,612 aggregate resources. The total resources of all reporting banks, private, Territorial and national, were as reported $9,663,397.—*New York Sun.*

CHINA'S SILVER CURRENCY.

H. M. MINISTER at Peking has forwarded a translation of an imperial decree, issued October 5, ordaining the introduction of a uniform silver currency throughout the Empire, of which a coin weighing one K'u P'ing or Treasury tael is to be the unit. The new tael and half-tael coins are to be ninety-eight per cent. pure silver, and there will be subsidiary ten-cent and five-cent pieces of eighty-eight per cent. pure silver. The board of finance and provincial authorities are enjoined to take measures for the early introduction of the new coinage into general use, it being recognized that the use of sycee and the various dollar currencies now in circulation will have to continue for some years to come.

No ratio is fixed between the copper currency and the new tael coinage, and no indication is given whether the new coins are to be issued solely from mints under the direct control of the board of finance. H. M. Minister remarks that without provisions on these two points, it can hardly be said that a national coinage is likely to result from the present decree, though it is possible that the board of finance will safeguard the interests of the central government by a supplementary enactment.



THIS department is for the benefit of those interested in promoting the business of banks, trust companies and investment houses by judicious advertising. Correspondence is desired. The purpose is to make this department a clearing house for the best ideas in financial publicity. Send inquiries, suggestions, information concerning results of various methods and campaigns, and samples of advertising matter for comment and criticism, to T. D. MacGregor, Manager, Publicity Department, Bankers Publishing Co., 90 William Street, New York.

A SYMPOSIUM ON BANK ADVERTISING.

Views of Experts on Some Important Phases of Financial Advertising.

THE EDUCATION OF BANK DEPOSITORS—THE NEED OF INSTRUCTING THE PUBLIC IN WHAT THE BANK OFFERS.

By Harvey A. Blodgett, Vice-President The Cootey-Blodgett Co., Minneapolis.

THE panic of October, 1907, brought home to bankers, with a new emphasis, the need of creating in the public mind a feeling of greater confidence and trust in financial institutions, and a better knowledge of what banks exist for.

That banks are fast coming to the belief that the real purposes and aims of their publicity should be along educational lines is evidenced by the newer and saner methods of advertising that are being employed by successful financial institutions.

The progressive banker now directs his advertising toward bringing the people to a better understanding of the various utilities of the bank, the safeguards with which depositors are surrounded, and the benefits of having relations with a banking institution.

There are many people in the rank and file, the bone and sinew of every community, who are keeping the custody of their funds, in blissful ignorance of the privileges conferred on the bank depositor, and indifferent to the value of a credit at the bank, or the means of acquiring one. They do not realize that in taking their mites from the legitimate channels of trade, they are contributing their mites toward a financial stringency, of the penalties of which they themselves partake.

There is a natural tendency among banks to contract their advertising expenditures when conditions begin to slacken. This does not seem the rational policy. When business is dull the enterprising merchant renews his efforts. The patient takes his tonic when his system is depressed, and does not wait for recovery before applying his remedies. The banker should govern his

Harvey A. Blodgett.

actions in the same manner. When confidence is lacking he should stimulate confidence. When people hoard their money, he should educate them to the point of bringing it forth to the daylight, where, in performing its functions, it will benefit all alike.

Every bank expends a considerable sum each year for publicity of one kind or another. It is difficult to see in what ways much of the advertising now used by bankers, who are not availing themselves of the newer methods, can be a factor in establishing public confidence or creating new business.

It is not necessary to mention the many devices and schemes which are offered to banks for business building purposes, but let each banker who reads this reflect on the methods he has been employing, and ask himself how much real power they have possessed in creating new business and establishing confidence in his institution. And let him also resolve that hereafter the expenditure of every dollar for advertising shall be directed with a definite aim. Chance has no place in bank advertising.

If I have something to sell a banker he won't buy it unless I can SHOW HIM how he will be better off for having it. I might hand him a mere business card, or point my finger to my name in print, a thousand times without results.

The purpose of a bank's advertising should be to SHOW the public the many privileges and benefits which accrue to those having close relations with a banking institution, and to demonstrate to thoughtless hoarders that the world needs money in its business, and that the bank is the legitimate agency for keeping money in circulation,—for turning dead dollars into live ones.

In the bank advertising but just going out of vogue it is assumed that the reader has already developed a desire for, or a realization of his need of one or more of the services in which the bank deals, and that it is only necessary to have the name of the bank drawn in some manner to his attention.

The bank advertising campaign succeeds which has in view implanting in the public mind, step by step, a broad knowledge of the many functions of the bank. This will bring people within its doors for services they had been procuring elsewhere, or had not felt the need of at all. The education of men, women and children into habits of thrift is also an important objective of an advertising campaign. But the publicity which generates in the minds of its depositors, and the hundreds of possible clients in the community, an abiding faith in the stability of the institution, creates an asset for the bank which will prove of great value at all times, and especially in times of stress or business reaction.

Every dollar expended for publicity should be a dollar invested for permanent returns. rather than spent on some trivial thing which carries no real message and is soon forgotten.

The banker should give serious thought and study to the methods of advertising which will not only make two depositors where one has existed, but will disseminate a thorough understanding of the part that the bank plays in the welfare of the individual, as well as establish confidence in the bank on the part of the individual.

When bankers cease to think of their advertising appropriation as an expense, and plan its disbursement as a permanent and productive investment, then will the rewards come in the way of new customers, increased profits, and a reputation for safety and stability among its people.

THE INVESTMENT BANKER'S PROBLEM.

A Practical Discussion of Ways and Means in "Profitable Advertising."

By David G. Evans, Treasurer "Success" Magazine.

LOOKING in on those investment houses that have developed their selling organizations to a point where advertising seems to be essential, one will find that about every department of the business is made to fit into the demands of advertising in a more or less important way. For those houses that are now considering advertising, the few suggestions following might be of some assistance.

First, it would seem necessary for the policy of the house to be as near ideal from an advertising point of view as possible. It should therefore be the policy of the house to purchase and offer for sale such classes of securities as will protect the funds of their clients and the reputation of the house; to build for the future with the idea of being among the largest and most respected houses in the investment banking field, but surely with a reputation for honesty, integrity, and reliability, and to reach in the broadest way possible the general investing public, as well as all classes of institutions with a surplus for investment. An organization should first be built to insure all of this. In other words, when internal conditions are right, and not until they are, should a national advertising campaign be considered.

Experience in advertising causes one to demand that a thoroughly worked out buying plan, selling plan, exploiting plan, or, in short, a policy that will fit into the needs of advertising as well as the demands of the American investing public and the standing of the house—before anything is actually done in advertising. Of course, a really perfected organization cannot be had without actual experience, but it is indeed wise to gather some definite plans together before making any kind of an advertising effort, especially of a national character.

About the quickest way to formulate these policies and to work out a really effective plan, is to put one man in absolute charge of the advertising efforts made by the house. This man must be thoroughly conversant with the policy of the house and have authority to cause its strict enforcement, must be familiar with the good and bad points of all securities offered, to determine their strongest selling points, and to exploit them in an understandable way. He must be human and sympathetic in nature, warm not cold, cordial not distant, dignified and conservative. He must be

David G. Evans.

able to put the personal service idea into his efforts, and must answer all inquiries with a personal note or touch in them.

The traveling bond-selling force must be in thorough accord with the advertising plans, and made to appreciate their value to the house and to the force.

The heads of banking institutions would do well to interfere as little as possible in what is being done by their advertising manager. If he is given an appropriation, let him spend it. First be sure that he is the man to safeguard the interests of the house. Look upon his as one of the most important men in the institution, and allow him to work out his plans and get his experience with hard knocks. See to it that he is studying advertising, guarding the policy and reputation of the house.

A good advertising agency may be used, and there are some that can be made of great service to the advertising manager. The value of having someone not too close to the business suggest copy and plans is unquestionable. The agent can be made to co-operate with the advertising manager in a very effective way, and to give him very valuable assistance on many points of adertising, use of mediums, etc.

Do not expect to make advertising pay from the very start, because it will not. Do not expect every publication on earth to be profitable to you. There are only a few that now conduct themselves in a way that would admit of your using them. Do not spend too much money during the year—just enough to find out how much should be profitably spent. Do not lay out a plan that does not mean at least a year's campaign. Do not change your plans too often after they have been definitely decided upon. If you are not getting satisfactory results within a year's time, you may be sure that it is not the fault of advertising. There is something wrong with your plan, your organization, your advertising manager, or your house. Corect the evils in your own "shop," and you will soon turn loss into profit. Advertising has proved to be right for many years—the fault is not there—it's you.

USE OF SPECIALTIES IN BANK ADVERTISING.

By Archibald G. Boal, Cashier, First National Bank, West Elizabeth, Pa.

SOME bankers condemn the use of novelties and souvenirs in bank advertising altogether. Others use them with a prodigal hand. Somewhere between the two extremes can be found the happy medium.

Practically all students of advertising agree that publicity in a well-edited, well-read and widely circulated newspaper produces the best results. Next to this come circulars, booklets, and personal letters. Bill board and street car advertising, where that is practical, might be classed next. In general, however, the third class is the well chosen souvenir, or novelty.

The chief purpose of handing a useful souvenir to a customer or stranger is to get his good will and attention. The recipient feels that the bank from which he received the gift is friendly and approachable. The souvenir is almost sure to be shown to others and the bank's name becomes more firmly fixed in the popular mind.

A note-book is about the simplest form of a novelty which a bank can distribute. The sole advertisement may be on the cover in three lines thus:

Compliments of
The First National Bank,
Bridgeville, Pa.

A few of the inside pages may contain some stock information regarding business law, population of cities, and tables of weights and measures. This makes the book useful for reference as well as for memoranda.

Some banks give such books out thoughtlessly and because they believe they have to give something. But a bank in a coal mining town discovered that its customers and many who were not customers had a real interest in securing such a book. It was found that nearly all miners kept some

Archibald G. Boal.

kind of a blank book with them at their work to make records of the day's labor. Further investigation showed that men in other lines of work appreciated them for the same reason. Although the cost of such a book is small it is one of the little things that the workingman doesn't care to buy and is always on the lookout to find one that will cost him nothing.

After that discovery was made, that bank made a specialty of handing these blank books to all workingmen who came to the bank whether customers or not.

In another bank a teller discovered that the foreigners, of whom there were many in the community, had a great liking for a pouch that could be used for money or tobacco. Every foreigner that opened an account, or purchased a foreign money order was given one of the pouches—sometimes made of leather, sometimes made of part leather and part bright colored silk. This was the means of securing considerable new business.

School bags for children were used with good effect by a national bank in Pennsylvania, which outfitted most of the schools in the adjoining township. More favorable comment was received from the general public from this bit of advertising than from any other ad. put out by the bank in two years.

There was no question but that the bank's name became familiar in a majority of the homes in the district; there was no question about the children being pleased, and, having pleased the children, the bank had reason to believe that the parents were pleased. In addition to this, there were the signs going to and from school, practically every day for eight or nine months of the year.

Other and costlier souvenirs and novelties have been used by banks to good advantage. The selection of this kind of advertising must be done with thought and care. What is given should be useful and of enough value to be appreciated. If of no use it is thrown aside and forgotten.

It is hardly in keeping with the dignity of banking to give out trick, joke or puzzle souvenirs. The novelty field is a broad one and trick advertising should be left to the cigar stands and others. Any banker can secure useful advertising specialties with a little search.

In distributing this class of advertisements the best plan is to give them out over the counter. The majority of a bank's customers come to the bank at least once a month. Some of these are a little cold, distant and hard to get acquainted with. A pleasant word from an officer or a clerk with a "Here's a little present that may interest you," may go a long way toward thawing the ice.

Then there are many persons, who come into a bank for change, sometimes for the purpose of getting acquainted and to "size up" a bank and its working force. The presentation of a souvenir gives the opportunity to make a closer acquaintance and, if adroitly done, breeds the good will that every bank officer desires.

THE NEW BUSINESS DEPARTMENT.

An Account of the Work of the Business-Getting Branch of Modern Banks.

By F. W. Ellsworth, Manager Department of New Business, The First National Bank of Chicago.

THE Department of New Business as a specific department in a bank is of comparatively recent development. Speaking in a general sense, it includes the entire office, for as the bank serves the public, so will the public serve the bank.

And by the "bank" is meant every individual employe, from the president to the humblest bell boy. Each one has his particular function to perform, his own share in serving and satisfying present customers; and in so far as the customers *are* satisfied, just so far, you may be sure, will they reciprocate by producing new business, for verily is a satisfied customer the best advertisement.

The New Business Department, speaking specifically, is devoted to the primary purpose of securing accounts. To accomplish this end, two principal means are employed —the personal conference, and its substitute: advertising.

If you are seeking the accounts of out of town banks, the logical papers to use are the financial weeklies or monthlies that circulate in your territory.

The local dailies are used to distinct advantage in seeking city business, especially for the savings department. Our two institutions do away with the necessity for discriminating by using all of the Chicago dailies, for they all happen to be good. We can always be pretty sure that the bulk of their circulation is local, and in most cases are reasonably sure of their circulation statements.

In placing advertising with the dailies there are of course three essential elements to be taken into consideration. These are: position, display and composition. An ad. must have good position to insure reading; it must be well dressed to create an impression; and it must contain convincing talk to inspire action. There you have them: attention, impression, action. Any ad. which arouses these three is a successful ad.

Another medium which the savings bank cannot afford to ignore is the foreign language paper, of which we have in Chicago considerably over a hundred. Many of these are obscure little sheets with very limited circulation, no influence and barely enough income to keep the breath in their bodies, but among them are many substantial ones whose columns are as productive as those of the English press, and it is not only wise but quite necessary to use them if it is intended to take advantage of every opportunity for securing new business. In writing ads. for these papers care should be exercised to adapt them to the particular classes which are to read them.

The use of booklets is an effective means for attracting accounts. The preparation of booklets gives the advertising man a chance to spread himself, and to indulge his taste for beautiful creations. Depend upon it, too, that when a well worded and well printed booklet, gets into the hands of the average person it is going to be read. Then, if the impression created is followed up at intervals by brief, forceful letters, something is going to give. The proper distribution of booklets is a problem worthy of study. The First Trust and Savings Bank of Chicago, for instance, issues several hundred thousand at a time—enough to cover the city—and has one placed in each home by a distributing agency. To check up the thoroughness of the distribution, each of the clerks is asked to report for his neighborhood, and as there are nearly six hundred clerks, living in every part of the city, these reports tell the story in a reliable manner. Purely as an experiment, the last

Fred W. Ellsworth.

piece of literature distributed by this institution contained very little about the bank, bearing instead a humorous philosophical poem entitled "Money in the Bank" by S. E. Kiser. The results obtained from this innovation were decidedly satisfactory, and it is probable that the experiment will be repeated. It is a good plan to issue booklets or folders two or three times a year, making sure each time that the ground is carefully and fully covered. These need not necessarily be very elaborate or pretentious and the entire cost of printing and distributing will not exceed four or five dollars per thousand.

Form letters appropriately worded for their respective uses and mailed to all new incorporations, newly established firms and business houses, new banks, sellers of real estate, etc., are productive of results.

A liberal supply of monthly blotters containing the calendar for the current month and a pithy little talk will always be found useful. Large business houses where there are many office employes who should carry savings accounts can very easily be trained to use just such blotters month by month.

The New Business Department starts things. It hunts up prospective customers, makes every honest and honorable endeavor by the various means which I have enumerated to change prospective into actual customers. After this is accomplished the office as a whole must step in and complete the transaction by intelligently supplementing the initiatory work of the New Business Department. An institution which expects to grow must be able to retain and make permanent its clientele by the personality of its management, and by a generous and capable service rendered in a correct manner by intelligent employes. The bank which can present to the business community a battery of such facilities need have no fears as to the success of its New Business Department.

THE DUTY AND PRIVILEGE OF ADVERTISING A BANK.

By E. St. Elmo Lewis, Advertising Manager, The Burroughs Adding Machine Co., Detroit, Mich.

THE ideal banker, in his effort to live up to the motto of doing good and making money, is not only to be expected to assume a merely passive part in the work of looking after the money of the community, but he is expected to assume a more aggressive role and teach the community how best to take care of its own money. In other words, the banker must not be content to rest upon the cold dignity of his profession, but he must concentrate his mind, his efforts, his will, his talents and his power, on the problem of creating a desire on the part of the community to properly husband its resources,—he must educate the business man in the best way to conduct his financial affairs,—he must strive to promote thrift among wage-earners and to educate them in a realization of the right principles of successful finance, so that sound money and sound business may go hand in hand.

This is the good that the banker may do. In order to accomplish this he should not confine himself and his activities to his private office or to the circle of his intimate friends or business associates, nor should he consider it undignified to go into the arena of public affairs and give force and direction to those principles which he knows are vital to the success of the commercial community.

It is vastly necessary for us to educate the public in the very best way to save money. It is not necessary for me to go into any discussion of public and private credit to point out to you that it is the undue activity of the buying power that at first induces extra expenditure on the part of the retailer, then the wholesaler and then the manufacturer, with the inevitable result that when the contraction comes in banking credit the overbought buyer suffers with the rest. Therefore, it is the duty of the banker not only to instruct his wholesaler, manufacturer and retailer in the essential elements of credit and the laws of supply and demand, etc., and to put a regulator on the granting of loans, etc., but it is vital that he should

E. St. Elmo Lewis.

assume the larger obligation of teaching thrift and economy to the great mass of people.

Let us stop for a moment and analyze what the successful advertiser must do, and how we must determine the best method of applying the principles we shall discover in our first analysis.

In the first place, any successful advertisement must attract *attention*, as it is obvious that if no one sees it it does not do much good. If no one's attention has been attracted to it, no one knows that it has been published, there can be no doubt but that it is a failure in all the things that make successful advertising.

In the second place, while it may attract attention, it has awakened no *interest* (which is sustained attention) to the extent of getting people to read it and understand what the advertisement is driving at, then it has failed because it has had no chance to convey the lesson it would suggest.

In the third place, the advertisement must not only attract the attention and hold it long enough to awaken interest, but it must *persuade* the man to think along the lines the advertiser wants him to think, as it must be strong enough to make him *do* what the advertisement wants him to do.

The difficulty with the average advertiser is that he thinks entirely in a subjective way. He looks at a design and says *he* does not like it. He reads a piece of advertisement writing and says that it does not appeal to *him*. Now, I submit to your reason that the design is not intended to appeal to him, and the writing is not intended to convince a banker, but it is intended to go to people who may have entirely different artistic taste as a class, than he, and the writing is intended to attract, interest and convince people who know absolutely nothing about banking. The consequence would be that the writing, of necessity, would deal with the very simple problem of banking that the average bank advertiser would consider too silly or too obvious for serious consideration. The advertisement is intended to deal with people who are ignorant, he must meet them on their own plane of intelligence, talk to them in their own tongue, or he might as well talk in Chinese.

The advertiser, however, who deals with the subject from an *objective* standpoint, finds out the wants of his people, finds out what kind of people it is from whom he can expect to get the money he is after; what kind and condition of retailer, wholesaler and manufacturer he can expect to get "desirable business."

To write an advertisement that will be interesting to such people, it is necessary to write it from their standpoint. If you want young business mens' accounts, write an advertisement addressed to the young business man, showing him how the bank helps him in the problems of his everyday affairs. It is only interesting to any man in a secondary way to know that the bank has ten billions of capital, but what he is primarily interested in is that his small account is sufficiently attractive to receive your personal attention. I remember that one of the large banks in Chicago some time ago addressed an advertisement to young business men with gratifying results.

The same applies to the question of saving. The man who never saved a dollar has no interest in the large capitalization of the bank, in its beautiful building, or in a list of names of officers, with whom he has but a passing newspaper acquaintance, or what your undivided profits and surplus amount to. These have all to be backed with some arguments on why he should save money and why he should save it with you, and you must reach him on his own plane of interest. In your advertising, your advertising manager will, if he is properly equipped, frequently talk about things that you never heard of. He will make the bank a real, live help to the wage-earner, the workingman and the small saver. He will create a favorable impression of what banks are, he will create confidence in the man's mind on this subject in the same direct way that would formerly be called undignified if it were not that it has proven successful.

Every man who writes advertising could write better advertising if he would keep these simple principles in view:

1. Not what I like, but what *my people* like.
2. What will attract *their* attention?
3. What will awaken *their* interest?
4. What will convince *them*, or persuade *them* to do something?

These four sentences embody all the principles of successful advertising.

The greatest source of weakness in bank advertising has been one of subjective attitude. Heretofore the officers have been talking about the things most interesting to them—*their* growth, *their* profits, *their* success, *their* standing in the community. They talked about these things in dollars and cents that mean very little to the average man in the street. The average man in the street has no more comprehension of what a million dollars is than any of us can comprehend the full extent of the solar system.

SOME GOOD BOOKLETS.

THE First National Bank of Winona, Minn., at the time it occupied its new bank offices last December, issued a handsome souvenir booklet which contained pictures of the three homes which the bank has had, portraits of the officers, directors, and employes of the institution, views of the various rooms, lobby, vaults, etc. The booklet, which is printed in two colors with a brown tint block, also contains a complete resume of the various departments of the bank and one of the interesting featurs is a table showing the growth of the assets and deposits of the bank for each year from 1864, when the assets were about $60,000, till 1908, when they were not far from $3,000,000.

The address of President E. S. Youmans, at the dedicatory exercises on December 26, was also printed in booklet form. It includes quite an interesting historical sketch of the institution with which Mr. Youmans has been connected from the very start.

We are in receipt of a new booklet from the First National Bank of Ripon, Wisconsin. In sending us the booklet, Assistant Cashier W. R. Dysart writes:

> Under separate cover I am sending you a copy of souvenir booklet our bank has distributed in our vicinity within the last few days, when we moved into our new quarters. I trust you may like it.
>
> It is only fair to say that in the preparation thereof I feel I was very materially helped by constant reading and re-reading of your "Banking Publicity" articles and those on "Modern Financial Institutions" in the valued Bankers Magazine. It seems to me this "Publicity" department is one of the biggest things the Bankers Publishing Co. has ever produced and I for one trust the department may have become one of permanency.

We would be inclined to comment very favorably upon this booklet even if Mr. Dysart had not said the kind things about us which he has. This booklet, like the one mentioned in the previous paragraph, is issued upon the occasion of the first occupancy of a new bank building. It contains the following hearty greeting to the people of its community:

> The First National Bank of Ripon, Wisconsin, extends a most cordial invitation to all its friends and to the public generally to visit the new banking rooms at the south-east corner of the Public Square, and to inspect the burglar-proof vaults and the various modern conveniences therein provided.
>
> Any one of the officers or clerks will be pleased to show you through the new quarters, and no effort will be spared to make your visit as enjoyable as possible, whether you have business relations with this bank or not.

The book contains the customary features of such booklets, but it is more than ordinarily well printed. The cuts are particularly clear and interesting.

The First National Bank of Montgomery, Ala., uses as a cover for its latest statement folder a view of a portion of Court square, Montgomery, where the bank building is located, being a reproduction of a large photograph which was exhibited in the Southern Commercial Congress at Washington, D. C., in December, 1908. The leaflet also contains some good arguments concerning the institution's facilities.

Mr. Kent C. Ferman, cashier Cedar Rapids National Bank, Cedar Rapids, Iowa, sends us a copy of a handsome new booklet which his institution has issued containing an interesting history of the bank from its establishment in 1877. This


The Dispatch-Hustler.

27th Year SENECA, NEWTON COUNTY, MISSOURI, FRIDAY, JANUARY 22, 1909.

The Local News

A Safe Bank for a Safe People

A SAFE BANK

Because of the high character and ability of those in charge.

Because of the large capital and surplus amounting to $75,000 which this bank must lose before the depositors can lose a cent.

Because of the confidence the best and most substantial people in this section have in us.

A SAFE PEOPLE

Because they are not engaged in business which smacks of speculation, but are just moving along sowing and reaping, buying and selling in an honest conservative way.

Because they live in the best all around section of the United States, the fertile valleys and prairies producing in abundance the staple products of the farm, and the uplands growing the strawberry and the cherry, the apple and the peach, which are sent to their less fortunate neighbors by the car load every year.

We invite you to do business with THE OLD RELIABLE

BANK OF SENECA

The Local News

Good Position and Copy for a Country Bank Ad.

COMMERCIAL NATIONAL BANK.
SYRACUSE, N.Y.

Our Growth

The constantly increasing number of our depositors evinces the fact that this institution is chosen as a depository because of its unsurpassed soundness and the stability afforded by large capital and because of its conservative management.

COMMERCIAL NATIONAL BANK.
SYRACUSE, N.Y.

OF INTEREST TO TRAVELERS

This bank has recognized the needs of its patrons, who travel extensively either in the United States, Canada or abroad, by issuing Travelers' Letters of Credit which are honored in all parts of the world.

COMMERCIAL NATIONAL BANK.
SYRACUSE, N.Y.

AN ASSURANCE OF SAFETY

The strict regard which the management of this bank has for those principles of sound banking which have characterized the history of the bank since its establishment in 1891, furnishes unquestioned assurance of safety for deposits. Accounts subject to check cordially invited.

COMMERCIAL NATIONAL BANK.
SYRACUSE, N.Y.

INCOME AND CONVENIENCE

This bank pays a liberal rate of interest on deposits of inactive funds, thus providing an investment which is absolutely safe while yielding a satisfactory income. You are cordially invited to open an account.

Saturday, January 2, 1909.

The Commercial National Bank
SYRACUSE, N. Y.

Capital, Five Hundred Thousand Dollars. Surplus and Profits, Three Hundred Thousand Dollars.

Your attention is respectfully invited to the record of substantial growth made by this bank during the past year:

DEPOSITS

Dec. 28, 1908	$2,307,075.30
Dec. 28, 1907	1,742,411.71
Gain	564,663.59

The esteem in which this bank is held by the public is a direct result of its financial strength and the fact that it combines large capital and surplus with those principles of safe management which place banking upon a sound foundation.

NEW ACCOUNTS CORDIALLY INVITED.

BIG INCREASE IN DEPOSITS

The national and State banks and trust companies of the city show good increases in the amount on deposit on December 28th over the corresponding day of 1907. The State Bank of Syracuse shows a small decrease on that particular day. The following table shows the amounts on deposit at the close of business December 28th, 1908, and the same date in 1907.

	1908	1907	Gain
First National	$3,907,722.39	$3,454,749.01	$452,973.38
Merchants' National	1,228,194.00	1,183,409.00	44,785.00
COMMERCIAL NATIONAL	2,307,075.30	1,742,411.71	564,663.59
National Bank of Syracuse	1,655,537.44	1,797,803.89	*142,266.45
Salt Springs National	1,294,447.00	[illegible]	121,561.48
Third National	1,159,425.70	960,793.69	198,632.08
Trust and Deposit	9,482,798.63	9,100,129.34	382,669.29
Syracuse Trust Company	3,036,129.41	2,585,411.27	450,718.04
State Bank	2,356,562.32	2,434,231.24	*77,668.92
Totals	$26,427,892.27	$24,431,826.77	$1,996,065.50

*Decrease.

From Syracuse Herald's Review of 1908.

Good Ads. of a Good Bank.

booklet is another special one issued to signalize the entrance of the institution into new quarters, as the Cedar Rapids National Bank has just occupied new rooms in its own building on the corner of Second avenue and Third street. The booklet contains, in addition to the historical matter, a complete description in word and picture of the building and likewise a full account of the various departments of the bank. It is printed on light brown paper and has a delicately embossed cover fastened with a brown silk cord.

"The Genesis of a Bank" is the title of an admirably designed and executed booklet issued for the National Stock Yards National Bank, of National Stock Yards, Ill., of which Wirt Wright is cashier. An attractive typographical feature of the book is the use of old English sub-heads with red initials. As to subject matter, the book contains a logical and interesting account of the development of banking as part of commercial life.

Another example of the historical bank booklet has reached us from the Manufacturers National Bank of Racine, Wis. As a frontispiece for the booklet a view of Main street, Racine, in 1860, is used, and elsewhere in the booklet appears the picture of the handsome building now occupied by the bank. Portraits of the various presidents of the institution are also used. The book is well gotten up from a mechanical standpoint and is sound in its subject matter so that there is no apparent reason why the institution should not get favorable results.

PITTSBURGH ADVERTISERS.

IN the article in this department last month on the Pittsburgh Bankers Ad. Association the names of some of the members of the association were omitted. The complete membership list is as follows:

Allegheny Trust Company.
Anchor Savings Bank.
Bank of Pittsburgh, N. A.
Chartiers Trust Company.
Colonial Trust Company.
Columbia National Bank.
Commonwealth Trust Company.
Diamond National Bank.
Diamond Savings Bank
Dollar Savings Fund and Trust Company.
East End Savings and Trust Company.
Fidelity Title and Trust Company.

First National Bank of Pittsburgh.
First National Bank of Crafton.
First National Bank of Homestead.
First National Bank of McKees Rocks.
Fourth National Bank of Pittsburgh.
German National Bank.
German Savings and Deposit Bank.
Guarantee Title and Trust Company.
Guardian Trust Company.
International Savings and Trust Company.
Land Trust Company.
Mellon National Bank.
McKees Rocks Trust Company.
Oakland Savings and Trust Company.
Ohio Valley Bank.
Park Bank.
Peoples Savings Bank.
Peoples Trust Company.
Pittsburgh Bank for Savings.
Real Estate Trust Company.
Union Savings Bank.
Union Trust Company.
West End Savings and Trust Company.
Western Savings and Deposit Bank.

ADVERTISING CRITICISM.

Remarks on Financial Advertising Submitted for Criticism.

THE Bank of Seneca ad. is what we call a good one for a small country bank. Certainly no exception can be taken to the display and position of the ad. and the fact that copy is changed with each issue shows that this bank is wide awake. Cashier D. N. Stafford writes:

> I send you under separate cover, the latest issue of our local paper. On the front page you will find our ad. in the space which we use, continually, changing the subject matter each week. We enjoy your splendid magazine and find that division of it, Banking Publicity, especially inspiring and helpful.

In our February number we reproduced some of the newspaper advertisements of Syracuse banks and suggested in our comment on them that two-column space is more effective than single column. We find that the Commercial National Bank has been using double-column space and we are pleased to reproduce some of the advertisements herewith. This bank's gain in deposits last year was greater than that of any other Syracuse bank and we have no doubt that its good advertising was an important factor in the encouraging growth indicated.

It will be noticed that the ads. of the American National Bank of Richmond, Va., are somewhat similar in style to those of the Syracuse bank just referred to. It is our own opinion that this layout can be improved upon. The most important part of a bank ad. is not the name of the bank. It is the interest-exciting heading and the argument of the copy which proves to the reader that he needs the bank, that it can help him. It is better to adopt a trademark emblem and incorporate it in the advertisement, not necessarily in a predominant position, but just so that the ad. is identified with the institution while at the same time greater scope is given for making a new and effective appeal with each appearance of the advertisement.

This is going to be a hard pill for a good many banks to swallow, but it seems best

Bound to be seen.

to administer it at this time. It is too bad to shatter a pretty design in this ruthless way, but we believe that the standing border cut idea is one of the strongholds of old General Publicity which should be demolished.

ALL BOOKS MENTIONED IN THESE NOTICES WILL BE SUPPLIED AT THE PUBLISHERS' LOWEST RATES BY THE BANKERS PUBLISHING COMPANY, 90 WILLIAM STREET, NEW YORK.

54-40 or Fight. By Emerson Hough. Indianapolis: Bobbs-Merrill Co. (Price, $1.50.)

This latest addition to the large number of historical novels which have appeared in recent years is a romance of the days when war was threatened between the United States and Great Britain on account of the unsettled northwest boundary between this country and Canada. While founded on facts, the book takes great liberties with historical characters, among them, John C. Calhoun. Perhaps the most surprising feature of the story which Mr. Hough tells is that the United States is in reality indebted to a certain "Baroness Helena Von Ritz" for the possession of the vast territory in the Northwest formerly designated by the term Oregon. On the whole, this book is interesting in its situations and thrilling in its style, but probably it was not necessary for the author to do any violence to the accepted facts of history to make his plot a strong one.

Das Deutsche Bankwesen. By Alfred Lansburgh. Berlin-Charlottenburg: Bank Verlag. (Price 4.80 marks.)

This publication, with characteristic German thoroughness, reviews the present situation in German banking affairs. A valuable feature is a comparative statistical statement showing the balance sheets of all German banks in the years 1857, 1872 and 1907-8, the number of banks in those various years being 39, 174 and 444, respectively. The author draws the conclusion that German bank conditions are now in a satisfactory state as a whole.

The Portland Cement Industry from a Financial Standpoint. By Edwin C. Eckel, New York, Moody's Magazine.

This is a thorough presentation of the investment features of the cement industry in the United States. The timeliness of the book is apparent to those who are familiar with the great and growing importance of Portland cement as a factor in building of all kinds. The author contends that cement plants when properly financed, located, constructed and managed, have made very satisfactory returns to their stockholders and that there is still room in the industry for honestly and intelligently managed new enterprises, but competition is now so keen that there is no room for plants that are poorly located or designed, or for companies that are dishonestly promoted or carelessly managed. The manufacture of cement is a legitimate industry, and the methods of mining promoters have no place in it. In its ninety-three pages, the book takes up the following topics: The History of the Portland Cement Industry; The Growth of the American Cement Industry, Statistical; The Outlook for the Future; Factors Influencing the Valuation of Cement Securities; The Methods and Profits of Cement Promotions; The Capitalization of Cement Companies; Cement Bond Issues; The Profits and Losses of Cement Manufacture.

The Duties and Liabilities of Bank Directors. By Edgar G. Alcorn. (Price, $2.00.) Columbus, Ohio: Financial Publishing Co.

The determined efforts of the Comptroller of the Currency, Lawrence O. Murray, to bring about a greater feeling of responsibility on the part of bank directors, has led to the publication of a number of books outlining the duties and liabilities of bank directors. This one by Mr. Alcorn is one of the best and fullest along this line. It takes up the discussion of the subject under the following heads: Organization of Bank; Duties of Directors; Authority of Directors; Liability of Directors; Criminal Liability of Directors; Actions Against Directors; Directors' Meetings; The Discount Committee; The Examining Committee; Official Reports; Indemnity Bonds; Bank Reserves; National Bank Circulation.

The part of the text relating to the duties and liabilities of bank directors is based upon actual court decisions, but the book is not written in legal terminology. It is a clear and interesting presentation of the important facts which every bank director should know about his work and responsibility.

How Fortunes Are Made in Advertising, and Great Successes. Chicago: Publicity Publishing Co. (Price, $1.00.)

This is an interesting 242-page book compiled by Henry H. Lewis and Orva S. Duff. It is a collection of instances on record showing how fortunes have been made in advertising. The articles by Mr. Lewis first appeared in "Success" magazine. Among the interesting stories of success told are those of the Eastman Kodak, Sapolio, Regal Shoes, Heinz's 57 Varieties, Gerhard Mennen's Talcum Powder, Macbeth Lamp Chimneys, Ingersoll Dollar Watch, Hire's Root Beer, Pears' Soap, Uneeda Biscuit, W. L. Douglas Shoes, and a large number of other advertisers whose names are household words throughout the civilized world. The book is an interesting and profitable one for anyone who is interested in developing his business by advertising.

Comrades. By Thomas Dixon, Jr. New York: Doubleday, Page & Co. (Price, $1.50.)

If Thomas Dixon, Jr., the well known author of "The Clansman," "The Leopard's Spots," etc., in his latest book "Comrades" has correctly stated the tendencies of modern socialism, he has done a great deal to prove that we are not yet ready for a socialistic Utopia. The story of this book is a highly improbable one as it purports to give the history of a gigantic experiment along communistic lines said to have been carried out on some island in the Pacific Ocean off the shores of California. The hero of the story is "Norman Worth," a young amateur socialist, who renounces all claim to his father's millions and throws in his lot with the socialist organization. At the psychological moment when everything looks black for the community, the State of California lands a force of militia and when the Stars and Stripes float in place of the blood-red flag of socialism, "Norman Worth" makes up his mind that socialism is only a dream and he is glad enough to get back under the protection of the United States.

GHOSTS OF DEAD BANKERS AT LAST ANNUAL CONVENTION IN DENVER.

THE officers of the American Bankers' Association have discovered that real, live "ghosts" walked at the annual convention of that organization, which was held in Denver last November. It has found, in other words, that the names of prominent bankers in various sections of the country, who have been dead for several years, were assumed by unknown parties, who registered at the convention, answered to rollcall, voted on resolutions and accepted the hospitality of the bankers of Denver.

It is claimed that at least a dozen men worked the fraud on the Denver bankers. They first learned what banks were not represented at the convention, and then they assumed the names of the officers of those banks. It is claimed they registered at the principal hotels, attended all of the receptions given in honor of the guests, went on the excursion over the Moffat road and had a good time generally. The fraud was not discovered until some time in February, when announcements were sent out by the secretary to the bankers all over the country, notifying them when this year's convention would be held. Copies of the procedings of the Denver convention, which accompanied the notice, showed the names of all guests registered at the Denver convention and the institutions they represented.

Some of these reports fell into the hands of banks that did not have a representative here, and, therefore, they were very much surprised to learn that their president, who had been dead for perhaps two years or more, was listed among the distinguished guests who had accepted the hospitality of the Denver and Colorado bankers.

Further investigations showed that the fraud had been carried on to a considerable extent, and an effort was made to get trace of the people who had impersonated the dead bankers. This was found to be impossible, so no further attempt will be made to unearth the fraud. It is supposed that some clever people desiring to have a good time, hit upon the plan and worked it as the best method of meeting their desires.—*Denver Times.*

PROPOSAL TO ESTABLISH INTERNATIONAL COINAGE.

THE establishment of an international coinage will be one subject considered by the monetary convention to be held in Holland this year. Several attempts have been made in the past to provide a coin or series of coins receivable in all the principal countries at a definite value, and some of the European nations have formed unions throughout which certain coins pass at a special value. Thus, in France, Italy, and Spain, the franc, lira and peseta pass freely at an equal value.

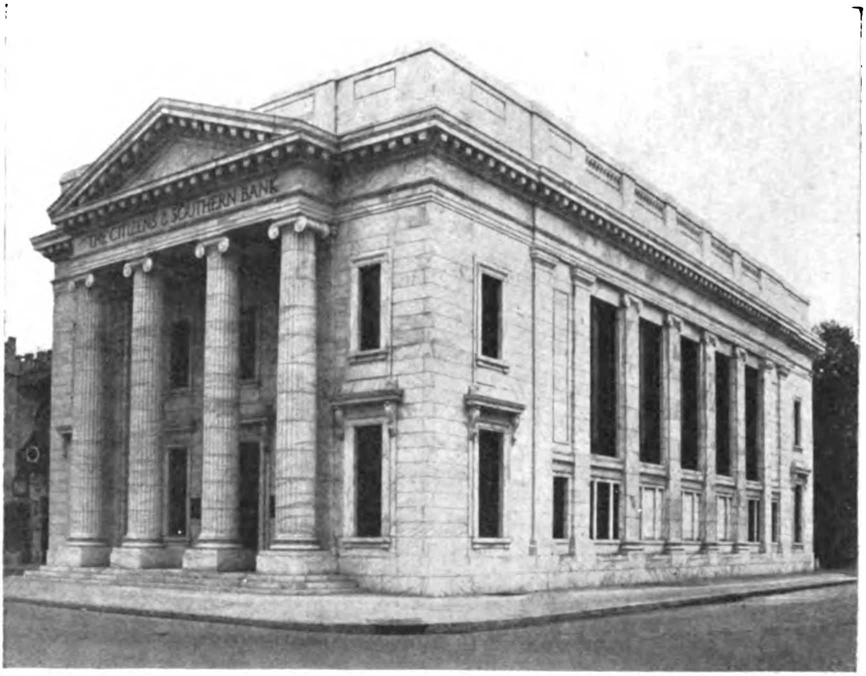
MODERN FINANCIAL INSTITUTIONS AND THEIR EQUIPMENT

THE CITIZENS AND SOUTHERN BANK OF SAVANNAH, GEORGIA.

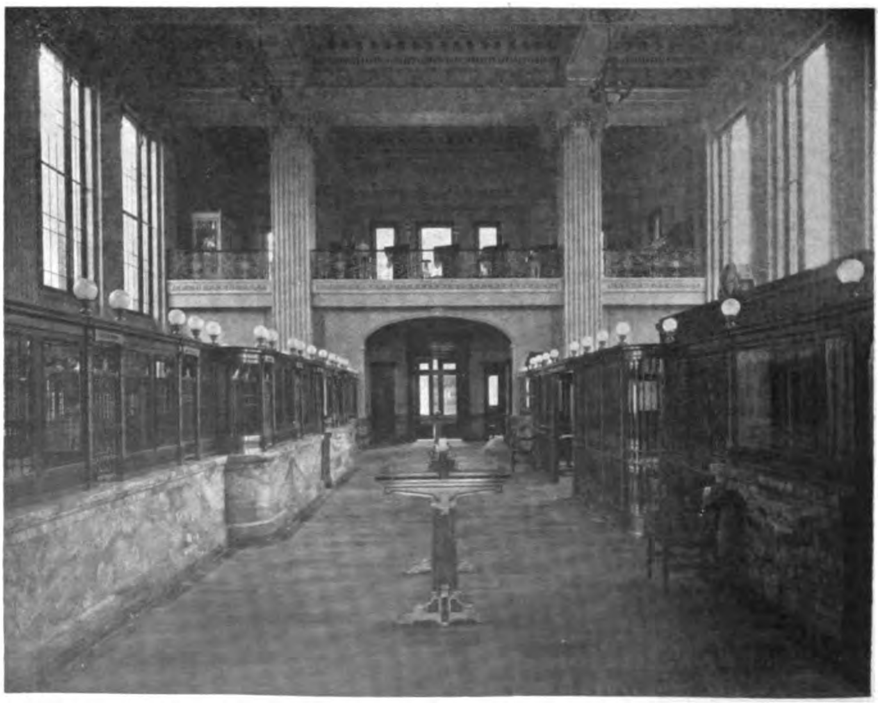
IF there is one time, more than any other, when the officers and directors of a bank may have reason to feel proud of their institution, it is when the business of that institution has increased to such an extent that larger and more commodious quarters must be secured.

More than a year ago it became known

MILLS B. LANE
President.



The New Building.



View of the Main Banking Room.

GEORGE C. FREEMAN
Assistant to the President

JOHN FLANNERY
First Vice-President.

HORACE A. CRANE
Second Vice-President.

GORDON L. GROOVER
Cashier.

R. L. ROCKWELL
Assistant Cashier.

GEORGE B. CLARKE
Assistant Cashier.

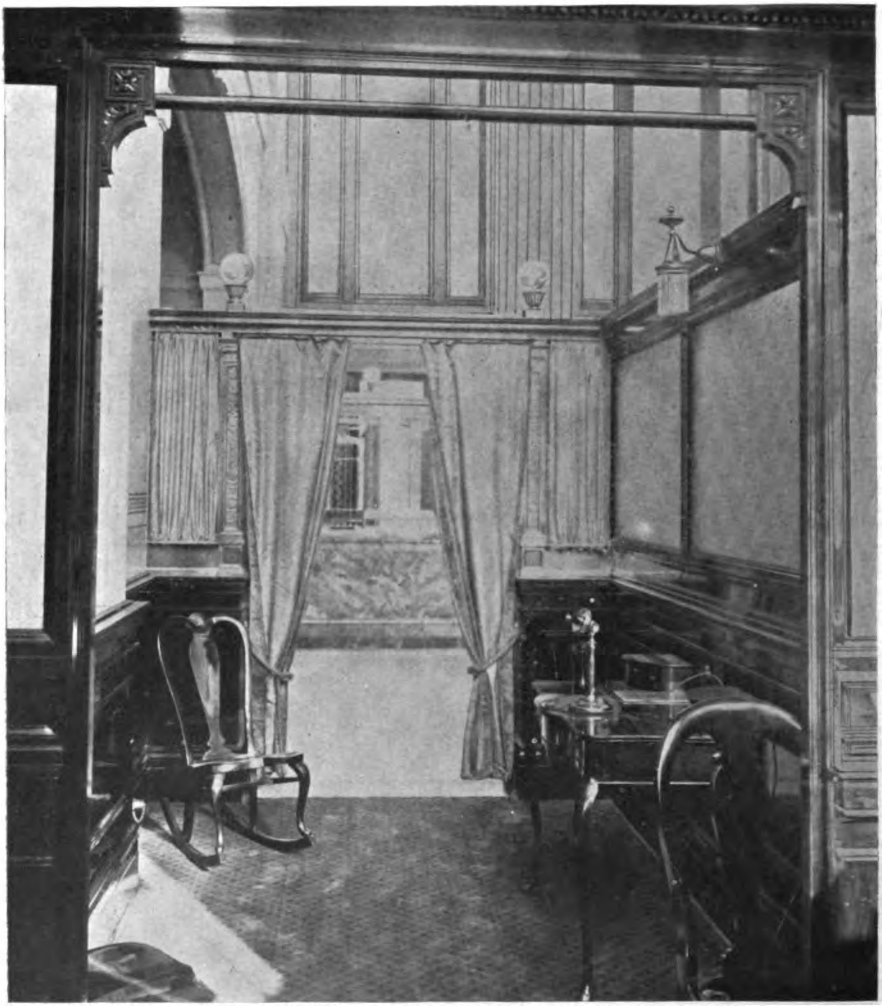
that the Citizens and Southern Bank of Savannah would erect a substantial building for their own use, and speculation was rife as to what its general architectural style would be.

On January 19, of this year, an all-day reception was held in the finished building, and many visitors came to admire the rich furnishings and pleasing arrangement of the various departments.

Description of the New Building.

The exterior is of the whitest Georgia marble and its use lends an air of classic beauty to a structure that might otherwise seem plain and severe. Any detailed description of the building, its general appearance, the various rooms, and their decorations, can not be entirely satisfying, but with the illustrations given, the reader can readily see that the new home of the Citizens and Southern Bank is one that the city of Savannah may well be proud of.

In selecting the materials for the interior furnishings, no expense or care was spared to have everything of the finest quality. All of the counters are of a rich marble, imported from northern Italy, topped with grills of solid bronze and where there is cabinet work it is of dark mahogany, highly polished, imported from India and Central America.



Ladies' Room

On the main floor may be found the safety deposit vault, the savings and trust company departments and the department provided for colored customers of the bank. Just here it might be well to say that the Citizens and Southern is the first bank to offer as a special inducement to colored patrons, a room set apart for their use and as handsomely furnished as the others.

Another special feature is the alcove or ladies' room in the center of the line of tellers, where the bank's lady patrons may transact their business without any delay. There are also separate writing and waiting rooms for the other depositors and the officers' quarters are most conveniently arranged adjacent to the public space and to the working force of the bank. Extending across each end of the building there are upper floors or galleries. At one end are the directors' rooms and at the other end the bookkeepers have their desks.

Few banks can boast of better protection against burglars and fire than the Citizens and Southern. The safe deposit and money vaults have extra thick linings of interwoven plates of chrome steel with heavy masonry supporting, and surrounding walls for an added protection against fire. The outer door is seven feet in diameter and twelve inches in thickness, and is fitted with the latest improvements in time locks and automatic devices. The separate security vault contains six chrome steel chests for the separate storage of the cash and securities of the bank. Other vaults are provided in the basement for the storage of books and papers, for trunks and valuable packages, and a separate steel-lined vault for the storage of silver.

A History of the Bank.

In Febraury, 1906, the Citizens and Southern Bank came into existence through the consolidation of the Citizens Bank and the Southern Bank. To get a proper historical view of the present bank's past, we must begin with the organization of the Southern Bank in the year 1870.

The Southern Bank.

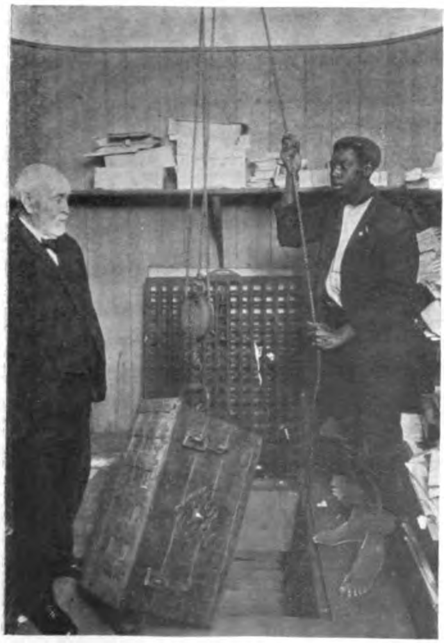
The Southern Bank was chartered with a capital stock of $500,000, and during the decade which followed the Civil War, when capital was so urgently needed, it became an important factor in the development of Savannah and the South.

The Citizens Bank.

Some years later, in 1887, enterprising citizens of Savannah, believing that the growth of their city demanded it, organized the Citizens Bank and continued it for three years on a capital of $200,000. Finally, in 1890, it became apparent that if the bank was to grow it must have more

Directors' Room.

paid-up capital and this need resulted in the election of new officers and the issue of $300,000 of additional stock.



This steel box represents the first bank safe used in Georgia. The vault was the usual fireproof vault, with a very light iron door, but inside the vault was a well some forty feet deep in which this box was lowered at night by use of a block and tackle, and the mouth closed by a trap door with the ordinary pad-lock.

As a result of the consolidation effected in 1906, the Citizens and Southern Bank has since enjoyed a marvelous growth of business, much of which has come from outside the state of Georgia. And to-day the bank has a reputation for conservativeness and honest dealing that has won for it many patrons and friends throughout the South.

While it is true that an abundance of capital will give a banking institution a certain amount of prestige in any community, still the personal influence of its directors and officers, and their good reputations are what really makes it successful.

In this respect the Citizens and Southern Bank is especially fortunate, for without an exception, the directors and officers are men who have distinguished themselves in the business and professional world.

The Bank's Officers.

Mills B. Lane, president, came to Savannah in 1891, as the vice-president and active manager of the Citizens Bank. He had been under his father's tutelage in the Merchants Bank of Valdosta, Ga., and was therefore qualified to assume such a responsible position. It was mainly through his efforts that the consolidation of the Citizens and the Southern banks was brought about, and it has been his unselfish devotion to the bank as president that has brought it to its present high standing.

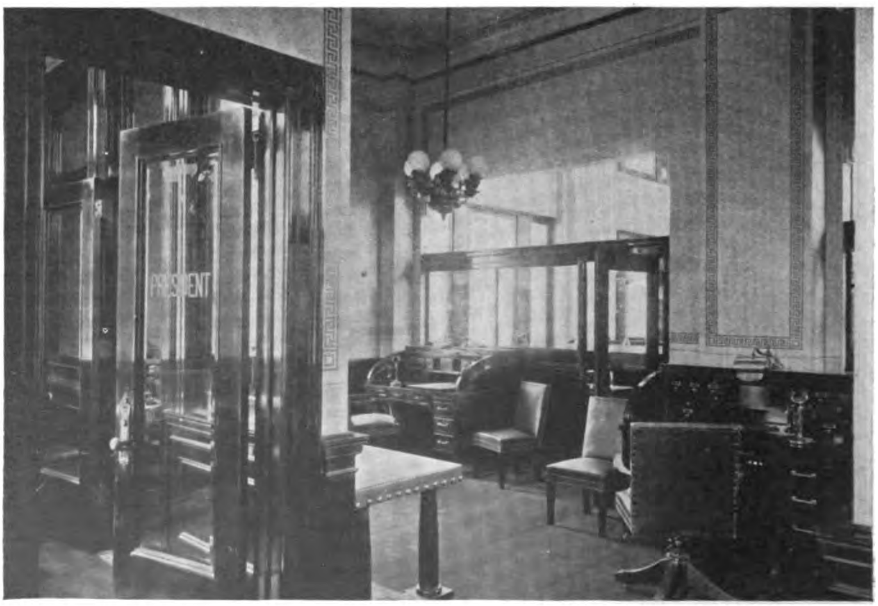
The Old Home.

Captain John Flannery was first vice-president of the Southern Bank at the time of the merger. He was at one time at the head of a great cotton factorage business that had an international reputation. Some time ago Captain Flannery disposed of this business and now devotes himself to the active duties of his office in the bank.

Horace A. Crane, second vice-president, is a native Georgian, He began with the Southern Bank in 1873 and was promoted to the cashiership in 1877. Four years later he was elected vice-president and was retained when the consolidation took place a quarter of a century later.

George C. Freeman, assistant to the president, was the first cashier of the Citizens Bank of Savannah. He was connected with the Citizens Mutual Loan Company from 1873 until it was merged into the Citizens Bank at its organization in 1887. Mr. Freeman was the only one of the old officers retained when the Citizens Bank reorganized twenty years ago.

Gordon L. Groover, cashier, came to the



Officers' Quarters.

Citizens Bank as individual bookkeeper and his present position with the Citizens and Southern Bank is a reward for conscientious work covering a number of years.

H. L. Rockwell and George Clark, assistant cashiers, complete the list of active officers.

The directors are: Samuel B. Adams, attorney at law; B. F. Bullard, of Bullard & Powell, naval stores factors; J. B. Chesnutt, of Chesnutt & O'Neill, naval stores factors; E. T. Comer, president Chattahoochee and Gulf Railway Company; Horace A. Crane, second vice-president; J. J. Cummings, president Savannah Lumber Company; John Flannery, first vice-president; J. W. Hunt, capitalist; J. H. Hunter, of Hunter, Pearce & Battey, commission merchants; Mills B. Lane, president; Edward F. Lovell, of Edward Lovell's Sons, hardware merchants; George J. Mills, private banker; T. H. McMillan of McMillan Bros., manufacturers; Lawrence McNeill, president Savannah Lighting Company; Lee Roy Myers, president Cortez Cigar Company; H. D. Stevens of Butler, Stevens & Co., cotton factors.

An illustration which shows the old and the new vaults, and the remarkable difference in their size.

COMMERCIAL AND FARMERS NATIONAL BANK OF BALTIMORE.

IF one hundred years of life means much to an individual in experience, reputation, judgment, honor, what must it indicate in the life of a corporation?

The Commercial and Farmers National Bank, of Baltimore, Md., will celebrate, on April 6, 1910, its one hundredth anniversary, and will be one of the few banking institutions in the country able to point with pride to one hundred years of continuous honorable life.

The history of this banking institution is practically the history of the growth of the nation's commercial greatness and the bank promises in its anniversary year to give us in detail some of the important items from its records that will link it with some of the notable events in the life of the Nation, and which undoubtedly will be interesting to our readers.

The bank's record has been one of unbroken faith to its depositors and creditors, and though it has had seasons of trial, it has still the right to look those who have dealt with it squarely in the eyes with the feeling of righteous dealings.

One thing is certain, the bank has a loyal body of depositors, who with the southern habit are prone to do business with the bank with which their fathers and grandfathers traded, and who cannot be swerved in their allegiance.

This feature of fealty has been and is the bank's greatest asset, and has stood it great service in the trying times through which all banking institutions must pass.

Commercial and Farmers National Bank.

The Commercial and Farmers National passed through the recent panic with fine showing, notwithstanding the fact that its strength had been previously sapped by some efforts in the line of Morse-esque management, if we may be permitted to use the phrase, which were not appreciated in conservative Baltimore, and which were certainly not to the financial advantage of the stockholders.

These latter, however, met the issue in the proper spirit, put their hands in *their own pockets* to the tune of one hundred and fifty thousand dollars, repaired the gaps in the bank's assets which Morse methods had made, and again presented their institution to the banking public as safe, sound and up to its former traditions.

Unlike the individual, however, the bank is not nearing its hundredth birthday with feeble steps and depleted system, but approaches it with renewed vigor and with high aspiration and hope, for the corporation must always reflect in its life, not only the history of its past, its traditions, its victories, even its defeats; but more essentially the personality of its present management. Always this changing element in corporate existence is a factor to be taken into account in estimating the value of the corporation to the business community in which it extends its activities.

So, with its physical condition renewed, the bank has reorganized its board and management, and starts out to wind up its first century and enter its second, *"A hundred years young."*

The stockholders recently called to the presidency of the bank Mr. Samuel H. Shriver, vice-president and comptroller of the National Surety Company, of New York, who brings to the bank thirty-two years of active business experience, twenty-seven of which were spent in Baltimore. He has a host of friends in Baltimore, who are glad to welcome him back to his home city, and who are optimistic enough to predict success for him in the banking line equal to that which he had secured in the surety world.

Mr. James M. Easter, the former president of the bank, is returned as vice-president. To Mr. Easter, who is vice-president of the Daniel Miller Co., is due the credit for bringing the bank safely through the recent panic and saving it from the results of methods to which we have already referred. His personal interests in the corporation of which he is vice-president prevented his further devoting the required time to the bank; but it is fortunate in being able to retain his active counsel and advice as vice-president of the bank.

Mr. F. V. Baldwin, formerly cashier, assumes a position created for him—assistant to president. Mr. Baldwin's especial line is banking with and for bankers, and in his new position will have wider opportunity to develop this side of the bank's activities.

SAMUEL H. SHRIVER

President Commercial and Farmers National Bank, Baltimore.

Mr. Harry M. Mason, one of the best liked bank officials in Baltimore, takes the position of cashier, for which he is so ably fitted by temperament, experience and local acquaintance. It is doubtful if there is a more popular bank official in Baltimore or one who so admirably possesses the quality of saying "no" without hurt.

The president and vice-president are members of the board of directors, the balance of which is composed of the following named gentlemen: Hugh L. Bond, Jr., 2d vice-president B. & O. R. R.; Geo. M. Gillet, Montague & Gillet Co., manufacturers of straw hats; Henry H. Hubner, attorney at law; Wm. B. Joyce, president National Surety Co., New York; Ernest J. Knabe, Jr., president American Piano Co.; Daniel B. Miller, Daniel Miller Co., dry goods; J. G. McHenry, president Columbia County National Bank, Benton, Pa.; Geo. M. Shriver, assistant to president B. & O. R. R.; Samuel H. Tattersall, Supreme Secretary I.

O. H.; T. Turner Tongue, general agent Maryland Casualty Co.; Joseph W. Valiant, the J. G. Valiant Co.; N. Winslow Williams, Secretary of State, Maryland.

We feel sure that the hopes of the stockholders and friends of the bank are to find their realization under this new management. The note of confidence is already expressed in increased deposits of over three hundred thousand dollars, and the activity shown by old depositors and stockholders in their recommendations of their bank to those seeking banking accommodations is bearing fruit in new accounts. May the end of the bank's century be a fitting one after such an enviable record as it possesses.

HARRY M. MASON
Cashier, Commercial and Farmers National Bank, Baltimore.

CHECK WRITTEN ON WOODEN BLOCK.

An odd-looking check turned up in the Fourth National Bank of Cincinnati, the other day.

It was drawn for eighty-three cents, and had been written on a block of pine wood an inch thick, a foot long, and six inches wide. The check was paid.

A real estate dealer became engaged in a dispute with a tenant over a broken window pane, and the tenant, being compelled to pay for the damage, used the original check-form just described.

BANKING AND FINANCIAL NOTES

NEW YORK CITY.

—W. O. Allison, of the Consolidated National Bank, is now president of the National Reserve Bank, the institution which came into existence recently by a merger of the Consolidated National and the Oriental Bank. Thomas J. Lewis and R. W. Jones, Jr., are vice-presidents and George W. Adams is cashier. The new bank is now in the old quarters of the Oriental Bank at John street and Broadway, but will soon occupy quarters in the City Investing Building.

—At a meeting of the trustees of the Equitable Trust Company held March 12, resolutions were unanimously adopted authorizing the absorption of the Bowling Green Trust Company by the Equitable.

Under the plan the Bowling Green Trust Company will go into liquidation and the deposits of the Equitable will be thereby increased to approximately $40,000,000.

—Cornelius C. Cuyler, of Cuyler, Morgan and Co., has been elected president of the United States Mortgage and Trust Company.

—Upon the resignation of Paul H. Sheridan as treasurer of the Carnegie Trust Company, R. L. Smith, the secretary was named to succeed him, and will administer the duties of both offices.

—The Fourth National Bank, which owns and occupies the northeast corner of Pine and Nassau streets, has acquired from the Germania Life Insurance Company the adjoining building at the southeast corner of Cedar and Nassau streets. It gives the bank control of the entire block front on the east side of Nassau street from Pine to Cedar streets.

On the site the bank intends to erect a modern office building with adequate quarters for its own use on the ground floor.

Until the Equitable gets ready to put up its sixty-two story structure, the new Fourth National Building will have practically unobstructed light from all directions, and even after that it will still enjoy this advantage on three sides of its new building.

—On March 1 of this year the deposits of the Prudential Savings Bank of Brooklyn were $100,000 and in recognition of the event, Manasseh Miller, its counsel, tendered to the board of trustees a banquet at the Hotel Mohawk on the evening of March 10.

Clark Williams, Superintendent of Banks, under whose regime the charter of the bank was given, was invited, but was unable to attend and sent a letter of congratulation. Besides Mr. Williams, William H. Kniffin, cashier of the Home Savings Bank, and Joseph Volkommer, Jr., were the other invited guests.

After dinner Mr. Miller spoke of the formation of the institution. Mr. Kniffin was then introduced and spoke at length upon the management of savings banks. President Volkommer, of the bank; D. W. Kaatz, treasurer; Jesse T. Dingle, first vice-president; John E. Scannel, Gustavus Hanus and Herbert A. O'Brien were also heard.

—George Barclay Moffat of the banking firm of Moffat & White, has been elected a director of the Columbia Trust Company, to succeed the late Arthur G. Yates.

—The March Bulletin of the Fidelity and Casualty Company is full of interesting and amusing facts about the insurance and casualty business. On the cover page appears a late portrait of William Howard Taft, twenty-seventh President of the United States.

—Harold A. Davidson, former president of the Lafayette Trust Company of Brooklyn, has received permission to organize, with several other Coney Island business men, the Seaside National Bank. Solicitation of stock subscriptions will go forward at once.

—Adolph Goepel has succeeded Charles A. Schieren as president of the Germania Savings Bank of Brooklyn. Mr. Schieren resigned, but will continue as trustee and first vice-president.

Peter H. Reppenhagen was elected second vice-president; Oscar Thomass, treasurer in place of Julius Lehrenkrauss, deceased; and Joseph C. M. Lonenz, cashier to succeed Mr. Thomass.

These changes were caused by the sudden death of Mr. Lehrenkrauss, who had active control of the management of the bank for nearly thirty years.

NEW ENGLAND STATES.

—As a special accommodation to its depositors the Beacon Trust Company of Boston has provided that its Faneuil Hall branch shall remain open on Saturday evenings from 7 to 10 o'clock. This plan is finding favor with the retail merchants whose business Saturday evenings is always heavy.

Harlan P. Sanborn, recently elected an assistant treasurer of the Beacon Trust Co., is manager of the Faneuil Hall branch.

—Loring P. Lane, cashier of the First National Bank of Westfield, Mass., has ascertained that his bank is now the oldest in Massachusetts, its charter number being 190. Several other banks were organized before the First National of Westfield, but they have since surrendered their charters or have been mergered with other institutions.

The First National Bank was organized in 1863 and has since paid its stockholders $850,000 in dividends.

IVOR S. MacFARLANE
Treasurer The Marble Savings Bank, Rutland, Vt.

It not only has the lowest charter number in the state, but there are only 72 national banking associations in existence with charter numbers lower than 190.

—Ivor S. MacFarlane, whose portrait is presented here, was recently elected treasurer of the Marble Savings Bank of Rutland, Vermont.

Mr. MacFarlane, who is but twenty-five years old, is a graduate of the University of Vermont and has been in the Marble Savings Bank since last May. His office, up to the present time, has been that of assistant treasurer and he will, no doubt, find it comparatively easy to fill the higher office.

—The bankers of Vermont, of whom there are more than 100, have formed a state bankers' association for mutual benefit. The constitution adopted is modeled after that of the Michigan State Bankers' Association.

H. L. Ward, vice-president of the Burlington Trust Company, is president of the association; C. F. Chapman of Woodstock is vice-president; H. T. Rutter, cashier of the Howard National Bank, Burlington, is secretary, and D. L. Wells of Orwell is treasurer.

EASTERN STATES.

—The People's Savings Bank, an institution established by colored men especially for depositors of their own race, is open for business at its headquarters, 1508 Lombard street, Philadelphia. George H. White, former member of Congress, is the president and acting cashier.

The bank is the only one of its character, it is said, north of the Mason and Dixon line. It will be open daily from 9 a. m. until 3 p. m., except on Thursday, when it will be open from 9 a. m. until 7 p. m., and Saturdays, when it will be open from 9 a. m. until 12 m. and from 6 p. m. until 9 p. m.

Besides Mr. White, the officers are: First vice-president, the Rev. E. W. Moore; second vice-president, J. T. Seth; secretary, Dr. J. Q. McDougald; treasurer, Walter P. Hall; directors, William J. Trent, J. A.

Carrington, W. R. Lomax, W. H. Jackson, Robert S. Jackson, William A. Saunders, Charles Pitts, L. A. Cottman, R. R. Wright, Jr., E. G. Phields and Isham Bridges.

—With many guests present, the officers and directors of the People's Savings Bank of Philadelphia, the only bank for colored people north of the Mason and Dixon Line, on March 11 dedicated its new building on Lombard street, near Fifteenth.

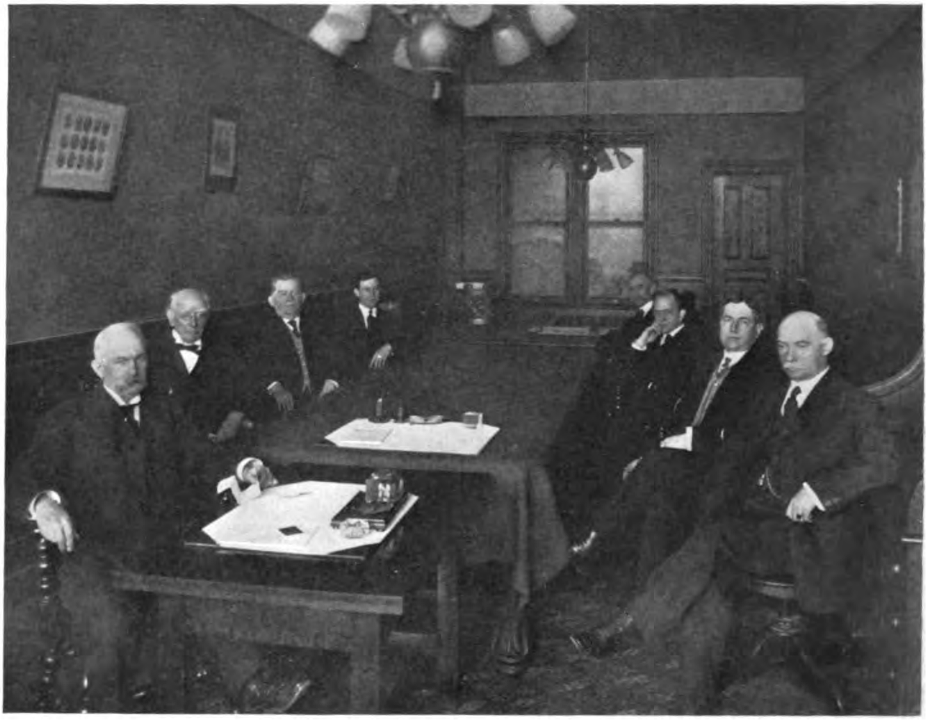
Representative negro business men, members of ministerial associations, and other organizations among the colored people were present to inspect the building.

A committee of women, headed by Mamie A. White, daughter of former Congressman George A. White, received the guests and served refreshments. On the evening of March 12 the bank officers gave a banquet to a number of invited guests.

It is said that the negroes of Philadelphia have on deposit in various savings institutions more than $4,000,000.

—The stockholders of the American Bank, at Broad street and Passyunk avenue, Philadelphia, have voted to increase the capital stock from $50,000 to $100,000. The shareholders will be given an opportunity to take half of the new stock at $60 a share and the other half is to be sold at $70 a share. The last public sale of the stock was at $78. The bank has been engaged in business a little less than a year.

—The Corn Exchange National Bank of Philadelphia has increased its capital stock from $500,000 to $1,000,000.



Board of Directors, Asbury Park and Ocean Grove Baak, Asbury Park, New Jersey.

From left to right: President H. C. Winsor, Dr. A. E. Ballard, Vice-President C. C. Clayton, Assistant Cashier Harry A. Watson, Assistant Cashier Frank Miller, Assistant Cashier Jesse Minot, T. Frank Appleby, and Cashier E. E. Dayton.

—Frank R. Flood has been appointed assistant cashier of the People's National Bank of Pittsburgh.

—Charles C. Bullock, Jr., has retired from the service of the First National Bank of Albany, N. Y., of which he was assistant cashier and will engage in business for himself. Mr. Bullock has been engaged in the banking business for eighteen years.

—Supt. Clark Williams has approved the increase in the capital stock of the Union Bank of Medina, N. Y., from $50,000 to $100,000. No change is made in the personnel of the directors.

—On January 30 the Asbury Park and Ocean Grove Bank of Asbury Park, N. J., celebrated its twentieth anniversary. From a bank with $50,000 capital and deposits of $54,282, it has grown to be a powerful institution with $275,000 of capital, surplus and profits, and deposits that often exceed the two million dollar mark.

As the city has grown the bank has kept pace with it and has become very popular with the summer residents.

All of the success which has come to the bank may be attributed to the earnest endeavors of President Henry C. Windsor and Cashier E. E. Dayton who have laid down a policy of conservativeness and have adhered rigidly to it.

—A new banking house has been established in Washington, D. C., under the firm name of Harper & Co. The firm is composed of Robert N. Harper, formerly president of the American National Bank and formerly president of the Washington Chamber of Commerce. J. Miller Kenyon and Thomas L. Hume. Mr. Hume is a well-known Washington broker, having been president of the Washington Stock Exchange for two terms. The firm will have a temporary location at 1415 G street, and will erect a $200,000 building at 1406 G street, having purchased that property.

MIDDLE STATES.

—Charles M. Edson, who helped to organize the Dollar Savings Bank and Trust Company of Toledo (Ohio) seven years ago, has tendered his resignation as cashier of that institution, to take effect May 1, after which date he intends to devote his entire time to his other business interests. Before joining the staff of the Dollar Savings, Mr. Edson served for twenty years in various positions in the old First National, beginning as errand boy and climbing to the position of cashier. The success of several flourishing industrial institutions is due largely to his financial support and management.

—The Chicago Auditorium Theatre has been secured for the business sessions of the American Bankers' Association during the convention to be held in Chicago the week of September 13. As this theatre is connected with the Auditorium Hotel and the Annex, which will be headquarters and also the place for registration, it will be a great source of convenience for the Association. The theatre is one of the largest and finest in the country and has unusual acoustic properties.

The Clearing-House banks passed a resolution requesting the banks of Chicago not to engage rooms in bulk at the various hotels for their customers. This action is commendable and will leave the hotels open for the bankers of the country to reserve their own accommodations, and they will be taken care of according to the date of their application, as first come will be first served. There are many good hotels in Chicago and some of them close to headquarters hotel. It is also expected that the New La Salle will be finished in time so that there need be no fear as to bankers securing desirable accommodations.

—The board of directors of the Harris Trust and Savings Bank of Chicago at its monthly meeting, transferred $250,000 from undivided profits to surplus account, making the surplus account $750,000. They also declared a quarterly dividend of 2½ per cent., payable April 1 to stockholders of record as of March 17. This is an increase of one-half of one per cent., the previous quarterly dividend having been at the rate of two per cent.

—William H. Mitchell, vice-president of the Illinois Trust and Savings Bank of Chicago and father of John J. Mitchell, president of that institution, celebrated his ninety-second birthday on March 9. He received the congratulations of a host of friends and relatives and enjoyed an old-fashioned dinner, at his home, which was eaten at the noon hour.

Notwithstanding his extreme age, Mr. Mitchell attends every meeting of the stockholders and directors of the bank while he is in the city and goes to the bank on every pleasant day.

—At a meeting of the board of directors of the Home Bank of Detroit Julius H. Haass, for the past fifteen years cashier of that institution, was made president. The election was unanimous. Mr. Haass has been connected with the bank since its inception twenty years ago. He began at the bottom and worked his way to the top.

—A clearing-house association has been organized by the four leading banks of Duluth, Minn. A. L. Ordeau, president of the First National, is president of the association; W. G. Hegardt, cashier of the American Exchange Bank, first vice-president; W. I. Prince, cashier of the City National, second vice-president; J. W. Lyder, Jr., cashier of the Northern National, secretary and treasurer, and Isaac S. Moore, assistant cashier of the American Exchange Bank, manager. The committee of the Clearing-House Association will consist of the president, vice-president, secretary and treasurer of the association.

—L. B. Tebbetts and W. L. McDonald have retired as vice-presidents of the Commonwealth Trust Company of St. Louis, and S. M. Kennard and Samuel C. Davis have been chosen to succeed them.

—Hamilton A. Forman has been succeeded as president of the Central National of St. Louis by H. P. Hilliard who resigned the vice-presidency of the Mechanics-American Bank to accept.

Mr. Forman will leave the city and engage in business elsewhere.

Mr. Hilliard, the new president, was cashier of the Austin National Bank of Austin, Texas, six years ago, when he resigned to become cashier of the Mechanics National of St. Louis. When that bank was consolidated with the American Exchange Bank in 1905, Mr. Hilliard became its vice-president.

—The next annual convention of the Iowa Bankers' Association will be held at Waterloo, Iowa, and the dates selected by the executive committee are June 10 and 11.

—F. J. Reynolds has been elected president of the First National Bank of Toledo, Ohio, to succeed S. C. Schenck. J. M. Spencer, cashier, replaces Mr. Reynolds as vice-president.

SOUTHERN STATES.

—A mammoth safety deposit vault has been constructed and installed in the First National Bank of Birmingham, Ala. It has room for 4,000 individual safety boxes and is said to be one of the largest vaults in the country, outside of three or four of the larger cities.

In addition to the safety deposit vault, there is a storage vault, which is fitted with brass mounted cedar boxes for the storage of silverware, furs and the like, and has a compartment in which chests of silver and other valuables may be deposited for safe keeping.

There is an emergency door in the rear of the vault which like the main one is fitted with four time locks. This emergency door is two feet thick, the same thickness as the main door, but only three feet in diameter. The vault is fitted with an automatic alarm bell, which sounds whenever the door is opened.

The old vault will be used in the future for the private papers of the bank, all of the safety deposit boxes having already been transferred to the new vault. The room is well ventilated and lighted, and the coupon desks are arranged conveniently along the wall under the sidewalk.

—On the evening of March 12, the officers of the Peoples National Bank of Lynchburg, Va., gave a dinner in honor of the directors, which was quite elaborate. In place of the conventional menu card, each guest found at his plate a handsomely embossed booklet, containing portraits of all the officers and directors, a sketch of the bank's history and its present financial statement, the menu, toasts and list of the participants.

—An amendment to the charter of the Traders' and Truckers' Bank of Norfolk, Va., provides that the capital stock may be increased from $50,000 to $100,000.

None of the additional stock is for sale at this time, but will be offered just as soon as the business of the bank grows and justifies its sale.

—The Augusta Savings Bank of Augusta, Ga., plans to tear down its present building and begin the erection of a new one on the same site. The bank expects to be in its new home by October.

—The Alabama Bankers' Association has changed the date of its convention at Mobile from May 14-15 to May 11-12, in order to accept the invitation of the Louisiana association to join with it in its convention at New Orleans, May 12-13. The Mississippi bankers have also arranged to spend one of their convention days at New Orleans.

—On February 5, at the close of business, the Exchange National Bank of Tampa, Fla., reported deposits of $908,417; a cash total of $1,252,308; surplus and undivided profits of $145,891; and loans and discounts of $673,401. The bank's resources are now $1,250,000.

—The Union Bank and Trust Company of Houston, Texas, has prepared an interesting folder in which its statements for the last four years are compared.

As shown by the table, the deposits have grown from $1,075,378 in 1906 to $5,301,873 in 1909 and the other items show a corresponding growth. In the same length of time the item cash increased from $704,001 to $2,786,964.

—Since last November, the national banks of Houston, Texas, have made a splendid showing as will be evidenced by a glance at the following table:

BANK.	Deposits November 27.	Deposits February 5.	Increase 50 days.
American National	$1,059,855.45	$1,441,913.67	$382,028.22
Commercial National	4,259,752.95	4,319,260.48	59,507.53
First National	4,944,358.52	5,137,288.32	292,918.80
Houston National	913,352.41	1,035,173.44	111,821.03
Lumbermans National	1,734,322.96	1,967,241.08	232,918.12
Merchants National	2,051,522.62	2,347,696.88	296,174.26
National City	497,391.13	504,149.75	6,758.62
South Texas National	3,050,633.59	3,223,602.27	172,969.68
Totals	$18,511,189.63	$19,976,325.89	$1,555,096.26

—A deal has been closed whereby the Citizens National Bank of Brownwood, Texas, takes over the business and deposits of the American Bank and Trust Company of the same city. The last named bank was organized two years ago and has been entirely successful.

—May 25-26 will be the days set apart for the annual convention of the Tennessee Bankers' Association, and the sessions will be in the Hotel Patten, Chattanooga.

—In response to the official call from the Comptroller, the First National Bank of Forth Worth, Texas, presents the following statement: Cash, $2,023,847; resources, $4,411,115; capital stock, $500,000; surplus and profits, $336,179; circulation, $50,000; deposits, $3,524,935. The bank has enjoyed substantial gains in deposits, profits and resources during the past year.

—On February 5, the deposits of the Forth Worth National Bank of Fort Worth, Texas, aggregated $5,668,224, and the surplus and profits account stood at $687,423.

Both of these items are taken from the bank's report as it was made to the Comptroller of the Currency and both have been substantially increased since the report of November 27.

WESTERN STATES.

—A general agency of the Bank of Naples has been established in Pueblo, Colo. This is the fourth city in the United States to have one of these agencies. The other three cities are New York, Chicago and San Francisco.

Aside from the fact that there are 5,000 Italians in Pueblo, the bank will do a big business, as it has jurisdiction over Colorado, New Mexico, Arizona, Idaho and portions of Montana. The agency is in charge of Jachetta and Nigro and quarters are being established at 308 Santa Fe avenue.

The bank here is under the supervision of the Italian government. The Bank of Naples is one of the oldest and strongest in the world, being organized in 1539.

—Group No. 2 of the Arkansas Bankers' Association held its first annual convention in the Elks' Home at Newport, Ark., March 9. Judge E. L. Boyce delivered an address of welcome and J. P. Coffin, cashier of the First National Bank of Batesville, responded. Chairman C. C. Henry was one of the speakers of the afternoon, the topics oi chief discussion being the postal savings bank and a state banking act.

Group No. 2 embraces thirteen counties as follows: Randolph, Jackson, Independence, White, Woodruff, Sharp, Izzard, Fulton, Baxter, Cleburne, Lawrence, Stone and Marion.

—Enid, Oklahoma, has the distinction of being the largest town in the United States without a national bank. This condition came about in February when the First National was converted into a state bank with its capital increased to $100,000.

—The German-American State Bank of Lincoln, Neb., is to be launched in a short time. The capital stock will be $50,000 and the officers will be as follows: Julius Reusch, president; Nicholas Ress, vice-president, and William Seelenfreund, cashier.

—For several years the First National Bank of Rock Springs has had the largest surplus fund of any bank in Wyoming. Recently $30,000 was added to this fund, increasing it to $150,000.

—In its report of February 5, the Utah National of Salt Lake City, Utah, the deposits are given as $1,323,398, as compared with $1,006,593 for November 27, 1908. The bank has a surplus and undivided profits fund of $54,205, and total resources of $1,777,603.

PACIFIC STATES.

—Distinctions between receiving and paying teller's have been abolished by the Seattle National Bank of Seattle, the five tellers now both receiving deposits and paying checks, the business being divided by initials as is customary. The bookkeepers are placed back of the cages handling the respective accounts. Personal acquaintance between teller and customer and prevention of long lines before the tellers' windows is the design of the new system. It was introduced into Seattle by James W. Maxwell, cashier of the Seattle National Bank.

—E. E. Eastwood, who has been cashier of the First National of Clarkston, Wash., for the past three and a half years, has resigned, and has removed to Grant's Pass, Oregon, where he will engage in the mercantile business.

—On March 15, a savings department was opened by the Union Trust Company of Spokane, Wash., in their quarters in the basement of the building owned and occupied by the Old National Bank of Spokane.

The new savings bank with its capital of $500,000, will be one of the largest savings banks in the northwest.

—A new bank, known as the Creswell Fruit Growers Bank, has been opened in Creswell, Oregon, with a capital stock of $10,000. The officers are: President, A. C. Bohenstedt; vice-president, L. D. Scarbrough; cashier, F. A. Richardson. A new concrete building has been contracted for and will be ready before summer.

—Homer S. King, president of the Bank of California, was re-elected president of the San Francisco Clearing-House Association at the annual meeting of that body.

Ignatz Steinhart, of the Anglo-Californian Bank, was elected vice-president and William H. High, of the International Banking Corporation, secretary. Homer S. King, C. K. McIntosh, F. L. Lipman, James K. Lynch and Alden Anderson were elected to membership in the clearing-house committee.

—The Twenty-Third Avenue Bank, of Oakland, Cal., the new financial institution opened in the old quarters of the East Oakland Bank which closed its doors during the financial stringency of two years ago, is again open to the public. The new bank will continue in its present location while paying off the claims of its predecessors, but will soon move to larger quarters on the opposite corner.

The officers of the new bank are: F. M. Smith, president; Dennis Searles, vice-president; B. F. Edwards, vice-president and manager; R. S. Knight, cashier. Among the directors are General O. F. Long of the Pacific Steel and Wire Company, and James Hawkins, secretary of the Standard Gas Engine Co.

—Extensive improvements are being made on the building of the Fresno (Cal.) National Bank. Complete new fixtures and equipment, including new vaults, safety deposit boxes, have been installed and by altering the exterior about 2000 square feet of floor space have been added to the main banking room.

The bank is in a most prosperous condition as these figures will show.

On February 5, the deposits were more than $700,000, undivided profits stood at $95,831, the surplus was $100,000 and total resources $1,216,203.

Prescott National Bank, Prescott, Arizona.

—An all night and day bank is now in actual operation in Los Angeles, California, and it is proving to be a great success. It is open twenty-four hours every calendar day and is in high favor with those who do a large business at night and do not like to carry over their profits until the beginning of another day. The officers are: Newton J. Skinner, president; J. S. Moore, vice-president and cashier; H. E. Kemp, vice-president; H. B. Stafford, treasurer; H. M. Ostrom, T. F. Green, and E. R. Millar, assistant cashiers,

—A recent statement of the Prescott National Bank of Prescott, Arizona, gives the bank deposits of $1,100,000, a surplus of $100,000 and undivided profits of $57,-443 The year 1908 was a year of rapid growth for the Prescott National, but it was all solid business and so it is to-day a bank with a reputation for great financial strength and enterprise. F. M. Murphy is president; R. N. Fredericks cashier; Morris Goldwater vice-president, H. A. Cheverton and G. E. Meany assistant cashiers.

CANADA.

—A. E. Ellis, who has been for forty years connected with the Bank of British North America, at different branches, and in different capacities, will retire from that institution during the coming summer, taking up his residence in Yarmouth, N. S.

—B. B. Stevenson, manager of the Montreal branch of the Quebec Bank, has been promoted to the general managership of the bank. Allan McDougall succeeds Mr. Stevenson as manager of the Montreal branch.

—A branch of the Imperial Bank of Canada has been opened at Gowganda.

—The Bank of Hamilton has closed its branches at Edmonton and St. Albert, Alta.

—The Merchants Bank of Canada has opened a branch at Unity, Sask., under the management of N. F. Clare.

CALIFORNIA'S NEW BANKING LAW.

THE banking act, which has been signed by the governor and will go into effect on July 1 next, makes many desirable changes in and additions to the banking laws of California, and revolutionizes the methods of state supervision. The present Board of Bank Commissioners is abolished and its place is taken by a superintendent of banks, with a salary adequate to secure the services of a competent man and a sufficient staff of examiners. The expenses of the system are borne by the banks of the state, with the proviso that they must not exceed $75,000 in any one year.

While there is no doubt that a law covering so much detail and so much that is new will be found upon trial to require some amendment, yet for the first time in our history we have a comprehensive and well-arranged banking law which, in the main, is likely to be permanent. The requirements for the conduct of the business of a bank do not materially differ from the practice of well-managed banks at the present time, although it is probable that a few such banks will be compelled to readjust some of their loans to conform to certain principles which inexperienced bankers cannot safely violate. Some of the strong banks will probably in future, for the general good, have to refrain from practices which they have found profitable. Under the new law the Superintendent of Banks will have very extensive powers, and if he and the examiners whom he appoints do their duty it would seem that it would be almost impossible for a bank to fail.—*San Francisco Chronicle.*

WITH BANKERS MAGAZINE ADVERTISERS.

BUSINESS BUILDING FOR BANKS.

ONE of the strong advocates of the newer methods of business building for banks is Harvey A. Blodgett, of Minneapolis, Minn.

Mr. Blodgett has been quietly at work among the banks of the smaller cities and farming communities of the Northwest, and has met with unusual success among his clients.

The Swift County Bank of Benson, Minn., a farming town of twenty-five hundred inhabitants, started the year 1908 with about $500,000 deposits. Their statement of February 5, 1909, shows deposits of $640,000. Mr. Stone, the cashier, speaks in enthusiastic terms of the results accomplished by Mr. Blodgett's methods, every department of the bank's activities having received a great impetus.

"I could tell of increases in business and profits among my clients," says Mr. Blodgett, "which are simply astonishing. Owing to the confidential nature of these reports it is impossible to mention them in a public way, giving names.

"I have worked on the theory that in every community there are large sums hidden away, which could be brought into business channels if bankers would but give the people plain talks on banking, and convince the common folk that their best interests lie in a close connection with a good bank.

"There is no secret about my methods. Any one can follow them if he has time, and the necessary training in the art of writing good copy, and the faculty of placing it so it will reach the hearts of the people."

BANK AND TRUST COMPANY STOCKS.

Corrected to March 20, 1909.

NEW YORK BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 120 Broadway, New York.

	Div. Rate.	Bid.	Asked.
Aetna National Bank	8	165	170
Amer. Exchange Nat. Bk	10	250	260
Bank of America	26	575	585
Bank of the Manhattan Co. (par $50)	12	325	335
Bank of the Metropolis ..	16	375	400
Bank of N. Y., N. B. A. ..	14	325	335
Bank of Washington Heights	..	225	...
Battery Park Nat. Bank..	..	125	135
Bowery Bank	12	335	...
Bronx Borough Bank	..	320	...
Century Bank	6	170	180
Chase National Bank	6	300	...
Chatham National Bank (par $25)	16	290	310
Chelsea Exchange Bank..	..	135	200
Chemical National Bank..	15	420	430
Citizens' Central Nat. Bk	6	155	165
Coal & Iron Nat. Bank...	10	240	255
Colonial Bank	20	360	...
Columbia Bank	12	400	...
Corn Exchange Bank	16	330	340
East River National Bank (par $25)	6	125	135
Fidelity Bank	..	150	160
Fifth Avenue Bank	100	4000	...
Fifth National Bank	12	325	360
First National Bank	32	780	910
Fourteenth Street Bank...	10	...	150
Fourth National Bank....	8	215	220
Gallatin National Bank (par $50)	12	350	365
Garfield National Bank...	20	260	290
Berman-American Bank (par $75)	6	135	145
German Exchange Bank..	20	450	490
Germania Bank	20	500	510
Greenwich Bank	10	265	275
Hanover National Bank...	16	530	545
Importers & Traders Nat. Bank	20	550	560
Irving Nat. Exchange Bk.	8	180	195
Jefferson Bank	10	175	185
Liberty National Bank....	20	525	575
Lincoln National Bank....	8	400	435
Market & Fulton Nat. Bk	10	260	270
Mechanics National Bank.	12	250	260
Mercantile National Bank.	..	170	185
Merchants Exchange National Bank (par $50).	6	160	170
Merchants National Bank (par $50)	7	160	170
Metropolitan Bank	6	185	195
Mount Morris Bank	8	250	...
Mutual Bank	8	290	310
Nassau Bank (par $50)..	8	205	...
Nat. Bank of Commerce..	8	187	190
Nat. Butchers & Drovers Bank (par $25)	6	140	150
National City Bank	10	242	250
National Copper Bank....	..	230	240
National Park Bank	16	470	480
New Netherlands Bank...	..	200	210
N. Y. County Nat. Bank.	40	800	...
N. Y. Produce Exchange Bank	8	160	175
Night & Day Bank	..	...	240
Nineteenth Ward Bank...	12	470	490
Northern Bank	6	...	150
Pacific Bank (par $50)...	8	230	250
Peoples' Bank (par $25)..	10	290	...
Phenix National Bank (par $20)	6	175	185
Plaza Bank	20	610	640
Seaboard National Bank..	10	350	375
Second National Bank....	12	375	...
Sherman National Bank..	..	125	...
State Bank	10	250	...
Twelfth Ward Bank	6	...	175
Twenty-third Ward Bank.	6	110	...
Union Exchange Bank....	10	180	190
West Side Bank	12	500	...
Yorkville Bank	16	400	...

NEW YORK TRUST COMPANY STOCKS.

	Div. Rate.	Bid.	Asked.
Astor Trust Co.	..	300	315
Bankers Trust Co.	16	625	...
Bowling Green Trust Co..	20	390	...
Broadway Trust Co.	6	130	140
Brooklyn Trust Co.	20	400	410
Carnegie Trust Co.	..	170	195
Citizens Trust Co.	..	125	...
Central Trust Co.	80	2100	...
Columbia Trust Co.	..	235	245
Commercial Trust Co.	..	130	140
Empire Trust Co.	8	240	...
Equitable Trust Co.	12	430	440
Farmers Loan & Trust Co. (par $25)	40	1300	...
Fidelity Trust Co.	..	190	205
Fifth Avenue Trust Co....	12	325	400
Flatbush Trust Co.	8	200	...
Franklin Trust Co.	8	195	210
Fulton Trust Co.	10	250	...
Guaranty Trust Co.	20	560	575
Guardian Trust Co.	..	160	175
Hamilton Trust Co.	10	260	275
Home Trust Co.	4	100	...
Hudson Trust Co.	..	150	...
Kings Co. Trust Co.	12	100	110
Knickerbocker Trust Co...	..	300	315
Lawyers' Mortgage Co. ..	10	260	270
Lincoln Trust Co.	..	140	150
Lawyers' Title Ins. & Trust Co.	12	230	240
Long Is. Loan & Trust...	12	290	305
Manhattan Trust Co. (par $30)	12	360	380
Mercantile Trust Co.	20	725	775
Metropolitan Trust Co....	24	540	...
Morton Ttusr Co.	20	460	...
Mutual Alliance Trust Co.	8	120	135
Nassau Trust Co.	8	160	170
N. Y. Life Ins. & Trust Co.	50	1100	1125
N. Y. Mtg. & Security Co.	10	180	195
N. Y. Trust Co.	32	560	580
Peoples' Trust Co.	12	270	280
Standard Trust Co.	10	320	340
Title Guar. & Trust Co...	16	470	480
Trust Co. of America....	..	300	315
Union Trust Co.	50	1225	1325
U. S. Mtg. & Trust Co....	20	430	450
Van Norden Trust Co. ...	10	255	265
Washington Trust Co.	12	390	410
Windsor Trust Co.	6	130	140

BOSTON BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 60 Congress St., Boston.

Name.	Div. Rate.	Last Sale.
Atlantic National Bank	6	141
Boylston National Bank	4	103¼
Commercial National Bank	6	140
Eliot National Bank	8	207
Faneuil Hall National Bank	7	138
First National Bank	12	325¼
First Ward National Bank	8	181½
Fourth National Bank	7	165
Merchants' National Bank	10	226
Metropolitan National Bank	6	122
National Bank of Commerce	....	170
National Market Bank, Brighton	6	102
Nat. Rockland Bank, Roxbury	8	167
National Shawmut Bank	10	288
National Union Bank	7	170½
National Security Bank	12	*
New England National Bank	6	145
Old Boston National Bank	5	115
People's National Bank, Roxbury	6	130
Second National Bank	10	226
South End National Bank	5	100
State National Bank	7	161¼
Webster & Atlas National Bank	6	155
Winthrop National Bank	12	325

* No public sales.

BOSTON TRUST COMPANIES.

Name.	Div. Rate.	Last Sale.
American Trust Co.	8	345
Bay State Trust Co.	7	*
Beacon Trust Co.	8	185
Boston Safe D. & T. Co.	14	369
City Trust Co.	12	410
Columbia Trust Co.	5	120
Commonwealth Trust Co.	6	165¼
Dorchester Trust Co.	..	105
Exchange Trust Co.	..	*
Federal Trust Co.	6	130
International Trust Co.	16	400
Liberty Trust Co.	..	*
Mattapan D. & T. Co.	4	201
Mechanics' Trust Co.	6	115
New England Trust Co.	15	309
Old Colony Trust Co.	20	700
Puritan Trust Co.	6	219
State Street Trust Co.	8	*
United States Trust Co.	12	225

* No public sales.

CHICAGO NATIONAL BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 152 Monroe St., Chicago.

	Div.	Bid.	Asked.
Bankers' National Bank	8	198	202
City National Bank, Evanston	10	248	258
Commercial National Bank	12	297	301
Continental National Bank	8	263	267
Corn Exchange Nat. Bank	12	390	395
Drovers' Deposit Nat. Bk.	10	218	221
First National Bank	12	423	427
First Nat. of Englewood	10	200	250
Ft. Dearborn Nat. Bank	8	182	187
Hamilon National Bank	5	132	136
Live Stock Exchange Nat. Bank	10	248	253
Monroe National Bank	4	125	140
Nat. Bank of the Republic	8	196	200
National City Bank	6	169	171
National Produce Bank	..	123	126
Oakland National Bank	6	...	...
Prairie National Bank	..	140	145

CHICAGO STATE BANKS.

	Div. Rate.	Bid.	Asked.
American Tr. & Sav. Bk.	8	218	222
Central Trust Co.	7	157	161
Chicago City Bank	10	150	175
Chicago Savings Bank	6	125	130
Colonial Tr. & Sav. Bk.	10	175	185
Drexel State Bank	6	167	175
Drovers' Tr. & Sav. Bk.	8	175	185
Englewood State Bank	6	115	118
Hibernian Banking Assn.	8	209	213
Harris Tr. & Sav. Bk.	8	240	260
Illinois Tr. & Sav. Bk.	16-4ex.	497	502
Kenwood Tr. & Sav. Bank	6	117	120
Lake View Tr. & Sav. Bk.	5	109	111
Merchants Loan & Tr. Co.	12	385	390
Metropolitan Tr. & S. Bk.	6	110	115
Northern Trust Co.	8	300	310
North Western Tr. & Sav. Bank	6	130	140
Prairie State Bank	8	250	260
Railway Exchange Bank	4	105	120
So. Chicago Sav. Bank	6	125	130
State Bank of Chicago	12	340	360
Stock Yards Savings Bank	6	195	205
Union Bank	6	123	130
Union Stock Yards Bank	6	125	130
Western Tr. & Sav. Bank	6	148	152
Woodlawn Tr. & Sav. Bk.	6	125	127

PUBLISHERS ANNOUNCEMENTS

IMPORTANT ARTICLES.

THERE are several interesting and important articles in this month's issue of the magazine. "Glimpses of Banking in Chicago," by the editor, and "The Business Side of the National Capital," by another member of the editorial staff, give insight into business conditions in two of our leading cities. Chicago is a metropolitan center with business problems and opportunities of its own. It is not so generally realized that Washington has important commercial interests aside from the business of the national government. The new department of "Foreign Banking and Finance" under the direction of Charles A. Conant, is being very well received by our readers both in this country and abroad. There is especially good matter in it this month. W. R. Lawson starts his series on "The Big Banks of To-day," with an article on "The French Group."

In the "American Institute of Banking" department we present some interesting data and pictures apropos of the coming convention of the Institute to be held on the Alaska-Yukon-Pacific Exposition grounds at Seattle.

The "Banking Publicity" department this month contains a symposium on various features of bank advertising participated in by some of the best known men in this field.

NEW BOOKS SELLING FAST.

George Hague's "Practical Treatise on Banking and Commerce," published last month, is proving to be a good seller both in the United States and Canada. The author is one of the oldest and best known bankers in Canada. The practical thoughts and suggestions with which the pages of this book teem are the fruit of a half century's experience in banking.

There is also a strong demand for our new 50-cent book on "The Moneys of the World," by James P. Gardner, a handbook for the exchange department. Some of the larger banks are considering the idea of buying the book in large quantities to give away with their compliments to their correspondent banks.

We wish to call special attention to the new business books reviewed in the magazine this month. Lewis's "Financial Advertising;" Warren's "Thoughts on Business;" Higinbotham's "The Making of a Merchant;" and "The Transaction of Business," by Andrew Carnegie and Sir Arthur Helps, are books that every banker ought to own.

ADVERTISING FOR BANKS.

The Publicity Department is now handling the advertising preparation of banks in different parts of the country. We are selling a great many thousand copies of our booklets and our combination offer of 104 newspaper advertisements and our bank advertising textbook "Pushing Your Business," is proving a very popular one. Last month we sold a set of the ads. to a banker in Madrid, Spain, who had previously bought a copy of the advertising textbook.

HIGH CHARACTER OF ARTICLES.

We have pleasure in enclosing our renewal subscription for the Bankers Magazine for the current year. In doing so the writer wishes to express his great appreciation of the many improvements which have been made in the magazine during the past few years and of the generally high character of the articles contributed.

E. SHORROCK, Pres.,
Northwest Trust & Safe Deposit Co.,
Seattle, Wash.

ONE ISSUE WORTH YEAR'S OF SUBSCRIPTION PRICE.

Enclosed kindly find my check for $5.00 for another year's subscription to your valuable magazine.

One issue is well worth the price of a year's subscription. Am especially well pleased with your Publicity Department, from which I have taken many suggestions.

Just consider me a permanent subscriber, and forward bills whenever my time is up.

With best wishes for your continued success,

DAVID S. BROMLEY, Cashier,
Peoples Bank,
Buena Vista, Va.

GROWTH OF THE CONCRETE INDUSTRY.

ACCORDING to Richard L. Humphrey, as quoted by the "Cement Age" of New York, in 1893 there were only 300,000 barrels of cement manufactured, while last year there were 50,000,000 barrels.

THE NEW ASSISTANT SECRETARY OF THE TREASURY

CHARLES D. NORTON, was born in Oshkosh, Wisconsin, March 12, 1871, spent his boyhood in Burlington, Wis., and entered the office of the Northwestern Insurance Company there in 1885; graduated from Amherst College in 1893 and has since traveled extensively abroad, studying at first hand the banking systems of England, France, Germany, and other European countries; became assistant general agent for the Northwestern Insurance Company in Chicago in 1897 and general agent in 1905; comes to his new office with the good wishes of the banking fraternity

C. D. NORTON
Assistant Secretary of the Treasury

THE

BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-THIRD YEAR | MAY, 1909 | VOLUME LXXVIII, NO. 5

OBLIGATIONS OF THE RESERVE BANKS.

"On some one at least should devolve the responsibility to watch the public interests involved in sound bank management, amongst the requirements of which the maintenance of an adequate metallic reserve against the fiduciary currency ranks foremost."

THE above text is derived from a recent essay by G. M. BOISSEVAIN of Amsterdam, Holland, on "Money and Banking in the United States." It states in a simple way one of the essentials to be kept in mind in the discussion of American banking reform. What is meant above by "fiduciary currency" includes "deposits" as well as bank notes and all kinds of currency other than the standard coin or certificates for such coin.

In this country the public Treasury holds the reserves against its own currency issues—legal-tender notes and silver; for the $150,000,000 gold reserve really protects the silver certificates, and even the coined dollars, as well as the legal-tender notes. No reserve against the bank notes is required to be held (except perhaps a five per cent. redemption fund) either by the Treasury or the banks. Thus there is a fiduciary currency in the form of bank notes already amounting to over $600,000,000 against which practically no reserve is required; and this amount may be increased, in time of emergency, by the issue of an additional $500,000,000—all without any reserve whatever.

It would seem that so far as regards the maintenance of an adequate reserve against this form of fiduciary currency, the responsibility is neither imposed upon the banks nor assumed by them.

But of far greater importance to the preservation of sound bank management is the maintenance of adequate metallic reserves against the bank credits, styled "deposits," arising from the loans made by the banks.

What is the concern of every one is the concern of no one, and it can hardly be expected that the 20,000 banks of the country will trouble themselves much about this problem. No one central institution exists whose duty would be to exercise the function of regulating, or attempting to regulate, the discount rate with the aim of preserving a proper proportion between coin and credit.

In the absence of such an institution, it would seem that the reserve banks are the ones upon whom this duty devolves.

True, under existing circumstances, they would find the duty difficult to perform, if not impossible. But they might reduce or abolish altogether the interest paid on deposits, and by tacit agreement regulate the rate of discount in their respective localities. These measures would do much to keep the extension of credits properly related to the coin reserves.

RESERVE banks, as custodians of the funds of the country banks, have special obligations, not only toward the institutions they especially serve, but to the community at large.

Obviously, the purpose of a reserve—as the word itself implies—is to provide the out-of-town banks with a supply of funds not to be used in the ordinary course of business, but to be drawn on as special circumstances may require.

The country bank can not be blamed if it expects that its demands on this reserve shall be complied with promptly. Usually this expectation is met. But it is the fear that it may not be met which causes heavy withdrawals in panicky times, thus greatly aggravating the disturbed conditions.

The exceptional demands rarely if ever occur except in seasons when credit has been unduly expanded. This over-expansion of credit can be checked by the reserve banks, could concerted action be secured in attaining the following objects:

First.—Better examination of the banks in the reserve cities.

Second.—Maintenance of a larger proportion of gold to deposit liabilities.

Third.—Regulation of the rate paid on deposits and of the discount rate.

Already the first of these objects is in process of realization through the system of clearing-house examination.

The second object may be attained by the voluntary action of the banks. It would probably in some cases, in the smaller reserve cities, necessitate an increase of capital equipment.

The third object mentioned—the regulation of the discount and interest rate—is difficult of accomplishment, but merits patient consideration.

Either the reserve city banks must meet the obligations imposed upon them by their position or expect to see a new central institution created to fulfill their functions.

GUARANTY of deposits makes some headway among the State legislatures, Kansas and Nebraska being two of the latest States to pass laws of this character. These acts are not so radical as the proposals put forth some time ago.

While any law of this character is probably unjust to reputable banks, and ought to be unnecessary in any case, still no great amount of harm can be done in trying the experiment on the comparatively limited scale that will be necessary in applying it to the few States that seem to want legislation of this kind.

If the national banks shall continue to be debarred from participating in the guaranty scheme, it will afford a fair method of showing the benefit the law is to banks operating under it compared with those not offering a guaranty.

FEARS were expressed in the course of the tariff debate that duties on imports would not provide adequate revenues, and therefore inheritance taxes, a tax on corporations and upon bank checks have been proposed. The latter tax favored as being the least objectionable form of taxation, since it falls upon those best able to bear it. And yet where a tax, say of two cents, is placed upon every check drawn, it is a most inequitable form of taxation, because the small business establishment nearly always draws the greater number of checks in proportion to the business transacted.

We suspect that one reason why a tax on checks is popular is because legislators have a hazy idea that they are taxing the banks. But of course the banks pass the tax over to those who draw the checks.

While all taxes may be a nuisance, stamp taxes are a peculiarly annoying form of nuisance to which the Government should not resort unless compelled to do so.

Lately there has been a proposed revival of the income tax, which the Supreme Court a few years ago declared unconstitutional.

As the taxation of inheritances is now advocated in Congress, it may interest our readers to know that this subject was dealt with quite fully in an article prepared by Professor F. SPENCER BALDWIN, of the Department of Economics of Boston University, and published in THE BANKERS MAGAZINE for July, 1906.

UNIFORMITY of banking laws was suggested as a desirable possibility in a recent address by SAMUEL LUDLOW, Jr., president of the Union Trust Company of Jersey City, N. J. Mr. LUDLOW stated that the National Banking Act, with some amendments permitting increased powers to the banks, would probably meet all requirements, and that in time the country might come to have but one banking law, enacted by the Federal Government, with all the banks supervised from Washington.

While some advantages would accrue by having the banks under uniform laws and regulations, we very much doubt whether it would be wise to turn the entire banking system of the country over to the Federal Government.

By keeping the regulation of banking in the hands of the States, the people will find it easier to amend and improve the banking laws than if Congress had to be called upon every time a change in the law was desired. Examination of the history of banking legislation will confirm this view. Many of the States have recently made far-reaching changes in their banking laws, some of them undoubtedly of great benefit; but it has been impossible thus far to get Congress to listen to recommendations of the Comptroller of the Currency for even the simplest amendments of the administrative features of the National Banking Act.

Furthermore, a uniform banking act may not be altogether desirable in a country of such vast extent as the United States, where the conditions differ so widely. The provisions of a banking law which might be applicable in the older-settled portions might be utterly unsuited to the frontier.

Mr. LUDLOW favored conferring trust company functions on the national banks. Upon this point he said:

"The trust company is, in my opinion, the popular ideal of a modern bank, and is the only means that meets the full public requirements of a bank. By properly restricting the investment and handling of its funds and the securities in its several distinctive departments the trust company can be made to meet with complete safety the full requirements of modern banking conditions.

* * * * *

"All banks are created with one basic idea, in that they are to be maintained as trustworthy guardians of the people's money. Their main function is to receive money or its representative in trust and to so administer their trust as to enable business and commerce to receive its proper legitimate financial support without jeopardizing the rights of the depositor and the possibility of ultimate return, dollar for dollar, of the money placed in the bank's hands.

"Such being so, why classify the several natural fiduciary functions of a bank under separate management and separate distinctive charters?

"The common-sense view of the situation as well as of the economic view would seem to indicate it as more desirable to have all functions now performed by the State banks, trust companies, savings banks and national banks consolidated into one class of banks chartered by the national Government. It is then only a matter of regulating the handling of the various classes of funds or trusts entrusted to the bank into departments."

Several of the States now permit the organization of State banks with trust company functions—Ohio, Texas, Kentucky, Mississippi, and perhaps others.

If this movement to combine all banking functions under one charter continues to grow, how can the national banks, restricted as they are, endure in competition with institutions having such broad powers? Is it not inevitable, as Mr. Ludlow suggests, that the national banks also must have their functions enlarged?

It is interesting to note in this connection that under the Public Trustee Act recently enacted in Great Britain a number of the leading London and provincial banks have announced their readiness to undertake the duties of executors and trustees.

EXAMINATION of banks by the clearing-houses gets an official boost in the following notice sent out by the Bank Commissioner of Oklahoma:

"In view of the fact that many national banks in and out of Oklahoma, as well as State banks and trust companies in other States, are acting as reserve agents for Oklahoma State banks, I have decided (the State Banking Board concurring) that all such banks and trust companies not subject to regular clearing-house examinations shall subject themselves to two examinations annually by this department, except banks whose average daily deposits due to Oklahoma State banks do not exceed $10,000 during the year. Statement of said deposits to be sent to the Bank Commissioner at the close of each month's business, giving names, place of business and amount."

Of course, the Bank Commissioner of Oklahoma cannot compel any bank outside the State nor a national bank within the State to submit to examination by his department, but banks unwilling to submit to clearing-house examination or the examination of his department can be denied the privilege of acting as reserve agents for Oklahoma State banks.

The plan of clearing-house bank examination is spreading throughout the country, and probably needs no forcing process to insure its gradual adoption. Clearly, however, the Bank Commissioner is well within his rights in demanding that banks acting as reserve agents shall submit to examination by qualified authorities.

WITH the country plunged into the throes of a tariff debate, a hot summer in sight, and ice up 100 per cent., the average citizen might be expected to have troubles enough already. Yet just at this trying juncture comes to life our old friend the "Crime of 1873," which sleeps but never dies. Cats have nine lives, but this great "mystery" has immortality. Hammered into unrecognizable shape by indisputable facts, it retires for recuperation awhile and then reappears in the arena as smiling and confident as Mr. Bryan returning to a presidential combat.

In an article on "The Century and Silver," in the "North American Review" for April, Moreton Frewen brings this hoary "mystery" once more to light. He quotes the statements made by a number of those in Congress when the "Crime" was perpetrated. Here is what Garfield is reported as saying:

"Perhaps I ought to be ashamed to say so, but the truth is that I * * * never read the bill." And BLAINE, to the same effect: "I did not know anything that was in the bill."

Doubtless if all who were in public life at that time had been as candid as BLAINE and GARFIELD were in confessing their ignorance of the provisions of the bill, the great "mystery" of the "crime of 1873" would disappear.

In the introduction to Knox's History of Banking in the United States, Mr. KNOX, the author of the act of 1873, is quoted as writing to the Secretary of the Treasury when the bill was first proposed: "The coinage of the silver dollar piece, the history of which is here given, is discontinued in the proposed bill. * * * The present gold dollar piece is made the dollar unit in the proposed bill and the silver dollar piece is discontinued." In the same letter Mr. KNOX suggested that if the silver dollar was retained it should be issued "as a commercial dollar, not as a standard unit of account," etc.

The preliminary draft of the bill provided for a silver dollar of 384 grains, legal tender for debts of not more than $5. After submitting this bill to experts, another draft of a bill was prepared, omitting this silver dollar, as stated in the letter referred to above. The bill was before Congress for three years. It passed the Senate January 10, 1871, with no provision for coining a silver dollar. In the following year the bill was brought up in the House, and the dollar of 384 grains was restored, the legal-tender quality being limited to $5. In this form the bill passed the House in May, 1872. The Senate substituted a dollar of 420 grains, still of limited legal tender, and in this form the measure was passed by both houses and became a law.

In view of these facts, which may be substantiated by refernce to the records of the time, the statement of Mr. KELLEY that "In all the legislation of this country there is no mystery equal to the demonetization of the standard dollar," becomes a wild exaggeration.

Members of the order of Rosicrucians, we believe, possessed the power of resuscitating themselves after death. To this order the "Crime of 1873" undoubtedly belongs.

EVERYTHING tending to unify the laws of the States relating to commercial transactions will be welcomed by the bankers of the country. At present a movement is under way, directed by the Commissioners on Uniform State Laws, looking to the adoption of a uniform law with respect to certificates of stock. In this movement the bankers will be deeply interested, and no doubt the proposed law will have their cordial support.

The reduction of the busines laws of the United States to a substantially uniform code will greatly simplify commercial transactions and add to their safety. Indeed, with the vast increase in inter-State business the unification of the commercial laws becomes almost a necessity.

AN exceedingly able and comprehensive review of American currency and banking problems comes to THE BANKERS MAGAZINE from G. M. BOISSEVAIN of Amsterdam, Holland.

After making some careful statistical comparisons between the banks of the United Kingdom and those of the United States, Mr. BOISSEVAIN concludes that the desired elasticity of our currency can not be secured by giving elasticity to the note circulation; "but it is to the book credits with the banks, which constitute the basis of payments, that we should look for a remedy."

Proceeding on this line of argument, he says:

"The question should now be faced what really bestows the necessary elasticity upon the fiduciary circulating medium, the instrument of credit which acts as currency, be it bank note or book credit. To this question there can be but one answer: the magnitude of the metallic reserve available as cover for the fiduciary circulating medium, the reserve in standard metal of the country.

"Certainly, even when such fiduciary circulating medium is not partly covered by metal there may under certain circumstances be a limited amount in circulation, which then derives its value from special legislation in conjunction with its restricted quantity, its scarcity; but nevertheless it remains a form of currency which cannot be termed desirable and one which, by its very nature, is devoid of elasticity.

"On the other hand, the fiduciary circulating medium, which is covered in a certain proportion by metal, must derive its elasticity from the degree of amplitude of the metallic reserve. This reserve should be sufficiently abundant to ensure, that in case of temporary expansion of the issue of such circulating medium the minimum, which is considered indispensable, shall not be infringed upon.

"In other words, it is from the surplus reserve over and above the minimum that is considered necessary and is prescribed by law where legislation on the subject exists, from the available balance in metal, that the fiduciary circulating medium derives its elasticity. And once more we desire to point out emphatically, that it is immaterial whether the fiduciary circulating medium, the currency, consists of bank notes or book credits."

Turning to the consideration of remedies, he finds that "already at the outset we are confronted with the evil that the legal currency itself, the currency which is to serve as a reserve with the banks against the instruments of credit to be created by them, is in reality partially composed of fiduciary currency, to wit, the legal-tender notes and to a certain extent also the silver coins and the silver certificates issued in substitution thereof, in that the amount of these silver coins, which practically speaking are token money pure and simple, is very considerable whilst they should only be tolerated in the circulation to a limited extent.

"The retirement of the legal-tender notes and the restriction of the amount of silver coin in circulation must therefore be looked upon as the most urgent reform required to bring about a radical improvement both in the banking system of the United States and the coinage itself. As regards the latter, the coining of subsidiary money from new bullion should by all means be discontinued and substituted by a recoinage of existing standard dollars."

OBJECTING to the method of redepositing bank reserves, Mr. BOISSEVAIN points out that this practice differs from that prevailing in England, where the joint-stock banks do in fact deposit their cash with the Bank of England, but the latter allows no interest upon them, while interest is commonly paid on such deposits in the United States.

"The legal organization of the banking system in the United States is accompanied by a second defect concerning the practical aspect of the question. It consists in the fact that the banks in the United States, almost without exception, abstain as a rule under normal circumstances from maintaining a surplus reserve."

In proof of this assertion it is pointed out that while the credit requirements of trade and industry were "relatively insignificant in consequence of the [1907] crisis, nevertheless the reserve of the New York banks has continued to fluctuate around the legal minimum." "Why," Mr. BOISSEVAIN asks, "were credits maintained on such a lavish scale while the rate for call loans, as a result of this liberality, fell to below two per cent. and was maintained at this low level?"

For this course some explanation is found in the necessity the banks were under to advance funds to bankers who were temporarily financing the railway companies.

Yet, accepting these explanations, it is asked whether the New York banks by such a procedure are not assuming the functions of the big German Stock Exchange banks rather than those of a bank of issue or a deposit bank.

OUR banks, particularly those in New York and the other large financial centres, are inextricably bound up in these big financial operations. In consequence, in addition to their functions of ordinary banks of discount and deposit, they must assume financial responsibilities which in several other countries are confided to specially-organized banks, or at least to those particularly equipped to handle such transactions.

Whether by special legislation or by evolution of the existing banks we shall ever have such a class of institutions may well be doubted. Although banking systems probably develop instead of being created, when conditions have changed as they have in the United States within a quarter of a century, an intelligent rearrangement of the banks into groups fitted for adequate service to the financial, industrial and commercial requirements of the country would be of great advantage.

EMERGENCY currency, supposedly based upon the example of that issued by the German Reichsbank, has found many enthusiastic advocates here. But Mr. BOISSEVAIN shows that much of this enthusiasm is misdirected. Upon this point he says:

"In dealing with the lack of elasticity of the bank-note circulation in the United States, the German Reichsbank is frequently put up as an example. The fact, for instance, that in one single week in December, 1907, its circulation marked an expansion of 320,000,000 marks has been quoted as an instance in point. Quite correct, and three months previously, in September, 1907, it increased to an even larger extent, viz., by 400,000,000 marks.

"But the German Reichsbank was only enabled to accomplish this through having previously maintained its note circulation at a level well within the limits of which the compulsory metallic reserve of one-third admits. In order to carry this policy through it was essential that its credit operations should be curtailed, which was accomplished by the bank's timely action in raising its rate of discount to such a figure as to produce the desired effect. And the fact is, that the metallic reserve held against bank notes in circulation amounted on September 23 to 67.7 per cent., as against a legal minimum of 33.5 per cent., and on September 30 still represented 45.4 per cent. of the notes. Had attention been drawn to this fact, it would at once have been evident that the difference between the position in the United States and Germany originates solely in the question of maintenance of a surplus reserve, to which importance is attached in the latter country whilst it is neglected in the United States."

The fact above noted is important. Although the note circulation between the dates named expanded largely, the proportion of cash held against the notes continued far in excess of the legal requirements.

By giving all the banks the power to issue notes, Mr. Boissevain fears that some of the banks would use the notes to meet "runs" for the withdrawal of deposits. He truly declares that "The necessity of maintaining an adequate metallic reserve against liabilities cannot be met by elasticity in the note circulation of the banks."

As to the remedy for the defects in our currency and banking systems, after considering amendments to present laws, and the extension of banking co-operation, this conclusion is reached:

"The more one studies this subject the more one begins to doubt whether these expectations are not all illusions and whether the sole remedy for the existing difficulties is not to be found in a genuine and rigorous centralization duly safeguarded by law, and whether all other expedients are not merely makeshift arrangements, producing for every evil they suppress another equally vicious. * * *

"The management of such a central institution should of course be composed of competent and independent banking authorities, and those to whom the conduct of its affairs is entrusted should have no other interests but those of the institution committed to their care; and whilst the Government should exercise supervision, at the same time the bank should be unfettered by any political influences. Furthermore the central note-issuing institution, whose head office would be in New York, the chief money market of the country, should have branch offices in all important cities, so that everywhere the existing banks could group themselves round it as deposit and credit banks pure and simple."

WE have given only in the barest outline the views presented by this friendly critic of our currency and banking systems. There will be some dissent from the conclusions he reaches, but hardly any from the justness of his criticisms. Suggestions of this character serve a most useful purpose in enabling Americans to understand how unprejudiced observers abroad regard the faults which have been revealed in the workings of our monetary system and our banking institutions.

BY the terms of the deposit guaranty bill recently enacted in Nebraska a tax of one-fourth of one per cent. is to be collected every four months on the average daily deposits of the banks; but after the first year the tax is only one twentieth of one per cent. every six months. The sums derived from this assessment are to be set aside to constitute a special guaranty fund for the payment of depositors in banks that fail. Special assessments, beyond the amounts named, may be levied if necessary, but not to exceed one per cent. of the average daily deposits in any one year.

In other words, for the first year the banks must pay into the guaranty fund, in quarterly installments, a tax equal to one per cent. per annum on their average deposits. After the first year they must pay, in semi-annual installments, a tax equal to one-tenth of one per cent. per annum. And, finally, if the demands on the guaranty fund exceed the sums collected from these taxes, the banks may be called on to pay a special tax not exceeding one per cent. a year.

When the scheme gets into full working order, the total tax that may be imposed upon the banks in any one year, for the purpose of guaranteeing deposits, will not exceed one and one-tenth per cent. per annum of the average daily deposits.

This embodies merely a limited guaranty of deposits, though of course in practice it may prove to be absolute. From the standpoint of the banks that must pay the tax, it is far less unobjectionable than would be a tax limited only by the demands that might be made upon the guaranty fund.

The deposit insurance plan has been discussed exhaustively in these pages. It only remains to be said that the workings of the law in Nebraska and in other States where it has been adopted in one form or another will be watched with due interest, particularly with respect to the effect that these laws will have on the national banks.

DEPOSITS of State funds in the banks of New York are at present secured either by a pledge of State bonds or by the bond of a surety company. Recently a bill was introduced in the Legislature providing that the class of bonds acceptable as security for such funds should be extended so as to include all bonds which are legal investments for savings banks in New York State.

It is reported that many bankers favor such a change in the law, owing to the fact that there has been an advance lately in the rates charged by the surety companies for furnishing surety bonds to cover such deposits.

From the standpoint of the banks the question hinges purely on the matter of cost. If they can put up savings bank securities for their State deposits at a lower cost than they can obtain surety bonds to cover them, they would naturally prefer to use the securities. In either case the protection to the public would be practically absolute.

But whether the commercial banks would find it profitable to carry in their portfolios bonds of the savings bank class, is another question. They might borrow the bonds of the savings banks, imitating the practice of many of the national banks in furnishing security for public funds, yet this practice is open to some objections.

Were it not for fear of the charge of favoritism, depositories of public funds might be selected purely with regard to safety and convenience, and if this plan were followed no security of any kind would be required.

COMMENTING recently on the apparent disposition of eminent financial men to take the public into their confidence, the "Evening Post" of New York says:

"The present week * * * will also deserve a place as a week of 'interviews,' when eminent financiers took the public into their confidence on pretty nearly all subjects which are just now interesting the financial mind. Mr. HARRIMAN's extraordinary outburst of communicativeness was of itself an incident which is likely to be remembered; it was as singular, in its way, as Mr. JOHN D. ROCKEFELLER's recent determination to tell the story of his life to all comers. Such incidents have a different meaning with the different financiers concerned in them.

"Compared with the habits and practices of half a dozen years ago, however, they undoubtedly signalize the withdrawal, by High Finance, from the atmosphere of reticence, awe, and mystery, which not long ago surrounded it. High Finance snapping cameras at newspaper men as an 'April fool joke' would have stricken Wall Street with momentary paralysis, half a dozen years ago."

Perhaps in these "interviews" and "stories of their lives" the high financiers are still having their little joke. One of the magazines advertises an article by Mr. ROCKEFELLER, entitled, "How to Make Money." Curious persons might like to compare this essay with Miss TARBELL's Standard Oil story and note how the two agree.

These self-revelations by men who have piled up millions are probably as instructive and as valuable as the "explanations" of their mystifying tricks given by sleight-of-hand performers. It may well be doubted, also, if these men in their declining years, occupied chiefly in philanthropic enterprises, are exactly the same persons they were when engaged in the fierce struggle of modern business and in hot pursuit of additional millions. Autobiographies of multimillionaires are probably more interesting for what they do not reveal than for the rather commonplace story they tell. Most of them resemble the Sunday-school books of a generation ago.

Garrulity never was a sign of financial strength. "Money talks," indeed; but those who are making the most of it usually have little to say. When a great financier becomes talkative it may be generally concluded that he has retired from active service in the financial field or that what he says does not amount to much.

OUT of the multitude of complaints framed against the express companies by the American Bankers' Association Committee, at least one appears to rest upon an adequate foundation, namely, that the express companies can carry money from place to place at a lower cost to themselves than the rates the banks are compelled to pay, thus giving the express companies an advantage over the banks in furnishing exchange.

This amounts to a discrimination against the banks and gives rise to an injustice that should be remedied by the Inter-State Commerce Commission.

Some of the other complaints do not appear to be so well founded—for instance, the statement that the banks are "compelled" to pay out their funds in cashing express money orders. The case against the express companies would have been strengthened by confining it to the main issue involved.

ONE of the expedients proposed to help the Treasury in making both ends meet is to demand that the States shall return to the Federal Government the moneys received in 1836.

This proposal recalls an interesting chapter in the country's financial history. After JACKSON withdrew the public moneys from the Bank of the United States and redeposited them with the so-called "pet" State banks, the surplus began to accumulate to a large extent. By November, 1836, as stated in Knox's "History of Banking," eighty-eight State banks in twenty-four States held public deposits amounting to $49,377,986, while their individual deposits at the same time were only a little over $25,000,000. By holding this large amount of public funds, the banks were enabled to expand their loans and to increase their note issues. A large increase in the sale of public lands resulted. Payments for these were made in bank notes which were not always good. Finally, on July 11, 1836, an order was issued prohibiting the receipt of any money but specie in payment for the public lands.

On the first of January, 1835, the public debt was practically extinguished, and the increase in the receipts from the sale of public lands gradually added to the surplus of revenue. By the Act of June 23, 1836, this surplus was to be distributed among the States, the amount available for such distribution being $37,468,859. As the banks were called on to return this amount to the Treasury in specie or its equivalent within nine months, many of the banks suspended and a panic ensued.

Subsequent events proved that the action of the Government in turning over this money to the States was most unwise. By the autumn of 1837 the Treasury was on the verge of bankruptcy, and an issue of Treasury notes amounting to $10,000,000 was authorized at a special Session of Congress called by President VAN BUREN to meet in September of that year.

Mr. MURDOCK of Kansas, who introduced the bill in the House calling for the return of the funds above mentioned, says:

"In the Treasury are the written promises of twenty-six States to pay back, when directed to do so, the money that they procured from the Federal Government. Probably three, certainly New York, and possibly Delaware and New Jersey, have kept intact the money deposited with them. The other States have spent the money. I am told that the State of New York loans out the $4,000,000 which it obtained, and enjoys the benefit of the interest. In these times, when the Federal Government is needing the money, I believe that New York should repay that amount. It is necessary for Congress to make the demand for the money."

Should Congress make the demand, it will be interesting to observe what response the States will make.

UNIFORMITY of appearance in the same denominations of the country's paper currency is sought for in a plan under consideration by the Treasury Department. It aims to make all the Treasury issues of each denomination uniform; that is, all the one dollar bills will contain a certain portrait, all the twos another, the fives another, and so on.

Perhaps no nation on earth can show so many styles of currency as may be found in the United States. That a move looking toward simplifying these variegated issues is to be made by the Treasury Department will be welcomed by no one more than the tellers in the banks who handle so much of the country's currency every day. A simplification of the forms of the paper money in circulation will save the banks a great deal of time and will lessen the possibility of error.

The changes to be made, which are fully described elsewhere, apply only to the certificates and Treasury notes, not to the national bank bills.

ADDRESSING the Pittsburgh Chapter of the American Institute of Banking on March 23, Hon. CHARLES H. TREAT, Treasurer of the United States, gave his ideas of currency reform. He said:

"The decline in the price of two per cent. bonds, so largely used as a basis for bank circulation, is much to be regretted. It, however, calls attention to a pertinent fact that I have before advocated—that a class of bonds should be used for banking purposes alone.

"This issue of bonds by the Government at fifty years, I would have known as 'banking bonds,' with interest at two per cent.—to be sold always at par—neither above nor below—and be redeemed at the option of the holder. This would do away with the prevailing practice of speculating in Government bonds, which stimulates so much the expansion and retirement of the currency, involving the Government in the large additional expense of issuing and retiring the currency frequently, and would make a stability that will prevent any fluctuation in the price of the bonds. Such bonds should entitle to all banks freedom of circulation without taxation, and in this way would be quite as acceptable as coin, as a basis of issue of bank notes."

Passing over the suggestion of the issue of bonds for the specific purpose of providing the basis for bank notes, it may be inquired how can there be any assurance that the bonds would never fluctuate? The bidding for them might be so brisk as to force up the price, unless the Treasury should be in a position to issue bonds as required at par. And if the revenues were deficient, might not the fear that the Treasury would be unable to redeem the bonds on demand tend to depreciate their value? The assumption of a demand obligation of $600,000,000 would be no light burden upon the Treasury.

Could fluctuation in the value of the bonds be prevented, it would make the issue of bank notes less of a speculation in Government bonds than it is now. And certainly the expansion and contraction of the bank-note circulation should not be dependent upon the price of Government bonds, but upon other factors.

Yet this issuing and retiring the currency frequently, which Mr. TREAT deplores, is the very feature which under a proper system of issuing notes would insure their proper relation to the demand for them. And human experience has found no other way to secure this adaptation of the currency to business needs.

It may be remarked, incidentally, that the banks could redeem their notes at less than one-fourth the cost incurred by the Government in performing this service.

The declaration that bonds used in this way "would be quite as acceptable as coin as a basis of bank notes" embodies a most dangerous financial fallacy.

If the supply of bonds be fixed, then a currency based thereon must lack the power of expansion beyond the total of the bonds. If bonds are to be issued to meet deficiencies in revenues for carrying on public works, and possibly for military purposes, the supply of them may become out of all proportion to the requirements.

Bonds are credit obligations, and to issue notes upon them is to build one credit upon another.

While the supply of gold is dependent upon a number of factors, yet it may be said as a rule that in the absence of unwise currency laws every nation will have about the amount of gold that its business demands.

By tying the bank notes to gold they are given some relation to foreign exchange, which is in turn governed largely by business conditions.

Bank notes should be payable in gold on demand, and this being true, nothing except gold can be equally acceptable as the basis of their issue.

If the bonds which Mr. TREAT proposes were redeemable in gold on demand that would compel the Government to hold a large gold reserve for the purpose.

The issuing of "banking bonds" would mean that the people would have to pay two per cent. interest on some $600,000,000 of bonds, which the banks do not need for any such purpose.

BETTER supervision of the small private "banks" dealing with immigrants has been proposed by a commission appointed by Governor HUGHES of New York.

The commission found that there were 1,000 such banks in the State, and that from September 1, 1907, to September 1, 1908, there were twenty-five failures of small bankers, in which $1,459,000 due to more than 12,000 creditors was lost.

It is proposed that a deposit of cash or securities shall be made with the State Comptroller by these "banks," and that the manner of employing their deposits shall be regulated by law.

POSTAL savings banks will no doubt again occupy the attention of the regular session of Congress next winter, and those who do not believe in this form of paternalism should not relax their efforts to prevent its adoption. President TAFT is known to favor postal savings banks and will surely use his influence to push a bill through Congress providing for their establishment.

In this issue of the MAGAZINE Mr. ANDREW J. FRAME, president of the Waukesha (Wis.) National Bank and former president of the Wisconsin Bankers' Association, presents some strong arguments against the establishment of postal savings banks. He points out that the demand for them rests upon a false assumption, based upon misleading "statistics" purporting to show the small amount of savings deposits and the scarcity of savings banks. Mr. FRAME makes it clear that the banks not specifically classed as savings institutions yet hold very large amounts of savings deposits. That this is true is well known, especially to bankers located in communities where banks of the strict savings type do not exist.

As the existing banks, therefore, are adequately caring for the people's savings, the demand for the establishment of postal savings banks rests upon a purely paternalistic basis.

Mr. FRAME calls attention to the fact that postal savings banks would draw funds away from rural communities, where they are sorely needed, for investment in securities at the great monetary centers. We shall make but a single quotation from his arguments (which appear to us to be well founded throughout), referring the reader to the paper itself.

Speaking of the security afforded by existing banks, Mr. FRAME says:

"Is it not a fact that is proved beyond dispute by the statistics, that in all New England, New York and other old States, where large surplus capital has accumulated, where savings banks have more largely developed and where good laws regulating the business have been enacted, that the losses to savings bank depositors have been comparatively infinitesimal since those good laws have found their way into the statutes?

"I have studied the history of banking in this and other nations; have had nearly half a century of practical experience, and I challenge any man to disprove the fact that, in States having good laws regulating the banking business, the losses to depositors are infinitesimal; they are larger in States having lax laws and still greater in States having no laws at all. Occasional exceptions do not disprove the rule. Not a dollar has been lost to a depositor in four years since Wisconsin passed her good banking law."

And there is nothing, except the disposition of the people themselves, that prevents the enactment of good banking laws in every State in the Union.

EXCESS of Treasury disbursements over receipts tends to aggravate the present redundant condition of the currency. This redundancy has already produced several ill effects and others will shortly follow.

One of the notable developments of the time is the rampant speculation in real estate going on in several sections of the country, and gradually spreading over the United States. If one may judge by the tremendous volume of real estate advertising carried by the daily newspapers, things are certainly "booming" in this line.

Prices of commodities are gradually mounting again, and the plentiful supply of currency and bank credit, at low rates, fosters manipulative movements in stocks.

NOW is the time when the banks of the country need to scrutinize their loans most carefully. As it is the bright day that brings forth the adder and that craves wary walking, so it is in periods of easy money that the bank needs to look out for an intensification of the dangers that beset its business, to some extent, at all times. Large amounts of idle funds tend to make the bank manager relax his customary caution, while low rates for money tempt even the conservative borrower to expand his operations.

In these days of redundant currency and low rates for money, unless the banks keep the strictest watch over their loans, many schemes will be hatched that will bring forth a brood of disaster and ruin later on, leading ultimately to that panic from which there can be no escape until both our monetary and banking systems undergo some radical changes. And the panic, when it comes, will probably be the worst the country has ever experienced.

We voice no forebodings of despair in saying this, for no one has larger faith in this country than this MAGAZINE. Panics or no panics, the United States will continue to progress more rapidly than any other nation on earth. But the course of its progress might be a little more tranquil. An automobile can doubtless be speeded over a corduroy road, but those who are making the trip will get badly shaken up.

Government paper money (in the form of legal tenders and so-called bank notes), and other silver bulk too large in the country's monetary stock, and the banks taking upon themselves the responsibilities of reserve agents do not regard their obligations seriously enough. Until these difficulties are perceived and properly remedied the severity and frequency of our financial disturbances will continue.

REFORM of the tariff downward is less easy at a time when revenues are deficient than it would be if receipts were running ahead of expenditures. The possibility of imposing special taxes or of issuing bonds has to be considered to provide the funds required to meet the large annual expenditures. Bond issues, in a time of peace, can be defended on the ground that they have been rendered necessary to provide for the outlay on account of the Panama Canal. An income tax or stamp duties, on the other hand, would probably excite considerable criticism as extraordinary devices to be employed under pressing necessity.

Retrenchment would be an appropriate remedy to employ at the present time, but in practice it is one not easy to apply.

Expectations of an early increase in revenues owing to enlarged importations may not be fully confirmed. While heavy imports were recorded in March, the increase probably represents, very largely, an attempt to anticipate the passage of the new tariff act.

EX-SENATOR STEWART of Nevada, who died recently, was one of the most persistent and ablest advocates of the free coinage of silver at the 16 to 1 ratio. To him the "Crime of 1873" was a terrible reality, and he harped on it in season and out.

Most of the men from whom the younger generation of politicians received their free silver inspiration are either dead or out of office. BLAND, STEWART and TELLER were the most conspicuous champions of the heaven-born ratio. The two former are dead and Mr. TELLER has just retired from the Senate after long service in that body.

These three men were able and sincere, but mistaken in their views regarding money. They were inflationists, but in this respect they were not unlike the majority of Senators and Representatives to-day, who voted only a few months ago to add half a billion of paper to the currency without increasing the coin reserves to the extent of a single dollar.

CO-OPERATION between the national bank examiners and those appointed by the clearing-house associations is suggested by the Comptroller of the Currency, who recently announced that when any clearing-house association in the United States requests him in writing to have the national bank examiner for the district in which it is located co-öperate with the clearing-house in the interests of better and more conservative banking the Comptroller will direct the bank examiner to do so.

The only condition that the Comptroller requires is that the request from the clearing-house be signed by all the banks composing it, or at least the coöperation be requested by a committee properly authorized to make such requests.

Surely, with the Comptroller of the Currency and the clearing-houses acting together for the purpose of securing efficient bank examinations good results will be reached; and we may hope to see, with the extension of clearing-house examination, a system of bank inspection developed that will insure safety in banking so far as it may be insured by any system of examination whatever.

WHEAT speculation on a large scale has lately engaged public attention, and because of its effect in putting up the price of bread a demand for legislation has arisen looking to the prevention of speculative dealings in the great food staples.

Laws of this kind may be proper enough if drawn so as not to interfere with legitimate trading. But the collapse of the speculative movement in wheat makes it doubtful whether any laws are really necessary to prevent the "cornering" of wheat. Natural laws appear to work inevitably to show the futility of such attempts. For a time they may be successful, but before long the factors whose influence it was impossible to calculate begin to work and the elaborately constructed speculative scheme breaks down.

AMERICAN merchants and manufacturers desiring to extend their trade with Latin America have found it difficult to grant the long-term credits which are demanded by the merchants of Mexico, Central and South America. Commenting on this, the New York "Sun" of recent date says:

"In order to sell our wares to the Central and South American republics it is necessary to adjust ourselves to their demands. In the first place we have to agree to the system of annual settlements; next we must send them the kind of goods they want; finally we must use just such packages as they require. Almost everybody from Mexico to Patagonia does business on the basis of annual settlements. This is a necessity created by their environment and cannot be changed by our dictum. The vast distances between the port of entry and the inland towns and villages among which the goods are ultimately distributed, the dearth of rapid communication, and other causes, have conspired to fortify the system until it has become a part of the people's life and cannot be uprooted. It is as good a system as any other when one has grown accustomed to it, and it is idle in this day and generation to talk of any other. The small merchants cannot settle with the importers until they collect the money due them, and this is practicable only when their customers have realized upon crops and produce.

The annual settlement, therefore, is a permanent institution, and any trade we establish in those lands must be primarily based upon it."

And as the ordinary commercial banks of this country have very little use for this long-time mercantile paper, there is need for the establishment of a specially-organized institution that would have the capital and the equipment to handle transactions of this character.

An international American bank, organized with special reference to the extension of our trade and enterprise with Latin America would undoubtedly be of considerable benefit to American business interests.

BANKING CONSOLIDATION AND THE COUNTRY BORROWER.

THE recent extensive banking consolidations in Great Britain are arousing complaints similar to those which have often been heard in France against the *Crédit Lyonnais* and other large joint-stock banks—to the effect that they are taking away the opportunity from the country borrower to obtain accommodation. In an intelligent letter to the "London Economist" of February 27 last, Mr. T. H. Bird makes the following observations on the subject:

In all the long series of amalgamations of country banks with the great metropolitan joint-stock institutions, the severest criticisms that have been put forward have been the complaints of dissatisfied shareholders in the "absorbed" banks. Few voices have been raised in favor of the local trade who has suffered to some extent by the revolution that has taken place in English banking in the last decade. There are indications [at the moment] that this question will be forced [prominently] on the attentions of our prominent bankers before long. In some districts, and especially in the county of Cornwall, very severe complaints are being made [of the stringency] of the joint-stock banks, and their unwillingness to lend money toward local developments, which, though small in themselves, are of considerable importance to the town. In Cornwall matters have come to such a pass that several meetings composed of capitalists and men prominent in the industries of the county have been held lately to see whether it were not possible to re-establish a private bank which would give to the smaller traders and borrowers the facilities which they say are now denied them. No definite decision has, I believe, been come to on the matter, but the movement has strong support in the county, and even if it never materializes in the shape of a new bank, it will have been valuable in drawing attention to what is undoubtedly a very real grievance. Without going deeply into the question of whether it is for the good of the nation that London, which has only about an eighth of the population of the country, does three-fifths of its banking business, or whether the constant and increasing flow of gold to the metropolis is beneficial, it is worth while considering the changed relations between the local business man and his bank. Fifty years ago, when money was deposited with the local banker, he had, of course, to invest a certain amount, and this went out of the district at once. But he kept a considerable sum in cash, and this was used in financing local enterprise. The relations, too, between the banker and the local business man were more intimate. He lived in the county, he spent his money in the county, he knew everyone. There was—if the use of the unbusinesslike word may be permitted—more "sentiment" in the conduct of his dealings with his clients. He did not need to apply the hard and fast financial standard to the value of the security offered him that are necessary in a big trading community. He judged his client as well as the security he offered, and he was thus able to assist—and that with comparative safety—a trader in circumstances which, if the manager of the country branch of a joint-stock did so to-day would draw on him the severe censure of his directors.

THE MODERN WAY OF FINANCING IMPORTS.

By Franklin Escher, Financial Editor of "Harper's Weekly."

An importer who had made a large fortune and retired from business some twenty years ago was recently considering a proposition to put some money into an import house which he knew to be under efficient management and making money. After a careful examination the ex-importer turned the proposition down. "The business is all right," he said, "and seems to be making money, but importing business nowadays, apparently, is being run along lines that I don't know anything about. In my time the importer was an independent merchant, doing the business his capital allowed. Nowadays, the importer, so far as I can see, is a sort of agent for some banker, doing the business under the banker's supervision, and using the banker's money."

Closer Identification of Bankers With the Import Trade.

It was an exaggerated case which the ex-importer had happened upon, but typical of the strong tendency of banking interests to take part in the actual management of mercantile affairs. Bankers have always advanced money to merchants; that was, in fact, the original function of the banker. But during the past ten years there has grown up a system of interrelation between the import houses and the bankers which is entirely different from anything that has ever been seen before. Due, probably, to our territorial expansion and the great gain in our foreign commerce, there has been a most enormous increase in the amount of banking capital used in mercantile business and a corresponding cementing of the ties between the merchant and the banker.

Twenty years ago the financing of imports and exports at any given commercial center was concentrated in the hands of two or three bankers who understood the business and made a specialty of it. To-day there is hardly a leading banking-house which does not go in for foreign exchange business and hardly a foreign exchange manager who is not doing some sort of a commercial letter of credit business. At a point like New York, for instance, there has been a complete change within ten years in the personnel of the banking fraternity which is backing the operations of the import and export houses. The private banker has given way entirely to the institution. Even the trust companies are going in for this business on a large scale.

Extention of Commercial Credits.

Commercial credit business has come to play so important a part in the operation of the up-to-date bank, and is so little understood even by many of those well-informed in most other departments of banking, that it is well worth while to pause and look carefully into the principles on which the business is grounded. A description of all the various forms in which it is being worked would require a volume in itself; but there is one main operation around which the system is built, a clear understanding of which will make is easily possible to grasp the more complicated forms of the business.

Take, first, the commercial credit business as it applies to the import of merchandise, say, from the Far East to New York. Suppose a New York house to have bought a hundred cases of shellac in Ceylon—how can the transaction be financed and the payment effected? On closing the contract for the shellac, by cable, the first thing the importer would do would be to go to his banker and get him to issue a commercial letter of credit to fit the terms of the contract. Such a letter of credit would be addressed to some bank in London and would authorize that bank to "accept" the four-months' sight drafts of the sellers of the shellac in Ceylon, up to a certain amount and under certain conditions. These conditions, having to do with the attaching to the drafts of the bills of lading, insurance certificates, etc., are all printed out on the credit.

The banker in London having been duly advised of the credit on him that has been issued, the letter of credit itself would be sent out to the seller of the goods in Ceylon. The latter would then go ahead with the shipment. First, the shellac would be insured and a certificate to that effect received from the insurance company. Next it would be put aboard ship and a certificate to that effect (bill of lading) received from the steamship company. Having these documents in his possession the seller of the shellac would next draw a bill of exchange, in pounds, on the London bank mentioned in the credit, the draft being at four months' sight or six months' sight, as set forth in the credit. To this draft he would pin the bill of lading and the insurance certificate, and then, taking the letter of credit with him, he would go around to the local bank to sell the draft, get his money, and thus close off the whole transaction so far as he is concerned.

Why London Is Drawn Upon.

Just at this point should be mentioned the reason why London was brought into the transaction at all—why, in fact, the seller of the goods did not draw direct upon the buyer in New York. In the first place because a draft drawn on some small New York mercantile house would be just so much waste paper out in Ceylon, and in the second place because a draft in dollars drawn on however good a bank in New York would be but little better. To get his money, in rupees, the Ceylon shipper of the shellac has to be able to draw in pounds sterling and on some first-rate London bank.

Having drawn his sterling draft for the full value of the merchandise, the seller of the goods takes the draft around to his bank, shows the letter of credit which gives him the authority to draw, and turns it into local money. The bank is glad enough to take the draft. Exchange on London is always in demand and most of the local banks' business consists in buying bills of exchange just of this kind. So the shipper of the merchandise takes his money, and goes away, and is finished with the transaction.

Acceptance of Draft by Drawee Bank.

At this point in the operation the merchandise has been sent off on a slow steamer to New York and the bill of lading and the four-mouths' sight draft on London, representing the value of the goods, is in the hands of the local bank. The latter now loses no time in sending off this draft (pinned to it is the bill of lading) to London, in order that the draft may be "accepted" by the bank on which it is drawn.

For the sake of clearness, suppose the draft to be drawn on the London City & Midland Bank. A month passes, and one day the draft is presented for "acceptance." Detaching from the draft the bill of lading and the insurance certificate, the cashier of the London City & Midland writes across the face of the draft "Accepted, Payable June 23." He gives the draft back to the man who brought it in. He keeps the bill of lading and the insurance certificate. June 23rd is four months off. The accepted bill of exchange may be discounted and rediscounted a dozen times between now and then, but the cashier of the London City & Midland has no interest in what happens to the bill or when it goes. All he knows is that in exactly four months that bill of exchange will fall due, and, coming out of somewhere, will be presented at his wicket for payment.

Confidence as a Factor in the Transaction.

In the meantime the slow freighter is steadily carrying the goods toward New York, and as it is impossible for anyone to get them out of the ship without the bill of lading, the cashier of the London City & Midland Bank loses no time in sending the bill of lading to his banking correspondent in New York who originally issued the credit. From this time on the London banker is unprotected. He has put his name on a bill which obligates him to pay it in four months; and relying solely on the good faith and solvency of his New York correspondent has sent the shipping documents to him. In a business which involves such an operation as this it may readily be imagined how intimate the relations must be between the bank that issues the credits in New York and the bank in London on which they are issued. No bank in London would ever agree to "accept" bills unless it has the most implicit trust in its New York correspondent and was sure that before the four months were up and the bill came due the necessary remittance would arrive from New York.

Arrangements Relating to Acceptances.

Before going on with the transaction and seeing how the goods arrive in New York and are finally delivered into the hands of the buyer, it is well worth while to pause and note what the usual relations are between the issuer of a commercial credit and the bank in Europe on which the credit is drawn. Very often it happens that a New York bank issues credits on its own branch in London, as for instance the Guaranty Trust Co. on its London office. Then again a great deal of the business is worked on joint account both as to risk and commission realized—in which case the relationship has to be pretty close. Lastly, credits are issued strictly for a consideration—that is to say, the banking-house of John Jones & Co. in London being satisfied that the banking-house of John Smith & Co. in New York is all right, agrees, for a stipulated commission, to "accept" drafts drawn under John Smith & Co.'s credits up to a certain amount. Any good bank in the United States can easily make such arrangements.

Going back now to the typical transaction whose course we have been following, assume that the shellac has arrived in New York and that the bill of lading has been received by the New York banker who issued the credit, together with advice from his London correspondent of the amount of the draft drawn and its maturity. The next step is to put the shellac into the importer's possession. But by doing so, the banker is doing nothing less than handing over the only security he has. How can he let the importer have the shellac and still remain protected himself?

He cannot, unless the "trust receipt" he receives when he gives up the bill of lading to the importer can be called protection. The "trust receipt" is simply a paper signed by the importer stating that he has received the merchandise and that he will sell the same and apply the proceeds toward paying off the four-months' sight draft before or at maturity. Most trust receipts specify that the merchandise is to be kept separate, earmarked as it were, and that the proceeds are to be kept strictly distinct from the firm's other assets and handed over to the banker as the shellac is sold.

Having the actual merchandise in his hands, the importer is now in a position to sell it and begin to make prepayments to the banker who issued him the credit. As these are received by the banker he sends them along to the London bank which holds them against the maturity of the bill it accepted. Presumably, before the four months are up, the shellac will all have been sold and enough money out of the proceeds remitted to London to cover the whole amount of the maturing draft. What is left constitutes the importer's profit.

Profits Derived From These Operations.

It has been worth while to set down the whole practical course of one of these typical commercial credit operations in order that there may be no confusion in dealing with the theoretical side, the reason why the various parties go into such transactions and the benefits each one gets out of it. Take first the importer. It is all a matter of credit with him; if he can get a banker to give him a commercial letter of credit, he can bring in any quantity of merchandise, have anywhere up to four months to sell it in, and never have to put up a dollar of his own money. All it costs him is a commission on the amount of the drafts drawn.

The regular commission is one-quarter per cent for each thirty days of the life of the drafts drawn. Thus, if the drafts are drawn at sixty days' sight, the merchant pays a commission of (two times one-quarter per cent. which equals one-half per cent.). If the drafts run four months or 120 days, the commission would be (four times one-quarter per cent. which equals one per cent.). This is the *regular* commission. As may be imagined, it is changed in all sorts of ways as a matter of individual negotiation. On coffee credits there are several banks in New York now doing the business at three-eights per cent. for ninety-days' sight drafts,—which is exactly half the regular commission. So keen is the competition that there is one large bank which is doing six-months' business at only one-half per cent. Such business is ruinous, a commission of that kind being no fair compensation for the risk taken.

So much for what the importer gets out of the transaction. How about the exporter out in Ceylon? As has been shown, he has been able to make a sale on a four-months' credit, and to get his money without a day's delay and put himself in shape for the next transaction. Of course, when he took his four-months' sight sterling draft around to his banker to sell it for rupees, he did not get as high a rate of exchange as if he had had a sight draft to sell, the difference representing the discount. But that was allowed for in the price he originally quoted for the goods. What counts with him is that he has made the sale, has received his money, and is ready for the next transaction.

Credit the Chief Factor.

As for the two bankers, the one in New York and the one in London, their part in the transaction has been influenced simply by the desire to make a commission. Both of them took a certain risk to be sure, but then credits of this kind are never issued except to entirely trustworthy parties. And as a matter of fact neither banker has had to put up any real money. The one in New York has had to stand responsible for the importer to whom he issued the credit and the one in London has had to obligate himself by "accepting" the drafts—putting his name on commercial paper, in unadorned language—but no one has had to advance any actual money. The real money that the shipper in Ceylon received was based entirely on the *credit* of the banks concerned in the operation.

For which reason it appears that as long as a bank here can get a bank in London to "accept" drafts drawn under the American bank's letters of credit, there is almost no limit to the volume of business it can do. And even a small rate of commission will return big profits. There are a number of banks and bankers doing business in New York for whom their foreign correspondents regularly keep running acceptances amounting to $5,000,000. A fair average net profit to the bank issuing the credit would be called one-quarter per cent., turned over four times a year, so that a bank with $5,000,000 of acceptances constantly running abroad would stand to make, say, $50,000 a year in commissions without having put up a dollar of capital.

A book might be written on the various forms of commercial credit business being transacted, but the whole thing would be only a more detailed description of operations whose theory is the same as the one I have attempted to outline. Whether the merchandise in question is shellac and comes from Ceylon or whether it is coffee and comes from Brazil, makes little difference so far as the banking end of the transaction is concerned. Nor does it make any difference if the article happens to be silk or dry goods imported from France, or if the credit directs that the drafts shall be drawn in francs on some bank in Paris instead of in pounds on some bank in London. All these are ramifications of the same thing. They all come back to the one central idea that the banker turns over not his money but his *credit* to the importer, enabling the importer to do safely a very much larger amount of business than he could do on his own limited capital.

As for export letters of credit they are an entirely different thing, being rather like the advances bankers are continually making to their mercantile clients. A machinery firm in Detroit for instance, wanting to sell mowing machines in Argentina may get its bank to advance the money and assign the payment of the invoices over to the bank. All sorts of business of this kind are being carried on and under various arrangements. Strictly speaking, however, these advances have nothing to do with commercial letter of credit business. They are more in the line of the business of the banker who advances money to a client for the purpose of building an addition to his plant or for any other valid purpose.

Owing to the large number of bankers now engaged in commercial credit business and the fact that even the big banks are willing to open little credits of £100 and £200, the use of these facilities by importers has become very general. It is a common thing for a bank to grant an importer with resources of $100,000 a letter of credit for £20,000, thus enabling him to double his business. And it is to this that the great increase in our foreign trade during the past ten years is undoubtedly due. Where importing is made so easy there will be plenty of people who want to engage in it.

Safety of the Business.

What of the influence on the stability of the commercial structure? Is there any ground for the mistrust of the old-line importer who thinks that the merchant should use his own capital and not the banker's? Very little—that was shown beyond doubt by the panic of 1907 and the bad times which followed. Failures among importers occurred but they were comparatively few—certainly nothing like what was feared. Bankers lost some money on commercial credits during that time, but the amount was not very great. The merchandise imported by any but the strongest houses is usually all sold before the letter of credit is even applied for; and so, as long as the importer is honest, the banker takes little risk of not getting his money.

The commercial credit business as it has developed during the past few years has in fact become an integral part of our banking system and is growing more and more important all the time. It is a development, indeed, which is a long step toward the bringing about of those ideal relations between the banker and the business man which tend to use the accumulated savings of the country not for speculation but for carrying on the country's legitimate business.

SUBURBAN BANKING IN CLEVELAND.

By Horatio Ford.

TECHNICALLY, branch banking means one thing—a central home or head office in some commercial center with any number of separate offices more or less distantly located, engaged in the same business as the home office; all under one capitalization and one set of general officers. The purpose of such an organization is to gain business by reason of its many conveniences, especially its nearness to its depositors. Now there is another class of state banks in Cleveland which owns no branches, but which follows as its business policy this very reason-for-being of the branch banks—namely that the people may be more conveniently served, and thus more of their wealth mobilized. This class consists of the single suburban banks, such as the Broadway, the South Cleveland, the Pearl Street and many others, "suburban" being used in this sketch to designate not banks out of the city limits, but outside of the down-town business section. And it is the history of both of these two classes of banks, branch banks and suburban banks, with their common purpose of reaching the people, that this article shall attempt to outline.

This purpose, this idea of going to the people instead of demanding that the people come to the banks, is new—surprisingly new in Cleveland. There were eight national banks and six savings banks in town, with decades of usefulness and prosperity behind them, when the idea first cropped out. To be exact, this history of convenient banks begins in 1874. In that year a partnership of influential business men on the South Side became convinced of the useful possibilities of a bank in their neighborhood, and undertook to run a bank in an office as an experiment. The rolling mills were there then, making it quite a financial center on pay days. Also, even with the aid of various horse cars and the "dummy" line, one had to start in the morning in order to reach Cleveland and get back the same day before dark. The experimental years so reassured the partners that The South Cleveland Banking Company was incorporated by the Hon. Joseph Turney, Judge H. A. Hamilton, A. J. Hamilton, Capt. C. P. Jewett and James Walker, with W. H. Lamprecht as cashier. The bank was installed on the same premises it occupies to-day (the old building having recently been remodeled). After the first ten years its deposits approximated $500,000; but in spite of its prosperity, the South Cleveland's policy was not adopted by any other bank for nine years—until 1883.

The Broadway Savings and Loan (now the Broadway Savings and Trust) Co. was incorporated that year and elected as its first board of directors the following gentlemen: George W. Stockley, G. L. Hechler, Joseph Turney, Chas. C. Baldwin, G. A. Grasselli, J. H. McBride, B. Mahler, Kennedy B. Bailey, C. B. Lockwood, David Z. Norton, Manuel Halle, W. J. Boardman, O. M. Stafford, John Hirsius, Daniel Shurmer.

Because of the fact that the South Cleveland was at first a partnership, the Broadway Savings & Trust Company claims to be the pioneer suburban bank, not only in Cleveland but in the United States. At that time there were but two or three small stores at the corner of Broadway and Willson, the surrounding country being all farms and truck-gardens. Now this bank serves a community of 100,000 souls, and deserves no small portion of the credit for its up-building. Its original paid-in capital was $30,000, its deposits at the end of its first full year were $157,068.44, and in 1896 were

$1,718,337.31—a sufficient proof, one would think, of the success of the suburban idea.

Proving Their Worth.

Yet three years after the founding of the Broadway the idea was presented to several leading bankers, and met with the unanimous opinion that any bank started outside "the banking center" was chimerical and doomed to failure. "You can't run a bank like a corner grocery," they argued. "Who ever heard of a real bank, anywhere but in the banking center?" Yet why not? If the corner were well chosen, why should not a bank succeed as well on it as a grocery store? Courageous in their conviction on this logic, J. H. McBride, I. N. Topliff, V. C. Taylor, T. H. Brooks, John C. Hale, R. A. Harman, Chas. H. Post, H. Clark Ford and others organized the East End Savings Bank Company with a paid-in capital of $50,000. This first suburban bank in the East End showed its desire to meet the people more than half way by locating at the northeast corner of Euclid and Willson avenues. Moreover it was one of the first banks in town to adopt the still more advanced policy of branch banking, when in 1887 it founded a branch at the corner of St. Clair street and Case avenue. The East End Bank's immediate growth more than justified the faith of its founders, (its first five years resulting in 3600 depositors and $829,000 deposits) and made 1886, the year of its founding, the opening date in the real *growth* of suburban banking in Cleveland. It followed paths of usefulness and prosperity until 1903, when the bank and its branch were purchased by the Cleveland Trust Company, to become respectively its East End Branch and its St. Clair Street Branch. At the time of its taking over the East End Savings Bank Company, which in 1900 had been renamed the East End Banking and Trust Company, it showed deposits amounting to $2,429,945—a forcible object lesson as to the success of modern banking methods.

But several years before the culmination of the East End Bank's career, its lesson had been learned by other bankers of the city. The year 1896 had seen the opening by the Garfield Savings Bank (already founded in 1892 as a suburban bank) of its Glenville office. This bank, started at Lake View, has always been an exponent of the principles both of suburban banking and branch banking; and moreover was the first to recognize the wisdom of an individual banking building. Outside of the Garfield and the East End Bank, branch banking was not practiced until the nineties were passed, but suburban banks were founded and followed by branch banks as the accompanying table shows. With one exception, no record is made of the founding of banks, which in June, 1908, were not in existence.

Chronological Table Showing Foundings of Suburban and Branch Banks.

1874	South Cleveland Banking Co.
1883	Broadway Savings & Trust Co.
1886	East End Savings Bank Co.
1887	Woodland Ave. Savings & Trust Co.
	East End Savings Bank Co., St. Clair Ave.
1890	Forest City Savings & Trust Co.
	Lake Shore Bank & Trust Co.
	Pearl St. Savings & Trust Co.
1891	Columbia Savings & Loan Co.
	Lorain St. Savings Bank Co.
1892	Garfield Savings Bank, Lake View.
1894	West Cleveland Banking Co.
1896	Garfield Savings Bank, Glenville.
1898	Farmers & Merchants Banking Co.
	Hough Ave. Bank & Trust Co.
1900	Rocky River Savings & Banking Co.
1901	Clark Ave. Savings Bank.
1902	Home Savings & Banking Co.
	Garfield Savings Bank, Superior Ave.

1903 Lincoln Savings & Banking Co.
Cleveland Trust Co., Windemere.
Cleveland Trust Co., East End.
Cleveland Trust Co., St. Clair.
Reserve Trust Co., Genesee.
Reserve Trust Co., Superior.
Reserve Trust Co., Lake View.
Reserve Trust Co., Woodland.
1904 Cleveland Trust Co., Perry.
Cleveland Trust Co., Wade Park.
Reserve Trust Co, East Woodland.
1905 Cleveland Trust Co., Lakewood.
1906 Cleveland Trust Co., Brooklyn.
1907 Metropolitan Banking Co.
Garfield Savings Bank, Gordon Park.
1908 Lake Shore Banking & Trust Co., Superior.
Garfield Savings Bank, Buckeye Rd.
Cleveland Trust Co., West 25th St.
Hough Bank & Trust Co., Superior Ave.

Growth of the Idea.

In 1896, just ten years after the beginning of real growth, the state banks (savings banks of one form or another) had increased from six to twenty-seven in number, and of these the suburban and branch banks had increased from none to eighteen. To bring these figures as far down to date as possible, in June of 1908, there were in Cleveland twenty-nine savings banks and trust companies—a gain of only two corporations in twelve years. But the increase in branch banking and suburban banking is all the more noticeable by contrast. There were eighteen banks following the suburban policy twelve years ago, with twenty-one offices, while last June there were twenty-three banks of this nature with forty-four offices. The Guardian Savings and Trust Company might be included in the above figures because it operates two offices for the convenience of its patrons, but has been omitted because both offices are in the old "banking center."

As to the national banks, there were eight in 1886, as I have said; in 1896 there were twelve; and now there are seven. At first thought it would seem from this that the centrally located national banks, restricted by Federal provisions from operating branches, were suffering from the competition of the new-policy banks; but the contrary is the actual fact.

In 1886 the total deposits in Cleveland's national banks were $13,469,000. In 1896 they had grown to $22,256,000, an increase almost twice as fast as the increase in Cleveland's population during the same ten years. And now the national bank deposits are $57,842,000, still increasing at a greater rate than the population.

How the Downtown Banks Have Benefited.

Why, you may ask, this digression concerning national banks, in an article regarding only the savings banks, the repositories of the people's earnings? It is because the savings banks, and especially the branch banks, claim for themselves first credit for this growth of the national banks; and in the following manner. Whereas formerly the people of East Cleveland had to go down town in their best clothes, enter a formidable bank (the very word was impressive) and after a transaction more or less mysterious, see their savings disappear into the workings of a great corporation, no person in which was known to them, now they have from three to eight banks or branches of banks (according to what territory you denominate East Cleveland) right in their own neighborhood, as convenient and as well understood and appreciated as the shops next door, where they buy their meat and potatoes. The effect of this arrangement on the thriftiness of a neighborhood is apparent at once. The littlest tot can carry his pennies to the bank (no longer an awesome name); the old folks have a financial authority, who is also a known and trusted neighbor, to help their failing judgment in money matters; and the men and women carrying the load of this day's world have an ever present encouragement to save in time of prosperity and an ever present help in time of trouble. Everybody is at home in "the bank," everybody uses its conveniences,—everybody saves his little. The result is that small deposits massed in the suburban branches and bank are massed again in the down-town main offices and (here is the point of this digression) in the national banks, where they are useful as loans in the furthering of great enterprises. Much of the increased deposits in the national banks consists of the people's five and ten and twenty dollar deposits thus mobilized, and for this the branch banks claim credit.

How Cleveland Has Benefited.

Cleveland of all American cities was the pioneer in this method of banking which makes use of everybody's money, utilizing as much as possible of the city's latent wealth in building new houses and stores, factories and ships, railroads, docks and public buildings. It would be impossible to estimate how much the suburban banks and branch banks have helped Cleveland to play her important part in the commercial drama of the Great Lakes, even surpassing Chicago in tonnage--Chicago of twice her size but without branch banks. Cleveland has learned what Scotland learned hundreds of years ago, what Canada with her branch banks scattered from coast to coast learned from Scotland, what England France, Germany, every commercial nation but ours knows; and that is that the riches of a city or a state are not what the people have, nor earn, nor spend, but what can be accumulated from them into workable amounts, into what Walter Bagehot in "Lombard Street" calls "borrowable money," or "money-market money."

A simple example is the rain, which falling in single drops scattered over a whole mountain-side and valley, has no mechanical value or force, but which when it has dripped into runlets and these have been united in brooks and these in the river, produces water-power sufficient to turn all the mills in the valley. Cleveland's riches cannot then be made a working force without the runlets and brooks—the branch and independent suburban banks.

A city like an individual must be thrifty to be permanently prosperous. The branch banks have taught Cleveland thrift and are teaching it more forcefully every year. In the twelve years before our central date, 1896, there was an increase from $19,184,000 to $49,647,000 in deposits in the savings banks; furthermore (and these figures are more important in proving my point) there was an increase from 18 depositors for every 100 inhabitants of Cleveland, to 36 depositors for every 100 inhabitants. Last June, twelve years later, there were 336,274 depositors in the savings banks, 64 for every 100 inhabitants. And their total deposits amounted to $173,336,000. These figures are in themselves a justification of branch banking and suburban banking. Moreover, the fact that the greatest growth in the last twenty-two years has been not in national banking nor in down-town savings banking, but in this same go-to-the-people banking, proves that the modern principles are sound.

True, three of the six financial institutions which have vanished from the arena in the past months were operating branches. But in no sense and in no case can their branches be adduced as the cause of their failure. In every case the trouble was in the home office, not in the branches; and flaws in the general management of any bank must eventually cause failure, no matter whether it be a one-roof or a many-roofed bank. In times of depression, even of panic, many branches and widely scattered are a source of stability to a bank, rather than a source of weakness. It has been repeatedly demonstrated in the past that one branch of a bank may sustain a severe and prolonged run without even a flurry in the sister branches of the same bank.

Branch banking in theory and in the history of its well-run exponents, this city and the world over, has proved itself—has made good. The banks that go to the people are destined to become great factors in the economic up-building of Cleveland, of Ohio and of America.

UNIFORMITY IN U. S. NOTES.

ASSISTANT Secretary of the Treasury Coolidge has approved a plan for systematizing designs for United States notes and coin certificates, thus carrying into effect the scheme of uniformity in portrait and general design for notes of the same denomination of each class, which he has had under consideration for some time. The plan adopted will embody the ideas of officials of the Treasury Department, bankers, business men and currency experts with whom he has conferred.

At present there are nineteen different designs for United States notes and coin certificates of various denominations, leading to confusion and uncertainty. Under the new plan there will be but nine.

For instance, there are now two designs for five dollar notes. The silver certificate bears the head of an Indian chief while the United States note bears a portrait of Andrew Jackson, accompanied by a symbolical group of a frontiersman and family. The ten dollar gold certificate carries a portrait of Michael Hillegas, the first treasurer of the United States. The silver certificate of the same denomination carries the portrait of Thomas A. Hendricks; the ten dollar greenback, a buffalo. There is equal variety in the other denominations, so that even bank officials, whose business it is to carry all distinctive designs in mind, frequently find themselves confused.

By the new plan the possibility of confusion will be reduced to a minimum and at the same time the artistic quality of the notes will be greatly enhanced. It is the first time in the history of the currency that a systematic scheme embodying both of these improvements has been seriously considered.

Under the plan adopted all classes of notes of each denomination will carry the same portrait and no portrait will appear on the notes of more than one denomination, nor will any portrait be used which will not be immediately recognized by every American citizen who handles money at all. The one dollar silver certificate will carry the portrait of Washington, the two dollar silver certificate the portrait of Jefferson. The five dollar note, whether silver certificate or greenback, will carry the portrait of Lincoln, the ten dollar gold and silver certificates and United States notes that of Cleveland, the twenty dollar that of Jackson, the fifty dollar that of Grant, the one hundred dollar that of Franklin, the five hundred dollar that of Salmon P. Chase, the one thousand dollar that of Alexander Hamilton.

The portraits of Hillegas, Monroe, Silas Wright, Lewis, Clark, Mansfield and other historical personages will be eliminated. The eagle, the buffalo and the Indian head, which have proved to be easily counterfeited, will also disappear. All duplications, of which there are several, will be done away with. When the holder of a bill sees the portrait of Washington he will know that it represents one dollar; whenever he sees the portrait of Lincoln he will know that represents five dollars and nothing else. The classes of notes will be differentiated by color and by other distinguishing marks to insure their easy classification in the redemption division of the Treasury.

The new system of notes, it is believed, will prove of great advantage to bankers, business men and the general public, will tend to discourage counterfeiting and will be a distinct step in advance as far as the artistic quality of our currency is concerned.

It is not contemplated to change the national bank notes on which appear the portraits of McKinley, Harrison, Sherman, Garfield and McCulloch.

CAREFUL OF EMPLOYES' INTEREST.

THE Bank of France is careful of the interests of its employes. As long ago as in 1808, four years after the establishment of the bank, it instituted a pension fund. Two per cent. substracted from the salaries of the various officials sufficed in the opinion of the bank to provide adequate pensions, not only for the officials, but for their widows and orphans, under certain conditions for about three-quarters of a century. Since 1889 the original subscriptions proved insufficient, and the bank has supplemented the subscriptions. At present the contributions of the bank to the fund amount to $305,000 a year. In addition there is a separate contribution for those employed in making paper for the bank notes, and for the woman employed by the bank.—*London Statist.*

SAVINGS BANKS—THEIR SURPLUS AND INTEREST RATE.

By Henry Fletcher.

NO consideration of the surplus and interest rate of savings banks would be possible except such consideration were based on a full understanding of the theory under which the savings banks of the state of New York are operated. Contrary to what seems to be the prevalent belief, the savings banks in this state are not charitable institutions. They give no man something for nothing. Those savings banks are the outgrowth of an attempt on the part of public spirited citizens to enable persons of small means to invest small amounts of money at a reasonable rate of interest. The banks have been likened by the Supreme Court of the United States to the Society of Antiquarys and similar organizations formed for the improvement of the people. The object of the savings banks being to enable people of small means to put small amounts of money out at interest, the laws of the state have endeavored to formulate a system of rules under which those funds may be turned over to public spirited citizens for investment.

Fundamental Principle of the New York Savings Banks.

The fundamental proposition around which the savings bank system of the State of New York has been erected, is that the savings banks must earn and return to its depositors the largest possible profits consistent with absolute security to the depositors. In order to bring in the largest return to the bank, the president of the bank must not only loan its funds at the greatest possible return allowed by law but must also conform to the other mandate of the Legislature that all of his money must be working all the time. In order to do this the Legislature has provided that only twenty-five per cent. of the surplus of any bank may be invested in real estate and that the available fund may not exceed ten per cent. of the outstanding assets of the bank. The available fund being the fund carried in cash in the bank and on deposit. To further guard against a possible inclination on the part of the president of the bank to permit its funds to lie idle, the Legislature has provided that in case the Superintendent of Banking shall find that too large a percentage of the bank's funds are kept uninvested he may take possession of the bank. This rule that all the funds of the bank must be working all the time, is not one which has needed to be impressed upon the banks by the Legislature.

The individual which each man feels in his own bank, would naturally result in his endeavoring to bring in the largest return, and that is only possible in case all of the funds of the bank are kept invested all the time. The theory of savings banks does not contemplate that the deposits give rise to demand obligations against the savings bank up to the amount of the deposits. The law has prescribed only that the deposits be re-payable after demand not on demand, and subject always to such rules and by-laws as the board of trustees of each institution may think proper and wise. The sole assets of the savings banks are the securities in which the funds of their depositors are invested. In the infancy of a savings bank there is no stock, there is nothing back of the deposits themselves to act as a guarantee fund or to guarantee the return of the deposits dollar for dollar with interest, except the ability and conscientious character of the officers and managers. That savings banks can be operated on this basis has been thoroughly demonstrated in New York State where there has been no insolvency since 1879, if we except one instance where two of the officers were guilty of substantial defalcations.

Coöperation for Mutual Profit.

The New York savings banks though in form corporations are in substance an aggregate of individuals co-operating for their mutual profit. This is best illustrated by the fact that in case of insolvency, if by insolvency we intend a condition of affairs where the market value of all securities is less than the amount of outstanding obligations of the bank, the courts have the power and right, and it is their duty on proper application, to reduce each deposit by such percentage as will enable the bank to continue business on a solvent basis. This treatment of the affairs of any obligor or debtor is sui generis, as is only possible on the assumption that the courts regard the bank as a semi public institution operating on a co-operative basis. It was on this theory that the trustees of such institutions also have been held to possess the right to reduce all claims against the bank by such percentage as will place the institution again on a solvent basis. This procedure being possible, the question of the solvency or insolvency of the savings bank, would not seem to be at first sight of such paramount importance as in the case of other banking institutions not partaking of a mutual character. The only result, insofar as the depositors are concerned, of a savings bank's assets becoming less than its obligations, is to reduce the debts of the corporation. Insolvency will not necessitate liquidation, although this fact is, under the law of New York, deemed sufficient cause for justifying the superintendent of banking taking charge of the bank and its affairs summarily. Provided that the affairs are in such shape that the corporation can continue its business usefully, that is provided that all of the depositors do not evince a desire to withdraw their funds from the management of the trustees of the particular corporation, the bank need not close. Of course the greatest danger in reducing a savings bank to a state of insolvency, is that all the depositors will lose faith in the management and will desire to withdraw their deposits, which, of course, would result in the liquidation of the corporation under proper authority and its withdrawal from its previous sphere of usefulness. For this reason it is undoubtedly desirable for the good of the public that every savings bank be at all times solvent, that is, that its assets based on their market value, should at all times more than equal the amount of its outstanding liabilities and to this end all savings banks should always keep track of the market value of their securities and a report of the market value as well as their investment value should be made to the superintendent of banks.

Constancy in Value of Securities.

If then it is both desirable and necessary that the assets of a savings bank estimated at their market value should more than equal its outstanding liabilities and inasmuch as we have a corporation where there are no assets except those resulting from the investment of the deposits made by people who thereupon become creditors of the bank to the amount of their deposits, it is absolutely essential that the assets of the corporations should be invested in securities whose market value will be constant as nearly as may be. This rule the law has attempted to enforce and has authorized for the investment of savings banks only the highest grade of loans and securities. The bank could further insure its depositors against a state of insolvency if it were possible for it to lay by and invest part of its income. Inasmuch, however, as such banks are substantially co-operative and run for the benefit of depositors, if the present depositors are not paid all the income of the principal over and above the reasonable cost of administration, they are being deprived of their property for the benefit of others.

The savings banks in New York State have been authorized by law since the early days of those banks, to accumulate such a surplus fund. Inasmuch as the accumulation of a surplus involves, however, taking from one person to give to another, the power to accumulate such surplus should only be used insofar as the accumulation of a surplus is absolutely necessary. Under the earliest charters and legislative provisions, the surplus of a savings bank might be not over three per cent. of its deposits. This percentage was raised later to ten per cent. and under the present law the trustees of a savings bank in their discretion may accumulate a surplus not to exceed, however, fifteen per cent. of the deposits. No one would deny that the present maximum is unreasonably large. The question then is as to what the minimum percentage of the surplus is which is consistent with absolute safety to the depositors of the bank. The surplus of the New York savings banks based upon their deposits, the assets being computed upon the market value of their securities, has been steadily diminishing since 1889. In 1891 it stood at fifteen per cent. while it had fallen to seven and a half per cent in January, 1907. At the same time with this diminution in the percentage of the surplus, we find, as we would expect, that there has been a great increase in deposits. From this general decline in the amount of the average surplus during a period of years no rule as to what amount is required to insure security to depositors can be drawn.

From January 1, 1907, to January 1, 1908, there was a reduction of one and a half per cent., although the increase in deposits for the year was only $18,000,000. This indicates that the decrease in the surplus of one and a half per cent. in this one year was due to the great break in the values of the securities held by the savings banks and not to the increase in deposits. If then there was only a reduction of one and a half per cent. in the surplus during the panic which occurred in the fall of 1907, it would seem to indicate that leaving out of consideration a reduction in the percentage of surplus due to future increase in deposits, it would be safe to figure that there would be no reduction in surplus in any year to a greater amount than two per cent.

A Sufficient Surplus.

If then the deposits were to remain as they are at present, a surplus fund of two per cent. calculated on the deposits of savings banks would be an absolute minimum surplus and this would be theoretically sufficient to guarantee at all times the solvency of those savings banks; to guarantee that the market value of the securities held by such banks would be always more than equal to the amount of their deposits. This, however, is an absolute minimum; it would never be seriously suggested that the savings banks should hold so low a surplus as two per cent. of their deposits. Taking this, however, as a basis it would seem that fifteen per cent. of the deposits is altogether too large a surplus to be justifiable. To accumulate a surplus of fifteen per cent. would be to take from the present depositors of the banks the increase which their money had earned without sufficient or reasonable justification. The writer is inclined to believe also that ten per cent. of the deposits is too large a surplus for the banks to hold and that five per cent. to six per cent. is entirely safe. Of course the increase in deposits in the savings banks is subject to the will of the trustees and it should be possible for them to so arrange the rate of interest which is paid, that the surplus income for each year would be sufficient to set aside as against the increase of the deposits in that year. If the savings banks net income unpaid, in the shape of interest is two-tenths of a per cent. and if their rule were that their surplus must be six per cent. of their deposits, then in any one year their deposits might increase three and a third per cent. and still the net income would be sufficient if placed in the surplus fund to bring the surplus, calculated on the entire amount of the deposits, up to six per cent. If every savings bank could lay aside four-tenths of a per cent. as excess income and if that amount was placed to the credit of the surplus fund in each year, then the surplus fund would be in no danger of decreasing and full allowance would be made for an increase of six and two-thirds per cent. per year in the amount of deposits. The allowance of six per cent. per year based on the reports of the savings banks since 1858 would more than equal the average increase. There are, it is to be admitted, a few years where the percentage of increase runs up to seven and a half per cent. but those are exceptional and have been usually followed by years in which the percentage of increase has fallen below the six per cent. average.

The Meaning of Surplus.

The word surplus as used in this connection is in reality a misnomer and gives rise to a misconception of the character of the fund. The word to-day almost necessarily indicates the existence of some sort of capital which does not exist in the case of savings banks. The purpose of this fund is "to guarantee safety to the depositors," to guarantee that the depositors' capital and interest will always be represented at the market value of the assets of the corporations. The surplus fund may be used to recoup in case there has been a loss on mortgage loans. It may replace defalcation and temporarily enable the bank to carry its fire and other losses against which it is insured. Inasmuch, however, as the officers of the bank are bonded and the bank is insured against loss, the last two items can be left out of consideration. The loss on mortgages can also be disregarded for the reason that the percentage is so small as to be negligible. What appears to be the only real loss against which the accumulation of the surplus fund might be justifiable, is the reduction in market value of its securities. Here the loss in most cases would be merely temporary, but nevertheless it is conceivable that the market value of the securities would be so decreased that the value of the assets would be less than the value of outstanding obligations of the bank. In that case it would hardly be safe or just to permit the bank to continue business on the basis of its outstanding obligations for the reason that, leaving out of consideration a possible increase in the market value of its securities, the creditors who were active would obtain one hundred cents on a dollar, while those who were smaller and less energetic would obtain substantially less. In practice to-day the chief purpose and usefulness of the surplus or guarantee fund is to off-set any loss in the market value of the banks' securities. The law of New York to-day provides that a surplus may be laid aside "for the security of depositors." Originally the New York law provided that a surplus fund might be laid aside by the directors for the purpose of making up a deficiency by reason of a drop in the market value of the securities and this definition of the purpose of the surplus fund was incorporated in almost all of the early charters and also in the general law of New York which was passed in 1839. It would seem, therefore, that the older law expressed more accurately the real and most substantial purpose of the surplus fund.

Real Use of the Surplus Fund.

Admitting that the real use of the surplus fund is to protect the depositors against a drop in the market value of the banks' securities, the necessary surplus in any given case cannot be determined without a full understanding of the securities in which the bank may invest and their market value variability. The savings banks are permitted to loan on the security of real estate mortgages and to invest in state, city and county bonds and in certain specified railroad bonds. The market value of the outstanding mortgages of a savings bank is not subject to reduction by reason of any flurry in the financial market. This comes about by reason of the fact that the mortgages on realty have no market value in the strict sense of the term. Ordinarily a first mortgage on real property, like commercial paper, is worth either its face or it is not saleable. Therefore both experience and the law dictates that mortgages on which the interest is paid regularly shall be calculated at their face value. Sixty-five per cent. of the deposits of a savings bank may be invested in real estate mortgages. As a matter of fact an analysis of the reports of the savings banks shows that this percentage is not approached in the investments. The mortgages of the New York banks average about fifty-three per cent. of the deposits. The other assets of the banks consist of real estate, cash on hand and on deposit and securities authorized by statute. The figures show that about forty-two per cent. of the assets of savings banks are invested in municipal, state and railroad bonds.

The surplus, therefore, which the banks are authorized to accumulate is to be used for the purpose only of offsetting any reduction in the market value of those securities which constitute only forty-two per cent. of the banks' assets. If then a surplus fund of five per cent. be accumulated by the bank, that is equivalent to somewhere between eleven per cent. and twelve per cent. of the value of the securities held by the banks and which are subject to market fluctuations. The panic of 1907 has indicated that one and a half per cent. of the total deposits was the reduction in market values of the securities of the savings banks during that time. This would amount to a reduction of somewhere between three and four per cent. of the market value of the securities subject to market fluctuations. If then a surplus fund were accumulated by the banks which would allow for an eleven per cent. drop in the market value of the securities subject to fluctuation, that would seem to be more than sufficient to meet any probable financial flurry or improbable panic. The fault to be found with the surplus of ten per cent. of deposits advocated by some is that no real basis for the percentage is suggested. It is said to be safe. Of course it is safe but so is fifteen per cent. or twenty-five per cent. That is not the point. The question is—what is the minimum surplus which will guarantee security to the depositors. The suggestion made here is that a surplus equivalent to five per cent. or six per cent of deposits, which as pointed out allows for a twelve per cent. to fifteen per cent. drop in the market value of such securities as are subject to fluctuation, is more than ample to meet any contingency short of universal bankruptcy.

Railroad Bond Investments.

A reference to the reports of the savings banks will indicate that those banks holding the largest percentage of railroad bonds are those whose surplus is most prone to the largest reduction. The surplus of the savings banks of New York county which hold fifty-two and seven-tenths per cent. of the deposits of the state, actually decreased fifty-three and six-tenths per cent.; this is accounted for by the fact that New York county although holding only fifty-two per cent. of the deposits hold fifty-nine per cent. of the railroad bonds. An analysis of the individual reports of the savings banks will only confirm this conclusion. Of course the New York savings banks have on the average such enormous sums to invest that they very naturally have recourse to a greater extent to the railroad bonds than is the case with smaller institutions. This recourse, however, should only be had with a thorough understanding that it is those bonds which are most subject to a reduction in market value and therefore the purchase of them should be indulged in only by such banks as have an ample surplus to off-set the possible reduction. The policy of the individual banks in New York county with regard to their bond investments differs widely. Some of the banks hold upwards of fifty-five per cent. of their bonds in those of railroad corporations while there is at least one bank which holds no railroad bonds whatever. A young bank or one whose surplus is small should reduce its investments in the railroad bonds to a minimum. The alleged advantage of a railroad bond, that it is more easily convertible in times of panic will be disproved by reference to the bank reports. In most cases except where the surplus of savings banks has been very large, the bank when in need of funds has sold its municipal and state bonds rather than sacrifice the railroad bonds at a market price which is relatively substantially below that at which the municipal and state bonds could be sold.

Investments in Real Estate Mortgages.

The practice also of the savings banks with regard to the investment in real estate mortgages differs widely. In New York county the real estate mortgages would average about fifty per cent., or about fifteen per cent. less than that authorized by law. Of course it is obvious that a bank which invests the full sixty-five per cent. in real property mortgages is less likely on paper to show the result of a financial flurry than one which has only fifty per cent. in such mortgages. That this is true in fact as well as in theory is shown by an examination of the individual bank reports. It was the real estate banks which showed the smallest reduction in market value by reason of the panic of 1907. In fact two of those banks held their market value surplus practically identical with their par value surplus at the time of the panic and in fact between January 1, 1907, and January 1, 1908, at least two of those banks laid aside as net income upwards of one-half of one per cent. Of course in order to do this such banks must loan a very substantial amount, in one instance five-eighths of their mortgage funds, on five per cent. mortgages. Whether loans at that rate and bearing that percentage to their total investments are or are not justified, is a matter which must depend entirely on the individual loans. Such a procedure would, however, seem to indicate a lack of conservatism in such mortgage loans. To off-set this lack of conservatism it will be noticed that those banks which have loaned on real estate mortgages to the sixty-five per cent. of their deposits, are in almost all cases these who hold the smallest percentage of railroad bonds.

Four Per Cent Dividend Rate.

It is obvious that the accumulation must depend on the interest earned by the bank and upon what portion of the interest earned is actually paid by the bank to its depositors. There has been considerable criticism of the four per cent. interest rate now adhered to by a large number of the New York savings banks and there has been a suggestion that the rate should be decreased in some way to three and one-half per cent. An investigation, however, of the banks paying four per cent. indicates that they are the very banks whose return on their investments is in excess of four per cent. The net excess return varies from two-tenths of a per cent. to six-tenths of a per cent. This would seem to indicate that the banks paying four per cent. are justified in doing so.

On further investigation it appears that the banks paying four per cent. are the ones that have the most substantial surplus, at least a surplus amply sufficient to meet any probable drop in the market value of the securities held by them. The great difficulty, of course, with the payment of four per cent. by some of the banks is the fact that this will act as an inducement to others to pay four per cent. under circumstances which do not justify it. Although an examination of the individual reports of the savings banks would not seem to indicate that this feeling exists to any substantial extent, it is of course a feeling which must be reckoned with. The desire to increase the deposits of the bank in which you are individually interested and thereby to increase its influence is a feeling which it would be impossible to eradicate. The only way to increase deposits in your bank, is to pay a larger interest rate than other banks. In order to pay the larger interest rate there is the temptation to invest the funds of your depositors in securities whose value is not so firm as in the case of other securities which are nevertheless open to the banks under the provisions of the law.

A man who desires to obtain a five per cent. mortgage on real estate must, generally speaking, loan a more generous percentage on the value of that real estate. As long, however, as any individual bank is shown by examination and by its reports to earn a substantial percentage in excess of the amount paid its depositors and its running expenses and to have in normal times a surplus of from five to six per cent. of its deposits, it would be unreasonable to require the bank to reduce its interest rate. If, however, the superintendent of banks required that the surplus of each savings bank was kept above the safe minimum, he thereby would guarantee the security of the deposits and then all income over and above an amount necessary to keep the surplus up to the requirements could with safety be paid depositors.

(To be continued.)

FALLACIES OF POSTAL SAVINGS BANKS.*

By Andrew J. Frame, President Waukesha (Wis.) National Bank and Former President Wisconsin State Bankers' Association.

PHILANTHROPIC or tyrannical? Undoubtedly the latter. What is the true province of government, but "to protect its citizens in life, liberty and the pursuit of happiness." Our forefathers fought for freedom from governmental tyranny and Thomas Jefferson, who penned our constitution, was led to exclaim, "Agriculture, manufactures, commerce and navigation—the four pillars of our prosperity—are the most thriving when left most free to individual enterprise." Is this land, which has prospered beyond all the nations of all time, to open the door of tyranny by entering into competition with its own worthy citizens in one of the great avenues of nation building? Let us reason together before taking a fatal plunge into paternalism, the effects of which in the long run palsies human progress.

With all due deference to the good intent of the advocates of postal savings banks for the United States, let us diagnose the case very briefly, with a view to bringing the largest possible prosperity to the nation.

Little Money Is Hoarded.

The principal claims for the law are that:

First—It will bring from hiding by distrustful people and by foreigners largely, sums of money now hoarded.

Second—It will provide a safe place for the small depositor's funds.

As to the first proposition, is the conclusion warranted? There are distrust-

*An open letter to the Congressional Committee on postal savings banks.

ful people in every land that will hoard money, no matter how good the banks or even the government may be. Witness the French people pulling out of their stockings the $1,000,000,000 indemnity paid to Germany after the Franco-Prussian war, and to-day those same people are the greatest hoarders of cash of any progressive nation on earth, notwithstanding France has a postal savings bank.

The amount of hoarded money is approximately so small in the United States with its 25,000 banks scattered in every hamlet having any surplus cash, that the subject is almost unworthy of notice. The little steel savings banks are pushing their way into every home in the land, inspiring all to save to the end that, "Mony pickles make a mickle."

Amazing Statistics.

The report of Comptroller of the Currency and United States Statistical Abstract for 1907 shows:

World's Total Bank Deposits.

In the banks of the United States	$13,654,000,000
In the banks of the rest of the world	19,851,000,000

In Savings Banks.

1. United States, population 86,000,000, not fully reported at	3,690,000,000
2. Balance world, population 800,000,000, as reported	8,416,000,000
3. Europe, population 427,000,000 (included in item 2)	7,946,000,000

Let us eliminate item 2, as it includes the unthrifty millions of Asia, Africa, South America, etc., and only compare conditions in the United States with progressive Europe. When we consider the centuries of savings in Europe as against our short period of development; when our population shows but one-fifth that of Europe and yet our reported savings bank deposits are nearly one-half those of all Europe; when on examination we find the advocates of postal savings banks, probably unwittingly, but seriously err in saying the total savings deposits in the United States amount to but 3,690 millions of dollars, because (see pages 37 and 38 United States Comptroller's Report) this sum is practically covered in mutual and stock savings banks alone, leaving out the thousands of state and national banks, combining commercial and savings deposits, the aggregate of the latter running into hundreds of millions if not into billions of savings deposits. To illustrate, I will quote from my own state. In making up the aggregate of 3,690 millions as above, on page 38 of the Comptroller's Report, Wisconsin is recorded in 1907 as having two savings banks with deposits of $1,234,606.

The facts are that the Wisconsin report of the commissioner of banking shows December 3, 1907, the state and savings banks together held savings deposits of $23,936,223, to which should be added the millions of savings deposits in national banks and trust companies not separately reported. Evidently the statistics used by advocates are so incomplete as to be seriously misleading.

In view of these facts, every American citizen should feel proud of the wonderful development of our independent and helpful banking systems as against the paternalistic and unprogressive European methods.

Good Laws Are Effective.

The answer to the second proposition, that a safe place to deposit the small savings should be provided, all can say Amen!

But the serious end of it is, why should the United States government enter into a wholesale competition with its own citizens who are struggling to upbuild the nation?

Is it not a fact that is proved beyond dispute by the statistics, that in all New England, New York and other old states, where large surplus capital has accumulated, where savings banks have more largely developed and where good laws regulating the business have been enacted, that the losses to savings bank depositors have been comparatively infinitesimal since those good laws have found their way into the statutes? Where do material losses occur?

I have studied the history of banking in this and other nations; have had nearly half a century of practical experience, and I challenge any man to disprove the fact that, in states having good laws regulating the banking business, the losses to depositors are infinitesimal; they are larger in states having lax laws and still greater in states having no laws at all. Occasional exceptions do not disprove the rule. Not a dollar has been lost to a depositor in four years since Wisconsin passed her good banking law.

Not Province of Nation.

If this be true, what is the province of government? It is not to enter into a tyrannical competition with its own public-spirited citizens; it is not to borrow money from the miser to loan to the banker, nor to invest in various securities and be responsible for the money. This is a banking function. No European nation does that. On the other hand, it is the province of government to so regulate the banking laws that losses to depositors will be reduced to a minimum consistent with human imperfections.

Further, let us await the report of the congressional monetary commission which is evidently making a profound study of monetary science, with the hope that a sound remedy for the greatest possible prevention of bank failures and cash suspensions with their train of evils, may be provided. Also with the hope that this report may rival the celebrated bullion report of 1810 to the house of commons.

Is not this reasoning philosophical?

Ah! but there is still another more serious phase of this subject. The European nations have bonded debts for over $16,000,000,000. The nation there taking postal savings from its people, at once places the funds into that government's bonds, thus preventing any political wrangling for the pie. What is proposed here? The United States has a bonded debt of about $900,000,000. As the bulk of it is now absorbed as security for national bank circulation, its bonds can not be had. From 1880 to 1890 the government paid off $1,000,000,000 of its bonded debt, therefore the present debt may be wiped out easily with reasonable economy. What then? Why, the government must enter into the banking business, with vast sums as a political football and with it comes

A Chance for Favoritism.

Suppose—which is not improbable—the postal deposits run up to $2,000,000,000 or more. It is proposed to collect this vast sum from the rural districts, as well as the cities, and then re-loan the proceeds to national banks in the centers, thus doing serious injury to the rural districts, as well as the great centers.

Who dares deny the scramble for the pie will be the absorbing and soul-annoying topic which honest congressmen and government officials will gladly avoid, but the political grafter will revel in?

Who dares deny that favoritism will creep in and political pull will hold sway with a swag of $2,000,000,000 or more of the dear people's money for investment in various kinds of securities as proposed?

Who dares deny that under panic conditions, cash will be drawn from many banks for deposit in the postal savings bank and such cash because of slow red tape government movements will not get back into the few banks of deposit, and into the channels of commerce that imperative quick relief may be had, therefore panic conditions would be aggravated instead of ameliorated?

Who dares claim that a parallel case can be found in any progressive nation?

Examples of Paternalism.

The wail of the unemployed of London, the excessive taxes, want of employment, etc., to quite a material extent caused by altogether too much paternalistic, unprofitable competition with its own citizens in many fields; resulting in crushing individual initiative and with it additional employment of labor; a disease from the blighting effects of which nearly all Europe is now suffering, should warn us that a like fate awaits us if we volunteer to destroy our individual freedom for which our forefathers fought and again substitute governmental tyranny in its stead.

I am no pessimist, but believe it a patriotic duty to sound a warning against enacting into law a fallacy that undoubtedly would be an entering wedge to the paralyzing influences of paternalism, under the guise of philanthropy, when all history teaches that paternalism deadens human progress. May our statesmen not be misled by the alluring fallacy, but may the truthful maxim uttered by Thomas Jefferson prevail, to the end that our wonderful progress be not dimmed.

BANKING OPERATIONS IN RUSSIA.

RUSSIAN banks are taxed on their profits before any sums are charged off for reserves, percentage for managers and directors, or dividends, as follows:

On profits less than three per cent. of the invested capital no taxes are imposed. On profits of three to four per cent. a tax of three per cent. is levied, and for an increase of one per cent. in profits, one-half per cent. is added to the rate of taxation. On profits exceeding ten per cent., six per cent. of the total profit is paid, plus five per cent. on the sum exceeding ten per cent.

The Government reserves the right to inspect banks, but seldom exercises the same. Monthly reports of the condition of banks are published. Laws permit loans on real estate as collateral, but banks do not usually take advantage of the privilege. Only the Imperial Bank issues notes. The branch bank system is expanding. Unincorporated banks are allowed and are subject to government inspection. Paper "warnings" are accepted as long as nine months. Maximum rate of interest is twelve per cent., but varies. Banks pay from two to four per cent. interest on deposits.

On January 1, 1907, there were in all 6,679 savings banks in Russia, and 110 banks have been opened during the year 1907. The total sum of money deposited in these savings banks January 1, 1907, was 1,035,000,000 rubles. This sum was increased during the year so that on January 1, 1908, there were on deposit 1,149,200,000 rubles (ruble equals 51.5 cents).

The money deposited is invested in government papers bearing interest, municipal, real estate, and railroad securities. The financial operations of the savings banks in 1907 resulted in a net benefit of 4,200,000 rubles, which was turned over to the reserve stock, amounting on January 1, 1908, to 30,400,000 rubles.

All savings banks are authorized either by the Government or by municipalities. Large factories may have savings banks of their own, if provision therefore was made by their charters and approved by the ministers of finance and of the interior. In order to establish a private bank in Russia the permit of the Minister of Finance must be obtained and the charter be presented for his sanction.

SCHOOL CHILDREN'S SAVINGS BANKS IN THE U. S.

SECRETARY J. H. THIRY, of the Long Island City (N. Y.) school board, addresses the Bureau of Manufactures in reference to the recent publication in Consular and Trade Reports of the article on "school savings banks in Belgium." Mr. Thiry states that the system is making steady progress in the United States. He has compiled and published the statistics, which show that on January 1, 1908, the 101 cities which have adopted the system had a record of $759,646 due depositors. Out of 503,078 students attending the schools, 178,817 were depositors. Since the establishment of the first American School Savings Bank on March 16, 1885, up to January 1, 1908, the amounts deposited aggregated $4,419,454, and the amounts withdrawn $3,659,808.

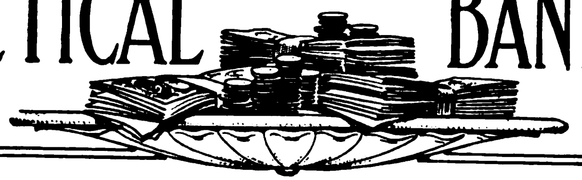
PRACTICAL BANKING CONTRIBUTIONS WANTED.

HELPFUL articles relating to the every-day work of banks, savings banks and trust companies are desired for publication in THE BANKERS MAGAZINE.

Short, bright paragraphs, telling in a clear and interesting way of some of the methods, systems and ideas employed in the most progressive banks of the country, will be especially welcome.

Contributions accepted by the editor will be paid for on publication.

PRACTICAL BANKING



CLEARING-HOUSE BANK EXAMINATIONS.

How They Started, What They Are Becoming and to What They Will Lead.

By Charles W. Reihl, an Examiner of All Kinds of Banking Institutions.

THE question of clearing-house bank examinations is occupying so much of the thought and attention of bankers throughout the country at this time, that a review and preview of the subject cannot but interest every bank man.

Origin of this Form of Examination.

It was the Walsh bank failures in Chicago that resulted in the carrying out of the idea to have the banks that are members of the clearing-house association, and banking institutions that enjoy clearing-house privileges, examined by examiners who were appointed by the association. The matter had been talked of before the Walsh failures, but no definite action had been taken to inaugurate the work. The Chicago Clearing-House Association formulated the plan, created the department and the office in 1906, and in June of that year the plan became operative.

Speaking of the plan and its operation, Mr. McDougal, the clearing-house bank examiner for Chicago, said:

Having from the clearing-house committee assurances that every facility would be furnished to make the operations of the department effective and successful, I was instructed to engage the necessary help, and to proceed upon my own judgment as to the details and manner of examination. General directions were given me by the committee to make such examinations as would enable me to give them a correct impression of the general condition of each bank as examined. As a matter of course, what the committee particularly wished to know was the general condition of each bank, the character of its assets, and the manner of conducting its current business.

In regard to the working out of the plan Mr. McDougal said:

After each examination a detailed report is prepared in duplicate, setting forth a description of the bank's assets, including all loans, either direct or indirect, to officers, directors or employes of the bank, or to corporations in which they are interested, also describing the condition as found and the work done in every department. One of these reports is filed in the vaults of the clearing-house in custody of the examiner. The other is handed to the bank's president for the use of its directors. The individual directors are then notified that the examination has been made, and that a copy of the examiner's report has been handed to the president. By so doing every director is given opportunity to see the report and to co-operate in maintaining a high standard in his bank. The examiner has in every case insisted upon receiving acknowledgments of these notices to directors.

The detailed report referred to is not examined by the clearing-house committee, unless unusual conditions make it necessary. A special report is prepared and read before the clearing-house committee at meetings called for that purpose, expressing in general terms the examiner's opinion of the condition of each bank as he finds it, describing the general character of its assets and calling attention to any unwarranted conditions or gross irregularities, should they exist.

These quotations, concerning the Chicago Clearing-House examinations, have been given because, since this kind of examination was started by our Chicago friends, there are bankers in all clearing-house associations who have been wondering how they were conducted and how they were "getting on."

By the latest report concerning the examinations in Chicago we learn that "the value and usefulness of the work have been proved to the satisfaction of the committee and to the members of the association." This work does not benefit the large banks to the detriment of the smaller ones—the benefit is about equally divided; but if it is in any degree greater to one class than to the other, the advantage is in favor of the smaller banks.

BENEFITS DERIVED.

Among the benefits derived from these examinations the following have been named: "Mistakes of policy, as well as of judgment, have received timely correction; jealousies have been overcome; and suspicion and distrust, which not infrequently exist among banks having no real knowledge of the condition of each other's affairs, have been supplanted by respect and confidence. Closer, more satisfactory, and

Charles W. Reihl.

(Mr. Reihl began his business life as a cash-boy in Wanamaker's Philadelphia store. After receiving his schooling, he accepted a position with the Lehigh Valley Railroad, but was soon after offered a position in a bank and accepted it. While employed in this bank he began to study deeply all the different phases of banking and is at this time connected with one of the largest firms of bank examiners in this country. From time to time Mr. Reihl has been a contributor to THE BANKERS MAGAZINE, his latest contribution, "Clearing-House Bank Examinations," appearing in this issue.)

perfectly harmonious relations have been established and are maintained." Every banker will recognize the value of these benefits.

In Chicago six men, including Mr. McDougal, the head of the department, are now engaged in the work. There are about sixty banking institutions under their care, and each one is to be examined twice a year—more often if necessary. The cost of maintaining the department is met by the clearing-house association. The assessment, based on the bank's capital, is arranged so that it will provide sufficient income for all the clearing-house expenses.

The Problem of Expense.

In quite a number of cities where the question of having such examinations has been brought up, and not yet decided either one way or another, there are probably some bankers who think that the amount their banks will have to pay to support the work will be more than they can afford. The thought is a mistaken one. The investment will bring better returns to the bank than almost any other equal expenditure could possibly bring. The Chicago bankers will acknowledge the truthfulness of this statement.

Chicago Originated the Idea.

When the idea of such examinations was first launched by the Chicago Clearing-House Association it was a new idea to most of us. Chicago bankers have advanced quite a few new ideas in bank work. It may be a combination of Chicago smoke and Lake Michigan air that quickens the brain and produces the results, but whatever it is they should have the credit for what they do. While the idea was new to most bank men, it may be there were other men who had conceived of a similar idea and had not had an opportunity to put it into operation. Be that as it may, this we know is true—many have tried to enlarge the idea and develop it.

There is always danger in adding to an original idea. In the present case some of the additions suggested by bank men have the tendency to nullify or divert from the original purpose of the work. For example: in some places, where the work of such examinations is under consideration, it is the desire of some to have a credit department for the use of all the banks, and this credit department to be in charge of the examiner. The idea seems to be a good one and in many cases may work very well; while in other cases it may be a failure. But there will be still other places where it will take so much of the examiner's time to look after the credit department that the examinations will not be so thorough, or so frequent, as they should be. Thus the original idea will not be fully accomplished.

A good bank examiner may not be a good credit man. That would not be surprising, because there are a few bank officers who are not good credit men. Where the banks are willing to pay for two good men to take charge of the two departments and have them both under the direction of the clearing-house committee, the banks will get good service in both lines.

Another addition to the original idea is that of having the Boston country clearing-house system established in connection with the department of examinations. The bankers who would want this feature would probably be just as desirous of having the credit department. That would make a three-cornered combination, one corner of which would require much of the examiner's time to the detriment of the other two.

Gradual Extension Favored.

While all these features are very good in their place and way, it may not be wise to try to establish all at once. Start with the examinations first; then when they are working properly, and it is seen that the credit feature can be worked in connection with them, it will be time enough to inaugurate that department. This principle will apply to the country clearing work as well as to the credit work. Judicious development of the ideas will accomplish much in the way of strengthening and safeguarding the interests of banks and the banking public, but injudicious development will tend to do harm—if not direct, indirect harm.

Example Set by California Bankers.

In the extension of the idea of clearing-house examinations of the banks, the California Bankers' Association has set an example for other State associations. It has divided the State into eleven sections, each of which is to have an examiner. The Minnesota Association, or the individual groups, have done practically the same thing. In California one of the sections is San Francisco, and Los Angeles is another section. The remaining sections take in counties or portions of counties. If in a large State like California the bankers' association can carry out such a plan, it will not be long before other States will follow the example.

At present clearing-house examinations are being conducted in St. Louis, Kansas City, Minneapolis and St. Paul. While in many other cities the subject is being considered and many bank officials are very anxious to have the plan put into operation, there are difficulties met with in inaugurating the work, and they include this: finding a man thoroughly qualified for the work. Different associations formulate different ideas as to the necessary qualifications of the men whom they want. Some think they must have a local man, or a man acquainted with local conditions. But for the work of examinations this is not necessary, although it might have a small advantage in connection with the credit department work.

Qualifications of a Good Bank Examiner.

The question now arises, what are the qualifications that a man must possess to be a good bank examiner? The first is that he must be well posted in the business of banking—that is, he must know the principles governing the various kinds of banking; so that he will know what end must be reached in each transaction, no matter how circuitous or intricate the method of bookkeeping may be. He must know something about accounts and accountancy methods. He must know stock certificates from participation certificates and certificates for the deposit of bonds. To know what makes stock certificates, bonds and similar documents negotiable is necessary. He should be able to tell what constitutes a legal title to any paper. These and other more or less important matters enter into the things that qualify a man for the work—the first one mentioned covers many of the less important matters. But if the man is able to suggest, devise and install improved systems or methods for the work of the banks he will be of additional value.

There are some national and State bank examiners who do not possess all the qualifications mentioned above, and who, especially, do not know the intricacies of bank methods. The requirements of their work have not made it necessary for them to know all that a man should know who is expected to make a thorough examination. Their work has been to look for certain things that indicated whether the bank was or was not conforming to the laws.

Many men think that bank bookkeeping is the simplest kind of bookkeeping, and they are right if they refer only to the checking and savings ledgers. But there are entries going through bank books every working day that would baffle any expert accountant who was not familiar with the principles of banking.

The spread and development of the work of these examinations cause thoughtful men to ask, to what will these examinations lead? The answer would have to be governed entirely by the way the examinations are conducted. If they are conducted in all places in accordance with the main purpose for which they were first inaugurated, the result may be that the national and State examinations will be abolished, and in their place the governments will accept the reports of the clearing-house examiner, which will be better than those now secured by the governments.

Bank men will be quick to see the advantage they and the governments would have by such change. By the present method of examinations for government purposes, the banks get very little in return for the trouble and expense occasioned by them. Now that bankers have taken the matter of examinations in their own hands, the responsibility falls on them to make the examinations as thorough as possible in every respect. Not only the assets are to be examined, but the liabilities should be verified; because it is frequently by the improper reduction of the liabilities that defalcations are covered.

New Method of Examination No Panacea.

While these examinations are not intended to be a panacea for all banking ills, they will prevent many things. They will not absolutely prevent banks from failing, nor will they entirely stop bad methods of banking, but they will do more than any other one thing to accomplish both these desired results. The writer believes that in time they will become so effective that not only will the governments gladly accept the reports, but the confidence of the public will be so gained that the matter of guaranteeing deposits will be forgotten and that the money now stored away for safe-keeping will be taken from the hiding-places and deposited in the banks.

THE UNTHRIFTY ONE GETS HIS NEST EGG OUT OF THE BANK.

THE Unthrifty One drifted into the savings bank and up to the paying teller's coop.

"Mornin'," said he, leaning both arms conversationally upon the marble slab and pressing his forehead against the iron bars. "You don't remember about a year ago a fellow that came in and said he wanted to start a savings account—fellow that looked like me?"

"Sure," said the p. t., "you're still looking like yourself, too."

"That saving account was to be the nest-egg of my fortune," continued the other, "the small beginning that should land me on Easy Street for life, the wall between me and old man Want by the time my capacity as a wage earner was put on the bunk."

"Sure," said the p. t. again.

"Well," remarked the Unthrifty One, taking breath, "I regret to report that as a pecuniary poultry-producer I'm a shine. In short, I am."

"Am what?" asked the patient p. t.

"Short. I'll have to gently slip that nest-egg out from under the protecting feathers of this dear old bank-hen. Will you kindly make a noise like your title?"

The paying teller sniffed the air once or twice, and then, gathering up a pile of bills in one hand and a lot of silver dollars in the other, he asked:

"And will you have your eggs hard-boiled or soft?"

"Scrambled, please," said the Unthrifty One, and the teller shoved out five silver dollars and five paper.—*Chicago Journal.*

STATE BANKERS' CONVENTIONS FOR 1909.

May	5- 6.	Missouri; St. Joseph.
"	11-12.	Alabama (Changed from 14-15); Mobile.
"	11-12.	Arkansas; Little Rock.
"	11-12.	Texas; Houston.
"	11-12.	Mississippi; Columbus.
"	14-15.	Louisiana; New Orleans.
"	18.	Oklahoma State Bankers' Section; Enid.
"	19-20.	Oklahoma; Enid.
"	20-22.	Virginia; (Chamberlain Hotel). Old Point Comfort.
"	25-26.	Tennessee; Chattanooga.
"	26-27.	Kansas; Wichita.
"	27-29.	California; Del Monte, Monterey.
June	16-18.	South Carolina; (South Shore Hotel) Wrightsville Beach, N. C.
"	21-23.	American Institute of Banking; Seattle.
"	22-24.	Maryland; (Blue Mountain House) Blue Mountain.
"	23-24	South Dakota; Pierre.
"	24-26.	Pacific Northwest State (Oregon, Idaho, Montana, Washington); Seattle.
July	8- 9.	North Dakota; Minot.
Sept.	7- 8.	Pennsylvania; Bedford Springs.
Week of Sept. 13.		American Bankers' Association; Chicago.

TRUST COMPANIES

Conducted by Clay Herrick.

SUPT. CLARK WILLIAMS' REPORT.

THE annual report of Clark Williams, Superintendent of Banks of New York, which was submitted to the Legislature on March 15, 1909, contains much that is of interest to trust companies. Attention is called to the remarkable growth which they made during the year 1908, deposits increasing $450,000,000, or about sixty-one per cent., while the aggregate surplus increased $31,000,000, computed upon the market value of investments, as against charges to profit and loss in 1907, on account of depreciation, of $25,000,000. Dividends paid by the trust companies of the state during the year 1908 amounted to $11,718,500—an increase of $1,348,500 over their amount in 1907. The number of companies reporting on January 1, 1909, was eighty-seven, as against eighty-five on the same date of the preceding year. During the year the total resources increased from $1,012,747,930 to $1,477,575,489, and the deposits from $732,278,360 to $1,182,242,775.

Reserves.

The total reserves increased from $154,139,313 on January 1, 1908, to $308,747,309 on January 1, 1909, and the cash reserves from $49,843,746 to $105,584,780. On this subject Supt. Williams says:

"Calling your attention to the large increase in reserve shown by the above table, I quote from a circular of this Department showing the increased strength of the banking institutions of the state under the new reserve laws in effect February 1, 1909:

" 'The reserve of money carried in our banking institutions is of the utmost importance to commercial and financial interests, underlying as it does our system of credit and affording a safeguard to general depositors. It should not be inadequate to serve its purpose, nor so great as to curtail business activity. It is of equal importance that it should be based upon a thorough understanding of the character of the business it is required to protect.' "

Referring to the recently enacted laws regarding reserves, he says: "The requirements of these laws on the basis of the present net deposits of state banks and trust companies operate to increase the amount of reserve over that required under the old law as follows:

	Cash in vault.	In reserve depositaries.
Banks in Manhattan	$23,105,000 or 7½ per cent.	$7,702,000 or 2½ per cent.
Banks in Brooklyn	719,000 or 2½ per cent.	719,000 or 2½ per cent.
Banks elsewhere	832,000 or 1 per cent.	3,330,000 or 4 per cent.
State banks increase	$24,656,000	$11,751,000

Total reserve increase, $36,407,000 banks.

	Cash in vault.	In reserve depositaries.
Trust companies in Manhattan	$73,874,000 or 10 per cent.	$........
Trust companies in Brooklyn	2,588,000 or 5 per cent.	....
Trust companies elsewhere	2,618,000 or 2 per cent.	1,309,000 or 1 per cent.
Trust companies increase	$79,080,000	$1,309,000

Total reserve increase, $80,389,000 trust companies.

"It should be appreciated that the strength of the general banking institutions of the state has been augmented by the addition of $103,000,000 to the store of cash in their own vaults and $13,000,000 to that held on deposit with other banks. The reserves of our state banks and trust companies are now sufficient to meet any demands that might be made upon them for which a proper reserve would be adequate protection."

The new reserve requirements, it will be observed, were not to take effect until February 1, 1909, and hence are not reflected in the statements above quoted for January 1, 1909.

Interest on Deposits.

"In my last report to your honorable body I took occasion to discuss at some length the question of the interest rate paid on deposits by our financial institutions. The annual report of trust companies evidenced an increasing conservatism in this regard, particularly in the metropolitan district, as shown by the table at foot of page.

"The percentage of gross earnings paid in interest to depositors in 1907 was .429, and in 1908 was .4215."

The report shows that interest was allowed on $664,720,540 of the $732,-278,360 total deposits on January 1, 1908; and on $1,083,365,370 of the $1,182,242,775 total deposits on January 1, 1909.

Value of Mr. Williams' Work.

In this connection it is not amiss to express appreciation of the splendid work which Mr. Williams is doing for his state—and incidentally for the nation—in his work as Superintendent of Banks. He took charge of the office in the midst of the troublous times of the panic of 1907, and handled matters at that time in a masterly way. Most of the excellent banking legislation passed by the New York Legislature during the year 1908 was introduced at his suggestion. He brought to the work an exceptional equipment in high ideals, breadth of view and practical knowledge of and experience in the banking business. With ample courage to take resolute action when it is needed, he has the wisdom to avoid interference with the affairs of individual institutions when such interference is not needed. His conception of the Banking Department is, in his own words, that "It should be a responsive, helpful agency, co-operating with the institutions under its supervision for their absolute safety and efficiency of service to the public." It were well for the nation if we had more public servants of this type.

THE PUBLIC TRUSTEE IN ENGLAND.

England has recently completed the first year of its experiment with a Public Trustee, this office having begun active business on January 1, 1908. The project of establishing such an office had been agitated for a number of years, but not until 1907 was it successful, through the passage of the Public Trustee Act. The idea was borrowed from New Zealand, where the Public Trustee Office, established in 1872, has met with remarkable success, having charge of the greater part of trustee work in the Island. The work undertaken is similar to that of the Probate or Individual Estates division of the trust department of the American trust company—the duties of executor, guardian, trustee, etc., for individuals. The Public Trustee is a government official, whose integrity is guaranteed by the British Government. The main office is at London, but branches are to be established elsewhere as needed.

	1908.	1909.
Average rate on amount on which interest is paid, Greater New York	.02961	.02738
Average rate on amount on which interest is paid, elsewhere	.03351	.03401
Average rate on amount on which interest is paid, entire State	.0303	.02813
Average rate on total deposits, Greater New York	.02689	.02513
Average rate on total deposits, elsewhere	.03047	.03076
Average rate on total deposits, entire State	.02751	.02578

The success of the first year's work of the Public Trustee in England is described in an interesting article in the Nineteenth Century for March, 1909, by E. K. Allen, a member of the staff. Although the movement met with a good deal of opposition, both in the way of indifference and of active attempt to hinder its growth, the result of the year's work is decidedly encouraging. Trusts amounting to about $350,000 were received on the first day, and during the year 425 trusts were undertaken, having a capital value of over $10,000,000; or an average of two new trusts for each day that the office was open. In addition the Trustee has been advised that several hundred intending testators have named it as executor and trustee, the probable value of the estates thus represented being about $95,000.000. The fees for the year amount to about $29,000. More than 9,000 inquiries were received, and it was found necessary to increase the staff of the office from 5 to 54.

This is certainly an encouraging report, and would seem to indicate that the English public has some understanding of the advantages offered by a trustee which has responsible backing and a staff which is trained and equipped for the duties of the office.

THE KNICKERBOCKER TRUST COMPANY.

MUCH interest attaches to the progress that is being made by the Knickerbocker Trust Company of New York, because of the unusually heavy burden of the panic of 1907 which it was forced to bear. It has met with such success as to be able to anticipate, on April 22, 1909 the fourteenth and final installment on the certificates issued at the time of its reorganization last year for seventy per cent. of its deposits. As this installment was not due under the terms of the certificates until August 26, 1910, the company has been able to pay off in one year obligations which it was given two years and five months to meet. The various payments anticipated have not reduced its deposits, which have been around thirty-five millions since June, 1908, their amount on March 24, 1909, being $35,240,837. The successful reorganization of this company after the strenuous experience of the panic is a source of general satisfaction.

TRUST COMPANIES CONTINUE TO GROW.

THE figures given in the last paragraph show that the total deposits of the trust companies of New York state on January 1, 1909, were $1,182,242,775. As the deposits of these companies were $1,087,664,431 on August 22, 1907, the last statement before the outbreak of the panic, they have regained the amount of deposits lost during the panic, and $94,695,941 more. The trust companies of Greater New York city show deposits of $1,045,665,475 on January 1, 1909, as against $946,608,382 on August 22, 1907—a gain of nearly $100,000,000, or nine per cent.

Trust companies in other parts of the country have been making large gains in deposits. The trust companies of Chicago held $373,110,876 in deposits on February 6, 1909, as against $311,384,721 on February 1, 1908. This is a gain during the year of about $62,000,000, or twenty per cent.

SOME LARGE DEPOSITS.

THE statement of January 1, 1909, showed that The Farmers' Loan and Trust Company of New York held deposits of $122,389,387—by far the largest line of deposits of any trust company in the country at this date. Four other trust companies in New York had deposits exceeding $50,000,000, viz., The Central Trust Company, $85,749,341; The United States Trust Company, $71,353,611; The Guaranty Trust Company, $69,031,398; The Union Trust Company, $55,324,808.

On February 6, 1909, Chicago had two trust companies with deposits of over $50,000,000—the Illinois Trust and Savings Bank, $86,735,762, and the Merchants' Loan and Trust Company, $58,758,004.

At this date there are no other trust companies in the country having deposits as large as these.

It would be interesting to know the amounts of trust funds held by different trust companies, but unfortunately only a few companies publish such statistics. Among the largest totals of trust funds of any trust company in the country, if not the largest, is that of the Pennsylvania Company for Insurance on Lives and Granting Annuities, of Philadelphia, the amount on November 27, 1908, being $146,158,631. This represents invested trust funds and cash balances in trust accounts. In this connection it is worth noting that the Farmers' Loan and Trust Company of New York is the oldest trust company in the United States, having been chartered as a trust company on February 28, 1822; while the Pennsylvania Company for Insurance on Lives and Granting Annuities is the oldest company in the United States now doing a trust company business, having been chartered March 10, 1812, and having been granted trust powers February 25, 1836.

POSTAL CHECKS IN GERMANY.

Success of the New Service Established by Government.

CONSUL THOMAS H. NORTON, of Chemnitz, in reporting that the system of carrying accounts in a post-office and drawing checks upon the same was introduced in the German postal system on January 1, 1909, reviews the initial success which it has already attained:

This assumption by the postal department of one of the functions of banking does not seem to have awakened the opposition of bankers, and it certainly has met the stamp of popular approval, as evidenced by the results of the first month's business.

At present bank accounts are kept in only a few large post-offices, each of which meets the wants of an extensive territory. At the close of January the number of such accounts in the Berlin post-office was 3,479; Leipzig, 2,877; at Cologne, 2,872, etc. The total number of accounts opened during the first month was 16,210. Deposits during the month were (in round numbers) $20,000,000, of which sum $6,000,000 was in the form of postal checks, transferred from one account to another, out of $15,000,000, total value of checks drawn. Of the remaining $9,000,000, the sum of $4,000,000 was paid in cash, the remainder by postal orders to other offices. At the close of January over $4,200,000 was on deposit in postal banking accounts.

There is every indication that this new feature of the German postal service will do much to familiarize the people at large with the use of checks for ordinary transactions. To the American sojourning in the Empire it is odd to observe the rarity of the use of checks in connection with payments outside of important business transactions. Municipalities, official boards, mutual insurance organizations, and other similar bodies are among the first to establish postal deposit accounts, and their example will do much to popularize the general practice and lessen the vast amount of coin and bank notes now required for the ordinary daily payments of the German people.

GOVERNMENT DEFICITS.

NO well ordered government is now without its deficit. The United States leads with a pretty one of about $140,000,000, but Germany has a very respectable shortage, Russia is chronically behind, France is always making desperate efforts to "cover the budget," while even England, thanks to slackening trade and swelling old-age pensions, has this year spent more than she has taken in. Among our states, the deficit habit is on the increase. New York is compelled to watch its outlay. Pennsylvania is actually some millions behind. Even New Jersey, where for years the tax on railroads and the revenue from incorporations have made a direct state tax unnecessary, is to-day facing a balance on the wrong side of the book. Indiana is on the verge of bankruptcy. And as states, so cities.—*New York Evening Post.*

RECRUITING THE ANANIAS CLUB.

IN "The Outlook" of a recent date, writing of his African trip, Former President Roosevelt says:

After I reach the wilderness of course no one outside of my own party will be with me, and if any one pretends to be with me or pretends to write as to what I do, his statements should be accepted as on their face **not merely false but ludicrous.** Any statement purporting to have been made by me, or attributed to me, which may be sent to newspapers should be accepted as **certainly false** and as calling for no denial from me.

. . . Let me repeat that while I am on steamer or railway there will be nothing whatever to report; that when I leave the railway for the wilderness no persons will have any knowledge which will enable them to report anything, and that any report is to be **accepted as presumably false.**

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq.,
Author Uniform Negotiable Instruments Act.

IMPORTANT LEGAL DECISIONS OF INTEREST TO BANKERS.

All the latest decisions affecting bankers rendered by the United States courts and State courts of last resort will be found in the Magazine's Law Department as early as obtainable.

Attention is also directed to the "Replies to Law and Banking Questions," included in this Department.

CHECK PROCURED BY FRAUD—FORGED INDORSEMENT—FICTITIOUS PAYEE.

SUPREME JUDICIAL COURT OF MASSACHUSETTS, MARCH 6, 1909.

JORDAN MARSH CO. vs. NATIONAL SHAWMUT BANK.

SAME vs. OTHER BANKS.

A check is not to be treated as payable to a fictitious person merely because the drawer has been induced to draw the same by a fraudulent representation that he is indebted to the person named as payee.

Such a check is to be treated as payable only upon the genuine indorsement of the person named as payee.

Negligence of the drawer in discovering the fraud by which the check was procured will not afford any defense to the drawee bank, where it has paid the check upon the forged indorsement of such payee.

The duty of a depositor to examine his checks does not extend to an examination of the signatures of the payees, for he is not expected to know these.

THESE were seven actions brought by the plaintiff to recover the balance of plaintiff's deposit which had been charged with payments of checks on which the indorsement of the payee had been forged. In the Superior Court, Fessenden, J., found for the defendants and reported the cases to the Supreme Judicial Court.

KNOWLTON, *C. J.:* These are seven suits, brought against seven corporations doing a banking business in the city of Boston. In each of these banks or banking companies the plaintiff was a depositor. The suits are all of the same character, and the opinion in the first of them will be equally applicable to all the others. The declaration contains two counts, one for money had and received, to recover the balance of the plaintiff's deposit after a demand, and the other setting forth the contract between the plaintiff and the defendant, and that the plaintiff made sundry checks, payable in part to the order of fictitious or non-existing persons, which fact as to these persons was not known to the plaintiff, and in part to the order of one A. L. Sefton, and that the defendant paid these checks upon forged indorsements of the names of the payees. The cases were submitted to the Superior Court upon the report of an auditor who found for the defendants. The judge found pro forma for the defendants, and reported the cases to this court.

It appears by the auditor's report that the plaintiff was conducting a very large business in selling goods in a department store. In the store there were about eighty separate departments, each in charge of an employe known as a buyer. There was in the store an elaborate system for buying, receiving, checking off, registering and inventorying all goods brought to the store for sale, and for dealing with the bills for these goods and authorizing payment for them, and for making and transmitting checks to vendors. There were certain variations from the usual method of dealing with bills and checks when a buyer was in a hurry to get the goods upon the shelves for sale, or when a large discount could be obtained from a bill by immediate payment of it, or when a bill was presented by a seller in person who was eager to be paid at once.

One of the plaintiff's employes, who was hired as a checker of the goods received, devised a scheme of fraud, whereby, with the assistance of a confederate, he was able to obtain the plaintiff's checks in payment of fictitious bills for goods supposed to have been bought by heads of departments and received at the store. Many of these checks were drawn on the defendant bank, and were paid by the defendant through the clearing-house. The defendant did not verify or attempt to verify the signatures of the payees on the checks, but the checks were examined to see that the signature of the plaintiff was genuine, that there was nothing irregular or suspicious on their face, that they were endorsed with the payee's name, and that they bore the endorsement of the bank sending them through the clearing-house. On the checks, or on most of them, were stamped the words, "Endorsement guaranteed. Pay only through the Boston clearing-house. The Commercial National Bank of Boston, B. B. Perkins, Cashier."

The payments were made by the defendant from moneys belonging to the plaintiff. The auditor found "that there was no actual negligence on the part of either of the defendant banks or trust companies in paying the checks." "If negligence of any kind can be imputed to them," he says, "it was constructive negligence, and not the result of their doing or failing to do anything which could reasonably be expected of them." This finding, in connection with the facts stated in the report on which it is founded, is erroneous in law. The implied contract between the banker and his depositor in regard to the depositor's checks is that the banker will pay them from his deposit to the persons to whom he orders payment to be made. When a definite order is made in the check, the duty of the banker is absolute, as a general rule, to pay only in accordance with the order. If payment is to be made to the order of a person named in the check, and if he orders the payment to be made to another person, it is the duty of the banker to see that the signature of the payee is genuine. (Murphy vs. Metropolitan National Bank, 191 Mass., 159-164; Greenfield Savings Bank vs. Stowell, 123 Mass., 196; Home National Bank vs. Everett National Bank, 177 Mass., 392-395; Critten vs. Chemical National Bank, 171 N. Y., 219-228; Hardy vs. Chesapeake Bank, 51 Md., 562; Harter vs. Mechanics National Bank, 63 N. J. L., 578-580.)

This rule of law applies as well to payments made by a banker through the clearing-house as to payments made over the counter. The duty is the same and the performance of it is as important in one case as in the other. If the methods of the clearing-house are a convenience to bankers in the transaction of their business, and the bank on which a check is drawn chooses to pay on a guaranty of the indorsement of the payee's name by another responsible bank, this does not affect the duty of the paying bank to its depositor. It simply indicates a willingness of the bank to disregard and neglect the duty, upon the guaranty of a responsible party that the duty has already been perfectly performed for it by a preceding party from whom the check has been received.

The term constructive negligence is not properly applicable to the failure of a banker to look to the interest of his depositor in such a case. In National Bank of North America vs. Bangs, 106 Mass., 441, when the payees of a check had endorsed it in blank by writing on the back their names, "E. D. and G. W. Bangs Company," and deposited it in their bank, whence it was transmitted to the plaintiff bank on which it was drawn and was there paid, the failure of the bank to detect the forgery of the drawer's name was called, as between the parties, a constructive fault. In that case the payees indorsed the check in the usual way of endorsing commercial paper to transfer the title to it, and if the check had been transferred to a purchaser instead of deposited for collection, they would have been bound as guarantors of the genuineness of the drawer's signature.

When, subsequently, it turned out that the signature of the drawer was forged, it was said in the opinion of this court: "The check had not gone into circulation and could not get into circulation until it was indorsed by the defendants. Their indorsement would certify to the public, that is, to everyone who should take it, the genuineness of the drawer's signature. Without it the check could not properly be paid by the plaintiff. Their indorsement tended to divert the plaintiff from inquiry and scrutiny, as it gave to the check an appearance of a genuine transaction, to the inception of which the defendants were parties. Their names upon the check were apparently inconsistent with any suspicion of a forgery of the drawers. If the suit were between the bank or drawee and a party who took the check in the usual course of business, finding it in circulation, or even by first indorsement by a payee, the loss would fall upon the bank."

Under similar circumstances and as between similar parties, a distinction between actual fault or negligence and constructive fault was restated in Danvers Bank vs. Bank of Salem, 151 Mass., 280. But the difference between such a case and that of a suit between a bank and its depositor, founded on a payment of the depositor's check upon a forged indorsement of the name of the payee, without inquiry by the bank as to the genuineness of the indorsement, is obvious. The facts reported by the auditor show an entire neglect of legal duty on the part of the defendant. If there was or could be any attempt to perform this duty on its behalf by any prior holder of a check under such circumstances that the defendant, upon the facts of this case, can take advantage of the effort, there is nothing in the report to show it. We have a naked case of payment of the plaintiff's checks in reliance upon a responsible guarantor of the indorsement, and without doing anything to perform the duty which the defendant owed the plaintiff in reference to his order for the payment. If the case stopped here the defendant's liability for the payment would be unquestionable.

The auditor has found that the plaintiff, in the method of doing its business and in the conduct of its officers and employes, was negligent in not discovering and preventing the fraud by which it was induced to draw checks payable to fictitious persons, and to another person who was not entitled to payments. The auditor has also found that this negligence induced the defendant to pay these checks. The facts are pretty fully stated in the report, and the question arises whether there was any evidence of negligence which was a direct and proximate cause of the payment of these checks upon forged indorsements, or whether the negligence only produced conditions which were followed by criminal acts of forgery by a third person, which acts were not discovered by the defendant through its failure to make investigation as to the pretended indorsements by the payees. Assuming that, under some circumstances, negligence of a depositor inducing an unauthorized payment of a check by a banker may be availed of in defense of a claim by the depositor for the money paid, it seems plain that only negligence which is a direct and proximate cause of the payment can be effectual in making such a defense. Some of these checks were made payable to A. L. Sefton, a woman, and were indorsed by her. We think it plain that these were not payable to a fictitious person, and that the payments were rightly made. Other checks were in the same form and were not indorsed by her. Assuming for the moment that these were not payable to a fictitious person, they were paid on forged indorsements. If one is fraudulently induced to deliver to a person who is not entitled to it a check made payable to another person who is not entitled to payment on it, can his negligence in suffering the fraud to be practiced upon him be found to be a direct and proximate cause of a payment made by the banker on whom the check is drawn, upon a forged indorsement of the name of the payee, without any investigation by the banker as to the genuineness of the indorsement? We think not. The check is like any other check payable to a real person which happens to be in the possession of another person. It is possible to forge an indorsement upon it, as it is to forge an indorsement upon any other check. Perhaps the circumstances make a speedy detection of such a forgery less probable than in ordinary cases. But the whole duty of seeing whether there is a forgery of such an indorsement upon any check rests primarily upon the banker. The drawer of the check has nothing to do with that. Ordinarily he makes no representation that has any relation to it. In the case just supposed he made no representation in regard to it. The checks payable to the order of A. L. Sefton, which she did not indorse, were wrongly paid, and the defendant's liability for payment is like that for the payment of any other check bearing such a forged indorsement. The plaintiff had nothing to do with the payment, or with the defendant's performance or non-performance of its duty to see that payment was made to the right person.

There are many cases that illustrate the rule that negligence of the maker is immaterial unless it is of a kind that directly and proximately affects the conduct of the banker in the performance of his duties. (Belknap vs. National Bank of North America, 100 Mass., 376; Shepard and Morse Lumber Co. vs. Eldredge, 171 Mass., 516; Arnold vs. Cheque Bank, L. R. 1, C. P. D. 578-587; Bank of Ireland vs. Trustees of Evans' Charities, 5 H. of L. Cas., 389; Colonial Bank of Australia vs. Marshall, A. C. [1906], 559; Schoefield vs. Earl of Londersborough, A.C. [1896], 514; Macbeth vs. North and South Wales Bank, 1 K. B. [1908], 13; Roberts vs. Tucker, 16 Q. B., 560; Shipman vs. Bank of New York, 126 N. Y., 318; Bank vs. Nolting, 94 Va., 263; Welch vs. German American Bank, 73 N. Y., 424; Armstrong vs. National Bank, 46 Ohio St., 512; Harter vs. Mechanics National Bank, 63 N. J. L., 578-580; German Savings Bank vs. National Bank, 101 Ia., 530; Janin vs. London, etc., National Bank, 92 Cal., 14.)

The question arises whether the making of a check payable to a fictitious or non-existing person, through negligent failure to discover the fraud by which the check is obtained, stands differently from making a check to an actual person, in reference to its effect upon payment by the defendant. We are of opinion that there is no difference in law. In either case it is the duty of the bank to see that there is a genuine indorsement. In some respects it would be more difficult to deceive a bank in this particular, as against vigilant investigation, if the payee was fictitious than if he were real. In some respects it might be less difficult. We know of no decision that has recognized a difference in law between the two cases. It has been held that there is no difference. (Armstrong vs. National Bank, 46 Ohio St., 512.)

The defendant relies upon the Bank of England vs. Vagliano, A. C. (1891), 107. This case was peculiar in its facts. The Queen's Bench Division (22 Q. B. D. 103) and the court of appeals (23 Q. B. D., 243) both decided in favor of the plaintiffs. The law lords, on appeal, were divided in opinion, a majority of them holding that the bills of exchange were payable to a fictitious or non-existing person, and so payable to bearer under the English statute. Two of them thought that the decision should be for the plaintiffs. Four were of opinion that the conduct of the plaintiffs precluded them from recovery.

It is to be noticed, first, that the instruments in question were not bank checks, but were in the form of drafts or bills of exchange purporting to be drawn on the plaintiffs by a firm in Greece in favor of a firm in Constantinople. The plaintiffs accepted them, and sent a special letter of advice to the defendant requesting that they be paid at maturity. Some of the law lords were of opinion that the representations of the plaintiffs and the circumstances attending the transaction relieved the defendant of any duty to verify the signature of the payee. Indeed, it was assumed by them that, under the circumstances, the defendant bank was not expected by the plaintiffs to delay the payment until it could send to Constantinople and ascertain whether the signature of the payee was genuine.

The decision of the case was made to rest very largely upon the English Negotiable Instruments Act, which makes a negotiable instrument payable to a fictitious or non-existing person payable to bearer, even though the maker is ignorant of the fact that the payee is fictitious, while, under our statute, as at the common law, an instrument so made is not payable to bearer unless the maker knows that the person named as payee is fictitious or non-existing (R. L., c. 73, s. 26). This case does not require us to change the rule of law applicable to the payment of checks of a depositor by a banker.

We are of opinion that in the facts stated by the auditor, there was no evidence of negligence that relieved the defendant of its duty to pay only to a person authorized to receive the money, under the language of the check.

The case of Shipmen vs. Bank of New York, 126 N. Y., 318, is almost identical in its leading features with the case before us, and the decision of it fully covers the conclusion which we have reached.

There is a dispute between the parties as to whether the checks payable to A. L. Sefton, on which her signature was forged, were payable to a fictitious or non-existing person, within the meaning of the statute. Perhaps this question is not very important; for in either view the payments were obtained on forged indorsements, and it is immaterial to the rights of the parties whether the forgeries were of the name of a real person or of a fictitious person. (Armstrong vs. National Bank, 46 Ohio St., 512.) The checks were all made upon a representation to the person drawing them that there was a person whose name was given to whom the plaintiff owed the sum stated. The drawer of the check intended that it should be payable only to the person named in it. If the person named was a real person whose name was given to designate him or her, then the fraud was not in reference to the existence of the person, or as to his or her being intended by the name written in the check, but as to the statement that a payment was due her. The check would, therefore, be according to the truth in reference to the person intended, and would be a fraud upon the maker only in reference to the alleged indebtedness. If there was no such person as the one named, the check would be false through a fraud upon the maker in both particulars, and the check would not be payable to the person named, because there was no such person. The result would be the same if a name was chosen which was not intended to represent any person, even though it was known that there was a person to whom the name belonged. The name so used would be none the less fictitious that it was a real name of a person not intended to be designated.

The auditor found that the name A. L. Sefton upon checks which she had not indorsed was that of a fictitious person. The report does not state the facts and evidence sufficiently to show whether this finding was right or not. It depends upon whether the name given by the person who suggested it, and whose suggestion was followed by the drawer of the check was used as designating the person to whom the name belonged, or as a mere name, without reference to its belonging to any person, and with an intention that it should not designate any particular person. (Rowe vs. Putnam, 131 Mass., 281.)

It is fairly to be presumed, from the general statement of the business done between the parties, that the defendant periodically returned checks to the plaintiff with an account stated. It was the duty of the plaintiff, if such accounts were rendered, to examine them reasonably, to see whether they were correct. This duty, as between banker and depositor, is generally recognized. (Dana vs. National Bank of the Republic, 132 Mass., 156; Leather Manufacturers Bank vs. Morgan, 117 U. S., 96.) It has been held, in cases where the depositor failed to make such an examination within a reasonable time, that he was estopped from claiming moneys erroneously paid out which were stated in the account, at least so far as his omission to examine caused damage to the banker through his consequent failure to avail himself of means of reimbursement. (Critten vs. Chemical National Bank, 171 N. Y., 219; Janin vs. London, Etc., National Bank, 92 Cal., 14.) This defense is not set up in the answer in this case, nor referred to in the report.

It is very generally, if not universally, held that this duty of the depositor does not extend to an examination of the signatures of the payees of the checks, for he is not expected to know them, and the banker is expected to see that the payments are properly made. (Murphy vs. Metropolitan National Bank, 191 Mass., 159, and cases cited.) (Shipman vs. Bank of New York, 126 N. Y., 318; Welsh vs. German American Bank, 73 N. Y., 424; Harter vs. Mechanics National Bank, 63 N. J. L., 578; German Savings Bank vs. Citizens National Bank, 101 Iowa, 530; United Security Life Ins. & Trust Co. vs. Bank, 185 Penn. St., 586.) New trial ordered.

RAISED NOTE—AMOUNT CARELESSLY FILLED IN.

COURT OF APPEALS OF NEW YORK, MARCH 5, 1909.

THE NATIONAL EXCHANGE BANK OF ALBANY vs. WILLIAM LESTER.

There is no obligation resting upon the maker of a note to so prepare it that no one can successfully tamper with it.

The indorser of a note is not rendered liable for such increased sum by the fact that blank spaces were left before the words and figures specifying the amount thereof, so as to invite alteration.

THE defendant was sued as the accommodation indorser upon a note for $375 made by one Frank L. Fancher and acquired by the plaintiff bank before maturity in the regular course of its business.

The defense was that the note as originally made and indorsed was for $75 only; that the maker thereafter, without the knowledge or consent of the indorser, altered the note by inserting in the body thereof the words "three hundred" immediately in front of the words "seventy-five" and the figure "3" immediately in front of the figures "75," thereby making the instrument apparently a note for $375 instead of $75; and that the maker thereafter caused the note as thus altered to be discounted by the plaintiff bank. The answer prayed judgment that the complaint be dismissed except as to the amount of the note before alteration, together with interest and protest fees, to wit, $78.66. The defendant also served an offer to allow the plaintiff to take judgment for that amount.

Upon the trial the court charged the jury that if the note indorsed by the defendant was in fact a note for $375 on its face, the plaintiff was entitled to recover that amount and interest.

The trial judge further charged the jury that if they found that there were spaces upon the note "so carelessly and negligently left by this indorser, Mr. Lester, that a person having custody of the note might run in a figure 3 and the words 'three hundred' so as not to occasion in the mind of the indorser (evidently meaning *indorsee*) any inquiry into its validity," they might find that the indorser conducted himself carelessly and negligently in the premises and thus invited the liability which the face of the note called for when presented to the bank.

The defendant duly excepted to that part of the charge to the effect that if the defendant was negligent in leaving blank spaces the jury must find a verdict for the plaintiff for the full amount of the note as it stood. The court then reiterated the proposition, saying that "if the jury find that the defendant was careless and negligent in leaving vacant spaces for the words and figures, such carelessness and negligence on his part would still make him liable for the note:" and to this the defendant also excepted.

The jury found for the plaintiff in the sum of $375, with interest.

WILLARD BARTLETT, *J.:* As this case went to the jury, they might well have found that the note in suit was a note for only $75 when originally prepared by the maker and indorsed at his instance by the defendant, and that it had subsequently been altered to a note for $375 when discounted by the plaintiff bank. They were instructed in substance, however, that the indorser was liable for the amount of the note as raised by the alteration, if he had been careless and negligent in placing his name upon the instrument while there were spaces thereon which permitted the insertion of the words and figure whereby it was transmuted from a note for $75 into a note for $375. Conceding that the contract which he actually signed bound him only to pay the smaller amount, the jury were permitted to find that in consequence of his negligence in the respect indicated it had become a contract which bound him to pay the larger amount to a subsequent innocent holder of the paper.

In support of the correctness of this ruling the learned counsel for the respondent asserts the doctrine that "a party to a note who puts his name to it in any capacity of liability, when it contains blanks uncanceled facilitating an alteration raising the amount, is liable for the face of the note as raised to an innocent holder for value," and he declares that this doctrine has been approved and apparently adopted in Alabama, California, Colorado, Illinois, Kansas, Kentucky, Louisiana, Michigan, Missouri, Nebraska and Pennsylvania.

In considering his proposition, it is important to bear in mind a radical distinction which exists between two classes of notes to which the adjudicated cases relate: (1) Those notes in which obvious blanks are left at the time when they are made or indorsed, of such a character as manifestly to indicate that the instruments are incomplete until such blanks shall be filled up; and (2) those notes which are apparently complete, and which can be regarded as containing blanks only, because the written matter does not so fully occupy the entire paper as to preclude the insertion of additional words or figures or both. It is a note of the latter class that we have to deal with here. One who signs or indorses a note of the first class has been held liable to *bona fide* holders thereof, in some of the cases cited by the respondent, according to the terms of the note after the blanks have been filled, on the doctrine of *implied authority,* while in other cases, relating to notes of the second class, the liability of the maker or indorser for the amount of the note as increased by filling up the unoccupied spaces therein is placed upon the doctrine of *negligence* or *estoppel by negligence.*

The cases cited by respondent in which parties to commercial paper executed by them while obvious blanks remained unfilled thereon have been held liable upon the instrument as completed by filling out such blanks, on the ground of implied authority, require no further consideration here, as there is no suggestion that there was any blank of this character upon the note in suit. These cases are Winter & Loeb vs. Pool (104 Ala., 580), Stanton vs. Stone (61 Pac. Rep., 481, Colorado), Cason vs. Grant Co. Deposit Bank, 97 Ky., 487, and Weidman vs. Symes (120 Mich., 657). There were obvious blanks also in the notes under consideration in Visher vs. Webster (8 Cal., 109) and Lowden vs. Nat. Bank (38 Kan., 533), and the decision in each of these cases appears to have proceeded upon the doctrine of implied authority rather than negligence.

It must frankly be conceded, however, that the respondent finds support for the doctrine which it asserts in the case at bar in the decisions of Pennsylvania, Illinois and Missouri, so far as the maker of commercial paper is concerned, and in those of Kentucky and Louisiana, in respect to the liability of a party who has indorsed or become surety upon a note in which there were spaces (not obvious blanks) that permitted fraudulent insertions enlarging the amount (Garrard vs. Haddan, 67 Pa. St., 82; Yocum vs. Smith, 63 Ill., 321; Scotland Co. Nat. Bank vs. O'Connel, 23 Mo. App., 165; Hackett vs. First Nat. Bank of Louisville, 114 Ky., 193; Isnard vs. Torres & Marquez, 10 La. Ann., 103).

In Garrard vs. Haddan (supra) a space was left between the words "one hundred" and the word "dollars" in which "fifty" had been inserted after the maker had signed and delivered it, and the court held the maker answerable to a *bona fide* holder for the full face of the note as altered, on the ground of the negligence of the maker in leaving the space in the note which was thus filled up after execution. "We think this rule is necessary," said Chief Justice Thompson, "to facilitate the circulation of commercial paper and at the same time increase the care of drawers and acceptors of such paper and also of bankers, brokers and others in taking it." It is a little difficult to see how the rule tends to make *bona fide* purchasers more careful, as this last observation suggests.

The case of Yocum vs. Smith (supra) held the maker liable upon a note which had been raised after execution from $100 to $120, the words "and twenty" having been inserted in a space left between the word "hundred" and the word "dollars." The court said that the maker had acted with unpardonable negligence in signing the note and leaving a blank which could so easily be filled; that he had thus placed it in the power of another to do an injury, and that he must, therefore, suffer the resulting loss. This decision undoubtedly sustains the position of the respondent, although there was another element of negligence in that case which is not present here. It appeared that the maker there was informed by letter by the purchaser, very soon after the date of the note, that he had bought it and of its date and amount, yet he made no objection as to the amount until nearly a year later.

In Scotland Co. Nat. Bank vs. O'Connel (supra) the defendants executed and delivered a note for $100 to one Smith, the body of which was in his handwriting, in a condition which enabled him to add the words "thirty-five" after "one hundred" in the written part and put the figures "$135" at the head of the note in the space where the amount is usually indicated by figures. The St. Louis Court of Appeals held that the defendants were liable for $135 because they had delivered the note to Smith, who was their co-maker, "in such a condition as to enable him to fill blank spaces without in an- manner changing the appearance of the note as a genuine instrument."

The cases thus far discussed were all of them actions against the makers of the raised paper. The same rule, however, was applied against an indorser in Isnard vs. Torres & Marquez (supra) by the Supreme Court of Louisiana under the following circumstances: Marquez indorsed a note for $150 for the accommodation of Torres. The amount was raised to $1,150 and purchased by the plaintiff in good faith as a note for that sum. The report states that there was testimony of experienced persons to the effect that if at the time of the indorsement the word *onze* (for *eleven*, the note being in French) and the additional figure before 150 were not there "the note would have exhibited blanks which at least with regard to the written part were unusual and calculated to attract attention and would have rendered the note unsalable in the market." In this opinion, upon inspection of the note, the court expressed its full concurrence. The indorser was held liable for the amount of the note as raised, on the ground that he had not exercised proper caution. To the same effect is Hackett vs. First National Bank of Louisville (supra), where it was held that a surety who had signed a note in which were written the words "five hundred" with spaces before and after them, which the maker had filled up by writing "twenty" before and "fifty" after them, thereby making a note for $2,550, was liable thereon to a purchaser in good faith. In this case the attention of the Kentucky Court of Appeals was called to the fact that the great weight of authority was the other way, but in view of the fact that the rule had been so established in Kentucky for a quarter of a century the court determined to adhere to it in observance of the principle of *stare decisis.*

This court is not thus constrained. The question involved in the present appeal has not been authoritatively decided in this State, and we are at liberty to adopt that view of the law which seems to us most consonant with sound reason and best supported by well-considered adjudications in other jurisdictions.

The outcome of these adjudications is accurately set forth, as it seems to me, by Mr. Randolph in his treatise on the Law of Commercial Paper, as follows:

"Where negotiable paper has been executed with the amount blank it is no defense against a *bona fide* holder for value for the maker to show that his authority has been exceeded in filling such blank and a greater amount written than was intended. This was also once held to be the rule where no blank had been actually left, but the maker had negligently left a space either before or after the written amount, which made it easier for a holder to enlarge the sum first written. It has now, however, become in America an established rule that if the instrument was complete without blanks at the time of its delivery the fraudulent increase of the amount by taking advantage of a space left without such intention * * * will constitute a material alteration and operate to discharge the maker" (1 Randolph on Commercial Paper, sec. 187).

The rule thus stated is sustained by the decisions of the courts of last resort in Massachusetts, Michigan, New Hampshire, Iowa, Maryland, Mississippi, Arkansas and South Dakota. In my judgment it rests on a sounder basis than the opposite doctrine and accords better with such adjudications of this court as bear more or less directly on the question involved.

The leading case sustaining this view is Greenfield Sav. Bank vs. Stowell (123 Mass., 196), in which the opinion was written by Chief Justice Gray, afterward an Associate Justice of the Supreme Court of the United States. The discussion is careful and exhaustive, reviewing all the important cases in England and America bearing upon the subject which had been decided up to that time (1877), including that of the Supreme Court of Pennsylvania in Garrard vs. Haddan (supra), which was the principal authority the other way. I shall not undertake to review the same authorities here or paraphrase the opinion of Chief Justice Gray which deals with them in such a manner as fully to justify his rejection of the doctrine that the makers of a promissory note apparently complete when they sign it are liable for an amount to which it may subsequently be raised, without their knowledge or consent, on the ground that they were negligent in permitting spaces to remain thereon in which the figures and words which effected the increase could be inserted. In support of his conclusion, however, he quotes some passages from the opinion of Christancy, J., in Holmes vs. Trumper (22 Mich., 427), which will bear repetition as suggestive of some of the reasons why the forgery of a promissory note should not be held to create a contract, which the party sought to be charged never consciously made himself or authorized anybody else to make in his behalf. Speaking of the alleged negligence in leaving spaces on the note, Mr. Justice Christiancy said: "The negligence, if such it can be called, is of the same kind as might be claimed if any man in signing a contract were to place his name far enough below the instrument to permit another line to be written above his name in apparent harmony with the rest of the instrument. * * * Whenever a party in good faith signs a complete promissory note, however awkwardly drawn, he should, we think, be equally protected from its alteration by forgery, in whatever mode it may be accomplished; and unless, perhaps, when it has been committed by some one in whom he has authorized others to place confidence as acting for him, he has quite as good a right to rest upon the presumption that it will not be criminally altered, as any person has to take the paper on the presumption that it has not been; and the parties taking such paper must be considered as taking it upon their own risk, so far as the question of forgery is concerned, and as trusting to the character and credit of those from whom they receive it and of the intermediate holders."

While a general reference to the cases cited and reviewed by Chief Justice Gray in Greenfield Sav. Bank vs. Stowell (supra) will suffice, there are some later decisions to which attention may be called. In Knoxville Nat. Bank vs. Clark (51 Iowa, 264) will be found a strong and well reasoned opinion against holding a party to a note which has been fraudulently raised, after it left his hands, liable for negligence, because when he executed the instrument there were spaces left thereon (not being obvious blanks designed to be filled) which would permit of forgery. The trial court had rendered judgment against the maker for the amount of the note as raised from $10 to $110 on a finding of negligence in leaving a space before the word "ten" and the figures "10." "On this ground," said the Supreme Court of Iowa, "the court proceeded and the decision is based on the reasoning of the civil lawyers. But could it be anticipated that such negligence would cause another to commit a crime, and can it be said a person is negligent who does not anticipate and provide against the thousand ways through or by which crime is committed? Is it not requiring of the ordinary business man more diligence than can be maintained on principle or is practicable if he is required to protect and guard his business transactions so that he cannot be held liable for the criminal acts of another? If so, why should not the negligence of the owner of goods which are stolen excuse the *bona fide* purchaser?" And referring to the argument that such a measure of liability is required to promote the free interchange of commercial paper (a view which seems to have been influential in the Pennsylvania case of Garrard vs. Haddan) the court well said: "At the present day negotiable paper is not ordinarily freely received from unknown persons. Forgeries, however, are not confined to such. But the necessities of trade and commerce do not require the law to be so construed as to compel a person to perform a contract he never made and which it is proposed to fasten on him because some one has committed a forgery or other crime."

In Burrows vs. Klunk (70 Md., 451) the Maryland Court of Appeals emphasizes the distinction between a note in blank as to the amount, when signed and delivered to another for use, and a note complete on its face when signed and delivered in which has been written the sum payable, the date, time of payment and name of the payee. "In such case," it is held, "there can be no inference that the defendant authorized any one to increase the amount simply because blank spaces were left in which there was room enough to insert a larger sum."

No one questions the proposition that where a party to commercial paper intrusts it to another with a blank thereon designed to be filled up with the amount such party is liable to a *bona fide* holder of the instrument for the amount filled in, though it be larger than was stipulated with the person to whom immediate delivery was made (Van Duzer vs. Howe, 21 N. Y., 531). So also a note executed with a blank therein for a statement of the place of payment is not avoided in the hands of a *bona fide* holder for value by the insertion in the blank of a place different from that agreed upon by the original parties (Redlich vs. Doll, 54 N. Y., 234). But where there is no blank for that purpose when the note is indorsed, the insertion of an obligation to pay interest is a material alteration which invalidates the instrument as against the indorser (McGrath vs. Clark, 56 N. Y., 34). In the case last cited the note when indorsed ended with the word "at," followed by a space in which the maker, after indorsement, inserted a place of payment, adding the words "with interest"; but no suggestion appears to have been made that because the space left was large enough to allow the insertion of these words, the indorser was negligent and could be charged with the amount of the note, including the interest, on that ground. On the contrary, as the law then stood, he was relieved of all liability whatever as the effect of the unauthorized alteration. Now, however, under the Negotiable Instruments Law (sec. 205) he would be liable on the paper according to its original tenor.

To sustain the judgment in the case at bar, in view of the instructions under which the issues were submitted to the jury, we must hold that the indorser of a promissory note, the amount of which has been fraudulently raised after indorsement by means of a forgery, is liable upon the instrument in the hands of a *bona fide* holder for the increased amount, because of negligence in indorsing the same when there were spaces thereon which rendered the forgery easy, though the note was complete in form. To do this would be to create a contract through the agency of negligence; for the action is not in tort for damages, but upon the contract as expressed in the note. But apart from any question as to the form in which the indorser is sought to be charged, I am of opinion that no liability on the part of the indorser for the amount of such a note as raised can be predicated simply upon the fact that such spaces existed thereon.

This conclusion I base apon the authorities to that effect which I have already discussed and upon what seem to me to be considerations of sound reason, independent of judicial authority. An averment of negligence necessarily imports the existence of a duty. What duty to subsequent holders of a promissory note is imposed by the law upon a person who is requested to indorse the paper for the accommodation of the maker and who complies with such request? It is a complete instrument in all respects—as to date, name of payee, time and place of payment and amount. There are, it is true, spaces on the face of the instrument in which it is possible to insert words and figures which will enlarge the amount and still leave the note apparently a genuine instrument—in other words, there is room for forgery.

On what theory is the indorser negligent because he places his name on the paper without first seeing to it that these spaces are so occupied by cross lines or otherwise as to render forgery less feasible? It can only be on the theory that he is bound to assume that those to whom he delivers the paper or into whose hands it may come will be likely to commit a crime if it is comparatively easy to do so. I deny that there is any such presumption in the law. It would be a stigma and reflection upon the character of the mercantile community and constitute an intolerable reproach of which they might well complain as without justification in practical experience or the conduct of business. That there are miscreants who will forge commercial paper by raising the amount originally stated in the instrument is too true and is evidenced by the cases in the law reports to which we have had occasion to refer; but that such misconduct is the rule or is so general as to justify the presumption that it is to be expected and that business men must govern themselves accordingly, has never yet been asserted in this State, and I am not willing to sanction any such proposition, either directly or by implication.

On the contrary, the presumption is that men will do right rather than wrong (see Bradish vs. Bliss, 35 Vt., 326). As was said by Judge Cullen in Critten vs. Chemical Nat. Bank (171 N. Y., 219, 224), it is not the law that the drawer of a check is bound so to prepare it that nobody else can successfully tamper with it. Neither is it the law that the indorser of a promissory note complete on its face may be made liable for the consequences of a forgery thereof simply because there were spaces thereon which rendered the forgery easier than would otherwise have been the case.

I think the judgment of the Appellate Division should be reversed and a new trial granted, with costs to abide the event. Cullen, Ch. J.; Gray, Haight, Werner, Hiscock and Chase, JJ., concur.

Judgment reversed, etc.

CLEARING HOUSE—RULES OF AS TO RETURN OF CHECKS NOT GOOD—RETURN OF CHECK AFTER HOUR FIXED IN RULE.

NEW YORK SUPREME COURT, APPELLATE DIVISION, FIRST DEPARTMENT, NOVEMBER 13, 1908.

CITIZENS CENTRAL NATIONAL BANK vs. NEW AMSTERDAM NATIONAL BANK.

The rule of the clearing-house that checks "not good" shall be returned to the presenting bank before three o'clock of the day of presentation does not preclude return after three o'clock where there has been no change in the position of the presenting bank.

A check drawn upon Bank C by one of its depositors for an amount largely in excess of his balance was paid to Bank A through the clearing-house, of which both banks were members; and a few minutes after three o'clock of the same day was returned as "not good." Bank A had not in the meantime paid out the proceeds or otherwise changed its position. *Held*, that the latter bank was bound to refund the amount.

CLARKE, *J.:* Plaintiff and defendant are members of the New York Clearing-House Association, instituted to facilitate banking transactions in the City of New York. Its scheme of operation is clearly described in Mt. Morris Bank vs. Twenty-third Ward Bank (172 N. Y., 244) as follows: "That association appears by its constitution to have adopted a very simple manner of settling the drafts, checks and other claims of its various members against the others. Each member, every morning, delivers to the clearing-house the checks, drafts and notes it holds against the other banks and receives credit therefor, while it is charged with all checks, drafts or notes payable by it and deposited by other banks. If its deposits exceed the drafts and checks deposited against it it receives from the clearing-house during the day the amount of the excess in money, while if the reverse proves the case it is obliged to pay the balance against it to the clearing-house. In this daily settlement of the clearing-house no account is taken of the fact that the checks may be bad. All checks, drafts or notes on any bank are charged against it, though the accounts of the drawers of those checks or the makers of the notes may not be good for their amounts, and even though the checks be forgeries. By section 14 of the constitution it is provided that the association shall be no way responsible for such items, but that they are to be adjusted directly between the bank that deposited them in the clearing-house and the bank on which they were drawn. Section 15 provides that 'all checks, drafts, notes or other items in the exchanges returned as "not good" or mis-sent shall be returned the same day directly to the bank from whom they were received, and the said bank shall immediately refund to the bank returning the same the amount which it had received through the clearing-house for the said checks, drafts, notes or other items so returned to it in specie or legal tender notes.' It will be seen that the system of clearances adopted by the association is very simple and that it enables exchanges of the greatest magnitude to be effected in a remarkably brief period of time."

Rule 1 of the rules of the Clearing-House Association provides as follows: "Return of checks, drafts, etc., for informality, not good, mis-sent, guarantee of indorsement or for any other cause should be made before three o'clock of the same day."

On December 5, 1907, one Alfred Epstein, who then had a deposit account with the plaintiff bank, drew a check on the plaintiff to the order of Aster Company for $2,000. The said check was duly indorsed by the said Aster Company and deposited in the defendant bank. On the morning of December 6, 1907, the said check was included among the checks presented by the defendant to the clearing-house for payment, and the amount thereof was charged against the plaintiff and paid by it. After such payment and return of said check to the plaintiff, and on the same day, between half-past two and twenty-five minutes of three in the afternoon, the plaintiff sent the said check by its messenger, who testified that he went at once as direct as he possibly could to the bank of the defendant, at Broadway and Thirty-ninth street, and presented the check to the paying teller and demanded the money for it. This presentation and demand was made from four to ten minutes after three o'clock in the afternoon. The defendant refused to return the said sum upon the ground that the demand, having been made after three o'clock, was too late. There was no evidence that any change in the situation to defendant's detriment had occurred. Thereupon this action was brought, and a jury having been waived, the learned trial court made its decision in writing and judgment was entered thereon in favor of the plaintiff, from which judgment this appeal is taken.

It appears that the drawer of the check, Epstein, for some days prior to the date thereof, had to his credit in the plaintiff bank only the sum of $143.73, which deposit had not been increased up to the time of the trial of the action. The question involved is the meaning, force and effect of the provisions of the constitution and rules of the clearing-house, which bound both banks as members thereof.

No case in this State has been cited to us which bears directly upon the point at issue. The Supreme Judicial Court of Massachusetts has, however, construed somewhat similar provisions of the constitution and rules of the Boston Clearing-House. In Merchants' National Bank vs. National Eagle Bank (101 Mass., 281) the rule under consideration was the following: "Whenever checks are sent through the clearing-house which are not good, they shall be returned, by the banks receiving the same, to the bank from which they were received, as soon as it shall be found that said checks are not good; and in no case shall they be retained after one o'clock." The language of the New York rule that the "return of checks *should* be made before three o'clock of the same day" does not seem to be so imperative as the Boston rule, "and in no case *shall they be retained* after one o'clock."

It appears in the above case that at a quarter before one o'clock the bookkeeper handed four checks to the messenger with directions to return them to the banks with whose numbers they were marked, as not good, and to collect the amounts of them from those banks. The messenger made a mistake as to the number on one of the checks, went to the wrong bank with it and was obliged to return to the plaintiff banking house in order to ascertain the true number. In consequence of this mistake it was from five to seven minutes after one o'clock when he presented the check in question at the defendant's banking house, where payment was refused on the ground that it had not been presented before one o'clock.

The court said: "Under this arrangement the payment required of the clearing-house to a creditor bank upon a check presented must be regarded as only provisional until the hour of one o'clock to become complete only in case the check is not returned at that time. And if by any mistake of fact the return of the check is not so made, then, as between the two banks, it is to be treated as a payment made under a mistake of fact, precisely to the same extent and with the same right to reclaim which would have existed if the payment had been made by the simple act of passing the money across the counter directly to the payee on the presentation of the check. The manifest purpose of the provision is to fix a time at which the creditor bank may be authorized to treat the check as paid and be able to regulate with safety its relations to other parties. We cannot adopt the theory that a failure to present a bad check before the time named to the bank sending it through the clearing-house works an absolute forfeiture and is in itself a perfect bar to any action to recover the amount of such check. The whole arrangement in all its provisions and declared purposes is to be construed together. And the law will not construe any portion so as to subject parties to a penalty or forfeiture of their rights where other reasonable interpretation can be given which will give effect and consistency to the whole. The parties have in terms affixed no penalty or forfeiture to the stipulation under consideration, and a failure to comply with its terms must leave the parties in the same position and precisely as they would stand when a payment is made under a mistake of fact in the ordinary way. After one o'clock the defendants upon the failure to return the check had the right to consider it paid and to treat it so in their dealings with others. The report finds that the delay in its return was occasioned by a mistake on the part of the messenger, a mistake which was quite as much a mistake of fact as if it had been produced by the false time of the clock which was relied on."

The court also considered the force of that part of the rule which reads: "In no case shall they be retained after one o'clock" and said that if necessary to save the forfeiture it would hold that the delivery to the messenger before one o'clock with sufficient time to reach the bank before that hour would be enough to satisfy the requirement that the check should not be retained after one o'clock.

This case was cited with approval in Manufacturers' Bank vs. Thompson (129 Mass., 438), Exchange Bank vs. Bank of North America (132 Mass., 147). And in Merchants' National Bank vs. the National Bank of the Commonwealth (139 Mass., 513) the court said: "If it were intended that mistakes should never be corrected unless discovered by one o'clock, this should in terms explicitly appear. As it does not, it seems to us the more correct interpretation to hold that the rule authorizes the bank receiving the check after one o'clock arrives, and the check is not returned, to treat it in all transactions as if it were good. If, therefore, the bank changes its position it will suffer no loss by reason of it. On the other hand, if the mistake is discovered after one o'clock, and the bank receiving the check has not changed its position by reason of the expiration of the time, it should rectify the mistake when reasonable care has been exercised by the bank on which it was drawn."

The reasoning of these cases seems sound. It should be emphasized that while, in the case at bar, the language of the constitution of the clearing-house is that the checks "shall be returned the same day directly to the bank from whom they were received," the rule seems to be rather advisory than mandatory, reading that the return "should be made before three o'clock of the same day." There is no question in this case of a voluntary payment over the counter where the laches of a paying teller in not discovering that the depositor's account was not sufficient to warrant the paying of the check might, under certain circumstances, not be considered as constituting a payment by mistake which could be recovered or save the operation of the rule that a payment in due course discharges the check. The fact is, as in the Merchants' National Bank case (101 Mass., 281, supra), that the fact that the check was not good was discovered by the plaintiff bank some little time before the hour at which the defendant bank had the right to consider and treat the check as good, and that an attempt was promptly made to return the check within the time limited. But, as the defendant bank was an uptown bank, the messenger arrived there a very few minutes after three o'clock. This is precisely the same kind of a mistake of fact as existed in the Massachusetts case cited, where the bank attempted to return in time, but the messenger failed to arrive in time. In each case no harm came to the defendant. It has lost no rights against the maker of the check, or the indorser thereon. It had the right to present and protest, and, satisfied as we are with the reasoning of the Supreme Judicial Court of Massachusetts, we think the refusal of the defendant to repay the amount received under the circumstances disclosed was arbitrary and unwarranted by the language of the clearing-house provisions.

It follows, therefore, that the judgment appealed from should be affirmed, with costs and disbursements to the respondent.

Patterson, P. J.; Laughlin and Scott, JJ., concur. Ingraham, J., dissented.

HOLDER FOR VALUE—ANTECEDENT DEBT— NOTE TAKEN AS COLLATERAL SECURITY.

SUPREME COURT OF MICHIGAN, DEC. 14, 1908.

GRAHAM vs. SMITH, et al.

Under the Negotiable Instruments Law a person who has taken a promissory note as collateral security for a pre-existing debt is a holder for value to the extent of the amount due him.

THIS was an action upon a promissory note against the maker and an indorser. The defense was that the note had been obtained by fraudulent representations.

BLAIR, *J.* (omitting part of opinion): directed verdict. As stated by counsel for defendant in their brief: "The only question in the case therefore is whether, under the evidence and the provisions of the Negotiable Instrument Law, Act. No. 265 of the Public Acts of 1905, plaintiff is a holder in good faith and for value. The defendant claims that he is not such a holder, and that the court should have at least left the question to the jury, for the reason that it was for the jury to determine this question under the evidence as plaintiff parted with nothing, did not extend any credit, and in no way altered his condition by taking the note, and there was no agreement that it was taken in extinguishment of any part of the indebtedness represented by the Bangs-McCoy note; so that in fact no part of the Bangs-McCoy indebtedness was legally discharged."

There was no fraud in the inception of the note. It was given for an actual indebtedness and was unimpeachable between the maker and payee. The fraud alleged arose on the sale of the shares of mining stock. The evidence conclusively establishes the fact that plaintiff had no knowledge, actual or constructive, of any fraud in connection with the note, and that he received it in good faith. If therefore plaintiff was a holder for value, he was "a holder in due course," as held by the trial judge, and entitled to recover. If, as contended by defendant's counsel, the plaintiff received the note as collateral security for an existing debt, and the Negotiable Instruments Act, Pub. Acts 1905, p. 389, No. 265, has introduced no change in the law as to such instruments, plaintiff was not a holder for value. (Burroughs vs. Ploof, 73 Mich., 607; Maynard vs. Davis, 127 Mich., 571.) Section 27 of the Act is as follows: "Value is any consideration sufficient to support a simple contract. An antecedent or pre-existing debt constitutes value, and is deemed such whether the instrument is payable on demand or at a future time." Section 29 provides: "Where the holder has a lien on the instrument, arising either from contract or by implication of law, he is deemed a holder for value to the extent of his lien." We are of the opinion that it was the intention of the Legislature to change the rule theretofore prevailing in this State "so that any person to whom a negotiable security has been pledged as collateral would be a holder for value to the extent of the amount due him." (Payne vs. Zell, 98 Va., 294; Mersick vs. Alderman, 77 Conn., 634; Brooks vs. Sullivan, 129 N. C., 190.) (See, also, Petrie vs. Miller, 57 App. Div., 17, affirmed without opinion, 173 N. Y., 596.)

The judgment is affirmed.

REPLIES TO LAW AND BANKING QUESTIONS.

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

STOPPING PAYMENT OF CERTIFIED CHECK—CHARGING NOTE TO DEPOSITOR'S ACCOUNT—CHARGING CHECK LOST IN TRANSIT.

ZANESVILLE, OHIO, MARCH 8, 1909.

Editor Bankers Magazine:

SIR: Being an old subscriber to your valuable publication, I desire to submit the following questions:

(1) What legal right has a depositor to stop payment on a certified check? (2) What legal right has a bank to charge a depositor's account with a note which is past due? (3) What legal right has a bank to charge to the account of a depositor the amount of a check lost in transit, pending the receipt of a duplicate? Thanking you in advance for the information, I am,

A SUBSCRIBER.

Answer: (1) The Negotiable Instruments Law provides that "where a check is certified by the bank on which it is drawn the certification is equivalent to an acceptance" (Statutes of Ohio, Sec. 3177). The effect of this is to make the bank the principal debtor upon the instrument, and the drawer can no more countermand payment than if the paper were an ordinary bill of exchange drawn upon a merchant and accepted by him. (2) The rule in such cases was thus explained by the Supreme Court of Ohio in Windisch-Mulhauser Brewing Co. vs. Bank of Marysville (50 Ohio St., 151). "It is said to be a well-settled rule of the law merchant that a bank has a general lien on all the funds of a depositor in its possession for any balance due on general account, or other indebtedness contracted in the course of their dealings, and may appropriate the funds to the payment of such indebtedness. The right to make such appropriation, it is held, grows out of the relation of the parties as debtor and creditor, and rests upon the principle that, 'as the depositor is indebted to the bank upon a demand which is due, the funds in its possession may properly and justly be applied in payment of such debt, and it has therefore a right to retain such funds until payment is actually made.' (Falkland vs. Bank, 84 N. Y., 145). Though this right is called a 'lien,' strictly it is not, when applied to a general deposit, for a person cannot have a lien upon his own property, but only on that of another; and, as we have seen, the funds of general deposit in a bank are the property of the bank. Properly speaking, the right in such case is that of set-off arising from the existence of mutual demands. The practical effect, however, is the same. The cross-demands are satisfied, so far as they are equal, leaving whatever balance may be due on either as the true amount of indebtedness from the one party to the other." (3) Such a right does not exist in all cases, and whether the bank could so charge up the amount to the depositor would depend upon the circumstances of the particular case. If there was any negligence imputable to the bank it could not do so, and in some States this would be the rule through the negligence was that of its correspondent.

BANKRUPT — REFUND OF PAYMENT MADE TO BANK.

———-———, MARCH 31, 1909.

Editor Bankers Magazine:

SIR: Within the last four months, we have had the following transactions with a merchant who is about to go into bankruptcy:

First, we loaned him $400.00, which was paid in January. He has also paid us an older note for a like amount ($200.00 in November and $200.00 in December). Both loans were made on endorsements. We have a deed of trust on his home and store building, together with about $300.00 of collateral, as security for a $1,500.00 loan, which fell due January 1. To avoid closing out the deed of trust, he sold his store building for $500.00 and applied the amount to the debt. I understand transfers of property to avoid paying debts or to make preferred creditors can be set aside, but inasmuch as we had a deed of trust on the property and the proceeds of sale were applied to the payment of the deed of trust, I hardly think it could be done. He now owes us $1,000.00 on his home and some collateral. He has closed some of his accounts into notes, which he wants to sell us and apply the proceeds to the credit of his amount, or, borrow some money on a collateral note until they can be collected. This is an honest failure and he doesn't intend to try to keep anything from his creditors, but he is anxious to reduce the indebtedness on his home to where we will be willing to carry it over, and this is the only way he can do it. We have taken some of these notes and notified the parties that we hold them.

CASHIER.

Answer: It appears that the bank had advanced $1,500 upon the security of a deed of trust covering the store building and home of the bankrupt, and that the bankrupt has sold the store building for $500 and applied this sum in part payment upon the deed of trust. The only question that can be raised by the other creditors in respect to this transaction is the question of good faith. The bank may have to show that the money was advanced by it *bona fide* upon the deed of trust and not with the anticipation of a probable bankruptcy, and further that the sale of the store building by the customer himself was also made in good faith, and for a reasonably fair price. But these facts being established—as we presume the bank will have no difficulty in doing—the bank will be entitled to hold the proceeds as against the other creditors. In regard to the note for $400, and the payments made upon the earlier note, these also involve only the question of good faith. The receiver or trustee cannot require the money so paid to the bank to be turned over to him for the benefit of all the creditors unless he can show that such payments were made and received with a view to giving the bank a preference.

COLLECTION — SENDING CHECK DIRECT TO DRAWEE BANK.

——————, TEX., MARCH 15, 1909.

Editor Bankers Magazine:

SIR: The First National Bank of X is our correspondent, and we send to it all our checks on other banks, except checks on the American National Bank of C, which we send to that bank direct. (1) Is it negligence to send checks to the drawee bank, there being two banks in C? (2) Is it negligence to send all checks to our correspondent at X? How would it be in the case shown upon the following diagram, the letter A indicating our location and the letter B the location of the drawee bank?

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* * * * * * * * * * * * * *
*                         *
*     X       A       B   *
*                         *
* * * * * * * * * * * * * *
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CASHIER.

Answer: (1) The general rule is now well established that the drawee bank is not a suitable agent to collect from itself. In Merchant's Nat. Bank vs. Goodman (109 Pa. St., 422) the Supreme Court of Pennsylvania said: "By no other rule can the rights of indorsers be protected if it is the interest of the party who is to make the payment to hinder, postpone or defeat payment. This imposes no hardship on the institution undertaking to transmit for collection, which can always protect itself by stipulating that special instructions by the depositor shall be given which will save the collecting bank from all risk or peril."

And in German Nat. Bank vs. Burn (12 Col., 539) the Supreme Court of Colorado said:

"Even if we can conceive of such an anomaly as one bank acting as the agent for another to make a collection against itself, it must be apparent that the selection of such an agent is not sanctioned by business-like prudence and discretion. How can the debtor be the proper agent of the creditor in the very matter of collecting the debt? His interests are all adverse to those of his principal. If the debtor is embarrassed, there is the temptation of delay; if wanting in integrity, there is the opportunity to destroy and deny the evidence of the indebtedness. The fact that the Leadville bank was a correspondent of the defendant to a limited extent does not alter the rule. * * * Again, the sending of the certificate by mail direct to the Leadville bank for payment is not equivalent to a direct presentation thereof at the counter by a party not identified in interest with the bank itself. In presenting a check or certificate of deposit at the counter in legal contemplation, the holder does not give up the paper, except as he then and there receives payment in hand." (See also Drovers' Nat. Bank vs. Provisions Co., 117 Ill., 100; First Nat. Bank vs. Fourth Nat. Bank, 56 Fed. Rep., 967.) (2) This is a practice very generally adopted, and would not be regarded as negligence, unless it can be shown that it caused delay in the presentation of the check, which is not ordinarily the case, since the large banks, with their greater facilities, make the collections more promptly than they could be made in ordinary course by the small banks themselves.

BANKING IN IRELAND.

THE following statistics regarding banking in Ireland for the year ended June 30, 1908, are taken by Vice-Consul A. D. Piatt, of Dublin, from statistics recently published by the Department of Agriculture and Technical Instruction for Ireland:

The deposits and cash balances in joint stock banks in Ireland amounted on June 30, 1908, to $246,225,454 (exclusive of $14,185,847 in government and other public accounts in the Bank of Ireland), being the highest amount on record and $12,307,378 in excess of the amount on June 30, 1907. Comparing the deposits and cash balances since June, 1888, there has been a gradual yearly increase every year with the exception of 1897, the total deposits and cash balances having increased from $147,503,615 on June 30, 1888, to $246,225,454, or by $98,721,839 in twenty years. These figures are of considerable interest as indicating the growth of the operations and influence of banking in Ireland. They do not, however, in themselves gage the growth of net savings. Such a growth and its extent could only be determined by a complete account of savings on the one hand and of indebtedness on the other. But for this account the necessary data are not available.

The estimated amount on deposit in the post office savings banks in Ireland on June 30, 1908, was $51,716,295, being a decrease of $48,665 as compared with the previous year. This is the first occasion on which there has been a decrease recorded in the post office savings banks in Ireland. The amount on deposit in the trustees' savings banks in Ireland on June 30, 1908, was $11,903,459, a decrease of $243,325 as compared with the previous year.

The total amount of government funds, India stocks, guaranteed land stock, guaranteed 2¾ per cent. stock, and war stock, on which dividends are payable at the Bank of Ireland, amounted on June 30, 1908, to $185,948,965, being a decrease of $4,774,036 as compared with the previous year.

The average bank note circulation for June, 1908, was $31,238,063, being a decrease of $326,055 as compared with the previous year.

A REAL BURGLAR PROOF SAFE.

A CURIOUS modern invention is to be seen by a favored few in the Bank of England. It is a massive steel safe, and known to be absolutely burglar proof, because at night it is lowered into a sub-vault of heavy masonry and concrete.

When the safe reaches the bottom of the vault, it is fastened down by massive steel lugs, operated by a triple time lock. Until these lugs are released automatically at a fixed time no human agency can raise the safe. As for breaking through the subvault and walls of stone and concrete ten feet thick, even with dynamite—well, the burglar must shake his head sorrowfully and admit that he has met his Waterloo in that safe. —*Sunday Magazine.*

FOREIGN BANKING AND FINANCE

Conducted by Charles A. Conant.

BRITISH INVESTMENTS ABROAD.

FROM investigations made by the "London Economist," it is estimated that about twenty per cent. of the national capital of Great Britain is invested in foreign countries. The income tax returns alone disclose an income derived from foreign investments amounting to £79,560,116 ($388,000,000). This amount, capitalized at twenty-five years purchase, would yield a total of nearly £2,000,000,000 as the amount of British capital invested in foreign enterprises. It is admitted, however, that this is a great under-estimate, because of the amount of income from abroad which is not separately reported as coming from foreign investments, but is included under the head of income from business, professions, etc., not otherwise specified. There are, indeed, many classes of investment in which the separation of the income as coming from abroad is not readily made and others in which the capital does not appear in the flotations made on the London market. Among such enterprises are those situated abroad, but having their head office and direction in Great Britain, as mines, gas works, water works, breweries, tea and coffee plantations, etc. There are also concerns worked jointly abroad and in Great Britain, as electric telegraph, cables and shipping, and there are foreign and colonial branches of banks, insurance companies and mercantile houses, and mortgages on property and other loans abroad belonging to banks, insurance companies and financial companies at home. So much doubt exists as to this unrevealed income that it has been variously estimated at £400,000,000 to £1,000,000,000. The "Economist" reaches the conclusion that the total of British capital invested abroad amounts to a sum between £2,150,000,000 and £3,000,000,000, with a leaning in favor of the larger sum. It is stated that a correspendent who has for some years made a detailed study of the subject has prepared the following estimate of the amount of the indebtedness to Great Britain of the various countries of the world:

BRITISH COLONIES AND POSSESSIONS.

India	£470,000,000
Australasia	321,000,000
Canada	305,000,000
Transvaal and Orange River.	220,000,000
Cape Colony	98,000,000
Rhodesia and British East Africa	59,000,000
Natal	30,000,000
West Coast of Africa	24,000,000
Straits Settlements, etc.	17,000,000
West Indies and other British colonies and possessions	22,000,000
Total	£1,566,000,000

FOREIGN COUNTRIES.

United States	£485,000,000
Argentina	254,000,000
Japan	115,000,000
Brazil	101,000,000
Egypt	97,000,000
Mexico	51,000,000
Germany, France, Sweden, Norway, Holland, Belgium, and Denmark	48,000,000
China	47,000,000
Russia	45,000,000
Chile	42,000,000
Turkey, Greece, and the Balkan States	39,000,000
Italy, Switzerland, and Austria	26,000,000
Spain	25,000,000
Uruguay	25,000,000
Cuba	21,000,000
Other foreign countries	63,000,000
Total	£1,484,000,000

Grand total, £3,050,000,000.

These figures are confirmed in a measure by an independent estimate by Mr. Beaumont, a prominent member of the London Stock Exchange, whose total for foreign investments is £2,750,000,000. Summing up the relation of these investments to the total wealth of Great Britain, it is declared:

The proportion of our total savings which is invested abroad may be ascertained by comparing the above figures with the most important estimates of the national capital. Mr. Money (1905) values the total at £11,400,000,000, but Sir R. Giffen (1906) quotes a considerably higher figure,—viz., £15,000,000,000. The recent trade boom has undoubtedly involved an increase of the national capital, but to what extent it is impossible to determine. Without discussing the accuracy of these two estimates, it is evident from the above figures, that somewhere about 20 per cent. of the national capital has found investment abroad, and has contributed enormously to the development both of our import and our export trade.

THE RATE OF DISCOUNT IN EUROPE.

THE annual review published by the "Moniteur des Interets Matériels" on the variations in the rate of discount in Europe shows average rates for 1908, which are considerably below those of the panic year, 1907, and below those of 1906. The real test of the new conditions, it is pointed out, is found in the second half of 1908, when the effects of the advances in rates during the panic year were at an end. How these rates compare with those for the entire year, and the year to which it is necessary to go back to find rates as low as those of the second half of 1908, appears in the following table:

RATES OF DISCOUNT IN EUROPE.

Place	1908	July to Dec., 1908	Last year of rates as low as 2d half of 1908.
Amsterdam	.....3.39	3.00	1905
Berlin	..........4.76	4.00	1905
Berne	..........3.74	3.50	1895
Brussels	........3.50	3.00	1904
London	.........3.00	2.50	1896
Paris	...........3.04	3.00	1906
Petersburg	......5.99	5.50	1904
Vienna	.........4.25	4.00	1905

The opinion is expressed that the year 1909 will show lower average rates than 1908. The average rate at leading European state banks for representative years appears in the following table:

MEAN RATE OF DISCOUNT IN EUROPE.

Year.	London.	Paris.	Berlin.	Brussels.
1899	.....3.75	3.06	4.98	3.91
1900	.....3.96	3.23	5.33	4.08
1901	.....3.72	3.00	4.10	3.28
1902	.....3.33	3.00	3.32	3.00
1903	.....3.75	3.00	3.84	3.17
1904	.....3.30	3.00	4.22	3.00
1905	.....3.00	3.00	3.81	3.18
1906	.....4.27	3.00	5.00	3.84
1907	.....4.93	3.47	6.03	4.95
1908	.....3.00	3.04	4.76	3.50

THE NEW GERMAN BANK LAW.

THE law extending the charter of the Imperial Bank of Germany for another period of ten years has passed the Reichstag and the full text is printed in the "Moniteur des Intérets Matériels" of March 5th last. The important changes made in the law relate to the limit of circulation, the legal tender quality of notes, the admission of cheques to the assets, and the changes in the reserve fund. The limit of the authorized circulation is advanced from 450,000,000 to 550,000,000 marks, with the addition of circulation which has fallen to the bank from the state banks during the last few years, which carries the total amount of the new limit to 618,771,000 marks ($147,000,000). An additional margin of 200,000,000 marks is allowed, free from tax, in the last week of each quarter of the year. Notes may be issued in excess of these limits when fully covered by coin, but when not so covered must pay the special tax at the rate of five per cent.

An important departure is made in the legal status of the notes of the bank and in redemption requirements. The language of Articles III. and IV. on this point is as follows:

ARTICLE III. The notes of the Bank of the Empire shall be legal means of payment. In addition, the provisions of paragraph 2 of the banking law remain in force.

ARTICLE IV. In paragraph 18 of the banking law the words "German money having legal circulation" shall be replaced by the words "German gold money."

The last provision places Germany squarely in the ranks of gold standard countries by providing directly for the redemption of the notes of the bank in gold, instead of merely in lawful money. It may be added that the present governor of the bank has adopted the policy of stating the proportion of gold held in the reserve in each weekly statement, instead of announcing it only once a year, as heretofore. The gold held on March 6th was 823,797,000 marks and the silver held was 252,027,000 marks.

The notes of the state banks are hereafter to be accepted by the Imperial Bank at par in cities of more than 80,000 inhabitants, so long as they are promptly redeemed. The bank is also directed to issue its own notes in exchange for those of the state banks when the resources of the branch at which they are presented will permit and they may be presented for immediate redemption or re-issued to the public.

Several changes are made in the law in order to increase the employment of cheques and to permit the bank to hold them in its assets. The policy of holding such cheques on foreign countries was already adopted some time ago. It was one of two measures of giving flexibility to the resources of the bank, described elsewhere by the present writer as follows:*

One of these is the accumulation of foreign bills, particularly those drawn on England, in its portfolio. President Koch, discussing this policy early in December, 1906, declared that it was the practice of the bank to buy these bills at times when they were low and to sell them later, when, in consequence of the higher rate of exchange, there might otherwise be danger of gold exports. The other measure is that known in England as "borrowing from the market." This process consists in offering treasury bills for re-discount in the open market, thereby absorbing surplus cash and preventing a too rapid fall in the open market rate of discount.

*A History of Modern Banks of Issue, fourth edition; G. P. Putnam's Sons, 1909, p. 217.

The proportion of profits allotted to the shareholders, which was only one-quarter of what remained after their first dividend of three and one-half per cent., is not changed in the new law. The proportion of excess profits added to the reserve is now fixed at ten per cent. It was fixed by the old law at twenty per cent. until the fund should attain 60,000,000 marks, which has been exceeded.

BANKING REFORM IN ENGLAND.

THE committee which was appointed nearly a year ago by the London Chamber of Commerce to report on reforms in the banking system of England have finally made a report which embodies a number of plans which have been suggested from time to time for strengthening the position of the Bank of England and of the joint-stock banks. The general scope of the report is summed up thus in the "London Economist" of March 6 last:

The report begins by endorsing the resolution that "the constant fluctuations in the Bank of England rate are injurious to trade," and adds that "no argument is required to show that in proportion as the stock of gold is increased, so will be decreased the necessity for changes in the rate." But this appears to overlook the fact that London, as the only free market for gold in the world, must in a crisis move its rates up and down oftener than sluggish markets which do no business. The report then suggests various ways of increasing our gold reserve. These proposals may be summarized as follows:—(1) More information as to the position of the Bank of Eng'and and joint-stock banks; (2) a Government reserve against Post Office deposits; (3) the issue of £1 notes; (4) the appointment of a committee to consider how far the Bank Charter should be revised in 1911; (5) the emergency issue of notes under taxation; (6) the retention of a part of the fiduciary issue for times of emergency. There seems to be a strong body of opinion in favor of more information, and the joint-stock banks are already moving in the right direction. The scheme of £1 notes is Lord Goschen's, and proposes that after a certain point—£38,000,000 was his figure—the Bank might issue these small notes at the rate of four on gold to one on securities. The emergency issue comes from Germany, where it does not really work in the way that was intended. In Germany the fiduciary issue is increased whenever the rate of interest is so high as to make it worth the Reichsbank's while to pay the five per cent. tax, and the committee apparently realize this weakness, for they add that the rate of taxation must be "neither so high as to make the permission inoperative, nor so low as to encourage speculation up to it." This guarded statement, borrowed from Lord Goschen, covers, we should imagine, some pretty wide differences of opinion inside the Committee itself. If taxed notes are to be the normal accompaniment of dear money, then speculation will be encouraged; if they are to be reserved for some tremendous crisis, then the suspension of the Bank Act would seem to be the sole remedy. But the proposal that will attract most attention is a specious scheme for saving part of the fiduciary issue in times of cheap money for use in times of dear money. At present the Bank may issue approximately eighteen and a half millions of notes against security, of which over £11,000,000 are a book debt of the Government's At present this right is always used to the full, but the committee proposes that the Bank should hold part of its fiduciary issue in reserve, substituting gold for securities. This proposal goes to the heart of the old controversy. "Who shall bear the cost?" The joint-stock banks are unwilling, and so is the Bank of England. The taxpayers have nothing to spare. The committee, without saying so in words, advise that the extra cost should be shared between the Bank and the taxpayer, the joint-stock bank contributing nothing.

THE SECURITY MARKET IN ITALY.

THE Italian stock exchanges suffered, like those of other countries, a decline in values during 1908 as compared with the close of 1907. A computation made regularly by "l'Economista dell' Italia Moderna" of the principal securities dealt in on the Italian exchanges to the nominal value of 2,679,279,000 lire ($517,000,000), shows a shrinkage of about 217,000,000 lire ($41,900,000) during the year. The market value on December 31, 1907, was 3,570,766,000 lire, while it stood on December 31, 1908, at 3,353,275,000 lire. The shrinkage, therefore, during 1908 was about six per cent. It affected practically all classes of securities except real estate, which showed an improvement from 153,793,000 lire to 164,005,000 lire. Among the classes of securities showing declines were banking enterprises, from 823,920,000 lire to 801,000,000 lire; mining and metal companies, from 437,224,000 lire to 362,000,000 lire; gas and electricity, from 243,084,000 lire to 231,000,000 lire; chemical products, from 125,235,000 lire to 98,000,000 lire; textile and lace mills, from 299,813,000 lire to 280,000,000 lire.

THE BERLIN BANKS IN 1908.

THE annual survey of the operations of the nine principal banks of Berlin, which is reproduced by "L'Economiste Europeen" of March 12, shows only a trifling improvement in 1908 over 1907. The total net profits of the banks were 122,200,000 marks ($29,200,000), which was an increase of only 860,000 marks over 1907. The largest increase was at the Disconto-Gesellschaft, where the amount was 1,110,000 marks and afforded profits in 1908 of 20,070,000 marks. The profits of the Deutsche Bank were 30,670,000 marks, an increase of 350,000 marks over 1907. The profits of the Dresdner Bank were 19,290,000 marks, which was a loss of 210,000 marks. All the banks, however, paid the same dividends as in 1907 except the Dresdner, which raised its rate from seven to seven and one-half per cent. The rate paid by the Deutsche Bank was twelve per cent. and by the Disconto-Gesellschaft nine per cent. The total liabilities of the nine banks, apart from capital and surplus, increased from 4,512,700,000 marks in 1907 to 4,658,100,000 marks ($1,106,000,000) in 1908. The assets quickly realizable increased from 2,905,900,000 marks in 1907 to 3,104,100,000 marks in 1908. The items for 1908 included acceptances, 508,500,000 marks; commercial paper, 1,454,300,000 marks; advances on securities (reports), 819,700,000 marks; and securities, 321,500,000 marks. The largest increase was in reports, which in 1907 were 674,700,000 marks.

THE BANK OF SPAIN IN 1908.

THE annual report of the Bank of Spain for 1908 does not show radical changes of policy or in character of business during the year. The circulation was increased temporarily by the operations required for the withdrawal from circulation of the fraudulent five-peseta pieces. The total amount of notes outstanding mounted for a time to 1,700,000,000 pesetas, but was reduced on December 31st to 1,642,000,000 pesetas ($317,000,000). This was an increase of 85,000,000 pesetas over the circulation at the close of 1907, and would have been a very unfavorable development but for the special reason assigned.

The movement of accounts into and from the bank did not show any net increase except through government transactions. The volume of commercial discounts during the year showed, however, an increase of 125,482,000 pesetas ($24,250,000)—from 983,784,000 pesetas at the close of 1907 to 1,109,266,000 pesetas at the close of 1908. The profits of the bank were 60,539,106 pesetas, an increase of 2,278,869 pesetas over 1907, but costs of administration, which were 19,076,598 pesetas, showed an increase of 1,707,439 pesetas. The amount applied to dividends was 29,250,000 pesetas.

THE PROPOSED BANK OF HUNGARY.

THE question of an independent Hungarian bank of issue has reached an acute stage, in spite of the strong opposition of leading economists and financiers. Kossuth, the Hungarian Minister, has recently declared that he was not opposed in principle to the project of a separate bank. The Parliamentary committee on the subject has already received an elaborate report which concludes that the privilege of the Austro-Hungarian Bank, which expires December 31, 1910, should not be renewed in its present form and that the government should present sooner or later a measure providing for the creation of an independent Hungarian bank. The report advises that the Chambers approve the negotiations entered into at Vienna with a view to harmony between the future Bank of Hungary and the Bank of Austria. If these negotiations fail to bring about an agreement, however, it is advised that this should not prevent the creation of an independent Hungarian bank. According to the Vienna correspondent of "L'Economiste Europeen," in its issue of March 12 last, this report has been printed and distributed to members of the Chamber, but the government has demanded of the Chambers not to take it up for discussion while the matter is still under negotiation with the Austrian Government. The government even refuses before the conclusion of these negotiations to reveal their results to the Chambers.

BANKING PROGRESS IN FRANCE.

A CONSIDERABLE increase in the resources of the five big French joint-stock banks is shown in the semi-annual summary made by M. Edmond Théry, editor of "L'Economiste Européen" in the issue of February 26th last. It appears that from December 31, 1907, to December 30, 1908, cash on hand or on deposit increased from 329,200,000 francs to 407,200,000 francs; commercial assets, from 2,413,800,000 francs to 2,722,100,000 francs; debtor current accounts, from 1,203,400,000 francs to 1,226,900,000 francs; deposits and creditor current accounts, from 3,424,300,000 francs to 3,998,400,000 francs. The gains are pretty well distributed in proportion to their relative resources between the *Credit Lyonnais*, the *Comptoir National d'Escompte*, the *Societe Generale*, and the two smaller institutions. The *Credit Lyonnais*, however, shows a gain of only 3,600,000 francs in cash, compared with the strengthening of resources in this respect by the *Comptoir d'Escompte*, by 31,000,000 francs and the *Societe Generale* by 23,800,000 francs. M. Théry declares that the low rate of interest outside the Bank of France and the large amount of stocks carried denote an abundance of capital on the Paris market. He says, however, that apart from the economic signs which tend to demonstrate it, the situation of the joint-stock banks does not show that increase in deposits at sight would prove that capital has been diverted from participation in enterprises requiring time to seek refuge in temporary employment, while awaiting the revival of industry. On the contrary, the increase of available funds at the banks, which was considerable during the closing months of 1908, arose almost entirely in the accounts of correspondents. This is attributable to two causes—first, the fall of the rate for money on foreign markets, in connection with the political disquiet which disturbed the closing months of 1908 and provoked the return to France of considerable sums previously employed abroad; and second, the preparation for the important financial operations which awaited only a favorable occasion.

THE FINANCIAL POLICY OF JAPAN.

AN interesting summary of the steps taken by the Government of Japan to maintain its high credit and meet the results of the crisis of 1907 has been sent to THE BANKERS MAGAZINE by Mr. Motoshi Kato, Secretary of the Industrial Bank of Japan at Tokio. The fact has already been announced that Japan had decided upon a policy of rigid retrenchment and postponement in public works, rather than to risk loans under unfavorable conditions. Mr. Kato sums up the character of these arrangements substantially as follows:

I. For continuing expenditures, the source will be sought in permanent revenues. Expenditures which were formerly met by loans have been so arranged as to be defrayed from the general account, so that no new loans will be raised, except some of a special nature, like the Formosan Public Works Loan.

II. All possible economy is being effected in general expenditures, new appropriations being avoided, except for the most urgent purposes.

III. In order to limit expenditure of a continuing nature and to adjust expenditure to revenue, many changes have been made in the period allowed for carrying out certain objects.

IV. In order to maintain the credit of government bonds and to gradually raise their value in the interest of the bondholder and to exert a wholesome influence upon public credit, the minimum amount of bonds to be redeemed annually has been fixed at 50,000,000 yen ($25,000,000).

V. In order to place the finances of the state-owned railways upon a self-supporting basis, the railway budget has been separated from the general account.

The aggregate amount of profit from the Imperial railway during the fiscal year 1910 is estimated at 38,100,000 yen. Of this sum the amount to be paid into the consolidation fund for liquidating railway loans is 29,900,000 yen. Of the remainder of 8,100,000 yen 600,000 yen will be carried over, and the balance of 7,500,000 yen will be devoted to construction and improvements, for which the total ultimate expenditure is estimated at 29,100,000 yen.

Retrenchment under the heads of various departments have been made to the amount of 5,257,673 yen ($2,600,000). The bank-note circulation was reduced during 1907 by about 100,000,000 yen. This has tended to strengthen the position of the bank, but has resulted in firm rates for money and an increase in the interest rate offered to depositors.

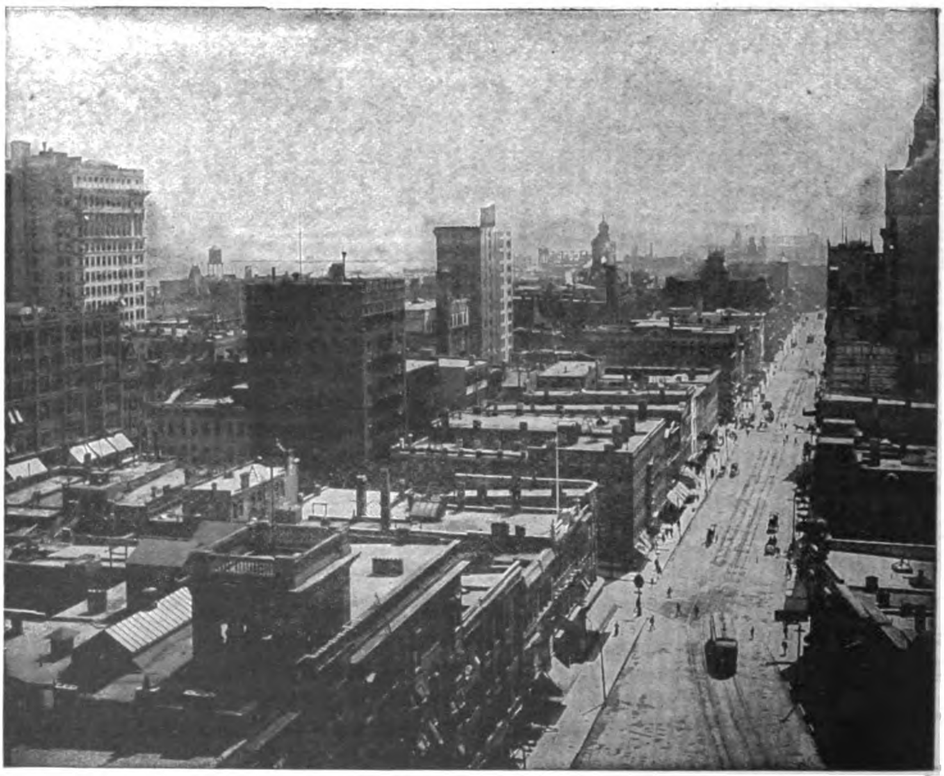
Milwaukee, from the Bay.

MILWAUKEE.

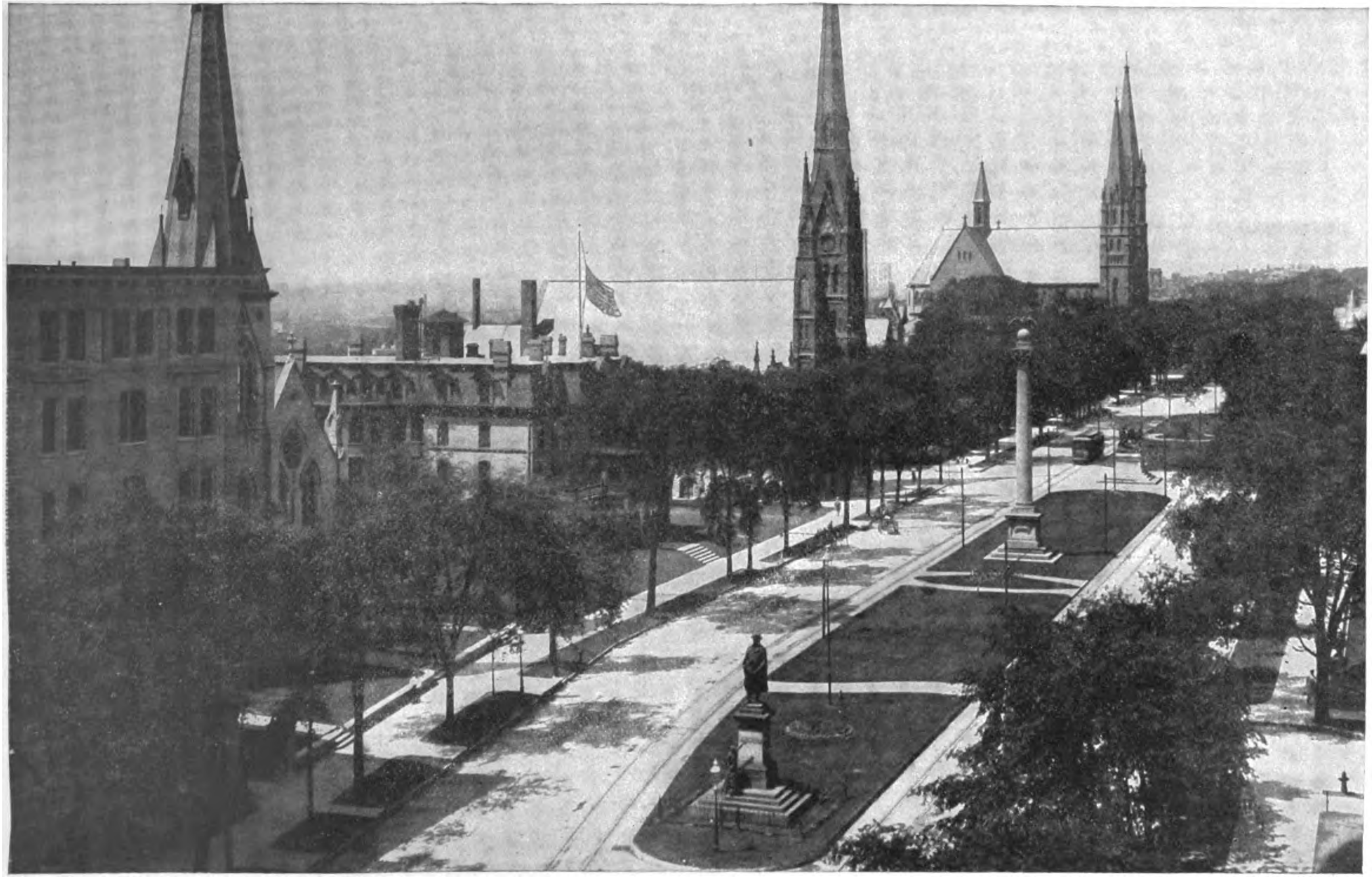
One of the Twelve Leading American Cities.— Diversity of Interests the Basis of Substantial Development.

By Edward White.

MILWAUKEE occupies a high place among the American cities of opportunity because of the great diversity of its opportunities—because of the wide range of its possibilities. We see one city forging ahead by presenting unusual inducements for the investment of capital; another's progress is due to the superiority of its facilities as a wholesale market and manufacturing center; another becomes great through the excellence of its educational advantages, its encouragement of art and its development of science; but it rarely occurs that all of these essentials in the scheme of material progress are so fully afforded by any one city as they are by Milwaukee.



Bird's Eye View South from City Hall—Milwaukee's Busiest Section.



Grand Avenue from Eighth Street—A District of Churches, Libraries, Clubs and Monuments.

MILWAUKEE CITY HALL
One of the Finest Municipal Buildings in the West.

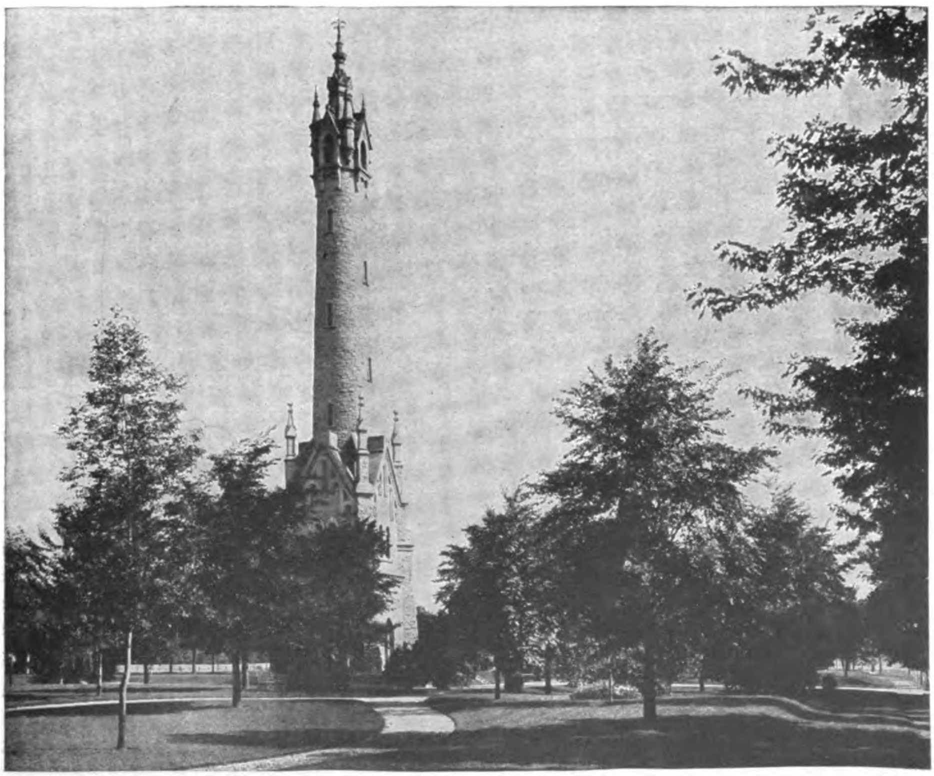
Primarily, of course, Milwaukee was built upon the geographical economy of its location. While it is true that it is only 85 miles to the north of Chicago, it is still true that it is that much nearer to Eastern markets by water transportation and within a shorter rail haul of the great grain fields and lumber districts of the Northwest. With these important facts in its favor, it began early in its history to extend their utility by the establishment of various manufacturing plants in the valleys of the Milwaukee river and its branch.

These have grown in number and importance until the city is known throughout the world as a

Great Industrial Center.

In 1908 there were 3,845 manufacturing establishments in the city, operated with a total capital of $219,815,097, employing 91,346 persons and turning out products valued at $302,228,356. The value of products showed a slight decrease from the year 1907, although there was an increase of 375 establishments and $5,089,828 in cap-

Industries.	Amount of wages paid.	Amount of capital employed.	Value of the year's production.
Iron, steel, and heavy machinery	$ 4,267,584	$ 28,731,082	$ 32,711,874
Leather	3,096,000	18,119,000	25,550,000
Packed meats	1,100,995	7,069,869	25,408,147
Beer and malt tonics	2,983,500	49,710,000	22,704,340
R. R. equipment and supplies	3,141,121	10,355,000	10,725,000
Men's and boys' clothing	1,815,597	4,850,970	10,158,170
Building	2,223,905	2,625,000	9,604,835
Electric and telephone supplies	1,450,590	3,650,000	8,271,540
Flour and feed	283,340	2,450,000	7,533,458
Boots and shoes (factory)	1,552,100	2,680,550	7,337,000
Agricultural implements	1,354,724	2,943,288	6,850,856
Distilled and rectified liquors	377,559	2,348,000	6,420,630
Women's clothing	852,575	1,419,405	5,871,152
Totals	$24,499,590	$136,952,164	$179,144,002



WATER TOWER PARK
A Spot Suggestive of Pure Water Supply.

ital invested. This report, which was compiled by Charles W. Miller for the Milwaukee Sentinel, embraces 101 leading lines of manufacture, and includes nearly every device and appliance of the useful arts. As will be seen by the table on page 817, nearly 60 per cent. of the value of the products and more than 60 per cent. of the capital invested are credited to 13 lines:

Milwaukee's Rank.

According to figures compiled by the writer of this article, Milwaukee is the seventh city in the United States in the value of its manufactured products, although only eleventh in population. Since the year 1900 its output in all lines has nearly doubled in value, a greater rate of increase than any of the leading cities save two—Chicago and Cleveland.

As a Wholesale and Jobbing Center.

According to figures prepared by Mr. Miller, the sales of Milwaukee's wholesale and jobbing houses for the year 1908 amounted to $416,426,788, the value of manufactures handled as jobbing to $209,061,647, and county produce sold by Milwaukee commission merchants to $89,339,597, making a total wholesale and jobbing business of $714,828,032, and giving it rank as one of the leading wholesale centers of the United States.

Strong as a Financial Center.

Milwaukee is known among the bankers of the country as one of its most substantial financial centers. The reputation has not been acquired by ultra conservatism, but by sound banking methods, backed by a business community of wealth and conscience. The accompanying report recently prepared shows a steady increase in every item from 1896 to 1909:

Remarkable Panic Year Record.

By the table it will be seen that the increase in deposits in the thirteen

	1896.	1899.	1902.	1905.	1908.	1909.
ASSETS.						
Loans and Discounts	$19,057,348.50	$29,227,142.54	$34,503,385.22	$36,784,159.80	$43,050,756.37	$44,112,481.65
Overdrafts	85,417.88	265,538.90	220,996.45	191,554.53	102,730.39	128,364.05
Bonds and Securities	2,837,059.62	5,586,010.34	7,282,837.93	9,479,048.34	16,614,249.04	17,838,994.97
Real Estate, Buildings, Etc.	962,341.88	1,011,529.74	449,687.24	1,016,032.82	1,127,206.79	1,208,759.19
Due from Banks and Cash Items	5,648,283.00	8,888,752.10	13,310,223.63	13,280,133.42	16,268,804.26	19,197,433.02
Cash on Hand	4,441,676.33	5,646,220.55	4,598,238.67	5,245,219.47	6,912,762.67	7,154,342.39
Total	$33,032,127.21	$50,627,324.67	$60,365,369.14	$65,996,148.38	$84,106,509.52	$89,640,375.28
LIABILITIES.						
Capital	$4,450,000.00	$4,250,000.00	$5,050,000.00	$5,400,000.00	$7,150,000.00	$7,950,000.00
Surplus and Undivided Profits	1,275,259.52	1,486,414.10	2,869,967.59	2,771,207.00	5,032,547.65	4,050,857.10
Circulation	823,900.00	513,000.00	662,500.00	2,044,450.00	4,496,600.00	4,558,300.00
Deposits	26,254,848.06	44,374,297.83	51,783,001.55	55,780,491.38	66,837,966.00	72,761,326.60
Other Liabilities	228,119.63	3,612.74			589,395.87	319,891.58
Total	$33,032,127.21	$50,627,324.67	$60,365,369.14	$65,996,148.38	$84,106,509.52	$89,640,375.28

MILWAUKEE RIVER FROM MICHIGAN STREET BRIDGE
Showing Architectural Adornment of an Unusual Order for Harbor Section.

years was more than 200 per cent., and that there was an increase of nearly six million dollars, or almost ten per cent., in the panic year of 1908. This showing is made by few other large cities in the country, and goes to the credit of Milwaukee as a most wonderful achievement. It reflects the confidence of Milwaukee business men in the city's financial institutions.

Panic Decline of Clearings.

The following table compiled from the report of the Comptroller of Currency for 1908 shows the percentage of the decline of clearings for the year ending September 30, 1908. Several cities, including St. Paul, Kansas City, Omaha, and Denver, showed slight increases, but it will be seen that of the cities showing a decline Milwaukee stands first in the matter of the lowest percentage:

	Percentage of Decline of Clearings.
Milwaukee	3.4
Minneapolis	3.9
St. Louis	5.1
Chicago	6.9
Grand Rapids	8.2
Philadelphia	9.0
Washington	12.8
Cincinnati	14.1
Baltimore	16.1
Cleveland	16.1
Louisville	16.9
Boston	17.1
New Orleans	20.9
Pittsburgh	21.2
New York	23
San Francisco	26.8
United States (all clearing-house cities)	18.7

Not Too Many Banks.

A feature of banking in Milwaukee that is indeed commendable is the small number of banks in the city. Although Milwaukee is approaching the four hundred thousand mark in population, it has only fourteen banks of all kinds, and of course all are paying institutions. The intense rivalry of some cities is comparatively unknown; in fact, there is an ever-prevailing disposition among the banks to be helpful to one another. This spirit will count for more in times of financial trouble than any other influence. Milwaukee may be rated as a model city in the banking world.

THREE BANKS' GAINS.

A RECENT compilation of banks and trust companies with deposits of $10,000,000 and over, shows that there are in the United States 151 such institutions out of the twenty thousand banks and trust companies in the country. Comparing the gains in deposits since 1900, the First National Bank of Boston is found to stand at the head of the list, with percentage of increase of 2411.

It is a singularity that the three banks that show the greatest gains in deposits since 1900, are all named "First." These are the First National Bank of Cleveland, whose deposits in eight years since 1900 grew from $2,178,000 to $26,365,000, a gain of $24,187,000, or 1111 per cent.; the First Trust and Savings Bank of Chicago, which has made a similar gain since December, 1903, the date of its statement, or from $2,344,000 to $34,915,000, a gain of $32,571,000, or 1390 per cent.; and the First National Bank of Boston, which shows a gain since December, 1900, from $2,184,000 to $54,835,000, an increase of $52,651,000, or 2411 per cent.

Nothing else in the banking line approaches the gains of these three "First" banking institutions.

BURIED TREASURE UNEARTHED.

AN associated press dispatch from Portland, Oregon, says that Richard Cornett unearthed $2,000 in gold dust and nuggets while spading in his potato patch near that city. The treasure, which was in a rusty tin box, is supposed to have been buried by an old Australian miner, who died in a cabin on the property over 30 years ago.

After the box had been found it was discovered that the place had been marked by twenty-two spikes driven in a log nearby. They were in a row pointing toward the treasure, which was just twenty-two feet away.

The old miner had confided to his neighbors that he was rich, but no one believed him. Now that the treasure has been uncovered, hundreds of the residents are searching for more.

CURRENT OPINION

WHY BANKS NEED DEPOSIT INSURANCE.

JOHN SCHUETTE, president of the Manitowoc (Wis.) Savings Bank contributes the following arguments in favor of the banks insuring their deposits:

By the failure of but a few banks in 1907, the whole country was thrown into a panic by which, as one ex-president of the American Bankers' Association estimates, the country sustained a loss of over two thousand million dollars, owing to loss of confidence which paralyzed every branch of industry. Now mark, the direct loss to depositors in failed national banks was less than one million dollars, consequently, by safeguarding the depositors at the cost of only one million dollars we could have saved the indirect loss of two thousand million dollars, besides the nervous shock and worry to a whole nation.

The promise of better laws, and enforcement thereof, will never prevent bank panics, for it is an impossibility to so control the 26,000 banks that no bank can fail, and as no one can tell which may fail, the people will not feel safe.

It is about the same as lightning; while it strikes but one in a million, many thousands get a nervous shock every time they hear and see a flash; while we cannot insure ourselves against this, we can against the panic flashes; another proof that better laws will not pacify the people.

Would the people of a city feel safe where they carried no insurance on their buildings, because the city officials promised strict ordinances, regulations and enforcement, and each individual would be continually on guard to prevent fires? Not much; they will feel a continued unrest, and when only one house out of a thousand is on fire, they would like to put their houses into safety boxes if that could be done; and if there are added a few more fires, they will get into a panic. This would be the kind of confidence depositors would have in promises of better regulations of banks.

If the people were given an opportunity to vote separately on the insuring of deposits, not only would the depositors nearly unanimously vote in favor of it, but also all others who sustain the greatest loss resulting from bank failures.

This has been recognized by our politicians and legislators, but the strong prejudice against Bryan, who fostered the plan, and the influence of selfish bankers who condemned it, has so far influenced Congress to hesitate in enacting a general deposit insurance act, and to go slow, and try first to protect only the poorer class by guaranteeing their deposits in Postal Savings Banks.

I could not unselfishly oppose this, were it not that it will only protect a small number, and not prevent panics, while something far better can be attained by which one and all can be protected and panics prevented.

I am as much opposed to paternalism as any one; I believe in the maxim "that the government should not do what can be done as well by its citizens." But when there is a great disturbing element in our banking system which the bankers can easily remedy and fail to do so, and when even the most influential oppose remedial measures offered, then they have no reason to complain if the government steps in and performs its duties as prescribed by the constitution, which declares that it will protect and promote the general welfare of its people.

SMALL BANK ACCOUNTS.

RECENTLY several of the up-town banks of New York city announced that a charge of $1 per month would be made on checking accounts which fell below $200. This decision has met with opposition and harsh criticism and has even been discussed editorially by the newspapers. The following letter addressed to the Editor of THE NEW YORK TIMES by one who signs himself "Fair Play" may help to a better understanding of the position assumed by the banks:

With reference to your editorial on the question of banks charging their customers $1 per month when the account averages under $200, is it fair to criticise a bank for discontinuing that part of its business which shows a loss?

Membership of these banks in the New York Clearing-House, which membership is an added protection to depositors, requires them to keep twenty-five per cent. cash reserve in their vault. This means that on every $100 of deposits there remains but $75 to loan. By custom they must furnish passbook, check books, deposit slips, postage, etc., free of charge—all to be paid for out of the interest of $75, to say nothing of rent, clerk hire, taxes, dangers of forgery, accidental overpayment of small accounts, etc.

Many people are quick to criticise what they call the small salaries of bank clerks, yet seem to expect all the facilities and conveniences of the modern bank free of charge.

The person that honestly needs a bank account can well afford to pay $1 per month when his average is under $200, and those that have been keeping all over $50 or $100 in a savings bank to get the interest while using a commercial bank as a convenience will merely have to readjust their account.

I think you will find that any bank will be entirely willing to keep an account on which it can come out even, but to expect it to conduct an account at a loss in the hope that the depositor may some day be rich and allow it to make money on his account —if he does not go to another bank by then —is manifestly unfair.

OUR PREPOSTEROUS BANK-NOTE SYSTEM.

THE Wall Street Journal in its issue of April 6, has this to say about a bond-secured currency:

The last monthly statement by the Comptroller of the Currency on the condition of the national bank-note circulation throws a lurid light upon the operation of our bond-secured note system. With money going begging in New York at less than two per cent., with gold exports drawing away the surplus of currency even under a discount rate of two and a half per cent. at the Bank of England, and with bank officers racking their brains to find a means to make profitable use of surplus deposits, our beautiful system of bank note issue has resulted in an expansion of $10,553,505 in bond-secured notes in a single month.

To the uninitiated, and even to one who understands the defects of the system, this sudden expansion under such conditions will probably present a mystery. The explanation, however, is not far to seek. Government bonds on deposit in the Treasury to protect deposits of public money in the banks dropped within the month from about $64,000,000 to $54,000,000, as the result of the call by the Treasury for the surrender of the deposits. The banks did not want to part with the bonds. Therefore, without regard to the demand for currency, they calmly transferred the $10,000,000 in bonds released against deposits to the account of circulation.

If it had been the intent of the Secretary of the Treasury to tighten up the money market and check gold exports by withdrawing money from circulation, his purpose would have been defeated by the issue of new bank notes against the bonds released. The actual situation is even worse, since the Secretary of the Treasury is required, as the result of a large deficit, to pay out almost at once the currency withdrawn from the banks. Thus, the volume of circulation is not only not reduced by the reduction of deposits in the banks, but a new inflation of useless bank notes is superadded to the mass of idle currency already in the market.

One of the proofs that the present circulation is ridiculously redundant is the rapidity with which bank notes pile up in the Treasury cash for retirement, even under the extremely slow and ineffective system provided by the national banking law. Secretary Cortelyou was nearly swamped with this influx of bank notes last summer, when the maximum in the Treasury cash reached about $67,000,000. The employment of an extra force and persistent work has reduced the amount at the present time to about $22,000,000, but the extent of the influx may be judged by the fact that the notes redeemed and retired since the beginning of the fiscal year on July 1 last, have reached $77,870,485.

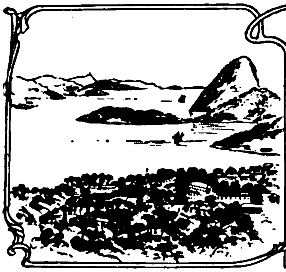
This is entirely apart from current redemptions, where the notes go back to the banks for reissue. The volume of notes received in this way from July 1, 1908, to April 2, 1909, was $321,787,628.

BANK NOTE REDEMPTION.

ON April 1 the Comptroller of the Currency put into effect a plan whereby the banks whose five per cent. redemption fund is good for the redemptions as they come in, will have their new notes shipped to them the day the old notes are redeemed, instead of waiting for a week or ten days, or even longer, as under the old plan. The old method of redemption of bank notes is cumbersome and full of delays, and has been a source of irritation to the banks for many years.

Under the plan which went into effect the 1st of April, the new notes will be shipped to those banks whose redemption fund is good, as soon as the old notes are received by the Comptroller of the Currency. The redemption agency of the Treasurer's office will simply send to the Comptroller of the Currency direct, a list of the banks whose notes have been redeemed that day, and are entitled to receive new notes, and the Comptroller will, through his issue division, ship the new circulation immediately. The long processes incident of redemption in the various divisions will, of course, follow after the notes have been shipped.

The only delay in the redemption of national bank notes which affects the interests of the banks is that between the time of shipment of lawful money by them to reimburse the redemption fund, and the receipt by them of the new notes in place of those redeemed. Through the new plan this time will be reduced by a week or ten days, which will be a very material saving to the banks.



LATIN AMERICA

IN the century that has passed, the development of North America has, on the whole, proceeded faster than the development of South America: but in the century that has now opened I believe that no other part of the world will see such extraordinary development in wealth, in population, in all that makes for progress, as will be seen from the northern boundary of Mexico through all Central and South America.—*Theodore Roosevelt.*

WHAT IS BEING DONE IN MEXICO.

PRESIDENT DIAZ, of Mexico, in his recent message to Congress, referred at some length to the internal improvements which have been made or are now under way in the Republic. We give parts of the message as follows:

Improvements at the Capital.

With a view to the improvement of the southern portion of the capital, work has continued on the opening and alignment of Avenida Netzahualcoyotl, formerly 22d avenue, and in the prosecution of this work it has been necessary to buy fifteen houses at a cost of a little more than $77,000.

In the works for the sanitation of the capital, 2000 meters of main sewers and more than eight thousand meters of lateral sewers have been laid and for the purpose of flushing them 75-centimeter iron pipes, aggregating one kilometer in length, have been provided.

Asphalt pavement has been laid in forty-nine streets with an aggregate area of more than 83,000 square meters, and twenty streets have been provided with cement sidewalks aggregating more than 11,000 square meters.

In the outskirts of the city, cobble pavement, of a total area of thirty-three thousand square meters, has been laid.

Gardens have been laid out in the squares of La Ciudadela, Santa Catarina, San Sebastian and San Lucas and at the intersection of Chapultepec and Guaymas avenues. The capital is at present embellished by forty-four public gardens, of an aggregate area of 250,000 square meters.

Road Improvement.

The first two sections of the Paseo de la Reforma and their respective glorietas, having an aggregate area of nearly 32,500 square meters, have been laid with asphaltoleum.

On the Tlalpam road, the system of sprinkling the surface with oil has been tried for the first time in Mexico; in other countries it is regarded as an efficacious method of conservation.

Telephone Lines in Tepic.

In the Territory of Tepic, seven new telephone lines have been strung, making a total of thirty-five in addition to three lines at the capital of the territory.

New School Buildings.

The building erected for the "Manuel Lopez Cotilla" superior primary school, recently erected at Mixcoac, is now in use, and as the adaptation of a building bought at Tacubaya for the accommodation of the "Guillermo Prieto" superior primary school has been completed, there are at present in use seven large superior primary schools belonging to the nation. In addition, seventeen other buildings have been erected and are being utilized for primary schools.

New Industrial School.

To-day have been opened the classes of the first superior primary industrial school established in Mexico in the "Pablo Moreno" superior primary schoolhouse, where the pupils will receive simultaneously the finishing course of their elementary education and such instruction as may enable them to take up an industrial career.

Improvements in National Libraries.

New roofs have been provided for eight departments of the lateral aisles of the National Library with a view to the installation of additional rooms; in these latter metallic shelves, with capacity for seventy thousand volumes, have been placed. A complete renovation of the floors and fixtures of the library has also been undertaken, as, owing to their great age, they were a menace to the safety of the books.

Metallic shelves are also being installed in the library of the National museum.

Scientific Expeditions.

Among the more noteworthy scientific expeditions effected in recent months, special mention should be made of that undertaken by the Pathological Institute in furtherance of the investigations which it is conducting in the southern portion of the republic as to the "pinto" malady; and the archaeological exploration of the ruins situated in the southeast of the state of Chiapas. The result of this latter expedition has been the transfer to the National museum from the temples situated near the Usumacinta river, of the panel that completes the famous Cross of Palenque.

WHAT BRAZIL NEEDS.

CONSUL J. W. O'HARA, of Santos, says:

One of the greatest needs in developing a trade with this country (Brazil) is a reliable American banking house. Such an institution would not only be of advantage to the exporter and importer, but if properly managed would be a good investment for American capital.

About $14,000,000 worth of coffee was invoiced from this consulate and shipped to the United States during the months of October, November, and December, 1908, and every dollar of this vast sum paid tribute to European banks and bankers. If an American banking house were located in this city, there is no doubt but that it would secure its fair proportion of the business and at the same time be of great service to Americans doing business with the people of this country in the matters of arranging credits, discounts, and collections.

A line of steamers flying the American flag, with first-class accommodations for passengers, making the trip from New York to the River Plate, stopping at the most important ports of Brazil, would not only be of great convenience but the greatest advertisement the United States could have. Such a line would improve the mail and passenger service between the two countries, would give an opportunity to the people of the United States to visit South America with ease and comfort without the necessity of traveling via Europe, and would turn the tide of travel from this country to New York instead of to Europe and, most of all, such a line would inspire confidence. There has been but one American merchant ship in this port in a year—a sailing vessel in distress.

THE OLD AND THE NEW PERU.

A Story of the Ancient Inheritance and the Modern Growth and Enterprise of a Great Nation.

UNDER this title a new book on Peru has just been published by Messrs. George Barre & Sons of Philadelphia. The author, Marie Robinson Wright, has also written similar works treating of "Picturesque Mexico," "The New Brazil," "The Republic of Chili," "Bolivia," etc. She is a member of the Geographical Society of America, Geographical Society of Brazil, Historical and Scientific Institute of Sao Paulo, and the Geographical Society of La

Banco Populer, Lima.

Paz. She has travelled for fifteen years in the Latin-American countries.

The volume is a magnificent quarto, printed on heavy paper, and embellished with between 300 and 400 illustrations, showing the ancient ruins, interesting types of people, scenery of the country, views of modern buildings, streets, etc.

A land of great antiquity, of fascinating romance and marvellous tradition, Peru is one of the most interesting of the South American nations. Indeed, it has been so interesting on account of its antiquity and romance, that the modern progress of the country has hardly received the attention it deserves.

While the present volume treats quite extensively with the "Old Peru," it also aims to give a faithful description of the progress and development that are evident in every feature of the national life as reflected in the social, political, industrial and commercial institutions of the "New Peru."

The introduction to this work declares that "The prosperous future of Peru is assured by the patriotism, energy and enterprise that are apparent in every feature of the national life, and it is certain that the present century will see the wealth and greatness of the country increased beyond anything dreamed of in the days of the Incas and the viceroys."

Lima Savings Bank.

The chapters dealing with Peru's ancient civilization, the antique monuments and the conquest by Pizarro, have all the charms of romantic history, while the description of the reign of the viceroys and the inauguration of a republican form of government mark the progress to the adoption of modern political ideas.

The natural resources of the country are fully described, and its financial, commercial and manufacturing progress set forth attractively and accurately.

Street Scene, Arequipa.

We have been for some time pointing out to Americans the advantage of gaining a closer acquaintance with the peoples and countries of Latin America. "Old and New Peru" contains a history and description of a most interesting people and a country rich in the materials constituting natural wealth. To know Peru better will be profitable to American bankers and business men. To gain that knowledge through this beautiful and delightful book will afford a rare pleasure.

TRADE WITH LATIN AMERICA IN 1908.

EXPORTS from the United States to Latin America for the calendar year 1908 show a fall of about $44,000,000 from the figures for 1907 and of about $20,000,000 from the figures for 1906. Sales to Central America show a shrinkage of some $4,000,000, and sales to Mexico fell off about $21,000,000. Cuba's purchases show a reduction of $10,000,000, and sales to South America fell off by about $9,000,000. Four of our sister republics show increased purchases, and sixteen show reduction.

It is difficult to analyze satisfactorily this shrinkage in sales. The general trade depression throughout the world accounts for a part but not for all of it. That depression does not adequately explain a loss of $4,000,000 in Brazilian trade and a gain of $3,400,000 in sales to Argentina. It does not account for the drop from $1,500,000 to $75,500 in sales of lumber to Chile. That is doubtless explained by the Valparaiso earthquake of 1906 and the abnormal demand for lumber in 1907 and 1908. In the two years prior to that experience our lumber sales to Chile averaged $350,000. The market was probably overstocked by purchases in 1907, and the requirements for 1908 fell far below the normal. South American purchases of steel rails dropped from $2,437,000 in 1907 to $817,000 in 1908, while Mexican purchases increased from $1,000,000 to $1,900,000; and Mexican purchases of structural steel decreased from $936,000 in 1907 to $654,000 in 1908, while South American purchases of that commodity increased from $735,000 to $914,000 and Cuban purchases increased from $422,000 to $682,000. The greatest fall in any single item of Latin American trade appears in lumber, in which the total decrease was about $6,000,000.

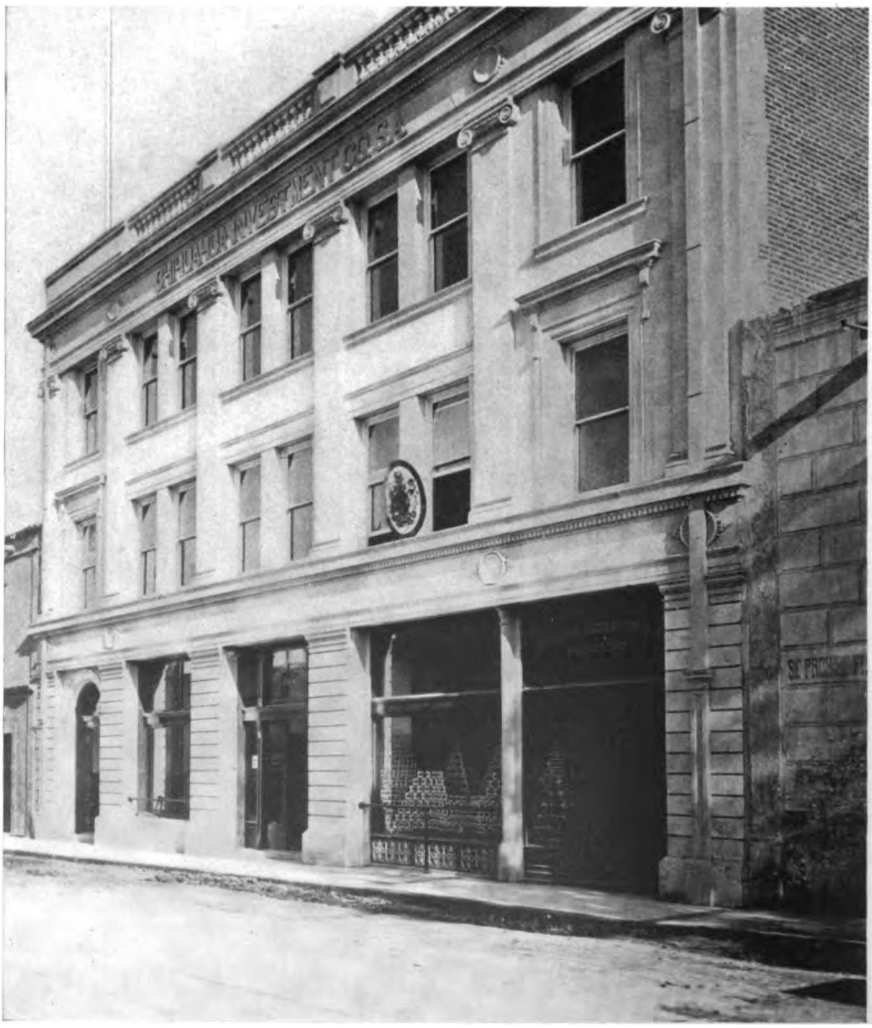
There was a falling off in shipments of cotton cloth, electrical machinery, builders' hardware and sewing machines. A few items show increase in some of the accounts. Argentina bought more agricultural implements in 1908 than in 1907, and purchases of wheat flour throughout Latin America held at about the figures of 1907. South America increased its purchases of illuminating oil and reduced its purchases of meat and dairy products. Returns have not yet been received from the various countries showing their total imports, and it is therefore impossible to say whether the shrinkage in American sales is greater or less than that shown in the sales of our competitors. The indications are that European sales have been better maintained than have those of this country. The certainty is that Europe gets every year a vast commerce that could be brought to the United States by better business methods and a decent transportation service.

The total imports of the twenty Latin American republics approximate $1,000,000,000 a year, and the United States gets only about one-fifth of the business. Had proper attention been given to this trade during recent years the requirements of our neighbors would now be turning idle wheels in this country and putting dollars into the pockets of many wno are out of employment.

MEXICO WANTS IMMIGRANTS.

THE *Mexican Herald* wants to see an influx of European immigrants to Mexico. It states that "a movement of this character has already been started, one sign of which is the immigration of

'homeseekers' from north of the Rio Grande, who are settling in states as far apart as Tamaulipas and Oaxaca, Chihuahua and Vera Cruz. Immigration, of the right sort, of men who will add to the producing and consuming power of the nation, is the prime need of Mexico to-day. Every industry and activity in the country would benefit by a large immigration. The manufacturing plants of the country are increasing in productiveness, and would greatly profit by an inflow of consumers, men of the class that has made Canada so busy commercially; agricultural productiveness would benefit, and the exports of the nation would be greatly augumented, enhancing its buying power and making up, in greater or less measure, for the depression in the silver-mining industry. And general trade and banking here would flourish with the settling on the land of thousands of intelligent small farmers. In 1907 the United States received 1,285,000 immigrants, and in 1908 the total was 782,870, though the panic caused a large outflow of the poorer class of Europeans. By energetic and well-planned effort, this country should be able to divert to the shores of Mexico a part of the great stream of human beings coming from Europe."



Chihuahua Investment Co., Chihuahua, Mex.

BANCO MERCANTIL DE MONTERREY.

AT the annual meeting of the shareholders of the Mercantile Bank of Monterrey, N. L., Mexico, held on March 14, a dividend of $250,000 was paid, equal to ten per cent. on the capital of $2,500,000.

The balance-sheet on December 31 showed: deposits, $2,134,193.93; capital, $2,500,000; surplus and profits, $232,869.49; cash, $755,427.10; total resources, $6,759,504.83.

CHIHUAHUA INVESTMENT COMPANY, MEXICO.

ONE of the liveliest cities of Mexico is Chihuahua, the capital of the state of that name. It is growing rapidly and substantially and already has many of the advantages of large modern cities. Among the other financial institutions located here is the Chihuahua Investment Company, incorporated in 1902 to take over the interests owned by Wm. Dale and Thomas Dale, doing a business in real estate, mining, merchandising and banking under the style of Dale Bros. & Co.

On June 30, 1908, the company reported:

Capital	$30,000
Surplus	270,000
Undivided profits	100,360
Deposits	729,136

In addition to its banking business the Chihuahua Investment Company has been interested in the development of real estate in the Pacific Colony, one of the well-located and growing portions of the City of Chihuahua.

WILLIAM DALE

President Chihuahua Investment Co.

THOMAS DALE

Vice-President and Treasurer Chihuahua Investment Co.

Within about a year the company moved into its new building, which is shown in an accompanying illustration.

The president of the Chihuahua Investment Company is Wm. Dale, and the vice-president and treasurer, Thos. Dale. They have been in Chihuahua for a quarter of a century, enabling them to have a good knowledge of investments in that part of Mexico.

NEW MEXICAN AMBASSADOR.

SENOR F. L. de la Barra is the new Mexican ambassador to Washington. He is a small man and of slight build. He speaks English fluently, though with considerable accent. His father was an illustrious character in Latin-American history. A Chilian by birth and a general in the army of that country, he rendered valuable service to Mexico, the land of his adoption, where he served under the Liberal party in the war for reform against the Clerical party, and also in the war of French interference.

Mexico City is the birthplace of Senor de la Barra. He is a graduate of the School of Laws in that city. In diplomacy he has now come to be recognized as one of the foremost members of that profession

FRANCISCO L. de la BARRA
Mexican Ambassador to the United States.

(Senor de la Barra, the youngest of the foreign ambassadors in this country, was born June 16, 1863. He has had a thorough diplomatic training and has rendered his country important service by his negotiation of several of its treaties. He occupied a seat in the Federal Congress between 1891 and 1896.)

in Latin-America. He participated as a delegate at both the first and second Pan-American conferences, and was also a member of the Mexican delegation to the last conference at The Hague. As minister, he has represented his government at the capitals of all the South American states which border on the Atlantic seaboard, notably at Buenos Ayres, and has just been raised to the rank of ambassador, after having successfully filled the position of minister plenipotentiary to Belgium and Holland, with residence at Brussels.

MEXICAN QUICKSILVER DEPOSITS.

THE great importance of the silver industry in Mexico and the extensive use of amalgamation processes in the recovery of this metal gives particular interest to the use of local deposits of cinnabar as sources of supply to meet the demand for quicksilver.

The production seems for many years to have been insignificant, and the result is a large annual importation from the United States. The best known deposits are probably those in San Luis Potosi, Guerrero and Queretaro.

Mining and metallurgical methods have been so wasteful that the real possibilities of the deposits are very little known, but it seems probable that the active development of the deposits and the installation of modern furnaces would not only result in cutting off much of this market for the United States product but would also, through decreased amalgamation costs, make profitable the working of many low grade silver ores that are now neglected.

MEXICO AND THE FUTURE OF INVESTMENTS PLACED THERE.

A. BARTON HEPBURN, president of the Chase National Bank of New York, while on a recreation trip in Mexico recently, granted an interview with the Monterey News in which he said:

The business men, the financiers, capitalists, and the bankers of New York and the United States do not anticipate any disruption of affairs in Mexico when President Diaz dies.

Now that it is practically certain that President Diaz will be the chief executive of Mexico again after the expiration of his present term of office we do not in the least look for any disturbances of any kind that will result in the breaking of any financial ties between us. We do not believe that anything can happen in Mexico now, after she has so long enjoyed peace, and the prosperity and happiness that peace has brought to its people, that will retard in any way the development of our neighbor, or in the least sever the present friendly relations, financial and otherwise, between the two countries.

New York banks are not in the least apprehensive of the safety of any Mexican investment because of any reported possibilities of disturbance if President Diaz should die.

We consider that Mexico has long since learned to know the value of peace, and she realizes that revolution and strife within her borders will undo what has been accomplished.

No, we are confident that nothing will arise to disturb our interests, and we well know that the statesmen of the Republic will exercise too much good judgment to allow any serious trouble to occur.

At another time while in Mexico Mr. Hepburn said:

Mexican securities stand well in the United States, and we are now the largest holders of them. Mexican railroad securities, particularly since the merger, are very popular. I know through the great amount that our bank handles something of the stream of American money that is constantly pouring into Mexico, not only for paying for properties, but for payrolls, improvements and development. This money will continue to flow South. I have been greatly impressed with the potential wealth of this country and I think more money will come every year for agriculture developments. Heretofore, the greater part of American capital has been devoted to mining, but the richness of the soil and the attraction of the tropical and semi-tropical climate will, I am sure, attract more and more Americans to that branch of investment.

MEXICO'S VETERAN PRESIDENT.

COMMENTING on the approaching end of President Diaz' seventh term, the New York "Sun" says:

The seventh term of General Don Porfirio Diaz as President of the Mexican Republic will expire on November 30, 1910. The form of asking him by means of committees in the Federal District and the various states to accept another renomination has been complied with. Again he accepts. Again he "sacrifices his personal wishes." If this has the appearance of a comedy, the world knows that there are solid and supreme reasons for the long sway of Don Porfirio and that he may well be weary in his seventy-ninth year, and after a generation of uninterrupted power, for the interim 1880-84, when in compliance with the then Constitution, he did not succeed himself, was nevertheless overshadowed and controlled by him.

For that generation Diaz has been Mexico, and in that generation Mexico has become a prosperous, well ordered republic. The old tradition of revolution has been lost. Brigandage and violence, the inheritance of

The British Bank in Buenos Aires, founded in 1883.

(By courtesy The International Bureau of the American Republics.)

insurrections, foreign invasions and weak central governments, have been suppressed. The foreign bondholder has got his interest. The national credit of the state has been established and stands high. A great railroad system has been created. Industry and commerce have thrived. Compulsory education has been enforced.

Considering the simple wants of the greater part of the population, considering the financial, political and economic disorganization after—and before—the death of Juarez and his feeble successor, the present and now long existing peace and strength of the Mexican republic, the wisdom and the unvarying success with which President Diaz has governed it, attest him as one of the greatest statesmen, judging by the fruits of his statesmanship, of the nineteenth and the twentieth centuries.

It has been supposed that Senor Ramon Corral, the Vice-President, is to be the successor of Diaz. Apparently, however, Don Porfirio will stay at the helm of things as long as he lives. In view of the railroads, which make it easy to throw troops into any centre of insurrection, and the settled habits of a generation, it is perhaps unnecessary to speculate upon what will happen when—and may it not be for many years yet—Don Porfirio is no longer President.

COMMERCE OF THE GULF OF MEXICO.

As a part of the work of making the Gulf of Mexico the great commercial highway of America, both Mexico and the United States are bending efforts toward improving its ports. Much money has been invested and great things accomplished in improving the shipping facilities at Vera Cruz, Tampico, Coatzacoalcos, New Orleans and Galveston, and plans for further improvements are under consideration.

The rapid increase in the commerce passing through the port of Galveston, which is the third port in commercial importance in the United States, has led to the forming of ambitious plans which probably will be carried through within a few years. The building of the jetties at an expense of about $6,000,000 did wonders for the port, but now the engineers who have been studying the situation and needs there contemplate making virtually one immense land-locked harbor of Galveston, Texas City and Port Bolivar. Between the representatives of the three cities about the bay perfect harmony prevails and this agreement will materially further the project for improvement.

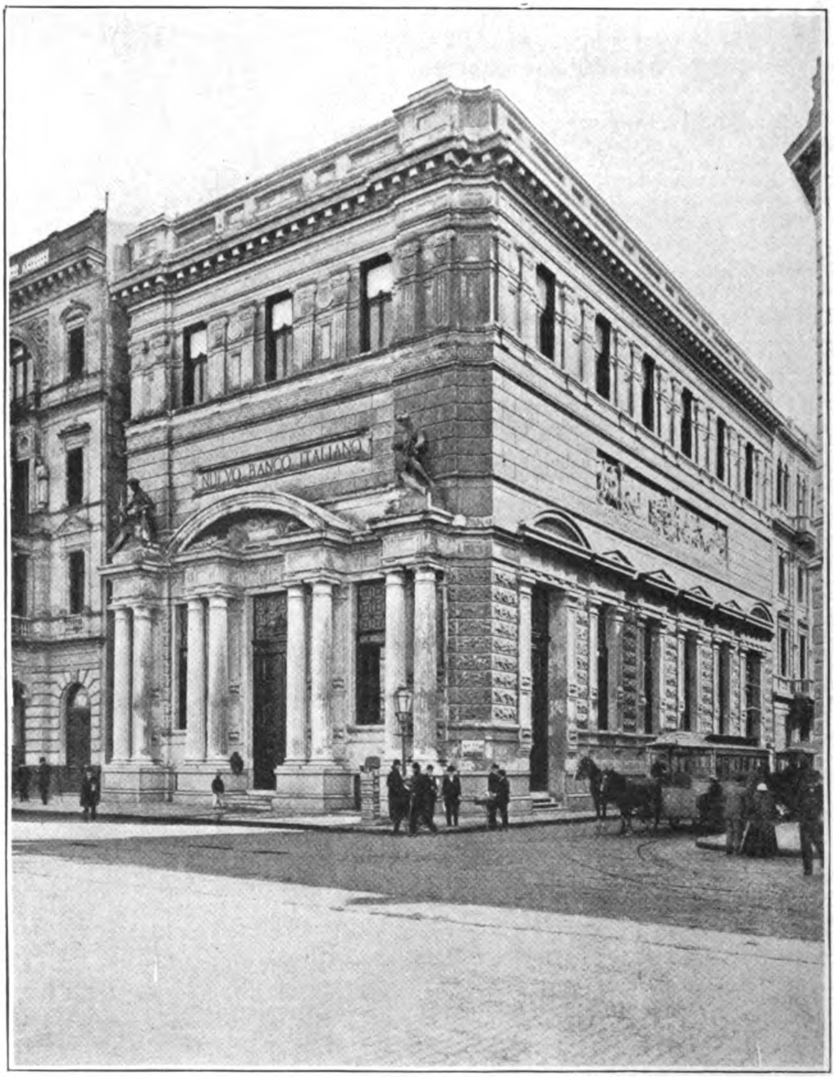
Captain Oakes, who is giving his attention to the plans, says that, in his opinion Galveston will have a commerce equal to that of New York and that Texas City will before that time need yard room for 20,000 freight cars. This is a very optimistic prediction, but few people realize how rapidly the commerce of the Gulf of Mexico is growing, and its possibilities are unlimited.—*Mexico Daily Record.*

FREE COINAGE OF SILVER IN MEXICO.

The Mexican Herald sizes up the recently started agitation for the resumption of the free coinage of silver in Mexico as follows:

It is not thought that the agitation in favor of the resumption of the free coinage of silver by the Mexican government, which is advocated by certain mining men in the republic, will materialize. The serious thinking men of the chamber of mines are not in accord with this idea and they do not believe that this is the step that would help the silver industry at this time. A Mexican financier, who has made a deep study of this question, and who is in no way interested in mining in Mexico, gave it as his opinion that no benefit whatever would be derived by silver producers from the resumption of free coinage, even if this were a probability, which it is not.

The production of silver in Mexico and the coinage of that metal is of small relative



The Italian Bank in Buenos Aires, founded in 1887.

(By courtesy The International Bureau of the American Republics.)

importance to the world's production of the white metal," he said. "Free coinage would have no bearing whatever on the price of silver if undertaken only by Mexico. That there is no relation between the price of silver and its free coinage here was shown in the year 1904, when Mexico adopted the gold standard. A restriction was placed on coinage, but the price of silver rose and maintained a higher price for several months than it had reached for many months before.

This agitation will not become serious. Such a step on the part of the government would result much as has the efforts of Brazil to advance the price of coffee, the chief product of that country, as silver is of Mexico. The Brazilian government believed that by cornering coffee it could maintain a high price for it. Millions of dollars were borrowed and spent with this object in view, but the price of coffee did not advance. The price of silver must be regulated by the world's supply and consumption or by other causes over which Mexico can have no control.

CROWTH OF TRADE WITH LATIN AMERICA.

W. W. FINLEY, president of the Southern Railway, was one of the principal speakers at the seventh annual banquet of the Pittsburgh Traffic Club held at the Fort Pitt Hotel, Pittsburgh, on the evening of March 26.

W. W. FINLEY

President Southern Railway Company.

President Finley devoted much of his speech to showing the growth of the South in recent years and its great resources which are as yet in the first stages of their development.

His remarks, in part, were as follows:

In spite of inadequate direct transportation facilities, the trade of the United States with the Latin-American countries is growing more rapidly than our foreign trade as a whole. It is the most promising export trade we have to-day, notwithstanding the fact that goods from the United States are, in many cases, carried across the Atlantic to Europe and back again to South America. The people of those countries consume large quantities of commodities that can advantageously be produced in the United States. There are opportunities in those countries for the sale of manufactures of iron and steel, furniture, cotton goods and many other articles.

That American iron and steel manufacturers can compete successfully in the Latin-American markets with those of Europe is unquestionable, and, although our trade with those countries is growing, I believe that, if we are to realize the full benefit of our geographical advantage with relation to it, we must have direct and regular steamship communication, not only from the North Atlantic, but also from the South Atlantic and Gulf ports. While we may differ as to the best means of bringing tnis about, I think we must all agree as to its importance to our industrial and commercial progress.

IMPORTANCE OF ESTABLISHING TRADE RELATIONS WITH LATIN AMERICA.

IN the course of a speech made in the House of Representatives March 2, Hon. Charles B. Landis of Indiana said:

In my judgment, the time has come for the people of the United States to make a specialty of Latin America. We want to make up our minds to get better acquainted. There is every evidence that such a determination on our part would be heartily reciprocated by the people of those twenty republics. We not only want to get better acquainted with Latin America, but Latin America wants to get better acquainted with us. We have been doing a little visiting on both sides. We should do more. We have been doing a little trading on both sides. We should do more. More of us want to learn to speak the languages spoken in those countries, and we want more of them to learn to speak our language. Not five per cent. of the people of the United States who go to Latin America speak their language. It is estimated that ninety per cent. of the Europeans who go there speak the language of the country. It is no exaggeration to say that Latin America to-day offers richer opportunity for honorable ambition, for skill and genius, for intellectual and industrial triumphs and victories than any other part of the world. * * * *

Some people are inclined to sneer when the statement is made that the trade of Latin America is worth cultivating—is worth going after with American ships. Such people do not know that those twenty republics are carrying on one-third of the foreign trade of the Western Hemisphere. Listen to these figures: During the year 1907 Latin America had a foreign trade of over $2,000,000,000. The balance in her favor was more than $228,000,000. Of that two billions of trade we got one-fourth, or five hundred millions. We should have had three-fourths. We should have had one billion five hundred millions.

If we take South America separate and distinct from the other Latin territory on this hemisphere, we find that we have fallen woefully behind. She had a foreign trade during the year 1907 of $1,500,000,000. Of that we got two hundred and thirty-three millions—barely one-seventh. The balance in her favor on this small trade was about seventy millions. Of the amount South America bought abroad in 1907 we furnished about one-eighth. We should have furnished seven-eighths.

GENERAL NOTES.

—On January 25, the United States Banking Co., S. A., of Mexico City and branches reported assets of $10,902,253.32; of this sum, $2,238,764.79 was cash on hand, and $5,798,067.42 represented loans and discounts.

The company has a capital stock of $2,000,000 and a reserve fund of $640,000, in addition to undivided profits of $14,780.50 and unpaid dividends of $122,455.

Under the efficient management of H. J. Morden, the deposits have been built up until they will soon reach the eight million mark. At the time of the bank's last report they were $7,584,655.93.

—There are 96 students from Latin American countries enrolled at the University of Pennsylvania for the current year. They come from 22 different countries divided as follows: Five are from the Argentine Republic, 1 from the Bahama Islands, 1 from Bolivia, 17 from Brazil, 2 from the British West Indies, 1 from Chile, 5 from Colombia, 5 from Costa Rica, 17 from Cuba, 1 from the Dominican Republic, 6 from Ecuador, 4 from Guatemala, 1 from Honduras, 1 from Jamaica, 9 from Mexico, 6 from Nicaragua, 2 from Panama, 1 from Paraguay, 2 from Peru, 11 from Porto Rico, 1 from Salvador and 1 from West Bermuda.

The Latin-Americans are in the majority and are represented in every course at the University of Pennsylvania. Many of these and students from other foreign lands intend to make this country their permanent home and have registered from Philadelphia. These are not included in the figures given, which are taken from the registration statistics of the various departments.

Thirty-six of the Latin-Americans are in the dental department of the university; the medical department has 22; the civil engineering department, 12; mechanical engineering, 5; law, 5; veterinary, 5; electrical engineering, 3; Wharton School, 1; summer school, 3; architecture, 2; biology, 1, and arts, 1.

—The last available report of the Banco de Tabasco, S. A., of San Juan Bautista, Mexico, shows that the total deposits are now $81,545.54, while the surplus is given as $59,664.91 and the capital $1,000,000.

—A. Barton Hepurn, president of the Chase National Bank of New York, while on a visit to Mexico quite recently, gave an interview in which he said:

Mexican securities stand well in the United States and we are now the largest holders of them. Mexican railroad securities, particularly since the merger, are very popular. I know, through the great amount that our bank handles, something of the stream of American money that is constantly pouring into Mexico, not only to pay for properties, but for pay rolls, improvements and developments, and this money will continue to flow south. I have been greatly impressed with the potential wealth of this country, and I think more money will come every year for agricultural development. Heretofore the greater part of American capital has been devoted to mining, but the richness of the soil and the attractions of the tropical and semi-tropical climate will, I am sure, attract more and more Americans to that branch of investment.

—At a meeting of the stockholders of the Banco Internacional e Hipotecario de Mexico, Mexico City, held March 30, the following directors were elected: Richard Honey, Julio M. Limantour, Porfirio Diaz, Jr., Andres Aldasoro, Emilio Pardo, Thomas P. Honey, H. E. Brooke, Richard Honey, Jr. and J. V. Burgos.

A dividend of eight per cent. upon gross profits of $552,824 was also declared. The bank's reserve now amounts to $589,000.

Glimpse of an Independence Day Parade, City of Mexico.

(The building shown is the office of the American Surety Company, decorated with flowers.

MASSACHUSETTS' NEW BANK COMMISSIONER.

HON. ARTHUR B. CHAPIN, formerly State Treasurer, has been appointed Bank Commissioner for the State of Massachusetts, succeeding Pierre Jay, who resigned to become vice-president of the Bank of the Manhattan Co., New York. The new Commissioner has assumed office.

Mr. Chapin was born in Willimansett Village, Chicopee, Mass., Nov. 17, 1868, was educated in the Holyoke schools, prepared for college at Phillips Andover Academy, where he was graduated in 1887, entered Amherst College and was graduated in 1891.

For two years he was connected with the Youth's Companion, and afterwards studied law with his father, Judge Chapin of Holyoke, and was admitted to the Hampden County bar in 1895. He was Holyoke's City Solicitor in 1896, and was subsequently elected for six successive terms as a Republican Mayor in Holyoke, a Democratic city, through his personal popularity and public confidence in his administration.

He has been State Treasurer of Massachusetts for five years, and for the past three years vice-president and a member of the board of investment of the Boston Five Cents Savings Bank, the second largest savings bank in the United States in number of depositors. He was also a member of the committee of three which suggested to the 1908 Legislature numerous changes in the savings bank laws, which were subsequently adopted.

The selection of Mr. Chapin as Bank Commissioner has met with general approval among the Massachusetts savings banks and trust companies.

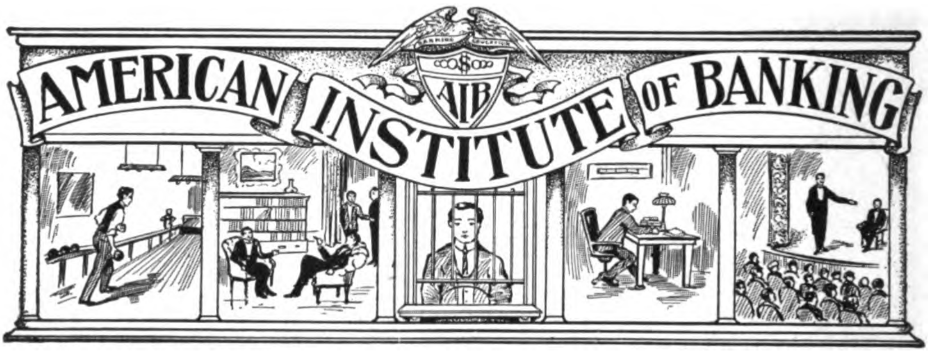
HON. ARTHUR B. CHAPIN
Mass. Savings Bank Commissioner.

AMERICAN BANKERS' ASSOCIATION CHECKS NOW BEING ISSUED.

THE first 150,000 of the American Bankers Association travelers' checks have been received by the Bankers Trust Company and sent out to issuing banks throughout the United States. Orders for the checks are being received so rapidly as to severely tax the output of the American Bank Note Company, the engravers and printers of the checks.

A vast amount of detailed labor has been necessary to bring the new Travelers' Check system up to a point where delivery of the paper to the banks could be made. Extensive correspondence with some 23,000 banks and bankers throughout the United States and several thousand banks of South America, Europe, Asia, Africa and Australia was necessary as preliminary to the inauguration of the system. In the meantime the very important and tedious work of manufacturing the scientifically protected paper and engraving the checks has proceeded. The finished checks, serially numbered and printed with the names of issuing banks, are delivered to the Trust Company, an assortment of denominations is being forwarded under seal to the bank for which they were printed, with complete instructions, list of foreign correspondents, etc. Orders for the checks are being filed in the order received, and to insure early delivery, bankers should order their checks at once.

European bankers are co-operating cordially with the American Bankers Association to make the Travelers' Checks in every sense international and to insure their instant success. Prominent continental bankers have expressed great satisfaction over the prospect of abating the annoyance caused by miscellaneous checks with which Europe has been flooded by American travelers.



THIS department is conducted in the interests of the American Institute of Banking. From time to time articles of special value to members of the Institute will appear here and it is intended to publish as much news of the various chapters as possible. It is hoped that each chapter will appoint someone whose regular duty it shall be to correspond with THE BANKERS MAGAZINE for this purpose.

Group and individual photographs of officers and members, photographs of chapter rooms, accounts of banquets, debates, speeches and chapter progress are desired and practical suggestions and discussions are solicited from all members of the Institute. Manuscripts and photographs must reach us by the 12th of the month to be in time for the following month's issue.

THE CLERK IN THE COUNTRY BANK—HIS OPPORTUNITIES—THE POSSIBILITIES.

By C. F. Hamsher, Cashier of the Bank of South San Francisco, South San Francisco, Cal.

MANY a school boy in a country town has looked with longing eyes at the bank doors and wished he might by some rare chance of fortune, when his schooldays are ended, be called upon to take a position therein.

And suppose he is? What then? The beginner in the country bank does not draw a princely salary, more frequently he hardly gets enough at the start to furnish the bare necessities of life. He is often the janitor —sweeping, dusting, cleaning cuspidors, washing windows, emptying waste-baskets, starting fires and keeping them going. He perhaps works on the books, sorts, checks, balances pass books, counts and wraps coin, runs errands. He has to do all the little menial tasks that the cashier does not want to do.

And in the way he performs these various duties is to be seen an indication of the way he will do his work when promotion comes. If he sweeps and misses the corners and edges so the floor looks as if he had stood in the middle and swung the broom in a circle; if he dusts in an aimless way only the counters, being careful not to move the protectograph, rulers, pads of blanks, etc., which are lying thereon; if he empties out the accumulations in the cuspidors but does not thoroughly scrub them inside and out; if his windows are left streaked when washed, and only washed on the morning of some big celebration in town; if the waste-baskets are emptied only when no more can be added to the overflowing contents; if he never hides the coating of rust on the stove with an occasional blackening, and never empties the ash-pan and bucket until necessity compels—the indications are that his bookkeeping will not be neat and free from blots, thumb-marks, and erasures; his sorting of checks will be careless, causing annoying hunts for lost checks; discrepancies will be found between pass books balanced and ledgers; coin will be poorly wrapped; and his speed when sent on errands like unto the proverbial A. D. T. messenger.

ENDLESS OPPORTUNITIES.

The opportunities are endless, the possibilities the same, to the observing, energetic, ambitious boy in the country bank.

In the very fact that his duties are so many and various, lies the greatest of possibilities. Faithful in the little things, soon he will gradually work into the larger. An Irishwoman chided her son one morning for hurrying carelessly through his work, in these words: "Ah Jim, Jim, the Lord never puts little byes and big jobs togither. He gives the little byes a chance at the little jobs, and thim that does the little jobs faithful gets to be the big men that does the big jobs easy."

We have known a number of boys in country banks. Some have been failures; some have made good and received their reward. One had no ambition, with a fair education, an average penman, and reasonably good, but a little slow at figures, and was contented to work for pay-day. Another had a splendid education with every virtue of politeness, courtesy, promptness, accuracy, speed, and good penmanship, but a weakness for alcohol which was indulged too frequently as the salary grew. Another, a good penman, was accurate in his work, if slow, but seemed to have no initiative in anything, especially in looking for errors when out of balance—and he nearly always was. He was slouchy in appearance and had periodical fits of the blues accompanied by a "grouch". Another was handicapped by a lack of schooling, but had a natural faculty for making friends, but occasionally overdid it by "freshness," was quick in his work, but spent most of his time loking for errors, ("haste makes waste"), went to the adding machine for the simplest sums in addition, had a beastly temper which always flared up when corrections were made or suggestions offered. Still another, with only the advantage of common and high-school education, gave up a position as a teacher in a country school at forty dollars per month to take a position at thirty, because it had a promise of something better; was naturally slow but dogged in persistence and got there in the end, not a particularly good mixer, but well liked by those with whom he did become acquainted; an ordinary penman but very accurate, and managed to save some money even on a small salary. Another went at everything with a slap and a dash, dancing and whistling, and singing through his work, quick as chain lightning, a good penman, and accurate in work, but inclined to be careless in a good many things, thoroughly liked by every one, but inclined to be a little short and brusque especially to strangers. And so on and on.

Realizing Possibilities.

What are the characteristics of the boy in the country bank who will realize his opportunities and take advantage of them, and what are the possibilities?

The possibilities are unlimited. Certain is he to head a bank some day—perhaps a city bank, if his ambition be that way. The larger number of our city bankers are only boys from the country bank, grown up.

The characteristics? The boy in the country bank who is going to "make good" and some day be something more than the "boy," is going to be a hustler. He will get up in the morning full of enthusiasm, as he opens the bank, dusting, making fires, and carrying heavy books from the vault, he will probably be so full of energy that he will be whistling until the "boss" comes and frowns down the unseemly noise.

He will start at each task of the morning with a determination to do it now and get it done. He wants to know how yesterday's ball games finished, but that can keep until evening if there is work to be done.

If he has collections to make he will make the rounds without delay, no stopping in the cigar store for a smoke and causing wonder in the mind of some depositor who

C. F. HAMSHER

Cashier Bank of South San Francisco, South San Francisco, Cal.

thinks "there is young Cashier standing around. They can not be very busy at the bank, and he must get a pretty good salary to smoke so many cigars."

He will be cheerful in his work, if the "boss" suggests a new or better way of doing a thing he will adopt it cheerfully, but he will be on the lookout for new and better ways himself.

As he sorts up deposit slips and checks, he will notice signatures, the details of the items, endorsements on checks; he will learn many a peculiarity of each man's business and get a good start towards the successful credit man.

If he has no work of his own to do, he will be trying to help someone else, and incidentally be learning the other fellow's work, and getting ready to take his place if it is ever vacant.

As he files letters he will become accustomed to correct styles of correspondence, and incidentally learn a good many confidential matters between customers and the bank.

He will always be close-mouthed. Neither fire nor pestilence should ever lead him to betray any business secrets or confidence of the bank's customers.

Eyes Open and Mouth Shut.

He will have two eyes wide open all the time, and he will be keenly on the alert for new knowledge, and two ears that unconsciously hear everything going on in his vicinity. If a customer asks the teller for his pass-book, the "boy" will have it ready before the customer's request can be repeated.

If it is one of those wearisome days during the planting season when no one comes to town, and all the work is up, he will sit down and read through the bank journals. Articles on "Assets Currency" or "Guaranteed Deposits" may be dry reading at first, but he will gradually become interested. He will carefully read that part of the journals devoted to bank advertising, for the coming banker will be the one who, with sound conservative ability to manage, can best advertise a bank.

He will not get much salary, probably, but he will be saving some of it. What many boys spend in restaurants at night, the "boy" will spend for books; the time spent by most boys in the restaurant he will spend in reading and study.

He will be always on the lookout for newcomers in the community, and tell the cashier about them so that the account may be solicited early. He will do some "plugging" for business on his own hook, and take pride in every new account added.

He will be the most courteous and accommodating young man in town, not supercilious or stuck-up, but approachable and ready to make friends for himself and his bank.

He will be regular in his habits, temperate in his deportment, and will get all the pleasure out of life than any healthy, fun-loving boy can get, and he will remember the inscription over the temple door of the ancients,—"To thine own self be true."

ON TO SEATTLE.

Westward Ho! is the Cry for Next Month—Large Attendance Expected at Convention on Account of Exposition.

THE transcontinental railroads are making very favorable rates on account of the Institute convention June 21-22-23 and the Alaska-Yukon-Pacific Exposition.

The New York and Chicago chapters are organizing special parties to leave about the middle of June and it is not unlikely that there will be several special trains carrying convention delegates and their friends. Side trips will be taken to Yellowstone National Park, etc., and it is probable that many of the Eastern delegates will return by way of San Francisco and Los Angeles or by the Canadian Pacific.

Seattle Waterfront.

George A. Jackson of the Continental National Bank of Chicago is looking after the Chicago arrangements and Charles F. Minor of the Bronx Branch of the Knickerbocker Trust Company, New York, has charge of the New York arrangements.

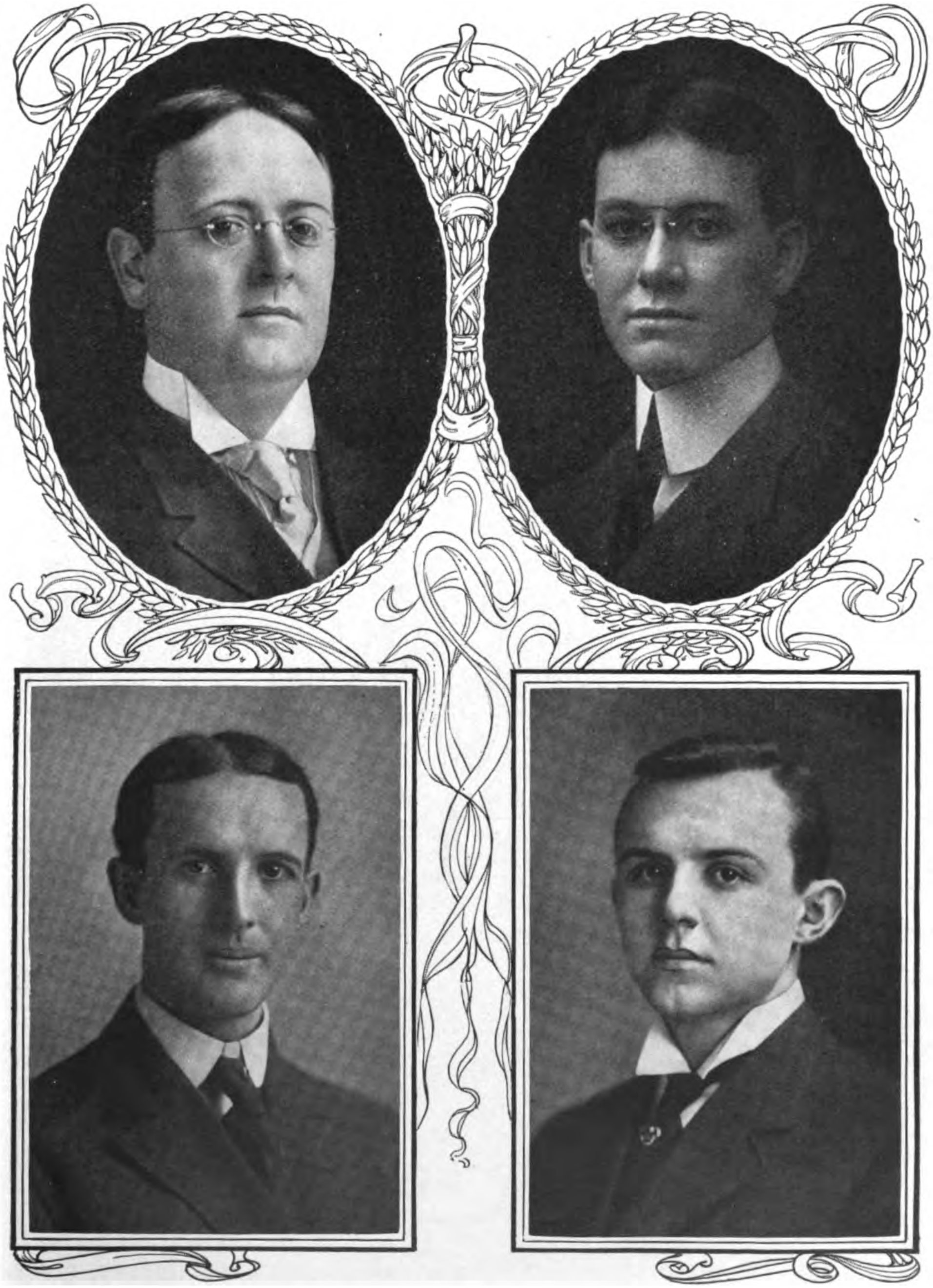
W. H. Raymond, of the "Seattle Spirit," furnishes us with the following interesting matter on the "A-Y-P" Exposition.

Other expositions have been commemorative. The Alaska-Yukon-Pacific will be anticipative. It is not to be for the day that was, but for the day that is to be. It is to mark the first period in the era in which the Pacific is to be to the commerce of the world, what the Atlantic is and has been, and in the heart of the Exposition has been set a shaft of native gold, to the glittering future of the Western seas and as a symbol of Westward Ho.

Seattle's Exposition is to lead along no beaten way. It will show the things that have been shown and which any one may see if he will "follow the man from Cook's," but it will show them only incidentally. It is for the exposition of those lands that are little known—lands and peoples and infinite possibilities which the world, busy with the work of garnering the millions closer to its hand, has found no time to exploit.

Industry and commerce combine in the keynote, but they will be set in all the glamour, the color and romance of the Far East, the North and the sapphire sinks of Oceanica. It is a practical story Seattle will have to tell, but it will be told picturesquely and with illustrations strange and beautiful to the eye.

The Alaska-Yukon-Pacific Exposition will



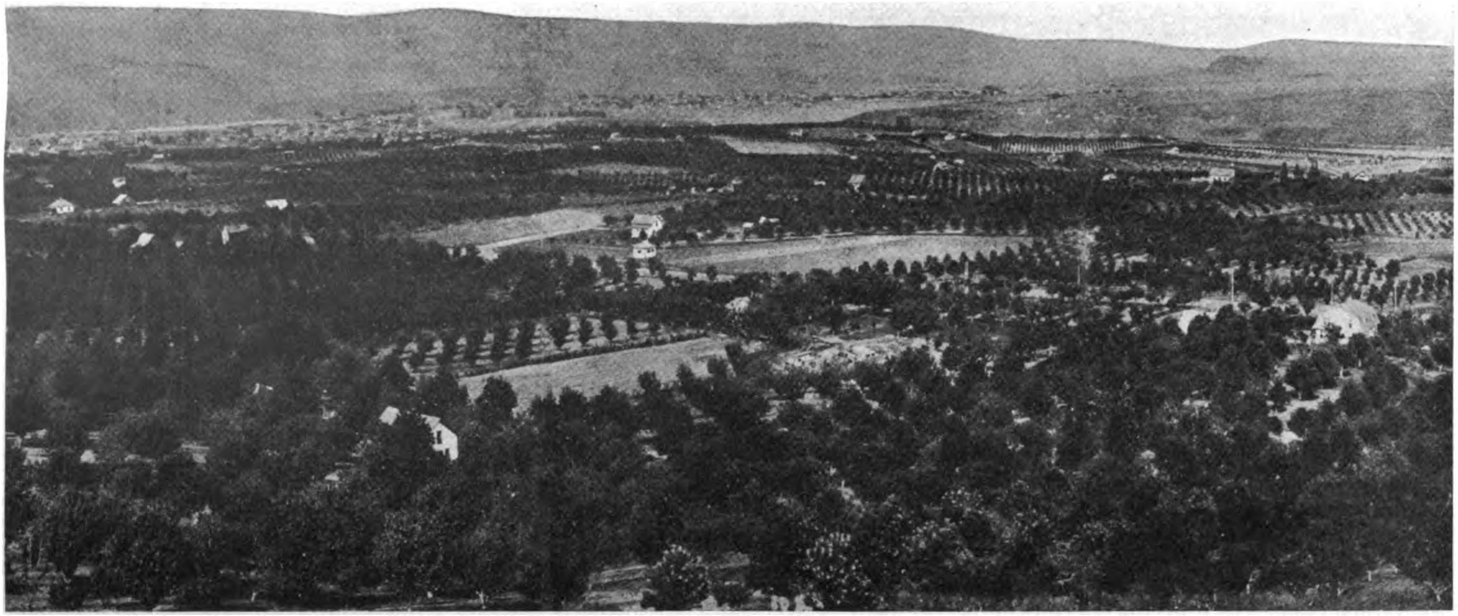
PROMINENT MEMBERS, SEATTLE CHAPTER.

B. W. PETTIT, President.

HOMER C. MacDONALD, Vice-President.

R. S. WALKER, Associate Editor, "The Seattle Spirit."

GEO. R. MARTIN, Editor, "The Seattle Spirit."



Some of the Washington Fruit Country which Convention Delegates will see.

How Seattle Grows.

These photographs, taken from the same spot, show the remarkable manner in which Seattle hills give way to modern buildings.

be such a show as the world has not seen and it will be ready, to its remotest detail, on the first day of June. It is in Alaska and the Far East that the world's exploitation will be done from now forward; there will the millions poured into railroad building and the engineering feats which have placed America on the pinnacle of industrialism, be duplicated and even exceeded, and it is high time that those who will do these things and provide the millions be made acquainted with their field, its people and their requirements and possibilities. This tardy introduction Seattle has undertaken and the success of its undertaking is assured.

The China that was asleep and is now awake is making preparations to outdo, if possible, her lusty, wonderful neighbor, the Mikado. Siam, Anam and Burma, aroused by the unheard of racket of preparation made by their erstwhile somnolent parent, are also up and doing and as fully determined to show to the world their capacity for its tasks.

Uncle Sam is spending a quarter of a million to give to the American people a correct knowledge of the much misunderstood Filipino and his tremendous capacity for production and industrial excellence, and there will be exhibits also from those islands neighbor to Luzon—Sumatra, and Java, and with them also, Ceylon and Borneo and the other spice islands of the Straits Settlements, with also a characteristic display from Singapore, and the whole Malay Peninsula.

Japan's exhibit at the exposition will be by far the most elaborate that Nippon has ever made. Not since the day Uncle Sam quietly shook the land of the Rising Sun by the shoulder and wakened it from its sleep of ages, have the Japanese answered to the industrial call as they have answered to the invitation of Seattle.

Not only the commercial life of Japan is to be shown, but the home life of its people, their daily habit of life and dress—the way they are to-day, the way they were a hundred years ago, when the Samurai lorded it over all the land and the man of business and affairs commercial ranked with the scullion and the petty thief. Japan does not plan to show only the great things it has to-day, but its whole romantic, startling story.

The exposition is now eighty-five per cent. complete, and what work remains to be done is being rushed through every day. It has been advertised as the "Fair that will be ready," and when the gates swing open it will surely have won the right to this title.

CONVENTION ANNOUNCEMENT.

By President Franklin L. Johnson.

THE Seattle Convention will be held June 21, 22 and 23. Every chapter is urged to take steps at once to send a full delegation.

Those who have attended the Institute Conventions realize their educational value. This convention offers Institute men of the east and middle west greater educational opportunities than any previous one. The Institute man who does not attend will miss an important benefit of Institute membership.

The western chapters will have large delegations. If the western representatives, whom we have met at previous conventions, can be considered a fair average of our brethren on the Pacific Coast, it will be an education to us all to meet them in a week's work and play.

This being the first opportunity which the West has had to entertain a convention, it is proposed to give the West a larger share of the programme than heretofore. The West has been given a prominent place on the convention committees, and we shall expect to see the best convention which the Institute has held.

Following are the committees in charge of the convention:

Committee on Programme: Leroy H. Civille, chairman, First National Bank, Los Angeles, Cal.; T. R. Durham, Chattanooga Savings Bank, Chattanooga, Tenn.; J. G. Sonneborn, Ninth National Bank, Philadelphia, Pa.; Victor L. Bernard, Whitney-Central National Bank, New Orleans, La.; E. K. Reiley, Puget Sound National Bank, Seattle, Wash.

Committee on Debate: W. H. Farr, chairman, Peoples State Bank, Detroit, Mich.; H. R. Ross, First National Bank, Chicago, Ill.; F. L. Nied, Rochester Savings Bank, Rochester, N. Y.; F. M. Cerini, Oakland Bank of Savings, Oakland, Cal.; C. R. Harris, Scandinavian American Bank, Seattle, Wash.

Committee on Transportation: G. A. Jackson, chairman, Continental National Bank, Chicago, Ill.; Chas. F. Minor, Knickerbocker Trust Company, Bronx Branch, New York; John G. Maclean, Security National Bank, Minneapolis, Minn.; L. H. Woolfolk, Scandinavian American Bank, Seattle, Wash.; Edmund S. Wolfe, American National Bank, Washington, D. C.

TRANSPORTATION NOTICE.

To the members of all Eastern Chapters and Friends:—

Arrangements have just been completed with the New York Central Lines to operate a special train from New York to Seattle as a second section of the train carrying the Western delegation.

The special will be a counterpart of the famous "Lake Shore Limited," with buffet, library, smoking car, dining car, Pullman standard sleeping cars and compartment observation car, and will be operated on the following schedule:—

TUESDAY, JUNE 15th.

Lv. New York, Grand Central Station	5.30 P.M.
Lv. Albany	8.55 P.M.
Lv. Utica	11.12 P.M.

WEDNESDAY, JUNE 16th.

Lv. Syracuse	12.36 A.M.
Lv. Cleveland, via Lake Shore & Michigan Southern Ry.	7.20 A.M.
Lv. Toledo	9.55 A.M.
Ar. Chicago	4.00 P.M.

New England delegation leave as follows:—

TUESDAY, JUNE 15th.

Lv. Boston, via Boston & Albany Railroad	1.45 P.M.
Lv. Worcester	2.56 P.M.
Lv. Springfield	4.27 P.M.
Lv. Pittsfield	6.19 P.M.
Ar. Albany	7.50 P.M.

Pittsburgh delegation leave as follows:—

TUESDAY, JUNE 15th.

Lv. Pittsburgh, via Pittsburgh & Lake Erie R. R.	11.00 P.M.

WEDNESDAY, JUNE 16th.

Ar. Cleveland	3.00 A.M.

The sleeping car from Pittsburgh will be attached to the special train at Cleveland, and continue through without change.

In addition to the delegations from New England, Pittsburgh (Western Pennsylvania) and Cleveland, who are cordially invited to join us, an invitation is also extended to persons in New Jersey, Buffalo, Philadelphia, Baltimore, Washington, Richmond and all points in Southern territory to join with us in making the special train a success.

As the bankers of the Pacific Northwest States, comprising the State Bankers' Associations of Oregon, Montana, California and Idaho, will hold a joint meeting in Seattle, June 24-26, the special train will arrive in ample time for this meeting, and to those who contemplate making the trip a cordial invitation is hereby extended.

The "Special" will leave Chicago via the Chicago, Milwaukee & St. Paul R. R., 6:30 P. M., Wednesday, June 16, arriving in Minneapolis 7:30 A. M., Thursday, where the day will be spent sightseeing, and proceed west at 11:00 P. M., via the Northern Pacific R. R., for Seattle, arriving 9:00 P. M., Sunday, June 20.

In purchasing tickets be sure to have them routed on the westbound trip via the New York Central Lines to Buffalo, Lake Shore & Michigan Southern to Chicago, Chicago, Milwaukee & St. Paul to Minneapolis, and Northern Pacific to Seattle, which is the route of the special train. Tickets may be routed for the return trip via any of the following lines at the option of the passenger:——

Route No. 1, returning same way.

Route No. 2, returning Great Northern Ry.

Route No. 3, returning Canadian Pacific Ry.

Route No. 4, returning O. Ry. & Nav. Co., Oregon Short Line and Union Pacific R. R., or any direct lines from Salt Lake and Denver or Colorado Springs.

Route No. 5, returning via San Francisco or Los Angeles and any direct route from there through Chicago or St. Louis.

Rates.

Routes 1, 2, 3, and 4	$ 92.00
Route 5	107.25

Pullman rates for double berth, one-way, $19.00; section, $38.00; stateroom, $53.50; drawing room, $67.00. Meals served in dining car will cost approximately $2.50 per day, each person.

In the event that there should not be sufficient number to justify the operation of a special train, an excess fare of $5.00 per capita will be charged (from New York only) for fast time and superior service, and the cars will be attached to the regular train from New York to Chicago and the special train from Chicago.

Kindly send your application for sleeping car reservation to W. M. Rosendale, Market and Fulton Bank, New York City, at an early date, as reservations will be made in the order in which applications are received.

Chas. F. Minor, *Chairman,*
Wm. M. Rosendale,
M. C. Hilbish,
Transportation Committee.

New York, April 15, 1909.

THE NEW TEXTBOOK.

Progress is being made in its preparation.

THE various chapters are busy writing the portions of the new Institute textbook of practical banking which have been assigned to them.

The subjects selected by the National Committee for the book follow:

1.—Loans and discounts, including time loans, demand loans, and overdrafts.

2.—United States bonds to secure circulation; United States bonds to secure United States deposits; United States bonds on hand; premiums on United States bonds and bonds and investments.

3.—Banking house, furniture and fixtures; other real estate and mortgages owned.

4.—Due from national banks, due from state banks and due from approved reserve agents.

5.—Checks and other cash items.

6.—Exchanges for clearing-house.

7.—Cash on hand.

8.—Five per cent. redemption fund.

9.—Due from Treasurer of the United States.

10.—Capital stock, surplus fund, and undivided profits.

11.—Circulation.

12.—Due to other national banks; due to state banks and bankers; due to trust companies and savings banks; due to approved reserve agents.

13.—Individual deposits subject to check.

14.—Savings deposits.

15.—Time certificates of deposit; demand certificates of deposit.

16.—Certified checks.

17.—Cashier's checks outstanding.

18.—United States deposits.

19.—Notes and bills discounted.

20.—Bills payable.
21.—Reserved for accrued interest, other liabilities.
22.—Exchange—foreign and domestic.
23.—Letters of credit.
24.—Transits.
25.—Collections.
26.—Clearing-House certificates.
27.—Trust companies and savings banks.
28.—State banks and private bankers.

HUSTLING K. C. CHAPTER.

THE first annual banquet of Kansas City Chapter, which was held at the Coates House, Saturday, March 20, proved a success in every particular, 150 guests being present.

The speakers were Joseph Jordan on "The Chapter," Rev. Samuel Garvin on "The Adding Machine," Hon. E. F. Swinney on "Success and How to Attain it," and Hon. Jno. H. Atwood on "Prosperity and Freight Rates."

Kansas City Chapter has been steadily increasing in interest and membership since its organization.

The educational committee has made plans for the study of national bank organization. The members are showing a tendency to give special attention to the educational features of the Institute.

Kansas City ranks sixth in clearings and we hope before long to attain the same rank as a Chapter city. Watch Us Grow!

Very truly yours,

DAVID BJORKMAN,
Secretary Educational Committee.

VARIOUS CHAPTER EVENTS.

Lectures.

Salt Lake City, March 18.—R. C. Barnes on "The Paying Teller"; Dr. John Bloem on "Exchange and the Collection Department"; J. H. Patrick, "The Receiving Teller"; D. McNichol, "The Commercial Value of Electrical Inventions."

Jackson, Tenn., March 16.—"National Banking Laws," by W. A. Ingram.

New York City.—"Savings Bank Problems," by John J. Pulleyn; "Judicious Bank Advertising," by E. J. Haines; "Educational Activities," by George E. Allen. April 8.—Thomas W. Lamont, "Things Financial Abroad"; Prof. Chas. A. Greene, "Income vs. Property Tax"; O. H. Cheney, "Institute Men and Measures."

Pittsburg, March 23.—Charles H. Treat; May 4th.—Trust Companies and Savings Banks. The extremes of banking. The State Bank—the old fashioned kind and the Trust Company—the most modern development on transactions between National Banks. Besides the general discussion of the subject there will be special enlightenment on transactions between National Banks and the treasury department, etc.

Providence.—Prof. O. M. W. Sprague on "Bank Notes" and A. G. Loomis on "Commercial Paper."

Chicago, March 9.—Prof. J. Paul Goode, "When the Coal is Gone, What Then?"

San Francisco.—Prof. A. C. Whitaker, on "The Private Business Corporation."

Philadelphia.—"Hamilton, the Financier," by Dinner Beeber.

Portland.—"Our National Coinage," by Byron N. Rook.

Terre Haute.—W. A. Wilson made address in favor of postal savings banks.

Seattle, March 12.—"Men of Destiny," by M. D. Musser.

Debates.

Minneapolis, March 9.—Resolved: That the establishment of a system of postal savings banks under government supervision would be for the best interests of the American people. Affirmative, J. C. Thompson and L. E. Wakefield; negative, Paul A. Sandberg and Joseph J. Cameron. Negative won.

Scranton, Pa.—Resolved: That the government should establish postal savings banks. Affirmative, Russell Jones, of Carbondale, J. D. D. Gladding and Kenneth Burnett, of Scranton; negative, L. A. Howell, R. M. Benfield and John Griener, Jr. Negative won.

Washington and Baltimore Chapters, April.—Resolved: That express companies should be prohibited from selling exchange in the form of money orders, letters of credit, travelers' checks or drafts. Washington, negative; Baltimore, affirmative.

Contests.

Buffalo.—J. J. Lauer won first prize by adding 200 checks of various amounts in a little more than four minutes. Others who took part in the contest are Charles O. Jacoby and H. W. Machemer.

Salt Lake City.—Adding machine contest. George H. Butler, first; Walter Johnson, second.

St. Joseph.—L. D. Nash won cup by listing and adding 500 checks in seven minutes and forty-four seconds.

Social Affairs.

Kansas City, Kans., March 20.—First annual banquet. Speakers, Joseph Jordan, Rev. Samuel Garvin, Hon. E. F. Swinney, Hon. Jno. H. Atwood.

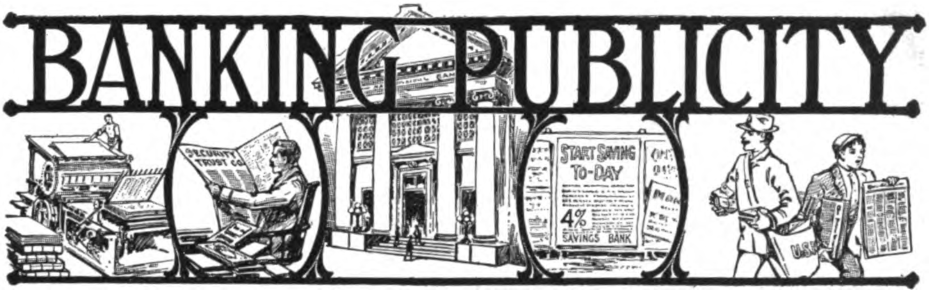
Philadelphia, March 27.—Annual banquet. Toastmaster, Joseph Moore, Jr.; speakers, ex-Superior Court Judge W. W. Porter, Dr. Francis N. Green, Rev. John R. Davis, A. L. Morse.

Springfield, Mass.—Banquet. Speakers, Newton D. Alling, Fred T. Kent, Rev. John S. Lyon and Edward James Cattell.

Hartford, March.—Annual banquet at Hartford Golf Club.

San Francisco, March.—Smoker.

Omaha, March 16.—This Chapter held a smoker, adding machine contest and heard addresses at the Commercial Club. Speakers, Batchelor Bradford and Bruce McCullough.



THIS department is for the benefit of those interested in promoting the business of banks, trust companies and investment houses by judicious advertising. Correspondence is desired. The purpose is to make this department a clearing house for the best ideas in financial publicity. Send inquiries, suggestions, information concerning results of various methods and campaigns, and samples of advertising matter for comment and criticism, to T. D. MacGregor, Manager, Publicity Department, Bankers Publishing Co., 90 William Street, New York.

EDUCATIONAL ADVERTISING FOR BANKS.

By George Frank Lord, President Lord Advertising Agency, New York.

TECHNICALLY, the advertising of a bank involves the same scientific principles as the advertising of a brand of shoes, or any commodity.

The shoe manufacturer advertises to sell shoes, the board of trade of an enterprising city advertises to market its property and facilities, and the enterprising bank advertises to sell its services and facilities for safeguarding money, making it easily transferable by check, loaning it, or borrowing it in the form of time deposits that draw interest.

The development of bank advertising has been hampered by really absurd "ethics" which seemed to forbid doing publicly what every bank does privately; i. e., seek depositors.

Recently a manufacturer of business-getting signs endeavored to sell one to a New England banker. In refusing it, the banker said: "If we asked people to become depositors in this bank, it would injure our standing because they would think we really needed the business."

How absurd! Because a bank is aggressive enough to seek desirable accounts, does that indicate threatening insolvency? On the contrary, it impresses the modern business man, who realizes the power of legitimate advertising, that such a bank is bound to grow and is more likely to be strong than the ultra-conservative bank from which the advertising bank is withdrawing accounts.

The savings banks have demonstrated the value of advertising by utilizing it as a creator of business that did not exist before.

In a city having five savings banks, if one advertises, the others must follow suit in self-protection. This does not mean that all are thereby forced to increased expense without compensating benefits. The results of savings bank advertising do not consist of the mere transfer of accounts from one bank to another. All of the banks get enough new accounts to make the advertising profitable providing it is educational advertising.

Systematic Saving.

And there is the keynote of all good bank advertising: education.

Do not be content to ask people to deposit savings in your bank in order to get three to four per cent. interest.

Interest is not the only strong selling point of a bank to a man with money to put at interest because there are other safe means of placing it at higher rates than a bank can pay.

The chief selling point of a savings bank is the facilities it offers for systematic sav-

George Frank Lord.

ing of small amounts and the chief aim of the advertising should be to educate the public as to the advantages of acquiring the savings habit. The ad-writer should see that his ads answer these four questions: "Why?", "How?", "When?" and "Where?" and their relative importance is in the order given.

The average savings bank booklet answers the last question first, by devoting the front cover to a picture of the bank building, its name and an array of large figures that are meaningless to at least half the people.

The man who does not save is not interested in your bank, its capital, surplus, or board of directors.

He needs first to be convinced that he ought to save, next shown *how,* and *when,* and finally *where.*

To create new savers, you must create goals. You must give people something definite to save for.

The young man should save for matrimony; the young couple, for a home; parents, for the education of children; salaried men, for opportunities to start in business, etc. Or more specific goals may be set, such as saving for life insurance premiums, annual payments on mortgages, the purchase of a piano or other article of home furnishing for cash instead of on instalments. Such advertising creates new savers, stimulates the old, and takes depositors' minds off the little four cents interest and puts it on the big dollar increase in their balance because of weekly saving in order to get together *the specific sum desired.*

There is all the difference in the world between organized, systematic effort, and mere impulse or chance. The man who sometimes runs because the doctor says it is good for his liver, does not win any twenty-six mile Marathons.

Educating Business Men.

The advertising of strictly mercantile banks should also be along educational lines. Thousands of business men know little more about banking than is required to make out a check. They know practically nothing about the various functions of a bank.

Recently a young business man in New York, who had been doing business with mercantile banks for years, had occasion to borrow some money. He 'phoned to the president of his bank: "I want to borrow some money. Please send a man over to fix it up."

The president informed him that when people wanted to borrow money of a bank they usually called and arranged for it, after satisfying the bank that they were entitled to credit.

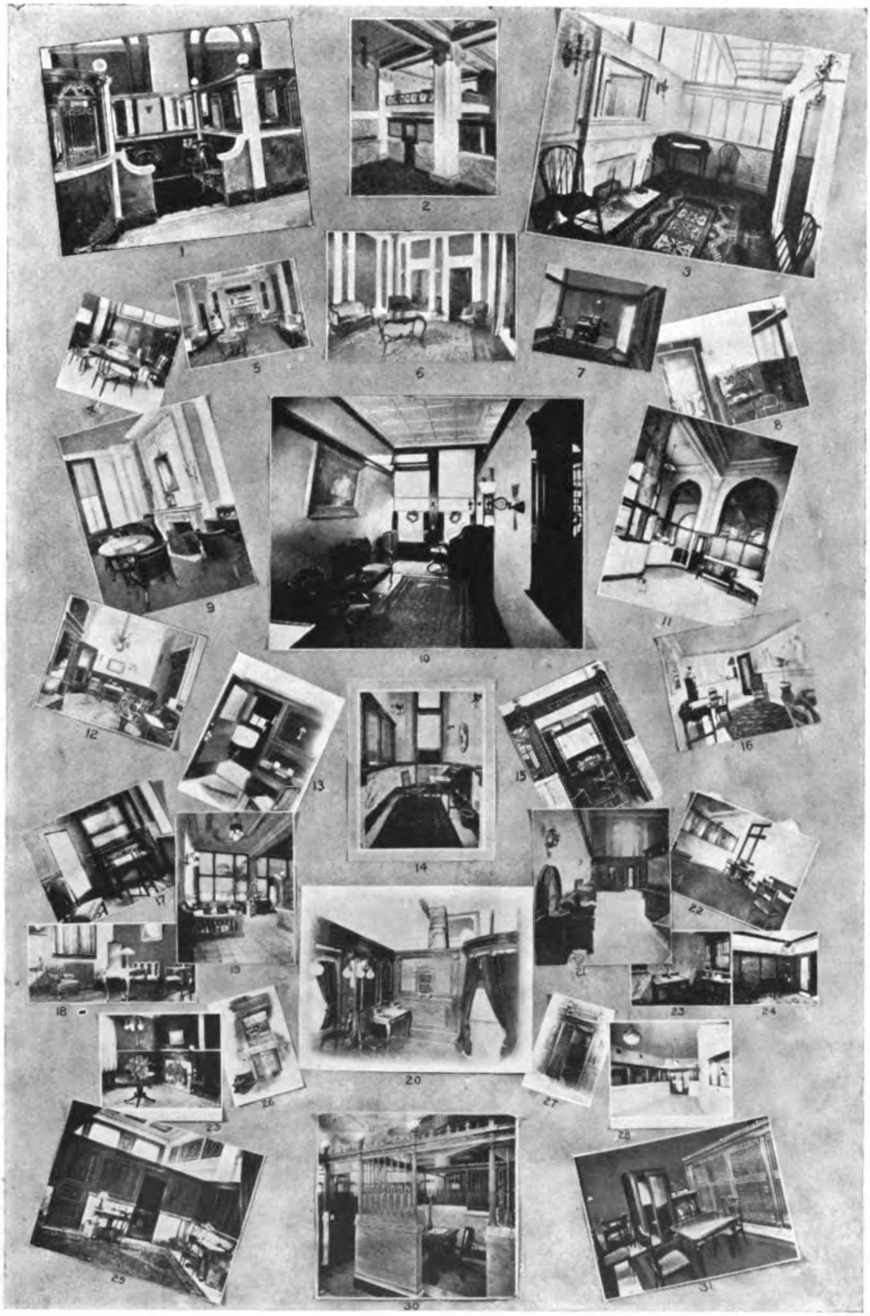
A new mercantile bank could first get the interested attention and later the accounts of many desirable business houses by conducting in the newspapers and by means of circulars, an educational campaign regarding the functions of a bank. Each ad or circular should conclude with a statement regarding the facilities of the bank for performing that function. This would certainly have all the dignity surrounding *instruction,* it would solicit business without urgency and would be bound to inspire confidence in the bank.

Every present or prospective depositor would read with interest and preserve for reference a booklet describing the functions of a bank and containing simple, clear instructions about the making and endorsing of checks and notes and the acceptance and refusal of drafts, the purpose and method of protesting commercial paper, how to check a bank balance sheet against the check book stubs, what constitutes security, collateral, and the various other details of banking that every business man should know to serve his own interests and those of his bank.

WOMEN'S DEPARTMENTS.

TO give an idea of how the women's departments of various financial institutions are furnished we reproduce on the opposite page views from thirty-one advertising booklets, as follows:

1. Flatbush Trust Company, Brooklyn.
2. Third National Bank, St. Louis, Mo.
3. Rhode Island Safe Deposit Company, Providence.
4. Union Savings Bank, Pittsburgh.
5. Citizens Savings Bank and Trust Company, Cleveland.
6. National Bank of Commerce, Kansas City, Mo.
7. Metropolis Trust and Savings Bank, San Francisco.
8. Mechanics Bank and Trust Company, Knoxville, Tenn.
9. Old Colony Trust Company, Boston.
10. Binghamton Trust Company, Binghamton, N. Y.
11. Syracuse Trust Company, Syracuse, N. Y.
12. Union Trust Company, Pittsburgh.
13. First National Bank, Ripon, Wis.
14. Cedar Rapids National Bank, Cedar Rapids, Ia.
15. Third National Bank, Springfield, Mass.
16. North Adams National Bank, North Adams, Mass.
17. Chambersburg Trust Company, Chambersburg, Pa.
18. Stock Growers National Bank, Cheyenne, Wyo.
19. Security Savings Bank, Los Angeles.
20. American National Bank, Washington, D. C.
21. Mariners Savings Bank, New London, Conn.
22. American Security and Trust Company, Washington, D. C.



A Few Women's Departments.

(For Index see opposite page.)

23. First National Bank, Montgomery, Ala.
24. First National Bank, Winona, Minn.
25. Cleveland Trust Company, Cleveland, O.
26. Guardian Savings and Trust Company, Cleveland, O.
27. Old National Bank, Spokane, Wash.
28. Cleveland Trust Company, Cleveland, O.
29. Security National Bank, Minneapolis.
30. First National Bank, Oakland, Cal.
31. Commercial National Bank, Chicago.

ADVERTISING CRITICISM.

Comment on Advertising Matter Submitted for Criticism.

IN regard to the series of newspaper advertisements, a few of which are reproduced, T. R. Durham, teller of the Chattanooga Savings Bank, writes:

Enclosed herewith I hand you a few newspaper ads. used by this bank. They are run in the morning paper and the reading matter is changed daily. This copy is used as we believe that a few words are read easier and more often than long, wearisome ads.

I notice that in the March number of the BANKERS MAGAZINE there is reproduced a cut which is similar to this, but I wish to say that we did not get the idea from that source as we have been using our design for several weeks.

Your opinion will be appreciated.

These terse little ads are a relief. They are so short and to the point that we imagine the grateful public of Chattanooga will feel like acting upon the suggestions made. But they are just suggestions. Brevity is the soul of wit, but it is possible to be too short. After you have got people looking for your ads it might be well to give them some argument, a "run for their money," as it were.

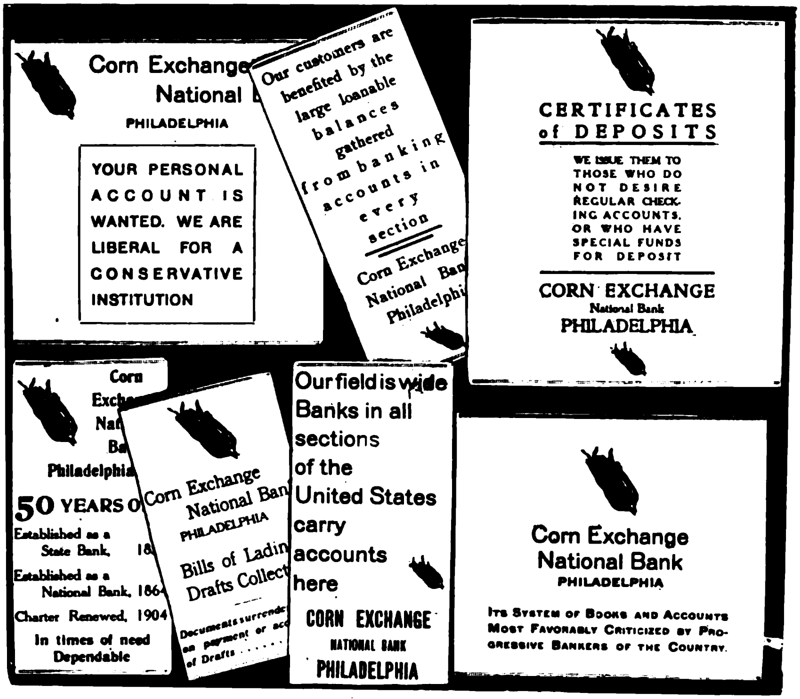
As far as the design is concerned, it seems to be a favorite one with the banks in different parts of the country. In this particular case the wording under the frieze of the temple is such that a new cut will have to be made every year.

Tabloid Ads.

Another style of concise and strong newspaper advertisements are those of the Corn Exchange National Bank of Philadelphia. The use of the trademark emblem in this way is particularly commendable. Cashier Charles S. Calwell writes that this advertising has been done in the evening papers of Philadelphia. The ads. varied in size from 4 1-2 inches, single column, to 5 inches double column.

The ad. of the Farmers' Loan and Trust Company occupied four inches, single column, in the New York "Evening Sun." Our opinion of the advertisement is best expressed in the following paragraph from E. St Elmo Lewis's "Financial Advertising":

The reason why so much advertising sounds strained and unreal, the kind you read and which leaves your mind passive and indifferent as a cloud passing over the surface of a pond, is because it is written by those who do not understand your relation to the things they are endeavoring to



Wise Use of Trade-mark and Good Short Copy.

Puzzle: Find a Good Ad. Here.

arouse your interest in. You are conscious of a certain remoteness, as if the writers were discussing matters they had never seen or known, and therefore can not make

THE FIFTH AVENUE BRANCH of The Farmers' Loan and Trust Company, 475 FIFTH AVENUE, near 41st Street.

¶ Interest allowed on Deposit Accounts.

¶ Acts as custodian of personal property and manager of real property.

¶ Travelers' Letters of Credit. Foreign Money and Express Cheques. Vault Boxes for Customers' use.

Nothing Distinctive Here.

them seem real to you. We call this lack of "grip," in fact it is a lack of intimate, close, friendly enthusiasm for the subjects discussed; or, the writers lack the power to put real feelings and thoughts into words.

That is a fine cut and mortise design in the ad. of the National Bank of Western Pennsylvania, but the copy is not startlingly original, to say the least.

Good Design, Poor Copy.

The design of the City Trust Company ad. is also a neat and effective one. The copy is not bad either. It gives the impression of cordiality on the part of the

The small accounts in our bank represent one of its most solid elements of strength.

Accounts of any size are welcomed here, and the cordial attention of the bank's officials is at the service of each one of them.

CITY TRUST COMPANY
50 STATE STREET, BOSTON

Well-balanced.

officers and employes of this institution. We hope this company has an ad. like this in the Boston papers every day and changes the copy daily.

HOW BANKS ARE ADVERTISING.

Note and Comment on Current Financial Publicity.

A COLLECTION of savings advertisements of the Home Savings Bank of Brooklyn, reproduced herewith, were prepared by Cashier W. H. Kniffin, Jr., from illustrations and quotations used in the Bankers Publishing Company's copyrighted savings booklet, "Some Ways to Save Money." Mr. Kniffin says that he keeps a copy of this booklet on his desk all the time for reference, side by side with "Pushing Your Business," and uses them in the preparation of his advertising matter. We will be pleased to have any other bankers use our savings booklet in this way. If you have no copy, send for one now.

The First National Bank of Elizabeth, Pa., and the First National Bank of West

Elizabeth, Pa., both use a syndicate bank almanac, but as the Monongahela River separates the towns, and the customers of the two institutions are, for the most part entirely different, there is no overlapping of advertising matter. The almanacs contain several pages which are available for the advertising matter of the institution sending them out. This is well prepared in each case.

We have frequently had occasion to comment upon the progressive advertising of the Oklahoma banks. The advertising of the First National Bank of Pauls Valley is well worthy of praise even in the large amount of good advertising which is being done in that new state. Mr. E. W. Low, assistant cashier of this bank, has sent us two leaflets, "The Test of Time" and "Surplus, the Depositor's Safeguard." In the latter, a strong point is brought out by using a quotation from Pratt's "Digest of National Banking Laws" in which the importance of a surplus fund created from earnings to protect the capital and creditors, is especially emphasized. This bank, while its capital is only $50,000, has a surplus of $100,000.

The New Farley National Bank of Montgomery, Ala., recently sent out a series of $5\frac{1}{2}$x$4\frac{1}{4}$-inch mailing cards to its correspondents and prospective customers. This series consisted of a card a day for seven

Developing Ideas into Ads.

days. The idea is a good one but we do not think that the copy used was as strong as it might have been. The matter on a few of the cards was as follows:

No. 1.

CARD SERIES COMING.

Watch and Read Daily.

THE NEW FARLEY NATIONAL BANK.

Montgomery, Alabama.

Capital Paid in	$200,000.00
Surplus	30,000.00
Undivided Profits	13,000.00

A young, growing and progressive institution.
Conservatively managed by experienced officers, augmented by a strong board of fifteen directors.
Save this card and read to-morrow's and those that follow.

Respectfully,

LOUIS B. FARLEY, President.

No. 6.

23 YEARS

Official experience in the banking business in Montgomery, Ala., insures ability to serve you satisfactorily. Send your drafts, etc., to

THE NEW FARLEY NATIONAL BANK,

Montgomery, Ala.,

And Get Quick Returns.

No. 7.

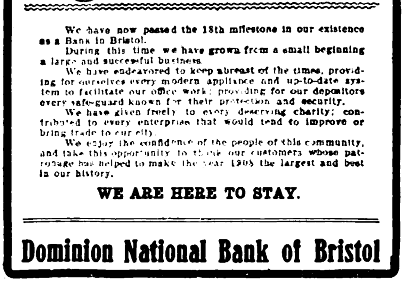
TO-MORROW'S BUSINESS

will be just as much appreciated as to-day's, if that of to-day has been routed.
We want you to try us daily with your drafts and other items.

THE NEW FARLEY NATIONAL BANK.

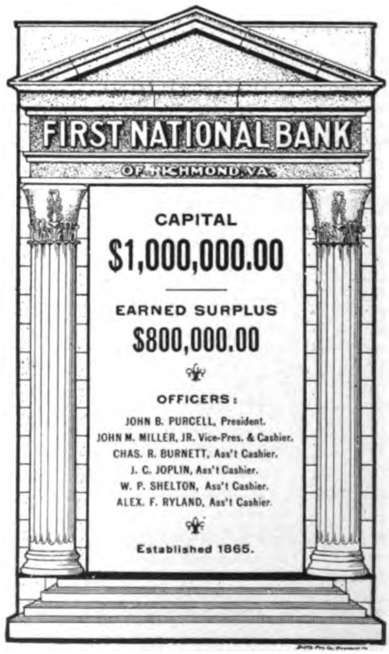
Montgomery, Ala.

The newspaper advertisement of the Dominion National Bank of Bristol, Va.-Tenn., is a sample of a good series of educational advertisements which that institution has been running with good effect in local papers. Among the advertising leaflets used by this bank are two particularly good ones entitled "Some Advantages of Banking by Mail" and a statement folder which in addition to the customary condensed statement figures, gives an explanation of the various items, contains a sworn statement concerning the examination made by one of the large audit companies and also a certificate of the examining committee of the board of directors of the institution.



Confidence-inspiring.

The First National Bank, of Richmond, Va., uses in all its advertising, a reproduction of the entrance to its building which is a good example of classic architecture. The illustration shown herewith is used for the statement folder which is printed in a different tint at each call of the Comptroller.



A Good Design.

The Mellon National Bank of Pittsburgh issues an attractively printed monthly circular descriptive of the various investment securities which it handles.

The news article and the advertisement of the Planters National Bank, of Richmond, Va., reproduced side by side, show a good way to take advantage of some special feature in the news to turn to advertising advantage the popular interest in any particular matter.

MUST BUILD ROADS IN EVERY COUNTY

State Association Will Form Nucleus of County and City Organization.

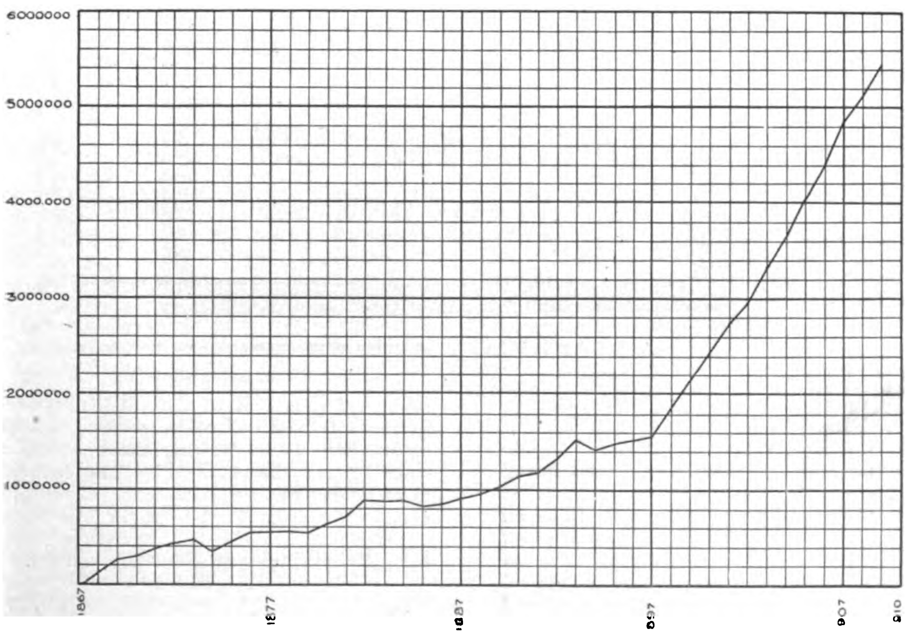
TAX ON VEHICLES AND AUTOMOBILES

State Senator Lassiter Suggests Plan to Meet Interest on Bonds. Robert W. Withers Is President of New Organization for Development of Greater Highways.

Program for To-Day

A Timely Ad.

DIAGRAM SHOWING GROWTH OF DEPOSITS IN THE BINGHAMTON SAVINGS BANK FROM ITS ORGANIZATION IN 1867 TO JANUARY 1, 1909.



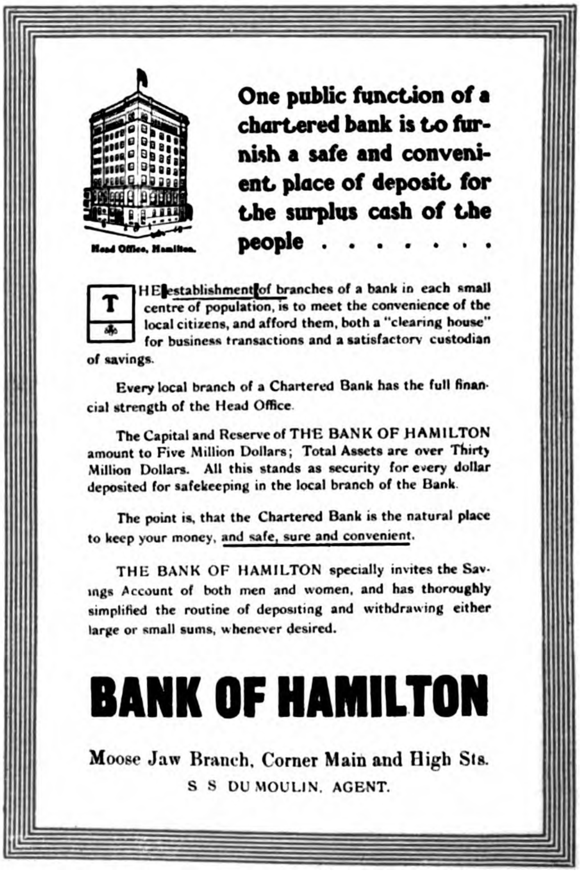
NOTE:—Vertical lines indicate years, horizontal lines indicate dollars, the rise and fall of the deposits being indicated by the irregular line starting in the lower left hand corner.

We are pleased to reproduce a good bank ad. from the far Canadian Northwest. The Bank of Hamilton ad. occupied a space of ten inches by three columns in the evening "Times" of Moose Jaw, Sask., Canada. The ad. is well balanced and strong, both typographically and from the standpoint of copy.

In regard to the chart showing the growth of deposits in the Binghamton Savings Bank, President Chas. W. Gennet writes as follows:

I am sending you the enclosed, which I have had prepared from our books, not because I think it will interest your readers, or the public generally, to know how much this bank has on deposit, but more as being of interest to the statistician, and students of monetary affairs. The diagram reflects at a glance all the different panics, and financial depressions of the past forty years and shows also their effect upon the deposits in the country savings bank.

It will be seen that in common with other, and more pretentious financial institutions, this bank made its obeisance to all the off years, beginning with the "Black Friday" in 1873.



A Good Ad. from the Canadian Northwest.

Arthur L. Callopy, manager of the Publicity Department of the International Trust Company of Denver, sends us a copy of a well gotten up folder advertising the savings department of that institution. One of the best features of this folder is a new copyrighted table showing the practical results of a savings account. The computations show the accumulations of monthly savings of from $1 to $20 in one to ten years when interest is compounded semi-annually at four per cent. per annum.

The Union Trust Company of Pittsburgh is giving away, presumably to its women customers and prospective customers, a very dainty calendar in which the calendar pad takes up very little space, much larger space being given to very artistic colored portraits of children mounted on white embossed and pebbled cardboard. The calendar is in three panels which are held together by flowered taffeta ribbon. We imagine that the women's department of the company was besieged with requests for these beautiful greetings as long as there were any left.

The National City Bank of New Rochelle, New York, ornaments its statement folder with a reproduction of the Huguenot Monument in that city.

The First National Bank of Northfork, West Va., prints its statement on an especially large sheet of deckle edge paper and on the front cover prints a good article on "Bank Credit for Young Men."

A Strong Emblem.

GOOD BUSINESS BOOKS.

A Description of a Few Especially Good New Books of Interest to Bankers.

(For sale by the Bankers Publishing Co., 90 William Street, New York.)

FINANCIAL ADVERTISING. By E. St. Elmo Lewis. Indianapolis: Levey Bros. & Co. (Price, $5.00.)

We have no hesitation in saying that this book is the most complete work ever produced on the subject of financial advertising. It is encyclopedic in scope, but at the same time every page of it is intensely interesting and practical. The author is the advertising manager of the Burroughs Adding Machine Co., Detroit, and for fifteen years has been a prominent and successful advertising man. Many previous books on this subject have been written by men whose experience has been extensive along banking lines but whose practical advertising knowledge has been almost a negligible quantity. The author has been working on this book for at least two years and in selecting some of the data included in it, he has done an enormous amount of reading and carried on a very extensive correspondence with advertising banks in various parts of the country. Mr. Lewis says that "the book represents a conscientious attempt on my part to place between covers something that will dignify advertising, give it a stronger name than a 'game,' and it will impress those who read it with an open mind with the idea that the men who practise advertising are not schemers or fly-by-night fakirs but men who are doing much to give this country its high standing in the world of commerce."

One of the principal reasons which qualified Mr. Lewis to prepare a practically helpful work of this kind is the fact that for years he has planned and supervised the carrying out of advertising campaigns involving the expenditure of large sums of money and this in lines of business where the advertising must be made to bring satisfactory results or the concern advertising would have to go out of business. In this book, Mr. Lewis has adapted to banking publicity these principles which have proved successful in other lines of business.

While the book contains a great many illustrations it is in no sense a scrap-book or a mere collection of advertising ideas, but every illustration serves a purpose in clinching a point brought out in the text matter.

Mechanically, the book is a beautiful and substantial piece of work. It contains almost 1000 pages, good paper is used, the type is large, the paragraphs are short and on the ample side margins are convenient bold face index lines. The author's style is terse and witty. His logic is unanswerable. The thoroughness with which the subject is handled can be appreciated by a glance at the titles of the thirty-five chapters in the book, which are as follows: Advertising from the Historical Side; The Banker's Duty to the Public; How to Reach the People; Essentials of Good Advertising, Attracting the Attention; Essentials of Good Advertising, Awakening the Interest; Essentials of Good Advertising, Creating the Conviction; Successful Advertising, Its Personality; Using the Local Newspaper; The Banking and Financial "Trade" Press in Financial Advertising; The Use of General Mediums; How Much Space to Use and What Position Should It Have; The Matter of Rates; Street Car Advertising, Out-of-Doors Advertising, Special Publications, Theater Programs, Etc.; The Advertising Novelty, Almanacs, Calendars, Schemes, Etc.; The Special Place of the Booklet and Folder; The House Organ as Applied to Financial Advertising; Personal Circular and Form Letters and Their Mission; Arranging, Systematizing and

Handling Lists of Possible Customers; Planning an Advertising Campaign; Systematizing the Work of Advertising; The Mail Order Idea Applied to Things Financial; Getting Results from the Artist and Engraver; The Printer's Part; The Department of New Business—The Traveling Representative—Business-Getting Employes; The Auvertising Manager; The Advertising Specialist; What the Advertising Agency Can do for the Financial Advertiser; The "Publicity" Promoter and the Publicity Bureau; Competition and How to Meet it with Advertising; The Use and Importance of Officers, Directors and Employes in Financial Advertising; Special Advertising Problems of the Commercial Bank, National, State or Private; The Special Advertising Problems of the Trust, Title, Insurance and Guarantee Companies; Special Advertising Problems of the Savings Bank; Advertising Stocks, Bonds, Mortgages and Other Securities; Advertising Safe Deposit Service; In Times of Panic, A Few Words in Conclusion.

In addition to these thirty-five chapters, there is an appendix containing a five-page bibliography of works on advertising, business management, designing and engraving, English, letter writing, psychology, sociology and miscellaneous subjects. A second appendix contains all the necessary technical information in regard to paper, ink, type, engraving, etc.

This is a book that every banker who is trying to increase his deposits and other business with the aid of printer's ink, should have on his desk to read and study as a work of reference.

Thoughts on Business. First and Second Series (two volumes). By Waldo Pondray Warren. Chicago: Forbes & Co. (Price, $1.25 each.)

Probably most of those who read this review have, at some time or other, seen some of these well known short essays on business topics, as for a long time Mr. Warren has addressed an audience of about 1,000,000 persons through the columns of a large number of prominent daily newspapers in different cities in the United States. These trenchant talks on practical business topics have been collected and published in book form, the second series being just off the press. Mr. Warren was for a number of years advertising manager of Marshall Field & Co., Chicago, and is now a member of the editorial staff of "Collier's Weekly."

There is nothing dry or heavy about these

A Few Emblem Trade-marks.

talks, but they contain a vast amount of profound wisdom and business common sense. They provide food for thought. Reading them from time to time will provide any thinking man, whether he is in an executive or a subordinate position, with a very helpful stimulus for self-improvement and lead him to get the most out of his own efforts and those of the men and women whose activities he directs. The author himself states his purpose in writing these "Thoughts" as follows:

"Work for love of the work. Work because you see things that ought to be done, and because you love to see the advancement of every good thing. Try to do some things that will last after you, but do not neglect the vast amount of needful though transitory work. Respect all useful work the world over. Preach the dignity of labor, the joy of working, and the divinity of expression. Love riches only as a means to a noble end, not for the ease or glory of self, but for the more successful achievement of better things. Love yourself only as you would make that self a well-equipped servant of a high purpose. Know that self-love is death to every good quality unless it is made the servant of the common good. Avoid the small ruts of life. Be a citizen of the Universe, challenge the thoughts of the sages, and seek above all to find the true path from present duty to the final Good.

"This is my heart's message. To bring this message into the office, the workshop, and the home—into the purpose, the mind and the life—has been my aim in these pages."

The various short essays come under the following heads: Self-Improvement; With the Manager; Buying and Selling; Developing the Workers; Types; Policies; Observations; Words by the Way; Gleanings.

THE TRANSACTION OF BUSINESS, by Sir Arthur Helps, and HOW TO WIN FORTUNE, by Andrew Carnegie. Chicago: Forbes & Co. (Price, $1.00.)

In reality, this book is a compilation of a number of masterpieces of business literature. The principal parts are those indicated in the title. The editor is David E. Goe. In addition to the articles by Sir Arthur Helps and Andrew Carnegie are several practical articles, among them the following: "Tactful Relations with Customers," by John W. Ferguson, of the Chicago Edison Co.; "The Importance of Audits," by John Farson, of Farson, Leach & Co., Chicago; "Analyzing a Business Proposition," by W. G. Fenton, president of the Chicago Clearing-House Association; four short essays by Francis Bacon, and the well-known preachment by Elbert Hubbard, "Get Out or Get in Line." The topics discussed by Sir Arthur Helps, the famous English essayist, include the following: Choice and Management of Agents; Interviews; The Treatment of Suitors; Councils and Commissions; The Value of a Counsel; Advice; Secrecy; Practical Wisdom; The Education of a Man of Business; Our Judgment of Other Men.

The cashier of a large bank in Wisconsin said: "I do not believe that there is a merchant, manufacturer, banker or professional man who can carefully and thoughtfully read any one of the chapters without being better equipped to make headway in the daily grind of business." We feel that this is a true statement of the value of this book and we would like to see it in the hands of every banker in the country.

THE MAKING OF A MERCHANT. By Harlow N. Higinbotham. Chicago: Forbes & Co. (Price, $1.50.)

While this book is of particular interest to merchants, as its title indicates, the fact that the interests of bankers and merchants who are their customers are so closely associated, makes it important for the banker to know as much as possible about mercantile affairs. Four of the twelve chapters of this book are devoted to the subject of the extension of credit and are of particular value to bankers as they outline very clearly the qualifications of a good credit man and also show the difficulties and dangers of credit.

The author was a prominent financier, a partner of the late Marshall Field and was well known as president of the World's Columbian Exposition at Chicago in 1893. The book is one of the very few on business methods which have been written by a man who has reached the summit of success in commercial life. It has practical suggestions for every business and summarizes the results of forty years of experience. The book contains 210 pages, is clearly printed and handsomely bound.

The Bankers Publishing Company, New York, will be pleased to send complete descriptive circulars of any of the books mentioned in this article and is in a position to deliver any of the books at the publishers' prices herein quoted.

ALL BOOKS MENTIONED IN THESE NOTICES WILL BE SUPPLIED AT THE PUBLISHERS' LOWEST RATES BY THE BANKERS PUBLISHING COMPANY, 90 WILLIAM STREET, NEW YORK.

A History of Modern Banks of Issue; with an account of the economic crises of the nineteenth century and the crises of 1907. By Charles A. Conant; fourth edition, revised and enlarged. New York and London, 1909: G. P. Putnam's Sons.

The history of banking is usually accounted a dry subject, but in the new book of Mr. Charles A. Conant, the well-known economic writer and organizer of the Philippine monetary system, it takes on a tinge of romance which links monetary science with many of the most important events in political and social history. One finds Napoleon availing himself of the genius of Mollien to maintain the credit of his war-chest, while his armies are overrunning Europe, and finds the Emperor's sisters, brothers, and brother-in-law participating in the purchase of the stock of the Bank of France. One follows Francis Joseph and Alexander I. through their struggles to check the conquests of the great Corsican, and follows Pitt in converting the Bank of England into his privy purse for financing the allied armies. In more recent times one discovers how closely the development of civilization in Japan and the evolution of modern Mexico are the fruit of the far-sighted monetary reforms which created the Bank of Japan and put Mexico upon the gold standard. One follows the Russian and Japanese armies into the trenches before Port Arthur and over the fields of Manchuria, swapping "war notes" issued for the occasion across the hostile lines.

Mr. Conant has confined himself pretty closely to his subject, the history of banking, as distinguished from that of coinage and monetary systems, but inevitably the discussion of most of the important monetary reforms of the past dozen years, since the appearance of the original edition of his work, is involved in the part which the banks played in carrying them out. Hence we find in his new work a full account of the methods by which Russia accumulated $600,000,000 in gold and was able to go through the war with Japan without suspending specie payments. We find also, scattered through the various chapters on Mexico, China, the Philippines, British India, and the Straits, a full exposition of the measures in which Mr. Conant had a large share, for establishing stable exchange in the Orient. In the financial history of the United States the vicissitudes of our present defective currency system are brought down to date and an account is given of the measures of reform proposed by the New York Chamber of Commerce Committee, of which Mr. Conant was a member; of the Special Commission of the American Bankers' Association; of the comprehensive measure of Representative Fowler; and of the provisions of the Aldrich-Vreeland law. There is also an entire chapter on the crisis of 1907, dealing with its influence upon the movement of capital throughout the world.

Enough has been said to show that this fourth edition of Mr. Conant's work, which is the first complete revision since its issue in 1896, makes it substantially a new work. The amount of new matter added to the original 575 pages is 145 pages, and additional space for narrative is afforded by eliminating the three chapters on banking theory which appeared in the earlier work, but which are now covered in a much more complete and authoritative way in Mr. Conant's other standard work, "The Principles of Money and Banking." The two works taken as a whole—the one devoted to theory and the other to the best co-ordinated history of banking in the English language—make an almost complete library in themselves for the practical banker who would keep in touch with the broader aspects of his profession.

Manual of Canadian Banking. By H. M. P. Eckardt. Toronto: Monetary Times (Price, $2.50).

Of books like this, dealing clearly with the inside workings of a bank, and with the laws and regulations governing the relations between the banks and the public, there can hardly be too many. Mr. Eckardt writes from the standpoint of experience, and has the faculty of putting forth his ideas in terse form. To the American banker or bank clerk who wishes to gain a knowledge of the banking methods obtaining in Canada, this manual will prove of the greatest value. It is a clear and concise presentation of Canadian banking practice, and a welcome and substantial contribution to the literature of banking.

MAN, WOMAN, KNOW THYSELF. By Dr. E. J. Bartholomew. Chicago. (Price, $2.00.)

This is a practical book explaining the effect of thought upon human life. The book is of value to any one interested in psychic research, especially in the influence of mind over body.

THE STORY OF A STREET. By Frederick Trevor Hill. New York. Harper and Brothers. (Price, $1.60.)

This is the genuine story of Wall Street, from the time when Wilhelmus Kieft, the Dutch Governor of New Amsterdam, roughly marked its direction with a cattleguard of felled trees and brushwood, to the latest period of its development as a "canon of exchange."

The reader is shown Wall Street as it was in the days of the Dutch, as it appeared during Revolutionary times, as a center of government, as a social center, and as a center of finance. Each period of this famous old Street's history is told in a breezy humorous way that furnishes delightful reading.

There are chapters on the Stamp-Act Congress, the Merchants' Coffee-House, the Continental Congress, Washington's Inauguration, and a sketch of the political forces which centered around Alexander Hamilton and Aaron Burr.

There are many illustrations and views of the Street as it appeared in different periods of its growth, some of them very rare plates, and one, a fac-simile of Hamilton's letter to Richard Varick concerning the tender of Federal Hall to Congress, hitherto unpublished.

"The Story of A Street" is a book which should be in every library, for it graphically describes the history of a thoroughfare which has become a part of our national heritage.

"THE ART AND SCIENCE OF ADVERTISING." By Geo. French. Boston: Sherman, French & Co. (Price, $2.00.)

This book on advertising by the editor of "Profitable Advertising" is quite a thorough consideration of some fundamental principles of advertising and contains much of value to every student of commercial publicity. There is perhaps a preponderance of theory in the book and not enough actual practice, but as experience is a great teacher, it is perhaps just as well for a student of advertising to become well grounded in the theory of the art first and then get practice by actual experience in some part of the advertising field. The author takes up such subjects as:—"The Profession of Advertising"; "Moral and Esthetic Elements"; "Art in Advertising"; "The Study of Advertising"; "The Advertising and Selling Campaign"; "Salesmanship and Advertising"; "The Personal Contact"; "The Element of Interest"; "The Argument of the Advertisement"; "Attraction, Suggestion, Assertion"; "Optics and Advertising"; "Writing the Advertising Copy"; "Suggestion in Advertising"; "Printing for Advertising"; "Type in Advertising"; "Cuts for the Advertisement"; "Paper for the Advertiser"; "The Advertiser and the Agent"; "Booklets, Brochures, Leaflets, etc."; "Business Correspondence"; "Advertising Advertising."

BOOKS RECEIVED.

DAVID BRAN. By Morley Roberts. Boston: L. C. Page & Co. 420 pp., with colored frontispiece. (Price, $1.50.)

A GENTLEMAN OF QUALITY. By Frederic Van Rensselaer Dey. Boston: L. C. Page & Co. 350 pp., with colored frontispiece. (Price, $1.50.)

SHALL NATIONAL BANKS HAVE THEIR DEPOSITS GUARANTEED?

MOST of the rumors now in circulation about the condition of national banks in the states where there is a system of state guarantee of deposits in operation have been denied by the Comptroller of the Currency. He declares that his office is not taking the initiative to get Congress to pass any law that will permit the national banks to participate in a state bank guarantee plan. If anything is done in this direction it will have to be taken up by the banks themselves. The Comptroller's office regards its sole duty as merely to carry out the Federal law.

It is assumed that the banking situation in Kansas will be about the same as in Oklahoma now. The law in Kansas will go into effect on July 5, and it is now difficult to say exactly how far the national banks are going to be injured by the state banks having their deposits guaranteed.

When Oklahoma adopted its law there were about 300 national banks within the state. Now there are about sixty less. Although there has been on the average of six or seven national banks surrendering charters each month, the deposits of the remaining national banks have increased considerably. The Comptroller declares that the total deposits of the remaining national banks in Oklahoma are now greater than the combined total before there was a law there guaranteeing the deposits.

BANK INVESTMENTS.

A Brief Study of the General Principles Which Govern the Investment of Bank Funds.

By George Garr Henry, Vice-President Union Trust Company, New York.

AFTER every serious panic or financial crisis there is always a period of greater or less extent during which the demand for money is light and money rates are low. When a rigid currency system becomes a factor in the situation, as it does in the United States, this condition is greatly aggravated, for, through failure to contract automatically, the redundant circulation heaps up in the vaults of the banks.

At such times it is almost impossible to loan money profitably, and the average banker is at his wit's end to know what to do with his deposits. He finds that his ordinary borrowers are using much less than their normal line of credit, and that desirable applications for loans from outside parties are rare. Under the circumstances, if he is paying interest on his deposits, as he is usually forced to do through the competition of other banks and trust companies, he is compelled to go outside of his immediate field for the investment of his deposits.

Turning to the Bond Market.

Two courses are open to him. He can buy commercial paper or he can buy securities, and when he sees the class of commercial paper which is offered by the note brokers, much of it corporation paper selling on an unattractive basis, he usually selects the latter course.

In justice to the average commercial banker, it should be said that during these periods of abundant money and low rates he has generally turned unwillingly to the bond market in spite of its allurement, because he has rightly felt that the legitimate function of a bank is to supply credit to its own depositors and to make a profit by so doing, and he has departed from this particular field with great reluctance, and only on compulsion.

His unwillingness to buy bonds has been usually justified by the result, for it is safe to say that the average bank has lost money in its investment account. The failure of the average banker to invest his money wisely is not due to any want of intelligence or of proper care and foresight on his part, as he sometimes seems to believe, but simply because he does not thoroughly understand the principles of investment banking, a business which, while somewhat analogous to his own, differs radically from it in many respects.

In other words, it may be said that there are two kinds of banking—commercial banking and investment banking—and it appears true that no amount of experience and success in the business of commercial banking affords any presumption of success in the selection of securities, nor, on the other hand, does great success in investment banking justify a confidence of equal success in the delicate and almost instinctive matters of credit.

Expert Knowledge Essential.

If the successful selection of investments demanded only or even mainly the mere knowledge of values and consequent ability to select a safe security, the average commercial banker would be well equipped for the undertaking from his experience in credit matters, but much more is required. Successful investment of bank funds demands a clear understanding of the nature of the investment problem which is to be solved, and careful selection of securities to meet the real requirements of the case. The problem is quite complex and little understood by the average commercial banker. It involves a thorough knowledge of the five chief points which must always be considered in the selection of investments. These are as follows:

1. Safety of principal and interest, or the assurance of receiving the principal and interest when due.
2. Rate of income, or the net return which is realized on the actual amount of money invested.
3. Convertibility into cash, or the readiness with which it is possible to dispose of the investment.
4. Prospect of appreciation in value, or that growth in intrinsic value which tends to advance market price.
5. Stability of market price, or the likelihood of maintaining the integrity of the principal invested.

These are the five cardinal points of investment which must always be considered in the purchase of securities, no matter by whom or for what purpose the purchase may be made. The qualities which conform to them are present in different degrees in every security, and the scientific investor always selects securities which possess in a high degree the qualities upon which he wishes to place emphasis. The average investor does not thoroughly understand this point. He does not realize that a high degree of one quality implies a lower degree of other qualities. He may have a general idea that a high rate of income implies a lower degree of safety, but he rarely applies the same reasoning to other qualities. For example, it is quite common to find a private investor purchasing securities which possess in a high degree the quality of convertibility into cash, when he is buying for permanent investment and has no thought of reselling. In the light of his real requirements, this is pure waste. A high degree of convertibility can only be compensated for by a lower degree of some other quality, usually rate of income, and if the private investor better understood investment principles he could probably select some other security which would possess equal safety, equal stability and equal prospect of appreciation in value, along with a higher yield, at the expense only of convertibility—a quality which he does not need.

Where the Investing Banker Is at Fault.

In the same way, the average commercial banker fails to consider his real requirements. He looks only for two things—safety and a good rate of interest. Like the private investor, he has a general idea that a high rate implies less assurance of safety, so he makes a very careful examination of the security of every bond offered to him. If he finds a bond which seems to pass this test and at the same time pays well, he buys it with every appearance of satisfaction, never realizing that a high rate of interest, if not compensated for by diminished safety, can be attained only at the expense of some other quality, probably quick convertibility. In this way many banks have been loaded up during periods of easy money with perfectly safe bonds, and bonds which pay well, but bonds which it is impossible to sell except at a ruinous sacrifice when normal times return and the bank needs its money for the legitimate uses of its depositors.

If the commercial banker avoids this error, he is quite likely to commit another equally unfortunate and more deplorable, because encountered in spite of greater prudence. Realizing the necessity of carrying only bonds which possess an active market and willing to forego something in the way of return in order to secure it, many bankers purchase only strictly high grade bonds having an active market and netting around four per cent. They think that such investments cannot go wrong, and rather pride themselves on the conservatism of their action. When the business situation changes, however, they are not much better off than their rivals, for they have neglected to secure one of the essential qualities—stability of market price.

As conditions improve and the demand for money increases, money rates advance and bond prices tend to fall in the automatic adjustment of the yields upon free and invested capital. Thus, by the time these bankers can employ their funds profitably, they find that their bonds have slipped off in price and that it would entail a loss to sell. As a general rule they let the matter run along, hoping that the price will come back, until they really need the money, when they sell at a heavy sacrifice and resolve never to enter the bond market again. In this state of affairs, the convertibility which they secured at the expense of a higher rate is not of great advantage to them.

All Securities Must Be Tested.

In both of these cases and in others which might be mentioned, the trouble comes from the commercial banker not having a thorough grasp of the investment problem which confronts him, and of his real requirements. In the selection of securities the points upon which he should place emphasis are the following: Safety of principal and interest, convertibility into cash and stability of market price. The other two qualities, rate of income and prospective appreciation in value are only to be sought in so far as they shall not impair the others.

Safety.

Let us consider these three points in turn. It is unnecessary to make an extended argument to prove the importance of avoiding all doubtful securities. The assurance that the maker of the obligation will pay principal and interest when due is a *sine qua non.* Unless the banker is convinced of this point in his own mind, further consideration of the security is not justified. With the best judgment in the world men may lose enough money in things which they believe to be safe, without buying securities of which they are doubtful at the time of purchase.

Convertibility.

In regard to the second point, the need of ready convertibility is equally marked. The real strength of a bank is determined, not so much by the quality of its assets and by the amount of its specie reserve as by the percentage of its assets which are in liquid form. In times of trouble a bank with ten per cent. reserve and fifty per cent. additional immediately available is in stronger position than one with twenty-five per cent. reserve and all of its other assets slow, even if they are intrinsically good. At such times (and it is only times of trouble that test a bank) when a depositor wants his money, he wants it right away, and a banker cannot give him a fifty-year municipal bond representing money expended in laying pavements or sewers as a substitute for the cash—not if he wants to continue in the banking business. For this reason a banker should only buy bonds which possess an active market. Some bankers think it is safe to take a chance on a small part of their assets, but it is better judgment not to, because it is almost certain to prove more difficult to dispose of some of their bonds than they expected, and therefore, without intending it, they will find that they have on hand some inactive securities.

Stability of Market Price.

As to the last point—stability of market price—it is quite as important as the others. This quality should never be confused with the quality of safety. Safety of principal and interest means that the maker of the obligation will pay principal and interest when due. Stability of market price means that the security will not shrink in quoted value. These are very different things, though frequently identical in people's minds. An investment may possess assured safety of principal and interest, and yet suffer a violent decline in quoted price owing to a change in general business and financial conditions. When the safety of a security cannot be questioned under the most adverse conditions, it moves up and down in price only in accordance with the current rates for money. When money rates are low, it tends to advance to a point where the yield upon its price is no greater than the loaning rate of free capital. When money rates are high, it tends to decline to a point where its yield is as great. In both cases, the adjustment is purely automatic.

As long as it is more profitable to buy bonds than to loan money, people will buy bonds. When it becomes more profitable to loan money people will sell their bonds in order to loan the money so realized. The concentrated buying puts prices up; the concentrated selling puts prices down.

As an illustration of this tendency, New York city long term three and one-half per cent. bonds declined within a few years from 110 to 90, without the slightest suspicion of their safety. The fall in price was due to two factors, one general and the other special; first, the absorption of liquid capital and consequent rise in interest rates occasioned by the unprecedented business activity of the country, and, second, to the unfavorable technical position of the bonds, due to the constantly increasing supply in the face of a decreased demand.

Shrinkage.

It should be plain from the foregoing that there is no greater fallacy than to suppose it possible to guard against shrinkage in quoted prices by the purchase of safe securities: in fact, if any presumption exists in the matter it is rather the other way. Strictly high grade securities, bought under conditions of easy money, are almost certain to decline in price as business conditions improve and money rates advance. Second and third grade securities, on the other hand, are more likely to be maintained in price, because improvement in business conditions strengthens their position and offsets to a great extent the depressing effect of advancing money rates; furthermore, the yield of second and third grade securities is usually so much higher that the advance in money rates does not begin to act upon them so soon.

The question of maintaining intact the principal sum invested, which has been distinguished by the above analysis from the quality of safety in a security, is a matter of vital importance in bank investments, because it directly affects the preservation of the bank's surplus. If securities are sold at a loss, the difference must come out of the surplus, and inasmuch as investments must be reported at market value upon the various state or national calls or at the semi-annual periods, the effect upon the surplus is just as bad whether the securities are actually sold or not.

Guarding Against Shrinkage.

There are only two ways in which this shrinkage in market value may be effectually prevented. One way is to buy only real estate mortgages and unquoted securities, such as small issues of inactive municipal bonds, which can always be carried at par or at cost. This method is not available for the commercial banker, because such securities do not possess the requisite convertibility, but it represents one of the best principles of investment for savings banks and for certain trust estates. The other way is to buy only short term securities whose near approach to maturity will maintain their price close to par. This is the course which the commercial banker should adopt. It is simple and practical. His real requirements are safety, convertibility and stability of market price, and he should confine himself to high grade, active, short-dated securities.

The securities which conform to this description are of three general classes, old issues of bonds which fall due within two or three years, short term notes of railroads or other corporations, including municipal revenue bonds, and railroad equipment notes. Of these classes the best all-around investments are unquestionably railroad equipment bonds. Old bonds are usually underlying issues, selling on a fancy basis, and difficult to obtain in round amounts, and short term notes, while readily convertible and reasonably stable, do not usually rank among the choicest securities. Equipment bonds, while sufficiently active and stable in price, have the added advantage of possessing exceptional safety.

Before leaving the subject of bank investments, a word should be said in qualification of the position taken above that there are only two ways in which to guard against shrinkage in quoted value. There is a third way, namely, to buy securities which will advance in price instead of declining. This method, however, demands a thorough grasp of the general principles which control the price movements of securities and a comprehensive knowledge of current business and financial conditions. If a man possesses these qualifications he is enabled to judge whether given market conditions are favorable for the purchase of particular securities. By this it is not meant that he needs to have an intimate knowledge of technical market conditions by which to forecast temporary fluctuations of minor importance, but rather that he should have clearly in mind the causes which operate to produce the larger swings of prices. If a banker acquires this knowledge he is able to take advantage of large price movements in such a way as to materially increase his income and at the same time avoid carrying upon his books securities which may have cost more than their current market quotations.

Influences Which Affect the Price of Securities.

Broadly speaking, the market movements of all negotiable securities are controlled by two influences, sometimes acting in opposition to each other and sometimes in concert. One of these influences is the loaning rate of free capital; the other is the general condition of business. As pointed out above, a low rate of interest or the likelihood of low rates has the effect of stimulating security prices. A high rate or the prospect of high rates has the effect of depressing them. Similarly, good business conditions or the promise of good conditions tend to advance security prices, because they indicate larger earnings and a stronger financial condition. Poor business conditions or an unpromising outlook have the reverse effect. The larger movements of security prices are always the resultant of the interaction of these two forces. When they work together the effect is irresistible, as when low interest rates and the prospect of good business conditions occur together, or when high money rates occur in the face of a marked falling off in business activity. At such times all classes of securities swing together.

For the most part, however, money rates and business conditions are opposed in their influence, rates being low when business is bad and high when business is good. Usually, the more unpromising business conditions become, the easier money grows, while the more active business becomes, the higher money rates rise. The effect of this antagonism between the controlling causes is to produce movements of different proportions and sometimes in different directions in different classes of securities. High-grade bonds may be declining, middle grade bonds remaining stationary and poor bonds advancing, all at the same time. This serves to give a very irregular appearance to the security markets and seems to justify the widely held opinion that security prices are a pure matter of guesswork and that they are controlled only by manipulation and special influences. A clear conception of the nature of the influences which are always silently at work reconciles this apparent inconsistency, and makes it plain that general price movements are determined by laws as certain in their operation as the laws of nature.

It would be interesting, if space permitted, to pursue this subject further and show how the combined effect of the two influences described is to produce definite and regular swings in prices through the course of each credit cycle, and to point out the indications which define the commencement or culmination of such a movement. But space requires that our treatment of this point should be suggestive rather than complete. The thoughtful reader will have little difficulty in applying the principles for himself. High-grade bonds, such as choice municipals whose safety cannot be impaired by any extent of depression in business, will be influenced in their market movements almost wholly by money rates. A banker familiar with the course of interest rates through the successive phases of a credit cycle should be able without difficulty to forecast the market movements of such securities. The lowest grade of bonds whose margin of security even in good times is not very great are acted on almost entirely by business conditions. Again, a banker familiar with the contemporary stage of prosperity or depression and able to foresee the future, can readily anticipate their market action.

Between these two extremes every class of security is to be found. The better class will tend to resemble in their market movements the course pursued by the choicest bonds. The poorer bonds will approximate the lowest class. In every case, however, unless special influences operate to produce variations, the market swing of a given security should be easily conjectured by an investor who gives careful attention to the relative weight which is likely to attach to each determining influence.

New Building of the Old Colony Trust Company, Boston.

MODERN FINANCIAL INSTITUTIONS AND THEIR EQUIPMENT

THE FIRST NATIONAL BANK OF PENSACOLA, FLORIDA.

PERHAPS there is no type of building more suited to the needs of a banking institution than that which is represented in the home of the First National Bank of Pensacola, Fla.

It is of pure white marble, a material which sets off wonderfully well its classic lines, and rests upon a base of dark granite.

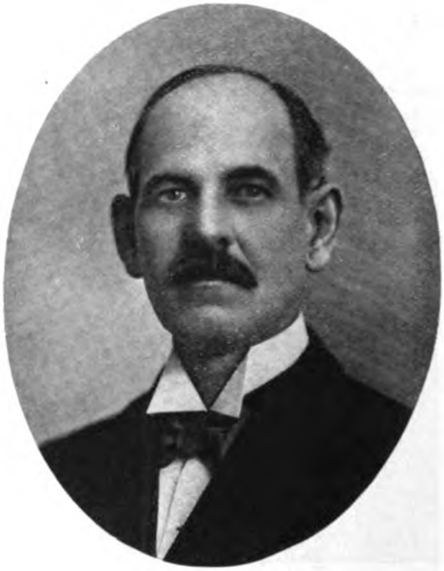
Along the side of the building and on either side of the entrance, there are a number of Ionic columns which support the pediment and the portico, and these add to its general air of dignity and beauty. Modern methods of construction and the modern building materials used have made the First National's home absolutely fire-proof, and it will stand for many years to come as one of Pensacola's finest structures.

Description of the Interior.

Passing through the great bronze entrance doors, we enter the main banking

Classic Home of the First National Bank of Pensacola, Florida.

W. K. HYER, JR,
President.



W. J. FORBES
Cashier.

THOS. W. BRENT
Assistant Cashier.

W. N. ROBERTS
Assistant Cashier.

chamber. This well-lighted room has a clear ceiling height of over thirty-five feet, and its walls are frescoed in a delicate shade of cream and old ivory, a coloring which harmonizes perfectly with the rich Italian marble counters and wainscoting. The metal counter screen is of solid statuary bronze of the United States standard alloy and a fine example of the metal worker's art.

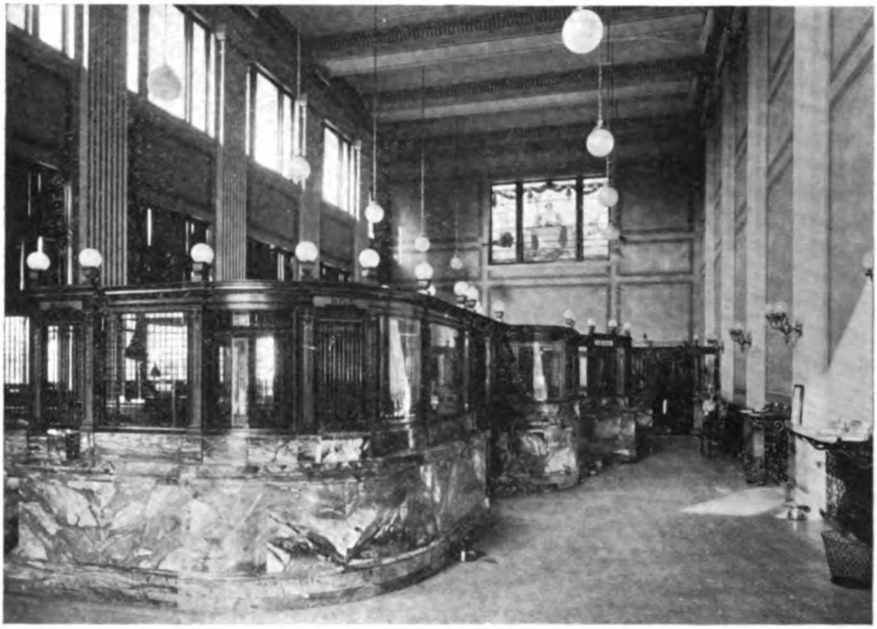
Passing down the long public aisle we come to the space devoted to the president's and directors' rooms. Here also is the entrance to the safe deposit vault, which is closed by a door seven feet in diameter, weighing fifteen tons, and twelve inches in thickness, fitted with time locks of the latest pattern. Within the vault there are several hundred safe deposit boxes and storage closets. The bank also has separate book vaults for the storage of its many books and papers.

Coming out of the vault we pass on to rooms for depositors, and these have many conveniences which the customers have learned to appreciate. At the end of the room, and high above the working space and officers' quarters, there is a large art window of leaded glass, which fittingly represents Pensacola as a seaport. This win-

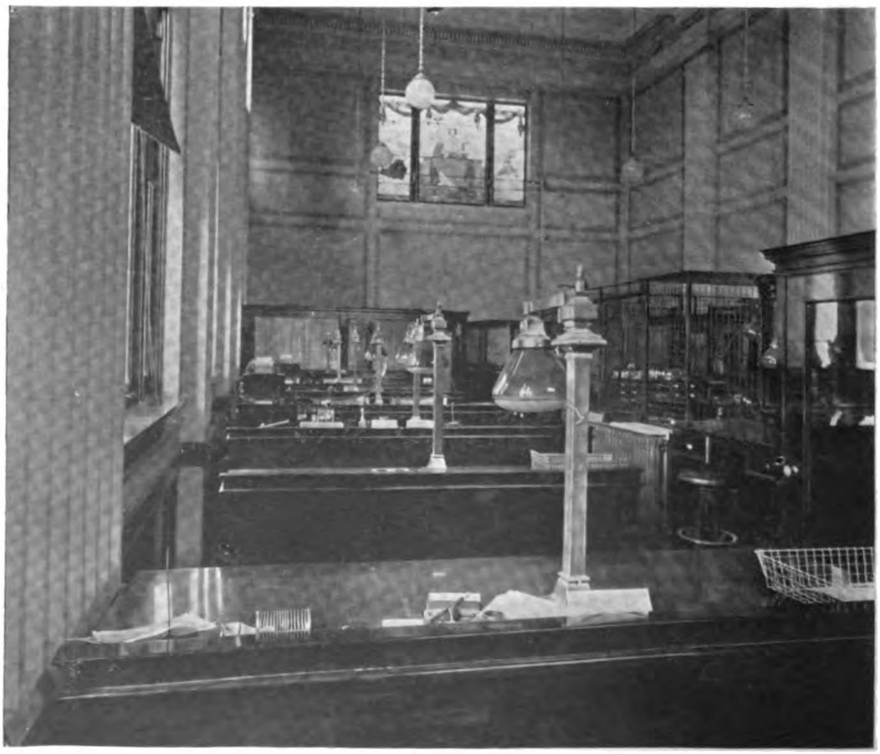
The President's Room.

the president's room, which is tastefully finished in mahogany of the finest quality and workmanship. The directors' room adjoining that used by the president, is also finished in mahogany, but with its massive table and open fire-place, it is easily the handsomest room in the building.

There are separate writing and waiting dow is divided into three openings, the central and largest opening containing a life-sized figure of Commerce, seated on a throne lapped by the constant and never ceasing waves of the ocean. In her right hand she holds the wand of Mercury, the ancient Greek symbol of speed; in her left, the horn of plenty, symbol of prosperity,



A Well-lighted and Well-appointed Banking Room.



A Glimpse of the Working Space.

and at her feet a branch of palms, symbol of peace. The window at her right contains a Spanish galleon in full sail, typifying the style of craft at the time of the discovery of this country. To her left is one of the United States most modern war vessels, similar to the battleship Florida, now being built, which is the latest achievement in naval construction, the one representing the power of wind, the other of steam and electricity. The ornamental border or freize contains a series of festoons, formed with various fruits, typifying also an important industry of the State of Florida.

Those who planned and executed this building for the First National Bank of Pensacola overlooked nothing which would add to its comfort and beauty, and its officers and directors have every reason to feel proud of their institution, knowing, as they do, that such a beautiful home could never have been erected had the bank not established its good name in the past, a name synonymous with conservativeness and fair-dealing.

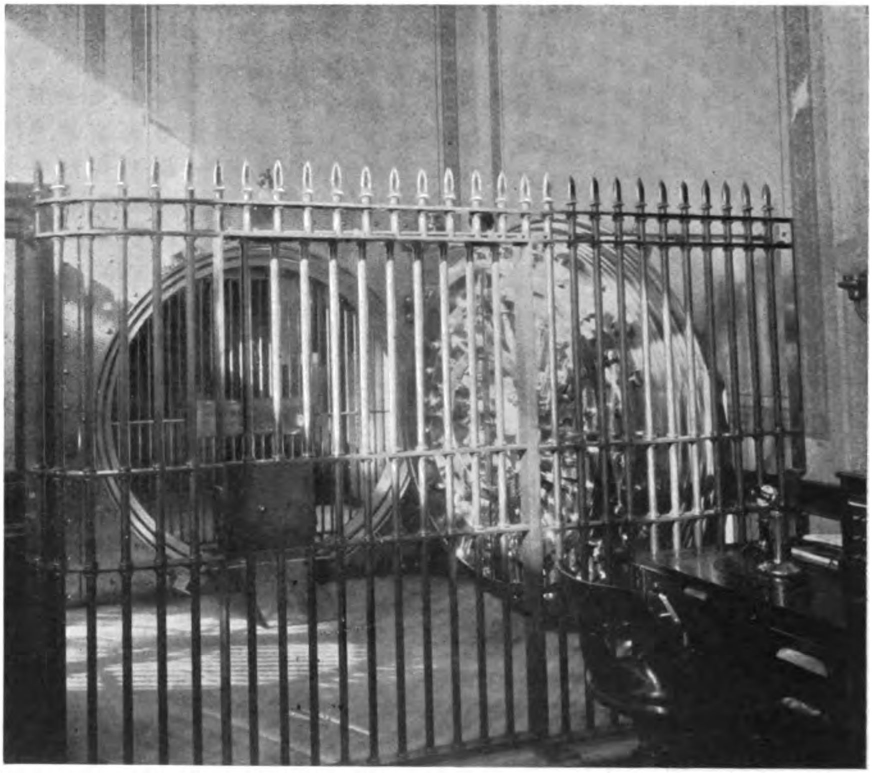
The Bank's History.

Its career dates back to July 10, 1880, when the organization was completed with D. F. Sullivan as the first president; Louis P. Knowles the first vice-president, and W. A. S. Wheeler the first cashier. Ten years later, June, 1890, an election was held and W. H. Knowles was made president, and W. K. Hyer, Jr., assistant cashier.

On January 25, 1892, the private banking house of F. C. Brent & Co. consolidated with the First National Bank, and F. C. Brent became president. The other officers elected were: W. H. Knowles, vice-president; J. S. Leonard, cashier, and W. K. Hyer, Jr., assistant cashier. In November of the year 1899 the cashier, J. S. Leonard, died, and W. K. Hyer, Jr., was elected to fill the vacant office, J. S. Reese becoming assistant cashier. The capital was increased to $100,000. On June 9, 1903, the capital was increased to $200,000. F. C. Brent retired from the presidency on January the first, 1905, and W. H. Knowles was elected to fill the office. At the same time, W. K. Hyer, Jr., was elected vice-president and cashier. Two years ago there was another increase of capital, bringing it up to $300,000. The deposits had increased from $50,000 to nearly $2,000,000, and the surplus and undivided profits amounted to $125,000.

On January 12, 1908, W. K. Hyer, Jr.,

Looking Down the Public Lobby Towards the Main Entrance.



Entrance to the Safety Deposit Vaults.

who had been connected with the bank for a number of years and in several different offices, was elected president; W. S. Keyser, vice-president; W. J. Forbes, cashier. Thos. W. Brent and W. N. Roberts were re-elected assistant cashiers. The following directors were elected to serve during 1909: F. C. Brent, W. H. Knowles, W. A. Blount, W. K. Hyer, Jr., W. J. Forbes and Knowles Hyer and W. S. Keyser.

At a meeting of the stockholders, held on March 9, 1909, it was decided to increase the capital $200,000, making the capital of the bank $500,000.

THE CONNECTICUT SAVINGS BANK, NEW HAVEN.

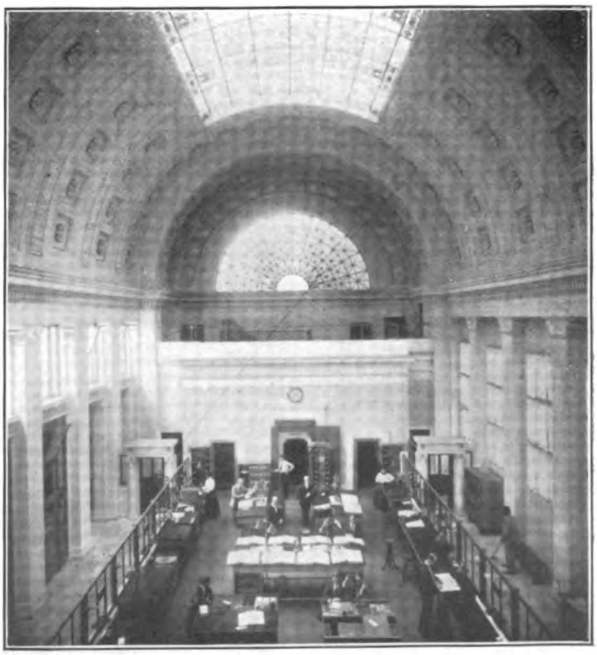
THE first annual statement of the Connecticut Savings Bank of New Haven to be issued from the fine new banking house recently completed shows a very substantial increase in the number of depositors and the amount of deposits.

The new building, which has been occupied but a few months, is one of the most substantial and imposing in New England. It is a most attractive and important addition to New Haven's business center, and a credit to the bank officials who conceived the idea of utilizing this corner for their banking institution. The former quarters at the corner of Church and Center streets long ago became inadequate, and the destruction of the Hoadley block furnished the opportunity for securing a site for a larger building of which the officers were not slow to avail themselves.

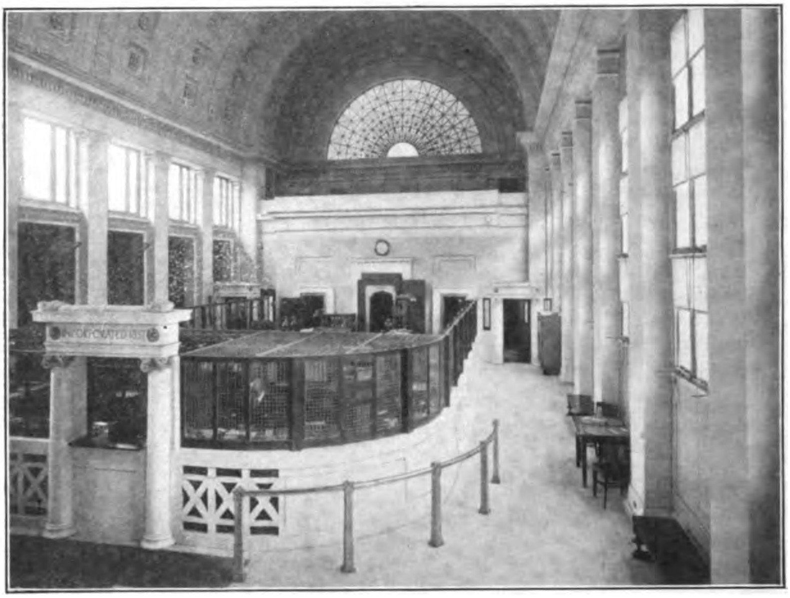
The bank's statement for March 15 shows deposits of $10,388,766.64; surplus and undivided profits of $886,389.25; and the number of depositors is given as 24,037.

The bank was established in 1857, and at the close of that year the amount of deposits was a little more than $60,000. Since then the gain in deposits has been as follows:

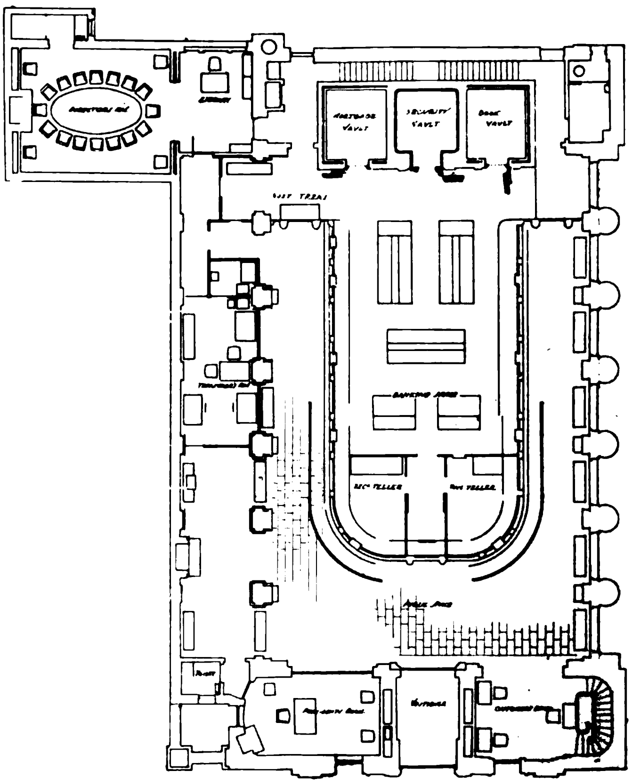
The Connecticut Savings Bank, New Haven.



Central Interior.



South Interior.



Ground Floor Plan.

1858, Feb. 1	$61,178
1863, Feb. 1	1,022,828
1868, Feb. 1	1,400,365
1873, Feb. 1	2,105,734
1878, Feb. 1	2,556,662
1883, Feb. 1	3,137,498
1888, Feb. 1	4,064,302
1893, Feb. 1	5,462,119
1898, Feb. 1	6,482,689
1903, Feb. 1	8,901,980
1908, Feb. 1	9,863,199
1909, Feb. 1	10,429,145

Since the incorporation of the bank, dividends have been paid to the amount of $7,952,450.

The record of depositors shows that a rapidly-increasing number of persons have taken advantage of the exceptional facilities which the new building affords. The present number of depositors is 23,848, which is a gain of 1,232 over the previous year.

The officers of the bank are as follows: President, Burton Mansfield; vice-president, Henry F. English; trustees, Joel A. Sperry, Albert S. Holt, Alfred E. Hammer, Benjamin R. English, Fredk. B. Farnsworth, Charles E. Curtis, Wilson H. Lee, Eli Whitney, James T. Moran, Charles S. Mellen; secretary and treasurer, Elliott H. Morse; assistant treasurer, Eugene A. Beecher.

EQUITABLE TRUST COMPANY, NEW YORK.

ON March 31 last the merger of the Bowling Green Trust Co. of New York with the Equitable Trust Co. was formally completed, and the business of the former institution turned over to the Equitable. This consolidation adds about $15,000,000 to the deposits of the Equitable, making a total of about $37,000,000.

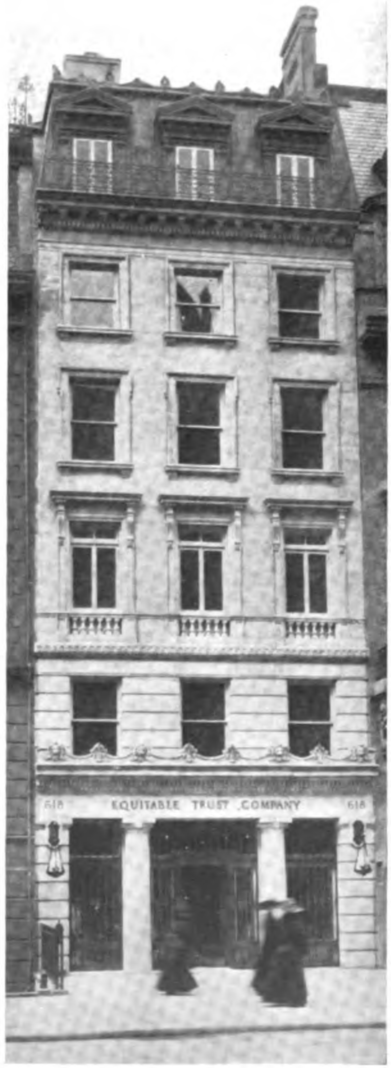
Stockholders of the Bowling Green Trust Co. received $410.29 per $100 share, or a total of $4,102,900. No change will be made in the capital of the Equitable, which remains at $2,000,000, at which figure it has stood since 1903, when it was increased from $1,000,000. The present surplus and undivided profits of the company aggregate $10,600,000.

The headquarters of the Equitable will remain at 15 Nassau street as heretofore, and the former headquarters of the Bowling Green Trust Co. will be occupied as a branch to be known as the Bowling Green branch.

The equipment of the Equitable has also been greatly augmented recently by the establishment of an up-town branch on Fifth avenue, between 49th and 50th streets. The handsome building erected for this purpose by the company is illustrated herewith.

The wisdom of the directors in establishing this up-town branch has already been amply demonstrated by its success since the opening. Vice-President Gillespie makes his headquarters there and any business with the company can be transacted there as readily as at the down-town office.

The Equitable Safe Deposit Co. has established fully equipped modern vaults in the up-town building, which are accessible from 9 a. m. to 4.30 p. m. The officers of the Safe Deposit Co. are as follows: Alvin



Equitable Trust Company, New York.

An Up-town Branch has been established on Fifth avenue in this modern building erected for the purpose.

W. Krech, president; Lawrence L. Gillespie, vice-president; Geo. M. Stoll, treasurer.

The officers of the Equitable Trust Co. remain as follows: Alvin W. Krech, president; Lawrence L. Gillespie and Frederick W. Fulle, vice-presidents; Lyman Rhodes, secretary; H. Mercer Walker, treasurer; Richard R. Hunter, assistant secretary, and Herman J. Cook and Geo. M. Stoll, assistant treasurers.

NEW COUNTERFEIT $2 SILVER CERTIFICATE.

SERIES of 1899; check letter "B"; plate number 884; W. T. Vernon, Register of the Treasury; Charles H. Treat, Treasurer of the United States. Portrait of Washington.

This counterfeit is apparently printed from photomechanical plates of poor workmanship, on bond paper, no attempt having been made to imitate the silk fiber of the genuine. The numbering is fairly good. Aside from this the note is so poor that a detailed description is deemed unnecessary.

JOHN E. WILKIE,
Chief.

RAREST OF THE U. S. COINS.

THE rarest coins in the United States are the double eagles of the issue of 1849. Only one is known to exist, and that is in the cabinet of the United States mint. There were issued from the mint in 1804 19,570 silver dollars, and it has been a "standing mystery" why the dollar of this issue is so scarce. It is called "the king of rare American coins." It has been said that the mintage of 1805 included the mintage or a part of it, although the mintage of 1805 shows only 321 dollars. Others assert that a vessel bound for China with almost the entire mintage was lost at sea.

CUSTOM OF PLACING RARE COINS UNDER SHIP'S MASTS.

CUSTOM decrees that a gold coin, or at the very least a silver one, shall be put under the main-mast of each new ship launched. The coin bears the date of the year when the vessel is completed, a fact well known to collectors, who keep an eye on ships that are likely to be the depositary of numismatic prizes. Thus, at Liverpool, some years back, a derelict Yankee schooner, bought for a song, yielded an 1804 dollar, the rarest and most eagerly sought-after of all American coins. It sold readily for £1,500 ($6,000), and would be worth to-day at least double that sum, for it was in perfect preservation.

Its recovery was the result of foresight and business enterprise, combined, of course, with special knowledge. A man passing the worthless hulk on the day of the sale, noticed the date, 1804, on her stern, and rightly guessed that she might likely be the bearer of one of the precious dollars of that particular year.

In the same way have been preserved and recovered many of the ancient silver Scottish pennies, known as doits, which were so tiny that twelve of them were barely equal in value of the penny sterling. The Scottish shipbuilders when these coins were in circulation used to put one of them beneath each mast they "stepped," in preference to the more valuable groat.

Owing to their small size, most doits that were in circulation were speedily lost, leaving those that had been placed beneath the masts to become—from the collector's point of view—of extreme rarity and value. —*Pearson's Weekly.*

BANKING AND FINANCIAL NOTES

NEW YORK CITY.

—Plans calling for a new twenty-one story building have been drawn up by the Fidelity and Casuality Company.

The structure will be in the rear of the present home at 97-103 Cedar street, facing Liberty street, and will have a hallway directly through it from street to street.

The April Bulletin, published by the Fidelity and Casuality Company, states that the building will be put up to accommodate the company's increased business.

—Frank J. Wolfe, for many years assistant general passenger agent of the New York Central R. R. Co., has left the company and gone into business with Du Val, Greer & Co., bankers and brokers, at 74 Broadway. H. C. Du Val, the senior member of the firm, was an officer of the New York Central for many years prior to the organization of his banking and brokerage firm, and the arrangement with Mr. Wolfe thus brings together former associates. Mr. Wolfe will have charge of a new office to be opened by the firm at 5 and 7 East Forty-second street.

—Five new directors have been added to the board of the Guaranty Trust Company. They are: Judge R. S. Lovett, Charles A. Peabody, Robert W. Goelet, J. Rogers Maxwell and U. H. Broughton.

The former directors who resigned were Adrian Iselin, Jr., John W. Castles, R. C. Newton, James N. Jarvie, and G. C. Henry. The board consists of eighteen members, included among whom are E. H. Harriman, George F. Baker, Edwin Hawley, James Speyer, and H. H. Rogers. The presidency of the Guaranty Trust Company has been vacant since the close of last year, when John W. Castles resigned. No choice to fill this place has yet been made.

—Supt. Clark Williams of the State Banking Department has granted an application of the Jefferson Bank of New York city for permission to open a branch at Fifth avenue and Fifteenth street, Manhattan, on condition that the present branch at Clinton and Houston streets be discontinued.

—Superintendent Clark Williams of the State Banking Department has approved the application of the Bank of Long Island for the maintenance of the Seaside branch on Boulevard avenue and Wainwright place, Seaside, Rockaway Beach.

—On April 22, the Knickerbocker Trust Company anticipated the last of its payments under the plan of resumption as adopted over a year ago.

When the Knickerbocker Trust Company re-opened on March 26, 1908, there was outstanding about $25,000,000 of these certificates of deposit. The plan was to pay them off within two years and five months. With the final payment on April 22 of the thirteenth and fourteenth installments, amounting to $6,040,000, the entire amount was canceled in thirteen months.

—The Sumner Savings Bank of Brooklyn plans to tear down its present building at Broadway and Sumner avenue, that city, and in its place will erect a fine stone building for its own use. While the work of construction is in progress the Banking Department has given the officials permission to transact business in the banking rooms of the Citizens Trust Company, on the corner adjoining the proposed new building.

—As announced some weeks ago, the Borough Bank of Brooklyn, on April 14, met its fourth deferred payment amounting to twenty-five per cent. and also canceled its final payment of thirty per cent., not due until August 14, 1909.

The Borough Bank of Brooklyn was reopened a year ago under a deferred payment plan that gave the bank sixteen months in which to straighten its accounts, but the bank has met its obligations four months ahead of the time allowed.

—The Banco de la Habana, or the Bank of Havana, reports the appointment of Jose F. Iribarren as cashier.

NEW ENGLAND STATES.

—At the annual meeting of the Boston Five Cents Savings Bank, Charles E. Morrison was elected vice-president, succeeding Arthur B. Chapin, who resigned to accept the office of Bank Commissioner of Massachusetts.

The board was enlarged by the election of Albert A. Pope, Wilmot R. Evans, Jr., A. M. Lyons and W. F. Whittemore.

—On April 16, the deposits of the National Shawmut Bank of Boston reached a new high water mark, totaling $102,825,000. This is the first time in the history of banking in Boston that the deposits of any institution have crossed the $100,000,000 mark.

—Webster Knight has been elected president of the Phenix National Bank of Providence, R. I., to succeed Jonathan Chace, who resigned but will continue with the bank as a director.

—By way of observing the anniversary of its re-opening, following a temporary receivership of three months, due to financial conditions in New York, the Union Trust Company of Providence, R. I., will, on May

4, pay to its depositors the sum of $3,200,-000. This payment represents twenty per cent. of the amount due when the bank became embarrassed, and will bring the total distributed among the depositors up to sixty per cent.

—The Union Trust Company of Springfield, Mass., has taken over the business of the Hampden Trust Company of that city and thereby becomes the largest commercial bank in New England outside of Boston, Providence and a single institution in Worcester.

Edward S. Bradford and Joseph C. Allen, president and treasurer of the absorbed Hampden Trust Co., have been retained in the Union Trust Co. as vice-president and actuary.

EASTERN STATES.

—John A. Bell has been elected vice-president of the Columbia National Bank of Pittsburgh. He is also a vice-president of the Colonial Trust Co. of that city.

—The First Mortgage and Trust Company of Philadelphia has opened its offices at 925 Chestnut st. and will not only do a mortgage guarantee business, but a general banking business as well.

The officers are: President, Leslie M. Shaw, former Secretary of the Treasury; vice-president and treasurer, William L. Folds; secretary, William E. Chapman; assistant secretary, J. H. Ogelsby; assistant treasurer, Charles F. Lafferty. The authorized capital is $1,000,000.

—For the convenience of their patrons, the Pennsylvania Company for Insurances on Lives and Granting Annuities has opened new offices in the Franklin Bank building, Broad and Chestnut streets, Philadelphia. A general banking, trust and safe deposit business will be conducted, C. S.

Newhall, assistant treasurer of the company, being the officer in charge.

—Charles B. Dunn, a well-known banker, has been elected to the presidency of the Independence Trust Company of Philadelphia. In connection with Mr. Dunn's election as president, Rodman Wanamaker and J. Ernest Richards were made vice-president and second vice-president, respectively.

John J. Collier continues as secretary and treasurer and Allan Hunter as assistant secretary and assistant treasurer.

—William T. Elliot, president of the Central National Bank of Philadelphia, has been elected president of Group One of the Pennsylvania Bankers' Association. Mr. Elliot succeeds President Lewis, of the Farmers and Mechanics' Bank. Vice-president R. L. Taylor, of the Philadelphia Trust Company, was elected secretary, succeeding Vice-President Law, of the Merchants' Bank. The following committee of five has been elected as the executive committee: Levi L. Rue, president of the Philadelphia National Bank; J. R. McAllister, president of the Franklin National Bank; Howard W. Lewis, president of the

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Farmers and Mechanics' Bank; Joseph Wayne, Jr., cashier of the Girard National Bank, and William A. Law, vice-president of the Merchants' National Bank.

—The Peoples' Bank and the Union Savings and Trust Company, both of Pittston, Pa., have consolidated and will be hereafter designated as the Peoples Union Savings and Trust Company. Hon. William Drury will be the head of the new bank; Dr. A. C. Shoemaker will be vice-president; C. K. Trumbower will be secretary and W. H. McMillan, cashier.

—Stockholders of the National Bank of Rochester, N. Y., at a meeting held April 2, without a dissenting vote, ordained that their institution be hereafter known as the Lincoln National Bank of Rochester.

—On the advice of his physician, and with the regret of the other officers and directors, A. B. Crouch has resigned as president of the Third National Bank of Baltimore. He will take a year's rest.

SOUTHERN STATES.

—In order that its patrons may have some idea of its growth from year to year, the Peoples National Bank of Lexington, Va., has prepared a comparative statement covering the past five years. For the year 1905, the bank had deposits of $125,-739; for 1906 they had grown to $160,210; in 1907 they were $180,324; in 1908 they had increased to $199,008 and on April 1 of this year they were reported as $226,097. A corresponding increase is shown in everything else as reported; undivided profits for example rising from $1,127 in 1905 to $3,554 in 1909.

James Lewis Howe is president of the Peoples National Bank of Lexington, Va., Daniel Welsh, vice-president; Wm. M. McElwee, cashier; and R. C. Walker, assistant cashier.

—Early in May the Charlotte National Bank of Charlotte, N. C., will remove to its new home which will afford quarters handsomely and conveniently furnished.

—That the Exchange Bank of Savannah, Ga., has prospered since its organization in 1906 is attested by the following comparative items: Deposits, March 12, 1907, were $191,723; March 12, 1908, they were $287,-794; and March 12, 1909, they totaled $386,-288.

—According to its last report, the Georgia Railroad Bank of Augusta, Ga., has a capital stock of $200,000, undivided profits of $406,869, and deposits of $3,-055,627. These liabilities have back of them total resources of $3,662,497 and a staff of officers of the highest reputation. Jacob Phinizy is president; W. A. Latimer, vice-president; C. G. Goodrich, cashier; Rufus H. Brown, assistant-cashier.

Thirty-eight years ago, the First National Bank of Montgomery, Ala., was organized.

It had a capital stock of $100,000 and easily took rank as one of the strongest banks operating in the state.

It has come through the panics of '73, '93, '96 and '07 with flying colors, and to-day can offer its patrons the services of an institution, tried and tested by time and backed by an increased capital of $1,000,000.

As the city of Montgomery has grown from the centre of a rich farming region, to become the political capital of the state, so the First National Bank of Montgomery has gone forward, enlarging its sphere of usefulness, and unconsciously contributing to the prestige of that city.

We present here two views of the handsome building owned and occupied by the First National Bank of Montgomery. This is the third home which that institution has built, and it is also one of the finest structures in the city, being constructed after the most modern designs for office buildings. The entire first floor is occupied by the bank, the upper floors being rented as offices. A six-story brick building, for many years the largest in the city, was razed to furnish the site, which is one of the principal corners and measures 80 feet square. The bank's building is its trademark in its advertising, which is conducted on an extensive and systematic scale.

Modern 12-story Building erected by the First National Bank, Montgomery, Ala. The Bank's Quarters are on the ground floor.

Corner in Reception Room, Ladies' Department, First National Bank, Montgomery, Ala.

—The American National of Winchester, Tenn., has been merged in the Farmers National, and the new Farmers National, the merged institution, has increased its capital stock from $25,000 to $30,000. The union of the two concerns is regarded as productive of a decidedly strong and conservative bank. Thomas A. Embrey, who has been president of the Farmers National, will be president of the new institution. W. B. Evans, former cashier of the American National, has been elected active vice-president of the institution.

—An excellent report was rendered by the Texas Bank and Trust Company of Galveston, at the close of business, March 31, 1909.

With a capital and surplus of $450,000, and undivided profits of $10,000, the bank is carrying $2,036,662 of deposits. The total resources are $2,502,662.

MIDDLE STATES.

—Directors of the State Bank of Chicago at their regular meeting, on April 13, voted unanimously to increase the capital stock of the bank from $1,000,000 to $1,500,000. A special meeting of the stockholders for the purpose of ratifying the recommendation of the board has been called for May 18.

The new stock will be issued at par, each of the present holders being entitled to subscribe in the ratio of one share of new for each two shares of stock now held. The present dividend rate of twelve per cent. annually will be maintained on the increased capitalization, the earnings being sufficient to permit the payments. The bank's surplus is now $1,000,000 and the undivided profits about $400,000. Deposits are at present $20,000,000.

—An initial quarterly dividend of four per cent. was declared recently by the First Trust and Savings Bank of Chicago.

Under the trust agreement by which the stock of the First Trust and Savings Bank is held for the stockholders of the First National Bank of Chicago this dividend was equivalent to one per cent. on the $8,000,000 of the stock of the national bank and places the total amount of profits disbursed since 1863, the date of its organization, above $22,000,000.

In addition the First National has surplus and undivided profits in excess of $12,000,000, which includes the capital and surplus of the First Trust and Savings Bank. The deposits of the two institutions exceed $150,000,000.

—Robert T. Lincoln has been elected chairman of the board of directors of the Commercial National Bank of Chicago, to succeed Franklin MacVeagh. Eames MacVeagh, the son, was elected director.

—Frederick D. Countiss has been named by the nominating committee as the regular candidate for president of the Chicago Stock Exchange and David R. Forgan has been named as treasurer. The annual election will be held the first Monday in June. William H. Colvin, who is completing his second year as president, will retire.

—South St. Louis is to have a national bank, to be known as the Broadway Bank, which will open for business about June 1. The promoter of the bank is D. A. Siegfried, and the applicants for the charter include Mr. Siegfried, F. Ernest Cramer, vice-president of the Cramer Dry Plate Company, C. L. Gray, president of the C. L. Gray Construction Company, and Snelson Chesney, president of the Stock Yards National Bank. The capital stock will be $200,000, and half of this has already been subscribed. The stock will be sold at par, each share being valued at $100.

Among the stockholders are Harry and Eugene A. Freund, of the Sigmund Freund's Sons Clothing Company; Joseph Peterson, president of the Julius Peterson Commission Company; Charles F. Steiner, F. Ernest Cramer and D. A. Siegfried.

The plan is to make the bank essentially a South Side institution, and to cater particularly to the needs of the foreign born population of that section. Among the features contemplated are a foreign exchange department and a savings department, which will remain open at night to accommodate the working classes.

—The stockholders of the Bankers Trust Company of St. Louis, at a meeting April 15, voted to increase the capital stock from $500,000 to $1,000,000. This will give a capital of $1,000,000 and surplus to the amount of $700,000. The present surplus is $200,000.

—Louis F. Boder, heretofore cashier of the Merchants' Bank of St. Joseph, Mo., has been elected second vice-president of the institution. He is succeeded as cashier by W. S. McLucas, who, with his father-in-law, M. V. Nichols, of the First National Bank of Beatrice, Neb., is said to have acquired a considerable interest in the St. Joseph bank.

—Monday, April 5, marked the beginning of a new era for the American Exchange Bank of Duluth, Minn. The bank is now known as the American Exchange National Bank and has a capital of $500,000, a surplus, earned, of $900,000 and deposits of $6,500,000.

—Homer L. Rose has tendered his resignation as assistant secretary and treasurer of the Columbus Savings & Trust Co. of Columbus, Ohio. He is to become cashier of the newly organized Commercial & Savings Bank of Canton, Ohio, which has been formed with a capital of $50,000.

WESTERN STATES.

—South Dakota banks are preparing to operate under a new deposit guaranty law, which makes participation in the measure voluntary, in contrast with that of Oklahoma, which is compulsory.

As summarized by the "Commercial West," the law provides for a state association of incorporated banks to be managed by a board of commissioners consisting of the state auditor, the treasurer and the public bank examiner. The minimum membership is one hundred banks or more, admission to which is on approval of the public examiner. The incorporation must have an aggregate capitalization of $1,000,000 among the banks represented, so that a hundred banks of $10,000 capital each on the average will be sufficient to comprise such an association. Capitalization is the basis of membership, fees ranging from $10 to $170.

The annual premium payable into the insurance fund is derived from a one mill levy on deposits, which may be reduced whenever the condition of the funds permit or advanced to meet deficiencies to a maximum of four mills a year. The premium thus provided for is based on the average daily deposits of the last three months previous to the payment of premium. In the event of a bank's insolvency the Public Examiner certifies the names of the claimants and amounts to the State Auditor, who issues warrants upon the fund provided. The law goes into effect July 1, 1909.

—In response to a growing demand on the part of its patrons, as well as the community generally, for the establishment of a strictly savings institution, the officers and directors of the First National Bank of Beatrice, Neb., have organized, and have been granted a charter by the state board for the establishment of the First Trust and Savings Bank of Beatrice, with an authorized capital of $100,000. The new bank will open up for business in the rear of the First National just as soon as a few minor changes can be made. The officers of the new institution are as follows: President, L. B. Howey; vice-president, W. C. Black, Jr.; cashier, F. H. Howey; directors, L. B. Howey, W. C. Black, F. H. Howey, C. B. Dempster, Samuel Rinaker, M. V. Nichols, William Hamm, H. H. Norcross, Jed Fisher.

—A large state bank, to be known as the Corn Exchange Bank, will be formed in Omaha, Neb., by the reorganization of Hay-

den Bros. Bank of that city. The changes are to become effective on or before June 1, with at least $250,000 of the authorized $500,000 capital paid up.

—A strong statement comes from the Fort Scott State Bank of Fort Scott, Kansas. It gives loans and discounts as amounting to $231,492; undivided profits as $3,608; deposits of $420,130; and total resources of $473,738. The bank has a strong staff of officers and is making good progress. One of its mottoes is, "Safety before Profits."

—The Silver Bow National Bank of Butte, Mont., has increased its capital from $100,000 to $200,000. The new stock, par $100 per share, has all been put out, the certificate authorizing the increase having been issued by the Comptroller of the Currency on April 11. The Butte Commercial Bank, capital $100,000, was merged in the Silver Bow National on Jan. 4. The consolidated institution is under the management of B. F. White, president; John MacGinniss, vice-president; Robert T. F. Smith, cashier, and Zephin Job and Henry P. Bennett, assistant cashiers. President White, who is also president of the First National Bank of Dillon, Mont., was at one time Governor of the State of Montana.

—A new bank has been incorporated at Orofino, Idaho, by William J. White, F. W. Kettenbach, E. N. Brown, W. F. Kettenbach, and E. C. Smith, of Lewiston. Mr. White will be cashier. The bank will open for business shortly, with a capital of $15,000.

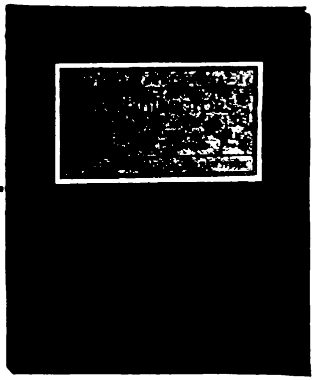
—The Rawlins National Bank of Rawlins, Wyo., now occupy their new quarters which are finished in marble and mahogany and fitted out with all the paraphernalia of the modern bank. The bank was established in 1899 and now has a surplus of $75,000 and a capital of $75,000.

PACIFIC STATES.

—Corbett Lawyers, a full-blooded Nez Perce Indian, who expects in a short time to become cashier of an Indian bank to be opened at Ft. Lapwai, Idaho, in the Nez Perce Indian reservation, has entered the Old National Bank, Spokane, Wash., and will take a thorough course of instruction of all departments of banking. Mr. Lawyers is a graduate of the Carlisle, Pa., Indian school and is said to be one of the brightest and best educated members of the Red Men of Idaho. While a young man, he holds the respect and confidence of the Indians to a greater degree than almost any one else among the aborigines. He has been for some time interesting the Indians of the reservation in the proposed bank and it is now said the capital stock will be largely oversubscribed.

—As has been previously announced, the Washington, Oregon and Idaho Bankers' Association have accepted the invitation by the Seattle Clearing-House Association, and will hold a joint convention in the city of Seattle, Wednesday, Thursday and Friday, June 24, 25 and 26, 1909.

Bankers of the eastern cities who intend to visit the Alaska-Yukon-Pacific Exposition this summer are urged to be in the city of Seattle for the tri-state convention, as the month of June is the most delightful of the year to visit Puget Sound, and they will have the opportunity of meeting a ma-



jority of the bankers of the Pacific Northwest.

—The First National Bank of Berkeley, Cal., and its associated institution, the Berkeley Bank of Savings and Trust Co., will spend $50,000 at once for improvements. A new two-story building will be erected and joined to the present structure.

The First National Bank of Berkeley, Cal.

This will enlarge the lobby, officers' quarters and add a directors' room. New vaults will be installed and there will be fourteen coupon booths and private rooms added.

—The Traders Bank of Los Angeles, as the successor to the branch of the German-American Savings Bank, the Market and Produce Bank, and the Main Street Bank, is prepared to extend the highest service to its patrons.

The bank has a paid-up capital of $200,000 and deposits of approximately $400,000.

THE YOKOHAMA SPECIE BANK, LIMITED.

IN reporting the liabilities and assets of the Yokohama Specie Bank of Japan for the half-year ended December 31, 1908, the following letter was addressed to the stockholders, signed by Baron Korekiyo Takahashi, chairman of the board of directors:

The gross profits of the bank for the last half-year, including yen 1,113,505.35 brought forward from last account, amount to yen 10,798,765.62, of which yen 7,817,088.72 have been deducted for interests, taxes, current expenses, rebate on bills current, bad and doubtful debts, bonus for officers and clerks, etc., leaving a balance of yen 2,981,676.90 for appropriation.

Owing to the continued depreciation in the price of silver towards the end of the last half-year, the directors have decided to adjust the rate of the silver fund held in China by writing off the balance of the silver depreciation fund.

The directors now propose that yen 400,000.00 be added to the reserve fund, and recommend a dividend at the rate of twelve per cent., per annum, which will absorb yen 1,440,000.00.

The balance, yen 1,141,676.90, will be carried forward to the credit of next account.

BANK OF NEW SOUTH WALES.

FOR the quarter ended December 31, 1908, the Bank of New South Wales, head office, Sydney, Australia, led all the other banks of New South Wales, Queensland, Western Australia, and New Zealand, in the volume of its deposits, which were £26,773,236.

During the current year the bank's growth was steadily upward and constant throughout all of its branches, which cover the continent and its nearby islands.

AN INTERCHANGEABLE LOCKING BORDER.

A UNITED STATES patent has been granted to J. Stanley Voorhees of New York, on an interchangeable locking-border.

The invention relates to printing, and its object is to provide a new and improved interchangeable locking-border, arranged to readily connect the border pieces with each other, and to securely hold the same in place.

This invention will fill a long-felt want in the use of borders and cuts. It is a strong, simple device and very materially reduces the cost in the manufacture of display borders for advertisements. A description of the invention was recently printed in the Scientific American.

Mr. Voorhees is a member of the firm of Voorhees & Co., specialists in bank advertising, 116 Nassau street, New York. Two advertising firms have already subscribed for rights to use this patent.

BANK AND TRUST COMPANY STOCKS.

Corrected to April 20, 1909.

NEW YORK BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 120 Broadway, New York.

	Div. Rate.	Bid.	Asked.
Div Rate. Bid. Asked.			
Aetna National Bank	8	...	175
Amer. Exchange Nat. Bk.	10	250	255
Bank of America	26	580	...
Bank of the Manhattan Co.	12	325	336
Bank of the Metropolis ..	16	375	400
Bank of N. Y., N. B. A. ..	14	325	335
Bank of Washington Hts.	..	325	...
Battery Park Nat. Bank..	..	...	130
Bowery Bank	12	330	...
Bronx Borough Bank	..	300	...
Bryant Park Bank	..	150	165
Century Bank	6	160	180
Chase Nat. Bank	6	300	...
Chatham Nat. Bank	16	295	310
Chelsea Nat. Bank	..	185	200
Chemical Nat. Bank	15	425	435
Citizens' Central Nat. Bk	6	155	165
Coal & Iron Nat. Bank....	10	240	255
Colonial Bank	10	300	...
Columbia Bank	12	400	445
Corn Exchange Bank	16	335	345
East River Nat. Bank....	6	125	140
Fidelity Bank	6	160	175
Fifth Avenue Bank	100	4000	...
Fifth National Bank	12	320	350
First National Bank	32	796	815
Fourteenth Street Bank...	10	150	180
Fourth National Bank....	8	216	...
Gallatin National Bank...	12	345	375
Garfield National Bank...	12	250	...
German American Bank.	6	135	150
German Exchange Bank..	20	450	500
Germania Bank	20	500	...
Greenwich Bank	10	250	270
Hanover National Bank...	16	540	545
Importers & Traders Nat. Bank	20	550	562
Irving Exchange Nat. Bk.	8	185	200
Jefferson Bank	10	175	...
Liberty National Bank....	20	500	...
Lincoln National Bank....	8	420	440
Market & Fulton Nat. Bk.	12	255	268
Mechanics National Bank	12	250	260
Mercantile National Bank	..	...	200
Merchants Ex. Nat. Bank	6	160	170
Merchants National Bank	7	160	165
Metropolitan Bank	8	180	195
Mount Morris Bank	10	250	265
Mutual Bank	8	290	305
Nassau Bank	8	200	...
Nat. Bank of Commerce..	8	189	193
Nat. Butchers & Drovers	6	145	155
National City Bank......	10	348	355
National Copper Bank	8	232	240
National Park Bank	16	465	480
National Reserve Bank...	..	140	150
New Netherlands Bank...	..	190	215
N. Y. County Nat. Bank..	40	750	...
N. Y. Produce Ex. Bank..	8	165	180
Night & Day Bank	..	...	255
Nineteenth Ward Bank ..	15	450	485
Northern Bank	6	125	150
Pacific Bank	8	230	250
Peoples' Bank	10	290	...
Phenix National Bank....	6	170	185
Plaza Bank	20	600	...
Seaboard National Bank..	10	360	380
Second National Bank....	12	350	380
Sherman National Bank...	..	125	140
State Bank	10	250	275
Twelfth Ward Bank......	6	...	160
Twenty-third Ward Bank	6	100	...
Union Exchange Nat. Bk.	10	190	205
West Side Bank	12	525	...
Yorkville Bank	16	400	...

NEW YORK TRUST COMPANY STOCKS.

	Div. Rate.	Bid.	Asked.
Astor Trust Co.	..	300	310
Bankers Trust Co.	16	640	690
Broadway Trust Co.	6	130	140
Brooklyn Trust Co.	20	400	....
Carnegie Trust Co.	8	...	190
Citizens' Trust Co.	..	120	...
Central Trust Co.	60	2100	...
Columbia Trust Co.	8	235	245
Commercial Trust Co.	..	140	...
Empire Trust Co.	6	240	...
Equitable Trust Co.	16	445	470
Farmers' Loan & Trust Co. (par $25)	40	1275	...
Fidelity Trust Co.	6	200	210
Fifth Avenue Trust Co...	12	325	425
Flatbush Trust Co.	8	200	...
Franklin Trust Co.	8	200	...
Fulton Trust Co.	10	250	...
Guaranty Trust Co.	20	600	...
Guardian Trust Co.	..	160	185
Hamilton Trust Co.	10	260	275
Home Trust Co.	4	100	...
Hudson Trust Co.	6	150	...
International Bank'g Corp.	4	95	100
Kings Co. Trust Co.......	12	400	...
Knickerbocker Trust Co...	..	315	340
Lawyers Mortgage Co.....	12	275	295
Lawyers' Title Insurance & Trust Co.	12	230	240
Lincoln Trust Co.	..	140	150
Long Is. Loan & Trust Co.	12	290	310
Manhattan Trust Co. (par $30)	12	365	385
Mercantile Trust Co.	20	750	800
Metropolitan Trust Co....	24	540	...
Morton Trust Co.	20	425	500
Mutual Alliance Trust Co.	8	120	135
Nassau Trust Co.	8	160	170
National Surety Co.	8	165	180
N. Y. Life Ins. & Trust Co.	50	1100	1125
N. Y. Mtg. & Security Co.	10	190	200
New York Trust Co.......	32	565	...
Peoples' Trust Co.	12	270	...
Standard Trust Co.	10	315	350
Title Guar. & Trust Co...	20	500	515
Trust Co. of America....	8	306	316
Union Trust Co.	50	1225	1300
U. S. Mtg. & Trust Co....	20	430	440
United States Trust Co...	50	1150	1200
Van Norden Trust Co....	12	250	270
Washington Trust Co.....	12	390	410
Windsor Trust Co.........	6	125	140

BOSTON BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 60 Congress St., Boston.

Namt.	Div. Rate.	Last Sale.
Atlantic National Bank	6	140¼
Boylston National Bank	4	103¼
Commercial National Bank	6	140

Name.	Div. Rate.	Last Sale.
Eliot National Bank	8	208½
First National Bank	12	325¼
First Ward National Bank	8	181½
Fourth National Bank	7	165
Merchants' National Bank	10	232¾
Metropolitan National Bank	6	122
National Bank of Commerce	6	170
National Market Bank, Brighton	6	102
Nat. Rockland Bank, Roxbury	8	167
National Shawmut Bank	10	305¼
National Union Bank	7	175
National Security Bank	12	*
New England National Bank	6	152
Old Boston National Bank	5	120
Peoples' National Bank, Roxbury	6	130
Second National Bank	10	226⅜
South End National Bank	5	104½
State National Bank	7	163¼
Webster & Atlas National Bank.	7	155
Winthrop National Bank	10	325

*. No public sales.

BOSTON TRUST COMPANIES.

Name.	Div. Rate.	Last Sale.
American Trust Co.	8	345
Bay State Trust Co.	7	*
Beacon Trust Co.	8	185
Boston Safe D. & T. Co.	14	369
City Trust Co.	12	410
Columbia Trust Co.	5	120
Commonwealth Trust Co.	6	160
Dorchester Trust Co.	..	105
Exchange Trust Co.	..	*
Federal Trust Co.	6	130
International Trust Co.	16	400
Liberty Trust Co.	..	*
Mattapan D. & T. Co.	6	201
Mechanics' Trust Co.	6	110
New England Trust Co.	15	309
Old Colony Trust Co.	20	615¼
Puritan Trust Co.	6	219
State Street Trust Co.	8	*
United States Trust Co.	12	225

* No public sales.

CHICAGO NATIONAL BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 152 Monroe St., Chicago.

	Div. Rate.	Bid	Asked.
Bankers' National Bank..	8	196	199
City National Bank, Evanston	10	250	255
Commercial National Bank	12	295	298
Continental National Bank	8	273	277
Corn Exchange Nat. Bank	12	388	391
Drovers Deposit Nat. Bk.	10	218	223
First National Bank	12	428	435
First Nat. Bank of Englewood	10	234	250
Ft. Dearborn Nat. Bank	8	184	190
Hamilton National Bank..	5	131	134
Live Stock Exchange Nat. Bank	4	243	252
Monroe National Bank....	4	128	130
Nat. Bank of the Republic	8	196	199
National City Bank........	6	169	172
National Produce Bank...	..	122	126
Oakland National Bank...	6	...	...
Prairie National Bank....	..	137	150

CHICAGO STATE BANKS.

	Div Rate.	Bid	Asked.
American Tr. & Sav. Bk..	8	218	222
Central Trust Co. of Ill...	7	157	160
Chicago City Bank	10	165	185
Chicago Savings Bank	6	125	130
Colonial Tr. & Sav. Bank	10	180	185
Drexel State Bank	6	170	...
Drovers' Tr. & Sav. Bank	8	180	190
Englewood State Bank...	6	114	118
Harris Tr. & Sav. Bank..	8	245	...
Hibernian Banking Assn..	8	208	212
Illinois Tr. & Sav. Bk..	16-4ex.	504	510
Kenwood Tr. & Sav. Bank	6	117	120
Lake View Tr. & Sav. Bk.	5	109	111
Merchants Loan & Tr. Co.	12	388	396
Metropolitan Tr. & S. Bk.	6	119	122
Northern Trust Co.	8	304	307
Northwestern Tr. & Sav. Bank	8	130	140
Prairie State Bank	8	250	260
Railway Exchange Bank..	4	105	120
So. Chicago Sav. Bank..	6	125	132
State Bank of Chicago..	12	360	...
Stock Yards Savings Bank	6	210	...
Union Bank	6	123	128
Union Stock Yards Bank.	6	126	129
Western Tr. & Sav. Bk.	6	148	153
Woodlawn Tr. & Sav. Bk.	6	124	128

PUBLISHERS ANNOUNCEMENTS

NEW BOOKLETS.

CARRYING out the plan of this company to provide a collection of suitable advertising booklets for banks and trust companies, we are gradually adding to our list and this month take pleasure in announcing the publication of two new booklets—"Managing Your Property," a booklet for trust companies, and "Protecting Your Valuables," a booklet for safe deposit companies or institutions with safe deposit boxes to rent. Our savings booklet "Some Ways to Save Money," which has been out for several months, has proved very popular and effective. More than 50,000 copies of the booklet are now in use, and new orders are coming in every week. Shortly we propose to have a number of other booklets suitable for the use of commercial banks and trust companies. We sell these copyrighted booklets to only one institution in a community and in each booklet ample space is given for the advertising matter of the particular institution using it. A number of progressive institutions are now using our individual advertising preparation service and a large number of banks in various parts of the country are using our syndicate newspaper advertisements for savings, commercial banking and trust company business.

GOOD ARTICLES THIS MONTH.

Among the particularly interesting and valuable articles appearing in this issue of the magazine are the following:

"Clearing-House Bank Examinations," by Charles W. Reihl; "Fallacies of Postal Savings Banks," by Andrew J. Frame; "The Modern Way of Financing Imports," by Franklin Escher; and "The Clerk in a Country Bank," by C. F. Hamsher.

MORE GOOD FRIENDS.

We hand you draft for $5 in renewal of our subscription. Complying with your request for an expression of opinion as to the merits of the Magazine will say it is far and away the best publication of the kind in print so far as our knowledge goes. We take a good many financial journals and like most of them very much. The Bankers Magazine excels in so many ways, however, that there is no other "just as good." The neat and attractive mechanical make-up, the good paper you use, the fine illustrations, the many practical departments and better than all the independent spirit of its editorial utterances—all these features and many more combine to make it THE Bankers Magazine.

We wish to congratulate you on the many improvements made in the magazine in the last year.

Very truly yours,
JNO. Q. WOLF, Cashier,
Bank of Batesville, Batesville, Ark.

We have pleasure in enclosing our renewal subscription for the Bankers Magazine for the current year. In doing so the writer wishes to express his great appreciation of the many improvements which have been made in the magazine during the past few years and of the generally high character of the articles contributed.

Yours truly,
E. SHORROCK, Pres.,
Northwest Trust & Safe Deposit Co., Seattle, Wash.

I wish to express my appreciation of the Bankers Magazine. I think that every man connected with a bank should have a copy.

Very truly yours,
H. E. BALL, Asst. Treas.,
Lubec Trust & Banking Co., Lubec, Me.

Among the complimentary expressions concerning the Bankers Magazine which we have recently received are the following:

Arthur Reynolds, president of the Des Moines National Bank, Des Moines, Iowa, said: "I am pleased to hand you herewith draft for $5.00 in payment of my renewal subscription. We value your work very highly indeed and are very glad to continue our subscription."

E. D. Hulbert, vice-president of the Merchants Loan and Trust Company of Chicago, writes: "I have always regarded your magazine as one of the few financial publications having real influence."

Dr. I. B. Perkins of Denver, Colo., has been a subscriber to the magazine for a little over a year, but now says that he could not get along without it.

A prominent Canadian bank officer writes in regard to some of our editorial comment: "Some months ago, I happened to read something from the pen of a very distinguished French economist, having somewhat the same effect, but your comment is much more to the point and has its foundation on a much higher sentiment. My comparison is all to your honor and enforces my eulogy. Again, your impartial criticisms of Wall Street ways and methods require a great deal of strength and energy and you deserve high praise for your standing in this matter."

A leading banker in Cleveland, writing along the same line, said: "I have several times been on the point of writing to tell you how much I appreciate your editorials in the Bankers Magazine, and some specially good ones in recent numbers lead me to do so now. The breadth of view which you manifest is refreshing, especially in contrast with editorials in many financial periodicals, which are conspicuous for their lack of such breadth."

The Library of Washington and Lee University at Lexington, Va., recently became a subscriber to the Bankers Magazine. It did not take the officials of that institution long to appreciate the full value of the magazine, and, as a result, we have just filled an order for that library for a complete set of Bankers Magazines from January, 1903, to the current year.

ROBERT T. LINCOLN

Chairman Board of Directors, Commercial National Bank, Chicago.

[Mr. Lincoln is the only surviving son of Abraham Lincoln. He was formerly United States Minister to Great Britain, and was for a time Secretary of War.]

ROBERT T. LINCOLN

Chairman Board of Directors, Commercial National Bank, Chicago.

THE

BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-THIRD YEAR — JUNE, 1909 — VOLUME LXXVIII, NO. 6

BANKING CAPITAL AND DEPOSITS.

At all times and under all conditions, the bank must pay the checks of depositors. No use should be made of money deposited which has not in mind the return of it, and that within such time as the depositors may want it.—"Bank Credit," by P. M. Robinson, Vice-President Union National Bank, Clarksburg, W. Va.

HAVE these primary principles of banking been a trifle obscured of late years by the ambition of the banks to pile up big totals? One does not need to have a long memory to recall times when the banks have not paid the checks of their depositors. A suspension of cash payments has occurred twice within fifteen years. If there is a continuation of the propensity to expand bank credits without increasing capital and reserves, may we not shortly expect to see a suspension of payments every five years, or even annually?

Opinions differ widely as to the explanation of the origin of the panics which periodically sweep over the country. But they are invariably marked by a peculiar feature—the enormous expansion of bank credit. Has not this expansion become more or less permanently in excess of the capital equipment of the banks?

Accompanying the Annual Report of the Comptroller of the Currency for 1907 is a colored chart, which shows most strikingly the changes that have taken place in the national banks of the United States. It is sufficient to point out a few of these changes.

From 1897 to 1907 the loans of the national banks increased from $2,066,000,000 to $4,709,000,000. Individual deposits from $1,853,000,000 to $4,319,000,000. In the same period the paid-in capital increased from $631,000,000 to $896,000,000. That is, in 1897 there was about three dollars of deposits to one dollar of capital, while in 1907 there was almost five dollars of deposits to one of capital. A clearer and more accurate statement is exhibited in the following figures, taken from the Comptroller's Report for 1908:

	1897.	1907.
Ratio of capital to individual deposits	$1.00 to $2.93	$1.00 to $4.82
Ratio of capital to loans	1.00 to 3.25	1.00 to 5.22

To render the comparison fair, it ought to be stated that the ratio of capital, surplus and profits to individual deposits was $1.00 to $1.92 in 1897 and $1.00 to $2.65 in 1907.

Unless it were definitely known what proportion of capital to deposit liabilities is essential to assure safety, it could not be stated with any degree of accuracy that the deposits have grown out of safe proportions to the capital of the banks. As capital is one of the chief elements of a bank's strength, it may be said with certainty, however, that in this respect—the proportion of capital to deposit debts—the banks of the country are less favorably situated than they were in 1897. And this is a matter of considerable importance. By having a large margin of capital above its deposit liabilities, a bank is enabled to keep up its coin reserves and therefore limit expansion within safe bounds. Furthermore, in a time of stress a bank with a good margin of capital can increase its cash without curtailing loans, and can also expand its loans at times when other banks are forced to contract.

WHEN a borrower tries to do business on the capital of a bank instead of using his own capital, the bank becomes justly indignant. But are not the banks themselves tending toward the same condition? Are they not carrying on their business more and more on the capital of the community, instead of contributing the capital themselves? Are they not a little too ready, also, to create credit obligations without increasing their own means of meeting them?

QUESTIONS of this character are intensely practical. Within the past few years bills have been introduced in Congress looking to the limitation of bank liabilities to a certain percentage of the capital, and this principle has already been adopted in some recent State bank legislation.

In the early days of State bank notes the banks in many cases were permitted to issue notes without respect to their capital. It was found in practice that many of the banks abused this privilege, and gradually the issue of notes was restricted so as not to exceed the capital. It would seriously hamper the banks if they were thus restricted in the creation of deposit liabilities. The trouble with most restrictive legislation, of this character, is that it goes too far. But unless the banks of their own motion take steps looking to the strengthening of their capital equipment, they are likely to have the matter forced on their attention before long in a very disagreeable manner.

Capital is essential in all kinds of manufacturing, including the manufacturing of credit by the banks.

ARGUING in favor of a national measure for insuring bank deposits, Mr. JOHN SCHUETTE, president of the Manitowoc (Wis.) Savings Bank, says:

"Since the lack of confidence is the only disturbing element in our banking system, therefore national control will more surely inspire the requisite confidence."

Yet sometimes banks under national control have failed to retain the public confidence. Might it not be worth while to enquire what causes this "lack of confidence"? Does the fact that at the approach of a panic the banks suspend payment, inspire confidence? It may be possible that the psychological phenomenon described as a "lack of confidence" originates in some more tangible form; as, for instance, a lack of capital, or of coin. The possession of a goodly supply of these adjuncts to a banking business sometimes acts as a powerful stimulant to confidence.

AT the recent meeting of the executive council of the American Bankers' Association much gratification was expressed at the growth in the membership (which now exceeds 10,000) and the strong financial position of the association.

With a membership embracing fifty per cent. of the banks of the country, an income of nearly $160,000 annually, and invested funds amounting to $120,000, the American Bankers' Association has become an organization of great power. No doubt this power has been and will be exercised for the general good of the public as well as of the bankers. But as the amount of money on hand increases the temptation to launch out into new activities will be augmented.

The chief expenditure made by the association is for the protection of its members against burglars and forgers. This defence constitutes one of the strongest incentives for a bank to join the association.

Now that the association is in receipt of an ample income, may it not profitably extend its work along a line that has already given promise of producing excellent results? The modest expenditures made by the Currency Commission have certainly aided in the creation of a sounder public sentiment respecting banking and currency matters. But what has been done is only a beginning. We shall never have an efficient system of currency until the masses of the people are educated so that they can discriminate between true and spurious principles that are put forth. And unless a campaign of education is carried on continually, we shall have to get along with the present clumsy system, or have it supplanted by something worse.

The losses sustained by the banks through the depredations of burglars and forgers are immediately perceptible. But the immensely greater losses arising from an imperfect banking and currency system, being widely distributed, are less apparent.

A proposal of new currency "plans" is not needed, but the public should be educated to understand the difference between a bank note and Government paper; and, incidentally, a good many banks should be educated as to what constitutes a safe banking reserve.

It seems that a considerable part of the surplus fund of the American Bankers' Association might be wisely employed in disseminating a knowledge of sound currency and banking principles among the people.

ALTHOUGH interest rates have recently fallen to a very low level, and business has been considerably depressed, the monetary circulation of the country has lately reached a new high record.

Curiously enough, through our peculiar system of circulating Government paper through the instrumentality of the banks, the latter pursue a course which directly tends to reduce their own profits. In the face of a stagnant money market and a nominal interest rate, they keep on adding to the paper "money" in circulation. Were the ill effects of this procedure confined to a loss of bank profits, it would be a matter concerning the banks rather than the public. But the evil does not stop here. Very low interest rates tend to the encouragement of speculation, and also render the banks a little less careful than they otherwise would be in placing their loans.

AFTER the tariff will come the currency. We shall expect the Monetary Commission to propose a central bank. This proposal will probably introduce such dissension among the friends of currency reform as to defeat financial legislation altogether.

The present method of circulating national bank notes, so called, is in effect a lending of currency to the banks by the Government on the security of United States bonds. And if the central bank scheme should be adopted this method in its essential principle would probably be continued. For the banks would have to pledge their credit and securities with the central bank in order to obtain circulating notes. They now get such notes from the Government as a loan without interest. They will have to pay interest to the central bank. In both cases they must *borrow* currency instead of being allowed to issue it in the form of bank notes, based upon their own credit.

This distinction is an important one. Under the present system of issuing notes the ability of a national bank to make loans is largely curtailed by the necessity the bank is under of buying Government bonds, even though the privilege of circulating a like amount of notes is thereby purchased. The national banks at the present time have some 600 millions of circulating notes outstanding. With this they may buy a like amount of commercial paper in the shape of depositors' notes. If they had the 600 millions in gold or legal tenders—in fact, in any money available as bank reserves—they could purchase several times this amount of commercial paper; or, the latter result would be obtained if the banks could issue their own credit notes in exchange for the notes of their depositors.

The rediscounting of customers' notes by a bank is not without serious objectionable features. Such notes represent an asset against deposit liabilities, and to hypothecate them is to pledge them as security for another obligation.

Compared to the issue by a bank of its own credit notes, the obtaining of currency by rediscounting is exceedingly costly. A large margin above the currency obtained must be pledged and interest must be paid.

Regulation of the discount rate will never be effected by a central bank in a country of such a vast extent as the United States. The Bank of England in the "tight little isle" frequently loses control of the London money market.

The only efficacious way of regulating the discount rate here will be through united action by the banks, acting through the clearing-house associations. These are voluntary organizations in whose management the banks have a voice.

American banks will never submit to the control of an outside institution, and the attempt to force such authority upon them will arouse antagonisms whose baneful results no one can measure.

About all there is in the whole bank-note question hinges upon the creation of efficient redemption machinery. It may be safely said that if throughout the whole United States a clearing system could be installed similar to that in successful operation in New England, the bank-note question would speedily be solved.

This is a problem to whose solution the Clearing-House Section of the American Bankers' Association might address itself with every hope of rendering the banking and commercial community a very great service.

KANSAS has adopted a deposit guaranty law which applies only to State banks, as the Comptroller of the Currency has ruled that under the National Banking Law it would be illegal for the national banks to participate in the guaranty plan. But a way has been found, apparently, to afford the national banks an opportunity of sharing in whatever advantages may appertain to the deposit-insurance scheme.

A company has been formed, called the Bankers Deposit Guarantee and Surety Co., with a capital of $500,000 and headquarters at Topeka. This company will insure deposits and also issue fidelity bonds.

As the National Bank Act does not permit the national banks to invest their capital in enterprises of this character, the stock will be taken by the stockholders of the banks. It is said this plan will not be objectionable to the Comptroller of the Currency. The Attorney-General of the United States has rendered an opinion to the effect that national banks may, if they choose, take out a guaranty policy in a company organized to insure bank deposits.

If the adoption of deposit-insurance laws should be found to give the State banks some advantage over the national institutions, the latter may have to find an expedient like the one above mentioned to overcome this advantage.

CONDEMNING the emergency currency provided for in the Aldrich-Vreeland bill, Mr. James B. Forgan, president of the First National Bank, Chicago, declared that it ought to be called "an infernal currency." Have not some of the attributes of the sulphurous region also gradually attached themselves to another favorite emergency device—the clearing-house certificate? Originally intended as a means of settlement of balances between banks, it has become perverted into an instrument by whose employment a more or less general suspension of cash payments takes place.

If the banks know that they can expand deposit obligations indefinitely and when they can no longer pay cash can be supplied with something that looks like money, but is not, to hand out to their depositors, will they not go on piling up deposits to the utmost limit? They know that when they can no longer pay, all can suspend in a body without incurring serious penalties.

Would it not tend to check unhealthful expansion if the banks knew that always they must pay? That a refusal to do so at any time was an act of insolvency?

Credit bank notes are in every way preferable to those based upon bonds. But credit bank notes should be issued only against a proper ratio of gold reserve. When this ratio is no longer maintained, the issue of the notes should cease, and at all times cash—not notes—should be paid when demanded.

BOSTON is considering the holding of a World's Fair in 1920 to commemorate the three hundredth anniversary of the landing of the Pilgrims and the founding of New England. There will not be much difference of opinion as to the propriety of commemorating so important an event in the country's history, but all will not agree that a World's Fair is the most appropriate form of celebration.

It is the common belief that exhibitions of this character have lost much of their novelty. Since the Centennial in 1876 there have been but two really international exhibitions in this country—one at Chicago in 1893 and one at St. Louis in 1904. Both were on an immense scale, and from a spectacular and educational standpoint they were highly successful. Whether in either case the profits in money realized an adequate return on the investment, is another story.

As one of the advantages of such exhibitions, from a financial standpoint, is to draw as large a number of visitors from abroad as possible, no doubt the Boston show would in this respect have an advantage over Chicago and St. Louis. Many Europeans would visit an exhibition on the Atlantic seacoast, but would not care to add a thousand miles of railway travel to their trans-Atlantic trip.

It is often said that international difficulties arise through misunderstandings caused by imperfect acquaintances among people of different nations. By increasing such acquaintances the chances of misunderstandings are greatly reduced. An appropriation for a World's Fair may be as well spent as if the money were used in building a battleship.

Should a World's Fair be held at Boston in 1920, an international monetary and banking congress might be called to meet there at some time during the exhibition.

WHILE Congress continues to be permeated with unsound money sentiment, it will probably be impossible to get the banks of the country generally to adopt any measures looking to the improvement of the character of their reserves. The fault lies with Congress in perpetuating the legal-tender notes, and in making silver dollars and certificates available as bank reserves. Long ago the "greenbacks" could have been replaced by gold certificates, and if the silver dollars had been gradually recoined into fractional coin, the use of silver as reserves would in time have disappeared.

So long as silver certificates are available for use as bank reserves, it is too much to expect that national bank notes will not be used for the same purpose.

The banking business of the country would profit by an increase of gold coin held in the vaults of the bank, and not redeposited, and the safety of banking and commercial transactions would be enhanced if bank notes, silver dollars and silver certificates were rigidly excluded from computation as a part of the bank reserves.

INVESTMENTS in bonds are being made on an increasing scale by the banks of the country, as may be seen by comparing the amount of such securities held for a series of years. There are several good reasons why the commercial banks of the country should not go deeply into the purchase of bonds. Trust companies and savings banks, however, are under no such restrictions.

One thing seems clear enough—that when banks of any kind invest their funds at all in the purchase of bonds, they should do so only after carefully studying the characteristics of the various classes of securities on the market.

At present, no doubt, many banks in buying bonds rely upon their city correspondents or upon the reputation of the broker or bond house with whom they may be dealing. Very often this is an excellent plan; but where the bond-buyer acts on his own initiative, he can hardly expect to achieve satisfactory results without first familiarizing himself with the principles governing the desirability of the different kinds of bonds.

In an article by GEORGE G. HENRY, vice-president of the Union Trust Company of New York, published in the May issue of THE BANKERS MAGAZINE, the respective attributes of several classes of securities were pointed out, and an explanation given of the reasons why commercial banks often experience disappointments in purchasing bonds. One reason is that the banks do not always give due consideration to the element of convertibility, manifestly something of great importance to an institution having a large volume of demand deposits. Mr. HENRY advises the commercial banker to buy only high-grade, active, short-dated securities. By confining their purchases to securities of this character, the commercial banks reduce to a minimum the lock-up of funds which to some extent attaches to any departure from the policy of buying commercial paper only.

ATTENTION is directed to an interesting article on co-operative or people's banks, which appears elsewhere in this issue of the MAGAZINE. The author, M. ALPHONSE DESJARDINS, has given years of careful study to the subject and is moreover familiar with the practical operations of such institutions, being president of one of them.

In the United States our financial machinery has developed, largely, instead of being created with a special view of meeting certain requirements. As a consequence of this, the commercial banks have become entangled to some extent in Stock Exchange operations, in promotions, in bond investments, and even in real estate loans.

But one defect in our financial machinery—something, perhaps, a little outside the ordinary banking operations—is the lack of any adequate provision for meeting the needs of worthy borrowers whose circumstances hardly enable them to comply with the strict requirements of banking. That it is possible, however, to meet these demands with safety as well as profit is amply witnessed by the experience of the institutions described by M. Desjardins.

People in need of the loan of small sums, but without banking credit or proper securities, are preyed on by "loan sharks," who, judging from their flaming advertisements in the newspapers, must find the business enormously profitable. These coöperative or people's banks afford an efficient means of encouraging thrift and of protecting the poorer classes from the fleecing process of unscrupulous usurers.

Such institutions are needed in the United States. They would admirably supplement the ordinary banking facilities now supplied by the existing banks.

M. Desjardins will be glad to give his services, without charge, to associations interested in the organization of these philanthropic institutions.

As was remarked by a delegate to the convention of the American Bankers' Association at Denver, very many people confuse the loan sharks with legitimate bankers, thus accounting to a considerable extent for the popular prejudice against banks. This speaker said the banks owed it to themselves to clear their business of this undeserved reproach, and suggested that steps be taken for the organization of an association that would make loans to persons in moderate circumstances at a fair rate of interest. The institutions described by M. Desjardins appear to be well suited to meet this need. Their introduction into this country would stop a fearful source of economic waste.

CUBA, although a young nation, is already facing the same grave financial problems as confronts Great Britain, the United States and Germany—how to make both ends meet. President Gomez is reported to be opposed to making any additions to the Cuban bonded debt at the present time. The revenues for the coming year are estimated at about $24,250,000, excluding the taxes for interest and sinking fund for the $35,000,000 loan to pay the army of revolution. It is estimated that the expenditures will be not less than $30,000,000.

Cuba is a very rich country; but, like some other and older nations, shows a propensity for spending more than she earns.

This tendency seems to be general and growing. The people rail at the legislative bodies for spending so much money, yet everybody wants the government to do more and more for the people.

No doubt Cuba will find a way to meet the threatened deficit of revenues, either by getting more revenue or by cutting down expenses.

CONSIDERABLE interest attaches to the most recent statement of the national banks of the United States as made to the Comptroller of the Currency.

Commenting on the statement, the New York "Evening Post" says:

"For some weeks, bankers have been waiting with great curiosity to see what the banks of the country as a whole would show under the April call for their statements to the government. The compiled figures were given out this week; they show aggregate loans to have been on that date $427,267,000 greater than in the spring of 1907, at the time of the country's greatest prosperity. Yet cash reserves in the same report were shown to have increased during this period $222,337,000, an addition never before recorded in our banking annals, the nearest approach to it having been an increase of $121,881,000 in the two years between the spring of 1897 and 1899.

"There are some curious features about the increase now reported. Nearly all the gain occurred in five months between the Comptroller's calls of December 3, 1907, and May 14, 1908, the increase then being $202,740,000, about evenly made up of the $100,000,000 gold brought from abroad in connection with the panic, and of the cash released from the channels of domestic trade through the violent industrial reaction which followed. In the twelve months since May 14, 1908, in spite of continued trade inactivity, only $17,231,000 has been added to their cash reserves.

"But with the loan account the showing is exactly opposite. A year ago, bank loans were smaller than in the spring of 1907, though, notwithstanding the violence of trade reaction in the early part of last year, the decline was only $7,498,000. The figures show them now to be $427,267,000 greater than at the high tide of the 1907 prosperity. This is an increase which runs closely on the loan expansion of such a two-year period as that between April, 1899, and April, 1901; the increase during the past year alone is the largest of any year in the country's history.

"How is such a loan expansion, in an admitted period of depression, to be explained? There are three ways of accounting for it—by the widespread speculation, particularly in stocks; by the taking over by our banks of the loans raised in Europe by American speculators during 1906, which have been estimated at $500,000,000, and by the healthy activity of Western trade.

"A further natural question is, what does this huge loan expansion mean for the future? To this question also there are three separate and somewhat conflicting answers. It may mean that banks are so well 'loaned up' that further demands will force tight money. It may mean that when legitimate trade needs its share of this new credit fund, speculation will have to give it up. Or it may mean that Europe will again take upon its shoulders the loans which it threw back on us in 1908."

The situation is in some respects perplexing; and though there are numerous signs of genuine business revival, conditions are not without some elements of concern.

BY the recent death of Mr. H. H. Rogers an opportunity has been afforded for criticising the banking methods which it is said were sometimes used by him and his associates. Without stopping to examine these criticisms, may it not be said with justness that it is unfortunate, to say the least, that so many of our prominent commercial banks have become largely engaged in huge financial undertakings?

We shall probably have to realize some time that our banking system, while not requiring any revolutionary changes, is sorely in need of a better adaptation to the vast business now being carried on in this country.

The great majority of the banks of the United States no doubt are fulfilling their functions as well as banks can do anywhere. But there are some special requirements—international banking, mortgage loans, railway and industrial financing, etc.—for which our banking system does not seem to make adequate provision.

Perhaps the few changes that are necessary to a more perfect adaptation of the banks to the tremendous business activities of to-day could be effected without legislation.

FOLLOWING immediately after the 1907 panic there were expressions of opinion to the effect that no such general liquidation would take place as that which succeeded the 1893 panic. It was claimed that what is sometimes styled the "cycle of prosperity" had not yet run its course.

If the liquidation must finally take place to a greater extent than has already occurred, and is only being delayed, it will be unfortunate in preventing an early return to normal business upon a sound basis.

Inflation seems to have marked the banking situation for some time. Not only the "bank notes" but the bank deposits are to a considerable extent built up on credit instead of coin, and no prospect is in sight of securing any bettering of the situation.

A leading banker of Virginia recently said that while indisputably the bank reserves should be kept only in gold or gold certificates, it would be impossible to get a provision to that effect in any banking bill that could pass the State Legislature. The same may be said of all the legislatures.

Even in New York the State banks are permitted to keep their reserves in bank notes, or in silver.

No reform in this direction is practicable until Congress stops the issue of any kind of legal-tender money except gold, and forbids the use of bank notes for reserve purposes.

AGITATION continues among the banks for the adoption of some means whereby the collection department may be relieved of the burden of presenting so many checks for collection without any remuneration. A very simple remedy would seem to be for the banks to refuse to make presentation of checks for collection unless the person sending the paper shall accompany it with a reasonable fee. This has been done already by many banks.

It is difficult to see why a bank should use its time and machinery for nothing. If the draft or note is duly presented to the drawee for payment, the collecting bank has performed its duty and should be paid for its work.

Efforts have been made to have some agreement reached on this matter through the various State bankers' associations, but without much success. Many banks choose to manage these things in their own way, and any attempt to coerce them through their State associations would be resented.

But wherever the banks of a town or city can agree among themselves not to make any presentation of paper without charging for their services, the present evil can be remedied.

Properly handled, the collection department of a bank may become an important source of revenue. But as a rule it can hardly be made to pay if a large part of the work is done free.

BUSINESS revival has been halted by the delay in passing the tariff bill. Probably when the new measure gets into working order it will be found that the changes from the former schedules are hardly great enough to have warranted a partial suspension of business for several months.

If a new tariff did not take effect until a year or two after its enactment, business might go on as usual, instead of being held up as now to see what kind of tariff law is going to be passed.

ENCOURAGEMENT for the cause of currency reform is to be derived from a remark made by Secretary MacVeagh while in New York recently for the purpose of meeting the bankers of the city. He said:

"So far as the Administration is concerned, it is approaching the question of currency and banking reform with a perfectly open mind and will give hospitality toward any suggestions that are based on intelligence and experience."

That is hopeful, indeed. Heretofore there has seemed to be a disposition to reject everything based upon intelligence and experience and to revert to the adoption of exploded expedients. We only hope that Congress will be as open-minded as the Secretary of the Treasury declares the new Administration will be.

Opinions differ on currency reform, just as they do on a horse race. But "intelligence and experience" seem to have settled two points, namely, that Government paper money, whether it be greenbacks or in the form of so-called bank notes, has no place in a modern banking and currency system; and that currency—emergency or otherwise—not based upon a coin reserve is merely an instrument of inflation.

Intelligence and experience may have straightened out some other financial theories; but if we could only get Congress to recognize the two above named it would be a great gain.

A DISPATCH announcing the appointment of a national bank examiner at New York says:

"The appointment of Elmer Dover of Ohio, long-time secretary of the National Republican Committee, and, of course, a prominent politician, as bank examiner of New York is reported and in effect officially announced. The post carries a salary of $12,000 a year."

As Mr. Dover was formerly associated with the late M. A. Hanna, a banker and a man of large wealth, it is possible that he may possess that knowledge of banking and of security values that would properly qualify him for the difficult position of national bank examiner at New York. If he possesses the necessary qualifications, his political activity is rather to his credit than otherwise. This is a Government wherein the man who takes a prominent part in political work is bound to be rewarded more than the man who holds himself aloof from politics.

A President who did not look with partiality upon the claims of his political friends who want office would hardly be human. He would be a little too perfect, perhaps, for an imperfect world.

But this partiality may sometimes lead to the appointment of men to office where something more than executive ability is demanded. The office of a bank examiner, in the City of New York especially, is one calling for special expert knowledge of securities and an acquaintance with the technicalities of banking. Mr. Dover may possess these qualifications in an eminent degree, and we hope that he does. The newspaper report of his appointment, however, seems to justify the inference that the selection was made principally on political grounds. If that shall prove true, it would be unfortunate, for there are already enough grounds for valid criticism of the system of examination of national banks.

Later reports announced the withdrawal of Mr. Dover's appointment.

The system of examining national banks has been so severely criticised of late that it is to be hoped great care will be taken in the selection of examiners. Other things being equal, the best bank examiners are those who have had broad experience in banking.

SOME BANKING AND CURRENCY PROBLEMS OF TO-DAY AND TO-MORROW.

(Address of Elmer H. Youngman, Editor of The Bankers Magazine, Delivered Before the Annual Convention of the Virginia Bankers' Association, Old Point Comfort, May 21, 1909.)

IN a speech that shall live while this nation endures, a distinguished Virginian once declared: "I have but one lamp by which my feet are guided, and that is the lamp of experience. I know of no way of judging of the future but by the past." Our financial history affords abundant experience—some of it rather dearly bought. Shall we be guided by this lamp of experience into safer paths, or shall we continue to pursue a course inevitably leading to a repetition of panic and disaster?

The same factors that have wrought havoc in the past are at work now, and the result will not be different from what it has been heretofore. I seek to raise no cry of alarm or to indulge in gloomy forebodings, for no one has larger or firmer faith in the solid prosperity of this country. But it is only the part of wisdom to look ahead, and to see, if possible, where past errors may be avoided.

An Ever-Present Banking Problem.

First and foremost among the problems that confront the banks is that of good management. Neither legislation, nor supervision, nor anything else, can take its place. While largely dependent upon financial capacity and the judgment developed by practical training, its fundamental requirement is unflinching honesty. That constitutes the corner-stone of banking, and of every bank built upon it one may say after the clouds of panic have rolled away: "And the rain descended and the floods came, and the winds blew and beat upon that house; and it fell not, for it was founded upon a rock."

When the late war between the States had ended, the military Chieftain of the South laid down his sword and returned to the pursuits of peace. No doubt he, like others, had suffered great loss of fortune in that long and bitter contest, and would have been glad to add to the modest income derived from the presidency of a Virginia University. But when an offer of a position of responsibility and trust was made him, he did not stop to consider his need of money, or the opportunities of profit and power that would go with the office. He considered only the interest of those whose funds it was proposed to entrust to his keeping. Listen to the message he sends us across the lapse of years:

"Lexington, Va., Dec. 23, 1868.

"Dear Mr. B:

"I am very much obliged to you for your letter of the 12th and the kind interest you have shown in my welfare. ——— I have considered Mr. F's proposition, and though I believe that the establishment in Richmond by the Universal Life Insurance Company of a branch office, on the plan proposed, would be attended with much benefit, I do not think I am the proper person for the position of Managing Director. The secure investment of the funds accruing from the Southern business in the present condition of our affairs, it seems to me, would be attended with great trouble and should be managed with great care. In my present position I fear I should not have time, even if I possessed the ability, to conduct it. Life insurance trusts I consider sacred. To hazard the property of the dead, to lose the scanty earnings of fathers and husbands who have toiled and saved that they may leave something to their families, deprived of their care and the support of their labor, is to my mind the worst of crimes.

"I could not undertake such a charge unless I could see and feel that I could faithfully execute it.

"I have therefore felt constrained, after deliberation, to decline the proposition of Mr. F——. I trust that the Company may select some better man for the position, for I think in proper hands it would accomplish good. For your interest in my behalf, and for Mr. L's kind consideration, I am very grateful. And with my thanks to both of you, and to Mr. F—— for his kindness, to whom I trust you to explain the reason of my course, I am,

"Truly yours,
"(Signed) R. E. Lee."

In this letter of the great Southern soldier are clearly defined the sacred obligations of trusteeship that should rest upon every bank officer and director; for the banker is a trustee for his stockholders, his depositors and for the community at large. I believe that today the great majority of the banks of Virginia and of every State in the Union are being guided by the principle so admirably stated by General Lee over forty years ago.

Some Changes in Banking Conditions.

A notable change that has taken place in the banking conditions in the United States within recent years is to be found in the vast commitments made by the banks in connection with the issue of stocks and bonds. As computed by the New York "Journal of Commerce and Commercial Bulletin," the issues of new securities were, in round numbers:

1904	$1,000,000,000
1905	1,694,000,000
1906	2,306,000,000
1907	1,459,000,000
1908	1,418,000,000

These figures make the magnificent aggregate of $7,877,000,000 as representing the output of securities within a period of five years. As the issues of many of the smaller corporations are omitted from this compilation, the total given probably falls far short of the actual output of securities within the period named.

This tremendous addition to the paper representatives of wealth has imposed heavy burdens upon the commercial banks, for we have in this country no institutions especially designed to care for the issuing and marketing of capital securities. What has been the consequence? According to Mr. Muhleman, the national and State banks of the United States increased their ownership of stocks and bonds from $50,000,000 in 1892 to $487,000,000 in 1907, while the amount held by trust companies increased from $142,000,000 in 1894 to $785,000,000 in 1907. Furthermore, the loans of trust companies, which are largely secured by stocks and bonds, increased in the same period from $374,000,000 to $1,602,000,000.

Concurrently with the growth in the volume of securities there has been an augmentation of dealing in them, either for speculation or for investment.

The banks of the larger cities, and the reserve banks in particular, have become heavily engaged in the financing of enterprise, and in the handling of the securities arising therefrom. The syndicates and groups of capitalists have operated through the banks to float new securities, and these were used as the basis of fresh loans for carrying out still other schemes of promotion, thus enormously expanding the deposits of the banks. Thus the capital for these gigantic undertakings has been in large part supplied by the use of manufactured commercial bank credit instead of being drawn from the reservoir of capital funds available for long-time investment. As a commercial bank has to provide for meeting its own current obligations, it can do so most satisfactorily by buying only the current obligations of others.

The entanglement of the reserve banks with investment operations and with Stock Exchange transactions has not only inflated the credit obligations of the banks enormously, but it has also vastly enhanced the difficulty of the banks in finding the means of reducing their deposit liabilities without bringing about a ruinous contraction in loans and a sharp fall in the prices of securities, not infrequently entailing panic and disaster.

As if the resources of the commercial banks were not sufficiently burdened with capital investments, the Government makes the situation worse by compelling the national banks to invest a part of their capital in United States bonds, and invites a still larger investment, giving the banks in return the doubtful privilege of putting out notes which pretend to be bank notes, but which are, in reality, nothing more than United States bonds in small denominations, minus the interest-bearing features of the bonds. Over $600,000,000 of bank capital is now tied up in bonds on which circulation is outstanding. The notes so issued are much less efficient in buying commercial paper than would be an equal amount of the banks' capital invested in gold.

Another change that is taking place in banking conditions consists in the growing disproportion between capital and deposits. In 1897 the capital of the national banks was $631,000,000 and individual deposits $1,853,000,000—a trifle less than three dollars of deposits to one dollar of capital. In 1907 the capital was $896,000,000 and the individual deposits $4,319,000,000—nearly five dollars of deposits to every dollar of capital.

The banks rightly object when borrowers attempt to carry on business with the capital of the bank instead of using their own. But are not the banks tending toward the same course? Are they not depending more and more upon the capital of the community, and less and less upon their own?

An inadequate capital equipment renders it difficult, if not impossible, for a bank to maintain at all times a safe margin between its legal reserves and the amount of reserve that should be carried to enable the bank to continue to purchase good commercial paper, or to meet unusual calls for cash without calling for payment of its local loans.

Whatever else may be said of the panic of 1907, it is evident that the reserve banks failed to meet the demands made upon them.

Is it possible that banks acting as reserve agents do not quite fully realize the seriousness of their obligations? Theirs is the duty to maintain an adequate proportion between reserve and deposits, to prevent inflation of bank credit, and to meet emergencies, not by suspending payment, but by promptly meeting all demands without unduly disturbing the money market or the prices of securities.

I am not here to propose plans or remedies. But it may not be out of place to make one or two brief suggestions.

If the identification of corporate promotion and Stock Exchange speculation with commercial banking is attended with the disadvantages indicated, these transactions ought to be separated from the business done by the commercial banks, especially those acting as reserve agents. This could be effected by the organization of a bank or group of banks that would be especially equipped for those financial activities outside the domain of commercial banking.

The proportion of capital to deposits could be raised either by increasing the capital or by decreasing the deposits, the former course no doubt being the wisest and most practicable.

When the national banks were prohibited from lending on real estate it was because it was found that too much of the banking capital of the country had become tied up in this manner. May not investment and financial banking give rise to restrictive legislation also?

Already some of the States are legislating to prevent the banks from creating credits beyond a certain proportion of their capital. Would not voluntary action on the part of the banks be preferable to restrictive legislation, which nearly always goes too far?

Minor Banking Problems.

How will the national banks, in the absence of a Federal law providing for the guaranty of their deposits, be affected by the guaranty laws that have been passed in several States? I shall not attempt to answer this question, but merely state it for your consideration. In Kansas the national banks are preparing to insure their deposits through a specially-organized company, and the Attorney-General of the United States has ruled that, in his opinion, this may be done without violating the National Bank Act.

It is, of course, possible for every bank to insure the safety of its deposits by maintaining adequate capital, by keeping a strong reserve, and by vigilantly scrutinizing every loan, and by never granting a credit that it is not always able to cash according to the letter of the contract.

The trust company, which has come to be a commercial bank plus a number of varied functions, is bidding most strongly and successfully for the banking business of the country. Can the national and State banks, with their limited functions, compete with the trust companies, which may do all the other banks can and much more beside? If the trust companies continue to do a banking business, need they be surprised if the banks ask permission to do a trust company business?

Several of the States have already enacted laws providing for the creation of institutions authorized to combine the functions of a commercial bank, a trust company and a savings bank. In other States the same object is attained without express legal sanction by having a commercial bank on the ground floor, a trust company upstairs and a savings bank in the basement—each with a different name, but the management of all being practically the same.

As to the demand for postal savings banks: would it not disappear if the existing banks that receive savings deposits were compelled to keep their savings funds separate, and invest them in high-grade securities only? The savings of a community ought to be invested in local enterprise, only the portion not needed being sent away for outside use. A postal savings system would violate that principle, which is a most important one, especially in localities that need all their own savings for home use. Whatever legislation may be desirable for the encouragement of saving can, in my opinion, be effected through the instrumentality of the State legislatures much better than it can be through the Federal Congress.

What of the Currency?

This question, like the poor, we have always with us.

With substantially an increase of one hundred per cent. in the world's stock of gold in the last quarter century, the question arises, Should we not gradually discard all forms of full legal-tender money except gold? Have not the greenbacks long outlived their usefulness? They might be replaced by gold certificates, thus simplifying the currency and adding to its safety. Should not the silver inflation caused by buying bullion for subsidiary coinage be stopped and the silver dollars turned into fractional coin as needed?

Many conflicting theories prevail relating to the currency. One thing appears to be pretty conclusively settled: that the use of Government paper runs counter to sound economic principle. Yet we have $346,000,000 of it in the shape of legal-tender notes, and $600,000,000 in the form of so-called bank notes. Are we not, as a progressive nation, a little behind the times here?

Future attempts at currency legislation will divide along these lines: a continuation of some kind of bond-secured bank notes, or the issue of notes based upon the credit of the issuing banks; and whether the notes shall be put out by the existing banks, by the clearing-houses or some other association, or whether we shall have a central bank.

While there are numerous valid objections to the issue of a bond-secured currency, a sufficient one would seem to be that a currency so issued has no automatic relation to business. For instance, as bonds are sold to pay for the Panama Canal work, more bank notes are issued. Does any relation exist between the building of a canal on the

Isthmus of Panama and the demand for currency in the United States?

If a bank must first buy bonds as a preliminary to issuing bank notes, that is equivalent to compelling the bank to furnish capital to somebody—either the Government, the State, municipality, railway or industrial corporation.

What does this mean in practice? Why, that you may lend your credit to Wall Street, which uses bank checks instead of bank notes, or that you may make similar loans to large concerns of any kind; but to the small trader, the farmer, or the laborer, to whom bank checks are of no use, you can lend only bank notes that are even more costly than capital itself, for usually the bonds upon which they are based will cost a premium.

Now, if, on the one hand, you can issue checking credits to the extent of several times the amount of coin reserves held against them, and on the other can issue less than the cost value of the bonds to secure bank notes, who will be favored—the man who can use bank checks, or the one who can use bank notes? The big fellow or the little fellow?

Were I a politician, I should like to go into every school district in the West and South, and tell the farmers just what a bond-secured circulation means. Clearly, it means that the very people who need bank notes cannot get them.

The true basis of a bank circulation is capital invested in an adequate coin reserve, the notes issued being exchanged for legitimate commercial paper. Such a currency would be of genuine benefit to the people of the South.

For many years you had bank notes of substantially this character here in Virginia, and I believe it is a matter of record that no one ever lost a dollar on account of them.

It is not without interest that the circulation of the State banks of Virginia in 1861 was just about double that of the national banks of the State today.

As to the method of issuing notes, I see no reason why the banks that issue billions in the shape of book credits to be checked against, might not be safely entrusted with the issue of a few hundred millions in the form of bank notes, secured exactly as the deposits are; except that the notes should be protected by a part of the present tax on circulation set aside as a safety fund from which to redeem the notes of failed banks.

It might be that the clearing-houses, or some other form of association, could be beneficially employed in the management of the bank-note circulation. The banks, acting together through their clearing-houses, are much better judges of business conditions and of the need for currency than any Government official can be. And such associations are more democratic than a central bank.

What could a central bank accomplish? Could it regulate the rate of discount—a task that even the Bank of England, acting within a comparatively limited field, finds to be one of increasing difficulty?

A central bank could indeed issue its notes in exchange for the rediscounted paper of the Southern and Western banks. But if your credit is good enough to obtain a loan from a central bank, why is it not good enough to serve as a basis for the issue of your own notes? And if it is not good enough for either, then the remedy needed is a reduction of liabilities, rather than an increase of them either in the shape of additional notes or of loans from a central bank.

If the interest you must pay for loans obtained from a central bank exceeds the cost of keeping a sufficient coin reserve against your own credit notes, then by so much you will have increased the burdens put upon the production and trade of your own communities. Your merchants, farmers and laborers will pay that cost, and the central bank will get the profit.

But it is claimed that a central bank would form a nucleus about which the scattered banking units would coördinate in forming a union for the defense of our credit in time of need. This is high-sounding, indeed. Turning for a guide to that "lamp of experience" of which Patrick Henry spoke in his impassioned plea for American liberty, what do we find? Was the last Bank of the United States a harmonizing influence, or the reverse? Those who have read its history know the answer. It was the hostility aroused against that institution among the jealous State banks that contributed to its downfall.

No good reason exists for requiring a note-issuing bank to lodge special security with the Government or elsewhere. Simple but efficacious measures should be taken against over-issues, and if a safety fund be provided to take immediate care of the notes of failed banks, bank-notes may then be issued substantially on the same terms as bank book credits are now granted.

The rehypothecating of securities for notes means that the bank takes out of its assets certain notes or other evidences of debt, held against its liabilities, and pledges them for a fresh loan. At best it is a doubtful practice. If interest must be paid for the notes and this interest exceeds the cost to the bank of keeping a coin reserve against its credit notes, then the bank is unnecessarily cutting down its own profits and putting useless charges upon its dealers.

Most of the difficulty in getting a credit bank-note currency lies in the lack of adequate redemption machinery. With that provided, the whole problem would be much simplified. Had the entire country a system of clearing country checks like that successfully operating in Boston, it is believed that the bank-note question would be more than half solved. Perhaps it is to the extension of this system, rather than to currency plans, that the attention of bankers should now be directed. If Congress had actual evidence of the workings of a general system of district redemption agencies as applied to bank checks, it might readily be made to see how easily the same system could be applied to the redemption of bank notes.

Every time a bank must refuse a loan because it cannot issue its credit in the form of circulating notes, the efficiency of the bank as a servant of the business community is diminished. And this denial of credit does not fall chiefly upon the Wall Street operator or the large manufacturer or dealer. It is a hardship that the small manufacturer and trader and the farmers must bear almost alone.

Reviving Business.

Signs of a business revival are unmistakable. The optimistic American hardly requires a stimulant to his business activities. He is more apt to need restraint. May we not hope that our prosperity hereafter may be a little less feverish; that the banks will look carefully to their capital and their coin reserves; that they will not keep on expanding credits in the knowledge that when the pinch comes they can be helped out by "emergency currency," clearing-house certificates or some other form of suspension of payments; but that they will grant only such credits as they can make good at all times and under all circumstances; and in the day of storm stand four-square to every wind that blows.

BOOM IN MEMBERSHIP.

THE American Bankers' Association has never experienced such a boom in membership as during the past year. The membership is much larger than it has ever before been in the history of the association, and by the end of the fiscal year will show a still greater increase.

Membership May 1, 1908		9,297
Lost by failures, mergers and liquidations	257	
Lost by delinquents	196	453
Balance		8,844
Addition to membership from May 1, 1908, to date		1,204
Present membership		10,048
After deducting delinquents, failures, mergers, etc., these figures show a net gain from May 1, 1908, of		751
Members added to the list during the month of April, 1909		211

THE BIG BANKS OF TO-DAY.

III.—THREE TYPICAL GERMAN BANKS.

By W. R. Lawson.

IN England most things happen by accident, but in Germany everything is supposed to be the result of far-seeing wisdom and design. While the Englishman "muddles through," the German plans everything carefully beforehand. Such, at least, is the popular theory, and illustrations of it are not difficult to find on either side. But like all popular theories it may be exaggerated. All Englishmen may not be heedless muddlers and all Germans are not distinguished organizers. But it must be admitted that the German mind is more scientific than the English and that the art of organization is more cultivated in Germany than in England or in fact in any other country.

Doubtless this is the result of military discipline leavening civil and industrial life. It begins in the primary schools and ascends into the upper regions of high finance. Its best fruits are shown in German banking, which stands out above all others in its grasp of definite principles and its pursuit of definite objects. There is nothing casual, isolated or haphazard about it. Every German bank of the latest type has a distinct policy which looks beyond the mere accumulation of deposits and the earning of dividends. It marks out for itself a sphere of action in which it may be useful not to its shareholders only but to the industrial and commercial interests of the locality.

The larger the bank the more ambitious is its financial programme. In a shipping district it will lay itself out specially to promote shipbuilding and foreign trade. In a mineral district it will devote itself to the iron and steel industries. Where beet root is the staple product it will be an important factor in the beet sugar market.

In Berlin, Cologne and Frankfort, it cultivates general finance. It is a valuable ally of the Bourse in the circulation of domestic and foreign securities. All over the country it encourages systematic investment and provides exceptional facilities for it. In international finance it is also becoming a power.

Not only in the Levant, but in Argentina, Chile, Brazil and the Far East, the most strenuous competitors for banking business are Germans. They have the success which naturally rewards the strenuous worker, and thanks to their superior organization whenever they get a footing they hold hard. Neither they nor their methods may be perfect—for one thing they are seldom favorites either with natives or with other foreigners—but they seem to gain ground all the time. Slow, steady work tells in the end more than the Englishman's spasmodic fits of energy.

With the Germans, too, there is better understanding and closer coöperation among different sets of interests than any other commercial people have yet achieved. Banks, shipping lines, manufacturers and traders work into each other's hands. And this not by chance but as a matter of understood and accepted policy. It is a virtue which has its defects and dangers, but as yet the virtues appear to predominate. The end, however, may be such excessive coöperation that every trade will be ruled by its own syndicate and most of the syndicates will be controlled by the banks.

In 1903 the United States Consul General in Berlin reported to his government that there were in Germany no fewer than 450 syndicates for regulating output and prices. "Every stage of manufacture," he said, "from the origin of each kind of material, field, forest or mine, has its own syndicated organization or management which stubbornly maintains prices, leaving the final manufacturer of the finished product to fight for a market. The greater the number of stages the materials have to traverse from start to finish the heavier the handicap the last manufacturer has to carry."

Not only have the German banks rendered powerful assistance in the creation of these industrial syndicates, but they are themselves the most striking examples of the prevalent tendency to concentration. A recent writer[1] says:

"Scarcely any other development of modern German life has stood out so prominently or has given such frequent occasion for admiring comment, also for sceptical head-shaking as the great process of consolidation which has worked itself out in a few years in our banking business."

FROM PRIVATE TO JOINT STOCK BANKS.

The author of the above quotation assures us that this remarkable development has proceeded from natural causes and was consequently inevitable. The new conditions which forced Germany to advance from private to joint stock banking began about the middle of the nineteenth century. The first was the advent of steam power, "which made railways possible and gave a powerful stimulus to mining, to the iron industry and to the manufacture of machinery. * * * The older private banks had neither the resources in capital nor the courage in enterprise that were required to meet these demands. New and greater organizations were thus required and modern joint stock banks were founded."

The most historical landmark in the evolution of German banking was the restoration of the German Empire in 1870. At that time there were only half a dozen joint stock banks of the first rank in Germany, and their aggregate capital amounted to only one hundred and twelve million marks, little more than five and one-half millions Sterling. During the next quarter of a century—1870-1895—they nearly quadrupled their capital, its aggregate in the latter year having been four hundred and thirteen million marks, or twenty and one-half millions Sterling. But the next decade—1895-1905—was their growing time. In these ten years they added to their capital five hundred million marks, or twenty-five millions Sterling. Their ten years' growth exceeded by twenty-five per cent. that of the preceding quarter of a century.

This striking increase was accompanied by a change of character still more important in the six banks. Much of it may have been due to the commercial development of the Empire, but that could not have accounted for the whole of it. The six banks, had they remained on the ordinary English lines, doing deposit and discount business merely, might have had to be content with a considerably smaller rate of progress. But they struck out into new channels which have so far proved very lucrative. This fact may of itself suggest to an English banker that the new channels must be proportionately speculative. The German banker, however, does not admit that. He claims that when conducted on right principles they may be almost as safe as "regular" or deposit banking.

INDUSTRIAL BANKING.

The special function of the new banking in Germany is the creation and issue of securities which may be public or private, financial or industrial, domestic or foreign. The principal issues, however, have been industrial, hence the distinctive name so often heard in Germany—industrial banking. Its peculiar merit was that unlike many of our English banking developments it was no mere accident. It arose out of a distinct industrial need—larger capital—and met the need by the nearest and most convenient means available. Side by side there were then in Germany growing industries capable of indefinite expansion and a host of small investors to whom one or two per cent. higher interest was an irresistible attraction. The

1 H. A. Schumacher in the Political Science Quarterly for March, 1907.

banks brought the two together by converting the big industries into joint stock undertakings and offering the securities to the small investors.

This new business was not always a matter of choice. More frequently it was resorted to as a measure of prudence and safety. When an industrial account outgrew the power of a bank to handle it without undue risk, it was transformed into an "issue credit." The bank preferred to hold it in the form of saleable securities which might by degrees be worked off on the investing public. A similar alternative is not unknown in England, but it is never dealt with in such a systematic way. English banks have tried at times to unload an unwieldy account on the public with the help of Somerset House, but it has been generally as a last resort. The issue has been made hastily, as if its authors were rather ashamed of it and anxious to get it over. Things done in such a half-hearted, stealthy way seldom have much success and do not deserve it.

The German method is very different. The capitalizing of big accounts in the form of saleable securities is a recognized branch of banking business. It is regularly and methodically done as occasion for it arises. No invidious distinction attaches to it. There is no reason for rushing it through like an English flotation within twenty-four hours. The new securities are put on the market for regular sale, and the issuing bank holds them until the public comes for them. If the public never comes the paper securities are still worth as much to the bank itself as the original book debt was. Such conversions are carried out not spasmodically as in England but on a regular banking principle thus stated by Mr. Schumacher.

"Experience has shown that the almost unnoticed growth of an originally small risk is more dangerous than the acceptance once and for all of a great but limited risk. The gradual accumulation of loans to a client in current account has more frequently proved fatal in Germany than a single great loan at a considerable risk. It is, therefore, important to be able to transfer the risk which grows up in current account business. This is possible only by transforming the debt on a customer's current account into securities or new stock. In proportion as the bank then disposes of these it transfers the risk from itself to the purchasers, that is, to the public. Such a transformation of credit on current account into "issue credit" is, however, not always possible for a single bank, or at least it is not always advisable. It is not every bank that carries on together with the so-called regular banking, namely receiving deposits, maintaining current accounts, issuing bank notes, discounting bills, etc., the long period business of issuing shares, bonds and securities of all kinds—a business which is governed by quite distinct principles of its own."

Development of Deposit Accounts.

One of the "distinct principles" of the new system was to gather the largest possible *clientele* of likely investors. With that object the "issue credit" banks spread their nets for depositors. Though they transacted regular business, it was not current accounts and trading balances they coveted so much as interest-bearing deposits. Their theory was that "customers attracted by deposit business can be used to extraordinary advantage for the placing of newly issued securities; for when the public wishes to invest money accumulated in small amounts it naturally turns first of all to the banks to which it has confided its savings."

Concentration of Functions.

At this point another distinct principle of "issue credit" banking comes in, namely the combination of various classes of business in such a way that they are mutually helpful. "As in the great combined ironworks, the drawing power of the gases and the heat from the smelting furnace are used for other branches of production—for the steel process and the rolling mill—so in the banking business the vital force of which springs from credit the confidence gained by one line of business is also used for others."

To this cumulative power there may be no practical limit so long as it is wisely and prudently used. And the greater the *clientele* becomes the stronger will be its attractive force. But an essential condition is that the bank must possess large resources of its own either in capital or reserves or both.

volume of business—four hundred and twenty millions Sterling—and the Disconto-Gesellschaft was second with two hundred and twenty millions. From this point expansion became very rapid in every way, as the following aggregates of business done in 1889, 1899 and 1903 will testify:

GROWTH OF GERMAN BANKING BUSINESS, 1879 — 1903.

	1879.	1889.	1899.	1903.
Deutsche Bank	£420,000,000	£1,338,000,000	£2,416,000,000	£2,840,000,000
Disconto-Gesellschaft	220,000,000	630,000,000	526,000,000	1,017,000,000
Berlin Handelsgesellschaft	32,000,000	220,000,000	280,000,000	336,000,000
Dresdener Bank	70,000,000	480,000,000	1,340,000,000	1,393,000,000

The half dozen German banks which have been most successful in this line are all heavily capitalized and, as shown above, they are continually building up both their capital and reserves. Even these, however, do not give the full measure of their progress. Their strength has been still more increased by amalgamations, joint working arrangements and communities of interest. To enumerate even the most important of these would be tedious, but the general tendencies they indicate are of profound interest. All over the Empire there have been in the past decade movements and counter-movements among the great banks. Large provincial banks have established branches in Berlin, and large Berlin banks have invaded the provinces. The leading industrial districts have been fought over until most of them are now overbanked.

At the restoration of the German Empire there were four great banks in Berlin—the Disconto-Gesellschaft, the Handelsgesellschaft, the Deutsche Bank and the Bank fur Handel and Industrie. There were also two of the first rank in the provinces—the Dresdener and the Darmstadter. The largest business was done by the Disconto-Gesellschaft, its turnover in 1872 having been three hundred and forty-two millions Sterling. The Deutsche Bank stood second with one hundred and thirty-seven millions Sterling, and the Handelsgesellschaft third with about sixty-four millions. In 1879 the Deutsche Bank had risen to first place as regards

In periods of prosperous banking the growth in volume of business is often exceeded by the creation of credits as shown in current balances. The latter had a marked expansion in the four years 1899-1903, which was rendered all the more notable by the severe setback experienced in 1900. Not only were its bad effects completely wiped out by 1903, but a large net gain was shown on the four years:

BALANCES OF FIVE GERMAN BANKS, 1899—1903.

	1899.	1903.
Deutsche Bank	£41,000,000	£118,000,000
Disconto - Gesellschaft	20,600,000	28,400,000
Bank fur Handel und Industrie	11,200,000	17,600,000
Berlin Handelsgesellschaft	12,500,000	14,800,000
Dresdener Bank	27,600,000	30,200,000

The big German banks, with a candor which looks excessive when contrasted with the reticence of their London rivals, disclose in their accounts the amounts of foreign money held. Not only are these surprisingly large, but they constitute a considerable proportion of the total balances. Moreover, they seem to be more progressive than the domestic funds. The five banks here being dealt with reported the subjoined holdings of foreign money in the years 1899 and 1903:

FOREIGN MONEY HELD BY FIVE GERMAN BANKS, 1899—1903.

	1899.	1903.
Deutsche Bank	£22,800,000	£37,500,000
Disconto - Gesellschaft	8,200,000	11,800,000
Berlin Handelsgesellschaft	3,900,000	8,000,000
Bank fur Handel und Industrie	2,800,000	6,900,000
Dresdener Bank	12,600,000	15,500,000

A Sketch of Their Operations.

All of these five banks have taken an active part in industrial finance. One or two of them have associated themselves with special industries. The Berlin Handelsgesellschaft, for instance, is the recognized financier of the great electrical industries of Germany. They have been a chief factor in its handsome, if rather variable, dividends. In the thirty years, 1872-1903, these averaged nearly 7 per cent., and their high water mark was 12 per cent. If the Handelsgesellschaft has specialized rather too much, the Disconto-Gesellschaft seems to have gone to the other extreme. In the past twelve years it has absorbed banks and discount companies all over Germany. More than any other bank it has covered the Empire with branches and auxilliaries so that it has now a footing in nearly every important industrial center.

The acquisitions of the Disconto-Gesellschaft began in 1895 with the Nord Deutsche Bank in Hamburg (capital fifty million marks). They were continued in 1902, when the Rheinische Disconto Gesellschaft (capital sixty million marks) was annexed in 1904, the Barmer Bank Verein (capital forty-nine million marks) in 1905, the Allgemeine Deutsche Kredit-Anstalt in Leipsic (capital seventy-eight million marks), and the Sud Deutsche Disconto Gesellschaft (capital twenty million marks). Each of these was a valuable prize of the kind, being either the mainspring of some great industry or the financial heart of an important industrial area. To crown its success the Disconto-Gesellschaft had a windfall in Frankfort. On the death of the last of the Frankfort Rothschilds that valuable heritage fell to it promiscuously. Notwithstanding its luck, its dividends have not kept pace with its expansions. Its record is twenty-seven per cent., but that was paid in its early days, 1872-80. For the thirty-two years, 1872-1903, it has averaged close on fifteen per cent., but of late its standard has been eight to eight and one-half per cent. against the Deutsche Bank's eleven to twelve per cent.

What the Annual Report Shows.

A very easy way to see how industrial banking is carried on in Germany and wherein it differs from our English banking is to read carefully an annual report of the Deutsche Bank or the Disconto-Gesellschaft. Few documents of the kind can be more instructive. The report for 1908, which was submitted to the shareholders on the 25th of March, 1909, begins by stating the net profit realized, namely £1,533,542, equal on a capital of ten millions Sterling to 15.33 per cent. A dividend of 12 per cent. absorbed £1,200,000, and the remaining £333,000 was distributed among various funds—reserve, superannuation, etc.

A brief review of the business of the year follows. Its salient points are that the creation of new undertakings and securities had progressed at a greater rate than the growth of capital; increasing difficulties had attended the sale of high class securities bearing fixed rates of interest; a scarcity of buyers of shares had also been prevalent; the building trade and borrowers on real estate had been the first to feel the increasing scarcity of investment funds; the rise in the cost of raw materials had in numerous cases far exceeded the increase in the prices of the manufactured goods. There are no vague generalities about trade at large or the money market or the Stock Exchange. All the information given is definite and conveys, as it is intended to do, a clear idea to the shareholders of how the chief branches of the bank's business are getting on.

To the general review are appended a few statistical facts of obvious significance. The turnover of the bank during the year, in other words the sum total of its transactions, had been 4,723½ millions Sterling. The corresponding total for the previous year (1901) had been 4,580 millions Sterling; consequently, the increase was

143 millions. The number of current deposits and other accounts open had increased from 212,000 in 1907 to 230,000 in 1906—a gain of 18,000 or nine per cent.

Next comes some very interesting matter about the trans marine business of the bank and its affiliated institutions. What the report distinguishes as "trans marine" is the business carried on by the London, Hamburg and Bremen branches, which is said to be "developing satisfactorily." Owing to the decreased value of money the receipts of the London and the Hamburg branches had derived less profit from interest but continued nevertheless to make satisfactory progress. Two other branches of trans marine business are carried on with Spain and South America, which also seem to be doing well. A special auxilliary was organized some years ago for the South American trade—the Deutsche Neberseeische Bank *alias* Banco Aleman Transatlantico. It opened offices in Mexico City and the principal ports of Brazil, Argentina, Chile and Peru.

So well were these managed that the bank already earns and pays dividends of nine per cent. Last year it increased the number of its branches considerably, having established two new ones in Peru at Callao and Arequipa, one in Chile—Puerto Montt, one in Argentina—Tucuman, and one in Monte Video (Uruguay). The branch in Mexico City has been elevated into a separate establishment—a joint stock bank under Mexican law and commanding American and Mexican as well as German capital. The Madrid branch has undergone a similar development. Originally it was a private firm Guillermo Vogel & Cy., in which the Deutsche Bank had a *commandite* interest. Now the private partner retires and the business is taken over by the Banco Aleman Transatlantico.

The trans marine auxilliaries of the Deutsche Bank are not its only foreign connections. It has a large interest in the Oriental Railways of Turkey, and was the promoter of the Anatolian Railway route to Bagdad. Its late Managing Director, Dr. Von Siemens, who had considerable influence with the Emperor William, is said to have originally suggested the Constantinople crusade of several years ago. In the bank's report for 1908 the earnings of the Oriental Railways are said "to have again shown improved earnings," but those of the Anatolian Railways had suffered from the extensive strikes which followed the revolution of the Young Turks.

Operations of Deutsche Bank in America.

Very little is said in this particular report about the American business of the Deutsche Bank. It had, however, been large, though possibly not up to the level of a few years ago. When the Northern Pacific and the Union Pacific railroads were being reorganized the Deutsche Bank handled the German end of these operations, much to its own advantage and that of its shareholders. Ever since it has been in close relations with both roads and is an important factor in their stock markets. Its Wall Street business must be enormous, not only in the way of dealing but also in underwriting and syndicating.

Very few important issues of Pacific railroad securities are made without the Deutsche Bank's coöperation. In the report of 1906 two are mentioned—Southern Pacific four per cent. bonds and Chicago & Rock Island four per cents. In 1908 there were none but these were exceptionally quiet years in the bank's American department. Domestic issues appear for once to have predominated over foreign ones. Of the former a long list is given—German Imperial, Prussian Consolidated and similar issues for Bavaria and Wurtemburg. Municipal loans seem to have crowded on each other's heels, no less than ten being mentioned in which the Deutsche Bank had directly participated.

Only one other feature of this interesting report remains to be noticed, but it is the most characteristic of all. About twenty different companies are mentioned, chiefly banks, in which shares were held. Presumably in most of these the Deutsche Bank had a controlling interest. In every case good dividends were being earned. The smallest was five per cent. from the Dinsburg Ruhrorter Bank, and they ranged up through six, seven and one-half, eight, eight and one-half and nine up to fifteen per cent. During the year two or three new auxilliaries had been taken in and the capital of several had been enlarged, the Deutsche Bank subscribing, of course, for the proportion to which it was entitled.

The largest and most important of these allied institutions is the Bergisch-Markische Bank of Elberfeld, which controls the chief textile manufacturing district of Germany. In 1897 the Deutsche Bank established a community of interest with it and with two other banks of great industrial influence the Hannoversche in Hanover and the Schlesischer in Breslau. The first had then a capital of sixty million marks, the second of twenty-two and one-half millions and the third of thirty millions. They have all since been enlarged, the latest addition made in 1906 having been fifteen million marks to the capital of the Bergisch-Markische, raising it to seventy-five million marks.

So far these appear to have been all profitable investments, and it is incidentally mentioned that their aggregate market value is upwards of £3,000,000 more than they figure at in the balance sheet. This is one of the perquisites of "community of interest" banking just as Mr. Harriman's fifty million dollar jack pot was a perquisite of up-to-date railroad finance.

Another industrial asset of the Deutsche Bank which we had nearly overlooked is the Electric Elevated and Underground Railway of Berlin. The amount to £3,781,000. Its shares in is not stated, neither is the amount of the dividends, but it "continues to be satisfactory." Meanwhile the line is being extended and the traffic receipts steadily expand. Altogether the banks "Government, railway and other investments," as shown in the balance sheet, amount to £3,781,000. Its shares in allied banks taken at cost price aggregate £3,945,000, or in round numbers four millions Sterling. Its interests in syndicates have of late been reduced to £1,842,000.

This is industrial banking *par excellence,* carried on as a special business by specialists trained for the work. As already explained, it rests on the twin basis of ample capital and large deposits, namely:

Capital paid up	£10,000,000
Reserve funds	5,091,000
Deposits	63,440,800
Total	£78,531,800

To which should be added bills payable £11,597,000, reserve funds and undivided profits £1,825,000, making up a grand total of close on ninety-two millions Sterling. This is by far the largest of the German credit banks as distinguished on the one hand from the land mortgage banks (one of which is larger than any commercial bank with the exception of the Deutsche) and on the other hand from the note issuing banks. Of the latter the Imperial Bank of Germany is the leading example. It has liabilities of various kinds all fully set out in its balance sheet for 1908. Their total is two hundred and sixty millions, the note issues forming four-fifths of the whole. If the land mortgage banks were included in this comparison, one of them—the Bayerische Apotheken and Wechsel Bank—would rank next to the Deutsche Bank. But if we limit ourselves to the credit banks pure and simple or as they might also be called the "industrial banks," the second largest will be the Dresdener Bank, and the third will be the Disconto-Gesellschaft. These two run the Deutsche Bank pretty close as regards the amount of their paid-up capital, but they do not approach it in total volume of resources.

THE DRESDEN BANK.

The Dresdener Bank has a paid-up capital of 180 million marks, or nine millions Sterling, with reserves of fifty-one and one-half million marks, or fully two and one-half millions Sterling. The other chief items of the liabilities at the 31st of December last were:

Deposits bearing interest	£11,228,790
Credit balances	18,575,326
Acceptances and cheques	9,457,265
Total	£39,261,381

Pension funds, balance of profit and loss, etc., make up an aggregate of nearly 23 million marks—fully one million Sterling. Thus the Dresdener Bank has funds of its own, including capital reserves and sundry balances, equal to twelve and one-half millions Sterling, while the funds it handles for its customers aggregate thirty-nine and one-quarter millions. Its total resources exceed fifty-one millions Sterling, of which one-fourth is its own share and the other three-fourths belong to the public. On the credit side of its balance sheet the principal items are:

Current balances debtors........	£22,235,000
Bills receivable	12,433,000
Advances on securities, merchandise, etc.	6,873,000
Contangoes	3,231,000
Cash on hand	2,206,300
Balances in banks	1,668,000
Syndicates	2,115,000
Total	£50,761,300

The Disconto-Gesellschaft of Berlin.

The Disconto-Gesellschaft of Berlin is the third largest of the German commercial banks. It has a paid-up capital of eight and one-half millions Sterling and reserves exceeding two and three-quarter millions. Pension funds, undivided profits and miscellaneous items exceed a million and a half, making nearly thirteen millions of its own funds that it has to handle. The funds it holds for its customers exceed thirty-one millions Sterling, namely:

Deposits and current accounts..	£22,677,000
Acceptances and cheques	8,550,000
Total	£31,227,000

Say forty-four and one-quarter millions Sterling of available resources. Against which are the following assets, indicating the comprehensive character of the bank:

Cash on hand	£4,044,000
Bills receivable	7,946,000
Current balances	14,670,000
Loans	6,826,000
Securities, syndicates, etc.	4,696,000
Participations	5,046,000
Sundries	852,000
Total	£44,080,000

Summing Up.

The above condensed balance sheets illustrate very clearly and intelligibly the distinctive character of German industrial banking. The Deutsche Bank with its ninety odd millions Sterling of resources is head and shoulders above all its competitors. It is also well ahead of the largest of its English rivals, not excepting the Bank of England. The total resources of the latter range between sixty-eight and seventy-two millions Sterling, including note issues, while the Deutsche Bank controls fully ninety-one millions without any note issues. The three great industrial banks of Germany thus command amongst them resources to the tremendous amount of one hundred and eighty-eight millions Sterling. The following are their respective shares:

	Total Resources Dec. 31, 1908.
The Deutsche Bank	£91,957,000
The Dresdener Bank	51,978,800
The Disconto-Gesellschaft	44,111,000
Total	£188,046,800

	Deposits Dec. 31, 1908.
The Deutsche Bank	£63,441,000
The Dresdener Bank	29,804,000
The Disconto-Gesellschaft	22,677,000
Total	£115,922,000

Rapid Growth of Industrial Banking.

Among many notable peculiarities of German industrial or "issue credit" banking the most striking perhaps is the rapidity with which it has expanded in recent years. As a distinctive system it dates only from the early years of the present century. In the fullest sense it is a twentieth century development. The Schaaffhausen'scher Bank

Verein, which is one of the most energetic of its class, did not begin to push for interest bearing deposits until 1902. Its lead was rapidly followed, and now the mass of deposits available is enormous. These deposits have in turn become the basis for vast operations in industrial finance.

Here the competition between Great Britain and Germany has become very keen. The German issues differ from the British in being mainly industrial, while the latter are largely made up of national and municipal loans. For several years previous to 1907 the creation of new industrial companies proceeded at a sensational pace. The financial crisis of that year gave a momentary check to the movement, but it is reviving again. The total issues of new capital in 1907 fell to a little under ninety-five millions Sterling (£94,998,000), of which only a fifth (£20,658,000) was industrial. But last year (1908) there was a sharp rebound. The aggregate issues rose to £155,577,000, and they included £16,-332,000 of industrial stocks as well as £20,107,000 of obligations. The new industrial capital created was thus about thirty-six and one-half millions Sterling.

To attempt to explain the extreme activity of the Germans in industrial finance might lead us into wide fields of controversy. We should have to be prepared to encounter militant tariff reformers, and ironclad free importers, orthodox economists and blatant socialists. Cautiously avoiding contentatious subjects we close with a few explanatory suggestions:

First: That capital for bona fide industrial enterprises is easier to raise in Germany than it is in England because Germany's joint stock law is much more business-like and more efficiently administered than the English.

Second: Because there is less risk in Germany than in England of industrial investments being swamped by unfair foreign competition.

Third: Because the large banks in Germany devote a great deal more attention to industrial finance than English banks do.

The industrial banking of the future in order to hold its own in any country will require large command of capital, combined with the highest possible technical and commercial skill.

From start to finish it will have to be in the hands of scientific experts. The pitch and toss promoter, the guinea pig director and the dead alive shareholder have had their day, and the sooner they give place to bona fide industrial leaders the better it will be for us all. That is a moral which holds equally good in England, Germany, and the United States. In each of these three countries banking has special weaknesses on the industrial side which have to be sought out and cured. Germany appears to be pursuing that curative policy more vigorously and systematically than either of the other two countries. Its great commercial and industrial banks are expanding steadily, and at the same time are improving their organization in an equal degree. In their own sphere they are complete masters, while in international finance they are powerful factors and always growing more so.

STATE BANKERS' CONVENTIONS FOR 1909.

June 16-18. South Carolina; (South Shore Hotel) Wrightsville Beach, N. C.

" 21-23. American Institute of Banking; Seattle.

" 22-24. Maryland; (Blue Mountain House) Blue Mountain.

" 23-24. Indiana; Fort Wayne.

" 23-24 South Dakota; Pierre.

" 24-26. Pacific Northwest State (Oregon, Idaho, Montana, Washington); Seattle.

July 8- 9. North Dakota; Minot.

Sept. 7- 8. Pennsylvania; Bedford Springs.

Week of Sept. 13. American Bankers' Association; Chicago.

THE CO-OPERATIVE OR PEOPLE'S BANK.*

A CO-OPERATIVE or people's savings and credit bank is an association of individuals established on a somewhat new principle, that of a variable capital and membership, and it is not, therefore, an aggregation of mere funds. The persons feeling the same wants unite themselves together upon an accepted and comprehensive basis, well understood and rigidly adhered to. Without these primary conditions, success could not be achieved nor even expected. Capital here is only a mere tool, the stock in trade, almost a slave; it is not the dominating power, as in the ordinary financial combinations which have in combining one sole object in view, that of enhancing their productive value at the expense of non-organized capital or other economic forces. As this union of organized capital must have rules to make it reach its aim, so with the association of individuals. The first and most important consideration will be the selection of those who are to join the society. This selection is to be made upon a basis that can be achieved by any one, since it is character, honesty, industry and thriftiness that are the essential qualities required.

What the Co-operative Bank Stands For.

The two main objects of such an association are the encouragement and development of the true spirit of thrift on the one hand and the granting of credit on the other to the very humblest classes of the community, based upon universal suffrage.

In order to insure the best possible selection of members, the field of activity of the society must be closely restricted either in territory or within the radius of a local trade union, or some similar organization. In such a limited field, the individuals can be better known and their qualities better appraised than they could possibly be otherwise.

As it is an association of persons, not of capital, there is only one vote for each person. Instead of having the principle of the voting power based on the number of shares, as in the capitalistic organization, it rests exclusively upon the principle of one man, one vote, just as in the political world of a democracy. Moreover, as the members are recruited in a small territorial area, access being therefore easy to the place where the general meetings are held, voting by proxy is rigidly excluded, on account of the numberless inconveniences, if not frauds, to which it gives rise, and the terrible abuses to which it so often leads.

A single individual must not by any means be in a position to exercise a damaging influence, and in order to guard against such personal power none can hold, in shares or in deposits, an amount greater than the one determined upon by the general meeting. It has been thought, and experience has proved it to be correct, that a member, if allowed to hold any number of shares, although his voting power should be restricted to one vote, could, at a given moment or critical time, deeply influence the working of the society by threatening to withdraw his capital. Hence the necessity of fixing from time to time the maximum amount that can be held in shares or even deposits, in order that such threats as this cannot be made, and it will not be necessary to hold money in reserve for such emergencies. These precautions are necessary, for black sheep can always make their way into any society, however stringent may be the rules to prevent their entrance.

Low Value Shares and Other Limitations.

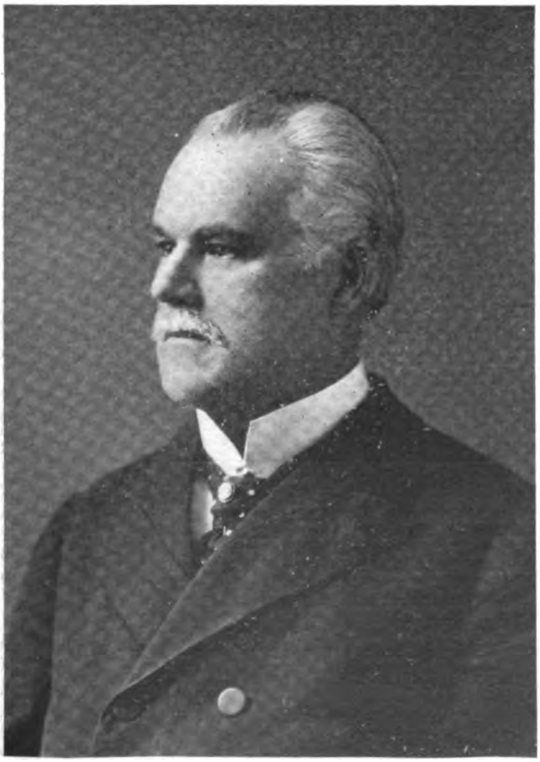
This brings us to the question of capital. It has been said at the outset that societies of this sort are of a special nature, called in the French law "a cap-

* Address delivered by M. Alphonse Desjardins, President of "La Caisse Populaire de Levis," before the Twentieth Century Club of Boston.

ital et personnel variables," that is to say, the capital of which may be increased or diminished by the subscription and payment of new shares, or the withdrawal of paid up shares. The membership of this kind of society may also be increased or diminished by the admission of new members and the withdrawal of old ones. This feature is a necessity on account of the special conditions under which these associations have to work. They appeal almost exclusively to the laboring classes, to those people who, more than any other, cannot afford to lock up their savings, however small they may be, in non-withdrawable shares, as are the transferable shares, for instance. The same rule that applies to the funds deposited in the savings banks must also be applied here, otherwise nothing could be done. The co-operative people's bank must, therefore, offer in this respect the same facility as the ordinary savings banks, in order to attract the necessary funds. Moreover, the membership must vary on

Born at Levis, near Quebec city, in November, 1854, M. Alphonse Desjardins is in his fifty-fifth year.

He graduated at the Levis College in 1870, and entered early into journalism, where he worked for a great number of years.



ALPHONSE DESJARDINS
President La Caisse Populaire de Levis, Directeur General L'Action Populaire Economique, Levis, Quebec.

Some fifteen or sixteen years ago, he became interested in the problem of usury by frequent references made thereto in the press and on the floor of the Canadian Parliament. He soon came to the conclusion that the law, however stringent it may be, was next to useless to crush down this evil, and that, as there was in most cases a real want to be provided for, it was absolutely necessary to find out an easy, permanent and practical way based on economic principles whereby these wants could be attended to in a beneficial and adequate manner. His idea was that this new machinery should be organized and worked out by the interested parties themselves, just like the needs of credit in the commercial and industrial world are provided for by the organization of large banks, but on an entirely different and non-competitive basis, the profits being distributed among the borrowers as well as the other members contributing to the formation of the general fund out of which loans were to be made.

Starting from this conception, he studied the question for years, reading most of the books, pamphlets and reports published by eminent men and writers upon the system of European people's banks, so numerous and flourishing on the old continent. He was aided in this study by an interchange of letters and the direct and valuable assistance and advice of most of the leaders of this movement in various countries. He soon realized that this system offers a remedy against usury in all its forms, but its advantages extend far beyond this field. Its possibilities in very many directions were seen to be large indeed, by giving a great impetus to the virtue of thrift and by solving the great problem of the economical wants of the masses, revealing a new force working effectively for the general well-being of the community, but more particularly for the farming and working classes.

After having thoroughly mastered the theory of such an institution and having carefully studied the circumstances peculiar to this continent—the habits of the people, their surroundings and the necessities of the situation—he evolved a new type of people's banks containing a feature that is not to be found in any of the European institutions of a similar character. He then started, almost nine years ago, such a people's bank in Levis, Quebec, a small account of the very necessity of the case. Being an association of persons, it is not to be expected that the individual will not keep his freedom to move away from the radius of the society into which he has been admitted or give up his membership. Hence the necessity of providing for the withdrawal of old members and the admission of new-comers, as fast as the case may require, consistent with a due regard to the knowledge of the fundamental qualifications as members of the new-comers. The funds are provided by the issuing of shares unlimited in their number. Their value is determined by the general meeting and must be of a small amount in order that the poorest may have access to the membership. In Belgium this amount is frequently as low as two francs (forty cents), and even one franc. In Canada we have adopted the five dollars share, with the exception of one society out of the twenty-two in existence, that has chosen a one dollar share. It is far better that the law should not prescribe the amount, in order to give more scope to the societies in fixing the value of the shares, for the circumstances of the various localities and environments may and do often differ so widely as to justify a great variety of amounts so chosen. In Italy, France, Germany and Belgium, as well as in England, the law is very liberal in this respect and gives the greatest possible freedom in not stating any amount for these shares.

How are those shares payable? By weekly, semi-monthly or monthly instalments, as the shareholders may decide to be the most convenient to themselves. In Canada our five dollars shares are payable by instalments of a trifling ten cents a week per share subscribed. Fifty weeks, or almost a year, is therefore granted for the payment of a share. These payments are a splendid training in thrift, and pave the way to a higher conception of economic affairs. They teach small folks how capital is slowly but surely accumulated by the saving of mere cents, about which people generally profess so little concern.

The number of shares that any member can hold is annually fixed by the general meeting of the society, with a view to prevent misgivings and operate as a safeguard in certain critical periods where the absence of such a safeguard would be detrimental to the well-being of the society. Besides the funds thus provided with which the society can deal, members are also at liberty, within the rules laid down, to deposit other small savings bearing a fixed rate of interest, equal generally to the current rate in the locality, for such deposits. These deposits, as well as the funds accumulated by the payment of the shares, are used for loans to members, taking always good care to keep a reserve on

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town with a population of about 7,000. From the humblest beginning this credit union grew every year in the confidence of the laboring and farming classes of the locality and immediate vicinity, and to-day it has achieved a complete success.

M. Desjardins has established one of his banks or credit unions in Manchester, N. H., and in February last he was called to appear before the Committee on Banking of the Commonwealth of Massachusetts, to explain the working of these unions. A law has just been passed by this State providing for the organization of such unions, the law embodying all the principles he advocated.

There are now more than twenty-two of these credit unions or co-operative people's banks in Canada, all doing great good, and there exists a strong movement towards their spreading in all directions.

In 1907, the Canadian Parliament made an inquiry upon this question, and, of course, M. Desjardins was the principal expert witness heard.

Invitations having already been received, M. Desjardins will, in the course of the summer, visit many cities of the New England States to deliver addresses on this question, which he has mastered both in theory and practice. On this subject he may be considered the best authority we have on this continent.

M. Desjardins has been president and manager of the Levis Credit Union (La Caisse Populaire de Levis) since its organization, giving his services without remuneration. He is also Directeur General of L'Action Populaire Economique, at the head of which is His Grace the Archbishop of Quebec.

To show their sympathies with this system of real people's banks designed to help the poor, His Excellency the Governor General of Canada, Lord Grey, His Honor the Lieutenant Governor of the Province of Quebec, Sir C. A. P. Pelletier, C.C. M.G., and His Grace the Archbishop of Quebec, are all members of the Caisse Populaire of Levis.

M. Desjardins is actively interested in public affairs, being a member of the House of Commons of the Canadian Parliament.

hand of from twelve to twenty per cent. of the general assets. This reserve is, of course, redeposited in the ordinary banks, which are benefited accordingly. The percentage varies, and experience shows what amount should be constantly available in order to meet readily all demands of withdrawals or loans. In my practical experience of eight years with the working of such a society in Levis, I have always found that from ten to twelve per cent.—even seven to nine—was quite sufficient to meet all the possible requirements of the members.

These societies do not deal with outsiders; that is to say, they do not take deposits from or grant loans to the general public. They deal exclusively with their own members, and none can participate in their benefits unless he be admitted as a member. This condition adds a new safeguard in the granting of loans, admission being allowed only after the applicant has showed that he possesses the required qualities to a reasonable extent.

Loans and the Interest Rate.

With regard to the loaning aspect, there is a striking feature to which attention should be specially drawn, and that is that the small loans have always the preference. Thus comes in the golden rule of benefiting the many without injury to the few. Moreover, being divided in very small amounts, the loans stand a far better opportunity of being faithfully reimbursed than would larger ones, a greater number of people being pledged to the repayment of the total sum loaned. In order to facilitate the reimbursement, the instalment plan is always preferred by these societies. It is a great advantage for the borrower and a better security for the society, as every instalment enhances the very value of the loan, because it is so much less due.

The amount that can be loaned at once to one member is always passed upon at the annual general meeting, having due regard to the funds available and the necessity of providing useful employment for all the moneys at the disposal of the society.

The rate of interest is fixed in such associations by the general meeting, but as a matter of fact experience has conclusively shown that such a practice, although commendable at first sight, is not the best one that can be adopted. The number of borrowers are most of the time a minority in such societies, and, therefore, the majority being those under the impression that they will not appeal for any loan, would seek to insure the highest possible return for their savings at the expense of the minority, by deciding a rather high rate of interest on such loans. The best way is to leave the matter in the hands of the commission of credit, the members of which have no personal interest to serve, being deprived of the right to borrow, and who will only endeavor to strike a fair and reasonable rate.

A New Type of Liability.

With reference to the much discussed question of liability, we have in Canada gone much further than the various types of European coöperative banks. We have adopted a new one, combining limited liability with constantly withdrawable shares, such a liability being, therefore, of a very mild character, for it lasts only so long as the withdrawal has not actually taken place. But in connection with this new type of liability, the Canadian coöperative banks are not allowed to deal with the public generally, as I have already stated. Therefore, this form of liability, taken in connection with the other safeguarding provisions to be mentioned, is quite sufficient for its purpose. In making the shares always withdrawable, the régime of the American uncapitalized savings banks, particularly of New England, has been followed as regards the constant availability of the funds deposited with them, which availability is a necessity for the class of people most likely to adopt such institutions.

This, it is to be confessed, is contrary to the law as now in force in England, but so far this new system has worked very well in Canada and no fear is entertained for the future.

On this question of liability let me say that the two main types of people's banks prevalent in Europe are the Schulze-Delitzsch and Raiffeisen in Germany, and the Luzzatti in Italy. The two German banks are based upon the principle of unlimited responsibility on the part of the members, Schulze having coupled it with rather large shares payable in instalments which he called "forced savings"—and Raiffeisen, refusing to admit any shares at all, but using the security of this strong responsibility in order to appeal to the savings of the public as a source providing the funds required. Luzzatti, on the other hand, contended that the unlimited responsibility was neither acceptable to his countrymen nor necessary for the success of these institutions, and started the Italian Banche Popolare upon the principle of share capital and limited liability. That was considered at first as a dangerous departure from the German system of unlimited responsibility, but the phenomenal success of the Italian co-operative banks proved that Luzzatti was right in his view.

Where Their Real Strength Lies.

Guided by the success of these foreign institutions, with a knowledge of the workings of the savings banks in the United States, I took as a basis the withdrawal shares and limited responsibility. But in order to strengthen what weakness there might be in such a system, I adopted as a rigid preliminary condition the creation of a strong reserve or rest fund, made up by entrance fees and a high percentage of the annual net profits, which fund must continue to accumulate until it reaches, say, double the total amount figuring at any time as paid up capital, even if later on this amount be reduced by subsequent withdrawals.

This rest fund is the indivisable capital replacing the non-withdrawable shares, becoming, therefore, the real strength of the society, serving also as a bulwark for the protection of the shares in case of losses. Twenty per cent. is put aside out of the annual net profits for that purpose. Compare that twenty per cent. with the minimum of one-eighth or the maximum of one-fourth of one per cent., set aside by the savings banks from the net profits to accumulate as a guarantee fund until such fund reaches five per cent. of the deposits, as prescribed under the law of the State of Massachusetts.

The law of the State of Maine provides that this fund must amount to ten per cent. of the deposits, and the law of the State of New York fixes the maximum of such guaranty or surplus fund at fifteen per cent. of the deposits held. Again, compare the five, ten and fifteen per cent. as a guarantee fund provided by the law of these various States with the double of our paid up share capital required, and any one will admit that our safeguard is much stronger. Moreover, our by-laws forbid any bonus or dividend of more than seven per cent. until this fund has reached the aforesaid maximum, the balance going into this fund besides the twenty per cent. above mentioned.

Thus, bit by bit, through perseverence and with stringent safeguards against hasty dissolution of these societies, the laboring classes can, if they choose, create a treasury that will be their own and controlled by them, which will ever help them, generation after generation, in their borrowing needs. There will then exist the same beneficial state of things as we have, for instance, in the political or economic world, where we enjoy the reforms and wealth of knowledge accumulated by our forefathers.

The only question, a mighty one, I admit, is to find out the way that will lead to this most desirable goal. I heartily believe that these institutions, evolved first by the German genius and since improved upon by many of the most progressive nations, offer the very mechanism whereby this can be realized in an effective, practical and complete manner.

How the People's Banks Are Maintained.

The European co-operative banks receive deposits from the outside public.

We do not, because our shares are withdrawable, preferring this latter advantage to the former, the members only being permitted to make such deposits.

In such banks, the supreme ruling power is vested in the general assembly of the associates, and the various administrative organs selected by the general meeting are always under its strict dependence and supervision.

Three boards, usually called "Board of Administration," "Commission of Credit" and "Commission of Supervision," are chosen. The members of each of these boards are distinct; that is, one member cannot be on two boards.

Exception is made for the president of the society, who is *ex-officio* a member of the commission on credit, in order that he may be in a position to acquaint the board of administration of all that is done in this important body entrusted with most delicate functions, the spirit and reasons upon which its decisions are taken, the apropos of measures having for their object the increasing of the funds of the society. The president being or supposed to be the best man on this general board, and this board being selected out of the best men in the society, his moral authority is large, and so is his responsibility. It is, therefore, but fair that his guiding influence should be strengthened by corresponding opportunities of supervision and advising. But, as just stated, he is the only exception to the rule that one person cannot be member of more than one board or commission. This has been made a rule in order to avoid dividing the responsibility, and thereby makes it certain that no excuse or shifting can be alleged.

What the Governing Boards May Do.

Without going into any details, the same being unnecessary for the present purpose, let us come to the various duties to be discharged by these boards.

The board of administration has general powers of supervision and control of the affairs of the society.

It controls the admission and expulsion of members, sees to the transfer of shares, if any, makes all the recommendations to the general meeting in connection with the dividing of the profits of the year, apart from the disposal already provided for in the rules, approve or suggest any desirable amendments to the by-laws; submit any increase in the number of shares that can be held by or the amount loanable to one member, appoint the manager and other officials required and exercise all the necessary administrative powers not specially given to the two other boards.

The commission on credit deals only with the loans submitted to it through the manager. It makes by-laws determining the conditions upon which the loans are to be made, the security exacted, the rate of interest to be charged, the proper repayments of such loans. No loan can be made unless the members present are unanimous. In case of refusal for want of unanimity, the would-be borrower can appeal to the board of administration, and the decision of this body is final. The members of the commission on credit cannot borrow either directly or indirectly.

As the granting of the loans must be considered as the most important duty devolved upon the commission on credit, and, therefore, deserving the closest attention, I must state that the borrower is always required to state distinctly the object for which he asks the loan, how he intends to repay it. If the object is an improvident one in the opinion of the commission, it cannot be granted for any consideration, be the security of the highest character. No person is allowed to borrow if it is not to effect an economy or for a productive purpose. This golden rule has been carried out everywhere and has worked wonders as a matter of safety. The character, the habits of the borrower as well as of his family have to be inquired into in order to convince one of his ability and willingness to reimburse the loan sought for. The moral security is paramount and refusal must follow if this security is not forthcoming, however reliable may be the other guarantee offered, because the contrary will always bring trouble and discredit upon the society. Thus, honesty, industrious habits, good conduct and thrift become reliable and valuable assets for the poor man.

Once granted, the loan must be repaid regularly and faithfully; the conditions, in most cases, are those offered by the borrower himself, if considered reasonable and fair, but once accepted he must be held strictly to them, unless there is a case of *force majeure,* like sickness or unemployment. Punctuality is a virtue that must be taught. Its practice will confer so great advantages that the borrower himself will soon appreciate them.

I need not mention the question of interest, as I have already dealt with it. But I may add that the custom in our society is to make it payable every three months, deducting from the capital loaned, all the instalments paid in, computing the interest charged upon the balance only, and so on until the whole is reimbursed.

The board of administration and the commission on credit are renewable every half-year, and are composed of, say, nine and four members, respectively.

The board of supervision is elected for one year, and is composed of, say, three members. Its powers are of the widest character, including the ordinary duties of auditors. In fact, I could not better describe its functions than by stating that it is the general meeting sitting *en permanence* alongside the officers chosen to administer the affairs of the society. This board can, and in some stated cases must, call at any time a general meeting and submit to it its appreciation of the acts of either the board of administration or the commission on credit, leaving the whole matter in the hands of the society itself as represented by the meeting.

Officers or members of these boards give their services gratuitously. None can receive one cent in the shape of remuneration or indemnity. The manager and officials, if any, alone can be paid. These boards meet as often as the affairs of the society require.

The advantages of such co-operative banks are numerous and far reaching. Some of these advantages can be summed up as follows:

Their absolute proximity to the saver and borrower.

Their ability to excite local confidence, and, consequently, to draw in local capital.

This has been admitted to me by a banker, who confessed that no bank could secure to the same degree the confidence of small folks, the hoarders of every description.

Their exact knowledge of their clients and their influence over them, either as members of the same labor union or as co-resident of the same town or city ward.

Their power of making the smallest loans and of undertaking operations, however petty, in consonance with local custom and individual needs; in fact, of giving preference to the humblest demands.

Their ability to help along a general or particular liquidation of debts.

Their ability to work cheaply, almost gratuitously, and thus provide cheap credit.

Their retention of local capital and of all profits thereon for the members and borrowers.

Their ability to act as agents for their members in certain circumstances and outside their restricted fields of activity.

Their power of influencing borrowers towards the true use of credit, and of watching the utilization of loans in accordance with contract.

Their tendency to group themselves into unions for mutual development, instruction, inspection and audit.

Their steady educative influence in matters of thrift, association and self-help, by their continuous presence and continuous object lessons, and by their frequent, though small, calls upon the activity, thought and service of their members.

Their tendency to develop high forms of individual capacity, of public life and of national character, and, finally and most desirably, their strong tendency towards calling forth habits of thrift, economy and prudence, guiding their outlay into productive channels, giving them credit for productive and useful purposes, promoting union and associated action among very often too isolated units.

Being administered by people of the local population's own choice, they soon and rightly gain the confidence of every one.

Unlike the ordinary or official savings banks, they have not a mere slot in their wall through which to receive money, but a mouth wherewith to give advice and a heart wherewith to feel. In their keeping depositors or members may, so to speak, see their money, see it safely held, see it laid out profitably in the locality, benefiting the district and producing more money, whereas elsewhere it disappears into the large monetary market, while the poor man becomes the victim of the "shark."

They are the best means of putting to an end this frightful cancer of usury that is causing so much suffering among the laboring classes.

May I be allowed to add here that no law, no matter how stringent it may be and how rigidly enforced, can stamp out usury. Centuries of experience have demonstrated this truth. Usury exists because there are people who want money and are ready to borrow it at any price. Let them have their wants provided for in a human and businesslike way, and usury will disappear as surely as snow melts away in the spring.

Summing Up.

To sum up, the association that I have endeavored to describe lends to its members and borrows from them by receiving their savings either as shares or deposits, for thrift must precede credit. This is a fundamental principle which it would be dangerous to depart from, even if it could be done. Nothing can be more simple, when one considers the conditions under which this is to be done. No wonder that these simple organizations should have spread almost all over the civilized world, but specially in Europe, where they originated, among all classes, industrial as well as agricultural. Their number to-day must reach 40,000, with many millions of members and a general annual turnover of at least twenty billions of francs, or four billions of dollars. In this huge movement of funds what strikes most forcibly is the comparatively small amount contributed by each society, showing that each one is moving in a very small area, but doing, nevertheless, in its restricted sphere very beneficial work.

Considering these results, one does not wonder that eminent economists, social writers and even Governments of leading countries, have taken a deep interest in such a movement that has sprung from the very bosom, so to speak, of the masses of the working classes. Everywhere inquiries are made, encouragement of all sorts given, laws passed, and that solicitude, acting as the rays of the sun upon an abundant crop, is bringing every effort to a richer and more beneficial maturity. Books have been and are published in every language, and each year sees the enormous progress and expansion of these really people's banks, even in countries like East India.

Let me state here that one of the best books I have read is that of Mr. Edward F. Peters, of the office of the statistician of the Department of Agriculture at Washington. This most valuable book is the result of an extensive and official inquiry instituted by your national Government as far back as 1892. Mr. Peters does not hesitate to recommend the introduction of these co-operative banks into the United States for the special benefit of the working classes and generally of all those who cannot have access for credit to the existing financial institutions. I am particularly happy to have such an authority to rely upon when I venture to say, as I am going to do, that here as well as in other countries these societies would do an immense amount of good without injury to any one, save the "loan-shark."

Are Such Banks Needed.

Can such banks be established and made prosperous on this continent? You will say, perhaps, that there is no need of them, that the ordinary banks in existence to the number of twenty thousands, are catering to all the legitimate wants of the deserving portion of the population, that to increase the facilities already afforded would be worse than useless. This brings us face to face with the usury problem. How can one explain, if this objection is sound, the huge amount loaned by usurers all over this country. But, unfortunately or fortunately, according to the point of view, we have only to take the report for 1907 of the Provident Loan Society of New York City, organized specially to provide for the wants of small borrowers, and we find that out of 283,045 loans granted in that year, no less than 236,530 were for amounts varying from less than one dollar up to fifty dollars. And it must be borne in mind that that society does business in Greater New York only, with six loaning offices, at least that it has no such offices elsewhere, outside the limits of that great city. Surely, the population of New York is not the only one who should feel the necessity of borrowing such small sums as one dollar. But in order to better realize the significance of this figure of 236,530 loans, let us analyze the elements of which it is formed. We find that loans of one dollar and under amount to 4,043; those of five dollars to one dollar, 39,517; of ten dollars to five dollars, 52,237; of twenty-five dollars to ten dollars, 96,283; of fifty dollars to twenty-five dollars, 44,450. Nothing could better convince one of the existence of such wants and the necessity of providing for them in a systematic and educative way. By letters received lately from various parts of your great Republic, I am safe in saying that the same state of things exists almost everywhere; and that it is an abundant crop which is left to the usurers.

But another objection raised is that the laboring classes would be unable to work out such a scheme. Why should our American laborers, artisans, mechanics be less intelligent, less able than those of the various countries of Europe; or are they less honest? Surely not. Objection might also be found to the shifting character of the population. I admit that there lies a certain difficulty, but can it not be overcome? I decidedly believe it can be. Experience here as in many other things would indicate the precautions and security to be taken.

A Successful Co-operative Bank in Operation.

I had to face the very same objections when I proposed to start such a society in Levis, Canada, and after eight years of practical working, here are the main results achieved:

We started with not a cent in the chest, and now our general assets were on February 14, $85,892.94. We had loaned altogether $377,686.27, and up to this date, covering more than eight years of existence, we are proud to say that we have not lost one cent, although the number of our loans has reached 2,450. Our total membership is over 1,000, in a population of about 7,000 mostly of the laboring classes, with a general turnover of $492,864.02. It is the working men that have provided the funds, it is to them that they were loaned, and their honor has secured our society against any loss. Be it observed that we have four banks doing business in this small town.

This example is now bearing its fruits, for within the last twelve to fifteen months I have had the pleasure of organizing twenty-two other similar co-operative banks in Quebec alone, with the help of local citizens enamored of the idea. If the movement has not started to expand earlier, it is because I have always refused to give my aid elsewhere until the Levis experiment had been completed to my entire satisfaction.

Impervious to Panic Times.

I may be told that in a panic these banks would be upset by runs. Is it likely? Experience has shown the contrary. When are the shareholders of a bank upsetting their own institutions? No, it is the mere depositor, not the shareholder, that loses his head first; and do not forget that in these coöperative banks there is no depositor who is not also a member.

But experience, I said, has proved that this fear need not be entertained. In 1893, Italy was in the turmoil of the greatest financial panic ever seen there. The largest banks were falling down like corn under the mower, and people were so panic-stricken that in many cities, thousands upon thousands of depositors spent whole nights waiting at the doors of the banks to draw their money. And while this was going on, another stampede was taking place at the Banche Popolare or people's banks of the type here described, but there the storm was of a very different character, for the managers of these co-operative institutions—frightened by so enormous and rapid accumulation of funds for which they had no employment—were fighting with the very same people desirous of depositing their money just withdrawn from the banks, not caring to receive one cent of interest, but for the mere advantage of putting such funds in safety. It was with a very legitimate pride that Luzzatti, the father of the Italian People's Banks, who twice has been Minister of Finance of Italy, could proclaim, later on, that not one of his banks had failed or even suffered a run, proving thereby that they enjoyed the entire confidence of the public to an extent never dreamed of even by that most distinguished co-operator.

Your financial organization is a most elaborate one. The state, national and savings banks, and lately the trust companies, all so prosperous, are the outgrowth of your greatest minds and of experience. Your buildings and other loan societies are doing well. I am happy to say so. All these large monetary organizations, though beneficial to the public, are nevertheless based upon a principle which is scarcely acted upon in the management of all your other public affairs. If I mistake not, the managers of these public affairs, whether political or municipal, are not self-chosen, nor selected by and out of a few privileged individuals, but by universal suffrage or something very close to it. If, on the other hand, you turn your attention to the economic affairs, is it not quite a different principle that prevails, whereby the masses of the people so powerful in the higher sphere of national life, are kept almost aside without an opportunity of acquiring by practical experience a knowledge that would redound to the immense advantage of all without injury to any? And this result is brought about by rules that give to the few because they have the capital, the means of dominating and, perhaps, tyrannizing over the many, being more or less isolated units, although these units provide by their labor and savings a large, if not the largest, part of the national wealth. That such a contradiction exists between the regime governing these two spheres of action, no one can deny.

Would it not be wise, prudent and wholesome to the body politic to introduce a reform not by disturbing in any way the existing institutions, but by the organization of new ones catering first to wants not provided for now in a systematic manner and based upon the principle prevailing in a democracy like yours? I am not, I can assure you, a revolutionist, but merely a timid evolutionist, wishing gradual and possible reforms.

The Missing Link.

Nobody would, I am sure, entertain anything in the way of disturbing uselessly your magnificent financial fabric, but may I be permitted to add that it seems to me that, from the standpoint of a very large proportion of your people, there is a missing link, and that this is clearly evident to me by the usury prevalent in spite of the good laws passed by your legislative bodies.

That missing link is the co-operative bank, and anything done to inaugurate such a system in your great country would confer inestimable good to your laboring and even agricultural communities. It would educate them, teach them how capital is formed gradually by mere cents, how it must be managed, safeguarded, multiplied by useful and provident utilization. It would also prove to them that there is something besides the unchristian economic doctrine of "the struggle for life." Let us have "union for life," union for the bettering of all with injury to none.

POSTAL SAVINGS BANK HUMORS.

WHEN we consider that one person out of every six in the United Kingdom is a depositor in the Post Office Savings Bank, it is not difficult to realize that there are great possibilities of humor, which is often the more amusing as it is unconscious. In fact, a most entertaining volume could be composed merely of the humorous answers to official questions put to depositors.

To the question, for example, whether the would-be depositor's address is permanent, such answers as these have been received: "Here is no continuing city," "Heaven is our home," "Yes, D. V." and "This is not our rest."

One such question asking for particulars of an account, evoked the following amusing, if irrelevant, reply, "He is a tall man, deeply marked with smallpox, has one eye, wears a billycock hat and keeps a booth at Lincoln Fair."

Equally entertaining are some of the entries on the withdrawal forms, says London "Tit-Bits." Thus one depositor, scorning figures, but evidently wishing to draw his last penny, wrote: "Sir, I want to close the bank"—an ambition which, happily, was not realized. Another, equally ambiguous, wishes "to make a clearance," while a third, who is not a born financier, writes on his form, "The book fairly puzzles me." For downright magnanimity, however, it would be difficult to beat the schoolboy who, when withdrawing his shilling, wrote, "Never mind the interest; it can go toward paying off the national debt."

That the postal authorities may lose no time in sanctioning the required withdrawal, some very urgent reasons are given, as "Don't delay, my boy must have a new suit for next Sunday." "Hurry up, please, the bailiffs are in the house." "I want it quick, to buy a birthday present for my young man," and "If you aren't quick it'll have to go toward my funeral."

One depositor, after apologizing for closing her account, proceeded to ask the Post Office to procure work for herself and her husband, who had been out of work for several months. "If we could get some caretaker's place," she concludes, "we would thank you as we are nearly starvin'. i can do anything myself—neadle, nitting or cooking. I have a cosen in your Post Office."

There is a charming frankness in the entries sometimes made under the head of "occupation." Thus, one man describes himself as "married—worse luck!" Another as "still reveling in single blessedness": while a third sums herself up as "waiting for woman's suffrage." "A widow —have buried three of them," confesses a lady who clearly enjoys her emancipation; while another widow euphemistically puts herself down as "living privately."

When a mother, who recently claimed the money deposited by her dead son, was asked if the boy's father was still alive, she responded briefly, but to the point, "Father living, but insignificant." Another lady, in a similar position, when told that the money could only be paid to the depositor's father, who was missing, relieved her mind thus: "I am sorry for giving you so much vain trouble regarding this. Your decision is law, I presume, and I can only say in the words of Bumble, 'If that's wot the law says, the law's a hass an' a hidiot!'"

The claims made by creditors of deceased depositors are often very ingeniously framed. Thus, "Loss of time and money in consulting a solicitor, £1, 10s.," appeared as one of the items of a recent claim, which was actually allowed by the solicitor to the Post Office. More original still was a claim made by the son of a dead depositor, who, as investigation proved, came into the world before his father's marriage. When he was informed of this awkward fact he responded with a demand for £4 5s. for "shock to system on learning of my illegitimacy." This was "moral and intellectual damage" with a vengeance.

GERMAN CHILDREN GIVEN A BANK BOOK AT BIRTH.

ACCORDING to a news dispatch from Berlin, legislation has been enacted in Schoeneberg, one of the municipal cities of greater Berlin, which provides that every child will start in life with a bank account.

The ordinance requires that whenever the birth of a child is recorded, the officials of the municipal savings bank shall issue a bank book with its name as a starter towards wealth.

The city itself will deposit one mark for each child, the deposit at once beginning to pay interest.

With this nest egg the authorities believe the parents of the child will be encouraged to make substantial increases of the amount.

SAVINGS BANKS—THEIR SURPLUS AND INTEREST RATE.

By Henry Fletcher.

(Continued from May Bankers Magazine, page 777.)

THAT there is of course a vast difference in the conservatism with which the various savings banks are managed is undeniable. Inasmuch, however, as there has been no failure among them since 1879 it would seem to indicate that, however much personal pride a president might feel in his own institution, nevertheless he is careful to reduce losses to a minimum. The result is simply, that the trustees and managers of the banks loaning money on the securities where the interest rate is higher than the average must be more energetic and wideawake than those of institutions whose investments are made on a more conservative basis.

Where Expert Knowledge Counts.

If a bank has a large percentage of its funds in five per cent. mortgages it stands to reason that its active manager must himself be an authority on real estate and must further be active and energetic in looking after the interest of his bank in each one of those mortgages. The ability of the real estate expert is hardly required where the loan on real estate is made at four and four and one-half per cent. The banks earning the largest income in deposits are in almost every case those banks having the largest percentage of their money loaned on the security of real estate, and we think it will appear that those banks are, generally speaking, the banks which have at their head a man particularly expert in real estate values.

The return interest paid savings banks depositors must depend not only upon the amount laid aside each year to accumulate a surplus, but also upon the cost of maintenance. The greater the cost of maintenance the less can be paid to depositors and the less can be laid aside toward the surplus fund. As would naturally be expected the greater the amount of deposits the smaller is the ratio which the expenditures bear to the deposits. The larger banks, in other words, do not find that their expenses increase directly with their resources. The natural result of this ought to be that the larger the bank the larger the percentage of the net income and therefore the larger percentage of interest which can be paid to its depositors. To offset this, however, we note that the larger the banks the greater the conservatism. We therefore find that it is the banks with resources from twenty to forty million dollars who earn the largest income and not those of the greatest resources, whose conservatism more than balances the assistance of their great surplus.

But if the safety of the depositor is substantially identical in all banks paying four per cent. interest, as is in reality the case, the presidents and managers of the smaller banks must have greater ability and greater energy than the managers of the larger institutions, in order to be able to pay to their depositors the same rate of interest as that paid by the larger and lay aside each year the same percentage on deposits. Of course the advantage of a great institution in which the average rate of return, if calculated on its net surplus, is more than enough to pay its cost of maintenance and to make up the difference between the rate of interest paid to the savings banks by the banks in which its deposits are held, and the average rate of four per cent., is enormous. Such a bank can afford to return to present day depositors every cent which their money earns. The only danger with the larger banks would be that they would not increase their surplus from year to year in the proper proportions to the increase in their deposits. At the present time, however, these banks have as large a surplus as is reasonably necessary for the security of their depositors and therefore the danger to their surplus by reason of an increase in deposits is not threatening, inasmuch as they lay aside something, about two per cent., annually to increase their surplus, enough as we have seen to protect the bank against a three and one-third per cent. increase in deposits.

What Can Be Done Under Present Law.

A change in the law with regard to the interest that the savings banks may pay to their depositors has been advocated by some. It is not believed that any such change is necessary. Under the present law the superintendent of banks has the power to take possession of any savings bank in any case where he believes that the methods followed by the bank are "unsafe" or "unauthorized." In the case of savings banks there should be no difficulty in inducing the president of any bank, acting as he does as a trustee for the depositors and in the public interest, to accede to any suggestion made by the superintendent of banks with regard to the method of managing his institution.

It should never be necessary for the superintendent to more than suggest that a particular line of conduct is inadvisable or unsafe. If the superintendent should suggest a reduction in the dividends paid and that the amount so unexpended should be used to increase the surplus and should fortify his suggestions by any good reason whatsoever, it would be the duty of the president and of the trustees of the institution, acting for the good of the public and for the safety of the funds of their depositors, to reduce such interest and to apply their excess income temporarily to the increase of the surplus fund. This should be done until the surplus is at least five per cent. We do not believe that any decrease in the amount of interest paid on the deposits would result in any substantial decrease in the amount of deposits. If, however, it would have that effect it would thereby raise the percentage of surplus to total deposits and result in those deposits which were lost to such bank being placed in banks which were able to accept them safely.

It is believed that the superintendent has all the power necessary in regard to savings banks, inasmuch as he has the power to enlist the action of the Attorney-General and also the power to step in himself and take possession in case he believes the bank to be insolvent or to be carrying on its business in an unsafe or unauthorized manner. It is believed that the superintendent could easily induce such savings banks as have too small a surplus, to reduce the interest paid depositors and add it to the surplus until such time as the surplus reaches what the superintendent believes to be the safe minimum.

Some Suggestions.

The following suggestions are made by the writer. A surplus of five per cent. to six per cent. of the deposits of a savings bank is ample to secure depositors against any possible loss by reason of depreciation in the market value of the securities held by the bank or by any other cause, except national insolvency. A net income of two-tenths to four-tenths of a per cent. laid aside each year toward the surplus ought to be ample to keep the aggregate surplus up to the required percentage on the deposits. The writer believes that superintendents should keep close watch of the expenses of each institution and the percentage which those expenses bear to the deposits, for if the bank is running in too expensive a manner it simply indicates that it is taking from the depositors what belongs to them and putting it in the pockets of their officers as salary. When the surplus of any one of the savings banks, excepting those of course to whom infancy is available as an excuse, falls below five per cent., the superintendent of banks should notify the bank to decrease the interest paid to its depositors and to lay aside all excess of income of expenditures toward the increase of its surplus fund.

A close watch should also be kept of the investments of each individual bank; and new banks and those having a small surplus should be advised to invest their funds in real estate mortgages and in municipal and state bonds, to the exclusion of the railroad bonds, in order to protect their securities against a possible drop in value. The superintendent should also require a statement of the surplus based on the market value of the securities in each report of the bank, in addition to the report of the surplus based on the investment value. Each bank should report the percentage which their expenses bear to their total income and to their deposits. and if the running expenses of any savings bank exceeds the average, some explanation should be forthcoming, to account for the excess.

If also the trustees of the savings banks were compelled to report each year the increase or decrease in the market value of their surplus since their last report it would enable the public at a glance to substantially compare the securities of the savings banks without examination of the securities themselves, as listed in the report of the bank.

EXPERIMENTING IN MASSACHUSETTS.

By Wm. H. Kniffin, Jr.

THE savings banks of Massachusetts have been making two experiments during the past year, both of more than passing interest to those interested in savings bank and sociological work. One scheme proposes to make it easy for the workingman to save his money; the other aims to make it cheap for him to insure his life. Both are worthy. Both experiments will have a fair test under the most favorable conditions. Massachusetts is a manufacturing State; it is a savings bank State. The people are largely employed in factories. Under the new system the savings banks will be taken directly into the factories and homes, instead of asking the depositors to come to the bank. In theory both of these schemes are admirable; how well they will stand the test remains to be seen.

Branch Savings Banks.

Section 36 of the laws of 1908 permits savings banks in Massachusetts to establish one or more depots or branches, *for the reception of deposits only,* in the same city or town where the main office is located, or in towns not more than fifteen miles distant therefrom, provided no other savings bank operates in that town at the time of obtaining the consent of the Bank Commissioner.

This privilege has not been widely adopted as yet, for according to the report of the Massachusetts Bank Commissioner for 1908, but four out of the 189 savings banks have thus extended their field. These are the Lowell Institution for Savings, Lowell, operating branches at Graniteville and Forge Village, Town of Westford; Central Savings Bank, Lowell, operating depositories at North Chelmsford and North Billerica; the County Savings Bank, Chelsea, operating at Winthrop and Revere; the Berkshire County Savings Bank, Pittsfield, operating at the Stanley Works, Pittsfield.

Since July 18 last, the Lowell Institution for Savings has despatched one of its employes on pay day to the mills of the Abbot Worsted Company in the towns named above, which are about ten miles distant from Lowell. From July 18 to December 12, fifty-three new accounts were opened, two hundred and forty-two deposits made, aggregating $3,512.80, or an average of $14.52 per deposit. It is stated that several depositors have never carried a savings bank account before and are now depositing regularly. This is the intent and purpose of the system. It makes it easy to save; it tends to systematize the habit, and if it will accomplish this, it will fulfill its purpose.

The cost of handling this business is not great, merely the time of the clerk and the carfare. And while the immediate results may not be profitable from a monetary standpoint, such attempts must be judged by a longer trial than the period enclosed in the summary above given. If this experiment proves ultimately successful, it is the answer to the cry for postal savings facilities. It takes the savings bank, not where it will pay, *but where it is most needed,* that is, in factory communities, and densely-populated sections where the wage-earner dwells, and where an independent savings bank could not exist.

Savings Bank Life Insurance.

The other innovation was in the line of savings bank life insurance. The operation of this law and the arguments for and against this system have appeared in this Magazine from time to time, and the forms of policies and general operation need no comment at this time. The results of the work will be sufficient.

Thus far, but two savings banks in the State have taken up this feature, the Whitman Savings Bank and the People's Savings Bank of Brockton. The Whitman has been writing policies since June, 1908, and the People's of Brockton only since November, 1908.

The results in the Whitman are, therefore, more available for present purposes. In June it issued three policies; in July, two; in August, thirty-seven; in September, seventy-eight; in October, 166; in November, 184; in December, 125. The total amount written was $222,052, representing 595 policies. Out of this total 125 were ordinary life, 440 were endowment, twenty-eight insurance and annuity, and two deferred annuity.

In accordance with the law, other savings banks and commercial concerns are permitted to act as agents for the banks operating the insurance department, and the Whitman Savings Bank has over thirty such agencies in various parts of the State, located in factories, department stores, settlement-houses, manufacturing concerns, etc.

The Bank Commissioner states that the number of applications "over the counter" have been small thus far, confirming the opinion heretofore expressed, *that industrial insurance will not run itself.* The collector and solicitor are its main prop; take this feature away, and you get down to the savings bank basis. People insuring in this class do so because they are importuned and not because of their own volition.

Of the 595 policies issued, 484 were written through shoe and leather companies. In these agencies, the Commissioner points out, lies the secret of the future success of the scheme, if it is to be a success, in that they "constitute a body of unpaid, or substantially unpaid, workers in various parts of the State, who are educating the people to the advantages of the insurance offered by savings banks. They scatter the risks, and remove the dangers of mortality through epidemics. They facilitate the making of applications and payment of premiums. They reduce the cost of collecting the premiums."

This feature, no doubt, will take the place of the collector or solicitor. The heads of manufacturing concerns in the advocacy of the idea, without remuneration, and solely for the good of their employes, are doing for the insured gratis what the companies have compelled him to pay in the "loading." At any rate, the experiment is worth a trial, and the trial is worth watching.

A DAY WITH THE POSTAL SAVINGS BANK.

By P. LeRoy Harwood.

Scene. Post Office in small city.

Time. One month after Postmaster General Meyer's postal savings scheme becomes operative—say about 1949—8 o'clock A. M. (Banks open at 10.)

Characters. Average Postal Clerk and average probable patrons.

POSTAL savings window of Post Office goes up with bang, disclosing yawning clerk.

Diminutive Newsboy—"Say, mister, I wanter put me money in the bank, see?"

Clerk (haughtily)—"Well, how old are you? We can't open accounts with boys under ten."

"Me? I'm ten—ask me mudder."

"All right; how much do you want to deposit?"

"Seven cents, and kin I git it back if I want it quick?"

"Yes; what is your name?"

"Tommy."

"Tommy what?" (under breath, "rot.")

"No, Tommy."

"Come, hurry up, what's your father's name?"

"His name's Jawn."

"What else?"

"Big Jawn."

"Now, see here, what is his last name?"

"Me mudder called him loafer last night."

"Can't you tell me what your whole name is — Smith — Jones — Brown — what is it?"

"Aw, why didn't ye ask me me whole name—its Wiggs—Tommy Wiggs."

Clerk writes name on book. "Where do you live?"

"Down by the gas factory."

"What street and number?"

" 'Taint a street, it's a alley."

"Well, what do you call it?"

"Gas House alley, and it's 23 when me old man comes home."

"Thank you." (Completes entries in book.) "Now give me your signature —I mean write your name on this card."

A 7-Cent Deposit.

"I can't write much, mister, but I kin print it."

"Well, print it, then."

Boy starts in to print name—minutes go by, and it is 8.12—long line back of boy, waiting—fat lady next to boy.

Fat Lady—"Hurry up, me bye, we're all waitin' for yez."

Clerk—"Come, boy, hurry up."

Boy—"Say, mister, show me how to make a W, will ye?"

Clerk—"See here, my boy, you must hurry up, all these people are waiting." (Line now reaches to door.)

"All right, Cholly—I'm a customer, ain't I? Well, then, what's hurtin' ye?"

Clerk takes signature card with printed signature, together with seven grimy pennies, and hands the boy a pass book. "Now, move along."

Boy (anxiously)—"Wait a minute, mister, kin I get me money out in time to buy me papers this afternoon?" (Moves on, propelled by fat lady.)

Clerk—"What can I do for you, madam?"

Fat Lady—"I wanter deposit me money with the Govermint—I don't believe in banks."

"I'll not save money fer me ould man."

Clerk—"All right, madam, what name?"

"Me whole name?"

"Yes."

"Bridget Maloney."

"What is your husband's name?"

"There now, did I say I wanted to deposit me money fer me old man? Did I now? When ye see me savin' any money fer that old divil and me wurrukin' me arms off washin' and ironin' an' him doin' nawthin' but drink hisself full every day!!! An' I tell"——

"One moment, madam, I only asked the question for identification."

(Very excitedly and loudly) "I tell ye I ain't 'denticatin' me old man. It's me own money, I tell ye"——

"Madam, I can't open the account unless you answer the questions."

"There now, I always said it was quare that the Govermint would be makin' banks outen post offices an' now I know it's a pace of politics an' a thrick av the min to git hold av their wife's harrud arned money. Go on wid ye, ye sneakin' spalpeen, Bridget Maloney kin"——

(Desperately) "Madam, I am obliged to ask certain questions and"——

"Oh, ye are, are ye? Well go on askin' thim, ye'll git nawthin' outen me."

(Tall man at head of line pushes fat lady along and she proceeds slowly toward door, explaining loudly her views of politics and postal banks.)

Clerk (relieved)—"Name, please?"

Tall Man—"Smith—John." (Speaking softly.) "Do I understand that this money cannot be attached for debt?"

"Yes, sir; that is right."

"At last the Government is giving the working man the protection he so much needs." (Answers questions and opens account for the full amount allowed by law.)

(Short, stout man, wearing apron, apparently a butcher, bustles up to window.) "I vant to change dot bill—ein fife und fife ones, kervick."

"Sorry, but we can't change bills. This is not a bank."

"Vell, I'll be tamned, here I vos vaitin' feefteen minits und der banks vunt be open till ten. Vat 't'ell kind peesniss ees this? Govment bank tam fine." (Rushes for door.)

Young Lady (sweetly)—"Two twos and a one, please." (Pushes in a nickel.)

Clerk—"Stamps at next window, madam."

"Oh! dear me." (Moves on.)

(Swarthy man puts down small, damp, odorous roll of bills, abstracted from under clothes.) "Wanta booka."

"Want to open an account?"

"Booka." (Nodding.)

"What name?"

"Booka—a' righta."

'Tell me your name, please."

"Feefty."

"No, not how much, but your name—John, Joe?"——

"Carriera Guiseppe." (Spoken rapidly.)

"How do you spell it?"

"Carriera Guiseppe." (Rapidly.)

"Carrie? Is that your wife's name?"

"Feefty." (Nodding.)

"What's the other name—Seppy?"

"A' righta."

"Carrie Seppy is your wife's name; what's your's?"

"Carriera Guiseppe."

"I want your name—you'll have to get some one to introduce you—here" (pushes paper and pen toward him), "write your name."

He takes pen and makes mark, "A' righta."

Clerk (much flustered)—"Well, you'll have to move along; I can't make out your name—get an interpreter."

"Me no speeka da Inglees."

(Man behind pushes Italian, who grabs frantically for his money and moves slowly along, jabbering excitedly in his native tongue. He later comes back with a friend and the account is opened—the friend acting as interpreter, the clerk discovering that the man's name is Joseph Carriera). Then follow, in succession, the lady who opens an account with fifty dollars and wants a check book and withdraws the money at once on finding that she cannot have a check book; the delegation from a Jewish benefit society who wish to open an account so that it cannot be withdrawn except by the order of the whole society represented by a committee of ten or more; the colored waiter, who opens an account with two dollars and comes in every day to draw or deposit a dollar, so that the account is never more than a dollar but shows an entry each day; the people who want calendars or auxiliary banks; the people who grumble because the rate of interest is too low; and at four o'clock, just as the weary clerk is to close the window, the Diminutive Newsboy returns to draw his money in time to "buy me papes."

4.00 P. M. The window closes, the clerk, "done to a frazzle," sinks wearily into a chair. The total receipts are $234.17, and the Clerk spends the next three hours filling out the necessary reports and forms required by the Department. A score of people have been unable to wait to open accounts—the Postmaster is writing to the P. M. General for more clerks, interpreters of all languages, and an addition to the P. O. building, to provide room for savings customers.

DIVISION OF SURPLUS.

ONE of the savings banks in Baltimore has been sued to compel a division of the surplus among its depositors. It seems that the charter of the bank in question provides that the surplus shall be divided every three years. A far wiser provision would be to distribute the excess of surplus above a certain percentage of the deposits.

If the trustees deem the present surplus no more than necessary to protect depositors, they are justified in endeavoring to keep it intact. The manifest remedy in a case like this, where the charter compels the division of the surplus once in so often, would be to have the charter amended.

PRACTICAL BANKING CONTRIBUTIONS WANTED.

HELPFUL articles relating to the everyday work of banks, savings banks and trust companies are desired for publication in THE BANKERS MAGAZINE.

Short, bright paragraphs, telling in a clear and interesting way of some of the methods, systems and ideas employed in the most progressive banks of the country, will be especially welcome.

Contributions accepted by the editor will be paid for on publication.

TRUST COMPANIES

Conducted by Clay Herrick.

RECENT TENDENCIES IN TRUST COMPANY LEGISLATION.

SINCE January 1, 1907, no less than fourteen, or about one-third, of the States have established banking departments for the first time, or have so remodeled their old laws as to make their banking departments really effective. These States are California, Colorado, Georgia, Indiana, Minnesota, Missouri, Nevada, Ohio, Oklahoma, Oregon, Rhode Island, South Dakota, Washington and West Virginia. Efforts to secure similar legislation are now being made in Arkansas, Tennessee and Virginia. Maine and Rhode Island, where trust companies were formerly incorporated by special acts of the legislatures, have passed general laws for their incorporation and government. During this period thirty of the States and Territories have passed legislation of more or less importance affecting trust companies, and a number are yet to be heard from for the current year, about two-thirds of the State legislatures having their sessions during the odd-numbered years.

The cause of this unusual activity in legislation regarding the various kinds of banking institutions is worth examination. While an impetus was doubtless given to the movement, notably in New York, as a result of the panic of 1907, the panic was not the cause of the movement; for about twenty-five of the States had enacted legislation on the subject during the early part of 1907, before the panic occurred. Its cause is rather to be sought in the general movement which has been in progress for several years, looking towards more strict control by the State of all public and quasi-public corporations, and greater publicity for their affairs. It is perfectly natural that banking institutions should share in the effects of this movement; and it is to their interest and to the interest of the public that they should do so. The best bankers and trust company men everywhere recognize this, and in many of the States the establishment of well-equipped banking departments and the passage of laws for the careful supervision and government of banks and trust companies have come largely through the efforts of the officials of these institutions. Except where the proposed legislation was manifestly unwise or unfair, the opposition has usually come from private interests.

In general, it may be said that the recent legislation was made in response to a demand of the public for better protection and for more accurate information regarding financial institutions. As a whole, it undoubtedly makes for sounder banking.

Reports.

One of the tendencies has been to require more frequent reports, to make them fuller, and to have them called without previous notice and as of a past day. There has also been much progress towards having reports called for simultaneously with those for the National banks, and during the past few months a number of State banking departments have shown a disposition to coöperate in the plans of the Currency Commission for simultaneous reports of all banking institutions in the country. It is to be hoped that these plans will be successful.

Examinations.

In the matter of examinations steady progress is being made towards greater thoroughness and frequency.

Loans to Officers and Directors.

It is gratifying to note that a number of States have either forbidden or greatly restricted the making of loans to officers or directors. There is no more dangerous loophole for unsafe or excessive loans than in the natural tendency of directors to "accommodate" their associates on the board with such loans as they desire, or to assent to loans asked for by officers of the bank, especially in those banks in which the directors make little effort to inform themselves of the real conditions.

Reserves.

A number of States have either established, for the first time, reserve requirements for trust companies, or have revised the former provisions of law in this matter. This subject has frequently been referred to in these columns, and a table of reserve requirements was published in the February number.

Same Laws as Banks.

Several of the States have recently placed trust companies doing a banking business under the same laws as the banks.

Savings Departments.

Connecticut, Rhode Island and Massachusetts have made the requirement that savings deposits in trust companies should be segregated and invested in the same ways as the deposits of savings banks, and similar legislation has been introduced in a few other States.

Use of Word "Trust" in Titles.

Largely through the efforts of the trust company section of the American Bankers' Association, laws have been enacted in a number of States forbidding the use of the word "trust" in titles, except by regularly incorporated trust companies. At this writing the matter is being agitated in several States, and the following have already passed such legislation: Alabama, California, Colorado, Connecticut, Hawaii, Indiana, Iowa, Kansas, Maine, Massachusetts, Minnesota, Mississippi, Montana, New Jersey, New York, Oregon, Pennsylvania, Rhode Island, Texas, Washington, West Virginia, Wisconsin and Wyoming.

Guarantee of Deposits.

Requirements for the guarantee of deposits, which are of interest to trust companies as well as banks, have been made by the legislatures of Oklahoma, Nebraska, Kansas, South Dakota and Texas. Attempts have been made, without success, to enact similar legislation in Colorado, Indiana, Tennessee and Washington.

WISCONSIN AGAIN.

THE fight between the banks and the trust companies in Wisconsin goes merrily on, though now it is announced that the difficulties have been adjusted. Late in April a conference was held between trust company representatives and a committee of the Wisconsin Bankers' Association. An agreement was reached, the conferees agreeing to support legislation, under which the trust companies are to reorganize under the State banking law if they do a banking business. They will then have the right to receive time deposits, but not to solicit or receive commercial deposits, or to make commercial loans. Trust companies will pay the same taxes, be under the same restrictions and be examined the same as banks. They will carry a reserve of twelve and one-half per cent. The minimum capital is to be $100,000 in cities of the first class, and $50,000 elsewhere. An unique provision is that all money received on deposit must be separately invested. This is undoubtedly suggested by the provisions in some States that savings deposits must be separately invested; but as Wisconsin trust companies are to receive no other deposits, it is not quite to the same point.

The reserve to be required of trust companies is the same as that required of the State banks, although the latter receive demand deposits and the former do not. It will be of interest to note whether the proposed legislation is enacted, and if it is, how it works. Wisconsin has for several years been the battle-ground of banks and trust companies, and few States have placed so many restrictions upon trust companies.

OVERPRODUCTION OF FACILITIES.

It has been pointed out that the panic was preceded by one form of overproduction, namely, "overproduction in the facilities for production." The length of the depression and the special inactivity existing in quarters dependent for business upon new enterprise, such as the steel trade, corroborate this theory. The bearing of this upon the money market, and thus upon the bond market, is evident. If our productive machinery is sufficient to take care of our needed output for several years to come without material enlargement, our general business can become active without placing any strain upon the banks. Mercantile stocks are low; the people, as a whole, are prosperous and confident; business will continue its gradual revival; money rates after midsummer will harden somewhat. There should be, however, no decided boom in business and no real stringency in money for a long period.—*N. Y. Journal of Commerce.*

A TERRORIZED MILLIONAIRE.

Rich men live in holy terror of the fellow who wants to borrow money from them. Their abnormal dread that this is the devilish purpose of every one who can get to see them makes their life a hell. One of Tip's old friends of farmer boy days is a millionaire several times over, a president of one of the huge trusts and a great American citizen. We like each other as much as when we used to play hookey to go swimming together, and played penny ante in the garret by the light of a candle stuck in a bottle. Our double poverty made no difference in those days; my single poverty makes none now. We had good times together then, and we do now. But—

Tip laid a deliberate plot to terrorize his millionaire friend, and it worked to perfection. I demanded admission at the portals of his suite of offices. As soon as my name reached him I was ushered into the throne-room, where, behind an enormous mahogany table, he sat, the incarnation of confidence, success, power and financial grandeur. Yet the majesty of his surroundings could not restrain his shout of welcome. But Tip, going straight to his business, shot a deadly shaft into him. "I want to ask a favor of you," were my first words. His face turned livid with apprehension, and his eye glance darted around as if he were a Teddy-hunted beast seeking escape from doom. "I want you," I hastened on, "to order some of your people to dig out for me some information about your company which one of my readers wants." His sigh of relief was a mighty blast which shook the skyscraper to its foundations.—*"On the Tip of the Tongue" —N. Y. Press.*

THE WALL STREET GAME.

Investigating Wall Street, Governor Hughes' committee found plenty of difference of opinion about remedies, and even about facts, but some of the testimony to which they listened has a decided general interest for the country. A Stock Exchange member of forty years' standing stated that every one who enters Wall Street, except as a broker, loses. In a partnership contract to preclude a junior's speculating, this man made a bona-fide offer of $5,000 for the name and address of every verified winning customer of any Wall Street house—provided only that the customer had so traded for two years as to make his account an "active" one. Another, for twelve years a member of a prominent brokerage house, stated that in all this time, after very broad operations, not a single customer ever took out a dollar of net winnings. An ex-broker stated that a ten-year search, covering scores of trading friends and acquaintances, as well as the records of five brokerage houses and one bucket-shop, failed to find a single net winner. Most brokers estimate that between ninety and ninety-eight per cent. of customers lose. As practically every marginal trader loses, every bucket-shop and Wall Street house has a complete new list of customers in from three to five years. If you intend to begin risking your savings, we recommend the following steps:

(*a*) Ask your broker for figures about his customers.

(*b*) Ask your trading friends for their net balance.

(*c*) If you have gambled before, ask yourself. Balance your own account. Few do.—*Editorial in Collier's for May 8.*

PRACTICAL BANKING

CASH ON HAND.

By Gray Warren, of the First National Bank, Minneapolis, Minn.

IN a bank statement of condition, the item "Cash on Hand" means the coin and currency, including United States notes, national bank notes, gold and silver certificates, in the vaults and tills of that bank.

The cash is one of the most important, if not *the* most important item, requiring frequent verifications, to guard against errors and misappropriations. The bank examiner intent upon the examination of any bank almost invariably times his visit so that he can immediately count the cash on hand, and avoid any opportunity being given to make substitutions or to alter it in any way whatsoever. In describing methods for keeping the cash and records of the same, so that the amount can be readily known, as well as to avoid errors and defalcations, it is well to start with the smallest institution, with its simple methods, and gradually develop the more complex system of a large bank.

In a small institution, usually a state or private bank, there are generally not more than two persons actively engaged in the banking work proper. These are the cashier and his assistant. The amount of cash actually in the bank is small and is all accessible to both. They are jointly responsible, and both handle the same. The bank has a fireproof vault, and a supposedly burglarproof safe in this vault. The cash is kept inside the safe at night, and during the day any not needed for counter use is disposed of likewise. The cash book containing an itemized description of the cash of this small bank is the same, or can be, as those in use in a large bank, having deposits of many millions, though the total cash on hand in one case may be only $5,000, while in the other it may be $5,000,000. This description will suffice for the small institution, as the chance for error and defalcation, without knowledge of the cashier, is remote.

Some of the Duties of a Teller.

In a larger bank where a reserve of some size is carried, say $25,000 and upwards, and where there is a regular teller whose duties are to pay out and receive cash, the arrangements as to the charge of and handling of the cash should be different. The reserve cash should in all banks of any size be under the custody of an officer of the bank, who should be held responsible for the same. The teller should have no access to any portion thereof. If, in the business of the bank, he needs an extra amount of cash, over and above what he has in his own possession, for drawer and till use, he should apply to an officer and receipt for it when delivered. He should, also, in case he finds cash accumulating with him, and for which he has no immediate use, turn this surplus cash over to the officer in charge, or ship it under his direction to one of the bank's correspondents, the idea being that the teller should not have more cash in his charge than he requires for immediate use from day to day.

The cash held by the teller should be under his exclusive control, and he should be held responsible for its correctness. He should be provided with a place to keep the same, to which no one has access without his knowledge and consent. Usually this is accomplished by giving him a cash box in which his cash is kept and to which he holds the key, the box being kept in the safe. In large banks, no safe being of sufficient size to hold the cash, large cash vaults are used, built as strongly against attacks by mobs or burglars as any safe. Tellers are provided compartments which may be fitted with two locks, the combination to one of these being known only to them; the other to an officer of the bank.

The money the teller receives should be carefully sorted so that he may have the needed amount of the different denominations with which to pay checks as well as to have proper money for the bank's reserve. It may be well to state that there is a more general misconception among smaller banks of the meaning of the terms, "Legal Reserve Money" and "Legal Tender Money" than would be supposed. Gold certificates and silver certificates are not legal tender money, but are legal reserve money. The mutilated and badly worn and soiled currency should be carefully sorted out, and when enough accumulates should be sent to Washington for redemption. This should be sorted into silver certificates, United States notes, gold certificates and national bank notes—each denomination by itself. This mutilated currency should then be put up in packages of 100 bills each. If any odd remain they should be put in a separate package. They should then be tied up in bundles, the silver certificates, the United States notes and gold certificates in one bundle with an invoice of the same, and the national bank notes in multiples of $500 in another bundle with a separate invoice. The first should be sent to the Hon. Treasurer, United States, Washington, D. C., and the amount and nature of the currency marked on the outside, as $5,000 silver certificates and legals from First National Bank, Centralia. The national bank notes should be sent to the Hon. Treasurer of the United States and Redemption Agent, and should be likewise marked as to contents. The bank sending the currency should write two letters addressed likewise, stating they are sending so much money, giving an inventory of the same, for redemption, and telling what disposition to make of the proceeds. If they desire new money, they should specify the denominations, and the amount of each they wish to be returned. Carbon copies of these letters answer nicely for inventories to go with the currency. It should be borne in mind that the Government objects to receiving packages containing more than 4,000 bills, and desires that every package be carefully put up and sealed so as to arrive in good condition. If the Government's regulations are complied with, it will pay express charges one way on circulation, and, having a special contract with an express company, will give the shipper the benefit of the rate. This shows how a teller may keep his cash, and the bank's reserve in the best shape. He should never allow any large amount of mutilated currency to accumulate, and will find that it pays to have clean currency on hand, not only for the pleasure of handling it, but also because it helps the bank by pleasing customers.

When shipping money to other banks, a receipt should be signed by an officer of the receiving bank—the receipt having been enclosed. A record of currency shipments should be kept in a book provided for this purpose, showing the name of the bank and the town to which shipped, as well as the amount. All shipments made should be entered in this register, and the bookkeeper should check all charges made against this record, initialing each record of shipment. This shows that proper charges only have been made. When the receipts enclosed with the shipments have been returned, they should be checked with the record of shipment, and thus all entries may be verified.

Preparing Currency for Shipment.

Local conditions and ideas seem to account for different regulations as to how currency should be put up. It would be a wonderful help to the bank teller, particularly to those in crop-moving sections, where large amounts of currency are shipped, if the banks of this country would adopt, as the Canadian banks have, a uniform method of putting up currency. There would be less liability of errors, and less to guard against. I think, everything considered, the most satisfactory way for a bank generally to put up currency is as follows: For denominations of fives, tens and twenties, or mixed fives, tens and twenties, band in packages of $500; denominations of ones and twos in packages of $50, and fifties and one hundreds in packages of $5,000.

Where a considerable reserve is carried, it may be desirable to follow the Government's method and put up gold certificates, silver certificates and United States notes that have been sorted into packages of 100 bills of each denomination. This is a good method in some respects, but the packages are not as convenient for paying purposes or country shipments as the other. One and two dollar bills should never be mixed in packages with other denominations, neither should fifty or one hundred dollar bills. It should be unnecessary to add that all bills should be faced alike. It seems incredible, but many of the smaller banks, and even some of fair size, sometimes fail in this. Packages of $5,000 should be made up of the smaller packages of fives, tens and twenties, and of $500 of the fifty dollar packages of ones and twos, the straps being properly marked as to the contents, and with the teller's signature and date of count thereon.

Gold should be sorted according to denominations, and that intended for till use in the immediate future should be sacked, either $500 to the sack or $1,000. If used in any quantity the latter is preferable. Gold for shipment or for the bank's reserve should be sorted according to denomination, put up $5,000 to the sack loose, and the sack sealed and tagged with the amount, denomination, teller's signature and date of count.

Silver not used in the till should be wrapped: Dollars, $20 to the roll; halves, $10; quarters, $10 and $5; dimes, $5; nickels, $1, and pennies, 25 cents. Surplus silver should then be sacked. Dollars, halves, quarters and dimes, $500 to the sack; nickels, $100, and pennies, $10. It should, however, be borne in mind that silver shipped to the Treasury or Sub-Treasury should be unwrapped and sorted.

One of the duties of the teller is to see that he has a proper supply of silver on hand, and at the same time does not become overstocked with any denomination. No currency or gold, packages or sacks, or silver in sacks, should be allowed to go out from the teller without having been proved. If the bank is of sufficient size, it should have been counted by two tellers. This rule applies, of course, to money placed in the bank's reserve.

Handling the Cash in the Large Bank.

From this description as to what shape the cash should be in and how this is accomplished in banks of moderate size, we naturally turn to the larger institutions, and note that the same results are accomplished in them. As the amount of cash is much greater, the work is divided among receiving tellers, collection tellers, railroad tellers, ladies' tellers, discount tellers, etc., all of whom have their own cash accounts. But as the only department requiring any large amount of cash is the paying department, all surplus cash is turned in daily to the paying tellers. Here it is all proved and put in shape to pay out, place in the bank's reserve or to ship. The tellers of the bank, after they have counted their cash at night, should turn it over to an officer of the bank to be locked up.

In some banks the officer receipts for the amounts from all but the paying teller, thus relieving them from its custody entirely. In the morning this cash is turned over to the paying department, or, in some of the largest banks, to the currency department. It is from this money that such as is required for paying and shipping is sorted, and if any remains it is placed in the reserve. The paying department requires a large amount of cash, and it is no small part of the teller's duties to keep this stock in shape so that he has the requisite amount of every kind so placed as to be readily accessible and so avoid delays in paying. The currency alone requires considerable labor; add to this the gold and silver, and it requires considerable skill and persistence to keep the cash in proper shape from day to day, anticipating each day's requirements as nearly as possible.

A Labor Saving Device.

One of the best ways as yet made use of, to keep silver in shape for paying purposes, is the silver truck. These trucks hold from $10,000 to $20,000 in assorted silver, and are so constructed that it is an easy matter to count the amount of silver they hold at any time, and at the same time greatly aid in rapid paying. The upper compartments are divided off for each denomination, and hold, say, $3,200 in dollars ($400 to tier), $2,500 in halves ($250 to tier), $1,800 in quarters ($150 to tier), $1,200 in dimes ($75 to tier), $350 in nickels ($25 to tier), and $150 in pennies ($10 to tier). The lower sections are used for silver in sacks, holding about $9,000 of this. They are arranged so that they may be closed and locked when not in use, and are wheeled in and out of the vault, so are always ready. They are a wonderful aid in making up payrolls, and furnishing change in quantities.

The Teller's Reserve.

Of course, the paying tellers keep a small reserve of their own in special compartments of the bank's cash vault, carrying the same as so much currency, gold and silver in the vault. They should not carry any more gold or currency, however, than they are reasonably certain to have use for from day to day.

While in the smaller banks, the reserve is carried on the teller's cash book as "Reserve in Vault," in the larger banks, the reserve should be carried as an item on the general ledger. The reserve is in the custody of an officer of the bank, and a reserve book kept showing of just what constituted, under the headings of gold coin, gold certificates, legals, and mixed currency, if any. Anything charged to the reserve is receipted for by the officer in charge of this record, and anything credited is receipted for by the teller receiving the same.

Keeping the Cash Book.

As to the cash book, it may be used for any bank. Of course, in a large bank, only the totals of some of the teller's cash can be entered on the book. The majority of tellers use a ruled slip to itemize their cash, and carry the totals from this slip into the cash book. This slip, together with such small memoranda as accumulate during the day, and may afterward be useful for reference, is preserved, and at the end of the month is bound up with the other days' slips for that month, and filed in a suitable place. At the back of his cash book the teller can rule off several pages for keeping an itemized account of the cash he is carrying in the vault, thus being able to tell at a glance just what he has on hand in different kinds and denominations, as well as aiding him in keeping a constant check on the correctness of the total. The general bookkeeper should compare the teller's cash books with the amount of cash reported, and see that they agree, and should keep a record of all differences and when adjusted.

Local Conditions Determine the Size of the Reserve.

I have not said anything as yet in this article as to how much cash any bank should have on hand. It appears from all authorities that it is a very difficult matter to make any hard and fast rule to govern all kinds and classes of banks, with their different fields of business, as regards the amount of reserve that they should carry. The different seasons, with their varying demands for cash, different sections and centers of the country, with their different methods and kinds of business, all enter into the problem.

However, as the requirements under the National Bank Act are regarded as being the minimum requirements for banks doing a business such as national banks are limited to, it may be well to give them here. National banks located in the central reserve cities of New York, Chicago and St. Louis, are required to have on hand in legal reserve money at least twenty-five per cent. of their deposits. National banks located in reserve cities must keep on hand in legal reserve money at least twelve and one-half per cent. of their deposits. National banks located outside of the reserve cities must keep on hand six per cent. of their deposits in legal reserve money. This is a larger reserve than other banks usually carry, but requirements in different States are so variable that it would require a lengthy article in itself to discuss the reserve question.

DO SMALL ACCOUNTS PAY?

By J. H. Griffith.

ONE of the large commercial banks in Manhattan, New York City, recently sent out a circular letter to its depositors carrying small balances to the effect that they must maintain an average balance in excess of $200 or pay one dollar a month or $12 a year for their banking service.

This emphasizes the question as to the profitableness of small accounts. How small an account can a modern, well-equipped bank afford to carry?

In the first place, there is the element of uncertainty as to the future of the small account. Will it grow larger or gradually dwindle, with a possible final result in an overdraft? This cannot usually be forecasted.

I have known two cases where accounts have been opened with insignificant deposits and have grown to be most valuable: one by a bookkeeper, who opened with $100, but soon inherited $11,000, which has been to his credit at two and one-half per cent. for a year or more; another was that of the cashier of a large company who had a very small personal account at a bank. He was made treasurer of the company and influenced the opening of the company's account at his bank, carrying an average balance of perhaps $100,000. The chance of an account increasing in size is a matter to be seriously considered in estimating its value.

Another important element to be considered is the fact that a bank is like a publisher of a magazine: the first copy may cost $1,000, the millionth copy perhaps two or three cents, or the value of the paper and ink—so with a bank account—the first account may not be profitable unless there is a very large balance, while the thousandth may be carried for a trifling balance.

The chief expense of a modern bank lies in the maintenance of its executive force and its banking offices. A president, cashier, etc., in elaborate offices can look after several thousand accounts while the actual clerical work may be done by clerks at $10 or even less a week in basements or back rooms, of little or no rental value. The machinery of a bank having been once set up and put in running order additional accounts can be handled very cheaply.

One of the consoling things about small accounts is the fact that they involve as a rule very little work. Only a few checks are drawn and deposits made. There are, of course, small balances carried by ignorant or poverty-stricken merchants, which are only a source of annoyance, and the sooner they are closed the better, but such accounts are an exception to the general rule.

It should be easy for a bank or trust company to accept a line of deposits, in the nature of personal accounts, which could be handled on an average minimum balance of, say, $100. Such accounts should net a bank in interest, say, ten dollars; they are always liable to increase materially in size—of the balance, and each depositor, if well treated, is an advertisement—a solicitor for the bank. Small accounts are worthy of more attention than they are receiving from the officers of the metropolitan banks.

FOREIGN BANKING AND FINANCE

Conducted by Charles A. Conant.

THE AUSTRIAN POSTAL CHECK SYSTEM.

THE twenty-fifth anniversary of the introduction of the check and clearing system by the Austrian Postal Savings Bank has just been celebrated in Vienna and other parts of Austria. Interesting facts regarding the development of the system are communicated to the "London Economist" of April 10 last by a special correspondent in Vienna. Payments and withdrawals from the savings bank system are effected at all the post offices in the empire, of which at the end of 1907 there were over 6,000, and sub-agencies are established on fourteen of the largest men-of-war, in order that the officers and crew may have the benefit of the system.

Payments and withdrawals can be effected as in England, without regard to the office at which the account was originally opened, this system being designated as the "cross entry system." The rights of depositors are protected against the action of creditors by special laws, and all correspondence between depositors and the department is carried free of postage. Deposits are received up to the amount of 2,000 crowns ($400.00) and interest is allowed at the rate of three per cent. When deposits exceed 2,000 crowns, state funds are purchased on behalf of the depositor. All monies not required for current business are invested in Austrian state funds. The number of deposits exceeds 2,000,000, as against 353,000 in 1883, and the amount to their credit is about $45,000,000 as compared with only $1,750,000 in 1883. The average balance per depositor now stands at about $20. The scope of the system is thus set forth by the correspondent of the "Economist":

"Since the introduction of the clearing system payment by check has taken a great extension. Amounts can be paid in to every post office to the credit of depositors, and, further, account holders can make transfers to the credit of other depositors. Depositors can also make transfers to parties who are not members of the clearing system. The Post Office Savings Bank undertakes the collection of bills and drawn bonds for depositors, as well as the payment of documents, which are made payable at this office. The participation in the check system is open to everyone against a permanent deposit of 100 crowns (£4 3s), interest is allowed at two per cent., and the charges are four heller (4-10d) for each entry, to which a commission of one-quarter per mille on cash payments up to 6,000 crowns, and an additional one-eighth per mille for amounts exceeding this sum is to be calculated. Order checks are not issued. In the year 1883 there were only 167 check accounts; this number had increased in 1907 to about 80,000, with a turnover of about 900 million pounds sterling, of which about forty-five per cent. passed through the clearing system.

"The fiscal authorities belong to the clearing as well as many other Government departments, and adherents are also to be found in every class of the community. The amount of all balances in clearing reached £15,000,000. The postal savings system is used by the Government departments for the payment of annuities arising from workmen's insurance funds, and for the collection of taxes and the like.

"The note issuing bank of the monarchy, the Austro-Hungarian Bank, is to a certain extent bound up with the postal savings bank, as depositors can make transfers with one another. Facilities of the same nature are granted between the Austrian and Hungarian clearing systems. The Austrian post offices in Turkey are also members of the Austrian postal system.

"At the present time there are about 800 places abroad which are in common with the Austrian Savings Department through bank connection. In England, Germany, Italy, Switzerland, and Belgium, payments can be made for account of the Austrian Post Office Savings Bank, and payments can be effected on their behalf. The postal savings bank has also on various occasions participated in the issue of Austrian State Rentes, and further taken over for their own account part of such issues. * * * *

"The Post Office Savings Bank has become a formidable competitor of banks on account of the great number of their participators and the many ways of their services. On the other hand, it should not be forgotten that the banks themselves very often take advantage of this most excellent organization, so that through the postal clearing many of the devices of modern banking have been popularized and made intelligible to the people."

MERGER OF ANGLO-CALIFORNIAN BANK.

AS the Anglo-Californian Bank, which has been a large factor in banking on the Pacific coast, was owned in England, information regarding its merger with an American institution comes in detail from London. Under the arrangement which has been practically consummated, a bank is to be created under the American National Banking Act, to be known as the Anglo and London-Paris National Bank, with a capital of $4,000,000. As reported by the "London Bankers' Magazine," the London-Paris National Bank will contribute to this capital $2,500,000 and the Anglo-Californian Bank $1,500,000. The latter bank will, it is expected, contribute assets representing its paid-up capital, plus an amount of reserve approximating to $600,000, but a certain part of its assets will be excepted from this sale, which will, it is anticipated, yield a considerable surplus per share. In addition to this return the shareholders of the Anglo-Californian Bank will receive a fully-paid share of $100 in the new bank for every two shares they had held in the old bank, representing an exchange at par. Although the shares of the new bank will be fully paid under the national bank laws of the United States, holders are liable to a further assessment of an equivalent amount of the shares in case of the liquidation proving the assets to be insufficient to meet the liabilities. Therefore, the liability of the bank will be very similar to that previously existing. If the amalgamation is carried through it will involve the closing of the offices of the Anglo-Californian Bank, and to meet this contingency the sum of $130,000 has been reserved from the realization of the assets for compensation to the old staff.

THE MONETARY SYSTEM OF ABYSSINIA.

INDICATIONS that the monopoly of the monetary circulation in Abyssinia, which has been enjoyed for nearly a century and a half by the Maria Theresa thaler, is finally being broken down, is afforded by a report of the French minister to his government, quoted in "L'Economiste Europeen" of March 26. The monetary unit in Abyssinia is still the thaler, but alongside those bearing the effigy of the great Austrian empress are appearing those of the Emperor Menelik. The value of the coins follows pretty nearly the course of silver, but is influenced somewhat by supply and demand for money. The thalers of King Menelik circulate at present only in the capital and other large centers. Elsewhere, large houses accept them, but they are refused by small merchants and the common people. The new thalers have been struck partly in France and partly in Italy. The French are accepted a little more freely than the Italian, on which the design differs slightly. The half-thalers struck in France are very generally received, but those struck at the Ethiopian mint encounter greater difficulties.

A recent decree of the Emperor declares that refusal to accept them in future shall be subject to legal penalties and that the informer shall receive a quarter of the amount involved. The fractional parts of the thaler are only received usually with the addition of a premium of one or two cartridges, which are used as small change. The cartridges in circulation are those bearing the mark of the French Ammunition Company and, as everyone goes armed, they play the double role of a necessity and a medium of exchange.

GOLD RESUMPTION IN THE ARGENTINE.

RECENT advices from the Argentine Republic indicate that it is the purpose of the government to establish direct convertibility of the paper currency which was in circulation at the date of the conversion law. The amount was $283,000,000 in Argentine money, representing at 44 centavos about $124,-500,000 in United States gold. It is considered that the gold fund of the Conversion Office, which will amount at the end of the year to about $30,000,-000 if, as intended, $500,000 is added monthly, will be sufficient to maintain the conversion of the notes under all circumstances.

The Minister of Finance is preparing a decree to be issued under the provisions of the conversion law of 1899, declaring the paper currency to be convertible at the rate of 44 per cent. of its old gold value, at the expiration of three months from the date of the decree. This is the rate at which paper has been issued for gold during the past ten years, so that the new legislation will only crystallize the status quo. The operations of the Buenos Ayres bourse during 1908 in public bonds amounted to $92,-278,829, while transactions for the account were only $3,459,500.

THE AUSTRO-HUNGARIAN BANK IN 1908.

THE annual report of the Austro-Hungarian Bank frankly acknowledges that during 1908 there was a reaction in almost all branches of industrial and commercial activity in the two States. Agricultural production, however, was satisfactory, partially offsetting the effects of political disturbances. On the subject of the gold reserve the report declares:

> The means employed for several years to attract gold from the international circulation have been employed and developed in the course of the year just passed and we have the satisfaction of noting that our efforts have received general approval even abroad. We have been able to considerably strengthen our holdings of drafts and other available foreign credits and to carry the gold reserve at the same time to a level which has never before been attained.

The average of the gold holdings increased from 1,096,300,000 crowns in 1907 to 1,136,500,000 crowns ($230,-400,000), while the average of current accounts fell from 216,900,000 crowns to 1,864,800,000 crowns ($378,-400,000 crowns), while the average of current accounts fell from 216,900,000 crowns to 163,700,000 crowns, and the average of commercial paper fell from 666,300,000 crowns to 530,200,000 crowns. The average rate of discount for 1908 was 4.25 per cent., as compared with 4.90 per cent. in 1907. The net profits were 21,630,237 crowns, which permitted the distribution of a dividend of 91.20 crowns, against 107.40 crowns in 1907.

THE FRENCH DISCOUNT BANKS.

THE annual reports of the big French joint-stock companies for 1908 are being given to the public and show generally marked gains in volume of business over 1907. The *Crédit Lyonnais* shows total assets of 2,349,-539,114 francs ($453,500,000), as compared with 2,155,254,580 francs in 1907. The principal items of increase are cash, from 150,060,798 francs to 153,710,334 francs; commercial paper, 1,094,966,467 francs to 1,187,827,874 francs; advances on securities, 297,155,-634 francs to 410,053,348 francs. The principal increase in liabilities is in current accounts, which advanced from 871,953,524 francs to 993,747,418 francs. The dividend distributed for the year was 55 francs per share upon the capital of 250,000,000 francs, which was the same as the dividend of 1907.

The *Societe Generale* shows an increase in assets from 1,499,558,708 francs to 1,742,111,048 francs ($336,-300,000). Cash shows an advance from 85,615,050 francs to 119,615,108 francs, and commercial paper from 479,727,158 francs to 663,092,302. The dividend declared was 16.25 francs. The General Assembly of the shareholders has sanctioned an increase of the capital from 300,000,000 to 400,000,000 francs.

Increases of capital have also been made by the *Crédit Foncier* and the *Crédit Mobillier*—in the former case from 200,000,000 to 250,000,000 francs and in the latter case from 25,000,000 to 45,000,000 francs. The duration of the *Crédit Foncier* has been extended to ninety-nine years from the close of 1908.

THE BANK OF SWEDEN IN 1908.

THE Royal Bank of Sweden shows a considerable increase in note issues during 1908, in spite of some shrinkage in the volume of discounts at the end of the year. The circulation, however, which advanced from 190,-115,000 crowns ($50,810,000) at the close of 1907 to 201,500,000 crowns at the close of 1908, has really recovered only about the position it had at the close of 1906, when the amount was 201,911,044 crowns. The gold reserve increased from 70,322,000 crowns to 78,200,000 crowns, as compared with 71,929,000 crowns at the close of 1906. The total amount of paper discounted increased from 900,000,000 crowns during 1907 to 1,064,600,000 crowns for 1908. The discounts of domestic paper at the end of the year, which were 149,-596,000 crowns at the close of 1906 and 191,954,000 for 1907, fell to 168,400,-000 crowns on December 31, 1908. The average rate of discount fell from 6.10 per cent. in 1907 to 5.88 per cent. in 1908. Net profits fell from 9,639,000 crowns ($2,575,000) in 1907 to 8,947,-000 crowns ($2,385,000) for 1908.

THE HONGKONG AND SHANGHAI BANK.

THE Hongkong and Shanghai Banking Corporation continues to hold its predominance in the East and to make large profits by the fluctuations in exchange. The net profits for the half-year ending December 31, 1908 (in Mexican silver), including $2,005,774 brought forward from last account, after paying all charges, deducting interest paid and due, and making provision for bad and doubtful accounts, amount to $5,644,125. The directors recommend the transfer of $500,000 from the profit and loss account to credit of the silver reserve fund, which fund will then stand at $14,500,000. After making this transfer and deducting remuneration to directors there remains for appropriation $5,129,125, out of which the directors recommend the payment of a dividend of two pounds sterling per share, viz., £240,000 and a bonus of five shillings sterling per share, viz., £30,000, amounting in all to £270,000, which at 1s. 8¾d., the rate of the day, will absorb $3,122,891, the balance, $2,006,-234, to be carried to new profit and loss account.

THE BRITISH BANKS IN 1908.

THE annual review of the condition of British banking made by the "London Bankers' Magazine" shows that capital and deposits increased about £25,200,000 during 1908 and that the increase for the five years ending with 1908 was £113,399,000. Since 1894 the liability of the banks publishing accounts in the United Kingdom, including the Bank of England, on account of deposits, current accounts and note circulation, has increased from £721,371,-

000 to £989,007,000 at the close of 1908, or an increase of about 37 per cent. Separating the note issues from deposits and current accounts, the significance of these figures is worked out by "The Bankers Magazine" in the following table:

The amount of the total deposits in 1908, apart from the note circulation, was, in round figures	£945,300,000
If—after allowing in a similar way for the note circulation in 1894—we deduct the corresponding amount for that year	676,000,000
The growth in the fifteen years, 1894 to 1908, appears to be..	£269,300,000
From this should be subtracted the estimated amount of the balances of the 41 banks who have amalgamated during that period, not having published their figures previously, and of other banks whose figures were brought in for the first time among the deposits, not less than........	43,000,000
	£226,300,000

The proportion of cash to demand liabilities in the British banks appears in the following table:

ENGLAND AND WALES:	Cash in hand, etc.	Deposits, current accounts and note circulation.	Proportion of cash in hand, etc., to deposits, etc., in 1908.
(a) Metropolitan and Suburban..........	£26,241,228	£77,432,241	33.9
(b) Metropolitan and Provincial.........	178,982,417	590,916,381	30.1
(c) Provincial Banks...................	26,822,365	137,100,006	19.6
Isle of Man........................	125,082	829,625	15.1
Scotland	30,052,375	116,593,663	25.9
Ireland	11,916,668	66,135,307	18.0

The record of amalgamations during 1908, although only six in number, includes four banks of very considerable importance—Lambton & Company, New Castle-on-Tyne, with deposits of £4,174,821, absorbed by the Lloyds Bank; the Lancaster Banking Company, with deposits of £5,271,063, absorbed by the Manchester & Liverpool District Banking Company; the Town & County Bank, with deposits of £3,341,798, absorbed by the North of Scotland Bank; and the North & South Wales Bank, with deposits of £11,400,482, absorbed by the London City and Midland Bank.

The total assets of the British banks publishing accounts is given at £1,164,-811,712, in which the banks of England and Wales represent £946,921,-000; Scotland, £138,715,000; Ireland, £78,272,000; and the Isle of Man, £903,000. Scotland shows banking assets per capita of £31, which is in excess of England and Wales with an average of £28 14s.; but both are far ahead of Ireland, with per capita assets of £17 11s.

The distribution of dividends upon original banking capital is commented upon by the London publication, upon the theory that the apparent rate of the dividend tends to the impression that the business is more profitable than is really the case. Upon this subject it is said:

Had these dividends been announced, as would more truly be the case, as earned on the capital and reserves collectively, as suggested in our article on the "Progress of Banking of January, 1906," no such remarks would be possible. Thus the London and Provincial Bank declared a dividend for the year 1908 at the rate of 18 per cent., but if the return had been calculated on the capital and reserve together—and the reserve had assisted in the earning of the dividend proportionally as much as the capital—it would have worked out at about six per cent. Again, it would be advisable that all banks should give the figures of the bills discounted which they hold separated. A good many banks already do this, as the statement which follows shows. But this salutary practice should be universal.

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq.,
Author Uniform Negotiable Instruments Act.

IMPORTANT LEGAL DECISIONS OF INTEREST TO BANKERS.

All the latest decisions affecting bankers rendered by the United States courts and State courts of last resort will be found in the Magazine's Law Department as early as obtainable.

Attention is also directed to the "Replies to Law and Banking Questions," included in this Department.

PROMISSORY NOTE PROCURED BY FRAUD—HOLDER IN DUE COURSE—BURDEN OF PROOF.

AMERICAN NATIONAL BANK vs. FOUNTAIN.

SUPREME COURT OF NORTH CAROLINA, OCT. 28, 1908.

Under the Negotiable Instruments Law, when a note is shown to have been procured by fraud, or the title of any one who has negotiated the same is shown to have been defective, the burden is on the holder to show that he, or some one under whom he claims, acquired the title as a holder in good faith and for value.

Where the suit is brought by a bank this question of fact is to be submitted to the jury. notwithstanding the testimony of the president is uncontradicted that the bank acquired the title for value in the usual course of business before maturity and without notice of any vice in the paper.

THIS action was to recover the balance due on a promissory note for the purchase price of an automobile, given by defendant to one B. A. Blenner, and by said Blenner indorsed to plaintiff. The defendant resisted recovery on the ground that the note was procured by false and fraudulent representations on the part of Blenner, the vendor. The jury found that the note sued on was procured by misrepresentations and fraud on the part of Blenner, the vendor, and that the plaintiff was indorsee for value before maturity, and without knowledge or notice of any infirmity affecting the validity of the note.

HOKE, *J.:* Our statute on negotiable instruments (Revisal 1905, c. 54, s. 2201) defines a "holder in due course" as one who takes a negotiable instrument that is (a) complete and regular in its face; (b) before it was overdue and without notice that it had been previously dishonored (if it had been); (c) in good faith and for value; (d) and at the time it was negotiated to him he had no notice of any infirmity in the instrument or any defect in the title of the person who negotiated it. And section 2208 of same chapter provides as follows: "That every holder is deemed prima facie to be a holder in due course, but when it is shown that the title of any person who has negotiated the instrument was defective, the burden is on the holder to prove that he, or some person under whom he claims, acquired the title as holder in due course," etc. These sections of the statute are, to a great extent, a codification of certain general principles of mercantile law, applicable to the subject, established by well-considered decisions of the court in this country and England, notably Tatam vs. Haslar and Others, 23 Q. B. Div. (1889), 345; National Bank vs. Diefendorf, 123 N. Y., 191; Vosburgh vs. Diefendorf, 119 N. Y., 357; Giberson vs. Jolly, 120 Ind., 301.

There is some conflict of authority as to the extent and proper application of the burden which the law casts upon a plaintiff, where fraud has been established, or when there has been evidence offered tending to establish it, which is thus referred to in Norton on Bills and Notes, 334: "In the cases of illegality the rule is the same, and for the same reason. The burden is cast upon the plaintiff to show that he took the paper for value and in good faith. Some of the cases declare that the holder need not show that he had lack of notice, but need only show value, because the burden of showing notice is upon the party who seeks to impeach the title. But the other courts maintain, and properly, that in addition to proving value the holder should prove that he bought the note in good faith, and should show that he had no knowledge or notice of the fraud. If value and notice are disputed as facts, they must be passed upon by the jury." The author, in note 92, cites several additional cases in support of the text. In Tatam vs. Haslar, supra, it was held "that when fraud is proved the burden of proof is on the holder to prove both that value has been given, and that it has been given in good faith, without notice of the fraud." In Vosburgh vs. Diefendorf, supra, it is held: "(1) Where the maker of negotiable paper shows that it has been obtained from him by fraud, a subsequent transferee must, before he is entitled to recover thereon, show that he is a bona fide purchaser or that he derived his title from such a purchaser. It is not sufficient to show simply that he purchased before maturity and paid value. He must show that he had no knowledge or notice of the fraud."

The statute, then, having enacted into a law the doctrine sustained by these authorities, the rule established by the statute must be observed, to the effect that when fraud has been established in procuring the note, or in the title of any one who has negotiated the instrument, the burden is on the plaintiff to show that he, or some one under whom he claims, acquired the title as a holder in due course; that is, that he acquired the title (1) before maturity, (2) in good faith and for value, (3) without notice of any infirmity or defect in the title of the person negotiating it. And where the facts established call for its application, the rights of the parties must be determined under the rule as to the burden of proof which the statute provides. We are inclined to the opinion that the defendant was not given the full benefit of this principal in the charge of the court below; but, if it should be conceded that, when taken in connection with the testimony offered, there was no reversible error in the respect suggested, certain it is that the charge erroneously invades the province of the jury in assuming, as it does, the truth of the evidence offered by the plaintiff on the essential facts of the transaction. Thus, after properly placing the burden on the plaintiff, by reason of evidence offered tending to establish fraud, the charge proceeds: "But the plaintiff having responded by showing that it acquired the note bona fide, for value, in the usual course of business, and while it was still current, and before its maturity, the prima facie case of the plaintiff is restored." And again: "The court further charges you that the prima facie case of the plaintiff having been restored by the uncontradicted evidence of the president of the bank that it acquired the note in the usual course of business, before maturity, and without notice of any vice in it," etc.

It may be that when fraud is established in procuring the instrument, or there was evidence offered tending to establish it, if the plaintiff, as he is then required to do, should lay before the jury all the evidence available as to the transaction, and it should thereby appear, with no evidence to the contrary, and no other fair or reasonable inference permissible, that plaintiff was the purchaser of the instrument in good faith, for value, before maturity, and without notice, the court could properly charge the jury, if they "believed the evidence," or if they "found the facts to be as testified," a more approved form of expression, they would render a verdict for plaintiff. But here, the fraud having been established, or having been alleged, and evidence offered to sustain it, the circumstances and bona fides of plaintiff's purchase was the material question in the controversy; and both the issue and the credibility of the evidence offered, tending to establish the position of either party in reference to it, was for the jury and not for the court. (State vs. Hill, 141 N. C., 771; Riley's Case, 113 N. C., 651.) As said by the court in this last case, the "plea of not guilty disputes the credibility of the evidence, even when uncontradicted."

His honor below, therefore, had no right to say to the jury, on this very material question: "The prima facie case of plaintiff having been restored by the uncontradicted evidence of the president of the bank that it acquired the note in the usual course of business, before maturity and without notice of any vice in it." For this assumes that the statement of the president is to be taken as true, and withdraws that matter from the jury. The precise question was presented in the case of Bank vs. Iron Works et al., 159 Mass., 158, and in that case it was held: "(1) In an action on a promissory note, which was defended on the ground that the note had been fraudulently put into circulation by the P. L. Co., a Massachusetts corporation, organized for the purpose of 'doing a brokerage business in commercial paper, stocks, bonds, and other property,' from whom the plaintiff company acquired it, the plaintiff's officers testified that the note was taken by them in good faith and for value before maturity, and the defendant introduced no testimony to contradict these officers. Held, that the defendant was entitled, nevertheless, to go to the jury on the question whether the plaintiff took the note for value and without notice of the fraud."

The trial court was probably misled by the language of the opinion in Bank vs. Burgwyn, 110 N. C., 273, making a quotation from Daniel on Negotiable Instruments, sec. 819, without adverting to the facts stated in the case on appeal, and it is reference to such facts that a decision is to be considered authority, from which it appears that the trial court in that case had submitted the question of the bona fides of plaintiff's purchase to the jury, and had not undertaken to determine it, as was done in the present case. The statement of the law contained in this section of Mr. Daniel's valuable work on Negotiable Instruments (section 819) has been subjected to adverse comment in the decisions on the subject which we have adopted as law by our statute, and there is doubt if, since the enactment of this statute, it can be regarded as correctly expressing the rule for trial of causes affected by this section of the statute in reference to the burden of proof.

As heretofore stated, when fraud is proved, or there is evidence tending to establish it, the burden is on the plaintiff to show he is a bona fide purchaser for value, before maturity, and without notice, and the evidence must be considered as affected by that burden. If, when all the facts attendant upon the transaction are shown, there is no fair or reasonable inference to the contrary permissible, the judge could charge the jury, if they believed the evidence, to find for plaintiff; the burden in such case having been clearly rebutted. But the issue itself, and the credibility of material evidence relative to the inquiry, is for the jury, and it constitutes reversible error for the court to decide the question and withdraw its consideration from the jury.

There will be a new trial, and it is so ordered.

New trial.

NATIONAL BANK—INSPECTION OF BOOKS AND PAPERS OF—JURISDICTION OF STATE COURTS TO ALLOW—IN WHAT CASES PERMITTED.

WOODWARD vs. OLD SECOND NATIONAL BANK.

SUPREME COURT OF MICHIGAN, OCT. 5, 1908.

State courts have jurisdiction of a proceeding to compel the officers of a national bank to allow a stockholder to inspect the books and documents of the bank.

Such an inspection may be allowed, though the purpose of the stockholder is to enable him to prepare for trial in a suit brought by him against the directors.

THIS was a petition for a mandamus to compel the officers of the Old Second National Bank to permit a stockholder to inspect certain of the books, records and documents of the bank—when the application was made the relator had commenced a suit in the United States Circuit Court against two of the directors of the bank to recover damages alleged to have been suffered by reason of certain false and fraudulent representations made by them, in reliance upon which the relator had been induced to purchase 150 shares of the stock of the bank.

BLAIR, *J.* (omitting part of the opinion): We are inclined to agree with the circuit judge that it is apparent that the real purpose of the application is to aid the relator in preparing for the trial of his case against McGraw and Chesbrough, and we dispose of the case upon that theory.

It is well settled that, in the absence of any statutory provision, a stockholder in a corporation has a common-law right in a proper case and for a proper purpose to inspect corporate records and documents. (People vs. Walker, 9 Mich., 328; Guthrie vs. Harkness, 199 U. S., 148. In the Matter of Steinway, 159 N. Y., 250.) In People vs. Walker, supra, it was said in the prevailing opinion that the writ would not be granted to enable a corporator to "gratify idle curiosity. The principle seems to be, and very properly too, that the party asking the writ must have some interest at stake which renders the inspection necessary." In Guthrie vs. Harkness, supra, the jurisdiction of the State courts to entertain applications of this nature against national banks was sustained. Numerous cases are cited, and, among others, the case of Huyler vs. Cragin Cattle Co., 40 N. J. Eq., 392, 398. The court quote from the latter case, as follows "Stockholders are entitled to inspect the books of the company for proper purposes at proper times, * * * and they are entitled to such inspection, though their only object is to ascertain whether their affairs have been properly conducted by the directors or management. Such a right is necessary for their protection. To say that they have the right, but that it can be enforced only when they have ascertained in some way without the books that their affairs have been mismanaged, or that their interests are in danger, is practically to deny the right in the majority of cases. Oftentimes frauds are discoverable only by examination of the books by an expert accountant. The books are not the private property of the directors or managers, but are the records of their transactions as trustees for the stockholders." It is further said: "It does not follow that the court will compel the inspection of the bank's books under all circumstances. In issuing the writ of mandamus, the court will exercise a sound discretion, and grant the right under proper safeguards to protect the interests of all concerned. The writ should not be granted for speculative purposes, or to gratify idle curiosity or to aid a blackmailer, but it may not be denied to the stockholder who seeks the information for legitimate purposes. (In re Steinway, 159 N. Y., 250; Thompson on Corporations, sec. 4412 et seq.) It is clear that the relator made his demand at a proper time and place. We think it is equally clear that the purpose of the demand was a legitimate and proper one. In the case of Richardson vs. Swift, 7 Houst. (Del.), 137, 30 Atl. 781, an application was made by David M. Richardson, as relator, a resident of Michigan and a stockholder in the Diamond Match Company, a corporation of Connecticut owning property in the State of Delaware, for a mandamus to compel said Swift, a resident of Delaware and president of the company, who had possession of certain books and papers belonging to the company, to a low relator to make copies thereof. These copies were wanted by Richardson for use in certain legal proceedings in the State of Michigan brought by him against Christian Buhl and Russell A. Alger, of Detroit, to restrain them from selling certain stock of the Diamond Match Company which he claimed. The court held that the relator was entitled to the writ.

In the matter of Steinway, supra, the court quote from Rex vs. Newcastle-upon-Tyne, 2 Strange, 1223, as follows: "In Rex vs. Newcastle-upon-Tyne the reporter states that the court said: 'Every member of the corporation had as such a right to look into the books for any matter that concerned himself, though it was in a dispute with others.'" In 10 Cyc., 957, it is said: "The English doctrine seems to be that, in the absence of a statute or other instrument conferring the right, a shareholder has no right to an inspection of the corporate books for the purpose of acquiring a knowledge of facts upon which to create a dispute, but that there must be a defined and distinct dispute already in existence with reference to which the right of inspection is demanded. This does not necessarily mean that a suit should have been instituted, but it is sufficient if there is an existing dispute to be settled by reference to the books. There is neither sense nor justice in this restriction, since every proprietor has the right to know the manner in which his agents are conducting his business." (See, also, 2 Cook on Corporations [Last Ed.], secs. 513, 515, 519; 3 Wigmore on Evidence, sec. 1858, par. 2.) We are of opinion, therefore, that the purpose of the inspection was a legitimate and proper purpose. We are also of the opinion that the demand, in the light of the pleadings, was sufficient to warrant the granting of the writ. Many of the books and papers specified by relator in the notice were sufficiently designated, and the refusal to permit examination was not based upon the ground that the notice was not sufficiently specific, but upon a different ground—on the ground of inconvenience to the bank. In Ellsworth vs. Dorwart, 95 Iowa, 108, the court said: "It is said in appellee's argument that plaintiff requested and prayed for more than he was entitled to, and that they and the court were justified in denying him the right to examine any of the books. We do not think this is the rule. It was the duty of the officer upon request to exhibit to plaintiff such books as he was entitled to, although he called for more than he could rightfully demand, and the court was not justified in refusing him all the relief because he asked for more than he was entitled to." * * *

We are therefore of the opinion that relator is entitled to the writ permitting an inspection by himself, his attorneys, and necessary experts of such books, papers, records, and documents of the bank as are material to his cause of action in the Federal court, such inspection to be had at such place and times and in such manner as will least inconvenience the business of the bank, and under the surveillance of such officer or person as the bank may designate, and at the expense of relator. If the parties are unable to agree as to the course of the examination or the subject-matter thereof, a further application may be made to this court.

NATIONAL BANKS—POWER OF AGENTS.

RICKER NATIONAL BANK vs. STONE.

SUPREME COURT OF OKLAHOMA, SEPTEMBER 8, 1908.

A national bank has powers to intrust to its agents such authority as is required to meet all the legitimate demands of its business and to conduct its affairs safely and prudently within the scope of its charter.

THIS was an action by R. E. Stone

tional Bank for personal services rendered. The plaintiff had been in charge of certain cattle on which the bank held a chattel mortgage, and was requested by the agent of the bank to remain on the ranch where the cattle were and work with them.

KANE, *J.* (omitting part of the opinion): That a national bank has power under the banking laws of the United States to intrust to its agent such authority as is required to meet all of the legitimate demands of its authorized business, and to enable it to conduct its affairs within the general scope of its charter safely and prudently, is settled by a long line of well-considered decisions. Mr. Chief Justice Waite in First National Bank of Charlotte vs. National Exchange Bank of Baltimore, 92 U. S.,122, in construing the powers of national banks under the national banking laws of the United States (Act June 3, 1864, c. 106, 13 State. 99), says: "Authority is thus given to transact such a banking business as is specified, and all incidental powers necessary to carry it on are granted. These powers are such as are required to meet all the legitimate demands of the authorized business, and to enable a bank to conduct its affairs within the general scope of its charter safely and prudently. This necessarily implies the right of a bank to incur liabilities in the regular course of its business, as well as to become the creditor of others. Its own obligations must be met, and debts due to it collected or secured." To our mind that part of the contract made by the agent of the bank employing the appellee to protect the cattle held as security at a stipulated wage per month was entirely within the scope of his authority, and such power was safely and prudently exercised. The appellee, therefore, was justly entitled to compensation for his services at the rate of $50 per month for the time he was employed.

NATIONAL BANK—EXTENSION OF CHARTER—WITHDRAWAL OF STOCKHOLDER.

KIMBALL vs. APSEY.

UNITED STATES CIRCUIT COURT OF APPEALS, NOVEMBER 10, 1908.

A stockholder in a national bank extending its charter served notice of withdrawal as provided by the National Bank Act, appointed an appraiser on his behalf, and took all reasonable steps to obtain an appraisal of his stock, and refused to accept dividends thereon:—Held, that though his name still remained upon the stock book he was not liable as a stockholder for an assessment upon the stock made by the Comptroller of the Currency.

IN Error to the Circuit Court of the United States for the District of Massachusetts.

Before Colt, Putnam, and Lowell, *Circuit Judges.*

Lowell, *C. J.:* The defendant in error, hereinafter called the plaintiff, is receiver of a national bank. The plaintiff in error, hereinafter called the defendant, formerly held forty shares of stock in the bank. On September 5, 1904, the charter of the bank was extended, pursuant to Act July 12, 1882, c. 290, 22 State. 163 (U. S. Comp. St. 1901, p. 3458).

Within the time limited by statute, the defendant gave the required notice in writing. Thereafter he appointed Dresser as his member of the appraisal committee, and the bank appointed Hinckley as its member.

The defendant made all reasonable efforts in good faith to have the third member of the committee appointed without result. In September, 1905, he retained an attorney, who communicated with Hinckley, urging him to join in making the appointment. The effort failed. On January 1, 1905, the bank declared a dividend, and sent to the defendant a check for the amount thereof due on forty shares. The defendant promptly returned the check, declaring that he was not a stockholder. Other dividends were declared to the defendant by the bank on July 1, 1905, and January 1 and July 1, 1906. None of these three dividends were sent to or received by the defendant. On the bank's stock ledger the defendant was credited throughout with forty shares. The bank never refused the defendant or withheld from him any of the rights and privileges of a stockholder; but the defendant never used or asserted any of these rights or privileges after September 5, 1904. The stock certificates were in the defendant's possession at the time of trial.

The plaintiff was duly appointed receiver of the bank on August 16, 1906. The Comptroller of the Currency duly ordered an assessment of 100 per cent., which the receiver seeks to collect from the defendant in this action.

By the terms of the statute, the defendant ceased to be a stockholder of the bank on giving his notice of withdrawal September 5, 1904. The purpose of the statute is to permit any stockholder under the circumstances stated to withdraw at once from the bank and so to terminate his liability. Congress did not intend that this liability should continue throughout the time taken to appraise the value of the defendant's shares. The defendant ceased to be a stockholder upon his giving the required notice.

But a person who is not a stockholder may yet be liable as a stockholder to the creditors of a corporation, if he has placed his name upon the books of the corporation as a stockholder, or, in some cases, if he has permitted his name to remain upon its books after he has ceased to be a stockholder. In such case the stockholder is held liable by estoppel (Nat. Bank vs. Case, 99 U. S., 628). The creditors are deemed to rely upon the statements contained in the corporation's books. In the case at bar, a necessary element of the estoppel is wholly wanting. The defendant did not place or cause to be placed his name upon the stock ledger after he had ceased to be a stockholder. He did not permit it to remain upon that book, and its retention was caused solely by a failure of duty on the part of the bank and its officers (Whitney vs. Butler, 118 U. S., 655; Earle vs. Carson, 188 U. S., 42). Under the circumstances, an offer to surrender the certificates would have been a vain formality. Even if it be admitted that the ingenuity of the plaintiff's counsel has now suggested some attempt at removal which the defendant omitted to make, and which might possibly have resulted in success, yet this suggestion falls far short of the evidence required to make out the defendant's estoppel. The defendant was not a stockholder in the bank at the time the receivership was instituted, nor was he at that time estopped from denying that he was a stockholder.

In Apsey vs. Whittemore, 85 N. E., 91, where the facts were exactly similar, the Supreme Judicial Court of Massachusetts reached our result by a course of reasoning which may be somewhat different from ours, but is in no way inconsistent.

The judgment of the Circuit Court is reversed, the verdict is set aside, the case is remanded to that court for further proceedings consistent with our opinion passed down this day, and the plaintiff in error recovers his costs of appeal.

LIABILITY OF DIRECTORS—VIOLATIONS OF LAW—COMMON LAW LIABILITY.

ALLEN vs. LUKE et al.

UNITED STATES CIRCUIT COURT, DISTRICT OF MASSACHUSETTS.

The provision of the National Bank Act requiring each bank to keep on hand a cash reserve was not intended to protect the bank against bad loans, and a loss arising from such loans cannot fairly be said to arise from a violation of the law respecting the amount of reserve.

While the act of voting may be conclusive evidence of a violation of the statute, it is not the only possible evidence; and if the directors informally agree that the bank's money shall be loaned illegally, they are none the less liable because they do not respond *viva voce* when the presiding officer puts the question to vote.

The provisions of the National Bank Act defining the duties of the directors of national banks do not relieve them from their common law liability for failure to diligently and honestly discharge their trust.

THIS was a suit in equity by the receiver of a national bank against some of its former directors to recover money lost to the bank through their alleged misconduct. The creditors of the bank having been paid in full, the agent appointed by the stockholders was substituted as complainant instead of the receiver. The bill alleged that the defendants were liable for violations of the banking law for unpaid loans made while the bank's reserve was too low; for unpaid loans made in excess of the ten per cent. limit, and for unpaid loans made upon real estate. The defendants demurred to the bill upon various grounds.

LOWELL, *C. J.* (omitting part of the opinion): The object of Rev. St., Sec. 5191, is to insure the constant presence of a cash reserve. If this were depleted below the statutory limit, the bank might suffer loss for want of cash on hand, and for such a loss, if one occurred, the defendants might be liable, although the loans made while the reserve was below the limit were paid at maturity. This provision of the statute was not intended to protect the bank against bad loans, and a loss arising from their non-payment cannot fairly be said to be caused by the directors' violation of law. Moreover, the bill here goes on to allege that the statutory reserve was replenished after the bad loans were made, and before the bank went into the receiver's hands. In this respect the demurrers are sustained. * * * * The defendants are in error when they say that the bill must allege their vote to make the loans in question. The act of voting may be conclusive evidence of a violation of the statute, but it is not the only possible evidence. If defendants, sitting about the directors' table, informally agree that the bank's money shall be loaned illegally, they are none the less liable for the consequences of the loan because they do not respond *viva voce* when the presiding officer puts the question to vote. To hold otherwise would make the law prohibit a formality while permitting the illegal employment of the bank's money. It is to be borne in mind that the bill is not called upon to state evidence at length, but only the conclusions of fact which the evidence tends to establish. In the case of Price vs. Coleman (C. C.), 21 Fed. 357, I find nothing in conflict with the decision thus reached.

Fifth. As to B, that the statutory liability is exclusive, and that neither at common law nor in equity does any liability rest upon the directors for the results of their negligence. For this proposition, the defendants rely chiefly upon Yates vs. Jones Nat. Bank, 206 U. S. 158, 27 Sup. Ct., 638, 51 L. Ed., 1002; but that case is decisive against the defendants. "Mark the contrast between the general common-law duty to 'diligently and honestly administer the affairs of the association' and the distinct emphasis embodied in the promise not to 'knowingly violate, or willingly permit to be violated, any of the provisions of this title.' In other words, as the statute does not relieve the directors from the common-law duty to be honest and diligent, the oath exacted responds to such requirements. But as, on the other hand, the statute imposes certain express duties and makes a knowing violation of such commands the test of civil liability, the oath in this regard also conforms to the requirements of the statute by the promise not to 'knowingly violate, or willingly permit to be violated, any of the provisions of this title.'" (206 U. S. 178, 27 Sup. Ct., 645 [51 L. Ed., 1002].)

INDORSEMENT OF CHECK BY AGENT—AUTHORITY TO COLLECT NOT AUTHORITY TO INDORSE.

ROBINSON vs. BANK OF WINSLOW.

APPELLATE COURT OF INDIANA, DIVISION NO. 2, OCTOBER 13, 1908.

A power to indorse a check in the name of the payee is not to be inferred from the mere fact that the person making the indorsement is the agent of the payee to make the collection.

An agent authorized to receive checks in payment of a demand has no implied authority to indorse them and collect the money thereon, and the bank paying a check so indorsed is still liable for the amount.

THE plaintiff, J. L. Robinson, sent to one Beasley, who was indebted to him on a promissory note, a written order as follows: "Mr. Beasley. Sir: I send your note by Miss Hawkins. You will please pay her the money due on the note and oblige me. The amount due is 77.65." The order was delivered by Miss Hawkins to Beasley, who thereupon handed to her a check for the amount drawn on the Bank of Winslow. Miss Hawkins presented this check at the bank, where she was told that she would have to sign the payee's name on the back, before it could be paid. This she did, and then received the money thereon. Judgment below was rendered in favor of the bank and Robinson appealed.

COMSTOCK, *J.:* The question presented is simply one of agency. Was Miss Hawkins appellant's agent to indorse negotiable paper given in settlement of a debt due appellant? If she was such agent, the appropriation of the proceeds to her own use was a mere breach of trust and would not affect appellee. In 1 Parsons on Contracts (6th Ed.), Sec. 62, the author says: "An agent's acts in making or transferring negotiable paper (especially by indorsement) are much restrained. It seems that they can be authorized only by express or direct authority, or by some express power which necessarily implies these acts, because the power cannot be executed without them." In Mechem on Agency, the author says (at section 382): "If an agent is authorized to accept checks in payment of the demand, he has no implied authority to indorse them and collect the money thereon, and the bank paying the check so indorsed is still liable to the principal for the amount thereof." The learned author cites in footnotes the following cases which support the proposition: (Graham vs. U. S. Savings Inst., 46 Mo., 186; Robinson vs. Chemical Bank, 86 N. Y., 404; Millard vs. Rep. Bank, 3 McArthur [D. C.], 54; McClure vs. Evartson, 14 Lea [Tenn.], 495; Holtzinger vs. Nat. Bank, 6 Abb. Prac. N. S. [N. Y.], 292; Hogg vs. Smith, 1 Taunt., 347).

The check required the bank to pay the sum specified to such person as the payee might direct. The payee did not direct the payment to any one, unless Miss Hawkins was agent for that purpose. Such agency is not inferable from the mere fact that she was his agent in effecting the collection (Graham vs. U. S. Savings Inst.. *supra*). Had the check been payable to Miss Hawkins, she would not have acted in violation of her duty by reducing it to money (Walter vs. Bennett, 16 N. Y., 250). Agency rests on contract, express or implied. It is general or special. It is special when both the end and the means are specific. The authority in the case at bar was to receive the money; the means, to surrender the note. Had the agent been authorized to accept a check, instead of money, she would not, as we have seen, had authority to indorse it. The law makes it the duty of every one who deals with a special agent to ascertain the extent of the agent's authority before dealing with him; otherwise, he deals with such agent at his peril, and the principal will not be bound by any act which exceeds the particular authority given (Cruzan vs. Smith, 41 Ind., 288). Appellee knew the indorsement was written by Miss Hawkins. No diligence was used in ascertaining her authority to act in the premises, although appellant lived only six miles away, and could have been communicated with by telephone.

It is claimed by appellee that Miss Hawkins having been the special agent of appellant to collect the note, and she having received in full payment thereof the check in question, and the appellant claiming to own the check, this ratifies all her acts, including the indorsement by which she received the money. It is true that the ratification of an agent's acts with knowledge of the circumstances relates back to the time when such acts were performed, and binds the principal the same as if authority had been originally given. The claim to the check was rather a repudiation of the act complained of than a ratification. He claims to own the check as it came into the hands of Miss Hawkins, payable to him, and which he did not authorize her to transfer.

Cases are cited in the able brief of appellee, the law of which we do not question; but they do not apply to the facts in the case at bar.

Judgment reversed, with instructions to sustain appellant's motion for a new trial.

ATTACHMENT AGAINST NATIONAL BANK—WHEN MOTION TO VACATE MAY BE MADE.

DENNIS H. McBRIDE vs. ILLINOIS NATIONAL BANK.

SUPREME COURT OF NEW YORK, APPELLATE DIVISION, FIRST DEPARTMENT, NOVEMBER 6, 1908.

No attachment can be legally issued against a national bank before judgment.

Where such an attachment has been issued a motion to vacate the same may be made at any time before the attached property or the proceeds thereof have been applied to the payment of a judgment recovered in the action.

UPON the ground that it was a foreign corporation, the defendant obtained an attachment against the property of the Illinois National Bank in New York. After issue had been joined and the matter sent to a referee to hear and determine, the defendant moved to vacate the attachment upon the ground that an attachment could not be issued against the property of the defendant—a national bank—not located in the State. The motion was denied and defendant appealed.

McLaughlin, *J.:* An attachment cannot be legally issued under the statutes of the United States (U. S. R. S., Sec. 5242) against a national banking association prior to judgment by any State, county or municipal court (Van Reed vs. People's Nat. Bank, 67 App. Div., 75; affd., 173 N. Y., 314; 198 U. S., 554; Raynor vs. Pacific Nat. Bank, 93 N. Y., 371; Bank of Montreal vs. Fidelity Nat. Bank, 112 id., 667; Pacific Nat. Bank vs. Mixter, 124 U. S., 721).

The attachment accomplished no purpose because it was not only issued without authority of, but contrary to law. The defendant had a right, notwithstanding issue had been joined, to move to vacate the same. Its motion could be made at any time before the attached property, or the proceeds thereof, had been applied to the payment of a judgment recovered in the action (Code Civ. Proc., Sec. 682). The ground upon which the motion was made was sufficiently stated in the moving papers. It was that the "warrant of attachment was illegally issued against the property of the defendant, a national bank not located in this State;" in other words, it was upon the ground that the facts stated in the papers upon which the attachment was based afforded no ground for an attachment. Rule 37 of the General Rules of Practice, requiring the moving papers to specify the irregularities on which the motion was made has no application (Andrews vs. Schofield, 27 App. Div., 90).

The order appealed from must, therefore, be reversed, with ten dollars cost and disbursements, and the motion to vacate granted, with ten dollars costs.

Ingraham, Clarke, Houghton and Scott, *J.J.*, concurred.

NOTES OF CANADIAN CASES AFFECTING BANKERS.

[Edited by John Jennings, B.A., LL.B., Barrister, Toronto.]

BANKS AND BANKING—POWERS OF BANKS—POWER TO TAKE A DEPOSIT IN TRUST—DEPOSIT MADE IN HANDS OF MANAGER OUTSIDE THE BANK—LIABILITY OF THE BANK INCURRED BY TAKING POSSESSION OF DEPOSIT.

Hooper vs. The Eastern Townships Bank (Que. Rep., 35 Superior Court, p. 221).

Under the provision in the Banking Act (R. S. C. ch. 29, sect. 76, subject 1, s d) that "banks may engage in and carry on such business generally as appertains to the business of banking," a bank may lawfully receive money deposited with it in trust, for the purchase of stock to be transferred by it to the depositor.

Such a deposit may be lawfully made in the hands of the manager of the bank, outside the bank premises at the office of the depositor, to whom the bank, on taking possession of the money, becomes liable for it.

AT the beginning of May of 1907, one George Phillips was desirous of acquiring of a company known as the "La Corona Hotel Company." He applied, for that purpose, to several parties in the liquor and provision business, for loans to buy up stock, holding out to them, as an inducement, promises to take the hotel supplies from them. Among them, the plaintiff, who was president of William Dow and Company, limited, large brewers, agreed to advance $10,000, but on the understanding that he was to be given an equivalent amount of the La Corona stock to be purchased, and that the contract should be made with his firm for the supply of beer to the hotel.

For the purpose of carrying out this understanding, Phillips accompanied by one W. W. Smith, who was the manager of a branch of the defendant's bank, at which he, Phillips, did his banking business, called on the plaintiff at his office, on May 4, 1907. The plaintiff handed over his check on the Bank of Montreal, to Smith, who gave him, in return, a receipt in the following words:

"Received from Mr. A. W. Hooper the sum of ten thousand dollars, being amount advanced to Mr. George Phillips for purchase of same amount of stock of the La Corona Hotel, said stock to be transferred by me to Mr. A. W. Hooper. (Signed)

"W. W. Smith,
"Mgr. E. T. Bank,
"West End Branch."

Smith went away with the check, which was deposited in his bank to his credit, in trust, and, subsequently, duly endorsed by him to the defendants, and by them, in turn, endorsed and presented for payment through the Clearing-House, to the Bank of Montreal, who duly honored it.

The stock was never purchased, or, at least, Phillips failed, though requested, to carry out his bargain and deliver it to the plaintiff. The latter, therefore, calls upon the bank to pay or return him the funds handed it in trust, the object of the trust having failed. The bank contests the claim on different grounds. By its written plea to the action, it alleges in fact, that the transaction of May 4 was between the plaintiff and Phillips, and Smith, as the associate of Phillips, not as bank manager. The contention is that Phillips and Smith were buying up the Corona stock as a joint venture; that the plaintiff lent Phillips $10,000, for which he took his promissory note, and that the money was given in trust to Smith, until the stock should be delivered, Smith becoming trustee in his private capacity, to oblige the parties in a matter in which he had, himself, a money interest, and not as the manager and officer of the defendant's bank.

This view of the facts is not borne out by the evidence.

Judgment: After stating the facts as summarized above, the Trial Judge, Mr. Justice Curran, found that the evidence threw a different light on the transaction. The plaintiff never took a promissory note from Phillips, and nothing shows that he even knew of Smith having an interest in the matter, or of his acting otherwise than as manager of the bank where Phillips had his account. The receipt, then, is all the evidence we have, to show the nature of the transaction entered into by the plaintiff. That was clearly a fiduciary deposit in the hands of the bank, represented by its manager, Smith.

While there is evidence in the case to show that such arrangements are of frequent occurrence, there is the peculiar feature about this one, that it was made outside the bank, in the plaintiff's counting house. Banking business, as a rule, is carried on in bank premises, and it must, therefore, be granted, that this affair was out of the ordinary course and unusual. However, that does not change its nature. One thing is indisputable and undisputed; that the plaintiff would not let his money go, would have it held in trust, until the stock was secured to him. It is shown that Mr. Smith was a perfect stranger to him, a young gentleman under thirty, and the manager of branch of a bank.

It is casting no undue reflection upon the managers of branches of banks, as a class, to say that they are not always, or necessarily, capitalists in command of unlimited credit. It seems to me extremely unlikely that one of the plaintiff's experience in business would have consented to accept an utter stranger, in the circumstances of the case, as the fiduciary depositary of a sum of $10,000. The fact that Smith had an interest in the matter, which the defendant insists upon, would only lend more improbability to the fact. However, we have to do with the acts of the parties more than with their intentions.

The receipt given by Smith was signed by him expressly as manager of the Eastern Townships Bank, West End branch, and that settles the case so far as he and the plaintiff are concerned—he purported to act, and the plaintiff must have understood him to act in that capacity. No doubt, his assumption of his quality, as manager, would not make the bank liable for acts altogether beyond the scope of his employment, and this brings me to the other ground of defence, not stated in the plea, but urged at the hearing on the merits, viz.: that not only was the act of Smith beyond his power as manager, but that it was one which the bank itself was forbidden by law to do.

The business which banks exist to carry on the world over is pretty well known. Their chief object is to be the intermediary between capital seeking investment, and industry and commerce in need of capital to achieve their purposes—in other words, banks are chiefly useful in bringing about the circulation of money with the best safeguards against loss. It is as depositaries on the one hand, and as lenders on the other, that they carry out their design, and the banking law has provisions relating to both operations.

All corporations, banks included, have the right to perform all acts and enter into all contracts necessary to carry out the object of their incorporation, a rule which should not be construed or applied narrowly. Where the law goes the length of enacting a prohibitory clause, as it does for banks, it is safe to say that any act, not in violation of it, which may be useful in a business way, comes under the rule above stated. To oblige a customer, or a stranger, with a view of retaining custom in one case, or of increasing it in the other is good policy, and acts, indifferent in themselves, which promote such objects, are clearly permissible. As I have already stated, it has been shown, in this case, by expert testimony, that they are customary as well.

Counsel for the defendant attached some importance to the fact that the transaction in this case, took place outside the bank, and an American authority, Morse on Banking, was referred to by him. According to that author, the power of a bank cashier (or manager, as we call him) may be affected by time and place. There may be purposes for which he is clothed with his official character only in his bank and during banking hours, and others for which he remains clothed with it at all times and places. Morse suggests, as the best test, the question whether, for the due performance of the business, there are requisite any knowledge or appliances, which can only be satisfactorily and fully possessed by him when he is in the bank.

Applying this test, it is impossible to say that Mr. Smith could not carry out the business we are dealing with in the plaintiff's office, for he actually did so, just as fully and completely as he could have done at his own desk.

Further on, in giving instances of a negative kind, the author says that "when money is offered for credit on a deposit account" (which is not quite our case, but approaches it somewhat), "it is quite clear that it should not be accepted away from the bank." The author goes on to say that the manager acts, in such a case, as agent for the depositor, but only until the bank is actually put in possession of the money. This latter operation causes the agency to cease, and the liability of the bank to be incurred. This is exactly what took place in the case in hand. Smith took the money at the plaintiff's office. Had it been offered for credit on a deposit account of the latter, and Smith had made away with it before returning to the bank, the loss, according to Morse, would have been the plaintiff's.

But Smith took the check faithfully to the bank and deposited it in the usual course.

As shown by the stamps on the check, the bank dealt with it on the 6th, 7th, 8th and 9th of May, 1907. Endorsed by Smith as manager, and this endorsement guaranteed by the bank over the signature of their account, Mr. Austin, it was presented to the Bank of Montreal, who paid the funds to the defendant. So that there can be no question that the condition of possession to give rise to the liability of the bank, as stated by Morse, was fulfilled.

Under all the circumstances, I can come to no other conclusion than that the defendant is liable, and that judgment must go for the plaintiff for the amount claimed, with interests and costs.

REPLIES TO LAW AND BANKING QUESTIONS.

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

BANK OFFICER AND STOCK-HOLDER AS NOTARY—ACKNOWLEDGMENT WHERE BANK IS INTERESTED.

Brookhaven, Miss., April 8, 1909.

Editor Bankers Magazine:

Sir: One of our assistant cashiers, who is also a stockholder of the bank, holds a Notary Public commission, and has been taking all acknowledgments to deeds and mortgages where the bank is interested. The question has arisen as to whether acknowledgments taken by him are legal and valid. Kindly give us your opinion as to the legal points involved. The supreme court's rulings on the point seem not to be very clear

N. T. Tull, *Asst. Cashier.*

Answer: It has been held in a number of States that as a stockholder has an interest in any conveyance made to or by a corporation he is therefore disqualified to take the acknowledgments thereto (Hayes vs. Southern Home Building & Loan Assn., 124 Ala., 663; Smith vs. Clark, 100 Iowa, 605; Kothe vs. Krag-Reynolds Co., 20 Ind. App., 293; Workman's Mutual Aid Assn. vs. Monroe [Tex. Civ. App.], 53 S. W. Rep., 1029). But where an officer of a bank is not interested as a stockholder, and is merely a salaried officer, and the bank has no interest in his fees as notary, he may take acknowledgments to conveyances to which the bank is a party (Bank of Woodland vs. Oberhaus, 125 Cal., 320; Florida Savings Bank vs. Rivers, 36 Fla., 575; Horbach vs. Tyrrell, 48 Neb., 514; Sawyer vs. Cox, 63 Ill., 130). On the other hand, it is held in Tennessee that the fact that the acknowledgment of a deed to a corporation is taken by a stockholder and director who is a notary public does not make the instrument invalid in the absence of any improper conduct, bad faith and undue advantage arising out of his relation to the corporation (Cooper vs. Hamilton Perpetual Building & Loan Assn., 97 Tenn., 285). In that case it was said: "We think the better rule is that acknowledgments before parties related or interested are voidable, but not *ipso facto* void; and, while such acknowledgments will not *per se* be declared void, still they are open to attack, and the court will lend a ready ear to evidence of undue advantage, fraud, or oppression arising out of the fact of such relationship or interest in the officer taking the acknowledgment."

JUDGMENT NOTE—SURETY.

Bloomsburg, Pa., March 26, 1909.

Editor Bankers Magazine:

Sir: Below is a copy of note in use in this section. Will you kindly advise me, in your opinion, citing authority, whether or not the signature to the contract on the back of this note admits of the entering of judgment against the endorser as surety the same as if signed on the face of the note under the maker.

Yours very truly,

M. Mihleisen, Cashier.

$...... Bloomsburg, Pa...........190

..............after date...........promise to pay to the order of........................at THE FARMERS NATIONAL BANK of Bloomsburg, Pa........................dollars. Without defalcation or stay of execution for value received; and confess judgment for the above sum, with five per cent. added for collection fees; hereby waiving the right of inquisition and appeal and the benefit of all laws exempting real or personal property from levy and sale; hereby waiving protest and notice of dishonor.

....
....

[Endorsement.]

For value received, I hereby transfer all my rights in the within note to
....
and each of us whose name is appended hereto becomes responsible to the holder as surety for the payment thereof, and consents to all its waivers and conditions.

....
....
....

Answer: We do not see that the right of the holder to enter up judgment against the surety would be affected by the fact that he signed in this form rather than upon the face of the paper. In either case his obligation is the same. By consenting to all the "conditions" of the note he accepts the stipulations on the face of the instrument just as effectually as if he had signed as surety under the signature of the maker. But, of course, his obligation is not the same as if he had placed his signature under that of the maker without indicating his suretyship, for in that case he would be bound as a joint maker.

CORPORATION NOTE—SIGNATURE.

New York, May 6, 1909.

Editor Bankers Magazine:

Sir: We hold a note given by a corporation, which is signed after this manner:

The Globe Warehouse Co.,
by John Smith,
President and Secretary.

Will you please let me know if the said Smith is in any way individually liable on the obligation. The body of the note is after the usual form, and so I have not given that portion of it.

Cashier.

Answer: This is the usual and proper form for executing the note of a corporation, and it is well settled that an officer so signing is not individually liable upon the paper. In Walker vs. Bank of the State of New York (9 N. Y. 582), an acceptance was in the following form: "Accepted, payable at Am. Ex. Bank, Empire Mills, by E. C. Hamilton, Treas." The Court said: "This is the usual and most appropriate mode of executing a contract by an agent in the name of his principal, and entirely excludes the idea that it was intended as an execution by the agent in his own behalf. The defendant could have no apology for understanding it as a personal acceptance by Hamilton." (See also Negotiable Insts. Law, Laws N. Y. 1897, Ch. 612, Sec. 39.)

TAXATION OF NATIONAL BANK STOCK — INVESTMENT IN UNITED STATES BONDS.

———, Mo., May 14, 1909.

Editor Bankers Magazine:

Sir: This bank owns $50,000.00 U. S. Government bonds in addition to the amount required to secure circulation. We are required in this State to return for taxation the entire amount of capital, surplus and undivided profits, deducting the amount of real estate we own, and we claim we are entitled to deduct the $50,000.00 U. S. bonds held as an investment; that they are no more liable for taxes than they would be in the hands of an individual. Are we entitled to the deduction?

President.

Answer: While the State statutes very generally require the national banks to make return of the amount of their capital stock, the assessment is made against the shareholders individually, though the bank may be required to pay the tax for them. And as the tax is against the *interest of the shareholder,* and not against the bank itself, all property owned by the bank, whether exempt from taxation or not, may be included in estimating the value of the shares. In Van Allen vs. the Assessors (3 Wallace, 573) the Supreme Court of the United States said: "The interest of the shareholder entitles him to participate in the net profits earned by the bank in the employment of its capital, during the existence of its charter, in proportion to the number of his shares, and upon its dissolution or termination, to his proportion of the property that may remain of the corporation after the payment of its debts. This is a distinct independent interest or property, held by the shareholder like any other property that may belong to him. Now, it is this interest which the act of Congress has left subject to taxation by the States, under the limitations prescribed." Hence, it has long been settled that in taxing the shares, it is not necessary that deductions be made for any portion of the capital stock or surplus of the bank which may be invested in United States bonds. (Van Allen vs. Assessors, ***supra;*** Mechanics' Nat. Bank vs. Baker, 65 N. J. Law, 113.)

ORGANIZATION OF NATIONAL BANKS.

IN April, 1909, there were received fifty-nine applications to organize national banks. Of the applications pending, forty-eight were approved and nine rejected. During the month twenty-six banks, with total capital of $1,530,000, were authorized to begin business, of which number seventeen, with capital of $430,000, had individual capital of less than $50,000, and nine, with capital of $1,100,000, individual capital of $50,000 or over.

Since March 14, 1900, there have been chartered 4,134 banks, with authorized capital of $249,748,300, of which 2,663, with capital of $69,355,500, were incorporated under the act of that date, and 1,471, with capital of $180,392,800, under the act of 1864. From the date mentioned to April 30, 549 State banks, with capital of $39,120,800, were converted into national banks, 1,308 State and private banks reorganized as national banks, with capital of $85,437,000, and 2,277 banks, with capital of $125,190,500, organized independently of other banks.

The number of national banks organized under various acts is 9,398, as follows: Four hundred and fifty-six, February 25, 1863; 6,269, June 3, 1864; ten, July 12, 1870 (gold banks), and 2,663, March 14, 1900. There have discontinued business 2,482 national banks, leaving in existence 6,916 banks, with authorized capital, $944,726,775, and circulation outstanding secured by bonds, $653,164,570. The total amount of national bank circulation outstanding is $687,408,227, of which $34,243,657 is covered by lawful money of a like amount deposited with the Treasurer of the United States on account of liquidating and insolvent national banks and associations which have reduced their circulation.

JAMES P. HINTON

Newly Elected President, Missouri Bankers' Association.

(Mr. Hinton is cashier of the Hannibal National Bank of Hannibal, Mo., and has been actively engaged in the Association work since his election as treasurer two years ago. At the end of his term of office every bank and trust company in the state was enrolled, an achievement never before accomplished by any other state. Last year he served as vice-president of the State Association and would have declined the presidency this year, but his fellow-members elected him unanimously. This photo is by H. Tomlinson, Hannibal, Mo.)

CAPITAL AND BANKING.

By Charles W. Stevenson.

WORTHLESS battleships and chimerical canals decrease the working capital of a country, tend to produce industrial depression, and set in motion influences that may ultimately make for the panic that breaks the bank, curtails credit, and compels financial readjustment.

This is not a political proposition but an economic one and there is a truth involved in it which it is well at all times to consider.

A short definition of capital is, the stored-up labor of the people; a very complete definition is this: "The aggregate products of industry directly available for the support of human existence or for promoting additional production." Primarily, wealth comes from the soil. Through countless transformations it finds its way into something that can be used for sustenance or for the inducing of more commercial power. When it reaches the form in which it is directly changeable for all other products it is either credit or money. In this form it temporarily finds its way into the banks as deposits; or it is withdrawn from active production and stands as a safeguard in the nature of capital stock in the bank, or, mayhap, the trust company; or it exists in the countless forms of corporate certificates of value; or in the mere business standing or credit of firms and individuals superinduced by the actual engagement in some form of useful and profitable industry.

It follows that when there are flush times, or when much of this capital is available, or in existence ready for exchange into business production or life sustenance, there will be more banking capital, more deposits, and more bank credit power. But it is all made out of the toil of the man, either his physical or mental toil. True, there are many collateral things which affect values, such as proximity to the soil that brings foodstuffs for man and beast, the nearness of land to congested centers of population, the discovery of minerals or the utilization and pre-emption of some of nature's products, but the application of mind to soil brings all under subjection to the natural laws that lie in continents and races. Therefore, it is the man against the soil, the man grappling with his environment, the man supplying his wants and needs, who gives to his own and future generations what is known as free capital.

We have heard, in recent times, owing to the panic, much of the lack of free capital. It is averred that business had attained such momentum and magnitude that this surplus and exchangeable capital, existent as we have said, in money and credits, or in stocks and bonds of immediate exchangeable value, was not sufficient to meet the new and continually increasing demands. There came a sudden check to issue and the result was a panic in which the banks suffered first. If one admit that available banking credit be one of the kinds of capital referred to, a banking credit that had been strained to the breaking point, the statement may pass without particular challenge. But the point we wish to call out is that if there was a lack of free capital in this way it must be because in part at least there had been waste or the tying up of the stored-up labor of the people. These crises must come about. They result in part from causes remote and hidden in the life of the people. These causes we wish to trace. Any reason for the absence of this capital must be a cause, one vested in labor and its uses.

Is it not true that a frugal, industrious, saving people will have laid away in some form of money credits or stocks this surplus of their labor and the returns of the soil? Look at the nation where there is an industrious and saving peasant class living close to the soil. Is not that nation rich? And in the United States, with its endless natural resources and its thrifty and toiling masses, is there not the foundation of capital without computation and without end? What, then, makes a panic in such a country? And in such a country ought there not to be bank stocks, bank deposits, and bank credits, commensurate with the toil and soil that are so abundant! How does the per capita of circulation compare with that of older and more burdened countries? And this capital that is expressed in bank credits, bank deposits and bank stocks, is it not in direct proportion to the thrift, the energy, and the economy, of our people? But is there not in the methods of production and in the modes of life in the United States untold waste and extravagance? And if banking capital grows by what it feed on, if it grows from the inside out, does it not behoove the people to think of their social and business life that they may be armed for any emergency that may come? What does this capital mean to the people?

It is the uninvested power of property, the business opportunity, the momentum of trade, in a word the marvellously high condition of civilization. And it therefore affects the happiness of the present and future generations. One of the great things is to keep capital growing to meet the new wants and needs of the new day and the new man. Therefore, it is well to live soberly and sagely, that we may enjoy to the full the power of capital to bring us yet greater blessings. It is thus we shall meet the financial storms when they come.

The Hurry to Get Rich.

But we do not give sufficient heed to a serious social life. We wish to get rich quick, and waste energy in unpromising pursuits and plans. We wish to enjoy, and we spend as fast as we make in a way that destroys capital. We are given to striving for social prestige and place and give our substance for this. We do not retire from active work so that others may have a chance and thus we congest and aggregate ownership.

Our great industries, that have come through consolidation, from natural causes, give us a wrong idea of the use and permanency of wealth. We are restive and unsatisfied under the domination of what we are pleased to call capital, and there is a war, with labor on the one side and the corporations on the other.

Almost, we have come to believe that all men should be rich in equal proportion. Amid fallacies like this we strive and are cast down. We fail to note the eternal change of progress and its cruelty. We do not live soberly and seriously in the light of our own development, and our laws strive to cure what we might help by a more frugal and stable mode of life.

Fashion, place, enjoyment, power, rule us. Therefore we destroy, by our very attitude, the benefits of aggregated capital; and we make ourselves unhappy over a condition which in its essentials is working for our good. So great, however, is our increase that we are extravagant and careless. We do not study the uses of what we lay by with reference to its permanency or its helpfulness. And thus it is that in the midst of unparalleled resources and unmeasured success we find our banking interests driven to extreme measures by sudden stoppages in the course of trade.

As with the people so with the nation. And there is in the Congress of the nation little of real economic thought. What we spend for that which brings us no real sustenance and no additional production, is waste and takes from the happiness of future generations and the money power and commercial prestige of the nation. We should as a nation study to so expend the taxes taken from the substance of the people that we will bring to them not only substantial benefits but will not take from the working capital of the country such amounts as will strain labor and take from the poor man's child its rightful inheritance of food, clothing, and a chance to rise. Compare a fleet of Dreadnaughts with a merchant marine!

National Waste Brings Individual Poverty.

It is here that a great truth stands out clearly: National waste brings individual poverty. To take from the capital which should find its way into productive industry and energy is to curtail the deposits of the banks as well as to hold down the stocks thereof and thus to diminish the credit-making power of the system. The diminishing of the banking power of a nation affects its whole trade, internal and external. So that here there is a reciprocal action which it is the part of statesmanship to conserve. And it is therefore wise in all men to look to their duties as citizens of a common country and see that careless and indifferent statesmanship does not waste the substance of labor to the diminishing of capital and the injury of the whole commercial and financial fabric, the corner-stone of which is the bank.

We need not only as a people to study the frugal life individually, and for the immediate benefit it is to the man, the family and the community, but we need as citizens to study the mode of obtaining taxes and their expenditure that a people be not impoverished in the midst of plenty. The way to do this is to conserve the products of labor by conserving the capital that is ready for emergency investment and which is ever ready to sustain and promote the best interests of all.

Recurring to our opening sentence, it is not that we mention the canal and the battleship to say whether they should be builded or not. That is a question of individual judgment which men may answer for themselves. But it is to show in glaring color the results and harm of placing the saved-up labor of the very poor in great enterprises like these that are out of the pale of production and that can have only a remote and deleterious influence on the banks of the country as the representatives of its free capital. The seeds of panic are sown, we affirm, economically in the expenditure of the hundreds of millions in a ditch thousands of miles from home or the floating of a huge monster of destruction whose only right to our attention is because of a sentiment that the way to prevent war is to prepare for it. Economically considered the battleship is a menace to prosperity and a constant burden on the labor of the land after it is placed in commission.

Is it now a far cry to a bank panic? Not so far as one might think. The economic law is implacable. A great fire takes of the toil of the people and makes it into ashes. So the waste of energy and substance, so the waste of capital, makes for depression. The seed once sown it grows by what it feeds on through a credit that represents what is gone and not what is to come; and in time this, rolling into a threatening cloud, hangs above trade and commerce until the lightnings pierce its bosom and the storm breaks, and there is panic in the land wherein the banks are hit hardest and first. Let us conserve natural resources but let us conserve the returns of labor that we may continue to have capital sufficient for our growing needs. Let the banker remember that it is wanton waste that sets in motion an influence which grows until he is undone and countless thousands lose their all because of the sudden rerating of values.

BANK CLERKS' PENSIONS.

VICE-CONSUL-GENERAL CHARLES A. RISDORF, of Frankfort, forwards an announcement of the Central Union of German Banks and Bankers regarding the proposed organization for providing old-age and disability pensions for bank officials and bank clerks, annuities for their widows, and education for their orphans. He also sends copies of the statutes, from which the following is derived:

Some large banks in Germany now pension their employes out of their own funds, but the desirability of a more general establishment by banks of a system of insurance among employes which would be independent of the government institutions has been recognized, not only by the banks and their employes, but also by the German Bundesrat. The system provides that all bank employes shall be classified according to the salaries received, twelve classes having been established. The premium is fixed at 8.5 per cent. of the average annual salary of the given class, four parts of which are to be paid by the employes and four and one-half parts by the banks. A pension is to be paid to the insured employe in case of permanent disability. From his sixty-fifth year on the insured person is also to receive a pension whether or not he has retired from his post. The widows of insured employes will receive annuities and their orphans sums for education.

The following cases will serve to show the actual premiums paid: In class I, the lowest, embracing all annual salaries up to $131, the average income upon which insurance is computed is $100, and the monthly premium is seventy-one cents, thirty-seven cents of which the bank pays, while the employe pays thirty-four cents. In class VI., comprising incomes ranging from $428 to $571, the average income forming the basis is $500, the monthly premium $3.55, of which $1.89 is the bank's share and $1.66 that of the employe. In the highest class, incomes of $1,666 and all above this, $1,-856 is taken as the average, and the monthly premium is $13, of which $7 falls upon the bank and $6 upon the employe.

The example which follows shows the result in a given case: An employe becoming insured at the age of twenty-five years and having an annual salary of $476, which was increased $95 at the expiration of each five years of service, up to the highest sum, $1,142, would receive after ten years' service, an annual pension of $100; after twenty years' service, $206 annually; thirty years', $325; and forty years', $459, these sums being, respectively, 19, 33.3, 45.5 and 56.7 per cent. of his average annual income for the periods named. These pensions are, with the exception of that granted after but ten years of service, larger than those paid under the government pension system, the percentages of the average annual income for the corresponding periods being in the case of government pensions, nineteen, twenty-eight, thirty-six and forty-five, respectively.

The firms giving their adherence to this agreement contract to insure all of their employes for at least ten years.

NEW COUNTERFEIT $20 NATIONAL CURRENCY NOTE ON THE FIRST NATIONAL BANK OF WESSINGTON, S. DAK.

SERIES of 1902; portrait of Hugh McCulloch; charter number 8335; bank number 216; Treasury number R663-730; check letter "A"; W. T. Vernon, Register of the Treasury; Chas. H. Treat, Treasurer of the United States.

This counterfeit should not deceive the ordinary careful handler of money, as it is a pen-and-brush production of only fair workmanship. A genuine one dollar bill from which the printing had been bleached was used in order to obtain the paper for this counterfeit.

Under a strong magnifying glass small portions of the design of the one dollar bill can still be discerned. There will probably be other counterfeits produced in this same manner, as we have previously received a pen-made counterfeit $10 silver certificate executed on a bleached one dollar bill, much of the lathe work of the original note being used in the make-up of the counterfeit. These pen-and-ink productions come from Chicago.

BRITISH BANKERS OF TO-DAY.

E. H. Holden, Vice-President and Managing Director of the London City and Midland Bank.

IT is surprising how few British bankers are known even by name on the American side of the Atlantic. Outside of the United Kingdom most of them are mere names and even in their headquarters, the city of London, they are seldom either seen or heard of. Whether this be due to excessive modesty or to severe notions of professional etiquette it is a distinct loss for the public. It keeps in the background many men of exceptional ability and character, men far better worth knowing than most of those who are always in the public eye. From the point of view of financial interest and importance what comparison can there be between the managing director of a great banking institution and a casual holder of the office of Chancellor of the Exchequer. One may be a political accident, a transient amateur, while the other is or ought to be a master of practical finance.

London has many such master minds shut up in its bank parlors, where they secretly direct large business operations extending all over the world. Of late years a few of them have, as it were, broken their shell and come out into the light. One of these is Mr. Holden, the managing director of the London City and Midland Bank. He is a very suitable man to head a series of portraits of British bankers, especially one intended for American readers. In him we have the enterprise of the American combined with the conservatism of the Englishman. He has risen step by step through the whole gradation of provincial and metropolitan banking, a thing which cannot be said of more than half a dozen of his contemporaries. It is rare indeed for a bank clerk to become a general manager, much more rare for him to become a director, and almost unique for him to become managing director of a bank controlling fully sixty millions sterling of deposits. Mr. Holden has achieved all these distinctions.

Other Phases of His Work.

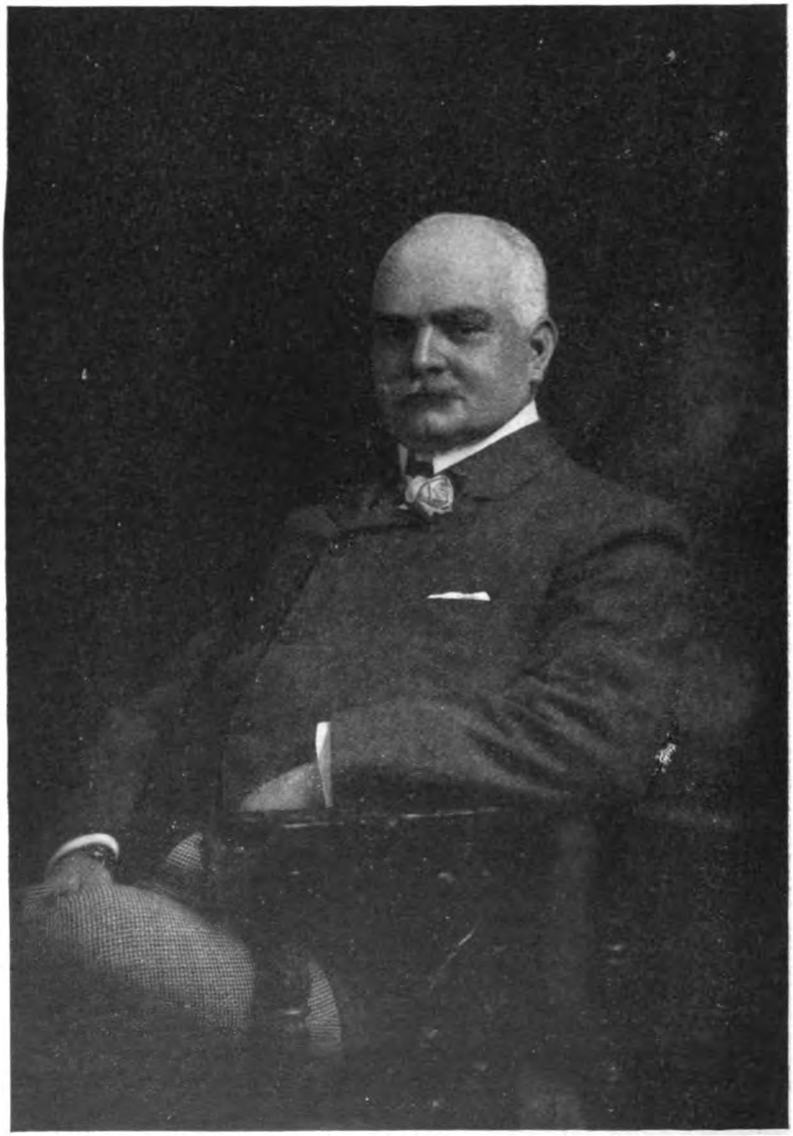
But his own personal advancement has been only a part of his life work. The banks with which he has been associated have grown even more than he has done himself. To have taken hold of a small provincial bank with only £300,000 of capital and to have transformed it into one of the three largest banks in the United Kingdom is a notable feat even in these days. It should appeal strongly to American readers who have a natural admiration for big things. Great Britain cannot hold a candle to the railway combines of America, but on the other hand, America cannot show even a faint parallel to the wonderful history of the London City and Midland Bank.

The story is as familiar to many American bankers as to Mr. Holden himself. Another claim he has on American sympathy is that he is one of the few British bankers who has crossed the Atlantic more than once and has seen for himself what is doing on the other side of it. He is in as close touch with New York, Chicago and New Orleans as he is with Manchester and Liverpool. Next to the three amalgamations which he carried out, he has most reason to pride himself on the American Department which he added to the London City and Midland. It was the rounding off of his bold programme and has proved not the least remunerative of his new developments.

The banking career of Mr. Holden exhibits three distinctive stages—first, that of the bank official pure and simple; second, that of the bank manager; third, that of the international banker. From his start as a junior clerk in the Bolton branch of the Manchester and County Bank to his appointment as general manager of the Birmingham and Midland, fully a quarter of a century elapsed. This long, laborious training was characteristically English. In an American bank Mr. Holden might have won his spurs in half the time, but his training would have been less thorough and complete. He thus obtained perfect command of all the routine of the profession before he was called upon to show his powers as an administrator and organizer. All the rest followed naturally and in due course. Where an ordinary bank official would have stopped, he made a fresh start. His real life began with his first managership, and it has been widening ever since.

Early Training.

From his boyhood he has had an unusually interesting career. He was born in the neighborhood of Manchester in 1848—rather more than sixty years ago. His parents were Wesleyan Methodists, and his first school, at Summerseat, belonged to that religious body. He had therefore what is called in England "a good upbringing." But he got it only by instalments and at the cost of hard work and self denial. In



E. H. HOLDEN

Vice-President and Managing Director of the London City and Midland Bank.

the Bolton branch of the Manchester and County Bank he served for seven years before being called up to the head office in Manchester. This was not only promotion for him, but it greatly increased his opportunities for self culture. He had already formed not only a high but a broad ideal of banking. In order to realize it, he saw that he would have to learn a great deal more than office routine. Commercial law, economics and finance he saw to be equally indispensable.

Owens College, as it was called then, though it has since developed into a full-blown university, furnished all the classes he required. There he had a large choice of afternoon and evening classes, and he frequently went straight from the bank—which closed at 5 o'clock—to a lecture on logic or political economy. In the evening he would return to a French or German class. And then he would put in two or three hours' work before going to bed. This educational campaign he continued even after his marriage. His home work was the best of all, for his wife shared it with him, and he cherishes her memory not only as a loving wife but as the best teacher he ever had.

Mrs. Holden, who died a few years ago, to the great grief of her husband and two sons, was a highly educated Scotch lady. When Mr. Holden first met her she was a school teacher in Manchester, and from the beginning of their acquaintance she was an intellectual stimulus to him. No doubt the afternoon and evening classes at Owens College were one of her inspirations. She stood by his side through the long uphill fight that landed him in Threadneedle street, among the world's chief bankers. Not long before her death she shared with her husband a remarkable tribute of respect from the staff of the bank. They were entertained to dinner at the Russell Hotel, and a valuable silver service was presented to them.

Promotion to an Official Position.

In due course Mr. Holden rose from clerk to cashier in the Manchester and County Bank. A little later he was offered the position of accountant in the Birmingham and Midland Bank, and accepted it. This was in 1881, and he worked his way up to secretary, inspector, third manager and finally manager. The Birmingham and Midland was by no means an important bank in those days. For an English bank it was young, having been established only in 1836, and its business was purely local. It was probably little known on Lombard street, as the capital was only £300,000, and its business was proportionately small.

But the Birmingham and Midland Bank had one big asset. Mr. Keen, now a leading man in the English iron trade, was one of its directors. He was also head of the Patent Nut and Bolt Company, out of which grew the immense business of Guest, Keen and Company, Limited. Mr. Holden's association with Mr. Keen brought him into close touch with the English metal trade in which he has ever since taken a deep interest. Few living bankers have had more to do with the financing of iron and steel than he has had. He put fresh life into the industry and helped to raise it to a higher level.

Hitherto the Birmingham iron trade had been much subdivided and most of the local mills were small. The owners were cautious, steady going, conservatives who kept on in the old grooves while the world was going ahead of them. Mr. Holden preached to them enterprise and expansion. He urged them to put their savings back into the business instead of into Consols or Birmingham three per cents. Many of them took his advice and as they grew the bank grew along with them. In 1891 it found itself strong enough to venture on a dramatic coup.

There was then in the city a bank called the Central Bank of London, doing a solid if not a very extensive business. It was the title and the metropolitan position which Mr. Holden coveted more than anything else. As soon as the amalgamation was arranged the Birmingham and Midland Bank changed its name to the London and Midland, quite a different proposition. Naturally Mr. Holden became the first general manager of the amalgamated bank but he allowed a few years to elapse before he attempted another coup. In 1898 he again astonished the banking world by arranging to absorb the City Bank, a much more important institution than the Central had been.

Among other advantages the old City Bank had a commanding head office at the corner of Finet lane and Threadneedle street. Henceforth this became Mr. Holden's headquarters. Every morning he is to be found in his room on the first floor surrounded with charts and banking statistics. In the afternoons while Parliament is sitting he has to be at Westminster but that is not a favorite haunt with him. In fact he begins to doubt if the parliamentary game is worth the candle for a busy man like himself. He has only stood twice—the first time for Heywood in 1900, when he was unsuccessful, and the second time in 1906, when he got in as a Liberal Free Trader.

The London City and Midland Bank.

The absorption of the City Bank in 1898 called for another change of title and a very good one was adopted—the London City and Midland. It started with a nominal capital of fourteen millions sterling, of which nearly a fourth was paid up—in exact figures £3,142,000. The original

Birmingham and Midland Bank had had only two branches. Its successor of 1898 had as many hundreds. In 1906 these increased to 487 and now they number about 600. They are spread all over England but chiefly in the Midland counties. Many of them were acquired along with country banks which have been taken over from time to time.

The latest and one of the largest of these acquisitions has just been completed. It was the absorption of the North and South Wales Branch, an institution with over a hundred branches and about eleven millions sterling of deposits. It occupied the only part of the kingdom where the London City and Midland had previously been unrepresented, so that now it may claim to cover the whole of England and Wales. In point of territorial extension it is unique. A curious coincidence characterized the amalgamation, both banks having been founded in the same year. But how different their history!

While the Birmingham and Midland was rising from provincial to metropolitan rank the North and South Wales Bank contented itself with a purely local business. It became one of the strongest of our local banks but there were limits to local growth. When the big London banks invaded its territory it found itself hemmed in and for several years it had been stationary. In its last seven years it opened ten new branches but they brought no appreciable increase of deposits. Its limits had evidently been reached and the shareholders acted wisely in throwing in their lot with a competitior which was still growing and progressive.

To-day the London City and Midland holds in its capacious maw no less than twenty-four local banks of the old-fashioned family kind. Other London banks have since so keenly followed its lead in this respect that very few of the old-fashioned banks now survive.

American Banking Acquaintances.

American readers will no doubt be specially interested in the formation of the foreign exchange department of the London City and Midland. It was started in 1854, and the American part of it Mr. Holden himself organized in 1904. He went over to the States—not for the first time as a visitor, but for the first time as a banking pioneer. He made a tour of the chief banking and commercial centres—New York, Philadelphia, St. Louis, New Orleans, St. Paul and Minneapolis. Then crossing into Canada he visited Winnipeg and returned to New York via Toronto. Wherever he went he was royally entertained by American bankers and made troops of friends. In Chicago he has pleasant memories of the Forgans, Mr. Mitchell and Mr. Reynolds. In New York he got into close touch with Mr. Stillman of the National City Bank and his then assistant, now successor, Mr. Vanderlip; also with Mr. Gardin, the head of their Foreign Exchange Department, Mr. Nash of the Corn Exchange Bank, Mr. Woodward of the Hanover Bank, Mr. James Speyer and many others.

The principal outcome of this American trip was a business arrangement with the National City Bank which has had an important effect on the financial relations of London and New York. More than ever in the past few years the two banks have carried out special monetary operations together. In 1906 the London City and Midland twice rendered a great service to New York by shipping much-needed gold from London. In April and again in August it made large shipments amounting altogether to eight millions sterling. This was the first time, it is believed, that a London joint stock bank had undertaken a large shipment of gold direct and not through the Bank of England.

The new international banking is going to be much more interesting and lively than the provincial system it is fast superseding. Among its promoters Mr. Holden deserves a foremost place. He is a fine example of the provincial bank clerk transformed into the international banker.

NEW COUNTERFEIT $5 SILVER CERTIFICATE.

SERIES of 1899; check letter "C"; face plate number 806; back plate number 553; J. W. Lyons, Register of the Treasury; Chas. H. Treat, Treasurer of the United States. This counterfeit is apparently printed from photomechanical plates of fair workmanship. The most noticeable defect is in the portrait of the Indian chief in the middle of the face of the note. The expression of the portrait is entirely different from that of the genuine, particularly as to the formation of the nose and mouth.

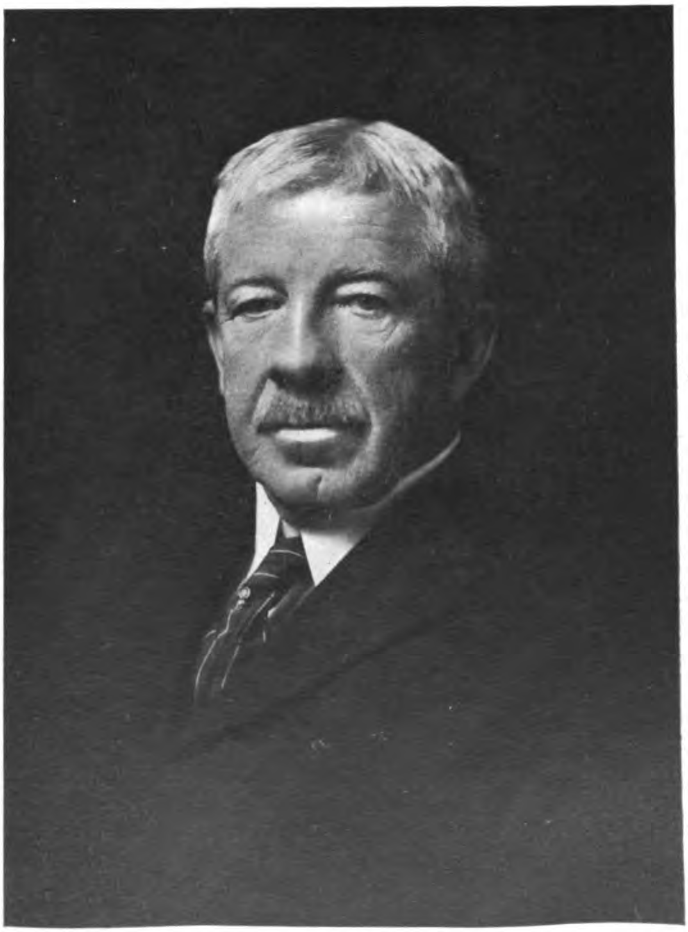
Under the numbering in the upper right face of the note on the counterfeit appears "series 1889." This should read "series 1899." The figures of the numbers are too thin and of irregular size and formation. In the signature of Treasurer Treat the periods have been omitted after "Chas.," "H." and the final ending of the name. The "H" and "T" are also disconnected in the counterfeit, while in the genuine they are connected. The back of the note is more deceptive than the face, but is printed with a much lighter shade of green ink. The paper is of fair quality, but red and blue ink lines have been used to imitate the fiber of the genuine.

SOME SEATTLE BANKS.

By Geo. R. Martin and R. S. Walker.

"THERE will be three great cities." When the prophet spoke, New York, stretching itself over twenty thousand acres, its streets like canyons, ribbed with giant structures of steel, had already become the "Mistress of the Atlantic." And Chicago, with its hustle and bustle, wrapped in a haze of smoke, sentineled the Great Lakes and the fertile plains and valleys of the industrious Middle West. Seattle was then an unfinished, struggling, striving city of twenty thousand, where hundreds of daring, sturdy men had come to leave for the rich gold fields of the Yukon.

The prophet, in amazement, viewed the crowded ports and the still magnificence of the surrounding scenery, which contrasted so keenly with the impatient, restless energy asserting itself about him. Studying the city, guided by a people so indomitable in spirit, with a location peculiarly remarkable and with such surpassing natural harbor facilities, he beheld the rise, at



E. W. ANDREWS

President Seattle National Bank; Chairman Seattle Clearing House Committee.

no distant day, of the "Wonder City" of a wonder nation.

The Third Great City.

The "Wonder City" is to-day a reality. And as such, Seattle this month makes its history of the Pacific Coast. The city's importance as the gateway to the Orient, through which must pass the rapidly increasing trade and commerce between this country and Asia, China, Japan and the Philippines, will be appreciated, as will the

The Alaska Building—Home of the Scandinavian-American Bank.

bow to the world through the Alaska-Yukon-Pacific Exposition. More representative men from the nations of the earth will visit Seattle this summer because of the Fair and the interest in the city awakened by it than at any other time in the evidences of the unlimited resources and possibilities of the Puget Sound country and the golden North.

The soundness and progressiveness of the banking institutions of Seattle have been largely responsible for her rapid growth.

New Home of the National Bank of Commerce.

The American Savings Bank Building.

The White Building—Home of the Metropolitan Bank.

On the other hand they have been prosperous because of it, and because of the pride Seattle takes in its banks and the confidence it places in them. The steady increase in deposits from 1870, the year the first bank was organized in Seattle, is noteworthy:

1870	$ 750,000
1896	2,710,000
1897	4,652,168
1898	7,048,327
1899	12,357,704
1900	17,401,450
1901	20,237,862
1902	28,242,805
1903	31,762,324
1904	32,450,695
1905	40,627,833
1906	60,000,000
1907	73,000,000
1908	64,133,869
1909	65,345,841

Seattle has four national banks and twenty-three state and private banks, with a combined capital of $6,164,500. It is only possible to give in this article some information concerning a few of the oldest and largest banks.

Dexter Horton and Company.

Dexter Horton and Co., the oldest bank in the state of Washington, was organized in 1870, and incorporated in 1887, with a capital of $200,000. The business of the city was then but a fraction of what it is to-day, and its banking transactions were correspondingly small, but the bank, organized by some of the best-known and most substantial business men of the Northwest, and conducted on careful and conservative lines, obtained at once the confidence of the people. Each year, as the city has grown, the bank has grown also, until to-day its deposits are over $10,000,000. In 1907 it was considered advisable, in order to properly care for its business, to increase the capital to $1,000,000.

All this growth has compelled the bank,

several times, to seek larger space, and the last move, in 1907, installed the institution in its present fine quarters in the New York Block, at Second avenue and Cherry street. The banking room, somewhat resembling in shape a capital U, with the two ends on Second avenue, is unusually commodious and well-lighted, and beautifully finished in Italian marble and bronze. Every convenience, in the way of writing-desks, stationery, and telephones, is provided for the customer's convenience.

Dexter, Horton and Co., Bankers.

National Bank of Commerce.

The National Bank of Commerce, organized in 1889, with a capital of \$300,000, was consolidated, in 1906, with the Washington National Bank, the new bank taking the former name. The capital stock was then increased to \$1,000,000, making this the first bank in the state to have a capital of this amount, and it is now the largest bank in the Northwest, having deposits of \$11,500,000.

The bank will remove, sometime this summer, from its present cramped quarters, to the corner of Second avenue and Madison street, where, in the nine-story steel and concrete building now being erected by the Leary estate, it will have every accommodation and facility for handling its large and constantly growing business. In planning the banking room, not only has the practical side been taken care of, but much time and attention have been given to the decorative scheme, and when completed it will be one of the finest banking rooms west of the Mississippi River. The counter fixtures, extending in an unbroken line around the lobby, will have a base of black and gold Egyptian marble, surmounted by clear Mexican onyx, while the cage-screens will be of cast bronze. All interior desks, counters, and shelving will be of sheet steel, with mahogany finish, while the officers' rooms, at the right of the entrance, will be elegantly furnished in Cuban mahogany.

The Seattle National Bank.

The home of the Seattle National Bank, at Second avenue and Columbia street, has one of the most commodious and best arranged banking rooms in the city. The lobby is unusually spacious—a very great advantage during rush hours, when large crowds of customers can be handled more expeditiously and satisfactorily than would otherwise be possible.

The counter work, extending down one side and across the end of the lobby, is of Italian Paso-Navo marble and bronze, the officers' desks and rooms being finished in mahogany. The opposite side of the lobby is given over to chairs and writing desks, with also a separate writing-room for ladies. The directors' room is quite unique, being located in the north-east corner of the bank, on a level with the roof of the vaults, and is reached by a small, winding stair. It is finished in leaded glass and Philippine mahogany, and presents a very beautiful appearance.

Not long ago a system was inaugurated, which has worked to the entire satisfaction of both bank and customer, of paying and receiving at the same window. The Seattle National is enjoying a rapid and substantial growth, and will doubtless find it necessary, in a few years, to utilize additional space in caring for its business.

The Seattle National Bank Building.

The Scandinavian-American Bank.

The Scandinavian-American Bank occupies elegant quarters, recently enlarged, in the fourteen-story Alaska building, which it owns, at Second avenue and Cherry street. South African crotched mahogany is used with fine effect, all the desks and cages being of this material, with dark green Vermont marble for the base line and counters. The floors of the lobby are covered with white interlocking rubber tile.

The bank has a large savings department, which, in common with its commercial business, has enjoyed a fine growth. It has a large Northern clientele, and has always been more or less closely identified with Alaskan interests and development. The vice-president of the bank, Mr. J. E. Chilberg, is president of the Alaska-Yukon-Pacific Exposition.

The Puget Sound National Bank.

The Puget Sound National is another of the larger Seattle banks which may be added to the list of those compelled, within comparatively recent times, to re-arrange and enlarge their quarters. The bank was organized in 1882, thus making it one of the oldest banks in Seattle. It is located at the corner of First avenue and James street, facing on Pioneer square, with the entrance directly on the corner, a feature unusual among local banks.

The interior effect is very pleasing, the counter work being of mottled brown marble with a dark green marble base. The caging is bronze of a light green shade, which harmonizes well with the wall tints. A ladies' room is provided in the front of the bank, and a public telephone at the bank entrance.

LATIN AMERICA

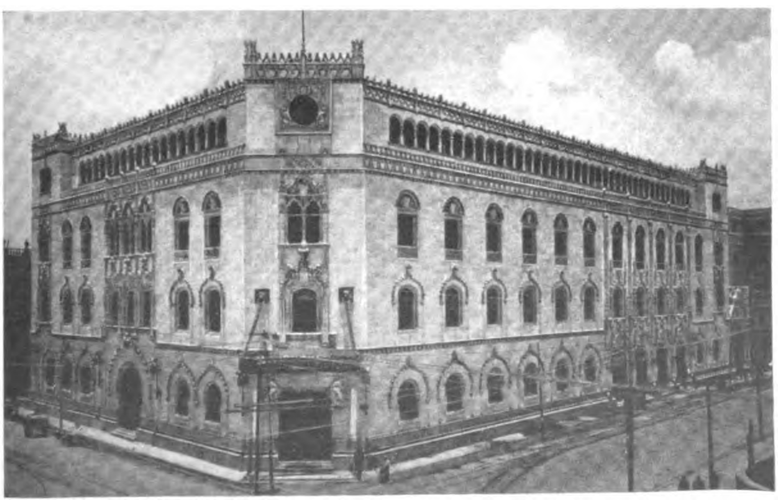
IN the century that has passed, the development of North America has, on the whole, proceeded faster than the development of South America: but in the century that has now opened I believe that no other part of the world will see such extraordinary development in wealth, in population, in all that makes for progress, as will be seen from the northern boundary of Mexico through all Central and South America.—*Theodore Roosevelt.*

A UNITED AMERICA.

WRITING in the "North American Review" for April under the title, "Our Interest in a United America," Professor L. S. Rowe of the University of Pennsylvania makes a strong plea for a closer study of the South American republics.

The growing spirit of fraternal co-operation between these countries and the United States he explains by the similarity of physical environment and in the social conditions of North and South America—new lands and going peoples breaking from traditions and adapting themselves to their new conditions and surroundings. The struggles taking place have gradually reduced the chasm between the political institutions of North and South America, until to-day we find the most striking similarity between our constitutional system and those of our sister republics.

It is declared by Professor Rowe that to the average American the Southern section of the Continent is still an unknown land. He thinks that our advance as a world power makes it obligatory to extend our acquaintance. "The national indifference to everything outside the borders of the United States, which was an element of strength during the nineteenth century, becomes a source of weakness in the twentieth." We must realize, also, that a "clearer perception of the significance of South American growth concerns us quite as deeply as any of the Latin-American republics. We have so long been accustomed to look upon them with a kind of patronizing sympathy that it is difficult for us now to realize that we have to deal with nations whose support will mean much to us in securing the general recognition of those principles of national freedom and international justice for which our country has so long struggled."



Post Office, Mexico City.

South America's progress, says Professor Rowe, is probably best exemplified in the remarkable advance of the cities. The capital of Brazil, a city of a million inhabitants, is undergoing a transformation which may well serve as a lesson to many of the cities of the United States. Forty millions of dollars are being expended on harbor works which will make Rio Janeiro one of the greatest ports of the American continent. Avenues are being laid out on a scale which rival the reconstruction of Paris during the Second Empire. A water-supply and system of drainage are being completed that will equal anything of which North American cities can boast.

In the arrangement of streets and avenues, Buenos Ayres occupies one of the first places amongst the cities of the American continent. Her great docks and warehouses may well be the envy of New York or Philadelphia. Her main avenue rivals any of the boulevards of Paris. For the purpose of duly celebrating, in 1910, the centenary of Argentine independence, new avenues are being planned on a scale of magnificence heretofore unknown to municipal engineering. The pride of the people in their city, the civic devotion to its welfare, the keen interest in every question affecting the improvement of city life, are characteristics which one does not find common to all communities in the United States.

Montevideo, the capital of Uruguay, occupies not only a strategic commercial position, but one of such natural beauty that it can be compared only with the situation of New York. The great harbor works which are now approaching completion will bring its shipping facilities into harmony with its natural position. The awakening to modern commercial necessities is transforming the city into one of the great commercial centers of the Atlantic seaboard.

Crossing the Andes, we find the Chilian capital a flourishing city, whose natural position is one of surpassing beauty and whose commercial importance is increasing with each year. Here, again, the spirit of improvement is making itself felt in every department of the city's activity—new avenues are being laid out, a thoroughly modern system of drainage is approaching completion, the water-supply is second to none on the American continent. In a word, no effort is being spared to place the city in the vanguard of municipal improvement.

The capital of Peru combines the subtle attractions of colonial Spain with all the advantages of modern city building. The Government has shown rare good judgment in preserving the buildings of historic value; but, in this desire to preserve the old, the requirements of modern city life have not been lost sight of. In the beautiful public-school buildings, in the numerous recreation centers, in the broad outlying avenues and in the great boulevards now in course of construction, the modern, progressive, energetic Peru finds its most distinct expression.

Finally, for picturesqueness of situation, the capital of Bolivia—La Paz—outrivals her sister cities of Europe and America. Situated at an elevation of 12,500 feet above the sea, surrounded by volcanoes nearly 23,000 feet high, the city seems to transplant us to some other planet. In spite of its remoteness from all the ordinary trade routes, it is growing in commercial importance; and with the completion of the railway lines now in course of construction it will command new and larger markets.

Both Great Britain and the United States, Professor Rowe declares, have lagged behind Germany in cultivating closer relations with South America. "The German Government and the German people have spared no effort to understand the South American nations and to place at their disposal the best results of German thought and activity. With a broad and statesmanlike view, Germany has been ever ready to furnish South America with scientists for her universities, with teachers for her schools, with specialists in administrative, technical and sanitary problems, and she is now reaping the benefit of this far-seeing plan. In a word, German culture has come into organic touch with the life of these nations, serving them just as it has served us.

"The intellectual and moral ties thus formed have contributed considerably toward fostering closer commercial relations. German companies seeking franchises and concessions in South America are looked upon with favor, for their courteous treatment of the people wins for them the support of public opinion. German capital, in consequence, is making serious inroads into a field which was at one time exclusively British.

"Our own lack of steamship lines and banking facilities with South America, the failure of our manufacturers to adapt their goods to the tastes of the Latin-American peoples, and their refusal to conform to the conditions of South American trade, are traceable, in part at least, to our failure to appreciate the steady and sure advance of these republics to vigorous and independent national life. It is true that until recently the development of our own industrial resources has demanded all our surplus capital, but we have now reached a point at which we can no longer afford to neglect the opportunities which these markets offer.

"For the larger opportunities of business life," Professor Rowe says, "we need an ever-increasing proportion of men who know the Spanish language. But a knowledge of the Spanish language, important as it is, is not sufficient. It must be supplemented by a study of the economic conditions, political organization and literary achievements of the people of Latin America."

Whether unity of action among all the American nations in regard to future problems in the Pacific may be possible and desirable, as Professor Rowe believes, or whether it may ever become necessary, time will determine. Yet the apparent substantial identity of interests between North and South America would seem to indicate that should occasion arise to make joint action essential co-operation among the nations of the two Americas would be quite natural.

RESOURCES OF CHILE.

"CHILE is one of the richest countries in South America," remarked H. I. Vingut, a mining engineer, who has spent the last ten years in that country.

"Not only is it rich in mines, but its agricultural resources are unlimited. In the southern part of Chile are immense stretches of cattle and sheep lands and as good grazing grounds as those of Texas. In the central part of Chile are hundreds of thousands of acres of fertile lands that will grow almost every known crop. Of course, Argentina is the premier wheat producing country of South America, but it cannot surpass Chile in the quality of grain grown.

"There are fewer Americans in Chile than in any other South American country, I believe. I don't know the reason for this, unless it is that the Chilean people are not overfond of Americans. Germans and Englishmen seem to be in favor with the people of Chile, and the people of those two countries are capturing a large part of the trade."—*Washington Post.*

BANCO MERCANTIL DE VERA CRUZ, MEXICO.

As may be seen from the accompanying illustrations the Mercantile Bank of Vera Cruz, Mexico, occupies a very handsome and substantial building at its head office. It is one of the large and successful banks of Mexico, having a capital of $3,000,000 and $568,000 surplus.

Besides the head office in Vera Cruz, the Banco Mercantil de Vera Cruz maintains branches at Xalapa, Orizaba, Cordoba and San Andres Tuxtla.

At the close of December, 1907, the footing of the bank's balance sheet was $12,225,478.27. Besides the capital of $3,000,000 and surplus fund of $568,878.14, the bank had $3,136,250 of its notes in circulation, while deposits and current accounts aggregated $1,977,073.03, and creditor accounts, $3,543,277.10.

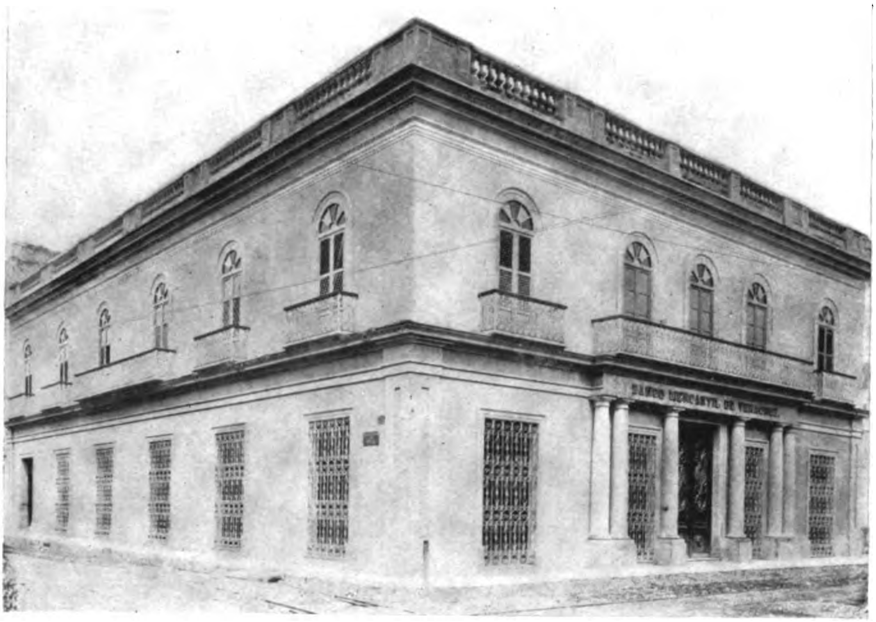
The officers of the Banco Mercantil de Vera Cruz are: President, Anselmo Zaldo; vice-president, Antonio G. de Presno; director, Jose Maria Pardo; sub-director, Paul Guma; cashier, Vicente Garcia y Garcia; auditor, Jose G. Zamora.

Its correspondents include all the state banks of Mexico, the principal banks of the Republic, and leading banks in foreign countries.

DOMINICA NEEDS A BANK.

In stating that one of the present needs in the Puerto Plata consular district of Dominica is a reliable bank, Consul Ralph J. Totten explains why:

Money is a commodity and, as is the case with any kind of merchandise which is a general necessity, must be handled by a regular dealer who understands the market and keeps his stock replenished to meet demand. The conditions obtaining in this country make a reliable bank an absolute necessity.



Exterior of Bank Building.

Interior View.

BANCO MERCANTIL DE VERA CRUZ, MEXICO.

When the Dominican cacao and coffee crops begin to come on the market the merchant and exporter must have money to buy these products. The cash that they may have on hand is soon exhausted, and drafts must be negotiated or money borrowed from the local money lenders. Legal tender increases in value and drafts decrease. Drafts on New York are discounted at from one and one-half to three per cent., while dafts on Europe often reach a discount of six per cent. That is to say, money costs from one and one-half to six per cent.

In the season between crops the money gradually comes back to the general merchant, who soon has his safes full. But the bills for merchandise must be paid and he must have drafts to send in payment. Exchange rises until it reaches the same figures that money attained in the crop season; that is, from one and one-half to six per cent.

This system is not only too costly, but is often inadequate. Frequently ready money can not be had at any price and must be imported at considerable expense and danger of loss. It is also difficult at all times to secure drafts for small amounts and greenbacks must be sent through the mails.

A bank would also be of great benefit as a depository of small savings. The wage-earner who is not able to buy a costly safe must bank his savings in a wooden box and hide it where it is in danger of loss by theft or fire.

A branch of some reliable banking firm in the United States would seem to be the best solution of this matter. There is no doubt that it would pay a good return for the money invested. Money is always in demand here. Many of the local money lenders have no difficulty in placing their capital as high as two per cent. per month, with the best of security. It would be of great advantage to American interests to have an American bank in the Dominican Republic and would, no doubt, have a tendency to turn a part of the business now transacted abroad to the markets of the United States.

THE RULE OF PRESIDENT DIAZ.

WRITING of Mexico under the rule of President Diaz, a correspondent of the *Chicago Tribune* says:

> After his thirty years of service Diaz sees his country with a standing army of 26,000 men; with trade amounting to $250,000,000 annually; exporting more than $60,000,000 of gold and silver bullion a year; with 15,000 miles of railways, growing towns electric lighted and paved, over $100,000,000 spent on public works in the last fifteen years, and schools generally established.

BANCO COMERCIAL REFACCIONARIO, S. A., CHIHUAHUA, MEXICO.

ANOTHER of the important and prosperous financial institutions of the City of Chihuahua, Mexico, is the Banco Comercial Refaccionario, S. A. It has $200,000 capital and $983,234 total assets.

MARTIN FALOMIR
Manager, Banco Comercial Refaccionario, S. A., Chihuahua, Mex.

The balance-sheet of September 30, 1908, showed:

Assets.	
Cash	$107,937.20
Securities immediately realizable	78,539.53
Loans and discounts	282,518.89
Current accounts, Dr.	4[illegible],029.40
Sundry debtors	25,696.02
Furniture and fixtures	3,333.47
Impersonal debtor accounts	9,179.89
Total	$983,234.40
Liabilities.	
Capital	$200,000.00
Surplus and undivided profits	17,236.18
Deposits	30,619.33
Cash bonds	65,000.00
Sundry credits	652,117.94
Impersonal creditor accounts	17,260.95
Total	$983,234.40

The general manager of the Banco Comercial Refaccionario is Senor D. Martin Falomir, a portrait of whom is presented herewith.

IMPROVED FINANCIAL CONDITIONS IN COLOMBIA.

REPORTING on the financial conditions in Colombia, the United States consul at Cartagena states that the Banco Central, the principal banking institution in the country, recently reduced its rate from twelve to ten per cent. per annum for loans made to the Government, and its rate of commission for administration of the reorganized Government *rentes* to two per cent.

Three years ago when the bank undertook this administration the charge was ten per cent., subsequently reduced to five, and now to two per cent.

Improved conditions will, it is believed, also affect the interest charged on real-estate loans which now runs as high as twenty and twenty-four per cent.

THE EXPOSITION AT QUITO.

Ecuador to Celebrate the Centenary of Its Independence this Summer.

THE attention of the Pan-American world is now directed towards Ecuador, which is preparing to celebrate the centenary of its independence by holding a national exposition this coming summer. The holding of this exposition was provided for by a presidential decree in October, 1907, and some of the government buildings have already been erected on the exposition grounds at Quito. Ecuador's government building, the Exposition Palace, will have a frontage of 282 feet and a height of 98 feet, to the apex of its ornamental cupola. This building is to be reached through a wide outer court or atrium, paved with porphyry and decorated with majolica.

The French exhibit is to be installed in one of the four great halls of the Exposition Palace, and a large apartment in the center of the building is to be used for official receptions, while the spacious rooms and hallways extending on both sides will afford ample accommodations for the exhibits. In the gardens to the rear of the main building are two pavilions, one to be devoted to the Columbian exhibit and the other to the fine arts exhibition.

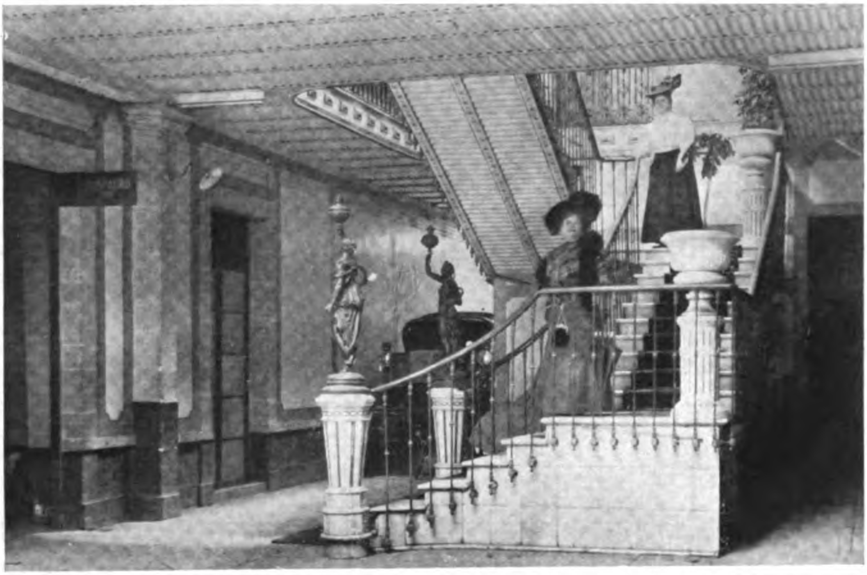
The decorative sculpture, including representations of the Republic, Agriculture, and Industry, a group symbolic of Victory, as well as numerous other statues and ornamental figures in high and low relief, are to be the work of Prof. C. Libero Valente, of the School of Fine Arts, who, with the assistance of his pupils, will embellish the structure with paintings and statuary of the national life of Ecuador.

The plans of the buildings are the work of the eminent Portuguese artist, Mr. Raul Maria, assisted by Professor Valente and Francisco Manrique, Director General of Public Works, all of whom are enthusiastic workers in behalf of the exposition.

Hon. W. W. Russell, United States Minister to Venezuela, who was home on leave of absence, was first named as a Commissioner-General of Caracas earlier than was originally expected, and hence has been unable to carry out his mission to Ecuador. Mr. E. H. Wands, of New York City, has been named to take his place. Mr. Wands was Commissioner-General of the St. Louis World's Fair to the governments of the West Coast of South America, and his extended experience in Latin-American countries eminently qualifies him for the important work assigned to him. He is a Fellow of the Royal Geographic Society of Eng-

SOME INTERIOR VIEWS OF THE HOME OF A MEXICO CITY BANKER.

(Presented through the Courtesy of T. R. Crump, President Federal Banking Company, Mexico City, Mexico.)



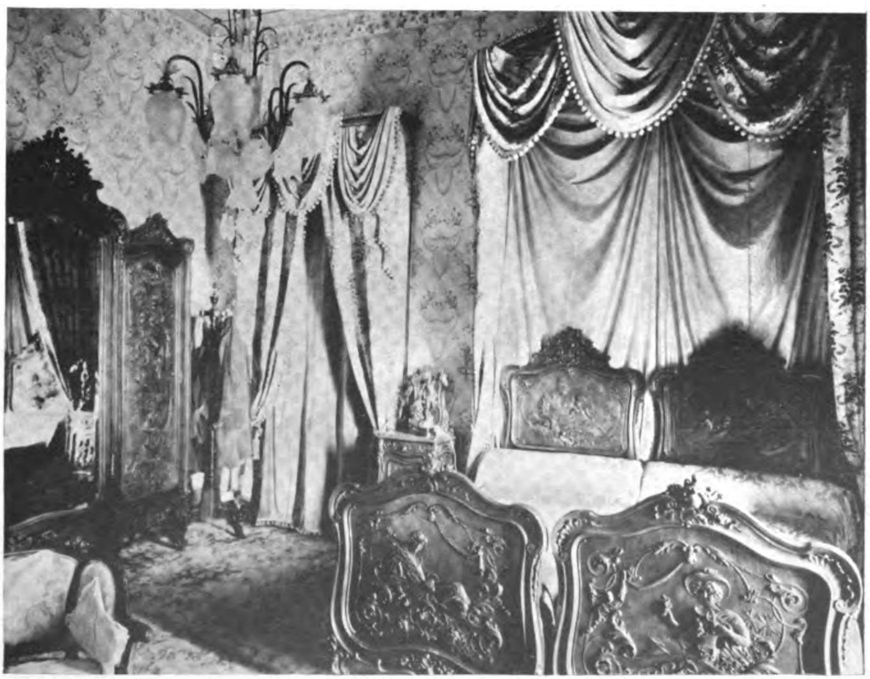
Stairway and Patio.

Grand Salon.

The Library—East End.

The Study.

Dining-Room.



A Bedroom.

Patio and Corridor.

land, an honorary member of the Geographic Society of Peru, and a Fellow of the Harvard Travelers' Club. He has just left the United States for a preliminary visit to Quito and will return to make final arrangements in the course of a few months.

Mr. Wands will, during his preliminary visit to Quito, provide for the erection of the building for a United States exhibit, and it is proposed that this building shall be modeled after the White House at Washington. The shipment of the United States exhibit will probably be made about the end of May, and a general appropriation by the American government has evidenced the interest taken in the event.

There will be exhibits of the forest, pastoral, agricultural, and fishery resources of Ecuador, while the industrial development of the country is to be shown in the display of manufactured products, railway equipment, and commercial opportunities. Historical and artistic features of international value are to be provided, and literary interest is to be stimulated by prizes for essays on patriotic and historical subjects, for which all nationalities compete.—*Pan-American Magazine.*

BASIS FOR CURRENCY OF CENTRAL AMERICA.

On January 20, 1909, and in accordance with the Convention on Future Central American Conferences signed at Washington on December 20, 1907, the Governments of the Central American Republics, through their delegates, assembled in the first Central American conference in Tegucigalpa, the capital of Honduras, entered into an important convention to unify the monetary system, customs duties, weights and measures, fiscal laws, and consular service.

Regarding the monetary system, the convention prescribes as the basis for the currency that is to be established the gold and the silver *peso* in parity, leaving to the conference of 1910 to fix the date from which the Governments shall proceed with the conversion of their monetary systems. The new money shall be composed of the following coins: $20, $10, $5, and $1 gold; $1, $0.50, $0.25, and $0.10 silver; and $0.05 and

Reception Room.

$0.01 nickel; their fineness, weight, tolerance, diameter, and thickness shall be the same as those of the corresponding coins of the United States. The gold and the silver coins shall have on the obverse the coat of arms of the respective country with the inscription "Republic of ——" on the upper part and the date of coinage and the fineness on the lower; in the reverse, the coat of arms of Central America, with the inscription "15th of September, 1821," on the upper part and the value of the coin on the lower. Nickel coins shall have on the obverse the bust of Columbus, with the date of coinage on the lower part and in the reverse the coat of arms of the federation with the inscription "Republic of ——" on the upper part.

GENERAL NOTES.

—On the night of April 15, Hon. John Barrett, director of the International Bureau of American Republics, gave a dinner in Washington in honor of Secretary of State Knox, and the chairman and members of the governing board of the International Bureau.

The guests were seated at twenty-one small tables, each table being named after one of the republics whose representatives are serving their country here in diplomatic capacity. In the center of each table was a cut glass globe in which the colors of the country were represented by varihued electric lights. Around each globe were eight small silk flags of the country with another flag in the center reaching up from the top of the globe. Flags and escutcheons of the twenty-one republics were carefully grouped around the room with the name of the country underneath.

At one end of the hall were large emblems bearing the words "Peace, friendship, commerce." Palms, evergreens and flowers added to the beauty of the scene.

Immediately after the drinking of a toast to the Presidents of the American Republics, proposed by Director Barrett, the large banquet hall was darkened and to the strains of music from the national hymns of each of the republics, played by the Marine band, a light was thrown upon a screen at the end of the hall, displaying the flag of the country whose national hymn was being played at the moment. The effect was novel and provoked tremendous applause. Following the showing of each flag two stereopticon pictures of scenes in the country represented were shown.

Secretary of State Knox, chairman ex-officio of the Board of Governors of the Bureau; Ambassador Nabuco, of Brazil; Vice-President Sherman; Speaker Cannon and Senator Root responded to appropriate toasts and the ministers of Costa Rica and Argentina also spoke briefly. The invocation was delivered by the Apostolic Delegate, Monsignor Falconio.

The object of the dinner was to emphasize the development of closer relations of commerce and friendship between the United States and her sister republics of Latin-America.

—The Bank of Paris and Mexico, recently organized in Mexico City, will open for business on July 1, according to the official announcement.

The paid up capital is $10,000,000 and the stockholders are the leading French business men of Mexico.

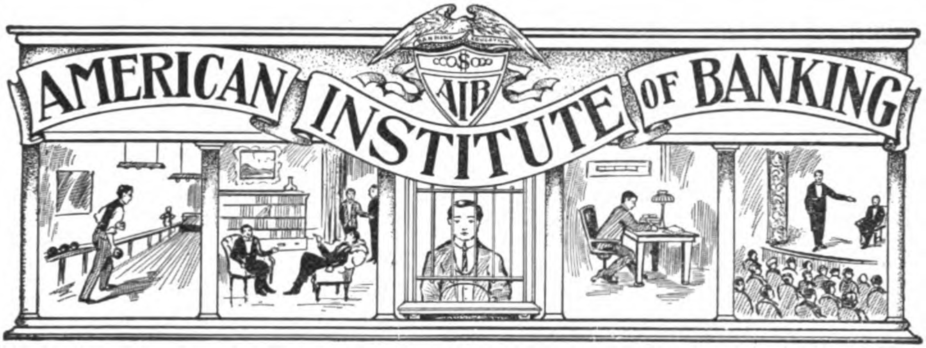
—Montreal capitalists who own the bulk of the stock of the hydro-electric plant and power transmission system near Mexico City, as well as the extensive electric street railway system of that city, in which enterprises they have invested more than $40,000,000, have closed negotiations for the purchase of the Chihuahua and Pacific Railroad, the Rio Grande, Sierra Marde and Pacific Railroad, the 2,500,000 acre timber tract and three large lumber mills of the Greene interests in the State of Chihuahua and the lumber tracts of the Bank of London and James Murphy, the latter two holdings aggregating 2,700,000 acres.

The two railroads aggregate about 400 miles. They will be connected, consolidated and operated under the name of the Mexico Northwest Railway Company.

—The following were the deposits which the Government of Chile had in the various banks on December 31, 1908, according to "La Revista Comercial," of Valparaiso:

National Bank	$7,494,711.01
Spanish Bank	2,947,641.91
Bank of Chile	10,593,727.37
Bank of the Republic	3,511,605.21
Bank of Serena (Spanish)	220,979.27
Band of Santiago	3,152,526.19
Bank of Concepcion	825,816.75
Bank of Nuble	43,792.36
Mobiliario Bank	3,418,170.95
Popular Bank	579,278.27
Industrial Bank	2,603.42
Mining Bank	21,871.25
Italian Bank	632,314.10
Bank of Talca	534,748.11
Union Commercial Bank	75,128.[illegible]7
Bank of Melipilla	84,404.16
Bank of Punta Arenas	62,950.40
Total	$34,202,269.50

—Some of the richest placer gold fields ever found in Mexico have been discovered in the state of Oaxaca, forty-five miles from Sierra Blanca, on the Vera Cruz and Pacific Railway. The sands have been analyzed at the State University of Kansas and declared to be the richest ever sent there. The fields extend over 22,000 acres.



THIS department is conducted in the interests of the American Institute of Banking. From time to time articles of special value to members of the Institute will appear here and it is intended to publish as much news of the various chapters as possible. It is hoped that each chapter will appoint someone whose regular duty it shall be to correspond with THE BANKERS MAGAZINE for this purpose.

Group and individual photographs of officers and members, photographs of chapter rooms, accounts of banquets, debates, speeches and chapter progress are desired and practical suggestions and discussions are solicited from all members of the Institute. Manuscripts and photographs must reach us by the 12th of the month to be in time for the following month's issue.

CALVIN'S OPPORTUNITY.

By Arthur A. Ekirch, Secretary New York Chapter, American Institute of Banking.

EVERYTHING comes to him who waits—Calvin had waited, labored, fumed and fussed for the past five years in the capacity of head bookkeeper in one of the large city banks. He had managed to steer clear of the long, narrow rut into which many of his colleagues had drifted, but the mere fact that his ability as a banker remained undiscovered grieved him greatly.

He possessed a fair knowledge of the general workings and management of the institution with which he was connected, and devoted much of his spare time to the study of commercial law and political economy—in fact, all he lacked was an opportunity to display his hidden talent.

Calvin's familiarity with the banking profession taught him that positions of trust and responsibility were rarely if ever advertised in the "help wanted columns" of the daily newspapers. Positions of importance were usually obtained either by displaying marked ability or through a good word spoken by one of the directors.

What Calvin desired was a position as cashier of some newly-organized bank. A position of this kind would offer him an excellent chance to display official dignity and enlarge his thinking capacity. He was not born on Friday, the 13th, and probably for this reason felt there still remained some hope of freeing himself from the strong web that seemed to be drawing him closer and closer to a life of monotony.

On his arrival at the office one morning, he was informed that the president desired to speak with him. He ventured forth in tip-toe fashion, wondering if his royal highness had decided the bank could continue without his valuable services. The president greeted him cordially and said that a new bank was organizing at Gayville and that a man well versed in bank matters was wanted as cashier.

Calvin returned to his desk with light heart and beaming eyes. Here was the very opportunity he had waited for so long. But could he make good?

He realized now for the first time that being a single spoke in a wheel meant little, but to manage and supervise a new institution was indeed a different problem.

The first meeting of the board of directors was called for the following evening. Calvin arrived early, prepared for a volley of rapid-fire conversation which he felt certain would be hurled at him. As the hands of the clock neared the hour of eight, the members made their appearance, and Calvin for the first time in his banking career felt the cold perspiration dropping from his forehead. He almost wished he were back on the old ledger—in fact, any place but there, facing ten stern looking men of affairs.

The board consisted of Jones, the grain man, Smith, the lawyer, Wilson, the brewer, Case, the broker, and so on—all successful in their particular lines, and enthusiastic in the belief that the new institution would reap rich dividends.

Mr. Smith, temporary chairman, called the meeting to order and presented to the board the name of Fred Calvin for the position of cashier. Calvin sat erect awaiting the returns, and heaved a sigh of relief when he heard the motion made, seconded and carried in his favor.

With capital stock and surplus of one hundred thousand dollars each, the new bank had every prospect of success. Calvin was advised to set to work at once drafting forms and plans of ledgers, blanks, and stationery of all sorts, as the directors felt the earlier you start the sooner you finish.

Mr. Jones ventured to ask what book in a bank was considered the most important.

ARTHUR A. EKIRCH

North Side Savings Bank, New York City.

Calvin answered, "the general ledger." This book must at all times show the true condition of the institution. He went on further to say that the most dangerous book in a bank as to fraud and theft was the individual ledger, unless run in "duplex style." This consists of the individual ledger and the skeleton ledger run by the bookkeeper and an assistant and all the postings made directly from the original documents.

The minute-book was also mentioned, and Calvin assured the board that the up-to-date method of recording the "yeas" and "nays" was in loose-leaf fashion. The sheets could be neatly typewritten, inserted in a binder and locked.

To make a long story short, the new cashier did make good, and attributed a part of his success to being prepared, looking out for opportunities and grasping them by the horns.

VARIOUS CHAPTER EVENTS.

Lectures.

Salt Lake City—W. G. Scott on "Trust Companies," and Q. B. Kelly on "Savings Banks."

Milwaukee— The "Model Bank" idea formed the topic of discussion at a meeting of this Chapter. At another meeting G. P. Stickney gave an address on "Investment Securities."

Jackson—"National Banking Laws," by W. A. Ingram.

San Francisco—Professor Whitaker delivered fourth lecture of his course on "The Economic Function of Money."

New York City, April—Thomas W. Lamont, on "Things Financial Abroad"; Prof. Chas. A. Greene, on "Income vs. Property Tax"; and O. H. Cheney, on "Institute Men and Measures."

Springfield, Mass., April 28—Prof. J. W. Crook, on "Foreign Exchange."

Chicago, April 13—"The Negotiability of Mortgages," by Louis Danziger. April 27—"Chicago, a City of Destiny," by Prof. Goode.

Richmond, Va., April 8—John Garland Pollard, on "Warehouse Receipts as Collateral."

Boston, May 6—Mr. Homer Albers, on "Commercial Law." May 11—Chas. P. Blinn, Jr., on "Bank Detail."

Debates.

San Francisco, April 22—The second annual debate between San Francisco and Oakland Chapters. The subject for discussion was "Resolved, that the establishment of the postal savings depository system would be beneficial to the banking institutions of the United States." Oakland, supporting the affirmative, received the decision.

St. Paul, April 20—"Resolved, that the business interests of the country would be best served if all banks were nationalized" was the question debated. Affirmative, Otto Wolff and Lawrence Drew. Negative, T. L. Lee and H. S. Sturley. Negatives declared winners.

Nashville, Tenn., April—Chattanooga and Nashville Chapters discussed the following question: "Resolved, that the postal savings bank system would be for the best interest of the South."

Social Affairs.

Providence, April—Smoker and social. Speakers, Prof. O. M. W. Sprague, Archibald C. Loomis.

Pittsburgh, April 22—Minstrel show and dance at Syria Temple.

Philadelphia, March 27—The seventh yearly dinner at Hotel Walton. Toastmaster, Joseph Moore, Jr. April 23—Ladies' Night at Drexel Institute.

St. Louis, Mo., April 23—Third annual minstrel show.

THE CONVENTION.

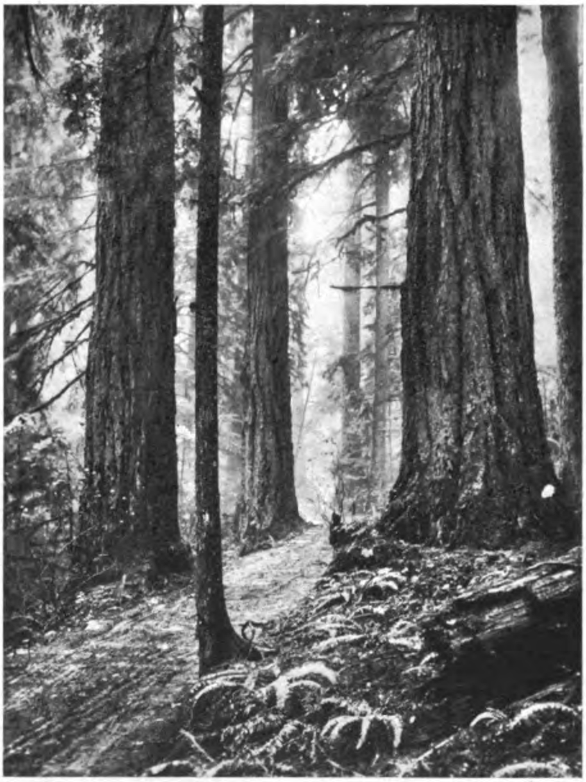
Arrangements Almost Completed for the Big Event at Seattle, June 21-23.

WHILE at the time this issue of the MAGAZINE went to press the program, of the Seattle convention had not been entirely settled upon, the committee having that matter in charge was confident that its efforts would result in a splendid program for the seventh annual convention of the Institute.

The convention program committee consists of Leroy H. Civille, chairman, First National Bank, Los Angeles; T. R. Durham, Chattanooga Savings Bank, Chattanooga; J. G. Sonneborn, Ninth National Bank, Philadelphia; Victor L. Bernard, Whitney-Central National Bank, New Orleans; E. K. Reiley, Puget Sound National Bank, Seattle.

There will be addresses by prominent Pacific coast bankers and probably some distinguished educator of that section of the country. There will also be an inter-chapter debate, but neither the subject nor the participants had yet been chosen when this forecast was written.

The report of the National Educational Committee, of which Alexander Wall, of Milwaukee, is chairman, probably will be given a full half day for discussion. The following resolution, adopted by the Executive Council of the American Bankers' Association at the recent Briarcliff meeting, adds dignity and standing to the Institute certificate:



Stately Giants of the Washington Forests.

They were big trees when Columbus discovered America; $300,000,000 worth of timber is now standing in Washington.

Resolved, That the plan of the American Institute of Banking to fix and maintain a recognized standard of banking education by means of official examinations and the issuance of certificates be and hereby is approved by the Executive Council of the American Bankers' Association; and furthermore that such certificates are hereby authorized to be issued hereafter in the name of the "American Bankers' Association, American Institute of Banking Section," and signed by officers of the American Bankers' Association together with officers of the American Institute of Banking.

It is understood that the Seattle people are arranging suitable entertainment fea-

Snoqualmin Falls—A Beauty Spot near Seattle.

tures, including visits to the Alaska-Yukon-Pacific Exposition and seeing some of the many natural beauties and wonders of the region around Seattle.

The entertainment committee of the Seattle Chapter has tentatively outlined the program for the three days of the convention. The morning of the first day, Monday, June 21, will be devoted to business. That afternoon all the visiting delegates will be taken over the city in special cars, ending at Madrona Park at six in the evening. From there they will board special steamers to Mercer Island, where lunch will be served in the woods, followed by an informal dance.

A business session will be held again Tuesday morning. The afternoon will be spent at the exposition grounds. Tickets to the exposition and to the attractions on the Pay Streak will be furnished the visiting delegates. Dinner will be served on the grounds.

The closing session will be held in the Elks' Hall Wednesday morning. The annual election and selection of the next meeting place will be made that day. A banquet will be held at the Hotel Washington Wednesday evening. The committee is endeavering to charter a steamer for a trip on Puget Sound Wednesday afternoon.

A large attendance at the convention is expected, notwithstanding the long distance that most of the delegates will have to travel. The low railroad rates on account of the Seattle exposition offset the long distance to quite an extent.

Many of the convention delegates will return by way of the Southern route, and it is probable that informal meetings in their honor will be arranged by the Chapters at Tacoma, Portland, San Francisco, Oakland, Los Angeles and San Diego. Some of the delegates will doubtless return by way of Salt Lake City and Denver, where similar meetings will be held.

H. B. Magill, of Chicago, writes thus enthusiastically about some of the side trips:

How shall I see the most for the least possible expense in a given time? This question naturally arises in the minds of those who contemplate the trip in June to the Metropolis on Puget Sound, Seattle. As the route to the Alaska-Yukon Exposition has been selected, perhaps a word or two would not be amiss as to the "coming route" which must be decided at the time ticket is purchased in the East. No change of route can possibly be made after you reach Seattle or Portland—the Interstate Commerce Commission prohibits all changes in tickets and routes after once issued. Bear this in mind.

Some of you will want to go through Yellowstone National Park. For this side trip, you must allow yourself five and one-half

The Famous Totem Pole of Seattle.

days at a minimum cost of $8.00 per day. It cannot be done for less.

Again there will be some who will want to see that great American desert which Brigham Young caused to blossom like the rose and where to-day stands the magnificent city of Salt Lake, a lasting tribute to its founder with its mystic temple and domed tabernacle, where none but the "faithful" are permitted to worship in the former, while the "apostles and magnificent choir of 400 voices" are open to the public in the tabernacle.

There is but one road from Salt Lake City to Grand Junction—the Rio Grande Western and it is at this point the writer wishes to suggest for the benefit, pleasure and comfort of the members of the Institute: Insist (otherwise some ticket agent will make your "Coupon" read over a different road) that your "return" coupon of your ticket, reads via the "Denver & Rio Grande Ry." the scenic line of Colorado. It is on this line you pass the "Carlsbad" of America—Glenwood Springs, famous for its hot springs, the Mount of the Holy Cross, the world famous Royal Gorge, (where the stars twinkle at mid-day) Colorado Springs and Manitou. The Garden of the Gods is well worth a day, while the sunrise and sunset from the top of Pike's Peak permit of no description. There are no words strong enough to depict this gorgeous scene, extending as it does o'er sixty thousand square miles. The "Queen City of the Plains" Denver, is the most beautiful of inland cities in America. It is the "Mecca" for all western tourists and a more magnificent "City of Homes" is hard to find.

Another side trip of one day is up Clear Creek Canyon, better known as over the "famous Georgetown Loop" where the "iron-horse" climbs steadily up the grade at Silver Plume and the eye beholds six tracks, one above the other, on the way to the summit cf Mount Clellan. Here the eighth wonder of the world—the ice palace—is to be seen, and from this rocky eyrie can be seen more than 150 snow-clad peaks with the naked eye. The sublime vista is beyond the scope of the camera, but to memory, it always remains dear. And now, you will have seen, by using the Denver and Rio Grande System, the most beautiful scenery in the world on your way back without losing a day or additional cost. Stop-overs at any point entail time and money, but in Colorado it is surely worth it, leaving as it does pleasant memories which time alone can efface.

P. S. Don't forget your camera. Save most of your films and plates for Colorado scenery along the Denver and Rio Grande Ry. You will be proud of your collection ever afterward.

A GOOD BOOK FOR YOUNG MEN.

"HOW to Get a Position and How to Keep It," by S. Roland Hall, is a book chock full of helpful experiences, proven plans and "horse sense." Treats of the choice of an occupation, of preparation, qualifications, changes, the question of salary, hours, advancement, etc.; shows the kind of endorsements to get; suggests how the aid of prominent people may be enlisted; instructs how to advertise for a position; teaches how to write letters of application that command attention; tells how to interview; takes up the various ways of getting positions; and deals with a dozen other topics important alike to applicant and employe. Written by an expert correspondent who has been all along the line, who has made a special study of the employment problem; contains the boiled-down experience of years—information worth many dollars to ambitious people. Helps beginners to get started; helps others to climb higher. Will show "grown-ups," as well as youngsters, the faults of their applications. "Worth its weight in gold," says one purchaser.

The Bankers Publishing Co., 90 William St., New York, will forward this 140-page book to any address on receipt of price, 50 cents.

THE BOSTON CHAPTER.

THE first open meeting of the new Boston Chapter, American Institute of Banking, was held in Faneuil Hall, April 22nd, and was attended by a large and enthusiastic audience.

Chas. B. Wiggin, president of the Chapter, presided in an able manner, and his introductions and remarks were much enjoyed. Francis B. Sears, vice-president of the National Shawmut Bank, was the first speaker, and his subject was "A Modern Necessity." This necessity was to specialize, yet, at the same time, he advised the bank clerks to broaden themselves by learning more than applied to their immediate tasks.

W. S. Meader, president of the Providence Chapter, brought greetings, and told of the work of that organization and its progress.

Fred I. Kent, vice-president of the Bankers' Trust Co. of New York, spoke on "Man's Business in Life," and showed in an interesting way how the man in the bank is brought in close contact with outside affairs.

The Bank Officers' Association of Boston was represented by Mr. Frederick Cate, its president, who welcomed the new Chapter in a witty speech, and said that both organizations would work along lines of benefit to the banking institutions of Boston. E. A. Havens, of Providence, of the Executive Committee, A. I. B., told about the annual conventions, and expressed the wish that he might soon attend a convention held in Boston.

Geo. E. Allen, Educational Director of the Institute, had, as his subject, "Advice," and said that whereas formerly the high brow and the glad hand could not be combined, now intellect and personality must mix in the making of a banker.

Officers of the Boston Chapter.

Reading from left to right: Charles B. Wiggin, City Trust Co., president; Arthur T. Spring, National Union Bank, treasurer; George H. S. Soule, National Shawmut Bank, second vice-president; Leonard L. Titus, First National Bank, secretary.

The speaking was concluded by Rev. O. P. Gifford, of Brookline, who gave a highly interesting talk on "Character," emphasizing the fact that character is the greatest asset any man can possess, and said that a man is known by the company he keeps, and not by the company that keeps him.

Mr. Wiggin, at the close of the meeting, announced a lecture on May 6th by Mr. Homer Albers, a prominent Boston lawyer, on "Sources of Law"; on May 11th, by Mr. C. P. Blinn, Jr., vice-president of the National Union Bank, a lecture on "Bank Detail"; and, on May 25th, a lecture on "Banking Law," by Mr. J. Porter Crosby, a former lecturer at Boston University Law School.

L. V. BANKER,
Chairman Press Committee.

PROMOTION AT SPRINGFIELD.

JOHN W. WOOD, receiving teller at the Union Trust Co., Springfield, Mass., has been appointed an assistant bank examiner in Massachusetts. Mr. Wood has been secretary of the Springfield Chapter.

A. I. B. NOTES.

RAYMOND B. COX, of the First National Bank, is the new president of the Baltimore Chapter. Mr. Cox is a graduate of the Baltimore City College, class of 1904, and has been very active in the affairs of the chapter.

Some prominent A. I. B. men spoke at Portland, Me., on April 20, among them Geo. E. Allen, Charles B. Wiggin and E. A. Havens.

A new chapter has been formed at Savannah, Ga.

George R. Martin has been forced to resign from the editorship of "The Seattle Spirit" by the Board of Governors of Seattle Chapter. The Alaska-Yukon-Pacific Exposition Number, which appeared April 9 also announces the resignation of R. S. Walker, the associate editor, W. H. John the advertising manager, and H. L. Helwig, the circulation manager and the change in the title of the magazine from "The Seattle Spirit" to "The Seattle Chapter News." Mr. Martin's resignation was caused by his overdraft on the patience of the Board of

Governors by mentioning the candidacy of W. F. Paull for membership on the National Executive Council of the American Institute of Banking in the March number of the "Spirit." Mr. Paull had not asked for an endorsement from the chapter, being a candidate from the "Fellows" and the chapter had endorsed Frank Cerini of Oakland, California, as the chapter candidate. The staff of the new paper "The Seattle Chapter News," is: Editor, W. R. Crawford, National Bank of Commerce; advertising manager, W. H. Harris, Scandinavian-American Bank; circulation manager, L. P. Schaeffer, Northern Bank and Trust Co.

At the annual meeting of the Milwaukee Chapter, April 23, officers were elected as follows: C. G. Fisher, president; F. E. Bachhuber, vice-president; P. A. Loew, secretary; F. K. McPherson, treasurer, and D. T. Leisk, librarian. H. J. Dreher, Alexander Wall and George Neth, were chosen directors. The following were elected delegates to the national convention in Seattle: Alexander Wall, M. M. Meyer, E. B. Rhoda, F. A. Kirchoff, C. Sherman, R. L. Stone, L. Petran, W. Teipel, and N. D. Jay. The delegates to the state bankers' convention chosen were F. E. Bachhuber, J. H. Daggett, H. J. Dreher, G. C. Fisher, O. N. Ludwig and George Neth.

Lyman J. Gage, ex-Secretary of the Treasury, paid a compliment to Los Angeles bank employes April 27 by saying that nowhere in the country had he ever seen a more representative body of young men ready to take over the banking business of to-morrow. The occasion was the annual banquet of the Los Angeles Chapter. Other addresses were given and much useful advice on the value of study to bank employes was given. C. K. Barrere acted in the capacity of toastmaster while the speakers and their themes were as follows: Benjamin F. Pearson, "So and So;" H. W. O'Melveny, "Andrew Jackson and the Banks of the United States." W. H. Holliday, "Necessary Qualifications for Success."

Among the prominent bankers who attended were: George F. Duffet, Newman Essick, Charles Ewing, A. C. Way, W. L. Percy, G. W. Fishburn, C. G. Green, Maurice Hellman, W. H. Holliday, J. B. Gist, J. A. Ramboz, John Alton, Gustav Heimann, J. A. Graves, A. M. Brown, A. E. Edwards, R. B. Hardacre, G. K. Bauere and Norman Frazer.

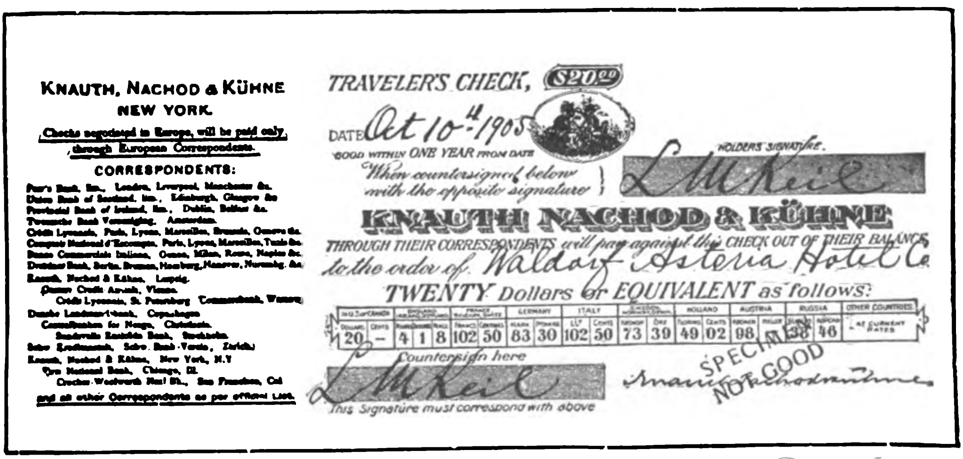
The affair was arranged by John Burbaw, Morris Converse and Charles G. Greene, who composed the banquet committee.

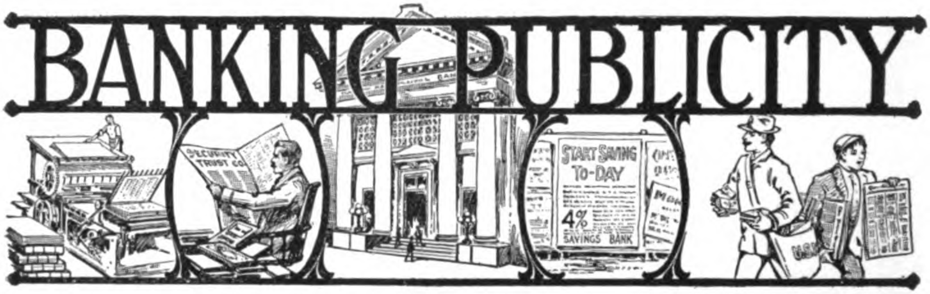
TRAVELERS' CHECKS.

MUCH interest has been manifested in the new travelers' checks which the American Bankers' Association has perfected and which are being issued by the Bankers' Trust Company of New York.

Several years ago, Knauth, Nachod and Kuhne, the well-known international bankers of New York and Leipzig, Germany, devised a traveler's check (shown in the accompanying illustration) which has competed successfully with those issued by the express companies, who have encroached upon a field undoubtedly belonging to banks and bankers. The K. N. and K. checks are cashed the world over, by banks, bankers, hotels, storekeepers, etc., and are payable for their face value in dollars or printed equivalent.

The new Association checks are not being offered with a view of entering into competition with Knauth, Nachod and Kuhne or with the legitimate business of any of the Association members, but rather to win over to the banks the business that has been going to the express companies for so many years.





THIS department is for the benefit of those interested in promoting the business of banks, trust companies and investment houses by judicious advertising. Correspondence is desired. The purpose is to make this department a clearing-house for the best ideas in financial publicity. Send inquiries, suggestions, information concerning results of various methods and campaigns, and samples of advertising matter for comment and criticism, to Publicity Department, Bankers Publishing Co., 90 William Street, New York.

ADVERTISING CRITICISM.

Comment on Advertising Matter Submitted for Criticism.

WE understand that quite a furore has been raised on account of our recent criticism of the standing border cut idea in bank advertisements, as illustrated in the ads. of the American National Bank again reproduced herewith.

Bound to be seen.

Now, we do not pretend to know it all or to be the last word in bank advertising. There is no last word.

But we are willing to give reasons for the faith which is within us in regard to this matter.

The newspaper reader takes up his favorite sheet with the expectation of finding news in it. He would be chagrined and disappointed not to find something new and interesting in it.

He appreciates the same kind of thing when it comes to advertising. Now, if every day he sees the same old cut advertising the Blank National Bank, he says (mentally, at least): "Oh, the deuce, that's nothing but the Blank National Bank ad. again. I guess I won't read that."

In a way, such general publicity is good. The reader realizes that your bank is in existence and when he feels that he needs your services he may look you up.

But it is your business to look *him* up by forcing him to realize that he needs your facilities and services now.

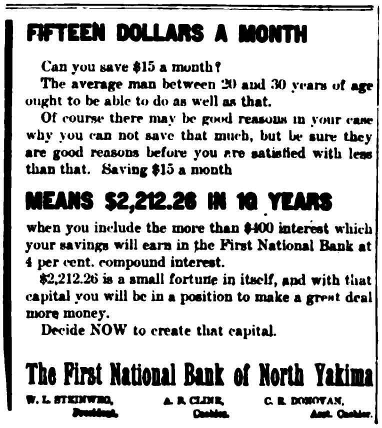
It is true that even with the type matter set in a mortise it is possible to do educational advertising, but the headline of the ad. is overshadowed if not obscured by the heavy border cut. While we believe that it is a splendid thing to use a trade-mark emblem in every ad. to familiarize the public with it, *we do not believe that the name of your bank is the most important part of your advertisement.*

The business end of your ad. is the part that tells the reader where *he* gets off.

For the benefit of those of our readers who are not up in the vernacular, we would translate the foregoing sentence thus: The most important part of your advertisement is the part that shows the reader *why it will be to his advantage to do business with you.*

Just waving the name of your institution at him won't do that.

We think a better way is illustrated in the ad. of the First National Bank of North Yakima, Wash., a distinctive style of bank advertising created by the Publicity Department of the Bankers Publishing Co.


FIFTEEN DOLLARS A MONTH

Can you save $15 a month?

The average man between 20 and 30 years of age ought to be able to do as well as that.

Of course there may be good reasons in your case why you can not save that much, but be sure they are good reasons before you are satisfied with less than that. Saving $15 a month

MEANS $2,212.26 IN 10 YEARS

when you include the more than $400 interest which your savings will earn in the First National Bank at 4 per cent. compound interest.

$2,212.26 is a small fortune in itself, and with that capital you will be in a position to make a great deal more money.

Decide NOW to create that capital.

The First National Bank of North Yakima

W. L. STEINWEG, President. A. B. CLINE, Cashier. C. R. DONOVAN, Asst. Cashier.

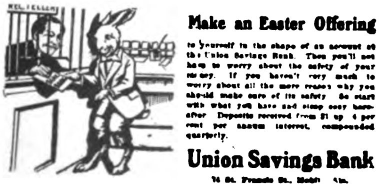
Something Concrete.

We have ample support in our contention on this point in the opinion and experience of large advertisers, but we are open to conviction. For the good of the cause, we would like to publish the views of some of the banks and advertising men who are in favor of always using a border design cut. We would take great pleasure in publishing the views of the American National Bank of Richmond, the Chattanooga Savings Bank, Voorhees & Co., of New York, Francis R. Morison, of Cleveland, or anybody else who wants to take up the cudgels in defence of this idea.

The Lynchburg, Va., National Bank recently ran an ad. which contained this paragraph:

"ONE DOLLAR put in our bank at 3 per cent. interest, compounded every year, will in 200 years amount to Three Hundred and Sixty-Nine Dollars and Thirty-Six Cents—$369.36."

This is a good illustration of the strength of compound interest and in antediluvian days Methuselah might have made a personal application of it, but now-a-days we fear that most persons upon being told that one dollar would amount to $369.36 in 200 years would be inclined to ask: "What has posterity ever done for me that I should do so much for it?"



B'rer Rabbit makes a Deposit.

The ad. of the American National Bank of Nashville, Tenn., illustrates a good use of a trade-mark. In speaking of the advertising of this bank, Cashier N. P. Lesueur writes:

We are enclosing our last five advertisements in the order in which they were published.

We would call your attention to the cut of our trade-mark which was used large at

Bound Together by Trademark Emblem.

first to call especial attention to it. Thereafter the size was decreased each week.

We are also enclosing you under separate cover a novelty in the shape of a watch fob which also carries out our trade-mark, we are likewise using the trade-mark upon all of our stationery as you will see from this letterhead. You will also find it on the pin which attaches these inclosures.

The Cedar Rapids, Iowa, Savings Bank relapses into poetry as follows:

A Discouraging Dream and a Rich Resolve.

He dreamed that he could have his cake and eat it; that he could spend his money, yet have it; live up to and beyond his income, yet have a home for old age; live beyond his means, yet educate his children; but it was only a dream.

"Twas but a dream—let it pass
Let it vanish like so many others
What I thought was a flower,
Was only a weed, and worthless."

Verily, I will turn about. I will go directly to the Cedar Rapids Savings Bank, open an account and enter into a solemn compact with myself to deposit regularly some part of my earnings. The best part of my dream shall come true, and instead of the weed I shall have the flower.

The Cambridge Trust Co., of Chester, Pa., has sent us a number of its newspaper advertisements for criticism. The one reproduced occupied in the Chester "Times" a space of four columns by 18 inches. Typographically the ad. is good and the copy is logically arranged, but a better heading than the one used lurks in that paragraph about the 100 new accounts down near the bottom of the ad. A stronger head would have been "WHY WE OPEN 100 NEW ACCOUNTS EVERY MONTH."

It is popularly believed that a pun is the lowest form of wit. Be that as it may, the pun is the *pons asinorum* of advertisers. Once get beyond that stage, and you are in a fair way to learn something about successful advertising. That "bank balance" ad. is the most thrilling exhibition of stable equilibrium ever seen on this or any other stage, but as advertising it is punk. In this ad. the centre of gravity is below the base, some persons may say that the creator of the idea is off his base, and in any event, the reader of the advertisement loses his gravity entirely.

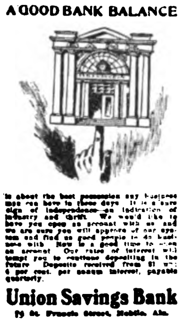
The Choice of a a Bank—Why You Should Choose the Cambridge Trust Company

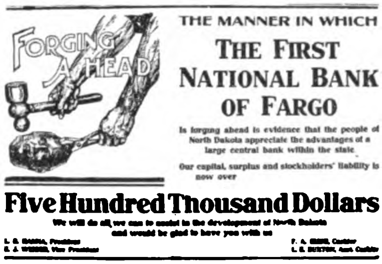
Strength	The Cambridge Trust Company is strong. Its resources, its directorate and its conservative, though progressive policy, give it stability.
Interest on Deposits	Your money is never idle when deposited here—2 per cent. interest is allowed on all Checking Accounts; 3 per cent. interest on Savings Accounts.
Small Accounts	The smallest account is accorded the same advantages that are given the largest.
Courtesy	Polite and painstaking attention is shown to every depositor—it is no trouble for us to explain any feature of our service.
Free Advice	The officials of this Bank are always accessible and gladly give advice, relative to financial affairs, to the private depositor or the business man.
100 New Accounts Monthly	That the exceptional service we offer is appreciated is shown by a growth averaging one hundred new accounts monthly.
Easy to Open an Account	The opening of an account here is as simple as the most commonplace business transaction. Let us tell you now easy it is to begin banking with us.

CAMBRIDGE TRUST COMPANY

Cambridge Building,
Fifth and Market Streets

Good Typography and Copy.





Ain't they clever?

A strong idea.

The "Forging ahead" is inane and worse than a waste of space.

The idea of tne Kentucky Title Savings Bank ad. is all right but the execution is not as effective as it should have been. Some people might take exception to the location of "Success" on the banks of "Speculation River."

BANK BOOKLETS.

A Number of New and Interesting Brochures.

WE have received a number of good bank and trust company booklets recently, among them, the following: Metropolis Trust and Savings Bank, San Francisco—A handsome word-and-picture description of the bank's new building, including complete floor plans.

Union Bank and Trust Co., Houston, Tex.—A very complete exposition of the strength, service and personnel of the institution. Embossed map of Texas on the cover. Cuts of bank building, officers, staff, counsel, officers' residences, savings department, signature card, deposit ticket, passbook and check. Reading matter covers Women's Department, checking accounts, statements, stationery department, courtesy of tellers; mail department, interior bank correspondents, clearing-house, savings, depositors' guarantee, trust department, safe deposit boxes, the loan department, domestic and foreign exchange and money orders, currency shipments, collections, time certificates. directors who direct.

The Safe Deposit Co. of New York—A booklet descriptive of the new quarters of the company in the Singer Building. This company has been in existence half a century and has never had a loss of property entrusted to its care. Fine half-tone illustrations and effective copy bring out the advantages of the institution's service.

Fulton Trust Co. of New York—A new edition of its "Life of Robert Fulton," illustrated by several portraits and by a colored frontispiece showing the "Cleremont" making its first trip on the Hudson. The booklet. in addition to the sketch of Fulton's career, contains a summary of the business transacted by the company.

The Guardian Savings & Trust Co., Cleveland, Ohio—The April statement of this company is enclosed in a cover on which is printed an excellent panoramic view of Cleveland's Public Square. Brown tint-block views of the bank building are used on the inside pages and over these in blue ink are printed the statement figures, audit company's report and facts concerning the institution. Deposits of this institution increased more than $2,000,000 in the year from April 1, 1908, to April 1, 1909. F. Dwight Conner is advertising manager.

First National Bank of Commerce, Hattiesburg, Miss.—"Habits" is the title of a little essay printed in booklet form for the savings department of this bank.

Spencer, Trask & Co., New York—"Knowledge of Investments," a reprint of articles by Charles Lee Scovil in the Investment Department of "Success Magazine."

The Cleveland Trust Co., Cleveland, Ohio—Two companion booklets—"Banking Standards" and "No Loans to Officers and Directors." Fully up to the high standard of literary and typographical excellence set by this company's previous advertising productions.

First Trust & Savings Bank, Oakland, Cal.—"Money Saving Plans." A splendid little booklet, containing some actual plans of money savers. This is the best kind of a savings booklet.

The Rondout National Bank, Kingston, N. Y.—An attractive booklet describing the bank's safe deposit vaults. A little out of the ordinary in that it begins with an interesting allusion to Lord Brander's iron-bound strong box in "Lorna Doone." Cashier S. W. Thompson says the booklet has been a business-getter.

Industrial Savings and Loan Co., New York—"The Viewpoint of the Prudent Man." A well written and well printed booklet. A detachable remittance blank on the last page is a good feature.

Carnegie Trust Co., New York—A remarkably handsome illustrated statement folder in colors.

Among folders received are:

First National Bank, Montgomery, Ala., "My Little Account." On the cover is a hand holding an open pass-book. Some of the leaflets have a woman's hand and some a man's. Presumably the former will be given out to women and the latter to men.

Brooklyn Bank, New York—"Business Success"; N. W. Halsey & Co., New York, "Municipal Bonds"; Main Street Bank, Inc., Richmond, Va., "The Why and Wherefore," a circular intended to interest investors in the stock of this new bank; The Merchants National Bank of Philadelphia, an artistic statement folder, showing that the bank has resources of over $14,000,000; Swift County Bank, Benson, Minn., "Good Credit and How to Have It"; Union Bank & Trust Co., Houston, Tex., a statement showing a growth of over $4,000,000 in deposits in three years.

BROKERS WANT TO ADVERTISE.

THE adoption of a new rule by the management of the London Stock Exchang, forbidding members to advertise for business under any circumstances, has precipitated serious trouble in that body. Already 118 resentful members have withdrawn from the Exchange, with which they threaten to start competition. They will advertise for customers.

The Exchange is worried enough by this prospect to try to check it by legislation. A committee has appealed to Parliament to

Three Ads. for Women.

enact a law to prohibit stock advertising. Scant comfort may be expected from this move, for Parliament is unwilling to create a monopoly for the Stock Exchange.

Those who have withdrawn predict that the Exchange will suffer more than the management anticipates, experience having shown that advertising has become essential in dealing in securities. Conditions in the last two years, they declare, have emphasized the importance of this means of attracting trade. They say that in spite of advertising, business is bad enough without hampering it with artificial restrictions. Since competition will be inaugurated with publicity as the aim of the outsiders, a lively campaign in advertising is at least assured.

THE MAN BEHIND.

What He Says About Himself.

WE are in receipt of an interesting autobiographical screed from our genial and modest friend, Ed. T. Kearney, who is the "man behind" the Bank of Dakota Co., Jackson, Neb.

Here it is:

"The bank that ALWAYS treats you RIGHT," often speaks in its advertising, of "The Man Behind," at times, even showing his rugged, weather-beaten face. Taken in the abstract, this sounds rather vain, boastful, egotistical, and 'tis this he wishes to explain. Somehow, he seems to live a dual life (not a Jekyll-Hyde one, let us hope). Off the boards, he is a modest, quiet man, trying very hard all the time to mind his own business (a right steady job that, too). But behind the counter he is the Banker Rampant, full of ginger and with a mighty good opinion (thank you) of his bank. He literally "feels the Bank's oats," but don't "know it all" (learning something every day). With him, his customers come first, last and all; he is always keen to serve their best interests, to safeguard their money, advise, when possible, settle disputes and help them onward towards the goal of Prosperity. All his study and planning and work for twenty-three years past have been to this end, and have made him believe, yes, KNOW, there is no safer Bank than this, none that better deserves your patronage, more thoroughly appreciates it or will strive harder to always merit it, than his own. This good institution, so carefully built up by him from its first foundation rock, is, in truth, "the apple of his eye—the idol of his heart." So, if "The Man Behind" does boast, brag and bluster a bit at times, pardon, and know it is the Banker and not the man that speaks. Well, he has a good bank and he deserves it, for 'tis his twenty-three years of constant trying for betterments—never being satisfied—that has made it what it is. There is none other like it in the world (though a number of imitators). It has forms, ideas, methods and inventions of its own, that make safe, easy and convenient, the dealings of customer and banker alike. And, really, "The Man Behind" is just a wee bit proud of it all, nor would you blame him—did you know.

Nothing so delights a young couple as a knowledge of the fact that they are getting ahead in the world, and nothing is so helpful in that direction as a growing Savings Accouut with an old, strong and reliable institution like

The Louisville Trust Company

which pays interest on time deposits, large or small, and compounds the interest semi-annually. Its Fire and Burglar-proof Vaults for the safe keeping of valuable papers and securities are the LARGEST and STRONGEST in the city. Always select the safest and best.

SOUTHWEST CORNER FIFTH AND MARKET.

IT COMES IN HANDY AFTERWARD

FOUR PER CENT. COMPOUND INTEREST

QUEENS COUNTY SAVINGS BANK

71 BROADWAY, FLUSHING.

Apropos in June.

He is proud of having increased his business each year, with twelve good, new banks starting about him, and his own town, at least, not booming. He is proud of having lost less than fifty dollars through bad loans. He is proud of never having lost a customer, through anger or ill treatment, of the unclaimed hundred dollars that always awaited the first person wronged, of the lack of suits and foreclosures he has had, and the quarrels and suits of others he has settled. He is proud that a child, idiot, or pauper receives as good treatment in this Bank as the highest, wisest or richest. He is proud of the deposits that come from other states and cities. He is proud of the confidence and friendship given him by his neighbors and burning with zeal to always merit it. He is proud, too, that these are (with your help), the results of his own hard work. His one and only thought and hope is to give YOU a good bank where you will always feel at home and be welcome, that you will patronize with pleasure and profit, and cheerfully recommend to your friends. Should he live to be a hundred years old, he will have no higher ambition in life than to well fill this tiny niche in life's monument, carved out by long, arduous yet ever pleasant toil (pleasant, because of YOUR goodness to him).

So, here's to "The Man Behind" (from

himself): May he outlive the twentieth century, if his living helps mankind, and die, when he becomes burdensome; may he gain the friendship, confidence and respect of increasing numbers of new customers, and, what is far better, deserve all.

Gratefully yours,

ED. T. KEARNEY.

A SCHOOL SAVING SYSTEM.

THE Home Savings Bank of Brooklyn, N. Y., explains its School Savings Bank system as follows:

Owing to the success and popularity of our School Savings Bank System, the Home Savings Bank begs to announce that on and after March 1st, deposits in sums from ten cents and upwards will be received *over the counter from any child of school age in Brooklyn,* subject to the following rules:

1. No deposit less than 10 cents will be received.
2. A special school pass book, designed for this purpose, will be issued to each scholar upon making the first deposit.
3. When the amount on deposit as shown by the school book reaches three dollars a regular pass book will be issued in the pupil's name upon request, but no deposit of less than $1.00 can be made on the regular book.
4. Deposits can be made at any time during banking hours.
5. Home banks *will not be loaned* upon these accounts.
6. No payments will be made to children under fifteen years of age, without the presence of the parent.

Emblem Chosen by Live Stock National Bank, South Omaha, after a Prize Competition.

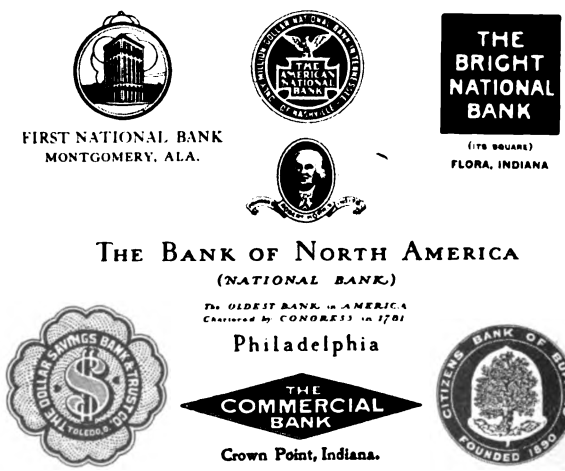
7. Interest will be paid according to our rules.

Deposits cannot be made through school teachers, but must be sent to the bank direct.

It is the sole purpose of this system to encourage the saving habit among the children and withdrawals should not be made unless under necessity. Small withdrawals will be discouraged.

SAVINGS BANK ADVERTISING.

A RECENT number of "Printers Ink" contains a good illustrated article on "Savings Bank Advertising That Pays," by John Ring, Jr., advertising manager of the Mercantile Trust Co., St. Louis. This company makes effective use of illustrated newspaper copy.



Some More Emblems.

A FINANCIAL LIMERICK.

JOSEPH G. BROWN, president of the Citizens National Bank of Raleigh, N. C., sent out to his friends a little booklet on the Swastika, which he had adopted as a trade mark.

Recently he received from Vice-President Henry D. Forbes, of the Shawmut National Bank, of Boston, a congratulatory letter and with it was a poem by William Bellamy, whose books of conundrums and verse have attracted much attention.

The verses are:

A banker in Raleigh who planned
To have the best bank in the land
Said "We need a device
Something simple and nice
Attractive, peculiar and grand."

And when he revolved in his mind
What suitable thing he could find,
He cried out "Eureka,
We'll have the Swastika."
So here's the device he designed.

And at the bottom Mr. Bellamy had drawn a perfect Swastika.

GOOD ADVERTISING MEN NEEDED.

THE leading bond houses of Wall Street, since they have taken unto themselves the fad of magazine advertising, realize that publicity stands for something more than putting into a paper their names and class of securities they handle.

This revelation was brought about in a strange way. The force that caused this change was the difference in cost. A card in a daily paper costing about $10 an issue was so cheap that the thought of filling it with something that would mean salesmanship of securities never really took deep root in the minds of the heads of bond houses. If they had some one in their employ who combined the happy faculty of writing business-getting advertisements and circular matter and was useful in some other department of the business, well and good—it was fortunate.

Was a house unfortunate enough not to number on its clerical staff such a genius, the loss was slight and the work of attending to the advertising was left to some one to take care of it the best he could.

This explains why financial advertising in the United States never until recently created any styles over which the advertising experts could rave.

When it comes to paying out from $50 to $150 for a single advertisement, as it often costs for a respectable sized card in a high-priced magazine like World's Work, Review of Reviews, Success or Saturday Evening Post, the banker conducting a bond house feels very different about it. He may be rich and all that, but the price looks a little too high to him.

Is Your Youngster Extravagant?

Does he spend dimes where you spent pennies years ago, and then come back for more?

Try the plan that one Scranton mother has told us about. She gives her boy a weekly allowance, teaches him to deposit part of that on his savings account and to deposit all extra sums such as birthday money, etc. He has a good time, but has $166 in bank and is developing a careful, sacrificing character.

Your boy can open an account here with just one dollar.

TRADERS NATIONAL BANK

Cor. Wyoming Ave. and Spruce St.

"Courtesy Our Watchword"

A Definite Saving Plan.

But capable advertising men who combine in themselves the ability to write trenchant financial advertising and still not overstep the boundary dividing conservatism from exaggeration are as scarce as hen's teeth, although the pay for such skill is large, attractive enough in fact, to make it exceptionally inviting for brainy ambitious men to devote their time and energy to this work.

However, it is not easy work. Those who would be good financial advertising writers must train themselves in the rudiments of sound finance; they must acquire a knack of writing clearly and convincingly, and having mastered these requirements, must still be able to confine themselves within the boundaries of conservatism.

Nowhere else as much as in the advertising of reputable financial houses is it required to stick to the truth, a custom that has grown with the years.

There are a few men in Wall Street who have become specialists in the peculiar requirements an advertising man must have, and they draw very good salaries. But these few men are like an oasis in the desert of lack of such men.

If there is room for good advertising men in any special field of endeavor, it is in conservative financial advertising. Such men upon proving their capability can find one position after another among the bond houses open to them.—Mail Order Journal.

A WONDERFUL BOOK.

"The Advertisers Cyclopedia" is a Library of Practical Knowledge.

"THE Advertisers Cyclopedia of Selling Phrases," a handsome volume of over 1300 pages just issued by the Advertisers Cyclopedia Co. of New York, is without doubt the most pretentious advertising work ever published.

It consists of a compilation of advertising short talks as used by the most successful merchants and advertisement writers. These are arranged and classified in such a way as to facilitate the expression of ideas and assist persons in general lines and specialists in special lines in the preparation of advertising copy.

The idea of this stupendous work originated in the mind of William Borsodi of New York, an able advertising man of many years successful experience. We believe that no one better than an author himself can express the purpose of a book. So we quote Mr. Borsodi himself: "This book enables one to select the appropriate word in the twinkling of an eye. Were but one man, versed in salesmanship, to assert his ideas thereon, it would be of value to himself and others. How immeasurably more so then, the combined classifications of a thousand trained minds! No less does this great compilation offer to each and every student of the work."

As far as bank advertising is concerned, the book contains 19 solid pages of advertising copy used by a great many different financial institutions; 35 pages of special illustrated bank advertisements; and a list of good talking points for bank advertising.

The book is a splendid one for any man to have if he is thoroughly in earnest about his advertising. As a piece of book-making the Advertisers Cyclopedia is a masterpiece —an ornament to any desk or library. It is handsomely bound in red morocco leather. The price is $15. The Bankers Publishing Co. will secure it for any bank or individual.

TWO GOOD FORM LETTERS.

Dear Sir:

If you are contemplating a change in your banking connections or the separation of your personal from your business account, the Exchange Trust Company presents several important reasons for asking the privilege of become your depositary:

It is a commercial bank.

It is independent of any other financial institution.

It does not underwrite or participate in any syndicate propositions.

Its officers are accessible to, and personally interested in the depositors.

Its policy is to loan its funds to depositors to the limit of safety, not to officers or directors.

Its relations with the depositors are strictly confidential.

It pays interest on checking accounts of $300 or over and special arangements made for trust funds and time deposits.

Its banking rooms are centrally located and arrangements can be made for late deposits.

A representative will call if desired.

Opposite State Street Tunnel Terminal.

Yours respectfully,

EXCHANGE TRUST COMPANY,

Boston, Mass.

Dear Sir:

As you will doubtless receive this spring money for which you will have no immediate use, we take this opportunity of calling your attention to the difference between the income from money deposited at three or four per cent., and when deposited with this bank at six.

If your money draws six per cent. interest it will double itself in twelve years, while money at four per cent. requires almost eighteen years for the interest to amount to the original principal. The same proportion holds good for any period of time, and furnishes a striking illustration of the importance of procuring a profitable rate of interest on your money.

The First Trust & Savings Bank is organized under the laws of Montana and State Supervision, all of its affairs being conducted with the strictest regard for sound banking principles. The certificates of deposit issued by this bank, afford a convenient as well as an absolutely safe method of deposit, and they yield six per cent. interest per annum.

Trust that we may be favored with your deposits, we remain,

Yours very truly,

GEO, M. HAYS, Secretary,

First Trust & Savings Bank,

Billings, Mont.

HOW BANKS ARE ADVERTISING.

Note and Comment on Current Financial Publicity.

THE Central Trust Co. of Illinois issues the "Central Trust Monthly," an excellent little illustrated house organ.

In a recent folder the Commercial National Bank of Chicago reproduces the notice of authorization for the bank to commence business, signed by Hugh McCulloch, Comptroller of the Currency, and also its first newspaper advertisement and first published report. We reproduce the advertisement, more than forty-four years old, and suggest that some of our readers ask themselves the heart-searching question whether or not their own advertisements to-day are any better than this primitive one. The Commercial National is now an up-to-date advertiser. Charles W. Ross is advertising manager.

The Liberty National Bank of New York sends out a post card bearing a photograph of its interior on one side and its statement and the names of officers and directors on the other.

The Commercial Trust Company of New

York issued a combined booklet and calendar which contains attractive, brown-tint pictures of its banking quarters. Embossed on the cover is a reproduction of the artistic entrance to the bank building.

The First National Bank of San Francisco, Cal., advertised its safe deposit vaults effectively by an illustrated newspaper advertisement showing the U. S. battleship "Connecticut" and the door of the bank's vault. The ad. states that the battleship and the safe deposit vault are protected by the same kind of armor plate.

In a recent ad. the First National of Richmond, Va., makes this good point: A word from your banker may enable you to make more money than any letter of recommendation you carry.

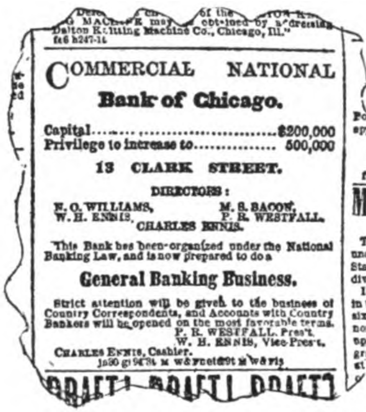
The Merchants and Mechanics Bank of Scranton, Pa., uses the catch phrase: "The clock on our building tells the time to save."

The Central Trust & Savings Co. of Philadelphia celebrated Inauguration Day by sending out mailing cards bearing pictures of Roosevelt and Taft and also of "Teddy Bear" and "Billy Possum."

The Cleveland Trust Co., Cleveland, Ohio, publishes an interesting folder, entitled "What the Cleveland Trust Company Can Do For You." It answers the question in fifteen particulars.

The First National Bank of Nashville, Tenn., used a design with a series of steps to illustrate a growth of deposits from $1,919,136 in 1899 to $5,250,000 in 1909.

The Chicopee Falls (Mass.) Savings Bank has no newspaper to advertise in, but Treasurer John B. Knight says: "This makes it hard to reach my people. I am doing something by putting a card in the window. This I change frequently, and I think it is doing good work. I am also distributing pay envelopes among the manufacturers in town. I enclose you a set of six that I am running now. Perhaps you may find them interesting. They are my maiden efforts in the advertising line and may seem a bit crude. I notice in the BANKERS MAGAZINE that a bank in Naugatuck is trying this same idea. I hope you will publish some more ideas that will help the poor country bank that can not depend on newspapers or street cars."



COMMERCIAL NATIONAL

Bank of Chicago.

Capital..$200,000
Privilege to increase to................ 500,000

13 CLARK STREET.

DIRECTORS:

E. O. WILLIAMS, M. S. BACON,
W. H. ENNIS, P. R. WESTFALL,
CHARLES ENNIS.

This Bank has been organized under the National Banking Law, and is now prepared to do a

General Banking Business.

Strict attention will be given to the business of Country Correspondents, and Accounts with Country Bankers will be opened on the most favorable terms.

P. R. WESTFALL, Pres't.
W. H. ENNIS, Vice-Pres't.
CHARLES ENNIS, Cashier.

FIRST ADVERTISEMENT
From Chicago Tribune, January 30, 1865.

The Bank Ad. Primeval.

The American National Bank of Nashville, Tenn., uses a number of good advertising novelties, including a watch fob.

The Union Bank and Trust Company of Helena, Mont., used a very uncommon brown fibre paper for the printing of its April 28th statement. The effect was striking, but the reading matter was not very clear, because the shade of ink used was too near that of the paper.

The South Texas National Bank sent out the following notice to Texas bankers: The officers and directors of the South Texas National Bank of Houston cordially invite you to make our office headquarters while attending the twenty-fifth annual convention of the Texas Bankers' Association, which convenes in this city May the tenth, eleventh and twelfth, nineteen hundred and nine. We place ourselves at your disposal for making advance reservations for your representatives at the hotels, and shall be pleased to have their mail and telegrams addressed in our care, and to extend every courtesy and assistance in our power to contribute to the pleasure and comfort of themselves and their ladies while guests of our city.

"The Economist" is the name of a house organ issued "every little while" by the Columbus Savings & Trust Co. of Columbus, Ohio. The Easter number contained a suitable illustration bearing the suggestive inquiry, "Have you a nest egg?" The Pittsburgh Bank for Savings employed an egg-shaped border for an ad. headed "A Nest Egg."

Valuo of a Bank Account

Pearson's Magazine for February says tha. six young men applied for a position in New York City. The merchant asked:

"How many of you young men have savings bank accounts?"

Only one replied that he had.

"I'll take you," said the merchant. He wanted no better recommendation,

We invite you to start a savings account at THIS BANK with $1. $5 or $10. You will receive five months' interest on July 1st on all money deposited on or before February 5th. ***Open Mondays all day until 8 o'clock in the evening.***

ROYAL TRUST COMPANY-BANK

Royal Building, 166 Jackson Blvd.

on the North Side of Jackson Boulevard, between Fifth Avenue and La Salle Street, Chicago

Do Something Like This.

"The Busy Dollar" is published every other month by the Security Trust Co. of Wheeling, W. Va. The March number consisted of thirty-two pages, taken up largely with essays written by Wheeling school children in a contest on the subject, "What Is A Savings Bank Good For?"

The Bank of Pittsburgh, N. A., has been using an interesting series of illustrated newspaper advertisements, emphasizing its age by showing the old things which were in use in 1810 when the bank was founded—such as spinning wheels, open fireplaces, stage coaches, etc.

The Home Savings Bank of Brooklyn, N. Y., used in a circular a statement showing difference between amount of deposits and amount of drafts in Brooklyn savings banks for the year ended June 30, 1908. The Home Savings Bank was at the head of the list with a gain of $128,551 in that period.

The First National Bank of Viscalia, Cal., S. Mitchell, president, is using some novelty advertising. Among the articles given away are key rings and leather pocket-books.

The Naugatuck, Conn., Savings Bank uses advertising blotters to quite an extent. One of them carried on one side a list of the local fire alarm boxes and school signals. On St. Patrick's Day this bank gave away cards with artificial shamrock leaves attached.

The National Stock Yards National Bank of National Stock Yards, Ill., sent out a series of mailing cards giving "Object Lessons in Hogs," which tend to show that the National Stock Yards is a splendid market for hogs. This bank is especially organized to handle stock yards business.

The Peoples Savings Bank of Pittsburgh has been trying out short reading notices on thrift subjects in the daily papers. The same bank runs very ingenious and effective illustrated advertisements.

The Cedar Falls, Iowa, National Bank, F. B. Miler, cashier, prints its condensed statement in large space and combines with it a display advertisement. The catch phrase of this bank is, "The Bank That Takes Care of Its Customers."

The Ottumwa, Iowa, National Bank sends out a little sticker with the words, "Send All Ottumwa, Iowa, Collections to Ottumwa National Bank," on it and asks banks to paste it in their collection register.

The American National Bank of San Francisco has been running a series of ads. on "How the Bank Helps" in the daily papers. We reproduce the essay on "Exchange." These excellent ads. have been reprinted in booklet form, and we have no doubt that Assistant Cashier Russell Lowry would be glad to send a copy to you if you send a stamp.

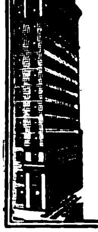
How the Bank Helps

7—Exchange

Sending money East is one of the common necessities of business in San Francisco, since more than half of the manufactured articles used here are made outside the state

If you have bills to meet in Chicago and New York you can, if you wish, ship coin or currency, on which you will have to pay express and insurance charges.

If you have an account in the American National Bank, however, you have only to telephone or send to the bank a list of the payments you want to make, and a little later send the office boy down with a check to get the drafts, which will be ready and waiting for him.



Just as you keep a checking account in this bank, so we keep checking accounts in New York, Chicago and other large cities, and we sell you our checks on those points so that you will not have to remit actual coin or currency.

The price of bank drafts varies at different times of the year, but rarely exceeds 10 cents per $100.00, which is just one-third the cost of a postal or express money order for the same amount.

The sale of these drafts is not only an accommodation to business men, but it is a source of profit to the bank, and the American National Bank has developed this branch of its business to such an extent that five men are kept constantly busy in the exchange department.

Through its strong Eastern connections this bank offers exceptional advantages to commercial depositors, whose accounts it invites.

The AMERICAN NATIONAL BANK

Merchants' Exchange Building

SAN FRANCISCO

A Campaign of Education.

The First National Bank of San Francisco uses a good clear cut of the entrance to its building in its newspaper advertising for itself and the First Federal Trust Co. and the Armor Plate Safe Deposit Vaults. It uses the catch phrase, "In the Heart of Business Activity."

The Guaranty Trust & Savings Bank of Jacksonville, Fla., recently offered to the school children of its county the following prizes for essays on "Saving Money": First prize, $10.00; second prize, $5.00; five prizes of $1.00: ten prizes of 50 cents each. The contest was open to the pupils of both public and private schools. The American National Bank of Richmond, Va., is also carrying out this plan.

The Drovers Trust & Savings Bank of Chicago publishes a monthly house organ called "The Drovers Bank News." It is a good business-getter for the savings department especially.

An Appropriate Emblem.

C. B. Wyncoop, of the American Bank Note Company, and has been engraved in steel by that company for the exclusive use of the American National Bank of Atlanta. You will note from enclosed literature that we formerly used the seal of the State of Georgia on our statements, being then a state bank. Having been converted into a national bank last year, we think our new emblem very appropriate, and shall soon have it placed on all our checks, drafts, letter heads, etc.

I will appreciate your opinion of same, and you can use it in the Publicity Department of the magazine if you wish.

ONE YEAR AGO

April 15, 1908, the MADDOX-RUCKER BANKING COMPANY Was Converted into

The American National Bank of Atlanta

Since that time with our enlarged Capital and Surplus we are gratified to say that our business has greatly increased. We wish to call your attention to the following condensed statement, and cordially invite you to open an account with this growing bank.

STATEMENT OF CONDITION

At Close of Business April 14, 1909

RESOURCES		
Loans and Discounts		$2,542,094.00
Overdrafts		3,024.08
United States Bonds		800,000.00
Premium on U. S. Bonds		14,453.12
Other Bonds and Securities		65,500.00
Due from Banks and U. S. Treasurer	$586,197.81	
Cash in Vault	399,087.89	—985,285.70
		$4,411,376.90

LIABILITIES	
Capital	$ 600,000.00
Surplus and Undivided Profits	453,928.01
Circulation	486,000.00
Deposits	2,871,448.89
	$4,411,376.90

Deposits April 14, 1908 . . $1,990,833.43

Deposits April 14, 1909 . . . $2,871,448.89

OFFICERS:

WM. L. PEEL, President.
ROBT. F. MADDOX, Vice-President. THOS. J. PEEPLES, Cashier.
JAS. P. WINDSOR, Assistant Cashier. JAS. F. ALEXANDER, Assistant Cashier.

DIRECTORS:

LEWIS H. BECK, WILLIAM H. KISER, WILLIAM L. PEEL, BARTOW M. BLOUNT, ROBERT F. MADDOX, THOMAS J. PEEPLES, DR. WM. S. ELKIN, GEORGE A. NICOLSON, BENJ. L. WILLINGHAM.

Good Treatment of a Statement.

The Texarkana Trust Co. uses the catchline, "The Little Bank Around the Corner."

Referring to the emblem which appears in the ad. of the American National Bank of Atlanta, Ga., reproduced herewith, Assistant Cashier James P. Windsor writes:

I will state that this emblem was designed by the writer in connection with Mr. C. B. Wyncoop, of the American Bank Note Company, and has been engraved in steel by that company for the exclusive use of the American National Bank of Atlanta.

Doubtless you will wonder why a national bank should get out a statement "at close of business April 14, 1909." Perhaps the reason should have been stated on the folder. We were converted into a national bank April 15, 1908. In the personal letter with which we enclose the statement we call the reader's attention to this fact.

We are running your set of commercial ads. in one of our local papers at present, and the writer is particularly interested in all forms of advertising.

GUARANTY OF DEPOSITS OF NATIONAL BANKS.

IN the following opinion, the Attorney-General of the United States declares that national banks may enter into a contract with an insurance company for guaranteeing deposits.

Department of Justice,
Washington, D. C., May 17, 1909.

Sir: Replying to yours of the 29th ultimo, in which, at the request of the Comptroller of the Currency, you ask for an opinion as to the power of a national bank to enter into a contract with an insurance company guaranteeing the solvency of the bank, and transmitting to me a form of policy which is proposed to be issued by an insurance company proposed to be organized. I beg to say that, as a general principle, I have no doubt that it is entirely within the powers of a national bank to contract for the insurance of its assets against loss. The form of the proposed policy submitted in your letter is somewhat peculiar. It purports to insure to the bank the payment of—

"a sum of money sufficient to indemnify the bank for any and all losses suffered by it by reason of the theft, embezzlement, losses in realizing upon loans and investments, shrinkage in value of assets or otherwise, in an amount equal to but not exceeding the net excess of its obligations, other than by reason of the stock of the bank, over the total aggregate value of the assets of the bank thus reduced by such losses; provided that there shall be included in the assets of the bank all net sums which have been realized by reason of the additional liability of the stockholders of the bank."

Such contract is, in effect, an agreement to pay to the bank any deficiency in its assets upon ultimate realization necessary to enable it to pay all of its liabilities of every kind. The policy is to run for a period of three months, but to be renewable thereafter for periods of three months each with the consent of the insurance company, and at such premiums as the insurance company may fix at least one month before the expiration of the then current term of the insurance, the premium in every case to be a percentage of the average indebtedness of the bank during the period covered by such renewal, with the provision that, if such rate shall be in excess of one-sixteenth of 1 per cent. upon such average indebtedness, then and in such event the insurance company shall be liable to account to the bank for the application of such premium paid by the bank in excess of one-sixteenth of 1 per cent.—

"which excess shall be applicable only to the payment of actual losses incurred by the company by reason of claims under this and similar policies, and any excess over such extra claims shall be divided pro rata among the banks paying such extra rate of premium as a participation in the profits during which period such extra rate of premium has been paid."

It is somewhat uncertain precisely what this paragraph means and what its effect may be. It sems to me to be objectionable as committing the bank to a profit-sharing feature, which might be contended to entail a corresponding liability for losses; and, as the attorney for the promoters of the proposed insurance company informs me that this is not regarded as an essential part of the plan, I should advise that it had better be eliminated from the policy.

Another provision contained in the policy subjects the bank to a periodical examination by the examiners of the insurance company without notice and at such times as the company may elect, one of such examinations to be within each period of six months covered by the policy and all renewals thereof. This period is probably inadvertently placed at six months, as the policy is proposed to be written for periods of three months only. Aside from that, I very much question the legality of this clause, or at least its enforceability. Section 5241 of the Revised Statutes provides that—

"No association shall be subject to any visitorial powers other than such as are authorized by this title, or are vested in the courts of justice."

While this statute does not prohibit the bank from permitting an examination of its books, in my opinion it does operate to prohibit it from obligating itself to permit such examination; and if the covenant to insure can be considered as in any respect dependent upon this agreement to permit examinations, it might be vitiated by the unlawful provision. I should advise that the clause be reframed so as to make it clear that the agreement to insure is not dependent upon the failure to permit the examination, although it might be stipulated that in case, at any time, the examiner of the company should not be allowed access to the books of the bank for the purpose of making an examination the company should have the option, upon reasonable notice, to terminate the contract.

In my opinion, therefore, it is a matter for the discretion of the directors and officers of a bank to determine whether or not they will enter into any such contract in any given instance, this discretion to be exercised in view of the solvency and general financial condition of the company making the insurance and the reasonableness of the rate of premium; and the form of the policy being modified to conform to the foregoing suggestions, I see no legal reason why a bank may not enter into it.

Respectfully,
GEORGE W. WICKERSHAM.
Attorney-General.

The Secretary of the Treasury.

CURRENT OPINION

WILL POSTAL SAVINGS BANKS, ALLIED WITH FEDERAL INSURANCE, ENCOURAGE THRIFT AMONG PEOPLE?

THERE are a host of objections to postal savings banks. Some are valid, and some are not so valid. The postmaster-general, in a recent report, suggests that the interest be paid on postal savings deposits by loaning the money out, in turn, to the national banks at two and one-half per cent., thus enlarging the circulation, and at the same time providing for the payment of the interest to the people on their savings. That money could be loaned to those banks without security, because the Government would have first lien against the bank's resources. A bill being prepared for Congress provides also that the money be invested in interest bearing state and municipal bonds. But even if the interest paid by the Government became, in turn, a tax upon the whole people, it would be one of the most beneficent taxes ever levied. We provide free schools, a postal service, police protection, fire protection for our property, and sustain most of the public utilities by taxation. Why shouldn't we pay for the encouragement of thrift among our people? It would be money splendidly spent.

Will It Centralize Money?

It has always been contended that postal savings would cause a contraction, a centralization of money at Washington, and that such a system would necessitate a complete rearrangement of our banking laws, and, therefore, it is most advisable to leave that matter alone. But now it has been brought home to us, and most forcefully, that there is a very crying need for some additional legislation and revamping of our currency system, and it is certain that before long that system will be very radically changed. So, while at it, would it not be a propitious moment and most wise to make one good job of it, and incorporate a postal savings into whatever legislation is enacted, looking to the readjustment of our currency, and the avoidance of periodic, purely psychological and epidemic panics? Surely, again, our financiers and statesmen can devise some adequate means to prevent this concentration of money at Washington that they have so much feared in the past.

Interfering With Private Savings Banks.

We also hear that Uncle Sam has not proven himself a good business man, and it is feared that the enormous fund that would be accumulated by postal savings might be mismanaged. Our bankers seem to have solved the problem by employing skilled assistance, and to have reduced the process of making money from banking to a science. So surely ought the country to be able to employ skilled officers for the handling of its funds. The remedy lies in our hands. The voter does not seem to realize it, but when he growls about this, that and the other thing in government affairs, he has but himself and his friends to blame for permitting those conditions to obtain. We are also told that our people put their savings into real estate, the building of houses, and other investments of that nature, and that it is from the private savings bank that they get the additional loan on mortgages to carry on such building and other investments, and that postal savings would interfere with the business. Also, that people of other countries do not do that sort of thing, and therefore the postal savings bank is of advantage to them, while it would interfere with the private savings banks here and indirectly harm the investment public.

As to Postal Savings Insurance.

From postal savings the economist's most natural step is to postal savings insurance. That, too, has been tried elsewhere and not found wanting. Poverty is hard to endure. How better may we direct the national tendency toward economy than by encouraging the labor class, from which all the others derive their strength and are so largely recruited, to save money and to be provident against an evil time or old age? The instruction may cost us some money. Nothing is obtained without some cost. Why not make an effort to abolish three-quarters of those institutions that are pauperizing the people, and establish in their stead others that will teach them and help them to become self-reliant, satisfied, happier men and women? Paternalism? Nonsense! In England the government has not only the "old-age pensions," and postal savings, but when those savings reach a certain figure their holders may purchase annuities; in other words, insurance at low rates, and with full governmental security. The Belgians do much the same thing, and the Germans have a compulsory insurance. In France, "mutuality" between government and individual is highly developed. France gets closest to its people, and does more to help them help themselves than does any other country. There the laborer puts in so much, a saving from his daily wage, the employer adds to it, not a donation, but a dividend upon the employe's labor, and the Government adds something on top of that, in the shape of interest.

Not a Cure-All.

The Government can go into the insurance business for the laboring man, not for the profit there is in it, but really to insure him, at the minimum cost to himself, while offering him safety he can find nowhere else. It exists by and depends upon him. Why should there not be a reciprocation—not paternalism, not charity, but just simply a case of fair give and take? I am not of those enthusiasts who believe that in these two movements exists a cure for all the social evils of our times, though some students claim that they would prove an estoppage of labor disputes, strikes and such tribulations. But certain it is that they would lead to a better understanding, a mutual drawing together of men and of interests, of the people and the Government. Just contemplate insurance at virtual cost, and a savings bank at your local post office, with the guaranty of the United States!—F. W. Fitzpatrick, in *Appleton's Magazine.*

REWARD FOR FAITHFUL SERVICE.

A CURIOUS illustration of the recognition paid in this country to able and faithful service in Congress is afforded by the following quotation from the "New York Times":

The "Tribune" forecasts the substitution of Representative Vreeland for Representative Fowler as the Chairman of the House Committee upon Banking and Currency, which will in due course consider the report of the National Monetary Commission. Mr. Fowler's fitness for his place is conspicuous, and is in fact his undoing. He had the misfortune to be the author of one of the best bills yet offered to deal with the complexities of our currency situation, and to oppose, although unsuccessfully, one of the worst bills, whose author is slated to succeed him, if opinion permits the change.

That conspicuous fitness should prove a man's undoing in any position is certainly not very comforting to those who are looking for efficiency.

And what shall be said of replacing the author of "one of the best bills" by the author of "one of the worst bills"?

EXCHANGE OF CREDIT INFORMATION BETWEEN BANKS.

AN address in favor of the registration of commercial paper purchased or discounted by the banks, in order to permit the interchange of information on the subject, was made at the meeting of the New Jersey State Bankers' Association on the afternoon of April 23 by Charles A. Conant, of New York City. Mr. Conant asked, in opening:

What banker is there here present who, when he buys a piece of commercial paper, would not like to know how much additional paper the maker of it has afloat? Has not the experience of the very recent past, in connection with some great houses supposed to be unassailable in their solvency and integrity, indicated that some such safeguard is required to prevent the abuse of American banking facilities?

Many of our existing means of ascertaining credits are more or less expert guess work. Reports are obtained from commercial agencies and other sources, showing the general reputation and resources of borrowers, but they rarely show the whole of the balance-sheet of the borrower or even enough of it to disclose to a certainty the extent of his commitments.

What I have to lay before you in regard to banking credits is the application to them of methods which have been found preeminently successful in dealing with mercantile credits. The details must necessarily differ somewhat, but the principle is the same. The proposition is, that each bank making loans to houses which have more than a strictly local credit and buying their commercial paper, shall report such loans promptly and regularly to a central agency. At that agency will necessarily be registered a photograph of the banking liability of these houses. Proofs from this photograph can be furnished at an instant's notice to any bank to which such a house makes application for a loan or to which its commercial paper comes for purchase or discount. The information given, however, need give only the borrower's side. It need not name the banks at which he has other loans, but only the amount and the maturities of such loans.

The work imposed upon banks in furnishing the required information to the central bureau would not be excessive. It would only be necessary to forward a sheet each day of loans and purchases of paper. It would not be necessary to include in such a list stock exchange loans or other loans fully protected by the deposit of securities. On receipt of these sheets each day at the central agency, this information would be distributed to the cards giving the credit record of each house important enough to figure in the affairs of the agency. The record would thus be always up-to-date and ready to be transcribed and transmitted to any subscriber desiring the information.

The necessity for action has already commanded so seriously the attention of the banking community that a special committee on the subject was appointed at the last annual convention of the American Bankers' Association. And when I recall to you that all that committee are men of such standing as Joseph T. Talbert, the vice-president of the Commercial National Bank of Chicago, and one of the ablest members of the currency commission of the association, and Thomas P. Beal, president of the Second National Bank and one of the leaders of the banking community of Boston, I shall at least convince you that present methods are not satisfactory to this great representative body of American bankers and that they are eager to consider measures of reform.

UNIFORM LAWS.

IN discussing a uniform banking law for the United States, John Schuette, president of the Manitowoc (Wis.) Savings Bank, says:

If I had the power of a Czar, I would abolish all state governments and legislatures, believing that national, county and municipal government would be sufficient. But as this would legislate half a million men out of office, I would, before giving out my proclamation, want to join Roosevelt in the dark jungles of Africa, until the army of officers had exhausted their rage.

OUR SENSELESS BANKING SYSTEM.

COMMENTING upon the absurdity of our present currency system, as demonstrated by the present abundance of money and increased circulation, President Vanderlip, of the National City Bank of New York, says:

Do not blame the banks for this senseless state of affairs, blame the system. Why, it is when money is most needed that our circulation contracts; when the supply is plethoric circulation expands. And it is a peculiar fact that notes are taken out where they are least required by conditions, for there the profit is greatest.

Banks are business institutions, therefore alert to make money, and you cannot expect them for patriotic or philanthropic reasons to refrain from using the machinery provided by law for regulating their conduct. It so happens that the National City Bank's circulation is lower than in several years, because, in the broadest sense, sound banking is sound business, and we have chosen to forego profits at this time.

But the system should be changed. It works diametrically opposite to the proper way; it puts a premium upon increasing circulation at the very time the supply should be contracted. When banks are clogged with idle funds they naturally buy bonds and put them up as a basis for notes. This is happening now. It is all wrong—as wrong as it could be.

RESERVES OF LONDON BANKS.

THE recent import of gold, by the London City and Midland Bank, to introduce a cash reserve in its own vaults, attracted widespread interest. The following letter on the subject, written by Mr. E. H. Holden, chairman of that bank, to the London "Statist," gives an interesting view of the circumstances:

The American banks in the central reserve cities are required to keep a reserve of twenty-five per cent. of their deposits. When the figures of such banks are carefully dissected and the percentages calculated in the same way as the English banks calculate theirs, it will be found that they are not twenty-five per cent., but considerably below that figure. This percentage is required in those cities because they hold to a very large extent the reserves of other banks. This is not now the case with the English banks, and, therefore, it is considered unnecessary to maintain the same high percentage.

You admit that the hard-and-fast-rule of keeping twenty-five per cent. works badly in times of crisis. While, therefore, it appears inadvisable to follow this rule, yet we might with advantage, adopt another portion of their system which would, I think, secure the object which you have in view—namely, to increase the gold of the joint-stock banks. American banks are required, in publishing their returns, to show in separate items the amount held, first, of specie (which is gold); and, secondly, of legal tender (which is the note). With this information the bureau in Washington is enabled to issue quarterly statements which show separately the total of the gold and of the legal tender held by the national banks throughout the United States.

If the joint-stock banks of the United Kingdom showed their holdings in separate items, first, of gold and silver; secondly, of Bank of England notes; and, thirdly, of Bank of England balances, we should be able to ascertain the total amount of gold and silver held in the banks throughout the country. Can it be doubted that on the publication of these figures public opinion would compel those banks which do not hold an adequate amount of gold to increase their holdings? I think that just as we have seen the banks in London which publish monthly balance sheets increasing their reserves from ten per cent. in 1890 to fifteen and sixteen per cent. in 1908, so we should find a gradual increase taking place in the amount of gold held. Daily, weekly, monthly, and quarterly averages are advocated by some, but even if any of these systems were adopted, the banks would still be exposed to such criticism as you administered to them last week, inasmuch as the public would be no wiser as to the amount of gold held; and I am of opinion that no course can be pursued which will give such satisfaction to the public as that of publishing the individual items comprising the reserve.

REMARKABLE GROWTH OF A NEW YORK BANK.

THE Mercantile National Bank of New York is to be congratulated upon the very excellent statement which it has just rendered and which we reproduce herewith:

RESOURCES.

Loans and discounts	$11,913,176.57
U. S. bonds to secure circulation	1,302,000.00
Bonds to secure U. S. deposits.	10,000.00
Real estate and securities	1,290,705.00
Due from banks and bankers...	1,027,346.76
Cash and exchanges for clearing house	3,625,298.27
Total	$19,168,526.60

LIABILITIES.

Capital stock	$3,000,000.00
Surplus and undivided profits...	2,548,376.23
Bank notes outstanding	1,248,940.00
Cashiers' checks outstanding...	9,626.58
Deposits	12,361,583.79
Total	$19,168,526.60

A comparison of these figures with those reported a year ago reveals the fact that the Mercantile National has, within the past twelve months, increased its deposits about two hundred per cent. and has otherwise added to its substantial business. President Nash and the other officers and directors have every reason to feel proud of such an achievement.

POSTAL SAVINGS BANKS A SUCCESS IN THE PHILIPPINES.

UNCLE SAM'S experiment with postal savings banks in the Philippines is proving a success, according to detailed reports of the director of posts, received by the Postal Savings Bank League, which has headquarters in the First National Bank building in Chicago. The net deposits increased during the last fiscal year $529,280, making a total of over $1,000,000, after twenty-one months' trial. Gross deposits for the year were $1,548,210. W. T. Beardsley, chief of the postal savings bank division of the bureau of posts, made this comment in submitting the figures:

The annual gain of over 100 per cent. is sufficient evidence of the prosperity of the bank and cannot fail to be a constant encouragement to those whose wisdom and foresight provided the people with a safe and convenient means of caring for their savings.

The report shows that the system has become almost self-supporting, the deficit being only $16,953, although the principal expenses are salaries, the ratio of which to business done is rapidly diminishing as the deposits grow. Most of the funds are now loaned to the banks of Manila, which pay three and one-half per cent., but make a profit on the money as banks in the United States would from postal deposits loaned to them at two and one-half per cent., as proposed in the amended Carter bill, pending in Congress. Of the total of 5,389 accounts, more than half, 3,187, were small, under fifty pesos ($25), and by far the greatest number of depositors were soldiers and sailors. The report will be used to hasten the enactment of a postal savings bill for the United States.—*Chicago News.*

POINTER FOR BUSINESS MEN.

A CITY man tells this story against himself. It may be of use to business men who are tormented with bores who waste their time.

"I went to see a busy man in the city, and, being very much interested in my business, I talked rather at length and perhaps consumed a little too much time. The telephone on Mr. Busyman's desk rang, and he picked up the receiver.

"'In a minute,' he said; 'I will be up there immediately. I am busy with a gentleman now, but we are about through.'

"I started to hurry my last words so as not to detain him, but I forgot myself and talked longer than I intended to. Again the telephone rang.

"'All right,' answered the man; then turning to me he continued: 'I have an appointment on the floor above that will require me to excuse myself for a few minutes.' He left his desk and disappeared through a door.

"I was anxious to say a few words more, so I waited. Several times I thought I heard some one approach the door through which he had gone, but ten minutes passed without his returning. I walked up and down the floor, and in my journeying noticed a button at the end of his desk where his hand had rested, and through a meddlesome spirit touched it. I was surprised to hear the telephone bell ring.

"I made an examination, found the telephone was connected with nothing but that button and realized that he had rung it just to get rid of me.

"I concluded to wait no longer, and sneaked out as quickly as possible."—*London Times.*

MODERN FINANCIAL INSTITUTIONS AND THEIR EQUIPMENT

THE NATIONAL CITY BANK OF CHICAGO.

"YOU can't run a banking business unless the public will help you," a prominent financier once declared, and that statement is certainly true to-day. Public confidence, more than any other one thing will make a bank successful and insure its steady growth, provided of course that the officers and directors are men of integrity and good judgment.

This clear proof of the stamp of public approval has been placed upon the National City Bank of Chicago. Organized February 5, 1907, it has come to be recognized as one of the leading banks of the Middle West, and a powerful factor in the trade and commerce which centre around Chicago.

DAVID R. FORGAN
President.

At all times conservative, the bank's growth has nevertheless been remarkable, due, perhaps, to the broad-minded policy of its officers.

Some idea of this growth may be had

H. E. OTTE
Vice-President.

from the following comparative statement of deposits:

February 5, 1907 (Opening day)	$2,198,337.25
May 5, 1907	4,989,446.61
September 30, 1907	5,899,791.49
January 3, 1908	6,758,440.56
April 15, 1908	7,693,112.96
July 16, 1908	8,589,201.61
September 23, 1908	9,270,496.63
November 27, 1908	10,204,309.67
February 5, 1909	12,612,507.53
April 28, 1909	13,216,552.23

Here is the complete statement of condition rendered by the National City Bank at the time of its second anniversary, February 5, 1909:

RESOURCES.

Loans and discounts	$7,654,910.20
U. S. bonds to secure circulation	747,000.00
Other bonds	1,513,357.09
Cash and due from banks	5,450,653.14
Total	$15,365,920.43

LIABILITIES.

Capital stock	$1,500,000.00
Surplus	300,000.00
Undivided profits	191,825.40
Reserve for taxes	18,000.00
Dividends unpaid	187.50
Circulation outstanding	743,400.00
Deposits	12,612,507.53
Total	$15,365,920.43

And in connection with the anniversary statement note the various items of the last statement (April 28, 1909) and compare them with those of the report above:

RESOURCES.

Loans and discounts	$8,775,314.18
U. S. bonds to secure circulation	800,000.00
Other bonds	800,700.70
Cash and due from banks	5,625,175.61
Total	$16,001,190.49

L. H. GRIMME
Cashier.

LIABILITIES.

Capital stock	$1,500,000.00
Surplus	300,000.00
Undivided profits	191,855.76
Dividends unpaid	382.50
Circulation outstanding	792,400.00
Deposits	13,216,552.23
Total	$16,001,190.49

Banking competition in Chicago is so keen that it requires considerable financial skill and foresight to conduct a business ordinarily successful, and therefore the great success achieved by the National City Bank seems all the more laudable.

Whatever progress this bank has made during its two years and four months of activities is due to the efficient service of its executive officers.

These officers are as follows:

David R. Forgan, president; Alfred L. Baker and H. E. Otte, vice-presidents; L. H. Grimme, cashier; F. A. Crandall and W. D. Dickey, assistant cashiers, and R. U. Lansing, manager bond department.

Last January an election was held to

W. D. DICKEY

Assistant Cashier.

F. A. CRANDALL

Assistant Cashier.

fill the office of vice-president, H. E. Otte, the cashier, being selected for that place. This left the bank without a cashier and accordingly L. H. Grimme, the assistant cashier, was advanced to that position.

The National City Bank of Chicago numbers on its board of directors the following well-known and influential men:

Alfred L. Baker, of Alfred L. Baker & Co.; Ambrose Cramer, trustee estate of Henry J. Willing; Edward F. Carry, vice-president American Car and Foundry Company; A. B. Dick, president A. B. Dick Company; E. G. Eberhart, vice-president and general manager Mishawaka Woolen Manufacturing Co., Mishawaka, Ind.; Stanley Field, vice-president Marshall Field & Co.; David R. Forgan, president; F. F. Peabody, president Cluett, Peabody & Co.; H. A. Stillwell, vice-president Butler Bros., Chicago; John E. Wilder, of Wilder & Co.; H. E. Otte, vice-president.

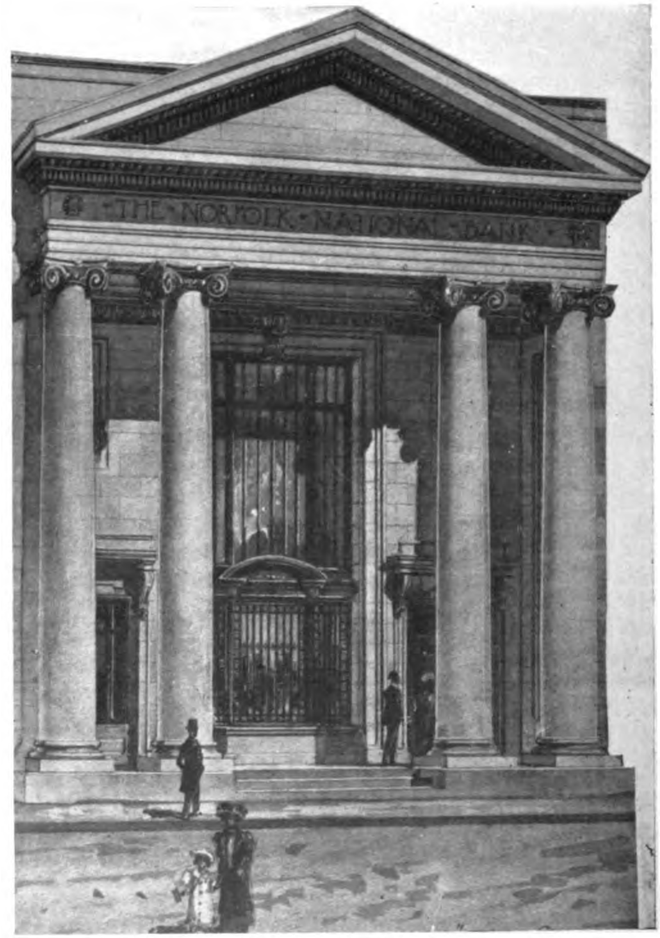
In presenting the second annual report to the stockholders, President Forgan called attention to the bond department successfully established during the year, and remarked that he believed it will henceforth prove an important factor in the bank's progress.

The department offers at all times a selected list of high-class bonds, yielding from about 3.75 to 5.25 per cent., and recommends for investment only such bonds as it has purchased outright after thorough investigation, and which it holds for investment on its own account.

THE NORFOLK NATIONAL BANK, NORFOLK, VA.

THE accompanying illustration represents the new building of the Norfolk National Bank of Norfolk, Virginia, as it will look when completed.

The important features of the April 28 report were as follows: Loans and discounts, $3,157,784; cash, $324,560; capital, $1,000,000; surplus, $500,000; circulation, $798,400; and deposits, $4,195,289.



Proposed New Home for the Norfolk National Bank of Norfolk, Va.

This bank, the oldest national institution in the city and a government depositary, is in a most prosperous condition, as its last statement will show. The important features of the April 28 report were as follows:

Caldwell Hardy is president of the Norfolk National; E. T. Lamb and A. B. Schwarzkoff, vice-presidents; and W. A. Godwin, cashier.

THE WACHOVIA LOAN AND TRUST COMPANY, WINSTON-SALEM, NORTH CAROLINA.

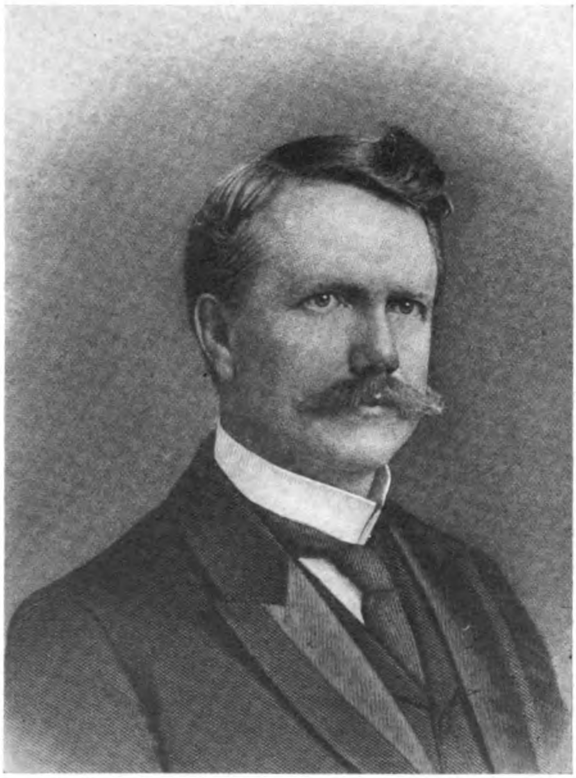
JUST sixteen years ago, on June 15, the Wachovia Loan and Trust Company of Winston-Salem, N. C., was launched.

Scarcely had the doors swung open, when the disastrous panic of '93 cast its blight upon the land, wrecking institutions much stronger than this month-old bank. But careful management brought it safely through the trying weeks of that period and set it upon a pedestal of success from which it has never fallen.

The original capital of the company was $200,000. At the end of the tenth year, while paying the regular dividends to stockholders, an extra dividend of fifty per cent. was declared, which the stockholders chose to take up in additional stock.

Simultaneously it was decided to issue $300,000 of additional capital, of which $100,000 was to be used to secure new stockholders for the company's contemplated branches. Thus was evolved its present capital stock of $600,000.

Located in a community of varied interests, where there are more high salaried men and women engaged in manufacturing than in any other section of the state, the Wachovia Loan and Trust Company of Winston-Salem, N. C., has gained a very large and profitable business. But its operations are not confined to Winston-Salem alone, for within recent years branches have been established in Ashville, Salisbury, High Point and Spencer, and all are now vigorous and flourishing.



F. H. FRIES

President of the Wachovia Loan and Trust Company, Winston-Salem, N. C.

Colonel F. H. Fries, the president, has

been active in the development of this prosperous banking company, and his efforts have carried the business to every corner of the state.

Besides serving as president of the Wachovia Loan and Trust Company of Winston-Salem, North Carolina, Colonel Fries has actively identified himself with the construction of great cotton factories. In 1896, with a few associates, he established the town of Mayodan, which grew up around the Mayo mills. In 1899, a mile or two above the site of the Mayo mills, he with others built the Avalon mills.

At Fries, Virginia, in 1902, named in his honor, he projected the Washington mills, which have proved to be one of the greatest cotton mill properties in the South. He is also a director in a number of other mills, and still finds time to turn his attention to railroad enterprises and other public interests.

In 1904, Colonel Fries served as president of the North Carolina Bankers' Association, and took an active part in the American Bankers' Association as a member of the Executive Council. He is still a member of the council from the Trust Company Section.

The bank's other officers, while not so well known as the president, whose career we have sketched here, are men of experience and ability, well fitted for the positions which they fill. They are: H. F. Shaffner, vice-president and treasurer; T. S. Morrison, second vice-president, and Thomas Maslin, secretary and assistant treasurer.

CLEARING-HOUSE EXAMINATIONS.

THE article by Charles W. Reihl, on "Clearing-House Bank Examinations," appearing in the May BANKERS MAGAZINE, was sent to several bankers, with a request for an expression of opinion. These letters, among others, have been received:

E. C. McDougal, president Clearing-House Section of the American Bankers' Association, and president of the Bank of Buffalo:

The statements in Mr. Reihl's article appear to be absolutely correct and his conclusions sound.

As president of the Clearing-House Section of the American Bankers' Association, I have had the privilege of hearing considerable discussion of this matter of clearing-house examiners. In my judgment it is the only effective and business-like way to examine banks. The authority of a clearing-house is practically irresistible. No delinquent bank can refuse to be governed by its advice. Should the delinquent bank be obstinate advice would become a mandate and would be promptly obeyed or the delinquent discredited.

I cannot think of a single valid argument against clearing-house examiners. The arguments in their favor are so well known even to bankers who, for their own private reasons, oppose them, that elaboration is unnecessary.

Sol Wexler, vice-president Clearing-House Section American Bankers' Association, vice-president Whitney-Central Bank, New Orleans:

I am in receipt of your esteemed letter of 15th inst., enclosing article on Clearing-House Bank Examinations. The little pamphlet contains all of the information which any clearing-house can desire, as to the workings of clearing-house examinations, and the information is given in a most lucid and concise form and is indispensable to any clearing-house contemplating the employment of such examiners.

The advantages of clearing-house examinations, as set forth in the article, admit of no contrary argument, and I believe it will result to the material advantage of banking in the various centres, if such examinations become more general.

CLEARING-HOUSE EXAMINATIONS FOR THE ST. JOSEPH, MO., BANKS.

FOLLOWING the example of Chicago and several other progressive cities, the Clearing-House Association of Saint Joseph, Mo., has adopted the plan of bank examination under the direction of the clearing-house.

Messrs. Marwick, Mitchell & Co., the well-known chartered accountants, will have charge of the work, their bank audit department being represented by Mr. Chas. W. Reihl. formerly of Philadelphia, and long a contributor to the practical banking department of this magazine.

INVESTORS ARE BROADENING.

BANKERS declare that the intelligence of the average American investor has increased wonderfully during the last five years. They do urge, however, that he should broaden his horizon, that he should not decide that because a bond may not be an American one it is therefore unsafe, and that he should seek to emulate the older nations of Europe, who do not hesitate to send capital, under proper safeguards and on trustworthy banking advice, to the four quarters of the globe. Provincialism in this respect is slowly disappearing, however, now that our leading banking houses are taking up Mexican, South American and foreign government bonds. A sage once remarked that it does not matter so much what stage has been reached so long as the movement is in the right direction; on this philosophy the American investor's position is full of hope.—*Chicago Post.*

INVESTMENTS

Conducted by Franklin Escher.

QUITE as remarkable as the growth of bank deposits during the past ten years is the tremendous increase in the banks' security holdings which has taken place. Always holders of investment securities to a certain extent, it is only during the past few years that the banks throughout the country have come to take what might be called an active trading interest in bond market affairs.

The movement, once begun, has gone forward with great momentum. In every part of the country banks and trust companies have been establishing bond departments to an extent which has made institutional business one of the dominating features of the bond markets. Nor are these operations conducted alone for account of the banks themselves. As the Hon. Chas. H. Treat, Treasurer of the United States, recently remarked in an address given before the Pittsburgh Chapter of the American Institute of Banking, "Another new feature, which is growing to larger and larger proportions, is the investment in securities—not alone by the bank—but for its customers, who use the bank's instrumentalities in the purchasing of bonds. A bond department has been established in many banks, and is a new feature of profit, influence, and responsibility. Therefore the bank man now occupies a much larger horizon in the features of our financial life than ever before."

The establishment of bond departments by banks and trust companies all over the country has wrought a great underlying change in the whole conduct of the investment security business, which has, of course, been most marked in the big cities. In New York, for instance, the active entrance into the field of three such institutions as the National City Bank, the First National, and the Guaranty Trust Company has simply revolutionized bond market conditions. Possessed of aggregate deposits of nearly $400,000,000, these banks, through their well-equipped and efficiently-officered bond departments, are able to bid for new issues and go into syndicates on a scale which was simply unheard of ten years ago. Numbering on their boards of directors the most powerful financiers and railroad men in the country, they are in touch with all great developments in the banking and industrial worlds and are in a position to participate in the financing of practically all new large-scale enterprise.

Reasons Why the Banks Have Come Into the Bond Market.

To many in fairly close touch with banking affairs, the realization of the extent to which the banks have come into the bond market will be somewhat in the nature of a surprise. This, evidently, is an influence of immense importance. What has brought it about? Why is it that whereas ten years ago the bank or trust company that had a regular bond department was a decided exception, bond departments are now being put in by banks in every part of the Union and have already become of enormous importance in some of the leading cities?

Growth of Deposits.

The first reason is, of course, the growth in bank deposits. National banks had on deposit in 1900, $2,458,092,758. To-day they have $4,374,551,208. Due to the development of the country and its resources, the production of gold, and the consistently favorable actual trade balance, the banking power of the country has increased at a rate, during the past decade, which has been the marvel of economists in every part of the world. Demands upon the banks, too, have increased as their deposits have increased and loans have been marvellously expanded. Profits made by the banks, however, and greatly augmented capital and surplus accounts have put them into a position to carry securities on a scale never dreamed of ten years ago. To *carry* securities—not necessarily to buy and hold them for their own account, as was formerly done. For banks nowadays buy and carry desirable issues of bonds, exactly as the bond houses do—carry them with their own great resources for the purpose of having them in stock and working them off gradually at a profit.

Banking Competition.

Great increase in the number of banks during the past ten years and the resulting competition constitute the second reason for the entrance of banks on a large scale into this new field. The modern bank with its foreign exchange, stock transfer, and bond departments is a very different sort of institution from the bank of ten or twenty years ago, quietly loaning out part of its deposits and quite content to make its earnings in that way. There are still profits to be made loaning out deposits, but the last decade's increase in the volume of available securities and the improvement in their character has opened the eyes of the up-to-date banker to the profit possibilities of well-conducted bond business. It used to be very unusual to see a national bank, advertising, for instance, a public sale of bonds. Advertisements of this kind nowadays not only meet the eye in every publication carrying financial matter but numbers of banks are making specialties of industrial bonds or municipals and circularizing for business exactly as the regular bond houses do.

More Securities.

More securities and better securities are largely responsible for this change in conditions. It is not necessary to go back very far to come to the time when many of the bonds now regarded as gilt-edged were of very problematical value. This is a country of quick changes and of wonderful adaptability, but it must be a short memory indeed which fails to recall how comparatively recent is the time when such roads as Northern Pacific, Atchison, and Union Pacific were virtually bankrupt properties, and their bonds most certainly not the kind of a security in which any conservative banker would care to invest. But what has happened since then! What a change in the character of these billions of dollars' worth of securities! And what other billions have since been created—bonds which are good clear through; stand the most searching investigation; form a most desirable investment medium for bank deposits!

It has all been a perfectly natural evolution, an inevitable corollary to the general development of the country. Arid lands reclaimed in the Far West—irrigation bonds. A new town putting in an electric lighting or street car system—water-power bonds. And so on. On the other hand, with the increase in the wealth of the individual, a demand for investment securities into which to put surplus funds. Ten years ago corporation bonds were unknown to the farmer. If he could raise enough produce to keep him even with the payments on his mortgage and run just a little over, he was very well satisfied. Every well informed man knows what a change has taken place in that regard. What do we find now, as a consequence? Salesmen from eastern bond houses disposing of big blocks of attractive bonds to banks of the Middle West; they, in turn, peddling them out at a profit to their customers.

Low Money Periods.

Present low money conditions strongly emphasize the third great reason for the entrance of the banks into the investment securities market. Equipped to do an active competitive business (Eastern banks, for instance, bidding for inland deposits), long periods of low money find the banks in a position where they have to find some way to earn more than they can get through ordinary lending operations. Take a New York bank or trust company which is paying two per cent. on the balance of some other bank or individual. For a year and four months, now, such a deposit has been something next door to a dead loss; and yet, knowing that the account will be profitable later on, the New York bank does not want to give it up or lose it to a competitor by stopping paying interest on it. During all this time call money has averaged well under two per cent., and time rates have been only a little better. As for loaning out the money in the regular way, probabilities are that the bank is having trouble enough keeping out its own funds.

Investment of the money in securities is the logical solution of the problem, and is a process which has been going on on an enormous scale for over a year. The securities, of course, have to be of such a kind that in case of a recall of the deposit they can be realized on at once. Such bonds, however, are not hard to find—or at least were not hard to find until the demand for them from this very source made a big reduction in the floating supply. They can still be bought to net from three and one-half to three and three-quarters per cent., and even now, at the end of a year and a half of unbroken cheap money, they are in great demand.

The great movement of investment bonds into the national banks gathered its first impetus during the cheap money of 1904 and has made very great headway in the low money period which commenced during the first month of last year. As long as our currency system remains as it is, these periods of oversupply of money are bound to recur and their recurrence is bound to be marked by great activity in the bond market on the part of the banks. For a bank to invite deposits by offering interest and then to use those deposits to buy bonds, may or may not be sound practice, but the fact remains that these are the conditions and that it is with actual conditions that this department proposes to deal.

BOND MARKET OUTLOOK.

At a time when the amount of unemployed money in the country is as great as it is now, it is natural that both investors and institutions should be giving a great deal of attention to the question as to whether the present is a favorable time to buy bonds. Two main considerations bear on the question. In the first place, what is the present state of the bond market after its long period of recovery from the panic conditions of the end of 1907; and in the second place what are the main influences bearing on the market now and likely to shape its course from this time on?

Present State of the Bond Market.

Taking up first the question of bond market conditions now, it appears that the present level has been reached after a period of protracted recovery. Immediately following the panic, it will be remembered, heavy buying of good bonds began, these being about the only securities in which any one had confidence. During the months immediately following the financial upheaval, investment in good bonds went forward on an enormous scale, money which would ordinarily have been put into stocks or into business going into that class of security. It has always been a rule after other panics that the best class of bonds make a greater proportionate recovery than any other kind of security, and 1907 was no exception to the rule.

All through the first half of 1908 this movement went steadily on, investors' buying focussing mostly on the best mortgage issues and the banks finally joining in on a large scale. Then, as mid-year passed and confidence steadily returned, buying spilled over into other grades of bonds and they began to share in the advance of the first mortgage issues. Before the summer was over a great buying movement of all good classes of bonds was in full swing, and the year's closing months saw one of the best bond markets in years. Investors, savings banks, national banks, and trust companies—all were in the market, and the more progress the recovery made the more confidence strengthened.

The use of analyzing so closely the bond market history of 1908 is to get a clear idea of the character of the buying responsible for present quotations, and also to get the present bond situation in its proper perspective. Bonds rose steadily all through 1908 and under the stimulus of the most solid kind of investment buying. To what level did the market go? Prices recovered tremendously—but did they reach a level which can be called high?

High and low are comparative terms; a comparison of present prices of best bonds with their former "high" is perhaps the best way to get at it. Take such bonds, for instance, as the Central Railroad of New Jersey 5s; they sold at 141 in 1902, against 128 at the time of writing. Chicago & Northwestern general 3½s were 111 in 1901, as against 93 now. Illinois Central first 4s were 116 in 1903, as against a present price of about par. These are random examples, but highly illustrative of the fact that between 1901 and 1903 there was a time when almost without exception the best mortgage bonds sold very considerably higher than they sell now.

In other words, even after all its big advance, the bond market can hardly be called high. First mortgage long-term bonds selling on a 3.80 to 3.90 basis are no longer in the bargain class and can no longer be bought to yield fancy incomes, but, on the other hand, there is no justification in the facts for the belief which seems to have become so general that bonds now are at the highest point in their history. We have had a long period of astonishingly cheap money and bonds have been consistently bought for income, but when it comes down to facts it is the truth that five or six years ago bond prices in general were very considerably higher than they are now.

So insistent are the holders of the new "gold-depreciation" theory that it is increased gold production which is responsible for the above that we shall take up the matter in some detail later on.

Influences Bearing on the Trend.

So much for present bond market conditions—what of the various influences bearing on its future trend? Briefly summed up, as making for higher prices, there may be mentioned the fact that money is in great supply and that all indications are that it will remain in great supply for a good while to come. Secondly, there is the circumstance that whether or not one believes the return of real prosperity to be imminent, there is no getting away from the fact that the air has been immeasurably cleared by the storm—that the business of the country is on an infinitely sounder basis than it was two years ago—that there is no question now in any intelligent man's mind of the railroads being able to earn their bond interest in any kind of weather. Thirdly, there is the better feeling with regard to the present Administration, the feeling that capital is freed from well-meant but misdirected attacks, and that harassing legislation on the part of imitative State legislatures is at an end. A fourth factor of importance is the disposition of the foreign banking houses (exemplified in their recent purchases of St. Louis & San Francisco 5s) to buy our bonds.

As against these influences making for higher bond prices there is to be considered the fact that a great deal of the bond buying of the past year has been for the purpose of making a use for money ordinarily employed in business, and that should business become active this money would be needed and the bonds might be thrown on the market. Then, again, there is the Treasury position to be considered, the fact that withdrawal of Government deposits has released a great volume of good bonds, which are being carried along by the banks who own them now, but which are not really "digested."

The Favorable Factors.

Looking over these pros and cons, it appears as though the constructive side of the argument had all the better of it. Take, for instance, the factor of easy money—granted that rates remain at anything near present levels, bond prices are bound to be strongly influenced toward higher prices. Call money on the Stock Exchange, at the time of writing, shows some little tendency toward firmness, but time money for long periods is still obtainable in great quantity at lower than three per cent. Nor is there any sign on the horizon of a cloud to change these calm conditions. Money is plentiful and cheap here and abroad and shows every sign of remaining so for a good while to come. As long as it does, bond prices are bound to be favorably affected by buying coming from savings banks, investors, and more important than all, from national banks, who will continue to seek the bond market as a field for the profitable employment of idle deposits and capital.

The second factor making for better bond prices bears, if anything, more strongly upon the second grade of bonds than on the first. For a long time after the panic it was very much of a question whether some of the big blanket mortgage issues of bonds, made so freely in 1905 and 1906, could go on paying their interest. The junior securities of several big systems remained, in fact, in jeopardy until only a few months ago, when powerful banking interests, realizing what harm was being done by the continuance of this factor in the situation, got together and determined to put the weaker brothers on their feet. Erie, Rock Island, St. Louis & San Francisco, Missouri Pacific—these and others like them having all been provided for and put in a position to take advantage of the betterment of business, there remains not a single "lame duck" to retard the progress of the flock. The effect of the clearing-up process on bonds of the second grade has been marked, and the return of confidence has by no means been as yet fully reflected in price advances. There are still bonds selling on a better than five per cent. basis because of the chill of the shadow which passed over them, issues on which the interest is quite as secure as it is on many other issues selling twenty points higher.

The better feeling with regard to the new Administration is another influence which bond men declare is working strongly in favor of higher bond values. Already there has been reversed by the courts a very considerable amount of restrictive legislation passed by overzealous State lawmakers during the life of the last Administration, and all indications points to a cessation of State interference with the corporations. No one knows better than the bond men how great an amount of money was kept out of corporation bonds by the attitude of the last Administration.

Lastly, there is the better feeling abroad toward our bonds and the strong probability that the foreign investor will interest himself heavily in our securities. There has been a steady stream of foreign capital flowing into the best grade of our bonds ever since the beginning of last year, but it needed something like the big European participation in the syndicate which floated the 'Frisco fives or the sale abroad of a big block of Western Pacific fives, to make convincing the fact that the great reservoirs of foreign capital are open to us and that the foreign investor has at last dropped his prejudice and is willing to buy into our second grade bond issues.

As against these influences making in the direction of higher bond prices, there is to be considered the fact that the withdrawal of Government deposits from the national banks has released about $120,000,000 of State, city and corporation bonds during the past year and that these bonds are being temporarily carried along by the banks who own them. On the other hand, with money rates as they are now, there is little reason to expect that any considerable part of these securities will come on the market. Furthermore, with the investment capacity of the bond-buying public as great as it is now, it is very much of a question whether the whole amount of these released bonds could not be quietly absorbed without noticeable effect on quotations, especially if they are gradually sold. A sudden rise in money, offering a strong inducement to these banks to sell their unwanted holdings of bonds all at once, would no doubt have a bad effect on prices, but there is little reason to expect any such development.

THE SECOND GRADE OF BONDS.

ONE of the most notable features of the bond market at the present time is the prominence of bonds of the second grade. Due probably to the fact that the long-continued cheap money conditions have resulted in the locking up in bank vaults of a vast amount of the best first-mortgage issues, bonds of the second grade are holding the center of the stage and are being actively traded in.

There seems to be good reason for the favor with which many of the low-priced railroad bonds are being regarded. The industrial outlook at the present time is such that even to the mind sceptical as to the intrinsic mortgage value of some of the four per cent. bonds selling around 80, it is evident that for a good while to come there can be no legitimate questioning of their ability to pay their interest. Furthermore, strong banking support has within the past few months been extended to properties which were suffering from want of ready money, and there is now hardly a lame duck left.

One of the chief arguments being used by bankers advocating the purchase of these cheap bonds is that if they are worth anything at all they are worth considerably more than present prices. Take, for instance, the big blanket mortgage issues authorized in 1905 and 1906 and now being put out at a price to net the investor five per cent. or better. If these bonds are not sure of their interest, the argument runs, they ought not to sell nearly as high as they do; while, if their interest is safeguarded by earnings very much in excess of requirements, they ought to sell very much higher. That these bonds should have sold down to low prices during the unsettlement of confidence following the panic, their friends say, was only right and natural. Such conditions, they claim, however, are now a thing of the past; and in view of the general trade outlook and the favorable earnings' statements of the railroads even now, these junior issues ought to appreciate further in price.

RECEIVERS' CERTIFICATES.

ONE class of securities which have found great favor with investors since the trade outlook began to brighten are the certificates issued by the various roads which have gone into receivers' hands since the panic. Since the beginning of the year $16,000,000 of these securities have been put out at a rate varying from four and one-half to six per cent. Most of them mature inside of ten years, are serial obligations, and the majority of them are redeemable after a fixed period.

The $60,000,000 of receivers' certificates issued since the panic vary greatly in form, but in most cases, when not otherwise specifically stated, take precedence of other existing obligations. The purposes, too, for which they can be issued have been very greatly added to by the courts, and include at present the payment of interest on existing bonds, refunding of former issues of certificates, etc.

As in the case of the cheap bonds, it is the bettering business outlook which is responsible for the large interest being taken in receivers' certificates. With improvement going on at the present rate there is little doubt that most of the roads which got into trouble will be able to pull through, and the opportunity is still afforded to buy their obligations at a price to net almost twice the income afforded by ordinary equipment trust bonds and short-term notes. Buying receivers' certificates is, or should be, a very discriminating kind of a business; where a thorough examination of the issue in question has been made, however, the risk is reduced to a minimum and the income is apt to be very attractive.

MORE PANAMA BONDS.

ASSUMING 103 as the average price paid by the banks and bond dealers for the $85,000,000 of Panama 2s issued thus far, the loss at the present quotation of 101 amounts to $1,700,000. Distributed among a great many institutions and in every part of the country, this loss is enough to make the banks extremely unwilling to sell out their bonds even though they are faced with the practical certainty of further large issues to be made in the near future. At the time of writing it is understood that an amendment to the tariff bill, providing for the issue of $60,000,000 more of Panama 2s is to be offered—whether or not that is the exact amount of new bonds which will be sold, it is certain that further heavy issues of Canal bonds are imminent.

It is most unfortunate that these new securities have to be pressed on the market at a time when Government deposits are being so largely reduced and when circulation is as little wanted as it is at present. Under our present currency system the issue of more Canal bonds means practically the increase of circulation in like amount. We have altogether too many banknotes in the country as it is, and anything which will tend to further increase the supply is to be deplored.

WILL EUROPE BUY OUR BONDS?

EVER since the strong foreign participation in the syndicate which took the St. Louis & San Francisco 5s, it has been evident that Europe's attitude toward American securities has undergone a great change and that we may confidently count on the foreigners taking a large part of the new issues being offered. Up to within a few months ago the interest of the foreign investor in our bonds was confined strictly to those of the highest grade. Houses doing an international business report now that the attitude of their foreign clients is becoming more and more friendly toward issues with which they formerly would have nothing to do, and that really considerable blocks of second-grade bonds are now being placed on the other side.

The importance of this change of front is greatly increased by reason of the very great amount of idle European capital awaiting investment and the fact that the foreigners are in a position to help us out enormously with our new financing. All over Europe the same condition seems to prevail—trade revival seems not to have made much progress yet, and great sums of bank and private money are available for investment in foreign enterprise. Even with all the advance which has taken place in our bonds, they are still on a basis exceedingly attractive to the foreign investor, a basis which will cause him to buy just as soon as he feels that things here are on the upturn. That time seems to have come now, and it is understood that the English and Dutch bank correspondents of the firms here which have been prominent in bringing out the new issues, have figured largely in the sub-syndicates which have been formed.

GOLD PRODUCTION AND BOND PRICES.

AS bearing on the trend of the bond market, there has been a great deal of discussion of late of the effect on money rates and bond prices of the continuously increasing production of gold. From some quarters where the "gold-depreciation theory" has gained a firm hold, it is confidently asserted that increasing gold production is bound to raise the price of commodities, stimulate speculation, tighten up interest rates—and so eventually force down the price of bonds. Opponents of this rather radical idea claim that while it may be true that increase in gold production is apt to stimulate speculation, the greater the supply of money becomes, the cheaper interest rates will be. The discussion has a decidedly practical as well as an economic interest. As the question is of interest to the bankers of the country, it will be shortly taken up and discussed at length in this department.

FURTHER FINANCING.

THE amount of financing still to be done makes it seem certain that 1909 will break all records as a year of new capital issues. At the time of writing, the Missouri Pacific financing seems imminent, Wisconsin Central has authorized $60,000,000 of new bonds, the details of the $30,000,000 Erie issue are being worked out, while on the horizon is the Pennsylvania's issue of $80,000,000 recently authorized. These are big figures. They suggest a high pitch of activity in the bond market for a good while to come.

A TRUE TEST OF THE MONEY SITUATION.

THE sale by the State of New York of $10,000,000 of Canal Improvement bonds on a 2.95 per cent. basis is the best kind of a test of the true condition of the money market, and speaks well for the chances of the forthcoming issues of Panama bonds. These New York State bonds were sold on exactly the same basis at which British consols were selling at the time. They are the kind of an issue whose security is so absolutely unquestioned that their price is governed entirely by the money market and the outlook for money rates. The fact that the issue was five times oversubscribed and finally disposed of on a better than three per cent. basis shows plainly what some of the leading bankers in New York think of the outlook in the money market.

WILL THE NEW ISSUES DEPRESS THE PRICE OF THE OLD?

NO very stimulating effect on the price of bonds netting four per cent. can be expected from the present issue of a great volume of bonds yielding nearer five per cent. At the same time there are two factors to be considered—first, that the supply of money here and abroad is great enough to absorb all the new securities being offered; second, that these new bond issues yielding a high income do not come into competition with the first-grade mortgage issues so much as with the better class of stocks. That public participation in the stock market has been greatly lessened through the diversion of speculative capital into high-interest-bearing bonds is a well-recognized fact.

INVESTMENT AND MISCELLANEOUS SECURITIES.

[Corrected to May 26.]

Quoted by Judson G. Wall, broker and dealer in investment securities, 10 Wall street, New York.

STATE AND CITY BONDS.

Name and Maturity.	Price.	Approx. Yield.
Alabama 4s, 1956	104½-105½	3.75
Georgia 4½s, 1915	103½-105	3.60
Massachusetts 3½s, 1940	99 - 99½	3.53
New York State 3s, 1959	103 -103½	2.88
So. Car. 4½s, 1933	104 -105	4.10
Boston 3½s, July, 1929	96⅞- 97¼	3.70
N. Y. City 4½s, Nov., 1917	104 -104½	3.85
N. Y. City 4s, Nov., 1957	101½-102	3.90
N. Y. City 3½s, Nov., 1954	91 - 91½	3.90
N. Y. City rev. 6s, Nov., '10	104⅛-104⅝	2.80

SHORT TERM SECURITIES.

Following are current quotations for the principal short-term railway and industrial securities. Date of maturity is given, because of the importance of those dates in computing the value of securities with so near a maturity. All notes mature on the first of the month named except where the day is otherwise specified; interest is semi-annual on all. Accrued interest should be added to price.

	Bid.	Asked.	Approx. Yield.
Am. Cig. A 4s, Mar. 15, '11	99	99⅜	4.30
Am. Cig. B 4s, Mar. 15, '12	97¾	98⅛	4.65
Am. Loco. 5s, Oct., '10	100⅛	100½	4.70
Am. Tel. & T. 5s, Jan., '10	100¾	101	3.25
Atl. Coast L. 5s, Mar., '10	101⅛	101⅜	3.40
"Big Four" 5s, June, '11	101½	101¾	4.10

	Bid.	Asked.	Approx. Yield.
*Ches. & Ohio 6s, July, '10	102¼	102⅝	2.00
Del. & Hud. 4½s, July, '22	103¼	103⅝	4.10
Int. R. T. 6s, May, '11	103½	103¾	4.00
Int. R. T. 5s, Mar., '10	100⅝	100⅞	3.70
K. C. R. & L. 6s, Sept., '12	99⅞	100¼	6.00
Kans. City So. 5s, Apr., '12	100⅛	100⅜	4.80
B., R. & Pitts. Equip. 4½s	100½	102	4.00
Lack. Steel 5s, Mar., '10	99⅛	99⅜	6.00
Louis. & N. 5s, Mar., '10	101¼	101½	3.70
Lake Shore 5s, Feb., '10	101	101¼	3.30
Mich. Cen. 5s, Feb., '10	101	101¼	3.30
Minn. & St. L. 5s, Feb., '11	99⅝	100	5.00
N. Y. Central 5s, Feb., '10	101⅛	101¼	3.30
N.Y.C. Eq. Tr. 5s, Nov., '10	101⅛	101½	3.95
N.Y.C. Eq. Tr. 5s, Nov., '12	102⅜	102⅞	4.10
N.Y.C. Eq. Tr. 5s, Nov., '14	103⅞	104¼	4.10
N.Y.C. Eq. Tr. 5s, Nov., '16	105¼	105¾	4.10
N.Y.C. Eq. Tr. 5s, Nov., '19	106½	107½	4.10
N.Y.N.H.&H. 5s, Jan. 9, '10	101	101⅜	3.00
N.Y.N.H.&H. 5s, Jan., '11	101⅜	101⅝	3.75
N.Y.N.H.&H. 5s, Jan. 9, '12	102	102½	3.90
Norf. & West. 5s, May, '10	101⅜	101⅝	3.30
No. American 5s, May, '12	99	100½	5.00
Penn. R. R. 5s, Mar. 15, '10	101¼	101⅜	3.30
Pub. Ser. Cor. 5s, Nov., '09	100⅜	100⅝	3.40
St. L. & S. F. 5s, Jan., '11	99¾	100	5.00
St.L. & S.F. 4½s, Feb., '12	96½	97½	5.40
S.A.L. rec. cfs. 6s, June, '11	100¼	102	4.75
S.A.L. rec. cfs. 5s, Jan., '12	99⅞	100½	4.85
Southern Ry. 5s, Feb., '10	100⅜	100⅝	3.90
†Southern Ry. 6s, May, '11	101	101¼	3.00
Tidewater 6s, June, '13	102¾	103⅛	5.00
Pitts., Shawmut & North. rec. ctfs. 5s, Jan., '14	99	100	5.00
Westinghouse 6s, Aug., '10	101	101¼	4.90

* Have been called for July, 1909.
† Have been called for Nov., 1909.

INACTIVE RAILROAD STOCKS.

	Bid.	Asked.
Arkansas, Oklahoma & Western	12	17
Atlanta & West Point	149	154
Atlantic Coast Line of Conn.	280	300
Buffalo & Susquehanna	25	35
Central New England	7½	15
Central New England, pref.	15	25
Chicago, Indianapolis & Louisville	48	58
Chicago, Ind. & Louisville, pref.	70	78
Cincinnati, Hamilton & Dayton	35	55
Cincinnati, Ham. & Dayton, pref.	55	75
Cincin., N. Orleans & Tex. Pac.	110	125
Cincin., N. O. & Tex. Pac., pref.	104	110
Cincinnati Northern	30	35
Cleveland, Akron & Columbus	68	75
Cleve., Cin., Chic. & St. L., pref.	101½	105
Cripple Creek Central	34	36
Cripple Creek Central, pref.	57	62
Delaware	77	81
Des Moines & Ft. Dodge, pref.	83	90
Detroit & Mackinac	35	45
Detroit & Mackinac, pref.	89	96
Grand Rapids & Indiana	43	47
Georgia, South. & Florida	30	40
Georgia, South. & Flor., 1st pref.	93	95
Georgia, South. & Flor. 2d pref.	73	78
Huntington & Broad Top	5	10
Huntington & Broad Top, pref.	15	20
Kansas City, Mexico & Orient	8½	12
Kansas City, Mex. & Orient, pref.	15	25
Louisville, Henderson & St. Louis	12	15
Louisville, Hend. & St. L., pref.	34	36
Maine Central	195	205
Maryland & Pennsylvania	16	22
Michigan Central	135	160
Mississippi Central	56	60
Pitts., Cin., Chic. & St. L., pref.	116½	120
Pere Marquette	25	30
Pere Marquette, 1st pref.	60	66
Pere Marquette, 2d pref.	31	35
Pittsburgh, Shawmut & Northern	2	5
St. Louis, Brownsville & Mexico	125	...
St. Louis, Rocky Mt. & Pac., pref.	40	46
Seaboard Company	20	22
Seaboard, 1st pref.	42	50
Seaboard, 2d pref.	38	41
Spokane & Inland Empire	50	60
Spokane & Inland Empire, pref.	70	80
Texas Central	35	50
Texas Central, pref.	75	82
Virginian	31	34
Western Pacific	30	34
Williamsport & North Branch	1	3

GUARANTEED RAILROAD STOCKS.

	Bid.	Asked.
Albany & Susquehanna	225	240
Allegheny & Western	142	150
Atlanta & Charlotte Air Line	190	...
Augusta & Savannah	112	115
Beech Creek	98	102
Boston & Lowell	226	230
Boston & Albany	230	240
Boston & Providence	295	298
Camden & Burlington County	135	145
Catawissa	114	120
Cayuga & Susquehanna	222	232
Cleveland & Pittsburgh	175	180
Cleve. & Pittsburgh (Betterment)	98	102
Columbus & Xenia	208	215
Concord & Montreal	170	180
Concord & Portsmouth	170	185
Connecticut & Passumpsic River	135	146
Connecticut River	250	265
Dayton & Michigan, pref.	180	190
Delaware & Bound Brook	195	205
Detroit, Hilsdale & Southwestern	98	102
East Pennsylvania	135	140
Elmira & Williamsport, pref.	130	140
Erie & Kalamazoo	240	250
Erie & Pittsburgh	155	165
Georgia Railroad & Banking	258	265
Grand River Valley	120	130
Hereford	86	94
Illinois Central Leased Lines	98½	101
Jackson, Lansing & Saginaw	86	95
Joliet & Chicago	170	175
Kansas City, St. L. & Chic., pref.	135	145
Lake Shore & Mich. Southern	300	305
Little Miami	210	215
Louisiana & Missouri River	165	174
Mine Hill & Schuylkill Haven	120	130
Mobile & Birmingham	70	80
Mobile & Ohio	78	84
Morris & Essex	184	190
Nashville & Decatur	180	190
New Hampshire & Northampton	104	107
New York, Lackawanna & West	125	135
North Carolina Railroad	160	165
North Pennsylvania	200	210
Northern R. R. of N. H.	145	150
Northern R. R. of N. J.	85	95
Norwalk & Worcester, pref.	200	210
Ogden Mine R. R.	95	102
Old Colony	196	199
Oswego & Syracuse	220	230
Peoria & Bureau Valley	185	195
Philadelphia & Trenton	245	260
Pitts., Bessemer & Lake Erie	34	36
Pitts., Bessemer & Lake E., pref.	72	74
Pittsburgh, Ft. Wayne & Chic.	174	176
Pittsfield & North Adams	127	134
Pittsburgh, McKeesp't & Yiough	125	135
Providence & Worcester	265	280
Rensselaer & Saratoga	195	200
Rome & Clinton	135	142
Rome, Watertown & Ogdensburg	125	130
Saratoga & Schenectady	168	176
Southwestern of Georgia	112	115
Troy & Greenbush	175	185
Upper Coos	135	145
Utica & Black River	175	185
Utica, Chenango & Susquehanna	150	155
United N. J. R. R. & Canal	253	255
Valley of New York	120	130
Ware River	160	175
Warren Railroad	175	185

ALL BOOKS MENTIONED IN THESE NOTICES WILL BE SUPPLIED AT THE PUBLISHERS' LOWEST RATES BY THE BANKERS PUBLISHING COMPANY, 90 WILLIAM STREET, NEW YORK.

The Copper Handbook. Compiled and published by Horace J. Stevens, Houghton, Michigan. (Price, $5.00.)

This is the eighth annual edition of the Copper Handbook, revised and enlarged, devoted to a detailed description of no less than 6,767 copper mines and copper companies of the world.

There are chapters on mining, milling, smelting, leaching and refining, and many others of interest to the investor or speculator. It may be called an encyclopedia of the entire subject of copper, and, as such, is of equal interest to the miner, metallurgist, refiner, producer and consumer.

The Earning Power of Railroads. Compiled and edited by Floyd W. Mundy of Jas. H. Oliphant and Co., New York.

Important statistics and other facts relating to the earning power of practically all the railroads in the United States, Canada and Mexico are to be found in this 1909 edition of "The Earning Power of Railroads."

The introductory chapters explain in a general way the fundamental principles to be applied by the investor in satisfying himself as to the value of the stocks or bonds of any railroad.

In connection with the tables, which give vital statistics regarding earnings, mileage, capitalization, tonnage, etc., there are copious notes on the railroads' capitalization, investments, physical and financial condition.

Compilation of Laws Relating to Trust Companies of the United States. Compiled by Benjamin Downer of the New York Bar. Supervised by Philip S. Babcock, Secretary Trust Company Section American Bankers' Association. New York: Trust Company Section American Bankers' Association. (Price, $3.50.)

Considerable differences exist between the trust company laws of the various States, and besides it is often difficult to find just what the law of any one State is, because it may be scattered through a number of different statutes.

This bringing of the laws of the various States together into one compact volume not only facilitates reference to the trust company laws, but also makes it possible to institute comparisons. It will form an excellent basis upon which to work out a uniform code of trust company laws to be submitted to the State Legislatures for adoption, should that course be deemed desirable.

The compilation of the trust company laws made by Mr. Downer is highly valuable, and by its publication the Trust Company Section of the American Bankers' Association has rendered a notable service to trust company literature.

A Standard Bible Dictionary. Edited by Prof. M. W. Jacobus, E. E. Nourse, A. C. Zenos, and others. New York: Funk & Wagnalls Co. (Price, $6.00.)

This book embraces the languages, literature, history, biography, manners and customs, and the theology of the Scriptures. The book is the joint product of thirty-seven Bible scholars.

The volume may be aptly characterized as a thesaurus of Scriptural knowledge, and a dictionary of archeology, ethnology, and natural history combined. No other work in a single volume will be found to compare with it for the wealth of the information it contains, for authoritativeness, scholarly character, comprehensiveness, and reliability.

The editors and collaborators have drawn much of their material from original sources. Many of them have spent years in Egypt and the Holy Land to investigate Bible questions or to engage in archeological researches. The latest discoveries will be found mentioned in their appropriate places. It does not consist of mere book-learning, excepting in so far as its contents must be dependent upon the Bible. It is essentially a dictionary of the Bible, not one about the Bible, and will be of particular benefit to any one interested in Bible study.

BANKING AND FINANCIAL NOTES

NEW YORK CITY.

--For many years, the Market and Fulton National Bank has been recognized as one of the most prudently managed banks of the metropolis. While adhering to the strictest lines of sound commercial banking, it has at the same time gradually extended its services and increased the volume of its business.

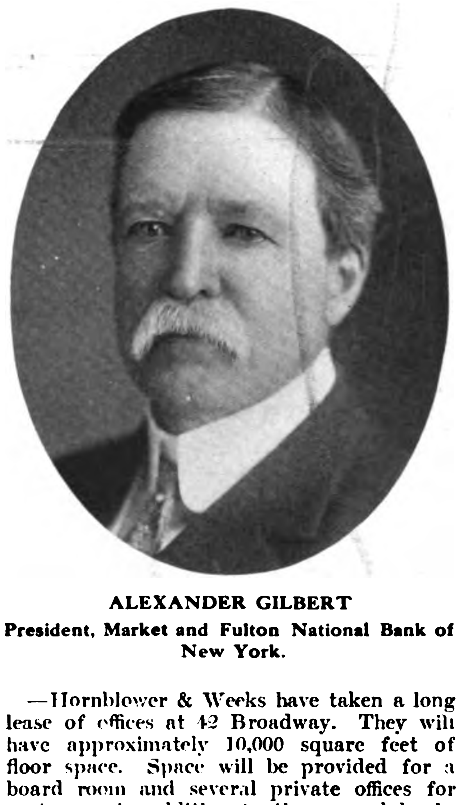
On April 28, it reported resources of $13,-103,593, divided as follows: Loans and discounts, $7,213,300; U. S. bonds, $259,375; other bonds and stocks, $630,094; banking house, $600,000; cash items, $4,400,823.

The surplus and profits totaled $1,654,-628; circulation, $199,700; and deposits, $10,249,265.

Comparing these figures with those of the last previous statement, dated February 5, there are decided gains to be noted in the various items.

—D. S. Mills, trust officer of the Columbia Trust Co., since January, 1906, has resigned to become president of a national bank now being organized. The new institution will probably be known as the Manhattan National Bank, and will be located in the Washington Heights section. Mr. Mills, who has been long prominent in Wall Street, having an experience of twenty years in the banking and trust company business, is devoting his entire time to completing the organization of the bank, which will be opened in August.

George Earle Warren, for a number of years connected with the New York Trust Company, has been elected trust officer of the Columbia Trust Company, to succeed Mr. Mills.



ALEXANDER GILBERT

President, Market and Fulton National Bank of New York.

—Hornblower & Weeks have taken a long lease of offices at 42 Broadway. They will have approximately 10,000 square feet of floor space. Space will be provided for a board room and several private offices for customers in addition to the general banking room for their bond and clerical departments.

—The banking commission of New York city, consisting of the mayor, comptroller and city chamberlain, met May 3 and added to the list of city bank depositories the Borough Bank of Brooklyn and the Williamsburg Trust Company. Both were city depositories before the panic which came in the Fall of 1907.

—Members of the New York Stock Exchange, May 10, re-elected H. R. Thomas president and F. W. Gilley treasurer. There was but one ticket in the field. The term for which Mr. Thomas was elected will be his third as president of the Stock Exchange, although there was a break of a year between his first term and the term he is serving at present.

The Consolidated Stock Exchange also held its annual election, the quietest in its history. There was but one ticket in the field. It was headed by Charles H. Badeau, nominated for the second time as president; S. A. Luther, renominated for first vice-president; E. R. Detts, renominated for second vice-president; E. R. Grant, renominated for treasurer, and Valentine Mott, renominated for chairman. The vote was unanimous.

—A new savings bank will be opened in the Bay Ridge section of Brooklyn about July 1. The incorporators are Charles A. Seaver, Albert Entenman, Daniel B. Seaver, Daniel L. Thompson, Patrick J. Gallagher, Henry W Schwanewede, Henry J. Alfke, William Laemmel, Copley H. Self, David Meyer, Herman H. Lucke, Francis Lee, Henry R. L. Rohlfs, Peter Olsen, Patrick T. Hynes, Michael Murphy, Patrick J. Carley, John E. Sullivan and Rudolph Townsend.

—The Windsor Trust Company, now in the Windsor Arcade, at the southeast corner of Fifth avenue and Forty-seventh street, had arranged to take over the new nine-story building diagonally opposite, at the northwest corner of Fifth avenue and Forty-seventh street, recently completed by Arthur Tooth & Sons. The property is a leasehold, the lot being owned by Columbia University. On the site formerly stood the residence of Perry Belmont.

This action does not mean that the company will remove at once, but the purchase was made to provide a permanent home in that neighborhood.

—Messrs. Potter, Choate & Prentice have opened their new banking offices on the first office floor of the National City Bank Building, 55 Wall street, New York.

—Frederick D. Ives and Leo Schlesinger, vice-presidents of the Northern Bank of New York, resigned on May 13. Henderson M. Wolfe, formerly vice-president of the Corn Exchange Bank, was elected to the directorate of the Northern Bank and then to one of the vacant vice-presidentships. William A. Prendergast, formerly president of the National Credit Men's Association, was elected to fill the remaining vacancy in the Northern's board of directors.

—At a meeting of the trustees of the Central Trust Company, held May 18, a special dividend of $200 per share—$2,000,000 in all—was declared, payable on June 15 to stockholders of record June 1. The trustees, at the same meeting, voted to recommend that the stockholders authorize an increase of the capital stock of the company from $1,000,000 to $3.000,00, giving to each stockholder the right to subscribe to two shares of the new stock at $100 a share for each share now held. A meeting of the stockholders has therefore been called for June 4, at which this recommendation will be acted upon.

The Central Trust Company's dividend of $2,000,000 just declared is said to be the largest dividend ever paid by any trust company in New York, and one that, in the percentage ratio to the capital stock—200 per cent.—has seldom been exceeded in the history of financial institutions. If the increase of stock is authorized, every stockholder will have been placed in funds to pay for his allotment of the new stock if he desires to take it. If he elects not to take the new stock, he will have a valuable right to dispose of.

This trust company began business in November, 1875, with a paid-in capital of $1,000,000. In less than thirty-four years the company has distributed to the stockholders $13,155,000, not including the present dividend, and has accumulated, entirely from earnings, a surplus which amounted on March 24, 1909, to more than $15,600,000. In spite of the present conversion of $2,000,000 of earnings into capital stock by means of this dividend, the surplus of the Central Trust Company, according to an official statement, will still be larger than that of any trust company in New York.

—More than two years ago, when Frederick B. Schenck left the Mercantile National Bank to become president of the Liberty National Bank, it was predicted that with such an able executive the Liberty National would enjoy a wonderful growth of business. And the present high standing of this institution has borne out that prediction. Deposits have gradually but steadily increased until they now exceed $21,000,000; while the impregnable strength of the bank is indicated by its capital of $1,000,000, surplus of $2,000,000, undivided profits of $576,202, and by the further fact that the bank has entire resources of nearly $26,000,000, representing the cleanest class of banking assets.

FREDERICK B. SCHENCK
President Liberty National Bank of New York.

Mr. Schenck's eminent qualification for the executive head of a great modern financial institution is abundantly exemplified by the foregoing statement of condition of this bank.

—The Washington Trust Co. has acquired control of the Federal Safe Deposit Co., which has adjoining offices in the Postal Telegraph building. The Federal Safe Deposit Co. was incorporated in 1904 and has a capital of $100,000.

The following have been elected directors of the Federal Safe Deposit Co., to represent the Washington Trust Co.: David M. Morrison, Charles H. Russell, Joseph C. Baldwin, Francis H. Page, George Gray Ward, and M. S. Lott. Other directors of the former company are: Henry E. Titus, president; and Frederick E. Willitts, vice-president. All officers of the company will remain the same, and the company will continue to operate as a separate concern.

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—Because its directors are all active bankers and it represents, in a way, the handiwork of financial geniuses, the statement of the Bankers' Trust Company is of interest. According to its statement, dated April 28, the corporation has deposits of $40,566,393; undivided profits of $932,476; resources of $45,083,100. The company is now headquarters for the new American Bankers' Association travelers' checks.

NEW ENGLAND STATES.

—Frederick H. Payne, who has resigned as a bank examiner, has been elected president of the Mechanics' Trust Company of Boston, succeeding the late C. O. L. Dillaway.

Mr. Payne will have the assistance of John C. Heyer, who was also an examiner of the Massachusetts banking department, but resigned to accept the office of actuary of the Mechanics' Trust Company.

—Frederick J. Bradlee has been elected a vice-president and treasurer of the Bay State Trust Company of Boston. He was formerly a member of the Boston real estate firm of J. Murray Howe & Bradlee. He has recently been associated with Receiver Reynolds of E. H. Gay & Co.

—One of the handsomest and most secure suites of banking-rooms in Greater Boston, outside of a few in the financial center of the city proper, is to be fitted up for the Charlestown Five Cents Savings Bank. The new quarters will be in the Savings Bank Building in Thompson square, but on the ground floor instead of the second floor, as at present, and for fittings and furnishings it is proposed to spend $60,000. The bank, which now is in its fifty-fifth year, is among the strong savings institutions of the State, having deposits of about $8,500,000 and a guaranty fund of $415,000. Its total assets are nearly $9,500,000.

—The Springfield National Bank of Springfield, Mass., celebrated its sixteenth anniversary on May 6, by voting to increase the capital stock from $250,000 ao $500,000. The new stock will be sold at $150 and the present stockholders can take one share for every share held at present. Five years ago the stock was increased from $200,000 to $250,000. The bank paid six per cent. during the first nine years of its existence and has paid eight per cent. since that time. The present deposits are about $3,150,000. The surplus is $500,000 and the undivided profits, $75,000.

—The deposits of the Union Trust Company of Springfield, Mass., show a rapid growth, as indicated by their latest statement. During the past year the deposits of this bank have been doubled and have reached practically $6,000,000. To-day the deposits are larger than those in any other bank in New England outside of those in Boston and Providence and one bank in Worcester. Over ninety-five per cent. of the business of the Hampden Trust Company, which has been recently absorbed by the Union Trust Company, has been retained by that bank. The safe deposit vaults of the bank have been so much in demand because of their convenience and safety that the trust company recently ordered 1,000 new boxes.

—Melvin L. Stevens, who was last February elected cashier of the First National Bank of Somersworth, N. H., has resigned, and Frederick S. Ricker, of Winchester, Mass., has been chosen to succeed him.

EASTERN STATES.

—The Central National Bank of Philadelphia has added $150,000 to its surplus fund, making a total of $2,750,000.

—Joshua M. Holmes has been elected a director of the North Philadelphia Trust Company. This company in addition to its regular semi-annual dividend of three per cent. has added $10,000 to surplus.

—At the annual meeting of the shareholders of the Wayne Junction Trust Company, of Philadelphia, held May 11, directors were re-elected as follows: George S. Gandy, James A. Hayes, Charles B. Wilson, E. Stanley Perkins, Charles A. Miller, John E. Fricke, Frank D. Williams, Edward L. Bowser, V. O. Lawrence, Henry P. Schneider, Dr. S. C. Seiple, Walter H. Lippincott, John H. MacBean, William

Manderson, Theodore E. Nickles, Dr. E. H. Wiggen and John H. Hinkle.

—J. Bertram Lippincott has been unanimously elected a director of the Farmers' and Mechanics' National Bank, filling the vacancy caused by the death of George C. Thomas. Mr. Lippincott is vice-president of the J. B. Lippincott Company, and a son-in-law of the late Joseph Wharton, who was a director of the bank for many years. Members of the Lippincott and Wharton families have served as directors of the bank for several generations, some of the family being among the organizers of the bank, which was established in 1807.

—In its statement of condition as of April 28 the Franklin National Bank of Philadelphia shows loans and discounts amounting to $23,205,954, as compared with $18,880,382 at the last call on Feb. 5. Total deposits amounted to $33,425,746, compared with $30,500,000 on Feb. 5.

—William M. Hardt, one of the two national bank examiners for Philadelphia, who has been in the service of the Government for eighteen years, has resigned, to accept the position of clearing-house examiner for the city of Philadelphia. Frank L. Norris, the other examiner there, will be promoted and given entire charge of the Philadelphia banks. No examiner will be appointed in Mr. Hardt's place.

—Judge George M. Dallas has been elected a member of the board of directors of the Equitable Trust Company of Philadelphia. Judge Dallas recently resigned from

Santiago Branch of the National Bank of Cuba.

It was opened February 25, 1909, and is said to be an exact reproduction, on a smaller scale, of the head office at Havana.

the United States Circuit Court of Appeals after a continuous service of nearly seventeen years on the bench. Previous to his appointment as Judge he was a member of the board of directors and a vice-president of the Equitable Trust Company.

—There has been listed on the Philadelphia Stock Exchange $500,000 additional capital stock of the Corn Exchange National Bank.

—B. Kalchthaler, Jr., who has been with the American Deposit and Trust Company of Pittsburgh for the past seven years, has been elected assistant secretary-treasurer of that institution.

On May 12, the Keystone National Bank of Pittsburgh celebrated its twenty-fifth anniversary.

It was opened for business May 12, 1884, and on June 20, 1884, it reported total assets of $474,000; on April 28, 1909, the Keystone National had assets of $5,000,000.

—In noting the following statement of condition as rendered by the Bank of Pittsburgh, National Association, for April 28, it is interesting to keep in mind the fact that this bank will be one hundred years old next February and is the oldest banking institution west of the Alleghany mountains:

Loans and investments	$17,617,580
Clearing-House checks	521,358
Due from banks	3,409,951
Cash in vaults	2,753,541
Total resources	$24,302,431
Capital stock	$2,400,000
Surplus and undivided profits	3,003,302
Circulation	2,208,300
Deposits	16,690,829

The officers are: Wilson A. Shaw, president; Harrison Nesbit, first vice-president; W. F. Bickel, cashier; J. M. Russel and J. D. Ayres, assistant cashiers; George F. Wright, auditor. Mr. Nesbit, the first vice-president, early in May resigned the position of national bank examiner to enter the Bank of Pittsburgh, National Association. He was also chairman of bank examiners in district No. 4, which includes the states of Ohio, West Virginia, and all of Pennsylvania, outside of Philadelphia.

—On April 27 the First National Bank of Media, Pennsylvania, declared a quarterly dividend of four per cent. and placed an additional $50,000 in its surplus fund, making a total surplus of $300,000.

As the bank's capitalization is $100,000, this action on the part of the directors is a commendable one. The First National of Media is officered by Wm. H. Miller, president, and R. Fussell, cashier.

—The First National Bank of Hanover, Pa., reports a capital stock of $200,000; surplus fund of $125,000; loans and discounts of $946,278; and total resources of $1,371,855. J. D. Touck is president; George D. Gitt, vice-president; and H. E. Hoke, cashier.

—As had been anticipated, William R. Hammond, vice-president of the Third National Bank of Baltimore, was on April 28 elected to the presidency of that institution, to succeed A. B. Crouch, who resigned because of ill health.

Mr. Hammond, in accepting the office, stated that he expected to see the Third National Bank make rapid progress henceforth and that he would devote all of his energy and ability to that end.

—From February 5 to April 28, the Union Trust Company of Washington increased its deposits $299,455, or from $1,894,489 to $2,193,944. For the same length of time its undivided profits made a gain of $6,365, or from $137,195 to $143,560.

The company has to-day resources of $4,561,362, and on its board of directors are the best known business men and capitalists of Washington.

MIDDLE STATES.

—For April 28, the Drovers' Deposit National Bank of Chicago reports loans and discounts of $4,018,362; cash and due from banks, $2,859,715; surplus and profits, $394,787; deposits of $6,188,813, and total resources as $7,629,395.

—The $200,000 capital of the Roseland State Bank, just opened by Pullman interests, at One Hundred and Fifteenth street and Michigan avenue, Chicago, is a diversion of that amount of the former capital of the Pullman Trust & Savings Bank, which reduced its capital from $500,000 to $300,000 January 1.

Stock of the new bank was subscribed for at 110, giving the bank a surplus of $20,000. Patronage will be drawn from a population of 45,000 in Roseland, Kensington and West Pullman, where employes of the Pullman Co. have moved and bought homes.

Directors of the new bank are: E. F. Bryant, president of the Pullman Trust & Savings Bank; John S. Runnels, vice-president of the Pullman Co. and a director of the Merchants Loan & Trust Co.; D. Mark Cummings, John T. Lewellyn, A. J. Smith, Herman Feninga and E. D. Hulburt, vice-president of the Merchants Loan & Trust Co., which is known as the down-town Pullman bank.

Mr. Runnels is president of the Roseland State Bank and D. J. Davis is the cashier. Mr. Davis was for eighteen years cashier of the Pullman Trust & Savings Bank.

—On April 26, the Commercial German National Bank of Peoria, Ill., opened new quarters in the midst of the retail district on one of the city's principal thoroughfares.

The main banking room is 18 feet in width and 162 feet in depth and the equipment which has been installed is expressive of the substantial character of the institution itself.

Flanking the lobby on either side are the quarters for the officers and nine cages for tellers, exchange, collection and discount clerks, all arranged with primary reference to the convenience of the patrons of the bank.

The counter front, top screen, ledges, pilasters and wainscoting are all of specially selected English vein Italian marble. Dealing plates at all wickets are of imported Belgian marble. Solid bronze and mahogany are also used throughout the various rooms.

A steel door, weighing 25,000 pounds, guards the entrance to the safe deposit vaults.

—According to their latest available statement, that of April 28, the Merchants' and Manufacturers' Bank of Milwaukee has accumulated deposits totaling $1,266,-060, and has a surplus and undivided profits of $33,151.

Its loans are amply secured by the capital stock of $250,000 and total resources of $1,550.979.

The directors are enterprising business men whose names guarantee the bank's standing.

—H. W. Kroeger has been elected cashier of the Jefferson National Bank of St. Louis, to succeed William E. Berger, who left because of ill health.

Mr. Kroeger was assistant-cashier of the Jefferson National before his promotion, and has been in its service for fifteen years.

—In presenting its statement for April 28, the Mechanics-American National Bank of St. Louis includes a view of the new home, the Mercantile Library building, corner of Broadway and Locust street, which will give it 14,500 square feet of floor area for the main banking room.

The bank's deposits on April 28, 1909, totaled $29,259,528; on April 28, 1908, they were $24,619,608, making the gain for the year, $4,639,920. Its surplus and undivided profits account is now $2,963,521, which indicates that the bank's strength does not all lie in its deposits, and its sole ambition is not to grow in that one direction alone.

—In a very attractive folder, the Merchants' Bank of Winona, Minn., calls attention to the various items of its last statement.

The capital stock of $100,000, surplus of $25,000, undivided profits of $11,004, and deposits of $992,027, comprise the liabilities; while the assets are all of the cleanest kind.

Following the regular statement, there is given a table of deposits as follows: 1897 (when present management took control), $192,400; 1905, $583,116; 1906, $692,444; 1907, $788,564; 1908, $838,530; 1909, $992,-027.

—Geo. E. Luehrs, who has been connected with Legris Brothers' Bank at Kankakee, Ill., since its organization, has been admitted to the firm and is acting as assistant cashier.

—Assistant Secretary H. M. Brown, of the Michigan Bankers' Association, has sent out a notice that the convention will be held at Petoskey, July 7, 8 and 9, and not either July 6 or 13, as has been previously announced. Headquarters will be at the Arlington Hotel.

—Following is a comparative statement of deposits by the Des Moines and Valley National Banks of Des Moines, Iowa, for the dates named:

Des Moines National—	
Nov. 27, 1908	$3,781,143.88
Feb. 9, 1909	4,423,136.41
April 28, 1909	4,787,909.86
Valley National—	
Nov. 27, 1908	1,723,473.35
Feb. 5, 1909	2,040,480.90
April 28, 1909	2,315,962.13

Within the space of one year from April 28, last, the Des Moines National Bank increased its deposits by the sum of $960,000, while the Valley National showed a gain for the same time of over $275,000.

SOUTHERN STATES.

—On April 20 the board of directors of the Bank of Fairmont, W. Va., met and elected Walton Miller, who for the past eleven years has been cashier, to the office of second vice-president. Glenn F. Barnes was then elected cashier. Mr. Baines has been with the First National Bank of Fairmont for the past seventeen years, and is a banker of experience and ability.

—The People's National Bank of Lynchburg, Virginia, reports its capital as $250,000, surplus and undivided profits as $332,879, and its loans as $1,501,114.

Its deposits have increased to $1,202,617, and in other respects the People's National is stronger now than ever before since its organization. The fact that the bank's surplus fund is greater than the capital by $25,000 speaks well for its present and future success.

—It is interesting to note that the American Exchange Bank of Greensboro, N. C., has paid out in dividends since its organization, April 15, 1907, the sum of $36,000.

The bank has never invested in stocks, bonds or real estate, yet it has been most successful.

On April 28, the deposits were $896,837 and the total resources were $1,362,998.

—Group Five of the Georgia Bankers' Association met in Dublin, April 22, and there embarked upon the steamer New Dublin, which took them down to the mouth of Turkey Creek, where a barbecue and fish fry was served.

The session was held on the steamer, and a number of addresses were made by prominent bankers.

—W. B. Drake, Jr., has resigned as assistant cashier of the Southern National Bank of Wilmington, N. C., to become cashier of the Merchants' Bank of Raleigh. Mr. Drake assumed his new office on May 3.

—Responding to the official call, the Lowry National Bank of Atlanta, Georgia, reports loans and discounts of $4,086,329; surplus and profits, $813,016; deposits of $4,123,829, and resources of $6,528,315.

—Sigo Myers has been elected to succeed his brother, the late Herman Myers, as president of the National Bank of Savannah at Savannah, Ga. The new president advances from the office of vice-president, which position remains unfilled for the present.

—The First National Bank of Vicksburg, Miss., rendered a very creditable statement of its condition on April 28. The resources are now $1,543,189, deposits $792,496, and surplus and profits $163,792.

—One of the newest comers into the banking field of eastern Texas is the Commercial National Bank of Beaumont. Its charter was granted March 12, 1909, and ten days later the first business had been transacted.

When it was announced that a new national bank would be organized in Beaumont, the local capitalists and investors were so eager to be represented that the capital stock of $150,000 was largely oversubscribed, and there is at this time talk of arranging for an increased capitalization to meet the popular demand.

With a large and strong list of stockholders, a board of directors composed of

J. C. WARD

President The Commercial National Bank of Beaumont, Texas.

successful and prominent men of affairs, and officers of experience and capability, the Commercial National Bank of Beaumont has experienced a remarkable growth up to the present time.

On April 28, when the bank was just thirty-eight days old, it reported total resources of $668,615; loans and discounts, $340,367; undivided profits, $2,793, and deposits of $478,322.

John C. Ward, who is president of the bank, began his career as a saw mill boy, and by hard work and unusual business ability he has acquired large lumber and rice interests which mark him as one of the most progressive citizens of Beaumont. For the past ten years he has been extensively interested in banking and is well qualified to fill the office of president.

T. W. Garrett, active vice-president, has been engaged in the banking business for thirteen years, and has worked his way

GEO. W. CARROLL

Vice-President The Commercial National Bank of Beaumont, Texas.

T. W. GARRETT

Active Vice-President The Commercial National Bank of Beaumont, Texas.

F. M. LAW

Cashier The Commercial National Bank of Beaumont, Texas.

R. H. COX

Assistant Cashier The Commercial National Bank of Beaumont, Texas.

from the ranks as a bank clerk to that of executive. He has holdings in several other banks and corporations and is well known in banking circles throughout the state.

George W. Carroll, vice-president, is interested in the oil and lumber industries of Texas and Louisiana and is a director in several influential corporations.

F. M. Law, the cashier, was cashier of the First National Bank of Bryan, Texas, before the organization of the Commercial National of Beaumont, and has been engaged in banking for eleven years. His experience and ability, together with his extensive acquaintance throughout the state are the very things needed to make the new bank a success.

R. H. Cox, the assistant cashier, has had five years of banking experience, and his study of the minor details of banking will make his services of great value.

—Fifty-six of the leading capitalists and bankers of Houston, Texas, and forty-two capitalists and financiers from other sections of the United States are the stockholders in the Bankers' Company, now being organized in Houston, Texas.

Its capital stock is fixed at $500,000, in shares of $100 each, and as these shares have been taken up, the company will be ready to open for business in July.

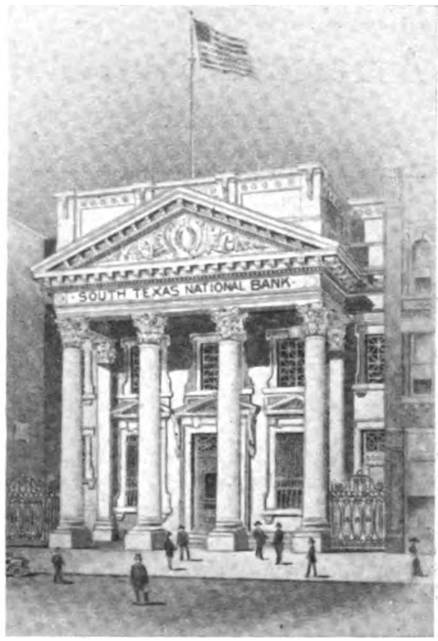
No funds will be received on deposit, subject to check or otherwise than for investment in loan or securities, and will differ from a bank in that the loans will be of longer time and principally secured by real estate, and instead of accumulating the notes, they will be immediately sold, the profits accruing from a legitimate commission or difference in rate per cent. between the buying and selling price.

Besides the loan department, there will be conducted real estate, rents, collections, accountant and audit, abstract, publicity and legal departments, each having for a head competent and trained men.

—Governor Campbell, on May 12, signed the bank deposit guarantee bill, passed on May 11 by the Texas Legislature. The new law contains both mutual guarantee and security bond features. The law goes into effect Aug. 9, but does not become operative on banks until Jan. 1, 1910. State banks have until Oct. 1, 1909, to decide which feature each bank will adopt.

—One of the most successful and enterprising banks in Texas is the South Texas National Bank of Houston, a cut of whose building appears above.

At the time of its last official statement, the bank had deposits of $3,439,938, of which $2,071,416 were individual deposits. Its capital, surplus and net profits amount to $842,337, and its total resources are $4,164,576.



The South Texas National Bank of Houston.

—Reporting for April 28, the American National Bank of Austin, Texas, shows an earned surplus of $260,000, which is $60,000 greater than its capital; net profits of $20,039; total deposits of $2,133,164, and total resources of $2,813,204.

WESTERN STATES.

—Sig. O. Hauger, F. C. Danforth, Otto Peemiller, C. H. Dillon and Thos. Thorson are the organizers of the Dakota National Bank of Yankton, S. D. It will have a capital of $50,000.

—Frank B. Chapman has been reinstated as national bank examiner for North Dakota, after political charges made against him were cleared up.

—The capital stock of the Boise City (Idaho) National Bank has been increased $150,000, or from $100,000 to $250,000. The bank's deposits are more than $2,000,000.

—The Montana Bankers' Association has decided to hold the present year's annual convention at Missoula, Mont., on Aug. 4 and 5. Frank Bogart is secretary.

—Reporting for April 28, all the banks of Omaha, Neb., show a substantial increase over the last statement, which was called February 5.

The comparison of deposits, which are now $54,051,855, with the statement of February follows:

	April 28.	February 5.
Omaha National	$12,425,879	$11,358,322
First National	11,835,069	11,754,949
U. S. National	11,301,361	9,978,882
Merchants National	6,345,741	5,801,813
Nebraska National	1,823,434	1,716,109
Live Stock National	544,428	412,301
Packers National	2,426,813	2,104,241
Union Stk. Yds. Nat'l.	3,877,498	3,227,437
South Omaha National	3,471,632	2,906,983
Totals	$54,051,855	$49,261,037

—During the first ten or twelve days of April, the Secretary of State of Colorado issued certificates of incorporation to ten new banks. The aggregate capital of the ten banks is $140,000, and they are as follows:

The Blanco State Bank, Blanco; Colorado State Bank, Delta; Ovid State Bank, Ovid; Stratton State Bank, Stratton; Grover State Bank, Grover; Bank of Crook, Crook; Bank of Sugar City and Colorado State Bank, Yuma, all capitalized at $10,000, and Fleming Brothers' State Bank, Denver, and the Guaranty State Bank of Walsenburg, capitalized for $30,000.

—Oklahoma City, Oklahoma, has been designated a reserve city, under act of March 3, 1903.

Under this new condition of affairs national banks all over the southwest may send their reserve funds to the banks of Oklahoma City for deposit and get credit for the deposit as a portion of their legal reserve. A large part of these reserve funds are now deposited in Kansas City and St. Louis banks, and the making of Oklahoma City a reserve city places it on a par with these larger and older cities financially.

It is the belief of local bankers that at least five million dollars will be withdrawn from other cities and deposited in Oklahoma City in the next year.

—By an act of the Legislature of Oklahoma, authority is given the Bank Commissioner to fix a maximum rate of interest which state banks and trust companies doing a banking business may lawfully pay on deposits.

Acting under this authority, A. M. Young, commissioner, has named the following rates, to take effect June 1, 1909:

On bank balances, not to exceed three per cent. per annum.

On savings accounts (when kept in a separate ledger and pass-book for this purpose), not to exceed four per cent. per annum.

On time certificates for not less than ninety days, three per cent. per annum.

On time certificates for six months or longer, four per cent. per annum.

(Banks will not be permitted to pay interest on checking accounts of individuals, firms or corporations) provided, however, this does not include city, county, state and government deposits.

This ruling applies to all state banks and trust companies. National banks paying a higher rate of interest than herein specified will not be permitted to act as reserve agents for Oklahoma state banks.

All existing certificates (verbal agreements to cease June 1st) bearing a greater rate of interest may be carried until maturity, after which they must either be paid or renewed at a rate not to exceed the above.

—A charter has been issued to the Kansas Bank Deposit Guaranty & Surety Company, the concern which is organized by the national bankers of Kansas for the guarantee of

deposits in these banks. The commitee of twenty-five appointed by the Kansas bankers at their Topeka meeting five weeks ago has devised a plan by which both state and national banks in Kansas may participate in the benefits of this association.

The capital stock of the new guaranty company is to be $500,000. The stock will be taken by stockholders in banks. Banks themselves will not be stockholders in the insurance company. The company is to have twenty-four directors, three from each Congressional district, all to be bankers, state and national. Headquarters will be in Topeka. The company proposes to write policies of insurance at premium rates to be fixed by directors in banks whose stockholders participate in the insurance company. In addition to guaranteeing deposits the company will write fidelity bonds. The incorporators consist chiefly of the twenty-five members of the original committee. They will hold only until a permanent organization is effected. The committee on organization has been named to get the stock subscribed and put the company in working condition.

PACIFIC STATES.

—The Seattle Clearing-House Association has voted $15,000 to be spent in entertaining the 600 or 800 bankers who will attend the tristate bankers' convention at Seattle for three days in June.

Seattle bankers have set out to make the tristate convention second only to the National Bankers' Association meeting. The most prominent financiers of the country will be present to address the convention. Every visiting banker will be provided with tickets to the exposition grounds, to the attractions on the Pay Streak, and with tickets to every theater in the city for himself and friends.

For the first time in the history of the Northwest, the Washington, Oregon and Idaho bankers' associations will meet together. The convention will open Thursday morning, June 24, in the Moore theater. Little business will be transacted at that time, other than the distributing of the badges and tickets and the outlining of the convention work. The afternoon has been left open to allow the bankers to visit the exposition and to see the city. In the evening a reception to all the visiting bankers will be held in the new armory building on Western avenue. The bankers plan to make this an elaborate affair.

Half of Friday will be devoted to the business sessions of the three associations. These meetings will be held in the Washington Hotel. Prominent financiers will address a joint meeting of the three associations in the afternoon. Friday evening is to be left open, to allow the visiting bankers to attend the theaters.

The final meeting of the convention will be held Saturday morning. The afternoon and evening is to be left open to visit the exposition. At 7 in the evening the bankers will sit down to a banquet in the New York building on the exposition grounds. This banquet will be in charge of Superintendent Patterson, of the Rainier Club.

Seattle bankers say that there will be more prominent bankers in their city from all parts of the country than are ever gathered together at one time on the Pacific Coast. Many Eastern financiers will take advantage of this opportunity to get thoroughly in touch with the bankers of the Pacific Northwest. Many California and Montana bankers will also attend.

—The Old National Bank of Spokane, in its statement of April 28, reports cash on hand as $3,300,193; loans and discounts, $4,787,159; capital, $1,000,000; deposits, $7,694,090; and total resources, $9,895,161.

—W. E. Palmer has resigned as cashier of the Humboldt Savings Bank of San Francisco. Assistant cashier H. C. Klevesahl will for the present perfom the duties of cashier.

—The Anglo-California Trust Company of San Francisco has taken over the Mission branch of the Anglo--Californian Bank, Ltd., and will be affiliated with the Anglo and London Paris National Bank, which institution will govern the policy of the trust company.

The newly organized trust company has a capital of $1,500,000, of which $400,000 has been paid in, and a surplus of $50,000 paid up. Its officers are: Herbert Fleishhacker, president; Jesse W. Lilienthal, vice-president; W. K. Cole, vice-president and manager; M. P. Lilienthal, cashier.

—On April 28, the stockholders of the Mercantile Trust Company of San Francisco held their tenth annual meeting and elected the board of seventeen directors, who after the stockholders' meeting, met and elected the following officers: Wm. G. Irwin, president; Henry I. Scott, vice-president; John D. McKee, vice-president and cashier; O. Ellinghouse, assistant cashier and secretary; W. F. Berry, assistant cashier and assistant secretary; A. H. Winn, trust officer. The reports presented at the annual meeting indicated that the corporation had enjoyed a prosperous year, the net earnings being $302,358.

The present capital is $2,000,000, surplus $1,500,000 and undivided profits $594,907. Deposits are reported to be $10,208,722.

—Isaac N. Seligman, of the firm of J. & W. Seligman, has been elected a director of the newly organized Amalgamated Anglo-London & Paris National Bank of San Francisco.

—E. B. Pond has resigned as president of the San Francisco Savings Union. Lovell White, cashier and secretary of the bank for forty years, succeeds him. John S. Drum has been elected a vice-president, and W. G. Irwin and Mr. Drum have been added to the directorate. R. M. Welch, assistant cashier, succeeds Mr. White as cashier and secretary; A. M. Whittle has been appointed assistant cashier.

—J. F. Carlston has been elected president of the Central Bank of Oakland, to take the place of the late William G. Palmanteer. Mr. Carlston has heretofore been vice-president and manager of the bank, and will continue to serve as manager. As vice-president, he is succeeded by R. M. Fitzgerald.

—Victor H. Metcalf, former Secretary of the Navy, has assumed active management of the Union Savings Bank of Oakland, succeeding W. G. Henshaw, who has retired as president and general manager of the institution.

—The All Night and Day Bank of Los Angeles, and the only institution of its kind on the Pacific coast, or in the Far West, has proved to be more than a mere experiment, and its present success is very gratifying to its officers and directors.

Its operations do not differ from those of any other bank except that it remains open all night, using a night shift of clerks, and it is this convenient feature which has met a long-felt want in Los Angeles.

Restaurant keepers, cafe owners, merchants, and workingmen have found the All Night and Day Bank to be a great convenience. For the first ninety business days after its doors were opened, the gratifying number of 2,636 accounts were enrolled. This was an average of twenty-nine per day, or five more than one new account for every hour of the twenty-four in every day that the bank was open.

Newton J. Skinner, president of the All Night and Day Bank of Los Angeles, is an attorney of thirteen years' practice, and was formerly vice-president of the Bank of Southern California, which he left to begin the organization of the All Night and Day Bank. The other officers are: J. S. Moore, vice-president and cashier, and formerly president of the People's Savings Bank of Lamar, Mo.: H. M. Ostrom, T. F. Green, and E. R. Millar are the assistant cashiers. All have held responsible positions in other banks.

Three shifts of cashiers and assistants are worked in the All Night and Day Bank, so as to keep competent men in attendance at all hours of the twenty-four.

Cashier J. S. Moore and his assistant, H. M. Ostrom, go on duty at 8.30 in the morning and remain until 5 o'clock in the afternoon. Night cashier E. R. Millar comes on at 9 P. M. and stays until 7 A. M. Assistant cashier T. F. Green takes the split trick, from 5 to 9 P. M. and from 7 A. M. to 12 M.

CANADA.

—The Imperial Bank of Canada, established in 1875 with the head office at Toronto, reports in its thirty-fourth annual balance sheet deposits of $39,430,653; a rest account of $5,000,000, and total resources of $50,254,066. The profit and loss account totals $1,253,681. D. R. Wilkie is general manager and E. Hay assistant general manager.

—A bill incorporating the Anglo-Canadian Bank has been passed at Ottawa. The headquarters of the institution, it is stated, will be in Montreal.

—The Banque d'Hochelaga (Montreal), which has an authorized capital of $4,000,000, has decided to increase the paid-in amount from $2,500,000 to $3,000,000.

—James Elmsley, for the past six years superintendent of branches of the Bank of British North America, was recently appointed manager of the Montreal branch of the institution, to succeed A. E. Ellis.

—Lieutenant-Governor Gibson, of the province of Ontario, has been elected a director of the Canadian Bank of Commerce, succeeding the late H. D. Warren.

—The Bank of British North America has opened a branch at Paynton, Sask., under the temporary management of J. Jeffrey.

—Deposits in Canadian banks at the end of March totaled $718,000,000, divided as follows: Deposits on demand, $200,843,981; deposits on notice, $445,626,884; deposits from elsewhere, $73,951,501.

COINAGE BY MINTS IN INDIA.

According to the official report on the working of the Indian mints, Consul-General William H. Michael, of Calcutta, says that the gold tendered during the fiscal year 1908 amounted to $28,633,333. The silver coined during the year was valued at $60,385,513. This is a large figure, yet it falls short of the coinage of the previous year by $26,666,666. The larger part of the rupee coinage was from bullion purchased by the secretary of state, for the most part in England. The machinery in the mints is now run by electricity, which has been found to be more economical and satisfactory than the old method. The number of counterfeit coins in circulation is regarded by the government as small, everything considered, most of them being nickle pieces. One of the most effectual deterrents of counterfeiting is the care taken by the natives in testing every piece of silver or nickle offered them by feeling, ringing, and biting.

WITH BANKERS MAGAZINE ADVERTISERS.

FREE ELECTROS FOR BANKERS.

The Burroughs Adding Machine Company through its Advertising Department, offers a series of four bank advertisements free to any bank using the Burroughs Adding and Listing Machine.

These ads are not primarily for the Burroughs Machine, but are for the benefit of the bank, calling attention to the fact that accurate and prompt service is possible because the bank has up-to-date equipment.

The Burroughs Company furnishes the electros, 4-inch double column newspaper size, mortised to include the name of the particular bank to which they are sent. The only cost to the bank is the cost of the space, which, in most cases, would be used anyway. The ads. are attractive in design and suggestive of the advantages to the depositor from doing business with a progressive institution. There is no suggestion of "ready made" about the advertisements, they having been designed especially for this service by one of the leading commercial artists of New York.

It is understood that the Burroughs Company will send the series of four electros to any banker using the Burroughs Machine, upon request.

BANKS CLOSED AND IN LIQUIDATION.

ARKANSAS.

Dumas—Bank of Dumas; in hands of receiver.

CALIFORNIA.

Los Angeles—Golden Gate Bank; in hands of Bank Commissioner.

INDIANA.

Montezuma—Reserve Bank; in liquidation.

OKLAHOMA.

Davis—Merchants & Planters National Bank; in voluntary liquidation, May 1.

Hobart—Hobart National Bank; in voluntary liquidation, March 19.

Sallisaw—First National Bank; in voluntary liquidation, May 18.

Talihina—First National Bank; in voluntary liquidation, May 14.

BANK AND TRUST COMPANY STOCKS.

Corrected to May 20, 1909.

NEW YORK BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 120 Broadway, New York.

	Div. Rate.	Bid.	Asked.
Aetna National Bank	8	165	175
Amer. Exchange Nat. Bk.	10	250	255
Bank of America	26	575	590
Bank of the Manhattan Co.	12	325	...
Bank of the Metropolis..	16	375	400
Bank of N. Y., N. B. A...	14	330	340
Bank of Washington Hts.	..	260	...
Battery Park Nat. Bank..	..	120	...
Bowery Bank	12	355	...
Bronx Borough Bank	..	300	...
Bryant Park Bank	..	150	...
Century Bank	6	170	180
Chase Nat. Bank	6	300	...
Chatham Nat. Bank	16	290	300
Chelsea Ex. Bank	..	190	205
Chemical Nat. Bank	15	420	435
Citizens' Central Nat. Bk.	6	155	160
Coal & Iron Nat. Bank....	10	240	255
Colonial Bank	10	375	...
Columbia Bank	12	400	...
Corn Exchange Bank	16	330	345
East River Nat. Bank....	6	120	130
Fidelity Bank	6	165	180
Fifth Avenue Bank	100	4000	...
Fifth National Bank	12	320	350
First National Bank	32	800	825
Fourteenth Street Bank...	10	150	170
Fourth National Bank....	8	218	225
Gallatin National Bank....	12	345	355
Garfield National Bank....	12	250	300
German American Bank..	6	135	150
German Exchange Bank..	20	450	500
Germania Bank	20	500	...
Greenwich Bank	10	250	265
Hanover National Bank...	16	535	550
Importers & Traders Nat. Bank	20	545	560
Irving Exchange Nat. Bk.	8	185	200
Jefferson Bank	10	180	200
Liberty National Bank ...	20	525	550
Lincoln National Bank....	8	420	440
Market & Fulton Nat. Bk.	12	255	260
Mechanics National Bank.	12	250	260
Mercantile National Bank.	..	170	185
Merchants Ex. Nat. Bank.	6	165	175
Merchants National Bank.	7	160	170
Metropolitan Bank	8	185	195
Mount Morris Bank	10	250	...
Mutual Bank	8	280	310
Nassau Bank	8	200	...
Nat. Bank of Commerce..	8	180	190
Nat. Butchers & Drovers.	6	140	155
National City Bank	10	345	350
National Copper Bank	8	240	...
National Park Bank	16	465	475
National Reserve Bank...	..	140	150
New Netherlands Bank...	..	200	215
N. Y. County Nat. Bank..	40	765	...
N. Y. Produce Ex. Bank..	8	160	180
Night & Day Bank	..	200	250
Nineteenth Ward Bank...	15	...	485
Northern Bank	6	120	135
Pacific Bank	8	230	250
Peoples' Bank	10	280	300
Phenix National Bank	6	175	185
Plaza Bank	20	600	...
Seaboard National Bank..	10	360	380
Second National Bank....	12	350	380
Sherman National Bank..	..	130	...
State Bank	10	240	...
Twelfth Ward Bank	6	...	150
Twenty-third Ward Bank.	6	110	...
Union Exchange Nat. Bk.	10	185	195
West Side Bank	12	525	...
Yorkville Bank	16	400	...

NEW YORK TRUST COMPANY STOCKS.

	Div. Rate.	Bid.	Asked.
Astor Trust Co.	..	310	330
Bankers Trust Co.	16	660	700
Broadway Trust Co.	6	130	140
Brooklyn Trust Co.	20	400	...
Carnegie Trust Co.	8	...	195
Citizens' Trust Co.	..	125	...
Central Trust Co.	60	2850	...
Columbia Trust Co.	8	230	250
Commercial Trust Co.	..	140	150
Empire Trust Co.	6	230	250
Equitable Trust Co.	16	460	480
Farmers Loan & Trust Co. (par $25)	40	1275	...
Fidelity Trust Co.	6	200	210
Fifth Avenue Trust Co...	12	...	450
Flatbush Trust Co.	8	205	215
Franklin Trust Co.	8	190	205
Fulton Trust Co.	10	245	...
Guaranty Trust Co.	20	680	700
Guardian Trust Co.	..	150	175
Hamilton Trust Co.	10	265	275
Home Trust Co.	4	105	115
Hudson Trust Co.	6	165	...
International Bank'g Corp.	4	100	...
Kings Co. Trust Co.......	12	475	...
Knickerbocker Trust Co...	..	340	350
Lawyers Mortgage Co.....	12	300	310
Lawyers Title Insurance & Trust Co.	12	230	240
Lincoln Trust Co.	..	145	155
Long Is. Loan & Trust Co.	12	295	305
Manhattan Trust Co. (par $30)	12	365	385
Mercantile Trust Co.	20	740	780
Metropolitan Trust Co....	24	500	...
Morton Trust Co.	20	450	500
Mutual Alliance Trust Co.	8	120	130
Nassau Trust Co.	8	160	175
National Surety Co.	8	175	190
N. Y. Life Ins. & Trust Co.	50	1100	1125
N. Y. Mtg. & Security Co.	10	190	200
New York Trust Co.	32	565	...
Peoples' Trust Co.	12	290	310
Standard Trust Co.	10	315	350
Title Guar. & Trust Co...	20	500	510
Trust Co. of America.....	8	365	385
Union Trust Co.	50	1230	1300
U. S. Mtg. & Trust Co....	20	435	445
United States Trust Co...	50	1175	1200
Van Norden Trust Co.....	12	260	300
Washington Trust Co.	12	390	410
Windsor Trust Co.	6	125	140

BOSTON BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 60 Congress St., Boston.

Namt.	Div. Rate.	Last Sale.
Atlantic National Bank	6	140
Boylston National Bank	4	103¼
Commercial National Bank	6	140

Name.	Div. Rate.	Last Sale.
Eliot National Bank	8	208½
First National Bank	12	325¼
First Ward National Bank	8	181½
Fourth National Bank	7	165
Merchants National Bank	10	233½
Metropolitan National Bank	6	122
National Bank of Commerce	6	170
National Market Bank, Brighton	6	102
Nat. Rockland Bank, Roxbury	8	167
National Shawmut Bank	10	305¼
National Union Bank	7	175
National Security Bank	12	*
New England National Bank	6	152
Old Boston National Bank	5	120
Peoples' National Bank, Roxbury	6	130
Second National Bank	10	226⅝
South End National Bank	5	104½
State National Bank	7	165¼
Webster & Atlas National Bank	7	155
Winthrop National Bank	10	325

* No public sales.

BOSTON TRUST COMPANIES.

Name.	Div. Rate.	Last Sale.
American Trust Co.	8	345
Bay State Trust Co.	7	*
Beacon Trust Co.	8	185
Boston Safe D. & T. Co.	14	369
City Trust Co.	12	390
Columbia Trust Co.	5	120
Commonwealth Trust Co.	6	160
Dorchester Trust Co.	..	105
Exchange Trust Co.	..	*
Federal Trust Co.	6	130
International Trust Co.	16	400
Liberty Trust Co.	..	*
Mattapan D. & T. Co.	6	201
Mechanics Trust Co.	6	110⅛
New England Trust Co.	15	309
Old Colony Trust Co.	20	615¼
Puritan Trust Co.	6	219
State Street Trust Co.	8	*
United States Trust Co.	12	225

* No public sales.

CHICAGO NATIONAL BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 152 Monroe St., Chicago.

	Div. Rate.	Bid	Asked.
Bankers National Bank	8	195	198
City National Bank, Evanston	10	300	355
Commercial National Bank	12	296	299
Continental National Bank	8	275	278
Corn Exchange Nat. Bank	12	387	393
Drovers Deposit Nat. Bk.	10	218	222
First National Bank	12	435	439
First Nat. Bank of Englewood	10	230	250
Ft. Dearborn Nat. Bank	8	185	190
Hamilton National Bank	5	132	135
Live Stock Exchange Nat. Bank	4	248	253
Monroe National Bank	4	125	130
Nat. Bank of the Republic	8	198	200
National City Bank	6	169	172
National Produce Bank	..	123	126
Oakland National Bank	6	...	...
Prairie National Bank	..	138	...

CHICAGO STATE BANKS.

	Div Rate.	Bid	Asked.
American Tr. & Sav. Bk.	8	219	223
Central Trust Co. of Ill.	7	160	164
Chicago City Bank	10	162	176
Chicago Savings Bank	6	128	135
Colonial Tr. & Sav. Bank	10	184	190
Drexel State Bank	6	171	180
Drovers Tr. & Sav. Bank	8	180	190
Englewood State Bank	6	...	116
Harris Tr. & Sav. Bank	8	255	...
Hibernian Banking Assn.	8	207	212
Illinois Tr. & Sav. Bk.	16-4ex.	505	520
Kenwood Tr. & Sav. Bank	6	118	121
Lake View Tr. & Sav. Bk.	5	109	111
Merchants Loan & Tr. Co.	12	391	399
Metropolitan Tr. & S. Bk.	6	120	124
Northern Trust Co.	8	302	320
Northwestern Tr. & Sav. Bank	8	130	140
Prairie State Bank	8	250	...
Railway Exchange Bank	4	105	120
So. Chicago Sav. Bank	6	124	130
State Bank of Chicago	12	375	...
Stock Yards Savings Bank	6	210	...
Union Bank	6	123	127
Union Stock Yards Bank	6	124	127
Western Tr. & Sav. Bk.	6	148	153
Woodlawn Tr. & Sav. Bk.	6	125	130

You Need This, Bank Directors!

A list of twenty-nine searching questions to be put by examiners to each individual director of the national banks when making his next examination has been prepared by the Comptroller of the Currency.

The questions are designed to bring out clearly the relation of the directors to the executive conduct of the bank; the extent of their knowledge of the paper held by the bank; the degree of latitude conceded by them to bank officers in overstepping the provisions of the national banking laws, and the nature of their oversight of accounts and assets, of the composition of the reserves, and of the correctness of the reports of the banks as turned in.

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90 William Street, New York

PUBLISHERS ANNOUNCEMENTS

THE INVESTMENT DEPARTMENT.

THIS month there is inaugurated in the MAGAZINE a new Investment Department, which is to be conducted by Franklin Escher, an expert on the subject of investments, who is well known through his contributions to "Harper's Weekly" and other publications.

In brief, the object of this department is to cover broadly all the important events affecting investments. Here will be outlined, month by month, the tendencies in the field of investment. In interesting, short-paragraph style, Mr. Escher will discuss the various phases of the broad subject, treating the matter in a manner especially helpful to the bankers and trust company officers of the country at large.

It is the purpose of the BANKERS MAGAZINE to make the Investment Department useful to its readers by putting them in close touch with the trend of events here in New York, the financial center of the country.

In this month's issue Mr. Escher contributes a general discussion of the present outlook in the bond market. In the July number he probably will take up the subject of present tendencies in the realm of industrial securities.

FROM AN A. I. B. MAN.

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Herewith please find bill and check to cover another year's subscription. The MAGAZINE is all you claim for it. I will not be without it.

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Revillon Bros., Ltd.,
Edmonton, Alta., Can.

DIRECTORY SAVES TIME AND EXPENSE.

Bankers Directory:

We use the Directory in connection with collecting drafts and notes in all sections of the United States, made on or by our own customers.

We thank you for sending sample copy of BANKERS MAGAZINE. Writer's knowledge of, and familiarity with both of your publications, commenced many years ago, he having entered the banking house of E. W. Clark & Co. (of which house Jay Cooke was a partner) in 1850, and during the 60's engaging in the banking business on his own account in Baltimore and New York, being for several years a member of the New York Stock Exchange and the Gold Board.

We gain in time and save expense by utilizing knowledge thus obtained in doing our collecting.

H. H. WAINWRIGHT, *Treasurer,*
Steel Protected Concrete Co.,
Philadelphia, Pa.

A LARGE BOOK ORDER.

The Bankers Publishing Company last month received a strong testimonial for Patten's "Methods and Machinery of Practical Banking." It was in the shape of an order for 84 copies of the book from the Traders Bank of Canada. One copy was sent to each of the branches of this bank throughout the Dominion of Canada. This is a good example for other large banks to follow, as it is a move for better service and results in the rank and file of the organization.