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BANKERS MAGAZINE
"

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JANUARY TO JUNE
1912

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TO THE
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WALL STREET, LOOKING TOWARDS BROADWAY

FROM A PASTEL BY OLIVER LIPPINCOTT, NEW YORK

UNIV. OF
CALIFORNIA
THE
BANKERS MAGAZINE

ELMER H. YOUNGMAN, *Editor*

SIXTY-SIXTH YEAR

JANUARY, 1912

VOLUME LXXXIV, NO. 1

THE OUTLOOK FOR 1912

ONE of the principal events of the year just opening will be, in this country at least, our quadrennial political and business turmoil incident to the election of President.

This event has always a more or less pronounced effect on business, and this is true to a considerable extent whether there is any probability of the transfer of power from one party to the other or not.

While President TAFT has undoubtedly displayed qualities of the highest order in his Administration, he seems to have failed in securing the approval of those who regard themselves as progressive, nor has his course commanded the support of many conservative business men. Although his renomination now seems probable, it is foreign to the policy of this MAGAZINE to speculate either as to his renomination or re-election. We are only interested in the probable effects that the election may have on business enterprise.

Should Mr. TAFT be re-elected and Congress make no changes in the Sherman Law, it may be expected that the policy of the President in regard to what is termed "big business" will be continued. There is, of course, a wide diversity of opinion as to the wisdom and the ultimate results of this policy. Men very high in the business and economic world regard it as being sure in the long run to seriously cripple the

country's prosperity. Others of equal standing and authority seem to think just the reverse.

The disposition of business men to get alarmed in regard to Governmental policies is well known, and quite often these fears are not borne out by the results.

At present while some apprehension and distrust have undoubtedly been caused by the Government's attack on the great combinations of capital, and while this has no doubt retarded somewhat the flotation of new enterprises, the ordinary business activities of the country seem to be proceeding at a normal pace. This may prove that the fears of "big business" are ungrounded. On the other hand, it is conceivable that the Sherman Law may be so rigidly enforced as to cause not only continued distrust, but positive harm.

It is hardly to be expected, with the Presidential election impending, that any changes in this statute will be made in the direction of its liberalization, for if this were done the cry would at once be raised that it was for the purpose of favoring the trusts.

After the Presidential election is over the whole problem of dealing with large combinations of capital will probably be taken up and considered in a sober and independent spirit, not with a view of making political capital but for the purpose of adjusting the law

so as to afford needed protection to the public without injury to legitimate business interests.

Radical tendencies in either party seem to be disappearing, and whether the Republicans continue in power, or whether they will be succeeded by their most prominent rivals, will apparently not cut much figure in the business world.

Aside from the disquieting features incident to the anti-trust laws, the general outlook for the new year seems to be good. Banking conditions as a whole are satisfactory, and this will tend to strengthen the business situation.

PROFITS OF THE PROPOSED RESERVE ASSOCIATION

AN interesting feature of the proposed reserve association is the profit to be expected. At the recent bankers' convention, BENJAMIN STRONG, JR., vice-president of the Bankers' Trust Company of New York, had the following to say on this matter:

"Solely for the purpose of illustration, we will assume a condition for the association, after some years of operation, as follows:

ASSETS.	
Lawful money received for capital	\$123,000,000
Lawful money received for government deposits.....	100,000,000
Lawful money received for bank deposits	625,000,000
Government bonds taken over.	700,000,000
Investments and discounts....	300,000,000
	\$1,850,000,000
LIABILITIES.	
Capital	\$123,000,000
Government deposits.....	100,000,000
Bank deposits.....	625,000,000
Circulating notes.....	700,000,000
Deposits and note liabilities arising from investments and discounts	300,000,000
	\$1,850,000,000

"In this estimate is included an increase in capital and deposit liabilities, as well as circulation to cover a possible admission of State institutions, and a larger discount and investment account is indicated than may arise for many years. Based upon this assumed condition, the earnings should work out in round figures about as follows:

EARNINGS.	
3% on 700,000,000 U. S. 3's....	\$21,000,000
4½% on 100,000,000 discounts..	4,500,000
3½% on 200,000,000 investments	7,000,000
	\$32,500,000
DEDUCTIONS.	
1½% on 700,000,000 U. S. 3's...	\$10,500,000
Expenses main office and fifteen branches	6,000,000
Expenses note issues (about double present cost).....	2,000,000
	\$18,500,000

"The stockholders might receive a dividend of \$5,000,000, and there would be left for surplus \$4,500,000, and for the Government \$4,500,000, total \$14,000,000. It is quite apparent, therefore, that the disposition of the earnings of the association may become an important question immediately upon its organization.

"Credit institutions are influenced in their operations by two considerations—profit and safety. In this plan the ability to make profits is subordinated to the necessity for safety. Very wisely a limit has been placed both upon the amount of dividends to be paid to the subscribers and the amount of profits to be added to surplus. By limiting the amount of dividends and surplus, incentive to large profits is removed, and no pressure of opinion either from the public or stockholders should induce the management of the institution to allow undue inflation or extend its operations for profit beyond the point of conservative action.

"The attention of the country will be focused upon the condition of the reserve association and its earnings will

be a subordinate consideration as is the case in Germany, France and England.

"Were the surplus to be increased beyond a moderate maximum fixed amount, subscribers to the stock, in later years, at a greater book value, would realize an increasingly reduced interest return as compared with older stockholders, unless adjustments in the dividends were made, which plan would seem impracticable.

"The Bank of England has established by long precedent a fixed rest or reserve of approximately 3,000,000 pounds, in excess of which amount profits are distributed to the shareholders. The dividends paid by the bank since 1844 have been from seven per cent. to eleven and three-quarters per cent., in recent years nine per cent. Eliminating its own notes held in its banking department, the Bank of England shows roughly a net earning power of 1.3 per cent. on all of its assets and 2.2 per cent. on the assets which are earning interest, assuming that all of its earnings have been distributed. This

"The Bank of England earns roughly \$6,500,000 to \$7,000,000 on \$500,000,000 assets, against a forecast of earnings for the reserve association of \$14,000,000 on \$1,850,000,000 of assets."

ANOTHER COMPUTATION OF EARNINGS

AS the earnings of the reserve association will naturally be of great interest to those who are going to invest their capital in the enterprise, we give herewith another calculation from Mr. JAMES B. FORGAN, president of the First National Bank, Chicago. Mr. FORGAN's estimate forms part of a paper read by him at New Orleans. While the conclusions reached by Mr. FORGAN and Mr. STRONG differ, it must be remembered that their estimates are not on the same basis—one being "after some years of operation" and the other at the commencement of business. Mr. FORGAN's estimate follows:

PROSPECTIVE FIGURES.

"If the National Reserve Association should commence business with a capital as proposed of	\$150,000,000
it would gradually assume liabilities approximately as follows:	
Government deposits	\$100,000,000
Bank deposits (estimated at a little over half the present lawful money in the national banks alone).....	500,000,000
Circulation against government bonds taken over from national banks	700,000,000
Its total liabilities outside of its capital would be.....	\$1,300,000,000
	<hr/>
	\$1,450,000,000
Against these it would acquire the following assets:	
Gold or legal tender money for its capital.....	\$150,000,000
Gold or legal tender money for its deposits.....	600,000,000
Government bonds against circulation	700,000,000
Its lawful money reserve against its liabilities would be as follows:	
Gross liabilities	\$1,300,000,000
Deduct 50% of government bonds on hand.....	350,000,000
	<hr/>
Net liabilities	\$950,000,000
Lawful money on hand, 79% per cent.....	750,000,000

compares with the assumed earnings as above suggested of three-quarters of one per cent. on all of the assets of the reserve association, and 1.4 per cent. on the assets which are earning interest.

"On the basis of these figures it would have a loaning or investing capacity of \$275,000,000 as, after investing that amount of its lawful money, it would still have left fifty per cent. of

its net liabilities. But in the ordinary course of business its deposit and circulation liabilities would increase in proportion to the amount of its loans and investments, doubling its loaning capacity. Expanded to its full capacity its loans would be \$550,000,000 and its net liabilities \$1,500,000,000, while its \$750,000,000 of lawful money would still be fifty per cent. of the latter.

"If the loans and investments required under normal conditions should be one-half this amount, or \$275,000,000 (or, in other words, if the management should, as it probably would, under normal conditions, run the association at half its maximum loaning capacity), the normal reserve would be 61.22 per cent., and there would be, placing the minimum legal reserve at fifty per cent., a leeway for expansion of the loans of \$275,000,000.

"A normal balance sheet on this basis would be:

ASSETS.	
Gold or legal tender money...	\$750,000,000
Government bonds	700,000,000
Loans and investments.....	275,000,000
	<hr/>
	\$1,725,000,000
LIABILITIES.	
Capital	\$150,000,000
Government deposits	100,000,000
Bank deposits (originally deposited in lawful money)...	500,000,000
Circulation	700,000,000
Bank deposits created by, or circulation issued against, loans and investments (immaterial which)	275,000,000
	<hr/>
	\$1,725,000,000

"And a statement of liabilities and legal reserve against them would be:

Gross liabilities	1,725,000,000
Deduct capital	150,000,000
	<hr/>
	\$1,575,000,000
Deduct 50% of government bonds	350,000,000
	<hr/>
Net liabilities	\$1,225,000,000
Legal reserve money, 61.22% ..	750,000,000

"To indicate that the association could afford from the standpoint of

profit to thus run under half steam, so to speak, I offer the following prospective figures of its income and expenses under normal conditions:

INCOME.	
3% on government bonds.....	\$21,000,000
3½% on loans and investments..	9,625,000
	<hr/>
	\$30,625,000

EXPENSES.	
Operating expense.....	\$5,000,000
Expenses connected with note issue.....	2,000,000
Franchise tax (equal to 1½% on government bonds taken over from national banks with privilege of circulation against them)..	10,500,000 17,500,000
	<hr/>
Net profits	\$13,125,000
Dividend on capital stock, 4%...	6,000,000

Applicable for division between surplus and the government besides the franchise tax, as above 7,125,000

"When the maximum dividend of five per cent. is paid to stockholders and the surplus is twenty per cent. of the capital, the distribution of profits would be as follows:

Net profits, as above.....	\$13,125,000
5% maximum dividend to stockholders	7,500,000
	<hr/>
Balance of profits to government	\$5,625,000

"These figures are made up on the basis of the original and direct business which the National Reserve Association would acquire. They do not disclose the reserve strength it would have nor the increased loaning power it would acquire as its business develops."

STATE AND SAVINGS BANKS AND TRUST COMPANIES—THEIR RELATION TO THE RESERVE ASSOCIATION PLAN

ONE of the difficult features to be dealt with in adapting the National Reserve Association plan to our peculiar banking system is in fixing the

relations between the reserve association and the banks other than national. To make the proposed association most effective provision will have to be made for admitting all classes of banks. Dealing with the relations above mentioned in an address before the recent bankers' convention F. H. Goff, president of the Cleveland Trust Company, said:

"What advantage can savings institutions derive from membership under the proposed plan? There are four ways in which the National Reserve Association can extend credit to its members:

"1. It can rediscount paper arising out of commercial transactions having not more than twenty-eight days to run; commercial paper being defined in the revised plan as notes and bills of exchange issued or drawn for agricultural, industrial or commercial purposes. While the language used is somewhat vague, I assume it would be interpreted to exclude obligations issued for investment and to cover only obligations arising out of the distribution of commodities to supply present consumptive demands.

"2. It can purchase bank acceptances having not to exceed ninety days to run.

"3. With the endorsement of the local association, it can discount paper arising out of commercial transactions having more than twenty-eight days and not exceeding four months to run.

"4. Whenever the Secretary of the Treasury, the Governor and the Executive Committee of the National Reserve Association all agree that the interests of the public so require, it can discount the direct obligation of a depositing member, when endorsed by the local association, and secured by satisfactory collateral; the bank receiving the guarantee being required to pay such commission as may be fixed by the local association.

"Savings banks and trust companies restricting their investments to savings bank standards, for the most part, have no paper arising out of commercial transactions, even as defined in the revised plan. The only facilities afforded them would be the right to discount their direct obligation at such times, and at such times only, as the Secretary of the Treasury, the Governor and the Executive Committee of the Reserve Association should unanimously determine that protection of public interests required such accommodation to be given.

"The situation can best be illustrated by giving one or two concrete examples. A commercial bank could rediscount an unsecured obligation of the United States Steel Corporation, if you please, having less than twenty-eight days to run, provided only it arose out of a commercial transaction, while a savings institution could not rediscount an obligation of the same company having the same maturity, not arising out of a commercial transaction, although secured by Government bonds. A commercial bank could rediscount the note of a farmer given for seed or fertilizer, while a savings bank could not rediscount a note of the same party for the same amount and having the same maturity, although secured by mortgage on real estate worth several times the amount of the loan, if issued for other than commercial or agricultural purposes. Manifestly, if the membership and the coöperation of savings institutions is needed or desired, either Senator ALDRICH's plan must be broadened so as to qualify for rediscount assets held by them or the legislatures in many States must repeal existing laws prohibiting savings institutions from investing in unsecured obligations. Until quite recently, at least, it has been generally conceded that savings deposits ought to be invested in loans and securities which are locally recognized as the safest. The belief that savings

deposits should, in good morals, be regarded in the nature of trust funds, has induced many States to restrict the character of investments that may be made by savings institutions. It is said that in England, France and Italy, savings funds are largely invested in Government bonds and mortgages; in Germany in municipal bonds and mortgages. The Law Committee of the American Bankers' Association has been actively considering whether banks doing both a commercial and savings business ought not to be required to segregate their savings funds and investments.

"Conceding, without admitting, that in the panic of 1907 prime commercial paper was found more liquid than well-secured Wall Street loans, it may well be doubted whether unsecured commercial paper will ever come to be regarded in some jurisdictions, at least, as a proper investment for savings deposits. In considering the self-liquidating value of commercial paper, it should be remembered that the panic of 1907 was a money panic and that general business conditions remained undisturbed for some months; that commercial paper was not found to be so satisfactory nor so self-liquidating in the industrial panics of 1873 and 1893, when more comparatively solvent concerns failed. It should also be remembered that stocks, bonds, real estate and collateral loans were freely received as security for currency issued by the Clearing-House Associations in 1907 and proved eminently satisfactory. The currency then issued has been said by no less an authority than F. A. VANDERLIP, president of the National City Bank of New York City, to have been as safe a currency as national bank notes.

"I seriously doubt whether any plan which penalizes savings banks and trust companies for adherence to standards supported by sound reason and long ex-

perience will prove acceptable in the end to the public. If it is essential to the success of the proposed plan that State institutions should become members of the Reserve Association, the plan must be liberalized so as to give such of these institutions as voluntarily or under legal compulsion adhere to savings bank standards in the matter of investments and loans the right to use their prime secured loans for rediscount.

"I am well aware that it is contended that prime commercial paper is the most self-liquidating asset a bank can have; that it is essential that the assets of the Reserve Association be kept liquid, and that to permit savings institutions to use secured loans for rediscount will in some mysterious way further the interests of Wall Street. But so far as I have observed, those who are most insistent that the assets of the Reserve Association be kept liquid have entered no protest to the suggestion that the association purchase from the national banks \$700,000,000 of irredeemable two per cent. bonds which would be absolutely unmarketable in its hands, and when deprived of the circulating privilege, worth not to exceed seventy cents on the dollar. I fully agree with the opinion expressed by the Currency Commission that it would be a menace to the establishment of the National Reserve Association on a solid basis to permit the taking over of these bonds unless some definite plan for refunding them is worked out in advance, to which the Government is definitely committed. It is gratifying to find that Senator ALDRICH has made careful provision for this in his revised plan.

"Those who contend that Wall Street interests will profit if secured loans are qualified for rediscount have failed to take note that the demand is made only in behalf of institutions adhering to savings bank standards in the matter of investment. The only savings institu-

tions in the State of New York are mutual savings banks, and unfortunately, as it seems to me, even under the revised plan, they are to be denied the right of membership. Were they admitted and given all the facilities for rediscounting prime collateral loans equal to the facilities afforded national banks for discounting commercial paper, the amount that would be available for speculative purposes would be a negligible quantity, if all the savings banks in the city of New York were to lend themselves to such purpose, which, of course, is unthinkable.

"There are 635 mutual savings banks in the country with deposits aggregating \$3,500,000,000, nearly twenty-five per cent. of the total deposits of the entire country. Upon what theory are they to be excluded? Is it because they neither need nor desire the protection, which it is assumed membership in the National Reserve Association would afford, or has the decision to exclude them been found the most convenient way, in view of the fact that they would only have collateral loans to offer for rediscount, to escape from the hue and cry against Wall Street? In times of public distrust, savings institutions are peculiarly subject to attack because of the number and character of their depositors. They can, it is true, require thirty or sixty days' notice of withdrawal to be given, but to take refuge under that right is humiliating, if not a disgrace, at least in normal times. A bank enforcing it fails in the supreme test of good banking, which has been said to be the ability to pay all demands in cash.

"Nearly forty per cent. of the total deposits of the country are savings. Under Senator ALDRICH's plan practically none of the resources in which savings deposits are invested could be converted into cash except in times of extreme disturbance, when their direct obligations, properly secured and guaranteed by the local Reserve Association,

could be used. Under ordinary conditions protection to savings deposits must result under the plan proposed from the conversion of investments representing commercial deposits held by other institutions. I fear too much reliance is placed on the self-liquidating quality of commercial paper and that Senator ALDRICH in his zeal to avoid the appearance of giving any supposed advantage to Wall Street has entirely overlooked the needs of savings institutions.

"If the coöperation of mutual savings banks is essential, the plan must be modified to meet the conditions under which they operate and are powerless to change. Whether secured loans are less liquid than obligations arising out of commercial transactions, is not the only question. The acceptable plan must deal with conditions as they exist and afford the banks of all classes the maximum of opportunity consistent with sound banking to convert their resources into cash."

Fully admitting as we do the desirability of having the State banks, savings banks and trust companies participate in the benefits of the reserve association, we can not assent to the wisdom of Mr. Goff's proposal to admit stocks and bonds to an equality with commercial paper as a means of obtaining credit with the reserve association. This "credit" may be in the form of a mere book entry or it may take the form of notes issued by the reserve association and sent to the members applying for a rediscount.

This transmutation of fixed investments into circulating credits through the mere instrumentality of the National Reserve Association would seem to tend toward a perpetuation of some of the difficulties now confronting us. After taking away the circulation feature from Government bonds, shall we not, by conferring it upon a vast volume of miscellaneous stocks and bonds, simply

be jumping out of the frying-pan into the fire?

We repeat that the State banks, savings banks and trust companies should share to the fullest extent in the benefits of the National Reserve Association, but care should be taken that these benefits be conferred in the wisest way.

BANKERS' CONVENTION ALMOST UNANIMOUS FOR THE RESERVE ASSOCIATION

FAMILIARITY with the methods of the bankers' conventions somewhat reduces the impressiveness of the practically unanimous vote (there was one dissenter, from the Lone Star State,) by which the National Reserve Association plan was approved by the recent convention of the American Bankers' Association at New Orleans. Nevertheless, not only was there a very large majority of the bankers at the convention favorable to the project, but it is apparent that most of the bankers in the country are of the same opinion.

The thorough care and study evident in the preparation of the plan entitle it to great respect, and this is increased by the substantial unanimity with which the bankers are supporting it. A small banker, or the closest student of banking, would hesitate a long time before venturing to set his opinion against such an overwhelming weight of authority.

No doubt the plan embodies many excellent features. But is it so nearly perfect as to be beyond helpful criticism? And is the universal chorus of approval due to the excellence of the plan, or to the tendency of a great many little bankers to sneeze when the big bankers take snuff?

We do not know the answer to these questions. It may well be believed, however, that the banking problem has

been so threshed over, and inspected from every possible angle, so that those who formed the ALDRICH plan benefited by this long consideration of the matter and anticipated every valid criticism.

In a matter of such great importance, the freest criticism should be welcomed. A great deal of our financial and banking legislation has been unsound, and we greatly fear that if Mr. ALDRICH's central bank or reserve association plan ever becomes a law, it will go through with several unwise provisions incorporated in it. These features should be reduced to a minimum. Some of them have been pointed out by the editor of this MAGAZINE and by others. Instead of resenting these criticisms as a sign of hostility to the measure itself, they should be received in the spirit in which they are offered—that is, the desire to see our banking and currency laws as free from defects as possible.

It is, unquestionably, a great tribute to the merits of the reserve association plan itself and to the ability shown by Mr. ALDRICH and his associates on the National Monetary Commission that the bankers of the United States have given the proposal their almost unqualified approval. The bill to carry out the plan will gain great prestige in Congress from this support.

The bankers represent the solid business judgment of the community, and their opinions—especially on a matter of this kind—will have great weight.

THE INTERCONVERTIBLE BOND PLAN REVIVED

THE prevailing popular interest in banking and currency affairs was bound to give rise to a promulgation of financial heresies of one kind and another.

One of the most plausible of these—

and therefore the most dangerous—is the interconvertible bond plan, lately revived by E. CLARENCE JONES in a paper on “Elastic Currency for the People,” read before the National Business Congress at Chicago last month. We must do Mr. JONES the justice to say that he has presented the plan with great clearness and force, and that his address reveals a thorough knowledge of the principles on which a banking and currency system should be based. And it ought also to be said that he is not proposing a new or an ideal currency system, but taking conditions as they exist and making what he considers a better adaptation of them to present-day needs.

Nevertheless, we believe his proposals to be radically unsound and dangerous.

Let us see what the author proposes. “This system of currency,” he says, “could be worked out in practical form by having Congress enact a law making all United States bonds convertible into currency and reconvertible into bonds under the following plan:

“1. Any person, firm or corporation may deposit bonds in any amount with any sub-Treasury of the United States and receive in lieu thereof circulating notes to the amount of the face value of the bonds deposited.

“2. Any person, firm or corporation may at any time return to any sub-Treasury any such circulating notes in amounts of \$100 or any multiple thereof and receive in exchange thereof bonds to the amount of the face value of the notes so returned.

“3. Interest on the bonds shall cease while the circulating notes are outstanding but shall commence again when the notes are returned and the bonds are again issued.

“4. All future issues of United States bonds shall be in denominations of \$100 and multiples thereof and al-

lotted at par to the smallest subscribers first.”

It is suggested that the bonds should bear three per cent. interest.

Mr. JONES seems to attach great importance to a question that he asks, namely:

“Why should John Brown, because he incorporates himself as the John Brown National Bank with a capital of \$100,000, be allowed to get \$100,000 in currency from the Government on the deposit of Government bonds to that amount, when John Brown as an individual, or as the John Brown Dry Goods Co., or the John Brown Plow Factory, or the John Brown Trust Co., or the John Brown State or Savings Bank can not do so upon the pledge of the same bonds?”

In China, we believe, it has been the custom to permit anybody to issue notes for circulation, but it has tended rather to confuse than to strengthen and simplify a much-muddled currency system.

There are, we think, some good reasons for conferring the note-issuing privilege upon banks and denying it to individuals. In the first place, banks are heavily taxed because they are banks, and if they are allowed whatever profit may inure from the note-issuing function it will tend to reimburse them for the taxes paid. Certainly, if the banks are to pay a franchise tax they should not be subject to competition from individuals who are exempt from the tax.

But there are more substantial reasons for conferring upon banks the right to issue notes.

They are the custodians of money and credit—the natural place from which to get credit and currency—just as the butcher-shops are the natural place to get steaks and sausages.

There is less reason, no doubt, for denying the State banks and trust companies the right to issue notes on the

same security furnished by the national banks. Presumably, the Federal Government wishes to restrict this privilege to institutions created by its authority and subject to its supervision.

Now, as to the specific benefit an individual would receive by the right to convert his Government bonds into notes and to reconvert the notes into bonds. To avail himself of this privilege a business man would have to invest his surplus in Government bonds bearing three per cent. interest. If he had \$100,000 of such bonds he could, under Mr. JONES' plan, get \$100,000 in circulating notes at any time by depositing the bonds with a sub-Treasury and receiving notes for them—the interest on the bonds ceasing while the notes were outstanding. When the need for the notes had passed, they would be returned to the sub-Treasury and exchanged for the bonds.

A man getting currency on this plan would be compelled to keep a considerable sum perpetually locked up in a security offering a very low interest return. This interest would be lost whenever the bonds were deposited to procure currency. On the other hand, there would be a certainty that the money could be had whenever wanted, and the business man would be less dependent than now upon his banker. The business man, also, instead of having to pay the going rate for his money—five, six or seven per cent.—would get it at three per cent.; that is, by sacrificing the interest on his bonds for the time the notes were needed.

It may be doubted whether this saving would come to anything in the long run, considering the length of time a considerable amount of money would have to be locked up in a low interest bearing security. Of course (though that is what takes place at present) the locking up of 100 cents of invested capital for every dollar of currency issued is a waste of money. A bank could

safely issue notes against a reserve of one-half, one-third or even one-fourth in coin, and, moreover, would have to hold this reserve only while the notes were outstanding.

But there is a further objection to any plan which would tend to give to every individual the right to determine when more currency should be put into circulation. That is a function which even bankers may imperfectly exercise, but they can do better than individuals.

It can not be repeated too often that, aside from certificates representing the standard coin, the paper currency of a country ought to be based upon a proper reserve of that coin actually in hand, and that notes should issue upon bills arising out of commercial transactions, the notes going out of existence with the completion of the transaction, and not coming forth again until a fresh evidence of a commercial operation appears. To base the notes upon the public debt is wrong in principle, and even if the interconvertible bond plan was to be an improvement over the existing methods, it would only serve to prolong that principle.

The National Reserve Association proposed by Mr. ALDRICH is not without defects, but it paves the way for finally disposing of the bond-secured national bank notes—"a consummation devoutly to be wished."

EDUCATION FOR BANKING REFORM

ELSEWHERE in this number reference is made to what might be done by the bankers in the way of spreading a sound knowledge of currency and banking among the people. President SCHURMAN of Cornell University, speaking recently of the desirability of popular education in this direction, said:

"The general public has no idea of the importance or urgency of the reformatory and constructive legislation which we now desire for the improvement of our banking and currency system and the protection of the financial interests which they represent. Questions of partisan politics, especially if embittered by personal feuds, easily gain possession of the public mind. But the promotion of the public welfare without appeals to passion and to fury is a much more difficult undertaking. Yet measures of this character are vastly more fruitful than any issue of mere partisan politics in promoting the public interests. Education, research, invention, the wise organization of capital and labor, and the maintenance of a system of orderly and just government have been of infinitely more benefit to mankind than any, or perhaps all, of the personal or emotional issues which have ever convulsed party politics. If, therefore, it is more difficult to arouse public attention to the importance of subjects of this character, we may, nevertheless, console ourselves with the reflection that these are the subjects which it is supremely worth while for the public to be interested in. And we may cherish the faith that in the long run a hearing will be secured for them and public interest aroused, first, because with all their emotional partisanship there is a large residuum of reason in human beings and, secondly, because in the fierce competition of modern industrial societies it is absolutely impossible for a nation to prosper if its economic and financial arrangements are out of harmony with the arrangements of modern industry and commercial life. The advocates of banking and currency reform have behind them as their support the inexorable nature of things, the laws of the physical universe and the industrial life of mankind; and in spite of indifference and

even of opposition they are bound in the long run to prevail.

"Nevertheless, I believe a thorough and extensive campaign of education will be necessary. This is not merely a matter which concerns bankers, though from their vocation bankers happen to know more about it than other members of the community. But because bankers see the evils more clearly than the rest of the community, they have no personal or professional interest in the reform of these evils. The benefits of reform inure to the public generally. It is not the bankers but the public who now suffer. And the first lesson to be emphasized in our campaign of education is this: That banking and currency reform is the concern, not of bankers, not even of financiers, but of the American public in general. Under our present system there are times when unnecessary financial stress is experienced by farmers, by fishermen, by lumbermen, by wage-earners, by all classes of the community. Though the banker perceives these evils and realizes the causes from which they flow, he does not suffer from them in a more acute form than any of his fellow citizens. It is merely that his experience brings the evils under his observation. The general public indeed do not realize this situation of affairs, and are prone either to accept their sufferings as a result of the necessary nature of things or to imagine they can be remedied by some remote measure of party politics. For this reason I say it is essential that the public shall be educated to a realization of the true situation of affairs. When panics come and wage-earners are thrown out of employment, and farmers with good properties cannot borrow money at a moderate rate of interest, and no one can get the cash necessary for the transaction of routine business and checks are not accepted at face value, the public must be made to understand that these evils in which all

alike are participating are due to a cumbersome, antiquated and unscientific system of banking and currency and that they could be eliminated with the reform of that system."

And we believe that until the voters realize the situation and the remedy, all attempts at improving the banking and currency system by legislation will prove futile.

POPULAR EDUCATION ON BANKING AND CURRENCY

READING over the many able papers presented at the convention of the American Bankers' Association, one must regret that these productions will be limited almost exclusively to circulation among bankers. These addresses will be published in full in the Annual Proceedings, and some of them have been published already in the weekly financial journals. But hardly any one except bankers will ever see these productions—the result of wide experience and careful thought of some of the best bankers in the United States. Only to mention two of the many admirable papers read at New Orleans, what manufacturer or exporter would not benefit by studying the paper read by Mr. ANDERSON, president of the Bank of California, San Francisco, on "The Relation of the National Reserve Association to Foreign Trade"? And what farmer would not be converted to the reserve association plan after reading Mr. BROWN's address on "The Needs of the Farm and Its Benefits from the National Reserve Association"?

The same inquiry could be made in regard to many other papers read at New Orleans and at the numerous preceding conventions.

What sound information would there be in the public mind respecting bank-

ing and currency if all the papers read at the various bankers' conventions in the last ten years had been available to the intelligent reading public of the country?

The money spent by the National Monetary Commission, if used in this way, would have produced better results than will follow the publication of the exposition of foreign banking systems, which constitutes so large a part of the literature put out by the commission.

There is a practical method of getting these papers before the public, to the immense advantage of the cause of popular education in banking and currency and to the direct profit of the banks.

ALLEGED SUPERIORITY OF EUROPEAN BANKING METHODS

CRITICIZING our banking system in his address at New Orleans, Mr. PAUL WARBURG of New York, said:

"Contemporaneous financial history furnishes us constantly with illustrations showing the superiority of the European system. We have not only lived through the disgraceful collapse of our own machinery, but quite recently again we have seen the advantages of European financial methods. During the Morocco crisis a war scare developed in France and actual hoarding of gold began; the withdrawals from the deposit banks were at a given moment alarming. But there followed no panic. The Banque de France issued notes freely, the French banks collected their holdings of foreign paper and the general confidence in the Banque de France's power to cope with the situation overcame the fright without the calamities that would have ensued with us.

"When France, for reasons just explained and as a means of political pressure, withdrew from Germany more than 200 million marks that temporarily had been invested there, when English and Russian money was called back, when runs began upon savings banks, Germany had to face a very severe strain. But what happened? The German Reichsbank rapidly increased its credit facilities by about \$150,000,000; moreover, it had accumulated in times of ease vast sums of foreign bills, and when rates of exchange moved up to a point warranting gold exports it began to sell these foreign holdings. At the same time a comparatively slight increase in its rate took place which brought new money, mainly American, to Germany's assistance. This inflow of foreign money was increased by the sale abroad of German treasury notes.

"What would have become of Germany without the Reichsbank?

"Without the confident reliance that the Reichsbank would be able to meet the situation and without its ability to apply all the various means of defense, general suspension would have been inevitable. It is the elasticity of such a system that renders it safe, and it is the implicit confidence that it inspires that made our bankers send their money, without hesitation, in spite of a critical situation, in order to secure for a few months a beggarly one-quarter per cent. to one-half per cent. interest per annum more than they could have obtained at home. We had no war scare, the country was full of gold in 1907, but rates of fifty per cent. to 100 per cent. could not bring money, because our system—or rather lack of system—had killed our own confidence in our own credit. We have no credit system, but a discredit system."

Yet, curiously enough, in this instance, it was the country with "no credit system, but a discredit system,"

that helped save the situation for the country having the perfect system—Reichsbank and all.

FOREIGN TRADE AND THE RESERVE ASSOCIATION

FEW of the aspects of the proposed reserve association are more interesting than the probable effects its establishment and operation will have in promoting foreign commerce. This formed the theme of an address at the bankers' convention by FRANK B. ANDERSON, president of the Bank of California, National Association, San Francisco. A portion of Mr. ANDERSON'S address is given below:

"With inadequate banking machinery (a great part of which was created to finance the Government rather than to finance business) our active and aggressive people have succeeded in building up a large and increasing foreign trade. To accomplish this, we have been forced to borrow the financial machinery of other countries and to pay, annually, millions of dollars for the use of it; incidentally, with every transaction adding to the prestige and supremacy of the financial center to which we have had to appeal. These centers are created by trade movements and, given an equality of financial machinery, would follow the shifting of trade centers. We have in this country all the fundamental conditions favorable to predominance in the world's trade—vast natural resources; intelligent, aggressive, inventive people; and a commanding stock of gold. If we take advantage of our opportunities intelligently, it would seem that increasing importance in the world's trade is inevitable. On the other hand, if we are to compete with the world—especially with England and Germany—we will have

to change many of our theories and conventions and equip ourselves with the necessary machinery.

"In a few years we will complete the Panama Canal and may say we are at the threshold of a new phase in the world's history—a phase that will deal mostly with the development of the countries bordering on the Pacific Ocean. A new impulse will be given to commerce, mighty changes will be made in the trade routes of the world, and we believe that the United States will receive more benefit than any other country. Our geographical location will, through the use of the Canal, give us a decided advantage over our competitors for the trade of the countries bordering on the Pacific Ocean—countries which contain a world of undeveloped resources. This trade will give a new impetus to our manufacturing plants, especially in cotton and iron, and will greatly stimulate the ship-building industry.

"The Atlantic seaboard and the Middle West (with an outlet down the Mississippi River), where the centers of activity and the densely populated parts of the United States are located, will be brought nearer to Australasia, Japan and the west coast of Central and South America, than England, Germany and France; and the same sections of the United States will be given a geographical position approximately equal to that of its most serious competitors for the trade of China, and will have a manufacturing advantage through the necessity of its competitors seeking raw material outside their borders.

"We have strategic points on the Pacific Ocean which will aid us in our efforts to increase our traffic. We lack ships to fly our flag and carry our trade—in fact, what trade we have is dependent upon the peace of Europe. Our sales and purchases are carried, through the courtesy of rivals, for a tribute

which offsets, in a measure, the excess of our exports. If the Government can find a way to allow ships flying the American flag, both those employed in the coastwise trade and those bound to foreign ports, to pass through the Canal free of toll, or to give them a bounty equal to the tolls which they would have to pay, we would be able to escape from this dangerous, expensive and humiliating position, and would gain an advantage over our competitors for the trade of the Pacific that would more than justify the cost of the Canal.

"In order to take our place in the world's trade we need an efficient banking system, a merchant marine, and a better knowledge of the purchasing power, the resources, the necessities, the manners and customs of the countries where our trade can be extended, and an education which will enable us to negotiate with the people in their own language. The banking system must be able to extend credits in accordance with the usages of the various countries and be of such a nature as to give the world confidence that it can, if necessary, immediately realize upon the bills of exchange created by our foreign trade. Ultimate solvency is not sufficient; there must be no doubt about our ability to pay gold. We must relieve our merchants of the necessity of speculating on the rates of exchange which they cannot escape when they have to trade under credits that call for payments in sterling, or have to bill their goods in sterling. The relation that such a system will bear to our foreign trade will depend greatly upon the success which meets our efforts to build up a discount market, in order to absorb the bills of exchange which are created by that trade. This market cannot grow to any great importance without the privilege of going to the National Reserve Association in case of need, and the association cannot perform its functions intelligently or safely

unless it can make its rate of discount effective; in other words, unless it is given the power to protect itself by influencing the rates of interest throughout the country. The banks will stand between the association and the public, but the association must be able to influence the banks, if it is to be a successful guardian of the gold reserves of the country."

Mr. ANDERSON then asked, "Will the National Reserve Association of the United States give us the necessary machinery to enable us to seek foreign trade, and to deal quickly and intelligently with the great banks in the financial centers?"

Following this question he gave a detailed account of just what the National Reserve Association would do in the way of strengthening the country's banking situation, particularly with respect to our foreign commerce.

IS A CENTRAL BANK POLITICALLY PRACTICABLE ?

WHILE those who are most prominent in pushing the National Reserve Association forward resent its being called a central bank, that in no way alters the fact that the National Reserve Association will be a central bank and nothing else. Here is to be an institution with capital, receiving deposits, making discounts, buying coin and bullion and issuing its circulating notes. If that is not a bank, what is it? And if a bank, what is it but a central bank, since it is the main or central organization?

But why should Mr. ALDRICH, or anybody else, be irritated because some of us insist on calling the reserve association by its right name? Will anything be gained by resorting to a subterfuge so transparent as that of endeavoring to mask the central bank plan

under the thin guise of a name that deceives nobody?

Surely, there have been plenty of good men who believed in a central bank and who advocated it openly—ALEXANDER HAMILTON, HENRY CLAY and ABRAHAM LINCOLN, to mention no others.

If the reserve association shall fail to win the political popularity essential to its success, it will not be because a few writers and speakers have had the honesty and courage to call it by its right name, but because those who devised the plan ignored the habits, customs and traditions of our banking, business and political life, and planned an institution modelled after European patterns. The result could hardly have been otherwise, since the Monetary Commission devoted so large a part of its attention to investigating foreign systems, and apparently was guided largely by the views of a foreign banking-house in New York. An "imported" banking system may please those who decry our institutions, but an American banking system, remodelled to meet our requirements, might have proved more practicable from a political standpoint.

The doubt that prevails in many thoughtful minds as to the practicability of a central bank for this country was well expressed recently by VICTOR MORAWETZ, a well known business man and financial authority. He said:

"The central banks of Europe became useful institutions because they were in harmony with the social conditions, the business habits, and the political methods of the countries in which they were established. In European countries there does not exist the feeling of opposition to the centralization of financial power that exists in the United States, and in no country of Europe are banking and currency problems deemed fit subjects for party politics. The administration of a central bank in the United States would probably become the source of endless

sectional differences and dissensions and would soon become a political issue. Though a central bank in the United States might be created by an act of Congress, no act of Congress could create the business conditions, the customs, and the political methods and traditions which in foreign countries have made central banks safe and serviceable institutions."

While it may prove a political blunder to attempt to carry through what is essentially a central bank plan, the plan may, on the other hand, commend itself to the popular judgment.

It is certainly a little confusing, at a time when the Government is "disintegrating" so many large combinations, and when the President himself seems to be the leader in this crusade, to see a proposal put forth, and supported by the President, for virtually combining all the banks of the country into a single organization!

If the Standard Oil Trust, the Tobacco Trust and the Steel Trust have aroused political hostility, what a typhoon of popular fury may be aroused by a single combination greater than all these?

All this relates solely to the political aspects of the reserve association plan. But these aspects must be considered. This country—at least not yet—is not a bureaucracy where a few scholarly scientific gentlemen and capitalists get together over a bottle of wine and settle grave legislative problems. A matter like this, in a republic, must be fought out before the people, and will have to win the approval of the voters if it ever becomes a law.

The reserve association plan contains many excellent features. If enacted into law, and with proper management, it would unquestionably work an immense improvement in our banking system. Perhaps, if we are to have a central bank at all, it is as well devised as

anything of that kind could be. But whether it is politically practicable remains to be seen.

FOREIGN BANKS IN NEW YORK

AN act relating to foreign bankers doing business in the State of New York went into effect on the first day of last September. It was no doubt aimed at a class of "bankers" dealing principally with immigrants, and was intended to prevent losses which have arisen on account of the irresponsibility of some of these self-styled bankers.

But if this was the sole intent of the new law, it has, in some instances, had a very different effect.

One of the oldest and most respected foreign banks has advised us that because of the new law it has been compelled to discontinue the use of a sign setting forth the Agency of the Bank of ———, and to stop advertising in any newspaper or magazine published in the State of New York.

That the law should have had such a result was probably never intended by those who framed it.

While the banking laws should impose reasonable restrictions upon foreign banks doing business in this country, these restrictions go too far when they interfere with the legitimate operations of well-established banks.

American banks are just beginning to seek business in foreign countries, and if our legislative policies here are ultra-restrictive of foreign banks we may not be surprised if other countries show a similar hostility toward our banking institutions.

Had the Superintendent of Banks of the State of New York been vested by the new law with proper discretion, the end aimed at in the law would have been completely attained and injustice prevented.

THE RECONCILEMENT OF ACCOUNTS

SYSTEM IN VOGUE IN LARGE RESERVE BANKS

By E. H. Ensell, of the National City Bank of New York

MODERN business depends *very largely* on the intelligent, systematic recording of the history of business transactions through accounts and books kept for that purpose.

Modern banking and financial business, being composed of transactions that are practically all figures and amounts, depends absolutely on the uniform records of these transactions through its recorded accounts.

No business could exist in the manner it does at the present time if it could not have some method of regularly and uniformly recording each transaction for future use and reference, through the accounts which are kept. *These accounts* and records of transactions alone would be almost useless and valueless unless they could be made to agree from time to time with some other set of accounts and records kept elsewhere that are their counterpart, or, in other words, the opposite side of the original entries of the transactions.

The checking, adjusting and making to agree or the bringing to an agreement of one set of records with its opposite set of records by comparison of the transcript or statement of one set of accounts kept at one place with another set of accounts at another place, is called reconciling an account.

To reconcile means to adjust, to bring to an agreement—to reconcile differences.

There are many varied and different forms of statements made and attested to by those whose duty it is to reconcile accounts from the very simple statement of "we agree" or "our records agree" to the more formal statement that reads something like this—"Your statement of our account rendered to the close of business—date—showing a balance of \$—— has been received and examined by us and found to agree with our records with

the following exceptions—or the exceptions noted below, if any."

The absence of some such definite statement as indicated at certain stated periods, or whenever an account was rendered by one institution to another, would make the reconcilement of accounts impossible. When the last reconcilement has been made we establish a new starting point for the next reconcilement, thus keeping the records in a constant state of adjustment.

Some reconcilements merely show or state the amount of money due from one bank to another at a certain time, taking no consideration of the items in transit or outstanding. This method is very effective where statements and accounts are reconciled at least once a month or oftener, as is usually the case in bank accounts.

FORM USED BY U. S. GOVERNMENT.

The Comptroller of the Currency at Washington uses a form that is perhaps the most comprehensive that has been evolved to date. Besides making the formal declaration that the accounts agree as to a given balance on a certain date, all the figures that go to make up that balance must be shown and worked out in an absolute proof. This form requires definite statements regarding all possible outstanding loans.

It would seem that the government attaches much importance to these formal statements made by one bank to another over an officer's signature. They no doubt act as a release in case of error. In case of fraud it acts as written evidence. Some reconcilements include a clause saying the cancelled vouchers have been examined and found to be correct and complete as charged on the statement rendered. This statement made by a bank would preclude the possibility of another coming back after a long time had passed

by, claiming some checks to be irregular or forgeries.

There are two classes of reconcilements with which a bank has to deal. First those reconcilements that are rendered to it, being a report on a statement of an account sent; second, those reconcilements it rendered to its correspondents, being a report by it on a statement of an account received. In the first case the reconciliation form received will show a balance to the credit of our correspondent with a notation of any errors or omissions that are to be adjusted by us. In the second case the reconciliation form sent to a correspondent will show a balance to the debit of the correspondent, noting also any errors or omissions to be adjusted by them.

The custom among banks is that reports or reconcilements must be made on all statements rendered. While the percentage of individual accounts that reconcile is very small, in fact a very few make any formal statement that their account has been examined and found to agree with the records. But in most cases banks take the precaution to state that if no exception is taken within, say, ten to fifteen days, the statement will be considered correct as rendered. It is doubtful whether a person could recover in a court of law for any damage suffered where it could be shown due diligence was not exercised. This has its advantage because, if through some clerical error, a wrong account is credited with a sum which should have gone to the credit of another account, the money could be withdrawn before the error was discovered.

It is most advantageous to banks as well as its customers to have all accounts rendered and reported at regular stated intervals.

SHORT CUTS.

In reconciling the statement of out-of-town accounts that are sent to cover balances, it is a great advantage to know how to prove the balance by short cuts. It is a long and tedious method to check each item in the statement with

its corresponding entry, comparing the dates, etc. The short way is to use the balance as shown by the statement rendered and figure about the amount of items that would necessarily be in transit, and very frequently the difference may be seen at a glance to be one or two items that appear in one account and not in the other.

Many times a remitting bank will make only one total credit on each day, whereas records show there were sent several different letters, and if the total credits shown each day agree with the total debits of the corresponding day it is a very simple matter. But where these credits do not agree, and this is sometimes the case, especially where there are five or six accounts in the same town, it is necessary to resort to mental gymnastics to straighten out the tangle without delay.

In reconciling collection accounts with out-of-town correspondents it is essential to know just where outstanding cash letters in transit are at all times. If by chance the post office puts a Boston letter, containing \$500,000 in cash in the wrong mail bag—and this sort of error does occur—we lose the use of the money also the interest while it is in transit around the country. If it does not come to hand within a reasonable length of time, duplicate checks must be immediately procured. It is surprising how large letters, containing a hundred or more checks, can be safely deposited in the post office and then disappear and no trace of them ever be found.

The detailed work of getting duplicate checks for the missing items is very interesting and sometimes takes months and occasionally these duplicates are never forthcoming. As soon as a letter has been lost or destroyed the prevailing custom is to charge the amount of each check to the next previous endorser.

ACCURACY ASSURED.

The present system is very accurate and very little difficulty is experienced in reconciling accounts through errors

in outgoing letters, though there is trouble when it comes to charging one account with a letter and being paid for it by some other account. Usually accounts with out-of-town correspondents are practically all cash and collection letters sent them for collection. Very few drafts are drawn on correspondents, but the number is on the increase.

One thought here by way of anticipation. When the new law is enacted, covering the work of the National Monetary Commission, authorizing the issuing and rediscounting of bills of exchange, there is no doubt accounts with other correspondents will become much more active. The great importance of prompt and frequent reconciliation of an account can never be over estimated.

In dealing with certain uniform conditions, such as rendering a statement of an account, the reconciliation of an account, etc., the banks have found it necessary to adopt certain set forms. If certain universal forms could be adopted and used among the banks regarding these reports or requests for information, it would not only save time and expense here, but these forms would find themselves in their proper channels at the other end of the line, and save time and expense there in the handling.

The whole idea of a reconciliation is to *satisfy ourselves that the other fellow is satisfied with our work*, and the more frequent this satisfaction is mutually expressed, the higher the state of efficiency achieved in the reconciliation of an account.

BANK NOTE ISSUES—HOW THEY BENEFIT THE PUBLIC

By H. M. P. Eckardt

AS most of the readers of THE BANKERS MAGAZINE are aware, a sub-committee of the National Monetary Commission, which included Hon. Edward B. Vreeland, Hon. John W. Weeks, and Hon. Robert W. Bonyng, visited Canada a short while ago and interviewed a number of the leading bankers regarding the working of the Canadian banking and currency systems. These interviews, which have been published by the Commission, furnish valuable and interesting information on the subject of banking practice in the Dominion.

In one of the interviews—that in which the sub-committee met Mr. Deniel R. Wilkie, president of the Imperial Bank of Canada—there is an instructive expression by that gentleman of the value of the note issuing rights possessed by the Canadian banks. As Mr. Wilkie's pronouncement illustrates the benefit which the issue rights confer

upon the public, I shall reproduce in full his reply to a question addressed to him by Hon. Mr. Vreeland.

They had been discussing the relationships between the number of branch offices maintained by the banks and the requirement against them in the way of capital. Mr. Wilkie had just explained that in his opinion the establishment of branch offices had been carried on to excess. Mr. Vreeland remarked: "That would not affect the question, because you do not require additional capital where you put in additional branches?" To this Mr. Wilkie agreed, and Mr. Vreeland questioned him as follows: "A thousand different branches would not require any additional capital?" The president of the Imperial replied: "No; I think the banks are only too willing and ready to open branches wherever there is an opportunity of doing business; but bear in mind that without our sys-

tem of currency, without the inducement of being able to supply the currency required from the banks' own issues we could not keep the bulk of our branches open. If our currency laws were changed and we were not permitted to issue our own notes, nine-tenths of these branches would be closed. It would not pay us. It is only because we have unlimited till money always available. It is only because we have power to issue our own bills that we are opening branches. That is the crux of the whole matter. It is not only the starting point of our banks, but without our banking system we could never have developed the country to the condition it is in to-day. It could not be done."

From this reply, made by one of the most respected Canadian bankers, the reader may get an idea of the enormous benefit that has fallen to the Canadian public as a result of allowing the chartered banks to retain the right to issue notes to serve as currency. I believe that many American readers are well aware of the advantage that accrues to the Dominion through its possession of a flexible and safe currency which is at all times in automatic adjustment with the country's need for circulating medium. Because of this circumstance, the Canadian crops are moved with the minimum of disturbance to financial conditions, through the creation by the banks of an extra supply of currency designed for the special work of crop moving. And when the special work is done, the extra supply of currency is automatically retired. Nothing that the issuing banks can do will serve to keep their notes in circulation when the public has no need of the currency.

Many Americans suppose that this is the sum of the benefits which the people of Canada derive from the possession by the banks of the right of note issue. But it is clear that this advantage of a flexible currency is only a part and a small part at that, of the advantage derived by the public from the exercise of the issue rights of the banks.

Mr. Wilkie's declaration shows where one great benefit is. He says that without the right of issue, nine-tenths of the branches would be closed. While it is perhaps open to question whether so large a proportion as nine-tenths of the branches would be closed, it is certain that a large number would be withdrawn. And it is just as certain that at the branches which were kept in operation the rates of discount would be increased, the rate of interest on deposits lowered, and the amount of credits available for the use of the borrowing classes restricted.

Any one who understands what valuable services a branch bank renders in a small village will see that the inhabitants could not but regard its withdrawal as a great calamity. While the branch is maintained, every business man and individual, and every farmer in the surrounding district who is in sound condition and worthy of credit, may borrow freely up to his reasonable requirements.

The farmer goes to the bank and borrows fifty dollars or \$100 to pay his hired help, to buy twine, or pay for some implements or live stock.

The storekeeper discounts the notes of his debtors and with the proceeds buys goods for cash or meets a note held by the wholesaler or manufacturer.

The grain dealer or the miller gets a credit for \$50,000 or more and uses it to buy grain from the farmers.

The implement dealer puts in scores of notes received by him from farmers as collateral for a loan which enables him to get in a fresh stock of goods or to pay what he owes on his existing stock. In short, everybody who has need of the bank's credit, in large or small amounts, who can provide satisfactory security or whose standing is satisfactory, may apply with confidence to the branch manager.

And on the other hand, the large number of farmers and villagers who wish to deposit their funds at interest or in current account have the means of doing so and gladly avail themselves of the opportunity. The sudden with-

drawal of such valuable facilities would be a disastrous blow to the locality. If withdrawal took place from a large number of such places it is easy to see that the development of the country would receive a serious check.

It is not generally understood how importantly the right of note issue operated to enable the Canadian banks to finance the recent rapid development of the western provinces. Because they could issue their own notes and because they could use their own unissued notes to an unlimited extent for till money, the banks were ready and eager to establish their branches in every new town that appeared on the map, as soon as it had 200 population, and sometimes before it got that far. These branches so established were not little \$5,000 or \$10,000 affairs; they were integral parts of great institutions possessing \$50,000,000 or \$100,000,000 or more of assets. Each branch was quite capable of supplying all the legitimate banking needs of the community in which it was placed. One may then understand how it was that the development of western Canada has proceeded smoothly and thoroughly.

When a bank decides to open a branch in a new western village, its managers know that it need not carry any actual cash as till money except a small amount in silver coins, and in one-dollar and two-dollar Dominion Government notes, to serve as small change. If necessary, \$20,000, or \$30,000, or \$40,000, may be carried in the bank's own notes — five-dollar, ten-dollar, twenty-dollar denominations. This constitutes the till money, and of course it is not cash at all and does not represent any lock up of funds. Then, through the daily payment over the counter of the bank's own notes at this branch, the executive of the bank may count upon its maintaining in circulation throughout the year an average of perhaps \$20,000, perhaps \$40,000, or perhaps \$60,000 of the bank's notes.

This of course represents capital supplied to head office. The amount of the circulation provided by each branch is rather difficult to arrive at exactly, but

it may be calculated satisfactorily enough in a rough way. Thus a bank may require all its branches to keep a daily record of the amount of its own notes paid out over the counter. At the end of the fiscal year each branch sends to head office a statement showing the amount of the bank's own notes paid out by it during the whole year, exclusive of parcels of the bank's notes sent to other branches. Very well these totals are summed up. Suppose they amount to \$32,000,000. Next the head office people will calculate from the records there what was the actual average note circulation of the whole bank during the year. It might be \$3,200,000. Thus is arrived at a basis for calculating the circulation provided by each branch. If the payment over the counter of \$32,000,000 of the bank's notes in a given year results in an average circulation of \$3,200,000, then the circulation of each branch may be taken to be one-tenth of the amount of notes paid out by it during the year.

Take a branch which provides an average circulation of \$30,000 and which carries \$15,000 of the bank's notes as till money. There is an economy of capital amounting to \$45,000 at one small place. One may understand from this how reasonable is Mr. Wilkie's declaration that if this economizing of capital were not possible a great many Canadian towns and villages would never have been given the good banking facilities they now possess.

Then the issue rights of the banks have been of the greatest benefit to all classes of the public in Canada through keeping down the rates of discount. When a bank is asked for a loan and its officers know that the proceeds, or a part of the proceeds of the loan, will be taken in the bank's own notes, it can make the loan with less effort, and, as there is a small profit connected with the circulation of the notes, it will assuredly allow for these circumstances in fixing the rate of interest.

When the banks have no rights of note issue or rights of issue which are

of no material value to them, they make nearly all loans at the maximum of effort and they cannot count upon the auxiliary profit connected with the note

circulation. So, naturally, they are impelled to ask higher rates and also their ability to supply the customer's full requirement is lessened.

BANKING AND COMMERCIAL LAW

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

RECENT DECISIONS OF INTEREST TO BANKERS

COLLECTION OF DRAFT

CHECK ON COLLECTING BANK—FAILURE OF BANK.

Supreme Court of Georgia, Oct. 11, 1911.

PAILLAH BROS. VS. NIOLI-HERIN CO.

Where the acceptor of a draft delivers to the bank presenting the same a check drawn on that bank itself, and the bank charges the check to the account of the acceptor, and forwards its own check to the owner of the draft, the transaction is equivalent to a payment by the acceptor in money, though the check of the bank is not paid.

IN this case Polloch Bros. drew a draft on the defendants for the purchase price of certain goods sold, payable six months after date to the order of the Hongkong & Shanghai Banking Corporation. The draft was accepted by the drawees, and upon the day it became due it was presented to them for payment by the Neal bank. The acceptors drew their check on the same bank for the amount thereof, which check was then charged to their account. The Neal Bank then remitted to the payee its own draft on New York for the amount, but this draft was not paid because of the failure of the Neal Bank.

EVANS, P.J.: The plaintiff in error contends that these facts are insufficient to constitute payment, because an agent to collect can only accept money in payment of his principal's debt. We recognize the general rule that an agent authorized merely to collect a demand or to receive payment of a debt cannot

bind his principal by an arrangement short of an actual collection and receipt of the money. (*Ward vs. Evans*, 2 Ld. Raymond, 928.) But, we think the circumstances under which the draft was paid in this case are equivalent to the actual receipt of the money by the agent. Courts should deal with practical problems in a practical way, and give the same sense to a plain and ordinary business transaction which is uniformly attached to it by the business world. As remarked by Justice FIELD: "We cannot shut our eyes to matters of public notoriety and general cognizance. When we take our seat on the bench we are not struck with blindness and forbidden to know as judges what we see as men." (*Ho Ah Kow vs. Nunan*, Fed. Cas. No. 6,546.) Our Code declares that judicial notice will be taken of the general customs of merchants and similar matters of public knowledge. (Civil Code 1910, § 5734.) In *British & Amer. Mortgage Company vs. Tibballs*, 68 Iowa, 468, the Supreme Court of that State said that "the system by which nearly all the banks in this country transact monetary affairs by the use of checks, drafts, and certificates of deposit, and without the actual handling of bank notes or coin, is so well known and understood that no business man, much less a company whose sole occupation is loaning money, should be allowed to profit by pleading ignorance of it."

We dare say that no depositor who paid a note or draft payable at his own bank ever went through the sense-

less ceremony of first taking out his money at one window and immediately paying it in at another window. He pays the note or demand which his bank holds against him with his check, and if he has the money to his credit and the bank is a going concern, with money on hand sufficient to cash the check, the payment is equivalent in law and in fact to a payment in money.

What sound reason can be advanced to require, as essential to the validity of the payment, the useless formality of the depositor taking his money from the bank officer and immediately restoring it to him. The draft was in the possession of the bank, who had a legal right to receive the money in payment, which was also in its custody, and when the bank accepted its depositor's check in payment of the draft, canceling and delivering it to him, and entered the transaction on its books, thenceforward the draft was paid, and the bank held the money as the agent of the drawer.

The bank's failure after the remittance of the collection by check, and the consequent inability of the drawer to realize on the check, did not and could not affect the past transaction. And it has accordingly been held that where the drawer of an accepted draft deposits it with a bank, who sends it to its correspondent bank for collection, and the drawee delivers to the latter bank his check on it, having at the time on deposit a sum in excess of his check, receiving from the bank the accepted draft and appropriate entries are made on the books of the collecting bank, who remits its own check to the initial bank, such a transaction constitutes a payment of the draft by the drawee to the drawer, notwithstanding the check remitted by the collecting bank is not paid because of its failure; neither the officers of the remitting bank nor the acceptor knowing the bank's insolvency at the time. (*Howard vs. Walker*, 92 Tenn. 452; *British & American Mortgage Company vs. Tibballs*, 63 Iowa. 468; *Daniel vs. St. Louis National Bank*, 67 Ark. 223; *Welge vs. Batty*, 11 Ill. App. 461; *Scott vs. Gilkey*, 153 Ill. 168; *Nineteenth Ward Bank vs. First*

National Bank of South Weymouth, 184 Mass. 49; *Morse on Banks* [4th Ed.] § 248; 2 *Bolles on Modern Law of Banking*, 557.)

IRREGULAR INDORSER

NEGOTIABLE INSTRUMENTS LAW—INDORSERMENT BEFORE DELIVERY—BURDEN OF PROOF.

Supreme Court of New York, Appellate Division, Second Department, May 26, 1911.

SIMON BENDER VS. AGATHA BAKER ET AL.

Where the payee of a note brings action against an indorser thereon, the burden is upon him to show that the person so sought to be charged indorsed this paper in blank before delivery.

THIS was an action upon three promissory notes made by the Bahr Trucking Company to the order of the plaintiff and indorsed by Agatha Bahr.

CARR, J. (omitting part of the opinion): The counsel for the plaintiff requests the court to charge "that the defendant Agatha Bahr must prove by a fair preponderance of evidence that she indorsed these notes for the benefit of the plaintiff." To which the court replied: "I think on your pleadings, the burden of proof is on you." To this the plaintiff excepted. The appellant contends that under section 114 of the Negotiable Instruments Law (Gen. Laws, chap. 50; Laws of 1897, chap. 612; Consol. Laws, chap. 38; Laws of 1909, chap. 43) a legal presumption arose against the defendant that she intended to become liable to the payee of the notes as a first indorser.

This section of the Negotiable Instruments Law provides as follows: "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." (Then follow other rules not here involved.) It will

be noted that in order to give this section of the Negotiable Instruments Law application, the signature of the party sought to be charged must have been placed on the instrument in blank before delivery thereof.

Before the enactment of this statute the rule was as follows: "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." (Haddock, Blanchard & Co. vs. Haddock, 192 N. Y. 499, 507, and cases cited.) Therefore, to take advantage of section 114 of the Negotiable Instruments Law it must be alleged and proved that the instrument was so indorsed before its delivery, and the burden of proof as to this fact is necessarily upon the plaintiff.

FORGED CHECK

PAYMENT BY DRAWEE—NO RIGHT OF RECOVERY—NEGOTIABLE INSTRUMENTS LAW.

Supreme Court of Oregon, Aug. 1, 1911.

FIRST NATIONAL BANK OF COTTAGE CITY VS. BANK OF COTTAGE CITY.

Where a bank, being the drawee of a check, pays the same to a holder in due course, and it is afterwards ascertained that the signature to the check is a forgery, the bank cannot recover the amount from such holder.

This is the rule since the adoption of the Negotiable Instruments Law as well as before.

THIS was an action to recover the money paid out upon a number of checks drawn upon the First National Bank of Cottage Grove, and purporting to be signed by depositors in that bank.

BEAN, J. (omitting part of the opinion): When the defendant bank, which

was a holder in due course, presented these checks to the plaintiff bank, the drawee, and they were honored, accepted, and paid, the prior indorsers were thereby discharged from further liability. The checks when so paid had run their course; they were no longer checks within the meaning of the negotiable instruments law, but only canceled vouchers; and the plaintiff was not a holder thereof in due course. (St. Louis Bank vs. German American Bank [Mo. App.] 127 S. W. 434; Riverside Bank vs. Shenendoah Bank, 74 Fed. 276, 20 C. C. A. 181; Neal vs. Coburn, 92 Me. 139; Farmers' & Merchants' Bank vs. Rutherford Bank, 115 Tenn. 64.)

The payment of a bill or check by the drawee amounts to more than an acceptance. The rule, holding that such a payment has all the efficacy of an acceptance, is founded upon the principle that the greater includes the less. (Bank vs. Bank, 141 Mo. App. 719, 125 S. W. 513; Neal vs. Coburn, supra.)

In *Bank vs. Bank*, 109 Mo. App. 665, 83 S. W. 537, Mr. Justice BROADBUSH, answering the argument that absolute payment was not an acceptance, said: "An acceptance binds the acceptor to pay the bill, and he cannot be heard to deny that he has funds in his hands for the purpose. A payment of the bill is more than an acceptance, for the one is an obligation to pay; the other a discharge of the indebtedness represented by such bill. If the one concludes the drawee, it is inconceivable why the other would not."

Under the provision in section 6021, L. O. L., that, where the holder of a check procures it to be accepted or certified, the indorsers are discharged from liability, the plaintiff, when it paid the checks in question, precluded itself from setting up that the check was a forgery or any want of authority of the person affixing the signature it purported to bear, within the meaning of section 5856, L. O. L.

The following cases, in which the negotiable instruments law is applied, sustain this view: *Bank of Com. vs.*

Mech. Nat. Bank, 148 Mo. App. 1; Title Guarantee & T. Co. vs. Haven, 126 App. Div. 802; Bank of Rolla vs. Salem Bank, 141 Mo. App. 719; Farmers' & Mer. Bank vs. Rutherford Bank, 115 Tenn. 64.

In the case of Title Guarantee & T. Co. vs. Haven, *supra*, Mr. Justice INGRAHAM, in considering sections of the negotiable instruments similar to those quoted from our statute, construed them as making it conclusive upon the drawee, after acceptance, that the note was genuine and all prior indorsements assured.

Under our negotiable instruments law, as well as by the weight of judicial authority, we think that where a bank, as the plaintiff, being the drawee of a bill of exchange or check drawn upon it by one of its depositors, pays the bill or check to a holder thereof in due course (as the defendant, who has in no way contributed to the fraud, and is not guilty of negligence in the matter), and it is afterward ascertained that the signature to the bill or check is a forgery, the bank making such payment cannot recover the money from such holder. A case of this kind is an exception to the general rule that money paid under a mistake of fact may be recovered.

ESCHEATING BANK'S REAL ESTATE

KENTUCKY STATUTE—NATIONAL BANKS —PENALTY OF ESCHEAT.

Court of Appeals of Kentucky, May 25, 1911

FIRST NATIONAL BANK OF ELIZABETHTOWN VS. COMMONWEALTH.

National banks located within the State of Kentucky are subject to the statute of that State which provides that no corporation shall hold or own real estate, except such as may be necessary and proper for carrying on its legitimate business for a period longer than five years, under penalty of escheat.

THIS action was brought by the commonwealth, for the use of the Louisville School Board to escheat cer-

tain lots of land in the city of Louisville, owned by the First National Bank of Elizabethtown. Section 192 of the constitution of Kentucky provides:

"No corporation shall engage in business other than that expressly authorized by its charter, or the law under which it may have been or hereafter may be organized, nor shall it hold any real estate, except such as may be proper and necessary for carrying on its legitimate business, for a longer period than five years, under penalty of escheat."

Section 567 of the Kentucky Statutes (Russell's St. § 2153) reads: "No corporation shall engage in business other than that expressly authorized by its articles of incorporation or amendments thereto; nor shall any corporation, directly or indirectly, engage in or carry on in any way the business of banking, or insurance of any kind, unless it has become organized under the laws relating to banking and insurance; nor shall any corporation hold or own any real estate, except such as may be necessary and proper for carrying on its legitimate business, for a longer period than five years under penalty of escheat."

CARROLL, J. (omitting part of the opinion): It may be conceded at the outset that the State is without authority to enact laws either in the form of constitution or statute that in any manner conflict with the national banking act or interfere with or undertake to regulate or control the business that national banks are authorized by the federal statute to carry on. As said in *Davis vs. Elmira Savings Bank*, 161 U. S. 275: "National Banks are instrumentalities of the federal government, created for a public purpose, and as such necessarily subject to the paramount authority of the United States.

It follows that an attempt by a State to define their duties or control the conduct of their affairs is absolutely void, wherever such attempted exercise of authority expressly conflicts with the laws of the United States, and either

frustrates the purpose of the national legislation, or impairs the efficiency of these agencies of the federal government to discharge the duties for the performance of which they were created. These principles are axiomatic, and are sanctioned by the repeated adjudications of this court."

This much being conceded, it is manifest that if the commonwealth can succeed in this action it must be upon the ground that in the escheat of this property no attempt is made to conflict with the laws of the United States, or to impair the efficiency of the bank, or control the conduct of its legitimate business as a banking institution. The federal government created the national banking system, and reserves to itself the exclusive right, through federal legislation, to direct and control its conduct; but we do not think it was intended by Congress to confer upon these banks the power to own and hold lands in such a manner as to violate the laws of the State, when to so own and hold such property would not contribute anything to their efficiency as instrumentalities of the federal government.

We cannot believe that it was con-

templated that these institutions might, in defiance of State laws, engage in business or acquire and hold property that had no fair or legitimate connection with or relation to the business of banking. In other words, our opinion is that, while the State cannot, by either constitution or legislation, directly or indirectly, regulate or control the organization or conduct of national banks, so as to interfere with the legitimate business for which they were created, its laws applicable to banks and other corporations may be invoked against national banks when they attempt to exercise rights or do things outside the scope of the business they were created to carry on, and that are not essential to their existence or efficiency.

We think that when a national bank exceeds the purpose of its creation and goes beyond the scope of its functions as a national banking institution, that the State may deal with such of its transactions as are in excess of the authority conferred by Congress and in violation of the laws of the State, as it would deal with the business or property of any other banking corporation.

NOTES ON CANADIAN CASES AFFECTING BANKERS

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

SALE OF SECURITIES BY BANK AT UNAUTHORIZED PRICE

CONTRACT—PLEDGE OF SHARES TO BANK
AS SECURITY FOR INDEBTEDNESS—
WRITTEN AGREEMENT—EXCLUSION OF
EXTRINSIC EVIDENCE—EFFECT OF
AGREEMENT—EXTENSION OF TIME—
AUTHORITY TO SELL AT FIXED PRICE—
SALE AT LOWER PRICE—LIABILITY TO
ACCOUNT FOR DIFFERENCE.

Sovereign Bank of Canada vs. Clarkson (3
O. W. N.,—167.)

THIS was an appeal from the judgment of FALCONBRIDGE, C.J., K.B., in favor of the plaintiffs in an action upon promissory notes. Clark-

son and Maclaren owed the bank a large sum of money, for which certain stock, part pledged by Maclaren and part pledged by Clarkson, was pledged as security. Clarkson had pledged, among other things, 10,000 shares of Crown Reserve, which was transferred to the bank in December, 1907. The account was then overdue, and the bank was not willing to grant any extension on the strength of this security and insisted on further security, which was given without any extension of time being conceded by the bank, but the agreement in reference to it contained the terms if the money owing and overdue were not materially reduced within a period of three months the bank

might, on default of payment in fifteen days after notice, sell the lands and the stocks hypothecated.

After considerable correspondence, on May 19 the bank's solicitor wrote, stating that the bank insisted on the sale of the Crown Reserve stock, requesting Clarkson to agree to sell at the present price, fifty-seven. On the twenty-first, Clarkson replied, saying that he would shortly be in Toronto, but in the meantime Crown Reserve would be sold at fifty-seven. The stock was sold in July, part at fifty-three and part as fifty-three and one-half. In this action the defendants claim that they were entitled to the difference between the price realized by the bank and the subsequent highest selling price. The Trial Judge did not support this contention.

JUDGMENT (Sir JOHN BOYD, C.; BRITTON and MIDDLETON, J.J.): The judgment of the Court was delivered by MIDDLETON, J. Much time was consumed in this case by the failure to regard the wholesome rule that where there is a written contract all preliminary negotiations leading up to it are merged in it, and, in the absence of fraud or a claim to rectify, it is to be presumed to contain the entire engagement of the parties and to govern their rights. To this general rule there are, no doubt, exceptions—it is not obligatory upon the contracting parties to put the whole agreement in writing; but, speaking generally, the written document will be found to contain the whole agreement. A perusal of the correspondence in this case satisfies me that this is so here; and the document of April 28, 1908, governs the rights of the parties as to the matters therein dealt with.

It is contended that the authority is limited by the words "in the meantime," and that the only authority was to sell at fifty-seven at any time before the interview promised. I do not agree with this. The bank had on foot negotiations touching many matters. The interview would deal with them all—"in the meantime," *i. e.*, before all these questions are arranged, Clarkson gives the consent to realize on this security,

as he agrees with the bank that it is advisable to sell. This view is apparently Clarkson's own, as on July 9 the bank wrote, saying that a sale would probably be made that day at fifty-three, the fifty-seven being reduced by a dividend of four per cent. On the tenth, Clarkson writes: "I think it would be a great mistake to sell this for less than the price given you some time ago, namely, fifty-seven cents. Certainly, when I gave you this letter it was not with the intention that the dividend was to reduce the selling price." No statement is made that the authority to sell had expired. The sale having been made in the meantime, this letter cannot be relied upon as an estoppel; but it is evidence that the letter was intended to be an absolute authority to sell at fifty-seven. The same remark applies to the letter of January 16. When told that the stock had been sold, Clarkson writes, "I think it a great mistake to sell the Crown Reserve at fifty-three"—not that the sale was without authority.

The letter authorized a sale at fifty-seven, and not at fifty-three and fifty-three and one-half, and I think the bank should give credit for the difference.

EXCESSIVE CHARGES FOR CHATTEL MORTGAGE SALE

CONSTRUCTION OF STATUTE—N. W. TER. CON. ORD., 1898, c. 34—SALE THROUGH BAILIFF—PENALTY—WAIVER—THE "BANK ACT," R. S. C., 1906, c. 29, s. 91.—SETTLEMENT OF ACCOUNT STATED—VOLUNTARY PAYMENT—SUB-CHARGING AND FALSIFYING—REDUCTION OF RATE—REMOVAL OF MORTGAGED PROPERTY—NEGLIGENCE—MEASURE OF DAMAGES.

UNION BANK OF CANADA VS. MCHUGH.

(Supreme Court Report—473.)

The respondent, McHugh, on the 28th of May, 1901, was indebted to the Appellants, the Union Bank of Canada, in the sum of \$36,232, and on that date gave a chattel mortgage upon a large number of horses and other chattels to secure the said sum with interest at eight per cent. In

July, 1908, the bank instructed that the horses and cattle covered by the mortgage be seized and brought into Calgary for sale. The stock were some sixty miles from Calgary and were then in quarantine and could not be removed for some weeks. In September, 1908, the bank gave an account to the respondents showing the proceeds of the stock sold and that in addition to expenses a commission of three and one-half per cent. had been charged upon the sales. The expenses charged included the wages of a large number of men in rounding up and driving in the stock, the cost of food, etc.

The statute governing the matter provides that where any person making a seizure under a chattel mortgage charges any sum in excess of the amounts set out in the schedule the party aggrieved may recover as damages three times the amount taken in excess of the sums in the schedule. The schedule in question provided the right of payment to one man at the rate of \$1.50 per day and a percentage on the price realized very much less than that charged by the bank. The chattel mortgage itself, however, provided at length that the mortgagees might seize and sell the chattels thereby mortgaged in the way therein provided and might charge against the mortgagors all the proper costs, charges and expenses incurred in consequence of such seizure and sale.

In their dealings with the respondents and in arriving at the amount for which the chattel mortgage was given, the bank calculated interest at eight per cent. per annum and it was contended that in consequence of Sec. 91 of the Bank Act the respondents were entitled to recover back all interest paid during the whole currency of the account in excess of seven per cent. Further questions arose in the appeal which are not of special importance here.

JUDGMENT (SIR CHAS. FITZPATRICK, C.J.; DAVIES, IDINGTON, DUFF and ANGLIN, JJ.): The following summary is taken largely from the judgment of Mr. Justice IDINGTON, who held that the express provisions of the chattel mortgage over-rode the penal sections of the statute and further that the statute property construed only imposed penalties in case charges were made against the mortgagors for the exact services referred to in the schedule at a rate higher than that set out in the schedule. He continues:

"The general purview of the legislation demonstrates this. The penalty can only be sought by an aggrieved

person. How can a free person who has specifically agreed that these provisions shall not be applicable to a contract he has entered into be an aggrieved person under said section?

"At all events how can such a person, desiring to protect his own business and property from ruin in case a distress has to be made, not contract for any and every thing to be done outside the said schedule and its operations?

"Suppose a distress made by or with one man only, and no feed for stock so distrained, is this one man foreshadowed in the schedule to keep the stock without feed or drink?

"Is it to be illegal for tenant or mortgagor to bargain with the distrainer for either feeding or transportation to a suitable market?

"If not illegal after the seizure, what makes it, or can make it illegal to contract for and in anticipation thereof?

"But the absurdity of the contention appears when we consider the case of the landlord under section number one, and the law binding such a one distraining to proper treatment of stock when seized and to hold the chattels for specified terms before he can sell.

"I should not have supposed this argument needed, but for the finding of the court below that this penal enactment leaves no room for the operation of the powers of removal and repayment of the costs thereof even when expressly contracted for as above.

"In my opinion such is not the law. The reasonable and necessary cost for the care and maintenance, and transportation, of the stock seized were all impliedly within the contemplation of the parties to the mortgage in question, and I think contracted for.

"The appellant has not as yet taken anything; for the respondent, confessedly on this evidence, was indebted for a balance so great that all these charges even if trebled were negligible. It is not as if the debt were wiped out and a balance clearly coming to the respondent, but for the appellant insisting on keeping it.

"The mortgagor is suing for an account and, without waiting to see the result of that account, the court has directed an inquiry to be made to see if by any possibility there can be found some ground for inflicting this penalty. Where is there any precedent for such a proceeding?"

"Another question raised is the taking of accounts between the parties. The Court of Appeal has interfered, erroneously, I think, with the disposition of such matters by the learned trial judge. That might have been improved, but this judgment in appeal seems worse,

"There is no reason for treating a bank differently from other parties.

"So far as the parties have settled their accounts from time to time they should be bound by that settling of accounts, even if there be covered thereby an allowance for a greater rate of interest than the rate recoverable by an action at law.

"It is quite competent for the customers of a bank to agree to pay any rate of interest named. And when they have paid what they have promised they are bound by the payment and cannot recover it back any more than in the case of any other voluntary payment.

"There is no law enabling the recovery back.

"The payment by way of any settlement and striking of a balance clearly understood between the parties is good both in law and morals and ought not to be disturbed.

"The parties surely must be taken to have stated their accounts up to the date of the last mortgage.

"It is not clear how much further settlements proceeded, but if they did, as likely, at each renewal of notes or otherwise, they must be respected even if including charges for interest beyond seven per cent. per annum.

"The agreement of the parties so far as executed must not be disturbed for any other reason than fraud or mistake.

"I do not understand fraud to be charged at all, and, that being out of the question now, the possibility of mis-

take is all that is left. And in regard to mistake the onus is always on the party to a settled or stated account claiming error to state it and prove it.

"No one should be lightly deprived of this right, and I would, therefore, feel inclined to give, as the learned trial judge gave, the right to impeach any stated account between the parties, and direct that upon proof of error the same be rectified, but in carrying out the rectification, the calculations of interest shall proceed upon the basis of the general rate of interest, which defendant from time to time purported to charge. There is much force in the point made that no clear case of impeachment of the stated accounts was made by evidence at the trial. But the learned judge might have formally reserved this part at the outset. I think, though he did not do so quite according to the usual practice, his wishes might well be respected.

"In so far as settled or stated accounts have not put an end to the question of the rate of interest to be charged or chargeable, a question arises upon this mortgage of May, 1907, which provided for eight per cent. interest, which is beyond the rate for which the bank can recover by action.

"It is contended that the covenant is therefore void. I cannot see how it can be sued upon. Indeed, it is not claimed that it can serve for a recovery of eight per cent. But cases have been cited, which, it is urged, manifest that it is good for seven per cent.

"None of the cases cited, when examined, so meet this condition of things we have to deal with as to produce such a result. It was not argued that the covenant was not intended to be read as referring to anything but the eight per cent. in the proviso for redemption. The language is not as express as the redemption proviso, to which it is a sequel, but obviously means such interest as therein provided for.

"It is, therefore, to be treated as simply a covenant to pay eight per cent. the statute by its legal effect says that kind of contract is not one upon which the bank can recover. To read this

covenant otherwise and as implying an alternative of the legal limit, seems against all principles of construction.

"It is a cutting in two of that which in its very terms forbid such a thing being done. And if it can be read merely as a covenant to pay interest, that would mean interest according to the usual legal acceptance of the term.

"If no action will lie on the covenant, what is the condition of things?

"It is clear from the nature of the transaction and the business of the parties that they intended that interest should be paid.

"The covenant being set aside as invalid for purposes of this recovery, can it be looked at at all as evidence of the intention that interest should be paid?

"Can there be any doubt if a customer overdraws his account interest can be charged upon money so lent?

"Is it because it is payable on demand? If so, then could it be recovered without demand, or before demand?

"I cannot find it can be rested upon any satisfactory basis except the implied contract to pay interest by reason of the nature of the transaction and the universal understanding that such an implication is a term of the contract thus formed between the parties as banker and customer.

"If interest is to be allowed, at what rate?

"It is suggested that the statute, which is expressed as follows: 'The bank may stipulate for, take, reserve or exact any rate of interest or discount, not exceeding seven per centum per annum, and may receive and take in advance, any such rate, but no higher rate of interest shall be recoverable by the bank,' enables a recovery at seven per centum. I cannot so read it. Indeed, it seems to me rather a far-fetched construction.

"If good for anything it must mean that seven per centum is to be the rate in all cases of money due or accruing due to a bank, unless where an express contract exists between a bank and its customer fixing another rate.

"I cannot assent to any such consequences as within the purpose of the legislature.

"I think, therefore, the rate, where not provided for and disposed by what I have already said, must be five per cent. This was and is the ordinary rule where a contract exists to pay interest, as, I find, without stating its rate and is fixed by section 2 of the 'Interest Act' for all such cases."

BANK SHARES BOUGHT WITH BANK'S FUNDS—LIABILITY OF SUBSEQUENT PURCHASER

WINDING UP OF BANKING COMPANY—CONTRIBUTORY—PURCHASE BY MANAGER OF BANK OF BANK'S SHARES WITH BANK'S MONEY—BREACH OF TRUST—SHAREHOLDER—TITLE—REGISTRATION OF TRANSFER.

Re Ontario Bank—Barwick's Case (24 O. L. R.,—301).

THIS was an appeal by the administratrix of the estate of Walter Barwick, deceased, from the order of BRITTON, J., affirming an order of the Official Referee settling the appellant upon the list of contributories of the Ontario Bank in respect of eighteen shares of the capital stock thereof and in respect of the double liability thereon. The Bank Act prohibits the purchasing or lending of money upon its own shares or that of any other bank by a chartered bank. Before the insolvency of the Ontario Bank its general manager purchased shares in the market in the name of an imaginary fund called 'the Officers' Guarantee Fund. This it was alleged was a mere purchase of its own shares with the bank's own money for the purpose of sustaining their price in the market. The late Mr. Barwick purchased eighteen shares which were assumed to be transferred to him by a transfer signed, "The Officers' Guarantee Fund, C. McGill, manager." It was contended that the bank having illegally assumed to buy the shares, which transaction was entirely

void and vested no title, and that therefore no title could be transferred by the bank or the imaginary fund to the late Mr. Barwick.

JUDGMENT (SIR CHAS. MOSS, C.J.O.; GARROW, MACLAREN, MEREDITH and MCGEE, J.A.): The judgment of the Court was delivered by GARROW, J.A.

The shares in question had at one time been held in the name of the Officers' Guarantee Fund. And it is not disputed that they had been purchased with the money of the bank, and were so held in order to cover the illegality of the bank dealing in its own shares. But the shares were afterwards sold and transferred to the late Walter Barwick, of whose estate the contributory is administratrix. Mr. Barwick, after the transfer, procured himself to be duly registered as owner in the proper books of the bank. All this occurred several years before the liquidation proceedings began, down to which period there had been no repudiation nor attempt at repudiation; nor any steps taken to procure the removal of the name of the holder from the list of shareholders in the register. Such being the case, it appears to me to be now quite hopeless to raise that question which Mr. Moss urged upon us as reasons why a corporate entity could not, of course, lawfully buy, deal in, or lend its money upon the security of its own shares, or consent or agree to any person doing so on its behalf. And there is no evidence that by any corporate act the bank ever did so, or ever attempted to authorize any one to do so.

What was really done was this: The manager—whether with or without the knowledge of the directors does not, I think, clearly appear—improperly and illegally used the funds of the bank to purchase the shares, intending to resell them. This was, of course, a gross breach of trust on the part of the manager, and the money so employed could also have been at once sued for and recovered from him, and also from the directors if he was acting with their knowledge or consent.

But I am unable to see a valid cause of complaint which could have been suc-

cessfully urged, even by Mr. Barwick himself in his lifetime, after the purchase and before the liquidation, much less now by his administratrix after the liquidation proceedings have been commenced, and the rights of all parties thereby vitally altered.

Mr. Barwick's title, assuming that he purchased without notice, could not have been injuriously affected by the prior breach of trust. And the registration of the transfer to him gave him, in my opinion, an unimpeachable title.

But if there is any doubt as to that, there can, I think, be none as to the present position of matters. It is no longer a question between the purchaser and the bank. The other shareholders and the creditors are now the persons chiefly interested. And, as against them, the contributory, in my opinion, shows no cause whatever for relief. To give them a right to hold the contributory, all that seems to be necessary is to prove the agreement to become a shareholder, and the placing of the purchaser's name upon the register. If found there when liquidation commences, there it must remain unless upon proof that it was placed there without the knowledge or consent of the contributory.

In *re* International Contract Co., *Langer's Case* (1868), 37 L.J.N.S. Ch. 292, CAIRNA, *L.J.*, says: "I need not enter into the question of the validity of the deed of transfer. The question in these cases is, has the person been put upon the register, and has he agreed to become a member of the company? If the company have accepted the transfer, it does not matter whether the instrument was void as a deed or not." In that case *Langer* had been deceived by an officer of the company into permitting certain shares to be transferred into his name with no intention, however, so far as appears, of actually becoming the purchaser of them. The company afterwards was placed in liquidation, and he applied in vain to be relieved from liability in respect of such shares.

The result is, that the appeal must be dismissed with 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

LIEN ON BANK STOCK — INDEBTEDNESS OF STOCKHOLDERS— NATIONAL BANK ACCOUNT

WRIGHTSVILLE, PA., Dec. 1, 1911.

Editor Bankers Magazine:

SIR: Will you kindly answer through your "Replies to Law and Banking Questions" the following inquiries:

(1) Could a bank attach (or refuse to transfer to a third party) the stock standing in the name of a party indebted to the bank? We have always regarded bank stock as being personal property. Is that correct?

Would the following clause printed on the back of stock certificates be of any service to the bank?: "No transfer of the stock of this association shall be made without the consent of the board of directors, who shall be liable to the association, either as principal debtor or otherwise."

If the clause would be of any service, could the bank issue all succeeding stock with the clause without changing the old stock, or would all the old stock have to be called in, and new stock issued?

(2) In making a return to the assessor of the city, of personal property, one of our customers asked if he should return the first mortgage bonds (4s) of the Wabash R. R. Co. as being subject to taxation. Now the bond and coupon contain the phrase "free of tax." Does that phrase refer to only the bonds held in the State in which the company is incorporated (Michigan)? Being only a four per centum bond we thought probably the Wabash might have arranged to pay the taxes, and so have the bonds exempt from tax. Does not the Reading have some system for taking care of the tax on the bonds held by residents of Pennsylvania? W. E. W.

Answer: (1) As the bank in this case is a national bank, the plan outlined by our correspondent would be impracticable; for it has been held by the Supreme Court of the United States that a national bank cannot acquire a lien on its own stock in the hands of its stockholders, and that any provision in the articles of association or by-laws or in the certificates of stock prohibiting a transfer until the liability of the stockholder to the bank is paid, is wholly void. (*Bank vs. Lanier*, 11

Wall., 369; *Bullard vs. National Bank*, 18 Wall., 589.)

It is further held that a provision of this character in the certificate of stock does not affect the rights of a transferee, or operate as notice to him, since the provision is wholly void. (*Third National Bank vs. Buffalo German Insurance Company*, 192 U. S. 581.) These decisions are based upon section 5201 Rev. Stat. U. S., which provides: "No association shall make any loan or discount on the security of the shares of its own capital stock, nor be the purchaser or holder of any such shares, unless such security or purchase shall be necessary to prevent loss upon a debt previously contracted in good faith; and stock so purchased or acquired shall, within six months from the time of its purchase, be sold or disposed of at public or private sale."

(2) The taxation of corporate bonds is so peculiarly a matter of local regulation that only a local lawyer can advise upon the point intelligently.

GUARANTY OF INDORSEMENT— EFFECT OF — FORM GENUINENESS

FORT COLLINS, COLO., Dec. 2, 1911.

Editor Bankers Magazine:

SIR: Do the words "Indorsement Guaranteed" on the back of a check in a bank's endorsing stamp hold the bank for anything omitted in the prior indorsements, or does it apply to only technical inaccuracies? CASHIER.

Answer: There does not seem to be any judicial decision in which the precise scope of such a guaranty has been determined. But in practice, it is understood to apply to the genuineness of the indorsements, and to the sufficiency of the form. For example, if a check drawn to the order of a corporation should be indorsed in the name of

that corporation with the name of the secretary appended, the guaranty would be an assurance that this was the form in which checks payable to

the order of the corporation might be indorsed. It would also be an assurance that the indorsement was made by that officer.

PRACTICAL BANKING

HANDLING INACTIVE ACCOUNTS

By Edgar G. Alcorn

EVERY bank has two classes of individual accounts—active and inactive. Under “active accounts” may be classed those whose balances change nearly every day, while under “inactive accounts” may be classed those that do not change oftener than four or five times each month. Of course there is no positive dividing line separating the two classes, but this is a fair standard by which to distinguish them.

Inactive accounts are not always small accounts, nor are small accounts always inactive. Neither are inactive accounts the least profitable. In fact it is not infrequently the case that a bank's largest and most profitable accounts are inactive. Inactive accounts are more desirable because their average cost is considerably less than active accounts. Active accounts require more ledger space, more bookkeeping, more stationery, and involve more risk.

In most banks both classes of accounts are handled in the same way. The active accounts, however, really require different methods of bookkeeping. The best results can be obtained by separating the two accounts and handling them separately. This does not mean that they should be kept in two separate ledgers, although many banks are adopting this policy and find it to be the simplest method.

It does not make any difference what system of bookkeeping is employed, the active and inactive accounts can be

easily separated—whether the individual ledger is a bound three-column, Boston, or loose-leaf. With the loose-leaf system it is especially advisable to use two ledgers, as the advantage of this book lies in the fact that every account, no matter how small or inactive, is given a full leaf. Many of these small and inactive accounts are opened and closed after only one or two entries have been made. This of course means quite a loss in stationery.

Another disadvantage in mixing the two classes of accounts in both the bound three-column ledger and loose-leaf ledger is the fact that in posting to the active accounts every day it is necessary also to handle the inactive accounts. In this way a great deal of time is lost, for in posting to active accounts in a ledger which contains only this class of accounts, the depositors' accounts can be located and the posting done with much more rapidity and accuracy.

In very small banks, instead of keeping separate ledgers, the accounts may be separated by reserving a certain portion of the back of the ledger for the inactive accounts, while the front of the book is used for the others.

Most banks, when they separate these accounts and keep separate ledgers for them, use the same style of ledger for inactive accounts that they use for active ones. For instance, if the active accounts are kept in a loose-leaf ledger,

the inactive accounts will also be kept in a loose-leaf, although perhaps of a smaller size.

A special form of ledger, however,

	January			February							
	Names	Balance For'd	Date	No of Chks	Checks	Deposits	Balance	Date	No of Chks	Checks	Dep
1.	W. H. Miller	865 95	3	2	250	125 50	741 45				
			8	4	435 80	250	305 65				
2.	D. F. Young	280 45					555 65				
3.	J. B. Osgill	745 65	6	3	150	595 65					
			1		55	530 65					

Inactive Ledger

has been adopted by some of the larger banks in which the inactive accounts are always kept, no matter what system may be used for keeping the active

accounts. This ledger is practically the same as the Boston ledger. The main point of difference is that instead of using the six divisions of the double page opposite the names of the depositors for each day of the week, each of these divisions represents the work of an entire month.

In listing the names down the left-hand margin of the left-hand page, several lines, usually about four, should separate each name. This leaves ample room for making several postings during the month. After the names of the depositors, the first column is intended for the balances forwarded from the preceding page. Following this are columns for the date, the number of checks, the total of the checks, the deposits, and the balance.

At the top of the six divisions the name of the month is written. In posting items it is therefore not necessary to enter each time the month, but merely the figures representing the date. If more than one check is paid on any one day, each check is not entered separately, but merely the number of checks is indicated and the total carried to the column for checks. The deposits are added, the checks deducted, and the daily balances carried along in very much the same manner as in the three-column or loose-leaf ledger. The accompanying illustration shows the form and ruling of this ledger.

When the active and inactive accounts are kept separate, they should also be separated on the general ledger, and in order to get the total debits and credits for both accounts each day it is necessary to keep two journals, or two debit and credit books, one for active and the other for inactive accounts. The total deposits and the total checks entered in the active book are posted to this account on the general ledger, as are also the total checks and deposits entered in the inactive book. By means of this method each ledger can be proved separately, and thus possible errors are confined to smaller groups of accounts.

There is another advantage in using the Boston style of ledger for the in-



CARD SYSTEM FOR CERTIFICATION OF DEPOSITS

By R. S. Donough, Teller First National Bank of Lebanon, Pa.

active accounts, as each page can be proved separately. By this means if an error occurs in the trial balance it can be easily ascertained upon what particular page the error occurs. To prove each page it is necessary to foot the check and deposit columns, and add or subtract the difference, as the case may require, to the sum of the previous balances. This should agree with the total of the last day's balances.

In banks where the active and inactive accounts are kept separate it is not always an easy matter for the book-

IN our efforts to secure a complete record of our certificates of deposit, so much trouble in locating certificates belonging to any one person was encountered, that the card system suggested itself as the method to greatly simplify matters and to save a large amount of labor.

The register as formerly used was ruled as follows:

Date	Name	Number	Amount	Due	Paid

keeper to properly classify new accounts. Personal acquaintance with the depositor, or a knowledge of the character of the account, generally helps to determine into what class the account belongs. For instance, if the new account is a business firm, the chances are that it should be placed in the active ledger; if an individual, the probability is that it will be an inactive account and consequently should be placed in the inactive ledger. However, the accounts of business firms are not always active, as some firms keep accounts at more than one bank. In one bank the account may be very active, but in the other it may be held as a sort of a reserve and is not frequently checked upon. On the other hand, personal accounts are sometimes very active.

When in doubt about an account it is perhaps advisable to put it in the inactive ledger, and if it later becomes active, it may very easily be transferred to the other ledger. Old accounts that were active sometime become inactive, and inactive accounts sometime become active, necessitating the transfer from one ledger to the other.

After the certificate was filled out, the name, number and amount was entered in the cash journal, debit side, from which the total for the day was posted to the general ledger account. From the stub of the certificate book, as time permitted, the date was transferred to the register.

When a certificate was returned for payment, the name, number, and amount, were entered in the cash journal, credit side, the total for the day posted to the general ledger account and the individual entries made in the register.

The system as run at present includes all of the foregoing, excepting the register which we have done away with entirely.

When we first issued certificates, and for a number of years thereafter, we kept no index of the names and numbers, although the register was provided with one. Frequently executors or administrators called for the amount certain estates had on deposit. This necessitated our going over pages and pages of paid and unpaid certificates in the register, carefully scrutinizing every

name, and when the amount was finally mentioned we were by no means sure that it was correct.

To avoid this, the names with the certificate number were indexed in the front of the register. As a new certificate was issued the number was placed opposite the name; in case of renewal or payment, the old number was crossed out.

To get away from all this indexing,

from going over a large number of paid certificates when taking a balance and to have all certificates issued to one person under one heading, the card system was adopted to replace the register.

The cards are ruled the same as the register, but somewhat condensed. They have cured all our former troubles, saved hours of labor and answer every purpose satisfactorily.

TO PREVENT OVER-CERTIFICATION

AS a means of preventing over-certification of checks for its customers, the Corn Exchange Bank of New York

has prepared a form of trust agreement, of which the following is a reproduction:

We hereby request THE CORN EXCHANGE BANK from time to time to certify our checks which shall be payable to the order of some third person, persons or corporation in amounts in excess of our balance on deposit with THE CORN EXCHANGE BANK at the time of certification in order that we may receive from the payee or payees of said checks certain bonds, notes, securities, merchandise or cash, or in order that we may procure the release of certain securities or merchandise held by the payee as collateral to a loan to us, and in consideration of such over certification by THE CORN EXCHANGE BANK of our checks we promise and agree to hold the said checks, and all securities, merchandise and cash received by us with the proceeds of any checks so certified as Trustee for THE CORN EXCHANGE BANK, New York, to secure the amount of the certification granted by said Bank and to deliver said securities, merchandise or cash so obtained to THE CORN EXCHANGE BANK before the close of business on the day of certification of said checks.

Any deficit or failure resulting from the non-performance of this Trust shall constitute an indebtedness of ours to THE CORN EXCHANGE BANK the validity of which is hereby acknowledged.

This agreement shall be a continuing agreement and shall cover every over certification of our checks and the securities to be acquired by the proceeds thereof, and it shall not be necessary to re-execute the same for each over certification.

All the powers of sale and transfer of the property acquired by us through this Trust agreement shall pass to and become the right of THE CORN EXCHANGE BANK.

In Witness Whereof, _____ have hereunto set _____ hand and seal the _____ day of _____ 19 _____

SEALED AND DELIVERED IN THE PRESENCE OF



State of New York, } ss.
City and County of New York }

On this _____ day of _____ one thousand nine hundred and _____ before me personally came _____

to me known, and known to me to be the same person described in, and who executed the foregoing Trust Agreement, and acknowledged that _____ executed the same for the purpose named.

In Testimony Whereof, _____ have hereunto subscribed name, and affixed _____ seal of office, the day and year last above written.

SAVINGS BANKS

SAVINGS DEPOSITS

By V. Gonzales, Manager Foreign Department, The Bankers Publishing Co.

ACCORDING to the report of the Comptroller of the Currency, there were in existence, in the United States, on June 30, 1910, 638 mutual savings banks, with \$3,360,563,842.70 of deposits and 1,121 stock savings banks with deposits of \$709,922,403.91.

The same report states that of the deposits in stock savings banks, \$358,162,448.32 were other than savings deposits, and that other banks carried saving accounts with balances as follows:

National banks	\$580,889,677.65
State banks	418,310,704.39
Loan and trust companies..	624,601,126.66
Private banks	11,607,052.63
	\$1,635,408,561.38

There are in the United States the following number of savings depositors and amount of savings deposits:

Depositors.	Class of bank.	Amount of deposits.
7,491,649	Mutual savings	\$3,360,563,842.79
1,301,654	Stock savings	451,759,955.59
8,783,303	in savings banks	\$3,812,323,798.38
2,087,583	National	\$580,889,677.65
2,816,561	State	418,310,704.39
2,260,268	Loan and trust companies	624,601,126.66
91,844	Private	11,607,052.68
7,256,256	in other banks	\$1,635,408,561.38
16,039,559	Grand total	\$5,447,732,359.76

Considering the population to be 93,402,137, these figures show that the number of savings depositors to population is 17.17 per cent.; the average amount of deposit, per depositor, is \$339.64, and the average amount of deposit, per head of population, is \$58.32.

While the amount of savings deposits is larger than that of any other country, the number of depositors is

very much smaller in proportion to population.

The number of savings depositors and their deposits in other countries, as published by the Comptroller of the Currency (report 1910, pages 69, 70), are shown in table on page 38.

These figures represent depositors and deposits in government and private savings banks, no mention being made of savings deposits in other banks.

If the figures of the first four countries named are compared with those of the United States, some noticeable differences will be found. While savings deposits here, taking all the banks together, amount to very nearly the combined deposits of the four countries, the percentage of depositors is little more than one-half the average of the four. If comparison is confined

to savings depositors in savings banks alone, the difference is still greater. In the United States (8,783,303) it is less than ten per cent., or one-third of the average of those four countries (31.66 per cent.).

Comparison with the other eight countries, or with the twelve combined, shows the same shortage. The percentage of population having accounts

	Population.	Depositors.	Per cent.	Deposits.	Per Depositor.	Per Capita.
Germany	62,982,000	19,291,320	30.63	\$3,313,104,942	\$171.74	\$52.60
Japan	50,170,000	17,518,142	34.91	121,008,109	6.90	2.41
United Kingdom...	45,006,000	13,209,463	29.35	1,054,950,370	79.86	23.44
France	39,267,000	13,085,222	33.32	980,759,663	74.95	24.98
Averages			31.66		\$86.67	\$27.70
Total	197,425,000	63,104,147		\$5,469,823,084		
Switzerland	3,559,000	1,768,948	49.56	\$279,848,800	\$158.20	\$78.63
Denmark	2,659,000	1,121,643	42.19	165,112,198	147.21	62.10
Norway	2,353,000	908,004	38.64	121,152,346	133.43	51.49
Sweden	5,430,000	2,054,034	37.82	203,673,025	99.15	37.50
Belgium	7,239,000	2,624,991	36.27	171,044,463	65.16	23.63
Netherlands	5,829,000	1,864,565	31.98	101,692,555	54.52	17.44
Austria	28,350,000	6,053,074	21.35	1,142,161,369	188.69	40.28
Italy	33,911,000	6,996,675	20.63	682,077,972	97.48	20.11
Averages			26.18		\$122.56	\$32.08
Total	89,330,000	23,391,934		\$2,866,762,728		
Averages			30.16		\$96.38	\$29.07
Total	286,755,000	86,496,081		\$8,336,585,812		

with savings banks is, in the United States, less than ten per cent., and in the eight countries named 26.18 per cent. Savings depositors in all banks of the United States represent (16,039,559) 17.17 per cent. of the population, while savings depositors in savings banks only in the twelve European countries mentioned represent 30.16 per cent., the smallest proportion (Italy) being 20.63 per cent., and the highest (Switzerland) 49.56 per cent.

If the smallest proportion be applied to the American population, the savings banks of the United States should have (20.63 per cent.) more than 19,000,000 of depositors, instead of 8,800,000, there being a shortage of more than 11,000,000 depositors. Savings depositors in all banks should at least rank with the savings depositors in savings banks in Europe at the rate of average for the twelve countries (Japan included) (30.16 per cent.) or more than 28,000,000. As there are only 16,000,000, there is always a shortage of 12,000,000.

The average deposit in the savings banks of the United States represents \$434.04 per depositor and \$40.81 per head of population. The average in all banks is \$339.64 per depositor and \$58.32 per head of population. The highest average per depositor in the

twelve countries referred to is \$188.69 (Austria) and per head of population \$78.63 (Switzerland). The averages of the twelve countries are, respectively, \$96.38 and \$29.07.

The discrepancy between number of depositors and amount of deposits in the United States clearly indicates that a portion—perhaps a large one—of the total amount on deposit does not belong to the class of people for whom savings banks have been instituted. (See letter of Charles S. Sprague, president of the Union Dime Savings Bank of New York, *BANKERS MAGAZINE*, August, 1910, page 196.)

It is a well known fact that many people carry accounts with several savings banks at the same time, reaching the maximum balance allowed (\$3,000) because they have confidence in no other class of investment. Banks that are allowed to receive savings deposits and that are not restricted to a limit of \$3,000 carry many accounts with balances of much higher figures. This accounts for the enormous difference in the average amount per depositor.

It is impossible to estimate how much of the total amount of savings deposits—nearly five and one-half billions of dollars—belong to savings depositors and how much represents investments. It is not probable that the true savings

depositor should carry an account above the highest European average — \$188.69. Money deposited in a savings account is intended to remain there only temporarily until enough provision is made for a permanent investment. At the rate of the Austrian average, the 16,039,559 depositors of the United States should have deposits amounting to \$3,026,504,387.71, and as they amount to \$5,447,732,359.76, the remaining \$2,421,000,000 may all be investments and not savings.

But there should be 28,000,000 depositors of savings in the United States, in savings banks or other banks, and these should have an average of about \$188.69 or some \$5,283,000,000 besides the \$2,421,000,000 of investment, or in all \$7,700,000,000.

Therefore it is a fair conclusion that there are missing about 12,000,000 depositors and \$2,300,000,000 of deposits.

Large figures are deceptive. A large increase in the number of depositors and amount of deposits is reported every year, and such information has been taken at its face value. Almost everybody believes that the country has the record of savings deposits, but this is not so. The real situation is overlooked.

There is a constant emigration of money from those who are expected to constitute the larger portion of savers—the laborers. Quite \$275,000,000 are sent to Europe every year by immigrants (see *Journal of Commerce*, September 14, 1910), and this flow of money is permanently weakening the financial power of the country.

There must be something wrong. The fault lies not with the banks, almost all of which are honestly and intelligently managed. Their rates of interest are not so low after all—three, three and one-half and four per cent. No lack of guarantee is visible either. What is it? Unquestionably the subject is worthy of consideration.

No other country offers such opportunities for saving money. The cost of living is very high in some parts, but wages are also high, and the return for labor is next to no other one. A proof

of that lies with the emigration of \$275,000,000 of savings from laboring classes.

No facilities are given to savers of small amounts. Until the postal savings banks were opened the minimum amount received was one dollar. Such a limit at present is ten cents, to be handled by means of stamps, which may be converted into certificates after one dollar is completed. But should ten cents be the minimum limit? What about the pennies? Very few people, if any, will have the patience to hoard cents until a saving stamp of ten cents can be bought, and it is likely that pennies which otherwise could be saved are wasted. Fewer people are likely to pay fifty per cent. of insurance by depositing their saving at two per cent. interest with the postal savings banks instead of at four per cent. with savings institutions, mutual or stock banks. And if a man cannot save one dollar or is unwilling to deposit at two per cent. or will not take the trouble of piling up his pennies at home, he will not save. Should facilities be given for the saving of small quantities such as cents and should a reasonable rate of interest be allowed it is probable that the number of accounts quickly would reach what it ought to be and that the amount of real savings deposits would show a very large increase.

Investment in building and loan associations and life insurance policies have not been computed as savings, because they have not been taken into consideration in the European figures. Other forms of savings investments have not been considered either, because there are no reliable figures at hand to establish comparison. In Europe there are many forms that are not yet used in this country, all of which might show a still larger difference between savings in the United States and elsewhere.

Anyhow it is quite certain that the number of depositors in this country is far below what it ought to be, and that it is quite possible to increase them safely and for the good of all.

TRUST COMPANIES

Conducted by Clay Herrick

FIVE-MILLION-DOLLAR TRUST COMPANIES

THE following list gives the names and total assets of the one hundred and sixty-five trust companies of the country whose banking assets exceed five million dollars. In these figures the invested trust funds, which a few companies include in their statements, and which often reach large figures, are not included, the totals representing only the banking assets.

The figures are as of July 1, 1911. Since that date there have been several changes, notably the advance of the Bankers' Trust Company of New York to second place, due to its merger with the Mercantile Trust Company.

It will be noted that the list includes five companies with assets of over one hundred million dollars each. There are seventeen with assets of over fifty millions each; thirty-nine with assets of over twenty-five millions each; and ninety with assets of over ten millions each.

Of the one hundred and sixty-five companies, New York has thirty-seven; Philadelphia, eighteen; Chicago, fifteen; Boston, eleven; Pittsburgh, nine; and Cleveland, five.

1 Guaranty Trust Co., N. Y.	\$217,370,274	21 New York Life Insurance & Trust Co., New York.	47,668,628
2 Farmers Loan & Tr. Co., N. Y.	145,278,731	22 Rhode Island Hospital Trust Co., Providence	45,562,479
3 Central Trust Co., New York	111,182,408	23 Trust Co. of America, N. Y.	41,835,856
4 Illinois Trust & Savings Bank, Chicago	106,003,236	24 Fidelity Trust Co., Philada.	38,363,121
5 Bankers Trust Co., New York	105,115,650	25 St. Louis Union Trust Co., St. Louis	38,065,147
6 Mercantile Trust Co., N. Y.	99,307,026	26 Metropolitan Trust Co., N. Y.	35,417,431
7 Old Colony Trust Co., Boston	94,516,311	27 Northern Trust Co., Chicago.	35,151,089
8 United States Trust Co., N. Y.	86,817,247	28 Cleveland Tr. Co., Cleveland.	32,579,785
9 United States Mortgage & Trust Co., New York.	73,306,981	29 Mercantile Tr. Co., St. Louis	32,215,381
10 Merchants Loan & Trust Co., Chicago	71,655,408	30 Lawyers Title Insurance & Trust Co., New York.	30,188,392
11 Union Trust Co., New York.	71,485,770	31 Hibernian Banking Association, Chicago	29,537,702
12 First Tr. & Sav. Bank, Chicago	68,165,326	32 N. E. Trust Co., Boston.	28,938,766
13 Union Trust Co., Pittsburgh.	68,304,004	33 Manhattan Trust Co., N. Y.. . . .	28,255,695
14 New York Trust Co., N. Y.	65,739,415	34 Mississippi Valley Trust Co., St. Louis	28,169,730
15 Equitable Trust Co., N. Y.	62,751,513	35 Continental & Commercial Tr. & Sav Bank, Chicago.. . . .	27,677,562
16 Citizens Savings & Trust Co., Cleveland	50,838,733	36 State Bank of Chicago, Chicago	27,644,269
17 Industrial Tr. Co., Providence	50,061,675	37 Fidelity Trust Co., Newark, N. J.	27,404,612
18 Girard Tr. Co., Philadelphia.	48,329,190	38 Pennsylvania Co. for Insurance on Lives and Granting Annuities, Philadelphia.	27,002,195
19 Title Guar. & Tr. Co., N. Y.	48,068,998	39 Central Trust Co. of Illinois, Chicago	25,501,471
20 Knickerbocker Tr. Co., N. Y.	47,999,127	40 Guardian Savings & Trust Co., Cleveland	24,863,556
		41 Standard Trust Co., N. Y.	24,860,393
		42 People's Trust Co., N. Y.	24,067,843
		43 Brooklyn Trust Co., N. Y.	23,621,898
		44 Astor Trust Co., New York.	23,032,261
		45 Harris Trust & Savings Bank, Chicago	22,366,610
		46 Empire Trust Co., New York	22,198,503
		47 Rochester Trust & Safe Deposit Co., Rochester.	21,511,253
		48 American Trust Co., Boston.	21,084,762
		49 Union Savings Bank & Trust Co., Cincinnati	20,974,124
		50 Union Trust Co., Chicago.	20,952,306
		51 Union Trust Co. of San Francisco	20,808,837
		52 Columbia Trust Co., N. Y.	20,070,304
		53 Boston Safe Deposit & Trust Co., Boston	19,776,736
		54 Hibernia Bank & Trust Co., New Orleans	19,717,448
		55 Fidelity Title & Trust Co., Pittsburgh	19,383,220
		56 Kings County Tr. Co., N. Y.	19,038,819
		57 Chicago Title & Trust Co., Chicago	18,752,889
		58 International Tr. Co., Boston	17,576,922

59 Hudson Trust Co., Hoboken, N. J.....	16,579,740	103 Hamilton Trust Co., N. Y..	8,717,116
60 Franklin Trust Co., N. Y....	16,547,816	104 National Savings & Trust Co., Washington.....	8,659,639
61 Provident Life & Trust Co., Philadelphia	15,949,180	105 Washington Loan & Trust Co., Washington.....	8,645,506
62 State Street Tr. Co., Boston..	15,911,402	106 Fidelity Tr. Co., Baltimore..	8,595,837
63 Commercial Trust Co. of New Jersey, Jersey City.....	15,477,649	107 Commonwealth Tr. Co., Buffalo	8,419,599
64 Pittsburgh Tr. Co., Pittsburgh	15,347,880	108 Genessee Valley Trust Co., Rochester	8,418,807
65 Colonial Tr. Co., Pittsburgh.	15,088,985	109 New Jersey Title Guarantee & Trust Co., Jersey City...	8,378,901
66 Philadelphia Trust, Safe Deposit & Ins. Co., Philada..	15,017,765	110 Bay State Trust Co., Boston	8,241,211
67 Land Title & Tr. Co., Philada.	14,924,227	111 Federal Trust Co., Newark, N. J.....	8,172,608
68 Commonwealth Tr. Co., Boston	14,674,790	112 Union & Planters Bank & Trust Co., Memphis, Tenn..	8,086,666
69 Commercial Tr. Co., Philada.	14,560,784	113 Provident Savings Bank & Trust Co., Cincinnati	8,073,308
70 Safe Deposit & Trust Co., Baltimore	14,214,206	111 Interstate Trust & Banking Co., New Orleans.....	8,036,483
71 American Security & Trust Co., Washington	13,967,365	115 Albany Trust Co., Albany, N. Y.....	8,005,830
72 Security Tr. Co., Rochester..	13,757,804	116 Fidelity Trust Co., Portland, Me.	7,982,046
73 Commercial Germania Trust & Sav. Bank, New Orleans...	13,602,142	117 Ohio Savings Bank & Trust Co., Toledo, O.....	7,937,290
74 Canal-Louisiana Bank & Trust Co., New Orleans.....	13,192,004	118 Camden Safe Deposit & Tr. Co., Camden, N. J.....	7,914,242
75 Mercantile Trust & Deposit Co., Baltimore	13,086,351	119 Commonwealth Title Ins. & Trust Co., Philadelphia....	7,878,467
76 Trust & Deposit Co. of Onondaga, Syracuse	12,788,202	120 Chicago Savings Bank & Tr. Co., Chicago	7,830,579
77 Lincoln Trust Co., N. Y....	12,676,188	121 Fidelity Tr. Co., Rochester.	7,761,331
78 Washington Trust Co., N. Y.	12,240,432	122 Utica Trust & Deposit Co., Utica, N. Y.....	7,697,474
79 Long Island Loan & Trust Co., New York.....	12,178,008	123 Finance Co. of Pa., Philada.	7,650,134
80 Los Angeles Trust & Savings Bank, Los Angeles.....	11,833,202	124 Guarantee Trust & Safe Deposit Co., Philadelphia....	7,608,402
81 Western Trust & Sav. Bank, Chicago	11,647,896	125 Southern Trust Co., Los Angeles	7,603,372
82 Worcester Trust Co., Worcester, Mass.....	11,549,273	126 Union Tr. Co., Springfield, Mass.	7,573,669
83 Safe Deposit & Trust Co., Pittsburgh	10,971,463	127 Federal Trust Co., Boston..	7,557,821
84 Superior Savings & Trust Co., Cleveland	10,725,407	128 Nassau Trust Co., N. Y....	7,510,438
85 Bank of Commerce & Trust Co., Memphis, Tenn.....	10,696,269	129 Anglo-California Trust Co., San Francisco	7,387,278
86 Slater Trust Co., Pawtucket, R. I.....	10,290,199	130 Peoples Safe Deposit & Tr. Co., Jersey City, N. J....	7,221,190
87 Fidelity Trust Co., Buffalo..	10,280,937	131 U. S. Trust Co., Boston....	7,218,494
88 Fidelity Trust Co., N. Y....	10,176,930	132 Detroit Trust Co., Detroit, Mich.	7,156,840
89 Union Trust Co., Providence	10,132,770	133 Cincinnati Trust Co., Cincinnati	6,920,201
90 Beacon Trust Co., Boston...	10,070,263	134 Real Estate Trust Co., Pittsburgh	6,804,865
91 Commerce Trust Co., Kansas City, Mo.....	9,764,489	135 Colonial Trust & Sav. Bank, Chicago	6,756,077
92 Real Estate Tr. Co., Philada.	9,762,726	136 Commonwealth Trust Co., St. Louis	6,741,347
93 Indiana Tr. Co., Indianapolis	9,486,038	137 West End Tr. Co., Philada..	6,629,432
94 Morristown Trust Co., Morristown, N. J.....	9,421,314	138 Union Trust Co., Rochester	6,611,333
95 Dollar Savings & Trust Co., Youngstown, O.....	9,417,963	139 Trust Co. of New Jersey, Hoboken	6,556,993
96 Fulton Trust Co., N. Y....	9,381,319	140 Commonwealth Tr. Co., Pittsburgh	6,492,851
97 Security Savings & Trust Co., Portland, Ore.....	9,345,059	141 Real Estate Title Insurance & Trust Co., Philadelphia.	6,377,999
98 Northern Trust Co., Philada.	9,314,633		
99 Fidelity Trust Co., Kansas City, Mo.....	9,263,154		
100 Continental Trust Co., Baltimore	9,237,793		
101 Mutual Alliance Trust Co., New York	9,087,365		
102 Baltimore Tr. Co., Baltimore	9,018,414		

142 Industrial Trust, Title & Savings Co., Philadelphia.....	6,334,820
143 Wachovia Bank & Trust Co., Winston-Salem, N. C.....	6,257,348
144 Broadway Savings & Trust Co., Cleveland	6,094,194
145 Lancaster Trust Co., Lancaster, Pa.....	6,077,668
146 Springfield Safe Deposit & Tr. Co., Springfield, Mass..	6,068,361
147 Windsor Trust Co., N. Y....	6,052,773
148 Washington Tr. Co., Seattle	5,935,588
149 State Savings Loan & Trust Co., Quincy, Ill.....	5,876,067
150 Central Trust & Safe Deposit Co., Cincinnati.....	5,819,330
151 Broadway Trust Co., N. Y.	5,794,050
152 Zion's Savings Bank & Trust Co., Salt Lake City.....	5,748,378
153 Germantown Tr. Co., Phila..	5,709,913
154 Dollar Savings Fund & Trust Co., Pittsburgh	5,706,444
155 Metropolitan Trust & Savings Bank, Chicago.....	5,656,805
156 Central Trust & Savings Co., Philadelphia	5,486,262
157 International Tr. Co., Denver	5,485,553
158 Integrity Title Insurance, Tr. & Safe Deposit Co., Phila.	5,425,465
159 Birmingham Trust & Savings Co., Birmingham, Ala....	5,330,968
160 Chemung Canal Trust Co., Elmira, N. Y.....	5,298,269
161 Penn. Trust Co., Reading, Pa.....	5,258,568
162 Workingman's Savings Bank & Trust Co., Pittsburgh....	5,207,906
163 Commercial Trust Co., N. Y.	5,137,028
164 Flatbush Trust Co., N. Y....	5,112,801
165 Augusta Trust Co., Augusta, Me.....	5,098,347

ANNUAL MEETING OF TRUST COMPANY SECTION

THE annual meeting of the trust company section of the American Bankers' Association, held at New Orleans, November 23, 1911, maintained the high standards of previous years. The addresses were three in number—"The Protector of Property," by A. A. Jackson, vice-president Girard Trust Company, Philadelphia; "The Registration of Commercial Paper," by Fred I. Kent, vice-president Bankers' Trust Company, New York, and "The Relation of the Trust Company to the Lawyer," by Marquis Eaton, of the Chicago

Bar. These addresses covered live topics and were well prepared. We shall have occasion to discuss them in a later issue.

The membership of the section now stands at 1,137, the largest in its history.

The reports of the Executive Committee, the committee on legislation and the committee on protective laws indicated that the past year has been one of unusual interest in the number and importance of questions affecting trust companies which have come up for consideration. These included important amendments of the plans for the National Reserve Association, as affecting the relations of trust companies thereto; the trust company banquet, held at New York in May; the admission of trust companies to the New York Clearing House; the events leading to the appointment of the committee on legislation; and important legislation affecting trust companies in a number of the States. The report of the committee on protective laws showed that during the year new laws providing for State supervision were passed in Alabama, Idaho and Utah; in Delaware the supervision of the Insurance Commissioner was extended to cover trust companies; South Dakota passed a new and improved trust company act; Nebraska and Nevada passed laws for the organization of trust companies.

The selections of officers for the coming year were excellent. Col. F. H. Fries, president of the Wachovia Bank & Trust Company of Winston-Salem, N. C., and chairman of the Executive Committee of the Section during the past year, was made president; Wm. C. Poillon, president of the Mercantile Trust Company, New York, is the new vice-president, and F. H. Goff, president of the Cleveland Trust Company, Cleveland, is the new chairman of the executive committee, upon whom devolves the burden of the work of the Section.

INTEREST PAID ON DEPOSITS

COMPETITION in commercial and financial business led to the formation of the industrial trusts. There was not enough business to go around, which led to bitter competition and finally to combination with partial elimination of the destructive struggle between those engaged in the same business. Thus, by combination, a fair profit was obtained, capital saved from loss, and labor employed and paid living wages.

This same process is going on in the banking business, not to the restraint of trade, but to its everlasting advantage. Big, strong banking institutions stand ready to finance any legitimate undertaking, be it large or small, if a fair profit is offered. Until this reasonable uniting of rival companies is brought about, the bidding for money will go on, which not only makes it difficult for all to make any net result, but to foster unsafe banking, by forcing uncurrent loans at full rate and fixed investments rather than liquid short time loans, bearing a rate often less than is paid for deposits.

In London with some seven million population there are comparatively few banks and bankers, members of the clearing house; they have, however, many branches. Those engaged in the issue and sale of

new securities and kindred business are known as merchants or merchant bankers, who do not compete for the deposit business.

The time will probably come when, with enough business left to go around among fewer and non-competitive institutions, money will not be sought at a high rate to swell deposits during the first six months of the year to be withdrawn during the autumn.

The central reserve city system to carry the reserve of the country banks and pay them for the privilege does not always work. This will eventually be corrected by restricting balances at interest during the summer season. If this money does not get to New York it cannot suddenly be withdrawn.

To ask banks and trust companies not to compete for business is beside the mark—they will do it anyway. How can they help doing it? The public should not, however, be led astray with offers of high rates on demand deposits. Bank examiners, clear-house authorities and committees of banking organizations and conventions should study the rate of interest paid in the various sections of the country, and if possible admonish offenders to desist from paying a rate which conditions do not warrant.

WESTERN BANKERS OPTIMISTIC

CHICAGO bankers are indulging in no gloomy forebodings concerning the future of business in this country. They believe that the betterment recently disclosed in manufactures and trade is a forerunner of a stronger condition next year. There is no scarcity of money, they say, and rates of discount are below normal, although tending higher since New York began to take cash from the interior to build up its reserve. They do not agree with the forecast of President Vanderlip, of the National City Bank of New York, whose pessimistic suggestions are attributed to the fact that the Government checked the plan of the trust company he organized to acquire control of the banking situation.

William C. Cook, vice-president of the Western Trust and Savings Bank, says: "Business is very good and has picked up remarkably during the last two weeks (December 1 to 14). Money is loaning over the counter at five per cent. I do not agree with the stand taken by Mr. Vanderlip."

John J. Mitchell, president of the Illi-

nois Trust and Savings Bank, says: "I agree with Mr. Vanderlip in some respects, but not in others. It is a fact that capital is not seeking new channels and there is no important new business being projected, but general business has improved a great deal in nearly all lines during the past few weeks, largely, I suppose, because, being stagnant so long, necessity compelled more activity, although at a minimum of profit. As an illustration, the Pullman Company recently secured orders for 6,000 freight cars and 200 to 800 passenger cars. Money here is around four per cent. on call and four and one-half per cent. on time. All banks are well loaned up here and I think throughout the West, also, as have been New York banks, at minimum rates which held our rates down. Now that New York money is advancing we are firmer here."

George M. Reynolds, president of the Continental and Commercial National Bank, says: "We concur in Mr. Vanderlip's statement moderately but not radically interpreted."

INVESTMENTS

Conducted by Franklin Escher

SERVICE RENDERED TO INVESTORS BY A PROPERLY CONDUCTED BOND DEPARTMENT

By Robert D. Coard, Manager Bond Department, Mellon National Bank,
Pittsburgh

A PROPERLY conducted Bond Department means vastly more than may appear on the surface to the average investor. It means that its files must be replete with exact and detailed information as to the merits, or demerits, of hundreds of liens, with their accompanying bond issues, each representing an indebtedness against the resources of a Nation, State, County, City, Borough, District, Township, Railroad, Public Utility, Industrial, Coal, Oil, Timber, or many other properties. This information must be available at a moment's notice.

The banking-house contemplating the purchase or underwriting of an entire proposed issue places the property in the hands of their expert appraisers and auditors, trained to judge its value and forecast its future to the time the debt may mature. An abstract is then prepared and afterwards passed upon by a firm of reputable lawyers. All legal points bearing on the issue are examined with infinite care. The officers of the banking-house after thoroughly investigating the reports of the appraisers and lawyers, may decide that the issue is safe and desirable. They then submit the whole matter to their board of directors. If they approve, the issue is purchased and listed by the Bond Department. It is undoubtedly true that to protect the interests of the investor, thereby maintaining the good reputation of the banking-house, more than half of the issues of corporation bonds investigated at much time and great expense are declined after examination.

KNOWLEDGE REQUIRED OF A BOND DEPARTMENT'S STAFF.

It does not suffice that the Bond Department's staff of officers and salesmen are well versed in the details of its own offerings. They must also be familiar with the active and many inactive issues traded in. They must know the corporation's convertible resources, stock issue and market price, the outstanding indebtedness, fixed charges, net income, the reasons for incurring the indebtedness, legality, sinking fund, date of the bond, term, interest periods, trustee, place of payment, range of market price, convertibility, chances for appreciation or depreciation, etc. In the case of a municipal issue they must know the date the municipality was incorporated, the present population, the probability of increase or decrease in population, the industries and proximity to the markets, the assessed valuation and approximate true valuation, the total net indebtedness, legality, etc. The necessary true information is obtained in various ways, taking time and close examination to complete.

HOW INVESTORS ARE SERVED AND THEIR INTERESTS PROTECTED.

The well equipped Bond Department acts not only as a sales and purchase depot but also in an advisory capacity to the investor. It promptly notifies its clientele the date of the calling of any of their holdings, thereby often saving a client many months' interest. It frequently advises the sale of a holding

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showing a good chance for depreciation or the retaining of an investment with good chances for appreciation. It has become one of its duties to advise the loan value of an issue to inquiring banks. It must often investigate and combat evil rumors and prejudices without foundation against perfectly good issues. It acts as a friend to investors of limited resources in advising against their tendency to sacrifice strength for large yield and often spends more time and expense on a timid investor than the profit on the ultimate purchase justifies. It will negotiate a loan for a client against his holdings, and promote the saving habit by accepting payment in installments on his purchase. It will collect the interest and principal of his investment for him and reinvest it to his satisfaction. Its publicity bureau in conjunction with its trained sales-force conducts a campaign of education, which is of great value to the investor. The small investor is given the same courteous treatment as the one of large resources and his interests are as carefully watched over.

Few investors appreciate the fact that it is vital to the well conducted Bond Department to safeguard the investor's interests in every particular; that by being watchful, truthful and exact in its statements it lives and grows. The timid investor as well as the one prone to take chances would profit by purchasing their investments

through the Bond Department of long standing, which has weathered the financial storms of many years. They are then assured that their holdings have passed the close scrutiny of the officers who have had long experience in such work.

ELEMENTS OF AN IDEAL INVESTMENT

W RITING on this topic in "The Rollins Magazine," published by the well-known bond house of E. H. Rollins & Sons, Boston, Lawrence Chamberlain contributes some sound information regarding investments, from which a few extracts are given below:

The perfect investment is a promise to pay; it is always a loan.

No matter how elusive the standard of fair return upon pure investment, it always exists, and we buy foolishly and unscientifically when we neglect to satisfy ourselves by what right or opportunity we obtain a greater income from our investments than we have set for a standard; since generally it is by the assumption of risk.

Of all sorts of investments bank deposits are the most quickly convertible,

The Gamble in Governments by National Banks

is one of the vitally interesting topics in

THE PRINCIPLES OF BOND INVESTMENT

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and in these is exemplified most clearly the law of compensation. For the privilege of withdrawal the lender of funds has to pay dearly; perhaps twenty-five to fifty per cent. of his income return. This is marketability at the expense of income. But only when the principal is payable on demand, as in bank deposits, is one fortified with funds to meet at his best unexpected calls for money. In savings banks, which have the privilege of withholding depositors' money for thirty or sixty days, the compensation for this less dependable convertibility is a higher interest rate. And so the law will be found to work throughout the field of investment, quite independent of all considerations of security: the price of convertibility is lessened income.

Perhaps the greatest service rendered by investment, as distinguished from speculation, is the assurance it gives of pecuniary aid to those less capable of self-support than he who has risked the investment surplus into being. In speculation, the fittest survive; speculation is the brute contest of elemental forces. Investment protects the weak against the strong, and of the strong makes guardians of the weak; it is altruistic.

It goes almost without saying that bonds and insurance annuities are unequaled in the simplicity and freedom from care with which annuity returns accrue to the beneficiary. Funds on de-

posit are next in order and were it not for psychological conditions, they would have precedence over bonds; but changing rates of interest and the condition of the principal, unprotected against withdrawals by the beneficiary, are sources of trouble. Registered bonds ordinarily require merely the cashing of checks, of course, and coupon bonds, the guarding of the bonds against loss or theft, and the cutting and cashing of coupons.

The three investment qualities that receive the most investigation are security, income, and marketability. Obviously all three cannot exist in a high degree in the same investment. If the investment is thoroughly safe it cannot return a high rate of interest, or rental, and at the same time have a broad and active market, for such a market implies competitive demand, and the competition for a security which was at once safe and of high yield would immediately bid up the price and thus lower the yield.

But if through ungrounded prejudice or lack of knowledge a security is without vogue and has to be sold by personal solicitation, it may be both safe and of high return. It is the principal, and in every way commendable function of the better American bond houses to sell to their clients issues of bonds which have unimpeachable security and yet an income return considerably higher than would be the case were the issues well known to the investing public at large.

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THE STATISTICS OF FAILURES

HOW THEY MAY BE SCIENTIFICALLY USED BY INVESTORS

By W. Martin Swift

FROM week to week our commercial agencies publish the statistics of the failures of the United States and Canada, and from month to month they give not only the numbers of failures, but also the total assets and liabilities of failed concerns. These figures are of course observed by merchants and investors, and are regarded as sort of an index to business conditions. Very few, however, consider them with enough seriousness, or give them enough weight, to materially change business plans. Indeed, the great value and importance of these figures are almost nowhere realized.

They are perhaps of the greatest value to the investor in stocks and bonds—the very man who gives them the least observation. Investors generally are, in the natural course of events, principally influenced by the financial literature of the day, and by the advices of their bankers and brokers. It seldom occurs to them that they are giving too much weight to the "personal equation." In view of the way in which our whole financial system is constructed, it is natural that the small merchant or business man should look for advice to the banker of his community; that this banker in turn should give out such advice as he receives from his correspondent banker in the neighboring large city; and that this advice in turn should be a mere reflection of the view of some great banking house

in New York. Finally, the New York banking house adopts the views of the great financiers, promoters and captains of industry who manage the financial affairs of the United States.

These opinions in the past have not had that unerring accuracy and piercing vision of the future which would naturally be expected of men so very familiar with the intricacies of finance. On the contrary, these gentlemen have usually been especially enthusiastic as to the outlook, when security prices were at the top of a great upward movement, and not at all enthusiastic when prices were at the bottom. In 1906, for example, optimistic opinions given out by the greatest of our merchants and financiers filled the financial columns of every leading publication. Extra dividends, or increased dividends, became the rule rather than the exception, and the directorates of our great corporations, both in the payment of dividends, and in the general preparation for handling a very large volume of business, gave evidence that they felt every confidence in the future.

On the other hand, in years like 1904 and 1908, when security prices were at the bottom, the absence of optimistic opinions from these high sources has been almost conspicuous. It is, therefore, not too much to presume that the investor may think for himself and obtain results at least as good as when he allowed his thinking to be done for



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him by his banker, his banker's banker, or his banker's banker's financial magnate.

OPPORTUNE TIME TO BUY SECURITIES.

In thinking for himself, he will find no greater aid, especially in selecting the most opportune time to buy securities than the statistics of failures published by Bradstreet's and Dun's weekly trade reviews. These figures are of course published without comment, or at least without any comment as to what their real significance may be. Hence, the investor must do his own interpreting, and this is not particularly difficult. The opportune time to buy securities is when stock and bond prices are very low, owing to financial and trade disturbances—provided, of course, these disturbances have practically culminated, so that the investor may feel sure that substantial improvement in the business situation will occur soon enough, not only to preserve the intrinsic value of the securities he buys, but also to enhance their market value.

Strange as it may seem at first thought, this opportune time can be selected at least approximately, and almost without fail, by the proper use of failure statistics. The increase or decrease of commercial failures should, of course, be watched from month to month, but for the investor's purposes, the quarterly summaries are perhaps better, because they are not subject to violent and meaningless momentary changes. Whenever the failures of a

given quarter, as measured by their total liabilities, show a violent increase of nearly 100 per cent., it is to be presumed that the time to buy securities has arrived.

Nor is there any lack of substantial reasons for this presumption. There is no single compilation of figures which more truly reflects the business conditions of the country than commercial failures. When conditions become very bad, failures correspondingly increase—not so much because earnings are very poor, as for the reason that the increasing number of solvent or nearly solvent concerns are unable to convert their assets into the cash which is necessary to meet obligations. Any sort of financial or trade disorder is always cured by liquidation. If margins of profit have become so narrow as to paralyze business, liquidation in labor and materials reduces operating costs and restores margins to normal. If inflation of capitalization or expenses is the trouble, liquidation scales down the capitalization, reduces the expenses and restores sound conditions.

Whatever may be the trouble with trade and finance, liquidation cures it; but this very cure involves heavy commercial failures. When all are sellers and none buyers, it is increasingly difficult to convert other assets into the cash with which to meet obligations, and thus commercial failures become very heavy. The wild scramble for money with which to make payments meanwhile produces very heavy selling of securities and drives prices to their low levels.

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For these reasons security prices are at their lowest just when commercial failures are at their greatest. Manifestly, with these failures rapidly increasing, the investor at any given time cannot assure himself that they will not be larger the next month, or the next quarter, but this uncertainty presents no great difficulty; for when the liabilities of a given quarter show an increase of seventy-five or 100 per cent. over those of the previous quarter, or over those of the average quarter of the previous year, this very fact is quite sufficient to show that the approximate bottom in security prices has been reached.

In the bear market of the seventies, stocks touched their lowest prices in June, 1877, and the failures of the first quarter of 1878 amounted to \$82,000,000, as compared with \$48,000,000 for the last quarter of 1877. The bear markets of the eighties ended in June, 1884, and in the second quarter of the same year failures amounted to \$84,000,000, as compared with \$40,000,000 the previous quarter. The lowest point in the nineties occurred in August, 1893, and in the second quarter of the year, failures totalled \$121,000,000, against \$47,000,000 the previous quarter. In 1907 the failures of the third quarter—when stock prices were at their lowest—were \$81,000,000, against \$46,000,000 the previous quarter.

While it is of course true that the investor, in watching for the returns of an entire quarter, will not make his purchase at the very bottom, he need be in no hurry. Heavy liquidation has much the same effect upon our industries as a surgical operation has upon an individual, and it requires some time for convalescence. Stock prices, therefore, while they rally quickly for a short distance, do not begin their real

ascent for many weeks after the bottom is reached. Indeed, it is usually three to six months. If failures should continue heavy during this time, it should not prevent the investor from buying, especially if stock prices for a period of two months or more do not sink below their previous lowest average level. The very fact that they hold in spite of the heavy failures is an indication that the general selling of securities is practically over.

WHEN TO SELL SECURITIES.

In determining when to sell securities failure statistics are also useful, though by no means so extremely useful as in determining when to buy. The time to sell is, of course, when the boom is on, and inflation has reached its maximum. At such times the volume of general business is so very large, and people are consuming so much merchandise and spending so much money that most any business concern which is at all solvent can avoid failure. Hence it is that during these booms it is only insolvent concerns which fail, and in consequence the average percentage of the assets to liabilities of failed concerns falls unusually low. In 1906, for example, this percentage of assets to liabilities averaged only 49.4, as compared with 58.5 in 1908.

When the failure statistics show an unusually low percentage of assets, it is a suggestion to the investor that perhaps the time has come to sell securities, and if at the same time the total liabilities of commercial failures are small, and bank exchanges are large, the suggestion to sell should be seriously considered. Exceptionally small failures in company with exceptionally heavy bank exchanges are characteristic of the climax of a boom, both in general trade and in security prices. In

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the autumn of 1905, for example, failures were exceptionally small, and were indeed smaller during the last quarter of the year than during any previous quarter since 1885, notwithstanding the great growth of the country. Simultaneously, bank exchanges were exceptionally heavy; and as a sequel the boom in stock prices culminated in January, 1906, while the boom in general trade culminated in October of that year.

There has never been a great bear market in the history of the New York Stock Exchange when commercial failures failed to give a correct indication as to the proper time to make investment purchases. Even in 1904, when there was no panic, the failure statistics served the investor well. Of course, good securities may be bought with impunity any time, but the advantages of buying at the right time are very great. Certain it is that the scientific study and use of our failure statistics would richly reward the investor for the effort required.

WHAT THE INVESTOR WANTS

UNDER this title "The Financial Review of Reviews" (London) publishes an article summarizing the preferences of the British investor. It is stated that as a result of replies to inquiries which a London financial firm

sent to its customers, the following conclusions were reached:

(1) The question of capital safety was to them of primary importance.

(2) They were satisfied with only a moderate rate of income, provided that their capital was safe.

(3) Practically none were willing to incur the slightest risk, however likely the capital was to increase in value.

(4) They had no particular preference for any particular class of investment or country. There were, of course, those who objected on religious grounds or through personal prejudice to certain stocks, but this was entirely unconnected with the actual question of investment. For example, some people objected to investments connected with the manufacture and sale of alcoholic beverages, places of amusement, and so on.

(5) There were some, but quite an insignificant number, who regarded investment as a short cut to fortune.

These findings, says the publication mentioned, are extremely suggestive. In a word, they indicate that the British investor is anxious for a perfectly safe investment yielding the most moderate income. Anything yielding interest above four and one-half per cent. was regarded by them as being quite unsafe, and so they declined to entertain such securities. The investor showed that he was a man easily satisfied, easily catered for, and that one investor was much the same as another.

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SECURITY ISSUES IN 1911

COMPILATIONS are made by the New York "Journal of Commerce" each year showing the total of security issues of various kinds. The amount issued for the eleven months of 1911

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was \$1,630,012,470, which is larger than for the same period in the preceding year.

Since January 1, railroads and industrial corporations have issued securities to the total amount of \$1,630,012,470, an increase of \$228,366,831 over the first eleven months of 1910 and \$111,739,891 more than for the whole of last year.

The following table gives a summary of the year's offerings, along with comparisons:

During November the new issues

fail to reach a new high record. The largest annual total to date is that for 1909, \$1,681,620,680. This brief table is interesting:

Year	November.	Whole year.
1911.....	\$113,164,520	*\$1,630,012,470
1910.....	111,032,000	1,518,272,579
1909.....	73,365,000	1,681,620,680
1908.....	203,172,000	1,423,199,371
1907.....	63,940,000	1,393,913,300
1906.....	.....	1,637,013,350
1905.....	.....	1,238,978,000

*Eleven months.

Very few stock issues are being made. The feature during the last

RAILROADS.

	1911.	1910.	Change.
Bonds	\$641,368,900	\$536,799,979	+\$104,568,921
Notes	317,098,000	207,451,000	+ 109,647,000
Stocks	97,201,520	100,244,360	— 3,042,840
Total	\$1,055,668,420	\$844,495,339	+\$211,173,081

INDUSTRIAL CORPORATIONS.

Bonds	\$296,394,000	\$239,708,000	+ \$56,686,000
Notes	66,240,000	57,553,800	+ 8,686,200
Stocks	211,710,050	259,888,500	— 48,178,450
Total	\$574,344,050	\$557,150,300	+\$17,193,750
Grand total	\$1,630,012,470	\$1,401,645,639	+\$228,366,831

have aggregated \$113,164,520, or \$2,132,520 more than last year. The railroads have put out \$81,102,520, an increase of \$22,305,520, but the industrial contribution was only \$32,062,000, against \$52,235,000 last year.

The final total for 1911 can scarcely

month has been the large flotations of short term notes. Nearly half the money raised by the railroads was obtained through the short term obligations, while industrial companies borrowed more by this means than through the sale of stock.

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INVESTMENT AND MISCELLANEOUS SECURITIES

[Corrected to December 19, 1911.]

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	Bid.	Asked.	Bid.	Asked.
Albany & Susquehanna (D. & H.)	270	280		
Allegheny & West'n (B. R. I. & P.)	135	145		
Atlanta & Charlotte A. L. (So.R.R.)	170	180		
Augusta & Savannah A. L. (Cen. of Ga.)	104	108		
Beech Creek (N. Y. Central)	90	95		
Boston & Lowell (B. & M.)	215	220		
Bleecker St. & F. Ry. Co. (Met. St Ry. Co.)	17	25		
Boston & Albany (N. Y. Cen.)	218	...		
Boston & Providence (Old Colony)	294	...		
Broadway & 7th Ad. R. R. Co. (Met. St. Ry. Co.)	124	140		
Brooklyn City R. R. (Bk. H. R. R. Co.)	161	165		
Camden & Burlington Co. (Penn. R. R.)	130	140		
Catawissa R. R. (Phila. & Read.)	110	115		
Catawissa R. R. 2d. pfd.	110	115		
Cayuga & Susquehanna (D.L.&W.)	200	220		
Cent. Pk. N.&E. R.R. (Met. St. Ry.)	...	...
Christopher & 10th St. R. R. Co. (M. S. R.)	100	...		
Cleveland & Pittsburg (Pa. R. R.)	165	170		
Cleveland & Pittsburg Betterment.	95	100		
Columbus & Xenia	200	210		
Commercial Union (Com'l C. Co.)	100	110		
Commercial Union of Me. (Com. C. Co.)	...	...
Concord & Montreal (B. & M.)	155	165		
Concord & Portsmouth (B. & M.)	170	...		
Conn. & Passumpsic (B. & L.)	139	...		
Conn. River (B. & M.)	268	...		
Dayton & Mich. pfd. (C. H. & D.)	182	...		
Delaware & Bound B. (Phila. & R.)	190	200		
Detroit, Hillsdale & S. W. (L. S. & M. S.)	90	98		
East Pa. (Phila. & Reading)	125	135		
Eighth Av. St. R. R. (M. S. R. C.)	295	320		
Elmira & Williamsport pfd (Nor. Cen.)	142	152		
Eric & Kalamazoo (J. S. & S.)	200	230		
Eric & Pittsburg (Penn. R. R.)	138	148		
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	128	135		
Franklin Tel. Co. (West. Union)	40	50		
Forty-second St. & G. St. R. R. (Met. St. Ry.)	220	...		
Georgia R. R. & Bk. Co. (L. & N. A. C. L.)	260	270		
Gold & Stock Tel. Co. (W. U.)	110	120		
Grand River Valley (Mich. Cent.)	112	118		
Herford Railway (Maine. Central)	82	92		
Inter Ocean Telegraph (W. U.)	98	104		
Illinois Cen. Leased Lines (Ill. Cen.)	94	98		
Jackson, Lana, & Saginaw (M. C.)	80	90		
Joliet & Chicago (Chic. & Al.)	164	170		
Kalamazoo, Al. & G. Rapids (L. S. & S.)	130	140		
Kan. C. Ft. Scott & M. pfd. (St. L. & S. F.)	78	82		
K. C. St. L. & C. pfd. (Chic. & Al.)	118	125		
Lake Shore Special (Mich. S. & N. Ind.)	320	350		
Little Miami (Penn. R. R.)	207	212		
Little Schuylkill Nav. & Coal (Phil. & R.)	112	120		
Louisiana & Mo. Riv. (Chic. & Atl.)	135	...		
Mine Hill & Schuylkill Hav. (F. & R.)	...	124		
Mobile & Birmingham pfd. 4% (So. Ry.)	70	78		
Mobile & Ohio (So. Ry.)	80	89		
Morris Can. pfd. (Lehigh Valley)	170	...		
Morris & Essex (Del. Lack. & W.)	168	173		
Nashville & Decatur (L. & N.)	180	190		
N. H. & Northampton (N. Y., N. H. & H.)	100	...		
N. J. Transportation Co. (Pa.R.R.)	250	255		
N. Y., Brooklyn & Man. Beach pfd. (L. I. R. R.)	110	120		
N. Y. & Harlem (N. Y. Central)	315	350		
N. Y. L. & Western (D. L. & W.)	117	122		
Ninth Av. R. R. Co. (M. St. Ry. Co.)	150	...		
North Carolina R. R. (So. Ry.)	163	170		
North Pennsylvania (Phila. & R.)	198	...		
North R. R. of N. J. (Erie R. R.)	80	90		
Northwestern Telegraph (W. U.)	108	112		
Nor. & Wor. pfd. (N.Y., N.H. & H.)	210	215		
Ogden Mia. R.R. (Cen.R.R. of N.J.)	95	105		
Old Colony (N. Y., N. H. & H.)	185	190		
Oswego & Syracuse (D. L. & W.)	205	220		
Pacific & Atlantic Tel. (W. U.)	65	75		
Pacific & Atlantic Tel. (W. U.)	65	75		
Peoria & Bureau Val. (C.R.I.&P.)	174	184		
Philadelphia & Trenton (Pa.R.R.)	248	...		
Pitta. B. & L. (B. L. E. & C. Co.)	65	75		
Pitta. Ft. Wayne & Chic. (Pa.R.R.)	165	169		
Pitta. Ft. Wayne & Chic. special (Pa. R. R.)	152	162		
Pitta. & North Adams (B. & A.)	127	134		
Pitta., McW'port & Y. (P. & L. E. M. S.)	...	...
Providence & Worcester (N. Y., N. H. & H.)	270	...		
Rensselaer & Saratoga (D. & H.)	180	190		
Rome, Watertown & O. (N.Y.Cen.)	117	122		
Saratoga & Schoenectady (D. & H.)	160	170		
Second Av. St. R. R. (M. S. R. Co.)	10	16		
Southern Atlantic Tel. (W. U.)	85	95		
Sixth Av. R. R. (Met. S. R. Co.)	116	...		
Southwestern R. R. (Cent. of Ga.)	110	115		
Troy & Greenbush (N. Y. Cent.)	160	170		
Twenty-third St. R. R. (M. S. R.)	205	...		
Upper Coos (Maine Central)	123	...		
Utica, Chen. & Susq. (D. L. & W.)	138	143		
United N. J. & Canal Co. (Pa.R.R.)	237	240		
Valley of New York (D. L. & W.)	118	125		
Ware R. R. (Boston & Albany)	160	...		
Warren R. R. (D. L. & W.)	162	170		

MISCELLANEOUS SECURITIES.

Quoted by J. K. Rice, Jr., & Co., Brokers and Dealers in Miscellaneous Securities, 33 Wall St., New York.

	Bid.	Asked.
Adams Express	194	203
American Brass	118	124
American Chicte Com.	215	230
American Chicte Pfd.	102	106
American Coal Products	99	101
American Express	210	215
American Gas & Electric Com.	65	68
American Gas & Electric Pfd.	43	45
Babcock & Wilcox	99 1/2	101 1/2
Bordens Condensed Milk Com.	127	129
Bordens Condensed Milk Pfd.	107	109
Bush Terminal	90	100

	Bld.	Asked.		Bld.	Asked.
Childs Restaurant Co. Com.	230	260	Safety Car Heating & Lighting	118½	121
Childs Restaurant Co. Pfd.	109	113	Sen Sen Chiclet	117	122
Del. Lack. & Western Coal	300	310	Singer Manufacturing	295	305
E. W. Bliss Com.	80	100	Standard Coupler Com.	39	43
E. W. Bliss Pfd.	120	130	Texas & Pacific Coal	96	102
Hall Signal Com.	8	13	Thompson-Starrett Com.	120	125
Hudson & Manhattan Com.	14	16	Thompson-Starrett Com. (with ctf.)	146	151
International Nickel Com.	245	255	Thompson-Starrett Pfd.	100	110
International Nickel Pfd.	100	101½	Tri-City Railway & Light Com.	30	33
International Silver Pfd.	112ex	117ex	Tri-City Railway & Light Pfd.	94	97
Kings Co. E. L. & P.	125	128	U. S. Express	83	88
Otis Elevator Com.	70	72	U. S. Motor Com.	16	17
Otis Elevator Pfd.	100	102	U. S. Motor Pfd.	58	60
Pacific Gas & Electric Com.	44	46	Union Typewriter Com.	36	40
Pacific Gas & Electric Pfd.	87	90	Union Typewriter 1st Pfd.	105	109
Penn. Water & Power	52	56	Union Typewriter 2d Pfd.	98	101
Phelps, Dodge & Co.	190ex	205ex	Virginian Railway	19	21
Pope Manufacturing Com.	58	42	Wells Fargo Express	147	151
Pope Manufacturing Pfd.	67	71	Western Pacific	13½	15½
Producers Oil	90	100	Western Power Com.	28	32
Royal Baking Powder Com.	193ex	197ex	Western Power Pfd.	56	60
Royal Baking Powder Pfd.	107	108½	Worthington Pump Pfd.	105	...

QUESTIONABLE BLESSINGS

THE intention of *some* labor saving devices has not in every sense proved a blessing to bankers, who recall with pride and pleasure the days of legible handwriting and accuracy in addition of figures. It seems quite probable that the next gen-

eration of bank clerks will be capable only of chirography resembling cabalistic signs and also quite unable to add together the totals of clearing-house balances.—Journal of the Canadian Bankers' Association.

COUNTERFEITERS SENTENCED

ALBERT LEON, Rudolph Swanson and Fred Marneek, who for two years manufactured and passed thousands of dollars in counterfeit notes in the principal cities of the United States, using the hair of a dog for the "thread effect," have pleaded guilty before Judge Landis in the United States District Court at Chicago and have been sentenced to prison, Leon and Marneek to serve ten years each and Swanson five years.

Swanson, the first of the three arrested, was caught while passing a spurious ten dollar note on a Chicago grocer. Leon

and Marneek then hid their counterfeit money under a tree in Jackson Park and fled. Marneek was apprehended a few days later and Leon was caught in New York as he was boarding a steamer for South America.

On the Island of Nootka, British Columbia, the three men had procured homesteads of 320 acres of land from the Canadian government. Here was established the plant of the counterfeiters, where they thought they never would be caught by the authorities.

BANK EXAMINATIONS ARE COSTLY

COMPTROLLER OF THE CURRENCY MURRAY has announced the results of an inquiry into the relative cost of State and national bank examinations. He finds that during the past fiscal year, 22,001 examinations of State banks were made at a cost of \$3,169 for each examination. The average cost of examination of each national bank is \$4,110, but the average amount of assets handled by a national bank examiner is about double the average of each State examiner. Mr. Murray finds that the total cost of examination in New York State institutions is \$141,488, while the banks paid examination fees aggregating

\$89,462. Other fees received by the office of the Superintendent of Banks were \$52,025.

Statements received from forty-one States show the aggregate cost of bank supervision for these States to be \$1,008,374 for the last fiscal year. The number of banks under State supervision, excluding all private banks, was 12,648, with aggregate resources of approximately \$10,427,000,000. The number of examinations of State banks made during the fiscal year numbered 22,001. The cost of examinations alone for the States in question was \$697,220, or \$.06 on each \$1,000 of assets.

IMMEDIATE AND ULTIMATE EFFECT ON GOVERNMENT BOND PRICES UNDER THE PROVISIONS OF THE ALDRICH BILL AS REVISED TO DATE

C. F. CHILDS & Co. of Chicago, dealers in United States Government bonds, have published the following interesting information regarding the probable effect of the Aldrich bill on the prices of government bonds. The article merits a careful reading.

The plan as outlined by Mr. Aldrich, dated October 14th, states that "no further issue of circulating notes beyond the amount now outstanding shall be made by any National Bank." Up to the final passage of such a bill by Congress, banks are at liberty to take out additional circulation up to the amount of their capital stock. This circulation privilege may then be maintained until some later date, when the Government (not the Reserve Association) redeems the bonds at par, and some issues cannot be redeemed without the holders' consent for several years. If, in the meantime, a bank releases or retires any part of its circulation account, that amount becomes permanently surrendered. On the assumption that most banks have paid over par for their bonds now securing circulation and have annually enjoyed a substantial profit from their circulation account, which profit will continue indefinitely on any additional circulation which may now be obtained by depositing more bonds in Washington, there seems to be considerable question as to the advisability of surrendering any part of this account. If a bank's circulation is secured by War 3s, which have an actual early maturity date, there is every reason for retaining the bonds and maintaining the circulation profit.

At present prices of 2s the circulation profit is 1½ per cent. per annum more than the income obtainable by loaning the proceeds from the sale of the bonds at 5 per cent. This annual profit, if applied against the cost of the bonds, would permit marking them down to 86% within 10 years, at which time the bank would hold its government bonds at a price to yield as a straight investment about 3.85 per cent., or a considerable better income than the new Panama 3s now yield (which, at a price of 102½, yield about 2.90 per cent.)

Since the framers of the Aldrich Bill have evidenced their desire to retire the 2 per cent. bonds, especially Consols and Panama 2s, having the circulation privilege attached, as soon as possible and as their efforts to this end have indicated a desire to accomplish that purpose, with the consent of the principal holders of the bonds, it is reasonable to assume that the Government will endeavor to arrange, in a co-operative way, if possible, to retire these 2s at their redemption period in 1930. In fact, an even earlier retirement seems vital to the plan outlined by Mr. Aldrich. If a bank retains its circulation until that time, the annual profit during the next 18½ years, if applied to the cost of the bonds, would mark them down to about 76. Thereupon, by redemp-

tion at par, each bond would produce an accumulated profit of \$240.

The Bill requires the National Reserve Association to offer to purchase for at least one year at par such 2 per cent. bonds now securing circulation at national banks may surrender, together with the attached circulation privilege. The circulation privilege thus transferred to the Central Reserve Association would be continued by that body as a new currency system secured by a new issue of 3s, which Congress must authorize and exchange for the 2s, as acquired by the Association from the national banks. It is apparent that a national bank, in accepting such an offer, receives no benefit whatever, except to liquidate its market risk on the bonds. On the other hand, a bank in accepting the offer surrenders for all time the circulation privilege which has shown an annual profit. In either event, a bank is eligible to all the benefits which the Bill as a whole outlines.

Without discussing the general merits or demerits of the bill, but simply analyzing by deduction the ultimate effect on the price of government bonds in the event the present scheme should be adopted and a bank should waive the offer for its bonds, which the bill proposes to make good for one year, the following would probably result: Deprived of the circulation privilege, government bonds in general would sell on a straight investment basis after the one year during which the Reserve Association offers to accept them for conversion at par. If we assume that all issues would rank and show the same yield as that now obtainable from a purchase of United State Panama 3s (which are being marketed largely on their merits as an investment), the following prices, in all probability, would consequently prevail:

	Approximate Price.	Yield Per Cent.
U. S. Panama 3s	102½	2.90
U. S. Consol 2s	87¼	2.90
U. S. Panama 2s	83¼	2.90
U. S. "Spanish War" 3s	100½	2.90
U. S. Old 4s	112¼	2.90
U. S. Postal Savings Bank 2½s	94	2.90

The 2s redeemed by the Association would extinguish practically all the bonds which might be expected to come into the market for sale for some time to come, leaving the balance with such banks as may be disposed to maintain their bond secured circulation indefinitely. The cancellation of the circulation privilege will undoubtedly make necessary the revision of the bank act, so that no charter bonds need be deposited in Washington when new national banks are created. If through a bank's dissolution, or for some other reasons, 2s should occasionally be offered for sale in the future and no opportunity existed for selling them except in the open market on an investment basis, there would be established a market valuation below par. That section of the

"National Bank Act" permitting the Comptroller of the Currency to call for a deposit of additional bonds to cover the depreciation of security pledged against outstanding circulation will probably have to be repealed also, as otherwise its effect might act as a penalty to any bank which did not surrender its bond secured circulation.

At best, however, the future market for all government issues under the proposed Aldrich bill, unless considerably altered, would probably be very wide, unsettled, erratic and inactive.

Taking a long-distance view of the situation, there also exists the market influences which will probably arise from the sale of possibly \$240,000,000 more Panama 3s, and by the possible offer of sale at par by the Reserve Association after five years of \$50,000,000 New 3s annually, if the Secretary of the Treasury gives his permission, as the proposed bill requires. If these bonds can be sold at par as a straight Government Bond investment to yield 3 per cent., the other issues on the same basis would command prices of about—

	Approximate Price.	Yield Per Cent.
U. S. Panama 2s	81%	3
U. S. Consol 2s	85%	3
U. S. "Spanish War" 3s	100	3
U. S. Old 4s	110%	3
U. S. Postal Savings Bank 2½s	92%	3
U. S. Panama 3s	100	3

In summary, it appears to us that the actual, unquestionable profit to a bank from a full circulation account to-day is sufficiently attractive to warrant its maintenance, and as no attempt has been made to deprive a bank of this recognized benefit, the certain and positive advantages of retaining this account seem to outweigh any reason or inducement thus far suggested for surrendering it.

The Aldrich bill, coupled with such

amendments and recommendations as the Monetary Commission may make before the matter is finally presented to Congress for action, will undoubtedly form the basis for a satisfactory reformation of banking legislation, but until that time it is impossible to advise any definite action in the matter of surrendering a bank's circulation account. If no bill is perfected for a period of say, six months, and a bank increases its circulation to-day by purchasing bonds around 100%, there would result (if the bonds were surrendered six months hence at par) an actual profit of over one-half per cent., and each additional six months' delay would show the bank a like additional profit. That is, in any event there appears to be sufficient reason why a bank should increase its circulation account at the present time, rather than reduce it, and thereby average down the cost of its bonds previously purchased. There seems to be a disposition to give ample opportunity for a bank to surrender its circulation and get at least par for its bonds, which means that a substantial profit is obtainable by purchasing bonds to-day, and no loss can possibly result if one avails of the circulation privilege for at least six months.

There is a general feeling that too much political ammunition would be obtained by allowing any drastic monetary or banking legislation to take place during the coming year, and also the belief that Congress will be reluctant to surrender all its powers and control in matters pertaining to the issuance of currency. This, coupled with the opinion among many State banks that they are being sacrificed and discriminated against in order to array the national banks in favor of the scheme in general may result in a sufficient delay to allow of alterations and amendments in order to satisfactorily meet the requirements of all and the needs of the country at large.

LEGALIZED DUMMY DIRECTORS

THE decision of the Appellate Division in the Ship-Building Trusts suits seriously assails the theory of the individual liability of directors for the acts of corporations. In granting new trials to two of the directors of the Trust Company of the Republic against whom judgments had been rendered on this ground to the amount of \$232,060 and \$307,000, respectively, the higher court holds that "to make men of large business interests responsible for the small every-day transactions of the corporations of which they were directors would be little less than calamitous."

But if directors are not presumed to know what the officers of their company are doing, who is to know? They are elected for that purpose, and if the law views their duties as merely nominal, what check can stockholders have on the safe conduct of the com-

pany's interests? Justice Scott in rendering the decision further says that "this custom does not relieve directors generally of all responsibility. . . . They are bound generally to use every effort that a prudent business man would use in supervising his own affairs." Prudent business men do not delegate to others the performance of duties involving their own financial stability.

The decision virtually sanctions the shirking of official duties by directors on the plea of larger interests. It puts a premium on dummy directorships and encourages one-man control of corporations.

If the law of New York governing the liability of company directors permits of the evasion of responsibility indicated by this decision, the law cannot too soon be amended and strengthened.—*New York World*.

SAFE DEPOSIT

INCIDENTS OF THE SAFE DEPOSIT BUSINESS

By Miss Nellie H. Lung, Vault Custodian, National District Bank of Washington, D. C.

SEVERAL years ago it was the custom among a certain class of people to keep their savings tied up in the toe of a stocking, hidden in the chimney or trunk or sewed up in a mattress. Experience through loss by fire or burglars has taught the unwisdom of such places for the safe-keeping of money or other valuables. The public has become more modernized, and although it has the greatest confidence

inches thick, of reinforced concrete, with steel lining, technically termed, "strictly fireproof." The vault door is four feet wide, eight feet high and ten inches thick, constructed of hardened steel, and weighs over ten tons. Both vault and massive door were built by the York Safe & Lock Company of York, Pa.

The safe deposit boxes are located along the walls of this vault and vary in size from two and a half by five inches to ten by ten inches, with a regular depth of twenty-four inches. Prices range from \$2.50 to \$10 per annum.

Each customer is given two keys which are useless unless used in conjunction with the master key held by the custodian, thereby making it necessary for two keys to be used simultaneously, before the box can be opened.

To the left of the vault and separated by steel bars is a large room used for the storage of packages of silverware and other valuables which are too large for the safe deposit boxes. For this a small monthly charge is made.

Adjoining the safe deposit room are a number of booths for the convenience of customers who desire absolute privacy in looking over the contents of their boxes. These booths are well lighted and completely equipped with all articles which the customers may desire.

It is very interesting to note the manners of different customers in their transactions with a safe deposit department, and the secrecy and caution observed in connection with the handling of their boxes and contents. In a general way, box holders may be classified into three groups. Group number one is composed principally of women and those who are generally unfamiliar with business methods. In their desire to keep secret their affairs, they are over zealous in their efforts to guard against loss or exposure of their business affairs. There is always a fear of burglars or fire or the disclosure of some information to others. An attendant, in some instances, has almost to pledge one's life as a personal guaranty for the safe guarding of the secrets of this class of individuals.

Group number two is composed of what might be termed "The Average Business Class," by which is meant persons with ordinary business precaution. They have had enough experience to appreciate business



MISS NELLIE H. LUNG

VAULT CUSTODIAN, DISTRICT NATIONAL BANK
OF WASHINGTON, D. C.

in banks, there still exists a class who are inclined to look with favor upon safe deposit vaults, and placed their valuables in such public depositories.

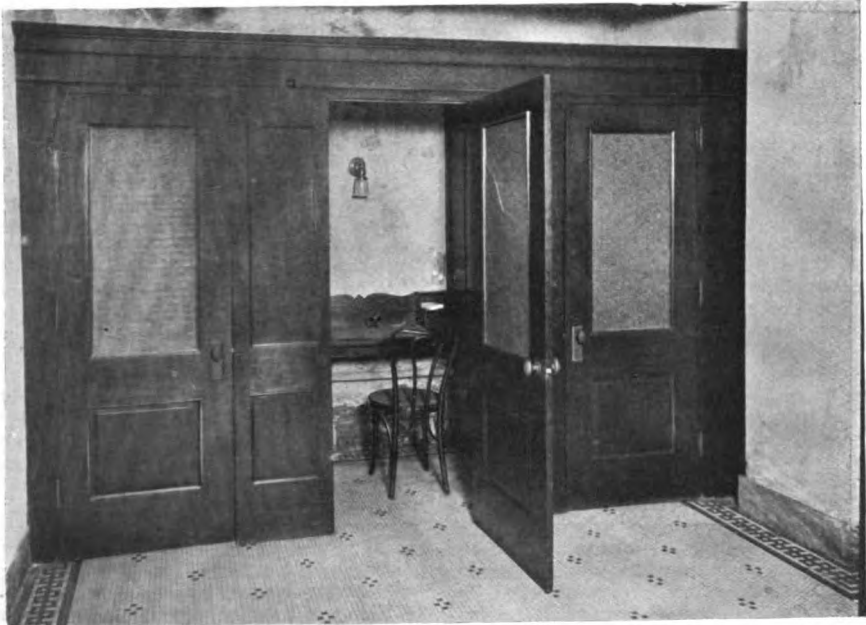
The safe deposit vault of the District National Bank of Washington is one of the largest in the capital city, being thirty-four feet long and ten and one-half feet wide. The walls of the vault are twenty-seven



CUSTODIAN'S DESK, SAFE DEPOSIT DEPARTMENT, DISTRICT NATIONAL BANK OF WASHINGTON, D. C.

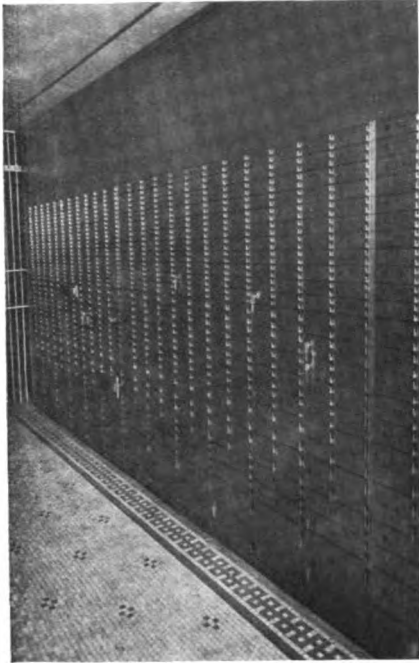
courtesy, are satisfied with the rules and regulations governing a business of this kind, and do not make unreasonable de-

mands of the one in charge. Lastly, group three is exactly the opposite of class number one and is made up of those incom-



PRIVATE COUPON ROOMS, SAFE DEPOSIT DEPARTMENT, DISTRICT NATIONAL BANK OF WASHINGTON, D. C.

prehensible people who are extremely careless about personal effects of value. In many cases such individuals have been known to leave their boxes open in the public booths, to go to another part of the bank to transact business. It is generally persons of this character who are continu-



A BATTERY OF BOXES IN THE SAFE DEPOSIT VAULT OF THE DISTRICT NATIONAL BANK OF WASHINGTON, D. C.

ally losing keys or leaving them at home, and have to make a hurried trip to their residence to locate a lost key or advertise for it in the "Lost and Found" column.

Immediately facing the vault, directly at the foot of the marble stairway leading from the banking room, is located the custodian's desk, on which is kept a filing cabinet containing index cards to be used in conjunction with the safe deposit boxes. In the custodian's Daily Record Book are recorded the names, number of box and time of those entering the vault each day. The keeping of a daily record of every customer's visit seems unnecessary, but may, in some future litigation, prove to be an important bit of legal evidence.

When customers first apply for a safe deposit box they are given a descriptive card on which they sign their name and address, and upon which a description in detail is recorded, of customers, such as color of the hair, eyes and other characteristics.

This card also contains the number of the customer's box, key number, rate, and general conditions as to entry, surrender, etc. In case the custodian does not recognize a box renter, which seldom happens, it is necessary in order to identify the party for the renter to sign his or her name, which is compared with the descriptive card above mentioned. In this way it is impossible for mistakes to be made since all signatures and descriptions must tally.

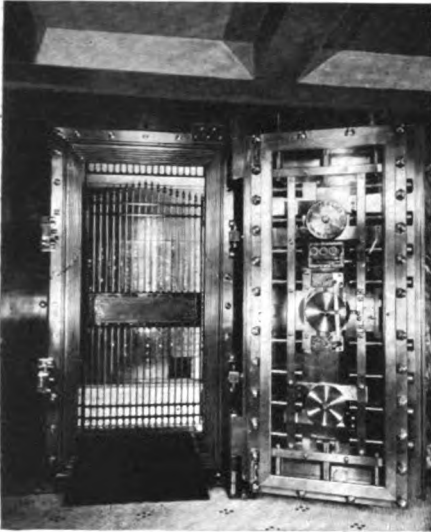
Every key has an individual number, but the numbers do not correspond in any way with the number of the box. For instance, the key to box number 520 may be T1333. The purpose of this is an additional safeguard in the event of the loss of a key, which in the hands of a stranger would not signify for what box it was intended. A lost or stolen key, therefore, would be of no value to the finder, but can readily be identified from the cross index of key and box numbers maintained by the safe deposit department. A further reason for maintaining a cross index of the key and box numbers is to enable the department to supply a new key of the same number without the necessity of breaking open the box. The same carelessness which marks the habits which some people observe in the handling of private papers and other securities is found in frequent calls made upon this department to furnish duplicates of lost keys.

Many incidents occur which have their serious, as well as their humorous side, and give the holder of the position of custodian a keener insight than is generally known into the intimate affairs and eccentricities of people in all walks of life.

A short time ago a request was made by a detective agency in search of a defaulting railway mail clerk to ascertain whether a box had recently been rented by a man answering a certain description. It seems he had stolen several thousands of dollars and it was believed he had deposited the money in some safe deposit box, under an assumed name. By looking over the descriptive index cards, it was found there was no renter in our department answering the description. The detective agency continued their search throughout the several safe deposit departments of the city, with what success is not known.

An unusual request was made a few days ago by an individual who desired to rent a box under an assumed name. He said he was suing his wife for a divorce and wanted all his effects of value out of her reach. He, of course, was not allowed to do this, but when informed that no one could have access to his box unless given power of attorney by him, he was willing to comply with the rules, and used his own name.

Requests have also been made by women whose husbands have either abandoned them or failed to contribute to their support, asking to be admitted to their husband's box



VAULT DOOR OPENED



VAULT DOOR CLOSED

TWO VIEWS OF THE SAFE DEPOSIT VAULT IN THE DISTRICT NATIONAL BANK OF WASHINGTON, D. C.

in the hopes of finding cash or valuable papers which might be legally attached. Unless the wife has authority to have access to the box, even though she may be known to the custodian to be all she claims, and however meritorious her case, she cannot be permitted to enter her husband's deposit box.

It can readily be seen that there is more or less responsibility resting upon the custodian of a safe deposit department, and every day the one in charge of such a department is called upon to do things, or give information which may mean great financial loss to customers. Attendants must always preserve a courteous, tactful manner in dealing with the public, not only

to retain the good will and confidence of customers, but in dealing with the public in such a manner as not to give offense by the refusal of information to which the curious are not lawfully entitled.

We might say that safe deposit vaults are, in a way, detrimental to banking business, but the public demands such depositories and consequently nearly every banking institution conducts such a department in conjunction with their regular banking business. Many people are skeptical as to trusting banks and prefer keeping their money in safe deposit vaults where they may have access to the same at any time and know positively that this property is safe and secure.

SAFE DEPOSIT ADVERTISING*

IN the whole realm of banking there are few things more tangible than the service the safety deposit institution or department has to offer.

When a man rents a safe deposit box, he sees what he gets and he realizes at once that he is given his money's worth in convenience, protection and peace of mind.

Therefore, it ought to be a pleasant and easy task to apply to the safe deposit business the principles of advertising set forth in this book.

* Extracts from the fourth edition of "Pushing Your Business." By T. D. MacGregor.

The importance of advertising is now quite generally appreciated by safe deposit men, but there is reason to believe that many bankers neglect opportunities to increase the business of their safe deposit departments. When the cost of a modern vault is considered, it would be folly not to advertise and do personal work to keep it profitably employed.

Where a safe deposit vault is part of the equipment of a bank or trust company it should be the rule that every regular customer of the bank should be shown through the vault and have its various features explained to him. He should be made to feel

that the protection offered is insurance as necessary as that against fire or on his life.

Paul W. Muller, of the Passaic (N. J.) Trust and Safe Deposit Company, says that this method of advertising, in his experience, has proved particularly effective in the case of the apparently poorer classes. The shabby man usually has no safe, and the very struggle he has made to get together what he possesses makes him eager to hold it. His safe is an old cigar box or the mattress in his bedroom. At the first alarm his thought is for his papers.

When the proposition of renting a safe deposit box and thus doing away with the constant worry of guarding them is presented to him for the first time, the very novelty of the idea becomes a great aid in securing his patronage.

WHAT TO AVOID.

The features which should not be mentioned in any ad. are those which might give undue publicity of private methods of business. They may be disclosed in answer to questions on the part of reliable persons who have a right to the information for satisfactory reasons; but not otherwise.

Especially unprofessional is it to disclose in an advertisement or write-up, without permission, the names of distinguished men

who are patrons of the vaults; and, indeed, it may well be doubted whether it is a wise business policy to disclose them even with consent.

EMPHASIZE VAULT STRENGTH.

Each vault has some peculiar advantage worth "playing up" in the advertisement. It may be the location, or the good light, air and roominess of the interior, or a long record of success, or some recent improvement in construction, or, best of all, the courtesy, technical knowledge, accuracy, promptness, watchfulness and judicious care on the part of the custodians.

If the safes for the storage of silver are velvet-lined, that is worth mentioning. The private reception room and coupon rooms for ladies, or the extreme caution taken to identify safe-holders and their deputies, are as advantageous and well worth mentioning as the fact that the proximity of the United States sub-treasury gives the vault "exceptional protection in the event of riot or other mob violence, through the immediate presence of national troops," or that a steam pipe, set directly above the outer door to the vault, "is ready at any moment to discharge from its open mouth an unlimited torrent of steam."

SAN FRANCISCO SAFE DEPOSIT ASSOCIATION

THE safe deposit companies of San Francisco have recently organized an association for mutual "welfare and usefulness, and to secure uniformity of action in all matters of common benefit."

Clearing-house associations are formed for facilitating commercial banking interests; savings banks have formed associations for mutual benefit, and it naturally follows that safe deposit companies can and will find that an organization along similar lines, with the same purpose in view, will work out for the common benefit.

The renting of safe deposit boxes in San Francisco received a mighty impetus through the disaster of 1906, impressing thousands with the fact that there was only one safe place for valuables, and that was in a safe deposit vault, as office safes and ordinary vaults could not always withstand the intense heat of a general conflagration.

Occasions do and will arise where concerted action of such an association will result to the common good.

The membership of the San Francisco Safe Deposit Association at present consists of the following financial institutions maintaining safe deposit departments:

Anglo-California Trust Company, Anglo & London Paris National Bank, Bank of Italy, Crocker National Bank, First Federal Trust Company, French American Bank of Savings, Humboldt Savings Bank, Mercantile Trust Company of San Francisco, Merchants National Bank, Mission Bank, Savings Union Bank of San Francisco, Union Trust Company of San Francisco, Wells-Fargo Nevada National Bank, Western Metropolis National Bank.

Each member is entitled to one delegate, who must be an officer or director of the institution he represents.

Regular meetings are held on the third Monday of each month in the offices of the association in the Savings Union Bank Building, Market street at Grant avenue and O'Farrell street.

The officers are: President, J. S. Drum, president Savings Union Bank of San Francisco; vice-president, John D. McKee, vice-president Mercantile National Bank; secretary and treasurer, F. H. Colburn, secretary of the California Bankers' Association and assistant secretary San Francisco Clearing-House Association.

BANKING PUBLICITY

Conducted by T. D. MacGregor

A CAMPAIGN OF EDUCATION

SOME ILLUSTRATIONS OF MODERN BANK ADVERTISING

By C. L. Chamberlin, Osseo, Mich.

THE modern bank advertises on the plan that one of the first things it owes the public is an explanation of what it can do for its patrons. The use of it as a mere repository for surplus cash is an important, but by no means the only service. The advantage of using the bank as a place of deposit for all moneys and the payment of all bills by means of checks is a service of immense value regarding which most people possess but the barest knowledge. There are many other ways by which a bank may be of value, such as acting as advisor on money questions, making of long time investments, etc. All of these features constitute a source of information from which the bank may draw for material in constructing its advertising literature.

Since the advent of advertising, many banks have adopted the systems of the mail order houses and advertisers on a large scale. They have established a mail department and are prepared to offer all the usual advantages to patrons who live at a distance and who use the mail for the transaction of all business. In order to do this these banks have installed a complete system of newspaper and magazine advertising, letters in series, cards, folders and booklets, the whole forming a strong follow up plan, and have placed the conduct of this work in the hands of men who are advertising experts as well as informed bankers.

Banks are using local papers to inform the public of the many services a bank may perform for its patrons. They have instituted an advertising campaign of education, teaching one by one the many uses which patrons may make of banks. Anyone following the series of ads. running through several months will have a much wider knowledge of banking than formerly. Some banks issue booklets of information and many have form letters which they use under certain conditions. A few banks still content themselves with the old announcement of finances and officers.

Referring to the group of advertisements reproduced, ideas are suggested, as follows:

NATIONAL BANK OF VIRGINIA—This is a type of announcement formerly in extensive use but now so uncommon among progressive banks as to be conspicuous. There is nothing in this ad. but the mere

statement of capital which might be used as a basis for asking accounts. Another ad. of this kind, although a stronger one, is that of the First National Bank of Richmond, Va. This ad. offers little information except a few things which people usually take as a matter of course in all banks. We expect them to be honest, to guard the interests of depositors, etc., but we can hardly see the entire force supposed to exist in the statement of extreme age. A bank may be moss grown as well as other kinds of business houses. Forty-five years is a long time for the same officers to conduct its affairs and if new men have been taken in, why is the bank any better than a younger bank?

BROAD STREET BANK—This advertisement is a fair type of the so-called dignified advertisement. It combines a list of officers, financial statement, and a list of reasons why the public will do well to extend its patronage. The statement of interest and the late office hours on a certain day are both good items. The late hour is a special invitation to the working man to deposit a portion of his weekly earnings as well as an accommodation for those business houses preferring to place their week-end receipts in the bank's stronghold rather than in their own less secure safes.


THE GERMAN AMERICAN BANK—Here is an example of the educational ad. combined with an argument for saving. Such ads. drop many a grain of thought



A NEW GEOGRAPHY LESSON

National Bank of Virginia
 Capital - \$1,200,000
 Surplus - 3,000,000
 Accounts solicited
 Ninth and Main Streets

BROAD STREET BANK
 105 EAST BROAD STREET.
 Temporary-legal, business, construction, loan, banking loans.
 Capital \$200,000
 Surplus and undivided Profit \$110,000
 W. M. Hastings, Pres.; J. W. Robert, Vice-Pres.; Geo. G. Walker, 2d Vice-Pres.; Andrew M. Glover, Cashier.
PERSONAL AND BUSINESS ACCOUNTS SOLICITED.
 With assets of over \$1,000,000 every inducement consistent with good banking is offered to its customers. 3 per cent allowed in Savings Department. Bank is open till 8 o'clock Saturday evenings.



Read This Over Carefully!
 If you will consider the depositing of a certain definite sum each week in this Bank as an obligation—just as much an obligation as the paying of your board, or rent, or anything that **MUST BE PAID** regularly—you'll soon find it easy to save. Saving is the first great principle of success. If you can't save the seed of success is not in you.
 One Dollar Will Open an Account in
The German-American Bank
 ESTABLISHED 1883.
 A Bank of Strength and Character
 Overholt and Lohmeyer, Branch, Granger and Hastings



DETROIT SAVINGS BANK
 it Does Not Take
 A large amount to open a Savings Account. A dollar or two will do "begin now."
 OLDEST BANK IN MICHIGAN.
 (Established 1858.)
 DIRECTORS:
 C. H. Bunker, D. C. Robinson, J. C. Darr, Philip B. McCallister & Company, W. B. Strickland, W. C. Lupton, G. Miller, John M. Dwyer, John M. Parker, D. A. W. Smith.
PENOBSCOT BUILDING
 FORT ST. WEST
 BRANCH OFFICES:
 1100 1/2 ST. ANTHONY ST. ON AVENUE
 1000 W. WARRIOR ALLIANCE BLDG. BIRMINGHAM
 1000 WOODWARD AVE.

Business Counsel
 When you are considering business expansion, sound advice from your banker will aid you. The officers and directors of the Dime Savings Bank are ready at any time to give business counsel to depositors. In this way they often are able to contribute to a depositor's success and safety.
 The prosperity of this bank is interwoven with the prosperity of its patrons. Officers of the bank aim to further this prosperity in every legitimate way.
DIME SAVINGS BANK
 Hammond Building.
 Branches: 1401 Woodward, 1174 Jefferson, Granger & Russell.

Progress and Growth
 Established in 1865, this bank has enjoyed an uninterrupted existence of more than forty-two years, during which period it has been a prime factor in the steady growth of Richmond. Its record of faithful service is evidence that its affairs are conducted in such a manner as to merit and hold the confidence and loyalty of its customers. To-day we carefully guard every interest of our depositors and render the best possible service in every branch of banking.
 Your account will be appreciated.
First National Bank
 of Richmond, Va.
 No. 1104 East-Webb Street.

There Are Times
 when we can help you out of difficulties.
 We try to lend a little aid when it is needed by our customers.
 At other and all times it is agreeable to have that feeling of security that goes with certificates issued by
 The Old Reliable
FIRST STATE BANK
 CAMDEN, MICH.
 Established in 1890
 Incorporated in 1905

WE SOLICIT YOUR PATRONAGE
 One Step won't take you very far,
 You have to keep on walking,
 One word won't tell you what we are,
 We've got to keep on talking.
 That's why we are urging
 You to give us a trial.
The Live Stock Exchange Bank,
 of Camden, Mich.
LIVE STOCK EXCHANGE BANK OF CAMDEN, MICH.
 WE WANT YOU IF IT LEFT THREE MONTHS.

GOOD AND BAD

which grows and finally results in the establishment of a bank account and a course of systematic saving. The bank assumes that the public considers it honest and well conducted. It could not have maintained its present size, as evidenced by its extensive rooms and large number of employes, unless

it honestly and successfully performed the usual functions of a bank. Hence it devotes its space and effort towards arousing the reader's interest and action.

DETROIT SAVINGS BANK AND DIME SAVINGS BANK—These advertisements are examples of the ads. used by

banks, one of the first to establish an active publicity department. It has changing copy frequently. A careful study of the subject will show the banker how long to use an ad. without change and when it will be best to make a change. Such frequent changes permit the use of advertisements in a series having a certain connection and appearing so frequently that the reader can easily recall the arguments voiced by the entire series. The greatest benefits obtained from cumulative advertising are thus secured.

FIRST STATE BANK and THE LIVE STOCK EXCHANGE BANK—These are representative of advertisements used by the smaller country banks. The former is better than the latter in that it offers more to its patrons. Live Stock Bank makes but one statement, its interest rate. The body of the ad, is of no value to anyone but the printer who receives payment for the space used. The First State Bank has a good strong serious reason and affords the prospective bank patron food for thought. However, even this ad. lacks many things it might have contained—its interest rate, hours, and other constructing advertisements.

THE COLONIAL TRUST COMPANY of Pittsburgh has one of the strongest and best organized advertising departments of any of the modern mail order banks. It maintains a complete follow up department. We show two letters of the series, the first of which accompanies a booklet sent in answer to requests from readers of its extensive magazine advertising. These ads. aim to attract attention and create interest enough to draw a request for the booklet. This booklet explains the policy of the bank in detail. The first letter emphasizes its strong points. If nothing further is heard from the inquirer, the next letter is sent. Other printed matter goes out at various times, thus aiming to maintain the impression made by the ad. or earlier follow up matter. Other letters may be sent, but throughout the entire series every effort is made not to intrude too rudely upon the recipient of the various forms. In case any reply is made by the one receiving this matter, skilled and experienced correspondents take the letters in hand and treat them precisely as if bank patronage were any ordinary commodity to be disposed of through the mails.

Two of the bank's letters follow:

No. 1.

Dear Sir:—Your request for information about our system of banking by mail has been received and we take pleasure in enclosing to you our booklet entitled "To and From the Bank," which explains the method which you may use in doing your banking with us from a distance. A signature card is also enclosed, which you will please sign and forward to us with your first deposit,

immediately upon receipt of which a pass book will be mailed to you, with your deposit entered, together with deposit blanks for future deposits.

This system of banking by mail is very simple and safe and it is a wonderful assistance to a great many people, in that it brings this powerful banking institution to their very doors. It is often easier in these days of free delivery to drop a letter in a post-office box than it is to go to the bank.

An examination of this booklet will show you that this company has two dollars in resources for every dollar of deposits,—a most unusual condition,—and that it is controlled by a powerful board of directors composed of many of Pittsburgh's leading business and professional men—men high in the estimation of the people in this city and, in fact, throughout the country.

We solicit not only your own business but the business of your friends, and offer you the exceptional security and facilities of a strong and conservatively managed bank, which pays its depositors in interest as liberally as can be safely done.

We hope we may hear from you favorably.

No. 2.

Dear Sir:—Sometime ago at your request, we sent you some of our literature and since then have been mailing you from time to time further information about this bank and its various departments.

We have no desire to bother you with this matter if you are not interested in it. If it does interest you, and we hope it does, we will be pleased to keep your name before us. Kindly let us hear from you.

We desire to call your attention to the enclosed Certificate of Deposit, which is an excellent form of investment for idle funds.

THE CENTRAL NATIONAL BANK of Battle Creek, Mich., is another institution of a similar nature. It advertises extensively and gets many names from available sources which it circularizes by means of form letters until a reply can be obtained. Lists of teachers, professional people and others to whom a plan of systematic saving from the weekly or monthly earnings might appeal, are purchased from various sources and developed as thoroughly as possible.

The letters used by this bank are composed of strong arguments for banking in general but more for this special institution. The booklet which accompanies the letters is a high type of the printer's art, besides containing a full history of the bank and the many important advantages to be enjoyed in a business way by its patrons. It contains answers to such questions as might arise in the mind of the prospective depositor and leaves little to be desired as a booklet for the purpose for which it is intended. These two banks may be taken as examples of two leading methods of working up a list of patrons such as is practiced by all up-to-date business houses. The one secures inquiries from an extensive magazine and newspaper advertising campaign and proceeds to develop

PLANTERS NATIONAL BANK

Richmond, Virginia.

*Through our
Strength, Location
and Facilities
We Serve
the Entire
South!*

We congratulate the Planters National Bank on this advertisement. It is interesting and shows instantly and graphically the service which the bank offers to the banking fraternity.

them. The other buys names of suitable persons and aims by its follow up system to develop them into patrons. Both banks are making a success of their chosen method and may be imitated by other banks so far as imitation can ever be a success.

The Michigan bank's letters follow:

No. 1.

Dear Sir:—A few months ago the scarcity of ready money with the consequent curtailment of business activity, resulted in a remarkable decline in the values of all stocks and bonds, and many business enterprises which seemed good earners a year

ago, are to-day profitless, showing conclusively the element of risk in such investments.

During the same period banks in New York, Chicago, Cleveland, Pittsburgh, Detroit, and nearly all other cities, required savings depositors to give sixty days' notice to withdraw money. But the CENTRAL NATIONAL BANK, of Battle Creek, PAID EVERY WITHDRAWAL ON DEMAND AND IN CURRENCY whenever so requested. Every dollar saved here is worth one hundred cents now and always, with four per cent. interest added.

It is not only safety that the saver wants. He desires also to be able to get his money if he needs it.

The Central National Bank meets both of these requirements fully. This bank has capital \$200,000.00, surplus \$50,000.00, and stockholders' liability \$200,000.00; in all \$450,000.00 additional security which stands between you and loss.

The character of its management, its financial strength and the stability of its resources can in no way be better proven than by the facts above set forth.

Four per cent. is paid on savings, compounded quarterly. A pass book will be mailed to you promptly upon receipt of enclosed blank, filled out, with remittance for your first deposit.

If you have some money you wish to invest where it will be protected by large Capital and by Government supervision, put it in the Strongest Bank in Calhoun County—The Central National Bank of Battle Creek.

Hoping to hear from you and assuring you of prompt and courteous attention to your favors, I am,

No. 2.

Dear Sir:—When you tie up money in any individual enterprise, it immediately becomes a matter of care, attention and possibly of worry to you. Your returns in the way of dividends, and perhaps even the safety of your principal depend on success in all the details of management. Any individual business may encounter difficulties impossible to overcome. Failure may come from any one of dozens of wholly unexpected causes.

It may be that changes in your own affairs will make it necessary to realize on

your investments, and that may be the very time when it is most impossible to sell on a fair basis, and a heavy sacrifice may result.

But when you invest your surplus money in a savings account in the Central National Bank of Battle Creek, the chances of loss, of uncertainty, of worry and all care and attention on your part, are wholly eliminated.

This bank is radically different from any individual business enterprise. Its money is scattered in many diversified loans, all payable in short time, and, because of their diversity, the chance of loss to the bank is very small, while the possibility of even the slightest loss reaching you is wholly eliminated by the bank's own capital, surplus and stockholders' liability amounting to \$450,000.00 by the active supervision of the United States Government, and by the constant, personal oversight of a Board of Directors chosen from among the most conservative, responsible and experienced bankers and business men in Battle Creek.

Your savings here earn FOUR per cent., compounded quarterly. You can draw the interest in cash, or if not so drawn it is added to the account without attention on your part and thus the problem of collecting and reinvesting the interest is eliminated.

On receipt of the enclosed blank, filled out with remittance of your first deposit, a savings pass book with proper credit will be mailed to you promptly.

Assuring you of prompt and courteous attention to your letters, I am,



MORE CONTESTS

BANKS FIND THEM VERY STIMULATIVE OF INTEREST

OUR banking friends in different sections of the country who are interested in the contest idea continue to furnish us with information concerning contests of various kinds.

We reproduce a photograph of the corn exhibit of the First National Bank of Joliet, Ill. "The Banker," the house organ of that institution, describes the corn contest as follows:

Our corn contest held on October 19th, 20th and 21st, was a great success. All our farmer friends came to town and seemed to have a good time and we had just as much fun as they did.

The Executive Council of the Farmers' Banquet very kindly took charge of the contest for us and to them is due all of the credit. This committee is composed of the following well-known gentlemen: Geo. L. Francis, Judge A. O. Marshall, J. W. Patterson, Geo. Boardman, L. P. Conant and Jonathan Mather.

This committee had entire charge of the judging and for this purpose they employed Mr. Dwight Funk of Bloomington who is

looked upon as one of the best corn judges in the state. The prize of \$25.00 was awarded to Mr. Wm. Green of Lockport and the following four contestants were given honorable mention:

H. J. Brookman of Troy,
H. B. Francis of New Lenox,
John Surges of Joliet,
John Cutler of Homer.

Between sixty and seventy farmers entered corn in this contest and to them we wish to extend our hearty thanks. Next year we will have our contest a little later in the season and will hope to make it still more attractive to the corn raisers.

The Central Wisconsin Trust Company, Madison, Wis., has inaugurated a contest which is more directly concerned with getting in new deposits. It is called a "One Hundred Dollar Name Contest," and the rules are given as follows:

Realizing that many people start a savings account on the spur of the moment and

then through lack of system, or perhaps because they have set no definite sum to save, soon cease to make regular deposits and upon the first temptation spend the few dollars saved, we have carefully thought out a plan whereby you can easily accumulate One Thousand Dollars.

The plan is simple—It provides for a regular monthly deposit of but Seven Dollars with this company for a period of ten years. Your deposits will earn interest during that time, and at the end of ten years, while you have actually deposited but

paper and enclose in the envelope and seal same. Then either bring or mail same to this office. If mailed, put first envelope in a second envelope and address Central Wisconsin Trust Co., Madison, Wis.

Rule 3. Contest will close sharp at 12 o'clock noon, Dec. 1st. Names submitted after that hour or bearing postmark showing that they were mailed subsequent to that hour will not be considered.

Rule 4. All names will be finally considered by the officers of this company sitting as contest judges and announcement



INTERIOR OF FIRST NATIONAL BANK, JOLIET, ILL., SHOWING ITS CORN EXHIBIT

\$840 you will receive the sum of One Thousand Dollars.

Here are some plain figures—

\$7 a month for one year, 7x12	\$84.00
Total amount deposited in ten years	\$840.00
Amount paid to you at end of ten years	1,000.00
Amount of interest your money has earned	160.00

Contest Rules.

We want a name which will be suitable for this plan of saving—a name that will be short and straight to the point. You perhaps can think of a good name and if it proves to be the one selected you will receive the prize of ONE HUNDRED DOLLARS.

Rule 1. Name must not contain more than four words.

Rule 2. All names must be submitted strictly as follows: Write the name on the outside of an envelope. Write your own name and address upon a separate slip of

of the winner will be made through the Madison newspapers on December 10, when \$100.00 will be given to the winner.

Doubtless you are interested not only in this contest but you will also be interested in the plan for saving a Thousand Dollars.

To be the possessor of \$1,000 means independence, it means that when opportunity for some good business investment comes that you will be ready; it means more than insurance and is better than the ordinary savings account for it provides a method of small regular monthly payments which soon become a fixed habit and are so small that you will never notice them.

We will be pleased to enter your name as a depositor in our new plan.

It is not necessary to be a depositor to enter this contest.

Mr. C. L. Glenn, Advertising Manager of the Wachovia Bank & Trust Co., Winston-Salem, N. C., sends us a newspaper clipping

and a program of the awarding of prizes in this bank's tobacco growing contest. Mr. Glenn said that the program was given "To a Court House packed with farmers. It was our biggest success."

The program follows:

1. SelectionSalem Boys Band
2. Introduction.
3. Welcome to City.....R. I. Dalton
Mayor City of Winston
4. General Welcome.....F. H. Fries
President Wachovia Bank & Trust Co.
5. Response to Welcome....J. D. Waddell
of Forsyth County
6. SelectionSalem Boys Band
7. How the Bank Can Serve the Farmer..
J. A. Gray, Sr.
Vice-Pres. Wachovia Bank & Trust Co.
8. Benefit of Personal Acquaintance.....
H. F. Shaffner
V.-P. and Treas. Wachovia Bank &
Trust Co.
9. Tobacco—Its Culture and Handling (Il-
lustrated Lecture)...E. H. Mathewson
U. S. Agricultural Dept. Expert on
Tobacco.
10. The Piedmont Section—Best Spot on
EarthJ. S. Kuykendall
Secretary Board of Trade
11. SelectionSalem Boys Band
Awarding prizes and sale of the Wachovia
Bank and Trust Company contest tobacco
on all the Warehouse floors, beginning at
9.30 a. m., November 15th, 1911.

A portion of the newspaper article reads:

Who would have thought that there was a single acre of land in this section that could produce two thousand pounds of tobacco in the driest year this section has experienced in thirty years? Yet this has been done—not only by one man, but by others. And who would have thought that any one acre of land in this section could produce as much as three hundred dollars' worth of tobacco under such weather con-

ditions as we had this year? Yet this feat was accomplished, as proven by the sale last Wednesday.

There were eight prizes offered by the banking house, open to the farmers of Forsyth, Surry, Stokes, Yadkin, Alexander, Caldwell, Davie, Davidson, Gullford, Iredell, Rockingham and Wilkes counties in this State and Patrick and Carroll counties, Virginia. About two hundred and fifty growers originally entered, but the seasons were so unfavorable during the summer months that all but forty-two became discouraged and dropped out of the contest.

The sale was held Wednesday, beginning at nine o'clock. Each warehouse here had some of this tobacco and the best buyers from each firm attended the sales. Much interest was manifested by the public in this sale, there being so many people about the tobacco that the buyers had difficulty in getting to it.

The yield from forty-two acres in question aggregated 56,634 pounds, which shows that on an average 1348½ pounds were produced to the acre. The 56,634 pounds sold for \$6,617.85, an average of \$11.66 per hundred. This is something over two dollars higher than the general market average at this time. Each acre produced on an average \$157.57 worth of leaf.

The above figures speak for themselves. "Fewer acres and larger yields" would be a mighty good slogan for the average farmer anyway.

The warehousemen themselves were not allowed to bid on any of the tobaccos on their floors. Mr. James Watson got the highest price—fifty-three cents a pound—of any of the contestants. It will be seen from the prices of each grade as printed below, there was a big variation in prices, ranging all the way from one-half a cent a pound up to fifty-three cents. Each contestant's tobacco was numbered and only the contestant himself and the floor managers knew the names of the contestants while the selling was in progress.



HOW BANKS ARE ADVERTISING

Note and Comment on Current Financial Publicity

REPRODUCED herewith is an advertisement of the National Bank of Commerce in New York that was written for insertion in financial publications. The idea is excellent and the copy is strong and forceful enough to impress the out-of-town banker, who may be seeking a reserve agent in New York, with the facilities of this very large institution.

The small emblem cuts that have been inserted in the two upper corners are direct reproductions of the carved symbols adorning the columns of the main banking room in the National Bank of Commerce building. They typify commerce, strength and progressiveness.

There is but one adverse criticism to be


made of this otherwise very attractive piece of publicity and that relates to the kind of type used in the body of the ad.

Undoubtedly the Old English type is trying to the eyes; readers will hesitate before poring over words that do not lend themselves to a rapid-fire perusal.


Referring to the group of advertisements of the Guaranty Trust Company of New York, Mr. Ellsworth, Publicity Manager, writes as follows:


Dear Mr. MacGregor:

In accordance with your suggestion, I have pleasure in enclosing several ads. re-




NATIONAL BANK OF COMMERCE IN NEW YORK





The up-building of this Bank has been due to a policy that has been conservative yet progressive. Now ranking as one of the strongest financial institutions in the world, it offers clients every facility for the prompt and proper transaction of all branches of domestic and foreign banking, and such liberality of treatment as is consistent with prudence. Accounts are solicited from those who contemplate opening new or additional accounts in New York City.



CAPITAL, SURPLUS AND UNDIVIDED PROFITS FORTY MILLION DOLLARS

A STRONG APPEAL BY A VERY BIG BANK

cently placed in various newspapers and financial journals, and perhaps it may interest you to have me tell you a little story about each one.

Number 1, "The New Inheritance Tax Law of New York State," appeared in several of the New York dailies and a number of out of town dailies in adjoining states. This ad. refers specifically to one thing and one thing only, and for that reason received more attention than ads. which touch on a number of points. This ad. has not been published since September but we are daily receiving requests for the booklet to which it refers. Altogether we have received over 700 mail requests in response to this ad. and as many more personal inquiries. This gives us a list of names which is about 50 per cent. "wheat."

Number 2, "Fiduciary Service," is, of course, a general publicity ad. and does not contemplate specific replies. In spite of this fact, however, we have received business which can be directly traced to this particular ad. This appeared in the New York dailies only.

Number 3, "Equipment Notes to Net 5%," is merely one of the numerous specific bond offerings made by our company. This ad. appeared in several of the general magazines and also in the financial journals.

Number 4, "Convertible 6% Notes at par," refers to the gold notes of the Denver Gas & Electric Company, and the inquiries and sales which resulted from this ad. were most gratifying. The ad. was placed in the New York dailies and in magazines of general circulation.

Number 5, "Investments," discusses a feature of intelligent investment which has grown to be very popular. We refer to diversification in the placing of one's investment funds. As shown in the ad., an in-

vestor may buy four different bonds of varying rates of interest, the average yield for the four being in excess of 5.35 per cent. The inquiries which come in from this particular kind of ad. are interesting as well as profitable.

Number 6, "Short Term Investments," directs attention to a booklet recently prepared by the Guaranty Trust Company, containing a list of the principal short term securities which are known and dealt in in the principal American markets. It is needless to say that the inquiries in response to this ad. have been numerous.

Yours very truly,

F. W. ELLSWORTH,
Publicity Manager.

The Mercantile Trust Company of St. Louis has issued an effective booklet dealing with the plan of its First Mortgage \$500 Real Estate Serial Notes.

From Mr. Charles S. Marvel of the First-Second National Bank of Akron, O., we received this letter:

For the enclosed draft kindly send me your book "Pushing Your Business" and list of prepared bank ads. as per announcement in the current number of your monthly.

The Bankers Magazine is one of the most valuable that comes to my desk and your advertising talks are a great help.

Your opinion as to the merit of the enclosed seal would be appreciated.

Fiduciary Service

For very obvious reasons trusts executed by individuals are apt to be at more or less disadvantage compared to those handled by the specialized service of a trust company.

This Company is authorized by the laws of the State of New York to act in various fiduciary capacities, in all of which its service is prompt, efficient and economical. It acts as executor or trustee under wills; administrator of the estates of deceased persons; guardian of minors; committee of incompetent persons; and as trustee to execute all kinds of trusts.

Correspondence or a personal interview cordially invited

Guaranty Trust Company of New York

28 Nassau Street
 Fifth Avenue Branch, 28th Ave. & 43d St. London Office, 33 Lombard St., E. C.
 Capital and Surplus, \$23,000,000
 Deposits, 161,000,000

The New Inheritance Tax Law of New York State

Non-residents may now carry bank balances, or deposit their securities in New York City, either temporarily or permanently, with the assurance that they will not be subject to the Inheritance Tax.

The new law, now in force, provides that *intangible property*, defined by the law as "incorporeal property, including money, deposits in bank, shares of stock, bonds, notes, credits, evidences of debt, an interest in property, and evidences of debt," held in New York State by bona fide non-resident decedents, is not taxable in that state.

This Company has complete facilities for handling active and reserve accounts, and for the safe keeping of securities, and cordially invites such business.

We have prepared a booklet containing the text of the new Inheritance Tax Law, together with explanatory notes, which we will be pleased to furnish upon request.

Ask for Booklet N-303.

Guaranty Trust Company of New York

28 Nassau Street London Office, 33 Lombard St., E. C.
 Fifth Avenue Branch, 28th Ave. & 43d St.
 Capital and Surplus, \$23,000,000
 Deposits, 163,000,000

Equipment Notes to Net 5%

We offer the 5% Equipment Trust Notes of the New Orleans, Texas & Mexico Railroad Company guaranteed as to principal and interest by the St. Louis & San Francisco Railroad Company Price, par and interest. Particulars on application.

Ask for Circular No. M 942

Guaranty Trust Company of New York

28 Nassau Street
 Fifth Avenue Branch, 28th Ave. & 43d St. London Office, 33 Lombard St., E. C.
 Capital and Surplus - \$23,000,000
 Deposits 161,000,000

Investments

This Company suggests to careful investors the advisability of dividing their funds among bonds of various classes in the way obtaining a well diversified investment. Investments made in this manner will possess the individual qualities of the respective classes in combination, thus making the investment well balanced. For instance, we own and offer a 5% railroad bond, a 6% short term note, a 4 1/2% equipment bond, and a 6% industrial bond netting at present prices

An Average Yield of Over 5.38%

We will furnish particulars of these on request.

Ask for our Circular D 144

Guaranty Trust Company of New York

28 Nassau Street
 Capital and Surplus . . . \$23,000,000
 Deposits \$144,000,000

Convertible 6% Notes at Par

We offer and recommend at par and interest the Three-year Convertible 6% Coupon Gold Notes of a public service corporation having an exclusive 20-year franchise in a city of over 200,000 population. This issue is secured by bonds equal to 135% of the total amount of outstanding notes, and the net earnings are payable to interest on the issue more than five and one-half times the amount required. Full particulars on application.

Ask for Circular No. C-142

Guaranty Trust Company of New York

28 Nassau Street London Office, 33 Lombard St., E. C.
 Fifth Avenue Branch, 28th Ave. & 43d St.
 Capital and Surplus - \$23,000,000
 Deposits 161,000,000

Short Term Investments

Investment bonds and notes issued to mature in from one to five years are favored by many investors as yielding a somewhat better income than long time securities. In addition, such larger issues, particularly such ready issues, usually command a price to wide fluctuations in price.

We have prepared a booklet giving brief descriptions of the principal issues of such securities, which we will be pleased to furnish on request.

Ask for Booklet S-442

Guaranty Trust Company of New York

28 Nassau Street
 Capital and Surplus - \$23,000,000
 Deposits 161,000,000

The seal is reproduced herewith. We told Mr. Marvel it was good, although possibly the picture represents the bank as too much on the edge of a precipice, and that the



FOUNDED ON A ROCK

rock idea could be retained without conveying that impression. Mr. Marvel replied:

The copy of "Pushing Your Business" and prepared ads. came to-day. I have not had an opportunity to examine them carefully but the first impression was a most favorable one.

For your criticism of our seal, I wish to thank you. The idea for this suggested itself during the excavating for the building recently completed and now occupied by this bank. The cellar was blasted from solid rock which took several months and excited considerable curiosity as well as newspaper comment so you may readily see that our slogan "Solid as the rock on which it is built" is very apropos.

The Flatbush Trust Company, Brooklyn, New York City, is using a very good folder entitled "The Convenience of the Personal Check."

Printed in red on the envelope enclosing the monthly house organ, "The Solicitor," of the Wachovia Bank & Trust Company of Winston-Salem, N. C., is this admonition:

This Booklet is my Idea of what a Bank Magazine Should be—Read it!

C. L. GLENN, Adv. Mgr.

Referring to the tobacco contest described elsewhere in this department, Mr. Glenn writes:

This was the best publicity we have had. It did more to attract attention among the thousands of farmers who sell tobacco on this market than anything we have attempted and it stirred up our town people. The result must

be beneficial to the bank and to the town for it brought town and country nearer together.

I always look forward to the coming of The Bankers Magazine and turn to the department you so ably edit, first.

The Naugatuck (Conn.) Savings Bank sends us a collection of its advertising blotters, etc. These are for various purposes—school children, depositors, when interest is written in passbooks, and so on. The copy is very good.

Mr. B. W. Moser, Publicity Manager of the St. Louis Union Trust Company, St. Louis, Mo., writes:

Under separate cover I am sending you a cut of our new post-card savings bank, as requested in your favor of the 10th. To the best of my knowledge, this is the only bank of its kind in the United States. It seems as though no one ever thought of combining the post-card and the savings bank until Mr. Edward Mead, Syndicate Trust Building, St. Louis, submitted the proposition to me. It seemed to be a good thing and I took it. Results have proven that it certainly is a good thing.

It is a money saver in that it can be sent as first-class mail for one cent and costs less than any bank I ever saw.

It is a money getter. For it not only forcefully suggests to save, but it concretely induces one to slip a dime at a time into each little pocket until a dollar is saved and an account opened.

In this way it serves the first mission of the metal savings bank, with the advantage that the cost is only about 1-100th as much to say nothing of the cost of distribution.

I know how anxious I am to read of new ways and means of advertising, so thought you would want to tell your



readers of this simple though valuable find for any company soliciting savings accounts.

Assuring you that I shall be glad to receive a visit from you if ever in St. Louis, and thanking you for your consideration, I am,

This idea is certainly a good one. What next?

Shipping Grain

With the harvest only a short time off, it is well to bear in mind that "The Traders Bank" is willing to assist the farmer to market his grain—will advance money against bills of lading and cash grain tickets. Our daily market reports are at your disposal, as well as our manager's advice. Call and see him. 600

Capital and Surplus
\$1,000,000

Total Assets
\$20,000,000

THE TRADERS BANK

A. J. Linton, Manager

Arthon, Ontario

The Business Man's Problem

Is generally capital, and hard to obtain it. You will have to face the same thing some day. Be prepared for it by forming a systematic savings habit in your youth. Your reputation for thrift will stand you in good stead with your banker should you need assistance in future years. 610

Capital and Surplus
\$1,000,000

Total Assets
\$20,000,000

THE TRADERS BANK

F. J. Whitton, Manager

Orkney, Ontario

The Girls on the Farm

Let your girls at home take up some hobby—bee-keeping, poultry farming, dairying, gardening, etc.—then earning some money for themselves. Encourage them to open a savings account in this Bank with the profits. 607

Capital and Surplus
\$1,000,000

Total Assets
\$20,000,000

THE TRADERS BANK

H. C. Anderson, Manager

Edmonton, Alberta

Your Son's Education

Probably you wish to send your son to an agricultural college. As it entails an investment for him to stay on a farm, it is a good investment. Make provision at his birth for his education by depositing a certain sum at regular intervals in a savings account for him. Discuss it with our local manager. 608

Capital and Surplus
\$1,000,000

Total Assets
\$20,000,000

THE TRADERS BANK

A. T. Lowe, Manager

Warrington, Ontario

Your Banker is an Important Factor in Your Success

Do you take him into your confidence and discuss your business problems with him? He may possibly be able to aid you. Whether you are a customer of this Bank or not, call and see him. His advice will cost you nothing. 606

Capital and Surplus
\$1,000,000

Total Assets
\$20,000,000

THE TRADERS BANK

R. H. Smart, Manager

Stratford, Ontario

Higher Price for Milk

Improved dairy equipment has lowered the butterfat content in milk to a degree that enables the farmer to obtain from 25 to 50% more for this product. Whether these profits are theoretical or not remains for you to prove. By our advancing you money to purchase this machinery, we aid responsible farmers to make more money for themselves. An interview with our local manager may prove profitable to you. 605

Capital and Surplus
\$1,000,000

Total Assets
\$20,000,000

THE TRADERS BANK

H. A. Mulvey, Manager

Deerpark, Ontario

Less than One Cent a Day

The assurance that your valuable papers, deeds, insurance papers, jewelry, heirlooms, etc. are secure is surely worth \$1 per year. Rent a safety deposit box at this Bank. Perfect privacy. Rates may be obtained from our local manager. 613

Capital and Surplus
\$1,000,000

Total Assets
\$20,000,000

THE TRADERS BANK

G. J. Bell, Manager

Mount Forest, Ontario

Conserving the Natural Resources of the Farm

This question is receiving an immense amount of attention at the present time, and as it will take money to provide machinery, etc. for this work, we wish you to remember that The Traders Bank is willing to advance money to equipment farmers for the improvement of his farm and equipment. Call and talk it over with our local manager. 609

Capital and Surplus
\$1,000,000

Total Assets
\$20,000,000

THE TRADERS BANK

J. R. Smith, Manager

Shillington, Ontario

BRANCH BANK ADVERTISING

The Traders Bank of Canada has a large number of branches throughout the Dominion and it keeps them well supplied with good advertising matter as witness the samples shown herewith. Mr. Charles D. Wills is advertising manager of this bank.

The National Bank of Commerce of Williamson, W. Va., knows how to make the copy fit the medium. On the back cover page of a recent issue of the local High School paper it ran this ad.:

His First Job.

Last week, John D. Rockefeller, the richest man in the world, hoisted a big American flag, out at his Forest Hill estate in Cincinnati. The occasion was the 56th anniversary of securing his first job, and he

says that everything that followed has been the result of thrift, industry and some business sense and skill. The job was that of bookkeeper in a Cincinnati river front forwarding house. He proved to be a good accountant, one of the first on the job and last to leave shop. One year later his salary was raised to \$25 a month, he began to save money, and the next year he was in business for himself. It is a short human interest story, containing all the philosophy of business success, and the crux of the whole matter is "he began to save money."

You probably had a better start than Rockefeller had, but the magician of millions began to save money; and it is fair to assume from results that the savings of his earnings was as important a matter to him as the job. The savings were made as industrious as the man. They were husbanded for the opportunity, put to work, perhaps, in some strong bank, like The National

WHAT A GOOD BANK DOES

A bank account establishes a man's credit, provides a safe place for his cash, and systematizes his business dealings.

This dependable bank fulfills all the requirements of modern banking, and is fully equipped to handle the commercial banking business of every class of customers, and its watchword is SERVICE.

LINCOLN TRUST CO

12 High St. Junction of Summer. Boston

This is Our Specialty

This is a man of business, and the very greatest service he can give is to have his money in a bank. The specialty of this bank is handling the banking business of substantial men, and in this, it has a long and successful record. When we do a general banking business and are fully equipped to handle every class of customers, and its watchword is SERVICE.

LINCOLN TRUST CO

12 High Street Junction of Summer Boston

Business Success

A man's success is often due to the opportunities and stability of other men.

Establish your credit by making regular loans of the bank. This is not theory but the practical wisdom of experience.

We venture to say that not one man in a hundred succeeds in business nowadays without the active co-operation of a good bank.

We know that we have helped many of our customers to greater success in their business, and we place our services and advice at YOUR disposal.

LINCOLN TRUST CO

12 HIGH ST. Junction of Summer BOSTON

Registrar and Transfer Agent

Through our work of the oldest financial institutions in America, the Lincoln Trust is one of the most active and efficient in the country and maintains growth in one of the best industries of its time in every particular.

The Company has recently added to its services that of acting as Registrar and Transfer Agent for all classes of securities.

It is the LINCOLN Trust for bond issues and correspondence along this line.

LINCOLN TRUST CO

12 High Street Junction of Summer Boston, Mass.

PART OF A SERIES WHICH HAS BEEN RUNNING IN BOSTON NEWSPAPERS FOR OVER A YEAR, PREPARED FOR THIS COMPANY BY THE PUBLICITY DEPARTMENT OF THE BANKERS PUBLISHING COMPANY

Bank of Commerce, of Williamson, W. Va., with half a million of assets to guarantee their safety where they added their earnings to his and were ready on call for the opportunity.

Have YOU begun to save money?

"The Middle of the Road" is the title of a good folder issued by the First National Bank of Montgomery, Ala. The idea governing the choice of the title is contained in this paragraph:

In other words, you would be like the gentleman who employed as his carriage driver not a man who could come closest to the fence without running into it, but the man who could drive straight down the middle of the road.



BANK ADVERTISING EXCHANGE

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them from time to time. Others can get on this list free of charge by writing to the editor of this department. Watch each month for new names and add them to your list at once.

The Bankers Magazine, New York (ex officio).

John W. Wadden, Lake County Bank, Madison, S. D.

Charles D. Wells, Traders Bank of Canada, 8 Wellington street W., Toronto, Ont.

Henry M. Lester, National City Bank, New Rochelle, N. Y.

R. B. Parrish, Mingo County Bank, Williamson, W. Va.

Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.

H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.

Arthur S. Cory, Chehalis National Bank, Chehalis, Wash.

C. F. Hamsher, assistant cashier, Savings Union Bank of San Francisco, Cal.

Horatio Ford, secretary, Garfield Savings Bank Co., Cleveland, Ohio.

F. W. Ellsworth, Publicity Manager Guaranty Trust Co. of New York.

T. H. Stoner, Cashier, The Peoples National Bank, Waynesboro, Pa.

H. M. Jefferson, Windsor Trust Company, New York City.

W. R. Dysart, Assistant Cashier, First National Bank, Ripon, Wis.

W. J. Kommers, cashier, Union Trust & Savings Bank, Spokane, Wash.

J. A. Overton, Cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

W. R. Stackhouse, City National Bank Bldg., Utica, N. Y.

George J. Schaller, Cashier, Citizens Bank, Storm Lake, Iowa.

J. G. Hoagland, Continental and Commercial Trust and Savings Bank, Chicago.

C. L. Chilton, Jr., Advertising Manager, First National Bank, Montgomery, Ala.

H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago.

B. H. Blalock, Asst. Cashier, Union Bank & Trust Co., Jackson, Tenn.

The Franklin Society, 38 Park Row, New York.

C. L. Glenn, Advertising Manager, Wachovia Bank & Trust Co., Winston-Salem, N. C.

W. O. Boozer, Barnett National Bank, Jacksonville, Fla.

W. P. Jones, Asst. Cashier, First National Bank of Commerce, Hattiesburg, Miss.

C. E. Taylor, Jr., President, Wilmington Savings & Trust Co., Wilmington, N. C.

Jesse E. Brannen, Cashier, First National Bank, Westwood, N. J.

E. A. Hatton, Cashier, First National Bank, Del Rio, Texas.

A. A. Ekirch, Secretary, North Side Savings Bank, New York City.

GET IN LINE GENTLEMEN, IT COSTS ONLY POSTAGE.

I wish to state that the bank advertising exchange list is helping a worthy cause as far as I am concerned. The members on the list are continually sending their new matter, from which much benefit is to be derived. With several of the members on the list, I keep up correspondence, in which we give and receive help in solving advertising problems. I think the members on the list owe thanks to The Bankers Maga-

zine, for extending to us, the use of their columns. Yours truly,

CHAS. D. WELLS,

Advertising Manager, The Traders Bank of Canada, Toronto, Ont.

"DEE-LIGHTED."

I would consider it a favor if you would change my name from your list of men who are willing to exchange advertising circulars, etc., from the Bank of Coney Island to the Windsor Trust Company, New York City.

I was delighted with the advertising matter I received at the Bank of Coney Island, and feel that I could not well be without the benefits afforded by the bureau started by you.

Yours very truly,

H. M. JEFFERSON.

IDEA VERY GOOD.

We shall be very glad to have you add our name to the list of those who are willing to exchange booklets, folders and other advertising matter issued from time to time. We think this idea is very good, and believe that your list will expand very rapidly.

Yours very truly,

C. E. TAYLOR, JR., President.

The Wilmington Savings and Trust Company, Wilmington, N. C.

"PUBLICITY BOOMERS."

Would greatly appreciate having my name added to the long list of "publicity boomers." The idea is a capital one and who knows but some day we may have a "National Bankers' Advertising Association" and hold real conventions?

A. A. EKIRCH,

Secretary North Side Savings Bank, New York.

NEW MECHANICAL METHOD OF EXTRACTING GOLD

A MACHINE for saving gold contained in slimes and wastes from alluvial gold-mining operations has been invented in New South Wales and is being tried in New Zealand, with a fair prospect, it seems, of proving of great help to gold mining in this Dominion.

The machine works much on the same principle as flour-milling machinery, in rejecting rubbish by throwing it out through percussive and vibratory motion. In place of the stones at present in the false bottoms of sluice boxes, there is a system of balls, running in channels, so set that they cannot bunch up or hang together, but move continuously, keeping the matter treated moving all the time, and insisting on precipitation by their resistance to every particle of metal or mineral carried to them by the run of the water. The ceaseless motion of the balls is given by two mechanical operations on the part of the machinery working the plant; one of the motions is percussive and the other vibratory, there being no suggestion of a rotary action or of an up-and-down motion. Every move-

ment is in the direction of throwing the values back and throwing drosses off. The percussive movement has the effect of drawing the weighty substances in the direction of the blow.

The apparatus consists of a series of large trays, the bottoms of which are channeled, the channels being filled with the balls previously mentioned for keeping up the agitation conducive to the quick precipitation of values. A system of springs and tensions gives percussive and vibratory effects to the trays, dispelling the gangue in the direction of the flow of the water and drawing the metal values to the next tray, where there is another grading and a similar general treatment, varied in the detail to suit the class of matter being dealt with. The result of the working of the trays is a product, in values, easily handled for concentration on any of the ordinary vanners.

The machine thus explained is the invention of E. J. Swyny, of the Mineral Reclamation Works, Rozelle, New South Wales.

FOREIGN BANKING AND FINANCE

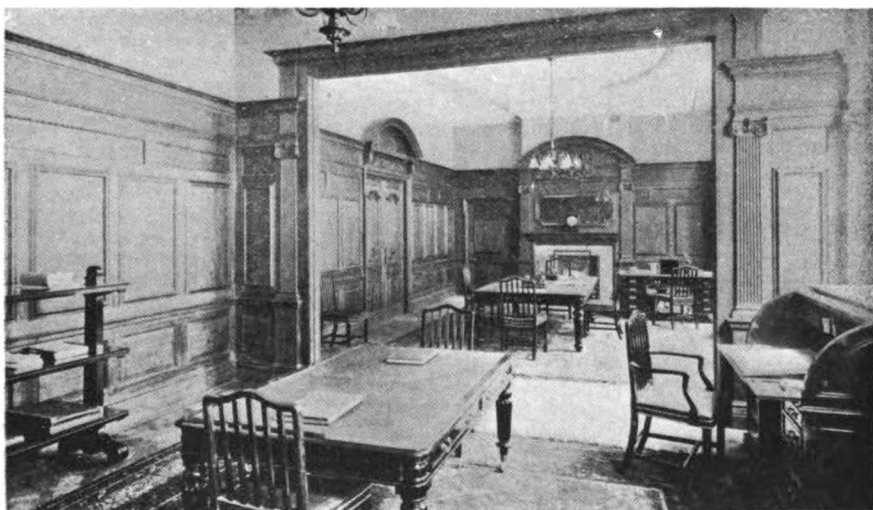
EUROPEAN

BANKING IN THE UNITED KINGDOM

AN interesting review of banking in the United Kingdom is presented in the London "Economist's" issue of October 21, from which the following is taken:

Money market conditions in the first half of this year were not by any means unprofitable from the bankers' point of view, rates being easy, with trade active, and consequently a fair supply of bills on offer. Under the autumnal strain of 1910 the bank rate rose from three to five per cent. in a fortnight. The five per cent. rate lasted from the middle of October to the end of November, and from then until the end of January the market was working on a $4\frac{1}{2}$ per cent. minimum. In mid-February a further descent to $3\frac{1}{2}$ per cent. was made, on March 8 three per cent. was reached, and this figure ruled until the end of the half year. The average for the period was £3 7s 7d, as compared with £3 12s 6d for the first half of 1910, when, however, the market was far from normal, for the collection of taxes was held over with the budget and the stock exchange had a burst of speculative activity, bringing in its train an enormous flood of capital issues. In the first half of this year the stock exchange was quieter and the capital applications smaller.

There was, however, quite a boom in home railway stocks, and large blocks were taken off the market and pawned with the banks. The bank reports for the half year showed that profits were well maintained, and dividends in several instances were higher, because large appropriations for depreciation of securities were not necessary at the end of June, Consols having declined only one-quarter point in the six months. It seems, however, as if further allowances may be required out of the profits of the current half year unless some improvement occurs in gilt-edged investments. The figures presented in our banking supplements every half year show that the business transacted by the commercial community has increased enormously in comparison with ten or twenty years ago, but bankers' profits have not expanded in a similar proportion, and there is no doubt that increased competition, which has led to the opening of several bank branches in every town and suburb, thereby raising expenditure on office rent and salaries, has resulted in a narrowing of the margin of profit. In fact, London banks are, perhaps, over-ready to cater for business which cannot possibly return any profit at first, in the hope of a problematical future.



LONDON OFFICE OF THE BANK OF NEW SOUTH WALES. BOARD ROOM AND MANAGER'S ROOM

FROM A PHOTO BY BEDFORD LEMERE & CO.

To avoid costly competition and yet to secure business has been the object of the policy of amalgamation—a policy which seems to have been overdone in the last few years. As an experienced financier remarked to us the other day, "Plenty of men can manage a million well, but very few thirty millions." The number of banks, however, is now so much reduced that a natural check is operating. In 1896 there were sixteen London clearing banks, with 796 branches; by 1892 there were twenty-four clearing banks, with 1,086 branches; now the number has gone back to sixteen, but they have well over 3,000 branches between them, while our tabular statement shows the number of branch banks in England to be 5,268. If, therefore, any truth is to be found in the allegation that amalgamations restrict credit facilities in local industries, it is obvious that the policy of numerous branches has extended the convenience of a banking account to many small traders previously without. The present figures, when compared with those published in October, 1910, show the result of two important amalgamations: the Carlisle and Cumberland has been absorbed by the Bank of Liverpool and the Halifax and Huddersfield Union by the Halifax Joint-Stock, the name of this combination being changed to the West Yorkshire Bank, while Lloyds Bank has taken over a small private bank, well known in Smithfield. The London Trading Bank has disappeared from the active list, the uneasiness caused among the class of small customers by the Birkbeck failure having led to a run which it was unable to meet. The creditors, however, will not suffer much loss apparently. The result of these changes is shown in a reduction of £117,000 in the paid-up capital of the English joint-stock banks between June 30, 1910, and June 30, 1911. The Scotch and Irish capital remains unchanged:

JOINT-STOCK CAPITAL AS AT END OF JUNE.

	1910.	1911.	Inc. or Dec.
	£	£	£
England.....	62,284,000	62,167,000	*117,000
Scotland.....	9,241,000	9,241,000	.....
Ireland.....	7,309,000	7,309,000	.....
	78,834,000	78,717,000	*117,000

* Decrease.

Amalgamations in the last few years have frequently been accompanied by a reduction in the combined paid-up capital of the banks, owing to the payment of a portion of the price of the absorbed banks in cash or by means of shares at a higher premium, so that the total paid-up capital is now lower than it was eight years ago. Until then it had increased from year to year with comparative regularity. The above figures do not include the capital of the private banks which publish accounts, as these state capital and reserves in one sum, and

to show the total bank capital and reserves in the United Kingdom as far as they can be ascertained the reserves and capital have been added together in the following table:

CAPITAL AND RESERVES AS AT END OF JUNE.

	1910.	1911.	Inc. or Dec.
	£	£	£
England (Joint-stock banks and private banks that publish accounts)....	102,890,000	102,067,000	— 823,000
Scotland.....	17,472,000	17,560,000	+ 88,000
Ireland.....	11,453,000	11,480,000	+ 27,000
	131,815,000	131,107,000	— 708,000

We have shown that the English capital is £117,000 lower, so that the total reserves of these banks have fallen by more than £700,000 in the year. This has been caused by the necessity of making provision for the depreciation in the banks' investments. The reserves of the English joint-stock banks amounted at June 30 last to £36,268,500. The maximum figure was £37,232,000 at the end of June, 1903, but since that date it has fluctuated between £36,000,000 and £37,000,000, the writing down of investments having not only required all that could be spared from profits, but also required the appropriation of considerable sums from reserve funds.

Owing to the general rise in investment yields bank shares have depreciated in value, and the fall in them has been assisted by the dwindling margin by which dividends are covered by profits through the drain caused by the general fall in investment values to which we have referred. In addition, there have been special circumstances during the half year which have not conduced to the popularity of bank shares as investments. The failure of the Bank of Egypt has once more brought the danger of the partly paid share into prominence, while the failure of the Birkbeck, the weakness revealed in the Stamford, Spalding and Boston Bank and the Yorkshire Penny Bank has undermined the confidence which the very word bank inspired. The remarkable (and, from the shareholders' standpoint, highly questionable) arrangement in respect of the Yorkshire Penny Bank may perhaps be responsible for the recent declines in the leading bank shares, for the share of the loss to the joint-stock banks is an unknown quantity at present. Last May we were able to welcome a small improvement in the market value of bank shares, but recent events have wiped out that slight advance, and the average premium per cent. on the capital of English banks is now twelve points below what it was at this time last year.

The effect of continued prosperity of trade and the extension of banking business to the humbler depositor, who though small individually is important collectively, is seen in the growth of the liabilities of the banks

Banco Nacional del Salvador

SAN SALVADOR

Authorized Capital\$5,000,000

Subscribed Capital 2,000,000

Paid-up Capital 1,000,000

Head Office—SAN SALVADOR
Republic of Salvador, Central America

Agencies at all principal towns in
the Republic.

Correspondents in the most im-
portant cities abroad.

BANKING BUSINESS TRANSACTED
OF EVERY DESCRIPTION

Special attention given to COLLEC-
TIONS — moderate commission

Dr. Guillermo Mazzini
President Director

G. Hemmeler
Manager

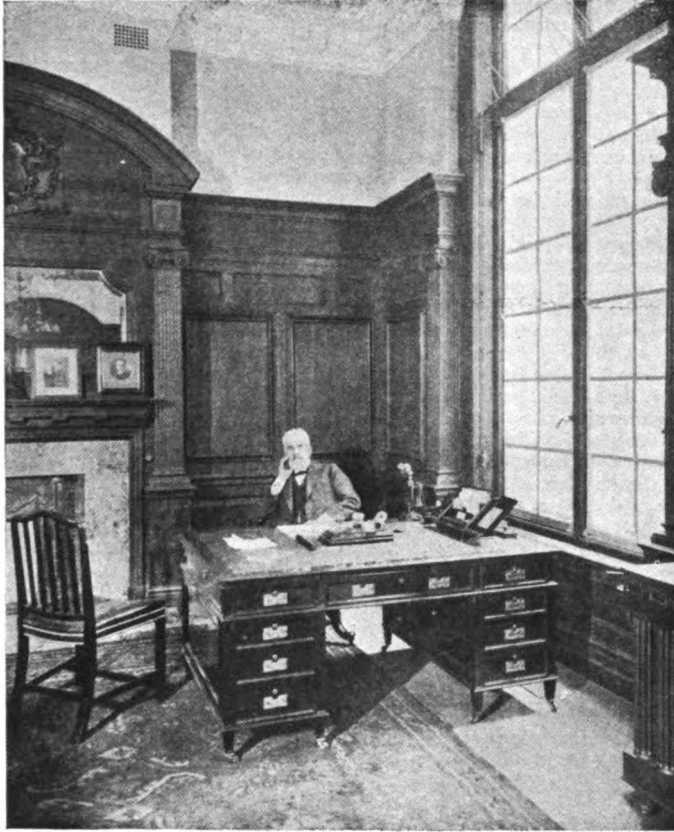
to the public. The note circulations of the English banks are unimportant apart from the Bank of England, and the joint-stock issues are falling into disuse even in the limited areas to which they are restricted. The largest English circulation is £37,305 by the Wilts and Dorset Bank. But the Scotch and Irish note issues are still important, though, with the exception of the Bank of Ireland circulation, they are slowly decreasing. The item of acceptances shows an increase of about £1,000,000. The figures of the Manchester and Liverpool District account for more than this sum alone, but other important increases are the Bank of Liverpool and the London and South-Western. In the whole list the highest proportions of acceptances are shown by the German Bank of London and the London and Hansatic Bank. Current and deposit accounts show a rise of nearly £15,000,000, and as the Bank of England's deposits are £12,000,000 below the abnormally high figure at the end of June, 1910, due to the delayed taxes and also of the incidence of the end of the month, it follows that the joint-stock bank deposits are £27,000,000 greater. The London County and Westminster has an increase of nearly £7,000,000, a part of which no doubt it has secured from Birkbeck cus-

tomers, but Lloyds has an advance of just over £3,000,000, due to the amalgamation of an old Smithfield firm, and so remains the largest joint-stock bank as regards deposits. Barclay's show a rise of £1,500,000 without the addition of the Stamford Spalding figures, as combined accounts have not yet been issued.

FOREIGN RECOGNITION OF THE NEW YORK MONEY MARKET

COMMENTING on the financial situation growing out of the late strained relations between France and Germany, the London "Statist" says that the new role being played by New York has not attracted the attention which it really deserves, and its importance has not been recognized even by those who ought to be the first to do so. It is now proved beyond the possibility of doubt that previous to the period when the acute fear of war arose a few months ago there had been speculation on the part of the German public in American securities of unsuspected magnitude. When the fear of war became really serious, and France and the other leading countries withdrew their surplus balances from Germany, the Germans were compelled to throw the American securities which they had bought with borrowed money upon the London and New York markets upon an unprecedented scale, and America was able to buy them up, no doubt at a very greatly reduced price. Still, the evidence afforded of the financial strength of the United States was impressive. When at last the selling ceased, New York, after all the buying, was rich enough to lend immense sums to Germany, so that the latter is able to go on speculating upon such a scale that the president of the Reichsbank is once more warning the German public against the reckless speculation which he has been denouncing throughout the year. And this is happening in spite of the withdrawals of French and other foreign capital from Germany. Those who would understand the real greatness of the United States should take note of all this—we mean public men and economic students, as well as bankers, merchants and investors.

Not only has New York played this imposing role during the past few months, but it has remitted considerable amounts of gold to Paris: and yet the American money market continues quite easy, and, as far as can be seen at present, will remain easy to the end of the year. Meantime, in spite of war, in spite of the delay in the signing of the Morocco treaty, in spite of the revolution in China, and all the other causes for caution, rates are declining here at home, for it seems clear now that until Argentina begins to take gold all the metal coming from South Africa will either go into the Bank



LONDON OFFICE OF THE BANK OF NEW SOUTH WALES
MR. DAVID GEORGE

FROM A PHOTO BY BEDFORD LEMERE & CO.

of England or into the Bank of France. No other country, apparently, is in a condition to take it. The Egyptian demand, which for a few weeks was so large, dropped to £300,000 a week ago, and this week has dropped further to a quarter of a million. Apparently it will grow smaller and smaller for the reasons often explained in these columns. In India, as we point out elsewhere, trade is quiet, except in Calcutta, and the demand for India Council remittances is falling off, India being able to supply itself with the sovereigns it requires from Australia. Brazil has ceased to take gold. Germany, Austria-Hungary and Russia are not in a position to take it. Italy, as yet at all events, has not needed to finance the war against Turkey by raising international loans. And the United States, as we have just been pointing out, is playing the part that used to be played formerly by London and Paris.

SCOPE OF GERMAN BANKING

THE German banks, says a Berlin correspondent of "The Economist" (London), have a much wider sphere of action than our English deposit banks. Besides doing the same kind of business they are stock, bill and exchange brokers and dealers, banker-merchants, trust, financial and promoting companies, etc. What may be described as their chief merit and defect is their intimate connection with German industrial life. There are few commercial and industrial German ventures, be they private concerns or joint-stock companies, which do not have at their disposal a fixed credit—uncovered (Blanko credit) or covered by very unliquid securities—with one or more banks. Not only have the banks promoted most of the industrial joint-stock companies and retained part of their share capital, but their managing directors remain mem-

bers of the board of these companies and draw personally large incomes for their services in that capacity. There are dozens of such bank managers, who sit on the boards of twenty to thirty miscellaneous companies and draw from these sources alone a yearly income of £10,000 and upwards, besides an income from their own bank amounting to perhaps as much.

The question may well be asked: Are they worth it, and will a crisis not give rise to conflicts of interests? And the reply is not always satisfactory. Many of these high dignitaries, having been lawyers or officials, do not command that knowledge of banking which would seem essential for a position as responsible and far more difficult than that of an English bank manager, whose business is less risky and governed by well understood rules.

Next to providing satisfactory dividends to the shareholders and fulfilling the wants of their clients, the chief task even of German banks is to maintain a liquid balance, and so preserve the confidence of their creditors.

GROWTH OF BANKING IN GERMANY

THE National Monetary Commission has issued a translation of a new and especially prepared edition of Riesser's "The Great German Banks and Their Concentration." Dr. Jacob Riesser, the author, is a judge in the German courts and honorary professor in the University of Berlin, and the volume of which this is a revision and translation has been known to scholars in the original text for several years, but has been altogether rewritten and brought down to date for the use of the commission.

It presents a comprehensive review of the growth and influence of the great private banks of Germany in connection with the industrial history of the country from 1848 to the present, and devotes but little attention to the Reichsbank and the semi-official institutions. Dr. Riesser calls attention to the enormous industrial development that has occurred in Germany during the last sixty years and to the striking concentration of various German industrial and banking institutions that has taken place during the same time.

During the last twenty-two years a number of banks, among which the Deutsche Bank was the leader, extended their business to oversea and foreign operations by means of the establishment of subsidiary companies. This was another cause for the extension and consolidation of great banking groups. Among special causes working for concentration in banking he enumerates:

(1) The liquidation of banks after panics;

(2) mistakes of legislation, such as the stamp and stock exchange laws.

Dr. Riesser enumerates five great combinations of German financial institutions, each headed by a Berlin "great" bank. The largest of these is the group of the Deutsche Bank, which has a combined capital and surplus of about \$200,000,000. Other groups are those of the Disconto-gesellschaft, with a capital and surplus of about \$140,000,000; the Dresdner Bank, with \$70,000,000; the Schaaffhausenscher Bankverein, with \$70,000,000, and the Darmstädter Bank, with \$75,000,000.

Dr. Riesser summarizes the present situation in banking as follows:

"Out of a large number of independent banks there have been developed five powerful groups, comprising in all forty-one banks. In this field, however, the process of concentration has by no means yet ended. It will in all probability not stop before it has come nearer its goal than to-day by developing the smallest number of bank groups practicable, each embracing the largest possible number of banks. Until the groups of banks shall have reached a point of fairly equal strength, so that each one will respect the other's domains, we cannot look to a halt in the movement of concentration."

THE RUSSIAN BUDGET

THE Minister of Finance, in his explanatory statement regarding the 1912 Budget, points out that an increase of £25,510,000 in ordinary and extraordinary expenditure is provided for as compared with 1911. This includes an increase of £8,900,000 for naval expenditure, of which £3,600,000 is to be allotted to the Fleet. For the rest, the principal items are: For education purposes, £1,880,000 more than in 1911; for agriculture, £1,200,000 more; for general productive purposes and development, £7,580,000 more. The Minister stated that the general economic condition of Russia shows a decided change for the better. Increasing economic independence of foreign markets was noticeable, and it had not been found necessary to contract new loans. On the contrary, some of the old loans had been redeemed before the appointed time, and while in the Budget for 1910-11 a sum of about £5,000,000 was set aside for redemption purposes, this amount would be increased to £10,000,000 in 1912. At the same time there is a full flow of Russian securities from abroad. The effect of the failure of the crops in the east of the country, in some of the central Governments, and in a part of Western Siberia is expected to be purely local, and will, it is thought, in no way influence the general

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situation, the favorable character of which so far will permit the Government to carry out the measures for the strengthening of the monetary resources with a view to the establishment of Zemstvos in the towns.

AUSTRALASIA

AN Australian correspondent of the London "Economist" says that on the opening of the Federal Parliament the government presented a lengthy programme of work for the coming session. Chief among the measures proposed is the establishment of a Commonwealth Bank, while the banking law throughout the States is to be reformed and made uniform. Little is known about the intentions of the government as concerns the Commonwealth Bank, but it is rumored that the ministry may possibly take over one of the smaller Australian banks whose existing organization would obviate many of the difficulties attending the creation of an absolutely new institution. Whatever the government's idea may be in this respect, the federal treasurer and his colleagues have so far given no hint. I should not be surprised, however, if something occurred before this letter reaches you. It is thought that the proposed institution will be modelled on Mr. O'Malley's scheme announced some time ago. This was that the bank shall do all the banking business of the Federal and State Governments, raise government loans, keep the gold reserves of the banks, and incidentally make very handsome profits, which now, so Mr. O'Malley says, fall into the coffers of the private banking institutions.

The question of amending the Australian Notes Act is also to be brought before the House. This matter is to be reopened because the volume of the Australian notes is now approaching close to £10,000,000, and Mr. Fisher thinks that the amount of the statutory gold reserve will lock up far too much

gold. At present the law provides for a gold reserve of twenty-five per cent. of the circulation up to £7,000,000 and £1 for £1 in gold for every note issued above that sum. On a circulation of £10,000,000, this would mean a gold reserve of £4,750,000, which Mr. Fisher says is much too large. He holds that twenty-five per cent. all round would be ample, and instances the Queensland note issue with a reserve of only about twelve per cent. This would, of course, suit his purpose very much better, for he would then have £7,500,000 to lend out to the States or to use in reproduction (or perhaps unproductive) works, while only holding £2,500,000 against a note issue of £10,000,000.

The capital return for the quarter ended June 30, 1911, of the Australian (not including New Zealand) banks again shows expansion, although the quarter is normally a comparatively quiet one. The totals under the principal headings compare with those for the previous quarter and those for the corresponding period of 1910 as follows:

	June, 1910.	March, 1911.	June, 1911.
	£	£	£
Deposits—			
Fixed	72,650,099	77,549,399	79,192,853
Free	55,230,887	61,756,089	62,184,476
Total	127,880,986	139,305,488	141,377,329
Advances ..	101,393,927	110,661,507	113,141,238
Coin and bullion	30,143,555	33,275,911	33,628,207

During the twelve months fixed deposits have increased by £6,542,754 and the free money (current accounts) has increased by £6,953,589.

Owing largely to the extension of the operations of commercial firms and companies from State to State several banks have found it expedient, in order to conserve their interests, to open inter-State branches. The Royal Bank of Australia and the Colonial Bank of Australasia—both Victorian institutions—have established themselves in Sydney. The London Bank of Australia has opened in Adelaide. The Bank of New South Wales has recently opened in

Launceston, and is now represented in every State as well as in New Zealand. The Queensland National Bank is about to establish a branch in Melbourne. The Bank of New Zealand is now more in evidence in Melbourne, having purchased a Collins street property.

STATE NOTES IN NEW ZEALAND

DISCUSSION has taken place in New Zealand upon Sir Joseph Ward's proposals to replace the bank notes by State notes, as has been done in Australia. It would appear, says the "British Australasian," that the New Zealand banks are not very keen upon retaining their note issues, as some years back the tax was advanced from two to three per cent., and it practically took all the profit out of them. The note circulation in New Zealand is, in the aggregate, about £1,700,000, but considerably more than half of it is issued by the Bank of New Zealand, in which, by the way, the government is an important shareholder. "Let us suppose," says the Sydney "Telegraph," "that the banks took up £3,000,000 of the government notes, paying for them in gold, and that the New Zealand government retained fifty per cent. (£1,500,000) in coin against them. It would get a loan of £1,500,000 free of interest, but would lose about one-half per cent. upon printing and maintaining the notes in a presentable condition. At present it draws, say, £51,000 a year from the note tax, which would be lost, plus, say £15,000 a year in maintaining the note, or together £66,000. On the other hand, it would gain, say, £55,250 a year by paying no interest upon £1,500,000, taking the rate at $3\frac{3}{4}$ per cent., which looks rather a losing game. Even if we took the interest at four per cent., there would still be a loss, and it is difficult to see how a profit can be made unless the treasury pockets much more of the coin and weakens the backing of the note."

ASIATIC

INCREASED BANKING FACILITIES IN GERMAN CHINA

WHILE heretofore the Deutsche-Asiatische Bank, which is also the German Government repository, has had a monopoly in the general banking business in this German leased territory, it has been officially announced that the Hongkong and Shanghai Banking Corporation will establish a special branch in Tsingtau on January 1, 1912, for the purpose of conducting a general banking business following their systems established in Shanghai, Hongkong and other Far Eastern ports.

While all the foreign banking institutions doing business in China have had local agents here, whose functions were limited solely to the buying and selling of foreign exchange, this new departure is hailed as a further evidence of the growing commercial and industrial importance of Tsingtau.

The Ta Ch'ing Yin Hou, known as the Chinese Government Bank in Tsingtau, is, on account of its increasing business, forced to erect a new and modern bank building in the better commercial section of Tsingtau.

IMPERIAL JAPANESE MINISTER OF FINANCE

THE new Imperial Japanese Minister of Finance and former president of the Bank of Japan, was born a samurai of the Usuki clan in the third year of Ansei era (1856). Educated first in what is now the Keio University, he later transferred himself to the Mitsubishi Commercial



TATSUO YAMAMOTO
IMPERIAL JAPANESE MINISTER OF FINANCE

School. After completing his studies in the latter institution, he served as head master at the business institute established by the Okayama Prefecture, and later was made the head instructor at the commercial school

of the Osaka Urban Government. Quitting his career as a tutor, he entered, in 1883, the well-known firm of Mitsubishi and was promoted to the chief of the branch in Korea of the famous Nippon Yusen Kaisha (Japan Mail S. S. Co.), which was at the time formed by amalgamation of the Kyodo Transportation Company with the great Mitsubishi. In 1889 he was singled out of his many colleagues for the important position of the chief cashier of the Nippon Ginko (the Bank of Japan), besides being a director of the Yokohama Specie Bank. In 1896 he was elevated to the directorship of

the former, the supreme monetary organ of the country, having been subsequently appointed the president of the same bank. On the expiration of his term of distinguished service as the president of the Bank of Japan, in the year 1903, he was nominated by His Majesty a member of the House of Peers. In November, 1909, he was appointed president of the Hypothec Bank of Japan, the country's great financial medium for agriculture, industry and real estate, which influential position he had held until he received the present portfolio of the Minister of State for Finance.

LATIN AMERICA

ECONOMIC OUTLOOK BRIGHT IN MEXICO

SENOR ERNESTO MADERO, MEXICAN MINISTER OF FINANCE, DISCUSSES SITUATION

[The following article was written for Financial America by the Hon. Ernesto Madero, Minister of Finance, Mexico.]

IF, a year ago, it had been predicted that Mexico would pass through a severe revolution; that she would witness a change in her high governing personnel; that she would have experience of a provisional Government and a new period of electoral agitation, and all this without producing intense economic upheavals, the author of such statements would have been regarded as unduly optimistic and his forecasts would have been characterized almost as day-dreams. Yet all this has come to pass and despite the many factors that might have been expected to cause a sharp break in the economic and financial activities of Mexico, the development of the country's resources has continued and the Nation has met its obligations and paid its way, almost as if the year 1910-1911 had been a normal year.

The volume of the public revenue may serve as an index of the Nation's economic strength, for, naturally, when conditions are straitened and difficult, the Government's receipts undergo a shrinkage. But, at the end of a year of revolution, provisional Government and new elections, Mexico had a surplus of more than eight million pesos and the public revenues amounted to \$111,000,000 in round numbers. There were increases in all branches of the revenue, with the single exception of the stamp tax, the yield of which shows a very slight diminution.

All the public services were, therefore, defrayed with strict punctuality. The interest and sinking fund service of the

Public Debt has been met with religious regularity, nor has it been necessary to make unusual retrenchments. The expenses of the revolution and the indemnities for damage occasioned by it have been and are being paid out of the funds accumulated during the long series of years in which the revenue has exceeded expenditures and the Nation still possesses cash reserves exceeding \$25,000,000 gold (U. S. Cy.)

Let us now take a brief survey of the showing of the different branches of public wealth.

The mineral output of the Republic continues to expand. In the year 1910-1911, the production of gold was more than \$600,000, U. S. Cy., in excess of the previous year's production; and the increase in the production of silver was \$2,000,000, U. S. Cy. The gold mined in the Republic during the year under review amounted to \$25,000,000, U. S. Cy., and the silver to more than \$40,000,000, U. S. Cy. There was an increase, also, in the output of other metals though on a lesser scale.

The imports, far from diminishing, increased by more than five and a half million dollars, gold, and the increase took place in items so important as machinery, textiles and textile goods, and vehicles. The total imports exceeded one hundred million dollars, gold, thus demonstrating the country's increased purchasing power.

The same healthy activity is to be noted in the export trade. The total exports amounted to one hundred and fifty million

MEXICAN TITLES

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**Mexican Companies Organized. Foreign Companies Protocolized
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Head Office - MEXICO CITY

Branch - 25 BROAD STREET, N. Y.

IF you have land or mining titles in Mexico, you should have them examined and abstracted in English. No matter how long you have held them, there may be fatal defects which our examination would show, but which can be cured—at small expense. It costs nothing to write us for particulars.

dollars, gold, and they exceeded the exports of the preceding year by more than sixteen million, gold. There were gains in almost all lines of exportation and the excess of exports over imports was nearly forty-four million dollars, gold, which is the largest balance in favor of exports for years past.

It is true that the exports include a shipment of about four million dollars, gold, in Mexican and foreign gold specie, which only proves that, though the products of our mines, our farms and our factories sufficed to meet our foreign indebtedness, the investment of foreign capital in the country was not as considerable as it had been in former years.

It was natural that a revolution, so severe and widespread as that of 1910-1911, should inspire foreign capital with some distrust, producing a consequent stringency in the exchange market and starting a movement—which was soon checked—in the shipment of gold specie abroad.

The Exchange and Currency Commission which studies all the phenomena connected with foreign exchange and is the channel through which the Government exerts an influence on the exchange market, this commission, I repeat, seconded by the banks and energetically backed by the Government's credit, succeeded in bringing into the country for investment ten million dol-

lars, gold, of foreign capital and in this way easily warded off the exchange crisis. The major part of Mexico's stock of gold was retained in the country and the rate of exchange stood and continues to stand firm without ever going beyond the gold point.

The situation of our railways is excellent. The National Railways of Mexico, whose lines cover a large portion of the National territory, extending, as they do, from our frontier with the United States, on the north, to our frontier with Guatemala on the south, had an extremely prosperous year. Their earnings approached thirty-one million dollars, gold, while their disbursements were only twenty millions. Their net earnings enabled them to meet fixed charges with the utmost ease. Betterments are constantly being effected in the company's system, and its credit in the United States and Europe is unimpaired, as is proved by the fact that all along a ready market has been found for its bonds.

Our banks of issue, mortgage banks and banks of encouragement have also enjoyed continued prosperity, and their credit tokens are amply guaranteed by their cash holdings which exceed forty million dollars, gold. The note circulation is fifty-eight million dollars, gold, in round numbers, and is guaranteed by cash holdings of forty mil-

The Canadian Bank of Commerce

Head Office: Toronto

Established 1867

Mexico City Branch : : Ave. San Francisco, 50

SIR EDMUND WALKER, C. V. O., LL. D., D. C. L., President
ALEXANDER LAIRD, General Manager JOHN AIRD, Ass't General Manager

Paid-Up Capital, \$11,000,000 Reserve Fund \$9,000,000

Collections in Mexico. The Branch of this Bank in Mexico City has the best of facilities for making collections in all parts of the Republic of Mexico. This department of the business is given prompt and careful attention, and settlements are made at regular minimum rates.

Drawings on Mexico. Arrangements may be made for the issuing of Drafts, Money Orders, Letters of Credit and Telegraphic Transfers on the Mexico City branch of this Bank and instructions may be given it for the remittance of money to all points in the interior.

For rates and full particulars enquiries may be addressed to the Head Office of the bank at Toronto, or to the Manager of the Branch in Mexico City.

J. P. BELL, Manager : : : **MEXICO CITY, D. F.**

lion dollars, gold. Last year there was an increase of more than two million dollars, gold, in the notes outstanding. The mortgage bonds outstanding amount to more than twenty-four million dollars, gold.

All or the greater part of the various operations of the banks showed increased activity during the year under review, proving that, in spite of the country's unusual state, credit facilities have been extended for the promotion of new enterprises and the expansion of old ones.

The foregoing data are very significant, for none but a strong and solid Nation could pass through so severe a crisis without suffering serious financial perturbations. Peace has been restored and the unimportant foci of disorder that still remain are being eliminated, thanks to the Government's energetic action. Very soon it will be possible to say that all traces of a political character, of the late revolution have been completely effaced. The Republic will then move forward under a more vigorous impetus than before and the Government, which is maturing large plans for irrigation, for the better tillage of the land and the development of agricultural credit, will welcome the coming of foreign capital to Mexico on a greater scale than ever to cooperate in the promotion of our civilization and progress.

DEATH OF A PROMINENT MEXICAN BANK DIRECTOR

ANNOUNCEMENT was made recently of the death of Juan B. Borda, a prominent director of the Banco de Tamaulipas, Mexico, and a business man identified with many large and notable enterprises.

BANCO MINERO, CHIHUAHUA, MEXICO

AT the close of business September 30, 1911, the Banco Minero of Chihuahua, Mexico, reported as follows:

RESOURCES.

Loans	\$18,005,169.80
Securities	3,252,403.00
Real estate	234,483.06
Cash	2,334,861.46

\$23,826,907.32

LIABILITIES.

Capital stock	\$5,000,000.00
Surplus fund	1,537,511.85
Undivided profits	422,488.15
Circulation	3,939,926.00
Deposits	12,926,981.32

\$23,826,907.32

BUENOS AIRES CITY BANK BALANCES, SEPTEMBER 30, 1911

BANKS.	DEPOSITS.		DISCOUNTS AND OVERDRAFTS.		CASH BALANCES.	
	\$ gold.	\$ m/n.	\$ gold.	\$ m/n.	\$ gold.	\$ m/n.
Alemán Transatlántico	2,665,922	49,409,920	4,300,352	51,346,321	2,564,936	8,126,106
Anglo Sudamericano	1,491,124	9,415,461	1,203,987	23,006,154	855,667	4,040,079
Baño-Asturiano del Plata	1,468,098	2,096,019	2,624,149	3,906,364	.....	806,836
Británico de la América del Sur .....	.....	48,316,667	.....	47,078,117	3,618,999	7,984,230
Comercio	37,822	4,396,848	.....	7,600,487	.....	1,644,416
Comercial Italiano .....	.....	7,483,463	58,418	7,810,884	118,714	2,600,720
Crédito Rural de Telén .....	.....	25,566	.....	289,458	.....	52,378
Escolar Argentino .....	.....	194,291	.....	501,439	.....	60,636
Español del Río de la Plata	4,552,996	216,279,041	1,380,585	253,596,118	2,405,173	52,792,766
Francés del Río de la Plata	7,127,191	70,921,511	3,909,283	108,675,991	3,146,302	20,946,436
Franco-Argentino de Descuentos .....	.....	252,277	.....	626,380	.....	36,090
Galicia y Buenos Aires	41,950	25,758,380	16,333	31,374,074	15,995	7,499,958
Germanico de la América del Sur	1,603,351	13,892,644	1,605,837	26,194,146	679,057	2,268,002
Industrial Argentino	361	251,780	.....	704,181	3,956	167,230
Italia y Río de la Plata	1,992,823	90,693,110	3,915,447	85,815,597	2,798,952	14,980,080
Londres y Brasil	1,011,076	14,544,515	2,096,072	16,641,311	486,270	5,989,199
Londres y Río de la Plata	6,452,699	137,013,039	5,233,864	96,463,396	4,980,811	47,474,626
Marítimo del Río de la Plata .....	.....	80,620	.....	266,431	.....	75,451
Nación Argentina	(1) 2,556,039	396,072,665	2,113,137	362,400,064	33,558,663	136,769,216
Nuevo Italiano	246,924	33,728,609	559,869	27,811,893	106,438	8,094,472
Popular Argentino	147,639	16,905,583	.....	27,869,220	187,238	6,860,449
Popular Español .....	.....	6,352,684	.....	7,769,993	.....	1,665,799
Provincia de Buenos Aires	(2) 2,173,678	117,272,350	1,058,883	143,795,027	606,173	22,819,920
Tesoro Americano .....	.....	742,917	.....	913,910	.....	581,144
Totals	33,568,293	1,261,399,920	32,106,246	1,332,466,581	56,133,234	353,736,239

(1) Including judicial deposits for \$250,079 gold and \$43,008,290 paper.
 (2) Including judicial deposits for \$ 3,698 gold and \$18,445,260 paper.

Comparisons:—	September, 1911.		August, 1911.		July, 1911.		September, 1909.	
	\$ gold.	\$ m/n.	\$ gold.	\$ m/n.	\$ gold.	\$ m/n.	\$ gold.	\$ m/n.
Deposits—Gold	833,568,593	834,959,790	\$34,873,167	835,281,049	\$14,136,162	834,136,162	1,018,544,848
Deposits—Paper	1,261,399,920	1,273,126,347	1,267,921,910	1,201,413,892	32,610,176	30,944,038	
Discounts and Overdrafts—Gold	32,106,236	31,867,162	31,233,564	32,610,176	1,156,922,620	908,869,443	
Discounts and Overdrafts—Paper	1,332,466,581	1,312,986,040	1,264,370,492	1,156,922,620	58,316,785	70,367,576	
Cash Balances—Gold	56,133,234	58,796,609	57,467,031	58,316,785	345,097,173	315,292,328	
Cash Balances—Paper	353,736,239	368,470,679	364,744,386	345,097,173	.....	.....

Banco de Nuevo Leon

MONTEREY, N. L., MEXICO

ESTABLISHED OCT. 1, 1892

Capital paid up, \$2,000,000

Reserves, \$823,875.00

Deposits, \$9,002,244.00

GENERAL BANKING BUSINESS TRANSACTED

Principal Correspondents:—NEW YORK, National Park Bank, Mechanics & Metals National Bank; LONDON, Dresdner Bank, Credit Lyonnais; BERLIN, Deutsche Bank, Berliner Handels Gesellschaft; PARIS, Credit Lyonnais, Comp. toir National d'Ecompte; HAMBURG, Deutsche Bank Filiale Hamburg, Commerz und Disconto Bank; MADRID, Banco Hispano Americano, Banco de Castilla; HABANA, Banco de la Habana.

RODOLFO M. GARZA, Manager

ARTURO MANRIQUE, Accountant

AMADOR PAZ, Cashier

BANK OF AGUASCALIENTES, MEXICO

THE statement of the Bank of Aguascalientes of Sept. 30, 1911, shows the following condition of that institution on the date mentioned:

ASSETS.

Cash on hand, specie and fractional currency	\$414,657.38
Notes of other banks	17,545.00
Loans, discounts, etc.	2,510,825.11
	<u>\$2,943,027.49</u>

LIABILITIES.

Capital	\$600,000.00
Reserve funds	60,899.41
Deposits	1,087,098.67
Accounts payable	536,859.41
Notes in circulation	658,170.00
	<u>\$2,943,027.49</u>

CASH COUPONS IN MEXICO

EVERY progressive savings institution of Mexico City—the Fondo Mexicano de Ahorros—established not more than a year ago, has put into operation in Mexico an advanced system of trade coupons that seems to be quite inducing.

Several stores, with which the Fondo Mexicano has negotiated, give their buyers coupons for the amount of their purchases. These coupons, in amounts of ten pesos, are exchanged for "consumers' certificates," which are issued to the bearer, with six per cent. interest and redeemable by monthly drawings for a period not exceeding thirty years. Within such period all the certificates are redeemed, practically returning to the consumer the full amount of his purchases.

While the system in principal is founded on the same basis as all the other classes of trade coupons it is a very clever combination that is intended for the good of both the seller and the buyer, giving at the same time a certain profit to the institution that is at the back of it.

Since its organization the Fondo Mexi-

cano de Ahorros has distinguished itself for its progressiveness and its advanced ideas on savings operation. It issues also savings bonds of different denominations intended to accumulate their value by means of monthly payments and compound interest. The saver has, outside of the working of compound interest on his money, the advantage of the monthly drawing by which the bonds are redeemed before maturity for much more than their paid-up value. The company cedes a portion of its profits to the holders of its bonds and thus encourages thrift.

Mr. Rafael Espin, manager and founder of the institution, has had a long experience in these matters and has applied them quite successfully in the capital of our neighbor Republic. The people of Mexico have full confidence in the management of the company that includes very prominent gentlemen of the country. Mr. Alfonso de Redil, president, and all the other members of the board of directors are well-known people, of ample means, and have made a big success of the employment of the savings of their customers.

The capital of the Fondo Mexicano de Ahorros is \$1,000,000, Mexican currency, divided into \$100 shares, and it carries on a business that has been increasing ever since its establishment.

THE OUTLOOK IN MEXICO

THE new régime in Mexico will, of course, be on trial for some time, but the prospects are decidedly favorable. The leaders have shown moderation as well as progressiveness. They realize that politically the time has come for more popular control, and the recent election was a long advance on those which have preceded. They also realize that an industrial change of policy is required, but they do not intend to bring this about in a way to interfere with rights already granted. Those investors who obtained their privileges from the

**THERE ARE THREE DEPARTMENTS OF THE
Ca. Bancaria de Fomento y Bienes Raices, de Mexico, S. A.**

REAL ESTATE

This department buys and sells all kinds of land in every part of the Republic—City or Country. Houses bought, sold and constructed. Ranches subdivided into smaller ones.

V. M. Garces, Manager.

PUBLIC WORKS

This department does paving work, makes surveys, constructs sewerage systems, etc. It has improved the Cities of Mexico, Puebla, Guadalajara, Durango and others.

Manuel Eiguere, Manager.

BANKING

This department finances the other two departments and does all kinds of business in relation to banking.

Xavier Icaza y Landa, Mgr.

CORRESPONDENCE IS INVITED

**Compania Bancaria de Fomento y Bienes Raices, de Mexico, S. A.
MEXICO, D. F.**

President—F. PIMENTEL Y FAGOGA

1st Vice-Pres.—F. MACEDO

2nd Vice-Pres.—LUIS BARROSO ARIAS

former Government will be protected, but hereafter Mexico will combine a desire for industrial development with a desire for such terms and conditions as will protect her public.

Editorial in COLLIER'S for October 14.

**ANGLO-SOUTH AMERICAN BANK,
LIMITED**

THE twenty-third annual general meeting of the shareholders in the Anglo-South American Bank, Limited, was held October 18, at Winchester House, London, Sir Robert Harvey (the chairman) presiding.

The report of the directors for the year ended June 30 last stated that the net profit, after making allowance for rebate, etc., amounts to £206,727 9s. 2d., which, together with £48,478 6s. 7d. brought forward, makes a total of £255,205 15s. 9d., of which £58,854 3s. 4d. was absorbed by the interim dividend paid on April 27 last. There is now an available balance of £196,351.

In his address the chairman said:

"The year under review has been one of prosperity in Chili, where the improvement in the condition of the nitrate industry has reflected itself in the position of many of the houses which had suffered by the catastrophe that occurred there five years ago, and we may now confidently say that the commercial effects of that event have been fully counterbalanced by the subsequent prosperity, whilst the national losses incurred thereby have been, to a very large extent, made up by the greatly increased revenue derived by the government in respect of export duty on nitrate.

"The year under review has been favorable to some extent to the development of Argentina, although the crops were adversely affected by drought. Wheat and

oats, indeed, gave better results than the preceding year, and a considerable deficiency of the linseed crop was compensated by the exceptionally high value that crop fetched in the market; owing to a drought of unprecedented severity and duration, only ten per cent. of the maize crop could be gathered. The drought has come to an end, and the weather for the coming crops is all that can be desired. It may, indeed, be said that the present prospects are as good as they have ever been. Everything points to large crops and an abundant harvest, and if there be no setback before December, we may see another wave of prosperity in the Argentine Republic. The area under cultivation was increased by fifteen per cent., and there was an ample supply of labor.

"Leaving aside agriculture, which in the past year did not altogether answer expectations, and turning our attention to that other important factor in Argentina's economic life, viz., the great cattle breeding interest, we may say that it has gone through a season of particular prosperity. The freezing industry has kept on the increase. Over one million oxen coming from the fine and large herds of which Argentina can boast, have been exported and sold at continually rising prices. The outlet for these in Europe, owing to the improvement in the breed and the prevailing high prices of meat, is practically unlimited. The wool clip has also been larger than last year, and has sold extremely well. The wine industry in Mendoza continues to flourish, and those interested in it have continued to make good interest on their money invested.

"During the year we have opened a branch office in San Rafael, which district, at present, is in the stage of early development, and although we do not anticipate making large profits for some time to come, we think it well to be in a position to benefit by the growth of the district which appears probable.

"The value of urban and rural property has continued to rise, and it is possible that it has, in some cases, reached a level from which a certain reaction may be looked for,

BANCO MERCANTIL DE MONTEREY

MONTEREY, N. L., MEXICO

A CORPORATION

Official Depository for the Government of the State of Nuevo Leon

Capital Resources, \$2,500,000. Reserves, \$291,239.06

Manager, MR. JOSE L. GARZA

Cashier, MR. ENRIQUE MIGUEL

Accountant, MR. F. M. de la GARZA

Buys and Sells Domestic and Foreign Drafts. Issues Letters of Credit.

Takes charge of any collections entrusted to it on a moderate rate for commission and remittance.

Buys and sells for account of others, government, municipal, banking and mining stocks and bonds.

Principal Correspondents—National Park Bank and Hanover National Bank, New York; Banco Hispano Americano, Madrid, Spain; Credit Lyonnais, Paris, France; Credit Lyonnais, London, England; Deutsche Bank Filiale Hamburg, Hamburg, Germany.

and may even be desirable. But with the producing power of the country on the increase, and the earning power of camp lands at a level which shows good interest on present values, owners, particularly small proprietors, are still bent upon increasing their holdings. Large numbers of immigrants go into camp, helping with their work to bring new land into bearing, and then invest their savings in the land which they have helped to reclaim, and so become themselves small proprietors. This confidence in the future appears as strong to-day as it has been in the past.

"The influx of gold has not been as important as in former years, still the stock of gold in the Caja de Conversion has increased and amounts to £39,000,000.

"Exchange has ruled against the country to the extent of allowing of an export of gold, and should the crops fulfill their present promise, Argentina may again be a large importer of gold during the next half year.

"Turning to the balance-sheet, you will find that the improvement in trade, to which I have referred, is reflected in the figures that we submit to you.

"I am pleased to say that the result of our working for the quarter ended September 30 last is quite equal to our anticipations and is an improvement on that of the corresponding period of last year."

BANCO ESPANOL DEL RIO DE LA PLATA

THIS bank, says the London "Bankers Magazine," plays a very important part in the Argentine Republic, in which it has no less than forty-five offices, besides three in Brazil and one in Uruguay. It has also offices in London, Paris, Madrid, Barcelona, Genoa, Hamburg, Vigo, Valen-

cia and Corunna, so that its hold upon Argentine international commercial business must be very great. Accordingly, bearing in mind the fact that business in the Argentine is still progressing, although the harvests have not been quite so good as recently, it is not surprising to find that the net profits in the financial year ended June 30 amounted to £812,032, as compared with £622,544 in the preceding twelve months. The directors declare a dividend of twelve per cent. for the year, add £96,453 to the reserve, and £21,551 to the pension and benevolent fund, after which £8,256 remains to be added to the contingent fund, which, together with the statutory reserve funds, makes total accumulation of £2,833,586. This sum includes the premium of twenty-five per cent. received on the proportion paid up on the last two issues of new shares. Within the last year or so the capital, in fact, has been doubled, and now amounts to £8,730,158, of which £1,747,924 is uncalled. The deposits of the bank amount to £21,290,000, as compared with £20,146,000 a year ago.

FOR AMERICAN BANK IN MANAGUA

THE government of Nicaragua, through its special commissioner, E. H. Wands, has arranged with Brown Bros. and J. & W. Seligman & Co. for a temporary loan of \$1,500,000 secured by pledge of the customs receipts of the Republic. The loan is to bear interest at six per cent., and will be taken at par.

This loan will be utilized for the purpose of establishing an American bank at Managua, the capital of Nicaragua, with branches at Bluefields and possibly at two other important towns of the country.

This will be the first American banking

institution in South or Central America, with the exception of a branch of the International Banking Corporation, which was established at Panama to take care of the needs of the government there. For this reason the loan negotiated with the New York bankers is of great significance and marks an important step in the much desired progress of financial relations between the paramount republic of the western world and its southern neighbors.

The introduction of American capital in Nicaragua is expected to lead to considerably increased industrial and commercial activity in that little developed country.

GERMAN BANK PROFITS IN SOUTH AMERICA

THE following details in regard to the successful operations of the Brazilian Bank for Germany, furnished by Consul General Robert P. Skinner of Hamburg, may afford material reflection to American financial interests. The institution named has distributed dividends amounting to ten per cent. annually during the last six years, and according to the report for the year ending June 30, 1911, was able to make the subjoined statement:

	1910-11
Capital stock	\$2,380,000
Reserves	785,400
Uncashed checks	777,159
Time deposits	9,986,130
Discounts	16,421,896
Cash	6,752,183
Drafts	8,694,075
Stocks	1,493,905
Loans on collateral	8,909,502
Due from debtors	4,523,622
Bank buildings	443,748

The new business year is expected to yield satisfactory results, notwithstanding a threatened increase in competition on the part of several other European banking institutions about to be opened.

COSTA RICA

Messrs. Bénard & Jarislowsky, 19 Rue Scribe, Paris, offered on the second of December, for public subscription, 70,000 bonds of each 500 francs (francs 35,000,000) of the Republic of Costa Rica. The bonds that earn five per cent. are guaranteed by a first lien on the liquor monopoly. The net proceeds of the loan will be devoted to paying off the Pacific Railway bonds and the interior debt. The issue price is 91.50 per cent.

IMPROVING FINANCIAL CONDITIONS IN ECUADOR

THE telegrams exchanged between the Council of Foreign Bondholders and President Estrada, says the London "Economist," foreshadow a resumption, on January 1, of the service of Guayaquil and Quito Railway bonds, and it is understood that negotiations of a promising character are in progress for the payment in full of all arrears under the settlement of 1908. On this question, however, the creditors will probably find it advisable to exercise patience and consideration, the country having been left in severe financial straits by President Alfaro, who was induced to retire in August last, before the close of his legal term. His duly elected successor is a much more appropriate representative of the capitalists and land owners of the republic, and has a far better understanding of the meaning and value of national credit—a matter of supreme importance in view of the announcement that the Panama Canal will probably be completed in two years' time. No region will benefit more by it than Ecuador, provided that intending investors have good reason for confidence in its government. The reported resignation of the Finance Minister, owing to a disagreement with President Estrada, is not thought, in the best-informed quarters, to have any substantial significance. In South America,

	1910-11
Balance	\$110,500
Profit of branch offices	310,297
Profit of main Hamburg office....	134,094
Total	\$555,491
Expenses and income taxes deducted therefrom	37,623
Profit	\$517,868

as at Washington, a President is a good deal more than a prime minister and a member of the cabinet is his subordinate, not his colleague. Moreover, President Estrada is believed, in financial matters, to be the more competent of the two.

A settlement of the Ecuadorian debt was thought, until recently, to be most likely to come about as part of a comprehensive plan involving a large new loan, of which a portion would be devoted to the drainage and water supply of Guayaquil; but since the failure of the recent negotiations in this direction, this question has become severed from those of the railway and salt bonds, which are national obligations, and it is announced that the Chamber has just passed a bill sanctioning a municipal loan for sanitation of 50,000,000 francs, the concession for which is held by a M. Coignet. It will presumably be taken up in Paris, and has, at any rate, a more tangible security, than any that could at present be offered by the Na-

Mexico City Banking Company, S. A.

AVENIDA SAN FRANCISCO No. 14

Capital and Surplus \$1,000,000

COLLECTIONS AND ALL BANKING MATTERS GIVEN PROMPT AND CAREFUL ATTENTION

tional Government. The elimination of President Alfaro has been followed, by the death, in New York, of Mr. Archer Harman, the president and virtually the maker of the Guayaquil and Quito Railway, who had long been intimately concerned in Ecuadorian finance and politics, and was locally regarded, with very good reason, as an active agent in promoting the influence of the United States over the republic. His retirement, following that of President Alfaro, has marked a complete change in the tendencies of its government.

MEXICO

The balance sheet for November, 1911, of the Banco de Nuevo Leon of Monterrey, Mexico, as usual, shows the state of prosperity of the institution, despite the prolonged distressed political conditions of the country.

The bank has a paid-up capital of \$2,000,000 and surplus of more than \$600,000, a note circulation of \$1,908,771 and a cash reserve of \$894,064.18. Public funds (bonds) and other securities aggregate \$1,041,073; loans, discounts and current account debtors, \$5,432,308.67; deposits, \$1,359,533.69.

On December 5, 1911, the Mexican treasury had the following amount of disposable resources:

Exchange and currency commission	\$18,920,991.87
Federal Treasury in cash	12,390,396.32
Bank of England	10,738,648.15
Speyer & Co.	954,023.67
Lazard Freres	72,816.98
Ladenburg Thalman & Co.	628,448.78
Chase National Bank, New York	250,424.36
Glyn Mills Currie & Co.	77,694.67
N. M. Rothschild & Sons	24,143.90
National Bank of Mexico	2,178,400.00
	<hr/>
	\$46,235,988.70

And some \$1,636,348.71 in other government collecting offices, making a total of \$47,872,337.41, Mexican currency.

The Banco de Guanajuato is in a flourishing condition and is increasing its business and its good standing permanently.

It has a capital of \$3,000,000, all paid in, and a surplus fund of \$200,000. Circulating

notes outstanding November 30, 1911, amounted to \$1,153,140; deposits to \$2,020,477.09; loans and discounts to \$3,670,562.59; debtors in current account, \$1,337,600. The bank has branch offices in Irapuato, Gto.; Guadalajara, Jal., and Zamora, Michoacan.

ARGENTINE REPUBLIC

The government has approved the statutes of the Banco Mercantil Del Rio De La Plata, with a capital of one million pesos.

The Banco De Fomento Agropecuario has been registered with a capital of one million dollars, in 2,000 shares of \$500 each.

The gold in the Caja de Conversion on October 6, 1911, amounted to \$192,656,003. One year before it stood at \$173,318,674.

The legislature of the province of Buenos Aires has approved the floating of a loan for £350,000 by the Bahia Blanca municipality.

The visible stock of gold in Buenos Aires in September 30 was 248 millions, of which 192 were in the Caja de Conversion and fifty-six in the banks.

Exchanges—In Valparaiso, October 6, 10½ pence for one peso paper; in Rio Janeiro, 16¼ pence for one milreis (\$1); in Montevideo, 51 9/16 pence per peso.

The movement of the Bankers' Clearing-House for September, 1911, comprised \$426,676,388 paper, as compared with \$402,018,392 for September, 1910, and \$350,336,201 for September, 1909.

The Banco Del Hogar Argentina has been able to place in Paris \$10,000,000 in 4½ per cent. gold mortgage debentures on real estate in Argentina. The issue price was 92.50 per cent.

The rate of interest in Buenos Aires was, for good paper, seven and one-half to eight

per cent. per annum, with ample demand. Banks were disinclined to do business with new clients. There is, then, need of more money.

Mortgage business in Argentina seems to be one of the best paying and one of the most popular forms of investment. In 1909 the total amount of mortgages registered in the federal capital was \$31,216,923, whereas during the first eight months of 1911 there were registered \$131,687,737.

The Court of Appeal has upheld the finding of the lower court to the effect that a foreign limited liability company whose operations are mainly carried on abroad, is domiciled in that country, and consequently can demand the inscription of its statutes without the previous assent of the Argentine Government.

The Executive Government has promulgated law No. 8,172, that reforms the char-

ter of the National Mortgage Bank. The bank has been authorized to increase the issue of its debentures to \$500,000,000, an increase of \$200,000,000 over the previous limitation. The bank is authorized to receive savings deposits from \$1 to \$10,000, to be invested in its own debentures. The Federal Government guarantees the debentures and savings deposits. All debentures are to be in coupon form, to earn not more than six per cent. interest and to be redeemable by a one per cent. sinking fund. Redemption of debentures are to be made by drawings when the market price is par or above par, and by purchase on the market or bids when such price is below par. Denominations of debentures from \$25 to \$5,000. Interest on debentures can be made in other cities than Buenos Aires within or without the country. The rate of commission that heretofore had been of one per cent. per annum for the entire term of the mortgage loan, has been reduced to one-half per cent. for the second third part of the time and one-quarter for the last third.

BOOK REVIEWS

THE MAN WHO LIKES MEXICO. By Wallace Gillpatrick. The Century Co., New York. Price \$2.00 net, postage 15 cents.

Probably no other American has written of Mexico and its sunny cities with such absolute faithfulness to the life of the people and with such an intimate and sympathetic touch as Mr. Gillpatrick in this altogether delightful travelogue. The author has spent six years of his life in visiting the romantic spots of our sister Republic and his story has all the charm that a good book of personal narrative should have, together with a good bird's-eye view of the country geographically and historically; and the reader enters sympathetically into the many unusual adventures by the way, the rambles into odd corners, the romantic excursions looking for lost mines, the intimate acquaintance with Mexico's social life.

Altogether a book worth reading.

THE CHANGING CHINESE. By Edward Alsworth Ross, Ph.D., LL.D. The Century Co., New York. Price \$2.40 net, postage 18 cents.

The author of this interesting presentation of the conflict of Oriental and Western cultures in China is Professor of Sociology

in the University of Wisconsin and has written a number of books dealing with questions of sociology. His latest book, written on the basis of six months of inquiry and 10,000 miles of travel in China, is therefore the first pronouncement on the subject by a competent representative of the young but ambitious science of sociology.

Unlike the diplomat who traces the ills of China to a medieval government, or the business man who traces them to industrial backwardness, or the missionary who traces them to lack of true religion, Professor Ross finds these ills root chiefly in certain peculiarities of Chinese social organization. He holds among other important points that:

The race mind of the Chinese is not appreciably different from our own, and their so-called "race traits" are what we would probably show if we had been subjected to their circumstances and historical development.

The oft-praised solidarity of the Chinese family, far from being a source of strength, has so stimulated multiplication as to make China the theatre of the direct struggle for subsistence to which any civilized people has ever been subject.

By extensive inquiry among physicians in China he has established that the menace of the coolie's competition with the white laborer is not the coolie's superiority in efficiency, but the greater tolerance of his physique to coarse food, contaminated water,

bad air, fatigue poison and noxious microbes. The yellow laborer can underlive the white, but not outdo him.

Professor Ross deals with all the important relations between China and the

West, and his conclusions are positive and novel and supported by a wealth of facts. It is a book of interest for the general reader as well as for the student in its picturing of Chinese life and customs.

AMERICAN MONEY IN CIRCULATION IN CANADA*

By R. B. McCarthy

CONDUCTING business between two countries has always offered problems to solve. There are duties to consider, exchange values of local currencies to figure and often the language itself to translate. It is with the second of these that at present we are chiefly concerned. Many times has the subject of foreign exchange been discussed and, indeed, the value of credit in a foreign country can now be accurately reckoned, but little has been said about the effects of the actual money straying into another country and remaining in circulation there.

We, in Canada, are in a peculiar position which has scarcely analogy anywhere. Adjoining our borders is another country having ninety-three millions of people to our seven millions, a proportionately greater amount of money in circulation, and that money being similar in face value, in material, and even in denomination. As a natural result much of that same money finds its way into Canada—how much, has never been accurately estimated. The fact that it comes into Canada is of little importance compared to the fact that it practically *stays* there, circulating freely along with our money.

It is well known that, with the exception of the border cities, our money is taken, if at all, at a discount in the States, although their's passes easily at par here. Unthinking people will tell you that the reason is only the unreasonableness and meanness of the Americans which results in the difference, and that we should retaliate by doing likewise. Under the present Banking Systems of the two countries a change is almost impossible. No American banker will deny the soundness of the Canadian bank-note (unless through his ignorance of our currency system) although being unacquainted with the actual notes, he may be uncertain as to their genuineness. That is not why they are refused.

To illustrate the real reason we will take two cases—a person presenting a single note

and one presenting a considerable number. Let us suppose a person presents a \$10 Canadian bill to a bank in Kentucky and asks to have it changed. The banker would have to dispose of part of his cash—part of his lawful reserve—and in return for what? To him the \$10 bill is but a demand credit instrument payable in Canada: even his New York correspondent will not take it at par, for it is not payable in New York any more than it is in Kentucky. He has the choice of sending the single bill forward for collection or holding (and thereby losing interest thereon) until he collects enough for a shipment. Now take the case of a larger quantity, say \$1,000. Like the single bill it is a dead loss to give the equivalent in American currency in exchange. The \$1,000 purchased is not bearing interest and will necessitate express charges to ship it to a Canadian correspondent who would send in return a New York or Chicago draft, which, in its turn, would take several days longer to realize on. The American banker is, by the 10 per cent. prohibitory clause in the National Bank Act, prohibited from paying the notes out over the counter again; and by the same Act, they cannot be counted as part of the reserve required by law. Of course, if the larger amount is taken on deposit the banker has some compensation for his outlay; but money that will only be taken on deposit, and then only if in large amounts, will never circulate on a par with currency payable away on demand.

Now, reversing the supposition, let us take two similar cases in Canada. Suppose a person presents \$10, or \$1,000, in American money at a Canadian bank. He will immediately be handed out the same amount of Canadian currency or given credit in full for the amount presented. The Canadian bank profits whether it gives cash or credit in exchange. This is easy to understand when we consider what actually happens in the exchange. The bank, in giving its own notes in exchange, gets a loan without interest, repayable it is true on demand, and instead of lowering its cash reserves it increases them. Unlike the

* From the Journal of the Canadian Bankers' Association.

American bank which sells part of its cash reserves for credit; the Canadian bank *sells its own credit* for credit which, at a slight expense, can be converted into cash.

Thus we see that, under existing conditions, while Canadian currency will always be at a discount in the States, their money will easily remain at par in this country and, indeed, could almost be taken profitably at a premium if our circulation was very low.

The action of the Government in paying the banks to export American silver, although it results in a great deal of it being shipped out, also places it on an unquestionably equal footing in value with the Canadian silver.

When we consider that every \$5, \$10, and \$20 American bill is displacing a Canadian

banknote; when we consider that every \$1 and \$2 American bill is displacing a Canadian Government note; and when we consider in this country is depriving our Government of a seigniorage that rightfully belongs to it, we see what an important subject this is. As stated before, the amount in actual circulation here has never been calculated, or even estimated, but it must be enormous. The notes in circulation are in reality but a free loan to the American banks and Government on which they earn many thousands of dollars annually which rightfully belong to our own banks and Government.

Up to the present time little has been done to remedy this, and indeed nothing could be done unless it were by the concerted action of the Government and all the banks.

MODERN FINANCIAL INSTITUTIONS AND THEIR EQUIPMENT

THE SOUTH NORWALK TRUST COMPANY, SOUTH NORWALK, CONN.

THE South Norwalk Trust Company was organized under a special charter by the Legislature of the State of Connecticut in the early part of the year 1901. The company opened its banking rooms April 15, in the First National Bank Building at No. 24 Washington street. By the end of the year business had increased to such proportions that more adequate facilities were required.

At this time the premises at No. 93 Washington street was purchased and the building remodeled. Vaults, safes and improved banking equipment were installed. On March 1, 1902, the company opened its new quarters to the public. The business of the company constantly and steadily developed in all of its various departments and during the year 1910, at the end of the ninth year of the company's enterprise, it was evident that larger and better adapted accommodations were required for their many patrons and increased clerical force.

The property adjoining was accordingly secured and plans were made for the remodeling of the two buildings, transforming them into one large and spacious banking room, with every up-to-date auxiliary. The new banking rooms were formally opened to the public October 1, 1911, and compare

favorably in their completeness and elegance with any financial institution in the State.

The entire work was in the hands of the Bankers Building Bureau of New York, and was completed in a manner entirely satisfactory to the management of the Trust Company.

The street entrance is on a level with the sidewalk, the outer double doors opening into a roomy vestibule, then passing through the inner double doors direct into the centre of the public banking lobby.

The commodious working floor space is 42x72 feet. The public banking lobby is fitted up with marble, bronzed grill work, etched plate glass, tile floor, marble, bronze and glass check desks, marble settees and all accessories in keeping. The woodwork and all the banking furniture are of oak, with light satin finish.

Directly in front of the main entrance to the public banking lobby are the tellers of the commercial and general banking departments. On the left is the savings and new accounts departments; on the right, the safe deposit and trust funds departments. Also on the left a bronze gateway opens from the public lobby into the secretary's and treasurer's room, this room also having a

connecting doorway from the accountants working room in the rear. Adjoining the treasurer's office is a private room for special requirements. These rooms are side paneled with oak to match the general woodwork and have parquet floors.

real estate and insurance; Edwin O. Keeler, president Fairfield County National Bank; Nelson Taylor, the Baker & Taylor Co., publishers; Asa B. Woodward, president Fairfield County Savings Bank; Franklin A. Smith, vice-president Martin Bates, Jr.,



THE SOUTH NORWALK TRUST COMPANY BUILDING 1911

The officers of the South Norwalk Trust Co. are as follows:

Richard H. Golden, president; Edwin O. Keeler, vice-president; Charles E. Hoyt, secretary and treasurer.

The trustees are:

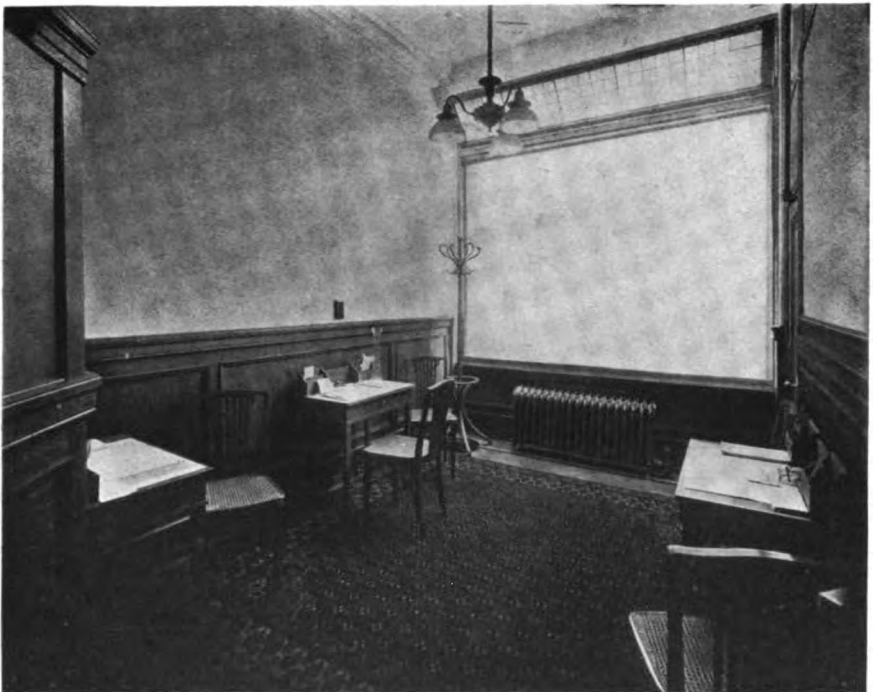
Richard H. Golden, Taylor & Golden,

& Co., importers; Thomas I. Raymond, Raymond Brothers, merchants, building material, coal and grain; Joseph R. Taylor, attorney and counselor-at-law; David H. Miller, Jr., Gilbert & Bennett Manufacturing Co., wire goods; Charles E. Hoyt, secretary and treasurer.

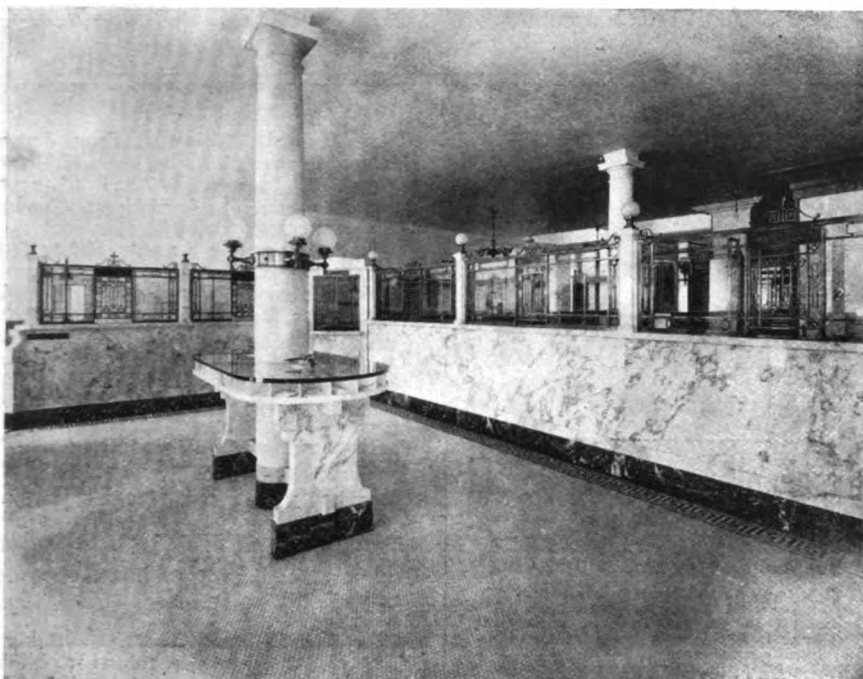
The statement of the company as of December 30, 1911, is as follows:



TRUSTEES' ROOM—MANAGEMENT AND BANKING STAFF



LADIES' ROOM



SAVINGS DEPARTMENT AND NEW ACCOUNTS

RESOURCES.		LIABILITIES.	
Loans	\$466,885.71	Capital	\$50,000.00
Bonds and securities	354,025.00	Surplus	30,000.00
Real estate loans	514,340.00	Undivided profits	31,265.57
Due from banks	94,664.48	Deposits	1,401,872.22
Banking house, vault and fixtures	55,000.00	Dividends	1,512.00
Cash in vault	42,097.85	Due to banks	12,363.25
	<hr/>		<hr/>
	\$1,527,013.04		\$1,527,013.04

SIMPLIFYING THE BANK STATEMENT

THE Bank of Coney Island, New York, has established one good custom that ought to be followed by other larger and older banking institutions throughout the country. It interprets for the benefit of its depositors and customers the quarterly statements of condition which it renders to the State Banking Department. It is the custom of practically every bank to issue condensed reports of these official statements without comment, leaving it to their patrons to figure them out as best they may.

But the Bank of Coney Island goes to the pains of explaining just what security is behind every dollar entrusted to it. The explanation of the report starts out with

the aggregate amount the bank owes depositors. It then proceeds: "We have on hand to pay them: cash on hand and on deposit -----; bonds, convertible into cash within twenty-four hours -----; demand loans -----; high grade commercial paper payable at varying dates in October, November and December -----; high grade commercial paper payable in January and February -----; and local time loans payable in less than eighteen days. The aggregate of these amounts equals the liability to depositors, in excess of which other investments are lumped to show the total resources of the institution, and the margin of safety in case of complete liquidation."

BANKING AND FINANCIAL NOTES



Merchants National Bank

RICHMOND, VA.

Capital - \$200,000
Surplus and Profits, 1,000,000

This bank is the largest depository for banks between Baltimore and New Orleans. It is Virginia's most successful National Bank. It has the best facilities for handling items on the Virginias and Carolinas. Collections carefully routed. Correspondence Solicited

Elections in Detroit Banks.

At a recent meeting the following were elected directors of the Union Trust Company of Detroit: Henry B. Ledyard, F. J. Hecker, A. E. F. White, Henry Russell, Elliott T. Slocum, Charles A. Ducharme, Harry A. Conant, Charles L. Palms, Philip H. McMillan, Herbert E. Boynton, George Hendrie, Albert L. Stephens, Paul F. Bagley, Burnham S. Colburn, George B. Remick, Frank W. Blair, George M. Black, Allen F. Edwards, George H. Russel, Gerald J. McMechan, J. C. Hutchins.

In the Detroit Trust Company the following were elected: John H. Avery, Frank C. Baldwin, Arthur H. Buhl, Edward H. Butler, James Couzens, James E. Danaber, James F. Davidson, Charles A. Dean, Samuel T. Douglas, Frederick E. Driggs, John M. Dwyer, Frank W. Eddy, Frank W. Gilchrist, Julius H. Haas, Benton Hanchett, Julian H. Harris, Oren S. Hawes, Alexander I. Lewis, Lucius Lilley, Alexander McPherson, Sidney T. Miller, Edwin C. Nichols, George Peck, Daniel L. Quirk, Jr., Walter Scotten, Edward D. Stair, Chester G. White, Ammi W. Wright, Henry Ford, William A. Butler, Jr.

Directors elected by the Security Trust Company are: Russell A. Alger, John N. Bagley, Lera W. Bowen, Henry M. Butzel, Emory W. Clark, Dexter M. Ferry, Jr.,

John B. Ford, William J. Gray, James S. Holden, Charles C. Jenks, John H. Johnson, George E. Lawson, William Livingstone, Charles Moore, M. J. Murphy, Charles O. Patch, James D. Standish.

The board of the Security Safety & Collateral Deposit Company are: Emory W. Clark, William J. Gray, James S. Holden, C. C. Jenks, George E. Lawson, M. J. Murphy, Charles O. Patch, Charles Moore, James D. Standish.

Directors of the Old Detroit National Bank have elected James H. Flinn a director to fill the vacancy resulting from the death of his father, Elisha H. Flinn. J. B. Ford has been elected vice-president to fill the vacancy caused by the death of Mr. Flinn.

Annual Meeting of Connecticut Savings Banks.

The Savings Bank Association of Connecticut held their ninth annual meeting at the Hartford Club on Prospect st. in Hartford Wednesday, December 13. It was the most largely attended meeting which the association has ever held, which shows the interest being taken throughout the State, and several important items of business were transacted. The discussions of the day were also of great value and everything

ASSETS REALIZATION COMPANY

CAPITAL, - \$10,000,000

Will loan on security requiring special investigation or close supervision, and not available for bank loans. Large enterprises financed. Prompt investigation of security offered, whatever its character or location.

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SOUND BANKING



GOOD SERVICE

Security and Service

Since its organization, thirty-eight years ago, the Bank of Buffalo has endeavored to maintain high standards in banking. It has served its customers well during good times and panics alike.

It now offers you the advantage of the financial experience and security attained by long adherence to sound banking principles. The Bank's officers invite your account with the assurance that it is in a position to give you first-class banking service.

WRITE US FOR TERMS.

BANK OF BUFFALO BUFFALO, N. Y.

Capital and Surplus, \$1,000,000

Total Resources Over \$10,000,000

ELLIOTT C. McDOUGAL, President
LAURENCE D. RUMSEY, Vice-Pres't

JOHN L. DANIELS, Cashier
RALPH CROY, Asst. Cashier

indicates the progress which the association is making and shows that it is assuming a more important position each year. The business meeting was called to order at 11:30 by the president, W. H. Catlin, of Meriden.

The officers were then elected for the ensuing year as follows:

President, Edwin S. Hunt, Waterbury.
Vice-presidents, Frederick Ells, Norwalk; George H. Stoughton of Hartford and A. T. Bissell of Rockville.

Secretary, Arthur T. Nettleton of New-ton, re-elected.

Treasurer, P. LeRoy Harwood of New London, re-elected.

Executive committee, George S. Rowe of Winsted, Samuel L. Hawley of Bridgeport, Edwin H. Deming of Farmington, F. Gildersleeve of Portland, Eugene W. Chaffee of Moodus.

Committee on nominations for 1912, Wm. H. Catlin of Meriden (chairman), W. P. Chapman of Norwalk and George E. Judd of Waterbury.

Charles E. Hanaman, president of the Troy Savings Bank, and also president of the Savings Banks Association of New York gave an address on "The Trustee Savings Bank." He referred to the original idea in organizing the savings banks and as compared with the commercial banks their work in the nature of a philanthropy.

Bank Commissioner Arthur B. Chapin of Massachusetts, formerly treasurer of that State, was the last speaker of the afternoon. He gave a lengthy talk on the Massachusetts system of bank supervision, which is considered about the most efficient in the country. The talk was technical and included a history of the Massachusetts supervision from the time the first savings bank was instituted in Boston in 1816 until the present time, when there are over 500 institutions and agents in the State.

A Fifty Per Cent. Dividend.

Shareholders of the First National Bank of New York will receive a total of fifty per cent. on the \$10,000,000 capital of the institution in 1911, as compared with forty per cent. paid in 1910. The directors have declared the regular quarterly disbursement of seven per cent. on the bank stock and three per cent. on the shares of the First Security Company and in addition an extra dividend of ten per cent.

The First National's stock is quoted around 970 bid, 980 asked, on the \$100 par shares. It was quoted at 840 in 1910. The directors paid thirty-two per cent. in regular disbursements and eight per cent. extra in 1910.

For many years previous to 1902 the bank paid 100 per cent. in annual dividends. In that year the capital was increased to \$10,000,000, and then the rate was placed at twenty per cent. This continued until December, 1905, when it was increased to twenty-five per cent. A five per cent. extra dividend also was paid that year. In December, 1906, the rate was advanced to thirty-two per cent. In May, 1908, at the formation of the First Security Company, 100 per cent. extra was paid. In 1909, thirty-two per cent. was paid.

New York Bank's Initial Dividend.

The directors of the Chatham and Phenix National Bank have declared an initial dividend of two per cent. on the \$2,250,000 capital stock, presumably putting the issue on an eight per cent. yearly basis.

The Chatham and Phenix National Bank was organized last February, as a consolidation of the Chatham National and the Phenix National banks. Shortly before the merger the Chatham declared a cash divi-

HASKINS & SELLS**Certified Public Accountants**30 BROAD STREET
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CLEVELAND, PITTSBURGH, BALTIMORE,
SAN FRANCISCO and**JOHN F. FORBES****Certified Public Accountant**

CROCKER BUILDING, SAN FRANCISCO

ANNOUNCE

the consolidation of their professional accounting businesses January 1, 1912, under the firm name of Haskins & Sells. Mr. Forbes will be the resident partner, with offices in the Crocker Building, San Francisco, California.

New York Bank Merger.

The last step needed to bring about the absorption of the Plaza Bank by the Union Trust Company was taken when the stockholders of both institutions met in December and ratified the agreement. Hereafter the Plaza Bank will be known as the Union Trust Company of New York, Plaza Branch.

McMaster Mills, who has been president of the Plaza Bank sixteen years, has been elected a vice-president of the Trust Company and will continue at the head of the Plaza institution.

Nashville A. I. B. in Session.

The Nashville chapter of the American Institute of Banking held its regular monthly meeting in the assembly room of the board of trade on the night of December 12, and an interesting program was carried out. The meeting was well attended, a large number of the prominent young bankers of Nashville being present. A number of papers dealing with subjects of interest to bankers were read. L. T. Ayers read a paper on "Circulation and Profits from Banks," which was followed by a discussion of "Conditions of Rushing Finances" by G. A. Glenn. F. M. Mayfield made a talk on the recent convention of the American Bankers' Association at New Orleans. A. H. Hammons spoke on "Believing In Yourself." His discussion was a forceful argument for self-reliance.

Following a business session and the first part of the program, the meeting resolved itself into a body of jurists and an inter-

dend of 100 per cent. and the Phenix a stock dividend of 40 per cent.

The deposits of the bank have increased more than \$3,000,000 since the consolidation, according to its last statement to the Controller of the Currency, made on December 5. The total deposits on that date were given as \$19,731,228, and the surplus and undivided profits as \$1,232,055.

\$25,000,000 Banks.

The following table shows the deposits of the leading banks in the United States on September 1 last, as compared with the previous call of June 7 and the corresponding call of a year ago, September 1, 1910:

	Sept. 1, '11	June 7, '11	Sept. 1, '10
City New York	\$249,839,700	\$238,986,681	\$224,911,766
Cont. and Com., Chicago	173,706,883	176,453,677	160,005,206
Commerce, New York	154,163,300	176,343,175	169,716,698
First, New York	122,354,100	145,320,846	112,386,944
First, Chicago	116,020,654	116,947,742	109,637,540
Chase, New York	113,474,000	104,318,195	96,150,273
Park, New York	105,550,300	108,834,676	101,874,331
Hanover, New York	101,986,500	109,408,858	105,184,417
Shawmut, Boston	85,438,615	89,139,926	73,962,031
Mech. and Met., New York	76,385,900	70,805,765	64,714,321
First, Boston	64,878,595	64,649,548	60,447,538
Corn Exchange, Chicago	61,934,564	59,623,165	58,602,313
Commerce, St. Louis	60,363,947	63,244,683	54,864,416
American Exchange, New York	53,789,409	61,849,218	44,648,860
Philadelphia, Philadelphia	51,341,452	52,436,238	48,308,587
Fourth St., Philadelphia	49,708,408	48,116,443	49,547,213
Fourth, New York	44,542,400	48,409,542	32,476,524
Girard, Philadelphia	40,080,164	40,212,398	36,251,703
Mellon, Pittsburgh	37,406,568	37,006,814	36,158,972
Third, St. Louis	36,135,628	35,668,745	31,253,803
Franklin, Philadelphia	34,742,842	38,405,587	31,439,097
Mech. American, St. Louis	33,745,582	31,949,716	29,256,481
Chemical, New York	32,533,600	34,106,950	31,247,533
Bank of California, San Francisco	32,116,381	29,683,517	31,498,149
First, Cleveland	30,933,927	30,247,210	28,102,976
Seaboard, New York	30,576,400	35,522,127	26,157,117
Irving Exchange, New York	29,006,600	31,251,842	26,922,773
Merchants, New York	28,483,600	26,727,553	26,121,453
Marine, Buffalo	27,784,808	27,648,384	23,338,659
Citizens Central, New York	26,211,900	26,797,877	24,889,930
Importers and Traders, New York	26,132,700	26,251,102	25,769,384
City, Chicago	26,082,000	29,259,967	22,224,338
Anglo and London, P. S. F.	25,995,077	25,131,246	22,418,532
First, Cincinnati	25,921,385	26,463,656	25,820,273
Bank of New York, New York	25,558,500	30,279,479	26,458,024
First, Kansas City	25,546,820	26,315,615	24,982,162

BINDERS AND BLANKS

OF UNIFORM EXCELLENCE

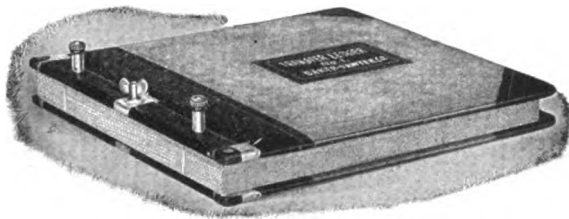
FOR ALL DEPARTMENTS OF BANK ACCOUNTING



CHICAGO

BAKER-VAWTER COMPANY

HOLYOKE, MASS.



esting mock trial was heard. One of the members of the chapter was tried for the alleged misappropriation of funds of the chapter.

The following amendment was added to the constitution and by-laws of the chapter:

Any officer or clerk of a bank or related institution in this city or vicinity may become a member upon his own application and election by the chapter.

At the May meeting in each year the chapter shall elect a president, vice-president, secretary and treasurer, who, together with three others similarly elected, shall constitute an executive committee with administrative authority, and the president who held office the preceding year shall be an ex-officio member of the executive committee.

Chicago Banks Prospering.

An initial dividend of two per cent. for the quarter on the stock of the Peoples Trust and Savings Bank has been declared. The institution started in business only a year ago, and it is understood that the earnings have since been at the rate of thirty per cent. on the capital stock.

The Continental and Commercial National Bank has declared the usual quarterly dividend of two and one-half per cent. The stock of the National Bank of the Republic has been active and strong of late, advancing several points, but rumors of a merger with some other institution are emphatically denied by officials of the bank. Directors of the Corn Exchange National Bank have declared the usual quarterly dividend of four per cent.

Elected Vice-President of Nashville Tenn., Bank.

Directors of the Hermitage National Bank, of Nashville, Tenn., announce that Watkins Crockett has been elected vice-president. Mr. Crockett has just returned

from New York City, where he was engaged in the banking business, at one time being connected with the Carnegie Trust Company.

Celebrating Anniversary.

The Torrington National Bank of Torrington, Conn., is celebrating the twelfth anniversary of its establishment. Its rapid growth and prosperity has made it in this comparatively short period the largest national bank in Litchfield County, Conn.

The first officers of the new bank were: President, George D. Workman; vice-president, Henry J. Hendey, and cashier, Hosea Mann. F. F. Fuessenich, George L. Lilley and L. R. Norton were elected on the board of directors.

The bank opened for business in temporary quarters in the Beers' block on Main street, December 12, 1899, and the first day's deposits amounted to \$5,583.97, most of which belonged to a single depositor. The most sanguine expectations of the new institution are realized to-day, with its deposits amounting to \$1,370,126.93 owned by 4,000 depositors.

The present officers of the bank are as follows: President, John F. Alvord; vice-president, F. F. Fuessenich; cashier, Hosea Mann; assistant cashier, John H. Seaton;

RUDOLPH GUENTHER

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Embracing the very latest foreign models, together with many beautiful and original styles by our own designers

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Fur Garments
Neckwear
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ALSO

A Very Large Assortment of

FUR AND FUR-LINED

COATS

FOR MEN AND WOMEN

EVERYTHING IN *FUR*
GARMENTS FOR MOTORISTS.

C. C. Shayne & Co.

126 WEST FORTY-SECOND ST.
NEW YORK

W. H. LEE, President
D. R. FRANCIS, Vice-President **E. B. CLARE-AVERY, Assistant Cashier**
A. L. SHAPLEIGH, Vice-President **J. P. BERG'S, Assistant Cashier**
GEO. E. HOFFMAN, Cashier **D. A. PHILLIPS, Assistant Cashier**
L. K. WISE, Assistant Cashier

The Merchants-Laclede National Bank

OF ST. LOUIS

Capital - - - - - \$1,700,000.00
Surplus and Undivided Profits \$1,850,000.00

A COMMERCIAL BANK

Interviews and Correspondence Invited

DIRECTORS

<p>JOSEPH R. BARROLL, Butler Brothers. J. S. BEMIS, Treasurer Bemis Bro. Bag Co. G. A. von BRECHT, President The Brecht Co. CHAS. CLARK, CHAS. A. COX, President Cox and Gordon Packing Co. S. S. DE LANO, Treasurer American Car and Foundry Co. D. R. FRANCIS, Francis, Bros. & Co. O. L. GARRISON, Pres. Big Muddy Coal & Iron Co.</p>	<p>ELIAS S. GATCH, President Granby Mining and Smelting Co. C. F. GAUSS, Pres. Gauss-Langenberg Hat Co. CECIL D. GREGG, President Evens-Howard Fire Erick Co. Pres. C. D. Gregg Tea & Coffee Co. S. E. HOFFMAN, E. R. HOYT, President Hoyt Metal Co. W. H. LEE, President. B. MCKEEN, Gen. Mgr. Vandalla R. R. Co.</p>	<p>C. W. MANSUR, Secretary John Deere Plow Co. JOHN J. O'FALLON, O. H. PECKHAM, President National Candy Co. DAVID RANKEN, G. R. SCUDDER, Vice-President Sam'l Cupples Envelope Co. A. L. SHAPLEIGH, Treasurer Norvell-Shapleigh Hardware Co. J. J. WERTHEIMER, President Wertheimer-Swarts Shoe Co. C. W. WHITELAW, Pres. Polar Wave Ice & Fuel Co.</p>
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teller, Frank M. Baldwin; directors, John F. Alvord, F. F. Fuessenich, B. S. Keefer, Charles H. Alvord, S. C. Workman, Frank M. Travis, Hosea Mann.

The following is an abstract of the report of the Comptroller of the Currency, showing the condition of the Torrington National Bank at the close of business, December 5, 1911: Resources, United States Bonds, \$101,000; other bonds, \$436,665; loans and discounts, \$845,590.65; in reserve banks, \$143,160.11; due from other banks, \$3,021.47; due from U. S. Treasury, \$5,000; banking block, \$30,000; cash, \$91,423.67; total, \$1,655,860.90. Liabilities, capital stock, \$100,000; circulation, \$98,600; deposits, \$1,368,506.52; surplus and net profits, \$86,754.38; total, \$1,655,860.90.

Bankers Trust Company of New York.

The board of directors of the Bankers Trust Company of New York has declared a dividend of six per cent. for the quarter ending December 31, 1911, and an extra dividend of six per cent. The dividends will be payable on January 2, 1912, to stockholders of record at the close of business December 26, 1911.

All employees of the Bankers Trust Company received a Christmas bonus equal to ten per cent. of their annual salaries.

Elections in Windsor Trust Co. of New York.

Howard M. Jefferson has resigned as vice-president and cashier of the Bank of Coney Island, New York, to become secretary of the Windsor Trust Company of New York. O. M. Tilden, heretofore secretary and treasurer of the Windsor, will serve as treasurer. John Markle has been elected a director of the trust company.

Colorado Banks Adopt Rules Regarding Collections.

Resolutions have been drawn up and signed by the four banks of Boulder, Colo., appropos to the expense and inconvenience attendant upon the presentation of drafts presented for collection. The resolutions read as follows:

Boulder, Colorado, Sept. 1, 1911.

Whereas, it appears that a large proportion of the drafts received at this point for collection are drawn "with exchange and collection charges," and the parties on whom these drafts are drawn almost invariably refuse to pay either exchange or collection charges, and that we are forced to return at least three-fourths of all drafts received, unpaid and at our own expense, thereby causing a loss aggregating hundreds of dollars each year; and, whereas, we can see no good reason why we should be obliged to

Capital \$2,500,000.00

FIRST
NATIONAL
BANK

Deposits, \$29,000,000.00

CLEVELAND, OHIO

Surplus and Profits - \$1,490,000.00

ACCOUNTS SOLICITED

Correspondence Invited

Collections a Speciality

act as collection agents for wholesale merchants of the trading centers in helping them to collect their past due accounts at a loss to ourselves or without just compensation for our services, we do hereby adopt the following rules regarding collections, to which we will adhere strictly after this date:

Rule 1. On all items whether drawn "with exchange" or "with exchange and collection charges" or not, a collection charge for each hundred dollars or fraction thereof will be made and deducted from the remittance.

Rule 2. On items returned unpaid from any cause whatever, a charge of 25 cents will be made to cover cost of recording, presenting, postage, etc.

Rule 3. Items sent for acceptance and return must be accompanied by a fee of 25 cents for services, stationery, postage, etc.

NATIONAL STATE BANK,
by W. S. Bellman, Cashier.

BOULDER NATIONAL BANK,
by C. C. Bromley, Cashier.

FIRST NATIONAL BANK,
by Chas. H. Cheney, Cashier.

MERCANTILE BANK AND TRUST CO.,
L. E. Chenault, Cashier.

Please Remit.

Three Little Rock Banks Merged.

The German National Bank has absorbed the American Bank and the newly organized Merchants and Planters' Bank of Little

Rock, Ark. The new institution will have a capital of \$1,000,000. Organization will be completed at a meeting of the stockholders on January 9, when John D. Goldman of St. Louis, who has large investments in Arkansas, will be elected president.

New Bank for Sioux City, Iowa.

The Comptroller of the Currency has granted a charter to the National Bank of Commerce of Sioux City, Iowa. The bank will be operated in the same room with the Farmers' Loan and Trust Company and will have the following officers: G. R. Whitmer, president; T. F. Harrington and D. C. Shull, vice-presidents; J. B. Alexander, cashier; J. W. Van Dyke, assistant cashier.

\$1,000,000 Trust Company Organized in Texas.

A \$1,000,000 trust company is the newest addition to El Paso's banking circles.

Announcement is made that the first \$1,000,000 corporation to be organized in El Paso has been formed, to be affiliated with the First National Bank.

Helena, Montana, Banks in Fine Shape at Close of Business December 5, 1911.

NAME OF BANK.	Bonds, Mortgages and Loans	Real Estate	Cash on hand and in other banks	Capital, Surplus and Un- divided Profits	Deposits
American National Bank...	\$1,829,998.26	\$45,000.00	\$978,409.02	\$610,591.36	\$2,242,815.92
Conrad Trust & Sav. Bank	722,491.92	63,898.69	137,134.66	242,177.71	981,347.56
National Bank of Montana	1,838,866.79	61,790.00	1,451,880.09	625,171.56	2,728,265.32
Thos. Cruse Savings Bank	349,399.91	3,497.64	315,931.45	140,373.67	528,455.33
Union Bank & Trust Co.	2,030,640.47	50,000.00	1,440,866.11	591,598.09	2,929,928.49
Total	\$6,772,397.35	\$224,186.33	\$4,624,241.33	\$2,209,912.39	\$9,410,912.62
Bonds, mortgages and loans..	\$6,772,397.35			Capital, surplus and undi- vided profits	\$2,209,912.39
Real Estate	224,186.33			Deposits	9,410,912.62
Cash on hand and in other banks			4,624,241.33		
Total	\$11,620,825.01			Total	\$11,620,825.01

The Union National Bank

CAPITAL \$1,600,000

Cleveland, O.

SURPLUS \$900,000

GEO. H. WORTHINGTON, President

E. R. FANCHER, Vice-President

G. A. COULTON, Cashier

W. C. SAUNDERS, Asst. Cashier

W. E. WARD, Asst. Cashier

E. E. CRESWELL, Asst. Cashier

Organized in 1884. More than twenty-five years of service back of us. May we be of use to you?

The directors of the First Mortgage and Guaranty Company have voted to increase the capitalization of the company from \$312,500 to \$1,000,000, and to change the name of the company to the First Mortgage and Trust Company.

It is understood that Joshua S. Reynolds, president of the First National Bank, has subscribed \$100,000 worth of stock and has agreed to accept the presidency of the newly organized trust company.

The other officers of the company will probably be the same as those of the First Mortgage and Trust Company, including James G. McNary, J. J. Mundy, W. L. Tooley, vice-presidents; E. W. Kayser, treasurer; R. N. Hines, secretary; C. M. Newman, Felix Martinez, J. M. Goggin, H. B. Stevens and the officers as directors.

The First Mortgage and Guaranty Company, of which the new \$1,000,000 trust company is the outgrowth, was organized on August 10 with a capital of \$100,000 and a surplus of \$25,000. This capital was later increased on October 5 to \$250,000 with a surplus of \$62,500.

Recognizing the need for such an institution, the new First Mortgage and Trust Company was formed, with the former organization as its nucleus, incorporating the trust company principle into the new company.

Seattle Bank Consolidation.

A consolidation of the Citizens' National Bank and the Mercantile Bank of Seattle, Wash., has been arranged to go into effect January 1. The controlling interest in the Citizens is reported to have been purchased from President H. O. Shuey and his associates by William N. Redfield, C. S. Harley and Joseph L. Jaffe, who represent the principal stockholders of the Mercantile. Mr. Shuey has resigned the presidency of the Citizens', Mr. Redfield having been elected his successor; H. N. Tinker and Samuel Rosenberg have also retired as vice-presidents of the Citizens and D. B. Fairley has been made a vice-president; Mr. Tinker,

who was formerly president of the Bankers' Trust Co. of Houston, entered the management of the Citizens' last summer, following the purchase by him of a block of its stock.

The Citizens' National was formed early in 1910 as successor to the business of H. O. Shuey & Co. Franklin Shuey will continue as its cashier. The bank has a capital of \$200,000. The Mercantile Bank began business in January, 1910. It has a capital of \$100,000.

Merger of Cincinnati Trust Co.'s

The merger of the Cincinnati Trust Co. with the Provident Savings Bank & Trust Co. of Cincinnati, which occurred on Nov. 21, has been formally ratified by the stockholders of the first-named institution. The following liquidating committee has been chosen: B. H. Kroger, president of the Provident Savings Bank & Trust Co., and Theobald Felss, both of whom represent the stockholders of the Cincinnati Trust Company, and M. E. Moch, representing the latter's directors.

New Accounting Firm.

Haskins and Sells, certified public accountants, of 30 Broad street, New York City, announce that they have consolidated their business with that of John F. Forbes, located in the Crocker Building, San Francisco. Beginning with January 1, 1912, the firm will continue under the name of Haskins and Sells, with Mr. Forbes as resident partner in San Francisco.

Former Supt. of Banking in California Heads New Institution.

A charter for the Capital National Bank of Sacramento, Cal., was issued by the Treasury Department under date of November 29. The institution has been organized to take over the commercial busi-

**THE
GARFIELD
NATIONAL BANK**

Fifth Avenue Building
Corner Fifth Ave. and Twenty-Third Street
NEW YORK

CAPITAL	SURPLUS
\$1,000,000	\$1,000,000

OFFICERS

RUEL W. POOR, President
JAMES McCUTCHEON, Vice-Pres.
WILLIAM L. DOUGLASS, Cashier
ARTHUR W. SNOW, Asst. Cash.

DIRECTORS

James McCutcheon	Samuel Adams
Charles T. Willis	William H. Geisheider
Ruel W. Poor	Morgan J. O'Brien
	Thomas D. Adams

ness of the Capital Banking & Trust Co. of Sacramento. The latter will continue in operation, devoting itself to a trust and savings business. The Capital National has a capital of \$100,000. Its officers are Alden Anderson, president; F. W. Biewener, vice-president, and W. W. Bassett, cashier. Mr. Anderson was formerly State Superintendent of Banks; he is president of the Redding National Bank.

Arizona Bank Reorganized.

The Farmers & Merchants' Bank of Phoenix, Ariz., has been reorganized, and it is stated that its paid-in capital will shortly be increased from \$25,000 to \$50,000. The institution is of recent origin. It was established by Frank S. Westfall and J. B. Westfall, who have resigned as president and cashier, respectively. James P. Ivy has succeeded to the presidency; A. G. Smoot is vice-president; and Leroy H. Cville, secretary of the Arizona Trust Company, and previously assistant cashier of the Valley Bank of Phoenix, has been made cashier of the Farmers & Merchants'.

New President for Brooklyn Bank.

Henry M. Wells has been elected to succeed the late Charles T. Young as president and director of the National City Bank of Brooklyn. Mr. Wells had served as cashier of the bank for the past fourteen years; he started with the institution as junior

clerk in 1885. At the same time the directors also elected D. Irving Mead as vice-president in place of Eugene Britton, who retires because of ill-health. Mr. Mead has been a director for a number of years, and is a grandson of John J. Studwell, a former president of the institution. The cashiership remains unfilled.

Made President of Ohio Bank.

Beman Thomas, who had been cashier of the Security Savings Bank of Columbus, Ohio, since the summer of 1910, was recently elected president of the institution, succeeding J. A. Metcalf. Mr. Metcalf entered the management of the bank at the same time that Mr. Thomas assumed the cashiership, but it is stated that he consented to officiate in the presidency only until such time as Mr. Thomas should become familiar with the affairs of the institution. Mr. Thomas is also president of the Citizens' Savings & Trust Co. of Jackson, Ohio. Mr. Metcalf retains his interest in the Security Savings Bank and will continue as a member of its directorate.

A. I. B. President Locates in New York.

Raymond B. Cox has resigned as auditor of the First National Bank of Baltimore to become manager of the Transit Department of the Fourth National Bank of New York. Mr. Cox is well known among the banking fraternity, and was chosen president of the American Institute of Banking last September. He has been connected with the First National of Baltimore for about ten years.

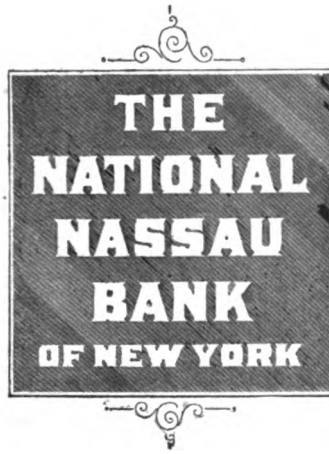
J. R. McAllister.

J. R. McAllister, president of the Franklin National Bank of Philadelphia, has been elected chairman of group one, Pennsylvania Bankers' Association, to succeed Chas. J. Rhoads, third vice-president and treasurer of the Girard Trust Company, of Philadelphia, whose term expired. Arthur V. Morton, treasurer of the Pennsylvania Company for Insurances on Lives and Granting Annuities, has been made secretary. The following executive committee was elected:

ATLANTIC NATIONAL BANK

Providence, R. I.

Send Us Your Rhode Island Collections



Established
1852

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1911

Charter Member New York Clearing House

EDWARD EARL, President

J. CHRISTY BELL
Vice-President

H. P. STURR
Ass't Cashier

JOHN MUNRO
Vice-President

N. D. ALLING
Ass't Cashier

W. B. NOBLE
Cashier

R. M. BAILEY
Ass't Cashier

Growth in Deposits

Nov. 27, 1908.....	\$6,086,122.25
Nov. 16, 1909.....	8,130,877.08
Nov. 10, 1910.....	9,400,600.66
Nov. 23, 1911.....	13,513,853.64



From Bank Clerk to Cashier

Is only a step, but are you prepared to take this step? The position above you will some day be vacant—perhaps tomorrow. Are you competent to fill it? Or will it go to some one else? Efficiency, not influence, will secure your promotion and higher salary. **OUR HOME STUDY COURSE IN BANKING** will prepare you for the cashiership and more responsible positions in the bank. The bank clerk who takes our Course will secure more knowledge and variety of experience in four months than some clerks acquire in years. The entire Course was prepared by an expert on the theory and practice of banking. It is endorsed by leading bankers. **SEND FOR CATALOG TODAY.**

EDGAR G. ALCORN
Author
of Course

AMERICAN SCHOOL OF BANKING, 130 McLene Building, COLUMBUS, OHIO

Joseph Wayne, Jr., cashier Girard National; Charles J. Rhoads, Girard Trust; William T. Elliott, president Central National; John H. Mason, vice-president Commercial Trust; Levi L. Rue, president Philadelphia National; Benjamin M. Faires, vice-president Fourth Street National; William A. Law, vice-president First National; Charles S. Calwell, president Corn Exchange National; Howard W. Lewis, president Farmers' and Mechanics' National, and Roland L. Taylor, president Philadelphia Trust, Safe Deposit and Insurance Company.

Group one, Pennsylvania Bankers' Association, includes in its membership practically all financial institutions of Philadelphia and vicinity, and is the most influential body of its kind in the State.

The new president is well known in financial circles, and has been identified with Philadelphia banking for many years. In 1900 he left his post as cashier of the Corn Exchange National to become cashier of the Franklin National, and four years later, when Henry Tatnall, then president, resigned, to associate himself with the Pennsylvania Railroad management, Mr. McAlister became executive head of the bank.

J. Fletcher Farrell.

J. Fletcher Farrell, vice-president of the Fort Dearborn National Bank of Chicago and newly-elected treasurer of the American Bankers' Association, is the second official of this institution to be chosen for high honors in the national association, Nelson N. Lampert having recently been elected as a member of the executive council, representing Illinois. The election of Mr. Farrell to the treasurership is considered a signal and particularly significant endorsement.

Mr. Farrell is the youngest man to be similarly honored by the association. His success has been exceptional. He has come to be regarded as a leader among the younger men in western banking, and the latest honor shown him has met with universal approval in financial circles.

Born in Paris, Mo., August 19, 1878, and educated in the high school of that city, he began his career as a banker by becoming connected with the Paris Savings Bank in 1895. In 1904 he was elected to the post of assistant cashier of the Third National Bank of St. Louis, Mo., where he remained until

January 1, 1910, when he assumed his present position with the Fort Dearborn National. He is also vice-president of the Paris Savings Bank, as well as being financially interested in several other banking institutions.

To be elected vice-president of the Fort Dearborn National at the age of thirty-one



J. FLETCHER FARRELL

VICE-PRESIDENT FORT DEARBORN NATIONAL
BANK OF CHICAGO AND NEWLY ELECTED
TREASURER OF THE AMERICAN BANKERS
ASSOCIATION.

years naturally attracted considerable attention at the time, and was considered a record attainment in local banking circles. Much of his success, accomplished without help of favor, was undoubtedly due, along with his pluck and business grasp, to his democratic personality, which fact can readily be seen in the political success and prominence to which he formerly attained, having been assistant state treasurer of Missouri from 1901 to 1904.

CONDENSED STATEMENT OF RICHMOND BANKS, DECEMBER 5, 1913

Compiled by W. P. Shelton, Assistant Cashier, First National Bank

ASSETS.

	Loans and Investments.	Cash and C. H. Exchange.	Total Due from Banks.	Total Assets.
First National Bank	\$9,550,730.33	\$590,467.42	\$1,891,753.74	\$12,032,951.64
National Bank of Virginia	7,337,591.94	661,711.67	1,665,849.20	9,665,152.81
Planters' National Bank	6,872,178.08	596,250.04	1,315,865.35	8,584,293.47
Merchants' National Bank	6,385,232.68	528,992.69	1,545,098.67	8,457,324.04
National State and City Bank	5,484,647.83	499,257.74	7,855,113.00	6,769,018.57
American National Bank	5,025,568.60	419,995.96	828,789.52	6,274,353.48
Virginia Trust Company	2,063,870.37	36,735.57	297,210.37	2,497,816.31
Union Bank	1,651,354.59	8,006.52	201,501.19	2,061,052.30
Broad Street Bank	1,645,562.33	96,682.45	151,346.10	1,895,594.48
Savings Bank of Richmond	1,704,977.30	4,086.54	35,243.97	1,804,313.81
Bank of Commerce and Trusts	1,388,000.49	49,109.46	140,037.67	1,577,147.62
Commonwealth Bank	913,896.59	32,673.30	29,780.36	980,860.25
Mechanics' and Merchants' Bank	734,840.05	43,704.32	62,358.98	840,903.95
Central National Bank	588,976.17	52,369.82	49,907.49	691,252.58
Manchester National Bank	439,919.80	19,455.81	16,636.83	475,811.44
Main Street Bank	358,158.90	8,478.07	31,005.15	397,642.12
West End Bank	168,587.17	7,763.85	17,642.74	193,993.76
Total	\$52,318,392.27	\$3,655,644.33	\$9,225,245.93	\$65,199,282.53

LIABILITIES.

	Circulation.	Total Deposits.	Bond Account.	Bills Payable and Redemptions.	Other Liabilities.	Total Liabilities.
First National Bank	\$965,400.00	\$8,000,966.03	\$656,800	.....	\$27,337.30	\$12,032,951.54
National Bank of Virginia	1,014,900.00	6,408,467.34	290,000	.....	.....	9,665,152.81
Planters' National Bank	293,300.00	6,537,199.71	9,000	.....	.....	8,584,293.47
Merchants' National Bank	190,100.00	6,833,569.65	.....	.....	.....	8,457,324.04
National State and City	229,997.50	4,756,952.44	.....	.....	.....	6,769,018.57
American National Bank	593,060.00	4,281,851.77	135,000	\$250,000.00	.....	6,274,353.48
Virginia Trust Co. ....	.....	1,379,544.32	.....	.....	.....	2,497,816.31
Union Bank .....	.....	1,334,814.08	.....	.....	.....	2,061,052.30
Broad Street Bank .....	.....	1,545,101.20	.....	21,000.00	.....	1,895,594.48
Savings Bank .....	.....	1,361,047.48	.....	.....	.....	1,804,313.81
Bank of Commerce and Trusts .....	.....	1,210,095.06	.....	.....	.....	1,577,147.62
Commonwealth Bank .....	.....	525,624.28	.....	107,492.95	.....	980,860.25
Mechanics' and Merchants' .....	.....	627,480.51	.....	.....	.....	840,903.95
Central National Bank	47,500.00	400,750.09	.....	30,000.00	\$3,030.00	691,252.58
Manchester National Bank	100,000.00	191,303.23	.....	71,150.00	.....	475,811.44
Main Street Bank .....	.....	234,604.85	.....	30,000.00	.....	397,642.12
West End Bank .....	.....	148,631.76	.....	.....	.....	193,993.76
Total	\$3,487,197.50	\$45,337,943.80	\$1,088,900	\$509,642.95	\$50,367.30	\$65,199,282.53

THE WONDERFULLY FASCINATING MAGIC STORY**DIRECTS A WAY TO FORTUNE**

Intensely interesting. A little story with a big theme. A man's half-hour story that will earn dividends for life. Write for it today. You may read it, with my compliments, and return it at my expense. If you wish to keep the book, I will accept fifty cents—after you have examined it.
F. E. MORRISON, 50 Rush St., Brooklyn, N. Y.

New Denver Bank Head.

At a special meeting of the board of directors of the Colorado National Bank of Denver, held November 22, George B. Berger was unanimously elected to the presidency of that institution, which is one of the foremost in the entire West.

Mr. Berger fills the position made vacant by the recent death of Charles B. Kountze.

Harold Kountze, son of the late pioneer banker, was elected to the vice-presidency of the bank, vice Mr. Berger, and also was elected to the chairmanship of the board of directors, a position held by Mr. Kountze, senior, until his death. Harold Kountze, prior to the election, was assistant cashier of the bank.

Other officers of the bank remain in their old capacities, as follows: Dennis Sheedy, vice-president; William B. Berger, cashier; T. R. Field, assistant cashier, and J. H. Kolb, assistant cashier.

Harold Kountze, the new vice-president, is one of the youngest members of the prominent banking family, being only twenty-eight years old. His experience in banking has been gained in the bank of which he now is one of the highest officers, and from a study of banking conditions in other cities of the country.

George B. Berger has been with the Colorado National Bank many years, having been assistant cashier when his father, William B. Berger, Sr., was cashier of the bank, and succeeding to the cashiership after the death of his father and of a brother, Charles, who became cashier when William B. Berger, Sr., died.

The Colorado National Bank of Denver is known all over the country for its solidity and conservatism, at the same time being up to date in every particular.

In common with the other national banks of Denver it is a member of the Denver, Pueblo and Colorado Springs association recently organized under the Aldrich-Vreeland emergency currency act, the officers of the institutions being among the first to appreciate the advisability of organizing an association that the people of Colorado might have the maximum of protection against the possibility of periods of financial stress finding banks unprepared to handle the emergency.

By this act of organization the association may, at any time when it is needed,

secure from the treasury department within a very few hours sufficient money to carry on business, even should the country be seized by a disastrous financial panic, thus militating against suffering and hardship entailed by such panics.

Clearing-House for Albany.

The Albany Bankers' Association has elected the following officers: President, Charles H. Bissikummer, Albany Trust Company; vice-president, Edward J. Hussey, National Commercial Bank; secretary, John J. Gallogly, First National; treasurer, W. N. S. Saunders, Albany County Bank. Executive committee, Ledyard Cogswell, New York State National; John R. Carnell, Albany County Bank, and Mr. Bissikummer. The members of the association have reached a decision in the matter of establishing a clearing house in Albany. The constitution which was forwarded to the various banks some time ago has been revised and in its present condition is said to be satisfactory to all the banks interested in the clearing-house plan.

The clause requiring regular examination has been eliminated so that the constitution now reads that compulsory examination is not a requisite. Other changes have been made in the constitution. Final action on the plan—the establishment of a clearing house in Albany—will take place some time in January.

Guaranty Trust Company of N. Y. Pays 40 Per Cent. Dividends.

The Guaranty Trust Company of New York, by the declaration of an eight per cent. extra dividend, has raised the disbursements made in 1911 to forty per cent. for the year. The regular quarterly payments in 1910 and 1911 were eight per cent., making thirty-two per cent. annually. The

CLARK'S GRAND 71 DAYS' TRIP BY SPECIALLY RESERVED MAMMOTH

S. S. ARABIC (16,000 tons) February 8, from N. Y., \$400 up-ward. Everything Strictly First Class. Includes Shore Trips, Guides, Drives, Fees, Etc.

ORIENT**The Grandest of all Winter Trips**

Including MADEIRA, SPAIN, ALGIERS, GREECE, TUNISIA, THE HOLY LAND, EGYPT, THE NILE, ITALY, THE RIVIERA, ETC. ROUND THE WORLD SIX MONTHS' TOUR LEAVES JANUARY 20. 20 Good Trips to Europe at \$300 up.

FRANK C. CLARK, 1475 Broadway, New York

Capital - \$6,000,000

Surplus - \$6,000,000



Depository of the
United States, State
and City of New York

The Mechanics and Metals National Bank

OF THE CITY OF NEW YORK

GATES W. MCGARRAH, President.
ALEXANDER E. OER, Vice-President
NICHOLAS F. PALMER, Vice-President
FREDERIC W. ALLEN, Vice-President
FRANK O. ROE, Vice-President.

WALTER F. ALBERTSEN, Vice-Pres.
JOSEPH S. HOUSE, Cashier.
ROBERT U. GRAFF, Asst. Cashier.
JOHN ROBINSON, Asst. Cashier.
CHARLES E. MILLER, Asst. Cashier.

present organization has \$5,000,000 capitalization and was formed in January, 1910, from a consolidation brought about by the Morgan interests of the Guaranty with the Morton and Fifth Avenue Trust Companies. In addition to the regular quarterly dividend of two per cent., the First National Bank of Brooklyn has declared an extra dividend of two per cent. Both are payable January 2 to stockholders of record Dec. 26.

City Bank of Syracuse, N. Y.

Arthur N. Ellis has been elected first vice-president of the City Bank of Syracuse, N. Y. He assumes the duties of the office on January 1.

Third National Bank, Philadelphia.

Louis M. Wagner has been elected a director of the Third National Bank of Philadelphia to succeed the late Edwin F. Cook. Mr. Wagner is a son of Louis M. Wagner, president of the bank.

From Messenger Boy to President.

Clinton T. Rose, forty-two years ago a messenger boy in the Onondaga County Savings Bank of Syracuse, N. Y., becomes president of that institution on January 1, as successor to Russel A. Bonta, who resigned some time ago because of poor health.

On the same date William H. Kniffin, Jr., cashier of the Home Savings Bank of Brooklyn, succeeds Mr. Rose as treasurer of the bank.

The Onondaga County Savings Bank is one of the strongest in the State. Its resources are upward of \$25,000,000 and its deposits are over \$24,000,000.

Mr. Rose entered its service as a messenger in March, 1870. He was then fifteen years old. His selection as president is a reward that has been earned by steady, faithful work and a constant study of banking.

From messenger he rose to bookkeeper and in 1890 he was made assistant treasurer. On May 11, 1891, he was elected treasurer, which position he holds until January 1. Mr. Rose was born in Syracuse and has always lived there.



C. T. ROSE

PRESIDENT ONONDAGA COUNTY SAVINGS BANK OF SYRACUSE, N. Y.

The fact that he entered the bank at the age of fifteen is evidence that his early opportunities for study were not extended. All the knowledge he has gained has come

DIAMOND
NATIONAL
BANK

DIAMOND NATIONAL BANK

PITTSBURGH. PA.

OFFICERS

WILLIAM PRICE, President
D. C. WILLS, Cashier W. O. PHILLIPS, Asst. Cashier

Bankers should seek
STRENGTH
when selecting a
Reserve Agent
or
Correspondent

Capital - - \$600,000.00
Surplus and Undivided Profits 1,620,330.92

Accounts of Banks,
Bankers, Corpora-
tions, Firms and In-
dividuals cordially
invited.

WRITE

through constant study while at work in the bank. He is in every sense a self-made man.

was an official, and later with the Standard Oil Company. He has been with the Second National for nineteen years, and at the present time assumes the management of the

Assistant Cashiers After Twenty Years' Experience.

George A. Stephenson and Harry D. Ramsey, newly elected assistant cashiers of the Second National Bank of Pittsburgh, are numbered among the rising young bankers of the Steel City. Mr. Stephenson came to Pittsburgh nineteen years ago from Oil City, where he was connected with the Oil City Trust Company, of which his father



G. A. STEPHENSON

ASST. CASHIER, SECOND NATIONAL BANK OF
PITTSBURGH



HARRY D. RAMSEY

ASST. CASHIER, SECOND NATIONAL BANK OF
PITTSBURGH

Pittsburgh Clearing House when Manager W. W. McCandless is absent.

Harry D. Ramsey entered the services of the Second National as a messenger twenty years ago and has advanced steadily. He was born in Pittsburgh and for a short time was employed in the mercantile business.

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TWO HUNDRED
DOLLARS PER YEAR
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NEW YORK CITY
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**Your Bank can have such a
department.**

**Write today for full informa-
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**BANKERS
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COMPANY
22 Pine Street
New York City**



THE CENTRAL BUSINESS DISTRICT OF MINNEAPOLIS — BUILDING OF

Omaha Banks Show Gains.

Omaha and South Omaha national banks have gained \$3,686,124 in deposits and \$1,177,482 in loans over a year ago according to statements made to the Comptroller of the Currency at the close of business, December 5.

	Deposits. Dec. 5, 1911.
Omaha National	\$12,066,849
First National	11,021,731
U. S. National	10,273,921
Merchants National	6,112,080
Stock Yards National	6,413,460
City National	2,421,081
Packers National	2,238,100
Nebraska National	2,051,140
Corn Exchange National	1,456,722
Live Stock National	1,438,574
Totals	\$55,493,058

As compared with the 1911 fall statement, September 1, there is a loss of \$3,800,000 in deposits and \$2,140,000 in loans. This is expected, as the December statement always shows up lighter than the September statement, for the fall is the high tide for the year for bank deposits. The money that has left the Omaha banks between September 1 and now is out moving the crops.

Consolidation of Chicago Trust Companies.

The Central Trust Company of Illinois, in Chicago, has absorbed the Western Trust & Savings Bank. The two presidents, J. E. Otis of the Western Trust and Charles G. Dawes of the Central, have been authorized to complete the transaction.

It can be stated on the authority of these two officials that the Western Trust & Savings Bank will first convert \$250,000 of its

stock into surplus. Its capital will then be \$1,000,000 and its surplus and undivided profits approximately \$470,000, making the book value of its stock 147, which is approximately that of the Central Trust Company of Illinois, the latter being 150.

The two institutions will then be consolidated, the Central Trust Company of Illinois

Deposits Sept. 1, 1911.	Loans Dec. 5, 1911.	Loans Sept. 1, 1911.
\$12,592,976	\$7,509,387	\$7,866,043
12,052,219	7,128,142	7,925,468
11,399,380	7,003,192	7,697,437
6,896,663	4,532,026	5,081,155
7,290,485	4,120,273	4,246,876
2,388,201	1,538,485	1,574,377
2,099,659	1,351,123	1,325,685
2,015,492	1,156,090	966,882
1,308,026	1,107,800	989,326
1,320,896	866,545	754,009
\$59,292,970	\$36,313,063	\$38,450,258

taking over the business of the Western Trust & Savings Bank and issuing to the Western Trust & Savings Bank stockholders \$1,000,000 of the Central Trust Company of Illinois stock in exchange for the Western Trust & Savings Bank stock.

The capital of the Central Trust Company of Illinois will then be \$3,500,000, with surplus and undivided profits of \$1,700,000 and deposits of about \$35,000,000. J. E. Otis will be associated with Mr. Dawes in the management of the Central Trust Company of Illinois, becoming vice-president of that institution, and six of the present directors of the Western Trust & Savings Bank will become directors of the Central Trust Company of Illinois.

Mercantile Trust Company of St. Louis.

At the annual meeting of the stockholders of the Mercantile Trust Company, held December 11, the following directors were



THE SECURITY NATIONAL BANK OF MINNEAPOLIS IN FOREGROUND

re-elected: James W. Bell, Henry Griesedieck, Jr., Paul Brown, Edward Buder, Harry Scullin, George W. Wilson, John S. Sullivan, C. H. McMillan and Walter McKittrick. There was a meeting of the board of directors held later, at which the following officers were elected: Festus J. Wade, president; Paul Brown, vice-president; Geo. W. Wilson, vice-president; William Maffitt, vice-president; W. F. Carter, vice-president; C. H. McMillan, vice-president; Edward Buder, treasurer; John H. Kruse, assistant treasurer; J. M. Murphy, assistant treasurer; J. Hugh Powers, assistant treasurer and manager bond department; W. J. Duggan, secretary; M. K. Salmon, assistant secretary; H. J. Scullin, assistant secretary; J. B. Moberly, real estate loan officer; James W. Bell, manager savings department; Richard L. Goode, counsel; Virgil M. Harris, trust officer; George B. Cummings, assistant trust officer; George Shuckher, manager foreign exchange department; Amedee V. Reyburn, manager safe deposit department; Arthur F. Barnes, manager corporation department; John King, Jr., manager publicity department.

The showing the company made for the year was most satisfactory and the outlook was reported by the officers to be most promising.

The real estate loan department of the company made a remarkable growth for the fiscal year just ended. The company has a clientele of investors for these real estate serial notes covering every State in the Union, also in Alaska, Panama and the Phillipines. The conservative policy under which the loans are made—the property in many cases being valued at three or four times the amount of the loan and the principal being reduced annually by the serial payments—has enabled the company to say: "The Mercantile Trust Company has loaned

millions of dollars on real estate, and no bank, trust company or individual has ever lost one dollar, either principal or interest, in such investments purchased of us." This is a record of which Mr. Wade and his associates are justly proud.

First National Bank and First Trust and Savings Bank of Chicago—President Forgan's Annual Report to Stockholders.

To the stockholders of the First National Bank, Chicago, Illinois.

Gentlemen: Herewith we submit the forty-eighth annual statement of the First National Bank and the eighth annual statement of the First Trust and Savings Bank.

The demand for money for industrial purposes has been limited, the supply having been fully equal to the demand, and low rates of interest have prevailed throughout the year. These low rates are reflected in the reduced earnings of the First National Bank as compared with those of the previous year, but as the amount necessary to be deducted from gross profits to provide for losses is this year about \$200,000 less than last year, the net profits for 1911 fall short of those of 1910 by only \$44,601.02.

In the First Trust and Savings Bank the profits have been well maintained, showing an increase over the previous year. This is a satisfactory outcome of the year's business, considering the more or less depressed condition of the investment security market, the comparatively small number of new bond issues brought out and the low rates of interest prevailing on collaterally secured loans during the year.

Such losses as have occurred or can be anticipated have been provided for out of

gross earnings and there are no past due or defaulted obligations either as to principal or interest among the current assets of either bank. The affiliated banks again show satisfactory earnings for the year on their average aggregate capital employed, viz., 10 8-10 per cent. The net profits for 1911 (all losses provided for) of the First National Bank are \$1,778,571.25 as compared with \$1,823,172.27 last year and the net profits of the First Trust and Savings Bank for the year are \$1,094,973.81 as compared with \$940,604.63 last year.

On the recommendation of the directors

the shareholders of the First Trust and Savings Bank at a special meeting held on December 19, last, voted to increase the capital stock of the First Trust and Savings Bank to \$5,000,000 by transferring \$2,500,000 from surplus account which takes effect to-day. Each shareholder has now a beneficial interest of half a share in the First Trust and Savings Bank stock for every share of First National Bank stock owned.

On behalf of the officers and directors,

JAMES B. FORGAN, President.

Chicago, December 30, 1911.

THE FIRST NATIONAL BANK OF CHICAGO.

Charter Number 8.

STATEMENT OF CONDITION JANUARY 2, 1912.

ASSETS.

Loans and discounts	\$80,447,726.22	
Less Discount to Maturity at 4½%	522,315.78	\$79,925,410.44
United States Bonds to secure Circulation		1,109,000.00
United States Bonds to secure U. S. Deposits		250,000.00
Other Bonds (market value)		6,032,879.24
National Safe Deposit Co. (Bank Bldg.) 17,500 Shares Stock		1,250,000.00

CASH RESOURCES.

Due from Banks (Eastern Exchange)	\$18,855,826.51	
Checks for Clearing House	3,837,271.67	
Cash on Hand	22,158,643.76	
Due from United States Treasurer	615,450.00	45,467,191.94

\$134,034,481.62

LIABILITIES.

Capital Stock paid in		\$10,000,000.00
Surplus Fund		10,000,000.00
Other Undivided Profits		1,503,648.38
Dividend No. 119, payable December 30, 1911		300,000.00
Special Deposit of United States Bonds		600,000.00
Circulating Notes Received	\$1,109,000.00	
Less Amount on hand	0.00	1,109,000.00
Taxes, 1911		258,644.50
Deposits		110,263,188.74

\$134,034,481.62

STATEMENT OF PROFIT AND LOSS ACCOUNT.

January 1, 1911. Balance brought forward		\$925,077.65
Net profits for year 1911 (all bad and doubtful debts provided for)	\$1,778,571.25	
Dividends paid 12%	1,200,000.00	578,571.23
Balance forward		\$1,503,648.38

FIRST TRUST AND SAVINGS BANK.

STATEMENT OF CONDITION JANUARY 2, 1912.

ASSETS.

Bonds		\$22,081,103.36
Time Loans with Collateral Security		15,707,920.12
Demand Loans with Collateral Security	\$10,997,853.91	
Cash and due from Banks	12,293,429.32	23,291,283.23

\$61,080,306.71

LIABILITIES.

Capital Stock paid in		\$5,000,000.00
Surplus Fund		1,000,000.00
Undivided Profits		345,203.42
Reserved for Interest and Taxes		179,746.61
Time Certificates of Deposit	\$ 4,656,262.56	
Savings Deposits	33,823,797.93	38,480,060.49
Demand Certificates of Deposit	359,424.22	
General Deposits	15,715,871.97	16,075,296.19

\$61,080,306.71

STATEMENT OF PROFIT AND LOSS ACCOUNT.

January 1, 1911. Balance brought forward		\$150,229.61
Net profits for year 1911 (all bad and doubtful debts provided for)	\$1,094,973.81	
Dividends Paid 16%	400,000.00	694,973.81
Transferred to Surplus		\$845,203.42
January 1, 1912. Balance forward		500,000.00
		\$345,203.42

The Problem of Advertising Copy—Solved

If you want good, up-to-date, virile, convincing, and withal dignified, copy for your newspaper advertisements, form letters, circulars, booklets, etc., during the year 1912, secure the right now to use exclusively in your community the **MACGREGOR BANK ADVERTISEMENTS**.

The 4th Series, just issued, consists of these different sets:

160 Commercial Bank Advertisements,	Price \$6.00
75 Savings Bank Advertisements.	“ 5.00
52 Trust Company and Safe Deposit	“ 3.00
25% off if you buy two or more sets.	

The same set not to be sold to more than one bank in a place.

These prices all include a copy of either the fourth edition of the \$1.25 bank advertising text-book, “**PUSHING YOUR BUSINESS,**” or a copy of our new book, “**2000 POINTS FOR FINANCIAL ADVERTISING,**” the price of which is \$1.50.

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CANADIAN NOTES

Canadian Bankers' Association.

At the recent convention of the Canadian Bankers' Association the following officers were elected:

Honorary presidents, Lord Strathcona and Mount Royal, honorary president Bank of Montreal; George Hague, Montreal.

President, Sir Edward Clouston, Bart., general manager Bank of Montreal.

Vice-presidents, George Burn, general manager Bank of Ottawa; H. Stikeman, general manager Bank of British North America; M. J. A. Prendergast, general manager Banque d'Hochelega; D. R. Wilkie, general manager Imperial Bank.

Council, Sir Edmund Walker, C. V. O., LL.D., president Canadian Bank of Commerce; E. F. Hebden, general manager Merchants Bank of Canada; B. B. Stevenson, general manager Quebec Bank; James MacKinnon, general manager Eastern Townships Bank; James Elliott, general manager the Molsons Bank; N. Lavoie, general manager La Banque Nationale; G. P. Schofield, general manager Standard Bank of Canada; C. A. Bogert, general manager Dominion Bank; E. L. Pease, general manager Royal Bank of Canada; G. H. Balfour, general manager Union Bank of Canada; Stuart Strathy, general manager Traders' Bank of Canada; W. D. Ross, general manager Metropolitan Bank; H. A. Richardson, general manager Bank of Nova Scotia; T. F. How, general manager Bank of Toronto.

Auditors, T. Bienvenu, general manager La Banque Provinciale; J. Gillespie Muir, chief accountant Merchants Bank of Canada.

Journal Questions Committee, A. R. Doble, Bank of Montreal.

Secretary-treasurer, J. T. P. Knight.

Canadian Bank of Commerce.

Substantial growth in the business of the Canadian Bank of Commerce (head office, Toronto) during the past year is shown in the annual statement just issued. Nearly \$20,000,000 has been added to the deposits in the period from November 30, 1910, to November 30, 1911, this item having increased from \$126,831,234 to \$145,965,735; the growth witnessed in the assets is likewise particularly marked, the amount now being \$182,389,934, against \$157,053,015 a year ago. The net profits for the last twelve months were \$2,305,409, as compared with \$1,838,065 in the previous statement. Altogether there was available for distribution \$1,473,433, this including the aforesaid net profits; the balance of \$310,204 brought forward from last year's account; \$500,000 recovered from over-appropriations in connection with assets now realized, and \$1,357,820 premium on new stock. In the appropriations, \$1,057,218 was applied in divi-

dends at ten per cent.; \$400,000 was written off bank premises; \$55,000 was transferred to the pension fund; \$1,400,000 was transferred to the rest account, to which was also added the premium of \$1,357,820 on new stock, leaving the sum of \$203,395 to be carried forward. Action towards increasing the paid-in capital of the institution from \$10,000,000 to \$12,000,000 was taken last spring. At present the amount stands at \$11,697,275; when the payments in connection with the new stock have been completed, the rest fund will be \$10,000,000.

H. V. Meredith.

At the annual meeting of the Bank of Montreal, Sir Edward Clouston announced his retirement from the general management after twenty years in that position, and H. V. Meredith was chosen as his successor. It was the ninety-fourth annual meeting of the bank.

The directorate remains unchanged, as follows: Honorary president, Lord Strathcona; president, R. B. Angus; vice-president, Sir Edward Clouston; other directors, H. V.



H. V. MEREDITH

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Meredith, A. Baumgarten, E. B. Green-shields, C. R. Hosmer, Sir William C. McDonald, Hon. Robert Mackay, D. Horice, James Ross and Sir Thomas Shaughnessy. It is generally understood that W. E. Staver will be the successor of Mr. Meredith as manager of the head bank in Montreal.

Mr. Meredith has grown with the Bank of Montreal, with which institution he commenced his active business career. He has seen that institution rise from an important Canadian institution to a power in the financial world of both continents and it is said that the banking ability of the new general manager has developed in a like degree with the institution he has so faithfully served.

The first important position held by Mr. Meredith was that of accountant of the Montreal branch, to which he was appointed in 1879. During the same year he was named assistant inspector, a position he held for ten years, his duties extending over the whole territory covered by the Bank of Montreal.

He became manager of the Montreal branch in 1889, which position he has held up to the present time, also holding the title during the past six years of assistant general manager, while he is also a member of the directorate.

Canadian Bank Merger.

The directors of the Eastern Townships Bank, at a recent meeting, decided to enter into an agreement with the Canadian Bank of Commerce, by which the interests of the two banks will be merged. Ratification of the project by the shareholders of the Eastern Townships Bank will mean the consummation of the largest bank merger that has yet taken place in Canada, and result in the creation of a bank with a paid-up capital of \$15,000,000 and a reserve of \$12,500,000, and aggregate assets exceeding \$210,000,000, while the territory of the banks will cover every portion of the Dominion, including the Yukon.

THE BANKERS D I R E C T O R Y

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Bank of Toronto.

The net profits of the Bank of Toronto (head office, Toronto), shown in its annual statement for November 30, 1910, amounted to \$677,964, as against \$589,656 a year ago. It is pointed out that the earnings for the late year were equal to 16.36 per cent. of the average paid-up capital of the institution, viz., \$4,142,921, and compare with 14.74 per cent. and 14.48 per cent. in 1910 and 1908, respectively. Action toward increasing the paid-in capital of the institution from \$4,000,000 to \$5,000,000 was taken during the year, and the new statement shows the paid-in amount at the end of the fiscal year to be \$4,608,050. The rest account stands at \$5,608,050. The deposits have increased in the twelve months from \$36,985,719 to \$41,126,663. Duncan Coulson is at the head of the institution, W. G. Gooderham and J. Henderson are vice-presidents and Thomas F. How is general manager.

Quebec Bank.

In the twelve months to October 31, 1911, the Quebec Bank (head office, Quebec) has increased its deposits from \$10,064,023 to \$13,910,751, and its assets from \$15,709,630

to \$20,408,584. The net profits for the year were \$276,392. The bank has a paid-up capital of \$2,500,000 and a rest fund of \$1,250,000.

Union Bank of Canada.

The Union Bank of Canada (head office, Quebec) has opened an office in London, England, at 51 Threadneedle street, with F. W. Ashe as manager. The question of transferring the head office of the institution to Winnipeg will be submitted to the stockholders for ratification at the annual meeting on the eighteenth instant. The city of Winnipeg is deemed more appropriate for the headquarters, inasmuch as it is located about midway between the eastern and western operations of the institution.

Royal Bank Branches in Hayti.

It is announced that the Royal Bank of Canada is about to open two branches in Santo Domingo. The new branches will be in Santo Domingo City and in San Pedro de Macoris. The Royal Bank of Canada already has fifteen branches in Cuba, and Canadian banks have virtually a monopoly of the West Indian field.

SOME FIGURES TO PONDER OVER**EXTRACTS FROM THE BANK STATEMENTS RENDERED AT THE CLOSE OF BUSINESS, DECEMBER 5, 1911****National Nassau Bank, New York.**

At the close of business, December 5, 1911, the Nassau National Bank of New York reported loans and discounts of \$9,647,499; cash in vault, \$2,453,450; surplus and undivided profits, \$628,856; deposits, \$13,040,684; total resources, \$14,173,429.

Irving National Exchange Bank, New York.

Further growth of a substantial character is evidenced in the latest report of condition of this bank. On December 5 the bank's loans and discounts aggregated \$20,268,750; its cash on hand and due from banks totaled \$11,534,729. It held U. S. bonds to the amount of \$1,731,000 and other bonds and securities having an estimated value of \$1,899,470. The total resources were \$35,630,412. On the same date gross deposits were \$30,843,189, or about 6.4 per cent. above the aggregate reported on September

1. The bank has \$2,000,000 capital and \$1,963,832 surplus and undivided profits.

American Exchange National Bank, New York.

The total deposits on December 5 were \$49,383,369, an increase of about seventeen per cent., as compared with a year ago. The bank's capital is \$5,000,000, with \$4,474,162 surplus and undivided profits. The latter item represents a gain of \$221,293 for the year, although the bank paid dividends at the rate of ten per cent. per annum.

Chase National Bank of New York.

According to its latest report this bank has total resources of \$121,303,628, an increase of \$16,352,515, or about 15.8 per cent. as compared with November 10, 1910. The resources include U. S. bonds, \$1,976,000; other bonds and securities, \$23,274,787, and

Capital, \$1,000,000.00

Earned Surplus, \$1,000,000.00

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President

JOHN M. MILLER, JR.
Vice-Pres. and Cashier

FREDERICK E. NÖLTING, 2nd Vice-President

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cash on hand and due from banks, \$38,977,423. Loans and discounts aggregate \$54,607,076, an increase of 11.8 per cent. over the total reported a year ago. The total of deposits on December 5 amounted to \$106,554,934, or nearly double the amount of loans and discounts. The total represents an increase of \$16,587,074, or about 16.5 per cent. for the year. The bank's capital is \$5,000,000; its surplus and undivided profits, \$6,704,497. The latter item represents an increase of approximately 7.3 per cent., or about twelve per cent. on the capital, although dividends at the rate of twenty per cent. per annum were paid during the year.

Mechanics and Metals National Bank of New York.

The Mechanics and Metals National Bank makes a very creditable showing in its report of condition as of December 5. On that date the bank's total resources were \$87,168,599, which includes loans and discounts of \$43,569,731, United States and other bonds and securities valued at \$9,734,912, and cash on hand and due from banks, \$31,676,173. The latter item represents about forty-five per cent. of gross deposits, which on December 5 totaled \$69,682,118. Banking house, fixtures, etc., are carried at \$2,178,000, the same as a year ago.

The bank has \$6,000,000 capital, with \$8,382,373 surplus and undivided profits. The latter item increased \$332,896 during the year, although the bank paid dividends at the rate of twelve per cent. per annum.

Liberty National Bank of New York.

The statement of condition of the Liberty National Bank, at the close of business, December 5, 1911, shows loans and discounts amounting to \$12,885,633; cash and due from banks, \$7,143,325; U. S. bonds, \$794,000, and other bonds and securities, \$2,683,427. Total resources were \$23,506,813. On the same

date the bank's total deposits amounted to \$19,226,892. It had \$1,000,000 capital and \$2,770,615 surplus and undivided profits.

National Bank of Commerce in New York.

The National Bank of Commerce reports condition at the close of business, December 5, 1911, as the following: Total resources were \$195,028,468, which included loans and discounts, \$86,568,844; cash on hand, \$26,648,857, and due from banks and bankers, \$32,842,376; U. S. bonds, \$13,706,000, and other bonds and securities, \$30,891,182. The banking house is carried at \$3,520,000, the same as a year ago.

On the same date the bank's deposits aggregated \$141,407,782. It had \$25,000,000 capital, with \$15,893,385 surplus and undivided profits.

Chatham & Phenix National Bank of New York.

The deposits of this thriving institution have climbed up to \$19,731,228, with capital of \$2,250,000 and undivided profits of \$1,232,055.

These figures are set forth in an attractive eight-page folder of light blue linen paper, the cover of which contains the name of the bank embossed in a darker shade of blue, with the seal of the bank in the centre embossed in gold.

Seaboard National Bank of New York.

A comparison of the statements issued by the Seaboard National Bank on November 10, 1910, and on December 5, 1911, will show the steady growth which that institution has experienced in the current calendar year. According to the latest report of condition, as of December 5, the bank's total resources were \$37,587,852, an increase of about 8.4 per cent. for the year. These included loans and discounts, \$20,132,434, which increased but slightly; bonds, securities, etc., \$3,754,-

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The book is written in a bright and interesting style. At times the author is epigrammatic. Always he is sound and helpful. The constant impression the reader gets is that he is being taken into the confidence of a man who has done big things, but has not overlooked the importance of details—the little things that make for success in business.

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451 (not including U. S. bonds), which represents an increase of about .158 per cent., and cash and due from banks, \$13,017,816. The latter item includes lawful money reserve, which on December 5 stood at \$8,007,548, as against \$6,191,758 on November 10, 1910.

The bank's capital remains the same, while the surplus increased \$250,000 to \$2,000,000. Undivided profits are reported at \$103,894. The bank has gross deposits of \$34,103,517, which item represents a gain of about nine per cent., as compared with a year ago.

Hanover National Bank of New York.

A very creditable statement comes from the Hanover of New York, prepared at the close of business, December 5, 1911. Following is a summary of the important items: Loans and discounts, \$55,222,992.22; United States bonds to secure circulation \$1,715,000; United States bonds to secure United States deposits, \$150,000; United States bonds on hand, \$95,170; bonds, securities, etc., \$8,122,742.81; banking house, \$5,343,000. Total resources, \$111,668,393.75. Surplus fund, \$12,000,000; undivided profits, less expenses and taxes paid, \$952,367.18; individual deposits subject to check, \$21,521,143.95.

National Park Bank of New York.

A summarized review of this bank's latest statement shows the following: Loans and discounts, \$76,096,698.81; overdrafts, secured and unsecured, \$8,423.82; United States bonds to secure circulation, \$3,325,000; United States bonds to secure United States deposits, \$75,000. Total resources, \$126,722,153.77. Capital stock paid in, \$5,000,000; surplus fund, \$10,000,000; undivided profits, less expenses and taxes paid, \$2,990,021.08; national bank notes outstanding, \$4,304,092.50; due to other national banks, \$23,880,208.54; due to State and private banks and bankers, \$18,616,354.27; due to trust companies and savings banks, \$11,192,101.96; dividends unpaid, \$352; individual deposits subject to check, \$38,131,647.28.

Mercantile National Bank, New York.

Reports loans and discounts of \$12,945,709.25; United States bonds to secure circulation, \$300,000; United States bonds to secure United States deposits, \$1,000; bonds, securities, etc., \$523,430.89. The capital stock paid in is \$3,000,000; surplus fund, \$2,000,000; undivided profits, less expenses and taxes paid, \$754,452.66; individual deposits, subject to check, \$7,232,057.10; demand certificates of deposit, \$19,239.03; total resources, \$18,640,277.

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Fourth National Bank, New York.

The report of the Fourth National Bank of New York for December 5, 1911, is direct evidence that the institution is prospering under the able leadership of President Cannon. It is capitalized for \$5,000,000 and has a surplus of \$5,000,000. It carries loans and discounts of \$28,644,496 and had on the date mentioned individual deposits subject to check amounting to \$11,851,659.

Market & Fulton National Bank, New York.

The figures of this institution for December 5, 1911, reveal the latent strength of its large resources. Since September 1, 1911, deposits increased \$46,134, being \$10,511,685 at the present time. The surplus and profits fund has reached a total of \$1,839,451, representing an increase for the three months of \$22,643.

Nassau National Bank of Brooklyn.

Reports loans and discounts of \$5,696,641; cash reserve, \$1,866,763; a surplus and profits fund of \$1,065,061, and deposits of \$7,568,937.

Comparative Statements of the Corn Exchange National Bank of Philadelphia.

AUGUST 28, 1858

RESOURCES

Due from Banks	\$50,962.64
Discount Bills	349,572.95
Cash	176,640.87
Expenses	7,849.40
Expenses of Commission	1,850.00
Tax on Charter	5,500.00
Movable or Personal Property	3,932.07
	<hr/>
	\$596,307.93

LIABILITIES

Capital	\$131,095.00
Exchange and Discount	12,205.25
Collateral Matured	434.25
Circulation	150,075.00
Due to Banks	51,792.74
Deposits	250,105.69
	<hr/>
	\$596,307.93



ALEXANDER G. CATTELL
President

ROBERT K. NEFF
Vice-President

J. W. TORREY
Cashier

DECEMBER 5, 1911

RESOURCES

Loans and Investments....	\$16,398,985.76
Due from Banks.....	3,086,553.82
Clearing House Exchanges .	1,299,993.94
Cash and Reserve.....	4,459,178.99
	<hr/>
	\$25,244,712.51

LIABILITIES

Capital	\$1,000,000.00
Surplus and Net Profits	1,631,196.51
Circulation	436,500.00
Deposits	22,177,016.00
	<hr/>
	\$25,244,712.51



President

CHARLES S. CALWELL

WILLIAM W. SUPPLEE **THOMAS J. JEFFRIES**
Vice-President Vice-President

M. N. WILLITS, JR. **NEWTON W. CORSON**
Cashier Assistant Cashier

THE CUTS AND STATEMENTS APPEARING ON THIS PAGE ARE TAKEN FROM A SOUVENIR BOOKLET
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Peoples Trust Company of Brooklyn.

On December 5, 1911, this institution reported a surplus and undivided profits fund of \$1,696,664, total deposits of \$18,846,310 and total assets of \$21,665,915. Bonds and mortgages to the value of \$946,183 are carried.

Long Island Loan and Trust Company, Brooklyn.

Has \$745,525 invested in bonds and mortgages; loans amounting to \$5,029,536; a capital stock of \$1,000,000; a surplus and undivided profits fund of \$2,124,915, and total deposits of \$8,195,026.

Franklin National of Philadelphia.

The Franklin National of Philadelphia presents the usual excellent report to the Comptroller of the Currency as per the call of December 5. Loans and discounts are \$25,496,872; due from banks, \$5,487,360; cash and exchange, \$9,306,533; total resources, \$40,290,766. Deposits aggregate \$35,906,710. The capital is \$1,000,000; surplus and profits, \$2,849,856.

The Bank of North America.

The Bank of North America, Philadelphia, reports total resources of \$19,436,085; with loans and discounts, \$12,686,133; due from banks, \$2,064,210; cash and exchange, \$4,685,741. The capital is \$1,000,000; surplus and profits, \$2,735,848, and deposits, \$15,204,936.

First National Bank of Philadelphia.

Number 1, the first chartered national bank, reports loans and investments exceeding \$16,900,000, a cash and reserve fund of \$5,158,096, surplus and undivided profits of \$1,617,085 and deposits of \$25,479,059.

Corn Exchange National of Philadelphia.

According to its new statement of December 5, aggregate resources of the Corn Exchange National Bank of Philadelphia have passed the twenty-five million dollar

mark, being \$25,244,712. Deposits are reported at \$22,177,016. The institution has a capital of \$1,000,000 and surplus and net profits earned of \$1,631,197. Charles S. Calwell is president, and M. N. Willits, Jr., cashier.

Market Street National Bank of Philadelphia.

Capital, \$1,000,000; surplus and net profits, \$1,163,265; loans and investments, \$7,991,358; cash and reserve, \$2,497,000; deposits, \$8,931,000; total resources, \$12,085,600.

Union National Bank of Philadelphia.

Capital, \$500,000; surplus and net profit, \$719,073; loans and investments, \$5,954,683; cash and reserve, \$1,768,413; deposits, \$7,126,569; total resources, \$8,786,242.

Girard National of Philadelphia.

The Girard National of Philadelphia, reporting to the Comptroller of the Currency at the close of business, December 5, 1911, makes the following splendid showing: Loans and investments, \$30,816,217; due from banks, \$6,495,363; cash and exchange, \$9,281,099; total resources, \$46,595,879. Deposits aggregate \$39,923,636. The capital is \$2,000,000; surplus and profits, \$4,608,543.



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Farmers & Mechanics' National Bank of Philadelphia.

Capital, \$2,000,000; surplus and undivided profits, \$1,455,795; loans and investments, \$11,173,890; cash and reserve, \$3,649,660; deposits, \$13,518,646; total resources, \$18,999,842.

Fourth Street National of Philadelphia.

Deposits of this institution aggregate \$17,098,089, while the surplus and net profits are approximately \$6,500,000. On December 5, 1911, the loans and discounts averaged \$38,763,000.

Keystone National of Pittsburgh.

The Keystone National of Pittsburgh, Pa., makes the following report to the Comptroller at the close of business, December 5: Loans and investments, \$3,110,956; U. S. bonds, \$501,000; cash and due from banks, \$1,157,292; total resources, \$5,855,166. Deposits aggregate \$4,013,287. The capital is \$500,000; surplus and profits, \$865,279.

Mellon National of Pittsburgh.

The December 5 statement of the Mellon National Bank of Pittsburgh has just come to hand. The gross deposits as reported to the Comptroller on that date were \$39,489,196; capital, surplus and undivided profits, \$7,717,914, and aggregate resources, \$51,056,678. The executive staff of this growing institution consists of Andrew W. Mellon, president; Richard B. Mellon and Alfred C. Knox, vice-presidents, and Walter S. Mitchell, cashier; B. W. Lewis, A. W. McEldowney and H. S. Zimmerman, assistant cashiers.

First National Bank of Pittsburgh.

Number 48 in the national system of banks has presented its usual well balanced statement of condition. The resources at the present time total \$19,843,778; the surplus and profit fund shows \$1,078,403, while the deposits have increased to \$16,779,874.

Exchange National Bank of Pittsburgh.

Reports that it had at the close of business, December 5, 1911, total resources of

\$7,899,266. Its deposits have been increased to \$5,077,813, while the surplus fund is now \$800,000.

The Bank of Pittsburgh, N. A.

The oldest bank west of the Alleghany mountains reports resources of \$26,551,669, surplus and undivided profits fund of \$3,226,400, a circulation of \$2,152,200 and deposits of \$18,773,068. It is carrying at the present time loans and investments of \$20,101,342.

First National of Boston Shows Record Deposits.

As shown by its report to the Comptroller of the Currency, December 5, the First National of Boston now has the largest deposits



When a manufacturer is forced to talk AROUND his product instead of ABOUT it, it's a dead sure sign that there's something WRONG "in the works."

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THE NEGOTIABLE INSTRUMENTS LAW

AS ENACTED IN

Alabama.	Kansas.	Nevada.	Rhode Island.
Arizona.	Kentucky.	New Jersey.	Tennessee.
Colorado.	Louisiana.	New Mexico.	Utah.
Connecticut.	Maryland.	New York.	Virginia.
District of Columbia.	Massachusetts.	North Carolina.	Washington.
Florida.	Michigan.	North Dakota.	West Virginia.
Idaho.	Missouri.	Ohio.	Wisconsin.
Illinois.	Montana.	Oregon.	Wyoming.
Iowa.	Nebraska.	Pennsylvania.	

THE FULL TEXT OF THE STATUTE WITH COPIOUS ANNOTATIONS

Third and Revised Edition, 1908

By JOHN J. CRAWFORD, of the New York Bar

BY WHOM THE STATUTE WAS DRAWN

THE adoption of this Law so generally by the different States has made it one of the most important statutes ever enacted in this Country, and is of special interest to every banker. Hardly any case now arises upon a negotiable instrument, but requires the application of some provision of the Act.

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All of the original annotations are preserved. These are not merely a digest and compilation of cases, but indicate the decisions and other sources from which the various provisions of the statute were drawn. They were prepared by Mr. Crawford himself, and many of them are his original notes to the draft of the Act submitted to the Conference of Commissioners on Uniformity of Laws.

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in its history, the total standing at \$66,968,199. This is a gain of over two millions since the call of September 1, and is highly creditable to the efficient management of the institution. Other important items in the bank's statement are: Discounts, \$32,258,319; demand loans, \$12,538,409; cash and due from banks, \$27,183,583; U. S. and other bonds and securities, \$4,664,938; total resources, \$77,976,029. The strength of the First National is further indicated by its surplus and profits of \$6,582,830, with a capital of \$3,000,000.

The First National Bank of Chicago.

At the close of business, December 5, 1911, the First National Bank of Chicago and the First Trust & Savings Bank, affiliated with it, report combined deposits of \$161,830,369. Of this sum the national bank has \$112,563,053 and the First Trust & Savings has deposits of \$52,267,316. The surplus fund of the national bank equals its paid-in capital, which is \$10,000,000. It has a special deposit of U. S. bonds amounting to \$600,000. The total resources of the First National Bank are \$136,673,774; those of the savings bank, \$58,860,498.

Corn Exchange National Bank of Chicago.

This bank reports time loans amounting to \$11,269,258.22; demand loans, \$8,150,470.19; overdrafts, \$4,277.59; United States bonds, \$1,700,000; other bonds, \$1,829,512.94; bank building, \$2,000,000; cash on hand, \$11,431,112.63; due from banks, \$10,021,495.21; due from Treasurer United States, \$157,000; surplus, \$5,000,000; undivided profits, \$814,151.79; circulation, \$652,297.50; deposits: banks and bankers, \$27,014,348; individual, \$32,303,075.37. Total resources, \$68,683,908.66.

Fort Dearborn National Bank of Chicago.

Reports loans and discounts of \$16,357,544.07; United States bonds, par value, \$1,201,000; other bonds and securities, \$2,353,104.14; due from U. S. Treasurer, \$55,302.50; cash and sight exchange, \$9,078,407.56; surplus and undivided profits, \$611,695.14; circulation, \$1,000,000; deposits, \$25,445,199.89. Total resources, \$29,057,211.53.

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First National Bank of Cleveland.

This bank shows capital stock of \$2,500,000 and surplus and undivided profits of \$1,139,459, deposits of \$28,287,324, a provident reserve fund of \$100,000, and total resources of \$31,832,992.

Fletcher-American National Bank of Indianapolis.

This institution has issued a folder showing a condensed statement of all the national banks of Indianapolis. The Fletcher-American is capitalized for \$2,000,000, has a surplus fund of \$1,000,000, and total resources of \$2,594,168. According to the figures submitted it is nearly twice the size of any other bank in Indianapolis.

Northwestern National Bank, Minneapolis, Minn.

The combined capital, surplus and undivided profits of the Northwestern National Bank and the Minneapolis Loan & Trust Company affiliated with it, amounts to \$6,664,000, according to the last available re-

port of this institution. The combined deposits of these two banks total \$31,227,000. Of this sum, the Northwestern National Bank has \$29,356,549 in deposits and total resources of \$33,895,193.

National Bank of Commerce, Kansas City.

The National Bank of Commerce of Kansas City, at the close of business, December 5, reports loans and discounts, \$12,836,246; U. S. and other bonds and securities, \$3,650,952; cash and exchange, \$7,598,977; total resources, \$24,640,434. The capital is \$2,000,000; surplus and profits, \$719,593, and deposits, \$19,920,830.

First National of Kansas City.

The First National of Kansas City makes the following showing in its report of condition, December 5: Loans, \$13,974,630; U. S. and other bonds, \$2,095,273; cash and exchange, \$11,907,817; total resources, \$28,519,894. The capital is \$1,000,000; surplus and profits, \$1,683,161 (all earned), and deposits \$25,336,723.

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The First National Bank, Denver, Colo.

Reports at the close of business, December 5, 1911: Loans and discounts, \$6,647,877; United States bonds for deposits, \$400,000; due from banks, \$6,173,186; cash on hand, \$3,488,250; Deposits, \$18,867,166. Total resources, \$21,965,747.

International Trust Company, Denver, Colorado.

The International Trust Company, Denver, about February 1, 1912, will occupy an exclusive bank building which is now in the course of construction at the intersection of Seventeenth and California streets, Denver. This company reported on December 5 deposits of \$5,824,696 and total resources of \$6,963,548.

Wells Fargo Nevada National Bank, San Francisco, Calif.

Since the merger in April, 1905, of the Nevada National Bank and Wells, Fargo & Company Bank, under the title of Wells Fargo Nevada National Bank of San Francisco, the capital and surplus has reached over \$11,000,000, with deposits of approximately \$26,500,000, showing a steady growth, despite conflagration and panic. The total resources at the close of business, December 5, reached \$46,020,260.

Mercantile National Bank, San Francisco, Cal.

Has loans and discounts of \$6,810,171, surplus and undivided profits of \$1,097,649 and circulation of \$1,923,500, and deposits of \$9,570,516. The surplus at the present time aggregates \$3,000,000.

Dexter Horton National Bank, Seattle, Wash.

The 1900 deposits of this institution were \$4,600,000. To-day, with its associated institution, the Washington Trust & Savings Bank, its deposits total \$14,700,000. This is an increase of 267 per cent.

Ladd & Tilton Bank, Portland, Oregon.

The Ladd & Tilton Bank, in its statement issued at the close of business, December 5, shows the following excellent condition: Loans and discounts, \$7,306,295; bonds and stocks, \$4,269,320; cash and due from banks, \$4,923,570; total resources, \$16,576,816; deposits, \$14,708,579. The capital of the Ladd

& Tilton Bank is \$1,000,000, with surplus and profits footing up the substantial sum of \$848,237.

Cumberland National Bank, Nashville, Tenn.

In its statement of condition dated December 5, the Cumberland Valley National Bank of Nashville announces that it has been designated a depository for 120 out-of-town banks. It is capitalized for \$300,000, has a surplus and undivided profits fund of \$12,024 and deposits of \$1,093,756.

American Exchange National of Dallas.

The American Exchange National of Dallas, Tex., reporting at the close of business, December 5, shows loans and discounts, \$7,476,794; U. S. and other stocks and bonds, \$1,910,000; cash and due from banks, \$1,195,730; total resources, \$13,702,524; deposits, \$10,425,815. The capital is \$1,000,000; surplus and profits, \$1,276,705.

First National of Houston.

The First National of Houston, Tex., makes the following excellent report to the Comptroller as at the close of business, December 5: Loans and discounts, \$6,308,260; U. S. and other bonds and stocks, \$1,076,620; cash and due from banks, \$3,556,017; total resources, \$11,646,774. The capital is \$1,000,000, of which \$700,000 has been earned, and surplus and profits, \$429,948. Deposits aggregate \$9,209,565.

Commercial National Bank, Houston, Texas.

Capitalized for \$500,000, reports loans and discounts amounting to \$4,254,246; actual cash on hand, \$611,899; with other banks, \$1,662,552, and has total deposits of \$5,724,790.

First National of Shreveport.

The First National of Shreveport, La., presents the following statement of condition at the close of business, December 5: Loans and discounts, \$2,172,193; U. S. and other bonds and securities, \$355,764; cash and due from banks, \$964,104; loans on cotton, \$511,942; total resources, \$4,246,149. The capital is \$500,000; surplus and profits, \$276,570, and deposits, \$2,969,578.

The Live Stock Exchange National Bank of Chicago.

At the close of business, December 5, 1911, this bank reported loans and discounts

of \$9,334,094.53; United States bonds, \$100,000; other bonds, \$304,825; real estate, \$20,000; cash and due from banks, \$5,112,738.65. Capital stock, \$1,250,000; surplus, \$400,000; undivided profits, \$203,782.33; reserve for taxes, \$22,519.55; circulation, \$98,600; deposits, \$11,998,466.05. Total resources, \$13,873,467.93.

Merchants Loan & Trust Co., Chicago.

The December 6, 1911, statement of this sound institution is reproduced herewith in full:

RESOURCES.

Loans and Discounts	\$36,908,949.19
Bonds and Mortgages	3,489,538.38
Due from Banks and Bankers.....	\$18,392,029.87
Cash and Checks for Clearing House	\$,831,401.23-27,223,431.10
	<hr/> \$72,621,918.67

LIABILITIES.

Capital Stock	\$3,000,000.00
Surplus Fund	5,000,000.00
Undivided Profits	1,391,793.23
Reserved for Accrued Interest and Taxes	159,423.62
Deposits	63,070,701.82
	<hr/> \$72,621,918.67

National Bank of the Republic of Chicago.

Has increased its surplus fund to \$1,000,000 and brought its deposits up to \$23,543,424. According to the last published report the resources now total \$27,635,653.

National City Bank of Chicago.

Reports as follows: Resources—Loans and discounts, \$16,558,147.92; United States bonds, \$953,000; other bonds, \$1,814,294.63; cash and due from banks, \$9,999,132.53; total resources, \$29,324,575.08. Liabilities—Capital stock, \$2,000,000; surplus, \$400,000; undivided profits, \$123,705.16; dividends unpaid, \$181.50; circulation outstanding, \$795,300; reserve for taxes, \$11,000; deposits, \$25,994,088.42.

Continental and Commercial National of Chicago.

The Continental and Commercial National shows loans and discounts, \$109,375,650; U. S. and other bonds and securities, \$23,735,379; cash and due from banks, \$68,034,922; total resources, \$202,794,850; deposits, \$163,-

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633,798. With its capital of \$21,500,000, the bank has surplus and profits of \$8,805,613. The Continental and Commercial Trust and Savings Bank has total resources of \$27,070,655, and deposits, \$22,888,310; while the other affiliated State institution, the Hibernian Banking Association, has resources of \$29,412,623, and deposits \$26,302,836.

Drovers Deposit National Bank of Chicago.

This bank reports as of December 5, a capital stock paid in of \$600,000, surplus and profits of \$153,299; total deposits, \$8,781,893; total resources, \$10,387,142. The combined statement of the Drovers National Bank and Drovers Trust & Savings Bank brings the deposits up to \$12,116,489.

Statement of the Third National.

The Third National of St. Louis makes its usual excellent statement of condition in response to the Comptroller's call of December 5. Total resources are \$41,337,248, with loans and discounts, \$20,369,177; U. S. and other bonds and stocks, \$3,591,256, and cash and exchange, \$16,426,815. Deposits

aggregate \$35,195,488. The Third National is capitalized at \$2,000,000 and has surplus and profits amounting to \$2,150,760.

Mercantile Trust Company of St. Louis.

Reports \$10,323,487 of demand deposits and \$11,283,276 of time deposits. It has demand loans of \$5,493,039. The Mercantile National Bank, which is under the same management as the Mercantile Trust Company, reported on the same date deposits of \$5,055,142.

Statement of the National Bank of Commerce.

The National Bank of Commerce in St. Louis, at the close of business, December 5, makes the following favorable report to the Comptroller: Loans and discounts, \$46,111,209; U. S. and other bonds and stocks, \$13,842,181; cash and exchange, \$23,847,772; total resources, \$85,301,223. Deposits aggregate \$57,841,094. The capital of the bank is \$10,000,000, and surplus and profits, \$8,322,614.

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Mechanics-American National of St. Louis.

Official figures, taken from the last report of this bank, show a healthy expansion in every way. The surplus and undivided profits exceed the capital of \$2,000,000 by \$909,561, while the resources have reached an aggregate total of \$36,992,576. The bank carries \$2,000,000 of U. S. bonds to secure a circulation of \$1,990,597.

Merchants and Manufacturers Bank, Milwaukee, Wis.

The deposits of the Merchants and Manufacturers Bank of Milwaukee, Wis., have reached the figure of \$1,334,741. One year ago they were \$1,021,119, and on December 5, 1907, the deposits were \$694,153.

Statement of the Wisconsin National.

The Wisconsin National of Milwaukee, at the close of business, December 5, makes the following statement of condition: Loans and discounts, \$12,921,630; U. S. and other bonds, \$3,650,296; cash and due from banks, \$6,390,135; total resources, \$23,462,362. The capital is \$2,000,000; surplus and profits, \$1,320,466, and deposits, \$18,414,702.

First National of Milwaukee.

The First National of Milwaukee reports to the Comptroller as follows at the close of business, December 5: Loans, \$16,128,546; U. S. bonds and securities, \$2,551,023; cash and due from banks, \$5,819,528; total resources, \$24,555,251. The capital is \$2,500,000; surplus and profits, \$792,837. Deposits aggregate \$19,294,033.

Old National of Grand Rapids.

The Old National of Grand Rapids, Mich., at the close of business, December 5, makes the following excellent report: Loans and discounts, \$5,145,707; U. S. and other bonds and stocks, \$1,531,635; cash and due from banks, \$1,481,273; total resources, \$8,494,658. The capital is \$800,000; surplus and profits, \$722,450, while deposits aggregate \$6,170,968.

Birmingham Trust & Savings Bank, Birmingham, Ala.

Reports as of December 5, 1911: Loans and discounts of \$3,254,851; cash in vault, \$921,998, and earned surplus of \$450,000, individual deposits of \$3,787,716 and total resources of \$5,594,913.

First National Bank of Birmingham.

The First National Bank of Birmingham, Ala., reports December 5, 1911, loans and discounts, \$7,873,324; total cash, \$3,372,253; capital stock, \$1,500,000; surplus and profits, \$1,545,411; circulation, \$1,285,700; total deposits, \$9,372,669; total resources, \$13,653,781.

American National of Richmond.

The American National of Richmond, Va., presents the following gratifying statement of condition as of December 5: Loans and discounts, \$5,692,184; U. S. and other bonds, \$1,018,391; cash and due from banks, \$1,248,785; total resources, \$6,274,353; deposits, \$4,281,952. The capital is \$600,000; surplus and profits, \$403,792.

Comparative Statement of the Merchants National Bank of Richmond, Virginia.

	RESOURCES.			
	Dec. 5, 1891.	Dec. 5, 1901.	Dec. 5, 1906.	Dec. 5, 1911.
Loans	\$800,277.02	\$1,473,079.71	\$2,562,889.79	\$5,371,399.98
Bonds and securities	472,879.66	1,597,994.25	1,369,843.09	888,430.98
Real estate	68,520.37	76,786.11	91,199.66	125,401.72
Cash and due from banks..	305,159.46	796,789.72	1,320,086.45	2,072,091.36
	<u>\$1,646,836.51</u>	<u>\$3,944,659.79</u>	<u>\$5,344,018.99</u>	<u>\$8,457,324.04</u>
	LIABILITIES.			
Capital	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00
Surplus and profits	172,082.55	553,114.08	\$29,646.99	1,065,464.39
Circulation	171,750.00	200,000.00	200,000.00	190,100.00
Deposits	1,103,003.96	2,964,845.71	4,064,372.00	6,883,509.65
United States bond liability		36,700.00	30,000.00	.....
Interest reserve	20,000.00	118,250.00
	<u>\$1,646,836.51</u>	<u>\$3,944,659.79</u>	<u>\$5,344,018.99</u>	<u>\$8,457,324.04</u>

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Citizens' National Bank of Baltimore.

In its statement the Citizens' National Bank of Baltimore shows total resources of \$15,065,591, made up of loans and discounts, \$9,957,761; U. S. bonds, \$770,000; Baltimore City stock, \$705,000; other securities, \$180,499; banking house, \$170,000, and cash and due from banks, \$4,882,340. The bank reports deposits aggregating \$11,108,108, an increase of \$645,261 over the amount reported on September 1 last. This bank, which was organized in 1849, and has been closely identified with the manufacturing, mercantile and jobbing interests of Baltimore ever since, has capital of \$1,000,000, with \$2,040,283 surplus and undivided profits.

Citizens and Southern Bank, Savannah, Ga.

Reports loans and discounts of \$6,203,054, surplus and undivided profits of \$985,322 and deposits of \$6,980,911; total resources, \$8,666,243.

First National Bank of Richmond, Va.

This institution has a capital of \$1,000,000, an earned surplus of \$1,000,000; total deposits of \$8,000,966 and total reserves of \$12,032,951.

National State and City Bank of Richmond.

The National State and City Bank of Richmond, Va., has rendered its usual well-balanced statement of condition. It has, at the present time, a paid-in capital of \$1,000,000 and a surplus of \$700,000. The item of loans and discounts is set forth to be \$4,916,401 and the item of deposits as \$6,769,018. The total resources average \$6,769,000.

Planters National Bank of Richmond.

Has loans and discounts of \$6,249,341; surplus and profits, \$1,366,138; deposits, \$6,265,827; total resources, \$8,275,234. The cover of this bank's statement is reproduced in the Banking Publicity department of this issue.

First National Bank of Baltimore.

The First National Bank of Baltimore, Md., reports at close of business, December 5, 1911, loans and discounts, \$3,666,375; due from banks, bankers and reserve agents, \$2,313,498; capital stock paid in, \$1,000,000; surplus fund, \$350,000; undivided profits, less expenses and taxes paid, \$80,735; individual deposits subject to check, \$3,152,609; total deposits, \$6,517,150; total resources, \$8,573,109.

National Commercial Bank, Albany, N. Y.

The last published statement of this bank places the capital at \$1,000,000, the surplus at \$1,500,000, and records deposits of \$21,304,591. With total resources of \$27,021,810, the bank carries loans and discounts of \$10,308,688.

Marine National of Buffalo.

In the biggest statement it has ever issued, the Marine National of Buffalo, N. Y., reporting to the Comptroller of the Currency at the close of business, December 5, shows a splendid gain of about two million dollars in deposits since the September 1 call, with proportionate gains in other departments. Deposits now are \$29,725,357, the largest in the bank's history. Total resources stand at \$31,903,049; with loans and discounts, \$19,886,419; U. S. and other bonds, \$6,726,453; cash and due from banks, \$9,040,177. The Marine has a capital of \$2,000,000, of which \$1,500,000 is earned, and earned surplus and profits amounting to \$1,627,691.

Commercial National Bank of Syracuse.

An unusually high percentage of liquid assets is shown in the condensed statement of condition of the Commercial National Bank of Syracuse, N. Y. On December 5 the bank had total resources of \$3,423,543.

Loans and discounts aggregated \$2,122,321; cash on hand and due from banks amounted to \$651,927; United States bonds and other bonds and securities totaled \$627,958. With \$2,277,831 in deposits, the bank had capital of \$500,000 and \$341,761 surplus and undivided profits.

CALIFORNIA'S PROSPERITY

EXPANDING deposits and large cash reserves are the features of the banking situation in California. Money is plentiful in the interior, where returns have been received from early and complete marketing of products at high prices. Commercial demand for funds is hardly equal to the supply, with the consequence that the financial situation in San Francisco and vicinity is easier than it has been for some time past. This condition, indeed, is quite general, not only in the United States, but in Europe, and some American gold has gone to South America in the quest for profitable employment.

The clearing-house figures for the ten months ending October 31, fairly reflect the degree of business activity in the cities of the Pacific coast. In practically every California town having a clearing-house organization, the record shows improvement for this period over the corresponding period of 1910, and the gain is especially marked for the month of October, when vast quantities of fruit and grain were marketed. Some idea of the extent of this movement may be had from the fact that merchandise and produce shipments by sea from this port in October amounted to \$10,888,238, this being \$2,365,632 higher than for October of last year. The shipments included 36,594,323 pounds of dried fruit, the largest month's export on record; there were also large shipments of barley, wine, salmon and canned goods.

Shipments of fresh deciduous fruits, not including apples, are about ended for the season, the total exported from the State

being about 13,000 carloads. The success of fruit growers during the past season has encouraged the planting of new trees, and nurserymen find it difficult to supply the demands. During the past five years the orchard increase in California is estimated to be fully seventy-five per cent. In the San Joaquin Valley alone the number of fruit trees in bearing has just about doubled within the five-year period.

The citrus fruit industry continues to grow in volume and importance. The shipments of oranges and lemons from the State during the season of 1910-11 were the largest ever recorded, and resulted in bringing about \$35,000,000 cash into the State. The railroads' share of this, for freight was some \$10,000,000, leaving approximately \$25,000,000 to be apportioned among the fruit growers. This furnishes the main reason for the conspicuous prosperity and business activity south of the Tehachapi, and it is gratifying to observe that present indications point to an equally successful season just beginning.

According to the annual report of Bank Superintendent Williams, the banks in California doing business under State laws increased their aggregate resources no less than \$40,843,000 during the fiscal year ending June 30, 1911, the total assets on that date being \$608,858,000. Individual deposits increased during the year \$27,000,000, to a total of \$401,195,000; the increase in loans was about the same as that of deposits, while cash in banks decreased about \$1,000,000.—*Financial Letter American National Bank of San Francisco.*

WITH BANKERS MAGAZINE ADVERTISERS**FIREPROOF FURNITURE**

THE Fireproof Steel Furniture Company, 372 Broadway, New York City, makes some very attractive and valuable fireproof office cabinets, etc. Some of the strong features of these cabinets are as follows: The double walls of eighteen gauge steel plates are firmly held together by an interlocking system, and they are electrical-welded. In case of a fall the cabinet

cannot break apart. A two-inch air space between the two walls lined with asbestos makes the cabinet fireproof, four tight fitting jambs in the doors make it waterproof. Provided with heavy independent bar-bolts and combination lock. Castors are fastened so that they cannot fall out when lifting the cabinet. Any size cabinet can be easily moved from one room to another.

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, *Editor*

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REPORT OF THE NATIONAL MONETARY COMMISSION

THE Report of the National Monetary Commission, submitted to Congress on January 8, marks a most important stage of our banking and financial history. Probably no event since the enactment of the National Currency Act in 1863 (it was not until June 20, 1874, that this act was changed in name to the National Bank Act) has been of more vital concern to the banks of the country. For although the bill accompanying the report referred to has not been enacted into law, and never may be, the mere bringing of it forward by a commission appointed and acting under the authority of Congress constitutes in itself a step of the utmost importance.

Details of the measure proposed have been discussed repeatedly in these pages and elsewhere, so that it appears unnecessary to go over the ground again, but it may be profitable to revert to the main principles involved in the bill.

In effect, though not in name, a central bank is proposed—and this is no less true although the institution will differ from either the first or second Banks of the United States and from the great central banks of Europe.

Perhaps no statesman starting out as did ALEXANDER HAMILTON in 1789 with a *tabula rasa* would follow a different course from that pursued by the

first Secretary of the Treasury in proposing a central bank. HAMILTON'S views were adopted, and the first Bank of the United States was the result, but it was discarded after a time, owing to financial and political prejudices then existing. Later came the Second Bank of the United States, which after running along smoothly and prosperously for some years finally became a source of bitter political hostility, and the bank went down never to rise again.

Now, it may be that both these institutions were victims of prejudice and ignorance; and should that be true their untoward fate is no reason why we should not, in these progressive times, have a central organ of finance adapted to the needs of the times and the very best that can be devised. If, for example, even the great central banks of Europe are the most nearly perfect pieces of financial machinery that man can create (and we do not see how it could be possible to improve upon the Bank of France), why should the United States refuse to adopt a similar device merely because of the political hostility and prejudice that proved fatal to the two central banks of the earlier days of the country's history?

On the other hand, it may be plausibly urged against a central institution of credit that it conflicts with our cus-

toms and traditions—a view apparently confirmed by the downfall of the first and second Banks of the United States.

But the report of the National Monetary Commission insists—and perhaps with a great deal of justice—that the objectionable features inhering in the central banks already tried in this country and discarded, or those which from the American point of view may appertain to the central banks of Europe, have all been eliminated from the plan for the National Reserve Association.

This claim is entitled to careful consideration. If it be true that the Monetary Commission has provided for a piece of financial machinery which will safeguard public and private credit as effectually as does the Bank of France, and that at the same time harmonizes with our business, banking and political institutions and customs, it would indeed be difficult to find any adequate grounds upon which to base opposition to the National Reserve Association plan.

It ought to be said, in justice to the National Monetary Commission, that the problem to be dealt with was by no means an easy one. Our vast territory, the differing conditions in various sections of the country, the multiplicity of banks acting under Federal and State authority, and the political prejudices to be reckoned with—all these circumstances have tended to complicate the task with which the members of the commission were charged. The report indicates an earnest attempt to meet these difficulties in an enlightened spirit. The labors of the National Monetary Commission are entitled to respect and to careful consideration. Whether the bill recommended becomes a law or not the conclusions set forth in the commission's report are bound to be of great and permanent value in shaping future financial legislation.

The underlying principle embodied

in the bill under consideration consists in the substitution of coöperation among banks for the general welfare in place of the present method (in time of panic) of each bank engaging in a warfare upon every other bank. What the results of the present policy have been the panics of 1893 and 1907 disastrously witnessed.

Without endorsing the Reserve Association plan either in whole or in detail, it may be said that with such an institution in operation it is almost inconceivable that the history of 1893 and of 1907 could be repeated. This alone would certainly be a great gain.

The bill for establishing the National Reserve Association makes the following broad proposals:

(1) The establishment of a National Reserve Association, chartered for fifty years, with a head office at Washington, and with fifteen branches—the number of branches to be increased as needed. The capital of this institution is to be twenty per cent. of the capital of the banks eligible for membership but before beginning business \$200,000,000 of the capital must be subscribed and \$100,000,000 paid in. All national banks are eligible to membership and all trust companies with not less than \$50,000 capital and a surplus equal to twenty per cent. of capital and State banks with not less than \$25,000 capital. In other words, the capital of the National Reserve Association comes from the existing banks and those organized hereafter.

(2) The National Reserve Association to become the fiscal agent of the Government, thus displacing the present sub-treasuries.

(3) Gradual taking over of the present bonds and bond-secured circulation from the national banks by the Reserve Association the latter also to have the right of note issue against securities, commercial paper and coin.

(4) Standardizing of commercial

paper and authorizing bank acceptances.

(5) Establishment of a system of re-discounting through local associations and the National Reserve Association.

(6) Creation of a central reservoir into which all, or at least a considerable portion, of bank reserves will flow.

Although there are a number of other important provisions in the bill, these are its main objects.

Great interest naturally attaches to the question of controlling the National Reserve Association. It seems that the plan for choosing directors of the central association and the branches does not give any unfair advantage to the larger banks holding the most shares in the National Reserve Association. The smaller banks are treated with especial consideration and fairness.

Should any advantage in practice accrue to the large banks it would seem to us to come not from the method of selecting the directors, which as stated appears to have been devised with exceptional regard to the banks numerically rather than to their size, but from the apportionment of earnings on the capital stock, and its influence in deterring many banks from becoming members. The final provision regarding the apportionment of earnings appears in section 20 of the bill, and is as follows:

"Whenever and so long as the surplus fund of the National Reserve Association amounts to twenty per centum of the paid-in capital and the shareholders shall have received dividends not exceeding five per centum, all excess earnings shall be paid to the United States as a franchise tax."

The Report of the Comptroller of the Currency for 1911 shows that the national banks in 1910 paid dividends of 11.38 per cent. on their capital, and that the net earnings were equal to 9.35 of the combined capital and surplus. Statistics of the national banks for forty-two years show average divi-

dends of 9.07 per cent. to capital, and upon combined capital and surplus much more than the five per cent. which the banking capital invested in the National Reserve Association will show.

While the National Reserve Association is not—and probably should not be—intended as a money-making institution primarily, the stockholders of a bank may not unreasonably object to having their capital withdrawn from the home bank and invested in an outside concern yielding a reduced profit.

The question then arises whether this lessened profit will keep many of the small banks out of the Reserve Association altogether, leaving it to be made up of the larger city banks which might be satisfied with the moderate return and the advantage which control would give.

Of course, in taking this view, it ought to be said that there are many advantages accruing to member banks other than the direct profit derived from earnings on the capital invested, and these collateral advantages may entirely counterbalance the considerations above set forth.

The Report of the National Monetary Commission lays special emphasis on the provisions made against the possibility of "Wall Street domination" of the National Reserve Association. Undoubtedly this is important from a political standpoint for if the opponents of the measure could succeed in showing that it was justly open to the charge of favoritism to "Wall Street" the chance of getting the bill through Congress would be greatly impaired.

In considering the matter of capitalization the inquiry arises whether or not it is essential that the National Reserve Association should have any capital stock. As custodian of the reserves of the other banks it would probably have a superabundance of funds, and can hardly need \$100,000,000 capital or any capital whatever.

Moreover, to withdraw one hundred millions of money from local banks for investment in the shares of the National Reserve Association may cause serious inconvenience. The money so withdrawn will come from local enterprise, not only to the extent of the nominal amount invested but much more, for the larger a bank's capital and surplus the better able it will be to keep up its reserves, and the withdrawal of \$100,000,000 may cause a loss of possibly \$500,000,000 of lending power.

By granting the National Reserve Association a charter for fifty years, the way may be effectually stopped for a better solution of our banking problem should one appear. It may prove unwise to tie the country up for half a century to an undertaking whose success experience alone can demonstrate. An experimental period of ten years would perhaps be advisable.

No interest is to be paid on deposits of banks with the National Reserve Association. This is doubtless to prevent the latter from competing with reserve city banks for out-of-town deposits. The provision of no interest on deposits is probably both wise and necessary. Yet this may defeat one of the main objects of the plan which, according to its advocates, is to sever the intimate relations at present existing between deposits of country banks in New York and the call loan operations incident to Stock Exchange business. If the National Reserve Association pays no interest on bank balances, the country banks will continue to make their heaviest deposits with their New York correspondents for the sake of the interest which the latter pay, and we see no reason to believe that these funds will not be loaned as heretofore on Stock Exchange collateral.

The value of a rediscount center, though very great, is less than has been generally supposed. Indeed, where a bank has good commercial paper, there

is no reason why it should be compelled to rediscount this for the notes of another bank. The local bank should be permitted to issue its own circulating credit notes, thus saving the interest charge made by the Reserve Association. And no doubt in many instances the right to change deposit credits into note credits (without any change whatever in reserves) would be of great service to the banks and much less costly than the rediscounting process.

But, on the other hand, a supplemental service of great value could undoubtedly be rendered by the Reserve Association in rediscounting in case of need, especially when the country bank reserves were low.

While there are details of the proposed Reserve Association open to criticism, not only in the respects pointed out, but in others, it must be said that upon the whole its provisions seem well calculated to bring about a great improvement in our banking system.

The great art of banking seems to be the power to hold reserves well in hand in the day of prosperity that they may be the more available in the day of adversity, and in our judgment the National Reserve Association should find its chief function in restraining inflation rather than in relieving a strain upon money and credit—to prevent the conditions that lead to panic rather than to encourage that free creation of credit which is undoubtedly one of the chief causes of panics. Fears have been expressed and we believe not unreasonably that the liberal provisions in the Reserve Association bill for re-deposit of reserves, acceptances, rediscounts and note issues, may cause inflation.

We shall withhold discussions of some provisions of the bill until a later time. Did space permit, we should

especially like to commend the provision for establishing foreign banks, and for requiring branches of the Reserve Association to perform clearing-house functions. This, as well as the plan for transferring funds by telegraph, will prove of almost incalculable value.

Many of the principles embodied in the Reserve Association bill were supported by this MAGAZINE when they were far less popular than they now are. We have steadily and with wearisome reiteration pointed out the defects of a bond-secured currency, the mischievous effects of Treasury interference with the money market, and have long and patiently advocated such reforms as would adapt the country's banking and currency system to the needs of the present day. Whether the Reserve Association plan will ever get through Congress, no one can tell. Before its enactment it ought to be carefully discussed and no doubt amended. The Report of the Monetary Commission and the accompanying bill will form an excellent basis for such discussion.

HOLDING OF BANK STOCKS BY CORPORATIONS

AS a result of the discussion called out by the case of a prominent New York city bank which organized a company principally for the purpose of holding bank stock, proposals have been made recently in a prominent quarter for prohibiting the holding of national bank stocks by corporations and forbidding State banks and trust companies from becoming members of the National Reserve Association, provided their shares are held by corporations of any kind.

It is stated that the holding of bank

stocks by manufacturing and other corporations has developed some abuses. For example, a manufacturing company holding the stock of a bank might be expected to receive exceptional favors in the way of loans granted.

If a law of this kind were passed it might tend to diminish the desirability of bank stocks as investments. As is well known, many of the savings banks, especially in New England, hold large amounts of bank stocks.

While these savings banks may not be strictly corporations, but mutual associations, they would probably, nevertheless, come within the prohibition referred to.

One of the recent financial developments has been the organization of corporations for the sole object of investing in bank stocks, not for manipulation and control, but for the purpose of income only.

A corporation of this kind, on the ground of its own security, would find it desirable to limit its holdings of the stock of any one bank to a very small amount. Conceivably, a corporation of this character would have no other interest in the bank whose stock it purchased than to see that its management is sound and efficient. It is very difficult to see any just grounds for prohibiting the holding of bank stocks by a corporation of this kind.

In the case of individual holdings of bank stock it often occurs that where the bank fails and the stockholders must be assessed, they are unable to pay their assessments, and a deficiency frequently results. Were the bank shares held by a responsible corporation, this difficulty would not be encountered.

The Comptroller of the Currency, in his report for 1911, recommends that the laws be so amended as to provide that any corporation organized under authority of any act of Congress, or the laws of any of the States, which pur-

chases or acquires stock of a national bank shall be liable for assessment on such shares. The Comptroller gives as his reason for this recommendation the fact that the United States Supreme Court has frequently held that when a corporation has no power to invest its funds in the stock of a national bank, if it actually does so it can not be held liable for the assessment against it as a shareholder.

Of course, if any abuses have developed in connection with the corporate holdings of bank stocks, they should be eradicated, and any attempt by a corporation to acquire a large amount of the stock of any bank for the purpose of monopoly or manipulation should be prohibited.

There is great danger of regulation of this kind going much further than necessary to correct the evils complained of, which, after all, are not very great.

The Federal Government may well be careful not to enter upon a policy that would tend to diminish the value of shares of institutions which the Government creates and which have generally been the object of its especial solicitude.

UNFAITHFUL BANK OFFICERS

MANY persons will be surprised at the statement made in the Annual Report of the Comptroller of the Currency that "The dishonest practice by officers of national banks of receiving personal compensation for loans made by the bank is a growing evil, and has already reached such proportions as to call for criminal legislation on the subject."

The bank officer who receives any personal profit by granting a loan is, of course, not working for the bank's interest, but for his own pocket. Loans made on this basis violate the funda-

mental principle of sound banking, substituting personal gain for safety of the loan.

While no doubt Comptroller MURRAY is right in characterizing this as a growing evil, and is also to be commended for suggesting appropriate legislation for correcting it, one must believe that the evil is by no means widespread. The banker who derives a direct profit out of the loans granted by his bank is the exception and not the rule.

Boards of directors should be on the alert to discover even the rare cases of this sort and promptly administer the proper remedy—the dismissal of the unfaithful officer.

A BANKER'S LIBRARY

QUITE a good beginning has been made by the American Bankers' Association towards the establishment of a banking and financial library in the association's headquarters in New York. Secretary FARNSWORTH in his annual report thus refers to the work already done:

"It has been the opinion of the General Secretary that the American Bankers' Association should possess a library commensurate with its importance as the representative financial organization of the country.

"Its primary purpose should be the systematic collection and preservation of all available data of historical or biographical interest relating to the activities of the association and its membership. Until the last four years and before the present administration, no attempt was made to preserve material as it was received at the executive offices, with the result that files of proceedings, reports, documents, periodicals, and so forth are very incomplete. This can be rectified only through the cooperation

of members of the association in forwarding to the library such material in their possession as will complete the historical records of the national and State associations, and data regarding individual banks and bankers.

"The present accumulation of material is being organized and catalogued by a trained librarian, and when larger quarters permit expansion of the existing small collection, it is the intention to build up a comprehensive financial library where bankers can come or send for reference material.

"The principles, practice and historical development of banking and allied subjects will be adequately represented by a selection of books shortly to be made for the association by some of the leading economic authorities, supplemented by Federal and State documents, statistical manuals, bound magazines, and a clipping-collection for current comment, with the constant addition of up-to-date material in every form. For research beyond the limits of the library's own collection, the resources of the great New York libraries will be utilized, and the library might well contain, in time, an index to material available elsewhere throughout the country.

"Pending this development, however, the librarian's services are now available to members for the compilation of bibliographies and statistics, the analysis of reports or articles on various subjects, or information as to where material may be found in books, magazines and documents. What the library's future resources should comprise can, to a large extent, be best determined by current demand, so inquiries will be welcomed and promptly responded to at any time. The general secretary urges the immediate response of the members of this association in the building up of this important department."

While a bankers' library in New York would not be always accessible to bank-

ers in all parts of the country, yet since it is impracticable to establish one in all the financial centers, New York as the chief financial city of the United States is the appropriate location for the library.

A banking and financial library of proper scope would be of great service to the bankers of the country as a source of information on banking, currency and economics. The collection and care of such a library is a task too large for an individual, but it could be done very effectively by the American Bankers' Association.

SLOW BANK COLLECTIONS

PPROMPT remittances for collections is recognized as one of the cardinal virtues of banking. But it is a virtue whose practice is more or less neglected.

The Comptroller of the Currency has had his attention called to the matter, and hereafter he is going to investigate the banks that are complained of for their slowness in remitting for collections. Dilatoriness in remitting is to be regarded as a sign of weakness. This may be going too far, but it will at least cause the slow banks to wake up.

Probably some banks fail to remit promptly because they "need the money," but a great many are dilatory simply through force of habit—a bad habit nevertheless. Just what constitutes promptness is a matter open to some difference of opinion. The bank that remits daily will never be subject to criticism. But such frequent remittances are not always convenient. Some account must be taken of local circumstances, conditions and habits.

But when allowances of this character are fully made, they fail to excuse most of the delay which some banks

show in sending money they have collected to the banks to whom it rightfully belongs.

THE BANKERS' ASSOCIATION AS A PUBLISHER

IN his annual address at the New Orleans convention of the American Bankers' Association, referring to the publication of the "Journal of the Association," President F. O. WATTS said:

"Among the increased duties and responsibilities of the general secretary none were a greater charge on him than as publisher of the 'Journal.' To send out a creditable publication every month to twelve thousand banks and to ten thousand bank clerks, forming an army of probably thirty-five thousand discriminating, not to say critical, readers, and yet to confine the subject matter within the bounds of the authority given the publisher by the executive council and above any just criticism from the publishers of the regular financial journals formed a task requiring rare discrimination, and yet that end was accomplished to the satisfaction of your administrative committee. The idea of the Government going into the banking or other business has been abhorrent to bankers, and yet it would be no worse in principle than for the association to enter fields well covered by private enterprises, and the present authorities in the association have no such purpose. There appeared several months ago some captious criticism of the association and some of its officers that seemed to justify the suspicion that it was prompted by personal prejudice or by the establishment of the 'Journal.' That publication has a distinct field, and in that field it will in no way injure any interest. It is not intended to supplant the live financial papers that have

done so much for good banking any more than the employing of a general counsel by this association in any way changed the relation between the banker and his local counsel. While the executive council should have great care in making any extension of authority to the publisher of the 'Journal,' equal care should be exercised by the financial press in criticism of the association, the 'Journal' or the officer who recommended its publication."

If President WATTS was correct in stating that the "Journal" as published is quite satisfactory to the administrative committee of the association, it is far from satisfactory to the publishers who have their capital invested in financial publishing enterprises, which must compete with what is practically a subsidized publication. The notion that the "Journal" issued by the American Bankers' Association does not compete with the other financial publications is erroneous, and so long as the "Journal" is continued on the present lines, it will be a source of dissatisfaction.

In the early days of that organization it was the policy not to enter into competition with individuals in any line of business, and it seems that an unwise step was taken in departing from this just and long-established rule.

THE COURSE OF GOLD IN 1911

PRELIMINARY figures of the Director of the Mint indicate a total domestic gold output of \$96,233,528 in 1911, against \$96,269,100 in 1910.

According to estimates made by the Bureau of Statistics the imports in 1911 comprised gold valued at \$11,150,000 in foreign ore, \$29,800,000 in foreign bullion, \$5,750,000 in United States coin, and \$10,050,000 in foreign

coin—a total of \$56,25,000. The gold exported in 1911 was valued at \$500,000 in domestic ore, \$8,050,000 in domestic bullion, \$80,000,000 in United States coin, and \$2,250,000 in foreign coin—a total of \$40,800,000. The excess of imports over exports was about \$15,500,000, indicating a marked change from the conditions in 1910, when the excess of imports over exports was \$447,696, and also from those in 1909, when the excess of exports was \$88,793,855.

The gold imported in 1911 was mainly in the form of ore and bullion, and came chiefly from Mexico, although considerable gold is received from Canada every year and smaller amounts from the Central and South American countries, and in 1911 a large quantity of gold was imported from Japan. The exports consisted largely of gold coin and went chiefly to Canada, although smaller shipments were also made to France, South America, the West Indies, and aJapan.

DISTINCTIVE PROBLEMS OF A COUNTRY BANKER

By Miss Minnie Hester, Assistant Cashier Lee County State Bank,
Lexington, Texas

TO my mind the problems of a country banker can be divided into four subjects, viz.: Overdrafts; past-due paper; how to get and hold deposits; collections.

Overdrafts are an evil with which we all have to contend more or less. An overdraft is a phase of banking about which some customers of the bank know absolutely nothing. That is, they do not believe such a thing as overdrawing an account is ever allowed by a bank, hence they never contemplate indulging in such a thing. That customer is the farmer. He seems to study banking and its requirements more closely than any other line of business with which he has to deal. He knows and expects to give security, three to one, when he borrows, and, as a rule, he pays promptly when his paper becomes due.

In our section, the customers who are prone to overdraw their accounts are the small merchants, cattle and hog buyers. The reasons are very evident: the merchant is pressed by his creditors to pay promptly; he mails out his checks, hoping to put through enough sales to cover the deficit before the

checks get back home. The cattleman makes his arrangements beforehand for the amount of money he thinks he will need, but in gathering together those animals already bought, he unexpectedly finds some bunches which he must have, and thus—to the chagrin of the bookkeeper, when Mr. Smith's checks are posted that evening, lo! his account goes red by a couple of hundreds. This same experience can be applied to the man who buys hogs.

Past due paper is something about which we cannot be too vigilant. In the first place it does not show good policy to allow such paper to accumulate. Both the State and national bank laws are very strict along these lines, and rightly so.

In the second place, it is not treating a surety right to allow it. When a man goes security for another, he supposes that the note will be paid promptly when due and discards it from his mind after the time of maturity. In every case where a man does not pay his note when due and also fails to pay interest to keep it alive, he invariably makes it a point to prevent his sureties

from learning that the note has not been paid, and they are none the wiser until they receive a second notice from the bank.

The third reason is, that the allowance of past due paper gives that patron room to believe that their bank is very lax in its executive department. Men are only grown-up boys and after you teach them your rules, you must also show them that those rules must be respected.

HOW TO GET AND HOLD DEPOSITS.

When a man, not already a depositor, presents a check to be cashed, such an appeal as the following frequently secures his account: "Good morning, Mr. Jones. You have a check to cash? Yes, I see. One that calls for a nice large amount. Now, couldn't you leave some with us this morning—say even money if you must have some change? Good! Here is a neat little pass book which will show all of your deposits on one side and each time you take out any money, the amount can be placed on this side, then, by deducting the total of one side from the other, you will always know how much you have left in the bank. Then here is a check-book which you see is just the right size to fit in your pocket.

"You do not know what a fine thing this checking system is until you try it. You see you fill out one of these checks for the amount you want to pay your merchant or whoever he may be; then fill in the same date, amount and the name of the person in whose favor the check was made on the stub; in that way you have a complete record of every check you have issued. Then when the merchant deposits or cashes your check, he endorses it, and that again is your receipt. It is a fine thing and a great protection for you.

"Only a few days ago one of our customers came into the bank and asked to see the checks that he had issued during the month. (We return to you your checks at the end of every month, either in a statement or in your pass book.) He said he knew he had paid

his account in full at a certain store, and the merchant claims there is no credit on his books. We looked them up for him and found he was correct about it. We also looked up the merchant's deposits for that month and found where he had deposited this man's check, together with others, on a certain date. After that it took but a few minutes to get the matter all straight.

"Now if this man had paid the account in money, he would have had no proof that he had paid it and would have had to either pay it again or have the merchant distrust him from that time on.

"This same thing may happen to you. Then, too, it is not safe to keep money at home, even if you think you have it so securely hidden that thieves cannot locate it. What if you should wake up suddenly sometime between midnight and dawn and find you will just have time to get yourself and family out of the house before it falls in blazing ruins on you—do you think you will take time to get that money so securely hidden before you get out?"

Such arguments as the foregoing are nearly always effective, and when you once get a person enlisted, he will always be a depositor after the first trial, when he finds how convenient and safe a bank account proves to be.

As a rule, you are compelled to use both your argumentative and reasoning powers more freely with the gentle sex before you convert them, as they are somewhat timid and suspicious about money matters, and a large per cent. knows very little about business.

COLLECTIONS.

I am sure I voice the sentiments of every banker when I say that the collection department of a bank is more troublesome and gives less profit than any other, nay—all the other departments together.

After entering the items in the collection register and mailing out notices to the parties on whom they are drawn, they must be watched daily, lest the

demand or sight drafts run over their time; then the instructions to protest, if not paid by a certain date—it verily makes the “shivers” run up and down my spinal column whenever I recall the narrow escapes our bank has had in that line!

About one collection out of every ten is paid, so after returning the draft with the reason for nonpayment, we expend at least four cents on each collection and often six or eight.

As a matter of fact the collection department receives as careful consideration by the bank’s employees as any in the office, but it is seldom that the drawee encloses postage to cover the expense incurred.

We know that when an individual or firm draws on another through a bank, he wants that bank to use due diligence in the collection of same, and he also knows that the payee values his credit standing in his local bank above everything else, hence he will make a special effort to pay that draft if it is within the bounds of reason. Then would it not be right to enclose with each col-

lection mailed out four to six cents’ postage, so that the collecting bank will be out only its time?

The city banks incur more expense on their collections, as the car-fare is never less than ten cents, besides the time the employee loses from his other work while out on a collecting tour.

The items discussed in the preceding paragraphs are the problems with which we have to contend in a small country town of less than a thousand inhabitants away down here in Texas. It is possible that some of these apply to other localities, but be that as it may, there is a bond of fellowship and sympathy existing between all bank employees because, when they *compare notes*, they invariably find that all have experienced the same difficulties in rubbing up against their fellowmen, and when we small country “fellows” meet with the “big ones” at our conventions, we find them to be a big hearted sort of people, and they give us little bankers the glad hand, as if they thought we were as high up in the financial scale as they.

CHINESE COINAGE

By Otto Wilson

AN American firm sold a bill of goods in China, figuring closely on profits, as is necessary in that trade, and taking a note in which the amount was given in Mexican dollars. When the note was due, the firm sent it to a Chinese banking house for collection, and after various delays was surprised to receive a sum in gold considerably below the face of the note and leaving them with an actual loss on the transaction. The bankers informed them that the sum remitted was the amount left after deducting the double exchange. On writing to the American consul this firm was informed that double exchange was not unusual in Chinese commerce

and that there was no recourse. The note had been discounted when it was changed from Mexican to Chinese currency and again when this was changed to gold.

This is only one instance of the confusion of Chinese currency. On paper the coinage table of the Celestials looks beautifully simple—ten cash equals one candareen; ten candareens equals one mace; ten mace equals one tael—but the regularity ends with the theoretical table and in actual practice the dealer finds himself on a shifting sea of values. The advance of foreign influence in handling the foreign customs has somewhat steadied matters, but not

to any extent does the currency system yet approach the regularity of western countries.

The basis of Chinese coinage is the silver tael, which is not a coin at all but a weight, being the Chinese name for ounce. The tael contains theoretically 565 grains of silver. But the silver in different part of the empire is of different degrees of fineness or "touch," and, consequently, the value of the tael changes with each locality. In one town it will be worth perhaps sixty cents in American currency and in another, fifty miles away, only fifty cents. In addition, the actual value of the silver fluctuates in its relation to gold, so that the value of the same tael in the same port may be different to-day from what it was a month ago.

The duty on foreign goods shipped into the country, which is collected under the system of Sir Robert Hart, is computed on the basis of a standard commercial tael, called the "haikwan tael," whose value is constant at all the treaty ports. This value changes, however, from year to year. In 1909 it was worth on the average in American currency 62.5 cents, and in 1910 it had risen to about sixty-six cents. Then there is a standard or treasury tael for the payment of taxes, which is about ten per cent. heavier than the tael of commerce.

The actual money passed from hand to hand consists principally of three kinds: Uncoined silver cast in the shape of a shoe and called "sycee"; Mexican, East Indian, Chinese, American, and other silver dollars; and the copper "cash." "Cash" is the name of a small coin which, theoretically, weighs 1/16 of a tael and contains fifty parts of copper, forty of zinc, and ten of tin or lead. As a matter of fact, however, its composition has never been uniform throughout the country and its value has fluctuated very widely. It is supposed to be worth 1/1000 of a tael, but has gone as low as 1/1800 of a tael; in recent years, because of the rise in copper, it has come to be worth 1/1200 of a tael, or about 1/20 of an American cent. Each coin usually has a square

hole in the center by which it is often strung with a number of others on a cord, and a "string of cash" is frequently used as a unit in making sales.

The Mexican silver dollar is used very largely, especially in the treaty ports and for some distance inland. It is so popular that some Chinese mints have coined similar dollars, but as the value of the Mexican dollar is little more than the value of the metal in it there is little profit in imitating it.

Many miscellaneous silver coins are reduced in value by the habit of native bankers of "chopping" the coins or stamping them with a mark to indicate that they are genuine. This "chop" dollar, being mutilated, is worth only the intrinsic value of the metal found in it.

"Sycee" is in the form of ingots of various sizes from one to fifty ounces. Imported silver is melted down and its fineness estimated in a semi-public office in each port and is cast into sycee and marked in ink with a certain value, which is good only in that particular port.

Such a confused and unreliable currency could not but result in injury to the interests of the empire as a whole and particularly in the last half century, when foreign trade has become an important element in the welfare and enjoyment of the people. Lately some attempts have been made to introduce a stable and uniform currency system for the whole empire, and to change all existing coins into the new ones, but as yet little progress has been made.

On October 5, 1908, an imperial edict was issued ordering the adoption of a new coinage system, based on the silver tael and including small coins of one mace (one-tenth tael) and five canda-reens (one-half mace) and also a large number of half-tael coins. This was to be the legal tender for the whole country and was intended to displace gradually the prevailing coinage. That being accomplished, it was hoped to put the country on a gold basis. A board of finance was ordered to consider the question carefully.

On May 24, 1910, another edict was issued, giving definitely the rules governing the new coinage. This edict provided that the unit coin should be a silver dollar, or "yuan," worth seven mace and two candareens. Besides this there were to be a fifty-cent piece, a twenty-five-cent piece, and a ten-cent piece, all of silver; a two-cent, one-cent, and one-half-cent piece, of copper; and a bronze mill, or one-tenth-cent piece, the bronze to contain twenty-five per cent. copper and seventy-five per cent. zinc. This last was meant to displace the "cash" pieces.

The manner in which this edict was carried out is a good illustration of the lack of foresight still possible in Chinese official circles. The plan was to coin a considerable number of the silver dollars and then put them into circulation gradually. The director of the imperial mint decided that it would be a long while before sufficient new coins were made to begin circulating them and he consequently had the dies engraved with a date two years in advance. But after he had coined about 10,000,000 of these dollars the authori-

ties looked into the matter and decided that if that plan were followed it would take a large percentage of the coinage out of circulation before the new coins were ready. So the official head of the old director was cut off and a new official appointed, who proceeded to melt down and recoin all the 10,000,000 dollars. Up to the first of July, 1911, this work was still going on and no new coins had been issued.

It is quite likely that even if the present revolution does not sweep away the whole plan, there will be a great deal of difficulty in establishing the new coinage. In practically every town there are "cash shops," whose proprietors make a living by exchanging and discounting coins, while native bankers generally count on the discount as one of their important sources of revenue. These will strenuously resist any attempt to introduce a uniform currency for the whole empire, though there is no doubt but that all legitimate banking and mercantile interests generally would in the long run be vastly benefited by the change.

CHICAGO BANK TRAINS WOMEN

WOMEN should be educated how to manage their bank accounts is the opinion of James B. Forgan, president of the First National Bank of Chicago. "We intend to educate the women," says Mr. Forgan. "It is my belief that the women of Chicago are directly responsible for the petty forgeries that are daily detected in the large banks of the country. "Accounts for the women as a rule are opened by the husband or father. The

woman never comes to the bank and the cashier does not know the depositor. She merely draws the checks. When she needs a check book a messenger is sent to the bank.

"Hereafter the women must either come to the bank themselves or send a written request when a blank check book is needed. We have added an extra department for the sole purpose of keeping track of the check books given to the women."

BANK FOR AUTOMOBILE BUYERS

BANKS operated to serve special purposes have long been established in Europe, to a greater extent than here, but it has remained for recent developments to bring about the organization of banks specially established for the purpose of assisting in the purchase of automobiles, motor boats, and aeroplanes. Several concerns of this kind have already been established on the Continent, and a bank of this

kind, backed by Belgian capital, is now in process of organization in England. The new concern, which is to be built up through an extension of the present Belgian Auto-Bank, will have a French title, the English equivalent of which is The General Bank and Automobile Credit Society. Earl Russell, Chairman of Humber, Ltd., is to be chairman of the new banking company, whose capital will amount to \$500,000.

BANKING AND COMMERCIAL LAW

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

RECENT DECISIONS OF INTEREST TO BANKERS

NEGOTIABLE INSTRUMENTS LAW

NOTES MADE BEFORE — INDORSEMENTS
MADE AFTERWARDS—PRESENTMENT
PROTEST.

Court of Errors and Appeals of New Jersey,

MACKINTOSH VS. GIBBS ET AL.

WHERE a note was made and delivered prior to the adoption of the Negotiable Instruments Law, the liability of indorsers thereon is to be determined by the law as it existed then, though such indorsements were made after the date on which the act was to go into effect.

It is not necessary that a promissory note be presented by a notary public, nor is protest, strictly, so called, necessary to fix the indorser's liability.

The Supreme Court deemed that it was unnecessary to determine whether a promissory note in this form was negotiable by the law of this State prior to the year 1902, because, by section 2 of the negotiable instruments act (P. L. 1902, p. 583), provisions of this character do not interfere with negotiability.

We are unable to concur in this view. The note in suit was made and delivered prior to the passage of the act. It is true that before it fell due, and, indeed, before it was indorsed by the defendants and transferred to the plaintiff's testatrix, the act went into effect.

The statute was approved April 4, 1902, and took effect (under 3 Gen. Stat. 1895, p. 3195, pl. 37) on July 4 in the same year. But by section 195 it is expressly declared that: "The provisions of this act do not apply to negotiable instruments made and delivered prior to the passage hereof."

If this section is construed (as the Supreme Court must have construed

it), so that an indorsement made subsequent to July 4, 1902, would be subject to the provisions of the act, and the contract of the indorser governed accordingly, although the note was made and delivered as between the maker and payee prior to the passage of the act, and the contract of the maker and of any indorser who put his name upon the paper prior to the passage of the act would be governed by the law as it stood before the act, we are confronted with this difficulty that the Legislature must have contemplated a transition period between the old law and the new, during which (with respect to instruments bearing date prior to the passage of the act and falling due after it took effect) parties dealing in commercial paper would have been left in doubt as to the law governing the responsibility of successive parties; perhaps required to apply one rule as to the first indorser, and another rule as to a subsequent indorser, and therefore put upon inquiry as to the respective dates of successive indorsements.

We are not convinced that the Legislature intended to leave the mercantile business of the State, even temporarily, subject to such embarrassment. In our opinion, the plain and simple language of section 195 manifests the intent of the Legislature to leave entirely unaffected all negotiable instruments that were made and delivered as between the original parties prior to the passage of the act, thus remitting all inquiries concerning the rights and liabilities of indorsers and indorseees, as well as of makers and payees, to a single date, presumably evidenced by the date written upon the instrument.

The note being negotiable, the engagement of defendants as indorsers was that, if it was presented for payment at the time and place of maturity and payment demanded and refused,

and proper notice given to them of such demand and refusal, they would pay the note to the holder.

Prior to the negotiable instruments act, it was not necessary that a promissory note be presented by a notary public, nor was protest, strictly so called, necessary to fix the indorser's liability. (We, of course, do not intend to intimate that the act of 1902 changed the law in this regard.) The statute (2 Gen. Stat. 1895, p. 2605, § 9) providing for the protest of notes by a notary public was not intended to make such a protest a condition precedent to liability of the indorser, but to supply a convenient means of proving demand and notice of dishonor by the certificate of the officer performing the service. (*Sussex Bank vs. Baldwin*, 17 N. J. Law, 487; *Burk vs. Shreve*, 39 N. J. Law, 214.)

CONSENT TO ENTER JUDGMENT

NOTE CONTAINING SUCH STIPULATION
HELD TO MAKE IT NEGOTIABLE.

Supreme Court of Tennessee.

FIRST NAT. BANK OF ELGIN VS. RUSSELL.

A note dated the 15th of February, 1910, and which, by its terms, was payable on the 15th day of June, 1910, contained an authority to any attorney to enter judgment thereon at any time: *Held*, that this stipulation made the note negotiable.

The note in this case was in the following form:

\$772.50. Elgin, Illinois, Feb. 15th, 1910.

On June 15, 1910, after date, for value received, I promise to pay to the order of James Dorsey, seven hundred seventy-two and 50-100 (\$772.50) dollars, at the State National Bank, Memphis, Tennessee, with interest at 6 per cent. per annum after this date until paid. And to secure the payment of said amount, I hereby authorize irrevocably any attorney, of any court of record, to appear for me in such court, in term time or vacation, at any time hereafter, and confess a judgment without process, in favor of the holder of this note, for such amount as may appear to be unpaid thereon, together with costs and ten dollars attorney's fees, and to waive and release all errors which may intervene in any such proceedings, and consent to immediate execution upon such judgment, hereby ratifying and confirming all that my said attorney may do by virtue hereof.

Lon Russell.

BREEN, J. (omitting part of the opinion): The question that arises upon consideration of these notes is as to the effect of this provision contained in them, authorizing a confession of judgment "in favor of the holder" "at any time thereafter," and the "consent to immediate execution upon such judgment" therein contained.

In order to render any instrument negotiable under the law merchant and under the act, it must be payable at a determinable future time. That is, at a fixed period after date or sight; or on or before a fixed or determinable future time expressed therein; or on or at a fixed period after the occurrence of a specified event which is certain to happen, though the time of happening be uncertain. These notes, while they purport to be due and payable on fixed dates after the date of execution, to wit, June 15, 1910, and October 15, 1910, still, by reason of the warrant of attorney given to the holder to confess judgment upon them and issue execution thereon, *at any time thereafter*, are really due and payable from their execution. Collection and payment of the notes could have been enforced on the first day, the second day, or any other day after they were executed and delivered to Dorsey, under their express terms. They were dated on February 15, and transferred to the bank, according to its books, on February 28, and to all intents and purposes, by the very language of the notes themselves, they were due in Dorsey's hands before he transferred them to the bank.

A note upon which judgment can be obtained, and execution immediately issued thereupon at any time after its execution, is not due at a fixed and determinable period at all, unless it be treated as due from and after delivery.

The view that we have taken of this provision of the note in question is sustained by high authority. The Supreme Court of Massachusetts construed a note identical in its terms with those in suit here, and that court, speaking through Judge Holmes, now of the United States Supreme Court, said:

"It has been decided in Massachu-

sets that a note payable at a future day certain, or earlier at the option of the holder, is not negotiable. (*Mahoney vs. Fitzpatrick*, 133 Mass. 151 [43 Am. Rep. 502]; *Stults vs. Silva*, 119 Mass. 137.) The obligation to be gathered from the four corners of the present instrument is similar. The promise taken by itself is absolute to pay in ninety days from date, but the power of attorney on the face of the note authorizes a confession of judgment at any time thereafter, and we must construe these words as meaning at any time after the date. (See *Adam vs. Arnold*, 86 Ill. 185.) We cannot distinguish such a case from *Mahoney vs. Fitzpatrick*. For this reason, without considering whether there are any others, we must decide that the note was not negotiable." (*Richards vs. Barlow*, 140 Mass. 218, 6 N. E. 68.)

Construing a note with a similar provision, the Supreme Court of Wisconsin said:

"It is quite certain that the note was not negotiable, because, by the power of attorney which it contained, judgment could be entered upon it at any time after its date, whether due or not. Thus the time of payment depends upon the whims or caprice of the holder and is absolutely uncertain. This deprives the note of being negotiable. (*Continental National Bank vs. McGeoch*, 73 Wis. 332 [41 N. W. 409]; *Kimball Co. vs. Mellon*, 80 Wis. 133 [48 N. W. 1100].) Chapter 356, Laws of 1889 (the negotiable instrument law), provides that the negotiable character of an instrument is not affected by a provision authorizing a confession of judgment, if the instrument is not paid *at maturity*. Upon familiar principles of statutory construction, this provision makes a note like the present nonnegotiable." (*Wisconsin Yearly Meeting vs. Babler*, 115 Wis. 289, 91 N. W. 678.)

The provision of the "negotiable instruments law," to which the Wisconsin court calls attention as observed by that court, undoubtedly indicates that it was not the intention of the act to

make negotiable an instrument containing stipulations for the confession of judgment prior to maturity.

COLLECTIONS

DEFAULT OF CORRESPONDENT—STIPULATION AS TO.

United States Circuit Court of Appeals,
Eighth Circuit, September 25, 1911.

CALIFORNIA NAT. BANK OF SACRAMENTO VS.
UTAH NAT. BANK OF SALT LAKE CITY.

In the absence of an express or implied contract to the contrary, a bank accepting paper for collection is liable for the default of the correspondent to which it transmits the paper.

But where, upon receipt of an item, a bank notifies the bank transmitting the same that it will act only as agent and will assume no responsibility for the omissions, neglect or default of agents or sub-agents at other points, there is no such liability on its part.

PER CURIAM. A check drawn by Philips upon the First National Bank of Ponderay, Idaho, payable to Albert Wonderlich, was forwarded by the California National Bank of Sacramento, which had received it from another bank, to its correspondent, the Utah National Bank of Salt Lake City, for collection. The drawee bank was so far distant from the Utah bank that the check necessarily had to be forwarded through subagents for actual presentation. It finally reached its destination and was protested for non-payment. The California bank sued the Utah bank for damages alleged to have been occasioned by its negligence (the particulars of which need not be specified) in the transaction of the business, and, failing to recover in the Circuit Court, brings the case here for review.

The Utah bank had for several months prior to the transaction in question been acting as correspondent for the California bank in respect of its business at or near Salt Lake City, and also in respect of collections to be made at a distance through the intervention

of subagents. The Utah bank acted with due diligence in forwarding the check in question, and no fault is found with its selection of a subagent. The actionable negligence, if any, was with the subagents, and it is claimed that under the authority of *Exchange National Bank vs. Third National Bank*, 112 U. S. 276, 5 Sup. Ct. 141, 28 L. Ed. 722, the Utah bank is liable for the misconduct of its subagents in the performance of their duties.

In the absence of any express or implied contract that it should not be liable for the misconduct of its subagents, we would be required under the authority of the last-mentioned case to hold the defendant responsible for the negligence of the agents employed by it; but it appears that the defendant had, from the inception of its business relations with the plaintiff bank, accepted items for collection beyond its immediate sphere of action, with the understanding that it should not be liable for the misconduct of its subagents. Upon receipt of the item in question in this case the Utah bank, in accordance with its uniform prior practice, acknowledged its receipt, and in the body of the receipt, in like accord with former practice, incorporated these words:

"In receiving checks, drafts, or other paper on deposit or for collection, the Utah National Bank acts only as agent, and assumes no responsibility for the acts, omissions, neglect, or default of agents or sub-agents at other points, or for items lost while in transit. Any credit allowed for items on other banks or parties is only provisional until the proceeds thereof in money shall have been actually received by said bank.

"[Signed] W. F. Adams, Vice Pres."

The California bank received this receipt in due course of mail and made no objection to the terms specified. According to prior usage and contract alike, therefore, the defendant bank assumed no liability for the misconduct of its subagents, and the doctrine of the *Exchange National Bank Case* has no application.

The judgment below was right and is affirmed.

PROMISSORY NOTE

COLLATERAL SECURITY — ANTECEDENT DEBT—ALTERATION—NEGOTIABLE INSTRUMENTS LAW.

United States Circuit Court of Appeals,
Sixth Circuit, July 12, 1911.

MELTON ET AL VS. PENSACOLA BANK & TRUST CO.

Under the Negotiable Instruments Law, as well as under the rule prevailing in the Federal courts, a person who takes a transfer of negotiable paper as collateral security for an antecedent debt is a holder for value.

A bank holding a note as collateral security may sue thereon in its own name.

A note was made upon a printed blank in which the Peoples' Bank of S. was named as the place of payment. After the note was signed the name Peoples' Bank was struck out and the name First Nat. Bank of S. written in, the latter having been organized as successor to the Peoples' Bank, and which continued business in the same banking house: Held, that the alteration was not material.

THIS was an action upon a promissory note executed by seven different persons as makers.

Before SEVERNS and KNAPPEN, Circuit Judges, and SANFORD, District Judge.

SANFORD, *D.J.* (omitting part of opinion): As the proof shows that the note in suit was pledged to the plaintiff before its maturity, it is immaterial whether it was transferred as collateral to either of the Scudamore notes at the time the loan to him was made, or afterwards to secure his pre-existing indebtedness. The rule is well settled in the Federal Courts that the transfer of a negotiable paper by endorsement, before maturity, as security for an antecedent debt, is a transfer for value in due course of business. (*Railroad Co. vs. National Bank*, 102 U. S. 14, 23; *American File Co. vs. Garrett*, 110 U. S. 288, 294; *Oates vs. National Bank*, 100 U. S. 239, 247, 25 L. Ed. 580.) This is also the rule in the greater number of the States and in England. See cases collected in 7 Cyc. 932; 4 Am. & Eng. Enc. Law (2d Ed.) 290; and 1 Am. & Eng. Ann. Cas., p. 275, note. And recently the Supreme Court of Arkansas in *Exchange Nat. Bank*

vs. Coe, 94 Ark. 387, recognizing that the trend of modern decisions is in favor of the rule adopted in the Federal Courts as tending to promote uniformity in the several jurisdictions, has expressly adopted this rule and overruled dicta to the contrary in two earlier Arkansas cases.

And while it was formerly held by the Court of Appeals of Kentucky in *Lee's Adm'r vs. Smead*, 1 Metc. (Ky.) 628, 71 Am. Dec. 494, that the taker of collateral for an antecedent debt without a new consideration did not become a holder for value in due course, not only is such holding on a question of general commercial law not binding on the Federal Courts (*Swift vs. Tyson*, 16 Pet. 1, 15; *Railroad Co. vs. National Bank*, 102 U. S. 14, 23), but the former law of Kentucky in this respect was changed by the enactment, in 1904, of a uniform Negotiable Instruments Act (Kentucky Acts 1904, c. 102, p. 213, Carroll's Kentucky Statutes 1909, § 3720b [Russell's St. §§ 1885, 1886]), which provides as follows:

Sec. 25. "Value is any consideration sufficient to support a simple contract. An antecedent or pre-existing debt constitutes a value, and is deemed such whether the instrument is payable on demand or at a future time."

Sec. 26. "Where value has at any time been given for the instrument, the holder is deemed a holder for value in respect to all parties who became such prior to that time."

It is clear that under these sections of the Act one who takes a note before maturity as collateral security for a pre-existing debt is a holder for value. (In *re Hoppner-Morgan Co.* [D. C.] 154 Fed. 249, 253; *Trust Co. vs. Markee* [C. C.] 179 Fed. 764.) And in recent cases in States in which the Federal rule had not been previously followed, it is now recognized that by reason of the adoption of uniform negotiable instruments acts similar to that adopted in Kentucky, the assignee of a negotiable instrument taking the same before maturity as collateral security for a pre-existing debt is now to be regarded as a holder for value to the extent of the debt secured. (*Brooks vs.*

Sullivan, 129 N. C. 190; *Payne vs. Zell*, 98 Va. 294, 297.) (And see *Bank vs. Johnson*, 105 Tenn. 521, 530.)

The fact that the name of the bank at which the note was payable was changed after execution from the Peoples' Bank to First National Bank, without the knowledge or consent of the defendants, does not, in our opinion, constitute a defense to the note. It is true that where no place of payment is designated in the note the subsequent insertion of a place of payment is a material alteration as against all parties not consenting thereto (2 *Daniel Negot. Inst.* [3d Ed.] § 1378; *Whiteside vs. Northern Bank of Kentucky*, 10 Bush [Ky.] 501), and that a change in the place of payment contained in a note as originally executed is a material alteration (*Mitchell vs. Reed*, 106 S. W. 833, 32 Ky. Law Rep. 683.)

However, we cannot regard the change made in this case as amounting either to a change in the place of payment or the insertion of a place of payment where none had been originally specified. Under the note as originally written the place of payment was the Peoples' Bank of Sebree. This bank, as was known to most, if not all, of the makers, was a State bank, which had gone out of business as a State bank under that name about two years before, and had become the First National Bank of Sebree, which continued to do business as a national bank with the same officers, directors and stockholders as the former Peoples' Bank, and did business in the same banking house, with the old name of Peoples' Bank carved on its step. We are of opinion that, under these circumstances, the designation of the place of payment as the Peoples' Bank was equivalent to a designation of the First National Bank as the place of payment, and that it must have been so intended by all the signers of the note; that, under the circumstances, even if the name had not been changed the note would have still been payable at the banking house of the First National Bank, the former place of business of the Peoples' Bank, and that as the change in the place of

payment merely served to give a more technically accurate description of the same place of payment it cannot be held to be a material alteration. Thus in *Metropolitan Bank vs. Claggett*, 141 U. S. 520, 527, it was held that the conversion of a State bank in New York to a national bank did not destroy its identity or corporate existence; that it simply resulted in a continuation of the

same body with the same officers and stockholders, the same property, assets and banking business under a changed jurisdiction; that it remained one and the same bank and went on doing business uninterruptedly; and that it was not thereby discharged from its liability as a national bank on its outstanding circulation issued in accordance with the State law.

NOTES ON CANADIAN CASES AFFECTING BANKERS

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

BANK SUING CUSTOMER OF DEFUNCT MANUFACTURING COMPANY

SET-OFF—BUSINESS OF MANUFACTURING COMPANY CARRIED ON BY RECEIVER FOR BONDHOLDERS UNDER ORDER OF COURT—GOODS SUPPLIED BY RECEIVER TO CUSTOMER—ASSIGNMENT OF PROCEEDS BY RECEIVER TO BANK—RIGHT OF CUSTOMER TO SET OFF DAMAGES FOR BREACH OF CONTRACT MADE WITH COMPANY BEFORE RECEIVER APPOINTED—JUDICATURE ACT, SEC. 58 (5).

Sovereign Bank of Canada vs. Parsons (24 O. L. R.,—387).

THIS was an appeal from the judgment of Mr. Justice BRITTON in an action to recover the sum of \$15,028 under an assignment of book debts made by the receivers of the Imperial Paper Mills of Canada, Ltd., to the plaintiff bank. The paper mills had certain contracts with the defendants, Parsons, to supply them paper, and while these contracts were in force the bondholders of the paper company secured the appointment of receivers and managers who continued to carry on the business and to supply paper to, among others, the defendants. These receivers obtained credit from the plaintiffs from time to time hypothecating to them manufactured goods and doubtless drawing on the plaintiffs for the value of the goods shipped with bill of lading attached payable to the order

of the plaintiffs. Later, the receivers assigned to the plaintiffs all their interest in the account with Parsons, and this action was brought.

The defense to it was that the claim of the plaintiffs arose by reason of certain contracts made by the Imperial Paper Mills and assumed and adopted by the receivers, and by reason of new contracts and the carrying out of the same by the receivers with the defendants for the supply of paper and by reason of breach of these contracts the defendants are entitled to set off the damages they have sustained, and the defendants alleged that these damages were in excess of the plaintiffs' claim. The trial judge rejected this defence and found in favor of the plaintiffs.

JUDGMENT (SIR CHAS. MOSS, C.J.A.; GARROW, MACLAREN, MEREDITH and MCGEE, J.J.A.): The judgments go very fully and elaborately into the facts, but in addition to what has been said all that is necessary to say is that it appeared that the defendants knew from the first that the affairs of the paper company had gone into the hands of receivers and that the receivers constantly refused to be bound by prior existing contracts. In a letter of April 6, 1907, to the defendants, the receivers stated, "Each specification as it comes in will be accepted or rejected as if it were a new order independent of any contract; further than this we cannot go."

The following is taken from the

judgment of Mr. Justice GARROW, concurred in by the remainder of the Court with the exception of Mr. Justice MEREDITH:

This seems to bear upon both classes of contracts, the old as well as the new, and shows very clearly, when the whole letter is read, that the receivers and managers absolutely refused, not only to perform the old contracts, but to be committed by any kind of contract, new or old, to a continuous supply of paper at a fixed or agreed-upon price.

At the same time it is to be remembered, in explanation of equivocal circumstances, that all parties were looking forward to a resumption of business by the paper company. In that business the defendants were interested, not merely as customers but as proprietors, and it was a perfectly natural as well as proper thing that the supply of paper to which the defendants had been accustomed, and upon the faith of which they had entered into contracts the breach of which would entail loss, first upon them, and afterwards upon the paper company, should, as far as was consistent with their duty, be kept up by the receivers and managers, and the ultimate damages thereby minimized. But, bearing all that in mind, and having regard to all the other facts and circumstances, there being no express adoption of the paper company's contracts by the receivers and managers, and assuming that they had power to do so, it would, in my opinion, be absolutely impossible to imply such an adoption from anything which appears in the evidence. Nor is it shown that the receivers and managers themselves, as such officials, entered into contracts, after their appointment, for a continuous supply of paper, of which the defendants have shown breaches, either before or after the plaintiffs acquired title.

The proper, and, in my opinion, the only reasonable, inference, upon the whole evidence, is, that the merchandise the proceeds of which were assigned to the plaintiffs in May and June, 1907, was supplied to the defendants upon the terms contained and set forth in

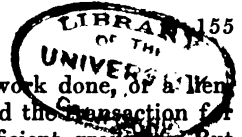
the letter of the previous April 6, from the receivers to the defendants, not upon the earlier contract, but as upon entirely new orders.

But, if I am mistaken in this view of the facts, I would still, upon the law, be unable to see how the defendants can succeed. Their claim is distinctly one of set-off, and not of counterclaim. That question was disposed of when the case was in this Court before, upon the question of pleadings. (See 18 O. L. R. 665.) The receivers and managers were not dealing with their own goods, as the defendants well knew. Nor were they acting, in what they did, as agents for the paper company, but for the mortgagees, at whose instance they had been appointed, and for whom they were carrying on the business, as the defendants also knew.

In so carrying on the business, the receivers and managers could, of course, contract obligations for which they would become personally liable. But they could not impose an obligation such as that arising under the old contracts upon the mortgagees without the leave of the Court.

And as to contracts entered into by themselves, the creditors' right to damages would be directly against them, and only indirectly against any indemnity to which the receivers and managers might be entitled, but the latter right would not justify setting off such a claim against a claim owing to the receivers and managers in their official capacity. (See *Nelson vs. Roberts* [1893] 69 L. T. R., 352.) In that case, the defendant, a receiver and manager, sought to set off, against a claim for which he had become personally liable in carrying on the business, a claim to which he was entitled against the plaintiff as executor of an estate, which the Divisional Court held could not be done, because the claims did not accrue in the said right, a well-known principle of the law of set-off.

The right which is given by sub-sec. 5 of sec. 58 of the Judicature Act, which enacts that the assignee of a chose in action takes it subject to the equities which would have been entitled



to priority over the right of the assignee if that action had not been passed, is a right of equitable set-off. The equities chargeable against the assignee, and which fall within that term, are those only which arise out of the same transaction as the debt, such as payment or satisfaction made on account of the debt, such as defects in the quality of

the goods sold or work done, or a lien or the right to avoid the transaction for fraud, or other sufficient grounds. But it does not include mere cross-claims arising from transactions independent of the debt assigned.

For these reasons, I agree with the judgment of BRITTON, J., and think the appeal should be dismissed with 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

USURY—NOTE GIVEN FOR—HOLDER FOR VALUE—NEGOTIABLE INSTRUMENTS LAW

NEW YORK, Jan. 10, 1912.

Editor Bankers Magazine:

SIR: A borrows \$200 from B and agrees to pay \$49 for the accommodation, and to obtain a good indorser. It is agreed that nine notes shall be given, eight for \$50 each and one for \$49, payable monthly. At the time the loan is made, all of the notes are indorsed by C as accommodation indorser, but the borrower fails to sign the \$49 note for the interest. The lender afterwards notices this omission, and goes to the indorser who gives his own note for the \$49, the lender agreeing to return the same as soon as he obtains the signature of the borrower to the first \$49 note. He does not do this, but indorses the last note over to a third person, and when it falls due, nine months after its date, it is presented to C for payment. Under the usury laws in force in this State, can C successfully defend an action brought by the holder on the note, on the ground that the note in question, being a part of an illegal transaction, is void in its inception?

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Answer: As the note for the \$49 was given for interest which amounted to more than the legal rate, it was void under the statute of New York which invalidates any note given in payment of illegal interest or upon which illegal interest is reserved. But whether the maker could avail himself of this de-

fense as against a third person who took the note for value before maturity without notice of the transaction is doubtful. The Negotiable Instruments Law provides: "A holder in due course holds the instrument free from any defect of title of prior parties and free from defenses available to prior parties among themselves," and it has been thought that this would preclude the maker or indorser from setting up the defense of usury as against a holder in due course.

In *Schlesinger vs. Lehmaier* (191 N. Y. 69), the court of appeals said: "In the Negotiable Instruments Law it is expressly provided that a holder, who becomes such before maturity in good faith and for value without notice of any infirmity, holds the same 'free from any defect of title of prior parties and free from defenses available to prior parties among themselves, and may enforce the payment of the instrument for the full amount thereof against all parties liable thereon.'

"Here we have the legislative intent expressed in clear and unmistakable language. It establishes a just and proper rule which protects the bank in making purchases of commercial paper in good faith before maturity, for value and without notice of infirmity." But as the decision of the Court in that case could be sustained upon other grounds mentioned in the opinion, the case is not necessarily an authority upon the point involved here, which may be still regarded as an open one.

SAVINGS BANKS

Conducted by W. H. Kniffin, Jr.

FINANCIAL STATEMENTS OF SAVINGS BANKS

By William Krauss, C. P. A.

BUSINESS transactions are translations of one form of value into another form of value. In buying and selling goods they change *hands*, in manufacturing they change *forms*, and by commercial accommodations they change their *usefulness*. In every case we note a change, the remodeling of values into a new appearance. In bookkeeping this transformation of values is expressed in the pluses and the minuses of the accounts; plus representing the appearance of the value within the new form; minus its disappearance from the old one. The pluses and minuses, or, as technically termed, the debits and credits of the accounts, faithfully copy the entire course of the movement of the values, thus building up the history of the business transactions.

Financial statements do not offer the history of the life of the business, they present a conditional stop only in that course of life, a "moment picture" of the appearance of the values at the date of the statement. The pluses and minuses of each account are condensed into one resulting amount, which is the present state or the balance of the account; then the balances of the accounts of closely identical character are condensed into collective headings and thus grouped into the balance sheet.

SAVINGS BANK STATEMENTS CONDENSED.

We find that the semi-annual statements published by the savings banks of the State of New York are condensed sometimes to such an extent that their meaning appears dim and dark, if not misleading. An extreme of such summarization can be found in an ad-

vertisement of a New York City savings bank, where the only fact offered as to the state of its affairs is the total of its resources. The high mark of the assets apparently pretends to show the great strength of the bank to depositors who are not aware that such a one-sided statement is similar to a pass-book of a commercial bank displaying large amounts of deposits, but none of the withdrawals against the account, which might be even overdrawn. More correct, but still too cloudy, are the statements where all the liabilities are compressed into one amount under the combined heading of deposits and surplus.

The surplus of a savings bank is far too important a factor to leave to the guessing of the interested one as to whether it amounts up to fifteen per cent. of the deposits or to one per cent. or less than that. Even when disclosing the amount of the surplus the statement is still too reserved if it does not indicate the principle upon which the computation of the surplus is based. Clearness and frankness are significant requirements of an honest statement. If over-condensed, it may be ambiguous; if too reserved, it may probably be misleading.

The present treatise shall engage itself to draw the lines of financial statements of savings banks to show how far the condensation of the accounts and figures may be carried, and to accentuate the points that need thorough frankness to make them correct and true.

Bonds secured by real estate mortgages generally head the list of the assets. This item represents the face value of the bonds, consequently fixed amounts and non-fluctuating values.

Assets:		Liabilities:	
	State information		State information
Bonds and Mortgages	14,500,000.00	Amount due to depositors	23,525,160.50
City Bonds (investment value)	2,540,000.00	interest credited to "	960,000.00
State Bonds "	3,200,000.00	Surplus (investment value)	2,730,000.00
Railroad Bonds "	4,300,000.00	increase for the year	80,000.00
Interest accrued	250,000.00		2,810,000.00
Bank Building	400,000.00		
Furniture & Fixtures	15,000.00		
less: amort. for the year	5,000.00		
Cash on hand	445,160.50		
Cash in Banks	1,650,000.00		
	27,295,160.50		27,295,160.50

MODEL I

Any misrepresentations may consist in the overvaluation only of the properties mortgaged.

THE STATEMENT ANALYZED.

Next to it are exhibited the values of bond investments. The principles applied in the valuation of these items are in the various statements far from uniform. We usually find stated either the par, or the investment (amortization), or the market values of the bonds. The par value is the face value of the bonds; that is, the value which will be paid for them at a stipulated time. It represents the value in the future often without any reference to that of the present. The investment value is the cost price, increased by amortizing the discount or decreased by the amortization of the premiums. It is the past value mathematically connected with that of the future. The market value is the price determined by the prevailing conditions—the value of the present.

It is a matter for argument which of the three is the most correct and proper principle; but since the financial statements are always conditional, focused upon the conditions prevailing at the time of their issue, the market values should always be mentioned at least informatively by side of any other valuation, if not already done so in the main column of the assets. The suspicion may easily be raised, that in buying bonds with discounts and valuing them at par or at an amount amortized up to par, the management of the bank can at will and ease increase the totals of its book-assets.

Market values are not book-values; they are the nearest ones to be changed into cash. They are rather effectual than scientific, and easiest to be understood by the average depositor. Moreover, the market values of the savings banks of the State of New York show the most conservative figures out of the three mentioned methods of valuation. On January 1, 1911, the total of their surpluses amounted up to 152 million of dollars upon the investment

valuation; 122 millions upon their valuation at par, and 107 millions according to their market value. This proves an average overvaluation of not less than thirty per cent. respectively of twelve per cent. of the book values against the conservative figures of the market valuations.

In fact, we find in the statement of a New York City savings bank the surplus recorded with \$1,150,000 (investment value), while the market valuation would have shown only \$560,000. In another with over eight millions (par value), the concealed market valuation would hardly pass over four and one-half millions. In a third the surplus is proved to be over three per cent. of the deposits, while the market valuation would have brought it down to only a little over one per cent. Such remarkable divergencies in the results of the different valuations justify the demand of an informative side record of the market values of the bond securities. The writer's advice as to a proper place for such records is to draw an "information column" by side of the main column in the balance sheet.

Interest accrued includes interest on asset accounts for the time expired up to the date of the statement, the payment of which is not yet due. It is as much an asset as the face value of the principal indebtedness. As long as it has not been collected it is in fact no interest yet, and is rather adherent to the principal amount where it proceeds from; nevertheless, the device to anticipate their collection under the heading, "Interest accrued," is justified and admitted.

The item, real estate, represents as a rule the bank building only. The valuation of the same is quite at the will of the management. Outside of the help of an expert appraiser, the average depositor can hardly have a reliable basis for criticism on this point; still the tax-assessment valuation inserted in the information column may serve as some guide for the estimation of same, if questioned. It is well known that the estimation of properties by the tax officials, generally, do not

<i>Assets:</i>		<i>Liabilities:</i>				
<i>Side information</i>			<i>Side information</i>			
	Bonds and Mortgages	14,500,000.00		Amount due to depositors	23,525,160.50	
	City Bonds (market value)	2,590,000.00		interest credited "	960,000.00	24,485,160.50
	State Bonds "	3,100,000.00		Surplus (market value)	1,870,000.00	
	Railroad Bonds "	3,900,000.00		increase for the year	650,000.00	1,935,000.00
	Interest accrued	250,000.00		Sinking fund against fluctuations in values	410,000.00	
<i>For asset valuation</i>	Bank Building	400,000.00		increase for the year	150,000.00	4,250,000.00
325,000.00	Furniture + Fixtures	15,000.00		Net income		
	less: amortization for the year	5,000.00		Expenses		
	Cash on hand	445,160.50		Depreciation in furniture		
<i>Average daily balance</i>	Cash in Banks	1,650,000.00		Gross income		
355,650.50		26,845,160.50				26,845,160.50
1,675,000.00						

MODEL II

reach the market prices; but on the other hand, it must be considered that the valuation of a building erected exclusively for bank accommodations should not be placed much higher than the value of the building material and that of the ground upon which it stands.

Furniture and fixtures is an item not readily welcomed and rather disappearing among the assets of a savings bank. If recently inserted, it is much to desire by means of a sub-item, to display the amount of amortization speedily leading to the disappearance, or at least to the diminution of same.

Cash on hand, together with deposits in banks, often appear melted into one item. Although of no special importance, it looks more exact when specified. The significant character of this item is the continuous fluctuation of its balances. Being thus specially elastic, it readily permits *mala fide* directors to bring up the balances of the date of report to a temporary high mark such as found fit to form an attractive display.

Statements of importance, like the weekly reports of the commercial banks rendered to the clearing-house, show the average daily balances of the week, and it would be much to the credit of their frankness if the savings banks would also exhibit the average daily balances for the period reported in the information column.

LIABILITIES.

Liabilities of a savings bank generally consist of two items only: (1) The amount due to depositors; and (2) The surplus of the bank. The amount due to depositors is increased by the interest credited to depositors for the current period. The fact and the extent of this increase is exhibited in the form of a sub-item in a very few statements, although there is no proper reason why facts and figures offering points of such apparent interest to depositors should be suppressed.

The most significant and sensitive part of the statement is the exhibit of the surplus. Since the savings banks

of the State of New York have no capital stock whatever, the only inforcement around each dollar deposited is treasured up in the surplus. It is the heart of the bank getting the strength and distributing it from and to every part, and is the readiest indicator of its vitality. The critic is therefore bound to center his attention, above all, on the surplus, and to observe not so much the high mark of its figures as its ratio to the deposits. Being simply the plus of the assets over the deposits, the surplus is mathematically dependent upon the valuation of the assets.

The device suggested for the valuation of the assets will, therefore, necessitate the appliance of the same principle to exhibit the surplus also upon the market valuation in the information column, if not already shown in the main column.

THE SURPLUS.

Another point of interest universally neglected is the sub-itemizing of the increase or decrease of the surplus for the time reported. It is of no little importance to see whether the strength of the bank has been increased or lessened by the earnings for the past period, and to consider whether the increase of the surplus was in conformity with the increase of the deposits, and whether it has been increased sufficiently to justify the percentage of the dividends distributed. One of the very largest savings banks in New York City paid \$2,190,000 in dividends for the year of 1906, while for the same period its surplus decreased by \$470,000. For the year 1907 it distributed \$2,500,000, while at the same time its surplus decreased by a further \$520,000.

Proper accounting will hardly permit of such a liberal distribution of the earnings, while, on account of a serious downward tendency of the bond values, the surplus is neglectfully left to take its own course. The surplus must not be looked upon as merely a counterbalance to the effects of the ups and downs of the bond prices; it must be kept up for other emergencies which are also eventual, though by no means so proba-

ble. There is much of the morality of the management in the figures of the surplus, and its moral power appears more manifest if a corresponding part of the surplus would be separated to be handled as a sinking fund against fluctuations of bond values. This would, of course, not change the merit of the state of affairs at all, but will discriminate the rather stable from the fluctuating part of the surplus, and thus accentuate the figures of well-rooted protection thrown around each dollar deposited.

The exhibit of the two sub-items in the group of liabilities, i. e., the amount of interest credited to depositors and the part of the earnings adjudged to the surplus, will also disclose the total of the net income for the past period. In adding to it the amount of the expenses and that of the depreciation in the asset values, we reach the figures of the gross income and practically the outlines of the profit and loss account. But no savings bank in the State of New York ever opens to depositors the page guarding the sanctuary of these four figures. They are all well compressed so as never to be recognized

into one amount of the present surplus. Whence this reservedness? Is it based upon the rule of habits, or upon the rule of rights? Business concerns submit to creditors their balance sheet, and surely that is all the creditors are entitled to look into. The items of the profit and loss account are rightly open to proprietors only. Yet, is the depositor of a savings bank a creditor or a partner to it?

For the creditorship stands the negative argument that no depositor has any right whatever as to the management, and after the withdrawal of his deposits, to the surplus of the bank; while in favor of the partnership it must be pointed out that no other living or legal person has any right whatever over the funds of the bank and over their profitability but the depositors. In the writer's belief each depositor individually is a creditor of the bank, while the entire body of the depositors are the only, and only imaginable, proprietors to it. By virtue of this distinction the complex of the depositors should not be deprived of the proprietors' right to be informed on vital points of the life of the funds they actually own.

OLD TRINITY

(From the New York "Sun")

'Midst tumult never ceasing of the city's
 busy world,
 Where money's ensigns always wave and
 quiet's flags lie furled,
 There nestles in the shadow of man's
 tow'ring halls of stone
 A place wherein the working of a mighty
 Hand is shown.

A modest pile, it stands with right unquestioned
 to its place,
 And unto all the carping world serene it
 shows its face,
 The spirit of that temple seems to permeate
 the air,
 And men are somehow better just to see
 it standing there.

Within its walls refreshing peace as of the
 cloister dwells,
 A peace which of a Presence potent, all
 pervading tells,
 The presence of a mighty God, who owns
 no monarch's sway,
 Who plants his kingly standard in the
 thickest of the fray.

So as it stands with slender spire uplifted
 to the sky
 It seems to breathe a meaning to the
 myriad passersby.
 'Tis like the finger of the Lord held up in
 warning stern,
 That men may wisely heed its sign and
 change their lives and learn.

SHIRLEY DEAN NEVIN.

TRUST COMPANIES

Conducted by Clay Herrick

TRUST COMPANIES AND THE RESERVE ASSOCIATION

OF the papers presented at the recent New Orleans convention of the American Bankers' Association, that of most interest to trust company men was the discussion of "The Relation of State Banks and Trust Companies to Senator Aldrich's Plan," by F. H. Goff, president of The Cleveland (Ohio) Trust Company. This paper was originally to have been delivered before the Trust Company Section, but upon request of the Executive Committee was read before the general body.

Mr. Goff showed that the plan in its latest shape provided for the needs of State banks of the purely commercial type, but does not cover those of State institutions which do not discount commercial paper. He called attention to the fact that of the sixteen billion dollars of individual deposits in the banks of the country over six billion dollars are savings deposits, and said that the suggested plan for monetary legislation "must be condemned as inadequate unless it affords sufficient advantages to savings institutions to induce them to accept of membership."

He pointed out that savings banks and trust companies which restrict their investments to savings bank standards for the most part have no paper arising out of commercial transactions, and hence, even under the revised plan, have exceedingly limited and restricted opportunities for obtaining credit through the Reserve Association.

The situation was illustrated by these concrete examples:— "A commercial bank could rediscount an unsecured obligation of the United States Steel Corporation, if you please, having less than twenty-eight days to run, provided only it arose out of a commercial transaction, while a savings institution could not rediscount an obligation of the same

company having the same maturity, not arising out of a commercial transaction, although secured by government bonds. A commercial bank could rediscount the note of a farmer given for seed or fertilizer, while a savings bank could not rediscount a note of the same party for the same amount and having the same maturity, although secured by mortgage on real estate worth several times the amount of the loan, if issued for other than commercial or agricultural purposes."

"I seriously doubt," said the speaker, "whether any plan which penalizes savings banks and trust companies for adherence to standards supported by sound reason and long experience will prove acceptable in the end to the public. If it is essential to the success of the proposed plan that State institutions should become members of the Reserve Association, the plan must be liberalized so as to give such of these institutions as voluntarily or under legal compulsion adhere to savings bank standards in the matter of investments and loans, the right to use their prime secured loans for rediscount."

After discussing the reserve requirements under the revised plan, and showing that there might be instances where it "might prove unreasonable and operate to exclude institutions whose membership should be desired," Mr. Goff suggested "that instead of having Congress fix the reserve requirements the Executive Committee of the Reserve Association be given power to fix from time to time the amount of reserve required to be maintained by its members for all classes of deposits,— savings, time certificates and demand." He called attention to the uneconomic and wasteful character of our reserve laws, and expressed the opinion that

the reserve requirements can gradually be liberalized.

The speaker believed that the opportunity of membership in the association should be given to State institutions having less than \$25,000 capital, (there being some 6,000 of these with capital of from \$10,000 to \$25,000), provided they have been subject to proper examination, supervision and control by State authorities.

In conclusion, Mr. Goff pointed out nine particulars in which State institutions accepting membership in the Reserve Association would labor under disadvantages until State laws are amended, but expressed the opinion that the State Legislatures would enact legislation correcting the inequalities.

Mr. Goff's paper is recognized as a masterly contribution to the discussion of the question, and it is well worth careful study. That it demonstrates the necessity of recognizing, in any plan which may be adopted, the needs of trust companies and other State institutions, can hardly be denied. It points out clearly the disadvantages under which even the revised plan would place the State institutions, and indicates changes which seem both just and safe. In particular, his demand that trust companies which do not discount commercial paper, and which adhere to savings bank standards of investments and loans be given the right of rediscount of such loans, is unanswerable if those time-honored standards are to be maintained.

THE TRUST COMPANY IN 1911

THE year 1911 was a prosperous season for the trust company as an institution, and brought some events of more than ordinary importance. Of these the most significant was the admission of trust companies to the New York Clearing House, followed by similar action in Cincinnati and in Philadelphia, with steps looking to the same end in other large cities. This is

formal recognition of the important position which trust companies have come to occupy; while the terms of admission as regards the amounts of reserve required admit that trust company accounts differ from those of banks in some particulars, though they are similar in others.

During the year the discussion of the Reserve Association plan has advanced to a point where the absolute necessity of admitting trust companies upon equal terms, and without interference with State charters, is generally recognized. The number of new trust companies organized during the year was somewhat in excess of that for the two or three years immediately preceding, but not as large as that for some of the years earlier in the last decade; while the increase in aggregate resources was greater in amount and in ratio than that of any recent year. The tendency to consolidation or absorption of companies has continued, not only in the largest centers like New York, Chicago and Boston, but also in smaller centers. This has resulted in greater individual strength, but also in the concentration of power in fewer hands, involving some economic dangers.

MONTHLY STATEMENTS

THERE is a steady increase in the number of trust companies and other banking institutions which are adopting the practice of rendering monthly statements to their depositors. The practice has sound sense behind it, and is destined to become a fixed custom.

The rendering of such statements is more needed for the accounts of trust companies than for those of commercial banks with large, active accounts, because the depositors in the latter regularly bring in their pass books to be written up, and the accounts rarely go for long intervals without such checking. The average trust company, on the other hand, has numerous small and

inactive checking accounts, whose owners frequently neglect for long periods the bringing in their pass-books. The result is that these accounts go for months,—sometimes even years,—without a final checking for possible errors or for forged checks. The interests of the bank and of the depositor alike call for a frequent comparison of accounts, and the monthly statement at least assures that the bank has done all in its power to bring this about, even if the depositor neglects his part.

It is true that there are sometimes some difficulties in establishing the system. It involves an additional cost, though this is not as great as might be expected. The expense is often counter-balanced by the early discovery of errors which might prove costly if not observed in time, while a proper system of reports serves as a continuous audit of this part of the work, and in many companies is a part of the work of the auditing force. Curiously enough depositors sometimes object to having the statements sent to them; but this condition disappears as the custom becomes established. The careless depositor, who will not look over the statement when it is sent to him, is always in evidence, but in such case the bank has fulfilled its obligation, both legal and moral.

TOTAL TRUST COMPANY FIGURES

THE 1911 edition of "Trust Companies of The United States," which was distributed in December, shows that during the year from June 30, 1910, to June 30, 1911, the trust companies of the country maintained the remarkable growth begun in the nineties. This book, which is published annually by The United States Mortgage & Trust Company of New York, has come to be the standard for trust company statistics, and reflects great credit upon its publishers.

The 1911 edition contains returns

from 1,616 trust companies, whose aggregate figures on June 30, 1911, were as follows:—

RESOURCES.

Stocks and bonds	\$1,155,493,753.83
Loans, notes and mortgages	2,648,460,875.67
Cash on hand and in bank..	1,034,376,095.13
Real estate, banking house, furniture and fixtures and safe deposit vaults.....	163,912,213.07
Other resources	166,278,267.89
	<hr/>
	\$5,168,533,205.59

LIABILITIES.

Capital stock	\$441,545,769.04
Surplus & undivided profits	558,028,890.62
Deposits	3,601,229,952.94
Due to banks and bankers.	214,594,668.97
Other liabilities	353,133,924.02
	<hr/>
	\$5,168,533,205.59

The first edition of this book was published in 1903. It contained a list of 912 companies, of which, however, figures were obtained for only 854, whose aggregate resources were \$2,938,047,846. In the eight years ending June 30, 1911, therefore, the number of companies listed increased from 912 to 1,616, or seventy-seven per cent., while the aggregate resources increased from \$2,938,047,846 to \$5,168,533,206—a gain of \$2,230,485,860, or a little over seventy-five per cent.

The increases during the eight years have been continuous, except for the year ending June 30, 1908,—following the panic of 1907,—when there was a loss, and for the year to June 30, 1910, when the figures remained practically the same. The number of companies and the aggregate resources reported for the past five years were as follows:

Year ended	No. of companies	Aggregate resources
June 30, 1907.....	1,480	\$4,285,782,076
June 30, 1908.....	1,470	3,917,442,357
June 30, 1909.....	1,504	4,610,369,274
June 30, 1910.....	1,527	4,610,373,112
June 30, 1911.....	1,616	5,168,533,206

These figures represent the banking resources only, those for the trust department being not available.

PRACTICAL BANKING

STOP PAYMENTS

By J. H. Griffith

A STOP payment over a telephone differs essentially from an oral stop payment made by a depositor or his representative to the proper bank official to receive it, in that while the identity of the one who uses the 'phone is necessarily a matter of uncertainty, the other admits of no doubt. Cases have been known where parties have called up a bank and stopped payment on checks for considerable amounts as a joke, and really from a certain standpoint such a proceeding might be considered very funny, especially if the credit of all the parties to the transaction was unquestioned.

The best course to pursue and the one in most common use is for the bank officer who answers a stop payment call to notify the party calling that there is nothing official or binding in the 'phone message and that the only stop payment which is accepted as binding on the bank is a written notice. At the same time he should thank the depositor or owner of the check for calling attention to the matter and assure

him that the bank will do all in its power to save him from loss.

It will probably be held by the courts (I do not know that the matter has ever been judicially determined) that a 'phone stop payment is a notification to the bank that the check has been lost, stolen, altered, or has some defect, and that the bank should use extraordinary care in paying or certifying such a check, although it would not be justified in refusing payment if properly presented by a legitimate owner, or held responsible if such payment was made.

The best practice is to make it very plain to the depositor or owner of a check who desires to stop payment over the 'phone that the bank has no means of knowing whether he is acting in good faith or not or of establishing positively his identity, therefore there is nothing authoritative or binding in the conversation; at the same time, however, advise him to send a written stop payment to the bank as soon as possible, and, of course, express a willingness to aid in the matter.

ACCOUNTING IN ITS RELATION TO BANKS

By F. W. Lafrentz, C. P. A., President The American Audit Company

THE great advantages of bank accounting are only to be attained through the aid of those professional accountants whose high reputation attests their skill and ability. Many leading accounting firms now maintain a special department for the examination of banks; and in the selection of a concern to assist the directors in their periodical examinations or to make independent examinations, preference should be given to these who make a specialty of bank accounting.

To enjoy the confidence and possess the good-will of the public are cardinal elements in the successful operation of any banking

institution. It will, therefore, be seen that a most important duty of the bank official is to make certain that the inner workings of the institution merit such public esteem.

The examination of a banking institution by its directors is a most necessary feature, but few directors are sufficiently versed in banking matters to enable them to make a report that carries with it the value such a document should possess, and they owe it to themselves and to those whose trust they enjoy to supplement their efforts by a thorough-going system of independent examinations.

In the matter of outside supervision the

modern way is for the directors to appoint a committee from their number to make periodical examination of their institution and to employ accountants either to assist them or to make independent examinations. The accountants employed, being specialists in this line of work, are enabled to remedy weak spots in the accounting system, to recommend expense saving methods and intelligently to pass upon all questions concerning matters in every department of the institution examined.

While it is well known that the bookkeepers and other employees of our banking institutions are men of the highest integrity, yet if a bank be so unfortunate as to have a dishonest employee on its staff, the fact that his books are to be examined at different

periods by bank accountants will keep him in check; and should he fall from the path of duty, this fact would be disclosed at the next examination.

The fact that their books have been thoroughly examined and passed by a firm of accountants of good standing should be a source of confidence and pride to the officers and employees.

To be most effective the examination should be started without previous notice, and in scope it should be just as thorough as it can be made.

If banking institutions would avail themselves of examinations by outside accountants once or twice each year, the safeguard such examinations involve would be of the highest benefit to them.

TEACHING BANKING BY CORRESPONDENCE

THERE is no longer any doubt as to the practical value of correspondence instruction. The method is becoming one of the most important forces in American education. It is strongly endorsed by some of the most prominent educators in the country.

"Every encouragement we can offer correspondence students of any school ought to be given," said Dr. Gumsaulus, president of the Armour Institute of Technology.

The late President Harper of the University of Chicago often expressed his approval even in stronger terms. "The work done by correspondence," he said, "is even better than that done in the class room. The correspondence student does all the work himself. He does twenty times as much reciting as he would in a class where there were twenty people. He works out the difficulties himself and the results stay by him."

The correspondence plan of instruction has been practically and successfully tested in nearly every department of study. There is no reason why it cannot be practically applied to banking.

TRAINED MEN WANTED IN BANKS.

The cry of the banking profession has always been for "trained men." Abundant opportunity for special training is offered to young men who desire to enter other professions but the banking profession, which involves great responsibility, demands a high standard of morals, and calls for careful and thorough preparation, must enlist its own recruits and educate them in the school of experience.

Positions of importance and responsibility are constantly becoming vacant, and every bank needs a reserve force of men especially trained in the principles and

practice of banking, from which it may draw to fill these positions.

As a result of the present method of taking "green" men into the bank to teach them the business from experience, banks often find their ranks filled with untrained men, who are unprepared to fill positions of responsibility and trust. Consequently, instead of taking men from their own ranks, they are often compelled to draw upon the forces of other banks, or choose men of outside business experience to fill the vacancies that occur.

What the banking profession needs today is "trained" men—men with a clear understanding and thorough knowledge of the theory and practice of banking, who are competent to assume important and responsible positions as soon as they become vacant.

The highest efficiency can never be obtained in any business or profession with its ranks filled with untrained men. If the dignity and high standard of the banking profession is to be maintained, no applicant for a bank position should be considered who has not had previous training in the principles and practice of banking.

GOOD WORK OF THE AMERICAN SCHOOL OF BANKING.

The American School of Banking, Columbus, Ohio, puts such a training within the reach of every one who has ambition to become a banker.

This school is doing much to promote banking education, and is developing a class of trained men so much needed by the profession. In this they should receive the endorsement and co-operation of bankers generally.

Its course of study does not only prepare young men without experience for the

banking business, but being thorough and complete, affords those who are already employed in banks a means of further advancement.

Bank clerks frequently occupy positions which afford them little opportunity to acquire information outside of their positions, having had no previous training before entering the bank, and they find themselves unprepared to accept vacancies which occur above them.

With the knowledge and training of a thorough course in banking, the employe is qualified to step up to a higher position with confidence and self-reliance.

METHOD OF INSTRUCTION SUPERIOR TO ALL OTHERS.

The plan of instruction employed by the American School of Banking is rather unique, but exceedingly simple, practical and complete. Books dealing with the subject of bank bookkeeping and accounting usually start with the statement of condition and follow each of the accounts down through the various books and records to the original entries.

The American School of Banking, however, reverses this order. "This from 'top-to-bottom' theory," it contends, "is illogical and impractical. The student taking up the study of banking should no more begin at the top and study downward than one should learn to read by beginning with the Sixth Reader and finish with the First.

"When one begins at the top of the banking business he takes up the most difficult and intricate problems at the start. Obviously this is contrary to first principles. When a young man enters a bank to learn the business from experience he is not started at the cashier's desk and demoted to lower positions until he reaches the messenger's position."

This course starts the student at the very bottom, and at first he has to do only with the minor and simplest duties. He is gradually taken up, step by step, through the various departments, just as he would be promoted from position to position if he were actually employed in a bank. In other words, the student begins with the position of least responsibility and works towards the position of greatest responsibility.

SIMPLE AND COMPLETE.

The course consists of four series of lessons, thoroughly covering every phase of practical, up-to-date banking. Each series deals with one of the four broad divisions of banking. The first series covers the collection and individual bookkeeping departments, the second series the general bookkeeping department, the third series the teller's or cash department, and the fourth series the loan department and bank management.

The lessons are logically arranged, the text clearly expressed, the questions sug-

gestive, and the forms and exercises forcibly illustrated. At the end of every lesson is a number of questions explicitly covering the text, and also practical problems for the student to work out in detail.

As the student progresses with his studies he is from time to time examined in the work he has gone over. Questions and examination papers are sent for each test. The papers are graded and returned to the pupil with corrections, and if his grades



EDGAR G. ALCORN

GENERAL MANAGER OF THE AMERICAN SCHOOL OF BANKING, COLUMBUS, OHIO

are satisfactory he is permitted to proceed with his studies.

Supplementary to the lessons a reading course is given, consisting of three standard volumes, which deal with the legal side of the banking business and some of the higher problems of administration.

THOROUGHLY PRACTICAL.

The student is provided with actual forms, such as checks, drafts, notes, etc., to be used in working out problems and practical exercises. In the start, however, he is required to make his own diagrams of the various books of record in order to get more practice and to familiarize himself with the forms and rulings of the books.

After all of the lessons are completed, he is then provided with a model set of twenty or more books that are actually used in the average up-to-date bank, and upon these books he is required to work out all the transactions that occur in an ordinary bank.

For use in these transactions actual deposit tickets, made out in the names of different depositors, with the various items deposited, also checks, commercial drafts, bank drafts, notes, certificates of deposit, certified checks, cashier's checks, remittance letters, cash letters, collection letters, etc., are furnished.

Thus the student not only becomes thoroughly familiar with the very documents and forms with which the bank deals, but he gets the actual experience of handling and posting these items to the different books, just as he would if he actually worked in the different departments of a bank.

BETTER THAN LEARNING BUSINESS FROM EXPERIENCE.

In some respects it would seem that such a course of study would be of far more value than going into a bank to learn the business from experience. The trouble with the latter method is that a beginner is often confined to one position for a long time, and

little opportunity is afforded to get information outside of his immediate employment.

In pursuing a regular course of study, however, under competent instruction, such as is provided by the American School of Banking, the student will secure a broader knowledge of the banking business in a few months than some bank clerks may be able to acquire from experience in several years.

EDGAR G. ALCORN, AUTHOR OF COURSE.

Mr. Edgar G. Alcorn is the author of this course, which is all the evidence needed that it represents the highest standard of instruction. Having contributed many excellent articles on practical banking topics to THE BANKERS MAGAZINE, Mr. Alcorn is quite well known to our readers.

He is also the author of the book, "The Duties and Liabilities of Bank Directors," one of the authors of the text-books and lessons used by the International Business University of Detroit, and a regular contributor to the leading business journals. Mr. Alcorn is further qualified to give instruction in banking because of his wide and varied experience as a practical banker, he having served in every capacity of both country and city banks, from messenger to cashier.

INVESTMENTS

Conducted by Franklin Escher

CHARACTERISTICS OF SOME CLASSES OF BONDS

ADVICE about investments, to be convincing, should come from those who have themselves made successful records in handling money. This qualification is possessed by the Harris Trust and Savings Bank of Chicago, which in thirty years has bought outright with its own funds more than one thousand one hundred and fifty million dollars' worth of bonds which have proven safe investments. Quite naturally, therefore, some literature recently put out by this well-known establishment may be regarded as coming from an excellent source. Liberal quotations are made below from this literature.

At once the average business man asks how it was possible to invest such a great

sum of money with such success from the point of view of safety. This was possible only by first laying down a rigid policy as regards what general classes of investments the organization would recommend and think highly enough of to purchase with its own capital. Mr. Harris' experience in selecting investments for the surplus funds of a great insurance company was of great value. From that experience he decided that bonds embodied the most important characteristics of an ideal investment in a high degree, and as a result this institution deals only in these classes of securities:

- (1) Government and municipal bonds.
- (2) Railroad bonds.
- (3) Public service corporation bonds.

SAFETY OF THE FOREGOING CLASSES OF BONDS.

Let us consider why such securities have proved the most desirable.

Ask yourself the question, What do I

To Increase Principal and Income

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We Recommend These Shares, as in our opinion a Safe Investment in which there is an unusual opportunity for Increase of Principal and Income.

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desire chiefly when I wish to invest idle money safely? and upon answering the question, point by point, you will have described a bond. Clearly, safety is the first consideration. This means only one thing; the sum of money you invest must be returned to you or your heirs in full at some definite time. Every safeguard to this end must be provided; therefore, there are several things you should not do with your money. If it is wholly desirable that you have a guaranty of the return of your principal, you must not be satisfied with the mere ownership of property as such, for in order to recover the money invested the sale of the property would be necessary, and many and uncertain are the fluctuations of the market prices of properties. This is just as true whether the property be in the form of a partnership in a going business, the stocks of a corporation, or parcels of real estate. No one is obliged to take these off your hands, and if you are to get back the principal sum invested you must sell in whatever market you can find the property. From this we see that if a bond is a safe investment, it is not merely property, but it is a secured promise to pay—an obligation or guaranty to return, for value received, a certain sum of money on a given date.

But the desirability of an investment does not end with a guaranty to return the principal; the sum must provide beyond question a satisfactory income. This should not be as uncertain as the profits from the individual ownership, let us say, of real estate, for lands or buildings may be idle and the income cease. Neither should it depend upon the rise and fall of the profits of a business, as when dividends on stocks of corporations increase or stop entirely as the company enjoys prosperous times, or suffers reverses. Such methods of employing capital are of their very nature business risks, requiring skill of management to assure an income. If you wish to free yourself from

these risks and responsibilities, provision must be made to have the income of a safe investment fair, steady and as certain as human foresight can make it. Thus we see that a bond must bear interest at a fixed rate, with full provision for its regular payment when due.

But a bond is even more than this. In the old common law sense of the word, a bond signified an obligation to perform an act, and in the event of failure so to do, there was provision for the forfeit of something to compensate for damages sustained. This is also true of investment bonds. The return of the principal sum at a definite date and the regular payment of interest at a fixed rate are set forth in special agreements in the bond, and they also usually provide penalties or forfeiture of property in case the agreements are not carried out.

Finally, an ideal investment must have the qualities of convertibility. That is, it should be of such character and in such form as to permit of ready sale for cash if this should be desired, or to be used as collateral for a loan at a bank in case the investor needs to borrow money quickly. In this great age of public improvements and general business on a huge scale requiring large sums of capital, money is borrowed for such projects in large amounts. At the same time, in order that these loans may be available to all owners of money, large or small, a big loan, or bond issue, is divided into many smaller parts, and one of these parts is a bond. For example: an issue for one million dollars may be divided into one thousand parts, or bonds, of \$1,000 denomination each; or perhaps 2,000 bonds of \$500 each, or even 10,000 bonds of \$100 each. In other words, such a bond issue may be compared to a huge farm mortgage, divided into many parts, each part like a separate mortgage. Therefore, we find a bond is a negotiable instrument, so prepared as to be readily rec-

The Gamble in Governments by National Banks

is one of the vitally interesting topics in

THE PRINCIPLES OF BOND INVESTMENT

By **Lawrence Chamberlain**, of Kountze Brothers, New York.

This invaluable book covers bonds from every standpoint. It treats bond investment as an applied science, and presents a comprehensive and careful analysis of all classes of bonds and shows how to estimate their value, and includes a vast fund of invaluable information.

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ognized at banks and in the market places of the world as a part of a loan of real worth and definitely secured as to repayment of principal with interest.

BONDS DESCRIBED.

Now that we have described an ideal investment in its essentials, let us understand more completely what a bond looks like and what, also, is the meaning of some of the terms used in connection with such investments.

A bond is a specially prepared document, usually engraved or lithographed on very fine paper, so that it will not wear out with years of handling. The wording on the bond states just what the bond is; when the promise to pay will fall due; where the principal is payable, and in what kind of money; when, where and how the interest is to be paid, and how much it is; and what the guaranty or provision is for the prompt payment of principal and interest.

In the picture on this page [not reproduced] will be noticed a number of small ticket-like divisions or coupons. The reading matter on such coupons states that so many dollars of interest on the bond for a year or half-year or quarter-year will be due on a certain date and will be payable at the place indicated. When these coupons fall due, the owner of the bond clips them off and presents them for payment. If he is some distance from the place of payment he may collect his interest by mail, or, more easily, he may deposit his coupons at any bank for collection.

Some bonds do not have coupons; these are known as "fully" registered bonds, because the name of the owner of the bond is registered with the agent of the maker of the bond. Instead of presenting coupons for collection the owner of such bonds receives his interest by check through the mails without action on his part. A bond may be registered in two ways; when "fully" registered (in other words, "registered as to principal and interest") bonds do not have coupons, as just stated. But when "reg-

istered as to principal only," they carry interest coupons, which are collected in the usual way. Registered as to principal means that the bond must be transferred on the books of the maker's agent each time it is sold; that is, only the registered owner can sell it legally. Coupon bonds can be sold without this formality. The chief value of the registered form of bond is that it safeguards the bondholder against loss in case the bond is mislaid or stolen. If the purchaser expects to sell his bond on short notice, it is preferable to buy the coupon form instead of the registered form, for the coupon bond can be delivered at once without the delay of a few days which is sometimes necessary in transferring the registered bond.

On the face of the bond is printed the date it will fall due, or be paid off. This date is its maturity. Many bonds are paid off at a stated date, without any privilege of payment at an earlier time. Such bonds may run ten, twenty, thirty, forty, fifty years or longer. Some bonds, however, have provisions for the payment on a specified date and also an option of being paid off at an earlier date. Thus a bond whose maturity is twenty years from date of issue may be retired in ten years.

The rate of interest to be paid is stated in the bond, and also when the interest will fall due, whether every three months, every six months, or yearly. This rate is paid until the bond matures and is redeemed. The usual payment is semi-annual; thus a bond bearing five per cent. interest payable semi-annually January 1 and July 1 will receive on each of those dates a half-year's interest on his bond; if the denomination of the bond is \$1,000, that is \$1,000 face value, he will receive \$25 on January 1 and \$25 on July 1.

Since interest is always accruing on bonds at the rate named therein, one must consider, when bonds are sold, the amount of interest that has been earned between the time the last previous coupon was cut off and the date the bonds are to change hands. Naturally the seller of the bonds wishes

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to profit from the interest the bonds have earned while they were his; hence he charges the buyer with this "accrued interest." From this practice arises the term "and interest" or "and accrued interest" in connection with the market price of a bond. The price of a bond, therefore, is usually quoted thus "97½ and interest." This means that a \$1,000 bond is to be sold at \$975, plus whatever interest has been earned on the coupon that will next fall due; or that a \$100 bond will be sold \$97.75 and interest. To cite an exact example: Suppose interest on a certain \$1,000 bond is payable January 1 and July 1 at the rate of five per cent. yearly, and the bond is to be sold October 1; it is evident that a coupon calling for \$25 was paid July 1, but that the next coupon to be paid January 1 has earned half the \$25 to be paid next January. In other words, \$12.50 has accrued to the date of sale. Therefore, if the bond is to be sold at 97½ and interest, the price will be \$975 plus the \$12.50 accrued interest, or \$987.50. Thus the seller gets his accrued interest on his bond when he sells it, and the buyer gets back the interest thus advanced when the coupon matures in January.

The price of a bond means what it is sold for, and, like the price of grain, provisions or any other commodity, depends upon market conditions existing at the time. Naturally, other things being equal, a five per cent. bond will bring a higher price than a three per cent. bond, because the income of the five per cent. bond is greater. But the security behind the three per cent. bond may be so much greater than that behind the five per cent. bond that the three per cent. bond will be more desirable, therefore in greater demand and commanding a higher market price. Besides these two considerations there is the general question of the prevailing price of money in the markets of the world; in other words, general interest rates. If the rate of a bond is higher than general money rates, that bond becomes very desirable. Thus, these influences taken together may cause a bond to sell for more or less than its face value, or for exactly that amount (par). That is, one kind of a \$1,000 bond may be so desirable that it may sell for \$1,080; or as

the price would be quoted in percentages at 108 (at eight per cent. premium, or eight above par). Another \$1,000 bond may be less desirable and sell for \$900; or in market terms, at 90 (at ten per cent. discount, or ten below par).

The rate of income which the investor secures from his investment in a bond varies according to the price paid, the interest rate specified and the length of time the bond has to run. When a bond is sold below its face, or par, value, in other words, at a discount, the rate of income is naturally more than the fixed rate of interest named in the bond, because the interest is figured on the face value and the investor has not paid the full face value for the bond. On the contrary, when a bond is sold at a premium, or above its face value, the rate of income derived from the investment naturally is less than the rate of interest named in the bond. While the interest on a \$1,000 five per cent. bond is always \$50 a year, the actual percentage of yield or income to the investor is more than five per cent. or less than five per cent. according as the price paid for the bond is at a discount or a premium. Standard tables of figures have been prepared by mathematicians and actuaries for use in such transactions, which show what is earned on a given bond at a given price.

There are numerous different forms of bonds, usually distinguished by the special terms under which they are issued, such as first mortgage bonds, second mortgage bonds, etc. Broadly speaking, however, there are certain general classes of bonds, distinguished by the character of the borrower seeking the loan. Briefly cataloguing the more important classes we have:

(1) Government bonds.—In the United States these bonds pay from two to four per cent.; are issued to supply the Government with funds (usually for extraordinary needs) and are payable, principal and interest, from the revenues of the Government. They are secured by the simple credit of the country and are free from tax. Selling at a relatively high figure and used chiefly by national banks to secure deposits of Government moneys or bank-note circulation, they yield an income too small to be of value to the average investor,



The American National Bank

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Capital	Surplus and Undivided Profits	Deposits
\$100,000	\$100,000	\$1,308,000

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UA new building, the best equipment, an able and experienced staff of officers and employes—these are some of the things that enable us to give excellent service to customers and correspondents. We are thoroughly familiar with investment opportunities in this prosperous region and cordially invite correspondence in regard to them.

except as a bed-rock for a varied list of investments.

(2) **Municipal bonds.**—Broadly speaking, these are the promise-to-pay of States, counties, towns, cities, school and drainage districts and such other bodies as have the power of general taxation to provide for the principal and interest of the bonds. Such bonds are issued for the purpose of payment for some public work or improvement, such as school or other buildings, fire departments, drainage and water systems, roads, parks, sewers, etc. Back of municipal bonds as security are the credit of the community and its power to levy taxes on all the taxable property within the municipality to meet the bond obligations. The record of such bonds is so uniformly good that we have already referred to them as "next to government bonds." The names of municipal bonds may vary according to the purpose for which the bonds are issued. Thus a county may issue "court house four per cent. bonds," which would indicate that the bonds were issued for the purpose of constructing a court house and that they bear four per cent. interest.

There are several other classes of bonds issued by bodies more or less governmental in character which have erroneously been termed municipal bonds. Special assessment bonds and irrigation bonds are of this character. Such bonds are paid from special assessments of special taxes and not from *general* taxes on all property. Investors should be careful to distinguish between these and municipal bonds. The test for a municipal bond is to ascertain whether or not it is primarily payable from taxes on **ALL** the taxable property within the municipality whose name it bears.

(3) **Corporate Bonds.**—This class of bonds is issued by railroad, public service and other corporations for the purpose of procuring funds for constructing or extending the company's system or plant. Such bonds are secured by the credit and earnings of the corporation, in addition, generally, to a mortgage on the property of the company.

In considering corporation bonds as investments, a sharp distinction should be made between bonds and stocks. Corporation bonds constitute a loan to a company, whereas stocks are certificates of ownership of the company itself. In the case of bonds the interest rate is fixed and does not vary, whereas with stocks there may or may not be an income, depending on whether the company's business is profitable or not; and when stocks do pay dividends, both the income and the price of stocks may fluctuate widely. Inasmuch as stocks are not promises-to-pay and often are bought to sell at a profit, they are frequently the subject of great speculation, which is attended usually by loss to the speculator. On the other hand, properly secured bonds are purchased by investors because of their time-tried safety of principal and steady income.

Railroad bonds form a somewhat distinct class by themselves among corporation bonds, because most of the better known systems have been in business so long that their future earning capacity, on which money for the payment of bonds depends, can be determined accurately, and the safety of the bonds, therefore, easily established. These usually are issued to provide funds for building, extensions or equipment, and are secured in one way or another by the revenues and properties of the road issuing them.

Public service corporation bonds are chiefly characterized by the fact that they are issued by corporations which render some much-needed service to a community, and operate under a special grant or franchise from a city, town, State or similar division of government. Water, gas, electric light, heat and power, street railway and telephone service are among such public utilities. Bonds issued by companies of this character in well established communities have an exceptionally good record for safety, for even in periods of general business depression, the company's earnings maintain a high level because the service supplied is necessary to the community served.

Miners Bank, Joplin, Mo.

We cordially invite correspondence relative to opportunities and investments, the advantages of Joplin as a manufacturing point, etc. Accounts and collections also invited.

Capital, \$100,000 Surplus, \$100,000 Deposits, \$750,000

CHOOSING SAFE INVESTMENTS.

When it comes to the final matter of the choice of any particular bond for a safe investment, the investor realizes there are numerous technical points which must be properly understood and investigated by some expert, so that the safety of the bond under consideration is assured. Even if he is a man of affairs, well versed in such matters, he probably has neither the time nor the inclination to examine all the minute details of the bond issue himself. At such a time he must conclude that the one real essential in selecting bonds in the recommendation of a responsible and conservative banking house of large experience and trained judgment, having a definite system of safeguards for investors from the day their money is invested until the final payment of interest and principal.

HOLDINGS OF RAILWAY AND INDUSTRIAL STOCKS

THE New York "Journal of Commerce" has completed its customary annual canvass of the number of stockholders in the principal large corporations in the United States.

The returns cover 234 separate railroad and industrial concerns, whose

The number of stockholders in these 234 railroad and industrial corporations is 980,399, their average holdings being 109 $\frac{1}{4}$ shares. The decrease in the average holdings is six shares.

The increase in the total number of stockholders is 64,596, or seven per cent.; the increase in the total capital is \$159,465,178, or one and one-half per cent.

The number of stockholders owning the \$5,431,852,174 of railroad capital is 389,571, their average holdings being 139 $\frac{1}{2}$ shares.

The number of stockholders owning the \$5,279,723,545 of capital in the industrials is 590,828, their average holdings being eighty-nine and three-eighths shares.

The increase in the number of railroad stockholders is 29,275, or eight per cent., while the increase in capital is \$97,654,274, or barely two per cent.

The increase in the number of industrial shareholders is 35,321, or six per cent., and the increase in industrial capital is \$61,810,904, or a small fraction over one per cent.

A summary of the official data placed side by side with the corresponding figures of a year ago follows:

RAILROADS AND INDUSTRIALS.

	1911.	1910.
Number of companies	234	234
Capital	\$10,711,575,719	\$10,552,110,541
Average capital	45,775,965	45,051,755
Total number of stockholders	980,399	915,803
Average number of stockholders	4,194	3,931
Average number of shares	109 $\frac{1}{4}$	115 $\frac{1}{4}$
Average amount held	\$10,925	\$11,522

combined capitalization is \$10,711,575,719.

Of these ninety-one are railroads, having a capitalization of \$5,431,852,174, and 143 are industrials, with a capitalization of \$5,279,723,545.

These figures show that while there was a relatively small increase in capitalization of both railroads and industrials compared with the previous year, there was a decided increase in the number of shareholders, particularly in

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industrials. This would indicate a continued tendency toward decentralization in the holdings of our big corporations. It is evident that our large capitalists are steadily diminishing their holdings and that these are being absorbed by the public. This same tendency was noticed in our returns published a year ago.

It will be observed that the average number of railroad stocks per individual holder is 189½. A year ago it was 148⅞. The average number of stockholders per company is 4,314, which compares with 3,959 in 1910.

GUARANTEED STOCKS

**Is Their Advantage Over Bonds Gone Under
New Tax Law?**

DISCUSSING this subject, the New York "Times" in its financial column says:

Wall Street investment houses have developed a difference of opinion over the probable effect which the new State law exempting bonds from taxation upon the payment by the owner of one-half of one per cent. tax will have upon the market for such guaranteed stocks.

Guaranteed stocks have enjoyed a peculiar popularity for many years, and have sold on practically the same income basis as first-class mortgage bonds, for the reason that they are tax exempt in New York and Connecticut. They have been purchased by many individuals and estates desiring to escape taxation, bonds being taxable in practically all the States.

Now that New York State practically exempts all bonds from personal taxation, the principal support to the guaranteed stock market has ceased, according to one bond specialist. A large amount of guaranteed stocks are held in this State. The recording tax of one-half of one per cent. applies to all bonds or debentures wherever listed. In Rhode Island and Massachusetts the

stocks of all companies not incorporated in those States are taxable, leaving Connecticut as the only important investment State where guaranteed stocks still have this freedom from taxation advantage over bonds.

Developing his argument further, this broker says that bonds are intrinsically safer investments than guaranteed stocks, because the former are secured by mortgages, either closed or absolutely definite in their terms regarding the issuance of additional bonds. He asserts that bonds have a wider market than guaranteed stocks and are in many cases legal investments for savings banks and trust funds, an advantage not possessed by stocks.

"If, as many economists believe, we are entering a prolonged period of cheap money, which will cause a substantial advance in the prices of investment securities, guaranteed stocks are unlikely to advance as much as first mortgage bonds, because investors, individual or institutional, who have previously bought the guaranteed stocks, will have no special reason for doing so hereafter," says this authority. "Guaranteed stocks, not having declined as much as bonds, are not entitled relatively to as great an advance. The theory that guaranteed stocks are a perpetual investment, and therefore preferable to bonds running from fifty to 100 years, does not appeal to me, because efforts to perpetuate investments beyond two or three generations are invariably futile."

A leading specialist in guaranteed stocks was quick to take issue with this view. He says that guaranteed stocks of the highest grades have always maintained a position among conservative investors as practically gilt-edged, ranking, as they do, with the best classes of bonds, which sell on about a four per cent. basis, while guaranteed stocks average about a 4.20 per cent. basis. The argument in favor of bonds being free from tax on payment of one-half per cent., does not hold where the investor wishes to change his security, as he would again be required to pay the tax to the State should he buy another bond that has not the stamp affixed; but, on the contrary, guaranteed stocks can be bought and sold with equal facility without the annoyance of taxation. "Therefore, I hold," says this champion, "that guaranteed stocks are a more convenient form of security, pay a little better, and are as suitable for the most careful investor as the highest grades of first mortgage bonds."

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A HOPEFUL VIEW

WHILE there has been more or less of a disposition to take a gloomy view of the business outlook, a more hopeful tone is beginning to pervade financial circles. A good example of this is the following, entitled "The Investment Situation," appearing in the review issued under date of December 15 by Messrs. Knauth, Nachod & Kuhne, the well-known New York banking house:

The year closes with the American markets in a much stronger position than they were at this time in 1910. In the last fortnight there has been a natural activity in money rates, due largely to the heavy payments that had to be financed early in December and the arrangements under way to meet the usual engagements at the end of the year. In addition to these operations there was also a broad demand for money in Canada, where activity in general trade and speculation has made it profitable for the United States branches of the great Canadian banks to shift funds from New York to Montreal. This movement caused a considerable gold outflow to the Canadian metropolis, which, with the shipments to South America and the transfers of currency to San Francisco, made rather large inroads into the reserves of New York banks. The result was that on December 2 the clearing-house banks (excluding the operations of the affiliated trust companies) nearly four years that a deficit in reserves \$6,146,000. This is the first occasion in nearly four years that a deficit in reserves has been reported by the Wall Street banks. The week following, however, this deficit was not only wiped out, but the "banks alone" showed a surplus of \$8,408,500. Relatively, therefore, the New York banks are

in exceptionally strong position with reference to meeting the end of the year requirements.

President Taft's message on the trusts was encouraging to business men and to those who have devoted their lives to the upbuilding of great business enterprises. It was distinctly temperate in tone and reflected the reaction that is taking place in the public mind with reference to the settlement of the corporation problem and the desire of the people generally to see fair play accorded the great industrial combinations of the United States. This is becoming more of a factor in this country, notwithstanding all that has been said about the growth of socialistic tendencies and the influence of the radical element in the two great political parties. There has been a further improvement in the bond market and although business is confined chiefly to small orders from moderate investors, absorption by the public at large is on a somewhat greater scale than it was a few weeks ago. The buying reflects great discrimination and the market has not been congested by any large number of fresh offerings. There is still a broad demand for short-term notes at obtainable prices showing an investment yield of between four and one-half and six per cent. It is possible that a considerable portion of the new financing to be announced early next year will be negotiated on this temporary basis. But of late the buying of bonds has been such as to indicate that a first grade issue by an important system offered at a fair price would be readily taken. There is an abundance of capital in the hands of investors which will be quickly released as soon as the public becomes more reassured about the political and business outlook. Concern over the future, however, is not nearly as great a factor to-day as it was a few weeks ago.

REPORT OF THE RAILWAY SECURITIES COMMISSION.

A public document of unusual importance bearing upon the constructive programme for railroad supervision in the United States has just been handed down by the Railway Securities Commission. This commission was appointed by President Taft several months ago and took testimony in various cities, hearing numerous railroad experts and leading business men. This commission was headed by President Hadley of Yale University and was composed of unusually high grade men. The report just published will rank as a model public document of the kind and deals in an extremely convincing manner with the question of railroad financing and the relation of the Federal Government to that problem. The tone of the report is highly conservative and disposes one after another of the ill-digested schemes offered by various people for supervising the railroad industry. The commission in effect asks the States to do their duty in regulating the issuance of railroad securities. As to the proposal for a so-called "physical valuation" of the railroads, the commission says that if this should be undertaken it ought not to be done with the

idea of reducing the amount of outstanding securities, since such an attempt would be both inexpedient and illegal and would tend to very general confusion. But the commission recommends that there should be the greatest publicity possible provided for the stock and bond transactions of all railroads. It urges that complete publicity be given to the actual facts concerning all these matters, both as to the methods employed for raising the money and the purposes for which it is actually used. In effect the commission proposes that all the financial transactions of the railroads should be made public in the effort to correct the various abuses which have been complained of. There can be no doubt but that this report will have decided bearing upon future legislation, both national and State, and we believe that it will be of immense benefit to the railroads and to the shareholders.

A REVIVAL IN STEEL.

There has been a decided revival in the steel industry. This improvement has reached a stage where many mills have now sufficient orders on hand to insure their operation for several months to come. There is also a better tone to prices for the various steel products. Some of the principal railroad systems have given out large orders for rails and equipment. Still other important orders are under negotiation and it may be said that railroad buying has again become a factor in the steel market.

Among the notable developments of the last four weeks have been the showing made by the United States Steel Corporation, the volume of unfilled orders on November 30 last standing at 4,141,000 tons, an increase for the month of 447,627 tons, and an increase for the year of 1,401,000 tons, the present volume being the largest reported since June, 1910; reports of total bank clearings for the United States in the month of November which showed an increase of 3.3 per cent., the heaviest increases being reported in the Pacific Coast States; publication by the United States Government of the official figures for the year's cotton crop, the return showing 14,885,000 bales, or the largest crop ever harvested in the United States; initial steps taken in the direction of reorganizing the Wabash Railroad Company and placing that system in a strong position with first rate financial backing; excellent holiday trade being done by the great department stores in many cities of the United States, in this way evidencing the prevalence of fair prosperity among the great mass of wage earners; refusal of the United States Supreme Court to interfere with the decree of the lower court approving the reorganization of the American Tobacco Company; and the very much better position of the copper industry, as shown by the official figures of production for No-

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ember, when the output was at the smallest volume reported since last February, while orders increased to the heaviest total reported since October, 1910.

RAILROAD FINANCING.

Some important financing may be attempted by the railroads early next year. There is every indication, however, that new security issues will not be excessive and will not be made in such a way as to congest the bond market. The outlook is for continued betterment in business conditions, with sustained recovery in many lines of industry. Within the last week or so there has been a great deal said in the newspapers about preparations for the next presidential campaign in the United States. This naturally has excited a great deal of discussion concerning the probable issues that will engage public attention at that time. At the moment, however, it is virtually impossible for

anyone to predict what those issues will be, or whether or not the campaign will be fought out on so-called "radical lines." Besides this, it is wholly premature as yet to speak about the probable candidates to be nominated at the National Conventions next June. The feeling is fast gaining ground in some quarters, however, that the chief issues in the campaign will be constructive rather than destructive and that there will be a decided growth in conservative sentiment before the nominations are made. There is reason to believe, therefore, that the next Presidential contest may not be such a disturbing factor in business affairs as was feared a month ago. Important progress has been made in the work of securing real currency reform. It is not altogether unlikely that some new financial legislation will be attempted this winter and that within the next year or so the banking system of the United States will be thoroughly reorganized.

INVESTMENT AND MISCELLANEOUS SECURITIES

[Corrected to January 19, 1912.]

GUARANTEED STOCKS.

Quoted by W. E. Hutton & Co., Dealers in Investment Securities, 6 Broad St., New York.

(Guaranteeing company in parentheses.)

	Bid.	Asked.
Albany & Susquehanna (D. & H.)	270	285
Allegheny & West'n (B. R. I. & P.)	135	145
Atlanta & Charlotte A. L. (So.R.R.)	170	185
Augusta & Savannah A. L. (Cen. of Ga.)	106	110
Beech Creek (N. Y. Central)	90	95
Boston & Lowell (B. & M.)	215	220
Bleecker St. & F. Ry. Co. (Met. St. Ry. Co.)	17	25
Boston & Albany (N. Y. Cen.)	218	...
Boston & Providence (Old Colony)	294	...
Broadway & 7th Ad. R. R. Co. (Met. St. Ry. Co.)	150	...
Brooklyn City R. R. (Bk. H. R. R. Co.)	162	170
Camden & Burlington Co. (Penn. R. R.)	130	140
Catawissa R. R. (Phila. & Read.)	108	112
Catawissa R. R. 2d pfd.	108	112
Cayuga & Susquehanna (D.L.&W.)	200	220
Cent. Pk. N.&E. R.R. (Met. St. Ry.)	...	...
Christopher & 10th St. R. R. Co. (M. S. R.)	100	...
Cleveland & Pittsburg (Pa. R. R.)	165	170
Cleveland & Pittsburg Betterment	95	100
Columbus & Xenia	205	210
Commercial Union (Com'l C. Co.)	100	110

	Bid.	Asked.
Commercial Union of Me. (Com. C. Co.)	...	...
Concord & Montreal (B. & M.)	165	165
Concord & Portsmouth (B. & M.)	170	...
Conn. & Passumpsic (B. & L.)	139	...
Conn. River (B. & M.)	268	...
Dayton & Mich. pfd. (C. H. & D.)	182	...
Delaware & Bound B. (Phila.&R.)	190	200
Detroit, Hillsdale & S. W. (L. S. & M. S.)	94	98
East Pa. (Phila. & Reading)	125	135
Eighth Av. St. R. R. (M. S. R. C.)	300	...
Elmira & Williamsport pfd (Nor. Cen.)	142	152
Erie & Kalamazoo (J. S. & S.)	200	230
Erie & Pittsburg (Penn. R. R.)	133	148
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	128	135
Franklin Tel. Co. (West. Union)	40	50
Forty-second St. & G. St. R. R. (Met. St. Ry.)	250	...
Georgia R. R. & Bk. Co. (L. & N. A. C. L.)	260	268
Gold & Stock Tel. Co. (W. U.)	110	120
Grand River Valley (Mich. Cent.)	112	118
Hereford Railway (Maine Central)	82	92
Inter Ocean Telegraph (W. U.)	98	104
Illinois Cen. Leased Lines (Ill. Cen.)	82	96
Jackson, Lans. & Saginaw (M. C.)	80	90
Joliet & Chicago (Chic. & Al.)	164	170
Kalamazoo, Al. & G. Rapids (L. S. & S.)	130	140
Kan. C. Ft. Scott & M., pfd. (St. L. & S. F.)	77	80

	Bid.	Asked.
K. C. St. L. & C. pfd. (Chic. & Al.)	118	125
Lake Shore Special (Mich. S. & N. Ind.)	350	...
Little Miami (Penn. R. R.)	207	212
Little Schuylkill Nav. & Coal (Phila. & R.)	112	120
Louisiana & Mo. Riv. (Chic. & Atl.)	135	...
Mine Hill & Schuylkill Hav. (F. & R.)	...	124
Mobile & Birmingham pfd. 4% (So. Ry.)	70	78
Mobile & Ohio (So. Ry.)	80	89
Morris Can. pfd. (Lehigh Valley)	170	...
Morris & Essex (Del. Lack. & W.)	168	173
Nashville & Decatur (L. & N.)	...	...
N. H. & Northampton (N. Y., N. H. & H.)	130	...
N. J. Transportation Co. (Pa.R.R.)	250	255
N. Y., Brooklyn & Man. Beach pfd. (L. I. R. R.)	110	120
N. Y. & Harlem (N. Y. Central)	345	360
N. Y. L. & Western (D. L. & W.)	117	122
Ninth Av. R. R. Co. (M. St. Ry. Co.)	150	...
North Carolina R. R. (So. Ry.)	163	170
North Pennsylvania (Phila. & R.)	193	...
North R. R. of N. J. (Erie R. R.)	80	90
Northwestern Telegraph (W. U.)	108	112
Nor. & Wor. pfd. (N.Y., N.H. & H.)	210	...
Ogden Min. R.R. (Cen.R.R. of N.J.)	95	105
Old Colony (N. Y., N. H. & H.)	185	190
Oswego & Syracuse (D. L. & W.)	205	220
Pacific & Atlantic Tel. (W. U.)	65	75
Peoria & Atlantic Tel. (W. U.)	65	75
Peoria & Bureau Val. (C.R.I.&P.)	174	184
Philadelphia & Trenton (Pa.R.R.)	248	...
Pitts. B. & L. (B. L. E. & C. Co.)	65	75
Pitts. Ft. Wayne & Chic. (Pa.R.R.)	165	169
Pitts., Ft. Wayne & Chic. special (Pa. R. R.)	152	162
Pitts. & North Adams (B. & A.)	127	134
Pitts., McW'port & Y. (P. & L. E. M. S.)	...	...
Providence & Worcester (N. Y., N. H. & H.)	270	...
Rensselaer & Saratoga (D. & H.)	180	190
Rome, Watertown & O. (N.Y.Cen.)	117	122
Saratoga & Schenectady (D. & H.)	160	170
Second Av. St. R. R. (M. S. R. Co.)	10	16
Southern Atlantic Tel. (W. U.)	85	95
Sixth Av. R. R. (Met. S. R. Co.)	125	135
Southwestern R. R. (Cent. of Ga.)	110	115
Troy & Greenbush (N. Y. Cent.)	160	170
Twenty-third St. R. R. (M. S. R.)	225	...
Upper Coos (Maine Central)	123	...
Utica, Chen. & Susq. (D. L. & W.)	138	143
United N. J. & Canal Co. (Pa.R.R.)	237	240
Valley of New York (D. L. & W.)	118	125
Ware R. R. (Boston & Albany)	160	...
Warren R. R. (D. L. & W.)	162	170

MISCELLANEOUS SECURITIES.

Quoted by J. K. Rice, Jr., & Co., Brokers and Dealers in Miscellaneous Securities, 33 Wall St., New York.

	Bid.	Asked.
Adams Express	198	203
American Brass	126	128
American Chiclé Com.	215	225
American Chiclé Pfd.	105	110
American Coal Products Com.	96¼	97¾
American Express	205	210
American Gas & Electric Com.	65	68
American Gas & Electric Pfd.	43	45
Babcock & Wilcox	100½	103½
Borden's Condensed Milk Com.	129½	131
Borden's Condensed Milk Pfd.	108½	110
Bush Terminal	90	100
Childs Restaurant Co. Com.	230	250
Childs Restaurant Co. Pfd.	110	113½
Del. Lack. & Western Coal	300	310
E. W. Bliss Com.	70	90
E. W. Bliss Pfd.	120	130
Hall Signal Com.	8	13
Hudson & Manhattan Com.	19	21
International Nickel Com.	258	265
International Nickel Pfd.	100½	103
International Silver Pfd.	115	120
Kings Co. E. L. & P.	125	128
Otis Elevator Com.	71	73
Otis Elevator Pfd.	100	102
Pacific Gas & Electric Com.	55	58
Pacific Gas & Electric Pfd.	93	96
Penn. Water & Power	59	62
Phelps, Dodge & Co.	205	215
Pope Manufacturing Com.	40	44
Pope Manufacturing Pfd.	67	70
Producers Oil	82	92
Royal Baking Powder Com.	192	195
Royal Baking Powder Pfd.	105	110
Safety (for Heating & Lighting)	120	122
Sen Sen Chiclet	125	130
Singer Manufacturing	290	300
Standard Coupler Com.	36	40
Texas & Pacific Coal	96	102
Thompson-Starrett Com.	124	130
Thompson-Starrett Com. (with etc.)	145	155
Thompson-Starrett Pfd.	100	110
Tri-City Railway & Light Com.	31	34
Tri-City Railway & Light Pfd.	94	97
U. S. Express	83	88
U. S. Motor Com.	17	19
U. S. Motor Pfd.	56½	59½
Union Typewriter Com.	36	39
Union Typewriter 1st Pfd.	103	106
Union Typewriter 2d Pfd.	98	101
Virginian Railway	18	21
Wells Fargo Express	142	145
Western Pacific	10	14
Western Power Com.	30	33
Western Power Pfd.	55	55
Worthington Pump Pfd.	105	110

A CHANGE IN RENTS—IT MAKES A DIFFERENCE WHO ASKS ABOUT THEM

IN speaking before the New York Chapter of the American Institute of Banking, recently, Mr. Frank Bailey, vice-president of the Title Guarantee and Trust Company, told of the difficulties of appraising property for mortgage loans.

"The other day," said Mr. Bailey, "a man applied to me for a loan on a flat in Brooklyn. A representative of our company called at the house to learn the rents. After an interview with the tenants and the owner he made his report to me.

"A few days afterwards the owner called to get his answer and was told we could not make the loan.

"Why?" asked the owner.

"The rents are not enough to warrant a loan of that size," was the answer.

"But," said the owner, "what do you know about the rents of my building?"

"Why," he was told, "we sent a man up there to look the property over and find out about the rents."

"Oh," said the owner, "was that man from you? I supposed he was from the tax assessor's office. We would have told him a different story if we had known he was from you."

This recalls the story of the Connecticut farmer who when approached by a stranger and asked the value of his red cow, after looking shrewdly at his interrogator asked, "Be you the tax assessor or be the cow killed by the railroad?"

THE NORTHERN PACIFIC RAILWAY AND ITS COUNTRY

By Olin D. Wheeler

THE idea of a transcontinental railroad was early brought to the attention of the American people; indeed at a much earlier period than most persons imagine. From 1835, when Reverend Samuel Parker, in his "Journal of an Exploring Tour Beyond the Rocky Mountains," suggested that "there would be no difficulty in the way of constructing a railroad from the Atlantic to the Pacific Ocean," until the actual construction of the first line began, the subject was kept quite prominently and continuously before the public.

A year—or perhaps a little earlier—before Parker published his book from which the preceding quotation is made, Doctor Samuel B. Barlow of Granville, Mass., broached the subject in a newspaper article. But the first suggestion of the possibility of such a railway came long before Barlow's or Parker's time, and really, in a way, dates back to the exploration of Lewis and Clark, the first and greatest explorers of the Northwest. These men returned to Saint Louis on September 23, 1806, but owing to various vicissitudes their report was not published until 1814.

Robert Mills, an engineer and architect, proposed, as early as 1819, to "connect the Pacific with the Atlantic by a railroad from the head navigable waters of the noble rivers, disembouging into the ocean." This, at that time, rather startling proposition, it will be noted, was only five years after the report of Lewis and Clark appeared. Mills, in support of his proposition, quotes from that report, but whether the report itself suggested to Mills the idea does not appear. A remarkable fact in this connection is that this suggestion for a railway of any kind was made nine years before any railway construction was attempted in the United States. And yet, here was a man, at that early day, sufficiently far-sighted and broad enough of vision to foresee the logic of events, and to practically suggest an across-continent railway through the Northwest. Others, later and to all appearances independently, grasped the thought and emphasized and elaborated it so that, historically, the original idea of a transcontinental line was that of a Northern one. That the railway thus first suggested was not the one first constructed was owing, finally, to political exigencies growing out of the Civil War.

The suggestion that the first transcontinental road be built across the northern country was a natural one, for it was the one section of the western part of the United States that at that time was best known to the country in general.

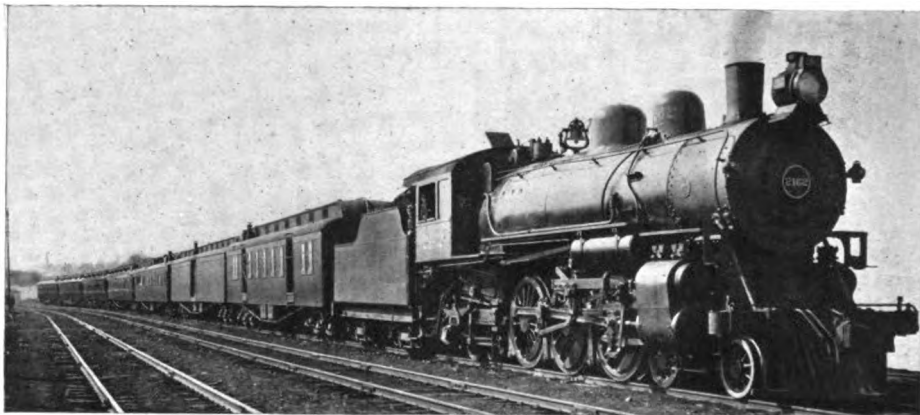
The adventures of the early Russian, English, Spanish and American navigators, with the discovery of the Columbia River in 1792 by Captain Gray of Boston, and the consequences growing out of that discovery, had made the public very familiar with the Northwest coast. This knowledge



HOWARD ELLIOTT
PRESIDENT NORTHERN PACIFIC RAILWAY COMPANY

had been accentuated by the reports of Lewis and Clark and by Astor's attempt in 1811-12 to establish at Astoria, near the mouth of the Columbia River, an American fur post, for Hunt's Astoria expedition had supplemented Lewis and Clark's exploration in better acquainting people with the wide plains and mountain country between the Missouri River and the Pacific Ocean.

That portion of the Northwest lying west of Lake Superior and the head waters of the Mississippi had also been sufficiently ex-



NORTH-COAST LIMITED TRAIN

explored to familiarize the people with its general character.

Radisson and Groseillers, Hennepin, and Duluth had visited the country in the seventeenth century. Hennepin was the discoverer of St. Anthony Falls, at what is now Minneapolis, which, later, was to practically become the site of an eastern terminal of the Northern Pacific.

A century later the Verendryes and Jonathan Carver visited this part of the Northwest.

After Lewis and Clark's return, Lieutenant Pike and Major Long, after whom Pike's and Long's peaks, in Colorado, are named, visited the region, as also did Schoolcraft. The sources of the Mississippi, the Red River of the North, and the Minnesota River seem to have proved very attractive to the explorers of that day.

We now reach the period of the Pacific Railway Surveys, authorized by Congress in the early fifties. Five distinct expeditions were placed in the field with instructions to carefully explore the various routes laid out for them. These expeditions were all under the direction of Jefferson Davis, Secretary of War. The northern survey was placed in charge of Major Isaac I. Stevens, who for years had been the executive assistant in charge of the United States Coast Survey, and who had but recently resigned from the army and been appointed Governor of Washington territory. The survey was to start at Saint Paul and proceed by way of the head waters of the Missouri River to Puget Sound. Under Stevens were young officers, who later became well known as generals in the Civil War. Among these were Generals McClellan, Grover, Lander, MacFealy and Saxton. Stevens was killed in battle at Chantilly, Virginia, in 1862. Pierre Boutineau was Stevens' guide, and Alexander Culbertson, the well-known trader to the Blackfeet Indians, was a member of this expedition.

The route passed over by this survey included portions afterwards adopted by either the Northern Pacific or Great Northern railway, or both, in construction. The expedition was an important one, even from a general standpoint, and the examination of the country as the party progressed covered as wide an area as possible on each side of the route. When the mountainous country in Montana was reached, detached parties were sent out in all directions to thoroughly examine the various mountain passes and explore the surrounding country. In this way Montana was very completely covered by Stevens' parties and a vast amount of information, even valuable to this day, was obtained and placed before the public.

The reports of these various expeditions were sent to Congress in 1855, and from then until the breaking out of the Civil War in 1861, the subject was debated without anything of consequence being done toward actual construction.

In 1862, political exigencies occasioned by the war necessitated the construction of a railway that must necessarily touch California. This precluded the northern line from receiving attention, and the result was the construction of the Union and Central Pacific railroads.

The act of Congress finally incorporating the Northern Pacific Railroad Company passed the House of Representatives May 31, 1864, and was signed by Schuyler Colfax, as Speaker. It was approved by Abraham Lincoln, as President, July 2, 1864. In the list of incorporators were names of men from Maine to Minnesota, Oregon, and California, noted in military, commercial and political circles.

Among them were John C. Fremont of New York, the first Republican party candidate for the Presidency; J. Edgar Thompson, a well-known railway and business man of Pennsylvania; Gen. U. S. Grant, of

Illinois; Alexander Mitchell, the well-known banker and railway man of Wisconsin; Hon. H. M. Rice, of Minnesota; Hon. John A. Bingham, a congressman, and S. S. L'Hommedieu, a prominent railroad man, of Ohio; Hon. Thomas E. Bramlette, of Kentucky, and J. C. Ainsworth, of Oregon.

The act establishing the new company placed the capital stock at \$100,000,000, and provided that when \$2,000,000 of the stock was subscribed for, ten per cent. of the subscriptions paid in cash, and the charter

The company was now fairly placed upon its feet, but the time did not seem propitious for an energetic pushing of the enterprise, and there were certain features of the project that did not appeal to the public or to financiers, and little more was accomplished in the succeeding year or two than to effect an organization and to ascertain the cold fact that some radical changes in the matter of charter and exploitation must be made.

In 1867 a reorganization was effected and



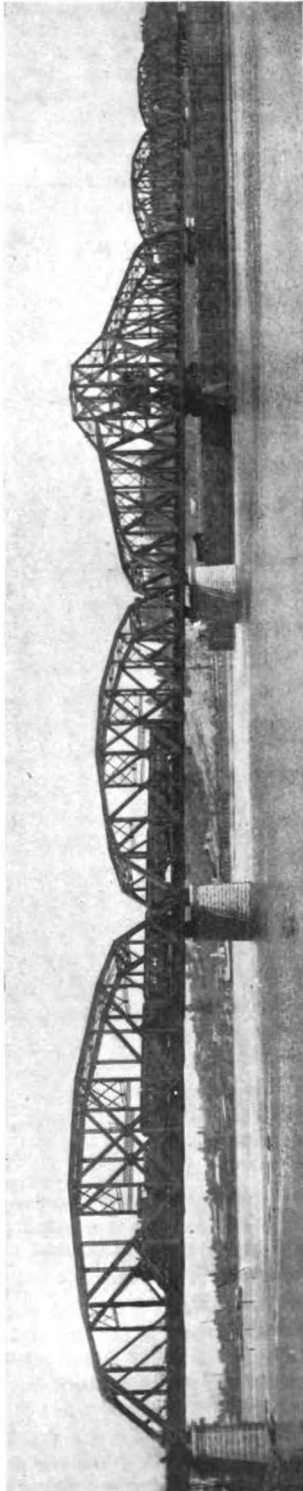
SOUTH OF ROCKY CANYON AND EAST GALLATIN RIVER NEAR BOZEMAN, MONTANA

formally accepted, the company was to be considered as legally established. Government aid to the extent of a land grant of twenty sections to the mile in Minnesota and Oregon and forty sections to the mile through the intervening territory was granted, but no mortgages, liens, or bonds could be issued without congressional authority. Construction work was to begin within two years and must be completed on or before the year 1876.

Josiah Perham of Boston, a man of the strictest integrity and of robust character, who had been for several years interested in forwarding the interests of the northern route, was elected president, and was, therefore, the first president of the Northern Pacific Railroad Company.

some of the ablest railroad men of the country became interested in the matter, and surveys for location were ordered and begun under Edwin F. Johnson as chief engineer. Extended surveys were now made, but actual construction was not begun until 1870. In the meantime, various schemes were advanced for obtaining funds and financing the road. Congress was besieged for additional aid of one sort and another, and finally a bill was passed in 1871 allowing the company to mortgage its road and land grant, an act previously passed having extended the time for beginning and completing construction of the road.

The success of the banking firm of Jay Cooke & Co., of Philadelphia, as financial agents for the government during the Civil



NORTHERN PACIFIC RAILWAY BRIDGE ACROSS THE WILLAMETTE RIVER AT PORTLAND, OREGON

War, had made them conspicuous in financing large projects, and those in control of the Northern Pacific in the later 60's were anxious to have this firm become the financial agents of the railway company. After extended negotiations and a thorough examination along the proposed route of the railway by Mr. Cooke's own engineers, at the head of whom was W. Milnor Roberts, an eminent engineer of his day, his firm assumed the relation of financial agents to the company in 1870.

They advertised the road, country, and the bonding schemes most thoroughly—the bonds sold rapidly and money flowed into the treasury. The statements made by Jay Cooke & Co. in their advertising, relative to the climate, soil, general character of the Northern Pacific region for settlement, etc., although criticised and disbelieved by many, were, as a matter of fact, remarkably true and accurate, as time has amply demonstrated.

The two or three following excerpts taken from their advertising make interesting reading at the present time:

"Nowhere between the Lakes and the Pacific is the climate colder than in Minnesota: and this great State is not surpassed as a grain-growing region, or in healthfulness of atmosphere. The seasons of Dakota are very similar to those of Iowa, and from Dakota westward the climate steadily modifies, until, in Oregon and Washington Territory, there is almost no winter at all aside from a rainy season, as in California. In many portions of Dakota Montana and Northern Idaho, cattle and horses range out all winter, and keep in excellent condition on the nutritious grasses of the plains and valleys. Records kept by the Government officers at the various military stations on the upper waters of the Missouri show that the average annual temperature for a series of years has been warmer in Northern Montana than at Chicago or Albany."

"That the country tributary to the Northern Pacific Railroad and embracing its land grant has, with some exceptions, an adequate supply of atmospheric moisture for all purposes of agriculture and stock-raising, there is no question. The proof is abundant and conclusive, and is made up of the concurrent testimony of settlers who have spent years in all portions of the great fertile belt, and of Government officers who have measured and reported the rainfall for successive seasons."

"That the average of soil in those portions of Minnesota, Dakota, Montana, Idaho, Washington, and Oregon adjacent to the Northern Pacific Railroad is good, there is absolutely no question. Of alkali-plains, sand, and sage-brush there is next to none at all on the route."

To-day these statements pass without question or comment—then they attracted



UNION PASSENGER STATION, TACOMA, WASH., BUILT BY THE NORTHERN PACIFIC RAILWAY

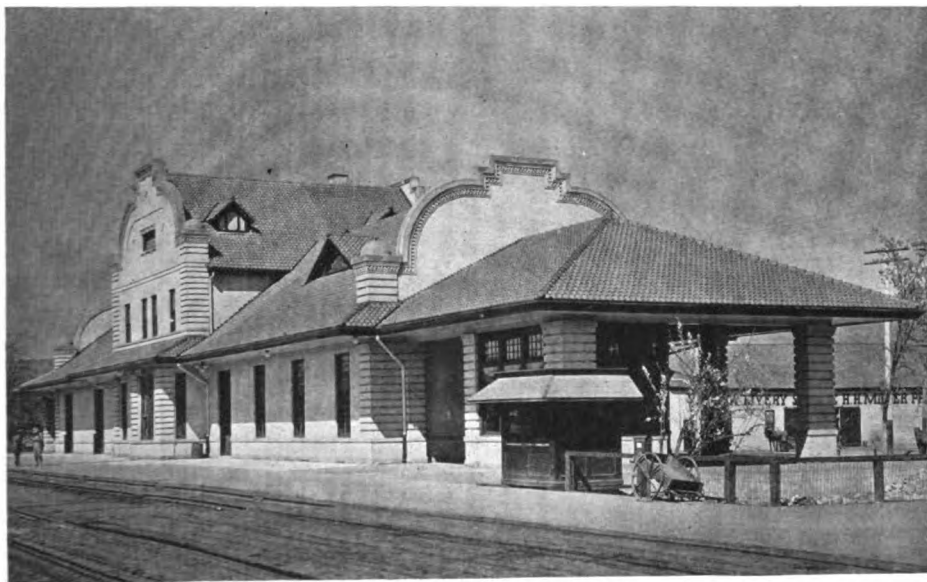
marked attention, were sharply challenged, and in many cases excited derision.

As stated, actual construction began in 1870, but a brief glance at the country the road was to traverse as it was before the iron horse penetrated the prairies and mountains, may prove instructive.

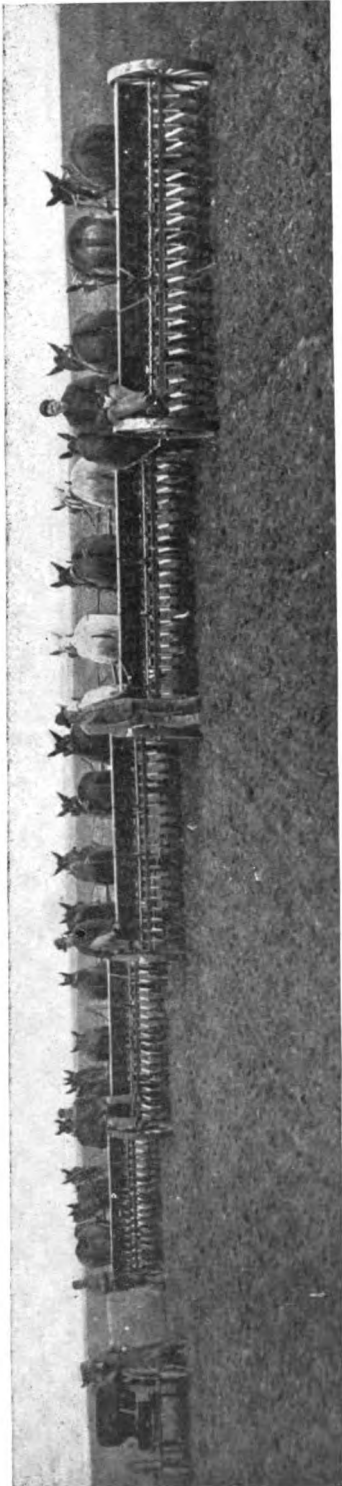
The six States and Territories which the Northern Pacific was to pass through or touch had, in 1870, a population of something more than 600,000, of which Minnesota alone contained nearly

seventy-five per cent., or considerably more than 400,000. This population was not in a chain or line of continuous settlement; save for the older and larger communities in Eastern Minnesota, it was, for the greater part, in the form of isolated hamlets and towns, with wide intervals of plain, mountain, and prairie, roamed by the Indian, buffalo, elk, and deer. In some parts of the Rocky Mountain region there were a few mining camps and frontier towns.

Washington and Oregon combined had



NEW STATION AT NORTH YAKIMA, WASH.



PLANTING GRAIN IN MORTON COUNTY, NORTH DAKOTA—A TYPICAL SCENE ALONG THE NORTHERN PACIFIC RAILWAY

only about 120,000 souls, congregated mostly on the shores of the Pacific beyond the Cascade range. Over the illimitable plains between the two mountain ranges, and again east of the Rockies, there were a few trading posts, frontier forts, and Indian agencies. There was, practically, not a farm in the now populous Red River Valley, not a sheep or a steer grazing on the Montana plains, and the great stretch of country, of which Spokane is now the metropolis, and where irrigation has accomplished such miraculous results, was as Joaquim Miller so well puts it,

“A wide domain of mysteries,
A land of space and dream.”

All communication throughout this crude, wild, but imperial “domain” was by steamboat up the unimproved rivers for hundreds or even thousands, of miles; by stagecoach, and slow-moving prairie schooners. It was a region practically as untamed as when Lewis and Clark slowly navigated its streams or when Fremont threaded its winding Indian trails among the mountains.

Through this uninhabited and, as many then thought, uninhabitable land, it was proposed to build a railway more than 2,000 miles long. This was indeed a colossal proposition.

The conditions surrounding railway construction here were different from those in the East. Here the *railway* must be the pioneer, the settler the follower. Thus it was and thus it remains, to a great extent, even to this day.

Construction began at a point in Minnesota, about twenty miles west from Duluth. In the winter—February—of 1870, the first rails were laid, costing \$90 a ton laid down at Duluth. During the same year grading was carried on between the Columbia River, below Portland, and Puget Sound, and early in 1871 there were twenty-five miles of completed railway in Washington.

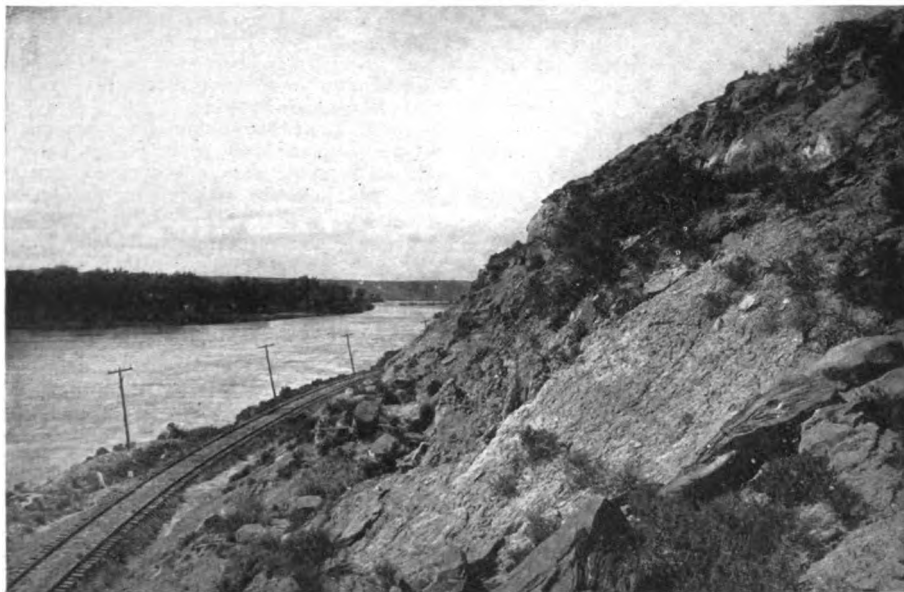
In Minnesota the road was completed to Brainerd on the Mississippi River early in 1871, and across the beautiful Lake Park region of Minnesota, now the summer resort of thousands, to Fargo, on the Red River during the same year. In 1872 construction was pushed and when the financial crash of 1873 came, the rails had been laid across the Dakota prairies to Bismarck, on the Missouri River, and also between the Columbia River and Puget Sound at Tacoma, on the Coast.

The panic of 1873 put a quietus on further railway building, and Northern Pacific affairs moved along in an indifferent sort of way until the summer of 1875, when, under a plan matured by Frederick Billings, a director—and the president of the company from 1879 to 1881—the company, easily and without friction, passed into bankruptcy and was immediately reorganized in better shape than ever, with C. B. Wright of Philadelphia as president.

In the plan for reorganization, three distinct interests were to be considered, namely, the bondholders, the stockholders, and the proprietary interests. There were also \$29,000,000 in bonds outstanding and a considerable floating debt to be provided for. All the interests were harmonized and the capital stock of \$100,000,000 was divided into \$51,000,000 preferred and \$49,000,000 common stock. The bondholders were to receive preferred stock for their bonds and past due interest, and this absorbed \$42,000,000, leaving \$9,000,000 preferred stock as treasury stock. The stockholders in the

In 1875 the wheat crop raised on lands tributary to the railway—east of the Missouri River of course—amounted to 500,000 bushels, as against nothing in 1870. This was an average of about twenty bushels an acre, thus representing 25,000 acres cultivated.

During the time that Jay Cooke & Co. were so widely advertising the Northern Pacific country and its possibilities, many attacks were made through the press and otherwise upon their statements, and much honest skepticism existed as to whether the country was really of any value.



ALONG THE YELLOWSTONE RIVER

old, received common stock in the new, company share for share, under certain restrictions, and the proprietary interests also received common stock, of which a total of \$31,000,000 was issued, leaving \$18,000,000—treasury stock.

Some statements taken from the annual report of 1876 may prove interesting:

The gross earnings were about \$850,000.

There were of

Completed railway, miles.....	555
Locomotives	48
Passenger cars	22
Freight and miscellaneous cars....	1,230

There were 13,000 persons who held stock in the company, scattered over the entire country. The population east of the Missouri River within the limits of the Northern Pacific land grant was 30,000, as against, say, 4,500 in 1870.

Certain of the Northern Pacific directors had become convinced that they themselves must furnish incontestible evidence that the published asseverations about the country were true and that it actually was a valuable one agriculturally. In pursuance of this plan, Mr. T. H. Canfield purchased 5,500 acres of prairie land at Lake Park, Minnesota; Mr. Charlemagne Tower, 3,000 acres at Glyndon, Minn.; Messrs. Benjamin P. Cheney and Geo. W. Cass, 6,000 acres at Casselton, Dakota,—now North Dakota—and these farms were at once broken up and, under the supervision of the late Oliver Dalrymple, were put under expert cultivation. The result of this experiment was what had been anticipated, and showed that the Lake Park region of Minnesota and the Red River Valley of Dakota contained the finest wheat lands in the world. This is a fact to-day, and its demonstration then

had a great deal to do with the influencing a tremendous and steady immigration to this section in the years immediately following. It also made easier the subsequent financing of the road.

During the next five years little was done in the way of extensions. The times were not propitious for it. The general morale of the line already built was splendidly maintained and even considerably improved. The net earnings steadily and encouragingly increased and the development of the local business was wisely fostered by the managers.

An item of interest may be here mentioned. Upon completion of the road between Fargo and Bismarck it was found that the traffic was almost entirely confined to the summer months. The line was, therefore, not regularly operated in winter. It was feared that, in addition to the small amount of business offered, the delays and expense of operation, because of severe storms and drifted snow blockades, would entail losses too grievous to be borne.

The year 1876 had seen the country embroiled in a bitter war with the Sioux Indians, in which Custer and a large part of his command had been wiped out and the troops kept chasing Indians for months afterward.

Fort Abraham Lincoln, from which Custer

had started on his campaign, was within sight of Bismarck. North and south of Bismarck along the Missouri River were other forts. It was important at that time for the government to be in as close rail and telegraphic communication as possible with these posts. The War Department, therefore, requested the company to operate the line during the winter of 1876-77, and this was done. A paragraph taken from the annual report for that year relative to the troubles encountered from snow reads as follows: "We are gratified to be able to report that the traffic upon it [the railway] paid running expenses during the winter, and, notwithstanding the occurrence of snowstorms of unprecedented severity, our trains were delayed less than those of the New York Central Road." There are good and scientific reasons why, as is the fact, the trouble from snow should be less than it is in warmer latitudes.

In 1877, at which time the management of the property was placed in the hands of H. E. Sargent, a railway man of ripe experience, a direct connection was secured into Minneapolis and Saint Paul. In 1879 the line between Brainerd and Fargo was relaid with steel rails which cost nearly \$45 a ton.

In 1879 construction was again begun and the line pushed rapidly westward from Bis-



CATHEDRAL ROCK IN MONTANA—AN INTERESTING BIT OF SCENERY ALONG THE NORTHERN PACIFIC RAILWAY

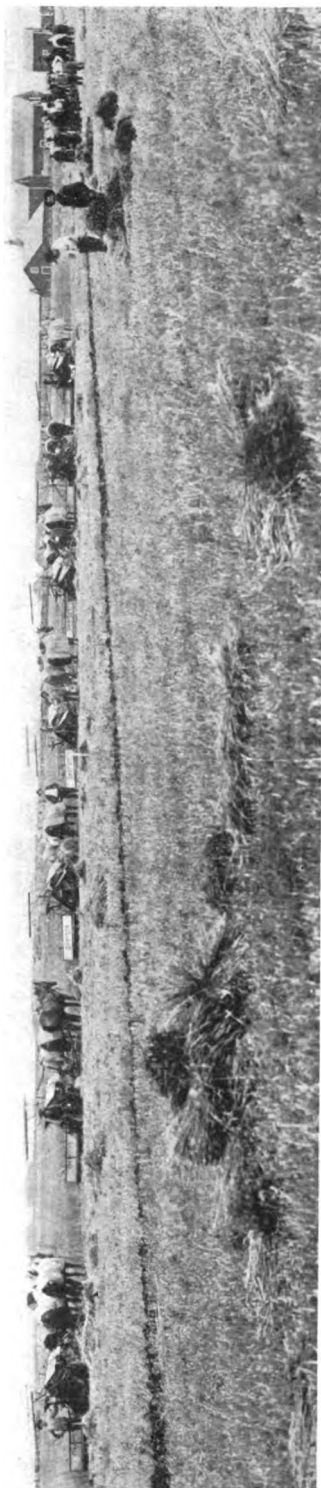
mark across the elevated plains, a splendid grazing but then almost entirely unpopulated country, of Dakota and Eastern Montana. At the same time work was also being energetically carried on in Eastern Washington from the Columbia River at Wallula eastward. From this time to August 22, 1883, the date of completion of the road, the construction was continuously and unremittingly forced along, although at times under great discouragements and obstacles. This work was prosecuted in Wisconsin, Minnesota, Dakota, Montana, Idaho, Washington, and Oregon, and in many or all of these commonwealths at the same time. It comprised main line construction, branch lines or feeders, important bridges, shops, office buildings, mammoth ferryboats, telegraph lines, and the usual minor appurtenances. It included, contemporaneously, work on the plains, in the valleys, among the mountains.

Important items were the construction of the Bismarck bridge across the Missouri River, a steel and iron structure of three main spans, (and, it may be added, recently entirely rebuilt) 1,400 feet long, 50 feet above high-water mark, and costing \$1,000,000; a transfer ferryboat, the Tacoma, on the Columbia River, 320 feet long, having three tracks, a capacity of twenty-seven freight cars, costing \$347,000, and now out of commission after more than a quarter century of continuous service; the completion of the Bozeman Tunnel, 3,610 feet, and the Mulan tunnel, 3,847 feet long, both across the Rockies.

An interesting feature of railroading in the Northwest may here be referred to. Prior to the construction of the Bismarck Bridge, in the winter time after the freezing over of the Missouri River, tracks were laid across the river on the ice, and the trains were run over them between Bismarck and Mandan during a large part of the winter.

During this period of rapid railway building there had been several changes of administration. At the annual meeting in 1881, several of the oldest and most prominent directors resigned and were succeeded by entirely new men, among whom was Mr. Henry Villard. Mr. Villard had, prior to this, become interested in railway enterprises on the Northwest coast and had obtained control of the Oregon Railway & Navigation Company. He then, through his famous "blindpool," organized another company, the Oregon & Transcontinental Company, and having also obtained a controlling interest in the Northern Pacific, transferred the practical control of both the old roads to the new company, and became at the same time president of the Northern Pacific.

Upon the completion of the Northern Pacific in August, 1883, Mr. Villard made it the occasion of a grand celebration. Many distinguished men were invited, comprising not only influential men in commercial, professional, and political life in the United



DAIRYMEAD FARM NEAR CASELTON, NORTH DAKOTA



STEEL BRIDGE, CONCRETE FOUNDATIONS, ON THE YELLOWSTONE DIVISION OF THE NORTHERN PACIFIC RAILWAY

States, but also men of note from abroad. Three hundred and fifty guests journeyed in several special trains from Saint Paul and one train from Portland, and on September 8, 1883, the last spike was driven near Gold Creek, in Hellgate Canyon, Montana, amid salvos of artillery and a display of oratory. This last spike was the *iron spike* that had *first* been driven years before when construction was begun, and was not, as is so generally stated, a gold spike prepared for the occasion. Prominent among those present were William M. Evarts as the orator, Secretary of the Interior H. M. Teller, and General U. S. Grant.

Many of Mr. Villard's friends, and others, from abroad, particularly from Germany, who were stockholders or bondholders in the Northern Pacific, were also Mr. Villard's guests. After the ceremonies the special trains proceeded on to the coast, and these investors in the road were thus given a fine opportunity to become acquainted with their property and the magnificent, though at that time wild and crude, country through which it was constructed.

The following table, abstracted from the annual reports of the company, will exhibit at a glance the gradual and steady growth of the infant now arrived at maturity:

there were transported 1,500,000 bushels of wheat; in 1882-83, 5,100,000 bushels; in 1880-81, there were shipped from the cattle ranges, 9,200 cattle; in 1883-84, between 30,000 and 40,000, while there were carried into Montana 40,000 head of young cattle for breeding purposes.

The sales of land were:

Years.	Acres.
1876-77	271,000
1877-78	750,000
1882-83	534,000
1883-84	478,000

From 1881 to 1891 the Northern Pacific prospered greatly. The country was rapidly settled and the live stock, timber, mining and agricultural interests increased, *pari passu*, relatively. The mileage of branch lines was yearly increased, so that the actual original mileage of the line was doubled. The earnings increased annually until for the year 1891-92 they reached nearly \$25,000,000. At the same time, however, the bonded indebtedness was largely increased, necessitating a heavy addition to annual interest charges. These, with the pledges to leased and branch lines, now aggregated an onerous "fixed charge" against the property, which, however, had theretofore been met.

TABLE OF EARNINGS AND EXPENDITURES.

Year.	Gross Earnings.	Improvement and Betterment Expenditures.	New Equipment Expenditures.
1875-76	\$850,000.00.		
1879-80	2,230,181.81	\$302,930.27	\$212,032.72
1882-83	7,855,459.26	2,013,966.61	1,604,916.37
1883-84	12,603,575.58	866,068.06	5,594,672.49

In 1881-82, the road carried 19,466 passengers; in 1883-84, 716,000; in 1876-77,

It should be remarked that the building of the branch lines was necessarily un-

der the same conditions as was main line construction. These lines must be the pioneers; immigration must wait upon them. This meant that several years would pass before the branches in themselves would become independently remunerative, although adding much, in the meantime, to the tonnage and revenues of the main road. They were in advance of the period, and time must elapse before the country grew up to them.

Another decline in business culminated in the financial stringency of 1893. The interest and other fixed charges did not decline, and the company was face to face with another crisis. There was but one way to meet it and that was a receivership. In August, 1893, the company was for the second time placed in the hands of receivers, in which condition it remained for about three years.

During the receivership, it was seen that a complete readjustment of finances and securities must be made. During the years of construction interest rates were high and the company's bonds and stocks bore interest at the rate of six per cent. and a small portion of them at seven per cent. The branch lines being, most of them, con-

structed under separate charters, passed at first into separate but sympathetic receiverships, but finally all the lines were merged into one receivership.

Under the receivers, the improvement of the property, which had previously been begun, was wisely continued. This consisted of grade and curve revisions, substitution of steel for wooden trestles, filling in with earth of many bridges and trestles, widening the railway embankment and thoroughly ballasting same, replacing old with new and heavier steel rails, lining tunnels with concrete, and work of a similar nature, together with the replacement of old by new and heavier motive power.

Prior to the time of the old company passing into the hands of receivers, there had been eleven quarterly dividends paid upon the preferred stock, amounting to more than \$3,600,000.

September 1, 1896, the receivership terminated, and the Northern Pacific Railway Company succeeded, through foreclosure proceedings, to the property and franchises of the Northern Pacific Railroad Company, with E. W. Winter of Saint Paul, a well-known Northwestern railway man, as president.



FIFTY-THREE HUFRE DE AUJON PEAR TREES IN BLOOM. ONE YEAR'S CROP FROM THESE TREES NETTED \$3,000



BRIDGE 13 OVER THE JEFFERSON RIVER, BUTTE LINE

Things seemed auspicious for the new company. The financial tidal wave that had played havoc with so many large business enterprises all over the country was receding; the company's finances seemed to have reached a national basis; strong men were at the helm, and the fixed charges appeared to be reduced to a figure easily within the power of the company to handle; business was good and the earnings large; the physical condition of the property in better shape than ever before.

when Mr. Howard Elliott, the present president, succeeded to the office.

The policy of applying the most economical methods of administration and operation known to the science of railroading has been steadily continued. The following table, covering the three years of operation of the new company, succeeding the receivership, shows in a concrete and condensed manner some of the immediate effects of these improved and economic methods of railroading:

TABLE OF EARNINGS, OPERATING EXPENSES, MILEAGE, AND DIVIDENDS—1896-99.

Year.	Gross Earnings.	Operating Expenses.	Operating Income (after taxes.)	Dividends Paid.	Operated Mileage of Road.
1896-97	\$14,941,818.22	\$9,155,872.67	\$5,356,964.84		4,379.95
(10 months)					
1897-98	23,679,718.31	11,095,370.91	11,901,547.40	\$3,000,000.00	4,349.98
1898-99	26,048,673.76	12,349,452.21	12,949,088.18	4,600,000.00	4,634.93

The debit side of the ledger showed capital assets—real estate, track, terminals, equipment, etc.,—of nearly \$308,000,000, and miscellaneous assets, various funds, securities, etc., of \$13,000,000, or a total of almost \$321,000,000. Per contra, the liabilities consisted of capital stock, mortgage debt, and bonds of the old company assumed, amounting to \$316,000,000, and general and contingent liabilities—pay rolls, taxes, accrued interest, and certain reserve funds—of nearly \$4,500,000. The “fixed charges” had been scaled down to a little more than \$6,000,000 annually, while the gross earnings for 1896-97—ten months only—were nearly \$15,000,000. The securities which had previously borne interest at six per cent. or seven per cent. now bore interest at three per cent. or four per cent.

President Winter's term of office was a short one and he was succeeded by Mr. Charles S. Mellen, in 1897, who remained with the company until October 23, 1903,

The annual report for the fiscal year ending June 30, 1911, shows gross earnings for the last year of operation of \$61,912,831.89; operating expenses, \$39,729,760.51; operating income (after taxes), \$22,328,076.72; dividends paid, \$17,360,000. The operated mileage of road was 6,016.92.

Large sums of money have been spent in recent years for the upbuilding of the property, including realignment, the reduction of grades, building of double track, installation of interlocking plants and automatic block signals, general reconstruction of the track, improvement in cars, rolling stock, etc. For the fiscal year ending June 30, 1911, about eight millions of dollars were spent for these purposes. In common with all railroads, constant improvement and advancement in all matters pertaining to railway management has been maintained, and the property to-day is in a splendid physical condition in all respects.

And what of the country served by the

Northern Pacific, in these latter days? The population of 600,000 in 1870 had become, in 1910, more than 5,000,000. Four large cities on the eastern border, Saint Paul, Minneapolis, Superior and Duluth; four in the middle zone, Butte, Helena, Anaconda



WHERE CLARK, THE PIONEER EXPLORER, FORDED THE COLUMBIA RIVER

and Spokane; and four on Pacific tide water, Vancouver, Seattle, Tacoma and Portland, have become great commercial centers, and are progressing with remarkable uniformity.

The iron mines of Minnesota and the gold, silver, copper and coal interests of North Dakota, Montana, Idaho, Washington and Oregon have become of national importance.

From Minnesota, North Dakota and Manitoba the world is supplied with its choicest butter, wheat and flour; the Dakota and Montana ranges pasture as fine sheep and cattle as the eastern market supply; the fruits of Montana, Idaho, Washington and Oregon have achieved a national reputation and are now shipped to the tables of the eastern elect and even to Europe and Australia.

As indicative of the wealth of this modern young Northwest, the paragraph succeeding may prove interesting.

Minnesota, in 1910, produced \$55,000,000 worth of dairy products, \$25,000,000 worth of corn, and the total value of its crops of all kinds was \$431,000,000. North Dakota's crop of wheat in 1909 exceeded 116,000,000 bushels, besides a large quantity of flax,

corn, and other grains, and in 1910 it mined 400,000 tons of lignite coal. Montana's production of gold, silver, copper and lead aggregates between \$55,000,000 and \$60,000,000 annually, its cattle shipments amount to about 250,000 head, its wool clip to between 30,000,000 and 40,000,000 pounds, and the value of its farms and buildings was over \$250,000,000 in 1910, against \$55,000,000 in 1900. Idaho, in 1909, produced more than 26,000,000 bushels of the various cereals, and the value of its farms and buildings in 1910 was \$244,000,000. Washington, by the census of 1910, had \$570,000,000 invested in farms and buildings. This State has become one of the most important in the West in the area of its irrigated lands and the value



JEFFERSON RIVER AND CANYON IN MONTANA

of its fruit and other products of irrigation. The government is reclaiming a large acreage in the Yakima Valley, Wash., on the Northern Pacific where, eventually, 500,000 acres will be placed under irrigation. Oregon had \$453,000,000 in farms and buildings in

1910, produced 26,000,000 bushels of various cereals valued at almost \$18,000,000 in 1909, and produces annually about \$14,000,000 of dairy products and large quantities of the fruits for which it is noted. The "Dryland" crops of cereals are very heavy on the un-irrigated lands of Idaho, Washington and Oregon.

On the shores of the Pacific a great commerce, that is constantly being augmented, has sprung up, and the wheat, fruit, cattle, sheep and wool of interior Idaho, Oregon and Washington is carried to the Puget Sound and Columbia River ports in train loads whence much of it is shipped to Australia, Hawaii, Japan, China, South America, etc., besides to many parts of our own country.

North Pacific Coast timber and shingles also are now shipped in train loads across the continent, and also to foreign countries, and North Pacific Coast canneries ship their products of salmon, halibut, etc., in every direction.

What precedes will afford a fleeting glimpse of the inception, building, progress and present condition of the Northern Pacific Railway, and the development of the tributary country to the present time. What

the future has in prospect would require omniscience to foretell. So far as the finite can forecast events the Northwest is only at the threshold of its development. Its marvelous potentialities along agricultural, horticultural, mining, industrial, commercial, educational, and religious lines, and its consequent opportunities for individual and corporate effort and success, are even now not much more than faintly realized. It is truly an empire of incomputable possibilities; possibilities for all. Every man or woman, rich or poor, of vigor and resource who will

".....all the pleasures prove

That hills and valleys, dales and fields,

Woods or steepy mountains yields"

in this storied land of the Northwest, may find his or her own chosen line of endeavor in which to work out life's "manifest destiny."

At this time when the sensible slogan of "back to the land" is heard far and near, the city youth or man of middle age, particularly, who seeks a rural life where urban advantages are at the same time to be found, may well turn to the irrigated portions of the Northwest for a solution of the problem.

FOREIGN BANKING AND FINANCE

EUROPEAN

FOREIGN BRANCH BANKS IN LONDON¹

THEIR ESTABLISHMENT AND GROWTH AND THE EFFECT, IMMEDIATE AND ULTIMATE, UPON THE BANKING AND COMMERCIAL DEVELOPMENT OF THE COUNTRY

By W. F. Spalding, Cert. A. I. B.

THOSE who have not studied the growth of foreign branch banks doing business in London can scarcely realize how this form of competition with English finance has developed during the past few years. And, considering the intimate connection such banks have with our foreign trade, it is curious that the matter has not been widely discussed and criticized.

We are all familiar with the sharp and bitter controversy raging on the question of foreign trade. Innumerable speeches have been delivered, an abundant supply of literature, good, bad and indifferent, has been poured forth, and we have been forced to

view the various aspects of the competition from every conceivable standpoint. Yet, notwithstanding the fact that foreign finance is a component part of foreign trade, and that competition at this point is apparent to the most superficial observer, this side of the question seems to have been ignored. Even in banking circles the matter has not attracted widespread attention; few speeches have been given, and there is a remarkable absence of literature on the subject.

In finance, as in every other branch of science, art and mechanics, European countries have made gigantic strides during the last ten years, and English bankers who have hitherto been buoyed up with the belief that the wealth of Great Britain and its depen-

¹ A first prize essay, reprinted from the London "Journal of the Institute of Bankers."

dencies was a gold mine into which they could dig at pleasure, now perceive that they were mistaken. Our wealth is nothing but the prosperity of the country, and this depends on the industry, the patience and the skill of every inhabitant, be he financier or artisan. Indeed, everything we possess is locked up, somehow or other, in industrial enterprise; and our railways, our ships, our shares of every kind, even the interest of our national debt, depend upon the successful maintenance of our international trade and finance.

The foreign branch banks must necessarily play an important part in the future of our international commerce, consequently we have to consider the extent of their influence in London. There is no doubt that the successful way in which the financial and commercial operations of almost every country in the world were carried out by British capitalists led foreigners to consider the advisability of competing for a share of the business from the central point of international commerce, and they very soon discovered that immediate access to London, the money market of the world, was little short of necessary to their success elsewhere. Consequently, the institution of foreign branch banks soon became an accomplished fact, and the phenomenal success attained by these establishments during a comparatively short period has proved the wisdom of such a step.

When the foreign financier decides to establish a branch bank in London, he has first to consider what treatment he is likely to receive at the hands of the British Government, and in this connection it may be interesting to compare the requirements of the English law on the subject with those governing the opening of branches of English banks in various foreign centres.

We are informed by the officials at the Companies Registration office, Somerset House:

1. That there are no special restrictions applying to the opening of a foreign branch bank in London. There are, therefore, no preliminary formalities to be observed before such a bank may commence business here.

2. A foreign branch bank is not bound to make any special returns to Somerset House, beyond those mentioned in Section 274 of the Companies (Consolidation) Act, 1908. That section does not, however, require it to file at Somerset House an annual summary of capital and list of shareholders, such as is necessary in the case of English companies, but it provides for the filing each year of a statement in the form of a balance-sheet.

3. If a branch bank, incorporated outside the United Kingdom, opens here, it must comply with the provisions of Section 274 of the Companies (Consolidation) Act, 1908. Further, it is subject to our liquidation laws, and will fall under the jurisdiction of

the English courts in regard to winding up.

The foreign branch banks are, of course, liable to pay the usual municipal taxes, and are subject also to our income tax regulations, and in these respects are in no better position than an English bank.

From inquiries made in Germany, we find that an English bank opening there is legally in no worse position than a German bank. Both are liable to certain taxes, which depend upon the amount of the subscribed capital. They must also pay small registration fees.

When an English bank opens in Germany the various acts of the board of directors, necessary for the registration of the branch, have to be notorially vouched for before a German consul at the place where the bank has its head office.

In the general taxation an English bank is governed by the same conditions as a German bank, and no special municipal taxes are levied.

Similar inquiries were made in France, and there it appears no encouragement is given to the establishment of English branch banks. The French seem to think that foreign capital is not wanted, and there are several restrictions placed on English banks opening there.

The first thing required is a copy of the deed of settlement of the bank, which has to be registered at the "*Bureau de l'Enregistrement*." Then the bank has to submit to heavy taxation, which the French banks clude. Moreover, the English branch bank is compelled to have its taxes guaranteed by a French bank.

The Inland Revenue there demands a percentage on the capital of the bank (this is only paid once, not annually), also an annual tax proportional to the capital of the bank. The rate is fixed by the fiscal authorities, who are guided by the number of agencies and the business done, i. e., the more the agencies the less the tax, as the gain is participated in by several agencies, and is therefore much less; and in the same proportion an annual tax has to be paid on the fixed deposits and loans. The Inland Revenue also charges a tax on the profits that the fiscal authorities attribute to the agency.

The municipal government, in their turn, charge taxes on the number of staff, rent, etc. The municipal taxes, however, are also paid by the French banks.

The balance-sheet of every bank in France has to be regularly exhibited, and during the first few years frequent inventories are made by the "*Bureau de l'Enregistrement*," to ascertain the *bona fides* of the bank, and to see that the bills are being properly stamped, etc.

As it is possible in time to come competition from America may assume definite proportions, a brief *résumé* of their requirements may be useful.

We find that "Foreign branch banks have agencies and conduct business in various

parts of the United States, but the laws of the different States vary in regard to the privileges allowed to them. In some they may receive commercial deposits subject to check, discount commercial paper, and perform all the regular functions of banking. This is not the case in New York. They cannot take deposits or discount notes, but may transact the business usually done by private banking houses, dealing in securities, buying and selling commercial paper, and most of them make a specialty of foreign exchange."²

The establishment of foreign branch banks is obstructed on the one hand by the Federal laws and on the other by the State laws, and as each authority reserves the right to make constant inquiries into the bank's business, the foreign branch banks protect themselves by registering as "Agencies." In New York, for instance, if an establishment is called a "bank," certain securities have to be deposited with the government, and the bank is subject to the inspection of the examiner of banks, both State and Federal, and to evade these restrictions the bank registers as an agency, but as such it is limited to a comparatively narrow sphere of banking.³

Space does not permit of a detailed comparison of our facilities with those offered by many of the other foreign and continental countries, but in no case do we find restrictions imposed which are insuperable, or which in any way prevent a profitable business from being carried on.

In comparing the regulations affecting the opening of foreign branch banks in London with those existing in other countries, we are apt to exclaim against the inequalities, but it is important to remember that in many cases abroad the English bankers are in reality subjected to little more than the native bankers, and in cases where the restrictions do press heavily, there is usually a way out of the difficulty—as in Paris and New York, where a bank may be registered as an "agency." And "the fact that foreign banking companies are under no restrictions in England, arises, we think, not so much from any undue preference given to foreign banks over English banks, but from the fact that in England banks, whether owned by individuals or companies, are allowed to conduct their business practically free from special interference or restrictions."⁴

Before discussing the growth of the foreign banks in London, we must briefly refer to what is, perhaps, the chief source of the foreign banker's profit.

It has been said that our pre-eminent po-

sition as the financial centre of the world was the main factor in drawing the foreign banker to London; but there is another reason of far-reaching importance, not only to the foreign bank, but to our gold market. We refer to bills of exchange.

The foreigner looks upon the buying and selling of bills as the main part of banking, and as these bills are the recognized media for settling international transactions, they are a source of great profit to the foreign banker. He is well aware that merchants all the world over know that a bill of exchange on London is readily negotiable, and in connection with his financial assistance to foreign trade it is of vital importance for the foreign banker to have a branch in London, where he can deal first hand with the bills.

In speaking of this source of profit, we must not assume that these bills on London are the only ones drawn. There are, of course, a number of bills drawn on other countries, but such are mainly in connection with trade between various centres, and are not taken as international media of exchange. Nor must it be supposed that bills drawn on London are solely on account of our own foreign trade; they are, in fact, drawn in connection with the trade of almost every civilized country in the world.

Take, for example, the shipments of tea between Shanghai and New York, payment is usually made by means of a bill on London, and if an importer in Germany orders coffee from Rio or cotton from New Orleans, he will invariably open a reimbursement credit in favor of the shipper with the London branch of a foreign bank, and the bills are drawn under this credit.

In any important foreign commercial centre the names of the London accepting bankers are as well known as in England, and the exporter has only to take his bills to the local bank to realize a better rate than for bills drawn on, say, France or Germany.

Bills are drawn not only for goods, but in connection with securities also. This was evidenced in the late rubber "boom," when bills representing enormous sums came forward from foreign capitalists who had invested money in shares, the payment for which had eventually to be made in London.

Without laboring this point further at the present stage, sufficient has been said to show that the banking operations consequent upon the extension of international commerce are large and profitable, and it is the growing importance of this branch of finance, combined with the facilities for carrying out the work on this market, that has induced the foreign banks to open branches in London.

We will now proceed to discuss the growth of the foreign branch banks in London.

A writer in the "Institute of Bankers' Journal" of April, 1900, stated that in 1898 there were thirteen first-class foreign banks which had offices in London, and the united

² "The Modern Bank," p. 227. A. N. Fiske.

³ An Act was passed on May 31st, 1911, in the State of New York, by which foreign banks may receive a license to act as bankers according to the State laws.

⁴ "Institute of Bankers' Journal," Vol. XXVII, p. 164.

capital of those banks was represented to amount to £50,000,000. There are now in London twenty-six foreign branch banks, with a united capital of £100,095,383.

Thus in twelve years the number and capital of these foreign branch banks has been doubled.

Colonial banks, which for the purposes of this essay we have taken as purely British concerns, and private banking houses, such as Speyer Brothers, Morgan, Grenfell & Co., Lazard Frères, etc., are not included in these totals.

The following table, published by the "Economist," will indicate the remarkable progress made in other directions by the foreign branch banks in London.

It will be noticed that the totals differ slightly from those quoted above (the number of branches is given as twenty-eight and the capital as £98,669,385), this is due to the fact that some of the banks included in the "Economist" table have their head office in London, and are therefore outside the scope of this essay, whilst other foreign branch banks were left out because their figures were not available at the time the list was compiled. However, the figures are sufficiently correct for the purposes of comparison.

FOREIGN BRANCH BANKS IN LONDON.

	No.	Capital.	Reserve.	Deposits. and Current Accounts.	Notes in Circulation.	Total Assets.
		£	£	£	£	£
1880	22	18,153,000	5,136,000	21,358,000	1,406,000	64,175,000
1885	20	13,456,000	7,022,000	33,817,000	2,061,000	81,700,516
1890	18	18,329,000	6,665,000	67,591,000	3,118,000	130,163,000
1895	24	20,210,000	7,987,000	59,293,000	3,015,000	129,152,000
1900	24	29,694,000	12,790,000	115,462,000	3,592,000	216,127,000
1905	27	70,120,000	30,515,000	290,669,000	4,317,000	500,577,000
1910	28	98,669,385	38,064,935	430,056,244	3,662,786	716,562,163

From this summary it will be seen that since 1895 there has been a large increase in several directions. Although the number of banks has risen only from 24 to 28, the deposits have been multiplied about sevenfold, the reserves are more than four times as large, the capital has gone up from £20,000,000 to £98,000,000, and the total assets from £129,000,000 to £716,000,000.⁵

In view of this astonishing development it is interesting to observe that the average dividend now paid on the shares of twenty-six banks included in the writer's list is 9½ per cent. per annum. And the extent of their influence may be gauged from the fact that they have 1,814 branches and agencies in various parts of the world.

It is beyond the limits of this essay to give similar figures for the English banks in the United Kingdom, but a full investigation would doubtless indicate progress quite as satisfactory. The total of estimated deposits and current accounts, for instance, in ten years has increased from

£840,000,000 to £950,000,000, and the total assets now amount to £923,330,000.⁶

Statistics for the last ten years, too, show that the colonial banks having offices in London are not lacking in progress. Since 1900 deposits have been increased by £123,000,000, the total of thirty-three banks now standing at £288,320,000. The total assets have also risen by about £150,000,000, and now stand at £394,360,000.⁷

These figures show that the English and colonial banks have made, side by side with their foreign competitors, remarkable progress and are now in possession of magnificent resources to meet foreign invasion into the sphere of finance.

We referred to the extension of international trade as one of the dominating factors in the institution of these foreign branch banks in London, and viewing the remarkable growth of late years, we must remember that the banks are the outcome of the demands of this trade, and they have increased with the natural growth of trade in all parts of the world. But this is not the only cause of the astonishing increase in the operations of the foreign branch banks in our midst.

We have also to take into account that

the continental banker is a past master in the art of merchant banking. He brings to bear on the London market the consummate skill he has acquired in his dealings with the home traders.

Next to facilitating domestic commercial transactions, the most important function of banking ought to be dealing in foreign exchange, for that facilitates international transactions, and our continental competitors, having received a good groundwork in their home bill transactions, are perhaps better able to grasp the intricacies of the foreign exchange business than the English banker is.

We must all admit that the continental banker seems to have grasped the fact that the purpose of banking is to supply a mechanism for exchanges, and in order to

⁵ "Economist," p. 1125 (1910, May 21st), and p. 8, October 22d, 1910 (Banking Supplement).

⁶ Figures taken from "Economist," May 21, 1910, p. 1123.

⁷ *Ibid.*, p. 1125.

Banco Nacional del Salvador

SAN SALVADOR

Authorized Capital \$5,000,000
Subscribed Capital 2,000,000
Paid-up Capital 1,000,000

Head Office—SAN SALVADOR
Republic of Salvador, Central America

Agencies at all principal towns in
the Republic.

Correspondents in the most im-
portant cities abroad.

BANKING BUSINESS TRANSACTED
OF EVERY DESCRIPTION

Special attention given to COLLEC-
TIONS—moderate commission

Dr. Guillermo Mazzini
President Director

G. Hommeler
Manager

realize how the foreign banks follow this out in practice, it may be of interest here to give a rapid review of the business which is being carried on through the medium of the French and German bankers.

FRANCE.

The French policy is clearly defined in the following report for 1909, issued by the *Crédit Lyonnais* to its shareholders.

After briefly referring to home trade and the extent and multiplicity of the bank's relations, the report continues:

"Help to Foreign Trade.—Your agencies, both in France and abroad, keep in touch with the current of business affairs throughout the entire world, carry through transactions in the currency of all nations, purchase foreign commercial bills, open up credit accounts, and supply guarantees. French men of business come to our counters to deal with questions of foreign exchange, to obtain information as to the legislation of different countries and local customs, and obtain all the guidance they require through our means. The great number of transactions effected through the *Crédit Lyonnais* has contributed to the establishment of an active market in foreign

bills of the chief countries of the world, thus reducing differences on exchange to the great advantage of French commerce. We aid the French exporter in recovering the product of the merchandise he has sold, either by paying him directly in cash on account of the foreign purchaser, or by discounting the bills drawn upon the latter while in the case of the importer, we render him equally important services, either by giving acceptances or granting credits which permit the entry into our country of products, whose acquisition is thus facilitated for French industry."⁸

GERMANY.

In order to understand Germany's object in creating German branch banks abroad, it is necessary to refer to what Bismarck did to secure for his country a greater part of the world's trade.

He realized that gold is the principal metal for the settlement of all international transactions, that England by the introduction of the gold standard, and her sound banking policy, had become the money and gold market of the world, and so he carried through monetary reform in the German Empire, and replaced the gulden, thaler, etc., by the reichsmark.

He saw how England, by establishing numerous banks and branches in her Colonies, had procured greater facilities for her trade; he recognized that bills on London were everywhere readily taken, and he urged his countrymen to establish German banking institutions in foreign parts, especially in countries beyond the sea. The object of this was to make the German reichsmark and German bills of exchange known everywhere, and so secure to German banks the commission, interests, and profit arising from exchange operations, hitherto paid to English banks, and the result was that German banks were founded in London, South America, China, Japan, Spain, etc.

These banks contribute, with success, to the promotion of German trade abroad, and earn satisfactory dividends for their shareholders. Their principal business consists, of course, of current banking business and arbitrage on a large scale, but they also finance different German industrial and railway concerns, and issue from time to time large railway loans. In a word, the German banks have, by their energetic efforts, been very useful to German commerce and industry; by contributing in a large measure to the expansion of German trade, they have made Berlin one of the leading financial markets of the world.

Now although Berlin has become an important financial centre, subsequent events have proved that Germany's hope of being able to dispense with London as the clearing

⁸ "Financial Times," November 21, 1910.

house for international transactions, and of making their bills rank equally with our bills throughout the entire world, has not been realized. That is one reason why the German banks continue to open here, and it proves beyond doubt that London is still the world's clearing house.

Yet one is forced to admit that German and French manufacturers are everywhere competing with the English firms, and this is largely due to the able assistance they receive from their banks, not only in England, but in the colonies and neutral markets.

There is, of course, an element of danger in banks supporting commercial undertakings, and as a writer in the "Institute of Bankers' Journal"⁹ points out, it is a significant fact that the "Deutsche Oekonomist" has uttered this warning on the subject:

"The English, who have larger interests than we to defend throughout the globe, and whose energy yields in no respect to ours, have never made their banks depend upon commercial enterprises. They demand of the banks only security. Their enterprises are adventurous, but their banks are secure.

"The Englishman is perfectly right in his comprehension of banking operations. We, in Germany, who lack financial tradition, and understand transactions in a different manner, have permitted our banks to venture in the most varied enterprises, in which they have engaged with extraordinary activity. It remains to be ascertained if there is not a grave danger in this situation, from which we shall some day suffer."

AMERICA.

Hitherto there has not been a rapid growth in London of American banks, due, no doubt, to the fact that American national banks are prohibited by the law of that country from establishing branches abroad. However, in his recent speech to Congress, President Taft announced his intention to legislate for the removal of this prohibition.

There are also signs that the Americans, encouraged, perhaps, by the success of the French and German bankers, are now competing with the English and colonial banks in many directions. For instance, institutions, of which the Guaranty Trust Company of New York is a type, do a considerable amount of business in connection with the importation of cotton and other goods into this country, and the export of our own manufactures to the other side of the Atlantic, which business, of course, was formerly conducted by the English banks.

That America is keenly alive to the necessity of extending her international operations has been demonstrated by recent events in China, where American financiers have claimed the right to participate in Chinese financial undertakings.

It may therefore be safely assumed that

the successful growth of foreign branch banks in London has exceeded the most sanguine expectations of the nations concerned, and from this brief inquiry into the reasons for their development, we pass to an examination of the effects, immediate and ultimate, upon the banking and commercial development of our country.

Firstly, we will take the immediate effect on the British banking community.

There is no doubt that a fair volume of business which hitherto has been worked through English agency, is now being done by these foreign branch banks, and, as a Fellow of the Institute of Bankers has pointed out, "the establishment and rapid growth of banks, of which the Deutsche Bank, the Dresdner Bank, the Crédit Lyonnais, and the 'Comptoir' are types, has made a sensible difference to certain English houses. A foreign bank which establishes a branch in London naturally dispenses with the services of a London banker as agent, and the commissions which the latter formerly received are diverted to other channels."¹⁰

Take, for example, the Deutsche Bank, it is evident that most of the German business goes direct to them, and as this bank, together with the Swiss Bankverein, has established such strong connections with America, there is every reason to believe that a certain class of American business will go there also.

Further, the London banker not only loses his commission as agent for the foreign bank, but also that on other foreign agencies which transfer their business to a bank representing the country concerned. Although in some cases it is undoubtedly true that their own competitors will not give them the agency here, but rather choose to be represented by a British bank, yet it is a striking fact that the foreign branch banks in London are agents for a very large number of other foreign banks and finance houses.

However, even the foreign banker cannot dispense with the services of a London clearing agent, and the latter to some extent recoups himself for the losses he sustains on the agency business by the profit he makes on clearing the checks of the foreign banker.

The foreign branch banks also take a large share in the issue of travelling and documentary letters of credit, circular notes, and drafts, and do a daily increasing business in mail and telegraphic transfer remittances. The English banks probably feel the effect of the competition in these operations very keenly.

The London bankers, too, are face to face with the fact that their Stock Exchange

⁹ "Institute of Bankers' Journal," Vol. XXI, p. 64.

¹⁰ "Present Day Banking." F. E. Steele, p. 9.

business is far less profitable than in the days when they had an open field. And most of us are aware that since the advent of the finance bill, a great number of foreign and American securities have been placed abroad, especially in Switzerland, through the agency of London branches of foreign banks, who, in many cases, we believe, collect the interest free of charge and reinvest the proceeds, thus saving the English holder the English income tax and the death duties. This business is also done by the large American trusts.

Perhaps the most noticeable feature of the competition is in the discount market. But in discussing the effect on our discount rates, we have to take into account not only the London banker, but also English traders. The competition of the foreign branch banks in the discount market has, of course, caused rates to decline, and has correspondingly reduced the London bankers' profits; but on the other hand the merchants and traders have benefited by the low rates.

If we regard the large amount of capital brought to England by these foreign branch banks as a commodity, the immediate effect on the discount market may be plainly seen.

"It is only within the last half-century that the manner of controlling exchanges has come to be thoroughly understood. It is necessary to a proper understanding of the subject to treat metallic money as a commodity and to apply to it the laws of supply and demand which govern other commodities." In the words of MacLeod¹¹:

"Discounting a bill for a merchant is not lending him money, but buying a debt due to him; and the price of such debt must follow exactly the same laws as the price of corn, or any other article. If money is very scarce, and wheat very abundant, the price of wheat must fall; if money is very abundant, the price of wheat will rise. The price of debts obeys the same rules. If money becomes very scarce, the price of debts must fall, *i. e.*, the discount must rise.

If specie becomes abundant, the price of debts will rise, *i. e.*, the discount will fall. The price of debts, then, must follow the same great laws of nature that the price of wheat does"¹².

If, then, by reason of the combined capital of the foreign branch banks there is a larger supply of money and money substitutes available here, it is obvious that the lowering effect on the discount market is a real gain to the commercial and mercantile community. The English banker, too, indirectly benefits, firstly by the increased strength given to the money market by the influx of foreign capital, secondly, by the increased prosperity of the nation due to the extension of trade.

An essential point to be remembered in regard to the discount business is, that our own banks are bound to the Bank of England by the deposit rate, and this fact has to be taken into consideration. Our rates are influenced to some extent by the relationship which exists between the interest allowed on deposits and the "Bank's" published rate, whereas the foreign banks' supply of capital, at present, is largely drawn from a source outside this country, so that in discounting bills in London they are not bound, as are our institutions, to follow the lead of the Bank of England.

The competition for foreign bills is at present of little interest to the British bankers, for "as an investment such bills are strangely neglected by them. Whether it be that the technicalities that have to be mastered in connection with this business are the deterrent, or whether it be that insular prejudice regards them as unsafe, it is hard to say; but there is certainly good reason to doubt whether any banker in Great Britain, outside London, keeps a single Continental acceptance in his bill

¹¹ "History of Modern Banks of Issue." Conant, pp. 16-17.

¹² Clare's "Money Market Primer," p. 95.

Banco de Nuevo Leon

MONTEREY, N. L., MEXICO

ESTABLISHED OCT. 1, 1892

Capital paid up, \$2,000,000

Reserves, \$823,875.00

Deposits, \$3,002,244.00

GENERAL BANKING BUSINESS TRANSACTED

Principal Correspondents:—NEW YORK, National Park Bank, Mechanics & Metals National Bank; LONDON, Dresdner Bank, Credit Lyonnais; BERLIN, Deutsche Bank, Berliner Handels Gesellschaft; PARIS, Credit Lyonnais, Compagnie Nationale d'Escompte; HAMBURG, Deutsche Bank Filiale Hamburg, Commerciers und Disconto Bank; MADRID, Banco Hispano Americano, Banco de Castilla; HABANA, Banco de la Habana.

RODOLFO M. GARZA, Manager

ABTUO MANRIQUE, Accountant

AMADOR PAZ, Cashier

case; in London such stock is mostly kept, if not entirely, in the hands of the foreign bankers."¹³

Notwithstanding the fact that the foreign branch banks have brought into our market a large amount of foreign capital, it may still be argued that as they hold a very considerable sum, on deposit (£418,892,000), this suggests that they have absorbed funds which formerly came into the hands of the English bankers. There are no figures available to indicate what proportion of these deposits is held in this country, but if an investigation were possible, the results would doubtless show that by far the greater part consisted of foreign funds. However, with the growth of such banks, and if they continue to offer high rates of interest, it is safe to assume that a proportion of British money will find its way into their coffers. At the present time many of the foreign branch banks pay interest on deposits, varying from two per cent. to four per cent. per annum, according to the time for which the money is deposited.

It has been stated in some quarters that the deposits of German banks were often used for building railways in foreign countries. An inquiry into this statement was made at the recent German Bank Commission, and it was found that "the general security of the deposits in the hands of the larger banks was not called in question . . . as a matter of fact, it was not possible that the banks should, as they have been accused of doing, use the depositors' money to build railways in foreign countries."¹⁴

The London bankers have not been the only ones to feel the immediate effect of competition from foreign branch banks. It is certain that the success of so many foreign institutions in the metropolis indicates, what is more important still, that competition must be successful elsewhere; and in this case it is our own colonial banks who have had to face large inroads into their business. But we are glad to say that they have realized the position, and in order better to be able to conduct operations on equal terms, branches of Colonial banks have been opened in several foreign centres. The Hongkong and Shanghai Banking Corporation has branches in Hamburg, Lyons and New York; the Chartered Bank and the Standard Bank of South Africa are also established in Hamburg, and the London and River Plate Bank has a branch in Paris.

These and other signs point to the fact that although the English banks have been immediately affected by the competition consequent upon the growth of foreign branch banks in London, yet on closer examination it is apparent that the effects are but temporary.

The London joint-stock banks also are rapidly becoming alive to the possibilities of the foreign exchange business. ("The

foreign exchanges are transfers from the money of one country to that of another effected by the operation of bills of exchange."¹⁵) Formerly this branch of the profession was strangely neglected by English bankers, and but few possessed the necessary machinery for conducting a foreign exchange department. But the Continental banks early realized what a lucrative business existed, and for many years English banks were obliged to entrust their exchange operations to the foreign banks. However, it is satisfactory to note that our progressive banks are not standing still, but are now seeking to extend their domain by all legitimate methods.

In many British banks, by steady and persistent work, the foreign exchange department is, step by step, attaining high eminence, and we now witness large institutions like the London County and Westminster, the London City and Midland, and Lloyds Bank, not only absorbing the smaller exchange houses, but opening special branches to deal with this important part of finance.

The enormous and steady growth of foreign trade relations opens up a profitable field for the foreign exchange banker, and when the English bankers really realize this, we feel sure that foreign departments will be added to most of our large joint-stock banking institutions.

Most economic writers insist upon the benefits accruing to mankind from competition, and if instead of deploring a temporary diminution in their profits as a result of foreign banking competition, Englishmen realize that such banks have really acted as an incentive to our bankers to adopt more progressive methods, they will at once admit that the immediate effect of the competition is beneficial instead of derogatory to their interests.

Everyone is aware that people are always ready to rush to the cheapest market, and most foreign banks are so well managed that hitherto they have attracted clients. People find that the business they take to the foreign banks is done well and effectively, and that profits are greater than if an English bank carried through their transactions. However, as we have remarked, there are abundant proofs that the English bankers are setting to work to remedy past defects, and we may very soon expect to see them working the foreign business on attractive terms.

One very important point must not be overlooked. The staff of the London banks must have that educative equipment necessary to enable them to thoroughly under-

13 "Theory and Practice of Banking." MacLeod, II, p. 278.

14 Report on German Bank Commission, 1908-9, Vol. XX, "Economic Journal," p. 211.

15 Tate's "Cambist."

stand the foreign business they undertake.

It has often been said that foreign banks are worked cheaper than our own from the fact that the clerks come to this country for a mere nominal salary for the purpose of learning banking in the English language. That may be so, but it is open to the English clerk to do likewise. He may, with advantage, undergo a similar course of training in Continental banking. Or, if that door is closed to him, he has still the Institute of Bankers, who have now included in the syllabus of their examinations Foreign Exchanges, and two languages—French and German. No doubt the course will be enlarged as the business develops.

EFFECT ON THE BANKING DEVELOPMENT OF THIS COUNTRY.

Having seen that the immediate effect of the growth of foreign branch banks in London has been to cause the splitting up of business that used to be entirely in the hands of English banks, and that our banks have been led to lower their rates and alter their rules to prevent as far as possible a total loss of foreign business, we proceed to discuss the ultimate effect on the banking community.

What the ultimate effect will be is, of course, largely a matter of conjecture. It is always dangerous to prophesy. All that is possible is to give due weight to the various forces existing at a given period. But the opinion so formed may be upset by fresh factors that may subsequently arise.

However, it is probable that the greater the foreign element in this country, and the larger the amount of business passed into the United Kingdom, may mean that these foreign branch banks will grow in importance until we may see some of our own banks merged into them. Or, perhaps, some of our own London and Colonial banks may amalgamate and form concerns even more powerful than the foreign establishments. In fact, a suggestion was made some ten years ago that "a new foreign and colonial bank, formed by amalgamation of the existing establishments, would possess many advantages. The large amount of capital so obtained, if controlled by a London directorate composed of men well known for their probity and influence in the mercantile world, should insure the assistance of the Government, besides inspiring universal confidence. Granted these essentials, such a bank could encourage British commerce all over the world; the surplus funds of a branch in one country could be utilized in another, and any loss be distributed over the whole of its operations."¹⁶

Of course, there are objections to such amalgamations, and many people argue that they tend toward banking monopoly, which is not conducive to the general welfare of the community. At the same time there

appears room for the establishment by amalgamation of a great industrial bank or banks in this country, such as they have in Germany.

As we have seen, German banks take a much more intimate and direct share in financing industry and enterprise than is the case in this country, and complaints are not wanting that our industries suffer in comparison with those of Continental countries, because of the banking facilities which are available there, but not here.

Whether this is so is a question which is outside the scope of this essay, but in the author's opinion an institution of the kind outlined above would enable English bankers to cope with foreign competition, and we may safely assume that ultimately it would be able to work on better terms, and so retain a share of the finance, or even re-capture some of the departed business.

While regretting the loss of profitable business, we must not lose sight of the fact that the opening of foreign branch banks in London will eventually benefit us in other directions.

The mere fact that these banks have brought, and continue to bring to London many millions of foreign money, must ultimately prove of great benefit both to the banking and commercial development of this country. We have at our disposal a large quantity of French, German, Swiss, Austrian and American capital. The foreign banks bring in more capital than they take, and their chief cities hold constantly large amounts of bills on London.

As the future effect of these foreign banks upon the English banking development seems to depend greatly on the bill business and the various operations connected with it, it is necessary to take note of the matter.

The part played by these bills on London is not generally appreciated. As we have shown, London bankers rarely invest in bills on foreign centres; "the rate of discount may be three per cent here, and four per cent. in Berlin, yet it does not occur to us to invest our money in bills on Berlin; but take the opposite case; you have money here at four per cent. and three per cent. in Berlin or Paris, you at once have a flow of investments into those bills, it is the Berlin banker who discounts, as it were, instead of the London banker, hence the demand on our market is lessened. It is only when our rate recedes again below that of the market where the bill is held that it will come over here for discount."¹⁷

A bill on London therefore performs a most important function in equalizing the value of money prevailing in various centres, and preventing large demands for export of gold.

¹⁶ Institute of Bankers' Journal, February, 1900, p. 68.

¹⁷ "Foreign Trade and the Money Market," p. 6. Sir F. Schuster, Bart.

It is plain that large amounts of these bills so held represent temporary indebtedness to other nations, and prevent calls on our gold reserve, and it is interesting to note the remarks of the German Bank Commission on this subject:

"The Imperial Bank is advised to keep a large constant supply of foreign gold bills, by means of which it would be able in case of need to exert a controlling influence on the rate of exchange.

"This indeed can be done, but only on condition that the procuring of foreign bills is not synchronous with an increase of the indebtedness of the country, which might have unfavorable results. In the last resort the rate of exchange and the movement of gold depend on the balance of trade of the country, which itself depends on the foreign trade and the condition of the international money market."¹⁸

It is highly probable that the foreign bankers are alive to the difficulties which would arise if a continued drain on our gold reserve occurred, and it is conceivable that they will do all in their power to avert such a catastrophe, for they have enormous interests at stake in our country.

Moreover, it follows that this bill business, combined with the other resources brought into England by the foreign branch banks, will have an important bearing on our money market. And we believe, in this direction—the preservation of our gold reserves—the ultimate effect of the institution of foreign branch banks in London is likely to prove entirely beneficial, not only to bankers, but to the entire nation.

Goschen certainly recognized the important part played by the foreign bill, and he probably had in view the likely increase in London of the foreign banks, when he wrote:

"Those to whom these questions are new, may not be able at first sight to discover the cause which still compels most other countries to make London their banking centre; why it is that in the East Indies those who ship produce to America draw on London and not on New York, and why the New Orleans cotton exporter draws on London instead of on St. Petersburg for the cotton shipped to Russia. A partial cause might be found in the credit granted by London bankers, and also in the greater reputation of the London houses, which, extending to all quarters of the globe, gives a bill on them quite a different value from that which could be assigned to bills on American and Russian bankers, equally wealthy, but less widely known. But this can only be called a secondary reason, and appears on closer examination to be itself the result of the primary cause which makes London the great banking centre of the world. That primary cause is to be found in the stupendous and never-ceasing exports of England, which have for effect that every country in the world, being in constant receipt of English manufactures, is under the

necessity of making remittances to pay for them, either in bullion, in produce, or in bills. It may divert its produce to other countries, but the bills drawn against such produce will be sure to find their way to England. In other words, there will be a demand for foreign bills on London bankers, and English bills will be more valuable than any others."¹⁹

If, then, the continued influx of large amounts of foreign capital, and the investments in bills on London, represent increased strength to our gold reserves, and also serve to keep our money market the cheapest in the world, students of finance will agree that this is a most satisfactory element in the increase of foreign branch banks in London. It is obvious the cheaper our money rates the more chance will there be to retain a hold on all industries, both home and foreign.

Foreign countries desirous of borrowing have hitherto been bound to come to this market where cheap rates exist, and the importance of London remaining the chief issuer of foreign and colonial loans is seen, when we remember that, notwithstanding the economic fact that a loan is an export from the country borrowing (the Argentine, for instance, exports Cédulas to pay for loans), yet the export trade from this country to the country borrowing always increases.

The loans are not complete when the bonds are issued. It is further necessary to send the value to the borrowing countries, which is done by the export of commodities capable of being used as capital by the importing nation. For example, the great Canadian and American railways have not only been built mostly by capital raised in England, but manufacturers here have participated largely in the orders for the necessary materials. The proceeds of the large Chinese and Japanese loans raised on our market have also been partly used in the purchase of railway and other stock.

Then, again, few foreign loans are negotiated which are not accompanied by a certain issue of bills of exchange. Whenever the country which has secured a loan owes a balance on its general mercantile transactions, and is in want of remittances to cover it, bills may most conveniently be drawn upon the lending country for the amount of the loan thus contracted; for they will at once be eagerly purchased in order to be remitted to the foreign creditor.

While admitting that the ultimate effect of competition from foreign branch banks in many directions is not likely to prove harmful to British interests, yet London banks do sometimes regard with uneasiness the work of the foreign banker in the investment market, and are apt to believe that develop-

18 "Economic Journal," Vol. 20, p. 215.

19 "Foreign Exchanges." Goschen, p. 30.

ment in this direction will ultimately prove detrimental to this country. But a little consideration will show that there is not much cause for alarm.

The importance of our remaining the principal market for foreign investments of all kinds cannot be overrated, and the foreign branch banks render us material assistance in bringing to our market many sound and remunerative financial undertakings. The banking community often participates largely in the profits arising from these operations, and the ultimate benefits are certain to be greater as the business develops.

But the facilities which these foreign branch banks afford to English investors is a point not to be forgotten in regarding the future development of our banking policy.

The accumulation of capital in England renders it a matter of difficulty to invest surplus means; by bringing before the investor their loans and other high-class securities, the foreign bankers will give a wider and wider field for the investor to choose from, and by the assistance they give for the investment in the funds of their own and other countries, they render an important service, not only to the ordinary investor, but also to the banking community.

Some idea of the magnitude of the business connected with the issue of foreign securities on this market may be gathered from the following list of British investments in foreign and colonial securities:

BRITISH INVESTMENTS IN FOREIGN AND COLONIAL SECURITIES.

BRITISH POSSESSIONS.

Canada and Newfoundland	£373,000,000
Australia and New Zealand	380,000,000
South Africa	351,000,000
West Africa	29,000,000
Straits Settlements, Malay States.....	22,000,000
India and Ceylon	365,000,000
Miscellaneous	33,000,000

FOREIGN COUNTRIES.

United States	£688,000,000	Turkey	£18,000,000
Cuba	22,000,000	Egypt	43,000,000
Philippines	8,000,000	Spain	18,000,000
Argentina	269,000,000	Italy	11,000,000
Mexico	87,000,000	Portugal	8,000,000
Brazil	94,000,000	France	7,000,000
Chili	46,000,000	Germany	6,000,000
Uruguay	35,000,000	Other European	36,000,000
Peru	31,000,000	Japan	53,000,000
Other American	22,000,000	China	26,000,000
Russia	38,000,000	Other foreign	61,000,000

From a paper by Mr. George Paish, read before the Royal Statistical Society, December 20, 1910.

It may be a matter of regret to the English banker to see so large a share of this investment business done by the foreign branch banks, but we must be thankful for their contributions to our financial resources in other directions, and console ourselves with the thought that while we hold, as we do at present, the money market of the world, with the vastness of our Empire, we cannot slip away from our position, and the more strongly the financial interests of other nations centre in London, the more firmly

will they restrain each other from any action likely to endanger the credit of this market where so large a share of their own capital is deposited.

THE IMMEDIATE AND ULTIMATE EFFECT UPON THE COMMERCIAL DEVELOPMENT OF THIS COUNTRY.

We now come to what is perhaps the most important part of this essay—the immediate and ultimate effect upon the commercial development of our country. And we feel that bankers, who have viewed with envy the success of their foreign rivals, will gladly acknowledge that the institution of these banks has been for the common good of our nation.

The immediate effect, whatever may be the feeling of the banks with whom they enter into competition, is distinctly beneficial to the country and trade at large. The purpose of all banking is to supply a mechanism for exchanges. As the leading feature of our civilization is an extreme, minute, and universal division of labor operating entirely through free and voluntary exchanges, it may be easily understood that if the mechanism of banking is defective the production of wealth may become extremely difficult, though there be plenty of raw material and workers and the most intense demand.

What consequently is required is a good

banking system, and that that system should be so organized as to give the greatest possible facilities to all exchanges tending to produce wealth.²⁰ We maintain that these foreign branch banks, acting in conjunction with the English banks, do their part in this direction by distributing accommodation evenly throughout the world. In a

²⁰ For a full discussion on this point see "Free Trade in Capital," Chap. 16. A. E. Hake.

word, they receive money where it is cheap and employ it through their branches where it is dear.

Foreign trade has been one of the most important factors in maintaining our commercial supremacy, and with the aid of these banks England is able to extend her commerce over distant regions and to enrich every portion of her great and powerful empire.

By the energies of our forefathers we have built up a trade with the colonies and other distant lands far in excess of that which is carried on by other countries, and it is due to the unrestricted march of our commerce in all directions that ours has come to be the supreme money market of the world.

It has been said that trade follows the flag, but to a much greater extent trade pays no regard to flags. "Our aggregate trade with foreign countries (including exports of British produce and imports) is nearly three times as great as with our colonies and dependencies."²¹

The point, however, with which we are concerned is that banking certainly follows trade and "if our trade for any reason were to be restricted, then with absolute certainty others to whom this trade would fall would also oust us from our supreme position in the International Money Market."²²

By allowing these banks to open freely in London, we have added to the objects for furthering the interests of our foreign trade, as we shall now proceed to show.

An examination of the methods by which the foreign branch banks aid the mercantile community will prove that the immediate effect upon the commercial development of our country is highly advantageous. Here, again, we see the part played by the bill of exchange. The foreign bankers are always on the look-out for genuine commercial drafts to discount, and it is in commercial transactions that their special skill is seen.

When a merchant in London is desirous of shipping his produce to foreign countries, it is possible for him to draw a bill on the foreign importer, attach the necessary shipping documents, take it to a foreign bank, and, if he and the drawee be in good repute, the bill is readily discounted at the rate of exchange of the day. Or, if he can afford to wait, the bank will forward the draft for collection, and in due course remit him the proceeds, less a small commission.

In this way these banks are of the greatest assistance to our trade, for they enable the exporter to work his business on a moderate capital. The manufacturer can now buy his materials largely in the best

markets—free of the middleman—for the banker will at once cash the seller's draft upon him. He can manufacture largely, because as soon as his goods are out of the works, he can draw drafts on his customers, and against these the banker renews his capital at once. All commercial men will understand the advantages offered by the foreign branch banks in this bill business.

It does not affect the manufacturer alone, the benefit naturally extends to the working people. A larger production means a greater demand for hands, which sends up wages, and cheaper production means lower living expenses.

We all know that, with but few exceptions, money has been cheaper in London for many years than in Continental centres, and this is the outcome of our foreign trade, which we must admit has been admirably financed by our foreign friends.

Seeing that the continued cheapness of capital must be of incalculable benefit to our industries, we realize how necessary it is for Great Britain to retain her supremacy in the matter of foreign trade, and with that object in view every effort must be made by British financiers to maintain and improve the position of the money market.

When we consider what an important bearing the question of our foreign trade has on home industries, it is surprising that the ability to supply capital cheaply for the export trade does not receive more attention. It is universally recognized that a plentiful supply of cheap capital is a vital factor in every industry, and this is especially the case where foreign commerce has to be fostered.

It is only by examining the intimate connection between our home industries and foreign trade that we learn how essential it is that our money market should remain the cheapest in the world, and if our foreign trade were handicapped for want of cheap capital, it follows that home industries would suffer accordingly—the one is to a large extent dependent upon the other. Consequently, we must see to it that our banking resources not only remain unimpaired, but that they are added to wherever possible, so that the extension of our commerce may not be impeded.

There are other directions in which the foreign branch banks render an immediate service to traders.

They make a special study of what is perhaps the most important question in foreign trade, that of remittances; and it is here that they are of great assistance to the commercial community.

For the general reader who has no opportunity of seeing the working for himself, and of gaining through a study of the system, a practical knowledge of the various manners of finance, some remarks on this portion of the subject may not be superfluous.

The results of foreign trade are always

²¹ "Elements of Political Economy," p. 516. J. S. Nicholson.

²² "Foreign Trade and the Money Market," p. 6. Sir F. Schuster, Bart.

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seen in the foreign exchanges, which illustrate the fluctuations in the price to be paid for remittances to and from this country. ("Mr. Seyd's estimate is that one-third of our exports are drawn for and two-thirds remitted for." Palgrave, "Notes on Banking," p. 43.)

The difference between imports and exports must be paid by means of drafts or bills of exchange, drawn upon the importer or exporter of goods, and the final balance is adjusted by means of specie, which is the only commodity that can finally settle international indebtedness.

Now if a merchant desires to make a payment for a purchase, or balance of purchases abroad, he will go to one of the foreign branch banks and there procure a draft, either at demand, or one at so many days' or months' date or sight, in the currency of the country to which he wishes to remit, the price charged being at the rate given in the foreign exchange quotations for the day.

A similar operation may, of course, be carried out on the other side.

Then, again, if the seller of goods here wishes to receive immediate payment for his goods, through the agency of the foreign bank, he may telegraph the date the goods are shipped, and will forthwith receive payment by telegraphic transfer, *i. e.*, the foreign importer will, on receipt of the telegram announcing shipment, go to the branch of the

bank in his city and pay the amount of the invoice, and the bank there will telegraph to its London branch to pay the sum to the merchant here. Or perhaps the goods may be shipped and on receipt the buyer will remit proceeds of the shipment by telegraphic transfer through the foreign bank.

These remittances are, of course, entirely governed by the foreign exchange rates, and usually the banks get their profit on the differences in exchange, a small commission only being charged. The cost of telegraphing is reduced to a minimum by the use of extensive codes specially adapted for the business.

There is another method by which the foreign banks finance trade. We refer to blank credits, a system by which the banks create paper for remittances to pay for imports which are really paid for by exports at a later date.

It has been remarked that bills drawn under such credits approach very nearly to accommodation bills, and on examination the appellation seems justifiable. The bills are drawn by merchants in one country on merchants or bankers in another country for the express purpose of using the money which is paid for them for the time they have to run, and the only difference is that the purchaser stands in the place of a discounter.

But the system is of very great benefit to

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those engaged in foreign commerce. It is a well-known fact that imports and exports seldom fall in the same period of the year, consequently payments fall due at different times. Tea from China, for instance, arrives in Europe about August, but the former has been importing produce from other countries all the year round, and bills have been required to make payments for the imports long before the tea bills are ready. Leaving out of the question the blank credit system, then, the only course open for the importers is to ship bullion in payment of their purchases, and when the tea harvest came, bills being no longer required for remittances, the exporters would be bound to receive back the bullion in payment of their tea.

Bills drawn under blank credits obviate these double shipments of bullion. Briefly, when no commercial bills can be bought, the bankers in one country draw on those in another, and subsequently square the liability they have incurred to the acceptors of the bills by buying up and remitting export bills as soon as the goods have been shipped and drafts are available.

These are but a few of the operations carried on by the foreign branch banks in connection with trade, but sufficient has been said to show that the immediate effect upon the commercial development of this country must be very great.

We have now to consider the ultimate effect of the growth of those foreign branch banks upon the commercial development of this country. And, while recognizing how difficult it is to forecast our future commercial policy, yet we are of opinion that the whole question turns upon the part the foreign branch banks will play in the extension of our markets all over the world. Will they be an influence for good, or will they be an influence for evil in our policy of progression?

The real prosperity of the English nation is, we repeat, dependent to a large extent on the maintenance and extension of our foreign trade, and, as we have previously shown, this in turn rests upon the unimpaired maintenance of our pre-eminent position as the world's bankers.

Anything which tends to develop international trade must be encouraged, for, as Professor Bastable shows, such trade reacts on the industrial system of the country. "It uniformly tends to break down customary conditions and to help forward the introduction of competition. We have abundant evidence of this in the course of economic history. Whatever other effects may be attributed to international exchange, it cannot be doubted that it weakens the restraints of *status* and leads men to adopt in their dealings the more developed, and,

therefore, in a scientific point of view, the higher system of competition."²³

English manufacturers and capitalists have consistently supported the policy of opening up foreign markets. Cheap raw material has been imported from many sources, and machinery having now been developed to such an extent as to increase production quite incalculably, England sends her textile and other products all over the world. She seems to find it necessary to discover fresh markets every generation or so, in order that her vast output of commodities may be sold. This policy naturally receives the approval of all those engaged in foreign commerce, and ultimately the resources of the foreign branch banks are likely to be of great advantage to us in the international struggle for new markets.

We must remember that English manufacturers and others in the past have imagined they had a monopoly of the world's trade and finance, while in reality they had not a monopoly at all, but only a good start, and as other nations are catching us up in the race for wealth, it behooves bankers to use every means in their power to increase the supply of capital necessary for the advancement of our commercial interests.

It is not too much to say that the future welfare of all classes in England depends on the maintenance of our commerce. Therefore, if we are to retain the premier place in the world, we must make every effort to extend the facilities for advancing foreign trade, and in allowing these foreign branch banks free access to our market, we have secured very powerful allies in furtherance of our policy. By allowing them to remain unrestricted in their operations, we have helped, in a roundabout way, perhaps, our own importers and exporters. We are thus certain that national interests are thereby advanced, and even if we do benefit others by this enlightened policy, we are ourselves much more richly rewarded.

No doubt the foreigners are everywhere striving to extend their commerce to other lands, but we must act similarly, and so surely as our foreign trade expands, so will our banking and finance houses follow the trade.

There is every reason to believe that these foreign branch banks have been and will continue to be of material assistance to us in opening up new markets abroad, for in foreign countries which are not in an advanced state of development, the need for capital is very great, and, as we have seen, by supplying such countries with funds, new outlets are procured for investments.

Further, while assisting the foreign exporters, these banks will also strengthen and advance the commercial position of this country, as in return for the imports we export our manufactures and produce to the new markets, and the greater the market for our manufactures, the more will our home industries be developed, for division of labor

and the profitable use of inventions and improvements are greatly assisted by world-wide markets.

As an eminent authority points out,²⁴ in addition to the amount of foreign money employed in bills of exchange, our vast foreign trade must result in the temporary employment here of the proceeds either of these bills or of goods sold in our market, to be used in the purchase of goods here, or for investment, or for safe keeping in time of trouble, and must add greatly to our available resources.

There is one part of the foreign bank's work which is greatly appreciated, both by exporters and importers.

It very often happens that bills are drawn with the clause "documents against payment," and when the goods arrive at their destination, perhaps the drawee is unable to provide funds for the retirement of the bills. Consequently the foreign bank facilitates matters by receiving the goods and warehousing them until such time as the drawee is ready to take delivery.

This system is practiced abroad more extensively than it is in London, but the foreign banks are always ready to attend to such matters, and, ultimately, of course, the commercial community will look to receive like facilities the world over.

It naturally follows with the extension of foreign trade there will be even a larger business worked in foreign securities than there is at the present time, and an important future commercial benefit accruing from this business is seen when we examine how the payment of the dividends for these foreign investments is carried out. Perhaps the most satisfactory feature is, that the working classes will all participate in these benefits.

"A little consideration will show that all foreign dividends must eventually be paid by means of importation of commodities. They are distributed by the agency of the banks and financial houses, which are placed in funds by bills of exchange. The fact that importers have these bills to sell implies that they have to pay for commodities coming from abroad; or, to put it more accurately, parties abroad who have to pay interest on borrowed capital can only pay it by shipping bullion or commodities, and they use the ordinary methods of adjusting mercantile accounts. There is no real difference between the bill of exchange used for these payments than that used for settling ordinary debts between merchants. In the latter case the bills practically pass from importers to exporters or vice versa. In the case of dividend payments they pass from the importers to the bankers, as representative of the source of invested capital. The

23. "Theory of International Trade, p. 107. C. F. Bastable.

24. Sir Felix Schuster, pamphlet on "Foreign Trade and the Money Market."

actual payments are by commodities of which bullion is only a small fraction."²⁵

On an average of three years, ending with 1909, the annual importation of gold was £52,641,396, its exportation £49,361,548. In that year the dividends receivable on the foreign investments of England may safely be placed at least at £90,000,000. It is probable that more than half that amount is reinvested abroad annually, the balance, about £40,000,000, comes in the form of imports.

It has been maintained that this mass of imports for interest, while it benefits the investor, who receives its value, is a loss to the workmen by competing with their products. The facts are, however, exactly the reverse.

"At every stage the laborer has shared in the employment and profit afforded by the foreign transaction. The original loans were made in the form of goods, such as railway material, iron, engines, machinery, clothing, etc., all manufactured by British capital and labor, and they were exported in vessels built with British capital and labor."²⁶

Far from being a loss to British industry, it is evident that as we pay for the original investments by exports, they thus directly contribute to provide employment. The Englishman constantly overlooks the fact that he benefits from foreign produce almost as much as the foreign producer, and the words of Sir Dudley North are as true to-day as they were two centuries ago:

"The whole world as to trade is but as one nation or people, therein nations are as persons. The loss of a trade with one nation is not that only, separately considered, but so much of the trade of the world rescinded or lost, for all is combined together. There can be no trade unprofitable to the public, for if any prove so men leave it off, and whenever the traders thrive, the public of which they are a part, thrive also."²⁷

These remarks are, of course, no less applicable to foreign finance, for we all participate in the eventual gain.

There is, in fact, every reason to believe that with the continued growth of these foreign branch banks, the ultimate effect on the commercial development of this country and its dependencies will far outweigh any present disadvantages. Certainly there is no reason why English banks should not follow their methods and so secure to themselves a larger share of profitable business.

One point we must never overlook, that is the great benefits which will ultimately accrue to our shipping trade through the extension of the foreign banks by whose mediation foreign trade will be fostered and increased.

As it is generally known, Great Britain with her large mercantile fleet does a considerable carrying trade for other nations, and as Dr. Armitage Smith says in his admirable work, to which we are already indebted, "about one-half the ocean commerce

of the world is done in British vessels. This carrying trade creates an element of indebtedness which is discharged by the debtor nations in produce. As an example, suppose a British vessel to carry out £1,000 worth of coal to San Francisco and fetch back corn. Let the freight each way be £500. The export of coal will be set down at £1,000, on arrival in America the value, enhanced by cost of carriage, will be £1,500, and in addition another £500 must be sent to Great Britain to pay return freight; thus, £2,000 of corn will be entered as imports, of which £1,000 will come in payment for British coal and £1,000 will be due for services rendered by British shipping. The additional imports are the earnings of British industry. . . . The imports received in return for services of British vessels are estimated at about £60,000,000 per annum; this service has been significantly named by Sir Robert Giffen "invisible exports."²⁸

The income accruing from these services rendered, such as banking and trading commissions, etc., must be very considerable, and, as we have seen, the foreign branch banks ably finance such operations. They assist the importer, they assist the exporter, and they assist in keeping our British shipping in a prosperous state. Moreover, by the aid of their financial resources, we have continued to keep our market the only free market for gold, and the mere fact of their extension here serves to render our position doubly secure as the financial centre of the world.

This brings us to the concluding part of this essay, viz., the effect which these foreign branch banks are likely to have on the balance of trade.

As we have stated elsewhere, the primary cause which makes London the greatest banking and monetary centre in the world is the ever-increasing volume of exports of England, which has for effect that every country in the world being in constant receipt of our manufactures is under the necessity of making remittances to pay for them, either in bullion, in produce or in bills.

In this connection a foreign loan, when it is contracted, acts with the same force as an import upon the country which lends, and it is obvious that loans negotiated in England increase her indebtedness, but the income subsequently derived from them contributes towards its reduction. In fact, the large sums which we receive every year in payment of interest from foreign countries considerably reduce the balance against us. This interest constitutes an immediate liability incurred by the borrowing country;

²⁵ "Dictionary of Political Economy." Palgrave. Vol. 2, p. 99.

²⁶ "Free Trade," p. 106. Armitage Smith.

²⁷ "Discourses upon Trade," XXI, 1691, quoted by Armitage Smith.

²⁸ "Free Trade," p. 106.

it is expenditure in favor of England, the foreign creditor.

Regarding the balance of trade, then, it is of the utmost importance that we should be able to maintain our position as the principal foreign investment market. This, as we have seen, can only be accomplished by keeping our money market the cheapest in the world, for it is through the action of that market that exports of gold are prevented, and the final balance of trade really regulated.

Our efforts are efficiently seconded by the foreign branch banks. They contribute to our resources in many ways, they keep discount rates low by their many bill transactions; by their foreign exchange and arbitrage operations they equalize foreign rates, and in endeavoring to extend their own markets, they increase our trade as well. And, rather than competition, we might term their work co-operation, seeing the service they render in aiding us to maintain our pre-eminent position.

The control which these banks may or may not have over our gold reserves is a question which affects both the financial and commercial communities of the country, and while we are at one with a writer in the *Institute of Bankers' "Journal"* when he says:

"The situation calls for serious consideration. The turn-over on any one of the foreign bankers' London accounts is a very large figure, and, taken together, they may constitute either an element of danger or a source of strength. Remembering that their actions are to a great extent governed by causes quite beyond our control, every precaution should be taken to provide against any proceeding on their part which might endanger our credit. The clearing banks, with whom their accounts are kept, should in the first place insist on the observance of a proper proportion of balance to turn-over. Strict adherence to sound principles on this subject is perhaps more necessary in dealing with this class of account than with any other. The additional claim on the reserve, which these foreign banks imply, adds another reason to the many already calling for united action by British banks, for the general good. Most of our best banks fully recognize their responsibility, but are there not some among them who consider one in twelve or one in ten a sufficiently high ratio between cash and liabilities? We fear these are the institutions, whose discount dealings are least in accordance with the Bank of England's lead. If this be so, the remedy is indeed simple."²⁹

Yet we cannot help repeating that we believe the foreign branch banks will always refrain from any untoward step regarding the reserve. The gold reserve is the pivot on which the money market turns, so that any act likely to cause dislocation would

affect these foreign banks and their trade relations quite as much as it would the English banks, and to attempt to damage a market where so large a share of their own funds is at stake would be sheer folly.

We are sure that in the banking and commercial development of our country the results will amply demonstrate the wisdom of our free banking policy, and that ultimately we shall come to see that these foreign branch banks render us an important service in the preservation of our empire. It is certain that the more they open here the greater will be the advantages to the trade and finance of the country, internal as well as external. Still more will they serve to promote that friendly and harmonious understanding amongst other nations which follows more intimate commercial intercourse, and always fosters the spirit of peace necessary to the prosperity and wealth of the world.

NEW HUNGARIAN-AMERICAN BANK

ACCORDING to a cable report received from Vienna, a new Hungarian-American bank has been incorporated with a capital of \$1,000,000, provided by three of the most important banks of Budapest, for the purpose of promoting Hungarian exports to America and of facilitating money-order business between Hungarians in America and their mother country.

The chief office of the American bank will be in New York, with branches throughout the country. It will open in May, 1912, with Julius Pirnitzer as general manager.

NUMBERING OF BANKS AND BRANCH BANKS

COMMENTING on this topic the *London "Journal of the Institute of Bankers"* says:

Some of our members may have read with interest an article by Mr. P. F. Hepburn which appeared in the *"Journal"* for October, 1910 (p. 444), containing a suggestion that all banks and branch banks should have a distinguishing number and that this number should be printed on every check.

It is claimed that even in listing checks by hand it is quicker to write a number than the name of a bank or branch bank, and that in offices where the adding-machine is used, the adoption of a system of numbering would enable the machine to be employed for many purposes to which it cannot now be adapted, or only with difficulty. As an example, it may be mentioned that experience has shown that the "waste" can be written up by the adding-machine without any difficulty except that of inserting the names of the banks. One bank at least has partially solved the prob-

29. *"Institute of Bankers' Journal,"* Vol. XXI, p. 69.

lem by a system of numbers adapted for its own use, but the drawback of not having the numbers on the checks is a heavy one.

Point is given to Mr. Hepburn's suggestion by the announcement which has recently been made that a committee of the American Bankers' Association has recommended the adoption of a very similar system in the United States, where the adding-machine is more widely employed than in this country. The large number of independent banks in the United States, some 20,000 in all, makes the problem of finding a satisfactory system of numbering certainly not easier than in this country, and the further development of the plan will be watched with interest by English bankers.

INCREASE OF CAPITAL OF THE CREDIT FONCIER OF PARIS

THE Crédit Foncier of Paris has obtained authorization to increase its present capital of francs 200,000,000 to francs 225,000,000 (\$42,500,000). For the purpose it will issue 50,000 shares of francs 500 each, which have been offered to holders of old shares in proportion of eight to one, at the price of francs 715, payable francs 100 on subscription, francs 365 on distribution of stock and francs 250 on June 20, 1912. Of the premium of francs 215 there will be set aside to surplus and emergency funds francs 200 and francs 15 will be devoted to the putting of both shares—old and new—on the same footing.

The Crédit Foncier of Paris is the largest mortgage institution of France, and has for years assisted in building up the country.

COMMERCIAL BANK OF SCOTLAND

AFTER making the customary provisions and setting aside sufficient sums for other contingencies, the net profits for this institution for the year, as reported at the annual general meeting of shareholders, held at the head office of the bank in Edinburgh, December 18, were £230,455. The earnings were applied to the payment of two half-yearly dividends at the rate of twenty per cent. per annum. Provision was

made against depreciation of the bank's investments and a sum applied in reduction of the bank's premises, leaving £24,588 to be carried forward to next year's account.

The total of the balance-sheet of the Commercial Bank of Scotland on October 31 last was £18,675,469.

The head office of the bank is at Edinburgh and the London branch at 62 Lombard street.

ROYAL BANK OF SCOTLAND

THE report of this institution submitted to the Annual General Court of Proprietors on November 29, showed net profits for the year of £247,166. After providing for the mid-summer dividend at the rate of ten per cent. per annum and a similar dividend at Christmas, and a bonus of one per cent., both of these declarations being less income tax, a substantial balance was carried forward to the credit of the rest account.

Mr. Ralph Dundas, one of the ordinary directors of the bank, who resigned a short time ago, after thirty years of service and who subsequently died, was succeeded by Mr. James A. Flenning, K. C., Vice Dean of the Faculty of Advocates.

The capital of this bank, as shown by the abstract of affairs, October 14, 1911, was £2,000,000; deposits, £14,455,195, and total assets, £19,533,334.

The head office of the Royal Bank of Scotland is at Edinburgh and the cashier and general manager is Mr. Adam Tait.

AMERICAN RESTRICTIONS ON FOREIGN BANKS

RECENT alterations in the banking laws of the State of New York, says the London "Bankers Magazine," are proving much less irksome in practice than had been expected in some quarters, and the various foreign banks having branches or agencies in New York are now able to announce that the new regulations having been complied with, business is now proceeding as before. When they were first announced, the regulations were regarded by some as an attempt to hamper the business

Mexico City Banking Company, S. A.

AVENIDA SAN FRANCISCO No. 14

Capital and Surplus \$1,000,000

COLLECTIONS AND ALL BANKING MATTERS GIVEN PROMPT AND CAREFUL ATTENTION

of the foreign institutions working in the State, and, although they seem to have had no practical result in this direction, it may be said that the somewhat frequent alterations in banking laws on the other side are a source of irritation. To demand that banks which, in some cases, have actually had branches in New York for half a century, shall produce their charters or certificates of incorporation, seems rather beyond the mark, and in some other instances the new regulations seem to be equally vexatious and futile.

STANDING OF THE PRINCIPAL BANKS OF ISSUE

THE "Official Bulletin of Statistics," issued by the Minister of Finances of France, published recently a table of the comparative standing of the banks of issue of the principal countries. Herewith is a condensation of the table, the figures being given in dollars, considering \$1 as francs 5.

The statement is as of September 30, 1911, and is as follows:

	Specie.	Note Circulation.	Deposits.
Imperial Bank of Germany and State Banks	264.4	612.2	180.8
Bank of Austria-Hungary	335.4	522.3	50.
National Bank of Belgium	49.2	179.	17.3
National Bank of Bulgaria	10.6	24.4	23.4
National Bank of Denmark	21.	36.	1.7
Bank of Spain	237.6	349.	91.9
Bank of France	784.6	1066.	136.
National Bank of Greece	2.4	27.2	31.
Bank of Italy, Naples and Sicily	276.1	424.4	72.6
Bank of Norway	10.7	26.3	1.4
Bank of the Netherlands	66.5	128.	1.4
Bank of Portugal	12.7	87.8	2.3
National Bank of Roumania	32.1	91.	0.
Bank of England, Banks of Scotland and Banks of Ireland	256.8	215.4	218.5
Imperial Bank of Russia and Bank of Finland	722.6	754.2	128.
National Bank of Servia	7.3	14.4	1.6
Royal Bank of Sweden	25.4	61.7	13.1
National Bank of Switzerland	34.7	57.1	13.4
Imperial Ottoman Bank	15.9	9.7	79.2
United States, Treasury and National Banks	1960.4	2535.4	6802.5
Japan	113.3	171.2	4.7
Algeria	21.2	82.4	3.1

A foot note states that the deposits in the United States banks include other than national banks.

These figures seem to be a little misleading, as the deposits in European banks are not all carried by national or state banks, but largely by private banks and bankers, and the specie held by banks mentioned is by no means protecting depositors. On the other hand, in the United States, the specie in national banks has nothing to do with the circulation of notes and is specifically set aside for the protection of deposits. Total deposits in all banks of the United States aggregated on June, 1911, over \$16,000,000,000 and the \$6,802,500,000 mentioned

as in national and other banks in the above table barely represents those in national banks only.

CREDIT FONCIER DE FRANCE

TEFERRING to an increase of capital of this institution, the French correspondent of the London "Economist" says:

It serves as an intermediary between lenders and borrowers, receiving funds from capitalists, to whom it gives bonds, and lending money procured in this way sixty landowners who make mortgages on their property, and at the same time to departments, communes, and various public establishments. Created in 1852, under the original name of the Banque Foncier de Paris, the Credit Foncier was transformed some months later through the incorporation with it of two similar companies. Since 1854 the Credit Foncier has been in a situation somewhat similar to that of the Bank of France, in the sense that at its head is a governor and two sub-governors nominated by the head of the State. Its original field of operations has been much enlarged. It now lends to landowners who wish to improve their property through drainage.

(In millions of dollars.)

	Specie.	Note Circulation.	Deposits.
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National Bank of Belgium	49.2	179.	17.3
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United States, Treasury and National Banks	1960.4	2535.4	6802.5
Japan	113.3	171.2	4.7
Algeria	21.2	82.4	3.1

It is allowed to lend money in Algeria. And, more recently, it has been authorized to make mortgage and communal loans in Tunis. While the governor and sub-governors are nominated by the Government, the directors, at least twenty and not more than twenty-three, are nominated for five years by the general meeting of shareholders. In 1852 the capital was fixed at twenty-five million francs. This has been increased at different times. In 1853 it was decided to raise it to sixty millions, a sum not finally reached till 1860; in 1869 ninety millions was reached, and 1877 130 millions; in 1882 it was brought up to 155 millions, completely paid up. A little later it reached 200 million francs, represented by 400,000 shares 500 francs each. As we have said,

the Credit Foncier issues land bonds representing mortgage loans and communal bonds representing communal loans. These securities are found in great quantities on the small bourses of France. They are secured on the sum of credits which correspond to them, and in addition have for a common guarantee the capital and all the reserves. The land and communal bonds are, like State Rente, not distrainable. On December 31, 1910, the number of different bonds in circulation was more than ten millions, at a value of over 4,428,000,000 francs. There are besides securities sharing each year in drawings, which help in part with their security to attract a large clientele. Mortgage loans constitute the greater part of the operations of the Credit Foncier. The company can only lend on first mortgage and on property having a fixed and lasting revenue, and its sums must never be more than half the value of the property, and even a third if it is a question of vines or of woods; for factory buildings, it is their industrial value that has to be calculated. The loans may be either for short terms, from one to nine years, without amortisation, or for long terms, repayable by fixed annual sums, called annuities, combining naturally interest at a fixed rate and amortization, which will extinguish the debt within a period of from ten to seventy-five years. For departmental, communal, chambers of commerce, and loans for other public establishments, the long-term loans with repayment by annuities is adopted. At the end of the year 1910 the sum of mortgage loans amounted to 2,154,000,000 francs; that of departmental, communal, etc., loans was 1,991,000,000 francs. We may add that the Credit Foncier accepts bonds and securities and makes advances on them, takes charge of valuables, opens current accounts, and in general fulfils the ordinary functions of a bank.

AUSTRALASIAN

ROYAL BANK OF QUEENSLAND, LIMITED

THE net profits of this bank for the last half year, as shown by the ordinary general meeting of shareholders held in Brisbane, October 24, were £15,585. After making provision for dividends and other requirements, £593 were carried forward. During the past half year two branches of this bank were opened, one in Kardanga and the other at Roadvale.

STATE NOTES BILL IN NEW ZEALAND

THE State Notes Bill introduced into Parliament, says the "Bankers' Magazine" of Australasia, will not pass this session. The Prime Minister (Sir Joseph Ward) explained that the measure was destined to come into operation on January 1, 1913, after which it would be unlawful for banks to issue notes. The Minister of Finance was empowered to issue notes up to any amount, but no notes could be issued for the payment of claims or demands against the Crown. The reason the bill was not operative till 1913, Sir Joseph Ward said, was to give the banks time to get the necessary gold to redeem the notes now outstanding. The security for the notes was based on one-quarter gold reserve up to £3,000,000 in notes, and the full gold reserve for all notes issued in excess of £3,000,000. The custody and administration of the reserve was made amenable to regula-

BANCO MERCANTIL DE MONTEREY

MONTEREY, N. L., MEXICO

A CORPORATION

Official Depository for the Government of the State of Nuevo Leon

Capital Resources, \$2,500,000. Reserves, \$291,239.06

Manager, MR. JOSE L. GARZA

Cashier, MR. ENRIQUE MIGUEL

Accountant, MR. F. M. de la GARZA

Buys and Sells Domestic and Foreign Drafts. Issues Letters of Credit.

Takes charge of any collections entrusted to it on a moderate rate for commission and remittance.

Buys and sells for account of others, government, municipal, banking and mining stocks and bonds.

Principal Correspondents—National Park Bank and Hanover National Bank, New York; Banco Hispano Americano, Madrid, Spain; Credit Lyonnais, Paris, France; Credit Lyonnais, London, England; Deutsche Bank Filiale Hamburg, Hamburg, Germany.

tions to be issued by the Governor in Council. The change to the proposed note issue, which was in no way paper currency, would be brought about without interference with the trade or commerce of the country. Sir Joseph Ward added that the bill would be made law next session.

BANK OF NEW SOUTH WALES

ADVICES from the recent half-yearly meeting of the Bank of New South Wales state that a dividend on the capital stock of the bank was declared at the rate of ten per cent. per annum for the half year ended September 30 last. The sum of £53,455 was added to the reserve fund and a credit balance of £80,701 carried forward to next account.

PROPOSED COMMONWEALTH BANK OF AUSTRALIA

REGARDING the proposal to establish a government bank in Australia, the "Bankers' Magazine" of Australasia, in its issue of October 31 says:

The bill which has been prepared by the Federal Ministry for the purpose of establishing a Commonwealth Bank was introduced by the Prime Minister (Mr. Fisher) after the conclusion of the debate on the Budget speech, which Mr. Fisher delivered at the end of the month. In association with the measure a machinery bill will be introduced to provide for the issue of Commonwealth inscribed stock, by means of which the capital required for the inauguration of the bank's operations will be raised. The bill has not yet been finally shaped, but the principal features of the banking scheme have been determined. The measure will be divided into two sections—

one dealing with a Commonwealth Savings Bank, and the other providing the necessary authority for the Commonwealth, by its managers to enter upon the business of an ordinary commercial bank. The savings bank as proposed to be constituted, will not differ in any material aspect from State institutions of the same kind, and its competition with them will rest only upon the preference of depositors.

The section of the bill relating to the establishment of a bank to undertake the ordinary banking of commerce provides for a permanent corporation under the direction of a governor and two directors, though the personnel of the management, as regards its number, has not been finally settled. The growth of the bank's business is not expected to be abnormally rapid, and a small board of management may be appointed, with power reserved to the Government to increase the number to five. No money will be available for the purposes of the bank until it commences the issue of bonds, the proceeds of which will provide its capital. These bonds will bear interest, and will be exchangeable for inscribed stock of the Commonwealth, to be issued under the special measure to be introduced. The capital of the bank will be £1,000,000, and the issue of bonds to this amount will be authorized. The initial expenses will be defrayed by the Government out of moneys at their disposal in the ordinary way, and the bill will authorize the use of such funds, all payments on account of the bank to be a debt from the institution to the general funds provided by revenue. The Commonwealth will be responsible as a guarantor of the liabilities of the bank, but its direct liability to creditors of the bank will not accrue until the bank has made default. The bonds of the bank will be redeemable from its profits on much the same lines as the South Australian State bank, but the allocation of profits will not be restricted to this avenue if sufficient moneys accumulate to be applied to the redemption of national debts. The bill will authorize the governor and directors to undertake the usual functions of a commercial banking company with regard to the making of advances on approved securities and other

THESE ARE THREE DEPARTMENTS OF THE Ca. Bancaria de Fomento y Bienes Raices, de Mexico, S. A.

REAL ESTATE

This department buys and sells all kinds of land in every part of the Republic—City or Country. Houses bought, sold and constructed. Ranches subdivided into smaller ones.

V. M. Garces, Manager.

PUBLIC WORKS

This department does paving work, makes surveys, constructs sewerage systems, etc. It has improved the Cities of Mexico, Puebla, Guadalajara, Durango and others.

Manuel Elguero, Manager.

BANKING

This department finances the other two departments and does all kinds of business in relation to banking.

Xavier Icaza y Landa, Mgr.

—CORRESPONDENCE IS INVITED—

Compania Bancaria de Fomento y Bienes Raices, de Mexico, S. A.
MEXICO, D. F.

President—F. PIMENTEL Y FAGOAGA

1st Vice-Pres.—F. MACEDO

2nd Vice-Pres.—LUIS BARROSO ARIAS

ordinary business of a bank, but the present issue of Commonwealth notes is not to be superseded by an issue of State bank notes. Matters of detail are liable to alteration

before the bill is laid before Parliament, but its main principles have been accepted by the party as carrying out the programme to which Ministerialists are pledged.

LATIN AMERICA

BETTER BANKING SYSTEM NEEDED TO PROMOTE OUR FOREIGN TRADE

By Hon. John Barrett, Director-General of the Pan-American Union

THE United States is at a crucial period of its trade exchange with the twenty republics of Latin America, and especially with that section of Latin America comprehended under the head of South America.

The opportunities for the extension of both the export and import trade of the United States in these southern countries are greater in proportion to the present size of the trade and in proportion to the population of the countries concerned than they are in any other part of the world. There is no group of countries and peoples which, proportionately, will require more of our manufactured products or can furnish to a greater degree the raw products which we need, both for our ministries and our food supplies.

The approaching completion of the Panama Canal accentuates the critical condition which it is the point of this discussion to bring out. In looking over all of the influences which are already building up our trade, and in considering, correspondingly, the influences which are working against this enlargement, one feature of the situation of gravest concern to both our exporting and importing interests stands out.

There is not one banking institution south of the Isthmus of Panama which is in any way controlled by United States capital, and yet in every important city or port, like Rio de Janeiro, Montevideo, Buenos Aires, Valparaiso, Lima, Guayaquil and Caracas, there is at least one bank, and in some instances there are many banks controlled by English, German, French, Belgian, Spanish or other European moneyed interests.

This characteristic is especially true of the great ports like Rio de Janeiro, Montevideo, Buenos Aires and Valparaiso. As the traveler from the United States goes up and down the business section of Rio de Janeiro or Buenos Aires, he is not only surprised to see banks carrying prominent European names, but he is sadly disappointed when nowhere does he find a single one carrying a North American name.

EUROPEAN BANKS STRONG.

If the United States exporter, importer, manufacturer and general business man or traveler, wishes to conduct any kind of a financial transaction in any part of the great continent of South America, he must do it through a bank maintained by European interests, and therefore must pay a tribute to European capital instead of to that of his own country. It is remarkable that nearly all of the exchange, as that word is classed in foreign commerce, is done through London, Paris, Berlin or some other European financial centre, instead of through New York, New Orleans, Chicago or San Francisco.

The trade of the United States with Latin America is to-day growing with such rapidity that it is entitled to the very best facilities. It is not right that it should stand the embargo of extra tax of European banking companies which must exact a goodly profit in order that they can pay dividends. I am not finding fault with European banks. They are doing just what they are entitled to do and they are demanding only what would be expected of any business concern that wanted to make money; but it is unfortunate that the large amount of money which in the course of a year is paid for exchange covering the exports and imports of the United States should not go to pay dividends on United States capital.

The present value of the annual export and import commerce of the United States with Latin America is approximately \$640,000,000, which represents an increase of nearly 100 per cent. in the last ten years. The total foreign commerce of Latin America with all the world is now valued at the great total of \$2,366,000,000, which also represents an increase of nearly 100 per cent. in the last decade.

There is no question in the minds of experts that there is business to maintain banks, the majority of whose stock and whose control would rest with the business men of the United States. The difficulty is

to combat against the tremendous power which European capital has already secured throughout Latin America and which naturally works to keep out United States capital. Again, this is no criticism of European methods, but rather a compliment to their activity.

The most serious trouble, however, is not to be found in the South American situation, but in our conditions at home. Our own banking and financial laws are so cumbersome and so ineffective to help us in our foreign trade that we ourselves are to blame for the present situation to a larger degree than generally may be supposed. At the present time there is practically no law, national or State, which favors the establishment of United States banks in foreign countries. The inelastic conditions of our currency and credit systems naturally affect also this situation and call for a decided improvement.

BRANCH BANKS.

The feature of the Monetary Commission plan of vital importance to our foreign trade is the provision for the establishment in the United States of a bank which shall not compete for domestic business and yet may establish branches in foreign countries. Another provision of equally important bearing upon our foreign trade is that which will permit banks affiliated with the National Reserve Association to accept bills of exchange.

These provisions are intended to supply exactly the deficiencies to which I have referred. They will enable the merchants of the United States and Latin America to transact their business with each other through the medium of a United States bank designed expressly to promote foreign commerce. They also will enable the banks of the United States to carry on a business in foreign exchange which is at once profitable to the banks and to the commercial houses whose foreign bills of exchange form the basis of the transactions.

Such a bank as the plan proposes, also, I take it for granted, would extend the longer credit accommodations which are now customary in trade between Latin America and Europe. Our United States banks and business men have been impatient of long credits, and naturally so, as the system in this country is not organized on a long credit basis. The Latin American system rests on a basis of much longer credit; and it would be one of the functions of the bank proposed in the Monetary Commission plan to adjust its business to the longer credits which are a feature of the Latin American business system.

FINANCIAL SITUATION OF BRAZIL

THE Finance Commission of the Chamber of Deputies, in dealing with the budget for 1912, has published an interesting report on the financial situation in Brazil.

The foreign debt of the country stood as follows:

Loan of 1883	£ 3,102,400
Loan of 1888	4,622,800
Loan of 1889	18,118,400
Loan of 1895	7,165,500
Funding of 1898	8,592,197
Purchase of Railroads, 1901.....	13,839,680
Rio de Janeiro port works, 1903..	8,164,300
Loan of 1908	2,899,100
Loan of 1910	9,941,300
Rio de Janeiro port works, 1911..	4,500,000
Total	£81,045,677
North Western Railway Loan Fcs.	100,000,000
Goyaz Railway Loan	100,000,000
Pernambuco port works.....	40,000,000
Bahia Railway Loan	60,000,000
Total	Fcs. 300,000,000
	or £ 11,895,324

Or in all £92,941,001. The interior debt is composed of:

Savings deposits	Milreis 173,154,000
Other deposits	101,616,000
Internal debt	621,750,000
Paper money	615,548,000
Total	Milreis 1,512,068,000

Or £100,904,000. In all the responsibilities of the Federal Government amount to £193,745,000.

BANKING AND FINANCE IN ARGENTINA

THE Banco Español del Rio de la Plata (Spanish Bank of the River Plate), that has a capital of \$100,000,000 Argentine currency (about \$42,460,000 American gold), has earned, according to its statement June 30, 1911, francs 20,463,236 (nearly \$4,000,000). It distributed a dividend of twelve per cent. on its paid-up capital (\$80,000,000 Argentine currency) and passed a substantial amount to its surplus and emergency funds. Its surplus funds stood, on the date named, at \$32,460,000, Argentine currency.

The London and River Plate Bank distributed a dividend of twenty per cent. for the year ending September 30, 1911, after having passed £100,000 to surplus fund and £50,000 to emergency funds. It is contemplated to increase its capital from £2,000,000 to £4,000,000 by the issue of 80,000 shares of £25 each, one half of which will be offered to the shareholders at the price of £40.

The banking firm of Ernesto Tornquist & Co., which has been conducted for the last five years as a joint-stock company in Argentina, has at present a capital of \$10,261,-

385 gold. Its earnings for the year ending June 30, 1911, amounted to \$1,569,519, or over twenty per cent. on the capital outstanding for that time and which was increased at that time to the figures mentioned above from its original amount of \$7,500,000 gold. Stockholders received the sum of \$630,000 and \$408,000 were assigned to the directors.

NEW VENEZUELAN BANKING LAW

THE new Venezuelan banking law provides for a National Bank of Venezuela, which shall have power to emit notes to bearer convertible on presentation. This bank must possess a minimum capital of 30,000,000 bolivars gold, wholly subscribed and deposited in the treasury. In its current accounts with private individuals it may charge interest up to the rate of eight per cent. per annum as a maximum, but in its credit operations with the government the maximum rate of interest is to be five per cent. The emission of notes of this bank shall not be greater than the amount of the capital.

The law also provides for the establishment of a Bank of Territorial Credit that shall perform operations of loan at interest with security of mortgage on real property and industrial enterprises.

MEXICAN OUTLOOK IMPROVED

BETTER conditions in Mexico are reported by Richard Schuster, a member of the New York firm of Speyer & Co. As a result of observations made while on a recent trip through Mexico, Mr. Schuster said:

I found the National Railways of Mexico in excellent condition from every point of view. The company is strong financially

and the property is being well maintained. The earnings are very satisfactory also. General business has been somewhat quiet, but with General Reyes removed from the situation, I do not look for any serious disturbance. The disorder in some of the Southern States has been due to the activities of bandits and other irresponsible individuals and does not represent an organized movement against the Madero administration. The best people in Mexico, both native and foreign, are rallying around the new President and will give him hearty support. They want peace and prosperity and not a continuance of disturbed conditions such as they experienced during the Madero revolution.

Mr. Schuster has been elected a director of the Bank of Commerce and Industry in Mexico City, succeeding James Speyer, resigned.

POSTAL BANKS FOR MEXICO

THE Mexican Government has decided to establish postal savings bank and the first bank will be established in Mexico City and the system gradually extended over the country. The system of the United States is to be followed and deposits will be received of from one cent to \$500.

COMMERCIAL BANK OF SPANISH AMERICA

THE announcement that the Cortes Commercial and Banking Company will change its title to the Commercial Bank of Spanish America, is an indication that considerable changes have taken place in the control. This bank, which largely operates under the conditions of merchant banking, was constituted in 1904 to amalgamate the businesses of the London Bank of Central America, Limited, and Enrique Cortes & Co., Limited. It has branches at

MERCANTILE BANKING COMPANY, Ltd.

Avenida San Francisco No. 12

CITY OF MEXICO

Capital, \$500,000.00

Surplus, \$100,000.00

Members of the American Bankers' Association

GEO. J. McCARTY, President
H. C. HEAD, Cashier

K. M. VAN ZANDT, Jr., Vice-Pres. & Mgr.
SHUR WELCH, Assistant Cashier.

A General Banking Business Transacted
Telegraphic Transfers

Foreign Exchange Bought and Sold
Letters of Credit

Unsurpassed collection facilities. Correspondence solicited. Accounts of Banks, Bankers, Merchants and Individuals solicited.

Bogota, Managua, Madellin, Salvador and Iquitos, and the head office is in London. Latterly an important interest in the bank has been acquired by some of the leading foreign bankers in London, and no doubt this will mean a considerable growth and development in its business.

MANAGING DIRECTOR ANGLO-SOUTH AMERICAN BANK

AFTER having been manager of the Anglo-South American Bank since 1902, R. J. Hose was recently elected managing director. He became secretary of the institution in 1896 and sub-manager in the following year. Under his control the bank has made marked progress.

NICARAGUA BANK STARTED

THE National Bank of Nicaragua has filed a certificate of incorporation with the Secretary of State of Connecticut. By the provisions of the certificate, the company has the right to act as the fiscal and disbursing agent of the republic of Nicaragua and to be the depository of the government funds of the republic; to put into effect and maintain a plan for a currency system in the republic; to

issue bank notes in accordance with the plan; to coin money of gold, silver or such other metal as the republic may decide upon, and to transact other financial business for that government.

The capital stock authorized is \$5,000,000, and the incorporators are James Brown and Frederick Strauss of New York and Thacher M. Brown of Locust, N. J. While Hartford is to be the home city of the bank, it is provided that the institution shall not have the power to transact any banking business in Connecticut.

PROPOSED AMERICAN LOAN TO HONDURAS

PROPOSALS have been made through the Whitney-Central Bank of New Orleans for a loan of \$6,000,000 to Honduras. It is said that the loan may be increased to \$10,000,000.

"There will be no customs collectors," said Vice-President Sol Wexler of the Whitney-Central Bank," in speaking of the proposed loan, "and we are confident the loan negotiations will come to a successful conclusion because all of the objectionable features have been removed. The matter will be placed before the American Congress as soon as possible after action by the Honduran Congress. It will mean the end of revolutions and the beginning of a stable government."

AMERICAN INSTITUTE OF BANKING GRADUATES

MEN WHO HAVE MADE GOOD

BALTIMORE, MD.—Roland Benjamin, John Broening, Jr., Geo. W. Collars, Raymond B. Cox, W. K. Erdman, W. H. B. Evans, James D. Garrett, George P. Gleisner, Adrian J. Grape, P. S. Hensel, O. G. W. Levy, Charles H. Mueller, George Ott, Grason Ray, W. Wilson Taylor.

BEMIDJI, MINN.—A. G. Wedge, Jr.

BOSTON, MASS.—C. H. Marston, Olaf Olsen.

BUFTALO, N. Y.—Frank Noble, George D. Sears.

BUTTE, MONT.—George T. Watts.

CHATTANOOGA, TENN.—A. M. Dickerson, T. R. Durham, D. H. Griswold, W. G. McMurray, F. L. Underwood.

CHICAGO, ILL.—G. E. Bangs, Charles L. Beers, A. R. Bennett, H. L. Benson, Wilbur S. Blanchard, Lester B. Brady, Wm. Brueback, Robert J. Clarke, Charles S. Cole,

F. A. Crandall, Harold W. Dorn, O. W. Draeger, Herman E. Ellefson, Joel W. S. Flesh, Adolph Florene, Paul Foerster, Jr., Wm. R. Forsberg, Fred B. Frizell, E. J. Goit, Grover A. Guthaus, Robt. E. Hanne-man, Harry C. Hein, E. D. Hulbert, James E. Hull, W. E. Sutschemeuter, E. W. Jaeger, Walter L. Johnson, David Johnstone, Herbert Jones, J. R. Jullin, Thad. S. Kerr, A. L. Koopman, Frederick L. Lothrop, V. C. McGill, Louis J. Meahl, Walter Andrew Mueller, F. E. Musgrove, Thos. J. Nugent, W. W. O'Brien, M. F. O'Connor, James E. O'Riley, Carl Otto, Charles A. Peterson, Louis Rich, John W. Rubcamp, T. G. Schafrank, J. C. Shirley, Robt. I. Simons, Harry S. Smale, S. L. Southard, Elmo Stevenson, Frank C. Tank, H. Thiese, Owen V. Van Camp, J. A. Walker, Wm. E. Walker, Charles W. Wilson, Ralph C. Wilson.

CINCINNATI, OHIO.—George C. Bauer, John P. H. Brewster, Charles W. Dupuis, Herman J. Guckenberger, D. J. Lyons, Henry J. Mergler, Arthur J. Schmitt, Wm. E. Strautman, Howard D. Thomas.

CLEVELAND, OHIO.—W. R. Green, Clay Herrick, P. J. Slach.

DALLAS, TEXAS.—H. P. May.

DENVER, COLO.—George A. Brown.

DETROIT, MICH.—Charles J. Higgins.

DULUTH, MINN.—John L. Evans, Henry Grieser, C. J. Grogan, R. C. Kreimer, G. H. McCarthy, H. C. Matzke, A. W. Taylor, John R. Wells.

FLUSHING, L. I.—Alfred G. Freeman.

FT. SMITH, ARK.—C. B. Herbert, Ernest Peninger.

HAVANA, CUBA.—James C. Martine.

KALISPELL, MONT.—H. V. Alward.

KANSAS CITY, MO.—Jerome Thralls.

LE SUEUR CENTER, MINN.—S. H. Whitney.

LOS ANGELES, CAL.—H. E. Allen, Leo S. Chandler, A. S. Forman, H. C. Hurst, P. W. de Lacy, S. W. Murray, W. H. Thompson, Edw. H. Wallace.

LOUISVILLE, KY.—John T. Bate, Charles C. Carter.

MEMPHIS, TENN.—Dwight M. Armstrong, Lawrence C. Humes.

MILWAUKEE, WIS.—F. E. Bachhuber, C. W. Brew, J. H. Daggett, H. J. Dreher, W. H. Hasse, Daniel T. Leisk, Otto N. Ludwig, Frank T. Nicolai, J. H. Puelicher, A. W. Scheer, Edward Schranz, Jr., Christie Sherman, Alexander Wall.

MINNEAPOLIS, MINN.—I. F. Cotton, E. A. Ripley, Gray Warren.

NASHVILLE, TENN.—F. K. Houston.

NEW ORLEANS, LA.—Joseph L. Benton, Victor L. Bernard, Fritz Borgemeister, John Dane, Richard G. Fitzgerald, Harry Hardie, R. S. Hecht, William B. Machado, Robert J. Palfrey, Frank L. Ramos.

NEW YORK CITY.—A. F. Albro, Newton D. Alling, Louis Auperin, Keith Lanneau Baker, A. M. Barrett, M. F. Bauer, W. C. Becker, Andrew Benton, J. B. Birmingham, R. W. Brett, J. A. Broderick, S. J. Brooks, F. J. Brown, C. F. Bruder, Jr., Charles W. Cary, O. H. Cheney, William Clements, T. J. Connellan, T. F. Costello, W. I. Dey, C. L. Dunkle, C. B. Eagan, F. W. Ellsworth, E. H. Ensell, Charles Feuerstein, S. K. Fischer, Samuel B. Friend, B. P. Gooden, C. W. Griffin, V. F. Hann, J. M. Harding, Wm. C. Heinkel, W. C. Hutton, W. N. Hyne, H. H. Irish, H. T. Jones, Orrin R. Judd, E. F. E. Jung, R. P. Kavanagh, G. P. Kennedy, Fred I. Kent, W. H. Kniffin, Jr., L. A. Kraushaar, Wm. J. Liebertz, E. G. McWilliam, J. A. Neilson, L. H. Ohlrogge, E. L. Stewart Patterson, W. L. Peel, G. Lawrence Pgram, W. E. Pierson, H. M. Priest, T. A. Pyterman, L. N. Roe, R. J. Romlein, Wm. M. Rosendale, Thomas H. Ryan, E. K. Satterly, E. T. Schenck, Irving V. Scott, Edward Simpson, A. C. Steffan, Henry C. Steinau, R. W. Taylor, H. L.

Tepe, Wm. M. Van Deusen, Milton L. Wicks, G. B. Williams, A. T. Wolfe.

OAKLAND, CAL.—John Davidson, Frank M. Cerini, John E. Gustafson, L. H. Heacock

PHILADELPHIA, PA.—E. Leslie Allison, Edward C. Bell, F. H. Bendig, E. F. Benner, M. E. Benton, James B. Borden, R. M. Brandriff, Darsey Butler, R. W. Campbell, J. K. Cope, Jr., David Craig, A. L. Crispen, E. J. Davis, H. E. Deily, Elmer G. Dutton, Arthur R. Elmer, Charles B. Engle, Wm. S. Evans, Frank C. Eves, Carl W. Fenninger, Jacob Frank, Robert U. Frey, William George Friedgen, Morton Frick, H. J. Haas, J. H. Hall, W. E. Hitchcock, Charles R. Horton, J. T. A. Hoshbach, A. A. Keiser, J. C. Knox, Harry Kollock, Vincent B. Kulp, E. N. Mastinger, W. A. Nickert, Charles T. Patton, A. W. Pickford, M. D. Reinhold, Adin P. Rich, John R. Roberts, C. P. Rowland, T. H. Runcie, T. A. Ryan, T. W. Scattergood, Thos. W. Smith, Freas B. Snyder, Wilton W. Stevenson, F. A. Stickney, Robert G. Test, J. L. Thornton, E. H. Thurman, Stuart White, A. H. Wilson, M. J. Woerner, John H. Wood, O. Howard Wolfe.

PITTSBURGH, PA.—S. V. Barton, A. G. Boal, J. I. Buchanan, Samuel Carothers, James Carson, A. H. Copeland, B. O. Hill, Alpha K. King, George H. Leitch, Andrew P. Martin, W. E. Palmer, Robert Patterson, Harry J. Peairs, H. B. Powell, Jr., J. E. Rovensky, A. W. Schreiber, A. B. Shaw, Samuel M. Shelly, John H. Tawney, John DeM. Werts, D. C. Willis, E. S. Eggers.

PROVIDENCE, R. I.—E. A. Havens.

ROCHESTER, N. Y.—John Henderson, Jr., F. Mutschler, C. F. Rothmeyer, F. M. Simpson, Frank S. Thomas.

ROSSBURG, OHIO.—Albert W. Kehrer.

SALEM, VA.—C. W. Beerhower.

SALT LAKE CITY, UTAH.—T. W. Ball, Q. B. Kelly.

SAN FRANCISCO, CAL.—Henry L. Clapp, Frank C. Mortimer.

SCRANTON, PA.—John Benfield, Joseph Davis, George B. Dimmick, H. L. Dimmick, A. L. Dymond, T. A. Gibbons, J. D. D. Gladdin, John Greiner, Jr., L. A. Howell, W. B. Kramer, E. R. Kreitner, George C. Nye, F. H. Pierce, Wm. Rodriguez, Harry J. Ryan, Norris S. Swisher.

SEATTLE, WASH.—Ralph H. MacMichael.

ST. LOUIS, MO.—Franklin L. Johnson, F. J. Miller, Byron W. Moser, Walter A. Wilkinson.

ST. PAUL, MINN.—F. H. Delaney, Albert Johnson, E. O. Nordstrom, Gilbert Utz.

WASHINGTON, D. C.—A. C. Chewning, C. H. Doing, Jr., Joshua Evans, Jr., J. D. Faber, F. V. Grayson, H. V. Haynes, Ernest E. Herrell, W. F. D. Herron, J. Burr Johnson, A. M. Nevius, Carroll Pierce, W. W. Spaid, E. S. Wolfe.

WILLIAMSPORT, PA.—Edward L. Taylor.

WRIGHTSVILLE, PA.—Charles H. Moore.

ZEELEND, MICH.—Thomas Keppel.

SAFE DEPOSIT

COMMERCE SAFE DEPOSIT COMPANY OF ST. LOUIS, MO.

DESCRIPTION OF THE VAULT—ONE OF THE LARGEST EVER BUILT

REPRODUCED herewith are some very excellent illustrations of the modern safe deposit vault that has but recently been completed for the Commerce Safe Deposit Company of St. Louis, (National Bank of Commerce Building), by the Diebold Safe and Lock Co. of Canton, Ohio, who designed and manufactured the entire equipment.

The first step taken in the construction of the safe deposit department was the building of a large re-enforced concrete

vault, seventy-three feet long by thirty-two feet wide and twenty-four inches thick on all sides, top and bottom; this in itself, without any steel, would be a strong vault. The foundations for this strong-box are twelve feet deep.

The concrete vault was completed more than a year before any steel was placed in it. By following this plan the walls were allowed to dry out thoroughly, which reduces the chance of future dampness to a minimum.

Inside of these concrete walls, surrounding the six sides, is a steel lining three inches in thickness, made in the highest manner of alternate plates of five-ply chrome steel and Bessemer, the three layers being held together by hardened drill-proof screws. The outer and inner door jambs and the vestibules of the two entrances are most securely fastened to this steel lining.

The outside door of each vestibule weighs approximately twenty tons, and is locked and held in position by twenty-four round, locking bolts, each four inches in diameter. This bolt work is checked and guarded by a Diebold Double Reserve Duplex Automatic Device, which automatically locks and unlocks the bolt work, the time for this operation being controlled by a Diebold large case; four-movement, seventy-two-hour chronometer time lock. This mechanism obviates the necessity of having any holes through the door whatever, there being no combination locks used. The great advantage of this device was convincingly demonstrated in the great San Francisco fire.

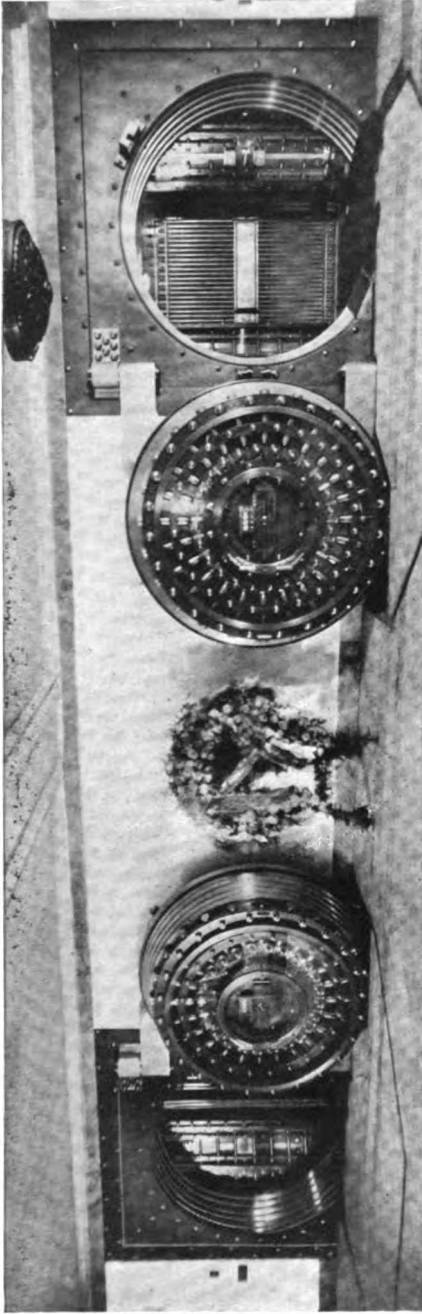
Each of these doors are hung upon massive, double, goose-neck, crane hinges, and are placed in position with an elaborate compressure system operated by worm gear and large wheel; the inside doors are equipped in a like manner. There is also in addition to these two entrances, a smaller or emergency entrance in the rear of the vault, which gives perfect ventilation. It is made of the same thicknesses of material and construction as the two large main entrances and weighs about six tons.

The safe deposit boxes in the vault are finished in jiggered nickle, and are very attractive in appearance. They range in size from small ones measuring three by five inches and 24 inches deep, to very large ones, and each box has an improved safe deposit lock. The vault is very well lighted

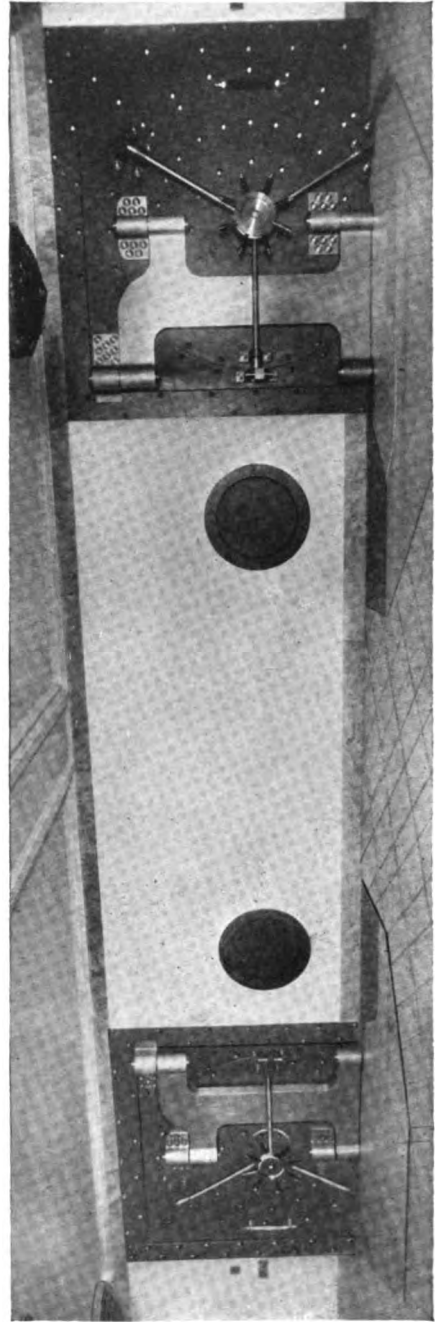


H. V. P. COOKE

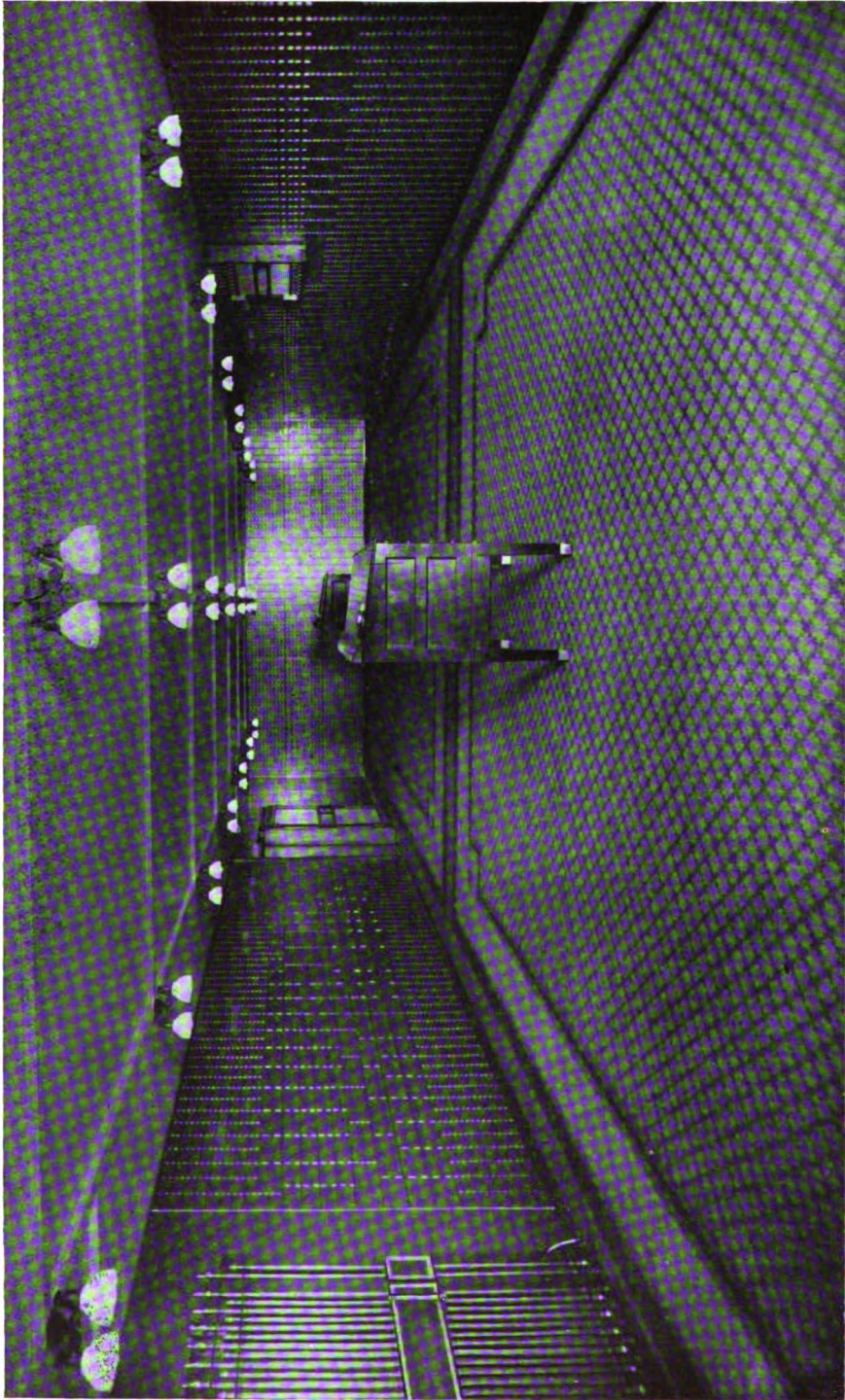
MANAGER COMMERCE SAFE DEPOSIT COMPANY
OF ST. LOUIS



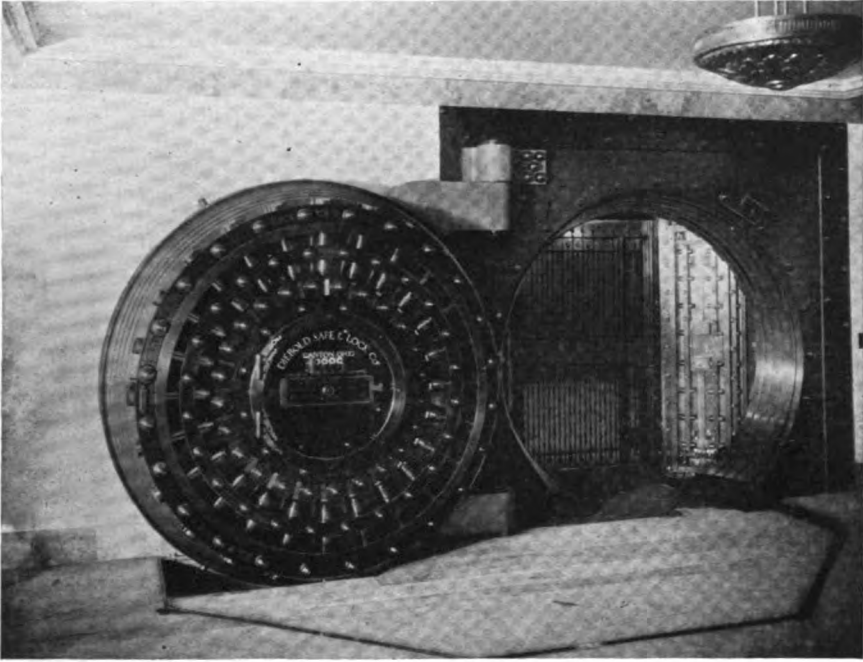
TWIN ENTRANCES TO THE COMMERCE SAFE DEPOSIT VAULT—NATIONAL BANK OF COMMERCE BUILDING, ST. LOUIS



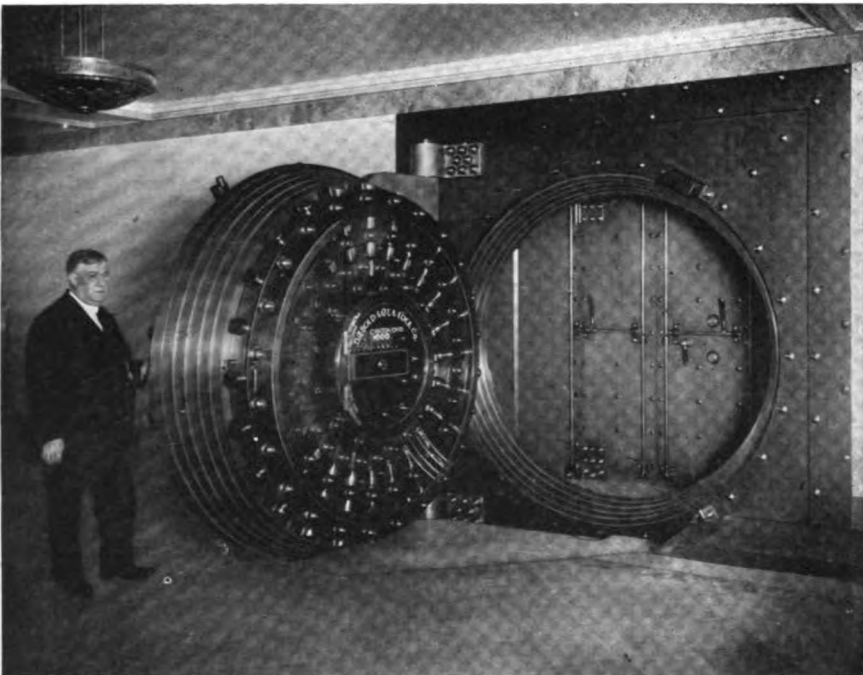
ROUND DOORS CLOSED—LOCKED BY AUTOMATIC MECHANISM FROM INSIDE



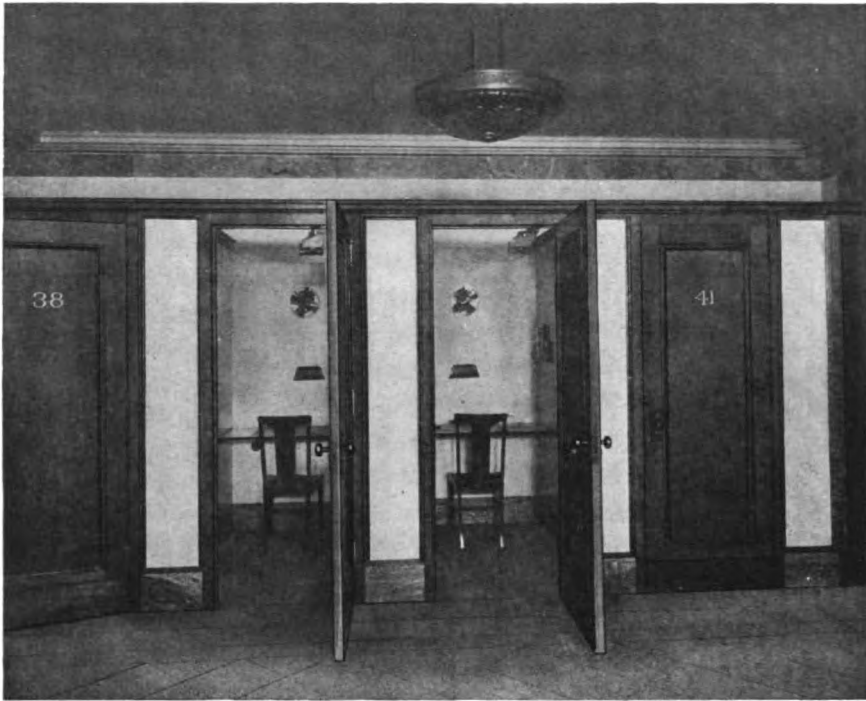
INTERIOR VIEW OF THE IMMENSE VAULT OWNED BY THE COMMERCE SAFE DEPOSIT CO. OF ST. LOUIS



CLOSE UP VIEW OF ONE OF THE MASSIVE ROUND DOORS



VIEW, SHOWING INNER DOORS CLOSED



ELEGANTLY APPOINTED COUPON ROOMS FORM A PART OF THE EQUIPMENT OF THE COMMERCE SAFE DEPOSIT COMPANY OF ST. LOUIS

by globes set in the ceiling and also by clusters of lights in each of the vestibules, which is an unusual place to have lights, but the great advantage of it can readily be seen in the manner the inside doors are brought into relief. Perfect ventilation is provided by two large exhaust fans, which operate noiselessly.

In walking from the vault to the outside room the visitor will notice that the floor of the vault and the floor of the room outside of the vault are on a level. This feature may be seen in the accompanying illustrations. The vestibule on which the large round doors are hung is placed nine inches below the level of the floor of the outside room, and there is a lowering platform worked by an electric motor in front of it. When the door is in an open position, or when it is closed, the platform is elevated to the level of the vault floor and the lowering is done in the same manner. In case

the motors break down, this platform can be lowered or elevated by a hand lever.

The room outside of the vault is spacious, and has a great number of different-sized coupon rooms for the use of the renters of safe deposit boxes. These rooms are furnished with glass-topped desks, bronze envelope racks, electric fans, and the lights are controlled by a switch, so placed that the current is turned off when the door stands open.

There is also a very attractive ladies' waiting room, finished in White Italian marble and white maple in natural wood finish. All the furniture is mahogany.

A feature of the Commerce Safe Deposit Company's equipment is the Indirect lighting system which is employed.

The actual weight of the Commerce safe deposit vault, with doors and safe deposit boxes, is 500 tons. H. V. P. Cooke is manager.

A BORN FINANCIER

Papa—But hasn't your fiance got a job?

Daughter—Not yet, but he's going to get one at \$25,000 a year.

Papa—Indeed! Glad to hear it! What is he doing?

Daughter—Well, he read in the paper of some man who is paid \$50,000 a year by the Bankers' Association not to forge checks, and George is going to offer not to do it for half that.—Puck.

A SUCCESSFUL MECHANICAL APPLIANCE FOR BANK CLERICAL WORK

PRACTICAL EXAMPLES OF THE REMINGTON ADDING AND SUBTRACTING TYPEWRITER (WAHL ADDING MECHANISM) IN OPERATION

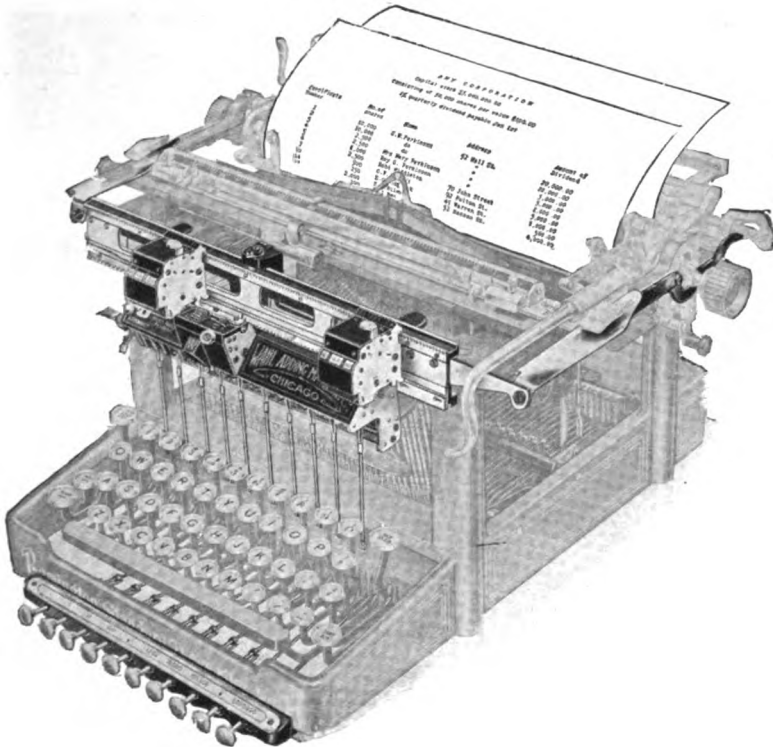
EVERY day we hear of new mechanical inventions which are supposed to be, each and every one of them, "wonders of the age" for time and labor saving in clerical work. It is the exception, however, when one of these devices attains any great popularity among banks and bankers, for in the very nature of things the bank must be conservative in all of its policies, and it is ill-advised, to say the least, for any bank or banker to have the reputation of being open to the advances of any theorist who may approach them with untried devices which, in the practical test of hard, daily bank routine, will not "pan out."

To find a labor saving invention, however,

which not only is true to its name, but which is exceptional in the amount of time and labor which it will conserve, is of great interest to every bank and banker, inasmuch as it opens the avenue for new economies in the cost of operation. To be able to run a bank with efficiency and economy and dignity is the endeavor of every banking man, and the use of any mechanical device which will assist him to attain this end should be readily adopted.

FOR WRITING REMITTANCE LETTERS.

The first illustration herewith shows the transit department of the Continental and



The Wahl adding mechanism consists of pull wires attached to the figure keys of the typewriter. These operate a shaft, and the cog wheels attached to this shaft mesh with similar cog wheels on the bottom of the totalizer as this passes over the writing point. (The totalizer is attached to, and moves with, the typewriter carriage, while the actuating mechanism is, of course, stationary.) The cog wheels on the shaft and in the totalizer turn a certain number of cogs, according to the key of the typewriter which is struck. Thus, if the figure 8 on the typewriter were struck, the cog wheels would turn eight notches, and the number shown in the totalizer would be eight more than that previously registered. The subtracting mechanism is simply a clutch which reverses the action of the shaft and consequently of both sets of cog wheels.



TRANSMIT DEPARTMENT OF THE CONTINENTAL & COMMERCIAL NATIONAL BANK OF CHICAGO. FIFTEEN REMINGTON ADDING AND SUBTRACTING TYPEWRITERS ARE USED IN THIS DEPARTMENT FOR WRITING BANK RESISTANCE LETTERS

Commercial National Bank of Chicago, and eighteen of the Remington adding and subtracting typewriters which are used there for the writing of bank remittance letters. The Continental and Commercial National Bank uses, in all, forty-three of these adding and subtracting typewriters, the efficiency and general utility of the device being sufficiently indicated by this bare statement.

The time saving in the writing of bank remittance letters is accomplished through the fact that the entire letter is written on one machine, and is mechanically totaled as written. This obviates the necessity of subsequent addition of the typewritten items of the remittance letter on a listing machine, or for the use of a machine to write in the items, and a listing machine for inserting the figures and totals, as has been frequently done in the past. This latter system was not only cumbersome, but frequently, through some mistake of operation or some mis-operation of the machine, the figures representing the amounts of each item would register out of line with the description. This would cause misunderstandings, necessitating not only voluminous correspondence, but sometimes causing monetary loss.

On the Remington adding and subtracting typewriter the remittance letter is written line by line, including the description and the amounts, and as the amounts are inserted in the proper column, the figures

are automatically added to the previous total, the machine always showing the total of the letter to the point of operation. Any mistakes due to the incorrect writing of the amounts, etc., can also be readily corrected through the use of the subtracting feature. One touch on a lever turns the machine from an adding machine to a subtracting machine, and vice versa, so that the wrong amount may be subtracted out, the adjustment changed to adding, and the correct figures written in with hardly any loss of time for correcting.

COUNTRY BANK STATEMENTS.

The second picture published herewith shows operators at work on country bank statements, in the offices of the Mechanics-American National Bank of St. Louis. The



Miss Remington writing a remittance letter of the Northern Central Trust Co. of Williamsport, Pa., to a national bank in Chicago, using the Remington adding and subtracting typewriter.



GETTING OUT COUNTRY BANK STATEMENTS IN THE MECHANICS-AMERICAN NATIONAL BANK OF ST. LOUIS. SEVEN REMINGTON ADDING AND SUBTRACTING TYPEWRITERS ARE USED FOR THIS WORK

plan used in the writing of these statements is remarkably simple and efficient. The operators keep the carbon copies of the previous day's statement, from which the balance is carried forward. At about 11:30 a. m., after the mail, clearing-house, and teller's drafts are in, the items are assorted alphabetically and listed by the bookkeepers. The totals are then posted on the books, and after verification by the signature clerk the statements are written by the Remington-Wahl operators, the final totals being checked by the bookkeepers to insure accuracy; carbon copies of the previous day's statements are then filed for reference.

The Mechanics-American National Bank uses seven of these Remington adding and subtracting typewriters for this purpose, and this fact alone testifies amply to the utility of the Remington-Wahl for this work.

CUSTOMERS' STATEMENTS.

There is, however, another and newer field in which the Remington adding and subtracting typewriter is fast proving to be the greatest time and labor saver of recent years, and that is the field of customer's monthly statements. So many banks are now adopting the customer's monthly state-

ment in place of the former cumbersome bank book balancing (relegating the bank book to the position of a simple record of deposits), that a few words on this subject may not be amiss.

When the Remington adding and subtracting typewriter is used for this purpose, the statement is written from day to day as the deposits are made and checks received, and the statement, therefore, is always ready for the customer when he calls for it. A unique feature of this device is that when checks are being written on the statement they are being subtracted from the previous balance, and when the deposits are being entered they are being added to the previous balance, and by this natural operation, the daily balance is shown. The customer's pass book, which is his only receipt for deposits, never has to leave his possession.

The statement provides interesting information for the bank; it shows the daily balance of the customer's account, from which his average balance can be readily figured, and, in the case of interest-paying banks, it provides the daily balance for the figuring of interest on deposits. The statement is a copy of the ledger, and provides a permanent record of all transactions in

a given customer's account. It mechanically proves each individual account daily.

That there is a wide field for the Remington adding and subtracting typewriter is well known, and that new uses will con-

stantly crop up for it in banks and banking houses seems evident. This is a well-proved time and labor saver, with which it would pay every financial institution to become thoroughly acquainted.

BANKING PUBLICITY

Conducted by T. D. MacGregor

ADVERTISING TO PRESENT DEPOSITORS

By A. M. Ingraham, Cleveland, Ohio

EVEN though a bank or trust company needs no additional business, a condition which rarely occurs, there are several advantages in advertising to present depositors.

The officers of manufacturing establishments often consider two questions:

(1) Do we want to sell goods to more customers, or,

(2) Do we want to sell more goods to our present customers?

In other words, the management of a manufacturing house asks this question:

Do we want to open more accounts, or

sell more goods to the retailers who are now on our books?

While in most cases it is decided that new customers are desirable, yet any manufacturing house would prefer to sell larger bills of goods to those firms which are already on the books and whose credit is known.

The banker may well ask similar questions concerning new business. Do we want more depositors or do we want our present depositors to transact more business and carry larger balances? In case it is possible to develop new banking business in connection



BANK EMBLEMS

with present depositors, it is only logical to conclude that such business may be procured through judicious, prudent advertising by means of personal letters and other forms of literature.

The distinct advantages of advertising to present depositors are well known to practical bankers who have observed carefully the results of good advertising on the part of financial institutions. In the first place, judicious advertising establishes a bank more firmly in the confidence and esteem of its depositors. They become acquainted with the safeguards which their bank affords; they have an intelligent idea of the security which it furnishes, and are consequently not influenced by any sudden change in monetary conditions.

When the depositors are thoroughly informed by means of direct personal letters, folders, explained statements and newspaper advertisements, concerning the management of their bank, they come to feel a personal interest in the bank which they do not experience if all of the affairs of the bank are carried on with a strictly private attitude on the part of the officers and board of directors.

THE CONFIDENCE OF PATRONS.

Knowledge creates confidence, and it is a well established principle that a well advertised financial institution has the full confidence of its depositors and patrons. In those cases where confidence has failed to be developed by advertising methods, it is usually easy to discover that the advertising has been faulty, ill advised and injudicious.

Confidence in the bank results in the depositors and patrons transacting a larger volume of business than they would if this confidence were lacking. It is common for a depositor who does not understand the security and prudent management of the bank which he patronizes, to divide his account. One of the advantages of prudent, careful advertising is to retain the full patronage of depositors by keeping them thoroughly informed concerning the strength and safety of their bank.

Advertising, moreover, when conducted prudently, explains the full service afforded by a financial institution. A depositor of long standing recently expressed some surprise when he learned that his bank issued domestic exchange. He had been for some years a patron of the express companies, sending large numbers of money orders to different parts of the country. He at once began using the exchange which his bank issued and is pleased with the service.

This instance illustrates one of the ways in which the depositor of a bank increased the bank's business because he learned of the service. It is not always a mere matter of ignorance of the service which the bank affords that prevents the depositors and patrons from procuring its full service. It is often a lack of interest, and this interest

in all of the departments of a financial institution can be awakened by prudent advertising.

Another advantage in advertising to present depositors is found in the fact that it develops a general interest and enables the patrons to speak of the bank's facilities when in conversation with prospective patrons.

SATISFIED CUSTOMERS.

A booklet or folder often acts as an opening wedge for new business, when it is placed in the hands of a prudent depositor, who can easily hand it to a friend, as a subject of conversation is at once presented.

There is an old saying among commercial men that "a satisfied customer is the best advertisement." This is true, but the satisfied customer must be active, and one of the ways in which he is aroused to an effective activity is found in advertising that is especially planned to make present depositors good solicitors of new business.

These same results may be produced in connection with a large number of people who are only what might be called semi-patrons of the bank. They are not thoroughly identified with the institution. They are friendly and patronize it at times, but they are not constant depositors. This condition is not always on account of the lack of funds. It is simply because these people are not thoroughly interested. Their interest may be aroused and their constant patronage procured through direct advertising plans, which set forth the distinctive features of the bank's services.



A HINT TO BANKERS

IF the government takes to advertising the postal savings banks, other banks will have all the greater need to do real advertising. The Burlington (Iowa) "Hawkeye" suggests that the government should advertise. It says:

If the government, which has now gone into the banking business, wants to make a success of its new enterprise, it ought to follow the example of other banks and advertise in the newspapers. The national and state savings banks have found they can create new business by publicity; by telling the people of various advantages to be gained by patronizing their banks. The postal savings banks have had the benefit of much preliminary announcement in the press, but the proposition is a new one, and many people do not yet understand it. Judicious newspaper advertising of the specialties of the postal savings system would bring increased deposits and popularize the new business. The government, through its financial agents, utilized the press to float its great bond issues. The same policy applied to the postal savings system would bring similar desirable returns.

HOW BANKS ARE ADVERTISING

Note and Comment on Current Financial Publicity

A signature blotter, 1½x3 inches, is a new advertising novelty used by the Fidelity Trust Company of Portland, Me.

We received so many 1912 calendars and pocket diaries from banks that it is hard to particularize, but a few of the most noteworthy were those of: The Irving National Exchange Bank, the National Nassau Bank, of New York; the West End Savings Bank & Trust Company, the Fidelity Title & Trust Company, Pittsburgh, and the Marine Bank of Buffalo.

The American National Bank of Hartford, Conn., ran a reading notice advertisement as follows:

The American National Bank has recently added to its equipment a Batdorf coin-wrapping machine, which automatically counts and wraps all denominations of coin, and will now receive on deposit from its customers coin in bulk instead of requiring that it be rolled into packages and marked with the depositor's name, as has been the custom in the past. This should prove of great convenience to merchants and others who receive a large amount of coin in the course of their business, as it eliminates the slow and laborious process of doing up coin by hand. In installing this machine the bank is maintaining its well-known policy of keeping its facilities abreast of the times and giving its patrons the best of service.

The Barnett National Bank of Jacksonville, Fla., the largest in the State, uses liberal

newspaper space and fills it with good stuff, as shown by the advertisement reproduced. The circular matter of this institution is also very satisfactory, as evidenced by the samples sent. This bank received good local press notices in connection with its gift of one month's extra salary last Christmas.

The Fidelity Trust Company of New York sent its stockholders a Christmas dividend of \$2 per share, the notice and the check itself being ornamented with holly leaves and berries embossed thereon.

The Continental & Commercial Trust & Savings Bank of Chicago gave away a combination celluloid card case and calendar as a souvenir.

We are in receipt of this rather long but interesting letter from Mr. Harold W. Smith, advertising manager of the Bank of Rockville Centre, N. Y.:

As advertising manager for the Bank of Rockville Centre I am taking upon myself the responsibility of thanking you for the compliment you paid the bank regarding its advertising in a recent issue of your publication.

Anyone who has noticed the publicity of national advertisers during the past few years is familiar with the slogan of a well known cereal company "There's a Reason." Regarding the question of a padlock border to convey the idea of SECURITY as against the vault door border which you suggest in your article I wish to state "There's a Reason" for using the padlock design.

I trust you will pardon any semblance of argument or combatativeness on my part if I state in the following paragraphs a few reasons for using the above named design.

The picture of a modern steel vault door would no doubt convey a strong idea of security, but when it comes to portraying this picture in a piece of type two ems wide it is impracticable. The next best cut along the line of a vault design would be a small steel safe, but even this would be difficult. According to literature published for safe deposit companies and banks this small safe is not much safer from the attack of a yeggman than a strong chest with a padlock.

Before the San Francisco earthquake I saw in a restaurant in the Chinatown of that city a modern steel safe where seven wealthy Chinamen kept their money. In order to add to the strength of this safe it was equipped with seven Yale padlocks. The idea of a padlock still being uppermost in their minds as the symbol of security.

In song and story we read of the strong box

EXPERIENCE A VALUABLE ASSET

We believe that our experience with thousands of satisfied customers, extending over a period of more than a third of a century, peculiarly fits us to handle your banking business properly and satisfactorily.

You will find at this bank every courtesy and accommodation, coupled with absolute safety; and we cordially invite you to do your business with us, whether it be large or small.

4% Paid on Savings Accounts

Jacksonville's Oldest and Florida's Largest Bank

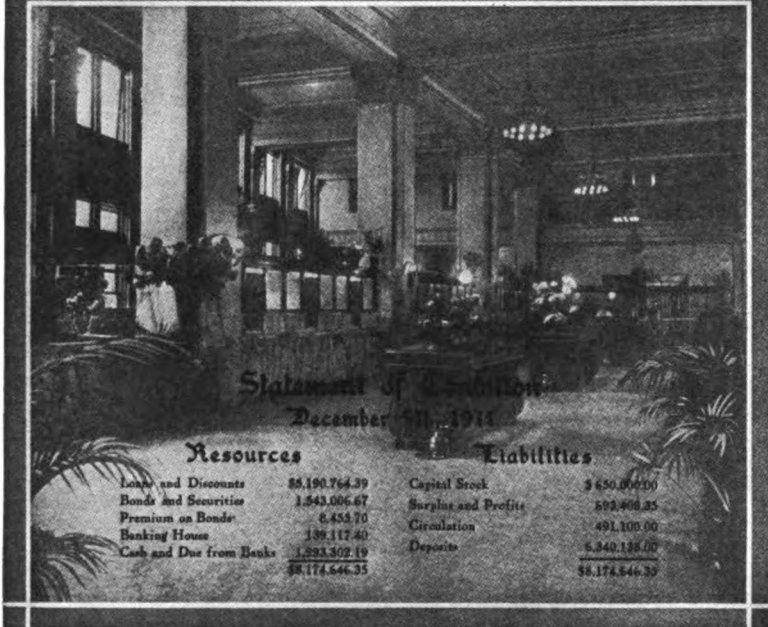
BARNETT NATIONAL BANK OF JACKSONVILLE

(Temporary Building, Cor. Laura and Adams Sts.)

A PERFECT SET-UP

THE First-Second National Bank of Akron, Ohio, formally opened its new quarters on November eleventh, nineteen hundred and eleven, and cordially invites the public to inspect its rooms. With thoroughly modern equipment, the bank is now prepared to handle satisfactorily new accounts and will accord both large and small depositors the same courteous attention.

For the convenience of many customers, the commercial and savings departments will be open every Saturday evening from 6:30 to 8:30 o'clock.



NEW BANKING QUARTERS

with its padlock, and in most every country villa you can see the old barn door with the padlock on it. Many people both in the city and country quote the old familiar saying, "When the horse is stolen it's too late to lock the barn door."

Of the three borders suggestive of security—the vault door design, a cut of a small safe door, and the padlock border—the one to use the most practical design. By the process of elimination the vault door border, although very good as a suggestion of security, is impracticable for a type face two ems wide; for the same reason the picture or cut of a small safe door is out of the question for a border design; therefore, there is only, of the three, one remaining design we can use to suggest security and that is the padlock border.

Those in authority on the writing of advertising copy continually advise strong convincing copy, full of real human interest

and especially in keeping with the ideas of the people you are trying to reach by your advertising. If this advice is good for your copy or text matter why not apply the same principle to your border design? Why try to crowd a picture of a vault door into a type face two ems wide, when the cut of a padlock makes a cleaner and better design and has been recognized for years as a symbol of security?

If the answer to this question is doubted, allow me to answer it in the old Yankee way by asking another. What do mothers put on the door to their jam or fruit closet? A padlock. What do automobilists put around their extra tires? A chain and padlock. What do carpenters, plumbers, electricians and other mechanics lock their tool chests with to make them secure? A padlock.

Because of the many common uses of a padlock which suggest security, and only


<p><small>F. YOURKE, President E. E. SMITH, Vice President</small></p>	<p><small>A. T. KAHN, Cashier</small></p>	<p><small>A. H. VAN HOOR, Asst. Cashier R. H. DAVIS, Asst. Cashier</small></p>															
<h2 style="margin: 0;">Commercial National Bank</h2> <p style="margin: 0;">SHREVEPORT, LOUISIANA</p> <h3 style="margin: 0;">SHREVEPORT'S ONLY MILLION DOLLAR BANK</h3>																	
<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;">CAPITAL</td> <td style="width: 10%;">Paid in</td> <td style="width: 50%;">\$100,000.00</td> </tr> <tr> <td>CAPITAL</td> <td>Earned</td> <td>\$400,000.00</td> </tr> <tr> <td>SURPLUS</td> <td>Earned</td> <td>\$465,000.00</td> </tr> <tr> <td>UNDIVIDED PROFITS</td> <td>Earned</td> <td>\$45,000.00</td> </tr> <tr> <td colspan="2"></td> <td style="text-align: right;">\$1,010,000.00</td> </tr> </table>			CAPITAL	Paid in	\$100,000.00	CAPITAL	Earned	\$400,000.00	SURPLUS	Earned	\$465,000.00	UNDIVIDED PROFITS	Earned	\$45,000.00			\$1,010,000.00
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SURPLUS	Earned	\$465,000.00															
UNDIVIDED PROFITS	Earned	\$45,000.00															
		\$1,010,000.00															
<h3 style="margin: 0;">DEPOSITS OVER FIVE MILLION DOLLARS</h3> <p style="margin: 0;">With ever-increasing strength and efficiency, this bank has grown with the growth of Shreveport and the surrounding country. For the past twenty-five years it has been an important factor in the development of this city. If you are looking for a strong, conservative, efficient institution to handle your banking business, we invite a call or your correspondence.</p> <p style="margin: 0;">Interest allowed on Time Deposits in Savings Department</p>																	

A SYMMETRICAL ADVERTISEMENT

one use of the vault door to convey the idea of safety I wish to make this statement again, "There's a Reason" for using

the padlock border design in the advertisements of the Bank of Rockville Centre.

"De gustibus non disputandum est," which, being interpreted, means that Mr. Smith can have his padlocks if he wants them. It isn't really material which emblem of security is used. The idea's the thing. Here-with we reproduce a single column advertisement of a safe deposit company in which the combination knob is used to make a neat design and clinch a point at the same time.



Keeping Watch

If you have a safe deposit box, IT KEEPS WATCH while YOU WORK.

It is the confidential check-room of your fortune.

The unduly curious are sometimes more dangerous than the thief.

The suspicious character—the designing friend—the prying neighbor—stop at the threshold of the safety vault.

Absolute secrecy—private rooms for confidential transactions, are PART of the service furnished by this company.

Boxes from \$5 a year up.

The Mercantile Safe Deposit Company

Equitable Building, 120 Broadway
Established 1870

Copyright, 1911, by The Mercantile Safe Deposit Co., N. Y.

A COPYRIGHTED ADVERTISEMENT

Mr. A. T. Kahn, cashier of the Commercial National Bank of Shreveport, La., writes:

The writer has always taken a great deal of interest in reading your Banking Publicity Department. I enclose herewith copy of an advertisement which was published for us on October 29th, and will ask that you kindly make any comments on same that you may see fit, assuring you of our appreciation.

This half-page newspaper ad. is strong on account of the big space it occupies and because of the strength of the financial statement. The typographical set up, however, is more or less conventional. It is perfectly symmetrical and all that, but it isn't as good an ad., in our opinion, as it would be if "SHREVEPORT'S ONLY MILLION DOLLAR BANK" had been made the headline at the top and the other matter, including the name of the bank, arranged in smaller type below.

Herewith we are reproducing some of the daily newspaper advertising of the Mutual

National Bank of Boston. The advertising of this bank has attracted considerable attention by its unique features. There is an individuality about the advertising as well as about the bank itself.

Established in a community already well supplied with banking institutions, in a comparatively short time it has accumulated assets of over \$2,000,000, making a point of its independence, conservatism and individual attention to its patrons. The bank has few stockholders and a small board of directors, which meet at frequent intervals

proper relation of its assets to each other, and in the ability to realize of these assets as needed.

"Brains" calls attention to the use of premiums by banks. It says:

Rather slowly, perhaps, but none the less surely, banks are falling in line with the mercantile appreciation of the value of premiums as aids to publicity, which is only the modern term for more business, and it seems very much in keeping with the harmonies that the prizes given should be of a

EVIDENCES MULTIPLY THAT THIS, a small, compact, conservative and strictly business bank, is serving a real need of the community. We solicit new accounts, large or small, but do not wish to disturb accounts that are now placed satisfactorily in other banks. But every one occasionally has a new account to open and every one should have a second bank account, and for these we would ask your consideration of this bank. We are glad always to show in full detail to our depositors our statements and to explain our banking habits. We never loan to our directors.

The Mutual National Bank
of Boston
4 POST OFFICE SQUARE

SPECIALIZED BANKING—Nowadays all traders and professions are specializing, because the best results come from undivided attention to one subject. Modern banking covers such a wide field that it seems as though it too might be divided to the public advantage. This bank does not undertake underwritings or promotions, nor act as transfer agent or registrar, nor enter any similar field of banking, but devotes its whole time and attention to the wants of its depositors. It is making a specialty so to speak of what is known as a strictly business bank.

The Mutual National Bank
of Boston
4 POST OFFICE SQUARE

THIS ADVERTISING IS ATTRACTING CONSIDERABLE ATTENTION IN BOSTON

and give careful personal attention to the affairs of the bank.

This spring the bank will move from its present quarters in Post Office square to the State street rooms until recently occupied by the State Street Trust Company, in the heart of the Boston financial section.

The Chehalis (Wash.) National Bank run a big ad. in a local newspaper explaining the details of its statement. The paper published this news item concerning the ad.:

The advertising of the Chehalis National Bank in this issue is an interesting one, dealing with its financial statement from the standpoint of a depositor. Often the layman does not correctly analyze a bank's statement of condition. A bank's strength does not lie in its size, or its age, but in the

EVERY MAN 20 YEARS IN BUSINESS—has known several periods when actual cash was almost unobtainable and the banks had great difficulty in meeting the particular requirements of even their most favored depositors. At such times most men, and especially the smaller depositors in the large banks, wished they had a second bank account. There are many other reasons why at such times an account in a conservative small bank is invaluable.

The Mutual National Bank
of Boston
4 POST OFFICE SQUARE

The Mutual National Bank
of Boston

INCORPORATED
IN MASSACHUSETTS
CAPITAL PAID UP
\$1,000,000
RESERVE FUND
\$1,000,000

ALL SAVING DEPOSITS
GUARANTEED BY THE STATE

An unpretentious and independent bank, owned and managed by men of the trustee and investment type. Has no speculative interests or inclinations, or speculative accounts that must be protected in times of financial trouble. Especially attractive to reserve and investment deposits. We would be pleased to advise with investors either by correspondence or personally in regard to investments and we extend a cordial invitation to them to make our bank their headquarters while in the city, as we feel that a bank is in a position to give an unbiased opinion as to the value of securities.

nature to encourage literary effort. As for instance, the Cleveland Trust Company Savings Bank, Cleveland, O., is offering the following prizes for the best essays written by children under fourteen years of age who attend school in Cuyahoga County, Painesville, Willoughby or Lorain: First prize, \$50.00; second prize, \$25.00; third prize, \$15.00; fourth prize, \$10.00; sixteen prizes, each \$5.00.

Information as to details of contest may be secured at the main office or at any of the branch offices of the company. The advertisement also includes a paragraph to parents, in which they are requested to encourage the children to enter the contest and thereby emphasize the value of thrift in their minds. A good thing all around—parents, child and bank.

Here is another. The Rio Grande Valley Bank and Trust Co., El Paso, Tex., is following the popular trend—making sure of

the parent through the good-will of the child by offering first, a ruler free for the asking and second, a Home Savings Bank with every deposit of one dollar.

historics of this nature perform a real service to their communities by preserving historical data concerning the community itself.

The Batavian National Bank of La Crosse, Wis., sends out one of the most sensible and practical books possible in connection with a history of the institution. Bound up with the history is Hammond's Atlas of the World, with all the latest important population statistics. The letter accompanying the book follows:

We are sending you a copy of "Fifty Years of Banking in La Crosse" with our compliments.

This is a brief record of the history of this institution which we think may be of interest to our friends.

In connection with this record of the bank you will find an Atlas of the World and the 1910 Census, which we hope will be of use to you, and a constant reminder that we are glad to be of service to you in any branch of the banking business.

Yours truly,

BATAVIAN NATIONAL BANK,
E. M. Wing, Vice-Pres.

The Rhode Island Hospital Trust Company of Providence, the oldest trust company in New England, advertises its record of forty-four years as follows:

TOTAL ASSETS.		
Oct. 31, 1869	.....	\$1,217,259.38
Oct. 31, 1879	.....	6,107,761.39
Oct. 31, 1889	.....	10,816,942.56
Oct. 31, 1899	.....	20,204,265.36
Oct. 31, 1909	.....	40,781,382.72
Oct. 31, 1911	.....	48,006,961.74

A bank advertisement in the Hartford "Courant" reads:

"If you want to buy a bond come to us.
If you want to 'cross the pond' come to us.
For principal secure,
For interest that is sure,
For investments that endure come to us."

The Naugatuck (Conn.) Savings Bank has issued a booklet entitled:

A Tribute to the Thrift and Saving of the
People of
NAUGATUCK AND VICINITY
In Commemoration of the
FORTIETH ANNIVERSARY
of the
NAUGATUCK SAVINGS BANK
And the Opening of its New
Banking House.

The history itself is very interesting, and it leads us to observe that banks issuing

Another historical booklet is that issued by the National Chautauqua County Bank of Jamestown, N. Y., the oldest and largest bank in that county. The booklet was sent out by Cashier Fred W. Hyde, Christmas time, with this card:

With Hearty Greetings and Sincere Good Wishes for your Happiness and Prosperity during the New Year
The National Chautauqua County Bank presents its compliments in the form of the accompanying
Historical Booklet.

The West End Savings Bank & Trust Company of Pittsburgh sent out with its 1912 calendar this little preachment:

A YEAR OF OPPORTUNITY.

As you use this calendar day after day and month after month through the year 1912, the message that we would have it bring you is one of OPPORTUNITY—especially opportunity to get ahead financially.

It is the function of the church and the school to help people build a moral and mental foundation for life. The savings bank stands for INDUSTRY and THRIFT in material things.

Practically all of the world's great men have gone on record as to the wisdom of wise economy of time, resources and money. But even if this were not so, your own observation and experience are sufficient to point out the path of saving rather than that of prodigality. The former almost invariably leads to success; the latter almost invariably, to failure.

If you have not yet started on the highway of thrift, begin now and consider each day of this year an opportunity to make progress in that direction.

If you will make an iron-bound resolution to save a portion of every dollar you earn this year, you will surely get ahead.

There can be no other result.

And do not forget that having an interest-bearing savings bank account is both an aid and an incentive toward making the most of your opportunities.

This strong old institution pays FOUR (4%) PER CENT. compound interest on savings. You can open an account with as small a sum as One Dollar.

Trusting that 1912 will indeed be A YEAR OF OPPORTUNITY for you and that you will prosper in it, I am

Yours respectfully,

H. S. HERSHBERGER, Treasurer.

The National Copper Bank of Salt Lake City gives this handshake through a newspaper advertisement:

This bank keeps an information clerk always on duty in the lobby.

We wish you to feel free to come into the



SOME GOOD PACIFIC COAST BANK ADVERTISING

bank at any time, whether you are a regular customer or not, to ask his help in looking up a forgotten address, a want ad. or any other information you may need at the moment.

The Bank of Oregon City, Ore., has a new idea. It gives out self-addressed envelopes containing this matter printed on them:

The way to have a bank account is to START one. You will find it easy enough to keep it growing after you once begin. Place a dollar bill in this envelope, seal it, write your name and address on the back, put a stamp on the front, and drop it in the nearest mail box. We will place the dollar to your credit, open an account for you, and send you a passbook. Consult our officers freely about safe and profitable investment for your money as it accumulates.

The First National Bank of St. Cloud, Minn., prints a leaflet showing by actual figures how much cheaper it is to forward

money, both in the United States and to foreign countries, through the bank than through the post office or express companies.



HOW ONE BANK GOT BUSINESS

Using Personality as a Business-Getting Asset

SOMETIMES it may be one dominant feature which gives a business a personality, says "Business," in an interesting article on this subject. Mostly, however, in such cases the feature is blended with a principal element in the business. It may be the advertising, the selling force or the correspondence, according to the nature of the business. These departments though contain a distinctive element so strong that it marks them positively in public mind.

More generally it is a consolidation of up-to-date business method with detail ideas

that are *different*. As an illustration is the instance of a southern bank which by a change of detail in an old advertising form fused their campaign for business with a personality that appealed directly to their prospects.

This bank set about to increase the business of its foreign exchange department. To send out circular letters to depositors would have been the ordinary method of such a campaign. So to inject the element of individuality into the campaign it sent its circulars to each nationality represented on the signature files in its native tongue.

Probably among the mixture of nationalities that go to make up our ninety odd million population there is none as frugal and clanish as the Chinese.

The bank did not overlook this fact. It reached the Chinese by a red card poster written in Chinese, explaining the bank's method in handling transfer of funds to foreign countries. It advised them to utilize the savings department also, while awaiting the time to transfer funds. The cards were mailed to all Chinese depositors, but as these were few, the majority went to oriental stores and business men in the city.

Among the list of some thirty thousand depositors with this bank almost every conceivable nationality was represented. A personality was established with each class by the method of speaking to them in their native tongue.



BANK ADVERTISING EXCHANGE

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them from time to time. Others can get on this list free of charge by writing to the editor of this department. Watch each month for new names and add them to your list at once.

The Bankers Magazine, New York (ex officio).

John W. Wadden, Lake County Bank, Madison, S. D.

Charles D. Wells, Traders Bank of Canada, 8 Wellington street W., Toronto, Ont.

Henry M. Lester, National City Bank, New Rochelle, N. Y.

R. B. Parrish, Mingo County Bank, Williamson, W. Va.

Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.

H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.

Arthur S. Cory, Chehalis National Bank, Chehalis, Wash.

C. F. Hamsner, assistant cashier, Savings Union Bank of San Francisco, Cal.

Horatio Ford, secretary, Garfield Savings Bank Co., Cleveland, Ohio.

F. W. Ellsworth, Publicity Manager Guaranty Trust Co. of New York.

T. H. Stoner, Cashier, The Peoples National Bank, Waynesboro, Pa.

J. A. Overton, Cashier, The National

Bank of Smithtown Branch, Smithtown Branch, N. Y.

H. M. Jefferson, Windsor Trust Company, New York City.

W. R. Dysart, Assistant Cashier, First National Bank, Ripon, Wis.

W. J. Kommers, cashier, Union Trust & Savings Bank, Spokane, Wash.

W. R. Stackhouse, City National Bank Bldg., Utica, N. Y.

George J. Schaller, Cashier, Citizens Bank, Storm Lake, Iowa.

J. G. Hoagland, Continental and Commercial Trust and Savings Bank, Chicago.

C. L. Chilton, Jr., Advertising Manager, First National Bank, Montgomery, Ala.

H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago.

B. H. Blalock, Asst. Cashier, Union Bank & Trust Co., Jackson, Tenn.

The Franklin Society, 38 Park Row, New York.

C. L. Glenn, Advertising Manager, Wachovia Bank & Trust Co., Winston-Salem, N. C.

W. O. Boozer, Barnett National Bank, Jacksonville, Fla.

W. P. Jones, Asst. Cashier, First National Bank of Commerce, Hattiesburg, Miss.

C. E. Taylor, Jr., President, Wilmington Savings & Trust Co., Wilmington, N. C.

Jesse E. Brannen, Cashier, First National Bank, Westwood, N. J.

E. A. Hatton, Cashier, First National Bank, Del Rio, Texas.

A. A. Ekirch, Secretary, North Side Savings Bank, New York City.

E. M. Baugher, Pres., The Home Building Association Co., Newark, Ohio.

C. W. Bailey, Cash., First National Bank, Clarksville, Tenn.

C. W. Rowley, Mgr. Canadian Bank of Commerce, Winnipeg, Can.

PLEASED TO EXCHANGE.

We would be glad for you to enter our name on your exchange list, as we shall be pleased to exchange booklets or other advertising matter, with those interested.

Very truly yours,

C. W. BAILEY, Cashier,
First National Bank of Clarksville, Tenn.

VERY MUCH PLEASED.

I notice that you have an exchange list for booklets, folders, etc., and will be glad if you will put the writer on. I shall be very pleased to go on this list and exchange with other banks.

C. W. ROWLEY, Manager,
Canadian Bank of Commerce,
Winnipeg, Canada.

A GOOD IDEA.

Kindly list this institution among those willing to exchange advertising matter. The idea is a good one.

Yours very truly,

E. M. BAUGHER, President,
The Home Building Association Co.,
Newark, Ohio.

MODERN FINANCIAL INSTITUTIONS AND THEIR EQUIPMENT

DROVERS DEPOSIT NATIONAL BANK OF CHICAGO

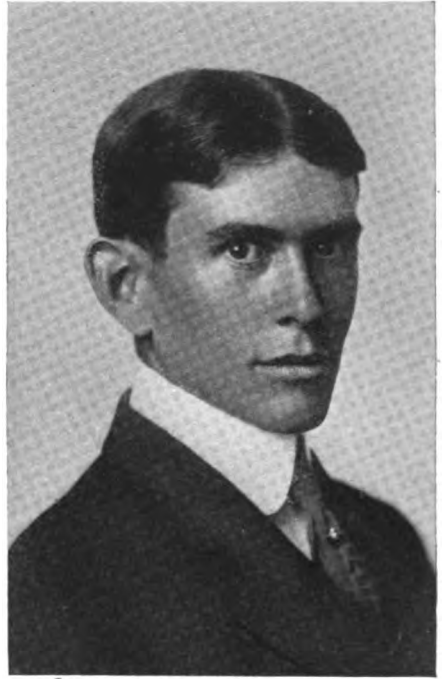


EDWARD TILDEN

President of the Drovers Deposit National Bank, is one of the most important business men in the Middle West. Among his many other interests he is president of Libby, McNeill & Libby, president National Packing Co., president Denver Union Stock Yard Company, and director in a great number of organizations, including the Chicago & Alton Railroad Company. He is public spirited and deeply interested in all that makes for the good of his home city. He has served as president of the Chicago Board of Education, and is now a member of the board of South Park Commissioners. Probably his greatest and most enjoyable recreation is the holiday and week-end attention he is able to bestow upon the development of his magnificent farm at Delavan Lake, Wisconsin.

JOHN FLETCHER

John Fletcher, vice-president of the Drovers Deposit National Bank, is thirty-two years old, with emphasis on the *old*, as few men entrusted with the active management of a great bank are richer or older in the practical experience and good judgment required for such responsibility. Few men enjoy so wide an acquaintance. Endowed with keen discernment he remembers and is remembered. He is clear-cut and direct in thought, word and action and is a strong, safe and sane builder of business for his bank and its patrons. Mr. Fletcher is also a director in the Drovers Trust & Savings Bank. He came to Chicago from Iowa in 1907.

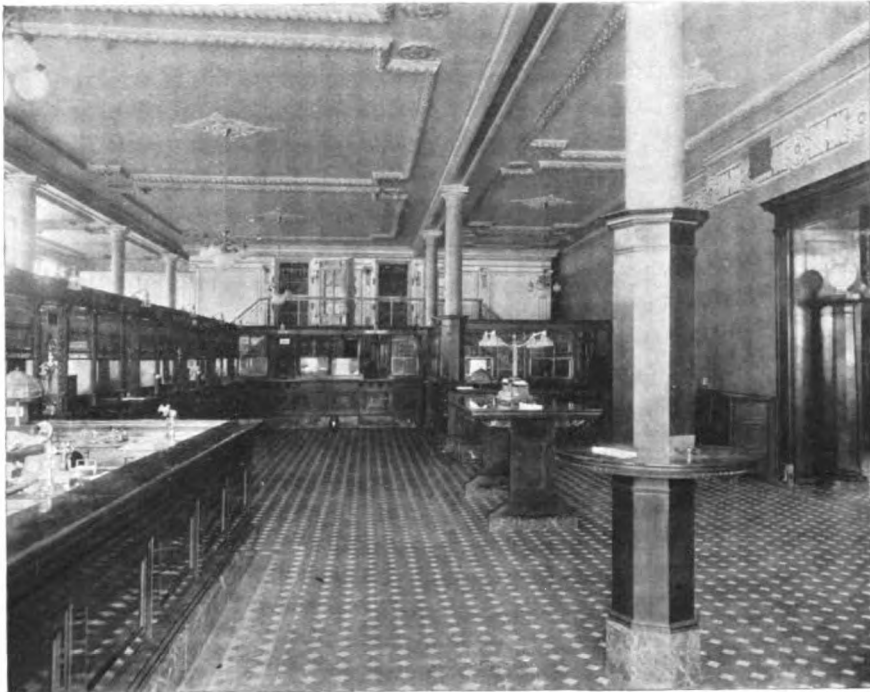


MAIN ENTRANCE TO THE DROVERS DEPOSIT NATIONAL BANK OF CHICAGO



GEORGE M. BENEDICT

Cashier and a director of the Drovers Deposit National Bank, has been actively identified through all of its great growth since it opened for business, February 12, 1883. Mr. Benedict enjoys broad and intimate acquaintance and the confidence of everybody at the Yards. He has served as president of the South Side Bankers' Association, and stands for all that goes to make good banking.



MAIN BANKING FLOOR

J. C. MORRISON

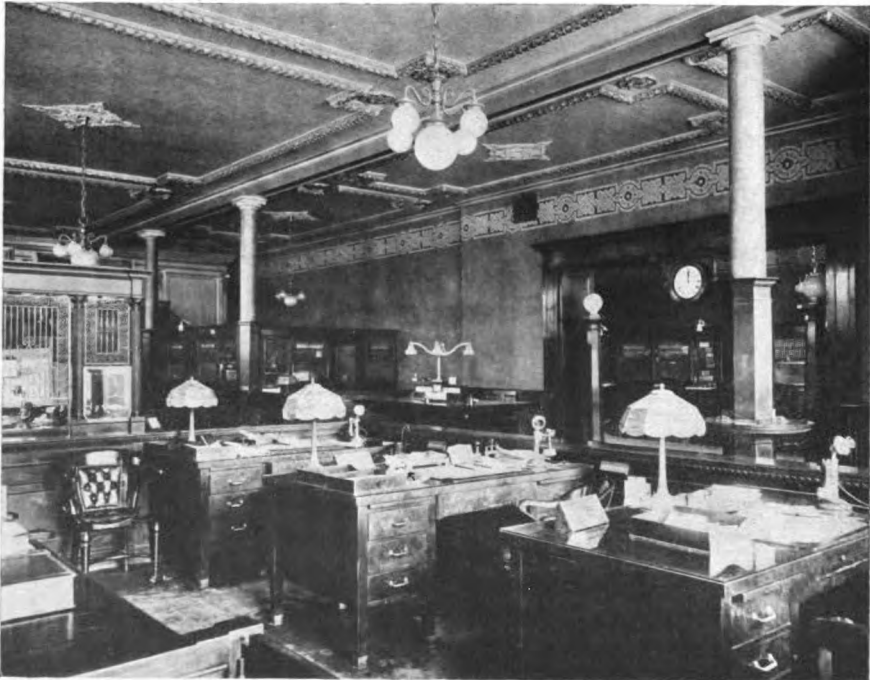
Resources of the Drivers Deposit National Bank could not have made the remarkable growth in the past seven years from less than five million to over ten million without such painstaking and efficient attention to detail as characterizes the work of assistant cashier, J. C. Morrison.

**VICE-PRESIDENT JOHN FLETCHER'S OFFICE**



H. P. GATES

Assistant Cashier H. P. Gates is directly in charge of the "Yards settlements," throwing him in close daily contact with every firm doing business in the great Live Stock Exchange. He watches carefully the interests and day by day requirements of the bank's customers, and it is the pride of this bank that shippers of stock have credit in their home bank for proceeds as soon as or often before they reach home.



OFFICERS' QUARTERS. DROVERS DEPOSIT NATIONAL BANK OF CHICAGO

WILLIAM C. CUMMINGS

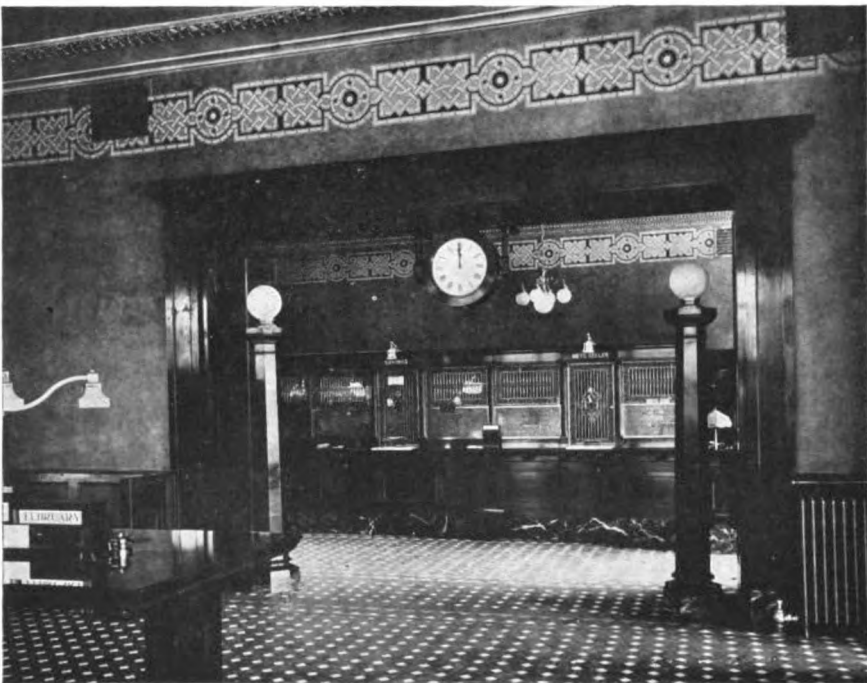
The true work of a savings bank is to encourage thrift and habits of wise economy among the people that they may lay up something against the inevitable "rainy day" and enjoy the peace and comfort that come from such habits. William C. Cummings, president of the Drovers Trust & Savings Bank truly enjoys his work. His large acquaintance and uniform courtesy to all patrons have made possible the rapid growth of the bank along broad and conservative lines. Mr. Cummings is also a director in the Drovers Deposit National Bank.

**DIRECTORS' ROOM**



WILLIAM A. TILDEN

That William A. Tilden, the vice-president of the Drovers Trust & Savings Bank, is also head of such a tower of financial strength as the Fort Dearborn National Bank speaks eloquently for the character and calibre of the men whose services and counsel are at the command of the patrons of the Drovers Trust & Savings Bank. Mr. Tilden is also a director of the Drovers Deposit National Bank.



LOBBY BETWEEN DROVERS DEPOSIT NATIONAL BANK AND DROVERS TRUST AND SAVINGS BANK

MURRAY M. OTSTOTT

Murray Otstott is cashier of the Drovers Trust & Savings Bank. He is a faithful worker in the splendid system of close attention to detail that has built up resources of \$3,700,000 and a list of 10,000 live depositors since the bank opened in 1903.



BANKING OFFICE, DROVERS TRUST AND SAVINGS BANK OF CHICAGO

THE FIRST-SECOND NATIONAL BANK OF AKRON, OHIO

LOCATED at Akron, Ohio, a city noted in the past for its progressiveness, varied resources and of late years, its rubber industries, which have become world famous, The First-Second National Bank has enjoyed a continuous and steady growth. It is the result of a consolidation and absorption in years gone by and last and most important, a consolidation on March 18, 1911, of the two largest local financial insti-

the ladies of Akron prepared bandages and other hospital supplies.

These two banks were consolidated in March, 1911, with a combined capital and surplus of one million, three hundred thousand dollars and deposits aggregating \$3,486,917.61. The total deposits now are \$7,071,154.86, showing the remarkable gain of \$1,584,237.25 in ten months. An increase in the number of depositors of over fifteen



THE FIRST-SECOND NATIONAL BANK OF AKRON, OHIO, OCCUPIES A HALF OF THE FIRST FLOOR OF THIS NEW BUILDING

tutions, The First and Second National Banks.

The First National Bank was organized in 1863 and had for its first president Thomas W. Cornell, a man of great ability. Under his direction and that of his successors and its last president, Mr. O. C. Barber, it gained and held a position among institutions of the first rank.

The Second National Bank had its origin in a conversion of the private bank of Geo. D. Bates & Co. to a national bank. Mr. Geo. D. Bates, Sr., was its first president.

During the war of the rebellion, when conditions in this country were very unsettled, the bank proved of great value in this locality, lending financial assistance and its own banking rooms for the preparation of articles for the soldiers. In its parlors

hundred during the same short period of time is also worthy of notice. In order to handle successfully the allied interests of the two institutions, it was necessary to seek larger and more suitable quarters, and the new banking rooms have been arranged with a view of obtaining the most commodious and convenient result possible.

BANKING ROOMS.

The main banking room is of generous proportions and planned with the view of making it perfect as to arrangement and equipment. The floor plan is a central lobby about which are located the different departments. There are two entrances to the bank's quarters, one from Main street and one through the lobby of the building.

Telephones for the use of the public are located near the entrances.

OFFICERS' QUARTERS.

To the left of the entrance are located the quarters of the active officials. It is the policy of the bank to keep in close touch with its patrons through its officers and their desks are so located that easy access may be had to them, while at the same time a proper degree of privacy is assured.

TELLERS' WINDOWS.

Just beyond, set in a screen of marble and beautifully cast bronze, are the tellers' windows, sufficient in number to accommodate a large volume of business and insure prompt service.

Details of interest in the construction of this department are the signs over the tellers' windows. These are in gold on etched glass. An electric light is placed so that when turned on it illuminates the sign and the deal plate at the same time, and a control is so located that the teller may switch on the current when entering and off when leaving, thereby indicating that he is within the cage. The signature file is in a revolving cabinet, located between the two paying tellers' cages and working space. The cards may be examined at will from each department.

ACCOUNTING DEPARTMENT.

In the rear of the tellers' windows and located conveniently to them, is the clerical department—a model of modern ideas in its arrangement. The furniture is of steel throughout and each bookkeeper's desk is provided with fireproof cabinets for the safe keeping of the books. This feature is proving a great convenience and time saver; it also eliminates considerable commotion.

SAFE DEPOSIT DEPARTMENT.

At the end of the lobby has been installed a large and finely equipped safe deposit vault, to provide facilities for the custody of private papers, securities and other valuables. Competent attendants show visitors and patrons every courtesy.

The massive steel lining of this vault weighs sixty tons and is constructed to withstand any attack by burglars. It is also encased with re-enforced concrete to give it the necessary fire protection. The circular door is eight feet in diameter, twelve inches thick and weighs eighteen tons, yet with its extreme weight it is so finely hung and accurately adjusted that it may be opened and closed with the greatest ease. When the door is locked it is absolutely air tight and impervious to any burglarious attack.

A large number of safe deposit boxes of

various sizes, with double locks, have been provided, together with room for the storage of large cases and trunks of valuables. Located conveniently near are small rooms, where patrons may examine their valuable papers with absolute privacy. The whole



O. C. BARBER
PRESIDENT

equipment is of the most modern type and affords the best protection that human ingenuity can devise.

SAVINGS DEPARTMENT.

On the right is the savings department. This branch has been provided with adequate tellers' windows and an equipment assuring the speedy transaction of all business. The records in this branch are kept on cards and to eliminate moving them to and from the large vault each day, a fireproof container has been devised. This is twelve feet long and provided with a metal curtain top, which when open exposes all the cards to view. To facilitate the book-keeping, a small platform carrying pens, ink and blotters, has been constructed, and



VIEW OF LOBBY, SHOWING A CORNER OF THE OFFICERS' QUARTERS, TELLERS' WINDOWS IN COMMERCIAL DEPARTMENT, SAFE DEPOSIT VAULT AND MEZZANINE FLOOR IN REAR



OFFICERS' QUARTERS. DESKS OF VICE-PRESIDENTS AND CASHIER

so arranged as to move on a track from one end of the cabinet to the other.

ACTIVE OFFICERS.

Ohio C. Barber, president, is well known in financial circles in this country and abroad. Numerous small enterprises have



GEORGE D. BATES
VICE-PRESIDENT

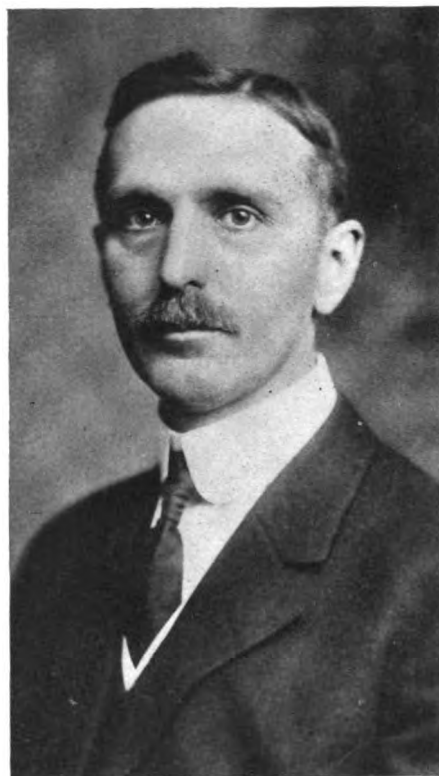
grown to huge proportions under his direction. Chief among these is the Diamond Match Company, originated in Akron by his father, and still of small size when he assumed the management, which has since grown to be one of the country's principal industries.

Mr. Barber, though his life has been an active one, does not show his seventy-one years. His step contains the spring of youth and his face reflects perfect health and keen enjoyment in living. He has found time during the busy years of his life to take up the study of economics, and is a writer and lecturer on questions of national importance.

A large estate of several thousand acres, located near Barberton, Ohio, is his pride and playground. Here intensive farming is

practiced on a large scale. It is not conducted, however, for pleasure alone, for he plans to establish a school, where a limited number of pupils from agricultural colleges may take a post graduate course in modern scientific farming.

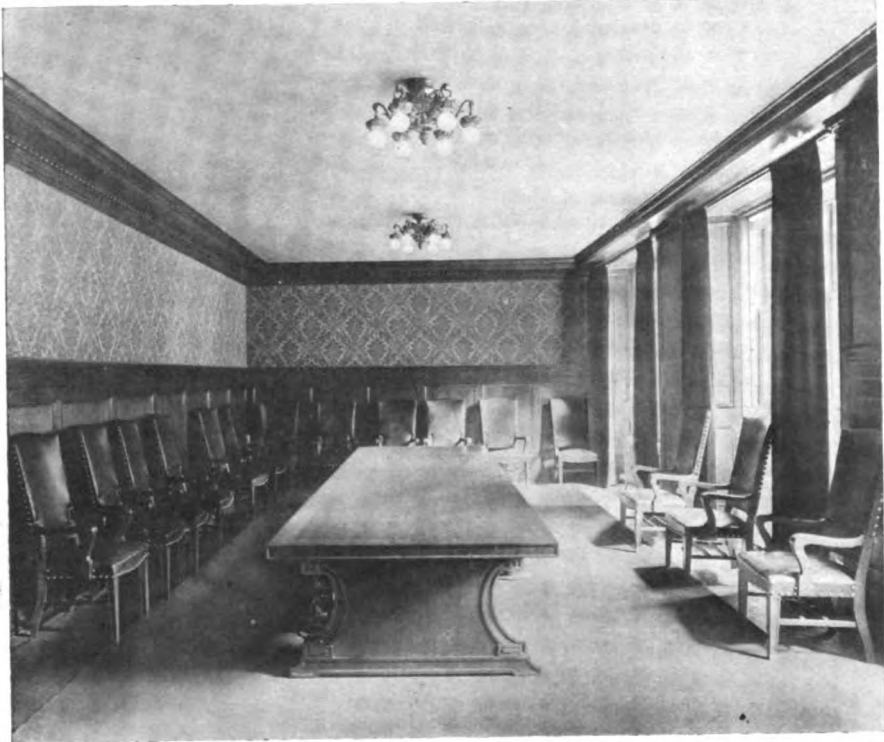
C. L. Bruner, vice-president, has had a wide experience in both mercantile and financial affairs, hence is particularly fitted for the important position he now holds. He came to Akron in 1894 from Kokomo, Indiana, where he helped to organize and served on the board of the Citizens National Bank. His first business connection in Akron was with a manufacturing concern, but finding the world of finance more to his liking, he associated himself with a building and loan society, afterwards assuming the duties of cashier of the Citizens National Bank, which position he held until this institution was consolidated with the



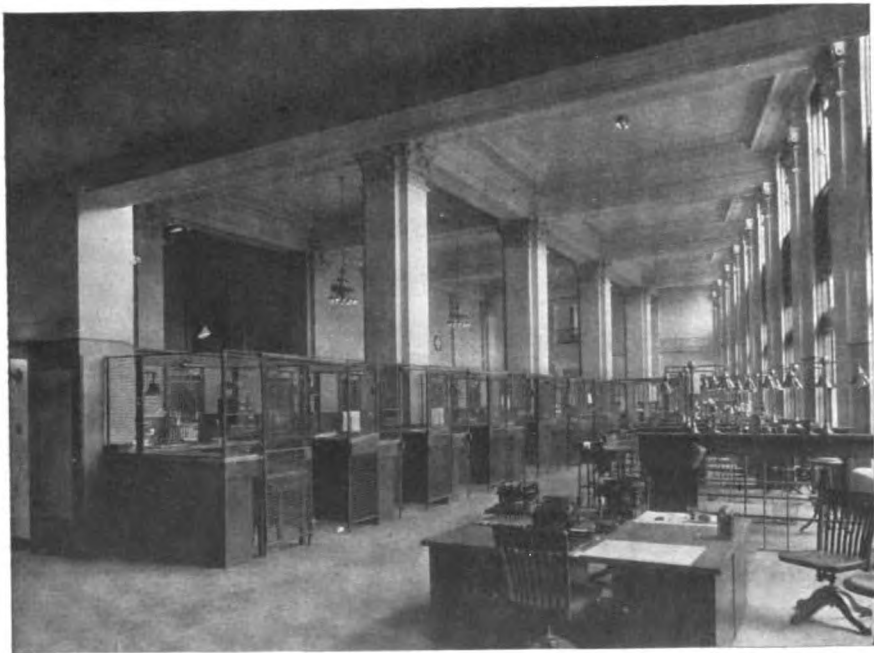
LORENZO D. BROWN
CASHIER

Second National Bank, when he became vice-president, later president, until the First-Second National Bank was organized, when he again assumed the duties of vice-president.

George D. Bates, vice-president, entered



DIRECTORS' ROOM, FINISHED IN FUMED OAK, TAPESTRY AND SILK DRAPERIES

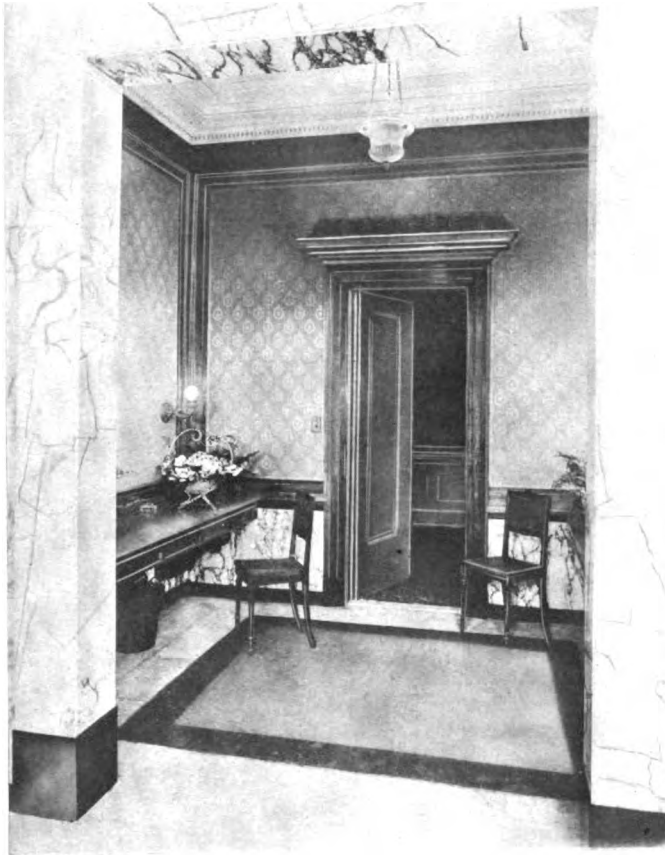


VIEW OF THE WORKING SPACE, SHOWING TELLERS' CAGES FROM THE REAR, ALSO BOOK-KEEPERS' DESKS AND TRANSIT DEPARTMENT

the employ of the bank in 1885, when but a young man, and although his father was president of the institution, his first position was at the bottom of the ladder, having among his other duties the carrying of coal, building of fires and such work as bank messengers are not now generally required to perform. His knowledge of bank-

progress through the different departments he has reached his present position, which he fills with great credit to himself and the bank which he serves. Possessing keen executive ability and a personality strongly appealing to men, his association with the institution is of inestimable value.

Largely through his efforts a system of



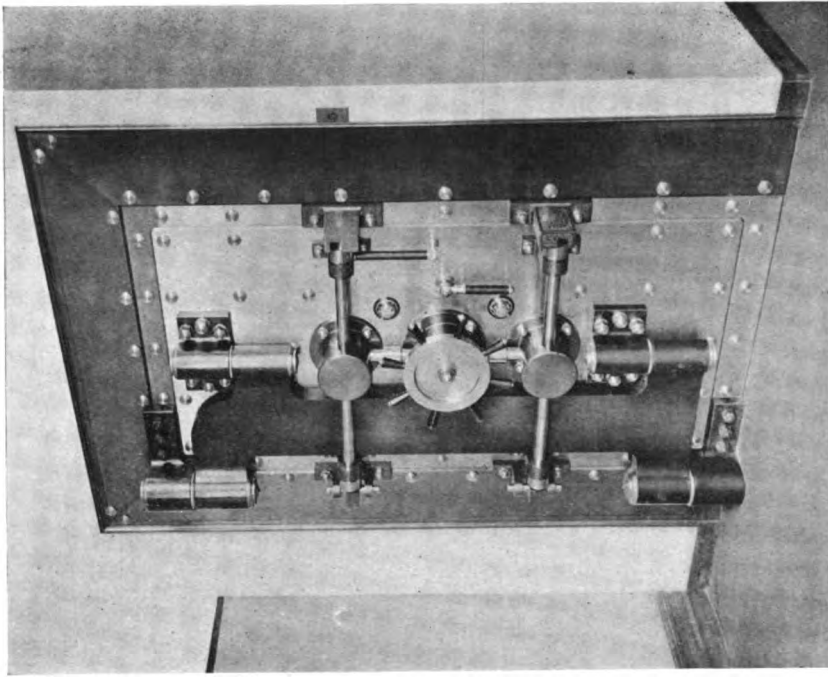
LADIES' ALCOVE, FINISHED IN CIRCASSIAN WALNUT, TAPESTRY AND VELVET CARPETS

ing has been gained in the school of actual experience and the rise to his present high office through the various positions, indicates close application to his duties. His experience, sound judgment and capacity for making friends, render his services of the greatest value.

Lorenzo D. Brown, cashier, is a young man of wide knowledge in banking, having received his education in this line through twenty years of experience. His first position in 1891 was as messenger. By steady

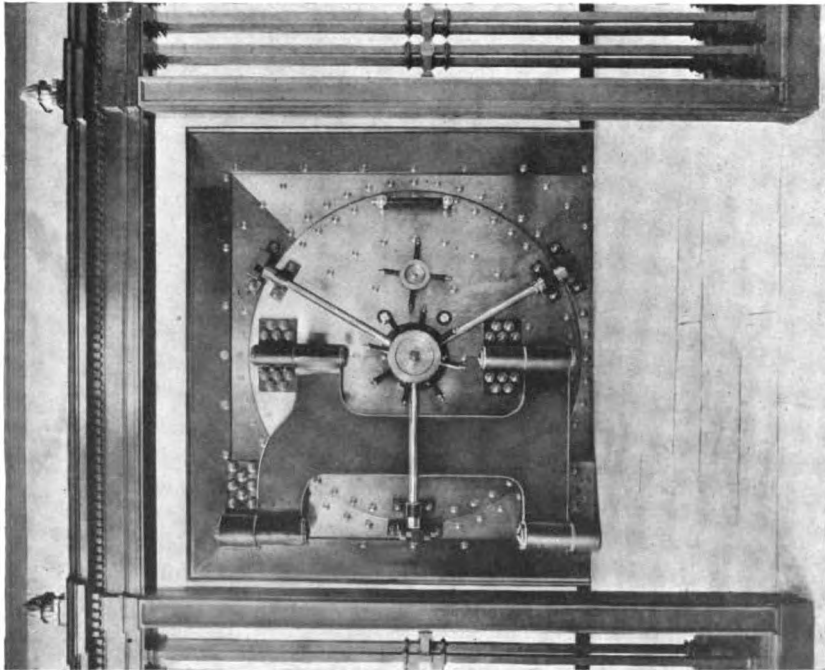
handling the clerical work has been installed, which is of considerable merit and often copied in the vicinity. It makes possible the striking of a cash balance within a very short time after closing.

The directors of the First-Second National Bank of Akron, Ohio, are all prominent men. They represent some of the biggest interests in the country, as the following list shows: O. C. Barber, capitalist; C. H. Palmer, president of The Granite Clay Co.; T. F. Walsh, capitalist; F. H. Adams,



DOOR TO MONEY VAULT

The door to money vault shows pressure mechanism. It contains separate safes for each teller and two specially constructed for holding gold and the reserve.



DOOR TO SAFE DEPOSIT VAULT

treasurer, The Goodyear Tire and Rubber Co.; M. O'Neil, president The M. O'Neil Co.; A. H. Noah, treasurer, The Diamond Rubber Co.; A. H. Marks, vice-president, The Diamond Rubber Co.; C. I. Bruner, vice-president; A. B. Rinehart, vice-president, The Whitman & Barnes Mfg. Co.; H. A. Galt, general manager, The Columbia Chemical Co.; A. K. Brewster, president

Brewster Coal Co.; C. B. Raymond, secretary, The B. F. Goodrich Co.; Geo. R. Hill, president, The American Sewer Pipe Co.; W. E. Slabaugh, attorney; B. G. Work, president, The B. F. Goodrich Co.; H. B. Manton, president The Robinson Clay Product Co.; F. H. Mason, vice-president, The B. F. Goodrich Co.; Geo. D. Bates, vice-president; I. D. Brown, cashier.

RHODE ISLAND HOSPITAL TRUST COMPANY, PROVIDENCE, R. I.

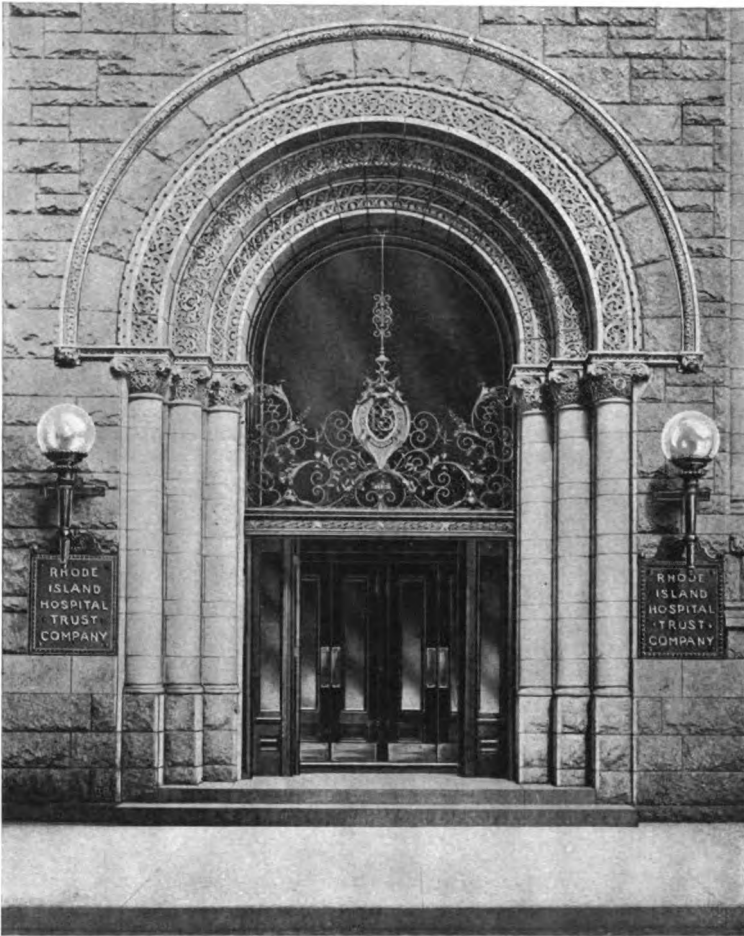
THE distinction of being the oldest trust company in New England lies with the Rhode Island Hospital Trust Co. of Providence, which was incorporated in 1867.

This company owed its existence to the

desire of a few public-spirited men to create what should be a financial institution of high credit and powerful resources, and at the same time prove a pecuniary helper to the Rhode Island Hospital, a benevolent institution, then in its infancy.



RHODE ISLAND HOSPITAL TRUST CO. BUILDING, PROVIDENCE



ENTRANCE TO RHODE ISLAND HOSPITAL TRUST BUILDING

Its charter combined the functions of general banking (excepting the issuing of currency), a savings institution, and an incorporated executor, administrator and trustee of estates.

The plan of organization was entrusted to William Binney, who became the first president of the company. That he builded well is evidenced by the extraordinary growth and present standing of the company.

A feature of its trust department was a deposit with the treasurer of the state of twenty per cent. of its entire capital in United States or State bonds as a primary guarantee of its fidelity in this department, supplemented by its capital, surplus and general resources.

Modestly beginning its career in the private office of its president, it later occupied quarters in the Mechanics Bank building and subsequently purchased an estate on

Westminster street, where it is now comfortably, conveniently and even in these modern days elegantly housed in its own substantial granite building.

Incorporated with a permitted capital of \$500,000, not all paid in at the start, this amount was increased in 1887 to \$1,000,000, in 1909 to \$2,000,000, and in 1911 to \$2,500,000. In May, 1904, the company absorbed the First National Bank of Providence, with assets of \$2,000,000, and in January, 1906, the American National with assets of about \$1,500,000.

The following table shows the striking growth in assets of the company in forty-four years:

ASSETS.			
Oct. 31, 1869	.....	\$1,217,259.38	
Oct. 31, 1879	.....	6,107,761.39	
Oct. 31, 1889	.....	10,818,942.56	
Oct. 31, 1899	.....	20,204,265.36	
Oct. 31, 1909	.....	40,781,382.72	
Oct. 31, 1911	.....	48,006,961.74	

The Rhode Island Hospital Trust Company has never failed from its inception to pay regularly a dividend on its stock, a handsome interest to its "Participants" (savings accounts) and interest on the daily balances of its depositors. It has never issued a note, nor ever failed in an obligation.

The design originally was to conduct all its business with reference primarily to the financial interests of the community, then of its depositors of all kinds, then of its stockholders. This policy has been adhered to and has met the test of now forty-four years.

The president of the company now, and for over twenty-five years past, is Herbert J. Wells. Mr. Wells is widely known for his financial acumen, business ability and philanthropic work. He is a director of the Merchants National Bank, the largest national bank in Providence; a member of the reorganization committee of the Union Trust Co., and president of the local Bank Clerks Mutual Benefit Association. Mr.

Wells is also prominent in the general councils of the Congregational Church.

The other officials are: Edward S. Clark and Horatio A. Hunt, vice-presidents; William A. Gamwell, secretary; Preston H. Gardner, trust officer; Cyrus E. Lapham, John E. Williams, Henry L. Slader, Henry B. Hagan and Hugh Rankin, assistant secretaries; G. A. Harrington, assistant trust officer.

The directors are: Royal C. Taft, Robert H. I. Goddard, Robert I. Gammell, William B. Weeden, Edward D. Pearce, Robert Knight, Herbert J. Wells, Lyman B. Goff, Rowland G. Hazard, Nelson W. Aldrich, Samuel R. Dorrance, Howard O. Sturges, Stephen O. Metcalf, Walter R. Callender, Edward Holbrook, James E. Sullivan, Benjamin M. Jackson, John R. Freeman, Charles S. Mellen, Robert W. Taft, Webster Knight, Stephen O. Edwards, Frank W. Matteson, R. H. Ives Goddard, Jr., and Henry D. Sharpe.

The most recent public statement of the company, as of October 31, 1911, is as follows:

RESOURCES.

Loans and discounts	\$18,874,493.44
United States Bonds, 4s of 1925, at par	550,000.00
State of Rhode Island Bonds at par	1,000,000.00
Other bonds at or under par	11,097,778.24
Mortgages	4,171,497.73
Stocks	3,198,107.48
Banking House, Safe Deposit Vaults and Safes	350,000.00
Other Real Estate	145,000.00
Contracts for sale of Western Lands	22,314.35
Accrued Interest, net	88,418.97
Demand Loans	\$1,174,453.40
Due from Banks, Bankers and U. S. Treas.	4,463,951.20
Cash (incl. exchanges \$166,860.70)	2,870,946.93
	<hr/>
	8,509,351.53
	<hr/>
	\$48,006,961.74

LIABILITIES.

Capital	\$2,500,000.00
Surplus	2,500,000.00
Guaranty Fund	60,000.00
Undivided Profits	142,446.09
Dividend, payable November 10, 1911	75,000.00
Sight Deposits	\$21,990,947.39
Certificates of Deposit	5,436,330.65
Participation Deposits	15,302,237.61
	<hr/>
	42,729,515.65
	<hr/>
	\$48,006,961.74

GOLD

"Meed of the Toiler," "Flame of the Sea"—
Such were the names of your poets for me.
"Metal of Mammon," "Curse of the world"—
These are the libels your preachers have
hurled.
Dug from the mountainside, washed in the
glen,
Servant am I or the master of men.
Steal me, I curse you; earn me, I bless you;
Grasp me and hoard me, a fiend shall
possess you.
Lie for me, die for me, covet me, take me—
Angel or Devil, I am what you make me.

Falsely alluring, I shimmer and shine
Over the millions that hold me divine.
Trampling each other, they rush to adore me,
Heaping the dearest of treasure before me—
Love and its blessedness, Youth and its
wealth,
Honor, Tranquility, Innocence, Health—
Buying my favor with evil and pain;
Huge is the sacrifice, poor is the gain,
Naught but my effigy, passionate, cold,
God of a frenzied idolatry—Gold!

—Arthur Guiterman in COLLIER'S.



GENERAL VIEW OF INTERIOR OF CONGRESS STREET BANKING ROOMS, COMMONWEALTH TRUST COMPANY

THE COMMONWEALTH TRUST COMPANY, BOSTON, MASS.

THE establishment of the Commonwealth Trust Co. in its new offices in the Boston Stock Exchange Building, at the heart of financial Boston, marks the culmination of changes and developments in this company, which now make it one of

and from the first it proved to be a prosperous and successful institution. Its charter is a broad and liberal one and enables the company to offer every facility for the transaction of modern trust company business. Powerful interests have taken part in the direction of this institution from its start and the management of the bank has pursued a policy along strictly modern lines of progress for the conservation of the interests of depositors.

The company started business in the building standing at that time on the corner of Summer and Devonshire streets, but as time went on these quarters were outgrown and plans were made for enlarging. In the meantime, the company had established a branch near the North Station and this move was successful from the start. In 1908, four years after the formation of the company, work was begun on the handsome new banking house which the company now occupies on the site of its first location at the corner of Summer and Devonshire streets. This building is a fine example of modern bank construction. It is of selected white Lee marble, and the interior is compactly and conveniently arranged, with a mezzanine floor for the transaction of the routine business of the bank.

In 1909 the New England National Bank was consolidated with the Commonwealth Trust Co. and the banking rooms of the former in the Equitable building on Milk street were remodeled along thoroughly modern lines and the charter of the New England National Bank was transferred to the North End branch of the Commonwealth Trust Co., near the North Station, control remaining with the Commonwealth Trust Co.

The board of directors of the Commonwealth Trust Co. has from the first been composed of representative men, embracing many lines of business activity. The modern doctrine of "Directors Who Direct"



GEORGE S. MUMFORD
PRESIDENT COMMONWEALTH TRUST COMPANY

the most prominent trust companies in Boston.

The Commonwealth Trust Co. came into existence in 1904, taking over the business and good will of the Colonial National Bank



SUMMER STREET BUILDING OF COMMONWEALTH TRUST COMPANY

has ever been the policy of the bank and has had much to do with the rapid growth which the institution has enjoyed. Another feature which has been a large factor in the progress of the company has been the unwavering policy of uniform courtesy shown to all who came in contact with officers or clerks connected with the bank. The officers have unsparingly placed their services at the call of depositors for advice on personal, as well as banking matters.

About a year ago the officers and directors, realizing the advantage of having banking rooms in the heart of the financial district of Boston, arranged with the Boston Stock Exchange to take the entire ground floor and basement of the handsome new building which the Stock Exchange was erecting on Congress street. Part of the new quarters were leased to the Security Safe Deposit Co. In the equipment of these new banking rooms and vaults no expense was spared and consultations were held with experts in every branch of bank and vault construction. The new quarters were completed and occupied in September, 1911. This new building is of impressive design, with a ninety-foot frontage on Congress street and a seventy-foot frontage on Exchange place. It is two stories in height and is surmounted with a massive dome. Entrance is in the middle of the Congress street side and the executive offices of the bank are located near the entrance, in conformity with the policy of the officers to

place themselves where they are easily accessible to patrons of the bank. On the left of the entrance is a solid bronze grill, the



ARTHUR P. STONE
VICE-PRESIDENT AND TREASURER COMMON-
WEALTH TRUST COMPANY

door of which leads to the safe deposit vaults of the Security Safe Deposit Co. These vaults are wholly original in New England in that they are constructed in two stories, with a wide staircase connecting them inside the vault, and with doors leading to coupon rooms outside of the vault on each floor. The vault has a capacity of between 15,000 and 20,000 safe deposit boxes.

The interior of the banking rooms is decorated in specially imported Italian marble, the color scheme being particularly attractive. The accompanying illustrations give a comprehensive idea of the care which was taken in the planning and construction of this building and the vaults, to afford not only the maximum of safety and convenience, but also beauty and harmony of design.

The active management of the business of the Commonwealth Trust Co. is directed by George S. Mumford, president; Arthur

P. Stone, vice-president and treasurer; and Stephen W. Holmes, vice-president.

GROWTH OF COMPANY.

The opening of the new office of the Commonwealth Trust Co. at 30 Congress street, Boston, in the new Boston Stock Exchange Building, and the recent increase in the company's dividend rate from six to eight per cent. per annum, calls attention to the rapid growth of this company in the last five years.

On October 1, 1908, when the new building at 88 Summer street was opened, deposits stood at \$7,900,000. A year later deposits had jumped to \$12,500,000. On October 1, 1911, when the new Congress street office was opened, deposits had mounted to \$14,300,000.

Since the opening of the new Congress street office, deposits have continued to increase and stood on November 1, last, at



CONGRESS STREET OFFICE COMMONWEALTH TRUST COMPANY, IN NEW BOSTON STOCK EXCHANGE BUILDING

\$14,719,638. The company has today over 5,200 individual accounts.

THE OFFICERS.

George S. Mumford, president of the Commonwealth Trust Co., was one of the original organizers and incorporators of the City Trust Co. of Boston, holding the position of secretary until 1909, when he became president of the Commonwealth Trust Co. He is vice-president and director of the New England National Bank, vice-president and director of the Security Safe Deposit Co. and treasurer and member of council of the Boston Association for the Relief and Control of Tuberculosis. Mr.



STEPHEN W. HOLMES

VICE-PRESIDENT COMMONWEALTH TRUST COMPANY

Mumford was a member of the class of 1887 at Harvard.

Arthur P. Stone, vice-president and treasurer, began his banking career with the Third National Bank of Boston. When the Third National Bank was consolidated with the National Shawmut Bank, he became an assistant cashier in the latter institution. He entered the Commonwealth Trust Co. in July, 1904, as vice-president. He is president and director of the New England National Bank, trustee of the Somerville Institution for Savings, director of the Winter Hill Co-operative Bank and the Workingmen's Co-operative Bank, and director and chairman of the Banking and Currency committee of the Boston Credit Men's Association. He is active in the Bos-

ton Chamber of Commerce and a member of the finance committee.

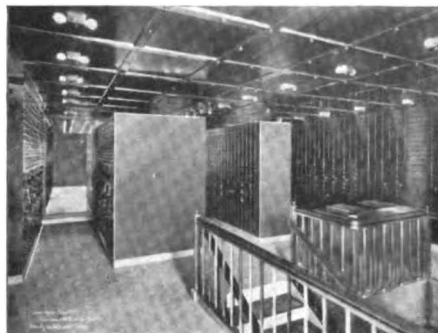
Stephen W. Holmes, vice-president, went from the Orange (Mass.) National Bank to the Natick (Mass.) National Bank as cash-



OFFICERS' QUARTERS, CONGRESS STREET BANKING ROOMS

ier in 1886. He came to Boston as vice-president of the New England National Bank in 1900. In 1909 he became vice-president of the Commonwealth Trust Co. Mr. Holmes is to be found at the 30 Congress street office.

The directors are: S. Reed Anthony, of Tucker, Anthony & Co., bankers; Schuyler S. Bartlett, trustee; George L. Batchelder, of Batchelder Bros., coal; Walter C. Baylies, of Amory, Browne & Co., dry goods; Junius Beebe, of Lucius Beebe & Sons, leather; Arthur T. Bradley, of Wm. Whitman & Co., dry goods; Albert L.



NEW VAULTS OF SECURITY SAFE DEPOSIT COMPANY

Brown, banker; Robert W. Emmons, 2d., of F. A. Schirmer & Co., bankers; Walter G. Garritt, vice-president United States Leather Co.; William A. Gaston, of Gaston, Snow & Saltonstall; Lincoln Grant, of Wel-

lington, Sears & Co.; Robert F. Herrick, of Fish, Richardson, Herrick & Neave; Francis L. Higginson, Jr., of Lee, Higginson & Co., bankers; Henry Hornblower, of Hornblower & Weeks, bankers; Charles W. Jones, trustee; Otis Kimball, trustee; George C. Lee, of Lee, Higginson & Co., bankers; Charles A. Locke, of Locke, Tolman & Co., leather; Joseph P. Manning, of McGreenery & Manning; George S. Mumford, president; Henry Parkman, treasurer of Provident Inst. for Savings; A. Wilder Pollard, of Wood, Pollard & Co.; H. Staples Potter,

of Potter & Wrightington; James M. Prendergast, of J. M. Prendergast & Co.; James L. Richards, president Boston Consolidated Gas Co.; Endicott P. Saltonstall, lawyer; Horace B. Shepard, president Shepard & Morse Lumber Co.; A. Shuman, of A. Shuman & Co.; Charles F. Smith, treasurer of Oliver Ditson Co.; Charles G. Smith, president Inst. for Savings in Roxbury; Thomas C. Thacher, trustee; Edwin S. Webster, of Stone & Webster; Edward B. Wilson, of Wilson, Larrabee & Co.; Robert Winsor, of Kidder, Peabody & Co., bankers.

BANK OF NEW SOUTH WALES

THE half-yearly general meeting of the proprietors of this bank was held at the chief banking house at Sydney, November 28, 1911, at which time the one hundred and twenty-second report of the directors was presented. The main features of this report are shown on page 259.

The Bank of New South Wales has a paid-up capital of £3,000,000; reserve fund,

£1,971,545, and profit and loss, £284,156. The deposits amount to £34,767,200 and the total assets, £45,586,961.

The BANKERS MAGAZINE is pleased to present in connection with the foregoing information regarding this enterprising Australian bank some mention of one of the valuable members of its staff, Mr. D. S. K. Miller, who is one of the bank's inspectors.



D. S. K. MILLER

INSPECTOR BANK OF NEW SOUTH WALES,
SYDNEY, AUSTRALIA

The net profits for the half-year, after deducting rebate on current bills, interest on deposits, paying note and other taxes, reducing valuation of bank premises, providing for bad and doubtful debts, and fluctuations in the value of investment securities, and including recoveries from debts previously written off as bad, amount to £222,043 0 7
 To which is to be added—
 Undivided balance from last half-year 62,112 19 6
 Giving for distribution £284,156 0 1
 which the Directors recommend to be dealt with as follows:
 To Payment of Dividend at the rate of 10 per cent. per annum £150,000 0 0
 To Augmentation of the Reserve Fund 53,455 0 0
 To Balance Carried Forward 80,701 0 1
 £284,156 0 1

Mr. Miller is a native of New South Wales, having been born in that country March 8, 1860. After being educated in the public schools, he entered a branch of the Bank of New South Wales in August, 1876, and in 1882 was moved to the head office, where he gained experience in every department of banking. In 1895 he became an accountant in the head office, and in 1900 was promoted to the important position of assistant to the general manager. He soon rose to the post of an inspector, in which position he continues up to the present time, his relations with the general manager of

the bank being very close and confidential. Mr. Miller has visited recently a number of foreign countries, including Italy, France, Germany, Holland, Belgium, England, Ireland and Scotland, and the United States and Canada. He is not only an able and experienced banker, but also a most agreeable gentleman, with a wide interest in banking and public affairs. He was one of the founders of the Institute of Bankers of New South Wales, and its honorary treasurer from the time of its organization. He has also been closely identified with charitable activities in his country.

BOOK REVIEWS

WHERE THE MONEY GROWS. By Garet Garrett. Harper & Brothers, New York. (Price 50c. net.)

An enjoyable little tale of doings down in Wall and New streets, with introductions to the odd characters that inhabit the customers' rooms along those thoroughfares. The book scintillates with good humor and the reader is initiated into many of the mysteries that usually surround everything pertaining to the stock market. The trader is given a chapter to himself and the author has worked up some amusing anecdotes of this very professional man. Wall Street's superstitions are narrated most interestingly. The manipulator, too, is the subject of one chapter; altogether a very delightful after-dinner story.

THE PRINCIPLES OF BOND INVESTMENT. By Lawrence Chamberlain, New York: Henry Holt & Co.

Gradually there is springing up in this country a class of trained investors, and in time we may hope that they will make investments, as they do in France and some other countries, either through some well recognized bank or bond investment house or after careful study and experience of their own.

Concurrently with this, there is also appearing a considerable amount of literature, either of temporary or permanent character, pertaining to investment matters. One of the best contributions of the latter class that we have yet seen is "The Principles of Bond Investment," by Lawrence Chamber-

lain, who is connected with the well-known firm of Messrs. Kountze Bros. of New York, and is also Staff Lecturer on Finance of the New York University School of Commerce, Accounts and Finance.

Mr. Chamberlain's book deals with the general investment field, and while it is perhaps intended primarily to meet the wants of the banks and investment houses and scientific students of investments, it will, nevertheless, be found of great benefit to the individual investor. As a contributor to the permanent investment literature of the country, Mr. Chamberlain's book will be of the highest value.

MUNICIPAL BONDS HELD VOID. By Maurice B. Dean of the New York Bar, 20 Broad street, New York City. (Price \$3.50.)

As a rule, municipal bonds are free from the disagreeable taint of illegality. But that there are hundreds of exceptions to this rule is brought out forcibly in this small reference book. The author has set forth in logical order a digest of all the cases in the United States holding municipal bonds void or determining their illegality prior to issuance, for use by owners and dealers in municipal bonds and banks loaning on such securities.

These decisions settle many ticklish questions that arise before and after the bonds are registered and sold, as to what probable effect certain defects will have and whether irregular proceedings will make the bonds illegal.

BANKING AND FINANCIAL NOTES



Merchants National Bank

RICHMOND, VA.

Capital - - - \$200,000
Surplus and Profits, 1,000,000

This bank is the largest depository for banks between Baltimore and New Orleans. It is Virginia's most successful National Bank. It has the best facilities for handling items on the Virginias and Carolinas. Collections carefully routed.

Correspondence Solicited

Citizens' Central National Bank of New York.

The annual statement of the Citizens' Central National Bank of New York City shows a most satisfactory record of growth. For the seven and one-half years since its consolidation net earnings have been \$2,646,888, an amount in excess of the bank's capital, which is \$2,550,000. Dividends of \$1,185,750 have been paid and \$1,461,138 applied to the increase of surplus and profits, the bank having to-day, besides the capital of \$2,550,000, a surplus of \$1,000,000, undivided profits of \$920,138, deposits of \$28,316,250, and total resources of \$34,811,486. The business of this bank is strictly mercantile, and is drawn largely from the textile, hardware, boots and shoes and wholesale grocery trades.

Edwin Saxton Schenck, president of the Citizens' Central National Bank of New York, began his banking career in 1892 as assistant cashier of the Hamilton Bank, and was promoted successively to positions of cashier, vice-president and president of that institution. His election to the presidency of the Hamilton Bank came at the age of thirty, and for a time after assuming the responsibilities of that position, he enjoyed the distinction of being the youngest bank president in the metropolis of New York.

In 1901 Mr. Schenck was made president

of the National Citizens' Bank, when that institution had a capital of \$600,000, a surplus of \$300,000 and deposits of \$4,000,000. Mr. Schenck comes of a remarkable family of bankers and has two brothers who are also bank presidents. One is Frederick B. Schenck, president of the Liberty National



EDWIN SAXTON SCHENCK

PRESIDENT CITIZENS' CENTRAL NATIONAL BANK
OF NEW YORK

Bank, and the other is Henry A. Schenck, president of the Bowery Savings Bank—the largest savings bank in this country.

At the annual meeting of the Citizens' Central National Bank, the retiring directors were all re-elected with the exception of James Stillman, who declined another term. Wm. S. Gray, president of Wm. S. Gray & Co., chemicals, was made a director.



Sound Banking Practice

The settled policy of the Bank of Buffalo is to exercise extreme care and strict adherence to sound banking practice in the conduct of its affairs.

If this method of doing banking business interests you, write us, and we will be glad to explain the basis on which we can handle your Buffalo business.

WE INVITE YOUR ACCOUNT

BANK OF BUFFALO BUFFALO, N. Y.

Capital and Surplus, \$1,000,000

Total Resources Over \$10,000,000

ELLIOTT C. McDOUGAL, Pres't
JOHN L. DANIELS, Cashier
LOUIS C. OLDEN, Asst. Cashier

LAURENCE D. RUMSEY, Vice-Pres't
RALPH CROY, Asst. to the Pres't
CHARLES D. APPLEBY, Asst. Cashier

Guaranty Trust Company, New York.

The annual meeting of the stockholders of the Guaranty Trust Company of New York was held January 17 at the office of the company, 28 Nassau street, and the following directors re-elected to serve for three years: Edmund C. Converse, T. De-Witt Cuyler, James B. Duke, Robert W. Goelet, Edwin Hawley, Alexander J. Hemphill, Augustus D. Juilliard, John R. Morron, William H. Porter, Thomas F. Ryan.

A. J. Hemphill, president of the Guaranty Trust Company of New York, has been elected a director and member of the executive committee of the St. Louis Southwestern, succeeding Howard Gould.

The Guaranty Safe Deposit Co., 514 Fifth avenue, New York City, has been incorporated with the following directors: Edward J. Berwind, Henry P. Davison, Alexander J. Hemphill, Augustus D. Juilliard, Cecil D. Landale, Charles H. Sabin and William D. Sloane, all of New York City. This new company continues the business of the safe deposit department of the Fifth Avenue Branch of the Guaranty Trust Co. of New York.

New Director for Bankers' Trust Co.

Seward Prossor, vice-president of the Astor Trust Co., has been elected a director of the Bankers' Trust Company of New York. All the officers of the Bankers' Trust Company were re-elected for the coming year.

New York Personals.

The main office of the Mutual Alliance Trust Company has been removed from Hanover square to 35 Wall street.

Robert W. Martin, of the firm of William A. Read & Co., delivered an address re-

cently at Dartmouth College on "Tendencies in Finance."

E. V. Gambier, cashier of the Merchants' Exchange National, has been made a vice-president in addition to his former duties. Edward K. Cherrill, assistant cashier, becomes vice-president.

Stephen Baker, president of the Bank of Manhattan, which recently acquired control of the Bank of the Metropolis from the National City Company, has been elected president of the Bank of the Metropolis. C. H. Hackett, who resigned the presidency to make way for Mr. Baker, is now chairman of the board.

Irving National Exchange Bank of New York.

The annual report of the directors of the Irving National Exchange Bank to the stockholders has been issued.

It shows the total assets of the bank on December 31, 1911, were \$31,128,896.17, available as follows:

Available immediately	\$14,913,168.83
Available within 30 days.....	7,748,094.51
Available within four months....	8,836,445.35
Available after four months....	2,631,187.48

The liabilities are enumerated as follows: Capital, \$2,000,000; surplus and profits, \$1,994,178.03; circulation, \$792,400; deposits, \$29,342,017.54.

President Lewis F. Pierson in his report says:

For the year 1911 our net earnings were	\$386,554.55
From which we have deducted premiums and other items	17,014.07
Leaving balance	\$369,540.48
Dividends paid	160,000.00
Credited to undivided profits	\$209,540.48

HASKINS & SELLS**Certified Public Accountants**30 BROAD STREET
NEW YORKLONDON, CHICAGO, ST. LOUIS,
CLEVELAND, PITTSBURGH, BALTIMORE,
SAN FRANCISCO and**JOHN F. FORBES****Certified Public Accountant**

CROCKER BUILDING, SAN FRANCISCO

ANNOUNCE

the consolidation of their professional accounting businesses January 1, 1912, under the firm name of Haskins & Sells. Mr. Forbes will be the resident partner, with offices in the Crocker Building, San Francisco, California.

can Trust Co., and under that name began business in 1904; its title was changed to the Savoy Trust Co. on December 1, 1909. It has a capital of \$500,000 and deposits of over \$1,000,000. Emanuel Gerli has been its president since the start; he is also a director of the Broadway Trust. The capital of the latter has been increased from \$700,000 to \$1,000,000.

Kuhn, Loeb & Co., New York.

Kuhn, Loeb & Co. announce the admission to their firm of a new partner, namely Jerome J. Hanauer. Mr. Hanauer has been with the firm for twenty years; he entered its employ as office boy at the age of sixteen years and rapidly advanced until he became manager of the bond department and later office manager.

R. Ross Appleton.

The career of R. Ross Appleton is interesting as that of a self-made man who has the success that he set out to obtain and has used the power conferred by material prosperity to philanthropic and unselfish

Our guarantee account not included in our active assets is valued at \$10,000.

"For the last four years, as many of our shareholders are aware, your board has faithfully studied the problem of providing adequate quarters for our increasing business, and, after considering a number of propositions finally welcomed and accepted an offer from one of our directors and large stockholders, F. W. Woolworth, which provides for the rental by the bank of ample space in the mammoth fifty-five story Woolworth Building, which is now being erected five blocks from our present location, on the entire Broadway front of the block opposite the Post Office, extending from Barclay street to Park place.

"The building and banking room will not be completed for about one year, but your officers are greatly pleased at the prospect of being able to provide many conveniences and facilities for our patrons not available in our present quarters, and at the same time welcome the opportunity to further develop that close personal relationship we have always desired with our customers, whether their business be large or small.

"The affairs of the bank have been carefully supervised by your directors, whose examining committee has been assisted in its duties by Messrs. Marwick, Mitchell, Peat & Company."

The officers of the Irving National Exchange Bank are as follows:

Lewis E. Pierson, president; James E. Nichols, vice-president; Rollin P. Grant, vice-president; Benjamin F. Werner, vice-president; Harry E. Ward, cashier; David H. G. Penny, assistant cashier; Richard J. Faust, Jr., assistant cashier; J. Franklin Bouker, assistant cashier.

Interests affiliated with the Irving National Exchange Bank have secured control of the Savoy Trust Company and the Broadway Trust Company. The consolidation of these trust companies will go into effect on February 1. The Savoy Trust Company was originally the Italian-Ameri-

**R. ROSS APPLETON.**

BINDERS AND BLANKS

OF UNIFORM EXCELLENCE

FOR ALL DEPARTMENTS OF BANK ACCOUNTING



CHICAGO

BAKER-VAWTER COMPANY

HOLYOKE, MASS.



ends. Mr. Appleton is a banker, whose earlier business experience was along strictly commercial lines. He is now president of the Security Bank of New York City, and is well known in the cause of clean politics and as the man who has done more than any other in Greater New York to prosecute the fight against tuberculosis.

R. Ross Appleton was born at Industry, Bedford County, Pa.

He received his early education in the public schools of Beaver County. Having decided upon a business career, he then took a course at the Pittsburgh Commercial College, Pittsburgh, Pa.

His first employment was as a clerk in a mercantile establishment in New Brighton, Pa. He then moved to Pittsburgh and served for some years in the auditor's office of the Pennsylvania Railroad Company. This led to a better position in the auditing department of the Wheeler & Wilson Sewing Machine Company, and in 1878 he went to Brooklyn, N. Y., for that concern to become its general manager, which position he held with marked success for ten years.

He withdrew from the above-named concern to organize the R. R. Appleton Company, converters of cotton goods, with headquarters in New York City. Through his able management of the affairs of this company it became one of the well-known houses in the dry goods district.

In 1886 Mr. Appleton became a director of the Fourteenth Street Bank, and in 1900 he was elected to his present office of president. On August 15, 1911, the name of the Fourteenth Street Bank was changed to The Security Bank, and on August 21, 1911, the Twelfth Ward Bank and the Nineteenth Ward Bank were merged into The Security Bank. The combined resources of the reorganized institution amount to about \$16,000,000, and Mr. Appleton remains at the head of its affairs as president and a director.

His business activity for many years has been concerned with banking, although retaining the presidency of the R. R. Appleton Company. He is also a director of the Metropolitan Safe Deposit Company and a director of the Northern New Jersey Trust Co.

His activity in the battle against tuberculosis has made his name known throughout the country. He is president of the American Society for the Prevention and Cure of Tuberculosis and was instrumental in having a plank, promising support to the movement, inserted in both the Republican and Democratic platforms in 1908. While working toward this end Mr. Appleton enlisted the sympathy and support of the political Assembly district organizations, and was thereby able to win the great victory involved in the acceptance of the anti-tuberculosis plank.

H. G. Lloyd Enters Morgan's Organization.

Horatio G. Lloyd, who became associated with the banking house of Drexel & Co. of Philadelphia two years ago, has been admitted as a partner in the four Morgan firms, viz.: J. P. Morgan & Co. of New York, Drexel & Co. of Philadelphia, Morgan, Grenfell & Co. of London and Morgan, Harjes & Co. of Paris. Prior to becoming affiliated with Drexel & Co., Mr. Lloyd had been president of the Commercial Trust Co. of Philadelphia. He is credited with having played an important part among the Phila-

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 GEO. E. HOFFMAN, Cashier D. A. PHILLIPS, Assistant Cashier
 L. K. WISE, Assistant Cashier

The Merchants-Laclede National Bank

OF ST. LOUIS

Capital - - - - \$1,700,000.00
 Surplus and Undivided Profits \$1,850,000.00

A COMMERCIAL BANK

Interviews and Correspondence Invited

DIRECTORS

JOSEPH R. BARROLL, Butler Brothers.	ELIAS S. GATCH, President Granby Mining and Smelting Co.	C. W. MANSUR, Secretary John Deere Plow Co.
J. S. BEMIS, Treasurer Bemis Bro. Bag Co.	C. F. GAUSS, Pres. Gauss-Langenberg Hat Co.	JOHN J. O'FALLON, O. H. PECKHAM, President National Candy Co.
G. A. von BRECHT, President The Brecht Co.	CECIL D. GREGG, President Evens-Howard Fire Frick Co.	DAVID RANKEN, C. R. SCUDDER, Vice-President Sam'l Cupples Envelope Co.
CHAS. CLARK, CHAS. A. COX, President Cox and Gordon Packing Co.	PREA. C. D. GREGG Tea & Coffee Co.	A. L. SHAPLEIGH, Treasurer Norvell-Shapleigh Hardware Co.
S. S. DE LANO, Treasurer American Car and Foundry Co.	S. E. HOFFMAN, E. R. HOYT, President Hoyt Metal Co.	J. J. WERTHEIMER, President Wertheimer-Swarts Shoe Co.
D. R. FRANCIS, Francis, Bros. & Co.	W. H. LEE, President.	C. W. WHITELAW, Pres. Polar Wave Ice & Fuel Co.
O. L. GARRISON, Pres. Big Muddy Coal & Iron Co.	B. MCKEEN, Gen. Mgr. Vandalia R. R. Co.	

delphia bankers who succeeded in restoring confidence during the panic of 1907. It is stated also that it was largely through his direction that nine financial institutions of Philadelphia were relieved in 1908 of un-negotiable collateral which had been taken to secure \$2,000,000 of notes of a collapsed Canadian reorganization syndicate.

Hanover National Bank of New York.

At the annual meeting of the stockholders of the Hanover National Bank all the retiring directors were re-elected with the exception of James Stillman, who withdraws at his own request, owing to his continued absence in Europe and retirement from active business. William V. S. Thorne, well-known in financial circles, was added to the board.

Annual Meeting of New York Banks.

But few changes among the officers resulted from the annual meetings of the New York banks, the changes which did occur being mainly in the directorates. It had been reported that Frederick B. Schenck would retire at the current annual meeting from the presidency of the Liberty National Bank, to become chairman of the board, and that Seward Presser, vice-

president of the Astor Trust Co., would succeed to the presidency of the Liberty. While these rumored changes were not made, it is stated that they will be effected in the near future. There were, however, a number of additions to the board of the Liberty, the new directors being Albert H. Wiggin, president of the Chase National Bank; Otis H. Cutler, president of the American Brake Shoe & Foundry Co.; Newcomb Carlton, vice-president of the Western Union Telegraph Co.; Samuel L. Fuller, of Kissel, Kinnicutt & Co.; Edward E. Loomis, vice-president of the Delaware, Lackawanna & Western Railroad; Daniel E. Pomeroy, vice-president of the Bankers' Trust Co.; Seward Prosser and Charles H. Sabin, vice-president of the Guaranty Trust Co.

James Stillman, in accordance with his intention to curtail his activities, has withdrawn as a director from the Hanover National Bank, the Citizens Central National Bank and the Lincoln National Bank. New directors were elected by the stockholders of these institutions, viz.: In the Hanover, William V. S. Thorne; in the Citizens Central, William S. Gray; and in the Lincoln National, Charles Elliot Warren, vice-president.

In the First National Bank H. C. Fahnestock declined re-election as vice-president; Charles D. Norton, who became a vice-

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LESLIE'S

Illustrated Weekly

Circulation over 350,000 Copies an Issue

Capital - \$2,500,000.00

**FIRST
NATIONAL
BANK**

Deposits, \$29,000,000.00

CLEVELAND, OHIO

Surplus and Profits - \$1,490,000.00

ACCOUNTS SOLICITED

Correspondence Invited

Collections a Specialty

president of the institution last year, was elected a director.

Edward V. Gambier, cashier of the Merchants' Exchange National Bank, was elected to the additional office of vice-president, and Edward K. Cherrill, heretofore an assistant cashier, was also made a vice-president. Mr. Cherrill and George A. Graham are newly elected directors of the bank.

Irving M. Shaw resigned as president of the Chelsea Exchange Bank, and A. E. Stilger, heretofore vice-president and cashier, was elected to the presidency. J. N. Willys, president of the Willys-Overland Automobile Co., who is understood to have recently secured a substantial interest in the bank, has succeeded Mr. Stilger as vice-president. William B. Krug and George Spurgeon have resigned from the directorate of the institution, and Joseph S. House, cashier of the Mechanics & Metals National Bank, was elected a director. Former President Shaw continues as a member of the board.

George E. Hoyer, formerly assistant cashier of the East River National Bank, has been appointed cashier, succeeding Zenas E. Newell. Leander H. Thorn has been elected a director of the institution to fill the vacancy due to the death of David Banks.

John G. Shedd, president of Marshall Field & Co. of Chicago, has been elected to the directorate of the National Bank of Commerce. His election to the board fills the vacancy occasioned by the death of ex-Senator John F. Dryden.

his father Adrian Iselin, Jr., resigned; the latter to fill a vacancy.

**Chatham and Phenix National Banks of
New York.**

At the close of business December 5, 1911, the Chatham and Phenix National Bank of New York reported loans and discounts of \$14,665,846; U. S. bonds, \$951,000; other



LOUIS G. KAUFMAN

**PRESIDENT CHATHAM AND PHENIX NATIONAL
BANK OF NEW YORK**

Union Trust Company of New York.

At the annual election of trustees of the Union Trust Company of New York the following individuals were elected to serve for three years in the class of 1915; Amory S. Carhart, Walter P. Bliss, Amos F. Eno, James Gore King, M. Orme Wilson, Ernest Iselin and Richard Delafield.

The new members are Mr. Iselin and Mr. Delafield, president of the National Park Bank. The former was elected to succeed

The Union National Bank

CAPITAL \$1,600,000 **Cleveland, O.** SURPLUS \$900,000

GEO. H. WORTHINGTON, President

E. R. FANCHER, Vice-President

G. A. COULTON, Cashier

W. C. SAUNDERS, Asst. Cashier

W. E. WARD, Asst. Cashier

E. E. CRESWELL, Asst. Cashier

Organized in 1884. More than twenty-five years of service back of us. May we be of use to you?

stocks and bonds, \$891,569; banking house, \$180,000; cash and exchange, \$7,313,263; total resources, \$24,001,680. The bank is

tional Bank, to which he brings his large experience and wide acquaintance.

The minute details of the banking business are familiar to Mr. Higgins, as he entered into the service of the Citizens' National Bank of Louisville, Ky., when but thirteen years of age, and spent two years there before his connection with Harvey Fisk & Sons, and for years after his initial position with the latter firm, spent much of his time visiting bankers who relied upon his judgment and advice as to their investments. He is a native of Kentucky, and is forty-two years of age. Besides being a



RICHARD H. HIGGINS
VICE-PRESIDENT CHATHAM AND PHENIX
NATIONAL BANK OF NEW YORK

capitalized for \$2,250,000, has a surplus and undivided profits fund of \$1,232,035, a circulation of \$788,397, and deposits of \$19,731,228.

At the annual meeting of the board of directors Richard H. Higgins was elected active vice-president of the bank. Mr. Higgins is well known throughout the country, having been connected with Harvey Fisk & Sons since 1893, and a partner in the firm since 1900. He resigned on January 1 of this year, to take an active part in the up-building of the Chatham and Phenix Na-



BERT L. HASKINS.
CASHIER CHATHAM AND PHENIX NATIONAL
BANK OF NEW YORK

**THE
GARFIELD
NATIONAL BANK**

Fifth Avenue Building
Corner Fifth Ave. and Twenty-Third Street
NEW YORK

CAPITAL	SURPLUS
\$1,000,000	\$1,000,000

OFFICERS

RUEL W. POOR, President
JAMES McCUTCHEON, Vice-Pres.
WILLIAM L. DOUGLASS, Cashier
ARTHUR W. SNOW, Asst. Cash.

DIRECTORS

James McCutcheon	Samuel Adams
Charles T. Willis	William H. Gelschen
Ruel W. Poor	Morgan J. O'Brien
	Thomas D. Adams

director of the Chatham and Phenix National Bank, he is a director of the First National Bank of Scranton, Pa., and the Mississippi Central Railroad Co.

Louis G. Kaufman became president of the Chatham National Bank in August, 1910, before its consolidation with the Phenix National Bank, which took place February 23, 1911. He has been engaged in banking work since a mere boy and resigned the presidency of the First National Bank of Marquette, Mich., to become a president of the Chatham National Bank of New York. Under his guidance the consolidated bank has grown remarkably fast.

Bert L. Haskins, the energetic cashier of the Chatham and Phenix, has a banking experience that dates back to 1888, when he was connected with the Abilene National Bank of Abilene, Kansas. He served with the old Continental Bank of St. Louis for fourteen years and was made manager of the credit department of the National Bank of Commerce, which absorbed the Continental Bank. Mr. Haskins came to New York in 1906, as cashier of the Phenix National Bank, where he remained until the merger with the Chatham National Bank.

Luncheon for Col. Fries.

Lawrence L. Gillespie of the firm of J. S. Bache & Co. and former president of the Equitable Trust Company of New York, gave a luncheon at the Whitehall Club on January 15, in honor of Col. F. H. Fries, president of the Trust Company Section, American Bankers' Association.

The guests were John Jacob Astor, Phil-

ip S. Babcock, Jules S. Bache, Le Roy W. Baldwin, Howard Bayne, Harry Bronner, Lewis L. Clarke, James B. Clews, F. Cunliffe-Owen, R. W. Cutler, Newman Erb, Frederick E. Farnsworth, Oliver C. Fuller, F. H. Goff, Charles Hayden, Alexander J. Hemphill, Charles F. Hoffman, Richard M. Hurd, Louis G. Kaufman, Charles H. Keep, Willard V. King, Edwin G. Merrill, John W. Platten, Uzal H. McCarter, William C. Poillon, James Quinlan, Charles H. Sabin, H. A. Scheftel, R. A. C. Smith, Benjamin Strong, Jr., George C. Van Tyl, Jr., Charles Elliott Warren, Albert H. Wiggins, Clark Williams, F. S. Witherbee, George T. Wilson and William Woodward. Addresses were made by Mr. Fries, F. H. Goff, president of a trust company in Cleveland and Superintendent of Banks, and George C. Van Tyl, Jr.

William C. Poillon, vice-president of the Bankers' Trust Company, presented Mr. Gillespie on behalf of the Trust Company Section with a loving cup in appreciation of his efforts for trust companies.

New York Trust Company.

Reproduced herewith is the new year statement of the New York Trust Company, which maintains a strictly banking department, a trust department and a department for handling transfers and coupons:

JANUARY 1, 1912.

Resources.	
Cash in office and banks	\$10,557,401.28
Loans on collateral	22,701,106.61
Bills purchased	5,461,403.45
Stocks and bonds, market value	14,095,438.85
Bonds and mortgages	1,506,175.00
Real estate	27,015.82
Exchanges for clearing house ..	1,777,945.57
Interest receivable	398,541.61
	\$56,525,028.19
Liabilities.	
Capital stock	\$3,000,000.00
*Surplus and undivided profits	11,591,989.95
(After deducting accrued taxes, expenses and dividend.)	
Deposits	41,031,598.10
Checks outstanding	775,080.05
Reserved for taxes	84,000.00
Interest payable	42,360.09
	\$56,525,028.19

*January 1, 1911, \$11,109,492.04.

ATLANTIC NATIONAL BANK

Providence, R. I.

Send Us Your Rhode Island Collections



EDWARD EARL, PRESIDENT OF THE NATIONAL NASSAU BANK OF NEW YORK, AT HIS DESK, ON THE ANNIVERSARY OF HIS TWENTY-FIFTH YEAR OF SERVICE WITH THE NASSAU BANK, WHICH HAS BEEN NATIONALIZED UNDER HIS PRESIDENCY

Bankers' Trust Company, New York.

The December 31, 1911, statement of the Bankers' Trust Company of New York re-

Willard Vinton King.

The career of Willard V. King, president of the Columbia Trust Company of New York, stands out as an example of the success that may be achieved by a man who is fired by a worthy ambition. He started in business as a bank messenger, and may therefore be regarded, in every sense of the word, as self made. Mr. King, in addition to his other activities, devotes time to educational and charitable affairs. He is a trustee of his *alma mater*, Columbia University, and actively interested in the Archaeological Institute, the American School in Rome, the N. Y. Association for the Blind, and other public matters.

Willard Vinton King was born on November 3, 1868, in the borough (then the city) of Brooklyn, N. Y.

His early education was received in the Friends' Seminary, of New York City. He later entered Columbia University, and graduated with honors in 1889 with the degree of A. B.

He started out to work as a messenger in the Produce Exchange Bank, and remained with this institution for six months. He then went with the Continental Trust Company, once more in the capacity of messenger.

His connection with the Continental Trust



NEW BANKERS' TRUST COMPANY BUILDING

flects a healthy increase of business. It is reproduced herewith in full:

Resources.

Bonds and mortgages	\$2,750,000.00
Bonds and stocks	38,214,016.38
Time loans and bills purchased	59,315,076.32
Demand loans	17,901,853.26
Cash on hand and in banks....	33,502,979.82
Exchanges for clearing-house..	1,874,725.79
Real estate	2,935,522.72
Accrued interest receivable	621,306.10

\$157,115,480.39

Liabilities.

Capital	\$5,000,000.00
Surplus	10,000,000.00
Undivided profits	3,211,621.86
Unpaid dividend	1,488.00
Deposits	136,396,884.57
Certified and other outstanding checks	1,745,894.17
Accrued interest payable	683,080.07
Reserved for taxes	76,511.72

\$157,115,480.39

The new Bankers' Trust Company building will be ready for occupancy April 15.

ASSETS REALIZATION COMPANY

CAPITAL, - \$10,000,000

Will loan on security requiring special investigation or close supervision, and not available for bank loans. Large enterprises financed. Prompt investigation of security offered, whatever its character or location.

CORRESPONDENCE INVITED

NEW YORK
25 Broad Street

PHILADELPHIA
Lafayette Building

CHICAGO
First National Bank Building

If—

the space your bank uses for its advertisements in any publication costs you a fixed sum—why not be willing to expend a fixed sum for the material you put into that space


It isn't the space but what is in it that brings results.

We bring the "fixed sum" down to the minimum for you—to a lower cost than you can obtain elsewhere—material that creates influence, customers, business.

Balance the cost of the space you have bought with traceable results—then write us for our plans.

Many banks are making profitable use of our service

BANKERS PUBLICITY CO., 22 PINE ST., N. Y.



**THE
PEOPLES
BANK
OF
BUFFALO,
N. Y.**

IF intelligent handling of items and low rates appeal to you send us your BUFFALO BUSINESS

Capital - - -	\$300,000.00
Surplus and Profits - -	390,000.00
Deposits - - -	5,800,000.00

A. D. BISSELL, President
C. E. HUNTLEY, Vice-President
E. J. NEWELL, Cashier
HOWARD BISSELL, Asst. Cashier
C. G. FEIL, Asst. Cashier

Company covers the greater part of his active career. He worked his way up through all departments, gained a thorough and practical grasp of banking and trust problems, especially those relating to the management of estates and corporate trusteeships, and was finally elected vice-president. In 1904, the Continental Trust Com-



WILLARD VINTON KING

pany and the New York Security and Trust Company were merged into the New York Trust Company, and he was chosen vice-president.

In 1908 he resigned from the above-named office, to accept his present position of president of the Columbia Trust Company. His administration of the affairs of this concern has been a notable success.

While avoiding the policy of accepting a number of directorates, he is a director of the Brunswick Terminal and Railway Company, and the City Land Improvement Company; and is a trustee of Columbia University. He was chairman of the Committee on Commercial Education of the Chamber of Commerce, whose recent report inaugurated a system of teaching commercially important subjects, especially the Spanish language, in a thorough way under the supervision of the Chamber.

Mr. King was appointed by Governor Hughes of New York, on the committee that investigated conditions in Wall street, and proved to be one of its most aggressive members.

Kings County Trust Co., Brooklyn.

At the annual meeting of the Kings County Trust Co. of Brooklyn, W. J. Wason, Jr., was elected fourth vice-president of the company, a well-deserved promotion. Mr. Wason is a native of Port Jefferson, L. I., and entered the company as a bookkeeper in 1895. He advanced through the various positions of receiving teller and paying teller and became assistant secretary, which position he held until his recent promotion. At the same meeting Howard W. Joost was appointed assistant secretary.

Fifth Annual Report of The National City Bank of Chicago.

David R. Forgan, president of the National City Bank of Chicago, in submitting the fifth annual report of his institution, on behalf of the board of directors, calls attention to the following comparative statement of condition which indicates a year of great progress:

**THE BANKERS
DIRECTORY**

"THE RED BOOK"

**In its twenty-eighth year and
BETTER THAN EVER**

Capital - \$6,000,000

Surplus - \$6,000,000



Depository of the United States, State and City of New York

The Mechanics and Metals National Bank

OF THE CITY OF NEW YORK

GATES W. MCGARRAH, President.
ALEXANDER E. ORR, Vice-President
NICHOLAS F. PALMER, Vice-President
FREDERIC W. ALLEN, Vice-President
FRANK O. ROE, Vice-President

WALTER F. ALBERTSEN, Vice-Pres.
JOSEPH S. HOUSE, Cashier.
ROBERT U. GRAFF, Asst. Cashier.
JOHN ROBINSON, Asst. Cashier.
CHARLES E. MILLER, Asst. Cashier.

Comparative Statement.

	Dec. 31, 1910.	Dec. 30, 1911.
Loans and Discounts	\$13,587,154.80	\$17,590,812.73
U. S. Bonds to secure circulation.....	800,000.00	800,000.00
Other bonds	2,215,283.49	1,878,946.08
Cash and due from banks	9,106,420.20	10,618,300.16
	<u>\$25,708,858.49</u>	<u>\$30,888,058.97</u>
Capital stock	\$1,500,000.00	\$2,000,000.00
Surplus	300,000.00	400,000.00
Undivided profits	105,577.90	117,509.57
Dividends unpaid	23,052.00	30,325.50
Circulation outstanding	796,800.00	800,000.00
Reserve for taxes	17,500.00	16,000.00
Deposits	22,965,928.59	27,524,223.90
	<u>\$25,708,858.49</u>	<u>\$30,888,058.97</u>

Statement of Profits.

January 1, 1911, balance brought forward.....		\$105,577.90
Net profits for the year 1911, after providing for all known or anticipated losses..		224,431.67
		<u>\$330,009.57</u>
Carried to Surplus Account.....	\$100,000.00	
Dividends paid, six per cent.....	112,500.00	212,500.00
		<u>\$117,509.57</u>
Balance forward		\$117,509.57

"This bank was organized February 5, 1907—almost five years ago—and we believe the time is appropriate for a general review of the period.

I. GROWTH OF BUSINESS.

"This is best reflected in the deposits. The following figures indicate a steady growth:

Total deposits.	
February 5, 1907 (opening day) ..	\$2,198,337.25
December 31, 1907	6,201,815.87
December 31, 1908	12,344,125.88
December 31, 1909	15,243,602.94
December 31, 1910	22,965,928.59
December 31, 1911	27,524,223.90

II. PROFITS.

"Net profits earned to date—\$817,509.57. This is an average annual return on the

capital of 10.55 per cent. These profits have been disposed of as follows:

Dividends paid at 6% (beginning April 1, 1908).....	\$360,000.00
Added to Surplus Account	100,000.00
At credit of undivided profits, December 31, 1911	117,509.57
Profits re-invested in purchase of the deposits and good will of the Hamilton National Bank	240,000.00
	<u>\$817,509.57</u>
Total as above	817,509.57

"Two offices have been furnished during the period, and the cost of the furniture and fixtures has been charged off.

III. LOSSES.

"Our policy has been to avoid large loans, and no heavy single loss has occurred dur-



DIAMOND NATIONAL BANK

PITTSBURGH. PA.

Bankers should seek
STRENGTH
when selecting a
Reserve Agent
or
Correspondent

OFFICERS
WILLIAM PRICE, President
D. C. WILLS, Cashier **W. O. PHILLIPS, Asst. Cashier**
Capital - - \$600,000.00
Surplus and Undivided Profits 1,620,330.92

Accounts of Banks,
Bankers, Corporations,
Firms and Individuals
cordially invited.
WRITE

ing the period. We have, however, encountered the ordinary losses incident to the business. The total of these for the five years is \$105,566.26, which is one-fifth of one per cent. per annum on the average loans carried during that period.

IV. BOND DEPARTMENT.

"A bond department has been satisfactorily established, and is a most important branch of our business. The bonds carried by the department usually amount to about \$2,000,000, and are always valued on a conservative basis."

Chicago Banks Hold Annual Meetings.

The national banks of Chicago held their annual meetings on Tuesday, January 9. There were few changes in the directorates of the banks, one of the most notable being the retiring of George F. Baker, of New York, from the First National Bank of Chicago.

CONTINENTAL & COMMERCIAL.

There were some changes in officers, most of which had been slated and consequently caused little surprise. William G. Schroeder, who was formerly cashier of the Old Continental National Bank, and during the last year had been secretary of the Continental and Commercial National Bank, is given the

title of vice-president, while George B. Caldwell, manager of the bond department of the Continental and Commercial Trust and Savings Bank, has been made a vice-president of that institution. The only change in the directors of the Continental and Commercial National was the election of William H. R. Ream to succeed John F. Harris, of New York.

FIRST NATIONAL BANK.

At the annual meeting of the stockholders of the First National Bank George F. Baker, who is gradually relinquishing business connections, resigned, and Marvin Hughitt was elected in his place. At the meeting of the directors following, the official staff was re-elected with these changes and additions: C. N. Gillett, who has held the title of cashier in addition to that of vice-president, gives up the former position, continuing as vice-president; H. A. Howland, formerly assistant cashier, was elected cashier; W. J. Lawlor, R. F. Newhall, and George H. Dunscomb were elected assistant cashiers; C. R. McKay becomes an official of the bank as manager of the transit and general books department, and J. W. Lynch as manager of the credit and statistical department. Orville Peckham, who has been attorney for the bank for many years, recently met with a serious accident and, though recovering, decided to retire. He is succeeded by Edward Eagle Brown as attorney. John Nash Ott becomes assistant attorney.

All officers of the First Trust and Savings were re-elected.

NATIONAL BANK OF THE REPUBLIC.

The stockholders of the National Bank of the Republic added Ira M. Cobe and Samuel C. Scotten to the board. Edw. F. Swift, Averill Tilden and L. B. Patterson were added to the board of the Dearborn National Bank. G. M. Wilson, vice-president of the Union Trust Company, who has been connected with that bank for forty-three years, retired.

Advertisers in THE BANKERS MAGAZINE are assured of a bona fide circulation among Banks, Bankers, Capitalists and others in this and foreign countries, at least double that of any other monthly banking publication



From Bank Clerk to Cashier

EDGAR G. ALCORN
Author
of Course

Is only a step, but are you prepared to take this step? The position above you will some day be vacant—perhaps tomorrow. Are you competent to fill it? Or will it go to some one else? Efficiency, not influence, will secure your promotion and higher salary. **OUR HOME STUDY COURSE IN BANKING** will prepare you for the cashiership and more responsible positions in the bank. The bank clerk who takes our Course will secure more knowledge and variety of experience in four months than some clerks acquire in years. The entire Course was prepared by an expert on the theory and practice of banking. It is endorsed by leading bankers. **SEND FOR CATALOG TODAY.**

AMERICAN SCHOOL OF BANKING, 130 McLene Building, COLUMBUS, OHIO

ILLINOIS TRUST & SAVINGS BANK.

The directors of the Illinois Trust and Savings Bank held their annual meeting and re-elected the following officers: President, John J. Mitchell; vice-president, Frederick T. Haskell; vice-president, Chauncey Keep; vice-president, Henry A. Blair; cashier, B. M. Chattell; secretary, William H. Hinkle. The same list of assistant cashiers and secretaries was also chosen. Net profits for the year were \$1,453,354, equal to 29.06 per cent. on the bank's \$5,000,000 capital. There was transferred \$1,000,000 in undivided profits to the surplus account, making the total surplus \$9,000,000, against the share capital of \$5,000,000. The bank paid 20 per cent. in dividends during the year, and nothing was charged to profit and loss.

STANDARD TRUST AND SAVINGS.

At the annual meeting of the stockholders of the Standard Trust and Savings Bank, the former directors were re-elected and at a meeting of the directors held later the former officers were re-elected.

STATE BANK OF CHICAGO.

The State Bank of Chicago directors at a meeting of the board voted to transfer \$500,000 from undivided earnings to surplus account, thus raising the surplus of the bank to \$2,000,000. The capital of the bank is \$1,500,000 and the deposits \$25,000,000.

COLONIAL TRUST AND SAVINGS.

The Colonial Trust and Savings Bank shareholders elected W. R. Morehouse and J. M. Hopkins to the board of directors, and S. B. Thomas dropped out. The retiring officers were re-elected.

NORTHERN TRUST COMPANY.

The Northern Trust Company stockholders re-elected the directors whose terms had expired and also the officers. The directors re-elected were: A. C. Bartlett, William A. Fuller, Ernest A. Hamill, Marvin Hughitt, Charles L. Hutchinson, Martin A. Ryerson, Albert A. Sprague, Solomon A. Smith and Byron L. Smith.

WESTERN TRUST COMPANY.

In addition to the retention of former President Otis of the Western Trust Co. as

a vice-president of the Central Trust Co., the following officers of the Western Trust Co. have been assigned to similar positions with the Central Trust Co.; Walter H. Wilson, vice-president; William C. Cook, vice-president; Addison Corneau, assistant cashier; Louis Schroeder, manager of bond department; J. H. Musson, manager of foreign exchange department, and W. G. Walling, one of the managers of the trust department.

MERCHANTS LOAN & TRUST CO.

At the annual meeting of the Merchants' Loan & Trust Co., five new members were added to its board of trustees through the election of Frank H. Armstrong, Henry P. Crowell, Seymour Morris, John G. Shedd and Albert A. Sprague, 2d. At the same meeting the directors voted a transfer of \$1,000,000 from undivided profits to the surplus account, bringing that account up to \$6,000,000, or twice that of its capital.

ESTABLISHED 1865

National Bank of Virginia

RICHMOND, VA.

Capital \$1,200,000.00
Surplus 600,000.00

Deposits OVER FIVE MILLION DOLLARS

WM. M. HABLSTON, President
JOHN SKELTON WILLIAMS, Vice-Pres.
WILLIAM T. REED, Vice-Pres.
W. MEADE ADDISON, Cashier
O. S. MORTON, Asst. Cashier
JOHN TYLER, Asst. Cashier
W. H. SLAUGHTER, Asst. Cashier
JAMES M. BALL, Asst. Cashier

Accounts of Banks, Bankers, Corporations,
Firms and Individuals solicited on favorable
terms. Correspondence invited.

**LARGEST CAPITAL
of Any Bank in Virginia**



BANKS contemplating improvements should consult us immediately, thereby avoiding errors in planning.

We plan, design and build banks complete, including interior work, decorations and equipment

Write for suggestions, giving us an idea of what you have in mind.

Bankers Building Bureau

Bureau of factories manufacturing every material necessary to complete a modern equipped bank building sold direct to banks, planned and built complete, using highest grade of materials at a conservatively economical price.

31-33 East 27th Street ... New York

Harris Trust and Savings Bank.

The Harris Trust and Savings Bank enjoyed a prosperous year in 1911, earning 53.56 per cent. net on its \$1,500,000 capital stock. The volume of its bond sales for the year surpassed all previous records and the growth of business in its banking and trust departments caused a considerable expansion of profits. In the previous year the bank earned approximately forty per cent. on a capital of \$1,250,000. On its combined capital and surplus, amounting to \$3,000,000, the earnings of the Harris Trust and Savings Bank in 1911 were equivalent to 26.78 per cent.

Union Trust of Detroit Doubles Capital.

In order to meet the requirements of the New York Stock Exchange that companies which act as trustee for securities listed on that Exchange must have a capital of not less than \$1,000,000, the Union Trust Co. of this city has increased its capital stock from \$500,000 to \$1,000,000. The stock of the company is now quoted at 168, and the new shares were offered to stockholders at par. The company has recently been expanding its business rapidly and desires to place itself in a position to act as trustee for securities listed in New York.

First National Bank of Detroit.

George E. Lawson, for some time one of the vice-presidents of the People's State Bank of Detroit, Mich., has been elected a vice-president of the First National Bank, to supply the vacancy made through the election of Emory W. Clark to the presidency.

Pittsburgh Bank Elections.

Annual meetings of all the national banks any many state banks have been held with very few changes as the net result. The most important action was that taken by the First National of Allegheny, the election of four new members to the board being incident to the purchase by the bank's directors of all the stock of the bank formerly owned by the First National of Pittsburgh, any connection as to stock ownership between the two institutions being severed by the transfer. The purchase and sale of the stock was an amicable one and the following well-known Pittsburghers were elected to fill vacancies caused by the purchase: W. D. Henry, president of the National Fireproofing Company; William M. Seufe, vice-president of the Airtight Steel Tank Company; G. A. Herman, treasurer of the H. R. Walter Lumber Company, and J. Bruce Orr, attorney.

Capital, \$1,000,000.00 Earned Surplus, \$1,000,000.00

JOHN B. PURCELL **JOHN M. MILLER, JR.**
 President Vice-Pres. and Cashier

FREDERICK E. NÖLTING, 2nd Vice-President

CHAS. R. BURNETT Assistant
J. C. JOPLIN Cashiers
W. P. SHELTON
ALEX. F. RYLAND

BILL OF LADING DRAFTS ON RICHMOND A SPECIALTY

Strong in resources, conservative in management, progressive in policy

FIRST NATIONAL BANK OF RICHMOND, VIRGINIA

New directors in other banks of the city are: Columbia National, J. H. Hammond; Commercial National, A. C. Robinson; Diamond National, James L. Stuart; Exchange National, Frank M. Wallace; First National, Frank B. Nimick and L. M. Plumer; Liberty National, J. P. Saunders; Mellon National, Arthur V. Davis; Third National, Reuben Miller, H. W. Neely, E. L. Messler and A. R. Hamilton; Central Trust Company, H. G. Hetzel; East End Savings and Trust, J. J. O'Connor, Jr., and J. H. Bialas; Liberty Savings Bank, J. F. Saunders; Bank of Pittsburgh, N. A., J. R. McGinley.

Only one change was made in the directorship of any of the McKeesport banks, and only two changes in any of the banks of the boroughs. The change in the McKeesport bank was in the First National of that place, J. B. Van Wagner being chosen a director. The borough changes are First National of Etna, C. J. M. Stoll and in the First National of Oakmont, E. F. Rumberger.

Two notable financial institutions of Pittsburgh have made large additions to their surplus accounts beside declaring regular quarterly dividends. The board of directors of the Union Trust Company added \$1,500,000 to surplus, making that account now \$29,000,000 and the total capital and surplus account \$30,500,000, the surplus being nearly twenty-nine times the capital, a statistical position approximated by very few institutions of the country. The regular quarterly dividend of twenty-five per cent. was declared as well. This declaration comes on the heels of an extra Christmas dividend of six per cent.

The Union Savings Bank was the other institution which made an addition to surplus. The directors added \$50,000 to the account, making the surplus now \$1,750,000. The board also declared the usual quarterly dividend of six per cent.

Many Changes in Philadelphia Banks.

Though there was not a single contest in the thirty odd annual bank elections held in Philadelphia, many changes took place. A new president and director was chosen by

the Ninth National, Ira W. Barnes, formerly of the Union National, Mahanoy City, succeeding John E. Mitchell, but in other instances the alterations in personnel of management were of minor import.

The Southwark National increased its directorate by one member, electing George Anderson. Elmer E. Lindemuth was chosen a director of the Western National to succeed Henry Clay, deceased. The Sixth National elected three new members as follows: Harrison C. Rea, E. Stockton Woodward and Norman C. Ives.

The Fourth Street National list showed the re-election of the old board. Roland L. Taylor, who recently resigned the presidency of the Philadelphia Trust Company, and who was a director of the Fourth Street National, did not appear in the list. He retired at his own request. At the Franklin National, Edgar C. Felton, president of the Pennsylvania Steel Company and Robert C. Drayton, of the Penn Mutual Life, were added to the directorate. J. C. Frankland was made an assistant cashier of the Franklin. A. A. Jackson, second vice-president of the Girard Trust Company, was chosen a director of the Central National. Stockholders of the National Bank of Germantown elected Howard Smith to succeed Thos. B. Homer, deceased, and E. Eldridge Pennock succeeded Wm. Rotch Wister, deceased. Horatio G. Lloyd was elected a member of the Girard National Board.

At the First Mortgage Guarantee & Trust Company, of which former Secretary of the Treasury, Leslie M. Shaw, is president, a profit sharing plan was voted upon. It will be participated in by officers and clerks of the institution.

Bank Day in Boston.

January 9 was "bank day" in Boston, as all but one of the twenty-three national banks held their annual meetings for election of directors.

During the past two years there has been no change in the number of national banks, compared with a net loss of one in 1909.

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Bankers Linen and Bankers Linen Bond

Made in Flat Papers, Typewriter Papers and Envelopes

They are fully appreciated by the discriminating banker desiring high grade, serviceable paper for correspondence and typewriter purposes

SOLE AGENTS

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34 Beekman Street, New York

The only dividend change during the year was the initial declaration of two per cent. by the Mutual. There was no change in bank capital.

In the past fourteen years the number of national banks in Boston has been reduced from fifty-seven to twenty-three as the result of consolidations, liquidations and failures. In 1898 on a capital of \$49,650,000 the average dividend paid by the fifty-seven national banks in Boston was 2.3 per cent. Today the average dividend paid on a capital of \$23,800,000 is 8.9 per cent. There has accordingly been a decrease in fourteen years of \$25,850,000 in capital, or over fifty per cent., while the amount paid in dividends has increased \$976,050, or eighty-five per cent.

Norwood P. Hallowell of the National Bank of Commerce has the distinction of being the eldest national bank president in Boston, being seventy-four years old in February, while Henry S. Grew of the National Union Bank is the youngest, aged thirty-six years.

Atlantic—William Read, William G. Peck, H. K. Mallett, O. M. Wentworth, Isaac W. Chick, Edgar L. Rhodes, Arthur W. Haines, Increase E. Noyes, Charles H. Adams, Charles H. Breck, Walter H. Roberts, William G. Shillaber and William B. Denison.

Vacancy in board caused by death of George F. Putnam was not filled.

Boylston—Harry W. Cumner, Henry A. Belcher, Edward C. Mills, Edward A. Church, Paul E. Fitzpatrick, J. Nelson Parker, Marcell N. Smith, Edwin B. Holmes, Charles C. Hoyt, Arthur F. Luke and Charles W. Bailey.

Paul E. Fitzpatrick succeeds James A. Houston.

Commercial—Ivers W. Adams, Charles F. Cutler, Edward Hobart, Benjamin N. Johnson, Benjamin B. Perkins, Arthur W. Pope, Edmund Reardon, Nathaniel J. Rust, John Shepard, Arthur H. Soden, Gilmer Clapp and Hobart Ames.

Eliot—J. H. White, D. N. Skillings, James H. Proctor, L. S. Tuckerman, Henry B. Sprague, H. L. Burrage, Edwin Hale Ab-

bot, Edwin F. Atkins, F. Lothrop Ames, F. W. Estabrook, Charles F. Ayer, Garrard Comly.

Fourth—Edwin Chapman, W. H. Conant, A. W. Newell, Ruben Ring, Charles H. Farnsworth, James S. Murphy, Charles H. Moulton, Edward F. Woods, A. N. Parlin, Moses N. Arnold, A. S. Eustis, J. P. Lyman, Thomas Cunningham, Geoffrey B. Leahy, Robert W. Williamson, J. C. F. Slayton, George S. Wright and Frank L. Ripley.

First—John Carr, William H. Hill, George A. Draper, Daniel G. Wing, J. W. Weeks, E. E. Blodgett, Calvin Austin, Sidney W. Winslow, G. W. Brown, Wallace F. Robinson, R. W. Boyden, Charles A. Morss, R. J. Edwards, Charles S. Mellen, Robert F. Herrick, James H. Hustis, John W. Hallowell, John R. Macomber, Charles F. Brooker, Andrew W. Preston, C. G. Rice, George R. White, Charles A. Stone, Frederic C. McDuffie, William Skinner, James J. Storror, Wilnot R. Evans and Herbert W. Mason.

C. G. Rice fills the vacancy caused by the death of his father, N. W. Rice. Further additions to the board are James H. Hustis, vice-president of the New York Central, in charge of Boston & Albany; John W. Hallowell, of Stone & Webster and John R. Macomber of N. W. Harris & Co.

First Ward—Samuel N. Mayo, George W. Moses, Alfred E. Cox, William McKie, Fred McQuosten and John E. Lynch.

Merchants—T. Jefferson Coolidge, Howard Stockton, E. V. R. Thayer, Francis L. Higginson, Charles W. Amory, Arthur B. Silsbee, George P. Gardner, Timothy E. Byrnes and George Wigglesworth, C. Minot Weld, J. L. Richards and Henry Parkman.

The additions were C. Minot Weld, J. L. Richards and Henry Parkman. Eugene V. R. Thayer was elected president, succeeding Arthur B. Silsbee.

Mutual—C. H. W. Foster, Edmund D. Codnan, Walter S. Crane, Alexander H. Ladd, George W. Cobb and George U. Crocker.

National Bank of Commerce—W. R. Driver, William J. Ladd, N. P. Hallowell,

144 LEAD PENCILS with your Ad. STAMPED IN GOLD

Hexagon shape, with Rubber Tip, \$4.50; without, \$3.00

Also 10,000 other "Ad." Novelties. Send for Catalogue.

E. W. FRENCH CO.
NEW YORK

N. Penrose Hallowell, William Endicott, Jr., Samuel Carr, Thomas N. Perkins, Philip Stockton and Edwin S. Webster.

National Market of Brighton—F. G. Newhall, G. A. Fuller, M. A. Hall, Stephen Moore, H. W. Baxter, Jr., George E. Brock, H. E. Bothfeld and G. A. Marsh.

National Rockland—Edwin U. Curtis, Frank Ferdinand, Henry A. Ruter, Charles Gaston Smith, Henry P. Nawn, William A. Gaston, Frederic W. Rugg, R. Elmer Townsend, W. L. Ratcliffe and A. L. Brown.

Mr. Brown, who is cashier, succeeds John F. Newton, who has retired owing to ill-health, after continuous service of 34 years.

National Security—C. R. Batt, Frank M. Ferrin, J. N. Damon, Albert E. Gladwin and George E. Glover.

National Shawmut—Oliver Ames, Timothy E. Byrnes, M. P. Clough, Harold J. Coolidge, Jacob F. Brown, Francis A. Foster, William A. Gaston, Edwin F. Greene, Henry I. Higginson, Henry S. Howe, Frederick S. Moseley, Joseph B. Russell, Francis B. Sears, William S. Spaulding, James B. Stearns, Frank G. Webster, Jeremiah Williams, Moses Williams, Robert Winsor, Alfred S. Woodworth, Charles F. Choate, Jr., Frank B. Bemis, Charles K. Cobb, Charles A. Locke, Harold Murdock, C. Minot Weld, Charles Hayden, Charles A. Vialle, Eliot Wadsworth, Albert Stone, William H. Wellington, Eben S. Draper, Robert Homans, Ronald T. Lyman, Chas. D. Sias and Horatio Newhall.

Four new names were added to the board: Robert Homans, lawyer; Ronald T. Lyman, mill treasurer; Chas. D. Sias, of Chase & Sanborn, and Horatio Newhall. Geo. W. Wells retires on account of ill health.

National Union—N. H. Emmons, A. A. Lawrence, Theophilus Parsons, William Farnsworth, James R. Hooper, Francis W. Fabvan, Phillip Dexter, Henry S. Grew, Philip Y. DeNormandie, Ralph B. Williams, Stedman Buttrick, Chester C. Rumrill and William Amory.

William Amory was added to the board. New England—Charles A. Locke, George S. Mumford, A. Wilder Pollard, Stephen W. Holmes, Edward J. Butler and Arthur P. Stone.

Old Boston—Louis Curtis, Horace D. Chapin, E. N. Fenno, H. G. Curtis, R. A. Boit, C. F. Adams 2d, Manley U. Adams, Howard Stockton and Ingersoll Bowditch| Horace D. Chapin succeeds Arthur Amory, deceased.

Peoples—Timothy Smith, W. S. Leland, George F. Child, A. J. Foster, Lee M. Friedman, J. J. Phelan, Walter Shaw, Fred

L. Morgan, John K. Whiting and Charles L. Gagnebis.

During the year F. O. White resigned, and John K. Whiting and Charles L. Gagnebis were added to the board.

South End—J. G. Blake, John F. Buerkel, T. W. Carter, Randall G. Morris, Josiah H. Goddard, John Taylor, Charles A. Smith and Stephen W. Holmes.

John F. Buerkel was added to the board.

State National Bank—Frederic Amory, Allen Curtis, Lester Leland, Gordon Abbott, Alfred L. Aiken, John J. Rogers, George G. Davis, Alfred L. Ripley, Alfred D. Foster, Frank W. Stearns, Charles E. Cotting, Robert H. Stevenson, Jr., S. Parker Bremer, Lewis P. Bartlett, Jr., Frederick A. Flather and Robert W. Atkins.

Webster & Atlas National Bank—Walter Hunnewell, John W. Farwell, Joseph S. Bigelow, Charles B. Barnes, Jr., John P. Lyman, Alfred Bowditch, Amory Elliot,



When a manufacturer is forced to talk AROUND his product instead of ABOUT it, it's a dead sure sign that there's something WRONG "in the works."

We don't rely on SOPHISTRIES and FLATTERY.

We don't have to coddle the VANITY of snobs to sell the STEWART SPEEDOMETER.

We PROVE that it's the BEST speedometer that's ever been made.

We TELL WHY and we can GUARANTEE every "why."

We give the GUARANTEE because the Stewart DOESN'T GIVE OUT.

Made in the world's MODEL speedometer factory.

Every part CRAFTED like a watch.

Turned out by AUTOMATIC machinery.

If it weren't the best of any, it wouldn't be used by so many.

On FOUR cars out of FIVE.

"ALWAYS ON THE JOB."

Stewart Speedometers are attractive—beautifully made—open

dials—large figures—easily read—

absolutely accurate: 100,000-mile

season odometer; 100-mile trip

register, can be set back to any

tenth of a mile. Strongest flexible

shaft, drop forged swivel joints (an

exclusive feature), quiet road

Speedometers, \$15 to \$30

wheel gears. Clock Combinations, \$40 to \$70



Stewart & Clark Manufacturing Co.
1863 Diversey Boulevard Chicago, U. S. A.
Detroit San Francisco New York Los Angeles
Chicago Cleveland Philadelphia Minneapolis
Indianapolis Kansas City London Paris

The Newest and Most Practical Advertising FOR YOUR BANK

THE DAILY MEMO POCKET CALENDAR



It is profitable to start the use of this calendar now or at any time in the year, as the first two months' can be for any two months in the year.

Six bi-monthly daily leaf calendars, carrying your advertisement on each leaf, allow engagements to be noted ahead, and forgotten until the day comes. THEN—
There they are.

The Greatest Help for Salesmen and Business Men

A 32-page Memo Book in the pocket of front cover for addresses, phones, etc. This pocket also holds Commutation Tickets and Business Cards.



A Fine Leather Cover with your Name Stamped in Gold

Special Discounts for Orders before April 1st

THE ROCKWELL PRINTING CO., 1112 Clinton St., Hoboken, N. J.

Write NOW for Full Description and Methods for Effective Use.

Robert H. Gardiner, William R. Cordingley, Homer B. Richardson, Theodore G. Bremer and Richard S. Russell.

Winthrop—Wilmot R. Evans, Wilmot R. Evans, Jr., C. H. Ramsay, Robert F. Herrick, A. Willis Small, Philip Stockton and Gordon Abbott.

Mass. Bank Commissioner Resigns.

Bank Commissioner Arthur B. Chapin of Massachusetts has tendered to Governor Foss his resignation, to take effect on the qualification of his successor. Mr. Chapin resigns to become vice-president of the American Trust Company of Boston, to succeed John Oldfield, deceased. His term would expire in 1912.

Mr. Chapin was appointed by Governor Draper to his present office to succeed Pierre Jay, after having served four years as State treasurer. During his term of office he has instituted many progressive schemes that have worked to the benefit of the commonwealth. Among them is the savings bank insurance plan and the school savings idea. He is a resident of Holyoke and has served as mayor of that city.

In his letter to the Governor, Mr. Chapin says: "My term of office will soon expire (next March) and I have been offered the position as a vice-president of the American Trust Co., Boston, which I desire to

accept. I hereby tender my resignation as bank commissioner of the commonwealth to take effect January 15, 1912, or sooner if my successor shall previously be appointed and qualifies."

Hartford (Conn.) National Bank.

The directors of the Hartford National Bank of Hartford, Conn., have elected Cashier Frank P. Furlong to the additional office of vice-president—a newly created post. He was also elected a director of the institution, succeeding the late Pliny Jewell. Mr. Furlong has held the cashiership of the institution since 1900. He had prior to that served as postmaster of the city, and had also been a city councilman, alderman, police commissioner and president of the police board. Addison G. Brainerd has become an assistant cashier of the bank.

National Commercial Bank of Albany.

At the annual meeting of the National Commercial Bank these directors were elected: Robert C. Pruyn, Anthony N. Brady, James H. Manning, Robert L. Fryer, Frederick L. Tillinghast, George H. Thatcher, John E. Walker, Gerrit Y. Lansing, Charles H. Sabin, Louis I. Waldman, Frank C. Herrick, Andrew S. Draper, Ed-

ward J. Hussey, Albert Hessberg, James H. Perkins, Russell E. Sard, Edmund N. Huyck and Frank W. Kelly.

First National Bank of Albany.

The new board of directors of the First National have elected two vice-presidents, allowing the vacancy in the office of president, caused by the death of Frederick A. Mead, to remain unfilled. It is understood that the directors have a banker of another city, a man of unusual ability, in view for the office of president. John J. Gallogly was re-elected first vice-president and Hugh A. Arnold chosen second vice-president, succeeding Horace G. Young, who resigned to take an extended trip abroad. Mr. Arnold was also re-appointed cashier.

German-American Bank of Buffalo Increases Capital.

At a meeting of the stockholders of the German-American Bank of Buffalo, N. Y., on Tuesday, an increase of the stock of the bank was authorized from \$300,000, its present capital, to \$500,000. The new stock is to be sold at \$200 a share, and the amount realized, \$400,000, will give the bank a surplus of \$500,000, in addition to the \$500,000 capital. The bank reports that the new stock was largely over-subscribed and will be fully paid in on February 1. At the annual election all of the present officers and directors were re-elected.

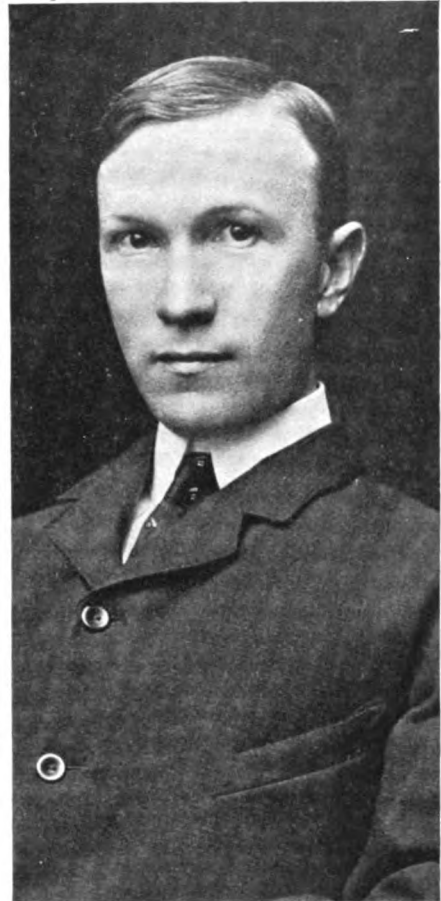
According to the statement of condition rendered at the close of business September 29 last, the bank had total resources of \$7,016,407, which included loans, \$4,280,305; U. S. and other bonds, \$1,238,328, and cash on hand and in banks, \$1,222,774. The bank's building was valued at \$275,000. Deposits aggregated \$6,374,989, and besides its \$300,000 capital and \$300,000 surplus, the bank had net undivided profits amounting to \$41,418.

Edwin G. S. Miller is president; Henry C. Zeller, vice-president, and Edward A. Wepprer, cashier.

New Assistant Cashier, Franklin National.

At a recent meeting of the Franklin National Bank of Philadelphia, John C. Frankland was elected assistant cashier. Mr. Frankland has been engaged in banking since his graduation from the University of Pennsylvania, College Department, class of 1899. In that year he entered the service of the Merchants National of Philadelphia, where he acted as secretary in the executive department and as

chief clerk. Early in 1906 he resigned to become secretary and treasurer of the Wayne Junction Trust Company, then organizing. In 1908 he went to the Franklin



JOHN C. FRANKLAND
FRANKLIN NATIONAL BANK, PHILADELPHIA, PA.

National as manager of the Department of Analysis and was elected assistant cashier January 1, 1912. In May, 1911, Mr. Frankland was elected president of the Philadelphia Chapter of the American Institute of Banking, a position he has held with conspicuous ability.

American Real Estate Company.

The twenty-fourth annual financial statement of the American Real Estate Company, recently published, shows this corporation, which is the oldest operating in the New York real estate field, to be in its usual sound and flourishing condition.

The statement shows total assets of over \$21,000,000, with capital and surplus of over \$2,000,000.

The past year has apparently been one of intensive development with the company, as the statement shows no large acquisitions of new properties. Title to the Hendrik Hudson apartment house on Riverside Drive and Cathedral Parkway, New York, whose purchase by this company was announced in December, it is stated in the report, would be taken February 1, so this property did not appear in the statement of assets for 1911.

Development work upon the unimproved properties of the company lying along the lines of the proposed new subway extensions in the Borough of the Bronx was pushed during the year and these properties will soon be ready for the market. This company also holds a number of valuable improved properties, office and loft buildings, in the mid-town district and high-grade apartment houses in the upper west side of Manhattan and the well-known Areco district of the Bronx.

The financial statement of the company, as usual, bears the certificate of certified public accountants to whose audit the books have been submitted for many years and the certificate of the Real Estate Board of Brokers, as appraisers, who certify that the valuations shown by the company are sound and conservative. Through this independent audit and appraisal, this company has voluntarily given the public the exact measure of publicity which is now being demanded of corporations generally.

This company has for many years financed its real estate operations by offering its direct obligations to the public with great success, and its six per cent. bonds are recognized favorites in the investment field.

Columbia National Bank of Buffalo.

A most noteworthy statement has been issued by the Columbia National Bank of Buffalo, N. Y. The figures quoted cover the last decade, when the present management took control. The report is reproduced herewith in full:

	Jan. 1, 1902	Jan. 1, 1912
Capital	\$200,000.00	\$2,000,000.00
Surplus and profits	50,000.00	1,699,000.00
Bonds	340,000.00	3,700,000.00
Cash and reserve	350,000.00	2,956,000.00
Loans	\$74,000.00	9,417,000.00
Deposits	1,223,000.00	11,170,000.00
Resources	1,599,000.00	16,075,000.00
Real estate	35,000.00	None
Dividends paid previous year	None	260,000.00

The officers of this progressive bank are: George F. Rand, president; Seymour H. Knox, vice-president; Louis H. Gathoefer, cashier; Emil Diffine and James H. Hall, assistant cashiers.

Bank of Buffalo.

At a meeting of the board of directors of this bank held on December 29, 1911, a by-law was regularly adopted creating the position of "assistant to the president," with powers equal to that of the other officers to sign on behalf of the bank any and all checks, drafts, and other orders for the payment and disposition of moneys, credits, items and properties of any kind, at any time held by the bank's correspondents or by others for its account.

The board of directors at the same meeting appointed the following new officers: Ralph Croy, assistant to the president; Louis C. Olden, assistant cashier; Charles D. Appleby, assistant cashier.

New Director in Boatmen's Bank, St. Louis.

W. K. Stanard was elected a director of the Boatmen's Bank, at the annual meeting of the stockholders, in place of his father, F. O. Stanard, who has retired from active business. The other members of the board are the same as last year, and the officers of the bank are Edwards Whittaker, president; William H. Thomson and Murray Carleton, vice-presidents; E. W. Hubbard, cashier; E. L. Taylor and C. R. Laws, assistant cashiers.

Broad and Market National Bank, Newark, N. J.

The following were elected directors at the annual meeting: John O'Connor, Christian Fleissner, George H. Lambert, R. Russell Brant, John Nieder, Morris Cohn, Harry M. Friend, Joseph Samuel, George H. Fritz, Louis J. Beers, George Weyrauch, Walter C. Jacobs, Charles H. Stewart, Theodore S. Fettingner, Henry S. Altai, Frank Wadsworth, David King.

The Broad and Market National Bank reduced its board from twenty-seven to seventeen.

CANADA

Bank Internationale Du Canada.

The Bank Internationale, the new Canadian banking house of which Sir Rodolphe Forget is president, is now in full running order, and the latest return of the Canadian Government shows it to be in a most healthy state.

The paid-up capital exceeds \$1,000,000 (the total authorized capital of \$10,000,000 having been fully subscribed) and the deposits up to December 31 last amounted to \$672,000, which, considering the bank has only been running for about three months, augurs well for the ultimate success of the institution.

The Problem of Advertising Copy—Solved

If you want good, up-to-date, virile, convincing, and withal dignified, copy for your newspaper advertisements, form letters, circulars, booklets, etc., during the year 1912, secure the right now to use exclusively in your community the **MACGREGOR BANK ADVERTISEMENTS**.

The 4th Series, just issued, consists of these different sets:

160 Commercial Bank Advertisements,	Price \$6.00
75 Savings Bank Advertisements.	“ 5.00
52 Trust Company and Safe Deposit	“ 3.00
25% off if you buy two or more sets.	

The same set not to be sold to more than one bank in a place.

These prices all include a copy of either the fourth edition of the \$1.25 bank advertising text-book, “**PUSHING YOUR BUSINESS**,” or a copy of our new book, “**2000 POINTS FOR FINANCIAL ADVERTISING**,” the price of which is \$1.50.

All the advertisements and both books were written by T. D. MacGregor, who probably has had more experience in this line of work than any other man in the country.

If you need more special service ask for information concerning our Individual Advertising Preparation Service for Banks.

PUBLICITY DEPARTMENT

The Bankers Pub. Co.

253 Broadway

New York City

An unusually strong and influential board of directors, combined with a staff of thoroughly trained and efficient officials, would indicate that before many months another of Canada's strong banks will be sharing in the unparalleled prosperity of the Dominion.

The general manager of the new bank is Mr. J. Godfrey Bird, formerly connected with the Bank of Toronto, and thoroughly conversant with Canadian banking affairs, through his long service with that bank in its Board of Trade Branch in Montreal.

Associated with Mr. Bird are M. Norbert deSenn, in charge of the foreign department, who comes to Canada with a long experience gained with the Credit Lyonnais; F. G. Ramsden, inspector, for many years with the Bank of Toronto, and Roland Gomery, secretary, formerly with the Royal Bank of Canada.

The Bank has now some seven branches, including the Paris office, situated at 60 rue de la Victoire, under the management of M. Laurette.

MEXICO

Bank of Sonora.

From a copy of the balance sheet of the Bank of Sonora as of December 31, 1911, just received, it is quite evident that peace

has been restored in Mexico. The dividend for the year was sixteen per cent. and the shares are quoted at 220 to 225.

The bank conducts a general commercial banking business under five departments: financial, savings, bonds, foreign exchange and real estate. It has a paid-up capital of \$1,500,000 and surplus funds of \$1,200,000, giving a book value of \$180 for each of its \$100 shares. Total resources amount to \$15,525,704.25 as follows:

ASSETS.

Cash in central office and branches	\$1,682,294.19
Bills receivable	2,646,592.32
Investment securities	518,766.52
Real estate	205,837.33
Furniture and fixtures	41,421.63
Commercial credits, demand loans, bonds and mortgages, due from banks, agents and correspondents	10,430,792.26
	<u>\$15,525,704.25</u>

LIABILITIES.

Capital	\$1,500,000.00
Surplus	1,200,000.00
Circulation	2,770,515.00
Demand and time deposits, due banks and correspondents, credit accounts	10,055,189.25
	<u>\$15,525,704.25</u>

The bank has branches at Chihuahua, Guaymas, Nogales and Alamos, and is a member of the American Bankers' Association.

WITH BANKERS MAGAZINE ADVERTISERS

AN ARTISTIC REFLECTOR FOR BANKS

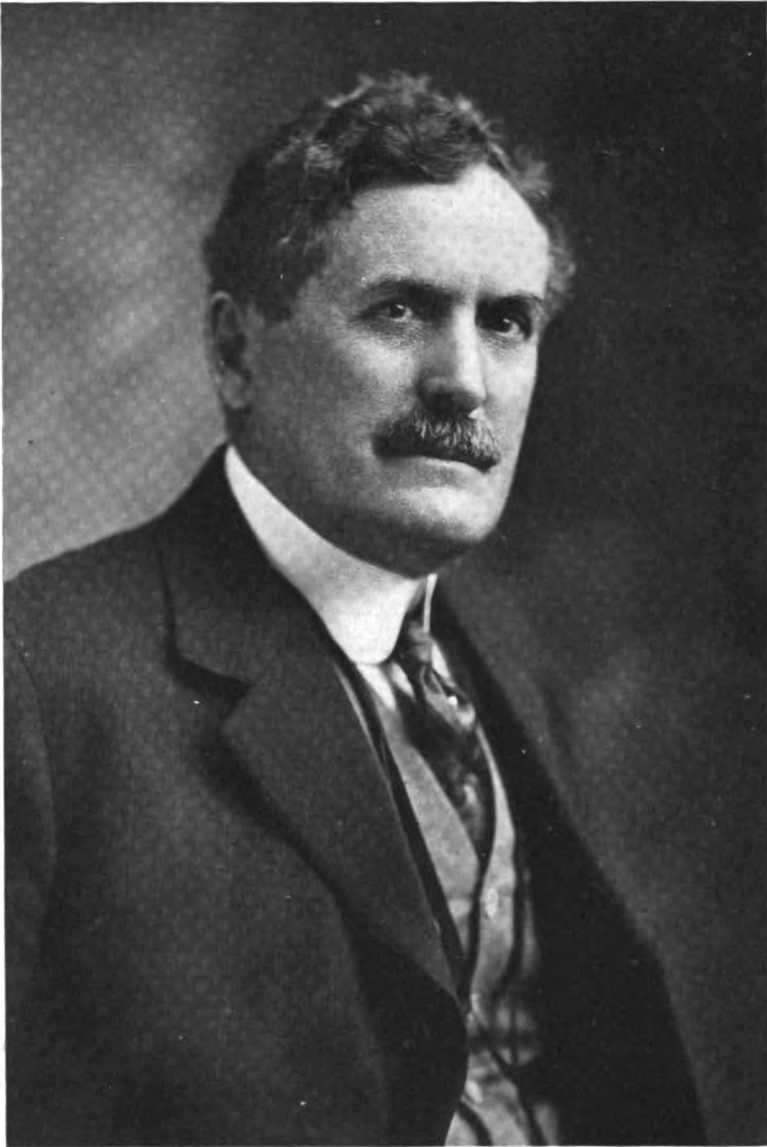
THE artistic shape of the Mefco Reflector for Tungsten lamps, illustrated herewith, makes it especially appropriate for use in banks, as it goes well with the customary bank furniture. H. G. McFadden & Company of New York have designed the Mefco Reflector with the idea of combining artistic appearance with efficiency and to make the shade harmonize with a modern fixture design. The Mefco is made of a pure white glass, plated on the outside with a delicate shade of pale green glass and is blown (*not pressed*) in artistic form.

This outside color, when illuminated by a Tungsten lamp, changes from a delicate green to a pale primrose tint which is very cheerful and restful to the eyes and permits sufficient light to pass through to thoroughly

illuminate ceilings and side walls, the surplus light being thrown back through the reflecting surface.



AN ARTISTIC REFLECTOR FOR BANKS



HON. MYRON T. HERRICK
THE NEW UNITED STATES AMBASSADOR TO FRANCE

[Mr. Herrick was formerly president of the American Bankers' Association and Governor of the State of Ohio, and for many years president of the Society for Savings of Cleveland. He ranks among the best-known and most deservedly popular bankers of the country.]

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, *Editor*

SIXTY-SIXTH YEAR

MARCH, 1912

VOLUME LXXXIV, NO. 3

INVESTIGATING THE MONEY TRUST

VOCIFEROUS demands have arisen lately from a prominent citizen of Nebraska for a vigorous investigation of the "money trust." These demands have met with but little favor in Congress and appear to have resulted in some kind of provision for an investigation by the Banking and Currency Committee of the House with a view to ascertaining what, if any, financial and banking legislation may be needed to remedy existing conditions. This is quite different from the gunning expedition planned by Mr. BRYAN for the destruction of the fabled Wall Street octopus.

Mr. BRYAN is not alone in believing in the malign power of the "money trust." The seekers after capital for certain enterprises, meeting with some obstructions in carrying out their plans, have ascribed their difficulties to the "money power." It has been asserted, in effect, that securities not having the O. K. of strong financial groups in New York can not be floated, and further that these New York financial interests have blocked efforts to place these securities at home and abroad. These assertions do not stop here. It is claimed that the correspondents of the big financial banks in New York are virtually compelled to take securities allotted them under pain of incurring the displeasure of their New York agents, and that the funds of the country banks are used in this manner to an extent that not only makes it impos-

sible for any one outside the charmed circle to sell his securities, but that local markets are deprived of the funds needed for commercial purposes.

We are inclined to think that the real source of these complaints lies deeper than commonly supposed. Study the figures of the national and State banks, and see how largely the item "stocks, bonds and securities" has grown in recent years. The great growth in the volume of corporate securities has required an enlarged market for them. This demand has been partly cared for by the trust companies, but trust companies are only commercial banks with certain added functions. The financial burden arising from the constant onrush of new securities in an ever-growing volume had to be borne by somebody. Savings banks were, in the majority of cases, excluded by the nature of the securities, and the commercial banks were the only avenues left open for marketing the stocks and bonds which individual investors could not absorb. Even the amount taken by individuals is in many cases an indirect charge upon the banks which must furnish the funds for these individual purchases.

The manufacture of corporate securities on a large scale is a comparatively recent financial development. Confronted with the pressing necessities of marketing these securities, it is not to be wondered at that the New York banks, themselves unable to carry the

burden alone, turned to their correspondents for help, but no doubt on terms mutually advantageous. The country banks are hardly in the position of being forced into purchasing securities which the New York banks allotted to them. It is more likely that they have been ready to make such purchases because they afforded both safety and profit.

We suspect that here is the root of the difficulty. Many banks would prefer to buy securities coming to them with the quasi endorsement of their New York correspondents rather than to take the chances incident to buying those coming from a source less well known.

But when all is said, the fact seems to remain that we need in this country a great financial and industrial bank to which all enterprises of merit could confidently appeal for capital.

We need also a great mortgage bank that would make possible the procuring of farm loans on better terms.

LOSSES THROUGH BANK INVESTMENTS

BANKS that are following the policy of investing large sums in even high-grade bonds may find later on that this course is not free from risks to which, perhaps, enough consideration has not been given.

The experience of the British banks, which have been compelled to write off losses of some \$70,000,000 in the last ten years owing to depreciation in the value of gilt-edged securities, furnishes a case in point. And no foresight, apparently, which a bank can exercise will avail in preventing losses of this character, for it is precisely the securities of the highest character that have been responsible for these losses. While there have been several causes for this depreciation, the low interest yield and

the conferring of like legal privileges upon other securities offer a sufficient explanation. For instance the price of British consols has been unfavorably affected by the fact that the class of securities available for the investment of trust funds has been considerably broadened. The effect has been like that which would follow the making of other than Government bonds acceptable, in ordinary times, as security for the circulation of our national banks.

It is no doubt a good principle for a bank not to put all its eggs into one basket, and bonds may have some merits as a secondary reserve. But probably the commercial banks would find it a wise course to keep down their bond investments to a minimum, employing their funds in the purchase of commercial paper, and more especially of domestic and foreign bills.

HOLDING DIRECTORS TO STRICTER ACCOUNT

DIRECTORS of banks find the governmental restrictions on their actions growing closer and closer. One of the latest evidences of this fact is afforded by the decision of the Comptroller of the Currency to hold directors of national banks responsible for losses arising from loans made in excess of legal limitations. Hereafter such losses will not deplete the surplus and profits of the bank, but will come out of the directors' pockets.

While at first sight this regulation may appear unreasonable, in that it requires directors to perform services which they have deputed to the officers of the banks, yet on further consideration it will probably be found that it will be quite easy for the directors of a bank to see that loans are not made in excess of the limits fixed by law.

As a violation of this provision of

the National Bank Act has been responsible for a large percentage of the failures of national banks, and especially on account of the excess loans made either to directors or to concerns in which they were interested, the rule made by the Comptroller of the Currency would not seem to be unreasonable. It ought not to be too much to ask of bank directors to see that their institutions are run in accordance with the laws made for the protection of depositors and stockholders.

THE CHINESE REPUBLIC

FEW events of recent times have been more striking and interesting than the conversion of the form of the government of China from an empire to a republic. Whether the new government shall be truly representative or not, it will be far more liberal than that which has prevailed for centuries.

No doubt one of the problems to whose consideration the new republic will speedily address itself will be not only a readjustment of the finances of the country, but a revision of the present complicated and unsatisfactory coinage system. Under the empire, steps had been taken recently in this direction, but the political disturbances necessarily interfered with the progress of the reform.

Forebodings have been indulged in from time to time as to the effect the "waking up" of China will have on the Western World. What, we are impressively asked, will happen when the teeming millions—the word "teeming" is never omitted in this connection, as though there were something specially significant and ominous in it—of China attain political freedom and show an industrial and commercial activity like that manifested by Japan since discarding the Shogunate government?

This question implies that China under such conditions will soon become master of the world's markets because of having a "cheap" currency and a supply of cheap labor. Perhaps the calmer view would be that with increased industrial and commercial activity in China, the wants of her own population will be multiplied many times, and this alone will make large demands on home manufactures and call also for enlarged imports.

The notion that there is anything to fear from a betterment of political, social and industrial conditions in China or elsewhere rests on the exploded theory that certain parts of the earth are to be benefited by keeping certain other parts in ignorance and poverty. Within the boundaries of any enlightened nation that theory long ago broke down, and it is as false when applied to foreign nations as in its relation to domestic affairs or to individuals.

If China shall be able to work out and maintain a representative system of government it will no doubt enhance the prosperity of its citizens, with large benefits not to them only but to the world of industry and commerce.

BREAKING DOWN OF THE EMERGENCY PRINCIPLE

GERMANY has been held up as a shining example of the beneficent workings of the emergency currency principle, but the enthusiasm of the believers in emergency currency as a panic panacea must be somewhat dimmed by the recent financial history of that country.

In fact, not only recently but for a long period Germany has experienced severe periodical financial difficulties. It would probably be too much to charge the system of bank-note issues.

with responsibility for these difficulties. Germany has undergone a rapid expansion of commerce and industry and has greatly enlarged the national prestige and prosperity by following a progressive economic and political policy.

That the German banking law has to some extent been instrumental in promoting undue credit expansion is a theory held by "The Statist" of London, which in a recent issue, commenting on "Riskiness of the German Banking Law," says:

"We have called attention to the extraordinary manner in which French capitalists have forgotten French interests in financing Germany. But the story does not end there. It is obvious that those exceedingly able men—and the ability of the leaders of German enterprise is deserving of the highest admiration—are encouraged in taking great risks by their knowledge that the Reichsbank has the legal power to finance them, however dangerous their plight may become. In the case of the Bank of England, everybody in the city knows that the bank cannot break through the Bank Charter Act without the consent of the Government and its promise that it will obtain from Parliament an act of indemnity. Therefore, our own banking system, clumsy, injurious, and bad as it is, still does give a warning to the over-risky that if a crisis comes the Chancellor of the Exchequer may hesitate to give the authority asked for. Indeed, it is well understood by those who were behind the scenes at the time of the Baring crisis that Mr. Goschen, as he then was, insisted that every possible effort should be made to strengthen the bank before he would advise his colleagues in the cabinet to authorize an infraction of the law. But in the German case the bank has no need to ask for authority or to beg for an act of indemnity. It can go on issuing notes of its own accord so long as the notes do not exceed

three times the cash held; and never hitherto has the circulation nearly reached that limit."

The result of this authority to issue bank notes almost without limit has been to encourage an expansion that has several times in recent years brought German credit to the point of financial collapse. In the United States we have had severer experiences, it is true, but they have been less frequent.

We should be the last to criticise the great German banks or to make any attack upon the country's system of banking and credit. We doubt, upon the whole, if any nation in the world to-day can compare with Germany in sound statesmanship and in economic efficiency.

But we do believe that the unsoundness of the theory of emergency currency and the use of anything but the standard coin (or its direct paper representative) as bank reserves is illustrated by Germany's experience, and we should proceed with caution before accepting that country's banking system as our model.

Unlimited supplies of paper money in the form of bank notes and inexhaustible fountains of credit sound very alluring indeed. But we believe they are visionary and hopeless as remedies for financial ills.

The experience of Germany seems to prove what we have long contended, namely, that the knowledge of an "inexhaustible" supply of paper money and of credit being available will of itself encourage that over-expansion which is a principal cause of financial panics.

When business men know that there is a flood of paper money ready to appear in an emergency, they will rush ahead, confident that relief will come at the last moment.

The exercise of a gradual but firm restraint upon credit expansion will tend

to hold in check the influences that make for financial chaos.

Our people have a great deal of natural optimism, and some of it gets into the banks. Both the banks and the people are inclined to build up too much credit on the capital they have. This tendency needs to be held in check and not given full rein.

CONTROL OF THE RESERVE ASSOCIATION

MUCH concern is expressed in various quarters lest the control of the proposed National Reserve Association should fall into the hands of Wall Street. Note of this fear has been taken in the bill for establishing the Reserve Association, and careful provision made to prevent such control. We have heretofore expressed the view that these provisions are apparently as effective as any that could be devised.

And yet Wall Street will probably control the National Reserve Association, at least to the same extent that it controls the financial situation now. This is merely saying that power—whether financial, political or what not—will inevitably drift into the hands of those most capable and willing of exercising it. To expect to prevent this tendency by legislation would be about as reasonable as to expect to prevent the operation of the law of gravity by statute. Power is seized by the powerful—the daring, the ambitious, the resourceful—and this will be true of the Reserve Association however it may be hedged about by restrictions aimed at keeping the management in the hands of the small country banks. The latter will defer to the great men in the financial world and will be glad to relinquish control into their hands.

Will they be acting unwisely in so

doing? What has given these men their commanding power in the money marts? Have they not won their position by ability—by the demonstrated capacity to attain and keep their places?

We repeat that the bill for establishing the National Reserve Association appears to be drawn with a view to giving control to the majority of the banks. Nevertheless, we believe that control will surely be exercised by the great and powerful banks and bankers of the country.

The dominance of a group of banks—even of a single bank, such as the Bank of France, for instance—may not only not be harmful but of the highest benefit. Danger, of course, lies in a selfish and unscrupulous use of power, and that is what should be guarded against if the proposed National Reserve Association ever becomes an actuality.

COMPARATIVE VALUES

ERRONEOUS conclusions may be drawn from an item in a recent number of "Collier's," giving quotations from a Boston autograph catalogue showing the asking prices respectively of the autographs of the retired pugilist, JOHN L. SULLIVAN, and the retired college president, CHARLES W. ELIOT. The value of the fighter's signature is placed at seventy-five cents and that of the college man at fifty cents. To infer from this that Boston appraises brawn more highly than brain would imply a neglect of the cool scientific process of reasoning essential to any just discrimination of values.

It should be borne in mind, first, that Dr. ELIOT has been in the literary line during a long life, while the former champion of the prize ring became a "literary feller" only after having

achieved renown in his chosen profession. The man of thought perhaps signed his name a hundred times to once for the man of action. Thus the supply of autographs of the former became abundant while those of the latter were scarce. Fame came to each gentleman to an almost equal extent, perhaps, but as already shown there was a great disparity in the supply of their signatures, and the law of supply and demand, which economists tell us so largely governs prices, began to operate, and it is rather remarkable that the difference in price of the autographs of the scholar and the slugger were not more than twenty-five cents.

This may seem unimportant, but surely it would be unfortunate if in after ages some historian of prices, delving amid the musty records of the past, should come across the quotations referred to and upon this slender basis construct a theory that in Boston or elsewhere in the United States in the second decade of the twentieth century a higher estimate was placed upon muscle than upon mind.

SAVINGS BANK SURPLUS

AFTER much discussion it seems that action will soon be taken compelling the savings banks of New York to maintain an adequate surplus for the protection of their depositors. In his recent annual report the Superintendent of the Banking Department of the State of New York had the following to say on this important matter:

"I wish to call your attention to the necessity of affording further protection to the depositors in the savings banks of this State by requiring every savings bank to accumulate an adequate surplus. While officers and trustees of savings banks are usually judicious and conservative, the rivalry that al-

most necessarily exists between different savings institutions and the competition for deposits with national and State banks and trust companies that has resulted from those institutions paying high rates of interest upon what are dominated 'special interest accounts,' accentuates and increases the natural desire of the officers and trustees of savings banks to make as large a return as possible to depositors. This desire to make a large immediate return to depositors by way of dividend, usually miscalled 'interest,' is, of course, in direct conflict with the even more important purpose of accumulating a sufficient surplus to safeguard beyond question the deposits themselves and can not be harmonized with it.

"The possible dangers of allowing unrestricted dividend or interest payments to depositors by institutions which have a comparatively small surplus have become apparent to the officers of savings banks throughout the State, and I am informed that both the State Savings Bank Association and others interested in this question will present bills making it compulsory upon officers and trustees of savings banks to accumulate a reasonable surplus. This can, of course, only be accomplished by limiting in some way the return to depositors until such surplus has been accumulated. I trust that some satisfactory solution of the question involved will be reached during your present session and proper legislation enacted."

FINGER-PRINT SIGNATURES

DESPITE the energy displayed by the American Bankers' Association in prosecuting professional bank forgers, these gentry seem to be doing a very profitable business lately. Perhaps "profitable" is hardly the correct

term to use, for in the long run the bank forger winds up in prison and his "profits" turn out a loss in the end. But the fact remains that forgers have of late obtained large sums from banks.

Various devices, most of them familiar to bankers, have been employed to circumvent the forger, but it seems to be pretty much a case of equality of genius on the part of the forger and his enemy. No sooner is a new device adopted than the clever forger finds a way to beat it.

One of the latest impediments in the forger's operations—the finger-print signatures—is described elsewhere in this issue of the *MAGAZINE* by a finger-print expert. This system has been adopted already by several savings banks in New York city for signatures by illiterate depositors and has been found to possess great advantages over the ordinary marks made by this class of depositors. The bank having a depositor's finger-print signature has something that any one else presenting the pass-book can not duplicate. Of course, this is not true of the ordinary X mark or even of a written signature.

This fact—that a finger-print impression can not be successfully imitated—makes it possible that the finger-print system may become of great usefulness not only to savings banks but to banks of all kinds.

There is, however, yet one danger which even a finger-print signature does not remove. It can be reproduced by photography and printed on a check. But in this respect it is the same as a written signature, which may also be reproduced and used in the same manner. It may be, in time, some means will be found of detecting finger-print signatures thus reproduced.

But at all events this device is vastly superior to a written signature. The latter may be imitated by a clever penman after a few minutes' practice, while a finger-print signature can not

be successfully imitated by the impression of anyone else except the one who originally made it.

Perhaps this fact may lead to the adoption of finger-print impressions as an additional safeguard against forgery, and may also afford a ready means of identification of the payees of checks, drafts, etc., in many cases.

POLITICAL, SOCIAL AND INDUSTRIAL UNREST

CLEARLY enough this is an age of great unrest, politically, socially and industrially. Perhaps the same thing might have been said of every preceding age, as it may be said also of every succeeding age until the millennium is ushered in.

Now, if this unrest were simply caused by the whirring of the wheels in the heads of demagogues, cranks and professional social agitators and reformers—the "neurotics" according to recent phrase—it might be dismissed with scant consideration. No doubt it is the habit of those who are displeased with things as they are to see many grave portents in the sky utterly undiscernible to the sleek, the prosperous and the well fed, and to those whose political stars are not yet on the wane. A good dinner and a fat office tend powerfully to make even a confirmed pessimist take a hopeful view of things.

But we know whereof we speak in saying that it is not alone the agitators and the unsuccessful, politically or otherwise, who are gravely concerned over the present outlook. We have heard this apprehension expressed in high banking circles.

The idea has taken possession of a good many people that representative government in its true sense no longer exists. This belief explains the strug-

gle for direct primaries, the initiative, the referendum and recall and other instruments which, many hope, will give the people more direct power.

Both this belief and the struggle for a remedy for conditions supposed to exist may not be entirely justified, but who can say there is no ground for the belief and no justification in seeking for a remedy?

The person who raises an unnecessary outcry over fancied dangers is an alarmist, but he who fails to realize actual dangers that threaten serious harm is liable some day to have a rude awakening.

General PORFIRIO DIAZ was a great and wise statesman—one of the greatest of his time—but apparently he did not see (until it was too late) the menace to his political supremacy.

We have, of course, in this country peaceful means of effectively settling political and other problems, and the statesman who is slow in reading the signs of the times, will suffer no other consequences than reading some unpleasant returns on election night.

Some of the present discontent with governmental affairs, perhaps, is attributable to the great growth in the population and business of the country which has tended to remove legislators and their acts from the direct popular contact that prevailed in earlier times. The old New England town meeting was a pretty good ideal of local government. But in recent years, especially in the very large cities, the people have seen control over their local affairs slipping gradually away from them. In a large city how few people personally know those who conduct the city's business. How few also know how to invoke the aid of the complex machinery—situated perhaps at considerable distance—to remedy any local conditions.

If the unrest referred to had no deeper sources, it might be easy of al-

leviation. But there is a much more serious aspect to it. There is dissatisfaction—probably greater than ever before—with our whole social, industrial and political system, and once the instruments of power are grasped by the hands of the people sweeping changes may be expected. At present the dissatisfaction and the yearnings for a remedy may be vague and visionary. But it is precisely at a time of general dissatisfaction, without sure knowledge of the wrongs or the remedy, that there is danger of someone taking advantage of the popular discontent to mislead the people. Yet one thing seems certain—that the people of this country mean to insist with increasing earnestness upon a more direct exercise of political power. They apparently mean to keep on insisting until they get what they want.

This may result in a government by emotion instead of by dispassionate judgment. But the people whose hearts are right are at least as trustworthy as those who with greater deliberation have proved themselves either dishonest or indifferent to the public welfare.

Of this unrest—which seems to be world-wide—Great Britain is taking careful note, and has outlined and is gradually adopting a far-reaching programme to counteract it.

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.

THE NATIONAL RESERVE ASSOCIATION

SOME CRITICISMS OF THE PLAN

In the November issue of the *MAGAZINE* several articles were presented from leading bankers of the country in regard to the National Reserve Association, most of them favoring the plan. Believing that a discussion of this important measure will be valuable in proportion to its fairness in stating both sides, *THE BANKERS MAGAZINE* now presents the views of others who do not approve the measure. In subsequent issues the friends of the Reserve Association will be given adequate opportunity of replying to the following criticisms and of stating other facts and arguments favorable to the plan.

By Hon. Leslie M. Shaw, President First Mortgage Guarantee & Trust Co., Philadelphia—Former Secretary of the Treasury*

THE author of the National Reserve Association claims to have devised a scheme by which the financial control of the country can be wrested from Wall Street. He and all those associated with him in his so-called "Educational Campaign" concede that this control now exists. The fact of control being admitted I am a little surprised that all the banks owned or controlled by the Standard Oil people, and all the banks owned or controlled by the United States Steel people in New York and everywhere else in the United States, and the entire group and all groups whom the author of the bill admits now hold the nation in their clutches, should unite in support of the measure if, as its author claims, it is going to take that control away. Is it possible that these people have become weary? Is this control burdensome to them as well as to the rest of the country? Have they experienced a change of heart? Is Senator Aldrich, whose distinguished service in financial legislation is fairly well known, losing his nerve or his mind?

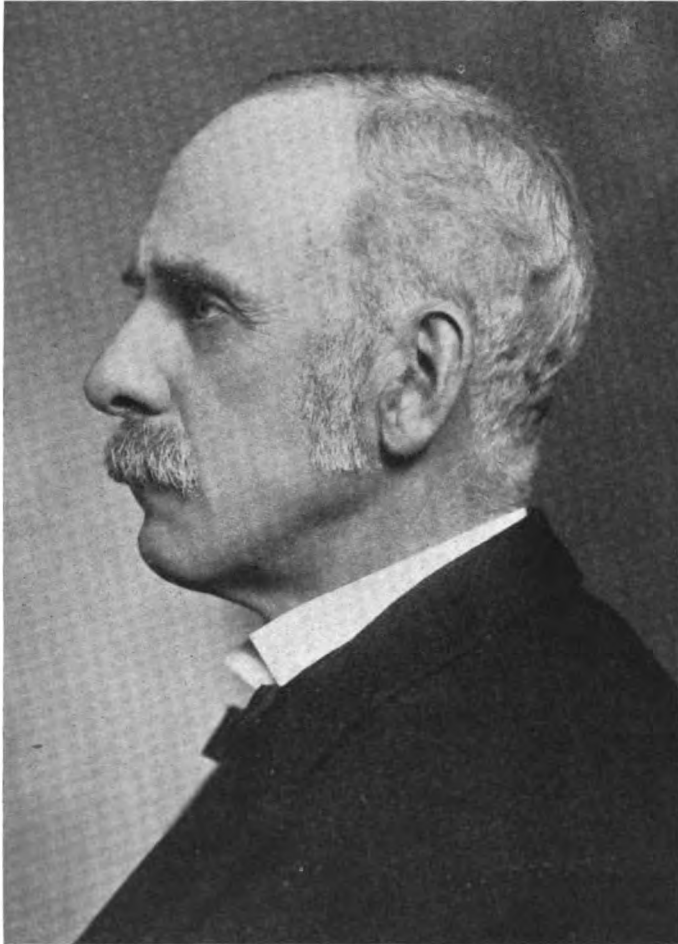
The friends of the measure are strong in their insistence that the National Reserve Association is not to be a Central Bank. If it is not to be a Central Bank then it is to be something the like of which does not now exist and never has existed. It can be worshipped therefore without idolatry for it is patterned after nothing in the heavens above or in the earth beneath or in the waters under the earth. Concede what they claim and you have to concede that no man can predict how the thing will work in actual practice. They claim for it—not in terms, but in effect—that it is a complete revolution in our financial system patterned after nothing ever seen or experienced. It is a human conception backed up by every bank, every manufacturing establishment and every newspaper controlled by Wall Street and for the alleged purpose of advancing the cause of financial liberty. Its friends unite that it will operate in the interest of all the people and forever annihilate the existing undue influence of its friends.

Its author says that it is a compulsory association of all the national

* Address before the Economic Club, Boston, February 2.

banks and permissible association of all State banks and trust companies. In this I think he is correct. There are quite a number of associations in the United States, and if a political association, a scientific association, an in-

cial matters. The United States Steel Corporation was organized to effect a complete and workable association between a large number of corporations engaged in the manufacture of steel and steel products. The International



HON. LESLIE M. SHAW

PRESIDENT FIRST MORTGAGE GUARANTEE AND TRUST COMPANY, PHILADELPHIA, PA.;
FORMER SECRETARY OF THE TREASURY

dustrial association, or a financial association can be cited that is not dominated by a relatively small coterie of men possessing aptitude for leadership, it will tend to remove the presumption that this association will be controlled by a small coterie of men of extraordinary aptitude for leadership in finan-

Harvester Company was planned for a like purpose. The packers did not organize just that way, but it is alleged that they associated nevertheless and controlled the association. My contention is that when all the national banks of the United States are required by law, and all other banks permitted by

express statute to associate, some few men will control the association the same as some few men control every other association known to man. There never was, and never will be, an exception.

HOW CONTROL WILL BE EXERCISED.

The logic by which friends claim that the people and not the interests will control the institution has its alleged root in the fact that the stock of the National Reserve Association is to be owned by the banks in proportion to their capital, and can be voted only by an officer of the bank in person. The logic by which I claim the institution will be under the absolute control of a few men has its root in the same facts. All one has to do is to think. There will be annual meetings of stockholders. As I reason it, the president of every Standard Oil bank, every United States Steel bank, and the president of every affiliated bank throughout the United States will attend these meetings. I do not think the small banks will pay the expenses of an officer to attend where he would attract no more attention than a dandelion in a garden of roses. If the little fellow did attend and his identity happens to be discovered there will be some kind things said to him and they will be said in such a kindly manner that I think he will vote as all the rest vote. If he chooses to be an insurgent he will have an opportunity to cast a ballot for a candidate of his own creation, but he will neither elect him or make friends for himself or his institution, and he will never try it more than once.

Much stress is laid on the fact that the directors are to be geographically located. This argument will have weight with all those innocent people who assume that the friends of Wall Street are not also geographically located.

The country is to be divided into arbitrary geographic sections, and each section is to have a branch of the parent Reserve Association and each branch

is to have local management. This it is claimed will effectually safeguard against the domination of the East. All one has to do is to think again. Can one imagine an association even on the Pacific Coast that will not be dominated by the strongest local men at the head of the strongest financial institutions of the Pacific Coast? And can any one imagine that group of financially strong and able and ambitious men refusing to fraternize and harmonize, affiliate and co-operate with a corresponding group in the East? The National Reserve Association—if we have one—will be controlled by the brains which to-day dominate the institutions which are to be associated and that is the way it ought to be. If we are to have such an institution I shall regret exceedingly if the United States Steel people and the Standard Oil people fail to control it. I am not worrying, lest they fail. The plan makes their control absolute. It will be a calamity if men of less caliber get control. Unless the most experienced and strongest financial men of the country control this institution more potential than anything ever before conceived by man, it will result in widespread ruin. I am not certain that even those experienced men who to-day dominate our industrial, commercial and financial affairs, will be able to manage it safely even for themselves. We must bear in mind that some of the strongest of this group are getting old. Perhaps others will arise equally potential, but their heads do not now appear above the horizon. If the National Reserve Association gets into weak hands it will not only ruin those in control, but every one else.

WILL CAUSE INFLATION.

This is a very small fraction of my objections. The plan will not, in my judgment, provide an elastic currency. It will prove inflation of the most dangerous character. It is unscientific, novel and purely experimental, yet it revolutionizes our entire banking system. It is a gamble and it is the third

bet we have made on an Aldrich financial plan.

Our present system was approved in the Aldrich financial bill of 1897, else he would have added further amendments. He had not then discovered that an elastic currency was necessary and ridiculed those of us who urged it. From 1897 to 1909 any financial bill which Senator Aldrich might have prepared would have been passed without examination or explanation. He did pass the Vreeland-Aldrich Bill, and while badly involved and cumbersome of operation, in my judgment, it will protect against a repetition of experiences like those of 1907. It is the first legislative evidence that Senator Aldrich had been asked by his well known friends to insert an elastic element in our currency system.

GENERAL PRINCIPLES TO BE KEPT IN MIND.

There are a few general principles always well to keep in mind:

First—We have sufficient money and sufficient currency to meet the demands of business under ordinary conditions.

Second—The annual increase in circulating medium is ample.

Third—All things considered our circulating medium is in quality the best in the world.

Fourth—Its sole defect is its failure

to respond to the extraordinary demands of commerce. Every other medium of commerce is responsive. As our business multiplies, checks, drafts, bills of lading, and promissory notes multiply, and freight cars are taken from side tracks in multiplied number. The volume of our circulating medium only is rigid.

Fifth—The relief which must consist of some form of supplemental currency should spring into existence when needed, where needed, in any volume needed, remain in use as long as needed, and then automatically retire with equal promptness.

Lastly, and equally as important—It must be of a character identical with what is in daily use, lest its very presence invite suspicion and disaster.

There are many ways by which this can be accomplished, but its accomplishment will of course relieve the country from dependence upon Wall Street, and it will relieve cities of one hundred thousand or less from dependence upon cities of a million or more. It will be financial emancipation, and for that reason, if for no other, the big banks of the country have and will oppose. What the big banks want and what they all support is the Aldrich plan, which fastens Wall Street control upon the country for fifty years—the life of the proposed charter.

By Gen. Wm. R. Hamby, President Citizens Bank and Trust Company, Austin, Texas

THE plan submitted by Senator Aldrich to the National Monetary Commission for the organization of the National Reserve Association of the United States contemplates many important changes in our national banking laws and revolutionizes our systems of currency and credit. In the original plan only national banks were eligible to membership in the National Association, but among the many changes and amendments that have been made by Mr. Aldrich is one that permits State banks and trust compa-

nies under certain restrictions to become shareholders. It is also proposed to broaden the plan so that savings banks may be embraced under national charter. Each bank becoming a member of the association shall invest twenty per cent. of its capital in the stock of the National Reserve Association, which it is estimated will be \$300,000,000, the length of the charter to be fifty years. The only depositors of the association will be its stockholders and the United States Government. All subscribing banks shall be formed into

local associations of not less than ten banks with combined capital and surplus of not less than \$5,000,000. Local associations shall be grouped into districts, of which there shall be fifteen. In each of the fifteen districts there shall be located a branch of the National Association.

The Government of the United States shall deposit its cash balance with the National Reserve Association, and thereafter all receipts of the Government shall also be deposited with the association, and all disbursements of the Government shall be made through the National Reserve Association, which will be exempt from all taxation except on real estate.

Among the important functions of the association will be: To centralize all the gold in the country; to issue currency and to discount commercial paper; to create a discount market and fix the rate of discount; to deal in coin, bullion, exchange and foreign securities; and to establish branches in foreign countries; to be the fiscal agent, and to do the banking business for the United States Government.

The governor of the National Reserve Association shall be appointed by the President of the United States; the Secretary of Commerce and Labor shall be a member of the board of directors; the Secretary of the Treasury shall be chairman of the board of supervision. The executive committee shall consist of nine members, of which the governor of the association, the two deputy governors and the Comptroller of the Currency shall be members. The executive committee shall have all the authority that is vested in the board of directors, except such as may be specifically delegated to other committees or to executive officers or specifically retained by the board. The managers and the deputy managers of the branches shall be appointed by the governor. The National Association shall prescribe the duties of the managers, the deputy managers and the various committees of the several branches. By-laws of local and district associations must be submitted to the National

Association for approval. If a local association wishes to exercise the powers and functions of a clearing house, it can do so only by and with the approval of the National Association.

AN ECONOMIC QUESTION.

The proposed monetary legislation is not a banking problem, as some seem to think, but, rather, an economic question in which all of the productive forces of our country are vitally interested. An able and aggressive propaganda covering the whole country has been and is still being conducted in behalf of the Aldrich plan, but it is not a campaign to educate the people in the principle involved in the proposed legislation. The wage-earner is equally interested with the banker, and whatever changes are made and whatever system adopted should be given a fair hearing and full discussion. A great public question has been presented, and it should be investigated thoughtfully, carefully and intelligently by each individual citizen. That it would make many changes in our banking laws and in our present systems of currency and credit will not be denied; hence the importance of considering well what would be its influence and its effect upon industrial, commercial and financial conditions before we create a monopoly that enjoys special privileges not accorded to any other corporation or banking institution.

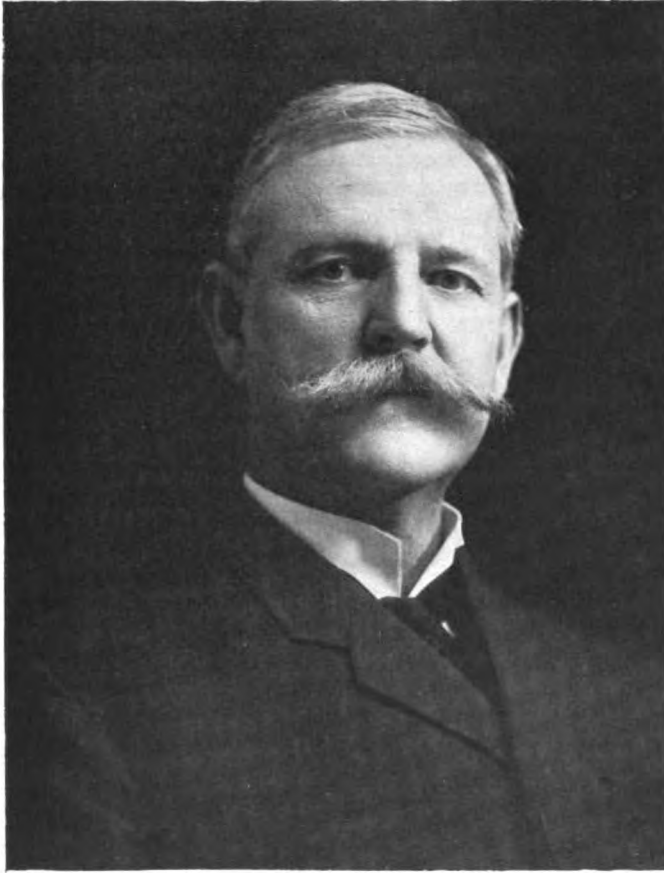
PROVISIONS FOR FURNISHING CURRENCY.

The Aldrich plan suggests the following ways by which currency may be obtained from the National Reserve Association:

First.—The association may discount notes and bills of exchange, arising out of commercial transactions, for and with the endorsement of any bank having a deposit with the National Association. Such notes and bills must have been made at least thirty days before they are discounted, and must mature not later than twenty-eight days from the date of discount.

Second.—The association may also rediscount, for any depositing bank, notes and bills of exchange arising out of commercial transactions, having more than twenty-eight days but not exceeding four months before maturity, but in such cases the paper must be guar-

anteed by the executive committee of the association and approved by the Secretary of the Treasury, the National Association may discount the direct obligation of a depositing bank, endorsed by its local association, provided the collateral offered for the loan shall be satisfactory



GEN. WM. R. HAMBY

PRESIDENT CITIZENS BANK AND TRUST COMPANY, AUSTIN, TEXAS

anteed by the local association with which the bank desiring the accommodation is affiliated, and for which the bank shall pay a commission to its local association.

Third.—Whenever in the opinion of the governor of the National Association the public interests so require, such opinion to be concurred in by the ex-

ecutive committee of the association, and provided further that the amount loaned in such cases shall not exceed three-fourths of the actual value of the collateral.

Fourth.—The National Association may, whenever its own condition and the general financial condition warrant such investment, purchase from a de-

positing bank acceptances arising from commercial transactions that have a maturity not exceeding ninety days, but they must be of a character known in the market as "prime bills." Such acceptances must bear the endorsement of the depositing bank, which must be other than the maker or acceptor of the paper.

OVER-EXPANSION OF CREDIT THE CHIEF CAUSE OF BANK FAILURES.

Section 38 of the Aldrich plan prohibits the discount of notes and bills by the association "for carrying stocks, bonds or other investment securities," no matter how valuable or meritorious the securities. At first glance this looks like a wise and far-reaching provision to prevent speculation, over-trading and over-expansion of credits. If Section 38 is intended to filter the commercial stream, the benefits to flow therefrom are destroyed by Section 42, which authorizes banks to give acceptances. Under our present banking laws, banks have no power to give acceptances, to guarantee accommodation paper, or to lend their credit, which is also a well-established principle of corporation law; and yet, with all of the safeguards of our present laws, together with the wise supervision of the Comptroller of the Currency and of the banking departments of the various States and the watchful care of vigilant bank examiners, it has been impossible to prevent the over-expansion of credits, which have produced more bank failures than all other causes. Section 42 is in striking contrast with our present banking laws, which prohibit banks from giving acceptances or lending their credit; it opens the door for the inflation of credits and for the expansion of speculative loans, and would be a fruitful source of insolvency.

FIXING THE RATE OF DISCOUNT.

Section 41 provides the rate of discount shall be uniform throughout the United States, which shall be fixed by the National Association from time to

time and published. If this provision is intended for all banks, it is in violation of the Constitution, and destructive of the rights of the States; if it is intended to apply only to the National Reserve Association and its branches, no penalty is suggested for its violation, nor is there any provision against usury; besides which it seems to be at variance with the anti-trust laws, if in fact it does not within itself create a new trust. Dissolution proceedings are pending; receiverships are threatened and indictments are in suspense for alleged violations of anti-trust laws, and yet the Aldrich plan will permit a closer "community of interest" and a more gigantic monopoly than all others. A few men fix the price of meat, of sugar, of oil, of steel and of tobacco. A few groups of men now control practically all of the great industrial and commercial interests of the United States. No age or country has ever produced brainier men or greater generals. Give the National Reserve Association the power and functions named in the Aldrich plan, and the same influences that fix the price of meat, of sugar, of oil, of steel and of tobacco will be able to control the supply and fix the price of money, if they so desire.

OF LIMITED BENEFIT TO COUNTRY BANKS.

The leading argument advanced in favor of the Aldrich plan is that it will create a reliable, stable and uniform market for discounting commercial paper. The best paper handled by State banks and by trust companies is not what the Aldrich plan contemplates as "commercial paper." Of what possible value would the twenty-eight days' discounting privilege of the association be to local banks in making loans necessary each year in producing, harvesting and marketing the grain, the cotton, the sugar, the rice, the tobacco, and other agricultural products? The total loans and discounts of all the State banks and trust companies of Texas is about \$60,000,000, but it is

doubtful if one-tenth of those loans could be classed as "commercial paper," or would be acceptable to the National Association for collateral; hence, what possible benefit could it be to State banks and trust companies, or to national banks outside of the larger cities for discounting their commercial paper when they can obtain from their reserve agents all the accommodations their business and their balances justify? In addition to the regular rate the local bank will be required to pay the National Association for discounting paper on its own endorsement, it must also pay its local association a commission should it need additional accommodations. Under such conditions, it is doubtful if these discounting privileges would be of service to ten per cent. of the banks of the United States in handling their ordinary commercial, industrial and agricultural transactions.

THE PREVENTION OF PANICS.

The salient feature of the Aldrich plan, if the claims of its friends are properly understood, is that it is intended to prevent panics; but if one should occur, then, under certain restrictions, the National Reserve Association would assume the functions of the Government and issue currency, but only to its shareholders, who must also be depositors.

Panics spring from a misapprehension of danger. In fact, the word is a derivative from Pan, the Greek god, who suddenly appeared at the battle of Marathon and, by making a great noise by blowing upon a shell, produced the first panic. The Persian soldiers were demoralized with imaginary fear; they lost confidence in their generals and in their own strength and courage, and defeat and disaster followed.

Business panics do not originate in workshops, on farms or in country towns, and, while they may be local in their origin, yet they are general in their results. A panic may start in New York, yet Portland, Oregon, will need emergency currency as much as Portland, Maine; but it can only be ob-

tained upon the following terms and conditions: "Whenever, in the opinion of the governor of the National Reserve Association, the public interests so require, such opinion to be concurred in by the executive committee and to have the definite approval of the Secretary of the Treasury, the National Reserve Association may discount the direct obligation of a depositing bank, endorsed by its local association, provided the endorsement shall be fully secured by the pledge and deposit of satisfactory securities," and for which endorsement the local bank must pay an extra commission to its local association. The accommodation is so hedged about with red tape restrictions and limitations of close communion that the plan of currency salvation as laid down in the gospel of the Aldrich plan would be exhausted before financial deliverance could be obtained from the bondage of "lost confidence."

THE COUNTRY BANKER OVERLOOKED.

The Reserve Association may be constructed to take care of the wants and necessities of large financial interests and great industrial organizations, but the country banker and the interests he serves have not only been overlooked, but the power of the association to inflate the currency would be a constant menace to conservative banking. The definition of "commercial paper," the safeguards thrown around the issuance of currency and the purchase of acceptances arising out of "commercial transactions" are ingenious, but business arising out of financial, industrial or commercial dealings would be construed to mean a "commercial transaction," and the assertion that the discounting privileges of the National Reserve Association shall not be used "for carrying stocks, bonds or other investment securities" is delusive.

RECENT PANICS NOT DUE TO LACK OF CURRENCY.

Currency is the substitute for money, and checks are the substitutes for

currency. Of the total business of the country less than five per cent. is transacted by the use of actual cash; the balance is represented by useful, convenient and desirable substitutes. The panics of 1869, of 1873, of 1893, and of 1907 were not the result of the scarcity of currency. There was never a day during either of those panics when there was not an abundance of currency in the country for all reasonable and legitimate demands, and but for the loss of confidence neither of them would have occurred. During each panic many of the larger cities resorted to the use of clearing-house checks; some banks issued certificates of deposit in small denominations, while others resorted to other expedients as substitutes for currency which had been hoarded, and yet possibly a majority of the interior banks of the country continued to do business in the usual way and paid small attention to the panics.

It is the loss of confidence rather than the scarcity of currency that produces panics. Should the National Reserve Association be clothed with all the power which it is proposed to confer upon it by the Aldrich plan, it is not believed it could inspire more confidence or exercise greater influence in preventing panics than the United States Government.

"Black Friday," in 1869, was the result of "high finance" in trying to centralize all the gold in the country for speculative purposes. The failure of Jay Cooke & Co., in 1873, was the culmination of inflated credits, of wasteful extravagance and reckless speculations, but it did not result from the scarcity of currency. The banks held their usual reserves, and there were but few bank failures.

The agitation of the silver question and the fear of inflation caused heavy withdrawals of foreign loans in 1893, which, together with the changes of national administration and the apprehension of radical changes in our tariff laws, produced the panic of that year but it was of short duration and

scarcely felt except in financial centers.

The panic of 1907 is yet fresh in the memory of all of us. Many causes have been assigned, but it was not the result of any one cause. It may have been politics; it may have been over-trading; it may have been speculation; it may have been over-expansion of credits; it may have been dishonest banking, but it did not result from either the quantity or the quality of our currency. Our currency was better than it was in 1873; it was as good and as abundant as in all of the ten or fifteen years of prosperity previous to 1907. Over-valuation and over-capitalization and the issuance of watered stocks and bonds, together with a criminal system of banking, filled the atmosphere with wild rumors, and suspicion rested upon many financial institutions, which, in turn, caused a loss of confidence in others. These conditions depreciated values, demoralized credits and destroyed confidence. The loss of confidence became infectious and resulted in the withdrawal of large sums of currency from circulation, partly from fear and largely for speculation. While the panic of 1907 was the greatest financial storm that has ever swept over the United States, and while the influences that produced it were the product of our own conditions, yet it was not the only panic of that year. Almost simultaneously with the American panic there appeared great financial convulsions in various foreign countries, each widely disconnected with the other, either geographically, politically or financially. As in the United States, so also in Chili, in Egypt and Japan there were bank failures, hoarding of money and suspension of cash payments. In Hamburg, too, there appeared the greatest financial crisis known in Germany for fifty years. It was only a few months later when a panic broke out in Copenhagen which compelled the Danish Government to come to the rescue by guaranteeing the assets of banks then subject to a run from depositors. More recently there has been a stringency in the money

markets of Paris and London and a sharp tension in the Berlin market. A war scare frightened all Europe, and in many localities there was hoarding of money.

PANICS NOT THE RESULT OF OUR CURRENCY SYSTEM.

These facts are mentioned only to show that panics are not confined to the United States, and that they are not the result of our currency system, notwithstanding the often repeated charge that we have "the worst banking system in the world." If our system of currency is so radically defective, and if the banking systems of Europe are so perfect, why is it that we have outstripped them so marvelously in all the elements of growth and prosperity that make our country the foremost nation on earth? The strongest criticism that can be made against our currency is that it is inelastic. Our greatest defects are in our system of credits, rather than currency; and yet were it not for the currency-issuing functions of the Aldrich plan, the enthusiasm of its friends would be greatly abated.

FOREIGN SYSTEMS INAPPLICABLE HERE.

The United States is the only one of the great powers of the world that issues its own currency. Systems of banking suited to the wants and necessities of England, of France and of Germany, while they may be admirably adapted to the demands of trade and commerce in those countries, would be totally inadequate to meet the financial and industrial requirements of our country. Our form of government; our vast territory; our varied manufactures; our agricultural products; our mineral resources; our live stock industries; our great lines of transportation, and our universal ballot are so radically different that banking systems, no matter how well developed or how admirably suited to those countries, would fall far short of meeting the wants of our people and of our country. Bank ac-

ceptances and commercial paper constitute the chief assets of foreign banks. Our people have been educated in a different school. Europe fosters industrial combinations; the laws of the United States prohibit them. Their systems of credit, of capital and of collateral are not applicable to American conditions. Neither the Bank of England, the Bank of Germany, nor the Bank of France is the parent or head of all the other banks in their country. Nor is it necessary to be a shareholder and a depositor in order to enjoy the discounting privileges of those banks. They are private corporations, owned by private individuals, and are operated for individual profit.

ASSUMPTION OF TREASURY FUNCTIONS.

Section 36 says: The Government of the United States shall deposit its cash balance with the National Reserve Association, and thereafter all receipts of the Government shall be deposited with the National Reserve Association, and that all disbursements by the Government shall be made through the association. In other words, the association shall transact the financial business of the Government now handled by the Treasury Department. The Treasury is recognized by the Constitution as one of the departments of the United States Government, and as the Constitution specifically says "no money shall be drawn from the Treasury but in consequence of appropriations made by law," the proposal to relieve the Treasury of its financial power and responsibility and to bestow those functions upon a private corporation is of doubtful constitutionality, and is a marked divergence from the original plan of government.

CHANGE IN RESERVE PROVISIONS.

Section 51 says the deposit balance of any subscribing bank in the National Reserve Association and any notes of the association which it may hold may be counted as a part of its legal reserve. Under our present na-

tional banking laws national banks not in reserve cities are required to carry a legal reserve equal to fifteen per cent. of their deposits, of which three-fifths may be with approved reserve agents, but not less than two-fifths must be in legal tender money in their own vaults. Texas banking laws require of State banks and trust companies a legal reserve of twenty-five per cent., of which fifteen per cent. may be with approved reserve agents, but not less than ten per cent. must be in cash in their own vaults. The requirement that the cash balance in the United States Treasury shall be turned over to the Reserve Association and the proposal to reduce the cash reserves in local banks and to concentrate all the gold in the country in the vaults of the National Reserve Association, is a serious question, and should receive the most thoughtful consideration. In a Government like the United States, with many thousands of miles of sea coasts and frontier to be protected from foreign invasion, is it better to hold all the reserve army at the seat of Government, awaiting domestic insurrection, or to scatter the troops among the fortifications of the sea coast and along the frontier, where they will be available for service in case of foreign invasion?

INSUFFICIENT INDUCEMENTS FOR THE AVERAGE COUNTRY BANK.

As the association is to be prohibited from ever paying more than five per cent. dividends to stockholders, who will be benefited by taking from the local banks all of their cash reserve except the small amount required for counter or till purposes and shipping it from the local community where it belongs and concentrating it with one great central bank hundreds or perhaps thousands of miles away, awaiting a financial insurrection? As the National Reserve Association will not pay interest on deposits, and as the banks in the larger cities will pay interest on deposits, what is the inducement to the local bank to deposit with the National

Reserve Association? Furthermore, it would not be a profitable investment for the average country bank to invest twenty per cent. of its capital permanently that at most can never return more than five per cent. dividends.

CENTRAL BANK, UNNECESSARY.

The banking power of the United States is now more than \$20,000,000,000, and at the same ratio of increase for the past few years it is only a question of a short time when our banking power will be equal to the balance of the world combined. Instead of following the examples of other countries, the United States is able to assert its financial independence and maintain a system of currency and banking in keeping with our great system of government. Our banking power is made up of national banks, State banks, private banks and trust companies; they work in harmony with each other, and it is not believed one great central bank is necessary to bring them into any closer bond of union. The State banks and trust companies are nearly double in number the national banks, while their deposits are more than double. Both systems are useful and desirable aids to commerce. National banks have their note-issuing functions, which are denied to State institutions, while on the other hand State banks and trust companies are of great benefit to each local community in performing duties and handling industrial propositions which national banks are prohibited from doing.

FINANCIAL POWER SHOULD BE DISTRIBUTED, NOT CENTRALIZED.

There are now about 23,000 different banking institutions scattered through the villages, towns, and cities of the United States, taking care of the financial, industrial and commercial wants of the people of the various sections of the several States, each separate and independent, except where combinations have been made, either through direct ownership or through affiliated

interests. The Aldrich plan makes possible the concentration of all this mighty banking power under one corporate management. It involves vital changes in the functions of existing banks; it assumes a parental control, and robs the local bank of its individuality and its independence. No matter by what name it may be called, the basic principle of the National Reserve Association is one great central bank. As a concrete proposition, it can not be denied that every centralizing action, whether financial, industrial or commercial, magnifies the power of the integral and minimizes the strength and efficiency of the units, and that the control of vast aggregations of power, no matter whether political, financial or commercial, should be distributed instead of centralized.

Holding the cash balance of the Treasury, and receiving all the revenues and making all the disbursements of the Government, and with authority to fix the rate of discount throughout the United States, and with power to inflate the currency subject only to a nominal tax until its note issues shall exceed \$1,200,000,000, and notes in excess of that amount practically without limit under a tax of only five per cent., would give the National Reserve Association too much power over the finances, the industries and the commerce of the country. A distinguished authority is credited with saying that the two great purposes to be served by the Aldrich plan will be "the holding of the cash reserve of the banks and to take over the business of note issue. All other things are collateral." No more forceful fact was ever uttered. The strongest criticism of the Aldrich plan could not have been stated more tersely. Holding the cash reserves, and with power to fix the supply and the price of currency, assuredly "all other things are collateral."

LIABILITY OF CONTROL BY SELFISH AND CORRUPT INTERESTS.

The machinery of the Aldrich plan for the election of directors and for

preventing the management of the National Reserve Association from falling into the hands of selfish or corrupt financial or political interests is elaborate and intricate and throws many safeguards around the institution; but the restrictions are more nominal than real. There is nothing to prevent those same corrupt and unscrupulous interests from acquiring control of a majority of the branches, either direct or through confederated allies and interlocking interests, which is not a contingency too remote to be contemplated. The care and attention given to details tells in words that can not be misunderstood the great danger of giving to any class of men the vast power which it is proposed to confer upon the National Reserve Association. All the machinery, all of the protecting clauses, and all safeguarding limitations, point to this danger. Should the management of the association be placed in the hands of the ablest, the purest and most patriotic men in the country, it would be only a question of time when the control would pass into the hands of men less honest and less patriotic.

When such unlimited resources and such unlimited powers are the prize, no safeguards, no limitations, no restrictions can prevent selfish and corrupt interests from obtaining control. It would be only a question of time when it would be involved in violent political if not sectional strife. The suggestion that one bank should be prohibited from owning stock in another would be wholly inadequate to prevent centralization of wealth and power. It is individual control, rather than the corporation controlled, whose power and influence is most to be feared. It is far more indispensable that no law be enacted whereby it may be possible to concentrate dangerous financial power either under individual control or through corporate management.

BOUND TO BECOME A POLITICAL ISSUE.

The Aldrich plan proposes that the United States Government shall abdi-

cate the sovereignty of issuing currency and bestow that power upon a single corporation which shall have a monopoly of the note-issuing and currency-making power in this Government, and yet we are told it is not a political question! Perhaps no party principle is at issue, but a great principle of representative government is involved, and no more important question has ever been submitted to the American people. No matter whether it be called the Central Bank or the National Reserve Association, the basic principle of the organization is centralization. The local associations will supervise the operations of the local banks; the branches will supervise the local associations, while the National Association will supervise and direct the operations of the branches and the local associations. The board of directors of the National Reserve Association will exercise more financial power than the Congress of the United States, and membership upon the board will be the result of aggressive and strenuous campaigns; while a place upon the executive committee will be more desired than a seat in the United States Senate. Intrenched behind its financial fortifications and its vested rights, with its local associations, its district branches and its supreme central head, under one corporate management for fifty years, no power on earth could prevent it from being an important factor in every national campaign.

The programme for the recent meeting of the American Bankers' As-

sociation at New Orleans provided for the elaboration of the Aldrich plan from the viewpoint of its friends. Two days were devoted to addresses by Senator Aldrich and fifteen other able and eloquent speakers, but no provision was made for the discussion of both sides of the question. If the opportunity had been offered an alternative proposition would have been suggested providing for a law that would authorize the organization of clearing-house associations under national charter and with authority to do lawfully what has often been done without the sanction of law. In other words, with power under proper safeguards and fully secured by collateral to issue emergency currency under the direction of the Comptroller of the Currency, subject to the approval of the Secretary of the Treasury and with such tax that would promptly retire it when the emergency had passed. But the opportunity was not given; instead, however, at the closing hours of the session a resolution was presented for the "unqualified approval" of the Aldrich plan, which was adopted with only one dissenting vote, and yet that overwhelming majority is not a test of whether the question at issue, or the principle involved, is right or wrong. Our constitution and our laws guarantee to every citizen the right of independent thought and free speech, and every man should have the courage of his convictions and be willing to give a reason for the faith that is in him.

By Hon. Charles N. Fowler, Former Chairman Banking and Currency Committee, House of Representatives*

I WISH to speak purely from an economic point of view and to cover only one single phase of the proposal; its dangerous expansion, unbounded inflation and certain expulsion of gold from the country.

First—Nothing should ever go into

the reserves of a country except what is coined out of the standard of value.

Second—The poorer money always drives out the better.

Every single note of the so-called Reserve Association used in the reserves of our banks will displace just that much gold and drive it out of the country.

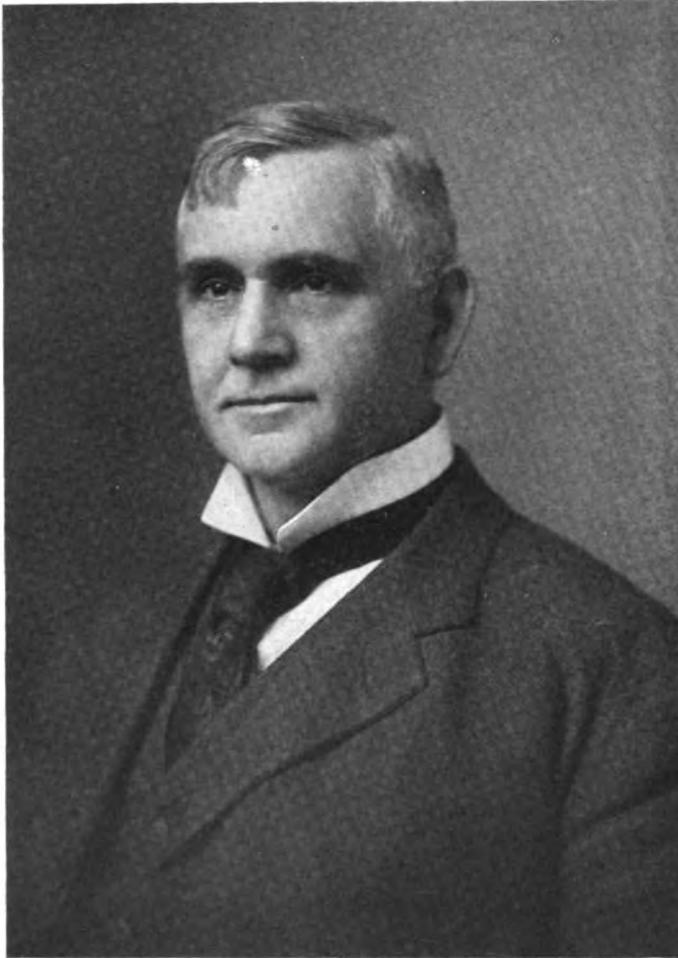
* Address before the Republican Club of New York, Saturday, January 20, 1912.

PLAN DECLARED UNSOUND.

Judged, therefore, from a purely economic point of view, I assert that the Reserve Association plan is the most

as greenbacks; second, the free and unlimited coinage of silver at the ratio of 16 to 1.

An officer of one of the largest banks of the United States recently



HON. CHARLES N. FOWLER
FORMER CHAIRMAN BANKING AND CURRENCY COMMITTEE, HOUSE OF
REPRESENTATIVES

unsound, the most dangerous; indeed, it is absolutely the worst proposal that has been brought forward for serious consideration by any respectable body of men since the adoption of the Constitution, with the two following exceptions: First, the issue of legal tender money by the government such

used this language: "Mr. Fowler, it is incredible that we should be called upon to consider such a proposition."

If this is really true, how does it happen that so many business men and so many bankers approve it is a most natural inquiry. The cause is not difficult to perceive.

There is not a business man nor hardly a banker who is not even now still living in a state of fright from the terror of 1907. One thought alone seems to have taken possession of the country to the exclusion of everything else, and that thought is this: That we must hereafter be able to convert our commercial credits into bank or current credits. There seems to be something approaching madness; indeed, there seems to be an insane haste lest they be caught again, possibly to-morrow, certainly next fall. But they need not worry, for danger is not imminent; 1907 will not come again right away.

During the past two years up to the present time the entire thought of the country has been directed to a mere mechanism to achieve this result, without any reference to or consideration whatever of those fundamental, eternal principles of banking economics that demand recognition and obedience if we are to escape the frightful penalties which their violation always inflicts.

FUNDAMENTAL LAWS.

In the outset I want to lay down two fundamental laws that I wish were burned into the minds of every banker and every business man within the borders of this republic. They are these:

One—Nothing should ever be counted as a reserve which is not coined out of the standard of value. Our standard of value is gold, therefore nothing should go into the reserves of our banks except gold.

Two—The poorer money always drives out the better.

I hope that whoever hears these words will commit these two laws to memory, for they are as fundamental and eternal in their operation as the law of gravitation.

I assert that the plan of the so-called reserve association is in direct violation of the first of these laws, and will put the second law into operation to a dangerous and destructive degree.

Every intelligent student knows that the plan proposes to transport to this

country the German system of banking, which I assert has completely broken down at home during the past six months. Now, if this system has broken down in Germany, where there are a few great banks with hundreds of millions of assets and not more than 500 banks all told, what can you expect it to do here with more than 25,000 individual, independent banks, directly responsible to their depositors?

The following letter was given to me by an officer of one of our largest banks, accompanied with these words:

"I realize that in giving you this letter I am, in a way, betraying a business confidence, but I regard it as my patriotic duty to give it to you, to use in any way you may see fit. For what would happen to this bank if we should send out such a letter to our depositors? Our doors would be closed inside of twenty-four hours."

The letter referred to was written by the Deutsche Bank of Berlin, which has assets approximating \$500,000,000, and is as follows:

"In consequence of the restrictions recently made by the Imperial Bank, with regard to the supply of money at the end of every quarter of the year, we are, to our regret, compelled to ask you, when drawing against your account with us upon our head office and our branches by mail, kindly to advise us by cable of such drafts on them as are likely to come forward for payment during the last three working days of the quarter and the following two working days, so as to enable us to provide from here especially the necessary funds at the office drawn upon.

"As to cable transfers which, during the five days in question, you may have to order on our head office or branches, to the debit of your account with us, we shall feel obliged by your ordering them only if you can advise us by cable one day before, the amounts to be placed by us to your debit on receipt of such advice, or ordering upon us for mail transfer from here.

"The foregoing, of course, does not apply to small amounts."

As a further proof that the system has broken down at home, let us see what has been going on in Germany during the past six months to further demonstrate the weakness of their system.

The great banks of Germany have been scouring the markets of the world, going into every nook and corner, hunting for gold. At what price? Was it at five per cent., six per cent., seven per cent., eight per cent., nine per cent., ten per cent.? No. The New York Evening Post, in its annual review, says it was from twelve per cent. to twenty per cent. I have been credibly informed that the great banks of Germany, with hundreds of millions of assets, were borrowing money in our own markets at seven and one-half per cent., and one and one-half per cent. for three months, or upwards of thirteen per cent.

I was told of one loan to one of the largest banks in Berlin, running for a whole year at seven per cent.

Think of it! What would the condition in our country have to be before The National City, The Bank of Commerce and the First National of New York, and the First National and Continental and Commercial of Chicago, were scouring all quarters of the globe for gold and paying from fifteen to twenty per cent. for the loans?

The Imperial Bank of Germany could not save the few great banks of Germany. What would the same kind of an institution in the United States do for 25,000 independent banks under the same circumstances, all pulling at the skirts of this proposed financial balloon? The Imperial Bank could not make real money out of paper credit when the crisis came.

Let me ask the 25,000 individual independent banks of America what they would do when the day of contraction and refusal came? Where would you go for gold with your comparatively small capital and limited credit?

The financial situation in Germany is by far the weakest of all the great nations of Europe and the cause is not far to find nor difficult to detect.

Their notes, which are based upon only thirty-three per cent. of gold and sixty-six per cent. of commercial credits, are used as reserves and made the basis of additional credits. Economically speaking, whenever a bank puts anything into its reserves it makes that thing a legal tender and exactly to that extent displaces that much gold, if gold is the standard of value.

ACCUMULATION OF GOLD.

During the ten years from 1900 to 1910 the gold accumulated by Russia amounted to upward of \$300,000,000; that accumulated by France, upward of \$200,000,000; that accumulated by England, where nothing but gold is treated as reserves and where there has been comparatively little growth in business, \$32,000,000. The United States accumulated \$1,100,000,000, while Germany, with all her development of trade during the last ten years, accumulated only \$40,000,000 of gold when it ought to have been ten times as much, all things considered. If she had done this she would not have been compelled to send her great financial institutions all over the globe in search of gold and been compelled to pay fifteen per cent. and twenty per cent. for it.

Mark this: If we did not have the \$346,000,000 United States notes or greenbacks, the \$650,000,000 of legal tender silver and a part of the \$750,000,000 national bank notes in the reserve of our banks, we would now have in the United States \$2,500,000,000 of gold instead of only \$1,800,000,000. Does all this prove nothing to us?

Every intelligent student of economics knows that after Alexander Hamilton, with the acquiescence and approval of Jefferson, fixed the relations of the gold and silver dollar in 1792, a differential of only one-half to one per cent. drove all the gold out of the country by 1832, and that from 1834 to 1860 the changed ratio drove every dollar of the silver out of circulation. Who does not know that from 1861 to 1865 the issue of flat government

paper drove every dollar of gold out of the country; that for eighteen years we were off the gold standard, resuming specie payments in 1879?

Has any banker over fifty years of age forgotten the silver struggle from 1879 to 1894, when, because of the silver purchase act by which we only added \$50,000,000 a year to our reserve money, we came to the very precipice of repudiation and national dishonor?

Don't you recall the fact that gold was running out faster than we could put it in the treasury, and that finally, when only \$42,000,000 of gold and twenty-four hours of time stood between us and a silver basis, the intelligence, the integrity, the patriotism and heroic courage of Grover Cleveland, supported by J. P. Morgan, alone saved the credit of this nation?

These four great and significant lessons have been taught us—since the establishment of this government—the poorer money invariably drives out the better, and yet we are confronted by such stuff as the following falling from the lips of the reputed author of the so-called Reserve Association:

"The banks will be able to replenish their reserves indefinitely. The counterpart of this proposition is that the banks will be able to make loans indefinitely." Think of such a proposition! And again, he says it was deemed necessary "to provide such effective regulation of discounts and note issues as would enable the organization to respond promptly at all times to normal or unusual demands for credit or currency without danger of undue expansion or inflation." If this proposition survives at all it will be as the curiosity of the century. I submit that neither of these propositions could have emanated from a mind capable of thinking in the terms of economics.

I assert that if we adopt a sound financial system in the near future we shall have in the course of ten years upward of \$3,000,000,000 possibly \$3,500,000,000, of gold in the United States. I assert further that if we

adopt the proposed so-called Reserve Association scheme we shall have at the end of five years thereafter in the neighborhood of only \$1,250,000,000, allowing for a differential of \$250,000,000 either way as a possibility. In other words, we would have as a result not more than forty per cent., and possibly not more than thirty per cent., of the gold that we shall have if we pursue a wise economic policy.

WOULD CAUSE INFLATION.

The scheme provides that any deposits with the association may count as reserves; also that any of its notes may be held as reserves.

Since the average reserve of all national banks is and has been for many years about twenty per cent., let us assume, first, that a national bank called X has \$5,000,000 of deposits and holds a twenty per cent. reserve, or \$1,000,000, of gold; second, that X National Bank deposits this million of gold with the Reserve Association; third, that a national bank called the Y National Bank exchanges \$1,000,000 of commercial paper for \$1,000,000 of the notes of the Reserve Association, which it puts into its reserves.

In the course of time it will have a million of deposits, largely in the shape of loans based upon this million of notes; so that the original \$1,000,000 which stood guard over \$5,000,000 of debts now is called upon to protect \$12,000,000 of debts, or only about an eight per cent. reserve as against twenty.

The X National Bank owes \$5,000,000 of deposits against \$1,000,000 deposited with the association. The association owes the X National Bank the \$1,000,000, deposited with it and \$1,000,000 of notes outstanding which it issued to the Y National Bank. The Y National Bank has liabilities outstanding of \$5,000,000 with the notes as reserve, or a net expansion and inflation of \$7,000,000.

It has been assumed or claimed by some advocates of the scheme that probably \$1,000,000,000 of gold would be deposited with the association, in which

event there would be an expansion and inflation of \$7,000,000,000, or a total liability of \$12,000,000,000 where now there are only \$5,000,000,000.

While this expansion and this inflation have been going on the notes have been going into the banks as reserves, and a corresponding amount of gold has been driven out of the banks and out of the country.

Now, mark you, I have not pursued this expansion, this inflation, beyond the fifty per cent. gold reserve for all the liabilities of the Reserve Association. When you turn your imagination to all the possibilities remaining in rediscounts, borrowing direct, acceptances and falling in your reserves, and the credits which grow out of credits directly and indirectly, the prospect becomes bewildering. The expansion and inflation becomes a matter of planetary distances and astronomical figures. The proposal leads into the nebulous somewhere into the bottomless nowhere.

Every student recognizes that the weakest point in our national bank system is the superimposed credit resulting from the deposits with our reserve cities and then with our central reserve cities. But in the very face of that fact here is a proposal that accentuates that fault one hundred fold.

The strangest thing about this whole proposal is that it is based upon the fact that we have not sufficient capacity for expansion and inflation of credit. Will any one say that what we wanted during the years of 1903-4-5-6-7 was more inflation? Does not every intelligent student of banking economics know that what we should have had was some way of checking the delirium instead of increasing the mad speculation?

To determine now what we want we must first ascertain with some degree of accuracy just what happened.

TWO DISTINCT KINDS OF CAPITAL INVOLVED IN BANKING.

Until we come to realize that there are two distinct kinds of capital in-

involved in our banking business, and learn to treat them according to their peculiarities, we shall continue to have the same kind of trouble, to a greater or less degree, that we have had in the past.

There is the trust fund of the savings of the people and money belonging to estates or the investment fund. Then there is the commercial fund or that capital engaged in production and trade. The law should compel the segregation or separation of these two funds, so that we know with some degree of certainty whether the investment fund has all been exhausted and our commercial funds or capital are being encroached upon and absorbed in fixed investments. This is precisely what happened in 1907.

To illustrate this thought, let us assume that a railroad needs 100 flatcars to carry its peculiar freight and needs 100 passenger cars for the accommodation of the people. It is self-evident that if the road uses all the flatcars and half the passenger cars to carry its freight the balance of the passengers will have to make some other provision for transportation or walk. This is just what occurred in 1907, and a great many people are still walking as a result of that misadventure. Liquidation is still going on, with a probability that we shall be well in 1913 before normal or really good business conditions will prevail all round.

Now, it is apparent that if this diagnosis is correct, Theodore Roosevelt did not cause the panic, nor did the bankers cause the panic, as is so frequently charged. Indirectly, the bankers had a good deal to do with bringing it about, but not in the manner usually supposed. The way they helped it on was this:

The great syndicates or underwriting bankers adopted the practise of simply notifying rich men and bankers all over the country that to them so much of some issue of bonds had been allotted. Those to whom they had been allotted, influenced, on the one hand by flattery and on the other by fear, lest if they refused to absorb what had been set

apart for them they would be ignored in the future, took the allotment at all hazard.

This forcing process went on until commerce broke down, because it had been robbed of its necessary capital and has not been able to replace it since, out of earnings.

What we want so far as possible is to prevent the recurrence of that experience. But unlimited expansion all the time will not achieve the result, although the power to expand naturally to meet a sudden reaction is the thing that must be accomplished. In seeking a solution of our problem we must take into account three important factors peculiar to ourselves. First—The vast undeveloped resources of our country and ever inviting opportunities. Second—The intelligence, capacity, impulsiveness and optimism of our people. Third—The peculiarly local relation of our 25,000 individual independent banks, which are always in close sympathy with and affected by the growth and development of the locality and the interests and enthusiasm of the people.

We cannot successfully import into this country some exotic system, the whole framework of which is foreign to our institutions, habits of thought and practises. Nor can we disregard those fundamental principles of banking economics that must be recognized and obeyed if we hope to become the financial center of the world—which is

our natural right unless we forfeit it—by adopting a system of banking which is unsound, dangerous and detrimental.

Furthermore, no country can ever become the financial center of the world unless it is a free market for gold. No country can be a free market for gold unless its entire credit system is based upon gold and gold alone, thereby guaranteeing unquestioned bills of exchange drawing as low rates as the lowest and protected by a gold fund of such magnitude, when considered from the standpoint of its obligations to the commerce of the country where held, all conditions being considered, as to insure beyond question its ability to take and give gold as necessity requires in international trade.

This result can only be achieved by enforcing a discount rate throughout the country involved and the discount rate can only be enforced throughout the country involved by buying and selling bills of exchange in straight gold transactions and not trading one bank credit for another bank credit and putting these bank credits into our bank reserves, thereby driving gold out of the banks and out of the country and also utterly destroying our power to control and protect the cash reserves of our banks which, outside of what may be called subsidiary money (from \$2 pieces down) should be gold and gold alone.

SAVE!!!

MONEY hoarded under a brick in the fireplace or in old stockings, is withdrawn from circulation, and is practically useless. It has stagnated. Further, it brings no interest, and it may be lost or stolen. Such funds are far better brought out of hiding and put to work. Once you become the owner of a bank account you will try to keep it in your possession.

Begin with a dime.

Keep it up until you have saved ten dimes or enough to secure a bank book.

Do not part with it under any consideration.

Save the interest.

Keep on repeating the operation.

Save!

CANADIAN BANKING AND COMMERCE

SEMI-ANNUAL REVIEW

By H. M. P. Eckardt

IN dealing with Canadian banking for the year 1910, it was remarked that in the last quarter of that year the deposits of the chartered banks underwent an unusual shrinkage. This period almost invariably witnesses an important increase of deposits, which occurs largely as a result of the loan expansion then necessary for the purpose of moving the crops. Especially in the three provinces of Manitoba, Saskatchewan and Alberta, a large part of the business for the year is crowded into the four months—September, October, November and December.

The loan and mortgage companies, the life insurance companies, land companies, railways, manufacturers, merchants, and others, effect a considerable part of their collections in that season of the year; and their bank balances are therefore usually at high record figures. So the contraction of the deposits in the last quarter of 1910—amounting to \$20,000,000—occasioned some concern. Largely because of it the increase of deposits registered for the whole year 1910 fell far behind the increase registered for 1909. In 1910 the increase of deposits was \$58,000,000, as against an increase of \$146,000,000 in 1909, and of \$90,000,000 in 1908.

In 1911 the deposits increased \$113,000,000, while the current loans in Canada increased \$97,000,000. The loan expansion in 1910 amounted to \$84,000,000. As the loan expansion in 1910 exceeded the increase of deposits, there was in that year a sharp fall in the ratio of quick assets to liabilities.

As mentioned in previous articles, it is the custom of the banks in Canada to include their call loans in New York and London, and the balances at their credit in international banks at those centers, with the holdings of specie and legal tender notes, in arriving at their

reserve of available assets. The reserves of the Canadian banks, calculated in that manner, fell from 29.32 per cent. of their net liabilities on December 31, 1909, to 24.07 per cent. on December 31, 1910. The fall in reserve strength was in evidence all through the year.

This naturally made the bankers exercise care in granting new credits; and at some seasons of the year complaints of monetary stringency were loudly voiced by the stockholders in Montreal and Toronto. During 1911 the situation as regards loan expansion and increase of deposits, was somewhat more comfortable—the increase of deposits was a few million dollars greater than the expansion of the mercantile credits. The situation was helped also by the action of the banks in increasing their capital stock.

LARGER CAPITALIZATION.

The movement to increase capital stock in 1911 was more general and more important than in any preceding year. During the year the paid up capital of the banks was increased by \$8,300,000; and the surplus or rest funds increased \$13,000,000. The increase of surplus occurred principally as a result of the issue of new stock to the shareholders at high premiums. The more important issues were made at prices ranging between 160 and 260.

There were also large additions to the surplus accounts through reservation of surplus earnings. It should be noted that of the increase of about \$13,000,000 in the surplus, \$3,400,000 consisted of a mere book entry. The Bank of Montreal had been accustomed to carry its Bank Premises in the balance sheet at the modest figure of \$600,000. It was making large expenditures every year upon new buildings in Montreal, Winnipeg, and other

places, such expenditures probably amounting to an average of \$600,000 per year, entirely out of current earnings. That is to say: Suppose the actual net earnings of the bank in a certain year were \$2,100,000, and \$600,000 were expended on new premises—the bank would write off the whole of the expenditures on premises and declare the profits as \$1,500,000. That process it had followed for a half-dozen years or more, and of course as the bank premises were carried at the old figure of \$600,000, the equity concealed under this item reached large proportions.

THE SURPLUS.

At the close of the fiscal year, 1911, a change of policy was inaugurated. The executive stated that at a conservative valuation the buildings and land owned by the bank and used for banking purposes were worth \$9,088,000; and whereas they appeared in the balance sheet at \$600,000, the board had written them up in the books to \$4,000,000.

The \$3,400,000 of expenditures thus restored to the balance sheet on the debit side were transferred *en bloc* to surplus account. At the same time the

LIABILITIES.

	Dec. 31, 1911.	Dec. 31, 1910.
Note circulation	\$102,037,305	\$87,694,840
Dominion Government deposits	8,081,605	5,970,160
Provincial Government deposits	25,003,062	24,714,358
Deposits of the public (demand).....	335,020,693	280,910,695
Deposits of the public (notice)	591,068,932	544,220,710
Deposits elsewhere than Canada	80,606,935	70,574,871
Loans from other banks in Canada.....	.....	3,988,730
Deposits of other banks in Canada.....	6,908,935	4,767,244
Due to banks in Great Britain	4,350,151	1,573,473
Deposits of banks in foreign countries.....	5,464,118	4,374,426
Other liabilities	15,781,627	7,286,060
	<hr/>	<hr/>
	\$1,174,323,431	\$1,036,075,636
Capital paid	107,994,604	99,676,093
Rest on surplus	96,868,124	83,965,869
Profit and loss balance	10,883,359	10,073,261
	<hr/>	<hr/>
	\$1,390,069,518	\$1,229,790,859

ASSETS.

Specie	\$37,464,226	\$33,411,852
Dominion notes	97,657,488	76,007,087
Circulation redemption fund	5,811,192	5,040,116
Notes and checks, other banks	62,065,361	48,045,024
Loans to other banks, Canada	583,658	3,807,474
Deposits in other banks, Canada	8,903,767	8,232,150
Due by banks in Great Britain	20,740,243	13,823,172
Due by banks in foreign countries.....	25,667,293	24,486,630
Dominion and provincial securities	9,135,464	13,102,587
Canadian municipal, etc., securities	20,880,987	24,680,177
Railway and other bonds	64,889,452	59,519,918
Call loans, Canada	72,640,526	63,983,912
Call loans, elsewhere	92,106,695	90,710,437
Current loans, Canada	774,909,172	677,064,829
Current loans, elsewhere	37,970,839	40,400,839
Loans to provincial governments	2,475,715	2,144,028
Overdue debts	3,341,291	6,553,475
Real estate other than premises	1,575,328	1,360,966
Mortgages on real estate	966,575	958,745
Bank premises	32,557,940	25,191,619
Other assets	17,726,147	11,265,638
	<hr/>	<hr/>
	\$1,390,069,518	\$1,229,790,859

*Difference in addition due to omission of cents.

bank abandoned its practice of writing off the expenditures upon premises before making the declaration of profits. Thus in the case of the 1911 profits, they were declared as \$2,305,409, and afterwards the amount expended on premises during the year—\$708,800—was written off.

This change of policy on the part of the Bank of Montreal makes the practice of all the important banks uniform in regard to the matter of expenditure on premises.

With their net acquisition of new deposits and their issues of new stock at high premiums, the banks were enabled to maintain their position in regard to reserve strength throughout 1911. At the end of 1910 the ratio of immediately available assets to net liabilities was 24.07 per cent.; and at the end of 1911 it stood at 24.43 per cent.

During the year just ended the monetary situation did not become greatly strained. There was a strong demand for credits throughout the year, which the banks were able to satisfy reasonably well. Naturally, as their loanable funds increased largely while the home money market was exhibiting great firmness, the profits of the banks were exceptionally good.

The table on page 313 shows the general position of the banks on December 31, 1911, as compared with the same date in 1910.

It is worthy of remark that during 1911 the Canadian banks exhibited a tendency to carry a larger proportion of their available reserves in the form of specie and legal tender notes in Canada.

The following table shows the development during the year:

One might presume that the low rates of interest prevailing on call loans in New York had something to do in causing this change of policy. Perhaps it would be reversed if call loans in the American metropolis commanded four per cent. interest or thereabouts. When the rate is 2 the one-half per cent. tax levied by the State of New York represents twenty-five per cent. of the gross revenue derived from the funds; the tax therefore operates to cause gold exports to Canada when interest rates in New York are low. The banks consider that as the funds must be carried as reserve it is perhaps nearly as cheap to carry them as specie in Canada.

Two movements of gold occurred in 1911 from New York to Montreal—one in May and the other in November. The whole of the funds thus transferred were added to the cash holdings of the Canadian banks.

The table on opposite page shows the profits declared in 1911, and the dividends paid in the fiscal year of the respective banks.

It should be noted that the list contains all the going banks in Canada except one—La Banque Internationale—is a new bank which has not yet completed the first year of its existence. As will be noted, the dividend increases were general.

The more important banks all have rests or surplus funds equal to or nearly equal to the capital; their stocks are selling in the market at 200 per cent. of par or higher. The net return on an investment in their stocks at present prices would range from 4¼ to 5¾ per cent.

IMMEDIATELY AVAILABLE RESERVE.

	Dec. 31, 1911	Dec. 31, 1910	Per cent. of whole	
			1911	1910
Specie	\$37,464,226	\$33,411,852	14	14
Dominion notes	97,657,488	76,007,087	37	33
Net foreign bank balances	36,593,267	32,361,903	14	14
Foreign call loans	92,106,695	90,710,437	35	39
	<hr/>	<hr/>	<hr/>	<hr/>
	\$263,821,676	\$232,491,279	100	100

YEAR'S PROFITS.

The profits of the year exceed those declared in 1910 by \$2,200,000. And, owing to the issues of new stock at high premiums, the executives have had large additional amounts to dispose of. The premiums on new stock, however, are invariably placed in the rest or surplus accounts; and those accounts also receive the surplus of earnings, remaining over after appropriations for dividends, premises, expenditures, pension accounts, are made.

One new bank started in 1911—La Banque Internationale du Canada. This is a Franco-Canadian institution. The subscribed capital is \$10,000,000, more than three-quarters of which has been

taken in France. Some officials of the Bank of France are said to have taken stock, and other leading bankers are also said to be interested. The president is Sir Rodolphe Forget, a prominent stock broker in Montreal. However, the paid up capital as at the end of 1911 was but \$1,041,390.

ABSORPTIONS.

Then two banks which appeared in the list for 1910 have been absorbed. The Union Bank of Halifax was absorbed by the Royal Bank of Canada; and the United Empire Bank was purchased by the Union Bank of Canada. Also in the closing month of 1911 announcement was made that the directors of the Canadian Bank of Com-

Bank	Year ended	—Earnings—		Div. paid	
		1911	1910	1911	1910
(a) Canadian Bank of Commerce.....	Nov. 30	\$2,305,409	\$1,838,065	10%	9%
(b) Bank of Montreal.....	Oct. 31	2,276,519	1,797,993	10	10
Merchants Bank of Canada.....	Nov. 30	1,179,581	1,057,140	9½	8½
Royal Bank of Canada.....	Dec. 31	1,152,250	951,337	12	11¼
Imperial Bank of Canada.....	Apr. 30	841,692	702,508	11¼	11
Bank of Nova Scotia.....	Dec. 31	815,519	662,301	13½	19
Dominion Bank.....	Dec. 31	704,046	659,301	12	12
(c) Molsons Bank.....	Sept. 30	693,170	583,555	11	10
Bank of Toronto.....	Nov. 30	677,964	589,656	11	10
Union Bank of Canada.....	Nov. 30	662,437	451,621	8	7¼
Bank of British North America.....	June 30	643,156	533,682	7	7
Traders Bank of Canada.....	Dec. 31	601,134	524,351	8	8
Bank of Ottawa.....	Nov. 30	595,228	532,354	11	10½
Eastern Townships Bank.....	Nov. 30	459,570	410,697	9	8¼
Bank of Hamilton.....	Nov. 30	443,506	422,090	11	10
Banque d'Hochelega.....	Nov. 30	415,000	417,697	8¾	8
Standard Bank of Canada.....	Jan. 31	373,208	342,259	12	12
Quebec Bank.....	Nov. 15	276,392	278,926	7	7
Banque Nationale.....	Apr. 30	262,513	257,917	7	7
Banque Provinciale.....	Dec. 31	184,398	149,063	5	5
Metropolitan Bank.....	Dec. 31	153,350	146,887	10	8
Bank of New Brunswick.....	Dec. 31	147,622	142,180	13	13
Home Bank of Canada.....	May 31	121,942	95,832	6	6
Sterling Bank of Canada.....	Apr. 30	96,826	92,832	5	5
(d) Weyburn Security Bank.....	Dec. 31	26,682	.....	2½	..
(e) Bank of Vancouver.....	Nov. 30	20,361	5,943	nil	nil
(f) Union Bank of Halifax.....	Jan. 31	.....	214,415	..	8
(g) United Empire Bank.....	Dec. 31	.....	44,686	..	5
The Northern Crown Bank.....		285,694	258,144	5½	5
		\$16,415,169	\$14,163,432		

(a) Bank of Commerce profits 1911, exclusive of \$500,000 recovery from previous appropriations for doubtful debts.

(b) Bank of Montreal profits in 1910, after making appropriations for expenditure on premises; profits in 1911, before making the appropriations.

(c) Molsons Bank profits 1910 and 1911 are given, exclusive of business tax—to make them conform to profits declared by other banks.

(d) Weyburn Security Bank—completed its first year Dec. 31, 1911.

(e) Bank of Vancouver—profits 1910 for four months only. This also is a new bank.

(f) Union Bank of Halifax—absorbed by Royal Bank of Canada.

(g) United Empire Bank—absorbed by Union Bank of Canada.

merce and the Eastern Townships Bank had agreed provisionally upon the absorption of the latter by the former. This amalgamation, if ratified by the shareholders of the two institutions, will go into effect early in 1912.

There are also, at the time of writing, rumors that the Bank of Montreal is about to absorb another large bank, in order to put its position as largest Canadian bank beyond question or attack.

With the absorption of the Eastern Townships' Bank, the Canadian Bank of Commerce approaches closely to the Bank of Montreal, and distinctly challenges its leadership.

The opinion of the business community appears to be somewhat averse to these combinations of large banks. There is not so much objection to the acquisition of a small or weak bank by a large institution, but when two large banks amalgamate, competition is lessened and distinct progress is made towards banking monopoly. If it should develop in the next few years that certain privileges of the banks—note issues, etc.—are extinguished or threatened with extinguishment, there is no doubt that the amalgamations now being effected and being talked of will be in some degree responsible therefor.

The principal banking authorities appear to be looking for a continuation of Canada's prosperity in 1912. They admit that real estate speculation has been prevalent in the west and that some Canadian securities of doubtful value have been foisted upon the British investment market, but they consider that the continuation of the immigration movement and the extensive programs of new railway construction undertaken by the Canadian Pacific, Grand Trunk Pacific and Canadian Northern should serve to keep business reasonably good.

PRODUCTION AND TRADE.

Early in the year, 1911 was expected to record a production of over 200,000,000 bushels of wheat in Western Canada. Unfavorable weather changed the aspect of affairs. However, not-

withstanding the bad year, new high records were achieved in production of wheat, oats and barley.

Following are the figures compiled by the *Manitoba Free Press* for the three provinces of Manitoba, Alberta and Saskatchewan for the last five years:

	Wheat, Bushels.	Oats, Bushels.	Barley, Bushels.
1907....	70,922,584	74,513,561	19,187,449
1908....	96,863,689	108,987,855	24,050,645
1909....	119,200,000	163,998,752	30,542,000
1910....	101,236,413	108,301,090	7,130,770
1911....	169,725,000	185,570,000	33,300,000

Because of wet and cold weather during the threshing season a large part of the grain is of poor quality. Another trouble has been the lack of sufficient transportation facilities to haul the stuff to market. The railways did not get a good early start at the crop. The crop was late; and also the farmers held back deliveries till near the beginning of October in the hope that the reciprocity pact with the United States would carry and thus permit them to sell freely on the Minneapolis market.

In the Eastern Provinces agricultural conditions were somewhat less satisfactory than in 1910. It was a dry season. Ontario's record is estimated as follows:

	1911.	1910.
Wheat, bushels.....	19,409,895	22,327,005
Barley, bushels.....	16,766,319	19,103,107
Oas, bushels.....	88,261,352	102,084,924

THE YIELD OF SILVER.

The shipments of silver and silver ore from the Cobalt field underwent a decline in volume, but the value of the shipments was slightly higher than in 1910.

Production of the mines for the past eight years is given herewith:

	Tons Shipped.	Value.
1904	158	\$111,887
1905	2,144	1,360,503
1906	5,335	3,667,551
1907	14,788	6,155,391
1908	25,942	9,133,378
1909	29,942	12,461,576
1910	33,947	14,500,000
1911	25,089	15,700,000

A larger proportion of the output is now going out in the form of concentrates and of silver bullion. Although some of the properties are palpably getting worked out, others have large ore reserves yet to work. However, the expectations of continued large productions are hardly as confident as they were a year ago and two years ago. The stocks of prominent mines have fallen considerably during the past year. Attention has been diverted to the Porcupine gold field.

The present year will doubtless see production of gold from that field on a small scale. It should also demonstrate some of the possibilities of the field.

IMMIGRATION.

In regard to immigration, there was some disappointment. Half a million immigrants were expected to arrive in the Dominion in 1911. But the actual

figures fall considerably short of that total. The actual movement of new settlers to Canada in 1911 was slightly heavier than in 1910.

The record for the last five years is appended:

1907.....	268,337
1908.....	143,754
1909.....	182,670
1910.....	325,000
1911.....	351,595

A larger proportion of the newcomers in 1911 were from the British Isles. The British immigrants are given as 141,835 in 1911, as against 123,013 in 1910. The movement of British settlers into Canada therefore balances the movement of American farmers into the Western Provinces fairly well.

It should be noted that there is all the time a constant movement of farmers' sons and others from the Eastern Provinces of Canada into the United States.

THE ALDRICH PLAN—WHY NO INTEREST ON DEPOSITS ?

By John Benfield, President Scranton (Pa.) Chapter, American Institute of Banking

THE Aldrich plan for a National Reserve Association has seemed to the writer to be, in the main, one that ought to make for a sounder system. But there is one feature of the proposed plan about which very little has been said, and which has a very important bearing upon its successful working as regards real benefit to our banking system. That feature is the provision in the proposed plan to pay no interest on the deposits in the Reserve Association. And the only reason given by the formulators of this plan for inserting in it this provision is the desire or wish not to compete in any way against the banks now doing business.

INVESTMENT OF BANK RESERVES IN WALL STREET.

One of the weaknesses of our present system, acknowledged by all financial experts, and advanced by the Monetary Commission as an argument in favor of the proposed plan, is the fact that such a large percentage of our reserves is invested in so-called Wall Street securities. This is admitted by all to be an unhealthy condition and a detriment to a sound banking system.

Why should not the proposed plan contain a provision to remedy this defect? If the Reserve Association should go into operation under the conditions as now outlined, the distribu-

tion of the reserves, except the cash reserves, would not be changed. Now, if our present system of keeping the largest part of our legal reserve in the reserve centers tends toward an unhealthy condition by making possible the investment of any part of our reserve in speculative securities, then our system should be changed so as to make sure that our reserves shall be invested in nothing but safe and conservative enterprises.

RESERVE ASSOCIATION SHOULD PAY SAME INTEREST AS RESERVE AGENTS.

The way to bring this about is to provide that the Reserve Association shall pay the same rate of interest on deposits as do the banks now acting as reserve agents. This would mean that any member bank of the Reserve Association, by depositing the reserve with the central institution that it now deposits in reserve cities, would know to a certainty that the money was invested in Government bonds and short-term paper of unquestioned merit, and such other securities as are provided for under the proposed plan, and would enjoy this added safety to its whole reserve without a loss of interest.

The plan, as now proposed, states that the Reserve Association is to act as the fiscal agent for the Government, and depository of the cash reserves of member banks. Now, there is nothing at all the matter with the cash reserves of our banks. They lie in the several institutions in no danger whatever. And while it may be a benefit to use the cash reserves as proposed, the part of our reserves that, by the manner of its distribution in reserve city banks under the present law, makes it liable to

be invested in questionable securities is the part that should cause special concern, and provision made for its proper custody.

The heads of our Monetary Commission have stated that the present reserve centers were not competent to care for the reserves of the country, and yet, strangely enough, they fear to take these reserves from them. If they are sincere in their statements that Wall Street is to be eliminated from any special consideration in this plan, they should prove it by taking from Wall Street the opportunity to unwisely use our reserves.

The provision not to pay interest on deposits must have been inspired by a desire, either to make money for the Government, or to protect Wall Street from losing the deposits of the country banks. Neither of these considerations should have any weight when the placing of our entire banking system on a sound basis is at stake.

The Government does not need the money. And there is no reason why Wall Street should have such a vast amount of our reserves to conjure with, or why these deposits should not be taken from it and placed in absolute safety. The present reserve centers would then be put upon the same footing as the country banks, that of doing business on their own resources.

The time seems near at hand when action will be taken on this question. The greatest good to the greatest number should be the aim, regardless of what special interests might be hurt. If our system is changed at all it should be changed properly, and no weaknesses that can be foreseen allowed to remain in the proposed plan.

ENDORSED, ALL RIGHT

A SHORT while ago a young lady, quite within the "age limit," made her appearance at the paying teller's window of the City Bank and Trust Co., Mobile. She had her father's check—a birthday gift—and she wanted "money" for it. The pay-

ing teller passed her a pen and asked that she endorse. She hesitated—that "endorsing business" was a new one on her. Then she turned it over and wrote: "To Dorothy from Papa."—*Progressive Banker Mobile.*

BANKING AND COMMERCIAL LAW

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



RECENT DECISIONS OF INTEREST TO BANKERS

COLLECTIONS

DEFAULT OF CORRESPONDENT—CHANGING DEPOSITOR'S ACCOUNT.

Court of Appeals of Kentucky, Oct. 24, 1911.

FALLS CITY WOOLEN MILLS VS. LOUISVILLE NATIONAL BANKING CO.

Plaintiff deposited to his account a check drawn upon a bank in another State, indorsing it to the order of the bank, and it was entered on a deposit slip on which was the printed statement, "All items credited subject to final payment," and sent by the bank to its correspondent bank for collection. It was collected by that bank, but the proceeds were not paid over and the correspondent bank became insolvent, on which the depositor's bank charged it back against plaintiff's account. There was no evidence as to any want of diligence or due care in the selection of the correspondent bank. Held, in an action by the depositor to recover the amount of the check that the bank was not liable.

HOBSON, C.J.: The Falls City Woolen Mills, a corporation having its headquarters in Louisville, had a deposit account with the Louisville National Banking Company, and made deposits from day to day; the secretary and treasurer of the company, who made the deposits, being also a director in the bank.

On November 15, 1907, the woolen mills made a deposit, consisting of several items, amounting to \$1,134.15. One of the items embraced in the deposit was a check drawn by the Alcorn Woolen Manufacturing Company, of Corinth, Miss., for \$750, on the Union Bank of Corinth, payable to the order of the woolen mills. The check was indorsed as follows: "Pay to the order of the Louisville National Banking Company. Falls City Woolen Mills, by J. E. Whitney, Secretary and Treasurer." The deposit slip on which the items were entered had the following printed head: "All city checks deposited after 11:30 a. m. and on Satur-

day after 10:30 a. m. will be received at depositor's risk until the next day's settlement. All items credited subject to final payment."

Nothing was said between the parties about the check at the time the deposit was made. The bank sent the check to the Tishomingo Savings Institution at Corinth for collection. It collected the check, but did not pay over the money, and failed. The bank thereupon charged the amount back to the account of the woolen mills, and this action was brought by it against the bank to recover the amount of the check; it being alleged in the petition that the bank bought the check and had not accounted to it for the price. The bank by its answer denied that it bought the check, and alleged that it took it for collection. The case was submitted to the jury on these issues. The jury found for the bank, and the woolen mills appeals.

In *Farmer's Bank vs. Newland*, 97 Ky. 464, it was held that, where a customer deposits with a bank a check or bill for collection at a point distant from the location of the bank, he does so with the implied understanding that the bank will follow the customary method in making such collection, and can only be held responsible for due care and diligence in the selection of the correspondent who is to make the collection. There is neither pleading nor proof to show that there was any negligence on the part of the bank in selecting the Tishomingo Savings Institution. On the contrary, the undisputed evidence is to the effect that it stood high and was to all appearances a proper correspondent for the purpose. The plaintiff rests its right to recovery upon the sole ground that the bank did not take the check for collection but bought it.

As to the facts there is no dispute in

the evidence. The check was simply taken with the other items on deposit by the receiving teller, without anything being said by the depositor or by him. The deposit check provided that all items were credited subject to final payment.

There was nothing in the transaction to indicate a purchase by the bank of the check. No inquiry was made as to the solvency of the drawer, or of the bank on which the check was drawn. So far as appears, the bank knew nothing of either. The receiving teller was without authority to buy paper. This power was conferred only on other officers of the bank. The woolen mills was a customer of the bank, and had been for a long time. The person who made the deposit was one of the directors of the bank, and well knew its rules and regulations. It was the custom of the bank to credit at their face checks drawn on banks out of the State, and to collect from the customer a small charge to cover cost of collection.

This check was credited at its face, and the usual charge for collection was paid in cash by the customer. The words on the deposit slip, "All items

credited subject to final payment," mean that the credit is given subject to the final payment to the bank, and that the credit may be withdrawn if the item is not paid to the bank.

The custom of banks to take checks from their depositors as cash, and allow them to draw upon the account subject to the final payment of the checks, is of great service, both in the banking business and to the customer. If the proof here were held sufficient to take the case out of the rule laid down in *Farmers' Bank vs. Newland*, the rule would be valueless. The rule announced in that case was followed in *Citizens' Bank vs. Houston*, 32 S. W. 397, 17 Ky. Law Rep. 701, and *Weaver vs. Louisville Banking Co.*, manuscript opinion 1875. It is sustained by the weight of authority in other States. (*Third National Bank vs. Vicksburg*, 61 Miss. 112, 48 Am. Rep. 78; *Freeman's Nat. Bank vs. Nat. Tube Works*, 151 Mass. 413, 24 N. E. 779, 8 L. R. A. 42, and cases cited, 21 Am. St. Rep. 461.)

Under the evidence the court should have instructed the jury peremptorily to find for the defendant.

NOTES ON CANADIAN CASES AFFECTING BANKERS

(Edited by John Jennings, B.A., L.L.B., Barrister, Toronto)

UNAUTHORIZED USE OF PROMISSORY NOTE

PROMISSORY NOTE—LIABILITY OF MAKER
—BLANK NOTE FILLED UP AND USED
FOR UNAUTHORIZED PURPOSE—STATE
UTE OF LIMITATIONS.

BROWN VS. CHAMBERLAIN.

(3 O. W. N.—569.)

ACTION on a joint and several promissory note made by T. F. Chamberlain and W. P. Chamberlain, the defendants, dated June 20, 1906, payable one year after date, and purporting to be with interest at six per cent. The defendant, T. F. Chamberlain, who was the father of his co-defendant, appeared on the note as the

first of the two makers. It was admitted by the plaintiff that certain payments, amounting in all to \$280.95, had been made on account by the defendant, T. F. Chamberlain, upon various dates in 1906, 1907 and 1909. It was admitted also that the signatures to the note were those of the defendants respectively. The defendant, T. F. Chamberlain, said, in his statement of defense, that he joined in the note for the accommodation of his co-defendant, for whose benefit the money was procured, and that the note was given to the plaintiff by his co-defendant, and he claimed over against his co-defendant in case the plaintiff obtained judgment against himself.

The defendant, W. P. Chamberlain,

in his statement of defense, alleged that, if the note in question was given in respect of any indebtedness to the plaintiff, it had been paid or discharged; that the note was not given to the plaintiff by him nor signed by him to be given to the plaintiff; that the plaintiff was aware, and received the note with notice, that it was not intended for her; that there was no authority in any person to give it to her; that the note had been altered in a material part after being issued; that, while he and his co-defendant had borrowed money of the plaintiff prior to 1898, it had been arranged between them that the indebtedness should be taken care of by the defendant, T. F. Chamberlain, who did make payments from time to time on account thereof, and who, in the year 1898, with the knowledge and consent of the plaintiff, replaced a note previously given to her by the defendant, W. P. Chamberlain, in 1897, and indorsed by T. F. Chamberlain, by the latter's own demand note for the amount then due; that thereafter he (the defendant, W. P. C.) did not make, nor authorize to be made, any payments on account of the said indebtedness, nor did he authorize his co-defendant to complete in favor of the plaintiff the note in question herein, which was originally a blank note, given by him to his co-defendant for use in their common business, and to be used for it alone; that he was not aware until just before this action was commenced that it had ever been used for another purpose, or that it had been filled out in the form in which it now appeared.

He also alleged that his co-defendant was primarily liable upon the note, and claimed over against his co-defendant in case the plaintiff succeeded in obtaining a judgment against him (the defendant, W. P. C.). Each of the defendants served a third party notice on the other.

JUDGMENT (SUTHERLAND, J.) I am not at all convinced by the evidence that the note sued on was made on the date it appears to be. I do not credit the testimony of the plaintiff and T. F.

Chamberlain as to this. I am strongly inclined to believe that the note was filled in after the release between the defendants made in 1899. It is, I think, quite clear that—whenever it was filled in—the defendant, T. F. Chamberlain, utilized, without the consent of his co-defendant, a blank form of note signed by the latter for their business purposes, and which he had no authority to use to fill in in favor of the plaintiff. The defendant, T. F. Chamberlain, admits that he made the note and is bound by it, but claims over against his co-defendant. I do not think the defendant, W. P. Chamberlain, is liable upon the note sued on, nor at this date with respect to the indebtedness existing in 1898 and evidenced by the note made in that year.

As to that indebtedness, I think, from the evidence, that the Statute of Limitations would apply. The plaintiff will have judgment for the amount of her claim, with proper interest, against the defendant, T. F. Chamberlain, with costs; and the action will be dismissed as against the defendant, W. P. Chamberlain, with costs, if the same are asked for.

CHECKS INDORSED "PER PRO"

INCORPORATED CLUB—MEMBERS' CHECKS PAYABLE TO CLUB—AUTHORITY OF SECRETARY TO INDORSE—RESTRICTIONS—CHECKS CASHED BY BANKS AND PROCEEDS MISAPPLIED BY SECRETARY—CHECKS DEPOSITED WITH TRUSTS COMPANY TO CREDIT OF SECRETARY—LIABILITY TO REFUND CLUB—RESTITUTION CHECKS REDUCTION OF LIABILITY.

TORONTO CLUB VS. DOMINION BANK

TORONTO CLUB VS. IMPERIAL BANK OF CANADA

TORONTO CLUB VS. IMPERIAL TRUSTS CO. OF CANADA

(3 O. W. N.—460)

These actions were brought claiming damages and in the alternative for moneys had and received for the conversion of a large number of checks payable to the plaintiffs' order which had come to the hands of the plaintiffs' secretary and been by him en-

dorsed to the defendants in the plaintiffs' name "per pro," and the proceeds received and dishonestly retained by him. The trial judge dismissed all three actions and this appeal was taken to the Court of Appeal.

JUDGMENT (Sir CHAS. MOSS, *C.J.O.*; GARROW, MEREDITH and MCGEE, *J.J.*). MACLAREN, *J. A.*, dissenting: In all three cases the main question was as to the authority of the secretary to deal with the checks in the way shown by the evidence, although there were also minor differences in the circumstances of each case, such as the fact that the defendants, the Dominion Bank, were the plaintiffs' bankers, and in the case of the defendants the Imperial Trusts Company that the checks received by that company had been placed to the secretary's own credit in a running or investment account and the proceeds subsequently withdrawn by him.

The learned Chancellor found that Harbottle's (plff's. secretary) authority was general; that he had power both to indorse and receive the proceeds; and that the minor circumstances to which I have referred were insufficient, under the circumstances, to justify making a distinction between any of the three cases and the others; and he accordingly found for the defendants in all three.

It is not alleged that any specific instructions were ever given to the secretary upon the subject of indorsing and dealing with such checks. Nor is it disputed that from the beginning it had been the custom for the secretary to indorse them, usually, but not invariably, for deposit with the plaintiff's bank, which was, of course, their proper destination. Under these circumstances, Mr. Anglin (plffs'. counsel) admitted that the secretary had authority to indorse for the purpose of deposit in the bank, but for no other purpose.

Harbottle does not appear to have presented any of the checks to the defendants, the Dominion Bank or the Imperial Bank in person. They were sent to the banks by the hands of other employees of the club, and the proceeds brought back to him. In the

case of the Imperial Trusts Company, he had his private account there, and the checks of the plaintiffs which passed through the hands of that company were simply indorsed and then deposited to his credit. . . .

There was no rule, order, or direction of any kind whatever from any one in authority upon the subject of the indorsement of checks. During the life of the club, beginning as far back as 1864, many thousands of them had passed through the hands of the various secretaries, all of which had been indorsed by the secretary. Former secretaries, who were honest men, did not abuse their power. They deposited the checks received with the club's bankers, and, at least in the later years, in so doing, used a rubber stamp with the words "for deposit only." But there is nothing to show that such a stamp was ever prescribed by the plaintiffs or by any one having authority on their behalf. . . .

Upon the whole, I am of the opinion that there was reasonable evidence to justify the learned Chancellor's finding that Harbottle's authority was general; and that, in so far as the defendants, the banks, are concerned, we have not been shown on this appeal any sufficient reason for arriving at a contrary conclusion.

But, even granting Harbottle's authority to indorse and receive the proceeds, the situation of the defendants, the Imperial Trusts Company, is, I think, substantially different. To begin with, they are not a bank, but a trust company, organized, I assume, in the absence of evidence to the contrary, under the provisions of the Ontario statute in that behalf: See R. S. O. 1897, ch. 206, the schedule to which indicates the general powers which may be exercised by such a company. The agreement . . . provided for an investment by the company of the moneys, to be deposited repayable, with any additions thereto, upon demand, or upon thirty days' notice, at the option of the company, with interest thereon at four per cent., half-yearly. The company was to take all

interest and profits over the four per cent. as its remuneration for the guarantee and management. The transaction was, therefore, one in which both were interested, and from which, presumably, both expected to derive a profit.

The account began in December, 1906, the year in which Harbottle became secretary, but the first deposit of the club's checks, so far as appears, was made . . . in September, 1907. In that month he deposited the club's checks to the amount of \$274.45; in October, to the amount of \$1,117.60; and in November, to the amount of \$1,327.40: or, in all, to the amount of \$2,719.45 in these three months.

That in doing as he did Harbottle was committing a palpable fraud and breach of trust, no one can doubt. And it seems impossible to escape from the conclusion that the trust company was, in the circumstances, negligent in receiving such checks, plainly the property of the club, and in placing the proceeds, either before or after collection, for I see no difference, to the credit of Harbottle in his own personal account.

The result is to make the defendants, the Imperial Trusts Company, a party or privy to Harbottle's breach of trust, and, therefore, accountable to the plaintiffs in respect of the checks so received by the company, amounting in

all to \$2,719.45, but from which should, I think, be deducted the sum of \$2,167.10, the proceeds of the four checks drawn by Harbottle and deposited to the plaintiffs' credit in the plaintiffs' bank. These deposits were made while Harbottle was still secretary, and ought, under the circumstances, to be ascribed to an intention on his part to refund to the plaintiffs so much of the proceeds of their checks which he had wrongfully deposited with these defendants, and not to a repayment generally upon account. If he had withdrawn from these defendants the whole \$2,719.45, and had deposited it in the Dominion Bank to the plaintiffs' credit, I do not see how any question could have been successfully raised. The wrong would, in that case, so far as these defendants are concerned, have been fully repaired; and the same result should, I think, follow *pro tanto*, upon the partial reparation effected by the repayments in question.

The action should, therefore, stand dismissed as against the defendants, the Imperial Bank and the Dominion Bank, with costs, including the costs of the appeal; and the plaintiffs should have judgment against the Imperial Trusts Company for \$552.35, with interest from November 15, 1907; and, of course, with costs of the action and of this appeal, in so far as those defendants are concerned.

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

OVER-CERTIFICATION—LIABILITY OF BANK—PENALTY

NEWARK, N. J., Jan. 12, 1912.

Editor Bankers Magazine:

SR: The National Bank Act forbids any National Bank to certify a check, unless the drawer of the check has the amount thereon on deposit. If the bank should certify a check when the maker has not the funds on deposit, would the certificate be good.

TELLER.

Answer: The bank is liable upon the certification though made in viola-

tion of the law. (Thompson vs. St. Nicholas Bank, 146 U. S. 240; 113 N. Y. 325). In this case the court said: "It will be seen that the statute affirms the legality of the contract of certification, and expressly prescribes the consequences which shall follow its violation.

"It therefore appears that, so far from making the contract of certification void and illegal, its validity is expressly affirmed, and the consequences

which follow a violation are specially defined, and impliedly limit the penalty incurred to a forfeiture of the bank's charter, and the winding up of

its affairs. There is a clear implication from this provision that no other consequences are intended to follow a violation of the statute."

SAVINGS BANKS

Conducted by W. H. Kniffin, Jr.

THE SCHOOL SAVINGS BANK SYSTEM IN CANADA

By W. A. Craick

SCHOOL savings banks are a comparatively recent development in Canada but, even so, during the few years that the idea has been spreading through the country, such progress has already been made as to render the system one of almost national extent. The principle underlying the chartered banks has been applied to the school savings banks with the result that there are now branches of a central institution in 150 Canadian public schools, a total which is being rapidly increased from year to year. The field open to the extension of the bank is only limited by the number of schools in the country and a model banking institution with thousands of branches is quite within the possibilities of the not far-distant future.

The history of the origin and growth of the bank may be briefly outlined. In 1877 a penny savings bank was inaugurated in connection with the work of a church mission in Toronto, which became known as the Penny Bank of St. Andrew's Church Institute. Similarly, in 1894 a bank was established as an adjunct of the Fred Victor Mission in the same city. Both banks were carried on by volunteer workers and were purely philanthropic institutions. Soon after the Fred Victor Bank was started, one of the workers in it conceived the idea of carrying the work into the public schools of the city. As a result of

his efforts thirteen schools were equipped with facilities for caring for the cents and pennies of such of the scholars as wished to open accounts. But, as with many other undertakings of the kind, it soon became apparent that the labor of conducting these banks and finding safe investments for their funds was too heavy for proper accomplishment by purely voluntary workers. If their usefulness was to be maintained and extended, some permanent organization must be formed.

The men interested in the St. Andrew's and Victor Banks came together and decided on a merger. They further determined to ask for legislation whereby they might incorporate and become a duly chartered financial institution. The Penny Bank Act of 1904, framed especially to meet their needs, was the result. Its enactment was followed in 1905 by the issuance of a charter from the Dominion Government authorizing the Penny Bank of Toronto to do business under the provisions of the statute. The bank was empowered to take over the assets and assume the liabilities of the voluntary institutions already mentioned.

THE PENNY BANK ACT.

This act is a somewhat lengthy document, consisting of forty-two sections. Its main provisions may be briefly

enumerated. After stating that the term bank shall not be deemed a bank within the meaning of the Bank Act, it provides for the issue of a charter by letters patent to any number of persons, not less than five, constituting them a body corporate under the Act. The letters patent are to declare the name of the bank, the name of the provisional directors, and the place where the chief office of the bank is to be situated. The name of the bank must always include the words, "Penny Bank."

Section thirty-one provides that "a guarantee fund shall be established and maintained by the bank for the purpose of securing the repayment of the deposits made in the bank and interest thereon, and the payment of all other debts and liabilities of the bank incurred in the management of the business thereof, in the event of the funds in the hands of the board for the purpose of paying such deposits, interest, and other debts and liabilities, being insufficient to pay the same, or in the event of the bank being wound up." The fund is to consist of "all moneys and securities received by or paid to the bank, other than deposits and interest thereon and other than moneys specifically appropriated by this Act, or by the person from whom they are received, for the working expenses of the bank or for any other purpose in connection with the bank other than the guarantee fund; securities and investments in which the bank is by this Act authorized to invest the fund; the unpaid amounts of all subscriptions to the said fund under an agreement of guarantee."

In brief, the moneys of the guarantee fund, which corresponds in a way to the capital stock of a chartered bank, may be invested in government securities, municipal debentures, shares of trust companies, debentures of other companies, approved securities or real estate, as stipulated in the Act. The fund must amount to at least ten thousand dollars in cash, securities or unpaid subscriptions; should the bank fail to maintain such a fund for six con-

secutive months, it must cease to receive deposits and be wound up.

Any person who contributes at least one hundred dollars to the guarantee fund becomes a member of the bank, and from the members in annual meeting assembled the directors are chosen. The Act provides further for the organization of associations of voluntary workers, but provides that neither directors nor members of voluntary workers' associations shall be entitled to receive any remuneration for their services, and no profits shall at any time be divided among or paid to members of the bank.

DEPOSITS.

Deposits may be received from any person of whatever age, status or condition of life, and whether such person is qualified by law to enter into contracts or not; but no deposit shall be received which would make the amount at any one credit exceed three hundred dollars. Any payment of the whole or any part of a deposit, not exceeding one hundred dollars, made in good faith and in accordance with the by-laws of the bank, shall discharge the bank from any claim by any person whomsoever, notwithstanding that the person making the deposit may have died, or become insane or become otherwise incapacitated and that there is not a person qualified to represent such person, or that such person cannot be found, or that some person other than the person to whom such payment is made may claim to be or be entitled to such deposit or interest.

The directors are empowered to keep on hand for payment of withdrawals a sum of money which must not exceed five per cent. of the total amount of deposits in the bank. The balance must be deposited by the bank in a government savings bank or in a post office savings bank, on which the penny bank will be paid interest at a rate not to exceed one per cent. in advance of the rate paid depositors in such banks. As a matter of fact the Act, as originally passed, made this one-half of one per cent., but an amendment passed on May

16, 1911, increased the margin to one per cent. That is to say, the Penny Bank pays its depositors interest at the rate of three per cent. per annum and receives from the government savings bank four per cent., thereby securing one per cent. for meeting its expenses.

The remainder of the Penny Bank Act is concerned with matters of minor importance, which need scarcely be dwelt on here, as they have no particular bearing on the distinctive character of the institution which the Act brought into being. Suffice it to repeat that the Act was framed to meet the needs of the Penny Bank workers and that all its provisions apply directly to the bank which was at once organized.

PROMINENT CONTRIBUTORS.

The Penny Bank of Toronto was launched under the best of auspices. Its guarantee fund was contributed to by such eminent Canadian bankers as Sir E. S. Clouston, Bart., manager of the Bank of Montreal; Sir Edmund Walker, president of the Canadian Bank of Commerce; D. R. Wilkie, president of the Imperial Bank; E. B. Osler, M. P., president of the Dominion Bank; Duncan Coulson, president of the Bank of Toronto, and W. D. Ross, manager of the Metropolitan Bank. Financiers like Senator Cox, Senator Jaffray, W. D. Matthews, J. W. Flavelle, Z. A. Lash, E. R. Wood and Cawthra Mulock took an interest in it.

As a result, the fund to-day stands far in excess of the required ten thousand dollars, amounting at present to twenty-six thousand dollars. Of course this amount looks small beside the capital of any of the chartered banks, but as it represents an investment that brings no financial return, it may be taken as something of an achievement to have brought it together.

As it was computed that deposits of a quarter of a million dollars at least would be required before the bank would be self-sustaining, the directors had to devise ways and means of securing this amount. The natural solution was to introduce the bank into more

and more schools. From being therefore a purely local organization, the Penny Bank has expanded, until to-day it is approaching the point where its operations may be regarded as national in scope. Montreal, Ottawa and London have welcomed it, along with numerous smaller cities and towns, while enquiries about the working of the bank are coming into the head office of the bank from Vancouver on the west to Charlottetown on the east.

Remembering that the directors receive no remuneration for their work and that they are men busied in other avocations, it is really surprising that so much progress has been made. Some of them find time to do pioneer work now and then, and, when opportunity offers, they endeavor to interest school boards in the operations of the bank, but for the most part the campaign is carried on by correspondence. Possibly now that the work is attaining such proportions, some official may be appointed to attend to this extension campaign.

HOW IT OPERATES.

The banking system is a simple one. There is a head office in Toronto, with a permanent staff in charge. (These are the only persons who receive payment for their work.) There are a number of Saturday night branches in Toronto, notably the ones in St. Andrew's Institute and the Fred Victor Mission, which are open for a couple of hours weekly and are manned by volunteer workers. And there are the 150 school branches, which make up the backbone of the enterprise.

In Toronto, scholars deposit their money with the teacher of the class to which they belong, on Monday morning. It is usually done during an interval when a subject is being taught that requires desk work. All the scholars who wish to put money in the bank take it up to the teacher in succession, two at a time, while the others go on with their study. The teacher enters the date and amount of the deposit in each child's pass book and

keeps a record of all transactions. The whole work in each room only averages about five minutes a week. After all the deposits are received, the money is put in a small bag, to which is attached a tag, giving the name of the school, the class, the number of deposits and their amount, and is sent with the teacher's book to the principal's office. There the money is counted again and the returns for each room checked over to see that the figures are correct. This work is generally done by two or three of the senior pupils, who get useful experience in doing it. When this has been attended to, there is entered on a special sheet the record of each class, which is signed by the principal, who finally deposits the money in the nearest branch of a chartered bank and sends a check for the amount to the head office of the Penny Bank. All the ledger work is then done by the staff at the head office.

In other towns and cities there is necessarily a variation, for the reason that there is no local office of the bank. In these cases the work done by the Penny Bank office in Toronto for the Toronto schools has been undertaken by the local branch of one of the chartered banks.

WITHDRAWALS.

When it comes to withdrawing money, the children always have to go either to the office of the Penny Bank in Toronto or to the local bank associated with it in other places. A week's notice is necessary, a provision calculated to make the scholars think twice before they draw out any money. It has been found by experience that this is a useful precaution, as it often happens that a child will give notice and then, thinking better of it in the meantime, omit to come back for the money.

It may seem strange at a first glance that the chartered banks should be in such close sympathy with the Penny Bank, in that apparently the latter must capture some business from the former. But the view taken is that the school banks, in fostering and encouraging

thrift in the boys and girls, are really creating business for the chartered banks. A child who learns to save coppers and small silver at school, will be careful to save dollars later on in life. Besides that the Penny Bank is prevented by the terms of its charter from retaining accounts of over three hundred dollars. At that point the money must either be withdrawn or transferred to a chartered bank. Further, the Penny Bank undertakes, when a boy or girl leaves school, to transfer his or her account to any other bank specified and to open an account there without any charge. In this way the school bank is demonstrating its ability to help the bigger banks.

But in its propaganda this feature is not emphasized. The great object the promoters of the bank had at heart was to inculcate the virtue of thrift and to make the boys and girls of the country self-reliant and careful in money matters. The larger banks could not do this. The sacrifice of time and money in looking after the diminutive accounts of poor children would not be tolerated in institutions caring for the larger financial operations of the day. Only a system such as that of the Penny Bank, established for a philanthropic purpose and carried on largely by volunteer endeavor, would avail.

Much of both an amusing and pathetic nature might be written about the uses to which the children's bank accounts have been put; the varied purposes which have actuated the minds of youthful savers; the wonderful thrift of some boys and girls; but these are stories that could be duplicated wherever school or penny banks are operated. The point to be emphasized is the system which has been evolved, a system which has brought the Penny Bank of Toronto into the closest touch with the big banking interests of the country and has made it, as it were, a nursery of finance, without prejudicing its greater purpose of teaching the virtue of thrift.

With annual withdrawals which must needs come fairly close to the deposits in amount, it has been slow work build-

ing up the bank. At the end of the first year's operations, in June, 1906, there were on deposit \$81,001.63. Today, five years later, this amount has grown to \$171,509.86. It may not

seem a stupendous sum, but when all the circumstances are taken into account, it stands for a great deal. Expansion alone will enable the directors to make any large increase in this total.

THE PROGRESS OF THE POSTAL SAVINGS BANK IN THE UNITED STATES

By W. H. Kniffin, Jr.

THE most important event in the savings bank world during the year 1911 was the opening of the much talked of and long anticipated Postal Savings Bank. After strenuous opposition on the part of bankers in some parts of the country, and "damned with faint praise" in others, the measure received the sanction of Congress during the last session. After close study on the part of the administrative officers as to methods and systems, the Government announced itself ready to receive deposits on the third of January last.

The first banks to open were largely experimental, and were located in factory towns with large foreign populations, where postal money orders payable to the buyer had been issued in large quantities, presumably for saving purposes. In New York State, Cohoes was selected as conforming to these requirements. At this writing (December 7) there were in operation 4,685 offices and 62 stations, the "stations" being in the large cities, such as New York, Chicago and Boston. It has been estimated that in the four cities, New York, Chicago, Boston and St. Louis, no less than a quarter of a million dollars was deposited during the first twenty days, and the total deposits for the country is now over eleven millions. During the period from August first to November 30, there had been deposited in Boston alone upwards of \$207,089, representing 5,059 persons. Five hundred additional of-

fices were opened in December, making a total of over 5,200 places of deposit at the close of the first year's operations.

THE GROWTH PRINCIPALLY IN THE WEST.

The inauguration of the system has been attended by much newspaper comment, and in many places the event was heralded as one of the events of the year, and much publicity given to the rules, the growth, and particularly the first day's business, and the lucky first depositor.

The Postal Savings Bank has proven more acceptable west of the Mississippi than in the East, where savings facilities are more common. It is noticeable that in the mining regions the postal bank has been exceedingly successful. The report up to March 31 last gives the largest deposit to Leadville, Colo., where \$61,897 was on deposit, representing 513 accounts, an average of \$120.65. Anaconda, Mont., another mining town, comes second, with \$33,287, in 326 accounts, making an average of \$102. Grove, Ariz., had 206 accounts, amounting to \$24,166, an average of \$117.31.

It was to be expected that the West would lead in deposits, and the results would seem to justify its adoption, and if the banking interests have suffered in the least, it is not apparent at this time. In some places, however, the plan has proven a total failure. This

has been due, no doubt, to local conditions, and in no wise casts reflection on the scheme as a country-wide project.

Two great arguments were presented in favor of the postal bank. First, that it would bring out of hiding great quantities of hoarded money. This, no doubt, has been true, for in every community we find people who would rather have two per cent. with absolute security, or no interest at all, rather than take what they consider the risks of banking with private corporations. Old coins, green with age and the ravages of time, have been offered for deposit, and numerous attempts have been made to vastly exceed the deposit limit, and it is agreed that much money that formerly went into hiding has come into circulation, and the success of the bank as a depository is assured; its success from a self-sustaining viewpoint remains to be seen.

Second, that foreigners were accustomed to governmental banking, and finding none in this country, sent their money abroad and the postal bank would cut down these remittances. The plan being an innovation in this country will take some time before coming to the attention of our foreign population and being freely used; but it is being advertised in many tongues in many places and will, no doubt, come into its own shortly. Reports from various places indicate a falling off in foreign money orders and orders of the savings character, and the discovery of the United States Postal Bank by the foreigner is only a question of time. If it fails in this it will fall far short of the mark set for it as a thrift agency.

LARGE DEPOSITS BEING OFFERED.

Striking illustrations are afforded in several instances of the truth of the foregoing remarks. The rigid restriction of not over one hundred dollars per month on deposit did not prevent many well-intentioned people offering large sums, in one instance running as high as \$30,000 in the Middle West. At the Atlantic City office \$600 was

offered in small coin by an old man, the change being carefully sealed in bags. In Portland, Oregon, a shabbily dressed woman appeared at the postal window and dumped a pile of gold and currency before the clerk. When asked how much she wished to deposit replied: "Ten thousand dollars, sir." The supposition arises that these well-meaning people work upon the theory that the Government being in the banking business, must necessarily do so for gain, and a hundred being welcome, a thousand will be ten times more so.

NOT A SUCCESS EVERYWHERE.

On the other hand, not every office has been a success, and some have been dismal failures; but this is not strange. In Paterson, N. J., for instance, during the first week there was a rush of depositors; since then the number of new accounts has gradually decreased, although the old accounts are gradually gaining in amount. Few foreigners open accounts, although there are many such in this section. In St. Paul, Minn., it is reported that the people are not using the postal bank; in Trenton, N. J., for the first month there were but 127 depositors, and the bank is not conceded to be a success. Stanford University, Cal., reports one dollar deposited in fourteen weeks; in Carrington, N. D., nothing was deposited during the first month; in Belfast, Me., nothing was received during the first six months.

GOVERNMENT BONDS NEARLY CAUSE A Loss.

As is well known, the interest rate is two per cent., and the law provides that any depositor may surrender his deposit as of January 1 or July 1 and receive Government Bonds for like amount, bearing two and one-half per cent. Under this provision something like fifty thousand dollars' worth of bonds have been issued. The holder of a lot of \$200 made inquiry recently as to the price he could obtain for them and was quoted 92½.

Not wishing to take a loss for his customer, the broker held back the sale and communicated with the trustees of the Postal Savings Bank at Washington, who promptly took the matter up and after due consideration decided that under the law authorizing them to withdraw thirty per cent. of the postal savings funds on deposit in banks and invest in bonds or other securities, they could buy at par all such offerings, and on Friday, December 8, it was announced that two such (presumably the two offered), had been purchased at par out of the deposit fund, being Nos. 211 and 212, and were forwarded by the National Park Bank of New York.

This is an important ruling and settles a delicate question; for if the depositor who invests in Government bonds stands to lose seven and one-half per cent., few such investments will be made. It is hoped that this plan will encourage depositors to exchange their certificates for bonds and thus extend their right to increase their deposits. It is quite common in all countries having postal banks to convert the deposits into Government bonds at the will of the depositor, but the practice is commonly to make the investment in general securities at current rates; as, for instance, in England, the transactions in Government stock for account of postal depositors average over fifty thousand a year, aggregating between three and five million pounds.

A TEST SUIT ON EXEMPTION FROM LEGAL PROCESS.

The postal law provides that deposits shall be free from legal process. The first case to arise under this law has recently come up. A man in Roseville, New Mexico, turned practically all of his assets into cash and deposited the proceeds in the postal bank, in the name of his wife and children, and went into bankruptcy. Postmaster-General Hitchcock when asked if such deposits were subject to judgments, garnishments, executions, etc., replied, "There has been no judicial determina-

tion of the question," and would express no opinion. The creditors of this man will bring a test suit in New Mexico, and the result of this will be interesting, inasmuch as it will establish the status of such accounts, and if such a process is sustained it will open the door to frauds and seriously impair the rights of creditors.

DEPOSITS IN OTHER BANKS.

Banks in all parts of the country are qualifying as depositories, and over fourteen millions in bonds have been deposited as security. By law these deposits are preferred, and in some States, like Michigan and Wisconsin, no preference can be given, and the State banks could not, therefore, qualify; but the authorities have ruled that these deposits may be guaranteed by private individuals, thus releasing the bank and permitting it to act as depository for postal funds.

Preparations are now being made to extend the system to over forty thousand fourth-class offices that do a money-order business. The growth from \$60,000 in forty-eight experimental offices at the end of the first month to \$679,000 at the end of the half year, and eleven million at the end of eleven months, is a commendable showing. If the pace continues it is estimated that upwards of fifty million will be on deposit at the end of the present fiscal year—June 30, 1912. The initial appropriation was \$100,000 and the allowance for 1912 is \$500,000, and only the future can tell whether or not the plan will be one of profit or loss to the Government.

SAVINGS BANK DIVIDENDS

BY permission of the Savings Bank of Baltimore, one of the four oldest savings banks in this country, THE BANKERS MAGAZINE is enabled to publish the rates of interest paid by this institution, including extra dividends, from the opening of the bank to date. It is worthy of perusal by those

RATES OF INTEREST AND EXTRA DIVIDENDS PAID BY THE SAVINGS BANK OF BALTIMORE, FROM 1819 TO 1910.

	Int. %		Int. %
1819	4	1865	4
1820	4	1866 ^s	4
1821 ⁴	4	1867	4
1822	4	1868	4
1823	4	1869 ^o	4
1824 ^o	4	1870	4
1825	4	1871	4
1826	4	1872 ^o	4
1827 ^o	4	1873	4
1828	4	1874	4
1829	4	1875 ^o	4
1830 ^o	4	1876	4
1831	4	1877	4
1832	4	1878	4
1833 ^o	4	1879	4
1834	4	1880	4
1835	4	1881	4
1836 ⁷	4	1882	4
1837	4	1883	4
1838	4	1884	4
1839 ^o	4	1885	4
1840	4	1886	4
1841	4	1887	4
1842	4	1888	4
1843	4	1889	4
1844	4	1890	3½
1845 ³	4	1891	3½
1846	4	1892 ²	3½
1847	4	1893	3½
1848 ^o	4	1894	3½
1849	4	1895 ²	3½
1850	4	1896	3½
1851 ⁷	4	1897	3½
1852	4	1898	3½
1853	4	1899	3
1854 ⁸	4	1900	3
1855	4	1901	3
1856	4	1902	3
1857 ⁷	4	1903	3
1858	4	1904	3
1859	4	1905	3
1860 ^o	4	1906	3
1861	4	1907 ¹	3
1862	4	1908	3½
1863	4	1909	3½
1864	4	1910 ¹	3½
		1911	3½

Total interest to 1911, 356½%.

Total extra dividend to 1911, 118½%.

Average interest and extra dividend for 93 years, 5⅞% per year.

1	Extra dividend of	½%.
2	Extra dividend of	1¼%.
3	Extra dividend of	3%.
4	Extra dividend of	3½%.
5	Extra dividend of	4½%.
6	Extra dividend of	6%.
7	Extra dividend of	7½%.
8	Extra dividend of	9%.
9	Extra dividend of	10½%.

interested in the matter of dividends, and has its human side, in that it shows that for the ninety-three years

of its operation this bank has been able to repay its depositors average interest of five and one-eighth per cent. per year—as large an interest rate as is consistent with entire safety.

It will be noted that the extra dividends run from one-half per cent. to ten and one-half per cent., the lowest being the last two extra dividends, during 1907 and 1910 respectively, and the highest being just after the Civil War, namely in 1869 and 1872.

The earning power of money is well illustrated in this table, the interest rate running very high until 1875, when the regular dividends were four per cent. without extra dividends until 1892, after which time there were but three extra dividends in a period of twenty years. There were but four extra dividends from 1875 to 1912, a period of thirty-seven years, whereas the longest interval between extra dividends prior to 1875 was six years. It will be noted also that the total interest paid was 356½ per cent. regular dividends and 118 per cent. extra dividends, or about one-third.

SAVINGS BANK LIFE INSURANCE

WITH 5,500 policy holders and more than \$2,000,000 of insurance in force, says the Newburyport (Mass.) "News," savings bank life insurance is proving the soundness and efficiency of its methods by declaring increasing dividends to its policy holders.

Dividends have been declared by the Insurance Department of the Whitman Savings Bank, Whitman, and the People's Savings Bank, Brockton.

The dividends in the monthly premium policies, at the end of the first year, amount to eight and one-third per cent.; and in the fourth year reach sixteen and two-thirds per cent. This is the equivalent of two full monthly premiums.

The dividends on the annual premium policies have been largely increased over those declared a year ago, and now average from nine to eleven

per cent. of the yearly premium on the straight life policies; from eight to nine per cent. on the twenty payment life policies; and from six and one-half to eight and one-half per cent. on the twenty-year endowment policies.

These dividends have been declared by the banks only after a careful and conservative safeguarding of the business of the insurance departments. The full legal reserve, as required by law,

has been set aside on all policies, and besides, a surplus is maintained in each bank amounting to twenty per cent. of the legal reserve.

The growing interest in this movement on the part of the savings banks is shown by the fact that three savings banks now have insurance departments and that thirteen other savings banks have become public agencies for savings bank life insurance.

TRUST COMPANIES

Conducted by Clay Herrick

FOREIGN BRANCHES OF TRUST COMPANIES

IN his recent annual report the Superintendent of the Banking Department of the State of New York says:

Under the provisions of chapter 687 of the Laws of 1911 the Equitable Trust Company of New York received the approval of the Superintendent of Banks on August 3, 1911, for the maintenance of a branch office in Paris, France, and the Farmers Loan and Trust Company, of New York city, on August 18, 1911, received approval for the maintenance of branch offices at Paris, France, and London, England. These foreign branches of trust companies are subject to examination by the State Banking Department.

This new law and the opening of the branch offices of the trust companies

thereunder is expected to operate greatly to the convenience of American citizens living abroad. The tendency should be to increase foreign investments in American securities and gain for our institutions a share in the profits of international financial operations. Many prominent Americans have favored the opening of the French market to American securities and the services of Paris branches of New York trust companies, under the supervision of the State Superintendent of Banks, may become very valuable in effecting this purpose.

One other large New York trust company, the Guaranty Trust Company, for years has had a branch office in London, England, similar to those authorized as described above.

TRUST COMPANY LEGISLATION IN MASSACHUSETTS

A BILL has been introduced in the Massachusetts Legislature prohibiting trust companies and their officers and agents from receiving money or gifts as an inducement for making loans. The bill as introduced encountered some opposition and if amended as proposed, will provide that no officer or director in any trust company shall accept, directly or indirectly, money or other things of value as a reward for

obtaining a loan from said trust company, unless the fact that he has received or is to receive such reward shall be fully disclosed to the treasurer.

Such statement to be kept on file subject to the inspection of any stockholder, director of the trust company or the bank commissioner. One of the amendments to the bill provides for imprisonment in addition to the maximum fine of \$1,000 as a penalty.

PRACTICAL BANKING

THE PRACTICAL WORK OF A BANK

By Miss Florence Pacaud, Manager Savings and Safety Deposit Box Department, Union Bank & Trust Co., Jackson, Tenn.

MEN'S ideas vary, and just so long as they do just so long will there be varying methods of keeping bank records. Sometimes bank examiners recommend the adoption of a uniform method of keeping bank records. There can not be a uniform method, for what will do in one bank will not do in another, for not only do the ideas of bank officers differ, but the class and amount of business transacted differs materially. What all are striving for is the safe method. If possible, all want short methods, without complications, but safe, nevertheless.

The Union Bank & Trust Company of Jackson, Tennessee, has adopted a method which the officers and employees find easily understood, and one that keeps an accurate record of all transactions and that system is described below.

The general ledger is considered the most important book in the bank, for in that is condensed the record of practically every transaction. Next in importance to this book is what is designated as the general journal and balance book, in which is condensed the whole business of the day. (Form 1.)

In balancing each day's work the clerk keeps in mind the fact that the general balance book must balance; hence the work is arranged so that each clerk may balance his work, at the same time the general bookkeeper and the other bookkeepers may keep "tab" on the clerk. The work is divided into three divisions, each division having a teller, who is held responsible for the work. These tellers are paying teller, note teller, and exchange teller. They use teller's books with the same ruling. (Form 2.)

It will be noticed that the columns

are headed "Individual," "Banks," "General." Each teller, as items come in, separates them and charges them out to the bookkeepers. The bookkeepers have books which, it will be seen, are headed "Paying Teller," "Note Teller," "Exchange Teller." (Form 3.)

Now for an illustration: The paying teller has items going to each bookkeeper. He lists his items in the column headed "Individual checks" and enters them on his teller's book as a debit.

General Balance Journal

	DEBITS	CREDITS	BALANCE	BALANCE
Cash Items				
Cash				
Washington and Mercantile Bank, N. Y.				
Wells Fargo Bank of Commerce, New York				
American National Bank, Nashville				
Western Bank of the Republic, Chicago				
First National Bank, Nashville, Tenn.				
Washington and Mercantile Bank, N. Y.				
Trust and Planters Bank, Memphis, Tenn.				
Bank of Commerce and Trust Co., Memphis				
Second National Bank, Cincinnati, Ohio				
Philadelphia National Bank, Philadelphia				
Total Cash				
Loans and Discounts				
Notes and Bonds				
City of Jackson, Warren				
Madison County, Warren				
Judgments				
Overdrafts				
Office Fundraising Expenses				
Expense Account				
Building Account (Trust Bank and Trust Co.)				
Insurance Department				
Trust Department				
Bank Deposits				
Savings Department				
Customer's Checks				
Certificate of Deposit Account				
Individual Deposit Account				
Dividends				
Total Deposits				
Capital				
Reserve Account				
Trust Fund Account				
Real Estate				
Reserve Fund				
Exchange Account				
Interest and Discounts				
Trust Profits				
Real Estate				
Cash Differences				
Contingency Fund				
Profit and Loss				
Total				

FORM 1

ITEMS FORWARDED FOR COLLECTION AND CREDIT REMITTANCE

DATE	NUMBER	MAKER	FIRST ENDORSER	LAST ENDORSER	AMOUNT	ON WHOM DRAWN
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31	32	33	34	35
36	37	38	39	40	41	42
43	44	45	46	47	48	49
50	51	52	53	54	55	56
57	58	59	60	61	62	63
64	65	66	67	68	69	70
71	72	73	74	75	76	77
78	79	80	81	82	83	84
85	86	87	88	89	90	91
92	93	94	95	96	97	98
99	100	101	102	103	104	105

FORM 11

Union Bank & Trust Co. Date Rec'd _____
JACKSON, TENN. No. 14352

Owner _____

Address _____ Owner's No. or Date _____

Payee _____

Where Payable _____ Date _____

DATE OF PAYMENT	AMOUNT	REMARKS

Enclosed please find our draft on _____ for \$ _____
 in payment of check No. _____ Exchange _____ \$ _____

We return check item with reason for non-payment endorsed as follows: _____

Please send _____ stamps to cover cost of efforts to collect.

FORM 10

The notes are then posted to a liability ledger which, it will be noticed, gives the amount the customer owes as maker of a note and as endorser. (Form 7.) For a note tickler he uses a form of note notice and maturity tickler combined, made at one writing. (Form 8.) About ten days before the maturity of a note he tears off one slip and mails to the maker of the note, retaining the other under the proper date in a cabinet.

For collections, the note teller uses the usual form of collection register. (Form 9.) If any note is sent for collection and is paid through the note teller, he turns it over to the exchange teller, with a letter describing the item, and makes out a teller's check, charging himself with the amount and

UNION BANK & TRUST CO.
 Jackson, Tenn. _____ 19__

Dear Sir: _____
 Enclosed please find for Collection and Credit Remittance _____
 Name enumerated below.

PRINTED ALL PAPER UNLESS OTHERWISE INDICATED
 ITEMS UNDER \$10.00 NO PROFIT.

DATE	NUMBER	MAKER	FIRST ENDORSER	LAST ENDORSER	AMOUNT	ON WHOM DRAWN
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31	32	33	34	35
36	37	38	39	40	41	42
43	44	45	46	47	48	49
50	51	52	53	54	55	56
57	58	59	60	61	62	63
64	65	66	67	68	69	70
71	72	73	74	75	76	77
78	79	80	81	82	83	84
85	86	87	88	89	90	91
92	93	94	95	96	97	98
99	100	101	102	103	104	105

FORM 11 (DETACHABLE). THIS SLIP IS TORN OFF AND MAILED WITH THE ITEMS

Union Bank & Trust Company

Report by No. 5235 Jackson, Tenn., _____ 191__

We enclose for collection and remittance:

ENDORSED BY	PAYER	DUE	AMOUNT
Date and No.			
Maker			

To

Items \$10.00 and under no protest.
 Protest items not marked X.
 Deliver documents only on payment of items.
 Telegraph non-payment of items over \$500.00.

FORM 12

crediting exchange teller. He, of course, retains the credit and gives to the exchange teller the debit.

The exchange teller's duties are also somewhat varied, as he handles all city collections, writes exchange, makes the clearings, and makes foreign collections. Upon receiving the morning mail the exchange teller goes through it rap-

idly, and gets out the collections on individuals and firms. These he registers in duplicate, using Form 10, thus making his record, and a letter to accompany the remittance at the same writing. In making the foreign collections all cash items are registered on Form 11, while items for collection only are entered on Form 12. In mak-

NAME													RATE	SAFE No.	
ADDRESS													DATE		
WE DWYAT-BROOKER, JACKSON 1884															
DEBIT				CREDIT				DEBIT				CREDIT			
Year	Mo.	Day	Amount	Year	Mo.	Day	Amount	Year	Mo.	Day	Amount	Year	Mo.	Day	Amount

FORM 13

ing his daily balance he uses the same kind of teller's book as the other tellers.

SAVINGS DEPARTMENT.

Our savings records are handled in the same manner that individual accounts in the commercial department are handled, except the bookkeeper uses

name. (Form 13.) A customer is charged with the amount of the rent to the date he wishes his rental to expire. When payment is made he is credited with the amount paid. Of course we realize it is better to collect the rental when the box is rented, but in a country bank we believe this isn't practicable. We keep simply a blank card

SAFEKEEPING CERTIFICATE		No. <u>3</u>
UNION BANK & TRUST CO., JACKSON, TENN.		
ORIGINAL	Date _____	
The UNION BANK & TRUST CO., hereby certifies that		
_____ of _____		
has deposited in this bank, on the above date, _____ said to contain articles described below, which are to be held for safekeeping, and to be delivered on the return of this certificate, properly receipted for in the space below.		
<small>This bank assumes no responsibility in the matter beyond safely keeping the papers or articles deposited.</small>		
UNION BANK & TRUST CO.		
By _____		
Received the above-described papers or articles in the same condition as they were when deposited.		
Date _____		

FORM 14

a ledger leaf, with a column for interest.

SAFETY DEPOSIT BOX DEPARTMENT.

The records for the safety deposit box department used by us are very simple, as that class of business is a rather new one with us. They are, therefore, not as cumbersome as those used by the large safety deposit box companies.

We keep a record with the number of each box thereon. When a box is rented by a customer, we record his name opposite that number. Thus the record will show at a glance which boxes are vacant. When a box is rented a card is made out in the customer's

under dates showing expiration of rentals.

For storing valuables we use a separate vault, and use a receipt like Form 14.

INSURANCE DEPARTMENT.

In this department we, of course, use the registers furnished by the various insurance companies for which we are agents. In keeping up with the total amount of insurance carried by an individual or firm we use a loose leaf individual ledger and maturity tickler expiration register. (Form 15.) These are made in duplicate, the whole record of one policy being made at one writing. The individual ledger sheet is filed in one binder under the name of the individual or firm, thus making it

not as full as is used by the large trust companies, it is considered by us as sufficient for our present needs.

Upon beginning a service in a fiduciary capacity a full record of the trust is made on a large record book. (Form 16.) A regular ledger account is kept with each trust on which is an itemized

statement. All receipts are filed in the vault in a case for that purpose, and when settlement is made with Court these are taken out and filed with the report.

No cash payments are made from this department, all being made by check.

ECONOMICAL BANK EXAMINATIONS

BANK examinations seem to be conducted in the State of New York with due regard to economy. According to the Superintendent of Banking, comparative statistics of the cost of bank examinations under State and national banking systems make a gratifying exhibit for the New York department. Figures from the banking departments of forty-one States show that the cost of examination alone for all of the States having supervision during the period of a year was \$697,220, or 6.7 cents for each one thousand dollars of assets. For the same period the cost of examination of the national banks was \$492,269, or 4.7 cents for each one thousand dollars of assets.

The total cost of examination of the State banks, trust companies, savings banks, safe deposit companies, mortgage loan and in-

vestment companies, savings and loan associations, building lot associations and personal loan associations of the State during the twelve months ending August 31, 1911, was \$99,875. The aggregate assets of these institutions was \$4,131,915,169, so that the cost of examination was but 2.4 cents for each one thousand dollars of assets.

If the comparison be confined to corporations of a general character corresponding to those of national banks, such as State banks, trust companies and savings banks only, the showing made is even better, as the total assets of these institutions was \$1,053,768,809, and the total cost of examination, \$68,377 for the year, or only 1.7 cents for each one thousand dollars of assets.

AMERICAN BANKERS' ASSOCIATION

BY unanimous vote of the American Bankers' Association at the convention held in New Orleans during November last, Detroit was selected for the 1912 convention city; and the thirty-eighth annual convention will be held there during the week beginning Monday, September 9. This date was decided upon at a recent meeting of the associated banks and clearing house of Detroit, which meeting was attended by President William Livingstone, of Detroit, and General Secretary Fred E. Farnsworth, of New York.

The associated banks appointed the following committee of Detroit bankers, which is to name all of the local committees: William Livingstone, president, Dime Savings Bank; Emory W. Clark, president, First National Bank, and Charles Moore, vice-

president, Security Trust Co. After the committee shall have been appointed the general secretary will visit Detroit for the purpose of giving further information about the details relating to the convention and to program.

The Hotel Pontchartrain has been selected as headquarters. The hotel is in the center of the city on Campus Martius, convenient to all car lines, which center at this point; is within one square of Griswold street, the "Wall Street" of Detroit; faces the City Hall and the Square, as well as many important business buildings. It is ideally arranged for this purpose; as headquarters hotel it possesses ample accommodations for registration purposes, state headquarters, council, sections and committees' meetings—for they can all be held in this building.



Thousand Dollar Prize Cups, standing approximately four feet in height, and each weighing nearly three hundred ounces of gold silver, awarded for the best corn, cotton, sugar beets, barley and potatoes at the New York "Land Show." Many other cash prizes and trophies at this Exposition constituted the most valuable awards in the history of American agriculture. This Exposition in 1912 will offer the handsomest prizes for products of the soil in the history of the world.

THE WHY AND WHEREFORE OF THE NEW YORK LAND SHOW — A NATIONAL BENEFIT

By Gilbert McClurg

"NEW YORK is being driven up into the sky, to make room for the scum of the earth!" A snap-shot judgment; not a pretty statement—yet who can disprove it? Certainly not the keepers of the gates, who see the tide of "indiscriminate and immoderate immigration"—8,795,386 individuals being the number who honored the United States with their arrival between 1900 and 1910.

Within forty-four years this republic may be obliged to meet the needs of more than two hundred million people. In this same decade (1900-1910) the population of the Continental United States—exclusive of Alaska, Hawaii, Porto Rico or the Philippines—increased from seventy-six millions to ninety-two millions—twenty-one per cent. Immigration lingers in the great centres and adds to the difficulties attending employment. Despite restrictions—puny against the flood as straws in the eagle's course—there is no sign of the ebb-tide. Each city in the United States receives its proportion of the human freight borne on the current. Chicago has a contingent of more Germans than can be found in any city of the world excepting Berlin; six hundred thousand Italians in Greater New York—more than Naples boasts—against one million native-born Americans! The real simon-pure American, he of the Mayflower, or Jamestown, or Massachusetts Bay descent, is said to be only a

million strong now in the metropolitan city of the land of his forebears and foreowners, and he bids fair, ere many decades have passed over his diminished head, to become as extinct as his own buffalo and eagle.

In the meantime how shall he regulate his land of the free and home of the brave, so as to stave off this day of his prophesied extinction, and make himself and everyone about him comfortable during the extinguishing process?

As before stated, the "Queen City of the tall gray towers" receives the first and heaviest wash of the human waves, therefore, the relation of New York and a Land Show is typical, and may serve to indicate the relation of the Land Show to the city, with country as a corollary of the proposition. For in New York the farmers have placed their standard square in front of the financial capital, and challenge results.

New York's first and America's greatest Land Show was held in Madison Square Garden, November 3 to 12, 1911. It was attended by two hundred and thirteen thousand people—a larger daily patronage by twenty per cent. than was accorded the first Land Show in Chicago—and on the last day, for the first time in its history, the doors of Madison Square Garden were closed five times to keep out the dense throngs which endangered safety.

PURPOSE OF THE LAND SHOW.

What went they out for to see? The "National Magazine," in its December issue, said: "In all its brilliant history, ranging from horse show, circus and walking matches to grand opera, Madison Square Garden never held within its massive walls an event so astounding in its revelations of soil resources, and so gratifying to our innate love of nature's handiwork." Scientific agriculturists and horticulturists put themselves on record in saying: "As a collection of the agricultural products of America, the New York Land Show clearly surpasses anything of a similar nature ever held." "The Philistine" called the Land Show "the most important happening that has taken place in New York this year," and further opined: "No exhibition like it or equal to it has ever been held in New York city." "Finest ever made in the history of the world," said one enthusiast.

The "Wall Street Journal" said: "Two surprising things strike every visitor to the Land Show and Irrigation Exposition, strike with a force that keeps him thinking long after he has left the building. One is the extraordinary interest that the exhibitors have been able to excite in the minds of nine out of ten men, no matter whether the ten know much or little about farming, ranching or fruit growing. The other is the fact that land should call mankind so strongly; not merely from the new west, but from so many sections which we have fallen into the error of thinking old enough to stay always as they are."

The New York "Evening Post," in an article headed "Orchard Fragrance in the Garden," wrote of the Land Show: "Nearly every State in the Union is represented and each shows the best of its products in most attractive form."

But the people were not formulating phrases, nor framing testimonials for the Land Show—they were simply there—packed as tightly as the apples in their boxes, or the kernels on the ears of corn—with wide-open ears and eyes, imbibing and assimilating all that could be learned of the land and the kindly fruits thereof. Pamphlets and circulars were eagerly hoarded, and it was subject for remark that scarcely one of the foregoing was found thrown on the floor as waste paper. Here the throng could talk with men representing dairy and orchard interests of New York State, orange growers of Florida, sugar-beet men from Colorado, maple-sugar producers from Vermont, the champion corn raisers from Indiana and Virginia and Massachusetts, apple lords from Spokane and the Hood River Valley, cotton kings of Texas, and behold the gold nuggets, tin, copper and coal from Alaska, as well as Alaskan oats and strawberries.

The visitors at first hand secured reliable information as to the prices of lands, transportation, social conditions in various States,

which were occasionally a jar to one's preconceived geographical equipment. It seemed surprising that as high as 900 bushels of potatoes per acre were produced in British Columbia—or, for instance, when the silver thousand dollar cotton cup, given through the generosity of Col. Robert M. Thompson for the largest yield per acre of short staple cotton, was won by a planter in the Imperial Valley of California—silkie, glossier cotton being produced in that semi-arid region under irrigation. A southern railroad president has since scored his immigration agent for letting the sceptre of King Cotton lose sway over its heritage. The South, however, added to the *bouleversement* when Virginia took proud possession of the corn cup, given by the International Harvester Company of America; while Indiana and Illinois stood by breathless.

Elbert Hubbard, in the December "Philistine," made special mention of the Land Show, remarking that it was particularly valuable in the lesson taught to school children. "It was a North-American exhibition devoted to the land and the miracles that it produces, with the aid of sunshine, water, air and the intelligent manipulation of man. . . . On the Roycroft School Farm we have found that city boys make the best farmers, because the city boy looks upon the land with romantic eye, and takes to gardening, farming and the care of live stock most kindly. Thus we get a human rotation of crops, and at the last, the finest crop that this country is producing is its crop of boys and girls. . . . Man is a land animal. We are well and happy only when we are on good terms with Mother Earth. The farmer is no longer a joke. He is the real capitalist."

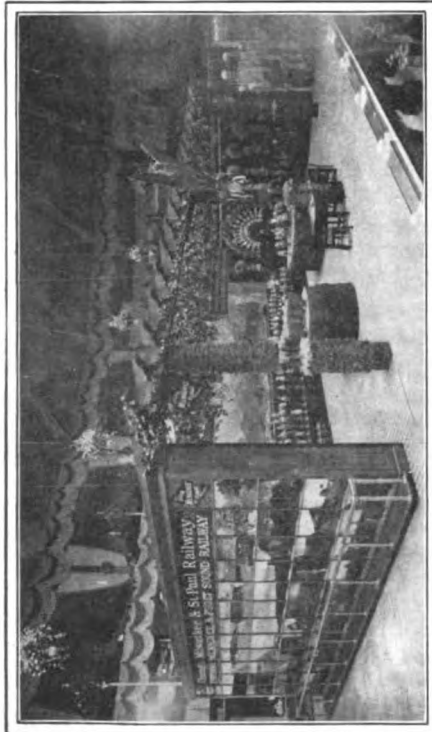
THE STAGE SETTING.

The huge oval of the Garden—too often in decoration as kaleidoscopic as a crazy-quilt—was softly green and white, typefying land and water. The woodwork was white and the partitioning walls of the booths were green. Long ribs of electric lights gemmed the green and white-draped ceiling, and the chandeliers were screened with wreaths and sprays of brilliant-hued flower and leaf. Around the entire building ran festooned garlands of green, supported by white and gold Venetian masts. One-fourth of the distance the garlands bore the pale white blossoms of spring; summer was indicated by red roses; autumn flaunted red-bronze oak leaves, and the garlands of winter glittered with icicles. Such was the background, and the exposition itself was as if a gigantic horn of plenty, magically inexhaustible, had rolled out (and kept on rolling) all that *Bona Dea* produces of grain and fruit.

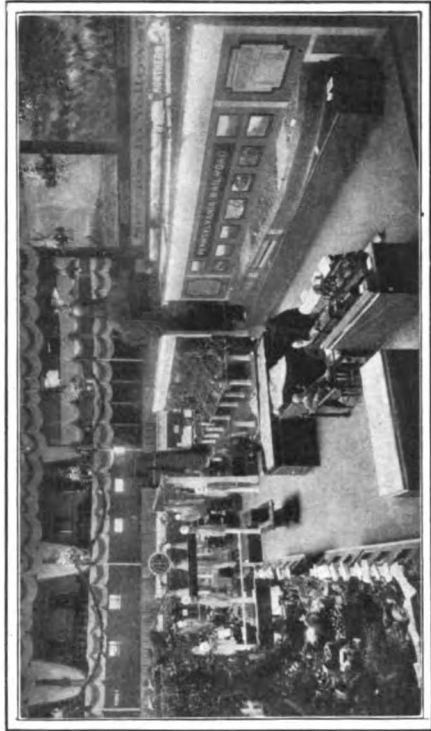
Sometimes the showing was by railroads, as in a mammoth exhibit with sheaves and bouquets of grain, alternating with crystal jars of giant fruits and vegetables, fishes and flowers, dominated and encircled by the



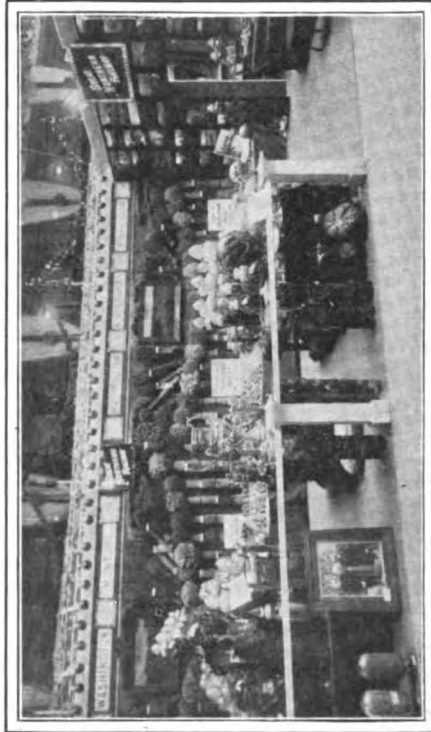
AGRICULTURAL PRODUCTS WHICH ASTOUNDED NEW YORK



BEAUTIFUL SCENES AND FINE CROPS FROM THE NORTHWEST



THE PENNSYLVANIA RAILROAD MAKES A STRONG SHOWING



WEALTH IN THE TERRITORY OF THE HILL RAILROADS

paintings of titanic gorges and wonderlands—or a painted panorama of a smiling valley beyond a vine-wreathed pergola. Sometimes the picturesque figure of an Indian brave lent a dash of color. Sometimes it was an exhibition from a State—of the rows and rows of perfectly matched, smooth and pink skinned Aroostook potatoes from Maine (that county shipping 32,000 carloads from one crop) or California's bountiful and golden showing crowned with Burbank's spineless cactus, plumcot or fadeless flower. Again, it was an exhibit by individuals, as when Dr. W. X. Sudduth electrified Manhattan with alfalfa products—breakfast food, bread and biscuit, tea and even soda water, ice-cream and candy made from alfalfa. The Romans partook of "emmer" as a staple grain and food product, but its usefulness must have departed with:

"The glory that was Greece
And the grandeur that was Rome"

for most of us never reckoned it on a possible bill of fare, till Prof. B. C. Buffum of Worland, Wyoming, starting with the premise that wheat is the best food for civilized man—(man, by the way, being the creature of his food no less than of his heredity, environment, natural and climatic conditions)—evolved wheat-emmer hybrids.

Again it was some feature that jumped to the eye—a cheese weighing three tons, Taft modelled in butter, the delicate mosaic landscape of the "hayseed artist," or the huge quadruped of glowing apples, with gilded hoofs and tail and crimson electric eyes, which the children hailed as the "applephant."

Lectures with fine stereopticon views went on all day long, attended by 25,000 people. In these lectures were depicted the grain fields of the Northwest, packing fruits, practising irrigation and modern methods of cultivation. A goodly percentage were seriously interested, and the spoken word was rendered unforgettable by the motion picture—both eye and brain receiving the appeal. Cows were milked by electric power in the basement; trips in the Yellowstone and Glacier Parks were daily given away; as well as a farm, orchard tract or nut grove for each day of the show; and twelve huge cups, triumphs of the silversmiths' art, were awarded to successful growers of wheat, corn, apples, oats, barley, sugar beets, cotton, hops, alfalfa and potatoes. There were also prizes in gold coin.

The last unallotted exhibit space was purchased by Mrs. Paul Ledyard Van Cleve of Montana, while in New York en route for a summer in England. Learning then of the Land Show plans, this loyal lady ordered the space; in her husband's name gave the exposition a thousand dollar cup to be awarded for the best alfalfa exhibit; immediately arranged for a stereopticon lecture (whose subject was her State) daily to be presented

at the Land Show; and returned instanter to Montana, securing such an impressive collection of products of its soil that the Montana exhibitors won the Hill wheat prize, the alfalfa cup and the thousand dollar



ARTHUR E. STILWELL

PRESIDENT NEW YORK LAND AND IRRIGATION
EXPOSITION; PRESIDENT KANSAS CITY,
MEXICO AND ORIENT RAILWAY

President Arthur E. Stilwell was born in Rochester, New York, of Dutch, English and French descent. Mr. Stilwell came rightly by the constructive mind, joined to executive ability, which he has evinced in enterprises of wide scope. His grandfather was one of the early transportation builders of western New York, being personally interested in the opening of the Erie Canal, the building of the New York Central Railway, and the Western Union Telegraph Company. On the occasion of Lafayette's triumphal return to the United States, Mr. Stilwell's grandfather was chosen to escort him via the Erie Canal from Albany to Buffalo. He built a new canal boat to convey his guest, and a new home in which to receive Lafayette in Rochester.

In 1836 Mr. Stilwell left the insurance business for a career of railroad construction. In Kansas City he built the Kansas City Suburban Belt, Independence Air Line, Kansas City & Northern Connecting Railroad, Kansas City, Omaha & Eastern Rail-

road. He then constructed the 1000 miles of the Kansas City Southern, extending to the Gulf of Mexico. Here he laid out the city of Port Arthur, with its harbor, docks and ship canal. Mr. Stilwell is now building a belt line around Kansas City, and his great construction work is now the Kansas City, Mexico and Orient Railway, from Kansas City to Topolobampo, on the west coast of Mexico, a line seventeen hundred miles long, of which six-tenths has been constructed. This route will shorten the distance to the Pacific by four hundred miles.

In Kansas City Mr. Stilwell built three office buildings, seven grain elevators, one theatre, and two residence suburbs. In Mr. Stilwell's free school for workingmen's children four hundred pupils were educated, and he established free concerts for Kansas City. Mr. Stilwell has published two books dealing with vital issues of the Twentieth Century. He is member of many well-known clubs and societies, and makes his residence in New York, where he is President of the United States and Mexican Trust Company, with offices in New York, Kansas City, London and City of Mexico. He is also president of the American Land and Irrigation Exposition.

Mr. Stilwell has founded one hundred cities and towns, with an aggregate population of 200,000. He has developed large agricultural colonies for raising rice, pecans, apples, etc., and has colonized more than two hundred thousand farmers.

Arthur E. Stilwell is an empire builder of more than national reputation.—Editor's vote.

trophies for the best barley and oats—which distinction will mean colonization for Montana and higher prices for her products and lands.

Kaltenborn's orchestra of fifty musicians filled with music the pauses in descriptions of exhibitors, or "ohs" and "ahs" of beholders; and with the hundred white-robed women and the hundred stalwart pioneers of the "Great American Desert" (making up the Utah choir), led up to heights of harmony.

With characteristic liberality, President Arthur E. Stilwell arranged a notable banquet, signaling the opening of the exposition, at the Waldorf-Astoria, when more than five hundred prominent Americans gathered to enjoy a feast of American soil products, to hear American singers and to praise the land and its show.

THE REAL MEANING.

Such was the setting; these the aspects which met the vision of the casual observer—but in real meaning and far-reaching result the Land Show was eminently wider and deeper and higher. Not one per cent. of the seven million people in and around New York city have learned by personal visit and ocular demonstration of the fields of production. The best way to disseminate this desired information and to show the people of the Atlantic seaboard what our country can produce and what are its land advantages, its health and scenic attractions, is for the country at large to send its produc-

tions and men who can tell the story of the various sections of the country, to a great exhibit like that of the American Land and Irrigation Exposition—New York's Land Show—annually to meet with the people of the Atlantic seaboard, both of the city and of the country—the potato grower from Maine, the vegetable gardener from Massachusetts, the cranberry producer from New Jersey and the dairy keeper of New York. Exhibits of soil products at various expositions, with the stories of how they were cultivated and grown, proffer fine educational training along farm lines.

The Land Show emphasizes the value of the United States Department of Agriculture teaching, that lands, near the large cities should be cultivated to supply their markets with foodstuffs. This was made theatrically apparent at the Land Show, when it was announced that Scotland had recently shipped 15,000 tons of potatoes to New York for its consumption, notwithstanding the tariff of twenty-five cents per bushel! There are thousands of acres of cheap lands adjacent to Washington which could supply that market with its truck crops, which are now shipped from a distance at higher cost. This is true regarding the lands surrounding most of the Southern cities. A railroad agent in North Carolina recently stated that seventy-five per cent. of the eggs, butter, poultry, meat and vegetables consumed in the State were imported from outside the State. This question is a serious one as regards the high cost of living.

Says the "Country Gentleman": "In one week in December, 1911, 7,000 tons of English, Scotch and Irish potatoes arrived in New York and the duty on them was over \$65,000. About the same time a ship landed 1,800 tons of potatoes in Baltimore. There were 22,300 sacks, each weighing 168 pounds, and they filled 100 freight cars, allowing 200 sacks to the car." The potato, native in the Andes, was made fashionable in Europe when Louis XIV and his courtiers wore the purple flower. The tuber became the salvation of famine-stricken Erin. Now the trade balance dips on the other side. The thousand dollar potato cup, the gift of Mr. Arthur E. Stilwell to the Land Show, stimulated American potato growers to their best efforts.

The Land Show taught New Yorkers that incorporated farming companies make large returns; that incorporated orchards and dairies, and cotton and sugar-cane plantations and rice plantations, working on a big scale, are fine-paying propositions. One of the best results of the annual Land Show will be the institution of large companies, backed by eastern capital, to develop orchards, farms and plantations in the various sections of our country. One of the exhibitors at the New York Land Show was the Florida Pecan Endowment Company, of which Mr. A. E. Stilwell, head of the exposition, is president. This company sold

many tracts of land near Tallahassee, Florida, to visitors, to whom was shown that pecan trees yield more value per acre than any other product grown on the soil; and that pecan trees regularly bear profitably for a century. This company, only one year old, whose principal office is in New York, can afford through its great volume of business (for it is now the largest pecan-growing company in the world) to secure the services of a competent expert to manage its plantings and its groves. It has sold within a year nearly three-quarters of a million dollars' worth of pecan lands, planted with pecan trees, and it takes care of the trees for five years, until they come into good bearing. The ordinary pecan grower cannot afford to secure the services of an expert nor to look for the best soil in America for this industry. The same is true with the cultivation of other fruits and nuts; with the growing of rice or grain, or any other crops.

Many bankers and brokers, manufacturers and merchants received similar impressions from their visits. The New York financier, too, might be inclined to have his son take up the liberal education accorded by the State agricultural schools. Some one has said: "It is necessary to define anew what is a liberal education." Studies are considered in regard to their direct relationship to life. There are many boys of New York studying Latin and Greek and abstruse sciences who would make better citizens and lead higher lives if they took up and put into practice the sciences of horticulture and agriculture.

Again, New York, being the chief immigration port and the metropolis of labor, population, exports and imports, and the centre of finance, is a theatre where may be brought together the extremes or factors that are fundamental to better agriculture, and which seldom meet. When the rich and poor can stand side by side to view the fruits of the soil, each will see his opportunity and be inspired to greater effort. Weighty argument for the holding of an exhibit of agricultural products of America in New York is the fact that the Government Census Bureau has stated that several hundred thousand foreign immigrants, who have in a few years earned a modest competence in the United States, have left our shores and gone back to Europe to invest their hoardings in land which they are now cultivating. These immigrants had no opportunity to make long trips into the cotton, rice and sugar-growing South, to the apple, hop and grape regions and dairy farms of New York State, or to the grain sections of the West, and of course it was impossible for them to witness citrus fruit and other industries of Florida and California.

There is an axiom that nothing in nature is valueless, though out of its sphere and misplaced, its worth is not apparent. The

so-called "scum," the flotsam and jetsam of the human sea, which seems to imperil the foundations of the congested city, when spread out over the wide spaces of country may prove the element needed to aid in making the land yield the one-sixth more proportionately required to meet the wants of the sixteen millions which will have been added to our population during the next decade. True, if trite, is the saying, that the landless man must come to the manless land. Certain of these immigrants have been the cheese and butter-makers of Denmark, the vine-growers of Germany or the orange-gatherers of Sicily. Three hundred thousand peasants come annually to New York, but when they land on American soil they are likely to become the rag-pickers, the push-cart vendors, the makers of cheap clothing, whose tacit determination to congregate in hordes in our cities is the prime cause of the overwork and under pay so deplored by philanthropists.

To all such the Land Show brings a promise and opens a far-widening vista, with its apothegm "Get out"—out under the sky, on the green earth, where there is plenty of elbow-room and soul space. The Commissioner of Lunacy of New York State in a pamphlet recently called attention to the alarming increase of insanity among peasant immigrants who have come from Italy to live in the congested sections of New York city. The commissioner states that these peasant immigrants were formerly accustomed to living in the open, under sunny skies, eating wholesome grain and vegetables; but in the congested sections of New York city were denied these, living in tenements, devoid of sunshine, where these unfortunates existed largely on a diet of poor meats, a change of living which, in many cases, robs them of reason. New York State has 341.1 insane persons for every 100,000 of its population.

These wanderers from foreign shores must be shown that there is a better place for them, and the Land Show is the teacher. An emigrant rejoicing in the name of Ponce de Leon was recently landed at the foot of the Statue of Liberty. "You, at least," they said to him, "will go to Florida?" "No," he replied, "I am going to First avenue." So our Ponces voyage no more in search of perpetual youth and for their fountains play, flowers bloom, and the birds sing in the enchanted land in vain. The Ponces are engaged in wrecking fine old Knickerbocker mansions to be replaced by sky-scrappers, or possibly in conveying or sorting the city garbage.

Heretofore expositions have been held in honor of some special man or class; a Columbian Exposition for the fame of the discovery and its dauntless voyager; the coming fair in San Francisco to crystallize the fulfilment of the world's dream of the Panama Canal. But a Land Show is every man's exposition. All have part and lot in



FINE WOODS, METALS, MINERALS, VEGETABLES AND GRAINS FROM ALASKA AT NEW YORK LAND SHOW



FRUIT AND VEGETABLE SECTION OF NEW YORK STATE'S EXHIBIT AT THE LAND SHOW

earth, the mother, and when all is done and said, and thought and suffered, like *Candide*, we find the world-want satisfied and "babble of green fields": "Il faut cultiver notre jardin."

ADAM AND EVE WORK TOGETHER IN THE GARDEN.

Adam might well have held a Land Show in the Garden of Eden, with Eve to represent attendance. It voices the prime interest of all men, of every time. It is for the need of man, fallen or unfallen. The primitive and universal meaning of the Land Show is illustrated by the fact that modern men and women alike labored for and secured its prizes. Seager Wheeler of Rosthern, Saskatchewan, Canada, charges now \$8 a bushel for his Marquis wheat. Three judges, professors and experts from State agricultural colleges of Ohio, Kansas and Montana, awarded him for this product—as to color, uniformity and weight—the thousand dollars in gold offered by Sir Thomas Shaughnessy, president of the Canadian Pacific Railroad, for the best wheat grown anywhere in the two Americas. Mr. Wheeler won the prize through dogged perseverance, keen enthusiasm and intelligent study. He sat up at night hand-picking his seed, while other farmers slept. From one head of wheat he grew two and one-half pounds. Mr. Wheeler said at the Canadian Club banquet, given in honor of his triumphant return: "With regard to the wheat with which I won the prize this year, I think I can improve on it next year." Asahel Smith and J. Stuart Wade, of the British Columbian Department of Agriculture, officially surveyed 125 separate acres, planted each with potatoes of true, strong type of different varieties, selected from the acre yield of each, regular, uniform, smooth potatoes—one just as like another as two peas.

Mrs. Ella D. Rowland of the Zillah section of the Yakima Valley, Washington, with a ten-year-old orchard, was awarded \$500 in gold and a silver apple cup for the best twenty-five box display of apples, scoring 982 5/6 points out of a possible one thousand. Mrs. Rowland put by from fifty-six boxes of apples enough of the finest to fill twenty-five boxes; and engaged two other women to aid in the careful and successful packing.

Thus farmers all over the country are stimulated by the Land Show to secure the best possible seed; to follow Brigham Young's advice of ploughing deep; to cultivate more crops—fertilize where needed—in short, to practise up-to-date and scientific methods, thus adding millions of dollars each year to the soil's returns.

But as the Ponces de Leon who settle down in the compressed purlieus of cities have no wish nor knowledge to go or see further—the most obvious value of the Land Show is educational, pointing the way. A

countryman, questioned as to how he liked the country which he was traversing in his wagon, retorted: "I don't like it. I ain't got no use for this sort o' country. I am just driving through it because it is here." Such was more than often the spirit of the old-time farmer. He inherited his barren acres; he must stay on them and wrest a living from the stubborn glebe if he could, because he could not get away. But now we make farmers by grace of God, not by circumstance. The farmer chooses the farm and makes his calling and election sure—because he likes it. He is no longer alone in a wilderness, but telephones, telegraphs, good roads, rural postal deliveries, phonographs, school-houses, traveling libraries, bicycles, motorcycles and automobiles, draw ever nearer the links which bind the farmer to the living breathing world without. In just proportion so does his value increase as a desirable citizen and depositor in the bankers' bank.

All who have had to deal with the phase of life embodying shrinking from the country evinced by the child of slums and the denizen of chimney-top garrets, will tell you how little children pine in the midst of daisies and buttercups for the hot noisy pavement, with its brawls and games; how fresh milk is not relished like the stale remnant in the bottom of the beer-can, and how the brooding stillness of sunlit-day, or calm, starry night, becomes a terror to those who find their Arcadia under the electric lights or in the moving picture show. It is from the sight of the wealth and beauty of the Land Show, and that demonstration set in the midst of the city, of whose squalor they make a part—that the education must begin of the undesirable citizen, hemmed in a dwarfing environment.

THE 1912 LAND SHOW.

The reception, praise and general support afforded the American Land and Irrigation Exposition warranted its officers to announce that a second Land Show and Agricultural Exposition, under auspices of the American Land and Irrigation Exposition (Incorporated) will be held in New York, November 15 to December 2, 1912, in the Seventy-First Regiment Armory, whose main auditorium is larger than that of Madison Square Garden. South America will join with its northern brothers in rival exhibits, for officials of Brazil and Argentina have recommended exhibits as promptly as have the New Jersey and New York State Boards of Agriculture. The correspondent of "The Breeder's Gazette" recently said: "Next year when the New York Land Show is held, I am confident the attendance will be many times greater, and that the local press will give it the prominence deserved. It occurs to me that perhaps the Eastern press is waking up to the need of better agriculture and the more

thorough development of the farms in the Atlantic Coast States." However, the globe-encircling New York journals advertised and described the exposition, in English and foreign languages, to eight million readers.

Prizes at the 1912 Exposition will be the most valuable in the history of American agriculture. Already President Stilwell, Mr. Horace Havemeyer and Mr. Theodore H.



GILBERT MCCLURG

VICE-PRESIDENT AND GENERAL MANAGER NEW YORK LAND AND IRRIGATION EXPOSITION.

Gilbert McClurg, who tells the story of New York's first Land Show for the Bankers Magazine, comes of Scotch-Irish stock—the estate and coat of arms of his family being given them by the Bruce, after valued aid in his border wars. They came to America in 1790, in the Scotch-Irish movement towards religious freedom and colonization. Leaving Virginia and settling in Pittsburgh, they practically founded the iron industry of Pittsburg in 1807. A McClurg was Commissioner of Ordnance in the war of 1812.

Mr. McClurg is well known from coast to coast, through his work on the lecture platform from Portland, Maine to Portland, Oregon. In seven transcontinental tours, Mr. McClurg has told the "Stories of the

States," deeming that there are to be found in each of our United Commonwealths as much of interest—in historic or pre-historic past; romance, scenic beauty, development and present day life)—as is afforded by the foreign land which ordinarily supplies the lecture theme.

From the study and travel needed to secure the subject matter for these lectures, Mr. McClurg has acquired an acquaintance, unusually wide and deep, of the sisterhood of States. His engagements have included courses of lectures for the Boards of Public Education of Pittsburgh, Milwaukee, Saint Louis, Chicago and New York, as well as at the Jamestown, Saint Louis and Portland International Expositions. The National Arts Club, Historical Society, People's and Brooklyn Institutes, and the Y. M. C. A.'s have been among his New York engagements. Mr. McClurg has also lectured before thirty of our great universities and colleges. At the "New Willard," Washington, his lecture was attended by Members of the Supreme Court, the Cabinet, Senators and Congressmen, and representatives of official life, the Diplomatic Corps, the Army and the Navy. The Washington press pronounced this lecture the most enjoyable and instructive ever given there.

Mr. McClurg has directed some of our great State and National Conventions, such as the noteworthy Eleventh Irrigation Congress, which, convening at Ogden, Utah, shortly after President Roosevelt signed the Irrigation Bill, crystallized and inaugurated the sweeping land-development movement of the present time. Mr. McClurg there assembled the first showing of American soil products, under irrigation. His addresses upon agriculture have been published and have attracted favorable attention.

For five years Mr. McClurg was Secretary of the Colorado Springs Chamber of Commerce, an institution which he developed and for which he secured national recognition. His chamber of commerce work was thus recognized in a contemporary journal: "No Chamber of Commerce ever had a more capable, original and generally efficient secretary."

Mr. McClurg was born at Racine, Wisconsin, founded by his maternal grandfather, a naval officer in the War of 1812. For nine years of his early career, Mr. McClurg was associated with his relatives in the publishing house of the name in Chicago, and thus came in touch with the journals, magazines and books which have been "tools of his trade." In the West he is known as the author of several local histories, and Colorado has been made widely known through his written as well as his spoken word. He was not alone an editor and publisher, but also European correspondent for a syndicate of American newspapers. In Colorado Springs he has a country home, though now residing in New York.

Mrs. McClurg is prominent as a poet—her sonnets since collected in book form, appeared in the "Century," and other magazines, and her writings, of dignified character, have been praised by critics and set to music. She is considered an ethnological authority on the Colorado Cliff Dwellings and as such has been decorated by France.

Mr. McClurg, coming to New York two years ago, recognized the need of showing in the country's metropolis the wealth and products of American soil, and with the cordial support and co-operation of Mr. Arthur E. Stilwell originated and brilliantly conducted the American Land and Irrigation Exposition, of which the "New York Journal" said—voicing the general comment: "To the mind of the looker-on, Madison Square Garden has held no exhibition so interesting and so inspiring. . . . The show must have epitomized more completely the wealth and power of the Nation.

as well as the incessant energy of its people, than the great array of battleships which recently appeared in the North River. . . . A book could be written on the Land Show."—Editor's note.

Price—well-known New Yorkers—and also Mr. Andrew Carnegie have awarded costly prizes for staple products to be exhibited at the Exposition of 1912.

THE BANKER'S MOVEMENT TOWARD BETTER FARMING.

So vital and pressing is the need for more and better farmers that the Minnesota Bankers' Association, three years ago appointed a committee to look into the question of the agricultural development of Minnesota, realizing the close relation between agricultural development and general prosperity. In 1909 there were 435,000 children in Minnesota schools, and out of this number but 1,800 were taking agricultural courses in academies and colleges. The conclusion was obvious. Public education was making 99.6 per cent. of the coming generation consumers and but four-tenths of one per cent. were the coming producers! The schools of America, therefore, base their educational systems upon shrinking values, so to speak, rather than upon the coming need. France and Germany, far in advance of us in this respect, specialized agricultural and industrial training in their school systems twenty-five years ago. It was notable in this connection that when, through the efforts of the bankers' association committees, special schools and agricultural courses were established, a scarcity of trained teachers in agriculture was very marked, thus indicating another profession to be filled in relation to the farm. The story of the work of the bankers in the interests of agriculture is thus spelled by the chairman of the Bankers' Association committee on agriculture and education:

"To-day in Minnesota there are thirty agricultural high schools, each receiving State aid to the extent of \$2,500 a year. A provision of the act under which this money is appropriated makes the teaching of agriculture, domestic science and industrial training compulsory in these schools.

"In addition to the thirty high schools receiving State aid, twenty other high schools have similar courses and are paying the expenses themselves. All of these schools are doing excellent work under the best instructors obtainable.

"This work has aroused attention in every State, and last October eight bankers' associations sent committees to a conference held in Minneapolis to discuss this question, the States represented being Illinois, Iowa, Wisconsin, North Dakota, South Dakota, Washington, Kansas and Minnesota. This conference held a two-days session, and the

first edition of 10,000 copies of the proceedings was printed and the edition exhausted.

"The conference urged the bankers' associations of every State to appoint standing committees on agriculture, to work for improved agricultural methods, better farm life conditions and education in agricultural development and domestic science for the farm boys and girls, more especially as provided by the consolidated rural schools and the agricultural high schools and the other extension services of the various agricultural colleges. They strongly urged the passage by Congress of a Federal bill by which the government should extend to all agricultural States the aid now being granted to the Southern cotton States.

"At the convention of the American Bankers' Association in New Orleans last year, a committee was appointed of representative bankers from Texas, North Carolina, Nebraska, Ohio, Illinois, Washington and Minnesota, to be known as the Committee on Agricultural Development and Education. To this committee was referred the matter of looking into the financing of farmers on small tracts of land."

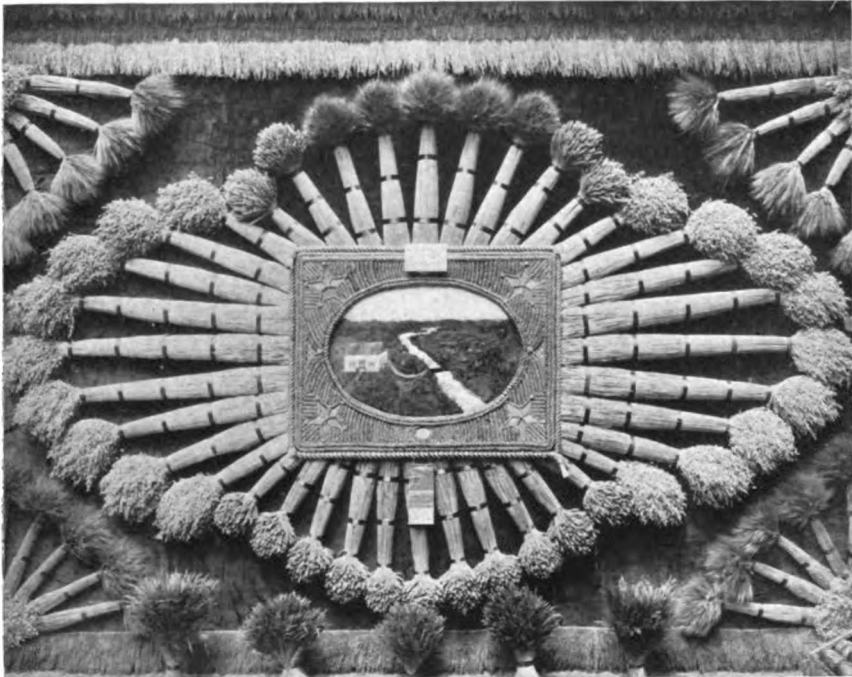
NEW YORK IN LINE.

Governor Dix, in an address before the Young People's Club of Albany, on January 13, stated that he believed New York's agricultural productions could be made the best in the world—the rainfall being unusually copious and the area of worn-out soil being capable of the fertility of its first estate, when scientifically treated and enriched. He cited as an instance of neglect to be remedied that the flax industry of Washington county was once a profitable crop, and that now the production of this important staple in the United States is so diminished that most of our flax is imported from Russia. The Governor might also have cited the decreasing area in the United States in which broom-corn is cultivated. The co-operation of the New York Legislature will be asked in providing a more comprehensive course of agricultural instruction in the district and high schools of the State. This plan meets with the approval of State Commissioner of Education Draper, State Commissioner of Agriculture Pearson and Dean Liberty H. Bailey of the State School of Agriculture at Cornell University.

"I believe," said the Governor, "that it should be incumbent upon the students who have obtained State scholarships to devote a small part of their time during the vacation to this work. They could give public lectures and demonstrations in agriculture. I think that the best results would be accomplished by going right to the farms and giving demonstrations. They could then give valuable instruction and information regarding the facilities offered for increasing the per area production."

Along these lines was the work of the conference on Agricultural Education for Dependent and Delinquent Boys, held at Hotel Chelsea, New York, January 26 and 27, under the auspices of the Child Welfare Committee, with Mayor Gaynor for the principal speaker. President Brown of the New York Central spoke upon the "Vacant Farm and the Dependent Boy," and Mr. H. B. Fullerton of the Long Island Railway had for his subject the "Lure of the Land." The conference hoped to induce New York

the Southern, the Norfolk Southern, Norfolk & Western, the Chicago, Milwaukee & St. Paul, Chicago, Milwaukee & Puget Sound, the Kansas City, Mexico & Orient, the Tanana Valley & Copper River of Alaska, the New York, New Haven & Hartford, the Boston & Maine, Maine Central, Bangor & Aroostook, New York Central, Long Island, the Canadian Pacific and the Pennsylvania Railroads. As representatives of their lines, Chairman James J. Hill, President Earling, President Howard Elliott and



PICTURE AND FRAME MADE ENTIRELY OF ARTISTICALLY-ARRANGED GRAIN AND GRASSES FROM CANADA, AT NEW YORK'S LAND SHOW

to give agricultural instruction in its public educational courses.

The Land Show gave this form of education to its visitors. The 19,000 school teachers of New York received invitations and each morning, captained in classes, the pupils of these schools visited the Land Show. At the ringing of an old-fashioned school bell a model farm school was assembled in the Land Show, where with black-board and pencil the children wrestled with farm questions. Thus the Land Show crystallized the slower-moving methods of communities and States.

The railroads, with their many energetic heads and colonization agents, which contributed in greatest measure to the perfection of the exposition mosaic, were the Northern Pacific and the Great Northern,

President Stilwell donated valuable prizes to the exposition, and the Northern Pacific awarded 160 acres in Montana as a gift by popular allotment to the fortunate Land Show visitor.

THE RELATION OF RAILWAYS.

The enmeshing steel webs of traffic are, above all other factors, those which make farm life pleasant and profitable. The farmer and the road are interdependent. Railways have been institutions so long established on the Atlantic coast that it is difficult to consider the subject from the viewpoint of the western enthusiast, who has seen mountains tunneled, hot springs, oil wells and coal mines developed, homes, towns, orchards and grain fields spring up

as magically as Aladdin's palace, along the line of the path-finder railway of the West. Many of these, in construction days, kept a terminal town, which sprang up at every terminus, only to be taken down and rebuilt as the silver ribbon unrolled.

Vast sums of money are now spent by the great railroads in agricultural education. They supply seeds to farmers, send out exhibition trains and maintain model farms. And "ohne hast, ohne rast," they must keep everlastingly at the task. Traffic being the transportation of a thing from where it is plentiful to where it is scarce, without products and markets, there would be no traffic. The railroads are therefore vitally interested in bringing land products for exhibition before the centres of population which have money and people to colonize vacant areas.

Only a few years ago the writer, then lecturing on Texas, made the statement that there was so much land in that wealthy empire of a State, that every man, woman and child in the State could have as a share in proportion to the population, a sixty-acre lot out of hearing of his or her next-door neighbor. That was only ten years ago, but the statement would now seem fabulous even in the large State of Texas, one-fourth larger than the German Empire, for the population of Texas has doubled since 1890.

Farming began with the cultivation of vacant, arable land, but the railway of to-day must not only transport its home-seeker and keep him in easy touch with his market, but also see that he derives the largest yield possible from his territory through crop rotation, scientific fertilization and raising of livestock. Immigration and natural increase of population set aside, the duration of human life is prolonged with more intelligent methods of sanitation and hygiene—pestilence is practically wiped out and when the peaceful succeed in ensnaring that coy fowl, the Peace Dove, with proper bird-line, the gory spectre of war will no longer claim its heart-rending quota. There will be many more mouths to feed, and famine will not be tolerated even in a subdued India or unawakened China. At present the world is fed by thirty-five per cent. of the tillable land, and this under humid conditions. The other sixty-five per cent. is dry or semi-dry land, i. e., it has less than twenty inches of rainfall. This huge area must be trained to do its duty in feeding the people, and the humid land must be tilled to produce twice as much as it is now doing.

The reciprocal attitude of farmer and railway should, in this sketched future, be modified. The former must lose the feeling that he is a "patron" of the road and that his freight and his ticket are the bulwarks of transportation. He must remember that naught he has or enjoys would be possible without that most useful agent of transportation. The writer recalls a pioneer road which built for the future, over transconti-

ental divides, and looped to include any points where wood or water or fertile valley gave a promise of settlement to come. There were many lonely miles where the road was its own sole companion. This did not please the citizens of the terminal who "paid the freight" and whose idea fixed was that a straight line from the distant metropolis to them was the only route possible to a right-minded railroad. So they sent out an appeal to all able-bodied fellow citizens to appear on a certain day and join forces in tearing up ties and rails, and leave them without any highway, sooner than a road whose bed had as many twists and turns as Tennyson's "Brook." At almost every point where the patient railroad lingered there is now to be found some ranch, village, coal mine, tourist resort or peach orchard, and the traveler smiles, remembering the "bluff" of long ago.

On the other side, few railroads appreciate—and few have hardihood sufficient to say so to the railroads—that the burdensome freight and passenger rates of mid-continent local travel—those that make the settler gnash his teeth as he feeds potatoes and peaches to his pigs, or builds his fires with corn ears for fuel—must be abated before the ideal farm can be instituted and maintained. It takes starch and enthusiasm from the farmer when he knows that he can only send poultry, butter, eggs and the like to the markets crying out for them, at prohibitory rates. Thus railways may kill the goose laying eggs of gold. Decidedly, the farm is now in the running with the railway, and it is an interesting sign of the times to note that individuals and fraternal orders are now turning to farm mortgages as investments—so thoroughly is the farm "in the movement" of the world of finance. The story of the Land Shows denotes that in these expositions farmers, land-owners, railways and financiers alike find something they want, and which pays them. Meantime the farm interests for which they stand are going upward by leaps and bounds. Talk of "unearned increment"!

The increase in farm values recorded in the last decade is another story. Between 1900 and 1910 the aggregate value of farm land and buildings in the United States more than doubled, increasing from \$16,615,000,000 to \$34,682,000,000, an increase of 109.7 per cent. The land alone increased 117 per cent. in value, the farm buildings increasing seventy-seven per cent. The new land brought under cultivation in the interval would account for a small part only of the increase in the aggregate farm value, as is indicated by the fact that the average value of farm land per acre increased from \$15.57 in 1900 to \$32.49 in 1910.

The increase in value of farm buildings was doubtless to a considerable extent the result of improvements, the construction of new and better buildings, or additions and extensions. The increased value of land

may also be attributed in some degree to the result of improvements brought about by irrigation, draining, removing of stones and stumps, fencing, etc. According to the census reports, these changes affected 62,-949,000 acres. But in the main, probably, the increase in the value of the land represents the general appreciation of land values, or the advance of prices. Thus, while it is an increase which has doubtless contributed greatly to the wealth and prosperity of the farm owners, it does not to its full extent represent that much increase in the real economic wealth of the United States, any more than a general advance in prices represents the creation of wealth.

The expenditures for labor on the farm advanced from \$357,000,000 in 1900 to \$646,-000,000 in 1910, an increase of eighty-one per cent., and the expenditures for fertilizers advanced from \$53,000,000 in 1900 to \$114,000,000 in 1910, an increase of 114 per cent.

President Finley of the Southern Railroad recently wrote me:

"The average production per acre of every farm crop reported by the Agricultural Department is increasing, and if this process is to continue it will involve more intensive farming, a reduction in the average size of farms and an increase in the agricultural population.

"It is largely through expositions, such as the recent Land and Irrigation Exposition in New York city, that this result will be brought about. Such expositions serve a double purpose. The farmer who visits them sees what is being done by the most successful and progressive farmers in his own and other localities. He learns something of how the best results have been obtained and is led to the adoption of improved methods on his farm. The man looking for agricultural opportunities can learn what may be produced in each locality and can get in touch with those having lands for sale."

FARM MACHINERY AS AN ASSET AND DEVELOPER.

It occasionally happens that the railroad loses patience with the farm, and stigmatizes the farmer as a moss-grown relic; a man who wraps his one talent in a napkin. Henry Wallace says to him: "You have robbed every farm you have ever owned till it kicked you out. You have been robbing your farm every year by taking everything off and putting nothing back." The Land Show, assembling machinery for agricultural operations, indicates to the farmer, while advertising the product, how he may best keep up with the procession—for in the twentieth century no laggard may thrive on the farm.

Although the need and importance of labor-saving machinery on the farm is self-evident, the subject has, until lately, re-

ceived little general attention. With the exception of a treatise written by J. J. Thomas in 1869 the literature on the subject has been confined almost wholly to the trade publications and other compilations of manufacturers' data, largely commercial in character.

Very little scientific information has, therefore, been placed before the American public, making clear the possibilities in agriculture through a more general use of machinery. Hence, on account of this situation, it is fitting that the great value of activity in this line should be shown by the best possible illustrations of machines themselves and ocular demonstrations of the ends to be obtained through their use at all important assemblages conducted for the purpose of promoting greater rural development and better returns from the land.

The introduction of harvesting machinery in the cotton field is an important development in mechanics, as well as agriculture, for here is an illustration of a machine that actually accomplishes what human hands have not been able to do in quality, as well as quantity of work, and yet it is only within the range of a few limited sections of the cotton districts that there exists any conception of the revolution in methods that these machines are destined to bring about. Potato-planters, potato-diggers, seed-grading and cleaning machinery, garden machinery and other classes have been developed to a high state of usefulness, and yet it is the exception to find such apparatus on the ordinary farm.

Why this condition should be so, is hard to appreciate, when it is the farmer who most needs labor-saving machinery and the advantages of improved methods which will enable him to increase his productivity. The answer to this is that the information at hand concerning many classes of machinery is insufficient to create a general knowledge. The farmer is familiar with the plow, for it has been handed down to him from his antecedents, and until of late with little change or improvement. He has seen the advantage of the automobile and has not been slow in adopting its use.

Mr. Putnam A. Bates, the well-known engineer of New York city, who was in charge of the department of agricultural implements and machinery of the Land Show, said:

"As the efficiency and life of farm machinery depend largely upon the way it is applied and the care it receives, it is especially important that in a great national exposition like the New York Land Show, right in the distributing centre for the labor that goes out to our American farms, there should be assembled the most complete collection of important machinery for the farm that it is possible to get together.

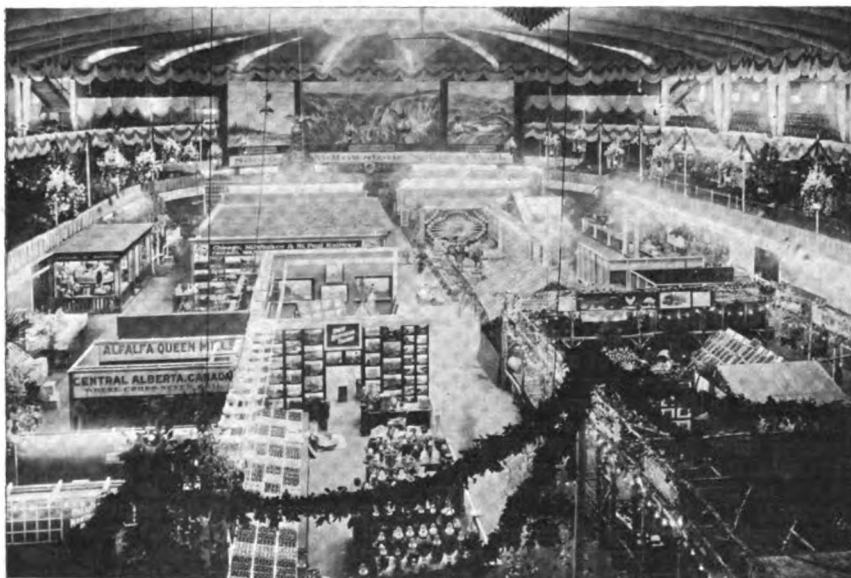
"Proposed utilization of undeveloped lands and large farming operations will attract capital more readily if modern meth-

ods and machinery are incorporated in the project. It is important, therefore, from the point of view of the capitalist, that a showing of American land and soil products held in this country's financial centre, should be made complete through a display of labor-saving devices that cannot fail to suggest better results through a higher rate of production and superior quality of product.

"Although electrical machinery is not extensively used in agriculture, its use is increasing and the interest in the subject has become so general that through the planning of the exposition's engineering director,

struction by means of illustrated lectures throughout the country.

According to the figures recently given out by the United States Department of Agriculture, the farmer is learning his lesson, and is now buying agricultural machinery at an unprecedented rate—"more in the past year than during the previous ten." "One county in Virginia—for the old plantations are now pulsing with reawakened life—has bought during the year six threshing machine outfits with gasoline engines, two harvesters, three riding cultivators, nine disk harrows and seven new improved grain



GENERAL VIEW FROM BALCONY OF MADISON SQUARE GARDEN, AT NEW YORK'S FIRST LAND SHOW

there were presented at the 1911 American Land and Irrigation Exposition, illustrations of the generation and use of electricity on the farm, demonstrating not only the practicability of using this form of energy on the farm, but also the wisdom of doing so, through the greater safety and economy accompanying its use."

At the Land Show, interest was general in the Crocker-Wheeler Company's electric farm and electric cooking on the farm with electricity generated by the farmer's private plant. These exhibits showed the simplicity of this kind of machinery and its ready adaptation to farm conditions, and the representatives explained figures, obtained through actual experience, proving that electricity in farming is entirely feasible."

The Land Show suggested to the New York Electrical Society the need of popularizing the use of electric energy on the farm through the giving of elementary in-

drills." These are the very "latest tillage tools," as much in fashion for the farm as fuzzy hats and hobble-skirts are for the fair.

Therefore, if railroad and farm get in line to do their duty, let us remember to regulate the middleman, who has in very truth ever done more to increase the cost of living than so-called grasping railroad or shiftless farmer.

THE CONCLUSION OF THE WHOLE MATTER.

Adequate facts have been summoned, it would seem, in this sketch, to show not only that a Land Show is important, but to invite the query. "What is more important than a Land Show?" The Land Show formulates the education of which capital and labor stand alike in need; while bringing them together, it epitomizes and attractively presents the information which the school superintendent, the law-maker

and the banker urge as a vital factor in the curriculum of institutions of learning; it diverts the congested hordes of the great cities that are "neither good company nor fair profit," to the wide, clean waste places, and up to sane and simple ways of living—thus giving them life, liberty and the pursuit of happiness, while making the wilderness rejoice and blossom as the rose; it points the way for the farm to take its rightful place as the prime financial asset of the teeming Americas—with the related interests of manufactures needed in agricultural pursuits; and indicates the new worlds to conquer (intensively), which make the future prosperity of our great railway systems. Yet more, the Land Show glimpses an outlet for a dreaded peril—the averting of a dread menace which threatens our republic and republican institutions. "Let us not forget," said President Butler of Columbia, "that we have gone out of the class of Germany, France and England, and are in a special class of the great hordes of Russia, India and China, peoples whom we have looked upon as beyond our ken. We must face the problem now of a nation with huge population overcrowding the land available for tillage." It is a hundred years since George Washington wrote Alexander Hamilton: "It must be obvious to every man who considers the agriculture of this country, and compares the produce of our lands with those of older countries, how miserably defective we are in the management of them, and that if we do not fall on a better mode of treating them, how ruinous it will prove to the landed interests." And a century ago there was no tribe of hungry locusts eating up the land!

Fifty years later, Lord Macaulay, with the clear vision of the seer, used these words to an American friend: "As long as you have a boundless extent of fertile and unoccupied land, your laboring population will be found more at ease than the laboring population of the Old World, but the time will come when wages will be as low and fluctuate as much with you as they do with us. Then your institutions will be brought

to the test. . . . Agitators will tell the laborer that it is a monstrous iniquity that one man should have a million dollars and another cannot get a full meal. . . . They will choose a legislature. Is it possible to doubt what sort of legislature will be chosen? There will be spoliation. . . . distress will produce fresh spoliation. . . . Either civilization or liberty will perish."

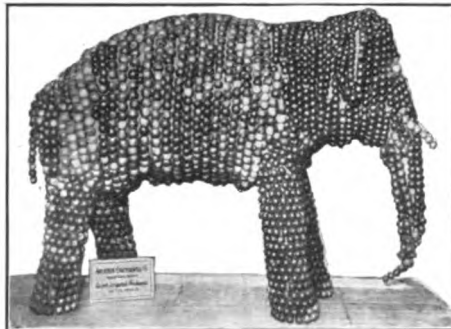
Says a veteran and honored railway builder: "Since the unnecessary destruction of our land will bring new conditions of danger, its conservation, its improvement to the highest point of productivity promised by scientific intelligence and practical experiment appear to be a first command of any political economy worthy of the name." Back, then, to the land, remembering the "highway to the perfect condition must be fashioned from the common clod under foot"—for

"God in cursing gives us better gifts
Than man in benediction."

To quote again from James J. Hill: "Thus we may give new meaning to our future, new lustre to the ideal of a republic of living, federated States, shape anew the fortunes of the country, and enlarge the borders of hope for all mankind."

Mr. Arthur E. Stilwell, as president, and the writer, as vice-president and general manager of the first Land and Irrigation Exposition held in New York City, feel amply rewarded for their efforts and time in its behalf by the tribute paid by the "National Magazine" for December, which said: "The officers have made a great turn in the wheel of advancement in the education of people generally to the untold wealth of the soil. The good that will come out of this great exposition will be felt in every State in the Union. Never before have so many men, qualified above all others to give an opinion, united in such wholesome praise."

The "Wall Street Journal" added: "To say the least, it is an exposition which no man who cares for his country and takes pride in the continent of North America can fail to find worth while."



"THE AP-PLEPHANT," WITH ELECTRIC LIGHTED EYES; THE CHILDREN'S FAVORITE AT THE NEW YORK LAND SHOW

THE CALL OF MOTHER EARTH

By Zoe Anderson Norris

Inscribed to Arthur Edward Stilwell, President American Land and Irrigation Exposition

I

*O, loved one, wandering child of toil,
Thou froth of cities, hark to me!
I am thy Mother Earth, the soil,
My heart is wearying for thee,—
Come home to me!*

II

*If thou wilt leave the streets for me,
The best things of my granary
I'll give to thee—
Flowers and fruits. O, hear my plea!
Come home to me!*

III

*My nightingales shall sing to thee,
My sighing willows watch and see
No danger shall encompass thee,
If thou wilt harken to my plea,
And come to me.*

IV

*My calm shall heal thy din-dulled ear,
My perfumed breezes dry thy tear,
My bounty still starvation's fear,
If thou my mother cry wilt hear,
And come to me.*

V

*Pillow thy head upon my breast,—
'Tis not too heavy—peace and rest,
Tenderness, comfort, all things best,
I promise thee in thy home nest;
Come, stay with me!*

TAXATION OF BANKING CAPITAL IN MARYLAND

REFERRING to taxation of banking capital in Maryland, Nelson Cook & Co. in a recent circular say:

“Another bill has been introduced in the Legislature, which bill is backed by the Merchants and Manufacturers’ Association, fixing the city tax on bank stock at \$1 for every \$100 and changing the system of computing the value of the stock. We have written frequently on the subject of the excessive taxation of our Baltimore financial institutions; it is a fact that cannot be disputed that our banks are so heavily taxed in comparison with the taxation in competing cities, especially Philadelphia and Pittsburgh, that it is impossible for us to attract to our city deposits, so that in comparison to other cities the bank deposits in Baltimore are small. As an instance of the unjust and prohibitive taxation in Baltimore as compared with those located in Philadelphia, our own bank, the Citizens’ National, pays about \$70,000 per annum in taxes, whereas a bank with a similar capital, surplus and undivided profits in Philadelphia or Pittsburgh would have to pay in the neighborhood of \$12,000. Again, the Central National Bank of Philadelphia pays a tax of exactly \$7,500, and a similar institution in Baltimore would have to pay between \$85,000 and \$90,000. The average tax, however, in Baltimore is five

and a half times what it is in either Philadelphia or Pittsburgh.

“The present method of assessing bank stocks in Baltimore is to take the book value of the stocks or its market value, the assessor always selecting that method which will produce the greatest amount of taxes. Some of our bank stocks sell under their book value, in which case the tax is made on the book value. Others sell very much above their book value; in this case the tax is levied on the market value of the stock. The rate paid at present is the full city rate of \$1.98 on the \$100.

“The present bill provides that the State Tax Commissioner shall be furnished with a report of each bank, showing the total amount of capital, undivided profits and surplus, and after adding these together to subtract the value of the bank’s real estate upon which it pays the full city tax, and dividing the result by the number of shares, to thus fix the value of each; the tax rate to be \$1 on every \$100 of such valuation.

“It is hardly necessary to comment further upon this subject or to point out the great importance of relieving our financial institutions from the great burden of taxation which is placed upon them by our present methods.”

INVESTMENTS

Conducted by Franklin Escher

AMERICAN SECURITIES IN EUROPE

By W. R. Lawson, Member London Stock Exchange

THOUGH Europe is no longer the chief outlet for American securities, as it used to be, it still holds a large proportion of them. And though it can no longer control the market on them as it used to do, it is still an important factor in their fluctuations. Time was when your bonds and stocks were either created in Europe or had to be specially adapted to the European demand, but now they are distinctively American, both in type and parentage. Europe has ceased to be a manufacturer and has become simply a dealer in them, but its dealing is manifold and includes financing as well as holding. Many big American issues are financed in London or Berlin without a line of them being offered to the public.

LONDON'S AID IN PLACING AMERICAN SECURITIES.

London performs a variety of functions in connection with American securities. It often assists at their birth and perhaps to distribute them to the public. It acts as pawnbroker to them when they have to be pledged or kept in pickle for issue later on. It can also be a good nurse to them when they are sick or stale or out of sorts. It "arbitrages" them and by an ingenious system of cross dealings it reduces to a minimum their physical movements across the Atlantic.

If every American bond and share sold in London for account of New York had to be actually sent over and every bond and share sold in New York for London account had to be sent in the opposite direction a double stream of securities would be continually flowing between the two cities. That would be a very costly operation, besides involving a great waste of time.

Every security that crosses the Atlantic has to be carefully recorded by the sender, and it has to be registered by the post office and in most cases insured. If it is not a bearer security it has to be transferred into a new name and a new certificate made out for it. The labor and cost of physical transit would be so great as to be almost prohibitive.

Three-fourths of the international business now done in Americans would be impossible without the modern system of arbitrage. It not only saves physical transfer of existing stocks, but it invents stock where none existed before.

When an operator in New York or London buys stock for the rise and "contangoes" it—that is, pays for carrying it over from day to day or account to account—he gives some other operator the opportunity to sell it for a fall. Two kinds of stock, both purely imaginary, are thus created, and the market can deal in them as freely as if they were real and tangible. They often in fact serve the same purpose as real stock. At a given time there may be a large bull account in a particular stock concurrently with a small floating supply on the market. That, however, is just as good for the arbitragers to work upon as real stock would be. It can be switched off from London to New York and from New York to London as required even more easily than the certificates themselves could be.

What is true of London holds good in a smaller degree of the principal Continental markets. They all run bull accounts without much actual stock behind them. These accounts disguise and confuse the real holdings of securities. It does not by any means follow that large speculative business in

ALL BRANCHES OF BANKING



1857

1912

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We Recommend These Shares, as in our opinion a Safe Investment in which there is an unusual opportunity for Increase of Principal and Income.

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a particular market is a sure indication of large holdings. It may often be rather the other way.

Investment and speculation are generally quite separate or they may even be opposite movements. A stock which has largely passed into the hands of investors will by the same token have got out of the hands of the speculators. In Europe we have both classes, and both of them render a special service in this distribution of American securities. While one finds a permanent home for them, the other keeps an open market in which they can be bought or sold at a moment's notice.

EUROPEAN HOLDINGS OF OUR STOCKS AND BONDS.

A census of European holdings of American securities would be a most interesting document, but I fear it will be years before a reliable one is obtained. The only definite clue to it is the coupons of bonds returned from Europe for collection and the dividends on stocks remitted to European holders. Even these are subject to many misleading and conflicting exceptions. Coupons returned from London or Paris or Berlin may not all be owned in those cities. Many of them may be the property of American firms or individuals who for special reasons are carrying them in Europe instead of at home. On the other hand, stocks stand-

ing in American names may be largely owned in Europe. In fact, it is the exception rather than the rule for a British holder of American stocks to have them transferred into his own name. He prefers the trouble of claiming his dividends from the nominal owners.

The official lists of the European bourses ought to afford a clue to the security holdings of the various countries concerned. But they, too, are defective and confusing. When a foreign stock is listed in London or Berlin it is necessary to put on the whole issue and not merely the small portion which may be actually held in that particular market. For speculative and arbitrage purposes the whole of the certificates must be "good delivery," both in London and New York. In the early days, experiments were made with London registers, but they were never popular, as they had only a local market. The arbitragers could not use them and would only accept shares on the New York register.

Notwithstanding the enormous difficulty of the task and the unsatisfactory character which even the best results must have, attempts are always being made to figure up British holdings of foreign securities. The best known are those of Mr. George Paish of the "Statist." In 1910 he worked out the British capital invested in Indian, colonial and foreign loans and compa-

J. K. Rice, Jr., & Co.

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Phones 7460 to 7466 Hanover. 33 Wall Street, N. Y.

nies. The grand total he arrived at was £2,693,738,000, and the largest individual total was £600,000,000, for American railways. The second largest was £375,190,000, for colonial and provincial government loans, the third, £286,700,000, for foreign railways, and the fourth, £188,950,000, for colonial railways.

To the proud preeminence of American railways in this above list there is one trifling drawback. It is only an estimate, and the estimates of even the most expert statistician are after all much less convincing than verified statistics. In this case there is a tendency, I think, to overestimate them. Six hundred millions sterling is a big sum to have invested in a single class of securities. Of course, it includes bonds as well as stocks, but even then it still looks large compared with the other classes of British investments. Another reason for being skeptical about the amount credited to it is the relatively small income it yields—only £27,000,000 on an alleged capital of £600,000,000, which would average only six and one-half per cent.

With the exceptions of Indian and colonial loans, many of which have British government guarantees, that is the lowest yield on the list. It may be partly due to the number of non-dividend stocks in the American group, but another part of it has a more creditable cause, namely, the high favor in which first-class American railroad bonds are now held. Many of them are in higher credit with the British investor than his own railway stocks.

Four per cent. bonds at par or a little over are not uncommon in the American railway lists, and they stay there all the time, regardless of slumps or booms. Second-rate American bonds—telephones, for example—have to pay four and one-half per cent., but on that basis they are increasingly popular.

The Continental bourses specialize in Americans more than London does. Berlin concentrates its favor on Pacific stocks—Unions, Southern and Canadas. It has done well with all three. Paris, the latest arrival in the Wall Street fold, is partial to metal stocks—Steels, Amalgamateds and Anacondas. But its interest appears to be broadening, and Americans are becoming serious rivals on the coulisse to Russians and Turks.

PRESIDENTIAL YEARS — HOW THEY AFFECT STOCK PRICES

WHILE the effect of a Presidential election upon stock prices depends largely upon the issues involved in the canvass, interesting light is thrown on the matter by a study of the actual course of the market in 1904 and 1908 (earlier and later figures also being given for purposes of comparison.) The quotations were compiled by W. E. Hutton & Co., of New York:

PRESIDENTIAL YEAR 1904—Dec. 29, 1903, average price 99; declined to 95 $\frac{5}{8}$ on Jan. 6, 1904; advanced to

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99 $\frac{3}{4}$, Jan. 27; declined to 91 $\frac{7}{8}$, Feb. 24; advanced to 93, March 3; declined to 91 $\frac{3}{8}$, March 12; advanced to 97 $\frac{1}{2}$, April 11; declined to 93 $\frac{1}{2}$, May 16; advanced to 119 $\frac{1}{2}$, Dec. 3; declined to 113 $\frac{1}{2}$, Dec. 12; advanced to 127 $\frac{1}{8}$, March 13, 1905.

PRESIDENTIAL YEAR 1908—Dec 17, 1907, average price 86 $\frac{5}{8}$; advanced to 95 $\frac{3}{4}$ on Jan. 14, 1908; declined to 86,

Fed. 10; advanced to 94 $\frac{1}{2}$, March 25; declined to 91 $\frac{3}{4}$, April 6; advanced to 104 $\frac{1}{2}$, May 18; declined to 98 $\frac{1}{2}$, May 28; advanced to 102 $\frac{3}{8}$, June 1; declined to 98, June 23; advanced to 109 $\frac{1}{8}$, Aug. 10; declined to 106, Aug. 15; advanced to 110 $\frac{3}{8}$, Sept. 9; declined to 103 $\frac{3}{8}$, Sept. 22; advanced to 118 $\frac{1}{8}$, Dec. 12; declined to 115 $\frac{1}{4}$, Dec. 21; advanced to 121, Jan. 2, 1909.

PUBLIC UTILITY INVESTMENTS

By Charles T. Brown, Member of the Firm of Henry L. Doherty & Co.,
New York

THE profit derived from investments depends upon the rate of income, or the enhancement in value, or both, and, as a rule, the higher the rate of income the greater the risk.

The first thing a prudent investor wants to know is that his money is safely invested. The next is that the rate of income is sufficiently high to justify him in choosing this or that security.

The difficulty will be in making the selection, and in doing this one can in a very brief period of time either ascertain the facts by inquiry or make a personal examination of the property to determine the earnings and other things that enter into the value of the security to be purchased.

MINIMIZING THE RISK BY INVESTIGATION.

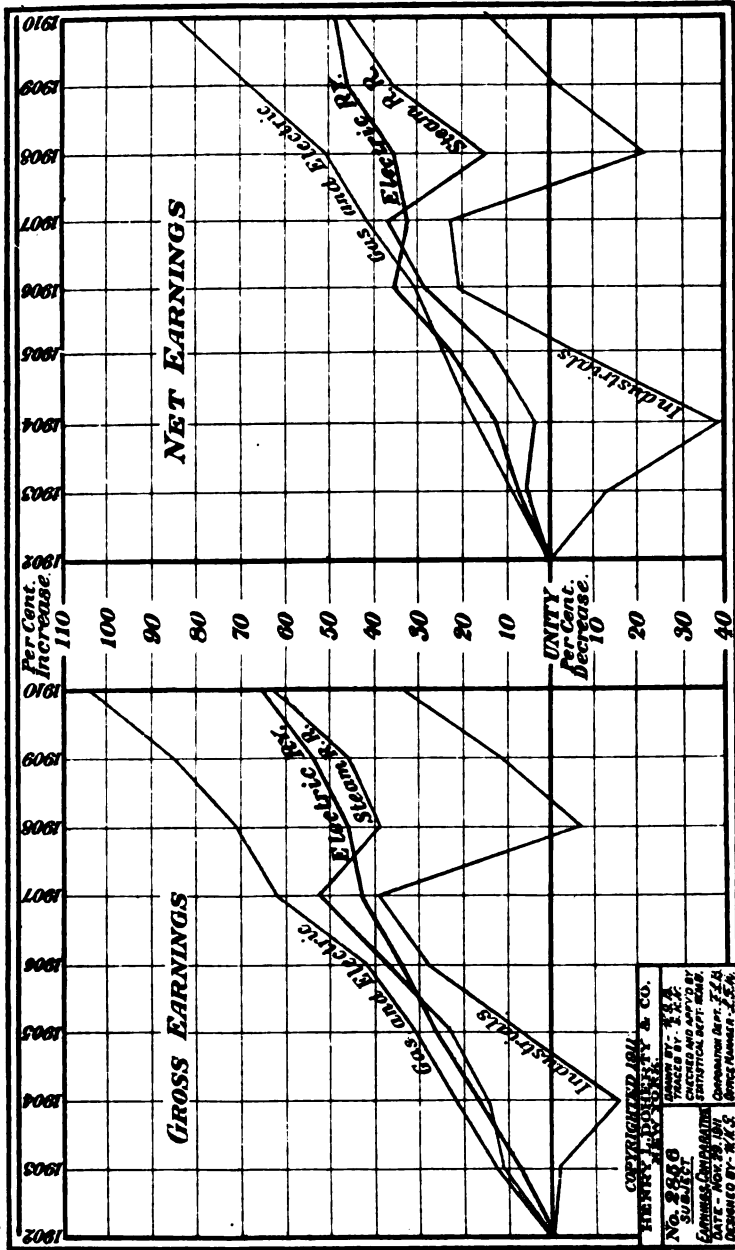
There is generally more risk when one selects high-rate securities, but if

you can invest your money safely at six per cent. interest instead of three per cent. your income will be double and you can afford to spend the time and money necessary to make the investigation, in order to minimize the risk.

Outside of municipal bonds and real estate mortgages, we may divide investments into four classes, viz.: Steam Railroads, Industrials, Street and Interurban Railways and Gas and Electric properties.

The first-named class is so well understood that discussion here is unnecessary. The bonds of the large trunk lines are high grade and bear a low rate of income, while on the smaller lines the rate of income may be higher, but there is greater risk.

The earnings of railroads fluctuate. When crops and business are good, railroads flourish and the earnings increase; likewise the prices of the securi-



1910s - Each and all of these curves have been separately copyrighted. 1911.

These tables show the relative increases and decreases of the gross and of the net earnings of steam railroads, of electric railways, of gas and electric companies, and of "industrials" for each of the nine years from 1902 to 1910.

Miners Bank, Joplin, Mo.

We cordially invite correspondence relative to opportunities and investments, the advantages of Joplin as a manufacturing point, etc. Accounts and collections also invited.

Capital, \$100,000 Surplus, \$100,000 Deposits, \$750,000

ties go up; on the other hand, during business depression prices of stocks and bonds go down. These fluctuations do not as a rule seriously affect the price of the bonds, but they do affect the market for the stocks, and what is true concerning steam railroads is also true in regard to industrials. In this class we include such as smelters, steel industry, sugar, manufacturing, etc.

The industrial class is subject to more violent fluctuation in gross and net earnings than any other. They are extremely sensitive and quickly feel the effect of changes in business conditions. They are to some extent the pulse of trade and respond instantly to changes. The prices for the bonds and stocks go up and down as do the earnings. They are traded in by speculators who prefer dealing in securities that have a wide range of fluctuation rather than in those that are stable. What is true of industrials in this regard is also true of steam railroads.

Street and interurban railway securities have in recent years become more desirable to investors than formerly, owing to many things that have contributed to their stability and earning capacity, not the least of which is better management. The earnings of street railroads are less affected by general trade conditions than those of either steam railroads or industrials, and as time goes on their securities will be regarded more and more favorably, and will sell on a higher level.

GAS AND ELECTRIC COMPANIES.

Those who have studied the four classes of investments and examined into the merits and earnings of the various concerns are thoroughly and lastingly convinced that gas and electric companies show less fluctuation in earnings than any other class of busi-

ness. One must understand the underlying facts and sources of revenue to appreciate the truth and strength of this broad statement.

In order to prepare a chart showing the trend of gross and net earnings of the four groups of properties, the earnings were obtained from the published reports of all the companies in the United States since and including 1902, excepting the gas, electric and street railways of the city of New York.

This chart correctly shows the effect that changes in business conditions have brought about as they relate to the earnings of the various groups.

Gas and electric companies do not primarily depend upon crops or general conditions of trade or business. They depend upon the population of the cities served, and this does not fluctuate, but throughout the United States shows a gradual increase. The commodity sold, generally speaking, is a household necessity, therefore, the domestic consumption of both gas and electricity during periods of business depression shows no perceptible falling off. So, for the same reason, during periods of great financial prosperity the earnings continue to show the usual rate of growth.

When business conditions are unfavorable places of amusement are not so well patronized, but they are just as brightly illuminated as when times are prosperous and every seat occupied. When the masses are not at the theaters they are probably at their respective firesides, with their homes lighted. The average household consumes about the same amount of fuel and light one time as another, regardless of financial conditions.

The use of gas and electricity for power and manufacturing purposes may fall off somewhat when there is a



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Q A new building, the best equipment, an able and experienced staff of officers and employes—these are some of the things that enable us to give excellent service to customers and correspondents. We are thoroughly familiar with investment opportunities in this prosperous region and cordially invite correspondence in regard to them.

stringency in the money market and business throughout the country bad, but this falling off in gross earnings will be somewhat offset by a corresponding increase in net earnings on account of the company being able to purchase its machinery, equipment, fuel and supplies at reduced prices.

Statistics prove that the earnings of gas and electric companies show a continual increase from year to year, with no falling off from the previous year in times of panic or during business depressions. The rates at which gas and electricity are sold are practically constant, there being no fluctuations either up or down on account of market conditions that affect other lines of business. As a matter of fact, the rates for both gas and electricity are being gradually reduced by the companies as the development of the business has made it possible for the companies to do so.

The losses sustained by investors on account of foreclosures of gas and electric mortgages have been less than to

depositors in national banks, which, statistics show, have not equalled one-tenth of one per cent., and so far as I can ascertain no investor has ever lost a dollar by foreclosure of a gas mortgage. For assured and steady increase in earnings, gas and electric companies have no equal.

The man who can make the greatest success in investments or business is the man who can most correctly weigh the business chance. If you can invest your money in securities that will earn from five to seven per cent. the profits will be correspondingly larger than if you invest at a lower rate. While it is true that, as a rule, very low income bearing securities are regarded as exceptionally safe, it is also true that there are other securities just as safe, if properly selected, that will bring in a much larger return.

Every year the safety of gas and electric investments is increasing. More care and attention are given to the management. Better and safer plans of financing are being adopted. The attitude of the public toward the companies is fast improving. The old plan of high rates for the commodity sold is being supplanted by a system of lower rates and more business.

Properly financed, well regulated and well managed, gas and electric concerns are among the very best and safest investments in this country.

THE BANKERS DIRECTORY

"THE RED BOOK"

In its twenty-eighth year and
BETTER THAN EVER

FORTUNE-BUILDING BY RULE

SOMETHING ALWAYS LACKING IN ADVICE OF THOSE WHO HAVE BECOME WEALTHY

"They who have no other trade but seeking their fortune need never hope to find her; coquet-like, she flies from her close pursuers, and at last fixes on the plodding mechanic who stays at home and minds his own business."

OLIVER GOLDSMITH.

MEN who have been successful in accumulating fortunes are fond—particularly in their later years—of trying to explain how they did it, and how others may become rich by imitating their example.

The advice given always has a familiar sound—be energetic, frugal, industrious, thrifty, and don't speculate. All very good, very trite, and wholly unsatisfactory to the persons seeking wealth, especially by the rapid route. Somehow one does not find in these homely words any clew that will help in readily obtaining the golden key which will unlock the door of the temple of fortune.

And yet it may be doubted whether the multimillionaire fails to tell all he knows about the art of getting rich—at least all he can tell without putting himself in a class where he would not be greatly respected. The little or great evidences of greed and rapacity, the devious twists and turns by which the last dollar was extracted from the helpless, the tricks of high finance—all these are passed by in silence. Yet these devices have played no small part in the history of men of money. To say that all great fortunes, or even the majority of them, have been so accumulated would be wide of the mark. Men who get rich usually confer some great commercial or industrial benefits upon the community, and it would require evidence not yet at hand to convict them of taking an undue share of the wealth they have helped in creating for the benefit of mankind.

When all is said, when the rich man has done his best to put others wise to the rules of the money-making game, the fact remains that the real secret of money-getting is no less obscure

than before. It could not well be otherwise. Were the rules for acquiring wealth as definite and as certain in their operation and results as the rules of arithmetic, the distinction which gives the rich man his pre-eminence over his less fortunate fellows would soon disappear, for anybody could get rich by observing the rules.

But if there are no sure guides to great wealth, there are indisputably known principles that, steadily followed, are reasonably sure of leading

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This Company is selling agent for these two important English financial books:

Accountancy. 311 pp., cloth, gilt, \$2.00.

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Associate of the Institute of Bankers. Treats of the above subjects in their practical, theoretical, and legal aspects.

"Is so complete and contains so much that business men and banks in the financial districts have ordered their clerks to read it. It also contains information that every modern business man should have at his fingers' ends."
—N. Y. Evening Telegram.

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FIRST NAT'L BANK BLDG., CINCINNATI, O.

to a competence, which is all the average man can expect.

And here the time-honored maxims apply—industry, frugality, thrift—these are the beginnings of financial progress as surely as are their opposites—sloth, extravagance and prodigality—the forerunners of poverty.

The virtues enumerated lie at the basis of winning a competence, but alone they will hardly suffice. They must be coupled with patience and supplemented by at least a fair degree of judgment regarding the investment of money.

The faculty of piling up millions may be inborn—a special qualification bestowed upon the very few. But the

faculty of earning and accumulating a competence is almost a universal attribute of humanity, and one which may be acquired and sharpened by study and observation.

“How I Became a Millionaire,” would not be a story of wide interest, for only a few could hope to profit by its suggestions, even though they were entirely practical. “How I Rose from Financial Dependence to Independence,” ought to interest everybody, for it represents an attainment not outside the common reach.

There must be many readers of THE BANKERS MAGAZINE who will tell such a story and many others who would read it with keen interest.

INVESTMENT ADVERTISING A RECOGNIZED BUSINESS BUILDER TO-DAY

By Rudolph Guenther

THAT it is possible for investment bankers to get satisfactory results from the right kind of advertising is now quite generally realized.

But the necessary factors of success in this direction are not yet thoroughly understood, as is evident by the large number of good houses that do little or no advertising and by the many houses which do not advertise as wisely and effectively as they might.

In order to shed a little more light on this subject for the benefit both of advertisers and the investing public, this article is written.

It contains some of the results of extensive and successful experience along this line.

First of all, the prospective adver-

tiser must make up his mind that dealing fairly and frankly is not only the “best policy,” but the only successful one in the long run.

Another thing that is compelling investment advertisers to practice the “square deal” is the attitude of all reputable magazines and newspapers in tending to scrutinize more and more carefully the character of investment advertising admitted to their columns and to exclude that which will not bear the light of day.

But simple honesty is not enough. The investment banker who proposes to solicit the business of investors generally should make up his mind to handle only propositions which he has the strongest reason to believe will prove

Specialists in Standard Oil Issues

POUCH & CO.

MEMBERS N. Y. STOCK EXCHANGE

40 WALL STREET, N. Y.

successful because of their great security and the financial responsibility and sound judgment of the men back of them.

Having a sincere desire to make permanent friends and customers, and with offerings which he can conscientiously recommend, the investment banker is ready to take up the subject of advertising.

He must do so with courage and patience. Rome was not built in a day, and successful financial advertisers are not created by one advertisement.

It is right here that a good advertising agent, preferably one who specializes in financial advertising, can be of the greatest assistance to the investment banker who wants to get the best possible results from his publicity.

The advertising agent is a go-between, who serves both the advertiser and the publication or other advertising medium used as a vehicle for the advertising.

His remuneration comes in the form of a commission from the publisher, but inasmuch as the amount of the advertising, and consequently the size of his commission, depends as a rule upon

the effectiveness of the advertising, the agent uses every effort to give the advertiser the kind of advice and constructive service that makes the advertising produce desired results.

This is the age of specialists, and it is only reasonable to believe that the advertising agent who for a long period has paid particular attention to the "copy," mediums and "follow-up" methods of modern financial advertising is most competent to advise and assist the investment advertiser.

All advertising is more or less of a problem, requiring experience and ability to solve satisfactorily, but financial advertising is especially difficult, and if an inexperienced guide is chosen, it is surely a case of the blind leading the blind, with the inevitable disastrous result.

On the other hand, with proper guidance, there are indications that the present is a good time for reputable investment advertisers to inaugurate campaigns, as conditions are right for results from the proper sort of advertising, addressed to the people at large, who are anxious to get their share of the profits of legitimate enterprise.

INVESTMENT AND MISCELLANEOUS SECURITIES

[Corrected to February 20, 1912.]

GUARANTEED STOCKS.

Quoted by W. E. Hutton & Co., Dealers in Investment Securities, 6 Broad St., New York.
(Guaranteeing company in parentheses.)

	Bid.	Asked.
Albany & Susquehanna (D. & H.)	278	285
Allegheny & West'n (B. R. I. & P.)	130	140
Atlanta & Charlotte A. L. (So.R.R.)	175	...
Augusta & Savannah A. L. (Cen. of Ga.)	105	109
Beech Creek (N. Y. Central)	90	95
Boston & Lowell (B. & M.)	214	...
Bleecker St. & F. Ry. Co. (Met. St Ry. Co.)	17	25

	Bid.	Asked.
Boston & Albany (N. Y. Cen.)	220	223
Boston & Providence (Old Colony)	296	300
Broadway & 7th Ad. R. R. Co. (Met. St. Ry. Co.)	150	...
Brooklyn City R. R. (Bk. H. R. R. Co.)	160	165
Camden & Burlington Co. (Penn. R. R.)	130	140
Catawissa R. R. (Phila. & Read.)	...	...
Catawissa R. R. 2d pfd.	...	...
Cayuga & Susquehanna (D.L.&W.)	200	220
Cent. Pk. N.&E. R.R. (Met. St. Ry.)	...	...
Christopher & 10th St. R. R. Co. (M. S. R.)	100	...

	Bid.	Asked.
Cleveland & Pittsburg (Pa. R. R.)	165	170
Cleveland & Pittsburg Betterment	95	100
Columbus & Xenia	266	208
Commercial Union (Com'l C. Co.)	100	110
Commercial Union of Me. (Com. C. Co.)		
Concord & Montreal (B. & M.)	156	162
Concord & Portsmouth (B. & M.)	170	
Conn. & Passumpsic (B. & L.)	139	
Conn. River (B. & M.)	270	
Dayton & Mich. pfd. (C. H. & D.)	180	190
Delaware & Bound B. (Phila. & R.)	190	195
Detroit, Hillsdale & S. W. (L. S. & M. S.)	92	96
East Pa. (Phila. & Reading)	125	135
Eighth Av. St. R. R. (M. S. R. C.)	200	
Elmira & Williamsport pfd (Nor. Cen.)	142	152
Erie & Kalamazoo (J. S. & S.)	200	230
Erie & Pittsburg (Penn. R. R.)	132	142
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	132	132
Franklin Tel. Co. (West. Union)	125	115
Forty-second St. & G. St. R. R. (Met. St. Ry.)	200	230
Georgia R. R. & Bk. Co. (L. & N. A. C. L.)	260	268
Gold & Stock Tel. Co. (W. U.)	115	120
Grand River Valley (Mich. Cent.)	112	119
Hereford Railway (Maine Central)	85	92
Inter Ocean Telegraph (W. U.)	90	104
Illinois Cen. Leased Lines (Ill. Cen.)	90	93 1/2
Jackson, Lana. & Saginaw (M. C.)	82	85
Joliet & Chicago (Chic. & Al.)	150	165
Kalamazoo, Al. & G. Rapids (L. S. & S.)	130	140
Kan. C., Ft. Scott & M., pfd. (St. L. & S. F.)	77	80
K. C., St. L. & C. pfd. (Chic. & Al.)	100	125
Lake Shore Special (Mich. S. & N. Ind.)	350	
Little Miami (Penn. R. R.)	209	212
Little Schuylkill Nav. & Coal (Phil. & R.)	112	120
Louisiana & Mo. Riv. (Chic. & Atl.)	125	150
Mine Hill & Schuylkill Hav. (F. & R.)		124
Mobile & Birmingham pfd. 4% (So. Ry.)	65	75
Mobile & Ohio (So. Ry.)	80	86
Morris Can. pfd. (Lehigh Valley)	170	
Morris & Essex (Del. Lack. & W.)	170	172
Nashville & Decatur (L. & N.)	182	190
N. H. & Northampton (N. Y., N. H. & H.)	100	
N. J. Transportation Co. (Pa.R.R.)	250	255
N. Y., Brooklyn & Man. Beach pfd. (L. I. R. R.)	110	120
N. Y. & Harlem (N. Y. Central)	350	375
N. Y. L. & Western (D. L. & W.)	117	122
Ninth Av. R. R. Co. (M. St. Ry. Co.)	140	190
North Carolina R. R. (So. Ry.)	163	167
North Pennsylvania (Phila. & R.)	193	
North R. R. of N. J. (Erie R. R.)	85	92
Northwestern Telegraph (W. U.)	108	112
Nor. & Wor. pfd. (N.Y., N.H. & H.)	210	
Ogden Min. R.R. (Cen.R.R. of N.J.)	95	105
Old Colony (N. Y., N. H. & H.)	188	191
Oswego & Syracuse (D. L. & W.)	205	215
Pacific & Atlantic Tel. (W. U.)	65	70
Peoria & Atlantic Tel. (W. U.)	65	75
Peoria & Bureau Val. (C.R.I.&P.)	170	180
Philadelphia & Trenton (Pa.R.R.)	248	
Pitts. Ft. & L. (B. L. E. & C. Co.)	60	65
Pitts. Ft. Wayne & Chic. (Pa.R.R.)	165	169
Pitts., Ft. Wayne & Chic. special (Pa. R. R.)	150	165
Pitts. & North Adams (B. & A.)	127	134
Pitts., McW'port & Y. (P. & L. E. M. S.)		
Providence & Worcester (N. Y., N. H. & H.)	270	
Rensselaer & Saratoga (D. & H.)	180	190

	Bid.	Asked.
Rome, Watertown & O. (N.Y.Cen.)	117	122
Saratoga & Schenectady (D. & H.)	160	170
Second Av. St. R. R. (M. S. R. Co.)	10	16
Southern Atlantic Tel. (W. U.)	90	100
Sixth Av. R. R. (Met. S. R. Co.)	120	130
Southwestern R. R. (Cent. of Ga.)	110	115
Troy & Greenbush (N. Y. Cent.)	160	170
Twenty-third St. R. R. (M. S. R.)	200	250
Upper Coos (Maine Central)	123	
Utica, Chen. & Susq. (D. L. & W.)	138	143
United N. J. & Canal Co. (Pa.R.R.)	337	240
Valley of New York (D. L. & W.)	117	122
Ware R. R. (Boston & Albany)	160	182
Warren R. R. (D., L. & W.)	237	240

MISCELLANEOUS SECURITIES.

Quoted by J. K. Rice, Jr., & Co., Brokers and Dealers in Miscellaneous Securities, 33 Wall St., New York.

	Bid.	Asked.
Adams Express	197x	201x
American Brass	124	128
American Chiclé Com.	230	235
American Chiclé Pfd.	104 1/2	107
American Coal Products Com.	96	97 1/2
American Express	216	221
American Gas & Electric Com.	75	77
American Gas & Electric Pfd.	44	46
Babcock & Wilcox	101	102 1/2
Borden's Condensed Milk Com.	128	130
Borden's Condensed Milk Pfd.	109	111
Bush Terminal	30	30
Childs Restaurant Co. Com.	180	190
Childs Restaurant Co. Pfd.	114	
Del. Lack. & Western Coal	330	350
E. I. du Pont Powder Com.	160	165
E. I. du Pont Powder Pfd.	92	96
E. W. Bliss Com.	80	90
E. W. Bliss Pfd.	120	130
Hall Signal Com.	8	13
Hudson Companies Pfd.	68	72
Hudson & Manhattan Com.	19	21
International Nickel Com.	259	264
International Nickel Pfd.	101	103
International Silver Pfd.	118	122
Kings Co. E. L. & P.	125	128
Otis Elevator Com.	73	
Otis Elevator Pfd.	100	102
Pacific Gas & Electric Com.	59	61
Pacific Gas & Electric Pfd.	90	93
Penn. Water & Power	61	64
Phelps, Dodge & Co.	205	215
Pope Manufacturing Com.	40	45
Pope Manufacturing Pfd.	78	82
Producers Oil	92	
Royal Baking Powder Com.	195	200
Royal Baking Powder Pfd.	109 1/2	111
Rubber Goods Mfg. Pfd.	103	107
Safety Car Heating & Lighting	120 1/2	122 1/2
Sen Sen Chiclet	123	128
Singer Manufacturing	293	298
Standard Coupler Com.	35	39
Texas & Pacific Coal	97	102
Thompson-Starrett Com.	125	135
Thompson-Starrett Com. (with ctf.)	155	165
Thompson-Starrett Pfd.	105	112
Tri-City Railway & Light Com.	36 1/2	38 1/2
Tri-City Railway & Light Pfd.	94	97
U. S. Express	91	96
U. S. Motor Com.	10	12 1/2
U. S. Motor Pfd.	42	46
Union Typewriter Com.	31	35
Union Typewriter 1st Pfd.	103	106
Union Typewriter 2d Pfd.	96	99
Virginian Railway	16	20
Wells Fargo Express	143	147
Western Pacific	13	14 1/2
Western Power Com.	31	34
Western Power Pfd.	57	60

ARMORED CAR TO CUBA

THE Bellmore Armored Car and Equipment Co. of 286 Fifth avenue, New York, has just received an order for

one of its armored automobiles for the Spanish Bank of Cuba to be shipped as soon as possible.

THE CHATHAM AND PHENIX NATIONAL BANK OF NEW YORK

NOTE has been taken already of the exceptional record made by this institution under the management of Mr. Louis G. Kaufman and the able executive staff and board of directors who are supporting his wisely progressive policy.

A further evidence of the alertness of the present management was afforded recently by the merger of the Jefferson Bank and the Century Bank of New York, retaining the latter title, and with Mr. Kaufman of the Chatham and Phenix National chairman of the executive committee. It was due to his foresight and energy that the merger was effected, thus giving the Chatham and Phenix a fine uptown connection and virtually making a large addition to its deposit line. The merger will result in bringing the resources of the Century Bank up to ten million dollars and over.

The Jefferson Bank had its main office at the Bowery and Grand Street, with a branch at 73 Fifth avenue. The Century Bank is located at Fifth avenue and Twentieth street, with branches at Broadway and 104th, and at Third avenue and 47th street.

H. L. Crawford will be continued as president of the Century Bank, and Silas D. Scudder, former president of the Jefferson Bank, and Max Radt, vice-president, will be vice-presidents of the Century. W. H. Devlin, former cashier of the Jefferson, takes the same position in the Century Bank. The board of directors of this bank will be greatly strengthened by the addition of ten members from the board of the Chatham and Phenix.

Naturally, this consolidation has attracted attention in New York banking and financial circles and has added to the already strong reputation and prestige gained by Mr. Kaufman in the short period that the Chatham and Phenix National Bank has been under his direction.

Although it is yet less than a year since the merger of the Chatham National Bank and the Phenix National Bank was consummated, the wisdom of the consolidation is abundantly emphasized in that the business of the Chatham and Phenix National Bank has increased beyond the greatest expectations of its officers and board members.

Not only has the Chatham and Phenix National Bank retained the valued connections of both the former banks throughout the country, but has added nearly four millions of deposits to its business since the merger, and, notwithstanding the fact that on account of low rates the past year has not been a money-making period for New York banks generally, the Chatham and Phenix National Bank had a very successful year, which it signaled by declaring a two per cent. quarterly dividend on January

1, thus placing the stock of the bank on an eight per cent. basis.

A number of notable achievements of New York bank presidents have been recorded during the past year, but the successful administration of the affairs of the Chatham and Phenix National Bank by its president, Louis G. Kaufman, is distinguished by the fact that Mr. Kaufman came to New York less than two years ago, and while without the advantage of having grown up with the New York situation, he brought to his work here the splendid training of a long and active participation in the banking and industrial affairs of the great West.

Full of that tireless Western energy—forceful, alert, aggressive and withal conservative—gifted in his ability to handle big problems—Mr. Kaufman has shown himself to be a natural born leader, and now, barely in his fortieth year, has made for himself a position in the financial life of the city of New York which few men achieve in a lifetime.

Yet, it must be admitted, that however brilliant the leadership, any important organization must have among its sponsors men of such high reputation as will make for the institution an asset not measured by money. In this respect the Chatham and Phenix National Bank occupies a conspicuous position, the members of its board of directors being as follows:

Horace E. Andrews, president New York State Railways; August Belmont, August Belmont & Co.; August Belmont, Jr., August Belmont & Co.; Daniel J. Carroll, president Alberene Stone Co.; P. S. Du Pont, treasurer E. I. Du Pont De Nemours Powder Co.; Desmond Dunne, president Desmond Dunne Co.; Ellis P. Earle, president Nipissing Mines Co.; Q. G. Fessenden, Hayden W. Wheeler & Co.; Elbert H. Gary, chairman of the board U. S. Steel Corp.; H. Stuart Hotchkiss, vice-president and treasurer L. Candee Rubber Co.; John M. Hansen, president Standard Steel Car Co.; Parmely W. Herrick, Cleveland, Ohio; George M. Hard, chairman of the board; Frank J. Heaney, Everett, Heaney & Co.; August Heckscher, vice-president Eastern Steel Co.; Richard H. Higgins, vice-president; Franklin S. Jerome, president First National Bank, Norwich, Conn.; Hamilton F. Kean, Kean, Taylor & Co.; Edward E. Loomis, president Delaware, Lackawanna & Western Coal Co.; William A. Law, vice-president First National Bank of Philadelphia; Frank R. Lawrence, counselor-at-law; Waldo H. Marshall, president American Locomotive Co.; John Ringling, Ringling Bros.; Edward Shearson, Shearson, Hammill & Co.; Henry F. Shoemaker, New York City; Sanford H. Steele, president



LOUIS G. KAUFMAN
PRESIDENT CHATHAM AND PHENIX NATIONAL BANK

General Chemical Co.; Albert A. Tilney, Harvey, Fiske & Sons; Frederick D. Underwood, president Erie Railroad Co.; John D. Verneule, president Goodyear Rubber Co.; Samuel Weil, Samuel Weil & Son; Frank S. Witherbee, president Witherbee, Sherman & Co.; Joseph H. Wright, president U. S.

Finishing Co.; Louis G. Kaufman, president.

Here is an array of men of national distinction, who are successfully associated with the banking, railroad, commercial and industrial achievements of the day. Each member of the board is keenly interested in the welfare of the bank, and its officers have

their earnest coöperation in all things tending to the good of the institution. With its greatly increased facilities and resources and such a list of board members, this institution is one of the strongest bank organizations in New York City, and its future successful development is assured.

The merger of the Jefferson Bank and

the Century and their affiliation with an institution like the Chatham and Phenix National will tend undoubtedly to assure a high degree of efficiency of management in the succeeding institution and the added strength that comes through identification with a large bank managed by men of the greatest degree of financial capacity.

THE RESERVE ASSOCIATION APPROVED

By Edwin S. Eggers

IN THE BANKERS MAGAZINE for November last there appeared an editorial entitled, "What the Reserve Association Really Means," to which the writer wishes to take exception. To his mind there is a very appreciable difference between the proposed association and a central bank.

The Reserve Association would be strictly a co-operative association among banks, in which each bank, in proportion to its capital, participates, and by which it is proposed to do in a national way, by law, what was done by practically every clearing-house association in the country individually, and without warrant of law, in the last panic, namely, the using of individual reserves for the protection of all by the issue of clearing-house certificates and checks and using them in place of money. In addition, it is not intended, nor can it be, a mere money-making device, nor can its stock be held by any but banks.

On the other hand, a central bank is usually a quasi public corporation, mostly owned by corporations and by individuals, and is organized for profit, receiving from the Government certain privileges in return for favors granted.

It must be admitted that the business community in this country was saved from very serious disaster by the action of the clearing-house associations during the 1907 panic and that the almost universal use of clearing-house checks showed the feasibility and necessity of the system by which the Reserve Association plan proposes to use the liquid assets of the banks as a basis for an elastic currency.

This brings us to another paragraph in the same editorial, in which you made comment on the note-issuing power of the association and doubting the wisdom of confining that power to one institution. It must be remembered in this connection that in this country we have two classes of banks; one chartered under the National Banking Act, which permits of the organization of banks with a minimum capital of \$25,000, and one chartered under the laws of the different States, some of which per-

mit a minimum capital of \$5,000. It must also be remembered that these State organized banks are of great number and when combined make a stronger showing of banking power than do the national organizations.

Any plan for the reorganization of our currency and banking system must be so arranged as to give both classes a square deal. It surely would not be the part of wisdom to allow all of the banks to issue circulating notes, nor under our present system of independent banks would it help the situation; rather the reverse. Should the issue of these asset secured notes be left to the banks in reserve or central reserve cities, as you intimate might be desirable, would not the situation be even worse in case of another panic, such as we had in 1907? Would not the banks with the note-issuing power attempt to keep the circulation at its highest point at all times for the profit there is in the transaction? If they should, the situation would be more strained than it was at that time and there would be no reserve power on which they could draw.

In drawing your comparison between the Reserve Association and the Bank of England, are you not rather straining a point in order to use the argument quoted?

The note issue of the Bank of England is restricted to such a degree that the quality of elasticity is lacking, which quality is added to the currency of this country by the Reserve Association.

The provision for taxing notes of the association appears to the writer to be wrong in principle. It is not the amount of outstanding notes which should be used as a basis for taxation, but the amount of gold reserve against them. For instance, an issue of \$1,000,000,000 of notes, against which a forty per cent. gold reserve is carried, is not inflation, but an issue of \$500,000,000, with a gold reserve of twenty-five per cent. would be.

The writer agrees with you that "the best judges as to the necessity of issuing bank notes are the bankers of each community,"

and believes that the Reserve Association is the best means of issuing them. Should the bankers in any community feel the need of such note issue, what would be easier for them than to go to their local association and ask for such rediscounts in return for the notes of the association? Do they not at the present time throw this burden on their reserve agents? Furthermore, the Reserve Association, through its district and local organizations, would have its fingers on the pulse of commerce of the whole community and be in a position to sound a note of alarm by raising interest rates and in a better position than a reserve agent would be to refuse such rediscounts, if it were the part of wisdom to do so.

Another feature of the Reserve Association which has not brought forth much discussion and which you touch upon in a roundabout way, is the provision by which it may act as a clearing-house. By the elaboration of this principle the troublesome problem of country checks and the expense of their collection can be finally solved to the great advantage of the business community. This function will also be an aid in the husbanding of cash reserves.

[Mr. Eggers says it would not be the part of wisdom to allow all banks to issue

notes—but how does he know that to be so? Doubtless he has heard of the Suffolk system of New England. With a proper system of redemption and under reasonable regulations, there is no more justification in denying any bank the right of note issue than to deny it the right to create credits against which checks may be drawn. So far as the bank is concerned, the man with a check-book is more to be dreaded than the man with credit circulating notes.

Mr. Eggers asks: "Should the bankers in any community feel the need of such (bank) note issue, what would be easier for them than to go to their local association and ask for such rediscounts in return for the notes of the association?"

Our reply is that were the banks given the right to issue their credit notes it would be very much easier and very much cheaper to issue notes themselves without asking any one's permission or making any rediscount.

The clearing-house feature of the proposed Reserve Association is commendable, but the Boston banks, without waiting for legislation, have shown the way to handle country check clearings, and the banks of the whole country could do the same thing but for their inertia and selfishness.—Editor *BANKERS MAGAZINE*.]

FOREIGN BANKING AND FINANCE

EUROPEAN

PARIS BANKING AND BROKERAGE METHODS

By J. H. Pike

CHECKS made payable to order require no identification by banks or bankers, as they do not hold themselves responsible for the payment to the person named therein; therefore, a check might as well be made payable to bearer.

Paper offered for discount must bear the names of the merchants who pay a government license; consequently, a professional man's or a capitalist's (rentier) name is not accepted by the banks or bankers, as drawer or endorser, on a note or draft. This, therefore, deprives them of enjoying the usual credit advantages of a depositor. A bank or banker is consequently only a safe depository for them, whereas a merchant, even if he be a vendor of peanuts on the street, is allowed a certain credit on his signature, when accompanied by that of

another merchant. The merchant or manufacturer has only to present his drafts drawn on the parties to whom he has made sales, and they are discounted.

Loans on securities are only made on those that are quoted on the Stock Exchange bearing the government stamp (which is a tax paid and deducted on the payment of the coupons as they fall due). The bank or banker charges on such loans—not only the rate of interest fixed by them (a rate which is very elastic), say, from four per cent. to five per cent., but also a commission for loaning of a one-half per cent. to one per cent. or more, according to the importance of the depositor's deposit.

Loans on warehouse receipts (les warrants) are subjected to an extra charge of ten days' additional interest from the date

KNAUTH, NACHOD & KÜHNE

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NEW YORK

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Dealers in High Grade Bonds
Issue Letters of Credit and Traveler's Checks
Available Everywhere
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ABROAD

Parr's Bank (Limited), London
Credit Lyonnais, Paris
Dresdner Bank, Berlin
Knauth, Nachod & Kuhne, Leipzig

IN THE UNITED STATES

Corn Exchange Bank, New York
Philadelphia National Bank, Philadelphia
First National Bank, Chicago
Crocker National Bank, San Francisco

Banco Central Mexicano

CITY OF MEXICO, MEXICO, D. F.

Established 15th February, 1899

Capital
\$30,000,000

Reserve Fund
\$7,500,000

BANKING BUSINESS TRANSACTED IN ALL ITS BRANCHES.

ORDERS for Sale and Purchase of Securities in Mexico Executed.

COUPONS AND DIVIDENDS paid for Municipalities, Corporations and Mines.

CASH BONDS issued for \$100, \$500 and \$1,000, without coupons, payable at six months, besides Cash Bonds payable at twelve, eighteen and twenty-four months with half-yearly coupons, both kinds bearing interest at the rate of 5% per annum.

The **CASH BONDS** are a first lien on

the assets of the bank, second only to Government Deposits and prior to those of Depositors. The law requires the bank to hold as security against these bonds an amount equal to the total issue either in cash, gold or silver bullion, readily negotiable securities or Government Bonds.

E. C. CREEL, President

LIC. JOAQUIN D. CASASUS, Vice-President

F. PIMENTEL y FAGOAGA, Manager

J. SUTCLIFFE, Sub-Manager

RAFAEL ICAZA y FLORES, Comptroller

F. KLADT, Sub-Manager

J. M. ROBLES, Cashier

Banco Mexicano de Comercio é Industria

Established 1906

CITY OF MEXICO

Capital fully paid up - \$10,000,000.00

Reserve, earned - - - 325,000.00

FOREIGN AND DOMESTIC BANKING

FOREIGN Exchange. Commercial Credits. Cable transfers. Letters of Credit payable throughout the world. Securities bought and sold on commission. Receives accounts of Banks, Bankers, Corporations, Firms and Individuals, on favorable terms. Collects drafts drawn abroad on all points in the United States of Mexico, and drafts drawn in the United States of Mexico on foreign countries.

Will act as agents in the transaction of any approved financial business.

AGENTS AND CORRESPONDENTS

in all parts of the United States of Mexico, the United States of America, Europe, Asia, Africa, Australia, Central and South America and the West Indies

BANK OF HAVANA

Capital, \$1,000,000

New York Committee

JOHN E. GARDIN

ALVIN W. KRECH

JAMES H. POST

Directorate in Havana

CARLOS DE ZALDO, President

JOSE I. DE LA CAMARA, Vice-President

CARLOS I. PARRAGA, Secretary

FEDERICO DE ZALDO

JOSE GARCIA TUNON

SABAS E. DE ALVARE

LEANDRO VALDES

J. C. MARTINE and JOHN S. DURLAND, Sub-Managers

Acts as Cuban Correspondent of American banks and transacts a general banking business in

— C U B A —

of the withdrawal of a receipt. The borrower is, therefore, paying interest on a loan that no longer exists.

All orders for purchases or sales of bonds and stocks are made through the agent de change (broker) employed by the bank or bankers, and the depositor is not only charged the regular brokerage commission (which the bank or broker is not charged by the broker—agent de change—) but also a commission for passing the order.

The French Government exacts that the deposits of a bank or banker shall not be more than three times the paid-up capital. To circumvent the law they open an account known as C. C. D. (*comptes clients divers*), so as to cover up any excess of deposits as above stated.

The deposit of bonds and stocks for the collection of coupons and dividends on same, is subjected to a tariff rate varying according to the market value being above or below par. The charge is debited to the depositor's account for the whole year in advance. No part of the charge is credited back to the depositor's account should he sell any part, or the whole, of his bonds and stocks at any time during the year; nor is he allowed to replace any bond or stock sold by an equal amount of other bonds.

Stock brokers (agents de change) in France are commissioned by the French Government and their number is limited to seventy. At the death of one of them his business is sold by his heirs for an amount varying from 500,000 francs to a million, or more, and the purchaser must be approved by the syndicate of brokers before he can qualify.

No purchase or sale of bonds or stocks (listed on the Paris market) can be executed except through them.

Speculation on the Paris Exchange has a very great drawback, from the fact that in the daily transactions (at the Bourse) no publication is made of the sales and purchases of bonds and stocks; that is, of the number of bonds and shares bought and sold, the prices that were paid. It is, therefore, impossible for a speculator to judge of the market condition. The sale of a single bond or share of stock is sufficient to establish a market price (*cours*), and the speculator has, therefore, no means of basing his opinion as to what the state of the market is or is likely to be. If he asks his broker (agent de change) what were the offers and sales of any particular bond or stock at the Exchange during the day, he will answer that he does not know. This is incomprehensible, for on the Stock Exchanges of the United States it is one of the chief features that guide the speculator in operating.

The Bourse of Paris cannot be called a Stock Exchange such as the ones in New York and other cities of the United States, or those of London, Berlin and other European centres. It is a close corporation,

for it does not appear to consider that the public is to have any interest in its operations; otherwise more details would be furnished in regard to its transactions.

LONDON JOINT STOCK BANK, LIMITED

AT the general meeting of shareholders of the London Joint Stock Bank Limited, held at the head office, 5 Princes street, Mansion House, London, January 25, the one hundred and forty-eighth report was presented by the directors as follows:

After making provision for rebate of interest on bills discounted not yet due, for bad and doubtful debts and for income tax, and making the usual yearly reduction of cost of leasehold premises, a net profit is shown of £441,843 8s. 1d., which has been appropriated as follows: £148,500 in payment of an interim dividend in July last at the rate of ten per cent. per annum; £82,900 provision in full for depreciation in securities taken at or below market value; £158,400 in payment of a final dividend at the rate of ten per cent. per annum, plus one shilling per share; £52,743 8s. 1d. balance carried forward to profit and loss new account.

In the metropolis, branches of the bank have been opened at 16 York road, Lambeth, S. E., and at temporary premises, 127 Goswell road, E. C.; in the country, branches have been opened at Brigg, Chesterfield, Settle and Thorneby-on-Tees; and sub-branches as follows: To Doncaster at Balby and Bentley; to Bishop Auckland at Cockfield; to Cleethorpe road, Grimsby, at Immingham; to Malton at Hovingham and Seamer Cattle Market; to Selby at Cliffe; to Sheffield at Wincobank; to Walkley at Crookes, and to South Bank, at Eston and Grangetown. The following sub-branches have been made branches: Leeds, Roundhay road; Walkley, Sheffield; Woodhouse, Sheffield, and South Bank.

The directors announced with much regret the death of their esteemed colleagues, W. Murray Guthrie, Esq., and William Muller, Esq.

Since the last general meeting, Walter S. M. Burns, Esq., and Charles E. Johnston, Esq., have been appointed directors. Pursuant to the provisions of the articles of association, they, together with the Rt. Hon. the Earl of Denbigh, the Rt. Hon. the Viscount St. Aldwyn and F. L. Wallace, Esq., retire by rotation, and all of them being eligible, offer themselves for re-election.

The London Joint Stock Bank Limited, which includes the York City and County Banking Company Limited, was established in 1836. Its paid-in capital is £2,970,000 and reserve fund £1,100,000. Amounts due on current, deposit and other accounts,

Mexican Title-Mortgage Co.

Mexico City, Mexico

MEXICAN TITLES

EXAMINED

ABSTRACTED

PERFECTED

Foreclosures and Reorganizations Managed

Mexican Companies Organized

Foreign Companies Protocolized

Real Estate Properties Managed

Mexican Lands Bought and Sold

Concessions Obtained

It costs nothing to write us for particulars

£34,391,745. Charles Gow is general manager; J. F. Darling, deputy general manager; W. J. Dyer, head office manager; B. Day, assistant manager; T. H. Oxley, country manager, and Edward Clodd, secretary.

NEW CAPITAL APPLICATIONS IN LONDON

APPPLICATIONS for new capital in the London money market for 1911 totalled £191,759,400, compared with £267,439,100 in 1910—the record year. In the last five years British investors, either directly or indirectly, have found £950,000,000 for new capital applications. It is interesting to note that next to Canada, with £41,000,000 in 1911, comes the United States, with £21,000,000, absorbed from British investors. Brazil and Argentina come next, with £19,000,000 and £16,000,000, respectively.

DEPRECIATION IN BANKING SECURITIES

OWING to the fall in the value of even the best classes of securities, the banks of the United Kingdom have been under the necessity of writing off large

amounts each year of late. In 1911 the amount written off was £2,450,799—the largest in the last ten years, except in 1904, when the amount was £3,600,000. The total for the ten years was £10,943,006.

In the opinion of the London "Bankers' Magazine" this figure should probably be increased to about £14,000,000, or in round numbers, \$70,000,000. The large sums thus employed have tended materially to reduce the proportion of reserve funds to capital, and in several years recently there has been an actual falling off of the reserves as compared with preceding years.

MUTUAL CREDIT BANKS IN RUSSIAN FAR EAST

(From Consul John F. Jewell, Vladivostok)

SINCE 1907 nine Mutual Credit Banks have been organized in eastern Siberia and adjacent thereto. It is intended to open similar banks at other places besides Vladivostok, Khabarovsk, Nikolaevsk, Blagoveshchensk, Chita and Verkhniudinsk, the principal cities which have one or more of these banks for the transaction of business in competition with branches of the government and private banks.

The total membership of all these banks

The Canadian Bank of Commerce

Head Office: Toronto

Established 1867

Mexico City Branch : : Ave. San Francisco, 50

SIR EDMUND WALKER, C. V. O., LL. D., D. C. L., President
ALEXANDER LAIRD, General Manager JOHN AIRD, Ass't General Manager

Paid-Up Capital, \$11,000,000 Reserve Fund \$9,000,000

Collections in Mexico. The Branch of this Bank in Mexico City has the best of facilities for making collections in all parts of the Republic of Mexico. This department of the business is given prompt and careful attention, and settlements are made at regular minimum rates.

Drawings on Mexico. Arrangements may be made for the issuing of Drafts, Money Orders, Letters of Credit and Telegraphic Transfers on the Mexico City branch of this Bank, and instructions may be given it for the remittance of money to all points in the interior.

For rates and full particulars enquiries may be addressed to the Head Office of the bank at Toronto, or to the Manager of the Branch in Mexico City.

J. P. BELL, Manager : : : **MEXICO CITY, D. F.**

is 5,724; total capital subscribed is 14,982,560 rubles (\$7,716,018), out of which, according to the by-laws, ten per cent., or 1,498,256 rubles (\$771,602), is paid in. Reserve and other special funds amount to 8,759,471 rubles (\$4,511,127). Deposits by the members of these banks and other clients amount to 4,335,284 rubles (\$2,232,671), which in addition to the credit of 3,523,577 rubles (\$1,814,642) opened for these banks in the government and private banks, makes their entire working capital 9,357,117 rubles (\$4,818,915.). The turnover of the nine banks amounts to about 500,000 rubles (\$257,500,000) per annum, of which about 20,000,000 rubles (\$10,300,000) was loaned on promissory notes and other securities.

In order to increase their working capital, these united banks have applied to the Minister of Finance for the following loans, under their mutual guarantee, viz.: (1) 1,500,000 rubles (\$772,500) normal loan; (2) 2,000,000 rubles (\$1,030,000) as a fund to be used in cases of emergency caused by war, revolution, epidemics, etc.

Local private banks are not keen to make loans to these Mutual Credit Banks for obvious reasons. The Government Bank, according to provisions of its charter, can only open a credit to the banks which have been doing business more than one year,

and three of these banks are not that old.

German and French capital is interested in private banking institutions in the Russian Far East, but so far no American or British capital is represented in its financial institutions.

AMERICAN REGULATION OF FOREIGN BANKS

WHILE admitting that the recent alterations in the banking laws of New York State, regulating foreign banking, are proving much less irksome in practice than had been expected in some quarters, the London "Bankers' Magazine" declares that the somewhat frequent alterations in our banking laws are a source of irritation. "To demand," it says, "that banks which, in some cases, have actually had branches in New York for half a century, shall produce their charters or certificates of incorporation, seems rather beyond the mark, and in some other instances the new regulations seem to be equally vexatious and futile."

In his recent annual report the superintendent of the Banking Department of the State of New York has the following to say regarding the law in question:

An important amendment was made to

the banking law in reference to foreign banks doing business in this State, Chapter 772, Laws of 1911, now known as sections 33a and 33b of the banking law, provides that a license shall be issued by the Superintendent of Banks to such companies only after a careful investigation of the nature of the business conducted by such foreign bank and its financial standing, with a view of being satisfied that the company may be safely permitted to conduct the business of a foreign bank within this State or through an agent. The license continues from year to year on the payment of an annual fee of \$250.

The following banks have so far been licensed under this law:

AGENCIES FOR FOREIGN COPORATIONS.

Name	Address	Agency
The London and River Plate Bank, Ltd....	London, E. C.....	51 Wall st., New York City
Bank of Montreal	Canada.....	64 Wall st., New York City
Canadian Bank of Commerce	Toronto, Ont.....	16 Exchange pl., New York City
Royal Bank of Canada	Montreal, P. Q.....	68 William st., New York City
Banco Di Napoli	Italy.....	80-86 Spring st., New York City
Bank of Nova Scotia	Hallfax, N. S.....	48 Wall st., New York City
Merchants' Bank of Canada	Montreal, P. Q.....	63 Wall st., New York City
International Banking Corporation	Bridgeport, Conn.	60 Wall st., New York City
Colonial Bank	London.....	82 Wall st., New York City
Bank of British North America	London.....	52 Wall st., New York City
Anglo South American Bank	London.....	60 Wall st., New York City

A number of other foreign banks made application and paid the necessary license fee in due season, but have not as yet been able to comply with all of the technical requirements of the statute on account of the length of time required in which to obtain the necessary papers from far distant countries.

LOANS ON HONOR IN FRANCE

(From Consul Carl Bailey Hurst, Lyon)

AN association of philanthropists a few years ago established in Lyon a society called the "Loan of Honor," for the purpose of lending money to clerks, operatives and others in pecuniary distress. The sole obligation on the part of the borrowers is to promise on their word of honor to return within a certain time the amounts lent. The success of the undertaking from a charitable point of view has been striking. During the last fiscal year money was lent to 384 persons, among whom there were fifty-one clerks, seventeen small trades people, twelve railroad employees, nine teachers, and mill hands, mechanics, pharmacists, typesetters, students, tailors, printers and carpenters. Of those aided, sixty-eight were women, nearly all occupying humble positions.

The chief causes that brought about the requests for loans were: Sickness, 119 cases; lack of work, eighty-three cases; debts, eighty-four cases; starting housekeeping, twenty-seven cases; and in smaller number,

redeeming pawn tickets, etc. All those granted loans were married people, with the exception of twenty-seven, although sixty-four couples were childless. When a loan is solicited, a question blank is usually given to the petitioner asking for information that will enable the society to decide whether money can be judiciously advanced. Investigation is made as to the merits of each seemingly favorable case, after the question sheets have been returned. Of about 740 question papers given out, 270 remained unanswered. Naturally the sums lent are not large, ranging between \$6 and \$60. Most of the loans have been paid back either fully or in part, and the society has not had to put down more than \$200 to profit and loss. The so-

ciety's receipts are derived from the dues of members, an annual bazaar, small subscriptions by the city and departmental governments, and from occasional private donations.

Its proved practical usefulness in an untried field tends to strengthen the presumption that the work of the society, especially among those holding minor posts in commerce and trade, will be of lasting benefit in teaching young clerks and others the value of unwritten obligations in business dealings.

LONDON BANK PROFITS AND DIVIDENDS

AS we foreshadowed a fortnight ago, says "The Economist," in a review of the course of the money market during the half year, the profits of the great London banks are generally rather lower than in the corresponding half of 1910. This experience is not shared by the discount houses. The margin between the average three months' bill rate and the deposit allowance was 3s. 4d. per cent. greater than in 1910, but the difference between the deposit rate and loan rates was very much narrower. The discount houses, which do very little business outside the bill market, have therefore gained the benefit of a slightly larger margin of profit, while the banks, keeping large sums at call or lent to the Stock Ex-

change on fortnightly terms, have been working under less favorable conditions.

In the accompanying table are the profits and dividends of the leading banks and discount companies. In some cases the profits for 1911 are approximate only, having been computed from the official announcement of dividends and reserve appropriations:

Banks.	Period.	Div.	Profits. £	Div.	Profits. £
Bank of Liverpool	Interim	*12	.....	14	.....
Barclay and Co.	Year	*12½	.....	..	.....
Bradford District	Half-year	*13½	28,750	*13½	27,300
Capital and Counties	Interim	16	.....	16	.....
Lancashire and Yorkshire.....	Year	*15½	149,372	17	162,728
Lloyds	Year	18½	982,102	18½	933,509
London and Provincial	Half-year	18	99,899	18	102,373
London and S. Western	Half-year	*16	105,419	17	110,500
London City and Midland.....	Half-year	*18	414,252	*18	394,088
London County and Westminster	Year	*20	883,441	21¼	.....
London Joint Stock	Half-year	*10	237,300	10½	383,800
Manchester and County	Half-year	16 3-17	91,319	16 3-17	93,660
Manchester and Liverpool District	Half-year	17½	190,446	17½	191,139
Metropolitan	Year	15	119,020	15	118,560
National Provincial	Year	*17	637,213	18	619,400
Parr's	Year	*20	516,684	21	507,000
Union of London	Half-year	12	249,479	12	237,247
Union of Manchester	Half-year	12½	46,980	12½	43,000
United Counties	Year	*12½	166,213	13½	160,050
West Yorkshire	Year	*12½	61,213	*12½	67,732
Williams Deacon's	Year	15	211,958	15	221,041
Wilts and Dorset	Year	20	141,369	20	.....
Discount Co.'s.					
Alexanders and Co.	Half-year	..	.....	10	36,794
National Discount	Half-year	*10	53,477	*10	58,089
Union Discount	Half-year	12	71,853	*12	72,636

* Free of income-tax.

A feature of the results is the satisfactory nature of the provincial banking returns. Nearly all show higher profits, indicating that the state of the money market in London has not been prejudicial to remunerative lending and advancing in the industrial districts, where the activity of trade has brought increased demands for accommodation.

When we come to the appropriation of

profits the display is even less satisfactory than the profits showing, for, in spite of the enormous sums written off investments in past years, the decline in gilt-edged securities has again necessitated the setting aside of a very considerable proportion of profits, and in some cases visible reserves have been encroached upon. How far undisclosed re-

serves have been raided in the past it is impossible to say, but it does not seem likely that the large sums withdrawn from reserve funds by one or two institutions in the past year or so would have been shown if any other way out of the difficulty were possible. Banks, above all, avoid giving the slightest sign which the public might construe as a sign of weakness, and withdrawals from reserves in the case of industrial companies

Banco de Nuevo Leon

MONTEREY, N. L., MEXICO

ESTABLISHED OCT. 1, 1892

Capital paid up, \$2,000,000 Reserves, \$823,875.00 Deposits, \$3,002,244.00

GENERAL BANKING BUSINESS TRANSACTED

Principal Correspondents:—NEW YORK, National Park Bank, Mechanics & Metals National Bank; LONDON, Dresdner Bank, Credit Lyonnais; BERLIN, Deutsche Bank, Berliner Handels Gesellschaft; PARIS, Credit Lyonnais, Comptoir National d'Escompte; HAMBURG, Deutsche Bank Filiale Hamburg, Comers and Disconto Bank; MADRID, Banco Hispano Americano, Banco de Castilla; HABANA, Banco de la Habana.

RODOLFO M. GARZA, Manager

ARTURO MANRIQUE, Accountant

AMADOR PAZ, Cashier

are always regarded as an unhealthy sign. Perhaps the investing public may have followed the same line of reasoning with regard to bank shares; hence their present high yields. In the following summary we show the amounts applied in reduction of investments during the periods ending December, 1910, and December, 1911, corresponding with those of the previous table. In the year 1910 Consols fell $3\frac{1}{2}$ points, and in 1911, $2\frac{1}{4}$ points, practically the whole of the fall occurring in the second halves of these two years.

	1910.	1911.
	£	£
Barclay and Co.	125,000	.....
Lancashire and Yorkshire..	20,000	10,000
Lloyds	220,000	107,500
London and Provincial....	50,000	50,000
London and South Western	25,000	30,000
London City and Midland..	131,158	.....
London County and Westminster	125,000	.....
London Joint Stock	30,000	82,000
Manchester and County ..	20,000	30,000
Manchester and Liverpool District	50,000	.....
Metropolitan	35,000	21,500
National Provincial	130,000	116,000
Parr's	not shown	.....
Union of London	120,000	60,000
Union of Manchester	10,000	.....
West Yorkshire	11,008	14,000
Williams Deacon's	20,000	25,000
Wilts and Dorset	not shown	.....

This shows only the sums appropriated from profits; the reserve withdrawals, where they are stated, are shown below:

	1910.	1911.
	£	£
Lloyds .....	.....	100,000
London City and Midland. ....	.....	200,000
London County and Westminster	200,000	.....
London Joint Stock	65,000	.....
Manchester and Liverpool District .....	.....	100,000
National Provincial	200,000	.....
Union of Manchester .....	.....	50,000
United Counties	70,000	.....
Williams Deacon's	*40,000	*50,000

*Net.

The London and Provincial, which has an undisclosed reserve in the shape of excess provision for bad and doubtful debts, utilized part of this for investments depreciation last year. This year £50,000 has been

taken from profits, Consols being written down to seventy-nine and other investments below market values. The London City and Midland, which last year encroached on its carry forward and premises redemption for investment depreciation, has this year taken £200,000 from reserve. On the capital of all the banks which publish their accounts the sums publicly written off investments in 1910 amounted to over £1,000,000 or more than two per cent. on their capital. Should depreciation only cease, therefore, a substantial sum would be set free for building up reserves or increasing dividends. The yields of five per cent. or more on some of the leading bank shares show what little confidence exists among investors with respect to bank shares. What is the reason? Is it the fear of further depreciation in gilt-edged securities, of the liability on bank shares, of the growing competition, particularly in the suburbs, where many branches are probably unremunerative? Perhaps it is something of less importance, the want of marketability of high-priced shares, for instance. Apparently some of the banks attach importance to this point, for several important concerns have taken steps to subdivide their shares, and this is a perfectly legitimate proceeding.

LONDON BANKERS' CLEARINGS IN 1911

THE return of the total paid clearing of the Bankers' Clearing-House for last year, says the London "Economist," shows a slight falling off as compared with 1910. This at first sight may seem rather strange in view of the continued expansion in internal trade during the year. But last year's banking figures were disturbed by the abnormal course of the money market in 1910. The postponement of the budget, necessitating large borrowings by means of Treasury bills, and the boom in the rubber share market, which not only increased the actual dealings on the Stock Exchange, but brought with it a flood of new prospectuses, both contributed to the great increase in the clearings in 1910. This year the capital issues have been on a smaller scale, our own figures showing a reduction of about £75,000,000, and the conclusion reached in the

Mexico City Banking Company, S. A.

AVENIDA SAN FRANCISCO No. 14

Capital and Surplus \$1,000,000

COLLECTIONS AND ALL BANKING MATTERS GIVEN PROMPT AND CAREFUL ATTENTION

clearing report is that the falling off in the amount of checks passing is due to a reduction in the volume of "finance" rather than in trade transactions. The general rise in prices has, of course, been an important factor in trade transactions, and were it possible to separate the amount of trade checks, some allowance would have to be made for its inflation from this cause. The totals of the clearing figures of the past ten years are shown herewith:

1902	£10,028,742,000
1903	10,109,825,000
1904	10,564,197,000
1905	12,287,935,000
1906	12,711,334,000
1907	12,730,393,000
1908	12,120,362,000
1909	13,525,446,000
1910	14,658,863,000
1911	14,613,877,000

The decrease in the grand total is £44,986,000, a large sum in itself, but an almost negligible percentage of the enormous figure to which the total attained last year. We may note that the decrease is only in the town clearing figures, which form nearly the whole of the grand total, and include all London's financial and commercial transactions. The metropolitan and country check clearings have both increased, a testimony to healthy internal trade conditions.

A NEW LONDON BANK

A NEW bank called the British Bank of Northern Commerce, Limited, has been registered with a capital of £2,000,000, as an English concern, and commenced business in London early in February.

It has been formed and will be supported by the Enskilda Bank, Stockholm; Den danske Landmandsbank, Copenhagen; Centralbanken for Norge, Christiania; Banque de Commerce d'Azof-Don, Russia; Banque de Paris et des Pays-Bas, Paris. Earl Grey, who has just retired from the Governor-Generalship of Canada, will be chairman.

SWISS BANK AMALGAMATION

IT is announced that (subject to ratification by the respective meetings of shareholders) the board of directors of the Swiss Bankverein, of Basle, and of the Soc. Anon. de Speyr & Co., of Basle (successors to the old-established banking house of that name), have concluded an agreement, providing for the acquisition by the Swiss Bankverein of the Soc. Anon. de Speyr & Co., with all assets and liabilities, as from December 31, 1911. The shareholders of the Swiss Bankverein will be asked to sanction the creation of 14,000 new shares of 500f.

**Banco Nacional
del Salvador**

SAN SALVADOR

Authorized Capital \$5,000,000
Subscribed Capital 2,000,000
Paid-up Capital 1,000,000

Head Office—SAN SALVADOR
 Republic of Salvador, Central America

Agencies at all principal towns in the Republic.

Correspondents in the most important cities abroad.

BANKING BUSINESS TRANSACTED OF EVERY DESCRIPTION

Special attention given to COLLECTIONS — moderate commission

Dr. Guillermo Mazzini
 President Director

G. Hemmeler
 Manager

each (7,000,000f.), ranking for dividend for 1912, which will be issued to the shareholders of the Soc. Anon. de Speyr & Co. in the proportion of seven new Swiss Bankverein shares, fully paid, ex 1911 dividend, for fifteen shares of de Speyr & Co. of 500f. each, with 250f. paid up. It is also proposed to elect Messrs. Hans Schuster-Gutmann, Albert de Speyr and Alfred de Speyr (members of the board of the Soc. Anon. de Speyr & Co.) to seats on the board of the Swiss Bankverein. This transaction will raise the fully-paid share capital of the Swiss Bankverein to 82,000,000f. (£3,280,000).

COMPANY LAWS IN THE BRITISH EMPIRE

AT the Imperial Conference held in this country in 1907, says the "Accountants' Magazine" of Edinburgh, it was unanimously resolved, "That it is desirable, so far as circumstances permit, to secure greater uniformity in the Company Laws of the British Empire." And in order to show what changes have taken place in this respect, the Board of Trade directed that the comparative analysis framed in that year

should be brought up to date, and submitted to the Conference meeting in 1911. The principal changes since 1907 referred to in the memorandum may be shortly summarized as follows:

In the United Kingdom the acts then in force, together with two other amending acts, have now been consolidated into a single statute.

In Canada, where there are now eleven different systems of company law contained in sixty-seven acts and ordinances, the thirteen statutes then in existence in British Columbia have been replaced by a single consolidating statute based on the Imperial Act; and in Ontario the sixteen statutes have now been reduced to five, owing to a consolidation.

In Australia the twelve Victorian statutes have now been reduced to one, which practically adopts the whole of the English law on companies.

In South Africa the laws in force in the Transvaal have been remodeled by the adoption of the Imperial Act practically without change.

Those present at the recent conference were again unanimously in favor of more uniformity in the laws relating to companies throughout the empire, and if for no other reason than as stated by the Victorian Chamber of Commerce in their report to the Assembly in 1910, that "the legal profession and the courts will then have the advantage of the English text-books and decisions explaining and interpreting the law," it is an end worthy of attainment.

AUSTRALASIAN

OPPOSED TO BANK AMALGAMATION

WHY suggestions for the amalgamation of Australian banks should be made, says the "Australasian Insurance and Banking Record," it is difficult to conceive, especially as the public mind is apt to associate amalgamation with weakness. The fact is that the banks were never sounder and stronger than they are at the present day. Absolutely no necessity exists for their amalgamation. It is a mistake to suppose that three or four banks can transact all the banking business of a State like Victoria, or that they would be left unopposed. The public prefer a healthy competition in banking as in other matters, and such competition is in the long run most conducive to the general interest. It is not by any means certain that amalgamation in England has proved an unqualified success.

Where small country banks have been absorbed by large institutions, the step has no doubt been justified by local and personal conditions. But the fusion of large joint stock banks has not been quite followed by the expected results. Competition has not been diminished, and indeed it is keener than ever. Expenses have not been materially reduced. The management of mammoth combinations makes great demands on experience and capability. The quotations for bank shares do not rise in England. On the contrary, they are declining, and the recent fall is estimated to be as much as ten per cent. in some cases. In Germany amalgamation of large banks has been quickly followed by the creation of small banks, whose promoters look for a

THESE ARE THE DEPARTMENTS OF THE Ca. Bancaria de Fomento y Bienes Raices, de Mexico, S. A.

REAL ESTATE

This department buys and sells all kinds of land in every part of the Republic—City or Country. Houses bought, sold and constructed. Ranches subdivided into smaller ones.

V. M. Garces, *Manager.*

PUBLIC WORKS

This department does paying work, makes surveys, constructs sewerage systems, etc. It has improved the Cities of Mexico, Puebla, Guadaluajara, Durango and others.

Manuel Elguero, *Manager.*

BANKING

This department finances the other two departments and does all kinds of business in relation to banking.

Xavier Icaan y Landa, *Mgr.*

—CORRESPONDENCE IS INVITED—

Compania Bancaria de Fomento y Bienes Raices, de Mexico, S. A.
MEXICO, D. F.

President—F. PIMENTEL Y FAGOAGA
1st Vice-Pres.—P. MACEDO

2nd Vice-Pres.—LUIS BARROSO ARIAS

rapid accession of business. No necessity, we repeat, exists for banking amalgamation, at least at the present time, and any unau-

thorized and random advocacy of such a step is to be deprecated. Better leave well alone.

LATIN AMERICA

NATIONAL RAILWAYS OF MEXICO

THIS railway, says the Lodon "Statistic," is becoming of greater importance. It is true that during the past year its progress was checked by the revolution in Mexico, but this incident was of a temporary nature, and each day that passes not only relegates the recent political troubles to the background, but advances the economic conditions of Mexico.

The company was incorporated in 1908 to consolidate the Mexican Central, the National Railroad of Mexico and a number of small lines. The success that has attended the fusion has confirmed the expectation that as a single system the lines would be worked more advantageously to Mexico and more profitably to their proprietors than as competing roads. As separate undertakings business was stimulated to competitive roads, but this was done by handicapping other portions of the country. Now, however, as a united property the development of traffic is being sought for wherever possible, and there is curtailment of unnecessary expenditures. At the time of the fusion the securities of the merged companies were invited to be deposited and exchanged for those of the National Railways Company of Mexico. Practically the whole of the \$284,674,000 exchangeable have been converted, only a little over \$2,000,000 being outstanding at the beginning of October

last. Considering the conditions usually attending operations of this kind, it will be appreciated that great success has attended the plan of readjustment. That the credit of the National Railways is very closely bound up with that of the Mexican Government is evident from the fact that the four per cent. general mortgage bonds of the railway are guaranteed both as to principal and interest by the government, and that the government has a controlling interest in the capital stock of the undertaking.

Having regard to the nature of the recent changes that have occurred in Mexico, little or no uneasiness exists as to the future of the country, and therefore at current quotations the securities of the National Railways of Mexico appear to be attractive. The 4½ per cent. prior lien bonds, at the price of 95¼ per cent., yield 4¾ per cent., while the four per cent. general mortgage bonds, of which the Mexican Government guarantees both the principal and interest, yield 4½ per cent. at the price of eighty-eight per cent. The four per cent. first preferred stock, which now seems likely regularly to receive its full distribution, stands at seventy, and yields a shade over six per cent.; \$10,000,000 of this stock is held by the Mexican Government, which also possesses \$30,278,000 of the second preferred, and, with the exception of a few thousand

BANCO MERCANTIL DE MONTEREY

MONTEREY, N. L., MEXICO

A CORPORATION

Official Depository for the Government of the State of Nuevo Leon

Capital Resources, \$2,500,000. Reserves, \$320,315.04

Manager, MR. JOSE L. GARZA

Cashier, MR. ENRIQUE MIGUEL

Accountant, MR. F. M. de la GARZA

Buys and Sells Domestic and Foreign Drafts. Issues Letters of Credit.

Takes charge of any collections entrusted to it on a moderate rate for commission and remittance.

Buys and sells for account of others, government, municipal, banking and mining stocks and bonds.

Principal Correspondents—National Park Bank and Hanover National Bank, New York; Banco Hispano Americano, Madrid, Spain; Credit Lyonnais, Paris, France; Credit Lyonnaise, London, England; Deutsche Bank Filiale Hamburg, Hamburg, Germany.

dollars, the whole of the common stock. Increased attention has recently been paid to the second preferred stock, upon which no distribution has yet been paid, but upon which a much larger dividend than at present is likely to be earned in the not distant future. How soon the company will commence the payment of dividends upon the stock cannot be forecast, but having regard to the growth of traffic and of profits, the receipt of the full five per cent. in the course of a few years is a contingency that is not to be ignored. Consequently, at 35½ the second preferred looks attractive. Further, it should be borne in mind that under the plan of readjustment the seconds have the right to receive each year out of surplus profits dividends up to five per cent., after four per cent. has been paid on the first preferred for such year, but no deficiency in meeting the dividend in any year is to be made up out of the surpluses of subsequent years. After payment of five per cent. on the seconds any residue of profits distributable in dividends is to be received by the holders of the second preferred and the common shares constituting part of the initial capital in proportion to their respective holdings. The amount of the second preferred is \$120,241,000, and therefore every increase of \$1,202,000 in the net profit is equal to an extra one per cent. upon the stock. After the seconds have received five per cent., every expansion of \$1,950,000 in net profit will also be equal to a further one per cent. upon the stock.

COMMERCIAL BANK OF SPANISH AMERICA

AS a result of some changes in the control of the Cortes Commercial and Banking Company, the title of the institution has been changed to Commercial Bank of Spanish America.

This bank, whose head office is in London, with branches in Bogota, Managua, Medellin, Salvador and Iquitos, was organized in 1904 to consolidate the business of the London Bank of Central America, Limited, and Enrique Cortes & Co., Limited.

LOAN TO ARGENTINE BANK

THE Banco El Hogar Argentino has concluded a financial operation in Paris, by which it obtains a loan of \$7,000,000 gold at 4½ per cent., amortizable in seventy-five year. Last year it obtained \$10,000,000 gold at five per cent.

LONDON AND RIVER PLATE BANK

THE directors of the London and River Plate Bank, says the "Review of the River Plate," recommended recently out of the available balance for the year ended September 30 last, a dividend of twelve per cent., free of income tax, making, with the dividend of eight per cent. paid in June last, a distribution of twenty per cent. for the year, placing £100,000 to credit of reserve fund, £30,000 to credit of pension and benevolent fund, £20,000 in reduction of premises account, and carrying forward £231,350 to profit and loss new account. Notice will shortly be given convening an extraordinary general meeting, to sanction the increase of the capital by the of which it is proposed shortly to issue pro rata among the shareholders 40,000 shares, at a premium of £15 per share, £15 per addition of 80,000 new shares of £25 each, share to be called up on the shares in three equal installments, to carry interest at five per cent. per annum until March 29, 1912, as from which date they will participate in profits, so that after payment of the interim dividend in June for the half year ending

MERCANTILE BANKING COMPANY, Ltd.

Avenida San Francisco No. 12

CITY OF MEXICO

Capital, \$500,000.00

Surplus, \$100,000.00

Members of the American Bankers' Association

GEO. J. McCARTY, President
H. C. HEAD, Cashier

K. M. VAN ZANDT, Jr., Vice-Pres. & Mgr.
SHUR WELCH, Assistant Cashier.

A General Banking Business Transacted
Telegraphic Transfers

Foreign Exchange Bought and Sold
Letters of Credit

Unsurpassed collection facilities. Correspondence solicited. Accounts of Banks, Bankers, Merchants and Individuals solicited.

March 31, 1912, the new shares will rank pari passu with the existing shares, the premium of £15 per share to be paid in three

equal installments at the same time with the capital, and to be added to the reserve fund.

“ HE THAT HATH EARS TO HEAR, LET HIM HEAR ”*

By John Raymond Cummings

ONCE upon a time a fair maiden wandered to and fro in the earth, living upon such berries, nuts and fruits as she could find. In spite of pinching weather, and sometimes scantiness of food, she was healthy, strong and beautiful, for she was the daughter of a god and goddess, though she deemed herself as one with the birds and beasts about her, differing from all only as they differed from one another.

Seeing her loneliness, her parents besought Jove to send her a companion, but the ruler of Olympus had anticipated their desire. He did not, however, send her a companion, but from her own flesh and bone caused to spring forth a helpmate for her; and he had neither hands nor arms, but wings where arms should be. At first he seemed only as a beautiful child, but he grew as if by magic, and after a time was as strong and godlike as she was beautiful and fair.

Then Jove came down from Olympus and blessed them and bade them occupy the earth. To the woman he said: Him have I given thee for thy husband. Of thy flesh and bone is he created. Thy helper he shall be, to make thy toil light and thy heart gladsome. Thou art Labora, and thou shalt work with thy hands, but he shall work by magic because he has no hands. And to the man he said: Thou art Capitulus; forget not whence thou came; and to both: Over all the earth I give you dominion and over everything in the earth, for you and all your children and all your children's children forever. And as in a cloud Jove ascended to Olympus.

Children were born to them, daughters and sons, and they called their names according to their several natures. The first was a daughter, and they called her Comfort, because she was the constant companion and solace of her mother. The next was a son, and they named him Invention, because he was skillful in devices to help his mother with her toil; and she loved to call him Capitulumanes, because, she said laughingly, he was her husband's hands, which Jove had sent afterwards; and Architecton, who

built them beautiful abodes. And of daughters there were also Sculpture, who fashioned images of stone and clay to look like themselves and the animals; and Paletta, who mixed pastes of earths and water and decorated the walls and ceilings of their houses to look like whatsoever her fancy chose; and Musica and Poeta, who delighted their parents and brothers and sisters even more than the others.

A long time they lived happily, but by and by Capitulus bethought him of Jove's words, "forget not whence thou came," and being puffed with pride, knew not that they were words of obligation, but mistook them for words of distinction, and Labora, not knowing her divine origin, was humbled and abashed in his presence, so that Capitulus came to think himself fitted to soar like the birds, and more and more to despise Labora the more she humbled herself before him. He threatened to fly away, but knew that he dare not, for he had learned that absence from Labora soon made him weak unto death. So he drew apart from her, but only a little way, and Architecton built for him a beautiful castle, which the others decorated past all power of words to describe how beautifully, for with bribes he enticed them away from their mother, all save Comfort.

To this castle there came one day a seeming beautiful adventuress, Luxury, daughter of the old tyrant Injustice by his harlot Vanity. With her he lived in open adultery and shameless disregard of his marital obligation, and they reared a brood of bastards, Idleness, Indulgence, Excess, Greed, Wantonness, Insolence, and others, all crooked of form and limb, which deformity they sought to conceal with much clothing; and so brutish had he become that he made his lawful children servants to them, that they were corrupted and debased. One of his chief delights was to parade his paramour and their brood before the eyes of his lawful and despairing wife.

Many times Labora prayed Jove to put it into the heart of Capitulus to forsake his evil ways and return to her, and this was one of her prayers:

O mighty Jove, whom all the gods obey,
Is not thy love far reaching as thy power?
If thou didst pity for a maiden have,

* From a forthcoming book, "Natural Money, the Peaceful Solution," shortly to be issued by The Bankers Publishing Company, New York.

Who ne'er knew sorrow and scarce felt a pang,
 Shall wife and mother's grief appeal in vain?
 Didst thou not find Labora in the wood,
 A joyful creature?—and what is she now?
 Then were the animals, the birds and bees,
 Flowers, trees and brooks her joy; and if perchance,
 Hunger or cold annoyed her, 'twas but brief
 And left no trace of harm. Did she complain,
 And ask a husband at the hand of Jove?
 Labora knew not how to ask, nor knew
 That Jove could answer prayer—nor knows it now,
 For still unanswered all her prayers remain,
 And griefs increase with prayers. Couldst thou not make
 A constant husband? Canst thou not reform
 An errant one? Canst thou not from my heart
 Take portion of its too-much love and give
 To Capitulus? From my flesh and bone
 Thou madest his body; did great Jove forget
 To make his soul proportioned? Does great Jove
 Despise Labora? When the lion roars
 His mate and whelps prick up their ears with joy,
 Put poor Labora quakes to hear the voice
 Of Capitulus. Does great Jove desire
 That I should fear that which was once myself?
 Thou didst command me with my hands to toil,
 And Capitulus with his magic art
 To make my heart and toil both light. Behold,
 My heart is heavy and my fruitful toll,
 Made yet more fruitful ever by his art,
 Brings bounty but to him, for bribes to buy
 My children from me and increase my griefs
 With increase of insults and injuries.
 The magic which thou gavest him to help,
 He uses to despole me. Dost thou hear
 Labora's prayer, O Jove, or does she pray
 To one who joys in sorrow? Answer me.

Jove did not answer, and Labora's heart was heavy with thoughts of her wrongs. But the cup of her sorrow was not yet full, though she thought it could hold no more. In one of his orgies Capitulus bethought him of Comfort, still with her mother, and girding himself, bade Wantonness accompany him. Coming to Labora's house, now a hovel, and gaining entrance by lying professions of friendship and reform, they seized Comfort, dragged her away to the castle, locked her in a dungeon and resumed their carousal.

This was more than patient endurance could bear, and following, with holy rage and strength as if from Jove, Labora slew her faithless husband, his brazen consort, their ignoble brood and her own children who had deserted her. Mightily she wreaked vengeance for her wrongs, but by and by the scene of carnage appalled her, and tenderly gathering together the lifeless forms of her children, bitterly she wept that they were dead and smote herself that she had been so blind and indiscriminate in her rage. She would have prayed to Jove, but mindful of her still unanswered prayers she sat in stolid sullenness of heart, like one bereft of reason, till she fell asleep.

Then Jove appeared to her in a dream

and said: Weep not, Labora, for the great Jove has heard thy prayer. This man that thou hast slain is not Capitulus, but Capitulus' captor, disguised to deceive thee. His name is Monopolus, and he it was who, seeing Capitulus puffed with pride, deceived him first, then locked him in a cave. Thou shalt roll back the stone from its mouth, and Capitulus shall come forth to make thy heart glad and be thy life's light. Thy children I will restore to thee, but not now. Awake, Labora, for Capitulus calls, as he has called these many years in vain, for you to come and release him.

Up sprang Labora, and swiftly as the hind at play she ran to where the vision had directed her. One who had seen that stone might well have thought no weaker than a Hercules could move it, and mayhap this is true, but love is strong, and surely what Monopolus had put in place, Labora could remove, for had she not slain him? Here am I, he called, and as she rolled the stone away came forth. And they were overjoyed.

As he had promised, Jove restored her children, and they were very happy; but Labora, mindful of her griefs, determined to keep a strait hand upon everything and said to him: Because of your pride Monopolus deceived you and caused all our ills. Henceforth I shall take all; your keep is all you shall have; our children are mine, all mine. Did not I nourish them with my body? Did not I bring them forth in travail?

Capitulus was humbled and made no answer.

For a time they were happy, but by and by Capitulus began to sicken and fall away and went not forth with Labora to the field, nor sat by her at the loom as of old; Invention lost his cunning and Architecton became an idler and a vagabond. Then was Labora sore distressed, and said to Capitulus: Why is it that of late you are so little joyful; that you sicken and fall away, and go not forth to the field with me, nor sit by me at the loom as of old; that Invention has lost his cunning helpfulness, as Architecton has become an idler and a vagabond?

And Capitulus answered: Labora, my offense was grievous and I have no right to complain, but the reason I sicken and pine is that of all we create you give me only what I spend in striving; every joy I have costs me a part of myself, wherefore may I not be joyful, but only as a statue may I be. You are strong and waxing stronger, but I am dying, dying, dying; and when I am dead, you and your children cannot long survive, for did not Jove make us one and inseparable?

Labora saw that he spoke truth, and thereafter Capitulus received his share, but as time went on he required less and less.

And from that day forth all was joy and gladness.

FINGER PRINTS FOR IDENTIFICATION OF DEPOSITORS IN BANKING INSTITUTIONS

By P. A. Flak, Finger Print Expert

SYSTEM ADOPTED BY NEW YORK BANKS.

THE Finger Print System is now being more widely recognized by American savings banks as a very satisfactory solution to the problem of safe and rapid identification of illiterate and semi-illiterate depositors.

A few savings banks in Greater New York have been using finger prints for this purpose with gratifying results for several years, and lately the Finger Print System has been adopted for identification of the above class of depositors by three of the foremost savings institutions in Brooklyn, viz.: The Williamsburgh, the Green Point, and the German Savings Bank. It has been the general policy of two of these, as of many other banks, rather to avoid individual accounts by illiterates, but henceforth the above institutions will freely accept deposits from all such persons.

This marks an interesting phase in the development of the functions of savings banks, and the innovation has been greeted with enthusiasm by the officers and has already resulted in many new depositors in the three above mentioned institutions.

GENERAL NEED FOR ADDITIONAL SAFEGUARDS.

Of course it has long been realized by bank officials that it was in a measure unfair to exclude from the benefits of their institutions the illiterate and semi-illiterate class, but identification was cumbersome and the general sentiment with regard to finger prints for other than police purposes has long been such as to prevent the consideration generally by our best reputed banks and kindred institutions of this unique means of fixing identity.

In itself identification by signature or by a record of the depositor's age and descent, etc., or by both combined, is in no wise an absolute safeguard

against fraud or forgeries. This is clearly borne out by the unprecedented number of forgeries and impersonations which are just now being brought to the attention of the public through the daily press. Thus quite recently one of the largest banks in Pennsylvania paid an account to an impostor who presented himself with a depositor's pass book, writing the latter's signature and answering all the test questions satisfactorily. Not to mention the continually occurring cheque forgeries in all parts of the country, during the last few months two well known savings institutions in New York city, in a similar manner as the Pennsylvania bank, suffered quite large losses.

Of course many mishaps occur which never come to the notice of the general public, or even to the officers of the defrauded bank, outside the unfortunate teller, the cashier and the directors, the bank refunding the money as a matter of policy or necessity.

Under these circumstances it would seem well worth while for bank officials to consider the general application of the Finger Print System for the good of the bank as well as for the sake of its customers.

ADVANTAGES OF THE FINGER PRINT SYSTEM TO SAVINGS BANKS.

If all banking institutions accepting savings deposits would take the finger prints of poor writers and foreigners as well as of other depositors according as it might seem expedient, a large percentage of clever forgers' schemes would effectively be nipped in the bud. Surely modern times demand modern methods, and in the Finger Print System we possess the simplest and most reliable method of identification which was ever devised.

Why not adopt it for identification of the above mentioned classes of depositors to start with and see what it will do for your bank and for its patrons?

With reference to savings banks, these having been organized primarily to serve the lowly and the ignorant, it should be the simple duty of these institutions to take the lead in the introduction of the Finger Print System and to educate the people up to it. This is the expressed sentiment of many progressive savings bank men whom the writer has had the pleasure to meet and in several instances, as told above, the idea has resulted in the installation of the new system.

It is more than likely that in savings banks the finger print check will gradually be extended to include all depositors. Think what this will mean to the individual depositor in added security and peace of mind, not to speak of the elimination of the personal history which depositors now have to stand up and tell in public in making withdrawals.

See what the adoption of the Finger Print System means to the bank in strengthened security, in saving of time and in furthering its business:

First: In making payments over the counter it amounts to actual insurance against fraud and forgeries. When you have compared the finger prints you know that everything is all right, whereas with signatures only, or any rigmarole of questions, there may still be a doubt in your mind and at any time an unsuspected leakage.

Second: Identification by finger prints, when you know how, is as quick, and sometimes considerably quicker than by signature, and the making of a finger print record takes no more time than the average writing of a name. There are no questions to ask and no signature to write unless you particularly wish it.

With illiterate depositors and forgers the Finger Print System is a real short cut. It eliminates all fretting and repetition of questions half understood. In fact it makes the handling of "finger print accounts" easier

and safer than the handling of ordinary accounts.

Last, but not least: It brings the bank new accounts in dollars and cents and builds up its business generally.

ADVANTAGES OF SYSTEM TO COMMERCIAL BANKS.

As to finger prints in commercial banks, the time will undoubtedly come when all banks will find it desirable, and all depositors will want to have their finger prints on their signature cards in the files of their bank, to be compared with fresh impressions on their cheques or other valuable securities over a certain amount, or as it may otherwise be agreed upon between the customer and the bank. On letters of credit the owner's finger prints do away with the customary identification paper, if desired, at the same time making it utterly impossible for anyone but the rightful owner to draw any money on his letter of credit.

Questions may be raised as to the possibility of forging a finger print or erasing one print and substituting another on a cheque or letter of credit. These points are naturally very pertinent to the subject in hand, they may therefore as well be given immediate consideration.

As to the erasure of a finger print taken with the regular finger print ink, which is virtually a high grade of printer's ink, this would necessarily involve the removal of the paper tissue to a certain depth, which in all probability would produce a "window" in the instrument too conspicuous in appearance and size to be overlooked by any teller, even when covered with a new finger print.

In reference to the forgery of a finger print on a spurious check, for instance, this may be possible, although the writer believes it would be extremely difficult. This is the only apparent weakness of the system, viz., as applied to money transactions at a distance. The Finger Print System being yet in its infancy, means and safeguards will probably be devised which

ultimately will render it equally serviceable for all the above mentioned purposes and many others.

WHAT A FINGER PRINT IS AND HOW IT IS MADE.

The majority of people do not clearly understand what a finger print is, or

these lines are grouped into patterns conspicuous in outline and rich in characteristic detail. The courses of the lines are determined by the presence and position of the sweat glands located in the sub-cuticle, the mouths of the pores leading to the surface being situated in close formation along the summits of the ridges.



COMPLETE IMPRESSIONS OF THE FOUR FINGERS OF A RIGHT HAND.

Note the peculiar designs on the finger tips, as compared to the almost uniform dark lines across the first and second joints. The former are the finger prints proper, which are used for identification.


The straight white lines intersecting the dark lines, represent creases and folds in the skin. These being subject to changes, are of but little value for identification purposes.

realize the wonderful reliability of this—Nature's own mark of identification. The following facts and remarks may therefore be of interest to many readers of *THE BANKERS' MAGAZINE*.

Apart from the creases caused by the folding of the skin, the tactile surfaces of the hands, as well as the soles of the feet, are traversed by fine lines representing ridges and furrows in the cuticle. On the last joint of the thumbs and the fingers in particular

When taking a finger print we ink the bulb surface of the digit by either rolling it from one side to the other, or by simply pressing it flat down, on a glass or metal plate which has previously been covered with a thin layer of finger-print ink, and by subsequently pressing it on paper in a similar manner. By the proper manipulation only the tops of the ridges will be inked, the imprint on the paper being a clearly defined reproduction in black

SIGNATURE CARD USED BY THE GREEN POINT SAVINGS BANK.

<p>98537</p>	<p>I hereby agree to be bound by conditions printed on reverse side.</p>	
	<p><i>his</i> <u>Josef X Grochowski</u> <i>mark J.M.</i></p>	
<p>Residence <u>225 Eagle St.</u></p> <p>Occupation <u>teamster</u></p> <p>Father's name <u>Wladyslaw</u></p> <p>Mother's name <u>Stanislaw</u></p> <p>Name of husband or wife <u>Antonina</u></p> <p>Date and place of birth <u>Poland-1872</u></p>	<p>FINGER PRINTS</p> 	

SPECIMENS OF ROLLED IMPRESSIONS.



Made by same finger as first print in the Green Point sample record.



Made by the same finger as the first print in the Williamsburgh sample record.

and white of the ridge formation in its smallest detail.

From the fact that there is a constant exudation of sweat, however imperceptible, along the tops of the ridges, it is indeed possible to make a good finger print without the use of any pigmented medium. By pressing the fingers lightly on a piece of polished glass perfectly clear, if faint, impressions may be obtained. The police very often profit by this peculiar circumstance when any article with a smooth surface has been handled by a thief or other criminal, and after intensifying the impressions by dusting with certain powders, photograph them and turn them into incriminating evidence which often leads to conviction.

Impressions may similarly be made on paper with a not too rough surface

and be developed by means of a suitable black powder. Such impressions naturally rub off when handled indifferently, but if desired they may be fixed and made into permanent records.

There is yet another method of making finger prints, viz., by using an impregnated paper on which the impressions develop themselves the minute the paper is touched by fingers previously moistened on a clean wet pad. Very likely this method will become the most popular one for use in banks and for business purposes generally. This process does not as yet produce impressions as perfect and permanent as those taken with the regular finger print ink, but in all probability there will soon be a satisfactory paper of this kind on the market.


With the proper instruction finger

SIGNATURE CARD USED BY THE WILLIAMSBURGH SAVINGS BANK

474277		I hereby agree to be bound by conditions printed on reverse side.	
AMOUNT \$100		<i>Patrick Mc Cabe</i> ^{his} _{mark}	
Age 52		Birthplace <i>Co Clare Ire</i>	
" 45		" <i>Yurone</i> "	
Residence 746		<i>No 7th St</i>	
"		<i>do</i>	
Occupation <i>Carpenter</i>		As Joint Tenants either to draw	
" <i>Wife</i>		Survivor to take all	

REVERSE OF THE ABOVE

We, the undersigned depositors, in THE WILLIAMSBURGH SAVINGS BANK, for ourselves, our executors, administrators, and assigns, respectively, hereby assent and agree to be bound and governed by the By-Laws and Regulations of THE WILLIAMSBURGH SAVINGS BANK, in the Borough of Brooklyn, City of New York, relating to deposits in said Bank, an abstract of which is printed in the Pass Books issued by said Bank.

<p>FINGER PRINTS</p> 	<p>FINGER PRINTS</p>
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printing with ink is far less objectionable than might be surmised, as all traces of the ink can be entirely removed from the fingers in a few moments, and in the several savings banks where the writer has been entrusted with the installation of the Finger Print

System the officers report that the depositors with whom this method is used offer no objections to having their impressions taken in this manner and very often with a "that's all right" even decline to wipe their fingers on the towel offered them by the clerk.

SINGULAR RELIABILITY OF FINGER PRINTS.

Respecting the permanency of the markings of the fingers it has been proved beyond question that they persist unchanged (except as they grow with the body) throughout the entire period of human life.

As to the distinctive character of the markings it has been estimated that there is less than one chance in sixty-four billions of finding two digits which would carry exactly the same ridge patterns. For practical purposes this is equivalent to a certainty that any two identical finger prints must have been made by the same person and with the same digit. If two or more fingers are taken together all possibility of duplication by another person is absolutely eliminated.

It may be added that injuries do not necessarily hamper identification, a scar, for instance, after it has once been registered, is simply an additional personal mark as unchangeable as the natural finger markings.

Permanent scars only result from deep-going cuts and ulcers which locally destroy the sweat glands. Thus an ordinary burn or the tearing out of a portion of the cuticle does not in the least change the ridge pattern, which reappears as soon as a new skin has formed.

Finger-print evidence was first legalized by the British, in India, about twelve years ago, and with them an attested impression of the left thumb is a legal signature. As an illustration of their faith in the Finger Print System it may be mentioned that in Great Britain and her colonies one good finger print is sufficient, in natural and evident circumstances, to convict a person of any crime. There can be no doubt that the American legislature will pass similar laws as soon as the courts shall have had sufficient experience in the practical application of the Finger Print System, and this unquestionably will enhance the most extensive use of finger prints in public and private business.

THE MOST PRACTICAL PROCEDURE TO ADOPT.

With special reference to finger prints for proving identity as distinguished from the more complex system required for tracing identity, involving classification, the specific method to be adopted by banking institutions as the best demands some consideration.

The characteristics of the ridges being less pronounced in some prints than in others the question arises if for rapid identification, as is most desirable in banks, it is not preferable to use a two or three-finger method or even four fingers of the same hand, impressed together, instead of only one rolled impression as has hitherto been the custom for this and similar purposes.

A rolled impression contains more details than a plain dabbed print, but for the reason mentioned above and to facilitate comparison, as well as for the sake of the added evidence, it should certainly be the best for the purpose of banks to take at least two or three impressions together, say of the first fingers of the right hand. This occupies no more time than the taking of one rolled impression, in addition it is easier to make good dabbed impressions even from four fingers simultaneously than it is to make one good rolled print from any digit.

The German Savings Bank above mentioned is using the four-finger method, taking the impressions on the back of the signature card. The Williamsburgh and the Greenpoint Banks have adopted the three-finger method, and the illustrations appended to this article show how in the one case the impressions are taken on the face and in the other on the reverse side of the card. Rolled impressions of the first finger in each of these records are also reproduced for comparison of the two methods.

With an extended application of the system it should prove a convenience to have the finger prints on the face of the card and as high up as possible, as shown in the Green Point form. The officials in charge at the Williamsburgh

Savings Bank, after some experimenting, have decided on the other form here reproduced as the most practical for their intended purpose, viz.: the identification of illiterate and semi-illiterate depositors only. In addition to the new reserve side is also shown the standard face of the card used by the Williamsburgh.

HOW TO LEARN THE FINGER PRINT SYSTEM.

In point of convenience and rapidity of identification by the Finger Print System it may be added that with practice in the decipherment of the prints one acquires a knack of seeing a number of peculiarities at a glance, so that a depositor's identity may, as a rule, be established in a few seconds. Of course a knowledge of the nomenclature of finger prints and what constitutes the most striking characteristics is necessary to be sure and quick about the reading of the various types of im-

pressions. This knowledge may be obtained by careful study of a good text book; a few practical lessons by a competent instructor, however, give more satisfactory results than months of individual study. Then the quality of the impressions is an important item and much depends on the manipulation in taking the impressions and the appliances used. Here also instruction by an expert is very valuable, there being divers professional wrinkles which cannot be learned from books and which go to securing the best possible prints in every case.

In these pages the writer has endeavored to present the various facts and views in an unbiased manner and to the best of his knowledge and ability. He therefore hopes that his article may be of some value to the readers for whom it was prepared and assist them in their investigations and choice of methods, should any of them decide to adopt the Finger Print System of identification.

EDWIN HAWLEY

I NTERESTING stories are still being told about the late Edwin Hawley. All denote a character of the most curious makeup. A few days before the financier passed away I told here how, unsolicited, he sent \$25,000 to a broker friend who was trying to get on his financial feet after failing in business. Meeting one day another friend in the same predicament, Hawley asked him what he was doing. The broker said he was trying to get going, but that it would take \$60,000 to start him. Hawley loaned him the necessary capital without the scratch of a pen. Yet no one loved money more. He always saved the five-dollar and ten-dollar

coins he received at directors' meetings. When these had accumulated respectably in his office he would take them to his safe deposit vault, where he kept a special receptacle for them, an old wooden box. It was curious to see him emptying one pocket after another of these pieces of yellow metal into this old box, through which he would run his fingers caressingly, sometimes taking up a handful of the money to look at with loving eyes. And as often as the box was filled, Hawley would invest the contents in securities.—Boston News Bureau.

RICHES AND RESPECTABILITY

"I THINK it is disgraceful to be enormously rich."
 "Oh, so do I. I was brought up to think that way. But, say—"

"Well?"
 "Don't you wish once in a while that you weren't so blamed respectable"—Toledo Blade.

SAFE DEPOSIT

SAFE DEPOSIT BOOKLETS

FROM time to time articles of an educational character have been contributed to this department, which embodied for the most part the actual results obtained by safe deposit vault managers from their campaigns of advertising.

One of the means for business-getting, which has been discussed, relates to the value of a carefully prepared booklet, describing the safety and general equipment of a conveniently located vault. Such booklets undoubtedly have brought visitors to inspect the boxes and personal solicitation has done the rest. Mailing lists may be made up by consulting the directories of nearby buildings. Every tenant of an office building is a good prospect. House owners are also live prospects, particularly those who may take long vacations during the summer months and leave their homes unoccupied.

Reproduced herewith is the text of a splendidly gotten up booklet which has been circulated by the safe deposit department of the People's Trust and Savings Bank of Chicago:

WHERE DO YOU KEEP THEM?

Your Private Papers, Priceless Treasures and Heirlooms.

Every day the life-work of hundreds of people is brought to naught by the loss of papers and treasure through false friends, dishonest servants, thieves, bank burglars, mob violence or fire.

What would it mean to *you* to lose, tomorrow, your insurance papers, your abstracts, your deeds, your stocks, your jewels, heirlooms and similar valuables?

FOR A LITTLE MORE THAN ONE CENT A DAY

We will rent you a little private box vault within the strongest and safest vault in the world. *A safe within a safe*—located down underneath the big Peoples Gas Building on Michigan avenue.

The little vault will be large enough to accommodate all your small valuables. The keys will be yours and yours only, and you can have access to the box every business day in the year. Once unlocked it will slide in and out of the particular space made to fit it inside of the big vault wall.

When you wish to put anything in or take anything out, you carry it back and forth to any one of the several private desk rooms.

In these rooms you will find writing material, and from your seat at the desk you can

summon attendants to furnish postage stamps or render any courtesy possible.

IN THIS LITTLE BOX VAULT YOUR VALUABLES WILL BE SAFE.

Safe in the full sense of the term.

Safe from the tools that dug treasure out of the centre of the pyramids;

Safe from the ingenuity of detective-crooks who have located and looted the hidden box or stocking full of bonds or cash in a thousand homes;

Safe from the drills, the nitro-glycerin and thermit of the modern bank burglar, who is daily making a joke of so-called burglar-proof safes all over the country;

Safe from the fingers of servants or close acquaintances who occasionally, as a result of curious mental derangement, rob those who have befriended and trusted them through life;

Safe from the violence of the mob that has so often in the world's history directed its force towards the destruction of private property, during temporary suspension of police surveillance;

Safe even from earthquake—the same sort of earthquake that destroyed four hundred million dollars' worth of government bonds, stocks, jewelry and similar valuables at Messina in twelve minutes;

And last and most important, safe from fire—the fiend that has destroyed more property, blasted more homes and wrecked more lives than anything else in the world.

When we assert that one of our inexpensive box vaults will actually preserve your treasures and valuables safe from all the sources of loss mentioned, we are making a big claim, but the enormously thick walls of our great vault, in which the little private drawer-like vaults are preserved, is made throughout of manganese steel.

And manganese steel is, as you know, the only steel that has in actual public tests withstood the attacks of specially hardened drills, welding flames, thermit, nitro-glycerin and dynamite in unlimited quantities.

Most vaults are made of laminated steel or of layers of alternate hard and soft steel, fastened together with thousands of screws, and it has been proven that both of these types can be entered; in fact, they are frequently entered, with dynamite and drills.

It is physically impossible to wreck manganese steel in this manner, because it is so hard it cannot be cut by steel tools of any kind, while tools made of manganese steel will, even while heated red hot, cut ordinary cold steel easily.

Post Card

Place
One-Cent
Stamp
Here

The Peoples Trust & Savings Bank.

Peoples Gas Building
Michigan Blvd. at Adams St.

Safe Deposit Vaults

Chicago, Ill.

FACE OF POSTCARD DISTRIBUTED AROUND CHICAGO WHICH BROUGHT REQUESTS FOR DIMENSIONS AND RENTAL CHARGES OF THE SAFE DEPOSIT BOXES INSTALLED BY THE PEOPLES TRUST AND SAVINGS BANK OF CHICAGO

You are cordially invited to call and inspect our vaults in person, in which case kindly bring this card with you as we desire to limit the number of visitors.

In case you cannot call, kindly mail this card back to us with your signature and address, and we will send you dimensions of our 12 sizes of vault boxes together with our scale of rental charges.

Name _____

Address _____

REVERSE OF THE ABOVE POSTCARD

The figures covering the strength of our great manganese vault are quite beyond a layman's comprehension. For instance: it is put together in several sections and these sections are joined together with heavy links, side by side, sweated red hot over hubs, each link having a holding power of 600,000 pounds.

You could not put your hand through the heavy grill wall of the offices outside the vault without starting burglar alarms that would all but wake the dead.

These alarms would bring a wagon load of Pinkerton men and a small army of city and private police in a few minutes.

In short, it is the safest place in the world in which to store your papers, small treasures and valuables.

Being just outside of the loop on Chi-

cago's greatest boulevard, its location is very convenient. You will never have to carry papers or valuables through the crowded loop district to reach it.

We want you to call at your convenience and let us show you the features that make this great vault one of the show places of the city. In the meantime, just mail us the enclosed postal and we will send you dimensions of the different sized private box vaults and quote you rental charges for each size.

Think how much easier your mind will rest when you have transferred your valuables from their present resting place to a place of *absolute safety*.

You well know the risk you are taking this very minute and another day may be too late.

BANKING PUBLICITY

Conducted by T. D. MacGregor

THE POSSIBILITIES OF FINANCIAL ADVERTISING

A BIG NEWSPAPER'S ARGUMENTS ADDRESSED TO BANKERS

THE Philadelphia "Record" is making a more or less successful effort to get banks in its field interested in real advertising in the newspapers.

Extracts from some of the arguments used by the "Record" in its campaign follow:

With the practical man an ounce of proof is worth a pound of theory. That is one reason why "The Record," in pointing out to bank officers and directors the fact that good advertising is bound to be as helpful to financial institutions as it is to other business enterprises, has repeatedly invited them to examine the data this newspaper has gathered with regard to the growth of banks that have given newspaper advertising a fair trial.

We have argued that the readers of the daily newspaper are many of them lamentably ignorant of the varied services that an enterprising bank or trust company is capable of rendering to them; that a large percentage of newspaper readers may be induced to enter into mutually profitable relations with the bank by educative advertising, and that such advertising, costing little, almost invariably yields highly profitable returns. In substantiation of that argument, let us cite just one concrete instance out of many that have come to our notice in the course of our study of the methods and progress of bank advertisers:

In a large city of the Middle West there is a trust company (name on application) whose business, as measured by deposits, had been about stationary for three years prior to 1908. In the fall of that year an advertising campaign was inaugurated. One year of advertising added \$4,400,000 to the institution's deposits. The second year's advertising increased the deposits by \$1,600,000. The results for the third year, just computed, show a further increase of \$4,700,000. *The managers of that trust company do not hesitate to give the credit for the \$10,700,000 increase in its deposits in three years—very nearly doubling its business—to publicity, coupled, of course, with efficient service to back it up.*

We do not assert that every bank and trust company can double its deposits in three years by a dignified exploitation of its business through the columns of "The Record," but *we cannot too emphatically declare that the proper use of "Record" space will bring to any such institution returns far in excess of its cost.*

It will pay the officers and directors of Philadelphia banks and trust companies to look further into the case we have cited, and others of which we have first-hand knowledge; study the methods employed by successful financial advertisers, and *turn the experience of the advertising banks to account for the promotion of the interests committed to their care.* The proofs that bank advertising is a gilt-edged investment are at the service of any interested bank. "The Record" asks the opportunity of presenting them.

CREATIVE FINANCIAL ADVERTISING.

Every well-written advertisement has one of two definite purposes in view. It aims

THE SEASON OF DESTRUCTIVE FIRES

Insurance agents are being asked to exhibit loyalty to the best of the fire risk. Insurers are being asked to exhibit loyalty to the best of the fire risk. Insurers are being asked to exhibit loyalty to the best of the fire risk.

THE FIRST NATIONAL BANK OF PITTSBURGH

Fifth Avenue and Wood Street

Safe Deposit Protection

Business fires emphasize the importance of safeguarding securities, business papers and other articles of value, outside of your own premises.

Such protection is afforded by the Safe Deposit Vaults of the First National Bank of Boston, which are of modern, fireproof construction, and located in a low, fireproof building, protected by water curtain.

Boxes \$10 a year upwards.

First National Bank of Boston—70 Federal Street

Prudence vs. Experience

THE chances for escaping fires in Boston have been frequently commented on by those thoroughly familiar with conditions here. Great fires always involve tremendous losses in securities and other valuable papers—losses which an insurance policy does not cover.

Prudent men insure their valuables against loss or destruction by keeping them in a modern safe deposit vault; the careless and imprudent learn through experience and at tremendous loss the lesson which successful men foresee.

The safe deposit vaults at the two offices of the Old Colony Trust Company present unusual advantages, both on account of their modern construction and convenient location.

Old Colony Trust Co.

Main Office: COURT STREET
Branch Office: TEMPLE PLACE

APROPOS OF THE EQUITABLE BUILDING DISASTER

to inspire in its readers a desire of which they had never before felt the promptings, and, therefore, to create a new demand; or it endeavors to influence its readers in the gratification of existent desires by diverting their patronage from non-advertisers to the advertiser. As a general rule, the advertising that makes demand instead of merely shaping it is the more profitable; and the greater the ease with which this result may be accomplished, the larger are the attendant rewards.

"The Record" feels that it is rendering a genuine service to the banks and other financial interests of Philadelphia by pointing out to them the unusual opportunities that lie open to them in the way of creative advertising. We do not know of any other field so little cultivated and at the same time capable of yielding such abundant harvests. The banks and financial houses have services to offer of which a great majority of those who should be numbered among their clients and customers are surprisingly ignorant. They have no need to compete with each other for their relative proportions of a given volume of business that has grown up practically without solicitation. It is practicable to any of them to make new friends in almost unlimited numbers, and win a corresponding volume of new business, simply by going in for a policy of educative publicity.

Of course, a bank or a trust company

that talks daily to the thrifty readers of influential newspapers about the care of their savings, the safe-keeping of their valuable papers in burglar-proof vaults, etc., or a broker who publishes useful information about his capacity for service to investors, is bound to attract some share of the business of non-advertising competitors. But this is merely incidental. *Financial advertising of the right kind makes depositors out of folk who know banks only from the outside; savers out of spenders; investors out of those who have never studied the science of putting capital to work.* Such advertising is good for the advertisers and good for the advertisement readers. *It is doubly profitable because there is relatively so little of it done.*

"The Record" is well informed as to the results that live financial advertising has produced in other cities and towns where enterprising firms and institutions have given it a fair trial. *It also has some interesting data as to the experience of financial advertisers who have used this newspaper to build up new business.* Its aid is at the disposal of any reputable house that would like to look further into the advantages to be derived from intelligent solicitation of intelligent people.

SUGGESTION TO TRUST COMPANIES.

The drawing of a will clearly and legally expressing the intentions of the testator is always a ticklish and often a difficult matter. There is abundant evidence in the records of our courts that the average man or woman who undertakes to draft a will without professional aid makes a sad botch of it. It is also indisputable that a very large proportion of those who ought to provide for the proper distribution of their property after death neglect that duty, partly because the matter has never been adequately presented to their attention, and partly because the safe drafting and execution of a will necessitates recourse to legal services and the payment of a lawyer's fee.

These thoughts occur to us in connection with a service which some Philadelphia trust companies render in full or in part, and which all of them might profitably offer to their clients and the general public if they would go about it with effective newspaper exploitation.

The trust companies have unexcelled facilities for the safe-keeping of all valuable documents, including wills. They are qualified by law, by their financial standing, and by their wide experience, to act as executors and trustees. The revenues derived from these latter functions would amply justify any or all of them in offering gratis the services of their counsel in the drafting of wills and the use of their vaults for the safe custody of the same, provided only that the company volunteering its aid should be named as the executor of the testator's estate and administrator of his trusts.



Your Boy's Education

If you can give your boy a college education, by saving \$10 a month for ten years, is it not worth the slight effort at economy? By depositing this sum monthly in a bank paying 3% interest, compounded half yearly, a fund of \$1399.38 can be accumulated in ten years—enough in many cases to pay the entire expense.

Savings deposits earn interest at the rate of 3% per annum, compounded half yearly. Accounts may be opened with \$1 or more.

The Northern Trust Company-Bank

Capital \$1,500,000—Surplus \$1,500,000

Northwest Corner La Salle and Dearborn Streets, Chicago

A. C. BARTLETT President	WILLIAM A. FULLER President
ERNEST A. HANSEN President	MARVIN HUGHETT President
CHARLES L. WILCOX President	ALBERT A. BRADSHAW President
WALTER B. WYATT President	WILLIAM A. FULLER President
ALBERT A. BRADSHAW President	WALTER B. WYATT President
WALTER B. WYATT President	WALTER B. WYATT President
WALTER B. WYATT President	WALTER B. WYATT President
WALTER B. WYATT President	WALTER B. WYATT President

HARD TO BEAT THIS COPY



I have a bank account in the Nassau County Trust Bank—look it up and see how good a bank account it is.



I didn't have a bank account and couldn't take a vacation this year.

SOME FREAK BANK ADVERTISING

"The Record" need not marshal the arguments that could be effectively employed by an enterprising trust company in presenting this plan to public attention through well-balanced newspaper advertising—the avoidance of litigation in the settlement of estates, the surety with which the testator's intentions would be carried out, etc.

BANK "ADS." THAT PAY.

We do not suppose that many banks in Philadelphia, no matter how prosperous, have all the business that they want. We do not suppose that the largest of them would object to an increase of their facilities, if necessary, to accommodate more depositors, or that they would seriously resent additions to their profits and dividend disbursements. Yet there are comparatively few of them that make energetic efforts to extend their service into new fields and constantly widen the circle of their patronage.

Many of the banks, trust companies and savings institutions depend upon the good will of present depositors to bring new ones—a slow and laborious process of growth. Others resort to circularizing, the distribution of calendars and advertising novelties. Still others, right in principle, but faulty in method, carry their claims to consideration directly to the people through daily newspaper advertisements—handicapping their efforts, however, by the publication of bank statistics in the space that ought to be devoted to the publication of bank news.

The banks can extend their usefulness, with profit alike to themselves, their depositors and the general commercial interests of the city in which they do business, by straightforward, heart-to-heart talks with newspaper readers, explaining, in terms that everybody can understand, the services they are prepared to render and the public needs that they supply. A great many intelligent folk know a bank only as a place where their money will be cared for, subject to demand. Fuller information on branches of banking that are but vaguely understood, if

at all, will be news that will command an attentive reading. *It is good business policy for the banks to supply such news, regularly, through the columns of one or more influential daily newspapers.*

A few banking institutions here in Philadelphia have been advertising in the right way and profiting by it. More in other cities, and even in country towns, have had a great deal of valuable experience with newspaper advertising, which they now regard as indispensable. *"The Record," having made a study of the results of bank advertising in the newspapers, has a considerable fund of information on the subject, which is at any time at the service of the officers or managers of institutions desirous of cultivating a particularly remunerative field.* A word to the advertising department of this newspaper will suffice as a hint for the presentation of some highly interesting proofs that the right kind of bank advertising yields handsome returns.



A BOSTON BANK'S ADVERTISING SUCCESS

A SERIES of advertisements, a few of which are reproduced herewith, were prepared by the Boston News Bureau Advertising Agency for the National Shawmut Bank of Boston. Since the first definite result,—a substantial deposit by a large Boylston street merchant, which came a few hours after the first advertisement was published,—interest in this series has been widespread.

To those who make a study of the psychology of advertising, the following analysis of the construction of these advertisements may be of interest.

The original idea was to produce a series of advertisements which were educational and at the same time show up the service



**An Inside View of
New England's Largest Bank**

No. 1
**Night
Force**

It requires 14 men starting at 8 o'clock every evening and working until 4 o'clock in the morning, and 8 o'clock in the morning, to handle the night mail received by the National Shawmut Bank. This heavy volume of mail is received from the Postoffice in New York until the large New York mail comes in at 10 A. M. Checks and other items amounting to more than \$5,000,000 are frequently handled by this force during the early morning hours. As the mail is received, the checks and notes are first separated, then sorted into geographical sections for collection. All checks which have to be sent through the clearing house must be sorted and "proved" by the 6 o'clock the next morning so that the night force is necessarily developed to a high point of accuracy.

What We Wish to Emphasize.

This force works throughout the night in order that no time may be lost in crediting the depositor's accounts, which might otherwise have a day's interest. This service is for the benefit of every depositor, large and small. A large bank gives real service to every one.

We wish to assure every depositor, no matter what size his account, that the officers of this bank are interested in his welfare, and that any advice on business and investment matters will be cordially given.

National Shawmut Bank
40 Water Street, Boston



**An Inside View of
New England's Largest Bank**

No. 2
**Receiving
Tellers**

THE average amount of cash received daily during November by the five receiving tellers of the National Shawmut Bank was \$436,000. This, however, was but a small percentage of the amount received by these men in checks and drafts. Each receiving teller is responsible for the deposits received during his window. They retain the currency and send other paper deposits to the check teller's department, which will be described later. The business period for receiving deposits is from twelve to two, but deposits are received until after four, late ones being credited on the next day's business. During spare time bills and currency are counted, sorted, and put in packages for the paying tellers. Each night a balance is struck, the cash then on hand by each teller represents the difference between what he has received and what he has delivered to other departments.

What We Wish to Emphasize.

This amount of business handled makes experts of the men in charge of it, and this very experience among the employees of a large bank is a guarantee of efficiency in the handling of depositor's business. All accounts have equal claims on these services, and thus the smaller depositor has the absolute assurance of having his accounts handled as well and accurately as the largest.

We wish to assure every depositor, no matter what size his account, that the officers of this bank are interested in his welfare, and that any advice on business and investment matters will be cordially given.

National Shawmut Bank
40 Water Street, Boston



**An Inside View of
New England's Largest Bank**

No. 3
**Paying
Tellers**

THE National Shawmut Bank employs six paying tellers and to these men passes practically all the money received by the bank. One teller is responsible for the certification or guaranteeing of all checks, amounting to from \$50,000 to \$2,000,000 a day. This teller also handles the payment of trust companies and brokers, and has general charge of the department. The other five tellers pay out averages amounting from \$500,000 to \$1,000,000 daily in bills and from \$10,000 to \$40,000 in coins. Owing to the fluctuation in the demand for various denominations, a book of \$10,000 is kept showing at a glance the amount on hand of each denomination. The greater part of the small coin stock out comes from face collection on the rail-cars, sometimes amounting in a single day to a ton in weight.

All transfers of money with the Clearing House, Sub-Treasury, and neighboring Boston banks are handled by this department, as well as customers' pay rolls and money sent to country correspondents. The bank-notes of many of the country banks who are correspondents of the National Shawmut Bank are handled by this department, necessitating the printing and signature, cutting the sheets into separate bills, and their distribution.

What We Wish to Emphasize.

A feature of this department is the division of the tellers' windows into alphabetical sections (A. to Z. etc.) used at the option of the depositor, which makes possible a close personal relation between depositor and teller, and which makes possible a close personal relation between depositor and teller, and which makes possible a close personal relation between depositor and teller, and which makes possible a close personal relation between depositor and teller.

To be served by the same teller every time builds up a personal equation which makes possible a close personal relation between depositor and teller, and which makes possible a close personal relation between depositor and teller.

We wish to assure every depositor, no matter what size his account, that the officers of this bank are interested in his welfare, and that any advice on business and investment matters will be cordially given.

National Shawmut Bank
40 Water Street, Boston



**An Inside View of
New England's Largest Bank**

No. 4
**Bookkeeping
Department**

THE permanency of the signature and correctness of endorsements of the checks drawn by every depositor on the National Shawmut Bank is vouched by the bookkeeping department.

A daily report is made by this department to the President and Directors, showing the bank's exact condition, cash on hand, percentage of reserve, etc. The bank's position at any time. This department consists of about 45 clerks divided into groups for handling accounts of other banks, individual accounts, accounts of firms, and depositor's statements, besides keeping all the accounts of the bank itself. Each bookkeeper keeps the accounts of other banks in charge of about 175 accounts, and the bookkeepers for individual and firm accounts about 300 each.

This department also has charge of figuring the interest, and the averaging of balances of each account monthly.

What We Wish to Emphasize.

A department of such character means much to a depositor in the way of permanency and accuracy of work. It means that any depositor may open to every one on equal terms.

We wish to assure every depositor, no matter what size his account, that the officers of this bank are interested in his welfare, and that any advice on business and investment matters will be cordially given.

National Shawmut Bank
40 Water Street, Boston

FIRST FOUR ADVERTISEMENTS OF A LONG SERIES

side of the bank. It was determined to advertise the inside workings of the bank, department by department, rather than by general statements regarding the bank as a whole, as has always been the rule.

It was intended to have a head-line which would arouse as much curiosity as possible without being too radical, and to be followed by statements of facts sufficiently newsy to prevent any disappointment after reading the head-line.

Having gotten the reader thus far, it was thought best to invent another display line which would stimulate further interest and cause the remaining display matter to be

read, as it was necessary to impress the last two paragraphs upon the reader before letting him get away. It was here that the service side of the bank was emphasized by drawing a lesson from the work of the department.

The last paragraph was repeated in each ad. to impress upon the reader the spirit of the officers of the bank toward depositors, and to obviate the strong prejudice that a large bank does not care for medium and small accounts.

The numbers were put in the left-hand margin, indicating that a series was in progress, to arouse cumulative interest.

HOW BANKS ARE ADVERTISING

Note and Comment on Current Financial Publicity

THE artistic advertisement of the Seattle National Bank appeared in a special number of "The Argus," a weekly publication of that city.

The Federal Title and Trust Company of Beaver Falls, Pa., issues a particularly good 1912 almanac, which in addition to everyday information and home helps, contains a

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THE ARGUS

December 16, 1911

Centre of Seattle's Business Activity

THIRTY YEARS

THE last quarter of a century has been a silent witness to wonderful changes in industrial and commercial life, the world grows but so where, like in the North Pacific States has development wrought such changes and growth been so constant.

Yesterday a wilderness—today an empire, with great modern steel-clothed cities and a vast country land of amazing soil fertility and productiveness—enough to feed the nation.

In this great section, on the shores of Puget Sound, spreading along the keepest and safest natural harbor in the world, stands Seattle, like a commanding sentinel—the terminus of six transcontinental lines which pour the goods of the country upon the city's huge docks, for direction to Alaska, the lands of the Orient, Hawaii and South America.

Since Seattle has grown from a village to a metropolis, since she has emerged from a logger's camp to a financial centre, and has become supreme in her leadership in the Pacific Northwest, it is significant that one of her own banks, with a national charter and bearing her own name, THE SEATTLE NATIONAL BANK, holds greater deposits than any other financial institution west of the Rocky Mountains and north of San Francisco. Thirty years ago the growth of the bank's deposits from \$70,000 to \$15,000,000—evidence of service, enterprise and strength, reflecting the confidence of a community in one of its great modern banks.

E. W. ANDREWS, President
J. FURTH, Chairman of the Dir.
J. W. SPANGLER, Vice-Pres.
R. V. ANKENY, Cashier

SEATTLE NATIONAL BANK

Second Avenue
At Columbia Street

ART IN ADVERTISING

The Security Trust and Savings Bank of Los Angeles, Cal., uses large newspaper space to announce that it has acquired the business, assets and good will of the Equitable Savings Bank, giving it combined resources of more than \$37,000,000.

"How a Woman Can Start a Bank Account and Keep it Going," is the title of a very attractive booklet issued by the First National Bank of Montgomery, Ala. The booklet fulfills the first part of its subject better than it does the second part.

lot of good informative matter concerning the functions and facilities of the institution.

Mr. C. W. Beerbower, assistant cashier of the Farmers National Bank, Salem, Va., writes:

We enclose some specimens of recent advertising matter. If you think it worthy of reproduction and have the space, we should be pleased to see the New Year folder appear in your department in The Bankers Magazine, for which we have just subscribed.

I enclose a clipping from our local newspaper. It is true as stated therein that this folder was printed and ready for the mails, in fact in the mails, within four hours after the close of business at noon on Saturday, Dec. 30th. Of course, the two colors had already been printed.

The folder is a satisfactory one in all respects, conveying a greeting to present and prospective patrons and giving the bank's good statement. The newspaper item was as follows:

AN UP-TO-DATE ADVERTISER.

Mr. C. W. Beerbower, assistant cashier of the Farmers National Bank, is an advertiser who believes in and has demonstrated con-

that it can be strongly displayed in a single-column advertisement. The broken triple-rule border used in some of the ads. is a good piece of distinctiveness, while the copy, persistently hammering in the advantage of real commercial banking service, ought to pull business.

Mr. John W. Wadden, president of the Lake County Bank, Madison, S. D., writes:

We are sending you to-day under separate cover, a few advertisements which we used at the opening of the present year. We invite any criticism or suggestion that you may see fit to make about them. Assuring

CONSISTENTLY GOOD

clusively the power of advertising. He has recently pulled off an advertising "stunt" for which he deserves much credit. Desiring that the splendid statement of the Farmers National Bank at the close of 1911 should be in the hands of those interested early as possible, he so arranged matters that this statement together with other valuable advertising matter, printed on a handsome folder in three colors was ready for the mails within four hours after the bank closed on December 30th.

This illustrates the fact that an advertising bank can get a considerable amount of free reading notices from the newspapers in which it uses paid space.

The advertisements of the Penn National Bank of Philadelphia are particularly good. The institution is fortunate in its name, among other reasons, because it is so short

you that we derive much benefit from your department.

One of these advertisements shows a good way to get some of the savings account class of business in a checking account. It reads as follows:

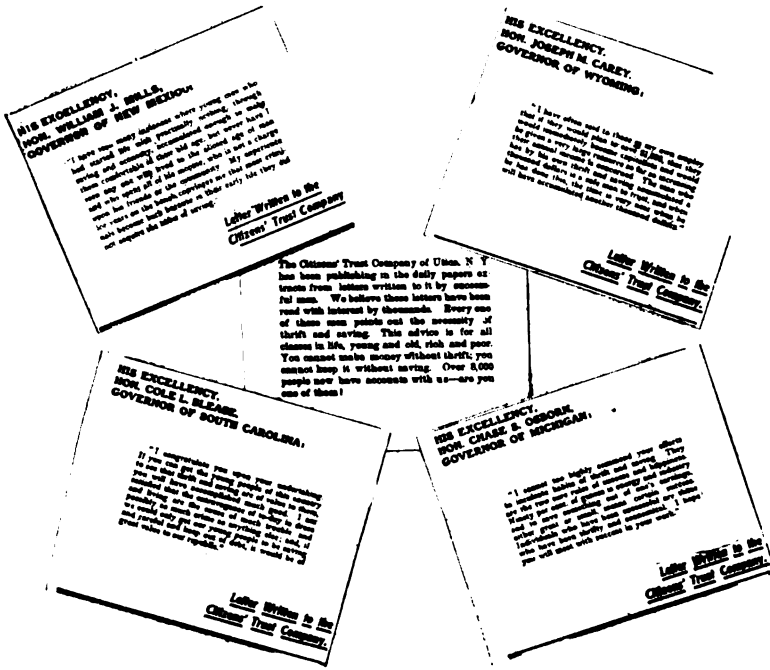
YOUR 1911 PROFITS.

Your year's salary represents a profit only as you are able to save some part of it. If at the end of the year you have spent it all you have merely earned your board and rent.

Many men and women bank their salaries here every month. They pay all necessary expenses by check and let the balance accumulate.

A check account is not alone a convenience. It is a help to those who have a desire to get ahead in the world and start in business for themselves.

Every man on a salary should have a bank



A NOVEL IDEA IN SAVINGS BANK ADVERTISING

account. We invite you to deposit your salary with this bank.

LAKE COUNTY BANK.

J. S. Corley, president of the State Savings Bank of Wichita, Kan., believes that plain, old-fashioned banking pays best. Six years ago, Mr. Corley purchased a controlling interest in and took charge of the State Savings Bank of Wichita, as its president and managing officer. The first year he ran an advertisement stating that he indulged in "just plain, old-fashioned banking." He made this advertisement prominent not only in his publicity notices, but also in all the activities of his bank. The first year of Mr. Corley's experience the deposits of his bank reached \$10,275; for the year which has just closed the deposits reached \$384,798.

Mr. William R. Stackhouse, an advertising man of Utica, N. Y., writes:

You are so public spirited in publishing ideas of advertising value for your readers, that I am taking the liberty of enclosing you some copy that we recently prepared for a client.

We wrote to a number of Governors, asking for their expression as to the advisability of thrift and saving, and the enclosed book-

let will show you some of the replies we received and how we used them.

I am also enclosing some copies of ads. we used in this connection.

This is a splendid idea. We are reproducing some of these advertisements to show what can be accomplished with initiative and enterprise along the line of bank advertising that is out of the rut.

Mr. M. C. Sweney, assistant cashier of the Mitchell County Savings Bank, Osage, Iowa, writes:

Here is my maiden effort in the booklet line. How does it strike you?

It strikes us very favorably, being a clear and well printed summary of the services offered by the institution, which are many.

Mr. Nathaniel Ferguson of Reading, Pa., who does some work in financial advertising, writes:

I have taken much interest in what you say in reference to Christmas and New Year advertising and your comment on the examples of the Northern Trust Company Bank of Chicago copy.

I got up an advertisement for the Continental Trust Company of Baltimore, which has been used in Baltimore and appears in

the New York Times of Sunday, January 7. So far as I know, I think this is the first time that a vignette has been used in connection with a bank ad. in the New York Times and I understand it is to go into the Evening Post.

I have asked the Continental Trust Company to forward you a series of these advertisements.

The Penn National of Philadelphia are using good copy, although in my judgment too small. I will ask Mr. Melville G. Baker, cashier of the Penn National Bank, to forward you a series of his advertisements.

The Pennsylvania Trust Co. of Reading, Pa., is a liberal advertiser and had profited enormously thereby. They vary their copy.

We reproduce the ad. of the Continental Trust Company of Baltimore. The vignetted soldier does stand out like a sore thumb, but we would go Mr. Ferguson one better by making the soldier's head and arm stick

TRUST COMPANY SERVICE IN BALTIMORE

With ample capital and large resources. Acting in all fiduciary capacities for corporations and individuals. A thoroughly modern banking department.

Armour plate safe deposit vault—
one of the strongest in the world.

Efficient Dependable Perpetual

Capital Resources . . . \$3,750,000

The Continental Trust Company
Baltimore, Md.
S. DAVIES WARFIELD, President



VERY GOOD

right out through the top of the rule border of the advertisement. We suppose that is the regular trade-mark of the institution, but we wonder if the gesture couldn't be changed so that the figure would not look so much like a traffic policeman.

The Trust Company of North America, Philadelphia, sends out a booklet on "Legal Investments in Pennsylvania," the object of the publication being to make clear what kind of investments the courts of Pennsylvania allow persons acting in a fiduciary capacity to purchase.

Mr. R. P. Parrish, cashier of the National Bank of Commerce, Williamson, W. Va., writes:

Dear Mr. MacGregor:

While the writer was Cashier of the First National Bank of Northfork, West Va., he issued a booklet entitled "The Bank That Does Not Pay 4%." He sent you a copy of the booklet asking your frank and unbiased criticism on same, which you very

kindly gave him, at the same time jumping onto him with both feet.

He has prepared and issued the enclosed booklet entitled "A Little Talk About a Good Bank." We would appreciate you going over same very carefully and giving your opinion of same and if it is necessary to criticize the make-up of the book from any standpoint, I hope you will feel free to express yourself. Thanking you in advance, I remain.

Well, we guess Mr. Parrish has made good use of his opportunities in the interim between booklets, because this new one, "A Little Talk About a Good Bank," is all right and even such cautious critics as we are have naught but praise for it. Other people seem to think so, too, as a banker in another State got hold of a copy of this booklet and has written in to ask if we could get up something similar for him.

The subjects treated in the booklet include: "Our Varied Facilities," "How to Open an Account," "Check Accounts," "Interest Accounts," "Certificates of Deposit," "Bond and Investment Department" and "A Public Benefactor." All are well discussed.

The mechanical part of the booklet is pleasingly executed.

Another good booklet is that of the Raleigh (N. C.) Savings Bank and Trust Company. It gives the reader a good idea of the wide range of the usefulness of the institution it represents.

The Bankers Trust Company, New York, on its latest statement folders uses a tipped-on engraving of its magnificent new building in Wall street.

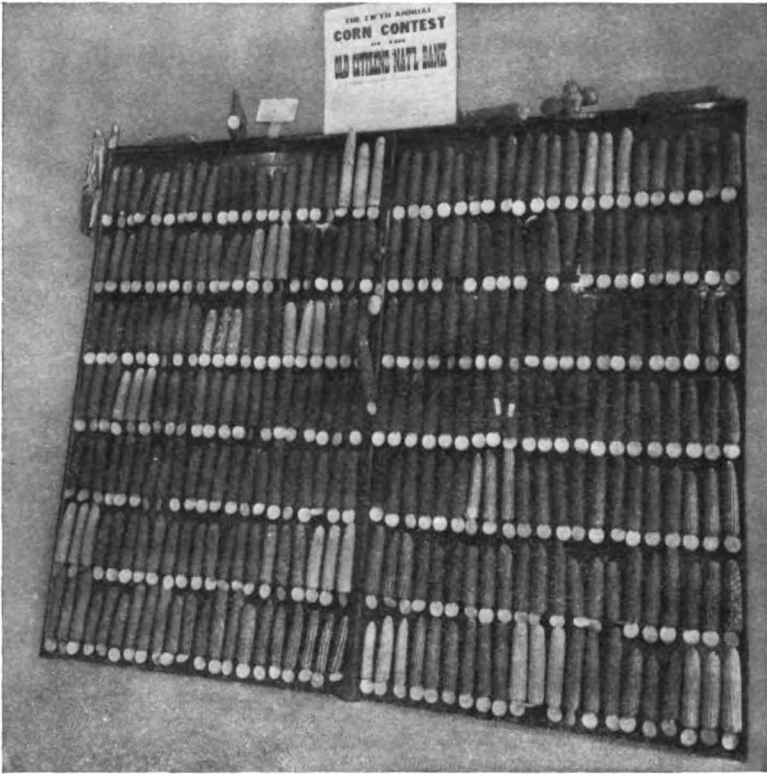
The North Side Savings Bank, New York, illustrates its seven years of progress by a pyramid showing the satisfactory growth in deposits.

The National Bank of Syracuse, N. Y., the week before Lincoln's birthday sent out a beautiful blotter with a picture of Lincoln's log cabin birthplace and containing this matter relating to the formation of the National Banking system:

On February 12th, 1809, in Hardin County, Kentucky, when it was part of the extreme Western frontier, in a mere hunter's shack—his log cabin—with a clay floor and on a bed made of stakes driven into the clay

ABRAHAM LINCOLN

was born. Notwithstanding the poverty of his birth and early manhood, he became President of the United States and one of the world's great men. Towards the end of the Civil War he formed the National Banking System. At that time all business enterprises were very much distressed, and the reconstruction needs, commercially and



A ZANESVILLE, OHIO, BANK'S CONTEST

financially, were tremendous. Lincoln believed that a banking system under the watchful supervision of the United States Government would best safeguard the urgent needs of all and at the same time furnish safe banks for the deposits of the United States Government. And Uncle Sam has never changed his mind on the safety of National Banks. This system NOW has the benefit of fifty years' experience back of it and the benefit of every National Bank being examined (by reports and United States Bank Examiners) seven times each year. Depositing your money in this bank should especially appeal to you, as this is a National Bank and has the largest capital of any bank in Syracuse.



ANOTHER CONTEST

How a Zanesville Bank Conducted a Corn Competition

CASHIER H. A. SHARPE of the Old Citizens' National Bank, Zanesville, O., writes us concerning his institution's recent Corn Contest as follows:

I am sending you to-day under separate cover, photograph of our "Corn Contest,"

which has just closed. I also enclose you one of the tags which we place in the end of the corn by a wire, and which is quite different from those shown on the table in the January number of your magazine, as exhibited by the First National Bank of Joliet, Ill.

I also enclose you a score card from which any person can see how the corn is scored, and what is required for a good seed ear.

The large circular which I enclose makes a very attractive advertising sheet. While we are endeavoring to make these exhibits greatly for the benefit of the corn grower, at the same time we are not forgetful about the results we have had in the way of advertising.

In the last and seventh annual "Corn Contest," there was on exhibit about 400 ears, which is a very large increase over any other exhibit we have held. The farmers in our vicinity are showing a great interest in the matter, and have improved their seed corn very much by securing from these exhibits, a sample of corn.

After former exhibits were over, we turned the corn over to the Salvation Army, ground, allowing them to give a "mush and milk social," and we furnished them tickets for the social, on which our advertising was placed. The tickets found ready sale at ten cents each.

This year we are giving the corn to the Woman's Benevolent Society, a charitable organization, and they expect to sell it at auction at the Poultry Fanciers' Show, held in one of our large buildings the entire coming week.

Of course all this means some advertising which our newspapers are glad to get without any expense to us.

Any further information cheerfully given.

The score card was as follows:

	Stand- ard.	Score.
1. Adaptability	25	_____
2. Seed condition	15	_____
3. Shape of Kernel	15	_____
4. Uniformity and trueness to type	15	_____
5. Weight of ear	10	_____
6. Length and Proportion	10	_____
7. Color of grain and cob.....	5	_____
8. Butts and tips	5	_____
Total	100	_____

The newspaper account of the contest follows:

As a result of the annual corn contest of the Old Citizens' National Bank, which was decided yesterday, just \$50 in prizes will be distributed by the bank, \$5 of this amount, however, being contributed as a special prize by Charles U. Shryock, president of the Chamber of Commerce.

Daniel Murphy of Freeland is the first prize winner, being awarded \$15; Herbert Elliott, second, \$12; Virgil King, Dresden, third, \$10; J. S. Denbow, White Cottage, fourth, \$8; J. M. Culbertson, R. F. D. No. 9, Zanesville, fifth, \$5, and J. Morris White of New Concord, secured the Shryock prize of \$5 for the best single ear of the golden cereal.

The judges in the contest were the busiest men in town yesterday, as they had to carefully examine 400 ears of corn, all good samples, but they finished the work at 2 o'clock, when the prize winners were announced.

All of the judges, Victor Herron, Chandlersville; G. A. Handschy, Washington township, and C. E. Sutton of Falls township, are experienced farmers, and their judgment in cereals was a valuable asset yesterday. It had been announced that T. W. Herron was to have been one of the judges, but he was prevented from officiating on account of illness, and Victor Herron was selected in his stead.

The 400 ears will be turned over to the Woman's Benevolent Society, and these members will hold an auction, selling the corn to the highest bidders at the poultry show this month, and applying the proceeds to the worthy poor of the city. Formerly the corn was sold by the Salvation Army for a mush and milk meal, but several years ago it was realized that the corn should be used in planting. The auction plan is the best, and the city's poor is still benefited, while the corn is saved for planting purposes.

The Old Citizens' Bank has done much toward improving the quality of corn raised in Muskingum county, and the shows are growing more popular every year.

A GOOD ARTICLE

EDWIN B. WILSON, M. A., who is advertising manager of the Bankers Trust Company, New York, had an article on "The Effects of Publicity to Financial Institutions" in the January number of the "National Magazine." It is a very scholarly presentation of the matter and quite worth reading.



BANK ADVERTISING EXCHANGE

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them from time to time. Others can get on this list free of charge by writing to the editor of this department. Watch each month for new names and add them to your list at once.

The Bankers Magazine, New York (ex officio).

John W. Wadden, Lake County Bank, Madison, S. D.

Charles D. Wells, Traders Bank of Canada, 8 Wellington street W., Toronto, Ont.

Henry M. Lester, National City Bank, New Rochelle, N. Y.

R. B. Parrish, cashier, National Bank of Commerce, Williamson, W. Va.

Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.

H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.

Arthur S. Cory, Chehalis National Bank, Chehalis, Wash.

C. F. Hamsher, assistant cashier, Savings Union Bank of San Francisco, Cal.

Horatio Ford, secretary, Garfield Savings Bank Co., Cleveland, Ohio.

F. W. Ellsworth, Publicity Manager Guaranty Trust Co. of New York.

T. H. Stoner, Cashier, The Peoples National Bank, Waynesboro, Pa.

J. A. Overton, Cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

H. M. Jefferson, Windsor Trust Company, New York City.

W. R. Dysart, Assistant Cashier, First National Bank, Ripon, Wis.

W. J. Kommers, cashier, Union Trust & Savings Bank, Spokane, Wash.

W. R. Stackhouse, City National Bank Bldg., Utica, N. Y.

George J. Schaller, Cashier, Citizens Bank, Storm Lake, Iowa.

J. G. Hoagland, Continental and Commercial Trust and Savings Bank, Chicago.

C. I. Chilton, Jr., Advertising Manager, First National Bank, Montgomery, Ala.

H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago.

B. H. Blalock, Asst. Cashier, Union Bank & Trust Co., Jackson, Tenn.

The Franklin Society, 38 Park Row, New York.

C. L. Glenn, Advertising Manager, Wa-

chovia Bank & Trust Co., Winston-Salem, N. C.

W. O. Boozer, Barnett National Bank, Jacksonville, Fla.

W. P. Jones, Asst. Cashier, First National Bank of Commerce, Hattiesburg, Miss.

C. E. Taylor, Jr., President, Wilmington Savings & Trust Co., Wilmington, N. C.

Jesse E. Brannen, Cashier, First National Bank, Westwood, N. J.

E. A. Hatton, Cashier, First National Bank, Del Rio, Texas.

A. A. Ekirch, Secretary, North Side Savings Bank, New York City.

E. M. Baugher, Pres., The Home Building Association Co., Newark, Ohio.

C. W. Bailey, Cash., First National Bank, Clarksville, Tenn.

C. W. Rowley, Mgr. Canadian Bank of Commerce, Winnipeg, Can.

T. J. Brooks, Cashier, The Guaranty Trust & Savings Bank, Jacksonville, Fla.

W. W. Potts, Treasurer, The Federal Title & Trust Co., Beaver Falls, Pa.

E. W. Finch, Assistant Cashier, Birmingham Trust & Savings Co., Birmingham, Ala.

Charles S. Marvel, The First-Second National Bank, Akron, Ohio.

Farmers & Mechanics Trust Company, West Chester, Pa.

Tom C. McCorvey, Jr., Asst. Cashier, City Bank & Trust Company, Mobile, Ala.

C. W. Beerbower, Asst. Cashier, The Farmers National Bank, Salem, Va.

B. P. Gooden, Adv. Mgr., New Netherland Bank, New York.

MUCH BENEFIT.

We shall greatly appreciate having our name added to the list of those willing to exchange advertising matter. We believe much benefit will be derived by our having an opportunity of informing ourselves just how others are handling the advertising end of their business. You are furnishing your subscribers each month with assistance that could not be had in any way other than by the bureau.

W. W. POTTS, Treasurer,
The Federal Title & Trust Co.,
Beaver Falls, Pa.

JUST TELL THEM "BARKIS IS WILLIN'."

Please advise the writer the requirements of those enrolled as members of your "Bank Advertising Exchange."

Thanking you in advance, I am,

E. W. FINCH, Asst. Cashier,
Birmingham Trust & Savings Co.,
Birmingham, Ala.

A GOOD IDEA.

Will you kindly add my name to your bank advertising exchange list.

The idea appears to me to be very good.

Thanking you in advance for your courtesy, I remain,

Yours very truly,

B. P. GOODEN,
Advertising Manager,
New Netherland Bank, New York.

GREATLY APPRECIATED.

If you will add my name to those already in your Bank Advertising Exchange I will greatly appreciate it.

CHARLES S. MARVEL,
The First-Second National Bank,
Akron, Ohio.

STILL THEY COME.

Kindly place this institution on your advertising exchange list.

I am sending you two copies of our monthly magazine, "Money Works."

Yours very truly,

FARMERS & MECHANICS TRUST CO.,
by W. L. Jenkins,
West Chester, Pa.

WILL BE APPRECIATED.

I would thank you to place my name in the Bankers Magazine to receive and exchange advertising matter and booklets from other bankers throughout the country. I see that you already have quite a list that you publish monthly.

Assuring you that this will be appreciated.

TOM C. McCORVEY, Jr., Asst. Cashier,
City Bank and Trust Co.,
Mobile, Ala.

A GOOD BANK MAGAZINE.

Please place my name on your Bankers' Advertising Exchange List. I have been sending you our little monthly magazine "Progress" for some time. I will be glad to have you make any comment that you may see fit to make.

Yours very truly,

T. J. BROOKS, Cashier,
The Guaranty Trust and Savings Bank,
Jacksonville, Fla.

BOOK REVIEWS

"GOVERNMENTAL SUPERVISION OF BANKING." This is the title of a very handsome publication issued by the "Banking Law Journal" of New York. It contains an account of the system of banking supervision by the National and State Governments, also of the principal countries of the world, and also a number of illustrations.

MODERN FINANCIAL INSTITUTIONS

AND THEIR EQUIPMENT



THE HARRIS TRUST AND SAVINGS BANK OF CHICAGO

DESCRIPTION OF THE
HARRIS TRUST BUILDING



EARLY in September of last year the Harris Trust and Savings Bank of Chicago took possession of its modernly equipped banking rooms at 111-117 West Monroe street. The new Harris Trust Building is a thoroughly modern, twenty-story, fireproof edifice, with a frontage of ninety feet on Monroe street and a depth of 190 feet.

It is practically in the centre of the "loop," within a half block of La Salle street, and is destined to become one of the landmarks of Chicago's financial district. The building was erected upon the most improved lines of modern construction. Its foundation is entirely of caisson type and goes down 110 feet to bed rock.

The exterior finish of the first five stories of the building is of granite, highly polished and handsomely decorated in applique statuary bronze, set off by mammoth granite columns five feet eight inches in diameter and forty-three and one-half feet high. Above the granite work the main shaft of the building is of red Roman brick, with terra cotta trimmings. The walls of the main lobby of the building are paneled in handsome pavanazzo veined marble, bordered with white Norwegian marble. A very striking effect has been produced by laying the floors in pink Tennessee marble throughout the corridors of the upper floors and wainscoting the corridor's walls in white marble. Mahogany was selected as the richest wood that could be procured for the trimming of the offices and corridors throughout the building.

Extending from the third floor to the top of the building are two large light courts faced with white enameled brick, thereby assuring the tenants of an unlimited supply of pure air and natural light.

Eight modern, high speed, passenger elevators of the standard plunger type and especially selected for their safety devices, have been installed, to insure the best possible service to all of the upper floors.

There is also an adequate freight elevator service, with an entrance from the rear.

The banking rooms proper are ninety by 190 feet and consist of the main floor and mezzanine. Parallel rows of columns thirty feet in height support a beautifully paneled, ornamental ceiling. The color scheme is largely ivory, green, and gold; the marble columns are green and ivory, the walls a light buff, and the verde antique cages stand upon counters of Formosa marble.

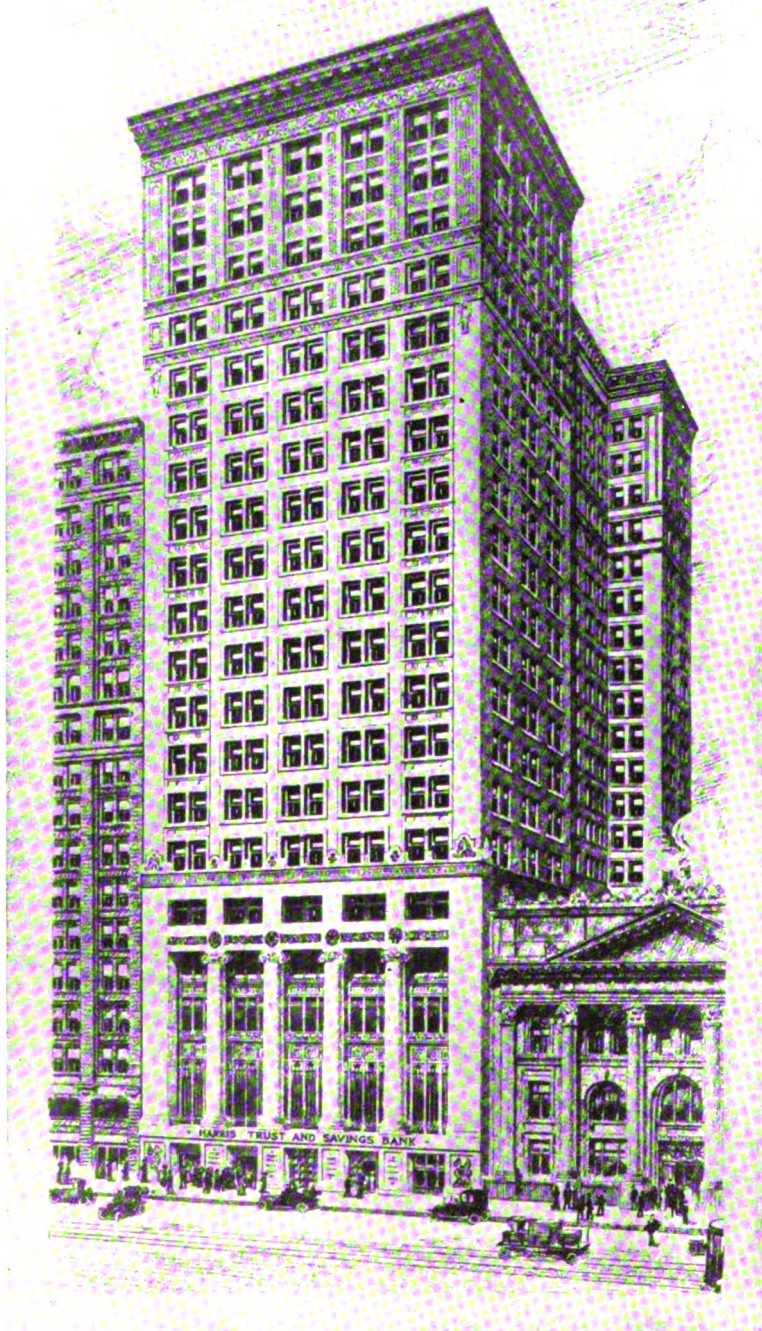
There is a distinct advantage in having a bank's quarters located on a ground floor of a building, and with this in view, the commodious public lobby in the new home of the Harris Trust and Savings Bank has been so designed that it opens directly off the street. This arrangement offers at a glance a brilliant spectacle to passers-by, when the rooms are brilliantly lighted by their score or more of chandeliers.

VAULT PROTECTION.

Protection was the first consideration in planning for the construction of the Harris Safe Deposit Vaults, which are located in the basement of the Harris Trust Building. The construction is of reinforced concrete type, the walls of the vaults being built up of close net work of heavy steel rods imbedded in rock-like cement.

A special precaution was taken in locating the vaults so that they would be entirely surrounded by lighted space which could be easily patrolled, so that there could be no tampering with the walls, roof or foundation without immediate detection. The main doors giving access to the vaults are of the most modern type, weighing thirty-three tons and operated by a four-movement time lock in addition to a double combination lock, this being the best protection known, as it overcomes any possible automatic opening.

The interior equipment is thoroughly modern and was designed to meet any possible

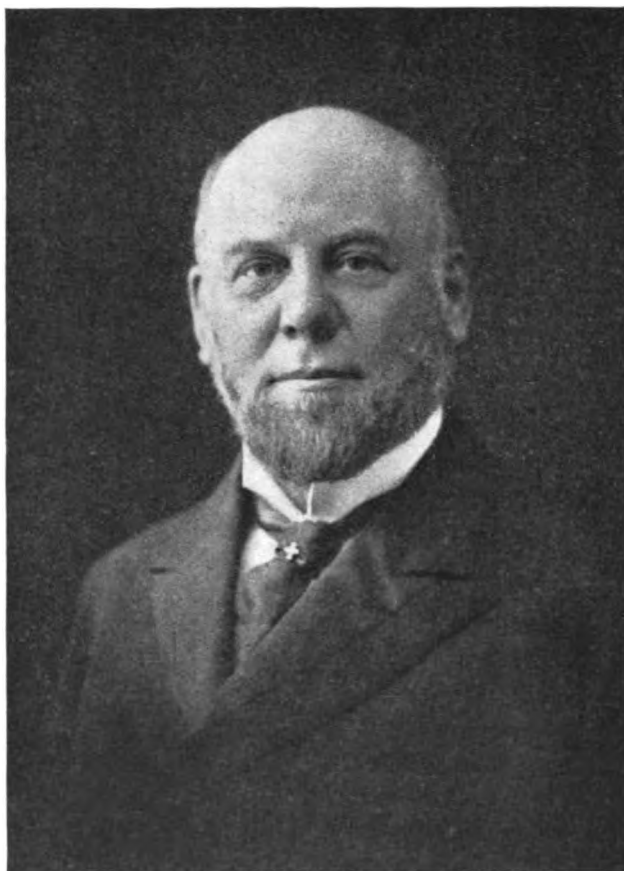


THE HARRIS TRUST BUILDING, CHICAGO—HOME OF THE HARRIS TRUST AND SAVINGS BANK

contingency. The walls, floors and ceilings are lined with heavy steel plates, which, with the specially designed doors, make the vaults proof against fire, moisture, burglary or earthquakes. The boxes are of the most modern type, fitted with Yale paracentric locks and were specially designed for the convenience of patrons.

In addition to the safe deposit vault the company has made special provision for

dependent of the other, employed by the vault company, who would be called in event of an alarm. Special provision, not found elsewhere in Chicago, has been made against any possible mob violence or riots. Completely surrounding the vaults is a high pressure system of steam pipes with outlets through which, in case of extreme emergency, live steam can be forced, completely enveloping the vaults. This wall of



N. W. HARRIS

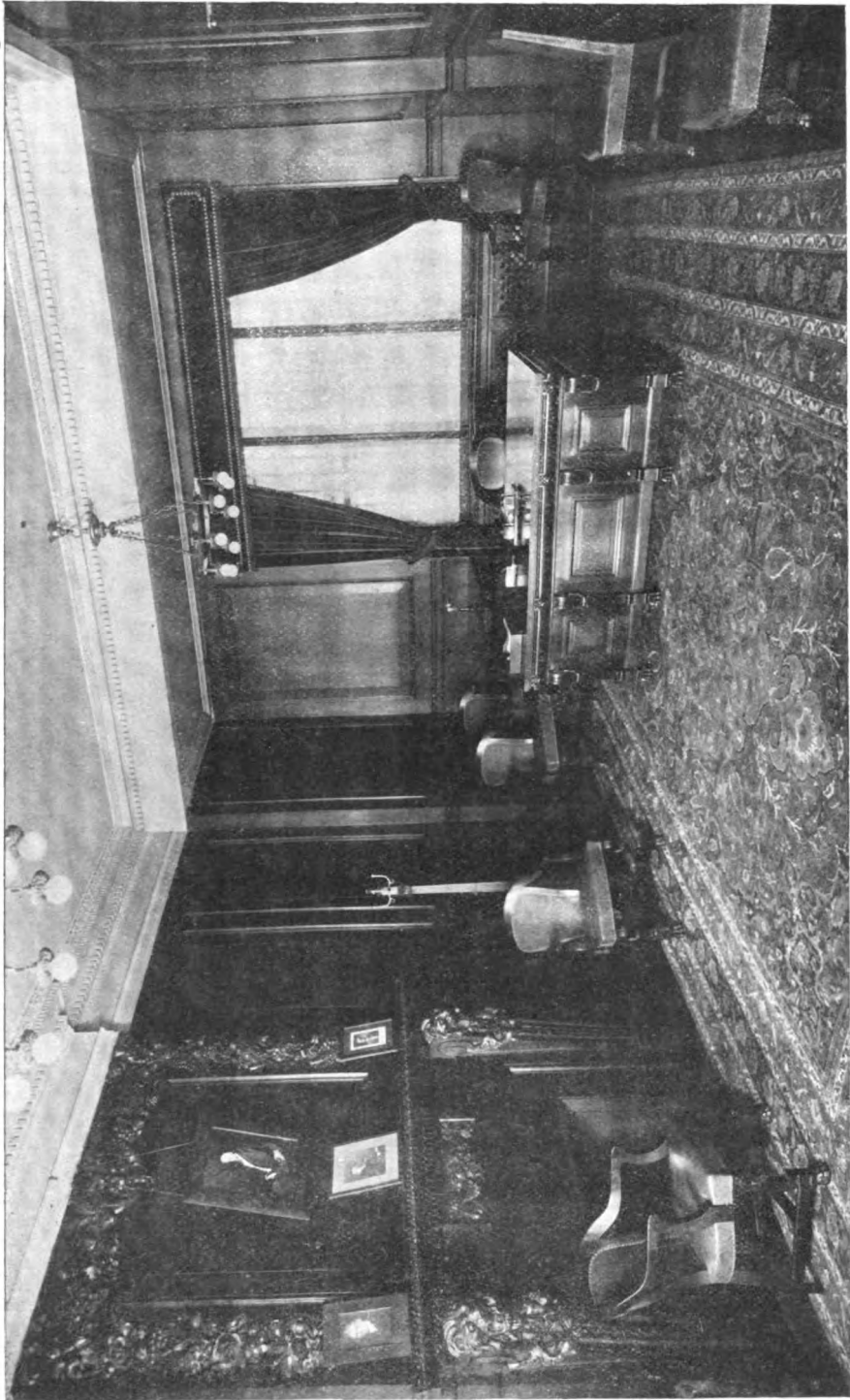
PRESIDENT HARRIS TRUST AND SAVINGS BANK, CHICAGO

the storage of books, records and bulky articles. Commodious storage rooms are located in the first and second basements.

Supplementing the safeguards provided by the nature of the construction of the vaults themselves, there are several special devices provided for additional protection. They are equipped with an independent electric burglar alarm system which insures immediate notification to special police in case the vaults were tampered with. There are several sets of guard officers, each in-

steam would make it impossible for anyone to operate within the vault zone.

In addition to the convenience of location, every accommodation for customers has been provided. There are splendidly equipped coupon rooms for individual use, divided into departments for both men and women. There are also committee rooms with private telephone service in which meetings may be held. Here, patrons who desire quiet, guarded meeting places for associates or trustees of estates or directors



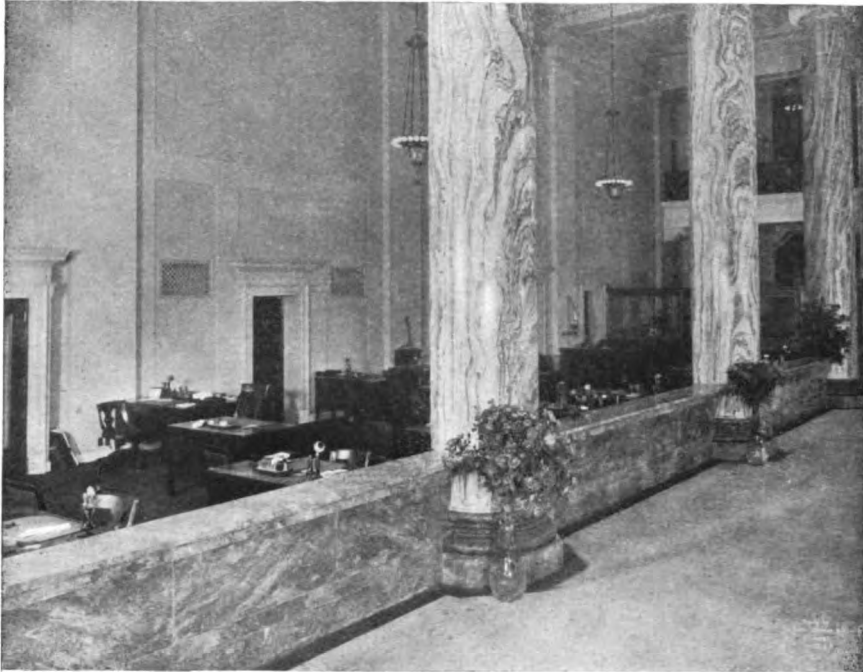
PRESIDENT'S OFFICE, HARRIS TRUST AND SAVINGS BANK

of corporations may transact business. Aside from the private coupon rooms for women, there is also a committee room set aside for their use. To add to the comfort of patrons and their friends, careful attention has been given to the matter of ventilation so that fresh air, washed free from all impurities, cooled in summer and warmed in winter, reaches all quarters of the premises.

Realizing that more than ordinary care should be given to the custody of the vaults and the management of the business, the

facilities are a pneumatic tube system connecting every point of the bank's quarters and an elaborate concealed system for lighting the cages and other clerical working spaces.

More than ordinary care has been taken in securing tenants for such spaces in the Harris Trust Building as are not occupied by the bank, with the result that the building itself has become somewhat of a nucleus for financial houses. Nearly a dozen of the largest life insurance companies have their Chicago quarters in the building and per-



BOND SALES DEPARTMENT

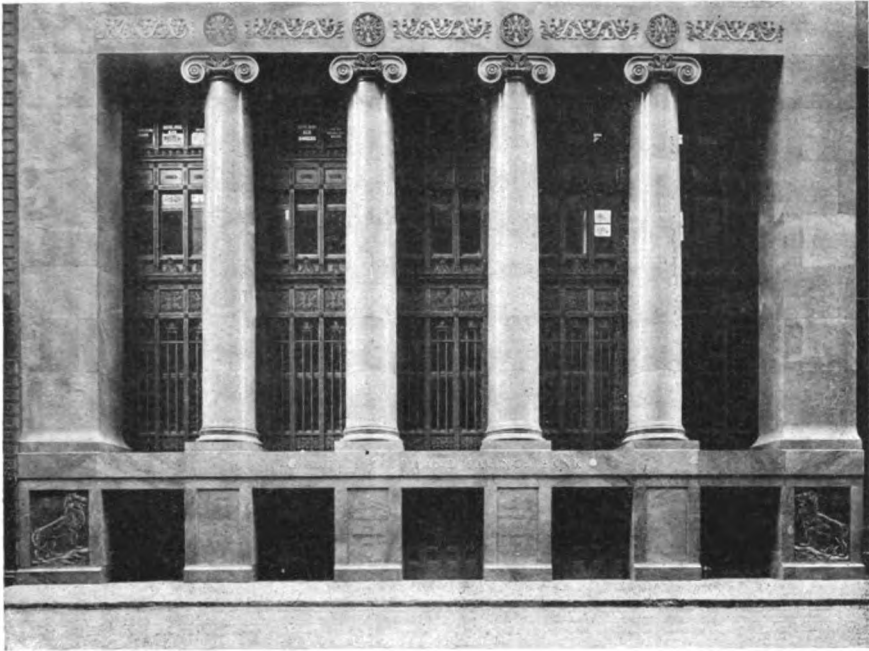
company has taken great precaution to select men whose reputation and ability is beyond question, and the general policy of the management is shaped by the men who have made the Harris Trust and Savings Bank an institution well known for its conservatism and responsibility.

Besides the large storage space in the basement and first sub-basement, and the coupon rooms for the customers, additional rooms have been provided for directors, committees and other departments on the mezzanine floor. The bank's legal department is located on the third floor of the building.

Every effort has been made to secure the utmost convenience both for the public and for the bank's working force. Among these

perhaps a dozen or more bond houses and commercial paper concerns are located there as well. One of the biggest packing companies in the country and one of the prominent express companies have taken whole floors in the building.

Norman W. Harris, the head of the well-known Harris bond and banking organization, consisting of the Harris Trust and Savings Bank of Chicago, the Harris Safe Deposit Company of Chicago, Harris, Forbes & Co., New York, and N. W. Harris & Co., Inc., Boston, whose combined resources on December 1, 1911, were \$35,000,000, was the pioneer banker in municipal bonds—those investments which are known the world over as “Next to government bonds.” Probably no one individual has



FACADE AND ENTRANCE TO THE HARRIS TRUST BUILDING

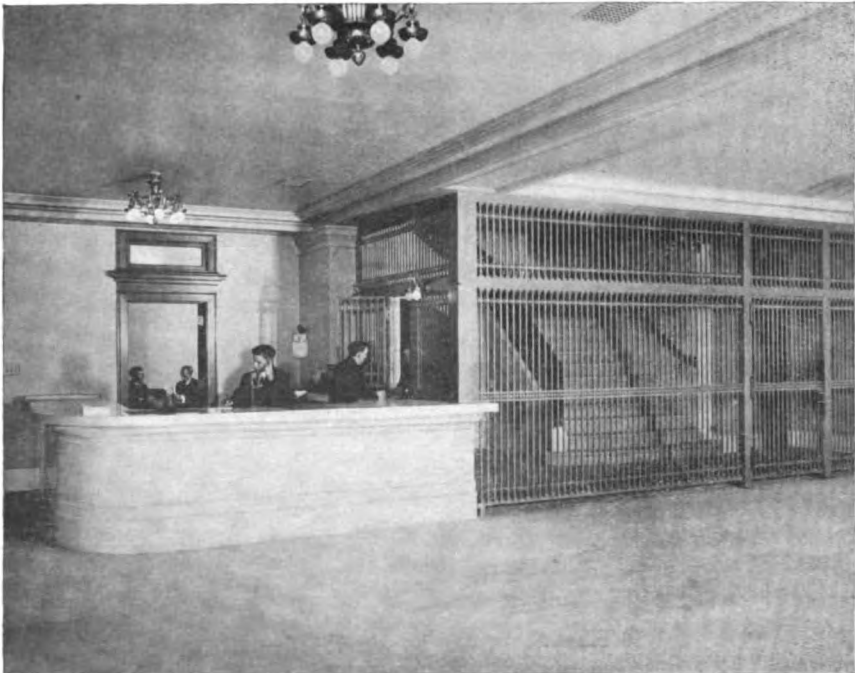


VIEW OF LOBBY AND BANKING DEPARTMENT

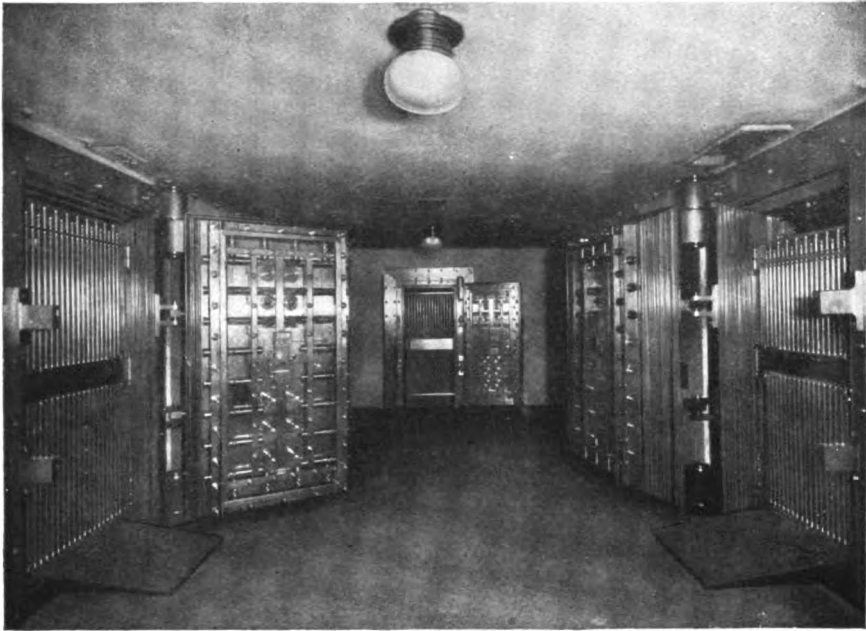
MODERN FINANCIAL INSTITUTIONS



ENTRANCE TO SAFE DEPOSIT DEPARTMENT



OFFICE OF SAFE DEPOSIT DEPARTMENT



ROOM, CASH, SECURITY AND TRUNK VAULTS

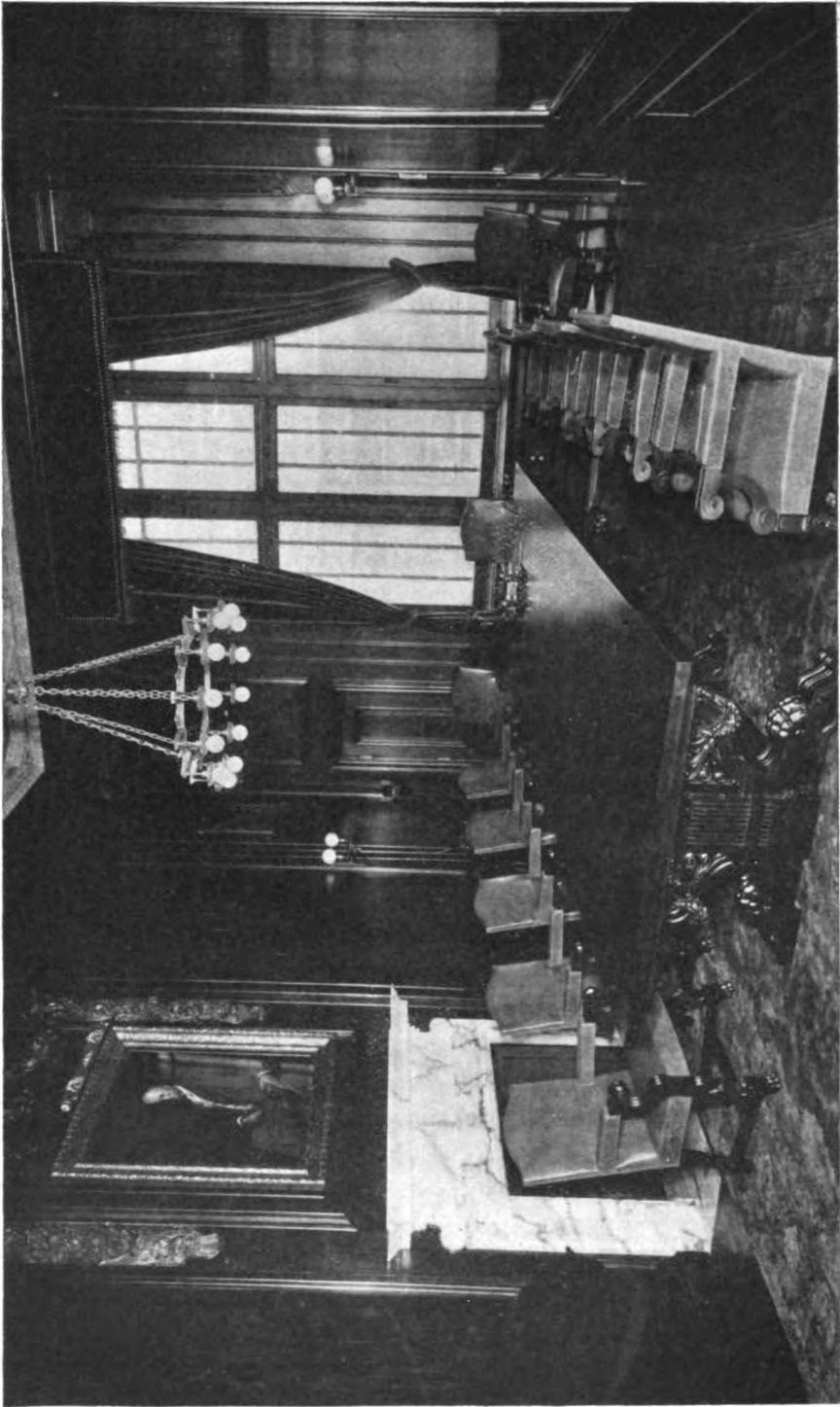
had more to do with placing municipal securities in their proper light before the investing public of the United States than he.

Mr. Harris, as secretary and manager of the well-known Union Central Life Insurance Company, whose assets on January 1, 1911, were \$31,000,000, and which he aided in organizing in 1867, had an early and extended training in financial affairs, for a period of fourteen years gaining experience in looking at investments from the investor's point of view. During this time he traveled extensively over the Central and Western States, as well as in Europe, and was strongly impressed by the necessity for public improvements in the proper development of the great resources of the country. He felt that the cost of these improvements would be almost beyond comprehension and the needed capital would have to be raised by the issue of securities; and he believed that he who could gain the confidence of capitalists, trustees of savings banks and insurance companies and also of the smaller investors who would advance this money, could aid greatly in the development of his country.

Mr. Harris had learned from experience that, as a rule, the broker did not always for himself obtain complete knowledge of the securities which he offered for sale, for the reason that the broker's usual commissions were not sufficient to justify all the expenses often necessary to investigate fully the value of a security. Hence, in founding the house of N. W. Harris & Co. in 1882,

he decided as a general policy not to sell bonds on commission, but that before offering bonds for sale he would buy them outright and would offer only such securities as would be suitable for a trust fund. As a basis for this business policy he decided to make a thorough examination of the value of the security back of every bond, its legality, etc., and if the bonds should be issued by a corporation, to investigate thoroughly the character of the corporation's management, as well as its future prospects, being careful at all times to employ for this work of investigation disinterested experts of the highest ability and character. Moreover, he determined never to allow any prospective profit to influence his judgment regarding the sufficiency of a security. This policy he has continually kept most prominently in view with all his business associates, with the result that a very large amount of securities, after investigation, have been declined; and this policy has been maintained, even though many bonds, which at the time they were considered for purchase, were not up to this standard, have since proved good. Constantly he has preferred to take the benefit of any doubt for the protection of his clients.

In 1907, the original Chicago office of N. W. Harris & Co. had grown to such size that it was deemed advisable to incorporate it as a bank and trust company under the laws of Illinois. At once the facilities for conducting a strictly banking business were increased. The growth of business was



DIRECTORS' ROOM, HARRIS TRUST AND SAVINGS BANK

phenomenal, the deposits in a little over four years having crossed the \$19,000,000 mark. This is particularly noteworthy in view of the fact that the bank does not loan on commercial paper, but rather specializes in individual and reserve accounts of individuals, firms and corporations, as well as of country banks and bankers.

Early in 1911, the New York firm of N. W. Harris & Co. was incorporated as Harris, Forbes & Co., and that of Boston as N. W. Harris & Co., Inc.

At the dedication of the bank's new home on September 16, 1911, eighty representa-

tives and officers of the two eastern firms, together with the stockholders and employees of the bank, were banqueted in the spacious lobby of the bank's new quarters. In order to bring these representatives from New York and Boston, the New York Central's Twentieth Century Limited was chartered both coming and going, something that has never been done by a private party before. The banquet was a most brilliant affair, attended by more than 200 people, and the culmination of the event was the presentation to Mr. N. W. Harris of a beautiful loving cup by his associates.

THE PEOPLE'S SAVINGS BANK, CEDAR RAPIDS, IOWA

ONE of the most unique and interesting examples of modern bank architecture is the new home of the People's Savings Bank of Cedar Rapids, Iowa, reproduced herewith in a series of attractive photographs.

The architect of this building, Louis H. Sullivan of Chicago, is the living exponent of the architectural idea that "form follows function." His buildings are, therefore, both original and practical.

Mr. Sullivan was one of the designers of the World's Columbian Exposition and on the initiative of the French Government Commission was awarded a gold medal by

the "Societe Centrale des Arts Decoratifs" of Paris. The Transportation Building at the exposition occasioned more favorable comment than any building of that decade and necessarily gave him large public recognition at home and especially abroad, where examples of his work are to be found in the great museums. Constantly since that time he has designed and created many beautiful and famous buildings and is recognized as one of the world's greatest living architects.

His every design is his personal work and embodies his personality in each of the many materials used.

He considers the banking room of the



PEOPLE'S SAVINGS BANK BUILDING, CEDAR RAPIDS, IOWA, GIVING FRONT AND SIDE VIEW. LOUIS H. SULLIVAN, ARCHITECT

People's Savings Bank of Cedar Rapids one of his best creations and especially new and organic in its arrangement.

ARRANGEMENT, MATERIALS AND DECORATIONS.

The exterior treatment is of brick, with terra cotta trimmings. The brick used are Indiana shale wire-cut, with a nap surface. The brick comes from the kiln in about fourteen colors or shades. They are laid up promiscuously with three-eighths' inch joints raked out three-eighths of an inch deep. The general effect is that of an antique Oriental rug. The terra cotta is given an average tone to match the brick and also a corresponding roughness of texture.

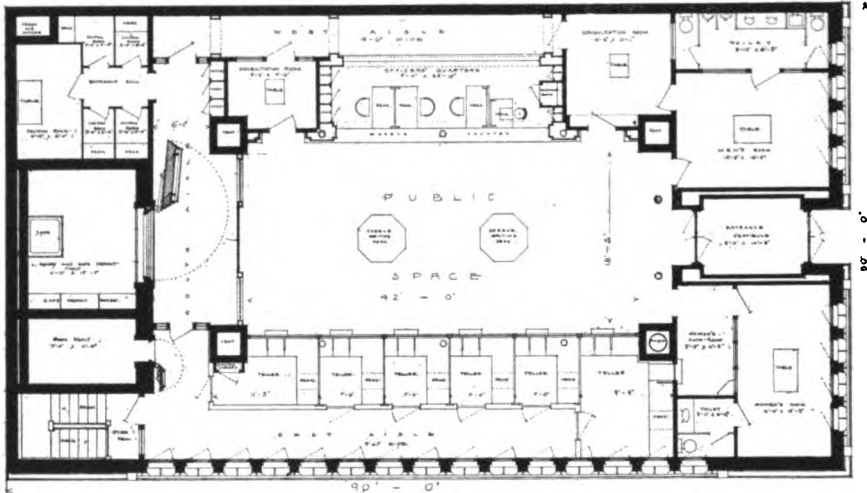
All of the frame and sash work is painted

possible, an automatically working machine.

The high point of interest in this distinctive bank building is the interior. It was designed, with all its adjuncts, strictly as a banking room. Its plan may be called "democratic," in that the prospect is open and the officers are in plain view and easily approached. This is the modern "human" element of the plan, as it tends to promote a feeling of ease, confidence and friendship between officers, employees and customers.

All parts are well supplied with daylight.

The general treatment of the interior is very rich—a well devised color-scheme being maintained throughout. The whole effect is attractive and inviting—all repellent aspects of mystery, reserve, dullness and frigidity (so characteristic of the older banks) being



MAIN FLOOR PLAN, THE PEOPLE'S SAVINGS BANK, CEDAR RAPIDS, IOWA. LOUIS H. SULLIVAN, ARCHITECT.

white. The windows in the clerestory are filled with leaded opalescent glass of a superior quality. The lower windows are of polished plate.

The keynote of the design is found in the clerestory which surmounts the public space below. It is cornered by four vent stacks, one of which contains the smoke pipe. The lower part houses the working departments, etc. The scheme of the design is to produce, by the use of simple lines and plain surfaces, a quiet, dignified effect, which will show, to the best advantage, the natural beauty of the material employed.

The exterior is thus a logical outcome of the plan and the building has been designed from within outward. The prime governing considerations were utilitarian—that is, an effort was made to secure a banking layout specially adapted to this bank's class of business, and which should be, as nearly as

carefully eliminated, and the social fact brought into prominence—that banking is a function of society and not a secluded mystery apart from the people.

The materials used in the construction and equipment of the building are of the best quality. The floor is of green and white encaustic tiles one inch square. The marble of the counters is statuary-veined Italian. All of the grille work is copper-plate, with verde antique finish. The woodwork is all of selected oak stained to a walnut-shell tone. All leaded glass is opalescent, and is made part of the color scheme. The columns are of cast iron, richly decorated in many colors. The fixtures in the tellers' quarters were all specially designed by the architect. Wire partitions and overhead work are not used.

The system of electric lighting is indirect for the main public hall and direct for the

balance. The bowls of the indirects are treated in many colors; the remaining fixtures are mostly verde antique.

The color scheme reaches its climax in the four mural paintings on the lower walls of



THIS BUILDING WAS OCCUPIED FROM JUNE 2, 1900, TO MAY 30, 1903, AS THE HOME OF THE PEOPLE'S SAVINGS BANK

the clerestory. Only one of these is formal. It represents the relation of banking to labor. It is painted in high color on a gold background. The three remaining paintings deal with agricultural scenes characteristic of Iowa, and symbolize not only the source of the wealth of the State, but the bank's dealings with the farmer.

The entire scheme, therefore, is a complete inversion of the traditional notion of what a bank should be; and as complete a statement

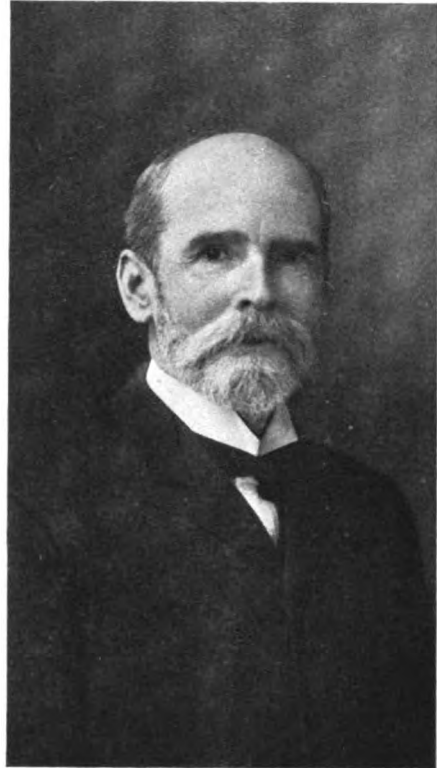


THIS BUILDING WAS OCCUPIED FROM MAY 30, 1903, TO SEPTEMBER 6, 1911, AS THE HOME OF THE PEOPLE'S SAVINGS BANK

of what this particular bank, with its special needs, ought to be and is.

Starting with a thorough-going search into and analysis of these special needs and with unwavering logic following the demands of these special needs to a complete conclusion, has resulted in this case (as it might be in the case of any other bank) in a highly specialized, unique and individual building.

The philosophy ever present throughout the plan and design of this structure is expressed in the formula, "Form follows function." This law is universal. It applies not only to things organic and inorganic, but to every phase of human thought and activity. And inasmuch as men create in the image of their thoughts, the validity of their creations is subject to the acid test of this law. Supplemental to the above is the following, namely: Every problem contains and suggests its own solution, which means that

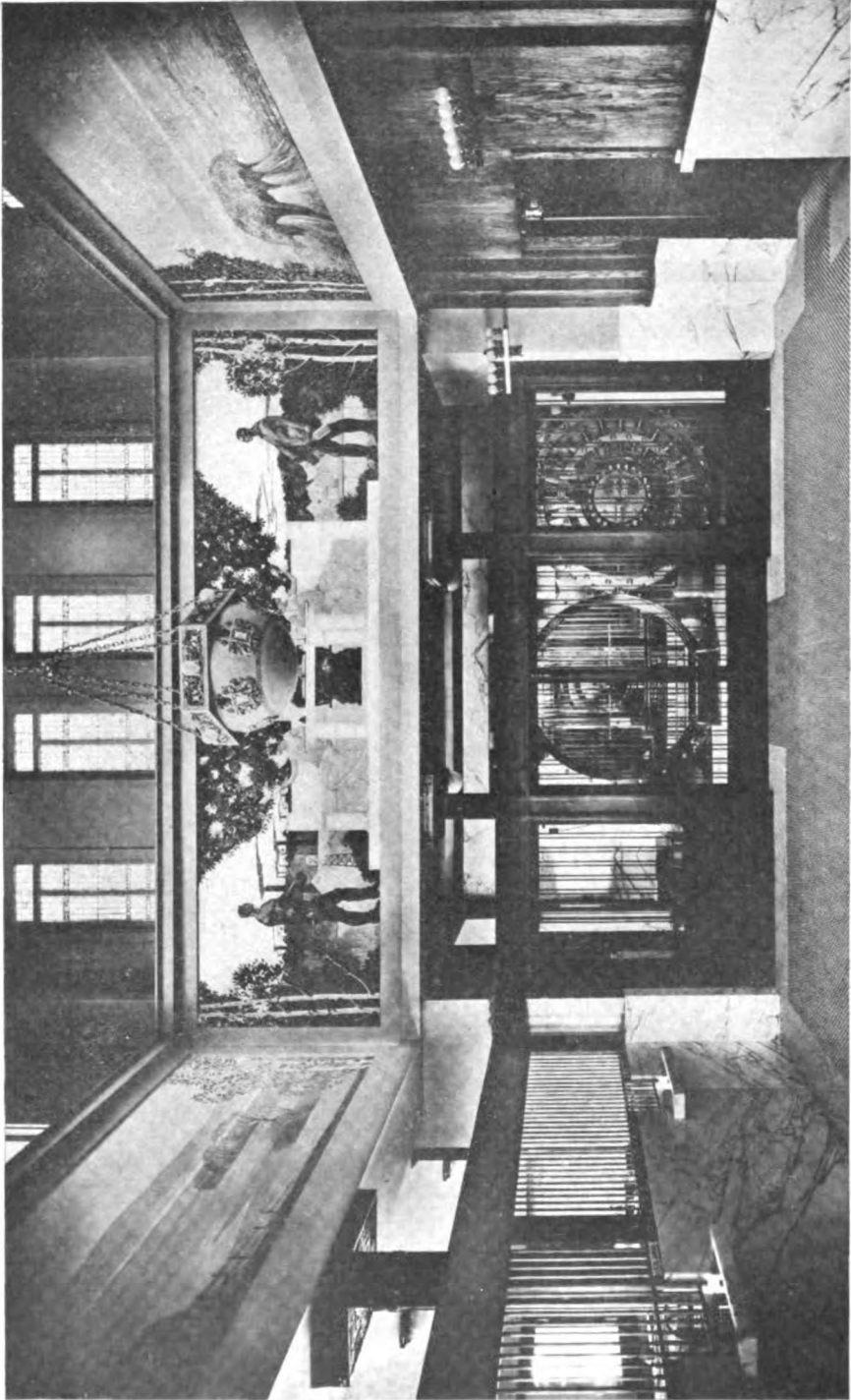


H. E. WITVER
PRESIDENT

one is to seek and find the solution within the problem itself, under the general law above given. All our problems are modern and of ourselves; thereore, all our solutions must be of our day and of ourselves—by and for ourselves.

A RARE COMBINATION OF SAFETY, UTILITY AND BEAUTY.

It is in the solid conception, the thoroughly practical arrangement, the discriminating taste shown in selection of materials and choice of designs, the thoughtfulness for the



Copyright 1911.
INTERIOR VIEW SHOWING SAFETY DEPOSIT VAULT FROM PUBLIC LOBBY, THE PEOPLE'S SAVINGS BANK, CEDAR RAPIDS, IOWA. LOUIS H. SULLIVAN,
ARCHITECT. VIEW SHOWS MURAL PAINTING BY ALLEN E. PHILBRICK. FORMAL SETTING SYMBOLIZING "INDUSTRY—BANKING—COMMERCE"



Copyright 1911.

INTERIOR VIEW OF MAIN ENTRANCE, PEOPLE'S SAVINGS BANK, CEDAR RAPIDS, IOWA.
 LOUIS H. SULLIVAN ARCHITECT. SHOWS MURAL PAINTING BY ALLEN E.
 PHILBRICK, ENTITLED "EVENING"—FALL PLOWMAN RETURNING HOME

public and for employees, the general marks of progress and leadership everywhere shown in the interior that will make the People's Savings Bank one of the notable bank buildings of the country. The finish is in solid oak, exquisite in its plainness and conforming to the idea that everywhere ruled the architect and builders. There is a profusion of marble of the finest quality, mosaic floors and an air of solidity and wealth such as becomes a bank that has advanced from small beginnings to the state of a very large and flourishing institution in a brief period.

The building will be heated by its own steam plant and is lighted by a perfect system of electrical engineering. There is a switch-board by means of which any individual light can be controlled. By turning the master switch all the lights are controlled at the same time. The electroliers are massive, and are works of art in bronze.

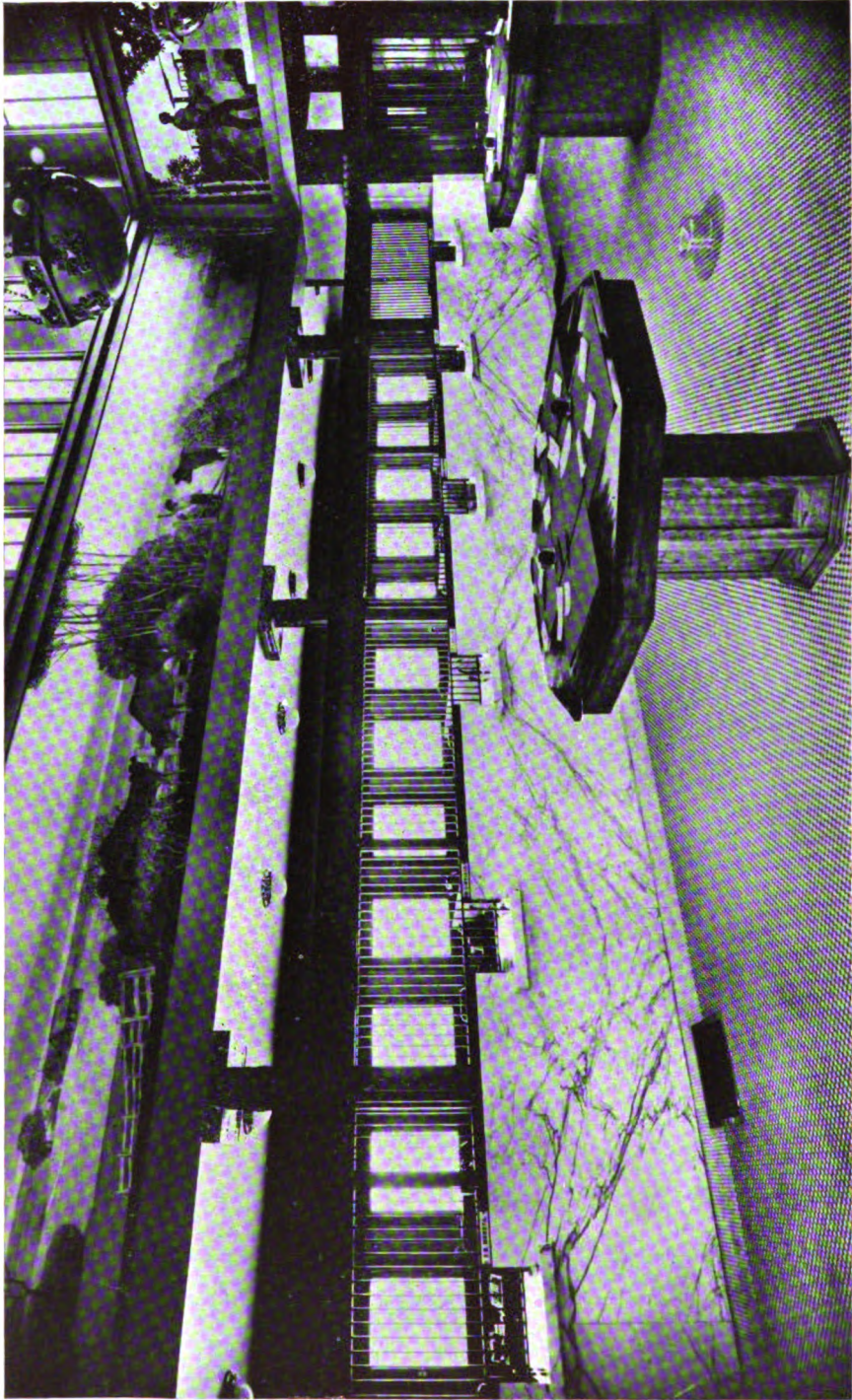
There are rooms for the officers, directors' room, all fitted in the elegance that marks the work throughout. The feature that is

new and that will be appreciated, is the rest room for women and the rest room for men, occupying the best space in the building, on the Third avenue front, and convenient to the entrance. These rooms are fitted with the best of furniture, including writing tables, telephones, and each is fitted with closets and lavatories. These rooms will be open all day for the convenience of the public.

Each officer and employee in the bank has his desk and wicket. An idea, original with the People's Savings Bank, is the placing of the name of the officer or employee painted on a small detachable slab by the wicket. When the employee is absent he removes his name and the name of the substitute is placed in its stead. This allows the patron always to know the name of the individual with whom he transacts his business.

THE VAULT AND ITS EQUIPMENT.

For affording security to a bank's cash and the documents and securities held on



Copyright 1911.
TELLERS' AND BOOKKEEPERS' WINDOWS, VIEWED FROM PUBLIC LOBBY, THE PEOPLE'S SAVINGS BANK, CEDAR RAPIDS, IOWA. LOUIS H. SULLIVAN,
ARCHITECT. VIEW SHOWS MURAL PAINTING BY ALLEN E. PHILBRICK, ENTITLED "MORNING"—BOY WITH COWS ON A SPRING MORNING

its own account and for its customers, the vault equipment is of first importance. In this respect the People's Savings Bank is exceptionally strong. The massiveness of the vault is indicated by the ponderous circular door, which weighs twenty-five tons, and

a French plate mirror. The visitor can see his reflection in hundreds of places. The vault is, of course, equipped with a time lock.

HISTORY OF THE BANK.

The People's Savings Bank of Cedar Rapids, Linn County, Iowa, was organized not quite twelve years ago by a few of the progressive men of that enterprising city. They came to the conclusion that the then small but growing business section of what was and is now known as the West Side of the city should have the advantages of a bank. They organized, sold stock, and on May 21, 1900, decided they would be ready to open for business not later than June 2, 1900. They opened for business in a small building located on the same corner as now occupied by the present magnificent new banking structure, with the following officers and di-



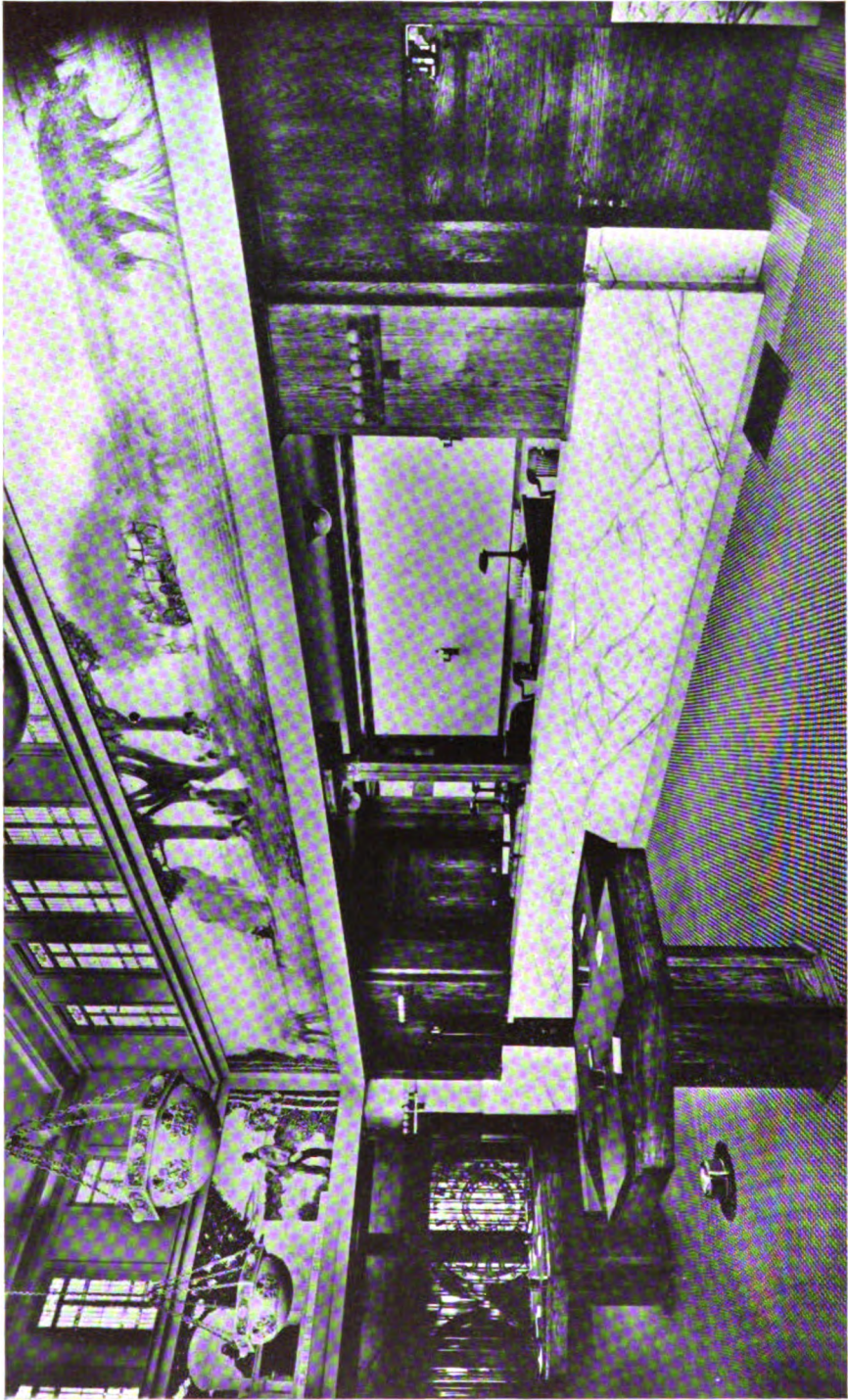
F. H. SHAVER
FIRST VICE-PRESIDENT

is more than seven feet in diameter, so that the tallest man might enter without stooping. Inside is the safe that has done duty for several years, and which, of itself, would afford the greatest resistance to a burglar. Heavy as the door is, it is so completely adjusted that only a slight effort is required to swing it on the ball bearings of its hinges. It is forced into its seat and again released by means of massive steel arms and cams, the adjustment being precise to the one-thousandth part of an inch. It may be correctly stated that this massive piece of steel fits as completely as the best watch case. Inside, the vault is large and roomy. There is a splendid arrangement of mirrors that creates an effect like that in a "Palace of Illusions." There appears to be four safes, all alike, and the hurried burglar might overlook the real sphere and do nothing more serious at the first attempt than crack



WILLIAM KING
SECOND VICE-PRESIDENT

rectors: President, Timothy McCarthy; first vice-president, H. E. Witwer; second vice-president, J. J. Powell; cashier, E. W. Virden. Directors: Timothy McCarthy, H. E. Witwer, J. J. Powell, William King, F. H. Shaver, Theodore Stark, A. H. Wolf, J. M. Redmond and George H. Boyson.



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VUE OF OFFICERS' QUARTERS FROM PUBLIC LOBBY, THE PEOPLE'S SAVINGS BANK, CEDAR RAPIDS, IOWA. LOUIS H. SULLIVAN, ARCHITECT
VIEW SHOWS MURAL PAINTING BY ALLEN E. PHILBRICK, ENTITLED "MOON"—SUMMER HARVEST FIELD AT NOONTIME

The promoters, who had confidence that a bank on the West Side in Cedar Rapids would be a success, have not been disappointed, though for nearly four years it was a problem, as only small headway was made. In May, 1903, on account of the unfitness of the building, the bank removed to a larger room one-half block west from their original location. At the annual stockholders' meeting, January 12, 1904, the then president, Mr. McCarthy, who was in poor health, tendered his resignation; also the cashier, Mr. Virden, resigned, to accept a similar position in the South, with the result that a reorganization took place and the following officers were elected: President, H. E. Witwer; vice-president, J. J. Powell; second vice-president, F. H. Shaver; cashier, John Buriemek, Jr. At the time of the reorganization the deposits were but \$137,000, consisting of \$99,000 savings and \$38,000 commercial deposits. With the new organization, and possibly the somewhat newer blood injected, business commenced to come to the institution in greater volume, so that in two years' time, in 1906, they were obliged to discard the large fireproof safe which was used as a vault and build a vault for the care and protection of the bank's records, also selling the money safe and purchasing the best on the market at that time, a Corliss, and placing it in the show window of the banking room.

Since January, 1904, the bank has had a remarkable growth, with deposits at that time a little over \$100,000, they have gained on an average of \$100,000 each year, until now the deposits are above the nine hundred thousand mark and nearing a million, with resources of over one million dollars. The only changes that have taken place in the officers since the reorganization being that in January, 1908, the honored first vice-president, Hon. J. J. Powell, an eminent attorney and one of the original promoters of the bank, died, and was succeeded by the second vice-president, F. H. Shaver. Mr. Shaver was one of the younger men in the bank who had always shown a great deal of energy and whose judgment was always considered as exceptionally good. It is due to Mr. Shaver's energy that the bank occupies to-day the magnificent new structure which is the show place of Cedar Rapids. Mr. Shaver was succeeded by William King as second vice-president. Mr. King is the son of the original David King, one of the earliest settlers of Cedar Rapids and after whom the West Side was originally named, it being known as Kingston before it was annexed to Cedar Rapids. William King has always been very partial to that part of the city originally settled upon by his father and his present home is located near the original residence of his father.

In June, 1910, at the monthly meeting, the cashier, who had up to this time been the only active officer in the bank, asked for an assistant. The directors did not have far to

look for one to fill the position, as they had one in their own bank, a young man who had had an excellent education before coming to the bank, being a Princeton graduate, which, coupled with a training of four years in the bank, prepared him to immediately assume the duties incident to the position. The directors at that meeting elected John Montague Ely assistant cashier. The choice was well made, for he has proved a splendid officer, and since his election a good portion



JOHN BURIEMEK, JR.
CASHIER

of the active management of the bank has fallen upon his shoulders.

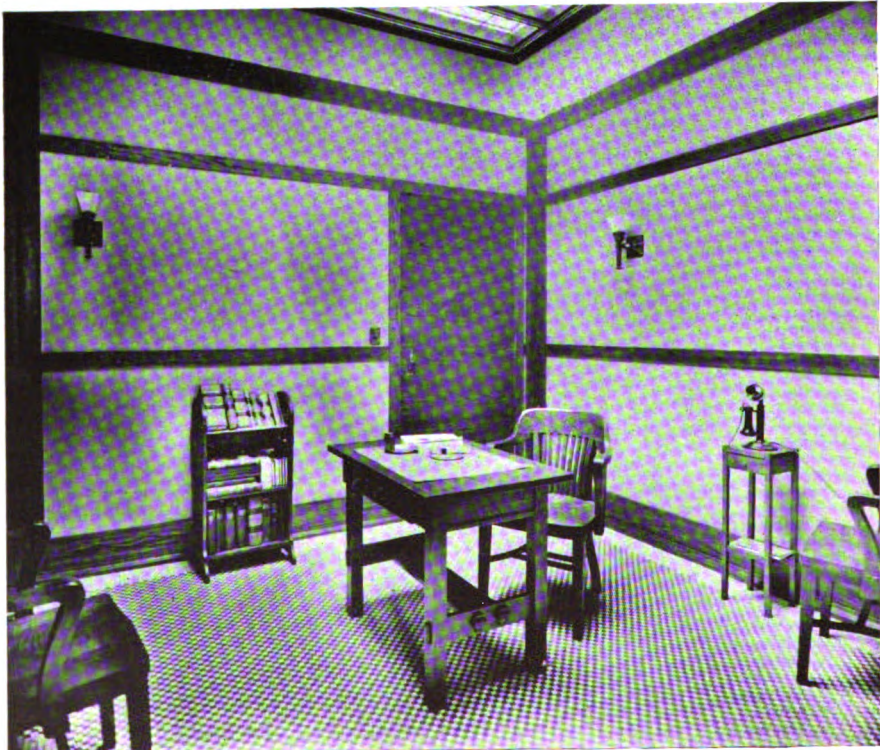
THE BANK'S MANAGEMENT.

The present officers and directors of the bank are: President, H. E. Witwer, one of the most substantial men of the city, who has the distinction of having been one of the very first grocers in the early days of Cedar Rapids. He is vice-president of Witwer Bros. Co., wholesale grocers, and spends a portion of his time in Florida and Cuba, where he has large interests.

The vice-president, F. H. Shaver, comes of one of the oldest Cedar Rapids families,



OFFICERS' QUARTERS, THE PEOPLE'S SAVINGS BANK, CEDAR RAPIDS, IOWA. LOUIS H. SULLIVAN, ARCHITECT



VIEW OF CONSULTATION ROOM. THE PEOPLE'S SAVINGS BANK, CEDAR RAPIDS, IOWA. LOUIS H. SULLIVAN, ARCHITECT

and is the sole owner of the Shaver-Blake Company, manufacturers.

The second vice-president, William King, is president of the Kings' Crown Plaster Company, and has been treasurer of the Cedar Rapids Building and Loan Association for twenty-seven years, or since its organization.

The cashier, John Burianek, Jr., has been in the banking business all his life, having commenced at the age of fourteen in one of the banks in Cedar Rapids, with which institution he remained until eight years ago, when he took charge of the People's Savings Bank. He has resided nearly all his life in Cedar Rapids.

The assistant cashier, John Montague Ely, is a native of Cedar Rapids and is a member of one of the very oldest families of the city, and since completing his education has been connected with the bank.

All the officers are directors, the additional directors being: George G. Grupe, a very active man, being vice-president of Lagomarcino-Grupe Company, wholesale fruits and produce.

Timothy McCarthy, the original president of the bank, is a retired dry goods merchant, being one of the original dry goods men of the city.

E. S. Seely is secretary and treasurer of the Dearborn Brass Company, a Cedar Rapids institution, which has prospered splendidly under his management. Mr. Seely is a Cedar Rapids product and belongs to one of the older families of the city.

C. E. Tuttle is the head of the Tuttle Land Company and has been exceptionally successful in land deals.

The success of the People's Savings Bank since its reorganization has been due to the fact that the officers and directors have worked as a unit. The majority are still considered as young men, yet their advice has been sought by many older heads. The sound judgment shown by the officials and directors accounts in a measure for the remarkable growth of this institution.

As far back as eleven years ago it was thought advisable that the bank should own its own home. At that time the owner of the property on which the building was located and which the bank occupied did not care to sell, and when in 1903 the bank's quarters became too small and it was obliged to move, it was thought that possibly the new quarters would be large enough for all times to come, but only two years after the reorganization it was seen that the bank would outgrow its quarters, and while considerable improvements had been put into the building, such as building the vault and making interior changes, in the spring of 1908 the directors authorized the president and the cashier to purchase, if possible, the original location, which consisted of a piece of ground 20x50, with an additional piece of ground 70x50, giving the bank ground space to build on 50x90, or four and one-half times

as much space as the bank originally occupied. While it seemed that it was more space than was probable the bank would ever use, yet the officers and directors immediately commenced to make arrangements to engage an architect who would give the bank a building which would be an up-to-date one in every respect, with the result that they selected Louis H. Sullivan of Chicago, who planned the present building, which was accepted with only a few changes.

In 1908 the bank employed but seven peo-



JOHN M. ELY
ASSISTANT CASHIER

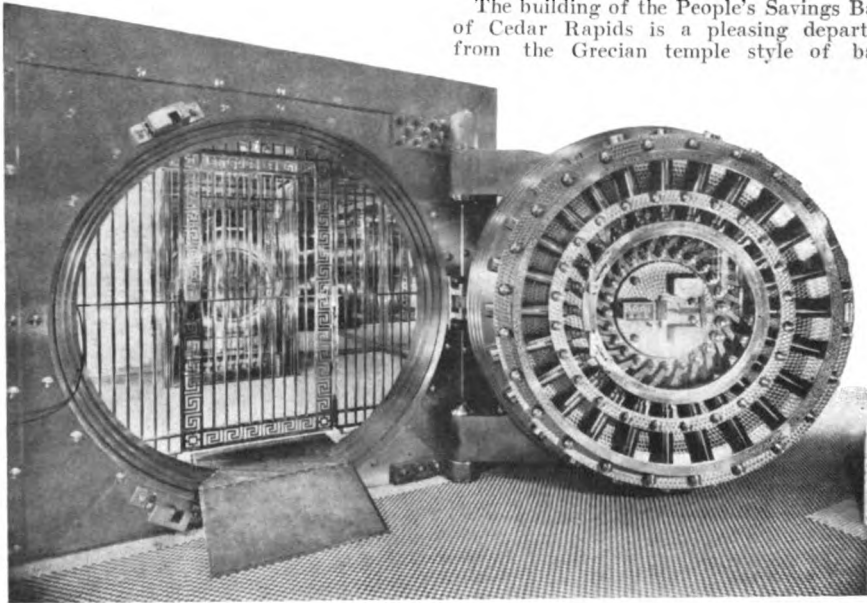
ple, now there are fourteen on the payroll, and when the bank installs the School Penny Savings System in the public schools of Cedar Rapids, as the bank has been designated by the School Board to be the official depository, it will need another clerk and possibly two. The bank maintains messenger service for all patrons who reside out of their territory, a system put into service eight years ago. It has proven a success. The bank is always looking out for its patrons in order to give them the best service possible. It was the first savings bank in the city to install two trunk line tele-

phones, so as to save its patrons time and avoid the annoyance of being informed by Central, "busy." It has in its new home a pneumatic tube system to carry notes, checks, cash, etc., from one department to another. Special credit should be given to the first vice-president, F. H. Shaver, as chairman of the building committee, as it was he who assumed entire charge of the construction of the bank's present unique and splendid home.

The People's Savings Bank is a savings

smaller depositors to accumulate and to start on the road to independence, requires a large number of such accounts to show a gain of over \$100,000 each year, especially in a city where there are ten banks and many of them that were large institutions before the birth of this one. Cedar Rapids has every reason to be proud of its banks and special reason to be proud of the People's Savings Bank, which has attained such a high standard and has given Cedar Rapids an institution which is drawing attention to the city on account of it being the home of the People's Savings Bank.

The building of the People's Savings Bank of Cedar Rapids is a pleasing departure from the Grecian temple style of bank



VIEW OF SAFETY DEPOSIT VAULT. WEIGHT OF VAULT DOOR, TWENTY-FIVE TONS. THE PEOPLE'S SAVINGS BANK, CEDAR RAPIDS, IOWA. LOUIS H. SULLIVAN, ARCHITECT

bank catering to people of small as well as large means. It encourages the young man and woman to start small savings accounts, if only with one dollar, hence it will be seen that its remarkable growth in assets requires a great many accounts. A large city bank that accepts deposits of from \$300 to \$500 only does not require many such accounts to show a large gain; while on the other hand a bank soliciting and accepting the smallest accounts, encouraging the

architecture, which however beautiful in itself, may not in all cases be appropriate and certainly bids fair to become tiresome by its monotony. The thoughtfulness displayed by the officials of this bank in providing a structure of such solidity, taste and convenience, equipped with the most approved devices for caring for the business entrusted to the institution, affords an evidence of the wise management which is making this one of the notably successful banks of Iowa.

BANKS MUST KNOW DEPOSITORS

SO widespread has forgery become in the United States and so great have been the losses in the last twelve months, forgery insurance companies have adopted stringent restrictions in issuing policies. Albert S. Osborn, an expert on handwriting, estimates the losses at \$15,-

000,000 through checks and drafts alone in 1911.

The chief restriction demanded is that the bank insured shall not open an account with any one not known personally to an officer or director or whose integrity is not vouched for by a depositor.

UNION BANK AND TRUST COMPANY, JACKSON, TENNESSEE



MAIN LOBBY, UNION BANK & TRUST CO., JACKSON, TENN.

JANUARY 19 marked the end of the ninth year since the organization of the Union Bank and Trust Company of Jackson, Tennessee. The remarkable growth of the bank has been the source of much commendatory comment among bankers in its own and adjacent territory. This growth is shown by the statements on the opening day, January 19, 1903, and its last published statement, December 30, 1911:

January 19, 1903	\$8,100.56
June 30, 1903	110,272.35
" 1904	175,781.56
" 1905	355,263.47
" 1906	422,248.91
" 1907	478,170.54
" 1908	559,133.67
" 1909	722,276.77
" 1910	819,967.80
" 1911	870,269.93
December 31, 1911	1,002,635.84

JANUARY 19, 1903.

Loans and discounts	\$768.24
Fixtures	803.15
Expense	87.74
Cash and sight exchange.....	22,389.13
	\$24,048.26

Capital stock	\$15,900.00
Interest and discount	47.70
Deposits	8,100.56

\$24,048.26

DECEMBER 30, 1911.

Loans and discounts	\$811,154.70
Stocks and bonds	84,202.65
City of Jackson warrants.....	166.50
Overdrafts	10.99
Furniture and fixtures	7,000.00
Cash and sight exchange.....	286,201.29
	\$1,188,736.13

Capital	\$100,000.00
Surplus	65,000.00
Undivided profits	21,100.29
Deposits	1,002,635.84

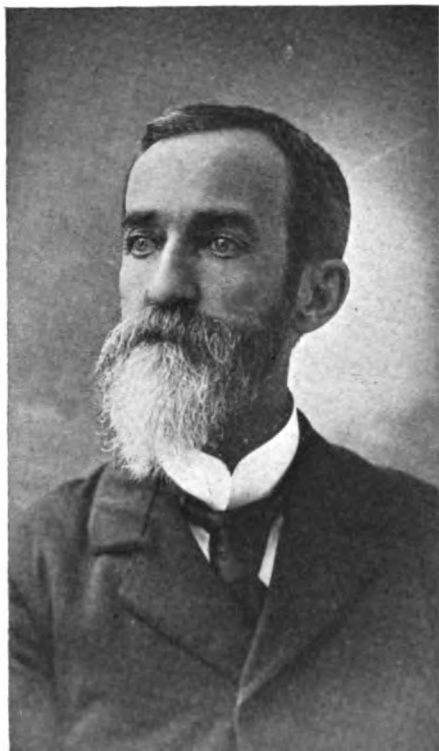
\$1,188,736.13

This growth, while phenomenal, has been steady, as is shown by the following comparative statements:

While the Union Bank and Trust Company has been growing in so far as deposits are concerned, the stockholders have re-

alized a neat sum from their investment. Since its organization the bank has paid out in dividends 104 per cent., and savings depositors have received thousands of dollars. The Union Bank and Trust Company inaugurated the first savings movement in Jackson, and today has probably more savings accounts than all other savings departments in their city.

But while their remarkable growth has been going on, the officials have not lost sight of the fact that safety is the prime



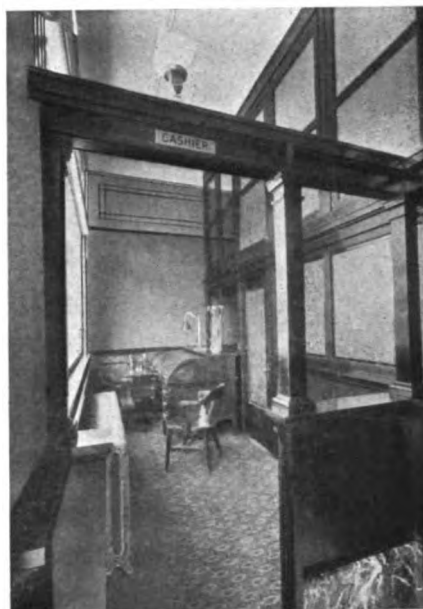
J. C. EDENTON

PRESIDENT UNION BANK & TRUST CO., JACKSON, TENN.

object. In fact, Mr. Tigrett, cashier and chief executive officer, stated plainly to the stockholders that "we have no right to consider the question of profits alone, since our first duty is to our depositors." Again, "Strictness and leniency have not been determined by friendship and partiality."

OFFICERS.

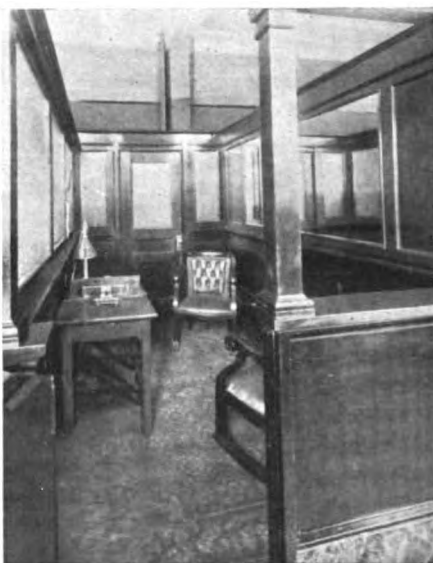
The Union Bank and Trust Company has been officered by the same officials since its organization, and they have earned for their



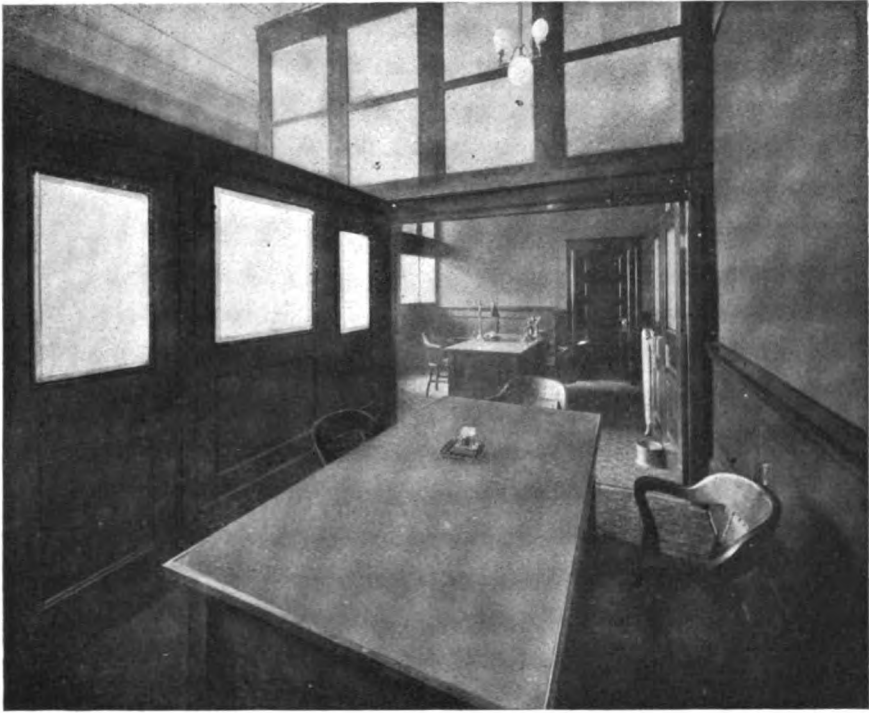
CASHIER'S OFFICE, UNION BANK & TRUST CO., JACKSON, TENN.

institution the reputation for progressive-

ness. J. C. Edenton, president, is also president and founder of the wholesale grocery



LADIES' ROOM, UNION BANK & TRUST CO., JACKSON, TENN.



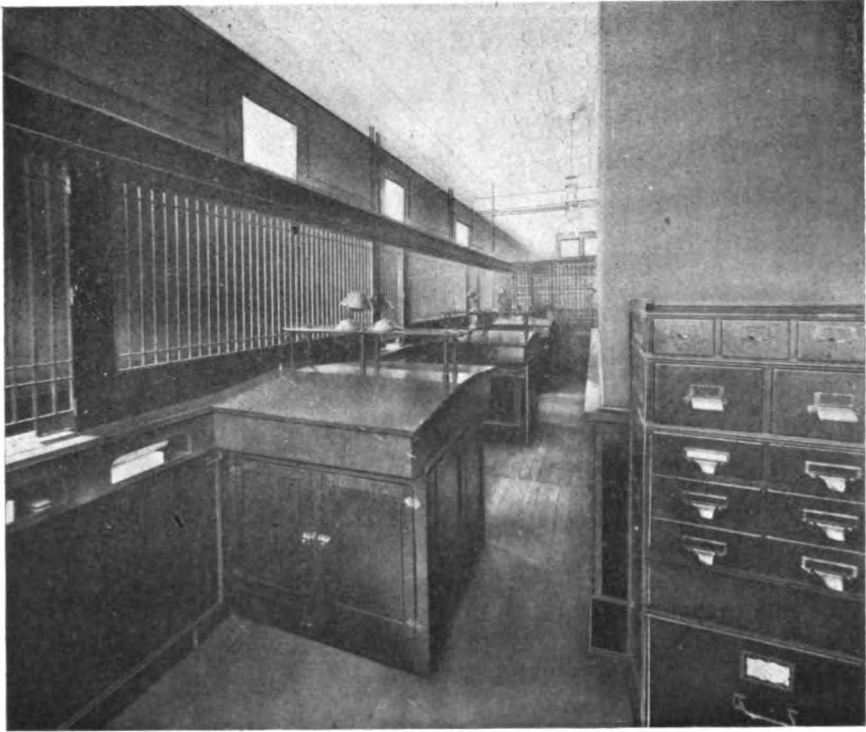
CUSTOMERS' ROOM, CASHIER'S PRIVATE OFFICE IN REAR, UNION BANK & TRUST CO., JACKSON, TENN.



I. B. TIGRETT
CASHIER, UNION BANK & TRUST CO., JACKSON,
TENN.



B. H. BLALOCK
ASSISTANT CASHIER, UNION BANK & TRUST CO.,
JACKSON, TENN.



BOOKKEEPERS' DESKS, UNION BANK & TRUST CO., JACKSON, TENN.



L. O. SWEATMAN

**ASST. CASHIER, UNION BANK & TRUST CO.,
JACKSON, TENN.**



JOHN MAGEVNEY

**TRUST OFFICER UNION BANK & TRUST CO., JACK-
SON, TENN.**

firm of J. C. Edenton Company. Although not an active officer, Mr. Edenton keeps in close touch with the bank's affairs, and with his wise counsel has materially assisted in conducting the business.

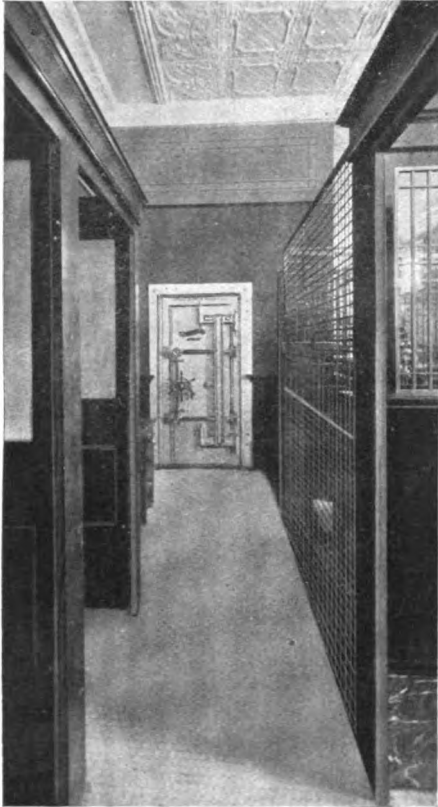
I. B. Tigrett, cashier, is the chief executive

and officers and many conveniences for the comfort of customers.

Beginning at the main entrance are the desks of Mr. Blalock and Mr. Sweatman, assistant cashiers. Then those of the tellers and bookkeepers and the savings and ladies' departments. Turning, the corridor leads to the safety deposit boxes, customers' booths, and to a stairway which gives entrance to the employees' lockers and lavatory.

Returning to the main corridor, the next room is the ladies' department, in which are comfortable chairs and writing desk, with necessary stationery. Adjoining is a lavatory for the exclusive use of lady customers.

Then comes the insurance department and customers' and committee rooms. At the extreme end of the building are the offices of Mr. Tigrett, cashier. These offices are large and spacious, and are connected with



SAFETY DEPOSIT VAULT, UNION BANK & TRUST CO., JACKSON, TENN.

officer, with B. H. Blalock and L. O. Sweatman as assistant cashiers.

The rapid growth of the Union Bank and Trust Company has caused the officers and employees to be cramped for room. Not until recently, however, have they been able to get additional space on which they could add to the present building. During the summer of 1911 they erected an addition at the rear of the building they have occupied since the founding of the bank, and furnished the entire first floor for banking purposes.

The arrangement of the fixtures has been made for the convenience of both customer and employee. The office is fitted out with many labor-saving devices for the employees



MISS FLORENCE PACAUD

MANAGER SAVINGS AND SAFETY DEPOSIT BOX DEPARTMENTS

the customers' room by folding doors, which, when thrown open, make a large room for use as a directors' room.

The fixtures are made of mahogany, fin-

ished with brush brass. They make a splendid appearance, and are not only a source of pride to the officials, but to citizens in general.

DEPARTMENTS.

The Union Bank and Trust Company maintains the following departments for carrying on of its business:

Commercial department, in which is transacted a general banking business.

ures which are rather new in banking, and they are described more fully as follows:

CERTIFICATE OF DEPOSIT.

A branch of the savings department issues interest-bearing certificates of deposit which customers find a convenient and profitable form of depositing money. Especially is this true of the coupon certificate of deposit, a copy of which appears elsewhere.



COUPON CERTIFICATE OF DEPOSIT USED BY UNION BANK & TRUST CO., JACKSON, TENN.

Savings department, in which deposits of \$1.00 and up are received and interest paid on accounts at the rate of three per cent. per annum, payable semi-annually.

Safety deposit department, in which fire and burglar-proof boxes are rented at \$1.00 and up per year, and which are conveniently located to private rooms.

Trust department, which cares for estates and acts as guardian and agent.


Insurance department, which has the agency for the leading fire and accident and bonding companies.

These departments have some special feat-

ures. It is not necessary for a customer to come to the bank to collect the interest when he has a coupon certificate of deposit. He can simply clip off the coupon due, and get it cashed anywhere.

UNION SAVINGS \$50.00 CLUB.

An innovation in banking has recently been introduced by Union Bank and Trust Company. Believing that many people would save if given the proper inducement and sufficient opportunity, this bank has arranged to send a collector after

 <p>IN UNUM QVI ERIT SIBI STRENGTH CORPORATIONIUS V. 1900</p>	BANK MONEY ORDER		No. <u>4044</u>
	UNION BANK AND TRUST COMPANY			UNION BANK & TRUST CO. JACKSON, TENN.
PAYABLE AT NATIONAL BANK OF THE REPUBLIC, CHICAGO, ILLS NATIONAL BANK OF COMMERCE, NEW YORK, N.Y MECHANICS AMERICAN NATIONAL BANK, ST LOUIS, MO		Jackson, Tenn. No. 4044	
Pay to the order of _____		_____ DOLLARS _____ CENTS	REMITTERS RECEIPT KEEP IT.
		<i>Speman</i>	DATE _____ SENT TO _____ BY _____
		Remitter: _____	_____ Cashier: _____

BANK MONEY ORDER USED BY UNION BANK & TRUST CO., JACKSON, TENN.

weekly deposits. Using the name of "Union Savings \$50.00 Club," it is the plan for a customer to save \$50.00 each year, or \$1.00 each week. This amount will draw three per cent. interest. The only condition made by the bank is that the money will not be withdrawn for a period of one year.

MONEY ORDERS.

Through its exchange department the Union Bank and Trust Company issues bank money orders. These money orders are the most convenient and the safest method of remitting money, and are sold cheaper than orders issued by companies other than banks.

TRAVELERS' CHEQUES.

Through its exchange department the Union Bank and Trust Company issues also travelers' cheques, payable anywhere in the world. These cheques are the most convenient method of carrying money when traveling. The cheques are issued to the customer who issues them to the payee, and are so arranged as to be self-identifying.

The officials of the Union Bank and Trust Company have planned a "department-store bank"—a bank where any kind of banking may be conducted, and confidently believing they can render valuable service to customers, they solicit banking business of any character.

THE MUTUAL BANK, NEW YORK

THE new banking building which has been erected at 49-51 West Thirty-third street, New York, for The Mutual Bank, was formally opened for business on the morning of Tuesday, February 13, 1912. Inspection of this latest addition to New York's full quota of banks built entirely for their own use, proved to be of unusual interest both as to design and arrangement, not to speak of the practical business requirements of the installation.

For real worth of beauty and charm, both as to its exterior and its interior perfection of equipment, the new home of The Mutual Bank has few equals. Every detail seems to have been studied and worked out with infinite care. There are no garish or glaring effects of decoration or ornament; on the contrary, there appears a certain sensible consistency in the arrangement and appointment throughout that makes for artistic as well as mechanical perfection.

The most striking feature, of course, is

the banking room itself, which is a rectangular room, forty-two by ninety-five feet and thirty-eight feet high. The walls of this room are of Caen stone up to and including the cornice; a coffered frieze and ceiling forms a rich frame for the skylight of amber and white leaded glass.

The ceiling proper is treated in subdued tones of browns and grays, soft blues and reds, with accents in antique gold, giving to the whole upper portion of the room a rich purplish glow that crowns it with a charming harmony of color. Hung from the ceilings are eight gilded electric chandeliers, reasonable in size and delicate in modeling, which, together with the wall brackets around the paneled walls diffuse the artificial light acceptably throughout the room.

The counter screen which encloses the public space is simple and effective in design and is constructed entirely of Botticino marble of the soft, brownish gray

variety. The floor of the public space is finished in dalage of pink Tennessee marble. Two massive brown customers' tables are located in the center of the public space.

The space reserved for the officers of the bank is to be found on the left of the entrance, the desks being arranged on a platform one step up from the floor level. This space is enclosed by a continuation of the

color scheme of French grays and polished steel and is one of the most interesting features of the bank building. The security and safe deposit vaults on this lower floor are of large capacity, up-to-date in design and execution. They were installed by the Mosler Safe Company, of Hamilton, Ohio. The rear portion of the basement floor is given over to trunk storage, the clerks'



MUTUAL BANK

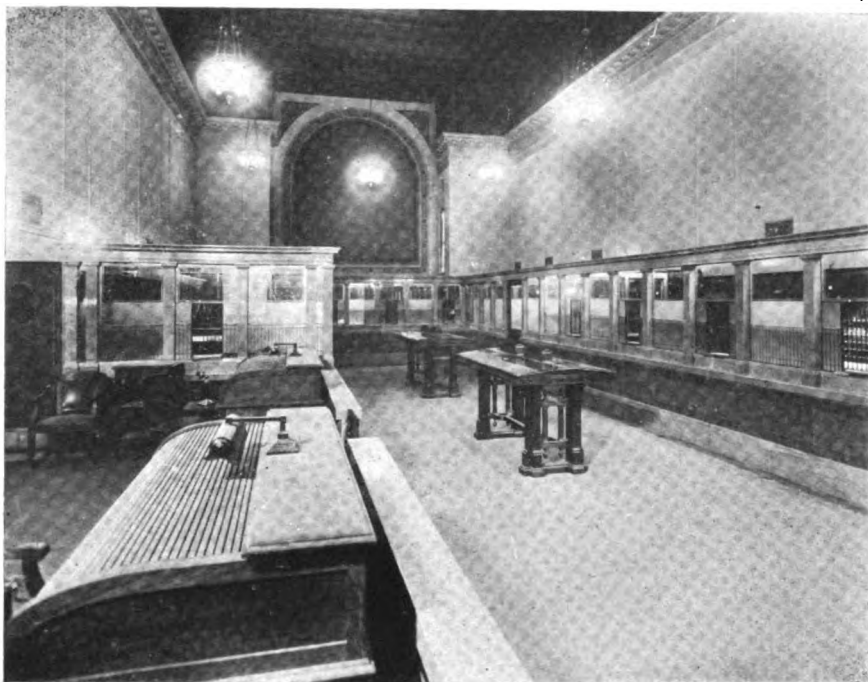
lower die of the counter screen proper and has a bronze gate. The walls at the back of this space are wainscoted in oak up to the level of the top of the counter screen.

The design of the movable furniture throughout the building is special in every way and is uniformly attractive.

To the right of the main entrance one finds a marble staircase of ample proportions leading down to the safe deposit department. The safe deposit department, with its various dependencies, is carried out in a

locker room and accessory machinery. The mechanical plant proper is located under the sidewalk.

Over the entrance vestibule and in the front portion of the building are found three upper stories, on the first of which is located the directors' room and its dependencies. The directors' room is almost colonial in character, having grayish-blue stuff on the walls, white painted trim, mahogany doors and furniture, blueish leather furniture covering and a blue rug, which,



MAIN BANKING ROOM

together with certain ornaments and antique silver electric fixtures, makes this room a delightful and unusual one.

Over the directors' room are located several storage rooms, old book storage, the overhead elevator machinery and ventilating fan and other necessary spaces.

The Mutual Bank Building is absolutely fireproof in every particular. It is heated by direct and indirect steam and ventilated by forced ventilation. The incoming air is purified before it is passed over the tempering coils and so into the fan chambers.

The banking furniture equipment is steel throughout in the most approved type of construction. Many special practical features, hitherto unused, will be found here. Generally speaking, there is a restful air of dignified simplicity about the bank as a whole. The decorative features have been kept well subdued and quiet. There is no confusion or distraction resulting from bright colors and unusual forms. The whole interior of the bank from cellar to roof gives one a notable sense of uniform and consistent beauty throughout.

The exterior is entirely of limestone with granite base and steps and treated in an adaption of classic architecture, but with attenuated forms and low relief leaning somewhat toward the colonial in its final manifestation.

This institution is to be heartily congratulated upon having provided for the public

a bank building which in its every detail is so completely equipped for the needs of a banking institution.

Donn Barber was the architect and the builders were Maro Eidlitz & Son.

THE VAULT EQUIPMENT.

The first object to be attained in the construction of a bank vault is absolute security against the burglar, and especially the mob, and any means or devices which they might undertake to apply.

Included in the equipment of the new quarters of The Mutual Bank at Thirty-third street, New York, is a combination security and safe deposit vault that was built by the Mosler Safe Company of Hamilton, Ohio, and is modern in every respect.

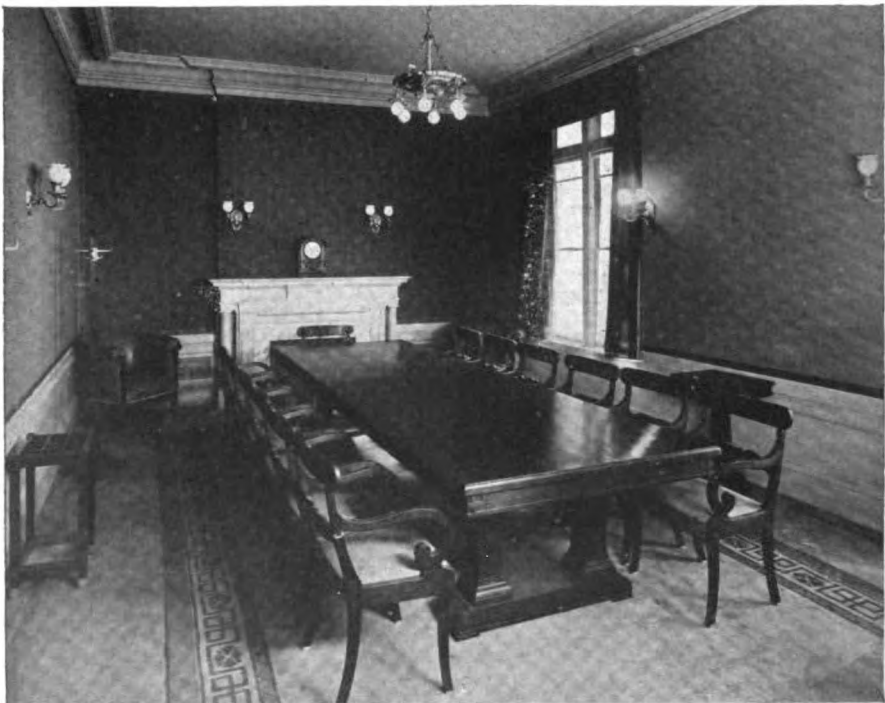
In the formation of the body of the vault every feature conducive to protection has been embodied, and the relative strength in thickness and degrees is an absolute safeguard.

There are two departments, namely, the security vault and the safe deposit vault; the security vault to protect the cash and security of the bank in its daily operations—the safe deposit vault to safeguard the untold values which the renters of the individual safe deposit boxes will place therein.

The entrance or approach to the security vault is of rectangular effect. While the



OFFICERS' QUARTERS



DIRECTORS' ROOM

entrance or approach to the safe deposit department is by the round door, vestibule approaches being on a parallel basis with the most formidable work of like character in the country.

The round and square doors are controlled by a line of massive train belts and belt frames, double combination locks and quadruple time locks.

Combination locks safeguard the entrance, and the time locks safeguard the operation of the combination locks.

In the safe deposit department there are several hundred safe deposit boxes of the highest grade. The locks thereon are susceptible of a multiplicity of changes. The degrees of finish in both vaults is that of the highest art, and all the hinges, the doors, and the surfaces are brought down to what is known as the draw file finish.

The doors of these two vaults vary in weight from twelve to twenty-three tons. They are so evenly balanced on a line of crane hinges, eccentric effects, ball and pin bearing degrees, that a child, five years of age, could handle them with ease. The combined approximate weight of these two vaults is in excess of one hundred tons.

PERSONNEL.

The Mutual Bank of New York was established in 1890 and has grown steadily

from that year to the present time, building a reputation for conservatism and sound banking methods that endorses most favorably the sterling integrity of the men who direct its affairs.

At the close of business, January 9, 1912, the Mutual Bank reported as follows:

RESOURCES.

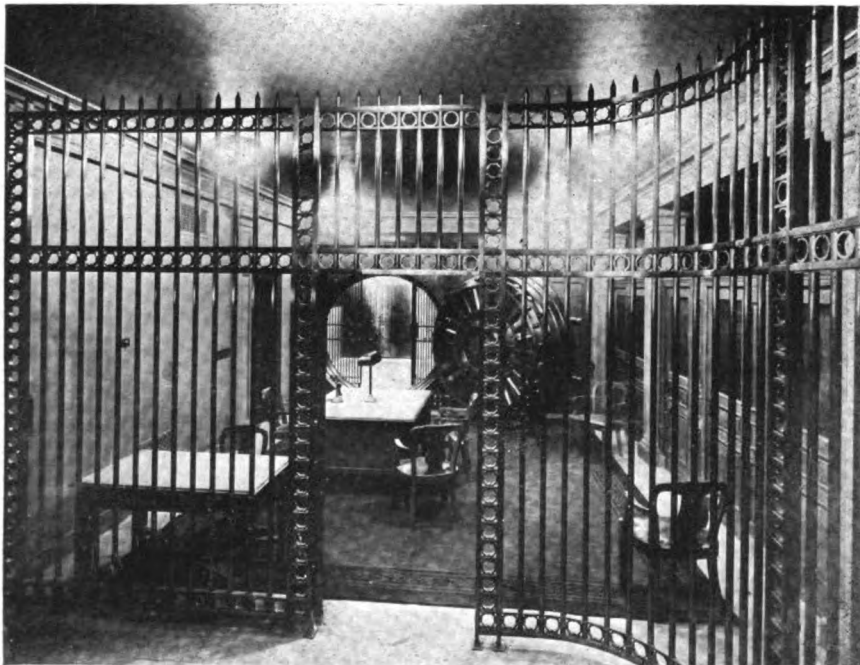
Cash due from banks and ex-	
changes for clearing-house..	\$1,453,932.45
Loans and investments	3,292,379.16
Banking house and lot	274,329.73
Total resources	\$5,020,641.34

LIABILITIES.

Capital	\$200,000.00
Surplus and undivided profits..	385,954.02
Deposits	4,434,687.32
Total liabilities	\$5,020,641.34

The bank is officered by the following capable individuals: Charles A. Sackett, president; John C. VanCleaf, vice-president; Hugh N. Kirkland, vice-president and cashier; Eugene Calvin, assistant cashier.

The directors are: Richard Delafield, Andrew J. Connick, Thomas Dimond, Otto M. Eidlitz, A. P. W. Kinman, C. W. Luyster, E. A. McAlpin, Samuel McMillan, Charles A. Sackett, Isadore Saks, Charles P. Taft, James Thomson, John C. VanCleaf, Cornelius Vanderbilt.



SAFE DEPOSIT VAULT

WILLIAMS, McCONNELL & COLEMAN

REPRODUCED herewith are some very good photographs of the modernly equipped offices of Williams, McConnell & Coleman, bond and investment brokers of 60 Wall street, New York.

Express elevator service brings customers without a stop to the thirteenth floor of 60 Wall street, where the firm of Williams,



HOWARD F. McCONNELL.

UNDERWOOD STUDIO, N. Y.

McConnell & Coleman have their offices, overlooking Wall street and the building of the National City Bank of New York. There are four rooms finished in oak and adjoining, so that one may pass directly from the entrance hall into the customers' room, which is equipped with the latest market reports, stock ticker, reference books, etc. The opposite door to this room opens directly into a private office. At the left is Mr. McConnell's office, which is very tastefully furnished in oak, has an immense Per-

sian rug on the floor and is lighted by two large windows, one on the Wall street side and the other to the east. At the left of the entrance hall is the bookkeeping and statistical department, which overlooks the East River. It, too, has an abundance of daylight and is arranged systematically for the speedy dispatch of clerical work.

The market for high-grade public utility securities is quite active, and during business hours these offices handle a vast number of orders.

The firm was established eight years ago and has become well and favorably known to conservative investors throughout this country mainly through the pleasing personality and sound business judgment of Howard F. McConnell, the active head of the firm.

Mr. McConnell, who is a comparatively young man, came to New York in 1891, located with the Central Railroad of New Jersey and later was connected with the Lehigh Valley and Erie Railroads in various capacities. His railway service included positions as clerk, telegraph operator, chief clerk to superintendent and general manager, train master and traveling auditor, and he declined a still more responsible railway position to enter a New York banking house.

This early experience fitted him admirably for the requirements of his present position—that of passing an accurate, unbiased opinion upon the relative merits and demerits of the new projects which his organization finances.

The following public utility securities are among those handled by this responsible concern: American Light & Traction, common and preferred; American Gas & Electric, common and preferred; American Power & Light, common and preferred; Cities Service, common and preferred; Denver Gas & Electric general 5's; Empire District Electric 5's; Federal Light & Traction, common and preferred; Federal Utilities Company, common and preferred; Gas & Electric Securities, common and preferred; Lincoln Gas & Electric; Pacific Gas & Electric, common and preferred; Republic Railway & Light Co., common and preferred; Standard Gas & Electric, common and preferred; Tri-City Railway & Light Company, common and preferred; Western Power, common and preferred; Gas Electric Securities, common and preferred; American Cities Company, common and preferred; Northern States Power Company, common and preferred.



PRIVATE OFFICE OF MR. M CONNELL



CUSTOMERS' ROOM



BOND ROOM

BANKING AND FINANCIAL NOTES



Merchants National Bank

RICHMOND, VA.

Capital - - \$200,000
 Surplus and Profits, 1,000,000

This bank is the largest depository for banks between Baltimore and New Orleans. It is Virginia's most successful National Bank. It has the best facilities for handling items on the Virginias and Carolinas. Collections carefully routed.

Correspondence Solicited

CHICAGO AND VICINITY

(Office of The Bankers Magazine, 115 South LaSalle Street.)

Central Trust Co. of Illinois Expands.

The consolidation of the Western Trust and Savings Bank of Chicago with the Central Trust Company of Illinois was ratified January 27 by the respective stockholders, those of the Central Trust at the same time approving the proposition to increase the capital of their institution from \$2,500,000 to \$3,500,000. The shareholders of the Western Trust authorized the conversion of \$250,000 of the stock of their institution into surplus, thus making the capital \$1,000,000 and the surplus and undivided profits approximately \$470,000; the \$1,000,000 additional stock of the Central will be issued share for share, in exchange for that of the Western.

The directorate of the Central Trust Company is now made up as follows: A. J.

SOUND BANKING



GOOD SERVICE

Your Buffalo Business

is invited because we know that we have good banking service to offer YOU in return. If you are looking for a bank that is progressive, as well as conservative in its dealings, write us for terms. We will be glad to tell you the basis on which we can handle your Buffalo business.

WE INVITE YOUR ACCOUNT

BANK OF BUFFALO BUFFALO, N. Y.

Capital and Surplus, \$1,000,000

Total Resources Over \$10,000,000

ELLIOTT C. McDOUGAL, Pres't
JOHN L. DANIELS, Cashier
LOUIS C. OLDEN, Asst. Cashier

LAURENCE D. RUMSEY, Vice-Pres't
RALPH CROY, Asst. to the Pres't
CHARLES D. APPLEBY, Asst. Cashier

Earling, P. A. Valentine, H. A. Langhorst, Arthur Dixon, Z. G. Simmons, Charles T. Boynton, William T. Abbott, Alexander H. Revell, Walter H. Wilson, S. M. Felton, Joseph E. Otis, T. W. Robinson, George Woodland, Chandler B. Beach, Burton F. Peek, George F. Steele, James W. Stevens, Julius Kruttschnitt, W. O. Johnson, Charles G. Dawes, R. Floyd Clinch, Max Pam, William C. Boyden and A. Uhrlaub.

Recent Bank Elections.

The annual meeting of the Calumet Trust and Savings Bank was held January 16. The following directors were elected: F. Nay, H. R. Baldwin, H. R. Clissold, I. M. Price, E. J. Price, W. D. Hurlbut, C. G. Blake, after which they declared the usual semi-annual dividend of four per cent. on its stock and elected the following officers: Frank Nay, president; H. R. Clissold, vice-president; Fred Bateman, cashier.

Harris Trust Elects Officers.

H. A. Brinkman has been made an assistant cashier of the Harris Trust and Savings Bank and P. A. Fagg becomes manager of the municipal buying department. Mr. Fagg has been associated with the N. W. Harris organization as an expert buyer for more than eighteen years and latterly has been assistant manager. The roster of officers is now as follows: N. W. Harris, president; A. W. Harris, vice-president; G. P. Hoover, vice-president; H. W. Fenton, vice-president; Andrew Cooke, vice-president; E. P. Smith, secretary; E. R. Elliott, treasurer; J. S. Broeksmit, cashier; J. H. Vaill, H. E. Weese, H. A. Brinkman, assistant cashiers; H. A. Dow, assistant secretary.

Directors and officers of the North Shore Trust Company, Highland Park, Ill., have been re-elected as follows: Directors—J. Fred McGuire, Charles A. Wightman, Arthur W. Vercoe, Ira J. Geer, R. C. Keller. President, J. Fred McGuire; vice-president, Charles A. Wightman; cashier, Arthur W. Vercoe; assistant cashier, E. J. Grundy.

Annual Banquet, Chicago Chapter A. I. B.

The eleventh annual banquet of Chicago Chapter, American Institute of Banking, was held in the red room of the Hotel LaSalle on the evening of January 7 and proved to be a most enjoyable affair. Harry S. Smale, president of the chapter, acted in the capacity of toastmaster and introduced George M. Reynolds, president of the Continental and Commercial National Bank of Chicago, as the first speaker of the evening.

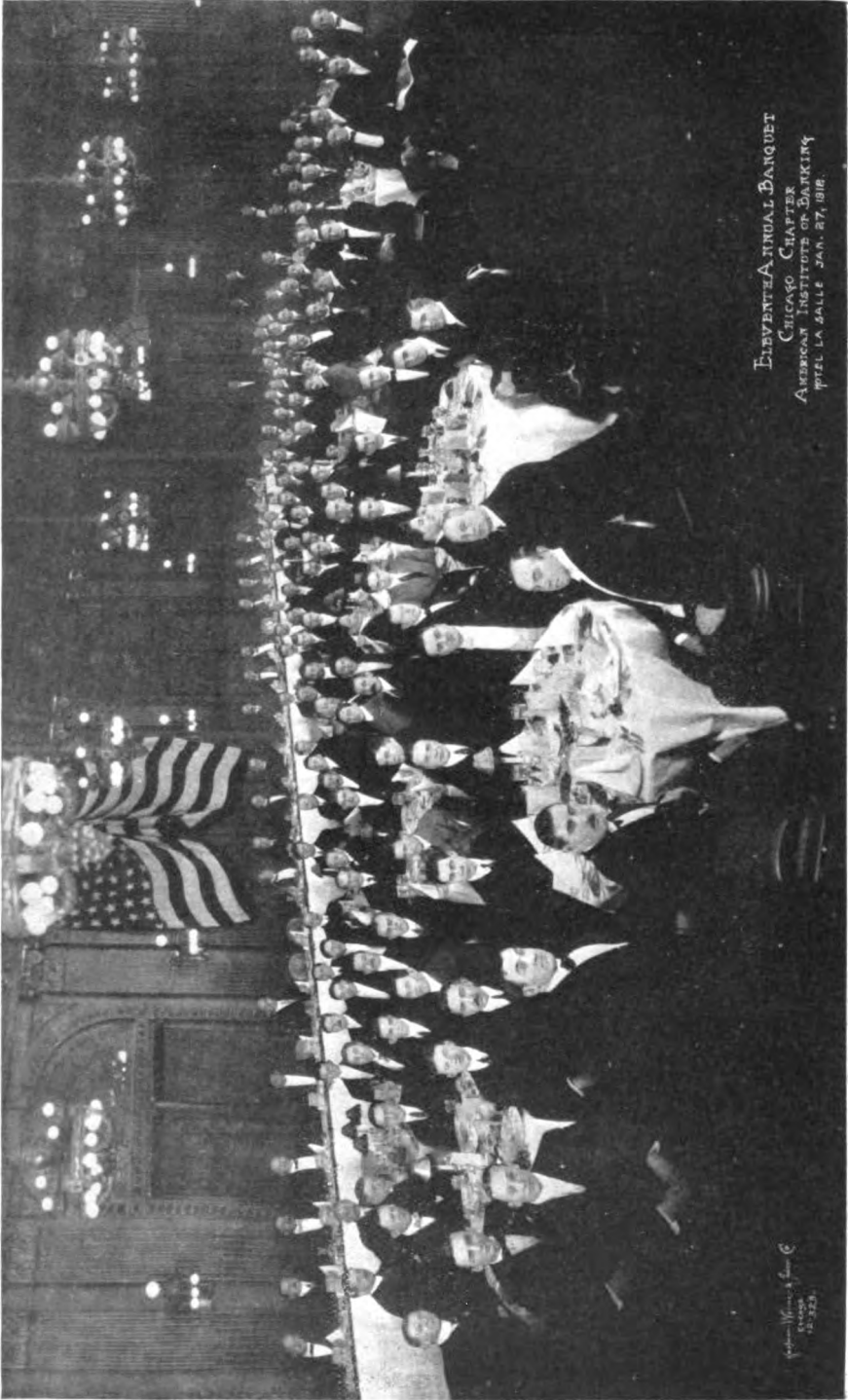
New Bank for Chicago.

The State Auditor of Illinois has issued a permit to Edward C. Waller, Edmund A. Cummings and J. W. Broughton to organize the River Forest State Bank at River Forest, Cook county, with a capital stock of \$50,000. A permit was issued also to Camillo Volini, Antonio Romano, Rocco V. Romano, Michels Di Cosola, Alessandro Conforti, Pasquale Mastroianni, Modestino Mastrogiovanni, Gaetano S. Destafano, Guiseppa Monaco and Luigi M. Nigro to organize the Halsted Trust and Savings Bank in Chicago with a capital stock of \$200,000.

Mr. Reynolds chose for his subject the "Value of Institute Work," and made an address that was heartily appreciated. He referred to the benefits to be derived by attendance at bankers' conventions, stating that he had found them of great help in coming to an understanding of men and affairs all over the country.

David Kinley, Ph. D., LL.D., dean of the University of Illinois, spoke on "Some Responsibilities of a Banker."

He was followed by Hon. Marcus Kava-



FIFTEENTH ANNUAL BANQUET
CHICAGO CHAPTER
AMERICAN INSTITUTE OF BANKING
HOTEL LA SALLE JAN. 27, 1916.

W. H. & J. C. ...
CHICAGO
1916

BINDERS AND BLANKS

OF UNIFORM EXCELLENCE

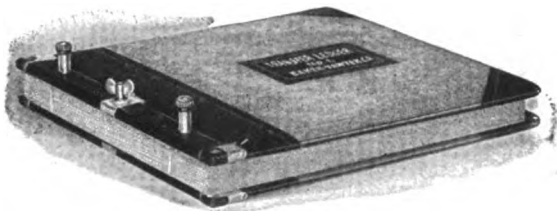
FOR ALL DEPARTMENTS OF BANK ACCOUNTING



BAKER-VAWTER COMPANY

CHICAGO

HOLYOKE, MASS.



naugh, judge of the Appellate Court, who delivered a heart-to-heart talk on "The Citizen's Part in the Administration of Justice."

"The mush-headed ladies and gentlemen who are talking in favor of the abolishment of capital punishment are misguided sentimentalists," declared Judge Kavanagh.

"In my opinion the greatest punishment which can be meted out to murderers is imprisonment for life, but I also believe that the death penalty is the greatest deterrent of crime.

"Capital punishment has almost disappeared in this country. Not counting the ignorant negroes who were hanged in the South, only fifty murderers were executed in 1911, a year in which more than 10,000 murders were committed. The criminals believe in capital punishment or they wouldn't have killed 10,000 men, women and children. They ended the lives of 202 persons in the city of Chicago alone last year, but there were no executions in return.

"Thousands of our so-called 'best citizens' get excused from jury duty by saying that they do not believe in capital punishment. These men, in so doing, make themselves partly responsible for the orgy of crime which goes on about us. The death penalty must be inflicted by a jury verdict, and every good citizen should feel it his duty to serve the commonwealth in this way.

"The law can rise no higher than the conscience of the average citizen, and our people must awake to the facts in the case and see that there is an end to the frequent in-

stances of miscarriage of justice. The law has fallen into disrepute, and the criminal classes have ceased to respect it. That is why we have these daily murders."

The Rev. William White Wilson, rector of St. Mark's Church, Chicago, gave an optimistic talk, which conveyed the message, "Hope on, Hope Ever." The gist of his advice to the assembled diners was to cultivate accuracy in routine daily work.

Pension Fund at National City Bank.

Creation of a pension fund for officials and employees of the National City Bank of Chicago was announced by David R. Forgan, president of the bank, at the fifth annual "family" dinner held in Hotel LaSalle on the night of February 5.

"The pension fund," he said, "is created for the benefit of salaried officers and employees. It became operative February 1 and is not obligatory with our present employees, but will be with future employees. Each official and employee will pay into the fund three per cent. of his annual salary. In no case will the pension exceed one-half of the salary."

Annual Dinner First National Bank.

In an address at the annual dinner of the officers and other employees of the First

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 A. L. SHAPLEIGH, Vice-President J. P. BERGS, Assistant Cashier
 GEO. E. HOFFMAN, Cashier D. A. PHILLIPS, Assistant Cashier
 L. K. WISE, Assistant Cashier

The Merchants-Laclede National Bank

OF ST. LOUIS

Capital - - - - - \$1,700,000.00
 Surplus and Undivided Profits \$1,850,000.00

A COMMERCIAL BANK

Interviews and Correspondence Invited

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National and the First Trust and Savings Bank, James B. Forgan, the president, gave information concerning the earnings of the two institutions in the last ten years and the disposition of them. He said that in that period the amount paid to the stockholders in cash dividends was \$10,960,000 and the amount accumulated for them as surplus and undivided profits was \$10,079,170. These figures include the capital, surplus and undivided profits of the First Trust, all of which are accumulated earnings.

In the ten years \$7,249,859 has been paid in salaries to the employees of the banks, the amount being equivalent to sixty-six per cent. of the amount paid to the stockholders in dividends and 34.4 per cent. of the total cash dividends and accumulated profits.

The average salary paid to clerks in 1902 was \$819 a year. The average in 1911 was \$1,033, an increase of twenty-six per cent. The average salary of officers has not changed.

During the ten year period the bank's pension fund for the employees was built up. It now has invested \$1,000,000 and has paid in pensions \$156,879.

Testimonial Dinner.

A testimonial dinner to E. V. Bacharach, who assumed his duties as vice-president at

the Mid-City Trust and Savings Bank, Madison and Halsted streets, February 1, was given at the Bismarck Hotel, on the evening of January 30. Seventy bank men, his former associates at the Corn Exchange National Bank, and several from other city financial institutions were present.

Bank and Office Building for Continental and Commercial National Bank.

Plans for one of the finest bank and office buildings in the country are to be realized at once as the result of the completion of negotiations by which the Continental and Commercial National Bank has formally acquired the entire block of property bounded by LaSalle, Adams and Quincy streets and Fifth avenue.

This became known recently when deeds were filed for record conveying the property to the bank for a total consideration of \$3,550,000. The conveyances were made by Harold F. McCormick, Rand, McNally & Co. and the Marshall Field, Calvin DeWolf and John Mason Loomis estates.

Removal of the present buildings on the property will begin immediately and the construction of the new building pushed forward with all possible dispatch. Directors of the bank see a great opportunity for a fine structure, as there are 53,500 square

feet of ground, having 980 feet of outside frontage on the four streets.

The Loomis property, fronting 165 feet on LaSalle street, has been in control of the bank for several years. The bank holds a ninety-nine-year lease and owns the ten-story bank and office building now located there.

The Rand-McNally Building is located upon the Marshall Field and DeWolf estate land. It fronts 150 feet on Adams and Quincy streets and is twelve stories high.

The Fifth avenue frontage is improved with the McCormick and Shepard buildings.

The negotiations representing George M. Reynolds, president of the Continental and Commercial National Bank and the various interests were conducted by Clark & Trainer. Upon the completion of the new building the banking-rooms will be occupied by the Continental and Commercial National Bank, the Continental and Commercial Trust and Savings Bank and the Hibernian Banking Association, which is affiliated with the Continental and Commercial.

Old Colony Trust Elects—Ralph C. Wilson Retires from Vice-Presidency.

At the annual meeting of the Old Colony Trust and Savings Bank, Ralph C. Wilson retired as vice-president and cashier. He was succeeded as vice-president by H. T. Bowers and as cashier by Hugo Meyer, who previously had been assistant cashier. It is understood that Mr. Wilson sold his interest in the bank to President Thad H. Howe, who was re-elected.

A number of new directors were added to the board, which is now composed of N. A. Baker, C. O. Barnes, George B. Beatty, E. M. Board, H. T. Bowers, W. E. Buehler, J. G. Budde, Richard J. Coyne, William W. De Wees, Peter L. Evans, F. G. Hoagland, Thad H. Howe, J. G. McMichaels, F. W. Wentworth and W. M. Simpson.

Colonial Trust and Savings Bank Plans New Building.

Another new bank and office building is assured for the financial district of Chicago. It will be sixteen stories high and will be erected by the Colonial Trust and Savings Bank on the Leopold Mayer estate property on Adams street, adjoining on the west the Corn Exchange National Bank building, at the northwest corner of LaSalle and Adams streets.

The lot, which fronts sixty-six feet, with a depth of 188 feet, was leased for a term of ninety-nine years from the Mayer estate by Landon C. Rose, president of the bank, at an annual rent of \$5,000 for the first five years and \$30,000 for the rest of the term.

The average annual rent is \$29,747, which

ASSETS REALIZATION COMPANY

CAPITAL, - \$10,000,000

Will loan on security requiring special investigation or close supervision, and not available for bank loans. Large enterprises financed. Prompt investigation of security offered, whatever its character or location.

CORRESPONDENCE INVITED

NEW YORK
25 Broad Street

PHILADELPHIA
Lafayette Building

CHICAGO
First National Bank Building

capitalized on a four cent. basis, gives a leasing value of \$743,765, which is at the rate of \$11,269 a front foot and \$59.75 a square foot. The board of review valued the land at \$442,884 and the six-story-and-basement building at \$39,999. As soon as existing leases expire the present building will be razed and the new structure erected.

Investment Savings Accounts.

One of the latest and most significant moves to bring banking privileges and benefits to the largest possible number must be credited to a pioneer Chicago institution, Greenebaum Sons Bank and Trust Company, founded 1855, and now capitalized at \$1,500,000, with headquarters in the Ashland Block, Clark and Randolph streets.

The plan is to give savings depositors the privileges of a checking account, at the same time allowing three per cent. interest for every day funds are on deposit until invested, without restriction as to length of time. This is indeed a new departure in banking, which Greenebaum Sons think should "interest every thrifty, intelligent person." It is a step in advance and means much to the small depositor who wants his funds where they will be safe, at the same

Capital - \$2,500,000.00

**FIRST
NATIONAL
BANK**

Deposits, \$29,000,000.00

CLEVELAND, OHIO

Surplus and Profits - \$1,490,000.00

ACCOUNTS SOLICITED

Correspondence Invited

Collections a Specialty

time having the privilege of drawing checks against his account.

The "investment savings account," as it is called, will make a strong appeal to wage earners and salaried people. It affords all the advantages of a savings account with the regular three per cent. interest, and the convenience of a checking account, and really leaves nothing to be desired in the matter of up-to-date banking. Interest is computed when investment purchase is made, and there is no loss, as under the old method, when money is withdrawn between January and July.

La Salle Street National Re-elects.

The directors of the LaSalle Street National Bank on February 19 re-elected the retiring officers without change. These officers, together with the directors elected a short time ago, are as follows: President, William Lorimer; vice-presidents, C. B. Munday and William Lorimer, Jr.; cashier, Charles G. Fox; auditor, Thomas McDonald. Directors—John M. Roach, B. G. Brennan, George O. Gunderson, James E. Bennett, T. J. Magner, C. B. Munday, William Lorimer, Joseph Hock, Paul F. Beich, W. A. Gardner, William J. Moxley, P. M. Hanney, Elbridge Haney, William Lorimer, Jr., H. W. Huttig, Leonard J. Lorimer and Charles G. Fox.

Incorporate a New Bank.

Application for permission to organize a new bank, the Franklin Trust and Savings Bank, to be located at the northeast corner of Michigan avenue and Thirty-fifth street, has been made at Springfield. The incorporators are: Simon W. Straus, president of S. W. Straus & Co.; Charles G. Dawes, president of the Central Trust Company of Illinois, and Maurice L. Rothschild, clothier, all of Chicago. The capital stock, all of which has been subscribed, is \$200,000, and the surplus, \$50,000. The stock was sold at 130. The new bank will open for business the last Monday in April.

New Brokerage Firm.

Paul W. Chapman and A. Lawrence Mills, Jr., after active association with the bond organization of the Harris Trust and Savings Bank and N. W. Harris & Co. since 1899, have organized the investment banking house of Chapman, Mills & Co. The new firm will not act as brokers, but will buy and sell bonds only for its own account, specializing in government, municipal, railroad and public service corporation issues. The firm will probably have its offices in the Harris Trust Building and will be ready for business March 1.

Growth of the Union Trust Company.

Established 1869. Growth of deposits: Deposits on January 1 for the past twelve years: 1901, \$4,883,686.43; 1902, \$6,195,335.09; 1903, \$7,275,685.17; 1904, \$8,370,501.21; 1905, \$10,307,516.96; 1906, \$11,337,955.23; 1907, \$12,707,693.09; 1908, \$10,435,388.04; 1909, \$12,888,565.90; 1910, \$14,450,304.79; 1911, \$16,470,562.38; 1912, \$19,289,887.14.

A. B. A. Convenes in Detroit Week of Sept. 9.

The annual meeting of the American Bankers' Association will be held in Detroit the week beginning September 9. The date was decided upon at a meeting of the Associated Banks of Detroit, held in the People's State Bank on the afternoon of February 7. William Livingstone, Detroit, president, and Fred E. Farnsworth, New York, secretary of the national association, were present.

Detroit was decided upon as the next meeting place at the last annual convention held in New Orleans, but the time was not set until this meeting was called. Mr. Farnsworth estimates that something more than 3500 banking men will be present.

"I look for a large attendance," he said. Detroit is known all over the country as a

The Union National Bank

CAPITAL \$1,600,000

Cleveland, O.

SURPLUS \$900,000

GEO. H. WORTHINGTON, President

E. R. FANCHER, Vice-President

G. A. COULTON, Cashier

W. C. SAUNDERS, Asst. Cashier

W. E. WARD, Asst. Cashier

E. E. CRESWELL, Asst. Cashier

Q Organized in 1884. More than twenty-five years of service back of us. May we be of use to you?

convention city and many will come to see the beauties of the city as well as to attend the meetings."

The Hotel Pontchartrain was decided on as headquarters and a committee composed of William Livingstone, president of the Dime Savings Bank; Emory W. Clark, president of the First National Bank, and Charles Moore, vice-president of the Security Trust Company, was chosen to pick out the twelve or fifteen other committees who will have charge of the reception and entertainment of guests.

THIRTY MEETINGS SCHEDULED.

In all there will be more than thirty meetings, extending over five days. There are five departments of the association and each of them is sub-divided. One of the most important is the American Institute of Banking, composed of bank clerks. This organization is fostered by the association and has for its purpose the education and improvement of its members.

The officers of the national association are: President, William Livingstone, Detroit; vice-president, Charles H. Huttig, St. Louis, Mo.; secretary, Fred E. Farnsworth; assistant secretary, W. T. Fitzwilson; treasurer, Arthur Reynolds, Des Moines, Ia.; general counsel, Thomas B. Paton.

Merger of New York Trust Companies:

The proposed merger of the Flatbush Trust Co. and the Broadway Trust Co. will give the combined institution deposits of about \$10,000,000. The Broadway Trust recently consolidated with the Savoy Trust Company of New York, and at that time its capital stock was increased from \$700,000 to \$1,000,000. It is probable that the capitalization of the Broadway will again be increased upon completion of this later merger to \$1,500,000.

Frederick C. Lee will be the head of the new company. The location of the Broadway Trust Company is to be changed to the Woolworth building upon its completion.

The Irving National Exchange Bank will also have its home in this building.

Another Bank Merger in New York.

Louis G. Kaufman, president of the Chatham and Phenix National Bank of New York, has authorized the statement that interests closely identified with his institution had arranged to merge the business of the Jefferson Bank and the Century Bank under an enlarged organization, the capital stock of which has already been oversubscribed.

The name will be the Century Bank of New York, and after taking over the eight million dollars' deposits of the Jefferson Bank and the present Century Bank, it will have a net cash capital and surplus of one million dollars. The New York State Banking Department has approved of this move, and it now only awaits the usual legal formalities. Two-thirds of the stockholdings of each bank have already sanctioned the unanimous action of the boards of directors of these institutions. There will be no change in the business, and all the present officers will remain with the new organization. L. G. Kaufman will be chairman of its executive committee and ten of the Chatham-Phenix directors will go on the board, so that full control may be had by these interests. W. H. Devlin, now cashier of the Jefferson Bank, has been selected for cashier of the new institution.

Buys Trust Company for Old Employees.

Having concluded the negotiations which have been pending for the purchase of Trust Company of America, New York, by the Equitable Trust Company, also of New York, Oakleigh Thorne, president of the first named institution, has purchased the Corporation Trust Company of New Jersey just so he can provide places for his old employees.

The purchase price of the New Jersey institution was \$500,000. In explaining his

Capital - \$6,000,000

Surplus - \$6,000,000



Depository of the
United States, State
and City of New York

The Mechanics and Metals National Bank

OF THE CITY OF NEW YORK

GATES W. MCGARRAH, President.
ALEXANDER E. ORR, Vice-President
NICHOLAS F. PALMER, Vice-President
FREDERIC W. ALLEN, Vice-President
FRANK O. ROE, Vice-President.

WALTER F. ALBERTSEN, Vice-Pres.
JOSEPH S. HOUSE, Cashier.
ROBERT U. GRAFF, Asst. Cashier.
JOHN ROBINSON, Asst. Cashier.
CHARLES E. MILLER, Asst. Cashier.

purchase Mr. Thorne did not pose as a philanthropist, but said he had made a business deal which enables him to place the men who had been faithful to him in the conduct of the Trust Company of America.

The absorption of the Trust Company of America by the Equitable Trust Company meant that practically every employee of the purchased company would lose his job. Now it would seem the employees of the New Jersey company are the ones who will lose out.

The Corporation Trust Company, which has its offices at No. 15 Exchange place, Jersey City, does not do a banking business, but conducts the corporate affairs of companies in other States which are incorporated under the laws of New Jersey.

"I am not going to run the trust company," said Mr. Thorne. "My chief interest will be to look after the boys who have stood by me since the troubles of 1907."

Brooklyn Banker Heads New York Trust Companies Association.

Theodore F. Miller, president of the Brooklyn Trust Co., has been elected president of the Trust Companies Association of the State of New York, succeeding Seymour Van Santvoord, resigned. Clinton L. Rositer, vice-president of the Long Island Loan & Trust Co., has been elected treasurer of the association.

Annual Dinner Guaranty Trust Company Club, New York.

The Guaranty Club, composed of officers and employees of the Guaranty Trust Company of New York, held its first annual dinner at the Taverne Louis, January 20. Over 200 were in attendance. Addresses were made by Vice-President L. B. Franklin of the Guaranty Trust Company, and by S. S. Shaw, president of the Chase Bank Club, and J. Wohnsiedler, president of the National City Bank Club. Officers of the club and chairman of the various committees gave

brief talks concerning the past, present and future of the organization. F. W. Ellsworth, president of the club, acted as toastmaster.

• Announcement was made that on March 1 there will be published the first issue of the "Guaranty News," a monthly paper, with Mr. Hy. R. Wohlens as editor, to be devoted to the interests of the club and to the Guaranty Trust Company.

Fourth National Bank, New York.

Henry E. Huntington has been elected a director of the Fourth National Bank, New York City, to fill a vacancy. The bank has made arrangements for doing a foreign exchange business, which will be in charge of A. D. Bright, for many years foreign exchange manager for Kountze Bros.

A Correction.

In commenting upon the examination of the Irving National Exchange Bank of New York by the accounting firm of Marwick, Mitchell, Peat & Company, THE BANKERS MAGAZINE erroneously reported that this bank carried a guarantee account not included in the active assets which was valued at \$10,000. This guarantee account is valued at \$40,000. The total assets, exclusive of the \$40,000, representing the guarantee account, were \$34,128,896 on December 19 last.

New Vice-President of The National Nassau Bank of New York.

Newton D. Alling, heretofore assistant cashier of the National Nassau Bank of New York, was recently elected vice-president of that institution. Mr. Alling was formerly president of the American Institute of Banking, and his promotion is a striking example of the rewards that are coming to the younger bankers of the country. He entered the Nassau Bank in 1888, and after filling the positions of collection clerk, note

teller, paying teller and chief clerk, he was elected assistant cashier in November, 1910. His election to the vice-presidency carries with it a responsible relation to the bank's credits.

Mr. Alling has shown a continuous and active interest in the American Institute of Banking, having become a member of New York Chapter in 1902. He was made secretary of the chapter in 1903 and a member of the board of governors. In 1906 he was elected president of New York Chapter. At the annual convention of the Federation of Chapters, held at Atlantic City in September, 1906, he was elected with Brandt C. Downey of Indianapolis, and Joshua Evans of Washington, D. C., to serve as a representative of the chapters on the board of trustees of the institute. From this came the movement to put the control of the institute in the hands of the chapter members, instead of its being vested in a close committee as formerly.

At the convention of the federated chapters of the American Institute of Banking, held at Seattle in June, 1909, Mr. Alling was signally honored by being elected president, and acted as chairman of the convention held at Chattanooga in 1910.

He is a fellow of the institute and as such, with his brother members, is always ready to give of his time and energy to further the ends and objects of that organization.

He has read many papers before the institute, the first being one advocating the collection of country checks by New York banks through a common agent, somewhat after the Boston plan. Others were on "Negotiable Instruments," "Bank Reserves," "A Substitute for a Central Bank," "Treasury Issue Versus Bank issue," etc., etc.

The paper entitled "Bank Reserves," written about the time of the 1907 panic, was widely quoted throughout the country.

Mr. Alling is married and resides in Brooklyn, being a member of the Montauk Club, South Brooklyn Board of Trade and the Twelfth Assembly District Club. He goes in for golf, and is a member of the Forest Hills Golf Club.

In his banking experience and practice and opinions he has always been like the bank by which he is employed, an advocate of strict commercial banking, believing that the funds of his institution should be used

in the advancement of business rather than for increasing the price of securities.

Mr. Alling has been trained in the soundest banking traditions, and adds to this



NEWTON D. ALLING

VICE-PRESIDENT NATIONAL NASSAU BANK, NEW YORK

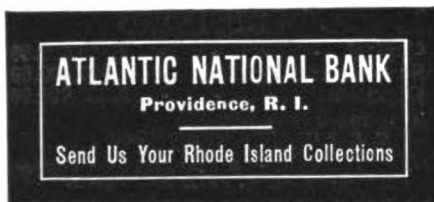
qualification good natural judgment, energy and a rare degree of personal courtesy. His promotion is a deserved recognition of qualities that fit him for safe leadership in banking.

The Guardian Trust Company of New York.

At a meeting of the directors of the Guardian Trust Company of New York February 15 Edward F. Clark, formerly first vice-president, was elected president to succeed Robert C. Lewis, resigned. The other officers were re-elected. Alfred M. Barrett was elected a director of the company to fill a vacancy.

E. C. Eldredge with Irving National.

E. O. Eldredge has recently become associated with the Irving National Exchange Bank of New York. Mr. Eldredge is one of the best known bankers in the State, having been, for several years prior to 1910, secretary of the New York State Bankers' Asso-



ciation. He came to New York from Owego, where for fifteen years he was cashier of the Owego National Bank, which he built up from small beginning to a highly successful institution. After coming to New



EDWARD O. ELDRIDGE

York he was for two years cashier of the New Amsterdam National Bank. Mr. Eldredge enjoys a wide and favorable acquaintance among the bankers of New York State and the country at large and the Irving National Bank is fortunate in making this connection.

Bankers Trust Company of New York Absorbs Manhattan Trust Co.

Announcement was made recently of the proposed merger of the Manhattan Trust Company with the Bankers' Trust Company of New York. The capital stock of the Bankers' Trust will be increased from \$5,000,000 to \$10,000,000. The combined institution, it is figured, will have deposits

of about \$160,000,000, thus ranking as the largest trust company in the city.

Of the new stock \$4,000,000 will be sold to stockholders of the company and \$1,000,000 will be issued in exchange for \$1,000,000 of the Manhattan Trust Company's stock.


The consolidated company will move into the Bankers' Trust Company Building about the middle of April. The following table gives the comparative resources and cash of the two companies, as well as the total:

	Bankers'	Manhattan.	Total.
Capital	\$5,000,000	\$1,000,000	\$6,000,000
Surplus and undivided profits ..	13,518,400	2,252,100	15,770,500
Total deposits	137,493,100	21,093,100	158,586,200
Cash	14,891,300	2,400,000	17,291,300
Total resources..	157,678,200	24,652,400	182,330,600

Provided the merged institution maintains all its deposits it will be the largest trust company in that respect in the country.

A distinctive feature of the Bankers' Trust Company is that its directorate is made up exclusively of officers of the leading banks in the United States. There is no single financial institution in the country which has as directors so many officials of other national banks, banking houses and financial interests. Twenty-seven bank officials of New York, Chicago, Philadelphia and Kansas City compose this board.

Although J. Pierpont Morgan is not himself a director of the Bankers' Trust, he is strongly represented on the institution's board of directors by Henry P. Davison, Thomas W. Lamont and William H. Porter, members of his firm. The First National Bank is represented by Francis L. Hine and Charles D. Norton. Among the New York bank presidents who are directors are James S. Alexander, president of the National Bank of Commerce; Stephen Baker, of the Bank of the Manhattan Company; Samuel G. Bayne, of the Seaboard National Bank; James G. Cannon, of the Fourth National Bank; Samuel Woolver-



IF intelligent handling of items and low rates appeal to you send us your **BUFFALO BUSINESS**

Capital - - - -	\$300,000.00
Surplus and Profits - - - -	390,000.00
Deposits - - - -	5,800,000.00

A. D. BISSELL, President
C. E. HUNTLEY, Vice-President
E. J. NEWELL, Cashier
HOWARD BISSELL, Asst. Cashier
C. G. FEIL, Asst. Cashier

Capital, \$1,000,000.00

Earned Surplus, \$1,000,000.00

JOHN B. PURCELL
President

JOHN M. MILLER, JR.
Vice-Pres. and Cashier

FREDERICK E. NÖLTING, 2nd Vice-President

CHAS. R. BURNETT
J. C. JOPLIN
W. P. SHELTON
ALEX. F. RYLAND

Assistant
Cashiers

FIRST NATIONAL BANK

BILL OF
LADING DRAFTS

ON RICHMOND A SPECIALTY

Strong in resources, conservative
in management, progressive in policy

OF RICHMOND, VIRGINIA

ton, of the Gallatin National Bank; Joseph B. Martindale, of the Chemical National; A. Barton Hepburn and Albert H. Wiggin, of the Chase National; E. H. Ferry, of the Hanover National; Walter E. Frew, of the Corn Exchange Bank; Gates W. McGarrah, president Mechanics and Metals National; Edward Townsend, president Importers and Traders' National.

E. C. Converse is president of the Bankers' Trust Company and the vice-presidents are: B. S. Strong, Jr., W. C. Poillon, D. E. Pomeroy, F. E. Kent and H. B. Thorne.

The Manhattan Trust Company was organized in 1871, and for a number of years was the only trust company in the city that had the distinction of being a member of the Clearing-House Association. John I. Waterbury is president of the Manhattan and its directors are: Horace E. Andrews, George F. Baker, Walter P. Bliss, H. W. Cannon, R. J. Cross, W. North Duane, Rudolph Ellis, James J. Hill, John Kean, John J. Mitchell, E. D. Randolph, Grant B. Schley, S. L. Schoonmaker, Charles H. Stout, George G. Thomson, W. V. S. Thorne, John I. Waterbury and J. Walter Wood.

A Strong Savings Bank.

The Westchester County Savings Bank of Tarrytown, New York, which was chartered in 1853 and now has deposits of \$3,880,364, shows in its statement of January 1, assets of a par value of \$4,454,026 and \$4,446,218 market value. This gives a surplus of 1478 per cent. on the par value of the asset and 1458 per cent. on the market value, which makes this a strong savings bank in the State of New York.

The surplus of the company on the date named was \$573,662 par value, \$565,852 market value.

There has been much discussion of late of the propriety of the savings bank maintaining a larger proportion of surplus and the excellent statement made by this institution is certainly worthy of imitation.

Philadelphia Banks to Merge.

Negotiations are being conducted for a merger of the Western National Bank into the Girard National Bank and interests connected with the latter predict that they will be successfully concluded within a month. Circulars have been sent to shareholders of the Western National asking them to come to the office of the president, George E. Shaw, to discuss the matter, the object being to obtain the necessary assent of holders of two-thirds of the stock. Richard L. Austin, first vice-president of the Girard National Bank, has conducted the negotiations for that institution.

Both banks are among the oldest of the Philadelphia banks, dating from 1832. The Western has deposits of about \$4,000,000, while those of the Girard total about \$40,000,000. Francis B. Reeves is president of the Girard.

Philadelphia Trust Companies Will Merge.

A merger between the Continental Title & Trust Co. and the Equitable Trust Co. of Philadelphia has been agreed to by the respective directors. The consolidation will be effected under the name of the Continental-Equitable Title & Trust Co., the new institution to have a capital and surplus of \$1,000,000 each. T. M. Daly, the head of the Continental Title & Trust Co., will be president of the resultant organization, his name having been proposed by Howard B. French, president of the Equitable, who declined to be considered a candidate because of his increasing business responsibilities.

In the management of the consolidated institution Mr. Daly will have the assistance of John M. Campbell, William F. Harry, John McGlenn, Jeremiah J. Sullivan and John U. Umsted as vice-presidents; John F. Skelly, as secretary and treasurer; Frank J. Johann, John V. Loughney and Edward T. Smith, as assistant secretaries and treasurers; John H. Connellan, as title officer; Alfred Harris, Jr., as assistant title officer; and C. Perry Wilcox, as trust officer.



BANKS contemplating improvements should consult us immediately, thereby avoiding errors in planning.

We plan, design and build banks complete, including interior work, decorations and equipment

Write for suggestions, giving us an idea of what you have in mind.

Bankers Building Bureau

Bureau of factories manufacturing every material necessary to complete a modern equipped bank building sold direct to banks, planned and built complete, using highest grade of materials at a conservatively economical price.

31-33 East 27th Street ... New York

The enlarged company will have deposits of \$6,500,000; those of the Continental amount to \$3,500,000, while the Equitable's deposits are \$3,000,000. The capital of the latter is \$1,000,000, in shares of \$100, and its surplus and profits are about \$278,000; the Continental has a capital of \$500,000; its stock has a par value of \$50, one-half paid in, and it sells at \$47.50 per share; the surplus and profits of the Continental amount to about \$311,000.

Lone Dime Deposit Claimed After Forty Years.

The Half Dime Savings Bank, of Orange, N. J., is minus one old account today and everybody is glad. For forty years it had troubled the bookkeepers, for it persistently went wrong on the balance sheets and caused hours of labor. It mingled with the change of the depositor to-day and was spent like ordinary money. It had not gained a cent of interest during its long repose in the bank vault.

The depositor, who is employed by a New Jersey newspaper, was a lad of twelve in 1872 when he deposited a dime as the nucleus for a substantial account, but soon he moved away.

Frequent requests were made that he close the account, and recently while on a business

trip to Orange the man stopped at the bank, showed his original receipt and was passed out a new piece of silver.

Assistant Cashier Egner breathed a sigh of relief as he paid the money; the other employees gave three cheers when the depositor was out of hearing.

Elected President of Boston Bank.

James R. Hooper was elected president of the New England Trust Co. of Boston on February 8, succeeding David R. Whitney, resigned. Mr. Whitney continues with the company as a vice-president. Mr. Hooper had previously served as actuary of the institution.

Boston Bankers Win Debate.

Boston Chapter, American Institute of Banking, held a debate recently at the City Club with the Hartford, Conn., Chapter on the subject, "Resolved, That a branch banking system would be beneficial to this country." The Boston Chapter took the negative side, and its team, consisting of C. M. Spencer, L. A. Frost and T. W. Murray, was declared the winner. The affirmative was taken by A. D. Johnson, N. W. Larkum and A. H. Cooley.

The judges were James P. Munroe, Ar-

thur H. Weed, secretary of the National Citizens' League of New England, and John J. Martin, president of the Massachusetts Real Estate Exchange. The debate followed the monthly dinner, at which Representative James F. Cavanagh, House Chairman of the Committee on Banks and Banking, presided.

New Bank Commissioner of Massachusetts.

Augustus L. Thorndike, who has just been appointed bank commissioner for the Commonwealth of Massachusetts, comes from an old New England family. He was born in Boston about fifty-one years ago and is a son of a noted surgeon of that day, Dr. William H. Thorndike.

In early life he was in the oil business.



AUGUSTUS L. THORNDIKE
BANK COMMISSIONER OF MASSACHUSETTS

Since then he has had charge of the large Thorndike Estate, which he has successfully managed for many years. During his charge of that estate he built the well-known Hotel Thorndike in Boston, and other business buildings.

His experience has brought him in touch with the banking community. He was at one time president of the Winnisimmet National Bank, which was later merged into the Chelsea Trust Co., with which he con-

THE GARFIELD NATIONAL BANK

Fifth Avenue Building
Corner Fifth Ave. and Twenty-Third Street
NEW YORK

CAPITAL SURPLUS
\$1,000,000 **\$1,000,000**

OFFICERS

RUEL W. POOR, President
JAMES McCUTCHEON, Vice-Pres.
WILLIAM L. DOUGLASS, Cashier
ARTHUR W. SNOW, Asst. Cash.

DIRECTORS

James McCutcheon	Samuel Adams
Charles T. Wills	William H. Geishman
Ruel W. Poor	Morgan J. O'Brien
Thomas D. Adams	

tinued for a number of years as a member of the board of directors.

Besides savings banks and trust companies the bank commissioner has oversight of co-operative banks. With these also he has had practical experience, having been an interested organizer of the Boston Co-operative Bank and was chosen its first president.

Mr. Thorndike makes his winter home with his family on Commonwealth avenue, Boston, and in the summer resides on his farm at Cape Cod, where he has interested himself in raising cranberries.

He has been a life-long Democrat and candidate for State Senator on two occasions from the Cape District. Last Fall he was candidate for State Treasurer on the ticket with his close friend, Governor Foss, and took an energetic part in the State campaign.

He is a member of the St. Botolph and other clubs in Boston. As a man of independent views and independent position and approachable manner, it is expected, with his ability and experience, he will fill the office efficiently and satisfactory to the public.

In Milwaukee.

The annual meeting of the stockholders of the Merchants and Manufacturers Bank of Milwaukee was held January 27, at which time the old board of directors was re-elected as follows: L. M. Alexander, H. P. Conant, F. Doepke, Nathaniel Greene, E. C. Knoernschild, W. F. Myers, W. S. Paddock and W. H. Schwab of Milwaukee; J. G.



DIAMOND NATIONAL BANK

PITTSBURGH, PA.

OFFICERS

WILLIAM PRICE, President
D. C. WILLS, Cashier W. O. PHILLIPS, Asst. Cashier

Capital - - \$600,000.00
Surplus and Undivided Profits 1,620,330.92

Bankers should seek
STRENGTH
when selecting a
Reserve Agent
or
Correspondent

Accounts of Banks,
Bankers, Corporations,
Firms and Individuals
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WRITE

Rosebush of Appleton, F. J. Wood of Grand Rapids. The old officers were also re-elected. They are: President, L. M. Alexander; vice-president, W. F. Myers; second vice-president, W. S. Paddock; cashier, E. J. C. Knoernschild; assistant cashier, A. Froede, Jr.

Changes in Milwaukee Bank.

Willis L. Cheney has been elected cashier of the Second Ward Savings Bank of Milwaukee, Wis., succeeding Charles C. Schmidt, who has been made vice-president of the institution. Mr. Cheney had previously held the post of assistant cashier of the Wisconsin National Bank and had been in the employ of that bank for nineteen years; he has also become a director of the Second Ward Savings Bank. Vice-President Smith has been identified with the latter for forty years. Albert Elser has also been elected a vice-president of the Second Ward Bank. Joseph E. Uihlein is president of the bank.

Union Trust Co. of Detroit Increases Capital.

At the special meeting held February 6, the stockholders of the Union Trust Co. of Detroit ratified the proposition to increase the capital from \$500,000 to \$1,000,000. It is reported that the present shareholders have waived their rights to approximately one-half of the new issue; the stock released will be underwritten by a syndicate which will take it over at 150 and place it at the same price with other purchasers, whose connection with the bank is desired.

Old Detroit National Bank.

Irvine B. Unger, heretofore assistant to the president of the Old Detroit National Bank of Detroit, has been elected a vice-president of the institution.

Trust Companies Plan to Consolidate.

Directors of the Fidelity Trust Company and of the Columbia Trust Company of Louisville, Ky., have voted to recommend the consolidation of the two institutions to the stockholders. In all probability the merger will be ratified. The Fidelity is one of the largest institutions of its kind in the South, and both are regarded among the strongest banking organizations of Louisville. A return of \$1,000,000 to shareholders and the retirement of that amount of stock is proposed. Under this arrangement the capital stock of the two institutions would be \$2,000,000, with a surplus of \$500,000. L. W. Botts, president of the Columbia, is mentioned as president of the consolidation and John W. Barr will probably head the board of directors.

A. I. B. Aids Young Pittsburgh Banker.

The advantages which the American Institute of Banking offers to any ambitious young man as a ready means of advancing himself in his chosen profession, is well exemplified in the recent election of J. Howard Arthur as an assistant cashier of the Peoples National Bank of Pittsburgh. Mr. Howard began his banking career with the Peoples National Bank about ten years ago as messenger and his advancement has been rapid.

Mr. Arthur has always taken an active part in the American Institute of Banking and Pittsburgh Chapter, in 1910, honored him by electing him president. In the national organization he has been a member of several committees and last year served as chairman of the publicity committee.

Clearing-House Association Banquet, Lawrence, Kansas.

A rather unique invitation was used by the Clearing-House Association of Lawrence, Kansas, to advise its members of the third annual banquet. It was in the form of a note and informed the guest that his

social obligation would fall due and could be settled at the banquet hall.

The diners were presented with menus designated as series "C" of a serial coupon bond, running six years, by which bond the association did bind itself to furnish each "One Luscious Luncheon."

And each of the six coupons attached entitled the holder to one course of the delicious repast. A five hundred dollar coin wrapper contained a tempting sandwich; the salted almonds came in a small pay envelope marked "small change;" the bon bons were in a regular coin sack labeled \$500.00. And with these six coupons having been taken care of so nicely by the association every bond holder was enthusiastic in his opinion that the bonds had been redeemed in a most satisfactory manner. Each bond contained its regular consecutive number, also the seal of the Great State of Kansas.

The main address of the evening was by Assistant Cashier Allendoerfer, of the First National Bank of Kansas City on the "Aldrich Plan." He expressed his belief in the plan, especially when some suggested improvements and amendments were made. Through the assistance of his large wall chart he made his remarks very clear and interesting as well as educational.

Annual Statement Mutual Benefit Life Insurance Company, Newark, N. J.

For the sixty-seventh time the Mutual Benefit Life Insurance Company of Newark, N. J., has rendered an accounting of its business, and this report, like the others



that have preceded, shows a healthy growth in assets. The company's receipts in 1911 are given as follows:

Premiums	\$20,923,279.01
Interest	6,266,326.36
Rents	97,749.44
Agents over-remittances.....	15,488.52
Profit on sales of real estate..	12,112.44
Profit on sales or exchange of bonds	2,625.00
Total receipts	\$27,317,580.77
Supplementary policy claims..	418,749.27
Balance, January 1, 1911.....	132,878,349.14
	\$160,614,679.18

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National Bank of Virginia

RICHMOND, VA.

Capital \$1,200,000.00
Surplus 600,000.00

Deposits OVER FIVE MILLION DOLLARS

WM. M. HABLSTON, President
JOHN SKELTON WILLIAMS, Vice-Pres.
WILLIAM T. REED, Vice-Pres.
W. MEADE ADDISON, Cashier
O. S. MORTON, Asst. Cashier
JOHN TYLER, Asst. Cashier
W. H. SLAUGHTER, Asst. Cashier
JAMES M. BALL, Asst. Cashier

Accounts of Banks, Bankers, Corporations,
Firms and Individuals solicited on favorable
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**LARGEST CAPITAL
of Any Bank in Virginia**

During the year death claims amounting to \$6,593,686.73 and endowments amounting to \$1,480,037.67 were paid. First bonds and mortgages on real estate valued at \$69,299,675.11 are held among the assets, which total \$147,028,871.98. Among the liabilities there is a reserve fund, computed according to the American table of mortality with three and three and one-half per cent. interest, of \$133,630,300. Frederick Frelinghuysen is president.

Tacoma Chapter, A. I. B.

Guy T. Pierce, secretary Tacoma Chapter, A. I. B., sends the following notice of the January meeting:

Our meeting held on January 9 proved to be a great success, creating much enthusiasm among the large attendance present.

The entertainment committee had arranged a very interesting program. One of the numbers, an address on "Psychology in Modern Business," by Dr. F. W. Southworth, held the boys' closest attention.

Following Mr. Southworth's remarks, Mr. L. J. Muschek, a local hypnotist, gave a talk explaining the science of hypnotism, enumerating many wonderful things now being accomplished by the science. Mr. Muschek concluded by hypnotising some of the boys, this part proving very amusing.

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Mr. L. H. Flood of the Scandinavian-American Bank of Tacoma, a professional comedian, having travelled in vaudeville some time ago, was next called on and it is quite needless to say that Mr. Flood's stories kept the clubrooms in continuous laughter.

Buffalo Bank Increases Capital.

At the annual meeting of the stockholders of the German-American Bank of Buffalo an increase of the stock of the bank was authorized from \$300,000, its present capital, to \$500,000.

Northwestern National, Minneapolis.

A. V. Ostrom, three years an assistant cashier, has been elected cashier of the Northwestern National Bank of Minneapolis, to succeed F. L. Holton, resigned to go into business. S. H. Plummer, chief clerk, and H. J. Riley, paying teller, were made assistant cashiers, succeeding E. L. Mattson, resigned to be cashier of the Scandinavian-American National, and Mr. Ostrom, promoted.

Mr. Plummer has been in banking fourteen years, starting with the Bank of Minneapolis, and for thirteen years he has been with the Northwestern National. Mr. Riley was paying teller with the National Bank of Commerce, when absorbed by the Northwestern, while Mr. Ostrom was with the Swedish American National.

New President for Baltimore Chapter.

Clifton K. Wells, who was in October elected president of the Baltimore Chapter of the American Institute of Banking, has resigned. At a meeting of the chapter held on January 18 Robert Mooney, transit manager of the Citizens National Bank, was elected to succeed Mr. Wells. Mr. Wells has recently been promoted to the position of discount clerk of the First National Bank of Baltimore, and the increased demands

upon his time made his resignation imperative. He is to be congratulated upon his promotion.

C. T. Williams.

C. T. Williams, long connected with the banking house of Middendorf, Williams & Co., of Baltimore, has resigned his position to accept the position of manager of investments with the Fidelity Trust Company, Baltimore, of which former Governor Warfield is president. Mr. Williams, or "C T.," as he is called by his intimates, has an extensive acquaintance throughout the South and in Wall Street.

He is regarded as one of the best-posted men in the country on security values, particularly of Southern corporations, both railroad and other enterprises, and this fact did much to influence President Warfield to invite Mr. Williams to join his official family.

The position of manager of investments is a new one. Mr. Williams was a valuable aid to the receivers of the Seaboard Air Line Railway when that property was operated under the direction of the United States Court. As secretary to the receivers he had full charge of the Baltimore office, and the bulk of the detail work fell upon him. When the system was restored to the stockholders, Mr. Williams received several flattering offers from financial institutions, both in this city and elsewhere. He went with Middendorf, Williams & Co. and has served them ever since.

Formerly he was a division superintendent of the Seaboard Air Line Railway, and left that position to go with John L. Williams & Sons, bankers, Richmond. He is secretary of the Georgia and Florida Railway, fills the same position with the Southern Investment Company, and is interested in other enterprises in the South.

Mr. Williams assumed his new duties on February 1.

The Fidelity Trust Company is one of the younger trust companies of Baltimore, but has already become one of the largest

and strongest financial institutions in the South. The Fidelity Trust Company, in connection with its mother company, the Fidelity and Deposit Company of Maryland, which is now devoting its entire attention to the surety and casualty business, make one of the strongest financial factors in the South, the combined assets of the two companies being now over \$16,000,000.

Former Governor Edwin Warfield is president of the allied institutions, and assisting him in the conduct of the Fidelity Trust Company is Van Lear Black, first vice-president, and W. Bladen Lowndes, second vice-president. Mr. Lowndes is also treasurer of the Fidelity Trust Company. President Warfield believes in "young blood," and it is his policy to surround his enterprise with men possessing youth and ability, and at the same time conservative, but keen to promote the interests of the company and those it serves.

Houston Gets largest Bank in Texas.

Through a consolidation of the Commercial National Bank and the South Texas National Bank, which becomes effective March 2, Houston is to have the largest bank in Texas. The new institution will be known as the South Texas Commercial National Bank and will be organized with a paid up capital of \$1,000,000, a surplus of \$500,000 and undivided profits of approximately \$500,000, opening business with a working capital of approximately \$2,000,000 and (using the last published statements of December 5, 1911, as a basis) with resources of approximately \$15,000,000. The new board of directors will be comprised of the boards of the two banks.

The consolidation gives the new bank combined deposits of more than \$11,000,000. The total resources of the two banks will aggregate more than \$15,000,000.

The new bank, when organized, will occupy the building now occupied by the South Texas Bank, and will be officered as follows:

Chairman of the board—Charles Dillingham.

Active vice-president and cashier—B. D. Harris.

Vice-presidents—James A. Baker, John M. Dorrance, J. E. McAshan, Thornwall Fay.

Assistant cashiers—August de Zavala, P. J. Evershade, Paul G. Taylor.

New Bank in San Antonio.

The Standard Trust Co. has been organized in San Antonio with a capital of \$250,000, all of which, it is announced, has been paid in. The institution will conduct a general trust and banking business and will specialize in making and selling mort-

gage loans. The officers are: J. M. Bennett, president; R. J. Kleberg and E. B. Carruth, vice-presidents; J. M. Bennett, Jr., treasurer; James Anderson, secretary; and W. J. Moore, chairman of the board.

In Seattle.

C. S. Harley, cashier of the Citizens National Bank, has received a telegram from the comptroller of the currency stating that the application to change the name of that institution to the Mercantile National Bank has been granted. The capital stock has been increased to \$200,000. The merger of the Citizens National Bank and the Mercantile Bank has now been completed, the change in name having been the last step. The officers of the Mercantile National Bank are: W. N. Redfield, president; M. J. Henahan, D. B. Fairley, J. Jaffee and Franklin Sheuy, vice-presidents; C. S. Harley, cashier; B. F. Harley and E. W. Campbell, assistant cashiers.

Old National Bank of Spokane.

The month of January witnessed the twentieth anniversary of the organization of The Old National Bank of Spokane, and its

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charter having been extended by the Comptroller of the Currency for a further period of twenty years, it enters upon a new era of banking activity.

The very remarkable growth and progress of this bank as reflected in the following comparative figures, are without precedent, surpassing even the growth of the city itself, in the upbuilding of which it has been so closely identified.

Comparative Growth of the City of Spokane and Deposits of The Old National Bank.

Year.	Deposits.	Population.
1892	\$ 100,000	23,000
1897	500,000	29,000
1902	1,000,000	40,000
1907	6,000,000	80,000
1912	8,700,000	104,000

PERCENTAGE OF GROWTH

City of Spokane.....	452%
Old National Bank....	8700%

The Spokane Clearing-House Association Adopts Resolution Concerning Overdrafts.

The following resolution concerning overdrafts has been adopted by the Spokane Clearing-House Association:

Whereas, the Comptroller of the Currency has called attention to legislation passed by various State Legislatures with respect to the restriction of overdrafts, and

Whereas, the Comptroller of the Currency also calls attention to the opinion of the Supreme Court of the United States on overdrafts in 1 Peters, page 71, as follows:

"A usage to allow customers to overdraw, and to have their checks and notes charged up, without present funds in the banks, stripped of all technical disguise, the usage and practise thus attempted to be sanctioned is a usage and practise to misapply the funds of the bank, and to connive at the withdrawal of the same, without any security, in favor of certain privileged persons, is surely a manifest departure from duty, both of the directors and cashier, as cannot receive any countenance in a court of justice. It could not be supported by any vote of the directors, however formal, and, therefore, whenever done by the cashier is at his own peril, and upon the responsibility of himself and sureties. It is anything but 'well and truly executing his duties as cashier.'"

Therefore, be it resolved, by The Spokane Clearing-House Association, that overdrafts will not be allowed.

Traders National Bank, Exchange Na-

tional Bank, Old National Bank, Spokane & Eastern Trust Co., Fidelity National Bank, Northwest Loan & Trust Co., Washington Trust Co., Bank of Montreal, Scandinavian-American Bank, National Bank of Commerce.

In Richmond.

W. L. Walters has been elected president of the Commonwealth Bank of Richmond, succeeding H. L. Denoon, who declined reelection. Mr. Walters' place as cashier has been filled by the election thereto of H. G. Proctor; F. P. McConnell has been elected vice-president, and S. E. Walters, formerly an assistant cashier, has also become a vice-president.

The Richmond (Va.) Bank & Trust Co., organized in November, began business on January 2. The new institution has been formed with a capital of \$300,000, and it occupies the former home of the National Bank of Virginia at Eleventh and Main streets. The bank starts under the direction of H. R. Pollard, Jr., president; W. J. Whitehurst and S. T. Beveridge, vice-presidents, and Clinton L. Williams, cashier. Mr. Pollard is a member of the real estate firm of Pollard & Bagby; Cashier Williams was formerly trust officer of the Bank of Commerce & Trusts.

Nationalize Norfolk (Va.) Bank.

It is proposed to increase the capital of the Seaboard Bank of Norfolk from \$100,000 to \$200,000 and to convert the institution to the Federal system under the name of the Seaboard National Bank. The new capital, it is announced, has already been over-subscribed by syndicates headed by Goldsborough Serpell, president of the bank, and W. T. Old of Elizabeth City, N. C.; the stockholders, however, have been given an opportunity to secure some of the stock, which has remained open for subscription until the second inst. Mr. Old and W. S. Blades were elected to the directorate of the bank at the annual meeting. The Seaboard Bank was organized in 1905.

Growth of New Farley National Bank of Montgomery, Ala.

The following comparison of the statements of the New Farley National Bank, Montgomery, Ala., under date of February 5, 1911, and February 5, 1912, shows that



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EDGAR G. ALCORN
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of Course

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its deposits have increased during the last year over thirty-four per cent.:

January 31, turning its accounts and securities over to the Valley Bank of that city.

RESOURCES.

	Feb. 5, 1911.	Feb. 5, 1912.
Loans and discounts	\$431,604.58	\$465,791.24
U. S. bonds and other investments	244,907.47	252,201.37
Cash and demand exchange	161,536.88	254,062.99
Due from United States Treasurer	10,000.00	10,000.00
	\$348,048.93	\$982,055.60

LIABILITIES.

Capital stock	\$200,000.00	\$200,000.00
Surplus and profits	50,130.33	46,932.22
Circulation	200,000.00	200,000.00

DEPOSITS.

Individual	\$343,792.71	\$455,896.17	
Banks	54,125.89	397,918.60	79,227.21
		\$348,048.93	\$982,055.60

Louis B. Farley is president; B. P. Crum, first vice-president; J. S. Pinckard, second vice-president; M. A. Vincentelli, assistant cashier, and Grover Keyton, manager savings department.

Arizona Banks Merge.

The Farmers and Merchants Bank of Phenix went into voluntary liquidation. Not a cent will be lost by the depositors, and the stockholders expect to receive a material dividend. The bank was organized about a year ago. At no time has the local bank had any considerable deposits. The Valley Bank, last week, also absorbed the Union Bank, an institution with over half a million deposits, and now is the largest financial institution of Arizona, with about \$2,700,000 deposits.

All present officers were re-elected to serve for the ensuing year. They are as follows: Julius S. Walsh, chairman of the board; Breckinridge Jones, president; John D. Davis, Samuel E. Hoffman, William G. Lackey and Henry Semple Ames, vice-presidents; Frederick Vierling, trust officer; William McC. Martin and J. H. Keebaugh, assistant trust officers; Geo. Kingsland, real estate officer; James E. Brock, secretary; Hugh R. Lyle, Henry C. Ibbotson, C. Hunt Turner, Jr., Louis W. Fricks and Edwin J. Kropp, assistant secretaries; James H. Grover, bond officer; and Frank C. Ball, safe deposit officer.

St. Louis Bank Holds Annual Election.

At the annual election of officers of the Mississippi Valley Trust Company of St. Louis Walton W. Steele was made assistant trust officer. Mr. Steele has been with the company's trust department for the past eleven years, coming to it from the Missouri State Bank of Butler, Mo., and was formerly connected with the Walton Trust Company of the same place.

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CANADIAN NOTES

Weyburn Security Bank.

The first annual report of the Weyburn Security Bank, the new institution, with headquarters in Weyburn, Sask., just issued, shows that the net profits for the past year were \$26,682. The bank has just completed its first year since incorporation, and therefore the profits were very satisfactory.

The paid-up capital is only a little in excess of \$300,000 and the total deposits are \$503,429. The earnings represented about 8¼ per cent. of the stock.

The first dividend at the rate of five per cent. has been declared payable February 15. The institution has nine branches, all in Saskatchewan.

Traders Bank of Canada.

At the annual meeting of the Traders Bank of Canada (head office Toronto) on January 23, a second vice-presidency was created and W. J. Sheppard was elected to the office. Mr. Sheppard is president of the Georgian Bay Lumber Co. An amendment to the by-laws was also made, increasing the number of directors from seven to eight, and J. B. Tudhope of Orillia was elected as the additional member. The new statement of the bank for the year ending December 30, 1911, reflects considerable growth, the resources being over \$5,000,000 greater than at the end of the preceding year, having increased in the twelve months from \$47,152,737 to \$52,427,827. The deposits (interest-bearing and non-interest-bearing) reach \$39,977,638 in the latest report and compare with \$36,077,835 on December 31, 1910. An addition of \$200,000 has been made to the rest account out of the total of \$754,569 available for distribution (of which \$601,134 represented the net profits), making the total reserve fund now \$2,500,000.

After the other customary appropriations, \$181,209 is carried forward to the new profit and loss account. The bank has a paid-up capital of \$4,354,500, on which it pays dividends of eight per cent. per annum. Since its inception in 1885, total dividends of \$3,080,335 have been paid by the institution. It has 125 branches throughout the Dominion. C. D. Warren is president, Hon. J. R. Stratton is first vice-president; Stuart Strathy, general manager, and N. T. Hillary, assistant general manager.

The Bank of Ottawa.

In the annual statement for November 30, 1911 of the Bank of Ottawa, Canada, (head office, Ottawa) the net profits for the year are shown to be \$595,229, these comparing with \$532,353 for the previous twelve months. The bank added considerably to

its business in the year just concluded. The deposits have grown from \$32,418,445 to \$34,864,147 and the resources have increased from \$43,654,939 to \$46,458,538. Out of the profit and loss account \$100,000 has been transferred to the rest account, raising the latter from \$3,900,000 to \$4,000,000, and after the other customary distributions, \$118,167 is carried forward.

A number of new branches were opened by the bank during the year, and it is the intention of the directors to open additional offices in the near future in the westerly and southwesterly parts of the city of Ottawa, and in Westboro. The directors have also purchased premises on Sparks street immediately in the rear of the present head office building, for the purpose of enlarging the latter, and thus giving it an entrance to the main thoroughfare of the capital city of the Dominion.

The Bank of Toronto.

The fifty-sixth annual meeting of the shareholders of the Bank of Toronto was held in the head office at Toronto, January

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By A. R. BARRETT

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10. The statement presented showed profits of \$677,964 for the fiscal year, which was equivalent to 16.37 per cent. The report of the directors showed the paid-up capital to be \$4,608,050, of which \$608,050 is for the last issue of one million authorized in August last. The rest fund is now one million in excess of the paid-up capital.

The following board of directors were elected for the ensuing year:

Duncan Coulson, president; W. G. Gooderham, vice-president; Joseph Henderson, second vice-president; William H. Beatty, Robert Reford, C. S. Hyman, William Stone, John Macdonald, A. E. Gooderham, Nicholas Bawlf and Colonel Frank S. Meighen.

Royal Bank has Transcended All Records.

Once more the Royal Bank of Canada is able to report in its forty-second annual statement all previous records broken.

Deposits increased over \$16,000,000, which brings the total up to \$88,294,000. Liquid assets amount to \$47,738,000, being forty-nine per cent. of the total liabilities to the public. Actual cash on hand, balances on deposit with other banks, and call loans in New York and London, England, exceed thirty-two per cent. of the total liabilities to the public. Total assets increased during the year from \$92,510,000 to \$110,528,000. Net profits amounted to \$1,152,249, showing an increase of \$200,913 over the previous year, equal to 18.58 per cent. on the capital stock of \$6,200,000. Commercial loans amount to \$59,646,000, being 67.55 per cent. of the deposits.

As will be seen from these comparisons, the bank has experienced a wonderfully prosperous year.

Union Bank of Canada.

Unanimous approval was given by the stockholders of the Union Bank of Canada (head office, Quebec) at the annual meeting on December 18 to the action of the directors in applying for legislative authority to amend the bank's charter to provide for the removal of its head office to Winnipeg.

The development of the bank during 1911 is noteworthy, and while it is recalled that the absorption by it of the United Empire Bank was one of the happenings of the year, its growth cannot be entirely ascribed to that circumstance. The merger brought to the Union deposits of less than two and one-half million dollars (the November 30, 1910, figures of the United Empire Bank

Stock Prices

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By Frederick Drew Bond

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CONTENTS

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- II—Factors of Share Prices.
- III—The Trend of the Market.
- IV—The Priority of Stock Prices.
- V—The Banks and the Stock Exchange.
- VI—The Floating Supply.
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253 Broadway, New York City

being \$2,280,228), and that this represents but a small fraction of the increase in the business of the Union in the twelve months under review is shown when we state that the deposits in this period have advanced from \$37,409,681 to \$45,232,460.

The total assets have grown correspondingly and are now \$58,434,822, against \$47,455,827 on November 30, 1910. The net profits for the year were \$662,437, as compared with \$451,620 the previous year. The bank has increased its paid-up capital since its report of a year ago from \$4,000,000 to \$4,914,120 and its rest account from \$2,400,000 to \$3,057,060. Its branches now number 242, and the opening of a branch in London was one of the events of 1911.

John Sharples has been re-elected president. Reference was made at the meeting to his decision to retire from that office at a future date, and in expressing regret at the contemplated action, it was indicated to be the wish of the directors that when Mr. Sharples found it necessary to retire, he be tendered the position of honorary president. G. H. Balfour is general manager and H. B. Shaw assistant general manager.

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A SCIENTIFICALLY DESIGNED INKWELL

THE Eclipse Pneumatic Inkwell, as shown in illustration No. 1 is a scientifically designed ink container, made entirely of glass, being constructed in such a manner that the ink will remain suspended in the dome, (as shown in the illustration), being delivered to the pen as required through the small opening in the base of the dome. It will be readily seen that little or no evaporation can occur while the ink is confined in this air-tight glass dome. There are no rubber parts to wear out or be corroded by chemicals in the ink.

The opening for the ink is so constructed that only the required quantity is taken on by the pen when dipped in the inkwell.

Illustration No. 2 pictures the Eclipse Pneumatic inkwell overlaid with silver deposit. It is indeed a thing of beauty plus efficiency and economy, and differs from any article now on the market of this nature, this style of inkwell being peculiarly adapted to silver decoration.

These inkwells are manufactured by the General Supply Company of Danielson, Conn., in several styles and sizes, all em-

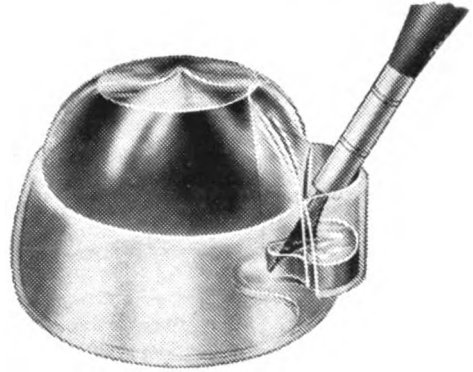


FIG. No. 1.

bodying the same pneumatic principles. Glass base plates are furnished if desired at a moderate additional cost.

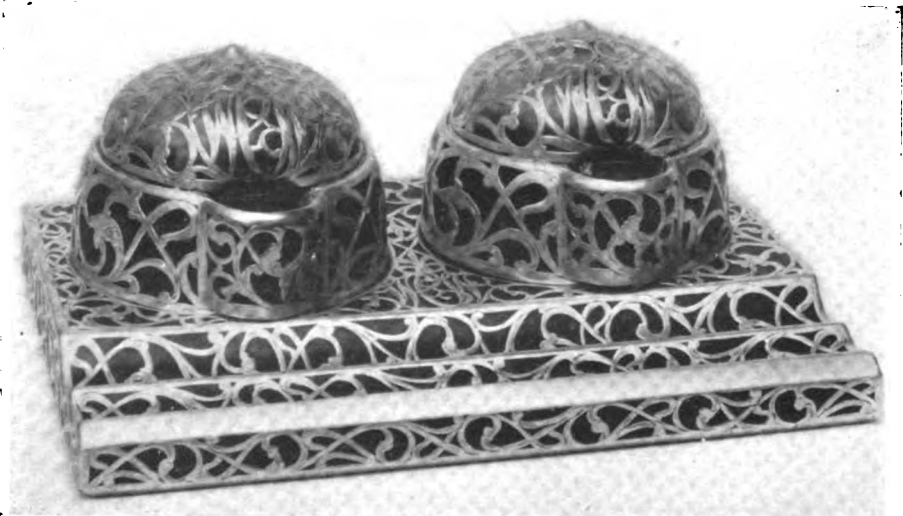
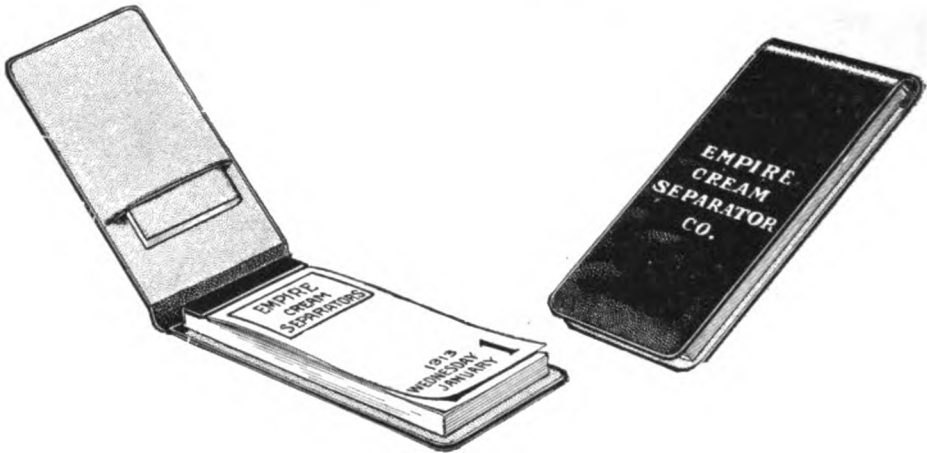


FIG. No. 2.



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THE bi-monthly daily leaf calendars, illustrated herewith, are manufactured by the Rockwell Printing Co., Hoboken, N. J. They are very good advertising novelties for banks because they are something which the recipient can use regularly and will prize highly. The advertisement of the bank is on the cover and inside is a thirty-two-page memo. book, renewable every two months, on each page of which is also an ad. of the bank.

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BANKS CLOSED AND IN LIQUIDATION

ILLINOIS.

Chicago—Monroe National Bank; absorbed by Central Trust Co.

INDIANA.

Indianapolis—Columbia National Bank; succeeded by National City Bank. Union National Bank; succeeded by National City Bank.

Ferdinand—Ferdinand National Bank; succeeded by Beckmann State Bank.

Montgomery—First National Bank; in voluntary liquidation, Dec. 6.

MASSACHUSETTS.

Fitchburg—Wachusett National Bank; absorbed by Safety Fund National Bank.

NEW JERSEY.

Cranford—Cranford National Bank; to be succeeded by a trust company.

NEW MEXICO.

Alamogordo—Citizens National Bank; in voluntary liquidation, January 16.

NEW YORK.

Oneonta—First National Bank; absorbed by Citizens National Bank.

NORTH DAKOTA.

Overly—First National Bank; succeeded by Farmers & Merchants Bank.

OHIO.

Warren—Union National Bank; in voluntary liquidation, December 30.

TEXAS.

Munday—Citizens National Bank; consolidated with First National Bank.

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, *Editor*

SIXTY-SIXTH YEAR

APRIL, 1912

VOLUME LXXXIV, NO. 4

FARM FINANCING

QUITE lately one of the most important of the country's productive activities—agriculture—has begun to receive some attention as to its financial needs. Of course, the marketing of the crops, and indeed many of the operations incident to farming, are well cared for by the ordinary commercial banks. But in the matter of long-time farm loans we have in this country no adequate means of affording the farmers a ready access to abundant supplies of cheap capital at a rate commensurate with the productiveness of our farm lands.

The importance of this readily available and cheap supply of funds to the successful conduct of manufacturing and merchandising has been much emphasized in current financial discussion, and is now under consideration by Congress. But the bill for establishing the National Reserve Association does not make any direct provision for farm loans, although the practical effect of the bill would be, undoubtedly, to confer substantial benefits upon the farmers as well as upon merchants and manufacturers. If the measure is enacted with a provision authorizing the formation of national trust companies or national banks with savings departments having the right to make loans on real estate, the farmers will be directly benefited.

The present demand for farm loans in the United States is supplied by the State banks and trust companies, to

some extent by savings banks, by mortgage companies organized under State laws, and in no unimportant measure by the national banks. Although the latter class of institutions may not legally make such loans, it is well known that they have been able to find a way round this difficulty.

There is no better agency for negotiating a farm loan than the local bank or trust company, which knows the quality of the lands in the neighborhood as well as the standing of applicants for loans and can keep both the land and the loan constantly under watchful supervision. Many of the local mortgage companies also are not only trustworthy, but by a long and honorable record they have built up a splendid market for the securities handled by them.

It is, therefore, with no desire whatever to reflect either on the banks now handling farm mortgages nor upon the local mortgage companies that their inadequacy for supplying the demand for farm loans is herein pointed out.

Both the local banks and the loan companies, though having the best knowledge of farm loans in their vicinity and possessing superior fitness for negotiating such loans with the farmers and supervising them after they are made, lack the financial connections and the wide reputation necessary to give the farmers of the United States access to all our own money marts and to those of the world.

This inadequacy of our financial machinery greatly handicaps the development of our farms. Not only is the farmer compelled to pay a higher rate than he should pay under proper conditions, thus adding to his cost of production, but he often finds it difficult to procure the needed accommodations.

Of course, farm loans are handled largely by the insurance companies, but that is only an incident of their business, not the main purpose for which they are formed.

While our statesmen have not been lacking in a display of oratorical solicitude for the farmer, they have wholly neglected to provide for a national mortgage bank that, properly organized and managed, would be of incalculable assistance to the farmers of the country. A bank of this kind, organized with large capital, and with a branch in each State, could sell its debentures secured by farm mortgages, thus gaining access to an almost unlimited supply of capital for farm loans at low rates. Such an institution would gain the prestige of large capital and resources and of uniform management, thus bringing these great advantages to the service of the American farmer. By using the existing banks and mortgage companies as its agents much of the friction of competition would be avoided and the best possible results attained. For this would obviate the creation of new and costly machinery and would afford at the same time the most trustworthy source of information as to the character of the loans offered.

What has been done abroad in this regard was well illustrated in an address delivered at Youngstown, Ohio, by Hon. MYRON T. HERRICK, former Governor of Ohio and now the American Ambassador to France. We quote:

"To show what has been accomplished in other countries in this direction, descriptions follow of the Land-

schaften Associations in Germany and the Credit Foncier in France.

"The Landschaften Associations are societies of farmers. The members have the right to issue mortgage bonds, based upon the mortgages held by the association. These bonds are guaranteed by all the members of the association. By virtue of such a guarantee the bonds are readily salable upon favorable terms, throughout the empire, to banks and all classes of investors. By means of these bonds, and the conditions under which they are issued, the farmers belonging to the associations can command the money market as readily as great business corporations or municipalities. Those who join the associations must have their estates appraised, and they are permitted to make mortgage loans up to one-half or one-third of the appraised value of their land. The association assumes the responsibility for the payment of the loan. The association pays the interest and also the principal, when due, for which it is reimbursed by the borrower. In order to show the actual working of one of these organizations, I will describe one that has its headquarters at Kiel.

"This institution has the right to acquire real property, and to issue mortgage bonds payable to the holders. Only those that own agricultural or wooded lands of a certain earning power or determined value can become members. As all those that join the association need capital, the initiation fee is calculated at the rate of one-tenth of one per cent. of the amount to be borrowed. Mortgage bonds are issued in denominations of 5,000, 2,000, 1,000, 500 and 200 marks, in four classes, bearing three per cent., three and one-half per cent., four per cent. or four and one-half per cent. interest. The bonds are quoted and sold on the financial exchanges and find a ready market. The association guarantees the

payment of the bonds when due. If the capital of the association is not sufficient for the purpose, then the individual members become jointly liable to an amount not to exceed five per cent. of the money loaned and not repaid. The total amount of the bonds of the association in circulation must not be in excess of the total amount of the mortgage claims against its members which the association holds. The bonds are redeemed at intervals, the numbers being drawn by lot. The mortgagor can negotiate a loan through the association at three per cent., three and one-half per cent., four per cent. or four and one-half per cent. He selects a rate according to the circumstances of the money market. The mortgagor pays into the association, in addition to the interest, and until the termination of the loan, one-eighth of one per cent. for amortization, and one-tenth of one per cent. as a contribution to the cost of administration. If the mortgagor fails to meet his obligations to the association, it may demand full payment of the loan upon six months' notice, and if the payment is not then made, the property is sold. If property on which a loan has been made decreases in value partial repayment of the loan is demanded. The surplus receipts of the association go into a reserve fund from which losses are made good. The administration of the affairs of the association is under the supervision of the Prussian Minister of Agriculture, and under the special control of a Royal Commissioner, who is authorized, at any time, to inspect the books and funds, to attend meetings, and to call meetings. On January 1, 1908, the bonds of the *Landschaftliche Credit verband*, were as follows:

	Marks.	
4 per cents. . . .	7,044,800	\$1,676,662.40
3½ per cents. . . .	33,481,800	7,968,668.40
3 per cents. . . .	1,813,200	431,541.60

"In 1908 the largest loan amounted

to 62,600 marks (\$14,898.80) and the smallest 600 marks (\$142.80). The average was 13,800 marks (\$3,284.40).

"The *Credit Foncier de France* established to satisfy an imperative need is a limited liability company with a capital of 200,000,000 francs, operating under the supervision of the State. In the beginning (1852) the government granted the *Credit Foncier* a subsidy of ten millions francs, in order to help it make loans at a rate advantageous for that time. The subsidy was not renewed, and the State does not now intervene except occasionally to exercise its control. The purposes of the *Credit Foncier* are:

"1. Lending money to land owners, counties, communes and public services.

"2. To create and negotiate real estate bonds, or mortgage bonds to a value which cannot exceed the amount of the sums due from its borrowers.

"The company is permitted to receive deposits, but the aggregate of the deposits must not exceed one hundred million francs. The funds received on deposit are employed in discounting commercial bills on condition that they have two signatures and do not run over three months. The shares of the *Credit Foncier*, which are dealt in on the Bourse, are issued at five hundred francs, and anyone can own them. The stock now receives six per cent. dividends and sells for about 750 francs a share. The Government appoints the Governor and two sub-Governors. There must also be three Treasurers General among the twenty-three members of the Council of Administration. These Treasurers, as well as other administrators, are appointed by the General Assembly of the company. The General Assembly represents all the stockholders, and is composed of the 200 who own the largest amount of stock.

"The two principal kinds of operations of the *Credit Foncier* are mortgage loans and communal loans. The

total of these two kinds of operations now amounts to more than four billion francs. So far as the possible adoption of some of the methods of the Credit Foncier in the United States is concerned, that part of its operations covering the making of loans to land owners is of the greatest interest. Our municipalities now have a broad and steady market for their securities.

"The Credit Foncier makes loans to land owners on the following terms:

"1. Short time loans, without amortization, for a period of from one to nine years.

"2. Long time loans, with annual amortization, for a period of from ten to seventy-five years.

"The rate of interest on the loans is 4.30 per cent. per annum, and the rate is the same for all kinds of property. Loans are made only on first mortgage security, and the amount of the loan cannot exceed one-half of the value of the property, except that loans on wines and timber must not exceed one-third of their value. When the loan is made for a short period, the borrower pays each year only the amount of interest due, and the principal amount must be paid in full at the end of the term of the loan—one to nine years. Long time loans are gradually paid by means of an annuity, which includes the interest and a small fraction of the principal. As a rule the borrower himself fixes the length of the time that the loan is to run. The amortization extends over the whole period of the loan, so that the total of the interest and capital is repaid from a constant yearly annuity. Consequently, the cost of amortization depends on the length of the loan and on the rate of interest. On a loan running for seventy-five years at 4.30 per cent. interest the annuity—including interest and amortization, is at the rate of 4.48 per cent. per annum. The borrower has the right to pay the principal of the loan at any time, and to profit

by the amortization already made. He can also make partial payments and thereby reduce the amount of the annuity. The land owner, who wishes to build, can obtain from the *Sous Comptoir des Entrepreneurs*—a society connected with the Credit Foncier, a mortgage credit based on the value of the land and of the building to be erected. When the building is finished the credit can be converted into a Credit Foncier loan.

"The real estate bonds issued by the Credit Foncier have no fixed maturity, but are called for payment by lot. Each payment of bonds must be of such an amount that the bonds remaining in circulation will not exceed the balance of the principal owed upon the hypothecated loans. If the government approves, there can be added to the bonds called for payment certain prizes and premiums. The funds received from the usual amortization, or anticipated payments, must be used to amortize or redeem bonds, or to make new loans. In general the bonds bear three per cent. on the nominal capital, and the cost of the loans to the company, including interest and amortization, is about 3.60 per cent., which places them on a par with municipal bonds. At the present time the company is redeeming bonds to the amount of about 30,000,000 francs per year, but the amount of redemptions can be increased, if it becomes necessary in order to keep the balance between the bonds and the loans. The bonds are sold by public subscription. About every three years the company issues bonds sufficient to yield from 300,000,000 to 350,000,000 francs. The bonds are subscribed for by people of small means, and usually remain in their hands; consequently the quotations of the bonds show little fluctuation. The company always keeps a few bonds on hand for sale, but the bulk of them are disposed of by public subscription."

Governor HERRICK concluded his instructive description of these great and successful institutions by urging the formation of a mortgage bank here, not exactly upon the same models as the ones above described, but adapted to our own needs and conditions. He declared that the profits of such an institution should be kept at a reasonable limit, and that the borrowers should be made the chief beneficiaries.

devise some practicable method of giving to the various commercial organizations of the country greater unity—in form, management and aim—and thus add to their authority in commercial matters, it will serve a useful purpose.

A NATIONAL COMMERCIAL ORGANIZATION

A CONFERENCE will be held at Washington, beginning on April 22, to discuss the propriety of forming a national commercial organization.

While, in our judgment, the country is suffering already from too many commercial organizations, and especially from too much talk and too little action, the conference referred to may nevertheless lead to beneficial results. A great deal of the present miscellaneous and misdirected efforts of existing commercial organizations might be better directed or stopped altogether by a national chamber of commerce and something like a unity of policy in commercial affairs secured.

In some cities may be found a multiplicity of commercial organizations trying to do the same thing. The result is cumbersome and expensive machinery and reduced efficiency.

Perhaps the right to use the terms "chamber of commerce," "board of trade," "manufacturers' association," etc., etc., should be more clearly defined by legal enactment, as is done in Germany and other countries to some extent.

If the Washington conference can

THE COST OF LIVING

UNDER the stimulus of a movement inaugurated by Professor IRVING FISHER of Yale University, President TAFT some time ago sent a message to Congress suggesting that the United States be represented on an international commission to investigate the cost of living.

Such an investigation, properly conducted, ought to be of great value. In the first place, it would definitely establish the fact whether the cost of living has increased or not; whether this increase is local—that is, confined to certain countries—or whether it is international; and, finally, it should be able to determine with some degree of accuracy the cause for whatever increase may be found, and the remedy, if there is one.

OBJECTIONS TO THE RESERVE ASSOCIATION PLAN

FAIR discussion of the proposed National Reserve Association will serve to bring out both its merits and demerits. Certainly, before the bill is enacted into law the latter should be reduced to the lowest possible minimum.

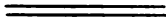
Sharp attacks were made on the measure in the March issue of the MAGAZINE by Former Secretary of the Treasury SHAW, by Mr. FOWLER and by Gen. HAMBY of Texas. The views expressed

by these gentlemen will repay careful reading.

Mr. SHAW bases his opposition to the plan largely on its administrative features. He is troubled greatly by the fear of Wall Street domination. General HAMBY finds numerous objections to the scheme, not the least of which is that the Reserve Association may be designed to take care of large financial interests but that the country banker is overlooked. He also thinks the power given the Reserve Association "to inflate the currency would be a constant menace to conservative banking."

Mr. FOWLER bases his criticisms upon economic grounds. He declares that the extension of the practice of re-depositing reserves, coupled with the use of the notes of the Reserve Association, would cause serious inflation and keep a large amount of gold out of the country.

In subsequent issues of the MAGAZINE the discussion of this important measure will be continued, and we shall be glad to give space to a reply that any reader may care to make to the views of the gentlemen above mentioned.



PROPOSED NEW MONEY SYSTEM

POLITICAL economists of the greatest repute have declared that the present money system based upon gold—or indeed upon precious metals of any kind—is far from satisfactory. If they knew any effectual means for regulating the supply, they would not hesitate to declare their preference for paper money. Is it impossible automatically to regulate the supply of paper so that it will not become redundant in volume and depreciated in value? The orthodox economists who otherwise would favor a paper money

standard have apparently given up the regulation of the supply as an insoluble problem.

But in a book shortly to be issued by The Bankers Publishing Company of New York, Mr. JOHN RAYMOND CUMMINGS, the author, declares that he has discovered a perfect method of regulating the volume of paper money so that the supply will correspond exactly to the demands of trade, and that this money, instead of depreciating in value, will constantly appreciate, so that in effect wages will be forever rising, and that savings will go largely into the form of money instead of being invested in interest-bearing securities, the rise in the purchasing power of the money affording approximately the equivalent of an interest-bearing obligation.

Mr. CUMMINGS' book is entitled "Natural Money the Peaceful Solution." He makes large claims as to what this money system will do, as the following quotation from the introduction will show:

"In the following pages I undertake to prove these propositions:

"That there is a natural money.

"That its adoption will make panics impossible.

"That after a term of years natural money will bring our banking system to such condition that every bank will be able to pay all its obligations instantly. Banks will then be the accountants, custodians and clearing houses for all the people.

"That in the course of time (probably within fifty years) natural money will put all business on a cash basis.

"That in a like period the interest rate for property loans will fall to one or two per cent. and probably will disappear from money loans.

"That natural money will enable the Government to take over all the land and all the privately owned public utilities on terms very liberal to present

owners without issuing a bond and without hardship or injustice.

"That it will enable the Government to build during the same period a million miles of highway at a cost of \$10,000 the mile.

"To irrigate and drain a large proportion of the area needing irrigation and drainage.

"To develop tens of millions of horse power from water and distribute it throughout the country.

"To develop internal water ways on a scale hitherto unattempted and undreamed of.

"That it will raise wages and end strikes and lockouts.

"That it will establish natural wages and secure absolute equity as between employers and employees.

"That it will pay off the Government debt and make future debt impossible.

"That it will soon become the money system of the world and abolish war.

"That it will end all agitation and dissatisfaction, and bring all now discordant classes into harmonious coöperation, inaugurating an era of progress and prosperity such as the world has not even conceived of."

These proposals, which certainly are astounding, are to be effected by conforming to what Mr. CUMMINGS calls the natural law of money, described in the book. If the author could give adequate assurances that his money system would bring about these startling changes, surely the nations of the world would lose no time in putting the system in operation, and the author of it would be hailed as a benefactor of the human race—perhaps as the greatest who ever lived.

But he who is disposed to regard these claims as visionary will be agreeably surprised by the reasonable tone of the book, by the thorough knowledge shown, and by the judicial and tolerant temper in which existing social and

economic problems are handled. A broadly humanitarian spirit and a brilliant and forceful literary style lift the volume above the ordinary economic treatise, and make it pleasant as well as instructive reading.

We shall not attempt to determine the correctness of the author's views. Economic students have long admitted the imperfections of a metallic standard. Whether anything better than gold can be found, and whether that something better may be the "natural money" described by Mr. CUMMINGS, are points we shall leave to others to decide. We may be pardoned for being a trifle skeptical as to the potency of paper money to work all the magical influences which the authors claims for his system. But we are still willing to be shown.

The kind of money proposed by Mr. CUMMINGS is based neither upon gold nor silver, nor upon commodities of any kind; neither is it convertible into coin. It is based upon what the author terms "free labor"; that is, the labor not required in the ordinary channels of production and exchange but offering for employment on works of a public character. How this money would issue, how it would be redeemed, what are its qualities and advantages—all these things the author fully describes, and we feel sure that those who are at all interested in the money question, or indeed in social and economic problems generally, will want to read his views.

It must be said that Mr. CUMMINGS is not proposing a system of fiat money, nor yet of labor checks.

He discusses a great subject with a rare knowledge of principles, a deep human sympathy and a catholic spirit, and has produced a volume that those disposed to think for themselves will want to read. He believes that he has made a momentous discovery in monetary science, one destined if put into

practice to revolutionize social, industrial and financial conditions. Whether the system is practicable, or whether it would do what is claimed for it, may be granted or denied; but however that may be, Mr. CUMMINGS has made a novel and interesting contribution to the literature of money. Should his theories prove correct in operation, he has written one of the great books of the century.

**HON. CHARLES N. FOWLER, A
PROPHET**

TO all those who are familiar with the subject, it is known that the Aldrich plan, in principle, is the German banking system transported to this country.

HON. CHARLES N. FOWLER proved himself to be a very good prophet in his speech in the House, March 29, 1910, when after comparing the banking systems of England, France, and Germany, greatly to the disadvantage of the latter, he said, speaking of the German system:

"Its gold reserve is of the half-way sort, and its bank-note issue is also of the half-way sort. The result is that the financial and banking situation in Germany must necessarily prove weak upon the first great test."

In December, 1911, he used this language:

"If Germany had had a strong financial system she would have gone to war with France. The fact is her banking system has completely broken down during the last six months."

An editorial in the Newark (N. J.) "Evening News" of March 6 contained this significant statement in confirmation of Mr. FOWLER'S opinion of the German system:

"The Kaiser is said to have interested himself personally in an investigation of this unpreparedness for war, as it has been called.

"When he asked the direct question, whether Germany was prepared, in case of necessity, to finance a war with one of the first-class foreign powers, and received a negative answer, it is said that he stated, 'I want a different answer the next time I ask that question.'

"This is given as the explanation of the government plan to reinforce the resources of the German banking system, including the joint-stock banks as well as the Reichsbank. * * *

"The terms suggested by Herr HAVENSTEIN, President of the Reichsbank, to the joint-stock banks are that they should maintain cash reserves at fifteen per cent. against all deposits, a margin of fifty per cent. on all speculative accounts, and an increased commission on acceptances.

"The joint-stock banks argue that this will involve the locking up of \$250,000,000." (Gold.)

In Mr. FOWLER'S speech before the Republican Club of New York, January 20, he asserted that Germany should have accumulated ten times as much gold as she had during the past ten years, which was approximately \$40,000,000, or should have accumulated \$400,000,000.

Now comes Germany herself and confirms precisely what Mr. FOWLER said two years ago and reaffirmed in the months of December and January, although they put the amount of gold that Germany should have accumulated at \$300,000,000 instead of \$400,000,000, or about eight times instead of ten times the amount she did accumulate.

It would seem as though Germany needed a Monetary Commission to investigate her present system, just as badly as we do to investigate ours.

THE INFLUENCE OF BANKING UPON INTERNATIONAL RELATIONS

By Norman Angell

The following paper was read before the London Institute of Bankers, January 17. Mr. Angell is the author of the well-known work "The Great Illusion," and we are sure his views on the influence of banking upon international relations will prove of great interest to American bankers.—Editor THE BANKERS MAGAZINE.

I HAVE so often submitted this matter to the criticism of people having no special equipment for understanding the more fundamental forces with which it is concerned that the pleasure I have in laying it before those who *have* some such special equipment is one, I imagine, it will be difficult for you to realize.

Not that I am going to deal with any abstract points of banking theory or practice, concerning which I have no particular competence; I would not come here with the presumption of being able to teach you anything about the details of your own work. But rather do I want to call your attention interrogatively to certain large social and economic reactions of banking as a whole—certain general effects of a condition which has grown up to some extent unnoticed perhaps even by those responsible for it. To produce this condition was not the object of your work, but it is one of its results, and not the least important, as I think you will agree. And if I can establish this connection, you at least will be able to realize the force and sweep of the factors at work.

The title of this address might suggest to you, perhaps, that I was going to deal with one phase of the connection between banking and international relations, of which we have heard a great deal of late. I mean the alleged direct interference of eminent financiers, or groups of financiers, with the negotiations between European governments. Well, that is not the phase with which I intend to deal, except in a word or two, to try and reduce it to its right proportions. Among those who deal with international affairs, you will find a type of writer, with a taste presumably for the melodramatic, who would have us believe that behind every diplomatic difference and every international settlement stands what he is apt to call "the sinister figure of the international financier." According to this view, nations and people are but mere pawns in the hands of those who constitute that mysterious entity "the money power." War is declared, we are given to understand, because "the money power" wants it, or it is not declared because it does not want it. You are aware, of course, of the

somewhat childish confusion between the personal power or influence of a merchant or financier and the forces of which he may be the trustee, which makes such a picture for the most part a caricature. Separate even the most powerful of these "sinister figures" from the interests or the economic forces, of which for the moment he may be the representative, and he is reduced to practical impotence.

The Bank Court may make the Bank-rate (because that is not always a commercial reality), but it cannot make—at most it can but register—the market rate. A Court of Law does not make the guilt of a prisoner. We talk commonly of an assize court holding in its hands the issues of life and death. It is dramatic, but not true, except in a very narrow sense. It cannot hang a man for stealing a penny-worth of corn, although it could have done so two or three generations ago. It cannot flagrantly flout the law of evidence or certain customs and tradition—in other words, it is the expression of forces outside its control. In the same way, when we talk of a group of financiers bringing a war to a close by stopping supplies, as though it were the personal fiat of the individual or corporations involved, what we really mean is that the credit of the particular Power to which supplies had been refused was no longer sound—an economic fact quite outside the control of the bankers. Had it been sound the nation in question could by bettering the terms have raised the money elsewhere.

FRANCE AND GERMANY.

I read the other day in a quite serious review that in the Franco-German rivalry, the diplomats had become the mere mouth-piece of the financiers able by their influence to decree the course of events—to render it impossible, or possible, as they desired, for one or the other side to declare war—the truth being, of course, that diplomats and financiers alike were both equally impotent in the face of a financial situation due to causes and events stretching over a generation. For twenty or thirty years Germany has been a developing and borrowing nation and France a saving and lending

nation, a difference due in its turn to economic, moral, religious and racial forces, over which the financiers have no more control than they have over the tides of the sea. And the French Government has within the last few weeks had a potent lesson showing the very narrow limits within which either governments or financiers can control or set at naught the impersonal economic forces of the modern world. They have learned that, thanks to processes familiar to you, but which I shall touch on in some detail in a minute to illustrate certain secondary results, it has become impossible to impose more than a momentary check upon French money going to the help of German credit, if the intricate economic needs based on the interdependence of the civilized world call for it.

In politics, in business, art, literature, philosophy, religion or medicine, you get men of capacity, playing, by virtue of the greater skill with which they apply their gifts, whether moral or intellectual, to material circumstances, a larger rôle than others in the same sphere of activity; but to pretend that organized finance aims in any special sense at monopolizing or controlling political power is, so far as one can generalize at all in the matter, to turn facts upside down. For the most part, it is not the banker who wants to interfere with politics, it is the politician who wants to interfere with banking; all that the banker generally asks of politics is to be left alone. Again and again, in the history of banking, from the days that kings as a matter of course debased coinage to their personal profit, so that bankers were obliged to resort to the expedient of an imaginary coin, do we find, especially in the history of continental banking, that pressure has been brought upon bankers to compel them against their judgment to make their business serve some political end of the Government. Again and again do we find illicit political pressure put upon them to use funds entrusted to them for purposes which such trust did not imply. Courtois, in his "History of Banking in France," declares that the resperate financial disasters which marked the history of France for the best part of a century were due practically to one cause, and to one cause only: the illicit power exercised by the Government over banks, compelling them against their judgment to make advances to the Government, or to favor this or that political scheme which happened to fit in with the political needs of the moment. He declares that had the bankers been allowed to carry on their business uninterfered with, as were most other business men, an infinity of suffering and poverty would have been spared to the country. And the strength of the feeling against being mixed up with politics or having any connection with the State felt by continental financiers may be judged from the

vehemence of the language used in this respect by the founders of the Bank of France.

To this day, of course, the connection of the great credit institutions of the Continent with their respective Governments is a very much closer connection than that which exists between the banks and the Government in this country. The *Syndicat des Agents de Change* in France, for instance, cannot, or, at least, does not, authorize the official quotation of a security on the Paris Bourse without the express sanction of the Government; and although such control has never received the authority of an Act of Parliament, the great French credit institutions do not facilitate the issue of any large foreign Government loan in France without it having received the approval of the Government. Indeed, it is well known that in the issue of such loans, they are guided to no small extent by the political necessities of the Government. In the case of Germany, political control, though not operating in quite the same way, is still more direct. Bismarck, on more than one occasion, practically compelled banks to operate on the market at his dictation in certain cases, in order that he might exercise diplomatic pressure on a foreign Government. Whether it is desirable that a bank should be compelled to carry on its business not solely with a view to its security and prosperity and in the interests of its clients, but also with a view to purely political purposes, is a question on which I think you would have very grave doubts, especially since, as I think I shall be able to make plain to you before I have done, the political object almost always miscarries and has had, both with France and Germany, in every single important case shown by the history of the last forty years, effects the exact contrary to those aimed at by the respective Governments.

PLAY OF THE GREAT AND SILENT FORCES OF FINANCE.

It is not therefore of this alleged personal control of policy by great financial interests, a subject upon which a vast deal of nonsense due to the misconception at which I have attempted to hint, has been written, that I want to treat, but the influence of banking operating in quite another way; by the unnoticed impersonal forces which the ordinary week-day, humdrum work of banking has called into existence; the cumulative outcome of those numberless every-day operations that take place almost completely outside the control of governments or financiers: often unknown to them; often in spite of them; representing forces far too strong and far too elusive for such control; so much a part of the warp and woof of the ordinary life of the world that they are rapidly and surely weaving society into one indissoluble whole. I want

to treat of banking as a permanent and integral part of the great social organism—the outcome of functions which are as vital, as unconscious and as uncontrollable as respiration, or digestion in the case of an animal organism.

I should here, perhaps, forestall a *caveat* that you might enter touching this illustration or analogy, which, like all illustrations and analogies, is liable to misuse. If these forces, you may argue, are so powerful as to offset the force of political combinations, why are we worrying about the matter at all? We have only to let the politicians do their worst. Such a conclusion would not be justified. While the vital process of an organism—respiration, digestion, blood circulation—are unconscious and uncontrollable, the life of the whole thing may depend upon whether conscious volition is so used as to enable it to carry on those processes favorably, and the more that the organism grows in vitality by adaptation to its environment, the more important does the factor of conscious volition, which, in the case of man, means his intelligence, become. A man cannot control his breathing, but he can bring it to a stop by committing suicide, or damage it by catching bronchitis from sitting in a draught; he cannot control his digestion, but he can avoid indigestion by refraining from poisonous foods. If you catch cold or take poison, you are not master of the fact as to whether you will die, your conscious volition cannot control it—unless you are a Christian Scientist, and Christian Science has not yet been applied to banking. But you *are* master of the fact as to whether you will sit in a draught or swallow horribly tasting things, and you are master of that fact, thanks to the development of sensory nerves. In the absence of them the organism would die. If we can imagine an animal that did not feel hunger or cold or the bad taste of poisons, it would very soon be wiped out. It has nothing to guide it in its adaptation to its environment, none of the acute promptings which result in placing it in the most favorable conditions to allow the unconscious and uncontrollable processes to be carried on favorably. Now, banking is performing, among other functions, this immense service to the economic and social organism: it is providing it with sensory nerves, by which the damage to any part or any function can be felt, and, thanks to such feeling, avoided.

BANKING DESTINED TO CHANGE SOCIETY.

And by banking, I mean all that the word can legitimately imply; the whole process of the systematic organization of credit. And I think I can show you that banking, in this large sense, thanks to the evolution and development of those sensory nerves, is bound to bring about not merely a considerable, but a revolutionary, change

in the general conduct of the organism which we call human society—bringing vividly to its consciousness certain errors in conduct, errors which become increasingly painful by reason precisely of the developments of its nervous system.

And this sensitiveness is shown, of course, mainly where the organism works with most difficulty: in the relationship between nations. And I believe that in the never ending struggle which every nation carries on, in the attempt to adapt itself to environment, it is bound to discard more and more certain habits which have marked it in the less developed stage.

What are the principles which have dictated the general conduct of nations the one to the other in the past—not merely in Europe, but in Christendom; and which have created what we call the European situation, with its competition of armaments and all its recurrent dangers?

There is no occasion to use exaggerated language about that situation and its dangers: the one point upon which men of all opinions are agreed is that the situation is very dangerous indeed. Your *big* navy man, your advocate of universal military service, justifies his demands for this enormous expenditure of money and energy by reason of our ever increasing danger. If that danger did not exist, these enormous sacrifices which he demands would not be justified. And those of us who are not concerned with politics and take no side on the question, the business world, for instance, of which this city is the centre, know that war would bring damage, of which no man can foretell the limit.

What sets up this situation, turns the world in this way into a volcano, ever threatening eruption? The necessity for defence? But that implies that someone may attack—has a motive for attack, and, if the danger is so imminent as these vast preparations would suggest, it means that such a motive must be a strong one. And it is the assumption that this strong motive does exist which creates the whole situation. To say that the likelihood of being attacked depends upon the likelihood of someone making the attack, is, of course, but a different way of saying the same thing, and that leads us to ask what is the impelling motive, material or moral, making this attack as probable as we allege.

Those whose special competence is the philosophy of statecraft, from Aristotle and Plato, passing by Machiavelli and Clausewitz down to Mr. Roosevelt and the German emperor, or, for that matter, to Mr. Blatchford, have never for a moment disguised that this motive does exist. It forms the basic premise of the whole science of international relationship as we now know it: "war is a part of policy," in Clausewitz's phrase. Since nations must struggle one with the other for their "place in the sun," the race is for the strong militarily:

the strong are able to advantage themselves at the expense of the weak, and a nation must be strong militarily and use its force, or threaten to use its force, to ensure an advantageous situation in the world. And this conception is justified on moral grounds by an appeal to the analogies of evolution, and we are told that its final justification is to be found in the fact that such struggle ensures the survival of the fit. It is the great struggle for life which is coterminous with the whole of organic existence.

THE FOUNDATION OF EUROPEAN STATECRAFT.

What we may properly call these foundations of European statecraft have been well stated by two writers of acknowledged eminence. A German on the one side and an Anglo-Saxon on the other, and in essence they are identical. Baron von Stengel, who was Germany's delegate to the First Hague Conference, declares that "Every great Power must employ its efforts towards exercising the largest influence possible, not only in European but in world politics, and this mainly because economic power depends in the last resort on political power, and because the largest participation possible in the trade of the world is a vital question for every nation."

On the other side of the world, you have the great Anglo-Saxon writer, Admiral Mahan, urging an exactly similar point of view in the following passage:

"The old predatory instinct that he should take who has the power survives . . . and moral force is not sufficient to determine issues unless supported by physical. Governments are corporations, and corporations have no souls; governments, moreover, are trustees, and as such must put first the lawful interests of their wards—their own people . . . More and more Germany needs the assured importation of raw materials, and, where possible, control of regions productive of such materials. More and more she requires assured markets and security as to the importation of food, since less and less comparatively is produced within her own borders by her rapidly increasing population. This all means security at sea . . . Yet the supremacy of Great Britain in European seas means a perpetually latent control of German commerce . . . The world has long been accustomed to the idea of a predominant naval power, coupling it with the name of Great Britain, and it has been noted that such power, when achieved, is commonly often associated with commercial and industrial predominance, the struggle for which is now in progress between Great Britain and Germany. Such predominance forces a nation to seek markets, and, where possible, to control them to its own advantage by preponderant force, the ultimate expression of which is possession . . . From this flow

two results: the attempt to possess and the organization of force by which to maintain possession already achieved . . . This statement is simply a specific formulation of the general necessity stated; it is an inevitable link in the chain of logical sequences: industry, markets, control, navy bases . . ."

WILL BANKING RENDER MILITARY FORCE ECONOMICALLY FUTILE?

Thus we get the essence of the whole philosophy which has its final expression in an Armament Bill for us of over seventy millions a year, and for the world of something like five hundred millions a year, and a situation of such tension that at times it hangs like a nightmare over civilization.

Well, I want to show you that it is the function of banking to play a dominant part in the absolute break-up of this whole philosophy; that this conception has become, by virtue of the forces at work during the last half-century, and especially during the last twenty or thirty years, obsolete. That a nation's prosperity does not and cannot depend upon its military power, that wealth in the modern world has become intangible so far as conquest or confiscation is concerned; that military power cannot latently or actively control markets to its own advantage; that, indeed, the whole assumption that the political entity can be made to coincide with the economic entity, in a world in which the economic frontiers expand and contract in infinite degrees and in infinite directions yearly, almost daily, ignores the most potent forces touching the proposition; that political power has ceased to be a determining factor in the economic sphere; that it is an outrageous absurdity to represent a nation, a large part of whose population would starve to death but for the economic co-operation of other nations, as a separate entity struggling against other distinct entities; that nations are no longer such separate organisms, but interdependent parts of the same organism; that the whole biological analogy has been misapplied; and that banking is the final expression of the forces destined to make clear these propositions—to render military force economically futile.

If, therefore, it can be shown that these propositions are largely and generally true, I think you will agree with me that the modification in political conceptions which banking is destined to bring about, is not incidental or trivial, but fundamental, basic in character, truly what I have called it, revolutionary, destined to play a large part in indicating a way out of what is perhaps the gravest problem to-day affecting our civilization.

CHANGING INTERNATIONAL RELATIONS.

I want first to call your attention to this fact: that all these great authorities to

whom I have referred assume that the relationship between states is unchangeable in character, that what it has been it always will be, that Aristotle's or Machiavelli's conception of these things is substantially as true of our day as of theirs. Well, now I will put a case to you.

When a Viking king of old landed on these shores from his own State, and hammered his way into a Saxon stronghold, capturing all the cattle and corn and slaves and women that he could lay his hands upon, and squeezing the population for Danegeld, he sailed back to his own state just so much the richer by what he could load on his ships, and when he got back home his own state had practically suffered nothing by the devastation which he might have created in securing his loot. Now imagine a modern, a German Viking landing on these shores, rifling the great national treasury chest, say the vaults of the Bank of England, destroying our railroads, destroying all the commercial records he could lay his hands on, blowing safe deposit vaults into the air, putting into effect, indeed, Blucher's "Was für Plunder" as ruthlessly as he liked; loading his ships with the thirty or forty million that he could secure in this way, and sailing back to Germany. Would he, like his predecessor of the eighth, ninth or tenth century, have found that as an offset to the proceeds of his little expedition there was no damage to German trade or German prosperity? Take one item only—the plunder of the Bank of England's metallic reserve. Remembering the special position of the Bank of England, the relation of its small reserve to the large international business done, and recalling certain incidents in which the State bank of a foreign country at a time when that country was in a political sense bitterly hostile to us, has in quite recent times come to its help, I think many will agree that I am hardly overstating the case in saying that the act of unimaginable economic vandalism would close the Bank of Germany itself. Even if it did not do that, it would involve loss and cost to German finance and trade greatly exceeding in amount the value of the loot secured. An operation of the kind I have described which, quite profitable in the old days from the point of view of the invader, would in our day not merely be profitless, but involve to the conqueror a loss infinitely greater in amount than the tangible booty which he could secure.

Can we say, therefore, that the international relationship of these two cases is identical, unchanged in character? That plunder, and the motive leading to it, is quite as simple a matter now as then? Of course, we cannot. It has fundamentally changed. The whole character of the relationship is different owing to factors introduced by our credit system.

THE INTANGIBILITY OF WEALTH.

That is not all. I have spoken of the intangibility of wealth. It is intangible in two ways. You, of course, know that most wealth in its modern form depends upon the security of commercial contract, and that if you upset such by overriding the processes of law by military power—if the Courts will not enforce the mortgage bond—the wealth which these instruments represented disappears, in a large part at least. The confidence which gives them value has gone. But modern wealth is intangible in a second sense.

I once asked a chartered accountant, very subject to attacks of Germanophobia, how he supposed the Germans would profit by the invasion of England, and he had a very simple programme. Admitting the impossibility of sacking the Bank of England, they would reduce the British population to practical slavery, and make them work for their foreign taskmasters, as he put it, under the rifle and lash. He had it all worked out in figures as to what the profit would be to the conqueror. Very well, let us follow the process. The population of this country is not allowed to spend their income, or at least are only allowed to spend a portion of it, on themselves at all. Their dietary is reduced more or less to a slave dietary and the bulk of what they earn is to be taken by their "owners." But how is this income which so tempts the Germans, created—these dividends on the railroad shares, the profits of the mills and mines and provision companies and amusement concerns? The dividends are due to the fact that the population eat heartily, clothe themselves well, travel on railroads and go to theatres and music halls. If they are not allowed to do these things, if, in other words, they cannot spend their money on these things, the dividends disappear. If the German taskmasters are to take these dividends, they must allow them to be earned. If they allow them to be earned they must let the population live as it lived before—spending their income on themselves, but if they spend their income on themselves, what is there, therefore, for the taskmasters? In other words, consumption is a necessary factor of the whole thing. Cut out consumption, and you cut out the profits. This glittering wealth which so tempted the invader has disappeared. If this is not intangibility the word has no meaning. Speaking broadly and generally, the conqueror in our day has before him two alternatives: to leave things alone, and in order to do that he need not have left his shores: or to interfere by confiscation in some form, in which case he dries up the source of the profit which tempted him. Just how far this intangibility renders nugatory such devices of conquest as an indemnity; tribute, exclusive markets; when it comes to a question of one great complex industrial community, at-

tempting to profit by the parasitic exploitation of another, it is not my present purpose to show. But it is evident we have here, on the very first analysis, two fundamentally important features in which the early pre-economic statecraft would quickly prove unworkable in our day; in which the motives dictating the relationship of states are subject to great modification. It is merely silly to argue (and yet I have heard it argued by a great university professor) that there is no change. All that remains in doubt is the degree of such change and its direction: whether it has moved sufficiently far as yet to reach a condition which makes military power economically futile as I have declared.

It is important that we should realize just *how* that relationship has changed: what has been the underlying process at work: what has been the character of the development.

And if I appear to wander for a moment from my subject, I would ask you to remember that it is impossible to explain or to have any clear idea of the real significance of any one great fact in the world, without paying at least some attention to the apparently unrelated facts that have produced it.

You remember the nursery story of the plum-pudding that took 200 men to make, and yet, when finally produced, was just an ordinary plum-pudding. And if you cannot explain one plum-pudding save by going back to the ploughman who ploughed the ground, and the sower who sowed the seed for the wheat, and the ship which brought the plums to England, you cannot tell the story of so complex a subject as banking and the relations of states, without going back to the facts which at the first blush do not appear to bear very directly on it. But I shall not digress for more than a minute or two.

THE DIVISION OF LABOR

Now, the basic fact in the development from the Viking to our own day is the division of labor, little as that may appear on the surface. If there were no division of labor, organized society would never have grown up, because there would have been no necessity for men's co-operation; a man able to do everything necessary for his life himself would be a really independent person, not caring a rap as to whether his neighbors died or lived. It is the condition of most animals, who, indeed, do exploit the universe, or as much of the universe as concerns them, without the co-operation of their fellows. The primitive man approaching more nearly the condition of the animal could kill all his fellows without injury to himself. There was merely the more game or roots left for himself. But the man who eats bread, wears clothes, has his teeth filled or his appendix removed, needs farmers,

millers, weavers, dentists and surgeons—a whole world to administer to his wants. Now an exactly similar development is shown in the growth of communities, which are at first interdependent of others, and then by the division of labor come to be dependent upon them. If in the time of the Danes, England could by some magic have killed all foreigners, she would presumably have been the better off. If she could do the same thing to-day half her population would starve to death. The feudal community, which was already a somewhat complex social organization, necessitating all sorts of arts and crafts and sciences, produced in the little domain—the estate of the feudal lord—everything that it needed, and could be, and was, quite independent of others, often cut off by impassable roads for weeks and months at a time from all similar communities, and did not suffer in the least. But if to-day an English county is cut off from other counties by, for instance, a general railroad strike, its whole life is paralyzed in twenty-four hours. This means that the division of labor has rendered it dependent upon others, dependent upon the work of the world going on uninterruptedly.

THE BEGINNING OF COÖPERATION.

But the division of labor produces a still further factor, perhaps the most important of all: the subsidence of physical force—the tendency for such to be completely replaced, especially between communities, by the free exchange of goods and services. It is the development from compulsion to freedom, from militarism to commerce, the inevitable drift towards the final elimination of the military factor.

I have illustrated elsewhere the whole thing by a little historical sketch:—When I kill my prisoner (cannibalism was a very common characteristic of early man), it is in "human nature" to keep him for my own larder without sharing him. It is the extreme form of the use of force, the extreme form of human individualism. But putrefaction sets in before I can consume him (it is as well to recall these real difficulties of the early man, because, of course, "human nature does not change") and I am left without food.

But my two neighbors, each with his butchered prisoner, are in like case, and though I could quite easily defend my larder, we deem it better on the next occasion to join forces and kill one prisoner at a time. I share mine with the other two; they share theirs with me. There is no waste through putrefaction. It is the earliest form of the surrender of the use of force in favor of co-operation—the first attenuation of the tendency to act on impulse. But when the three prisoners are consumed, and no more happen to be available, it strikes us that, on the whole, we should have done better to make them catch game and dig roots for us.

The next prisoners that are caught are not killed—a further diminution of the factor of physical force—they are only enslaved, and the pugnacity which in the first case went to kill them is now diverted to keeping them at work. But the pugnacity is so little controlled by rationalism that the slaves starve and prove incapable of useful work. They are better treated; there is a diminution of sheer force. They become sufficiently manageable for the masters themselves, while the slaves are digging roots, to do a little hunting. As their utility increases, and the wealth they create tempts hostile tribes, it becomes important not to have them revolt. They are bribed into good behaviour by better treatment: a further diminution of force, a further drift towards co-operation; they give labour, the owners give food and protection. As the tribes enlarge, it is found that those who have most cohesion where the position of slaves is recognized by definite rights and privileges. Slavery becomes serfdom or villeiny. The lord gives land and protection, the serf labor and military service: a further drift from force, a further drift towards co-operation, exchange. With the introduction of money, even the form of force disappears: the laborer pays rent and the lord pays his soldiers. It is free exchange on both sides, and economic force has replaced physical force. And the further the drift from force towards simple economic interest, the better the result for the effort expended. The Tartar Khan, who seizes by force the wealth of his subjects, giving no adequate return, soon has none to seize. Men will not work to create what they cannot enjoy, so that finally the Khan has to kill a man by torture to obtain a sum which is the thousandth part of what a London tradesman will voluntarily subscribe to any object which would secure the esteem of his Sovereign, who has lost all right to the use or exercise of physical force, the head of the wealthiest country in the world, the sources of whose wealth are the most removed from any process involving the exercise of physical force.

But while this process is going on inside the tribe, or group, or nation, force and hostility, as between differing tribes or nations remain; but not undiminished. At first it suffices for the fuzzy head of a rival tribesman to appear above the bushes for primitive man to want to hit it. He is a foreigner: kill him. Later, he only wants to kill him if he is at war with his tribe. There are periods of peace: diminution of hostility. In the first conflicts, all of the other tribe are killed—men, women and children. Force and pugnacity are absolute. But the use of slaves both as laborers and as concubines attenuates this: there is a diminution of force. The women of the hostile tribe bear children by the conqueror: there is a diminution of pugnacity. At the next raid into the hostile territory it is found that

there is nothing to take, because everything has been killed or carried off. So on later raids the conqueror kills the chiefs only, or merely dispossesses them of their lands and divides them among the conqueror (Norman Conquest type). We have already passed the stage of extermination. The conqueror simply absorbs the conquered—or the conquered absorbs the conqueror, whichever you like. It is no longer the case of one gobbling up the other. Neither is gobbled. In the next stage, we do not even dispossess the chiefs—a further sacrifice of physical force—we merely impose tribute. But the conquering nation soon finds itself in the position of the Khan in his own state—the more he squeezes the less he gets, until, finally, the cost of getting money by military means exceeds what is obtained. It is the case of Spain in Spanish America—the more territory she “owned,” the poorer she became. The wise conqueror, then, finds that better than the exaction of tribute is an exclusive market—old English colonial type. But in the process of ensuring exclusivity more is lost than is gained: the colonies are allowed to choose their own system—further drift from the use of force. Final result: complete abandonment of physical force, co-operation on the basis of mutual profit the only relationship, with reference not merely to colonies which have become in fact foreign states, but also to states foreign in name as well as in fact. We have arrived not at the intensification of the struggle between men, but at a condition of vital dependence upon the prosperity of foreigners. With each new intensification of dependence between the parts of the organism must go the intensification of all these factors which has marked every stage of the progress in the past, from the day that we killed our prisoner in order to eat him, and refused to share him with our fellow, to the day that the telegraph and the bank have rendered military force economically futile.

But in the foregoing sketches I have purposely left out of account the operation of one factor which is precisely the one most apt to determine the conduct of one group to another and without which their history might have gone on without greatly modifying the particular relation we are now discussing. And this other factor which I have not specifically illustrated here, is what I have called Sensibility or Organic Consciousness, a capacity on the part of one section of the organism, nation that is, to measure the extent of its dependence upon the rest, and to measure it immediately. And that is the function of banking.

Why do I say that the factors already indicated by my two illustrations would not, of themselves, greatly modify the relationship of states? For this reason: our conduct is determined, not by the facts of the world which affect us, but only by so much of the facts as we can realize—only when we see the relation of cause and effect in those

facts. "It is not," says one thinker, "the facts which matter, but men's opinions about facts," and although what I have described does, in fact, describe a condition of real interdependence, the rivalry of states and the growth of armaments might but for this further factor, with which I am going to deal, go on unchecked, as some of my critics declare it will. Those critics point out that there was a certain measure of interdependence between states in the ancient world, that Rome had an elaborate banking system, credit was already an important fact in the world during the Napoleonic struggle, a still more important one when Germany devastated France trying to cripple her economically as part of a state policy. But I do not think they have taken into consideration the development of sensibility.

Let me illustrate no longer by supposition but by actual historical cases.

SPAIN'S COLONIAL POLICY.

You know the sort of policy which Spain pursued in South America during three centuries: the continent was ruthlessly bled, mainly for its gold. Not merely was the bulk of the output of the mines taken by the Spanish Government, but the whole trade of those vast territories was controlled by Spain for the benefit of certain privileged interests in the mother country. All goods had to be taken to certain centres and there shipped in a certain way, this involving mule transportation occasionally thousands of miles out of the direct route, and this was merely a detail. Now the point is this. That policy was not in the long run profitable to Spain. Everyone admits it; Spain, indeed, became so desperately poor as the result of it that Buckle declares that in her most glorious days the King could hardly pay the wages of his Court attendants, and the people were even poorer than the upper classes. The country which was having poured into it the gold of half a universe, possessed a population which was one of the poorest in Europe at the time. And yet Spanish statesmen went on trying to apply the policy which was ruining them, trying to live on extorted bullion, and for this reason. The relation between the policy that they were applying and its results was too remote to be apparent; the reaction of cause and effect too slow to be observed. Spain, say, passed a law which, for the purpose of some immediate and special gain, spelt absolute ruin to a vast province, but the effect of that ruin did not make itself felt on Spain for perhaps a generation, and there was no means of tracing and registering the effects over so long a period, a period during which other factors would intervene to still further obscure cause and effect, especially at a time when the printed book was practically unknown. It was, therefore, the immediate, the *a priori*, which dominated the statesman's course. He saw that if he had gold in

his pockets, he could buy what he wanted, therefore, he said:—"Let's get plenty of gold and keep it from leaving the country, and we shall be all right." The policy which was followed during those three centuries was the mere extortion of bullion, the mercantile theory in all its crudity, with the results that we know. The more that it was enforced the poorer Spain became, and the real condition of interdependence, the real policy of which should dominate one country in its relations to another, was quite unrealized. The interdependence was there surely enough, Spain and South America were, indeed, members of the same economic organism, but that organism had no sensory nerves, it was without sensibility and would not feel when damage was done to it, and did not guide its course in consequence.

Now, imagine a modern Spain responsible for the policy of a modern South America, developed industrially and financially to a high degree. We should best understand the relationship, perhaps, if we could imagine the American revolution not having taken place, and England still "owning," in the meaningless phrase of our politics, North America, and then imagine England to-day trying to introduce the sort of policy which Spain enforced during 300 years in South America: enacting by Parliament, for instance, that every mine and oil well in the United States should pay a tribute of 80 per cent. to certain monopolists in London; ordaining that all cotton coming from Louisiana and destined for Lancashire, should first be taken to Winnipeg, and there pay a special octroi tax, and then handled by certain privileged firms, shipped in certain privileged ships at certain fixed rates, and arriving, shall we say, at Deal, because that happened to be the seat of another monopolist, and then brought inland, shall we say, to the town of Derby, because that happened to be the seat of a business having influence with the Government, and from Derby shipped to Manchester. You know, of course, that an Act of Parliament of that kind, merely a paraphrase of just the sort of legislation enforced by Spain on South America during 300 years, passed to-day would precipitate a financial crisis, first in America, but immediately after in England, which would involve tens of thousands of business men in London, having, at first sight, but the remotest connection with the interests involved, and would practically annihilate a great national business in Lancashire—on which thousands of our countrymen depend for food. No man would know whether he would find his bank closed in the morning or not.

And this is the point: the result of such an Act would not be felt, as in the case of seventeenth century Spain, in twenty, thirty or fifty years, but would be felt within twenty minutes of the time that its provisions became known. Think for a moment of the investments that would be rendered

valueless, of the panic with which they would be thrown on to the market, of the chaos that would instantaneously result, and you know that if the business men in Lancashire or London possessed any influence whatsoever with the British Government, all their influence as a matter of life and death would be thrown instantly against that Government, so as to ensure the rescinding of such an impossible law. And this instantaneous effect would be due to processes which banking has devised, availing itself of the telegraph, which enables it, or, rather, compels it to act by anticipation—before, perhaps, such legislation had actually been enforced at all.

Now, that is what I mean by sensibility or organic consciousness. The Stock Exchange, the Bank rate, would enable the organism to realize instantly what cruder and less developed organisms could not realize at all, for the simple reason that it possessed no nervous system. Banking provides the organism with its sensory nerves, which means, surely, the capacity to co-ordinate its acts and perform them with a realization of their effect. And those sensory nerves are the creation of our own time.

That is why I think that a whole body of criticism directed at my work is hardly valid. I am told that the interdependence of nations is an old story. That these factors existed in the past, and that they did not deprive military force of its advantage, or, if they did, that fact did not modify the conduct of one state to another. But the determining factor which is the immediate reaction I have attempted to indicate, the only thing which will really affect policy, you did not and could not have. The intellectual conception of these truths may be old, their demonstration in such a way as to affect the general public opinion which dictates the policy of nations is new. And the historical demonstration of this is very simple.

THE INTERDEPENDENCE OF NATIONS.

The interdependence of nations was first argued seriously in the modern world by Hume in 1752: he was followed by Adam Smith, in a work of far wider reach, thirty years later. Yet their arguments had evidently not affected general policy at the end of the eighteenth century, as political discussion in England at the time of the American Revolution, and on the Continent at the time of the Napoleonic wars, showed plainly enough. Indeed, the practical, vital interdependence of states was then very small, as the results of Napoleon's Continental system clearly showed. Even England, industrially the most developed of all, was only dependent upon foreigners (except occasionally in years of great scarcity) for luxuries, spices, wines, brandies, silks, things which, while the trade in

them was considerable, affected only an infinitesimal part of the population, and the trade in which was not much affected by the prosperity or otherwise of the neighboring peoples. England had not yet a great national industry which depended upon the prosperity of her neighbors—upon, that is, the neighbors being able to send her food and raw material in abundant quantities, upon their being able to carry on their industries. This is the crucial test of vital interdependence, and it did not exist in any country in the world at the beginning of the nineteenth century. England was nearer to it by half a century than any other country. Indeed, we might even say that as late as the last quarter of the nineteenth century there was not a single nation in the world outside Britain illustrating, in the daily needs of vast masses of its population, this sort of vital dependence upon its neighbors, in the way, for instance, that Lancashire is upon American cotton, or in the way upon which millions of our people are upon foreign food. Consequently, until well into the nineteenth century, despite the intellectual labors of the physiocrats, the old idea that it was a nation's interest to kill the industry of other nations was still predominant. But by the third or fourth decade of the nineteenth century a real division of labor had set in; steam was now playing a large rôle in our industry, and when our cheap coal placed us in an advantageous condition to make ready use of that force, and our geographical position (corresponding in a world which included America, precisely to the position which the Venetian Republics held when the world was mainly the Mediterranean) the development of our industries, foreign trade began to render cheap food essential to our population. A few bad harvests, "the rain that rained away the Corn Laws," showed our dependence upon foreign food. And that dependence created a revolution in fiscal policy. A change of ideas which all the splendid arguments of the physiocrats had been unable to affect in a hundred years, the absolute demonstration of our need for foreign food did in five.

And this change synchronized roughly with a change in our whole conception of the relationship of one country to another: a frank abandonment of the old relationship of exploitation by the mother country towards the colonies: the complete acceptance of the idea of self-government for our overseas possessions. A moment's reflection, indeed, convinces one that this conception of the relationship of the mother community to great daughter communities is the direct logical outcome of that change in the idea of the relationship of nations which the physiocrats have taught, and which events have made understandable.

But a nation is not a person. It is only our careless speech which leads us to say

that "England" is in favor of that, or "Germany" of this; forty millions or sixty millions are never all of the same mind. And although the defeat of the old political notion seemed pretty complete when Cobden had done his work, there were very many in the country who still firmly believed that what England had most to fear was the growth of power and prosperity in other nations. It received a curious illustration at the outbreak of the North and South war in America. The growth of the American Union had disturbed the dreams of many English statesmen, and when, at the outbreak of war, it appeared that that Union was about to break up, very little trouble was taken on the part of many Englishmen to hide their satisfaction at the prospect. The very first result of that impending break up of a foreign state, however, was the partial ruin of a great industry, and the starvation of tens of thousands of workpeople, in our own state. The essential interdependence of peoples received a further economic illustration, which was another nail in the coffin of the old ideas. Note the development in political ideas. In 1860 it was still part of British policy—still part of the ideas of the men who governed England—to prevent the development of the United States. How much of such a policy is left to-day? Who believes that a wealthy United States is a danger to this country?

Let us get back to the Continent, however, with this historical sketch. While England's prosperity had yet for a generation been bound up vitally with the work of other nations—getting her grain and meat from America, her wool from Australia—the Continental nations without an exception were still, despite the fact that several possessed large trades built up on the export of luxuries like wine and silks, roughly self-sufficing and self-supporting; and their policy showed it.

In 1870, Louis Napoleon saw with dismay the possibility of a German Union, and it had on him pretty much the same effect in 1870 that the spectre of a great American Union had had on English statesmen in 1860; and acting on the old idea that the power of a neighbor must necessarily be used against you and his prosperity inimical to your own (in one sense he was right, because that was precisely the motive animating all nations, except England, who was just beginning to learn the real lesson), he directed his policy towards crushing that power and crippling that prosperity: that is to say, he encouraged a line of policy which tended to render the consolidation of the German states difficult and incomplete. Bismarck challenged the interference successfully and used his force by deliberately trying to crush France, not merely in a political, but in an economic sense. It was his avowed intention so to adjust things that never again should France be an economic power in Europe. There was no

economic relationship between the two peoples which pulled him up smartly in the matter; no German Lancashire to starve because French cotton fields were over-run with soldiers; German industry did not depend either upon French wheat or French money. Well, note what follows. Germany settled down to consolidate her political and economic position, gave herself over to intense industry and commercial development, which followed pretty much the same lines that similar development in England had followed in the preceding generation. And after forty years of this economic development came another Franco-German conflict; once more the armies were ranged face to face, and a German statesman frankly basing his policy on the Bismarckian philosophy, stood once more in Bismarck's place; with these great advantages, however, over his predecessor—where Bismarck had represented a Germany of forty millions confronting a France of the same number, a Germany moreover which was not yet politically united, Herr von Kiderlen Waechter represented a Germany of sixty-five millions as against a France of thirty-eight millions, a Germany which had had forty years of political union and severe discipline, and a Germany which had grown enormously, inconceivably, whereas France had stood still. But there was no war. Where Bismarck could have bled France white with a certain satisfaction, without any immediate damage being involved to his own country, Herr von Kiderlen Waechter (I am told to his surprise) learned that to bleed white this relatively feeble France of 1911 would be to plunge this great and powerful Germany into the direst economic distress. What American cotton had been to Lancashire in 1865, French money, and all that it directly and indirectly represents, was to German industry in 1911. He learned, still more to his surprise apparently, that of the twenty million souls added to German population since 1870, nearly all of them were dependent upon foreign food, and gained their livelihood from industries dependent to a large extent upon foreign capital, most of it French and English capital, and that, if by some magic the ultimate Bismarckian dream of wiping France economically from the map of Europe could be realized, he would have been prevented, and, indeed, was prevented from so doing, not by any consideration for French welfare, but by the very pressing necessities of German industry, and by the direct influence of German financiers and German business men. The very threat of it was enough. Did it leak out that German demands had become unacceptable, there was a slump on the Berlin Bourse, and some German industrial bank closed its doors: did the German jingoes talk of the imminence of war—the bank rate moved up a point, and some considerable German house went into insolvency. I could trace for you, if I had the time, a

really humorous chart establishing the direct relationship between the "vigor" of German foreign policy and the figures of German commercial insolvency.

The condition is indeed well described by our own Consul-General in Germany—Sir Francis Oppenheimer—who points out in his last report that the close alliance between the banks and the industries in Germany creates a situation which, I use his very words: "must in times of international crisis result in general collapse." From numberless similar comments, I take the following from the *Bourse Gazette* of Berlin: "The policy which the government has been pursuing since the first of July has inflicted on our commerce and our industry losses almost as great as they would have suffered from an unsuccessful war."

Such an opinion may be exaggerated: that is not the point. The point is that financial opinion is already feeling this effect of policy. What I am saying is this. These nerves about which I have talked were already acting on the organism, already beginning to affect public opinion, which in its turn would be bound sooner or later to affect the government. And indeed we have complete evidence that such opinion, stirred by these financial nerves, did very rapidly influence the policy of the government. Here is an incident typical of many similar things which were going on at the time, told in a *Times* telegram from Berlin.

We were in the midst of a pessimistic period, and the German government had with evident intent been assiduously issuing pessimistic notes. The *Times* telegram was as follows:—

"One consequence of the disquieting semi-official statements was that a considerable time before the opening of the Bourse numerous selling orders began to arrive, and there seemed every prospect of another heavy fall in prices. The principal banking institutions, however, put themselves immediately in communication with the Foreign Office, and at an early hour several of the representatives of the great banks, including, it is stated, Herr von Helfferich, director of the Deutsche Bank, Herr Carl Furstenburg, Director of the Berliwin Handelsgesellschaft, and the representatives of the National Bank and the house of Bleichroeder, were received at the Foreign Office by Herr Zimmermann, the Under-Secretary of State for Foreign Affairs, who in reply to enquiries made reassuring statements of the most positive kind with regard to the situation. Encouraged by these assurances the banks lent their support, with the result that prices were maintained at a satisfactory level throughout the day."

Could we have clearer evidence that Germany had arrived at a time when its government was modifying its policy of aggression in response to those new economic needs that had come to make Germany dependent

upon the financial security of its neighbors?

How far are we removed from the glorious days when Bismarck could glibly talk of bleeding France white with the satisfactory assurance that not a German would be the poorer in consequence, and that on the contrary the German state would immensely gain thereby. I will suggest an illustration of the social Law of Acceleration I have attempted to explain elsewhere: Bismarck was nearer to being able to apply the methods of Attila, nearly 1,500 years removed from him, than we are to being able to apply the methods of Bismarck, from whom only 40 years separate us.

I know what you will say. That it was not these considerations which prevented war, but the fact that Germany, in addition to the French army, had also to face the British navy. But I beg you to remember that there have been two Morocco incidents in the last 10 years, and on the first occasion the English navy did *not* stand in any special sense behind France: and if you will examine the German financial Press of that period, you will find that precisely the same order of economic and commercial considerations which played so great a weight in dictating the lines of general policy in 1911, played also a predominant though not so noticeable a rôle in dictating German policy in 1905; "there can be no doubt," says one credible French authority, "that war was prevented by reason of Germany's industrial dependence upon international credit," and the same authority adds this significant note: "the influence of this international economic solidarity is increasing despite ourselves. It has not resulted from the conscious action on the part of any of us, and it certainly cannot be arrested by any conscious action on our part."

I do not say that the political and military factors, the British navy and the rest of it did not count. Fifty equally well-informed persons will give 50 divergent opinions as to the respective weight of the factors which have determined this or that action in the case of a government. A man who has lived all his life at the very centre of things in Germany, and who is in touch not only with the commercial, financial and journalistic worlds, but with the Court and with political subjects, has told me this: "I have watched many political developments and intrigues, and have shared in many; perhaps I have seen as much of the inside of German policy as any man, and you ask me whether the future holds war or peace; and I have to tell you that I do not know. You ask me whether Germany is in favor of peace, and again I have to say I do not know. The Emperor does not know whether Germany favors war or peace, though he personally most certainly would favor peace; but he cannot tell whether his efforts will prevail."

CHANGING GOVERNMENTAL POLICIES.

And yet you get people who talk of a country, say Germany, as though its acts were the outcome of a fixed opinion like that formed by an individual having definitely made up its mind to do this or to do that, not the expression of a body of opinion, subject to modification by all sorts of forces, a thing perpetually in a state of flux. There is not a government in Europe that has not radically changed its views on policy in ten years. In 1900, France was in deadly opposition to England. English opinion would hear nothing good of France and nothing bad of Germany. Fifteen years since Anglophobia was one of the dominating factors in American foreign policy. And you may take the wildest expression of Anglophobia to be found in Germany to-day, and I will duplicate it by a similar outburst from some prominent American of fifteen years since. Again, we are told that the German government does not care a rap about what the financial world and the banks may think, and how they may suffer from its policy. Well, I will say nothing of the fact that all the evidence goes against this, and that the history I have just recounted is a direct denial of it. But surely we must realize that in the end the government is the world of affairs, in the sense that the general trend of its policy must sooner or later be determined by the interests and the necessities of the mass of the people from which it derives its power, its money, its general capacity to act with efficiency and precision—a modern war of all things involves that capacity which must be derived from acting in the long run in connection with the great currents, economic and moral, of its time and people. It is not possible for any great state taking an active part in the life of the world to do otherwise. The state simply is powerless before these currents. Not only has the work of the German people unintentionally brought to nought the carefully laid plans of the statesman, but modern Germany would have been impossible unless those plans had miscarried. It was Bismarck's declared policy from first to last to check, by every possible means, the economic development of France. She was to be blotted out as an economic factor in Europe. Well, if she had been, the wonderful development of German commerce in the last twenty years would have been impossible.

That commerce is largely with such countries as South America, the Near East, Russia, and the recent development of those countries which makes the large German trade possible is due mainly to French and English capital. If German statesmen had really been able to wipe out Germany's rivals, this development of German trade would have been impossible.

And all the efforts of French statesmen to control these currents have, on their side,

been just as futile. French policy was aimed at fortifying Russia to counterbalance Germany, and, with that purpose, an alliance with Russia was formed, an integral part of the understanding being that a portion of the immense free capital of France should be available for Russia. The capital was given with the result that German trade in Russia, thanks to development due in no small measure to this French capital, has gone up from about fifteen to forty-five per cent., and Germany may be said to-day commercially to dominate Russia. It is one of the great outlets for German industrial and commercial activity—thanks to the very policy which was aimed against Germany.

And note this: that with the freedom of communication in every sense that now exists in the world, it has become a material impossibility to prevent French money aiding German trade in one form or another. So long as France with a stationary population and large amounts of free capital desires interest on her money, so long as the French father desires to give to his daughter a dot, so long, in other words, as France achieves in some measure those aims for which mainly the State exists at all, her money will go to the help of German trade.

And note also how the division of labor which sets up as I have explained, the mutual dependence of nations the one upon the other, is not merely intensified, but actually created, by the force of credit. We know that a difference of a few pence per ton in the cost of coal, and a few shillings in the cost of wheat, is sufficient to make one country mainly a coal producing country, and another mainly a wheat producing country, and that the establishment of that difference of a few pence or a few shillings would not have been possible, except for the services which modern credit is able to render to the world of commerce; but there is a form of division of labor—and a form which is most important in the circumstances we are considering—directly due to the devices of banking. Before 1870 France had even a larger population than she has to-day, and she was relatively to other countries in Europe already a wealthy and saving one. Yet the amount of foreign investments made every year under the Empire was not one-tenth of the amount which is made to-day by a smaller population; it is a demonstration of how the financial factor in the affairs of the world is growing, not proportionately to population, but absolutely. Multitudinous factors since the war—of which the extermination by war of the bold and adventurous type of man is certainly one—have contributed to make France a nation of very small families, cautiously saving for the future, endowing their one son or their one daughter with a dot or capital, so that an immense amount of money is liberated for investment abroad, whereas, in the case of Germany a new population of twenty millions have had to be

started in the world, and the capital thus called for has more than absorbed all that Germany could save. But it is the devices of banking which enable the two countries to divide their labor according to their characteristics, one being a maker of capital and another a user of capital. And because you have created this division of labor by virtue of the work of banking, you have also created that condition of dependence of the one upon the other which I tried to indicate at the beginning of this paper. The very stagnation of France which set free this capital is precisely the factor which makes it impossible for Germany to crush her.

Now I want you to recall for a moment the propositions with which I started this paper: namely, that the relations of states are rapidly modifying in obedience to quickly changing conditions—the greater division of labor set up by quicker communications, that this intensified division of labor sets up a condition of necessary interdependence between those who share the labor, that this condition of interdependence in its turn involves a necessary subsidence of the factor of physical force as between them; that this subsidence of physical force not only weakens necessarily the rôle of political control, but the very complexity of the division of labor tends to set up co-operation in groups which cut right athwart political frontiers, so that the political no longer limits or coincides with the economic; and that finally, partly as the cumulative effect of all these factors, and partly as the direct effect of devices born of the necessity of co-ordinating such factors, you get what I may term telegraphic financial reaction—a condition of sensibility by which the organism as a whole becomes quickly conscious of any damage to a part; that the whole may be summarized in the statement that military force is more and more failing in its effect, and must finally become—I think it has already become—economically futile. Just remember those propositions and then recall the facts of the historical sketch which I have just given you, and ask yourself whether they are not confirmed in every single detail.

At the beginning of that story we find a marauding state inflicting all the damage that physical force can inflict and suffering itself little harm. At the end of the story we get a condition in which one state cannot inflict damage anything like as great, without such damage reacting disastrously on the state inflicting it. At the beginning we have an England which could have seen all its political rivals annihilated without damage, at the end we have an England in which such a thing would spell starvation to its population; at the beginning a power like Spain able to exercise military force as fantastically as it pleased, to bleed to its apparent profit another people, at the end a condition in which the use of military

force in any such way would be fatal to the prosperity of the country so using it; at the beginning such interdependence so slow of growth that 2,000 years hardly shows a development therein, at the end the interdependence growing so rapidly and becoming so sensitive that, having no effect on the policy of a great Continental State in the third quarter of the nineteenth century, it dominates that policy in the first decade of the twentieth. However you may test the general propositions I have laid down by the history of human development, you will find that they stand this test absolutely.

And they stand it because this condition which I have attempted to indicate is not merely a condition of the relationship of one nation to another, it is the essential condition of the relationship of all men to all other men individually; the forces which I have been trying to illustrate, but with I fear so feeble a result, and which it is the immense privilege of banking to have illustrated in a commercial form, are the forces which have made possible organized society.

And just one word as to the immediate practical outcome.

UNIVERSAL PEACE NOT YET IN SIGHT.

Need I say that I do not expect universal peace to dawn a week next Tuesday morning, nor do I believe that we should turn our "Dreadnoughts" into colliers, disband our army and invite the foreigners to come in and walk over us. But I do believe that a more thorough examination of the principles I have hinted at here will affect the attitude of the foreigner to us and ours to him, and that in the direction of these principles will be found finally a way out of the absurd "impasse" which sheer military rivalry, tempered in no way by rationalism, has landed us; that the more thorough discussion of the facts which I have pointed to here is bound to lead to a modification of that public opinion which sets up this rivalry from which we all suffer so much. And our progress towards that will be measured above all by the rapidity with which our intelligence seizes the facts of the change here operating. It cannot be too often repeated that the determining factor in progress is more and more this conscious adaptation of the organism to its environment, which means, in the case of society, human intelligence and the extent to which that force guides instead of allowing itself to be overruled by prejudice, temper and blind passion.

There are those, of course, who will tell you that the whole thing is very regrettable; that it is sordid that the conduct of men or nations should be guided by what they are pleased to call money considerations. Well, it all depends what you mean by money. Genuine banking must be built up on a basis of the prosperity of the com-

munity as a whole; a condition by which one group can make huge profits by disaster to another, unhealthy speculation, booms, swindles, are deadly enemies of the sort of banking which this Institute represents. It stands and must stand in close alliance with sound trading, the prosperity of the people as a whole. But what does general prosperity imply? It implies all those efforts by which men, women and children of the world are fed and clothed, and housed and warmed. If, instead of misusing a word to which ancient and irrational prejudice attaches, one uses a little imagination and sees what money and banking really represent, how different an aspect does the whole thing assume! Indeed, is it not plain that banking is going far to destroy a very ancient and very pernicious illusion—a greater illusion than any with which I have dealt heretofore, namely, that there is some contradiction between interest and morality, that high ideals must necessarily be in conflict with material advantage, that the higher welfare of the race is in some wonderful way founded upon a sacrifice of its material welfare.

I know that you would not want me to indulge in high falutin in this matter. But this condition of commercial interdependence, which is the special mark of banking as it is the mark of no other profession or trade in quite the same degree—the fact that the interest and the solvency of one is bound up with the interest and solvency of many; that there must be confidence in the due fulfilment of mutual obligation, or whole sections of the edifice crumble, is surely doing a great deal to demonstrate that morality after all is not founded upon self-sacrifice, but upon enlightened self-interest, a clearer and more complete understanding of all the ties which bind us the one to the other. And such clearer understanding is bound to improve, not merely the relationship of one group to another, but the relationship of all men to all other men, to create a consciousness which must make for more efficient human co-operation, a better human society.

DISCUSSION OF MR. ANGELL'S PAPER.

In opening the proceedings the President reminded the meeting that no statement, whether of fact or opinion, made by the reader of an address before the Institute or by any speaker in the subsequent debate, committed the Council of the Institute or its Members, nor did it imply that such statements necessarily had the approval of the Institute.

MR. C. ROZENRAAD: Mr. Chairman and Gentlemen,—I do not want to criticize in the least the paper which has been put before you. I have read myself several papers before the Institute of Bankers and I know, therefore, how difficult it is to write a paper which satisfies everybody. But if I had

to write the paper which we have just heard, I should have given it another title, I should not have called it "the Influence of Banking upon International Relations," but "the Influence of International Relations upon Banking." For, as we have seen in the past, and as we see every day, the banking and financial operations of the nations are directly influenced by the political relations they entertain with other countries. For instance, when Germany in 1886-1887 began a protectionist policy, leading to retaliations by other nations, and relations with Russia became very strained, the German Government attempted to undermine the credit of the enemy, by issuing the decree of 10th November, 1887, by which the Imperial Bank of Germany, of which Prince Bismarck was the President, declined further to advance money on Russian securities. But even that decree could not do harm to the credit of Russia. For no sooner had the financial war commenced in Berlin, than Russia convinced the French Government and *haute banque* not only that Russian finance was sound but also that it was desirable to form an alliance with France. Now, Mr. Angell says, on page 71 of his paper, that it was Bismarck's declared policy from first to last to check by every possible means the economic development of France, but the above decree of the great Chancellor was virtually made indirectly the cause of the alliance between France and Russia, which gave numerous advantages to French commerce and industry. And if I may speak of a personal experience, I can give another instance that financial operations are influenced by political relations. In 1888 there was a bitter feeling in France against Italy for having joined the Triple Alliance, and it was said that the interests of France demanded the abrogation of her commercial treaty with Italy. Having been a member of the committee for the loan of twenty-nine million sterling for the abolition of the forced currency in Italy, I was invited to go to Rome and to propose, in the name of a strong syndicate of French bankers, to take over an impending issue of Italian railway debentures absolutely guaranteed by the Italian Government, on condition that France would consent to renew the treaty of commerce with Italy. But as the bitter feeling on both sides of the Alps increased, no understanding was possible, and a financial war between France and Italy followed the abrogation of the commercial treaty between the two countries.

And later, when after the war in South Africa, the monetary and financial situation in England was unsatisfactory, was it not the late King, then Prince of Wales, who went to Paris, created better relations and the "*entente cordiale*" with France, which bought many millions of Consols and other British gilt-edged securities?

And what do we see now since the political

relations between Russia and England have improved? That the better political understanding has been followed by the creation of an Anglo-Russian Chamber of Commerce, an Anglo-Russian Bank, that Russian railways are constructed with British capital, and that negotiations exist for the construction, with British capital, of railways in Persia, etc.

So that, without criticizing the paper which has been read, I think I may say that the political relations influence banking, and that it is not banking that influences the political relations.

Now, Mr. Angell says that Germany works with French capital, but he has not given the reason why France and not only France, but also Belgium, Switzerland, etc., lend money to Germany. It is because these nations can, constantly, obtain a higher rate of interest in Germany than at home. But we have seen in September, when Berlin had to give back to Paris many millions lent formerly by the French banks to what unfavorable monetary conditions, to what high rate of exchange in Berlin on foreign countries, this has led. Even the gold point was reached, and as it is extremely difficult in Germany to obtain gold for export, the rate of exchange exceeded at one moment the gold point.

Before sitting down I wish to point out that, neither in Germany nor in Austria, nor in France, nor in many other countries, do any international financial transactions of importance with other nations take place unless these nations have friendly political relations with the country which has to give the money, and no financial assistance is given when those relations are not good. One of the reasons—I say one of the reasons because there were many—why the Caillaux Ministry came to grief, was that he advocated the introduction of German securities on the French bourses. You cannot separate, gentlemen, politics and finance. Both go hand in hand, but the political relations influence the banking and financial operations, and not these operations the political relations.

Mr. F. E. STEELE: One cannot quite follow Mr. Rozenraad's remarks with regard to the title of this paper. It is true that politics affect banking, as he says, but it is equally true that banking affects politics. It is a case of reflex action. For this reason the title which Mr. Angell has given to his paper appears to me to be at least as suitable to his subject as that which Mr. Rozenraad suggests. In view of the main argument it is more suitable.

We have looked forward to this evening's meeting, with a two-fold interest. In the first place we have been desirous of seeing in the flesh, and hearing, a writer whose works have made a deep impression, not in this country, only, but in Europe and across the Atlantic. We have also been anxious to hear an authoritative re-statement of a

theory which has been the subject of much misunderstanding and many misrepresentations. Never, surely, has an English writer on social and economic subjects been so misunderstood since Malthus published the result of his investigations into the question of population.

The popular idea of Mr. Angell's theories is curious. "Norman Angell—the man who says we shall have no wars in future because every European nation has its banking system and its Stock Exchanges." "Norman Angell—the man who tells us there is no need to spend money on armaments, because war has been shown to be economically unsound." "Norman Angell. Surely he has not survived the refutation of his theories furnished by the war between Italy and Turkey over Tripoli." And—most frequent of all—"The man who says that war is caused by greed or a desire for plunder, and who makes no allowance for the human factor; for the play of other human motives which lead to war."

As against these half-truths and whole misrepresentations, what, in point of fact, are Mr. Angell's doctrines? Their leading principle is this, that the commercial and financial interdependence of modern states is now so close that war between them is futile; injuring all parties—victors as well as vanquished. To an audience of bankers, there is no need to demonstrate this interdependence. The banker has one hand on the pulse of commerce; with the other he feels the heart-beats of finance. None knows so well as he the effect on both of even the approach of war; the effect on the buyers and sellers of goods and on the buyers and sellers of stocks and shares; and inasmuch as the banking interest is a powerful one and an international one, the influence of bankers on international relations is both powerful and peaceful.

What is the practical outcome of Mr. Angell's theories as outlined in this paper and in his books? It is this. If nations can be convinced of the truth of his contentions, then the large class of wars arising out of the desire for material advantage will become less frequent and will eventually cease, whilst wars of the other class—wars provoked by jealousy, pique, vanity, and other motives of the kind, are far less likely to occur when it is realized that, successful or unsuccessful in the ordinary sense, economically they spell disaster. Many men have preached peace. Many have used their influence and spent their lives in advocating it. The distinctive feature of Mr. Angell's propaganda is that he brings home clearly and conclusively, to nations and to the individuals who constitute them and guide their destinies, the fact that peace is not only theoretically desirable and morally good, but is profoundly to the interest, the material and financial interest, of every civilized nation. He carries with him not only the moralist and the doctrinaire, but

the man of business and the man in the street. For this service which he is rendering to the community, the community is indebted to him, and we, as an Institute, are further indebted to him for the lucid and interesting outline and enforcement of his beliefs which he has to-night placed before us.

Mr. H. BELL: I have wanted for a long time to have the opportunity of seeing and hearing Mr. Norman Angell. I regard Mr. Angell as one of the great factors of the present day, and I want to express my own personal admiration of the work which he has done, now that I have got the opportunity. I also have been greatly struck—as I am sure all of us have been—by the great lucidity and ability with which he puts his case. It is not always easy to put an economic case, but the economic case could not, I think, have been better put than by Mr. Angell in his address.

Now, sir, as to the larger issues. I believe that there is really now getting into the minds of men the thought that peace is perhaps the greatest material interest that they have. The old adherents of peace were in a very small minority. They were apt to be called by very hard names in the past, and I dare say some of us have been guilty of taking the other side from that of peace societies. But there has come into the minds of everybody—of late years especially—the growing conviction that peace is not only the great interest of England, but the great interest of the world, and certainly of all traders; and there are no traders who are more deeply involved in the maintenance of peace than are bankers.

I rather agree, I am bound to say, with the remarks which were made by Mr. Rozenraad as to the title; but that does not, of course, detract in any way from Mr. Angell's views, except that I should like so to frame the title as to reconcile the two views. I should state the title as the future influence of banking upon international relations. And here I want to ask Mr. Angell a question. He said that it is nonsense to speak of the influence of bankers and those who handle money upon political affairs. I think it is true that there has been much exaggeration as to the evil effects which have been produced upon political relations by financial interests. But is not the time coming—as I think we have all discerned—those of us at all events who have seen the inside of things—when the banker and the monied man are going to have a very considerable influence, and a good influence, upon the question of peace or war? I have often wondered why Mr. Angell, in that powerful book of his, did not more insist, if indeed he insisted at all, upon the great spectre which will rise up in future before the monied classes when they are invited to lend their money for warlike purposes. There is going to be very clearly written in the handwriting on the wall a word which is called "Repu-

diation." If the nations are going to spend thousands of millions for warlike purposes, the people of those nations are going to be crushed by a weight of taxation which they simply cannot bear. To-day, even for the preparation of wars that do not take place, the nations of Europe are overburdened with taxation. And if it is remembered that we spent something like three hundred millions upon a comparatively small war in South Africa, and then reflect that a great European war would run into thousands of millions, and that those thousands of millions would constitute a debt upon which interest would have to be paid year after year in perpetuity, I believe the peoples of Europe would say this, "We know we ought to pay our interest; we know we ought to pay our debt; but we cannot. We are human beings, and must live; we are over-taxed; we cannot get enough to eat; we cannot get enough to clothe ourselves; we can get no profit from our work." I am forced to believe, reluctantly if you like, but quite certainly, that the men who find money for the purposes of war will not get their money back again.

Mr. W. R. LAWSON: It is very evident that Mr. Norman Angell has carried this meeting almost entirely with him. In fact, the only criticism that can be made on the other side is to point out the danger that both he and the meeting might be going a little too far from the point of view of present practical politics. War may be all that he says as a system; but one thing which he has entirely overlooked is this: the responsibilities of the governments of this world to maintain peace in their own territories and the territories round about them, and especially the responsibility of the great Powers of Europe to maintain peace and security. Let Mr. Norman Angell put himself in the position of a member of the British Government at the present time, and ask himself what he would do with the army and navy of this country in view of the very many serious possibilities which may happen even within the next year. If he was the head of the British Government, or the head of the British army, could he at the present moment take upon himself the risk of putting in practice doctrines like this? I understand that he has already had wonderful success at Westminster, that he has converted at least four cabinet ministers, or very nearly converted them. It would be a great thing if he would go to Berlin and convert the German chancellor. That, gentlemen, is where the kind of speech that we have heard to-night is much more required than it is in this country. Remember that half the world is still half civilized. Take the case of India, for instance. If we withdrew, say, half a dozen regiments from India, what might happen? Take any part of the British Empire and you will see the practical possibilities compared with which this brilliant address is, I say it with all respect,

very theoretical. It does not touch the military question of to-day—the question of what we should do with our army and our navy in view of possible events.

I wish to say a word as to a practical question that Mr. Angell raised with regard to the crisis of last summer. I think his description of that crisis was altogether imperfect, if not misleading, and that he evidently has not grasped the whole meaning of it. He described it as a great crisis which prevented Germany going to war. Now, he assumes, in saying that, and I hope nobody will agree with him, that Germany did intend to go to war. I do not think she did. I do not think those diplomatists knew what they intended to do. What happened in Germany was that negotiations were carried on in a most secretive way, and, naturally, alarmed the whole of Europe, and especially the German people, so much that the latter began to make runs on the savings banks. At the same time the French began taking away their money; there was an alarm naturally on the Berlin Bourses, a rumor spread that the country was on the brink of war, and a crisis ensued. But that crisis passed in a few days; so I do not see what bearing it has on Mr. Angell's theories. It is certainly no proof of them.

The PRESIDENT: You will not expect many words from me in proposing a hearty vote of thanks to Mr. Norman Angell for his most interesting and illuminating address. You have already had some very interesting remarks made to you upon this paper, and I will only therefore say a few words in order to summarize the situation. We used, perhaps, to have the same idea that Bismarck did in 1870—that the economic development of a foreign country was necessarily a source of danger and detriment to our own development. I am glad to think that, not only have we abandoned that idea, but that the great commercial countries of the world have also abandoned it nowadays. There is also this point to bear in mind—that the ulterior political motives which led to wars, such as that between Germany and France, such as that between Austria and Italy, such as that which brought about a civil war in the United States—the political motives which influenced those countries in the past can hardly be said to exist in the same measure at the present moment. It was, and I suppose it can still be argued, for instance, that it was due to the Civil War in the United States that the complete consolidation of South and North took place; but there do not seem to me to be the same political considerations possible now that were possible then, which induced and brought about those wars.

There is, of course, no question about the economic waste of war. This waste has been a feature from time immemorial. Everybody will admit that. But the point which I think Mr. Angell brings out so forcibly is that it is now far and away the most pre-

dominant fact for consideration, not only for the people—not only for bankers such as ourselves—but for the governments of all civilized countries under certain political circumstances. And that is due, of course, to the very great development of inter-dependence between one country and another.

There is only one other remark which I should like to make. We have listened to Mr. Norman Angell, and we have had very valuable remarks made upon his paper; but both Mr. Norman Angell and those who have spoken, have developed their ideas as if the banking element was all-important in this matter. But, surely, gentlemen, the merchants, the traders, the common people, the working men of this country and every other country, have as great an interest individually in this question as has a banker. And what one wants to see, I think, is that these ideas of Mr. Norman Angell should permeate, not only the whole of our community, but also the whole of other communities. It is all very well to get the bankers on your side, but that is not sufficient. What you have to do is to get the whole body of all the peoples in the world on your side. But, gentlemen, bear in mind one thing, and that is that until you get that thing done, there is, I am afraid, little prospect of any change in the international position—that is to say, war will still remain a possibility. As long as that is the case, it behooves us at no point to be by any means slack in maintaining our position, both from a military and naval point of view, just as much as it behooves Germany, France and Italy and the United States and everyone else to do so. We all admit, we all deplore, perhaps, as I certainly do—the enormous amounts of money which are spent upon armaments. But until the world is converted to Mr. Norman Angell's views, it would be a criminal act on the part of the leaders of any nation to do anything to lay themselves open to attack. But let us hope that as time goes on, Mr. Norman Angell's views will become much more known and much more accepted by the whole community, both here and on the Continent.

Gentlemen, I have much pleasure in proposing a vote of thanks, and I am sure you will all join with me in that vote of thanks, to Mr. Norman Angell for his address.

MR. NORMAN ANGELL (in reply): Mr. Chairman and Gentlemen—It is far too late to deal with all the various points that have been raised. I will not keep you three minutes by the clock, but I would just like to say this. A great many people say to me, "Your theories are all right, but you should be saying this in Germany." Gentlemen, the ideas which I combat are not English ideas, or German ideas, or French ideas—they are European ideas. The danger from attack resides in the force of the motive pushing to aggression. If other people have no motive, and realize that they have no motive, in aggression, the danger of at-

tack is diminished. It is my effort to show these other people that the motive for aggression is not there. I do not say, "Get rid of your army." Maintain it. Maintain your navy. But do not run away with the impression that that is all the problem. That is an essential part of it, if only for the purpose of gaining time. But another essential part is that we should clarify our ideas on this matter, so that we shall get a saner, a better, a European opinion which will enable us to discuss this question like reasonable men. One critic to-night has been very eloquent in suggesting that these are vague theories, and of no practical import. I desire to be entirely courteous, but he does not happen to have read my book. A great many of my critics do not happen to have read my book. He referred, for instance, to India. In my book I have made a clear distinction as to problems like India and the European problem. I point out that for long periods we shall have military forces,

or rather police forces, properly speaking, whilst perhaps half the world is still in the hands of uncivilized men. We must have force to maintain order in India. But we need not have force to maintain order in Germany, and Germany need not have force to maintain order in England; and you cannot approximate an army which is used for purposes like that, for which our army is used in India, to the problem of armaments which confronts us in Europe. The two are quite distinct, and it is the confusion between these two which gives rise to so many dangerous illusions.

I will not keep you a moment longer. I merely want to say how deeply I have been touched by the fact that an institution, bound as yours is, to give politics a wide berth, have asked a man with a theory which is still to some extent unpopular to come and talk about it to you, and above all, I am very grateful for the indulgence which you have shown me.

THROUGH LACK OF CONFIDENCE

By Duncan Francis Young

AS the painstaking cashier counted out the money that closed the account and placed the check on the cancelling file, he said:

"When this little stir passes over I shall be pleased to have you call and leave your money with us once more."

"I believe I am as capable of taking care of my money as you are able to take care of yours and mine, too," the Man who had reached the foolish age of knowledge replied; and gathering up his remaining dollars he sauntered out, self-satisfaction plainly pictured on his face.

It was during the year 1907. Representatives of all the banks in the county had met and agreed to limit the amount of cash to be paid over the counter to each depositor to fifty dollars a day. This was deemed sufficient for the needs of the most active business man, and the decision was made for the benefit of all concerned. But the fright produced by the limitation caused many, who did not need the money, to draw their regular allowance anyhow, the

Man making no secret of his determination to draw regularly until he got all of his money out, when he would become his own banker for the future.

The bank in question was a strong little institution in an agricultural section of the South. It had done a very satisfactory business, and was progressing nicely. The clientele of the bank consisted of farmers in the main, many of them well fixed financially. Many a man in slouched hat and checked shirt had as much as one thousand dollars in the bank, and as soon as rumors began to circulate, each one went to the cashier, in whom they had unbounded confidence, and questioned him regarding the real situation. Most of them went away satisfied, some of the smaller depositors, curious enough, being the most disgruntled. The Man had five hundred dollars on deposit, an amount much above the average. He was not demonstrative, but he was determined, and when he finally drew his little remainder from the bank he carried his influence and good will with him.

A few days after the Man left the bank in such a complicated frame of mind he again silently, sadly entered the building. The small knot of people stood about waiting their turn to deposit or cash a small check. On the counter, far removed from outside danger, but clearly in view, were large packages of money. Behind the cashier was a big, strong vault, and within the vault and behind the massive steel outer door was a large time-lock safe. Through the grating of the heavy day gate could be seen great heaps of silver. Over the receiving teller's window hung a platinum sign, reading: "Insured against burglary by the Indemnity Insurance Co." The Man's eager eyes took in all these signs of safety. He watched the deft fingers of the cashier as he fingered the bills before entering a deposit or paying a check.

The crowd passed on, and it came the Man's turn to be waited upon. The cashier smiled upon him as though nothing but the most pleasant relations had always existed between them. With a gracious bow he inquired:

"What can I do for you, sir?"

"Have you changed a hundred-dollar bill in the last few days?" the Man inquired, his hands a-tremble, as he leaned upon the marble board on the cash counter.

"No, I have not. I have not handled a hundred-dollar bill since I gave you that one for smaller bills some days ago."

The Man gave a deep sigh and turned to go out.

"Why did you ask?" inquired the cashier, thinking the other had lost some of his money or been robbed.

The Man seemed undecided.

"You know I have always told you that money was safer in the bank than on your person or in your house," continued the cashier. "In keeping money about you run the risk of being robbed, of losing it out of your pocket or having it burned."

"I have always taken care of those points," replied the other, decidedly.

As he said this he looked at the cashier's long, slender, soft fingers. Then he again turned to leave.

"Can I do anything for you?" the cashier again asked, curious to know what was troubling the Man.

"Well," responded the other, a grim look on his face, "if anybody comes in to change a hundred-dollar bill please let me know."

"My dear sir," the cashier said, "if there is anything wrong let me know now, so that I can have any person whom I think is not entitled to a hundred-dollar bill arrested on suspicion."

"Well, the fact of the business is this," and the Man ground his teeth as he proceeded. "I intended to give a man twenty-five dollars, selecting what I thought to be two tens and a five. When I looked over my money later I found that I had given him a ten, a five and a hundred-dollar bill. I taxed him about this later, but he denied that I had given him a hundred-dollar bill, and I had no way of proving it."

"And yet in all the years you have dealt with us you have never lost a penny."

"That is true," the Man replied, sadly.

"Had you been in position to use your check book as formerly this loss would not have occurred, nor was there any good reason why you should have cut yourself off from your safeguarded method of doing business. Am I not right?"

The Man moved uneasily, looked at the vault and safe, the sign and then at the cashier's fingers, and running his hand into his pocket, said:

"You are right. I was foolish. Keep this for me," and he placed a wad of money on the marble slab.

When the pass book was handed to him there was written the amount of his deposit, \$385.00. There were but three who knew where the other \$115.00 was, and that \$90.00 was lost through lack of confidence.

BANKING AND COMMERCIAL LAW

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

RECENT DECISIONS OF INTEREST TO BANKERS

COLLECTIONS

SENDING CHECK TO DRAWEE—BURDEN OF PROOF.

Supreme Court of North Dakota, Dec. 11, 1911.

PICKETT VS. THOMAS J. BAIRD INV. CO.

As the bank on which a check is drawn is not a suitable agent to collect from itself, a bank remitting a check for collection should not send the same to the drawee. A rule or custom of banks to collect checks in this mode would not be good. Where a check, good when drawn, is so forwarded and not collected, the bank transmitting the check has the burden of showing that its customer has not suffered injury.

THIS action was brought to recover the amount of a check drawn on the People's State Bank of Lakota, and deposited with the defendant, which forwarded the same direct to the drawee bank for payment.

BRUCE, *J.* (omitting part of the opinion): The chief ground of complaint is that the plaintiff, Pickett, gave the check to the First National Bank of Duluth for collection, and that that bank, acting as the agent of plaintiff, instead of sending the same to the other local bank, the National Bank of Lakota, for collection in cash, sent it to the drawee of the check, the People's State Bank. There can be no question as to the strength and conclusiveness of this contention.

The law is well settled that a collecting bank "must not transmit its checks or bills directly to the bank or party by whom payment is to be made, with request that remittances be made therefor; it being considered that no firm, bank, corporation, or individual can be deemed a suitable agent, in contemplation of law, to enforce, in behalf of another, a claim against itself.

(The Court here cited a number of cases.)

Nor can there be any question that the Duluth bank was the agent of the plaintiff, Pickett, and that the negligence of this bank would be attributed to its principal. (*Bank vs. Johnson*, supra; *Interstate Bank vs. Ringo*, 72 Kan. 116.)

The only possible contention that appellant can put forward is that there is nothing to show that if the check had been sent to the other bank in Lakota for collection and presented for payment that payment would have been made in cash. On this question, however, the burden of proof is, under the authorities, upon the party guilty of the primary negligence to negative the presumption of injury, and where due presentment is not made the burden of proof is upon the holder of the check to show that the drawer has not suffered injury.

Nor do we believe that any usage or custom among the banks, even if proved, would, as far as the respondent, the Baird Investment Company, is concerned, change the rule. The Baird Investment Company certainly had the right to rely upon the general rule of law, at any rate, without proof of a knowledge by it of the custom, and an express or implied consent thereto. (*Minneapolis Sash & Door Company vs. Bank*, 76 Minn. 136; *Am. Exch. Ntl. Bank vs. Metropolitan National Bank*, 71 Mo. App. 451.)

The authorities just cited, indeed, even go so far as to hold that any such custom would be unreasonable and void and such is undoubtedly the general rule.

All authorities agree that, in order that such a custom may be pleaded and taken advantage of, it must be proved to have been a custom which was general and well known, or consented to by the drawer of the check; and there is no proof whatever of such a

custom or consent in the record before us.

The only evidence upon the point is to be found in the testimony of Mr. Drake, the cashier of the other, the National Bank of Lakota, and he testified that he spoke solely from his own experience "as cashier of the National Bank here in Lakota, and that he never had any experience in any other bank; that it was a frequent occurrence for *his* bank to receive checks that were drawn on it, sent to it direct by the terminal bank, but that, except in the case of correspondent banks, such collections were usually sent for collection to other banks than the drawee; or, at any rate, all items in a town were sent to some one bank in that town, regardless of whom they were drawn on. There is, in this testimony, no proof of a custom which would bind the respondent.

CHECK

AS ASSIGNMENT—RIGHTS OF PAYEE.

Supreme Court of Minnesota, Jan. 26, 1912.

WASGATT VS. FIRST NAT. BANK OF BLUE EARTH.

A check on a bank in which the drawer has funds subject to check is an assignment of such funds of the drawer to the amount of the check, which assignment is complete as between the drawer and payee when the check is given, and complete as between the payee or holder and the bank when the check is presented for payment. Upon such presentation, the bank, unless its right to pay has been taken away by some occurrence before presentation, is legally bound to pay the check.*

BUNN, J. (omitting part of the opinion): The record presents squarely the mooted question whether a check on a bank, given for only a part of the

funds of the drawer on deposit, is an assignment pro tanto as between the drawer and the payee, and as between the payee and the bank when the check is presented for payment. This question is an open one in this State.

Two propositions are, however, settled by our decisions. The first is that a bill of exchange or draft, payable generally, and not out of any particular fund or debt, will not amount, before acceptance, to an assignment to the holder of funds in the hands of the drawee belonging to the drawer, or of a debt due from the former to the latter.

The second is that a draft for the whole of a particular specified fund or debt, or a check on a bank for the whole of the fund on deposit to the credit of the drawer, amounts in equity to an assignment of such fund or debt, even without acceptance. (Lewis vs. Traders' Bank, 30 Minn. 134; Varley vs. Sims, 100 Minn. 331.)

But upon the question whether a check drawn for part of the funds of the drawer is an assignment pro tanto, the authorities outside of this State are in hopeless conflict, and while the question was discussed at some length by this court in Northern Trust Co. vs. Rogers, 60 Minn. 208, and in Varley vs. Sims, we have never decided it. It was said by Justice Brown in the Varley Case that "it is probable that the reasoning of those courts holding to the position that a check operates, between the parties, as an assignment pro tanto, is the better law, and should be adopted." This statement, while not a decision, indicates the views held by the court on the question, and the full and able arguments in this case convince us that the views so indicated are sound.

The question has been so often and so thoroughly discussed that an extended opinion is unnecessary. The rule that an order, bill of exchange, or draft drawn by a creditor on his debtor for a part of the debt is not an assignment pro tanto rests upon the basis that the debtor cannot be subjected to several actions by different parties to recover portions of one debt.

* This rule does not apply in any State where the Negotiable Instruments Law has been adopted; for that statute provides that "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, unless and until it accepts or certifies the check."

The rule is wholly for the protection of the debtor. When he consents to the splitting up of the debt, the basis for the rule disappears, whether the consent is in the form of an acceptance when the order or draft is presented, or in any other form. The relation between a bank and its depositor is that of debtor and creditor. The bank agrees, when the relation is created, to pay the checks of the depositor when presented, whether drawn for the whole or a part of the deposit. It is the universal understanding between banks and their depositors arising from the customs of trade that the checks of the latter are to be paid upon presentation. (Daniel on Negotiable Instruments [4th Ed.] § 1638.) The objection that there is no privity between the bank and the payee or holder of the check is without substance under the modern rule that a person in whose favor a contract is made may sue upon it, though not a party to it, and such objection entirely disappears when the check is presented for payment.

By that act the payee and the bank are brought in privity, and the right of the payee against the bank is complete. Without further discussion of and authorities, or of the reasons for and against the so-called "new doctrine," we hold that a check on a bank in which the drawer has funds on deposit subject to check is an assignment of such funds of the drawer to the amount of the check, which assignment is complete as between the drawer and payee when the check is given, and complete as between the payee or holder and the bank when the check is presented for payment. Upon such presentation the bank, unless its right to pay has been taken away by some occurrence before presentation, is legally bound to pay the check.

When, therefore, the check was presented to the defendant bank in this case, it became legally obligated to pay it. It is unnecessary, in view of the holding, to decide whether there was an acceptance of the check by defendant bank.

TRUST COMPANY

REPRESENTATIONS BY OFFICER—LIABILITY FOR.

Court of Appeals of New York, Nov. 21, 1911.

DAVIDGE VS. GUARDIAN TRUST CO.

Where a trust company which is trustee under a mortgage given to secure the bonds of a corporation, is not interested in the funds, and has no duty to perform with respect to their sale, an officer of the trust company cannot bind by a statement made to a prospective purchaser of the bonds that they are first mortgage bonds.

THIS action was brought to recover damages sustained by the plaintiff upon the purchase of certain bonds issued under a mortgage made to the Guardian Trust Company as trustee. The question involved arose upon the admission of testimony respecting an alleged conversation with the vice-president of the trust company, in which he was said to have stated that the bonds were first mortgage bonds.

CHASE, J. (omitting part of the opinion): The powers of a trust company are expressly defined by statute, and such powers and also the unexpressed and incidental powers possessed by a corporation were considered by this court in *Gause vs. Commonwealth Trust Co.*, 196 N. Y. 134, 89 N. E. 476, 24 L. R. A. (N. S.) 967, and in that case, in speaking of the power of a trust company, the court say: "The Legislature intended, and the public interests demand, that trust companies shall be confined, not only within the words, but also within the spirit, of the statutory provision which declares that a corporation shall not possess or exercise any corporate powers not given by law or not necessary to the exercise of the powers so given. Such authority does not permit a trust company to enter into speculative and uncertain schemes or, unless under peculiar circumstances not disclosed in this case, become the guarantor of the indebtedness or business of others." Page 155. It is not shown that the defendant was in any way interested in the improvement company or the bonds to secure

which the trust mortgage was given, or that it was to receive a commission or pecuniary advantage by the sale of the bonds. The bonds sold to the plaintiff had previously been certified and delivered to the improvement company, and at the time of the sale were apparently owned by Russell, who was, so far as appears, in no way connected with either party to the trust mortgage except as the owner of such bonds secured thereby.

The defendant's duties as trustee are stated in the trust mortgage and are substantially confined to the following: (1) The authentication of the bonds by a certificate thereon; (2) the delivery of the bonds to the treasurer of the improvement company upon its written order; (3) the execution of releases of lots upon payment of amounts as specified in the mortgage; (4) the registration of bonds; (5) the foreclosure of the mortgage upon default if properly indemnified; (6) the payment of prior mortgages as provided in the twentieth paragraph of said mortgage if money for such payment is paid to it by the improvement company as provided by said paragraph.

The defendant was not required by the trust mortgage, nor, so far as appears from the facts disclosed was it authorized by statute or otherwise, to make representations to prospective purchasers as to the value of the bonds or to insure the title to the mortgaged property or the relative priority of the trust mortgage upon the improvement company's real property.

There is no presumption of law that Robinson as a vice-president of the defendant had authority to make false or other representations to the plaintiff in regard to the priority of the trust mortgage as a lien upon the improvement company's property. The record does not include the charter or by-laws of the defendant. No evidence was given of any action taken by the defendant through its board of directors relating in any way to the matters under consideration.

All that the record discloses of acts by Robinson in connection with the im-

provement company's transactions is the fact that he executed the trust mortgage on behalf of the defendant; a letter written by him to a third person purporting to be in behalf of the defendant, but for what purpose does not appear, in which he says, "We have accepted the trusteeship after securing the services of a competent real estate appraiser and it is his opinion that the property covered by the mortgage is ample security for the same;" the conversation with the plaintiff and a similar conversation with a third person in no way associated with the plaintiff. It is quite unnecessary to consider the competency of the letter because the court found that the statement therein was not shown to be false and the conversation with the third person is not competent as will appear, among other reasons, from what we say regarding the conversation with the plaintiff.

It is now claimed that Robinson had apparent authority to act in all matters relating to the improvement company, and that authority for the defendant to make the representations to the plaintiff is found in the trust mortgage itself. We do not agree with such contention.

Purchasers of bonds are expressly referred therein to the mortgage for a statement of the property pledged, the nature of the security, the rights of the holders of said bonds, and the conditions upon which the bonds are secured and issued. The reference in the bonds is to the mortgage, and not to the defendant as the trustee for the mortgage bondholders. The trust mortgage was delivered to the defendant, and presumably was in its possession, and the plaintiff as a bondholder doubtless could have asked the defendant to show him the mortgage for the purpose of ascertaining, so far as it could be ascertained from the mortgage itself, any of the facts for a statement of which the bond referred to said mortgage.

The plaintiff did not ask the defendant to see the mortgage, nor did he ask for the contents of the mortgage as such. Indeed, he testified that he did not assume that the mortgage was in

the defendant's possession. The question by the plaintiff was an incidental and collateral one, entirely disconnected

from any duty imposed upon the defendant as a trustee under the mortgage.

NOTES ON CANADIAN CASES AFFECTING BANKERS

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

STOP PAYMENT ON BILL OF EXCHANGE

BANKS AND BANKING—INDORSEMENT BY PAYEE TO BANK—PRESENTMENT THROUGH CLEARING HOUSE—DELAY—FAILURE OF DRAWEE BANK—ACCEPTANCE OF, AS DEBTOR—RIGHTS AGAINST INDORSER—ABSENCE OF EVIDENCE TO RENDER INDORSER SUBJECT TO USAGES OF CLEARING HOUSE.

Sterling Bank of Canada vs. Laughlin (3 O. W. N., — 643).

An appeal by the plaintiffs from the judgment of the Third Division Court in the County of Peel, dismissing an action to recover the amount of a draft for \$115.50 upon the Farmers Bank of Canada, in favor of the defendant, and indorsed by her to the plaintiffs. The plaintiffs paid the amount to the defendant; but, owing to the Farmers Bank of Canada stopping payment, the draft was not honored when presented for payment through the Toronto clearing house.

JUDGMENT (Boyd, C.; Latchford and Middleton, JJ.): The judgment of the Court was delivered by Boyd, C.

I think the judgment should not be disturbed. Treating this as an isolated transaction, the defendant is not in any way to blame. She sells the draft from the Farmers Bank and indorses it to the plaintiffs at Alton in order to receive its value. She knows nothing more of the transaction, and funds were then in the Farmers Bank available for its payment; but the plaintiff failed to collect the amount from the Farmers Bank because of their failure to pay on December 19.

She received the money on December 16, and the draft was forwarded to the Toronto office of the Sterling Bank on the same day, and was received at 8.30 a. m. on the morning of the

seventeenth, too late to be sent to the clearing house that day, which was Saturday. It went through the clearing house at ten a. m. on Monday, and was received by the Farmers Bank and stamped as their property on the nineteenth.

This indicated a change in the relations of the two banks, which, I think, may be properly considered as exonerating the defendant from any liability to refund the money to the Sterling Bank. There is no evidence given that she is or was aware of or is to be bound by the dealings sanctioned as between the banks by their voluntary association in the clearing-house system. That is a matter not binding *per se* on the public unless it can be assumed or proved that the party sought to be charged has been dealing with the bank subject to the usages of the clearing house. No such evidence was given in this case, and the inference to be drawn from what was in evidence was, that the Farmers Bank had become debtor to the plaintiffs for this instrument.

Appeal dismissed with costs.

UNCERTAINTY OF COMMERCIAL PAPER

PROMISSORY NOTE—FORM OF—LIEN—NOTE—PROPERTY IN GOODS SOLD PASSING TO VENDEE UPON PAYMENT—NONNEGOTIABLE INSTRUMENT.

Molsons Bank vs. Howard (3 O. W. N., — 661).

The facts of this case appear sufficiently from the judgment.

JUDGMENT (Widdifield, C. C. J.): The judgment was on an appeal from the trial Judge; and, because it

disposes, very briefly, of the questions raised in the plaintiffs' argument, will stand quoting in full:

"It appears upon the face of the instrument that the defendant's obligation to the Williams Mower and Reaper Company, the assignor of the plaintiff, was upon the sole condition and consideration that the reaper therein mentioned as belonging to the company, the possession of which was conditionally delivered to him, should, by a proper transfer of title from the company, become his absolute property, whenever and as soon as the said obligation was fulfilled in accordance with the terms of the contract.

"It is also expressly provided that the title and ownership of the reaper should remain in the company until full payment of the so-called note and interest, and that the delivery of the property at the time was subject to this condition, and to the right of the company to retake possession at any time it might deem itself insecure.

"Defendant's promise, therefore, was not an absolute and unconditional one to be kept in any event; for it depended upon the contingency of an observance by the company of the sole condition on which it rested, that an absolute transfer of the property with good title would be made whenever the promise was performed. The promise of payment and the implied obligation to transfer the title were mutual; and, as each was the sole condition for the other, and both were to be performed at the same time, they were concurrent conditions of the same agreement, in the nature of mutual conditions precedent, so that inability or refusal to perform one would excuse performance as to the other. (Benjamin on Sales, pp. 451, 580.)

"If, prior to any default on the part of the defendant, the company had retaken possession of the property and disposed of it, so that, upon the maturity of the defendant's obligation, an observance of the condition on its part had become impossible, there can be no doubt that, under such circumstances,

no action could have been maintained against him upon his promise.

"An obligation of this character is altogether too uncertain to serve the purpose of commercial paper as the representative of money in business transactions. It carries into the hands of every holder notice of the existence of a condition that may result in defeating any recovery upon it, and, therefore, cannot have afforded to it the privileges attaching to that kind of paper."

This action will be dismissed with costs.

PROMISSORY NOTE WITHOUT CONSIDERATION

SALE OF WORTHLESS SHARES—MISREPRESENTATIONS—DEFENCE TO ACTION ON NOTE BY INDORSEES FOR VALUE—INDORSEMENT ON NOTE RESTRICTING NEGOTIABILITY—NOTICE TO TRANSFEREES—INDORSEMENT PART OF CONTRACT BETWEEN MAKER AND PAYEE—TRANSFEREES TAKING SUBJECT TO EQUITIES.

Canadian Bank of Commerce vs. Gillis.

Action to recover the amount of a promissory note made by the defendant on December 1, 1906, payable to the order of the International Snow Plough Manufacturing Company, Limited, five months after the date thereof, for the sum of \$1,000, with interest as six per cent. per annum.

IT appears that this note and other notes were transferred to the plaintiffs under a general letter of hypothecation, under seal, of the International Snow Plough Manufacturing Company, Limited, signed by the president and secretary.

It was admitted that this note was delivered to the plaintiffs before its maturity.

This note was given for shares in the company—as were many other notes.

Actions were brought by the plaintiffs upon some of the other notes.

The defense relied upon in the present case is, that, by reason of an indorsement upon the note made at the time of making the same, the plaintiffs took the note subject to all the equities as between the maker and the company.

The facts are shortly as follows: A person named Pigou, who was a canvasser for the sale of stock in the company, solicited the defendant, and, upon certain representations made to him, induced him to promise to buy ten shares of the par value of \$100 each, and to give the note sued upon therefor. The canvasser prepared the note and offered it to the defendant for his signature. The defendant took the paper, and wrote upon the back of it, close to the right hand end of the paper, these words: "Note to be held by E. J. Litt until due." Mr. Litt was then the secretary of the company. The canvasser (Pigou) would not accept the note with that endorsement without Mr. Litt's consent, so he, Pigou, took the paper not signed as a note, but indorsed as stated, to Mr. Litt, and asked him if he would be satisfied to accept the note for stock with these words upon it. Mr. Litt was satisfied. The paper was then taken back to the defendant, and he signed it.

JUDGMENT (BRITTON, L.): I find as a fact that this indorsement was part of the original contract of the defendant for the purchase by him of stock in the International Snow Plough Mfg. Co., Limited. If it was, then the defenses raised by the defendant are available to him in this action. It was hardly questioned by the plaintiffs that, if the law allowed the defendant to attack the consideration of the note and show fraud and misrepresentation in the sale of stock to him, the defendant was entitled to succeed. I find that the defense as pleaded by the defendant was made out.

It was contended by the plaintiffs that, as this memorandum was not signed by the defendant, it was of no avail. The plaintiffs had no notice or

knowledge of the actual contract or of it being part of the contract on which the note was accepted. It was argued that the plaintiffs had no right to assume that the indorsement was put there by the maker of the note. It might have been put there by Litt himself or by any person in whose custody the note might be. The material fact is, that the indorsement, as placed there, was part of the contract in regard to the giving of the note. The intention was that the indorsement was to guard against Litt or the company disposing of the note before it became due to any person who would become a holder for value.

Swaissland vs. Davidson, 3 O. R. 320, seems expressly in point. The effect of the indorsement was "to preserve to the maker all defences and equities as against the first holder, and volunteers under him." The indorsement thus qualifies the negotiability of the note, and, as affecting its commercial character, forms a material part of each of them.

I cannot usefully add anything further to what was stated by the learned Chancellor in his judgment in the case cited.

Upon the evidence, the defendant would have a good defence against the International Snow Plough Mfg. Company, Limited. There was absolutely no consideration for the note. The stock scrip was worthless paper. The company had no assets worth mentioning—it was not a going concern. The note was obtained by misrepresentation, which could be characterized only as fraudulent. The plaintiffs' manager who accepted the note did not notice the indorsement mentioned. I am not surprised at that. There was, in my opinion, a deliberate attempt to obscure it by the stamp of the company in their indorsement of the note to the plaintiffs. In my opinion, that makes the difference. The defendant is not to blame for that.

The action should be dismissed, and with 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

COLLECTIONS — NOTE PAYABLE AT BANK—COLLECTING AGENT

HARTFORD, CONN., Feb. 19, 1912.

Editor Bankers Magazine:

SIR: Will you kindly answer through the columns of THE BANKERS MAGAZINE the following questions. It has been the custom for banks in this city holding notes payable at the other local banks, to send these notes for collection to the respective banks where they are payable, a week or two in advance of maturity, and if not paid at maturity, the paying bank to protest the item. It is also the custom to allow the maker *all* of the maturity day in which to pay the note.

Section No. 4257 of the Negotiable Instruments Law of this State provides, "Where the instrument is made payable at a bank, it is equivalent to an order to the bank to pay the same for the account of the principal debtor thereon."

Section No. 4245 provides, "Where the instrument is payable at a bank, presentment for payment must be made during banking hours, unless the person to make payment has no funds there to meet it at any time during the day, in which case presentment at any hour before the bank is closed on that day is sufficient."

First. Is the paying bank a proper agent to collect or protest such notes, when the collecting bank is in the same city, and can readily present the item for payment at maturity?

Second. Can the collecting bank, at maturity, properly present a note to the paying bank at *any time during banking hours*, demand payment and protest if not paid when presented, although the reason for refusing payment be, "That the maker has until the close of banking hours"?

Third. Following the present method of presenting notes for payment, if the maker of the note has sufficient funds to his credit upon the opening of the bank on the maturity day, and the bank holds the note for payment, does it become the duty of the paying bank to at once charge this note to his account or may it allow the maker to check out the funds, and at the close of banking hours protest the item for insufficient funds?

Fourth. If the paying bank allows the maker of the note to check out his funds (which are sufficient to pay the note it has in its hands) and protest the item for non-payment, can the endorsers be held in case the maker becomes a bankrupt the next day?

SUBSCRIBER.

Answer: The rules respecting presentment of a note payable at a bank

are not different from those which apply in other cases, except that such a note must be presented during banking hours, while paper payable elsewhere may be presented at any reasonable hour on a business day.

There is no rule which gives the maker until the close of banking hours to provide the funds to meet the note, but the holder has the right to make presentment at any time during banking hours, whether this is immediately after the bank opens in the morning or immediately before it closes in the afternoon, or at some intervening hour.

As a matter of convenience, a bank receiving from a customer or another bank a note made payable there usually holds the same until the close of banking hours before returning it as unpaid; but this is merely by way of favor to the maker; it is not something he has a right to demand.

By the terms of the Negotiable Instruments Law an instrument made payable at a bank is equivalent to an order to the bank to pay the same for the account of the principal debtor thereon. (Sec. 87, Coun. Act.) So far as the bank is concerned, it is equivalent to a check, and where such a note is sent to the bank at which it is payable, the legal situation is the same as if the instrument had been a check drawn on that bank.

Such bank, therefore, is not strictly a collection agent, it is the person required to make payment for the account of the maker. So far, then, as that bank is concerned it would no more be under obligation to exercise diligence for the protection of the holder of the note than it would be bound to protect the holder of a check drawn by the same customer; and there would seem to be no legal theory upon which it could be held liable for paying the checks in preference to the note.

As to whether the bank which received the note for collection would be liable to the holder for adopting this

mode of collecting the paper would depend upon the circumstances of the case.

In a number of decisions it has been held that the bank which, by the terms of the paper, is required to pay the same is not a suitable agent to which to transmit the paper, even when payment is to be made in another place (Merchants Nat. Bank vs. Goodwin, 109 Pa. St. 422; Drovers Nat. Bank vs. Provision Co. 117 L. 100; First Nat. Bank vs. Fourth Nat. Bank, 56 Fed. Rep. 957; German Nat. Bank vs. Burn, 12 Col. 539), and, of course, this rule would apply with much stronger reason to a case where there is no necessity for employing any agent at all.

In such case, therefore, the bank taking the paper for collection would be liable to the holder if he could show that the note would have been paid had that bank itself presented the same. As to the endorsers, all that is necessary to charge them with liability is to show that the note was presented at some time during banking hours, and due notice of dishonor given; and the fact that other paper had been paid by the bank in preference to the note would be no defence to them.

SAFE DEPOSIT COMPANY—LIABILITY FOR DESTROYED SECURITIES

PHILADELPHIA, Feb. 21, 1912.

Editor Bankers Magazine:

SIR: As a matter of information, can you tell me to what extent the Equitable Company would have been liable, in case the securities in the safe deposit boxes had been destroyed?
A SUBSCRIBER.

Answer: We infer that this question relates to the liability of the Safe Deposit Company located in the Equitable Building rather than to the liability of the Equitable Assurance Society, which owned the building and leased certain portions of it to this company. It has

never been held that a Safe Deposit Company warrants that its vaults and boxes are indestructible or fire-proof under any and all conditions, and the question of liability in any given case would be mainly one of fact, depending upon all the circumstances of the case. In every such case the representations made by the company would form an important element, as well as proof relating to the construction of the boxes, obvious defects, etc.

COLLECTIONS—FAILURE OF COLLECTING BANK—COLLATERAL NOTE—SALE OF COLLATERAL WHERE NOTE NOT PRESENTED FOR PAYMENT

ANN ARBOR, MICH., Feb. 24, 1912.

Editor Bankers Magazine:

SIR: (1) This bank to-day cashes for its customer (R.) a personal check on a bank at Dowagiac. The check for \$23 was sent in the regular course of business by this bank to its Detroit correspondent (B.) and received credit for it. Detroit bank (B.) sent the check to Dowagiac for collection. Dowagiac bank received the money on the check and remitted to the Detroit bank (B.) the proceeds by their draft on Bank C. of Grand Rapids. Detroit bank sent the Grand Rapids draft to Grand Rapids for collection.

The Dowagiac bank drawing the draft on Grand Rapids bank failed before the draft could be presented at Grand Rapids and draft was returned to Detroit bank unpaid. The Detroit bank returned and charged back to our account draft drawn by Dowagiac bank on Grand Rapids bank.

Can we recover from our client? Can he recover from the maker of the check? Who can recover and from whom?

(2) A. gives this bank his note for \$1,000, secured by collateral, the market value of which is \$2,000. This bank sells the note with collateral to B. for the face value of note, assigning without recourse; B. sells the note to C., who is irresponsible. C. sells the collateral for \$2,000 and never presents the note. Who is responsible to A. for the collateral or excess collateral?

CASHIER.

Answer: (1) The rule in Michigan is the same as that which prevails in New York and in the Federal Courts,

viz., that a bank receiving paper payable in another place, is, in the absence of special argeement, liable for the neglect or default of its correspondent. (Simpson vs. Walby, 63 Mich. 479; Exchange Nat. Bank vs. Third Nat. Bank, 112 U. S. 276; St. Nicholas Nat. Bank vs. State Bank, 128 N. Y. 126.) And this liability extends to any failure of its agents to account for or pay over the proceeds after collection is made, as well as to any failure to duly present the paper or give proper notice of dishonor.

The reason for this rule was very clearly explained in *Mackersy vs. Ramsays* (9 Cl. & F. 818), where Lord Cottenham said: "I cannot distinguish this case from the ordinary transactions between parties having accounts between them. If I send to my bankers a bill or draft upon another banker in London, I do not expect that they will themselves go and receive the amount and pay me the proceeds, but that they will send a clerk in the course of the day to the clearing house and settle the balances in which my bill or draft will form one item.

"If such clerk, instead of returning to the bankers with the balance, should abscond with it, can my bankers refuse to credit me with the amount? Certainly not. If the bill had been drawn upon a person at York, the case would have been the same, although, instead of the bankers employing a clerk to receive the amount, they would probably employ their correspondent at York to do so; and if such correspondent received the amount, am I to be refused credit because he afterwards became bankrupt while in debt to my bankers?"

"If the balance were not in favor of my bankers, the question would not arise, so that my title to the credit would depend upon the state of the account between my bankers and their correspondent. The amount in money received by the correspondent of my bankers at York; as between me and them, it was received by them, and nothing which might subsequently take place could deprive me of the right to

have credit with them for the amount."

Under this rule the bank at Grand Rapids would be chargeable with the money received by its correspondent. But it is to be noted that many banks receive paper upon the express condition that they shall not be liable for the acts of any agent or correspondent, and in such case the rights of the parties are determined by the terms of the agreement.

(2) This would depend upon the language of the collateral note. As these forms vary so greatly it would not be possible to express any intelligent opinion as to the liability in this case until advised of all the conditions stated in the note.

ERROR

CHICAGO, Feb. 20, 1912.

Editor Bankers Magazine:

SIR: I beg to call your attention to the case of the First National Bank of Elgin vs. Russell, reported in the February number of THE BANKERS MAGAZINE, on page 149, and the head note thereto, which is erroneous.

Instead of holding the note in controversy negotiable, the Supreme Court of Tennessee pronounced it not negotiable, as a careful reading of your extracts, and also of the entire case in 139 SW—734, disclosed.

Permit me to express my appreciation of the practical nature of the cases you select for publication, month by month.

A SUBSCRIBER.

Answer: This was a typographical error. In some way the word "now," before the word "negotiable," in the heading and syllabus, was dropped out and the omission not detected until too late to make the necessary correction. A mistake of this sort once made a poem of W. D. Howells' ridiculous, the printer having substituted the word "Ma" for "me," in a line intended to read "when he calls for me"; and in this way even courts are not infrequently made to say the very opposite of what they mean.

SAVINGS BANKS

Conducted by W. H. Kniffin, Jr.

DORMANT ACCOUNTS

By W. H. Kniffin, Jr.

NO single feature of savings bank management is more generally misunderstood on the part of the public than the matter of dormant accounts. In some localities rumors are frequently heard that the ornate buildings of savings institutions have been built with these unclaimed balances, and such erroneous ideas have caused much unfavorable criticism of the bank management.

The impression is quite common that the bank or the State eventually comes into possession of these moneys. This is true in but a few States, notably Pennsylvania and Massachusetts, wherein after thirty years the money is paid over to the State treasurer, who must hold himself in readiness to repay upon presentation of duly authenticated claims. In New York the debt remains forever an obligation of the bank. That all such notions are fallacious needs no refutation at this time, and we confine ourselves to the more important side of this subject.

The New York savings banks—in fact large banks everywhere—are constantly hunting up people whose accounts have become or show the possibility of becoming dormant, and frequently the rightful owners turn up through such “detective work,” some to get a handsome reward for their forgetfulness, and others to get a like reward for the forgetfulness of others.

It does not always happen that the owner of the book is found, but every effort is made to locate the legal representatives, whoever and wherever they may be, and the common notion that the savings bank encourages these dormant accounts and endeavors to “hold on to them” is erroneous in the extreme.

A recent investigation covering this subject, made by the Savings Bank Section of the American Bankers' Association, showed that a few banks encourage dormant accounts, but these are not common, the usual custom being to find the rightful owner as speedily as possible and to tender him his money; or better, to prevent the account becoming dormant by constant care, and when an account shows any likelihood of becoming quiescent to request the depositor to reinstate it by a deposit or a withdrawal.

Some banks stop interest after a stipulated term running from ten to twenty-two years, while a few continue to pay interest as long as the account remains on the books.

Much of the dormant account money now held by the banks originally belonged to men who went into the Civil War and never returned, and sailors who have been lost at sea. In fact, it is said that the largest amount of dormant money in New York (the total is about \$2,500,000 for the State) is in the bank which has catered especially to the sailor class. The writer met a sailor at one time who had on his person pass books of savings banks and postal savings banks all over the world, and it can readily be seen that if he were lost at sea there would be dormant accounts under his name in a great many places, and these would in all likelihood never be traced.

In another bank a man was found who had deposited money in the bank a long time ago and after quarreling with his family had changed his name; after a long hunt he was found, but refused to acknowledge that he was the man who made the original deposit, and the bank had to take legal proceed-

ings to compel him to accept it. A woman deposited money in three different banks under three *different* names; her heirs were hunted up thirty-five years later and given the money. A bricklayer had deposited two hundred dollars a long time ago and forgotten it; he was handed eighteen hundred dollars, and no less a personage than Chauncey M. Depew is charged with the serious crime of forgetting that he had money in a savings bank for nearly a quarter of a century. One of the richest widows in New York had five thousand dollars she had forgotten. And so it goes.

While these dormant accounts are full of romance, the banks see in them only a nuisance; and while they are a source of trouble and expense, they are also full of human interest, as well as romance, as the following incidents will testify:

One day in the early Nineties a quaint-looking old lady came into the great hall of the Bowery Savings Bank. She looked as if she had stepped out of an old picture. She had corkscrew curls; a face shawl hung about her shoulders; her hands were incased in old-time mitts. On her head was a poke bonnet of the Fifties. With some embarrassment she approached one of the clerks and inquired for the clerk who had charge of the old accounts. On being taken to the dormant-account clerk, she explained her mission with some difficulty. She said:

"I saw an advertisement in the newspapers saying that you were looking for information concerning William _____. I can tell you the name of one of his relatives."

"What is your interest in the depositor?" asked the clerk.

The old lady blushed and the tears came to her eyes.

After she had wiped them with the corner of her shawl, she said:

"Years ago he was my sweetheart and we became engaged. But he died before we were married." She paused a moment, then added: "And I am still single."

She took some of the glamour out of the romance when she asked if she could get the money.

The prosaic law, however, did not recognize sentimental attachments, and the relatives got the deposit.

Another case is that of Ellen.

For many years a ruddy-cheeked Irish woman was a regular depositor

SOUTHOLD SAVINGS BANK	
Southold, Suff. Co., N. Y., _____, 19__	
SECTION 15 of Article VII of the By-Laws of the Southold Savings Bank provides that	
"All accounts to which no deposit, and on which no draft shall be made, for twenty years in succession, shall be closed; and neither such accounts nor the interest which shall have accrued thereon, shall draw any interest after the expiration of twenty years from the time of last deposit or draft."	
Our books show that the last deposit or draft on bank book	
No. _____	standing in the name of _____
was made on _____, 18____. The	
account will draw no interest after _____.	
A deposit or draft of One Dollar, or more, will re-open the account and it will then draw interest as before.	
In case you do not wish to re-open the account, please mail us the bank book and we will return you the amount due you.	
A prompt reply to this is requested.	
Respectfully yours,	

DORMANT ACCOUNT NOTICE, QUOTING THE BY-LAW APPLICABLE THERETO

at the bank. She joked and laughed with the clerks, and she was very popular. She was an apple-woman, and carried a basket of fruit through various office buildings.

Then, one day, she stopped coming to the bank.

Six or seven years passed and then the dormant-account clerk got busy.

He had little difficulty in finding her in a tumble-down tenement house on the East Side.

"Why haven't you been to the bank?" asked the clerk.

"Shure, I didn't think it would run away," she replied.

"But what have you been doing with your money?" asked the clerk.

"Putting it ilsewhere," replied Ellen, with perfect serenity.

Then she dug out of dark corners four bank-books for deposits aggregating thirty-five thousand dollars.

"Where did you get all this?" asked the clerk in astonishment.

"Fifty years of apples," was the immediate reply.*

METHODS OF HANDLING DORMANT ACCOUNTS.

Turning from the sentimental to the prosaic, we find the common procedure

DOLLAR SAVINGS BANK.	
<small>THIRD AVENUE, NEAR 148TH STREET</small>	
<small>NEW YORK.</small>	
<p>PASSBOOK No. which was taken out by you, has not been brought to the Bank for a number of years past. We would be pleased to have you bring, or send, this passbook to the Bank, that we may enter the interest, and learn whether there has been any change in your address.</p> <p style="text-align: right;">Yours truly,</p> <p style="text-align: right;">W. M. KERN, Secretary.</p>	<p>.....</p>
PLEASE BRING THIS NOTICE WITH YOU.	

DORMANT ACCOUNT NOTICE

in the matter of dormant accounts to be as follows: Of course the entry of a deposit or draft indicates that the book has been presented, and the dormancy period therefore begins to run from that date. Where no transaction is made, but if the book is presented for entry of interest, which in most banks revives the account, a distinctive check should be made against the date of the last interest entered, which indicates that the interest has been credited up to that date. Accounts showing no such check marks or other indications of life should be listed, the last address set opposite and a letter sent to the depositor. This failing, the newspaper should be utilized and a list of names prominently posted in the bank, with foot note asking depositors to furnish, if possible, information as to the whereabouts of the missing people.

Most banks make provision in their by-laws for dormancy, the time running from ten to thirty years before such a state exists. The usual rule is to stop interest after the stipulated time, but some banks "close" the account. If by the term "close" is meant to merge the funds with the property of the bank—in a sense confiscating the money of the depositor—this would clearly be illegal. The proper course would be to carry to "dormant accounts" in an assembly of such unclaimed balances, with reference to the original account. A better plan is to stop interest and carry the balance along as a "dead" account.

Many banks encourage small balances, which act as "seed," and through which they hope to re-establish relationships with the depositor.

It is quite common to notify depositors of the importance of keeping the account alive, and notice is generally found on the pass book, asking the depositor to present the book at stated intervals for the entry of interest. More extended notice of the rules regarding quiescent accounts is generally found in the by-laws, the following being typical, and extremely fair:

All accounts to which no deposits and upon which no draft shall have been made for twenty-two years in succession shall be considered dormant accounts, and neither such accounts, nor the interest which shall have accrued thereon shall draw any interest after the expiration of twenty-two years from the time of the last deposit or draft. Such accounts shall cease to be dormant after a subsequent deposit or draft shall be made thereon. Accounts of depositors whose pass-books have been presented at the Bank for the entry of interest earned, within the period of twenty-two years, shall not be deemed dormant accounts.

The savings bank law generally makes provision also for such accounts, and the following digest of the laws of several States will indicate the general attitude of lawmakers on the subject:

NEW JERSEY.

In the State of New Jersey, savings banks are required to include in their annual report to the commissioner of banking and insurance a statement of the names, amounts, and last known residence, fact of death if

* Saturday Evening Post.

known, of every depositor who shall not have made a deposit or withdrawal of any part of the deposit or interest for a period of ten years preceding, when the amount exceeds \$50. These lists must be published once each week for a period of three weeks in succession during the month of February for two successive years.

NEW YORK.

On or before the first day of June in each year, savings banks in New York are required to make a report to the superintendent of banking of the accounts above five dollars and over, of all persons, which have been "dormant" for a period of *twenty-two years*, from the first day of May preceding. The entry of interest on the pass book prevents the account becoming dormant. The first report must include the date of the original deposit, last known residence, occupation, date of birth, nationality, parents' names if known, and the date of discontinuing interest credits on the same, and other additional information that may aid in determining the ownership of said deposits. Subsequent reports must contain those which have since become active **BUT THE AMOUNT ON DEPOSIT IS NOT REQUIRED TO BE REPORTED.**

This information is tabulated by the department and whenever inquiry shall be made concerning such dormant accounts by those having a right thereto, and if satisfied of the claimant's right, the superintendent shall indicate to the person making application in which bank such deposit is held.

WASHINGTON.

Within fifteen days after the fifteenth of December, 1905, and every second year thereafter, savings banks in the State of Washington are required to report to the Secretary of State the amount, residence, and fact of death if known, of all depositors who have not made a deposit or withdrawal for a period of *ten years* preceding, and the information shall be published in newspapers once a week for a period four weeks. This does not apply to persons known to be living. Such reports are to be turned over to the Attorney-General for proceedings for forfeiture, if he shall be so advised.

OREGON.

Within fifteen days of the first day of July, 1907, and every second year thereafter, savings banks shall return to the Secretary of State a list of depositors whose accounts have become dormant, and the fact of death if known. This list must be published once each week for four successive weeks. If the depositor is known to the treasurer to be living, this provision does not apply. But it does apply to deposits of insane persons and those under legal disability, whose relatives or persons

having the custody of such persons under legal disability, shall not have knowledge of such deposit. These reports are to be filed with the Attorney-General biennially, who shall bring proceedings for forfeiture if cause for the same shall exist.

MASSACHUSETTS.

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 or withdrawal on their accounts, and whose pass books have not been presented for the entry of interest for more than *thirty years* after the date of the last deposit, withdrawal or such entry of interest, and for which no claimant is known or the depositor cannot be found, shall, with the increase and proceeds thereof be paid to the treasurer and receiver general, to be held and used according to law, subject to being 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 paid to the treasurer and receiver general to the time of payment.

MAINE.

Savings banks are required to publish, on or before the first of November, annually, the name, amount, last known residence, and the fact of death, if known, of every depositor who shall not have made a deposit or withdrawal for a period of *twenty years*, provided the persons are not known to the treasurer to be living. This list is also transmitted to the bank examiner for filing and public reference.

VERMONT.

On or before the fifteenth of February, in the year 1912, and every sixth year thereafter, the treasurer of savings banks and trust companies in Vermont are required to return to the bank commissioner under oath a list of depositors who have made no deposits or withdrawals for a period of *ten years*. Such list must also be published at least three weeks successively. Where the balances are under \$25 or the persons known to be living, this is not required.

NEW HAMPSHIRE.

In the month of June, 1895, and every fifth year thereafter, savings banks in New Hampshire are required to make a list under oath, of all depositors who have made no deposits or withdrawals for a period of *twenty years*, prior to April 1, preceding, who are not known to the treasurer to be living, or if dead, whose executors, administrators are not known to the treasurer. This list must contain the residence, or the post

office address, the fact of his or her death if known, and the amount standing to the credit of same, when it exceeds five dollars. This must be published in two newspapers, and a copy furnished to the commissioners.

CONNECTICUT.

On or before the tenth day of July, annually, savings banks are required to make to the Comptroller, a sworn statement of the name, amount standing to the credit of every depositor who shall not have made a deposit or draft from his account for a period of *twenty years* next preceding. This does not apply to any person known to be living.

RHODE ISLAND.

In the month of July, 1908, and every fifth year thereafter, savings banks in this State are required to make a sworn statement to the commissioner, giving name, last known residence, or post office address, and fact of death if known, to the treasurer of every depositor who shall not have made a deposit or a withdrawal, or whose pass book has not been presented for the entry of interest, for a period of *twenty years* or more preceding the last business day of June, and the same shall be published at least once a week for a period of six weeks. This does not apply

to deposits belonging to persons known to be living and of sound mind.

PENNSYLVANIA.

When any depositor in any savings bank or his legal representative, shall omit to make any demand for the amount deposited by him or any part thereof for the space of *thirty years* after the last deposit or payment was made, no action or suit shall thereafter be brought or maintained by him or them for the amount of such deposit against such corporation, but the same shall be paid over to the state treasurer for the use of the state. But it shall be lawful for such depositor or legal representatives at any time after the deposit shall have been so paid over to the state treasurer, to institute due proceedings for the recovery thereof, and on the recovery of judgment the same shall be paid, with costs, by the state treasurer, to the parties entitled to the judgment. Savings banks are required to report to the auditor general on or before the first day of November in each year, the amount of such unclaimed deposits, with names and residences of the depositors so far as is known, and before the first day of January ensuing shall pay over to the state treasurer the amounts, and his receipts shall discharge the bank.

TRUST COMPANIES

Conducted by Clay Herrick

ANOTHER BIG MERGER

BY its absorption of The Manhattan Trust Company, The Bankers' Trust Company of New York has become a close competitor of The Guaranty Trust Company to the claim of being the largest trust company in the country. The combined institution has total deposits of about \$160,000,000; its capital being \$10,000,000, and aggregate resources around \$185,000,000. The resources of the Guaranty Trust Company total about \$209,000,000.

The Bankers' Trust Company has had a remarkably rapid growth. It was organized only nine years ago,—in 1903. In 1907 its resources amounted to \$24,000,000. They increased to \$40,000,000 in 1908; to \$54,000,000 in

1909, and to \$77,000,000 in 1910. In that year it absorbed the Mercantile Trust Company, increasing its totals in 1911 to \$157,000,000. It is understood to have already accumulated a very large amount of trust business.

This rapid growth has no doubt been due largely to the plans under which the company was organized and has been conducted. Its founders had in mind an organization which would promote a community of interest among leading bankers of New York and other cities, and serve to eliminate some of the competition for deposits that has developed, as well as secure the large and profitable business which the make-up of its board of directors would nat-

urally bring to it. This board now consists of thirty bankers, of whom eleven are presidents and four vice-presidents of national banks; four are presidents and one a vice-president of State institutions; five are private bankers, and four are officers of the Bankers' Trust Company. Sixteen New York banks and five New York banking houses are represented, two Philadelphia banks, and one bank each in Chicago and Kansas City. It will thus be seen that the name, *Bankers' Trust Company*, correctly describes the policy and make-up of the institution. It is also evident that such a board of directors may, if they please, exercise enormous influence in the banking world.

The Wall Street Journal estimates that the actual direct representation of banking resources by these directors,—that is, the total resources of the banks of which they are officers,—aggregates over \$1,367,000,000; while directly and indirectly, taking into consideration the other institutions of which these men are directors, the amount represented is over \$2,198,000,000. With these facts in mind, it is not difficult to understand how the company was able to accumulate so large an amount of business in a few years.

Both the Bankers' and the Manhattan companies belong to the so-called Morgan group of banks. The merger does not, therefore, increase directly the amount of deposits held by those interests, but merely lessens the number of banks holding them. The Bankers' Trust Company, however, represents the Morgan interests very directly, in a way that no other bank does. Not only are there several of the firm among the members of the board, but the other members represent all the banking institutions in which Morgan is known to have substantial interest.

More than usual interest has been aroused by this merger, because of its coming at a time when Congress was considering an investigation of the "money trust." If a committee of Congress probes the question, it is evident that the Bankers' Trust Company will be among the institutions considered.

In view of the figures above given, no one will be apt to contradict the statement that this company is in position to exercise very great influence in the financial affairs of the country. Just what conclusion a committee would deduce from this fact remains to be seen.

A question that naturally comes to mind is, what will be the limit of these big mergers? That others are apt to take place in the near future is believed by many. Just at this writing a rumor is in circulation that the Guaranty Trust Company is to absorb the Standard Trust Company. The latter has resources of about \$20,600,000, and with it the Guaranty Trust Company would have total resources of something over \$227,000,000. Large as these figures are, and much as they exceed anything known in this country until the last few years, they do not yet reach the figures of some of the large private banks of England. It may well be urged, however, that conditions in England are quite different from those of our country.

UNION TRUST COMPANY OF PROVIDENCE

IN February last, the Union Trust Company of Providence, R. I., which suspended during the panic in October, 1907, and resumed business in May, 1908, made the final payment to holders of the certificates which were issued to depositors under the reorganization plan. There remain unpaid certain deferred certificates given to former stockholder, but the depositors have now been paid in full, with interest to the date of payment.

TRUST FUNDS IN PHILADELPHIA

PHILADELPHIA is a city of special interest to those who wish to study the trust company. The general development of trust companies was taken up there earlier than elsewhere, although New York has two companies

which began the trust business earlier. There are more trust companies in Philadelphia than in any other city in America,—or in the world. The trust companies there publish the amounts of funds held in trust. All these facts make it possible to form some idea of the extent to which trust funds may be accumulated by the corporate trustee in a city where trust companies are popular and have been in existence long enough to have the people become acquainted with the kind of services they perform.

The trust business in Philadelphia was begun in 1836, in which year two companies,—The Pennsylvania Company for Insurance on Lives and Granting Annuities and the Girard Life Insurance, Annuity and Trust Company (now the Girard Trust Company)—were authorized to accept and execute trusts. These companies had the field to themselves for many years, and the general development of trust companies in the city did not begin until just after the Civil War, in the late sixties. The trust company has thus been a more or less familiar institution in Philadelphia for from fifty to seventy-five years.

At the beginning of the year 1912, there were in the city fifty-eight trust companies, whose total banking resources amounted to approximately \$330,000,000. On the same date, these companies held trust funds, invested and uninvested, aggregating over \$730,000,000. In addition, they of course held corporate trusts, representing very large amounts. The amount of trust funds in the keeping of these companies, therefore, is considerably more than double the amount of the resources of their banking departments, or more than double the amount of their deposits, capital, surplus and profits. It is evident that the trust departments of these companies are well patronized,—in contrast with conditions in communities where the trust company is a new institution, and where the amount of trust funds held is nominal. It shows how great a field is open to conservatively managed trust companies in

other communities. It also explains why many of the trust companies of Philadelphia are large earners.

Three of the companies hold trust funds of over one hundred million dollars each. The Pennsylvania Company for Insurance on Lives and Granting Annuities, chartered in 1812, has trust funds amounting to over \$175,000,000; The Fidelity Trust Company, chartered in 1866, has trust funds of approximately \$160,000,000, and The Girard Trust Company, chartered in 1836, has trust funds of over \$125,000,000.

ONE CENTURY

THE celebration held in January to mark the one hundredth anniversary of the incorporation of The Pennsylvania Company for Insurance on Lives and Granting Annuities was an event of more than local interest. This is the oldest company in the United States doing a trust company business. It was chartered on March 10, 1812, and during the early years of its life the business done was that described in its title.

On February 25, 1836, after an effort that had lasted for several years, it was legally authorized to accept and execute trust; the powers granted by the Legislature being "To accept and execute trusts of every description; to be appointed trustee, assignee, guardian, committee or receiver; to receive moneys or other property, real or personal, in trust or on deposit, to accumulate the interest thereon, or to allow and pay the same." Seventeen years later,—in 1853,—there was added the power to act as executor or administrator. The company accumulated a considerable amount of trust business within a few years, and gradually withdrew from the field of life insurance, although it still retains the original name.

The century has been one of practically uninterrupted prosperity. The first dividend was paid on July 1, 1815, and dividends have been paid every six months since; the total that has been

distributed to stockholders being \$15,819,751. The present dividend rate is twenty per cent. The company's capital stock amounts to \$2,000,000; surplus, \$4,000,000; deposits over \$21,000,000. The amount of its trust funds, invested and uninvested, exceeds one hundred and seventy-five million dollars, in addition to trusts not expressible in figures.

The management of the company consists of C. S. W. Packard, president; Thomas R. Gates, vice-president; A. V. Morton, treasurer; John J. R. Craven, secretary; Jay Gates, trust officer; Charles Osborne, assistant trust officer; Jesse William, second, assistant secretary; C. S. Newhall, assistant treasurer; Joseph R. Carpenter, Jr., second assistant treasurer.

PRACTICAL BANKING

SOME PHASES OF LOANS AND DISCOUNTS

By **Frank C. Mortimer, Cashier First National Bank, Berkeley, California,**
Author of "The Investment of Trust Funds"

THERE are many details to the subject of loans and discounts. It is not my purpose to cover the matter in its many branches, nor to render an account of any particular system, but rather to discuss some phases of the subject, which have become important through changed and improved conditions surrounding this vital part of the banking business.

The loan and discount department is primarily the profit-making department, and the officer charged with the placing of loans has the success or failure of the institution in hand. It is reported that more bank failures have resulted from injudicious loans than through any other cause. The responsibility of putting the bank's and the depositors' money back into the hands of the community from which it is gathered is a task of no mean importance.

Improved methods of dealing with the borrower have been adopted from time to time. The president and cashier are no longer the only officials charged with this responsibility. It is now divided between these or other officers, and a discount committee in nearly all banks of importance. The loans

are made to-day more upon a scientific basis.

With the adoption of further plans for the protection of the lender from irresponsible borrowers, we may arrive at our Utopia, where loans will be made with every degree of safety and with an assurance that the principal and interest will be forthcoming to its rightful owner at the proper time.

To-day the lender and borrower are closer together than ever before. The improved conditions have brought the almost universal custom of requiring statements from borrowers. The time has passed when the applicant for credit becomes offended when asked for a detailed report of his financial affairs; in fact, the modern seeker after credit frequently anticipates such a request from his banker.

These statements of condition are now verified through several sources. The certified public accountant, looked upon ten or fifteen years ago as a bookkeeper seeking temporary employment, is now recognized as very much of a necessity in gathering reliable credit data. Many of the States have laws regulating this new profession. In this State the law requires that an

examination be passed under the supervision of a commission appointed by the Governor. A borrower's statement, when verified by an accountant of recognized ability, becomes a record of value to the bank. But should we not



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go a little further in the verification of statements?

A certified public accountant is necessarily well versed in figures. The fact that he has specialized on debit and credit to a certain extent implies that he may be unfamiliar with the value of merchandise and products, as it is unusual for a man to grasp all the elements of such a proposition. He, therefore, usually accepts as fact the statement of a firm or corporation that the stock of goods on its shelves or in warehouse is worth so many dollars, and so it appears on the statement, duly certified. When the value of merchandise runs into a large amount, should we not have the statement of a com-

petent appraiser to check the figures on the borrower's statement? In this manner the correctness of the borrower's figure can be easily verified and definitely determined.

And verification is now the order of the day. Supplementing the information gained from the borrower himself, data is gathered from many sources. Here the usefulness of the modern credit department makes itself felt. The credit manager is primed with information. This is gained from the mercantile agencies, the bank's own records as to average balances, volume of business, and an analysis of the loss or gain in financial strength. To these may be added reports from other firms in the same or kindred lines, court records, and even items from the daily newspapers. Thus the credit manager furnishes his records to further guide the officer in making the loan.

GETTING A LINE ON THE BORROWER.

Borrowers' statements are frequently misleading, even though they are not intentionally made so. One man with an overplus of optimism is prone to exaggerate his present condition and discount his future resources too far ahead. Another man will fail to distinguish between resources and liabilities and count as his own the property of others which he is holding in trust. It is necessary, therefore, for the banker to look below the surface.

Is the borrower in a substantial line, or is he following a business which will dissolve at first sight of a cloud on the financial horizon? Is there really a demand for the goods he manufactures? If so, is it permanent, or will it pass with the whim of public fancy? These, and many other questions the banker mentally asks himself before giving answer.

Then there is the general character of the borrower, probably the most important factor in the making of commercial loans. The granting of credit is not based entirely upon the showing made in a verified statement. The quick assets may be large, they may even exceed the ratio of two and one-

half to one, said by judges of credits to be a good proportion; the stock of merchandise may be new, the cash in bank sufficient, and yet the accommodation is not granted. The moral risk has entered into the banker's calculations, and when the moral risk is bad, the application for credit is usually declined.

Character enters more largely into the extension of credit than is generally supposed. It is a very large factor in determining business success. Loans are made every day to men of quite limited means, practically unsecured and almost wholly on the moral risk. Character is capital of the most valuable kind. It compounds the use of other people's money where the possession of economic goods will not do so. A clean business record, showing prompt payment of obligations at maturity, a steady growth, a close application to business and a conservative management, coupled with an open and honest manner in dealing with his banker, will secure for the deserving business man of limited means the full amount of credit to which he is entitled any business day of the year.

The banker has a right to know all the details of a borrower's business. A banker is in the same relative position as the physician. A man sick with an unknown disease would freely acquaint his doctor with all the necessary details leading up to his condition. He would accept the remedy offered by the physician and conform to his programme, even to taking the most disagreeable medicine. Sensible men consult the physician in whom they have confidence when they are well, with the idea of guarding off disease. But, for some unknown reason, the financially disabled will seek the banker and insist upon an overdose of credit, with never a thought of the consequences.

The business man should consult his banker freely, during good season or bad. He should acquaint him with his plans for future enlargement and with the successes or threatened failures which surround him. Many a business man who has followed this plan has

been saved from financial ruin by the restraining hand of his banker, or by the application of remedies in sufficient quantity at the proper time.

It is for the borrower's good, as well as the banker's, that they should keep in close touch with each other. When a loan is made it is not the property of the man who signed the note and upon which he pays a monthly tax. It is not permanent capital, although frequently considered so by the borrower, particularly if it is a one-day note, unsecured.

Any change in the condition of affairs affecting the credit should be made known to the banker, and yet how infrequently this is done. Plainly this is a form of dishonesty and manifestly unfair to the lender. Often these adverse changes are not known in time, and they are discovered only when subsequent statements are forthcoming.

This prompts the inquiry: How frequently should statements be asked for? From some firms and corporations once a year is considered sufficient. The case is recorded of a man whose statement should have been taken once a day. A loan of several thousand dollars was requested, and the bank advanced the money on the basis of what appeared to be a very good statement. The ownership of much valuable land was verified. It was clear of encumbrance and every indication pointed to a safe risk. Subsequent events disclosed the fact that the next day succeeding that upon which the loan was closed all the property was transferred to another. I will leave the matter to the judgment of the junior clerk, whether or not this borrower will ever again secure accommodation at that bank. The bad record of this borrower is known to that particular bank, and should inquiry be addressed to the institution, the record would probably be passed along with the usual restriction as to responsibility for the information imparted.

FAULTY CREDIT SYSTEM.

This case, and there are many more like it, causes us to inquire whether or

not our credit facilities are all that they should be. This unsatisfactory borrower will go from bank to bank and each institution will deal with him in its own particular way, ignorant, in most cases, of the man's true commercial standing as a borrower.

Clearly, this discloses a looseness in our system of extending credit. A man high in the affairs of business once made the remark that the banks were far behind the mercantile houses in their methods of determining good and bad credit risks. It is a well known fact that the large merchants in nearly every branch of business have exhaustive systems of gathering data upon those seeking to buy goods on a credit basis.

They have well organized bureaus of credit, where debtors, good and bad, are registered and graded. The habitual swindler is given a prominent place on the record and is put down in black and white for exactly what he is. The record is open to all those who are members of the bureau.

The banks, however, have no such organization for protection against the unscrupulous borrower, and the lack of it is felt at frequent intervals. Records will show that one bank after another has had dealings with these transient and unsatisfactory customers, to the great discomfiture of the loaning officer and the increase of the debit side of the profit and loss account.

The present Comptroller of the Currency has made some terse suggestions along the line of a central bureau of credit information. The task of organizing and properly maintaining such a bureau is indeed a large one, and yet the dry goods merchant, the furniture man who sells on the installment plan, the jeweler, and even the grocer and butcher have been able to establish their bureaus, and that they are successfully maintained is a well known fact.

But, you say, the banking business is different. True, it covers a larger territory, embraces every field of mercantile endeavor and vast sums are involved. It is, indeed, a difficult task,

but it is not insurmountable. Greater problems, of less importance in the end, have been carried to a successful conclusion, and I believe that, if bankers should coöperate faithfully in the matter, they could put our credit information where it would be available for mutual good and to the certain exclusion of many doubtful loans.

We still depend largely upon a borrower's general reputation and advance large sums upon past reputation, correspondent's opinion, broker's recommendation, and the borrower's own statement.

The details which entered into several large eastern failures in which the little western banks have been caught bring clearly before us the necessity for having a central bureau where large borrowers shall have recorded the total amount of their outstanding debts and their true financial condition. Such a bureau of credit information would be of particular value to those banks purchasing commercial paper.

There are many advantages in having the loan and discount total made up largely of this most desirable class of negotiable instrument. This is being recognized more and more by bankers in every State.

COMMERCIAL PAPER.

Now, what is commercial paper? Commercial paper is the written obligation of a business firm or corporation to pay a certain sum of money at a definite time in the future, usually running from thirty days to six months. When such paper is issued by a corporation of good standing, backed by their reputation for prompt payment running back many years, it becomes the highest form of safe credit. Short-time commercial paper forms the most stable and trustworthy part of our loan and discount totals.

These obligations to pay are usually carefully and promptly met. Many firms and corporations offering their paper in the open market have never let a maturity date pass without caring for their obligation. They guard their credit jealously.

High class commercial paper is usually eagerly sought by the large banks. There are different grades of paper, however, and great care should be used in its selection. At least twenty-five per cent. of the banks' loans and discounts could be made up of this class of credit obligation. Local demands for money, of course, should first be met. A national bank examiner of my acquaintance says that he considers commercial paper a better secondary reserve than bonds, and there exists good reason for this belief. Bonds are liable to depreciate in value, as was the case in our recent unpleasantness. Good commercial paper with few exceptions, is paid promptly on the date of maturity, and the banks holding that form of obligation usually realize one hundred cents on the dollar. Renewals are almost unknown, nor are the banks under any obligations to renew. They can usually count upon getting their money promptly on time.

It is now proposed that high class commercial paper, endorsed, shall be the basis for our currency system, following the custom of other countries. Conant, in his book on the "Principles of Money and Banking," says that the losses upon such paper are trifling in proportion to the volume of business done by banks.

The Bank of England in its charter recognizes its value and fixes a period of ninety days as the maximum limit of time which its discounted commercial paper shall run. This period is also set by the Bank of France, the Imperial Bank of Germany and the Austro-Hungarian Bank. The limit at the Bank of Belgium is one hundred days. In practice, however, the commercial bills in these banks, I am told, do not exceed, in the average, forty days.

REGISTRATION OF COMMERCIAL PAPER.

Commercial paper in America, however, is frequently only one-name paper. That accepted by the great banks of Europe must be endorsed. Some material progress has been made in safeguarding the banks of this coun-

try in their investments in commercial paper. A movement in favor of the registration of such paper has made considerable progress and justifies the belief that registration will come into general practice. Such large enterprises as the International Paper Company and those controlled by the Stone & Webster Syndicate have announced their intention of hereafter registering all their outstanding obligations. The action of these powerful concerns is bound to have an effect on all firms and corporations offering their paper in the open market.

The banker usually buys his commercial paper through a broker, and rarely, if ever, comes in direct contact with the borrower. The broker's business is to sell paper and his income depends upon the quantity of paper he can dispose of. A bank will not buy through a broker whose reputation is not the highest and he will avoid the purchase of paper of a firm that puts it out through several brokers. The standing of the broker is important, of course, and the banker depends largely upon his judgment. Usually it is good; but it is not infallible. The broker may, in all sincerity, recommend paper in which he has implicit confidence, but may himself be deceived. A larger amount of paper than he knows of may be offered in the market in other cities. More than one official of the corporation offering the paper may be authorized to float it.

Dishonesty has recently entered into the matter, as the creditors of a large grain company can testify. The broker therefore can only do his best, and there is a risk taken by the bank which can be avoided in many instances. It is designed, through the registration of such paper, to minimize these risks. It will be difficult to inflate liabilities for the reason that the leader will always know with certainty that the paper is genuine, authorized, and that it is part of an amount definitely known.

The Trans-Mississippi Grain Company, controlled by the Bartlett-Frazier-Patten interests, has appointed a

trust company in Omaha as registration agent for all its commercial paper. Announcement is made that no paper issued after a certain date shall be valid unless registered.

This is a step in the right direction and will make the purchase of such paper more attractive to banks located elsewhere than in the center of operations.

It covers several important points and holders will know beyond a doubt:

- (1) That the signatures are genuine.
- (2) That the paper is authorized.
- (3) That it tallies with the listed amount in the borrower's statement.
- (4) That it is issued for the purposes outlined in the borrower's statement.
- (5) That it will prevent over-issue and the unwise extension of this form of obligation beyond legitimate bounds.
- (6) That it will discourage the floating of paper by irresponsible borrowers who call their notes commercial paper, and who now benefit by the reputation established for this class of security by firms of high standing.

The selection of paper to be filed in the loan and discount portfolio is now handled in a different manner than heretofore in all well regulated banks. Some officers are usually given authority to make loans up to a fixed amount. In one bank the amount is one thousand dollars; in another it is ten thousand; but the system is the same. These loans are afterwards approved by the discount committee or the board of directors.

BORROWER'S APPLICATION BLANKS.

Now it is the aim of every officer empowered to make loans to surround them with every safeguard. There are many plans in effect, but there is one system in particular that is looked with favor. It provides for the filling out of an application by the one seeking credit, stating, briefly, the assets and liabilities. It is supplemented, of course, by the larger form of detailed statement when required. This blank also states the time the loan is wanted and

the security offered. It is bound in book form and signed by the applicant. The discount committee of three meet daily in the morning and pass upon the matter. In this case the committee is composed of men who have retired from active business and who can give the necessary time to these daily meetings. Being men who have long resided in the city, they are fairly familiar with values and usually know the past and present reputation of the applicant. As an inducement to perform their duties as outlined, they are compensated for this special service.

This system is not always practical in the large banks, whose boards of directors are usually made up of busy men, and therefore weekly meetings are held. The plan, however, is an excellent one and is being urged for adoption in various forms by the Comptroller and Superintendent of Banks.

The small checking account has brought with it many exactions in banking detail, resembling in a measure the business of the large department store, where the rule is quick sales and small profits. With this class of business has come the customer seeking the small personal loan. I believe more time is consumed in dealing with the small customer than in handling a large one. In the making of this class of loan excess credit is frequently asked for. The risk is often unsafe and the application is declined. The exactions of an applicant and his temperament often make the refusal an irritating transaction. It is best to keep one's temper when adverse comments are resorted to by the dissatisfied applicant. It is likewise prudent not to enter into a debate upon the subject. We can, at best, follow the suggestion given us by George Rae, to offer to lend twice the amount on approved security.

There is much to be said upon the matter of handling the public, and much more that is best left unsaid. The ability to make and refuse loans gracefully, to people of every class and temperament, is a gift of the gods. Without this gift the banker has a task in every transaction. Some men possess

a natural ability to grasp these situations, others acquire the knack through years of experience, and still others never seem to acquire the tact to say the right thing at the right time.

THE BANK AND THE AUTOMOBILE.

There is an old saying to the effect that one banker can decline a loan with better grace than another can grant one. Probably many bank officers could tell you with what frequency they are compelled to refuse credit sought to secure the luxuries of life. With the risk of offending our aggressive friends in the automobile business, but without any intention of doing so, it can be said that many requests for credit are declined when the applicant wishes to indulge in the luxury of an automobile when he cannot afford one. Where it is clearly a case of over-reaching his ability to pay, the man who wishes to borrow money for this purpose is properly refused. This is not a restraint on the automobile trade. On the contrary, the bankers were among the first to recognize this industry as a very decided factor in our commercial progress.

Loans are made every day for the purpose of buying an auto truck for delivery purposes to supplant the horse and wagon, and to purchase a car for pleasure purposes, too, when warranted. An automobile concern recently applied to a New York bank for a loan of one million dollars, offering as security first mortgages on farm property and farmers' notes. It is estimated that in 427 banks in Kansas, Nebraska and Missouri, fifteen millions have been withdrawn for the purpose of buying automobiles. How much of this credit is offset in the loan and discount account we are not informed.

Experts have figured the output of cars for 1911 to be in the neighborhood of 300,000. At a price averaging say, \$1,250.00, this would aggregate about \$375,000,000. There is spent, therefore, in the course of a single year the equivalent of half the value of our total wheat crop, or ninety per cent. of

the value of the oats crop, and about \$280,000,000 in excess of the value of our entire barley crop. These purchases could not possibly be made without bank credit. The volume of this business is so great that it is altogether reasonable that some loans should be refused, based upon this class of business, just as they are refused in any other line when the applicant has not sufficient credit for his purposes.

If every one should be accommodated who seeks a loan for the purchase of luxuries the banks would find their loan and discount paper made up in part of the same kind of paper that Henry Clay and Daniel Webster gave to a Washington bank many years ago. This piece of evidence bears out the assertion that frenzied finance is not limited to our present day and generation.

The story has not been verified and I give it to you in quotation marks:

"One cold winter morning Henry Clay, finding himself in need of money, went to the bank and asked for the loan of \$250 on his personal note. He was told that, while his credit was perfectly good, it was the inflexible rule of the bank to require an endorser. The great statesman hunted up Daniel Webster and asked him to endorse the note. 'With pleasure,' said Webster. 'But I need some money myself. Why not make your note for \$500, and you and I will split it?' This they did. And to-day the note is in the bank—unpaid."

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.

THE LIABILITY LEDGER

By W. W. Potts, Treasurer Federal Title & Trust Co., Beaver Falls, Pa.

WITHIN the past ten years, the rapidly increasing number of notes used in the ordinary course of business has made some form of liability ledger an absolute necessity to the average bank.

Time was, and at no remote period, when, aside from the city bank, it was customary for the president or cashier to rely only on their memory for the customer's line of credit, as well as the

Then, again, at what decided disadvantage was the executive officer of the bank placed, when some member of the board, at the meeting of the directors where additional lines of credit were being considered, inquired as to the present loans of some borrower, and which resulted in either a matter of conjecture or apparent ignorance on the part of the officer.

With the development of the check-

Amount		Payer	Paid By JAN 20 1912
450 00		CHURCHILL & CO	
Remit—Credit and report by		How Notified and when	
Their Date 191 <u>2</u>	Their Number	Presented or 'Phoned	Notice Mailed
Jan 15	457	Jan 17	
Received From		NO <u>Protest</u>	
FIRST NAT BANK		Attached B-L	
Address		A note	
VINTON, VA.		An Acceptance	
Remarks		* A sight draft	
HOLD FOR ARRIVAL		Payable at	
		Due	191 <u> </u>

I (Local Collections) Coll. Dept., FARMERS NATIONAL BANK, Salem, Va Form 25-2m-10-11

COLLECTION SYSTEM NO. 1 FOR LOCAL COLLECTIONS

total amount of his loans. Some officials may have been particularly gifted in that respect, but with the many, such was impossible, and this important item of the business became largely a matter of guess work in most instances.

We can no doubt all recall how annoying it was at the most busy moment of the day to have some one inquire the due date of his note. This entailed a search oftentimes covering from the first to the last note in the wallet, and clearly demonstrated the fact that the ancient system under which the discounts were handled was inadequate.

ing account came a corresponding expansion of the list of borrowers of a bank, and the liability ledger, along with the loose leaf ledger and adding machine, soon came to be a necessity.

The argument has been advanced by some that the amount of time expended in properly keeping a liability ledger was not justified by the results arrived at, but if the time consumed in looking up the maturity of half a dozen notes daily be considered, it will be readily appreciated it was not altogether a matter of time.

With a minimum expense, both in installation and time necessary for the

Our No. 532		*PAID—RET'D _____		191__
Amount	Due 191__	Maker, Drawer or Drawee		
2534 | 50	Apr | 5	SWANSON & CO		
Date 19__	Time	When Sent	Traced 191__	
APL | 5	12 MONTHS	MCH | 30		
Place and bank at which payable				
PEOPLES BANK, GLENVAR, VA.				
To whom sent NATIONAL BANK OF COMMERCE, ROANOKE, VA.				
For whose credit		BUSH & CO		
Report by their date or number	#33	Ordered back	191	
Remarks	WIRE NON-PAYMENT		<input type="checkbox"/> A NOTE <input type="checkbox"/> AN ACCEPTANCE <input type="checkbox"/> A SIGHT DRAFT	
			Attached	
			NO Protest	
(2) Foreign or Collections Sent			*Indicate which	

SYSTEM NO. 2 FOR HANDLING OUT-OF-TOWN COLLECTIONS

recording of the liability of each borrower, not only as maker but as endorser as well, Form 1 will be found very complete, and can be satisfactorily used until the number of notes handled daily demands the use of a more extensive system.

With but a dozen bills maturing daily, and a like number of new notes taken, it will soon be found that the clerical work necessary for the various entries in the maturity tickler, discount register and liability ledger becomes burdensome, and some system producing the same results at a less expenditure of both time and labor is desired.

By the use of the following manifold forms, the same being printed on different colored paper, the record of each of the above indicated books can be obtained, with but one operation, either with pencil or by typewriter, and the time required for filing these forms will be found considerably less than that necessary in making the separate entries in the different books. The form shown herewith is padded and comes in sets of four sheets, each sheet of the set bearing the same number, which corresponds with the number of the note. Form 2 is headed "Direct Liability"; Form 3, "Maturity Tickler"; Form 4, "Discount Register"; Form 5, "Con-

tingent Liability." All forms are exactly alike, with the exception of the changes in headings and the color of the paper. As soon as the record of the note is made, the sheets are filed in their respective binders; the liability ledger being indexed alphabetically, or further sub-divided if desired, the direct as well as contingent liability sheet being filed under the proper division, the liability ledger also including a record of the loans to officers and directors if desired. The sheets constituting the discount register are listed on the recapitulation sheet shown herewith, as Form 6, and the total charged in the journal at the close of the day's business, the sheets for the different bills purchased together with recapitulation being filed in the discount ledger, where they remain undisturbed until removed to the transfer binder.

The maturity sheets are filed in their binder according to due date, and a statement taken at any time from the Maturity Tickler will indicate in aggregate the loans of the institution.

With the commencement of the day's business, the sheets are first taken from the maturity tickler, then in turn from the liability ledger, both direct and contingent sheets being removed, and all attached to the note falling due. As

soon as the item in question is paid, or renewed, the sheets are pinned together and filed on a check file, and at the close of business are listed on the recapitulation sheet, shown herewith as Form 7, and the totals carried to the journal, to be posted to the proper account in the general ledger. The different sheets are then filed in their

transfer binders, which completes the record of the different notes paid on that particular date.

The forms shown were prepared specially for this institution, but can be changed to suit the needs of any bank, and the system as a whole made to comply with almost any demands made upon it.

MAXIMS OF A BUSINESS MAN

NEVER discuss salaries and never tell any one how much you are getting. If you say you are getting more than the man you're talking to, either it will cause dissatisfaction or he won't believe you.

The man who is continually whining about "never having half a chance" is the same man who wouldn't succeed if he were allowed to choose his own work at his own salary. Chances come when a man is ready for them.

Some folks start worrying along about the first of February as to what their boss will give them as a Christmas present.

Of course, there are folks who are really earning more money than they are getting, but the average man had better lie low and hope that the boss won't find out how much more he is getting than he is worth.

Don't look in books for examples of successful men. Choose a man in real life who has gained success by honorable methods and follow his business ideas. If success

doesn't come in a week, don't get discouraged; it may come in a month.

Don't worry because you think you haven't attracted the favorable attention of your immediate superior. He may be more observant than you imagine.

Don't ask advice all the time. The man who can go ahead with a job, finish it successfully on his own initiative without a lot of foolish and unnecessary questions is the man who is most needed in the modern business world.

The man who knows the latest thing about neckties and silk socks is usually the man who does not know the latest thing about successful business methods.

There may be work without success, but there is never any success without work.

Don't take spells for working and try to accomplish in one day the things you should have done in two weeks. A little every day is better than spasms of hard work, interpolated with spells of no work at all.—*Chicago Tribune.*

THE GOOD WILL OF A BANK

IN these days of keen competition, the "Good Will" of a banking institution is a most valuable asset.

A dozen years or more ago, there was little competition among the various banks and trust companies in comparison with that which exists at the present time. The growth of the large institutions in Boston, during the past decade, has been remarkable. A vast amount of money is expended annually in advertising the "advantages" offered to the public by one institution or another. The business man is strongly reminded that he should change his account (or a part of it), to some other bank.

Now this is where the "Good Will" comes in!

The man who has always received courteous and prompt attention from the employees of his bank, does not feel warranted in making a change. In fact, he will undoubtedly remain a customer so long as he continues to receive satisfactory attention from the bank's officers and clerks.

The "Good Will" of an institution has, in some cases, a large money value, but beyond this there is the intangible value which is built up to a great extent by the units of the organization.

It is absolutely essential that all employees at all times give to the customer the best that can be offered in what may be termed "Banking Service." One disrespectful remark by a clerk is liable more than to offset the courteous treatment given by other clerks during previous years.

The patron demands, and he must receive, in all cases, the courteous treatment that is due him. To be sure, there are many cases where the customer is exacting and unfair, but this fact does not alter the relation between the public and its servant. In catering to the public and demanding its business, we must take it as it comes and use the utmost effort to retain it.

Bank clerks, it is "up to you."—*Francis J. Burrage in Boston Banker.*

INVESTMENTS

Conducted by Franklin Escher

THE CANADIAN BOND MARKET LAST YEAR

UNITED STATES INVESTORS WERE LARGER PURCHASERS THAN HITHERTO

By Fred W. Field, Editor "Monetary Times" of Canada; Author of "Capital Investments in Canada"

THE United States investor is becoming more interested in Canadian bond issues. This is revealed in the fact that of total Canadian issues last year, amounting to \$266,812,988, the United States took \$17,553,967, or 6.58 per cent., as compared with 1½ per cent. in 1910. In addition to the comparatively small amount of Canadian investment in the Dominion, capital is being received from the two great English-speaking countries, Great Britain and the United States. The former is specializing particularly in absorbing Canadian bond and stock issues and the latter in financing Canadian industries. The British investor has purchased Canada's railroad, Government, industrial and municipal bonds and stocks to the extent of about \$881,000,000 during the past seven years. On the other hand the United States has established more than 200 branch factories in Canada, made investments in mills, mines and timber, purchased large tracts of land, but very few bonds and debentures.

In view of the increased interest of the American investor in Canadian securities it is instructive to review the outstanding features of the market during 1911. These were the creation of a new record, the issue of bonds being greater in the aggregate than during any previous year. The Dominion Government did not need either to issue any permanent securities or do any temporary financing. Many municipal issues were made in the London market, where a large volume of undigested securities is being carried. Canada pur-

chased a larger amount of its own municipals than hitherto. Foreign investment was greater and United States interest in the market far more active. Those were perhaps the most notable points during the past year.

RAILROAD SECURITIES.

The Dominion enjoyed a splendid twelve months of general development and expansion. Railroad building continued apace and no less than \$100,472,700 of our railroad securities were issued in the year. Existing cities expanded rapidly and hundreds of new towns appeared almost as soon as railroad steel was laid. This resulted in many municipal issues, while public service corporations were taxed to capacity and required considerable new capital as a consequence. Many industrial companies found it necessary to make new issues.

The total bond issues in Canada last year amounted to \$266,812,988, and, as noted above, the United States purchased 6.58 per cent. of that sum. How that proportion was made up is seen in the following table:

Bonds.	Total issued, 1911.	U. S. took
Municipal	47,159,288	4.95
Canadian provincial government	\$5,675,000	....
Railway	100,472,700	4.22
Tramway, light, heat, power and telephone..	32,105,500	28.64
Miscellaneous	54,580,500	3.26
Canadian companies in foreign countries	26,820,000	....
	\$266,812,988	

To Increase Principal and Income

No form of Investment has proven more uniformly Safe and Profitable than the Shares of Gas and Electric Companies. The growth of the lighting business has been and is remarkable, the demand for Service is Constant and varies only to Increase.

The Stocks of the older Companies sell, in many cases, as high or higher than the best Railroad Stocks and are more closely held.

We offer a small block of Participating 5 per cent. Preferred Stock of a large Gas and Electric Company. This Stock has paid regular dividends at the rate of 5 per cent. per annum since July 1, 1907, shows earnings now amounting to more than Three Times the Dividend Requirements and is entitled to share equally with the Common Stock after the Common has received its 5 per cent. dividend.

We Recommend These Shares, as in our opinion a Safe Investment in which there is an unusual opportunity for Increase of Principal and Income.

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BIG PURCHASE BY AMERICAN HOUSE.

The backbone of the United States' share of Canadian bonds was naturally the purchase by an American bond house of Montreal Tramways Company debentures, amounting to \$8,945,000. This issue provided the Montreal Tramways Company with funds in connection with the purchase of the property of the Montreal Street Railway Company and other concerns, and the retirement of part of the latter's bonds. The Montreal Tramways Company owns all of the street railway properties in the city of Montreal. Outside of issues of Canadian railroad bonds, this is said to be the largest block of bonds ever sold at one time by a Canadian corporation and the largest piece of Canadian financing ever placed in the United States.

The actual securities purchased by

United States interests are shown in the accompanying table:

Municipal issues.....	\$2,334,467
Canadian Northern Railway Equipment Bonds, Series "A 1"	2,970,500
Canadian Northern Railway Equipment Bonds, Series "B 1"	1,279,000
Montreal Tramways Company...	8,945,000
Canadian Puget Sound Lumber Company	900,000
Dominion Coal Company.....	700,000
Canadian Elevator Company of Winnipeg	175,000
Northern Ontario Light and Pow- er Company.....	250,000
Total	\$17,553,967

TWO BORROWING COUNTRIES.

We do not expect to borrow heavily from the United States, as that country, in regard to borrowing, occupies relatively the same position as Canada. According to Mr. George Paish, the well known London editor and statistician, the amount of British capital obtained by the two prosperous countries of North America, are as follows:

British capital loaned to	Amount.
United States	£688,078,000
Canada	372,541,000

In most cases, too, the interest return from local investments is more favorable to United States investors than that from Canadian securities of the same class. Mr. E. R. Wood, the leading authority on the Canadian bond market, believes, however, that the stability of Canada in all its phases of

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government and development, will tend in years to come to interest United States capital more largely in Canadian enterprises.

HOW GREAT BRITAIN HELPED.

Great Britain purchased no less than 76.56 of last year's Canadian bond issues. This fact again reminds us that the British investor hitherto has been most content to invest in Canadian securities which bring him a small return, give him little risk and secure him no control. Bonds and preference shares are his chief Canadian investment fare. With United States interests it is entirely different. They can see now, being repeated on this side of the border line, the remarkable story of development which attaches to their own country. Not content to sit at home they do not give the other fellow their capital, receiving one-third or less of the profits. After a personal visit to the field they either stay there or leave behind their control and money. In certain industrial lines the United States have gathered their own

investment fruits. Britain has left the gathering to someone else and has had to pay the middle man. It is a question as to whether four per cent. and no worry is better than eight or ten, and the comparatively trifling worry as to the future of a country such as Canada.

CANADIAN PRIVATE INVESTORS.

The growing absorption power of the Canadian investor for Canada's securities was noteworthy last year. The savings deposits in the Dominion are \$98.75 per capita. These facts have already been noted by United States financial houses, which are making frequent issues on the Canadian side of the international boundary. The existence of a growing body of private investors was also responsible for the fact that Canada took, during 1911, a larger amount of its municipals than ever before, despite the fact that investment opportunities in Western Canada for large institutions, especially in real estate mortgages, were never greater.

HOW PEOPLE SHOULD INVEST THEIR MONEY

By Marvyn Scudder

TO prevent the recurrence of buying low-paying investments or those that have gone wrong, the prospective investor should get someone to help him who is experienced; and, above all, will not take commissions, who is unprejudiced and disinterested as to prospective investments. He should make it worth the while of whoever helps him to get the best investments

at the lowest prices, and he should put his adviser in such a position that his future success, as far as possible, depends on earnest and unprejudiced effort. The moderate payment made in this connection for services will many times over be saved to the investor in the comparatively low price at which he can make his purchase, and in the choice of the soundest and best secured

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investment, and the investor will sleep well at night.

The investment of your money is a serious thing and any one having money to invest should take sufficient time to study the game.

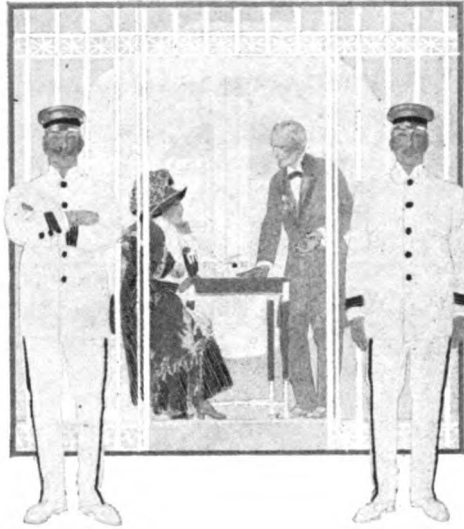
THE PURCHASE OF CORPORATE STOCKS.

Stock is an evidence of ownership. The stockholder owns his proportion of the assets of the company. He cannot take it away until the company is dissolved, but he can, every year, go into a meeting and vote as to whom he thinks should be the directors of the company for the ensuing year. If he is a minority stockholder or if any one else can muster more votes together than he and his friends can, other directors than he wishes can be elected. True he could probably have a director or directors of his own if he had a substantial enough interest, though a minority one, though it might take a lawsuit to get such representation, and lawsuits are expensive and to be eliminated at all hazards.

With the chance then of being a minority stockholder, and few there are who are more than that, it behooves the prospective purchaser of stock to find out just who the other stockholders are, and then when he has discovered who hold a controlling interest, or a better phrase, controlling stock ownership, in the company, let him inquire as to what, if any other, interest the controlling parties may have. There are a number of things that may influence the majority stockholders to vote in favor of policies against the best interests of the other stockholders. (Sometimes,

and too often, the latter are urged to vote for directors who are against their best interests.) It may be that the majority stockholders are officers of the company and would rather vote themselves large salaries than pay out net earnings in the form of dividends. Again, majority stockholders may be interested in lending the company money and the interest on these loans might eat up the company's earnings. Again, the majority stockholders may be interested in other companies, where they would make greater profits by diverting business, virtually earnings, from the one company to the other. It behooves the investor, therefore, to find out what all the large holders of stock are doing and where their interests lie before the investment in stock is made.

Now it is most dangerous to invest in stock after you have made investigation as to personnel of the directors and majority stockholders until beyond mere hearsay you examine the financial condition of the company in question, and make comparison of several years, say five at least, in order to get at earning capacity and growth. There should be another reason in asking for a financial statement before investing, and that is to discover if anything has been covered up by bookkeeping entries or other treatment of figures. The investor should ask for balance sheet and profit and loss account. The two are inseparable. Together they represent every entry on the books of a corporation. The assets and the losses are the debits and the liabilities and the profits are the credits. The balance-sheet gives the condition of the company at a certain moment of time, the profit



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and loss account the financial story of the company during a certain period. The latter tells the story between balance-sheet periods. The last balance-sheet gives the latest condition and the last profit and loss statement gives the story since the preceding balance-sheet period. If it is possible to get five successive yearly balance-sheets and five successive yearly profit and loss accounts, you will be able to get at the earning capacity of the business from the profit and loss accounts. You can get from same gross earnings for the five years' comparison, operating expenses (including salaries, taxes, cost of getting business, etc.) Interest charges in any of these items from year to year should excite comment and should be made note of to ask about. As to the balance-sheets of assets and liabilities you should make comparison of any changes from year to year in the different asset items and the liability items. Here are some suggestions. If the profit and loss account shows increase in salary account from year to year, why was it? Few taxes paid one year—why was it? In order to make a showing that year, carrying it as an account payable to be paid in a future year? Look among liabilities to see if this surmise is true, in account payable account. Item entitled "damages" all paid one year—why wasn't this apportioned? Was it to make a poor showing for some reason one year, or is there nothing to this surmise? Why did earnings fall off last year? Was it because someone else

is getting away the business, or was it a general falling off the same as in other lines of business, etc.—and so on?

PRECAUTIONS TO BE OBSERVED BY THE BUYERS OF BONDS.

The bond buyer should investigate the financial condition of the company, but the situation for him is somewhat different. He is going to buy an evidence of indebtedness, not an evidence of ownership. The latter carried with it a vote; the bondholder has no vote. He has no say about the management of the company as long as the interest on his bond is paid him, but he is greatly interested in the assets of the company, for they are pledged for the bond in case the interest is not paid. It might be well to say here that the bondholder has the right to appeal to the trustee of the mortgage securing the bond in case of the company's pledged property is being wasted, and in this way the bondholder might be said to have some little say in the management, but it is pretty remote. The bondholder then becomes interested in two things, earnings and assets. He has no vote, but he does get, in event of a short period of default, the company's property or the proportionate value of his bond up to par and interest that the company's property will bring at foreclosure sale.

It is, therefore, most important to find out how valuable the pledged property is, and one of the first things

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to do is for the investor to carefully read over an authentic copy of the mortgage before investing in an attractive-looking bond. There are many things to consider: First, the property itself—how valuable it is—can it be roughly appraised—are the provisions of the mortgage for the bondholder in case of default clearly defined? (There are cases where no foreclosure sale can take place until two-thirds of the bondholders wish it—a serious objection to such bonds as investments.) How long does the bondholder have to go without his interest until there can be a foreclosure sale—which comes first for payment in case of default, all the interest on the bonds or its principal? Who drew up the mortgage? Perhaps the company didn't have good title to its property and the mortgage is void. There is a bond running to 1940 and the franchise of the company only runs to 1920. What becomes of the bonds and their principal in case the franchise isn't renewed? Possibly all the company's property goes to the city and the bondholders get nothing.

After these most important features are considered the next step should be to find, as under stock investments above, the earning capacity of the property, as earning rate helps you to establish what value the property pledged may have and also gives an idea as to the company's future ability to pay interest on its bonds.

REAL ESTATE AND MORTGAGES.

In mortgages on real estate the main thing is to appraise the property covered by its net earning capacity and the market value of property in the

neighborhood as evidenced by actual sales. Hearsay evidence is not enough; the records should be shown. The mortgage should be at sixty per cent. or less of the value of the real estate. It is much better to have a mortgage on improved real estate, as a steady income will take care of a mortgage and its interest. Too often an expected rise in value, say three or four years later, is used as an inducement to buy a mortgage on a piece of vacant land.

In buying real estate directly the title, of course, should be thoroughly examined, and the value of land round about should be investigated, and if possible one should buy productive property. But in real estate investments you are ahead of stock and bond investments in this respect, that you have the whole property right where you can see it. Do not, however, think that this means that an investor should put all his money into real estate. There is nothing so discouraging as unproductive real estate. It eats itself up in taxes. Stocks and bonds do not do this. But it is best to divide judiciously among all classes. Thus can you eliminate the risk of having all your eggs in one basket.

MAKING REINVESTMENTS.

Other things being equal, the securities which give the lowest return at their market price and which have advanced over their purchase price should be sold and the proceeds reinvested. Never reinvest in anything you do not know all about. As a general thing securities in some of the smaller companies should prove most attractive to the conservative investor, and for this

Miners Bank, Joplin, Mo.

We cordially invite correspondence relative to opportunities and investments, the advantages of Joplin as a manufacturing point, etc. Accounts and collections also invited.

Capital, \$100,000 Surplus, \$100,000 Deposits, \$750,000

reason. Such securities and the companies issuing them are more easily investigated. The mortgages are less complicated. There are not the liens and re-liens, the leases and re-leases that are to be found in the larger corporations. The financial statement is simpler as compared with the financial intricacies of big corporations which latter require the most talented expert accountants to fathom, and in some cases are practically impossible of solution, owing to misplacement of records.

There is another good feature about securities in smaller concerns. They often pay a better return. This is because they are not so readily marketable. Securities listed on the Stock Exchange having a ready market usually sell at a price that gives a comparatively low return to the purchaser because of this ready market. People give up the opportunity of getting a good return by buying a quick asset. But as we understand it the investor is not after the quick asset. He wants something that he can put away and forget, which will return him his five or six per cent. for a long time to come. Therefore at the proper time pick out from the schedule of property held the low-paying securities where they have advanced over purchase price and invest in the better paying and more easily investigated securities.

SAFETY OF VARIOUS KINDS OF INVESTMENTS.

As a general thing investments in different kinds of propositions might be classified as to their safety in the following order:

Municipal investments, railroads, steam public utility investments, water power, industrials. The franchises and

their character play a great part as to safety in all but the industrials. Generally speaking, by careful looking, you can safely get five per cent. for railroad and public service corporation bonds, and six per cent. for industrial bonds. Railroad stocks should bring, say, six per cent. and industrial stocks seven to eight per cent.

These interest rates are of course, approximate and subject to change from time to time, according to the plentitude or scarcity of money. However, under ordinary conditions, and with an open eye for opportunity, these interest rates are usually obtainable.

The classifications of different kinds of securities in order of safety, which I have just given, may be amplified as follows:

First in the list I should, of course, place Government and municipal bonds. This class includes everything from United States Government 2's, selling above par, to paving and municipal improvement warrants of certain Western cities which are offered in some cases at prices to yield up to seven per cent. and eight per cent. It goes without saying that an investor is unwise to place his spare funds in Government bonds, or the majority of State bonds. The income return is lower than the increased stability of the security warrants. Some investors feel that their piece of mind demands investments of that character and undoubtedly it is better for them to invest in Government or State bonds than in the general run of mining and other speculative stocks. However, with the large number of well-secured investments offered at prices running from four per cent. to six per cent., any placing of funds for long-time investment at below four per cent. seems

WE make a specialty of selecting high grade investments yielding better than ordinary returns for our clients.

Write for our list of selected N. Y. Stock Exchange Securities.

W. E. HUTTON & CO.

Members New York Stock Exchange, New York Cotton Exchange, Cincinnati Stock Exchange, Chicago Board of Trade

WALL & BROAD STS., NEW YORK

FIRST NAT'L BANK BLD., CINCINNATI, O.

quixotic. Municipal issues proper have a wide range of credit. Massachusetts municipals are highly regarded, principally, it must be admitted, in Massachusetts. Practically all of them sell to yield below four per cent. They are taken in enormous quantities by insurance and banking concerns of New England. In regard to the municipal improvement warrants which I previously referred to as being offered as high as seven per cent. and eight per cent., I should state that these are ordinarily short-term securities and are not secured by the direct obligation of the municipality, but by first charge on property assessed for that particular improvement. Many such securities offer attractive opportunities, though in this, as in all other cases, it is necessary to ascertain the facts clearly before investing, viz., is the particular improvement to property otherwise unimproved and vacant, which might be-

come of little value in case of a prolonged depression, or is it for paving streets for instance in a built-up section, where the property is apparently worth largely in excess of the amount of warrants issued.

In general, the individual investor does not take to municipal issues, perhaps wisely. The return on the good ones is not sufficient for his needs, and on the more doubtful ones he is not in a position to protect his interests should difficulties arise. Banks and insurance companies are the large investors in municipal issues, partly as a result of legislative restrictions on other investments, partly as a result of close and semi-official interest in local municipal affairs. The great bulk of municipal bonds are strong stable investments, well suited for the requirements and obligations of fiduciary institutions.

INVESTMENT AND MISCELLANEOUS SECURITIES

[Corrected to March 20, 1912.]

GUARANTEED STOCKS.

Quoted by W. E. Hutton & Co., Dealers in Investment Securities, 6 Broad St., New York.
(Guaranteeing company in parentheses.)

	Bid.	Asked.
Albany & Susquehanna (D. & H.)	278	290
Allegheny & West'n (B. R. I. & P.)	130	140
Atlanta & Charlotte A. L. (So.R.R.)	175	...
Augusta & Savannah A. L. (Cen. of Ga.)	108	109
Beech Creek (N. Y. Central)	90	96
Boston & Lowell (B. & M.)	214	...
Boston & Albany (N. Y. Cen.)	220	223
Boston & Providence (Old Colony)	296	300
Broadway & 7th Av. R. R. Co. (Met. St. Ry. Co.)	150	...
Brooklyn City R. R. (Bk. H. R. R. Co.)	160	165
Camden & Burlington Co. (Penn. R. R.)	130	140
Catawissa R. R. (Phila. & Read.)	...	...
Catawissa R. R. 2d pfd.	...	...
Cayuga & Susquehanna (D.L.&W.)	205	215
Cent. Pk. N.&E. R.R. (Met. St. Ry.)	...	...

	Bid.	Asked.
Christopher & 10th St. R. R. Co. (M. S. R.)	130	140
Cleveland & Pittsburg (Pa. R.R.)	165	169
Cleveland & Pittsburg Betterment	95	99
Columbus & Xenia	205	208
Commercial Union (Com'l C. Co.)	100	110
Concord & Montreal (B. & M.)	156	162
Concord & Portsmouth (B. & M.)	170	...
Conn. & Passumpsic (B. & L.)	139	...
Conn. River (B. & M.)	270	...
Dayton & Mich. pfd. (C. H. & D.)	180	190
Delaware & Bound B. (Phila.&R.)	190	195
Detroit, Hillsdale & S. W. (L. S. & M. S.)	92	97
East Pa. (Phila. & Reading)	125	135
Eighth Av. St. R. R. (M. S. R. C.)	200	...
Elmira & Williamsport pfd. (Nor. Cen.)	142	152
Erle & Kalamazoo (J. S. & S.)	200	230
Erle & Pittsburg (Penn. R. R.)	132	142
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	128	133
Franklin Tel. Co. (West. Union)	110	115
Forty-second St. & G. St. R. R. (Met. St. Ry.)	200	230

	Bid.	Asked.
Georgia R. R. & Bk. Co. (L. & N. A. C. L.)	262	268
Gold & Stock Tel. Co. (W. U.)	115	120
Grand River Valley (Mich. Cent.)	112	118
Hereford Railway (Maine Central)	85	92
Inter Ocean Telegraph (W. U.)	90	104
Illinois Cen. Leased Lines (Ill. Cen.)	92	97
Jackson, Lans. & Saginaw (M. C.)	81	86
Joliet & Chicago (Chic. & Al.)	150	165
Kalamazoo, Al. & G. Rapids (L. S. & S.)	130	140
Kan. C., Ft. Scott & M., pfd. (St. L. & S. F.)	77	80
K. C., St. L. & C. pfd. (Chic. & Al.)	105	130
Lake Shore Special (Mich. S. & N. Ind.)	420	...
Little Miami (Penn. R. R.)	210	212
Louisiana & Mo. Riv. (Chic. & Atl.)	125	150
Mobile & Birmingham pfd. 4% (So. Ry.)	65	75
Mobile & Ohio (So. Ry.)	80	87
Morris & Essex (Del. Lack. & W.)	170	174
Nashville & Decatur (L. & N.)	182	190
N. Y., Brooklyn & Man. Beach pfd. (L. I. R. R.)	110	120
N. Y. & Harlem (N. Y. Central)	350	352
N. Y. L. & Western (D. L. & W.)	118	123
Ninth Av. R. R. Co. (M. St. Ry. Co.)	140	190
North Carolina R. R. (So. Ry.)	163	167
North Pennsylvania (Phila. & R.)	193	...
North R. R. of N. J. (Erie R. R.)	85	92
Northwestern Telegraph (W. U.)	110	112
Nor. & Wor. pfd. (N. Y., N. H. & H.)	210	...
Old Colony (N. Y., N. H. & H.)	188	191
Oswego & Syracuse (D. L. & W.)	205	220
Pacific & Atlantic Tel. (W. U.)	65	70
Peoria & Bureau Val. (C. R. I. & P.)	170	180
Pitts. B. & L. (B. L. E. & C. Co.)	60	65
Pitts. Ft. Wayne & Chic. (Pa. R. R.)	165	169
Pitts. Ft. Wayne & Chic. special (Pa. R. R.)	150	165
Pitts., McKeesport, McW'port & Y. (P. & L. E. M. S.)	127	132
Providence & Worcester (N. Y., N. H. & H.)	270	...
Rensselaer & Saratoga (D. & H.)	185	195
Rome, Watertown & O. (N. Y. Cen.)	126	130
Saratoga & Schenectady (D. & H.)	160	...
Second Av. St. R. R. (M. S. R. Co.)	10	16
Southern Atlantic Tel. (W. U.)	90	100
Sixth Av. R. R. (Met. S. R. Co.)	120	130
Southwestern R. R. (Cent. of Ga.)	110	112
Troy & Greenbush (N. Y. Cent.)	160	170
Twenty-third St. R. R. (M. S. R.)	200	250
Upper Coos (Maine Central)	122	...
Utica, Chen. & Susq. (D. L. & W.)	140	143
United N. J. & Canal Co. (Pa. R. R.)	238	242
Valley of New York (D. L. & W.)	117	122
Warren R. R. Co. (D. L. & W.)	162	170

MISCELLANEOUS SECURITIES.

Quoted by J. K. Rice, Jr., & Co., Brokers and Dealers in Miscellaneous Securities, 33 Wall St., New York.

	Bid.	Asked.
Adams Express	190	197
American Brass	127	129
American Chiclé Com.	224 ^{ex}	228 ^{ex}
American Chiclé Pfd.	105	108

6%

BONDS

A RE Six's, 10 year debentures based on select New York realty. \$100, \$500, \$1000, etc., Interest semi-annually.

American Real Estate Company
Founded 1888

Assets, \$24,134,240 Capital and Surplus, \$2,076,587
327 Fifth Avenue. New York

	Bid.	Asked.
American Coal Products Com.	96½	97½
American Express	213	218
American Gas & Electric Com.	73	75
American Gas & Electric Pfd.	47	49
Babcock & Wilcox	101	102½
Borden's Condensed Milk Com.	124	126½
Borden's Condensed Milk Pfd.	108 ^{ex}	110 ^{ex}
Bush Terminal	80	90
Childs Restaurant Co. Com.	183	193
Childs Restaurant Co. Pfd.	114	...
Del., Lack. & Western Coal	365	375
E. I. du Pont Powder Com.	158	163
E. I. du Pont Powder Pfd.	92	95
E. W. Bliss Com.	80	90
E. W. Bliss Pfd.	120	130
Hall Signal Com.	7	11
Hudson Companies Pfd.	66	70
Hudson & Manhattan Com.	18	21
International Nickel Com.	238	236
International Nickel Pfd.	102½	104
International Silver Pfd.	125 ^{ex}	130 ^{ex}
Kings Co. E. L. & P.	125	128
Otis Elevator Com.	77	80
Otis Elevator Pfd.	101	103
Pacific Gas & Electric Com.	66	70
Pacific Gas & Electric Pfd.	91	93
Penn Water & Power	62	65
Phelps, Dodge & Co.	205 ^{ex}	215 ^{ex}
Pope Mfg. Com.	35	40
Pope Mfg. Pfd.	73	77
Producers Oil	90	...
Royal Baking Powder Com.	194	200
Royal Baking Powder Pfd.	110	111½
Rubber Goods Mfg. Pfd.	103	107
Safety Car Heating & Lighting	119½	121
Sen Sen Chiclé	125	129
Singer Manufacturing	295	300
Standard Coupler Com.	34	37
Texas & Pacific Coal	97	102
Thompson-Starrett Com.	125	135
Thompson-Starrett Com. (with ctf.)	155	165
Thompson-Starrett Pfd.	105	112
Tri-City Railway & Light Com.	45	48
Tri-City Railway & Light Pfd.	94	97
U. S. Express	94	99
U. S. Motor Com.	100	10½
U. S. Motor Pfd.	42	45
Union Typewriter Com.	37	41
Union Typewriter 1st Pfd.	106	110
Union Typewriter 2d Pfd.	105	108
Virginian Railway	17	20
Wells Fargo Express	144	147
Western Pacific	11½	13
Western Power Com.	27	30
Western Power Pfd.	55	59

BANKING IN ANCIENT BABYLON

RECENT discoveries of the wonders of Babylonian civilization, re-enforced by the fruits of earlier explorations, show that "Business is business" as a rule of life is as old as history.

As far back as 2,000 years before Christ the Babylonians had made such progress in commercial aptitude that special laws had to be framed to deal with those gentlemen who tried shortcuts to wealth. The young man with expectations realized in those days with less regard to the sacredness of

the person and their right to live, borrowed, as his modern prototype not infrequently does today, from the professional money lender.

The Babylonian merchant banked regularly and issued his brick "cheques" and bills of exchange, and the law stepped in, even as it does today, to preserve inviolate the rights of property. So keen were the business instincts of the people that even the priests were not above a deal in high finance.—*The Accountant.*

SAFE DEPOSIT

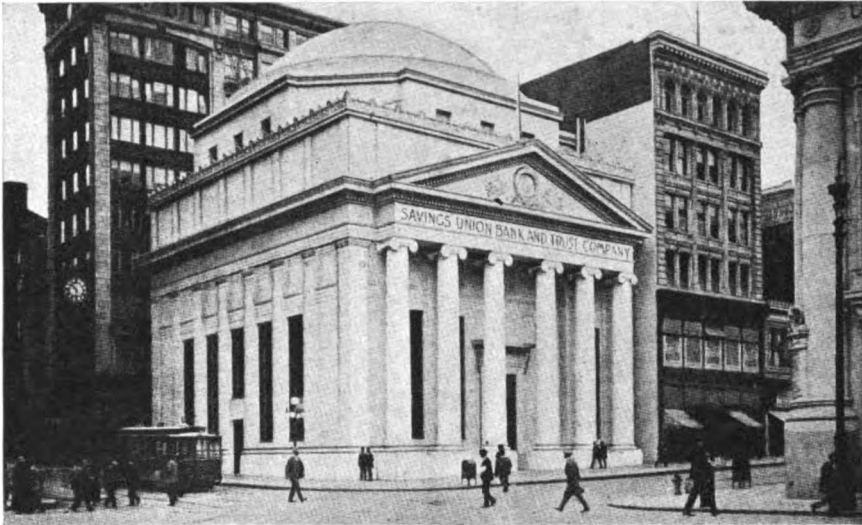
A HISTORY AND DESCRIPTION OF THE SAVINGS UNION BANK AND TRUST COMPANY OF SAN FRANCISCO—BUILDING UP A SAFE DEPOSIT DEPARTMENT

By C. F. Hamsher

IN 1862 the San Francisco Savings Union was founded in San Francisco. The incorporators included a number of the original organizers of the Savings and Loan Society, founded in 1857, and which was in turn the outgrowth of the San Francisco

and so continued until the fall of 1910, when commercial and trust departments were added, as permitted by the Bank Act of California.

In order to more closely identify the institution as a bank, the name of the institu-



SAVINGS UNION BANK AND TRUST COMPANY, SAN FRANCISCO, CAL.

Accumulating Fund Association organized in 1854.

The Savings and Loan Society for thirty years was located on Clay street and known as the Clay Street Bank, but moved to Sutter street in 1891. It was consolidated with the Savings Union in September, 1910.

The San Francisco Savings Union was located on California street from the time of its organization in 1862 until January 1, 1911, when it moved to its new location in the heart of the retail shopping district of San Francisco—Market street at Grant avenue and O'Farrell street.

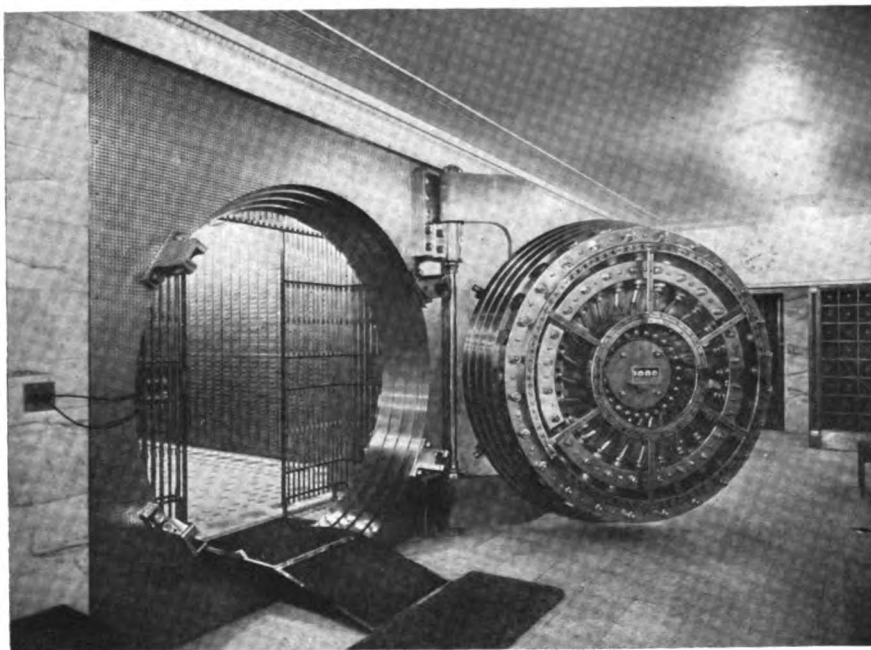
The Savings Union was essentially a savings bank from the time of its organization,

tion was changed in May, 1910, from the San Francisco Savings Union to the Savings Union Bank of San Francisco. Still more recently another change of name was necessary to make clear the trust company feature, and in December, 1911, the name was again changed to Savings Union Bank and Trust Company.

After the disaster which visited San Francisco in April, 1906, the directors of the Savings Union thought it wise to get away from California street and into the shopping district.

A site was purchased and the building ready for occupancy January 1, 1911.

With a savings, a commercial and a trust



23-TON DOOR SAFE DEPOSIT VAULTS, SAVINGS UNION BANK & TRUST COMPANY

department, it was only natural that the institution should add as the requisite facility to furnishing every possible banking service to its customers a safe deposit department.

The vaults were constructed by the Bethlehem Steel Company, of Harveyized nickel-steel, face-hardened, armor plate.

The plates were forged from nickel steel ingots weighing approximately 100,000 pounds, each under a 14,000 ton pressure. Armor plate furnished to the United States and foreign governments is forged under this same press.

Such vault plates, it is claimed, are absolute proof against attack by means of high explosives, gun fire or destruction by earthquake, fire, mobs, etc.

The twenty-two plates used in the vault construction dovetail together at the edges and are then firmly wedged into position. The size of the vault is sixteen feet wide, twenty-one feet long and eight and one-half feet high.

The vault plates are each three and one-half inches in thickness and surrounded by eighteen inches of concrete, reinforced with one inch square steel rods, laid six inches apart from centre to centre, both horizontally and perpendicularly, and faced with an inch and a half of marble.

The main and emergency doors of the vault are of solid steel, sixteen inches in thickness. The main door weighs approxi-

mately twenty-three tons, and is locked with twenty-four four and one-half inch bolts.

The vault contains five thousand and sixty-three boxes, in fifteen sizes, from one and one-half inches high and five and one-half inches wide, to a box eighteen by nineteen inches.

The vaults were opened for the rental of boxes in February, 1911, and notwithstanding the fact that there were twenty or more institutions in San Francisco in the same line of business, with a total of about seventy-five thousand boxes, about half of which are rented, the Savings Union succeeded in renting its first thousand boxes within seven months.

As to the "How" of this result! About six months before the vaults were ready to open, officers and employees (especially the tellers) began suggesting to customers the desirability of renting a safe deposit box in the same building in which they transacted their banking business. If the reply to this suggestion was at all favorable, the names were indexed, and when the vaults were opened invitations were sent to the list of names.

The personnel of the force of the safe deposit department was selected with a view to their acquaintanceship and their experience in a similar line of work. The superintendent of the department was a former chief of police—with a clean record; the assistant superintendent had a record of ten years

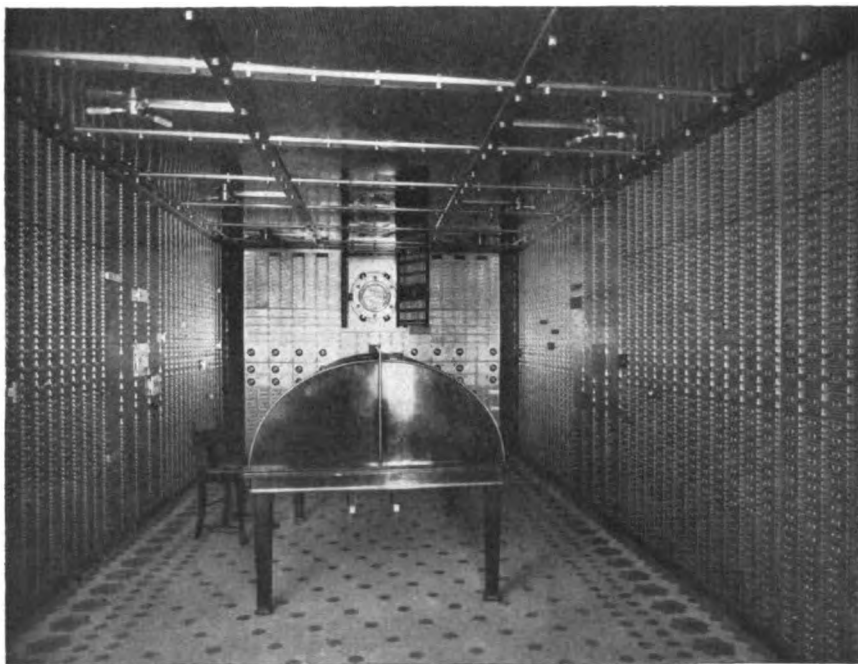
with two of the largest safe deposit departments in California; the other members of the force had also had considerable previous experience.

After the opening of the vaults, the tellers made it a point to inform their customers of the opening of the vaults and impress upon them their convenience, security and accommodations.

Monthly prizes were offered by the president of the bank to the employee who should

Small blotters of a size convenient to slip into a deposit book were convenient to each teller's hands and as entries were made in the book, the little blotter, with its message, was carried away. The copy on blotters was changed weekly.

Placards eleven by fourteen inches, attractively printed in two colors, mounted behind glass in frames to match the woodwork, were placed at all wickets. The depositor, while being waited upon, had time



INTERIOR VIEW SHOWING A PORTION OF THE SAFE DEPOSIT VAULT OF THE SAVINGS UNION BANK AND TRUST COMPANY

be instrumental in the renting of the largest number of boxes in one month.

A list of names of tenants of the nearby office buildings was compiled, to them was mailed a notice of the opening of the vaults; also later, a form letter, with name of addressee filled in, and still later a series of blotters.

Members of the safe deposit department occasionally took an afternoon out soliciting renters from among their friends.

Borrowers of the bank, as well as patrons of all departments, were invited to rent a box if they did not have one elsewhere, and if they did have one elsewhere, they were invited to transfer their box to the Savings Union, and as an inducement the time to which they were paid in advance in other vaults was allowed.

to read the brief message. This copy was also changed weekly.

A card was prepared (see A) bearing on the one side a cut of the streets in the immediate vicinity of the bank, with the location of the bank prominently indicated. On the reverse side appeared a suggestion of what might properly be kept in safe deposit boxes by individuals, merchants and lodges.

Form letters were mailed to nearby office renters, but with little results that one could trace.

A series of blotters was prepared. The first showed a cut of a safe of the early part of the last century, built up of wood and covered over with sheet iron one-twentieth of an inch in thickness, bound with strap iron and studded with nails having large

heads to resemble bolts, the entire appearance of the safe being designed to denote impregnability; the second set of blotters bore a cut of the ordinary office safe, in which business men are too much accustomed to repose confidence for protection from fire, and a warning to the users of such safes; the third bore the cut of the

massive twenty-three ton door of the safe deposit vault, with a message of its security, accessibility and convenience.

But after all the different schemes that were tried, the most productive was the personal solicitation, and banks are coming more and more to realize that this is the most effective advertising method.

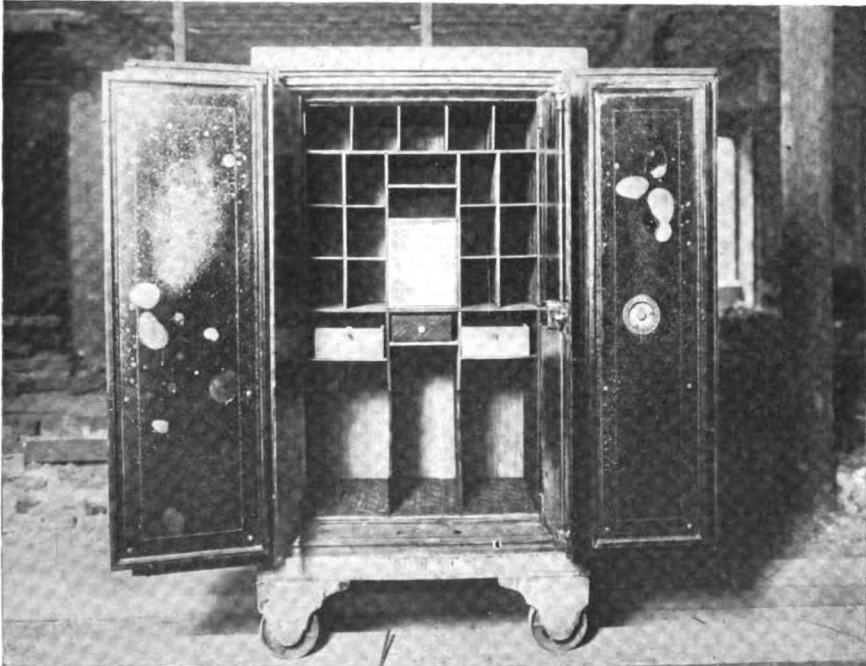
EQUITABLE BUILDING FIRE, NEW YORK, AND HOW THE FIRE PROOF SAFES CAME THROUGH

By Dean Widner

ALL New Yorkers are more or less familiar with the building formerly located at 120 Broadway, which had been the home of the Equitable Life Association for the past generation, now completely destroyed by the disastrous fire of January 9, last. This building for many years was one of the land marks of Lower Manhattan, which stood within the shadows of Trinity Spire, and was pointed out as

one of the sights to the visitor seeing New York for the first time.

During the past thirty years some of the most prominent men in the country have had their offices in this building and its history was closely associated with such men as Henry B. Hyde, the founder of the Equitable Life Association; James Alexander, for many years one of its well-known presidents; James Hazen Hyde, the



A HERRING-HALL-MARVIN SAFE, SHOWING INTERIOR AFTER EQUITABLE FIRE, NEW YORK



A CORNER OF THE RUINS, EQUITABLE BUILDING, NEW YORK

expatriate, now living in Paris; E. H. Harriman, the "Railroad King," who for many years retained his offices in this building; August Belmont, Paul Morton and others. Many prominent lawyers made it their place of business up to the time of the fire.

Naturally, with the large number of offices which this building contained, there was considerable apprehension in the minds of the many tenants as to the outcome of the valuable records pertaining to their business, contained in fire proof safes. The fire was an extraordinary one, in that the building, covering an entire city block, fronting on Broadway from Pine to Cedar streets, and extending through and facing on Nassau street, was totally destroyed. In a measure this fire showed what might happen in lower Manhattan some day, if the exact conditions prevail, and it is predicted by those who are competent to express an opinion. No less a man than Ex-Chief Crocker, New York Fire Department, has made the assertion that if Lower Manhattan was ever subjected to a conflagration such as San Francisco and Baltimore experienced, the loss would run over one billion dollars, and the insurance companies would not be able to pay twenty-five cents on the dollar. The conditions that would make this possible would be a big fire like the recent Equitable Building, in the heart of the financial district, fanned by a gale

of forty or fifty miles per hour. The fire department of New York is acknowledged to be the most efficient in the world, and yet Mr. Crocker admits the impossibility of coping with such conditions above the eighth floor. A further instance of what the fire insurance companies think of this situation is the high rate of insurance charged above the eighth floor. Had a gale of the proportions as mentioned above existed at the time of this fire, the loss would have been enormous, with Wall street a stone's throw away.

When one stops to think that magnificent buildings, constructed by the highest priced labor, with the best fire proof materials, representing a cost of millions go up in smoke and are utterly destroyed, it is impossible for the serious inclined to consider the building of a fire proof safe a simple question. A safe that will withstand these conditions must necessarily be constructed along most careful and scientific lines.

One well-known company, which has been making fire proof safes for the past seventy-five years, has established an enviable reputation and the Equitable Building fire was another demonstration of the quality of their well-known safes.

The era of the "sky-scrapers" has caused a revolution in safe construction, because of the intense heat generated and the great distance safes are liable to fall. This feature is obtained by this company by

heavy frames of angle steel, lap welded by hand and reinforced by heavy corner angles on all four corners. That which renders a safe fire proof is the moisture held in the intermolecular spaces of the fire proof composition. When the safe gets hot this moisture is driven by the extreme heat into the interior of the safe in the form of steam, thus keeping the interior temperature of the safe below the point of ignition. This efficiency was proven in a marked degree by the Herring-Hall-Marvin Safe Company in this fire, where they had twenty-three safes in the building and in every instance these safes preserved their contents to the intense relief of their owners.

The highest type of modern fire-proof safe has a tongue and groove; this "locks" the doors into the door frame of the safe, thus keeping the steam in and the heat and smoke out, and greatly adds to the rigidity of the construction throughout. Many safes now in use to-day are antiquated and in a serious fire would fail to preserve their contents. At the time of their purchase, many years ago, no doubt they were the best that the makers knew how to produce at that period. Times change and many improvements have been brought forth by this well-known company.

The inside hinge is a relic of years gone by. If they are broken intentionally or by a fall, a space is left between the door and jamb. The old-fashioned lugs or knobs on the hinge side of a safe door, which fit into the socket on the hinge side of the safe, have but a fraction of an inch of holding length and being only cast can readily be broken off. The doors in safes of this con-

struction, falling in a heated condition and striking heavy obstructions in the descent, have been known to break from their hinges and fall out of the safes completely—thus exposing contents to a total loss.

In the modern safe, as made by the Herring-Hall-Marvin Safe Company, this defect has been overcome by outside hinges of malleable iron, which, were it possible to break them off entirely, would not affect in a slightest degree the security of the door, *because of their projecting and interlocking rear flanges over the back of the doors.* Ball-bearing hinges are another splendid feature which distributes the weight of the door and prevents sagging and binding, and is further indicative of the progress of this company in the application of a well-known scientific principle.

It is not generally realized by the public at large that Europe is far behind in the development of the fire proof safe, which, in most instances reminds one of a refrigerator in appearance. The outer shell of the best-known English safe is thin plate steel and the fit of the doors are bad indeed. As a result of the lack of development in this important product on the other side, many American corporations having branch offices in Europe, ship "Yankee Made" safes to those offices, on account of lack of faith in the "Home Grown Variety," so to speak. The Herring-Hall-Marvin safe is well known in Hong Kong, Canton, Yokohama, Manila and most distant points on the Globe, and instead of "Made in Germany," with which we have been so familiar in recent years in other lines, the sign "Made in U. S. A.," can be read by the casual observer.

THE WASTEFULNESS OF DUPLICATED EFFORT IN COMPUTING TIME AND INTEREST

FOR centuries the bookkeepers and accountants of the world have gone on wasting their time and energy in finding duplicate answers to original problems—problems that were solved correctly years ago. Profits disappear in this endless grind of unnecessary repeated calculations.

Problems once solved should not need to be solved again.

Every recalculation of the same combination of figures to arrive at the same end is wasted, duplicated effort. More and more it is being regarded as absolutely absurd for any business man to allow needless waste of time and energy in any department of his business.

The day has come when time and interest and its other items can be computed mechanically with vast economies of brain

power, time and money by means of a marvelous mechanical device, wholly unlike an adding machine or an adaptation of any adding or calculating machine idea, but a machine of highly specialized efficiency, unapproached for speed and accuracy in its field. Just as men are fitted for certain lines of work, and specialize along those lines, so it is working out to remarkable advantage in installing labor-saving devices that will do a certain work well.

There is no advantage in using a machine on work that it is not fitted for and only accomplishes in a roundabout way. The work connected with interest calculations is full of detail. The standard works on arithmetic devote about forty pages to interest. In attempting to build a machine that will take care of all the items that

come up in interest, there were many things to overcome, and this calculator, that takes care of all such work, must be classed as a wonderful machine.

This new machine is known as the Meilicke Calculator and is manufactured in Chicago by the Meilicke Calculator Company, located in the Peoples Gas Building.

It is made up of four devices: a time computer, holiday detector, maturity finder and interest calculator. Each one of these devices could be operated separately and would be an improvement over present methods, but in the machine the four devices are combined as one, and in any problem the operating of but one device reg-

of brain-tiring, thankless and unproductive detail. This machine is the culmination of combined mechanical ingenuity and expert accounting knowledge.

To comprehend the economy derived by the use of the Calculator the reader should stop to consider that practically all interest calculations are made with time running to or from the current date. The Calculator is, therefore, set for the current date the first thing each morning as follows: The hand wheel is turned until the current date on either calendar wheel is opposite the date opening; then the brake button is pressed while the cylinder is turned until the black line (or blank day) appears in the interest



THE MEILICKE CALCULATOR

Computes Interest at any rate on any amount, reckons time between any two dates, and detects whether or not maturity falls on a Sunday, Saturday or holiday—all in one operation.

isters answers to all the others, so that one turn of the hand wheel gives four distinct answers. In the ordinary computing machine, a mental operation must be performed, the problem must be solved by the mind of the operator before the result can be obtained on the machine.

The Meilicke Calculator gives the answers to an interest problem without a thought on the part of the operator. All that is necessary is to refer to the proper date from which interest is to be computed, revolve the wheel, and the results flash out quickly and absolutely accurate.

In spite of the fact that this machine enables one man to accomplish the ordinary work of three it does not seek nor aim to displace skilled human endeavor, but to free the expert's mind from the shackling grind of picayune, and unnecessary detail—thus increasing brain productiveness and mental activity. It puts accounting efficiency at a premium instead of a discount—and this, through eliminating the drudgery

opening. The same simple operation is repeated on the other side, and the machine is then set for the day. This is accomplished in two seconds' time. The "Holiday Detector" is set only once a year.

To figure interest from past date to current date, the left hand wheel is used; to figure interest from current date to future date, the right hand wheel is used. Given the number of days, the cylinder is turned until that number appears in the time openings and instantly and automatically the maturity date appears on the right-hand calendar wheel; simultaneously the correct interest can be read and whether or not the maturity falls on a holiday is evident. Given the maturity date, one may turn that date up on the right-hand calendar wheel and read the number of days in the time openings; again the correct answer in interest is shown and whether or not the date falls on a holiday. Its operation is the very extreme of simplicity.

This Calculator does not compute one

item at a time, as is usual, but gives the operator all answers as to amount of interest, time between dates, date of maturity and whether a holiday, simultaneously with a single turn of the hand wheel. It is this ability to jump from problem to answer direct without secondary calculations which commends the Meilicke Calculator to progressive men.

The machine calculates with equal precision and facility, no matter whether it be for thirty days, ninety days or five years and ninety-seven days. The calendars are perpetual and the holiday detectors are easily arranged to provide for any number or specification of holidays which may be peculiar to any particular business or locality. Calculations in foreign money are figured as easily as in American money. As no dollar signs are used, the machine serves for marks, francs, etc., as well as for dollars.

In an every-day problem like the following: Note of \$700 dated November 11, 1911, bearing interest at five and one-half per cent., required to find the accrued interest up to date, you get your answer in interest direct by one slight move of the hand. Your cue is to turn to date of note when the answer in interest will appear without even glancing at the result in days, which, of course, with any method is immaterial except as a means to an end. The answer in days, however, is there if wanted.

In almost every interest problem there are at least two elements: First, time; and second, interest. By any other method than the Meilicke Calculator, the time must be computed as a separate and preliminary operation before the computation of interest can begin. The strong feature of the Calculator is that it not only reckons time, but *actually eliminates the demand of time*. This machine saves all of the time now spent by accountants in computing time. Figuring interest on notes on which partial payments appear is computed by dealing with the date of original note and date of each payment only and without even finding a new principal.

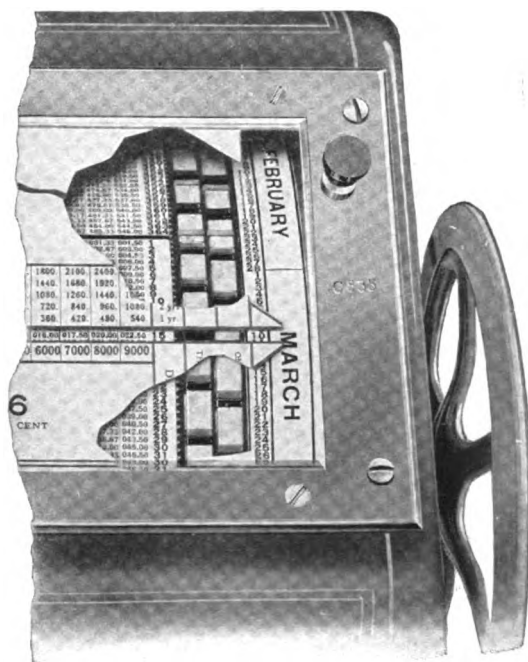
There are about fifty-two Saturdays, fifty-two Sundays and about sixteen holidays in a year—a total of 120 days, or about one-third of the year, so that approximately one-third of the paper made out regardless of holidays will fall on holidays and interest should be figured for from one to three days beyond maturity date. It is safe to say that on this account about one-third of all loans run an average of two days for which sometimes no interest is charged. The Calculator automatically finds the date of maturity and at the same time shows whether or not that day falls on a holiday, Saturday, or Sunday. This in itself is a great saving of time as it wholly relieves the accountant's mind of the holiday question.

It is true that machine thinking can never replace creative or constructive thinking, but

it is destined to supercede mental drudgery and repeated thinking. That which the brain does mechanically, a machine can do faster and better once the human brain has produced the machine.

Human brains ought to be employed to better advantage than in doing the work of machines.

It must be considered that money invested in a machine that will do a man's work is not thrown away. The purchaser has something for his money, while salary paid to the clerk for work that a machine can do is thrown away.



REDUCED SECTIONAL ILLUSTRATION OF THE MEILICKE CALCULATOR, WITH GUIDE SCALE CUT AWAY TO SHOW CYLINDRICAL INTEREST CHART, HOLIDAY DETECTOR AND CALENDAR WHEEL.

Problem:—Note dated Feb. 23d, due March 10th, \$9,000 at 6%. The operation consists of turning up the one date, March 10th. The reading gives us the answer in days as 15, the interest as \$22.50, and shows us that the maturity date does not fall on a holiday.

The Calculator is not a product of haste. It has long since evolved from its experimental stage and is to-day completed and perfected machine. The idea of such a machine was conceived and the mechanism developed by men who were engaged in the calculation of interest and, therefore, realized the urgent need of such a device. It has been developed, therefore, by men who

are familiar with all angles of interest computation and who understand the practical requirements of a machine designed to cover this field.

Seven years of research, study and mechanical development preceded the introduction of this machine to the market, during which time every possible contingency was anticipated and every working problem brought to a practical solution. Then followed tests in actual use, finished models were placed with banks, real estate offices, insurance companies, and in various institutions where the utility and practicability of the machine could be put to the severest tests. In this manner the absolute business economy of the machine was fully demonstrated before any announcement was made.

The Calculator is the invention of C. A. Meilicke, a practical banker, and a man who has spent seven years in the perfection of the device. Mr. Meilicke is a son of ex-Senator E. J. Meilicke of Windom, Minn., where the inventor of the device was born and where he spent his boyhood days.

Mr. Meilicke later entered the Security State Bank of Minnesota Lake, where he served as assistant cashier, later being appointed cashier of the First National Bank of Fulda, Minn. He is also a member of the firm of E. J. Meilicke & Sons, dealers in lumber, coal and machinery, with main offices at Dundurn, Sask., and branch offices in six other Canadian towns. In 1907 Mr. Meilicke was elected mayor of the town of Hanley by acclamation.

FOREIGN BANKING AND FINANCE

EUROPEAN

BRITISH BANK OF NORTHERN COMMERCE, LIMITED

THIS week, says the London "Statist" of February 17, has witnessed the establishment and opening of a new bank in London, the institution being the British Bank of Commerce, Limited, which has taken temporary premises at 41 and 43 Bishopsgate. The bank is established in co-operation with leading banking institutions in England, Denmark, Norway, Sweden, Russia and France, the principal object being to facilitate commercial intercourse between the Northern countries of Europe and Great Britain. In view of the connections secured, the bank is at once in a position to undertake every description of banking business. The authorized capital has been fixed at £2,000,000, while the amount subscribed is £1,100,000. The shares, which are of £10 each, have been subscribed for at £15 per share, of which there will be paid not later than April 1 next, twenty-five per cent.

The remainder of the capital—that is, £825,000—and the premium, £275,000, can be called up later at the discretion of the board. The chairman of the bank is Earl Grey, and there is associated with him a very strong board of directors, as may be seen from the following list: The Right Honorable Earl Grey, G. C. B., G. C. M. G., G. C. V. O., chairman; H. Bendixson, of Messrs. H. Bendixson & Co., London; J. V. Faber, Consul General of Denmark, London; Councillor of State E. Glückstadt, managing director of Den Danske Landmandsbank, Hypothek-og Vekselbank, Copenhagen; Arthur M. Grenfell, director of Messrs. Chaplin, Milne, Grenfell & Co., bankers, London; J. Jörgensen, chairman of the Norwegian Chamber of Commerce, London; N. Kielland-Torkildsen, managing director of Centralbanken for Norge, Christiania; K. F. Knudsen, of Messrs. H. Clarkson & Co., London; Chamberlain T. Lowenadler, chairman of

Mexico City Banking Company, S. A.

AVENIDA SAN FRANCISCO No. 14

Capital and Surplus \$1,000,000

COLLECTIONS AND ALL BANKING MATTERS GIVEN PROMPT AND CAREFUL ATTENTION

the Swedish Chamber of Commerce, London; J. Madsen-Mygdal, managing director of the East Asiatic Company, Lim., London; K. A. Wallenberg, chairman of the Board of Stockholms Enskilda Bank, Stockholm. General manager, A. D. Rutherford; sub-manager, A. Kiaer.

A. D. Rutherford, the general manager, has had thirty-eight years of banking experience and has of late years occupied the important position of city manager in the London City and Midland Bank. He has taken with him a staff of men who have also gained banking experience in the same institution. It will be seen that the new bank is one of considerable importance, and its future should be successful.

NEW SWEDISH BANK

ALARGE new bank has just been formed in Stockholm, at the instance of a number of Swedish provincial banks, for the purpose of representing these banks in all questions of mutual interest, and as serving as branch office for those banks which have not already an office in Stockholm. The capital is 5,000,000 kr., which is subscribed by the banks in question—at present twelve, in different parts of the country, but more banks are likely to join. M. Carl Swartz, formerly Minister of Finance, will be the chairman, the board otherwise consisting principally of representatives for the different banks. In addition to the business for which it has principally been started, the new bank will no doubt devote part of its labors to larger financial transactions, the contracting of loans, etc. The capital, which is paid up at the exchange of 150 per cent., has purposely been put at such a low figure, as the banks behind it have a capital in the aggregate of some 170,000,000 kr.

LONDON AND SOUTH WESTERN BANK

VERY wisely, says the London "Bankers' Magazine," the board of the London and South Western Bank have chosen a period when profits were exceptionally good to increase their capital. For some time past the business of this bank has been steadily increasing, so that whilst the deposits at the time the capital was last increased stood at about £12,000,000, they have now risen to about eighteen millions. Such a condition of things leads the prudent banker to consider that a larger amount of share capital should be put into the undertaking in order to adjust the various interests concerned. Accordingly, the board propose to issue 50,000 new shares of £10 each, upon which £4 will be called up. This means an increase of £200,000 in the nom-

**Banco Nacional
del Salvador**

SAN SALVADOR

Authorized Capital \$5,000,000
Subscribed Capital 2,000,000
Paid-up Capital 1,000,000

Head Office—SAN SALVADOR
Republic of Salvador, Central America

Agencies at all principal towns in the Republic.

Correspondents in the most important cities abroad.

BANKING BUSINESS TRANSACTED OF EVERY DESCRIPTION

Special attention given to COLLECTIONS — moderate commission

Dr. Guillermo Mazzini
President Director

G. Hemmeler
Manager

inal capital. As the shares are issued at the price of £12 per share, with £4 paid up, it will mean that the premiums will amount to £400,000, and if the whole of this sum is placed to reserve it will raise that fund to £1,400,000, as against a paid-up capital of £1,200,000. At the same time the board have taken the opportunity to split the existing shares, which were of £50 nominal, with £20 paid, into shares of £10, with £4 paid, so that they will be identical with the new issue. In this way the investors will have a share which is not so heavy, and the market will have a security which is more easily realized than the old shares.

INCREASE OF BANKING OFFICES IN THE UNITED KINGDOM

AS shown by the London "Bankers' Magazine's" review of banking in Great Britain, the number of branch banks in the United Kingdom showed an increase of 241 in 1911 compared with 1910. From 1906 to 1911 the increase was 956.

Comparing the increase in the United Kingdom with the increase in the number of banks, it is said:

Mexican Title-Mortgage Co.

Mexico City, Mexico

MEXICAN TITLES

EXAMINED

ABSTRACTED

PERFECTED

Foreclosures and Reorganizations Managed

Mexican Companies Organized

Foreign Companies Protocolized

Real Estate Properties Managed

Mexican Lands Bought and Sold

Concessions Obtained

It costs nothing to write us for particulars

"Banks have increased in the United States much more rapidly than in the United Kingdom. In 1882 there was in the United States one bank for every 7,190 inhabitants; in 1905 one to every 4,182 inhabitants; in 1908, one to every 3,500 inhabitants; in 1910, one to every 3,983 inhabitants. The number of banks in 1910 was 23,095. This large number is influenced greatly by the law of the United States, which practically restrains every bank from having more than one office, as it must not carry on business in more than one town. In the United Kingdom the proportion at the present time is one banking office to 5,301 inhabitants, the number of the banks themselves being very little above ninety."

PROHIBITION ON MONEY-LENDERS BEING REGISTERED AS BANKERS

BY an act of the British Parliament (December 16, 1911), it is provided that:

(1) No person shall be registered as a money-lender under any name including the word "bank," or under any name implying that he carries on banking business; and, where any money-lender is registered under any such name, the name shall be re-

moved from the register and a notification to that effect sent to the money-lender.

(2) If a money-lender, in the course of carrying on the money-lending business, issues or publishes, or causes to be issued or published, any circular, notice, advertisement, letter, account or statement of any kind containing expressions which might reasonably be held to imply that he carries on banking business, he shall be liable on summary conviction to the like penalties as if he had failed to comply with section two of the Money-lenders Act, 1900.

AUSTRALASIAN

AUSTRALIAN COMMONWEALTH BANK

COMMENTING on this topic the Australasian "Insurance and Banking Record" of Melbourne and Sydney says that as was to be anticipated, the Commonwealth has passed through the House of Representatives and the Senate without any alteration of importance. At one time it appeared likely that the government would abandon the part relating to the savings banks, in the face of the strong opposition that has been raised by the State governments, three of which are of a Labor com-

**THERE ARE THREE DEPARTMENTS OF THE
Ca. Bancaria de Fomento y Bienes Raices, de Mexico, S. A.**

REAL ESTATE

This department buys and sells all kinds of land in every part of the Republic—City or Country. Houses bought, sold and constructed. Ranches subdivided into smaller ones.

V. M. Garces, *Manager.*

PUBLIC WORKS

This department does paving work, makes surveys, constructs sewerage systems, etc. It has improved the Cities of Mexico, Puebla, Guadalajara, Durango and others.

Manuel Eiguero, *Manager.*

BANKING

This department finances the other two departments and does all kinds of business in relation to banking.

Xavier Icaza y Landa, *Mgr.*

CORRESPONDENCE IS INVITED

**Compania Bancaria de Fomento y Bienes Raices, de Mexico, S. A.
MEXICO, D. F.**

President—F. PIMENTEL Y FAGOAGA

1st Vice-Pres.—P. MACEDO

2nd Vice-Pres.—LUIS BARROSO ARIAS

plexion. But the determination to wrest the control of the savings of the people from the States prevailed, and it now remains for the State governments to contest the constitutionality of the measure on the ground that the Commonwealth does not possess the power to carry on any business. It is true that the Prime Minister has disclaimed any intention to injure the State savings banks, but the disclaimer may be disregarded as a piece of bluff. The subject of the Commonwealth bank bill and the savings banks is, however, treated rather fully in a separate article. The discussion on the bill left much to be desired. It has been plain that extremely few members of Parliament on either side are qualified to deal with the subject of banking. The reading up of MacLeod's works and other treatises is a poor substitute for practical knowledge. Some members of the opposition have expressed their approval of the establishment of a Commonwealth bank simply because they think it necessary to the full equipment of a nation, the truth being that the less a government has to do with banking the better for the country. As to the members of the Ministerial party, they have mostly been dumb, excepting to interrupt and jeer at

speakers on the opposition side. Their line of action was prescribed by the caucus, which assumes to be superior to Parliament. As to the operations of the projected bank it is impossible to foretell anything definite, especially as it is not to be under the control of a board of directors. There is to be a governor, the governor is to be under the control of the treasurer, and the treasurer under a labor régime is to be under the control of the caucus, which will practically discharge the functions of a board. Could the bank be run on ordinary mercantile lines there would be no occasion for apprehension. It would simply be a new competitor with limited resources. But although the future is clouded by the possibility of reckless control of the bank by further coercive legislation against the existing banks, it should not be regarded with apprehension. There is no clear reason why shareholders should be anxious to part with their holdings as they have been doing lately. A Commonwealth bank cannot safely offer more for deposits and charge less for loans than the existing banks, and it will certainly not obtain the large accounts which yield most of the banking profits. The principal trouble is, however, that the

Banco de Nuevo Leon

MONTEREY, N. L., MEXICO

ESTABLISHED OCT. 1, 1892

Capital paid up, \$2,000,000

Reserves, \$823,875.00

Deposits, \$3,002,244.00

GENERAL BANKING BUSINESS TRANSACTED

Principal Correspondents:—NEW YORK, National Park Bank, Mechanics & Metals National Bank; LONDON, Dresdner Bank, Credit Lyonnais; BERLIN, Deutsche Bank, Berliner Handels Gesellschaft; PARIS, Credit Lyonnais, Comptoir National d'Escompte; HAMBURG, Deutsche Bank Filiale Hamburg, Commerz und Disconto Bank; MADRID, Banco Hispano Americano, Banco de Castilla; HABANA, Banco de la Habana.

RODOLFO M. GARZA, Manager

ARTURO MANRIQUE, Accountant

AMADOR PAZ, Cashier

experiments in financial matters made by the labor caucus will take some time to materialize in disappointment, and that in the meanwhile a certain amount of mischief may unnecessarily result.

GOVERNMENT GUARANTEE OF SAVINGS DEPOSITS

FOR the following information credit is due the "Australasian Banking and Insurance Record":

New South Wales.—The government savings bank of New South Wales is wholly guaranteed by the State. The government may guarantee to the extent of £50,000 loans raised by the savings bank of New South Wales to meet demands of depositors.

Victoria.—Savings bank deposits are guaranteed by the State.

Queensland.—Savings bank deposits are guaranteed by the State.

South Australia.—Savings bank deposits are not guaranteed by the State.

Western Australia.—Savings bank deposits are guaranteed by the State.

Tasmania.—The State guarantees deposits in government savings bank only.

THE SAVINGS BANKS OF AUSTRALIA

THE "Insurance and Banking Record" gives some interesting statistics of the savings banks of Australia. These institutions have invested £42,038,066 in State government securities, £2,880,537 in municipal securities, £5,277,926 in mortgages, £8,813,873 in banking deposits, £501,161 in premises, and hold £897,267 in cash, besides

£343,676 accrued interest due to them. This makes their total assets £60,952,506, of which practically seventy per cent. is in government securities. Altogether these savings banks have 1,917 offices, of which 150 are their own, and 1,767 are located at the post offices.

AUSTRALIAN NOTE ISSUES

ALREADY the safeguards originally imposed on the Australian Commonwealth note issues are being broken down, according to the Melbourne correspondent of the London "Economist." It is stated that the proposal made by the Prime Minister to weaken the gold reserve held against the note issue excited much opposition, but eventually the bill was passed on the personal assurance that until the next general election the reserve should not be less than forty per cent. It was asked very pertinently, why, then, the need of a measure providing that in future only twenty-five per cent. may be held in gold? The banks made a strong representation to the government in the matter, pointing out that if the reserve should be reduced to the proposed proportion and the banks for any reason found it necessary to materially reduce their holdings of Commonwealth notes, the reduced gold reserve might not suffice. They reminded the government that they had freely given their assistance to the emission of the government note issue. The banks were possibly too willing to aid the issue, but it is clear that they did so on the understanding that the gold reserve would not be tampered with. The incident has made it clear that honorable understandings with the Fisher ministry are discountable. The temptation to utilize the gold received for the note issue to the fullest possible extent is too great. The issue is now about £10,000,000, of which about £4,000,000 is in actual circulation and about £6,000,000 is held as till money by

MERCANTILE BANKING COMPANY, Ltd.

Avenida San Francisco No. 12

CITY OF MEXICO

Capital, \$500,000.00

Surplus, \$100,000.00

Members of the American Bankers' Association

GEO. J. McCARTY, President
H. C. HEAD, Cashier

K. M. VAN ZANDT, Jr., Vice-Pres. & Mgr.
SHUR WELCH, Assistant Cashier.

A General Banking Business Transacted
Telegraphic Transfers

Foreign Exchange Bought and Sold
Letters of Credit

Unsurpassed collection facilities. Correspondence solicited. Accounts of Banks, Bankers, Merchants and Individuals solicited.

BANCO MERCANTIL DE MONTEREY

MONTEREY, N. L., MEXICO

A CORPORATION

Official Depository for the Government of the State of Nuevo Leon

Capital Resources, \$2,500,000. Reserves, \$320,315.04

Manager, MR. JOSE L. GARZA

Cashier, MR. ENRIQUE MIGUEL

Accountant, MR. F. M. de la GARZA

Buys and Sells Domestic and Foreign Drafts. Issues Letters of Credit.

Takes charge of any collections entrusted to it on a moderate rate for commission and remittance.

Buys and sells for account of others, government, municipal, banking and mining stocks and bonds.

Principal Correspondents—National Park Bank and Hanover National Bank, New York; Banco Hispano Americano, Madrid, Spain; Credit Lyonnais, Paris, France; Credit Lyonnais, London, England; Deutsche Bank Filiale Hamburg, Hamburg, Germany.

the banks. And the government is putting the banks' till money to the foregoing extent out at interest for its own purposes.

COLONIAL

THE BANK OF THE PHILIPPINES

THE new charter of the Banco-Español Filipino, changing the name to the Bank of the Philippines, has been approved by the Legislature. At a meeting of the stockholders held recently it was decided to increase the capital stock by P. 1,500,000, bringing it up to P. 4,500,000. The sale of this stock was authorized at P. 275, a premium of P. 75 a share, approximately the market value of the old stock.

Under the new charter the bank is authorized to act as a trust company, etc.

ILOILO BRANCH FOR CHARTERED BANK

THE Chartered Bank of India, Australia and China will inaugurate a branch in Iloilo, January, 1912.

LATIN AMERICA

ARGENTINE FINANCES

FROM the "Review of the River Plate," the following information is obtained regarding the finances of Argentina:

The distribution of the paper money and the stock of gold in the country, on October

31, 1911, was estimated as follows: Paper money in the banks, \$354,080,801; held by the public, \$375,590,233; total, \$729,671,034. Gold in the Caja, \$192,017,229; in the banks, \$53,452,192; total, \$245,469,421.

On January 1, 1911, the Uruguayan public debt stood at \$134,228,876.53. During the year \$260,972.15 was issued and \$2,630,101.11 amortized. The amount of the debt on December 31, 1911, was therefore \$131,859,747.57.

On October 31, 1911, the paper money in circulation amounted to \$729,671,034, equivalent to \$321,055,254.96 gold. The stock of gold held by the Caja de Conversión was \$192,017,229, and the conversion fund in the Banco de la Nación was \$30,000,000; making a total gold revenue of \$222,017,229, equivalent to 69.152 per cent. of the paper issue.

The consolidated debt of the nation, at the commencement of 1902 amounted to 1,008½ million dollars paper, at the end of 1911 it amounts to 1,192 million, including the last loan. The increase in ten years has been 184 million dollars. The total issues in the ten years were 571½ millions, and the amortizations, 387 millions. The external debt in 1902 was \$381,082,761 gold, and in 1911, \$303,974,789, so that it has decreased by seventy-seven million dollars. The internal gold debt in 1902 amounted to \$17,403,400, and in 1911 to \$161,378,600. In 1907, fifty-two millions were issued; in 1909, fifty millions, and in 1911, the last loan floated in Europe (as an internal loan), seventy millions. The internal paper debt in 1902 was \$84,474,590, and in 1911, \$134,700,700. The amortizations in the ten years were \$109,258,833, and the new issues, \$154,347,920.

The total national expenditure for 1911 is estimated at \$402,300,000 paper and the revenue at \$313,000,000 paper. During the past ten years the ordinary and extraordinary expenditure of the nation has amounted to 2,852 million dollars paper. During

the same period the revenue amounted to 2,337 million dollars. The difference of 515 million dollars has been covered by loans. This deficit is slightly lower than the amount spent on public works during the same pe-

riod, which has amounted to 526 million dollars. The expenditure under this heading during the past three years has been: 1909, \$95,000,000; 1910, \$93,500,000, and 1911, \$88,000,000.

TENTH ANNUAL CONVENTION OF THE AMERICAN INSTITUTE OF BANKING

GLIMPSSES OF SALT LAKE CITY WHERE THE DELEGATES WILL ASSEMBLE AUGUST 21, 22 AND 23

SALT LAKE CITY is known around the world. Historically, it is a place of great interest, not only because it has witnessed the vigorous growth of one of the most peculiar religions known, from a mere handful of adherents sixty years ago to more than half a million believers; but because it was nursed into life in the wilderness of the far west, a thousand miles beyond the then farthest outpost of civilization. It was intended by its founders to be a community and not a city, and was laid out with broad streets, and in blocks large enough for farms.

But what was proposed was not realized—irresistibly a city grew upon the community site—a city as beautiful and prosperous as any in the land. Its situation, not far distant from the shores of the Great Salt Lake, in an elbow of the mountains, with great peaks towering over it on the north and east, and a valley, rioting in foliage and plenty, stretching away for many miles to the south and west, is the most perfect a city ever had.

As a business place there is nothing to compare with it in any direction for six hundred miles. It is the beating business



EXCHANGE PLACE, SALT LAKE CITY'S "WALL STREET," SHOWING, LEFT TO RIGHT, COMMERCIAL CLUB, NEWHOUSE BLDG., FEDERAL BLDG., BOSTON BLDG. AND SALT LAKE MINING EXCHANGE



MAIN STREET LOOKING NORTH, SALT LAKE CITY
THE STREETS ARE 132 FEET WIDE

heart of an empire; a great railroad center, with that greatness but half achieved; the largest smelting center by far in the world, and the middle of a productive and rapidly developing area that takes in the best part of the mining lands of the United States.

trimmings of trees, the palatial homes of Utah's many millionaires, and the quaint old "dobbies" and other styles of architecture that still remain as reminders of the times when the wastes of desert were still to be redeemed, and when to live in Salt Lake was to toil and suffer and almost starve. These are among the sights that make Salt Lake City the most unique and interesting place to visit in all the West. There are many millions being spent in and around Salt Lake at the present time, and the city, already with a population of nearly 100,000, is expanding at the rate of 10,000 per annum.



CITY AND COUNTY BUILDING, SALT LAKE CITY;
COST A MILLION AND WORTH IT

Whatever other cities have, Salt Lake has in some degree, and Salt Lake has many things possessed by no other place in the world.

The Great Salt Lake, with its marvellous bathing, is one of these, and the famous Temple of the Mormons—forty years in building—is another. This structure and the queer round-roofed Tabernacle by its side, are far famed attractions. Then there are the broad, brook-lined streets with their



PHOTO BY JOHNSON, SALT LAKE CITY

TRAINS RUN ENTIRELY ACROSS THE GREAT SALT LAKE



HON. CHAS. R. MABEY

MAYOR OF BOUNTIFUL, UTAH. CASHIER OF THE BOUNTIFUL STATE BANK. ACTIVE IN A. I. B. MATTERS. DELEGATE FROM SALT LAKE CITY TO 1911 CONVENTION AT ROCHESTER.



Q. B. KELLY

PRESIDENT SALT LAKE CHAPTER, 1910. DELEGATE TO 1910 CONVENTION, CHATTANOOGA, ALSO 1911 CONVENTION AT ROCHESTER. MEMBER PROGRAM COMMITTEE 1912 A. I. B. CONVENTION. CANDIDATE FOR EXECUTIVE COUNCIL—ENDORSED BY SALT LAKE CHAPTER.

It will grow amazingly during the next few years; but it will not outgrow its beauty nor ever cease to be an inviting spot to those who range for pleasure or business, between the two oceans.

The Great Salt Lake is about seven times larger than the "Dead Sea" of Palestine, and carries about the same per cent. of salt. This per cent. is from nineteen to twenty-two, according to the season of the year, and calculations fix the total of the salt in the lake at four hundred million tons.

The waters are sluggish and green-hued. They are very buoyant and so clear that



S. G. SAVILLE

RECEIVING TELLER MCCORNICK & CO. PRESIDENT SALT LAKE CHAPTER 1911, DELEGATE TO 1911 CONVENTION A. I. B., ROCHESTER.

the eye can penetrate them to great depths. Gulls innumerable, whose breeding place is one of the eight islands in the lake, frequent the waters, in which nothing lives except a small shrimp.

Old-timers have observed that this strange body of water rises and falls in cycles of approximately seven years, attaining in modern times about the same maximum and minimum depths. At present it is rising and has been doing so for more than two years.

One of the largest bathing pavilions in the world—Saltair—is just eleven miles distant from Salt Lake City. A bath in the lake is an experience never to be forgotten. The bather has beneath his feet sand as soft as velvet, and may float upon the surface of the



waves without the slightest effort; indeed, he could not sink if he should try.

All of these rare things in Utah are attractions, and as such they are offered to all who will accept the hearty invitation of Salt Lake Chapter, A. I. B., to come and make the 1912 convention of the Institute the biggest in its history.

Speaking of the coming convention, the

and nothing will be left undone to make the visitors feel happy and at home.

"A committee from the Commercial Club will act with local chapter committees—and this insures the occasion a success from every standpoint. A genuine hearty Western welcome awaits those who come.

"Salt Lake Chapter was organized in 1903, the first president being W. H. Shearman—



PHOTO BY JOHNSON, SALT LAKE CITY

ANOTHER VIEW OF THE LUCIN CUT-OFF—THE RAILROAD THAT GOES TO SEA

"Phoney Greenback," a comic paper published by the Salt Lake fellows, says:

"Salt Lake Chapter is proud of the fact that we are to play host to the 500 delegates, their wives and friends at the national convention this year.

"The proceeds from the minstrel show given on Lincoln's birthday and the proceeds from advertisements in the 'Phoney Greenback' go into an entertainment fund. A tentative program has already been outlined, and from all indications there will be a week of instruction mixed with sociability before unequalled in our history. Speakers of national fame will be with us—

followed successively by Chas. H. Wells, R. T. Badger, Joseph Patrick, Q. B. Kelly, S. G. Saville, R. G. Cannon, and R. C. Barnes."

The present officers are: President, R. C. Barnes, Deseret National Bank; vice-president, Fred L. Rich, Utah National Bank; secretary, G. O. Goodwin, Continental National Bank; corresponding secretary, T. W. Ball, McCornick & Co.; treasurer, Jos. E. Kjar, Utah Com. & Sav. Bank; executive committee, 1912, E. L. Parker, State Bank of Utah; executive committee, 1913, Jas. Boud, Utah Com. & Sav. Bank; executive committee, 1914, A. C. Strong, Utah National Bank.

SEES PROFIT IN POSTAL SAVING

POSTMASTER GENERAL HITCHCOCK predicts that before the end of the current fiscal year the postal savings deposits will exceed \$50,000,000, and that the system not only would be self-sustaining but a source of profit to the Government. Already the deposits are more than \$15,000,000. This amount is distributed among 4,000 national and State banks, where it is protected by bonds deposited

with the treasurer of the United States. On January 1 the postal savings bonds issued in lieu of deposits amounted to \$416,920.

Of the four independent offices that opened for business on August 1 last, Chicago on November 30 last led with deposits of \$577,842, New York was second with \$411,769, Boston third with \$163,464 and St. Louis fourth with \$119,606.

BANKING PUBLICITY

Conducted by T. D. MacGregor

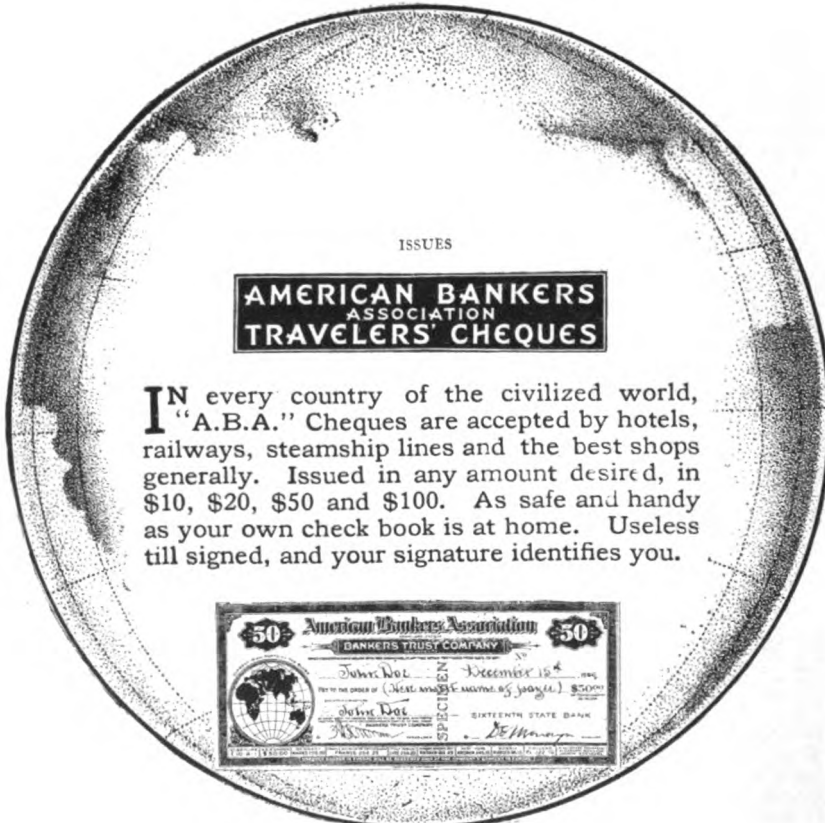
HOW AMERICAN BANKERS ASSOCIATION TRAVELERS' CHEQUES ARE BEING POPULARIZED

By Edwin Bird Wilson, Manager Advertising Department, Bankers Trust Company, New York

AT the request of THE BANKERS MAGAZINE, the writer cheerfully undertakes to dictate briefly a story of how the American Bankers Association Travelers' Cheques are being made popular, because he believes that every banker in the country should know exactly what is being done to create a demand for the cheques at the banks issuing them.

When it is considered that the first travelers' cheque of the American Bankers As-

sociation was not issued until April, 1909, and that during the first year of the system's history comparatively few banks were issuing the cheques, it will readily be seen that something more than the general interest of bankers in the subject must account for the very rapid increase in the use of "A. B. A." Cheques. That something is ADVERTISING, done nationally by the trustee of the system, Bankers Trust Company, New York City, and locally by issuing



FOR LOCAL NEWSPAPER ADVERTISING. (MORTISE IN CUT FOR NAME OF BANK)




**AMERICAN BANKERS
ASSOCIATION
TRAVELERS' CHEQUES**

RAILWAYS and steamship lines, hotels and the best shops generally, all over the world, know "A. B. A." Cheques and are glad to accept them from tourists. We issue them in tens, twenties, fifties and one hundreds, and bind them in a book in any amount suited to your needs.



ISSUED BY



**AMERICAN BANKERS
ASSOCIATION
TRAVELERS' CHEQUES**

When traveling abroad or at home, carry "A. B. A." Cheques. Cash them anywhere. Hotel people, railways and steamship lines all over the world, know they are good, and your signature identifies you. Most of the principal shops accept them. Call or write us for booklet and full information.

ARTISTIC SINGLE COLUMN ADS

banks. The increase of forty-two per cent. in sales during January, 1912, as compared with January, 1911, cannot be attributed entirely to ordinary normal growth, but must be accounted for by the wide publicity given to the advantages of "A. B. A." Cheques.

Advertising in general magazines of national circulation forms the most important part of the plan. This follows naturally from the facts that the advertising must be of an educative character, for which magazines afford the best opportunities, and must be widespread, because the issuing banks are located in all parts of the country. The number of general magazines used has been gradually increased, until at the present time about forty are carrying full-page, half-page and quarter-page advertisements for "A. B. A." Cheques. Thus the good

seed is being sown in the minds of millions of the more intelligent people of America. The aggregate circulation per issue of the magazines used is between 14,000,000 and 15,000,000 copies.

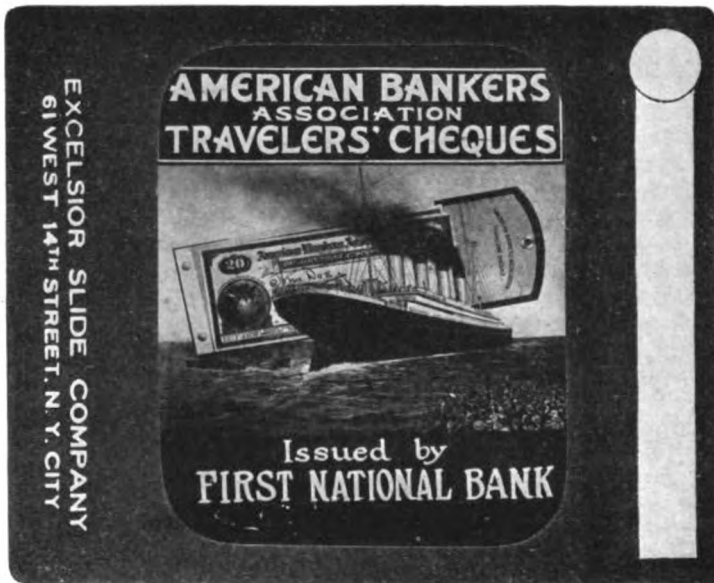
The magazine factor alone would be sufficient in time to create a very great demand for the cheques, and it is not surprising that issuing banks frequently write to the Bankers Trust Company stating that they are having a steadily increasing call for the cheques.

Commencing in 1909 with most conservative and general statements in our advertisements, we have gradually become more positive and specific in our claims for the cheques, as experience has justified the making of such claims. During the first year there were occasional instances of difficulty in negotiating the cheques in remote

and untraveled quarters of the globe. Today such difficulty has been eliminated and we are justified in claiming universal availability for the "A. B. A." Cheques.

Moreover, as the use and prestige of the "A. B. A." Cheque have increased, exceptional recognition has been obtained for it, for example, acceptance by the United States Government for payment of customs duties. The "A. B. A." Cheque is the only travelers' cheque which meets the requirements of the law for this purpose, and we are frankly presenting this advantage to the

form letter briefly calling attention to the cardinal advantages of the "A. B. A." Cheques, and enclosing a descriptive booklet and information as to where the cheques may be obtained in the community from which the inquiry came. Many thousands of such letters have been sent out by the Bankers Trust Company's Advertising Department, resulting in great numbers of sales of cheques by banks in all parts of the country. In checking up advices of sales against our inquiry list, we frequently find that the persons whose inquiries we have



A LANTERN SLIDE

public through our magazine advertisements.

The Williams J. Burns National Detective Agency, Inc., which is employed by the American Bankers Association to protect its members, is also specially employed to protect the "A. B. A." Cheques against the operations of forgers, counterfeiters and other crooks. This very important fact is being called to the attention of the traveling public through our magazine announcements.

From the beginning it has been the policy of the Trustee to direct business toward the issuing banks, and it continues to make a prominent feature of every advertisement for "A. B. A." Cheques, the suggestion, "Buy them from your own Banker." In this way the Trustee is sending business directly to the banks which issue the cheques.

HANDLING INQUIRIES.

When inquiries come directly to the Bankers Trust Company, they are answered by a

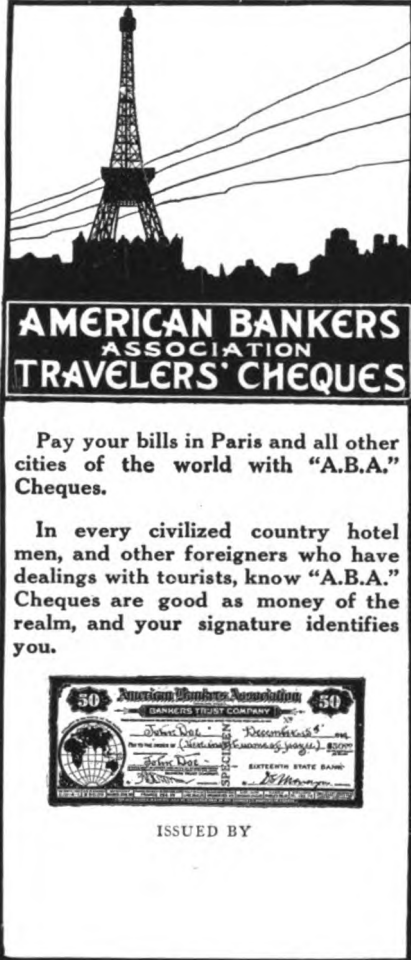
answered soon became purchasers of the cheques at their local banks.

Our campaign is too thorough-going to depend entirely upon one kind of advertising medium, and the magazines have therefore been supplemented by other methods. Not least among these has been the supplying of newspaper cuts and other advertising accessories to the issuing banks. It was found almost at the outset that many issuing banks wish to push the sale of "A. B. A." Cheques, because of a loyal interest in the association's work, as well as a desire to build up a profitable business. Many banks not having their own advertising departments or not being in a position conveniently to prepare suitable advertisements for the cheques, welcomed our offer to supply them with attractive electrotypes. Several designs were prepared, and it has been found necessary to increase the number of designs in order to accommodate the widespread demand for them. At the present time we have about 100 designs. Every ad-

vertisement is complete in itself, with the exception of the name and address of the issuing bank, for the insertion of which a mortise is provided in each cut.

LOCAL BANK ADVERTISING.

That the issuing banks appreciate this service is shown by the fact that several



AMERICAN BANKERS ASSOCIATION TRAVELERS' CHEQUES

Pay your bills in Paris and all other cities of the world with "A.B.A." Cheques.

In every civilized country hotel men, and other foreigners who have dealings with tourists, know "A.B.A." Cheques are good as money of the realm, and your signature identifies you.



ISSUED BY

SINGLE COLUMN SIZE

hundred have ordered cuts for use in their local newspapers. In most cases their experience has been that the unusual character of these advertisements has attracted favorable attention to their institutions, bringing good general results, as well as stimulating a demand for travelers' cheques. Most of the banks that have tried the experiment are well satisfied with it, and a great many of them have ordered additional

cuts as new designs have been added to our catalogue.

It has been the policy of the Bankers Trust Company not to encourage additional advertising expenditure on the part of issuing banks, but to encourage the diverting of a part of the customary expenditure in the interest of the "A. B. A." Cheques. Bankers having contracts with their local newspapers have been advised to use a part of their customary space to call attention to the fact that they issue "A. B. A." Cheques. In this way specific results have been obtained in many cases where only general results were formerly obtained, and the specific results—that is, increased sales of cheques—have naturally carried with them good general results.



Right here it may be well to say something about this year's catalogue of cuts, which went out to issuing banks about the fifth of March. It contains some sixty or seventy designs, chiefly in five inch single column style and four inch double column style, the most popular forms, as learned by the experience of the past two years. Advertising experts have pronounced the designs unusually attractive, especially in regard to illustration. No trouble nor expense has been spared in the preparation of these advertisements. Many months ago the Carlton Illustrators of New York were employed to prepare illustrations.

PREPARATION OF ADVERTISEMENTS.

First, pencil sketches were submitted, which were approved or criticised, and revised until satisfactory, and then pen and ink drawings were submitted, which were likewise subjected to careful criticism. After the drawings were approved and zinc etchings made therefrom, lay-outs or preliminary designs of the advertisements were made. Then the text or reading matter for the advertisements was prepared. This was most carefully edited and rewritten until entirely satisfactory, and then the matter was set in type and combined with the original zinc etchings to form the complete copy. It remained only to have pattern plates made, from which electrotypes were cast for printing the catalogue and for duplicating the advertisements for the use of banks asking for them. The J. Walter Thompson Co., agent through whom our advertising is placed, rendered valuable assistance in the preparation of copy.

At the time of dictating this article the orders for the new cuts are coming in very rapidly, and the demand promises to exceed that of the past two seasons. Every effort will be made by the company's advertising department to fill these orders promptly, and to render any assistance within its power to the banks that are striving to increase the local call for cheques.

In order that all banks connected with the system might know of the extensive work which the trustee is carrying on to popu-



**AMERICAN BANKERS
ASSOCIATION
TRAVELERS' CHEQUES**

In Deutschland
or any other land where
the wanderlust takes you,
"A.B.A." Cheques
are the best travel
funds you can have.

Hotel people and others gladly accept them, because
*they are good for full value and identify the person
presenting them.*

We issue "A. B. A." Cheques in any combination
of \$10, \$20, \$50 and \$100.

A TWO-COLUMN NEWSPAPER ADVERTISEMENT

**AMERICAN BANKERS
ASSOCIATION
TRAVELERS' CHEQUES**

Wherever your trip
takes you, you will find
"A. B. A." Cheques the
best all-round travel
funds. 50,000 bankers
throughout the world
have agreed to cash them on presentation.® No identi-
fication is necessary; your signature is sufficient.
Hotel people and others dealing with tourists, in every
civilized country, know "A. B. A." Cheques and
accept them like cash.

ISSUED BY

A FOREIGN ATMOSPHERE

Issued in \$10 \$20
\$50 and \$100



**AMERICAN BANKERS
ASSOCIATION
TRAVELERS' CHEQUES**

"The Perfect
International Exchange"

*Safer than Money
Good Everywhere
Self-Identifying*



A STREET CAR CARD

Pittsburgh: Post, Gazette-Times, Dispatch.
Providence: Tribune.
Richmond: Times-Dispatch.
Rochester: Democrat and Chronicle.
St. Louis: Republic, Globe-Democrat.
San Francisco: Call, Examiner.
Washington, D. C.: Star, Post.
Worcester: Telegram.

To encourage banks not at present issuing "A. B. A." Cheques to put themselves in position to do so, these announcements have been sent to a large list of representative banks in towns throughout the country, at points where the cheques are not now sold. It is pleasant to note that many applica-

tions are being received daily from banks desiring to undertake the issuing of Association Cheques.

With the same object in view, namely, the extension of the system to every part of the country, announcements are being carried in a number of the leading banking journals, urging banks to be prepared to accommodate customers with "A. B. A." Cheques.

BOOKLETS AND POST CARDS.

Booklets and post cards are being supplied in large quantities, free of charge, to banks issuing the cheques. Last year's experience with post cards demonstrated to the Advertising Department that the de-



**AMERICAN BANKERS
ASSOCIATION
TRAVELERS' CHEQUES**

Pay Shopping Bills

Many travelers use "A.B.A." Cheques to pay shopping bills, as well as for hotel bills, railroad tickets, and other traveling expenses. Merchants, hotel people, and others who deal with travelers, understand that "A.B.A." Cheques are *safe* to accept, because they *identify* the holder and are *good for full value* at bank.

"A.B.A." Cheques (issued in \$10, \$20, \$50 and \$100) are the best form of travel funds. Their many advantages are fully described in a booklet, "The Cheque Current Everywhere," which also contains much other interesting and valuable information for travelers.

Write to Bankers Trust Company, Wall Street, New York, for the booklet, and for information as to where you can obtain "A.B.A." Cheques in your vicinity.

**BUY THEM FROM YOUR OWN BANKER
OR IF HE CANNOT SUPPLY THEM APPLY TO
BANKERS TRUST COMPANY, NEW YORK CITY.**



A MAGAZINE HALF PAGE

mand this year would be great, and several months ago a preliminary order was placed with the Chilton Company of Philadelphia for 500,000 colored post cards from an original, attractive design. The booklet issued last year, descriptive of the "A. B. A." Cheques and containing other needful information for travelers, including beautifully colored plates of steamship funnels and flags, proved so popular as to justify its reprinting in large editions this year. An order was placed with John H. Smith, prin-

When You Go Away From Home
 where you are not known, you may have trouble in supplying yourself with funds, unless you carry
TRAVELERS' CHEQUES
 of the
AMERICAN BANKERS' ASSOCIATION
 These cheques are equally useful for travelers in America or Abroad. Unlike checks and drafts, they do not require personal identification, but identify the holder wherever he travels. Accepted at par everywhere. Not available to lender or thief, if lost or stolen. Let us explain the system.
The CITIZENS Bank
 SOUTH CHARLESTON, O.

A LOCAL BANK AD.

EVEN MOVING PICTURES.

Many banks are taking advantage of the advertising opportunity afforded by the remarkable development of the moving picture business, and have contracts for space in motion picture houses and theatres. Many of these institutions have been glad to obtain the attractive colored lantern slides which we undertook to supply. A number of them have written us that this form of advertising has paid them very well, and have asked for new lantern slides. It will be our aim to prepare new designs as the demand for them on the part of issuing banks justifies.

Foreign language newspapers reaching millions of foreign-born Americans, seem to afford a splendid field for advertising the "A. B. A." Cheques, and we have used a representative list of such papers. This advertising is especially helpful to issuing banks located in districts where there is a large foreign element. Advertisements for the "A. B. A." Cheques are being published at present in newspapers printed in Bohemian, Greek, Italian, Polish, Slavish, Spanish, Swedish and Syrian.

Co-operation may be said to be the keynote of the plan of advertising "A. B. A." Cheques. Every effort is being made to co-operate fully with the issuing banks to make their business in the cheques profitable.



ter, of New York City, for 500,000 copies of this booklet. The rate at which orders are being received for booklets and post cards at the time of writing this article, indicates that these preliminary editions will soon be exhausted. All orders of booklets and post cards are being imprinted with the name and address of the issuing bank, unless the bank desires to do its own imprinting or stamping. The printed matter thus becomes to all intents and purposes the advertisement of the bank issuing it. It has been our aim to make the quality so high as to be worthy of the high-class institutions which will distribute it.

Last year so many banks made request for street car cards to be used in their car advertising space, that we had two designs prepared, to which this year we have added two more. The cards are of standard size, 11x21 inches, are printed in two colors, and have the name of the issuing bank imprinted in a third color. A great many banks having contracts for car advertising have welcomed this opportunity to obtain attractive cards which would advertise the "A. B. A." Cheques and at the same time call favorable attention to their institution. Other banks not having contracts for car advertising have called on us for a few copies of the cards for window display, or to hang in offices, hotels and other public places. Many banks have framed the cards and used them to very good advantage.

A VALUABLE BOOK

THE 1912 edition of the Mahin Advertising Data Book, published by the Mahin Advertising Company, Chicago, is a handy book for advertisers, especially those who advertise nationally. It gives information regarding newspapers; facts and figures about magazines; detailed or general information about bill posting or painted signs; data on trade papers; the cost and value of street car and elevated cards, electric signs or theater advertising; number of dealers in various lines; facts and advice on half-tones, zincs, electrotypes, stereotypes, wood cuts, paper stock weights, etc.; statistics about family incomes, farm incomes, bank deposits or building operations; how to get out effective catalogues and literature; how to secure a copyright or patent; information valuable for a successful follow-up campaign; how to correct a proof so that the printer can understand you; type—how many words to the square inch, etc.

The Mahin Advertising Data Book furnishes an authentic reply to all these questions, and it will give you a quick answer on thousands of other subjects—all thoroughly indexed and ready for instant reference. The price is \$2.00.

HOW BANKS ARE ADVERTISING

Note and Comment on Current Financial Publicity

WE are in receipt of a letter from Mr. W. O. Boozer, assistant to the president of the Barnett National Bank, Jacksonville, Fla. He writes:

I have mailed you, under separate cover, a copy of our evening paper which contains one of our advertisements, and a news article by the press.

In this issue you will also find advertisements of several of our neighbors, one of them being a full page. Our statement of February 20th is the first we have ever published showing deposits of more than \$6,000,000 and resources more than \$8,000,000.

I am glad to note that you are adding names to your list of those willing to exchange advertising matter, with each issue of the Bankers Magazine.

The half page advertisement of the Barnett National and the full page of the Atlantic National in the same paper are strong but, outside of the large space, there is nothing remarkable about them typographically. What is more interesting is the three-quarter column news item concerning the Barnett's statement—a free ad., which probably got more attention than the paid one. The headlines were:

**HIGH WATER MARK IS
REACHED IN BANKING "BIZ."**

THE American National Bank Beaumont, Texas

**CAPITAL - \$100,000.00
SURPLUS (Earned) \$200,000.00**

**First Roll of Honor Bank in Beaumont
Fifteenth in Texas
271st in the United States**

10 YEARS OLD JUNE 1st, 1911

Has never failed to pay regular dividends, having paid 102% to Stockholders

We direct attention to these facts as a guarantee of our good management

A Bank's strength lies in its Surplus and Undivided Profits

B. R. NORVELL, President

W. C. TYRRELL, Vice President

WM. WIESS, Vice President

LEE BLANCHETTE, Vice President

CHAS. H. STROECK, Cashier

P. H. MILLARD, Asst. Cashier

A. E. WEAVER, Asst. Cashier

**Barnett National Bank Shows Total
Resources of Over Eight
Millions.**

"Biz" is not exactly dignified, but that is up to the newspaper and not the bank. The same paper abbreviates "Jacksonville" by "Jax," so we guess it's all right.

The Barnett National Bank has a good slogan, "Jacksonville's Oldest and Florida's Strongest Bank." We like it even if it does remind us of the epitaph "Here lies a lawyer and an honest man," with the customary comment, "Land must be valuable hereabouts when they have to bury two men in one grave."

Mr. A. T. McMillan, cashier of the Wamego (Kan.) State Bank, writes as follows:

I have just read your book, "Pushing Your Business" and think I have learned quite a number of things from it. It is the best book on bank advertising that I have seen.

I am sending you a copy of an advertisement that we are now distributing, made up in the form of a bond. Would like your opinion of it. It is an original idea of mine as I never heard of it being used, and I had some doubt of results, but I think it is going to be a success. It is a little too much of a puzzle to some of our illiterate friends but seems to be making a hit among the better class of people.

I am also enclosing copy of some of my former work. I am especially pleased with some of your trust company and savings bank copy in your book.

The "bond" advertisement is a very interesting one. The copy in it reads as follows:

Know all Men by these Presents, That The Wamego State Bank of Wamego, Kansas, acknowledges itself indebted to the public for its patronage during past years, and will repay the same, with interest, in services to be rendered to the said public. The said BANK hereby agrees to provide said public with all the modern accommodations and favors which only a first-class, up-to-date Bank can provide,

**At The Wamego State Bank,
Wamego, Kansas.**

This Bond is one of a series of One Thousand (1000) issued for the purpose of informing you that we are fully equipped in every department to take care of your business; that we can furnish money to those requiring it; that we make Real Estate Mortgage loans on the most favorable terms. This bond runs perpetually and is not limited by any period of years; the interest is payable daily to you, on demand, in the form of services which you are at liberty to require of us, and

This Bond symbolizes the Security we

give to YOU under the Depositors' Guaranty Fund of the State of Kansas, the most rational and successful system of Protection ever devised, being as good as a Bond of

The United States of America.

On this basis we invite you to deposit your money in this Bank, and will pay you interest on funds deposited for a specified number of months.

This Bond is also a Policy of Insurance which we ask you to file away with your other valuable papers; it will bring you PROSPERITY if you follow its suggestions.

In Witness Whereof, The said THE WAMEGO STATE BANK has caused this Bond to be attested by its officers, and its corporate trademark to be hereunto affixed.

THE WAMEGO STATE BANK
of Wamego, Kansas.

By L. B. Leach, President
W. R. Johnson, Vice-President
A. T. McMillan, Cashier
J. H. Evans, Assistant Cashier

The other circular matter sent is good and the Indian head trademark "Wamego" is well used and effective.

Mr. C. F. Hamsher, assistant cashier of the Savings Union Bank of San Francisco, sends us a collection of that institution's recent printed matter. Among the most interesting are a folder explaining the requirements of the bank for those who make a building loan agreement with it, a blotter giving a picture and description of a hundred-year-old safe and a series of two-color window cards.

In a conspicuous place on the wall of the Fourth National Bank, New York, is a board on which appears the names of the officers and directors, the bank's latest statement of condition and notices from time to time which it is desired to make public. Banks in Milwaukee and elsewhere also use this plan.

"How a Chicago Man Gets Into Debt and Gets Out Again" is the title of a vest-pocket size booklet issued by the Peoples Trust & Savings Bank, Chicago. It is the real story of a wise saver and investor.

The Peoples State Bank of Detroit, Mich., gets out a business calendar which is very valuable, containing a lot of useful information about maturity dates, legal holidays, etc., and facts in regard to the law of negotiable instruments.

"Foundations" is a Twentieth Century application of a First Century illustration,

being a thrift talk, published by the Granite Savings Bank & Trust Company of Barre, Vt. It uses a Scripture passage as a text, which is rather unusual in bank advertising literature. But it is handled in a reverent and effective manner.

The National Bank of Commerce of Williamson, W. Va., sends out a nicely engraved introduction card for the use of customers in bringing in new depositors. This bank also gives out a convenient memorandum pad carrying its advertising.

About the finest piece of engraving and printing we have received this month is the recent statement brochure of the Royal Bank of Canada, showing total assets of \$110,528,512.19.

The Lincoln Trust Company, Boston, just before Lincoln's birthday sent out a folder

A Bank for the People

Lincoln's well-known words concerning the Government seem to apply also with greater force to this institution which bears his name.

The Lincoln Trust Company is "of the people" because its officers and directors are representative business men in the community, thoroughly familiar with the banking requirements of the public.

It is "for the people" because it is chartered by the State and exercises its various functions under the strictest supervision of the properly constituted authorities.

It is "for the people" because its organization and equipment enable it to serve the people well in every matter of banking or finance, and all are welcome here, no matter how small or how large their business or demands.

LINCOLN TRUST CO.
33 MICH. ST. Junction of Summer BOSTON

A LINCOLN'S BIRTHDAY ADVERTISEMENT

with an embossed head of the martyr President, and containing his Gettysburg address in full.

The Fourth National Bank of Fayetteville, N. C., uses some very neat envelope enclosures in the form of slips containing savings arguments. The one which has brought the most business reads:

The richest per capita nation is France. She isn't the greatest producing nation but her wealth is entirely due to SAVING.

Just suppose at the age of 23 you begin and deposit \$3 per week in our Savings Department, at 33 you will have \$1,904.44; at 43 you will have \$4,759.30; at 53 you will have \$8,976.48; at 63 you will have \$15,123.52 and be INDEPENDENT.

NOW IS THE TIME TO START:

The School Savings Department is receiving more and more attention from savings banks. The Montclair (N. J.) Savings

\$2,041,631.05

Interest Paid Depositors



During the past six years this great Bank has paid more than Two Million Dollars in interest to Depositors. The exact figures are \$2,041,631.05.

This huge sum, equal to more than one ninth of our present total resources, has been distributed in small sums to many thousands of Depositors.

From their very magnitude, these facts are most convincing proof of the good judgment for which we are noted in this community by the German American Savings Bank.

Furthermore they are their own best evidence that the deposit of money in this Bank is a profitable investment—and that thousands of Los Angeles people appreciate the fact.

Did You think in the great distribution of interest?
Will You share in it this year 1927?
Whether your savings deposit is large or small, you will receive every cent of interest and dividends.

We invite you to open an account.

German American Savings Bank

SPRING & FOURTH STS. LOS ANGELES.



Weeks of Enforced Idleness

may happen to any man. Accidents occur every day to wage earners who can not afford to be out of work. Their families suffer want unless there is money in the bank to pay for living expenses—or they must go into debt. Saving a little every month soon accumulates an emergency fund, which will come in handy whether accidents happen or not.

In this bank the wage earner is welcome; he receives courteous attention; his money is safe, earns 3% interest.

The Northern Trust Company - Bank

111 W. Cor. La Brea and Wilcox Sts., City of Los Angeles
Capital, \$1,000,000 - Surplus, \$1,200,000

Directors
 W. C. C. Smith, President
 J. C. ...
 ...
 ...

The Stenographers' Money

THE SECOND OF A SERIES OF SEMI-SERIOUS TALKS WITH IDEAS WHO ARE OR SHOULD BE SAVERS

Responsible Banking—Responsible of the second kind of saving the banker can make responsible is a customer. The bank has a capital and surplus of \$10,000,000. Its business has been such an expansion and growth since the year one year. The amount of its resources is increased to keep pace with the expansion of its business. It is a member of the Federal Reserve System. Its deposits are insured by the Federal Reserve Bank. Its assets are the most valuable in the country. Its credit is the highest in the country. Its services are the most complete. Its rates are the lowest. Its terms are the most liberal. Its policies are the most conservative.

INTERSTATE TRUST-BANKING COMPANY
 212 First Street
 San Francisco, California
 Los Angeles, California
 ...

Use Our Complete Trust Department

Men Who Manage this Strong Bank

No. 5

Ralph Day

Asst. Cashier

Mr. Day, when 14 years of age, came from Chicago to Los Angeles, and in 1899 entered the employ of the Southern California National Bank at First and Spring streets. He served with this bank in several different capacities, until the establishment of the banking department of the Los Angeles Trust Company, at the corner of Second and Spring streets, at which time he resigned his position, and, with Robert Wankowski, entered the employ of the Los Angeles Trust Company, opening their banking department. This was in 1905, and he has since that time been constantly in the employ of that bank, which is now the Los Angeles Trust and Savings Bank. His present position is that of assistant cashier.

It takes but a single dollar to open an account with this bank.

Deposits of \$1 or more will open a low cost account, commencing semi-annually at this bank. Bank deposits are made for a term of 6 months, and begin earning interest from date of deposit. We invite you to open a savings account today.

For safety's sake deposit your valuable papers in our armor plate vaults—Rent \$2.00 up yearly.

New Location **LOS ANGELES TRUST AND SAVINGS BANK** Sixth and Spring

UNUSUALLY GOOD BANK ADVERTISEMENTS

Bank recently installed such a department and so has the Peoples Savings Bank of Cedar Rapids, Iowa.

Mr. C. L. Glenn, advertising manager of the Wachovia Bank & Trust Company of Winston-Salem, N. C., writes:

In the January number of The Bankers Magazine I note your comment upon a bank's increase in deposits of 15 per cent. Just note our statement and the news-

paper article I send for we feel rather proud of the past year's work.

We have four branches of this bank but more than one million of the \$1,109,000 increase was made by this, our home office. We made one-sixth the increase of 340 state banks.

The news item reads:
 The stockholders of the Wachovia Bank and Trust Co., the largest financial institution in the State and one of the most important in the South held their annual meeting in the office of the company to-day.

The report of the officers was in every way creditable and gratifying, showing as they did a large increase in business the past year. The usual quarterly dividend of two per cent. was declared, making the total dividends paid to the stockholders the past year the handsome sum of \$100,000. In addition a nice amount was carried over to undivided profits. One interesting feature of the report was on increase in the deposits of the 340 State banks in North Carolina about one-fifth of the total amount was in the Wachovia Bank and Trust Co. All of the officers were re-elected.

Along this line of telling the public of a bank's prosperity here are two form letters.

**NORTHERN NEW JERSEY TRUST CO.,
Edgewater, N. J.**

January 16, 1912.

To our Depositors and Friends:

I wish to express on behalf of the officers and directors of the above company our appreciation to those who have contributed in any way to the success of our company during the year just closed.

It is our earnest wish that the sympathy and confidence existing between this company and its depositors should be perpetuated. We have made constant efforts to avoid errors in policy, refusing to favor any particular lines of industry, preferring to devote our energies and resources to the benefit of the business interests of the community as a whole. Judging from the successful year just closed, during which the company showed marked gain in deposits, number of depositors and in undivided profits, as indicated by the enclosed statement, this policy has not only been recognized but appreciated.

Any favors which you may be able to bestow in the matter of influencing a new account will be greatly valued and we can assure you that the depositor, large or small, will find a hearty welcome.

Yours respectfully,

C. B. WARNER, President.

THE CITIZENS SAVINGS AND TRUST CO.

Cleveland, O., Jan. 9, 1912.

Dear Sir:

The splendid growth of the Citizens Savings and Trust Company—the home of Banking by Mail—as evidenced by the enclosed card, shows that a constantly increasing number of men and women all over the world are looking upon a

Four Per Cent. Savings Deposit

with this bank—the oldest, largest and strongest of its kind in the entire State of Ohio—as the best form of a conservative investment. The income is assured and the principal available at any time.

It is actually easier to send deposits by mail than to go to a bank in person. The United States mail acts as receiving teller. Simply send a Post-Office or Express Money Order, a bank draft or local check in the enclosed addressed envelope with a letter giving the exact name in which you wish

the account opened and you will receive the bank book by return mail.

Do not delay this important matter, start the New Year aright by sending your deposit NOW.

Yours very truly,

E. F. HALL, Treasurer.

An unusual idea is that of the Peoples Savings Bank of Cedar Rapids, Iowa, which in opening its new building published a booklet giving due credit to those who made the building—the architect, the artist, and the various firms who had anything to do with it.

The American National Bank of Richmond, Va., has a woman for advertising manager. She is Miss Eleanor Montgomery, and that she understands the principles of modern advertising is apparent from the two sample advertisements of that bank

**If the Memorial
Road**

Which has been proposed to commemorate the celebration in 1915 of the fiftieth anniversary of peace between the North and South is built between Washington and Richmond it will be the mean of the greatest possible commercial development of this section of our country. A national highway like this would open up the surrounding country and develop Northern Virginia in the most practical way. The PRACTICAL memorial is the REAL memorial after all.

The American National Bank

OF RICHMOND, VIRGINIA.

believes in PRACTICAL things. Especially in this case we think that sentiment could be combined with successful benefit. In YOUR PRACTICAL affairs let us give you

Security and Service

Save Our Trees

Forestry experts are alarmed over the chestnut tree blight in ten different sections of Virginia, the fact having been brought out at the recent conference called by the Governor of Pennsylvania to consider methods of preventing timber losses.

Let Virginia, with her enormous wealth of chestnut timber, take measures to protect her natural assets.

The American National Bank

OF RICHMOND, VIRGINIA.

believes in the conservation of all resources, as a Commonwealth and as individuals.

Along with progressive development, let us take care of what we have already accomplished. Along with our plans for FUTURE FINANCIAL SUCCESS let us protect what we have ALREADY EARNED. As a strong national bank with ample capital and surplus, we offer

SECURITY AND SERVICE.

WRITTEN BY A WOMAN ADVERTISING MANAGER

reproduced herewith. "How to Bank" is the title of a good booklet issued in behalf of this bank. It is a clear and interesting presentation of the customary banking features.

In a signed advertisement, Mr. Frank T. Hodgson, vice-president of the First Na-

tional Bank of Clarksville, Tenn., tells how the bank helps the farmer. He says:

Nowadays a bank account is absolutely essential to every member of the farmer's family.

He needs it to keep up with the receipts and expenditures on his farm during the year.

His wife finds it convenient means for the safe keeping of the funds realized from the sale of turkeys, chickens, eggs, and other products which are invariably hers.

His children cannot be taught a better lesson than that of thrift through the use of a savings account.

We now have accounts with more than a thousand farmers and members of their

ANOTHER CORN CONTEST

A South Dakota Bank Held a Successful One

THE picture herewith shows the exhibit at the Corn Contest conducted by the Lake County Bank of Madison, South Dakota.

President John W. Wadden writes:

We are to-day mailing you under separate cover, newspaper items and protograph covering our recent corn contest.

This is the first contest of its kind held by this bank, and we consider it a most successful one.

Twenty-six fine exhibits of corn from every part of the country competed for the



**CORN EXHIBIT OF THE LAKE COUNTY BANK,
MADISON, S. D.**

families and I am sure that will appeal to you as pretty good evidence of our desire to render the very best of service.

Our newly fitted up banking room enables us to handle every transaction with due promptness and dispatch, and I would like to have the pleasure of seeing your account with us during 1912.

Among the especially good bank house organs we received last month were: "The Marble Bank Monthly," Union Trust & Savings Bank, Spokane, Wash.; "Money Works," Farmers & Mechanics Trust Co., West Chester, Pa.; "The Bankers," First National Bank, Joliet, Ill.; "The Progressive Banker," employees of The City Bank & Trust Co., Mobile, Ala.; "The Mingo County Bank Monthly," the National Bank of Commerce, Williamson, W. Va.; and "Service," Mississippi Valley Trust Company.

prizes and much interest was manifested by the public in general.

Trusting that the above will prove of some interest to you and your readers.

The newspaper advertisement announcing the contest read as follows:

\$30.00 SPECIAL PRIZES.

To stimulate further interest in the Farmers' Institute held in Madison, February 14-15-16, the Lake County Bank has concluded to offer the following Special Prizes:

- \$10.00 in Gold** For the best ten ears of White Dent Corn raised in Lake County during 1911.
- \$10.00 in Gold** For the best ten ears of Yellow Dent Corn raised in Lake County during 1911.
- \$5.00 in Gold** For the best Loaf of White Bread to lady residing in Madison.

\$5.00 in Gold For the best Loaf of White Bread to lady residing in Lake County, outside of Madison.

The corn is to be placed on exhibit at the Lake County Bank on or before the tenth of February, and not later than the fourteenth of February.

The Bread is to be placed on exhibit at the Court House.

Competent judges, to be announced later, will judge and award the above prizes on corn.

All Corn must test 85 per cent. or better to receive prizes.

This Contest will in no way conflict with the Farmers' Institute, on the contrary it will work hand in hand with it.

Any Farmer having an Exhibit for the Institute, can likewise select one for the Lake County Bank Exhibit.

Bring your corn to the Lake County Bank.



BANK ADVERTISING EXCHANGE

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them from time to time. Others can get on this list free of charge by writing to the editor of this department. Watch each month for new names and add them to your list at once.

The Bankers Magazine, New York (ex officio).

John W. Wadden, Lake County Bank, Madison, S. D.

Charles D. Wells, Traders Bank of Canada, 8 Wellington street W., Toronto, Ont.

Henry M. Lester, National City Bank, New Rochelle, N. Y.

R. B. Parrish, cashier, National Bank of Commerce, Williamson, W. Va.

Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.

H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.

Arthur S. Cory, Chehalis National Bank, Chehalis, Wash.

C. F. Hamsher, assistant cashier, Savings Union Bank of San Francisco, Cal.

Horatio Ford, secretary, Garfield Savings Bank Co., Cleveland, Ohio.

F. W. Ellsworth, Publicity Manager, Guaranty Trust Co. of New York.

T. H. Stoner, cashier, The Peoples National Bank, Waynesboro, Pa.

J. A. Overton, cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

H. M. Jefferson, Windsor Trust Company, New York City.

W. R. Dysart, assistant cashier, First National Bank, Ripon, Wis.

W. J. Kommers, cashier, Union Trust & Savings Bank, Spokane, Wash.

W. R. Stackhouse, City National Bank Bldg., Utica, N. Y.

George J. Schaller, cashier, Citizens Bank, Storm Lake, Iowa.

J. G. Hoagland, Continental and Commercial Trust and Savings Bank, Chicago.

C. L. Chilton, Jr., advertising manager, First National Bank, Montgomery, Ala.

H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago.

B. H. Bialock, assistant cashier, Union Bank & Trust Co., Jackson, Tenn.

The Franklin Society, 38 Park Row, New York.

C. L. Glenn, advertising manager, Wachovia Bank & Trust Co., Winston-Salem, N. C.

W. O. Boozer, Barnett National Bank, Jacksonville, Fla.

W. P. Jones, assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.

C. E. Taylor, Jr., president, Wilmington Savings & Trust Co., Wilmington, N. C.

Jesse E. Brannen, cashier, First National Bank, Westwood, N. J.

E. A. Hatton, cashier, First National Bank, Del Rio, Texas.

A. A. Ekirch, secretary, North Side Savings Bank, New York City.

E. M. Baugher, president, The Home Building Association Co., Newark, Ohio.

C. W. Bailey, cashier, First National Bank, Clarksville, Tenn.

C. W. Rowley, manager, Canadian Bank of Commerce, Winnipeg, Can.

T. J. Brooks, cashier, The Guaranty Trust & Savings Bank, Jacksonville, Fla.

W. W. Potts, treasurer, The Federal Title & Trust Co., Beaver Falls, Pa.

E. W. Finch, assistant cashier, Birmingham Trust & Savings Co., Birmingham, Ala.

Charles S. Marvel, The First-Second National Bank, Akron, Ohio.

Farmers & Mechanics Trust Company, West Chester, Pa.

Tom C. McCorvey, Jr., assistant cashier, City Bank & Trust Company, Mobile, Ala.

C. W. Beerbower, assistant cashier, The Farmers National Bank, Salem, Va.

B. P. Gooden, adv. mgr., New Netherland Bank, New York.

J. A. Buchanan, Guaranty Trust Co., Lancaster, Pa.

C. L. Chilton, Jr., Brown, Treacy & Sperry Co., St. Paul, Minn.

W. L. Jenkins, Farmers & Mechanics Trust Co., West Chester, Pa.

E. P. Simpson, Jr., assistant cashier, First National Bank, Toccoa, Ga.

GLAD TO BE PLACED ON LIST.

We shall be glad to be placed on your bank advertising exchange list. The enclosed copy of "Money Works" may be of interest to you.

Very truly yours,

W. L. JENKINS.

Farmers & Mechanics Trust Co.,
West Chester, Pa.

HERE IS A GOOD IDEA.

We are in receipt of the following letter from Mr. C. W. Beerbower, assistant cashier of the Farmers National Bank, Salem, Va.:

"We thank you for publishing references to our advertising. Enclosed are some other specimens which we have just issued.

"It occurred to the writer you might be interested in a little method we use in sending to the other members of your Bank Advertisers Exchange. We have a rubber stamp as shown below and stamp this on the envelope containing the specimens of advertising. This serves to identify the contents and the purpose for which it is sent, without writing a letter of explanation."

The matter on the rubber stamp reads as follows:

"Contains bank advertising, for exchange, from C. W. Beerbower, Salem, Va., member Bankers Magazine Advertising Exchange."

BOOK REVIEWS

THE LIFE STORY OF J. PIERPONT MORGAN. By Carl Hovey. New York: Sturgis & Walton. (Price \$2.50).

Purporting to give a biography and "the life story" of the great New York financier, the author has written a very interesting, and no doubt a very authentic history of the financial epoch in which Mr. Morgan has borne so conspicuous a part. It would, of course, be difficult, and perhaps impossible, to write an accurate biography of Mr. Morgan without including in it a great deal of recent financial history.

Mr. Hovey has given us a volume that is of interest and value for what it tells about the great financial events of part of the nineteenth and twentieth centuries, and the prominent share taken by J. P. Morgan in these events is also related. The chapter on "The Man Himself" contains several anecdotes illustrative of Mr. Morgan's real or supposed characteristics, and is perhaps the most entertaining part of the story.

As a financial history of a certain period Mr. Hovey's book is well enough, but as a biography of Mr. J. Pierpont Morgan it leaves much to be desired.

INDUSTRIAL DEPRESSIONS. By George H. Hall. New York: Frederick A. Stokes Company. (Price \$2.75).

This is a careful and searching investigation of the cause of industrial depressions. After fully stating the grounds upon which most of the commonly-accepted theories should be discarded, Mr. Hall comes to the conclusion that the high price of construction is the real underlying cause of depressions. "To restore prosperity," he says, "the low prices which stimulate investment construction must be reached, whatever those prices may be, and to continue prosperity, the abnormal demand which causes high prices must be prevented."

Mr. Hall has presented his facts and arguments clearly, and it seems quite fairly also. He has made a very strong case, and has furnished an important contribution to the discussion of a question of first importance. His book will well repay reading, and his conclusions are worthy of careful consideration.

PRINCIPLES OF ECONOMICS. By F. W. Taussig, Professor of Economics in Harvard University; two vols. New York: The Macmillan Company. (Price \$4.00).

A work by so distinguished an economic authority as Professor Taussig is an event of signal importance. The present large volumes offer ample opportunity for a complete presentation of many of the familiar economic facts and theories and for a treat-

ment of certain problems brought more strikingly to the fore by the changed conditions in recent years.

The discussions of "Co-operation" and of "Socialism" are especially instructive and interesting, as is also the treatment of the question of prices. Of course, the entire treatise is marked by the scientific spirit that one would expect to find in an economic work by one of Professor Taussig's exalted reputation in his special field.

THE BUSINESS ALMANAC. Compiled by Harry E. Maule. Garden City, N. Y.: Doubleday, Page & Co.

In this first issue of what will be an annual publication, there is much practical information for investors and others. It belongs in the category of distinctly useful and valuable books.

THE INTERNATIONAL WHO'S WHO. Edited by A. L. Motter. New York: The International Who's Who Publishing Co. (Price \$5).

To combine in a single volume a biographical dictionary of the world's notable living men and women is a great task, but one which the publishers of this work seem to have well performed. In these days of growing international relations, such a book is almost indispensable to the banker and the business man generally, and it is also of great value to others, especially to writers for the press. The extent of the work may be inferred from the fact that it contains 1133 closely-printed octavo pages.

HEATON'S ANNUAL: THE COMMERCIAL HANDBOOK OF CANADA. Edited by Ernest Heaton and J. Beverley Robinson, Toronto: Heaton's Agency. (Price \$1.00).

This is a storehouse of facts relating to Canada, and will be found useful to all having business relations in or with the Dominion.

STOCK PRICES: FACTORS IN THEIR RISE AND FALL. By Frederick Drew Bond. New York: Moody's Magazine. (Price \$1.00).

A careful and scientific analysis of the factors governing the prices of securities is presented in this volume. Mr. Bond's statements are made only after thorough study and are therefore reliable.

THE TARIFF IN OUR TIMES. By Ida M. Tarbell. New York: The Macmillan Company. (Price \$1.50).

As the tariff will no doubt come to the front this year, as it does perennially in our political struggles, this volume will

prove a timely one. While Miss Tarbell has given us a great deal of history relating to tariff legislation, she has made a stirring and vigorous attack upon the protective doctrine, which she regards as highly immoral.

CAPITAL INVESTMENTS IN CANADA. By Fred. W. Field. Montreal: The Monetary Times. (Price \$2.50).

Canada is in the position of a country having large and rich undeveloped territory, with very much yet to do in the way of new enterprises, and undoubtedly offers an attractive field to the investor. Not only is the country rich in varied natural resources, but the laws are generally enacted and administered with a view to affording reasonable protection to capital. Mr. Field's book may be read with interest and profit by investors everywhere.

HISTORY OF THE SHERMAN LAW. By Albert H. Walker. New York: The Equity Press. (Price \$2.00).

Few statutes in recent years have been so much talked about, or had such a far-reaching effect on the business of the country as the Anti-Trust Law, or Sherman Law, as it is commonly called. To understand the origin of the law, as well as the act itself, the history of the measure so

fully stated by Mr. Walker will be found most helpful.

COPYRIGHT: ITS HISTORY AND ITS LAW. By Richard Rogers Bowker. Boston and New York: Houghton Mifflin Company. (Price \$5.00).

From both the historical and legal side, particularly the latter, this comprehensive work on copyright will be found of great service to authors, publishers, lawyers, libraries and to the reading public generally. The author is well qualified to perform the task undertaken, and appears to have done his work so thoroughly as to adequately supply the need for an authentic treatise on this subject.

PROCEEDINGS OF THE THIRTY-SEVENTH ANNUAL CONVENTION OF THE AMERICAN BANKERS' ASSOCIATION. New York: Compiled by Fred E. Farnsworth, General Secretary of the American Bankers' Association.

With the yearly increase of membership, and the enlarged scope of operations, the transactions of the American Bankers' Association, the papers and reports read, and the statistics presented, all grow in interest. The present report is an attractive one, placing the proceedings in a convenient form for consultation.

NEW YORK STATE BANKERS' ASSOCIATION—NINETEENTH ANNUAL CONVENTION—PRELIMINARY NOTICE

THE Nineteenth Annual Convention of the New York State Bankers' Association will be held at Buffalo, Thursday and Friday, June 13 and 14, 1912. Headquarters will be established at the Lafayette Hotel.

Buffalo is an ideal convention city. It is easily accessible and furnishes excellent opportunities for enjoyment as well as for the proper conduct of the association's business. Delegates and friends will be guests of the Buffalo bankers during the convention.

On Thursday morning, June 13, Mr. George M. Reynolds, president of the Continental and Commercial National Bank of Chicago, will address the convention.

After luncheon delegates and guests will enjoy a trip on Lake Erie by specially chartered steamer. The annual banquet will be held in the evening and the speakers on this occasion will be the Rev. Dr. V. V. Raymond, Arthur Brisbane, Rev. George Caleb Moor, George M. Reynolds and Sir Edmund Walker.

On Friday morning, June 14, Sir Edmund Walker, president of the Canadian Bank of Commerce, and Mr. George E. Allen, edu-

cational director of the American Institute of Banking, will address the convention.

After luncheon delegates and guests will take a trip to Niagara Falls by the Gorge Route, to be followed by dinner and reception at the Falls.

During the business sessions, ladies in attendance will find enjoyment in a trip around the city and through the parks by automobiles to be furnished by the Buffalo bankers.

The courtesy of the following clubs has been kindly extended to delegates and guests during their stay in the city: Buffalo Club, the Saturn Club, University Club, Country Club and the Park Club. The golf links and tennis courts of the Country and Park Clubs will be at the disposal of the delegates and guests.

Besides the Lafayette Hotel, which will be headquarters, excellent accommodations may be had at the Iroquois Hotel or the Hotel Statler. The committee suggests the advisability of securing accommodations in advance by application direct to the hotels.

A rate of a fare and three-fifths on the certificate plan has been authorized for this meeting.

MODERN FINANCIAL INSTITUTIONS

AND THEIR EQUIPMENT

FIRST NATIONAL BANK, BOSTON

THERE have been few more conspicuous and significant developments in the commercial and financial history of New England than the growth of the First National Bank of Boston. The recent action of the stockholders, increasing the capital stock to \$5,000,000 and the surplus and undivided profits to \$10,500,000, making the bank in these respects the largest in New England and the eighth largest in the United States, suggests a brief retrospect of some interesting happenings in connection with the career of this institution.

Those responsible for the achievements of the past ten years have been actuated by one dominating ambition—to make the bank a forceful and vital factor in the commercial life of New England. While the directors have naturally sought with commendable energy to expand the item of deposits, they have evidenced a corresponding purpose to provide at all times the maximum of protection to depositors.

It is only necessary for one to glance over the names making up the directorate of the First National Bank to be convinced that those guiding its destinies are men who have made conspicuous successes in their particular field of industry. In fact, no more representative grouping of New England's successful business men can be secured than a list of the directors of the First National Bank, comprising among others, Calvin Austin, president of the Eastern Steamship Corporation; Charles F. Brooker, president of the American Brass Co.; George A. Draper, treasurer of the Draper Co.; Frederick C. McDuffie, treasurer of the York Manufacturing Co. and Everett Mills; Charles S. Mellen, president of the New York, New Haven & Hartford Railroad Co.; Charles A. Morss, treasurer of the Simplex Electrical Co.; Andrew W. Preston, president of the United Fruit Co.; William Skinner, of William Skinner & Sons; Charles A. Stone, of Stone & Webster; George R. White, president of the Potter Drug & Chemical Corporation; Sidney W. Winslow, president of the United Shoe Machinery Co.

One who seeks to discover the secret of the bank's success is impressed by the fact that unlike most large financial institutions it is not governed or dominated by one or two influential directors, but rather that the whole board as a unit are working first, last and all the time for the First National Bank.

The response of the business community

to the efforts of the directors has been most gratifying. From humble beginnings the bank has grown steadily and persistently to the point where it has to-day \$72,000,000 on deposit. The big expansion has taken place since 1904. In fact, during this eight-year period the deposits have more than doubled, and this without the acquisition of or consolidation with any other banking institution.

It is of interest to recall the fact that the First National Bank, as its name indicates, was the first bank in Boston organized under United States laws, its predecessor, the Safety Fund Bank, which started business as a state bank February 1, 1859, having taken advantage of the National Bank Act in February, 1864. In June, 1903, consolidation was effected with the Massachusetts National Bank, the new institution retaining the name of the First National Bank. At the time of this consolidation the deposits of the First National Bank totalled \$4,000,000 and the stock sold at \$175 per share, paying 8 per cent. dividends.

The Massachusetts National Bank likewise has an interesting history. It was the first bank in Boston, the oldest bank in New England and the third oldest bank in the country, its original charter dating back to 1784.

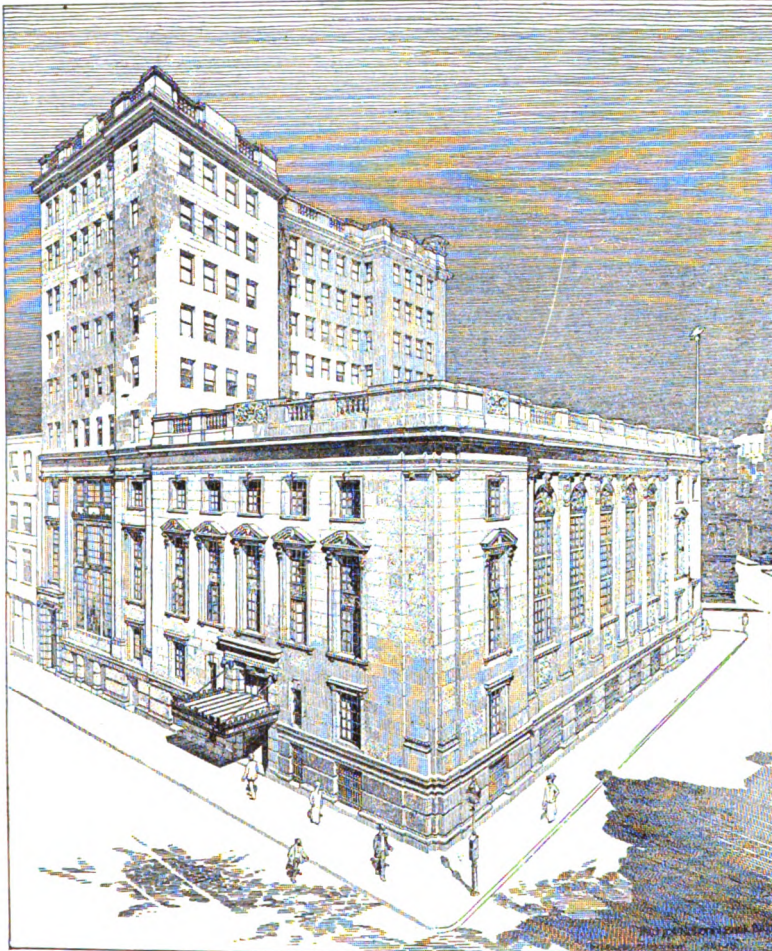
During the stormy days of 1898 and 1899 the Massachusetts National Bank passed through the most trying and depressing period of its history. It was then that John W. Weeks came to its rescue. With splendid courage he fought against almost overwhelming odds to save the bank from receivers' hands. A large part of his personal fortune was placed in the balance and saved the bank. Under his presidency the deposits which had dwindled to less than a million dollars immediately began to increase.

In 1900, Daniel G. Wing, at that time receiver of the Globe National Bank, became vice-president of the Massachusetts National at the solicitation of Mr. Weeks and the following year was made president, Mr. Weeks retiring from active management and becoming vice-president. This management and the policies inaugurated by the directors at that time have continued unchanged through the various consolidations up to the present. Directors representing various great business interests in New England have been added to the board from time to time; they, however, have always been in harmony with the original policy

of upbuilding a great mercantile bank. This management and policy have been continuous for ten years.

On April 27, 1904, a merger was made with the National Bank of Redemption, which through various consolidations already comprised the Everett, the Black-

manded larger quarters and it was decided in October, 1905, to erect a one-story granite building for the exclusive use of the bank on the present site—Federal, Franklin and Congress streets. The building was commenced March 13, 1907, and completed one year from that date at a total cost of about



FIRST NATIONAL BANK BUILDING, BOSTON, SHOWING NEW 10-STORY ADDITION TO BE USED FOR BANKING ROOMS AND OFFICES

stone and the Shoe and Leather National Banks. In January, 1905, Clifton H. Dwinell, formerly assistant cashier of the National Bank of Redemption, was elected a vice-president of the First National Bank and placed in charge of the credit department, which position he continues to fill.

During that year the banking room was enlarged by the addition of an adjoining store, but the growing business still de-

manded larger quarters and the bank opened for business there on Monday, March 30, 1908, with:

Capital	\$2,000,000
Surplus	2,900,000
Deposits	40,000,000

The first year in the new building was one of phenomenal growth. Deposits increased nearly \$20,000,000.

In order to take care properly of the con-

tinued increase in business, it was voted to increase the capital stock in April, 1910, by the further issue of 10,000 shares, to be offered to shareholders pro rata at \$300 per share, making:

Capital	\$3,000,000
Surplus	3,000,000
Undivided profits	2,600,000
Deposits	60,000,000

The bank kept on growing until the deposits have reached and passed \$72,000,000.

The directors, alive to their responsibilities as trustees for the depositors, wisely concluded that a still further increase should be made in capital, whereby the maximum of safety might be thrown about this \$72,000,000 deposit fund. On January 26, therefore, a further increase of \$2,000,000 in the capital stock was recommended by the directors, and on March 1 the stockholders ratified this action. The 20,000 shares of new stock have been offered to the shareholders in the ratio of two shares of new stock for three of old, at \$300 per share.

The following table indicates the growth of the bank in the past eight years in respect to deposits and capital account. The 1904 figures represent the status immediately following the acquisition of the National Bank of Redemption, and the 1912 figures represent its present condition, assuming the immediate issuance of the new stock:

	1912.	1904.	Increase.
Deposits	\$72,000,000	\$35,000,000	\$37,000,000
Capital	5,000,000	2,000,000	3,000,000
Surplus	5,000,000	1,000,000	4,000,000
Undivided profits	5,582,000	1,000,000	4,482,000
Total working Capital ...	15,582,000	4,000,000	11,582,000
Ratio, Work. Cap. to Dep.	21.6%	11.4%	10.2%
Dividends ...	12%	8%	4%

The impressive feature of the above table, which portrays concisely the growth of the bank, is that the 100 per cent. increase in deposits has been brought about without the absorption of any other banking institution, and that the ratio of "working capital" to deposits has been increased from 11.4 per cent. in 1904 to 21.6 per cent. in 1912. This is where the "protection" comes in. Including stockholders' liability a protection fund of \$20,582,000 is provided against the \$72,000,000 of deposits. There are large financial institutions conspicuously deficient with respect to the ratio of working capital to deposits; the First National bank has instituted a system of travel-Bank is conspicuously strong.

In addition to being primarily a mercantile bank, the First National is the depository for between 600 and 700 banks throughout New England. It also has over 4000 domestic and foreign correspondents. In developing its foreign exchange department

er's checks and letters of credit, and is one of not more than a half dozen banks in the United States that issues its own checks payable on its own correspondents in any part of the world without the guarantee of a New York trust company or the assistance of the American Bankers Association. It is the only bank in New England doing every branch of foreign business directly with its own correspondents.

The First National Bank is peculiarly a home institution. Of the present 30,000 shares, ninety-two and one-half per cent. are owned in Massachusetts, while the actual control rests in the board of directors. Savings banks and other financial institutions in the State hold 3556 shares, while 1448 shares are owned by estates.

With the ownership of an actual majority of the shares resting in the board of directors, the latter have given ample proof of their faith in the bank by their willingness to take the bulk of the new stock just issued.

The First National is far from being a one-man bank; each of the directors feels a personal responsibility to his trust, and has without exception and always sustained the president in his view that the bank should be primarily a commercial institution, granting at all times maximum accommodation to the worthy merchant and manufacturer, while at the same time affording maximum safety and protection to the bank's depositors. Never for an instant has there been the slightest departure from this principle of conservative banking.

Loyal to the traditions of the past, the bank still retains among its officers those instrumental in building up the smaller institutions whose identities were lost in the larger consolidation. President Wing, Vice-President Weeks and Assistant Cashier Hayward may be said to represent the old Massachusetts Bank; Vice-Presidents McCausland and Dwinell the old Shoe and Leather; Assistant Cashiers Presbrey and Hyde the National Bank of Redemption; Cashier Curtiss and Assistant Cashier Blaisdell the Old Broadway. It also carries upon its pension list a number of men who had grown old in the service of the various banks before consolidation.

Those who have recently visited the bank's splendidly equipped quarters have noted that a large granite building is being erected to the north adjoining. This building is the property of the First National Bank. It is erected to provide increased accommodations for the expanding business and represents an investment in building and land of \$650,000, while it will stand on the bank's books at only \$300,000. This new building, the first four stories of which will be utilized by the bank, will be completed within the next few months. Of the remaining six stories five have already been rented.

The courtesy and attention which are always shown to those having business rela-

tions with the bank have won for it the good will of the business community. The anxiety of its operating officials to extend every courtesy within their ability has, as is al-

ways the case, won for the bank a host of friends, who are taking a personal interest in the progress it is making toward still greater achievements.

THE FIRST NATIONAL BANK, ZANESVILLE, OHIO

THE First National Bank of Zanesville, Ohio, was originally chartered February 24, 1863, under the National Bank Act of the Congress of the United States.

The first board of directors was elected

October 16, 1863, and consisted of the following stockholders: Peter Black, Joseph Black, John A. Adams, E. E. Fillmore, C. C. Hildreth, W. A. Graham and Chas. C. Russell—all prominent business men in Zanesville at that time. The board immedi-



FIRST NATIONAL BANK, ZANESVILLE, OHIO



LOBBY AND MAIN BANKING ROOM



INTERIOR OF WORKING ROOM

ately qualified and organized by electing Peter Black president and Chas. C. Russell cashier.

Peter Black was a wholesale dry goods merchant, widely known throughout southeastern Ohio. He stood high in business



C. STOLZENBACH
PRESIDENT

circles, and as president of the new bank gave it strength and a reputation for sound business management, which served it well in laying the foundation for its great future success.

Mr. Russell had been clerk of the Court of Common pleas for several terms and held many other positions of honor and had a large circle of friends.

The bank started with \$100,000 capital, and commenced business in rooms two doors east of its present location. Referring to the quarterly report made to the Comptroller about two years later, on the first Monday of October, 1865, the capital stock shows \$100,000; surplus fund, \$4,000; deposits, \$115,468.28; loans and discounts, \$81,935.61; total assets, \$324,104.79. Comparing this report with the last report made to the Comptroller, the reader will observe the remarkable growth of this well established bank.

On February 18, 1869, C. C. Russell resigned the cashiership to engage in private banking, and on the same day Edward Martin was elected his successor. Mr. Martin

had a wide acquaintance, was an affable gentleman and a very popular cashier.

During Mr. Martin's administration, in January, 1871, The First National Bank of Zanesville consolidated with the Muskingum National Bank, which was the successor of the old Muskingum branch of the State Bank of Ohio. The Muskingum National Bank had a capital of \$100,000 when it went into liquidation, and the capital of the First National Bank thus became \$200,000; surplus and undivided profits, \$53,163.77; deposits, \$269,543.83; loans and discounts, \$357,886.43; total assets, \$701,807.60.

At the time of this consolidation, the First National Bank moved into the building which had been owned and occupied by the Muskingum National Bank, the building so long a familiar landmark and which was torn down in the Spring of 1907 to make room for the present modern structure, in which the bank has provided itself with all the conveniences and safeguards of modern banking. The same officers continued after this consolidation as before, until January 14, 1874, when Mr. Martin retired



W. P. SILARER
VICE-PRESIDENT AND EXECUTIVE OFFICER

to engage in other business and Geo. H. Stewart, who had entered the bank in December, 1869, as bookkeeper and teller, later becoming assistant cashier, was elected cashier.

On the morning of July 7, 1878, the

citizens of Zanesville, Ohio, were shocked to hear of the sudden death of Peter Black, the president of the bank. Mr. Black's long and honorable business career, thus suddenly terminated, was a great loss to



J. B. LARZELERE
CASHIER

the bank and the community by which he was so much respected.

On July 11, 1878, W. A. Graham, who was at that time actively engaged in the wholesale drug business in Zanesville, was chosen by the board of directors to succeed Mr. Black as president of the bank. The business of the bank steadily increased and maintained its conservative and strong position under the new president.

In passing from the date when the bank was chartered until it was re-chartered, a period of twenty years, a reference to the great financial panic of the year 1873, which was, perhaps, the most severe the country had suffered up to that period is needful. While many banks and large business enterprises, merchants and manufacturers in all sections of the land went down in the great crash, The First National Bank of Zanesville, Ohio, stood firmly and assisted its patrons and the general business of the city by extending accommodations and meeting all of its obligations on demand.

This gave the bank a great prestige and furthered the confidence of the people in its strength and stability.

The same can be said of the bank's management during the extreme financial stringency in the years 1893 and 1907. During these periods, both severe, this bank remained on a currency basis.

On February 24, 1883, the bank was re-chartered for twenty years, or until February 23, 1903. At that time the board of directors consisted of W. A. Graham, Alexander Grant, R. D. Schultz, William Fox, C. Stolzenbach, Thomas S. Black, and M. Churchill. The officers were W. A. Graham, president; Geo. H. Stewart, cashier; and T. W. Gattrell, assistant cashier. The capital stock was \$200,000, and the surplus, \$50,000; deposits totaled \$370,000; loans and discounts, \$388,000, and the total assets were \$840,642.51.

By referring to the names of the directors at the time of rechartering, as mentioned above, but one name can be found, that of Mr. Graham, which appeared on the first board of directors twenty years previous. The two decades through death and business



FRANK T. HOWARD
ASST. CASHIER

changes had brought other worthy names to the fore.

The First National Bank of Zanesville continued to grow and prosper for nearly another twenty years, with the same president at its head until the January, 1903, meeting of the board of directors.

At this meeting Mr. Graham, who had

served the bank so honorably and successfully for nearly twenty-five years, having decided to retire from active duty, resigned the presidency, although continuing as a member of the board of directors. At the same meeting C. Stolzenbach, who had long been a member of the board and was at the time vice-president, was elected president.

On the following February 24, 1903, the bank was again re-chartered by the Comptroller of the Currency for twenty years, this making its third extension of charter. At the date of this recharter the capital

tional Bank of Zanesville, making a combined capital stock of \$300,000; surplus and undivided profits, \$370,000; deposits, \$2,181,378; loans and discounts, \$1,974,500.

May 5, 1910, Mr. Stewart resigned as vice-president, after having served the bank faithfully for the past thirty-six years. At the same meeting Mr. Sharer, the cashier, was made vice-president and executive officer; J. B. Larzelere, the assistant cashier, was made cashier; Frank T. Howard, second assistant cashier, was made first assistant cashier, which organization is in force at the present time.



OFFICE OF THE VICE-PRESIDENT

remained the same—\$200,000—but the surplus and undivided profits had increased to \$183,000, the deposits to \$1,126,000, loans and discounts to \$1,062,000, and total assets to \$1,846,000. These figures show a substantial growth and increase of the bank's business during the first and second chartered periods and its earnings during the same time were very satisfactory to the stockholders.

The official organization of January, 1903, continued until August, 1903, when W. P. Sharer was elected cashier. Under the new organization the business of the bank continued to prosper and was greatly augmented when on November 9, 1906, the bank was consolidated with the Union Na-

The bank has since been growing larger and stronger, and is now recognized as the largest and strongest financial institution in this section of the State, and is upon the Honor Roll of the National banks of the United States. The First National Bank of Zanesville, Ohio, now has a capital of \$300,000, a surplus and undivided profits fund amounting to \$435,000, deposits of over \$2,500,000, and total resources of over \$3,500,000.

C. Stolzenbach, president, is the founder of the Stolzenbach branch of the National Biscuit Company, and has been a director of the First National Bank of Zanesville for more than forty years. Always loyal to his home city and identified with many

of its financial and charitable institutions, the name of C. Stolzenbach is synonymous with honesty and sound business qualifications, and has given his institution a greater prestige than could have been bestowed upon it by any other citizen of Zanesville. His broad and liberal policies have been a wonderful power for good in the up-building of the city and community, and his prudent methods have given to the institution such a reputation for safety and solidity that the bank has come to be looked

ville's Grand Old Bank occupies the enviable position that it does on the financial map.

J. B. Larzelere, the cashier, has served this bank faithfully in different capacities for almost twenty-five years. Enjoying an unusually extensive personal acquaintance throughout the surrounding territory, his judgment of men rarely fails.

Being thoroughly conversant with all the details of modern and up-to-date banking, no little of the smooth running of this rap-



OFFICE OF THE CASHIER

upon as the standard financial institution of Southeastern Ohio.

W. P. Sharer, vice-president and executive officer, who was formerly connected with the First National Bank Alliance, came to the First National Bank of Zanesville, from the First National Bank of Wellsville, Ohio, where he had served as cashier. Mr. Sharer's natural courtesy and business qualifications have won for him many friends and a prominent position in the banking community of the State. He has made a life long study of banking and banking credits especially, and is now considered one of the best credit men in this section of the country, being looked upon as an authority on commercial paper. The esteem in which he is held by his fellow bankers throughout the State is evidenced by his being elected recently to the presidency of the Ohio Bankers' Association.

It is largely due to his untiring efforts and keen business instincts that Zanes-

ville's Grand Old Bank's machinery is due to various labor-saving systems which he has devised and installed.

Frank T. Howard, assistant cashier, who has been with this bank for over twenty years, having started at the bottom, completes the list of officials, who are always alert and watching for the opportunity to advance the interests of The First National Bank of Zanesville and the business community in which they live.

The board of directors deserve special mention. There is not a man of this board that has not achieved distinction in his particular line. They all rank among the most substantial and honorable citizens of Zanesville.

The present directors are: C. Stolzenbach, W. A. Graham, W. E. Guthrie, A. P. Rogge, Julius Frank, W. B. Cosgrove, John Hoge, U. H. Brown, W. P. Sharer, W. M. Bateman, W. M. Shinnick.

THE WILMINGTON (N. C.) SAVINGS AND TRUST COMPANY

THE steadily increasing business of the Wilmington Savings and Trust Company of Wilmington, N. C., and the general appreciation of its improved facilities since its recent occupation of its new

In designing the building, the architect aimed to avoid all useless ornamentation and to make the exterior show that the building is intended solely for banking purposes. In its decision to provide new quarters for the bank the conservative spirit which has always characterized the management of the company was made manifest; therefore, a single story, fire-proof building was specified. There are no windows on either side, the light being obtained from a skylight in the roof, and even in event of a great conflagration the bank's securities, as well as those of safe deposit patrons, would not be endangered by falling walls and burning debris.

The structure is carried by steel, reinforced concrete and brick, the front of the building being of Indiana limestone, with windows, doors and all trimmings of bronze. Carrying out the idea of a thoroughly fire-proof building, not an ounce of wood has been used in the main banking room, even



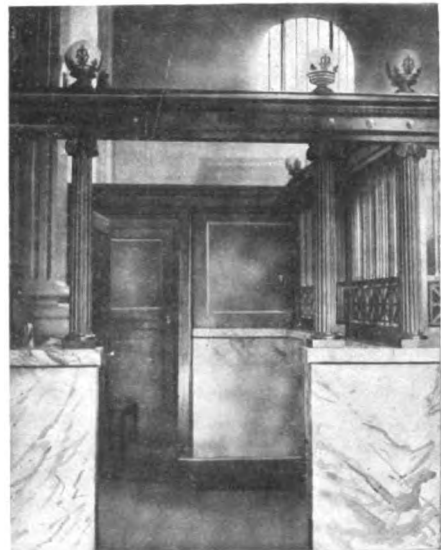
NEW BUILDING OF THE WILMINGTON SAVINGS & TRUST CO.

bank building, have proved ample justification of the wisdom of the directors in the erection of the new banking house.

The new building is located at No. 110 Princess street, in the heart of Wilmington's financial district, near the old location where the bank built up its business from resources of \$900,000 to its present total of over \$2,000,000.

The new building is of Indiana limestone, with bronze trimmings and as an architectural feature it is a notable addition to Wilmington's business section.

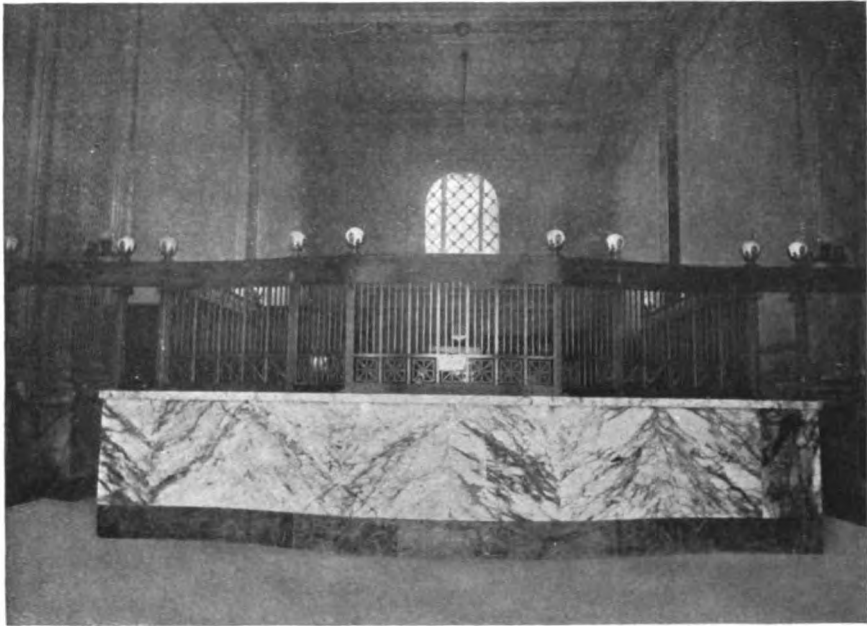
Embodying all the best and latest ideas in modern fireproof construction, as well as beauty and utility, the building illustrates the progressiveness of Wilmington and of one of the city's leading and most substantial financial institutions.



LADIES' DEPARTMENT

the partitions and bookkeeper's desks being made of steel.

The interior is well proportioned, well lighted and artistically decorated. The walls and fixtures are lined with Italian marble and the bank screen is of cast bronze.



LOBBY AND FRONT OF FIXTURES



WORKING SPACE INSIDE COUNTERS.



DIRECTORS' ROOM.

Ample provision has been made for the wants of the bank's patrons and to the left of the entrance is a well equipped ladies' department, a separate window having been set aside for their use. The ladies' room has also been provided with private telephone, lavatory, toilet, etc. The furniture is of mahogany and the floor is covered with Oriental rugs.

At the right of the main entrance are the desks of the officers and in the rear a commodious directors' room has been fitted up, which will also be placed at the service of the bank's patrons as a consultation and committee room.

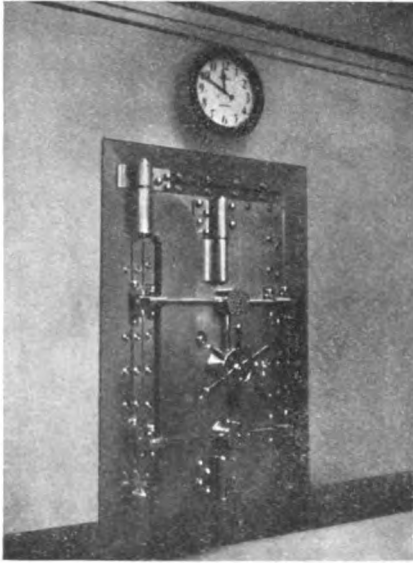
The vault, located in the middle of the banking room, is impressive in its massive security. It is modeled after the vault of one of the great New York safe deposit companies, though smaller. Twelve inches of concrete, embedded with steel rods, form the exterior. Then, a lining of asbestos to insure protection against fire, and finally a lining of three-ply armor plates of steel, composed of separate layers of hardened chrome, bessemer and manganese. The door is twelve inches thick, and it is protected in day time by two combination locks, and at night by a triple time lock of latest improved design. The bank's security chests are divided from the safe deposit department by a heavy steel grille. It is the boast

of the builders that a vault of this design has never been burglarized.

Cozy, sanitary safe deposit booths have been arranged at the right of the vault, easily accessible to renters of boxes, and one



VAULT DOOR, OPEN.



VAULT DOOR, CLOSED.

can in them examine his papers or securities as privately and comfortably as at home.

In the basement is a second vault for storage of silver, furs, valuable bric-a-brac or other articles too bulky for the smaller safe deposit boxes.

Organized in 1888, with a paid-in capital of \$25,000, the Wilmington Savings and Trust Company has grown steadily, until its capital now amounts to \$100,000 and its surplus to over \$225,000. In 1908, \$75,000 of profits were used to increase the capital from \$25,000 to \$100,000. This went to stockholders in the shape of a dividend of 300 per cent.

The present shares have a market value of upwards of 330, and on the basis of the original capitalization this would mean that each original share of \$100 is worth \$1,320, in addition to which regular dividends ranging from six to sixteen per cent. per annum have been paid in cash to shareholders.

The company has \$1,900,000 individual deposits—a line said to be larger than the individual deposits of any other bank in North Carolina—national, state or savings.

The officers of the company are: C. E. Taylor, Jr., president; H. Walters and J. W. Norwood, vice-presidents; J. L. Williams, cashier, and W. H. Moore, assistant cashier. The directors are: H. Walters, J. W. Norwood, C. E. Taylor, Jr., J. V. Grainger, J. W. Yates, William Calder, Henry C. Bear, James H. Chadbourn, Daniel H. Penton, H. L. Vollers, W. V. Hardin, D. O'Connor, Donald MacRae, J. D. Bellamy, Jr., Lyman Delano and N. B. Rankin. The last named was chairman of the building committee appointed by the board of directors and has rendered valuable service in the construction of the new building.

BANK ARCHITECTURE AND EQUIPMENT

By Arthur Rodman, President The Bankers Engineering Company, Chicago

THIS article is designed to be practical rather than rhetorical, so let us get down to business right from the start.

The banker who wants to remodel his old banking plant or build a new one, generally finds himself in a serious quandary as to just what he wants and the most practical way to go about it.

The most common method of procedure is to call in an architect and give him as best he can a general idea of what he thinks he wants. In all probability the architect has never built a bank, and is naturally more in the dark than the banker himself except as to architectural technicalities. He is told to plan a building to cost, say, \$15,000, a like amount, or somewhere near it, being held in reserve for the ground, vault and fixture equipment.

In due course of time the plans are accepted and submitted to contractors for bids. Then it is found that the building alone has consumed most of the appropriation. Radical changes must be made and pet features eliminated, or else sacrifices

must be made on the interior work. The banker practically spends his life on the inside of his bank, and doesn't relish the thought of denying himself many of the comforts and conveniences which he has managed to devise and some of the elegance he has his heart set on.

But something must be done. Either the appropriation must be raised or sacrifices made, and it probably ends in a little of both. Often the building is under way and when equipment experts are called in to fit up the interior it is too often found that the mislocation of a door or a window or a stairway, or possibly the vault, has defeated the most desirable fixture arrangement, which has probably by this time been planned for the banker by men who make this a study, and he must therefore make expensive alterations or endure the inconveniences.

FAULTY SPECIFICATIONS.

Many cases can be cited where extravagance was unknowingly practiced, although



BEFORE

Main entrance of the Oskaloosa Savings Bank of Oskaloosa, Iowa, as it appeared before alterations were begun by the Bankers Engineering Company of Chicago.

intended to be studiously avoided. The use of judicious economy requires practical knowledge, not only of the cost of the various materials to be used, but construction as well. Every line of the drawing represents money, and indifference or ignorance on the part of the architect may cost the banker a great deal of money.

For instance, glance over a plate glass list and see how the addition of only a quarter of an inch to a light of glass will throw it into the next bracket and perhaps double the cost. The same principle applies to points of construction, and should be worked out with real care.

In planning a new banking plant the average banker needs all the expert help he can get. It may be true that occasionally one may know pretty well what he wants, but this is the exception. Frequently a committee is appointed to make a tour of investigation, but they rarely find what they want, for their requirements are different, and what seems to answer admirably for one bank is totally inadequate for another.

EXPERT ADVICE.

There is no argument needed for the statement that the most competent man for you to consult is the man who has de-

voted a great deal of his time to interior equipment, as well as the exterior architecture. Such a man will first study the needs of the working force and the most systematic and convenient methods for handling the business, and then lay out the building. Then the doors and windows and columns and stairways, etc., will all fit into the scheme, and complete harmony will prevail.

The most desirable type of building is what we will call the individual bank building. Many two-story buildings are now being converted into one-story structures, but with the full two-story height, with ceilings varying from eighteen to twenty-four feet, and sometimes even higher, depending on conditions.

This lends character and dignity to the institution that would be hard to acquire in any other way. Sometimes there is a mezzanine floor in front, on which is located the office of an attorney, or some especially desirable tenant. In case of a short lot a mezzanine floor may also be placed across the rear over the vault, for the directors' room, or for special features, like a customers' room, or a room for a watchman.

This leaves the "clear story" for the skylights, in the case of an inside lot, and

plenty of opportunity for embellishment in the way of art glass and decorations.

This style need not be confined to the building placed on a lot forty to fifty feet



AFTER

New front designed by the Bankers Engineering Company of Chicago, showing what can be done to modernize and improve the appearance of a bank's home. This change was effected without interfering with the daily work of the bank.

wide, but will apply with equally satisfactory results to the twenty to twenty-five-foot lot.

LOCATING STAIRWAYS.

When it is desired to have more than a one-story building on an inside lot the best plan is to have the entrance to the stairway and the bank entrance identical, but if on a corner it is generally preferable to have the entrance to the upper floors at the rear, unless local business conditions prevent.

In the one-story type the basement can often be rented to advantage, but generally speaking, it is better to use it only for the heating plant and storage. In fact it is often used for the safe deposit vault, this department being featured in this way.

ADVANTAGES OF AN ATTRACTIVE EXTERIOR.

The front, of course, is the main feature on an inside lot, and with the use of columns can be made very attractive, and at a reasonable cost. Bedford stone is a good material to use. It is not only pleasing to the eye, but shows massiveness and strength.

Glazed terra cotta is also good, and the soft-tinted cream color produces a most striking effect. In a plain design there is not much difference between the cost of these materials, but in the more ornate designs where there is much duplication of parts terra cotta is cheaper.

A careful combination of stone, terra cotta and brick can be made to form a pleasing contrast, and reduces the expense.

MISCELLANEOUS SPECIFICATIONS.

Steam or hot water system of heating is almost universally used, the latter being somewhat more expensive to install, but generally considered less expensive to maintain and rather more satisfactory.

A good tin roof costs more to put on than gravel, but it is liable to need less repairing. Either one is good if well done.

Vaults are now practically all re-enforced concrete, railroad iron, steel I beams or twisted rods being used for re-enforcing. Concrete walls not only occupy less space than brick walls, but they are also fire-proof as well as practically burglar proof. Inasmuch as there must be a foundation it is an excellent plan to make this form a storage compartment, using an old door, if one can be had, although a new one need not be anything more than an ordinary fireproof one.

A half-inch steel lining is often put in for a "talking point," and is necessary where electric protection is wanted, but so



BEFORE

A typical example of the old-fashioned corner entrance that cuts off valuable lobby space.

far as a burglar proof proposition is concerned anything less than a triple thickness aggregating one and one-half inches is not considered a good investment.

It is generally preferable to have a sepa-



AFTER

View showing entrance changed so as to enlarge the size of the lobby. Executed by the Bankers Engineering Company of Chicago.

rate entrance for the safe deposit vault, but many good banks have but one door, with a grille to separate the two compartments.

VARYING USES OF MARBLE.

Marble counters are almost entirely in vogue. The cost is not greatly in excess of mahogany, and requires practically no care. White Italian, with a Vermont green base, is used in combination, and the wainscoting on the building walls is usually made to match the counter work.

Skyros, a highly colored Greek marble, is being used a great deal in the last few years, but costs more than double the Italian.

Mahogany woodwork is in general use in

Ceramic mosaic is very desirable for lobby floors, and Tennessee marble in large pieces also makes an excellent floor.

It is very easy to overdo the decorating, and to obtain the best results great care must be exercised. The artistic blending of tints to make them harmonize with the marble and woodwork, and the plain, simple designs of stencilling must be handled by an artist familiar with bank work.

ESTIMATED COST OF THE MODERN BANK BUILDING.

Now, for a few figures. These figures are for the entire plant,—building, vault, and complete interior equipment, turned over ready for business:

NO.	LOCATION	NEW OR		STORIES	MATERIAL	VAULT			FIXTURES	COST
		REMODEL	SIZE			DOORS	FLOOR			
1	Corner	New	22x60	1	Brick	Concrete	1	Tile	Oak	\$6,500
2	Corner	New	22x80	1	Brick & Stone	Concrete	2	Tile	Marble	9,500
3	Corner	New	25x50	1	Brick & Stone	Concrete	1	Tile	Marble	12,000
4	Corner	Remodel	23x60	2	Terra Cot.	Old	Old	Tile	Marble	12,000
5	Corner	New	24x80	2	Brick & Stone	Concrete	1	Tile	Marble	13,000
6	Inside	Remodel	23x90	2	Stone	Concrete	2	Tile	Mahog.	15,000
7	Inside	Remodel	33x110	2	Brick	Concrete	2	Tile	Marble	20,000
8	Inside	Remodel	40x70	1	Brick & Stone	Concrete	2	Tile	Marble	20,000
9	Corner	New	45x90	1	Stone	Concrete	2	Marble	Marble	40,000
10	Corner	New	40x80	5	Stone	Concrete	2	Marble	Marble	65,000
11	Inside	Remodel	50x100	1	Marble	Concrete	3	Marble	Marble	80,000

connection with either Italian or Skyros marble, and it will always be in style. The window and door trim should be of the same material, although birch in mahogany finish is often used, and reduces the expense.

The facts and figures forming the basis of this table represent actual jobs which have been successfully handled in the manner outlined in this article, and handled to the complete satisfaction of the banks now occupying their own individual quarters.

AMERICAN NATIONAL BANK, SAN DIEGO, CAL.

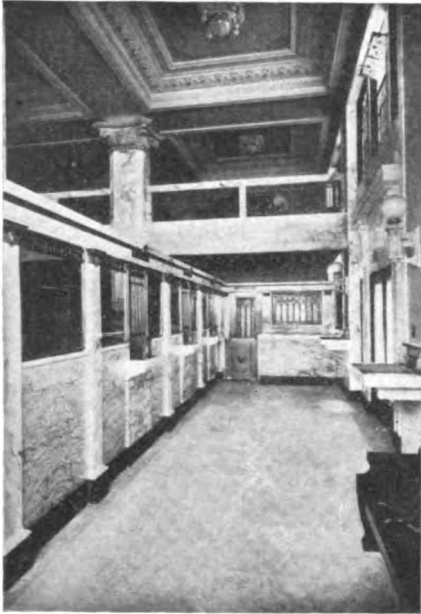
THE American National Bank of San Diego, Cal., was organized in 1904 and now has a paid-up capital of \$100,000 and deposits of more than a million and a half dollars. Since taking possession of

bank are the public offices of Cashier C. L. Williams and Assistant Cashier L. J. Rice. The cages of the tellers adjoin these public offices. The construction of this building is only another evidence of the progressive character of the bank and the prosperity that has come to it because of its progressive management.

The active executive officer is C. L. Williams, the cashier, who has put his whole life into the building up of the bank, and succeeded in accomplishing not only the creation of a big banking business, but has won for himself a strong place in the business and social life of San Diego. In L. J. Rice he has an able lieutenant, in whose hands lies the detail management of the institution.

J. W. Sefton, Jr., is president and R. M. Powers and I. Isaac Irwin vice-presidents. Mr. Sefton is one of the wealthiest residents of San Diego. He possesses a fortune that runs upon into the millions and is in close personal touch with the business life of the city. He is one of the most active directors of the San Diego Chamber of Commerce and is vice-president and principal owner of the San Diego Savings Bank.

Reproduced herewith are a number of



CORRIDOR AMERICAN NATIONAL BANK,
SAN DIEGO, CAL.

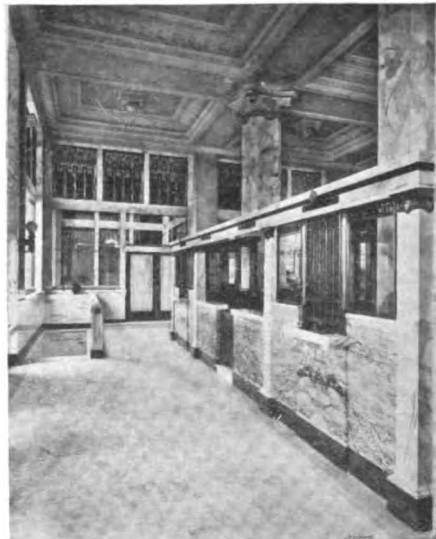
its new building last Fall, the American National Bank has secured over four hundred new accounts.

The new structure, of the skyscraper type, is declared to be one of the handsomest bank and office buildings ever built on the Pacific coast. It is tall, covers a large ground area and possesses lines that commend it to those who have the artistic sense highly developed.

The first two floors and basement are devoted to the uses of the bank. In the basement are the safety deposit vaults, committee rooms, coupon rooms, etc. On the street floor are the main banking rooms and private offices of the president of the bank and the cashier. On the mezzanine floor are some of the bookkeepers' desks, filing rooms, etc.

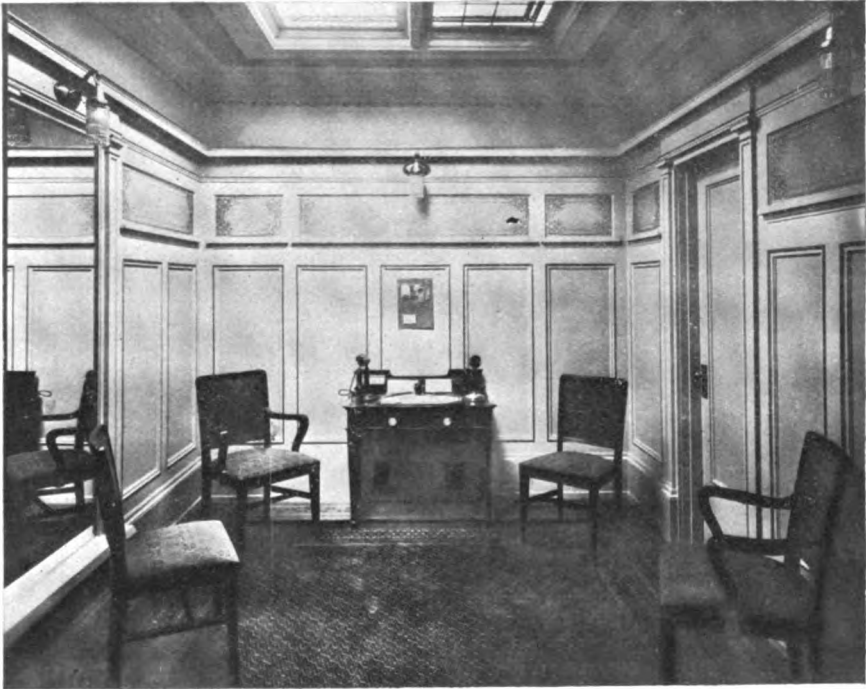
The construction of the banking room is of the very highest character. Marble, mahogany and bronze are the materials used, and their arrangement is such as to make it one of the handsomest banking rooms on the American continent.

Directly opposite the main entrance to the



ANOTHER VIEW OF CORRIDOR, AMERICAN
NATIONAL BANK, SAN DIEGO, CAL.

views that show the handsome fittings of the American National Bank. The furniture, etc., comes from the bank equipment house of Neary and Alford Co., San Francisco and Chicago.



LADIES' ROOM, AMERICAN NATIONAL BANK, SAN DIEGO, CAL.



DIRECTORS' ROOM, AMERICAN NATIONAL BANK, SAN DIEGO, CAL.



SAFE DEPOSIT VAULTS, AMERICAN NATIONAL BANK, SAN DIEGO, CAL.



DOOR OF SAFE DEPOSIT VAULTS, AMERICAN NATIONAL BANK, SAN DIEGO, CAL.

SAVINGS IN MEXICO—THE MEXICAN SAVINGS FUND

(FONDO MEXICANO DE AHORROS)

UNTIL a short time ago Mexico had no regular savings banks. Some banks received deposits of small amounts and invested them in the same form as their

cially to the encouragement of saving in the country. The board of directors is composed of men of good standing, whose names are a guarantee of careful management.



MEXICAN SAVINGS FUND
(FONDO MEXICANO DE AHORROS, S. A.) FRONT VIEW. 6A CALLE DE BOLIVAR N. 57 AND 59 MEXICO CITY

other funds and granted no special facilities or inducements for savings.

At the close of 1910 a group of well-known business men of Mexico City, with capital and experience, established a joint stock company called the Mexican Savings Fund (Fondo Mexicano de Ahorros), with a capital of \$1,000,000, and devoted spe-

The company offers several forms of savings, and among them its savings bonds, cooperative debentures and consumer's certificates deserve special mention.

SAVINGS BONDS.

The savings bonds are of three denominations: \$100, \$200, and \$500, all payable by

monthly installments and redeemable by monthly drawings. They are all for a term of seven years, and unless redeemed within this time they are cancelled at maturity. Subscribers to \$100 bonds have to pay \$1 monthly for eighty-four months; those to



ALONSO DE REGIL.

PRESIDENT MEXICAN SAVINGS FUND. (FONDO MEXICANO DE AHORROS, S. A.)

\$200 bonds \$2, and those to the \$500 bonds, \$5. The difference between the eighty-four payments and the face value represents the earnings of the bonds.

This would not much exceed the ordinary working of annual or semi-annual compound interest. But the company does better than such accumulation. On drawing the bonds before maturity these are entitled to receive more than the amount paid to date plus interest, a portion of the earnings of the institution being distributed to the holders. If the bond drawn has covered up to six installments it is cancelled for twenty per cent. of its face value, the holders receiving, then, a bonus in cash of more than twice what they paid. If the bond has covered more than six installments and up to twelve it is cancelled for forty per cent. of its face value; if more than twelve payments have been made and up to eighteen, it is cancelled for sixty per cent., and if it has covered more than eighteen installments it is cancelled for its face

value. In this last instance a holder of a \$500 bond who has paid nineteen installments of \$5, or \$95, may receive the \$500 in full.

Bonds belonging to disabled or deceased holders are redeemed also at the time of the accident and in a like proportion.

As all the bonds are freely transferable, they represent a saving obligation limited to the wishes or ability of subscribers.

Savings bonds are accepted by the company as collateral for loans, so that any subscriber temporarily unprovided with funds need not lose either his savings or the advantages incident to the bond.

All moneys received from subscribers are invested in first-class guaranteed loans, which earn sufficient to cover the cumulative interest, a fair dividend to stockholders and leave a remainder to be distributed between bondholders.

This system is far from being a lottery scheme since no one loses his capital or interest. The portion of profits distributed



RAFAEL ESPIN

MANAGING DIRECTOR, MEXICAN SAVINGS FUND. (FONDO MEXICANO DE AHORROS, S. A.)

to bondholders is not taken from the accumulating funds, nor is such distribution made at the expense of the company's regular earnings, which are reasonably protected. Small amounts of money which are not apt to earn above a very low interest are taken

care of at a fair rate and the balance of earnings is large enough to provide for both the company and the bondholders.

The Mexican people well understand the advantage of the system, and bonds have been subscribed all over the country, the company having had to establish 179 agencies for the purpose. Drawings have been made punctually and all drawn bonds have been duly paid. The results have been quite gratifying. On the thirty-first of December, 1911, on which date the company closed its first fiscal year, there were outstanding 5,806 bonds of \$100, series A; 1,582 bonds of \$200, series B; 1,479 bonds of \$500, series C, or in all 8,867 bonds of a nominal value of \$1,638,500. During the same period there were drawn and redeemed 363 bonds with a face value of \$63,500—a record which speaks for itself.

COÖPERATIVE DEBENTURES.

The coöperative debentures, a new form introduced by the company for the purpose of building and acquiring homes, are also very attractive and illustrate the power of compound interest put to work under honest management.

These debentures are issued in three denominations: \$200, \$300 and \$500, all running for a term of seven years, and redeemable before maturity by means of monthly drawings also.

Subscribers to \$200 bonds must pay an entrance fee of \$2 and \$2 monthly for eighty-four months; those to \$300 and \$500 bonds, respectively, \$3 and \$5 for the same period. Holders of \$200 bonds are entitled, when drawn, to receive either a house of the value of \$1,000, or this sum in cash, and all future payments on the bond cease. The \$1,000 is to be refunded to the company by 100 monthly installments of \$10 without interest. Holders of \$300 and \$500 bonds are entitled to the same advantages, only that the value of the house or the cash amounts, respectively, to \$1,500 and \$2,500, which sums are to be refunded to the company in 100 monthly installments of \$15 or \$25 without interest.

Holders of bonds which have not been drawn until maturity are entitled to receive on them and in future interest at the rate of six per cent., and when drawn the same conditions prevail except that the sum to be refunded to the company in this instance is only the balance of \$800, \$1,200 or \$2,000, the bond being taken for its full value as cash.

The company allows the prepayment of the eighty-four installments and pays the interest at the rate of six per cent. on the face value until the bond is drawn and cancelled. A subscriber wishing to prepay all his installments on a \$500 bond would have to pay \$425 and would earn interest on \$500. Should the bond be drawn within the next month he would receive a house or

cash for \$2,500 and would have to refund the company the balance—\$2,000—by eighty installments of \$25 without interest—a very easy and convenient way to acquire a home and a very attractive method of stimulating savings.

It is undoubtedly a clever and ingenious combination and is bound to meet with success.

Every new home built in a city adds to its importance—physically and morally—and the Mexican Savings Fund is to be



FRANCISCO BARBARA
CASHIER MEXICAN SAVINGS FUND. (FONDO
MEXICANO DE AHORROS, S. A.)

credited with the merit of improving in this form the capital of the Mexican Republic. Workmen's dwellings are not erected in fashionable quarters but in the outskirts where land still commands a low price. In time these improvements will benefit the locality, as places that were before unpopulated and uncared for may be converted into pleasant districts, full of life, and where hygienic conditions will have been greatly improved.

CONSUMERS' CERTIFICATES.

Consumers' certificates are a step further in the well-known profit-sharing distribution and are handled by the company or



MEXICAN SAVINGS FUND. (FONDO MEXICANO DE AHORROS, S. A.) INTERIOR OF MAIN OFFICE



MEXICAN SAVINGS FUND. (FONDO MEXICANO DE AHORROS, S. A.) MANAGER'S OFFICE

the basis of compound interest also. Merchants willing to give bonuses to their customers are provided with one, five, twenty and 100 cent coupons which they give away with cash purchases. When \$10 is accumulated in these the company converts them into certificates of this denomination and these are cancelled by means of monthly drawings at face value, all being redeemable within ten years from date of issue. In this form purchasers are practically refunded the value of their cash purchases.

Natural competition between merchants

collection of drafts, interest coupons, etc., in most of the cities of Mexico. It conducts also a mail system to facilitate deposits, payments and collections.

TRUST DEPARTMENT.

Recently it has established a trust department operating on the same lines as the American trust companies. This department has been placed under the management of Messrs. J. A. Godoy and Joaquin Ancona, both competent, skilled and honor-



MEXICAN SAVINGS FUND. (FONDO MEXICANO DE AHORROS, S. A.) ADVERTISING DEPARTMENT.

guarantees the public against overcharge in prices, and while cash purchasers are benefited and can save money without any special effort, merchants obtain the advantage of a steady increase in their cash sales.

GENERAL BANKING BUSINESS.

The business of the Mexican Savings Fund is not confined to the issuance of bonds, debentures and certificates already described. It also carries on general banking in all its branches. It receives money on deposit subject to check, savings pass-book or certificate at four per cent. interest, buys and sells foreign and domestic exchange, issues letters of credit, loans money on real estate securities, and other collateral, discounts commercial paper and attends to the

able gentlemen. The trust department acts as trustee for estates, individuals and corporations, takes charge of the issuance of bonds and stocks, of the registration and transfer of same, guarantees titles, mortgages and individual credits, purchases, sells and holds patents and trade marks, purchases and sells for others real estate and securities and promotes the establishment of agricultural, industrial and mining enterprises in Mexico. It devotes special attention to investigating and reporting on investments in Mexico and undertakes to represent foreign stock and bondholders in the country.

The scope of the Mexican Savings Fund is very broad and it has an enormous field to operate in. Well conducted as it is, there is every reason to believe that it will meet with success.

SCIENTIFIC LIGHTING OF BANKS

A FIRST prerequisite in the construction and equipment of a bank's quarters is the installation of an adequate, wholly satisfactory lighting system—one that will eliminate all glare and shadows and make the moving of books and papers to a point of vantage entirely unnecessary.

The cheapness and efficiency of electrical power, as produced in almost every city in the land, narrows considerably the selection by the banker of fixtures for his institution. Usually such details as the specifications for lights are left to the discretion of the architect, but of late the architect has thought it best, on a great many jobs, to delegate such work to specialists who have made the perfect diffusion of light a matter of serious study, and have worked out systems of concealed lighting, which are nothing more or less than the practical application of the optical laws governing the refraction and reflection of light rays.

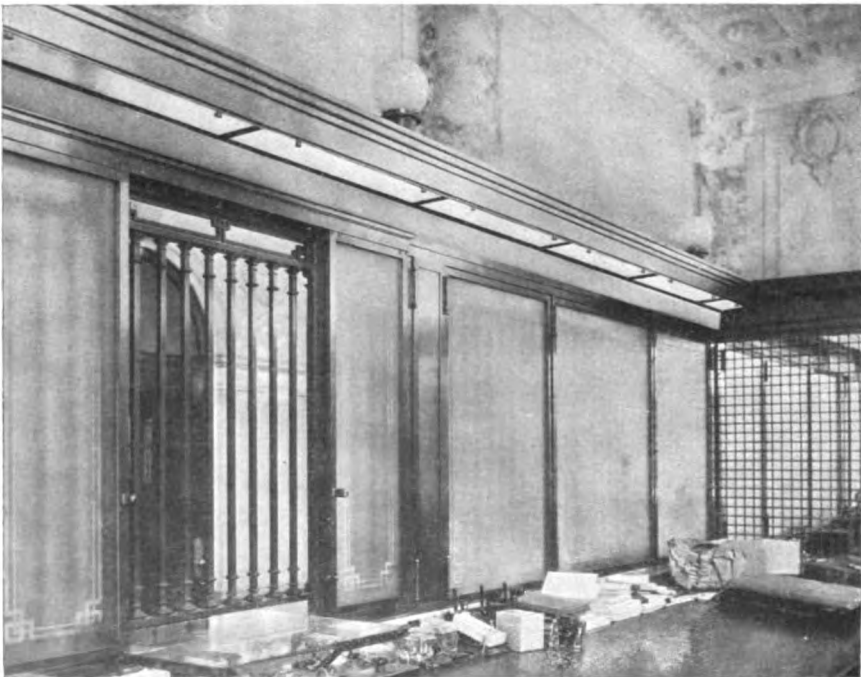
Prominent among the many banks now getting splendid results from the Frink System of Concealed Lights are the National City and Fourth National Banks of New York, and the First National Bank of Denver.

In the National City Bank the Frink System is applied to the marble cornice, and has a cold-drawn bronze frame running continuously around the inner side of the main screen cornice, with a switch arrangement for lighting each cage separately. The bronze frame of the Frink System serves as an extra molding or finish to the inner side of the cornice and thereby cuts down the estimates of the bronze manufacturer, the electrical contractor and the screen maker.

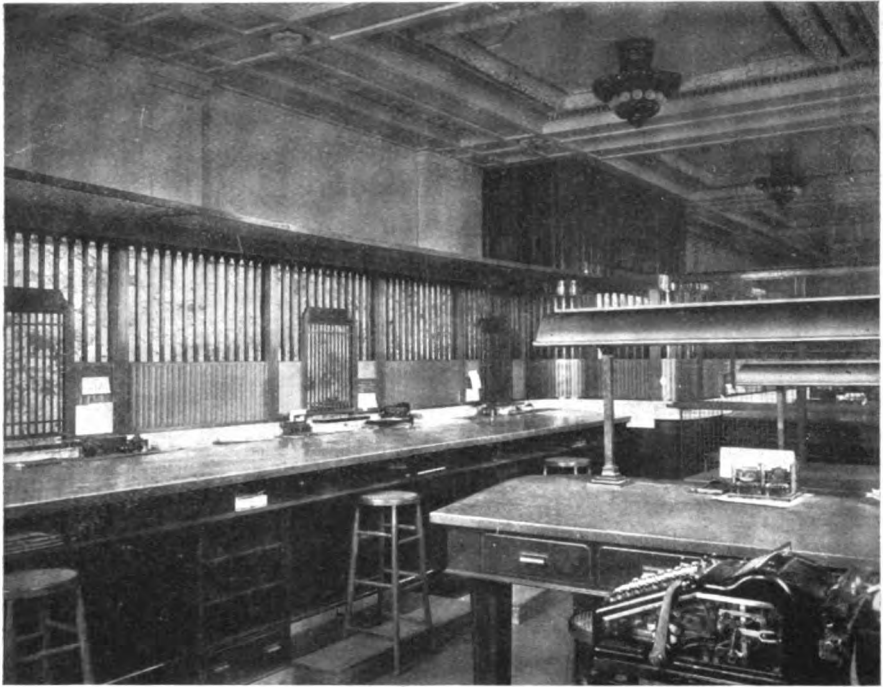
The Fourth National Bank of New York is one of the leading financial institutions of the United States, and has one of the largest and best equipped banking rooms available, this space covering approximately 10,500 square feet.

The scientific illumination of the working surface situated in the various parts of this area was designed to meet the most exacting conditions, each desk, counter and table receiving individual treatment.

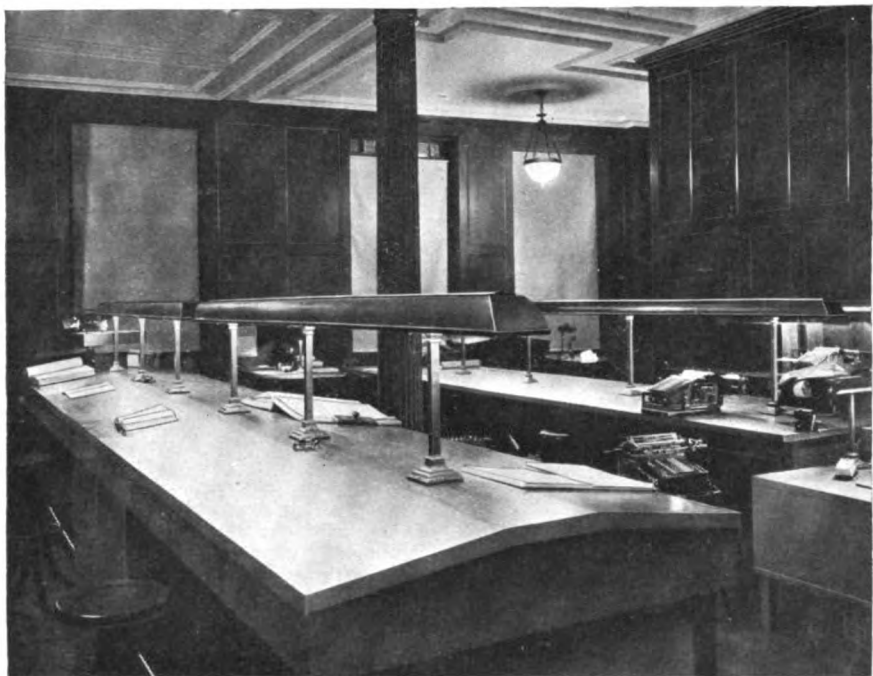
A lighting system for a bank of this character must work itself into the details of the equipment and not detract from the dignity and simplicity, and be rich but not gaudy. The prevailing finish of the interior of this particular installation is Old Eng-



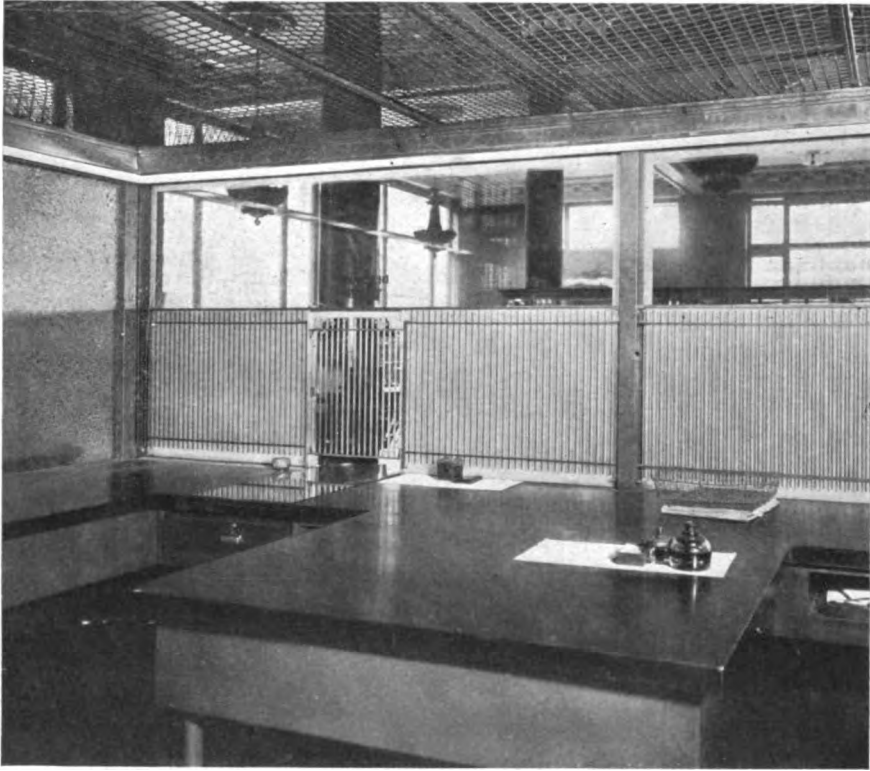
FRINK LIGHTING IN THE BANKING ROOM OF THE GERMANIA LIFE INSURANCE COMPANY,
NEW YORK



FRINK LIGHTING SYSTEM AS INSTALLED IN THE IMPORTERS & TRADERS BANK, NEW YORK



INTERIOR FOURTH NATIONAL BANK, NEW YORK, SHOWING FRINK LIGHTING SYSTEM AS USED ON DESKS



LIGHTS AT TOP OF SCREEN IN THE MECHANICS AMERICAN NATIONAL BANK, ST. LOUIS, MO.

lish Oak, consequently the entire Frink equipment of fixtures and reflectors for the bank screens, desk, etc., were made of cold-drawn bronze, statuary finish.

The J-M Linolite 16 c. p. carbon lamp was chosen as the source of light for all fixtures. The very efficient manner in which the rays of light from this lamp are distributed and directed without glare over the working surfaces is shown in the accompanying illustration. Another noteworthy feature of this is the very agreeable effect of the yellow light from the carbon lamp as it mingles with the sombre tones of the old English oak and bronze.

The First National Bank of Denver has quite recently installed Frink's combination cornice and light diffusing reflector system, the very latest development in high-class bank equipment. The reflector on the main cornice lights the desk and forms a finish to the inner side of the cornice. The reflector on the partition screen takes the place of the ordinary cornice and lights the desks on both sides. The partition screen reflector dowels in the main screen reflector, also in a blind cornice of the same design at the back of the cages.

The J-M Linolite lamp referred to as in-

stalled in the Fourth National Bank of New York is a lamp particularly adaptable to a large percentage of bank installations. It consists of a glass tube one inch in diameter and eleven and seven thirty-seconds inches long, without fittings; thirteen and a quarter inches long when used as a single lamp section, and twelve inches from center to center when used continuously. The carbon or tungsten filament extends from end to end through the center of the tube. A cap or base is at each end, forming the contacts. The glass area of the lamp is thirty-one square inches—almost double that of the ordinary tubular or bung-hole lamp, and about twenty per cent. greater than the ordinary bulb lamp of equal wattage. This increase in area forms an additional surface, which gives a longer period before the lamp has reached its "smashing point."

"Frink" Reflectors have long been recognized as embodying the highest perfection in art, efficiency and quality. At the World's Columbian Exposition in 1893, at the Paris Exposition in 1900, at the Pan-American Exposition in 1909, Alaska-Pacific-Yukon Exposition in 1909, they received the highest awards.

I. P. Frink Company, designers and man-

ufacturers of lighting specialties, are not only the largest and oldest makers of reflectors, dating back to 1857, but have to their credit a large number of the more recent installations of world-wide importance than any other reflector manufacturer

in the world. H. W. Johns-Manville Co. are the sole selling agents for the entire Frink line.

The I. P. Frink Company also manufactures for them the well-known system of illumination known as "J-M Linolite."

CONVENTION DATES

Florida—Key West, April 4 and 5. Secretary, George R. DeSaussure, Jacksonville.

Louisiana—Covington, April 26 and 27. Secretary, L. O. Broussard, Abbeville.

Texas—San Antonio, May 7, 8 and 9. Secretary, J. W. Hoopes, Austin.

Oklahoma—Tulsa, May 10 and 11. Secretary, W. B. Harrison, Enid.

Arkansas—Little Rock, May 14 and 15. Secretary, Robert E. Wait, Little Rock.

Mississippi—Gulfport, May 21, 22 and 23. Secretary, R. Griffith, Vicksburg.

Alabama—Mobile, May 17 and 18. Secretary, McLane Tilton, Jr., Pell City.

Maryland—Blue Mountain, June 20, 21 and 22. Secretary, Charles Hann, Baltimore.

Missouri—Joplin, May 21 and 22. Secretary, W. F. Keyser, Sedalia.

Kansas—Topeka, May 23 and 24. Secretary, W. W. Bowman, Topeka.

California—Long Beach, May 23, 24 and 25. Secretary, F. H. Colburn, San Francisco.

Georgia—Atlantic Beach, Fla., May 24 and 25. Secretary, L. P. Hillyer, Macon.

Tennessee—Knoxville, May 29 and 30. Secretary, F. M. Mayfield, Nashville.

New York—Buffalo, June 13 and 14. Secretary, William J. Henry, New York City.

Minnesota—State Agricultural College, St.

Paul, June 14 and 15. Secretary, Charles R. Frost, Minneapolis.

Idaho—Cœur d'Alene, June 17, 18 and 19. Secretary, J. W. Robinson, Boise.

Pennsylvania—Bedford Springs, June 18 and 19. Secretary, D. S. Kloss, Tyrone.

Virginia—Old Point Comfort, June 20, 21 and 22. Secretary, Walker Scott, Farmville.

Oregon—Portland, June 21 and 22. Secretary, J. L. Hartman, Portland.

South Dakota—Belle Fourche, June 26 and 27. Secretary, J. E. Platt, Clark.

North Carolina—Morehead City, June 26, 27 and 28. Secretary, William A. Hunt, Henderson.

Washington—Tacoma-Olympia, June 27, 28 and 29. Secretary, P. C. Kaufman, Tacoma.

North Dakota—Jamestown, June ——. Secretary, W. C. Macfadden, Fargo.

South Carolina—Charleston, July 5 and 6. Secretary, Lee G. Holleman, Anderson.

Wisconsin—Milwaukee, July 24 and 25. Secretary, George D. Bartlett, Milwaukee.

American Institute of Banking—Salt Lake City, Utah, August 21, 22 and 23. Secretary, A. C. Dorris, Nashville, Tenn.

American Bankers' Association—Detroit, week of September 9-14. Secretary, Fred E. Farnsworth, 11 Pine street, New York City.

TELLERS' WORRIES

RECENTLY, at the time interest was due, a woman bustled in the side door of a savings bank, just before three o'clock. A long line, mostly men, was waiting. She endeavored to step in ahead of the first man. One of the bank employees stepped up to her and told her she would have to take her place in the line and wait her turn. Indignantly she replied:

"It's a nice thing, isn't it, that I should

have to stand here and wait for all these men who haven't a thing to do when I have bread rising at home. I'm in a hurry and I think I should be waited on before these idle men." But at last reports she was waiting her turn, bread or no bread. There are occasions when the domestic problem has to give way to the demands of heartless business.

BANKING AND FINANCIAL NOTES



Merchants National Bank

RICHMOND, VA.

Capital - - - \$200,000
Surplus and Profits, 1,000,000

This bank is the largest depository for banks between Baltimore and New Orleans. It is Virginia's most successful National Bank. It has the best facilities for handling items on the Virginias and Carolinas. Collections carefully routed. Correspondence Solicited

CHICAGO AND VICINITY

(Office of *The Bankers Magazine*, 115 South LaSalle Street.)

Growth of the First National Bank.

In the statement of the First National Bank of Chicago, submitted under the last call, that of February 20, deposits of \$123,453,984 are shown, this amount representing an increase of more than thirteen million dollars over the figures of January 2, when they stood at \$110,263,189. The First National's affiliated institution, the First Trust & Savings Bank, has deposits of \$33,127,480 in the report presented in response to the State call of February 21, the combined deposits of the two thus aggregating \$176,581,464 at the latest date and comparing with \$165,818,546 at the first of the year. The assets of the two now amount to \$207,496,435—those for the First National being \$147,762,767 and for the First Trust & Savings Bank \$59,733,668.

Some statistics which President James B. Forgan recently laid before the officers and employees gave an interesting insight into the operations of the First National during the past ten years. In that period cash dividends of \$10,960,000 have been paid to

the shareholders and there has been accumulated for them undivided earnings of \$10,079,170. These figures include the capital, surplus and undivided profits of the First Trust & Savings Bank, which aggregate \$6,521,957, and which all represent accumulated earnings. Salaries of \$7,249,859 have been paid to employees during the decade, those figures being 66.1 per cent. of the amount paid to shareholders in dividends and 34.4 per cent. of the combined cash dividends and undivided profits. In 1902 the First National had 455 clerks; in 1911 the total number of clerks in the First National and the First Trust was 608. The creation of a pension fund of \$1,000,000 was one of the incidents of the ten-year period, and out of it there has already been paid \$156,879 in pensions.

New Banks Organizing.

Charters for three new national banks to be started in Chicago have been recently applied for. Several charters have been taken out for state banks since March 1 and more are being contemplated, all of which indicates that the local field for outlying banks still is attractive, despite the fact that nearly fifty state and fifteen national institutions are now operating within the city's limits.

Application has been made to the federal authorities for the right to organize the Ravenswood National Bank, capital \$50,000, to be located in the quarters formerly occupied by the Wilson Avenue Bank, the private banking institution operated by William E. Mason, which failed recently, but will have no relations with the old bank. The stock is being subscribed for at \$125 a share and the premium will create a surplus of \$12,500. The bank will open about May 1.

Adolph H. Wesemann is conducting the legal matters and C. W. Chandler, B. B. Herbert, W. W. Pollock and W. T. Perkins are among the organizers. Mr. Perkins is one of the assistant cashiers of the National City Bank of Chicago.

Another federal charter has been asked for the Tabor National Bank, capital \$50,000, which is to take over the business of the Tabor Savings Bank, a private institution, with deposits of around \$46,000, which was started about a year ago on West Twenty-Sixth street in Lawndale.

The stock of the Tabor National has all been subscribed for at \$120 a share, thus creating a surplus of \$10,000 with which to begin business. The change will be made

SOUND BANKING



GOOD SERVICE

Buffalo Business

We offer correspondents first-class service on BUFFALO business.

If you have a considerable volume of items on BUFFALO write us for terms. We likely can make an arrangement to your advantage.

WE INVITE YOUR ACCOUNT

BANK OF BUFFALO BUFFALO, N. Y.

Capital and Surplus, \$1,000,000

Total Resources Over \$10,000,000

ELLIOTT O. McDOUGAL, Pres't
JOHN L. DANIELS, Cashier
LOUIS C. OLDEN, Asst. Cashier

LAURENCE D. RUMSEY, Vice-Pres't
RALPH CROY, Asst. to the Pres't
CHARLES D. APPLEBY, Asst. Cashier

as soon as authority is granted. The territory served is a residential and business neighborhood populated principally by Bohemian people. The organizers of the new bank are: J. Bartusek, R. B. Klicks, J. T. Slama and Josefa Slama.

A third charter has been applied for by the Lawdale National Bank, capital \$50,000, and the address is given as Hawthorne postoffice.

State Auditor McCullough of Illinois has granted a permit to Frank Ransford, John S. Gleason and Frank Collins to organize the Mercantile Trust and Savings Bank of Chicago with a capital of \$200,000.

Another new bank is to be established in Chicago under the title of the Central Manufacturing District State Bank; it is to have a capital of \$200,000. Its name typifies the locality in which it will operate—the central manufacturing district. The bank will have ground-floor quarters in a building which will be erected at Thirty-fifth street near Center avenue. The interests which will be affiliated with the institution include J. A. Spoor and Arthur G. Leonard, trustees of the Central Manufacturing District; Edward Morris, president of Morris & Co.; W. A. Heath, president of the Live Stock Exchange National Bank; A. Harris, president of the Chicago Wrecking Co.; Arthur Spiegel, Sigmund Silberman, John Magnus, Philip L. Knoedler, David Straus, Harry S. Schram and H. E. Poronto.

The Brookfield State Bank at Brookfield, just west of Riverside, has been organized and will open for business on April 6. Several officials of the Continental and Commercial National Bank have been elected directors. The include Vice-Presidents Ralph Van Vechten and James R. Chapman, and W. W. Lampert, assistant cashier. John F. Hein of the Continental and Commercial W. W. Lampert has been elected vice-presi-

National is president of the new institution. dent and Charles B. Wunderlich, cashier.

These new banks are in addition to the Jefferson Park National Bank, recently started with a capitalization of \$50,000; the Irving Park National Bank, capital \$100,000, which will open for business April 2; the Hyde Park State Savings Bank, capital \$200,000, and the State Bank of Oak Park, capital \$100,000.

That the outlying districts of Chicago still afford opportunities in banking seems evident in that all of the new institutions now being started are located in these various localities. More new banks are contemplated. One of these, if started, will be near Garfield Park on West Madison street, and the other somewhere in the stock yards district.

Central Trust Company of Illinois.

The recent absorption by the Central Trust Co. of Illinois of three other Chicago banks has made it imperative for the com-

The Banker and Tradesman
has for over thirty years
been the representative
financial and business weekly
of Boston and New England

127 FEDERAL STREET, BOSTON

PLANTERS NATIONAL BANK

Richmond, Virginia.



Capital

\$300,000

Surplus and Profits

\$1,385,000

OFFICERS

JAMES N. BOYD

President

J. J. MONTAGUE

Vice-President

RICHARD H. SMITH

Vice-President and Cashier

R. LATIMER GORDON

Assistant Cashier

CONWAY H. GORDON

Assistant Cashier

**Unsurpassed Facilities
for collecting Items
on Virginia and
the Carolinas**

pany to get possession of the remainder of its bank building (formerly owned and occupied by the John R. Walsh chain of financial institutions), as the various departments were so overcrowded as to seriously interfere with efficient work. The second floor was occupied by N. W. Halsey & Co. and the third floor by Hornblower & Weeks. Halsey & Co. have removed to the very desirable second floor corner in the Rookery (La Salle and Adams streets) formerly occupied by the Western Trust & Savings Bank. Hornblower & Weeks expect to remove very soon, but have not as yet found very satisfactory quarters. The bond and trust departments of the Central Trust Co. of Illinois will be removed to the second floor, the real estate to the third floor and the savings department to the ground floor front room formerly occupied by the Home Savings Bank and, later, by the Monroe National Bank.

Brokerage Firm Changes.

Ford R. Carter will retire from the brokerage firm of Carter, Shimmin & Douglass on April 1. The remaining partners will continue the business under the firm name of Shimmin & Douglass, maintaining their present offices on the eighth floor of the Rookery Building.

Miller & Co., now located at 112 South La Salle street, will remove April 1 to the Rookery Building, to the quarters occupied by Holligan & Co.

Von Frantzius & Co., 124 South La Salle street, are to double their office space by taking adjoining rooms.

Clark, Dodge & Co. of New York have opened a Chicago office in the Rookery, under the management of E. P. Truett, who for several years has been connected with the bond department of that firm.

For A. B. A. Investment Section.

Chicago bankers have taken the lead in an effort to establish an investment section of the American Bankers' Association. George B. Caldwell of the Continental and Commercial Trust is chairman of a committee that will meet in Chicago March 29. Other members of the committee are Howard W. Fenton, vice-president of the Harris Trust and Savings Bank; Charles Schweppe, of Lee, Higginson & Company; Ferry W. Leach, of A. B. Leach & Company; Charles Counselman, of Spencer Trask & Company; C. H. Moore, Jr., of Woodin, McNear & Moore, of Chicago; D. Arthur Bowman, of St. Louis; Allen S. Hoyt, N. W. Halsey & Company; J. R. Swan, Kean, Taylor & Company; H. W. Smith, Harris, Forbes & Company, New York; H. W. Briggs, E. H. Rollins & Sons, Boston; G. W. Kendrick, E. W. Clark & Company, Philadelphia;

BINDERS AND BLANKS

OF UNIFORM EXCELLENCE

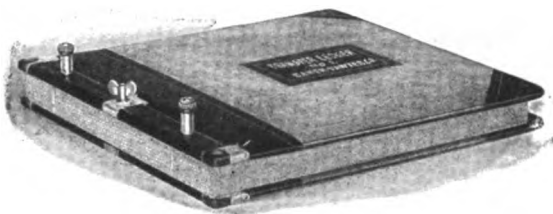
FOR ALL DEPARTMENTS OF BANK ACCOUNTING



BAKER-VAWTER COMPANY

CHICAGO

HOLYOKE, MASS.



Harry E. Weil, Roth & Company, Cincinnati and Chicago; E. M. Stevens, Stevens, Chapman & Company, Minneapolis; H. W. Noble, Detroit, and John H. Porter, Denver.

Chicago Savings Around-\$210,000,000.

Savings deposits of the state banks of Chicago are between \$209,000,000 and \$210,000,000. This is a fair increase, something over \$4,000,000, compared with their deposits on December 6, 1911.

Merchants Loan and Trust Company.

The Merchants Loan and Trust Company of Chicago, at the commencement of business Feb. 21 makes the following excellent statement of condition: Loans and discounts, \$38,845,826; bonds and mortgages, \$9,906,828; cash and due from banks, \$27,167,455; total resources, \$75,920,109. Deposits aggregate \$66,243,839. The capital is \$3,000,000, surplus and profits \$6,492,219.

Mr. Reynolds Addresses Los Angeles Chamber of Commerce.

At the annual banquet of the Los Angeles Chamber of Commerce, held at the Hotel Alexandria, the principal address was delivered by George M. Reynolds, president of the Continental and Commercial National Bank of Chicago, who is taking a well earned rest in California. Mr. Reynolds recounted the history of the American Banking system since the close of the Civil War and from his deductions advocated the establishment of a National reserve association, as recommended by the National Monetary Commission, appointed by Congress in 1908, as being the best available means of making the banking system of the nation fit the financial and business requirements of the country. He declared it a matter for wonder that with the inflexibility of the present system there have not

been more panics and hard times than there have; and said further that no reform in the banking system of the nation can be effected unless large corporations pursue the policy of openness in all their dealings.

The Chamber gave a check for \$5,000 and a six months' vacation to its secretary, Frank Wiggins, who has served faithfully for twenty years.

Austin National Bank Applies for Charter.

The comptroller of the currency has received an application to organize the Austin National Bank, northwest corner of North Park and Chicago avenues, with a capital of \$50,000, F. E. Pray, correspondent, 231 North Central avenue; L. Nissen, M. J. Collins, P. Junkersfeld, and W. F. Biles are the organizers.

Drovers Deposit National Bank.

The last official call from the comptroller brought forth an excellent report of the condition of this bank and its affiliated institution, the Drovers Trust and Savings Bank. The national bank now has deposits of \$10,303,970.40, loans and discounts of \$6,523,825.79 and total resources of \$11,967,559.76. The Drovers Trust and Savings

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There are 365 blank leaves for estimating.

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Rockwell Printing Co.

1112 Clinton St. .. Hoboken, N. J.

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Agents who sell high class trade may write for details



Bank reports total resources of \$3,829,356.53, a surplus of \$100,000 and savings deposits of \$3,463,246.91.

Combined, the deposits of these two institutions approximate fourteen millions of dollars.

Continental and Commercial National Makes Record.

Deposits of the Continental and Commercial National Bank were the highest in the bank's career at the beginning of March, totaling \$184,263,352. This is \$4,219,822 more than was shown at the date of the call on February 20.

The Continental and Commercial, with its affiliated institutions, the Continental and Commercial Trust and Savings Bank and the Hibernian Banking Association, has a grand total in deposits of \$233,039,540. This total compares with a round amount of \$250,000,000 deposits held by the National City Bank of New York.

The combined deposits of the Continental and subsidiaries are held as follows:

Continental and Commercial National	\$184,263,352
Hibernian	26,641,195
Continental and Commercial Trust	22,134,993
Total	\$233,039,540

National City Bank.

GROWTH OF DEPOSITS.

Feb. 5, 1907 (Opening Day)....	\$ 2,198,337.25
Dec. 31, 1907	6,201,815.87
Dec. 31, 1908	12,344,125.88
Dec. 31, 1909	15,243,602.94
Dec. 31, 1910	22,965,928.59
Dec. 31, 1911	27,524,223.90
Feb. 20, 1912 (Last Call).....	30,713,013.20

An Aggressive Banker.

One of the forceful bankers of the country, making a fight for things distinctly worth while, is B. F. Harris of Champaign,

THE BANKERS DIRECTORY

"THE RED BOOK"

In its twenty-eighth year and BETTER THAN EVER

Illinois, president of the Illinois Bankers' Association.

Mr. Harris has taken a firm and vigorous position with regard to requiring private bankers in Illinois to be placed under State supervision. He believes that, "The business of banking is not merely the business of the banker. It is very much more—it is the business of the public."



B. F. HARRIS

PRESIDENT ILLINOIS BANKERS' ASSOCIATION

Among other things he is urging the bankers of his State to work for are better agricultural methods, agricultural instruction in all the country schools of Illinois, better roads, a "blue-sky law"—to protect investors—and the circulation of habits of thrift and saving and the encouragement of wise investing.

National Nassau Bank of New York.

The question of increasing the capital of the National Nassau Bank of New York from \$500,000 to \$1,000,000 will be submitted to the stockholders for approval on

ASSETS REALIZATION COMPANY

CAPITAL, - \$10,000,000

Will loan on security requiring special investigation or close supervision, and not available for bank loans. Large enterprises financed. Prompt investigation of security offered, whatever its character or location.

CORRESPONDENCE INVITED

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25 Broad Street

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Lafayette Building

CHICAGO
First National Bank Building

April 22. It is also proposed to change the par value of the shares from \$50 to \$100. The new stock will be issued at \$150 per \$100 share, to stockholders of record April 19, each holder of two shares of the present stock (par \$50) being entitled to subscribe for one share of new stock (par \$100) payment to be made by May 15. The institution dates to 1852; it entered the National system a year ago, changing its name from the Nassau Bank to the National Nassau Bank. Edward Earl, its president, has been identified with it for twenty-five years.

New York Personals.

Charles H. Sabin, vice-president of the Guaranty Trust Co.; Albert H. Wiggin, president of the Chase National Bank, and James M. Pratt have been elected directors of the Standard Trust Co., 25 Broad street. Mr. Pratt was formerly a vice-president of the Guaranty Trust Co. until his recent election as a vice-president of the Standard Trust Co. The admission of these new interests is the result of the desire of its president, William C. Lane, to strengthen the institution's connections in every way. No merger with the Guaranty Trust Co. is contemplated.

W. H. LEE, President
 D. R. FRANCIS, Vice-President E. B. CLARE-AVERY, Assistant Cashier
 A. L. SHAPLEIGH, Vice-President J. P. BERGS, Assistant Cashier
 GEO. E. HOFFMAN, Cashier D. A. PHILLIPS, Assistant Cashier
 L. K. WISE, Assistant Cashier

The Merchants-Laclede National Bank

OF ST. LOUIS

Capital - - - - - \$1,700,000.00
 Surplus and Undivided Profits \$1,850,000.00

A COMMERCIAL BANK

Interviews and Correspondence Invited

DIRECTORS

JOSEPH R. BARROLL, Butler Brothers J. S. BEMIS, Treasurer Bemis Bro. Bag Co. G. A. von BRECHT, President The Brecht Co. CHAS. CLARK, CHAS. A. COX, President Cox and Gordon Packing Co. S. S. DE LANO, Treasurer American Car and Foundry Co. D. R. FRANCIS, Francis, Bros. & Co. O. L. GARRISON, Pres. Big Muddy Coal & Iron Co.	ELIAS S. GATCH, President Granby Mining and Smelting Co. C. F. GAUSS, Pres. Gauss-Langenberg Hat Co. CECIL D. GREGG, President Evens-Howard Fire Brick Co. Pres. C.D. Gregg Tea & Coffee Co. S. E. HOFFMAN, E. R. HOYT, President Hoyt Metal Co. W. H. LEE, President. B. MCKEEN, Gen. Mgr. Vandalia R. R. Co.	C. W. MANSUR, Secretary John Deere Plow Co. JOHN J. O'FALLON, O. H. PECKHAM, President National Candy Co. DAVID RANKEN, C. R. SCUDDER, Vice-President Sam'l Cupples Envelope Co. A. L. SHAPLEIGH, Treasurer Norvell-Shapleigh Hardware Co. J. J. WERTHEIMER, President Wertheimer-Swarts Shoe Co. C. W. WHITELAW, Pres. Polar Wave Ice & Fuel Co.
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James C. Colgate, of the banking firm of James B. Colgate & Co., has been elected a director of the Merchants' National Bank, to succeed the late Donald McKay.

* * *

Walter E. Frew, president of the Corn Exchange Bank, has been elected chairman of the executive committee of the Washington Trust Company.

* * *

Benjamin S. Guinness, of the Stock Exchange house of Ladenburg, Thalmann & Co., has been elected a trustee of the New York Trust Company, succeeding the late Ernst Thalmann.

* * *

R. Fulton Cutting has been elected a director of the American Exchange National Bank of this city, to succeed his brother, the late William Bayard Cutting, who died on March 1.

* * *

Otis Everett, formerly vice-president of the Industrial Trust Company of Providence, R. I., has been made credit manager of the Guaranty Trust Company. Mr. Everett's connection with the Industrial Trust Company covered a period of ten years, prior to which time he was for about ten years associated with the Third National Bank of Boston.

Alfred M. Barrett, assistant secretary and a director of the Guardian Trust Company, was elected its treasurer recently. The office to which Mr. Barrett has just been chosen is a newly created one.

* * *

John B. Lunger has been elected vice-president of the Equitable Life Assurance Society, filling a vacancy which has existed since shortly after the death of Paul Morton, the society's president, more than a year ago. William A. Day, then vice-president, succeeded as president. Mr. Lunger for the last few years has been vice-president of the Travelers' Insurance Company of Hartford, Conn.

New Trust Company Chartered in New York.

The Transatlantic Trust Company of New York, with a capital of \$700,000 and a paid-in surplus of \$350,000, has filed a certificate of incorporation with the State Banking Department. The company expects to organize about May 1. The incorporators are: H. Reiman Duval, president of the Beet Sugar Company; James G. Cannon, president of the Fourth National; John W. Platten, president, and Calvert Brewer, vice-president, of the United States Mortgage and Trust Company; Richard Schuster, of

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Speyer & Co.; Stuyvesant Fish; Walter Luttgen, of August Belmont & Co.; Henry Wehrhane, of Hallgarten & Co.; Clark Williams, president of the Windsor Trust Company; Walter G. Oakman, Dr. A. G. Gerster, Gustav Leve, Arnold Somlyo, Morris Cuker of New York City.

Broadway Trust of New York Enters the Clearing-House.

With the ratification of the merger of the Broadway Trust Company with the Flatbush Trust Company of Brooklyn, it was announced at a meeting of the stockholders of the former that the enlarged company had been admitted to membership in the Clearing-House Association. This was made possible by the increase in the capital and surplus of the Broadway Trust from \$700,000 to \$1,500,000 and its absorption of the Savoy Trust Company a few weeks ago. The Flatbush Trust Company will be known in future as the Brooklyn branch of the Broadway Trust Company.

Harriman National Bank of New York.

The Harriman National Bank of New York celebrated on March 20 its first anniversary under a national charter. Its deposits are in excess of \$10,500,000 as against deposits of \$4,100,000 twelve months ago. In the early part of the year the bank's capital and surplus were increased to \$1,000,000 and its total resources now approximate \$12,000,000. The figures are taken as an indication of the exceptional growth of Fifth avenue as a business and financial centre.

Bankers' Trust Company of New York Doubles Capital.

The Bankers' Trust Company of New York on March 19 certified to the Secretary of State that it has increased its capital stock from \$5,000,000 to \$10,000,000. The certificate is signed by Charles W. Riecks and Charles J. Fay.

Prepare for Annual Banquet Trust Co. Section, A. B. A.

Preparations are being made for the second annual banquet of the members of the Trust Company Section, American Bankers' Association, to be held at the Waldorf-Astoria in New York on the evening of May 9 next. The meeting of the executive council of the association takes place on May 6, 7 and 8, and the 9th has been selected for the banquet, so as to give the members of the council opportunity to attend.

All indications point to a much larger attendance at the coming banquet, and while it is too early to announce the speakers, it can safely be said that they will be men of national reputation, and that the coming dinner will equal, if not exceed, in interest the last festal spread.

Gotham National Bank, New York.

The Gotham National Bank of New York has had a very successful career since its organization in April, 1910. It is located at Columbus Circle and Eighth Avenue and is the only national bank in that section of the city.

It was organized by Henry H. Bizallion, its present president, who was for many years cashier of the old Riverside Bank. Previous to the merger of that bank with the Northern Mr. Bizallion resigned and with his friends formed the new organization, which is already as large as the old Riverside Bank and has enjoyed a rapid growth and exceptionally good earnings.

Mr. Bizallion enjoys the full confidence of the community in which the bank is located and has been president of the bank since its inception.

Recently Zoheth S. Freeman, vice-president of the Liberty National Bank, was added to the Gotham directorate and the bank clears through the Liberty.

Frederick Fowler, vice-president, was formerly for many years confidential assist-

Capital - \$2,500,000.00



Deposits, \$32,000,000.00

CLEVELAND, OHIO

Surplus and Profits - \$1,545,000.00

ACCOUNTS SOLICITED

Correspondence Invited

Collections a Specialty

ant to Mr. James Stillman, president of the National City Bank of New York, and later vice-president of the New York County National Bank. He is, therefore, well informed on modern and metropolitan banking.

Thomas C. Fry, the cashier, was formerly connected with the First National Bank of Rochester, Pa., where he was made cashier before attaining his majority. He was also cashier of the Citizens National of Monaca, Pa., and secretary and treasurer of the Rochester (Pa.) Trust Co. In May, 1911, he came to New York and became cashier of the Gotham.

A strong board is made up of Charles A. Frank, of Charles A. Frank & Co., bankers, chairman; Henry H. Bizallion, president; Charles A. Christman, lumber; Morton R. Cross, president Cross & Brown Co., real estate; Zoheth S. Freeman, vice-president, the Liberty National Bank; Frederick Fowler, vice-president; Samuel H. E. Jennings, Jennings & Welstead, contractors; Dr. Thomas Kelly, physician; Charles R. Saul, president, Columbia Storage Warehouse; Victor Morris Tyler, vice-president, National New Haven Bank, New Haven, Conn.; William R. Wilder, Wilder, Ewen & Patterson, lawyers; Howard Willets, Willets & Co., commission merchants; Percy G. Williams, president, Orpheum Co.

The latest statement of the bank makes the following showing:

RESOURCES.

Loans and discounts	\$932,195.77
U. S. and other bonds	430,577.02
Due from banks	178,690.74
Furniture and fixtures	3,000.00
Cash	465,433.59
Redemption fund	5,000.00
	<hr/>
	\$2,014,897.12

LIABILITIES.

Capital	\$200,000.00
Surplus and profits	123,704.90
Circulation	100,000.00
Reserved for taxes	2,500.00
Deposits	1,688,692.22
	<hr/>
	\$2,014,897.12

New Bond Manager for Guaranty Trust Company of New York.

Robert H. Cox, formerly assistant secretary of the Guaranty Trust Company of New York, has been made manager of the bond department of that institution. Since graduating from Harvard in 1905, Mr. Cox's rise in the financial world has been rapid. He was first associated with Fisk & Robinson, and in 1909 he entered the employ of the bond department of the Guaranty Trust Company. In 1910 he was appointed chief clerk, which position he occupied until September, 1911, when he became assistant secretary. Mr. Cox's recent promotion again emphasizes the fact that the banking business of New York City is being placed in the hands of young men, for Mr. Cox will not be thirty until his next birthday. He is a native of New Jersey, and received his education at St. Paul's School, Concord, N. H., and at Harvard.

New York Trust Companies Consolidated.

In the case of the consolidation of the Equitable and the Trust Company of America there were special reasons for the union, as the Equitable was practically without a home since the destruction of its offices at the corner of Pine and Nassau streets in the great Equitable Life Assurance Building fire; it had since been occupying temporary quarters at 115 Broadway. The Equitable, in taking over the magnificent building of the Trust Company of America at 37 Wall street, has adequate and spacious quarters for the proper transaction of its business, and it is also ideally located in the heart of the financial district. This merger gives New York City another powerful financial institution, and makes the Equitable one of the strongest and largest trust companies in the country. It has a capital of \$3,000,000, surplus and profits of \$10,366,000, deposits of \$71,000,000 and aggregate resources of close to \$85,000,000. The company will maintain four branches, namely, the "Fifth Avenue," at 618 Fifth

The Union National Bank

CAPITAL \$1,600,000

Cleveland, O.

SURPLUS \$900,000

GEO. H. WORTHINGTON, President

E. R. FANCHER, Vice-President

G. A. COULTON, Cashier

W. C. SAUNDERS, Asst. Cashier

W. E. WARD, Asst. Cashier

E. E. CRESWELL, Asst. Cashier

Q Organized in 1884. More than twenty-five years of service back of us. May we be of use to you?

avenue; the "Colonial," at 222 Broadway; in London, Eng., at 95 Gresham street, and in Paris, France, at 23 Rue de la Paix. The complete official staff consists of: Alvin W. Krech, president; Frederick W. Fulle, Herman Dowd and Lyman Rhoades, vice-presidents; H. Mercer Walker, treasurer; Richard R. Hunter, secretary; Herman J. Cook, Carleton Bunce and George M. Stoll, assistant treasurers; William J. Eck, Lawrence Slade and Duncan P. Squire, assistant secretaries; Roland P. Jackson, trust officer; Edmund L. Judson, manager Colonial branch, and Ashbell Barney, manager Fifth avenue branch.

A. B. A. Committee on Amendments.

The executive council of the American Bankers' Association, at its last session held in New Orleans, November 24, appointed a committee, consisting of F. H. Goff, chairman Trust Company Section; J. F. Sartori, chairman Savings Bank Section, and J. K. Ottley, chairman Clearing-House Section. The special committee was authorized to appoint a committee of seven: "One each from the Trust Company, Savings Bank and Clearing-House Sections and four from the membership at large, exclusive of members of the council, to consider and report to the spring meeting of the council any amendments to the constitution which, in their judgment, may be desirable, as well as to report upon any other amendments which may be submitted to them."

This special committee has just reported the appointment of the following committee of seven:

To represent the Clearing-House Section—Milton T. Ailes, vice-president Riggs National, Washington, D. C.

To represent the Savings Bank Section—E. L. Robinson, vice-president Eutaw Savings Bank, Baltimore, Md.

To represent the Trust Company Section—E. Elmer Foye, vice-president Old Colony Trust Company, Boston, Mass.

From the membership at large—C. H. McNider, president First National, Mason

City, Iowa; E. C. McDougal, president Bank of Buffalo, Buffalo, N. Y.; Lucius Teter, president Chicago Savings Bank and Trust Company, Chicago, Ill.; Montgomery Evans, president Norristown Trust Company, Norristown, Pa.

Spring Meeting of A. B. A. Council.

Under the authority given to the administrative committee by the executive council of the American Bankers' Association, Briarcliff Lodge, Briarcliff Manor, New York, has been selected as the place for holding the spring meeting. The committees will meet on Monday, May 6, and the council will do likewise on Tuesday and Wednesday, May 7 and 8. The spring meeting is always freely attended, and sufficient time is allotted for the sessions so that important matters incidental to the work of the association shall receive suitable attention, discussion and action.

Briarcliff Manor is about thirty miles from New York City on the New York Central Lines. The railroad station is Scarborough. Briarcliff Lodge is located about a mile from the station and is one of the best hotels of its class in the United States. It is ideally located, being removed from the distractions of business far enough to permit the closest attention to the affairs of this association; and this meeting will, as is customary, be void of entertainment features. Briarcliff Lodge opens for the season the week before the sessions are to be held, hence will be almost wholly available for the needs of the American Bankers' Association.

National Bank of Cuba.

The Banco Nacional de Cuba (National Bank of Cuba) has departed from custom at Havana by employing women in the different departments, and excellent results are reported to have been attained. There are in the bank 370 officers and employees, many of whom are taking an active interest in the educational work of the American Institute



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Bankers Building Bureau

Bureau of factories manufacturing every material necessary to complete a modern equipped bank building sold direct to banks, planned and built complete, using highest grade of materials at a conservatively economical price.

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of Banking. The annual report and balance sheet of the bank, as of December 30, 1911, shows total assets of \$36,351,519. The capital is \$5,000,000; surplus and profits, \$1,406,255.

Pittsburgh Bank Organization Progressing.

Organization of the Merchants Bank of Pittsburgh is progressing rapidly. J. S. M. Phillips is to be the cashier, and the following have already accepted places on the board of directors: A. Hillis Boyd, president of the B. B. & B. Trunk Co.; Truman S. Morgan, treasurer and general manager of the F. W. Dodge Co.; George E. Dietz, wholesale hats; W. L. Stewart, wholesale shoes; Allen B. Angney, of Shields, Angney & Young, attorneys, and Clyde Davis, of the Pittsburgh Lunch. The list of directors will be completed about the middle of April.

Peoples' National Bank of Pittsburgh.

This bank, now in its forty-eighth year, makes a splendid showing in its report as of February 20. Capitalized for \$1,000,000, a surplus of \$1,000,000 has likewise been accumulated and the undivided profits fund now exceeds \$900,000. Deposits on February 20 were \$15,057,000.

W. W. Ramsey.

The board of directors of the Third National Bank of Pittsburgh takes pleasure in announcing that William W. Ramsey has been elected vice-president and director of this bank. C. F. McCombe has been appointed cashier.

Mellon National Bank of Pittsburgh.

The deposits of the Mellon National Bank of Pittsburgh, on the date of the last statement to the Comptroller of the Currency for February 20, were \$38,926,281; total cash and due from banks, \$13,797,434; capital, \$6,000,000; surplus, \$1,600,000, in addition to \$105,205 undivided profits, while resources aggregate \$50,256,683. A. W. Mellon is the well-known executive of this bank, and Walter S. Mitchell, cashier.

Commercial National Bank of Pittsburgh.

C. D. Richardson has been appointed assistant cashier of the Commercial National Bank of Pittsburgh. He was heretofore a teller.

Promotion in Baltimore Trust Company.

Charles D. Fenhagen, who has been secretary and treasurer of the Baltimore Trust

Capital - \$6,000,000

Surplus - \$6,000,000



Depository of the
United States, State
and City of New York

The Mechanics and Metals National Bank

OF THE CITY OF NEW YORK

GATES W. MCGARRAH, President.
ALEXANDER E. ORR, Vice-President.
NICHOLAS F. PALMER, Vice-President.
FREDERIC W. ALLEN, Vice-President.
FRANK O. ROE, Vice-President.

WALTER F. ALBERTSEN, Vice-Pres.
JOSEPH S. HOUSE, Cashier.
ROBERT U. GRAFF, Asst. Cashier.
JOHN ROBINSON, Asst. Cashier.
CHARLES E. MILLER, Asst. Cashier.

Company of Baltimore, Md., was elected third vice-president of the institution on March 14. Edwin W. Poe has been chosen to the office which Mr. Fenhaesen vacates. The latter in his new post succeeds Samuel C. Rowland, who was made chairman of the executive committee in January.

Washington Bank Clerks Hear Lecture.

Charles F. Carusi of the District bar and dean of the faculty of the National University Law School, delivered a lecture on "Contracts and Their Requisites," before the Washington Chapter, American Institute of Banking, at 1214 F street northwest, on the evening of March 14. The address was the first of a series of ten law lectures to be given by the institute. W. W. Spaid, of W. B. Hibbs & Co., presided. Julius I. Peyser, vice-president and general counsel of the Merchants and Mechanics' Savings Bank, spoke on "the Validity and Interpretation of Contracts," before the institute on March 21.

Commercial National Bank, Washington, D. C.

At a meeting of the board of directors of the Commercial National of Washington, Frank B. Noyes, president of the Evening Star Newspaper Company, and formerly of the Chicago Record-Herald, was elected a director. The bank at the close of business, February 20, reported deposits aggregating \$5,186,585, which gives this progressive institution the distinction of a place on the roll of five-million dollar national banks. Total resources stand at \$7,373,350.

Philadelphia A. I. B. Banquet.

More than 600 members of the Philadelphia Chapter of the American Institute of Banking attended the eleventh annual banquet held on the evening of March 16, at the Continental Hotel. Former Judge Dimmer Beeber was introduced by John C. Frank-

land, president of the chapter, and presided as toastmaster.

L. Irving Henry, former member of Congress from Delaware, spoke on "How Men Win." He declared that the man who succeeds nowadays is the man who knows how to do one thing and does it well. The first main thing a man must be able to do is to make a living for himself and his family, he said, since winning a financial success is elemental, and one must earn a living before he can aspire to higher spheres of success. Promotions will come because the world needs men of skill.

Robert L. Seeds, a wealthy farmer, of Birmingham, Pa., told "How It Looks From the Road," and declared the movement back to the farm is becoming more general and leading more men into success to-day than any other vocation.

Dr. Paul M. Pearson of Swarthmore College spoke on "Business and Poetry."

The banquet committee included E. J. Morris, J. Norman Ball, John H. Borden, Carl Fenninger, John C. Knox, Charles F. Shaw, N. W. Corson, R. M. Haines, David L. Lewis, John G. Sonneborne and S. W. Waterman.

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Frink System of Bank Illumination



Night View of Counter Screen of
National City Bank, New York

THE Frink System of bank screen illumination, by incorporating the lighting fixtures as a unit part of the screen, presents a symmetrical appearance, and gives a uniform illumination on the entire working surface of the desk. This eliminates the use of brackets, on which make-shift shields of tissue or blotting paper are often placed, and makes it possible for clerks to work at any part of the desk without glare or shadows.

Frink bank reflectors are made of heavy gauge cold drawn bronze, in mouldings to harmonize with the screen cornices.

In quoting prices, floor plan and full cross section of screen are needed.

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1609



DIAMOND NATIONAL BANK

PITTSBURGH. PA.

OFFICERS

WILLIAM PRICE, President
D. C. WILLS, Cashier W. O. PHILLIPS, Asst. Cashier

Capital - - \$600,000.00
Surplus and Undivided Profits 1,622,179.96

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STRENGTH
when selecting a
Reserve Agent
or
Correspondent

Accounts of Banks,
Bankers, Corpora-
tions, Firms and In-
dividuals cordially
invited.

WRITE

Members of the American Institute of Banking in New York, Baltimore and Washington were present. The banquet hall was transformed into a tropical garden with palms and potted plants.

Cleveland Chapter Holds Open Meeting.

At an open meeting of Cleveland Chapter of the American Institute of Banking, held March 12, Prof. A. R. Hatton of Western Reserve University, delivered an address on "Responsible Government." Roscoe P. Sears, auditor of the Cleveland National, discussed the progress of the numbering system adopted by the Clearing-House section of the American Bankers' Association. Music was furnished under the direction of W. H. Kinsey, and selections were rendered by a quartet composed of T. J. McDonough, Charles A. Hyde, George Wesley Smith and Frederic A. Irvine, and by Tracy L. De Forest.

Exchange National Bank of Pittsburgh.

This, the oldest bank of issue in Pittsburgh not merged or consolidated, reports under date of February 20, total resources of \$7,953,046, loans and investments amounting to \$4,815,689, a surplus fund of \$800,000 and total deposits of \$5,182,628.

On May 18, 1911, the Exchange National Bank of Pittsburgh celebrated its seventy-fifth anniversary.

It was originally organized as the "Exchange Bank," under Pennsylvania State charter, in the year 1836, with a capital stock of \$1,000,000. The first board of directors was composed of William Robinson, Jr., Sylvanus Lathrop, James E. Ledlie, George Wallace, Tobias Meyers, B. A. Fahnestock, Samuel P. Darlington, John Grier, John Freeman, W. G. Alexander, James W. Brown, Samuel Baird and Harvey Childs.

William Robinson, Jr., was chosen as the first president and served until the close of 1851, when he was succeeded by Thomas M. Howe. Mr. Howe retired from the presidency in 1860, but continued a director until

his death. He was succeeded as president by James B. Murray, and John H. Schoenberger succeeded Mr. Murray in 1870. Mr. Schoenberger resigned as president in 1881, but continued as director until the time of his death. Mr. Mark W. Watson succeeded him as president, and upon his death was succeeded by Mr. Joseph W. Marsh, the present incumbent.

On April 8, 1865, the bank was chartered under the United States laws and its title changed to "The Exchange National Bank of Pittsburgh."

J. H. Grover Heads St. Louis Trust Company.

James H. Grover, bond officer of the Mississippi Valley Trust Company of St. Louis, has been elected president of the Mortgage Guarantee Company, to succeed Rolla Wells, who recently resigned to become vice-president and a director of the company. Mr. Grover was also elected a vice-president of the Mortgage Trust Company, an affiliated organization. Tom W. Bennett is president of the latter company.

Statement of the Third National Bank of St. Louis.

The Third National of St. Louis has gained over three millions in deposits since the December 5 call, its statement made at the close of business, February 20, showing a total in that item of \$38,297,827. Resources are \$44,423,808; with loans and discounts, \$21,256,847; U. S. and other bonds and stocks, \$3,548,203, and cash and exchange, \$18,668,758.

Bankers' Trust Company of St. Louis.

The Bankers' Trust Company, which owns and controls a chain of country banks, has increased its capital stock from \$1,000,000 to \$1,250,000, the increase having taken place March 1. Stockholders of record on that date were permitted to subscribe for the new stock on most advantageous terms,

Capital, \$1,000,000.00

Earned Surplus, \$1,000,000.00

JOHN B. PURCELL
President

JOHN M. MILLER, JR.
Vice-Pres. and Cashier

FREDERICK E. NÖLTING, 2nd Vice-President

CHAS. R. BURNETT }
J. C. JOPLIN } Assistant
W. P. SHELTON } Cashiers
ALEX. F. RYLAND }

FIRST NATIONAL BANK OF RICHMOND, VIRGINIA

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ON RICHMOND A SPECIALTY

Strong in resources, conservative
in management, progressive in policy

which fact is responsible for the recent high prices obtained for Bankers' shares.

Mercantile Trust Company and Mercantile National Bank of St. Louis.

Th following figures are taken from the joint statement of the Mercantile Trust Company of St. Louis and the Mercantile National Bank of St. Louis—affiliated—under date of February 20:

MERCANTILE TRUST CO.

Demand loans	\$ 4,266,401.16
Cash and Sight Exchange.....	7,094,781.85
Deposits, Demand	11,803,991.07
Deposits, Time	12,067,293.48
Total Deposits	23,871,284.55
Total Resources	33,844,870.24

MERCANTILE NATIONAL BANK.

Cash and Sight Exchange	\$3,300,184.31
Deposits	4,006,194.79
Total Resources	8,328,966.24

Madison, Wis., Banks to Merge.

It is announced that three of Madison's leading banks will merge, the Capitol Bank, the Bank of Wisconsin and the Merchants and Savings Bank. Negotiations have been on for some time and the plans were consummated at a meeting of the directors of the three banks.

Consolidation of Denver Banks.

As the result of negotiations extending over a short period, the business of the Central National Bank of Denver has been consolidated with that of the United States National Bank of Denver, and the consolidated banks will continue under the name of the latter. The merger was but recently completed. The purchase by the United States National does not take with it any interest in the Central Savings Bank and Trust Company.

The United States National in future will do business in the quarters of the Central National at Seventeenth and Stout streets,

in the Equitable building. The old headquarters of the United States National will be closed. The combined deposits total over \$6,000,000, thus placing the sterling institution of which Gordon Jones is the head among the big banks of the country.

The Central National, in consideration of the United States National assuming its deposits, amounting to \$1,800,000, transferred to the latter institution \$800,000 in cash and \$1,000,000 in loans.

The capital of the merged bank will be increased from \$350,000 to \$400,000 and the surplus fund will have a like increase from \$300,000 to \$350,000.

The following are the executive officers of the merged institution: W. A. Hover, chairman of the board; Gordon Johns, president; Henry T. Rogers, vice-president; A. C. Foster, vice-president; W. B. Morrison, cashier; James Ringold, assistant cashier; P. T. Slayback, assistant cashier; B. B. Aley, auditor.

Omaha Banks Reflect Big Business.

Improving business conditions are reflected in the statements of the Omaha and South Omaha national banks, made at the call of the comptroller for February 20. Large gains in deposits and loans are shown over the last previous statement and also over the corresponding statement of a year ago.

Following is a table of comparison of the present statement, in respect to deposits and loans, with the December statement:

ATLANTIC NATIONAL BANK
Providence, R. I.

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From Bank Clerk to Cashier

EDGAR G. ALCORN
Author
of Course

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AMERICAN SCHOOL OF BANKING, 130 McLene Building, COLUMBUS, OHIO

DEPOSITS.

	Feb. 20, '12	Dec. 5, '11
Omaha National.....	\$13,019,200	\$12,066,847
First National	11,703,632	11,021,731
U. S. National	10,690,097	10,273,921
Merchants' National....	6,929,067	6,112,080
City National	2,554,945	2,421,081
Packers' National	2,299,592	2,238,100
Stock Yards National..	7,228,682	6,413,460
Nebraska National	2,087,073	2,051,140
Live Stock National...	1,803,591	1,438,547
Corn Exchange Nat'l..	1,447,304	1,456,122
Totals	\$59,863,002	\$55,493,058

LOANS AND DISCOUNTS.

	Feb. 20, '12	Dec. 5, '11
Omaha National	\$ 7,546,072	\$ 7,509,387
First National	7,664,127	7,128,142
U. S. National	7,104,339	7,008,192
Merchants' National....	4,694,219	4,532,026
City National	1,748,329	1,538,485
Packers' National	1,477,759	1,351,123
Stock Yards National..	4,121,294	4,120,273
Nebraska National	1,123,608	1,156,090
Live Stock National...	1,037,358	866,545
Corn Exchange Nat'l..	1,241,843	1,107,800
Totals	\$37,768,998	\$36,313,063

Banking in Los Angeles.

Fifth street is to be made the financial centre of Los Angeles. The Security Building and the Hotel Alexandria at Fifth and Spring, already house a number of important firms, the Chester Building will soon be completed, and a twelve-story skyscraper, to cost a million dollars, will probably occupy the southeast corner before long. R. A. Rowen & Co. have a thirty-day option on the site, and a syndicate of financial interests is said to be back of the plan. All of the big concerns of the city are gradually gravitating to this centre, which is to be made the Wall Street of Los Angeles.

Hours are to be shortened at the All Night and Day Bank of Los Angeles, due to the fact that but little business is done after ten o'clock at night. Hereafter the hours will be from 8 a. m. to 10 p. m., instead of from seven to midnight.

To Merge Sacramento Banks.

A. L. Darrow, organizer of the Fort Sutter National of Sacramento and successively

cashier and president for many years, has withdrawn from that institution, selling his stock to George Bryte and friends. The amount of stock transferred is worth approximately \$100,000. Mr. Bryte is vice-president of the Sacramento Valley Trust Company, and it is understood that after necessary preliminary steps are taken both institutions will be placed under one general control, the directorship being made up from the present members of the two boards. The capital and surplus of the Fort Sutter National is \$240,000. It will probably be increased to \$500,000. The Sacramento Valley Trust Company has a paid-up capital of \$570,000. The combined deposits of both banks are \$3,000,000.

Meeting of Spokane Chapter, A. I. B.

Thomas Rodgers of the National Bank of Commerce won a silver loving-cup in the adding machine competition at the smoker of the Spokane Chapter of the American Institute of Banking, the evening of March 6, by listing and totaling 100 checks in 105 1/4 seconds, or within a quarter second of the world's record. Charles Ham of the Exchange National Bank was second; Otto Allgaier of the National Bank of Commerce was third. There were thirty-eight entrants. C. J. Wagner of the Old National Bank won the first prize in the physical computation, adding a column seven figures wide and seventeen lines high in forty-eight seconds; C. E. Cooper of the Fidelity National Bank was second and C. H. Hausken of the Old National Bank was third. The judges were Professor M. M. Beddall of the Lewis & Clark high school, George W. Wilson, and M. M. Cook, cashier of the National Bank of Commerce.

Spokane Chapter of the American Institute of Banking is planning to send a full delegation to the national convention, which meets at Salt Lake City in August of this year. The election for delegates to this convention will take place in April. J. W. Bradley, president of the local chapter, will be a delegate by reason of his position as vice-president of the national organization. Strong competition will be manifested in the election of the delegates, and there is also a good deal of interest shown in the annual election of officers, which takes place in April. Several candidates are already before the chapter. W. H. White, of the Spo-

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kane and Eastern Trust Company; B. A. Russell, of the Washington Trust Company, and R. F. Bigelow, of the Old National, have all been mentioned.

Traders' National Bank of Spokane.

This rugged institution of the far northwest reports loans and discounts of \$3,689,985; cash on hand and in other banks, \$2,291,975; deposits of \$5,241,489 and total resources of \$6,960,763. It is capitalized for \$1,000,000 and has a surplus fund of \$200,000.

First National Bank of Portland, Oregon.

At the close of business, February 20, 1912, the First National Bank of Portland,

Oregon, reported loans and discounts amounting to \$7,739,426, surplus and undivided profits of \$1,055,661, individual deposits of \$9,453,767, total deposits of \$13,289,186, and total resources of \$16,303,182. A. L. Mills is president and the other officers are as follows: H. L. Corbett, vice-president; J. W. Newkirk, cashier; B. F. Stevens, assistant cashier; D. W. Ross, assistant cashier; A. O. Jones, assistant cashier; E. R. Corbett, assistant cashier.

American National Bank, Pendleton, Ore.

The capital stock of this bank has recently been increased to \$300,000, thus making the American National Bank of Pendleton the heaviest capitalized bank in Eastern Oregon. This is augmented by a surplus and undivided profits account of \$90,000 and additional liability of stockholders of another \$300,000.

The officers are: W. L. Thompson, president; F. E. Judd, vice-president; J. B. McCook, cashier, and W. S. Badley, assistant cashier.

The affairs of this bank are looked after by an active board of directors, composed of the following well-known local men: W. L. Thompson, F. E. Judd, J. N. Burgess, A. D. Sloan, R. N. Stanfield, J. B. McCook and Thomas Thompson.

Ladd & Tilton National Bank, Portland, Oregon.

The old Ladd & Tilton National Bank of Portland, Ore., shows by its latest statement of February 20 a still further increase in its business, deposits having reached \$13,826,451, and aggregate resources, \$15,687,618. The institution has a capital of \$1,000,000 and surplus and profits of \$821,167. W. M. Ladd is president and W. H. Dunckley, cashier.

American National Bank, Richmond, Va.

The American National Bank of Richmond has increased its capital from \$600,000 to \$1,000,000, making capital, surplus and undivided profits read \$1,660,000. The total resources of this prosperous bank are over seven millions. Oliver J. Sands is president and O. B. Hill, cashier.

Two Valuable Books

This Company is selling agent for these two important English financial books:

Accountancy. 811 pp., cloth, gilt, \$2.00. By FRANCIS W. PIXLEY. An entirely new work dealing with Accountancy, Constructive and Recording, from a theoretical and a practical point of view. The latest exposition of the science.

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Merchants National Bank, Richmond, Va.

The last public statement of this institution was quite in keeping with its steady and, withal, rapid growth and progress. Standing out in marked contrast to the capitalization of \$200,000, is the item of an \$800,000 surplus fund. This evidence of conserva-



THOMAS BRANCH

FIRST PRESIDENT THE MERCHANTS NATIONAL BANK OF RICHMOND, VA.

tive management is further borne out by the other items in the statement of February 20. Loans and discounts are given as \$5,086,672; cash and due from banks, \$2,088,953; undivided profits, \$257,190; deposits, \$6,771,890. The resources now total \$8,329,680.

First National Bank, Richmond, Va.

The report of the First National Bank of Richmond, dated February 20, is quite up to the reputation of this large Southern bank. It is capitalized for \$1,000,000, has a like sum set aside as a surplus fund, and on the above mentioned date was holding deposits of \$7,426,717. The First National has total resources amounting to \$11,368,884.

Planters National Bank, Richmond, Va.

The Planters National Bank occupies a unique position among the national banks

of Virginia, in that while its capital is but \$300,000, it maintains a surplus fund amounting to \$1,000,000. On February 20 it had deposits of \$6,448,313 and total resources of \$8,452,452.

North Carolina Bankers Convention.

At a meeting of the executive committee of the North Carolina Bankers, held at Rocky Mount, February 22, it was decided to hold the next annual convention of the association at the Atlantic Hotel, Morehead City, N. C., June 26, 27 and 28. W. A. Hunt, cashier of the Citizens Bank of Henderson, is secretary.

Carolina National Bank, Columbia, S. C.

This institution, now in its forty-fourth year of unbroken prosperity, has gradually increased its total resources, until at the present time they total \$1,856,903. The bank is capitalized for \$200,000 and maintains a surplus profits fund of \$147,054. At the close of business, February 20, the deposits were \$1,277,382.

The Union National Bank, Columbia, S. C.

In its report as of February 20, 1912, this bank declares itself to be capitalized for \$100,000, to have a surplus fund of \$15,900, undivided profits of \$9,801.26, deposits of \$245,960 and total resources of \$550,887.

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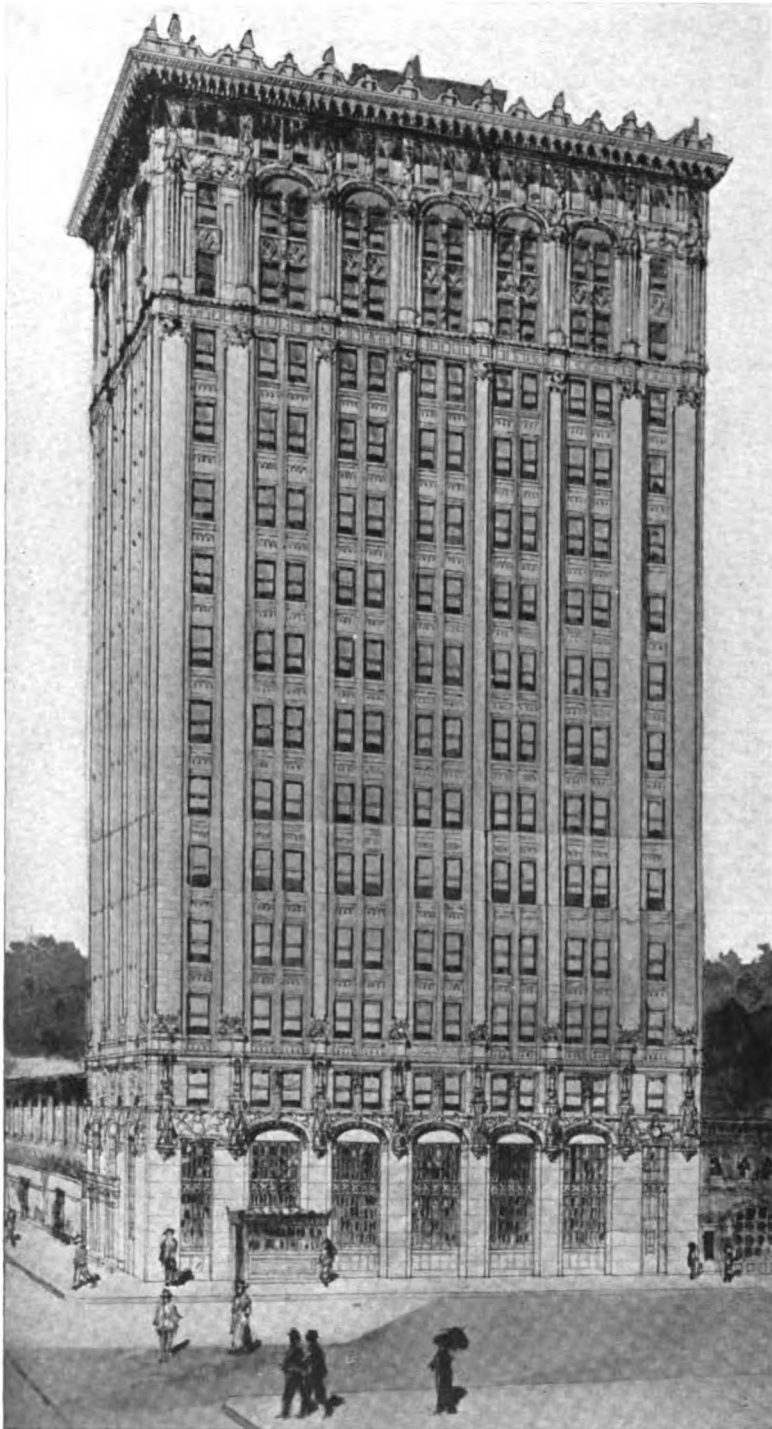
CAPITAL	SURPLUS
\$1,000,000	\$1,000,000

OFFICERS

RUEL W. POOR, President
JAMES McCUTCHEON, Vice-Pres.
WILLIAM L. DOUGLASS, Cashier
ARTHUR W. SNOW, Asst. Cash.

DIRECTORS

James McCutcheon	Samuel Adams
Charles T. Willis	William H. Geishenen
Ruel W. Poor	Morgan J. O'Brien
Thomas D. Adams	



THE PALMETTO NATIONAL BANK, COLUMBIA, S. C.

The National Loan & Exchange Bank of Columbia, S. C.

With very few exceptions the men who direct the affairs of the National Loan and Exchange Bank of Columbia, S. C., have been chosen from the city of Columbia, and represent the thriving business interests of the community. That they are vitally interested in this conservative institution and direct its policies well is evidenced by the following figures, taken from a statement rendered to the Comptroller of the Currency as of February 20:

ASSETS.

Loans and discounts	\$2,188,089.28
U. S. bonds to secure circulation	315,000.00
U. S. bonds to secure U. S. deposits	1,000.00
Other bonds to secure Postal Savings	6,000.00
Premium on U. S. bonds.....	None
Other bonds, etc.	380,807.23
Banking house, furniture and fixtures	191,570.76
Redemption fund with U. S. Treasurer	15,750.00
Cash on hand and due from banks	950,224.49
	\$4,048,441.76

LIABILITIES.


Capital	\$500,000.00
Surplus and undivided profits..	256,304.57
Circulation	308,700.00
Reserve fund	34,325.74
Dividends unpaid	48.00
Deposits—	
Individual	\$1,926,291.32
U. S.	1,000.00
Postal Savings	402.16
Banks	796,369.97
	2,724,063.45
Bills payable	200,000.00
Bills and notes re-discounted...	25,000.00
	\$4,048,441.76

The bank will very shortly let the contracts for another "skyscraper" bank and office building, adjoining the building which is the bank's present home. A genuine demand for modern office accommodations and the need of larger banking quarters has caused this plan to materialize.

Edwin W. Robertson, president of the National Loan and Exchange Bank of Columbia, S. C., is an executive of force and ability. His acquaintance throughout the State is quite extensive and the completion of the new building will be the realization of one of his fondest dreams.

The Palmetto National Bank, Columbia, S. C.

This institution is capitalized for \$250,000, has a surplus and profits fund of \$120,829, a reserve fund of \$15,000 and deposits of



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Capital - - - -	\$300,000.00
Surplus and Profits - - -	390,000.00
Deposits - - - -	5,800,000.00

A. D. BISSELL, President
C. R. HUNTLEY, Vice-President
E. J. NEWELL, Cashier
HOWARD BISSELL, Asst. Cashier
C. G. FELL, Asst. Cashier

\$2,288,235. It had, on February 20, loans of \$1,724,615 and total assets of \$3,047,365. The bank's policy is conservative and yet liberal enough to grant such terms as are consistent with sound banking principles. As may be seen by the accompanying illustration, it occupies quarters in a very modern bank and office building. The Palmetto National Bank is a depository for the U. S. Government, the State of South Carolina, the county of Richmond and the city of Columbia, S. C.

The Lowry National Bank of Atlanta.

This institution was established in 1861 and has had an unparalleled career of growth and success. According to its statement of February 20, the resources have increased to \$8,195,039, while the capital and surplus remain at \$1,000,000 each. The Lowry also reports loans and discounts of \$5,001,235; cash on hand and due from banks, \$1,664,722; circulation, \$983,005; deposits, \$5,018,872.

The American National Bank of Atlanta.

In giving an account of its stewardship, the American National Bank of Atlanta has rendered a well-balanced statement of its resources and liabilities. A summary of this report is given herewith:

RESOURCES.

Loans and discounts	\$3,137,064.51
United States bonds	500,000.00
Other bonds, securities, etc.....	98,199.37
Due from U. S. Treasurer.....	25,000.00
Cash in vault and with banks..	1,284,207.64
	\$5,044,471.52

LIABILITIES.

Capital stock	\$600,000.00
Surplus and profits	556,391.41
Circulation	486,845.00
Deposits	3,401,235.11
	\$5,044,471.52

THE NEGOTIABLE INSTRUMENTS LAW

AS ENACTED IN

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Illinois.
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Third and Revised Edition, 1908

By JOHN J. CRAWFORD, of the New York Bar

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The Barnett National Bank of Jacksonville, Fla.

The oldest bank in Jacksonville (established 1877) reports that business was never better. On February 20 it had loans and discounts amounting to \$5,409,246; capital, surplus and profits of \$1,273,042; circulation of \$380,000 and deposits of \$6,228,829. The Barnett National Bank pays four per cent. interest on savings accounts.

Heard National Bank, Jacksonville, Fla.

This institution is capitalized for \$1,000,000, has a surplus of \$200,000, and deposits



HEARD NATIONAL BANK, JACKSONVILLE, FLA.

of \$814,000. On February 20 it reported loans and discounts of \$713,531.23 and resources totaling \$2,020,935.93.

Atlantic National Bank, Jacksonville, Fla.

The Atlantic National Bank of Jacksonville has capital, surplus and undivided profits aggregating over \$1,000,000. It has always maintained as liberal a policy as safe

and sound banking methods warrant, and is a designated depository of public moneys of the United States of America, State of Florida and city of Jacksonville.

A savings department is maintained, in



ATLANTIC NATIONAL BANK, JACKSONVILLE, FLA.

which interest is paid at the rate of four per cent. per annum, compounded quarterly.

On February 20 the Atlantic National reported loans and discounts of \$4,022,276; deposits of \$5,217,030 and total resources amounting to \$6,610,536.

Birmingham Trust and Savings Co.

The Birmingham Trust and Savings Company of Birmingham, Ala., at the close of business, February 20, makes the following favorable report: Loans and discounts, \$3,443,917; U. S. and other bonds, \$214,715; cash and due from banks, \$1,565,756; total resources, \$5,455,072. The capital is \$500,000; surplus and profits, \$533,096, and deposits, \$4,421,976.

First National of Birmingham.

The First National of Birmingham, Ala., makes the following gratifying report of condition at the close of business February

20: Loans and discounts, \$7,812,669; U. S. and other bonds and stocks, \$2,273,000; cash and due from banks, \$5,692,523; total resources, \$15,968,856; deposits, \$11,665,784. The capital is \$1,500,000; surplus and profits, \$1,570,872.

American Trust & Savings Bank of Birmingham.

This prosperous institution is capitalized for \$500,000, has a surplus fund of \$250,000 and deposits aggregating \$4,437,887. It is a designated depository of the State of Ala-



AMERICAN TRUST & SAVINGS BANK OF BIRMINGHAM

bama and the city of Birmingham. W. W. Crawford is president; H. L. Badham, vice-president; C. M. Williamson, cashier; Edward B. Crawford, assistant cashier; W. C. Hamilton, assistant cashier, and G. B. McCormack, chairman of board.

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First National Bank, Mobile, Ala.

This well-known bank obtained its original charter in 1865 and since its organization has paid its shareholders \$1,746,000 in dividends. Its total net earnings have been \$2,370,372 and its deposits at the present time approximate \$2,950,000. The bank's total resources are above the four million mark.

Mississippi Bankers' Convention.

The annual convention of the Mississippi Bankers' Association will be held at Gulfport, Miss., May 14, 15 and 16. The executive committee has arranged an attractive programme. The headquarters of the convention will be at the Great Southern Hotel.

First National of Jackson, Miss.

The First National of Jackson, Miss., makes the following good showing as at the close of business, February 20: Loans, \$450,936; U. S. bonds and other securities, \$147,680; cash and due from banks, \$555,706; total resources, \$1,185,193. The capital is \$100,000; surplus and profits, \$134,037, and deposits, \$851,157.

Commercial National of Shreveport.

The statement of condition made by the Commercial National of Shreveport, La., at the close of business, February 20, shows that it has attained a sure place on the list of the big banks of the country, its deposits on the date named standing at \$6,002,994. This is a large increase over previous reports. Resources total \$7,491,665; with loans and discounts, \$3,009,622; U. S. and other bonds, \$1,136,632, and cash and due from banks, \$1,859,760. The capital is \$500,000; surplus and profits, \$497,671.

Leaves German-American National of New Orleans.

W. W. Bouden, cashier of the German-American National of New Orleans, has resigned his office with that bank to accept the position of cashier of the Whitney-Central Trust and Savings Bank. The former cashier, H. O. Penick, has become connected with the Jefferson Distilling Company. Mr. Bouden is a popular bank official and his friends are complimenting him on his success. His brother, John E. Bouden, is cashier of the Whitney-Central National.

Calcasieu National Bank, Lake Charles, La.

The combined deposits of the Calcasieu National Bank and its affiliated institution, the Calcasieu Trust and Savings Bank, of Lake Charles, La., have reached the gratifying total of \$4,021,568; those of the national bank were \$1,938,479, and those of the savings banks, \$2,083,088, on February 20, 1912. Both banks are capitalized for \$150,000 and have each a surplus of \$100,000. The Calcasieu Trust and Savings Bank maintains branches at Lake Charles, Jennings, Welsh, Lake Arthur, Kinder, Vinton and Oakdale, La.

Canal-Louisiana Bank & Trust Co. of New Orleans.

Reports loans and discounts of \$6,108,997; capital and surplus of \$2,310,500; net earnings of \$66,784; deposits of \$10,960,545 and resources of \$13,640,331. The officers are: Charles Janvier, president; S. P. Walmsley, vice-president; J. F. Couret, vice-president; L. J. D'Aquin, cashier; E. M. Toby, assistant cashier.

Change in Lexington, Ky., Bank.

The Lexington Banking and Trust Company of Lexington, Ky., has announced an important change, following the resignation of E. L. Hutchinson as president of the institution. He has been succeeded by John M. Kelly, who has been a director of the in-

stitution and is one of the largest stockholders. Mr. Hutchinson becomes general counsel for the institution.

The retiring president took charge of the institution during the panic of 1907, and with W. L. Threlkeld, who became cashier at the same time, has succeeded in raising the bank to a high point of efficiency. Owing to his large law practice, however, Mr. Hutchinson has found it impossible to give the bank the amount of time which it has lately required.

Fourth National Bank of Nashville.

Since the call of December 5, 1911, the deposits of the Fourth National Bank of Nashville, Tenn., have increased by over \$600,000, being reported on February 20 last at \$6,661,403. This institution, of which W. C. Dibrell is president, and J. S. McHenry, cashier, has a capital of \$600,000, surplus and profits of \$758,714 and aggregate resources of \$8,647,941.

First National Bank of Nashville.

The First National Bank of Nashville has issued a condensed statement of its condi-

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tion as of February 20, that indicates a continued growth in every department. The loans and discounts have reached the creditable figure of \$3,366,673, while the deposits total \$5,570,697. The First National is capitalized for \$500,000 and has surplus and profits of \$389,631.

The American National Bank of Nashville.

In presenting its statement of February 20, the American National Bank of Nashville says:

In presenting the within financial statement to the public we are not insensible of the fact that this satisfactory showing has been made possible by the people of this community.

We take this opportunity, as this is our first official statement for the year, to thank our patrons and to wish them all a prosperous business year in 1912.

The condensed statement is as follows:

RESOURCES.	
Loans and discounts	\$5,831,070.48
United States bonds	1,065,700.00
Other stocks and bonds	346,442.95
Banking house	307,000.00
Real estate	69,065.61
Cash and reserve	1,714,822.96
	\$9,334,102.00
LIABILITIES.	
Capital stock	\$1,000,000.00
Surplus and profits	854,078.61
Circulation	800,000.00
Deposits	6,180,023.39
Bills payable	500,000.00
	\$9,334,102.00

A Fort Worth Bank's New President.

Closely linked with the history and advancement of Fort Worth during the past twenty-eight years is the name of Ben O. Smith, lately elected president of the Farmers and Mechanics National Bank, to succeed J. W. Spencer, the retiring president, who seeks repose from business cares after thirty-three years of success as a Fort Worth merchant and banker.

The election of Mr. Smith comes as a result of consistent striving and hard labor. Born in Boyle county, Kentucky, he came to Texas in 1884, locating in Fort Worth. For several years previous to his entrance into the services of the Farmers and Mechanics Bank, he was a bookkeeper for dry goods merchants of the town. Entering the bank as teller in 1889, he was advanced to cashier four years later, which position he held until elevated to the active vice-presidency, January 1, 1911.

During his residence in Fort Worth, Mr. Smith has been honored with many offices, serving as treasurer of the old Board of Trade for years and holding offices in various organizations whose purpose was to ad-

vance Fort Worth. He has been an important figure in industrial institutions and has co-operated in every movement which had for its end the advancement of the city.

Having had official connection with numerous strong banks in the State, Mr. Smith assumes the responsibility of his office with



BEN. O. SMITH

PRESIDENT FARMERS AND MECHANICS NATIONAL BANK, FT. WORTH, TEXAS

a thorough training in banking principles. He is at present associated as president of the Citizens National at Garland, vice-president of the Citizens National at Bellevue, president of the Citizens National at Godley, and vice-president of the Citizens National at Rhinehart, Rowlet and Mineral Wells.

In electing Ben O. Smith Mr. Spencer's successor the board of directors have undoubtedly chosen a man whose past training fits him remarkably well for the work he will undertake to accomplish.

Guaranty State Bank & Trust Company, Dallas, Texas.

This bank has now been in operation nearly two and one-half years, during which

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time it has paid dividends of \$34,000 and increased its deposits from \$809,856.15 to \$2,393,283.20. On May 21 the shareholders will vote upon a proposition to increase the bank's capital stock from \$400,000 to \$600,000, this move having been decided upon by the board of directors as the only means of taking care of the expansion of business. The additional shares will be offered, first to the stockholders, at a suggested price of \$120 per share, thus providing \$40,000 for the surplus fund, making that item stand at \$100,000. According to the latest available report of the Guaranty State Bank and Trust Company of Dallas, this institution, by its resources of \$2,860,749, stands at the very head of the State banks in Texas.

American National Bank of Fort Worth.

For the period ending February 20, the American National Bank of Fort Worth, Texas, reports loans and discounts of \$922,490; cash and due from banks, \$428,944; deposits, \$1,045,915. The bank is capitalized for \$150,000 and has a surplus and net profits fund of \$172,930.

American Exchange National Bank of Dallas, Texas.

The directors of the American Exchange National Bank of Dallas have transferred \$500,000 from undivided profits to surplus, thus increasing the latter to \$1,000,000. The undivided profits still aggregate more than \$250,000. The bank has a capital of \$1,000,000.

City National of Dallas.

The City National of Dallas, Tex., makes an excellent report of condition to the Comptroller as of February 20. Total resources stand at \$11,244,442; with loans and discounts, \$6,040,353; U. S. and other bonds, \$1,604,000, and cash and due from banks, \$3,350,088. Deposits aggregate \$8,136,989. The capital is \$1,000,000; surplus and profits, \$1,132,852.

First National of Houston Doubles its Capital.

Following the recommendation of the board of directors of that institution, the First National of Houston, at a regular shareholders' meeting, unanimously voted to increase the capitalization of the bank from \$1,000,000 to \$2,000,000, making it the heaviest capitalized national bank in Texas. The increased stock was immediately prorated among the stockholders on a basis of their holdings in the old stock and was entirely absorbed.

The growth of the First National Bank of Houston has been almost phenomenal since its foundation. In 1908 an official bank statement showed the total deposits to slightly exceed \$4,000,000, while in the last statement issued from the bank the total individual and bank deposits amounted to \$9,247,559, showing that the volume of business has more than doubled in the past four years.

The bank has increased its capital stock three times in the past six years, increasing in 1906 from \$100,000 to \$500,000, doubling this in 1909 and again doubling its stock as stated above.

New Trust Co. in Houston.

W. E. Richards is organizing the Commonwealth Trust Company of Houston, with a capital stock of \$500,000. He will be president and the institution will have its home on the second floor of the Scanlan building, recently vacated by the Bankers Trust Company. All of the preliminaries of organization have been completed and the stock is largely subscribed. As yet, however, the personnel of the board has not been announced.

It is understood that the new trust com-

pany has acquired the charter of the First State Bank of Hillsboro. This charter was first granted by the Texas Legislature, prior to the present law authorizing State banks in Texas. It is understood that the charter as it now stands is under the late enactment and carries the privileges and restrictions of other State banking institutions. When the charter was purchased by Mr. Richards in Hillsboro, it is said that stock in the Commonwealth Trust Company to the amount of \$25,000 was subscribed for by citizens of that city.

Lumbermans National Bank of Houston.

A gratifying report has been issued by this bank, under date of February 20. It shows loans and discounts of \$2,585,732; cash and due from banks, \$1,548,749; surplus, \$100,000; undivided profits, \$139,734; deposits, \$3,529,393. The bank has total resources of \$4,574,345.

The Bankers Trust Company, Houston, Texas.

The Bankers Trust Company of Houston, Texas, on March 20 moved into its new home in the recently completed Union National Bank Building. The change of quarters was necessitated by the growth of the company and the consequent demand for more adequate space. The new banking room is modern and elegantly equipped in every detail. A happy combination of white Italian marble with base board of green Vermont marble, together with the rich mahogany wood work and bronze fixtures, all give a very pleasing effect. The large two-story vault in connection with the banking department will fully serve all needs in that direction, while the large cages, the book-keepers' quarters and the officers' desks all bespeak convenience in the handling of business and the treatment of customers.

The Bankers Trust Company has enjoyed quite a remarkable growth since its organization, a little over two years ago. With its present capital of \$2,000,000, surplus of \$500,000, and undivided profits of \$300,000, it stands at the head of all financial institutions of Texas and of all trust companies of the South.

Besides fulfilling its duties as the conservator of the wealth and business interests of its many customers, it lends its energies in a large measure to the loaning of its funds on valuable real estate security. It makes loans on mortgages at a very small percentage of the actual value of the property, and has these loans executed in coupon bond form in denominations of \$500 and \$1,000. These bonds are in turn sold to banks and investors throughout the United States on a seven per cent. basis. In order to show its faith in its own loans, the com-

pany gives to each purchaser of bonds a guarantee of the payment of both principal and interest.

In this way large sums are brought into the State from the North and East for investment, while local funds are gathered in by a liberal interest rate on time deposits.

The directorate of this institution is perhaps the most representative in Texas, their combined wealth amounting to many millions, while their judgment and business experience has been fully demonstrated in the affairs of their locality, and is implicitly believed in by the people of the whole State.

Houston National Exchange Bank.

Reports loans and discounts of \$1,771,486, an earned surplus of \$150,000, individual deposits of \$2,791,234 and total deposits of \$3,539,831. The Houston National Bank allows four per cent. interest on savings accounts.

Ninety Days Old.

The American Trust Company of Houston, Texas, a guaranty fund bank, although but ninety days old, has already paid a

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quarterly dividend of three per cent. and has accumulated deposits of \$419,339. The officers are as follows: Monta J. Moore, president; J. D. Hefley, active vice-president; J. E. Duff, active vice-president; Dr. E. W. Brown, vice-president; M. P. Geiselman, vice-president; R. C. Duff, vice-president; N. B. Sligh, treasurer; E. J. Dimmick, assistant secretary. The company is capitalized for \$500,000.

The State National Bank of Fort Worth, Texas.

For the period ending February 20 the State National Bank of Fort Worth, Texas, reports a gratifying increase in business. The principal items of this well balanced statement are as follows: Loans and discounts, \$1,160,547; banking house, \$65,000; cash and exchange, \$562,387; capital stock, \$200,000; surplus fund, \$350,000; undivided net profits, \$61,382; deposits, \$1,210,319; total resources, \$2,121,712.

Union National Bank of Houston.

Pursuant to the call of the Comptroller of the Currency, the Union National Bank of Houston has issued a statement of its condition, as of February 20, that is evidence



UNION NATIONAL BANK, HOUSTON, TEXAS

of its strength and soundness. The summarized statement is given complete herewith:

RESOURCES.

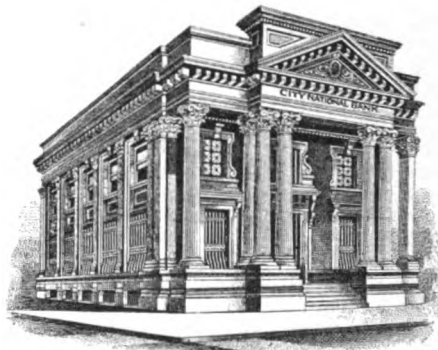
Loans and discounts	\$5,258,341.98
U. S. and other bonds	208,574.03
Real estate, banking house, furniture and fixtures	871,676.90
Redemption fund with U. S. Treasurer	10,000.00
Cash and exchange	3,447,678.55
Total	\$9,796,271.46

LIABILITIES.

Capital	\$1,000,000.00
Surplus and undivided profits...	340,221.55
Circulation	200,000.00
Reserved for interest, taxes, etc.	37,530.41
Deposits	8,218,519.50
Total	\$9,796,271.46

City National Bank, Dallas, Texas.

The City National Bank of Dallas, Texas, is one of the oldest and strongest banks in the great Southwest. It was founded in 1873 and has a capital and surplus of two million dollars. According to its report of February 20, the City National Bank has loans and discounts exceeding six million dollars; its individual building, illustrated



CITY NATIONAL BANK, DALLAS, TEX.

herewith, is valued at \$250,000; deposits total \$8,136,989 and the resources are listed at \$11,244,412.

Commonwealth National Bank, Dallas, Texas.

This sturdy institution of the "Lone Star State" was established in 1907 and has grown rapidly, its latest statement showing resources of \$4,681,440. It is capitalized for

\$500,000, has a surplus and undivided profits fund of \$400,221 and deposits of \$3,307,019. The officers are as follows: John W. Wright, president; W. H. Gaston, R. C. Ayres, C. J. Sorrels, vice-presidents; R. P. Wofford, cashier; Geo. H. Bird, H. L. Tenison, H. M. Hardie and Forrest Mathis, asst. cashiers.

The Fort Worth National Bank, Fort Worth, Texas.

This institution is capitalized for \$500,000, of which \$300,000 has been paid in and \$200,000 has been earned. It also has an earned surplus and profits fund of \$784,490, a circulation of \$300,000 and deposits of \$3,976,389. The bank's resources will total \$5,560,880. K. M. Van Zandt is president; N. Harding, vice-president; R. L. Ellison, vice-president; Elmo Sledd, cashier; R. E. Harding, assistant cashier; E. B. Van Zandt, assistant cashier; W. M. Massie, assistant cashier.

The American National Bank of Beaumont, Texas.

This institution will be twelve years old June 1, 1912, and during its honorable

career it has never failed to pay regular dividends to stockholders, these dividends amounting to over 100 per cent. It is capitalized for \$100,000 and has an earned surplus of \$200,000. It now stands as the first Roll of Honor bank in Beaumont, fifteenth in Texas and 271st in the United States.

According to the figures of its latest statement the deposits have increased to \$1,976,121.

First National Bank, Jackson, Miss.

This institution, the oldest bank in the city of Jackson, also ranks largest in point of surplus and undivided profits, this item appearing in a statement rendered at the close of business February 20, to be \$134,036. The First National carries loans amounting to \$450,936, has deposits of \$851,156 and total resources of \$1,185,193. The officers are: J. B. Stirling, president; O. J. Waite, vice-president; R. F. Young, cashier.

Bank Clerks' Dinner in Boston.

At the dinner of the Boston Chapter of the American Institute of Banking on March 27, which was attended by about 200

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members, Lawrence Chamberlain of New York spoke on "The Principles of Bond Investment from the Bank Man's Point of View." He reviewed and summarized the various investment qualities, and showed their bearing on bond buying by banks for their own investments, and as trustees, advisers and agents of others. He traced the recent rapid change in selling methods, that is, in security distribution, and the plan of

new building for its occupancy, tearing down for the purpose a portion of the old building which it has occupied for so many years. The new building is up-to-date in every particular. Situated on a prominent corner, it has abundant light, and the floor space is laid out with a view to accommodating the public, the officials and the working staff. One of the finest safe



NEW BUILDING OF THE METACOMET NATIONAL BANK, FALL RIVER, MASS.

the banks in the new scheme through their bond departments. He claimed that these bond departments could never usurp the prime function of the bond houses for, he said, they are not and could not be equipped to purchase issues of public utility or private corporations. In general they must limit themselves to standard listed railroad issues and local municipals.

Mr. Chamberlain is a well-known authority on investment matters, and his address was listened to with close attention and interest.

Metacomet National Bank, Fall River.

The Metacomet National Bank of Fall River, Mass., has recently completed a

deposit vaults to be found in New England has been installed, with convenient coupon rooms and every facility. The directors' room contains a large medallion over the fireplace of Metacomet, the Indian chief, after whom the bank was named. The advantages offered by the new building have been reflected in the business of the bank, which has grown steadily since the new quarters were occupied. The officials of the bank are: Simeon B. Chase, president; Milton Reed, vice-president, and Charles B. Cook, cashier. A recent statement of the bank shows capital of \$750,000, surplus and profits of \$310,000 and deposits of \$1,420,000. The architect of the new building was Joseph M. Darling of Fall River.



NEW HOME OF THE PEOPLES NATIONAL BANK OF CHARLESTON, S. C. HON. R. G. RHETT, PRESIDENT

Peoples National Bank, Charleston, S. C.

The imposing new home of the Peoples National Bank of Charleston, S. C., is shown herewith. It is a handsome modern building of eight stories and affords the bank every facility for conducting its rapidly growing business. Located in the business center of South Carolina, with correspondents in every section of the State, the Peoples National is well equipped to handle South Carolina collections and other business with banks, bankers and business firms. Hon. R. G. Rhett is president, E. H. Sparkman, vice-president, and E. P. Grice, cashier of the bank, which has a capital of \$500,000 and surplus and profits of \$200,000.

CANADIAN NOTES

A bill incorporating the Bank of Saskatchewan, Canada, with a capital of \$1,000,000, was recently passed by the Banking and Commerce Committee of the House of Commons. The head office will be at Moosejaw. The organizers are: Henry Y. Smith, Richard H. Clarke, Lewis M. Rosevear, Harry F. Stirk, Richard Loney, Joseph A. Caulder, J. Edward Caldwell and J. Wright Sifton.

Standard Bank of Canada.

The profits of the Standard Bank of Canada (head office, Toronto) for the year just

in the bank's history. This is indicated in the annual report just issued by the institution. The net profits amounted to \$381,601, and were sufficient to admit—after writing something off “premises account” and making contributions to the “pension fund,” etc.—of adding \$100,000 to the reserve fund, which now stands at \$2,600,000, or 130 per cent. of the paid-up capital of \$2,000,000. The total assets are now \$37,117,317, having increased \$3,833,985 during the year, while the deposits in the new statement stand at \$30,116,870, and compare with \$26,413,503 in the report of a year ago. It is proposed to change the par value of the stock from \$50 per share to \$100. At the annual meeting held on February 21, a by-law was adopted authorizing the directors to take the necessary action to accomplish this. The dividend rate was increased with the February payment from twelve to thirteen per cent. per annum.

Merger of Canadian Banks.

With the beginning of March the merger of the Eastern Townships Bank with the Canadian Bank of Commerce was formally completed. The combination of these two

banks is of more than ordinary importance. In one sense the Eastern Townships is local to the southern counties of Quebec province, inasmuch as its head office is in Sherbrooke, the capital of those counties. But the bank long ago had ceased to confine its activities to the section of the Dominion which gave it birth. It now has eighty-six branches in the province of Quebec, most of them south of the St. Lawrence River, and therefore close to the United States boundary. It has besides branches in Manitoba, Alberta, and even in far-off British Columbia. In the Pacific coast province there are ten branches of this bank. In all the branches number 101.

The Canadian Bank of Commerce has 243 branches distributed as follows: In Ontario, sixty-six; Quebec, three; Nova Scotia, thirteen, New Brunswick, one; Prince Edward Island, five; British Columbia, thirty-two; Manitoba, twenty-two; Saskatchewan, fifty-two; Alberta, forty-one; Yukon Territory, two; United States, four; England, one, and Mexico, one. The number of branches now operated by the two banks is 344. In a number of places both banks are represented, and after the absorption is effected some of the Eastern Township Bank's branches will be closed. Probably not more

Proposals for Banking Reform

Professor O. M. W. SPRAGUE, Assistant Professor of Banking and Finance in Harvard University and a well-known authority in his field, has written a book on

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than a dozen offices will be closed. Allow- ing for these the combination will have 330 branches.

Hence, as a result of the deal, at the be- ginning of March the Canadian Bank of Commerce has a paid-up capital of, say, \$15,000,000 and a revenue fund of about \$12,500,000. It will be close behind the Bank of Montreal in regard to capital and reserve fund. At the end of December, 1911, the Bank of Montreal had capital, \$15,499,790, and reserve fund, \$15,000,000. In the matter of branch offices the Com- merce is already ahead of the Bank of Mon- treal. At the end of 1911 the Commerce had 243 branches and the Montreal had 159. So, after the amalgamation, the Commerce will have more than twice as many branches as the Montreal. This great superiority in number of branch offices is regarded as likely to put the Commerce ahead of its rival in the matter of total assets in the course of a few years.

Royal Bank of Canada.

In presenting the forty-second annual re- port of the Royal Bank of Canada, W. B. Torrance, secretary, on behalf of the of- ficers and board of directors, submitted the following statement, indicating a year of prosperous business and extensive growth:

PROFIT AND LOSS ACCOUNT.

Net profits for the year, after de- ducting charges of manage- ment, interest on deposits, full provision for all bad and doubtful debts, and rebate of interest on unmatured bills..	\$1,152,249.63
Balance of profit and loss ac- count—December 31, 1910....	243,230.93
	\$1,395,480.56
Appropriated as follows:	
Dividends Nos. 94, 95, 96 and 97, at 12 per cent. per annum...	\$744,000.00
Transferred to officers' pension fund	50,000.00
Written off bank premises ac- count	200,000.00
Balance of profit and loss car- ried forward	401,480.56
	\$1,395,480.56

The assets of the bank have been care- fully revalued and all bad and doubtful debts have been provided for.

Acting under authority, the directors is- sued in December last new capital stock to the extent of \$2,000,000, which was allotted to the shareholders at a premium of \$110. This large increase was necessitated by the phenomenal expansion of the bank's business during the past three years, as in- dicated by the growth of assets in that period, viz., from \$50,000,000 to \$110,000,000. The resulting pressure on the note issue has been very great, and it has only been possi- ble to keep within the legal limit by circu- lating the notes of other banks throughout the year at nearly all the principal offices.

PROGRESS OF THE BANK IN 1911.

The bank's statement shows the following growth in assets and liabilities during the year:

	Increased.
Reserve and undivided profits....	\$214,438
Specie and Dominion notes.....	2,223,331
Circulation	412,186
Deposits	16,215,201
Call loans	6,144,277
Loans and discount	7,174,957
Liquid assets	10,511,770
Total assets	18,018,166

The percentage of quick assets to liabili- ties to the public on December 30, 1911, was 49.54 and percentage of commercial loans to total deposits was 67.55.

Net profits for the year were at the rate of 18.58 per cent. on the paid-up capital of \$6,200,000.

Thirty-three branches have been opened during the year, being located, among other places, in Alberta, Saskatchewan, British Columbia and Cuba.

The report includes some valuable statisti- cal information regarding the Dominion of Canada, giving a summary of the trade, its production, growth, and many other points of present interest. As a whole the state- ment is encouraging and points to a steady increase of business.

A Book for Tellers

"THE MONIES OF THE WORLD"

Is a Handy Reference Work for Every Bank

THE latest publication of the Bankers Handy Series is just out. It is No. IV.—"THE MONIES OF THE WORLD," and the author is James F. Gardner, of New York.

In this practical book are compiled within a small compass a complete list of the various denominations of the mon- eys of the principal countries of the world.

The lists are so arranged in tables un- der the respective countries that the av- erage price at which the denominations of the foreign coins and bank notes may be exchanged or sold in New York for United States money is clearly shown.

This hand-book will prove of very great value to banks throughout the United States in enabling tellers to determine readily the amount they may safely ad- vance to customers presenting foreign money for sale or exchange.

The price is 50 cents per copy by mail, postage prepaid.

The Bankers Publishing Co.
253 Broadway, New York, U. S. A.

WITH BANKERS MAGAZINE ADVERTISERS

CONSOLIDATION OF REMINGTON, SMITH PREMIER AND MONARCH SALES OFFICES

IT is announced that the coördination of the Remington, Smith Premier and Monarch sales forces of America became an accomplished fact on March 1.

In view of the enormous development of the office equipment industry in recent years, which owes its birth and growth to the typewriter, the consolidation of the sales forces of the three machines under one management was simply a business recognition of the unquestioned advantages which must necessarily be derived from the operation of one highly efficient organization.

The executive staff of the greater organization will consist of the active leaders of the three original companies. In the filling of the other managerial and selling positions, it has already become evident that the full selling strength of these three typewriter organizations will be utilized from the very outset.

The magnitude of the new organization in every department, including its great manufacturing and sales facilities, and the quality and variety of its output, is attracting keen attention on the part of the entire typewriter-using public. Included among these facilities are splendidly equipped and organized typewriter factories manufactur-

ing three distinct types of machines suitable for all requirements, a completely equipped ribbon and carbon paper factory, a line of typewriter adding machines, billing machines and others adapted to all the special uses, a mechanical and employment bureau service of a size and distribution sufficient to supply the needs of every typewriter user, and a highly specialized engineering staff for the development and improvement of the three machines and of all the products of the company. These, together with a unified sales organization, set a new mark as to size and potential efficiency.

This consolidation is the first step of expansion for a campaign more aggressive than ever. There will soon be opened in the United States many new branch offices to include many cities and towns not hitherto covered by the local office of any typewriter company.

The introduction of this new Remington sales policy comes at a propitious time. The record during the past year of all of the three typewriters involved in this union of forces constitutes of itself an assurance of a great future. The Remington, Smith Premier and Monarch typewriters each did a business last year which surpassed every previous record.

A DAILY REMINDER POCKET CALENDAR

THE Rockwell Printing Company of Hoboken, N. J., gets out a very useful and attractive advertising novelty of special value for banks. It is a Daily Reminder Pocket Calendar which has six bi-monthly pads constituting the calendar year, one leaf for each day. The calendar has a leather cover and in the front pocket is a 32-page memorandum book for permanent data. There is space on each memorandum page for advertising of the institution giving away the calendars and the

name of the bank is stamped in gold on the front cover.

This article combines:

- 1st: A daily leaf Calendar, with ample space for business and social engagements.
- 2d: 365 blank pages for estimating and any temporary writing.
- 3d: A 36 page, well made Memorandum Book for permanent data, addresses, phones, prices, etc.
- 4th: A Commutation Ticket Holder and Card Case, of as fine leather as you wish to pay for, with metal holder for pads and for tearing off leaves.

NOT AN ABSOLUTE EMBARGO

THE expert burglar, disdaining the use of explosives, had attacked the lock itself.

"This may be a combination somewhat in restraint of my trade," he muttered, turning the knob slowly to the right again and lis-

tening intently, "but you couldn't call it a case of unreasonable restraint."

Apparently his view was correct, for presently he was engaged in the unrestricted pursuit of his trade and reaping large profits.—*Chicago Tribune.*

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, *Editor*

SIXTY-SIXTH YEAR

MAY, 1912

VOLUME LXXXIV, NO. 5

THE CANVASS FOR THE PRESIDENCY

BOTH of the great political parties of the country are now in the preliminary stages of the quadrennial struggle for the Presidency, and the air is thick with the claims put forth by the rival candidates and their friends.

While many people deplore the agitation incident to this canvass, it is probably one of the best safety-valves ever devised for absorbing the surplus political enthusiasm of the people. As barking dogs do not bite, so the citizen whose tongue has free play finds such agreeable employment in talking, and as DISRAELI said of GLADSTONE, is so much intoxicated with the exuberance of his own verbosity, that he never thinks of resorting to violence of any kind to carry out his views.

In countries having less freedom of speech and of the press, campaigns for the Presidency are not infrequently conducted with bullets instead of with oratory. Our method may be wearisome, but it is not so destructive of business and human life as a resort to military operations would be.

As the canvass goes on, a disposition is cropping out on the part of the public to take all the extravagant assertions of the rival claimants with a due allowance of salt. Whichever candidate may win, or whichever party may be successful in November, it now seems certain that the business of the country has begun an upward march not likely to be interrupted for some time to come by the course of politics.

Occasionally there arises a political issue of momentous concern to the country's business interests. Such was the free-silver question of 1896. So would be, undoubtedly, a proposal to substitute at once a system of free trade for the tariff policy that has obtained for a long period. As the Secretary of the Treasury recently declared, free trade is an ideal goal toward which nations inevitably must tend as they rise in the scale of civilization. But it would be highly impolitic for a single country at once to seek to reach this ideal goal, especially for a country like the United States, whose industries have been so long fostered by a protective tariff.

At present, however, there are no really disturbing issues in sight. Free silver has been forgotten. Free trade is proposed by neither of the leading parties, though both are aiming at a gradual easing up of tariff duties.

As the time approaches for the meeting of the great national conventions to place candidates in nomination, it appears that the contest is narrowing down, on both sides, to a struggle between men rather than measures, and that the country has little to fear from the triumph of any one of the candidates now in the fight.

The United States will not stand shackled by a conservatism so firmly rooted in tradition and precedent as to make progress impossible, nor will it discard all the teachings of experience and rush blindly ahead to adopt

every untried expedient of government. This contest between those who call themselves "progressives" and those who believe themselves "conservatives" is bound to prove healthful and its results beneficial. Out of it, in November, will emerge the sober, well-considered decision of the intelligent American electorate, and it will indicate that the people of the United States are to continue a safe progress along the way of peace and prosperity.

BANKS AS EDUCATORS

ONE of the enterprising New York banks—the Irving Exchange National—has been advertising in the daily papers that it would send out, free of charge, the Report of the National Monetary Commission, also certain other information regarding the publications of the Commission and how they might be obtained. The bank announces its readiness to supply other documents relating to banking and monetary matters.

While this is somewhat of an innovation for a bank to advertise financial literature for distribution, it has long been a common practice with many banks to send out addresses and articles on banking and business subjects representing views which the banks believed to be beneficial to themselves and the public.

Undoubtedly, the practice is a good one. The banks of the country have justly an excellent standing among business men, and anything sent out by them receives almost invariably careful consideration. As a rule, too, the banks are looked on as being incapable of entering upon any propaganda not having for its ultimate aim the bettering of banking and business conditions.

Of course, the authority which at-

taches to literature sent out by the banks carries with it an obligation of responsibility. A bank must be careful not to become the disseminator of views which might be displeasing to the business community, especially to its own dealers. Perhaps, as a rule, the safe course would be to deal only with facts, leaving out matters about which there is liable to be a diversity of opinion.

The banks afford a ready and convenient channel for spreading abroad a knowledge of sound banking and currency principles. Most of the newspapers are so intent upon catering to the demand for sensational news that they are but little disposed to pay attention to anything so prosy as banking and currency, and the banking and financial publications have little circulation among the public generally. But the banks, through their depositors, can do excellent work in bringing about a sounder state of public opinion with respect to banking and currency.

The example of the Irving Exchange National Bank of New York is an evidence of wisely-directed enterprise, worthy of general imitation by the banks of the country.

BANKING AND MATRIMONY

FROM Chicago, whence better things might have been expected, comes the cold declaration that there is an incompatibility between business and matrimony. The vice-president of one of the banks there, which we shall not name lest the suffragettes withdraw their money from it, had the hardihood to announce a short time ago that all women employees of the bank must give up their places should they marry. And these reasons were given:

"Business and matrimony do not go together.



COMMENT

"A bank is a business institution, not a school for matrimony.

"Love affairs in banks should be thoroughly and timely discouraged.

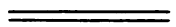
"Married women should be at home, not at a typewriter or adding machine, and should not arrogate the rights of single women who have to earn their own living."

Imagine the amazing audacity of any mere man who thus boldly dogmatizes on love and matrimony!

Does he hope to frighten the young women in the bank from getting married by the fear of losing their jobs? It will take something stronger than this to discourage love affairs in a bank or elsewhere, and particularly in a bank where the women employees are surrounded by so many young men of pulchritude and politeness.

"A bank is a business institution, not a school for matrimony." Why, that sounds like the pessimistic grumbling of an old curmudgeon immersed in a cobwebby banking-room in some out-of-the-way corner of the world, instead of the opinion of a very affable gentleman who is an officer of one of the great and progressive banks of Chicago.

A bank, we should say, exists for the purpose, among other things, of facilitating the world's business. Should it, incidentally, facilitate matrimony it need not worry, for in doing so it has probably helped the world's business along just as much as it does in any other way.



FIXING WAGES BY LAW

AN outcome of the great British coal strike is the fixing of a minimum wage for coal miners in that country. While the establishment of a minimum wage on public works is not new in the United States, we do not recall any

case where this rule has been applied by the legislature to those engaged in private employment. It seems a decided innovation, and one likely to have far-reaching effects.

We shall not discuss either the justice or the expediency of the action taken by the British Government. But it is certainly interesting to speculate upon the probable results of such a policy. One thing seems pretty certain: those who have their wages advanced by the Government will not long be satisfied; the rise of prices which is continually taking place will prevent this. In the course of time the Government will be appealed to for another advance, which it must grant or run the risk of being dislodged from power.

It will be seen that where wages are fixed by government the wage-earner has an advantage. At present, when a man is denied an increase in wages, he must either submit or get another job. He can not "fire" his employer. But with wages prescribed by legislative authority the case is different. The dissatisfied workmen can vote out of power those who refuse to grant their demands.

If a legislature may fix a minimum rate of wages, why may it not also fix a maximum scale of prices? While workmen complain of low wages, everybody complains of high prices, and there is a loud cry for relief.

A continuous and marked general rise in prices is a matter of serious concern. Dear food has been not infrequently the cause of serious political outbreaks, and it is the rise of prices of food staples that should be most carefully studied.

In this country steps are being taken already for a scientific investigation of the price question by a commission acting in concert with other bodies to be appointed by the European governments.

NET RESULTS OF THE TRUST PROSECUTIONS

FOR several years we have had a great popular outcry against the trusts. Many politicians have depended upon the anti-trust agitation as their chief political asset and have ridden into power and prosperity as a result of the hostility they have been able to arouse against these supposed "malefactors of great wealth."

The authority of the State and Federal governments has been invoked, and civil and criminal prosecutions begun. Huge fines, in some instances, have been imposed but not collected. Prominent offenders have been indicted but not imprisoned. In short, the whole policy of punishing the trusts seems to have enriched the public coffers but little nor has it glutted public vengeance by the imprisonment of the supposedly guilty trust magnates.

But if the punitive results of the anti-trust agitation, have not fallen upon the heads of those directly responsible for the offenses charged, they have borne heavily upon the country's business. Uncertainty, distrust and stagnation have prevailed because of the blowing of trumpets about what the Government intended to do to the trusts.

Has not this failure of the anti-trust campaign been due to the fact that those who administer the laws, the courts and the juries, allowed common sense to be their guide? Does any sensible person believe that the trusts have robbed the people, or even that they are principally responsible for the advance in prices? And are we not all coming to the conclusion that the trust organization is a form of machinery whose good should be utilized for the public benefit, and whose evil possibilities should be carefully, wisely and sanely eliminated.

In view of the failure of the attempts to punish the trusts, will the

Government persist in its fruitless policy of indictment and prosecution, seeing that nothing is to be gained and that business will be kept in a continuous state of uncertainty? Of course, if there were no other way to remedy whatever evils the trusts may have developed, or if it were the right way, the policy should be continued even though business might greatly suffer. But it is beginning to look as if the present policy is a mistake.

DEPARTMENT STORE BANKING

BY a recent ruling in New York, the department stores that have been soliciting deposits at interest, against which the purchase of goods might be charged, are held to be doing a banking business.

As we have said repeatedly, if the department stores are to do a savings bank business they should be subjected to the same requirements as other savings banks in regard to safeguarding the sums left with them. The savings banks of New York, and of most other States, are carefully restricted in the use they may make of savings deposits. They must be invested solely in high grade securities. But the department store soliciting savings deposits is bound by no such restrictions. It may, and no doubt does, employ these deposits in its business, virtually borrowing money from the public at whatever rate may be offered.

In the majority of cases, no doubt, the department stores are large and financially responsible, nor has there been any attempt on their part, so far as appears, to deceive anybody by holding themselves out as savings banks. But nevertheless they are liable to be so regarded by many persons from

the very nature of their advertising, and they do compete to a considerable extent with savings banks paying a franchise tax and operating under rigid restrictions.

Moreover, the example of some of the large and strong establishments in soliciting deposits is liable to be imitated by smaller and weaker stores, involving the risk of money entrusted to them. The department stores can hardly object to the measures which the State deems necessary to enforce in order to safeguard the business of banking.

THE "BLUE-SKY" LAWS

ONE of the latest activities of benevolent governments is the enactment of stringent laws for the protection of investors. At first blush nothing seems more praiseworthy. Why should the oily promoter be allowed to deceive the innocent and the guileless? Must the "widow and the orphan" [a hal- lowed phrase behind which every form of trickery and villainy masks itself] be placed at the mercy of conscience- less stock swindlers? We know that everybody will condemn the oily pro- moter and uphold the innocent and the guileless; that the cry for the protec- tion of the "widow and the orphan" will rise throughout the land.

Now, if we take just a little of the opposite view, we know that nobody will think we are speaking in behalf of the "get-rich-quick" swindlers. They are a bad lot truly. We wish that every unsound, dishonest and visionary "investment" scheme could be driven out of business—not by the enactment of laws against them, but through the development of judgment and caution upon the part of investors.

A good many worthy, deserving and

innocent people are no doubt deceived by the dishonest purveyors of "securi- ties." But most of those who are fleeced by such schemes are as dishonest as the promoters themselves. They are playing the same game. They ex- pect to get more than a fair return for their money. They are gamblers. And they are dishonest, for by buying the stocks of these concerns they become partners in the swindling game. And they are not guileless and innocent either, but think themselves cunning and smart enough to win in a game for getting more value out of a thing than there is in it. Losing their money is a just penalty for their foolishness and dishonesty.

It has been aptly said that the re- sult of laws like the so-called "blue- sky" laws is to develop a nation of fools and weaklings. Government should protect individuals from depre- dations against which the individual himself can not successfully contend. But there is little ground for govern- ment intervention to save the fool and the knave from the consequences of his own folly and knavery, especially when there are open to every one thousands of sources of reliable information as to the character of investments. If any- body buys worthless stocks of a swin- dling promoter, it is simply for the rea- son that he prefers that sort of an "in- vestment." For if he did not, he would choose from the almost endless list of sound and safe securities being offered daily.

The so-called "blue-sky" laws, which are aimed to protect investors, are open to other objections. In some States the authority to admit any particular se- curity to sale in the State has been con- ferred on an official who may or may not have the ability to determine as to the worthiness of the enterprise. It is by no means uncertain that through ignorance, prejudice—and possibly from some unworthy motive—many ex-

cellent securities may be debarred from some of the States.

To confer upon a State officer the right to determine whether a particular issue of stocks or bonds shall be offered for sale in his State is a very large grant of power to lodge with a single individual. It may be wisely exercised and it may be abused. For example, in a State like New York, what harm could be done, by refusing permission to market the securities of an entirely legitimate enterprise which, for some reason, had not commended itself to the State official having jurisdiction.

The most reliable certificate of the quality of any security is that to be had from a responsible bank, trust company or bond house. In fact, this indorsement is worth more than that of any State official, for it generally represents sound financial judgment.

Undoubtedly, the growth in the volume of corporate securities, and the increase in the number of investors, make necessary more careful regulation of the marketing of such securities. The corporation laws should be simplified—possibly a uniform State law or a Federal incorporation act may be essential. But the attempts of each State in its own way to deal with this problem are by no means devoid of harmful possibilities, however praiseworthy the aim may be.

In time we may find it desirable to have the marketing of securities handled, in the first instance, by a great specially organized corporation. This institution, with large capital, and under the wisest management, would after the most searching investigation place its stamp of approval on any securities offered for sale. The bonds and stocks could then be placed through local banks, trust companies and investment houses with every assurance that all essential conditions for safety had been complied with.

The Kansas bill is known as "An Act

to provide for the regulation and supervision of investment companies," etc. In brief, its chief features are:

All concerns, incorporated, or otherwise, domestic or foreign (other than State and national banks, trust companies, real estate mortgage companies dealing exclusively in real estate mortgage notes, building and loan associations and corporations not organized for profit) are prohibited from offering for sale stocks, bonds or securities, until they have first applied to and received permission from the State Bank Commissioner.

In applying to the Commissioner, they must file, under oath, full details of organization, purpose of business, method of conducting it, itemized financial statement, list of officers, etc., all of which is made a matter of open public record.

If the Commissioner is satisfied on this preliminary showing or by detailed investigation, if necessary, that the organization is in due form and solvent and that "its proposed plan of business, etc., is fair, just and equitable," and "in his judgment promises a fair return on the stocks, bonds and other securities, by it offered for sale, the Bank Commissioner shall issue a certificate to such company." If, however, the Commissioner finds to the contrary, that the plan proposed is "unfair, unjust, inequitable, or oppressive to any class of contributors," or "that the company is not solvent, does not intend to do a fair and honest business, does not, in his judgment, promise a fair return on stocks, etc., offered for sale, then he shall so notify such company," and it shall be unlawful (under heavy penalty) for such company to do business in the State.

Should the Commissioner issue such certificate, each sales agent must have and carry a similar official copy. This certificate states that the company has complied with the law; that de-

tailed information in regard to it is in the public files for inspection; that such company is permitted to do business in the State, but such certificate "must recite in bold type that the Bank Commissioner in no wise recommends the securities to be offered for sale by such company."

The above statement covers all the essential features, it being further provided, however, that such companies must keep double-entry books, with at least monthly trial balances, all open to inspection of stockholders, investors and the Commissioner.

The Commissioner may, at any time, make additional and further examination, in the manner of State banks, and, if its assets do not equal its liabilities, or its methods are unsafe, he may apply for a receiver. Proper penalties, fees, etc., are provided.

A NEW "NAPOLEON OF FINANCE"

FORTUNATELY for those whose lives are spent in the contemplation of the hard, dry and unromantic facts of finance, there arises occasionally on the financial stage a figure of engaging personality, of dash, ambition and genius, who upsets all the time-honored traditions of banking, of high and low finance, and dazzles the world with his exploits. No sooner are the Madame Humberts, the Cassie Chadwicks and the Ernest Terah Hooleys consigned to oblivion, than some new star of first magnitude rises on the horizon, soaring rapidly to the zenith of the financial sky, there to blaze for a time in the full meridian of its splendor—falling after a short time even more quickly than it arose.

While New York and other American cities have produced "Napoleons of Finance" who were well enough in their way, they have been but minor lumina-

ries in the financial sky compared with those that have burst forth in London, the world's great financial centre. Only the other day the downfall of one of these was recorded, but his place was left vacant but for a moment. The latest candidate for the admiration of a gullible public is so well described by the London correspondent of the New York "Times" that we shall copy the account without alteration:

"The records of quick profits made in the rubber boom have been beaten by those established during the rise in tin shares, which has been going on quietly the past year. Only now is the public, outside of the Stock Exchange, beginning to take notice of the tin boom, which is still far from attracting as much general attention as did its predecessor, the rubber boom, in which all London seemed to have taken a hand.

"Last year Anglo-Continentials were despised and rejected, and stood at seven shillings. (\$1.75.) To-night they were bid for greedily up to \$35. Thus the lucky person who had a thousand shares at seven shillings, costing him \$1,750, would, if he held them until to-day, have been able to sell for \$35,000. This is a stupendous profit and beats anything the rubber boom gave us, at any rate as far as the speed of making is concerned.

"Edmund Davis, the man at the back of the tin boom, is one of the most picturesque figures in the city. He has been associated with West African properties for many years, he is a director in over forty companies, likes to be called a 'Napoleon of Finance,' and rather dresses the part. He also likes to be thought a great connoisseur of art. At one time he rented the Plazzo Desdemona in Venice, and perhaps still retains it. He is almost as well known on the Continent as in London, and he is supposed to be the smartest market manipulator the city has ever seen.

"He was the creator of the present boom, and he is now careering round the Continent, carrying the glad news that Anglo-Continental ten-shilling shares are cheap at \$35 to all the greedy people in Paris, Berlin, and Holland. When he is in Berlin he wears the Order of the Red Eagle, which he received from the Kaiser, according to *The London Evening News*, from which these details are taken, ostensibly because he disagrees with the anti-German feeling in England, but the probability is that he put the Emperor William into some 'good things' at the bottom, for even the Emperor is not averse to buying shares at seven shillings and selling them at \$35. We hope this remark will not be taken to mean that the German Emperor is at the back of the Nigerian tin boom.

"Numberless small people have followed Davis into tin, but the curious thing is that although they were willing enough to sell their shares when

the market first rose they all now are buying back the holdings which they disposed of some months ago. Therefore, at the moment no large fortunes have been actually made out of the tin boom. They are all paper profits."

Here is a figure to dazzle the imagination; a man who "likes to be called a 'Napoleon of Finance' and who rather dresses the part." Such a man is bound to succeed, for he evidently has the characteristics which have made his predecessors famous.

We detect, however, what appears to us to be a vein of irony in the correspondent's otherwise sympathetic account of the new financier's exploits. "At the moment," it is said, "no large fortunes have been actually made out of the tin boom. They are all paper profits." This is churlish, carping criticism. Paper profits forsooth! As if the enormous profits to be made out of this vast speculation could possibly be reduced to a coin basis!

CHILDREN TEMPT CROOKS TO THEFT

Bank Officer Points Out Perils Their Employers Risk Entrusting Cash To Office Boys

BUSINESS houses that send office boys or little girls to the bank with their deposits or to bring money from the bank to meet payrolls are guilty of almost criminal carelessness. They are placing temptation in the way of thieves and risking the loss of money, which very likely some of them could not well afford to part with," says a police officer, who is doing special duty in one of the Detroit banks.

"Every day I see young boys and girls coming here with deposits or going away with money their employers have had put up for payrolls. More often than not these boys and girls come in with the bankbook in their hand, a bunch of bills sticking out of the ends, or maybe they have the bankbook in a pocket with the ends of greenbacks protruding.

"It would be the easiest thing in the world for a thief to slip up beside one of these children, snatch the bankbook out of his hand or pocket and get away before any one could stop him.

"Only the other day I saw a boy go out of here with money one of the paying tellers had given him on a payroll. After he got out on the sidewalk he stopped and poured the money out of the envelope and started to count it in plain sight of everyone who

might be passing. Think of that, a boy of about fourteen years old standing on the street counting the money for some concern's payroll. How far do you think he would have gone with that money if some crook had happened to see him counting it?

"That is only one instance; there are dozens of others, and I sometimes think it would serve their employers right if these children were robbed. Several times I have been so worried by the way young boys were handling large sums of money that I have gone as far as the corner to see that no one took it away from them.

"With all kinds of people passing on the street and perhaps standing around right here in the bank watching for such opportunities it seems the height of folly for people to take such needless risks, with their money by entrusting it to mere children.

"Some of the grown people are just as careless with money as the children. Scarcely a day passes that I don't pick up a bankbook some one has left lying on one of the desks. A few weeks ago I found a deposit slip with \$100 in bills which some one had left where he made out the slip."

—*Detroit Free Press.*

THE ESSENTIALS OF COMMERCIAL CREDIT

By Oscar Newfang

PROBABLY the most frequent and most fatal mistake of bankers is the assumption that, if the loans and other investments of a bank are safe, there can be no danger to the bank. It is this false assumption that has given rise to the present demand for a change in the National Bank Act, to permit loans upon real estate. While there can be no doubt that a loan secured by real estate, with a sufficient equity above the amount of the loan, is the safest investment possible, with the exception of a government bond, safety alone is not sufficient in the investments of a commercial bank. As its deposits are payable upon demand, its loans must be liquid as well as safe. The best of three or five year mortgages will not help a banker in meeting a run on his institution. He must have his money invested in paper that has only a short time to run, and that will be paid at maturity. The best managed banks do not accept paper having more than four to six months to run.

The safety of an unsecured loan depends upon the good character and the financial responsibility of the maker, while the liquid character of such a loan depends upon the nature of the maker's assets. There are, therefore, three essential points to be considered in loaning upon single-name paper, integrity, responsibility, convertibility. Or, to put it differently, the banker must consider the moral risk, the financial risk, and the commercial risk.

I. INTEGRITY.

Integrity is here used in its widest sense and includes not only moral integrity, or integrity of character, but also integrity of organization, or the entire question of the personnel of an enterprise. In other words, the first thing that a banker should consider, when making an unsecured loan, is the man or men behind the note.

INTEGRITY OF CHARACTER.

If the moral risk is bad, the only safe way to make a loan is upon good collateral. No reliance can be placed upon the borrower's financial statement, however strong a condition the figures may indicate, because there is no assurance that the figures are honestly made up, or that they show the true condition of the business. And even if the figures are confirmed by the banker or by an independent audit, there is still no safe basis for an unsecured loan in the absence of moral integrity. A crooked borrower is always a wise window-dresser, and after making a beautiful statement, he may incur enormous liabilities upon the strength of it. The writer has in mind a certain wholesale house, worth less than \$1,000,000, which, after making a statement showing only a moderate liability, floated almost \$1,500,000 of its paper through a broker, and in addition borrowed very large amounts from a number of banks where accounts were carried. This danger might in some measure be guarded against, in the case of note-buying banks, if the bankers should insist upon the registration of the maker's paper by a disinterested bank or trust company, which would inform the buyer of the paper regarding the total amount outstanding.

Many bankers seem to place greater stress upon an outside audit of the borrower's books than upon his moral character, in estimating the reliance to be placed upon his figures. While an audit is certainly of some advantage, it must be remembered that the auditor's limited time never permits him to verify inventories by actual count, nor does he usually verify the accounts and bills receivable by actual correspondence with the debtors. That there is no other indebtedness than the amount shown by the books, he has, of course, no means of knowing, so that the audit-

or's certificate usually does little more than assure the banker that the statement is correctly made up from the figures shown by the borrower's books; and, if the moral risk is doubtful, it gives no assurance whatever that the books show the borrower's true financial condition. And even if the known assets at the time of the borrower's statement are ample to liquidate his indebtedness, there can be no assurance, in the absence of honesty, that the assets will not be diverted, and the creditors suffer in consequence. The foundation of open credit, therefore, must be honesty.

Naturally, the best method of ascertaining the borrower's character is, to know your man, personally and intimately. But, as this is frequently impossible in many of the transactions of large banks and in the case of note-buying banks, the careful banker adopts a number of other methods of determining whether the maker of the paper possesses integrity. In the first place, he learns all that he can about the business record of the borrower, in order to see whether he has always been honorable in his dealings in the past. For this purpose the reports of the two leading mercantile agencies are invaluable. After satisfying himself of the past integrity of the borrower, he inquires as to his present dealings and practices among houses in the trade where the borrower buys, and from his banks. In the larger banks an important source of information regarding the character of the people in whom they are interested is found in the daily press, and the Credit Department is supplied with such clippings from the leading general newspapers and trade journals, as have a bearing upon the credit of any borrower. Frequently the newspapers contain information regarding the extravagance, the habits of gambling or speculation, of intemperance, of indiscretions, of sharp practices, etc., of borrowers, informing the banker that the foundation upon which he relies in his loans is not sound.

Before leaving the subject of integrity of character, it may be well to call

attention to a danger which often wrecks a perfectly solvent business. It is the practice of accommodation endorsements, which is all the more dangerous because there is nothing in the borrower's statement to show such contingent liability, and because the banker has no certain method of ascertaining it for himself. The only guaranty against this danger lies in the moral integrity of the borrower. No honest man will endanger his creditors' just claims by pledging his assets for the accommodation of others.

INTEGRITY OF ORGANIZATION.

The successful continuance of a business depends upon the integrity and strength of its organization, as well as upon the integrity of character in its management. The principal points to be considered in judging the strength of a business organization are its safety and permanence, harmony among the managers, and experience in the various branches of the business, manufacturing, selling and financing. A large business which is dependent for its continuance upon a single individual is a poorer risk than one which rests in the hands of several men. The sudden death or disability of the head of a one-man enterprise may seriously embarrass the business and imperil its creditors:—a danger which is not likely to occur where the management rests with several capable men, all of whom will rarely be disabled at the same time. The business record and the resources of the management or the board of directors is also an important element in judging the safety and permanence of an organization. A strong board of directors, that is, one whose members are men of large means and desirable connections, is perhaps the best possible guaranty of a safely conducted business.

Harmony among the officers, directors and managers of large enterprise is essential to its success. When a banker's investigations of a name reveal internal dissensions and discord, it is best not to extend credit, as complica-

tions of a serious nature, frequently ending in a receivership, may possibly follow. And the fact that dissensions exist is very often the first warning that the banker has that the business is in bad shape.

Integrity of organization also requires a proper balance between the manufacturing, the selling and the financial departments. A management composed entirely of salesmen is apt to be too aggressive and optimistic, and is inclined to overextension and overtrading; while a management composed entirely of manufacturers usually lacks the push and versatility necessary to adapt a business to the changing conditions of the market. A management composed entirely of men with an exclusively financial training is apt to be too conservative, and to lack boldness and initiative. A proper balance in the organization of a large enterprise demands a reasonable degree of independence in the manufacturing head, the selling head and the financial manager.

One more element of risk in judging an organization may be mentioned. It is the compactness or the extension of the business. A concern whose assets are spread out in a large number of distant locations, or whose management has numerous interests outside of the one whose credit is being considered, is a poorer risk than one whose assets are all in one place, the entire business under the eyes of the management at all times, and whose managers have no outside interests to divide their attention, time and strength.

II. RESPONSIBILITY.

After the banker has satisfied himself regarding the character of the man or men behind the paper and the strength of their organization, the next thing to be considered in judging the risk is the responsibility of the maker and the endorser of the note. Character may furnish the disposition to meet an obligation, but a note cannot be paid with good intentions. There must be sufficient solid assets convertible into

cold cash. And, as a general rule, the responsibility upon which a loan is based should rest in the maker. While there are instances in which it may be safe to rely largely upon the strength of an endorsement, it is not good banking to make loans largely out of proportion to the responsibility of the maker, or where the maker has no financial responsibility whatever; for it is not the function of a commercial bank to furnish more or less permanent capital, but simply to make temporary seasonable advances, which will be repaid at maturity. The former course, if pursued to a considerable extent, is apt to cause the banker's suspension in times of stress, or when a run is made on his bank; for while the endorsement relied upon may be perfectly safe, as a rule the endorser's means do not consist of quick assets and cannot be realized upon readily enough to meet a short time loan.

THE MAKER'S RESPONSIBILITY.

The best basis for a correct judgment of a borrower's responsibility is a signed statement of his assets and liabilities, taken from his books after an exact inventory. In former years borrowers rarely gave this information to their bankers, and were inclined to resent a request for anything more than a vague verbal statement from the borrower of his net worth, with possibly a more or less definite admission of the total amount of his liabilities. There are still some very large houses of undoubted credit which are successful in floating their paper in the open market without issuing a statement, but they are becoming fewer year by year. The danger of extending credit without a definite and complete statement is much greater than might be supposed. The assets of the borrower may be invested entirely in fixed plant or other forms that cannot be readily converted into cash. Or they may consist largely of good-will, trade marks, patents and other intangible values, which are not a proper basis for commercial credit. In other cases, it is found that a large

part of the assets is hypothecated. Again, while the assets may be good and bankable, the liabilities may be so excessive as to make the risk very great. Or, as in a case that recently came to light in New York, a million dollars of the so-called capital may be carried on the books as a loan from one of the partners. In fact, the banker who loans without a statement loans in the dark to a large degree.

Assuming that the prospective borrower has furnished a statement, and that the banker has satisfied himself that it is made in good faith, the next step in judging the credit risk is, correctly to analyze the figures. The first question naturally is, were the figures taken from an exact inventory, or are they merely an estimate? Unfortunately, the custom still prevails, especially in the smaller centers, for a borrower to give merely an approximate statement in round figures, and the figures are often made up so carelessly that the borrower as well as the banker is deceived by them. If a statement is received in round hundreds or thousands, it is always a safe rule to allow considerably more for errors and shrinkage than in the case of a careful, exact inventory. In analyzing the figures, it is very important to note the ratio of liabilities to capital; the heavier the debts (other things being equal), the greater the risk, because a less shrinkage or loss of assets is necessary to make them inadequate to liquidate the debts. For instance, if the liabilities are half the assets, a shrinkage of fifty per cent. would be required to cause a loss to the creditors; but if the debts are two-thirds of the assets, a shrinkage of only thirty-three per cent. would be required.

Even more important than the simple ratio of debts to capital is the ratio of current debts to working capital; for it is only the current debts which must be considered in making a short-time loan, the mortgages or bond issues not being due usually for some years; and it is only the working capital or the quick assets which are available for paying the current debts. The fixed

assets cannot be readily converted into cash, and if they were, it would cause a stoppage of the entire business to sell them. By working capital or quick assets is meant that portion of the assets which is being or has been manufactured for sale, or has been sold and is in the form of accounts receivable or cash; in other words, the cash, accounts and bills receivable, and the merchandise. Slow assets, such as fixtures, machinery and real estate, are not a good basis for commercial credit, and in analyzing a statement they may be practically eliminated, although they add an element of reserve strength in case of a liquidation of the business.

A more difficult and yet very important part of the correct analysis of a borrower's statement is the comparison of the various items composing the assets with one another, and the determination whether the ratio existing between them is a normal and healthy one for the business of the borrower. To do this correctly a general knowledge of the terms and customs of the various lines of trade is necessary. For instance, in a trade like the raw silk, where the regular terms of sale are on six months' note, a high ratio of bills receivable to merchandise is normal and proper; while in a business like sugar refining, in which the customary terms are seven days net, a similar large ratio of bills receivable to merchandise would be a certain indication that there was something decidedly wrong with the borrower's business.

It is the custom in America in almost all lines of business to sell on open account only, and a note is usually not taken in settlement of an account except in case of a doubtful risk, or as an extension of the terms of credit at maturity. In either case, it is evident that a considerable amount of bills receivable in proportion to accounts receivable or merchandise is an indication of danger, and lowers the grade of the risk. In such lines as textiles, groceries, steel, and other staples, the borrower's statement should show only a small amount of bills receivable. If this item is abnormally large, it is

usually found to consist largely of the paper of subsidiary or allied concerns, notes of officers or directors and stockholders, or other slow assets or deadwood. In other lines, such as raw furs or lumber, where the customary terms of sale are upon notes, a very large item of bills receivable is perfectly healthy and safe.

The relative size of the accounts and bills receivable together, as compared with the merchandise item, frequently furnishes guidance in estimating a borrower's responsibility. In a manufacturing or jobbing business the ratio of receivables to merchandise is normally far greater than it is in a retail business. If the volume of annual business is known, together with the terms of sale, it is easy to determine in each particular case what the average amount of receivables should be, and if the actual amount is largely in excess of that amount, it is a fairly certain indication that doubtful or dead accounts are carried as an asset. In the case of a retail store, except in the instalment business, sales are mostly for cash with a certain percentage of monthly credits, and it is evident that an amount of outstanding accounts equal to a fifth or a sixth of the year's sales (which would be normal in a jobbing house giving sixty-day terms) would indicate something radically wrong in the management of the enterprise.

In the same way a careful study of the merchandise item frequently shows whether the stock is clean and salable, or contains a large amount of deadwood. If the merchandise item shows a turnover far below what the terms of sale in the line would make possible, it is evident that the stock is more or less unsalable. Again, if the merchandise in a manufacturing or wholesale business equals or exceeds the accounts receivable and bills receivable, it is reasonably certain that the business is not pushed with sufficient energy, and that too large a stock is carried for the business done; or else part of the accounts receivable is being assigned, and some

creditor is being given an unfair advantage thereby.

The proper ratio of working capital to plant is another point to be carefully noted in the analysis of a borrower's statement. In general it may be said, the less plant investment, the better; because this portion of the capital is not being turned over at a profit, but, on the contrary, is continually depreciating, and is a constant drain upon the profits earned by the circulating capital. While this is the general rule, the normal ratio of plant to working capital varies greatly in the different lines of business. In a jobbing or retail business this ratio is normally very small, because in the former only a small amount of fixtures is required, while in the latter perhaps a larger amount of fixtures, but no machinery, is needed. In a heavy manufacturing business the plant may be considered fairly normal, if it does not exceed the amount of a year's sales; but if it does largely exceed these figures, it is usually found to contain more or less good will or water in its valuation.

ENDORSER'S RESPONSIBILITY.

As has been said previously, it is not as a rule good banking practice to extend credit to a concern of nominal or limited responsibility upon the strength of an endorsement. When the credit rests entirely upon the responsibility of the endorser, the banker is practically furnishing the working capital for the enterprise, and the loan is almost invariably a slower asset than a commercial bank, whose deposits are payable upon demand, should carry. But there are numerous instances in which partial reliance may be properly placed upon an endorsement, the maker being a fair risk and the endorsement simply strengthening the note. In judging the value of an endorsement, perhaps the most important point to be considered is, whether the endorser's responsibility is represented by slow assets or by quick assets. As a rule it will be found that the assets behind an endorsement, while perhaps perfectly safe and sufficient,

are slower than the current assets of a going business; they usually consist of real estate, or stocks and bonds of more or less obscure issue and uncertain market. The information available regarding the endorser's means is generally more indefinite and less in detail than the information received directly from the maker; but in cases where the loan is made entirely upon the endorser's responsibility, the banker ought to request a full statement of his assets and liabilities, which should be analyzed precisely as carefully as the maker's figures; and a full investigation through trade and other channels mentioned previously should be made.

In the case of an endorser, there is an additional legal risk which is not taken by the banker in dealing with the maker of a note. The endorsement of a corporation is legally unenforceable, as a corporation is not permitted by law to lend its credit. Other endorsers may seek to repudiate their liability on the ground that no consideration has been received by them. The only endorsements about which there can be no legal question are those of persons intimately connected with the concern making the paper and undoubtedly receiving benefit from the loan.

III. CONVERTIBILITY.

It is not enough that the borrower has a disposition to meet his obligations and the financial responsibility to make a loan to him a safe one. His means must be liquid and readily convertible into cash to enable him to meet short-time notes promptly at maturity. While the banker is ordinarily in a position to grant renewals for a reasonable period at the borrower's request, still, as his deposits are likely to be called for at any time, his loans must be based upon assets that can be liquidated upon short notice, if necessary.

There are a number of data from which the banker forms his estimate of the degree of convertibility of a borrower's assets into cash. One of the most important, if not the most important, of these is the ratio of the volume

of annual business to capital employed. It is evident that the assets of a merchant who turns his capital five times a year are far more readily convertible than those of a merchant who turns his capital only once or twice a year. It is important, therefore, to know the amount of the borrower's annual sales. According to this standard, a wholesale business is usually more liquid than a retail or a manufacturing business; and a staple business, such as textiles or food-stuffs, than a fashionable or fancy line, such as millinery or art goods. When the amount of the annual sales is not obtainable, a fairly accurate idea of the activity of the business may be obtained by noting the amount of the accounts and bills receivable, and considering this in conjunction with the customary terms of the business. For instance, in a line extending terms of two per cent., ten days, sixty days net, good customers' receivables of \$200,000 would be a reasonable assurance that the annual sales were well over \$1,000,000. This applies only to lines in which business is done upon credit; a retail cash business could not be judged in the same way.

It may be noted here, that a banker's loans to a wholesaler or manufacturer are largely in the nature of a discount of his accounts receivable; or, in other words, are simply temporary advances to him of actual cash owing him and due in a short time. Loans to a retail merchant must be based largely upon his future business, and are practically advances against his merchandise to enable him to carry it until sold. Evidently there is more uncertainty, and therefore a greater risk, in the latter than in the former proposition; the convertibility of the wholesale or manufacturing business is practically assured, as far as the amount of the banker's advances is concerned, by the accounts receivable on the books; while in the case of the retail merchant he may sell his merchandise in time to meet the note, or he may not.

A second consideration in estimating convertibility is location. If the business is manufacturing, proximity to its

sources of raw materials and to markets, shipping facilities, available labor supply, etc., are very important. In a retail business, proximity to the shopping center, the appearance of the store, transit facilities, etc., must be considered.

Perhaps the most important point to be considered in estimating the ease with which a borrower will be able to convert his assets into cash to meet his obligations is the ratio of quick assets to current liabilities. The cash, the receivables and the merchandise together should be largely in excess of the current debts. While the ratio of safety naturally varies with different lines of business and each case must be considered on its merits, a careful banker will be inclined to avoid buying commercial paper of concerns whose statement does not show a ratio of quick assets to current liabilities of at least two to one. On this basis, any shrinkage of the working assets in liquidation less than fifty per cent. will still leave a margin over the debts. But in the case of a concern whose ratio of quick assets to liabilities is only 1.50 to 1.00, it is evident that any shrinkage of one-third in the quick assets will endanger the prompt payment of the creditors' claims.

While fifty per cent. is a liberal margin of safety, it must be remembered that a statement is usually made when the liabilities are smallest, and if a concern cannot show quick assets of twice the current debts at that time, there will probably in the height of its season be only a very small margin of quick assets above the debts, so that a shrinkage amounting to only a small percentage of the assets will wipe out the excess of quick assets over the current liabilities, and will thus endanger the prompt payment of the maker's note. In this analysis both the slow assets, such as real estate, fixtures, obscure investments, etc., and the slow liabilities, such as mortgages, bonds, special capital, etc., may be ignored; because it may be safely assumed that in the brief period that commercial paper has to run there will be no ma-

terial change in such fixed assets or slow liabilities.

The banker is not confined to deductions from the borrower's figures in determining the degree of convertibility of the latter's assets. An actual and consistent test of convertibility is furnished him in the manner in which the concern meets its current trade bills. The assets of a merchant who is able to discount all of his accounts payable are evidently more liquid than those of a merchant who requires the full terms, in spite of an attractive discount offered for earlier payment. And if a merchant, in addition to the regular terms of purchase, is tardy in meeting his merchandise debts, it is evident that his assets are not turned into cash as readily as they should be, either because the merchant is not moving his goods, because he is selling to a poor class of trade and his collections are slow, because he is carrying too large a stock of merchandise, or because he is trying to do too large a business for his capital. Whatever the reason, when a banker learns that a borrower is slow-paying, it behooves him to use great caution in loaning; and if the condition is chronic, the risk outweighs the profit on the transaction, and the credit should be discontinued. Tardy payments are not only a sure sign of immobility in the assets, but they place the merchant at the mercy of his creditors, who may at any time petition him into bankruptcy, and the percentage of the shrinkage of assets in the hands of receivers is too well known for comment.

Another actual test which the banker has of the convertibility of the borrower's assets is the manner in which he carries his bank account, and the frequency and ease with which he liquidates his bank indebtedness. It is the custom of the best banks to require a complete liquidation of the borrower's indebtedness at least annually, the reason for this rule being that it is not the function of a commercial bank to furnish permanent capital; and the requirement at the same time furnishes a test of convertibility that is very valu-

able, both to the banker and to the borrower. In some lines of business such annual or semi-annual liquidation is comparatively easy, as in textiles, agricultural lines, and seasonal lines generally. In others, it is difficult, as in hardware, meat packing, and non-seasonal lines generally. In the latter cases it is well for the borrower to have sufficient banking facilities to enable him to clean off his indebtedness to each bank in turn; but his assets should always be in such liquid shape that, by discontinuing purchases, he could liquidate all of his indebtedness at once, if necessary. The actual liquidation at his banks in rotation will place both the borrower and the banks in a more comfortable and a safer position.

In this connection it may be well to note, that no concern ought to sell its notes in the open market, unless its assets are liquid enough to enable it to take care of the entire issue at any maturity, without renewal; for this source of credit may be entirely closed, whenever the money market hardens sufficiently to make the banks hold their resources for their own customers. And in a panic, when the merchant most needs credit, there is none whatever available in the commercial paper market. For this reason, a borrower who floats a large amount of paper through brokers ought to keep his own bank lines of credit open, and if the banker finds that, in addition to a full line with the broker, a merchant has all of his regular bank lines full, he should be absolutely sure of the convertibility of the merchant's assets before purchasing the note. Such a process of

financing is a pretty sure indication that the borrower is overtrading, and the banker is naturally put on his guard by it. The amount of paper floated through brokers is a very important point in determining the desirability of the paper, and the writer is of the opinion that it would be very beneficial, as stated above, to both borrowers and bankers if the example of the International Paper Company in having its paper publicly registered were generally followed. A registration of paper would go a long way toward preventing extensive overtrading.

In conclusion, a few words regarding the proper distribution of risks are in order. While there are bankers who believe in "putting all their eggs into one basket and watching that basket," the best banking practice does not approve of loaning a borrower, as a rule, more than one-fourth to one-third the excess of his quick assets over his liabilities, in cases where the ratio between the two is two to one or larger; and the size of the credit is rapidly restricted as the ratio of quick assets to liabilities falls below that standard. There are, of course, exceptions to this rule; for instance, in cases where the assets are practically cash commodities, like grain, cotton, etc. In these cases it is usually considered safe to loan in excess of the limit of one-third of the net quick assets, but as a general rule, it is safer for the banker to scatter his risks and limit the amount loaned to any one customer to the above fraction of his working capital, or even less, where there are any unfavorable features.

FOR DEPOSIT ONLY

THE Deputy Bank Commissioner of Rhode Island, Mr. Joseph A. Fowler, sends us the following:

The little anecdote entitled "Endorsed, all right" recalls to my mind something of a similar nature that happened when I was acting as paying teller in a national bank in Providence several years ago.

A clerk for one of our depositors had brought in the daily deposit, in which was a check, not endorsed, and as his employer's place of business was some distance away from the bank, I asked him to endorse it,

by using the words "For deposit only" and signing the firm's name, which with the bank's guarantee of endorsement would make the check acceptable by the bank upon which the check was drawn.

When the check was returned to me it bore the following endorsement: "40 Possit Only" and when I asked for an explanation as to what he meant by it, replied "I thought you were giving me some Latin stuff."

This man was supposed to be a book-keeper with the usual amount of intelligence.

CANADA'S BANK BRANCHES AND POPULATION

By H. M. P. Eckardt

THE census recently taken in Canada shows that the facilities supplied by the chartered banks have increased during the ten years 1901-1911 more rapidly than the population of the country. Taking all Canada, the population in 1901 was 5,371,315, and the number of bank branches established was 750. Thus there were, on the average basis, 7,162 persons to each banking office.

In 1911 the population, according to the preliminary announcements of the Census Bureau, was 7,081,869. The number of bank branches had grown to 2,494. The average of inhabitants to each banking office declined to 2,840.

The western provinces are better supplied with banking offices than are the eastern provinces, this notwithstanding the fact that the head offices of all the great banks are in the East. In 1911, at the time the census was taken, the western provinces had a banking office to every 1,830 of population, while eastern Canada had a bank for every 3,414 of population.

In the West, Saskatchewan is the province showing the greatest number of banking offices. The population of Saskatchewan is given as 453,508, and there were 302 banking offices established in the province. This figures out 1,502 inhabitants to each banking office. The American farmers who have taken up land in western Canada have gone principally into the Province of Saskatchewan. Apparently the great Canadian banks have shown their appreciation of the excellent business they are getting from these newcomers by establishing more branches in Saskatchewan, relatively to population, than they have established in any other province of the Dominion.

The figures quoted above give the number of banking offices representing the entire population. In fact, however, the banking offices are invariably planted in the villages, towns and cities.

The facilities which they supply are available to the farmers settled in the surrounding districts, but many of those farmers are perhaps obliged to travel from three to ten miles to avail themselves of the facilities.

If Saskatchewan were taken as an example, it would be found that few villages of 300 or 500 population were without a chartered bank. Ontario is the richest and most populous of the Canadian provinces. It contains more than one-third of Canada's population. In that province the number of bank offices in 1911 appears as 1,010, which reduces to an average of 2,495 inhabitants per banking office.

It is interesting to compare the banking facilities of the principal cities. The population of the fifteen large cities, the number of banking offices, and the number of inhabitants per banking office are given in the following table:

City.	Population.	Bank offices.	Inhabitants per bank's office, 1911.
Montreal....	466,197	86	5,400
Toronto....	376,240	125	3,000
Winnipeg...	135,440	43	3,100
Vancouver...	100,333	41	2,500
Ottawa.....	86,340	39	2,900
Hamilton....	81,897	25	3,300
Quebec.....	78,067	24	3,300
London.....	46,177	15	3,100
Halifax....	46,081	11	4,200
Calgary.....	43,736	18	2,400
St. John....	42,363	14	3,000
Victoria....	31,620	11	2,900
Regina.....	30,210	10	3,000
Edmonton...	24,882	15	1,700
Brantford...	23,046	9	2,600
	1,612,611	477	3,400

Apparently the growth of population in the principal cities is somewhat more rapid than the increase in number of banking offices. In the book, "A Rational Banking System," I gave a statement similar to this, but based on the figures of 1909 (the population of the towns being taken from estimates made in the commercial agency

reference books). The sixteen cities then taken showed a population of 1,413,920, banking offices 453, and average inhabitants per banking office 3,100. Montreal then showed 4,800 inhabitants per bank; Toronto showed 2,800. But some of the smaller cities show their bank offices to have increased relatively more rapidly than the population. Thus Winnipeg showed, in 1909, 3,300 inhabitants per bank, as against 3,100 in 1911. Victoria showed 4,400 in 1909 and 2,900 in 1911. However, in most of the cities the number of inhabitants per bank has increased, showing that the banks are not quite so active in establishing branches in the cities. It was said a couple of years ago that this movement was overdone, especially in Toronto. In that city some districts of the retail and residential sections have banks at nearly every street intersection.

These figures show that the increase of banking facilities has been accorded mainly to the small towns and villages. It makes an interesting calculation to deduct the population and banking representation of the fifteen cities above referred to from the population and banking representation of the whole country.

1911.	Population.	Bank offices.	Inhabit's per bank.
All Canada..	7,081,869	2,494	2,840
Fifteen cities	1,612,611	477	2,840
	<u>5,469,258</u>	<u>2,017</u>	<u>2,700</u>

Thus the banking representation in the towns having less than 20,000 population is relatively stronger than in the great centers. In the fifteen large cities there is a bank to every 3,400 population. Outside of them there is a bank to every 2,700 population. The same result is seen when the western Provinces are taken by themselves.

	1911. Population.	Bank offices.	Inhabit's per bank.
W. Canada..	1,653,886	904	1,830
Five cities...	334,601	127	2,600
	<u>1,319,285</u>	<u>777</u>	<u>1,700</u>

The preference given to the smaller towns and country districts is more marked in the West. The five cities with population in excess of 20,000 have a bank to every 2,600 population, while the smaller places taken by themselves have a bank to every 1,700 population. This appears to be a generous banking representation. Taking the western Provinces outside of the big cities there is on the average a bank office to every 570 families. The value of the facilities thus supplied will be better understood when it is explained that the branches are part of the organizations of strong concerns and that these institutions do not charge borrowers the high rates which are usually charged in new countries. The good farmers throughout the West get their accommodation at six, seven and eight per cent.

THE NEED OF THRIFT

THRIFT is almost a forgotten virtue with a large element in our population. Too much is this the case in cities. Too much is there inclination to spend every cent that may be earned, trusting to luck and Providence to provide for the sere and yellow years.

The young woman who squanders all she earns before marriage on clothing—and the young man who throws his substance away on idle pleasure are equally culpable.

His aspiration is to wed a rich woman. Her aim is to marry a man with substantial earning power. Is it surprising that when men and women with such sordid ambitions wed the way is smooth to the divorce court?

Well-meaning but short-sighted reformers seek to remedy such conditions by legislation. As well try to sweep back the

rising tide with a broom. Thrift is a part of a nation's instincts or it is non-existent.

Nor must it be considered that the subject is one that does not vitally affect the United States at this time. Rather, it is becoming more acute with passage of each year. The chances for earning "easy money" are growing fewer.

Our mighty natural resources are developed or in the hands of corporations that intend to develop them. The nation does not intend to loosen its grasp upon those that remain in the public domain.

Therefore, more than ever before, the man and woman who seek to pile up a competence for that period when neither will be enabled to do hard work, must win their way to hours of ease by dint of saving—by sheer thrift.—*Seattle Times*.

SAVINGS BANKS

Conducted by W. H. Kniffin, Jr.

HOME BANKS

By W. H. Kniffin, Jr.

THE little home banks which have been so widely used during the past ten years by banks and department stores serve two purposes: First, they are good advertising; and, second, they are good collectors. They range all the way from a small and cheap vest pocket bank, capable of holding two or three dollars in loose silver, to a costly "non-pickable" ornament for the mantel shelf. Some makers have even gone so far as to install a clock in the bank, which must be wound (naturally) to keep it going; but it costs a dime to wind it!

Thousands of these banks have been put out by professional solicitors, who work for firms that make a business of obtaining new accounts. The usual proposition is to require the depositor to make a deposit of about \$2.50, which secures to him a small bank and a pass book for the full amount, the deposit being in the nature of a guaranty that the bank will be returned. The firm usually gets a lump sum for securing a certain number of accounts, or a commission. Great care should be taken in such an endeavor to see that the firm is reliable and that the deposits are bona fide. There have been cases where the solicitor has been working on a commission basis, and has offered to bear part of the initial deposit in order to secure a new account; and it is obvious that the account that must be paid for in this manner is not a desirable account. As a matter of fact, there is nothing the professional man can do in this line that the bank could not, by proper advertising, do for itself and be certain of its ground.

It is needless to say that the banks should be of good material and well made, so that they cannot easily be opened, and should have good locks;

for if trouble develops with the locks, they become an intolerable nuisance. The cheap bank has a cheap lock; and cheap locks are most unsatisfactory.

The banks are not sold, but loaned, somewhat as a premium to help the de-

DOLLAR SAVINGS BANK.

THIRD AVENUE, NEAR 148TH STREET

NEW YORK.

According to our records you have at your home one of our Auxiliary Banks, No. 830 . . . which does not appear to have been brought to the Bank for quite some time, and leads us to think you are not making use of it.

We would be pleased to have you bring this Auxiliary Bank in as soon as convenient, and have the account checked up. And as it is costing you a small rental per quarter, unless you desire to retain the Bank, it can be marked off your pass-book.

Yours truly,

W. M. KERN,
Secretary.

NOTICE TO HOLDERS OF HOME BANKS

positor get started, and to enable him to save the small amounts that would otherwise be frittered away. Being a constant reminder of the saving habit, and constantly inviting the deposit of small amounts, they can and generally do fulfill a useful mission. The key is, of course, retained by the bank, and in order to open the bank, they must be presented at the bank, where the contents are counted and credit given therefor. Some people are apt to use

∴ WEST SIDE SAVINGS BANK ∴

110-112 Sixth Avenue, Corner Ninth Street.

Opposite Jefferson Market,

New York, July 6 1912

Received of WEST SIDE SAVINGS BANK, ONE HOME SAVINGS BANK, No. 873. In consideration of the said WEST SIDE SAVINGS BANK loaning me this Bank free of charge, I hereby agree to keep on deposit with the said WEST SIDE SAVINGS BANK not less than \$1.00, and to forfeit the said sum of \$1.00 in the event of the Bank being lost, destroyed or not returned when called for by letter deposited in the mail to my address, as given on this receipt. Box to be brought to the WEST SIDE SAVINGS BANK once a month and its contents deposited with them.

Name A. P. Penny

Solicitor's Name Two Cent

93 West Ave.

NY

CONTRACT WITH DEPOSITOR IN CONNECTION WITH HOME BANK DEPOSIT

THE BANK FOR SAVINGS

FIRST AVENUE AND UNIVERSITY STREET



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!

OPEN SATURDAY EVENINGS
6 P. M. TO 8 P. M.

FOLLOW UP CARD FOR USE WITH THE HOME BANK

in them, adding not a little to the work of these tired officials. It is well to have it firmly understood that no banks will be opened during the busy periods. But they are most likely to come in at these times, for the sake of getting the deposit in before the interest days are over. In some cases a special clerk is detailed for this work.

Some banks take a receipt for the bank on a card, while others give them

out with little or no ceremony. Some even go so far as to keep tabs on every bank and can tell where each one is at any particular time,—a very good idea. Some bank men are of opinion that they are a good thing, while others who have tried them regard them after a time as "old junk."

A perusal of the different forms submitted herewith will indicate the rules under which these banks are loaned.

PRACTICAL BANKING

THE TELLERS OF A COMMERCIAL BANK

By M. F. Bauer, Paying Teller of The American National Bank of New York

INTRODUCTION.

WE distinguish in the economic and business life of our modern society two fields of activity, namely, industry and commerce.

By industry, we understand the activity which produces: by commerce, the activity which transfers.

Manufacturing, agriculture, building, mining, are industrial activities, as well as the work of the carpenter, the shoemaker, the tailor and the butcher and packer. After industry has produced goods, commerce moves them, carries them from the producer to the distributor, and then to the consumer.

Transportation of goods is a branch of commerce, and so is the exchange of goods. Exchanging a house and lot for an automobile is a commercial transaction or barter. There is nothing produced by it unless we take into consideration the dissatisfaction displayed by the party who receives the worse of the bargain.

For the sake of convenience people early came to establish certain commodities as mediums of exchange. They would use cattle, sheep, goats, furs, shells, grain and similar articles of universal usefulness. The early settlers of this country, for instance, used tobacco for almost two centuries for that purpose. In modern times metals such as gold, silver and copper, which possess certain qualities, as portability, indestructibility and divisibility, and were therefore well adapted as a medium of exchange, have superseded practically all other commodities.

THE BANK AS AN AGENCY OF COMMERCE AND INDUSTRY.

The development of the activities of industry and commerce, however, have

been brought about through the instrumentality of another and very important factor, namely, the bank. By the bank we understand the place where the commerce of money and credit is carried on. It does not produce anything. It transfers and exchanges credit. It borrows the ready money of one and lends it to the other. It is the middleman between the borrower and the capitalist. It has the means to facilitate and encourage the extension of industry and trade, and its actual business is a good barometer of general business. It also plays an important part in international matters, and is so considered and consulted. Its position and opinion are carefully weighed by those who have the authority to declare for peace, arbitration, or war.

The derivation of the word bank is variously explained, but the specific idea expressed by it nowadays is older than the word itself. We find money-changers mentioned in the Gospels as having their "tables" in the temple at Jerusalem and how they had been driven out by Jesus. The table was the characteristic instrument or tool of the banker at those times. On it he displayed his coin and counted it. The table was his counter, and from the "table," in Greek, "trapetza," he took his name, trapezite.

But even in ancient Greece there was not the beginning of banking. There have been uncovered records of a well developed and even complicated system of banking in the earliest civilization of which we have knowledge, in Asia, which goes back to, roughly speaking, ten thousand years B. C.

In the ruins of the cities of those countries many thousands of records of

banking transactions were found, covering the general field of banking. Blind transactions, corners in money, fictitious transactions, drafts, promissory notes, are recorded there.

And we have codes of laws regulating those transactions and enforcing among the bankers and their clients honesty and what is the fundamental principle of all banking transactions, "good faith among the parties."

When I say money I do not mean, of course, either coin or paper, or even in all cases metal. Issuing of paper money is an invention of modern times. The coining of money was not invented until about 800 years B. C., and the first detailed code regulating banking transactions which we have dates back to about twenty-five hundred years B. C. That code is a highly refined law book and must have had many predecessors.

Gold, silver and copper formed the basis of transactions for several thousand years, but it was in the form of bullion—uncoined gold and silver in the mass—and it was dealt in by weight. We read in Shakespeare's "Merchant of Venice" of Shylock, with his scale in his belt; but he had predecessors six thousand years before his time. We read in Genesis 23:16, of Abraham, of the City of Ur of the Chaldees, who is reputed to have lived 2000 B. C., in paying for the cave of Machpelah, the burial place of Sarah, his wife, "And Abraham hearkened unto Ephron: and Abraham weighed to Ephron the silver, which he had named in the audience of the sons of Heth, four hundred shekels of silver, current money with the merchant."

Gold was probably introduced as a favorite among mankind by the ancient Egyptians, roughly speaking, 6,000 years B. C. It was its bright splendor, its permanent glister, its property of not tarnishing and its waxlike plasticity which recommended it to the early sons of the sunny valley of the Nile. They found it in plenty in many of the rocks surrounding their country, and it was easy to obtain as a tribute from the tribes with which they warred. And

even present day finds of jewelry and vessels in Egyptian tombs bear witness to its abundance and the perfection at an early period in the methods of conducting the operations of washing, fusing and moulding the metal.

Egypt and Babylonia were the two great civilizations of mankind in early times. They set the fashions for the world. Egypt proclaimed gold to be the standard of value, Babylonia proclaimed wheat to be the standard of food. Egypt became the granary of the West, and Babylonia the treasure house of the East.

But even before gold came into favor with man his possessions were of such a character that he could trade in it, not only buy it, sell it, lend it and deposit it, but even lend its use on interest. Laban lent Jacob a herd of cattle and a flock of sheep for seven years under an agreement that all the speckled and spotted of the flock should go to one of the parties and all the plain colored to the other. Sheep and cattle, horses, goats, hogs were the wealth of those primitive people. There rich men gathered these treasures, and it was but natural that there should be men who made a business of taking care of such herds for others and turning them to use. This was done for thousands of years, particularly by priests who in their sanctuaries could offer the public protection from thieves by proclaiming the goods deposited or bailed with them to be the property of the gods. But even in case of civil disorder the gods and their priests were powerful and well organized and no ordinary disturbance would endanger the peace of the sacred precinct or the herds and flocks of the gods, the capital of the banking institution.

These ancient organizations were transplanted early from Babylonia to the Valley of the Nile and to Greece.

The Greeks were the great international bankers of antiquity, as the Phoenicians had been the great international traders.

After Alexander's conquest of Persia the Greek bankers operated from China to the British Isles. Banking was no

longer in the hands of temples and priests but secular organizations, in many cases families of bankers, generation succeeding generation, were carrying on these operations. Nationality was of little importance, just as it is now. Syrians and Spaniards, Jews and Romans, would trade with one another and compete with one another. Rome through her conquests became mistress of the western world and became the center of the banking as well as of the administration of the western world, embracing within her boundaries Britain and North Africa, Western Germany and Arabia, the coast of the Black Sea and Babylonia. Rome had conquered the world which was known to the West, but she did not change much the law of the world, in particular the law of banking. The fundamental principles which had been elaborated and evolved by the conscientious and high-minded and faithful labor of untold generations of bankers through the preceding six or seven thousand years were applied by her, enforced by her, refined and simplified by her and codified by her. They were nothing extraordinary or privileged. The ancient civilization had succeeded in evolving rules which applied to all civil life and all civil transactions. We know them as the Roman law.

When the ancient civilization of Rome broke down under the onslaught of the North and East the entire administrative organization of the Western World came to an end; and naturally the banking business, which, in its nature depends on commercial life, broke down with it. But only in the west of Europe and around the Mediterranean. In the Orient and even in Eastern Europe, in Constantinople, the traditions of the banking business survived, and when the new people in Western Europe began to organize, began to start on the conquests of the East in the Crusades, closer intercourse between the East and the West brought about reaction of commercial relations and with it the revival of banking in Western Europe.

I say, revival of banking. European

banking did not start at that time, nor did it create its principles at that time. The first bankers of our times were the Knightly Orders—Knights of the Temple or Templars, the Knights of St. John—about the twelfth century, and thereafter the great merchants in the cities of Italy who acted as middlemen between the East and the West. The rules that they followed and the customs they observed were the ancient rules and customs which had survived in the East. Our banking law in its precedents goes back to those times—to the early Middle Ages, but its roots go much deeper; they go back to Rome, to Greece, and to Babylonia.

The first traces of paper money known to Western Europe were drafts issued at the time of the Crusades by the Knightly Orders in the twelfth and the thirteenth century, and directing other branches or houses of the orders to pay over certain funds. They served as intermediaries between Europe and the Holy Land. These forms of bills of exchange were taken over later by the great mercantile houses of Italy at Venice, Pisa, Genoa, Florence, such as the Medici, and by the northern merchants such as the Fugger, the Welser and others. But the very origin of the institution points to the Orient, and the bill of exchange as a medium of the transfer of funds without the transmission of cash is, no doubt, of considerably earlier date.

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.

FILING

By J. A. Cramer

WHILE filing no doubt was designed primarily as a means of disposing of correspondence in such a manner as to be readily referred to, yet I doubt very much if in many cases it serves to this end. In fact, I believe, in most cases it is tolerated as a necessary evil and as one that cannot be gotten out of the way. To many business men the file seems to be a junk pile. All manner of material composed of paper and with some printing or inscription in pencil or ink is regarded as the proper thing to stuff in a file. In many cases an advertisement, useless from any standpoint, is filed with great care, while an important contract or document is left to lay in a roll-top desk, stuffed into an overloaded pigeon-hole, "so that it may be easily reached when needed." The result being a file full of worthless ads., a letter or two regarding a contract—and the important correspondence regarding the contract in a desk, stuffed where it cannot be found except after a search of twenty or thirty minutes, because the manager has forgotten just where he put it, but it's in the desk *somewhere*. Had it been properly filed, and less care put upon worthless advertisements, upon application to the file-clerk it would have been produced immediately.

On the other hand, another business man will think a certain letter is too important to file with the "ordinary" correspondence, and he starts a file of his own. After a year or so he has cause to refer to these letters, and he asks the file-clerk for it. Result: Valuable time is wasted in searching a file that does not contain the letter, the file-clerk is reprimanded for his carelessness, the "boss" loses his temper, and the letter is not found because the "boss" does not happen to think of "his" file.

FILING.

Using the "American Encyclopedic Dictionary," the word "file" is Old

French from Low Latin "Fila"—a string of things, from Latin "Filum"—a thread. Hence we see that any arrangement looking toward the systematic sorting of things so that they form a "string" (run in consecutive order) whereby one can follow its course is "filing." One might say that filing was the arrangement by which one could keep a "line" upon a letter, or whatever one was filing.

This, however, does not mean to dispose of letters as did a certain concern that came under my observation. To its credit it should be said that it was a very small firm, and that may help to smooth over the defects in their filing system.

This firm had but one filing section of five drawers, three of which were used for filing letters. When these drawers were filled they "transferred" the correspondence into a soap box or something of that sort, and nailed it up. One box I purposely examined, and there were three boards used for the cover. In these three boards were driven *twenty-eight* nails, to keep the cover on. I did not stop to figure how long it would take to find a hatchet, open the box and sort out an important letter, for in moving the box about the correspondence had been jarred out of their folders and,—well, it reminded me of a dish of macaroni.

THE ARRANGEMENT OF THE FILE.

I shall speak from my experience with bank filing, as I am more familiar with it than other classes—although what I say will apply to other institutions, with some few details arranged in a different manner perhaps, but as I see it, the "subject" file is the best.

Using this system, it is but a simple matter to find the necessary subjects for your file. In a bank the most important would be a folder for each active correspondent,—a subject entitled,

"Savings Accounts," "Current Accounts," "Collections" (sent to banks which are not correspondents in the usual sense), "Collateral Loans" (those which have paper, such as bonds, stocks, savings account assignments, etc., for security), "Mortgages," a folder for the bank's attorney, and perhaps one or two others would be the most important subjects by which to be guided in filing. Of course, there would without doubt be others, but these would be the most necessary. With the above arrangement all matters regarding a savings account would go under that subject, while all correspondence regarding a collateral loan would go under its respective subject. These subjects would be numbered according to their alphabetical order, being numbered as one desired, whether he would choose numbers running in units, tens or hundreds.

Care should be taken not to have the system too elaborate nor yet too simple. Both are the extreme, and there is a happy medium between the two extremes. A certain large corporation I know of at one time had a filing system of far over a hundred subjects. These were about one hundred and ten subjects too many, for they were afterward reduced to somewhere below thirty-five, and gave far more satisfaction. To illustrate, take the subject now known as "Mortgages." At one time this subject was split into ten different subjects, that is, such as "Mortgage Applications," "Mortgages Approved," "Mortgages Declined," etc. If at any time the history of the mortgage was desired, as is often the case when foreclosure proceedings are commenced, the file-clerk had to examine six or eight subjects to get what was needed, where now it is all under one head and far more convenient, with less risk of getting anything mis-filed. The same thing existed with the subject now known as "Bonds." In this case some of the subjects were, "Bonds Bought," "Bonds Offered," "Bonds Purchased" (I stop to ask what is the difference between buying and purchasing bonds so that two subjects were

necessary), "Bonds Sold," etc. There were also two subjects as follows: "Bond Statements" and "Bond Reports." If any one can find enough difference between a bond statement and a bond report to make two subjects necessary, I would like to know about it. It was this way throughout the entire system.

Yet, on the other hand, a file may be reduced so as to be a little more than a "one subject" file and that subject be "Miscellaneous." This would be as bad as the system above spoken of.

THE FILE CLERK.

It is possible for the file-clerk to be any one from the chief officer to the office boy, or messenger. We may find the file-clerk under any combination whatever. Quite often he or she is the general clerk, or perhaps the stenographer considers herself "afflicted" because she has been assigned the filing. Perhaps the file-clerk is the stenographer and bookkeeper, doing the filing in spare moments. Or, perhaps he is some flighty office boy who spends his time figuring the standing of the various ball teams, using any time he has left to do his filing in. As a rule, the file-clerk is the newest one in the establishment, outside of the office boy, and in this way one of the most important parts of any firm is left more or less handicapped by inexperienced help or by some one who detests filing. Under these conditions no firm can hope to secure the best there is in a filing system; letters go astray, cannot be found when wanted, and there is general dissatisfaction regarding the work of the filing department.

While I realize that a small firm cannot hope to have the elaborate systems of the great financial institutions or a system like those the "trusts" would keep, yet, nevertheless, care and system can be used, no matter if you do use a soap box in transferring your letters. If one person can give their time alone to filing, so much the better. Yet where there are only a dozen or two letters a day, this would be im-

practicable, but the person to whom the filing is consigned should take an interest in the work, and not regard it as their "punishment" in this world, or take it as the price to be paid for a higher position. In a large place, when a person has become accustomed to the filing of the institution, that person should be kept there, with the proper compensation for his work, for his work is an art, and one of the wheels on which commerce travels, for without reference to the correspondence, things would be in a hopeless state of affairs.

THE EQUIPMENT.

The file does not have to be one of the luxurious arrangements of the "Library Bureau." These things are merely for convenience, which is no small matter, and to have the office fixtures of uniform design. With the most elaborate system installed by those firms which deal in this class of goods alone, with the necessary requirements to run the establishment, with an inefficient clerk in charge of it—it's all worthless. It is for this reason that I say when a person has become thoroughly accustomed to the filing of any institution he should be kept there.

The file is not a dump. Neither is it for the convenience of the officers of any institution. Because a folder of some sort might appeal to the officer of a firm, that is no reason why it should be filed with the firm's correspondence. Even invitations sent to a firm, as a corporation, inviting the employees to visit any new banking location, or calling attention to a new clothing establishment, etc., should not be filed. They are advertisements—pure and simple. They have served their purpose when they are read. The file is not the place to allow a lot of useless stock and bond quotations to gather. Oftentimes within ten minutes after a quotation of that kind has been sent out it no longer obtains in the market. Bond circulars are another thing of no use, unless the firm might have prospects of buying or are vitally interested in some other way in the bond described. The file should not be taxed with these.

Another instance to illustrate my point. Various ones of the human family are slightly "off." Of this class there are those who persist in warning corporations of another corporation approaching failure. I know of one instance where one of our deluded brothers insisted on warning a certain firm of the approaching failure of the Pennsylvania Railroad Company. Another kept warning an automobile company that the firm of which they were the agents was on the verge of failure. These letters come on cheap paper, generally written in pencil. In the cases mentioned the various letters were always filed. This should not have been. The proper place for letters of that class is the waste basket. Then in the bank there is always the suspicious depositor. He is always telling the bank to pay no money from his account unless he signs a check for it. This is due to pure ignorance, and the letter generally proves that point. Cheap paper, lead pencil, and bad writing are the symptoms of that man's education. He also hails from a little backwoods town, where he occasionally sees a paper regarding forgery, absconding cashier, bank robbery, etc. Letters of this class should be filed in the waste basket. All these things count. They all go to stuff the file, and should be kept out.

Then there is the two or three file institution. This institution finds it necessary to have about three files. One for correspondence which it designates as "ordinary" and for "important letters" and a file for "documents." With every firm every letter should be a document and should be worthy of a place in the file. Perhaps I might seem to contradict myself when I say this in comparison to the paragraph above, but the idea is this: all such matters as the warnings above mentioned, the fellow who tells the bank not to give out any money from his account unless he signs a check for it, or the person who has a dollar deposited in a bank and writes about every year or so to see if the bank is still doing business,—all these are trash and should be thrown away,

after they have been answered, if an answer is to be given. With this plan all the remaining correspondence is or should be important to the corporation, and should be documents in the true sense of the word.

The two files above mentioned are kept in the vault, while the "ordinary" correspondence is filed in some tinder box filing cabinet and liable to be burned at any time. I am in favor of keeping the correspondence in a fire-proof room, to say the least. All the better if kept in a vault.

I ask the man who keeps letters in his desk, "where they can be found (?) when needed," why he has a filing department at all? If one thing is to be filed, why not all? He is likely to reply, "Well, if I did, I could never have things when I wanted them, and, besides, the file-clerk might mis-file them." Or, he might say, "I can't trust my file-clerk to put things where they can be readily found." Then the answer is, "Why don't you get a clerk you can trust?" One can never properly develop a filing system unless you can trust to put all papers of every description in the file. I am not now talking about notes, mortgages or papers of that class, but of letters, statements from various departments in connection with the operation of a firm, or agreements with a person regarding the payment of a loan, or reports regarding the value of any security which might be pledged as collateral for a loan.

Then there is another matter regarding the "stuffing" of the files. That is the writing of useless letters. The officer of a bank who writes a begging letter or makes threats never intended to be enforced every other day or so to the man who cannot or will not pay the interest on his loan, or the manufacturer who has a bill outstanding, and long overdue, which they cannot collect. These letters after the first one or two are generally useless. They take up unnecessary space in the file, and if continued for a protracted period in a large establishment, the files are soon

unmanageable with a lot of request-for-payment letters.

HOW TO FILE.

I am presuming that you have an intelligent and sensible young man or woman for your file-clerk, and one who can learn and then *know* how to do a thing. One who believes her work is really important. One who knows why a file should be kept straight. And above all one who does not think filing a sort of useless punishment for certain ones of the human family.

If the clerk has other duties beside filing, he should have a fixed, set and unalterable period for the filing. I would prefer the morning as the best time for this. As soon as the clerk reports for work in the morning he should cut the copies, if a roller copy press is used, or gather the carbon copies, if that method is in vogue in the firm. He should then paste the letter and reply together, and have the edges meet evenly at the top, for the letters will file more easily then, and will not be so liable to get out of shape when looked through. Paper fasteners of some sort might be all right, but paste is the best in my estimation. Pins should never under any consideration be used. After the letter and the reply have been pasted together properly, the clerk should then read over every letter carefully and write upon the letter the proper file number in heavy figures with a crayon of some sort. Blue or black are the best, because they make very heavy marks and are easily seen at a glance. Then he should underline the name under which the letter is to be filed, and place an "X" above each name which is to be "Cross referenced." This being done, he should next sort each letter under its respective number, and then sort each number in alphabetical order.

The clerk is now ready to "index." The index file being a card cabinet containing the name of each person to whom a letter has ever been written, and the number of each subject about which a letter has been written printed there-

on. Having the index file and a typewriter close at hand, he proceeds to index the number on the letter on the card in the index file. If there is no card for any name, a new card is made out, and the number printed on it. Also, as is frequently the case, if a card should have the number of a certain subject printed on it by reason of a previous letter under the same subject, it of course will not be necessary to re-index that number, and the name can be passed and the next letter taken up.

Having indexed all the letters, the next thing to do is to file them. Passing to the filing cabinet, in which are folders to correspond to the various subjects, we commence to file the letters. If a subject is sufficiently active it should have a folder for each letter in the alphabet; if not so active, a folder for letters "A to K" and one for "L to Z" will do. If very quiet, one folder will do for the whole alphabet. All letters of one number are filed in a folder to correspond to that number. Care should be taken not to get the numbers mixed. After all the letters are sorted into the correct folders, the filing for the day is completed.

When the folders have become too full for ready reference, it is then time to "transfer." A better plan would be to arrange it so that all folders will be transferred at the same time. Of course some folders will be more full than others, but a more uniform system can be developed by this method. The best arrangement I know of is to have cupboards built to fit a certain size pasteboard box, and as these pasteboard file boxes fill up they are numbered consecutively from number one on up. With this arrangement "transfer cards" are necessary. For instance, if subject No. 10 is to be transferred, and transfer file box No. 200 is the next number to be used. Note is then made on transfer card for subject No. 10 that correspondence from the time of the previous transfer to the time of the present transfer is to be found in box No. 200.

When any back letters are desired,

the clerk is informed of the date desired, consulting his index card he finds that the request is correct; viz, he has correspondence filed for the subject asked, and on looking at the transfer card finds that correspondence for the period between April 1 and October 1 is filed in Box No. 200. The box is then taken from the cupboard and the letter obtained for the officer, and all in record time.

There are several recommendations to be made looking toward good filing, and one is, as with everything else, there must be a spirit of coöperation between the various members of the office force. The file-clerk should have access to anybody who writes a letter for a firm, and should be instructed to examine and cross-examine everybody, from the president down to the last man who is authorized to write letters. These men in turn should give the information desired, and in that way a point in a letter which may not be quite clear to the clerk is immediately straightened out and the letter filed in its proper place, which might not have happened had the clerk been left to do things up as he understood them, when with a little explanation the whole thing would have appeared in an entirely different light. Another recommendation is to return all letters that you ask for as soon as you are through with them. Even if you are quite sure you will need the same letter another time during the day, you had better return it. It might so work out that you don't need it—and then it may be neglected—not returned and eventually lost.*

With regard to the name under which

* A letter addressed to a man as Treasurer or in any official capacity regarding the business of a firm should never be filed under the man's name. A Treasurer's name will be forgotten, and correspondence asked for under the name of the firm cannot be found, for a letter addressed to Wm. Smith, Cashier, First National Bank, has been filed under Smith's name—and there is no correspondence shown by the index card under the name of the corporation. This is important. If it is desired to have a card in the index file under the name of the Cashier, President, etc., make a note under the name that all correspondence addressed

a letter is to be filed. Suppose a firm has accepted the promise of an individual to pay for a certain bill of goods bought by another party. This promise being in the form of a guarantee of payment or otherwise. A letter of this sort would not be filed under that name of the man agreeing to pay for the bill, but the man who owes it. Smith owes the bill, Jones promises to pay. The letter is addressed to Jones, regarding Smith's bill. The letter is filed under Smith's name and "cross referenced" to Jones. This is done as follows: Get Smith's card and print the subject number of the letter on it, and put a character of some kind immediately after the number. The number will be printed on the right hand side of the card. Now to the left write Jones' name and put the same character after it also. This indicates that there has been a letter written to Jones regarding Smith's bill and that it has been filed under Smith's name. The next thing to do is to get Jones' card, and on the left side of it write, "Refer to S. M. Smith," and immediately after the name of Smith write, in brackets, the subject number of the letter. This indicates that a letter written to Jones has been filed under Smith's name. In the same way a letter might be written to Smith, and Jones' name mentioned in the body of the letter in connection with some important matter about which the letter was written. This letter would be filed under Smith's name and cross referenced to Jones, as above, indicating that Jones is also connected with the Smith letter in some

to a party in that manner has been filed under the name of the corporation.

This generally will not be necessary, as a letter will be asked for under the name of the firm and not under the name of the individual. The above method will also save much confusion. For instance, letters to a certain corporation regarding any one subject may perhaps be answered by one or two of the officials of a firm receiving the letters and replies to them may be addressed to the person last answering a letter. If this method is pursued it will be necessary to look into three or four folders for correspondence that would otherwise be found under the firm name, and all in one folder.

way, and is oftentimes of great use in looking up back letters.

CONCLUSION.

The foregoing is, in a general way, an outline of the successful use of the letter file, and from it will be seen that it requires the coöperation of the entire office force in order to have good filing done by the clerk. It is also bad policy for the writer of a letter to order a letter filed under some certain subject, for that, plainly speaking, is not his business. When he does that he trespasses upon the work and domain of his clerk. He (generally) and naturally would not know the system as well as his clerk, and with a dependable clerk in charge, his interference is not necessary. Stuffing the file is bad practice, a too elaborate system is bad, a "one subject" file is also bad.

Using the desk as a file is abominable, and shows lack of faith in the clerk's ability, but with the whole office force working in harmony toward the goal of good filing, a model system can be established at which the "other fellow" will marvel, and (with his practices) your system will be his despair.

OBSOLETE PHRASES

AMONG other heirlooms inherited from the past there are some phrases employed in banking parlance which have become obsolete and have long since lost their meaning. Among which might be mentioned the phrase, "in exchange," or "With exchange," which words are often the cause of much dispute and misunderstanding. Originally the words "with exchange" meant that the draft, check or item so drawn was to be paid with exchange or with the costs of transmitting the funds added to the face of the item by the collecting bank, so that it would be in a position to credit the owner of the item without expense. This exchange charge was based in the old days on the

cost of transmitting currency by express to cover the face of the item. The phrase on an item is now generally ignored, and the courts have decided where an item is drawn with the words "with exchange" added without stating anything further that the words have no meaning and the face of the item is the proper amount to collect.

The fact that the recent movement throughout the country, whereby clearing-house regulations control the banks in the collection of checks and other items determining what exchange

charges shall be exacted, has further served to nullify the words, which may now be considered obsolete.

Particular care should be exercised that the phrase be omitted in drawing foreign bills of exchange, unless it is clearly understood between the drawee and the drawer that such charges as the collecting bank may impose should be paid. A misunderstanding of this point very often occasions dispute, and banks should carefully scrutinize foreign drafts and have this point covered before proceeding to collect the drafts.

A NEW FORM FOR USE IN THE ANALYSIS OF AN ACCOUNT OFFERING ITEMS FOR DISCOUNT

By James P. Gardner

THE form shown herewith for the analysis of the account of a prospective borrower is presented for the first time to readers of *THE BANKERS MAGAZINE*. If the suggested headings are closely applied to the discount offering every salient point will be embraced. Banking to-day is conforming more and more closely to the principles of an exact science. Credit is no longer subject to the whim or to the memory of a bank officer, but is placed on the analytical basis of science.

For the guidance of the reader, each heading in the form is here briefly outlined:

NAME.

The title of the account submitting an offering for loan or discount, followed by the rating to indicate the capitalization and credit from the standpoint of the Mercantile Agency.

DISCOUNT.

Under this heading is shown the amount the prospective borrower owes

on the books, followed by the rate of the loan or discount and the date of payment or maturity. This is followed by average balance of the account for, say, sixty days, the actual balance to the credit of the account and the balance for the last twelve months.

ENDORSEMENTS.

This is followed by the endorsements on the notes on the books, and the collaterals placed to secure the endorsements or makers of the notes.

ASSOCIATED INTERESTS.

This column is reserved to indicate the allied interests of the discounter with other accounts on the books of the bank which may or may not be of a borrowing nature.

STATEMENT.

As is well known, mercantile and banking firms seeking accommodation are called on for a statement of their

NAME	PRIN	DUN	DISCOUNT RATE	MATURITY	AVR BAL	ACT BAL	PERCENT	END COLLAT'S	ASSOCIATED INT'S

LAST STATEMENT SHOWS.

DATE	B/R	A/R	CASH	MDSE	B/P	A/P	XCSS	QUICK REMARKS AND MORAL HAZ'D.

(The lower form is a continuation, on a single sheet, of the upper form.)

PROPOSED FORM TO SUPPLEMENT THE PRESENT SYSTEM OF THE PRESENTATION OF COMMERCIAL OFFERINGS

1. The facts marshalled together and presented to the eye as a unit in compact form.
2. The possibility of omitting some essential factor reduced. The headings call for the facts.
3. As subsequent offerings are presented the earlier combined with the later figures show the trend of the account since the last offering.

affairs, and this feature of borrowing has become so well recognized that the request no longer calls for comment.

BILLS RECEIVABLE—ACCOUNTS RECEIVABLE.

These figures will indicate the amount of outstanding money due the firm which can be quickly realized upon, which together with "cash" and "merchandise," if the latter be of a nature commanding a ready market, may be considered in the nature of "quick" or liquid assets. These items are all on the credit side of the state-

ment. The items that follow are liabilities, also of a "liquid" or "quick" nature. As a general principle the quick assets should exceed the quick liabilities, the proportions being subject to conditions at the period of the statement and their rates governed by the moral hazard, or personal equation, which may prove to be a very important factor in the consideration.

By placing every loan under this clear, impartial scrutiny and with all the factors in mind, judiciously weighing the proportion as outlined in this form there will be fewer losses occasioned by bad loans to be charged off.

BANKING AND COMMERCIAL LAW

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

RECENT DECISIONS OF INTEREST TO BANKERS

SPECIAL DEPOSIT

DEPOSIT TO PAY PARTICULAR CHECK— GARNISHEE.

Supreme Court of Iowa, Dec. 14, 1911.

DOLPH vs. CROSS (Shenandoah Nat. Bank,
Garnishee.)

Where a customer when making a deposit informs the bank that the deposit is to be used to pay certain checks which he has drawn upon the bank, the latter is bound to apply the money to that purpose, and does not become merely the debtor of the bank.

In such a case the bank may not be held as garnishee by a creditor of the depositor.

THIS was a garnishment proceeding under an execution. The executive plaintiff sought to reach a fund in the Shenandoah National Bank to the credit of the defendant, and garnished the bank. This fund had been deposited by the judgment debtor for the express purpose of meeting some checks which he had drawn upon the bank, of which purpose the bank was informed when the deposit was made.

EVANS, J. (omitting part of the opinion): Upon the facts appearing in the pleadings, was the right of the intervenor superior to that of the garnishing creditor? We think this question must be answered in the affirmative. The facts pleaded show that the execution defendant made the deposit for the specific purpose of meeting the checks which he had just issued, and this fact was made known to the bank officials at the time of the deposit. The form of the bookkeeping was not controlling. That was a mere matter of convenience. The bank officials understood that they received this money for the express purpose of paying checks already issued for that exact amount.

Whether the facts pleaded show an equitable assignment to the check holders we need not determine. The deposit was special, and not general. It

was made for the benefit of the particular check holders. The bank received it as such. It is enough to say that the contract of deposit was made for the benefit of third parties, and that such third parties were entitled to avail themselves of it. If the bank itself had been a creditor of the depositor, it could not have applied such deposit upon its own claim. We see no reason for holding that the right of a garnishing creditor could rise any higher than that of the bank itself if it were a creditor. The appellee relies upon the negotiable instruments act, which provides that "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." (Code Supplement, 3060a-189.) This section does not cover the situation here presented. The intervenor is not relying upon the "check of itself." He bases his claim, not only upon the check, but upon the further fact that a special deposit was made to meet this very check after the issuance thereof. The bank, having received the deposit for such specific purpose, was bound by the conditions imposed.

The recent case of *Smith vs. Sanborn State Bank*, 147 Iowa, 640, presents a situation where a depositor made a special deposit to his own credit for the purpose of checking thereon in payment certain contemplated hospital expenses for the benefit of his wife. The bank as a creditor of depositor applied the deposit upon the past-due note of the depositor. We held that such application was a breach of the contract and a misappropriation of the fund. Somewhat in point also are the cases of *What Cheer Savings Bank vs. Mowery*, 149 Iowa, 114; also, *Hove vs. Stanhope State Bank*, 138 Iowa, 89.

We reach the conclusion that the de-

posit in question was special, and not general, and that it did not create the mere relation of debtor and creditor between the bank and the depositor in the ordinary sense, and that the right of the check holders, for whose benefit it was deposited, was superior to that of the garnishing creditor.

FORGED INDORSEMENT

INDORSEMENT BY IMPOSTOR — WHEN BANK LIABLE.

Appellate Court of Alabama, Nov. 11, 1911.

RUSSELL VS. NATIONAL BANK OF HARTSELLS.

Where an impostor induces the drawer of a check to believe that he is in fact the person he claims to be, and is actually named in the check as the payee, then the drawer may not complain when the check is paid by the bank, if the check is actually indorsed by the impostor and he receives the money thereon.

But this rule does not apply to a case where the impostor merely assumes to be the agent of the person named as the payee, and not the payee himself.

IN this case the plaintiff had issued a check for \$640 to the order of Frank Framhold, in payment for land mentioned in a deed purporting to be made by a man of that name. It turned out that the owner never executed the deed and never indorsed the check, which had been paid by the drawee bank.

DEGRAFFENRIED, *J.* (omitting part of the opinion): As a general rule, where a check is drawn, payable to the order of any actually existing person, if the order or indorsement of such payee is forged, payment by the bank on which it is drawn is not an acquittance. The depositor has directed payment to be made in a certain manner; a payment made otherwise than according to his directions is no discharge of a bank's obligation towards him. A check or bill, payable to order, is authority to the banker only to pay it to the payee, or to a person who becomes the holder by a genuine indorsement.

(Morse on Banks and Banking, vol. 2 [3d Ed.] § 474.)

The appellee recognized the above rule, and it undertook to relieve itself of responsibility by claiming that appellant, through his negligence, had enabled the man who committed the forgery to successfully perpetrate the fraud. It in no way undertook to show what, if any, diligence was exercised by either of the banks in Birmingham when they received the check to ascertain whether the payee had actually indorsed the check; and it showed, by its own evidence, that it paid the check without any investigation as to the genuineness of the signature of Frank Framhold as an indorser thereof, and that it paid it *solely* upon the guaranty as to prior indorsements by the banks in Birmingham. It exercised, when it paid the check, no diligence to ascertain whether Framhold's signature on the back of the check was genuine, and it offered no evidence that the Birmingham banks had done so.

As was said by the Supreme Court of Michigan, in the case of Judson Harmon, Receiver, vs. Old Detroit National Bank, 133 Mich. 73: "In this case the defendant took no precautions before paying the warrant to ascertain the identity of the payee. It did not show that it paid the warrant to the payee named therein; it evidently relied upon the identification made by the bank in Denver, Colo., where the draft was cashed, and whether that bank took the requisite precaution or not we do not know. It would naturally excite suspicion that a check drawn in Detroit, payable to a corporation in Chicago, on a bank in Detroit should be presented to a bank in the distant city of Denver.

"It was clearly the duty of the Denver bank to take proper means to assure itself that it was paid to the proper party; in other words, to take proper means to identify the payee. (2 Morse on Banks and Banking, § 466; Ellis vs. Ohio Life Ins. & T. Co., 4 Ohio St. 628, 64 Am. Dec. 610.)

"The court, in the case of Ellis vs. Ohio Life Ins. & T. Co., supra, said:

'Where the negligence reaches beyond the holder, and necessarily affects the drawee, and consists of an omission to exercise some precaution, either by the argeement of the parties or the course of business devolved upon the holder, in relation to the genuineness of the paper, he cannot in negligent disregard of this duty retain the money obtained upon a forged instrument.' The negligence of the Denver bank is imputable to the defendant."

It is contended by appellee that, as there was a man by the name of Frank Framhold, the uncle of the owner of the land, who may have been living in Birmingham, and as he may have been the man who signed the alleged deed, and as he may have been the man who also signed his name on the back of the check, therefore there was evidence before the jury which authorized them to infer that the Birmingham banks received the check upon the genuine indorsement of Frank Framhold, the uncle, under a mistaken belief that he was the real payee of the check; and that therefore there was some evidence in the case upon which the appellee could predicate a defense on that ground. A signature, with intent to defraud, by another person by the same name as the person to whom a check is drawn is just as much a forgery as if the names were different.

In this case an intimation by us of an opinion as to whether the acceptance, by the banks in Birmingham, of the check in good faith from Frank Framhold, the uncle, and the payment of the money to him would or would not, under all the circumstances surrounding the case, furnish appellee with a defense to the suit would be mere dictum. If Frank Framhold, the uncle, indorsed the check, he was guilty, under the undisputed evidence, of forgery, and, as there is no evidence whatever that he did indorse it, we cannot presume that he did so. The presumption of the law, on the contrary, is that he did not.

There appears in a community occasionally an impostor—a person assuming the name of some other person, for

the purpose of imposition or fraud. In such cases, the general rule seems to be that, where the impostor assumes to be, and by such assumption induces a drawer of a check to believe he is in fact, the person he claims to be, and is by the drawer of the check actually named as payee in the check, then the drawer of the check has no right to complain of the payment of the check by the bank upon which it is drawn, if it was actually indorsed by the impostor, and he received the money.

But this rule does not apply ordinarily to a case where the impostor merely assumes to be the agent of the person named as the payee, and not the payee himself; for, while the drawer, by delivering the check to such a person, may be regarded as vouching for him as the agent of the payee, he does not vouch for his right to indorse the payee's name. (Judson Harmon, Receiver, vs. Old Detroit National Bank, supra.)

In the present case, there was no one, so far as the evidence discloses, in Birmingham or elsewhere who personated Frank Framhold. The evidence does show that Claud Harris falsely represented himself to be the agent of Frank Framhold, and that he, in person, or by the aid of some confederate, forged Frank Framhold's signature on the back of the check. The fact that he, either in person or with the aid of a confederate, also forged the same name to a deed does not, it seems to us, throw any light upon this case, or in any way help appellee. No banker who handled the check ever saw the signature to the deed, and it cannot be said that the signature to the deed in any way caused the bankers, or any of them, to cash the check.

We can see nothing in the facts of this case which takes it without the operation of the well-established rule that a banker on whom a check is drawn must ascertain, at his peril, the identity of the person named in it as payee; and we can see nothing from which a reasonable conclusion can be drawn that any bank connected with this transaction was misled by an act of negligence

or other fault of appellant, justifying the mistake which was made in the payment of the check. (*Murphy vs. Metropolitan National Bank*, 191 Mass. 159, 77.)

FORGED CHECKS

NOTICE TO BANK—NEGOTIABLE INSTRUMENTS LAW—CONSTRUCTION OF.

Court of Appeals of New York, January 12, 1912.

SHATTUCK VS. GUARDIAN TRUST COMPANY.

The provision of the Negotiable Instruments Law that no bank shall be liable to a depositor for the payment of a forged check, unless within one year after the return of the voucher such depositor shall notify the bank that the check was forged, is a general rule of substantive law and is available as a defense though not specially pleaded.

THIS action was brought to recover from the Guardian Trust Company of New York the amount of a certain deposit made with it. Evidence was introduced which tended to show that some of the checks upon which the deposit was paid out had been forged.

WERNER, *J.* (omitting part of the opinion): Although this view of the ruling referred to disposes of this appeal, there is one other question which we deem it necessary to discuss for the guidance of counsel upon another trial, and that is whether the statute above quoted is one which affects the general rules of pleading or proof. Although no such question appears to have been raised at the trial, the learned justices of the Appellate Division regarded it as one of first importance upon which they arrived at radically opposing conclusions. Two of the justices thought that, by analogy to the statutes which require pleading and proof of notice of personal injuries in actions against municipal corporations, or under the employer's liability act (*Consol. Laws 1909, c. 31*), the burden was upon the plaintiff to plead the statute and prove compliance with its provisions, as an essential part of his cause of action. They were also of the opinion that, if

it were necessary for the defendant to plead the statute as a defense, it had been sufficiently pleaded to be available for that purpose.

Three of the justices held to the view that the statute is one of defense, like the statute of limitations and the statute of frauds, which must be pleaded by the defendant; but they differed as to whether the defendant had in fact pleaded it or not. One of the three held that the answer was insufficient in this respect, and the other two concluded that all the facts constituting the statutory defense were fully set forth. In respect of this last suggestion we have only to say that, if the statute were one which imposes upon all banks sued for the recovery of deposits, the affirmative duty under all circumstances to allege its provisions when relied upon as a defense, we should concur in the view that the defendant bank had sufficiently pleaded the facts which were material to the question whether it was entitled to the protection of the statute or not.

We think this statute is not one which regulates or limits any general rule of pleading or proof. It is a general public statute which need not be specially pleaded. (*Shaw vs. Tobias*, 3 N. Y. 188.) It is unlike the statutes requiring notice to municipal corporations or employers, of the time, place, nature, etc., of personal injuries as a preliminary to the right to maintain actions for damages. In such cases the right to bring an action depends upon the service of notice, and such service is an essential part of the cause of action which must be both pleaded and proved.

There is also a manifest difference between the statute which we are considering and the statute of frauds or the statute of limitations. For obvious reasons these latter statutes must be pleaded as defenses. They go to the remedy rather than the right, and if not pleaded are deemed waived.

Upon first impression there is an apparent analogy between this section of the negotiable instruments law and a statute of limitations, but it quickly

fails in the light of analysis. This law does not limit the time within which a depositor may bring suit against a bank. It simply declares that unless a depositor, whose money has been paid out on a forged or raised check, shall within one year after the return to him of the voucher of each payment "notify the bank that the check so paid was forged or raised," the bank shall not be liable. The depositor still has the right to bring suit at any time within the period fixed by any general statute of limitations. He may sue on the very day of making his deposit, and yet take a year from the time when his vouchers are returned to him in which to serve the notice required by the statute. If the vouchers are never returned to him, the statute has no application, for he is only compelled to serve the notice within one year after the return to him of the voucher of each payment upon which the bank relies.

We regard this as one of those general statutes which promulgate rules of substantive law rather than of pleading or evidence. Such a statute need not be pleaded, and under it either party may prove any fact which may establish a cause of action or defense, if the pleadings are such as to permit it under the general rules.

PROMISSORY NOTE

STIPULATION FOR ATTORNEY'S FEE— EFFECT OF NEGOTIABLE INSTRUMENTS LAW ON.

Supreme Court of Ohio, December 12, 1911.
MILLER ET AL VS. KYLE ET AL.

Under the law of Ohio a stipulation in a promissory note for the payment of an attorney's fee: in case the note is not paid at maturity is void.

The Negotiable Instruments Law does not invalidate such a stipulation, but merely prevents the provision from destroying the negotiable character of the paper.

THIS was a suit upon a note and mortgage for \$15,000. In both the note and the mortgage there was a

stipulation for the payment of attorney's fees if the maker should default in the payment of the principal sum.

SHAUCK, J.: Whether the courts below erred in adjudging that the plaintiffs were not entitled to recover the fees of their counsel on the stipulation of the maker to be liable therefor, if default should be made in payment of the principal and interest, is the only question presented by the record.

In this State it has been firmly established, and long and constantly maintained, that such contracts for the payment of counsel fees upon default in payment of a debt will not be enforced. In State, for the Use of the Commissioners, vs. Taylor et al., 10 Ohio, 378, that conclusion was reached, and it was said that the enforcement of such contracts would result in evasions of the usury laws. The same conclusion was reached in Shelton et al vs. Gill et al., 11 Ohio, 417; in Martin vs. Trustees, 13 Ohio, 250, and in Leavans vs. Bank, 50 Ohio St. 591. In all of these cases the contracts were denounced as contrary to public policy. The conclusion is well sustained by the obvious tendency of such contracts to encourage suits.

Counsel for the plaintiffs admit the authority of these cases and their effect to establish the common-law rule of this State as contrary to the view upon which they insist, but they assert that that rule has now been abrogated by sections 8106 and 8107 of the General Code, which were enacted as sections 3171 and 3171a of an act entitled "An act to establish a law uniform with the laws of other States on negotiable instruments," passed April 17, 1902. (95 O. L. 162). The former of these sections prescribes the requisites for a negotiable instrument, among which requisites is that the instrument "must contain an unconditional promise or order to pay a sum certain in money." The latter relates to the required certainty, and it provides that "the sum payable is a sum certain within the meaning of this chapter, although it is to be paid: * * * With costs of collection or an attorney's fee in case

payment shall not be made at maturity." These sections will be at once recognized as a part of the negotiable instruments act recently enacted, with but slight differences, in many of the States.

Counsel for the plaintiff assert with confidence, and no one seems to doubt, that the General Assembly may by legislative enactment change the common-law policy of the State with respect to a subject of the character of this.

Proceeding with the contention that the Legislature of this State has exercised that power by enacting the sections referred to, they call attention to the wide diversity of decisions in the different States respecting the validity of such stipulations for the payment of attorney fees, and suggest that if there had been no intention to change the law of this State upon that subject the fifth paragraph of section 8107 would have been omitted.

A diversity of decision to which that paragraph has obvious reference was not with respect to the validity of stipulations for the payment of attorney fees, but whether the insertion of such a stipulation in an instrument destroyed its negotiable character. One writer on the subject of the act says: "The courts in the various States have been nearly evenly divided on the question of the negotiability of instruments with such provisions." (Selover, pp. 59, 60.) We are not advised that any court of this State has ever been called upon to determine that question. But whether, by the common law of the State, a stipulation for the payment of attorney fees destroyed the negotiable character of an instrument in which it was incorporated, or whether that question was undetermined, there was, in either case, an important purpose to be accomplished by the fifth paragraph of the section, without assuming that it was intended to give validity to stipulations which were previously invalid. To preserve the negotiable character of an instrument notwithstanding the incorporation of a stipulation for the payment of attorney fees the language of the section is entirely appropriate. It con-

tains no language indicative of an intention to change the rule of the common law with respect to the validity of the stipulation.

It is suggested that the General Assembly must be presumed to know the common law of the State, and that every section of a statute should be regarded as evincing an intention to change it. That would, indeed, be a novel rule of interpretation, and in the days of the codifier it would reach results most confounding. Its impracticability as a rule of interpretation will at once appear, if an attempt be made to apply it to the act of which these two sections form a part. That act has been in force in this State for more than nine years, and to the present time our attention has been called to but one respect in which it changes the common law of the State upon the subject of negotiable instruments.

Quite different from the rule suggested is the rule which the wisdom of generations has established: That statutes in derogation of the common law shall not by construction receive a meaning beyond that of the terms which they employ. Certainly this does not mean that such statutes are to be construed in a spirit of hostility, but in its application to the present case it cannot mean less than that the legislative act, which contains language appropriate only to saving the negotiable character of instruments which contain stipulations for the payment of attorney fees, should not be construed to impart validity to such stipulations, notwithstanding an established rule of the common law to the contrary.

It seems to be conclusive of this subject that if, seeking uniformity upon a subject not suggested by the terms of the statute, we should adopt the view urged by counsel for the plaintiffs, the desired result would not be attained; for in some of the States there has been added to the clause which constitutes the fifth paragraph of section 8107 in our statute the express provision that it shall not be so construed as to give validity to stipulations for the payment of attorney fees.

PROMISSORY NOTE**PERSONAL LIABILITY OF MAKER—WORDS OF DESCRIPTION.**

Supreme Court of Iowa, February 13, 1912.

SCHUMACHER VS. DOLAN.

The maker of a note added to his signature the words, "Pastor of S. Church"; but there was nothing to show that he signed for or in behalf of any principal: Held, that under the provisions of the Negotiable Instruments Law he was personally liable.

THE note in this case was in the ordinary form, except that the maker, Renihan, added to his signature the words "Pastor of Saint Francis Church."

DEEMER, J. (omitting part of the

opinion): Renihan added to his signature the words "Pastor of Saint Francis Church," but the promise was personal, and there is nothing to indicate that he signed in a representative capacity. Code Supplement 1907, § 3060a20, provides that: "When the instrument contains or the person adds to his signature words indicating that he signs for or on behalf of the principal or in a representative capacity he is not liable on the instrument if he was duly authorized. But the mere addition of the words describing as agent or filling a representative character without disclosing his principal does not exempt him from personal liability."

NOTES ON CANADIAN CASES AFFECTING BANKERS

(Edited by John Jennings, B.A., L.L.B., Barrister, Toronto)

INDORSEMENTS OBTAINED BY FRAUD

PROMISSORY NOTES — ACCOMMODATION INDORSEMENT—WEAK MENTAL CONDITION OF INDORSER—INABILITY TO APPRECIATE TRANSACTION—KNOWLEDGE OF HOLDERS OF NOTES—FRAUD AND UNDUE INFLUENCE OF MAKER OF NOTES—COUNTERCLAIM—MONEYS APPLIED BY BANK ON INDEBTEDNESS OF MAKER—EVIDENCE.

Bank of Ottawa vs. Bradfield (3 O. W. N., — 688).

JUDGMENT (SUTHERLAND, J.): Action for the balance due upon two promissory notes indorsed by the defendant for the accommodation of his son. The defendant was represented by a guardian ad litem appointed by the Court. In the statement of defense it was alleged that, if the defendant did at any time indorse the promissory notes sued on, he was, at the time he so indorsed, of unsound mind and incapable of making any contract or understanding the nature of what he was doing, as the plaintiff well knew. The defendant counterclaimed for moneys deposited by him with the

plaintiffs, which he alleged was wrongfully applied by the plaintiffs towards the payment of notes made by his son.

The learned Judge, after setting out the facts at length, and referring to portions of the evidence, said that he had come to the conclusion, upon the evidence, that the defendant had been failing mentally for some years past, and had gradually become incapable of intelligently appreciating business matters. It was fairly well established that, at all events after the death of another son in 1908, the defendant was not competent to understand a business transaction; and the finding must be that anything the defendant did, in the way of signing or indorsing notes or renewals, consents or waivers, in connection with the notes in question, was done at times when his mental condition was such that he could not understand or appreciate what he was doing or the liability he was incurring. It was charged on behalf of the defendant that Graham, the plaintiff's manager, induced the defendant to sign or indorse the renewal note dated July 29, 1909, for \$2,437.45.

The learned Judge said that he was satisfied from the evidence that Graham

had had opportunity before this of learning and that he knew that the defendant was not in such a mental condition as to enable him to transact business or realize the liability he was incurring. And it was equally clear, from the evidence, that, when the note dated November 25, 1909, for \$2,500, was indorsed by the defendant, he was not mentally fit to do business or understand the nature of the transaction. It was his son, H. H. Bradfield, who apparently induced him to indorse this note; and he did so knowing of his father's incapacity; and the defendant's indorsement of that note and his indorsement of its subsequent renewals down to the one now in question were obtained by the son by fraud and undue influence and in each case when the defendant was not competent to transact business or understand the liability he was incurring. Action dismissed with costs.

As to the counterclaim, the learned Judge said that, in view of his determination of the plaintiff's rights against the defendant in connection with the notes in question, they had no authority or right to appropriate the sum of \$2,774.69, deposited with them by the defendant, and apply it on the notes; and the defendant was entitled to judgment for that amount and interest against the plaintiffs.

The defendant was also entitled to recover from the plaintiffs two sums of \$623.10 and \$552.45, obtained by the plaintiffs from the assignee of the son's estate, with interest. The defendant also asked that a sum of \$2,800 withdrawn by the plaintiffs from the defendant's account, without his authority, and applied in payment of a promissory note of the son, on or about May 9, 1908, should be repaid to him.

As to this, the learned Judge said that, while he was not at all certain that the defendant was not, even then, so unfit to transact business as to render it impossible for him, with any true appreciation of what he was doing, to consent to the withdrawal of his money to pay the note of another, the evidence was not so clear as to enable him

to determine that satisfactorily. And so, as to this portion of the counterclaim, the defendant must fail. The defendant to have costs of the action and of the portions of the counterclaim upon which he succeeded; no costs to either party of the portion of the counterclaim upon which the defendant failed.

NOTE OBTAINED BY FRAUD

ABSENCE OF CONSIDERATION—SALE OF WORTHLESS SHARES—MISREPRESENTATIONS—DEFENCE TO ACTION ON NOTE BY INDORSEES FOR VALUE—INDORSEMENT ON NOTE RESTRICTING NEGOTIABILITY—NOTICE TO TRANSFEREES—TRANSFEREES TAKING SUBJECT TO EQUITIES—FOREIGN COMPANY—LICENSE TO DO BUSINESS IN ONTARIO.

Canadian Bank of Commerce v. Gillis (3 O. W. N., p. 646).

This is an appeal from the judgment of Mr. Justice Britton previously reported in *THE BANKERS MAGAZINE*. The facts appear from the following short summary of the judgment.

JUDGMENT (BOYD, C.; LATCHFORD and MIDDLETON, JJ.): The judgment of the Court was delivered by *BOYD, C.*:

The note sued on was taken by the International Snow Plough Manufacturing Company upon the condition, written upon the back of the note, that it was to be held by Lett, the secretary of the company, till it was due. In breach of this, it was hypothecated to the plaintiffs' bank, who must be affected with notice of the condition written upon the note; so that the position of the bank is that of holding the note subject to all the equities that might attach to it if taken when it was overdue.

The position of the plaintiffs is, therefore, not superior to that of the payee; and, upon the evidence, it is clear that the note was obtained from the maker by means of a series of fraudulent misrepresentations of ma-

terial matters which effectually vitiated the transaction as between the original parties to the note. It would be a futile attempt for the Snow Plough Co. to seek the intervention of a Court to enforce payment from the deceived person, and the bank occupies, in the circumstances, no superior position; so that I would entirely agree in the judg-

ment in appeal. It should be affirmed with costs.

The foreign company licensed to do business in Ontario has not the same name as the company to whom this note was given, but it is not necessary to deal with the possible effect of that upon this transaction, taking the view we do of this appeal.

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

DEMAND FOR PAYMENT OF NOTE BY TELEPHONE—PRESENTMENT IN PERSON

Cleveland, Ohio, April 2, 1912.

Editor Bankers Magazine:

SIR: A makes his promissory note payable at his place of business, say, No. 100 Main street, in a town near here. On the day of maturity the note teller calls him up on the telephone, and tells him that the note is held by the bank. A says to the teller that he will not be able to pay the note, and that it would be useless for us to send a messenger out with the note. Must we go to the trouble and expense of doing a useless thing, in order to hold the indorser?

CASHIER.

Answer: Both under the Negotiable Instruments Law and under the rule which existed before that statute was adopted, presentment for payment is required in order to charge an indorser; and presentment must be made by actual exhibition of the paper, or the demand must be accompanied by some clear indication that the instrument is at hand, ready to be delivered, and such must be the case. (Daniel on Negotiable Instruments, sec. 654.) For this reason the telephone conversation could not be regarded as a sufficient presentment, even if demand of payment had been made in so many words.

This question was considered by the Court of Appeals of New York in *Gilpin vs. Savage* (201 N. Y. 167), where it was said: "The counsel for the re-

spondent seeks to sustain the judgment below on two propositions: *First*, that a demand over the telephone on the maker, at the place specified in the note, is the same as a demand at that place by ordinary speech; *second*, that the possession of the note by the cashier was sufficient to make the demand a proper one. The truth of the first proposition as a general rule may be conceded; but the argument ignores the fact that a valid presentment, as hitherto pointed out, consists of something more than mere demand. It requires personal attendance at the place of demand with the note, in readiness to exhibit it if required and to receive payment and surrender it if the debtor is willing to pay.

"The counsel cites several cases in which it is said that the possession of the instrument by the person making the demand is sufficient although it is not actually exhibited. These statements were entirely accurate when made before the general use of the telephone. When demand is made by ordinary human vocal power, unaided by mechanical device, it is plain that the person making the demand is necessarily present at the place at which the demand is made, and if the instrument is in his possession the presence of the instrument is equally clear. The statement, if now inaccurate, is so by the use of the telephone. If the theory on which

the decisions of the courts below have proceeded is to prevail, it is difficult to see why a valid presentment of a note payable in Buffalo might not be made over the telephone from New York, or if that is to be deemed too great a distance, where shall the line between a sufficient and insufficient demand and presentment be drawn? Will a demand for payment of an instrument be good if made at Batavia and bad if made at Rochester?"

**WAIVER OF PROTEST—DEMAND
AND NOTICE OF DISHONOR
WAIVED**

New York, April 1, 1912.

Editor Bankers Magazine:

SIR: We receive a note indorsed by S., who has written above his signature "protest waived." The paper in this case not

being a foreign bill of exchange, and protest not being essential, does the waiver excuse demand and notice of dishonor?

NOTE TELLER.

Answer: While in a strict and technical sense the term protest, when used in reference to commercial paper, means only the formal declaration drawn up and signed by a notary, yet, in a popular sense, and as used among men of business, it includes all the steps necessary to charge an indorser, and in waiving protest an indorser is supposed to use it in this sense. (Coddington vs. Davis, 1 N. Y. 18). And in those States where the Negotiable Instruments Law has been adopted, there is no longer any doubt on the subject, for the statute provides: "Where due notice of dishonor by non-acceptance has been given, notice of a subsequent dishonor by non-payment is not necessary, unless in the meantime the instrument has been accepted."

TRUST COMPANIES

Conducted by Clay Herrick

CORPORATIONS—AND SOULS

NOT the least encouraging of the signs of the times is the fact that while it has not been demonstrated that corporations have souls, there are some corporations which sometimes act as though they numbered such things among their assets, and a considerable number of corporations whose managers have souls and insist upon being guided thereby. Doubtless the number of such is not startlingly great, but it is increasing.

Standards of business ethics have been bettered very materially within the past decade. The notion that the sole concern of the executive force of the corporation is to make big earnings,—(of which some should be handed to stockholders to keep them

satisfied)—without great regard for the ethics or the morality of the methods, is on the wane. It is not yet invisible, but it is fading. The awakened moral conscience of the people will bring that about. Some will ascend to the higher plane of business morality of their own volition; others will be pushed up and stand there as a matter of self-preservation. Just how soon the writer refuses to prophecy; but the event is coming.

Among classes of corporations the trust company easily stands in the lead as regards the moral standards which prevail in the conduct of business. This remark of course applies to the trust company as an institution; there are some exceptions, but most of them are

dead, and the others will be. The law of self-preservation must make the trust company honest and fair and just, even if there be no other forces working to that end. Growth in the business comes, other things being equal, in proportion to the reputation the company has for absolute integrity; and such a reputation cannot long be maintained without "delivering the goods." The character that assures such a reputation may be the choice of the pride or the conscience of the management; but in any event it is dictated by sound business judgment as well. The choice between a shady transaction with chance of big profits and a straight proposition with smaller but certain returns presents slight temptation to the trust company official who can see beyond the end of his nose.

Of the business of the trust department this is even more true than of the banking business. There are trust companies which have demonstrated their willingness and capacity to administer trusts not only with ability and ordinary business honesty, but with absolute fairness and with a view to

the personal interests of their clients. But the trust company as an institution has yet to convince the people that it will put as much *soul* into such a trust as the guardianship of the estate of a minor, for example, as would the trusted family lawyer. It *can* do it; some companies *are* doing it; but the general public has yet to be persuaded. The man of large or small means who seeks to provide for his children after his death recognizes the ample financial responsibility of the trust company, and its honesty. But he wants to know more. He proposes to entrust something more than a mere financial responsibility,—a something whose administration will call for something higher than ordinary business ethics,—which will demand the exercise of soul qualities. There are trust companies which, through soulful management and the services of officials trained to and adapted to the work, meet these requirements. It remains for any company which would build up this class of business to demonstrate its fitness by establishing a reputation as a "corporation with a soul."

TRUST COMPANIES IN COLORADO

THE trust companies of Colorado have been making steady growth during the past few years, and their total resources now exceed those of all the other State financial institutions combined. The report of the State Bank Commissioner, Emil W. Pfeiffer, as of February 20, 1912, shows the following figures:

	Number of companies	Total resources
Trust companies.....	21	\$23,290,432
State banks.....	131	15,242,937
Private banks.....	30	3,416,521
Savings banks.....	8	3,372,241
Total	290	\$45,322,132

It will be noted that the average size of the trust companies is very much greater than that of the other institutions, the average for trust companies being \$1,109,068; while the State banks average \$116,358, the private banks \$113,884, and the savings banks \$421,530.

As compared with the statements of February 5, 1909, the trust companies show an increase of over ninety-four per cent.—nearly double in the three years; the increase being from \$11,986,574 to \$23,290,432. During the same period all the other State institutions increased from \$20,128,110 to \$22,031,700, or less than ten per cent.

INVESTMENTS

Conducted by Franklin Escher

DRIVING OUT THE INVESTMENT SHARKS

HOW TO SPREAD A GOSPEL OF FINANCIAL EDUCATION

By Charles Moreau Harger

IT is an old story. The widow left with a comfortable sum of life insurance, more money than she has ever seen in her whole existence, seeks to place it where it will bring her the largest possible return. She is induced by a smooth-tongued promoter, or by the advice of a pseudo financier whom she trusts, to buy mining stocks, or shares in the Gold Brick Pancake Turner Company, guaranteed to pay twelve per cent. annually.

Or it is the young man who has saved a few hundred dollars and is eager to get rich rapidly. He sees in a store window of his home town a model of an apparatus for preventing absolutely the collision of railway cars. It looks feasible; the railroads will all buy it; the stock will make him wealthy. The young man demonstrating it tells him some incidents:

"A man came into the office of an advertising firm a few years ago, wearing shoes with steel soles. He had no money, but he had patented the idea. To-day he is worth \$750,000. A banker out of a job, his family sick, peddled among his neighbors a soothing salve that had merit. Now his income is \$60,000 a year, just from that one preparation. If you had bought a share of stock in certain big companies twenty years ago for a thousand dollars, your income now would be five thousand a year."

The young man thinks, "nothing venture, nothing have"—and parts with his money. He and the widow find soon that they have nothing to show for their cash but gorgeously decorated certificates.

BIG SUMS ANNUALLY LOST IN UNSOUND SCHEMES.

A recent estimate is that \$77,000,000 has been lost in the past year through investments in schemes that had no possibility of paying legitimate dividends. These figures may be too high, but the frequency with which promoters are arrested and the increasing number of firms to which the Government denies the use of the mails mean that there is a constantly flowing stream of money from the hands of hard working people to those of rascals.

The gullibility of the investors is past understanding. A magazine a few months ago published a burlesque story of a goose farm and demonstrated by the usual fake promoter's method that by the sale of goose oil, feathers, etc., the profits on \$1,000 invested in the project would return \$301,000 in three years. It received scores of letters inquiring about the plan and asking where stock in the farm could be obtained. Its readers had actually believed the thing possible.

LEGISLATIVE ATTEMPTS TO PROTECT INVESTORS.

States try to protect these investors. Kansas last winter adopted a law requiring every salesman of stock to submit his proposition to the Bank Commissioner, who is authorized to make any inquiries he wishes and investigate the proposition. If satisfied that the scheme is worthy, he issues a license to sell the stock in Kansas. Of more than 600 applications received since last

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May he has authorized less than fifty. The others were, in his opinion, without business basis. It is believed that this law has saved the people of Kansas, who have been liberal buyers of get-rich-quick stocks, tens of thousands of dollars. A similar law has been introduced in Massachusetts, and other States are considering protective plans that shall minimize the robbing of their citizens.

Of course, this sort of legislation cannot control the mail order investing, by which millions of dollars are taken from those deceived through the glaring advertisements of companies promising big dividends. That is the province of the Government and it has already accomplished much, though usually the rogues have reaped a harvest before the postal authorities are informed of their practice.

The awakening of the press and the refusal of many magazines and papers to allow fake investment schemes the use of their columns has gone a long way to protect the public, but other papers that go into the remoter homes frequently make no distinction and continue the work of the spoilers.

TRAINING PEOPLE TO BECOME INVESTORS.

Now the schools are beginning to ask if it is not possible to educate in investing. To be sure, every college of

liberal arts, in its department of economics, has presumably taught the principles of business. But economics, as usually taught, is so largely theoretical and bears so little relation to everyday affairs the student meets when he comes into business life, that it is doubtful if it proves a real protection against the actual temptations offered.

A beginning has been made by some colleges in the direction of training for investing money. The School of Commerce of Chicago, conducted under the economics department of Northwestern University, is a good example of what can be done. This school is attended by young men of the city, many of them actually engaged in business—bankers, clerks, brokers' assistants, and salesmen in wholesale and retail houses. Leading merchants and bankers of Chicago have made liberal gifts to the school, believing that it is worth while as a dispenser of the kind of education that will help its students to a better understanding of business.

In brief, this is its course: Beginning with the origin and growth of corporations and the history of speculation and price movements, it takes up the security market. The stock exchange, the bond house and industrial and financial price-making factors are studied. The legal considerations, organization of companies, holding companies, etc., follow. Under the head of "financing a company" come discus-

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sions of capital stock, mortgage bonds, collateral, trust and other bonds, promotion, underwriting, corporation accounts, dividend and surplus policies, inter-corporate relations, receiverships and reorganizations. The students are then instructed in the various forms of classified securities: financial companies, transportation companies, public service companies, industrial and mercantile companies, land mortgages and bonds, oil, mining and plantation stocks, municipal bonds, Government and State bonds. The matter of public regulation of corporations—Federal, State and municipal—receives attention, and the concluding series deals with the distribution of securities, proposed reforms affecting investments and variations of the interest rate. As a thesis each student selects one prominent corporation and studies all its financial and industrial features, in so far as he can obtain information, and makes a detailed and critical report.

It is reasonable to suppose that when a young man has once had such an education he will be able to judge with some ability of a proposition placed before him, and that when he has saved his first thousand dollars he will not fall prey to the first promoter who calls. Further, he will take to his home and to his community a fund of information that will enable him to give sound advice to those around him. If every graduate of every college were thus equipped, there would soon be widely disseminated intelligent knowledge of what constitutes a good investment.

PLAUSIBLE SCHEMES FOR GETTING ONE'S MONEY.

The very plausibility with which the grafter comes to his victim makes it

difficult for even those with small sums to resist. For instance, out in the Southwest have been in operation so-called "investment" companies whose promise was to lend money, and on this basis they sought members. Each member was to pay five dollars a month, or some small sum, with the understanding that when he had made a few monthly payments he was to be privileged to borrow \$500 or more at five per cent. This looked so inviting in a section where interest rates are high that hundreds were willing joiners. But the members were divided into "classes," and when a few hundred dollars had been accumulated, there was always a loan made that took up the funds. As practically every contributor was a prospective borrower, applications were filed to be filled in turn. But somehow the turns did not come and, discouraged, the members failed to continue payments and dropped out, the officers taking all payments made as forfeitures.

Several of these companies have been closed by State and Federal authorities, but others flourish, and the members who pay in their monthly accumulations in the hope of later borrowing it all, and much more, are generally disappointed. Generally—for occasionally a loan is made and the letter acknowledging the transaction is distributed in fac simile to induce other investors to pay in their money. A Bank Commissioner who was entertained for a week by the officers of one of these companies while he was making an examination preliminary to consideration of a permit to enter his State, found that the officers had received over \$200,000 from forfeitures alone. He refused the permit, and soon after the Federal authorities closed the offices.

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Schemes of this kind probably cause more financial distress than the mining and oil company investments, because they take money from those who can least afford to spare it. Nor do the victims invest because of an avaricious desire to obtain big dividends, as is usually the case with speculative investments. They are seeking what seems a plain path to obtaining funds to meet pressing needs.

COUNTRY BANKERS DOING GOOD EDUCATIONAL WORK.

The country banker is exerting a good influence in advising his customers on investments. Scattered through the agricultural States are thousands of small banks, some States having a bank for every 1,200 population, one to every 250 families. Too often the banker is ignored by the investor, but the banker is warranted in extending his advice when he knows from the bank's transactions that the money is going into risky investments.

Sometimes the amounts obtained individually are small, and so prosecution does not follow. An energetic young man stood on a dry-goods box on the street of a western village last summer and, after an enthusiastic talk about a new town being started in Oklahoma, gave away certificates of ownership to fifty lots, "just to introduce the people of this community to the great coming business center." In a few days came the deeds—a little fee of \$4.75 being collected for filing. The "town" was located twenty miles from

a railroad, on top of a bare height of the Ozark foothills and was worth perhaps a dollar an acre. Town after town was visited and the same liberal reward for an afternoon's work secured from each until someone had forethought enough to consult his banker. A telegram and its reply put a stop to the profitable transaction.

HEAVY LOSSES OF THE FARMERS.

The promoters watch closely the tide of prosperity. The era of farmers' profits during the past few years has made that class a favorite one for the man with a scheme and, despite the proverbial acumen of the farmer in money matters, a great harvest has been gathered. Scarcely a community in the agricultural States has escaped, and sums running into hundreds of thousands of dollars are cited by the bankers as representing the amount wasted by those who toiled through long years to earn a little surplus for a rainy day. Mortgaged farms even have been a part of the wreckage.

EDUCATION IN THE QUALITIES OF SOUND INVESTMENTS.

If along with the efforts of the authorities and the press there shall go an intelligent and practical education of the next generation of business men and home makers in the real qualities of a sound investment, it ought to lessen the profits of the grafting gentry.



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lative tendency of mankind, but their way ought to be made as difficult as possible.

CANADA'S ATTRACTIVE INVESTMENTS

By H. M. P. Eckardt

THE investment world is beginning to recognize that Canada now presents as attractive a field as exists anywhere on the globe. The Dominion possesses immense natural resources—agricultural lands, minerals, forests, water-powers, fisheries, etc.—the development of which in many cases may be said to have just begun. Canadians are fond of explaining that the progress and growth of their country in the twentieth century will resemble the growth achieved by the United States in the nineteenth century. And it appears that this conclusion is reached by means of reasonable deductions. A hundred years ago war prevailed on this continent; and Europe was also troubled and exhausted by the Napoleonic wars. Europe was the one source whence population and capital, so greatly needed by the new American republic, might be secured. In that respect Canada, at the outset of the twentieth century, is in better position. She has Europe to draw upon—not a devastated Europe, but a rich and overflowing Europe, which has been at peace

for years. And in addition Canada is drawing heavily upon the great country with population over 90,000,000, which lies immediately to the south of her.

ATTRACTING SETTLERS AND CAPITAL.

Another point to bear in mind is the excellence of the Dominion's organization for attracting desirable settlers, and the effective methods used in attracting capital. In particular does the legislative attitude towards capital serve to bring an immense volume of funds into the country. The Dominion and provincial legislatures have proceeded on the theory that the country's progress and prosperity are promoted by encouraging capital to make its home in Canada. The Dominion Government might have procured large sums for its treasury through forcing its bonds upon the banks and through appropriating to itself the exclusive right of issuing notes to serve as currency. But it elected instead to borrow in London at market rates for its

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requirements; thus the funds of the banks were left available for the purposes of the farmers, merchants, manufacturers and other borrowers, and the transfer of the proceeds of the successive London loans represented the addition of many millions to the Dominion's stock of cash capital. The provincial governments in the main have followed the same policy. They have borrowed in England, bringing fresh money into the country in preference to trying to force in various ways the funds of the home banks. The general aim of the legislatures has been to foster and encourage the building of railways, the development of mines and industries, and the investment of capital. These considerations make it appear that Canada's general development will proceed with rapidity and consistency in the ensuing decades. And it follows apparently that judicious and careful investment in sound Canadian securities at the present time or on suitable occasions in the near future should give good results.

I recognize that many people in the United States consider that the Dominion is at present riding the crest of a boom, and that the purchase of Canadian securities at prices now prevailing would entail especial danger upon the purchasers. It is true that risk exists. But probably critics outside the Dominion exaggerate its importance. It should be remembered that the two principal underlying factors making for the continuation of Canadian prosperity are the influx of population and of new capital. The immigration movement has shown remarkable steadiness; and it is not likely to wane while those millions of acres of cheap lands are

available in Saskatchewan and Alberta. And with reference to the degree of permanence possessed by the movement of capital it can be said that the principal Canadian borrowers can secure funds from the European markets in large volume in any season in which conditions are normal. The principal borrowers are the Dominion and Provincial governments, the large cities, the railways, the more important industrial corporations, and the utility companies. It is worth noting too that Canada has been drawing some capital from other nations than Great Britain and the United States. In his "Capital Investments in Canada," Fred W. Field places the British investments in Canada during the six years, 1905-1911 at \$890,805,626; he estimates the total United States investments in the Dominion at \$417,143,221; the French investments at \$70,750,000; the Belgian at \$11,675,000; the German at \$30,725,000; the Dutch at \$11,000,000.

STRENGTH OF THE BANKING SYSTEM.

In considering the possibility of a collapsing boom the strength of the banking system should also be borne in mind. The banking and financial dealings in those western towns and cities wherein speculative activity is so great are not in the hands of local officials imbued or infected with the speculative sentiment; they are controlled by professional bankers domiciled more than a thousand miles distant from the area of the especial activity. One of the foremost London bankers on returning from a visit to Canada told his fellows that in his opinion the Canadian bankers were quite as well grounded as the

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Capital, \$100,000 Surplus, \$100,000 Deposits, \$750,000

English bankers in principles and in knowledge of their profession. Another well known banking expert—Sir Edmund Walker—recently declared with reference to Canada that there was probably no country in the world where the bankers had a better or fuller knowledge of the affairs and position of their borrowers.

It may be assumed that the banking machinery of Canada will act swiftly and efficiently, in the event of a crisis, to prevent a collapse of credit. No central bank is needed; the bankers are trained to rely upon themselves and they have perfected the organization required for ensuring co-operative action.

GOVERNMENT AND MUNICIPAL BONDS.

We may now proceed to consider the various kinds of Canadian securities which might have attractions for American investors.

Taking first the bonds issued by the government of the Dominion and by the provinces, it will be remembered of course that the security is of a high grade and therefore the rate of return on the investment is not large. Since 1907 the Federal Government has issued loans in London as follows: In February, 1908, £3,000,000, $3\frac{1}{2}$ per cent. stock at par; in June, 1908, £5,000,000, $3\frac{3}{4}$ per cent. at par; in October, 1908, £5,000,000, $3\frac{1}{2}$ per cent. at par; in January, 1909, £6,000,000, $3\frac{3}{4}$ per cent. at $99\frac{1}{4}$; in July, 1909, £6,500,000, $3\frac{1}{2}$ per cent. at $98\frac{1}{2}$; in January, 1910, £4,000,000, $3\frac{1}{2}$ per cent. at 99, and in May, 1910, £5,000,000, $3\frac{1}{2}$ per cent. at $99\frac{1}{2}$. As mentioned above, the government has not considered it advisable to exploit or develop the home market for its bonds, believing it better to make its successive issues result in transferring blocks

of new capital to the Dominion. The bonds are issued in pounds sterling and are payable in London. The return on an investment in Dominion bonds would be in the neighborhood of $3\frac{1}{2}$ or $3\frac{3}{4}$ per cent. On investments in Provincial Government bonds four per cent. or better may be secured. The provinces also usually make use of the London market, but in some cases loans have been placed in the Dominion and in New York city. The bonds of all Canadian provinces are regarded as absolutely safe.

With reference to municipal bonds the market is partly in England and partly in Canada. Of the total issues London may take two-thirds and the Canadian market one-third. The larger cities find it more advantageous to issue in London. The return on an investment in the bonds of one of these cities, according to present quotations, would range from four per cent. to $4\frac{1}{2}$. Bonds and debentures issued by smaller cities and towns command a slightly higher rate. There is a very strong demand especially from the new towns in Western Canada. In some cases five and $5\frac{1}{2}$ per cent. may be obtained on western municipal bonds and debentures. The Canadian municipals are highly regarded. Banks, insurance companies and trust companies are heavy investors. Usually the issue of bonds is safeguarded by provincial legislation and the government of each province interests itself in seeing that the municipalities within its jurisdiction faithfully discharge their obligations to bond and debenture holders. Default of interest or principal on its bonds or debentures by a Canadian municipality is extremely rare; and the Canadian investment public regards municipal bonds as among the safest of securities.

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RAILWAY SECURITIES.

There are but three steam railway companies in Canada issuing securities on a large scale. They are the Canadian Pacific, Grand Trunk and Canadian Northern. Outside of these three systems, excluding the Dominion Government's Intercolonial Railway, which connects Montreal with the Maritime Provinces, and the National Transcontinental, the railways are merely of local or sectional importance. With reference to the security issues of the three important railways the situation is peculiar. The Canadian Pacific, on June 30, 1911, the end of its fiscal year, had outstanding \$418,586,761 in bonds and stock. Of this amount only \$38,648,633 represented mortgage bonds. These bonds were issued years ago; and the company does not now have recourse to bond issues as a means of procuring new capital. It secures a considerable proportion of the funds required by it through the issue of preference stock and consolidated debenture stock. At June 30 last the preference stock outstanding amounted to \$57,076,665, and the consolidated debenture stock to \$142,861,462. These are both four per cent. stocks and London has taken the whole of the issues. Even during the unsettlement following the last panic the C. P. R. was able to sell these stocks in London at par, and the English market apparently stands ready to take such further issues as the company may elect to make. So the common stock, which amounted to \$180,000,000 on June 30, and which will be increased to \$198,000,000 when the recent issue is fully paid, represents the only Canadian Pacific security available in large quantities for investors on this side of the Atlantic; and a majority even of that is held in Europe. It

appears that approximately sixty-five per cent. is held in Great Britain and fifteen per cent. on the Continent of Europe. The remaining twenty per cent. is said to be about evenly divided between Canada and the United States. Throughout the Dominion this stock is regarded as a desirable investment. At the present market price the net yield is slightly over $4\frac{1}{4}$ per cent., but the valuable rights pertaining to the issues of new common stock make the average yield over a term of years considerably higher than that.

The securities of the Grand Trunk and Grand Trunk Pacific are practically all held in Great Britain; the same applies to the Canadian Northern securities. Mr. Field quotes in his book the officials of these two railways as stating that from seventy-five to ninety per cent. of the shareholders of the Grand Trunk and ninety-eight per cent. of the holders of Canadian Northern securities are residents of Great Britain.

BANK STOCKS.

The stocks of the well established chartered banks are in high favor among the better informed investors. The double liability on bank shares serves to deter some investors from purchasing, but in the cases of the stronger banks this risk is practically eliminated by the large surpluses or reserve funds they have accumulated. More than half of the banks have reserve funds in excess of seventy-five per cent. of their respective capitals; and there is no instance in Canadian banking history of failure of a bank having a reserve fund of anywhere near seventy-five per cent. of its capital. The important banks are steadily increasing their resources and power. In the last thirteen years no reduction of div-

6% BONDS	A R-E Six's, 10-year debentures based on select New York realty. \$100, \$500, \$1000, etc., Interest semi-annually.
	American Real Estate Company Founded 1888 Assets, \$24,134,240 Capital and Surplus, \$2,078,587 527 Fifth Avenue. New York

ident has occurred among them. The tendency of the dividends is steadily upwards. The actual amount of dividends paid by all Canadian chartered banks represented 7.88 per cent. on their average paid capital in 1903. In 1904 the percentage was 8.01; in 1906, 8.20; in 1907, 8.56; in 1908, 8.74; in 1909, 8.88; in 1910, 9.19, and in 1911, 9.82. It should be remembered too that in character and conservatism of their management the best Canadian banks are probably not surpassed even in Europe. In no recent year have they paid more than sixty-three per cent. of their ordinary earnings in dividends. An investment in the stock of one of the well established banks would net at the outset from $4\frac{3}{4}$ to $5\frac{1}{2}$ per cent.; and the investor might feel reasonably certain that his net return would increase steadily. In five or six years it might be eight per cent., or more, with excellent prospects of further increase. Of course the element of risk is more pronounced in the case of new banks and in the case of banks which have not yet succeeded in accumulating large surpluses.

STREET RAILWAYS, POWER COMPANIES AND INDUSTRIALS.

Three electric street railways figure conspicuously in the dealings on the Canadian exchanges—Montreal Tramways, Toronto Railway, and Winnipeg Electric. Toronto Railway yields about $5\frac{3}{4}$; Winnipeg Electric yields $4\frac{1}{2}$; Montreal Tramways is a recent consolidation, the earning power of the stock of which is not yet demonstrated.

The securities of the Canadian industrials cover a wide range of attractive possibilities. Canada is making

tremendous strides in industrial development; and as she is exceptionally rich in water powers and raw material, it seems certain that continued accessions of population and capital will produce a further important industrial expansion in the next decade. If so, it appears that industrial investments, carefully and discriminately made, should yield very satisfactory results.

In considering industrial investments it is necessary to take account of the Canadian customs tariff. Although it does not at present appear to be in danger of abolition or drastic reduction, the outside investor will nevertheless be well advised if he gives his attention rather exclusively to those corporations which could apparently with ease pay the interest on their bonds and maintain their earning power even if all Government favors of this kind were withdrawn. In the opinion of good judges there are happily a considerable number of these. Industrial bonds regarded as sound can be procured in Canada to yield six per cent. The demand for money for purposes of enlargement of plants and building and equipping new plants is exceedingly keen; and companies about whose position the financial community entertains no doubts issue bonds bearing that rate of interest.

Pulp and paper companies are developing rapidly at present, and as they have great natural advantages, their development should continue. The Laurentide Paper Company is a striking illustration of the prosperity of this industry. The iron and steel manufacturing companies are also well established. The more prominent concerns making public issue of securities are Dominion Iron and Steel Company, Steel Company of Canada, Canadian Car and Foundry Co., Lake Superior Corporation, Nova Scotia Steel and Coal Company.

The flour-milling industry also is well developed and indigenous to the country. The two old established companies are Ogilvi's Flour Mills Company and Lake of the Woods Milling Company.

In the textile industry the Dominion Textile Co. is the largest enterprise.

There are numerous other industries well developed—cement companies, among which the Canada Cement Company has the leading position; cycle and motor companies, electrical works,

carriage factories, canning companies, agricultural implement companies, etc.

Of course, in investing in industrial securities the advice of bankers or of honorable financial experts should be sought.

INVESTMENT AND MISCELLANEOUS SECURITIES

[Corrected to April 19, 1912.]

GUARANTEED STOCKS.

Quoted by W. E. Hutton & Co., Dealers in Investment Securities, 6 Broad St., New York.
(Guaranteeing company in parentheses.)

	Bid.	Asked.
Albany & Susquehanna (D. & H.)	278	290
Allegheny & West'n (B. R. I. & P.)	130	140
Atlanta & Charlotte A. L. (So.R.R.)	175	...
Augusta & Savannah A. L. (Cen. of Ga.)	106	109
Beech Creek (N. Y. Central)	90	96
Boston & Lowell (B. & M.)	214	...
Boston & Albany (N. Y. Cen.)	220	223
Boston & Providence (Old Colony)	296	300
Broadway & 7th Av. R. R. Co. (Met. St. Ry. Co.)	150	...
Brooklyn City R. R. (Bk. H. R. R. Co.)	160	165
Camden & Burlington Co. (Penn. R. R.)	130	140
Catawissa R. R. (Phila. & Read.)	...	...
Catawissa R. R. 2d pfd.	...	...
Cayuga & Susquehanna (D.L.&W.)	205	215
Cent. Pk. N.&E. R.R. (Met. St. Ry. Co.)	...	...
Christopher & 10th St. R. R. Co. (M. S. R.)	130	140
Cleveland & Pittsburg (Pa. R. R.)	165	169
Cleveland & Pittsburg Betterment	95	99
Columbus & Xenia	205	208
Commercial Union (Com'l C. Co.)	100	110
Concord & Montreal (B. & M.)	156	162
Concord & Portsmouth (B. & M.)	170	182
Conn. & Passumpic (B. & L.)	139	...
Conn. River (B. & M.)	270	...
Dayton & Mich. pfd. (C. H. & D.)	180	190
Delaware & Bound B. (Phila.&R.)	190	195
Detroit, Hillsdale & S. W. (L. S. & M. S.)	92	97
East Pa. (Phila. & Reading)	125	135
Eighth Av. St. R. R. (M. S. R. C.)	200	...
Elmira & Williamsport pfd. (Nor. Cen.)	142	152
Erie & Kalamazoo (J. S. & S.)	200	230
Erie & Pittsburg (Penn. R. R.)	132	142
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	123	133
Franklin Tel. Co. (West. Union)	110	115
Forty-second St. & G. St. R. R. (Met. St. Ry.)	200	230
Georgia R. R. & Bk. Co. (L. & N. A. C. L.)	262	268
Gold & Stock Tel. Co. (W. U.)	115	120
Grand River Valley (Mich. Cent.)	112	118
Hereford Railway (Maine Central)	85	92
Inter Ocean Telegraph (W. U.)	90	104
Illinois Cen. Leased Lines (Ill. Cen.)	92	97
Jackson, Lans. & Saginaw (M. C.)	81	86
Joliet & Chicago (Chic. & Al.)	185	185
Kalamazoo, Al. & G. Rapids (L. S. & S.)	130	140
Kan. C., Ft. Scott & M., pfd. (St. L. & S. F.)	77	80
K. C., St. L. & C. pfd. (Chic. & Al.)	105	130
Lake Shore Special (Mich. S. & N. Ind.)	420	...
Little Miami (Penn. R. R.)	210	212
Louisiana & Mo. Riv. (Chic. & Atl.)	125	150

	Bid.	Asked.
Mobile & Birmingham pfd. 4% (So. Ry.)	65	75
Mobile & Ohio (So. Ry.)	80	87
Morris & Essex (Del. Lack. & W.)	170	174
Nashville & Decatur (L. & N.)	182	190
N. Y., Brooklyn & Man. Beach pfd. (L. I. R. R.)	110	120
N. Y. & Harlem (N. Y. Central)	350	352
N. Y. L. & Western (D. L. & W.)	118	123
Ninth Av. R. R. Co. (M. St. Ry. Co.)	140	190
North Carolina R. R. (So. Ry.)	163	167
North Pennsylvania (Phila. & R.)	193	...
North R. R. of N. J. (Erie R. R.)	85	92
Northwestern Telegraph (W. U.)	110	112
Nor. & Wor. pfd. (N.Y., N.H.&H.)	210	...
Old Colony (N. Y., N. H. & H.)	188	191
Oswego & Syracuse (D. L. & W.)	205	220
Pacific & Atlantic Tel. (W. U.)	65	70
Peoria & Bureau Val. (C.R.I.&P.)	170	180
Pitts. B. & L. (B. L. E. & C. Co.)	60	65
Pitts. Ft. Wayne & Chic. (Pa.R.R.)	165	169
Pitts. Ft. Wayne & Chic. special (Pa. R. R.)	150	165
Pitts., McKeesport, McW'port & Y. (P. & L. E. M. S.)	127	132
Providence & Worcester (N. Y., N. H. & H.)	270	...
Rensselaer & Saratoga (D. & H.)	185	195
Rome, Watertown & O. (N.Y.Cen.)	126	130
Saratoga & Schenectady (D. & H.)	160	...
Second Av. St. R. R. (M. S. R. Co.)	10	16
Southern Atlantic Tel. (W. U.)	90	100
Sixth Av. R. R. (Met. S. R. Co.)	120	130
Southwestern R. R. (Cent. of Ga.)	110	112
Troy & Greenbush (N. Y. Cent.)	160	170
Twenty-third St. R. R. (M. S. R.)	200	250
Upper Coos (Maine Central)	122	...
Utica, Chen. & Susq. (D. L. & W.)	140	143
United N. J. & Canal Co. (Pa.R.R.)	238	242
Valley of New York (D. L. & W.)	117	122
Warren R. R. Co. (D., L. & W.)	162	170

MISCELLANEOUS SECURITIES.

Quoted by J. K. Rice, Jr. & Co., Brokers and Dealers in Miscellaneous Securities, 33 Wall St., New York.

	Bid.	Asked.
Adams Express	208	224
American Brass	127	129
American Chiclé Com.	224	229
American Chiclé Pfd.	104	108
American Coal Products Com.	97	98½
American Express	220	225
Babcock & Wilcox	100½	102
Borden's Condensed Milk Com.	124	126
Borden's Condensed Milk Pfd.	108½	110½
Bush Terminal	80	90
Childs Restaurant Co. Com.	187	195
Childs Restaurant Co. Pfd.	115	118
Del., Lack. & Western Coal	365	375
E. I. du Pont Powder Com.	170	180
E. I. du Pont Powder Pfd.	90ex	94ex

	Bid.	Asked.		Bid.	Asked.
E. W. Bliss Com.	75	85	Safety Car Heating & Lighting....	118	119½
E. W. Bliss Pfd.	120	130	Sen Sen Chiclet	118	124
Hall Signal Com.	10	15	Singer Manufacturing	282	292
Hudson Companies Pfd.	55	65	Standard Coupler Com.	34	37
Hudson & Manhattan Com.	18	21	Texas & Pacific Coal	97	102
International Nickel Com.	290	300	Thompson-Starrett Com.	125	135
International Nickel Pfd.	105½	107½	Thompson-Starrett Com. (with ctf.)	155	160
International Silver Pfd.	125	130	Thompson-Starrett Pfd.	105	112
Kings Co. E. L. & P.	129	132	U. S. Express	96	100
Otis Elevator Com.	75	79	U. S. Motor Com.	9	10½
Otis Elevator Pfd.	99	101	U. S. Motor Pfd.	39	43
Penn Water & Power	64	68	Union Typewriter Com.	40	43
Phelps, Dodge & Co.	222	232	Union Typewriter 1st Pfd.	107	109
Pope Mfg. Com.	35	40	Union Typewriter 2d Pfd.	104	106
Pope Mfg. Pfd.	73	77	Virginian Railway	17	20
Producers Oil	90	...	Wells Fargo Express	144½	147
Royal Baking Powder Com.	195	205	Western Pacific	11½	13½
Royal Baking Powder Pfd.	109	110½	Western Power Com.	33	36
Rubber Goods Mfg. Pfd.	104	108	Western Power Pfd.	60	62

FOREIGN BANKING AND FINANCE

EUROPEAN

INTERESTING FIGURES

SOME figures from the balance-sheets of the joint stock and private banks of London, for the half year ending December 31, 1911, are worthy of attention:

Bank.	Paid-Up Capital.	Reserve Fund.	Total Deposits and Acceptances.
London County and Westminster.....	£3,500,000	£4,000,000	£88,066,047
National	1,500,000	610,000	14,963,377
London City and Midland.....	3,989,237	3,390,313	83,744,878
Union of London & Smiths.....	3,554,785	1,150,000	46,916,307
London and Southwestern.....	1,000,000	1,000,000	19,150,406
London and Provincial.....	1,800,000	1,500,000	17,459,923
Martin's	500,000	165,000	3,826,217

HOME RULE — ITS FINANCIAL ASPECTS

THE London "Financial Review of Reviews" has in its March issue an interesting article by Arthur Warren Samuels, on "Home Rule—Its Financial Aspects," summarizing the home rule policy of Mr. Redmond for "purely Irish affairs" as shattering the financial system of the Union. Briefly, the points claimed by Mr. Samuels include these arguments. The taxpayers of England and Scotland are, under Home Rule, to finance Ireland but not interfere in Ireland; Ireland is to interfere in England and Scotland, but she cannot and will not give anything to finance the Empire; that the Nationalists of Ireland demand fiscal autonomy under Home Rule and in addition this autonomy shall be accompanied by lavish grants from England. Under

the Act of Union, England, Ireland and Scotland are united in one Parliament, there being no distinction between Imperial English, Scotch or Irish affairs. Parliament is sovereign over all. Continuing, he claims Home Rule demands fiscal separation and

British subvention of separation, the abolishment of the common exchequer and the consolidated fund. England is to part with all control, is to save Ireland from bankruptcy and pay for the creation of immeasurable constitutional and financial dangers at her very doors.

In concluding, Mr. Samuels predicts Lord MacDonnell's scheme of Home Rule without control by Ireland of her finances will not be accepted by Nationalists in Ireland.

LONDON AND PROVINCIAL BANK

THE directors of the London and Provincial Bank recently announced the issuing of 40,000 new shares at £10 each, upon which £5 would be called up. As the present £5 paid shares stand at £21 the new issue will be made at a considerable premium, but so far no statement has

been made on this point. This issue will bring up the subscribed capital of the bank to £1,000,000, and, of course, a much larger addition should be made to the reserve than to the amount of paid-up capital. Being ten or eleven years since the capital of the bank was increased, the enlarging business demanded an addition. The customers' balances have grown from £11,810,000 to about £17,459,000, and with such important growth it is always wise to increase the stake of the shareholders in the undertaking. It was decided to deduct income tax from dividends because it should be borne by the individual, is more equitable, large and small shareholders deriving the same benefit, and because shareholders should themselves take the responsibility of it.

RUSSIAN COMMERCIAL PROGRESS

AMARK of Russian commercial progress is shown in the establishment of two new banks, one in St. Petersburg, to be called the St. Petersburg Commercial (Torgovy) Bank, and the other in Moscow, to be known as the Moscow Private Commercial Bank. The share capital of the former institution will be 5,000,000 roubles. The latter institution will take over the existing Moscow branch of the St. Petersburg Private Commercial Bank, which thereafter intends to strengthen its position by increasing its capital by 20,000,000 roubles.

WAR SCARES EFFECT ON GERMAN BANKS

GERMAN banking, while suffering no consequential loss, was seriously inconvenienced by the recent war scare. The withdrawal by the French and other foreign banks of immense sums employed in financing German trade because of this fear, caused heavy drains on the New York banks, which prevented the worst results of the panic.

A remarkable proof of the immense increase in wealth and of the ability with which German trade is being conducted is shown by its having the power to repay the

immense sums drawn, estimated by persons of position at between thirty and forty millions of sterling.

AFRICA

THE RECENT SOUTH AFRICAN BANK AMALGAMATION

THE recent amalgamation of two important South African banks, the National Bank of South Africa and the Bank of Africa, makes the second institution that more nearly approaches the size of South Africa's standard. It has taken some ingenuity and judgment to bring the constitutions and balance-sheets of the two institutions into line, but the successful accomplishment has renewed confidence in the newly-formed institution and caused the shares to rise additionally.

A comparison of this bank with its nearest competitor, the Standard Bank of South Africa, is interesting in view of the fact that these two institutions practically control the business of South Africa. The Standard Bank has a paid-up capital of £1,548,525, as compared with £2,350,000 of the National and Bank of Africa. It has £4,645,575 uncalled liability while the National and Bank of Africa have none. The reserves of the latter amount to £370,000, the reserves of the Standard being £1,960,000. The Standard deposits now exceed £19,000,000 as compared with £17,500,000 of the other two institutions, showing that the Standard Bank still remains the largest institution in the Colony. A short table of the two institutions will indicate these and other points more clearly:

AUSTRALASIAN

THE STATE VS. FEDERAL SAVINGS BANKS

IT appears from the remarks of Sir Elliott Lewis (the Premier) to a "Standard" correspondent, just before leaving Hobart, that the Tasmanian savings banks may

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President Director

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Manager

be placed in a particularly awkward position by the Commonwealth Bank. "Our position in respect to the savings banks," said Sir Elliott, "is different to that of the other States. If the Commonwealth decides that it requires the post offices for the work of its own savings banks, the Tasmanian ministry will be placed in a very awkward position, because the business done in many towns would not justify the establishment of a separate agency in Tasmania. As in other States, the savings banks is a great convenience to the people, while from the standpoint of the ministry it is of value, be-

cause we are able to draw on it for State development works. An institution of this kind can best be controlled by the State."

AUSTRALIAN BANK INCREASES DIVIDENDS

FOR the half year ending June 30, 1911, the Australian Deposit and Mortgage Bank, Limited, paid five per cent. per annum on the preference shares and twelve and one-half per cent. per annum on the deferred preference and ordinary shares. This is an increase of two and one-half per cent. per annum on the deferred preference and ordinary shares, as compared with the dividend paid on these shares for the half year ending December 31, 1910.

GROWTH OF NEW SOUTH WALES BANKING DEPOSITS

INTERESTING figures are furnished by the Sydney (N. S. W.) "Telegraph" of the growth of banking deposits in New South Wales. In 1855-6 the deposits in the commercial banks in that State reached £20 per head of the people, but they afterwards dropped to £12. From 1870 up to 1890 the increase was enormous, and in the latter year the deposits in these banks attained the remarkable total of £31 12s. 3d. That was the climax of the boom, and they had relapsed over £9 per head up to 1898. From 1903 up to the present time the advance has been continuous, and at the close of 1910 the deposits of the banks per head reached the level of 1890. In 1911 they certainly passed it. In the savings banks the increases have been more continuous, though there was a setback after 1856, and they stood still after the drought of 1901-2. Together the banking deposits in the past two years have completely distanced all previous returns, both in the aggregate and per head, and at the close of 1911 probably exceeded £47 10s. per head, judging by the September averages and the savings banks returns to June last. These deposits have, therefore, increased over £16 per head in eight years:

BANKING DEPOSITS IN NEW SOUTH WALES.

Dec.	Ordinary	Per	Savings	Per	Together
	Banks.	head.	Banks.	head.	p. head.
	£	£ s. d.	£	£ s. d.	£ s. d.
1856	5,215,625	19 6 10	622,196	2 6 2	21 13 0
1870	6,107,900	12 5 0	936,465	1 16 4	14 1 4
1880	17,883,024	23 18 0	2,075,856	2 15 5	26 13 5
1890	35,400,118	31 12 2	4,730,409	4 4 4	35 16 6
1898	29,852,711	22 11 3	9,480,944	7 3 4	29 14 7
1901	33,258,456	24 2 1	11,808,710	8 11 2	32 13 3
1903	32,577,861	22 15 1	12,344,623	8 12 5	31 7 6
1910	51,893,524	31 12 11	22,453,924	13 13 10	45 6 9
1911	53,000,000	33 0 0	24,000,000	14 10 0	47 10 0

At the present time, while the current accounts still appear to be increasing, the interest-bearing deposits are expanding less rapidly, and money is in somewhat better request.

ASIATIC

JAPAN'S GOLD RESERVES IN LONDON

DURING the Russo-Japanese war, says the London "Economist," as every city man will remember, London was the base for the war finance of Japan, whilst Paris was the base for the war finance of Russia. In this sense it was the most international war of modern times; for without the capital borrowed in England and France it could not have lasted many months, and without the knowledge that huge sums could be borrowed it is pretty certain that the war would never have been commenced.

The only people to benefit by the disaster were the contractors and those speculative investors who lent to Japan or Russia when their credit was most depressed. Partly to finance the war, partly to secure the confidence of the British public, the Japanese Government kept a considerable part of the proceeds of its loans in London, and eventually a permanent reserve was established here somewhat after the model of that which the Indian Government keeps here in order to maintain the exchanges and the value of the rupee.

During the war the sums raised in London were largely used for purchasing war materials and for paying the debts which accrued in Europe. But when the war ended a large fund was maintained (which has played an important part in our money market) in order to pay interest on the foreign debt, the great bulk of which is held by British investors. To this arrangement, as

the "Japan Chronicle" points out in an informing article, "no objection can be taken; but it is evident that the fund should form part of the national accounts and appear in the budget, in order that its increase or diminution can be observed." The Katsura Government, however, kept the specie reserve out of the accounts and refused to give any information as to the amount of the fund, though well-informed guessers placed it at over thirty millions sterling.

Now, however, the new Finance Minister, Mr. Yamamoto, has very wisely rejected this policy of secrecy, and, in reply to an inquiry, has stated that the reserve is about 370 millions of yen, or, roughly, thirty-seven millions sterling, which is about twelve millions sterling more than the reserve held by the Bank of Japan against its note issue. The Finance Department in Japan states further that the gold reserve held in London belongs partly to the government and partly to the Bank of Japan.

A year ago the government held 197 millions and the bank 170 millions of yen. The proportion is now very different, for the bank holds 251 millions and the government only 114 millions, so that the government's share has decreased by about eighty-three million yen in the past year.

Mr. Yamamoto states that the proportion will now be restored, because the net proceeds of the Tokio municipal loan—which should be above eight millions sterling—will go into the treasury of the government, so that the loan must be regarded as an indirect device for maintaining the gold reserve in London without undue borrowing from the Bank of Japan.

The new Japanese Finance Minister has admitted that the most direct method of paying the interest on the money borrowed in Europe would be to buy foreign drafts with convertible notes out of the revenue from the taxes. This, he says, "is the orthodox way of doing things," but he adds that the Japanese system is not yet developed sufficiently to conduct this operation.

Banco de Nuevo Leon

MONTEREY, N. L., MEXICO

ESTABLISHED OCT. 1, 1892

Capital paid up, \$2,000,000

Reserves, \$823,875.00

Deposits, \$3,002,244.00

GENERAL BANKING BUSINESS TRANSACTED

Principal Correspondents:—NEW YORK, National Park Bank, Mechanics & Metals National Bank; LONDON, Dresdner Bank, Credit Lyonnais; BERLIN, Deutsche Bank, Berliner Handels Gesellschaft; PARIS, Credit Lyonnais, Comptoir National d'Escompte; HAMBURG, Deutsche Bank Filiale Hamburg, Commerz und Disconto Bank; MADRID, Banco Hispano Americano, Banco de Castilla; HABANA, Banco de la Habana.

BODOLFO M. GARZA, Manager

ARTURO MANRIQUE, Accountant

AMADOR FAZ, Cashier

Mexican Title-Mortgage Co.

Mexico City, Mexico

MEXICAN TITLES

EXAMINED

ABSTRACTED

PERFECTED

Foreclosures and Reorganizations Managed

Mexican Companies Organized

Foreign Companies Protocolized

Real Estate Properties Managed

Mexican Lands Bought and Sold

Concessions Obtained

It costs nothing to write us for particulars

The real difficulty, we imagine, is the difficulty which has so often been found by Russia, Brazil, Turkey, Portugal and other States, of providing, even in time of peace, a sufficient amount out of revenue to pay interest on their debts. As the ordinary revenue of Japan does not suffice to meet the whole of the expenditure (which, it will be remembered, includes a sinking fund of about five millions sterling), the fund maintained in London is constantly diminished by payment of interest, and, as our contemporary puts it, "the Bank of Japan increases its reserves held in London and expands its note issues in Japan at the same time." Thus the real reserve held in London dwindles from want of sufficient tax revenue, and as the government has declared it will not float a foreign loan, it replenishes its funds in London by floating a municipal loan in Europe on the security of the Tokio tramways, keeping the proceeds in London, and apparently paying the owners of the tramways with Bank of Japan notes. The transaction is a little complicated, and we are afraid it will lead to trouble in the end. For surely it must mean that the Japanese currency will gradually represent less than its face value, and that the rise in prices will continue at a greater rate than in countries with a real gold standard currency. Mr. Yamamoto's statement that the annual efflux of gold to Japan now amounts to nine and a half mil-

lions sterling, strongly confirms this view. The maintenance of a reserve in London may or may not be a good device, but to maintain it by increasing the issue of notes in Japan is so obviously unsound and dangerous that we feel sure Mr. Yamamoto will before long take strong remedial measures. In our opinion Japanese expenditure should be cut down to the full extent of the depletion of the gold reserve in London, if that reserve is to be maintained. Otherwise it should be recognized that the present sinking fund is a sham and something worse; for of all the things which a government financially embarrassed can do, the worst is to expand its note issues and to depreciate its currency. It is the subtlest and swiftest mode of bringing about universal and perhaps revolutionary discontent.

YOKOHAMA BANK BONDS

REITARO ICHINOMIYA, New York agent for the Yokohama Specie Bank, Limited, announces that 20,000,000 yen of the special five per cent. bonds internal issue of the Imperial Government of Japan have been drawn for redemption in Japan, April 1, redeemable April 30 in Japan.

INDIA NEEDS CAPITAL

EXTRACTS from the president's address at the Seventh Indian Industrial Conference indicate India's present industrial needs:

"The ugly truth confronts us that India is sadly wanting in capital—capital in the hands of the classes that are likely to invest it on industrial and commercial ventures. The 'hoarded wealth' apart, there is hardly much money in the hands of the upper middle classes—money that would flow into industrial channels or be otherwise reproductively employed. . . . For years to come, therefore, we must look to foreign markets

for the requisite capital, and for more reasons than one the London market offers the greatest attraction. London rules the world's finance, so to speak, and India should have under normal conditions special facilities for raising loans there. Government guarantee would secure almost any amount of capital to industrial India. What India wants today for industrial expansion and progress is abundance of foreign capital, not wholly to be employed by foreign manufacturers, miners and merchants for their own profit and the enrichment of their own countries, but as loan for application to the various industries by Indians themselves."

LATIN AMERICA

BANKING WITH LATIN AMERICA AND LATIN AMERICANS

By V. Gonzales, Manager Foreign Department Bankers Magazine

THE foreign trade of Latin America for the year 1910, according to the figures published by the Bulletin of the Pan-American Union (October, 1911), amounted to \$2,343,744,030, as follows:

Imports	\$1,057,833,232
Exports	1,285,910,798

The share of the United States appears to be:

Imports from the United States	23.31%	\$246,657,692
Exports to the United States	34.51%	443,829,011

This shows a balance against this country of nearly \$200,000,000.

As the total foreign trade of the United States amounts to about \$3,500,000,000, the proportion corresponding to Latin America is approximately twenty per cent., or one-fifth.

LACK OF ADEQUATE BANKING FACILITIES.

One of the greatest checks to the development of American exports to Latin America is the lack of adequate banking facilities. The 247 millions of present exports are handled in part by direct current accounts carried on the books of manufacturers or exporters, another portion by drafts sent out for collection through American banks and agencies of European banks, and the rest, probably the smallest part, by such drafts discounted by the same banking institutions. The Royal Bank of Canada, the British Bank of South America, the Anglo-South American Bank and other European banks

handle a much larger portion of the business than the American banks.

WHAT IS NEEDED.

The proper handling by American banks of this business does not necessarily require the presence of any American bank or its branch or agency in any of those countries, but relations with local institutions which collect paper on commission and which could become regular customers of American banks for their banking transactions in this country and abroad. It might be desirable to maintain special agents in each country to look after the collections, to report upon credit of customers and to supply general information for the benefit of the American shippers of goods. The holding of a few shares of the collecting banks would also be found of use, but this would not involve the investment of more than \$150,000 or \$200,000 distributed among the twenty countries.

Credit arising from the discounting of paper drawn on Latin-American buyers would be ultimately granted to the drawer in this country, who would always be responsible in case the draft was not paid. To protect him the American bank could have his customer watched by the special agent mentioned above.

INCREASING OUR EXPORTS.

At present, with the bulk of the importing business in Latin America done under competing facilities from European firms, the

**THERE ARE THREE DEPARTMENTS OF THE
Ca. Bancaria de Fomento y Bienes Raices, de Mexico, S. A.**

REAL ESTATE

This department buys and sells all kinds of land in every part of the Republic—City or Country. Houses bought, sold and constructed. Ranches subdivided into smaller ones.

V. M. Garces, *Manager.*

PUBLIC WORKS

This department does paving work, makes surveys, constructs sewerage systems, etc. It has improved the Cities of Mexico, Puebla, Guadalajara, Durango and others.

Manuel Eiguere, *Manager.*

BANKING

This department finances the other two departments and does all kinds of business in relation to banking.

Xavier Icaza y Landa, *Mgr.*

CORRESPONDENCE IS INVITED

Compania Bancaria de Fomento y Bienes Raices, de Mexico, S. A.

MEXICO, D. F.

President—F. PIMENTEL Y FAGOAGA

1st Vice-Pres.—P. MACEDO

2nd Vice-Pres.—LUIS BARROSO ARIAS

business of this country is limited to the amount that exporters can carry on their shoulders and to the small quantity of paper that is discounted by both American banks and European agencies. If exporters (manufacturers or commission houses) were granted more credit, they, in turn, could expand their transactions and largely increase the actual figures of American exports in that direction.

Latin-American exports are made largely on credit, and the 443 million dollars involved is handled by local banks and agencies of European banks. They buy the ninety-day paper and retail it at short sight to importers. The banks collecting foreign drafts use quite large sums to remit to their customers abroad, and that is one of the reasons they charge such small commission at times. The difference o. rates of exchange gives them substantial profits.

The correspondents of these banks are, in New York, mostly commission firms that engage in regular foreign banking (W. R. Grace & Co., G. Amsinck & Co., H. W. Peabody & Co., American Trading Company and others), the agencies of European banks and in some cases American banks and trust companies. The larger portion is certainly not in the hands of the latter.

NO EXTRAORDINARY RISKS.

The paper, secured by shipping documents drawn on responsible parties in this country, involves no extraordinary risk. The acceptor is at hand and his standing can be investigated.

Some European banks are going so far as to facilitate the sale of products in conjunction with brokers, and do business direct with certain exporters, whose time paper they discount, and allow them to draw sight drafts against the proceeds.

TRANSFER OF LATIN-AMERICAN BANK BALANCES TO NEW YORK.

All the Latin-American banks carry large balances with foreign correspondents, gen-

erally in Europe. They consider, and so does the public, that those balances are the same as gold and safer in many cases than the actual coin in their vaults. It would not be very difficult to induce these banks to carry such balances in New York. Better terms can be offered from here and arrangements can be made so as to allow them to draw on Europe against balances held in New York. At present the total foreign balances in Europe of Latin-American banks amount to some \$150,000,000 or \$200,000,000 and a good portion of it could be transferred to New York.

EUROPE LARGELY FIXES PRICE OF MANY LATIN-AMERICAN PRODUCTS.

Many of the staple products of Latin America, of which the United States is the largest consumer, are handled by European banks, and therefore their market is regulated in Europe. The natural distributing market should be New York or other American ports. But European banks grant certain facilities to the trade that American banks do not, and naturally they take the advantage.

Latin America exports \$166,000,000 worth of coffee, of which the United States buys \$74,000,000. The total exports of rubber amount to \$152,000,000, of which \$70,000,000 is consumed in this country. Of the \$122,000,000 of sugar exports the American consumption takes \$95,000,000. America buys hides from Latin America for \$44,000,000 out of a total of \$66,000,000. Half of the \$45,000,000 of tobacco is consumed here and quite forty-five per cent. of the \$30,000,000 of their exports of cocoa. And still the market of all these products is regulated in Europe. This is due exclusively to the fact that there are no adequate banking facilities in this country for handling this trade.

AMERICAN BANKS HAVE LIMITED BUSINESS WITH LATIN AMERICA.

American banks have had a very small share of the financial business of Latin America. Outside of Mexico, Cuba and

Santo Domingo few of the sister republics have employed American capital in their development.

The average credit of Latin America is good. The few defaulting States have already burdened European investors, and these are eagerly seeking American protection. They are all willing to convert their present holdings into other securities and the financing of those countries would not require the investment of a very large amount of money. Europe has practically recognized the American interpretation of the Monroe Doctrines and is willing to keep hands off of Latin America, in the hope that the United States will in due time look upon the maintenance of the obligations of its sister republics.

It is only a question of knowing how to deal with those people. What might not be obtained one way can be had in another, and there is absolutely no need to scare those small countries with the threat of interference by the American Government. Up to the present no foreigner has ever lost a cent in Latin America that he has not been afterwards repaid two or three times. All the Latin-American republics recognize the advantage of credit, and they are perfectly willing to treat bona-fide capital fairly.

CONDITIONS IN THE DIFFERENT COUNTRIES.

Mexico can get all the money it needs in Europe at low rates of interest, notwithstanding its late political troubles. Perhaps there is nothing to be done except to supply funds for further improvements. The currency of the country is on the gold basis, but is maintained artificially through what is called the "gold exchange standard," a near approach to the regular gold standard, but not so efficient. Should the people wish to adopt the real gold standard it could be done with little expense.

Honduras is one of the defaulting States. It is yet considering the Morgan loan. The Federal Congress has not yet given its sanction to the contract. Something must be done there, as the country wishes to restore its foreign credit. It also needs the conversion of its actual silver currency into gold, and that can be done with a very reasonable investment of money.

Guatemala is also in default and for some time past has been negotiating with several groups of bankers. American banks or bankers have proposed a loan, but so far nothing has been done. It has paper money as its only currency and its must adjust its monetary system sooner or later. It would not be difficult to arrange its affairs under terms that would not meet the opposition of the people.

Nicaragua is in about the same position as Guatemala. It has Government paper currency and is in default on its foreign debt. Recently it has approved a loan from

Brown Brothers and Seligman, but the people are not satisfied with it and the Congress of the United States seems unwilling to approve the contract. If properly managed the whole business can be wound up easily.

Salvador has well maintained its foreign credit. Its finances are very prudently managed and the country can get all the money wanted in Europe. It is under the silver currency and is contemplating the adoption of the gold standard as soon as possible. This can be done without increasing the country's indebtedness to any large amount.

Costa Rica has lately settled its financial difficulties and is in an exceedingly prosperous condition. The country has been on a gold basis for some years past and needs the investment of foreign capital to better develop its wonderful resources.

Panama has no foreign debt, but it will, sooner or later, have to assume a portion of the Colombian debt as one of the means of settling the dispute of the latter country with the United States. Panama has \$6,000,000 invested in New York (balance of \$10,000,000 paid for the sale of the Canal Zone) and has recently tried to contract a loan for the construction of a railway. The currency is on the gold basis, but no national gold is in circulation. Like Mexico, it artificially maintains the parity of silver, which is the only national circulating medium. American currency (paper and gold) circulates freely and abundantly. There are no bank notes at present, but the national bank has been authorized to issue up to \$500,000. The conditions of such an issue are such that the bank is unable to do it without assistance.

Colombia holds the record for depreciated paper money. The premium on gold is 10,000 to 12,000 per cent. It needs to abolish this absurd currency. The Government wishes to do it, but so far arrangements for the purpose have not been made. Some \$3,000,000 to \$4,000,000 gold would be quite enough to put the currency of the country on a sound basis. The old foreign debt amounts to about \$15,000,000 nominal, with a quotation of forty per cent. or thereabouts. New railway issues command better prices. Both old and new debts are being taken care of properly.

Ecuador for two years defaulted in the payment of coupons on the railway bonds that it guaranteed. It has grievances against the construction company, which are at present undergoing arbitration. The railway issue amounts, to some \$13,000,000 and the coupons unpaid to some \$1,700,000. Outside of that indebtedness it has only a loan of £300,000 with Speyer & Co., which is being paid and which will be extinguished in the next eight or ten months. The settlement of its financial difficulties can be made with paper and very little money will be required for further improvements. The country is at present under a very good administration, and being a rich country it will

prosper rapidly. It has had the gold standard since 1900. Ecuador is the largest producer of cocoa, ivory nuts and straw hats (called Panamas) and of late it has been engaged with Brazil and St. Thomas in action looking to the protection of cocoa.

Peru has a relatively small foreign debt, which it is meeting promptly. It needs financial assistance for further improvements, as many railways are under consideration. The gold standard has been in operation since 1897, and Peru is one of the two countries having no paper at all in circulation. Its currency is all metallic—gold and silver (the latter as subsidiary). It needs a bank of issue to develop its own resources.

Bolivia is also on the gold basis. It has a small foreign debt, a part of which was contracted here. It produces one-fourth of the world's output of tin, the exports of which represent \$14,000,000, being one-half of its total exports.

Chile is under very abnormal financial conditions. While its foreign credit is so good that its bonds are quoted at 98, its internal credit is quoted at 60. It has paper money and its relation with gold is forty per cent. discount. It needs the establishment of the gold standard effectively, but it will have to make the unit twelve pence instead of the eighteen pence that it nominally has. There are in Chile several foreign banks, all of which are reported to be doing very good business, notwithstanding the fluctuations in exchange.

Argentina is the richest and most prosperous of the Latin-American Republics. Its credit is perfectly good in Europe and it gets money as cheap as the United States. It still has a paper money system of currency, with a fixed rate of exchange, an artificial currency. It will adopt the gold standard in the near future and it does not need any large amount of money for it.

The present holding of the conversion office is quite enough to protect all notes.

Paraguay has depreciated paper currency, quoted at a very large discount. It needs restoration of its gold standard, but it will have to adopt a smaller unit. Its foreign debt is not large, £750,000, and it is usually well looked after. It has a large bank of issue, but it seems to lack energy.

Uruguay has as good standing as Argentina and obtains from Europe any amount of money it needs under reasonable conditions. It has a gold basis currency, but no national gold coined. Its paper circulation is very well protected, being kept at a parity with gold.

Brazil has a guaranteed paper circulation, consisting of Government notes, to which a fixed value of sixteen pence per milreis has been given. Brazil needs to adopt an actual gold standard on that basis and replace depreciated paper with gold-secured notes. The holdings of the conversion office are perhaps sufficient for the purpose without having to borrow any more money. The foreign debt is heavy, but the country can bear it and pay regularly. Canadian interests have gone deeply into Brazil of late and they are quite satisfied with results.

Venezuela is on gold basis. It has a heavy debt that is protected by international agreement. It needs investment for improvements and development. Europe has a sort of dislike for this country, due to the quixotic action of former Dictator Castro.

Haiti is under Government paper currency at a heavy discount. Its foreign debt is rather entangled and in default. It needs a lot of money to make improvements.

Santo Domingo is under American control and influence. It has just granted its first charter for a bank of issue, which will likely establish the national currency, both metallic

BANCO MERCANTIL DE MONTEREY

MONTEREY, N. L., MEXICO

A CORPORATION

Official Depository for the Government of the State of Nuevo Leon

Capital Resources, \$2,500,000. Reserves, \$320,315.04

Manager, MR. JOSE L. GARZA

Cashier, MR. ENRIQUE MIGUEL

Accountant, MR. F. M. de la GARZA

Buys and Sells Domestic and Foreign Drafts. Issues Letters of Credit.

Takes charge of any collections entrusted to it on a moderate rate for commission and remittance.

Buys and sells for account of others, government, municipal, banking and mining stocks and bonds.

Principal Correspondents—National Park Bank and Hanover National Bank, New York; Banco Hispano Americano, Madrid, Spain; Credit Lyonnais, Paris, France; Credit Lyonnais, London, England; Deutsche Bank Filiale Hamburg, Hamburg, Germany.

and paper. At present circulation is made up of American coins and paper. The foreign debt is held in the United States and the country seems to be attracting American money.

Cuba has no national currency. It circulates largely American coins and paper, as well as other foreign coins. The privilege of issuing notes was granted by the Spaniards to the Banco Espanol de la Isla de Cuba, but the concession has either elapsed or been cancelled lately. It needs a bank of issue and it should not be at all difficult to secure a charter for such an institution. The foreign debt is heavy, but the country is rich and can pay well. Its banking relations with the United States are very extensive, although European and Canadian banks have also very large interests.

In all these countries there is something to do outside the line of commercial banking. It can be done safely and profitably if well directed. The combined deposits that can be had from all these countries should afford money enough to take care of a large portion of such business.

As stated before, the present amount of business carried on between this country and the twenty Latin-American Republics is about \$700,000,000 per annum, the greater portion of which is financed by European banks. It is quite time that American banks look into this and try to secure the business for themselves.

Money is still needed for developing the resources of the United States, and this accounts for the difference in the cost of banking facilities compared with what European banks can do. But no very large amount of capital need be tied up. Out of the £600,000,000 of British capital invested in Latin America not more than £8,000,000 is represented by banking capital, and even this sum is fully covered by local deposits in their Latin-American branch offices. In fact, the whole capital of those British banks remains at home.

The growing desire of this country to expand its foreign trade will be delayed until it has proper banking facilities of *its own* abroad. The influence of American capital is not felt except in very few countries. The results obtained in Mexico, Cuba and Santo Domingo are quite satisfactory, the United States holding the larger percentage of both imports and exports.

If by the time the Panama Canal is opened American banking is not extended throughout Latin America, the great waterway will certainly not benefit this country as it will its commercial competitors.

LATIN-AMERICAN BANK IN NEW YORK.

Something else is neglected in the line of banking, and this at home.

The Latin-American population in New York is quite numerous and generally well-to-do. It is probable that the Latin Ameri-

cans in New York would all bank with a concern that would give them special attention and that would deal with them in their own language. The transient population from Latin America is also of importance. Between 12,000 and 15,000 people come here every year, usually on their way to Europe. All come for business and a large part of their purchases abroad would be made here if they were provided with better facilities and information. The accommodations and conditions in Europe seem to satisfy them more than the limited credit and inadequate facilities they obtain from American business men. They could bring a large volume of business to banks that would pay reasonable attention to their needs.

GENERAL LEONIDAS PLAZA G., PRESIDENT OF ECUADOR

NEWs has reached us that General Leonidas Plaza G. has been elected President of Ecuador for the period 1912-1916 and that he will assume office on September 1 next.

It is unquestioned that under his administration prosperity will shine once more



GENERAL LEONIDAS PLAZA G.
PRESIDENT ELECT OF ECUADOR

for this little Republic so unfortunately disturbed lately.

General Plaza played a very important role in suppressing the last revolution in his country three months ago. He was in command of the Government troops and was instrumental in restoring peace within a very short time. Reports that he had proclaimed himself a dictator or that he was struggling to take control of the country were absolutely false. He actually refused to accept the position of Supreme Chief or any other that did not spring out of the legal and free vote of the people. He did better than this—he did not accept his nomination as a candidate until he was assured that the elections would take place under perfect freedom and he encouraged the candidacy of other citizens as well. The immense majority which has given General Plaza the victory in the elections prove that the people of Ecuador want him and that he will be supported by the whole country.

Leonidas Plaza is relatively new in political life, although he occupied the Presidency once before, from 1901-1905. His term and that of Dr. Antonio Flores (1888-1892) are the only two in the history of Ecuador when peace and prosperity prevailed. The administration of both was notable for the complete freedom granted to the people. No revolutions, no political prisoners, no exiles.

General Plaza's administration was marked by the great encouragement given to all public improvements. The railway between Guayaquil and Quito was continued with great energy and the country's foreign credit was completely restored. General Plaza did not pose as a financier, but when he delivered the office to his successor, Señor Lizardo Garcia, in 1905, Ecuadorean bonds were quoted in London at 98, no coupons were in arrear, no disputes had arisen and all and every one of the internal obligations were solvent. All expenses had been paid promptly, no public servants were creditors, the army was well organized, and the coun-

try from one end to the other was in prosperous and flourishing condition. He gave evidence of his administrative ability and of his financial capacity. General Plaza ascended to the Presidency without a party. Not having been active in politics he was no leader. But when he left the office he was admired and beloved. He never knew how popular he was nor how many friends he had until he returned to his country after six years of exile. He went back to Ecuador last August after the fall of the Alfaro's, not for political reasons, but because of his personal interests uncared for some years.

General Plaza did not wish to re-enter the political field, but yielding to the appeal of Mr. Estrada (last President of Ecuador), he accepted for a few weeks the position of Minister of Finance. He resigned shortly after and was engaged in the care of his estate, when the government called on him to take command of the Constitutional army. Military discipline forced him to accept, and all through the struggle he tried to protect the lives of his fellow-citizens, releasing the soldiers that fell prisoners in his hands. Most of these had been forced to the front and were not responsible for the trouble. He protected the generals that headed the revolution once they had been captured and practically saved them from the fury of the Guayaquil mobs. Had he been in Quito when the latter arrived they would not have been massacred.

General Plaza passed his years of exile in New York, where four of his five children were born. During his stay here he devoted his time to the study of the political, social and industrial organization of this country, and has always been a fervent admirer of our institutions. Mrs. Plaza, nee Avelina Lasso Ascasubi, belongs to one of the most prominent Ecuadorean families of pure Spanish descent, and is also a great admirer of the United States. She has insisted on bringing up her children in this country.

Everything seems to indicate that General

MERCANTILE BANKING COMPANY, Ltd.

Avenida San Francisco No. 12

CITY OF MEXICO

Capital, \$500,000.00

Surplus, \$100,000.00

Members of the American Bankers' Association

GEO. J. McCARTY, President
H. C. HEAD, Cashier

K. M. VAN ZANDT, Jr., Vice-Pres. & Mgr.
SHUR WELCH, Assistant Cashier.

A General Banking Business Transacted
Telegraphic Transfers

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Unsurpassed collection facilities. Correspondence solicited. Accounts of Banks, Bankers, Merchants and Individuals solicited.

Plaza's term of government will be one of steady and sound prosperity for Ecuador. Its proximity to the canal and its wonderful resources suggest the possibility of great enterprises in a near future. The credit of Ecuador, that has been impaired of late, will be quickly restored, as the country is honest and willing to meet its obligations. General Plaza proved himself a good financial pilot, and if he has changed at all it has been for the better.

Ecuador is the largest producer of three wide-world articles of consumption—cocoa, ivory nuts and straw hats (improperly called "Panama"). It has immense mineral wealth, so far unexploited, and has lands adaptable to all kinds of agricultural productions. Until a few years ago the lack of transportation facilities kept the country far behind of the time in the matter of material improvements. But after the railway to Quito was built quite a fever of railroad construction began. At present there are under construction and partly opened to traffic, a line from Bahia to Quito in the hands of a French company and one from Manta to Santana under British management. There are contracted a line from Bahia to Guayaquil and one from Bolivar to the Amazon River. Other lines are under study from Ambato to the Napo River, from Quito to the northern border with Colombia and from Quito to Esmeraldas. Within the next few years great activity in railroad building will be seen at Ecuador.

Other public improvements are under consideration, as the sanitation of Guayaquil and its sewerage system, establishment of electric light and power all over the country and betterment of all the ports.

It is to be hoped that General Plaza will be able to carry on all that he proposes to do for his country and that on delivering the office to his successor in 1916 he will have enhanced Ecuador to the height that we wish to see it.

The present representative of Ecuador in the United States is Dr. Serafin Wither, an old and good friend of ours. He is a long resident of this country and is assimilated to us. From 1901 to 1905 he held the position of Consul General in New York and occasionally that of Charge d'Affaires. He has held several important positions at home and abroad. As judge, member of the bar, Under Secretary of the Treasury, Minister of Finance, Consul General in France and the United States, Charge d'Affaires, etc., he has always made good and has always left behind good and devoted friends. During the time he has lived in the United States he has also made friends everywhere, and he is the kind of man that will arouse sympathy for his people. Bright and intelligent like the average man of the Spanish-American race, he is modest and unpretentious. He has remained the same simple man as he was during the years of exile, which he has spent

all in New York. His countrymen here rejoiced when he was appointed to his present position, and all who have had anything to do with Ecuador have always found him courteous and attentive and ready and willing to furnish any desired information.

Ecuador has had several men representing the country well at all times, but Dr. Wither is by all means the most liked and most appropriate for the position.

It is said that in Latin-America public relations are cultivated better on the ground of personal sympathy. It is also true that personal sympathy has a lot to do for the better understanding between countries, and whatever Ecuador may have to do here no better man than Dr. Wither may be chosen.

Dr. Wither is a brother-in-law to General Plaza and has the same Spartan honesty as the President-elect and he has acquired the reputation of such in this country.

BRAZIL'S PROSPERITY

THE aggregate foreign trade of Brazil in the past year amounted to nearly 120 millions sterling, an increase over the preceding year of 8.1 per cent., the value of the exports exceeding the value of the imports by about £14,040,876. This remarkable trade prosperity will probably prove of interest to bankers in other countries.

NEW ANGLO-FRENCH TRUST FOR SOUTH AMERICAN FINANCING

AN important combination has been formed between leading British and French groups for carrying out Government financial operations and public works, principally in Brazil and other parts of South America. The nominal capital of the new Anglo-French and South American corporation is £1,000,000. Lord Furness, one of the first and principal subscribers, will be chairman, and the commercial interests of the corporation will be represented at Rio de Janeiro by Hugh Stenhouse, until recently connected as general manager with the City of Santos Improvements Company, Limited.

Advertisers in THE BANKERS MAGAZINE are assured of a bona fide circulation among Banks, Bankers, Capitalists and others in this and foreign countries, at least double that of any other monthly banking publication

SAFE DEPOSIT

EXPERIENCES IN A SAFE DEPOSIT DEPARTMENT

By William G. Hart, Vault Superintendent and Assistant Treasurer,
Portland (Me.) Trust Company

WHEN the twentieth day of May, 1912, rolls around, I shall have been connected with the safe-deposit business for forty years. In the course of four decades many funny incidents have come to my attention, and there have been occurrences that have been far from funny, though most of them have been odd.

I commenced my duties with the Portland Safe Deposit Company in Portland, Me., on May 20, 1872. Being naturally of a systematic turn, it very soon occurred to me to keep a record of those who made visits to their boxes in the vault. (My position was that of vault-keeper, in later years honored with the title of vault-superintendent, and later assistant treasurer.)

WHAT THE RECORDS SHOW.

The value of a system of records has been evidenced in many ways. Reference to them has been had in court trial cases and they have proved of great importance. It has also aided in restoring bonds, coupons, jewelry, etc., which patrons had left in the business room.

Without any instruction from the head manager who instituted the business and unaware of the existence of anything of the kind, never even having seen a safe-deposit vault before, I went to work in my way until my method of keeping a record had developed into a system satisfactory to me. What I wanted was not only to keep a record of those who visited their boxes or safes, but also to be able to find at any time what particular person had made such visit. Also, I wanted to be able to settle any question of access, not only as to date and time of day and how long remaining, but also who the person was and to which box he had access, for there were many instances where two or three persons were in the lease either as co-renters or having a power of attorney or admitted on order from the rentor; as also some who as agents had other boxes under their control. By the system devised, it could be shown who went to a certain box and also to which box he went.

One instance of many will show the importance of these records. A and B had taken out a lease as executors on an estate and as there were no conditions under which access to the box was to be had other

than by mutual agreement, each one went separately as occasion required. But an evil time came. One day Mr. B. opened the safe and after taking the box to the business room shortly returned with the announcement that there was nothing in it except a piece of paper.

For a few minutes B was silent, but I, though momentarily shocked, maintained a coolness and quietly said: "Let me see who was here last."

The records were looked up and showed that Mr. A was the last one. Mr. B without any excitement and with a bowed head remarked: "He is none too good to do that."

Detectives were set to work. It was then learned that the treacherous partner had taken flight to the Far West and along with him went \$21,000. A had as a confederate his son who, at the time of visiting the vault, remained outside.

Matters progressed, the son was arrested and held as a confederate in another town where the trial was to be held. Meanwhile, I, as custodian of the vault, was notified to appear with such evidence as I had in regard to the visit of the men to the vault. An attempt had been made to draw a confession from the son, but he stubbornly refused to admit anything. He was told that if he did not own up some one from the place of deposit would come to where he was and testify at the trial. His reply was that "he would not dare to come." The attorneys replied they would see that someone did come.

The day for my appearance at court came. I had prepared myself with a list of every visit made to the box in question from the first to the last, the time of day, giving the hour and minute, of entering and leaving and was fully loaded to meet the case as far as the vault was concerned. The trip was taken on a cold winter day with a long ride by rail. Arriving, a coach was taken to the hotel. After dinner the next step was toward the courthouse. On reaching the place I was met by the prosecuting attorney with the announcement: "Your services are not needed. He has given in. As soon as he saw you get out of the coach, it was all up."

Later, the lawyer told me that he attributed their success, whereby they were enabled to recover \$19,000 of the \$21,000, to my system of records.

Here is another instance of the value of records: One renter had charge of two safes, or boxes, and one day got some matters mixed up. I looked up the previous visit, wherein he went to both boxes, and on opening the other box from the one he visited this day, he found what he had been hunting for.

HOW LOSSES MAY OCCUR.

The chances for loss are various. There was one very singular case and perhaps the only one of its kind on record. The loss, however, was only temporary. A man reported the loss of some coupons. The day of their being cut off was ascertained and after other means proved unavailing, it was thought to ask the watchman what he did with the sweepings of that day. They had been deposited in the gutter. Whatever complaint heretofore there had been against neglect of street cleaning, in this case at least, it might be said that good came out of evil. Picking over the dirt in the gutter, the missing coupons were found, where for two or more days they had been trodden on by the feet of horses.

There are possibilities of safe-deposit renters losing articles which a safe-deposit company cannot prevent. Strong vaults, many ton-weighted doors and honest attendants are not adequate security against a dishonest patron. The amount of property that has been reported to have been found in the business rooms of safe deposits and the fact that renters report an article left in a booth is proof of the general honesty of safe-deposit patrons.

In my own experience there have been but two cases, however, where property has been taken, although it was afterwards returned. A woman—some might say a lady—who was a patron came in one day and confessed to taking a little box of jewelry which she then placed on the manager's desk. She said that the temptation was so strong that she carried the box home and kept it as long as her conscience would permit. It was ascertained on what day she found the articles—this could be told from the record of her previous visit—and a list of the names of those who were in that day was drawn off. These persons were asked as they came to look over their valuables and see if anything was missing. Finally the right one was found and gave a description which answered to that of the article on hand. It was a little box of jewelry, diamonds, etc.

In taking articles from his box he had omitted to replace this one. It is needless to say that a sense of relief was experienced by us. Had the woman kept the jewelry and later the loss been discovered by the owner, how could he have been satisfied as to the impeccability of those connected with the place?

The other instance concerned a woman

also. This unladylike person found a five-hundred dollar bond and carried it away. A few days later she came in and presented it, saying that she had carried it about, thinking the matter over, and was undecided as to what step she should take. A little sense would have convinced her that the proper thing to have done would have been to have reported it to the office before leaving the premises. She even wanted a reward for returning the property.

Such acts as those mentioned make the position of the employees a rather delicate one and are likely to subject them to unjust censure when they are really blameless and yet unable to give any satisfactory explanation. It was a great relief to us when these two women gave up their boxes.

There is another form of taking things which, though done without intent to pilfer, is, nevertheless, inexcusable, for it is done thorough thoughtlessness. The number of pencils taken in the course of a year would supply an ordinary country variety store or schoolroom. It is probable that these articles are taken thoughtlessly, as once a man started to go out when he happened to think of a pen over his ear; he remarked that he guessed he wouldn't carry that away. A few pairs of shears have disappeared and a few coupon-cutters. One day a lady said that she was surprised on opening her box to find a pair of shears in it, and could not tell how they came there.

The fact is most people are either absent-minded or so absorbed in certain business matters as to be unmindful of others but themselves. To look out for self is a universal characteristic in the human family. To one who is observant of human nature every situation in life affords abundant opportunities for study, for the peculiarities of people are many.

Often, when an article is lost or found, a renter occasionally seeks information when it cannot be given. There have been unclaimed coupons ranging from \$2.50 to \$35.00 each which have long been on hand.

The safe deposit which is the subject of this article is not one of the largest nor is it one of the smallest, and the amount of findings, all told, during the period of its history has been about \$80,000.

VARIOUS FEATURES OF THE BUSINESS.

Among the little things noticeable is the condition in which the coupon rooms, or private booths, are left after a depositor has gone. One will leave the shears on the shelf; another may replace them on the rest where he found them. One will put them in the envelope rack points up, and another in the same place points down. Still others will put the shears where the pencil was, the pencil where the pen was, or leave the article on the shelf, or again, pen and pencil on one place. One man is quiet in his movements; another is rushing and does

everything with a slam. The booths are of iron frame, the shelves of cherry. The slammer comes in nervously and if he does not unlock his box easily, asks what the trouble is. When he goes to a booth, his box is dropped heavily on the hardwood shelf, while at the same time the door is closed with a bang that resounds throughout the brick-walled enclosure, reminding one almost of a veritable Fourth of July celebration.

The matter of unlocking one's box has some curious features. A quiet self-composed person calmly awaits the attendant's use of the master key before attempting to put his own key into the lock. Others in a hurried manner have their hands at the door with the key at the lock, so that when the vault-keeper attempts to put his key in, the two come together as though each was trying to see who would get there first. Good manners would seem to suggest that the person waited on would give the vault-keeper the right of way. Often a wrong key is used and it has frequently happened that a person has discovered he has left his key at home.

The most curious thing has been in the case of someone who had come without a key to ask if we did not have a duplicate one. When told of the un wisdom of such a thing, the foolishness of asking such a question would probably be seen. Sometimes a door key is supposed to be the one to the safe. Another performance, by those who have wanted to feel secure and yet have shown lack of judgment, is to lock the duplicate key in their box. Then when they have lost the one they have retained, the box has had to be broken open.

Now I shall mention a disagreeable circumstance that has happened many times. Often we have had occasion to refer to the duplicate key. Many have replied that only one key was given them. We tell them that two keys were sent with each lock, that we never hold one, but that, when a lease is taken out, both keys are delivered to the renter with the instruction to put one carefully away at home or in an office safe. But the assertion is emphatically made that they "never had but one key."

"But we always give two keys when a safe is rented."

"Well, I never had but one," and this declaration is stoutly persisted in.

We had a case of this kind, a woman, who had become almost indignant when we asked for the second key at the time she surrendered her box. Later there came to the office in the mail a key which proved to be the missing one. But the woman in the case did not have the courage to make an apology.

Another instance was that of a man of good standing and refinement. He wanted to change to a larger safe. When spoken to about the second key, he was positive he received but one. He was told the oft-

repeated tale that we always give two keys to every renter, but he still persisted in his attitude. Later he came in and with a cheerful smile said to me: "I will never be positive again. I was cleaning out my desk and as I tipped it over heard something rattle and away in the back was that key, but how it got there I cannot tell. I had forgotten all about it."

The majority of men will hurriedly lock their doors and depart without further ado. Once in a while someone wanting to make sure that his door is locked will take hold of the plate on which the number is and try the door that way. Another, after withdrawing his key, will tap the door with the end of his fingers as if something were needed to give it a finishing touch.

There is one feature which has come to be a practice among renters, more particularly among the men. I refer to the habit of turning the key and throwing the lock after withdrawing the box, leaving the door open. Of course, upon their return and replacing their box, the master key must be used just the same as in the first instance. A few thought it would save the trouble of repeating the first process, but upon being told that whether the door is open or closed once, the key of the renter has thrown the bolt and the master key must be used, then he almost wonders. This habit was wholly unknown in the early years of our business as near as I can remember. To me it has seemed to spread like a contagion.

PEOPLE WHO LIKE TO BE WAITED ON.

We have a large number of women renters and they make the most work for us. And here I shall mention another practice that has grown up in the safe-deposit business: another wave movement among the women without anyone's knowing how it started.

In the early years, I do not recall an instance where a woman did not unlock her own box, even mounting the steps to reach the higher ones. Now, I think, fully three-quarters of them pass their key to have it done for them, even where the boxes are easy of access. Then, again, there are even some who do not want to go into the vault but stand without to have their boxes brought to them. The only way that I can account for their wanting to be waited upon in this manner is the fact that people are treated to so many conveniences at the present time that the inclination to exert one's self as little as possible has taken hold of everyone. Faucet drawing of water, electric lighting, gas cooking-ranges, electric ironing, bread toasting on the table and many other electrical conveniences, the telephone and street car travel; all these, it seems, must play an important part in engendering a desire to be waited on with as little self-exertion as possible.

Some renters, and these are usually men, will remove all their property from their

safe without our knowledge and later the keys are sent by mail. To me this shows a lack of moral courage for it has been annoying and has a sneaking appearance.

A record is kept of all visits to safes, with the names of the visitors, because some leases have two, three and even four names on them, and the time of coming and leaving is also kept. It can readily be seen that, on busy days, to keep the records and to pass out boxes is something in the line of work.

SOME CURIOUS COINCIDENCES.

In recording visits to the safes, marking the number of the safe and the time of the visit, some curious coincidences have occurred. Those persons superstitiously inclined would have regarded such occurrences in the light of omens, just as when a rhyme is unconsciously made in conversation and is given a supernatural interpretation. The following coincidences may prove interesting:

One renter's safe is numbered 629;	
he is followed by 926;	
871 by 187	
31 by 13	
1463 by 1364	
694 by 469)	
294 by 429)	the same day
230 by 203)	
1476 by 1746)	the same day
685 by 865	
730 by 703	
1169 by 1196	
783 by 827	
186 by 861	

The following instances show when the number of the safe has been the same as the time of arrival of the renter:

Safe	Came in
1250	12.50
1021	10.21
1127	11.27
1070	10.30
928	9.28
317	3.17
1122	11.22
924	9.24
1032	10.32
1112	11.12
	Went out
1113	11.13
1251	12.51

The slips on which the records are kept are numbered and here follow a few safe numbers, compared with the slip numbers: safe 523 opened on slip 8869; opened next time on slip 8969; safe 1392 opened on slip 11,392, the last four figures the same; safe 808 was the eighth one on slip 8800; 89 was the 89th caller. One day No. 31 was opened and the next safe to be visited was 32 and after that 33.

CHANGES BROUGHT BY TIME.

I have been in the company's employ since May 20, 1872. I am now seventy-three years old and will be seventy-four in June. During my forty years of safe-deposit life I have never taken a regular vacation; in fact, I have had few vacations during that time and during the past ten years have taken no time away from the vault. With the great increase in business, I am doing

more work at the present time than twenty-five years ago.

When the business was started, the lowest rental for a box was \$15 a year, but later smaller boxes were installed with a rental of \$10. These met with ready takers as nest after nest of them was added. For twenty-one years we had no competition, but a second company was formed and the lowest price was forced down to \$5 a year. Later a third one came into the field with an announcement of \$3 safes. So we were obliged to put in a still smaller class at the last-named price.

How this business has increased and more and more people are availing themselves of a strong vault protection is shown by the fact that out of a total number of 1,721 safes, of which 353 are rented for \$3, every one is rented and many more could be let. A fourth safe deposit vault has now entered the field, yet, notwithstanding this fact, the business has grown to such an extent that we now carry a list of about four hundred more renters than our highest number when there was not a second safe deposit vault in the city.

ARMOR-PLATE VAULTS

A BEAUTIFULLY illustrated book, describing the great progress made in recent years in the construction of bank vaults, has just been received from the South Bethlehem, Pa., Steel Co.

The illustrations give views of the vaults installed in many of the leading banks and trust companies in the country, indicating the confidence reposed by these financial institutions in the security afforded by this modern type of vault construction.

NEW SAFE DEPOSIT COMPANIES

THE Temple Bar Safe Deposit Company has been formed to operate at 193 Joralemon street, with an entrance from Temple Bar, Brooklyn, N. Y., and a certificate of incorporation has been filed with Superintendent Geo. C. Van Tuyl, Jr., of the State Banking Department of New York. The company is to have a capital of \$100,000, and the directors are: Henry F. Noyes, John H. Emanuel, Jr., Francis L. Noble, Clinton L. Rossiter and Howard O. Wood, of Brooklyn.

* * * *

A N agreement of merger of the Colonial Safe Deposit Company into the Equitable Safe Deposit Company of New York has also been filed in the banking department, and approved by Superintendent Van Tuyl. The Equitable Safe Deposit Company of New York has been granted in this connection authority to increase its capital stock from \$100,000 to \$150,000.

THE NUMERICAL SYSTEM

ORIGIN OF A USEFUL DEVICE RECENTLY ADOPTED BY MANY BANKS

THE question, "What brought about the present Numerical System" is frequently asked. A short answer would be, "An auditor's desire to curtail expenses."

There have been several efforts to put in numerical systems, all of which have been



C. J. GRANT

AUDITOR THE AMERICAN EXCHANGE NATIONAL,
DALLAS, TEXAS

more or less valuable. The American Bankers' Association started a plan some years ago, which was good as far as it went, but the end was where the number of letters in the alphabet ended. A number of banks put in systems of value to themselves but not capable of use by other banks, and it remained for C. J. Grant, auditor of the American Exchange National Bank of Dallas, Texas, to plan and put in operation a system capable of extension throughout the United States.

After a careful study of the subject Mr. Grant decided to put in a system for his bank, the cost of which would be some three hundred dollars for rubber stamps. At this time his attention was called to a plan to number all the banks in Texas under one series of numbers. The plan was impracticable, but it occurred to Mr. Grant that if he could get the other reserve city banks in Texas to co-operate in numbering the banks and in the purchase of endorsement stamps it would save his bank about two hundred and fifty dollars and other banks in proportion. About twenty-five bankers got together and discussed the matter, and the plan suggested by Mr. Grant was adopted and a committee (of which he was chairman) was appointed to put the system in operation.

Through the assistance of M. L. Stith, of the Burroughs Adding Machine Co., all Texas banks were numbered and endorsement stamps ordered, to be sent to each bank in Texas with the compliments of the reserve city banks. To secure funds to carry out the plan Mr. Grant visited the Texas reserve cities and called on each bank for its share of the cost.

The system proved entirely satisfactory, and in the American Exchange National Bank of Dallas resulted in a thirty-five per cent. reduction in the cost of handling transit items.

AMERICAN BANKERS' ASSOCIATION TAKES ACTION.

The Texas system proved so satisfactory and attracted so much attention that the American Bankers' Association again took the matter up and made a place for its discussion on the programme at the Los Angeles convention in October, 1910. Mr. August Blum of Chicago was to lead the discussion, but kindly retired in favor of Mr. Grant, who read a description of the plan as operated in Texas. Mr. Francher, then president of the Clearing-House Section, discussed the matter with Mr. Grant later and stated that he would call a meeting of transit men to thresh out a plan to cover the United States. This meeting was held in Chicago, December 12-13, 1910, and on invitation of the chairman, Mr. Grant, explained that there were three possible plans for operating a satisfactory system throughout the United States. The first was to abbreviate the name of each State and number all banks therein. The second was to number each State as a prefix number and then number all banks therein. The third was to divide the United States into eight sections,

described by letters of the alphabet, and number banks in each section. Mr. Grant was personally inclined toward the latter plan as being least liable to errors in operation, but after two days' consideration the second plan was adopted and a committee appointed to carry out the details. This committee added an excellent feature to the plan by numbering the forty-nine reserve cities separately from the States.

Since the adoption of the system by the American Bankers' Association, Mr. Grant has addressed the bankers' conventions in Kansas City, Mo.; Kansas City, Kans.; Oklahoma City, Houston and Dallas; also a special clearing-house meeting in St. Joseph, Mo., and the American Institute of Banking meeting at Little Rock, Ark., at which officers from all of the local banks were

present. At all of the meetings the plan was received with favor, and in three cases resolutions passed recommending all banks in the respective States to put it into practice.

The Universal Numerical System is now in operation and is of great value to any bank adopting it, no matter how small. It only needs co-operation in printing numbers on checks and drafts to make it still more valuable.

Mr. Grant feels sure that all banks would adopt the system could they see how efficiently it works in the transit department of the American Exchange National of Dallas. The new system excels the old methods in simplicity and economy, prevents errors and improves the appearance of transit letters.

BANKING PUBLICITY

Conducted by T. D. MacGregor

A RARE COIN EXHIBIT

HOW A RICHMOND BANK GOT A LOT OF VALUABLE PUBLICITY

By Miss Eleanor Montgomery, Advertising Manager, the American National Bank, Richmond, Va.

THE newspaper clipping reproduced herewith tells about the Coin Exhibit held in the banking rooms of the American National Bank from April 8 to April 13, 1912.

This exhibition proved of the greatest value to our bank in the way of general publicity. It brought thousands of outsiders into the bank and gave the general public an opportunity to see behind the tellers' windows, breaking down some of that feeling of mystery as to the inside workings of a large financial institution.

Our bank engaged Mr. Farran Zerbe of Philadelphia, former president of the American Numismatic Association of America, to bring his collection of The Money of the World to Richmond for one week. Metal stands holding the coins of all nations and periods were placed at intervals in the lobby, on the top of the vault and in the directors' room. The money was protected by trays of isinglass fitting smoothly together.

On Monday, when everything had been arranged in proper place, reporters from the daily papers were entertained, the day having been spent in arranging and plan-

ning for the general exhibition opened to the public on Tuesday morning.

Wednesday, pupils from our business colleges and high school were invited. Friday, a special exhibition was given to the bankers of the city and Saturday was the day appointed for the special entertainment of the public teachers of Richmond and vicinity. One evening exhibit was given for the benefit of those engaged during morning and afternoon hours. Several thousand invitations had been sent out prior to Mr. Zerbe's arrival, and these were heartily responded to, by business men, teachers, city and county officials, members of the Art School, preachers and professional men generally.

People are still coming into the bank asking to see "All Kinds of Money," and on all sides we are receiving congratulations and thanks from the citizens of Richmond for giving them such an entertaining and educational treat. We believe that the value of this "Money Show" to our institution is almost incalculable and we feel that our hold on the attention of the community has been greatly strengthened.

The Richmond "Times-Dispatch" account of the exhibit was as follows:

Coins of every description, from the diminutive four-cent gold piece, which is very rare, to the big four-dollar copper piece of Sweden, as big as a dinner plate, are on display, arranged in a comprehensive manner. Notes, drafts, checks and other paper mediums of currency, dating far into the ancient annals of monetary history, are exhibited.

Gum Drops Are There.

Even the notorious gum drop, the medium of barter and trade made famous by Dr. Cook, is there. Shells and wampum, bone and African bean money, are displayed, the ancient gold ring and ornament money, used by our Saxon forebears of early Britain; the first coin ever struck, copper and silver pieces bearing the bust of Nero, Ptolemy and the early Grecian



The Shekel of Biblical Fame.

emperors; in fact; there are few coins which are existed which are not presented in this comprehensive exhibit.

Educational Display.

Mr. Zerbe said to a News Leader reporter today:

"This exhibition is free of charge being brought to RICHMOND solely as an educational display. I will endeavor while in your city to make the collection as instructive as possible.



New England Copper, Six Pence, 1650—First Coin Struck in America.

My services are offered to every educational organization or institution in the city, and I will be glad to address anybody on the subject of the world's money.

◆ "Thursday night, from 7 to 9 o'clock, the exhibit at the bank will be open for the benefit of those whose daily work prevents them from seeing it during the day."

Almost everything imaginable in the way of a circulating medium from currency antedating the birth of Christ to the modern money of the world; from the weird shaped pieces of metal, bone, shells and stone used by savages, to the beautifully engraved coins of ancient Greece and of the present day, and ranging in size from the gold Renensburg mite, of the diameter of a pencil, to the huge four daler plate money of Sweden, ten inches square and weighing six and one-half pounds, are on exhibit in the American National Bank.

There are more than 10,000 coins and pieces of paper currency showing the progress of the financial world for many centuries. The collection is owned by Farran Zerbe of Philadelphia, formerly president of the American Numismatic Association, being considered one of the leading numismatic authorities in the world.

In addition to the educational and historical value of some of the coins, they recall hundreds of odd tales, legends of by-gone dynasties and histories of departed conquerors, whose only record is told in their profiles stamped on the coins struck during their reigns.

There are the coins of the Bible times, the widow's mite, the talent and the shekel, current at the time of Christ, while in other cases are bits of paper currency, issued when the popes held temporal sway, in contrast with mediums of strangely shaped pieces of metal, stone, shell, glass and wood used by savage races, and the "pieces of eight," made famous by bloody tales of the Spanish Main.

One of the Greek coins of 325 B. C. contains a fine likeness of Alexander the Great, while the image of Ptolemy, the builder of the greatest of the Pyramids, gazes from an old Egyptian coin.

Coming down to the United States, the exhibit contains examples of practically all the coins that have passed as currency from the old days in which English, Dutch, Spanish and French currency was in circulation to those struck under the direction of the different States and the Continental Congress in Revolutionary War times through the various stages. These include the California currency, used in exchange for gold, Civil War and panic paper money, to the present day. The pine tree shilling of 1652, the "Franklin cent" with the caption, "Mind Your Business;" the old Liberty cents, the California "slug," worth \$50, of 1851, and the fractional currency, Confederate money and the "shipplaster" are among the interesting exhibits.

As a medium of circulation, one of Dr. Cook's gumdrops, which he is supposed to have used in hiring Eskimos in his dash for the Pole, is shown in vivid contrast with a \$10,000 Treasury note issued by the United States Government.

The exhibit which Mr. Zerbe is showing in the American National Bank is open to public view from 9 to 5 o'clock every day this week, and on Thursday evening between the hours of 7.30 and 9. In addition he will probably address various educational institutions of Richmond on money and banking, and will give any information concerning the value and history of the money of other days. This is his first exhibition in the South.

A STREET CAR CAMPAIGN

HOW A CHICAGO INSTITUTION IS SUCCESSFULLY USING THIS MEDIUM

By C. B. Hazlewood, Assistant Secretary, Union Trust Company, Chicago

WE are very glad to give the results of our experience with street car advertising if it will be useful to bankers in other cities.

Our reasons for going into the street cars are based on the following theories:

1.—They traverse certain districts of the city where we find by actual analysis that we have the largest proportion of customers per thousand circulation. Experience shows that it is most profitable to adver-

tise where we have the most friends who will recommend us.

2.—The street cars that we use run on three trunk lines which bring the people downtown and right to the door of our Savings Department. This takes advantage of an object many people have in opening savings accounts at a particular bank; viz., convenience of location.

3.—The sight of our advertisement in the street cars gives the



31 West Madison Street, Tribune Bldg.
This car stops at the door of our Savings Dept.

Our years of steady growth is due to the increased confidence we have earned from our many depositors by strong, conservative, practical methods.

Your account will receive the same thorough attention.



Convenient to all lines and all people. Equally accessible to State Street shoppers and the business district.

31 W. Madison Street (Tribune Building)
This car stops at the door of our Savings Department.

250 feet from State & Madison, the busiest corner in Chicago



Take this car to Madison and Dearborn and ask to see the most sensible Christmas gift you can give to any member of your family.

UNION TRUST COMPANY
It's this savings bank-book in a handsome Christmas box.

Savings Dept. open Saturday and Monday 6 to 8 P. M.



Save!

Show a personal profit.

This old, conservative bank would be pleased to receive your account.

3% interest will be paid.

31 W. Madison Street (Tribune Bldg.)

This car stops at the door of our Savings Department.



Not what you earn, but what you save is yours.

Madison and Dearborn Streets, Tribune Building.
This car stops at the door of our Savings Dept.



The officials of this bank invite a personal interview with you regarding your savings.

The strong, conservative character of this bank will recommend itself to you.

Madison and Dearborn Sts., Tribune Building.
This car stops at the door of our Savings Dept.



A bank of strength and character. A strength gained by years of steady growth. A character of conservatism that invites your confidence.

31 W. Madison St., Tribune Bldg.
This car stops at the door of our Savings Dept.

SOME OF THE STREET CAR COPY USED

• The Thrift Habit

Habits of thrift should be cultivated just as soon as wages are earned or as soon as one has the handling of any regular amount of money.

There is nothing you will do in all your life that will give you as great quiet satisfaction as saving the savings grow little by little, until there comes a time when the accumulation has reached a sum that means—

A business opportunity.
Increased comforts.
Smaller taxation a rainy day
Opportunity for benevolence.

or something else that would not otherwise have been possible. The thrift habit will mean a great deal to you—more than you realize now if you have not yet begun to practice it. The savings bank is the best aid to you in this direction. 4 per cent interest rewards your thrift here.

Tyler County Bank

Capital and Surplus, \$250,000.

McIntireville.

Banking By Mail.

West Va.

Cure for Extravagance

There is no one denying that the cost of living is higher today than it has been in a very long time.

It is a condition and not a theory that confronts every household, who has to think twice before making an expenditure, with income stationary and expenses advancing.

Under these circumstances the need for systematic economy is all the greater if one desires to get ahead at all.

The tendency sometimes is to give up attempts to save money when it seems hard to accomplish the result, but remember that it is doing the hard thing that develops character, and that, in the case of self-sacrifice brings its own reward.

Save five per cent of your income if you cannot do any better but save something, and let this bank help you with 4 per cent compound interest. You can bank with us by mail safely and easily.

Tyler County Bank

Capital and Surplus, \$250,000.

McIntireville.

Banking By Mail.

West Va.

YOUR CHILDREN'S FUTURE

The fortune and success of your children to a large extent will depend upon the start you give them when they are young. It is not the amount of money you have that so much as it is the habit of habits they learn from you.

The dollar they save out of it will mean a great deal all through in the long, where they can see it grow, means more than just a little money saved up. It will mean the firm establishment, early in life, of the habit of thrift, which will mean a great deal all through life.

The thrift habit has been at the root of most business successes. Are you going to give your children a start and encouragement along this road?

A 4 per cent savings account can be begun with one dollar.

Tyler County Bank

Capital and Surplus, \$250,000.

McIntireville.

Banking By Mail.

West Va.

Dividends Are Paid

by net earnings, not by gross revenues. In other words, money made is not profit, not income.

For example, if you make \$2,000 a year and don't save a cent, you are not paying any dividends, while if you are earning only \$1,000 annually, but save \$100 of it, you are earning ten per cent on your capital stock which is your saving capacity.

By net earnings to meet the cash on hand after all expenditures are made. There is one safe and sure way to earn dividends every year. It is to set aside a very small definite proportion of your income to form a reserve fund. If you always spend less than you save you will always be "ahead of the game."

If you are not a dividend payer now, get yourself on a dividend-paying bank by starting a savings bank account in this bank as soon as you can. It will earn 4 per cent compound interest.

Tyler County Bank

Capital and Surplus, \$250,000.

McIntireville.

Banking By Mail.

West Va.

Create a Reserve While You Can

Don't waste your money. Resolve to set aside part of your income every week and deposit it in a savings account.

You will find that you get along all right on the balance, and then you will be so much in the lead.

At the end of the year you won't know the difference so far as the comfort and pleasure you have had in concerned, but you will see the difference in the matter of your substantial resources.

Build up a fund for the future. This bank pays 4 per cent on savings accounts. Bank by mail safely and conveniently if you wish.

Tyler County Bank

Capital and Surplus, \$250,000.

McIntireville.

Banking By Mail.

West Va.

The Man With A Vision

It is the man with a vision that accomplishes things in the world. The anticipation of a future competence into the thing of present self and self-sacrifice.

Are you looking far enough ahead to be willing to do without some things now for the sake of having them with interest later on?

If you have a vision of what you want to have or be, work and save now and you can accomplish it.

Let a 4 per cent account in this bank help you to make your vision a reality.

Tyler County Bank

Capital and Surplus, \$250,000.

McIntireville.

Banking By Mail.

West Va.



REAL ART ON A BLOTTER OF THE EXCHANGE NATIONAL BANK OF PITTSBURGH

opportunity to a customer of ours who may be riding with a friend or an acquaintance to recommend the Union Trust Company. An advertisement in a newspaper does not make such a recommendation possible.

Our experience with street car advertising during the ten or eleven months we have been using it has been quite satisfactory on the whole, and we have been pleased over the interest our campaign has attracted among our old customers and among new prospects. In questioning each new savings customer as to his reason for opening an

account with us we find that the street car advertising is being noticed, though it is absolutely true, of course, that there is no way of definitely checking the number of accounts it has influenced.

Checking the results of bank advertising, in any event, is merely useful for comparison of different mediums. Probably no bank advertiser could show a profit on new business, coming through general advertising, equal to the expenditure for it. By keeping a careful record, however, of the accounts and inquiries produced by different forms of advertising we may determine which are good and which are useless.



HOW BANKS ARE ADVERTISING

Note and Comment on Current Financial Publicity

THE National Bank of Commerce of Williamson, W. Va., runs an advertisement in the local High School paper, the copy reading as follows:

BOYS AND GIRLS:

What are you going to do when you grow up?

Are you going to be your own boss or work for someone else?

Will you be independent and have your own home or will you be one of the many who just scrape along and manage to make both ends meet?

It all depends on you.

Nearly all of the great men of this country began to prepare for success when they were young like you.

The first step is to save what you earn and are given. The folks at home will be glad to help you.

Then, when the time comes for you to go to college, or start out for yourself, you will be equipped for the fight.

Every penny you save now puts you that much ahead of the boy or girl who does not save.

Children's accounts are always welcome at this bank, no matter how small.

"Savings Union Service" is the title of a new monthly house organ issued in booklet form by the Savings Union Bank and Trust Company, the oldest bank in San Francisco. It is a high class production throughout and reflects much credit upon its editor, C. L. Hamsher, assistant cashier of the institution.

The Safety Fund National Bank of Fitchburg, Mass., is using some "reading notice" advertisements in local papers. The articles look just like news matter, except that there is a small "adv." at the end. The German-American Savings Bank of Los Angeles also uses this kind of advertising and "puts it over" without the tell-tale "adv."

The National Bank of Syracuse, N. Y., uses some very attractive gilt edge cards for

its statement and other printed enclosures. The effect is thoroughly high class and gives just the right tone to the advertising matter.

Referring to the Greek bank advertisement reproduced herewith the Alton, Ill. "Telegraph" printed this news item:

FIRST GREEK ADVERTISEMENT.

First Trust and Savings Bank Makes Innovation in Alton Newspapers.

The Telegraph to-day publishes the first advertisement in the Greek language it has ever printed in its seventy-

First Trust & Savings Bank
OF ALTON
122 West Third Street ALTON, ILLINOIS
ΚΕΦΑΛΑΙΟΝ \$100,000

Ἐάν ἐπιθυμῆτε τὰ σπουδαιότερα χρεῖστα εἰς Ἑλλάδα, ἐπισκεφθῆτε μας, ἐπιθεὶς πωλοῦμεν τὰς ἐπιταγὰς (checks) εἰς Ἀγγλικὰς λίρας ἐπὶ Ἀσθῆρας καὶ ὀφρῶνα ἐπὶ Παρισιῶν. Ἐπιθεὶς πωλοῦμεν ἐπιταγὰς ἐπὶ τῷ καλλιτέρῳ Τραπεζῶν καὶ εἰς τὰς κερματικὰς πόλεις τῆς Ἑλλάδος. Πληρωτὰς εἰς εἰς τὴν εἰς τὰς ἀγορὰς τῶν ἐπιταγῶν διὰ Ἀσθῆρας ἢ Παρισιῶν.

Ἐπιθεὶς πωλοῦμεν Α., Β. καὶ Κ. ἐπιταγὰς ἐπιθεὶς πωλοῦμεν (σπῆλαια τὸν) πληρωτὰς εἰς ἕνα πρὸς τὸν κέρμα.

AD. IN MODERN GREEK

six years of life. The First Trust and Savings Bank had an electrotype made, because the Telegraph had no Greek type in its office, and no one who could set it up if the type was here. The advertisement is intended to be read by persons who speak or read only Greek, many of whom may be interested in what the bank has to say. If the advertisement yields any results, it may be necessary for Cashier Wyckoff or some persons who speak or read only Greek, to accommodate the patrons who cannot speak anything but Greek.

The Lincoln Trust Company, Boston, Mass., makes a point of its clerks belonging to the American Institute of Banking. Following is the copy bringing out this fact, prepared by the Publicity Department of the Bankers Publishing Company:

HOW WE PROMOTE EFFICIENT SERVICE

In order to keep up the efficiency of its staff of workers to the highest pitch, this bank pays for the active membership of each of its clerks in the American Institute of Banking, an organization for the specialized training of bank men.

Moreover, each of our clerks regularly attends the meetings of the Institute and faithfully carries out the educational work required.

This is only one feature of the constant efforts being made by this company to perfect its banking service.

LINCOLN TRUST COMPANY,
12 High St. Junction of Summer Boston.

"Our Bond Department, What it Is, the Service it Renders," is a recent booklet issued by the prolific advertising department of the Wachovia Bank and Trust Company of Winston-Salem, N. C. The back cover of the booklet is perforated and forms an addressed post card carrying on the message side this matter:

Date.....191..

Wachovia Bank & Trust Company,
Winston-Salem, N. C.

Gentlemen:

Kindly give me information relative to the subject opposite which I have placed check mark.

- Checking Account ()
- Certificates of Deposit ()
- Savings Account ()
- Banking by Mail ()
- Trust Department ()
- Name
- R. F. D. or St. No.
- Post-office
- State

Write Us Relative to Any Banking Matters.

We reproduce herewith a group of advertisements sent us by the Nassau County

Use Our Complete Trust Department

Men Who Manage this Strong Bank

No. 11

Leo P. Schaefer
Real Estate Officer

Mr. Schaefer was born in Memphis, Tenn. He attended a parochial school and at the age of 13 he entered the employ of a small drygoods establishment as office boy, later entering the credit department of a large wholesale firm, where he remained for three years. After a year's service with the railroad company as shipping clerk, he was employed as bookkeeper and superintendent of a cotton compress, in which capacity he remained until removing to Oklahoma City, at the age of 24, to enter the banking business as general bookkeeper and teller with the American National Bank.

He removed to Los Angeles four years ago to fill the position as teller with the German American Savings Bank, remaining with that institution until he was appointed manager of the Savings Department of the Los Angeles Trust and Savings Bank. He was later promoted to his present position as active real estate officer.

\$1 Opens a 4% Interest Bearing Account in This Strong Bank

Deposits of \$1.00 or more will earn 4 per cent interest, compounded semi-annually, at this bank. Such deposits are made for a term of six months, and begin bearing interest from the date of deposit. We invite you to open a savings account today.

Safe Deposit Boxes \$2.50 or More


Yearly, in Our Burglar, Flood, Dynamite and Mob-Proof Vaults.

"The Bank for Everybody"

LOS ANGELES TRUST AND SAVINGS BANK

New Location 5th and Spring


PERSONALITY IN BANK PUBLICITY



First Bank Deposit **by Aeroplane Post**

A TRUST COMPANY has great advantages as the Executor of an estate. It is absolutely responsible. Its Capital guarantees its fidelity. It is practically perpetual, and in many details greater efficiency will be secured because of the wide experience of its officers in all matters of business or finance.


Nassau County Trust Company
 Mineola, New York



First Bank Deposit **by Aeroplane Post**

A PERSONAL executorship may defeat the plans of a lifetime, because of the death or inexperience of the person selected. A trust company never dies and its efficiency is closely safeguarded by State control. It is our business to act in the capacity of Executor, Trustee or Guardian.


Nassau County Trust Company
 Mineola, New York



First Bank Deposit **by Aeroplane Post**

OUR trust powers should make a strong appeal to thoughtful business men with large property holdings. The death of an executor or trustee may bring about unexpected and undesirable conditions, but if you appoint us Executor, Trustee or Guardian, safety in the management of your estate is assured.

Nassau County Trust Company
 Mineola, New York



First Bank Deposit **by Aeroplane Post**

IT is almost an imposition to ask a friend to assume the anxiety and responsibility of being an Executor, Trustee or Guardian. It is our business to act in these capacities, and the cost is the same, being fixed by statute. Ask us about it.

Nassau County Trust Company
 Mineola, New York

GOOD ADS., BUT WHAT BUSINESS-GETTING SIGNIFICANCE IS THERE TO GETTING ONE DEPOSIT BY AEROPLANE POST?

Trust Company. The letter accompanying them was as follows:

NASSAU COUNTY TRUST COMPANY,
 Mineola, N. Y.

Gentlemen:—We note in last month's issue of your publication a reproduction of our Aeroplane Post Card under the heading of "Freak Advertising." This novelty proved very successful, but is simply a part of a series of ads. and should be judged accordingly.

The Banking Publicity section of your

magazine is certainly like the octopus in reaching out in all directions for new ideas on advertising and we want to express our thanks and appreciation for recognition of our campaign.

Inclosed find check to the amount of five dollars for a subscription to the Bankers Magazine, I am also inclosing a few of our regular newspaper ads. which might interest your readers regarding copy and display.

Advertisingly yours,

HAROLD W. SMITH,
 Adv. Mgr.



A COMBINATION CHECK AND ADVERTISEMENT

It is a rather unusual and very interesting check which we reproduce herewith. Mr. Haag, proprietor of "The Mighty Haag Shows," is one of the largest stockholders and a director of the Commercial National Bank of Shreveport, La., besides being interested in other large enterprises in that city.

We would be glad to receive from other banks or individuals samples of unusual checks like this. Possibly we can get together enough to make a full page group in the magazine at some future date.

Following is a good form letter sent out by the Peoples National Bank of Waynesboro, Pa.:

My Dear Sir:

We wish to call your attention once more to the advantages of dealing with the Peoples National Bank. The rapid and continued increase in the number of our customers is taken by us as indicating that our way of doing business is becoming more generally appreciated by the public.

It is our pleasure to extend you our banking facilities and if you are not now doing any business with us we would like you to consider the matter of opening an account here.

Should you wish to borrow any money do not hesitate to call upon us. We feel sure that our knowledge of the financial standing of all the residents of Waynesboro as well as of Washington and Quincey Townships is not excelled and you can confidentially expect fair and considerate treatment from us when you wish to make a loan.

If any of your friends desire to open a bank account or borrow money, we will appreciate it if you will send them to us.

Very truly yours,

J. H. STONER, Cashier.

Mr. Carl W. Art of the Publicity Department of the Union Trust and Savings Bank, Spokane, Wash., sends us a booklet issued

by the Insurance Department of that institution. It is entitled "Insuring the Motor Car." It is the first of the kind we have ever seen and is a splendid piece of work in every way.

The German National Bank of Little Rock, Ark., has a Night Department, which it advertises as follows:

Our Night Department is meeting with continued success and our customers are complimenting us because of our efforts to conduct our business to suit their convenience.

Our Night Department is open from 6 a. m. to 12 o'clock midnight, and we will be pleased to take your deposit or cash checks at any time between those hours.

The Guaranty Trust and Savings Bank of Jacksonville, Fla., makes a special feature of its service the collection of money due on land contracts. This service, the bank claims, is of benefit both to the buyer and seller, as it affords every facility for convenience, accuracy, time saving and other similar advantages. The bank being open at all times during business hours, payments can be made across the counter with the certainty that no time will be lost owing to the absence of the person to whom under ordinary circumstances money would be paid and who might be away when the customer arrives. The entire organization of the bank guarantees accuracy at every stage and there is no possibility of any misunderstanding or mistake occurring.

The Union Bank and Trust Company of Jackson, Tenn., in February opened a campaign of advertising with a full page newspaper advertisement of a \$50 Savings Club, announced as follows:

Believing that many more people would save a portion of their earnings if given the

proper opportunity and sufficient inducement to do so, the Union Bank & Trust Company has opened a department in which customers may deposit without leaving their homes or places of business.

The method of operating the Union Savings \$50.00 Club is as follows: The plan is to induce persons to save the \$50.00 in a certain time. A person wishes to save \$50.00 a year or \$1.00 a week. Then notify us on what day of the week the deposit is to be made and a Collector Will Call and receive the deposit, giving the proper receipt. Customers may deposit only 50 cents each week, or any amount each week, the only condition made by us is that money is not to be withdrawn until the account has run one year. These account draw interest at three per cent. Thoughtful and prudent persons will undoubtedly take advantage of this new method of saving. We will begin the club on

MONDAY, FEBRUARY 19th, 1912.

Telephone either phone, Number 55, to Mr. Blalock, who will enroll members, and give full information concerning the club.

Absolute protection from frauds is promised in that we will furnish letter of authority to collectors. Do not pay deposits to collectors who cannot produce the proper authority.

The Barnett National Bank of Jacksonville, Fla., does some consistently good advertising. Some of the valuable points brought out in its recent copy are the following:

Banks recognize a professional courtesy in giving one another information, and if you want to get information about some one or something in a strange town, one of the best ways to get it is through your bank.

If you have notes that are maturing from time to time, and you do not want to be troubled with making your own collections, you will find our collection department just what you are looking for. All you have to do is to leave your notes with our collection clerk and take his receipt. We will then make the collections as they mature, crediting your account and advising you. This service is free.

Do you know of any other place in Jacksonville where you could go and lend as small a sum as \$5.00 and get interest on it at the rate of four per cent. a year, secured by resources of more than eight million dollars?

During the month of January the Jacksonville fire department answered forty-one calls. You can never tell where and when a fire is going to break out—your house may be next. For a very small sum you can have a safety deposit box in our fire and burglar-proof vault.

The Commercial National Bank of Shreveport, La., has issued an interesting half century Confederate memorial calendar. It gives portraits of leaders of the Confed-

CONDENSED STATEMENT OF
The Bank of Prosperity
of Dickason County, Kansas

RESOURCES

Loans—The crop.
Reserves—Cows, hogs and poultry.
Cash—Grain, stock, hutter and eggs.

LIABILITIES

Capital—Soil, fertility, buildings, stock and machinery.
Surplus—Manure applied to land.
Deposits—Cows, alfalfa and stock increase, the deposit of fertility in soil and filthly heres in the penes.
Check—Every seed in a field draws a check against the crop, one-half pound of dried weeds to the square yard reduces the crop of wheat twenty bushels per acre.
Bills Payable—Shallow plowing and restituted grain growing.

<p>Suggests.</p> <p>Interest—The plant is well till-soil pays big interest. Clipping Coupons—Harvesting alfalfa for hay and seed. Security—Moisture stored in the soil. Blight Draft—Hot winds, sere or draws on crop grown on well the soil. Fine. Watered Stock—Spreading the work that should go on a quarter of a section. Valves—Second and third crops of alfalfa. Insurance—Rotation of crops. Silent Partner—Good seed corn and good seed wheat. Dividends—Comfortable home, happy family, pleasant surroundings, wide porch, shade trees, furnace, bath room, motor car. Convention—Getting together to learn from each other and usually finding that the fellow worker is an A. No. 1 fellow and knows many things we do not.</p>	<p>“SS” for “H.”</p> <p>Discourt the uncertainties of farming by Preparing a good seed bed. Conserving the moisture. By selecting and treating the seed. By keeping up with new ideas. By keeping good work. By keeping up the fertility and humus of the soil. By keeping out weeds and plant diseases.</p> <p style="text-align: center;">Certificates.</p> <p>Increase your deposits by encouraging— The agricultural college. The experiment station. The farmers' institute. Farmers' club. The reading of bulletins of the experiment station and agricultural papers.</p>
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Compliments of
THE ARLENE NATIONAL BANK
Abilene, Kansas

A CHEERFUL STATEMENT

eracy, reproductions of the Stars and Bars, monuments, a map of the Southern States, and on the back of the calendar are Confederate songs and poems.



FINANCIAL ADVERTISING

Recent Opinions on Different Phases Of It

Mr. S. W. Straus, speaking before the Chicago Advertising Club recently, said:

If I understand the psychology of advertising in general, its first object is to create a desire for the object advertised. You may advertise grape juice, or pianos, or tooth paste, in one whirlwind campaign that brings immediate and tremendous sales. But such methods employed in investment advertising would result in utter failure, because the psychology of investment advertising is radically different.

We are advertising both nationally and locally in magazines and newspapers, both the financial and the general press. We commenced this campaign a little more than two years ago, and in this time our business has more than doubled in volume, and we have gained clients all over the world.

There is no doubt in my mind of the efficiency of advertising when I consider this result. Moreover, our advertising is steadily increasing in value as our name becomes better known. The cost per inquiry is steadily falling, while the percentage of

sales to inquiries and average amount per sales are steadily rising as we gain confidence in the mind of the better class of investors.

Our advertising in newspapers is used during the chief investment seasons of the year, while in the national magazines it does not miss a single month the year round. In this way the cumulative value of advertising is great.

Mr. Emerson De Puy, in addressing the Des Moines Ad Men's Club, said in part:

Not only should the bank advertise to build up its own business and thus be enabled to declare dividends to stockholders, but there is a public duty which all good bankers recognize and that is a thwarting of the schemes of the J. Rufus Wallingfords.

The business of selling all sorts of worthless "stocks" and "bonds" by mail, through able and seductive advertising, has assumed wonderful proportions.

It seems clear that the bank should make its advertising educative along these lines, to the end that the people may have information valuable to them as to the making of investments.

It is safe to say that the alluring part of the advertisements of all "get-rich-quick schemers" lies in their disinterestedness. Everything is for the benefit of the other fellow; the promoter of the scheme is a philanthropist whose highest joy is in serving his fellow men.

Always the schemer shows great dividends (on paper), his literature and follow up stuff; refers pityingly to those people who foolishly put their money in savings banks where it only draws 4 per cent. per annum.

All students of the subject are aware that the advertiser loses ground in proportion as he reveals his desire to sell. The public cares nothing about his desires, but when he shows that same public how it is to be enriched and benefited in buying what he has to sell, then it comes running with its hands full of money.

The J. Rufus Wallingfords are men of great ability along this line, and the banker should understand that he is up against a stiff proposition; that his advertising must be well prepared and have a definite aim in order to win out against the forces which seek to take from his community the money which properly belongs and should remain there.



BANK ADVERTISING EXCHANGE

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them from time to time. Others can get on this list free of charge by writing to the editor of this department. Watch each month for new names and add them to your list at once.

The Bankers Magazine, New York (ex officio).

John W. Wadden, Lake County Bank, Madison, S. D.

Charles D. Wells, Traders Bank of Canada, 8 Wellington street W., Toronto, Ont.

Henry M. Lester, National City Bank, New Rochelle, N. Y.

R. B. Parrish, cashier, National Bank of Commerce, Williamson, W. Va.

Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.

H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.

Arthur S. Cory, Chehalls National Bank, Chehalls, Wash.

C. F. Hamsher, assistant cashier, Savings Union Bank of San Francisco, Cal.

Horatio Ford, secretary, Garfield Savings Bank Co., Cleveland, Ohio.

F. W. Ellsworth, Publicity Manager, Guaranty Trust Co. of New York.

T. H. Stoner, cashier, The Peoples National Bank, Waynesboro, Pa.

J. A. Overton, cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

H. M. Jefferson, Windsor Trust Company, New York City.

W. R. Dysart, assistant cashier, First National Bank, Ripon, Wis.

W. J. Kommers, cashier, Union Trust & Savings Bank, Spokane, Wash.

W. R. Stackhouse, City National Bank Bldg., Utica, N. Y.

George J. Schaller, cashier, Citizens Bank, Storm Lake, Iowa.

J. G. Hoagland, Continental and Commercial Trust and Savings Bank, Chicago.

C. L. Chilton, Jr., advertising manager, First National Bank, Montgomery, Ala.

H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago.

B. H. Blalock, assistant cashier, Union Bank & Trust Co., Jackson, Tenn.

The Franklin Society, 33 Park Row, New York.

C. L. Glenn, advertising manager, Wachovia Bank & Trust Co., Winston-Salem, N. C.

W. O. Boozer, Barnett National Bank, Jacksonville, Fla.

W. P. Jonea, assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.

C. E. Taylor, Jr., president, Wilmington Savings & Trust Co., Wilmington, N. C.

Jesse E. Brannen, cashier, First National Bank, Westwood, N. J.

E. A. Hatton, cashier, First National Bank, Del Rio, Texas.

A. A. Ekirch, secretary, North Side Savings Bank, New York City.

E. M. Baugher, president, The Home Building Association Co., Newark, Ohio.

C. W. Bailey, cashier, First National Bank, Clarksville, Tenn.

C. W. Rowley, manager, Canadian Bank of Commerce, Winnipeg, Can.

T. J. Brooks, cashier, The Guaranty Trust & Savings Bank, Jacksonville, Fla.

W. W. Potts, treasurer, The Federal Title & Trust Co., Beaver Falls, Pa.

E. W. Finch, assistant cashier, Birmingham Trust & Savings Co., Birmingham, Ala.

Charles S. Marvel, The First-Second National Bank, Akron, Ohio.

Farmers & Mechanics Trust Company, West Chester, Pa.

Tom C. McCorvey, Jr., assistant cashier, City Bank & Trust Company, Mobile, Ala.

C. W. Beerbower, assistant cashier, The Farmers National Bank, Salem, Va.

B. P. Gooden, adv. mgr., New Netherland Bank, New York.

J. A. Buchanan, Guaranty Trust Co., Lancaster, Pa.

C. L. Chilton, Jr., Brown, Treacy & Sperry Co., St. Paul, Minn.

W. L. Jenkins, Farmers & Mechanics Trust Co., West Chester, Pa.

E. P. Simpson, Jr., assistant cashier, First National Bank, Toccoa, Ga.

E. L. Zoering, Sedalia Trust Co., Sedalia, Mo.

MODERN FINANCIAL INSTITUTIONS

AND THEIR EQUIPMENT

THE MERCHANTS BANK OF CANADA

A TYPICAL CANADIAN BANKING INSTITUTION

THE banking system of Canada is frequently pointed to by financial authorities as embodying in its laws and illustrating in its operations many of the ideal principles and practices upon which sound and efficient banking should rest.

The Canadian chartered banks are big and strong, and with their multiplicity of branches, scattered all over the country, they

manager is, nearly always, a thoroughly trained banker, grounded by study and experience in the best banking traditions. He is familiar with the fluctuations of business and is neither liable to be carried away by seasons of speculation nor unduly frightened by times of depression.

Naturally, banks founded on the sound principles contained in the Canadian Banking Act and managed by wise and experienced bankers, are bound to establish themselves in public confidence and to prosper with the country's growth.

It will be found of interest to trace, briefly, the history and growth of one of Canada's typical banking institutions—the Merchants Bank of Canada, which in the past few years has experienced a growth that may indeed be termed remarkable.

HISTORY AND GROWTH.

Forty-seven years of successful business has stamped the Merchants Bank of Canada as one of the most prosperous institutions of the country and the expiration of that time finds it still improving its previous record. Founded at Montreal in 1864 by the late Sir Hugh Allan, the first president, with Mr. Jackson Rae as general manager, the business grew steadily and in 1868, when its charter from the Dominion of Canada was amended to enable it to absorb the Commercial Bank, the business included extensive connections in the Provinces of Ontario and Quebec.

In 1877 Sir Hugh Allan retired from the presidency, and was succeeded by the Hon. John Hamilton. During the same year Mr. George Hague became general manager, holding the reins of management for twenty years when, in 1897, Mr. Thomas Fyshe became associated with him as joint general manager. After five more years of active duty, Mr. Hague retired, and Mr. Fyshe assumed undivided charge.

Being far sighted in discerning the possibilities of the Canadian Northwest, the bank was a pioneer in establishing a branch at Winnipeg in 1873, and from that time has taken an active part in the development of the magnificent agricultural country extending from Manitoba to the further valleys of Alberta along the foothills of the Rocky Mountains.

The bank has been keeping pace with the remarkable progress of Canada and has now 169 branches throughout the Dominion, ranging from Halifax and St. John on the



WINNIPEG, MANITOBA, BRANCH

furnish abundant banking facilities to all sections and to every kind of legitimate trade and industry. They also care adequately for the people's savings.

The Canadian bank note is an especially serviceable instrument for use by the business community, performing its work with promptness and absolute safety.

In a very important respect—that of the character of management—the Canadian banks compare most favorably with those of any other country. The Canadian bank

C.C. BALLANTYNE
 THOS. LONG
 C.M. HAYS
 ALEX. BARNET
 F. ORR, LEWIS
 SIR H. MONTAGU ALLAN, PRESIDENT
 JONATHAN HODGSON, VICE-PRESIDENT
 A. J. ALLAN
 F. W. BLACKWELL
 G. F. HERBIE, GENERAL MANAGER

THE DIRECTORS
 AND
 GENERAL MANAGER

MERCHANTS BANK
 OF
 CANADA



THE MERCHANTS BANK OF CANADA — HEAD OFFICE, MONTREAL.



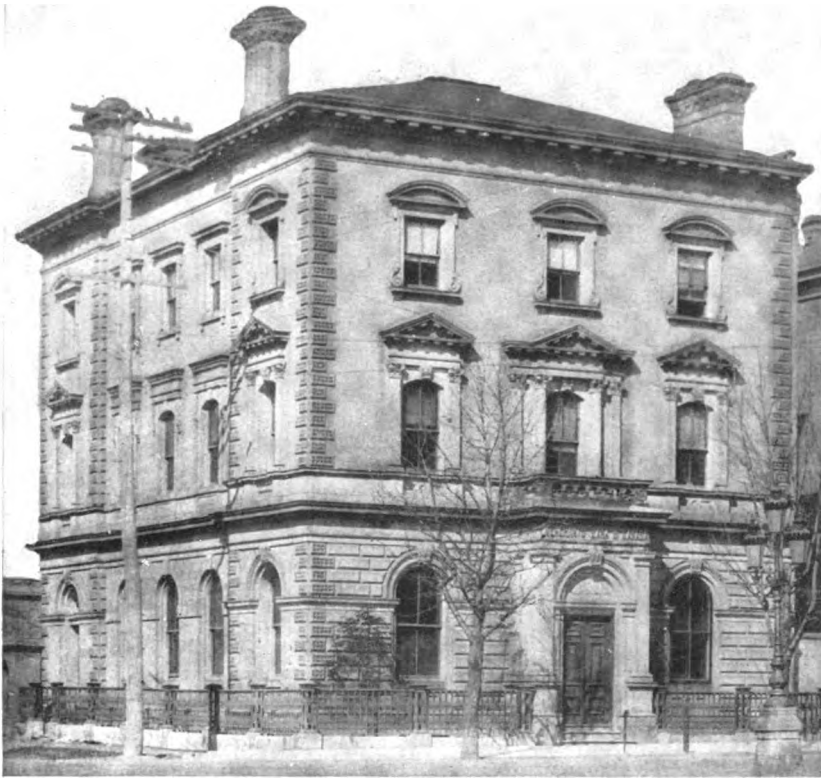
VICTORIA, BRITISH COLUMBIA, BRANCH



EDMONTON, ALBERTA, BRANCH

Atlantic seaboard to Victoria and Vancouver on the Pacific coast. Its paid-up capital of \$6,000,000 is in process of being increased to \$7,000,000, toward providing for the growing commercial needs of the country, and it is possessed of a substantial reserve fund of \$5,458,878, amassed out of undivided profits. Its main office is in Montreal, and branches are scattered through the Provinces of Ontario, Quebec, Manitoba, Alberta, Saskatchewan and British Colum-

Sir H. Montagu Allan, a son of the founder, Sir Hugh Allan, is president of the institution, with Mr. Jonathan Hodgson as vice-president, and the board of directors is composed of men prominent in the commercial and industrial life of Canada. The general manager, Mr. E. F. Hebden, became executive head of the bank in 1905, in succession to Mr. Thomas Fyshe. Mr. Hebden entered the institution in 1871, and has therefore been with the bank forty-one years.



LONDON, ONTARIO, BRANCH

bia with connections in all of the larger cities of the world.

Conducting its business on sound principles and along safe and conservative lines has given the bank a foundational reputation for the striking progress made in recent years. The accompanying comparative figures testify to the really remarkable growth of the bank.

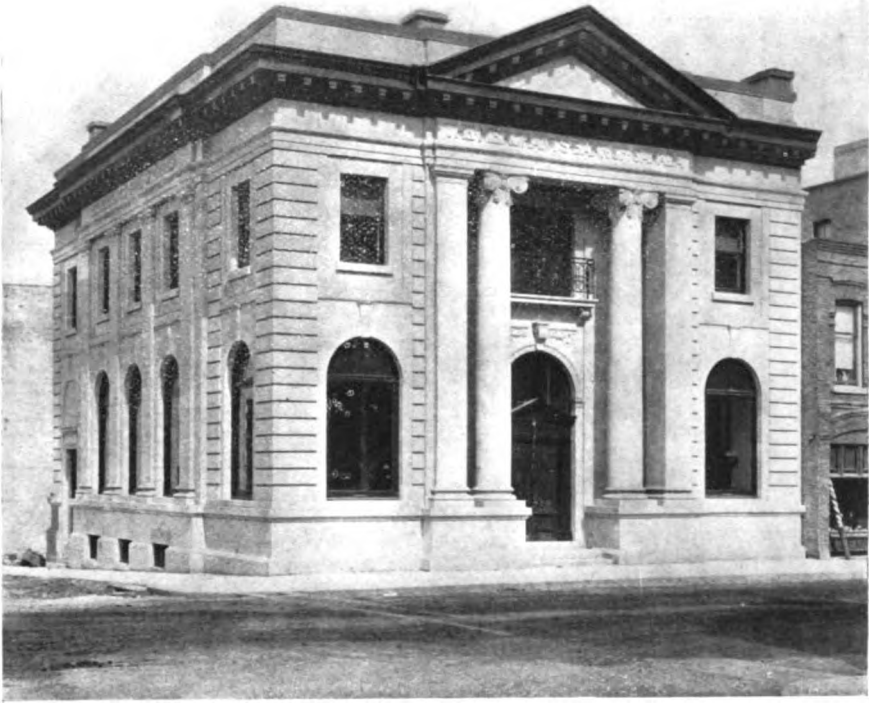
Year.	Reserve fund and Undivided Profits.	Deposits.	Total Assets.
1905...	\$3,473,197	\$28,109,616	\$41,477,589
1906...	3,674,596	35,506,959	49,541,955
1907...	4,084,256	37,616,546	52,865,687
1908...	4,400,997	41,927,872	56,598,625
1909...	4,602,157	49,471,594	66,800,151
1910...	4,999,297	54,779,044	71,600,068
Nov. 30, 1911...	5,458,878	63,494,580	81,928,961

Before assuming the general management he was for the preceding ten years superintendent of branches and chief inspector, which office is now occupied by Mr. T. E. Merrett, at one time agent of the bank in New York.

The agency of the bank in New York was established thirty-eight years ago, in 1874, and is located at 63-65 Wall street. Mr. W. M. Ramsay and Mr. C. J. Crookall are the bank's representatives, Mr. Ramsay before coming to New York in 1906 being local manager of the bank in Montreal.

THE PAST YEAR'S BUSINESS.

A statement of the bank's business for the year ending November 30, 1911, will prove interesting:



BRANDON, MANITOBA, BRANCH



LACOMBE, ALBERTA, BRANCH

The net profits of the year, after payment of charges, rebate on discounts, interest on deposits, and making full provision for bad and doubtful debts amounted to \$1,179,581.03
The balance brought forward from Nov. 30, 1910, was..... 99,297.15

Total \$1,278,878.18

This sum was apportioned as follows:

Dividends	\$570,000.00
Transferred to reserve fund..	500,000.00
Written off bank premises account	100,000.00
Contribution to officers' pension fund	50,000.00
Balance carried forward	58,878.18

Total \$1,278,878.18

Six branches have been opened the past year in the growing sections of the Dominion, and the addition of \$1,000,000 new stock indicates that the progressive management and conservative policies are gaining and keeping the confidence of depositors. Business indications point to a prosperous future for Canada, and a continuation of past methods will undoubtedly give the bank its full share of this growth.

THE MERCHANTS BANK OF CANADA

Statement of Liabilities and Assets November 30, 1911

Liabilities.		Assets.	
1.—To the Public.		Gold and Silver Coin on hand..	\$2,149,007.08
Notes in Circulation	\$6,351,233.00	Dominion Notes on hand.....	5,659,100.00
Deposits at Call....	\$25,897,925.26	Notes and Cheques of other Banks	4,662,788.08
Deposits subject to notice (accrued interest to date included)	36,239,678.72	Balances due by other Banks in Canada	2,635.33
Deposits by other banks in Canada..	1,358,976.84	Balances due by Banks and Agents in the United States..	368,514.23
	-----	Call and Short Loans on Bonds and Stocks in Canada..	\$3,854,845.31
	63,494,580.82	Call and Short Loans on Bonds and Stocks elsewhere than in Canada...	9,091,612.77
Balances due to Agents in Great Britain	310,980.05		-----
Balances due to Agents in the United States and elsewhere..	161,112.94	Government, Municipal, Railway and other Bonds and Debentures	6,074,969.01
Dividend No. 97	150,000.00		-----
Dividends unclaimed	2,179.50		\$31,863,471.81
	-----	Current loans and Discounts (less Rebate or Interest reserved)..	47,411,049.23
	\$70,470,082.31	Loans to other Banks, secured	160,581.74
		Loans and Discounts overdue (loss fully provided for)	112,216.42
2.—To the Stockholders.		Deposit with Dominion Government for security of Note Circulation	272,000.00
Capital paid up.....	\$6,000,000.00	Mortgages and other Securities, the property of the Bank....	109,295.23
Reserve Fund	5,400,000.00	Real Estate	38,517.65
Balance of Profits carried forward....	58,878.18	Bank Premises and Furniture ..	1,017,359.07
	-----	Other Assets	44,457.34
	11,458,878.18		-----
Total	\$81,928,961.49	Total	\$81,928,961.49

PEOPLE'S SAVINGS BANK, PROVIDENCE, R. I.

IT is entirely due to the ability of William P. Goodwin that the State of Rhode Island has its present efficiently organized Banking Department.

In 1908, Mr. Goodwin, after conducting a successful business in fire insurance, investments and accounting, gave his undivided attention to banking matters and in 1908 became the first bank commissioner of Rhode Island. He was reappointed in 1911 in recognition of his successful administration of that office.

On August 31, 1911, Mr. Goodwin resigned from the Bank Commissionership, but continued in his position until December 20, 1911, in the meantime accepting the treasurership of the People's Savings Bank

of Providence as the successor of John G. Massie, deceased.

The People's Savings Bank has had a successful business career. During its sixty years of existence a total business of \$108,379,092 has been handled, and its last annual report showed over \$7,000,000 deposits and over \$8,000,000 assets at market value.

It was established in 1851, being chartered in May and commenced business on December 1 of that year. William Sprague, an uncle of the War Governor, was its first president. Orray Taft, Amasa Manton and Amos D. Smith were vice-presidents. The first board of directors included Earl Carpenter, Mathew Watson, Resolved Waterman, Hezekiah Anthony, Shubael Hutch-

ins, William Comstock, James T. Rhodes, George W. Hallett, Ezra Brown, William Foster, Jabez C. Knight and Edward Aborn Greene, all of whom are now dead.

William Sprague died in 1856 and was succeeded by Orray Taft, who served until 1865, when Amos D. Smith was elected president. He served until 1877 and was succeeded by Edward Aborn Greene, who served until 1884, when Robert Knight was



WILLIAM P. GOODWIN

TREASURER PEOPLE'S SAVINGS BANK, PROVIDENCE, R. I. FORMERLY STATE BANK COMMISSIONER

elected, retiring in 1908 and was succeeded by the present incumbent, Dutec Wilcox.

All these men were leaders in their respective lines of business and among the most prominent in the State during their time.

There have been but four treasurers since the company was started. Jesse Howard, Albert C. Howard and John G. Massie, who died last year, and was succeeded by Mr. Goodwin whose portrait is here given. The vice-presidents of the company now are Sen-

ator Henry F. Lippitt, Edward Aborn Greene and Webster Knight. The directors are Francis W. Carpenter, James H. Chase, John K. H. Nightingale, Howard L. Clark, Frank P. Comstock, Howard D. Wilcox, John B. Branch, William H. Thornley, William Grosvenor, George M. Snow, William P. Chapin and William P. Goodwin.

Gilbert H. Hagan, who probably has been longer in the banking service in Rhode Island than any man living, is assistant treasurer and assistant secretary. He started with the bank as a clerk in 1859.

A new building is soon to be built for the People's Savings Bank after plans by the architects, Clarke, Howe & Homer. The building will be located at Market sq., east of the Board of Trade building, in the place of an old five-story building which was erected in 1824.

The new building, which will be for the sole use of the bank, will have a frontage on Market sq. of 44 feet, extending back for a distance of 115 feet. The exterior has been designed along the lines of a Greek Ionic temple, the front to be constructed of white marble, will have two large columns flanking the main entrance, extending from the street level to the roof.

Directly above the main entrance there will be large windows, taking in the greater part of the second floor space. The grill work of these windows and the door will be of bronze and two bronze lamps, one on either side of the entrance, will add to the ornamentation.

A marble vestibule will lead into the banking room, with the treasurer's office on the left and a ladies' room on the right, and the main banking room will occupy practically all the rest of the ground floor and will extend clear to the roof of the building, light being furnished by a skylight.

The walls of the banking room will be wainscoted to a height of twelve feet with marble and the rest of the wall space will be finished in plaster, with a decorated treatment of Ionic pilasters and cornice. The directors' room will be located on the second floor in front of the building, while the corporation room will be directly above on the third floor, with access thereto by elevator and stairway.

On the rear of the second floor will be located the stenographer's room, while the clerks' lunch room will be located on the third floor.

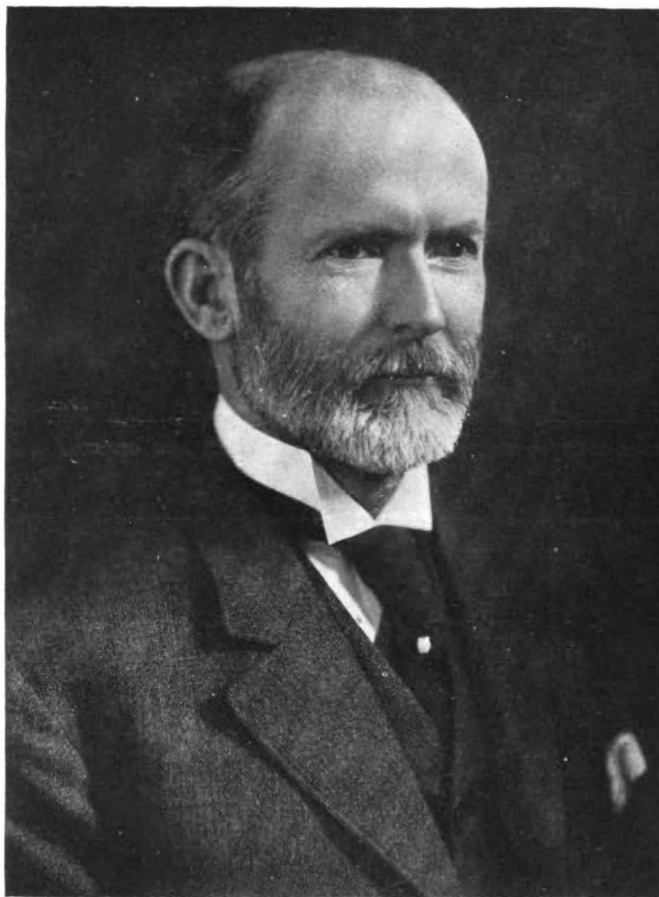
Architects and bankers nowadays have found it desirable to place such matters in the hands of an expert and the vault, which will be a modern one in every particular, is being designed and constructed under the supervision of Benj. F. Tripp of Boston, a vault engineer whose work in this line has been extremely satisfactory.

The best system of ventilation and air cleansing and cooling will be provided, and all the fixtures and furnishings will be the best of their kind.

THE PEOPLES NATIONAL BANK OF PITTSBURGH

THE Peoples National Bank of Pittsburgh is rounding out its first half century. Organized in November, 1864, with a capital of \$1,000,000, an amount considered unusually large at that period, the bank has shown a progressive

1873, 1893 and 1907—and several semi-depressions, as in 1877, 1884, 1897, 1903 and 1911. Nevertheless, the bank prospered and, in the forty-seven completed years of its existence, it has accumulated \$1,884,686 in surplus and undivided profits and has



ROBERT WARDROP
PRESIDENT PEOPLES NATIONAL BANK, PITTSBURGH, PA.

growth. In fact, it has "grown up" with the Pittsburgh community, noted everywhere as the workshop of the world. The expansion of Pittsburgh from an overgrown village to a great and important city has been intimately reflected in the increase of power, strength and influence of the Peoples National Bank. Since 1864, there have been three severe panics—in

paid out \$4,390,000 in dividends. Total net earnings have thus been \$6,274,686, or an average of \$133,504 per annum. This is at the average rate of 13.35 per cent. throughout this long term of years. The present rate of dividends is 18 per cent., or \$180,000 yearly, while earnings in the six years ending with 1911 have averaged \$233,140.



PARTIAL VIEW OF THE BANK, SHOWING ENTRANCE AND OFFICERS' QUARTERS



VIEW OF THE INTERIOR, PEOPLES NATIONAL BANK, PITTSBURGH, PA.



D. E. PARK

VICE-PRESIDENT, PEOPLES NATIONAL BANK, PITTSBURGH, PA.

ALWAYS A PURELY COMMERCIAL BANK.

The long and honorable history of the institution has been made as a truly commercial bank. There has been no deviation, even in times of great speculative activity, or of industrial combination, from the fixed ideas of the true function of a bank of discount. The Peoples National Bank was organized by representative citizens, who were identified with the principal industries of the district—coal, iron and glass and their products. The same industries are just as conspicuously represented in the

directorship of the bank to-day, while enterprises which have developed from time to time are likewise included. The conservative spirit has been uppermost at all times, but it can be stated without fear of contradiction that legitimate propositions have always been fostered and encouraged, while doubtful and hazardous undertakings have been avoided.

The organizers and original stockholders were all prominent Pittsburghers. They were as follows: Samuel Rea, Benjamin F. Jones, Henry Lloyd, Byron H. Painter, Augustus E. W. Painter, George W. Hall-



HERVEY SCHUMACHER
CASHIER, PEOPLES NATIONAL BANK, PITTS-
BURGH, PA.

man, Joseph McKnight, George F. McCleave, Robert H. Marshall, Campbell B. Herron, Barclay Preston, John McQuewan Woods, James I. Bennett, Mark W. Watson, James Park, Jr., Maxwell K. Moorhead, George Black, John W. Chalfant, William Rea, David E. Park and William Rogers. These men contributed in no small degree to the industrial pre-eminence and prosperity of Pittsburgh. Their successors as directors and stockholders of the Peoples National Bank have followed the policy outlined and practiced by the early management. Of the six presidents, four were among the incorporators, as were four of the six vice-presidents. Three of the present board of directors were elected in February and March, 1879, and have served continually for thirty-three years, while a fourth was elected in 1888.

THE PRESENT MANAGEMENT.

An explanation of the enviable position of the bank at the present time is found in the personnel of the management. The officers are: Robert Wardrop, president; D. E. Park, vice-president; Hervey Schumacher, cashier; W. Dwight Bell, Frank R. Flood and J. Howard Arthur, assistant cashiers. The directors are George C. Davis, J. Painter, Jr., D. McK. Lloyd, D. E. Park, Henry Chalfant, Robert Wardrop, B. F. Jones, Jr., Edward E. Duff, D. Leet Wilson, W. D. George, H.



OFFICER'S QUARTERS



W. DWIGHT BELL

**ASSISTANT CASHIER, PEOPLES NATIONAL BANK,
PITTSBURGH, PA.**

S. A. Stewart, George W. Crawford, W. L. Clause, Benjamin Thaw and Hervey Schumacher. Thus, men who vitalize a community must necessarily vitalize a financial

institution with which they are identified. It is, therefore, only to be expected that the Peoples National should be known throughout the country as a bank of the highest standing, and in its home city as one of the financial bulwarks.

Mr. Wardrop, the president, has been a banker throughout his business career, with the exception of a fourteen-year period when he was treasurer of the Pennsylvania Lead Company. He was first with the Tradesmens National Bank, from which he went as cashier to the Peoples National Bank as vice-president and cashier in 1899. He was elected president in July, 1903, at



J. HOWARD ARTHUR

**ASSISTANT CASHIER, PEOPLES NATIONAL BANK,
PITTSBURGH, PA.**



FRANK R. FLOOD

**ASSISTANT CASHIER, PEOPLES NATIONAL BANK,
PITTSBURGH, PA.**

which time Hervey Schumacher was chosen cashier. Mr. Wardrop has been strongly identified with the movement to institute banking reforms in the Pittsburgh Clearing-House Association. He is now serving his third term as president of the association. He was a member of the clearing-house committee in 1905-1907, and, in 1907, when the panic was at its height, he suggested the pay-check plan for keeping the mills in operation and providing a temporary medium of currency for meeting the payrolls thereof. In the few weeks in which the system was in vogue, over \$10,000,000 in pay-checks were disbursed among the wage earners of the city and contiguous territory. He is also a member of the currency committee of the American Bankers' Asso-



LADIES' DEPARTMENT, PEOPLES NATIONAL BANK, PITTSBURGH, PA.

ciation and numbers as his friends the leading bankers of the United States.

Mr. Schumacher was elected a director in January last, and, in 1911, was added to the board of the Oakland Savings & Trust Company. He is also director of the Bankers and Bank Clerks' Mutual Benefit Association, and, in 1910, was its president.

PROGRESS OF THE BANK TOLD IN FIGURES.

The following table shows the wisdom of pursuing a straightforward conservative banking business for the completed years, since the organization of the Peoples National Bank:

Year.	Capital.	Surplus and Profits.	Loans and Bonds.	Deposits.	Net Earnings.	Dividends,
1865.....	\$1,000,000	\$53,774*	\$1,161,363	\$310,150	\$113,774*	\$60,000*
1870.....	1,000,000	89,675†	1,919,332	507,644	505,901†	470,000†
1875.....	1,000,000	174,630†	2,102,895	508,086	514,956†	430,000†
1880.....	1,000,000	248,374†	2,065,558	607,057	373,744†	300,000†
1885.....	1,000,000	298,219†	2,505,714	1,067,083	349,845†	300,000†
1890.....	1,000,000	549,183†	2,849,001	2,231,359	550,964†	300,000†
1895.....	1,000,000	901,125†	4,632,669	3,456,803	681,942†	330,000†
1900.....	1,000,000	1,182,867†	6,836,207	5,658,964	701,742†	420,000†
1905.....	1,000,000	1,565,847†	11,865,861	12,071,862	1,082,980†	700,000†
1910.....	1,000,000	1,862,798†	12,330,191	14,262,425	1,196,951†	900,000†
1911.....	1,000,000	1,884,686*	13,074,741	14,024,348	201,888*	180,000*

* One year. † Five years.

GREENPOINT NATIONAL BANK OF BROOKLYN, NEW YORK

THE success achieved by the Greenpoint National Bank of Brooklyn, New York, substantiates the predictions of its founders that there was an urgent need for such an institution in a community which has always been separate and dis-

were George A. Morrison, George H. Rowe, Andrew N. Petersen, Julius Siegelman and Walter Wilmurt.

While other institutions have been started in temporary quarters, in this instance it was deemed prudent and expedient to erect

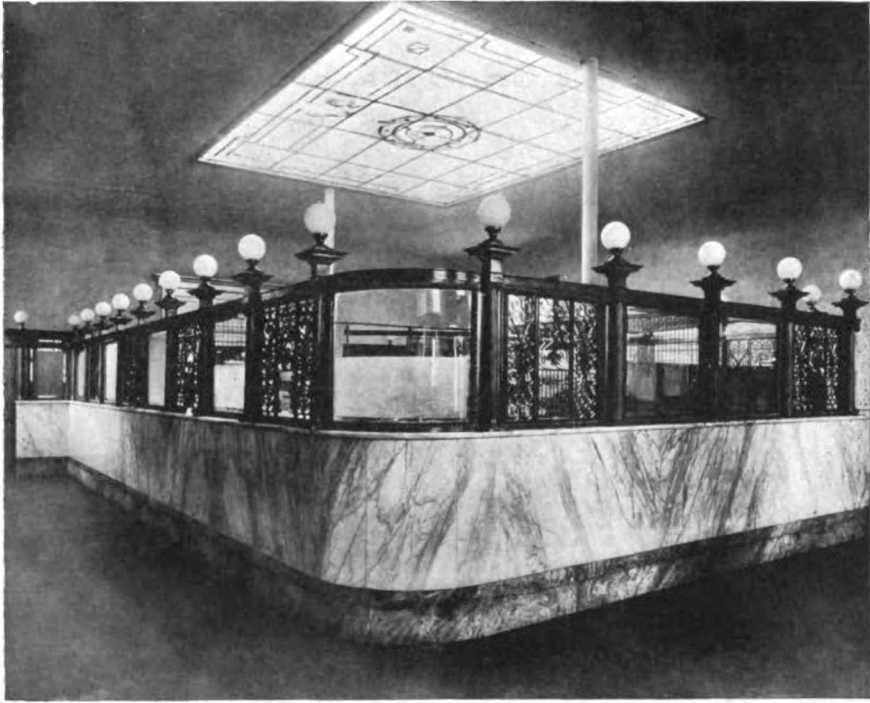


GREENPOINT NATIONAL BANK BUILDING

tinct in itself. With a population of over 80,000, Greenpoint has a manufacturing and commercial status comparing most favorably with any section of the same area in the United States. Although a district manifestly needing additional banking facilities, prior to the establishment of the Greenpoint National Bank there was but one other bank and that a branch of a New York institution.

The original incorporators of the bank

and equip a modern, up-to-date structure that would meet every exigency and at the same time arouse the admiration of the public. This has been accomplished by the erection of a magnificent sandstone building at 140 and 142 Greenpoint avenue, in the center of the business activities of Greenpoint. The building, which was built by the Bankers' Building Bureau of New York, covers an area of 40x95 feet, has an ornate frontage of corinthian design and is ex-



MAIN BANKING ROOM



LOOKING TOWARD ENTRANCE

clusively adapted to the uses of the bank. As regards substantiality, light or ventilation, nothing has been neglected and no one has crossed the threshold without expressing admiration at the exterior and interior arrangement. An amply protected ceiling of cathedral glass sheds an agreeable light

light fixtures of a neat design are employed throughout the building.

This bank has gained an enviable reputation in financial circles by the introduction of two very important original features, one of which is a rotating finance committee, presided over by the president or one of the vice-presidents, and each director "does his turn" during the year rather than to invest a single committee with the important duty of passing on the loans of the bank for an entire year, which is the rule generally in vogue. The other feature is the formation of a stockholder's association, by which the stockholders are invested with a sense of importance and influence that is given by no other bank. The full privilege of an ordinary stockholder is to attend the annual meeting or perfunctorily deposit a ballot. The stockholders of this bank meet once a month in the directors' room and are given the fullest latitude in their investigations as to what the bank is doing. The officers are generally in attendance to give any information desired. This association has done much to swell the deposits of the bank and to increase the number of depositors. The credit for evol-



GEORGE A. MORRISON
 PRESIDENT GREENPOINT NATIONAL BANK,
 BROOKLYN, N. Y.

below and it is rarely necessary to use artificial light during banking hours. The horseshoe counter encircling the working space is of Italian marble with a base of dark green marble and is surmounted by solid bronze fixtures of an effective design. The cabinet work and furniture is of a golden oak and pretty oriental rugs cover the floor spaces to a good advantage. The walls are wainscoted in marble to match the counter front. On either side of the front entrance, which has an electric lighted dome, are the offices of the president and cashier. In the rear are well appointed rooms for the board of directors and employees, fitted with every needed convenience.

The bank also has the largest and strongest burglar-proof vault in that part of Brooklyn. This not only affords impregnable protection for the funds and securities of the institution, but contains 200 safe-deposit boxes of different sizes for the use of the public. The vault rests on a foundation of reinforced concrete, which furnishes a burglar-proof receptacle below for the books and private papers. Gas and electric



JAMES A. McCAFFERTY
 VICE-PRESIDENT GREENPOINT NATIONAL BANK,
 BROOKLYN, N. Y.

ing the two features alluded to belongs to the president.

The bank opened January 29, 1912, with deposits aggregating \$249,666.11 and in the very short time has been designated as a depository for the United States Govern-

ment postal funds, New York City funds and the Kings County court and trust funds, and the remarkable success already attained may be accepted as an indication of a more substantial record in the near



GEORGE H. ROWE

VICE-PRESIDENT GREENPOINT NATIONAL BANK,
BROOKLYN, N. Y.

future. The bank has a capital of \$200,000 and a surplus of \$100,000.

OFFICERS AND DIRECTORS.

George A. Morrison is a builder, with large realty holdings and an enviable reputation in municipal and civic affairs. He was born in Greenpoint and is well known throughout New York City.

James A. McCafferty is a prominent manufacturer of paints and a firm opponent to the White Lead Trust. He has an excellent record as a soldier of the War of the Rebellion, and is a trustee of the Greenpoint Savings Bank.

George H. Rowe was the last deputy comptroller of Brooklyn and has had thirty-five years' experience at newspaper work. He was president of the New York Press Club in 1905.

Walter Wilmurt is another product of Greenpoint and has had twenty-six years' experience in the banking business. He was raised, so to speak, in the old Seventeenth Ward Bank of Greenpoint.

The board of directors comprise the following gentlemen, who reside or do business in Greenpoint, and have been identified

with every movement for the improvement of that section: Bird S. Coler, banker; Edward F. Cook, vice-president Robinson Stoneware Co.; William Curtis, optician; John W. Dolan, superintendent American Manufacturing Co.; Conrad V. Dykeman, superintendent Prudential Insurance Co.; John A. Eckert, insurance; David E. Freudenberg, wholesale and retail liquors; Charles L. Gilbert, president Noah Clark, Inc.; George D. Hamlin, physician; John H. Hughes, manufacturer; James A. McCafferty, paint manufacturer; George A. Morrison, builder; Andrew N. Petersen, president Whale Creek Iron Works; Walter F. Ring, real estate and builder; George H. Rowe, former deputy controller of Brooklyn; Morris Salzman, president M. Salzman Co.; Julius Siegelman, lawyer; Fenwick B. Small, real estate; C. H. Tiebout, Jr., Gleason-Tiebout Glass Manufacturing Co.; John Trounstone, Greenpoint Metallic Bed Co.; William H. Whitney, Jr., president Colonial Works; Fred. C. Williams, advertising agent; Christopher W. Wilson, wholesale lumber; Walter Wilmurt, cashier.

The need of more banking facilities in



WALTER WILMURT

CASHIER GREENPOINT NATIONAL BANK,
BROOKLYN, N. Y.

Greenpoint is clearly demonstrated by the success attained by this bank. Accounts are invited on the basis of accommodation warranted by the character of business, financial responsibility and bank balances.

PROMISES TO BE GOOD

FOLLOWING is a copy of a letter sent to a bank in Syracuse, N. Y., by a depositor who had had some trouble in getting credit and became very contrite in consequence:

Syracuse, N. Y., March 29, 1912.

Dear Sir:

I fully understand that the line of credit which has been extended to me at the _____ Bank is upon the following terms and conditions:

1. The amount of credit, direct or indirect, is not to exceed \$300 at any one time, and I am not to apply for or ask for additional credit.

2. My balance at every minute of every day in the year is to be at least \$100 upon which I am not to receive or ask for any interest.

3. All paper discounted for me, whether my own or customers' paper, is to be endorsed by my wife _____.

4. All notes are to be paid in full at maturity and I agree to ask for no extensions or renewals of any note or any part there-

of. If any note is not paid at maturity I direct that it be charged to my account.

5. I am not to engage in any debates, arguments, or discussions with any officer or employee of the _____ Bank; I am not to talk in a tone of voice loud enough so that I can be heard more than five feet; I am to confine my conference with officials or employees of the bank entirely to inquiries whether it will discount certain paper, and to accept good naturedly its answer whether it be in the affirmative or the negative.

6. I understand that if I violate any of the above conditions, you have agreed to see that I get out of the bank on the day of the violation of my account, and I agree to cooperate with you in fulfilling your agreement if occasion should require.

7. I realize that you have stated to the officers of the bank that in your opinion I will prove to be a model customer, and my ambition is so to conduct myself in my relation with the bank that at the end of the year, its officials may voluntarily offer to double my line of discount. If they do not voluntarily offer to do so, I will not refer to the matter.

Very truly yours, _____

MONEY AND THRIFT

NOTWITHSTANDING the vast resources of wealth of the American people they do not as a whole enjoy the full benefits of their possession, largely because of a faulty monetary system that tends to the concentration rather than to the distribution of such wealth.

In this connection the suggestion is made by the New York Commercial, and it is entitled to weight, that France is worth studying in relation to our monetary problem—the most vexing one in divergence of opinion and slowness of solution with which we have yet had to contend. The French system has distributed wealth and fostered thrift throughout the masses of the people as has been the case in no other country.

As showing how plentiful money is in that republic, a recent offer of a sixty-million-dollar state railway loan brought out subscriptions amounting to almost two billion dollars. The people have been educated to invest in such securities, and the French plan of issuing bonds in small denominations has had much to do with it. This system has not been tried long enough in the United States to familiarize the small investor with it, but similar results should follow its adoption.

"Notwithstanding the large sums handled by our savings banks," says the Commercial, "the habit of saving and investing small

sums has not been acquired by the American people as a whole, and the number of those who have put money aside for a rainy day is much smaller in proportion to population than is the case in many other countries. Life insurance, it is true, takes its place to a considerable extent, but it does not meet all the requirements, and it should be supplemented by actually setting aside money for use in time of need and as a provision for old age."

France, as is well known by those who have made a close study of conditions there, is financially strong through the wide distribution of wealth and not through vast sums concentrated in a few hands. Funds are always available for any legitimate purpose because money is kept in the country by the small investor who cares little for the money markets of other countries and does not send his money where the rate is a little higher for the time being.

It is very much to be hoped that the present political campaign in this country will so completely eliminate issues which tend toward hysteria that after it is over the people can address themselves intelligently to the problem of establishing a financial system which will result in a more general distribution of wealth and to that extent encourage thrift among all the people, as in France.—*Exchange*.

BANKING AND FINANCIAL NOTES



The Branch
Our first President.

Merchants National Bank

RICHMOND, VA.

Capital \$200,000
Surplus & Profits over 1,000,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

Proposals for \$65,000,000 Corporate Stock.

Sealed proposals will be received by the Comptroller of the City of New York, at his office, No. 280 Broadway, until Tuesday, May 7, 1912, for the whole or part of the following interchangeable registered or coupon corporate stock of the City of New York, bearing interest at the rate of 4½ per cent. per annum, from and including May 7, 1912:

\$25,000,000 of corporate stock of the City of New York (for various municipal purposes), principal payable March 1, 1962, in-

terest payable semi-annually on March 1 and September 1.

\$20,000,000 of corporate stock of the City of New York, to provide for the supply of water, principal payable March 1, 1962, interest payable semi-annually on March 1 and September 1.

\$20,000,000 of corporate stock of the City of New York, for the construction of rapid transit railroads, principal payable March 1, 1962, interest payable semi-annually on March 1 and September 1.

The stock is sold under conditions fully explained in a circular issued by Comptroller Prendergast under date of April 20, 1912, in which particular attention is called to the fiscal facts shown in the accompanying table.

Merger of New York Banks.

Negotiations on the part of several large stockholders to bring about a merger of the Mercantile National Bank with the Irving National Exchange Bank have been completed. For the present it is intended to run the two banks separately. It is stated by the stockholders interested in this deal that Lewis E. Pierson, president of the Irving National Exchange Bank, will head the new institution.

Willis G. Nash, president of the Mercantile National Bank, authorizes the following statement:

"A controlling interest in the Mercantile National Bank has been purchased by Seth M. Milliken, its former president, F. W. Woolworth and their associates. The stock purchased constitutes the bulk of the Gould holdings, although Edwin Gould will continue a member of the board of directors.

"Present officers will remain with the bank in their existing positions, the only change in the status of the bank, other than stock ownership, being in the directorate, the following five new members having been elected: E. R. Stetinus, president of the Diamond Match Company; Mortimer B. Fuller, president of the International Salt Company; Carson C. Peck, vice-president of the F. W. Woolworth Company; Harry Balfe, of Austin, Nichols & Co.; and Frederick G. Lee, president of the Broadway Trust Company. Members of the old board who were

Assessed valuation of real estate subject to taxation, 1912	\$7,861,898.89 ⁰⁰
Bonds held by the public, January 1, 1912	\$744,037,580
Of which the following are self-sustaining:	
Rapid transit bonds	\$50,488,741
Dock bonds	78,000,000
Water bonds	65,250,000
Assessment bonds	21,455,620
Total	215,194,361
Balance carried by other revenues	528,843,219
Matured bonds paid, 1908, 1909, 1910 and 1911	49,578,100
Maturing bonds to be paid in 1912	13,114,192

SOOND BANKING



GOOD SERVICE

THE NEW YORK STATE BANKERS' ASSOCIATION

will hold its annual convention for 1912 in the City of Buffalo on June 13th and 14th. We will be glad to furnish information regarding the City's many attractions, neighboring points of interest, or such other details as may be desired by prospective visitors.

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BANK OF BUFFALO BUFFALO, N. Y.

Capital and Surplus, \$1,000,000

Total Resources Over \$10,000,000

ELLIOTT C. McDOUGAL, Pres't
JOHN L. DANIELS, Cashier
LOUIS C. OLDEN, Asst. Cashier

LAURENCE D. RUMSEY, Vice-Pres't
RALPH CROY, Asst. to the President
CHARLES D. APPLEBY, Asst. Cashier

re-elected are: William Skinner, Edwin Gould, W. H. Taylor, W. F. Carlton, Harold A. Hatch, Charles E. Perkins, Willis G. Nash, R. L. Beekman, Sidney Z. Mitchell, and Charles H. Imhoff."

Mr. VanTuyl has been in communication with the comptroller of the currency, and has said that the latter may put in operation such a system for the national banks.

Promotions in Fourth National of New York.

At a regular meeting of the board of directors of the Fourth National, Ernest W. Davenport, assistant cashier, and Charles E. Meek, assistant cashier, were elected vice-presidents. Charles E. Fox, chief clerk, Edwin T. Ross, credit inspector, and Raymond B. Cox, in charge of the transit department, were appointed assistant cashiers. Mr. Cox is president of the American Institute of Banking and his advancement in the field of banking has been rapid. A few months ago he was called to New York from the First National Bank of Baltimore, where he was serving as auditor. It was there that he gained his banking experience.

Added to Board of Aetna National Bank of New York.

Rollin P. Grant, vice-president of the Irving National Exchange Bank, has been elected to the board of directors of the Aetna National Bank, which will occupy the present quarters of the Irving when that institution moves to the new Woolworth building at Broadway and Park Place. Beginning April 2, the capital and surplus of the Aetna National will be \$1,000,000.

Credit Bureau for New York State Banks.

A credit bureau has been established in the office of the state banking department by Superintendent VanTuyl, which will help to keep out of banking assets such paper as has been a conspicuous feature in the liquidation of several local institutions. The new system is a card index, on which every loan of \$5,000 or over is recorded under the name of the individual to whom it is made. The assets of the borrower are also recorded on the card. In this way the department can determine at a glance the loans made to any borrower by state banks, and should these show any excess over his assets, it can notify the bank to decrease the loans made to the individual. The information is strictly confidential, and no one has access to it save the state superintendent.


Record Issue of New York City Bonds.

The New York City sinking fund commission has authorized the issue of corporate stock of the city to the amount of \$65,000,000, to run for fifty years at 4 1/4 per cent. interest. Of the total \$20,000,000 is for subway construction, \$20,000,000 for the Catskill aqueduct water bonds and the remaining \$25,000,000 for general purposes. This is the largest issue of New York City corporate stock ever authorized at one time. The largest previous amount was \$60,000,000. City Comptroller Pendergast will receive sealed bids till May 7 for the new issue.

Big Gain by the Guaranty Trust Co. of New York.

The net deposits of the Guaranty Trust Company of New York, as exhibited in their statement of March 21, amount to over \$178,000,000. This total is the largest ever reported by an American trust company, and is a gain of \$22,000,000 over the

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Strength, Location
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the Entire
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Capital
\$300,000

Surplus and Profits
\$1,385,000

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J. J. MONTAGUE
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RICHARD H. SMITH
 Vice-President and Cashier

R. LATIMER GORDON
 Assistant Cashier

CONWAY H. GORDON
 Assistant Cashier

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 the Carolinas**

figures reported by this company on the occasion of the last previous call, December 21, 1911.

Compared with the figures of the corresponding statement a year ago, there is shown a gain of over \$45,000,000 or 34 per cent. in twelve months. This is a gratifying increase over the growth of the company during 1910, which amounted to \$31,000,000 or about 25 per cent. during that year.

The total resources of the Guaranty Trust Company are considerably in excess of \$225,000,000.

Washington Trust Co. of New York.

David M. Morrison has retired as president of the Washington Trust Company of New York but remains as chairman of the board. He had been at the head of the company since its organization. He is succeeded in the presidency by Francis H. Page, who has been vice-president; M. S. Loft, secretary, was made vice-president; G. W. Toerge was chosen secretary, and S. W. Whitton and T. T. Sturges, Jr., were appointed assistant secretaries. Roswell Eldridge was elected a member of the executive committee, and John J. Pulleyn, comptroller of the Emigrant Industrial Savings Bank, was elected a director of the company. Mr. Page, like Mr. Morrison, started with the company with its formation in 1889. He first officiated as secretary, then as second vice-president and subsequently became vice-president.

New York Personals.

Frank L. Hilton, formerly secretary of the Trust Company of America, has been appointed an assistant cashier of the Merchants' National Bank.

F. B. French, formerly president of the Twelfth Ward Bank, which was merged last year with the Fourteenth Street Bank (now the Security Bank of New York) has been appointed assistant secretary of the Mutual Alliance Trust Co., in charge of the Lenox Avenue office. Edwin A. Seasongood, of the banking firm of Seasongood

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HOLYOKE, MASS.



& Haas, 100 Broadway, has been elected a director of the trust company.

H. B. Hollins has been elected a director of the Century Bank of this city.

F. Borgemeister, formerly of New Orleans, has become manager of the foreign department of the National Bank of Commerce in New York.

William A. Jamison, of Arbuckle Bros., has been elected to succeed the late John Arbuckle as a director of the Importers' & Traders' National Bank.

Chelsea Exchange Bank of New York Increases Capital.

The proposition to increase the capital of the Chelsea Exchange Bank of New York from \$200,000 to \$400,000, was ratified by the stockholders on Wednesday. As heretofore announced, the new stock is offered to the stockholders at \$150 per share, a stock dividend of 25 per cent. has been declared out of the surplus. With its increased capital the bank will also have surplus and profits of \$200,000.

CHICAGO AND VICINITY

(Office of *The Bankers Magazine*, 115 South LaSalle Street.)

Another Bank Consolidation.

Two more large Chicago banks recently have consolidated their interests—the Prairie State and the Central Trust Company of Illinois—under the name of the latter institution. The new arrangement will give to the Central Trust a total of \$43,338,786 in deposits, making it fourth in size among Chicago's state banks, and seventh among the seventy-odd banks in the city. Of this

amount \$7,772,091 represents the deposits of the absorbed institution. One of the most potent factors entering into the consummation of such an arrangement upon the part of the Central Trust was the fact that the savings deposits of the Prairie State amount to \$5,571,403. It is proposed to increase the capital stock of the Central Trust \$1,000,000 in order to finance the deal. This will bring that item up to \$4,500,000. George Woodland, president of the Prairie State, together with C. B. Scoville, will represent on the board of directors the interests of the depositors of that bank. Mr. Woodland also will become chairman of the advisory committee; Fred B. Woodland will become a vice-president in charge of the savings department. The Central Trust now represents a consolidation of the following institutions: Royal Trust Company, Commercial Loan and Trust Company, Metropolitan Trust and Savings Bank, Monroe National Bank, Western Trust and Savings Bank, Prairie National and Prairie State, and the rumor is that the end is not yet in sight. The Central is destined, Chicago bankers believe, to become a bank of the very first rank in both size and influence at this important center.



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Capital	-	-	\$300,000.00
Surplus and Profits	-	-	390,000.00
Deposits	-	-	5,800,000.00

A. D. BISSELL, President
C. E. HUNTLEY, Vice-President
E. J. NEWELL, Cashier
HOWARD BISSELL, Asst. Cashier
C. G. FEIL, Asst. Cashier

Capital - \$6,000,000

Surplus - \$6,000,000



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and City of New York

The Mechanics and Metals National Bank

OF THE CITY OF NEW YORK

GATES W. MCGARRAH, President.
ALEXANDER E. ORR, Vice-President.
NICHOLAS F. PALMER, Vice-President.
FREDERIC W. ALLEN, Vice-President.
FRANK O. ROE, Vice-President.

WALTER F. ALBERTSEN, Vice-Pres.
JOSEPH S. HOUSE, Cashier.
ROBERT U. GRAFF, Asst. Cashier.
JOHN ROBINSON, Asst. Cashier.
CHARLES E. MILLER, Asst. Cashier.

John Burnham & Co.

As soon as alterations are completed, John Burnham & Co. will move their offices to the New York Life Building.

The First National Dividend.

The directors of The First National Bank of Chicago have declared the regular quarterly dividend of three per cent. and a special dividend of $1\frac{1}{4}$ per cent., payable March 30. The special dividend was in place of the usual disbursement on the stock of the First Trust and Savings Bank, on which no dividend was declared. The management of the combined institutions has decided to discontinue dividends on the stock of the trust company, at least temporarily, for the purpose of strengthening the reserve, making up for this by paying extra dividends out of the earnings of the national bank, sufficient to bring the total disbursement up to seventeen per cent.

La Salle Street National.

The vindication of the reputation of Senator Lorimer at the hands of the senatorial

committee appointed to try him seems to have been a potent influence in boosting the price of the stock of the LaSalle Street National, and of which Senator Lorimer is president. It is said that the stock has advanced twenty-five points since the announcement of the finding of the committee.

"Shall Illinois Supervise all Banks?" was the topic announced by the ways and means committee of the Chicago Association of Commerce for the noon-day meeting which was held at the LaSalle Hotel on April 10. The principal speakers were President B. F. Harris of the Illinois Bankers' Association and Vice-President W. T. Abbott of the Central Trust Company.

There was a very large attendance to hear these gentlemen and those present showed a deep interest in the subject under discussion. Chicago recently has had a number of most exasperating total private bank failures which have drawn public attention to the subject in a way which ought to be productive of a reform movement.

Mr. Harris as president of the association has had replies from more than one thousand bankers in the State of Illinois, and including all of the privates who care to vote against it, the vote in favor of supervision over all forms of banking in Illinois stands to-day seventy-five per cent. in favor. In the first 850 votes recorded it was eighty-one per cent. in favor. The second letter, however, brought out 150 more replies practically all from private bankers, which reduced the per centage to seventy-five in favor.

What will astonish the opponents of bank supervision is that forty-two per cent. of all private banks voting voted in favor of it. The talk in the past has been that all of the private bankers were opposed to it and that they were supported in this by a majority of the incorporated institutions. The vote taken by Mr. Harris was taken in writing and must stand as the actual record of conditions in the State. Three-

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quarters of all the bankers are in favor of supervision and almost half the private bankers favor it also.

Northern Trust Company Buying Paper.

Among Chicago bankers a recent development that is talked of with interest is the entrance of the Northern Trust Company into the commercial paper field. Until recently the bank made no loans that were not secured. Buying of commercial paper, of course, gives a bank an outlet for its funds that a strictly collateral market does not always furnish and, if the paper is well selected, does not involve any more risk. The Illinois Trust is now the only one of the larger banks that adheres to the policy of making no loans that are not secured.

Chester A. Bush, who has been in the employ of the Northern Trust Company for the past ten years, has been appointed auditor of the Harris Trust and Savings Bank.

Attractive Bond Offering.

Greenebaum Sons Bank and Trust Company are offering \$5,000,000 worth of bonds of the Mortgage Bond Company of New York. The offer is made in connection with Ladenburg, Thalmann & Co. of New

York. The bonds are secured by mortgages on improved real estate in nineteen cities. They are selling at par, and application will be made to list them.

Pamphlet Issued by the Harris Trust.

"Why Bonds are Safe Investments" is the title of a pamphlet recently issued by the Harris Trust and Savings Bank. It describes in a lucid manner the points to be considered by one who is investing his surplus funds.

Prominent Bankers Return From Vacations.

President George M. Reynolds of the Continental and Commercial National, has returned from a two months' vacation in California in the best of health. He will attend the executive meeting of the A. B. A. at Briarcliff Manor, on the Hudson, May 6.

W. T. Fenton, vice-president of the National Bank of the Republic, and Howard H. Hitchcock, who occupies the same position with the First National, recently have returned from vacation trips—Mr. Fenton from California and Mr. Hitchcock from the South. Mr. Fenton reports a general appearance of prosperity in California.

Capital - \$2,500,000.00

FIRST
NATIONAL
BANK

Deposits, \$32,000,000.00

CLEVELAND, OHIO

Surplus and Profits - \$1,545,000.00

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Correspondence Invited

Collections a Specialty

Chicago Personals.

David R. Forgan, president of the National City Bank, will address the Associated Advertising Clubs of America at their annual convention in Dallas, May 19-23 on "The Asset Value of Advertising."

Continental and Commercial National officials have organized the Brookfield State Bank at Brookfield, and will open it April 6. John F. Hein is president. Directors include Vice-Presidents Van Vechten and Chapman of the Continental and Commercial.

Nelson N. Lampert, vice-president of the Fort Dearborn National Bank, will be unable to make the trip to Briarcliff to attend the sessions of the executive council of the American Bankers' Association. On May 2 he will leave Chicago for Los Angeles, as a representative to the Imperial Council, Nobles of the Mystic Shrine, who will hold a convention in that city. He will be accompanied by Mrs. Lampert. Mr. Lampert is a thirty-third degree mason. He is past master of the Garden City Lodge, No. 141, A. F. & A. M.; member York Chapter, No. 148, R. A. M.; Tyrian Council, No. 78, R. & S. M., Past T. I. M.; Apollo Commandery, No. 1, K. T., Past E. C.; Oriental Consistory, S. P. R. S.; and past potentate, Medinah Temple, A. A. O. N. M. S.

Duncan G. Bellows, a former debater and active member of the Chicago Chapter, A. I. B., is cashier of the First State Bank of Zion City. He shows deposits in his last statement of \$143,129.90.

Chicago Chapter, A. I. B.

By R. M. Coleman.

Politics will make its appearance in the Chicago Chapter about the first of May, and will gradually grow hot until cooled by the results of the election, which will be held the latter part of the month. About one month is given over to politics, and even this does not interrupt the educational work.

At all times the chapter is busily engaged

in educational work, entertaining occasionally by having a Ladies' Night; also vaudeville smokers and the like are given every so often.

For the meeting of March 5, the chapter had excellent luck in securing Hon. Joseph H. Fitch, judge of Superior Court, Cook County. Judge Fitch spoke at length on the important subject of special assessments. At the close of his speech the judge was very busily engaged answering questions pertaining to special assessments

New Oak Park State Bank.

The stockholders of the New Oak Park State Bank recently met and elected a full board of directors, who immediately chose the following officers: E. C. Amling, president; James Harper, vice-president; H. N. Leadaman, cashier. The directors are John J. Arnold, James Harper, E. C. Amling, R. W. Menke, C. F. Dreschler, Arthur Lowey, H. N. Leadaman and E. E. Andrews. The bank is expected to open for business very shortly.

W. A. Shepard.

W. A. Shepard, formerly with the Northern Trust Company of Chicago, has arrived in Spokane and accepted the position of auditor in the Union Trust & Savings Bank. Mr. Shepard was in the trust department of the Northern Trust Company, and his experience in Chicago will no doubt make him a valuable acquisition to the already capable staff of the Union Trust & Savings.

Franklin Trust and Savings Opens.

The Franklin Trust and Savings Bank opened for business in the new building on the northeast corner of Thirty-fifth street and Michigan avenue, Monday, April 8. Its capital is \$250,000, and surplus \$50,000.

Among the directors are the following well-known men: Charles G. Dawes, president Central Trust Company of Illinois; Maurice L. Rothschild, clothing; Gustav

The Union National Bank

CAPITAL \$1,600,000

Cleveland, O.

SURPLUS \$900,000

GEO. H. WORTHINGTON, President

E. R. FANCHER, Vice-President

G. A. COULTON, Cashier

W. C. SAUNDERS, Asst. Cashier

W. E. WARD, Asst. Cashier

E. E. CRESWELL, Asst. Cashier

Q Organized in 1884. More than twenty-five years of service back of us. May we be of use to you?

Freund, S. Oppenheimer & Co.; Harrison B. Riley, president Chicago Title and Trust Company; William F. Woodruff, president Rockford (Ill.) National Bank; Joseph E. Otis, vice-president Central Trust Company of Illinois; Simon W. Straus, president S. W. Straus & Co.; S. J. T. Straus, secretary and treasurer, S. W. Straus & Co.; and Edgar F. Olson, cashier.

The stock of the new institution was sold at 130, and was oversubscribed. A large volume of deposits has been promised the bank at its opening, and it is expected to play a large part in the business activities of the south side of Chicago.

The bank will do a general banking business, having both savings and checking departments; the trust department will be instituted later. Loans will be made on satisfactory security and real estate first mortgages and first mortgage bonds will be sold to investors. The foreign department will be a feature, letters of credit being bought and sold. Safety deposit vaults, built of chrome steel and concrete, in the most modern fashion, will be a special feature of the bank. Boxes will rent from \$3 a year upward.

Simon W. Straus, president of the new bank, is president of S. W. Straus & Co., mortgage and bond bankers, Straus Building, and S. J. T. Straus, its vice-president, is secretary and treasurer of the same institution. Mr. Olson, the cashier, has had a long experience in banking in Chicago. He was assistant cashier of the Englewood National Bank for twelve years, and later was vice-president and cashier of the Mutual Bank. David S. Davis, who was assistant cashier of the Prairie Trust and Savings Bank before its consolidation with the Central Trust Company of Illinois, has been appointed assistant cashier. The stockholders of the institution include many men of large financial responsibility.

Another Bank Opens.

The Suburban Trust and Savings Bank, South Oak Park avenue and Congress

street, Oak Park, Ill., opened its doors for business at 7:30 a. m., April 4. The bank is located in a new building comprising seven stores, six flats and five offices, the building to be known as the Suburban Trust Building. The banking room is 25 by 50 feet, has a beam ceiling, tile floor and mahogany fixtures. The vault is of steel and concrete construction, and is second to none, for strength and safety, in the United States.

The bank has a capital of \$100,000, and a surplus of \$25,000. The officers and directors are all high-class men. George A. Critton, the president, is a member of the firm of Dyrenforth, Lee, Critton & Wiles, attorneys, and is, and has been for many years, president of the board of education of Oak Park; John M. Duryee, the cashier, was associated for many years with the Prairie State Bank of this city.

The directors are as follows: Frederick C. Ebinger, president Paris Fashion Company; Henry P. Magill, of Henry P. Magill & Co., fire insurance; Benjamin A. McBurney, physician, Oak Park and Austin; William H. Rattenbury, president United Electrical Construction Company; Arthur D. Rehm, secretary Phoenix Foundry Company; George Tough, vice-president Buller & Young Grain Company, and George A. Critton. The bank is intended to serve the interests of the inhabitants of South Oak Park.

Illinois Group Meetings.

Group 6, Illinois, will meet at Tuscola on June 7. A program which will be of interest to farmers is being arranged. Preparation is being made to give agricultural subjects an important place on the program. J. M. Hurst, assistant cashier of the National Bank of the Republic of Chicago, and chairman of Group 4, is at present engaged in the preparation of a program to be given at a meeting of that group to be held at Yorkville, probably on either June 11 or 13.



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D. R. FRANCIS, Vice-President	E. B. CLARE-AVERY, Assistant Cashier
A. L. SHAPLEIGH, Vice-President	J. P. BERGS, Assistant Cashier
GEO. E. HOFFMAN, Cashier	D. A. PHILLIPS, Assistant Cashier
L. K. WISE, Assistant Cashier	

The Merchants-Laclede National Bank

OF ST. LOUIS

Capital - - - - -	\$1,700,000.00
Surplus and Undivided Profits	\$1,850,000.00

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BOSTON NOTES

American Trust Co., Boston.

Hon. Arthur B. Chapin, who recently became vice-president of the American Trust Co. of Boston, goes to that institution unusually well equipped, having been Massachusetts Bank Commissioner for three years, during which time the affairs of that office were exceptionally well administered.

During Mr. Chapin's incumbency of the latter office he was a member of three important commissions, including the commission to appraise the assets of the New York, New Haven & Hartford Railroad Co. He was also a member of the Homestead Commission for investigating the matter of building cheap homes for workingmen, and the commission appointed to investigate the laying of a five-mill tax on personal property in Massachusetts.

Mr. Chapin was born in Willimansett, Mass., in 1868, was educated in the Holyoke schools, prepared for college at Phillips Academy, Andover, where he was graduated in 1887, entered Amherst College and was graduated in 1891. After two years with the Youth's Companion he studied law with his father, Judge Chapin of Holyoke, and was admitted to the Hampden County Bar in 1895. He was city solicitor of Holyoke in 1896 and was subsequently elected for

six successive terms as a Republican mayor of Holyoke, a Democratic city, through his personal popularity and public confidence in his administration.



ARTHUR B. CHAPIN

DIAMOND
NATIONAL
BANK

DIAMOND NATIONAL BANK

PITTSBURGH, PA.

OFFICERS

WILLIAM PRICE, President
D. C. WILLS, Cashier W. O. PHILLIPS, Asst. Cashier

Capital - - \$600,000.00
Surplus and Undivided Profits 1,622,179.96

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when selecting a
Reserve Agent
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Bankers, Corporations,
Firms and Individuals cordially
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WRITE

For five years he was State Treasurer of Massachusetts. He is also a member of the board of trustees of the Boston Five Cents Savings Bank, the second largest in the United States in number of depositors.

Before becoming Bank Commissioner Mr. Chapin was also a member of the committee of three which suggested to the State Legislature of 1908 numerous changes for the betterment of the state savings bank laws, which were subsequently adopted.

The American Trust Co., of which Mr. Chapin becomes vice-president, is one of Boston's important trust companies, with capital, surplus and profits of \$3,200,000 and deposits of \$17,600,000.

The Cosmopolitan Trust Company of Boston, which recently began operations, was incorporated last fall. It has a capital of \$200,000 and surplus of \$100,000. It is located in its own building, a three-story structure, which it occupies exclusively. In line with the cosmopolitan character which it has assumed, the company will cater to all nationalities, sixteen languages being spoken by its officials and employees. The officials of the institution are Silas Pierce, president; Max Mitchell, vice-president; Arthur L. Potter, treasurer, and Horace E. Hildreth, secretary.

The Mutual National Bank of Boston has moved into new quarters at 40 State street in the Union Building. The bank was organized December 2, 1909, and has been growing steadily, necessitating larger quarters. It has a capital of \$200,000 and deposits (Feb. 20) of \$1,474,792. The officers are: C. H. W. Foster, president; Edmund D. Codman and Walter S. Crane, vice-presidents; William H. Stickney, cashier, and Charles D. Buckner, assistant cashier.

Frederick H. Payne has resigned as vice-president of the Federal Trust Co. of Boston to become treasurer of the Greenfield

Tap & Die Co. He will continue on the board of the trust company.

Frederick C. Waite has been appointed assistant cashier of the Merchants' National Bank of Boston.

Charles P. Blinn, Jr., is vice-president of the National Union Bank of Boston, was elected secretary of the Boston Clearing-House Association at the annual meeting. He succeeds Arthur W. Newell, president of the Fourth National Bank, who declined re-election. In the report submitted by Manager C. A. Ruggles, exchanges for the year of \$8,554,907,066 were shown, as compared with \$8,152,512,675 the previous year—a gain of \$402,334,391. The balances increased \$16,543,119, reaching a total of \$525,512,522. The deposits of the national banks of this city have grown during the year from \$275,248,000 to \$291,048,000, while the deposits of the trust companies have risen from \$201,923,000 to \$225,931,000.

Sixth National Bank of Philadelphia.

John P. Wilson, for several years a member of the board of directors of the Sixth National Bank of Philadelphia, and a vice-president since January, 1911, has been elected president to succeed the late William S. Emley. Daniel Baird, cashier and an attache of the bank from early boyhood, has been elected vice-president to take the place of Mr. Wilson.

NEWS FROM PITTSBURGH.

At a meeting of the board of directors of the Marine National Bank of Pittsburgh, held March 21, C. E. Braun, teller of the bank, was promoted to the office of assistant cashier.

The Exchange National Bank of Pittsburgh announces the election of F. Gorton Wattles, as assistant to F. M. Pollard in its new business department, taking effect April 1.

An interesting anniversary was celebrated on April 11, when the Pittsburgh Bank for Savings completed the first half century of its existence. The institution was founded April 11, 1862, that being the date of its incorporation. The name of the bank at that time was the Dime Savings Institution of Pittsburgh. It began business at what was then 110 Smithfield street, near Fifth avenue. As business increased it moved several times, and located permanently in 1901 in its present edifice at Smithfield street and Fourth avenue. This was one of the first skyscrapers to be erected in the city. It is 12 stories high and fireproof throughout.

While the growth of the bank has been consistent throughout its career, its greatest development has taken place in its recent history, dating from 1897, when James S. Kuhn became president and William J. Jones its secretary and treasurer. Its other officers are William S. Kuhn and L. M. Plumer, vice-presidents, and A. N. Voegtly, assistant secretary and treasurer, all of whom are trained and successful bankers and business men. The bank's deposits are close to \$16,000,000 and its resources \$17,000,000. The capital stock is \$600,000 and surplus and profits are almost \$500,000

Temporary Removal of Union Trust Co.

On April 5, all departments of the Union Trust Co., excepting the safe deposit department, were removed to 315 Fourth avenue, pending extensive alterations to the bank's permanent home. These changes will provide proper facilities for the splendid growth of business that the company has had in the past year. The Union Trust Company will be able to return to its remodeled home by July 1.

Banquet Beaver County (Pa.) Clearing-House Association.

Raymond B. Cox, president of the American Institute of Banking, was one of the principal speakers at the fourth annual banquet of the Beaver County Clearing-House Association, held in the Tamaqua Club, Beaver Falls, Pa., on the evening of March 14.

The out-of-town guests were J. D. Ayres, vice-president of the Bank of Pittsburgh; R. J. Davidson, vice-president of the Columbian National Bank; J. F. W. Eversman, cashier of the German National Bank,

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of Pittsburgh; Frank F. Flood, assistant cashier of the Peoples National Bank of Pittsburgh; H. W. Loos, assistant cashier of the Federal National Bank, of Pittsburgh; W. C. Lowrie, cashier of the Columbia National Bank, Pittsburgh; Brown A. Patterson, assistant cashier of the Second National Bank, Pittsburgh; W. W. Ramsey, vice-president of the Third National Bank of Pittsburgh; C. A. Sweader, of Pittsburgh, publisher of "Money," and C. L. Werner, assistant cashier of the Duquesne National Bank, Pittsburgh.

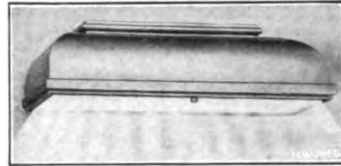
The credit for the success of the banquet is due to W. W. Potts, Geo. L. Hamilton and John H. Mellor, the committee in charge.

Annual Meeting of District of Columbia Bankers.

At the annual meeting of the District of Columbia Bankers Association, held April 12, the following officers were elected for the ensuing year: H. H. McKee, cashier National Capital Bank, president; B. F. Saul, president Home Savings Bank, first vice-president; George E. Fleming, vice-president Union Trust Company, second vice-president; John Poole, cashier Com-

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mercial National, secretary; Albert S. Gatley, cashier Lincoln National, treasurer. The members of the newly elected Council of Administration are: C. J. Bell, American Security and Trust Company, Andrew Parker, Washington Loan and Trust Company, W. T. Galliher, American National, and A. K. Parris, Crane, Parris & Company.

A. G. Clapham, president of the Commercial National of Washington, was elected a delegate to the American Bankers' Association convention, which is to be held in Detroit in September. George W. White, of the National Metropolitan Bank, was elected alternate to the convention, and was also unanimously nominated for vice-president of the American Bankers' Association, to succeed Mr. Clapham at the expiration of his term of office. The president appointed a committee to call upon the Secretary of the Treasury to arrange for the tax money to be deposited in the banks of that city.

Another Institute Man Promoted.

Mr. E. K. Satterlee, who for the past seven years has been connected in various capacities with the Guaranty Trust Company of New York, has been appointed a national bank examiner. Mr. Satterlee has

been conspicuous as an active worker in New York Chapter for several years, and at the time of his appointment held the position of Chapter Consul for the Guaranty Trust Company. The success which has come to Mr. Satterlee in this appointment, while largely due, of course, to the experience he gained in the various departments of the Guaranty Trust Company, has been largely influenced by the training which he has received in New York Chapter of the American Institute of Banking, and his appointment is but another evidence of the kind of work which the Institute is accomplishing.

Central National Bank, Battle Creek, Mich.

The capital, surplus and resources of the Central National Bank of Battle Creek, Mich., have been materially increased by the voting of \$100,000 new capital and \$100,000 of new surplus. This institution now has a total capitalization of \$300,000, a surplus of \$150,000 and resources of \$4,500,000.

First National of Minneapolis Buys German Bills.

The First National Bank of Minneapolis has bought treasury bills of Germany

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amounting to \$200,000. They are short-term, bearing four and one-half per cent. interest. It is a new thing for Minneapolis banks. "The purchase was made on a basis making it possible for the bank to get the money promptly, practically a call loan," said Vice-President C. T. Jaffray.

Minnesota Loan and Trust Issuing Household Expense Book.

The Minnesota Loan and Trust Company has published a household expense book which is proving as popular as its savings bank envelope. All through the book, stares one in the face, "Save a definite amount each week or month. Deposit before you spend it." A little sermon entitled "Systematic Saving" is the first thing the wife or the husband sees when he or she opens the book. The householder is advised to make a definite allowance for saving and stick to it and start a savings account. To play safe the first column in the expense account reads: "Deposited with the Minnesota Loan and Trust Company" and the last, "Balance for deposit with—". Fourteen columns are provided for the various classes of expenditure.

Form A. I. B. Chapter.

Clerks of the different banks of Fargo, N. D., and Moorhead, Minn., located opposite, have formed a chapter of the American Institute and anticipate conducting a course of lectures and studies in the various works of banking. The chapter will hold frequent meetings, and is expecting to create a wide interest. A similar chapter will also probably be formed at Grand Forks, N. D., a few miles north of Fargo.

Des Moines Bank Celebrates Fortieth Anniversary.

The Citizens National of Des Moines observed its fortieth birthday near the end

of March. Its charter has been renewed, and it has started another lap of successful existence. J. G. Rounds, the present president of the institution, opened the first set of books as assistant cashier. A year later he was made cashier, and was in that position for twenty-one years when he was chosen president. The bank has made a consistent growth, and is accounted one of the strongest institutions in Iowa.

Woman Bank President Dead.

Until her death recently, Mrs. Mary Cotton was president of the Citizens State Bank of Sabetha, Kansas. She had been in the banking business for many years, and left an estate valued at more than \$300,000. By the terms of her will, Sabetha is to have one of the finest libraries in the State of Kansas. Mrs. Cotton willed her handsome residence and grounds, her private library and \$3,000 in cash to the city for a free public library. Mrs. Cotton was not only the first woman bank president in Kansas, but she was one of the first women bankers in the United States and was unusually successful.

A Bank Merger of Twenty-five Millions.

The directors of the First National of Denver and of the Capitol National of Denver have announced the consolidation of the latter with the former institution. By the consolidation the First National increases its capital stock to \$1,250,000, and its surplus to the same amount, which will make it one of the largest banking institutions in the West. The combined resources will total twenty-five millions.

Emerson C. Ellett, formerly assistant cashier of the Capitol National, has accepted a similar position with the United States National. Mr. Ellett was for twelve years teller of the National Bank of Commerce, which was consolidated with the United States National, about three years ago. He resigned from that position to



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EDGAR G. ALCORN
Author
of Course

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accept the position of paying teller at the Capitol National at the time of its organization, ten years ago. After filling that position for four years he was promoted to the assistant cashiership, which position he held until the purchase of the business of the Capitol National by the First National last week.

Kansas Bankers' 25th Anniversary.

The forthcoming convention of the Kansas Bankers' Association, to be held at Topeka, May 23 and 24, will be the twenty-fifth in its history and the occasion will be made somewhat in the nature of a quarter centennial anniversary—at least some of its features will be appropriately so marked.

Aside from the usual set addresses in the opening session, the convention will be addressed by William Livingstone, president of the American Bankers' Association, Detroit. His address is entitled, "Banks as Factors in the Development of a State." An historical paper will be presented by Geo. W. Martin, secretary of the State Historical Society for Kansas, under the title, "A Chapter from the Archives." Hon. J. N. Dolley, Bank Commissioner of Kansas, will speak on "Departmental Regulations"; W. J. Burns will speak of "Modern Protection for Banks," and Judge C. E. Lobdell of Great Bend, Kansas, will discuss a series of practical legal questions.

Professor J. Lawrence Laughlin of the University of Chicago will conduct the study for the greater part of one half-day session on currency reform. In the afternoon of the second day a general discussion will be conducted by one of the members, involving a number of legislative questions. Professor W. E. Higgins of the law department of the University of Kansas will speak of "Reforms in Court Procedure and Administration of Justice." B. F. Harris, president of the Illinois Bankers Association will conduct an hour set apart for the consideration of the "Movement Among Bankers' Associations to Promote Agriculture, Education and Development."

On Thursday evening, May 23, the bankers of Topeka will present an entertainment at the Grand Opera House complimentary to all visiting bankers and guests. The annual meeting of the Building and Loan Section will be held during the sessions of this convention, and also a special

meeting of all the ladies in attendance in the forenoon of Friday, May 24. The program for the Building and Loan Section and the ladies will soon be prepared, but as yet are not quite ready to be announced.

The convention season will really open in an informal reception at the building of the Young Women's Christian Association on Wednesday evening, May 22. The convention throughout will be held in Representative Hall.

Leaves Commerce Trust Co. of Kansas City.

J. C. Simpson, assistant secretary of the Commerce Trust Company, tendered his resignation at a meeting of the board of directors. J. D. Rising, chief clerk of the Southwest National, and Townley Culbertson, manager of the real estate loan department of the Commerce Trust Company, were elected to take his place, as the growing business of the bank demands two secretaries instead of one. Mr. Simpson's resignation is to take effect April 1. He then will begin his duties as president of the Security State Bank, which was opened at Thirty-ninth street and State Line, February 20.

Sacramento Bank Changes.

J. M. Henderson, Jr., cashier and manager of the Sacramento Bank, has secured, through the purchase of stock of A. Bonnheim and George J. Bryte, a controlling interest in the Fort Sutter National. Bonnheim and Bryte purchased this control from A. L. Darrow. The Fort Sutter National will be continued as a strictly commercial bank. Several changes will be made. H. W. Conger, of the Sacramento Valley Trust Company, will be cashier and George S. Bullock, of the Citizens Bank, of Oak Park, will be assistant cashier.

Wm. A. Day, Former President San Francisco Chapter, A. I. B.

In 1897 Mr. Day entered the Bank of California in the usual capacity of messenger and worked in that office for some years. In 1907 he went to the Mechanics Savings Bank of San Francisco as an assistant cashier and was there until that

bank was purchased by the Bank of Italy in 1910. His next position was with the Savings Union Bank & Trust Company, where he had charge of their new commer-



Wm. A. Day

FORMER PRESIDENT SAN FRANCISCO CHAPTER, AMERICAN INSTITUTE OF BANKING; ASSISTANT CASHIER SAVINGS UNION BANK OF SAN FRANCISCO.

cial department. In December, 1911, he was made an assistant cashier of this bank. Mr. Day was one of those interested in organizing the San Francisco Chapter of the American Institute of Banking. This was in 1903. He has been president of the chapter since 1910 and was one of those present at the 1903 convention of the Institute in Cleveland, Ohio. Mr. Day has taken a particular interest in the educational work and has done much in mapping out the different courses of the chapter.

San Francisco Chapter, A. I. B.

Thomas G. Spillane, of the Bank of California, was elected president of the San Francisco Chapter, American Institute of

Banking, at the annual election recently. M. R. Clark, of the First Federal Trust Company, was elected vice-president, and William A. Marcus, of the Savings Union Bank and Trust Company, was elected secretary and treasurer. The chapter also elected six members of the Board of Governors and eight delegates to the annual convention to be held in Salt Lake City. The members of the chapter then listened to an address by the Hon. Duncan McKinley on the Panama Canal and to a brief outline of the purpose of the National Citizens League by Secretary Charles Musaus.

Speedy Work on Adding Machines.

W. A. Stuart of the Central National Bank of Oakland won first place in the annual adding machine contest directed by the Oakland Chapter of the American Institute of Banking. His time for adding 150 checks was two minutes, 38 seconds. P. E. Jacobus of the Oakland Bank of Savings and W. S. Quan of the First National Bank were second and third, respectively. Arrangements are now being made for an inter-city contest with a team of three from the San Francisco Chapter.

Memphis Bank Merger.

Arrangements are being completed in Memphis, Tenn., for a merger of the State National, the Central Bank & Trust Company and the United States Savings & Trust Company. The combination will op-

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erate as two institutions owned by the same stockholders, to be called Central State National, and Central State Savings & Trust Company. The combined capital and surplus of the new institutions will be \$1,350,000, with deposits of about \$6,500,000. N. C. Perkins, president of the Central Bank & Trust Company, will be president of the new institutions, which will be the largest banking unit in Memphis. M. G. Buckingham, cashier of the State National, was active in the negotiations and will be prominent in the new bank.

Annual Banquet, Richmond Chapter,
A. I. B.

By Miss Eleanor Montgomery.

At the annual banquet of the Richmond Chapter, American Institute of Banking, held in the Jefferson Hotel on the evening of March 23, Secretary Charles Nagel, of the Department of Commerce and Labor, addressed the hundred and forty members of the chapter and as many more visitors and invited guests, on "Constructive Legislation."

Practically the entire banking colony of the city, from runner to president, was in the Jefferson auditorium, when Thomas B. McAdams, the toastmaster of the evening, introduced the first speaker, Col. John B. Purcell, whose subject was "The Young Man in Banking."

Raymond B. Cox, president of the American Institute of Banking, was the second speaker and took for his theme an outline of the institution he represented, dwelling upon the educative influence of the American Institute of Banking upon bank employees, and the manner in which it is operated to increase the dignity of the calling, and in producing a higher type of banker.

Joseph C. Taylor discussed "The Outsider's View of Banking," dwelling in a humorous vein on discounting as it is done,

from the standpoint of one who was on "the outside looking in."

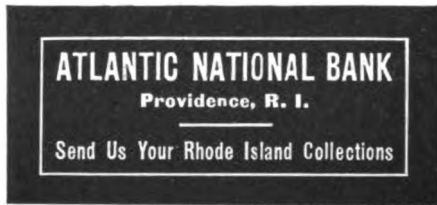
Mr. Nagel urged the enactment of Federal laws in conformity with which industry may organize, and once organized, he insured the degree of security which is vital to all big business. He said in part:

"There is hardly a big problem before the American people to-day, and particularly any problem having to do with constructive legislation, that is not tinged with a political significance. We have traveled far from the conception of government held by the framers of the Constitution—no interference with private liberty—and have adopted the doctrine that liberty uncontrolled and unregulated results in the loss of that equality which the Constitution was designed to conserve."

REGULATION PROBLEM OF DAY.

It cannot be ignored, he thought, that the problem of proper regulation is the most insistent one before the American people to-day. It is true to an extent undreamed of by statesmen of the age and generation in which the American government was born. With this problem of regulation comes the consequent problem of the reconciliation of State and Federal authority—where shall the one cease and the other begin. The question, he said, was bitterly agitated in the time of Henry Clay, has been agitated since then, and will in all probability never be fully settled.

But the question of States' rights, said the speaker, far from being the sectional thing which it is commonly conceived to be, is really a national problem, as much Northern as it is Southern, and as much Eastern as it is Western. It should be no longer made the subject of controversy between the States. On the other hand, the whole country should agree upon a policy of Federal regulation of those matters which by nature are not fitted for State control, and in that way remove most of the friction which has kept the States' rights question alive through the century.



THEORY SUPPORTED IN PRACTICE.

However much opposed certain sections of the country may be to the doctrine of Federal regulation, said Secretary Nagel, in practice no such repugnance is manifested. The entire country agrees upon the duty of the Federal government to construct and improve internal waterways. It was realized early that such an undertaking was beyond the powers of any one State, and the most rabid opponent of national regulation did not raise his voice in protest. The same is true, he said, in a more obvious sense in the Federal operation of the post-office system. A better example is government supervision of banking. The whole system of national banks, he said, is nothing more nor less than an instance of the national government regulating and safeguarding an industry too large to be handled by the separate States.

With the principle thus established, it was only logical that the government should undertake to regulate every business of interstate importance and should frame laws for their supervision. But while he would detract nothing from the usefulness of the Sherman law, said Secretary Nagel, he could not help feeling that there existed an anomalous condition in the fact that, while the government undertook to say that interstate corporations shall not do this or that, there was no nation-wide law under which business of this character could organize and adhering to the provisions of which it could conduct its affairs without harrowing interference.

HOW THEY DO IT IN ARKANSAS.

"It is practically impossible, under present conditions," said Secretary Nagel, "for a company organized in New Jersey or any other State to anticipate its reception in a sister State. In Arkansas, I understand, they have a simple way of managing things. That State says to these corporations: 'You must compete; if you don't, you are guilty. But if you compete enough to hurt anybody else, then you are guilty, too.' Surely no country but the prodigal United States could exist under such a system.

"There is no agency at present in the United States to determine what shall constitute proper organization except the Supreme Court. That body has virtually

undertaken to lay down the rules under which interstate corporations shall do business, and the worst feature of it is that its decision is final. Instead of having an administrative body to regulate business, we have a court of last resort, from whose decision there is no appeal."

Richmond Chapter, organized in 1902, is justly proud of the fact that the American Institute of Banking first assumed definite shape at a meeting of the American Bankers' Association held in Richmond in 1901, so that in a way the Richmond bank clerks feel that their city has the right to be designated as "The Birth-place of the American Institute of Banking."

The present officials are: S. P. Ryland, president; G. H. Bates, vice-president; John Haw, secretary, and Edward A. Leake, treasurer.

In the life of the Richmond Chapter, enthusiasm and ambition for its success and development have been supplemented by hard work and energetic efforts on the part of every member. Working on the principle that the bank clerk of to-day is the bank president of tomorrow, they have, individually and collectively, realized that any progressive institution needs specialists in this age of specialization.

Lowry National Bank.

The Lowry National Bank of Atlanta, Ga., is making extensive alterations and improvements to its banking quarters, so as to provide for the proper handling of its increasing business. Entirely new counters, constructed of white, imported Italian marble, with colored Italian marble bases and solid bronze grills, are being installed, and new metal furniture and fixtures of the latest design will be used throughout the bank. The main banking room is being enlarged and handsomely redecorated, and when completed will be one of the finest in this progressive city of many handsome bank homes. Massive new Mosler safe-deposit vaults of the newest construction will also be added. Larger and more commodious quarters for the clerks will be provided on the second floor of the building. The Lowry National, of which Col. Robert J. Lowry, who is so well known in banking circles, is the head, has a capital of \$1,000,000, surplus and profits of \$1,193,000 and deposits of over \$5,000,000. Thomas D. Meador and Joseph T. Orme are vice-presidents; Henry W. Davis, cashier, and E. A. Bancker, Jr., and H. Warner Martin, assistant cashiers.

Barnett National in New Home.

The Barnett National of Jacksonville, Fla., is now located in its remodeled building, after eight months spent in temporary quarters while the old home was undergoing alterations. The bank now has one

of the best arranged and most convenient establishments in the South, while in appearance it is extremely handsome. The interior is finished in marble and mahogany, with bronze fixtures and lighting brackets. About \$100,000, it is estimated, was spent in making the changes.

City Bank and Trust Co., Mobile, Ala.

Rapid and steady strides have been made since the City Bank and Trust Company of Mobile, Ala., opened its doors nine years ago; capital and surplus have quadrupled; deposits have increased from \$1,350,826.54 to \$4,968,118.93, and the total resources of the institution have risen from \$1,736,105.49 to \$6,113,322.13, making the City Bank and Trust Company the second largest bank in Alabama. To-day there are twelve thousand names on the books of the bank; forty-seven men are employed in the



E. J. Buck

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Magnetic principle, employed in 85 per cent of all speedometers, making possible the use of slow moving parts: no wear; ball and jewel bearings; beautiful workmanship; remarkably accurate; 100,000-mile season odometer, 100-mile trip register, can be set back to any tenth of a mile; positive drive; no springs; unbreakable flexible shaft; drop forged swivel joint that will outwear car; noiseless road wheel gears.

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clerical department alone; \$50,000 is paid out annually in salaries, \$80,000 in dividends and nearly \$20,000 is annually paid out for taxes.

The City Bank and Trust Company took over the business of the City National Bank in March, 1903, the capital and surplus of the institution amounting to \$250,000, the deposits being a little over one million three hundred thousand dollars, and the total resources a little over one million seven hundred thousand dollars.

The management of the City Bank and Trust Company is progressive, and has added many facilities to the bank's equipment for serving the public. These additional facilities include a savings department, safe deposit vaults, a trust department and a ladies' department, all of which have been successful and have largely increased the bank's popularity and business.

Mobile is experiencing great prosperity, which is being fully shared in by the City Bank and Trust Company.

Birmingham Bank Moves.

The Commercial State Bank of Birmingham, Ala., of which W. J. Adams is president, now occupies the Clark building at the corner of Fourth avenue and Twenti-

eth street. In addition to removing from its present home at the corner of Third alley and Twentieth street the officers have determined to increase the capital stock: from \$50,000 to \$100,000, effective April 1. A few additions will be made to the board of directors, one of the new officials being Gen. Louis V. Clark, owner of the building to be occupied as a home for the bank.

Austin (Tex.) National Bank.

The Austin National Bank of Austin, Tex., presents a strong statement as of February 20, 1912, which shows the bank to have surplus and profits of over \$100,000, with capital of \$300,000, and deposits of over \$3,000,000. Its cash and due from banks items total \$1,450,750, or nearly 50 per cent. of the deposits.

Bankers Trust Co., Houston, in New Home.

Saturday afternoon, April 6, after the business of the day had closed, the Bankers Trust Company of Houston, Texas, moved into its new home on the second floor of the million-dollar Union National Bank Building. The handsome quarters vacated by the Bankers Trust Company in the Scanlan Building will be occupied by the Commonwealth Trust Company.

New Austin Trust Company.

The Texas banking department has just issued a charter to the Texas Trust Company of Austin, which is headed by Sam Sparks, former State Treasurer. The capital stock of the new organization is \$200,000, and by the payment of \$112.50 a share, there has been created a surplus of \$25,000. The incorporators are George W. Walling, Jr., Sam Sparks, E. P. Wilmot, Chester Thrasher, H. A. Wroe, Walter Bremond, and H. A. Turner, all of Austin, and they are also on the directorate, in which every bank in Austin is represented. The other directors for the first year are N. A. Stedman, S. P. Ledbetter, H. E. Ford, Tom B. Walling, C. A. Nelson, A. W. Pfluger, and L. B. Mewhinney of Austin, and J. Z. Miller of Kansas City, Mo. The Texas Trust Company expects to begin business May 1.

San Antonio Chapter, A. I. B., Gets Auspicious Start.

A permanent organization of the San Antonio Chapter of the American Institute of Banking has been effected and one hundred applications for membership were received. Chapter rooms will be secured at once and meetings held twice each month.

The officers of the chapter are: H. M. Hart, president; L. Lenz, vice-president; Edmund Young, secretary; Theo. V.

Mueller, treasurer. Members of the executive committee: Albert Engelke, W. B. Hamilton, Jr., Frank V. Pancoast, Jack Trollinger, John C. Mason. Entertainment committee: Frank Gallagher, Rufus Boylan and W. C. Herpel.

"In reference to our young chapter,"



H. M. HART

PRESIDENT, SAN ANTONIO CHAPTER, A. I. B.

writes H. M. Hart, the president, "I would say that we seem to be equipped with much interest. We have secured a very desirable chapter hall, which has been attractively fitted up both as a meeting hall and as a club room. The work is beginning splendidly.

"At our last meeting in March we had the good fortune to hear an address by Andrew J. Frame, president of the Waukesha National Bank of Waukesha, Wis., who spoke on the Aldrich Bill and other proposed plans for monetary reform."

CANADIAN NOTES

Canadian Bank of Commerce.

The following, representing the Eastern Townships Bank (head office Sherbrooke), which recently consolidated with the Canadian Bank of Commerce (head office Toronto), have been elected to the board of the latter: William Farwell, D. C. L.; G. Stevens, G. C. Foster, K. C.; Charles Colby, M. A., Ph. D., and A. C. Flumerfelt.

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THE BANK INVESTIGATION—WHAT IT MIGHT REVEAL

THE great "money trust" investigation which is now on has caused considerable excitement among the banks, owing to the nature of the questions propounded. It is claimed, and seemingly with reason, that these questions—some of them at least—are an unwarranted invasion of the business of the banks, calling for information that should be held as a part of the confidential relations existing between banks and their depositors.

While on this ground, and for the further reason that, so far as regards the national banks, they are exempt from visitorial powers other than those prescribed in the National Bank Act, the banks might properly refuse to answer the questions put to them, there is a probability that such a course would arouse a great deal of political opposition. By taking this position the banks would seem to put themselves in a special class, following a business exempt and privileged from Government interference.

Of course, nothing could be further from the truth, for in fact the national and State banks are under a degree of governmental control and supervision far in excess of that applied to business of any other kind.

In no country in the world are banks subject to such rigid public inspection and to so much publicity as are the banks of the United States. All this is a matter of common knowledge to bankers, and is a fact that may be as-

certained by anybody who takes the trouble to inquire.

This governmental inspection is, as a rule, welcomed by the bankers of the United States, who believe that with so many small, scattered, independent banks, with varied degrees of skill in management and operating under diverse laws, such supervision is really essential to safety. The publicity incident to this supervision is also welcomed.

In many parts of the country, through clearing-house organizations, the supervision and publicity enforced by the government is greatly augmented.

While all this would seem to satisfy every fair demand for bank supervision and publicity, the banks would probably have no objections to any further reasonable inquiries calculated to enlighten the public.

A great deal depends, in our judgment, on the purpose of the inquiry.

Is it instituted to ascertain existing conditions, with a view to providing suitable legislative remedies, or merely for the purpose of supplying political capital by showing that there is a "money trust" which has grown up under the shelter of the rule of the party that has generally controlled the Government in the last fifty years?

Investigation seems to be a popular craze just now, and business may be in some danger of being done to death by political investigators.

We do not know what is expected to be revealed by the banking investigation, but here are some things that might be shown:

First.—Practical indifference on the part of Congress to legislation that would enhance the service of the banks to the business community.

Second.—The greatest number of independent banks of any country in the world.

Third.—A more general distribution of bank shares than may be found elsewhere.

Fourth.—Closer personal relations between the banks and the people than may be found in most other countries.

Fifth.—A growth in size and numbers probably unparalleled in the history of banking, proving clearly that the banks have been efficient servants of commerce and industry.

These and many other things attesting the strength, safety and efficiency of the banks of the United States may be discovered by the committee now carrying on the so-called "money trust" investigation. Even if the object of the committee is to find out something else, a fair and honest investigation can hardly fail to reveal these facts.

THE BANKERS' CONVENTION OF 1915—A LOOK AHEAD

TWO events will occur in 1915 of more than ordinary importance. The Panama-Pacific Exposition will be held at San Francisco to mark the opening of the Panama Canal, and the existence of one hundred years of peace between Great Britain and the United States will be commemorated. Of course, there has been even a longer peace with France, with Germany, and with other nations that could be mentioned, between whom and the United States there have never been armed conflicts. But some way the notion

never occurs to anybody to celebrate a century of peace with a nation that has always maintained peaceful relations with us.

Notwithstanding the long period of unbroken peace with nearly all the European nations, and the prospect of an indefinite continuation of peaceful relations, it would not be altogether safe to predict that there will be no more wars between America and some one of the European powers.

The greatest force making for peace at present is the long unbroken good will that has existed here toward our European neighbors. Agitation of certain groups that may believe themselves to have a grievance against some particular country on the other side excites only a languid degree of interest here. No one can successfully make an appeal to a hostile spirit against England, France, Germany, etc., for the sufficient reason that absolutely no hostile feeling exists, and it is next to an impossibility to arouse one.

But the danger of war can not always be averted by this friendly sentiment. Wars arise through a clash of interests. Since 1815 the political interests of Great Britain and the United States have lain along different paths. The other European nations, with some comparatively trifling exceptions, have also been free to pursue their respective policies without arousing our hostility or even attracting our notice.

The growth in population, and the development of communication, while tending generally toward peace, may nevertheless lead to international complications. With Europe and Asia fully exploited, the European powers may be expected to have a constantly-growing interest in Central and South America. This interest may, and probably will, manifest itself in peaceful ways only, but it also contains possibilities of engendering controversies.

One of the best ways of preventing

controversies from taking a dangerous turn is by having the people of the various countries meet with each other and thus get better acquainted. Probably the expenditure of the cost of a battleship in providing an entertainment fund for foreign visitors would form as reliable an insurance against war as the creation of a new dreadnaught. Nations are but collections of individuals, and like individuals they are apt to have some reluctance in fighting with anybody who has treated them well. A man who visits his friend, gets a good dinner, is shown a fine collection of books and pictures and rides or walks over a well-kept estate, is not only immensely pleased with himself but is gratified to know that he has a friend who takes a just estimate of his qualities. So it is with nations.

The year 1915 will afford a good opportunity for European bankers to visit this country. Those from England will find the United States in a hospitable mood made more cordial than ordinary by the centenary of peace between the two great English-speaking countries; those from other countries than England will find a warm welcome because they have always been our friends. (Surely, the difficulty with Spain has left behind no resentment on either side.)

Would it not, then, be a good plan for the American Bankers' Association to make the convention of 1915 (which will probably be held at San Francisco) international in character?

THE GOVERNMENT AND BIG BUSINESS

ASIDE from the business disturbance caused by the persistent investigation and prosecution of the "trusts," the present governmental policy begins to reveal some aspects that are far from pleasing.

Here we have two rival Presidential candidates, the one now holding the office of President as successor to the other. And we have the Government engaged in prosecuting a corporation largely controlled by a man prominent in pushing forward the claims of one of these candidates, and also prosecuting another corporation one of whose acts has been severely criticised, though sanctioned or at least permitted, by one of the Presidential candidates.

Of course, it is simply inconceivable that the President of the United States has allowed the machinery of the Department of Justice to be put to such a vile use as the manufacture of political capital, or to the dressing down of a strenuous political rival. Everything in the career and character of the President belies such an assumption.

Furthermore, one of these prosecutions (possibly both) antedates the time when the strenuous candidate threw his hat into the ring.

Nevertheless, on its surface, the thing looks bad, and probably the belief of the people in an impartial attitude on the part of the Government would have been greater had the prosecutions referred to been delayed until after the election, or at least until after the nominating conventions.

Very much of the present policy of the Government toward "big business"—the persistent investigation, harrying and prosecution of large corporations—is open to the same criticism. These activities wear an ugly look, justly or unjustly.

Men of wide and successful business experience may, from the worthiest motives, support the pretensions of political candidates whose policies are believed to be the most conducive to prosperity. But the Government may, for the time being, chance to be in possession of a rival faction which can set the wheels of justice in motion in a way to threaten, if not actually to

punish, those who are thus supported. In such cases the menace of prosecution does great harm, for even should a jury render a verdict of acquittal, it would be too late to undo the mischief.

After all, it would seem that a widely-diffused prosperity is what we all aspire for. Even the most plutocratic trust magnate, possessing rudimentary common sense, must know that in the long run a free and enlightened people will insist on having this. Has it been shown, or does anybody really trouble to inquire, whether the diffusion of wealth has been helped or hindered by "big business"?

It may be necessary to dissolve and perhaps to destroy every corporation that has made money before the clamor of the great business men who dominate Congress and the Government will be satisfied.

We seem to be drifting rapidly toward a condition where business will be run by politicians instead of by business men.

Perhaps if the Government is to take over all business, as some propose, the present policy is a good one if it is wished to "bear" the price before buying.

BANK INVESTMENTS AND RESERVES

ATENTION has been called heretofore in these pages to the very marked increase of the "stocks, securities, etc.," reported in the resources of the banks of the country. With the immense addition made in recent years to the volume of stocks and bonds, such an increase was to be expected and hardly avoidable. The lack of adequate financial machinery to care for the investment securities with which the markets have been flooded has thrown these securities into the portfolios of the commercial banks.

That this condition is not regarded with satisfaction by some of the larger banks appears from their recent reductions in the volume of stocks and bonds held.

The losses of the British banks on account of the depreciation of consols has led to a great deal of discussion on the other side of the water in regard to bank investments. From "The Financial Review of Reviews" of London we quote the following on this subject, contributed by "A Member of Parliament and Banker":

"As consols are the standard which regulates the minimum rate of interest upon invested capital—for at an equal return of interest British securities still reign supreme in this country—all other securities, except those with a fixed date for repayment at a period not too deferred, depreciate in proportion with them.

"It is plain that the disabilities attaching to consols as a part of a bank's reserve apply to other gilt-edged securities, though in inverse ratio to the rate of interest they return. No bank, therefore, is justified in holding a large amount of consols against deposits at the present time, for this security fulfils neither of the conditions enunciated as essential. However, it is incumbent upon banks to hold a certain amount, for although the market is no longer sufficiently large to absorb a large amount of consols without affecting the price, nevertheless, it is a security that can always be sold at some price.

"The question whether a stock possesses an easy market should be a primary consideration, for when one bank wishes to sell high-class securities, others will be desirous of doing the same. As an instance of this, it may be mentioned that during the Baring crisis a London bank gave an order to its broker to sell £400,000 Metropolitan three and one-half per cent. stock at the best price obtainable. It required

a month to execute the order and by that time the crisis was over.

"It is a mistake for a bank to lock up more than a very small proportion of its resources in such investments as mortgages upon property fixed for a long term. Sound finance demands that no considerable proportion of deposits repayable on demand or on short notice should be locked up for a prolonged period. Engagements of a lengthy character should be limited preferably to the capital of the bank, and then only to a qualified extent.

"The balance-sheet should be an absolute check that the above conditions are observed. Valuations should be given at the price readily obtainable on the date at which the balance is struck. Such an expression as investments at cost is erroneous and misleading unless the realizable value is higher than the cost. A departure from this cardinal principle so as to declare a higher dividend is to trifle with the best interests of a bank.

"How, then, should the resources of a bank be applied? No bank can be called upon to repay more than the amount of its deposits and acceptances, so this consideration divides itself naturally under two heads. Firstly, investments convertible at once into cash to meet if required deposits repayable at short notice; and secondly, holdings representing the paid-up share capital of the bank, which should be preserved intact, as upon them depends the flow of deposits. The accumulation of a large reserve from undivided profits is a necessity so as to prevent any reduction of such paid-up share capital. As a general rule this policy is followed.

"The capital of a bank may be regarded reasonably as adequate collateral against its acceptances, which should not exceed the amount of the paid-up capital. No well-managed bank need fear that the facilities which it affords its trusted customers will be

a source of embarrassment to it in any marked degree, but may expect that the acceptances it grants for account of its clients will be duly provided for by those clients at maturity. Nor, indeed, need it fear that the whole of its deposits would be withdrawn at any stated time. Nevertheless, the operations of a bank should be conducted upon the assumption that in the event of a run upon it such might be the case, although no such complete withdrawal has ever occurred.

"Dealing first with the investment which represents the reserve capital of the bank as the simpler of the problems under consideration, it is essential that the security selected be sound and the period for repayment of the face value not too remote. Provided these conditions are complied with the interests of the shareholders are fully safeguarded. Beyond the possibility of error in accepting too low a rate of interest during the life of the investment no serious depreciation may be anticipated before the bank enters once more into possession of the capital value.

"The second consideration—namely, the selection of those investments to be set against deposits, the withdrawal of which may demand rapid conversion into cash—presents more difficulty. As a first line of defense the resources usually adopted (excluding naturally the large balance necessary to be maintained at the Bank of England for any possible day-to-day requirement), but generally to an insufficient degree, is that of lending balances against first-class securities, repayable at call or short notice. In this connection it must be kept in mind that a large proportion of bank deposits are repayable with seven days' notice. Next comes the retention of bills discountable at the Bank of England. It is to be regretted that, with the exception of some of the larger London banks, this form of investment is much neglected;

for on an average the return is at least equal to that upon consols, whilst in the case of first-class acceptances endorsed by first-class houses the risk of loss is reduced to a minimum.

"A few of the chief institutions hold a reserve of actual gold, which is estimated to amount to £10,000,000, in their own safes for emergency. There is valid reason for provincial banks to store a substantial stock of sovereigns, for in the event of sudden and excessive demand it might be difficult to replenish the tills without dangerous delay; the public demands, and rightly so, that a bank, like Cæsar's wife, should be above suspicion. In the case of London banks this storing of sovereigns would appear to be a counsel of perfection. It is true that in America during the panic of 1907 gold was unobtainable, but this applied equally to all forms of currency. The difficulty arose from the lack of elasticity in the banking system of the United States, which failed to meet efficiently the needs of the enormously extended trade of that country. The United States has no State bank which, by raising its rate of discount, can attract temporarily the gold necessary to meet the requirements of any special financial situation.

"When, during the apprehension as to the outcome of the negotiations between France and Germany, means were taken by the cautious to safeguard their financial position, securities of the United States of America proved those most easy to realize. Large amounts are held by banking institutions in this country in the form of one to three year notes of some of the great American railways and also of the Revenue Notes of the City of New York. This practice commends itself and should be enlarged and extended.

"Up to the present time it has been a rule for Joint Stock Banks to confine their investments to those current in Great Britain alone. During normal

times such a proceeding sustains British credit, and undoubtedly both in the estimation of financial experts outside the country, as well as in that of the bank's constituents, securities of this description represent the highest class of investment possible.

"During a time of panic, however, the very fact that all the greatest institutions hold similar stock becomes a danger of the first magnitude and that for the following reason. It is well known that an embarrassed operator must always sacrifice his best-class securities first, because they exert the least pressure on the market and, therefore, betray least depreciation. It follows as a matter of course that there is a general struggle for nutriment from the same breast. No man of intelligence would dream, in the course of business, of putting all his eggs in one basket, and yet a study of the balance-sheets of the chief joint-stock banks reveals the fact that the class of holding is in each case identical with that which has been described, and in sudden emergency only one result can ensue. The banks find that they have not all their eggs in a basket to themselves, but only one basket between them all.

"The remedy lies, as previously pointed out, in placing foreign monetary centres under contribution. Naturally, it would be necessary to exercise discretion in order to buy foreign bills when the exchanges were favorable to this country so as to avoid in normal times an ultimate loss upon exchange. The objection that gold would not be forthcoming in payment for such securities is not a bar, even if well-founded, for it is not so important that gold should be attracted to this country as that it should be prevented from being withdrawn.

"If banks adopted the practice of holding a considerable portfolio of bills payable abroad, and also selected securities of foreign governments, etc.,

their remittance and sale would nullify the power of foreign markets to draw upon the British gold reserve at a time of financial stress by the sale of their British bills and securities. As a matter of fact, all the principal State banks of Europe and many of the lesser institutions hold heavy amounts of British bills and securities, payment for which has to be made in gold in default of any other means of remittance, whenever any disturbance of credit renders precautionary means desirable on the part of the foreign countries concerned.

"If British banks, including the Bank of England, invested a substantial portion of their reserves in foreign bills and obligations, the gold position of this country would be benefited to a similar extent, because the sale of such securities would set off the resale of British bills and securities when effected by banks abroad. It is fallacious to imagine that gold cannot be obtained in payment for such securities; occasions are rare indeed when gold cannot be obtained at a maximum premium of two per cent., and the offer of such an inducement seldom fails to attract gold out of circulation. After all, a premium of two per cent. represents less than a year's loss of interest upon a gold holding, whereas the return in discount upon foreign bills is considerably higher on the average than that upon English bills. In the case of the United States of America the best method would be to deposit the American securities in New York, and should their sale be desirable the proceeds could be remitted homeward with a minimum of delay. A more remote advantage is conferred by the holding of foreign bills and securities, for should it become necessary to realize them in a time of pressure, it would be comparatively easy to do so without attracting undue attention."

Although these observations are writ-

ten from the standpoint of British banking, many of them are equally applicable here. The policy of accumulating foreign bills is perhaps less common with our banks than it should be, but the wisdom of such a policy is coming to be well recognized. One of the principal trust companies of New York holds among its resources at all times a very large amount of bills on other countries, and this has been found of direct advantage to the monetary situation on more than one occasion.

TOO MUCH GOLD!

LOOKING about for an explanation of the "cost of high living," economists, publicists, sociologists and statesmen in embryo seem already to be reaching the conclusion that the whole trouble is due to the rapid increase in the gold supply of the world; that is, none of us have enough money to buy the things we want, because there is too much money.

This conclusion conforms precisely to the current doctrine put forth in explanation of commercial and industrial depressions; people are out of work because they have produced too many articles of value; they are hungry because they have produced too much food, naked and barefoot because there is an overproduction of clothing and shoes. Were this theory reversed, everybody would be rich by producing nothing, although a good many people are still evidently laboring under the delusion that only by producing something of value can wealth be obtained.

A great many persons are really distressed about the large increase in the production of gold in recent years.

We venture to suggest a method of absorbing some of this extra stock of gold.

There is in the world a supply of

uncovered paper money—much of it depreciated—amounting to over three billions of dollars, or nearly half the world's stock of gold. Why should not this paper currency be gradually reinforced by gold? No doubt this would make the paper currency much more stable and would afford a proper use for the rapidly-increasing gold supply.

The United States has the largest stock of uncovered paper money of any country in the world—\$784,000,000—Argentina coming next with \$487,000,000.

We also have a stock of silver about equal to the volume of uncovered paper, the silver not being really worth as bullion anything like the face value of the coin or certificates.

With so much paper money without gold cover it ought not to be a difficult matter to find a suitable employment for the world's gold output for some years to come. In many countries, and in the United States especially, the paper currency needs strengthening. Our legal tender notes should be fully covered by gold, and even the national bank notes ought to have a gold cover of thirty-three and one-third per cent.

And it is not only the circulating notes that need reinforcement in the shape of gold but the banking reserves as well. The national banks hold a portion of their reserves in legal-tender notes, silver dollars and silver certificates (and even national bank notes), and the cash reserves of various other commercial banks are similarly composed.

Every one of these various forms of token or credit money now serving as bank reserves should be replaced by gold coin or bullion or by gold certificates. (There is really no sound objection to the latter form of paper, since it is merely a warehouse receipt, representing its face value in gold.)

Despite the assumed great redundancy in the gold supply, and despite

also that the soundest banking and economic opinion supports the view that only gold or its direct paper equivalent should be allowed to count as bank reserves, a bill is now pending in the American Congress proposing to allow the use of bank notes as such reserves!

AS to the influence of the increased gold supply in causing the present high prices, opinion is by no means unanimous, as the following quotation from the New York "Journal of Commerce and Commercial Bulletin" will show:

"As discussion on the high cost of living progresses facts accumulate more and more against the theory that high prices are chiefly due to increase in the gold supply. It has been repeatedly shown in these columns that it is not only impossible to trace any direct effect of increased gold supplies upon prices, but that prices have declined at periods of large gold output quite as much as they have risen. This was strikingly illustrated in the twenty-three years between 1873 and 1896 when commodity prices dropped about 50 per cent. while gold production rose more than 100 per cent.

"The causes of high prices are numerous and complex. That the cheapening of gold, and the increase of its supply, has been a stimulant upon credit and prices is not denied. But as to the extent of its power upon prices, nothing can be definitely proved, and there are the strongest of reasons for believing that its importance has been greatly exaggerated.

"On this question our learned college professors and hard-headed practical business men do not agree. In the latter's opinion supply and demand are still the great factors, and they are about right. One commodity after an-

other, it can be proved, has risen chiefly because supply has not kept pace with demand. The high prices, for instance, of food products, especially meats, are clearly attributable to scarcity. According to the Department of Agriculture the number of cattle in the United States is 2,400,000 less than a year ago. Cotton and rubber not long ago soared to extraordinary heights on shortage, but quickly fell more than fifty per cent. when big crops developed. Wool, too, has been high because of scarcity. There are 1,200,000 less sheep in the United States than a year ago. Lumber has risen because our forests are becoming exhausted. Iron dropped because demand was checked by high prices, lower prices afterward stimulating demand. Copper, coal and oil advanced largely because they are under artificial control, which seeks to make them as scarce as possible.

"Thus the list controlled mainly by supply and demand could be indefinitely extended; and it could easily be demonstrated that of the things which grow the world has not in recent years produced quite enough to keep pace with growing population. There has been no surplus large enough to prevent speculation and high prices.

"According to the last census, population in the United States increased twenty-one per cent., while the acreage under cultivation increased only 4.2 per cent. Scarcity, real or artificial, has been the rule in nearly all commodities for some years past, and this has had a vastly more powerful influence upon values than the gold supply. There have been other influences, also, such as higher wages and shorter hours, tariff, trusts, legislative restrictions, creation of new industries, rise in land, higher standards of living, extravagance, etc., all of which combined exercised a much greater influence than gold.

"The best reason for believing that

the gold supply has not exerted the effect upon prices usually credited is that the actual demand for gold has grown faster than is generally appreciated. In 1911 the world's gold production, according to the Chronicle, was about \$467,000,000. While this is a big increase compared with several years ago, it must be remembered that the commerce of the world has been extraordinarily active. Great Britain and Germany have enjoyed exceptional prosperity for several years. France also secured her share, and there has been no material shrinkage of trade in the United States. It is estimated that the amount of gold used in the arts last year reached fully \$150,000,000. India has been hoarding gold upon an extraordinary scale, having, according to Moreton Frewen, imported about \$100,000,000 in 1911 and continued its purchases at the rate of about \$1,000,000 per week during the last quarter. Egypt is also a large hoarder of gold. Of course a good proportion of the year's gold output went into the banks and national treasuries in various parts of the world and to this extent stimulated credit and aided the inflation in prices, but it is questionable whether the amount thus available was not necessary to meet the world's growing requirements. There are some authorities who believe that we are already approaching a period when the world will be more inconvenienced by scarcity of gold than overproduction.

"At any rate there is little doubt that too much importance has been attached to the gold supply as a cause of high prices. Give the world two or three years of good crops, and the present excessive prices for food products would quickly disappear with little regard for the gold supply."

With the world's credit and currency weakened by an enormous volume of uncovered paper, there is a very obvious

use to which the increasing stock of gold might be profitably put.

A most instructive pamphlet on the relation of the increased stock of gold to high prices has just been issued by Hon. GEORGE E. ROBERTS, Director of the United States Mint.

POLITICAL AND INDUSTRIAL DISTURBANCES

RECENT months have been filled with more than the usual quota of political and industrial unrest. The war between Turkey and Italy, revolution in China, a fresh outbreak in Mexico, and the coal strikes in Great Britain and Germany have made up the history of foreign events, while in the United States a particularly acrid political campaign is just beginning, and labor troubles have been threatening.

All these stirring doings may, or may not, in their ultimate effect contribute to the happiness and progress of mankind, but in the midst of them business and enterprise halt and languish in the fear of what may happen next.

Not the least disturbing element, both politically and industrially, lies in the fact that whatever concessions are made are satisfactory for but a little while. When an advance in wages is granted, the workmen are at first content, but gradually they discover that they have gained little or nothing. For when wages rise prices advance, and thus the workman must pay more for the necessaries of life. He is but little better off under high wages and high prices than he was under moderate wages and moderate prices.

And in political contests the situation is not much different. Temporarily, "the people" seem to wrench a little power from the hands of the bosses or from the dominating element, but soon

the advantages thus gained fade away and the same dissatisfaction exists as before.

Perhaps there has been too much reliance on illusory hopes, fostered by political demagogues and industrial agitators; too great a dependence upon external means, instead of trusting to one's own efforts. The notion that prosperity is to be brought to us all by some legislative enactment is becoming widespread. Witness the countless number of individuals, the multiplicity of organizations, spending time, money and much vocal labor to secure the passage of more and more laws. They have forgotten that the decline of the Roman empire has been ascribed to a surplus of statutes.

But, in our opinion, the cause of the present political and industrial agitation should be most carefully studied. He is not a wise statesman or a good business man who allows the sources of just dissatisfaction to go unheeded. If to-day the demagogue in politics finds the people willing to swallow his nostrums it must be because they believe themselves to be sick. If the workingmen are led to strikes, even to violence, against their employers, they must believe themselves to be wronged in some way. In each case these beliefs may not be well founded. But they may have a considerable basis. Certainly, whoever has the welfare of the country at heart will patiently examine these complaints and endeavor to find out to what extent they are reasonable; to see what, if anything, may be done by governmental action to afford relief; to find out how much, if at all, employers are to blame; or to see if the remedy lies wholly with the individual himself; or, it may be, to ascertain that many of the evils now so loudly complained of are inseparable from our human existence under modern conditions, are in their nature incurable, and therefore to be patiently endured.

SAVINGS AND THE SOCIAL WELFARE

AT a meeting of the Sociological Society held recently in London, with Mr. Alfred C. Cole, the governor of the Bank of England, presiding, Mr. George Paish, one of the editors of "The Statist," read the following paper on "Savings and the Social Welfare":

THE WORLD'S VAST EXPENDITURES.

No feature of modern life has struck the popular imagination more than the display of wealth which is so conspicuous in every part of the world to-day. Money is now spent with a profusion which would have amazed our fathers, and was totally unknown and impossible to former generations. The expenditures of the nations upon armaments are incredibly great; indeed, in the aggregate, they are greater to-day in peace than they ever were in war. The sums spent upon travel and upon recreation are almost incalculable in their magnitude. Floating hotels carry the well-to-do from country to country in a state of luxury that kings could not afford a generation or two ago. Sumptuous trains worked at heavy cost convey travellers with great rapidity over the larger part of the earth's surface. The motor-car, notwithstanding its expensiveness to construct and to run, has become the plaything of a great many persons who, but a short time ago, were unable to set up a carriage and who now spend hundreds per annum when previously they could not spend tens of pounds. Every coast and nearly every beautiful district on the earth's surface are studded with hotels or summer residences, and in these days the multitude spends some portion of the year in recreation on the sea coast or in the country. Upon ornamentation and upon dress the outlays have expanded in a remarkable manner. Gold has replaced silver as the ornament of the masses over the greater part of the world, and even so poor a country as India is now using two or three times as much gold as

formerly. Furthermore, the demand for pearls, diamonds, and other precious stones has never been so universal as it has been in recent years. Probably, one of the greatest indications of the vast increase in the world's wealth in modern times is in the sums now expended on what the womenfolk term "dress." One can visit no city, town, or village in Europe, or in the new countries either, without being impressed with the almost unlimited expenditures upon clothing. The sums now spent from year to year upon buildings and houses are of fabulous extent. In all the great cities of the world unprecedented numbers of costly buildings and houses have been, and are being, erected. Nor are the expenditures confined to cities of the first rank. In all the important towns of the world expensive buildings and houses are rapidly increasing in number. Moreover, large sums are being spent upon what are termed city improvements, designed to raise the standards of comfort, of health, and of æsthetic enjoyment. In a recent visit to the United States I derived special pleasure from the parks, either actual or contemplated, which have been or are to be laid out at great expense in the suburbs of New York, Boston, Philadelphia, Pittsburgh, Chicago, and other cities. The improvement in the housing of the masses of the people, both of this and of other countries, is equally marked. Our forefathers would have regarded a constant supply of pure water and baths for laboring men as extravagant superfluities; yet we are rapidly approaching the time when the working men of the civilized world will enjoy these luxuries, and when the morning bath will be a ceremony as sacred as the morning meal.

THE GROWTH OF KNOWLEDGE.

The intellectual advantages and amusements of modern life have shown equal advancement. Education is universal, except in the dark countries.

Children are now but rarely called upon to contribute to the family purse at the early age at which they used to seek employment, and the average age at which children now leave school is steadily rising. Moreover, the education, instruction, and amusement of everyone in the past generation or two by the circulation of newspapers, magazines, and books is nothing short of a revolution. Never did the average man and woman advance in knowledge and intellectual attainments as in modern times, and the annual cost of supplying the world with literature has risen by leaps and bounds. The declining tendency of the death-rate shows, I think, conclusively the great attention now paid and the large sums now devoted to medical, nursing, and sanitary science, although it is also due to the general advance in intellectual, moral, and physical standards which has come with the improvement in the conditions of existence rendered possible by the enormous growth in the world's wealth.

THE INCREASED PRODUCTION OF FOOD.

It is obvious that all this additional expenditure upon defence, upon recreation, upon travel, upon ornamentation, upon clothing, upon housing, upon education, upon literature, and upon the preservation of health, could only have been effected concurrently with a vastly increased expenditure upon food. Indeed, the immensely greater sums available for the purchase of food, and the vast increase in the supply of food, have alone rendered possible the liberal expenditures upon necessities, comforts, and luxuries to which I have referred. Never has the world enjoyed as much food in proportion to its population as it has secured in modern times, and, consequently, never has the world been as healthy, as well clothed and housed, had greater warmth in winter, had as many intellectual advantages, possessed as many comforts, and enjoyed so high a state of luxury as it does to-day. In fact, *la joie de vivre* has rapidly broadened and deepened, and all ranks, classes, and sections of

society in the new and in the old countries, in the backward as well as in the progressive State, in the brown, yellow, and black races as well as in the white, have attained a degree of wealth and prosperity immeasurably higher and greater than anything that has hitherto been witnessed.

SOUNDER PRINCIPLES OF SOCIAL WELFARE.

The causes of the great revolution in the material, moral, and intellectual condition of the world in modern times have been many, but there can be no doubt that the wonderful progress we have witnessed has been mainly brought about by wider knowledge and sounder principles of social welfare than were formerly held—principles which, when they gain still wider acceptance, cannot fail to bring a degree of prosperity to the race which will surpass anything that is now dreamt of. Over the past century and a half the world has become increasingly conscious of the fact that individuals and nations in seeking to grow wealthy at the expense of other individuals and nations were retarding progress and creating poverty, and that a nation's prosperity is enhanced, not diminished, by the prosperity of other countries.

Throughout the ages this knowledge has been slowly gaining acceptance. The spread of population speaking the same language, holding the same religion, and having many interests in common, brought with it the interdependence of families, of villages, and of districts, until finally the inhabitants of whole countries came to recognize the solidarity of their interests, and to look upon the welfare of the State as the matter of the highest importance, which must be protected at all costs and at any sacrifice. But while it was recognized that the welfare of the individual was governed by the welfare of other individuals in the same village, town, or State, the prosperity of the inhabitants of other lands was regarded with envy and distrust, and the progress of other States was looked upon

with suspicious jealousy. In modern times there has been a great change in the relations of individual with individual and of State with State. The hatred of the foreigner has largely disappeared, and there has been a growing appreciation of the fact that not only is the prosperity of individuals bound up with that of other individuals, towns with towns, districts with districts, but that the prosperity of States is dependent upon the well-being of the other States of the world.

WORLD APPROACHING ECONOMIC MATURITY.

In brief, the world is fast approaching economic maturity and to that high condition of well-being which cannot fail to result from fuller knowledge, and from the elimination of the physical and mental barriers which have so greatly impeded progress in the past. When families ceased to preserve a self-contained existence, and the economic unit became the district, the human race left behind its swaddling clothes, and there was a great advance in social well-being. Again, when the State instead of the district became the economic unit, the race entered upon its adolescence, and mankind rose to a still higher level of material well-being. In modern times the whole world has been rapidly taking the place of the State as the economic unit, and although the process is far from complete, the advantages already gained from the removal of the physical barriers—and some of the economic ones, too—which divided continent from continent and country from country, are so remarkable that, as the work advances and the nations more fully recognize the solidarity of their interests, the world can look forward to a degree of well-being for the race far beyond the dreams of the dreamer.

THE GROWTH OF INVENTION.

Greater knowledge and the wider principles of social welfare brought with them inventions of the most re-

markable character. The closer intercourse of district with district and country with country which came with greater knowledge opened up new markets and created new needs; and to supply these larger needs machinery was invented, by means of which the efficiency of labor was increased many-fold. Probably, the invention which had the greatest influence upon progress was the application of steam to transport. This invention almost annihilated the great distances which, up to the middle of the nineteenth century, separated district from district and country from country, and has brought all the districts of the world into close communication with each other.

WESTERN EUROPE OUTGROWS ITS FOOD RESOURCES.

Another important cause of the great progress of modern times was the need of the Western countries of Europe to supplement their own supplies of food and raw materials by imports from other lands, and the knowledge that these essentials could be obtained in abundance by developing the fertile districts and the natural wealth of the new countries.

THE DEVELOPMENT OF BANKING.

A third influence of great moment was the development of banking, by means of which the aggregate savings of large numbers of persons were made available for works of utility. Until the seventeenth century banking was almost unknown, and it was not until the nineteenth century that the public possessed the education and knowledge to induce them to employ their growing savings to any appreciable extent wherever they could be profitably used, both in their own country and in other lands. At all times thrifty persons have existed—persons desirous of adding to their wealth either for their own enjoyment or for the benefit of their families; but until comparatively recent times these savings were almost entirely

confined to expenditures by individuals upon their own estates, houses, farms, or businesses, to the ornamentation of their houses or persons, or to hoardings of specie; and the growth of wealth was limited by the relatively few inducements and few opportunities which then existed for the mass of mankind to make provision for their future by keeping their consumption beneath their income and by devoting their surplus labor or surplus income to works designed to increase their own consuming power.

THE INCREASED DESIRE TO SAVE.

The introduction of banking and the increasing opportunities of profitable employment for savings greatly stimulated the desire to save, and caused the annual amount of wealth available for the construction of productive works to grow by leaps and bounds. The combined effect of these three factors upon the progress of the world cannot be exaggerated.

Education and invention wonderfully increased the efficiency of labor, and made it possible for the laborer to obtain access to the natural wealth of the whole world, wherever it could be found. The needs of the Western countries of Europe made them anxious to supplement their own supplies of food and materials, and rendered them willing to employ labor and capital in the development of the natural resources of other lands; while the growth of banking and the great expansion of savings which resulted created the large supply of capital necessary for the construction of the means of transport and the provision of all the other machinery required to create, to distribute, and to manufacture for consumption the additional supplies of natural wealth.

INVESTMENTS ABROAD.

During the sixteenth, seventeenth, and eighteenth centuries Great Britain supplied small amounts of capital to her Colonies and to India for develop-

ing their resources, and these investments taught the British people to appreciate the value and profitableness of placing their savings in other lands, when by so doing they could obtain the raw materials they needed for their manufactures and the tropical luxuries they required for their consumption; but it was not until the nineteenth century forced the British people to look abroad, not only for many of the raw materials they required for their manufactures, but for a large portion of their food supplies, that the amount of British savings supplied to other countries reached large proportions. In less than three generations railways have been constructed in nearly every country of the world, and a very large portion of the capital that was necessary for the purpose has been supplied out of their savings by the inhabitants of these islands. After building railways for themselves, the British people built railways for the Continent, for the United States, for Canada, for Mexico, for the whole of South America, for Australasia, for India, and for other countries, and is now engaged in building railways on a great scale in various parts of the world, and more especially in Canada and in Argentina. For their own use, and for the use of colonial, Indian, and foreign countries, the British people have supplied upwards of three thousand millions of capital for railway construction in a little over seventy years—the greatest work that any nation has ever accomplished, and a work that has brought greater material welfare to the world than any deed which preceded it or is likely to be accomplished in future. But Great Britain has done even more for mankind than providing the means of communication over land and sea. She has also supplied other countries with great amounts of her savings for the development of their natural resources. The immense increase in the production of foodstuffs, of wool, of cotton, of tobacco, of tea, of rubber, and of other agricultural produce in the various countries of the world has been largely due to the capital supplied

to farmers, ranchers, and planters by the British people; and the vast expansion in the production of minerals of all kinds and descriptions, from the precious metals to iron ore, coal, and oil, has been mainly brought about by the great sums placed by Great Britain at the service of labor in every land. Indeed, to describe fully the beneficial work performed by the skill, self-denial, and enterprise of the British people in creating inventions and supplying the capital and labor which have so powerfully contributed to the prosperity of mankind would need not a paper but a volume.

WELFARE OF INDIVIDUAL.

The effect of these inventions and of these capital investments on the social well-being has been very great. The welfare of the individual is governed by the amount of wealth annually produced in proportion to population: the greater the production the greater the amount available for consumption per head, and all inventions and all capital expenditures upon improving the machinery of production, tend to increase the comfort and happiness of everyone. Mr. Bowley and Mr. Wood have calculated that the real spending power of the wage earners of Great Britain per head has doubled in the last sixty years, notwithstanding the growth of population—a remarkable result when the limited natural resources of these islands in proportion to their population is considered. But the effect upon the welfare of Great Britain is but a small part of the advantages which have come from the inventiveness, enterprise, and thrift of the British people. By means of the shipping, the railways, and the banking and other facilities provided mainly by England, tens of millions of persons have been enabled to escape from poverty and want in the older countries to affluence in the new, and great nations have been created which enjoy a high standard of comfort and luxury. The great and wealthy American Republic, the population of which has grown in a little

over a century from 5,000,000 to 92,000,000 of persons, will, I am sure, be the first to acknowledge that her present prosperity and population could not have been attained but for the vast quantities of capital supplied by Great Britain for railway construction and for other purposes, and by the immense purchases of her products by the British people. And the growth in the population and in the welfare of the many millions of persons in all the young countries is equally traceable to the wise policy of this country. Nor are the advantages confined to the young countries. It would be impossible for Europe to maintain her great populations in the degree of comfort they now enjoy had not the means been found for increasing the world's supplies of food and raw materials in the manner they have been increased by the aid of British capital. It is true that in the past generation France and Germany have largely shared in the work of supplying the world with the capital it needs for the development of its supplies of natural products, and that this participation has increased the rate of progress; but the amount of capital which Great Britain has supplied to colonial and foreign countries is as great as the total sum supplied by the whole of the other countries of the world for use beyond their borders, and it is upon the great investments of the British people in other lands that the world mainly depends for the new supplies of capital required to open up additional land to cultivation and to increase the supplies of minerals and other raw products. Furthermore, the condition of the ancient and populous nations of the East is being steadily raised by means of the railways and other works, the construction of which has been rendered possible by the savings and enterprise of the British nation. The phenomenal increase in the prosperity of Egypt since its occupation by England caused British capital to flow in freely for railway construction, for irrigation, for banking, for mining, and for other purposes, is known to every

one. The welfare of the people of India has also immensely improved in the last two generations, and the great sums that have been supplied to India by this country for railways, irrigation, and other purposes have not only diminished the effects of intermittent drought upon the districts suffering from famine, by bringing supplies of food from other districts, but they have so increased the wealth production of the country that we can now look forward to the time when the failure of the monsoon will cease to have the disastrous consequences it had in former days. The work of supplying the great Chinese Empire with the railways needed to connect its giant provinces one with the other is now proceeding, and the day is not distant when the population of China will no longer be decimated by the great famines which visit them in consequence of the lack of an efficient system of transportation. In brief, not only has the social condition of this country been raised to a high level by means of the inventions of the British people, coupled with the savings which permitted those inventions to be introduced, but the social condition of the whole world has been placed upon a level the height of which can only be realized by those who are old enough to recollect the conditions that prevailed before the savings of this country were placed at the service of other lands.

THE OUTLOOK.

The outlook for the future seems to be a very bright one. Never was the world more inventive, never was the spirit of enterprise more apparent, and never were the savings of the world on a greater scale in proportion to population than they are to-day. Look where we will there is progress, and Great Britain appears to be more progressive than ever. Never have the British people paid greater attention to the education of their children and young people, upon whose efficiency the future depends; never have they devoted so much thought to invention and

to the introduction of more economical methods of production and of distribution; never were their annual savings greater than they are to-day, and never were they more careful to employ their savings in promoting enterprises which will create the wealth essential to the maintenance of the world's growing population.

EFFICIENCY OF LABOR.

It is now generally recognized that money spent upon education is a reproductive outlay, and that in the hands of the efficient a given amount of capital will yield a much larger quantity of wealth; hence the proposals to extend the school age, and to equip the youth of this country as well as other countries with an industrial training, cannot fail to cause wealth to grow more rapidly in proportion to population than it has in the past. Everyone who realizes the silent revolution that has been going on all over the world in methods of transportation, by means of which produce and manufactures are now carried with incredible economy from district to district and from country to country, is aware that a smaller proportion of the world's growing savings will be needed to provide the machinery of transportation, and that a larger proportion will be available for increasing the world's productions. Furthermore, everyone acquainted with the progress of farming, of mining, and of manufactures in recent years is aware of the great economies that have been effected, and of the increasing output in proportion to the labor employed. Thus we have the fact that the efficiency of labor is rapidly increasing, that it is likely to increase, and that a larger amount of capital will everywhere be available for the use of labor, and we cannot doubt that this combination will cause the production of wealth to increase much more rapidly in proportion than population, and that the social welfare of the whole world will rise to a much higher level than it has yet attained.

THREE PROVISOS: ONE, WAR.

Before concluding my survey of the future I ought to make three provisos. There can be no doubt that the world will attain to a much greater degree of prosperity than it has yet enjoyed if peace is maintained, and the enormous waste of wealth which would result from its disturbance in the twentieth century is avoided. A great war would absorb the capital which would otherwise be devoted to the work of increasing the world's production of wealth, would cause production to grow more slowly than population, and would do serious injury not only to the countries that were engaged in the conflict, but to every other country in the world.

TWO—INCREASED RATE OF CONSUMPTION.

The second proviso is that wealth will grow more rapidly in proportion to population if the new inventions and the increase in efficiency continue to bring with them corresponding advantages to labor; that is, an advance in the rate of real wages in proportion to the increase in production per head. It is necessary to recollect that two things are essential to progress, increased supply coupled with an increased demand, and that neither can be checked without disaster. The advances in the rates of both nominal and of real wages that have been in progress all over the world in modern times have been as conducive to prosperity as the immense increase in production, and unless the rate of real wages continues to advance with the increase of production in proportion to population, it will be impossible for the world to consume the additional wealth that will be created, and progress will be checked.

THREE—INCREASED EFFICIENCY.

The third proviso is that it is essential for wage earners to recollect that an increase in the rate of real wages cannot take place unless labor is more efficient than hitherto, and unless the

production of wealth per head of population continues to expand. Were labor to imagine that it could increase its rate of consumption without increasing its rate of production, then the supply of new capital available for increasing production would be curtailed, there would be no expansion in the quantity of wealth available for consumption in proportion to population, and there would be no advance in the social well-being.

HOPEFUL PROSPECTS.

But I do not apprehend that any of these disasters will occur. Indeed, one of the results of the great progress in education and knowledge seems to be a juster appreciation of the injury to everyone caused by war, of the advantages of meeting the rightful claims of labor to a full share of the increase of wealth, and of the necessity and benefit to everyone of creating new savings from year to year sufficient to provide the vast amount of capital now required for the maintenance of the world's growing population in an advancing state of comfort. Indeed, I anticipate that the continued advance in the rate of real wages will enable the wage-earning class to save much more largely than hitherto and to contribute in a greater measure to the savings annually available for productive works. Hence I look for the supply of capital to grow more rapidly and to bring yet greater advances to the whole of mankind in general and to the wage-earning classes in particular.

Thus, not only can we look back to the great progress of the world in the past century with feelings of thankfulness to those whose inventions, whose sacrifices, and whose policy have brought us to our existing relatively high state of comfort, but we can look into the future in the confident anticipation that nothing can prevent the nations from working in closer sympathy and cooperation as the years pass, and that the effect of the growing unity of mankind will be a degree of well-being beyond the hopes of the most sanguine.

GETTING NEW BUSINESS

SOME PRACTICAL SUGGESTIONS FOR INCREASING DEPOSITS

By James P. Gardner

STUDY THE FIELD.

ONE of the first things to be done in building up business is to make a thorough study of the field tributary to the bank, in order to ascertain what are its banking needs and how they may be most efficiently supplied.

ADVERTISE.

There was a time, not very far removed, when it was not considered good form for a high-class bank to advertise. That time is past. During the month of March, in Boston, that most conservative of banking cities, there appeared in the columns of the daily press 81,161 agate lines of financial advertising, and besides the financial magazines carried a proportionate amount. Advertising must bring results, or the bankers, who are shrewd business men, would not employ it.

The banker who is inexperienced in financial advertising should consult an expert in this line. Many of the high-class financial magazines now conduct a special department for this service.

The advertising campaign will, of course, include the local papers, and the advertisements must be presented in a manner to make a direct personal appeal to the prospective depositor. Needless to say, the advertising should be changed frequently.

In the larger towns and cities banks and trust companies seeking small accounts are advertising in the trolley cars and other conspicuous public places, but it is the direct personal letter that best clinches the business. That is read closely. It hits the mark. Both in the letters and in other forms of advertising the necessity of saving something for the rainy day should be urged. Many commercial banks through their savings departments are sending

out literature the value of which cannot be overestimated. Mother or father may advise along these lines, but when a young man receives a clear cut, straight from the shoulder warning from a bank to save part of his income at the cost of self-denial, and telling him in no uncertain language that if he can't in time save one hundred dollars he will never amount to anything, and other equally familiar unanswerable arguments—it makes him sit up and take notice.

A neat, well composed pamphlet, calling attention to the fact that the bank pays interest on all balances over a certain sum, if such be the case, and pointing out the advantages of a bank account, the varied services afforded the bank's customers, the safe deposit room, where for a moderate fee all valuables may be stored, the traveller's checks that the bank issues or circular letters of credit for foreign travel—these and other services may all be outlined in the pamphlet.

PERSONAL INFLUENCE.

Closely allied to advertising in its varied departments as a means of adding to the bank's business is the personal influence of the officers and directors of the bank. The personal equation counts here very much. In no way is the depositor better assured of the safety of his money than by the integrity of the men responsible for the affairs of the bank. If every man has a sphere of influence, certainly no man possesses a wider influence than the bank officer. The directors, selected from men of diversified business interests, should be loyal to the institution they serve and active in bringing business to their bank.

GOOD NAME.

With great truth it might be written over the door of every bank, "A good name is better than great riches." Let there be but a whispered rumor about even the strongest bank, and a run may start that will cripple its resources. Well indeed may a bank with an honored name consider it a valuable asset.

EQUIPMENT.

Advertising, personal influence and good name may unite to bring new business, but if the equipment of the bank be poor, business will leak away. The efficiency of the man doing the work is a factor of success too often overlooked. Adding machines, and all labor-saving contrivances may be employed, but if the men are not efficient, courteous, and faithful, there will be a heavy drag on the success.

LOCATION.

A commercial bank doing a city business will draw largely from the district

immediately tributary to it. The question of convenience of access is important and so apparent that it is necessary only to mention the fact. A customer likes to have his bank handy, that there may be a minimum of time consumed in sending to and from the bank.

SAVINGS DEPARTMENT.

There has been in recent years a distinct reaching out for the small savings account. Some banks have even started savings departments for school children, where on certain days the children have a special window to transact their business. The bank may be open one night a week, say Saturday evening, when the crowds throng the streets with money in their pockets, perhaps for the only time in the week. These may be induced to save many a dollar otherwise squandered. Many are unable to visit the bank during the day, and it is a distinct gain to be open for business one night in the week, for an hour or two.

HIS MAJESTY THE BANKER

SUGGESTED IMPROVEMENTS IN RELATIONS WITH THE PUBLIC

By An Ex-Banker

EDITORIAL NOTE—We publish this contribution rather as representing a tendency to be always guarded against than as a condition actually existing, either in the banks of New York or any other part of the country. A wide acquaintance with the bankers of the United States warrants the statement that they can not justly be charged with incivility. We have found them to be, almost without exception, very courteous and considerate. But the younger bankers should always be on their guard against falling into the attitude of mental superiority which, we are inclined to believe, the author of the following article has imagined rather than experienced. It may be pertinent to state that his banking associations were in Europe.—Editor Bankers Magazine.

THE first thing that strikes an intending customer on entering a bank office in New York, for the purpose of opening an account, is the patronizing, and somewhat supercilious, air

assumed by those officials whose duty it is to meet the public and the customers of the bank. Usually there is no lack of such officials, who rejoice in varying degrees of high-sounding titles. They are generally seen to be seated on very easy chairs, amid the most luxurious surroundings, apparently busy doing nothing, except perhaps reading the morning papers, and paring their nails, or their pencils. Nobody deigns to take notice of the intending customer unless, perhaps, to be treated to a blank stare. He is allowed to wander around the office in order to find out, for himself, which of the gentlemen he is go-

ing to approach, in order to arrange for the opening of an account. The poor man, no doubt, feels that he is taking a great liberty in giving any trouble at all, as he feels already frozen out by the cold indifference with which he is regarded by the gentlemen behind the bank counter.

BAD MANNERS AND BAD BUSINESS.

Now all this is not only bad manners, but exceedingly bad business. It shows a culpable disregard of the interests of the bank and a state of mind and feeling on the part of the officials which is highly reprehensible.

BANKS DEPENDENT UPON PUBLIC'S GOOD WILL.

Banks should bear in mind that they live and thrive entirely by the favor and good will of the public, whom they are supposed to serve, not to rule.

If all the banks in the country were closed down to-morrow the public could manage to exist without them, somehow; but without the public the banks could not exist at all.

COURTESY A BANK ASSET.

Courtesy and civility are not only right and proper for their own sake, but they are a most important asset in any business concern, bank or otherwise; and are, in value, second only to money itself.

TOO MUCH RED TAPE.

In most of the banks there is entirely too much red tape business about the opening and conduct of a current account; so much so that many people prefer to keep no bank account, rather than go through the ordeal of opening one.

Another objectionable practice, with some banks, is the cast-iron rule of refusing to allow a respectable customer to overdraw his account, even for the most trifling sum, without previous ar-

rangement, although the account-holder be a man of ample means and good character. This is simply stupid, and shows a poor business capacity on the banker's part. If a customer is in such low credit, he is clearly not an eligible customer, and should not have an account with the bank at all.

ORNAMENTAL OFFICERS.

In most of the banks in New York, there are too many ornamental figures occupying, apparently, prominent positions, which, however, are so only in name. These positions are mere sinecures to their occupants; and the actual work is done by more intelligent junior clerks, with less than perhaps one-third of the salary.

Banks were not formed merely for the aggrandizement of their officials, but purely for the purpose of transacting bank business, and for earning a dividend for their shareholders.

In most of the banks in New York there are too many "heads"; even a third rate bank will have a president, a vice-president, several assistant vice-presidents, a secretary, several assistant secretaries, a cashier, and two or three assistant cashiers; and so on.

All these numerous officials are more or less highly paid, so highly indeed that one cannot help thinking the liberality in this quarter is at the expense of the less fortunate members of the rank and file of the staff; a state of things showing neither justice nor generosity, but a callous indifference to the well being of both the bank and its officials.

It is to be feared that the directors are much given to what is called nepotism, or an undue tendency to look after their own relatives and friends first, in the disposal of the "fat" posts in the bank, often to the exclusion of men of higher qualifications, but who do not happen to have the necessary influence in the bank parlor. This, of course, is a condition of things which is bound to be detrimental to the proper progress and ultimate success of any bank in which it obtains.

BANKS MUST BE READY TO OBLIGE.

Banks, if they study their own interests, should always be ready to show a willingness to oblige their customers, in every reasonable way in their power; and be careful to avoid any appearance of grudging the required service, or appearing to think it a trouble. Officials should remember that they are there for the purpose of taking trouble, and not for ornament merely.

BANKING A SPECIAL STUDY.

If, instead of the retinue of higher officials in banks, now so much in fashion, there were half the number of well trained and efficient bankers, who made this profession their special study, there would be a considerable saving in expense of management; the work would be much better done, and the public, and customers of the bank would be more promptly and courteously served than at present.

Everyone with practical knowledge of official work knows that the best work is done by a staff of moderate number, provided that there is included efficiency and decent pay.

"Too many cooks spoil the broth," is a maxim of general application, from which even banking is not excluded.

CLOTHING ONE MAN WITH AMPLE POWERS.

In dealing with the public and the customers of the bank, it is always best to have one high official (at least) such as a general manager or similar functionary, who would have the fullest powers, so as to be able to say yes or no, offhand, regarding all matters coming before him in the course of business. It is the province of a high executive officer, like a general manager, to deal promptly with all ordinary matters of current business, and to avoid delaying a customer by going to the board of directors for their decision, when, not being a mere clerk, he ought to be able to deal with ordinary cases himself, leaving special, or out-of-course cases for the board to deal with.

CANNOT AFFORD TO LOSE CUSTOMERS.

In these times of keen competition it is now more than ever necessary for banks to remember that they cannot afford to lose customers through neglect or indifference. They have no special privileges to lean upon; and they must stand or fall by the services they render to the public in general and their customers in particular.

A SIMPLE CARD SYSTEM FOR HANDLING COLLECTIONS

By C. W. Beerbower, Assistant Cashier Farmers National Bank, Salem, Va.

THE simple card system here described has been found to reduce the labor of caring for this business to a minimum, and has greatly lessened the chance of errors in the collection department. Some of the specific advantages of a card collection system as compared with bound books for these records are that with cards they may be filled out on the typewriter, thereby securing greater legibility, and if desired the cards may be distributed

among one or more clerks, and when the cards are filed for future reference it may be done alphabetically, usually according to the name of the payer of the collection, which makes it very easy to "trace" an item at any future time. There are many other advantages which are experienced by the user of a system of this kind.

The system which is being described consists really of two systems, either of which may be used independent of

the other. System No. 1 (see illustration) is for local collections which are received by the bank for presentation or notification. System No. 2 (see illustration) is for foreign or items which are received to be forwarded to other banks for collection. The cards for either system are 3x5 inches. Those used for the local collections are printed in red ink, which serves two purposes, first, to indicate when paid, a credit entry; second, to quickly dis-

mittance, as the case may be. These entries completed the card is then filed alphabetically, according to the name of the payer. If the collection is unpaid, when returned, the card is detached, so marked and with the date and filed along with the other cards, thus in both instances completing the record.

The only filing cabinet necessary with this system is an ordinary 3x5 card index cabinet, preferably without

Amount		Payer	Paid Ret'd <u>JAN 20 1911</u>	
450 00		CHURCHILL & CO		
Remit Credit and report by		How Notified and when		
Their Date 191 <u>2</u>		Their Number.		Presented or 'Phoned
Jan 15		457		Jan 17
Received From			NO <u>Protest</u>	
FIRST NAT BANK			Attached <u>B-L</u>	
Address			A note	
VINTON, VA.			An Acceptance	
			* A sight draft	
Remarks			Payable at	
HOLD FOR ARRIVAL			Due 191 <u>11</u>	

I (Local Collections) Coll. Dept., FARMERS NATIONAL BANK, Salem, Va Form 25-2m-10-11

COLLECTION SYSTEM NO. 1 FOR LOCAL COLLECTIONS

tinguish the local from the foreign system cards, which are printed in black ink.

THE LOCAL SYSTEM.

The local system will be first described. When the collection is first received, one of the local cards is filled out with the necessary particulars concerning the item and is attached to it with a wire clip and remains with the collections until it is paid or returned. The letter accompanying the collection may be filed with the bank's regular correspondence. If the collection is paid, the card is so marked and, with the date, goes with the proceeds to the proper teller, after which it goes to the bookkeeper for credit or for re-

guide rod, but with follow block. The cabinet may contain one or more drawers, according to the number of collections received.

FOREIGN SYSTEM.

With the foreign or out-of-town system, the regular box tickler may be used for filing the collections until time to send them away. As each collection is forwarded, card No. 2 (see illustration) should be filled out with particulars concerning each item and filed under its proper maturity date in a 3x5 card cabinet provided for the purpose, which should be equipped with daily and monthly guide cards for time collections and with a set of alphabetical

Our No. 532		*PAID—RET'D _____		191 _____
Amount	Due 191 _____	Maker, Drawer or Drawee		
2534 | 50	Apr | 5	SWANSON & CO		
Date 19 11	Time	When Sent	Traced 191 _____	
APL | 5	12 MONTHS	MCH | 30		
Place and bank at which payable				
PEOPLES BANK, GLENVAR, VA.				
To whom sent NATIONAL BANK OF COMMERCE, ROANOKE, VA.				
For whose credit		BUSH & CO		
Report by their date or number	#33	Ordered back	191	<input type="checkbox"/> A NOTE <input type="checkbox"/> AN ACCEPTANCE } <input type="checkbox"/> A SIGHT DRAFT } Attached
Remarks	WIRE NON-PAYMENT				☐ NO ☐ Protest

(2) Foreign or Collections Sent

*Indicate which

SYSTEM NO. 2 FOR HANDLING OUT-OF-TOWN COLLECTIONS

guides for sight and past due paper, checks, etc.

The latter collections are filed according to the names of the payer or by places on which they are drawn. This system works on the principle of a tickler, thus constantly bringing to your attention the maturities of the collections, the time collections being filed separate from the sight paper, but in the same drawer. When the numerical system is used for foreign collections, the cards may be filed according to sequence of number, instead of according to maturities.

When the collection is reported paid or is returned, its corresponding card is removed from the active drawer, the proper entries are made from it, after which it is marked paid or returned, with the date, and filed alphabetically, according to name of the payer, or nu-

merically, in the transfer drawer. The filing cabinet used for this system should contain one drawer for the outstanding collection cards and one or more drawers for filing the cards as the items are paid or returned.

This system will be found to enable the collection clerk to keep a close tab on all collections outstanding as their maturities are automatically brought to his attention, thus making it possible for him to forward "tracers" for those not promptly reported on.

It will be found convenient to have the printer punch the cards with a small hole near the lower margin, as this may be used for hanging the cards on spindles without mutilating and is also convenient for fastening the cards together when the cabinets are filled, so they may be removed and stored for future reference.

NOTES

THE custom of having commercial paper registered by trust companies is making steady growth.

The new law creating a State banking department in Kentucky has been passed, but without the bi-partisan feature which it had been hoped would be included.

It is estimated that the trust companies of Australia now hold over \$125,000,000 of trust funds.

The abuse of the title "trust company" is still in evidence in various communities. Just now a determined effort to do away with the abuse is being made in Illinois.

THE FOWLER BANKING AND CURRENCY BILL

By T. R. Brandt

I AGREE with the expression regarding Fowler, "it might be well for our currency doctors to call him into consultation." I refer to the Hon. Charles N. Fowler of New Jersey, former Chairman of the House Banking and Currency Committee and decidedly the leading American authority on financial principles.

A bill was introduced by him in the House in March, 1910, the principles of which I regard as simple, scientific and effective; I think this will be confirmed by those who have taken the time to study and follow out its workings.

RESERVES: HOW RAISED.

Where and how can the specific requirements for the proposed Federal Reserve Bank be raised? How can such a huge sum of gold be raised without virtually putting to death our central reserve agents, and particularly those in New York?

The answer is, easy enough, no trouble at all, and with less disturbance than could the capital stock be raised for the proposed Reserve Association of the Aldrich plan, and in the following manner:

The measure is self-compensatory and draws the required gold out of the channels of trade and does not draw upon existing bank reserves. The bill requires that banks shall deposit seven per cent. of their average deposits in the case of the smaller banks and ranging up to ten per cent. for the larger banks; also, seven per cent. of note issues, all to be held for the guarantee of note issues and to provide a working fund for the Federal Reserve Bank.

The change over to the new system would not be instantaneous, but would extend over a period of several months. Whenever a bank changed to the new system, it would hold onto all the gold certificates, silver certificates and

United States notes that came to it, paying out its own notes instead and thus its holdings of legal money would at once increase above and in excess of its reserve requirements or necessities, thus compelling the bank to ship such excess of legal money to its reserve agent and in turn again to the central reserve cities, thus furnishing banks there with legal money with which to make payments to the Federal Reserve Bank. Country banks in one section would be drawing against their balances with reserve agents in order to make their deposits in the Federal Reserve Bank, while banks in other sections, who had entered the new system, would be gathering up legal money and depositing it with reserve agents, for the reason that they would have no use for it at home and would lose the customary interest for every day they held it. Human nature is to be relied upon in a matter of profit, so they may be depended on to send it in.

One transaction would offset the other, so there would be no great disturbance of bank reserves and perhaps none whatever. The Comptroller could easily regulate the change over in an orderly fashion, which would absolutely insure against undue disturbance or falling bank reserves.

It will be noted that this large sum of gold is to be drawn from the channels of trade (its place being filled by a true bank-note currency) and is not drawn from the existing bank reserves, as it proposed by the Aldrich plan.

DEFECT OF THE ALDRICH PLAN.

This splitting up of our bank reserves in order to furnish the Reserve Association with a working fund is, in my opinion, a most serious mistake. Under the Aldrich plan Reserve Association notes are made reserve money, and it is claimed by its supporters that these notes would not crowd out the present

legal money held in reserves. I would suggest that whenever any of the present legal money was displaced from the reserves, its place would undoubtedly be filled by Reserve Association notes, for one good and sufficient reason, namely, the association's notes could be secured without any expense for transportation, and this would govern. As a business proposition, we may safely trust human nature to use the notes without cost for transportation rather than ship in real money under charges.

EXPULSION OF GOLD.

Paper reserves are a delusion—always have been and always will be. We should have bank reserves of real gold. We have the gold, and of our own, too, and we should utilize it, especially when we may use it at the same price, and not make the mistake of stuffing our reserves with paper, meantime allowing the gold to escape out of the country.

Again, after filling our reserves with these notes they are not legal tender to depositors, nor has the bank any means of securing legal tender, except as an act of grace.

GERMANY'S SYSTEM A FAILURE.

If the recent distress in the financial system of Germany had occurred a year earlier, we may well believe the Monetary Commission would have reported a different plan to Congress. The bill reported, in its fundamental principles, is a true copy of Germany's system. The events of the last few months have shown that Germany's system is defective, and this is admitted by Germany herself. In the face of the demonstration shall we continue to advocate the enactment of its principles for the United States?

PRINCIPLES OF THE FOWLER BILL.

The main principles of the Fowler plan are:

First—Reserves of gold held in the vaults of each bank.

Second—A true bank-note currency currently redeemed in gold (exactly as checks and drafts now are), elastic, automatic and absolutely safe.

Third—Average bank reserves are required to be held, which insures the reserves keeping step with the expansion and development of the country.

Fourth—Loan credit is supplied by the Federal Reserve bank rediscounting commercial paper for banks that may require gold. It also fixes the rate of discount. The Federal Reserve Bank is a high-power engine of the very strongest type, because it has no direct liabilities whatever, and for this reason would be the most powerful central organ in the world.

The bank-note currency is of the type used in Canada and Scotland and is no experiment, being currently redeemed in gold at sight by the bank of issue, also, by a redemption agent at some designated city, and further guaranteed by all the holdings of the Federal Reserve Bank. Each bank's interest would be to keep out in circulation its own currency, the same being equal in value to the bank as deposits are, and on the same principle that we now put out "cashiers' checks." Therefore, to keep its own notes out, it must of necessity send in for redemption all notes of other banks that come to it, just as it now does checks and drafts on other banks, and which would serve to keep up its balance with its own redemption agent.

The requirements of business, acting through the banks' depositors, would determine the volume of notes in circulation, and the banks would have no say in the matter.

When business slackened the notes would come home, either being placed on deposit or redeemed in gold.

Thus the requirements of trade automatically regulate the volume of currency exactly.

Therefore, currency would never be scarce nor never redundant.

ELASTIC RESERVES.

The feature of average reserves, *flexible reserves*, is a modern American scientific invention, permitting a bank to adapt itself perfectly to crop moving, emergencies and what not, and without any danger whatever of over-expansion.

A bank is permitted to fall in its reserve requirements for a time, by either paying out gold to its depositors and note holders, or may increase its loans, or both concurrently if necessary, provided, that for the other part of the year it carries correspondingly higher reserves and thus maintains an average reserve for the year.

A penalty of ten per cent. is assessed upon all loans made in excess of the required average.

This, then, accommodates everybody to "loan credit" as business rises and falls, but at the same time insists upon and enforces the doctrine, that reserves shall keep step with expansion.

If we shall incorporate this important principle into our monetary system we shall have solved the problem of loan credit as well as placed a salutary check upon over-expansion.

Indeed, under this system, it is difficult to imagine how we could meet with any serious trouble.

BANKING AND COMMERCIAL LAW

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

RECENT DECISIONS OF INTEREST TO BANKERS

GUARANTY OF INDORSEMENT

LIABILITY OF GUARANTOR—FORGED INDORSEMENT.

Court of Appeals of Georgia.

YATESVILLE BANKING CO. VS. FOURTH NATIONAL BANK.

Where the drawee of a negotiable instrument pays it to a person holding it through and under a forged indorsement of the payee's name, he may (subject to certain limitations) recover back from the person receiving the money on the paper the sum so paid, either in an action in the nature of an action of money had and received, or in an action upon the warranty implied from the presentation of the instrument that the indorsements thereon are genuine, or in an action upon an express warranty that the indorsements are genuine, if such an express warranty has been made.

If the person presenting and receiving payment on a negotiable instrument bearing the forged indorsement of the payee is himself innocent of the forgery, it is incumbent on the person who has so paid to give to the person to whom the payment has been made notice of the forgery within a reasonable time after discovering it. If he fails in this duty, the person so paid may, when sued for reimbursement by the person

who has done the paying, set up, as a defense to the action, any loss that has been occasioned to him by reason of the failure to give timely and reasonable notice. However, as lack of notice, followed by loss, is an affirmative defense, it is not necessary for the plaintiff to negative it in his petition.

The person paying a negotiable instrument upon the express warranty of the person presenting it that all prior indorsements are genuine (the warranty being written on the instrument itself) may recover from his warrantor, if it turns out that the indorsement of the payee is forged, without showing that he has returned or tendered the instrument to him, notwithstanding some of the signatures on it may be genuine, and the instrument may not be worthless from a commercial standpoint. The person who has thus paid out the money on the instrument bearing the forged indorsement and the warranty may hold it as evidence until reimbursement has been made or tendered.

THIS action was brought to recover \$3,612, which the plaintiff bank had paid out on a cashier's check, issued by itself to the order of the North Penn Iron Company, upon which check the defendant bank had placed the following guaranty: "Pay to the order of

any bank or banker. Prior endorsement guaranteed. Fourth National Bank of Atlanta. July 13, 1907. Chas. I. Bryan, cashier." The points decided are stated in the official syllabus given above.

TAXATION

VALUATION OF SHARES—MARKET VALUE.

Court of Errors and Appeals of New Jersey.

MAYOR AND COMMON COUNCIL OF CITY OF NEWARK VS. TUNIS.

For purposes of taxation the market value or selling price of bank shares in the market for the time being is not the absolute measure of their true value under all circumstances, but, as a general working rule, under ordinary and normal conditions, the market value will afford a fair test of real value.

BARKER, J.: But for what appears, on a perusal of the briefs filed for plaintiff in error, to be a misapprehension on the part of counsel of the purport and effect of the very careful and comprehensive opinion delivered in the Supreme Court, we should be content to rest our affirmance of the judgment below on that opinion without further comment. This apparent misapprehension related to the language of the Supreme Court as to what constitutes true value of national bank shares, and the opinion is challenged as though it had been held that such true value is market value for the time being, without regard to other considerations. Quoting from the brief: "The Supreme Court held that the measure of true value of bank shares was their exchangeable value in the market; i. e., market value."

As we read the opinion, the Supreme Court was very far from deciding that the market value, or selling price of such shares in the market for the time being, was the absolute measure under any and all circumstances of their true value. The question presented for decision was whether the valuation fixed by the State board was correct. That

valuation was based purely upon what in the discussion is called "book value"; i. e., value based on tangible assets and liabilities.

The Supreme Court held that this was erroneous, as disregarding the elements of good will, dividend-earning power, ability in management, public confidence, and other intangible features that ordinarily tend to give the stock a selling value in excess of pure book value; and as it was conceded that the valuation fixed by the county board properly reflected all these elements, the judgment of the State board was set aside, and the valuation made by the county board adopted.

There was nothing in the judgment, therefore, to indicate that the rule of market value for the time being was a rigid test of true value; and the opinion itself is careful to guard against any such inference. It is pointed out that true value is not always to be ascertained by reference to selling price; that special circumstances may increase or depress market value, without affecting true value, or vice versa; and that the tax act still empowers the assessor, and makes it his duty, to use his power to ascertain by independent investigation other facts bearing on true value, and to make use of all these facts in determining what that true value is; but that as a general working rule, under ordinary and normal conditions, true value is expressed by the exchange value in the market.

That such exchange value may be sometimes considered higher than true value is illustrated by the case of *Stratton vs. Collins*, 43 N. J. Law, 562, 566, in which the stock was selling at considerably above the valuation fixed by the assessor, although the book value was somewhat lower.

It thus appears that in neither the judgment nor the opinion is market value made a rigid test of true value, but it is nothing more than a convenient index and evidence of true value "under ordinary and normal conditions." With this view we are fully in accord, as well as with the reasoning and conclusions of the opinion on the

other branches of the case; and for the reasons given in that opinion the judgment will be affirmed.

CERTIFICATE OF DEPOSIT

LOST INSTRUMENT—BOND OF INDEMNITY.

Supreme Court of Tennessee.

DIVINE VS. UNAKA NATIONAL BANK.

A bank cannot be required to pay a certificate of deposit issued by it without a return of the certificate, or, if the certificate is lost, without a bond of indemnity.

THIS suit was instituted to recover the amount of two certificates of deposit issued to Thomas Brown, a deceased inmate of the soldiers' home in Washington County, Tennessee.

NEIL, J. (omitting part of the opinion): The bank is entitled to have the certificates surrendered when it makes payment, or in case they cannot be surrendered because of loss, or other impossibility of production, then to have a bond of indemnity given to protect it. In the present case we think no such impossibility exists.

CERTIFICATION

DELEGATION OF AUTHORITY—ORAL
PROMISE TO PAY.

Supreme Court of Oregon.

UNITED STATES NAT. BANK OF VALE VS. FIRST
TRUST AND SAVINGS BANK OF BROGAN.

The cashier of a bank upon which a check is drawn, cannot delegate to an officer of another bank authority to accept the same in behalf of the drawee bank.

As the acceptance of a check must be in writing, evidence that the bank upon which the check was drawn might have obtained funds of the drawee to pay the same is immaterial.

THIS was an action upon two checks drawn upon the First Trust & Savings Bank of Brogan. One of these checks was in the following form: "Brogan, Oregon, Nov. 22, 1910. No. ——. First Trust & Savings Bank: Pay to

the order of U. S. National Bank (\$120.47) one hundred & twenty 47/100 dollars. Morrison & Son. O. K. by Tschirgi, Cashier, 11/22/10." The second ——— in the same form, except as to amount and name of payee.

The letters "O. K." and the words "by Tschirgi, Cashier," were placed upon the paper by J. P. Dunaway, who was at the time the vice-president and acting cashier of the plaintiff bank, and there was evidence tending to show that this was done with the consent of M. L. Tschirgi, cashier of the defendant bank, given over the telephone.

BEAN, J. (omitting part of the opinion): Numerous errors are assigned, among them the introduction of the checks and the testimony relating to the making of the memorandum "O. K. by Tschirgi, Cashier," and the instructions of the court submitting the same to the jury, to all of which exceptions were duly reserved by defendant's counsel.

Giving to the notation, "O. K. by Tschirgi, Cashier," on the face of the checks, all the meaning that may be claimed on account thereof, we do not think that this memorandum purports to be signed by the Bank of Brogan or by Tschirgi, its cashier.

At the most it appears to be a notation made by Mr. Dunaway, cashier of the Bank of Vale, indicating that Tschirgi, cashier of the Bank of Brogan, had approved the checks verbally over the telephone. Tschirgi, as such cashier, had no implied authority to authorize Mr. Dunaway to accept the checks for the Bank of Brogan, and there is no evidence in the record that the defendant bank, or any officer thereof, ever empowered Tschirgi to delegate such authority to Mr. Dunaway.

Tschirgi, cashier of the Bank of Brogan, was its agent, and the general rule is that an agent in whom trust or confidence is reposed, or who is required to exercise judgment, may not intrust the performance of his duties to another. (31 Cyc. 1425; *Dorchester & Milton Bank vs. New England Bank*, 1 Cush. [Mass.] 177; *Emerson vs. Providence*

Hat Manufacturing Company, 12 Mass. 237, 7 Am. Dec. 66.)

Mr. Dunaway, at the time of the alleged acceptance of the checks, was the vice-president and acting cashier of the Bank of Vale. One cannot be a party, and, in the same transaction, an agent of the opposite party, except with the full knowledge and consent of such principal.

It was incompatible for the cashier of the plaintiff to act as agent of the defendant in accepting the checks in question. (Mechem on Agency, §§ 66, 68.) Neither is there any evidence in the record to the effect that the plaintiff ratified or adopted as its own the act of Mr. Dunaway in making the indorsement on the checks. Our negotiable instruments law requires that the acceptance of a bill must be in writing and signed by the drawee. L. O. L. § 5965.

There being no competent evidence tending to show that the defendant bank signed an acceptance of the checks, we think it was error for the trial court to admit the memorandum on the checks in evidence.

We come now to the question of the liability of the defendant, independent of the acceptance of the checks. There was much evidence introduced as to the condition of Morrison & Son's account at the Bank of Brogan; and the opportunity of the defendant bank to obtain funds from the sale of seed and hay whereby it would be recompensed for the payment of Morrison & Son's checks, which were presented for payment November 29, 1910; and as to the arrangement claimed to have been made by Morrison & Son with the Bank of Brogan to honor the checks.

At the close of the evidence, counsel for defendant requested the court to instruct the jury to return a verdict in favor of defendant. Section 6018, L. O. L., provides that: "A check is a bill of exchange drawn on a bank payable on demand. Except as herein otherwise provided, the provisions of this act applicable to a bill of exchange payable on demand apply to a check."

The legislative enactment now in force in this State provides that a check

or bill 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 to the check. (Section 6022, L. O. L.) And section 5960, L. O. L., makes a like provision in regard to a bill of exchange. This renders the testimony referred to immaterial. In the absence of an acceptance or certification of the checks involved, the defendant bank was not liable. This is now the law in those States that have adopted the negotiable instruments law (Selover on Neg. Inst. Law, § 93), and in our opinion is decisive of this feature of the case.

DEPOSIT

OWNERSHIP OF PAPER DEPOSITED—ADMISSIONS OF DEPOSITOR.

Supreme Court of Appeals of Virginia,
Jan. 18, 1912.

If a bank received a draft as a deposit to be treated as cash by the depositor, according to the intention of the bank and the depositor when it was deposited, the title thereto passed to the bank; but, if the intention was that the bank should only receive the draft for collection, title did not pass to it.

After the drawee of a draft has parted with the title thereto to his bank no subsequent admissions or conduct of his can prejudice the rights of the bank.

THE question in this case was whether the title to a certain draft deposited by a customer had passed to this bank. The court, in passing upon the question whether the evidence would sustain the verdict, laid down the rules above stated.

FORGERY

CREDIT GIVEN ON FORGED DRAFT—LIABILITY OF BANK.

Court of Appeals of Kentucky, Feb. 1, 1912.
J. M. ROBINSON & CO. V. BANK OF PIKEVILLE.

When a bank receives a check as so much money, and not for collection, and places the amount to the credit of a customer,

it thereby assumes liability for this amount to all persons to whom the customer may give checks.

When a bank by its course of dealing with a customer authorizes him to issue checks on it, it will be estopped to say, after such checks have come in good faith into the hands of innocent holders that the customer did not in fact have any money to his credit, and for this reason refuse to pay the check.

A and B forged the indorsement of a draft, and a bank paying the draft placed the proceeds to the credit of B, who gave a check to A drawn on such bank. This check was given to C, to whom the bank sent a pass book showing a deposit to his credit, and C drew his check for the amount of such deposit and delivered the same to D. *Held*, that A, B and C were to be treated as customers of the bank, and that the loss resulting from the forgery should be borne by the bank, and that D could recover from the bank.*

ON the 3d day of January, 1891, J. B. Jones presented to the Bank of Pikeville a draft for \$1,960, drawn by the Moline Bank of Illinois, to the order of the Deer Mansur Company, and indorsed to the Hickman Lumber Company. It bore the date of December 11, 1890. The bank discounted the draft, paid Jones \$300 in cash, and placed the remainder of the draft to his credit on its books, giving him a passbook and checkbook. On the following day, Jones, with the \$300 in money and the passbook and checkbook, went to Hindman, in Knott county, Ky., and there met J. M. Bailey, who was indebted to J. M. Robinson & Co. in the sum of \$827.50, for which amount an execution had been levied on Bailey's property. Jones gave Bailey a check for the amount of the execution, which Bailey indorsed to Kelly, the deputy sheriff who had levied the execution.

* It is difficult to understand how this action could be maintained in view of the provision in the Negotiable Instruments Law that "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." (Ky. Act, Sec. 189.) That the bank could be liable to C for refusing to pay his check seems to be plain enough, but an action by D, the holder, to recover from the bank, seems to be contrary to the express terms of the statute.

At the same time, Bailey gave to Kelly Jones' check to satisfy other execution debts Kelly had against him; the total of the checks aggregating some \$1,011. In the early part of January, Kelly, who refused to accept these checks until satisfied they were good, forwarded them to the Pikeville Bank for payment, and on the 8th day of January, 1891, the Pikeville Bank wrote Kelly the following letter:

"Pikeville, Ky., January 8, 1891. L. D. Kelly, Esq.—Dear Sir: Mr. Jones was here last Saturday. I paid off the teachers of this county, which amounted to over \$5,000.00, and I told Mr. Jones at the time that I could not pay him the money on his check as I was close for cash. I have got plenty of money in my Cincinnati bank and other banks, but haven't any more than the regular reserve here. Therefore I write you and ask you if you cannot make it convenient to check this out at different times by giving to parties below and to merchants over there, so they can send them to their banks and their banks to me. In that way, I am out no currency. I send you a bank book and a checkbook, and if you can do this way conveniently, it will very greatly oblige. Yours truly, J. B. Hatton, Cashier."

After Kelly received the letter, with the checkbook and passbook showing that there had been placed to his credit in the bank the amount mentioned, and on January 16, 1891, he drew checks for the amount due the appellant and the other execution creditors on the bank in favor of S. J. Kilgore, attorney for appellant, and returned the executions against Bailey satisfied. On the 10th of March following, the check given by Kelly to Kilgore to satisfy the debt of appellant was presented to the bank and payment refused, for the reason that the bank had discovered that the draft presented to it by Jones on January 3, 1891, was a forgery.

CARROLL, J. (omitting part of the opinion): Both Jones and Kelly are to be treated as customers of the bank; and, when it comes to a question as to whether the bank should lose, or the appellant that was misled by its course

of dealing, we think it clear that the loss should fall on the bank. When the bank put to the credit of Kelly Jones' check, it was a settlement and satisfaction of the Bailey debt. Liability for the debt was then transferred to and assumed by Kelly, who in turn acquitted himself, as held in the case of *Bailey vs. Robinson & Co.*, supra, by giving to appellant a check that the bank said it would honor. The letter written by the bank to Kelly and the deposit to his credit had the further effect of creating the relation of creditor and debtor between Kelly and the bank. In short, so far as the rights of these parties are concerned, Kelly had to his credit in the bank the amount of the debt due appellant, and the bank is estopped from setting up the defense, against a bona fide holder of the check drawn in good faith by Kelly, the fact that it was induced to give credit to Kelly on its books by reason of a fraud practiced upon it by Jones.

The commercial interests of the country demand that banks should be held to a high degree of care in the conduct of their business with customers to whom they give credit they would not otherwise be able to obtain. And when a bank receives, not for collection, but as so much money, a check, and places the amount to the credit of a customer, it thereby assumes liability for this amount to all persons to whom the customer may give checks.

And we think the principle of law is or should be well settled that, when a bank by its course of dealing with a customer authorizes him to issue checks on it, it will be estopped to say, after such checks have come in good faith into the hands of innocent holders, that the customer did not in fact have any money to his credit, and for this reason decline to pay the checks. Especially should this principle obtain when to permit the bank to make this defense would cause a bona fide holder of the customer's check to lose the amount of it.

INDORSER

NOTICE OF DISHONOR—NOTICE OVER TELEPHONE—NOTICE TO CORPORATION.

Supreme Court of Tennessee, Dec. Term, 1911.

AMERICAN NATIONAL BANK V. NATIONAL FERTILIZER CO.

Under the provisions of the Negotiable Instruments Law that notice of dishonor may be "in writing or merely oral," a notice given over the telephone may be sufficient.

But where notice given in this mode to a corporation is sought to be proved the holder of the paper must show at least that the person with whom he talked was someone connected with the management of the corporation's business.

IN this action the defendant had indorsed a check for \$5,000, drawn upon the Georgia National Bank of Athens, Georgia, which was refused payment.

NEILL, J. (omitting part of the opinion): "A check is a bill of exchange drawn on a bank payable on demand." Section 185; *Unaka National Bank vs. Butler*, 113 Tenn. 574, 579, 83 S. W. 655. The indorser was entitled to have demand made in reasonable time, and on refusal of payment to have notice of dishonor, in default of which he would be discharged. Section 89; section 71; section 83; section 84; section 102. While demand must be made as stated, and notice given, formal protest is not required in case of a check, because it is not a foreign bill of exchange. Section 118, c. 94, Acts of 1899.

The complainant insists that notice was given. This is denied by defendant. The treasurer of the company, Mr. E. W. Connel, who made the indorsement for the fertilizer company, testifies unequivocally that no notice was received by him. Mr. Rhea, the president, testifies to the same effect. Mr. Le Sueur, the cashier of the bank, says that he gave notice by telephone. According to section 96 of the negotiable instruments law the notice may be "in writing or merely oral," and may "in all cases be given by delivering it personally or through the mails." We are

of the opinion that a notice by telephone would fall within the meaning of this section, if it be clearly shown that the party to be notified was really communicated with; that is, fully identified as the party at the receiving end of the line. In this case, however, Mr. Le Sueur is not clear that he ever held any communication with Mr. Connel. He testifies that his talks were with a clerk, whose name is not given; that he had several conversations with this clerk, in which he left word for Mr. Connel, and he *thinks* he succeeded one time in getting Mr. Connel. It is evident, however, in his testimony that he is not confident in this belief, while Mr. Connel is positive that he did not receive notice at all. It is said in section 97 that notice of dishonor may be given "either to the party himself or to his agent in that behalf." We do not undertake to define the meaning of the expression "agent in that behalf." We are of the opinion, however, that notice to a clerk, under the facts stated, would not be sufficient; it not appearing that he had communicated such notice to any one connected with the management of the business.

PRESIDENT

SALARY—SUPERVISION OF BANK.

United States District Court, E. D., Pennsylvania, Jan. 9, 1912.

ELLIOTT V. PEET.

Where a receiver is appointed for a bank, and the power of the bank thus suspended, the president cannot recover for salary after

such suspension, though his contract is for a year and has still some time to run.

THIS was an action by Milton C. Elliott, as receiver of the National Deposit Bank of Philadelphia, to the use of a stockholders' agent, against F. M. Peet. Among other items the defendant sought to set-off salary claimed to be due under his contract with the bank.

McPHERSON, *D.J.* (omitting part of the opinion): It is conceded that a set-off of \$208.33 should be allowed for a half month's unpaid salary due the defendant as president when the bank closed its doors.

In addition, he claims (but I think not with confidence) that he should be allowed for salary during the remainder of the year; his annual salary having been fixed by resolution of the directors at the rate of \$5,000, and about one-half not having been paid for 1908. But he ceased to have any duties, or indeed any office *de facto*, after the receiver took possession, and I am at a loss to understand on what valid ground he can rest his claim.

If the salary for half the year was not paid, it is equally true that he did not earn it; and, if he contends that he had a contract to be employed for a whole year, it is further true that he has no claim for damages, for the bank did not break the contract. The superior power of the law, which dominated the contract, disabled both the bank and himself from going on with its affairs, and the salary ceased when the bank went out of business and he ceased to preside.

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

DEALING IN BONDS—POWER OF NATIONAL BANKS

New York, May 25, 1912.

Editor Bankers Magazine:

Sir: Will you please advise me if, under the provisions of the National Bank Act, national banks are empowered to engage in the business of buying and selling bonds?

BANK CLERK.

Answer: As a general rule, a national bank has no authority to buy and sell bonds upon commission, since such transactions are not incidental to the business of banking as defined in the statute. (*Weckler vs. First Nat. Bank of Hagerstown*, 42 Md. 581; *First Nat. Bank of Allentown vs. Hock*, 89 Pa.

St., 324; First Nat. Bank vs. Nat. Exchange Bank, 92 U. S. 122.)

But where a bank is buying and selling on its own account, it can invest its own funds in bonds, and may perhaps change these investments as often as it likes.

And as to Government bonds, it has been held that national banks have power to receive United States bonds of one class for the purpose of having them converted into bonds of another class, and that the exchanging of Government securities is a legitimate part of their business. (Yerkes vs. National Bank of Port Jervis, 69 N. Y. 383; Van Leuven vs. First Nat. Bank, 54 N. Y. 671; Leach vs. Hale, 31 Iowa, 69.)

And it has been held that a national bank may make a contract with a municipal corporation for the purchase of its bonds. (Newport Nat. Bank vs. Board of Education of Newport, 24 Ky. Law Rep. 876.)

So far as any general rule can be aduced from the decisions, it seems to be this, that while the bank may not act as broker in buying and selling bonds, unless perhaps in the case of United States bonds, it may buy and sell bonds on its own account.

INDORSEMENT "FOR COLLECTION"—EFFECT OF ATTACHMENT

KANSAS CITY, MO., May 21, 1912.

Editor Bankers Magazine:

SIR: Some time ago we handled a draft for collection, upon which the following endorsement appeared:

"Pay to any bank, banker or trust company, for collection. October 1st, 1911. Banker blank, St. Louis, Mo. bank-blank, Cashier."

We have been sued on this draft, and the plaintiffs are making their fight on the phrase "For collection." We will appreciate your advising us as to the meaning of this phrase. Plaintiffs contend that this put us on notice that the proceeds of draft belong to the drawer, and that funds had been advanced by the St. Louis bank. We were garnished for the proceeds of draft as belonging to the drawer of draft. We claim that we only knew the St. Louis bank in the transaction, and that the phrase "For collection" gave us no notice of any

kind whatever as to whether funds had or had not been advanced upon the draft.

CASHIER.

Answer: It is well established that the indorsement "for collection" does not transfer the title in the paper to the indorsee, but constitutes him merely an agent to present the paper and receive payment thereof for the account of the owner. (Commercial Nat. Bank vs. Armstrong, 148 U. S. 50; Nat. Butchers & Drovers Bank vs. Hubbell, 117 N. Y. 384; Armstrong vs. Nat. Bank of Boyertown, 90 Ky. 431; Freeman's Bank vs. Nat. Tube Works, 151 Mass. 413; Sweeney vs. Easter, 1 Wall. 173; Commercial Nat. Bank vs. Hamilton Nat. Bank, 42 Fed. Rep. 880; City Bank of Sherman vs. Weiss, 68 Tex. 332; Central R. R. Co. vs. First Nat. Bank of Lynchburg, 73 Ga. 384; Bank of Metropolis vs. First Nat. Bank of Jersey City, 19 Fed. Rep. 658; Blaine vs. Bourne, 11 R. I. 119; Cecil Bank vs. Farmers Bank, 22 Md. 148; Northwestern Nat. Bank vs. Bank of Commerce, 147 Mo. 402.)

It follows from this that when the money was collected upon the draft that money belonged to the principal, that is to say, to the owner of the paper, and not to his agent, the bank to which he had indorsed it restrictively. And as the money belonged to him, his creditors could reach it while it remained in the possession of any collecting agent, unless by some special agreement, or by virtue of its lien, this collecting agent had the right to hold the money for some indebtedness due from the owner to itself. Whether any such right existed in this case depends upon circumstances which do not appear from the statement in the inquiry.

SAVINGS DEPOSITS in the fifty-five State banks of Chicago on April 19 were \$211,969,854—a new high record, the result of a steady gain since 1908, when the total was below \$145,000,000. The First Trust has over \$33,000,000, ranking second among the banks of the city in the amount of savings deposits. In March, 1896, the total savings held by Chicago banks was less than \$25,000,000.

SAFE DEPOSIT

ABSENT-MINDED DEPOSITORS

THE many evidences of the absent-mindedness and carelessness of depositors is a source of continual watchfulness for the careful vault attendant, says the "Bulletin of the New York State Safe Deposit Association."

Every safe depository has annoying experiences more or less frequent. Valuable property is dropped in waste baskets or slid under blotter sheets in coupon rooms. Papers intended for one envelope are placed in another and empty envelopes replaced in the tin box after the contents have been withdrawn. Part contents of packages are taken away and no record made. Articles believed to be missing are found tucked away safely in the tin box.

A member had such an experience in connection with a diamond pin valued at eight hundred dollars. The depositor had access to his box, went home and not finding the pin in the safe or at his home returned and reported that the pin had been abstracted from his safe. It was with difficulty that he was induced to examine his box once more, when the result was, as might have been expected, the pin was found tucked away in the box.

A similar accusation was made some years ago against another member. This time some valuable securities were missing. The lady making the accusation went so far as to take the matter to her lawyer, who very foolishly issued a statement to the newspapers to the detriment of our member. The securities were afterwards found wrapped in newspaper in the bottom of the box, and the member was put to the expense of issuing a full printed statement of the entire transaction to its depositors.

In another instance a depositor claimed to have ten one thousand dollar railroad bonds in his box at a previous visit. When making the complaint he had but nine. When the time arrived

to collect the coupons, he placed a messenger at the office where the coupons were redeemed. The coupon for the missing bond was paid. This was traced, only to find that this coupon had been presented by his bookkeeper who sometime before, having money to invest, the employer had sold him one of these bonds and forgotten all about it.

In another similar case a depositor gave his daughter a thousand dollar bond as a Christmas present and promptly forgot it till he came to cut off the coupons. He made the usual complaint. Sometime after, his daughter happened to mention this bond to him, and he then realized how foolish he had been.

A peculiar case in connection with coupons was that of a lady who had the vault clerk assist her in clipping the coupons. He found that she had neglected to remove the coupons due six months previously. He had all of the coupons cashed for her and she went away. She afterwards returned and wished to hand over seventy-five dollars, as she claimed the coupons for the previous six months did not belong to her, that her income was small and she knew she must have collected this seventy-five dollars six months previously, as she could not have gotten along without the money. Her explanation was that the vault clerk must have been in collusion with some one who for some reason had substituted other bonds for hers and after she had cut the coupons had taken these away and replaced hers. This poor lady was shortly afterwards declared incompetent.

Another very positive lady claimed that valuable jewels had been abstracted from her trunk. This case seemed so clear, the lady's evidence seeming so positive, that our members went to considerable expense to thoroughly investigate. The trunk was examined twice

before the jewels were found, and the lady was requested to take away her trunk.

SPECIAL SUMMER BUSINESS

AT this season the safe-deposit department has many opportunities of temporarily adding to its business in the special services offered to persons going out of town for the summer and who wish to have their valuables cared for in their absence.

Notwithstanding the facilities afforded by the numerous safe-deposit departments it is not unusual to read, during the summer, of houses being robbed of articles that certainly never should be left in a home that is to remain unoccupied for any considerable length of time.

The active safe-deposit manager will not be slow, at this season of the year, in bringing to the people a clear and full knowledge of the facilities offered.

CORPORATION ACTIVITY A BOON TO SAFE DEPOSIT COMPANIES

ONE of the factors tending greatly to enlarge the demand for safe-deposit boxes has been the tremendous increase in recent years in the output of corporate stocks and bonds.

This has not only vastly added to the paper representatives of wealth held by wealthy persons but it has also wonderfully increased the number of individuals who hold such shares.

Many buyers of stocks and bonds of corporations do not have safes of their own, and they fear to leave their shares where they will be liable to be stolen or destroyed, and they thus become patrons of the safe-deposit department.

It might be found, in a number of cases, that the "securities" so tenderly cared for are not worth much; perhaps they do not pay sufficient income to take care of the rent of the boxes containing them—but that is not the fault of the safe-deposit companies.

But generally, of course, the securities and papers put into safe-deposit boxes are far too valuable to be subjected to the hazards of theft, fire, etc.

The corporations in turning out such large volumes of stocks and bonds, and the stock salesmen who aid in the distribution of these securities among a large number of persons, are doing a great deal to promote the prosperity of the safe-deposit department; and the activity in this direction seems more likely to increase than to diminish.

SAFE DEPOSIT DEPARTMENTS

FEW modern banks in these days, in towns of any size, can afford to be without a well-equipped safe-deposit department.

As safety is one of the essentials of a well-conducted bank, everything should be adopted that tends to foster this idea in the public mind.

Both theoretically and actually, the safe-deposit department is a convincing argument for banking safety.

It shows that the bank is not only equipped for taking proper care of its own valuables but those of its customers as well.

The impressive appearance of the vaults also contributes powerfully to create confidence in the security and strength of the institution thus equipped.

Sometimes, it is true, this appearance has turned out to be deceptive, but as a rule it holds good.

But from another viewpoint the safe-deposit department is equally desirable—almost indispensable, in fact.

That is, in what may be termed its interdependence with the bank. For as the bank brings business to the safe-deposit department, so does the latter bring business to the bank.

The man with a deposit account, should he require a safe place for his securities or papers, will naturally go to his own bank for such accommodations. And the patron of the safe-de-

posit department, having received courteous and efficient service, will as naturally open an account with the bank whose safety-vaults he has patronized.

Of course, these considerations are not the main ones which have led banks

to expend such large sums in fitting out safe-deposit departments. This indirect advantage on both sides is counterbalanced many times by the handsome revenues received from such departments when properly managed.

INVESTMENTS

Conducted by Franklin Escher

CORPORATE ORGANIZATION AND MANAGEMENT

By Romaine H. Crosby

CORPORATIONS characterized by perpetual life and shareholders' freedom from liability are greatly displacing the old-time partnerships, subject to dissolution by the death of a partner and for whose debts each partner is liable even to all that he has. Not only are enormous railroad and industrial enterprises under the corporate form of organization, but even the small businesses formerly belonging to individuals or partnerships have largely come under this method of operation.

Non-liability of stockholders and perpetual existence coupled with the ease and inexpensiveness of incorporation are the reasons.

Most men know what a corporation is and what are the advantages of corporate organization. As a rule, however, they are not conversant with the general principles of incorporation and even if they consult a lawyer often mislead him by not informing him just what they wish to accomplish. It is with reference to such men that this article is written and presupposes an intention to organize a business corporation and not a railroad, bank or large industrial combination.

Right at the beginning let me say, consult a lawyer. Every man his own lawyer or his own doctor, inevitably leads in the one case to loss of money and in the other to loss of health and in both to unnecessary anxiety. One

can buy plenty of forms for the incorporation of a company at any stationer's, but whether they fit the case or not is a matter of luck. Like patent medicines, they may cure the patient if he has the right disease, but it takes a doctor to diagnose the disease.

SOME ELEMENTARY PRINCIPLES OF CORPORATION LAW.

Before taking up the question of incorporation there are a few elementary principles of corporation law to be borne in mind.

The corporation is created by the following out of certain formalities required by the State under whose law it is to be incorporated. It may carry on its business in another State only after fulfilling the requirements of that State. When it is referred to in relation to the laws of the State of its creation it is called a domestic corporation, and when in relation to the laws of any other State than the one by which it is created it is called a foreign corporation.

A State may prohibit a foreign corporation from doing business within its borders or grant this permission under any terms it sees fit. A corporation has such powers only as the laws of the State of its creation and its charter or certificate of incorporation permit. If there is a conflict between the State law

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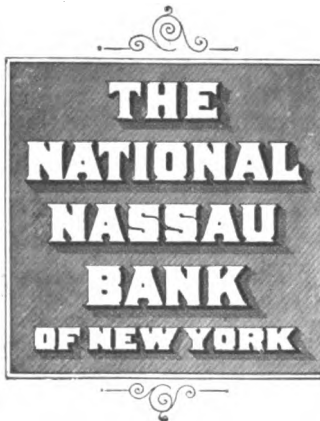
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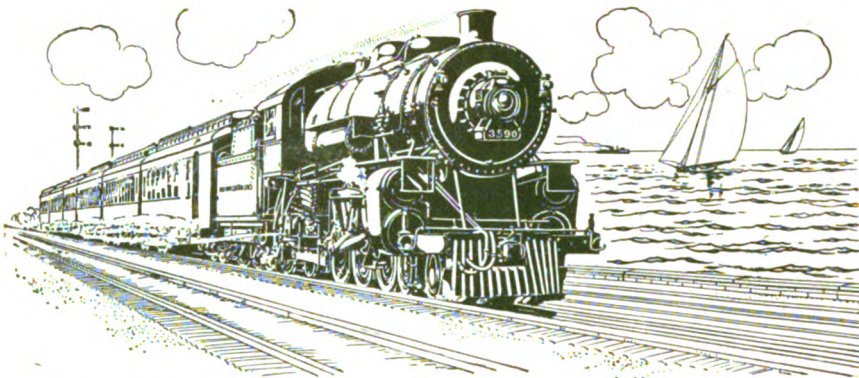


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and the charter, the State law prevails, and if between its charter and by-laws, the charter prevails. No corporation can transact any business except as allowed by its charter; that is, a company incorporated as a retail grocery cannot operate a gold mine.

FORMING A CORPORATION.

In incorporating a company the first thing to be decided upon is the State under whose laws it is to be organized. While every State of the Union has some kind of corporation law there are certain States having a practical monopoly of charter granting. These States are New York, New Jersey, Delaware, Maine, West Virginia, Arizona, and North Dakota. Some States are known as the domicile of large and prominent corporations because many such corporations have been organized under their laws. On the other hand, other States are known as the home of fake and fly-by-night companies. The State of organization of a company shows to the same extent its social position, as it were, among corporations as the neighborhood in which a man lives shows his position in society. If the corporation is socially ambitious, that is, if its organizers wish to sell its stock to the public, then the question of the State of domicile is of prime importance, and one of the best-known States is chosen, regardless of other considerations. If, on the other hand,

there is not such social ambition, and the organizers are looking to the operation of the company and not to the sales of its stock to furnish them profit, then, as with people, the question of domicile becomes one not of show, but of convenience and economy. In such a case, the State of domicile is sought with these ends in view.

Besides the question of reputation of the State of incorporation there are two other questions to be considered. One is convenience. One should ascertain whether or not there is any liability on the part of directors or stockholders. None of the States I have mentioned subject directors or stockholders to any heavy liability. Notice should be taken whether the laws of the State under consideration make any limitation of the amount of debts a company can contract, and if they do, what the penalty for violation may be.

LAWS GOVERNING THE ISSUE OF STOCK.

I come now to what is one of the most important provisions of law, viz., that relative to the issue of a company's stock. Capital stock can in all States be issued at par for cash. In most States it can be issued for property or services, provided they are worth the par value of the stock issued.

Here, however, we come upon two doctrines, the "true value rule" and the "apparent value rule."

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stock can be issued for property or services provided they are actually worth the par value of the stock. This rule makes the true value of the property the test of whether or not the stock can be issued for it. On the other hand, the "apparent value rule" allows such an exchange of property and services for stock provided in the absence of fraud, of course, on their part that the directors state that the property is of the par value of the stock to be issued. A violation of either rule makes the stock only partly paid for and subjects the stockholder to the liability of contributing for the benefit of the company's creditors the balance remaining due on his stock, no matter from whom he bought it or what he paid for it.

In the States of New York, New Jersey, Maine, Delaware and West Virginia, the apparent value rule is a part of the corporation law. If possible, never select a State where the true value rule is in force. It may cause trouble at any time. If the laws of the State where the company intends to transact its business do not appeal, it is wise to see what restrictions it puts upon foreign companies doing business within its borders. In many instances States very strict with their own creations are most lenient with the creations of other States. If the State where the company is about to transact its business prescribes the true value rule, still if the company is organized in another State where the apparent value rule is in force and comes into the former State as a foreign corporation, it will on this point be subject to the more liberal rule of the State of its creation, and not to the more strict rule of the State of its adoption.

MAINTAINING A PRINCIPAL OFFICE.

If a State, other than the one where the company's business is situated, is

chosen, the company must maintain its principal office in the State of its creation. The principal office is one in form only. Some States require all stockholders' meetings to be held within their boundaries or sometimes require that a director reside within the State or that some person, called a clerk or an attorney, be appointed within the State, and also that the stock records be kept therein. These matters are all easily complied with. As stockholders usually do not attend meetings in person, it is no hardship to send proxies to the principal office in another State.

The maintenance of a principal office and the supplying of a resident director or clerk are attended to by corporations, who make a business of furnishing homes for corporations transacting business in other States. Such a company usually charges a yearly fee for that service.

Another thing to be considered in choosing a State is whether or not the corporation laws have been settled by court decisions. All other things being equal, choose a State whose laws are settled and not one in the interpretation of whose statutes you may have to be the pioneer, with a certainty of expense and an uncertainty of result.

ORGANIZATION FEES AND TAXES.

This brings us to the question of economy as bearing upon the choice of a State. Each State charges a certain organization fee, based upon the amount of capital stock. The rates vary. As this fee is to be paid only once, undue weight should not be given to the amount of organization fee. Every State charges domestic corporations, whether they are engaged in business within or without the State, a certain yearly franchise tax. This tax is sometimes based upon the capital stock employed within the State, as in

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New York, and sometimes a certain rate upon the amount of capital stock issued, as in New Jersey.

In organizing a corporation under the laws of a State other than the one in which the corporation is to transact its business, one must not only bear in mind the yearly franchise tax of the State of organization, but also the cost of maintaining a principal office in the manner already spoken of in the State of creation, and also an annual license tax, to be paid in the State where the business is to be transacted.

Nearly every State requires foreign corporations to pay something for the privilege of transacting business within their borders, this sum being calculated in various ways, and the statutes set forth exactly the basis of taxation.

Local taxation, that is, taxation in the town or city where the company transacts business, must also be taken into account, as in some cases foreign corporations are taxed much less than domestic ones. One reason is that the value of a foreign corporation's goodwill is not subject to local taxation. Also, a domestic corporation's bank account, no matter whether within or without the State, is taxable, but a foreign corporation's bank account is only taxable if within the State where it is transacting business.

The only way to look at this question from the viewpoint of economy is to set one element off against the other and to decide by the result.

The State furnishing the greatest economy coupled with the greatest convenience in operation should be chosen as the State of domicile.

CHOOSING A CORPORATE NAME.

Having chosen the State of incorporation for the company, the next thing to do is to choose its name. This name must not be so similar to the name of another corporation, either of the State of its origin or the State in which it is to transact its business, as to cause confusion. In case of such similarity, the State of its creation will refuse to grant a charter to it in that name, or the State in which it intends to transact its business will refuse to license it. In either event the name must be changed.

In order to avoid delay and expense the proper officers of these States should be communicated with before preparing the charter, to see if the name will be allowed.

CAPITALIZATION OF THE COMPANY.

The question of the capitalization or size of the company now comes under consideration.

Each share of stock represents a fractional interest in the profits of a going concern, or in the net assets upon dissolution. One share of \$100 par value of an issue of \$200,000 divided into 2,000 shares, represents a 1/2000th interest in the net assets of the company. It is worth no more and no less than two shares in the same company capitalized at \$400,000, the shares of which are of like par value. One-half equals two-fourths or four-eighths the world over.

Sometimes two partners incorporating a business worth \$100,000 wish to head a corporation of magnitude, so they incorporate their business with a capitalization of \$1,000,000 divided



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into 100,000 shares of the par value of \$100 each and transfer their business to it. This they can do under the apparent value rule with tangible assets worth \$90,000 and good-will \$910,000. They each own fifty per cent. of the stock, or 50,000 shares. If the company makes a profit of \$25,000, there is a profit of \$.25 per share, or each receives \$12,500. If the company were capitalized conservatively at \$100,000, of which each man owned \$50,000 par value, or 500 shares, the profit would have been \$25 per share and each would likewise receive \$12,500.

Has anything been accomplished by this increased capitalization? Nothing. The credit of the business would not be increased, because mercantile agencies do not estimate a concern's credit by its capitalization. On the other hand, the company's taxes, both franchise and organization, were much larger than if capitalized conservatively. A dwarf cannot become a giant by wearing a giant's clothes. The wrinkles will show and make him look ridiculous.

In incorporating a company the capitalization should be in proportion to the assets, bearing in mind at the same time the number of persons among whom the stock is to be divided.

CLASSES OF STOCK.

Closely allied to the question of capitalization is the question as to whether the capital stock shall be divided into preferred and common stock. As I have said, a share of stock represents a participation in the net profits of a go-

ing concern or in the net assets upon dissolution. One class of stock, called preferred stock, may be created, giving to the holders a right to a certain dividend, say six per cent., out of each year's net profits before the holders of the other class, or common stock, receive any dividend.

The preferred stock is called non-cumulative if no arrears of dividends lapse over to future years. That is, if a six per cent. non-cumulative stock receives during one year one per cent. of dividend, then, for that year the common stock receives nothing; but if the next year the company earns fifteen per cent., the preferred receives six per cent. for that year and the common stock nine per cent., the dividend of five per cent. of the past year never being made up. If, on the other hand, the preferred stock were a cumulative preferred, then having received one per cent. the first year it would still be entitled to the balance of five per cent. the next year, together with the six per cent. for that year, before the common stock would be entitled to anything.

In the case supposed, if the preferred stock were a cumulative preferred stock, at the end of the second year the common would only receive four per cent. instead of the nine per cent. it would have received if the preferred had been a non-cumulative stock.

Also, the preferred stock may be preferred as to assets upon dissolution as well as to dividends. If it is only preferred as to dividends, then upon a

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winding up of the company it shares equally with the common stock in the assets. If, on the other hand, it is provided to be preferred as to assets, it shares in the assets to the extent of its par value before the common stock receives anything, and whatever balance there may be, whether great or small, is distributed among the common stockholders.

These preferences I have mentioned are not all of the preferences allowed by law. Sometimes preferred stock is entitled to certain dividends, and then the common takes a certain dividend, and any profits over and above are divided equally between the two classes of stock. Preferred stock in most States also may be made non-voting. This is useful when the holders of the common stock wish to control the company.

As a general rule, in incorporating a company, unless it is necessary to raise working capital from outsiders by the sale of stock, it is unwise to have any preferred stock. If, on the other hand, it is necessary to raise working capital by sale of stock, then it is a common practice to issue all of the common stock for property or services or goodwill and the preferred stock for cash at par. In such an event usually a bonus of common stock is given to the purchaser of the preferred stock. Of course, the dividend rate of the preferred stock is fixed at the time of incorporation and is dependent upon circumstances. This rate should be fixed as low as possible, consistent with making the stock salable. To make a strong stock it is wise to make the preferred stock preferred as to assets as well as to dividends. As the organizers usually own a majority of the common

stock, it is very important that they should not fix the rate of dividend on the preferred stock so high as to allow all of the company's profits to go to the preferred stockholders, for, in such an event, the common stock would become of no value as an investment.

Where the earning capacity of a new enterprise is not very accurately known, it is poor policy to provide for a cumulative preferred stock. The reason for this being that if the profits of the first few years do not come up to expectations, such an arrearage of dividends on the preferred stock may accumulate as to indefinitely prevent any payment of dividends on the common stock, and so destroy its value. If, on the other hand, the dividends on the preferred stock are non-cumulative, while the common may not pay a dividend the first year, if, at any time thereafter enough profits are made to more than pay the dividend on the preferred for that year alone, the common stockholders would then receive a profit.

(To be continued)

TAXATION AND REAL ESTATE MORTGAGES

CHANGES in the methods of taxing real property are likely to have considerable influence on real estate values and on the desirability of farm and city mortgages as investments. A bill was recently before the New York Legislature to relieve improved real property of some of the burden of taxation and throw it upon

Miners Bank, Joplin, Mo.

We cordially invite correspondence relative to opportunities and investments, the advantages of Joplin as a manufacturing point, etc. Accounts and collections also invited.

Capital, \$100,000 Surplus, \$100,000 Deposits, \$750,000

vacant lands. This is a step in the direction of the single-tax theory.

While opinions differ as to the effects the enactment of a measure of this character would have, there can hardly be any doubt that it would cause serious concern in real estate circles. It has been supposed that real estate values were largely exempt from the possibility of danger through legislative attacks, but they will probably have

their turn along with other forms of wealth.

Apparently, the single-tax idea would favor improved real estate, but if it operated to stimulate building activity to the extent expected, it might very materially reduce land values in congested districts, and also lower rentals to an extent that would greatly lessen the security and income of real estate mortgages in certain localities.

BROKERS AND TRADERS IN WALL STREET

By An Old Banker

THERE are probably few institutions which come in for more adverse criticism, misrepresentation, and, what is vulgarly termed "mud-slinging," than the New York Stock Exchange.

There is no doubt that a great many people have, from time to time, derived much benefit from the facilities and opportunities it affords for buying stock and shares in which they wish to invest their money, and for selling those which for various reasons they do not want to hold.

True to a well-defined human trait, which is only in too frequent evidence, these good people are wont to attribute all the benefits accruing from their operations to their own assumed good judgment and sagacity; and, like the case of the cleansing of the lepers in the parable, only one out of ten returns to "give thanks"—most frequently perhaps not even the one. This, of course, is neither just nor generous towards Wall Street and its brokers.

On the other hand, those who make

the mistake of selling when they ought to buy and of buying when they should have sold, cannot bring themselves to believe that the resultant loss on their operations could occur at all through their own fault; and, like an angry man kicking a post when his own awkwardness brought him suddenly into contact with it, the disappointed operators vent their anger on the Stock Exchange and everything connected with it; so that, in this way, it happens that the only comments which reach the public ear are the unfavorable ones. These comments, although ex parte and groundless on any common-sense basis, are freely indulged in nevertheless.

Is it any wonder, therefore, that so much misconception, and what may be called wrongheadedness, exists in the public mind as to the working of the Stock Exchange machine?

Some caustic wit once remarked that, the less a man knows, the surer he feels that he knows it; and, in evidence of the correctness of this statement, we are constantly treated to effusions in the

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60 BROADWAY, NEW YORK

FIRST NAT'L BANK BLDG., CINCINNATI O.

press, on the alleged wickedness of the Stock Exchange and all its works, by writers who are evidently without any real knowledge of the subject; and, just as their ignorance is conspicuous, so also is their canting self-righteousness in denouncing as "gambling" the every-day transactions of the Stock Exchange market.

If the term "gambling" be justly applicable to dealings in stocks and shares, as those self-appointed censors of Wall Street methods would have us believe, then every merchant, every farmer, and, in fact, everyone engaged in business of any kind is a "gambler." The man who insures his life must also be a "gambler," as he is virtually betting that he will die, from year to year; and the insurance company bets that he will live to a good old age. If the insured should die before the transaction becomes profitable to the company, he wins the bet, or, rather, his representatives do. The same principle applies in fire, and casualty, policies. Who, then, is there to-day who will venture to condemn insurance as a "gamble"?

It is no wonder, therefore, that the unthinking portion of the public continue in utter ignorance of the true nature of the Stock Exchange, fed, as they are, by such sorry stuff as that usually provided for them by the anti-Stock Exchange critics.

WHAT THE STOCK EXCHANGE IS.

It is a mere truism to say that no human institution is free from faults. Of the nearest perfect it can only be said that they have the fewest faults; so that it is merely a question of degree in all cases. The Stock Exchange claims no exception; but it is entitled to fair and just criticism from competent

and impartial critics; from such it has nothing to fear.

The Stock Exchange is an open market for the purchase and sale of stocks, just in the same manner as are other markets; such as the Cotton, Corn, and Metal Exchanges, or any other commodity-market whatever.

All fluctuations in prices are subject to, and governed, in the long run, by the inexorable laws of supply and demand; and if any cliques or combinations from time to time get up what is called a "corner" in any particular stock, for the purpose of artificially forcing up its price, such a scheme can have no ultimate success, as being in violation of fundamental economic laws, it is foredoomed to failure. Such "corners," however, are liable to unsettle markets for a time.

From the foregoing brief outline of Stock Exchange procedure it will be seen that there is nothing in its aims or constitution that is not strictly in harmony with sound business principles. It is true that it is not a religious or philanthropic institution as such: but then what purely business concern is? One thing may, however, be said of the individual members of the Stock Exchange, and it is this: there are, in all probability, among its members, at least as many charitable, philanthropic, and all-round honorable men as may be found among any equal number of business men in any other respectable walk of life. And, what is more, and to their credit be it told, they make no parade of their benevolence. In this respect, they do not advertise.

ORIGIN OF THE COMPLAINTS AGAINST THE STOCK EXCHANGE.

Now, on every Stock Exchange, in addition to the purely investing public,

considerations, however, would be ignored by the chart-reader.

There are others who appear to read the future course of the market by studying the signs of the Zodiac. The Nebula in Orion. (The Nebula is

apropos!) The phases of the moon— (perhaps whether the "man" is bullish or bearishly inclined), and so forth. People who can be gulled by this sort of humbug ought to keep away from the market altogether.

INVESTMENT AND MISCELLANEOUS SECURITIES

[Corrected to May 15, 1912.]

GUARANTEED STOCKS.

Quoted by W. E. Hutton & Co., Dealers in Investment Securities, 6 Broad St., New York. (Guaranteeing company in parentheses.)

	Bid.	Asked.
Albany & Susquehanna (D. & H.)	285	300
Allegheny & West'n (B. R. I. & P.)	130	140
Atlanta & Charlotte A. L. (So.R.R.)	175	...
Augusta & Savannah A. L. (Cen. of Ga.)	...	110
Beech Creek (N. Y. Central)	...	96
Boston & Lowell (B. & M.)	...	214
Boston & Albany (N. Y. Cen.)	...	223
Boston & Providence (Old Colony)	296	300
Broadway & 7th Av. R. R. Co. (Met. St. Ry. Co.)	...	150
Brooklyn City R. R. (Bk. H. R. R. Co.)	...	160
Camden & Burlington Co. (Penn. R. R.)	...	130
Catawissa R. R. (Phila. & Read.)	...	...
Catawissa R. R. 2d pfd.	...	205
Cayuga & Susquehanna (D.L.&W.)	205	215
Cent. Pk. N.&E. R.R. (Met. St. Ry.)	...	...
Christopher & 10th St. R. R. Co. (M. S. R.)	...	140
Cleveland & Pittsburg (Pa. R. R.)	167	170
Cleveland & Pittsburg Betterment	96	109
Columbus & Xenia	...	208
Commercial Union (Com'l. C. Co.)	100	110
Concord & Montreal (B. & M.)	...	162
Concord & Portsmouth (B. & M.)	...	170
Conn. & Passumpsic (B. & L.)	...	139
Conn. River (B. & M.)	...	270
Dayton & Mich. pfd. (C. H. & D.)	180	190
Delaware & Bound B. (Phila.&R.)	190	195
Detroit, Hillsdale & S. W. (L. S. & M. S.)	94	98
East Pa. (Phila. & Reading)	...	125
Eighth Av. St. R. R. (M. S. R. C.)	250	...
Elmira & Williamsport pfd. (Nor. Cen.)	...	142
Erie & Kalamazoo (J. S. & S.)	...	200
Erie & Pittsburg (Penn. R. R.)	...	135
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	...	128
Franklin Tel. Co. (West. Union)	...	110
Forty-second St. & G. St. R. R. (Met. St. Ry.)	...	200
Georgia R. R. & Bk. Co. (L. & N. A. C. L.)	...	262
Gold & Stock Tel. Co. (W. U.)	...	120
Grand River Valley (Mich. Cent.)	112	118
Hereford Railway (Maine Central)	85	92
Inter Ocean Telegraph (W. U.)	98	104
Illinois Cen. Leased Lines (Ill. Cen.)	93	97
Jackson, Lams. & Saginaw (M. C.)	81	86
Joliet & Chicago (Chic. & Al.)	...	150
Kalamazoo, Al. & G. Rapids (L. S. & S.)	...	130
Kan. C. Ft. Scott & M., pfd. (St. L. & S. F.)	78	81
K. C. St. L. & C. pfd. (Chic. & Al.)	105	130
Lake Shore Special (Mich. S. & N. Ind.)	...	420
Little Miami (Penn. R. R.)	...	210
Louisiana & Mo. Riv. (Chic. & Atl.)	...	150
Mobile & Birmingham pfd. 4% (So. Ry.)	70	80
Mobile & Ohio (So. Ry.)	...	80

	Bid.	Asked.
Morris & Essex (Del. Lack. & W.)	170	174
Nashville & Decatur (L. & N.)	...	182
N. Y., Brooklyn & Man. Beach pfd. (L. I. R. R.)	...	105
N. Y. & Harlem (N. Y. Central)	...	351
N. Y. L. & Western (D. L. & W.)	121	125
Ninth Av. R. R. Co. (M. St. Ry. Co.)	140	190
North Carolina R. R. (So. Ry.)	...	163
North Pennsylvania (Phila. & R.)	...	193
North R. R. of N. J. (Erle R. R.)	85	92
Northwestern Telegraph (W. U.)	...	110
Nor. & Wor. pfd. (N.Y., N.H. & H.)	...	210
Old Colony (N. Y., N. H. & H.)	...	188
Oswego & Syracuse (D. L. & W.)	...	205
Pacific & Atlantic Tel. (W. U.)	...	65
Peoria & Bureau Val. (C.R.I.&P.)	170	180
Pitta. B. & L. (B. L. E. & C. Co.)	60	65
Pitta. Ft. Wayne & Chic. (Pa.R.R.)	167	170
Pitta. Ft. Wayne & Chic. special (Pa. R. R.)	...	150
Pitta., McKeesport, McW'port & Y. (P. & L. E. M. S.)	...	129
Providence & Worcester (N. Y., N. H. & H.)	...	270
Rensselaer & Saratoga (D. & H.)	...	185
Rome, Watertown & O. (N.Y.Cen.)	...	126
Saratoga & Schenectady (D. & H.)	...	160
Second Av. St. R. R. (M. S. R. Co.)	10	16
Southern Atlantic Tel. (W. U.)	90	100
Sixth Av. R. R. (Met. S. R. Co.)	...	120
Southwestern R. R. (Cent. of Ga.)	...	110
Troy & Greenbush (N. Y. Cent.)	...	160
Twenty-third St. R. R. (M. S. R.)	...	200
Upper Coos (Maine Central)	...	122
Utica, Chen. & Susq. (D. L. & W.)	...	144
United N. J. & Canal Co. (Pa.R.R.)	...	228
Valley of New York (D., L. & W.)	...	117
Warren R. R. Co. (D., L. & W.)	...	167

MISCELLANEOUS SECURITIES.

Quoted by J. K. Rice, Jr., & Co., Brokers and Dealers in Miscellaneous Securities, 33 Wall St., New York.

	Bid.	Asked.
Adams Express	...	205
American Brass	...	127
American Chicel Com.	...	224
American Chicel Pfd.	...	104
American Coal Products Com.	96 1/2	98
American Express	...	219
Atlantic Fruit & Steamship	...	20
Atlas Portland Cement Com.	...	59
Babcock & Wilcox	102 1/2	102 1/2
Borden's Condensed Milk Com.	...	128
Borden's Condensed Milk Pfd.	...	109
Bush Terminal	...	75
Childs Restaurant Co. Com.	...	187
Childs Restaurant Co. Pfd.	116 1/2	119
Del., Lack. & Western Coal	...	390
E. I. du Pont Powder Com.	...	175
E. I. du Pont Powder Pfd.	92	95
E. W. Bliss Com.	...	50
E. W. Bliss Pfd.	...	120
Gray National Telautograph	...	10
Hudson Companies Pfd.	...	55
Hudson & Manhattan Com.	...	18

		Bid.	Asked.			Bid.	Asked.
International Nickel Com.	.....	295	300	Standard Coupler Com.	.....	24	39
International Nickel Pfd.	.....	106 1/2	108 1/2	Texas & Pacific Coal	.....	98	102
International Silver Pfd.	.....	125	130	Thompson-Starrett Com.	.....	128	140
Kings Co. E. L. & P.	.....	120	133	Thompson-Starrett Com. (with etc.)	.....	165	
Otis Elevator Com.	.....	76	80	Thompson-Starrett Pfd.	.....	109	113
Otis Elevator Pfd.	.....	101	103	U. S. Express	.....	94	98
Penn. Water & Power	.....	66	69	U. S. Motor Com.	.....	5	6 1/2
Phelps, Dodge & Co.	.....	215	230	U. S. Motor Pfd.	.....	24	28
Pope Mfg. Com.	.....	35	40	Union Typewriter Com.	.....	45	48
Pope Mfg. Pfd.	.....	75	79	Union Typewriter 1st Pfd	.....	108	111
Royal Baking Powder Com.	.....	203	...	Union Typewriter 2d Pfd.	.....	108	111
Royal Baking Powder Pfd.	.....	109	110 1/2	Virginian Railway	.....	17	20
Rubber Goods Mfg. Pfd.	.....	104	108	Wells Fargo Express	.....	145	147
Safety Car Heating & Lighting	.....	121 1/2	123 1/2	Western Pacific	.....	10	12
Sen Sen Chiclet	.....	110	120	Western Power Com.	.....	32	35
Singer Manufacturing	.....	284	292	Western Power Pfd.	.....	60	62

BANKING PUBLICITY

Conducted by T. D. MacGregor

WHY BANKS SHOULD ADVERTISE*

By Fred W. Ellsworth, Publicity Manager Guaranty Trust Company of
New York

THE Standard Dictionary says that advertising is the act of "making known by public notice," and recites such synonyms as "announce," "inform," "publish." The common understanding of advertising is that 't is the act of spreading information by means of printed matter in the form of newspapers, circulars, or handbills. As a matter of fact, anything which conveys announcements, or information, or news to the public is nothing more nor less than advertising. The name of a bank in gilt letters on the window is advertising. The letter heads used in the bank's correspondence, which go to the four corners of the earth, each and every one of them advertise the bank. The building in which the institution is housed is a constant advertisement. If it happens to be an out-of-date structure, lacking in those modern improvements which have come to be necessities, the advertising will probably be unfavorable. On the contrary, if the building is of the kind that seems to prevail in your financial district, the advertising will be helpful. That's why most banks have such beautiful, commo-

dious, well appointed homes. I believe I am safe in asserting that with hardly an exception, every bank that moves into a new building experiences a gratifying increase in its business as a direct result of the improvement in its surroundings. *And this is advertising.*

ALL BANKS ARE ADVERTISERS.

Accepting this definition as a correct one, there is not a bank in the country that does not advertise. All are telling the public that they are in business, that they have certain facilities, and that new accounts are invited and are welcome. Why then should not banks supplement and reinforce such advertising by a conservative, dignified use of printers' ink?

REASONS WHY.

There are four very good reasons why the public should be made acquainted with the various necessary facts concerning a bank. The first of these I should say is based on the *duty* of the bank towards the public. A large percentage of the people in any community is more or less unacquainted with the modus operandi of a banking

* Extract from address delivered before the Advertising Club of Baltimore.

institution. This lack of knowledge creates a feeling of diffidence to such an extent that it is very difficult to persuade such persons to enter a bank for the first time. They have the same feeling of bashfulness and embarrassment as inevitably accompanies unfamiliarity.

The various kinds of financial institutions perform a multitude of functions, all of which are necessary at one time or another to practically any person of means. If all were acquainted with these functions and knew that the banks performed them, there would not be the same necessity for advertising as now exists, but since they are not widely known isn't it logical that the banks should in some way tell the people about them? And when I say that it is the *duty* of the bank to make known these facts, I mean just exactly what I say. The bank is the one that has the information. The public needs this information. Both the public and the bank will profit by its dissemination. Therefore, the bank owes it to the public to advertise.

THE SECOND REASON.

The second very good reason why banks should advertise is this: Banks are seeking business, and it has been conclusively demonstrated that the banks that advertise are the ones, other things being equal, that get the business. Let us consider, for instance, a typical modern bank, without mentioning any names. This bank, we will say, has a capital of \$500,000 and a surplus of an equal amount. It is located in a fine new building, with every conceivable modern improvement. It has a corps of intelligent, courteous employees. Its officers are affable and capable. And it is prepared to receive and handle in a satisfactory manner an unlimited amount of business. If that bank never spends a penny which ordinarily would be charged to advertising, it cannot get away from the fact, nevertheless, that its building, the courtesy of its officers and employees, and the efficiency of its service

are continuous and consistent advertisers for it day in and day out. Every customer that does business with such a bank will naturally become a satisfied customer. You know what that means. There is no doubt that a considerable percentage of every bank's business comes to it as a result of good words spoken at odd times by its customers. But is this enough? If the bank has all of these favorable elements, is there any good reason why it should not make still more of an effort to spread the glad news among the populace? On the other hand, isn't it most sensible, most feasible, and most economical for that institution to acquaint all prospective customers with the advantages which are to be secured by association with the bank?

Some there be in this modern age who insist that newspaper advertising, or any other positive effort for new business, particularly that which involves the use of printers' ink, is unethical and undignified. Is it unethical and undignified for a bank to do everything within its power to properly serve its customers? Certainly not. No more should it be undignified or unethical for a bank to let the public know that it possesses the necessary facilities—not in a braggadocio manner, but in a quiet, sensible, dignified manner. Thousands of banks are today accepting this view, and are achieving more or less success.

DOES ADVERTISING PAY?

But some say, "How do you know that advertising will pay? How can we be sure that business will come as a result of advertising?" Ask the Pittsburgh and Cleveland banks whether or not their advertising pays. The banks of those two cities have made a campaign on banking by mail, and as a consequence have secured millions of deposits from cities and towns whose banks are not as alert to the possibilities of proper publicity as are the Cleveland and Pittsburgh banks. If the latter institutions can by advertising draw deposits from neighboring,

and even remote, cities, why can not the banks in the former towns, *b^y the same means*, secure the same business and thus keep the money at home?

A bank in Westfield, N. J., recently conducted an advertising campaign for accounts by means of a Christmas Club. People were invited to open accounts for the purpose of saving money which is to be paid back to them with interest three weeks before Christmas. Now Westfield has a population of about 7,000 people, and in three weeks' time, at an expense to the bank of only about \$250, and as *a direct result of advertising*, 1,375 of the people in this town have opened accounts. Two-thirds of these never before had been in touch with that bank. Hear what the cashier of that bank says:

"We have been particularly gratified by the class of people to whom this plan appeals, the department being largely patronized by ladies and representatives of the best families in Westfield.

"As bearing on its advertising value, we have opened seventy-seven accounts in our regular departments since this club was started.

"We believe the best feature of the advertising to be that a large number who would not otherwise come to the bank, will be coming here from week to week, giving us the opportunity to get acquainted with them and opening the way for accounts in our other departments."

WHAT CAN A BANK ADVERTISE?

"But," you say, "a bank is not like a mercantile institution, it has nothing to advertise and nothing to talk about in an advertisement." Why bless my soul! Not long ago I saw a list of the different subject which a bank can talk about in its advertising. As I remember it there were about 150 different subjects in that list, from "capital and surplus," "service," "directors who direct," etc., through the whole category to "travelers' checks," and "letters of credit." (In "Pushing Your Business," by T. D. MacGregor.) A

bank in Chicago ran a series of ads. for sixteen months on one subject only, that of Savings. There were over one hundred different ads. and no two alike. Incidentally, during the time the advertising was run, the savings deposits of that bank increased several millions.

THE THIRD REASON.

The third reason why banks should advertise is a *legal* one. National and State banks are compelled by law to do a certain amount of advertising every year. The National Bank Act requires the Comptroller of the Currency to call on the national banks for a statement at least five times a year, and these statements must be published in newspapers. In most of the States the banks organized under the State law are required to make public statements of their condition at least four or five times a year. These statements, if the Standard Dictionary is correct, are just plain advertising. The purpose which inspires their publication is not primarily, of course, that of adding to the business of the bank, but the average bank, unless the Comptroller's call catches it at the wrong time, is perfectly willing to make use of the opportunity to advertise its strong condition. And many institutions that at other times religiously refrain from advertising, spread themselves when the bank call comes and use that occasion for an excuse for doing the thing that they claim is unethical at other times. If it is orthodox to advertise when compelled by law to do so, is it unorthodox to increase the appropriation a little and advertise at other times?

THE FOURTH REASON.

The fourth reason is one which involves the first law of nature—self-preservation. There are in this country hundreds of "get-rich-quick" concerns that prey upon the gullible public and cause the removal from the banks of millions of dollars annually. These sharks and crooks secure their

business almost entirely by advertising. A government official recently stated that last year the people of this country invested with fake concerns over \$70,000,000, and this includes merely those crooked enterprises that the government was able to detect. Now if these crooks can *by advertising* accumulate \$70,000,000 in one year, isn't it about time that the banks and other legitimate financial institutions should *by the same means* endeavor to counteract and nullify the efforts of the "get-rich-quick" gentry? I cannot agree with those who claim that because the upscrupulous fellows advertise, the honest men should refrain from advertising. It seems to me that just the opposite policy is the correct one—that we should "fight fire with

fire"; that we should overcome dishonest advertising by honest advertising.

As the years go on and the old-fashioned banks with antiquated notions, peering out through the cobwebs, observe the success of their more enterprising neighbors, it will not be very long before practically all of our financial institutions will have abandoned the attitude of the clam and will have become public educators such as every well ordered business institution should be. When that time comes our banking institutions will not be content with the passive form of advertising which is so prevalent to-day, but will advertise in an active, effective, intelligent, dignified, educational manner, which will not only attract existing business but will actually develop the potential.



HOW BANKS ARE ADVERTISING

Note and Comment on Current Financial Publicity

MR. E. W. FINCH, assistant cashier of the Birmingham (Ala.) Trust & Savings Company, writes:—

Following out the idea of an exchange of advertising matter, we are enclosing herein our booklet, "The Sure Road to Success," which we have just received from the printer.

We trust that you will find an opportunity to read this booklet and, if you feel inclined, express to us your opinion of its contents and possible worth.

This booklet is an interesting and forceful publication, written with somewhat more literary skill than the average bank booklet. It leads logically from a brief history of the twenty-five years of the institution's history to some very practical suggestions regarding thrift and saving. It concludes with a perforated blank for starting an account.

Mr. W. R. Kay, Jr., advertising manager of the Sacramento Bank, Sacramento, Cal., writes:—

Your department of "How Banks are Advertising" is certainly bound to prove a great help to banks and bankers in preparing advertising copy.

I, for one, have been deeply interested in this part of the **BANKERS MAGAZINE** and would be pleased to have you place my name on your advertising exchange list.

The enclosed booklet is our latest addition to our Banking by Mail department.

The booklet referred to lays particular emphasis upon the fact that this is the second savings bank established in California. A photograph of the bank building in 1867 and a newspaper clipping announcing the incorporation of the bank are reproduced in the front of the booklet and the balance gives details about banking by mail and other matters of interest to prospective depositors.

The form letter accompanying the booklet is as follows:—

We are glad that you sent for our booklet and certainly are pleased to forward you this copy of "Banking By Mail."

Your interest in our booklet, in your

SAVINGS / COMMERCIAL / TRUST.

**SECURITY TRUST
& SAVINGS BANK**

Resources \$45,000,000.00 Capital and Reserve \$3,300,000.00

A DEPARTMENTAL BANK

With our enlarged banking room, increased length of counters and many additional windows and tellers, this Bank is better able than ever to transact expeditiously and with the greatest convenience the business of its patrons.

The new departments are equipped for service so that all the banking needs of our patrons can be adequately cared for.

The SAVINGS DEPARTMENT, which has been given the entire Spring street and south lobby, with double the number of windows and tellers, offers as before the choice of four forms of Savings Accounts and continues to pay the highest rate of interest consistent with safe and conservative banking.

The TRUST DEPARTMENT, which is prepared to do a General Trust Business, is conveniently located on the ground floor of the new section of the banking room and is reached either from the Fifth street lobby or direct from Fifth street.

Our LOAN DEPARTMENT is close to the TRUST DEPARTMENT and is prepared to make loans, not only on real estate as before, but upon collateral security. The rate of interest is 6 per cent, with a maximum of 8½ per cent on small loans.

At the DRAFT DEPARTMENT the public may purchase Domestic or Foreign Drafts, Travelers' Checks and Letters of Credit, which are acceptable as cash the world over.

In Our SAFE DEPOSIT AND STORAGE DEPARTMENT, already the Largest and Best Equipped in the West, there have just been installed 4000 more individual steel safes. Our great vaults are ABSOLUTELY IMPREGNABLE to attack of any kind and offer the ideal security for your valuables.

The STEAMSHIP AND FOREIGN TOURIST AGENCY, conveniently located in the Safe Deposit Department, is perfectly prepared to provide your transportation and to arrange your tour to any Foreign or Domestic port. Before completing details for a trip abroad, call at this agency, which is associated with and controlled by this Bank.

Security Building, Spring and Fifth Sts. Equitable Branch, Spring and First Sts.

Oldest and Largest Savings Bank in the Southwest

FULL OF INFORMATION

future and in our bank is to be commended, and we trust that you will not hesitate to write us often or ask us questions on any point about which you may be doubtful.

We have been deeply interested in the careers of men and women for years: We know something of the determination with which they resolve to save a portion of their hard earned wages, the enthusiasm with which they embark upon this course, and we know how a chill succeeds their feverish wrestling with the first obstacles and breaks their good resolutions.

But we trust you are made of sterner stuff; that you will go after this saving problem with unflagging determination and conquer all obstacles that may confront you. And we hasten at this early date to extend the hand of good fellowship and assure you of our interest in you and our earnest desire to see you succeed.

Now at the beginning make it a rule to save a fixed portion of your salary every month. Procrastination is deadly. Just the

instant you let your interest subside, you will begin to fail. Save persistently.

With kind regards and the hope that your name will soon appear on our depositor's list, we beg to remain,

Yours respectfully,
Sacramento Bank.
W. N. Bowers, Vice-Pres.

The Security Trust & Savings Bank of Los Angeles, Cal., issues exclusively a "Rainfall Chart of Southern California, 1886 to 1912." It is a very interesting and attractive proposition and ought to be good advertising for the bank.

"Where are Your Valuables" is the title of a safe deposit booklet issued by the National German-American

Bank, St. Paul, Minn. Mr. H. A. Blodgett, who got it up, writes:—

I am handing you herewith a booklet which we just issued for the National German-American Bank of this city. This is one of a series which will follow, and you will note that in this booklet we have made no mention of rentals or of the technical description of the vault; these will be taken up in later numbers in the series. This is about the first time that a bank in conservative old St. Paul has tried to do any real advertising.

There is a lot of "good stuff" in the booklet. Here's a sample:—

One evening not long ago Dean Owre of the Dental Department of the University of Minnesota, closed the door of his iron safe upon some papers bearing the records of years of research, and went home satisfied that no harm could come to these treasures of priceless value.

That night, Millard Hall burned. The iron safe was "a house of cards" in that fire, and Dean Owre's papers were destroyed.

The National Bank of Commerce of Williamson, W. Va., is the latest institution to use John James Ingalls' famous poem on "Opportunity." It is used in a good cause this time, giving point to the following observations:—

Right Here is Your Opportunity.

Living in a small town has no great influence on your chances for success.

Nearly all of our greatest men came from the farms and small towns.

There are big opportunities for you right here at home.

If you were offered a good business investment tomorrow requiring the outlay of a sum of money, would you have to turn it down?

Sooner or later that opening will surely come: Prepare now.

Men who carry opportunity in their pockets have their eyes open for the man with a bank account.

They know he is level-headed and thrifty, that he can be trusted.

Take advantage of your present opportunity by opening an account with this bank, where you will receive every encouragement.

The National Bank of Commerce,
United States Depository
Williamson, West Virginia.

The St. Louis Union Trust Company issues "The Primer of Finance," a booklet with an imitation blue checked gingham cover, and inside is some very good, straight talk on saving. B. W. Moser, publicity manager of the institution, enthusiastically describes the booklet as follows:—

The book is post card size, suitable for mailing in No. 6 envelop with other correspondence, or can be sent as post card. It is titled, "The Primer of Finance." The unique cover is facsimile of blue checked gingham to represent the old fashioned Primer. Its eight catchily illustrated pages logically lead right up to the inside-back-cover, which pictures in artistic design and bright colors ten A. B. C. building blocks, each block with slit and pocket to hold a dime. So after reading the reasons why to save, immediately the argument is clinched by the insistent demand to start building the fortune by slipping just one single dime into one of the fortune building blocks. When filled the back cover is cut off and brought to institution and account opened.

It's the "do it now" for savings accounts reduced to the simplest form and with the most instantaneous bounce back. It is an improvement on the "coupon" idea of newspaper and magazine advertising.

We intend using this book in a number of novel ways. We will give them at window to our regular savings de-

Replacing Valuable Papers

WHEN insurance policies, savings bank books or securities are burned or stolen, duplicates may sometimes be obtained to replace them, but the process is troublesome and often costly. Moreover, many articles of value cannot be duplicated or replaced at any cost, and no insurance can indemnify for their loss.

A safe deposit box is a real necessity for nearly every person and the feeling of security which comes from the knowledge that your valuables are safe more than repays the cost of the box.

Old Colony Trust Co.

Main Office
COURT STREET

Branch Office
TEMPLE PLACE

A NEAT ADVERTISEMENT

positors, with the request that they see that each book falls into good hands; as the propagating of the thrift and saving habit ought to be considered a moral obligation incumbent upon every educated person. Books will also be mailed to our best citizens with this same moral request. And we will distribute to children.

While this Primer of Finance is seemingly directed at the child, we know psychologically, that in the effort of the parent to impart its lesson to the child, some of this much needed information will be absorbed by the parent. For, as told in the "Primer," nine people out of every ten never learn this A B C lesson of finance—never learn to save, so nine-tenths of the grown-ups may profit from the "Primer."

People in the central part of Texas are beginning to realize the necessity of raising a feed crop, as they are constantly sending money to the North and East for corn to feed the draught animals used in making their 1912 crop.

With this in mind, the First State Bank of Hillsboro, Texas, announces a Corn Growing Contest as follows:—

Realizing the importance of the policy of the Texas Industrial Congress in its work of upbuilding the agricultural interests of Texas, and, with a desire on our part of further interesting you in raising more and better corn, we have inaugurated this corn contest, believing that the conservation of the soil and adoption of better cultural methods of corn growing is so vital to the agricultural, commercial and industrial interests of our county, that every effort should be made to encourage the farmers along these lines.

RULES OF CONTEST

Who May Enter—

Any Hill county farmer—man, woman, boy or girl—who is cultivating as much as an acre of corn. The two ears entered must be from his or her crop raised during the year 1912. Each contestant will be allowed only one entry.

Time to enter—

Entries in this contest will close promptly at midnight June 15th. Be sure that your entry is either handed in at the bank or mailed before that hour.

When to Bring Corn—

The two ears of corn to compete in this contest must be delivered to The First State Bank not later than four o'clock p. m., November 16. At the time you bring your two ears you will be given a card

number in triplicate. You will write your name across one of the numbered parts of the card and drop same in a sealed box. One of the other numbers you will keep as your receipt, the other being placed on the corn.

Time of Judging—

December 21 is the day upon which the corn will be judged by three judges selected by the contestants.

A meeting of contestants will be held at two o'clock Saturday, October 12, at The First State Bank, to select three judges, it being required that one of the judges selected must be connected with United States demonstration work or the Texas Industrial Congress.

Awarding of Prizes—

The judges shall select what is in their best judgment the ten best entries, then award each their respective place in the contest. The first prize winner receiving \$50 in gold; the second prize winner, \$25 in gold; the third, \$10 in gold; the fourth, fifth and sixth, \$5 in gold each; and the seventh, eighth, ninth and tenth, honorable mention.

The awards having been placed, the sealed box containing corresponding numbers, with the contestant's name written on same, will be opened and the names of the winners announced.

Auction Sale—

Immediately after the awarding of prizes the entire display will be sold to the highest bidders, the proceeds of which shall be given to the Hillsboro Relief Association, to be used in helping those in distress, the poor and needy of our community.

In this connection it is the request of the bank that the purchasers of the twenty ears of prize winning corn shall leave them on display at the bank at least thirty days after the sale, so that our farmers interested can have an opportunity of a careful inspection of the prize corn.

We believe that a contest of this nature is excellent advertising for a country bank.



BANK ADVERTISING EXCHANGE

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them from time to time. Others can get on this list free of charge by writing to the editor of this department. Watch each month for new names and add them to your list at once.

The Bankers Magazine, New York (ex officio).

John W. Wadden, Lake County Bank, Madison, S. D.

Charles D. Wells, Traders Bank of Canada, 8 Wellington street W., Toronto, Ont.

- Henry M. Lester, National City Bank, New Rochelle, N. Y.
 R. B. Parrish, cashier, National Bank of Commerce, Williamson, W. Va.
 Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.
 H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.
 Arthur S. Cory, Chehalis National Bank, Chehalis, Wash.
 C. F. Hamsher, assistant cashier, Savings Union Bank of San Francisco, Cal.
 Horatio Ford, secretary, Garfield Savings Bank Co., Cleveland, Ohio.
 F. W. Ellsworth, Publicity Manager, Guaranty Trust Co. of New York.
 T. H. Stoner, cashier, The Peoples National Bank, Waynesboro, Pa.
 J. A. Overton, cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.
 H. M. Jefferson, Windsor Trust Company, New York City.
 W. R. Dysart, assistant cashier, First National Bank, Ripon, Wis.
 W. J. Kommers, cashier, Union Trust & Savings Bank, Spokane, Wash.
 W. R. Stackhouse, City National Bank Bldg., Utica, N. Y.
 George J. Schaller, cashier, Citizens Bank, Storm Lake, Iowa.
 J. G. Hoagland, Continental and Commercial Trust and Savings Bank, Chicago.
 H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago.
 B. H. Block, assistant cashier, Security Bank & Trust Co., Jackson, Tenn.
 The Franklin Society, 38 Park Row, New York.
 C. L. Glenn, advertising manager, Wachovia Bank & Trust Co., Winston-Salem, N. C.
 W. O. Boozer, Barnett National Bank, Jacksonville, Fla.
 W. P. Jones, assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.
 C. E. Taylor, Jr., president, Wilmington Savings & Trust Co., Wilmington, N. C.
 Jesse E. Brannen, cashier, First National Bank, Westwood, N. J.
 E. A. Hatton, cashier, First National Bank, Del Rio, Texas.
 A. A. Eklrch, secretary, North Side Savings Bank, New York City.
 E. M. Baugher, president, The Home Building Association Co., Newark, Ohio.
 C. W. Bailey, cashier, First National Bank, Clarksville, Tenn.
 C. W. Rowley, manager, Canadian Bank of Commerce, Winnipeg, Can.
 T. J. Brooks, cashier, The Guaranty Trust & Savings Bank, Jacksonville, Fla.
 W. W. Potts, treasurer, The Federal Title & Trust Co., Beaver Falls, Pa.
 E. W. Finch, assistant cashier, Birmingham Trust & Savings Co., Birmingham, Ala.
 Charles S. Marvel, The First-Second National Bank, Akron, Ohio.
 Farmers & Mechanics Trust Company, West Chester, Pa.
 Tom C. McCorvey, Jr., assistant cashier, City Bank & Trust Company, Mobile, Ala.
 C. W. Beerbower, assistant cashier, The Farmers National Bank, Salem, Va.
 B. P. Gooden, adv. mgr., New Netherland Bank, New York.
 J. A. Buchanan, Guaranty Trust Co., Lancaster, Pa.
 W. L. Jenkins, Farmers & Mechanics Trust Co., West Chester, Pa.
 E. P. Simpson, Jr., assistant cashier, First National Bank, Toccoa, Ga.
 E. L. Zoernig, Sedalia Trust Co., Sedalia, Mo.
 W. R. Kay, Jr., advertising manager, Sacramento Bank, Sacramento, Cal.
 C. E. Auracher, The Bank Advertiser, Cedar Rapids, Iowa.
 Germantown Ave. Bank, Philadelphia, Pa.
 Frank K. Houston, assistant cashier, First National Bank, Nashville, Tenn.

BOOK REVIEWS

THE HOUSE OF HARPER. By J. Henry Harper. New York: Harper & Brothers.

In this story of the famous publishing house there is revealed a most interesting picture of business methods of an earlier day, combined with an account of relations with many of the famous literary men of this and other countries. And while the volume is well worth reading for its familiar glimpses of great characters in the world of letters, it is particularly inspiring as a record of success from simple beginnings, a success reared on a foundation of honesty and enlarging as time went on by the exercise of business foresight.

Mr. Harper has done his work of preparation with loving care, and has produced a volume worthy of the house whose fame and history it commemorates.

GENERAL METHODS IN VOGUE WITH DEALINGS ON THE AMSTERDAM STOCK EXCHANGE. By H. W. Wildschut, Amsterdam. Held in depot by: Messrs. Schalekamp, Van de Grammel & Bakker, Amsterdam, 1912.

This treatise deals in an interesting and concise way with the above subjects, giving some valuable suggestions on the methods, expense, and dealings involved in Amsterdam stock operating, followed by a translation of the regu-

lations for the listing of securities on the Amsterdam market.

PRATT'S HAND BOOK FOR BANK DIRECTORS AND OFFICERS. Washington, D. C.: A. S. Pratt & Sons. (Price \$1.00.)

This is a clear and concise summary

of the National Bank Act, relative to the powers, duties, and liabilities of bank directors and officers, with a digest of court decisions and references to cases cited. This treatise ought to prove invaluable to the time-pressed bankers who have not the opportunity to "pry into" pages of the National Bank laws.

FOREIGN BANKING AND FINANCE

EUROPEAN

GERMAN JOINT STOCK BANKS IN 1911

THE returns of these banks show the effects of the loss of foreign money, through the withdrawal of French and other foreign balances, and the attempt of the Reichsbank to induce these institutions to restrict their credit operations in the interests of the general banking community. After two years of increases, the banks actually held less money on deposit at the end of 1911, but they made a further considerable increase in their acceptances, while they changed their method in employing their resources from the more to the less easily realizable credits.

DEUTSCHE BANK'S REPORT

IN the forty-second yearly report, denying that the financial situation in 1911 was critical, and explaining its holdings in foreign banks, the Deutsche

Bank states that the net profits of the year 1911, amounting to £1,673,333, represent 16.73 per cent. on the paid-up capital of £10,000,000, and are to be appropriated as follows: £1,250,000 to dividend of twelve and one-half per cent. to shareholders, £110,936 to reserves, £48,925 to directors, £135,000 to gratuities to staff, and £128,472 carried forward to new account.

TENANT FARMERS AND A LAND BANK SCHEME

COMMENTING on "Tenant Farmers and a Land Bank Scheme," the April "Bankers' Magazine" of London summarizes the plan of Sir Edward Holden of the London City and Midland Bank in the following words: "A bank should be formed for the purpose of lending money to the farmer for a series of years so enabling him, if possible within his own lifetime, to purchase his land. It was proposed

Mexico City Banking Company, S. A.

AVENIDA SAN FRANCISCO No. 14

Capital and Surplus \$1,000,000

COLLECTIONS AND ALL BANKING MATTERS GIVEN PROMPT AND CAREFUL ATTENTION

that a loan of £500,000 should be obtained from the State by the new 'bank,' such loan to carry three and one-quarter per cent. interest, while in the matter of the bank's lending operations the suggestion is, that the money should be advanced to the farmer to the extent of four-fifths of the purchase money required for payment of the land, such money to be repayable by annual instalments spread over a period of seventy-five years or such other period as might be arranged between the purchaser and the institution, the money to be lent on the basis of four per cent. interest."

A BRITISH BANK MERGER

THE old-established private banking firm of Peacock, Willson & Co., which did a considerable business in and about Lincolnshire, has been merged with Lloyd's Bank, Ltd., of London.

BANK OF SCOTLAND'S PROGRESS

THE announcement that the directors have recently declared a dividend at the rate of twenty per cent. per annum, making nineteen per cent. for the year, caused no unusual comment among the shareholders. This institution paid twelve per cent. in 1901, and has risen steadily since, the two last years distributing eighteen per cent.,

exclusive of income tax. In spite of meeting the heavy depreciation on investments, the reserve fund has been increased from £700,000 to £1,300,000 since 1901, wholly from surplus profits.

LEVANTINE BUSINESS

IT is learned that the Ottoman Bank contemplates opening several new branch offices in various parts of Turkey, at least one or two of these banks to be started in the near future.

AUSTRO-HUNGARIAN BANK'S POLICY

IN a vehement speech against the undue inflation of credit in Austria and Hungary, Herr Von Prauger, Secretary-General of the Austro-Hungarian Bank, said that if the present state of affairs continued, persons of considerable property might be ruined by financial calamities. In changing its policy of unlimited loans, the Austro-Hungarian Bank handicapped many of its smaller subsidiaries, and particularly in Galicia, which criticized the methods of the institution severely, saying there was no reason why they should suffer for the excess of speculation at the Bourse of Vienna. Later Herr Von Prauger quieted the feeling by saying that the bank would not classify the borrowers, as was generally supposed.

Banco de Nuevo Leon

MONTEREY, N. L., MEXICO

ESTABLISHED OCT. 1, 1892

Capital paid up, \$2,000,000 Reserves, \$823,875.00 Deposits, \$3,002,244.00

GENERAL BANKING BUSINESS TRANSACTED

Principal Correspondents:—NEW YORK, National Park Bank, Mechanics & Metals National Bank; LONDON, Dresdner Bank, Credit Lyonnais; BERLIN, Deutsche Bank, Berliner Handels Gesellschaft; PARIS, Credit Lyonnais, Comp. toir National d'Escompte; HAMBURG, Deutsche Bank Filiale Hamburg, Com. merz und Disconto Bank; MADRID, Banco Hispano Americano, Banco de Castilla; HABANA, Banco de la Habana.

RODOLFO M. GARZA, Manager

ARTURO MANRIQUE, Accountant

AMADOR PAZ, Cashier

Banco Nacional del Salvador

SAN SALVADOR

Authorized Capital \$5,000,000

Subscribed Capital 2,000,000

Paid-up Capital 1,000,000

Head Office—SAN SALVADOR
Republic of Salvador, Central America

Agencies at all principal towns in
the Republic.

Correspondents in the most im-
portant cities abroad.

BANKING BUSINESS TRANSACTED
OF EVERY DESCRIPTION

Special attention given to COLLEC-
TIONS — moderate commission

Dr. Guillermo Mazzini
President Director

G. Hemmeler
Manager

GERMAN MORTGAGE BANKS

THE "Frankfurter Zeitung" recently published its compilation of the mortgage bank statistics for Germany. These thirty-six institutions play an important part in German financial affairs, as is evident from the fact that their obligations are in circulation to the total of £561,000,000, there having been an increase of £25,700,000 during 1911. They hold mortgages to the amount of £591,700,000 on urban property; and the gain for the year was £28,600,000. Their total capital is £36,580,000, and reserves £14,900,000. Dividends last year averaged eight and one-half per cent. All, except seven, had larger net earnings than in 1910. It is an interesting fact, illustrating the rising interest rate in Germany (and other countries as well), that the three and one-half and three and three-quarters per cent. obligations

of these banks were again contracted last year by £6,270,000, while their obligations bearing four per cent. interest and higher were further increased by £32,000,000.

REMOVAL OF THE INCOME TAX FROM FRENCH RENTES

THE advance in French rentes lately has caused as much comment as the recent sensational decline. In one week the stock rose from ninety-two francs twenty-seven and one-half centimes to ninety-three francs fifty centimes, and a further rise is expected.

The strength has substantial basis. The Senate Committee on Finance has decided to exclude any imposition on rentes from the income tax bill. This action of the committee marks the culmination of a campaign that has lasted several years. The recent severe slump in the Bourse quotation of the premier security has taught the Government a lesson. It was found that something was necessary to relieve the situation created by the issue of a four per cent. State railway loan guaranteed by the Government which was so remarkably oversubscribed and was drawing funds from rentes.

RUSSIAN BANK PROPOSED

THE Mutual Credit Banks of the Russian Far East are working for the organization of a special Siberian real estate bank. It is proposed to organize the new bank on the lines of one of the European Russian real estate banks.

MANCHURIAN BANKS IN OPER- ATION

THESE banks are doing business in Harbin: Russo-Asiatic Bank (Russian); the First Mutual Credit Bank (Russian); the Second Mutual Credit Bank (Russian); Ta Ching Bank (Chinese); Tsitsihar Provincial Bank (Chinese); agency of Hongkong &

Shanghai Banking Corporation (British); agency of Yokohama Specie Bank (Japanese).

ASIATIC

NEW CANTON BANK

A NUMBER of the leading capitalists among the Chinese of Canton and its surrounding province are planning to establish a bank under foreign supervision and largely with capital obtained from abroad upon local real estate security.

CANADIAN LOANS IN LONDON

AN important feature of the English loan market for the last five or six years has been the investment of money in Canadian enterprises. During the past seven years the borrowings of Canada in London aggregated \$857,658,659, the total for 1911 being \$191,957,963. As many government projects are under consideration, and in view of the rapid development of the Dominion, it is thought the loans in 1912 will exceed those of 1911.

NEW BANK IN JAPAN

ANNOUNCEMENT is made at Tokyo of the consolidation of the Industrial Bank of Japan, the Banque de Paris, Credit Lyonnais, Comptoir d'Escompte, and Societe Generale into one institution, to be called the Franco-Japanese Bank.

AUSTRALASIAN

BANK OF NORTH QUEENSLAND

AT the forty-seventh half-yearly meeting of the shareholders of the Bank of North Queensland, Limited, held recently, Sir Alfred Cowley, Chairman of Directors, submitted the accompanying report:

NEW "SUMITOMO BANK, LTD."

FOR the purpose of meeting the ever increasing requirements of their clients, due to the general economic development of the country, the Sumitomo Bank of Osaka, Japan, has decided to transform the business into a joint-stock company, to be called the "Sumitomo

	£	s.	d.	£	s.	d.
The net profits for the half year, after deducting rebate on bills current, interest on deposits, paying all charges and providing for bad and doubtful debts, amounted to.....	5,383	10	2			
To which was added the amount carried forward from last half year	1,170	13	7			
				6,554	3	9
Giving an available balance of.....				6,554	3	9
Which has been distributed as follows:						
Dividend for the half year at the rate of six per cent. per annum	3,000	0	0			
Income tax on above	197	1	9			
Balance carried forward to next half year.....	3,357	2	0			
				6,554	3	9

PRESIDENT OF THE BANK OF NEW SOUTH WALES

SIR NORMAND MacLAURIN, M.L.C., has been elected president of the Bank of New South Wales, Sydney, N. S. W., in place of Sir Charles MacKellar, M.L.C., who remains a member of the board of directors.

Bank, Limited," with an authorized capital of 15,000,000 yen, divided into 150,000 shares of 100 yen each, of which one-half, fifty yen, is paid up. The new institution took over the whole business of the Sumitomo Bank on April 1, last. At the inaugural general meeting, held on February 23, 1912, the following gentlemen were unanimously elected directors and auditors: Baron

Mexican Title-Mortgage Co.

Mexico City, Mexico

MEXICAN TITLES

EXAMINED

ABSTRACTED

PERFECTED

Foreclosures and Reorganizations Managed

Mexican Companies Organized

Foreign Companies Protocolized

Real Estate Properties Managed

Mexican Lands Bought and Sold

Concessions Obtained

It costs nothing to write us for particulars

Kichizayemon Sumitomo, Mr. Masaya Suzuki, Mr. Kinkichi Nakada, Mr. Kwankichi Yukawa, directors; Mr. Teigo Iba and Mr. Munio Kubo, auditors. Baron Kichizayemon Sumitomo was elected president and Mr. Kinkichi Nakada, managing director.

INDIA'S GOLD IMPORT

FINANCIAL circles of the Far East are particularly interested at the present time in the increase in the amount of gold now being absorbed by India. Preliminary reports indicate that the imports of gold into India during 1911 form a record, while those of silver amounted to about the same as in the previous year, thus demonstrating that the receipts of gold have not been at the expense of silver. It is considered by bankers that the increased use of gold is of vast economic importance both to India and to the Far East generally.

NATIONAL BANK OF INDIA'S STATEMENT

THE report of this bank for 1911 is encouraging, in view of India's present condition. The net profits amounted to £252,495, while in 1910 they were £248,219. The available balance was £293,368, including £40,873 brought forward, out of which £120,000, in twelve per cent. dividends, was paid. The directors then set aside £100,000 to reserve, wrote £10,000 off house property, and added £10,000 to the pension fund, leaving £53,368 to be carried forward.

YOKOHAMA SPECIE BANK, LTD.

AT the half-yearly ordinary general meeting, held at the head office, Yokohama, recently, Viscount Yataro Mishima, president of the board of directors, presented a report showing the

gross profits for the half-year ending December 31, 1911, to have been yen 10,346,404.

NEW SHANGHAI BANK

A NEW native bank, capital \$1,000,000, is being started by the local merchants of Shanghai, and if the flota-

tion succeeds, it will be the first time that a bank in the real sense of the word, the capital of which was subscribed by the public, will have been established in Shanghai. Hitherto banks have generally been controlled by one or two leading financiers, and their accounts were sealed books to the public that invested in them.

LATIN AMERICA

MONETARY REFORM IN NICARAGUA

A REPORT on the monetary reform in Nicaragua has been submitted to the bankers interested in the subject, Messrs. Brown Brothers & Company and J. & W. Seligman & Company, by the two experts who have recently been in Nicaragua—Francis Capel Harrison, Esq., recently Head Commissioner of the Paper Currency of British India, and Mr. Charles A. Conant, of New York, who prepared the monetary plan for the Philippine Islands and was consulted by Mexico and Panama in the revision of their currency systems.

A part of the project recommended by the experts for Nicaragua is already

in operation, having been completed and enacted by the National Assembly on March 20, last. The collection of the customs has been in the charge of a representative of the bankers since December last, in order to secure the loan of \$1,500,000 made for the purpose of the monetary reform. The bankers have made an additional loan of \$500,000 to strengthen the currency fund and \$255,000 in monthly installments of \$30,000 from February 1 to October 15, in order to overcome the deficit in current receipts pending the complete reorganization of the finances of the Republic.

The new monetary plan adopts a gold

BANCO MERCANTIL DE MONTEREY

MONTEREY, N. L., MEXICO

A CORPORATION

Official Depository for the Government of the State of Nuevo Leon

Capital Resources, \$2,500,000. Reserves, \$320,315.04

Manager, MR. JOSE L. GARZA

Cashier, MR. ENRIQUE MIGUEL

Accountant, MR. F. M. de la GARZA

Buys and Sells Domestic and Foreign Drafts. Issues Letters of Credit.

Takes charge of any collections entrusted to it on a moderate rate for commission and remittance.

Buys and sells for account of others, government, municipal, banking and mining stocks and bonds.

Principal Correspondents—National Park Bank and Hanover National Bank, New York; Banco Hispano Americano, Madrid, Spain; Credit Lyonnais, Paris, France; Credit Lyonnais, London, England; Deutsche Bank Filiale Hamburg, Hamburg, Germany.

unit of the same weight and fineness as the American dollar, which is named the "Córdoba," in honor of Francisco Hernandez de Córdoba, the Spanish founder of the two principal cities of Nicaragua, Grenada and Leon. Subsidiary coins of silver and nickel have been recommended, of substantially the same weight and exchange value as those of the United States. The bulk of the loan made by the bankers is being employed in reducing the excessive mass of depreciated paper issued by the Government from time to time since 1894, in order to bring down the amount to a point which will permit its conversion at a more favorable rate than that now prevailing in the market and permit its exchange for new notes having a fixed gold value. The new notes will be issued ultimately by the National Bank of Nicaragua, in which the bankers have the privilege of taking fifty-one per cent. of the stock, if they so decide. The bank will issue notes expressed in córdobas, which will become the sole legal tender, apart from coin, after the period of transition is completed from the old money to the new, which will require about nine months. The National Bank will in the meantime, as soon as it can be put in operation, assume the current redemption of the old Government notes, in order to give them a fixed gold parity by July 1, or as soon thereafter as the necessary machinery can be put in effective operation.

Drafts are already being sold in Nicaragua upon the United States Mortgage & Trust Company, which is the trustee for the loan and the custodian of the exchange fund, for the Government paper money, and already several million pesos of Government paper, worth between six and seven cents in gold, have been paid in for drafts and will soon be cancelled and destroyed.

The principle of the monetary system, as recommended by Messrs. Harrison and Conant and adopted by the bankers, is that of the gold-exchange standard, operating in much the same manner as the systems of British India, the Philippines, and Mexico. It is proposed ultimately, however, to establish an effective gold standard in Nicaragua itself, with the privilege of free coinage for gold and with the maintenance of a reserve of forty per cent. in gold by the National Bank. The system recommended by the experts for this purpose follows in some respects the lines of the English and German banking laws, but provided for a somewhat wider range of elasticity than is permitted under those laws. It is proposed to separate the issue and banking departments from each other, as under the English system; but it is provided that additional notes may be issued to the amount of ten per cent. of the authorized circulation subject to a tax at the current bank rate, and that in even graver emergencies an additional ten

MERCANTILE BANKING COMPANY, Ltd.

Avenida San Francisco No. 12

CITY OF MEXICO

Capital, \$500,000.00

Surplus, \$100,000.00

Members of the American Bankers' Association

GEO. J. McCARTY, President
H. C. HEAD, Cashier

K. M. VAN ZANDT, Jr., Vice-Pres. & Mgr.
SHUR WELCH, Assistant Cashier.

A General Banking Business Transacted
Telegraphic Transfers

Foreign Exchange Bought and Sold
Letters of Credit

Unsurpassed collection facilities. Correspondence solicited. Accounts of Banks, Bankers, Merchants and Individuals solicited.

per cent. may be issued under a higher tax.

Plans are already being perfected for opening the National Bank in Managua, the capital of Nicaragua, at the earliest possible moment. Mr. W. Bundy Cole, who has had experience in

tanamo and Manzanillo, and with new branches at Trinidad, Colon, Santo Domingo, Placetas, another in Havana and Jesús del Monte, totalling twenty-six together, the National Bank of Cuba submits the accompanying report for 1911:

ASSETS.

Cash in vaults	\$6,045,338.03	
Due from banks and bankers	3,243,746.10	
Remittances in transit	1,293,785.50	
		\$10,582,869.63
Bonds and stocks:		
Government bonds	\$2,540,866.67	
City of Havana bonds	758,610.59	
Other bonds	361,220.52	
Stocks	148,838.67	
		3,809,536.45
Loans, discounts, time bills, etc.		17,717,735.48
Bank buildings and real estate		1,093,260.92
Furniture and fixtures		89,416.15
Sundry accounts		14,979.16
Securities on deposit		3,043,721.45
Total		\$36,351,519.24

LIABILITIES.

Capital	\$5,000,000.00	
Surplus	1,100,000.00	
*Undivided profits	306,255.13	
		6,406,255.13
Due to banks and bankers		3,378,246.15
Deposits		23,523,296.51
Deposits (securities)		3,043,721.45
Total		\$36,351,519.24

*Deduct \$200,000.00 four per cent. semi-annual dividend, payable January 2, 1912.

Mexico and other Latin-American countries, has been selected as manager, and is at present in New York, pushing the plans for the issue of the new coinage of the Republic and the engraving of the notes of the bank. The coins will bear the portrait of Córdoba, while the notes will bear the portraits of heroes of the wars of liberation which gave to Nicaragua her present position as an independent and sovereign Republic.

NATIONAL BANK OF CUBA'S REPORT

WITH many improvements in the established branches, two branches at Sagua la Grande and Santa Clara continuing in newly constructed buildings, new banks being erected at Guan-

Under the able management of President Edmund G. Vaughan and his associates the National Bank of Cuba has made a conspicuous and solid success, and now ranks among the great and strong banking institutions of Latin America.

BOLIVIA'S BANK PROFITS

FIVE of the principal banks in the Republic of Bolivia report the following profits for the last half of 1911:

	Bolivianos.	Approximate Dollars.
Mercantile Bank.....	44,873.83	17,940
Argadona Bank....	37,083.31	14,830
Industrial Bank....	50,337.05	20,130
National Bank.....	63,741.87	25,490
Nat'l Mortgage Bank.	68,329.19	27,331

**THE BANKERS
DIRECTORY**

"THE RED BOOK"

In its twenty-ninth year and
BETTER THAN EVER

**COSTA RICA BANK NOTES IN
CIRCULATION**

BANK notes in circulation in the Republic of Costa Rica at the close of 1911 amounted to 4,097,165 colones, as compared with 3,952,465 colones at the close of 1910. The circulation of the different banks at the close of 1911 was as follows:

	Colones.
Bank of Costa Rica.....	1,235,585
Commercial Bank	1,116,310
Anglo Bank	607,360
Mercantile Bank	1,149,910

The circulation of bank notes was secured by deposits of gold coin to the value of 2,683,469 colones.

The Commercial Bank and the Mercantile Bank propose to increase their capital, and a subscription recently opened by the Commercial Bank for that purpose was taken up at forty per cent. premium. It is reported that the

Government intends to issue a million colones in gold coins of two, five, and ten colones each.

NOTE. — Colon = approximately \$0.48 United States gold.

NATIONAL BANK OF SALVADOR

THE National Bank of Salvador was established in the city of San Salvador in 1906. The present authorized capital is 2,000,000 pesos, of which 1,000,000 pesos is paid up. The reserve fund is now 50,000 pesos, the contingent fund 10,000 pesos, and that for future dividends 6,051 pesos. The profits of the National Bank of Salvador in 1911 were 76,051 pesos, and the total available assets on December 31, 1911, 3,486,555 pesos.

NOTE. — Peso = approximately \$0.40 United States gold.

**DOMINICAN REPUBLIC'S BANK-
ING ACTIVITIES**

THE Royal Bank of Canada has established an agency at San Domingo. This is the second bank opened recently, the first, as mentioned in one of our late issues, being the National Bank of Santo Domingo, organized by an influential group of Dominican capitalists, and closely connected in a business way with large American and European interests.

**THERE ARE THREE DEPARTMENTS OF THE
Ca. Bancaria de Fomento y Bienes Raices, de Mexico, S. A.**

REAL ESTATE

This department buys and sells all kinds of land in every part of the Republic—City or Country. Houses bought, sold and constructed. Ranches subdivided into smaller ones.

V. M. Garces, *Manager.*

PUBLIC WORKS

This department does paving work, makes surveys, constructs sewerage systems, etc. It has improved the Cities of Mexico, Puebla, Guadalajara, Durango and others.

Manuel Elguero, *Manager.*

BANKING

This department finances the other two departments and does all kinds of business in relation to banking.

Xavier Icaza y Landa, *Mgr.*

CORRESPONDENCE IS INVITED

**Compania Bancaria de Fomento y Bienes Raices, de Mexico, S. A.
MEXICO, D. F.**

President—**F. PIMENTEL Y FAGOAGA**
1st Vice-Pres.—**P. MACEDO** 2nd Vice-Pres.—**LUIS BARROSO ARIAS**

NEW POST FOR MR. SHUSTER

AN evidence of increased interest here in Latin-American business affairs was furnished by the recent announcement that W. Morgan Shuster had been selected to represent the National City Company of New York in South America. Mr. Shuster's vigorous work and somewhat stormy experience as Treasurer-General of Persia will be readily recalled.

He is a native of Washington, and is a member of the bar of that city.

Although but a little over thirty-five, Mr. Shuster has had extensive experience, as the following brief synopsis will show.

In 1898, he served in the United States War Department, and was appointed an assistant secretary to the Evacuation Commission, having charge of the arrangements for the evacuation of Cuba by the Spanish Government and troops. Upon the termination of these duties he was appointed to the Cuban Customs Service, then under the American Government, and served nearly three years in that department, having taken a prominent part in the organization of the entire service, having been appointed, successively, Chief of Statistics, Chief Appraiser and Deputy Collector, and finally attaining the grade of Special Deputy Collector of Customs for Cuba.

In 1901, he was appointed by Secretary of War Elihu Root to be Collector of Customs for the Philippine Islands, and was charged with revising the new Philippine tariff laws and with the reorganization of the entire Philippine customs service. He was also entrusted with the enforcement of all immigration, navigation and registration laws in the Philippine Islands. He served in this capacity until September, 1906, when he was appointed by President Roosevelt, on the recommendation of President Taft (then Secretary of War), as Secretary of Public Instruction in the Philippine Islands and a member of the Philippine Commis-



W. MORGAN SHUSTER

sion, which was then the sole legislative body in the Islands. In this capacity Mr. Shuster had executive control of the Bureau of Education, employing nearly eight thousand American and Filipino teachers; of the entire prison system of the Islands; of the Bureau of Supply, which made all purchases of official supplies for the Government; of the Bureau of Printing; and of the Philippine Medical School. He also instituted the Philippine University, the Government University of the Philippines. While a member of the Philippine Commission in 1907, he was made chairman of the Code Committee, which codified and compiled the American legislation for the Islands covering a period of nearly ten years.

During his service in Cuba and as Collector of Customs in the Philippines,

Mr. Shuster had charge of the making and revising of a number of different tariff laws, and he is considered an expert in the framing, execution and interpretation of customs and other revenue legislation.

He is also thoroughly acquainted with the problems arising out of the organization of the finances of new governments, taxation problems, etc.

In March, 1911, Mr. Shuster was appointed to be financial adviser and Treasurer-General of the Persian Empire. His firm stand in behalf of a sound reorganization of the finances of that country won the high regard of the Persian Government and people, but unforeseeable international political complications rendered the successful continuation of his work impracticable, and he resigned his office.

BANK ILLUSTRATIONS HELPFUL

ONCE in a long time the policy of **THE BANKERS MAGAZINE** in publishing illustrated descriptions of banks is criticised. It perhaps does not occur to those who make such criticisms that these articles are not of interest merely to the banks described and to their friends, but that they are often found practically helpful to banks that are planning new buildings or a rearrangement of their present quarters. The accompanying letter, which is but a sample of many received from time to time, will show the correctness of this view.

Champaign, Illinois, April 20, 1912.

Bankers Publishing Co.,
253 Broadway, New York

GENTLEMEN: We enclose \$5 to pay our subscription expiring Nov., 1912.

We received considerable help from your Magazine, and do not see how we could get along very well without it.

About two years ago you published

a page of photographs of bank fronts. We selected a bank front that we thought would serve our purposes, and investigated, and found that it would meet our requirements. Since then we have put up a new bank building and expect to move in about May 1. We are very much pleased with this building, and believe that it is good enough for you to use a picture of the same in **THE BANKERS MAGAZINE**. Should you desire to know further regarding this, we will be pleased to send you a picture just as soon as we get them out.

Yours truly,

V. W. JOHNSTON,
Vice-Pres. Ill. Title & Trust Co.

It must not be inferred from what is said that this **MAGAZINE** is irritated in the least by the criticisms referred to or by any others. For it is only by such criticisms that **THE BANKERS MAGAZINE** can be made practically helpful to its readers—and that is the highest aim of the publishers.

MODERN FINANCIAL INSTITUTIONS AND THEIR EQUIPMENT

INDUSTRIAL TRUST CO., PROVIDENCE, R. I.

THE Industrial Trust Co. of Providence, R. I., has recently completed extensive alterations in its building at the corner of Westminster and Exchange streets, which give the company facilities adequate to its large and growing business.

can onyx and bronze, carrying out the former interior scheme.

The entire first floor of the building is occupied by the Industrial Trust Co., the United National Bank and the Rhode Island Safe Deposit Co.



COL. SAMUEL P. COLT
CHAIRMAN OF THE BOARD



COL. H. MARTIN BROWN
PRESIDENT

The building of the company, which is nine stories in height, has been enlarged by the addition of forty feet on Westminster street, running the full depth of the building.

The entire front of the building is occupied by the company, and it now has one of the largest floor spaces for banking purposes in the country. The floors are finished in marble, with the counters of Mexi-

The old party wall on the first floor has been entirely removed and marble columns substituted.

The Industrial Trust Company was incorporated under the laws of Rhode Island June 9, 1886, and in August, 1887, the doors of the institution were opened for business.

Originally the company had banking rooms in Custom House street, where for



JOSHUA M. ADDEMAN
VICE-PRESIDENT



JAMES M. SCOTT
VICE-PRESIDENT



CHARLES C. HARRINGTON
VICE-PRESIDENT



FRANK C. NICHOLS
VICE-PRESIDENT



WARD E. SMITH
TREASURER



H. HOWARD PEPPER
ASST. TREASURER



HENRY B. CONGDON
SECRETARY



E. EUGENE CHESEBRO
ASST. SECRETARY



ELMER F. SEABURY
AUDITOR

OFFICERS OF THE INDUSTRIAL TRUST CO., PROVIDENCE, R. I.

a few months it conducted business, pending the completion of its permanent quarters, which were in preparation in the National Exchange Bank Building at the corner of Westminster and Exchange streets,

living, but all will be recalled as foremost, progressive and aggressive citizens. They were: Hiram H. Thomas, James M. Kimball, George L. Littlefield, Albert L. Calder, Joshua Wilbour, James O. Inman, Heze-



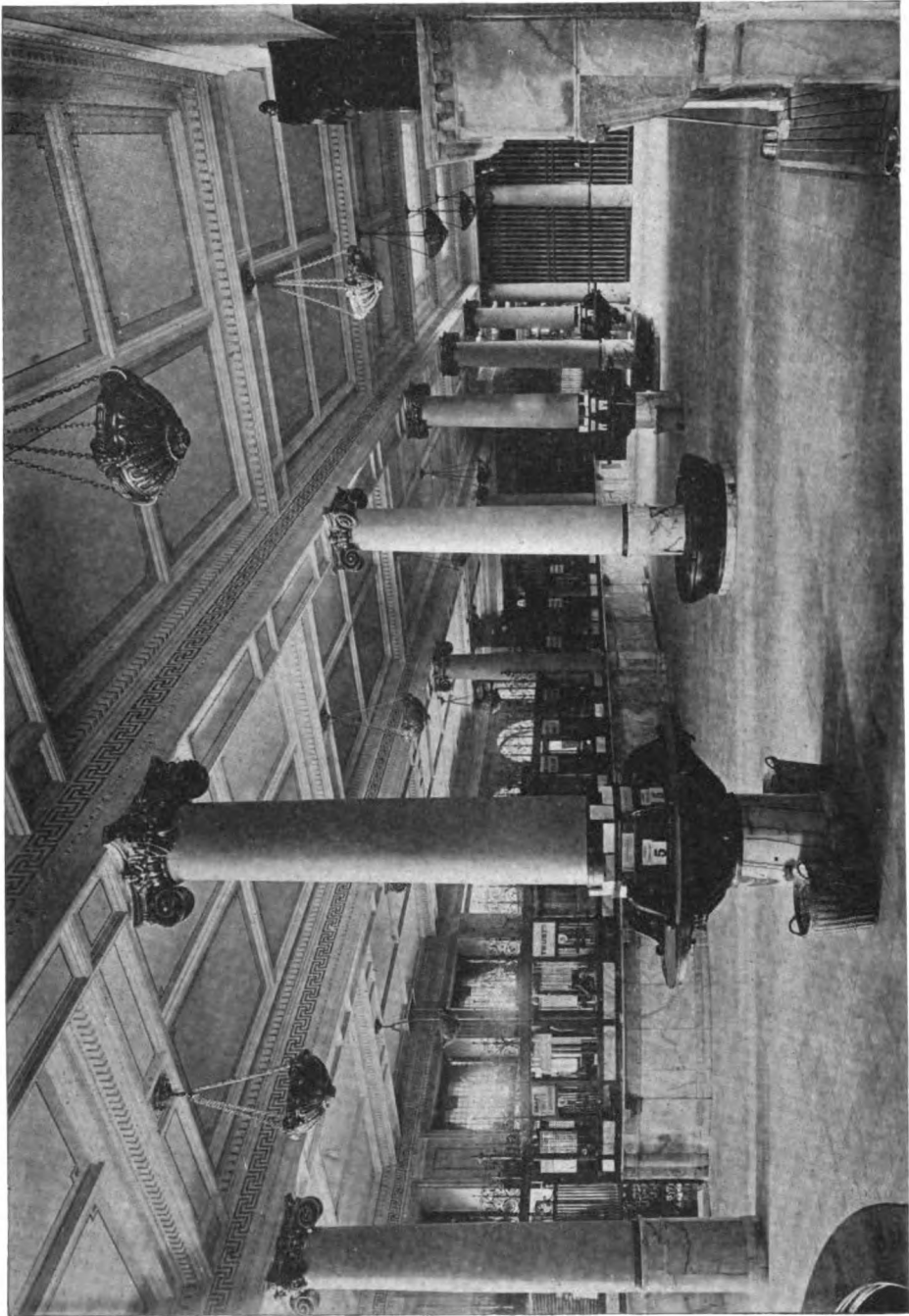
REMODELED BUILDING OF THE INDUSTRIAL TRUST CO., PROVIDENCE, R. I.

and on December 15, 1887, the business was transferred to that location.

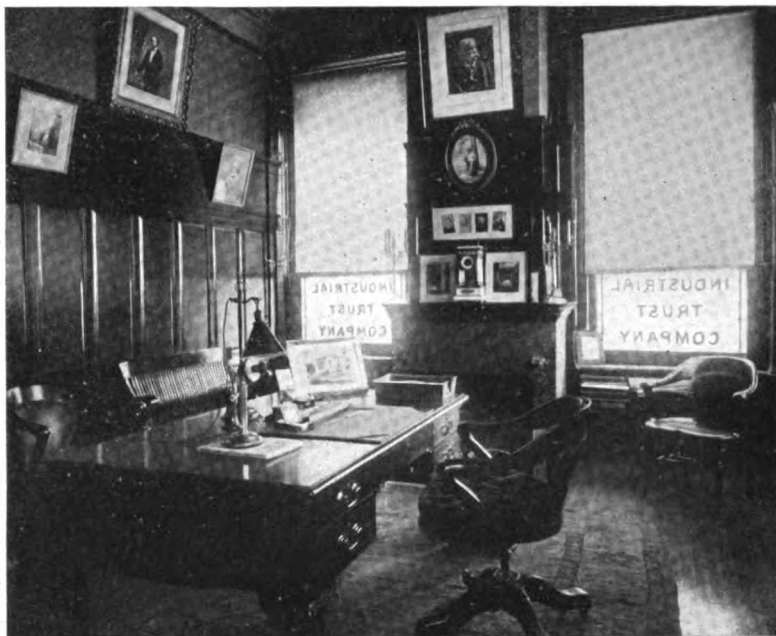
A glance at the personnel of the first board of directors attests the care which was observed in selecting representative men from the industrial and financial ranks of the State. They were the solid men of that period, men whose names were pillars of strength. Few of these are now

kiah Conant, Samuel P. Colt, James S. Parish, Nicholas Van Slyck, Charles R. Cutler, Sterns Hutchins, Zechariah Chafee, Jr., Horace M. Barns, George T. Bliss of New York, William Church Osborn of New York, and E. C. Knight of Philadelphia.

Samuel P. Colt was elected president, and Joshua M. Addeman treasurer. Colonel Colt had well served the State as its attor-



MAIN BANKING ROOM, INDUSTRIAL TRUST CO., PROVIDENCE, R. I.



OFFICE OF THE CHAIRMAN OF THE BOARD

ney-general, and Mr. Addeman had repeatedly been chosen as secretary of state. They brought to their respective offices in the trust company a knowledge of law



WALBO M. PLACE
SECRETARY AND TREASURER
R. I. SAFE DEPOSIT CO.

and finance which was most useful to the new institution.

From the beginning the company achieved success. Careful and progressive management produced great results. Its business increased rapidly and in a short time its

banking rooms were found to be entirely inadequate for the volume transacted.

A new location was looked for and in 1891 the company purchased what was then known as the Atlantic Building at Westminster and Exchange streets.

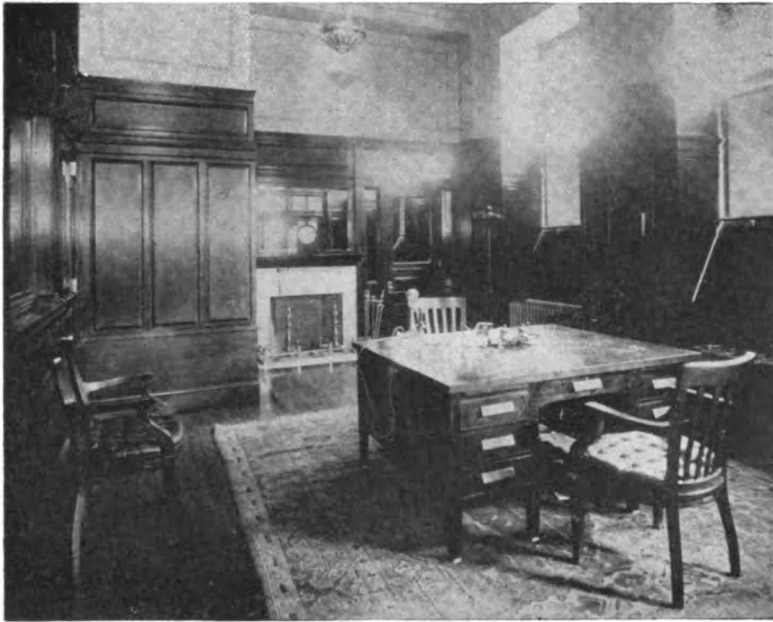
The original structure was demolished and rebuilt to conform to more modern ideas of a banking and office building. Today the building is more than double the size of the old one.

The original capitalization, which had been \$500,000, was increased to \$1,000,000, that means might be provided for erecting the new building.

In constructing the building particular heed was paid to securing a fire-proof condition and this has obtained with the new structure.

The banking rooms, which are judged to be unsurpassed in New England, originally covered a space of 115 by 37 feet; to-day the space occupied is 119 by 80 feet. These are luxuriously equipped. The mural decorations are in good taste, and throughout absolute harmony prevails. This is especially noticeable in the devices lighting the rooms, magnificent clusters of electroliers and mirrors producing a charming effect.

The Industrial Trust Company was thought ten years ago to have taken to itself quarters which would answer its requirements for generations. How quickly this was disproved, every patron of the institution knows full well.



OFFICE OF THE PRESIDENT

The business of the company grew and it rapidly absorbed a number of the leading national and savings banks in different parts of the State, establishing branches at Pawtucket, Newport, Woonsocket, Bristol, Warren, Pascoag, Wickford and Westerly.

From the original capitalization of \$500,000 there has been an expansion to \$3,000,000, with a surplus of \$3,000,000. The published statement of April 18, 1912, gives the following excellent showing:

RESOURCES.

Loans and Discounts	\$17,740,247.67
Real Estate Mortgages	3,807,973.23
Bonds and Stocks	14,788,163.12
Real Estate	870,750.00
Call Loans	\$7,062,479.96
Due from Banks, Bankers and Treas- urer of U. S.	5,837,711.53
Cash in Vaults	2,072,622.07
	<u>14,972,813.56</u>
	\$52,179,947.58

LIABILITIES.

Capital Stock	\$3,000,000.00
Surplus	3,000,000.00
Undivided Profits	780,673.04
Reserved for Additions and Im- provements to Building	35,504.40
Reserved Interest	252,544.03
Deposits	45,111,226.11
	<u>52,179,947.58</u>

The present officers are: Samuel P. Colt, chairman of the board; H. Martin Brown, president; Joshua M. Addeman, vice-president; James M. Scott, vice-president; Charles C. Harrington, vice-president; Frank C. Nichols, vice-president; Ward E. Smith, treasurer; H. Howard Pepper, trust

officer and asst. treasurer; Henry B. Congdon, secretary; E. Eugene Chesboro, asst. secretary; Elmer F. Seabury, auditor.

Directors: Samuel P. Colt (chairman), Joshua M. Addeman, James M. Scott, H. Martin Brown, Charles C. Harrington, Louis H. Comstock, Herbert N. Fenner, J. Milton Payne, Eben N. Littlefield, Angus McLeod, Ezra Dixon, Lyman B. Goff, Samuel M. Nicholson, James R. MacColl, John W. Ellis, Harold J. Gross, Samuel M. Conant, James E. Sullivan, R. Livingston Beeckman, Walter S. Ballou, Albert H. Sayles, Seeber Edwards, Henry W. Harvey, James M. Pendleton, Thos. P. Peckham, Everett I. Rogers, Frank C. Nichols.

The Rhode Island Safe Deposit Company has made substantial additions to its rooms, entered from Exchange street, and the rooms of the Industrial Trust Co.

One of the features of the additions to the Rhode Island Safe Deposit Company's quarters is an immense safety deposit vault. The contract for its construction was let to the Remington & Sherman Company of New York. The vault, equipped with the most modern appliances, alone cost \$100,000. This vault is 22x25 feet, and is built on the first floor so that it may be seen from all four sides. There are two doors which will lead directly through the vault, and by them box holders can pass into the coupon rooms, which are situated near Exchange place.

The vault walls are of 20-inch concrete, lined with a grill cage, which is further re-

inforced with a four-inch solid steel drill and explosive-proof backing. The vault is one of the strongest and most modern in the country. Two of the doors weigh twenty-three tons each. The manner of its construction was decided on only after a committee

from the company had investigated some of the biggest vaults in use.

The safe deposit company, in addition to the big vault on the first floor, has one of similar dimensions in the basement, which will be used for silver storage.

GUARANTY STATE BANK AND TRUST CO., DALLAS, TEXAS

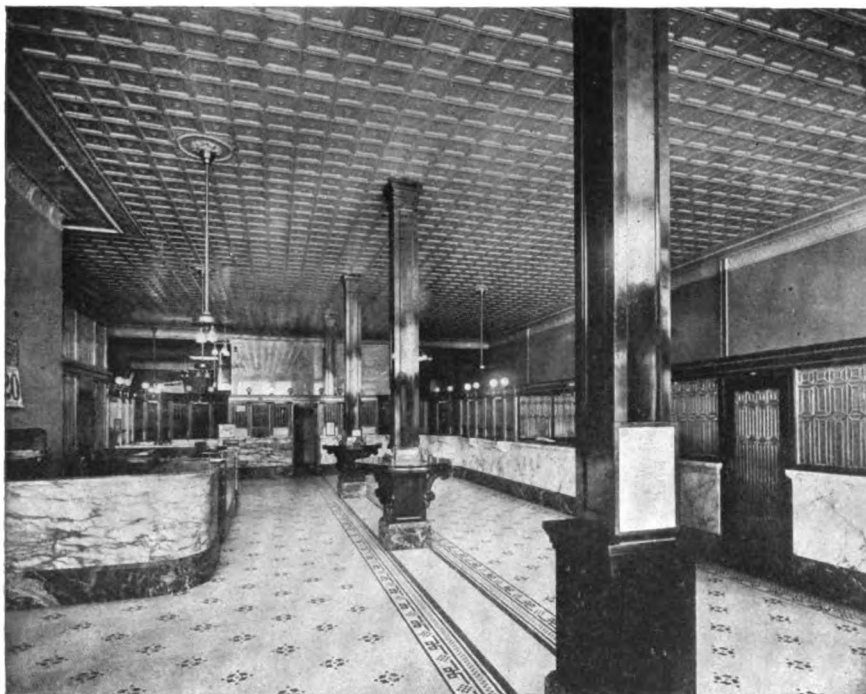
TEXAS banks are developing at a rate that indicates prosperity throughout the State and excellent management on the part of the banks. One of these growing institutions is the Guaranty State Bank and Trust Company of Dallas, which has paid dividends of \$42,000 in less than two and one-half years, and reports the increase in profits and deposits shown herewith:

	Capital.	Surplus and Profits	Deposits.
Oct. 4, 1909.....	\$400,000	\$4,434	\$809,856
April 4, 1910.....	400,000	14,617	1,567,548
Oct. 4, 1910.....	400,000	17,433	1,869,078
April 4, 1911.....	400,000	41,621	2,134,710
Oct. 4, 1911.....	400,000	51,070	2,150,430
April 4, 1912.....	400,000	63,947	2,257,254
April 18, 1912.....	400,000	44,589	2,326,342

the bank has just been raised from \$400,000 to \$600,000 by the sale of 2,000 shares at \$120 per share, producing a surplus of \$40,000, which, added to the present surplus, brings that item up to over \$100,000. The stock was offered to the present stockholders in proportion to their holdings, and was eagerly taken up, having been largely over-subscribed. The bank pays eight per cent. dividends, two per cent. quarterly. As a bank's progress depends chiefly upon its managing officers, it will be interesting to learn something of the men entrusted with the control of the Guaranty State Bank and Trust Company.

The president, D. E. Waggoner, has been in the banking business since 1890, starting as assistant cashier of the First National Bank, Ladonia, Texas. In 1900 he resigned this office to accept a similar place with the National Bank of Cleburne, Texas,

To keep pace with the general expansion of business in its territory, the capital of



MAIN BANKING ROOM, GUARANTY STATE BANK AND TRUST CO., DALLAS, TEXAS

which position he held four years, resigning to assist in the organization of the Gaston National Bank of Dallas, of which bank he was vice-president until its consolidation with the Commonwealth National Bank of Dallas, in April, 1909. In September, 1909, he organized the Guaranty State Bank and Trust Co., of Dallas, with a capital of \$400,000, which at that time was the largest

years ago, being first in the electric lighting business at Cleburne, Texas. He has been for several years, and is now, general manager of the Texas Traction Co., and is also connected with other large gas and electric companies over the State.

Active Vice-President S. J. McFarland has been in the banking business since 1895. He began as bookkeeper with the First Na-



D. E. WAGGONER

PRESIDENT, GUARANTY STATE BANK AND TRUST CO., DALLAS, TEXAS

capital of any State bank in Texas. He was elected president of the bank at its organization, which place he still holds, being very active in the management of its affairs.

Vice-President M. H. Wolfe is of the firm of M. H. Wolfe & Co., one of the largest exporters of cotton doing business in Texas. Mr. Wolfe is a native Texan and has been in the cotton and banking business practically all his life.

Vice-President R. B. Stichter is a native Missourian, coming to Texas about ten

years ago, being first in the electric lighting business at Cleburne, Texas. He has been for several years, and is now, general manager of the Texas Traction Co., and is also connected with other large gas and electric companies over the State. In 1900 he accepted a position as cashier of the First National Bank, Greenville, Texas, and after two years sold his interest to accept the vice-presidency of the Ladonia National Bank, which office he held for five years, resigning to assist in the organization of the Guaranty State Bank and Trust Company of Dallas, of which he has been active vice-president since its organization. He is also president of several State banks located in different towns in Texas.



M. H. WOLFE
VICE-PRESIDENT, GUARANTY STATE BANK AND
TRUST CO., DALLAS, TEXAS



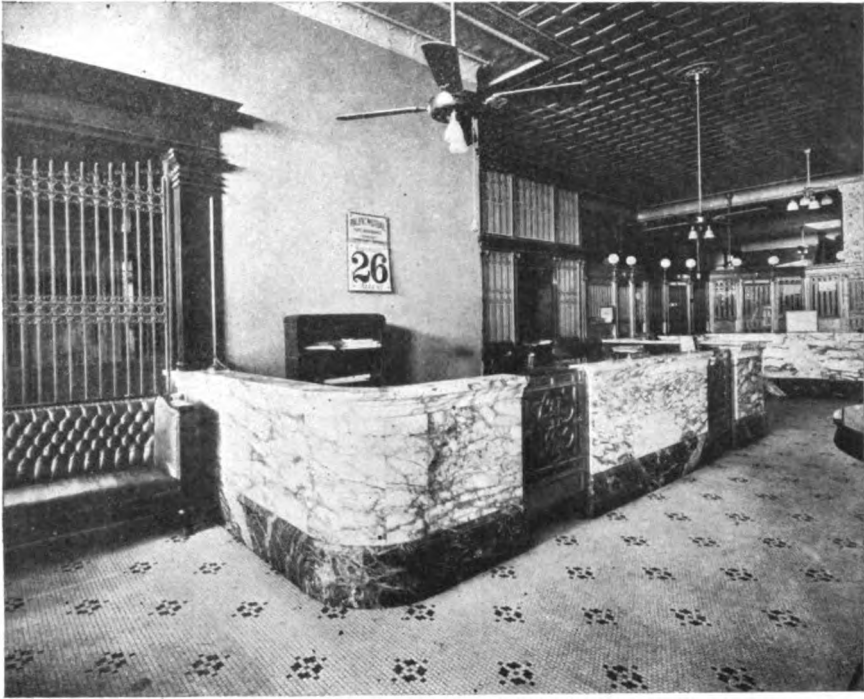
S. J. MCFARLAND
VICE-PRESIDENT, GUARANTY STATE BANK AND
TRUST CO., DALLAS, TEXAS



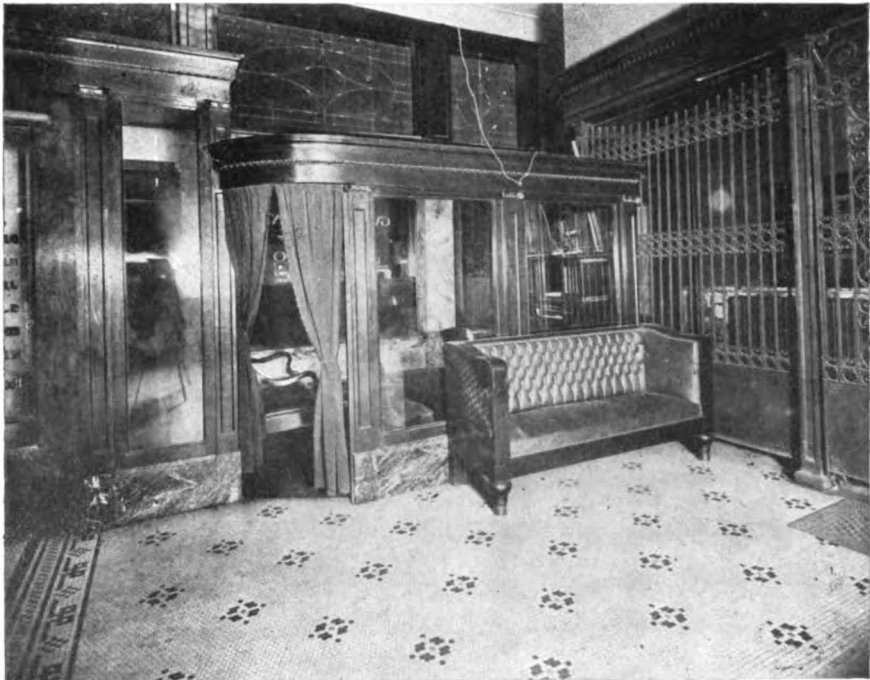
R. B. STICHTER
VICE-PRESIDENT, GUARANTY STATE BANK AND
TRUST CO., DALLAS, TEXAS



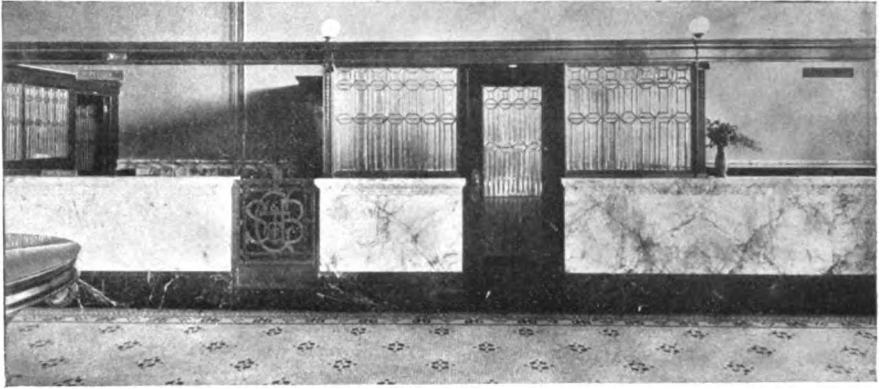
EDWIN HOBBY
CASHIER, GUARANTY STATE BANK AND TRUST
CO., DALLAS, TEXAS



VICE-PRESIDENT'S OFFICE, GUARANTY STATE BANK AND TRUST CO., DALLAS, TEXAS



LADIES' ROOM, GUARANTY STATE BANK AND TRUST CO., DALLAS, TEXAS



PRESIDENT AND CASHIERS' OFFICES, GUARANTY STATE BANK AND TRUST CO., DALLAS, TEXAS

The cashier, Edwin Hobby, began his banking career with the Houston National Bank of Houston, Texas, in March, 1900, becoming connected with the Gaston National Bank, Dallas, shortly after its organization. From the fall of 1905 to March, 1906, he was with the First National Bank, Bowie, Texas, going from there to the Stockyards National Bank, Ft. Worth, Texas. Early in 1907 he was appointed Chief State Bank Examiner, which office he resigned in September, 1909, to assist in the organization of the Guaranty State Bank and Trust Company, of which institution he was elected cashier. During his incumbency as Bank Examiner he formed

a wide acquaintance among the bankers of the State, and as the new State bank law had been enacted only a short time, Mr. Hobby supervised the organization of a large majority of the State banks of Texas.

From this brief review of the banking connections of the officers of the Guaranty State Bank and Trust Company, it will be seen that they are men of wide and highly successful banking experience, which explains the success with which the new bank is meeting. The officers are supported by a board of directors composed of some of the most conservatively-progressive business men of Dallas, thus affording a sure and safe basis of future growth and prosperity.



DIRECTORS' ROOM, GUARANTY STATE BANK AND TRUST CO.,
DALLAS, TEXAS

BANKING AND FINANCIAL MISCELLANY

—Messrs. Hoggson Bros., the well-known New York bank architects, have undertaken the remodelling of the building of the Second National Bank of Mechanicsburg, Pa.

—Direct wire to New York used to mean a special telegraph wire, but now it may mean a telephone line. The Old Colony Trust Company of Boston has installed direct telephone connection with New York, and is being commended for its enterprise as the first financial institution to put in this service.

—According to returns compiled by the New York "Journal of Commerce," the total dividend and interest disbursements by railroad, industrial and traction corporations in May amount to \$98,096,992, against \$90,601,875 in May a year ago, an increase of \$7,495,117. The April figures were \$150,486,600.

—As a part of the programme of probing into the business of the banks, here is a list of questions asked of the banks by the chairman of the Banking and Currency Committee:

- A. A statement of stocks, bonds and other securities owned.
- B. Securities purchased from officers, etc.
- C. Loans to financial institutions and to individuals secured in whole or in part by stocks of financial institutions.
- D. Syndicate or underwriting operations.
- E. Due to and from banks.
- F. Miscellaneous resources and liabilities.
- G. Officers, directors and stockholders—their stockholdings and loans.
- H. Calls for:
 1. Joint occupancy, if another banking institution occupies the same office.
 - a. Title of joint occupant.
 - b. Is it controlled by or does it control this bank?
 - c. State manner and extent of control.
 - d. Has it practically the same officers and clerks?
 2. Affiliated financial institutions:
 - a. What institutions are affiliated with this bank?

b. Is stock of affiliated institutions owned by stockholders of this bank?

1. If as a corporation, to what extent?
2. If as individuals, to what extent?

c. Does transfer of one stock convey ownership of the other?

d. Is stock held in trust for benefit of stockholders of this bank?

3. How many banks have been merged in your present organization, either directly or indirectly, by the dissolution of other banks and the purchase of their business and assets?

Give the names of these absorbed banks, their capital stocks and the dates they were taken over.

Some of these questions seem to exceed the scope of the inquisitorial powers to be exercised over national banks as prescribed in the National Bank Act. The State banks, not being created by the Federal Government, would appear to be exempt from an investigation of this kind.

—Jobs for a number of American financial experts will probably be open in China when the new fiscal reforms go into effect. The President of China has recommended the employment of foreign financial experts to aid in carrying on this work.

It is notable that Americans called into foreign financial service have generally "made good." Their abilities have been given free scope. Here at home, where Congress, for one reason or another, hampers their work, the results have been less satisfactory.

—The Solicitor of the Treasury Department has made a ruling that Philippine and the Isthmian Canal deposits of the Government with banks are not public deposits, and therefore the banks receiving these deposits must hold the required reserves against them.

—The long-fought battle for the adoption of modern methods in transferring consols and other British Government securities has finally been won. The Bank of England has issued a memorandum providing that hereafter Government securities shall become transferable by deed.

EDUCATION FOR BUSINESS

ADDRESSING the conference on commercial education, recently held by the New York Chamber of Commerce, James G. Cannon, president of the Fourth National Bank of New York, said, in part:—

A large part of our educational training is away from the business which our young men are to undertake. We should reverse our attitude and train them into the business of the day. It does no good to rail at the commercial tendencies of the age—they are here, and it is time our educational institutions adapted themselves to these commercial tendencies and train our young men who are going out in life to enter it with a better equipment, a larger outlook on the business world and a knowledge of what is good and bad in these tendencies.

We may bewail the fact that the good old days are gone, and well they may be. The good new days are here, days which are well worth the living—days when men can achieve success in the commercial world far

beyond the expectations of our forefathers.

Many of our successful men of to-day have only had commercial training that comes through business itself, but we want to give those who come after us that equipment which will best enable them to enter this great field unhampered. Some one has well said "our commercial safety lies in rightly interpreting the past and planning for the future." Victories are not to be by force of arms, but by world-wide commercial development. If we are going to win and hold our place in this new warfare, we must equip our men with all that goes with sound commercial education. Learned professors and literary pursuits have monopolized our educational institutions to a great degree in the past, and the time has arrived, it seems to me, when this should be changed and a far greater share of our educational facilities should be given to education for commerce, and all efforts to furnish a training to young men which will aid them in trade and commerce should be welcomed by the practical business man.

BANKERS' TRAIN TO BUFFALO

AHANDSOME announcement has been made by the New York Central Lines, outlining a special train de luxe which they will operate from New York to Buffalo and return, covering the entire State of New York, for the convenience of the members of the New York State Bankers' Association, their families and friends who contemplate attending the convention, which will be held at Buffalo June 13 and 14.

The New York Central has already won the favor of the bankers by the character of the trains and the service furnished at the various conventions of the New York State Bankers' Association and of the Amer-

ican Bankers' Association. The fine road-bed, courtesy of employees, excellent dining-car service and splendid equipment throughout combine to make this line a bankers' favorite.

The special train to the Buffalo convention will be one of the finest ever operated for the bankers, and will no doubt be heavily patronized, both on account of the superiority of the service and the fact that the New York Central is justly looked on by the banking fraternity as one of the State's great business concerns and a strong factor in its advancement and prosperity.

COMING BANKERS' CONVENTIONS, 1912

American Bankers' Association, Detroit, Mich., week of September 9.

American Institute of Banking, Salt Lake City, Utah, Aug. 21-22-23.

Arizona, Tucson, Oct. 18-19.

Idaho, Coeur d'Alene, June 17, 18, 19.

Iowa, Cedar Rapids, June 5-6.

Maryland, Blue Mountain House, June 20-22.

Michigan, Kalamazoo, June 11-13.

Minnesota, St. Paul, June 14-15.

New York, Buffalo, June 13-14.

North Carolina, Morehead City, June 26-27-28.

North Dakota, Jamestown, June.

Ohio, Sandusky, July 2-3.

Pennsylvania, Bedford Springs, June 18-19.

South Carolina, Charleston, June 21-22.

South Dakota, Belle Fourche, June 26-27.

Virginia, Old Point Comfort, June 20-21-22.

Washington, Olympia and Tacoma, June 27-28-29.

West Virginia, White Sulphur Springs, July 11-12.

Wisconsin, Milwaukee, July 24-25.

BANKING AND FINANCIAL NOTES



Albert Gallatin
Our First President

Merchants National Bank

RICHMOND, VA.

Capital . . . \$200,000
Surplus & Profits over 1,000,000

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Center for Southeastern States

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"ON TO RICHMOND"

EASTERN STATES

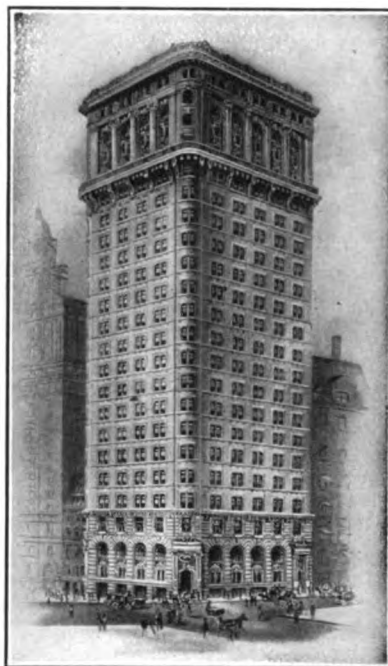
NEW YORK CITY

—By the recent merger of the Gallatin National Bank of New York with the Hanover National Bank two of the city's old and strong financial institutions become one.

The Gallatin National Bank began business as a State bank in 1831, becoming a national bank in 1865. The first president was Albert Gallatin, a former Secretary of the Treasury and one of the most distinguished names in American financial history. He continued as president until 1839, when he was succeeded by his son, James Gallatin, and on the death of the latter, in 1868, Frederick D. Tappen became president, and held the office until his death in 1902. Mr. Tappen began his service with the bank in 1850, holding various places for fifty-two years. For forty-six years he was an officer. He was for a long time promi-

nently connected with the New York Clearing-House Association, either as president or as chairman of an important committee, and in these capacities he rendered services to the banks of the city—indeed to those of the whole country—that have given him a permanent rank among the very great bankers in the city's history.

The Gallatin National has always stood for the soundest banking traditions and practices, and its "good will" alone there-



THE HANOVER NATIONAL BANK OF THE CITY
OF NEW YORK

fore represents a most valuable asset. It also had \$1,000,000 capital and \$2,000,000 surplus, and a record of having continuously paid dividends since 1832.

The Hanover Bank, organized in 1851 with \$500,000 capital, became the Hanover National Bank in 1865, and the capital has been several times increased to its present figure, \$3,000,000, and surplus gradually enlarged to a total of over \$13,000,000, the deposits also growing to about \$100,000,000.

When the bank entered its new building in January, 1903, a conservatively-progressive policy was inaugurated which resulted in placing the Hanover National

SOUND BANKING



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Are You in Need of a Buffalo Correspondent?

If you are, write us for the terms on which we can handle your Buffalo business. If you have a considerable volume of items on Buffalo we likely can make an arrangement to your advantage.

WE INVITE CORRESPONDENCE

BANK OF BUFFALO BUFFALO, N. Y.

Capital, Surplus and Profits, \$1,300,000

Total Resources Over \$10,000,000

ELLIOTT C. McDOUGAL, Pres't
JOHN L. DANIELS, Cashier
LOUIS C. OLDEN, Asst. Cashier

LAURENCE D. RUMSEY, Vice-Pres't
RALPH CROY, Asst. to the President
CHARLES D. APPELBY, Asst. Cashier

among the largest banks of the United States.

James T. Woodward headed the administration of the bank which came into control in 1877, and under his leadership the bank rose to its present commanding position.

In April, 1910, James T. Woodward died, after serving the bank as president for thirty-three years, and was succeeded by his nephew, William Woodward, who had been a vice-president for the previous six years; James M. Donald, the senior vice-president, who had been connected with the bank for thirty years, was made chairman of the board; E. Hayward Ferry, second vice-president (formerly vice-president of the National Shawmut Bank, Boston), became first vice-president, and Henry R. Carse was elected second vice-president; Elmer E. Whittaker, the present cashier, was appointed to that office in May, 1904, after serving the bank in all departments since boyhood. The assistant cashiers are W. I. Lighthipe, Alexander D. Cambell, Chas. H. Hampton, Wm. Donald and J. Niemann.

Samuel Woolverton, former president of the Gallatin National, becomes a vice-president of the Hanover National, and Ernest Iselin and W. Emlen Roosevelt are transferred from the directorate of the Gallatin to the Hanover board.

Owing to its strong management the Hanover National Bank has always maintained a position of great stability, and by keeping a large cash reserve has never had to refuse its customers legitimate accommodations.

The bank has developed a large line of out-of-town business, both with banks and bankers and with corporations and business firms, in all parts of the country. Its adequate capital equipment, strength and knowledge of the requirements of those who deal with the Hanover National Bank

have made this one of the foremost banks of the United States, and the prestige which the bank has long maintained will be enhanced by the absorption of the Gallatin National.

—On account of the rapid growth of the business of the National Nassau Bank of New York it has been found desirable to increase the capital from \$500,000 to \$1,000,000 and at the same time to raise the par of the stock from \$50 to \$100. The sale of the new stock will also increase the surplus by a quarter of a million.

Not only has the growth of business demanded an enlargement of the capital, but the floor space of the bank has been greatly increased by taking rooms connecting with the present quarters.

The growth of the National Nassau Bank under the wisely-energetic management of President Edward Earl has been one of the notable features of recent New York banking history.

—Hundreds of trust company officers, from thirty-six States, were present at the second annual dinner of the Trust Company Section of the American Bankers' Association at the Waldorf-Astoria on the evening of May 9, F. H. Fries, president of the Section, presiding. Those present at the speakers' table included many persons prominent in the banking and political activities of the country, and the attendance in general represented the leading trust companies and banks of all sections.

Hon. Wm. J. Gaynor, mayor of New York, made the address of welcome, and in the course of his speech took occasion to refer to the futility of laws against usury. He declared that such laws, purporting to be for the protection of borrowers, really operated to increase the rates that borrowers must pay.

BANKERS NATIONAL BANK

Richmond, Virginia.



*Through our
Strength, Location
and Facilities
We Serve
the Entire
South!*

Capital
\$300,000
Surplus and Profits
\$1,385,000

OFFICERS

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President

J. J. MONTAGUE
Vice-President

RICHARD H. SMITH
Vice-President and Cashier

R. LATIMER GORDON
Assistant Cashier

CONWAY H. GORDON
Assistant Cashier

***Unsurpassed Facilities
for collecting Items
on Virginia and
the Carolinas***

Governor Baldwin of Connecticut made a strong plea for local control of trust companies.

Hon. Chauncey M. Depew, former Senator from New York, in his speech referred to the prevailing political and industrial unrest, which was to be cured, he thought, by educational work along right lines. He commended especially the movement in the American Bankers' Association for better agricultural training. Work of this character showed that bankers had an interest in the people beyond the mere receiving of deposits and the lending of money.

The officials of the Trust Company Section and the committee of arrangements are to be congratulated on the success attending the second annual banquet. These gatherings already rank among the most notable, instructive and enjoyable convocations of bankers held during the year, and are worthy of the great usefulness of the trust companies of the United States.

—Sixty years ago the Market and Fulton National Bank commenced business—as a State institution, of course.

While the bank has age to its credit, it



MARKET AND FULTON NATIONAL BANK,
NEW YORK

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BINDERS AND BLANKS

OF UNIFORM EXCELLENCE

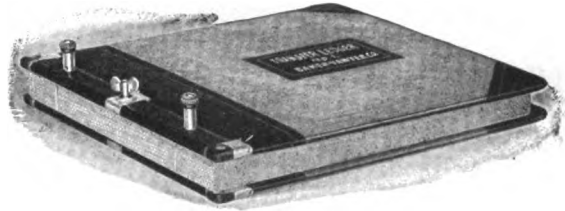
FOR ALL DEPARTMENTS OF BANK ACCOUNTING



CHICAGO

BAKER-VAWTER COMPANY

HOLYOKE, MASS.



has kept up with the times, not only affording excellent service to its local dealers but building up a large line of out-of-town bank and trust company accounts.

The capital and surplus of this bank are now almost \$3,000,000 and the deposits over \$11,500,000.

Alexander Gilbert, president of the Market and Fulton National Bank, was formerly president of the New York Clearing-House Association, and ranks among the best-known bankers of the United States.

—The Corn Exchange Safe Deposit Company has been authorized to do business here with \$200,000 capital. Branch offices will be located as follows: Amsterdam avenue and 143d street, Borough of Manhattan; Nos. 520-522 Willis avenue, Borough of Bronx; No. 7 East 42d street, Borough of Manhattan; 72d street and Columbus avenue, Borough of Manhattan; 7th avenue and 33d street, Borough of Manhattan; Broadway and 113th street, Borough of Manhattan; Manhattan and Greenpoint avenues, Borough of Brooklyn; Broadway and Myrtle avenue, Borough of Brooklyn; 116 Main street, Flushing, Borough of Queens; Bridge Plaza and Academy street, Long Island City, Borough of Queens; New Brighton, Borough of Richmond.

—The Chelsea Exchange Bank has increased its capital from \$200,000 to \$400,000.

—Mechanics Bank of Brooklyn closed its "Central Branch" at the same time opening another at 5024 Third avenue, Brooklyn.

—Prospect Park Bank of Brooklyn has changed its name to the Flatbush Bank.

—Frank L. Hilton, recently appointed assistant cashier of the Merchants Nation-

al Bank, has had a thorough banking training, being previously connected with the Hanover National Bank, the Trust Company of America, and its predecessor, the North American Trust Co.

—The Fulton Trust Company, which has been at 30 Nassau street since its incorporation in 1890, now occupies new quarters in the Singer Building.

—Since December, 1908, the National Surety Company has increased its capital stock from \$500,000 to \$2,000,000, and its surplus during the same period has increased to the extent of over \$600,000.

—The National City Bank, established June 16, 1812, as a State institution, and entering the national banking system in 1863, is making preparations to commemorate its centennial.

—The Mercantile National Bank, one of the old banks of the city, has been absorbed by the Irving National Exchange Bank and has removed to the latter's pres-



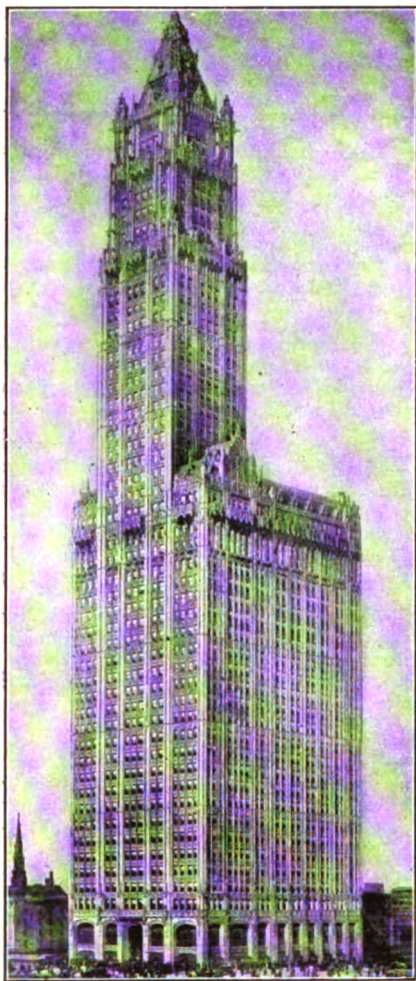
IF intelligent handling of items and low rates appeal to you send us your **BUFFALO BUSINESS**

Capital	-	-	-	\$300,000.00
Surplus and Profits	-	-	-	390,000.00
Deposits	-	-	-	5,800,000.00

A. D. BISSELL, President
C. E. HUNTLEY, Vice-President
E. J. NEWELL, Cashier
HOWARD BISSELL, Asst. Cashier
C. G. FEIL, Asst. Cashier

ent location at West Broadway and Chambers street. When the Woolworth Building is finished that will be the home of the merged banks. As soon as the details of the merger are carried out the name borne by the consolidated institutions will be, Irving-Mercantile National Bank.

This absorption and the one previously



WOOLWORTH BUILDING, BROADWAY, BARCLAY STREET AND PARK PLACE, WHICH WILL BE THE NEW HOME OF THE IRVING-MERCANTILE NATIONAL BANK

announced (that of the Broadway Trust Company, which later also took over the Flatbush Trust Company) render the Irving National Exchange of greatly enlarged importance in the financial world—an importance that will still further be enlarged when the bank moves into its new quarters in the world's tallest building.

—A certificate of authorization has been issued for the forming of the Transatlantic Trust Company, to conduct business with a capital of \$700,000.

—W. K. Vanderbilt, Jr., has been elected a member of the board of directors of the Guaranty Trust Co.

—Edwin C. Rice has been elected vice-president of the Importers and Traders National Bank, succeeding the late Henry C. Hulbert.

—John A. Philbrick has been elected a director of the Fidelity Trust Company.

—Consent has been given by the Banking Department to reduce the number of directors connected with the Brooklyn City Safe Deposit Company from eleven to seven.

—The average price received at the recent sale of the \$65,000,000 New York city corporate city stock was 100.747. The completed itemization, however, does not raise the income basis from 4.21. The lowest price at which an award was made was to Harvey Fisk & Sons, who, together with A. B. Leach & Co., got \$2,548,730 of the bonds at 100.579. The highest price paid was 102.75, Warren A. Bedell getting \$1,000 of the issue at that figure. He received an award of \$4,000 more at 102.50.

The smallest award went to William D. Brown, who gets \$20 of the issue at 102. The largest award is to Kuhn, Loeb & Co., who got \$6,500,000 at 100.602, and \$5,000,000 at 100.702. The entire issue was portioned among 265 bidders out of a total of 372. The total amount of all bids reached \$265,985,870.

THE TAYLOR CHRISTMAS THRIFT AND PANAMA EXPOSITION CLUBS

have increased the deposits
and accounts in every bank
which has used them.

Especially adapted to Savings
Banks and Trust Companies.
Write for descriptive pamphlet.

JOHN E. TAYLOR

1413 H St., N. W., Washington, D. C.

Capital - \$6,000,000

Surplus - \$6,000,000



Depository of the
United States, State
and City of New York

The Mechanics and Metals National Bank

OF THE CITY OF NEW YORK

GATES W. MCGARRAH, President.
ALEXANDER E. ORR, Vice-President.
NICHOLAS F. PALMER, Vice-President.
FREDERIC W. ALLEN, Vice-President.
FRANK O. ROE, Vice-President.

WALTER F. ALBERTSEN, Vice-Pres.
JOSEPH E. HOUSE, Cashier.
ROBERT U. GRAFF, Asst. Cashier.
JOHN ROBINSON, Asst. Cashier.
CHARLES E. MILLER, Asst. Cashier.

—One hundred and fifty leading financiers and banking officials of this city were recently guests of Charles M. Schwab at the Bethlehem Steel Company's plant at South Bethlehem, Pa.

Among the houses represented were Kuhn, Loeb & Co., Hallgarten & Co. and Harvey Fisk & Sons.

—Official announcement has just been made of the merger of the Knickerbocker and Columbia Trust Companies of New York. The merger will result in the formation of a strong and independent trust company, with a capital of \$2,000,000 and surplus of \$7,000,000.

The name of the company will be the Columbia-Knickerbocker Trust Company and the board of directors will be made up of members chosen from the present boards of the two companies. The merged company is to be a member of the New York Clearing House and the management of the new company will be in the hands of the strongest elements from both the old companies.

Willard V. King of the Columbia will be president, and Chas. H. Keep of the Knickerbocker will be chairman of the board. The executive committee is to be: A. Barton Hepburn, chairman; Union N. Bethell, Frederick G. Bourne, Franklin Q. Brown, Edward H. Clark, Frederick H. Eaton, Henry Goldman, J. Horace Harding, Frederick Strauss and William A. Tucker.

The other principal officers of the company will be: Vice-presidents, B. L. Allen and Howard Bayne; secretary, Langley W. Wiggin; treasurer, Harris A. Dunn, together with such other officers as may be appointed by the board. This will include practically the entire official force of both companies. The new company will occupy the offices of the Knickerbocker at 60 Broadway, and Fifth avenue and 34th street, with branches at 100 West 125th street and 148th street and Third avenue.

The deposits of the Knickerbocker on the date of the last report were approximately \$38,000,000 and those of the Columbia over \$20,000,000, so that the new company will rank among the strongest companies in the city.

PHILADELPHIA

—Returns of the thirty-two Philadelphia national banks show net profits of \$4,333,934 from March 7, 1911, to April 18, 1912.

—Philadelphia banks are notifying depositors that they, not the banks, are responsible for the collection and crediting of checks that may be dishonored, in accordance with a new clearing-house rule.

—Philadelphia has the distinction of being the first city in the United States to start a bank. In 1780, the Bank of Pennsylvania, now the Bank of North America, was organized for the purpose of supplying Washington's army, which was at that time sadly in need.

—It is reported that New York banking interests are combining in an effort to amalgamate some of the smaller trust companies of this city.

—The Girard National Bank has added \$500,000 to its surplus, making that fund \$4,500,000.

—At a recent meeting of the Philadelphia Chapter of the American Institute of Banking, the following officers were elected:
President—William A. Mickert, Eighth National Bank.



BANKS contemplating improvements should consult us immediately, thereby avoiding errors in planning.

We plan, design and build banks complete, including interior work, decorations and equipment

Write for suggestions, giving us an idea of what you have in mind.

Bankers Building Bureau

Bureau of factories manufacturing every material necessary to complete a modern equipped bank building sold direct to banks, planned and built complete, using highest grade of materials at a conservatively economical price.

106 East 19th Street . . . New York

Vice-president—C. W. Fenninger, Provident Life and Trust Company.

Secretary—Harry Kollock, Franklin National Bank.

Treasurer—Walter T. Pratt, Security Trust, Camden.

Assistant secretary—Walter S. Mertz, Girard Trust Company.

Assistant treasurer—D. J. Meyers, Girard National Bank.

—Through the action taken by directors of Philadelphia banks last month it was shown that large profits accrued from the last six months, and also during the entire past year's business. From the income the banks were able to add \$1,225,000 to surplus, the Girard National alone carrying \$500,000 to that fund.

—A fund of \$100,000 for the benefit of the widows and children of deceased employees of the Fidelity Trust Company, and for employees obliged to resign because of illness, has been created by Rudolph Ellis, president of the company. The money which will be vested in a board of trustees, is a personal gift of Mr. Ellis.

PITTSBURGH

—In response to the recent call of the Comptroller of the Currency, twenty-eight national banks of Pittsburgh report total deposits of \$218,240,894.

—The Merchants Bank, Pittsburgh's newest financial institution, opened for business the past month at the corner of Liberty and Sixth avenues, with these officers: President, A. Hillis Boyd; vice-presidents, George E. Dietz, Truman S. Morgan and William L. Stewart; cashier, J. S. M. Phillips.

—In response to the current call for statements, the Pittsburgh Bank for Savings reports an increase of \$298,000 in its savings deposits as compared with the last previous statement, called in November.

—The Union Trust Company as of May 3 reports total deposits of \$46,948,875 and total assets of \$78,198,283, the largest for any financial institution in Pittsburgh. Between November 6, 1911, and May 3, 1912, the company increased its deposits from \$36,440,630 to \$46,948,875, or \$10,504,245.

—At the annual meeting of the Manufacturers Bank, held the past month, the old board of directors was re-elected as follows: Edward Hogan, Augustus H. Helsey, Philip M. Pfeil, William E. Sankey, George Biehl, Daniel P. Berg and Thomas P. Stevenson.

—The Exchange National Bank of Pittsburgh sent out a folder recently, advancing ten reasons why it has almost trebled its deposits during the last three years. Among the reasons mentioned are its age, strong capitalization, its willingness to serve and its facilities for service and the unquestioned integrity and high standing of its officers and directors. The statement of April 18, 1912, shows capital



EXCHANGE NATIONAL BANK, PITTSBURGH

\$1,200,000, surplus and profits \$823,902, deposits \$4,816,925 and total resources \$7,600,443.

—A serviceable type of modern bank architecture is illustrated by the building of the United States National Bank, Johnstown, Pennsylvania.

Practically every space-saving device known to the bank architect has been applied in the interior arrangement, and the exterior of the building, with its Milford granite, carved-out strictly Grecian style, gives a finished appearance of refined beauty. The vault, built of heavy fireproof brick, interlined with chrome steel plates running crosswise, has two entrances, protected by double doors of over twelve inches thickness, and weighing above sixteen tons, with the entire weight of the vault estimated at more than thirty tons.

The architects for the building were the

well-known New York firm of Mowbray & Uffinger, Otto Rother supervising the erection, while the vault work was built by the York Safe & Lock Company. The cost of



UNITED STATES NATIONAL BANK, JOHNSTOWN, PA.

the building alone is said to be about \$75,000.

The bank commenced business in 1901. At present it has a capital stock of \$200,000, a surplus of \$100,000, and deposits of about \$2,000,000. Its total resources are over \$2,500,000. At the head of this in-



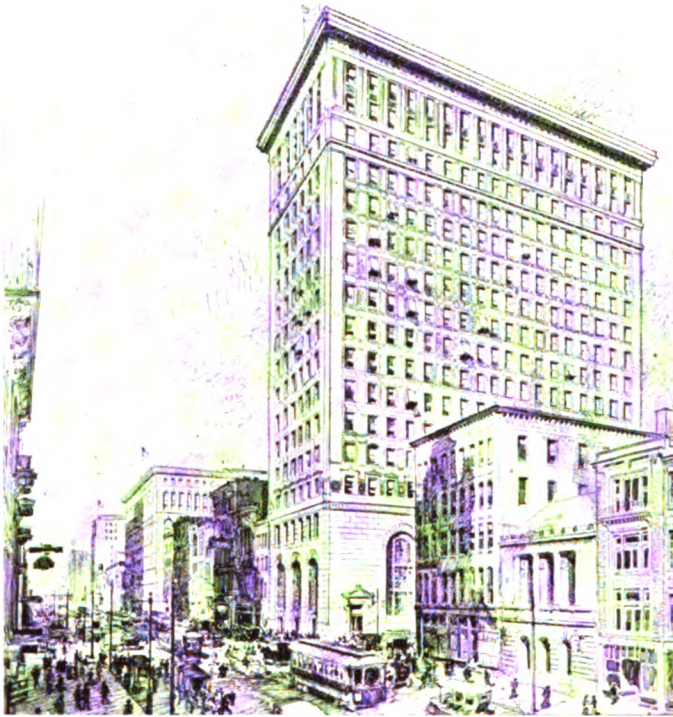
INTERIOR VIEW, UNITED STATES NATIONAL BANK, JOHNSTOWN, PA.

stitution are some of the best business men of Johnstown, and to their support is due much of the success that has marked the bank's growth.

—Nineteen stories above Main street, at the corner of Seneca, will rise the new and stately home of the Marine National Bank of Buffalo. Architecturally beautiful and absolutely fireproof, not enough wood in its construction to make a match, the new building will provide not only ideal banking space, but as well modern offices for established concerns.

The mammoth banking room will occupy

elected the following officers: President, W. M. Van Deusen, Newark; vice-president, Bloomfield H. Minch, Bridgeton; treasurer, De Witt Van Buskirk, Newark; secretary, William J. Field, Jersey City; members of the executive committee—Elwood S. Bartlett, Atlantic City; E. L. Howe, Princeton; E. S. Carr, Newark; Edward S. Pierson, Jersey City; delegate to the convention of the American Bankers'



MARINE NATIONAL BANK, BUFFALO, N. Y. AS IT WILL LOOK FROM LOWER MAIN STREET

a space of 75 feet wide, 170 feet long and 50 feet high. Every advantage banking specialists have worked out will be made a feature in its construction. Everything which tends to convenience and safety will be included in the equipment, regardless of cost. The vaults will be in proportion to the bank in matter of size and advanced construction, and are to be built by the Carnegie Steel Company. It is expected the new structure will be ready for occupancy April 1, 1913.

—The New Jersey Bankers' Association, in convention recently at Atlantic City,

Association and vice-president of that body, Harry Conard.

—W. W. Norton has been elected president of the Great Barrington (Mass.) Savings Bank, succeeding W. C. Hinman, who, after eight years of service, has resigned on account of poor health.

—The Baltimore banking house of Middendorf, Williams & Co. have bought the Atlantic and Western Railroad, considered by many to hold an important strategic position in the South Atlantic territory,

W. H. LEE, President

D. R. FRANCIS, Vice-President	E. B. CLARE-AVERY, Assistant Cashier
A. L. SHAPLEIGH, Vice-President	J. P. BERGS, Assistant Cashier
GEO. E. HOFFMAN, Cashier	D. A. PHILLIPS, Assistant Cashier
L. K. WISE, Assistant Cashier	

The Merchants-Laclede National Bank

OF ST. LOUIS

Capital - - - - -	\$1,700,000.00
Surplus and Undivided Profits	\$1,850,000.00

A COMMERCIAL BANK

Interviews and Correspondence Invited

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<p>JOSEPH R. BARROLL, Butler Brothers. J. S. BEMIS, Treasurer Bemis Bro. Bag Co. G. A. von BRECHT, President The Brecht Co. CHAS. CLARK, CHAS. A. COX, President Cox and Gordon Packing Co. S. S. DE LANO, Treasurer American Car and Foundry Co. D. R. FRANCIS, Francis, Bros. & Co. O. L. GARRISON, Prea. Big Muddy Coal & Iron Co.</p>	<p>ELIAS S. GATCH, President Granby Mining and Smelting Co. C. F. GAUSS, Pres. Gauss-Langenberg Hat Co. CECIL D. GREGG, President Evens-Howard Fire Brick Co. Pres. C. D. Gregg Tea & Coffee Co. S. E. HOFFMAN, E. R. HOYT, President Hoyt Metal Co. W. H. LEE, President. B. MCKEEN, Gen. Mgr. Vandalia R. R. Co.</p>	<p>C. W. MANSUR, Secretary John Deere Plow Co. JOHN J. O'FALLON, O. H. PECKHAM, President National Candy Co. DAVID RANKEN, C. R. SCUDDER, Vice-President Sam'l Cupples Envelope Co. A. L. SHAPLEIGH, Treasurer Norvell-Shapleigh Hardware Co. J. J. WERTHEIMER, President Wertheimer-Swartz Shoe Co. C. W. WHITELAW, Prea. Polar Wave Ice & Fuel Co.</p>
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connecting as it does the main line of the Norfolk and Southern with the main line of the Seaboard Air Line, as well as the Atlantic Coast Line and the Norfolk and Southern.

—Forty-three years ago Henry F. Lambert deposited in the Lowell (Mass.) Five Cents Savings Bank a nickel. In the many years that have elapsed since that time he had forgotten all about it until a friend asked him if he had seen his name advertised among the unclaimed list of depositors. He went to the bank and after proving his identity received the nickel which had been carefully preserved these many years. It was explained to him how much the account would have amounted to had it been of a size to draw interest, namely, \$1.00, and with a resolve to increase his worldly goods with the original five cents as a basis, he again deposited the five cents and received a new book.

—A decision of considerable importance in the banking world has been given to Banking Commissioner William H. Smith by W. N. Trinkle, Deputy Attorney-General, Harrisburgh, Pa., in which he holds that certificates of full paid stock of a

banking corporation, forming part of an authorized increase of the capital stock of such corporation, may be lawfully issued when a portion only of the total amount of the increase has been paid in one year in advance from the certification of authority to make the increase. Mr. Trinkle declares that such matters are now covered by the comprehensive act of 1901 relative to increases and that the act of 1876, which apparently was inconsistent in this regard, does not interfere.

—Walter B. Kramer, of the Lackawanna Trust and Safe Deposit Company, Scranton, Pa., was elected president of the Scranton Chapter of the American Institute of Banking at the annual meeting, held recently. Mr. Kramer has filled every post in the chapter and has been one of its hardest working and most influential members. He is a graduate in the course of commercial and bankruptcy law, and banking and finance as provided by the national institute, and it is his aim to make the next twelve months the most successful in the history of the chapter.

—William R. Hurst, recently elected cashier of the First National Bank, Beaver,

Capital - \$2,500,000.00

FIRST
NATIONAL
BANK

Deposits, \$32,000,000.00

CLEVELAND, OHIO

Surplus and Profits - \$1,545,000.00

ACCOUNTS SOLICITED

Correspondence Invited

Collections a Specialty

Pa., is twenty-eight years old and perhaps one of the youngest men in the United States to hold such a responsible position with a bank the size of the one named. He entered the bank in 1903 as a messenger boy, and his ability for the work advanced him rapidly through the departments necessary to gain and hold his present place.

—At the forty-first annual meeting of the Bank Clerks Mutual Benefit Association of Providence, R. I., the following officers were elected for the coming year: President—H. Howard Pepper, Industrial Trust Co.; vice-president—Edward A. Havens, Mechanics National Bank; secretary—Earl D. Armstrong, R. I. Hospital Trust Co.; treasurer—Charles P. Brown, Blackstone Canal National Bank; directors for three years—Clinton F. Stevens, Union Trust Co., and William C. Angell, Westminster Bank; social committee—Charles L. Eddy, Merchants National Bank; Benjamin Peckham, Providence Institution for Savings; Matthias W. Baker, R. I. Hospital Trust Co.; Frank L. Sawyer, United National Bank; George E. Nicholas, Pawtucket Institution for Savings; George G. Wood, National Exchange Bank and H. Clinton Owen, United National Bank.

—At the annual meeting of the Boston Chapter, American Institute of Banking, Robert H. Bean of the National Union Bank, was elected president, Carl M. Spencer of the Home Savings Bank and Perceval Sayward of the Boston Safe Deposit & Trust Co., vice-presidents, and Albert J. Carter of the American Trust Co., treasurer.

The other officers elected were:

Board of Governors (for three years): Harry W. Bond, First National Bank; Charles T. Conway, Old Colony Trust Co.; Lloyd A. Frost, Shawmut Commercial Paper Co.; A. Edward Garland, International Trust Co.; Herbert E. Stone,

Second National Bank; (for two years), Lyman V. Banker, Mass. Hospital Life Ins. Co.; Edmund S. Brigham, Boston Clearing House; George B. Fox, National Shawmut Bank; Roger F. Nichols, Commonwealth Trust Co.; Arthur O. Yeames, Suffolk Savings Bank; (for one year),



ROBERT H. BEAN

NEWLY ELECTED PRESIDENT, BOSTON CHAPTER
AMERICAN INSTITUTE OF BANKING

George E. Hodge, State Street Trust Co.; Edward F. Parker, Jr., Beacon Trust Co.; John E. Prouty, Boylston National Bank; Robert B. Raymond, Eliot National Bank; Charles W. Stevens, Old Colony Trust.

Mr. Bean, the new president, was born in Boston in 1877. He received a high school education and after a short service in Y. M. C. A. work became a messen-

The Union National Bank

CAPITAL \$1,600,000

Cleveland, O.

SURPLUS \$900,000

GEO. H. WORTHINGTON, President

E. R. FANCHER, Vice-President

G. A. COULTON, Cashier

W. C. SAUNDERS, Asst. Cashier

W. E. WARD, Asst. Cashier

E. E. CRESWELL, Asst. Cashier

Organized in 1884. More than twenty-five years of service back of us. May we be of use to you?

ger in the old Third National Bank. After the merger of the latter with the Shawmut he went to the National Union Bank, where after a thorough bank training he is now in charge of the collection department and auditing. He is a charter member of the Boston Chapter, A. I. B., and has served on the membership committee and for the past two years has been chairman of the educational committee.

SOUTHERN STATES

—Speaking at the dinner of the Civic Co-operative Organization on April 18, Oliver J. Sands, president of the American National Bank of Richmond, Va., paid a strong tribute to the banks of his city. His subject was "Financial Institutions of Richmond—the Service They Have Rendered," and he said, in part:

The capital and surplus of the banks of Richmond exceed \$15,000,000. Total deposits exceed \$45,000,000. Loans and investments are \$54,000,000. Total assets exceed \$65,000,000. Richmond bank clearings in 1911 were \$392,000,000.

Richmond has financial institutions in which we can feel a just pride. The record of the banks of Richmond is an unbroken one of the highest credit; not one cent of depositors' money has been lost or tied up in any bank operating through the clearing house of Richmond since its organization, and in fact, if ever, not in the recollection of our oldest bankers.

Notwithstanding the imperfections in the currency and banking laws of this country—imperfections which have made it possible for banks all over the country to meet the unnatural demands created by panic conditions—the banks of Richmond in 1907 did not find it necessary to resort to any extraordinary means to meet these demands, for the reason that we had strong, well-managed banks, which enjoyed the confidence of the people, and for the further reason that we have a citizenship of a higher character than that of the average American city.

The war period taught many valuable lessons, and the spirit of co-operation and public duty was so fully developed in those days that it has survived until the present time, so whenever an emergency arises, and it seems necessary for the citizens to pull together, you will find that selfish interests

are subordinated, and that the people of Richmond can be depended upon to act with discretion and consideration.

In 1907 this was fully demonstrated—practically no money was hoarded by our depositors—banks unitedly worked together to keep the factories going, that labor might not suffer and that our merchants would not be unduly pressed for payments. Banks dominated by such a spirit, and encouraged and managed by such a people, perform a service to the community of incalculable value.

The wonderful increase in the deposits of the Richmond banks shows clearly how our institutions have succeeded in bringing into actual circulation the unemployed capital, developing every line of business; it shows further how the manufacturers and merchants have been enabled to expand their business, much of which is directly traceable to the service rendered by our banks.

The management of each bank in this city is fully alive to the duties of each banking institution; viz:

First—To do a safe business that it may deserve the confidence of the people.

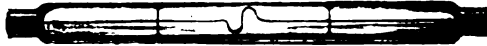
Second—To foster and encourage in every legitimate way the business interests of the city—not overlooking the small man, who through his industry is doing his part to make Richmond great—often a loan of a few hundred dollars to such a man has helped lay the foundation for a successful business.

It has, I think, been fully proven that Richmond has banks sufficient to take care of every demand of its people, and better still, that those banks will do their full part without burdensome restrictions, charges and limitations which are imposed in many cities, to carry forward the development of this section which in my opinion, will in the next ten years exceed the dreams of our most optimistic citizens.

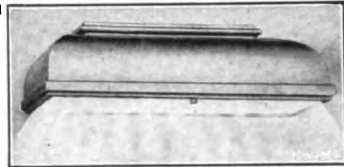
It has also been proven that if it becomes necessary to have more banking capital, it can be easily secured. We have in-

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Toronto, Ont. Montreal, Que. Winnipeg, Man. Vancouver, B. C. 1653

creased our banking capital in Richmond in ten years from \$6,075,500 to \$12,647,000, while deposits have increased 150 per cent.

Gentlemen, you need not hesitate to say as you travel over this country that the financial institutions of your city—its banks and insurance companies—are the peers of any in any city approximating anywhere near its population. In fact, I do not know of any city in the United States with population of less than 300,000 where there are as many banks of large capital.

This, as has been truly said, is the best index to a city's business, and the best evidence of the progress and prosperity of its people.

—At the recent meeting of the Louisiana Bankers' Association the following officers were elected: Dr. L. H. Jastremski, of Houma, vice-president; H. D. Apgar, of Monroe, vice-president; L. O. Broussard, of Abbeville, secretary, and L. M. Pool, of New Orleans, treasurer.

—R. L. Van Zandt of Fort Worth, formerly national bank examiner for the eastern district of Texas, has been chosen by the New Orleans Clearing-House Association special bank examiner, to have jurisdiction over all the banks of that city.

—The City Bank and Trust Company of Mobile, Ala., will construct a \$200,000

building on the site of the present and adjoining property.

—John C. Chidsey of Paris, Tex., has been appointed a national bank examiner for Texas by the Comptroller of the Currency.

—Combined resources of State banks in Alabama are \$64,271,065.19, compared with \$62,827,751.66 on October 30, 1911, according to statistics prepared by the State Banking Department.

Capital has increased from \$11,100,381 to \$11,520,145, and the surplus and undivided profits are \$6,279,312.20, compared with \$5,892,602.60 last year. Deposits have increased nearly four million dollars, from \$37,791,892.24 to \$41,173,125.26.

—The new building of the American Trust and Savings Bank of Birmingham, Ala., is being rapidly completed.

—Walter E. Dorland of Chicago, general field secretary of the National Citizens' League of Texas, has been urging bankers

of that State to join the movement for monetary reform and a better currency system.

—The Independence Trust Company of Charlotte, N. C., the latest banking institution of the State, opened for business the past month in its own building with a paid-in capital stock of \$500,000 and a surplus of \$100,000.

—Jackson, Tenn., has a new bank—the Security Bank & Trust Company—which will open July 1, 1912. The bank is capitalized at \$50,000 and has some of the most influential men in that section interested in it. The bank is to operate eight departments—a commercial, savings, trust, insurance, safety-deposit, investment, home builders, and mortgage loan department, each one being equipped with modern time-saving devices and arranged to facilitate the handling of business.

The officers will be: President, A. M.



W. G. MORGAN

VICE-PRESIDENT SECURITY BANK & TRUST COMPANY, JACKSON, TENN.



A. M. ALEXANDER

PRESIDENT SECURITY BANK & TRUST COMPANY,
JACKSON, TENN.

Alexander, head of the A. M. Alexander Company, furniture dealers; vice-president, W. G. Morgan, manager for the Weis-Lesh Manufacturing Company; cashier, B. H. Blalock, formerly assistant cashier in both the Bank of Stalls, Stalls, Tenn., and the Union Bank and Trust Company, Jackson, Tenn.; and assistant cashier, Oliver Benton, formerly connected with the Southern Engine and Boiler Works Company, a well-known industry of the State. Mr. Blalock and Mr. Benton will be active officers of the bank, Mr. Blalock bringing into the new business a banking experience of twelve

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B. H. BLALOCK

**CASHIER SECURITY BANK & TRUST COMPANY,
JACKSON, TENN.**



OLIVER BENTON

**ASSISTANT CASHIER SECURITY BANK & TRUST
COMPANY, JACKSON, TENN.**

**THE
GARFIELD
NATIONAL BANK**

Fifth Avenue Building
Corner Fifth Ave. and Twenty-Third Street
NEW YORK

CAPITAL	SURPLUS
\$1,000,000	\$1,000,000

OFFICERS

RUEL W. POOR, President
JAMES McCUTCHEON, Vice-Pres.
WILLIAM L. DOUGLASS, Cashier
ARTHUR W. SNOW, Asst. Cash.

DIRECTORS

James McCutcheon	Samuel Adams
Charles T. Wills	William H. Gelsham
Euel W. Poor	Morgan J. O'Brien
	Thomas D. Adams

years and a name well-known through his work in connection with the American Institute of Banking in Tennessee.

Jackson is a progressive place and the security Bank and Trust Company, starting as it does under favorable auspices, will doubtless do a large and profitable business.

—One of the most respected citizens of Texas is Colonel W. S. Davidson, president of the First National Bank of Beaumont. Uncompromising integrity and excellent business judgment give him recognition throughout the State as a safe and successful financier. Always public spirited and progressive, as well as being interested in affairs in general, he has probably done more than any other one man to develop the city of Beaumont and the surrounding territory, being considered almost by common consent as Beaumont's "first citizen."

To show the results his energy and personality have produced, a review of the bank he has been associated with as president for over twenty years will doubtless prove interesting.

The First National Bank of Beaumont was organized on April 9, 1889, with a capital paid in of \$100,000. Out of the earnings the capital has been increased to \$200,000, with a surplus of \$300,000 and un-



COLONEL W. S. DAVIDSON

PRESIDENT FIRST NATIONAL BANK, BEAUMONT,
TEXAS

divided profits of \$50,670. In April, 1911, the deposits were \$1,294,432. Now they are over \$1,736,000, a net gain of more than thirty-five per cent. in about a year. It is easily the largest and strongest bank in Southeast Texas.

Colonel Davidson has always adhered to sound banking principles, and the First National stands to-day as a witness to his splendid ability.

—The conversion of the old and well-known firm of F. Groos & Co., of San Antonio, Texas, into the Groos National Bank was an event of more than local importance on account of the close identification of this firm with the business progress of Texas.

Although the firm of F. Groos & Co. has changed its name to that of the Groos National Bank, the methods of the private institution remain substantially unchanged, for the business has always been managed much like that of a national bank. The change therefore is largely one of form in chartering the bank under the national banking laws and, as President Franz C. Groos says, to insure permanency of capital and to conform with modern requirements.



THE LATE FREDERICK GROOS
FOUNDER OF F. GROOS & CO.

Franz C. Groos has had an active interest in the firm of F. Groos & Co. for the past fourteen years. A nephew of the founder, he received his early education in the schools of San Antonio and on the completion of his preliminary course, went to Princeton, graduating with the class of '98. He then entered into the service of the bank. The steady advance of the in-



FRANZ GROOS
PRESIDENT OF THE GROOS NATIONAL BANK,
SAN ANTONIO, TEXAS



GROOS NATIONAL BANK—(FORMERLY F. GROOS & COMPANY), SAN ANTONIO, TEX.

stitution under his guidance testifies to the continuation of his predecessor's conservatively-progressive policies.

The other officers of the bank are also strong in personality and business experience. A. W. Guenther, a prominent citizen of San Antonio, is vice-president; Charles Deussen, connected with the old firm as bookkeeper and cashier for over thirty years, and well known for his interest in San Antonio's advancement, is cashier, with Ferdinand Groos, active in the business for the past eight years and a growing factor in the local commercial world, as assistant cashier. The directors, beside the above, include men eminent in the commercial and industrial life of San Antonio. An indication of the institution's strength is shown by its successful weathering of both the panics of 1893 and 1907, experiencing no trouble whatever.

The bank is capitalized at \$250,000, and its customers are of the substantial business class. Its past prosperity has given the bank an excellent basis for further development to meet the growing banking needs of Texas, one of the most rapidly growing and prosperous States of the Union.

HISTORY OF THE BANK.

In 1854 Frederick Groos organized a commercial and banking business at Eagle

Pass, Texas, under the name of F. Groos & Co., taking into partnership his two brothers, Carl and Gustav. This was probably the first institution of its kind in the State and was organized with a capital stock of fifteen hundred dollars. Upon the death of Gustav his interests were bought out, but the interests of Carl are still carried by his estate. Frederick Groos, up to his recent death the past January, was actively connected with the business. The company in the early days, as did most of the private banks, conducted a mercantile more than a banking business. But the banking end was constantly and slowly developing and in 1874 the business, which had for some years been largely represented in San Antonio, was moved there and operated exclusively as a banking firm.

Although modern banking methods were beginning to take shape, still the business carried three separate accounts for all customers—gold, silver and currency, because the money had different values. Among the odd relics of former banking days exhibited at the recent opening were gold scales used in 1854, a box of weights for scales from pennyweight up, and a large scale for bullion, upon which was standing one of the boxes in which Mexican silver dollars were shipped.

The Groos National Bank of San Antonio succeeds to the business and the



EDGAR G. ALCORN
Author
of Course

From Bank Clerk to Cashier

Is only a step, but are you prepared to take this step? The position above you will some day be vacant—perhaps tomorrow. Are you competent to fill it? Or will it go to some one else? Efficiency, not influence, will secure your promotion and higher salary. **OUR HOME STUDY COURSE IN BANKING** will prepare you for the cashiership and more responsible positions in the bank. The bank clerk who takes our Course will secure more knowledge and variety of experience in four months than some clerks acquire in years. The entire Course was prepared by an expert on the theory and practice of banking. It is endorsed by leading bankers. **SEND FOR CATALOG TODAY.**

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sound traditions built up by fifty-eight years of efficient service to the business community, and through its incorporation into the national banking system acquires the equipment essential to meet the banking needs of the present day.

WESTERN STATES

CHICAGO AND VICINITY

(Office of *The Bankers Magazine*, 115 South LaSalle Street.)

—At a recent meeting of the board of directors of the Central Trust Company of Illinois in Chicago, Norton F. Stone was elected an assistant cashier. Mr. Stone has had considerable banking experience and numbers his friends by the score, particu-



NORTON F. STONE

ASSISTANT CASHIER CENTRAL TRUST COMPANY OF ILLINOIS IN CHICAGO

larly on the West Side of the city. He was acting in the capacity of assistant cashier of the Prairie State Bank of Chicago when it was recently absorbed by the Central Trust Company of Illinois.

Mr. Stone is actively interested in Masonic circles, being a member of Corinthian Chapter No. 69 R. A. M., also of St. Bernard Commandery No. 35 K. T. and Medinah Temple, A. A. O. U. M. S. He is a Past Master of Kilwinning Lodge, No. 311 A. F. and A. M.

According to its report of April 18, as made to the Auditor of Public Accounts of the State of Illinois, the Central Trust Company has advanced until it is now one of the leading trust companies in the country. While the large volume of deposits which the statement shows has been somewhat augmented by recent consolidations, it is, nevertheless, indicative of the enterprise and resourcefulness of the president, Hon. Chas. G. Dawes, and associate officers and directorate. Summarized, the principal items of this report are as follows: Time loans, \$21,269,597; demand loans, \$6,198,407; capital stock, \$3,500,000; surplus, \$1,000,000; deposits, \$42,804,365; total resources, \$47,925,333.

—J. F. Shepard and others have applied for a permit to organize the Normal State Bank with \$50,000 capital.

—Edwin G. Foreman has been nominated treasurer of the Chicago Stock Exchange. James J. Townsend was nominated for the presidency.

—The Fort Dearborn National Bank has added to its list of assistant cashiers William W. LeGros, who has been in the service of the bank for twenty years.

—After careful consideration President B. F. Harris again submitted the matter of appointing a committee to prepare a bill on State supervision to the fifty-three members of the executive council of the Illinois Bankers' Association. Writing as individuals, the council, by a large majority, has put itself on record in favor of a better

DIAMOND NATIONAL BANK

PITTSBURGH, PA.

OFFICERS

WILLIAM PRICE, President
D. C. WILLS, Cashier W. O. PHILLIPS, Asst. Cashier

Capital - - \$600,000.00
Surplus and Undivided Profits 1,620,708.90

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STRENGTH
when selecting a
Reserve Agent
or
Correspondent

Accounts of Banks,
Bankers, Corpora-
tions, Firms and In-
dividuals cordially
invited.

WRITE

banking law for the State of Illinois. Under authority of this letter-ballot President Harris has appointed the following committee:

Charles G. Dawes, president of the Central Trust Company of Illinois, Chicago, chairman.

E. D. Hulbert, vice-president of the Merchants Loan and Trust Company, Chicago.

M. O. Williamson, president of the Peoples Trust and Savings Bank, Galesburg.

Edward W. Payne, president State National Bank, Springfield.

John J. Doherty, cashier First National Bank, Dwight.

W. M. Fogler, president First National Bank, Vandalia.

F. B. Flanders, Bank of Noble.

John R. Wallace, Bartlett & Wallace Bank, Clayton.

E. T. Walker, Citizens Bank, Macomb.

—The annual report of the National Safe Deposit Company, the corporation which owns the First National Bank Building, was made public May 9. Net profits for the year ended April 30, 1912, were \$344,342, which is equal to 9.84 per cent. earned on the \$3,500,000 capital stock, comparing with \$347,262, or 13.88 per cent. on \$2,500,000 share capital the year preceding.

—The Mercantile Trust and Savings Bank, which is being organized by F. H. Rawson, president of the Union Trust Company, will open for business about June 1 at Clinton street and Jackson Boulevard. Later it will remove to the nineteenth floor of the Chicago, Burlington & Quincy Railway building, when the latter is completed, near the end of the year.

The Mercantile Trust will have a capi-

tal of \$250,000 and a paid-in surplus of \$37,500. The bank will take over a private bank known as the Mercantile Bank, owned by David B. Gann, and the estate of Edwin F. Brown. The private bank has about \$110,000 deposits.

—For the first time in their history Chicago bank deposits passed the billion dollar mark at the recent Comptroller's call. The fifty-six State and fourteen national banks showed a deposit increase of forty-three per cent., a loan increase of 4.11 per cent., and a cash decrease of 5.48 per cent.

—Representatives of all Chicago banks, members of the Clearing-House Association, have formed a local organization, national in character, whose object is to bring about the adoption of the numerical system of clearing in the United States and Canada. C. E. Estes, of the Merchants Loan and Trust Company, has been elected chairman of the temporary organization, and H. C. Stevens, of the Standard Trust and Savings Bank, secretary. Immediately following the temporary organization the bankers adopted unanimously a resolution incurring a plan whereby banks are to be designated hereafter by a number instead of a name.

—Harrison B. Riley, president of the Chicago Title & Trust Co., is the leading factor in a movement to form a "Business Men's Union," whose purpose would be to defend business interests in the political field.

—The Lincoln State Savings Bank, which was chartered a month ago, was formally opened on May 6. It is located at South State and Thirty-first streets. Edward Larson, formerly of the Oconomowoc Savings Bank, is cashier.

Capital, \$1,000,000.00

Earned Surplus, \$1,000,000.00

JOHN B. PURCELL
President

JOHN M. MILLER, JR.
Vice-Pres. and Cashier

FREDERICK E. NÖLTING, 2nd Vice-President

CHAS. R. BURNETT }
J. C. JOPLIN } Assistant
W. P. SHELTON } Cashiers
ALEX. F. RYLAND }

FIRST NATIONAL BANK

BILL OF
LADING DRAFTS
ON RICHMOND A SPECIALTY

Strong in resources, conservative
in management, progressive in policy

OF RICHMOND, VIRGINIA

The following constitute the officers and board of directors: Charles A. White, president; G. F. Leibrandt, vice-president; Frederick A. Brown, Thomas W. Cole, Daniel Gawne, I. C. Newman, Charles Sorge, Joseph Schwartz, and Roy B. Tabor. The capital stock is \$200,000, and the institution begins business with \$20,000 surplus. While a general banking business will be conducted, special attention will be given to real estate loans.

—Mr. and Mrs. Henry W. Yates, recently celebrated the fiftieth anniversary of their wedding. Mr. Yates is president of the Nebraska National Bank of Omaha, former president of the Nebraska Bankers' Association, and one of the oldest and best-known bankers of the West.

—Wisconsin's State banks, national savings banks and trust companies had on April 18 total resources of \$197,286,203, an increase of \$4,042,539 over the figures of February 20, 1912.

—The Associated Charities of Cincinnati report great success in a plan formed for preserving the earnings of the poor called the Provident Savings System. More than \$1,000 is now being held for poor families, the deposits ranging from five cents upward. There are several hundred depositors and the monthly average of money turned in for safe keeping is \$200.

—The occasion of the opening of the forty-three year old German Savings Bank of Davenport, Iowa, in one of the finest buildings in Iowa seems a fitting time to describe the bank's environment and to mention its growth.

With a granite square rising fifty feet, fronting forty-six feet, and extending one hundred feet deep, the flat walls some-

times designed are broken up by having windows artistically arranged in the sides, making the bank a neat-looking, well-arranged edifice. The interior furnishings in bronze and scagliola are set off by the superior lighting facilities, and a view of the complete banking room reveals a business space of attractive appearance and convenience. The huge safe, installed by the Herring-Hall-Marvin Company, is



GERMAN SAVINGS BANK, DAVENPORT, IOWA.

modern in every detail. An idea of its size can be had from the fact that the door alone weighs eight tons.

The bank at its organization, April 1, 1869, was capitalized at \$10,000. To-day, after forty-three years' business, the capital stock is \$600,000.

—The April 18th statement of Omaha and South Omaha (Neb.) national banks shows a healthy condition of business for this season of the year, the banks having gained \$3,618,259 in deposits and \$797,406 in loans over the report of a year ago.

—Formal announcement has been made of the consolidation of the Merchants Na-

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tional Bank with the Western Metropolis National Bank, both of San Francisco. The new institution will have a capital stock of \$1,500,000 and deposits of more than \$6,000,000. The shareholders of each bank will retain their proportion of the capital stock of the consolidated bank, and the directorate will be increased to take on directors from both banks. It is understood that Alfred M. Meyerstein, president of the Western Metropolis National Bank, will be the president of the merged institution, and its cashier will be W. W. Jones, heretofore cashier of the Merchants National Bank.

—Reports are current of a plan of the Brotherhood of Locomotive Engineers to establish a bank in Cleveland capitalized at \$1,000,000.

—The Capital National and Indiana National banks of Indianapolis, Ind., have consolidated.

—Eastern bankers have been inspecting the Northwest under the guidance of President Earling of the Milwaukee Railway

System and Percy Rockefeller, viewing particularly Washington wheat fields, orchards and forests, as well as new construction in Montana. The party included William L. Corey, former president of the Steel Corporation; C. H. Sabin, vice-president Guaranty Trust Company, New York; J. W. Harriman, president Harriman National Bank, New York; D. E. Pomeroy, vice-president Bankers' Trust Company; J. A. Stillman, vice-president National City Bank; A. Monnell, president International Nickel Company; S. L. Fuller, New York banker; J. A. Spoor, president Union Stock Yards Company, Chicago; James Perkins, president of the National Commercial Bank, Albany.

—At the first annual meeting of the Washington Bankers' Association, North-east Group Two, held in Spokane, Washington, on May 8, 1912, after the address of welcome by Sam Galland, president of the Spokane Clearing-House Association, and the response by W. A. McEachern, president of the Bank of Latah, the following topics were discussed:

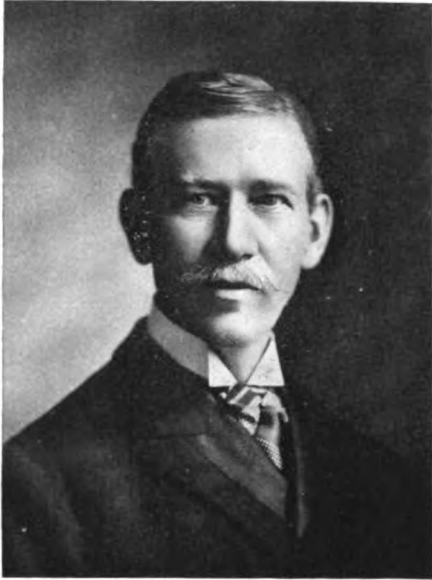
"Dry Farming," Dan Morgan, president Lamont State Bank; "Rural Land Banks," W. R. Baker, cashier Bank of Colville; "Farm Accounting," E. T. Copp, cashier Bank of Lind; "Proposed Legislation," Chas. A. McLean, president Washington Bankers' Association; "The Banker and Agricultural Education," O. L. Waller, vice-president State College of Washington, Pullman; "Blue Sky," F. J. Wilmer, cashier Whitman County National Bank, Rosalia.

—Andrew J. Frame, president of the Waukesha National Bank, Waukesha, Wis., completed fifty years of service with that institution on May 1. The event was commemorated by the bank's keeping open house, and large numbers of Mr. Frame's friends in Waukesha and throughout the country called to congratulate him on completing a half century of successful banking.

The Banker and Tradesman
has for over thirty years
been the representative
financial and business weekly
of Boston and New England

127 FEDERAL STREET, BOSTON

Mr. Frame was born in 1844 in a log house, within about two hundred feet of the present location of the bank of which he is president. The death of his father in the same year and the hardships of pioneer days made his early life one of trial, but he received a good education and by self-sacrifice and industry gradually won his way. He entered the Waukesha County Bank as an office boy May 2, 1862, being promoted to the positions of bookkeeper



ANDREW J. FRAME
PRESIDENT WAUKESHA NATIONAL BANK,
WAUKESHA, WIS.

and teller and on May 22, 1865, almost immediately after the reorganization of the bank as the Waukesha National, he was appointed assistant cashier. January 9, 1866, at the age of twenty-one, he was made cashier, and in 1880, on the death of Senator Blair, the president of the bank, Mr. Frame succeeded to the presidency.

Under his conservative policy the bank has successfully withstood all the successive financial crises through which the country has passed, and has grown until its deposits now amount to over \$2,300,000.

Mr. Frame has a thorough understanding of banking and financial conditions, gained by long experience and observation, and has supplemented this practical knowledge by a wide study of banking and economic principles. He has been honored by the bankers of his State by election to the presidency of the Wisconsin Bankers' Asso-

ciation. He has delivered many addresses on banking subjects, is widely known and as widely respected.

—Mr. Frank Knox, the subject of this sketch, was born in Washington, Iowa, and received his early school training in that town. His first position was with the First National Bank of Washington and it was here that he laid the foundation for his successful career.

While in the employ of the bank, Mr. Knox was tendered the superintendency of extensive lumber interests in Kansas, owned by Mr. John Bryson, one of the directors of the First National Bank of Washington, Iowa. Later he purchased an interest in the business, which he retained until the year 1882.

The same year he was made an assistant cashier of the First National Bank of Washington and shortly afterwards became acting cashier. Three years later, Mr. Knox went to Osborne, Kansas, and organized the First National Bank of Osborne, becoming manager and cashier. This enterprise proved successful, but Mr. Knox, after living four

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These prices all include a copy of either the fourth edition of the \$1.25 bank advertising text-book, “**PUSHING YOUR BUSINESS**,” or a copy of our new book, “**2000 POINTS FOR FINANCIAL ADVERTISING**,” the price of which is \$1.50.

All the advertisements and both books were written by T. D. MacGregor, who probably has had more experience in this line of work than any other man in the country.

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PUBLICITY DEPARTMENT

The Bankers Pub. Co.

253 Broadway

New York City

years in Kansas, disposed of his interests there and moved to Salt Lake City, Utah.

Here, in 1890, he launched the National Bank of the Republic, which has grown rapidly and steadily in the twenty-two years that have elapsed since its organization, and now bears the reputation of being Salt Lake City's largest financial institution. It is a depository for the government and has deposits exceeding six million dollars. The board of directors, headed by Mr. Knox, is enthusiastic to a man over the future of the



FRANK KNOX
PRESIDENT THE NATIONAL BANK OF THE
REPUBLIC, SALT LAKE CITY

institution which they guard so zealously. They are men of important business affiliations and of the highest integrity and ability.

Mr. Knox owes his exceptional success in banking to thorough training and admirable natural business qualifications. The result achieved by the bank of which he is the head is an evidence of his energy, financial judgment and ability.

CANADIAN NOTES

—It is reported that negotiations have been practically consummated for the purchase of the Traders Bank of Canada by the Royal Bank of Canada, although legal formalities may delay the actual consolidation until September 1. At that time the Royal Bank will have a paid-up capital and reserve of about \$22,000,000, while the combined deposits of the two institutions at the present time are more than \$130,000,000. In the process of amalgamating the two banks Stuart Strathy, general manager of the Traders' Bank of Canada, will become supervisor of Ontario branches of the Royal Bank of Canada.

It is only a few months since the Royal Bank absorbed the Union Bank of Halifax, which gave it a large number of branches in the Maritime Provinces, one in Porto Rico, and one in Port au Spain, Trinidad. Its acquisition of the Traders Bank will chiefly strengthen it in Ontario, the Dominion's most important province, where it acquires 81 branches and correspondingly increases its business in the West. The Royal Bank has now 222 branches and the Traders 127, but not all of the new branches



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Speedometers costing more than the Stewart are priced high, not because they are better, but only because they are fewer. The extra price doesn't represent value; it only means a smaller output.

Stewart speedometers are on four out of five cars. Other makers can't supply a comparable instrument at double the price.

They save you from arrest and accidents, keep track of your season mileage, save you money on tire adjustments, help you follow guide-book mileage when touring, and in other ways help you enjoy your car and operate it economically.

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Magnetic principle—slow moving parts, hardened and polished, no wear; ball and jewel bearings. Simple odometer; unbreakable flexible shaft; drop forged swivel joint; noiseless road wheel gears.

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THE BANKERS PUBLISHING COMPANY

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acquired will be continued, duplications being eliminated.

—Some idea of the expansion in banking facilities, which is now taking place in Canada, may be had from the fact that during the first four months of the year 101 branches have been opened and 25 closed, making a net gain of 76.

The total number of branches of Canadian chartered banks at the end of April was 2,715, of which all but 74 were located in the Dominion.

—The Royal Bank of Canada has opened a branch at Sapperton, New Westminster, B. C.; E. C. Chapman, of the Montreal head office, has been placed in charge.

—The Merchants Bank of Canada has opened a new branch at Guelph, Ontario, with Mr. George Dewar as manager.

—Fifty important English capitalists are to visit Canada the coming summer. Special arrangements are being made for their entertainment, both by the Government and the Canadian Manufacturing Association.

—Shareholders of the Bank of Montreal have been notified to attend a meeting on June 18 to authorize an increase in capital from \$16,000,000 to \$25,000,000.

—The Northern Crown Bank of Winnipeg is to erect an eight-story re-enforced concrete structure, costing \$150,000, for its branch at Victoria, B. C.

—Bank clearings in Victoria for the first three months of 1912 aggregated \$37,759,723, compared with \$31,350,917 for the first quarter last year.

—The Canadian Bank of Commerce has opened a branch at Brockville, Ontario, under the management of W. H. Collins, formerly of Exeter.

—The directors of the Bank of Ottawa, through the president, David Maclaren, have announced their decision to increase the rate of dividend to twelve per cent. per annum or an advance of one per cent.

Business with the Bank of Ottawa has been growing steadily, and the action of the board is in keeping with the bank's progress.

—A branch of the Bank of Montreal has been opened at Sapperton, B. C., as a sub-agency to their New Westminster branch, in charge of Mr. H. T. Reed.

—The Sterling Bank shows continued progress, as the annual statement for the year ending April 30 shows profits at \$107,876, as compared with \$96,825 in previous year. Current loans were \$4,482,635 at end of year, and it had \$1,030,373 in call loans. Paid-up capital stood at \$991,895. The bank has taken out of its profits this year the sum of \$50,000, which it has transferred to contingent account, as appropriation for bank premises.

In addition, it has transferred \$18,383 to reserve fund, and carried forward \$16,536, after paying dividends of \$48,302.

—S. D. Griffiths, late of the Union Bank at Kerrobert, Sask., is appointed manager at Maclin, Sask.

—The Bank of Toronto has opened a branch at Cobalt, Ont., under the management of Hector Warren.

—E. S. Clow has resigned the position of manager of the Merchants Bank at Athens, Ont.

—David Hossack, manager of the Ottawa branch of the Quebec Bank, has resigned his position to retire into private life.

—J. Mervyn, of the Bank of Commerce, at Elgin, Man., has been transferred to Yellow Grass.

—The Merchants Bank of Canada announces the opening of new branches at Delburne and Walsh, Alberta.

—The banking and commerce committee of the House of Commons has passed a bill incorporating the Capital Trust Corporation of Ottawa, with a capital of \$2,000,000. The directors include M. J. O'Brien, railroad contractor, and other business men of Montreal, Ottawa, Toronto, and Victoria. All the privileges and powers usually granted to trust companies have been allowed this new organization by the bill.

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.

WITH BANKERS MAGAZINE ADVERTISERS

THE BELLAMORE BANK AUTOMOBILES.

THE Bellamore Armored Car and Equipment Co., 286 Fifth av., New York, has recently purchased a complete factory at Bridgeport, Conn., a cut of which is shown herewith, in which it will manufacture its armored cars for banks, besides bodies of all kinds for automobiles. The Bellamore Co. has recently sent one of its armored cars to the Spanish Bank of Cuba, and will install several more cars for use by

figure every month. The filling of tanks is generally left to others and there is no means of knowing if you get the full amount of fuel you are paying for, unless you check it up now and then with your odometer.

The odometer will also audit engine efficiency, by permitting it to be kept tuned to a point which gives the maximum efficiency with a minimum fuel consumption. Test it now and then with an odometer, and make certain the engine consumes a



the Havana banks at an early date. The car purchased by the First Mortgage Guarantee and Trust Co. of Philadelphia has given complete satisfaction and has resulted in a large increase in the business of that institution.

VALUABLE SERVICE A SPEEDOMETER WILL RENDER.

THE speedometer has aptly been called "an automobile auditor," and no term could better describe its many practical uses. The popular impression, however, is that a speedometer is used only for telling speed and distance traveled. Of course, this is very interesting information, which every motorist fully appreciates. Moreover, the speed indicator will often prevent the autoist from running faster than he should where traffic regulations make it unwholesome for him to do so and save him thus the expense and humiliation of being put under arrest by the lynx-eyed constabulary. Penalties for speed transgressors run as high as \$200. It is surely more economical to purchase a speedometer than to pay a heavy fine.

For the practical autoist, however, the man who wants his car to give him all the service he has paid for, the speedometer, in conjunction with its odometer feature, has many other applications.

First, the "automobile auditor" will pay its cost many times over in a year by backing claims for rebates on tires, which many manufacturers guarantee to cover a certain number of miles. In the event they do not last the mileage guaranteed, a pro rata allowance is made on the next purchase. The correct method in ascertaining the number of miles the tires have been in use would be to make a memorandum of the date the tire is put in use, also the mileage recorded by the odometer. Then, when the time comes to replace the tire, examine the odometer and note if as many miles have been covered as the guarantee calls for.

By the same simple process, the odometer will save considerable money on gasoline, an item that amounts to no inconsiderable

quantity of gasoline proportionate to the number of miles the car has covered.

The same instrument will audit the battery service and help determine which make of battery gives longest service.

Another and more important thing: when the time comes to purchase a new car to replace the old, it is well to know if that make of car gives the service it should. The odometer will help one to determine if another car of the same kind should be purchased.

"Joy riding" is nearly an impossibility with a car supplied with a speedometer, as the first unauthorized use of the machine will show on the odometer.

In touring, particularly in unknown territory, a speedometer-odometer is a necessity. The road maps give the turns as so many miles, or parts of miles. From a given point the odometer tells just when that mileage has been reached; no fear that you will turn down a wrong road.

Few realize to what extent speedometers are now used. Many car manufacturers supply them as standard equipment, as part of the car, which means that the speedometers must be manufactured in tremendous quantities. Perhaps one of the largest, if not the largest, speedometer factory in the world is located in Chicago, manufacturing the Stewart Speedometer, which requires a factory occupying four acres of floor space and necessitates over 500 employees, with an output of over 1,500 per day. In this branch of the industry as well as in other lines, service is an important feature. The Stewart Speedometer Company has eleven branch offices across the country in all important cities from Boston to San Francisco.

A NEW GENERAL ADVERTISING FIRM.

THE firm of Hugh McAtamney & Co. has been organized recently with offices at 42 Broadway, New York City, to handle general advertising. Mr. McAtamney, the head of the new concern, has been engaged in the New York newspaper field for nearly thirty years.