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TO THE
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January to June 1914

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The New Banking Law

THE Federal Reserve Act, approved December 23, 1913, is probably the most comprehensive piece of banking legislation ever enacted in this country. For while the National Banking Act sought to introduce a uniform currency to take the place of the State bank circulation existing at the time the act was passed, and no doubt offered inducements to State banks to enter the national banking system, it fell far short of the sweeping provisions of the new Federal Reserve Act.

The new law maintains the bond-secured bank circulation and adheres to the policy of a Government currency which was introduced by the National Banking Law. But the Government currency now provided for is a new kind, to be lent by the Treasury to the banks.

Of greater importance than the note-issuing provisions of the act is the attempt which the new law makes to unify all the national banks through membership in the Federal Reserve Banks, whose organization is provided for in the law, and the aim to bring the State banks and trust companies into the new system:

Another feature of the law of far-reaching consequence to the banks is the change in the method of handling the redeposited bank reserves. These reserves are gradually to be taken away from the central reserve and reserve city banks and placed under the control of a newly-constituted Federal Reserve Board at Washington, composed of the Secretary of the Treasury and Comptroller of the Currency and five other members appointed by the President of the United States. This board will exercise a general supervision over the Federal Reserve Banks and will also have a powerful influence in shaping the country's banking operations.

Another feature of the law of great importance is the creation of a system of accepting and rediscounting commercial paper.

The new act also introduces the principle of branch banking, as the Federal Reserve Banks are authorized to establish branches and national banks of \$1,000,000 capital and surplus may have branches in foreign countries and in the dependencies of the United States.

Since the new act was passed just as this number of the MAGAZINE was in press, an analysis of its provisions is impossible at this time, but the full text of the act follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the short title of this Act shall be the "Federal Reserve Act."

Wherever the word "bank" is used in this Act, the word shall be held to include State bank, banking association, and trust company, except where national banks or Federal reserve banks are specifically referred to.

The terms "national bank" and "national banking association" used in this Act shall be held to be synonymous and interchangeable. The term "member bank" shall be held to mean any national bank, State bank, or bank or trust company which has become a member of one of the reserve banks created by this Act. The term "board" shall be held to mean Federal Reserve Board; the term "district" shall be held to mean Federal reserve district; the term "reserve bank" shall be held to mean Federal reserve bank.

✓ FEDERAL RESERVE DISTRICTS.

SEC. 2. As soon as practicable, the Secretary of the Treasury, the Secretary of Agriculture and the Comptroller of the Currency, acting as "The Reserve Bank Organization Committee," shall designate not less than eight nor more than twelve cities to be known as Federal reserve cities, and shall divide the continental United States, excluding Alaska, into districts, each district to contain only one of such Federal reserve cities. The determination of said organization committee shall not be subject to review except by the Federal Reserve Board when organized: *Provided*, That the districts shall be apportioned with due regard to the

convenience and customary course of business and shall not necessarily be coterminous with any State or States. The districts thus created may be readjusted and new districts may from time to time be created by the Federal Reserve Board, not to exceed twelve in all. Such districts shall be known as Federal reserve districts and may be designated by number. A majority of the organization committee shall constitute a quorum with authority to act.

Said organization committee shall be authorized to employ counsel and expert aid, to take testimony, to send for persons and papers, to administer oaths, and to make such investigation as may be deemed necessary by the said committee in determining the reserve districts and in designating the cities within such districts where such Federal reserve banks shall be severally located. The said committee shall supervise the organization in each of the cities designated of a Federal reserve bank, which shall include in its title the name of the city in which it is situated, as "Federal Reserve Bank of Chicago."

✓ AMOUNT OF SUBSCRIPTION REQUIRED.

Under regulations to be prescribed by the organization committee, every national banking association in the United States is hereby required, and every eligible bank in the United States, and every trust company within the District of Columbia, is hereby authorized to signify in writing, within sixty days after the passage of this Act, its acceptance of the terms and provisions hereof. When the organization committee shall have designated the cities in which Federal reserve

banks are to be organized, and fixed the geographical limits of the Federal reserve districts, every national banking association within that district shall be required within thirty days after notice from the organization committee, to subscribe to the capital stock of such Federal reserve bank in a sum equal to six per centum of the paid-up capital stock and surplus of such bank, one-sixth of the subscription to be payable on call of the organization committee or of the Federal Reserve Board, one-sixth within three months and one-sixth within six months thereafter, and the remainder of the subscription, or any part thereof, shall be subject to call when deemed necessary by the Federal Reserve Board, said payments to be in gold or gold certificates.

DOUBLE LIABILITY FOR FULL AMOUNT.

The shareholders of every Federal reserve bank shall be held individually responsible, equally and ratably, and not one for another, for all contracts, debts, and engagements of such bank to the extent of the amount of their subscriptions to such stock at the par value thereof in addition to the amount subscribed, whether such subscriptions have been paid up in whole or in part, under the provisions of this Act.

TIME ALLOWED FOR ASSENT.

Any national bank failing to signify its acceptance of the terms of this Act within the sixty days aforesaid, shall cease to act as a reserve agent, upon thirty days' notice, to be given within the discretion of the said organization committee or of the Federal Reserve Board.

Should any national banking association in the United States now organized fail within one year after the passage of this Act to become a member bank or fail to comply with any of the provisions of this Act applicable thereto, all of the rights, privileges, and franchises of such association granted to it under the national-bank Act, or under the provisions of this Act, shall be thereby forfeited. Any non-compliance with or violation of this

Act shall, however, be determined and adjudged by any court of the United States of competent jurisdiction in a suit brought for that purpose in the district or territory in which such bank is located, under direction of the Federal Reserve Board, by the Comptroller of the Currency in his own name before the association shall be declared dissolved. In cases of such non-compliance or violation, other than the failure to become a member bank under the provisions of this Act, every director who participated in or assented to the same shall be held liable in his personal or individual capacity for all damages which said bank, its shareholders, or any other person shall have sustained in consequence of such violation.

Such dissolution shall not take away or impair any remedy against such corporation, its stockholders or officers, for any liability or penalty which shall have been previously incurred.

√ **WHEN STOCK MAY BE OFFERED TO PUBLIC.** X

Should the subscriptions by banks to the stock of said Federal reserve banks or any one or more of them be, in the judgment of the organization committee, insufficient to provide the amount of capital required therefor, then and in that event the said organization committee may, under conditions and regulations to be prescribed by it, offer to public subscription at par such an amount of stock in said Federal reserve bank, or any one or more of them, as said committee shall determine, subject to the same conditions as to payment and stock liability as provided for member banks.

No individual, copartnership, or corporation other than a member bank of its district shall be permitted to subscribe for or to hold at any time more than \$25,000 par value of stock in any Federal reserve bank. Such stock shall be known as public stock and may be transferred on the books of the Federal reserve bank by the chairman of the board of directors of such bank.

Should the total subscriptions by banks and the public to the stock of said Federal reserve banks, or any one or more of them, be, in the judgment of the organization committee, insufficient to provide the amount of capital required therefor, then and in that event the said organization committee shall allot to the United States such an amount of said stock as said committee shall determine. Said United States stock shall be paid for at par out of any money in the Treasury not otherwise appropriated, and shall be held by the Secretary of the Treasury and disposed of for the benefit of the United States in such manner, at such times, and at such price, not less than par, as the Secretary of the Treasury shall determine.

Stock not held by member banks shall not be entitled to voting power.

The Federal Reserve Board is hereby empowered to adopt and promulgate rules and regulations governing the transfers of said stock.

MINIMUM OF CAPITAL FOR FEDERAL RESERVE BANKS.

No Federal reserve bank shall commence business with a subscribed capital less than \$1,000,000. The organization of reserve districts and Federal reserve cities shall not be construed as changing the present status of reserve cities and central reserve cities, except in so far as this Act changes the amount of reserves that may be carried with approved reserve agents located therein. The organization committee shall have power to appoint such assistants and incur such expenses in carrying out the provisions of this Act as it shall deem necessary, and such expenses shall be payable by the Treasurer of the United States upon voucher approved by the Secretary of the Treasury, and the sum of \$100,000, or so much thereof as may be necessary, is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, for the payment of such expenses.

BRANCH OFFICES.

SEC. 3. Each Federal reserve bank shall establish branch banks within the Federal reserve district in which it is located and may do so in the district of any Federal reserve bank which may have been suspended. Such branches shall be operated by a board of directors under rules and regulations approved by the Federal Reserve Board. Directors of branch banks shall possess the same qualifications as directors of the Federal reserve banks. Four of said directors shall be selected by the reserve bank and three by the Federal Reserve Board, and they shall hold office during the pleasure, respectively, of the parent bank and the Federal Reserve Board. The reserve bank shall designate one of the directors as manager.

HOW FEDERAL RESERVE BANKS ARE TO BE ESTABLISHED.

SEC. 4. When the organization committee shall have established Federal reserve districts as provided in section two of this Act, a certificate shall be filed with the Comptroller of the Currency showing the geographical limits of such districts and the Federal reserve city designated in each of such districts. The Comptroller of the Currency shall thereupon cause to be forwarded to each national bank located in each district, and to such other banks declared to be eligible by the organization committee which may apply therefor, an application blank in form to be approved by the organization committee, which blank shall contain a resolution to be adopted by the board of directors of each bank executing such application, authorizing a subscription to the capital stock of the Federal reserve bank organizing in that district in accordance with the provisions of this Act.

When the minimum amount of capital stock prescribed by this Act for the organization of any Federal reserve bank shall have been subscribed and allotted, the organization committee shall designate any five banks of those

whose applications have been received, to execute a certificate of organization, and thereupon the banks so designated shall, under their seals, make an organization certificate which shall specifically state the name of such Federal reserve bank, the territorial extent of the district over which the operations of such Federal reserve bank are to be carried on, the city and State in which said bank is to be located, the amount of capital stock and the number of shares into which the same is divided, the name and place of doing business of each bank executing such certificate, and of all banks which have subscribed to the capital stock of such Federal reserve bank and the number of shares subscribed by each, and the fact that the certificate is made to enable those banks executing same, and all banks which have subscribed or may thereafter subscribe to the capital stock of such Federal reserve bank, to avail themselves of the advantages of this Act.

The said organization certificate shall be acknowledged before a judge of some court of record or notary public; and shall be, together with the acknowledgment thereof, authenticated by the seal of such court, or notary, transmitted to the Comptroller of the Currency, who shall file, record and carefully preserve the same in his office.

Upon the filing of such certificate with the Comptroller of the Currency as aforesaid, the said Federal reserve bank shall become a body corporate and as such, and in the name designated in such organization certificate, shall have power—

Fourth. To sue and be sued, complain and defend, in any court of law or equity.

Fifth. To appoint by its board of directors, such officers and employees as are not otherwise provided for in this Act, to define their duties, require bonds of them and fix the penalty thereof, and to dismiss at pleasure such officers or employees.

Sixth. To prescribe by its board of directors, by-laws not inconsistent with law, regulating the manner in which its general business may be conducted, and the privileges granted to it by law may be exercised and enjoyed.

Seventh. To exercise by its board of directors, or duly authorized officers or agents, all powers specifically granted by the provisions of this Act and such incidental powers as shall be necessary to carry on the business of banking within the limitations prescribed by this Act.

Eighth. Upon deposit with the Treasurer of the United States of any bonds of the United States in the manner provided by existing law relating to national banks, to receive from the Comptroller of the Currency circulating notes in blank, registered and countersigned as provided by law, equal in amount to the par value of the bonds so deposited, (such notes to be issued under the same conditions and provisions of law as relate to the issue of circulating notes of national banks secured by bonds of the United States bearing the circulating privilege, except that the issue of such notes shall not be limited to the capital stock of such Federal reserve bank.

AUTHORITY TO BEGIN BUSINESS.

But no Federal reserve bank shall transact any business except such as is incidental and necessarily preliminary to its organization until it has been authorized by the Comptroller of the Currency to commence business under the provisions of this Act.

Every Federal reserve bank shall be conducted under the supervision and control of a board of directors.

✓ POWERS OF FEDERAL RESERVE BANKS.

First. To adopt and use a corporate seal.

Second. To have succession for a period of twenty years from its organization unless it is sooner dissolved by an Act of Congress, or unless its franchise becomes forfeited by some violation of law.

Third. To make contracts.

The board of directors shall perform the duties usually appertaining to the office of directors of banking associations and all such duties as are prescribed by law.

Said board shall administer the affairs of said bank fairly and impartially and without discrimination in favor of or against any member bank or banks and shall, subject to the provisions of law and the orders of the Federal Reserve Board, extend to each member bank such discounts, advancements and accommodations as may be safely and reasonably made with due regard for the claims and demands of other member banks.

✓ CONSTITUTION OF BOARD OF DIRECTORS.

Such board of directors shall be selected as hereinafter specified and shall consist of nine members, holding office for three years, and divided into three classes, designated as classes A, B and C.

Class A shall consist of three members, who shall be chosen by and be representative of the stock-holding banks.

Class B shall consist of three members, who at the time of their election shall be actively engaged in their district in commerce, agriculture or some other industrial pursuit.

Class C shall consist of three members who shall be designated by the Federal Reserve Board. When the necessary subscriptions to the capital stock have been obtained for the organization of any Federal reserve bank, the Federal Reserve Board shall appoint the class C directors and shall designate one of such directors as chairman of the board to be selected. Pending the designation of such chairman, the organization committee shall exercise the powers and duties appertaining to the office of chairman in the organization of such Federal reserve bank.

No Senator or Representative in Congress shall be a member of the Federal Reserve Board or an officer or a director of a Federal reserve bank.

No director of class B shall be an officer, director, or employee of any bank.

No director of class C shall be an officer, director, employee, or stockholder of any bank.

Directors of class A and class B shall be chosen in the following manner:

The chairman of the board of directors of the Federal reserve bank of the district in which the bank is situated or, pending the appointment of such chairman, the organization committee shall classify the member banks of the district into three general groups or divisions. Each group shall contain as nearly as may be one-third of the aggregate number of the member banks of the district and shall consist, as nearly as may be, of banks of similar capitalization. The groups shall be designated by number by the chairman.

At a regularly called meeting of the board of directors of each member bank in the district it shall elect by ballot a district reserve elector and shall certify his name to the chairman of the board of directors of the Federal reserve bank of the district. The chairman shall make lists of the district reserve electors thus named by banks in each of the aforesaid three groups and shall transmit one list to each elector in each group.

Each member bank shall be permitted to nominate to the chairman one candidate for director of class A and one candidate for director of class B. The candidates so nominated shall be listed by the chairman, indicating by whom nominated, and a copy of said list shall, within fifteen days after its completion, be furnished by the chairman to each elector.

Every elector shall, with fifteen days after the receipt of the said list, certify to the chairman his first, second, and other choices of a director of class A and class B, respectively, upon a preferential ballot, on a form furnished by the chairman of the board of directors of the Federal reserve

bank of the district. Each elector shall make a cross opposite the name of the first, second, and other choices for a director of class A and for a director of class B, but shall not vote more than one choice for any one candidate.

Any candidate having a majority of all votes cast in the column of first choice shall be declared elected. If no candidate have a majority of all the votes in the first column, then there shall be added together the votes cast by the electors for such candidates in the second column and the votes cast for the several candidates in the first column. If any candidate then have a majority of the electors voting, by adding together the first and second choices, he shall be declared elected. If no candidate have a majority of electors voting when the first and second choices shall have been added, then the votes cast in the third column for other choices shall be added together in like manner, and the candidate then having the highest number of votes shall be declared elected. An immediate report of election shall be declared.

Class C directors shall be appointed by the Federal Reserve Board. They shall have been for at least two years residents of the district for which they are appointed, one of whom shall be designated by said board as chairman of the board of directors of the Federal reserve bank and as "Federal reserve agent." He shall be a person of tested banking experience; and in addition to his duties as chairman of the board of directors of the Federal reserve bank he shall be required to maintain under regulations to be established by the Federal Reserve Board a local office of said board on the premises of the Federal reserve bank. He shall make regular reports to the Federal Reserve Board, and shall act as its official representative for the performance of the functions conferred upon it by this Act. He shall receive an annual compensation to be fixed by the Federal Reserve Board and paid monthly by the Federal reserve bank to

which he is designated. One of the directors of class C, who shall be a person of tested banking experience, shall be appointed by the Federal Reserve Board as deputy chairman and deputy Federal reserve agent to exercise the powers of the chairman of the board and Federal reserve agent in case of absence or disability of his principal.

Directors of Federal reserve banks shall receive, in addition to any compensation otherwise provided, a reasonable allowance for necessary expenses in attending meetings of their respective boards, which amount shall be paid by the respective Federal reserve banks. Any compensation that may be provided by boards of directors of Federal reserve banks for directors, officers or employees shall be subject to the approval of the Federal Reserve Board.

The Reserve Bank Organization Committee may, in organizing Federal reserve banks, call such meetings of bank directors in the several districts as may be necessary to carry out the purposes of this Act, and may exercise the functions herein conferred upon the chairman of the board of directors of each Federal reserve bank pending the complete organization of such bank.

At the first meeting of the full board of directors of each Federal reserve bank, it shall be the duty of the directors of classes A, B and C, respectively, to designate one of the members of each class whose term of office shall expire in one year from the first of January nearest to date of such meeting one whose term of office shall expire at the end of two years from said date, and one whose term of office shall expire at the end of three years from said date. Thereafter every director of a Federal reserve bank chosen as hereinbefore provided shall hold office for a term of three years. Vacancies that may occur in the several classes of directors of Federal reserve banks may be filled in the manner provided for the original selection of such directors, such appointees to hold of-

for the unexpired terms of their predecessors.

STOCK ISSUES; INCREASE AND DECREASE OF CAPITAL.

SEC. 5. The capital stock of each Federal reserve bank shall be divided into shares of \$100 each. The outstanding capital stock shall be increased from time to time as member banks increase their capital stock and surplus or as additional banks become members, and may be decreased as member banks reduce their capital stock or surplus or cease to be members. Shares of the capital stock of Federal reserve banks owned by member banks shall not be transferred or hypothecated. When a member bank increases its capital stock or surplus, it shall thereupon subscribe for an additional amount of capital stock of the Federal reserve bank of its district equal to six per centum of the said increase, one-half of said subscription to be paid in the manner hereinbefore provided for original subscription, and one-half subject to call of the Federal Reserve Board. A bank applying for stock in a Federal reserve bank at any time after the organization thereof must subscribe for an amount of the capital stock of the Federal reserve bank equal to six per centum of the paid-up capital stock and surplus of said applicant bank, paying therefor its par value plus one-half of one per centum a month from the period of the last dividend. When the capital stock of any Federal reserve bank shall have been increased either on account of the increase of capital stock of member banks or on account of the increase in the number of member banks, the board of directors shall cause to be executed a certificate to the Comptroller of the Currency showing the increase in capital stock, the amount paid in, and by whom paid. When a member bank reduces its capital stock it shall surrender a proportionate amount of its holdings in the capital of said Federal reserve bank, and when a member bank voluntarily liquidates it shall surrender

all of its holdings of the capital stock of said Federal reserve bank and be released from its stock subscription not previously called. In either case the shares surrendered shall be canceled and the member bank shall receive in payment therefor, under regulations to be prescribed by the Federal Reserve Board, a sum equal to its cash-paid subscriptions on the shares surrendered and one-half of one per centum a month from the period of the last dividend, not to exceed the book value thereof, less any liability of such member bank to the Federal reserve bank.

SEC. 6. If any member bank shall be declared insolvent and a receiver appointed therefor, the stock held by it in said Federal reserve bank shall be canceled, without impairment of its liability, and all cash-paid subscriptions on said stock, with one-half of one per centum per month from the period of last dividend, not to exceed the book value thereof, shall be first applied to all debts of the insolvent member bank to the Federal reserve bank, and the balance, if any, shall be paid to the receiver of the insolvent bank. Whenever the capital stock of a Federal reserve bank is reduced, either on account of a reduction in capital stock of any member bank or of the liquidation or insolvency of such bank, the board of directors shall cause to be executed a certificate to the Comptroller of the Currency showing such reduction of capital stock and the amount repaid to such bank.

DIVISION OF EARNINGS.

SEC. 7. After all necessary expenses of a Federal reserve bank have been paid or provided for, the stockholders shall be entitled to receive an annual dividend of six per centum on the paid-in capital stock, which dividend shall be cumulative. After the aforesaid dividend claims have been fully met, all the net earnings shall be paid to the United States as a franchise tax, except that one-half of such net earnings shall be paid into a surplus fund until it shall amount to forty per cent-

um of the paid-in capital stock of such bank.

The net earnings derived by the United States from Federal reserve banks shall, in the discretion of the Secretary, be used to supplement the gold reserve held against outstanding United States notes, or shall be applied to the reduction of the outstanding bonded indebtedness of the United States under regulations to be prescribed by the Secretary of the Treasury. Should a Federal reserve bank be dissolved or go into liquidation, any surplus remaining, after the payment of all debts, dividend requirements as hereinbefore provided, and the par value of the stock, shall be paid to and become the property of the United States and shall be similarly applied.

Federal reserve banks, including the capital stock and surplus therein, and the income derived therefrom shall be exempt from Federal, State, and local taxation, except taxes upon real estate.

SEC. 8. Section fifty-one hundred and fifty-four, United States Revised Statutes, is hereby amended to read as follows:

Any bank incorporated by special law of any State or of the United States or organized under the general laws of any State or of the United States and having an unimpaired capital sufficient to entitle it to become a national banking association under the provisions of the existing laws may, by the vote of the shareholders owning not less than fifty-one per centum of the capital stock of such bank or banking association, with the approval of the Comptroller of the Currency be converted into a national banking association, with any name approved by the Comptroller of the Currency:

Provided, however, That said conversion shall not be in contravention of the State law. In such case the articles of association and organization certificate may be executed by a majority of the directors of the bank or banking institution, and the certificate shall declare that the owners of fifty-one per centum of the capital stock have au-

thorized the directors to make such certificate and to change or convert the bank or banking institution into a national association. A majority of the directors, after executing the articles of association and the organization certificate, shall have power to execute all other papers and to do whatever may be required to make its organization perfect and complete as a national association. The shares of any such bank may continue to be for the same amount each as they were before the conversion, and the directors may continue to be directors of the association until others are elected or appointed in accordance with the provisions of the statutes of the United States. When the Comptroller has given to such bank or banking association a certificate that the provisions of this act have been complied with, such bank or banking association, and all its stockholders, officers, and employees, shall have the same powers and privileges, and shall be subject to the same duties, liabilities, and regulations, in all respects, as shall have been prescribed by the Federal Reserve Act and by the National Banking Act for association originally organized as national banking associations.

STATE BANKS AS MEMBERS.

SEC. 9. Any bank incorporated by special law of any State, or organized under the general laws of any State or of the United States, may make application to the reserve bank organization committee, pending organization, and thereafter to the Federal Reserve Board for the right to subscribe to the stock of the Federal reserve bank organized or to be organized within the Federal reserve district where the applicant is located. The organization committee or the Federal Reserve Board, under such rules and regulations as it may prescribe, subject to the provisions of this section, may permit the applying bank to become a stockholder in the Federal reserve bank of the district in which the applying bank is located. Whenever the organization

committee or the Federal Reserve Board shall permit the applying bank to become a stockholder in the Federal reserve bank of the district, stock shall be issued and paid for under the rules and regulations in this Act provided for national banks which become stockholders in Federal reserve banks.

The organization committee or the Federal Reserve Board shall establish by-laws for the general government of its conduct in acting upon applications made by the State banks and banking associations and trust companies for stock ownership in Federal reserve banks. Such by-laws shall require applying banks not organized under Federal law to comply with the reserve and capital requirements and to submit to the examination and regulations prescribed by the organization committee or by the Federal Reserve Board. No applying bank shall be admitted to membership in a Federal reserve bank unless it possesses a paid-up unimpaired capital sufficient to entitle it to become a national banking association in the place where it is situated, under the provisions of the National Banking Act.

Any bank becoming a member of a Federal reserve bank under the provisions of this section shall, in addition to the regulations and restrictions hereinbefore provided, be required to conform to the provisions of law imposed on the national banks respecting the limitation of liability which may be incurred by any person, firm, or corporation to such banks, the prohibition against making purchase of or loans on stock of such banks, and the withdrawal or impairment of capital, or the payment of unearned dividends, and to such rules and regulations as the Federal Reserve Board may, in pursuance thereof, prescribe.

Such banks, and the officers, agents, and employees thereof, shall also be subject to the provisions of and to the penalties prescribed by sections fifty-one hundred and ninety-eight, fifty-two hundred, fifty-two hundred and one, and fifty-two hundred and

eight, and fifty-two hundred and nine of the Revised Statutes. The member banks shall also be required to make reports of the conditions and of the payments of dividends to the Comptroller, as provided in sections fifty-two hundred and eleven and fifty-two hundred and twelve of the Revised Statutes, and shall be subject to the penalties prescribed by section fifty-two hundred and thirteen for the failure to make such report.

If at any time it shall appear to the Federal Reserve Board that a member bank has failed to comply with the provisions of this section or the regulations of the Federal Reserve Board, it shall be within the power of the said board, after hearing, to require such bank to surrender its stock in the Federal reserve bank; upon such surrender the Federal reserve bank shall pay the cash-paid subscriptions to the said stock with interest at the rate of one-half of one per centum per month, computed from the last dividend, if earned, not to exceed the book value thereof, less any liability to said Federal reserve bank, except the subscription liability not previously called, which shall be canceled, and said Federal reserve bank shall, upon notice from the Federal Reserve Board, be required to suspend said bank from further privileges of membership, and shall within thirty days of such notice cancel and retire its stock and make payment therefor in the manner herein provided. The Federal Reserve Board may restore membership upon due proof of compliance with the conditions imposed by this section.

FEDERAL RESERVE BOARD.

SEC. 10. A Federal Reserve Board is hereby created which shall consist of seven members, including the Secretary of the Treasury and the Comptroller of the Currency, who shall be members ex officio, and five members appointed by the President of the United States, by and with the advice and consent of the Senate. In selecting the five appointive members of the

Federal Reserve Board, not more than one of whom shall be selected from any one Federal reserve district, the President shall have due regard to a fair representation of the different commercial, industrial and geographical divisions of the country. The five members of the Federal Reserve Board appointed by the President and confirmed as aforesaid shall devote their entire time to the business of the Federal Reserve Board and shall each receive an annual salary of \$12,000, payable monthly together with actual necessary traveling expenses, and the Comptroller of the Currency, as ex officio member of the Federal Reserve Board, shall, in addition to the salary now paid him as Comptroller of the Currency, receive the sum of \$7,000 annually for his services as a member of said Board.

The members of said board, the Secretary of the Treasury, the Assistant Secretaries of the Treasury, and the Comptroller of the Currency shall be ineligible during the time they are in office and for two years thereafter to hold any office, position, or employment in any member bank. Of the five members thus appointed by the President at least two shall be persons experienced in banking or finance. One shall be designated by the President to serve for two, one for four, one for six, one for eight, and one for ten years, and thereafter each member so appointed shall serve for a term of ten years unless sooner removed for cause by the President. Of the five persons thus appointed, one shall be designated by the President as governor and one as vice-governor of the Federal Reserve Board. The governor of the Federal Reserve Board, subject to its supervision, shall be the active executive officer. The Secretary of the Treasury may assign offices in the Department of the Treasury for the use of the Federal Reserve Board. Each member of the Federal Reserve Board shall within fifteen days after notice of appointment make and subscribe to the oath of office.

The Federal Reserve Board shall have power to levy semiannually upon the Federal reserve banks in proportion to their capital stock and surplus, an assessment sufficient to pay its estimated expenses and the salaries of its members and employees for the half year succeeding the levying of such assessment, together with any deficit carried forward from the preceding half year.

The first meeting of the Federal Reserve Board shall be held in Washington, District of Columbia, as soon as may be after the passage of this Act, at a date to be fixed by the Reserve Bank Organization Committee. The Secretary of the Treasury shall be ex officio chairman of the Federal Reserve Board. No member of the Federal Reserve Board shall be an officer or director of any bank, banking institution, trust company, or Federal reserve bank nor hold stock in any bank, banking institution, or trust company; and before entering upon his duties as a member of the Federal Reserve Board he shall certify under oath to the Secretary of the Treasury that he has complied with this requirement. Whenever a vacancy shall occur, other than by expiration of term, among the five members of the Federal Reserve Board appointed by the President, as above provided, a successor shall be appointed by the President, with the advice and consent of the Senate, to fill such vacancy, and when appointed he shall hold office for the unexpired term of the member whose place he is selected to fill.

The President shall have power to fill all vacancies that may happen on the Federal Reserve Board during the recess of the Senate, by granting commissions which shall expire thirty days after the next session of the Senate convenes.

Nothing in this Act contained shall be construed as taking away any powers heretofore vested by law in the Secretary of the Treasury which relate to the supervision, management, and control of the Treasury Department and

bureaus under such department, and wherever any power vested by this Act in the Federal Reserve Board or the Federal reserve agent appears to conflict with the powers of the Secretary of the Treasury, such powers shall be exercised subject to the supervision and control of the Secretary.

The Federal Reserve Board shall annually make a full report of its operations to the Speaker of the House of Representatives, who shall cause the same to be printed for the information of the Congress.

Section three hundred and twenty-four of the Revised Statutes of the United States shall be amended so as to read as follows: There shall be in the Department of the Treasury a bureau charged with the execution of all laws passed by Congress relating to the issue and regulation of national currency secured by United States bonds and, under the general supervision of the Federal Reserve Board, of all Federal reserve notes, the chief officer of which bureau shall be called the Comptroller of the Currency and shall perform his duties under the general directions of the Secretary of the Treasury.

✓ POWERS OF FEDERAL RESERVE BOARD.

SEC. 11. The Federal Reserve Board shall be authorized and empowered:

(a) To examine at its discretion the accounts, books and affairs of each Federal reserve bank and of each member bank and to require such statements and reports as it may deem necessary. The said board shall publish once each week a statement showing the condition of each Federal reserve bank and a consolidated statement for all Federal reserve banks. Such statements shall show in detail the assets and liabilities of the Federal reserve banks, single and combined, and shall furnish full information regarding the character of the money held as reserve and the amount, nature and maturities of the paper and other investments

owned or held by Federal reserve banks.

(b) To permit, or, on the affirmative vote of at least five members of the Reserve Board to require Federal reserve banks to rediscount the discounted paper of other Federal reserve banks at rates of interest to be fixed by the Federal Reserve Board.

(c) To suspend for a period not exceeding thirty days, and from time to time to renew such suspension for periods not exceeding fifteen days, any reserve requirement specified in this Act: *Provided*, That it shall establish a graduated tax upon the amounts by which the reserve requirements of this Act may be permitted to fall below the level hereinafter specified: *And provided further*, That when the gold reserve held against Federal reserve notes falls below forty per centum, the Federal Reserve Board shall establish a graduated tax of not more than one per centum per annum upon such deficiency until the reserves fall to thirty-two and one-half per centum, and when said reserve falls below thirty-two and one-half per centum, a tax at the rate increasingly of not less than one and one-half per centum per annum upon each two and one-half per centum or fraction thereof that such reserve falls below thirty-two and one-half per centum. The tax shall be paid by the reserve bank but the reserve bank shall add an amount equal to said tax to the rates of interest and discount fixed by the Federal Reserve Board.

(d) To supervise and regulate through the bureau under the charge of the Comptroller of the Currency the issue and retirement of Federal reserve notes, and to prescribe rules and regulations under which such notes may be delivered by the Comptroller to the Federal reserve agents applying therefor.

(e) To add to the number of cities classified as reserve and central reserve cities under existing law in which national banking associations are subject to the reserve requirements set forth in section twenty of this Act; or to re-

classify existing reserve and central reserve cities or to terminate their designation as such.

(f) To suspend or remove any officer or director of any Federal reserve bank, the cause of such removal to be forthwith communicated in writing by the Federal Reserve Board to the removed officer or director and to said bank.

(g) To require the writing off of doubtful or worthless assets upon the books and balance sheets of Federal reserve banks.

(h) To suspend, for the violation of any of the provisions of this Act, the operations of any Federal reserve bank, to take possession thereof, administer the same during the period of suspension, and, when deemed advisable, to liquidate or reorganize such bank.

(i) To require bonds of Federal reserve agents, to make regulations for the safeguarding of all collateral, bonds, Federal reserve notes, money or property of any kind deposited in the hands of such agents, and said board shall perform the duties, functions, or services specified in this Act, and make all rules and regulations necessary to enable said board effectively to perform the same.

(j) To exercise general supervision over said Federal reserve banks.

(k) To grant by special permit to national banks applying therefor, when not in contravention of State or local law, the right to act as trustee, executor, administrator, or registrar of stocks and bonds under such rules and regulations as the said board may prescribe.

(l) To employ such attorneys, experts, assistants, clerks, or other employees as may be deemed necessary to conduct the business of the board. All salaries and fees shall be fixed in advance by said board and shall be paid in the same manner as the salaries of the members of said board. All such attorneys, experts, assistants, clerks and other employees shall be appointed without regard to the provisions of the

Act of January sixteenth, eighteen hundred and eighty-three (volume twenty-two, United States Statutes at Large, page four hundred and three), and amendments thereto, or any rule or regulation made in pursuance thereof: *Provided*, That nothing herein shall prevent the President from placing said employees in the classified service.

✓ FEDERAL ADVISORY COUNCIL.

SEC. 12. There is hereby created a Federal Advisory Council, which shall consist of as many members as there are Federal reserve districts. Each Federal reserve bank by its board of directors shall annually select from its own Federal reserve district one member of said council, who shall receive such compensation and allowances as may be fixed by his board of directors subject to the approval of the Federal Reserve Board. The meetings of said advisory council shall be held at Washington, District of Columbia, at least four times each year, and oftener if called by the Federal Reserve Board. The council may in addition to the meetings above provided for hold such other meetings in Washington, District of Columbia, or elsewhere, as it may deem necessary, may select its own officers and adopt its own methods of procedure, and a majority of its members shall constitute a quorum for the transaction of business. Vacancies in the council shall be filled by the respective reserve banks, and members selected to fill vacancies, shall serve for the unexpired term.

✓ The Federal Advisory Council shall have power, by itself or through its officers, (1) to confer directly with the Federal Reserve Board on general business conditions; (2) to make oral or written representations concerning matters within the jurisdiction of said board; (3) to call for information and to make recommendations in regard to discount rates, rediscount business, note issues, reserve conditions in the various districts, the purchase and sale of gold or securities by reserve banks, open-market operations by said banks, and

the general affairs of the reserve banking system.

✓ FUNCTIONS OF FEDERAL RESERVE BANKS.

† SEC. 18. Any Federal reserve bank may receive from any of its member banks, and from the United States, deposits of current funds in lawful money, national-bank notes, Federal reserve notes, or checks and drafts upon solvent member banks, payable upon presentation; or, solely for exchange purposes, may receive from other Federal reserve banks deposits of current funds in lawful money, national-bank notes, or checks and drafts upon solvent member or other Federal reserve banks, payable upon presentation.

Upon the indorsement of any of its member banks, with a waiver of demand, notice and protest by such bank, any Federal reserve bank may discount notes, drafts, and bills of exchange arising out of actual commercial transactions; that is, notes, drafts, and bills of exchange issued or drawn for agricultural, industrial, or commercial purposes, or the proceeds of which have been used, or are to be used, for such purposes, the Federal Reserve Board to have the right to determine or define the character of the paper thus eligible for discount, within the meaning of this Act. Nothing in this Act contained shall be construed to prohibit such notes, drafts, and bills of exchange, secured by staple agricultural products, or other goods, wares, or merchandise from being eligible for such discount; but such definition shall not include notes, drafts, or bills covering merely investments or issued or drawn for the purpose of carrying or trading in stocks, bonds, or other investment securities, except bonds and notes of the Government of the United States. Notes, drafts, and bills admitted to discount under the terms of this paragraph must have a maturity at the time of discount of not more than ninety days: *Provided*, That notes, drafts, and bills drawn or issued for agricultural purposes or based on live stock and

having a maturity not exceeding six months may be discounted in an amount to be limited to a percentage of the capital of the Federal reserve bank, to be ascertained and fixed by the Federal Reserve Board.

Any Federal reserve bank may discount acceptances which are based on the importation or exportation of goods and which have a maturity at time of discount of not more than three months, and indorsed by at least one member bank. The amount of acceptances so discounted shall at no time exceed one-half the paid-up capital stock and surplus of the bank for which the rediscunts are made.

The aggregate of such notes and bills bearing the signature or indorsement of any one person, company, firm, or corporation rediscouted for any one bank shall at no time exceed ten per centum of the unimpaired capital and surplus of said bank; but this restriction shall not apply to the discount of bills of exchange drawn in good faith against actually existing values.

Any member bank may accept drafts or bills of exchange drawn upon it and growing out of transactions involving the importation or exportation of goods having not more than six months' sight to run; but no bank shall accept such bill to an amount equal at any time in the aggregate to more than one-half its paid-up capital stock and surplus.

Section fifty-two hundred and two of the Revised Statutes of the United States is hereby amended so as to read as follows: No national banking association shall at any time be indebted, or in any way liable, to an amount exceeding the amount of its capital stock at such time actually paid in and remaining undiminished by losses or otherwise, except on account of demands of the nature following:

First. Notes of circulation.

Second. Moneys deposited with or collected by the association.

Third. Bills of exchange or drafts drawn against money actually on de-

posit to the credit of the association, or due thereto.

Fourth. Liabilities to the stockholders of the association for dividends and reserve profits.

Fifth. Liabilities incurred under the provisions of the Federal Reserve Act.

The rediscount by any Federal reserve bank of any bills receivable and of domestic and foreign bills of exchange, and of acceptances authorized by this Act, shall be subject to such restrictions, limitations, and regulations as may be imposed by the Federal Reserve Board.

✓ OPEN-MARKET OPERATIONS.

SEC. 14. Any Federal reserve bank may, under rules and regulations prescribed by the Federal Reserve Board, purchase and sell in the open market, at home or abroad, either from or to domestic or foreign banks, firms, corporations, or individuals, cable transfers and bankers' acceptances and bills of exchange of the kinds and maturities by this Act made eligible for rediscount, with or without the indorsement of a member bank.

Every Federal reserve bank shall have power:

(a) To deal in gold coin and bullion at home or abroad, to make loans thereon, exchange Federal reserve notes for gold, gold coin, or gold certificates, and to contract for loans of gold coin or bullion, giving therefor, when necessary, acceptable security, including the hypothecation of United States bonds or other securities which Federal reserve banks are authorized to hold;

(b) To buy and sell, at home or abroad, bonds and notes of the United States, and bills, notes, revenue bonds, and warrants with a maturity from date of purchase of not exceeding six months, issued in anticipation of the collection of taxes or in anticipation of the receipt of assured revenues by any State, county, district, political subdivision, or municipality in the continental United States, including irrigation, drainage and reclamation districts, such purchases to be made in accordance with

rules and regulations prescribed by the Federal Reserve Board;

(c) To purchase from member banks and to sell, with or without its indorsement, bills of exchange arising out of commercial transactions, as hereinbefore defined;

(d) To establish from time to time, subject to review and determination of the Federal Reserve Board, rates of discount to be charged by the Federal reserve bank for each class of paper, which shall be fixed with a view of accommodating commerce and business;

(e) To establish accounts with other Federal reserve banks for exchange purposes and, with the consent of the Federal Reserve Board, to open and maintain banking accounts in foreign countries, appoint correspondents, and establish agencies in such countries wheresoever it may deem best for the purpose of purchasing, selling, and collecting bills of exchange, and to buy and sell with or without its indorsement, through such correspondents or agencies, bills of exchange arising out of actual commercial transactions which have not more than ninety days to run and which bear the signature of two or more responsible parties.

✓ GOVERNMENT DEPOSITS.

SEC. 15. The moneys held in the general fund of the Treasury, except the five per centum fund for the redemption of outstanding national-bank notes and the funds provided in this Act for the redemption of Federal reserve notes may, upon the direction of the Secretary of the Treasury, be deposited in Federal reserve banks, which banks, when required by the Secretary of the Treasury, shall act as fiscal agents of the United States; and the revenues of the Government or any part thereof may be deposited in such banks, and disbursements may be made by checks drawn against such deposits.

No public funds of the Philippine Islands, or of the postal savings, or any Government funds, shall be deposited in the continental United States in any bank not belonging to the system

established by this Act: *Provided, however,* That nothing in this Act shall be construed to deny the right of the Secretary of the Treasury to use member banks as depositories.

✓ NOTE ISSUES.

SEC. 16. Federal reserve notes, to be issued at the discretion of the Federal Reserve Board for the purpose of making advances to Federal reserve banks through the Federal reserve agents as hereinafter set forth and for no other purpose, are hereby authorized. The said notes shall be obligations of the United States and shall be receivable by all national and member banks and Federal reserve banks and for all taxes, customs, and other public dues. They shall be redeemed in gold on demand at the Treasury Department of the United States, in the city of Washington, District of Columbia, or in gold or lawful money at any Federal reserve bank.

Any Federal reserve bank may make application to the local Federal reserve agent for such amount of the Federal reserve notes hereinbefore provided for as it may require. Such application shall be accompanied with a tender to the local Federal reserve agent of collateral in amount equal to the sum of the Federal reserve notes thus applied for and issued pursuant to such application. The collateral security thus offered shall be notes and bills, accepted for rediscount under the provisions of section thirteen of this Act, and the Federal reserve agent shall each day notify the Federal Reserve Board of all issues and withdrawals of Federal reserve notes to and by the Federal reserve bank to which he is accredited. The said Federal Reserve Board may at any time call upon a Federal reserve bank for additional security to protect the Federal reserve notes issued to it.

Every Federal reserve bank shall maintain reserves in gold or lawful money of not less than thirty-five per centum against its deposits and reserves in gold of not less than forty per centum against its Federal reserve notes

in actual circulation, and not offset by gold or lawful money deposited with the Federal reserve agent. Notes so paid out shall bear upon their faces a distinctive letter and serial number, which shall be assigned by the Federal Reserve Board to each Federal reserve bank. Whenever Federal reserve notes issued through one Federal reserve bank shall be received by another Federal reserve bank they shall be promptly returned for credit or redemption to the Federal reserve bank through which they were originally issued. No Federal reserve bank shall pay out notes issued through another under penalty of a tax of ten per centum upon the face value of notes so paid out. Notes presented for redemption at the Treasury of the United States shall be paid out of the redemption fund and returned to the Federal reserve banks through which they were originally issued, and thereupon such Federal reserve bank shall, upon demand of the Secretary of the Treasury, reimburse such redemption fund in lawful money or, if such Federal reserve notes have been redeemed by the Treasurer in gold or gold certificates, then such funds shall be reimbursed to the extent deemed necessary by the Secretary of the Treasury in gold or gold certificates, and such Federal reserve bank shall, so long as any of its Federal reserve notes remain outstanding, maintain with the Treasurer in gold an amount sufficient in the judgment of the Secretary to provide for all redemptions to be made by the Treasurer. Federal reserve notes received by the Treasury, otherwise than for redemption, may be exchanged for gold out of the redemption fund hereinafter provided and returned to the reserve bank through which they were originally issued, or they may be returned to such bank for the credit of the United States. Federal reserve notes unfit for circulation shall be returned by the Federal reserve agents to the Comptroller of the Currency for cancellation and destruction.

The Federal Reserve Board shall re-

quire each Federal reserve bank to maintain on deposit in the Treasury of the United States a sum in gold sufficient in the judgment of the Secretary of the Treasury for the redemption of the Federal reserve notes issued to such bank, ~~but in no event less than five per centum~~; but such deposit of gold shall be counted and included as part of the forty per centum reserve hereinbefore required. The board shall have the right, acting through the Federal reserve agent, to grant in whole or in part or to reject entirely the application of any Federal reserve bank for Federal reserve notes; but to the extent that such application may be granted the Federal Reserve Board shall, through its local Federal reserve agent, supply Federal reserve notes to the bank so applying, and such bank shall be charged with the amount of such notes and shall pay such rate of interest on said amount as may be established by the Federal Reserve Board, and the amount of such Federal reserve notes so issued to any such bank shall, upon delivery, together with such notes of such Federal reserve bank as may be issued under section eighteen of this Act upon security of United States two per centum Government bonds, become a first and paramount lien on all the assets of such bank.

Any Federal reserve bank may at any time reduce its liability for outstanding Federal reserve notes by depositing, with the Federal reserve agent, its Federal reserve notes, gold, gold certificates, or lawful money of the United States. Federal reserve notes so deposited shall not be reissued, except upon compliance with the conditions of an original issue.

The Federal reserve agent shall hold such gold, gold certificates, or lawful money available exclusively for exchange for the outstanding Federal reserve notes when offered by the reserve bank of which he is a director. Upon the request of the Secretary of the Treasury the Federal Reserve Board shall require the Federal reserve agent to transmit so much of said gold to the

Treasury of the United States as may be required for the exclusive purpose of the redemption of such notes.

Any Federal reserve bank may at its discretion withdraw collateral deposited with the local Federal reserve agent for the protection of its Federal reserve notes deposited with it and shall at the same time substitute therefor other like collateral of equal amount with the approval of the Federal reserve agent under regulations to be prescribed by the Federal Reserve Board.

In order to furnish suitable notes for circulation as Federal reserve notes, the Comptroller of the Currency shall, under the direction of the Secretary of the Treasury, cause plates and dies to be engraved in the best manner to guard against counterfeits and fraudulent alterations, and shall have printed therefrom and numbered such quantities of such notes of the denominations of \$5, \$10, \$20, \$50, \$100, as may be required to supply the Federal reserve banks. Such notes shall be in form and tenor as directed by the Secretary of the Treasury under the provisions of this Act and shall bear the distinctive numbers of the several Federal reserve banks through which they are issued.

When such notes have been prepared, they shall be deposited in the Treasury, or in the subtreasury or mint of the United States nearest the place of business of each Federal reserve bank and shall be held for the use of such bank subject to the order of the Comptroller of the Currency for their delivery, as provided by this Act.

The plates and dies to be procured by the Comptroller of the Currency for the printing of such circulating notes shall remain under his control and direction, and the expenses necessarily incurred in executing the laws relating to the procuring of such notes, and all other expenses incidental to their issue and retirement, shall be paid by the Federal reserve banks, and the Federal Reserve Board shall include in its estimate of expenses levied against the Federal reserve banks a sufficient amount to cover the expenses herein provided for.

The examination of plates, dies, bed pieces, and so forth, and regulations relating to such examination of plates, dies and so forth, of national-bank notes provided for in section fifty-one hundred and seventy-four Revised Statutes, is hereby extended to include notes herein provided for.

Any appropriation heretofore made out of the general funds of the Treasury for engraving plates and dies, the purchase of distinctive paper, or to cover any other expense in connection with the printing of national-bank notes or notes provided for by the Act of May thirtieth, nineteen hundred and eight, and any distinctive paper that may be on hand at the time of the passage of this Act may be used in the discretion of the Secretary for the purposes of this Act, and should the appropriations heretofore made be insufficient to meet the requirements of this Act in addition to circulating notes provided for by existing law, the Secretary is hereby authorized to use so much of any funds in the Treasury not otherwise appropriated for the purpose of furnishing the notes aforesaid: *Provided, however,* That nothing in this section contained shall be construed as exempting national banks or Federal reserve banks from their liability to reimburse the United States for any expenses incurred in printing and issuing circulating notes.

√ COLLECTION CHARGES.

Every Federal reserve bank shall receive on deposit at par from member banks or from Federal reserve banks checks and drafts drawn upon any of its depositors, and when remitted by a Federal reserve bank, checks and drafts drawn by any depositor in any other Federal reserve bank or member bank upon funds to the credit of said depositor in said reserve bank or member bank. Nothing herein contained shall be construed as prohibiting a member bank from charging its actual expense incurred in collecting and remitting funds, or for exchange sold to its patrons. The Federal Reserve Board

shall, by rule, fix the charges to be collected by the member banks from its patrons whose checks are cleared through the Federal reserve bank and the charge which may be imposed for the service of clearing or collection rendered by the Federal reserve bank.

The Federal Reserve Board shall make and promulgate from time to time regulations governing the transfer of funds and charges therefor among Federal reserve banks and their branches, and may at its discretion exercise the functions of a clearing house for such Federal reserve banks, or may designate a Federal reserve bank to exercise such functions, and may also require each such bank to exercise the functions of a clearing house for its member banks.

DEPOSIT OF GOVERNMENT BONDS NO LONGER NECESSARY.

† SEC. 17. So much of the provisions of section fifty-one hundred and fifty-nine of the Revised Statutes of the United States, and section four of the Act of June twentieth, eighteen hundred and seventy-four, and section eight of the Act of July twelfth, eighteen hundred and eighty-two, and of any other provisions of existing statutes as require that before any national banking associations shall be authorized to commence banking business it shall transfer and deliver to the Treasurer of the United States a stated amount of United States registered bonds is hereby repealed.

√ REFUNDING BONDS.

SEC. 18. After two years from the passage of this Act, and at any time during a period of twenty years thereafter, any member bank desiring to retire the whole or any part of its circulating notes, may file with the Treasurer of the United States an application to sell for its account, at par and accrued interest, United States bonds securing circulation to be retired.

The Treasurer shall, at the end of each quarterly period, furnish the Federal Reserve Board with a list of such applications, and the Federal Reserve

Board may, in its discretion, require the Federal reserve banks to purchase such bonds from the banks whose applications have been filed with the Treasurer at least ten days before the end of any quarterly period at which the Federal Reserve Board may direct the purchase to be made: *Provided*, That Federal reserve banks shall not be permitted to purchase an amount to exceed \$25,000,000 of such bonds in any one year, and which amount shall include bonds acquired under section four of this Act by the Federal reserve bank.

Provided further, That the Federal Reserve Board shall allot to each Federal reserve bank such proportion of such bonds as the capital and surplus of such bank shall bear to the aggregate capital and surplus of all the Federal reserve banks.

Upon notice from the Treasurer of the amount of bonds so sold for its account, each member bank shall duly assign and transfer, in writing, such bonds to the Federal reserve bank purchasing the same, and such Federal reserve bank shall, thereupon, deposit lawful money with the Treasurer of the United States for the purchase price of such bonds, and the Treasurer shall pay to the member bank selling such bonds any balance due after deducting a sufficient sum to redeem its outstanding notes secured by such bonds, which notes shall be canceled and permanently retired when redeemed.

The Federal reserve banks purchasing such bonds shall be permitted to take out an amount of circulating notes equal to the par value of such bonds.

Upon the deposit with the Treasurer of the United States of bonds so purchased, or any bonds with the circulating privilege acquired under section four of this Act, any Federal reserve bank making such deposit in the manner provided by existing law, shall be entitled to receive from the Comptroller of the Currency circulating notes in blank, registered and countersigned as provided by law, equal in amount to the par value of the bonds so deposited. Such notes shall be the obligations of

the Federal reserve bank procuring the same, and shall be in form prescribed by the Secretary of the Treasury, and to the same tenor and effect as national bank notes now provided by law. They shall be issued and redeemed under the same terms and conditions as national bank notes except that they shall not be limited to the amount of the capital stock of the Federal reserve bank issuing them.

Upon application of any Federal reserve bank, approved by the Federal Reserve Board, the Secretary of the Treasury may issue, in exchange for United States two per centum gold bonds bearing the circulation privilege, but against which no circulation is outstanding, one-year gold notes of the United States without the circulation privilege, to an amount not to exceed one-half of the two per centum bonds so tendered for exchange, and thirty-year three per centum gold bonds without the circulation privilege for the remainder of the two per centum bonds so tendered: *Provided*, That at the time of such exchange the Federal reserve bank obtaining such one-year gold notes shall enter into an obligation with the Secretary of the Treasury binding itself to purchase from the United States for gold at the maturity of such one-year notes, an amount equal to those delivered in exchange for such bonds, if so requested by the Secretary, and at each maturity of one-year notes so purchased by such Federal reserve bank, to purchase from the United States such an amount of one-year notes as the Secretary may tender to such bank, not to exceed the amount issued to such bank in the first instance, in exchange for the two per centum United States gold bonds; said obligation to purchase at maturity such notes shall continue in force for a period not to exceed thirty years.

For the purpose of making the exchange herein provided for, the Secretary of the Treasury is authorized to issue at par Treasury notes in coupon or registered form as he may prescribe in denominations of one hundred dol-

lars, or any multiple thereof, bearing interest at the rate of three per centum per annum, payable quarterly, such Treasury notes to be payable not more than one year from the date of their issue in gold coin of the present standard value, and to be exempt as to principal and interest from the payment of all taxes and duties of the United States except as provided by this Act, as well as from taxes in any form by or under State, municipal, or local authorities. And for the same purpose, the Secretary is authorized and empowered to issue United States gold bonds at par, bearing three per centum interest payable thirty years from date of issue, such bonds to be of the same general tenor and effect and to be issued under the same general terms and conditions as the United States three per centum bonds without the circulation privilege now issued and outstanding.

Upon application of any Federal reserve bank, approved by the Federal Reserve Board, the Secretary may issue at par such three per centum bonds in exchange for the one-year gold notes herein provided for.

BANK RESERVES.

SEC. 19. Demand deposits within the meaning of this Act shall comprise all deposits payable within thirty days, and time deposits shall comprise all deposits payable after thirty days, and all savings accounts and certificates of deposit which are subject to not less than thirty days' notice before payment.

When the Secretary of the Treasury shall have officially announced, in such manner as he may elect, the establishment of a Federal reserve bank in any district, every subscribing member bank shall establish and maintain reserves as follows:

(a) A bank not in a reserve or central reserve city as now or hereafter defined shall hold and maintain reserves equal to twelve per centum of the aggregate amount of its demand deposits and five per centum of its time deposits, as follows:

In its vaults for a period of thirty-

six months after said date five-twelfths thereof and permanently thereafter four-twelfths.

In the Federal reserve bank of its district, for a period of twelve months after said date, two-twelfths, and for each succeeding six months an additional one-twelfth, until five-twelfths have been so deposited, which shall be the amount permanently required.

For a period of thirty-six months after said date the balance of the reserves may be held in its own vaults, or in the Federal reserve bank, or in national banks in reserve or central reserve cities as now defined by law.

After said thirty-six months' period said reserves, other than those hereinbefore required to be held in the vaults of the member bank and in the Federal reserve bank, shall be held in the vaults of the member bank or in the Federal reserve bank, or in both, at the option of the member bank.

(b) A bank in a reserve city, as now or hereafter defined, shall hold and maintain reserves equal to fifteen per centum of the aggregate amount of its demand deposits and five per centum of its time deposits, as follows:

In its vaults for a period of thirty-six months after said date six-fifteenths thereof, and permanently thereafter five-fifteenths.

In the Federal reserve bank of its district for a period of twelve months after the date aforesaid at least three-fifteenths, and for each succeeding six months an additional one-fifteenth, until six-fifteenths have been so deposited, which shall be the amount permanently required.

For a period of thirty-six months after said date the balance of the reserves may be held in its own vaults, or in the Federal reserve bank, or in national banks in reserve or central reserve cities as now defined by law.

After said thirty-six months' period all of said reserves, except those hereinbefore required to be held permanently in the vaults of the member bank and in the Federal reserve bank, shall be held in its vaults or in the Fed-

eral reserve bank, or in both, at the option of the member bank.

(c) A bank in a central reserve city, as now or hereafter defined, shall hold and maintain a reserve equal to eighteen per centum of the aggregate amount of its demand deposits and five per centum of its time deposits, as follows:

In its vaults six-eighteenths thereof.

In the Federal reserve bank seven-eighteenths.

The balance of said reserves shall be held in its own vaults or in the Federal reserve bank, at its option.

Any Federal reserve bank may receive from the member banks as reserves, not exceeding one-half of each installment, eligible paper as described in section fourteen properly indorsed and acceptable to the said reserve bank.

If a State bank or trust company is required by the law of its State to keep its reserve either in its own vaults or with another State bank or trust company, such reserve deposits so kept in such State bank or trust company shall be construed, within the meaning of this section, as if they were reserve deposits in a national bank in a reserve or central reserve city for a period of three years after the Secretary of the Treasury shall have officially announced the establishment of a Federal reserve bank in the district in which such State bank or trust company is situate. Except as thus provided, no member bank shall keep on deposit with any non-member bank a sum in excess of ten per centum of its own paid-up capital and surplus. No member bank shall act as the medium or agent of a non-member bank in applying for or receiving discounts from a Federal reserve bank under the provisions of this Act except by permission of the Federal Reserve Board.

The reserve carried by a member bank with a Federal reserve bank may, under the regulations and subject to such penalties as may be prescribed by the Federal Reserve Board, be checked against and withdrawn by such member bank for the purpose of meeting

existing liabilities: *Provided, however,* That no bank shall at any time make new loans or shall pay any dividends unless and until the total reserve required by law is fully restored.

In estimating the reserves required by this Act, the net balance of amounts due to and from other banks shall be taken as the basis for ascertaining the deposits against which reserves shall be determined. Balances in reserve banks due to member banks shall, to the extent herein provided, be counted as reserves.

National banks located in Alaska or outside the continental United States may remain non-member banks, and shall in that event maintain reserves and comply with all the conditions now provided by law regulating them; or said banks, except in the Philippine Islands, may, with the consent of the Reserve Board, become member banks of any one of the reserve districts, and shall, in that event, take stock, maintain reserves, and be subject to all the other provisions of this Act.

REDEMPTION FUND NO LONGER COUNTED AS RESERVE.

SEC. 20. So much of sections two and three of the Act of June twentieth, eighteen hundred and seventy-four, entitled "An Act fixing the amount of United States notes, providing for a redistribution of the national-bank currency, and for other purposes," as provides that the fund deposited by any national banking association with the Treasurer of the United States for the redemption of its notes shall be counted as a part of its lawful reserve as provided in the Act aforesaid, is hereby repealed. And from and after the passage of this Act such fund of five per centum shall in no case be counted by any national banking association as a part of its lawful reserve.

BANK EXAMINATIONS.

SEC. 21. Section fifty-two hundred and forty, United States Revised Statutes, is amended to read as follows:

The Comptroller of the Currency.

with the approval of the Secretary of the Treasury, shall appoint examiners who shall examine every member bank at least twice in each calendar year and oftener if considered necessary: *Provided, however,* That the Federal Reserve Board may authorize examination by the State authorities to be accepted in the case of State banks and trust companies and may at any time direct the holding of a special examination of State banks or trust companies that are stockholders in any Federal reserve bank. The examiner making the examination of any national bank, or of any other member bank, shall have power to make a thorough examination of all the affairs of the bank and in doing so he shall have power to administer oaths and to examine any of the officers and agents thereof under oath and shall make a full and detailed report of the condition of said bank to the Comptroller of the Currency.

The Federal Reserve Board, upon the recommendation of the Comptroller of the Currency, shall fix the salaries of all bank examiners and make report thereof to Congress. The expense of the examinations herein provided for shall be assessed by the Comptroller of the Currency upon the banks examined in proportion to assets or resources held by the banks upon the dates of examination of the various banks.

In addition to the examinations made and conducted by the Comptroller of the Currency, every Federal reserve bank may, with the approval of the Federal reserve agent or the Federal Reserve Board, provide for special examination of member banks within its district. The expense of such examinations shall be borne by the bank examined. Such examinations shall be so conducted as to inform the Federal reserve bank of the condition of its member banks and of the lines of credit which are being extended by them. Every Federal reserve bank shall at all times furnish to the Federal Reserve Board such information as may be demanded concerning the condition of any member bank within the district of the said Federal reserve bank.

No bank shall be subject to any visitatorial powers other than such as are authorized by law, or vested in the courts of justice or such as shall be or shall have been exercised or directed by Congress, or by either House thereof or by any committee of Congress or of either House duly authorized.

The Federal Reserve Board shall, at least once each year, order an examination of each Federal reserve bank, and upon joint application of ten member banks the Federal Reserve Board shall order a special examination and report of the condition of any Federal reserve bank.

NO LOANS OR GRATUITIES TO BANK EXAMINERS.

SEC. 22. No member bank or any officer, director, or employee thereof shall hereafter make any loan or grant any gratuity to any bank examiner. Any bank officer, director, or employee violating this provision shall be deemed guilty of a misdemeanor and shall be imprisoned not exceeding one year or fined not more than \$5,000, or both; and may be fined a further sum equal to the money so loaned or gratuity given. Any examiner accepting a loan or gratuity from any bank examined by him or from an officer, director, or employee thereof shall be deemed guilty of a misdemeanor and shall be imprisoned not exceeding one year or fined not more than \$5,000, or both; and may be fined a further sum equal to the money so loaned or gratuity given; and shall forever thereafter be disqualified from holding office as a national-bank examiner. No national bank examiner shall perform any other service for compensation while holding such office for any bank or officer, director, or employee thereof.

NO COMMISSIONS TO BANK OFFICERS.

Other than the usual salary or director's fee paid to any officer, director, or employee of a member bank and other than a reasonable fee paid by said bank to such officer, director, or employee for services rendered to such bank, no officer, director, employee, or

attorney of a member bank shall be a beneficiary of or receive, directly or indirectly, any fee, commission, gift, or other consideration for or in connection with any transaction or business of the bank. No examiner, public or private, shall disclose the names of borrowers or the collateral for loans of a member bank to other than the proper officers of such bank without first having obtained the express permission in writing from the Comptroller of the Currency, or from the board of directors of such bank, except when ordered to do so by a court of competent jurisdiction, or by direction of the Congress of the United States, or of either House thereof, or any committee of Congress or of either House duly authorized. Any person violating any provision of this section shall be punished by a fine of not exceeding \$5,000 or by imprisonment not exceeding one year, or both.

Except as provided in existing laws, this provision shall not take effect until sixty days after the passage of this Act.

STOCKHOLDERS INDIVIDUALLY RESPONSIBLE.

SEC. 23. The stockholders of every national banking association shall be held individually responsible for all contracts, debts, and engagements of such association, each to the amount of his stock therein, at the par value thereof in addition to the amount invested in such stock. The stockholders in any national banking association who shall have transferred their shares or registered the transfer thereof within sixty days next before the date of the failure of such association to meet its obligations, or with knowledge of such impending failure, shall be liable to the same extent as if they had made no such transfer, to the extent that the subsequent transferee fails to meet such liability; but this provision shall not be construed to effect in any way any recourse which such shareholders might otherwise have against those in whose names such shares are registered at the time of such failure.

LOANS ON FARM LANDS.

SEC. 24. Any national banking association not situated in a central reserve city may make loans secured by improved and unencumbered farm land, situated within its Federal reserve district, but no such loan shall be made for a longer time than five years, nor for an amount exceeding fifty per centum of the actual value of the property offered as security. Any such bank may make such loans in an aggregate sum equal to twenty-five per centum of its capital and surplus or to one-third of its time deposits and such banks may continue hereafter as heretofore to receive time deposits and to pay interest on the same.

The Federal Reserve Board shall have power from time to time to add to the list of cities in which national banks shall not be permitted to make loans secured upon real estate in the manner described in this section.

FOREIGN BRANCHES.

SEC. 25. Any national banking association possessing a capital and surplus of \$1,000,000 or more may file application with the Federal Reserve Board, upon such conditions and under such regulations as may be prescribed by the said board, for the purpose of securing authority to establish branches in foreign countries or dependencies of the United States for the furtherance of the foreign commerce of the United States, and to act, if required to do so, as fiscal agents of the United States. Such application shall specify, in addition to the name and capital of the banking association filing it, the place or places where the banking operations proposed are to be carried on, and the amount of capital set aside for the conduct of its foreign business. The Federal Reserve Board shall have power to approve or to reject such application if, in its judgment, the amount of capital proposed to be set aside for the conduct of foreign business is inadequate, or if for other reasons the granting of such application is deemed inexpedient.

Every national banking association which shall receive authority to establish foreign branches shall be required at all times to furnish information concerning the condition of such branches to the Comptroller of the Currency upon demand, and the Federal Reserve Board may order special examinations of the said foreign branches at such time or times as it may deem best. Every such national banking association shall conduct the accounts of each foreign branch independently of the accounts of other foreign branches established by it and of its home office and shall at the end of each fiscal period transfer to its general ledger the profit or loss accruing at each branch as a separate item.

GOLD STANDARD TO BE MAINTAINED.

SEC. 26. All provisions of law inconsistent with or superseded by any of the provisions of this Act are to that extent and to that extent only hereby repealed: *Provided*, Nothing in this Act contained shall be construed to repeal the parity provision or provisions contained in an Act approved March fourteen, nineteen hundred, entitled "An Act to define and fix the standard of value, to maintain the parity of all forms of money issued or coined by the United States, to refund the public debt, and for other purposes," and the Secretary of the Treasury may for the purpose of maintaining such parity and to strengthen the gold reserve, borrow gold on the security of United States bonds authorized by section two of the Act last referred to or for one-year gold notes bearing interest at a rate of not to exceed three per centum per annum, or sell the same if necessary to obtain gold. When the funds of the Treasury on hand justify, he may purchase and retire such outstanding bonds and notes.

ALDRICH-VREELAND LAW EXTENDED.

SEC. 27. The provisions of the Act of May thirtieth, nineteen hundred and eight, authorizing national currency associations, the issue of additional national-bank circulation, and creating a National Monetary

Commission, which expires by limitation under the terms of such Act on the thirtieth day of June, nineteen hundred and fourteen, are hereby extended to June thirtieth, nineteen hundred and fifteen, and sections fifty-one hundred and fifty-three, fifty-one hundred and seventy-two, fifty-one hundred and ninety-one, and fifty-two hundred and fourteen of the Revised Statutes of the United States, which were amended by the Act of May thirtieth, nineteen hundred and eight, are hereby reenacted to read as such sections read prior to May thirtieth, nineteen hundred and eight, subject to such amendments or modifications as are prescribed in this Act: *Provided, however*, That section nine of the Act first referred to in this section is hereby amended so as to change the tax rates fixed in said Act by making the portion applicable thereto read as follows:

National banking associations having circulating notes secured otherwise than by bonds of the United States, shall pay for the first three months a tax at the rate of three per centum per annum upon the average amount of such of their notes in circulation as are based upon the deposit of such securities, and afterwards an additional tax rate of one-half of one per centum per annum for each month until a tax of six per centum per annum is reached, and thereafter such tax of six per centum per annum upon the average amount of such notes.

SEC. 28. Section fifty-one hundred and forty-three of the Revised Statutes is hereby amended and reenacted to read as follows: Any association formed under this title may, by the vote of shareholders owning two-thirds of its capital stock, reduce its capital to any sum not below the amount required by this title to authorize the formation of associations; but no such reduction shall be allowable which will reduce the capital of the association below the amount required for its outstanding circulation, nor shall any reduction be made until the amount of the proposed reduction has been reported to the Comptroller of the Currency and such reduction has been approved by the said Comptroller of the Currency and by the Federal Reserve Board, or by the organization committee pending the organization of the Federal Reserve Board.

SEC. 29. If any clause, sentence, paragraph, or part of this Act shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this act, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered.

SEC. 30. The right to amend, alter or repeal this Act is hereby expressly reserved.
Approved, December 23, 1913.

Fauntleroy

From "The Queen of Hearts"

By WILKIE COLLINS

The enormous sum represented by Fauntleroy's forgeries, the fact that he was a banker, and that he was executed for his offence tended to make his case one of exceptional interest. It also doubtless had much of the glamour of romance usually attaching to the disclosure of misdeeds by those apparently rich and respectable. While the history of the crime has been repeatedly printed, the incident related below may be new at least to the present generation of readers. Acute observers will notice that in this instance Fauntleroy's partiality for a friend was allowed to take precedence of a sense of justice toward other creditors of the bank. But surely something may be conceded to one who under such terrible circumstances was not unmindful of the obligations of friendship.

Those who have never read the tales so delightfully put together under the title of "The Queen of Hearts" by that master story-teller, the late Mr. Wilkie Collins, will find several splendid evenings' entertainment awaiting them in the pages of that volume.—EDITOR BANKERS MAGAZINE.

WHAT I am going to tell you, gentlemen, happened when I was a very young man, and when I was just setting up in business on my own account.

My father had been well acquainted for many years with Mr. Fauntleroy, of the famous London banking-firm of Marsh, Stracey, Fauntleroy & Graham. Thinking it might be of some future service to me to make my position known to a great man in the commercial world, my father mentioned to his highly-respected friend that I was about to start in business for myself in a very small way, and with very little money. Mr. Fauntleroy received the intimation with a kind appearance of interest, and said that he would have his eye on me. I expected from this that he would wait to see if I could keep on my legs at starting, and that, if he found I succeeded pretty well, he would then help me forward if it lay in his power. As events turned out, he proved to be a far better friend than that, and he soon showed me that I had very much underrated the hearty and generous interest which he had felt in my welfare from the first.

While I was still fighting with the

difficulties of setting up my office, and recommending myself to my connection, and so forth, I got a message from Mr. Fauntleroy telling me to call on him, at the banking-house, the first time I was passing that way. As you may easily imagine, I contrived to be passing that way on a particularly early occasion, and, on presenting myself at the bank, I was shown at once into Mr. Fauntleroy's private room.

He was as pleasant a man to speak to as ever I met with—bright and gay and companionable in his manner—with a sort of easy, hearty, jovial bluntness about him that attracted everybody. The clerks all liked him—and that is something to say of a partner in a banking-house, I can tell you!



“**W**ELL, young Trowbridge,” says he, giving his papers on the table a brisk push away from him, “so you are going to set up in business for yourself, are you? I have a great regard for your father, and a great wish to see you succeed. Have you started yet? No? Just on the point of beginning, eh? Very good. You will

have your difficulties, my friend, and I mean to smooth one of them away for you at the outset. A word of advice for your private ear—bank with us.”

“You are very kind, sir,” I answered, “and I should ask nothing better than to profit by your suggestion, if I could. But my expenses are heavy at starting, and when they are all paid I am afraid I shall have very little left to put by for the first year. I doubt if I shall be able to muster much more than three hundred pounds of surplus cash in the world after paying what I must pay before I set up my office, and I should be ashamed to trouble your house, sir, to open an account for such a trifle as that.”

“Stuff and nonsense!” says Mr. Fauntleroy. “Are *you* a banker? What business have you to offer an opinion on the matter? Do as I tell you—leave it to me—bank with us—and draw for what you like. Stop! I haven’t done yet. When you open the account, speak to the head cashier. Perhaps you may find he has got something to tell you. There! there! go away—don’t interrupt me—good-by—God bless you!”

That was his way—ah! poor fellow, that was his way.



I WENT to the head cashier the next morning when I opened my little modicum of an account. He had received orders to pay my drafts without reference to my balance. My checks, when I had overdrawn, were to be privately shown to Mr. Fauntleroy. Do many young men who start in business find their prosperous superiors ready to help them in that way?

Well, I got on—got on very fairly and steadily, being careful not to venture out of my depth, and not to forget that small beginnings may lead in time to great ends. A prospect of one of those great ends—great, I mean, to such a small trader as I was at that period—showed itself to me when I had been some little time in business.

In plain terms, I had a chance of joining in a first-rate transaction, which would give me profit and position and everything I wanted, provided I could qualify myself for engaging in it by getting good security beforehand for a very large amount.

In this emergency, I thought of my kind friend, Mr. Fauntleroy, and went to the bank, and saw him once more in his private room.

There he was at the same table, with the same heaps of papers about him, and the same hearty, easy way of speaking his mind to you at once, in the fewest possible words. I explained the business I came upon with some little hesitation and nervousness, for I was afraid he might think I was taking an unfair advantage of his former kindness to me. When I had done, he just nodded his head, snatched up a blank sheet of paper, scribbled a few lines on it in his rapid way, handed the writing to me, and pushed me out of the room by the two shoulders before I could say a single word. I looked at the paper in the outer office. It was my security from the great banking-house for the whole amount, and for more, if more was wanted.



I COULD not express my gratitude then, and I don’t know that I can describe it now. I can only say that it has outlived the crime, the disgrace, and the awful death on the scaffold. I am grieved to speak of that death at all; but I have no other alternative. The course of my story must now lead me straight on to the later time, and to the terrible discovery which exposed my benefactor and my friend to all England as the forger Fauntleroy.

I must ask you to suppose a lapse of some time after the occurrence of the events that I have just been relating. During this interval, thanks to the kind assistance I had received at the outset, my position as a man of business had greatly improved. Imagine me now, if you please, on the high road to pros-

perity, with good large offices and a respectable staff of clerks, and picture me to yourself sitting alone in my private room between four and five o'clock on a certain Saturday afternoon.

All my letters had been written, all the people who had appointments with me had been received. I was looking carelessly over the newspaper, and thinking about going home, when one of my clerks came in, and said that a stranger wished to see me immediately on very important business.

"Did he mention his name?" I inquired.

"No, sir."

"Did you not ask him for it?"

"Yes, sir. And he said you would be none the wiser if he told me what it was."

"Does he look like a begging-letter writer?"

"He looks a little shabby, sir, but he doesn't talk at all like a begging-letter writer. He spoke sharp and decided, sir, and said it was in your interests that he came, and that you would deeply regret it afterward if you refused to see him."

"He said that, did he? Show him in at once, then."



HE was shown in immediately; a middling-sized man, with a sharp, unwholesome-looking face, and with a flippant, reckless manner, dressed in a style of shabby smartness, eyeing me with a bold look, and not so overburdened with politeness as to trouble himself about taking off his hat when he came in. I had never seen him before in my life, and I could not form the slightest conjecture from his appearance to guide me toward guessing his position in the world. He was not a gentleman, evidently; but as to fixing his whereabouts in the infinite downward gradations of vagabond existence in London, that was a mystery which I was totally incompetent to solve.

"Is your name Trowbridge?" he began.

"Yes," I answered, dryly enough.

"Do you bank with Marsh, Stracey, Fauntleroy & Graham?"

"Why do you ask?"

"Answer my question, and you will know."

"Very well, I *do* bank with Marsh, Stracey, Fauntleroy & Graham—and what then?"

"Draw out every farthing of balance you have got before the bank closes at five to-day."

I stared at him in speechless amazement. The words, for an instant, absolutely petrified me.

"Stare as much as you like," he proceeded, coolly, "I mean what I say. Look at your clock there. In twenty minutes it will strike five, and the bank will be shut. Draw out every farthing, I tell you again, and look sharp about it."

"Draw out my money!" I exclaimed, partially recovering myself. "Are you in your right senses? Do you know that the firm I bank with represents one of the first houses in the world? What do you mean—you, who are a total stranger to me—by taking this extraordinary interest in my affairs? If you want me to act on your advice, why don't you explain yourself?"

"I have explained myself. Act on my advice or not, just as you like. It doesn't matter to me. I have done what I promised, and there's an end of it."



HE turned to the door. The minute-hand of the clock was getting on from the twenty minutes to the quarter.

"Done what you promised?" I repeated, getting up to stop him.

"Yes," he said, with his hand on the lock. "I have given my message. Whatever happens, remember that. Good-afternoon."

He was gone before I could speak again.

I tried to call after him, but my speech suddenly failed me. It was very foolish, it was very unaccountable, but there was something in the man's last

words which had more than half frightened me.

I looked at the clock. The minute-hand was on the quarter.

My office was just far enough from the bank to make it necessary for me to decide on the instant. If I had had time to think, I am perfectly certain that I should not have profited by the extraordinary warning that had just been addressed to me. The suspicious appearance and manners of the stranger; the outrageous improbability of the inference against the credit of the bank toward which his words pointed; the chance that some underhand attempt was being made, by some enemy of mine, to frighten me into embroiling myself with one of my best friends, through showing an ignorant distrust of the firm with which he was associated as partner—all these considerations would unquestionably have occurred to me if I could have found time for reflection; and, as a necessary consequence, not one farthing of my balance would have been taken from the keeping of the bank on that memorable day.

As it was, I had just time enough to act, and not a spare moment for thinking. Some heavy payments made at the beginning of the week had so far decreased my balance that the sum to my credit in the banking-book barely reached fifteen hundred pounds. I snatched up my check book, wrote a draft for the whole amount, and ordered one of my clerks to run to the bank and get it cashed before the doors closed. What impulse urged me on, except the blind impulse of hurry and bewilderment, I can't say. I acted mechanically, under the influence of the vague inexplicable fear which the man's extraordinary parting words had aroused in me, without stopping to analyze my own sensations—almost without knowing what I was about. In three minutes from the time when the stranger had closed my door the clerk had started for the bank, and I was alone again in my room, with my hands as cold as ice and my head all in a whirl.

I DID not recover my control over myself until the clerk came back with the notes in his hand. He had just got to the bank in the nick of time. As the cash for my draft was handed to him over the counter, the clock struck five, and he heard the order given to close the doors.

When I had counted the bank-notes and had locked them up in the safe, my better sense seemed to come back to me on a sudden. Never have I reproached myself before or since as I reproached myself at that moment. What sort of return had I made for Mr. Fauntleroy's fatherly kindness to me? I had insulted him by the meanest, the grossest distrust of the honor and the credit of his house, and that on the word of an absolute stranger, of a vagabond, if ever there was one yet. It was madness—downright madness in any man to have acted as I had done. I could not account for my own inconceivably thoughtless proceeding. I could hardly believe in it myself. I opened the safe and looked at the bank-notes again. I locked it once more and flung the key down on the table in a fury of vexation against myself. There the money was, upbraiding me with my own inconceivable folly, telling me in the plainest terms that I had risked depriving myself of my best and kindest friend henceforth and forever.

It was necessary to do something at once toward making all the atonement that lay in my power. I felt that, as soon as I began to cool down a little. There was but one plain, straightforward way left now out of the scrape in which I had been mad enough to involve myself. I took my hat, and, without stopping an instant to hesitate, hurried off to the bank to make a clean breast of it to Mr. Fauntleroy.



WHEN I knocked at the private door and asked for him, I was told that he had not been at the bank for the last two days. One of the other partners was there, however, and

was working at that moment in his own room.

I sent in my name at once, and asked to see him. He and I were little better than strangers to each other, and the interview was likely to be, on that account, unspeakably embarrassing and humiliating on my side. Still, I could not go home. I could not endure the inaction of the next day, the Sunday, without having done my best on the spot to repair the error into which my own folly had led me. Uncomfortable as I felt at the prospect of the approaching interview, I should have been far more uneasy in my mind if the partner had declined to see me.

To my relief, the bank porter returned with a message requesting me to walk in.



WHAT particular form my explanations and apologies took when I tried to offer them is more than I can tell now. I was so confused and distressed that I hardly knew what I was talking about at the time. The one circumstance which I remember clearly is that I was ashamed to refer to my interview with the strange man, and that I tried to account for my sudden withdrawal of my balance by referring it to some inexplicable panic, caused by mischievous reports which I was unable to trace to their source, and which, for anything I knew to the contrary, might, after all, have been only started in jest. Greatly to my surprise, the partner did not seem to notice the lamentable lameness of my excuses, and did not additionally confuse me by asking any questions. A weary, absent look, which I had observed on his face when I came in, remained on it while I was speaking. It seemed to be an effort to him even to keep up the appearance of listening to me; and when, at last, I fairly broke down in the middle of a sentence, and gave up the hope of getting any further, all the answer he gave me was comprised in these few civil commonplace words:

"Never mind, Mr. Trowbridge; pray don't think of apologizing. We are all liable to make mistakes. Say nothing more about it, and bring the money back on Monday if you still honor us with your confidence."

He looked down at his papers as if he was anxious to be alone again, and I had no alternative, of course, but to take my leave immediately. I went home, feeling a little easier in my mind now that I had paved the way for making the best practical atonement in my power by bringing my balance back the first thing on Monday morning. Still, I passed a weary day on Sunday, reflecting, sadly enough, that I had not yet made my peace with Mr. Fauntleroy. My anxiety to set myself right with my generous friend was so intense that I risked intruding myself on his privacy by calling at his town residence on the Sunday. He was not there, and his servant could tell me nothing of his whereabouts. There was no help for it now but to wait till his weekday duties brought him back to the bank.



I WENT to business on Monday morning half an hour earlier than usual, so great was my impatience to restore the amount of that unlucky draft to my account as soon as possible after the bank opened.

On entering my office, I stopped with a startled feeling just inside the door. Something serious had happened. The clerks, instead of being at their desks as usual, were all huddled together in a group, talking to each other with blank faces. When they saw me, they fell back behind my managing man, who stepped forward with a circular in his hand.

"Have you heard the news, sir?" he said.

"No. What is it?"

He handed me the circular. My heart gave one violent throb the instant I looked at it. I felt myself turn pale; I felt my knees trembling under me.

Marsh, Stracey, Fauntleroy & Graham had stopped payment.

"The circular has not been issued more than half an hour," continued my managing clerk. "I have just come from the bank, sir. The doors are shut; there is no doubt about it. Marsh & Company have stopped this morning."



I HARDLY heard him; I hardly knew who was talking to me. My strange visitor of the Saturday had taken instant possession of all my thoughts, and his words of warning seemed to be sounding once more in my ears. This man had known the true condition of the bank when not another soul outside the doors was aware of it! The last draft paid across the counter of that ruined house, when the doors closed on Saturday, was the draft that I had so bitterly reproached myself for drawing; the one balance saved from the wreck was my balance. Where had the stranger got the information that had saved me? and why had he brought it to *my* ears?

I was still groping, like a man in the dark, for an answer to those two questions—I was still bewildered by the unfathomable mystery of doubt into which they had plunged me—when the discovery of the stopping of the bank was followed almost immediately by a second shock, far more dreadful, far heavier to bear, so far as I was concerned, than the first.

While I and my clerks were still discussing the failure of the firm, two mercantile men, who were friends of mine, ran into the office, and overwhelmed us with the news that one of the partners had been arrested for forgery. Never shall I forget the terrible Monday morning when those tidings reached me, and when I knew that the partner was Mr. Fauntleroy.

I was true to him—I can honestly say I was true to my belief in my generous friend—when that fearful news reached me. My fellow merchants had got all the particulars of the arrest.

They told me that two of Mr. Fauntleroy's fellow trustees had come up to London to make arrangements about selling out some stock. On inquiring for Mr. Fauntleroy at the banking-house they had been informed that he was not there; and, after leaving a message for him, they had gone into the city to make an appointment with their stock broker for a future day, when their fellow trustee might be able to attend. The stock broker volunteered to make certain business inquiries on the spot, with a view to saving as much time as possible, and left them at his office to await his return. He came back, looking very much amazed, with the information that the stock had been sold out down to the last five hundred pounds. The affair was instantly investigated; the document authorizing the selling out was produced; and the two trustees saw on it, side by side, with Mr. Fauntleroy's signature, the forged signatures of their own names. This happened on the Friday; and the trustees, without losing a moment, sent the officers of justice in pursuit of Mr. Fauntleroy. He was arrested, brought up before the magistrate, and remanded on the Saturday. On the Monday I heard from my friends the particulars which I have just narrated.



BUT the events of that one morning were not destined to end even yet. I had discovered the failure of the bank and the arrest of Mr. Fauntleroy. I was next to be enlightened, in the strangest and saddest manner, on the difficult question of his innocence or his guilt.

Before my friends had left my office—before I had exhausted the arguments which my gratitude rather than my reason suggested to me in favor of the unhappy prisoner—a note, marked immediate, was placed in my hands, which silenced me the instant I looked at it. It was written from the prison by Mr. Fauntleroy, and it contained two lines only, entreating me to apply for

the necessary order and to go and see him immediately.

I shall not attempt to describe the flutter of expectation, the strange mixture of dread and hope that agitated me when I recognized his handwriting, and discovered what it was that he desired me to do. I obtained the order and went to the prison. The authorities, knowing the dreadful situation in which he stood, were afraid of his attempting to destroy himself, and had set two men to watch him. One came out as they opened his cell door. The other, who was bound not to leave him, very delicately and considerably affected to be looking out of window the moment I was shown in.



HE was sitting on the side of his bed, with his head drooping and his hands hanging listlessly over his knees when I first caught sight of him. At the sound of my approach he started to his feet, and, without speaking a word, flung both his arms round my neck.

My heart swelled up.

"Tell me it's not true, sir! For God's sake, tell me it's not true!" was all I could say to him.

He never answered—oh me! he never answered, and he turned away his face.

There was one dreadful moment of silence. He still held his arms round my neck, and on a sudden he put his lips close to my ear.

"Did you get your money out?" he whispered. "Were you in time on Saturday afternoon?"

I broke free from him in the astonishment of hearing those words.

"What!" I cried out loud, forgetting the third person at the window. "That man who brought the message—"

"Hush!" he said, putting his hand on my lips. "There was no better man to be found, after the officers had taken

me—I know no more about him than you do—I paid him well as a chance messenger, and risked his cheating me of his errand."

"You sent him, then!"

"I sent him."



MY story is over, gentlemen. There is no need for me to tell you that Mr. Fauntleroy was found guilty, and that he died by the hangman's hand. It was in my power to soothe his last moments in this world by taking on myself the arrangement of some of his private affairs, which, while they remained unsettled, weighed heavily on his mind. They had no connection with the crimes he had committed, so I could do him the last little service he was ever to accept at my hands with a clear conscience.

I say nothing in defense of his character—nothing in palliation of the offense for which he suffered. But I cannot forget that in the time of his most fearful extremity, when the strong arm of the law had already seized him, he thought of the young man whose humble fortunes he had helped to build; whose heartfelt gratitude he had fairly won; whose simple faith he was resolved never to betray. I leave it to greater intellects than mine to reconcile the anomaly of his reckless falsehood toward others and his steadfast truth toward me. It is as certain as that we sit here that one of Fauntleroy's last efforts in this world was the effort he made to preserve me from being a loser by the trust that I had placed in him. There is the secret of my strange tenderness for the memory of a felon; that is why the word villain does somehow still grate on my heart when I hear it associated with the name—the disgraced name, I grant you—of the forger Fauntleroy.



The Bank Check — What It Is and What It Does

By O. HOWARD WOLFE President New York Chapter A. I. B.

Repeatedly the statement has been made in these pages that the chief hope for more scientific banking legislation and for the gradual amendment of banking practices where needed lies in the fact that in all parts of the Union thousands of young bankers are being carefully educated and trained by the American Institute of Banking. These young men are already beginning to see principles obscured to the older generations of bankers by their environments.

Most of the errors in banking legislation arise from the inability to perceive the substantial identity between bank notes and bank checks.

Our banking system is greatly impeded in its usefulness by imperfect methods of clearing checks.

When the younger bankers of the country begin to think as clearly as Mr. Wolfe does—and many of them are doing that already—we shall see the fallacy of Government notes as money, and will wonder how the bankers and business men ever tolerated the present cumbersome and costly system of collecting checks.
—EDITOR BANKERS MAGAZINE.

ONE of the appalling facts that we, as bankers, have to deal with is the general ignorance of the American banker upon the subject of banking. Of all the great nations, this country alone has not developed the scientifically trained banker. We may admit that there is no especial need for this profound knowledge of finance when the skies are clear and everything is moving along smoothly. We need no doctors when we are healthy, and if the sea is smooth, the most ignorant sailor can manage a ship. Our shallow knowledge of finance becomes all too apparent when a panic arises or a financial depression occurs, or when the interests of the country are centered upon a new finance bill, as they are at present.

The bankers themselves have realized this state of affairs and about thirteen years ago they organized the American Institute of Banking.

The purpose of this organization, putting it briefly, is the purpose of all genuine educational movements: to

open the mind of the student rather than to fill it.



IMPORTANCE OF SOUND BANK NOTES.

THEY say that the history of a country is the story of the lives of its great men, and similarly, the history of banking is the history of note issue. Those who have read financial histories probably have noticed that banking systems have been successful or have fallen in accordance with the principles under which bank notes have been issued.

Bank-note issues may be said to be the practice whereby one exchanges his own credit, which has only a local value, with the credit of the bank, which has a general value. Reference to an early bank statement of one of our State banks prior to the Civil War will show that the note circulation was much larger than the deposit liabilities; that is, note liabilities far exceeded deposit liabilities.

As a matter of fact, the check is very similar to the bank note, the difference between them being little more than that of bookkeeping.

Certain of the early State banks were dismal failures and their notes of little or no value because these banks were not founded on sound economic principles, generally because the early American banker knew even less of banking than his modern successor. However, we must keep in mind that there were certain of the State banks which were sound and entirely successful.

It is worth while to ask ourselves at this time why we have the national bank system as it is—copied after the early New York State banking system instead of a system copied after the Indiana or Ohio banking system, or the Suffolk system of New England, all of which were entirely practical and effective.



DEVELOPMENT OF THE CHECK.

THE use of checks instead of bank notes developed not only on account of the change in our banking system, but also on account of the fact that the system of extending credit has been gradually developing upon sound lines. In the decade between 1853 and 1863 clearing-houses began to be formed in this country. After 1863, when the State bank circulation was eliminated by the National Bank Act, something else had to be found to take the place of the more elastic State bank notes. Then began the increase in the use of bank checks.

Ninety per cent. of the cost of handling the banking business—I mean the overhead charges and the accounting costs and similar expenses—grows out of the use of checks. This can be readily shown by comparing a large national bank with a large savings bank. The increase of cost comes not by addition, but by multiplication.

In confronting this problem we find two distinct schools of thought, so to

speak. One set of bankers, representing the first class, say to their depositors: "The cost of handling your account and collecting your checks is gradually increasing. We will, therefore, charge you exchange enough to cover the collection of your checks and also to pay the exchange charges which are levied upon us by the country banks upon whom your checks are drawn."

The more thoughtful and the wiser class of bankers say practically the same thing to their depositors, but they add: "We will reduce this cost as far as possible by handling the checks which you deposit according to the most modern system; by putting into use the most effective clearing house machinery so that every unnecessary element of cost can be eliminated."



THE EXCHANGE PROBLEM.

THE problem of exchange has been a most serious one in this country. The reason it has been such a mooted question is that everybody wants the matter settled his way, which is, of course, impossible. Argument hinges upon three points. First: is it economically correct to charge exchange? Second: what should govern the rate? Third: who should pay the bill?

It is interesting to note that abroad, in Germany, England and France, where they are fortunate in having a race of bankers, these problems are handled scientifically, although the check has not developed to the same extent there as it has here for two reasons—better systems of note issue and different business practices, yet their check laws and methods of collection are far superior to ours. For example: there is the London Clearing-House, which has been collecting country checks since 1858.

Unfortunately, in our own country the banker has lost sight of the real purpose and significance of the bank check, and he has sought to use it to

increase his business or to enhance his profits. Abuses have developed and increased to such an extent that the new Federal Reserve Act proposes a short cut to do away with these evils.

The Clearing-House Section of the American Bankers Association has been laboring for years to bring about a better state of affairs and at the Boston convention it was decided to appoint a committee whose purpose it shall be to draw up a code of better collection laws, which now conflict in the various States to a distressing extent. I anticipate that there will be some little difficulty in getting the bankers to adopt better systems.



OBVIATING THE USE OF MONEY.

BANKING almost unconsciously seeks to avoid the use of money or currency as a medium of exchange. Banking seeks to make possible the use of the clearing principle, which is the settling of debits with credits and the use of only so much money as is needed to pay the difference.

The bank check is, therefore, noth-

ing more than a means whereby this avoidance of the use of money is effected. This is well illustrated in the operations of a small country bank. The use of the clearing principle is the ideal way for men to settle their trade differences. The closer we come to doing away with pieces of gold, as money, the closer we approach to the ideal state of business. Of course, it will be always more convenient to use token money: that is, fractional silver or other metal pieces, for making small change, and we must always be on a gold basis until all nations are on a credit basis.

It may sound like a very radical statement for me to make, but I predict with every confidence in its soundness that the day is coming when our money will consist of credit, and not pieces of base metal, or its equivalent. The bank check, to my mind, is the straw which is showing which way the wind is blowing. As bankers, we ought to get together and do our best to make the check all it is possible to make of it and, as business men, we ought to inform ourselves as to what the check is and do our part in co-operating with the banks in making a broader and better use of this convenient instrument.



Creating Capital by Law

THERE is much sounding talk of the mobilization of bank reserves and the "release" of a quarter of a billion or so of money now held under the present system; and how this would permit an expansion of credit of a billion or more. And half a billion of emergency currency is to be ready if the scheme does not work well. What would it all amount to if it were done? The addition of between five and six per cent. to the banking credits of the country might bring some relief from the present condition of overstrain, but it might be very dearly paid for by the

lessened stability of the banks. But is this the great end to be sought for? You cannot create capital by law. You cannot by an act of Congress double the amount of loanable wealth in the United States.

This is what "Collier's Weekly" says, and its doubtless well meant, but how hopelessly old-fashioned and behind the times it seems: "You can not create capital by law"; why, you might just as well say that we are all not to be made rich and happy by legislation, which is flat heresy.

Bank Deposit Guaranty in Oklahoma

How It Is Working Out

BANKERS all over the country are interested in the Oklahoma experiment of guaranteeing the payment of bank deposits. The subjoined account of the working out of the plan is taken from the Oklahoma City correspondence of the New York "Evening Post":

State bankers in Oklahoma are growing more and more perplexed over the probable outcome of the bank deposit guaranty law. While it is true that no depositor in a State bank has lost a cent by reason of bank failures since the present law went into effect, yet the State banks have paid more than two million dollars in assessments into the guaranty fund, and there will soon be outstanding the sum of about eight hundred thousand dollars in warrants issued by the State banking board for the payments of obligations for which there is no money on hand. The State legislature in 1918 attempted to strengthen the law, but did little more than to restrict the amount of the assessments that a bank should be required to pay in a year. Formerly the amount of the assessments that could be levied in a single year was almost confiscatory.

The Oklahoma law as amended in 1918 provides for an annual assessment equal to not more than one-fifth of one per cent. of a bank's average daily deposits, but adds that the banking board at its discretion may levy an additional special assessment of one-fifth of one per cent. during the fiscal years ending June 30, 1914; June 30, 1915, and June 30, 1916. The banking board has called for the payment of an assessment of one-fifth of one per cent. on December 1; also for additional securities equal to one per cent. of the average deposits of each bank

as shown for the year ending March 11, 1918, to cover a further issue of banking board warrants in excess of the \$600,000 in warrants now outstanding.



THE GUARANTY FUND.

IT is the aim of the Oklahoma board to create a guaranty fund equal to two per cent. of the average daily deposits of all the State banks over and above all certificates of indebtedness or other obligations chargeable against the fund. When the amount is in hand subsequent assessments shall be no greater than an amount sufficient to maintain the two per cent. When there are not sufficient funds to pay the depositors of failed banks or other indebtedness properly chargeable against the fund, the banking board issues certificates of indebtedness known as depositors' guaranty fund warrants of the State of Oklahoma, which bear interest at the rate of six per cent. until paid. These warrants are a charge and first lien upon the guaranty fund when collected, as well as a first lien against the capital stock, surplus and undivided profits of all of the State banks to the extent of the liability of each bank to the guaranty fund.

By limiting the annual assessment at not more than one-fifth of one per cent., it was intended that bankers should be able to know just what their maximum obligations would be each year. The limiting of the assessment, however, leaves other troubles uncared for. The obligations against the guaranty fund are increasing from month to month, and at some time will have to be paid, and there are debts from

loans under the old law to banks in shaky condition. During the session of the last legislature there was discussion of the proposal to place the credit of the State behind the guaranty fund, the warrants issued by the board to be paid out of the general treasury, and the latter to be reimbursed whenever the money should be collected in assessments against the State banks.

From the wreckage of closed banks

the banking board has assets with a face value of more than \$2,500,000, but the greater part of them is known to be absolutely worthless, and the banking board would be lucky to sell all these assets for \$400,000, which would be about half the amount of the warrants that will soon be outstanding. In the last six months the board has been able to collect only \$87,354.81 from its "dead" assets.

Capital Strikes for Higher Wages

Viscount Milner on the World's Scramble for Capital

LABOR strikes to increase wages are familiar enough, but it is a comparatively recent experience for capital to go on strike because it is underpaid. And yet that is what is now taking place, in the view of Lord Milner, president of the Birmingham and Midland Institute. Addressing the members of this institute recently, after referring to the depreciation of the securities of even first-rate governments, he said:



THE fact simply was that capital was no longer prepared to serve on the terms which it was willing to accept when those securities were created. It had, so to speak, struck for higher wages. And it was for the time being, at any rate, in a position to obtain them. The squeeze was greater in young countries like Canada, or in countries of recent vast industrial development like Germany, than in a country like France, where capital had been piling up for years and had not had the same sudden spurt of industrial activity to absorb it. But with the free movement of capital from one country to another

a greatly heightened demand in any part of the world made itself felt, more or less, in every part.

Seeking for the cause, a search which was very puzzling, and in which he did not pretend to have found a complete solution, it could be in the first place observed that it was not the total wealth of the world, or even its total capital, which affected the situation. It was only the fresh capital coming forward which could be of any use in assisting the expansion of old or the inception of new enterprises. It was the amount of this fresh capital, its abundance or scarcity, relatively to the demand for it, which dominated the situation. It was indeed true that the production of wealth throughout the world at the present time was enormous, and constantly increasing. But it did not follow that the portion of that wealth devoted to the encouragement of further production increased to the same degree.



ALLOWANCE must be made for the effects of that great and growing extravagance, public and private,

which was perceptible in almost all civilized countries. And granted that, despite that extravagance, the portion of the world's output which became available as capital was larger and larger every year, was there not a corresponding and even more rapid multiplication of the purposes for which capital was wanted?

New methods, new materials, new instruments of production were constantly being introduced, and they all clamored for capital to help them to develop themselves. Was it surprising that there should not be enough to go round, or that in their struggle not to be left out in the cold the various applicants should send up the price of that for which they were all competing? And in this development of new machinery much old wealth was destroyed. Costly machinery was rendered obsolete and had to be discarded long before it was worn out. The operation known as scrapping had of late years assumed dimensions quite inconceivable to former generations. Profitable, no doubt, in the long run, it was in the first instance a costly operation, and the cost of it diminished pro tanto the amount of capital available for other purposes at the time when it was being carried out.

Another factor increasing the demand for capital was the rapid development of new countries such as Canada and South America, and the awakening into great industrial activity of certain old countries which before had been mainly agricultural countries. Germany's dash forward into the very first rank of industrial nations had been almost stupefying. In Germany industrial growth had perhaps by this time reached a point at which the pace must soon begin to slacken. But behind Germany there was Russia. It staggered the imagination to think what would be the consequences if the change which had come over Germany were to extend to the whole of that enormous territory, as it was already extending to certain portions of it. Neither must they forget the progress

of industrialism in the Far East, in India, in Japan, and even in China.

The effect of all these changes, however greatly they might in the long run enhance the wealth and the capital of the world, was in the first instance to increase rather than to diminish the competition for capital.

Summing up, Lord Milner gave it as his opinion that it would be a long while before they again saw anything like that "glut of capital" of which it was once the fashion to speak. And this conviction would not be shaken if presently the long-sustained "boom" in trade was followed by a depression, during which much capital was temporarily idle and apparently unwanted, and many laborers were also in consequence out of work. What that would mean is not that there was any real or permanent slackening in the demand for capital, but that a temporary dislocation of financial machinery had rendered the demand ineffective. And indeed it was not difficult to see how that feverish zeal for development and production, of which he had spoken, might itself be conducive to the occasional occurrence of one of these financial crisis, in which the economic world threw off its fever, only to find itself afterwards in a more or less prolonged state of limp convalescence.



WITH all this in itself laudable energy in multiplying and perfecting the instruments of production, and in opening up new regions of the earth and equipping them with the plant of an advanced civilization, mankind might, to use a colloquial phrase, be "biting off more than it could chew." That meant that sooner or later somebody had got to go to the wall. The weaker enterprises had to be abandoned, and the capital sunk in them wasted. A period of trade depression, if prolonged and widespread, might thus produce an amount of ruin, misery and confusion only comparable to the disastrous effects of a great and destructive war. And if in some cases

the calamity was due to causes beyond human control, like a failure of crops, or to pardonable miscalculation, there were others in which it could not be set down to any such innocent cause. The fury of speculation, the reckless promotion of worthless enterprises, and even of sound enterprises in excessive number or in too rapid succession, were probably answerable for more misery than the sum total of punishable crime. Great indeed was the responsibility of those who, like the modern kings of finance, had it largely in their power to decide into what channels the

streams of capital should flow. Yet it was not fair to put it all upon them. They were not demigods, but men, and they could not escape from the influence of the atmosphere by which they were surrounded. It was the temper of the whole community which was the most decisive factor in the case. Where the old-fashioned virtues of thrift, prudence and concentration succumbed to restlessness and haste, to the feverish desire to do too many things at once, and to grow rich too quickly, it was beyond the power of individuals to avert economic disaster.

The Bill of Exchange

By SIR EDWARD HOLDEN

London City and Midland Bank

SPEAKING a short while ago to the land, Municipal School of Com- students of the Birmingham, Eng- merce, Sir Edward Holden, chairman and managing director of the London City and Midland Bank, thus defined the function of the bill of exchange:

"The bill of exchange is one of the most powerful instruments we have in common with other countries. I will try to explain how a foreign bill of exchange does its work. A merchant in India buys jute for shipment to this country, and places that jute on board ship. He receives from the master of the ship a document, which you all know is technically called a bill of lading. The merchant in India has made arrangements with his house in London, or some other house, on which he is empowered to draw bills for the value of the jute, plus the charges for conveying that jute to London. When he has drawn his bill of exchange he has two bills in his hands—first, the bill

of exchange, and, secondly, the bill of lading, and, if he has insured the jute, he may also have the insurance policy. He then sells to a banker the bill of exchange, with the other documents I have mentioned attached, and receives from the banker in respect thereof rupees, with which he pays for the jute. When the jute arrives in London it is sold and the proceeds of the sale are used to pay the holder of the bill. Now, on the other hand, cloth, say, is shipped from Manchester to India, for which the Indian importer pays in rupees.

"Now, how does the Manchester merchant receive the proceeds of this cloth? Bills are drawn in sterling on the firms in India which import the cloth, and are remitted to India. When a bill is presented, it is paid in rupees at the exchange of the day. The exchange banker in India who has received the rupees converts them into sterling at the same rate, and the shipper in Manchester receives back in sterling the

amount of the bill which he drew on India, less commissions, postages and stamps.



EXPORTS PAY FOR IMPORTS.

“LET me now endeavor to explain how exports pay for imports, taking, as an example, wheat shipped from Canada to this country. The firm in Canada who purchases and ships the wheat on account of the buyer in England having received the bill of lading for the wheat, draws a bill of exchange on the buyer, which he sells. In technical terms, this is selling exchange, and the shipper of the wheat in Canada is the seller of exchange. In the same way there are sellers of exchange for all exports.

“There are many classes of buyers of exchange, but the most important are the importers. The sellers and buyers of exchange do not deal personally with each other, but through an intermediary called a broker. Brokers, therefore, sell exchange on account of exporters, and buy exchange on account of importers, but the brokers ultimately buy and sell through bankers in America or Canada. The bankers buying the export bills remit them for discount and credit to their agents in London. Against the credit balances thus created the bankers sell bills to importers, who use them to pay for the goods they purchase from abroad.

“You will thus see, when a bill is drawn against an export and sold to a banker, he uses the proceeds by drawing bills on London, which he sells to the

importers. In this way the bills drawn against exports provide the means, through the banker, for paying for imports.



IMPORTS GREATER THAN EXPORTS.

“THE total imports of merchandise into Canada last year amounted to £180,000,000 and the total exports to £70,000,000. To the extent therefore of £70,000,000 her imports were paid for by her exports, leaving a balance of £60,000,000 to be paid in some other way. In addition to this import balance, Canada has to pay a large sum every year, amounting at the present time to about £15,000,000 sterling, in respect to interest on money borrowed.

“The total amount, therefore, to be paid otherwise than by means of exports was £75,000,000. How is this done? By borrowing in London through the issue of stock, Canada creates credit balances there against which she sells exchange to importers. If she cannot continue to put out her loans, she cannot continue to import commodities to such an extent as at present, because she would not have sufficient exchange to pay for them. Consequently, our traders must watch these issues carefully. If they continue, all will go well. If they do not, her imports must go down; therefore the exports to Canada of other countries, including our own, must also go down. The alternative would be to pay for her surplus imports in gold, but this would be manifestly impossible.”



“**M**AN thinks, and at once becomes
the master of the beings that
do not think.”

—BUFFON.

Banking and Commercial Law

RECENT DECISIONS OF INTEREST TO BANKERS

The Leading Case of the Month

UNDoubtedly the most important decision reported this month is that of *Springs vs. Hanover National Bank*, involving responsibility for paying draft with forged bill of lading attached. The principle involved in this case has aroused great interest among bankers, and it has, therefore, been thought proper to give a review of the matter before quoting the decision itself.



The Cotton Bills Controversy

THE failure of the firm of Knight, Yancey & Company, one of the leading cotton concerns of the South, in April, 1910, followed by the suspension of another large firm in the same line, and a firm of grain brokers in Albany, N. Y., shortly afterward, brought to light new and dangerous methods by which frauds could be worked upon banks and business houses dealing in commodities such as cotton and the bills of lading that accompany such shipments. The discoveries led to lengthy controversies, both sectional and international, and litigation involving millions and extending over a period of three years.

Some of the cotton bills were regularly issued, but represented no cotton (although this is denied by the president of a leading Southern railroad), while others were pure and simple forgeries. The frauds were largely in foreign bills, representing cotton for export, thirty Liverpool concerns having been involved and 80,000 bales of cotton having been invoiced with spurious bills. A Russian firm is said to have

lost \$750,000, and other foreign banks suffered losses running into the millions.

Upon the discovery of the frauds, the banking world at home and abroad immediately bestirred itself to find a remedy, and banks, banking houses, railroads, chambers of commerce, and individuals quickly took notice of the serious nature of the irregularities and joined hands to find adequate safeguards. Foreign banking houses refused to honor their accepted drafts, instituted law suits against American banks, and demanded guaranty of genuineness of all future bills as a condition of handling such transactions.



Validation Certificates

THE House of Representatives passed an act defining the responsibilities of carriers in such matters, which failed of passage in the Senate because of lack of time. Surety companies immediately came forward and agreed to insure the genuineness of all such bills, for a certain price per bale. European bankers, cotton spinners and dealers demanded protection from American bankers and firmly held to their position. After some skirmishing, an agreement was reached by a committee of the leading railroads and bankers on July 19, 1910, whereby the railroads agreed to attach a "validation certificate" to each bill, witnessing that the signature of the agent was genuine and that he was authorized to act in the matter. Other safeguards were proposed, such as bale numbers to be in ink and not typewritten, etc., which agreement, of course, dispensed with the services of the surety companies.

No cotton was to be signed for until delivered and only one *original* bill was to be issued.

In September it was announced that the foreign banks would insist upon the guaranty called for, and no cotton handled after October 1 (subsequently extended to December 31) without such guaranty, which the American banks claimed they were powerless to make. This guaranty was to be by banks or foreign exchange houses, and covered the genuineness of the bill and the possession by the carrier at the time of issue.

American bankers declined to submit to this requirement and the surety companies reduced their proposed charges to six cents a bale. The demand for guaranty failing to meet the approval of American bankers, was withdrawn on December 21, 1910, a leading banker of England announcing that he had arranged with a surety company to furnish desired warranty at his own expense. The Interstate Commerce Commission also took a hand during November of that year and warned carriers that thereafter commodities should be in possession of the carrier, at the time of issue of the bill, and that the bill must be dated as of the day on which shipping instructions were given and carrier authorized to forward the property.

President Taft urged upon Congress a law to safeguard holders of such documents and make railways liable for the value of the goods described, at least to the extent of advances made upon such bills, and recommended fine and imprisonment for wrongful acts of agents in such transactions.



Checking Bureau Opened

FINALLY, representatives of South-eastern and Southwestern cotton carrying roads and the Liverpool Bills of Lading Cotton Committee and a sub-committee of the Bills of Lading Committee of the American Bankers Asso-

ciation agreed upon an arrangement whereby a central bureau or checking office for such bills was to be opened, wherein all bills could be verified and compared, the railroads agreeing to have duplicates of all genuine bills sent there for such purposes. The office was to be in New York, which plan was opposed by Southern banks and cotton exchanges as detrimental to their interests, against good policy, and tending to favor New York interests and centralize the exchange transactions in that city. However, the bureau was opened September 1, 1911, but was not recognized by some of the banks and exchange buyers. Seventy-five railroads agreed to abide by the plan, and early in October, 1911, the Guaranty Trust Company and National City Bank, two large and important factors in the foreign exchange business in New York, and fourteen other banks and banking houses agreed to cooperate with the bureau, and the long-drawn controversy as to how cotton bills should be validated and safeguarded came to an end. The bureau is still in operation, but the litigation that arose through the losses caused by the bogus bills still continues.



The Course of a Foreign Bill

THOSE versed in foreign exchange are familiar with the route traveled by such an instrument as a "foreign bill"; but for the information of those who are not, the following brief description is given: The cotton having been bargained for, is delivered to the railroad company, which issues its receipt or bill of lading to the shipper. Insurance is effected and the goods go forward. The seller makes a draft upon the buyer, or exporter, for the amount, attaches the bill of lading, insurance papers, and takes them to his local bank, which may either discount the paper or send forward for collection. The local bank would send the item to its New York correspondent,

which, in turn, would present it to the New York exporting house for payment. Presuming the draft to be genuine and the bill of lading likewise, representing the described goods, the New York house honors the draft, and the proceeds are credited to the local bank. If the instrument were drawn on an English firm, for instance, the New York bank would either forward for collection, or sell in the exchange market and credit proceeds to its principal. The same process would hold good on the other side, except the bill might be accepted pending the arrival of the goods, and when due paid according to its tenor.

Out of such a simple process arose the case under review—a case involving a point of law hitherto untried in the Court of Appeals of New York.



The Case of Springs vs. Hanover National Bank

KNIGHT, YANCEY & COMPANY drew on Springs & Company for \$39,000, against a shipment of 600 bales of cotton. The draft was discounted by the local bank, which forwarded the item to their New York correspondent "for collection and credit" (endorsing the item, however, unrestrictedly).

The bills of lading which accompanied the draft were forgeries and did not represent a cotton shipment. The forgeries, however, were not obvious, and the papers were passed as genuine by both banks.

Except for the word "cotton" lithographed in the body of the draft, there is no indication that the draft referred to the bill of lading, although the drawee no doubt supposed the security of the draft to be the actual cotton involved in the prearranged sale. The drawer firm at the time was in good credit at its home bank.

It was sought to show (1) that the discounting bank (First National Bank

of Decatur, Ala.) and collecting bank (The Hanover National Bank) knew that the draft was drawn against cotton and payment was to be made for the cotton; (2) that attaching the papers made them all one; (3) that the collecting bank in presenting papers all attached together represented to the brokers that the railroads had received 600 bales of cotton, which was in transit, and draft attached to bill was drawn against cotton described therein; (4) that the Hanover Bank, as owner, in delivering the bill of lading, made a symbolical delivery of the goods mentioned; (5) that the draft was conditional; (6) that the bank bound itself to repay the money in case the cotton failed to arrive; (7) that the Hanover Bank had assured itself of the genuineness of the bills of lading, and the Decatur bank had done likewise in the first instance; and, failing to examine the bills had caused the brokers to part with their money under mistake of fact. The defense was that (a) the Hanover National Bank was representative and agent of the Decatur bank, a bona-fide holder for value; (b) that defendant had no knowledge of the spurious character of the bills, or that they did not represent cotton in transit; (c) that they paid over the proceeds without knowledge of the fraud.

The question then for decision was whether the drawee of a draft who has paid the same to a bona-fide holder for value, relying in part upon purported bills of lading attached thereto, but not mentioned therein, can, on discovery that the bills of lading are forgeries, recover back the moneys so paid from a payee or indorsee who has neither guaranteed the genuineness of said instruments nor been aware of their fraudulent character.

The court did not sustain the theories set forth by the plaintiff, and held for the defendant (Hanover National Bank), saying: "* * * The mere attachment of bills of lading to a draft does not make the former a part of the latter; that one who accepts or pays such a draft must be assumed, in the

absence of special circumstances, to do so on the faith of the draft itself, and that reliance upon the bills of lading is not a fact which enters into the substance of the real transaction in accepting or paying the draft, but is an extrinsic fact; that if the rule were established that relief should be afforded against the acceptance or payment of a draft because of mistaken belief in the genuineness of attached bills of lading, such rule logically would apply to other cases, as that the drawee had entertained a mistaken notion as to the financial standing and responsibility of the drawers, or as to the value of the security for the draft, and thus lead to an instability and confusion in transactions involving negotiable paper which would be intolerable; that as between the innocent holder for value of a draft and the drawee who has accepted or paid the same in reliance upon forged bills of lading, there is no reason why the drawee should be permitted to shift the burden of loss to the holder."



Another Case Distinguished

THIS case is distinguishable from the action brought by one Hannay, a cotton merchant of Liverpool, against the Guaranty Trust Company in the United States District Court, in which he sought to hold the company responsible for \$7,320, the amount of a draft drawn by Knight, Yancey & Company, covered by spurious cotton bills of lading. In this case the draft contained the words "charge the same to account of 100 bales of cotton R. S. M. I." The case was tried before Justice Holt in February, 1913, and is now on appeal.

The facts were similar to the Hanover Bank case, and it was contended on the part of the company that the endorsement and presentation of the draft did not constitute a guaranty of the genuineness of the bills of lading. It was also contended by the company that the words in the draft (mentioned

above), which formed the basis of the litigation, were merely used to identify the shipping "documents" and not to identify the "merchandise." This contention the court refused to recognize and decided in favor of the plaintiff.

In the Hanover Bank case, no mention is made of the merchandise, other than by the printed word "cotton" on the draft, which was merely a trade custom, an advertisement, as it were.

Involving as it does an important point in banking law, and settling long litigation, and establishing a precedent for New York, the case is worthy of careful reading, and is reported quite fully below.

A decision in this case was handed down on December 9th, by the United States Circuit Court of Appeals which holds that the bank is not responsible for the losses occasioned by the bogus bills of lading, as it was the duty of the purchaser of the cotton to inquire into the authenticity of the bill. This decision reverses the judgment granted by Judge Holt in the United States District Court on February 10 last, and will be reviewed in the February number of THE BANKERS MAGAZINE.



Forged Bill of Lading

NEW YORK.

Bills of Lading Attached to Draft and not Mentioned Therein do not Become Part of the Latter—When Payee not Chargeable with Knowledge of Forgery—Unrestricted Endorsement—Holder in due Course for Value.

New York Court of Appeals, October 21, 1913, affirming Springs vs. Hanover Nat. Bank, 152 App. Div. 949, in favor of defendant.

SPRINGS VS. HANOVER NATIONAL BANK.

The drawee of a draft who has paid the same to a bona-fide holder for value, relying in part upon purported bills of lading attached by the drawer to the draft, but not mentioned therein, cannot, on discovery that the bills of lading are forgeries,

recover back the moneys so paid from the payee or indorsee, who has neither guaranteed the genuineness of said instruments nor been aware of their fraudulent character.

The mere attachment of bills of lading to a draft does not make the former a part of the latter. One who accepts or pays such a draft must be presumed in the absence of special circumstances to do so on the faith of the draft itself, and reliance upon the bills of lading is not a fact which enters into the substance of the real transaction in accepting or paying the draft, but is an extrinsic fact.



APPEAL from a judgment of the Appellate Division of the Supreme Court in the First Judicial Department, entered November 4, 1912, affirming a judgment in favor of defendant entered upon a verdict directed by the court.



Statement of Fact

PLAINIFFS are cotton commission merchants in New York. Knight, Yancey & Company was a firm of cotton brokers in business at Decatur, Ala., and other places, until it went into bankruptcy in April, 1910. (See case comment above.) The last-named firm had done business with the First National Bank of Decatur, the forwarder of the draft and bills in suit, for several years, and was in good credit. Plaintiff and Knight, Yancey & Company had business dealings before this action, mainly in the line of "futures."

On March 29, 1910, plaintiffs authorized Knight, Yancey & Company to draw on them for \$39,000 against a shipment of 600 bales of cotton. Accordingly, said firm presented to the Decatur bank its draft for \$39,000 on plaintiffs at sight, with what purported to be bills of lading and certificates of insurance for 600 bales of cotton attached. The draft was duly discounted, proceeds placed to firm's credit, and was checked out the same day. On the same day the Decatur bank en-

dorsed the item by an unrestricted endorsement to the Hanover Bank, mailing it in a letter stating it was "for collection and credit."

Upon presentation and examination, the plaintiff's took up the draft and gave defendant check for the amount, which sum was placed to the credit of Decatur bank and withdrawn during the course of business April 4, 1910.

The bills of lading turned out to be forgeries, and did not represent a shipment of cotton; but the forgeries were not apparent, and neither the Decatur bank nor the Hanover had any knowledge that they were such until May 13, 1910, when plaintiff made demand upon defendant for the amount, on the ground that the bills of lading were forgeries.

Except for the word "cotton" lithographed in the body of the blank form of draft, there is nothing in the latter which is even claimed to make any reference to the bills of lading which were attached to it.

There is evidence from which it may be inferred that plaintiffs, in taking up the draft were more or less influenced by the supposed security of said bills of lading.

Evidence was offered to show that the Decatur bank had other security from the firm, and, relying upon that security, was too trustful with said firm in such transactions, and did not sufficiently scrutinize the bills of lading; but no question arises as to the good faith of the Hanover Bank, if it be regarded, as plaintiffs elect to regard it, as the purchaser and owner of the draft, instead of collecting agent of the Decatur bank.



Opinion of the Court

HISCOCK, J.: This case directly presents to this court for the first time the question whether the drawee of a draft who has paid the same to a bona-fide holder for value relying in part upon purported bills of lading attached by the drawer to the draft, but not men-

tioned therein, can, on discovery that the bills of lading are forgeries, recover back the money so paid from the payee or indorsee who has neither guaranteed the genuineness of said instruments nor been aware of their fraudulent character.

In this case the plaintiffs * * * urge four theories as justifying a recovery back. They say that defendant represented that the bills of lading were genuine and truthful both as to signatures and contents; that the draft contained such reference to the bills of lading as to make it conditional on the genuineness of the bills of lading; that plaintiffs relied on an examination of signatures by the bank and its transferor which had not in fact been made, and, therefore, the payment was made under a mistake of fact; that the defendant or its transferor departed from the usual course of business in discounting the draft, and thereby caused a mistake of fact, and that even if both parties were equally innocent the defendant must suffer.

These theories are not sustained. For instance, while it may be assumed that a draft like the present one may make such reference to bills of lading attached thereto as to make it conditioned on their genuineness and to permit a drawee who has paid the draft to recover back his moneys if the bills of lading prove to be forged, there is no evidence to bring this draft within that principle. Plaintiffs' entire argument at this point is built upon the fact that there was lithographed or printed in the blank form of draft used on this occasion the word "cotton." This was evidently for some such general purpose as that of advertising or characterizing the business in which the drawers were engaged, and it cannot be seriously argued that it had any such reference to the purported bills of lading which were attached to this particular draft as to imply that the latter was conditional or drawn against such purported shipments of cotton.

One of the other theories outlined is based on certain evidence introduced or

offered from which plaintiffs contend that it may be inferred that the bank in Decatur, Alabama, was not as careful in watching the drawers of the draft or in scrutinizing the bills of lading as it should have been and hence helped to bring about plaintiffs' misfortune. We think there was no evidence which showed legal fault upon the part of the Decatur bank in originally discounting the draft, and certainly there is no evidence which affects the defendant in that respect. The contention of the plaintiffs is that defendant became the owner and holder of the draft and was not a mere collecting agent for the Decatur bank. Accepting this theory there is no question that defendant became the owner and holder of the draft in the regular course of business for value and without notice of any fact or circumstance which made it chargeable with knowledge of, or responsibility for, the forgery of the bills of lading.

Therefore, in the end plaintiffs confront the general question as first stated.

While, as I have said, this question has not been directly decided by this court, it has been a subject of discussion and decision in many other courts.

In these cases the argument has been made on which plaintiffs in this case must finally rely, that a party accepting or discounting drafts accompanied by purported bills of lading upon the faith and security of which he more or less relies and which prove to be forgeries has acted under a material mistake of fact which entitles him to be relieved from his acceptance of payment. To this argument, however, the answer in substance has been made by the courts with almost unvarying uniformity, that the mere attachment of bills of lading to a draft does not make the former a part of the latter; that one who accepts or pays such a draft must be assumed in the absence of special circumstances to do so on the faith of the draft itself and that reliance upon the bills of lading is not a fact which enters into the substance of the real transaction in accepting or pay-

ing the draft, but is an extrinsic fact; that if the rule were established that relief should be afforded against the acceptance or payment of a draft because of mistaken belief in the genuineness of attached bills of lading, such rule logically would apply to other cases, as that the drawee had entertained a mistaken notion as to the financial standing and responsibility of the drawers or as to the value of security for the draft, and thus lead to an instability and confusion in transactions involving negotiable paper which would be intolerable; that as between the innocent holder for value of a draft and the drawee who has accepted or paid the same in reliance upon forged bills of lading there is no reason why the drawee should be permitted to shift the burden of loss to the holder.

While, as stated, none of these decisions are by this court, and, therefore, controlling, nevertheless they have such weight and have so widely established a rule of negotiable paper that we should feel reluctant to disagree with them even if we doubted the wisdom of the principles upon which they are based. We do not, however, have any such difference with other courts in respect of the principles which are involved, and have no hesitation in adopting the rule which has been established by them.

Hoffman & Company vs. Bank of Milwaukee (79 U. S. [12 Wall.] 181) was an action brought by plaintiffs as drawees to recover the amount of three drafts paid by them to the defendant on the ground that such moneys were paid under a mistake of fact. The fundamental and decisive fact on which they based their claim to recovery was that said drafts were accompanied by bills of lading on the faith of which they made payment supposing them to be genuine, when as a matter of fact they were forged. The defendant had discounted the drafts for value and was ignorant of the fraudulent character of the bills of lading. There was evidence as in this case of prior dealings between the drawers and drawees and of commu-

nications between them with reference to the drawing of the drafts in question.

The Supreme Court affirmed the action of the lower courts in directing judgment for the defendant, and in so doing wrote as follows: "Money paid under a mistake of facts, it is said, may be recovered back as having been paid without consideration, but the decisive answer to that suggestion, as applied to the case before the court, is that money paid, as in this case, by the acceptor of a bill of exchange, to the payee of the same, or to a subsequent indorsee, in discharge of his legal obligation as such, is not a payment by mistake nor without consideration, unless it be shown that the instrument was fraudulent in its inception, or that the consideration was illegal, or that the facts and circumstances which impeach the transaction, as between the acceptor and the drawer, were known to the payee or subsequent indorsee at the time he became the holder of the instrument. * * *

"Attempt is made in argument to show that the plaintiffs accepted the bills of exchange upon the faith and security of the bills of lading attached to the same at the time the bills of exchange were discounted by the defendants. Suppose it was so, which is not satisfactorily proved, still it is not perceived, that the concession, if made, would benefit the plaintiffs, as the bills of exchange are in the usual form and contain no reference whatever to the bills of lading, and it is not pretended that the defendants had any knowledge or intimation that the bills of lading were not genuine, nor is it pretended that they made any representation upon the subject to induce the plaintiffs to contract any such liability. They received the bills of exchange in the usual course of their business as a bank of discount and paid the full amount of the net proceeds of the same to the drawers, and it is not even suggested that any act of the defendants, except the endorsement of the bills of exchange in the usual course of their business, operated to the prejudice of

the plaintiffs or prevented them from making an earlier discovery of the true character of the transaction. On the contrary, it distinctly appears that the drawers of the bills of exchange were the regular correspondents of the plaintiffs, and that they became the acceptors of the bills of exchange at the request of the drawers of the same and upon their representations that the flour mentioned in the bills of lading had been shipped to their firm for sale under the arrangement before described. Beyond doubt the bills of lading gave some credit to the bills of exchange beyond what was created by the pecuniary standing of the parties to the same, but it is clear that they are not a part of those instruments, nor are they referred to either in the body of the bills or in the acceptance, and they cannot be regarded in any more favorable light for the plaintiffs than as collateral security accompanying the bills of exchange. * * *

"Failure of consideration, as between the drawer and acceptor of a bill of exchange, is no defence to an action brought by the payee against the acceptor, if the acceptance was unconditional in its terms, and it appears that the plaintiff paid value for the bill, even though the acceptor was defrauded by the drawer, unless it be shown that the payee had knowledge of the fraudulent acts of the drawer before he paid such value and became the holder of the instrument. * * *

"Forgery of the bills of lading would be a good defence to an action on the bills if the defendants in this case had been the drawers, but they were payees and holders for value in the regular course of business, and the case last referred to, which was decided in the Exchequer Chamber, shows that such an acceptance binds the acceptor conclusively as between them and every bona-fide holder for value."

Goetz vs. Bank of Kansas City (119 U. S. 551) was an action brought to recover on a bill of exchange with forged bills of lading which had been

discounted by the bank and accepted without knowledge of the fraud in either party. The contention of the defendant was that he had accepted the draft in question in the belief that the bills of lading were genuine, whereas they were forged; that genuineness was asserted by the indorsement of the bank on certain invoices accompanying them; that the drawer bore such a reputation for dishonesty in the community that the banks were guilty of culpable negligence amounting to bad faith in discounting the drafts on the faith of the bills of lading without inquiring as to their genuineness.

The court in overruling these claims and holding the acceptor liable, wrote as follows: "A bank in discounting commercial paper does not guarantee the genuineness of a document attached to it as collateral security. Bills of lading attached to drafts drawn, as in the present case, are merely security for the payment of the drafts. * * * The bank after discounting the drafts, stood towards the acceptors in the position of an original lender, and could not be affected in its claim by the want of a consideration from the drawer for the acceptance, or by the failure of such consideration." It also interpreted the opinion in the Hoffman case as deciding as follows: "Supposing the plaintiffs accepted the bills of exchange upon the faith and security of the bills of lading attached, that fact would not benefit them, as the bills of exchange were in the usual form, and contained no reference whatever to the bills of lading, and it was not pretended that the defendants had any knowledge or intimation that the bills of lading were not genuine, or that they had made any representation upon the subject to induce the plaintiffs to contract any such liability; that undoubtedly the bills of lading gave some credit to the bills of exchange beyond what was created by the pecuniary standing of the parties to them, but that they were not a part of those instruments, and could not be regarded in any more favorable light than as collateral security accompanying

the bills of exchange; and that proof that the bills of lading were forgeries could not operate to discharge the liability of the plaintiffs, as acceptors, to pay the amounts to the payees or their endorsees, as the payees were innocent holders, having paid value for the same in the usual course of business."

In *First National Bank of Detroit vs. Burkham* (82 Mich. 328) the court discussed a situation where the drawees sought to recover from the payees the amount of a draft which they had paid, and the genuineness of which was not disputed, upon the ground that the security for the bill was fictitious when they supposed it to be genuine and that, therefore, they had made payment under a mistake of fact. Judge Cooley, writing in behalf of the court, said: "Admitting this to be so, how does the fact concern the payees? Do they assume to guarantee the fairness of the dealings of the drawers with the drawees, or the adequacy of any securities upon which the dealings are based? Not, certainly, in ordinary cases. The law merchant gives the payees the right to assume that any draft they receive and forward, if it is accepted and paid, is a draft which, from the state of the dealings between the drawers and the drawees, it is right and proper that the latter should pay as the principal party; and the presumption of law that such is the case is their complete protection if they received the bill in the ordinary course of business and for value.

"What is peculiar in the present case is, that the security which was sent forward with the bill proved to be fictitious. It is said that the drawees relied upon this security, and would not have paid the bill but for a belief that it was valid. It is in this that the mistake consists on which they rely for a recovery.

"If a mistake regarding their security will authorize the drawees to recall the payment made to the payee, no reason

is perceived why a mistake regarding the responsibility of the drawer, or regarding his honesty or integrity, or anything else upon which they relied for protection in their dealings, should not justify the like action. If they suppose the drawer to be responsible when he is not, is not this as genuine a mistake of fact on their part as if they suppose a security to be good when it is fictitious? * * *

"But we think it would be an exceedingly unsafe doctrine in commercial law, that one who had discounted a bill in good faith, and received in its payment the strongest possible assurance that it was drawn with proper authority, should afterwards hold the moneys subject to such a showing as the drawee might be able to make as to the influences operating upon his mind to induce him to make payment.

* * * * *

"The best view that can be taken of this case for the plaintiffs below is, that there was a mutual mistake of fact under which the bank discounted and the drawees paid the bill. Conceding this, why should the drawees be allowed to transfer the loss to the bank?"

The principles affirmed by these decisions are supported directly or indirectly by the following cases: *Young vs. Lehman* (63 Ala. 519); *Craig vs. Sibbett* (15 Pa. St. 238); *Alton vs. First Nat. Bank of Webster* (157 Mass. 341); *Southwick vs. First Nat. Bank of Memphis* (84 N. Y. 420); *Guaranty Trust Co. vs. Grotrian* (114 Fed. Repr. 433); *Hannay vs. Guaranty Trust Co.* (187 Fed. Repr. 686); 2 *Daniels Negotiable Instruments* [§ 1734D].

We, therefore, hold that the judgment appealed from should be affirmed.

Judgment affirmed. All concur.

209 N. Y. 224.

False Statement to Obtain Credit

NEW YORK.

Renewal Note—False Representations as to Financial Condition—Set Off—Right of Jury to Pass Upon Facts.

Supreme Court, New York, Appellate Division, Second Department, September 23, 1913.

MANN VS. FRANKLIN TRUST COMPANY.

A bank, which was induced to accept a note in renewal of one previously given by the maker's false representations as to his financial condition, could, upon discovery of the fraud, rescind the transaction, cancel the credit given, and offset the note against the maker's deposit to the amount thereof.

APPEAL from Kings County Court, awarding judgment for defendant and denying new trial. Plaintiff appeals. Reversed and new trial granted.



Statement of Fact

GOTTFRIED WESTERNACHER, plaintiff's testator, was a depositor in the Franklin Trust Company of Brooklyn. On May 26, 1911, the bank discounted note of Westernacher for \$3,000 due September 25, 1911. On the due date he paid \$300 on the same and obtained a renewal for \$2,700 due January 25, 1912. The bank required a written statement of his condition before giving him credit.

There was evidence which would authorize the jury to determine that the statement was false, misleading, and fraudulent in material particulars, that the defendant was deceived by the statement, and that the loan was made and extended by the defendant in reliance upon the statement. On May 24, 1911, the testator represented himself to the defendant to be worth \$74,493.02. The testator died the thirtieth day of October, 1911. His estate was

insolvent. There was no proof that he suffered any unexpected financial disaster in the meantime. The plaintiff was appointed and qualified as the executor of his last will and testament. At the time of the testator's death there was a balance of \$755.05 on deposit with the defendant to his credit. The plaintiff brought this action to recover that sum. The defendant, having discovered the fraud in the statement aforesaid, elected to disaffirm and rescind the transaction and cancel the credit given. In its answer it alleged, as a defense, the facts herein referred to, and demanded that the note be set off as against the deposit to the amount thereof.



Opinion of the Court

STAPLETON, J.: That the relief invoked by the defendant may be given, if the facts pleaded by it were proved, is well established. (*Bradley vs. Seaboard Nat. Bank*, 167 N. Y. 427, 60 N. E. 771; *Andrews vs. Artisans' Bank*, 26 N. Y. 298; *Flatow vs. Jefferson Bank*, 135 App. Div. 24, 119 N. Y. Supp. 860; *Peyman vs. Bowery Bank*, 14 App. Div. 432, 43 N. Y. Supp. 826.)

The judgment must be reversed, however, because the court directed a verdict for the defendant, despite the request of the plaintiff to go to the jury upon specific questions of fact, after the defendant had joined with the plaintiff in a motion for the direction of a verdict; the verdict not having actually been rendered by the jury, upon the direction, before the motion to submit the specific questions was made. The courts, in solicitous recognition of the jury's province as ultimate arbiter of the facts, have too firmly and consistently countenanced this practice to permit an abrogation of the rule, even in a case where it is doubtful if the jury could have reached any other conclusion. (*Second Nat. Bank vs. Weston*, 161 N. Y. 520, 55 N. E. 1080, 76 Am.

St. Rep. 288; Cullinan vs. Furthmann, 70 App. Div. 110, 111, 75 N. Y. Supp. 90; Eldredge vs. Mathews, 98 App. Div. 356, 357, 87 N. Y. Supp. 652; Maxwell vs. Martin, 130 App. Div. 80, 83, 114 N. Y. Supp. 349.) There are in the case questions which the jury alone could determine in the first instance, unless the right to determine them was committed to the court by the joint and irrevocable action of the parties to the litigation. The action of the parties, in jointly moving for the direction of a verdict, does not reach the irrevocable stage until the verdict is actually pronounced by the jury.

The judgment and order should be reversed, and a new trial granted; costs to abide the event. All concur. (143 N. Y. Supp. 660.)



Post-Dated Check

NEW YORK.

*Negligence—Certification — Contract
—Power to Certify Post-Dated Check
—Account Stated—Stop Payment.*

Supreme Court, Appellate Term, New York,
First Department, June, 1913.

SCHOEN VS. SECURITY BANK OF NEW YORK.

Where a bank certifies a check one day prior to its date, it becomes debtor thereon and is bound to pay it.

Where, before such a check was paid, drawee notified the bank and stopped payment, but check was paid by the bank, and its answer in an action to recover the amount was, that the check was properly paid and plaintiff had no balance, the fact that plaintiff signed a card upon opening the account which, among other things, above his signature stated "that while the bank will exercise ordinary care in relation to post-dated checks or stop orders, it shall not be held responsible by undersigned if such checks be paid" was prima facie evidence that plaintiff read what preceded his signature, and it was defendant's right to have submitted to the jury the question whether the certification of the check was in the exercise of due care, and where the question whether defendant's certification of the check was

"gross negligence" or not was left to the jury, a judgment entered on verdict for defendant will be reversed.

APPEAL from judgment of Municipal Court of the City of New York, Borough of Manhattan, Fourth District, in favor of Defendant on verdict of jury. Plaintiff appeals.



Statement of Fact

PLAINTIFF, Ferdinand Schoen, drew a check upon his account with the Security Bank of New York to the order of Moe Kraus for \$250. Check was dated November 26, 1912. Bank certified the check on November 25. On the morning of the twenty-sixth at ten o'clock, according to the plaintiff, at eleven fifteen, according to the defendant, but at all events before the check was paid, plaintiff stopped payment on the same. Subsequently the check was paid by the bank. Plaintiff demanded the amount from the bank, which was refused, and this action ensued.

There was no substantial dispute as to the facts except as to the time when plaintiff sought to stop payment on the check. The answer of the bank is, in substance, that payment was properly made, and plaintiff therefore had no balance. The trial court submitted to the jury the question whether plaintiff had notified the bank at ten or eleven fifteen. He also charged them that there was no evidence of damage to plaintiff who gave the check to Kraus for a consignment of turkeys and post-dated it so that he might have opportunity to examine them.

The seller testified that they were actually examined before the check was given and plaintiff admitted they were perfect and that he accepted them as such. The learned judge left to the jury the question whether certifying the check on the day before its date was gross negligence or not. On the appeal the respondent claims there was

account stated, but that question was not submitted to the jury at all.



Opinion of the Court

BIJUR, J.: Briefs on both sides cite *Clark Bank vs. Bank of Albion* (52 Barb. 593) which holds that the holder of a post-dated check which shows on its face that it had been certified before date is put on inquiry as to the power of a cashier to make such certification and that as a matter of law, ordinarily a cashier is without authority to make the same. Had plaintiff moved for direction of verdict below on the authority of this case, the motion must have been granted; but as the minutes show that no such motion was made, we are compelled to determine this appeal upon the record presented.

I shall, therefore, assume for purposes of this appeal that when bank certified the check a day before it was due it became debtor thereon and was bound to pay it. (*First National Bank vs. Leach* 52 N. Y. 350. *Crawford vs. West Side Bank*, 100 N. Y. 50.) Whether, therefore, plaintiff as drawer notified the bank to stop payment seems entirely immaterial; but if that question were material the fact that plaintiff admittedly notified the bank before it actually paid the check disposes of that issue completely.

As to damages to plaintiff, it seems to me that the payment of \$250 of his money without authority to a third person is concrete damage sufficient to sustain a judgment.

* * * * *

While, as noted above, the question of an account stated was not submitted to the jury, it should not be overlooked that such a claim cannot be properly based on the signature of plaintiff to an account card of defendant by which plaintiff merely certifies that seventeen October and thirty-six November vouchers have been received by him.

The only question involved on pres-

ent record, therefore, is whether the bank exercised ordinary care in certifying this check. That question arises because of card reading "Authorized signature of Ferdinand Schoen for Nineteenth Ward Bank." Then follow four lines of small type: "The undersigned requests the Nineteenth Ward Bank to open account with undersigned in form as here designated, and agrees that in case the account in any month shall average below \$100 that the bank may that month charge the account of undersigned with \$2, and that while the bank will exercise ordinary care in relation to post-dated checks or stop orders, it shall not be held responsible by undersigned if such checks be paid." Below appears in large type "Sign here," followed by authorized signature of depositor and his address, business and date.

I am inclined to believe that prima facie, at least, the fact that depositor signed this card is evidence that he read the inscription preceding his signature. It would, therefore, on that assumption, have been the right of defendant to have submitted to jury the question whether the certification under the circumstances, on one day, of a check dated the following day, was the exercise of ordinary care. Judgment reversed and new trial granted. (81 Misc. Rep. [N. Y.] 173.)



Set-Off

DELAWARE.

Bona Fide Holder—Overdue Paper—Note Payable on Demand—When Due.

Superior Court of Delaware, New Castle,
October 4, 1913.

OTIS ELEVATOR COMPANY VS. FORD.

In an action on a note, the defense of recoupment and set-off may be urged between the immediate parties, but not against a bona-fide holder without notice.

A bona-fide holder for value is one who acquired title in the usual course of business, for a valuable consideration, in good

faith, without notice of defenses or circumstances which should have put him on inquiry; formal notice of defects being unnecessary.

One who takes negotiable paper after maturity is not a bona-fide holder, regardless of lack of notice, but takes subject to every defense which could have been urged when the paper was in the hands of the original payee.

A note payable on demand is considered as overdue and dishonored, unless demand is made within a reasonable time; and consequently one who takes such paper after the lapse of a reasonable time is not a bona fide holder. What constitutes a reasonable time for the making of demand depends upon particular circumstances indicating the intention and understanding of the parties.



Statement of Fact

PETER J. FORD made a demand note dated March 28, 1910, payable to the Otis Elevator Company of Pennsylvania, and endorsed over to the Otis Elevator Company of New Jersey (plaintiff). Endorsement is without date.

The note was given in part payment for an elevator purchased from the company under warranty, and defendant claims a legal defense, in that he has a counter claim of recoupment against the unpaid balance of the note, based upon a violation of the warranty; that the plaintiff did not become holder thereof within reasonable time after the note was given, or before maturity under the law; that the two companies are under the same management and control, and the New Jersey company is not a holder in due cause of business, and it acquired the note with full notice of all equities existing between it and the maker, including the maker's claims of set-off and recoupment.

Plaintiff claims, among other things, that the affidavit of defense fails to show defendant's right to recoup and set off against the note sued upon, and fails further to show that the note was assigned and endorsed at such an unreasonable time as to carry with it any equities there may have been between the maker and the original payee.

Opinion of the Court

WOOLLEY, J.: For the purpose of disposing of motions of this character, the court considers as true all matters in an affidavit of defense sufficiently averred, and for the purpose of the argument in this case the only question necessary to determine is whether the averments made by the defendant, if true, show a legal defense.

With respect to the defense of recoupment and set-off, it is well recognized that actions on promissory notes form no exception to the rule that upon a proper showing a party should be allowed to counterclaim or set off certain demands which he may have against the plaintiff, but the doctrine of recoupment and set-off as applied to negotiable paper is restricted to the primary parties and their privies or parties with notice and is not available against a bona fide holder.

A bona-fide holder for value of negotiable paper is one who has acquired title in the usual course of business for a valuable consideration, in good faith, from one capable of transferring it, without notice or knowledge of defenses or circumstances which should put him on inquiry. Formal notice of such defenses or circumstances is not always required to effect or defeat the bona-fide character of a holder, knowledge of existing defenses and existing equities, is frequently equivalent to notice.

The good faith of the holder of the note, free from defenses and equities, is controlled in many cases, as in this one, by the time at which the transfer is made. A note indorsed or assigned when overdue is subject in the hands of the indorsee or assignee to every infirmity which it had when in the hands of the payee. (*Nevins vs. Townsend*, 6 Conn. 5; *McCready vs. Cann*, 5 Harr. 175.)

The period at which a demand note becomes due, and after which it is considered overdue, has been the subject of much judicial consideration. In some jurisdictions it has been held that

paper payable on demand does not become due until a demand is made; in others it has been held that payment must be demanded in what is a reasonable time. In the former jurisdictions the rule is that paper payable on demand is not overdue for the purpose of transfer so as to make the transferee a purchaser after maturity until after a demand has been made, while in other jurisdictions it has been held that demand paper is due when issued and is overdue immediately thereafter.

In this country it is now generally the law, that a promissory note payable on demand, unless demand is made within a reasonable time, is considered as overdue and dishonored. (Herrick vs. Woolverton, 41 N. Y. 581, 590, 1 Am. Rep. 461.) What constitutes a reasonable time depends upon the particular circumstances indicating the intention and understanding of the parties, and is held by some jurisdictions to be a question of fact for the jury (Tomlinson vs. Kinsella, 31 Conn. 268), and by others to be a question of law for the court (7 Cyc. 847, 851).

The averment of the defendant in his affidavit of defense that the plaintiff did not become the holder of the demand note in suit within a reasonable time after it was given, or before its maturity under the law, raises the legal question of what in this instance constitutes a reasonable time, and when under the law the note matured. When that question is determined, the legal rights of the parties are determined. If this averment of the defendant be true, and it is accepted as true for the purpose of this argument, his defense is a legal one, and under it he will be permitted to show that at the time the note was indorsed to the plaintiff it was overdue and that when so indorsed it carried with it all of its legal infirmities.

Motion for judgment on affidavit of demand refused.

88 Atlantic Rep. 465.

Legal Notes

Constitutionality of the New Income Tax Law Attacked

SUIT was recently brought in Chicago by Miss Elsie De Wolfe against the Continental Trust and Savings Bank of Chicago to test the constitutionality of the income tax provision of the new tariff act. The suit arose on the ground that the defendant refused to pay plaintiff the money due on certain bond interest coupons unless plaintiff would first sign a certificate which it is contended the act requires.

The constitutionality of the tax seems to be questioned, in this case, chiefly on the ground that the law unjustly discriminates in favor of persons of large incomes by taxing such incomes at a smaller proportionate rate than is fixed for incomes of less size.



New York Tax on Bank Stock Declared Valid

ON December 1st the Supreme Court of the United States upheld the validity of the one per cent. tax imposed by the law of New York on the stock of national and State banks and trust companies, assessed on the basis of the capital, surplus and profits. The report of the decision as summarized in the newspapers is given below:

The Amoskeag Savings Bank of Manchester, N. H., resisted the imposition of the tax on shares it owned in national banks located in New York State. The New Hampshire bank asked the New York city commissioners to permit it to set off against the assessment the amounts of its debts, which it declared were in excess of the value of the stock.

This privilege is allowed to individual taxpayers who own personal property. Holders of bank stock are assessed under a special classification and the Amoskeag institution insisted that unless the privilege accorded to the ordinary individual taxpayer was extended to it the law would not stand the test of validity as a scheme of taxation.

Failing to convince the New York tax commissioners the bank applied for a writ

of certiorari and carried the case through the New York courts to the United States Supreme Court.

"The scheme adopted by the State of New York," said Justice Pitney, "for taxing shares in national banks cannot upon the record be denounced as violating the limitations of section 5,219 Revised Statutes" (regulating the manner of taxing national bank stocks to insure against discrimination by the States).

"Holders of shares in State banks are subjected to precisely the same taxation, and with respect to other competitive institutions, such as trust companies, the franchise taxes imposed upon them apparently result in a substantially similar burden upon the shareholder. Nor is there any discrimination in favor of savings banks.

"With respect to individual bankers there is a difference, they being apparently subject to the local rates of taxation and entitled to the privilege of deductions for personal debts, but as they are taxable upon the amount of the capital invested in the banking business, which is nominally only such as remains after the deduction of debts, it is not plain that they possess any valuable privilege of reducing the tax assessment by deducting debts."

A more complete report of this decision will be given in a later number.



Negligence in Certifying Post-Dated Checks

NEGLIGENCE is the unintentional failure to perform a duty implied by law whereby damage results to another; the failure to do what a reasonable and prudent person would ordinarily have done under the circumstances, or doing what such a person under existing circumstances would not have done. Negligence frequently constitutes a good cause of action, and as frequently a good defense.



To be actionable, damages must result therefrom and the injury complained of must be the natural consequence of or approximately caused by the alleged negligence. While infrequent references are found in judicial decisions to the degree of negligence,

whether slight, ordinary or gross, the tendency of modern authority is to hold that in every case negligence, however described, is merely failure to bestow the care and skill which the situation demands.



A duty may be implied or directed by law, and violation thereof would constitute negligence. The duty may also be one of contract, and failure to observe the contractual conditions which constitute negligence. For instance, where a bank agrees to use all due precaution to prevent fraud on depositors, failure to exercise due care will constitute negligence for which it must suffer.



It is conceded that all banking operations should be performed with diligence and care; such diligence and care, at least, that a prudent man would use in his own affairs.



This question of negligence arises in the case of Schoen vs. Security Bank, where the bank certified a post-dated check one day ahead. Before the check was paid the drawer stopped payment on it, but the bank subsequently paid the check and this action ensued.



The judge submitted to the jury the question as to whether the certification of the check before its date was "gross negligence" or not. The bank had contracted with the depositor when the account was opened "that while the bank will exercise ordinary care in relation to post-dated checks or stop orders, it shall not be held responsible to the undersigned if such checks are paid." The court held on appeal that it was proper to submit to the jury the question whether certification under the circumstances was the exercise of proper

care, and reversed judgment entered on a verdict for defendant. (See *Schoen vs. Security Bank of New York*, reported in this issue.)



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.

ENDORSEMENTS.

BANGOR, Me., December 5, 1913.

Editor Bankers Magazine:

SIR: Please give me the distinction between general and special endorsements.

BANK TELLER.

Answer: The law recognizes six kinds of endorsements, which can best be understood by illustrating rather than defining them.

(1) A blank endorsement consists merely of the name of the payee written across the back of the instrument, thus:

“WILLIAM B. BROWN.”

Thereafter it virtually becomes payable to bearer. The holder may, however, make it a special endorsement by writing his or some other person's name above that of Brown's, thus: “Pay to order of William Smith,” thus requiring Smith's endorsement before further negotiation.

(2) A special endorsement directs payment to a certain specified person or corporation, as for instance:

“Pay to order of First National Bank. William B. Brown.”

The effect of this is, upon delivery of the instrument, to vest title in the indorsee (First. Nat. Bank) with the right to demand from the parties primarily liable thereon, payment at maturity, and in case it be not paid, to notify parties secondarily liable and demand payment from them. This en-

dorsement holds the indorser liable for the genuineness of the instrument and conditionally liable thereon. The endorsement of the First National Bank, Decatur, Ala., in *Springs v. Hanover Nat. Bank* to the latter, reviewed in this number, was of this sort, and made the Hanover Bank the owner of the paper and not merely the collecting agent, as would have been the case had the endorsement been

(3) A *restricted* endorsement, thus:

“Pay Hanover National Bank for collection.

“FIRST NAT. BANK, Decatur, Ala.”

(4) The endorsement might destroy the negotiability of the paper by using the word “only”; thus:

“Pay William Smith only,
William B. Brown.”

This endorsement is termed restricted as to negotiability.

(5) It frequently happens that a party will want to transfer the paper, and yet not assume any liability. He can do this by a *qualified* endorsement, thus:

“Without recourse,
William B. Brown.”

(6) It sometimes happens that an endorsement will give title *in trust*, thus:

“Pay William Smith, or order,
for account of William B. Brown.”

This is called a restricted endorsement in trust and makes the indorsee a trustee, in a sense, for the party named.

There is also a conditional endorsement which is operative only upon the fulfilling of the condition, thus:

“Pay William Smith upon arrival of goods. William B. Brown.”

Such endorsements are highly undesirable, it having been held that a party primarily liable upon such an instrument may pay the same to the holder, whether the condition has been fulfilled or not. After endorsement and negotiation the parties take with notice of the conditional nature, and will hold either the instrument or the proceeds thereof subject to the rights of the per-

son making the conditional endorsement. (See Tompkins Law of Commercial Paper, p. 71.)



CERTIFICATE OF DEPOSIT —
STOPPING PAYMENT—IN-
DEMNITY TO BANK.

CHAMPAIGN, Illinois, Oct. 16, 1913.

Editor Bankers Magazine:

SIR: Can payment be stopped by the payee on a demand certificate of deposit not drawing interest, payable to order, duly assigned, having been obtained by fraud by the assignee?

V. W. JOHNSTON, *President.*

Answer: A bank which has issued a certificate of deposit is in the same situation as the maker of a note or the acceptor of a draft; and is bound to make payment to the holder; and the production of the paper, bearing the indorsement of the payee, is *prima facie* evidence of the right to demand payment. (Newcomb vs. Fox, 1 App. Div. [N. Y.], 389; Weber vs. Orton, 91 Mo. 680.) When, therefore, the payee wishes to stop payment upon the ground that the instrument was obtained by fraud, he must indemnify the bank against any loss or damage which it may sustain by its refusal to pay to the holder (Frank vs. Wessels, 64 N. Y. 155). In such a case, the situation is the same as where the drawee seeks to stop payment of a check which the bank has certified.



CERTIFICATE OF DEPOSIT —
FORGED INDORSEMENT —
RECOVERY OF AMOUNT.

IOWA CITY, IOWA, October 25, 1913.

Editor Bankers Magazine:

SIR: We would like to ask your opinion in regard to the liability of the indorser on a certificate of deposit after the certificate has been cashed by the issuing bank.

We will say, for instance, that this bank issued a certificate to John Smith for \$500,

and this certificate was cashed by the First National Bank of Chicago and sent to us through the regular course of business and paid by us. Suppose that the indorsement of the payee was forged on this certificate, and that John Smith later called on this bank to pay him for this certificate.

Could we hold the First National Bank of Chicago liable as guaranteeing this indorsement to us, or must we know the signature of John Smith in the same way as we would be required to know it in the case of his check?

THOS. FARRELL, *Cashier.*

Answer: It is often said that a bank is bound to know the signature of its depositor. But this is hardly accurate. The ordinary rule that the drawee is presumed to know the signature of the drawer applies to a bank as well as to any other drawee; and if it pays a check or draft to which the drawee's signature has been forged, it is bound by the act and cannot recover the money (See Nat. Park Bank vs. Ninth Nat. Bank, 46 N. Y. 77.) But a bank may not be said to be the drawee of a certificate of deposit. Such an instrument is in the nature of a promissory note, upon which the bank appears as maker; and its obligation with respect to the signature of the payee would appear to be the same as that of the maker of a promissory note. But it is settled that the maker of a note is not bound to know the signature of the payee. In Carpenter vs. Northborough Nat. Bank (123 Mass. 66) J, by false representations, obtained from C & Co. their promissory note payable to the order of B; J then forged the indorsement of B, and got the note discounted at a bank, and when the note matured C. & Co. paid the amount thereof to the bank. Upon subsequently discovering the forgery, they sued the bank for the amount, and were allowed to recover. The Court said: "When the plaintiffs paid the note to the bank, they paid it under the mistaken belief that the bank was the legal owner of the note, and had the right to collect it. It was, however, immediately discovered that the bank had no such right, and notice was at once given to it that the money thus

paid by mistake would be reclaimed. It is common learning that ordinarily money paid by mistake to a person not authorized to receive it may be recovered back by the person paying. The cases in which it has been held that money thus paid cannot be recovered back have been exceptions to the rule, by reason of peculiar circumstances attending the particular payments." (Carpenter vs. Northborough Nat. Bank, 123 Mass. 66.) But in Stout

vs. Benoist (39 Mo. 277) the Supreme Court of Missouri held that a bank which had paid a certificate of deposit issued by itself could not afterwards dispute the signature of the indorser. The court cited cases to show that a bank is bound to know the signature of its depositor; but all of the decisions so cited arose upon the forged signature of the *drawer*, and the court failed to notice the distinction between the two cases.

“Dixie Land” and a Famous Old Bank

STUDENTS of American banking are familiar with the remarkable strength of the old State bank system of Louisiana. In a recent item the “Commercial and Financial Chronicle” thus pleasantly revives recollections of one of the members of that system:

A monograph in the “London Financial Times” on the history of the old Citizens Bank of Louisiana at New Orleans reveals the origin of the name “Dixie Land”—the term applied now to all the Southern States and preserved in the famous Southern war song “Dixie.” Prior to the Civil War the Citizens Bank, having the power to issue paper money notes, issued several millions of bills in denominations of \$10 and \$20, but preferably \$10. The \$10 bills were engraved in French with the French word *Dir* prominently featured on their backs. The bills became known as “Dixies,” and this money becoming popular, Louisiana was referred to as “The Land of the Dixies,” or “Dixie Land.” Eventually the term was so broadened as to apply to all the Southern States. This Citizen’s Bank had a romantic and picturesque career, peculiarly linked with the financial and political history of the South. It was organized in 1833, ceas-

ing its existence on Jan. 30, 1911, when the present Citizens Bank and Trust Company was formed to take its place. The seventy-eight years of its existence were one clear unblemished record. As early as 1836 the bank’s credit throughout the world was so good that it sold an issue of \$3,000,000 of its bonds to the banking house of Hope & Company, Amsterdam, Holland.

The State of Louisiana granted the original charter in April, 1833, with a capital of \$12,000,000; this capital, according to the records of the bank, “was to be raised by the novel process of loans on bonds to be issued by the bank; the amount to be subscribed by stockholders to raise the capital was \$14,400,000, or 144,000 shares of the stock to secure the capital of \$12,000,000; the subscriptions were to be guaranteed, secured and pledged for by mortgage on real estate.” No money was paid by the subscribers to the capital stock of the bank on their shares. They placed mortgages on their plantations and slaves to secure the stock taken by them, entitling the subscribers to a credit at the bank equal to one-half of the par value of their shares. To utilize this credit the stockholder gave his note, renewable each twelve months,

with interest at six and one-half per cent. in advance and such proportions of the capital sum in annual installments as would pay off the debt at a certain fixed period. The stock sold readily and the bonds were disposed of after some delay in England and the Continent. The State of Louisiana guaranteed the bonds, making them marketable throughout the world.

The bank was considered by the Government at the end of 1837 as the strongest in the South and one of the best known in the United States. In this year it completed the sale of its bonds in Europe and those of other banks to the extent of \$20,725,000. The Citizens Bank allied its fortunes with the Confederacy when the War of 1861 broke out, and consequently suffered a long run of vicissitudes from which it emerged successfully. The "London Financial Times" states on this point that when General Butler took charge of New Orleans he issued orders to the bank to turn over to him

all money and property *in its possession* belonging to anyone *who had aided* the Confederacy. The bank paid \$215,820 to him under the order. Later, at Butler's dictation, a further sum of \$306,400 was contributed to the city. After this an additional sum of \$37,000 was paid to Butler; then to General Banks, at Butler's dictation, \$55,477, and later \$111,485. On Jan. 15, 1866, on General Canby's order, the bank turned over \$1,000,000 in securities and charged them to profit and loss. In addition to these forced contributions, the Citizens Bank gave to the Confederacy \$250,000 April 15, 1861, loaned the Confederacy \$325,000 in coin Jan. 7, 1862, and paid the payrolls of some divisions of the Confederate army to a total of \$50,000. Yet the bank withstood all these losses and outlived its old charter and gave up only when the authorities would not renew its charter on account of the unusually liberal features of this instrument.

Investments

Conducted by

FRANKLIN ESCHER

Current Opinion

This Isn't the Time

BUSINESS slowing down, the railroads laying off men, big industrial plants starting to run on part time—what's the matter anyway? Is there any real reason why things have to be like this?

There's no reason why they have to be, but there's mighty good reason why they are. As we see it, it's all because of one thing—because of the frantic effort to reform everything at once which those in authority seem bent on

making. To lower the tariff was right and proper—realizing or not realizing the inevitable effects of tariff reduction, the country wanted it. To take up the matter of currency reform and to try to develop some suitable system, that was right and proper, too. But just here is where we think the Administration has gone too far. To do everything possible to find out what kind of a currency system the country wants and then to give it that system is one thing. To work out a system arbitrarily and then to ram it down the coun-

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NEW YORK

try's throat is something entirely different. The country doesn't want the currency system developed by the Wilson Administration. It doesn't believe it's the right thing.

But, as if half-baked currency reform piled on top of radical tariff revision weren't enough, we've got to have renewed "investigation" of the big industrial companies, fresh attacks on the railroads, an undercurrent of talk about the advisability of government ownership. Granted that everybody in the country ought to be "investigated," that every railroad ought to be attacked, this isn't the time to do it.

This is a time of change—of great, necessary reforms which, in themselves, are bound to disturb business to a certain degree. While these needed changes are being made, therefore, it would certainly seem the part of wisdom to refrain from stirring up trouble in other directions. There are things in other directions which need stirring up, perhaps, but this isn't the time to do it.



Cheer

OUR readers can have no doubt about our attitude toward the increase in freight rates which the railroads are asking for. Again and again we have stated in these columns that we believe that the railroads ought to be allowed to charge more for the freight they carry—that there has been no increase

in freight-rates to take care of the increased expenses of the railroads, and that it is only just and proper that the railroads should be allowed to charge more for the service which it now costs them so much more to render.

From the standpoint of the investor, however, it is one thing to think that the railroads are entitled to an increase in rates and ought to be allowed to charge more, and something else that they will be granted permission to go ahead and do it. We are glad to be able to state, therefore, that it is now our opinion not only that railway revenues ought to be increased, but that the railroads are going to be allowed to increase them.

Our reason for believing it is not so much that public sentiment has swung around in favor of railroads, as that this change in public sentiment is now reflected in the attitude on the part of the various Shippers' Associations all over the country. What the public in general thought about it one way or the other made little difference as long as the public couldn't or didn't express itself in favor of allowing rates increased.

In a recent article by Mr. Noxon, secretary of the Railway Business Association, it is plainly set forth how the attitude of the Railway Shippers' Associations has changed. It is that which we think is going to determine the Commerce Commissioners, not only that the railroads ought to be allowed to raise their rates, but that the general



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C 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.

public realizes the necessity of it and is willing that they should.

To holders of railway securities of every sort that is good news. The rate increases asked for are not so great that they will result in any tremendous increasing of revenues, but the five per cent. "raise" which the railroads are asking for and which it now seems likely they are going to get, will put present dividends on a much sounder basis than they are at the present. To many of the weaker roads indeed it will mean all the difference between actual financial embarrassment and being able to go ahead and do business.



Exaggerated

IT seems to us that from the standpoint of the security markets, the operation of the Income Tax is being given a great deal more importance than it deserves. After all, it must be borne in mind, the tax of one per cent. is on the income received from bonds, and not on the principal.

Take for example an income which comes entirely from five per cent. bonds bought at par. From each bond the gross income is \$50 a year. After the income tax has been deducted the income from each bond is \$49 per year. In other words, where the original investment was made on a five per cent. basis, under the operation of the income tax the money is invested on a 4.90 per cent. basis.

In the case of a savings bank investing money in bonds, or in the case of a capitalist who has bought bonds or notes to make the difference between what they net him and what it costs him to "carry" them, a difference of ten points in the "basis" means a good deal, but in the case of the average investor it means little. Measured in dollars and cents, so far as the ordinary investor is concerned, the value of a bond which nets 4.90 per cent. is not a great deal different from the value of a bond which nets an even five per cent.



Mexico

WE would suggest to those who profess to be so much worried about the possible effect on the markets of a war with Mexico, that they look back over the records of what happened to stock and bond prices during the Spanish war. The outbreak of hostilities with Spain early in 1898 saw the market at about the year's lowest point. From that time on quotations steadily rose, and when the treaty of peace was signed, six months later, quotations were on a much higher level.

It may be argued that a war with Mexico would be an entirely different story than the war with Spain. Undoubtedly it would involve more fighting and more expenditure, but just why it would have so much worse an effect we must confess that we cannot see. There are some alarmists, of course,

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who claim that if it becomes necessary for us to intervene in Mexico we shall soon find ourselves with a war with England or some other great foreign power on our hands, but by thinking people such talk is hardly taken seriously. That sort of thing was so much talked about during the fight in the Balkans that people have gotten rather sick of it. Just why there should be a war between the United States and any European government over anything that is likely to happen in Mexico, is hard to see.



The Income Tax and Security Investments

The New Law Favors Bond, Rather Than Stock Holdings

BY H. PRENTISS TAYLOR

IT is a satisfaction to be able to congratulate those who have bond investments that the income tax, now in full effect, leaves them in better position than if they had made their investments in stocks instead of bonds. A realization of the advantage that bond investments will enjoy under the operation of the new law has perhaps not yet

come to investors generally, but a careful reading of the law will scarcely fail to be convincing, and we are satisfied that where any doubt remains after that it will in due season be dissolved by actual experience.



WHY STOCKHOLDERS WILL PAY BOND HOLDERS' TAX.

THE advantage which bondholders will enjoy under the operations of the law, as compared with stockholders, does not rise in the law but outside of it. It is an advantage nevertheless, nor is it of any mean proportions. It is the direct result of the terms upon which the great majority of corporation bonds have been issued in this country since 1894. It was in that year that a Democratic Congress enacted an income tax which, although invalidated by decision of the Federal Supreme Court, was notice to the business world that this new form of taxation was inevitable. Only a triumph of the Democratic party throughout the nation appeared to be necessary for its initiation, and it is significant that the necessary amendment of the constitution was secured even before the exit of the Republican administration. When the certainty of income taxation appeared, there was obviously something to be gained by inserting a promise in corporation mortgages that payment of principal and interest should be "without any deduction on account of taxes which the company may be required to pay thereon, or, to deduct or retain therefrom." The contingency against which the corporations, in their bids for loans, thus covenanted to insure their bondholders has now arrived. The income tax is plainly a tax on ac-

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count of which the corporation is required to deduct and retain a portion of the amount due from it to the bondholder. Its covenant to remit the full amount in spite of such enforced deduction is therefore a specific contract to pay the income tax on all that portion of its bondholders' taxable income derived from its bonds. If it defaults on its contract, it seems unquestionable that the bondholder will have an action for the recovery of the amount of the tax deduction; nor is it apparent what defense the corporation could set up. It is pointed out by lawyers, and seems plain enough, that as only the normal tax and not the surtax, is collectable "at the source" (and as the corporation accordingly is not required to deduct or retain the amount of the surtax) its liability to the bondholder will not cover his surtax but his normal tax alone. However, the bulk of the average corporation bonds are so held that this surtax loophole will not be available save in rare cases. The luck of the U. S. Steel Corporation in having perhaps \$200,000,000 of its bonds in the hands of one man, who can look to the corporation to pay his tax on only the small portion of them needed to make up an income of \$20,000, is exceptional.

Now, it is plain that if, as seems beyond dispute, the majority of corporations are under contract to remit payments of principal and interest to bondholders undiminished by the amount of the income tax deduction, the earnings of the corporations hitherto available for dividend disbursements are going to be decreased by the amount of this new liability, which in the aggregate for all corporations will be very large indeed. It amounts, in brief, to this—that in consequence of

the prevailing form of bonds, corporation stockholders will be called upon to pay the greater part of the income tax of corporation bondholders. How many corporation dividends will not be earned owing to this new interest charge, will be disclosed only by the course of events.



MUNICIPAL BONDS NOT MADE MORE DESIRABLE.

AS between stocks and bonds, therefore, the new law results in manifest benefit to bondholders—benefit large enough to decide a careful and intelligent investor to give serious consideration to the problem of converting at least certain portions of his stock holdings to bond holdings at his earliest convenience. On the other hand, while the reasons for an extensive bond-buying movement in the near future, based on the considerations just enumerated, are easily comprehended, the reason for the widely prevalent impression that the law will secure municipal bonds a marked increase in popular favor is not apparent. It is true that all income from city, borough, county, public school district and state bonds is exempt from the tax. But this advantage to the holder of a municipal bond is far more than counterbalanced by the low income that such a bond yields as compared with any first-class public security or industrial bond. To take a concrete example, which has been cited very aptly to set straight the person who imagines the income tax is a reason for shifting from bonds subject to the federal tax to states or municipals, exempt from the tax. The case for illustration is one in which

there is an investment of \$100,000 in five per cent. bonds income from which is subject to the tax. Their annual yield would be \$5,000. From this sum, in calculating the owner's income tax, is to be deducted (in case he is married) \$4,000, leaving \$1,000 income liable to the tax, which at one per cent. is \$10 per annum. This deducted from the \$5,000 gross income would leave the owner \$4,990. Now suppose that instead of holding on to his first-class public security or industrial bonds yielding him this comfortable income of \$4,990 after the income tax is paid, he shifts to a city or county bond for the purpose of escaping the income tax. He is not likely to get a bond of that class which will yield him more than four and one-quarter per cent., or \$4,250. In short, he has sacrificed the difference between \$4,990 and \$4,250—viz., \$740 a year, in order to save \$10. This simple calculation is enough to show the absurdity of the published declarations that investors will sell their public service and industrial bonds and buy municipals "to escape the income tax." Even on a \$300,000,000 block of five per cent. industrials such as Andrew Carnegie received when U. S. Steel Corporation was formed, the advantage of the high interest yield would continue to outweigh the advantage of tax exemption. A number of financial journals have thought it worth while to suggest that where the bondholder is liable to the highest surtax, as Mr. Carnegie will be, the argument for converting the investment from the taxable form of bond to the tax-exempt is very strong. They are in error. If Mr. Carnegie still held all of his \$300,000,000 of U. S. Steel bonds (as a matter of fact he has given many of them to various institutions) his income from them would be \$15,000,000, on which the tax would be \$1,035,000 a year. But he could pay this and still have \$1,100,000 greater net yield than he would have if he invested his fortune in municipals to escape the tax.

Thus, although income derived from

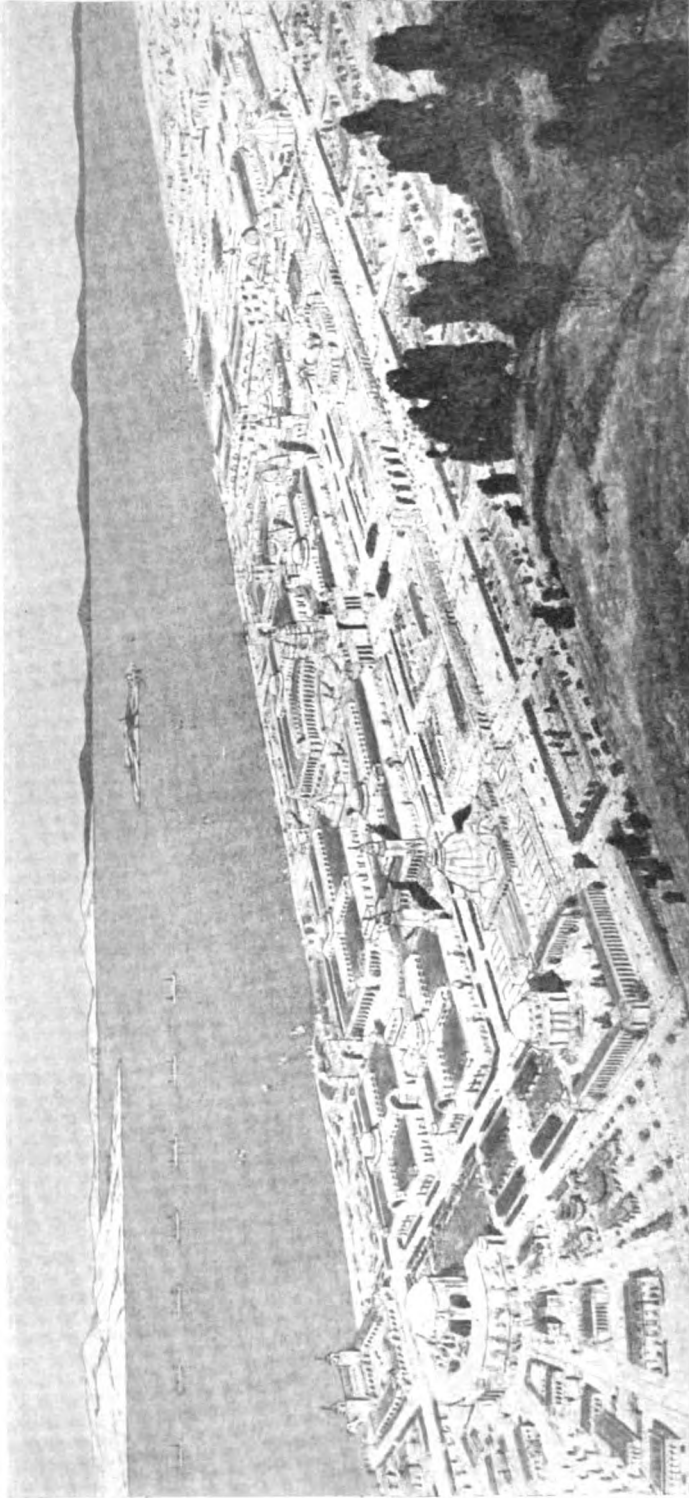
stock dividends pays no surtax but only the normal one per cent. tax, judicious readers will probably agree that the shareholders of corporations whose bonds bear the "no deduction on account of tax" clause suffer by the new law. There will probably be quite as ready an agreement, again, that as between the various classes of bonds, the law leaves the investment situation unchanged. Such shifting as occurs is far more likely to be from stocks into bonds than from one class of bonds to another, insofar as income tax is concerned.



Investment and Miscellaneous Securities

Quoted by J. K. Rice, Jr., & Co., Brokers and Dealers in Miscellaneous Securities, 36 Wall St., New York.

	Bid	Asked
Adams Express	95	110
American Bank Note Com	43	46
American Bank Note Pfd.	50	53
American Brass	133	138
American Chiclé Com.	200	205
American Chiclé Pfd.	95	100
American Dist. Tel. of N. J.	51	55
American Express	100	110
Atlas Portland Cement Com.	35	45
Atlas Powder Co.	108	115
Autosales Gum & Chocolate	21	24
Babcock & Wilcox	98	99 1/2
Borden's Condensed Milk Com.	113	114 1/2
Borden's Condensed Milk Pfd.	105x	107
Bush Terminal	45	55
Celluloid Company	127	133
Childs Restaurant Co. Com.	123	129
Childs Restaurant Co. Pfd.	99 1/2	101 1/2
Computing-Tabulating-Recording	32	35
Conn. Railway & Light Com.	65	70
Del. Lack. & Western Coal	252	263
E. I. du Pont Powder Com.	127	130
E. I. du Pont Powder Pfd.	88	91
General Baking Co. Com.	15	15
General Baking Co. Pfd.	49	54
Hercules Powder Co.	110	116
Hudson Companies Pfd.	10	14
Hudson & Manhattan Com.	2	5
Hudson & Manhattan Pfd.	5	11
International Nickel Com.	117	118
International Nickel Pfd.	103	104
International Silver Pfd.	117	124
Kings Co. E. L. & P.	118	120
Maxwell Motor Com.	2	2 1/2
Maxwell Motor 1st Pfd.	12	20
Maxwell Motor 2nd Pfd.	6	7
New Jersey Zinc	540	580
New York Railways	20	25
Otis Elevator Com.	69	73
Otis Elevator Pfd.	92	94
Phelps, Dodge & Co.	205	215
Pope Manufacturing Com.	1	4
Pope Manufacturing Pfd.	15	15
Remington Typewriter Com.	28	32
Remington Typewriter 1st Pfd.	95	99
Remington Typewriter 2nd Pfd.	98	98
Royal Baking Powder Com.	185	185
Royal Baking Powder Pfd.	104	106
Safety Car Heating & Lighting	105x	107
Sen Sen Chiclet	164	107
Singer Manufacturing	290	295
Standard Coupler Com.	35	35
Union Ferry	25	30
U. S. Express	39	44
Virginian Railway	13	17
Wells Fargo Express	87	90
Western Pacific	6 1/2	7 1/2



DAYLIGHT PERSPECTIVE—PANAMA PACIFIC INTERNATIONAL EXPOSITION

A Fore-Glimpse of the Panama-Pacific International Exposition of 1915

Busy Preparation at San Francisco for Commemorating
the Completion of the Panama Canal

By HAMILTON W. WRIGHT*

Exposition Editor

THE Panama-Pacific International Exposition of 1915 presents two essentially significant angles. One arises from the fact that it is fore-ordained as a great international celebration, at which the participating nations will rejoice with America in the consummation of its great work in the Panama-Canal and at which the American commonwealths, each of which has borne its due part in the cost of the construction of the canal, will give expression to the patriotism with which they naturally regard the completion of this great engineering feat.

International friendship, although frequently described in vague phrases and often linked in the popular mind with the little-known language of international diplomacy, is far from being an intangible relationship; it is a very real and vital condition, and upon its encouragement among the nations hang the peace and well-being of the world. From the time that it was known that the United States would engage in the construction of the Panama Canal, the press and public men of many nations had freely approved of America's great work. The formal announcement of the exposition to commemorate the opening of the canal

was, therefore, early regarded as an occasion at which the nations might express to America their gratification at its enduring gift to civilization.



COMMERCIAL IMPORTANCE OF THE CANAL.

THE other significant angle is utilitarian. The commercial importance of the Panama Canal is, perhaps, the most widely discussed topic in the commercial world and is eagerly anticipated in practically all civilized countries. Although no two minds will foresee the same results through its opening, and there is varied opinion as to the extent and direction in which the new waterway will influence travel on the world's maritime highways, still many of the future opportunities are fairly well defined and are being prepared for. What perhaps is of greatest significance is that many hundreds of millions are being expended by commercial interests, by railroads, by trans-oceanic steamship syndicates, by municipalities, commonwealths, and by foreign nations to prepare for the coming trade. Upon the Pacific Coast, for instance, many millions are being out-laid in the preparation of increased harbor facilities, in spur and branch lines to feed main systems and in deep waterway terminals. San Diego, San Pedro (Los Angeles' ocean port), San Francisco, Oakland, Tacoma, Seattle

*Author of "A Handbook of the Philippines," co-author with John S. Stephens, formerly Chief Engineer of the Panama Canal, of "America Across the Seas," Exposition Editor.

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and Vancouver are all going to great expenditures.

The commercial phase of the celebration is of interest. The exposition will constitute an admirable and convenient meeting place at which the commercial representatives of many nations may assemble under the happiest of auspices, compare notes and plan for future trade. The universal character of the exposition was early as-



THE COURT OF PALMS, LOOKING SOUTH TOWARD THE HORTICULTURAL BUILDING

The Italian towers at the entrance of this court will be forty feet square and two hundred feet in height. There will be two towers, at each side of the entrance to the court, and they will be identical in architecture.

sured, and at this writing thirty-two nations have replied to the United States' invitation to participate, conveyed through the Department of State. Many of the nations are preparing for representation upon an elaborate scale; Japan, for example, having appropriated \$600,000 (gold) for its participation. Two of the great European nations, England and Ger-

many, have not as yet *taken* formal action, but it is anticipated that they will be adequately represented. France requested twelve acres of ground for its display. Mr. Harcourt has urged that all crown colonies be represented in a manner that will reflect credit upon the British Empire. Commercial interests throughout the world are planning displays which will excellently supplement those made by the governments.

The site of the exposition is admirably suited to its purpose as a great maritime celebration. The exposition grounds, comprising 625 acres, lie within the city limits of San Francisco and are just inside the Golden Gate, extending along the shores of San Francisco Bay from Fort Point, which marks the south boundary of the Golden Gate, easterly for a distance of almost two miles. A narrow strip of sixty-five acres extends still further to the east, but is separated from the harbor by the Fort Mason military post. The greatest width of the grounds is more than one-half mile.



GROUPING OF THE BUILDINGS.

THE exposition buildings are set in three groups. In the center of the site the main exhibit palaces, thirteen in number, occupy one hundred acres. On the east the concessions or amusement district will occupy sixty-five acres; and on the west and nearest the Golden Gate will be the pavilions of the States and foreign nations, parade grounds, live-stock pavilions, life-saving station, race track, etc.

The center group, which is the subject of the chief architectural effect, is built upon an east and west axis facing north upon the harbor. The grounds here are almost level, being about six feet above high tide, and comprise considerable filled in land. On the south, east and west the site is encircled by the hills of San Francisco which rise at first gradually and then rather abruptly to heights of 250 and

300 feet. From the opposite side of the harbor, however, secondary ranges of hills are discerned, the loftiest being the "Twin Peaks" which rises more than 900 feet. Strawberry Hill, a wooded peak in Golden Gate Park, is also seen from a point of vantage across the harbor. The enclosure of the hills suggests the walls of an amphitheatre and this effect is emphasized by the dwellings which are seen

The main group, the exhibit palaces, are set back at a distance of some 350 feet from the water's edge, giving space for a marine promenade or esplanade, which will be the chief point of vantage for those viewing a series of maritime spectacles which will be held during the exposition period. The esplanade will be among the show spots of the exposition and it is being elaborately landscaped. Myrtle, cy-



NICHE IN THE COURT OF FOUR SEASONS OR GREAT WEST COURT

In each of the four corners of this court, which is designed by Mr. Henry Bacon, creator of the Lincoln Memorial at Washington, there will be a great niche containing statuary typifying the four seasons, spring, summer, autumn and winter. The court will be luxuriant with tropical growths. Behind the columns of the colonnade encircling the court will be mural paintings expressive of the theme of the court and designed by Mr. Jules Guerin.

in silhouette from the level of the bay, the streets running north and south being indented in the skyline. Before the grounds lies Alcatraz Island, the location of a naval prison which will be converted into a quarantine station. Across the harbor the hills of Marin county rise up steeply from the water, the loftiest peak being Mount Tamalpais more than two thousand feet in height. The Golden Gate, a mile and one-quarter wide strait, is viewed from all portions of the water front of the site.

press, eucalyptus and great beds of hardy flowers will contrast with the statuary and fountains. Eight of the buildings of the center group are set in a rectangle, four facing the harbor on the north and four facing the hills of the city. The walls of the eight buildings will be interconnected, forming a great outside wall unbroken save by a series of stupendous archways and entrances giving access to the courts between the buildings. From afar the group will present the effect of almost a single palace, but nearer it will be

found that it is divided from north to south by three great courts and their approaches—the Court of the Sun and Stars, designed by Messrs. McKim, Mead and White, in its center; the east court, Court of Abundance, designed by Mr. Louis C. Mullgardt, dividing the group upon the east, and the great west court, the Court of the Four Seasons, of which Mr. Henry Bacon is the architect, dividing it upon the west. Like the courts of the palaces of the Orient, these courts will reveal the richest treasures of the exposition architecture, harmony and color. Flanking the walled city on the east will be the Palace of Machinery, 367 by 967 feet, and the largest single structure at the exposition. The Palace of Fine Arts, classical in the simplicity of its architecture, that of the Italian Renaissance, will flank the walled city upon the west and nearest the Golden Gate.

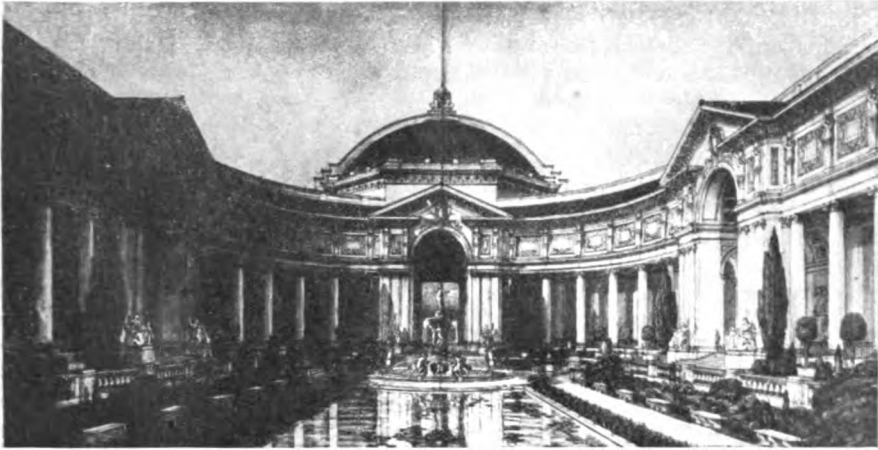
There will be two south courts, cut like great niches into the walled city. One of these will be south of the Court of the Four Seasons; the other south of the Court of Abundance. Both will be marvels of transplanting. Another huge court will run north and south between the Fine Arts Palace and the walled city. Each court will stand apart from all others, distinctive in its architecture and expressing the individuality of the architect or group of architects who planned it. In the case of the three great interior north and south courts the sides of the exhibit buildings and their inter-connecting colonnades will form the walls of the courts. The character of this court plan, permitting wonderful freedom of expression without conflict in the varying styles of architecture, has assured at San Francisco entire originality in the exposition courts.

Largest and most impressive of all the courts will be the great central court, the Court of the Sun and Stars, which divides the walled city north and south. The court will be 750 feet east and west and 900 feet north and south, exclusive of a forecourt opening upon San Francisco Bay. The size of the

court, which is oval, corresponds to the place before the Cathedral of St. Peter's at Rome; it will be but slightly less in area than the grand court of honor at the World's Columbian Exposition at Chicago in 1893. At the south end of the court will rise a huge tower, 480 feet in height, its base cleft by an archway one hundred and twenty-five feet high through which visitors will pass directly north from the main exposition gates into the court. In the vaulted archway of the tower will be a series of allegorical paintings, designed by Mr. Jules Guerin and expressing the keynote of the color scheme to be employed throughout the exposition grounds. Passing through the archway the visitor arrives in the vast oval courtyard encircled by colonnades which sweep to the right and left. On the east and west sides of the court are huge triumphal arches, each crowned by a sculptural group.

One of these will surmount the great Arch of the Rising Sun on the east side of the court, and one will crown the Arch of the Setting Sun upon the western side of the court. The group crowning the east arch is designated "The Nations of the East." It has as its central figure a huge elephant. Figures of Arab warriors, of Tibetan priests, camels, and of Egyptian and Mahometan horsemen, complete the group. The entire composition is of colossal proportions. The howdah upon the elephant will be 188 feet above the floors of the court, and the greatest height of the sculpture will be forty-two feet. The design was studied to form a striking silhouette of Oriental character, a great massing of statuary crowning the summit of the arch. From the floors of the court the group will loom massively against the skyline; from the hills of San Francisco and from the harbor it should prove even more effective.

The model of the elephant and howdah were designed by Mr. Frederick G. R. Roth of New York. The group in its entirety is the conception of Mr. Calder, but in its execution the assist-



THE MARVELOUS COURT OF PALMS

That will open out from the great exposition city upon a vast tropical garden upon the south at the Panama-Pacific International Exposition, San Francisco, 1915. This court, a marvel of tropical transplanting, is south of the Court of Four Seasons and is designed by Mr. George W. Kelham.

ance of men skilled in particular kinds of sculpture was employed. Mr. Roth stands out among the foremost American sculptors for his animal work. He has also designed models of the camels which are a part of the group. The models of the horsemen have been entrusted to Leo Lentelli, a very talented young sculptor. One represents an Arab and the other a Tibetan horseman. The three figures, the Arab falconer, the Chinese Llama, carrying a great fasces corresponding to the Roman emblem of authority, and a Negro slave bearing baskets of fruit, will be thirteen feet six inches in height; the pedestal upon which the group will stand will be 38x52 feet square.

On the opposite or western side of the Court of Sun and Stars and crowning the Arch of the Setting Sun will be a huge group symbolizing western civilization. Its principal motif is a great prairie schooner, a subject selected since in its massiveness it will balance the elephant on the opposing arch. Flanking the prairie schooner will be figures of Indians, American, Spanish, German and French pioneers, all typifying the advance of the Anglo-Saxon across the plains of America to his final stand on the shores of the Pa-

cific. This group will typify the Occident.

Upon the floors of the Court of the Sun and Stars, occupying positions relatively east and west, will be two great monuments, the Fountains of the Rising and of the Setting Sun. Their upper portions will be the sources of the night illumination of the court. Great globes of dense white glass, surmounted by figures representing a sunburst and a sunset, will give forth at night an incandescent glow which will illuminate the utmost recesses of the court, wiping out the black shadows. In the basins of the fountains reclining figures of the planets will again surmount globes of light, behind which the water will fall in screens.

The center of the court will be about eight feet below its average level, giving way to a sunken garden. Flanking the descents to the garden will be titanic figures symbolizing the four elements, Fire, Water, Earth, Air. Mr. Robert I. Aitkin has been entrusted with the execution of these designs. On the upper ramps of the garden and before the two arches are vertical groups representing Order and Chaos, Eternity and Change, designed by Mr. Paul Manship.

Encircling the court will be one of its most attractive features, a series of hovering figures above the columns of the colonnade and each supporting as a scintillating star a number of suspended prisms which will reflect the light from concealed sources reproducing the colors of the rainbow.

In the opening of the court upon the harbor will lie a great lagoon in which will be reflected the Column of Progress upon the water's edge. The upward spiral of this column will symbolize man's climb toward achievement. Converging about the square base of the column will be a stream of figures embodying the conceptions of the great spiritual divisions of mankind advancing to a doorway in the center of the base.

The Court of the Sun and Stars will be the point of departure to all parts of the grounds and will occupy the central location not only with reference to the buildings of the main group, but also to all parts of the grounds. One will pass across the courts that, like great roofless rooms, superb patios, will lie between the buildings, and, provided with many resting places and highly ornamented with mural paintings, sculpture and transplantings, will provide frequent and charming diversions.



DETAILS OF LANDSCAPE WORK.

THE landscape work, the great massed banks of flowers, the palms, olives, oranges, flowering vines and rare shrubs, will present one of the exposition's most unique charms, and will, indeed, mark a most decided step in exposition adornment. But it will be only one of the ways in which San Francisco is planning to contribute something new to the world's most blasé sightseers. In the preparation of the exposition the architect, the landscape gardener, the sculptor, the artist, and the illuminating engineer, have cooperated to bring about an harmonious result. The architect presents the de-

sign of the building or of the courts, the decorative artist—Mr. Jules Guerin is supervising the decoration—decides what color plan shall be employed, and aware of the form and color of the building and of its surroundings, the landscape artist—Mr. John McLaren in this case—selects the flowers and plants that will harmonize with the color scheme. Mr. W. D'A. Ryan, the illuminating engineer, is arranging for the lighting of the buildings and courts and grounds in a way that will preserve in the panels upon the walls or in the vast beds of flowers their daylight color values. The sculptor, too, is not satisfied with a silhouette at night; his figures must have life, form, perspective; and the architect demands that the beauties of his colonnades and towers be brought out as well under artificial light as under daylight.

It is planned that the exposition shall not be for a single day without its vast blaze of floral color. The flowers will be set in great massed banks and always flowers whose blossoming season is past will be replaced by others. In the spring, the predominating flowers will be the violet, the tulip, the pansy and the columbine; to be more in harmony with the strong sunlight of summer the scheme will include broader colors, such as those afforded by the geranium, the red rose, the convolvulus; in the autumn the carnation will be the prevailing blossom. In the case of flowers this will mean three plantings, for there will be three seasons to provide for, although, indeed, there will be many perennials that will be set upon the grounds many months before the exposition opens. Among the established growths will be rhododendrons, tree ferns, cypress, eucalyptus, palms, orange and lemon trees in fruit and in blossom. Banana plants will be introduced from Central America for transplanting in the sunny courts and the sheltered south esplanade and more than eight hundred thousand bulbs are being imported from Holland. No other exposition has ever had so great

an opportunity to present floral life in a unique way and the opportunity is being utilized to the fullest extent to render the grounds, as it were, a semi-tropical paradise. Flowers and plants that grow in widely-separated zones will enhance the appearance of the buildings and the stately colonnades. The Australian will be no more surprised to see his fir tree thriving beside the bay than the visitor from England will be to see rhododendrons in bloom throughout the year in the courts and along the boulevards.

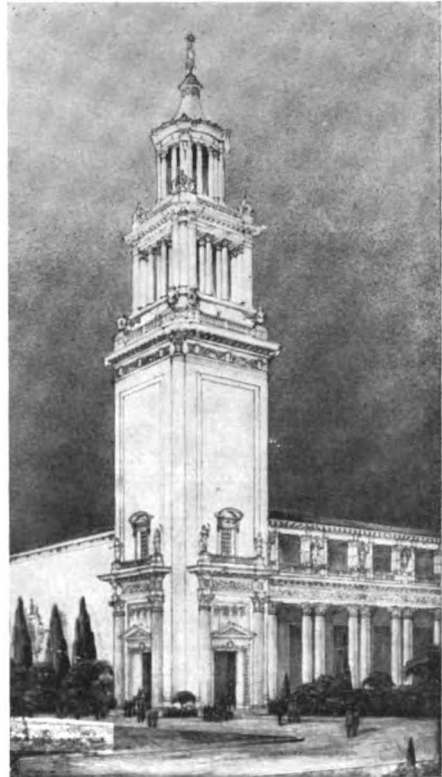
An important feature of the architecture, insofar as the planting of flowers is concerned, is that the courts have been designed so that there will be no shadows. The courts, open to the sun, will yet be sheltered from the wind, and the most delicate of flowers may be planted in their open spaces.

There will be vast beds of flowers, great banks of color, appropriately enough parts of California's contribution to the nation's celebration. To the south of the main group of exhibit palaces in the semi-tropical south garden, a single field of flowers will cover twenty-five acres. The colors—and the flowers—will be changed each month; one month there will be a crop of brilliant red; the next dark blue; the next green—all colors refracted by nature's prism throughout the months of the exposition.

In planning the color scheme—the coloring of the courts, of the buildings and of the towers and domes—Mr. Guerin and his confreres of the architectural commission were of the opinion that the pure white employed at most expositions would, at San Francisco, be too dazzling under the brilliant sunlight of California. After much experimentation it was decided, finally, to tint the buildings with a faint buff that will not render dark glasses a necessary though comfortable evil—or blessing. The color throughout will be this faint creamy white applied to the walls and colonnades. But from the summit of the hills the visitor will behold spread beneath him a vast blaze

of color, brilliant spots here and there melting together as in some giant Persian rug. A great mass of red roofs, the shade of Spanish tile, huge domes of copper-green as those of Constantinople, and golden groups of statuary will be seen spread over the three-mile expanse along the shore of San Francisco harbor.

From the harbor, however, not all of the fourteen buildings of the main group will be visible. Three important structures, the Palace of Horticulture, Festival Hall, and the Service Building, will be set in the south garden through which will run a boulevard paralleling the esplanade upon the bay shore. The south garden will be rich



ONE OF THE SUPERB ITALIAN TOWERS

That will mark the approach to the court of Palms at the Panama-Pacific International Exposition, San Francisco, 1915. There will be two of these courts, identical in size, one south of the Court of Four Seasons and one south of the Festive Court, which will be known as the Court of Flowers.

in semi-tropical and tropical transplantings and will be traversed by all visitors in passing from the main exposition gates to the central group of buildings.

The remaining groups are comprised in the concessions and amusement center, occupying the east section of the grounds, and the area to be devoted to the pavilions of the States and nations upon the west and nearest the Golden Gate.

The concessions area will be a long narrow strip of sixty-five acres, opening out upon Van Ness avenue, one of the principal boulevards of the city, and leading thence westward to the main group of exhibit palaces. Through its center will run the street of concessions, along which familiar scenes of the Panama Canal will be reproduced; in the center of the district will be a great "Plaza of Wonders," in which will rise the highest flagpole in the world, a giant fir 246 feet in height and over five feet in diameter at the base. This enormous pole was donated by the citizens of Astoria, Oregon.



VARIOUS ATTRACTIVE FEATURES.

GREAT progress has been made in the concessions division. More than six thousand applications for concessions have been received by Mr. Frank Burt, Director of the Division of Concessions. Of the concessions so far granted seventy-five, the largest ones, will involve an expenditure on their installation of approximately \$6,800,000. The concessions will be unusual not only for their high artistic value and great educational worth, but also for the large outlay required in their presentation. The Santa Fe Railway will present and operate a concession depicting the Grand Canyon of Arizona in all its scenic glory as viewed from an observation car. It will cost something like \$350,000 and some of the most notable scenic painters in the United States are engaged upon the

canvases. An expedition has spent several months in the Grand Canyon, but it will take almost a year to complete the paintings. The work was in charge of Mr. Walter W. Burridge, the famous artist, who died early in July at Los Angeles. Another concession will be a working model of the Panama Canal, with a capacity of handling two thousand people on a voyage through the canal every twenty minutes; the outlay for this concession is estimated as requiring \$250,000.

Many notable European concessions will be reproduced. A glimpse of the historic city of Nuremburg, Germany, perhaps the quaintest spot in all Europe, and certainly the only great city of the German Empire that has preserved its medieval aspect, will be shown in a replica of the famous market place of old Nuremburg. It will be recalled that the "Iron Maiden," in whose embrace unfortunates in the torture chamber were gathered, first made her grisly appearance in Nuremburg. In this historic city the robber barons of medieval Europe held undisputed sway and levied toll upon the land. Here, too, Durer, the artist, first brought his genius to the world and some of his work, the decoration of the municipal chamber of the "Rathhaus," will be reproduced.

Closely allied in rich historical interest to the old Nuremburg concession, which will require an expenditure of \$250,000, will be a reproduction of the Trianon at Versailles, built by Louis XIV for Madam de Maintenon. In this concession the paintings of the Versailles gallery will be reproduced and fifty artists in Paris are now engaged upon the reproduction of the canvases.

A number of amusement features with which visitors at former world's expositions are familiar will be presented, but these will be, if anything, executed upon a more elaborate scale than hitherto. The art of presenting great cycloramas has wonderfully advanced during the past few years.

The west wing of the site, nearest

the Golden Gate, is devoted to the pavilions of the States and of the foreign nations, to a parade ground, race track and live-stock pavilions which will cover forty acres, to a life-saving station, and to displays of various features of the Government service, such as the public health, fisheries, light-house service, etc., etc.

The pavilions of the foreign nations, furthest from the bay, will rise in terraces as they advance up the gradual slope of the Presidio reservation. Near-

conclusion of the exposition the pavilion, located in the Presidio military reservation, will be turned over by Japan to the United States, as a gift from that nation to America. Upon the avenue will be many handsome State pavilions. That of New York, which has appropriated \$700,000 for its participation, will be perhaps the most elaborate. The California Building, which with its furnishings will cost \$500,000, will be situated immediately upon the west of the central group of



SECTION OF THE GREAT COURT OF HONOR, LOOKING TOWARD THE TRIUMPHAL ARCH THAT WILL LEAD INTO THE GREAT EAST OR FESTIVE COURT

The dimensions of the court, exclusive of its opening on San Francisco harbor, will be 750x900 feet. One of the most impressive features of the court will be comprised in a huge colonnade with columns sixty feet in height screening the walls of the surrounding buildings. In the center of the court will be a sunken garden five feet lower than the rest of the court. Flowers and palms in the court, and behind the colonnade great mural paintings designed by Jules Guerin, will lend color and imagery to the scene.

er at hand and closer to the water will be the buildings of the various States grouped along an extension of the esplanade to be known as the Avenue of Commonwealths. Each structure in this part of the exposition grounds will be surrounded by vast lawns and in its entirety the western wing will present upon a magnified scale the effect of a superb residence district. Many of the structures in this section will be very elaborate and a number will occupy large areas. Japan, for example, has reserved five acres for its pavilion, which will be erected in the characteristic architecture of Nippon, and surrounded by a Japanese garden transplanted to trees and shrubs for which the Flowery Empire is noted. At the

exhibit palaces. The unanimous participation of the States is practically assured, thirty-five States having already selected sites for their State buildings.

That the exposition will present the occasion of the most cosmopolitan friendly gathering of the people of the United States that has ever been held, there can be no doubt.

Still further to the west of the area of the States and foreign district will be a great drill grounds, capable of accommodating at one time ten thousand troops in drill. Foreign nations will send their crack cavalry and infantry to participate in the maneuvers and trials of skill. Encircling the drill grounds will be a race track where in-

ternational speed and harness races will be held. Many large prizes will be put up; \$225,000 is offered in premiums for harness races; and \$175,000 for premiums and cash prizes in the live-stock division.



PROGRESS OF THE CONSTRUCTIVE WORK.

CONSTRUCTION upon the exposition is far advanced and thousands of men are at work. At this writing more than fifteen million feet of lumber are piled upon the grounds and steamers with lumber cargoes are arriving daily. Hundreds of teams are employed. The sounds of circular saw and steam hammer, and the puffing of locomotives upon the exposition grounds, are becoming familiar to San Franciscans and to the thousands of visitors constantly arriving at the grounds. Ten of the vast exhibit palaces are under construction; one of the buildings, the service building, is completed and occupied. The buildings are being constructed under definite time contracts. From the Golden Gate the colossal proportions of Machinery Hall, the huge framework of which flanks the main group on the east, are evident at a distance of three miles.

How rapidly the buildings may be assembled is shown in the construction of Machinery Hall. Recently huge traveling cranes, with arms rising 190 feet, have assembled the frame work with a rapidity comparable to that with which the numbered sections of a portable house are interlocked. Some of the giant trusses raised in place weigh twenty-eight tons, and seven and one-half million feet of lumber and almost a trainload of nails and bolts are being used on Machinery Hall; more than twelve hundred tons of steel are used.

The production of the exposition will involve a tremendous outlay. It is the estimate of the comptroller of the exposition that its completion will call for an expenditure of eighty millions of dollars, and this estimate, of course,

does not include the intrinsic wealth represented in the vast total of the exhibits of the world. The spectacle will be fully completed and perfected in every detail upon its formal opening. All eleven main exhibit palaces will be finished in July, 1914, affording ample time in which to complete the details of their adornment.

The installation of the world's displays will follow the completion of the exhibit palaces. The preparations for the presentation of exhibits are far advanced. The displays of foreign lands will, it is anticipated, be the most comprehensive and select ever shown. All but three of the South American countries have extended official acceptances. During his visit to the exposition site, Dr. Lauro Muller, Brazilian Minister of Foreign Affairs, pledged that the South American republic would attest its regard for America in the comprehensive display of its resources. The Argentine, now one of the great agricultural countries of the world, will make a wonderful showing. The displays from Europe and the Orient will be especially interesting and instructive. Commercial emissaries from foreign lands will, at the exposition, arrange for future trade with America and the products of the farms and ranches and factories of the United States will find new and greater markets in foreign lands. Many exhibits will be seen for the first time in America and will be unloaded directly at the exposition ferry slips and thence transported by rail into the exhibit palaces; the exposition company operates its own railway lines.

The Panama-Pacific International Exposition will be a selective exposition; that is, quality rather than bulk or quantity of exhibits is the first consideration, although, indeed, the aggregate of the exhibits will be enormous. A number of the individual exhibits will run in value from \$250,000 to \$800,000; so it is easy to see where aggregate and collective exhibits will run in groups representing millions in wealth. So far as practicable, exhibits

of a mechanical nature will be shown in operation.

The classification of exhibits has been standardized under the direction of Dr. Frederick J. V. Skiff, Director-General of the Exposition, who is recognized as undoubtedly the foremost exposition authority in the world. The displays are arranged and classified so that they will convey the greatest lesson to the visitor, for the purpose of this, as of all great expositions, is educational. The Director of Exhibits is Captain Asher Carter Baker, U. S. N., retired, who has been associated with many of the world's great expositions.

Of special interest will be the displays made by the Latin-American countries, Chili, Brazil, the Argentine, Ecuador, Panama, Costa Rica, Mexico. The exposition will possess a very definite value to the commercial interests of America which will, it is anticipated, enter the Latin-American trade upon a great scale because of the opening of the Panama Canal. And the representation of the Latin-Americas will afford the exporter, manufacturer, or capitalist the opportunity to meet our southern neighbors under the happiest of auspices. Europe has no less interest in this field; for the first time the Pacific Coasts of North, Central and South America will be opened to Europe by direct route. The representation of the Orient will, of course, be of widespread interest and this phase of the exposition is proving one of its strongest attractions, not alone to commercial interests, but to the public as a whole.

San Francisco does not feel that its distance from the greatest centers of population is a disadvantage to the exposition; rather it feels that the distance to be traversed from the East and from Europe is one of the greatest advantages and that the opportunity to see so much of America in 1915 will prove an added inducement to make the journey. Low round-trip rates and desirable routings will be offered by all of the transcontinental lines. To take visitors to the grounds,

which are twenty-five minutes by street car from Third and Market streets, the center of the city, the municipality is planning the construction of a city-owned system which will be in addition to the existing lines. And to care for great conventions and congresses the exposition management has set aside \$1,000,000 for the construction of an auditorium, at the new civic center, on a site costing \$700,000 and donated by the city.



FIGURE OF ARAB FALCONER

In the group "Nations of the East" which will crown the Arch of the Rising Sun in the Court of Sun and Stars at the Panama-Pacific International Exposition, San Francisco, 1915.

And California will be fully prepared to entertain the world upon the opening of the exposition, February 20, 1915. The exposition is already assuming form and from the Golden Gate in 1915 the visitor who comes by steamer will behold the completed panorama,

the marvelous Oriental city, upon the floors of the amphitheatre just inside the Golden Gate, with the walls of its exhibit palaces rising as high as the average six-story city block and with towering golden domes and minarets rising 150, 270 and 480 feet.

Safe Deposit

Non-Payment of Rent

REFERRING to a recent item in this department, the president of People's Savings Bank of Cedar Rapids, Iowa, writes:

"In your November issue you give on page 586 a remedy for non-payment of rent of safety-deposit boxes. The remedy is all right where the renter still has valuables in the safety-deposit box. Our trouble seems to be that a number of people will take their safety-deposit box into the coupon room, take out the contents (their rent is not due), and return the box into the vault. The custodian has no way

of knowing that the papers have been removed, which are in the pocket of the renter. We have some three safety-deposit box renters who are delinquent in their rent, but we hardly know how to proceed.

"We have been in our new location, or rather our new building, for a little over two years and we find that this is quite a common occurrence. We afterwards have to see if we cannot get the key. In some cases we succeed, but in the cases just mentioned, we get no response. The last visit to their safety-deposit box was long before the rent was due. We, therefore, suspect that they have removed the contents

No. <u>185</u>	THE PEOPLES SAVINGS BANK	
	CEDAR RAPIDS, IOWA. <u>June 30, 1913</u>	
RECEIVED OF <u>William Perkins</u>		
<u>Ten</u> ^{no} ₁₀₀	DOLLARS	
FOR RENT OF SAFE NO. <u>185</u>	IN THE VAULT OF THIS BANK	
FROM <u>June 30, 1913</u>	TO <u>June 30th 1914</u>	
<small>Accepted Subject to the Rules and Conditions which are printed on the back of this Receipt, and which are a part of this Contract.</small>		
	THE PEOPLES SAVINGS BANK	
	BY <u>WMS</u>	
<u>\$10⁰⁰</u> ₁₀₀		

RULES AND REGULATIONS.

REFERRED TO IN THE CONTRACT OR LEASE AND SUBJECT TO WHICH THE WITHIN DESCRIBED SAFE IS RENTED.

1. Satisfactory reference must be given upon application for a safe.
2. Whenever a party rents a safe and deposits therein at pleasure, contents not being known to the Bank, it's liability is limited to the exercise of ordinary diligence to prevent the opening of said safe by any person other than the renter or his or her duly authorized representative, or in case of death, a legal representative.
3. No person, other than the renter or approved deputy, named in writing on the books of the Bank, or, in case of death or other disability, his or her legal representative shall have access to the safe, except as hereinafter expressly stipulated.
4. Neither the renter nor proper representative will be permitted to enter the vault except in presence of vault clerk or custodian, and during office hours.
5. Renters will not examine their boxes or papers in the vault, but will use desk provided for that purpose.
6. The Bank will retain no keys that open any rented safe, and its contents will remain at all times unknown to the Bank. On surrender of safe, the keys to said safe must be returned promptly to vault clerk or custodian.
7. In case of loss of key or keys, the locks will be changed at the expense of the renter, including a new lock, and all such expense must be paid at once by the renter.
8. All rents are payable in advance, and a lien upon the contents is hereby given for all unpaid rent or other charges herein mentioned. In case the lease of a safe is not renewed, and the rent for the renewal duly paid in advance, the Bank is authorized, after giving 10 days' notice of its intention so to do, by mailing such notice to the renter at the address given in the books of the Bank, to forcibly open said safe at the expense of the renter, to remove the contents therefrom, and to hold and retain the same, on special deposit, subject to the payment of all unpaid rent, and all expenses and charges incurred in opening safe and changing locks and keys. Notices mailed as specified above shall be deemed sufficient notice to the renter.
9. This Bank reserves the right to terminate a rental at any time, by returning the unexpired rent, on a written notice to the renter, or his or her representative, and the renter will thereupon withdraw his or her papers and surrender the keys.
10. That this safety deposit box or safe is rented with the positive understanding that no money be carried in said box or safe. No employee is allowed lock or unlock safes for renters.

REVERSE OF RENTAL RECEIPT

and have moved from the address given us, we being unable to trace them.

"I am enclosing one of our old forms of receipt which we use and while I

don't know that the law would support it in all that we say there, yet it is a contract which the renter has agreed to abide by.

"We have a very magnificent safety-

Renter

William Perkins

No. *185*

CEDAR RAPIDS, IOWA.

SIGNATURE AND RECEIPT OF RENTER.

Received of The Peoples Savings Bank its receipt No. *3562* for rent of box No. *185* in its Safety Deposit Vault, which I accept subject to the conditions printed on the several receipts which may from time to time be given *him* by the custodian of said Vault, to which rules and conditions. *I* hereby assent and agree. *I* hereby acknowledge to have received two keys to said safe, the numbers on said keys being the same.

I hereby release all interest in box No. *185*

William Perkins

FORM OF SIGNATURE AND RECEIPT OF RENTER

deposit vault, one of the very best in the State, and we are continually getting strangers, coming in to rent a box for only a short time.

"We found in 1907 a great many people putting money into the boxes, and in all such instances I immediately cancelled the lease as we have a per-

fect right to do, according to our contract or the contract to which they agree.

"We should like to hear from you regarding this matter of how to protect ourselves, or how some other banks do, for which kindly accept my thanks in advance."

APPOINTMENT OF DEPUTY

I hereby designate *James Brown* as my deputy to have access to and control of any safe or box now or hereafter rented by me in the vault of The Peoples Savings Bank of Cedar Rapids, Iowa, until this authority is revoked by me in writing to the Bank.

Dated this *18th* day of *December* 19*13*

William Perkins

"Renter"

DEPUTY'S SIGNATURE

James Brown

FORM OF APPOINTMENT OF DEPUTY

Banking Publicity

Conducted by

T. D. MACGREGOR

Sticking To It

The Importance of Sustained Effort in Bank Advertising.

BY HARVEY A. BLODGETT, ST. PAUL, MINN.

DO you as a banker commend any trait in a would-be borrower more than an ability to *sustain his effort*?

If he is inclined to hop from one business plan to another without giving any a consistent trial, you are not keen for extending him a line, are you?

Applying sustained effort to any business plan makes the difference between success and failure.

This is especially true of advertising, which without sustained effort is almost foredoomed to failure. It is money thrown away.

Every banker ought to realize this and he ought to know just why it is so.

Knowing why will not only save him a great deal of expense, but will make him a great deal of profit.

Some minds respond quickly to convincing argument, some are gradually, but none the less certainly convinced, and some must have the truth literally hammered into them.

But because the last mentioned has been a trifle obtuse is no sign that he will be an unprofitable depositor. It portends that he will be likely to stick to you through thick and thin when you do get him.

Now let us say that you have been carrying on some kind of an educational campaign for a year, that it has been eminently successful, that it has cost you a considerable sum of money, and that your directors, though pleased with the result, think you had better

stop advertising a while and take it up "later on."

You want to know what you really ought to do about it.



THE "ALMOST PERSUADED."

IN the new faces at your counter you have the best kind of proof that your advertising has "worked." Those are the people who saw the force of your arguments quickly.

What about those who are *almost* convinced? Going to let the impressions that you have been building steadily in their minds, growing more like "doing something" every time you approach them—going to let them lapse into indifference and fall back to the



THE SUGGESTION CONTAINED IN THE ABOVE PATRIOTIC MOTTO IS A GOOD ONE. IT IS OUTLINED IN ELECTRIC LIGHT ATOP OF THE NEW AMERICAN TRUST AND SAVINGS BANK BUILDING, BIRMINGHAM, ALABAMA.

Educational Series on Value of Service Rendered by Savings Banks

The Conservative Policy

OF THIS INSTITUTION is merely another indication of its strength.

In making this bank your choice, you are selecting a bank whose officers and directors believe only in the policy of strict adherence to the sound principles of legitimate banking.

Deposit your money at 3 per cent, compounded semi-annually, and earn an amount with one dollar or more.

BANK OF COMMERCE & TRUST COMPANY

Capital and Surplus: Two Million Dollars

—In his own words: With his first babe's first cry, the noble wish To save all earnings to the uttermost And give his child a better bringing up. —TEENYSON, "Enoch Arden."

SMALL SAVINGS

Half-an-acre are able to be had or stolen.

Spent for pleasure, they are gone and can never multiply.

Properly invested, they become the foundation of many a fortune.

If you will or voluntarily deposit a portion of your earnings, it will not give you less rapidly your bank account will grow.

We welcome small as well as large accounts.

Try to make the pleasure of counting you among our thousands of other savings customers!

Central-State Bank & Trust Co. Central-State National Bank

COMBINED RESOURCES OVER SEVEN MILLION DOLLARS

These Banks are examined periodically and simultaneously by National Bank Examiners

Is Your Money

Making money for you? Have you ever thought about having some money

At Work for You

If not, it is time you do so, if you regard your future comfort or the well-being of those dependent upon you. Now is the time to join the twenty thousand who are depositing their savings with this strong bank.

FOETY-FOUR years of continued success, and a CAPITAL AND SURPLUS OF \$1,500,000.00

Stands as a guarantee for your money

Union & Planters Bank & Trust Co. MEMPHIS, TENN.

Go to the ant, thou sluggard, consider her ways, and be wise; which having no guide, overseer or ruler, provideth her meat in the summer, and gathereth her food in the harvest. —THE BIBLE.

National City Bank of Memphis

DEPOSITS

1,065,106.55

The Savings Department of the National City Bank is open from 6 to 8 p. m. on Saturdays.

YOUR ACCOUNT INVITED

Designated Depository of the United States Only National Bank in the City Having a Savings Department

J. M. CHASE, President; W. M. WITHERS, Vice-President; W. R. CRON, Cashier

Liberal to Its Customers

Yet conservative in its management, the Citizens Bank & Trust Co. 82 Madison Avenue

Invites your account, either Commercial or Savings.

On Savings Accounts we pay three per cent interest, compounded quarterly.

On Time Certificates we pay four per cent.

Open Saturdays 6 to 8 P. M.

If there are nice things you want to buy, and they are necessary, buy them, but do not squander your money. —JOHN D. ROCKEFELLER.

THESE INTERESTING ARTICLES ARE PREPARED BY THE AMERICAN BANKERS ASSOCIATION AND WILL APPEAR IN CONSECUTIVE NUMBERS IN THE COMMERCIAL APPEAL.

KEEPING UP APPEARANCES

Saving goes before security. Happiness and good standing. It makes MEN, while an extravagance makes men of worthless numbers of money. —BISMARCK.

It has been said that the biggest item in the American scheme of things, living goes into the game of keeping up appearances.

Don't try to keep up with Laine and New York society, waste a good bank account. Keeping Up With Laine, a book of strong but subtle enlightenment of American extravagance.

The author says the nation of our extravagance makes any problem of the time, says the author: "We are all trying to keep up with Laine and it is far too hot a pace for us to follow. How many are falling by the wayside?"

This is the kind of thing that keeps people poor. For the sake of "keeping a good figure" it is wiser not to spend out of the bank. The author offers real and independent advice for the sake of a little present satisfaction.

Don't try to keep up with Laine. You can't do it because there will always be somebody just a little ahead of you in the race of extravagance.

Let it all go and save money today for the time when you will need it a good deal more than you do now.

Try to make your neighbors who have more money to spend than you have to tell a sensible story. It requires courage on the part of members of a family to say: "We can't afford it." But there is no other reliable fund for a more thoughtful investment than that of time without loss for the future.

There are many things that are bought through the store when we think they are necessary and if you want to succeed young men or young women, housewives and housewifery, not extravagance. The quality of money, energy and thought are more necessary than ever today, and they can be acquired or purchased without time.

THE GERMAN-AMERICAN SAVINGS BANK AND TRUST CO. (SEE MEMPHIS YEAR-BRANDING RECORD)

From the group you immediately find out of their rate these Savings Banks.

Interest you deposit here three per cent. Withdraw the deposits and bringing you in every way possible to increase your deposits here three per cent.

OFFICERS: V. A. COHEN, President; HENRY STREIBER, Vice-President; J. OPPENHEIMER, Cashier

THE GERMAN-AMERICAN SAVINGS BANK AND TRUST CO.

110 Madison Avenue

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PROMPT SERVICE advertisement with image of a building and text describing services.

THE MERCANTILE BANK OF MEMPHIS advertisement with 3% PAID ON SAVINGS COMPOUNDED QUARTERLY.

North Memphis Savings Bank advertisement with details on deposits and interest.

A small bank account pays a large dividend monthly, in addition to its steady financial return.—J. PIERCE POST MORGAN.

MOVIES WILL SHOW METHODS OF RANCH advertisement with text and small images.

How Anyone Can Barish Hair or Fuzz advertisement with text and small images.

A DOLLAR--WHAT IS IT? advertisement with text and small images.

A. B. KAISER advertisement for jewelry with text and small images.

WANTED--50 SALESPeOPLE advertisement with text and small images.

A SUGGESTION TO BANKS AND NEWSPAPERS IN OTHER CITIES: GET THE WEEKLY "TALKS ON THRIFT" OF THE SAVINGS BANK SECTION OF THE AMERICAN BANKERS ASSOCIATION, AND GO AND DO LIKEWISE

point where you must begin all over again? Or perhaps let up on them and permit your competitor, who has had an eye on you and tried to imitate you, apply the finishing touches to your argument and reap a nice harvest of business, the seed of which you planted and

cultivated almost up to the harvesting point?



DON'T WASTE YOUR EFFORTS.

THAT is just what many banks are doing to-day. Talk about the sagacity of bankers on business matters. I've seen many of them deliberately throw away advantages they had *bought and paid for*, just because they or their directors, or the president, didn't realize the necessity of sustained effort in their advertising:

Know this: It will cost you much less to keep on with your advertising, provided, of course, that it is properly planned, than to stop for a while and then get back to the point where you left off.

Why advertise at all if not with sustained effort? If it pays to advertise a year in an original fashion it will pay better to advertise for two and still better to advertise for three.

Results of one year's systematic advertising are two-fold—the business it has created and the business it has almost created.

Advertising consistently for three years secures more than three times the results it will bring in any one year.

Don't expect a man whom you told last January about your safe deposit service to remember it until now.

If you presented the subject to him last January and a competitor jogs his memory now when he needs a box, who is going to get the business?

Depend upon it, too, he isn't going to have a safe deposit box with the other bank and keep his account with you.



CUMULATIVE RESULTS.

WHEN you buy advertising you are buying cumulative results. You *know* that. When you stop advertising you lose a large share of benefits which have cost you money.

It takes less power to keep a train going than to get it going.

When under headway, shut off steam and it will keep on a little while, then stop.

Just so with advertising. *Sustained effort* is the only effort worth while.

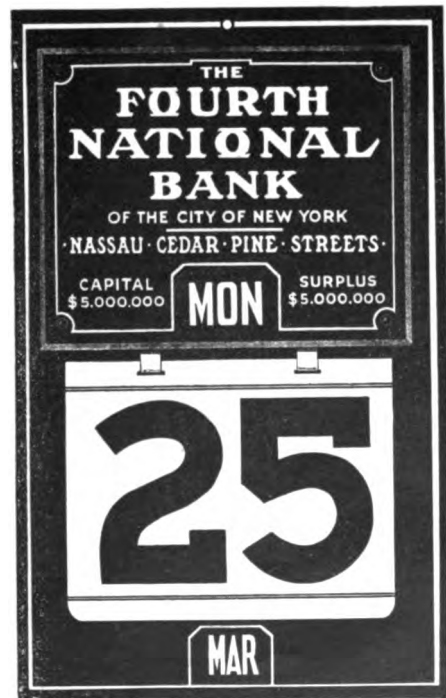


Uncle Sam Advertises

Why Should Not All Banks Do as the Postal Bank Does?

WIDE publicity and personal solicitation are urged upon postmasters throughout the country in advancing the fortunes of the postal savings system. In a letter to postmasters, a department officer assured each that with every new depositor added "you have contributed to the general happiness and thrift of your community.

"A serious drawback was a lack of persistent and systematic publicity,"



AN ATTRACTIVE AND UNUSUAL CALENDAR

OUR NAME

WHAT IT MEANT IN 1630



ITS ORIGIN

WHAT IT MEANS IN 1914

Boston was settled Sept. 7, 1630, by dissenters from the Church of England.

Its first European name was Tri-Mountain, which received its derivation from the three hills,—Copp's Hill at the North; one at the East, now Fort Hill; the other at the West, now Beacon Hill—as seen from Charlestown.

It was named Boston in honor of the birthplace of Rev. John Cotton, their second minister, who was expected at that time from Boston, England.

The Indians called it Shawmut, which means, as it has been supposed, "Living Fountains." This name was given it on account of the springs which abounded here and which were used by the Indians in seasons of drought. Many of these springs exist to-day and our building lies directly over the course of perhaps one of the most important of them, whose source is but a short distance away, in Spring Lane. One of these springs is seen on the Common, called Frog Pond

Shawmut being the first name of Boston, the first city in New England, and as the National Shawmut is the first in size of any bank in New England, our name is obviously significant.

Let our Indian Head trade-mark, which is reproduced on our 1914 calendar, serve as a reminder to you that we are at your service.

THE ORIGIN OF THE NAME SHAWMUT

This interesting description of the origin of the name of the National Shawmut Bank of Boston was attached to the Bank's annual calendar, which bears a large reproduction of the head of the Indian.

the letter continues, "it is surprising how little the public knows generally about the operations of the service.

"I have no doubt but that you will cheerfully enter upon a campaign to extend the savings service. But I want

to impress upon you the important consideration that in so doing you will not only gratify your superior officers, but will contribute in a large degree to the enduring welfare of your community. The value of the postal savings system cannot be measured in dollars and cents—they are only evidence of its value. It is a quiet, but effective force in encouraging thrift and economy. It stands for comfortable homes and empty almshouses. It makes for good citizenship and a wholesome regard for the Government of which every depositor feels he is a part."



A Bank's Trademark

The Very Appropriate Emblem Chosen by a North Dakota Bank.

WE believe very strongly in every bank's having a trade-mark emblem—something to help identify the institution and create a good will for it. Therefore, we are always glad to reproduce good emblems in this department, especially when there is an interesting story in connection with them as in the case of the emblem of the Scandinavian American Bank of Grand Forks, N. D., which is reproduced herewith.

The Grand Forks "Daily Herald" gives this account of the ox cart emblem:



REMINISCENT OF EARLY DAYS

Strongest
Bank in
Northwestern
Ohio

**Tonight
Our New
Building**

will be open again for your inspection.
Visit yourself of this opportunity to see our modern vault with its 14 ton doors and our complete banking equipment.
Savings Department open for business as usual.

NEW INTEREST PERIOD STARTS TODAY.

One dollar or more will open a savings account.
Grow up with the **SECOND NATIONAL.**

WE HAVE A BOOK FOR YOU. COME IN.
SECOND NATIONAL BANK
Open Saturday Evening, 6 to 8.

THIS AD. GIVES A QUICK MESSAGE

One of the most picturesque features of the early history of the Red River Valley, the Red River ox cart, is to be preserved permanently by reason of a new trade mark just prepared and registered by the Scandinavian American Bank of this city, as shown by the accompanying cut.

Every real "old-timer," whose memory goes back to the days of the "Cat Fish Men," whose motto was "Cat fish or no breakfast," likes to tell of the now famous Red River ox cart. Great trains of the crude, noisy, two-wheeled carts drawn by oxen or even cows, traversed the valley in the early days, making Grand Forks one of their principal stations. These ox cart trains were the sole means of transportation between St. Paul and Fort Garry, now Winnipeg. They were the great vehicle of the Hudson Bay Company days and continued to do a large business until the advent of the steamboat and the railroads.

In using the ox cart as the feature of its new trade mark, the Scandinavian American Bank has adapted one of the peculiar features of the early settlement of the State of North Dakota for up-to-date bank needs. One of the most noted trade marks of

Your Business Success

The Wisconsin National Bank believes in "constructive banking" and does not merely make good loans, but to lend money in such a manner as to help its depositors to the best advantage.

This bank gives a safe, conservative service in handling all transactions involving money. Moreover, we can help our customers in many things not involved in the actual banking service, but having to do with their business success.

THE WISCONSIN NATIONAL BANK
OF MILWAUKEE

Their Day of Small Things.

In looking over the small business of our country, we find that the small bank has had to be made to be more efficient and to be more conservative in its operations. It is the small bank that is the backbone of the country, and it is the small bank that is the backbone of the community. It is the small bank that is the backbone of the nation.

From a Woman's Viewpoint

A woman wants to know that her bank cannot possibly do anything more than safety for her funds and a convenient way of transferring them.

She wants, in addition, to check the help and advice of her bank. She wants to know that her business and business are appreciated, that money for business and other country rates, she wants to be able to get her bank along (reads as a helpful letter) to her financial affairs.

The Home Savings Bank makes its service attractive to women, and serves their needs.

THE HOME SAVINGS BANK
INCORPORATED IN ILLINOIS
ESTABLISHED 1886
CHICAGO, ILL.

Thrift on the Farm

The Colfax State Bank is a bank that is built for the farmer. It is a bank that is built for the farmer's needs. It is a bank that is built for the farmer's success. It is a bank that is built for the farmer's future.

Colfax State Bank
Capital \$50,000

Offices:
J. B. McLaughlin, Pres.
W. F. Bagnall, Cash.
First Nat. Bldg. Bldg.

Four per cent on savings accounts.

BANK OF COMMERCE
Reserves Half a Million Dollars
Head in the Possibility

Better Security for Your Papers

As a fireproof, a desk or bureau drawer or an iron safe may have your papers on, and your securities, but they offer scant protection against destruction or theft.

Your papers demand the quality of absolute protection which you can secure in our fireproof, burglar-proof safe.

UNION TRUST & SAVINGS BANK
THE UNION TRUST & SAVINGS BANK
BANKING
BROOKING, MASS.
CAPITAL \$500,000

Not a Penny Lost in 50 Years

The National Banking System one fifty years old this year. In all that time no National Bank in America has ever lost a cent on deposits.

To make what changes may be effected by the new currency legislation, the United States Government will continue to require and use the National Bank notes efficiently. The one deposited upon it that the Government will issue the National Bank will soon be able to deposit.

Capital National Bank
A Commercial Bank
700 I STREET

The Optimism of Saving

An interesting thing about saving is that it is a habit that can be formed at any time. It is a habit that can be formed at any time. It is a habit that can be formed at any time. It is a habit that can be formed at any time.

The State Savings Bank
Lansing, Michigan
Capital and Surplus \$1,200,000
United States Depository for Federal Savings Funds
Trustees for the State of Michigan

A Liberal Policy

This bank desires to extend valuable service to every depositor, providing for his needs and in accordance with the spirit of the times.

The First National Bank does not wish the impression to prevail that it does not take an interest in the affairs of customers of distant places. On the contrary, it is pleased to have such extensive connections with it, in order that the bank may be a factor as much as possible in their development.

THE FIRST NATIONAL BANK
SIoux CITY, IOWA.
CAPITAL \$1,000,000
FIFTH & STREETS

The Soil, Plus the Bank

The soil and the bank are the basis of success in the community. The soil is the means of bringing the world's money to us, and the bank offers the best way of taking care of that money and making it do the most good.

It pays the farmer to have a good understanding with his banker. There is no man in the community who is more successful to have him succeed, and no one who can and will more substantially on the off-sets.

The business of farmers is highly prized at the FIRST NATIONAL BANK.

FIRST NATIONAL BANK
OF NORTH YAKIMA
United States Depository

You and Compound Interest

Working money for you is the best way to get it. Working money for you is the best way to get it. Working money for you is the best way to get it.

Capital Trust Company
Capital and Surplus \$500,000
Capital Bank Building
Pitt and Bakers Sts.
ST. PAUL.

MAKING MONEY

The man who is making money is pretty busy and has little time for reading. He wants to know the paper he reads all the financial reports contained in the leading business and finance publications. He wants to know the latest information of a dependable source broken down in trusted statements and the result is published in the form of a Monthly Report on Trade.

These brief reports contain much valuable information for the busy business man. We would like to see you and will place your name on the list to receive the report each month at no charge.

Iowa National Bank,
DES MOINES, IOWA
DES MOINES SAVINGS BANK

Save With the Bank's Help and Save More

If you try to save and accumulate cash outside of a bank you face chances of losing your money, you do not have the aid of compound interest, and the temptation to spend is always present.

Put your savings in the First National Bank and the other things you will have more money in a year than if you take the haphazard way of building your resources in a building bank.

The First National Bank
of Duluth

A BUNCH OF GOOD ONES

similar character is that of the Fort Dearborn National Bank of Chicago, which uses the old Fort Dearborn blockhouse in its trade mark. As it was peculiar to the early history of Chicago, so the ox cart is peculiar to the early history of North Dakota and particularly Grand Forks.

A peculiar fact was discovered in working up this new bank trade mark and illustrate how easily it is for the early history of a country to become lost. The greatest difficulty was encountered in securing a picture of the early ox cart. No photographs could be found and although many old-timers remembered just how they looked and "could make one if necessary," none could draw one. A small print that was quite accurate was found by Prof. O. G. Libby of the University and Secretary of the State Historical Society in a book published by C. H. Lee of the Wauhalla Mountaineer entitled "In the Land of the Ojibways."

The ideas of the bank officers were developed and worked into a design by Gordon McDougall of Grand Forks, who has done considerable designing and book plate work. His development of the idea has been warmly complimented by those who saw the early drawings of the trade mark.



How Banks Are Advertising

Note and Comment on Current
Financial Publicity

SHORTLY after the close of the baseball season last fall, an enterprising newspaper reporter interviewed several members of the champion Athletics as to what they were going to do with the \$3,280 which was their share of the prize money.

Practically everyone of them said that the money was to be laid aside in the bank awaiting a permanent investment.

A number of banks, including the Farmers Deposit Savings Bank of Pittsburgh, made good use of this interview by reproducing part of it in a newspaper advertisement of the savings department. Thus the ad. got a lot of attention that it would not have had otherwise.

Many banks are using a booklet to explain the complicated new Income



A
Big
Bank

But
Not Too Big
to Serve You

Income Tax Information

¶ Those desiring information concerning the provisions of the new Income Tax Law are invited to confer with our officers on the subject.

¶ As the law is already in effect, it is most important that any one coming under it, either as taxpayer or collector of income, be informed as to its provisions and workings.


The
Old National
Bank
of Spokane
RESOURCES : \$10,000,000



REAL SERVICE

Tax law. We reproduce an advertisement of the Old National Bank of Spokane in which that bank offers to give information on this abstruse sub-

ject. The Lawyers Title Insurance and Trust Company and the First National Bank of Brooklyn were among the New York institutions which used a chart of the Income Tax, prepared by Benjamin M. Kaye of the New York bar.



**TALKS ON
FINANCE**

8. CAPITAL

The Capital Stock of a National Bank represents the amount of cash invested in the Bank by the stockholders. It must be paid in actual cash, and it serves as a protection to Depositors.

The National Bank Act provides that a Bank doing business in a city the size of Berkeley shall have a capital stock of not less than \$100,000.

The Capital Stock of this Bank is \$300,000.

**FIRST NATIONAL
BANK OF BERKELEY**

PART OF A LONG SERIES

The American National Bank of Richmond, Va., sometimes uses a shield-shaped sticker to attach to letters. It carries the name of the bank, a large "8%" and the twin watchwords, "Security" and "Service."

It is not a new stunt to have a mortise made in a cut of your building and run copy in it, but the Second National Bank of Toledo, O., does it with unusual effectiveness and appropriateness in the illustration reproduced on page 75.

Eighty-six thousand savings depositors is something worth crowing about, and the Security Trust and Savings Bank of Los Angeles does it in a newspaper advertisement this way:

86000

individuals are depositors with the oldest and largest savings bank in Southern California.

A veritable army of savers!

This pre-eminence in patronage among savings banks of the United States, is the natural outgrowth of twenty-five years' courteous and efficient service, coupled with absolute security.

"The Logic of Exchange" is an interesting article reprinted in folder form for distribution by the Drovers National Bank of Chicago. It tells just the things about exchange and credit that the average individual does not, but ought to, know.

During the past year the First National Bank of Berkeley, Cal., and its affiliated institution, the Berkeley Bank of Savings and Trust Company, ran a series of "Talks on Finance" and

"Talks on Savings" in the Berkeley daily newspapers. There were fifty-two "Talks" on each subject, those of the national bank appearing on Mondays and Wednesdays, and those of the savings bank appearing on Tuesdays and Thursdays. Specimens of these advertisements are reproduced here for the benefit of banks in other communities that may wish to avail themselves of the offer made by these banks, to use any detail regarding this successful series. The advertising of these banks is prepared under the direction of the cashier, Frank C. Mortimer, who takes considerable pride in this part of the bank's publicity. The combined resources of these twin banks now exceed eight million dollars.

Mr. E. L. Bickford, cashier of the First National Bank, Napa, Cal., sends us samples of form letters, one meant to accompany a good statement of the bank, and the other, in Mr. Bickford's own words, "to cover a somewhat peculiar situation, by which we expect to have a 'raid' made on our business, by house-to-house canvassers, who expect to inaugurate a savings department campaign soon for one of our competitor banks. This letter, therefore, was a matter of 'building up our fences.'" The text of the last mentioned letter follows:

To our depositors holding interest-bearing books:

The past unspotted record and unblemished reputation of national banks in California, together with our own conservative standing in this community, have brought The First National a large amount of interest-bearing deposits for safe-keeping.


It is a fact that since the National Banking Laws were enacted in 1864, no depositor in a national bank in Northern California has ever lost a penny!

It is our desire to always give our depositors a "square deal," and to take care of their business in every way possible.

In the event, therefore, that any representations are made to you at any time by solicitors or others concerning your account with The First National,—that greater security or service might be rendered you by any other bank, or any question

whatever is raised, we wish you would come here for authentic information.

If you want to make any changes whatever in your account, or to make any investments from time to time, we want you



TALKS ON SAVINGS

29. PROFITS FOR THRIFTY PEOPLE

Today is Dividend Day at this Bank.

For the term ending June 30, 1913, a dividend has been declared on savings deposits at the rate of four per cent per annum.

The amount this Bank is distributing among its savings depositors for the six months' period is \$68,267.37.

A total of \$130,653.16 interest on deposits has been paid to the thrifty people of Berkeley by this Bank during the past twelve months.

ASSOCIATED WITH THE FIRST NATIONAL BANK

BERKELEY BANK OF SAVINGS and TRUST COMPANY

AN EXAMPLE OF "SUSTAINED EFFORT" IN ADVERTISING

to talk it over with us first. Our time is always at your service, and any of our officers will always be glad to answer any questions, give you information, or help you, as one of our depositors, in any way possible. Very sincerely yours,



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 other changes.

F. R. Adams, Will Co. National Bank, Joliet, Ill.
 A. F. Bader, Pub. Mgr., City National Bank, Evansville, Ind.
 C. W. Bailey, cashier, First National Bank, Clarksville, Tenn.
 The Bankers Magazine, New York
 H. C. Berger, Marathon County Bank, Wausau, Wis.
 C. J. Bevan, cashier, Exchange Bank, Genoa, Ill.
 W. O. Boozer, treasurer, Barnett National Bank, Jacksonville, Fla.
 Jesse E. Brannen, cashier, First National Bank, Westwood, N. J.
 E. M. Baugher, president, The Home Building Association Co., Newark, Ohio.
 C. W. Beerbower, National Exchange Bank, Roanoke, Va.
 H. C. Boliman, assistant cashier, First National Bank, Collinsville, Okla.
 T. J. Brooks, cashier, The Guaranty Trust & Savings Bank, Jacksonville, Fla.
 J. A. Buchanan, Guaranty Trust Co., Lancaster, Pa.
 A. Bush, Jr., Ladd & Bush, bankers, Salem, Oregon.
 Commercial Bank, Midway, Kentucky.
 B. S. Cooban, Chicago City Bank and Trust Co., Chicago, Ill.
 Commercial Trust & Savings Bank, Prescott, Ariz.
 H. Reed Copp, Asst. Adv. Mgr., Old Colony Trust Co., Boston, Mass.
 Arthur S. Cory, Chehalls National Bank, Chehalls, Wash.
 H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.
 Dexter Horton National Bank, Seattle, Wash.
 J. T. Donnellan, publicity manager, Security Trust & Savings Bank, Los Angeles, Cal.
 T. R. Durham, assistant cashier, Chattanooga Savings Bank, Chattanooga, Tenn.
 W. R. Dysart, assistant cashier, First National Bank, Ripon, Wis.
 J. C. Eherspracher, assistant cashier, First National Bank, Shelbyville, Ill.
 A. A. Eklrch, secretary, North Side Savings Bank, New York City.
 F. W. Ellsworth, Publicity Manager, Guaranty Trust Co., New York.
 The Franklin Society, 38 Park Row, N. Y.
 E. W. Finch, assistant cashier, Birmingham Trust & Savings Co., Birmingham, Ala.
 First National Bank, Lead, S. D.
 Horatio Ford, secretary, Garfield Savings Bank Co., Cleveland, Ohio.
 Jas. P. Gardner, Montclair, N. J.
 Germantown Ave. Bank, Philadelphia, Pa.
 C. L. Glenn, advertising manager, Wachovia Bank & Trust Co., Winston-Salem, N. C.
 B. P. Gooden, adv. mgr., New Netherland Bank, New York.
 C. F. Hamsher, First National Bank, Los Gatos, Cal.
 Mayor F. Hann, Mgr. Publicity Dept., The Avenue Bank, New York City.

J. W. Hansen, cashier, Citizens State Bank, Sheboygan, Wis.
 E. A. Hutton, cashier, First National Bank, Del Rio, Texas.
 F. W. Hausmann, assistant cashier, North West State Bank, Chicago, Ill.
 John R. Hill, Barnett National Bank, Jacksonville, Fla.
 J. G. Hoagland, Continental and Commercial Trust and Savings Bank, Chicago.
 N. M. Hokanson, State Bank of Chicago, Chicago, Ill.
 Frank K. Houston, assistant cashier, Third National Bank, St. Louis, Mo.
 W. L. Jenkins, Farmers & Mechanics Trust Co., West Chester, Pa.
 N. W. Johnston, President, Illinois Trust & Savings Bank, Champaign, Ill.
 W. P. Jones, assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.
 W. R. Kay, Jr., advertising manager, Sacramento Bank, Sacramento, Cal.
 C. B. Keller, Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.
 Geo. D. Kelley, Jr., treasurer, Newark Trust & Safe Deposit Company, Newark, Del.
 Edward W. Klein, advertising manager, Cleveland Trust Co., Cleveland, Ohio.
 W. J. Kommers, cashier, Union Trust & Savings Bank, Spokane, Wash.
 Henry M. Lester, National City Bank, New Rochelle, N. Y.
 L. W. Lovell, assistant cashier, The Lovell State Bank, Monticello, Iowa.
 R. H. Mearns, The Bridgeport Trust Co., Bridgeport, Conn.
 H. Warner Martin, assistant cashier, Lowry National Bank, Atlanta, Ga.
 Charles S. Marvel, The First-Second National Bank, Akron, Ohio.
 H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago.
 Tom C. McCorvey, Jr., assistant cashier, City Bank & Trust Company, Mobile, Ala.
 J. C. McDonald, advertising manager, The City National Bank, Sulphur Springs, Texas.
 Frank Merrill, advertising manager, The Northwestern National Bank, Minneapolis, Minn.
 E. R. Mulcock, Commercial National Bank, Syracuse, N. Y.
 Nebraska State Bank, Ord, Neb.
 J. A. Overton, cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.
 R. B. Parrish, cashier, National Bank of Commerce, Williamson, W. Va.
 A. E. Potter, president, Broadway National Bank, Nashville, Tenn.
 W. W. Potts, treasurer, The Federal Title & Trust Co., Beaver Falls, Pa.
 Felix Robinson, advertising manager, First National Bank, Montgomery, Ala.
 C. W. Rowley, manager, Canadian Bank of Commerce, Winnipeg, Can.
 Wm. J. Ruff, cashier, Luzerne County National Bank, Wilkes-Barre, Pa.
 George J. Schaller, cashier, Citizens Bank, Storm Lake, Iowa.
 Almot Schlenker, assistant cashier, First National Bank, Brenham, Tex.
 Paul T. Schulze, assistant cashier, State Bank of La Crosse, La Crosse, Wis.
 E. P. Simpson, Jr., assistant cashier, First National Bank, Toccoa, Ga.
 J. G. Spangler, cashier, The Mesa City Bank, Mesa, Ariz.
 W. R. Stackhouse, City National Bank Bldg., Utica, N. Y.
 T. H. Stoner, cashier, The Peoples National Bank, Waynesboro, Pa.
 C. E. Taylor, Jr., president, Wilmington Savings & Trust Co., Wilmington, N. C.
 A. C. Tonsmeire, Cashier, City Bank & Trust Co., Mobile, Ala.
 Union Trust Co. of the D. C., Washington, D. C.
 Wersels Van Blarcom, assistant cashier, Second National Bank, Paterson, N. J.
 John W. Wadden, Lake County Bank, Madison, S. D.
 Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.
 E. L. Zoernig, Sedalia Trust Co., Sedalia, Mo.

NEW NAMES THIS MONTH

F. B. Bunch, cashier, Merchants & Farmers Bank, Stateville, N. C.

Merely a Matter of Money

Observations of PIERSON W. BANNING, in "The Teller," Los Angeles

WHEN a woman starts downtown to get a check cashed she worries for fear the bank will be short of money.

Consider the innocent babe in its crib; it toils not, neither does it spin, yet it groweth like the interest on a promissory note.

The size of a coin depends upon whether it is coming or going.

And many a man looks upon a dollar saved as a good time lost.

Money makes the man who makes the money.

The love of money is the easiest of all roots to cultivate.

A bar of iron is like a bad note when it is forged!

Many a man has collected the money on the supposition that he possessed good judgment, when, as a matter of fact, he merely made a good guess.

But it is the natural bent of some men to be broke.

Love of money is the root of much matrimony.

The dollar dad earns looks three times as big to him as it does to the son who blows it in.

Some men haven't any more caution, when they happen to get a little money, than to show it to the family.

Nothing pays a bigger dividend on a small investment than politeness.

Money is the root of all evil—and many a family tree springs therefrom.

There never was a man so poor that he wasn't willing to share his poverty with some woman.

How a man does enjoy spending money if he can't afford it!

An optimist will sell himself a gold brick, while a pessimist will not accept one free from a stranger.

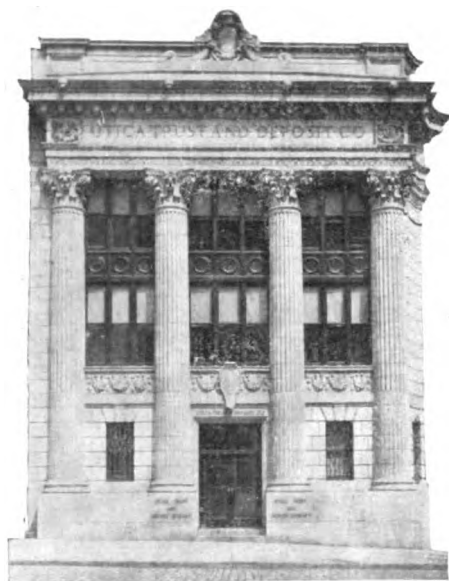


“IT is never just to invent mean motives for good acts. Every human being has some motive for a good action, if it be only the desire to secure the approval of his fellow citizens or the commendation of his own conscience.”

Modern Banking Institutions and Their Equipment

Utica Trust and Deposit Company, Utica, N. Y.

THE most important factor in successful bank or trust company management, next to reputation for conservative and capable administration, is the quality of service, including equipment and facilities offered to patrons. The trust companies have been foremost not only in



GENESEE STREET FRONT
UTICA TRUST AND DEPOSIT COMPANY

adopting the most modern methods to insure convenience and the quick despatch of routine business but also in erecting buildings which in the stateliness of their proportions and in the beauty of architectural design stimulate civic pride in the communities in which they are located.

The new home of the Utica Trust and Deposit Company of Utica, N. Y., is typical of this advance in modern bank and trust company building construction. It is an embodiment of the single purpose of the management to give its clients a service equal to that afforded by the great

metropolitan institutions. Its impressive exterior, its exquisite blending of materials and artistic design of interior finish, all warrant the statement that it is one of the most completely equipped and most modern buildings of its kind in this State.

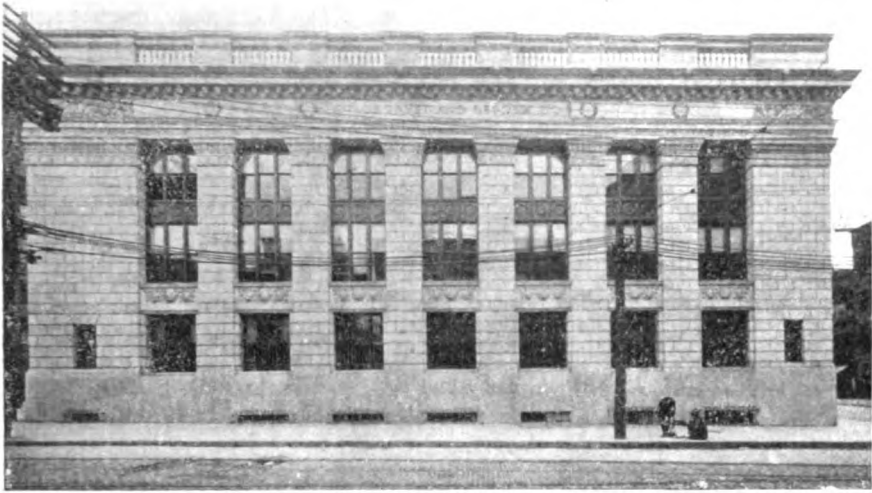
The cornerstone of the new Utica Trust and Deposit Building was laid by the late Vice-President of the United States, the Honorable James S. Sherman, who was president of the company from its organization October 9, 1899, and continued in that office until his death October 30, 1912. Although the distinguished citizen was not permitted to witness the completion of the building, he assisted in working out the plans.

A FINE EXAMPLE OF MODERN BANK CONSTRUCTION.

The new Utica Trust and Deposit Company Building presents an object lesson in modern bank building construction. First of all, in the arrangement of the interior, in the division of departments, accessibility of officers' desks and the modern equipment installed in the clerical sub-divisions, the convenience of patrons is the dominant purpose. Secondly, the welfare of the executive and clerical staff is carefully considered throughout. There is ample light and the best of hygienic and sanitary provision. Every practical, approved appliance to expedite business, to obtain the highest degree of safety and of accuracy has been adopted.

An important advantage is that the new building is located in the very center of Utica's business and financial activities. The architectural style of the building may be termed an adaptation of the classic Renaissance, for the reason that it embodies the dignified elements of the late Italian style—translated into the idiom of modern materials. It has a frontage of forty-four feet ten inches on Genesee street, 114 feet six inches on Lafayette street and twenty-one feet nine inches on Seneca street. On the left side of the public space is a short flight of marble steps leading down to the safe deposit department. Adjoining the reception room are numerous coupon booths and two large committee rooms.

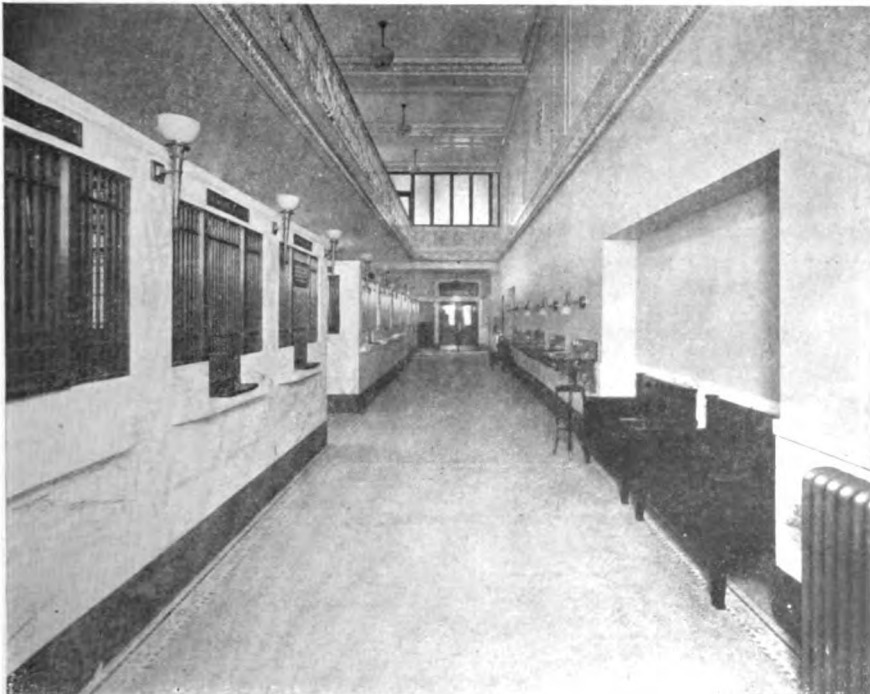
The safe deposit vault, which is separated from the reception room by a heavy bronze grille, is equipped with every modern



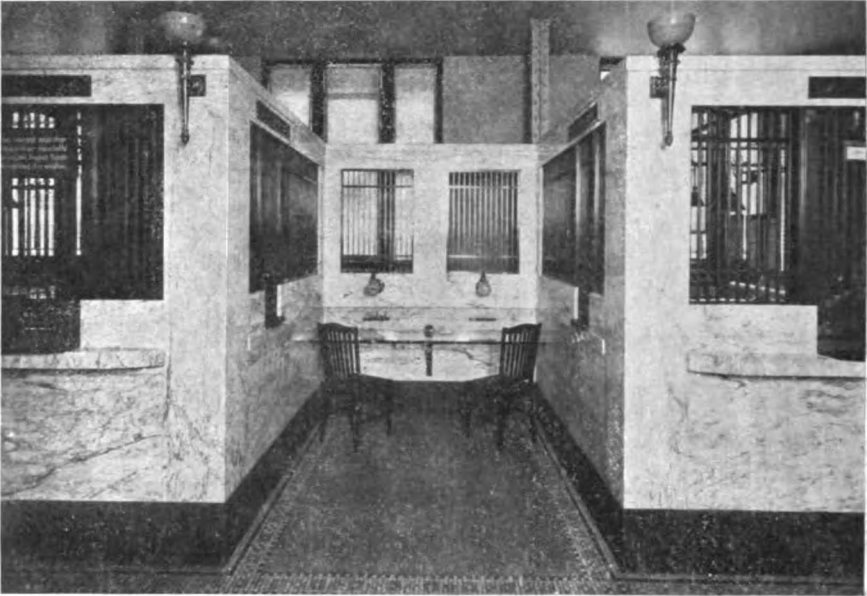
SIDE VIEW LAFAYETTE STREET

device to insure absolute protection. The walls are of alternating layers of drill-proof chrome and open-hearth steel set in

concrete. The massive round door, which is seventy-eight inches in diameter and weighs twelve tons, is fitted with the most



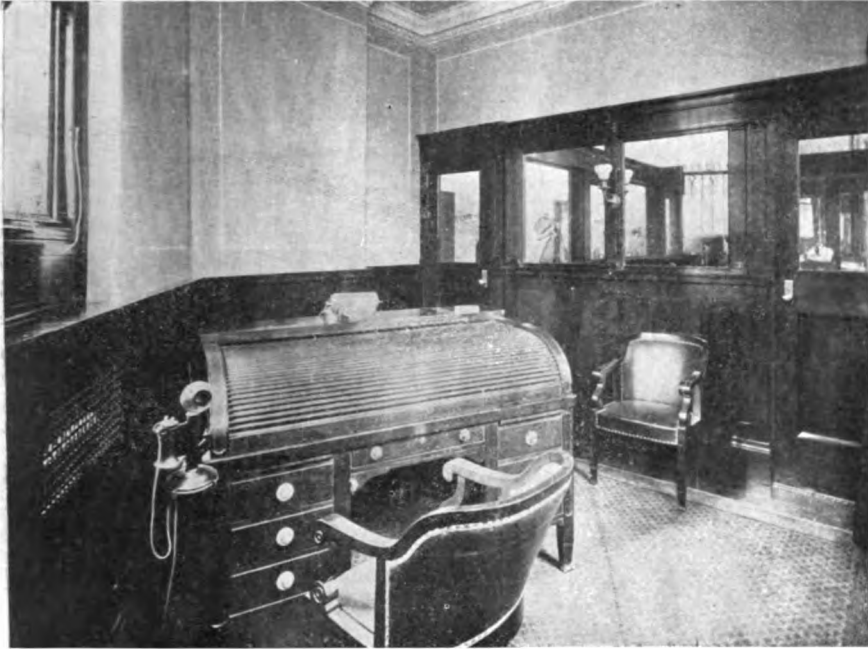
MAIN BANKING FLOOR LOOKING EAST
UTICA TRUST AND DEPOSIT COMPANY



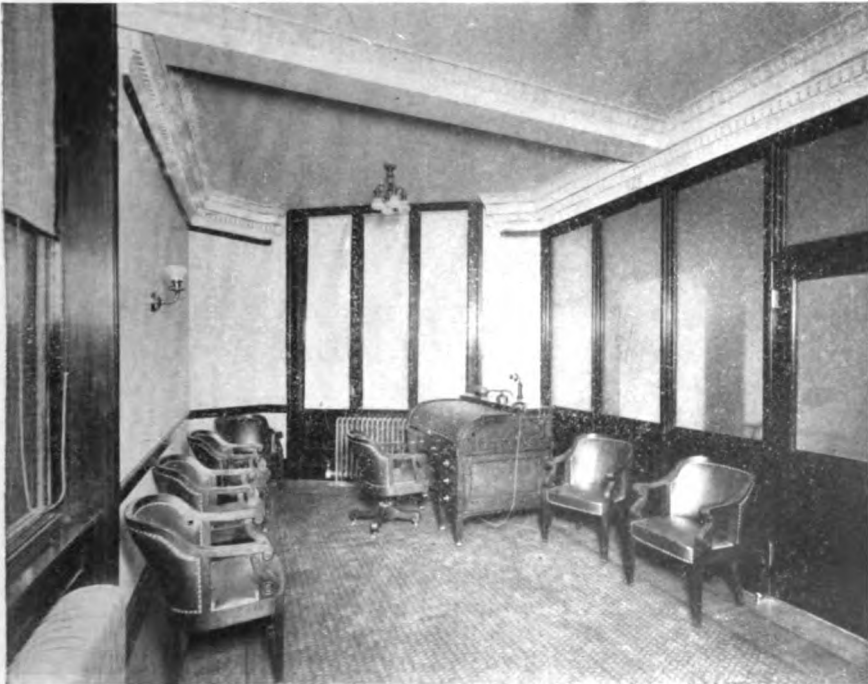
LADIES' ALCOVE—MAIN FLOOR



DIRECTORS' ROOM
UTICA TRUST AND DEPOSIT COMPANY



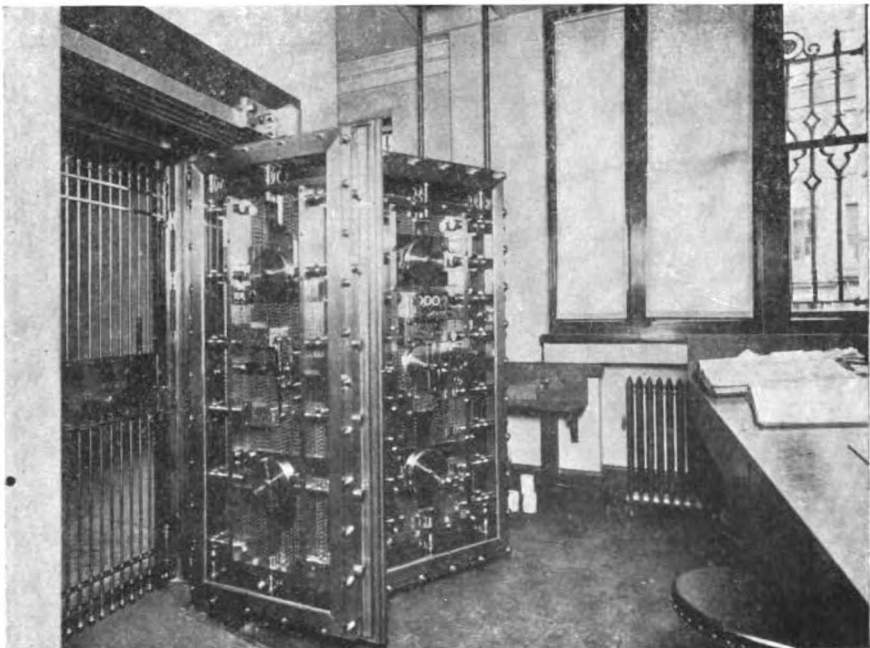
PRESIDENT'S OFFICE—MAIN FLOOR



PRESIDENT'S PRIVATE OFFICE—MEZZANINE FLOOR
UTICA TRUST AND DEPOSIT COMPANY



SECRETARY'S OFFICE



FUND VAULT—MAIN FLOOR
UTICA TRUST AND DEPOSIT COMPANY



ENTRANCE TO SAFE DEPOSIT VAULTS
UTICA TRUST AND DEPOSIT COMPANY

modern locking devices. The vault is equipped with nine hundred and eighteen safe deposit boxes of the latest construction. The total weight of the vault, including door, door frame, lining concrete and safe deposit boxes, is approximately fifty tons.

The banking floor is approximately 114 feet in length, and is devoted entirely to the trust, commercial banking and interest departments. On the right of the entrance are the rooms of the company's officers, and adjoining these the cages of the various tellers, bookkeepers and other clerks whose duties bring them in contact with the public.

The screen dividing the working space from the lobby is of Easton green and English veined Italian marble with statuary bronze grille and wickets. The walls are of large, sunk panels, finished in light green, with smaller panels in relief, tinted and old ivory. The paneled ceiling, which is twenty-four feet in the clear, has an ornamental cornice and the whole is finished in an old ivory.

At the northwest end of the room is the fund and security vault. The outer door is five and one-half inches in thickness and weighs five tons, and the inner door two and one-half inches thick and weighing three tons.

SPECIAL PROVISION FOR LADY PATRONS.

The trust company is fortunate in having among its depositors a great many ladies, and especial care has been taken to provide the most carefully arranged accommodations for their use. Just inside the entrance on the left side of the public space is a retiring room which is tastefully and completely furnished. A ladies' alcove with check desk and chairs is located in the center of the room. It has wickets so arranged that ladies may reach the paying and receiving tellers without being compelled to stand in the regular line in the general public space.

The mezzanine floor, which runs along the north and east sides of the building, contains the private office of the president



J. FRANCIS DAY

PRESIDENT UTICA TRUST AND DEPOSIT COMPANY



GRAHAM COVENTRY

SECRETARY UTICA TRUST AND DEPOSIT COMPANY

and ante room attached. Here also are located the bookkeepers of the interest accounts department with their assistants, mailing department, telephone switch-board operator, and various clerks and stenographers. The directors' room faces on Genesee street and is paneled to the ceiling in figured and matched mahogany. The balance of this floor is devoted to store-rooms, dining-room and kitchen, where light refreshments can be prepared for the employees during the busy season when it is necessary to work late. All floors are served by automatic electric elevators. The telautograph and inter-communicating telephone systems with which the building is equipped enable any officer or clerk to talk with every department without leaving his desk.

GROWTH OF THE COMPANY.

The Utica Trust and Deposit Company has enjoyed exceptional growth. When it opened for business in 1899 its resources were \$200,000, increasing by January 1, 1901, to \$1,807,365, by January 1, 1906, to \$3,383,936, by January 1, 1911, to \$7,114,852 and on July 1, 1913, its aggregate resources were \$8,998,191. Capital, surplus and profits amount to over \$950,000.

Because of increasing business the com-

pany soon vacated its original quarters at 80 Genesee street and moved in 1900 to the building formerly occupied by the Savings Bank of Utica on the corner of Genesee and Lafayette streets. This building was purchased in 1901 and in 1906 extensive alterations were made and several years later an adjoining building was purchased to afford additional accommodation. Upon the site of this building the new home was erected.

THE MANAGEMENT.

Following the death of James S. Sherman in 1912, Mr. J. Francis Day, who had been secretary of the company since its organization, and later vice-president, was elected president, as Mr. Sherman's successor. A notable feature of the directorate of the company is that all of the presidents of the national banks of Utica are on its board.

The officers of the company are: J. Francis Day, president; C. S. Symonds, vice-president; D. Clinton Murray, vice-president; George E. Dunham, vice-president; Graham Coventry, secretary, and Charles J. Lamb, assistant treasurer. The directors are: Thomas F. Baker, George L. Bradford, J. Francis Day, George De Forest, William S. Doolittle, George E. Dunham, Frederick S. Easton, Franklin A. Ethridge,



SAFE DEPOSIT DEPARTMENT
UTICA TRUST AND DEPOSIT COMPANY

Robert Fraser, J. J. Gilbert, D. Clinton Murray, Thomas R. Proctor, Charles B. Rogers, Sanford F. Sherman, Charles S. Symonds, R. U. Sherman, F. A. Bosworth. The counsel of the company is Charles A. Miller.

The Utica Trust and Deposit Building is a practical illustration of the success of the so-called "single contract system" in bank building construction. The building and contract work was done by the firm of Hoggson Brothers of New York. It was completed and ready for occupancy four days before the time designated in the contract.



Merchants National Bank, St. Paul, Minn.

ON the opposite page is shown an illustration of the new building now in course of construction for the Merchants National Bank of St. Paul, Minn. It will be ready for occupancy January 1, 1915, and will cost approximately \$1,000,000.

The new structure will be of renaissance style and front on Robert street. There will be a frontage of 100 feet with a depth of 155 feet on Fourth street. The building will be 225 feet high and most modern in

type. It will be of steel and faced with terra cotta and white enameled brick.

Some of the latest devices to secure a maximum of light and ventilation will be installed. A complete power, heating and ventilation plant will be housed under the roof.

The Merchants National Bank will occupy the second and third floors, the safe deposit and money vaults will be in the basement, and above the banking rooms the building will be devoted to offices. The first floor will be occupied by stores.

A broad marble stairway set in polished granite portals will lead from the main entrance of the building to the banking room on the second floor. The banking rooms will occupy the entire second floor and a wing to be constructed in the rear of the building proper. This wing will be 50x25 feet.

Cages of bronze and marble will surround the public space, with a gallery on all four sides above the cages to accommodate the working force of the bank, making one of the largest and most commodious banking rooms in the country. The working portion and space devoted to the public provide ample room for growth, and the convenience and comfort of the bank's customers is a primary factor in the arrangements of the banking quarters.

The women will have a department of their own, with special tellers and retiring rooms. There are also spacious rooms set aside in the plans for the use of out-of-town bankers and patrons of the institution.

Safe deposit and money vaults are to be of the most modern type, absolutely burglar, fire and water proof. There are special rooms for the use of patrons of this department, with conveniences of every kind.

Six commodious and fast-running elevators, operated by electricity, will be installed, and the building equipped throughout with all modern conveniences.

Thirteen floors will be given over entirely to office space, which will be sub-divided according to the wishes of tenants. Each floor will be the same in general design.

About a year ago a consolidation was effected between the National German-American Bank and the Merchants National, the title of the latter being retained. This splendid new structure represents the determination of the management to make the equipment of the bank fully representative of the commercial, agricultural and industrial importance of St. Paul and the surrounding territory.

Officers of the bank are: George H. Prince, chairman; Donald S. Culver, president; F. Weverhaeuser, vice-president; R. C. Lilly, vice-president; H. Von der Weyer, vice-president; H. W. Parker, cashier; H. Van Vleck, G. C. Zenzius, J. A. Oace and M. Roy Knauff, assistant cashiers.



BUILDING TO BE ERECTED BY THE MERCHANTS NATIONAL BANK, ST. PAUL,
MINN., AT FOURTH AND ROBERT STREETS

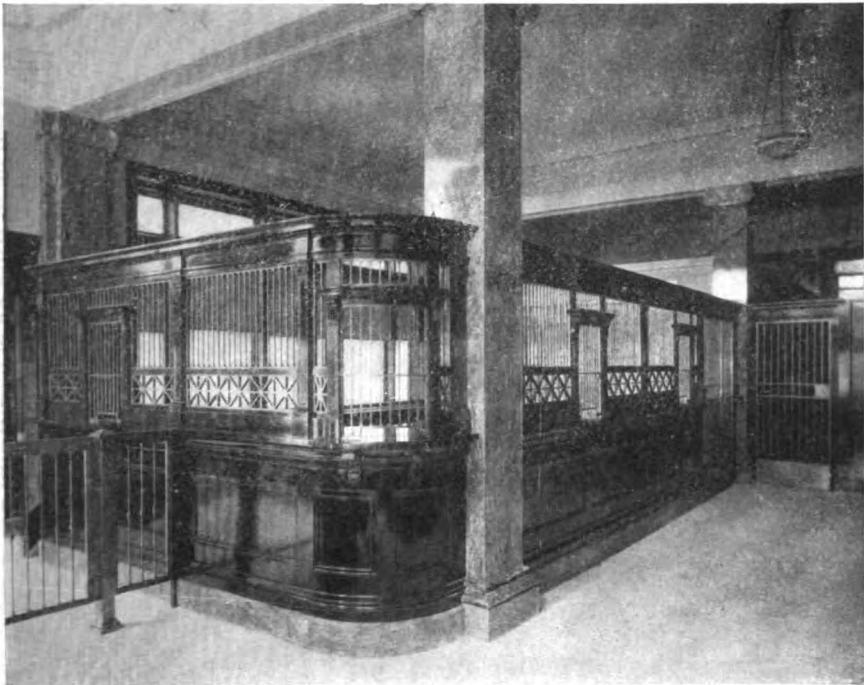
*Following is a statement of condition of the Merchants National Bank of St. Paul
at the close of business October 21, 1913:*

RESOURCES.	LIABILITIES.
Loans and discounts.....\$15,905,777.01	Capital stock..... \$2,000,000.00
U. S. bonds at par..... 525,000.00	Surplus..... 1,500,000.00
Bonds..... 2,826,865.38	Undivided profits..... 724,914.78
Cash and due from banks..... 7,192,157.40	Reserved for unearned interest .. 50,000.00
	Reserved for taxes..... 57,058.96
	Circulation..... 275,000.00
	Deposits..... 21,842,826.05
	\$26,449,799.79
\$26,449,799.79	

Tasteful Bank Interiors



DIRECTORS' ROOM WORONOCO SAVINGS BANK, WESTFIELD, MASS.



SECTION OF MAIN BANKING ROOM, WORONOCO SAVINGS BANK, WESTFIELD, MASS.

(Photographs furnished through courtesy of Bankers Building Bureau, New York.)

Florida's Famous East Coast



WITH the opening of the Florida East Coast Railway extension to Key West in January, 1912, one of the most attractive regions in America was made readily accessible to the tourist and a new commercial empire was virtually annexed to our domain.

By its mild and equable climate, Florida offers a welcome refuge from the icy blasts of northern climes—and many points in the State are delightful all the year round—and to this comfort is added the charms of the sea, the lure of the tropics and the interest attaching to remains and memorials of an antique civilization mingled with the in-

numerable evidences of twentieth century progress which have owed their beginnings to the new railway line.

An agreeable temperature, the tropical vegetation—new and strange to those from the Northern latitudes—houses, streets and churches linked with the earliest planting

of white civilization on this continent, the attractions of sea bathing—even in winter—resorts where assemble the wealth and fashion of the country—but plenty of room and a welcome for all—combined with hotel accommodations that are perhaps equal to those found anywhere in the world—all in a land of sunshine, fruits and flowers; this sounds like the language of exaggeration, but actually falls short of conveying any adequate picture of the reality that awaits the visitor to Florida.

These attractions are now brought within the easy reach of tourists by the completion of the Florida East Coast Railway from Jacksonville to Key West—an undertaking that ranks among the notable engineering accomplishments of the world, and whose initiation and construction witness the faith and the energy of the late Henry M. Flagler.



CONSTRUCTION OF THE ROAD.

THE problem involved in constructing this railway was that of making a roadbed carried on solid columns at a height of thirty feet above sea level, and the laying of foundations, with a depth of water sometimes as much as twenty-three feet, for upholding these columns.

There are four concrete viaducts thirty-one feet above the water—one from Long Key to Conch Key, 10,500 feet; a viaduct across Knight's Key channel, 7,300 feet; a viaduct across Moser Key channel, 7,800 feet, and a viaduct across Bahia Honda Key channel, 4,950 feet, making a total of concrete



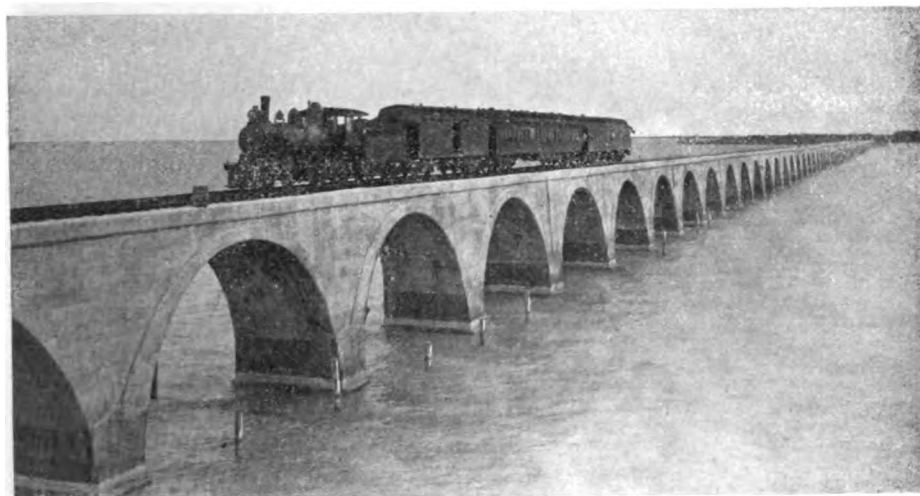
THE PONCE DE LEON, ST. AUGUSTINE, FLA.



ROYAL POINCIANA, PALM BEACH, FLA.



RAILROAD YARDS, FLORIDA EAST COAST RAILWAY, KEY WEST



LONG KEY VIADUCT

Total distance between abutments at the springing line, 10,444.65 feet; 181 piers; 180 arches; additional water opening Long Key to Grassy Key (embankment) 19,100 feet; total opening Long Key to Grassy Key, 29,544.65 feet or 5.6 miles.



GLIMPSE OF A PINEAPPLE FIELD

viaduct 30,550 feet, equivalent to 5.78 miles.

These viaducts are constructed of reinforced concrete, fifty-foot spans resting on

piers set into solid rock and strengthened with piles. The base of the pier at rock surface is twenty-eight feet, and at the springing line of arch twenty feet seven



A VIEW OF ONE OF PALM BEACH'S PARKS, SHOWING THE POPULAR TRICYCLE CHAIRS



DEPOT AND FREIGHT STATION OF THE FLORIDA EAST COAST RAILWAY AT LONG KEY



SECTION OF A FILL AND A CEMENT MIXING PLANT



A GLIMPSE OF KEY WEST



SEMINOLES OF THE EVERGLADES CANOEING ON THE PICTURESQUE MIAMI RIVER

inches. From the water to the crown of the arch is twenty-five feet. To that is added the thickness of the arch at the crown ballast, ties, etc., making the track thirty-one feet above the level of the water.

Of the water openings there are seven, twenty-five feet each. These are in the solid embankment, and are only intended for rowboats and small craft.

There are three drawbridges, with openings aggregating 410 feet. The remaining distance, about sixty-five miles, is made up of the islands or keys over which the road passes.



ROYAL PALMS AT PALM BEACH



APPROACH TO THE BAHIA HONDA TRESTLE

From Jacksonville to Key West is a distance of 322 miles, and with some of the branches the Key West Extension has 628 miles of track.



TRAVEL FOR PLEASURE.

THE completion of this railway brings the great Florida resorts—Jacksonville, Ormond, St. Augustine, Daytona, Rockledge, Palm Beach, Miami and Key West—within easy communication of all parts of the country; and makes it possible for thousands of Americans to visit this land

of a thousand wonders, where nature has poured out her bounties with such lavish hand.



COMMERCIAL DEVELOPMENT.

BUT with the completion of the Florida East Coast Railway there came to this wonderful region something more than an accession of tourist travel—important as that is. New regions were opened up to commerce; fertile areas rapidly began to send their products to the world's markets, towns sprung up anew, and those that had been quiescent took on fresh life, so that now few sections of the country are undergoing a more rapid or solid development than the East Coast of Florida—all the way from Jacksonville to Key West.

At the latter place terminal facilities

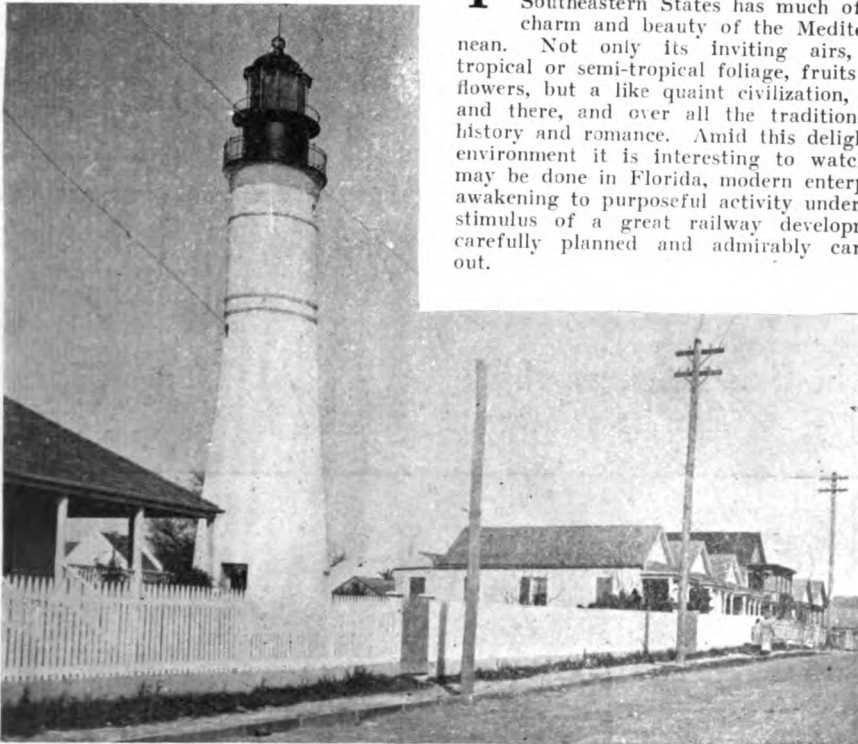
have been provided comprising a dry dock and ten covered piers, each 800 feet in length and 100 feet in width, with basin 200 feet between piers. The ten piers furnish berths for forty ships 400 feet in length with a depth of water ranging from twenty to thirty feet.

One of the most important phases of this remarkable enterprise is that it immensely improves communication between the American mainland and the Island of Cuba, and also makes possible, as soon as the boats now building are finished, that freight can be sent to Havana in the cars without breaking bulk at Key West. What that means may be inferred from our already large and growing commerce with this rich island.



A DELIGHTFUL REGION.

THE Atlantic along the shores of our Southeastern States has much of the charm and beauty of the Mediterranean. Not only its inviting airs, the tropical or semi-tropical foliage, fruits and flowers, but a like quaint civilization, here and there, and over all the traditions of history and romance. Amid this delightful environment it is interesting to watch as may be done in Florida, modern enterprise awakening to purposeful activity under the stimulus of a great railway development carefully planned and admirably carried out.



LIGHTHOUSE AND NAVAL STATION, KEY WEST

Foreign Banking and Finance

European

ARE CRISES GROWING FEWER?

SPEAKING a short while ago before the London Institute of Bankers, Lord Goschen said:

"Last century we were accustomed on an average to a financial crisis every ten years, always attended by some failures; but is it not a little remarkable that although we have passed through times of trouble since then, times when it appeared as if Europe was on the brink of war and stocks from abroad have been thrown on this market to be sold at panic prices, yet

they have not been attended by any serious failures?

"May not this be largely attributed to the financial institutions which have acquired such power in the world of finance, that at the moment when credit appears to be inflated and speculation unhealthy, they are able to restrict credit for other than legitimate trade purposes and so compel those disturbing forces to mark time, if not to halt, until equilibrium is once more established? It is a fact that some months ago the English banks generally shut their eyes to any but the most pressing needs, and this attitude produced a most salutary effect on the overstrained market. It is then a source of congrat-

There is a demand for "SPECIALTIES" in cigars.

**The finest cigars, which
can be produced in HAVANA**

CUBA

(NOT the regular trade goods,
but "Specialties.")

We are supplying this demand under
our "Specialty" brand:

**"SOL-
Seleccion Especial"**

Correspondence
solicited

BEHRENS & CO.

CONSULADO STR. 91-93
HAVANA, CUBA

BANCO MERCANTIL DE MONTEREY

MONTEREY, N. L., MEXICO

A CORPORATION

Official Depository for the Government of the State of Nueve Leon

Capital Resources, \$2,500,000. Reserves, \$363,000.00

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.

ulation if the periods of crises are less frequent—in other words, that the gap between each crisis grows wider—and I think that the excellence of our present day banking institutions may take credit for much of the improvement. I venture to think that bankers and commercial men do take a wide view of their responsibilities and realize that their policy and line of action at any particular moment will exercise an influence far beyond the confines of the city, and therefore must be adopted only after mature consideration. As years pass the influence of finance on 'world politics' greatly increases, and imposes upon us corresponding obligations which we must recognize and be prepared to assume."



ROYAL BANK OF SCOTLAND,
EDINBURGH.

ON November 26 this report was submitted to the annual general court of proprietors of this bank:

Banco Nacional del Salvador

SAN SALVADOR

Authorized Capital ... \$5,000,000

Subscribed Capital ... 2,000,000

Paid-up Capital 1,600,000

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 COLLEC-
TIONS—moderate commission

Dr. Guillermo Mazzini
President Director

G. Hemmeler
Manager

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

Banco Comercial de Costa Rica

San Jose, Costa Rica, Central America

(Founded 1st June, 1905)

Capital, \$1,750,000.00

Reserves, \$546,238.41

Managing Director, THOMAS SCOTT

Collections for Foreign Houses promptly attended to. Deposits are received in American Money repayable at maturity by sight draft on New York, New Orleans or San Francisco. The rates of interest at present allowed are:

On deposit for 6 months : : : : 6 per cent. per annum
On deposit for 12 months : : : : 7 per cent. per annum

DEPOSITS

31st of March, 1910	: : :	\$1,270,087.74	31st of March, 1912	: : :	\$3,397,658.26
31st of March, 1911	: : :	1,690,785.25	31st of December, 1912	: : :	4,414,218.57

The directors now submit to the proprietors the annexed abstract statement of the affairs of the bank at the second Saturday of October, 1913, with relative profit and loss account, certified by the auditors.

Total assets of this bank are £21,669,117.

BANKING MOVEMENTS IN AMSTERDAM

IT is announced that the extensive banking house of Labouchere Oyens & Company in this city has been taken over by the Rotterdamsche Bankvereniging (Rotterdam Bank Union), which is erecting a large building in

The balance of rest at 12th October 1912 was.....	£951,565	1	8
The net profits of the year, after providing for all bad and doubtful debts, amounted to.....	275,931	4	7
	£1,227,496	6	3
The mid-summer dividend, at the rate of 10 per cent. per annum less income tax, required.....	£94,166	13	4
It is now proposed to pay a similar dividend at Christmas and a bonus of 1 per cent., also less income tax, which together will require.....	113,000	0	0
There has been written off expenditure on bank buildings and heritable property.....	6,500	0	0
And applied in writing off all depreciation on stocks..	53,200	0	0
	<hr/>	<hr/>	<hr/>
	266,866	13	4
Leaving a balance of undivided profits at credit of Rest of.....	£960,629	12	11

Banco de Nuevo Leon

MONTEREY, N. L., MEXICO

ESTABLISHED OCT. 1, 1892

Capital paid up, \$2,000,000

Reserves, \$860,876.00

Deposits, \$3,602,738.00

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

Pan-American Title Insurance Company, S. A.

Head Office: Apartado 39

CITY OF MEXICO

BRANCHES: Tampico, Mexico; London, England, 25 Victoria St., S. W.

ROOMS 310-312, NO. 2 RECTOR ST., NEW YORK

SUITE 859 MONADNOCK BUILDING, SAN FRANCISCO, CAL.

Chartered and equipped for all branches of title insurance and trust work

this city for its use. The action follows the modern tendency in Europe to reduce the actual number of different banking companies by consolidation, which makes for strength and economy of Administration; but it is not implied that the consolidated institutions are weak individually, the reverse being the case in general.

An Amsterdam loan and savings bank especially for women is an early possibility. During the recent Woman's

Exposition the subject was so much discussed that the proposition has forcibly impressed many people. The design is to begin on a moderate scale, with about \$10,000 capital, shares being \$20 each; every shareholder to be responsible for \$40 over the value of her stock in case the bank should discontinue business. Besides the loaning of money, the ordinary banking business would be conducted, including taking orders for stock and bond securities.

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

NEW YORK OFFICE: - - - 25 BROAD STREET

MERCANTILE BANKING COMPANY, Ltd.

Avonida 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

K. M. VAN ZANDT, Jr., Vice-Pres. & Mgr.

H. C. HEAD, Cashier

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.

Australasian

THE BANK OF NORTH QUEENSLAND.

THE Bank of North Queensland, which has had a highly successful branch in Sydney for many years, has recently opened in Melbourne at 41 Queen street, where there is promise of a rapidly growing business. The new branch is under the control of P.

H. Grout, for several years manager at Townsville, and who recently spent some time in Sydney as acting manager during the absence of the manager, J. P. Canny. Mr. Canny, who, in conjunction with Mr. Grout, established the branch, has returned to Sydney.



Asiatic

INDIAN BANK TROUBLES.

DISPATCHES from Bombay under date of December 9 in regard to the liquidation of the Indian Specie Bank state that the bank had already lost more than £500,000 (\$2,500,000) by silver speculations.

A Bombay firm holds for the bank silver to the value of £180,000 (\$900,000), while Messrs. Sharp & Wilkins, London bullion brokers, hold silver to the value of £3,000,000 (\$15,000,000) and are making urgent demands for margin.

The Specie Bank's further losses on these holdings are estimated at £200,000 (\$1,000,000).

Referring to the withdrawal of the petition for the compulsory wind-up of the bank before it finally stopped payment, the judge said it now appeared that all who participated in the abandonment of the petition immediately utilized that abandonment to withdraw their money from the bank. The bank thus paid out £86,000 (\$430,000) during a period of five days.

The judge consequently refused to allow the directors to have any hand in the liquidation proceedings.

Banco de Guatemala

Established July 15, 1895

Guatemala
C. A.

Directors

ADOLFO STAHL, D. B. HODGSDON
J. R. CAMACHO
C. GALLUSSER, Manager

Authorized Capital \$10,000,000.00
Capital subscribed and paid up 2,500,000.00
Reserve Fund 5,564,262.76
Contingency Fund 1,600,000.00

Foreign Correspondents

New York: Messrs. G. Amsinck & Co.; Messrs. J. & W. Sellman & Co.; The National City Bank of New York. San Francisco, Cal.: The Anglo & London Paris National Bank of San Francisco. New Orleans: The Whitney-Central National Bank. Mexico: Banco Nacional de Mexico. Paris: Messrs. de Neufilze & Cie. London: Deutsche Bank (Berlin), London Agency; Messrs. A. Ruffer & Sons. Hamburg: Deutsche Bank Filiale Hamburg; Messrs. L. Behrens & Sohne; Messrs. Schroder, Gebruder & Co.; Mr. Carlo Z. Thomsen. Madrid: Messrs. Garcia-Calamarite & Cia. Barcelona: Messrs. Garcia-Calamarite & Cia.; Banco Hispano Americano. Milano: Credito Italiano.

Agencies in Guatemala

Antigua Livingston Mazatenango
Jutiapa Puerto Barrios Salama
Fochuta Zacapa Escuintla
Coatepeque Coban Ocos
Retalhuleu

General Banking Business, Special Attention Paid to Collections from Abroad and Letters of Credit.

A petition was presented for winding up the Bombay Merchants' Bank. The judge ordered notice to be sent to the directors, giving them the opportunity to answer the allegations before admitting the petition.

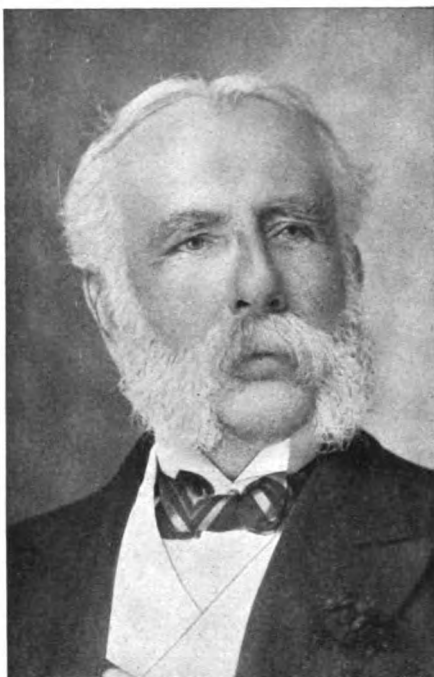


Latin-America

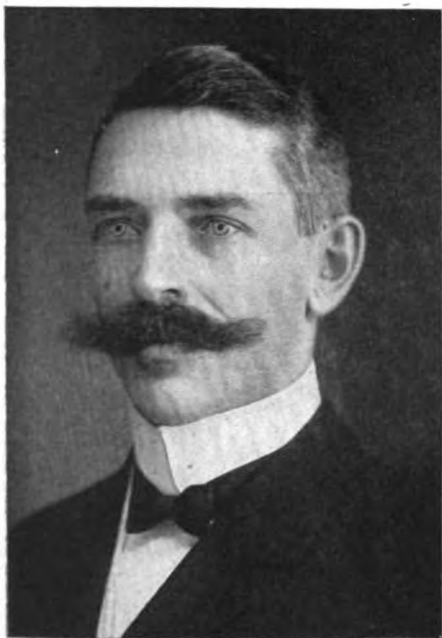
BANCO AGRICOLA COMERCIAL, SAN SALVADOR, C. A.

THE Banco Agricola Comercial was established in 1895 by Messrs. Rodolfo Duke and Jose Gonzalez A. with an authorized capital of \$5,000,000 silver, subscribed \$2,200,000 and \$880,000 paid up. The shares were of the face value of \$1,000 silver each. In 1905 the paid-up capital stood at \$918,000, surplus funds, amortization and undivided profits \$128,000 after having paid substantial dividends to its stockholders every half-year.

At the end of 1906 it was resolved to reorganize the bank's capital, in view of a proposition from the London



MR. J. MAURICIO DUKE
PERMANENT DIRECTOR BANCO AGRICOLA COM-
MERCIAL, SAN SALVADOR

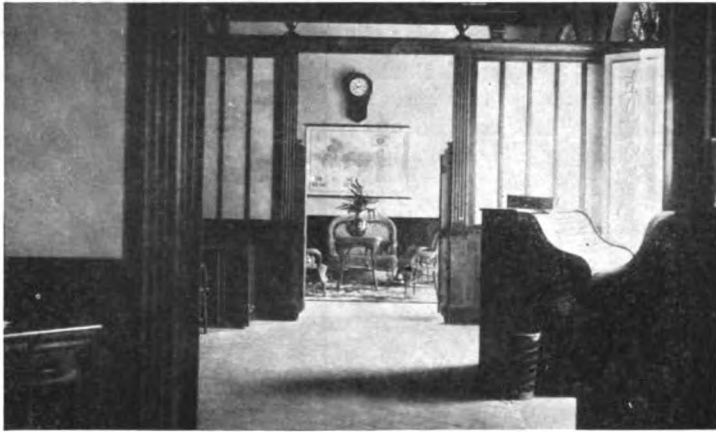


MR. FREDERIC DREWS
MANAGER BANCO AGRICOLA COMERCIAL, SAN
SALVADOR

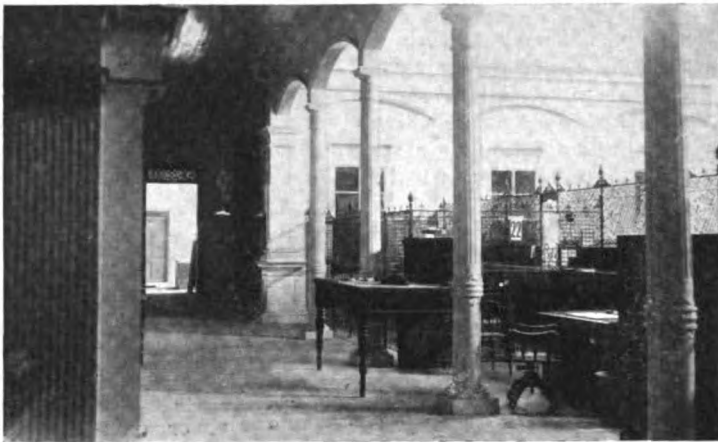
Bank of Mexico and South America (now incorporated with the Anglo-South American Bank), which invested \$295,000 silver, equivalent to £25,000, in the stock of the Banco Agricola.

It was proposed to exchange the former shares of \$1,000 face value, paid up \$450, for three shares of \$100 fully paid up, to the bearer, to which the stockholders assented in consideration of the advantages gained by the new capital brought in by the English bank, which increased the capital of the bank also its surplus fund, and some of the latter was appropriated to write off some doubtful accounts.

At the special meeting of stockholders held on January 11, 1907, this reorganization was accepted and the bank began its business under the new plan on July 1 of the same year, with \$1,000,000 capital fully-paid, divided into shares of \$100 each, surplus funds of \$100,000 and extraordinary surplus of \$42,492.62. Since then until this date dividends at the rate of eight per



DIRECTORS' ROOM AND MANAGER'S OFFICE



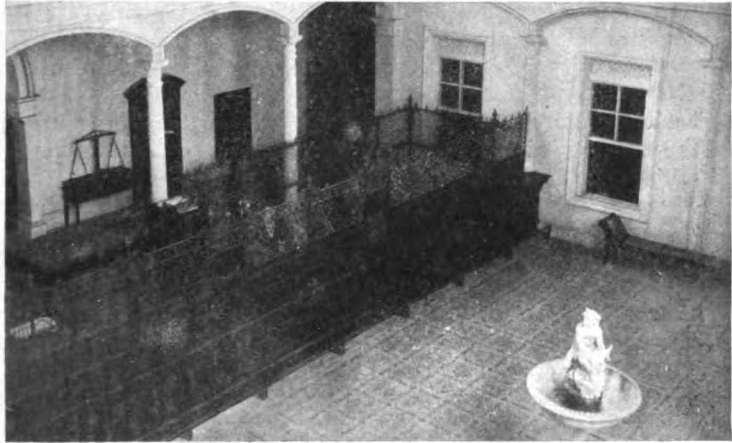
INTERIOR VIEW OF CASHIER'S OFFICE—GENERAL OFFICE



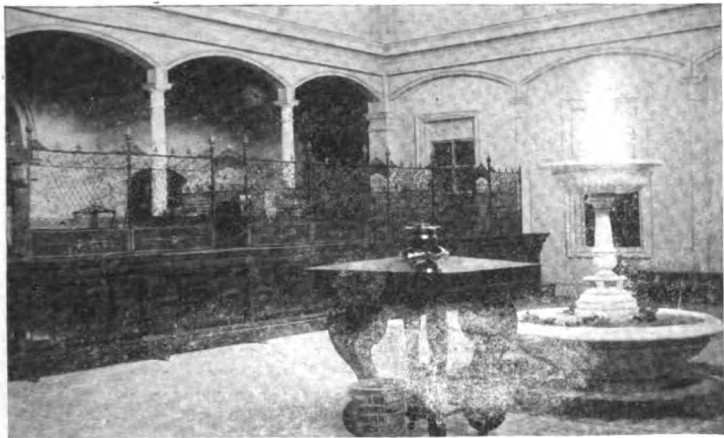
**RECEIVING AND PAYING TELLERS
BANCO AGRICOLA COMERCIAL, SAN SALVADOR**



BOOKKEEPER AND CORRESPONDENCE



CASHIER'S OFFICE, WITH VAULTS IN THE BACKGROUND



RECEIVING AND PAYING TELLERS
BANCO AGRICOLA COMERCIAL, SAN SALVADOR

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.

M. Garcia Fravesi, Manager.

—————**CORRESPONDENCE IS INVITED**—————

Compania Bancaria de Fomento y Bienes Raices, de Mexico, S. A.
MEXICO, D. F.

President—K. PIMENTEL Y FAGOAGA

1st Vice-Pres.—P. MACEDO

2nd Vice-Pres.—LUIS BARROSO ARIAS

cent. per annum, at least, have been paid to stockholders and lately as much as ten per cent., after appropriating in each half-year term all surplus profits to reduce the book value of the bank's building, worth \$100,000 and appearing on the books for only \$30,000 and to reduce the fixtures account which stands at \$1, to keep the account alive, and which is worth \$28,000, and having increased the extraordinary surplus fund to \$325,861.98, as it is at present.

Since January, 1905, Mr. J. Mauricio Duke, has been at the head of the institution, in the capacity of permanent director, and Mr. Federico Drews is managing director. Every year the members to complete the board of di-

rectors have been elected, and all have given the bank the advantage of their experience and ability. Following the half-yearly statement will be found the names of the gentlemen forming the present board.

At present the shares are in demand at the price of \$145, there being no sellers at such price.

Directors: J. Mauricio Duke, permanent director; J. M. Duke H., consulting director; Rafael Guirola D., consulting director; Francisco Duenas, substitute director; Miguel Judice, substitute director; manager, F. Drews.

Agencies in Santa Ana, Sonsonate, San Miguel, Ahuachapan, Santa Tecla, Zacatecoluca, Cojutepeque, Santiago de Maria.

ASSETS.

Cash, specie in San Salvador and agencies.....	\$682,339.26
Bank building (value \$100,000).....	30,000.00
Fixtures (cost \$28,000).....	1.00
Drafts discounted (notes).....	337,782.54
Mortgages	726,667.77
Debtors in current account.....	2,203,135.77
Sundry debtors and correspondents.....	68,052.06
Shares	37,200.00
	\$4,085,178.40

LIABILITIES.

Paid-up capital	\$1,000,000.00
Surplus fund (ordinary).....	100,000.00
Surplus fund (extraordinary).....	284,564.31
Notes outstanding	1,032,001.00
Deposits in current account and at sight.....	681,561.98
Time deposits	691,178.28
Interest account (not due).....	10,288.82
Sundry creditors and correspondents.....	195,549.34
Dividends unclaimed	737.00
Profit and loss account.....	89,297.67
	\$4,085,178.40

A Veteran Western Banker

IN that part of the great central region of the United States now known as the Middle West, but which half a century ago was on the frontier, few bankers are better known than Mr. Henry W. Yates, who recently completed fifty years of continuous banking service. His identification with the commercial and banking affairs of Nebraska is practically coterminous with the history of the State itself. While the beginnings of Nebraska and the city of Omaha date back to 1854 or 1855, these beginnings were largely swept away by the terrible financial cataclysm of 1857, but a sufficient foundation was left for the work of constructing the new community which began afresh in the early '60's. It was at this time that Mr. Yates went to Omaha, where he has ever since remained, becoming one of the prominent banking figures of his city and state. The following brief sketch of his career was written by Dr. George L. Miller, and published in J. Sterling Morton's "History of Nebraska."

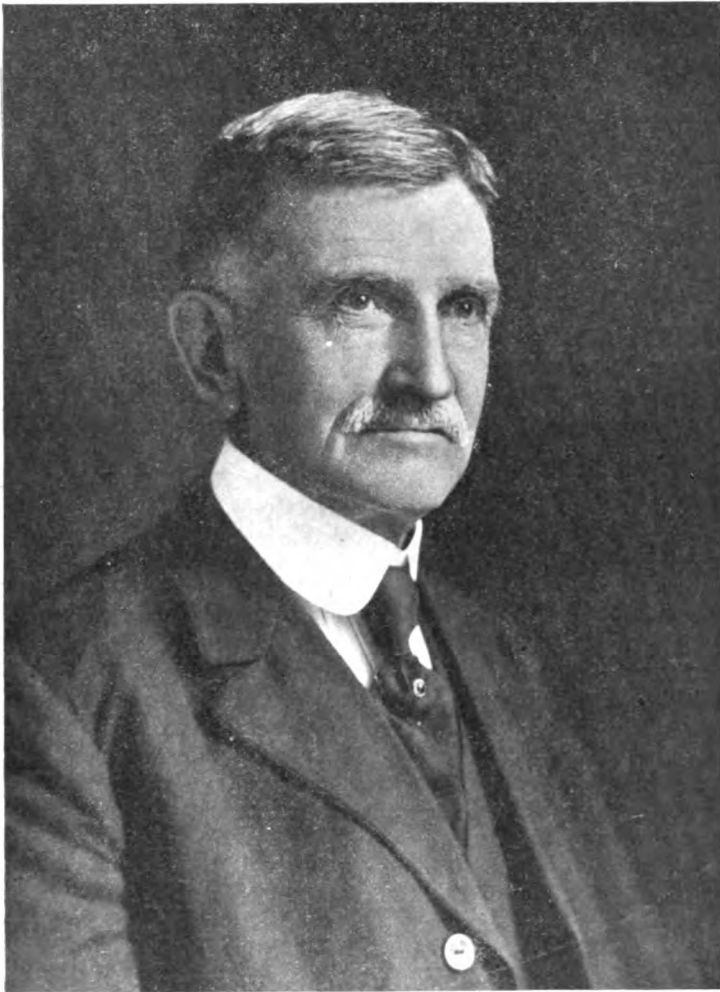


HE was born at Leonard Town, St. Mary's county, Md., January 1, 1837. His parents were William Joseph Yates and Julia Ann Norris Yates, both of whom were descended from old English colonial families of Maryland. His schooling was of the practical kind that has brought into prominence many men of his character in American history. After attending the common schools at Washington, D. C., during his youth he secured employment in a country store at his native place at the age of fourteen, where he remained until twenty-one. Striking out into the promising West, he worked as a bookkeeper in mercantile houses in St. Louis and St. Joseph,

Mo., from 1858 until 1861, when he went to Omaha in the same capacity to aid in the establishment of the wholesale grocery business of Nave, McCord & Co. In the fall of 1863 he entered the employ of Kountze Bros., bankers, as bookkeeper and cashier, and in that position completed the organization papers of the First National Bank of Omaha, obtaining an allotment of a small portion of the stock, the controlling interest in which was held by Kountze Bros. The other stockholders were Hon. Alvin Saunders, then Territorial Governor of Nebraska, Mr. Edward Creighton, and Hon. A. J. Poppleton. During the following two years Mr. Yates was made a director and assistant cashier of the bank, and when Augustus Kountze removed to New York to take charge of the reorganized firm of Kountze Bros. in that city, Mr. Yates succeeded him as cashier. He continued in this position until 1882, when he sold his interests in the First National Bank and resigned his position to organize the Nebraska National Bank in company with A. E. Touzalin, then general manager of the B. & M. R. R. in Nebraska. He was the first cashier of this bank, but was subsequently elected its president, in which position he has continued ever since. With Mr. Touzalin he also organized the Equitable Trust Company of Omaha, which he has since served continuously, either as director or treasurer.



MR. YATES has been prominently identified with many social and commercial organizations. He was a charter member of the Omaha Club and for many years a director and president thereof; a charter member of both the Commercial Club and the



HENRY W. YATES

PRESIDENT NEBRASKA NATIONAL BANK, OMAHA, NEBRASKA

Board of Trade, and president of the Churchman's Club. He was one of the earliest members of the American Bankers Association, its vice-president for Nebraska for several years, and three years a member of its executive committee. He was an organizer of the State Bankers Association of Nebraska and first chairman of its executive committee and has served a term as president of the association. He has served both as president and vice-president of the Omaha Clearing House Association. He has been con-

nected with almost every important public business enterprise started in Omaha.



BESIDES having the sound knowledge consequent upon fifty years of continuous experience, Mr. Yates has made a careful study of the fundamental principles of banking and finance and as a speaker and writer on these topics has exercised a strong influence in shaping public opinion aright. He knows, as few men do

from observation, the weaknesses of our early State banking systems, and has stood always against the revival of any measures that would repeat those experiences from which the banks of the country long since emerged. He was not misled by the fallacies of free silver, but stood like a rock in defense of the gold standard in the assault made upon it from 1896 onwards.

Among his public addresses was one at the Iowa bankers' convention at Council Bluffs in 1893 on "The Currency Question"; at the Illinois bankers' convention at Rock Island in 1895 on "Free Silver Fallacies"; at the New York State bankers' convention at Saratoga Springs in the same year on "The Money Question in the West"; and at the World's Congress of Bankers and Financiers during the World's Fair at Chicago, by appointment of the Governor, on "Banking and Resources of Nebraska." His strong and emphatic views in a section where free coinage had received its most ardent support involved him in many newspaper controversies in which he manifested signal wisdom and ability. In the campaign of 1896 his earnest and ardent advocacy of the sound money cause led him to take an active part in support of the Republican nominees and to labor for Republican success with tongue and pen. He was a member of the executive committee of the Sound Money Democratic League and identified with the Non-Partisan Sound Money League. During the year 1902, in opposition to the Fowler currency bill, he delivered an address before the joint convention of the bankers of Missouri, Kansas, Oklahoma and Indian Territory, held in Kansas City. At this convention he had opposed to him

Hon. Horace White of New York, a well-known writer and speaker upon financial and economic subjects. At the conclusion of the debate a vote was taken which was overwhelmingly in favor of the side supported by Mr. Yates. He was also engaged to deliver an address upon "Branch Banks and Asset Currency," before the Indiana bankers' convention held in the fall of the same year, but was prevented from filling this engagement. The address prepared was filed in the proceedings and has been published in a number of eastern financial periodicals.



MR. YATES wrote the chapter on "History of Banking in Nebraska," published in Knox's "History of Banking in the United States," and also the history of Banking in Morton's "History of Nebraska."

More recently Mr. Yates has written thoughtful papers on the increased production of gold, showing a sound perception of present economic tendencies, and has also carefully discussed the banking bill recently before Congress.

Mr. Yates has not allowed the duties of an active business life to absorb his whole time. He is active in religious and social affairs and has borne a full share in all wise movements for the advancement of his community. Although past the scriptural allotment of life, he is yet active and alert, young in heart and mind, with a sunny disposition that gives evidence of the sterling character which has made him one of the notable bankers of his city and state and helped to make his reputation nation wide.

"WHEN one seeks the cause of the success of great generals, one is astonished to find that they did everything necessary to insure them."—NAPOLEON.

chief requirement was that the corn should be grown under ordinary field conditions, and that it should be cultivated and handled in a way that could be practiced by any farmer. The use of commercial fertilizers was prohibited. Competition was general throughout the State. Almost six hundred entries were received. Every county was represented. For the purpose of obtaining closer competition, the State was divided into two sections, a northern and a southern. Prizes were awarded to the fifteen contestants in each section who obtained the highest yields of mature corn in their district. All corn was based upon the basis of mature yields. Corn that was soft or in such condition that it would not keep was not considered in determining the final yields. Seventy-six pounds of mature corn was considered as a bushel, it being estimated that this would equal practically the shelled bushel of fifty-six pounds.

The yields secured the past year are little short of remarkable, when it is considered that many people have thought that North Dakota could not possibly produce relatively high yields of mature corn. They are also remarkable because of the fact that almost every section of the State produced yields of corn which would not only more than pay the cost of production, but which were actually more profitable than any other crop that could have been grown.



THE highest yield was produced by Henry Granlund, in the southeastern corner of Ransom County. This boy grew 106 bushels of mature corn to the acre. The variety was a Dakota White Dent. The corn was grown under ordinary field conditions, although extreme care was taken in keeping the land clean, and it was heavily fertilized with twelve or thirteen loads of farm manure to the acre. The high yield is largely due to the care that was taken in the selection of seed and to the fact that a



HENRY F. GRANLUND, DELAMERE, RANSOM COUNTY, NORTH DAKOTA.

Age 11 years, who won first prize in the southern section and Sweepstakes in the Boys' Acre Yield Corn Contest for 1913, with a mature yield of 106.7 bushels to the acre. Variety, Dakota White Dent.

perfect stand was secured and carefully cared for throughout the year. The expense of growing this crop of corn as compared to the average methods that are used in the State would probably be twice as great. The production, however, was four times as great.

Henry Granlund secured a total of \$175 in prizes, \$75 being the first prize in the southern section, and \$100, the Sweep-Stakes prize for the whole State.

The boy who stood second in the contest, winning the first prize in the northern section, was Clemence Schatz, who received a prize of \$75.



THE second highest yield in the State was produced almost 150 miles northwest in McHenry County by Clem-

ence Schatz. This boy secured a yield of ninety-six bushels to the acre, the competing acre representing part of an eleven acre field. His yield was also due to care in selection of the seed and to the securing of a perfect stand. This yield is more surprising when it is taken into consideration that it was



CLEMENCE SCHATZ, KARLSRUHE, NORTH DAKOTA (McHENRY COUNTY)

Age 12 years, who won first prize in the northern section of the State in the Boys' Acre Yield Corn Contest for 1913, with a field of 96.2 bushels to the acre, Northwestern Dent.

grown within less than sixty miles of the Canadian boundary line, and shows the adaptability of the corn plant to conditions such as prevail throughout all of North Dakota.

Many other good yields were produced in the State. To illustrate the fact that these high yields have not been accidental, the first fifty contestants in the southern section of the State averaged fifty-nine bushels of mature corn to the acre; the first forty contestants in the northern section averaged over forty bushels to the acre; while the average yield for the thirty prize winners in both sections of the State was sixty-seven bushels of mature corn to the acre. The average yield of corn in North Dakota, according to recent reports from the Department of Agriculture was 28.8 bushels to the acre.



THE value of home-grown seed has been very clearly shown in this contest. Practically every prize winner made use of home-grown seed, and it has been found through the two years in which the contest has been carried on that high yields of mature corn are impossible without the use of home-grown and acclimated seed. The methods of cultivation followed by the prize winners were those advised by the farm press, the Agricultural College, and the Better Farming Association. Particular care was taken to keep the ground clean, to use shallow cultivation, and to make use of farm manures. After studying the results and the methods by which they were obtained, one is forced to believe that they could be duplicated upon a much larger scale, and with approximately similar results. The influence of careful seed selection, proper preparation of the soil, and of careful tillage is clearly demonstrated. Even this contest has not yet determined the possibilities of the soil and the climatic conditions in the State when it comes to the production of corn. The contest

proves unmistakably that corn is destined to become one of the profitable crops of North Dakota,

A statement of the prize winners, the counties, and the yields obtained follows:

PRIZE WINNERS IN SOUTHERN SECTION.

	Name.	County.	Total Yield		Prize Awarded.
			All Corn.	Yield Mature Corn.	
1	*Henry F. Granlund	Ransom	106.8	106.7	\$75.00
2	Noel Thorpe	Traill	92.55	92.55	50.00
3	Knudt Tideman	Richland	109.1	87.1	35.00
4	Oscar Tideman	Richland	86.1	85.8	25.00
5	B. Fay Heckel	Traill	84.0	83.4	15.00
6	Charlie Staiger	Ransom	80.63	80.63	10.00
7	Russel Beach	Stutsman	81.0	78.0	10.00
8	Raymond Dahlen	Cass	75.0	70.2	10.00
9	Arthur Hanson	Barnes	70.0	70.0	10.00
10	Harley Swanson	Richland	68.0	68.0	10.00
11	Lester Schram	Ransom	66.0	66.0	10.00
12	Chas. Parks	Stutsman	69.6	65.7	10.00
13	Harold Ness	Richland	65.5	65.5	10.00
14	Chas. Geddes	Cass	73.32	65.4	10.00
15	Willard Geddes	Cass	71.0	65.1	10.00

PRIZE WINNERS IN NORTHERN SECTION.

1	Clemence Schatz	McHenry	96.2	96.2	\$75.00
2	Henry A. Hendrikson	Eddy	77.37	76.98	50.00
3	Bert Waldref	Ward	67.5	67.5	35.00
4	Henry Schmidt	Grand Forks	65.76	64.0	25.00
5	Edgar Raymond Roy Nelson	Bottineau	57.33	57.33	15.00
6	Martin Nelson	Grand Forks	57.38	56.88	10.00
7	Bennie Brand	Ward	53.4	53.4	10.00
8	Melvin Forthun	McKenzie	52.25	52.25	10.00
9	Henry Pankratz	McHenry	61.42	52.21	10.00
10	Philip Pickard	Nelson	58.0	50.89	10.00
11	Lyle Longnecker	Eddy	50.36	49.36	10.00
12	John Frank	Ward	47.6	47.6	10.00
13	Harvey Longnecker	Eddy	47.11	46.4	10.00
14	Joseph Spaulding Joseph Stredwick	Rolette	46.75	45.34	10.00
15	Lawrence Stredwick	Ward	46.6	45.2	10.00

*Sweepstakes prize of \$100 awarded—highest yield in entire State.



Bank Clerks Poorly Paid?

The Mayor of Boston Thinks So

AT the first chapter night dinner of the Boston Chapter of the American Institute of Banking, Mayor Fitzgerald of Boston took the ground that the bank clerks are poorly paid—and those who heard him didn't object to his statement.

"How can a man," asked the mayor, "live and support a family on \$1,200 a year and take a vacation, let alone go

to a theater or a ball game or have any such kind of amusements?"

"If there is any one class of men who have suffered by the high cost of living it is men like you. What is the result? Empty flats in the suburbs and pretty girls remaining in a state of single-blessedness instead of being married."

Banking and Financial Notes



The Branch
Our first President

Merchants National Bank

RICHMOND, VA.

Capital \$200,000
Surplus and Profits over 1,000,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

Judge Holt of the United States District Court erred in directing a verdict in favor of Hannay, inasmuch as the facts developed at the trial were different from those presented before Circuit Judge Noyes, who had previously overruled a demurrer interposed by the trust company. A new trial is ordered.

—Vincent Astor has been appointed a trustee of the United States Trust Company to fill the vacancy created by the death of Gustav H. Schwab, who was a trustee of the company for many years.

—Officials of the Columbia-Knickerbocker Trust Company and the New York Trust Company said recently that the two banking institutions would continue the policy they adopted last year of paying the premium on \$1,000 life insurance policies of every employee. This is done in lieu of the Christmas bonus given by other banks and trust companies and will continue as long as the employee remains with the company.

An officer of the Columbia-Knickerbocker in explaining the plan of insuring every employee of the company, said that those who were with the company five months got an insurance policy, making the bank a beneficiary.

The trust company in turn allows the employee to make the policy over to any relative or friend he wishes and then pays the premium for him as long as he remains with the company.

—George S. Bowdoin, a retired member of the banking firm of J. P. Morgan & Co., died December 16. Mr. Bowdoin was eighty

EASTERN STATES

New York City

—The death of James McMahon, formerly president of the Emigrant Industrial Savings Bank, occurred on December 10. Mr. McMahon was eighty-two years of age at the time of his death. Though he retired from the presidency of the bank some time ago, he was still a director of several important corporations.

—The United States Circuit Court of Appeals in a decision filed December 9 reversed the judgment obtained by A. Hannay & Co. of Liverpool against the Guaranty Trust Company of New York in the litigation growing out of the Knight-Yanney cotton bill of lading frauds. Judge Rogers, who wrote the opinion, holds that



IF intelligent handling of items and low rates appeal to you send us your BUFFALO BUSINESS

Capital and Surplus, \$1,200,000.00

A. D. BISSELL, President
C. R. HUNTLEY, Vice-President
E. H. HUTCHINSON, Vice-President
E. J. NEWELL, Cashier
HOWARD BISSELL, Asst. Cashier
C. G. FEIL, Asst. Co

(8-28)

1869



1914

Mellon National Bank

PITTSBURGH, PA.

Invites the RESERVE accounts of Banks, Bankers and Trust Companies, on which INTEREST at the rate of 3% will be paid.

WRITE FOR PARTICULARS

A. W. MELLON, *President*

R. B. MELLON, *Vice-President*

A. C. KNOX, *Vice-President*

W. S. MITCHELL, *Cashier*

B. W. LEWIS, *Asst. Cashier*

A. W. MCELLOWNEY, *Asst. Cashier*

H. S. ZIMMERMAN, *Asst. Cashier*

Resources Over 60 Millions

years of age at the time of his death. He retired from the firm named several years since.

Employees of the Guaranty Trust Company got a Christmas present in the form of ten per cent. of their annual salaries.

—John J. Pulleyn, comptroller of the Emigrant Industrial Savings Bank, has been appointed an additional member of the commission to revise the banking laws of the State of New York.

—The board of directors of the Guaranty Trust Company of New York declared a quarterly dividend of six per cent. and an extra dividend of two per cent. on the capital stock of the company for the quarter ending December 31, 1913, which was payable at the close of business on that date to stockholders of record December 24, 1913.

—The purchase of the present home of the Brooklyn Club, at Clinton and Pierpont street, Brooklyn, by the Brooklyn Trust Company, whose building adjoins the club property in Montague street, was made recently. Since the consolidation of the Brooklyn Trust Company and the Long Island Loan and Trust Company was effected several months ago, the former cor-

poration has been crowded for room and an extension of its premises was decided upon.

The trust company, it is said, contemplates the erection, in about a year, of a modern fireproof building which will be used as an annex to the main office building now in use.



Philadelphia

—The "bankers day" at the Corn Exchange National Bank's agricultural conference at the Bellevue-Stratford on the afternoon of December 6, was largely attended by bankers from Pennsylvania, New Jersey, Maryland and Delaware. After a luncheon tendered the visitors by the bank, there were addresses by a number of prominent bankers and educators on topics relating to farm problems. Charles S. Calwell, president of the bank, acting as chairman. The programme, published in full in this magazine for December, was closely followed. The conference was declared by all present to be a great success.

—A strong effort is being made to have this city designated as a point where one of the new Federal Reserve Banks will be located.

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

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.

GATES W. McGARRAH, President
H. H. POND, Vice-President
JOSEPH S. HOUSE, Cashier
ROBERT U. GRAFF, Asst. Cashier
JOHN ROBINSON, Asst. Cashier
CHARLES E. MILLER, Asst. Cashier

—The enlarged and remodeled banking rooms of the Ninth National Bank were inspected by many of the institution's patrons on December 11.

About \$65,000 was spent by the bank on the improvements. An addition of thirty by forty feet was built, providing a spacious directors' room, private offices and lockers. The entire interior of the building has been resurfaced and a new steel vault installed, built of armor-plate steel and granite and equipped with safe-deposit compartments. The steel door of the vault weighs sixteen tons. East India mahogany has been used in the furniture and wood-work.

—Recently the Penn National Bank took possession of the large addition to its banking building at the southwest corner of

Seventh and Market streets. The addition is built at the south end of the older structure and is of the same height and architecture as the main building, the outer wall on Seventh street being of granite. The older portion fronting on Market street is being renovated. Marble wainscoting, mosaic floor and new fixtures will be installed.

A valuable addition to the equipment of the plant is a large steel vault. The front frame of which surrounding the door weighs thirty-seven tons and the door itself weighs twenty-one tons.

This bank is named after the founder of Philadelphia and occupies the site where Thomas Jefferson drafted the Declaration of Independence. The old building was erected about 1775 and removed in 1883.

—W. C. Fitzgerald has been elected a director of the Ritzenhouse Trust Company, succeeding H. J. Verner, resigned.

—Louis R. Page is a new director of the Corn Exchange National Bank, succeeding Howard R. Reifsnnyder, resigned.

—A. C. Patterson is succeeded by Henry Boyer as director of the Excelsior Trust Company.



—Recently the First National Bank, Bethlehem, Pa., observed its fiftieth anniversary, the bank having been organized December 9, 1863.

Since its organization the bank has paid in dividends \$1,035,000 and has accumulated profits of over \$300,000.

There have been four presidents of the bank since its existence, viz.: C. A. Luckenbach, elected at the organization, who served until he resigned on July 19, 1880. He was succeeded by George H. Myers, who on account of ill health resigned January 17, 1898. He in turn was succeeded by J. M. Leibert, who served until the time of his death, September 1, 1904. The pres-

THE GARFIELD NATIONAL BANK

Fifth Avenue Building

Corner Fifth Ave. and Twenty-Third Street

NEW YORK

CAPITAL
\$1,000,000

SURPLUS
\$1,000,000

OFFICERS

RUEL W. POOR, President
JAMES McCUTCHEON, Vice-Pres.
WM. L. DOUGLASS, 2d Vice-Pres.
ARTHUR W. SNOW, Cashier
R. T. THORN, Asst. Cash.

DIRECTORS

James McCutcheon William H. Gelschen
Charles T. Willis Morgan J. O'Brien
Ruel W. Poor Thomas D. Adams
Samuel Adams Daniel S. McElroy
Robert J. Horner

A SPECIAL INCOME TAX RECORD

The Baker-Vawter Standard Stock Form *COUPON RECORD* is designed with the view to creating a complete segregated record of all coupons handled.

Provision is made for correcting entries where the tax was deducted, when it should not have been—or where the tax was *not* deducted, when it should have been.

Adapted for use in all Banks and Trust Companies handling coupons.

BAKER-VAWTER COMPANY

Bank Accounting Systems

Steel Filing Sections

BENTON HARBOR, MICHIGAN

HOLYOKE, MASS.

Offices in all principal cities—salesmen everywhere

ent incumbent, Abraham S. Schropp, was elected as Mr. Leibert's successor.

At a special meeting of the board of directors, held on the occasion of the bank's fiftieth anniversary, \$50,000 was added to the bank's surplus fund, making that item equal to the capital, namely, \$300,000.

—The board of directors, with the approval of two-thirds of the stockholders of the Federal National Bank of Pittsburgh, after deliberate consideration, consultation, and under advice and consent of the Comptroller of the Currency, have decided unanimously it is for the best interests of all the stockholders of the Federal National Bank to go into voluntary liquidation, and with that in view are acting harmoniously and unanimously to accomplish this end. For the purpose of best conserving the assets of the bank in the interest of the stockholders, the Mellon National Bank, at the request of the directors of the Federal National Bank, has arranged to take over all accounts of the depositors and pay same in full, on demand, if desired; and all assets, after paying the depositors, will be collected for the benefit of the stockholders of the Federal National Bank by a liquidating committee, to be appointed by the stockholders at a meeting thereof to be held January 20, 1914, at 3 p. m., at the Federal National Bank, corner of Fifth avenue and Smithfield street, Pittsburgh.

—Plans are progressing looking to the resumption of business by the First-Second National Bank of Pittsburgh. The assent of some of the largest depositors has already been received.

—New York State banks had a fairly prosperous year, according to their reports to the Superintendent of the State Banking Department. Total dividends paid to shareholders of banks during the year ending September 30 were \$4,065,065, or 4.726 per cent. on the combined capital and surplus. This compares with \$3,834,220, or a little

more than four and one-half per cent., in 1912.

There was an increase in aggregate surplus of the banks on market value, and including all undivided profits, \$1,740,451. For the year 1912 the increase in surplus and undivided profits was \$768,560.

Eight new State banks were authorized by the superintendent during the year and the career of three such institutions ended.

The aggregate gain in resources was \$2,300,842, while deposits decreased \$1,645,472. Loans increased \$13,854,975. Cash holdings were \$4,244,261 more. The aggregate stock and bond investments decreased by \$3,926,904. There is a growing tendency on the part of the banks to substitute commercial paper for the purchases of securities as a secondary reserve of the institutions.

With the authorization of the additional banks during the year, bringing the total to 196, there was an increase in aggregate capital stock of \$1,605,000 and in surplus and undivided profits, on market value, of \$1,740,451. The ratio of surplus to capital of the banks on September 9 was 1.56, as compared to 1.59 in 1912 and 1.55 in 1911.

—At the recent annual meeting of the stockholders of the Pittsburgh Trust Company, D. Gregg McKee, treasurer, was elected a member of the board of directors. The retiring members were re-elected as follows: J. I. Buchanan, W. P. Snyder, S. H. Vandergrift, B. F. Jones, Jr., George E. Tenor, Charles H. Hays, George M. Laughlin, Jr., George Heard.

—For the Montgomery Trust Company, Norristown, Pa., a monumental Greek Ionic style structure is being built of Indiana limestone. It is on the site of the first hotel in Norristown and faces the public square.

—Plans for the building of the First National Bank, Syracuse, N. Y., include the announcement that at first the structure will be only one-third its eventual size.

KINGS COUNTY TRUST COMPANY

City of New York, Borough of Brooklyn

Capital, Surplus and Undivided Profits Over \$2,840,000

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JULIAN P. FAIRCHILD,
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D. W. McWILLIAMS
WILLIAM J. WASON, JR., } Vice-Presidents

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J. NORMAN CARPENTER, Trust Officer
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JOSEPH P. GRACE

WILLIAM HARKNESS
JOSEPH HUBER
WHITMAN W. KENYON
D. W. McWILLIAMS
JOHN McNAMEE
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CHARLES A. O'DONOHUE

CHARLES E. PERKINS
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JOHN T. UNDERWOOD
W. M. VAN ANDEN
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ACCOUNTS INVITED. INTEREST ALLOWED ON DEPOSITS

The foundations, walls and steel work are designed to carry at least eight more office floors, which, it is said, will be erected in a few years.

White granite or white marble are called for as the exterior facings of the three lower stories, the remaining story is to be of white impervious glazed terra cotta.

The banking offices are to be finished in San Jago mahogany cabinet work, imported marble for the counters and wainscoting, bronze metal screens, marble floor tiling and ornamental plastering.

The rear of the banking rooms will be occupied by safe deposit, security and book vaults. In addition to these, there are to be fireproof storage vaults in the basement for old books and documents belonging to the bank and for the storage of trunks, books, etc., belonging to customers.

—As a fitting commemoration of twenty-six years of successful business, the Broad

Street National Bank of Trenton, N. J., on November 29 took possession of its new twelve-story fireproof bank and office building. The main banking room is 100 feet wide by 100 feet deep.

—Pierce Ferguson is a new Pennsylvania bank examiner, succeeding Willett C. Binns, resigned.

—At Williamsport, Pa., the First National Bank, which on December 4 celebrated its fiftieth anniversary, is putting up a seven-story building.

The bank has had a most prosperous half century of life and stands as one of the foremost banks of Williamsport and as the oldest and strongest national bank in Northern Central Pennsylvania. The new building, when completed, will be the finest in that section and will give the bank an added reputation, besides furnishing it a place for banking which will be among the



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FLATIRON BUILDING, NEW YORK

finest in the State. The First National Bank was founded in 1863 by fifteen men, then prominent in the city's business life.

—This cheerful announcement was sent out by President Elliott C. McDougal of the Bank of Buffalo, dated December 12: "We hope it will interest you to know that, since our statement of June 4, 1913, was issued, our deposits have increased about \$2,000,000 and our total resources over \$3,000,000. We have had an unprecedented run of new business. Having doubled our capital and surplus on July 1, making the total \$2,500,000, we have the facilities to handle practically any amount of new business."

—Edward J. Fox succeeds the late Robert E. James as president of the Easton (Pa.) Trust Company.

—Plans for merging the Columbia National Bank of Buffalo with the Marine National Bank include the increase of the capital of the latter to \$5,000,000. When the merger is effected the capital and surplus of the Marine National Bank will be \$10,000,000, surplus and profits about \$750,000, and total resources approximately \$60,000,000. Following is the present official staff: S. H. Knox, chairman of the board; George F. Rand, president; J. H. Lascelles, vice-president; L. H. Gethoefer, vice-president; Henry J. Auer, vice-president; Norman P. Clement, cashier; Emil Diffine, assistant cashier; Merle H. Deni-

son, assistant cashier; Percy W. Darby, assistant cashier; Joseph G. Fischer, assistant cashier.

—The First National Bank of Cumberland, Md., which was organized in 1811 as the Cumberland Bank of Allegheny, has printed in an attractive form a history of the institution's progress. The bank has had a very successful career and is now housed in a fine modern home, which is suitably illustrated in the publication referred to.



NEW ENGLAND

Boston

—William A. Burnham, secretary to President William A. Gaston of the National Shawmut Bank, was recently elected secretary of the bank, succeeding Horatio Newhall, resigned on account of impaired health. C. E. Dunaven has been appointed auditor of the bank in place of C. H. Marston, resigned.

—It is proposed to convert the First Ward National Bank of East Boston into the First Ward Trust Company; capital, \$250,000.

—Ernest A. James and Arthur T. Spring are new assistant cashiers of the Merchants National Bank. George von L. Meyer and Ernest B. Dane have been elected directors of this bank.

—Some time next spring it is proposed to open a branch of the Federal Trust Company in South Boston, at the corner of Northern avenue and D street.

—William M. Prest, who has been a member of the executive committee, has been elected president of the Paul Revere Trust Company, to succeed Edmund Bil-

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SOLE AGENTS

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lings, who resigned as president to become collector of the port, but who will remain on the executive committee of the company.

—There was a hearing recently in regard to the granting of authority by the State for organizing the projected Industrial Trust Company, which it is aimed to start with authorized capital of \$500,000, the plan being to later develop a really big bank if permission is forthcoming.

The company will start with a large capital and surplus. A down-town location will be secured, and it is understood that General Edgar R. Champlin, who is a prime mover, is likely to be selected for president.

—The mid-winter meeting of the Massachusetts Bankers' Association will be held at the Copley-Plaza, Boston, Thursday evening, January 8, 1914. There will be an informal reception at 6 p. m. and dinner will be served at 6.30. The committee have secured as speakers, Hon. A. Piatt Andrew, Hon. James F. Curtis and others whose names will be announced later.

—Boston is to have a new savings bank, the Lafayette.



—In the fine new building of the People's Savings Bank, Providence, R. I., are a couple of new wrinkles—besides the complete modern equipment throughout—thus described by the Providence "Evening Tribune":

"As another measure for the protection of the bank and its patrons and to increase the efficiency of the service, a dictaphone has been installed, and to the People's Savings Bank goes the distinction of having the first of these instruments through which communication can be held with other parts of the bank with or without the knowledge of other persons who may be present. It is possible to use the instrument even when a newspaper is thrown carelessly over it to conceal its presence

from any one who might have fraudulent intentions.

"On the counter there is still another device new to this city. One of the clerks takes the book from the customer and after completing the preliminaries asks the customer to step up to the teller's cage. Instead of walking to the teller's place himself the clerk simply drops the book or slip into a slit in the counter and it is automatically carried to the teller's counter in eight seconds."

—One hundred savings banks officials in Connecticut, representing forty-eight of the sixty-two savings banks that are members of the Savings Bank Association of Connecticut, attended the eleventh annual meeting of the association, at Hartford, December 6. Discussion was largely upon school savings bank accounts. Addresses of an informal nature were made at the dinner which followed the business meeting, by William E. Knox, comptroller of the Bowery Savings Bank, New York, and Charles H. Bosworth, president of the Union Trust Company, Springfield, Mass. Edwin S. Hunt of Waterbury, Conn., was elected president.

—Commenting on the proposal to consolidate the National New Haven Bank, the New Haven County Bank and the City Bank, the New Haven (Conn.) "Register" says:

"As is well known in this city the City Bank has a charter from the State that carries with it a provision exempting it from taxation. To some minds this is a great advantage for a bank and one that might cause an institution like the City Bank to hesitate before yielding up a charter like that.

"The City Bank has a charter that is unique in banking business and commercial lines in these days. There is only one other like it in New England and that is held by the Mechanics Bank of this city. In the early twenties, following the completion of the Erie Canal by DeWitt Clinton, there was given a great impetus to inland water-



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ways, especially in New England, which projected numerous canals for the improved transportation. The Farmington canal was projected and the stock for this project was subscribed for by the public. When the City Bank was projected the State decided to grant it a charter tax free in consideration of a large stock subscription from that institution for the canal. The bank in consideration for this help toward the canal was to be tax free until such time as the canal paid dividends at the rate of six per cent. As the canal never paid a dividend it made the City Bank tax free in perpetuity. The City Bank made up a large part, if not all, of the money it gave toward the canal from the dividends which the stockholders of the bank did not take until the bank made up the amount it gave toward the aid of the canal.

"One of the local bankers, in speaking of the City Bank's charter and its tax exemption feature, called attention to a charter of a local bank which was required to make contributions before it got its charter from the State, yet it did not get the exemption of taxes. This bank is the Merchants National. It obtained its charter from the State of Connecticut in July, 1851. This bank did business as a State bank until 1865, when it became a national bank. The Merchants Bank did not have to take stock in a canal, but it was required to help pay

for the fence that now encloses the Green, and which in those days was referred to as the public square. The amount that the Merchants Bank was required to pay toward the erection of the fence around the Green was \$4,000. In addition to that it was required to make a contribution of \$2,000 to the Young Men's Institute, also \$2,000 to the General Hospital Society and \$2,000 to the Connecticut State School for Boys established at Meriden. These contributions, amounting to \$10,000, were the tribute from the Merchants bank to the State for its charter.

"In the directors' room of the Merchants Bank there is hanging on the wall a document which tells how the bank obtained its charter from the State of Connecticut and what the terms were."

—By remodeling its rooms the Burlington (Vt.) Trust Company has gained considerable working space and greatly improved the appearance of the banking rooms. Besides the installation of improved equipment greatly enhances the convenience of the patrons of the bank and of its working staff as well.

The Burlington Trust Company was organized in 1882 and occupied desk room in the Howard National Bank until 1891. It then bought the Commercial Bank block on the site of the present building, which was

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J-M Asbestos Stucco

dries with a pleasing gray-white effect that does not tarnish or discolor with age. Water or the most severe climatic changes do not affect it. It can be worked in many texture effects.

The covering capacity of J-M Asbestos Stucco is greater than that of any other exterior finish. There is no sand in J-M Asbestos Stucco to cause discoloration or prevent the proper setting of cements, as in ordinary stuccos.

J-M Asbestos Stucco weighs considerably less than other stuccos, spreads more evenly and can be applied at a less cost of labor. It is the most weather-proof and fire-proof stucco on the market.

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The Canadian H. W. Johns-Manville Co., Ltd., Toronto, Montreal, Winnipeg, Vancouver.

built in 1891 and has served every purpose until the growth of business demanded this year's expansion. The officers and directors are: President, H. L. Ward; vice-president, E. C. Mower; treasurer, F. W. Elliott; directors, H. L. Ward, E. C. Mower, F. R. Wells, C. L. Smith and D. A. Loomis.

During the winter months it is the custom of this institution to serve tea of an afternoon to officers and clerks after the heavy work of the day ends.

—Mayor Joseph M. Halloran is chairman of a committee engaged in organizing the Commercial Trust Company at New Britain, Conn., with \$100,000 as the proposed capital. It is intended that the new company will have a savings department.

—With one exception, says the Newburyport, Mass., "News," John A. Maynard, treasurer of the Newburyport Five Cents Savings Bank, is the oldest savings bank treasurer in Massachusetts in point of service. On December 1, Mr. Maynard completed a half-century of service with that bank, which he entered in 1863.

Born in Hampton, N. H., July 4, 1839, Mr. Maynard went to Newburyport when a young man in 1858 and with an aptitude and desire for banking, started at the foot of the ladder in the Mechanics Bank, now Ocean National Bank.

When he assumed the treasurership of the Newburyport Five Cents Savings Bank its assets were less than \$200,000. Now, after fifty years, they have reached over \$1,000,000.

With possibly one exception there is not one at present living that was connected with the bank when Mr. Maynard accepted the responsible office of treasurer fifty years ago.

The Five Cents Savings Bank has been progressive under Mr. Maynard's administration of its affairs and has an excellent reputation in the banking circles of the State.

Its treasurer has filled the office with signal honor and integrity all these years and has enjoyed the confidence and esteem of the community. Hundreds of thousands of dollars have been handled by his bank belonging to its depositors and every penny has been faithfully and accurately accounted for.

Mr. Maynard received the well-merited good wishes and congratulations of the people of Newburyport and vicinity on the occurrence of this golden anniversary.

—There are excellent reasons why the Northampton (Mass.) National Bank should feel proud of its new building, which is built in the simple classic style, the facade being of Indiana limestone.

The main banking room, customers' room, ladies' department, officers' quarters, board room, the general working space and the safe-deposit vaults, are all finished and furnished according to the latest and best ideas, the whole establishment constituting a thoroughly modern as well as a most attractive banking home.

Officers of this progressive bank are: President, Charles N. Clark; cashier and vice-president, Warren M. King; assistant cashier, Edwin K. Abbott.

—The People's Trust Company is a proposed new institution at South Norwalk, Conn.

—On December 8 the board of directors of the Fall River (Mass.) National Bank presented to President Ferdinand H. Gifford a beautiful silver service in recognition of half a century's connection with the institution.

The presentation was made by George H. Eddy, Jr., cashier and clerk of the board of directors, on behalf of the latter. On one side of the vase is the following inscription: "Presented to Ferdinand H. Gifford, President of the Fall River National Bank, by his associate directors, 1913," and on the opposite side are the words, "In remembrance of his fifty years of continuous service, 1863-1913."

Mr. Gifford went to the Fall River National Bank as teller in 1863 and the year following was advanced to the position of cashier, which position he held until 1895, when upon the death of Guilford H. Hathaway, he was chosen president.

In addition to holding the presidency of this bank, Mr. Gifford is president of the Clearing-House Association and is a trustee in the Fall River Savings Bank.

—America's famous showman, the late P. T. Barnum, was the first president of the Pequonnock Bank of Bridgeport, Conn., which has lately been merged with the First Bridgeport National Bank. The latter bank traces its history back to 1806 and the Pequonnock to 1851.

Out of these two historic institutions emerges the First National Bank with a capital of \$1,000,000, and a new building will be put up on the site occupied by the Pequonnock National.

—Modernization of all the departments of the Security Trust Company, Hartford, Conn., was effected by the remodeling of the company's offices, completed a month or so ago. In point of arrangement, decoration and equipment the company's various departments now conform to the most modern requirements.

The growth of the company has been marked. It was originally known as the Charter Oak Trust Company. By good management its resources were steadily in-

Utah Savings & Trust Company Salt Lake City, Utah

Commerolal—Savings—Trust—Bonding

Capital . . . \$300,000
Surplus & Profits, 100,000

OFFICERS:

W. S. McCornick,
President
E. A. Wall,
Vice-President
W. Mont Ferry,
Vice-President
Frank B. Cook,
Cashier
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Expeditions and intelli-
gent handling of collec-
tions throughout this in-
ter-mountain country.**

25 Years Old

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creased. Last April, by special act of the Legislature, the title was changed to the Security Trust Company. In July of that year the resources of the company amounted to \$1,746,063.42.

The officers are: Atwood Collins, president; Charles Edward Prior, vice-president and treasurer; Francis Parsons, vice-president and trust officer; Charles Edward Prior, Jr., secretary; Arthur H. Cooley, assistant treasurer; Arthur M. Bunce, assistant secretary; Earle E. Diman, assistant trust officer.

—Soon after the first of the year the Windsor (Conn.) Trust and Safe Deposit Company will open in quarters already leased for the institution.

—The Uncas National Bank of Norwich, Conn., has moved from its former location into the building previously owned and occupied by the First National Bank. The new and commodious banking quarters will equip the bank in an admirable way for handling its business, which has had a large growth during the past year, and the prospects seem bright for a future gain.



THE OLD NATIONAL BANK OF SPOKANE

INVITES all banks desiring a prompt clearance of items drawn on points in the Pacific Northwest to avail themselves of its facilities.

DIRECT connection with practically every banking point in its territory renders its transit service singularly efficient.

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W. J. KOMMERS
J. A. YEOMANS
W. J. SMITHSON
 Assistant Cashiers

CAPITAL
ONE MILLION DOLLARS

SOUTHERN STATES

—W. L. Moody III, who was born at Galveston, Texas, January 7, 1894, is probably the youngest bank president in the United States. His grandfather is at the head of W. L. Moody & Co., bankers; his



W. L. MOODY III

**PRESIDENT AMERICAN BANK AND TRUST CO.,
 GALVESTON, TEXAS**

father is president of the City National Bank of Galveston, and the young Mr. Moody is president of the American Bank and Trust Company, Galveston, thus making three generations of W. L. Moodys at the heads of these banks.

—The England National Bank and the England Loan and Trust Company, Little Rock, Ark., which for the past six years have been located at 113 West Second street, have moved to their new location in the building formerly occupied by the Little Rock Trust Company at 300 Main street. The change was made in order to secure more room and better facilities, which were found to be necessary, the officers of the bank say, to accommodate their much enlarged business.

The bank will occupy the front of the building. The England Loan and Trust

Company will have an entrance on West Third street.

The vault to be used at the new location is the one which originally was located in the old Bank of Little Rock, which twenty years ago stood on the northwest corner of Main and Markham streets. Its walls are handling its business, which has had a large constructed of solid pieces of steel. The vault is fitted with over 600 safe deposit boxes.

The bank recently increased its capital from \$100,000 to \$200,000.

—Dade City, Fla., is to have another bank. It will be a national bank, with a paid-up capital of \$25,000. A fine two-story brick building will be erected to house the new institution.

—More business keeps coming its way, so the Mercantile Trust Company of Little Rock, Ark., will increase its capital from \$150,000 to \$300,000.

—A site has been purchased for the new building of the Jefferson Commercial and Savings Bank, New Orleans.

—It is reported that the Fourth National Bank of Jacksonville, Fla., has been taken over by the Atlantic National Bank.

—Founded seven years ago, the Citizens' Bank and Trust Company of Austin, Texas, already has deposits above \$1,500,000, and of late its business has been growing to an extent that has made it seem desirable to enlarge the original capital of \$100,000. It is a part of the policy of the bank to keep a large proportion of its resources available in cash and to build up a strong surplus fund.

—The Palmetto National Bank of Columbia, S. C., moved into its new sixteen-story home on Main street recently. The building represents an investment of about \$500,000.

—Work is now proceeding on the new building for the Murchison National Bank, Wilmington, N. C. It will be 63 by 106 feet, ten stories, of fireproof construction, and will cost about \$275,000.

—Plans for the proposed sixteen-story State Bank and Trust Company building, San Antonio, Texas, have been completed. Eight stories are to be erected immediately and it is probable that four more stories will be added before the building is ready for occupancy. However, it is being built strong enough to hold sixteen stories and the plans are drawn for that number. As soon as conditions warrant it the additional stories will be added. The building is to have a reinforced concrete frame, with brick curtain walls. As an eight-story

Planters National Bank

RICHMOND, VIRGINIA



Capital

\$300,000

Surplus and Profits

\$1,500,000

Total Resources

\$9,600,000

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

D. V. MORTON

Assistant Cashier

**Unsurpassed Facilities
for collecting Items
on Virginia and
the Carolinas**

The Union National Bank

CAPITAL
\$1,600,000.00

Cleveland, O.

SURPLUS AND PROFITS
\$1,000,000.00

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

Since 1884 we have responded to the needs of a constantly increasing number of customers. We aim to dispatch business promptly. Our facilities are offered to those who, appreciating good service, will maintain adequate balances.

building it will have a height equal in the number of feet to the highest building in the city at present. The bank is to occupy the lower floor and the remainder will be composed of modern equipped offices and business suites.

—A contract has been closed for the erection of a modern granite building for the Hibernia Bank of Savannah, Ga., to occupy the site of the old Board of Trade building.

The new Hibernia Bank building will cover a plot sixty by ninety feet. The main entrance will be on Drayton street, with another entrance from Bay street. Six great granite pillars will stand in the alcove on both the Drayton and Bay street sides of the building. The banking room will be large and well lighted, fitted with modern fixtures of marble and bronze.

In the cellar there will be storage vaults for the safe keeping of silverware and similar valuables. The book, security and safe deposit vaults will be on the main floor. Officers' and directors' room will be handsomely furnished and fitted. Every convenience offered by an up-to-date banking institution will be provided for the bank's patrons.

—The Bank of Commerce and the State Bank of Gulfport, Miss., have been consolidated and will be hereafter known as the Bank of Commerce. The new bank will have assets of \$750,000 and will be one of the strong banking institutions on the coast between New Orleans and Mobile. R. R. Perkins will be president; Mat Owen, vice-president; T. W. Milner, cashier, and L. B. Joyce, assistant cashier. George P. Hewes, formerly cashier of the State Bank, will be connected with the Bank of Commerce.

—Richard Wilks of Birmingham is a new associate State bank examiner for Alabama. The new examiner has been connected with the First National Bank of Birmingham and has had fourteen years' experience in banking.

—It is reported that the Bank of Commerce is projected at Meridian, Miss., with \$100,000 capital.

—Birmingham calls the new home of the Jefferson County Savings Bank "the South's tallest building." It is twenty-five stories high, with the roof 325 feet above the street level. Standing on the northwest corner of Second avenue and Twenty-first street, it covers an area of 7500 square feet. It is a handsome building, as skyscrapers go, with huge granite columns rising to the height of the third story at the entrance. The Enslin family are the principal owners of the bank, Eugene F. Enslin being the president. Beginning in 1884 the bank has grown with Birmingham's remarkable development as one of the chief manufacturing and commercial centres of the South.

—Only a few years ago the constitution of the State of Texas prohibited the formation of State banks, but in 1905 a new banking law went into effect and since that time the organization of State banks and trust companies has proceeded rapidly, the total number of such institutions now being 832.

The report of the Commissioner of Banking shows that at the close of the fiscal year ending August 31, 1913, and the fourth year since the bank guaranty law has been in effect, the depositors' guaranty fund amounts to \$778,824, which is an increase of \$199,507 over the previous year. In 1912 there were 679 banks participating in the total guaranty fund. During last year the number of banks increased to 759, with an available total amount of \$759,450, subject to the provisions of the guaranty fund plan. The commissioner calls attention to the fact that in the fiscal year 1913 no demands on the guaranty fund have been made.

—A new question has arisen in the Texas Department of Banking and has been referred to the Attorney-General's depart-

Capital - \$2,500,000.00



Deposits, \$36,000,000.00

CLEVELAND, OHIO

Surplus and Profits - \$1,870,000.00

ACCOUNTS SOLICITED

Correspondence Invited

Collections a Specialty

ment for solution. It calls for the construction of the State banking act regulating savings departments of State banks. The statutes are quite restrictive in that connection and especially designate only high class securities for the investment of savings deposits.

The Commissioner of Banking was advised that a certain State bank which has maintained a savings department has decided to close it and open an "Interest-bearing department." A separate window is to be maintained, and the deposits, as in savings banks, will not be subject to check. The modus operandi is to be almost identical with the savings bank feature, but the name is entirely different.

Commissioner Collier has asked the Attorney-General if such "interest-bearing department" is absolved from following the regulations and restrictions imposed on savings bank deposits. The Commissioner is of the opinion that such a department comes within the definition or intent of the statute governing savings departments and that it must obey the same law and can invest its deposits only in the high-class securities described.

Commissioner Collier believes that if a different view should be taken the banks could avoid the protection the law gives savings deposits by creating "interest-bearing departments" or similarly termed divisions, and in that way invest funds in any class of securities they deemed advisable.

—For the Guaranty State Bank, Texas City, Texas, a new two-story building is to be erected. The corner room will be occupied by the bank and the adjoining room by the postoffice.

—Bankers of Dallas county, Texas, outside the city of Dallas have formed an organization to deal with banking matters of mutual concern.

—The Charleston (S. C.) "News and Courier" of December 2 publishes the fol-

lowing interesting account of the opening of a new branch of the Germania Savings Bank in that city:

A novel feature of the opening yesterday of the King street branch of the Germania Savings Bank was the exhibit of the original drawings illustrating the brochure "Tempus Fugit" issued as a souvenir of the opening. The exhibit of pictures, shown in black and red and gold, German colors, fills the front window and interested the hundreds of callers who visited the bank to offer their congratulations. The entire board of directors was present during the morning hours to receive and welcome visitors to the new quarters and to distribute autograph copies of the booklet, which was prepared and illustrated especially for the Germania with reference to its new Chimes Clock. It bears, as a cover design, an exquisite bronze figure from the Niederwald Denkmal, exemplifying power and liberty, harmoniously worked within a dial circle. Within the body of the book the compiler has interwoven hundreds of quotations from the authors of all ages with suitable poems and a virile, though imaginative, message of the bells.

Mr. H. J. Bollmann, assistant cashier, is manager of the branch, with Mr. Wm. H. Hopke, teller. The manager's mother, Mrs. Louisa Bollmann, made the first deposit yesterday in gold, quickly followed by other sums in the names of prominent people. All change given over the counter was in new money in the various denominations and crisp new bills, while the entire banking room reflected the spirit of the day in its decorations of palms and cut flowers.

A number of interesting reminiscences in the history of the old bank during its forty years of service here were brought to light during the day. The Charleston lady in whose name the first pass book was issued in 1874 kindly sent the original book to the president. Another striking item brought out was the fact that during the Germania's history a million and a quarter

dollars in interest has been paid out by the bank to its customers.

The opening of the new bank is the natural result of the feeling among the directors that in order to meet the growing needs of the community they must extend their field of service—hence the branch bank. They were most fortunate in securing this convenient location in the Masonic Temple Building, having made thorough improvements in this property, which they have leased for a term of years

—The most important bank consolidation that has taken place in New Orleans for some years was that of the Canal-Louisiana Bank and Trust Company and the German-American National Bank and the German-American Savings Bank and Trust Company, which was announced recently.

The three banks will form the Canal Bank and Trust Company, which will have assets of about \$20,000,000, and deposits of near \$16,000,000.

The officers announced are as follows:

President, W. R. Irby; chairman of board, Wm. P. Burke; vice-president, Charles Janvier; vice-president, Albert Breton; vice-president, James P. Butler, Jr.; cashier, F. Dietz, Jr.; assistant cashier, E. M. Toby; assistant cashier, L. H. Moss; assistant cashier, L. B. Giraud; assistant cashier, H. Dabezies; general counsel, Dufour & Dufour.

The announcement of the merger was like this:

“The board of directors of the above banks have unanimously approved the plan

of consolidating the German-American National Bank, the Canal-Louisiana Bank and Trust Company and the German-American Savings Bank and Trust Company into an institution to be known as the Canal Bank and Trust Company.

“The capital stock of the merged institutions will be \$2,000,000, and a paid-up surplus of \$400,000, and the bank will continue, without interruption, the combined business of the three amalgamated institutions.”

—The Bank of Hattiesburg, Miss., succeeds the Hattiesburg Trust and Banking Company. It is capitalized at \$100,000. H. A. Camp is president, John Kamper and J. S. Love vice-presidents, Joseph O'Rea cashier, and C. G. Woodward assistant cashier.



WESTERN STATES

—Thirty-four years ago W. D. Plattenberg began work as janitor in the First National Bank of Canton, Ill. On December 13 last he was elected president, to succeed W. C. Dean, deceased.

—The Wisconsin Bankers Association is participating in the organization of the Bank Deposit Mutual Insurance Company, Ltd., whose object is to insure the deposits of banks in that State.

—Reports are current of a new \$500,000 national bank at St. Paul, Minn., those prominent in its organization being W. A. Miller, former vice-president of the First National Bank of St. Paul, and F. A. Nienhauser, formerly cashier of that bank.

—The Twin City Bankers Club recently entertained twenty-five Canadian bankers at a dinner at the Minneapolis Club.

—Here is the way a Dayton, Ohio, bank is reaching out for business, as told by a local paper:

The Dayton Savings and Trust Company, in accord with its policy of expansion, is taking on a foreign department with the object of securing the savings accounts of the hundreds of aliens residing in and around Dayton.

The department, because of the lack of room on the ground floor, will be maintained in offices on the third floor of the Davies building and will be in charge of Alexander C. Warady, of New York city. Warady is a young man of extensive connection and experience and has been engaged in banking ten years. Of foreign birth, he speaks with fluency, English, Hungarian, German, Polish, Slavonic and

SAVINGS BANKS

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invited.

WRITE

Croatian. A steamship agency will be maintained and general banking and foreign exchange looked after.

The bank will specialize in seeking the savings and commercial accounts of the large and growing foreign population.

—After thirty-two years of successful operation as a private institution, the Bucyrus (Ohio) City Bank became a State corporation on January 1 with \$100,000 capital.

—The First National Bank and the People's Savings Bank, Woodbine, Iowa, now occupy their new banking home, which is declared to be one of the finest bank buildings in Western Iowa.

The First National Bank was organized in 1892 as a national bank, but it really dates back to 1884 as a banking institution. At that time Woodbine was a village of about 500 people and a private bank, known as the Commercial Banking Company, was organized with a capital of \$12,000. Josiah Coe was president and H. M. Bostwick, cashier. It continued operation until the reorganization into the First National in 1892. Josiah Coe continued to be the president and retains that office at the present time. C. D. Stevens was elected vice-president and continued for two years when he went West and George A. Matthews was elected his successor and held the office until his death in 1909. H. B. Kling is now the vice-president. Mr. Bostwick was appointed a national bank examiner in 1905 and at that time George W. Coe was chosen cashier.

Associated with the national bank is the People's Savings Bank, organized in 1895, with F. J. Porter, president; G. Pugsley, vice-president, and H. M. Cormany, cashier.

Mr. Porter is still president of the Peoples Savings Bank. Mr. Pugsley was succeeded by H. B. Kling, and Mr. Cormany resigned the cashiership in 1903 on account of his appointment as State bank examiner, which position he has held since that date. As cashier he was succeeded by

Josiah Giddings, who served until his death, and who in turn was succeeded by M. A. Reed, the present cashier. Comparatively few changes have taken place in the directorship of either the national bank or the Peoples Savings Bank.

The new bank building is two stories high, built of pressed brick and entirely modern in all respects. It is a fine structure and a credit to the business part of the city. The upper story is divided into four suites of offices, provided with all modern conveniences.

The combined deposits of the two banks now aggregate over half a million dollars.

—The fifth branch of the American State Bank, Detroit, Mich., was recently completed. It is located at Kercheval and Holcomb avenues.

—Missouri State banks and trust companies, as per official reports of November 21, had on deposit \$333,936,865. Adding the deposits of the national and postal savings banks, the total is almost \$500,000,000.

—The South Side branch of the State Savings, Loan and Trust Company, Quincy, Ill., has moved into its new and completely equipped permanent quarters at 430 South Eighth street.

—The Sand Springs, Oklahoma, State Bank is to have a new building, two stories high, and twenty-five by one hundred feet.

—Plans for the eighteen-story addition to the Union Savings Bank and Trust Company, at the northwest corner of Fourth and Walnut streets, Cincinnati, Ohio, are now in the hands of several local contractors. The improvement will be a duplicate of the main building. Its cost is estimated at \$350,000, the dimensions being 38 by 100 feet.

—At Steubenville, Ohio, the Union Savings Bank and Trust Company has been incorporated with \$150,000 capital, and it is reported that the new company will take

over the business of the Union Deposit Bank, which has been in existence since 1854.

—Members of the American Institute of Banking are rapidly developing into bank officers, the latest one to receive this distinction being Byron W. Moser of the St. Louis Union Trust Company, St. Louis, Mo. Mr. Moser, who was president of the



BYRON W. MOSER

SECRETARY ST. LOUIS UNION TRUST COMPANY

American Institute of Banking last year, has been made assistant secretary of his institution.

Mr. Moser is a native of Missouri, born in 1884 in Ironton. At the age of twelve he became a resident of St. Louis, attended the public schools of that city and was graduated from the Central High School in 1903. After graduation, he wasted no time in getting to work, for after taking but one day's vacation started in as messenger for the institution of which he is now assistant secretary.

Prior to his election as national president of the A. I. B. he was for two years president of the St. Louis Chapter. He, therefore, brings to his new position broad experience gained through worth while executive positions in the institute.

—Under the Oklahoma banking law, the members of the executive council of the

State Bankers Association submit three names to the Governor as candidates for State Bank Commissioner, the appointment being made from the names so submitted. A similar plan might be followed with advantage in all the States.

—Wood County, Wisconsin, bankers to the number of forty met at Grand Rapids in that State recently and effected an organization for cooperative work with the farmers.

—A State land mortgage association was recently opened under the new Wisconsin law at Marinette in that State. It is operated in conjunction with the Farmers Savings and Trust Company, a new institution with \$55,000 capital.

Applications for a number of loans by farmers under the provisions of the new statute were received before the bank opened, and it is believed that the association will play an important part in the future agricultural development of the country.

Farmers can negotiate long-time loans with the privilege of paying back specific amounts of the principal and interest each year.

—Harry T. Blackburn, cashier of the Iowa National Bank of Des Moines, recently completed thirty-four years of banking service. Here's a little story about him, taken from the "Northwestern Banker" of his own town:

When Harry Blackburn first entered the banking business he was not the \$10,000 a year man he is today. "They gave me \$12 a month to run errands and wash the windows," he said. "It wasn't as much as I had earned sometimes in one day on the street blacking boots and selling papers, but it gave me a start. Two years later I was getting \$30 a month. I thought I was doing fine. Then Postmaster John Beckwith offered me \$75 a month to work in the postoffice.

"Seventy-five dollars a month was like an offer of \$100,000 a year might be to me now. I thought of all I could do with \$75. When I went to Mr. Rounds he advised me not to take it. He said it was a lot of money, but that I would some day be making a great deal more as a banker than I would in the post office. I believed him. When I went to work in the bank I was fifteen years old and I was scared stiff. It seemed like a dream to be working in a bank. Eighteen years later, when I left, I was assistant cashier."

Mr. Blackburn has been with the Iowa National twelve years.

—One of the notably fine bank buildings of the State of Indiana was completed last month for the First National Bank of Vincennes, and is now occupied by that institution.



The First National Miami Bank Florida

Capital, \$150,000

Deposits, \$1,250,000

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W. H. SPITZER, V-PRES. HARRY McCOWN, CASH.

Collections and all Banking Matter on Miami and South Florida will receive Prompt Attention

—The Banking Corporation of Montana, a half million dollar farm mortgage bank, with its principal offices at Helena, is establishing a branch office in Butte, Montana.

The Butte branch is being established in order that it may have more convenient access to the farm mortgage business of Beaverhead, Madison, Deer Lodge and part of Gallatin, Jefferson and Powell counties, a territory that is directly tributary to Butte.

—At the regular annual meeting of the Mercantile Trust Company of St. Louis, J. Hugh Powers, manager of the bond department, and B. A. Brennan, assistant to the president, were elected directors and also made vice-presidents. Mr. Powers has been with the company since 1900 and has worked up through various positions to the vice-presidency. Mr. Brennan, prior to 1912, was associated with the Bethlehem Steel Company.

Thomas Rielly was appointed assistant manager of the real estate loan department.

The directors and officers of the company were reelected.

—Work on the new home of the Miners Savings Bank and Trust Company, Butte, Montana, is proceeding rapidly. The bank will get into its new rooms soon.

—The new home of the Pontiac (Mich.) Savings Bank is described as one of the most elaborate as well as the most substantial in the State.

—The Third National Bank of St. Louis issues a neat form of folding envelope, which when opened contains a very concise and clear statement of the advantages of dealing with that bank, signed in facsimile by President F. O. Watts.

A reproduction of a similar envelope was reproduced in the October number of THE BANKERS MAGAZINE, page 454.

PACIFIC STATES

—The Seattle National Bank regularly issues a "Trade and Crop Bulletin" giving a complete and accurate survey of conditions in the Pacific Northwest.

The resources of this bank now amount to \$16,000,000.

—On the ground that the State banking law forbids banking corporations being organized by other corporations which own the stock in such banks, the State Banking Department of California has refused to grant a charter to the Union Trust Company of San Diego.

—The San Diego (Cal.) Savings Bank, the oldest savings bank in that city, now occupies its new home at Fifth and E streets.

The San Diego Savings Bank is both the oldest and largest savings bank in that city. The institution was organized April 15, 1889. There are now more than 12,000 depositors carrying accounts on its books.

The bank was organized by M. T. Gilmore, who was its first cashier. J. W. Sefton, since deceased, was the first president. He held the office for eighteen consecutive years. At his demise Mr. Gilmore was elected to the post and has held that office for the last five years.

E. M. Barber, now cashier of the institution, has been with the bank for twenty years. He entered its employ as teller. Through his continuity of service and ability as a banker he has attained his present position and holds a reputation among bankers of California as a man of conservative aggression and has done much to build up the business of the bank.

J. W. Sefton, Jr., is first vice-president and son of the first president. He has been actively connected with the bank for the last nine years.

C. J. Reed, assistant cashier, has been with the bank for two years, making his initial connection as a teller.

—Leo. S. Chandler, who has been trust officer and assistant secretary of the Los Angeles Trust and Savings Bank for the past nine years, was recently elected vice-president and director of the Citizens Trust and Savings Bank, succeeding Charles G. Greene, resigned.

—A point is made of the fact that the materials used in the construction of the new Farmers and Stock Growers Bank of Salt Lake City were all produced in Utah. Work on the building is so far advanced that it is expected to be ready for occupancy some time this month.

—On December 6 friends of the Boise City (Idaho) National Bank were invited to inspect the new banking rooms of that institution.

—Bankers of Yakima, Benton and Klickitat counties meet at North Yakima, Washington, December 4, and organized Group 6 of the Washington Bankers Association.

The decision to organize was made at the annual meeting of the North Yakima Clearing House Association at which the following officers were elected: President, Frank Bartholet; vice-president, E. P. Hoffman;

secretary-treasurer and manager, James Loudon.

—On November 29 the fine new building of the Pasadena (Cal.) National Bank was opened, a public reception being given to the friends of the bank.

—Los Angeles is to have a new bank—the Bankers Trust and Savings—with \$2,000,000 authorized capital and \$1,000,000 paid up. It will be located in the Marsh & Strong Building at Ninth and Main streets, and Warren Gillilen will be president.

—The Scandinavian-American Bank of Portland, Oregon, which recently absorbed the Commerce Trust and Savings Bank, has doubled its capital. It is announced that State Superintendent of Banks Wright resigns his office to become president of this bank. On November 9 the deposits of the bank were \$660,368, and on December 1, 1913, \$1,728,000.



CANADIAN NOTES

—The new home of the Canadian Bank of Commerce, the work for which has already been started at the corner of St. Peter and St. Paul streets, will, when completed, rank among the handsomest buildings in the City of Quebec. The ever-increasing business of the bank has outgrown the present offices on Mountain Hill, and new and more spacious quarters have been found necessary.

The new building at the corner of St. Peter and St. Paul streets will measure 100 by 60 feet in area, and be 55 feet in height. It will be divided into three flats, and built of Deschambault stone and granite, and roofed with copper. The basement, where the vaults, etc., of the bank will be located, will be built of concrete up to the ground level, and be absolutely waterproof. The whole building will rest on concrete piles going down to solid rock, and will cost \$20,000.

—A branch of the Bank of British North America has been opened at St. Catharines, Ont., under the management of W. E. Hopkins.

—A branch of the Bank of Toronto has been opened at Mazenod, Sask., under the management of O. E. Burkell.

—The Royal Bank of Canada will open a new branch at Coaticook, Que., shortly.

—Net profits of the Bank of Toronto for the past year were \$850,693, to which is added \$200,000 on account of debts previ-

Stock Prices

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This work is now in its second edition. It has been adopted as a text book at Lehigh and Cornell Universities.

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ously written off but later recovered, making the total, including the balance in the profit and loss account November 30, 1912, \$1,227,272.09. The general statement of the bank on November 29 last shows assets of \$60,925,164.49.

—The Union Bank has opened branches at Glacier, B. C., and at Smithers, B. C.

—W. B. Cumming, who has been in charge of the L'Original branch of the Sterling Bank has been made assistant inspector.

—A branch of the Canadian Bank of Commerce has been opened at 875 St. Denis street, Montreal, in charge of J. R. Boivin.

—John McKeen, manager of the Halifax branch of the Bank of Nova Scotia, has retired under the bank's pension system.

—Some changes have been announced in the officials of the Bank of Nova Scotia. C. H. Easson, formerly general manager of the Bank of New Brunswick, which recently was absorbed by the Bank of Nova Scotia, is made manager of the main Toronto branch. H. A. Flemming, who has been local manager, is made manager of the Halifax branch. W. Cook is to be manager of Aylesford, N. S., and W. E. Wolfe to be manager at Welland, Ont.

I. W. Payzant, for several years assistant manager of the Bank of Nova Scotia's Halifax office, has been transferred to Toronto.

—The Union Bank of Canada has opened a West End branch at 51 Haymarket, London, England, with G. M. C. Hart Smith as manager.

—Irving Ross has been appointed manager of the Gerrard street Toronto branch of the Bank of Ottawa.

—On December 5 the ninety-sixth annual general meeting of the shareholders of the Bank of Montreal was held in the board room at the bank's headquarters. The annual report showed profits for the year ending October 31, 1913, of \$2,643,402.86, to which is to be added \$802,814.94 brought forward from last year. After making provision for dividends, etc., \$1,046,217.80 was carried forward to the next year. On October 31 the assets of this bank were \$244,787,044.55. In his annual address, Mr. H. V. Meredith, the newly-elected president of the bank, stated that legitimate trade conditions in Canada were good.

—G. C. Cassels, formerly assistant manager of the Bank of Montreal in London, England, has been appointed manager of that office in succession to Sir Frederick Williams-Taylor.

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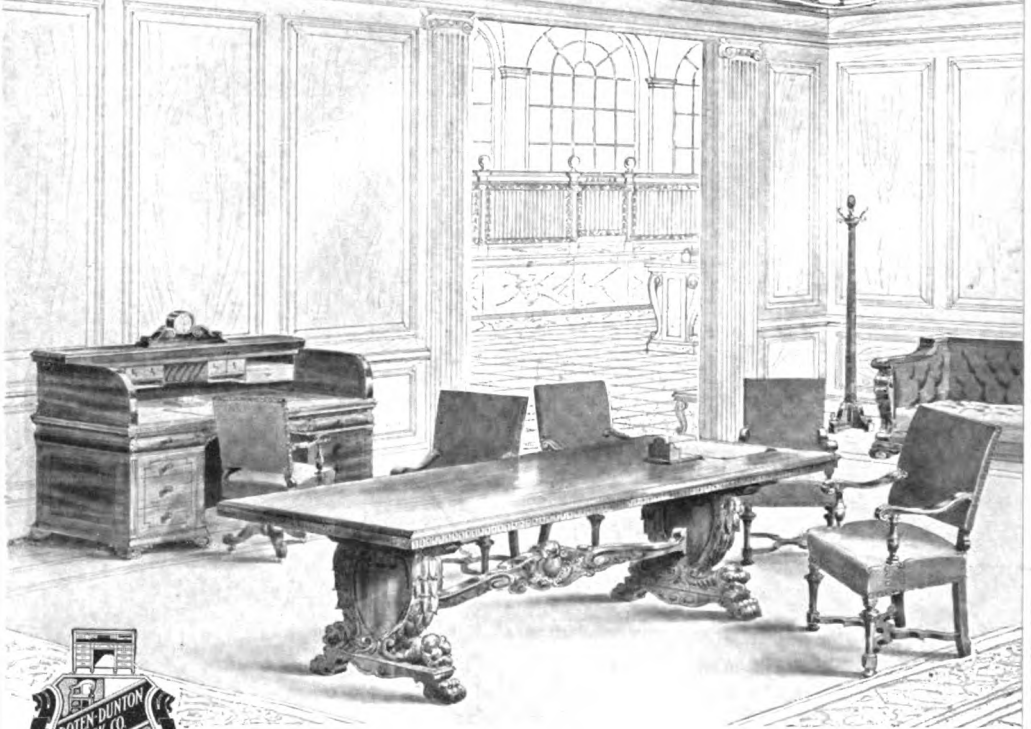
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THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-EIGHTH YEAR

FEBRUARY 1914

VOLUME LXXXVIII, NO. 2

The New Banking System

GIVE IT A FAIR TRIAL

NOW that the long controversy over the reformation of our banking system extending over nearly a quarter of a century has resulted in legislation of a far-reaching character, there can be but one attitude for patriotic Americans to take—to give the new system a full and fair trial under conditions most favorable to its success. While this reform was in the stage of discussion, and even while the bill for carrying it out was pending before the House and Senate, it was just as plainly every American's privilege and duty to speak his mind freely and to make any criticism of the bill calculated to improve it or to defeat it altogether if deemed hopelessly bad. But the stage of discussion is now past, and we are face to face with the problem of putting the new law into operation and trying it out in practice. If after a fair trial it shall be found to need amendment—as will no doubt be the case—such changes may be made by Congress as experience suggests. And if the measure be found unworkable it can be repealed altogether. To ascertain the real character of the act and its adaptability to the country's banking and business needs, we shall have to observe its workings; and the real excellences or defects of the law will most surely manifest themselves under the freest conditions. It has been said that the best way to insure the repeal of a bad law is by enforcing it, and the real faults or excellences of the banking law will reveal themselves in operation.

While the shifting of reserves is going on, considerable hardship and uncertainty will be experienced; but, conceivably, when the new law gets into operation these difficulties may be counter-

balanced by a smoother and more efficient working of our banking system than we have heretofore had.

It is certain that any inconveniences caused to the banks and to business interests generally in effecting the change from the old law to the new will be greatly multiplied by a hesitant, suspicious attitude on the part of the banks; and, on the other hand, it is just as certain that the transition period can be made less difficult and troublesome and the new measure given the fairest opportunity of success if the banks of the country loyally accept it and work in full harmony with the Government in putting the law in operation. This we believe they will do, as already shown by the number of banks indicating their intention to become members of the Reserve Bank system.

Two of the chief objects of those who have carried on the campaign for currency and banking reform have been the establishment of reserve banks adequately equipped to perform their functions, and the acceptance of the principle of coin and commercial paper as security for bank notes. These objects are both embodied in the Federal Reserve Act, although the method of carrying them out may not be the best that could have been devised. The position of this MAGAZINE in this respect is a matter of record, and we still believe that the evolutionary method would have been better than the revolutionary plan of reforming our banking system. But if the plan adopted works satisfactorily, if it endures and meets the requirements of a sound and efficient banking system, that will be a vindication of the wisdom of those who framed this measure.

The business of the country is sorely in need of the help which a strong and stable banking system can supply—something on which the people can rely with unshakable confidence. As in England bankers and business men feel that whatever may happen to individuals or to the banks in general, the Bank of England will stand safe against every possible assault.

If the Federal Reserve Act promises when fully in operation to furnish us such a system of banking, every bank and every individual should cooperate with the Government to bring about this result with the least possible delay.

It must be recognized by all familiar with the course of banking legislation in this country that the task of framing a satisfactory measure was a colossal one—the vast extent of the country, the varying interests of the different sections, the great multitude of banks, the habits, traditions and prejudices of the people—all these factors tended to complicate a problem which under the most favorable conditions would have been complex enough. Congress and the President are therefore entitled to praise for getting a measure through that appears to be workable; and if it proves to be a satis-

factory and reasonably permanent solution of our perplexing banking and credit problems it will only be just to characterize the enactment of the law as a piece of sound and wise statesmanship. This remains to be demonstrated, but the bankers of the United States seem resolved that no charge of lukewarmness in support of the measure may be justly brought against them.

Further on, in commenting on some of the provisions of the bill, reference has been made to various difficulties likely to be encountered; but while these references may in some cases appear in the nature of criticisms, they should be interpreted rather as indicating mistakes to be avoided, and are to be judged in the light of what has been said above.

The Federal Reserve Act is a serious, comprehensive attempt upon the part of the Administration and Congress to provide the country with a sound and efficient system of banking. It should be accepted in good faith and given a fair trial.

ITS GRAVEST PERIL

AT the outset of its career the Federal Reserve Act faces its gravest danger, and one that will be a perpetual menace to its existence—the political attack made upon members of the Federal Reserve Board, who are appointed by the President, and who will exercise a vast power over the Federal Reserve Banks and through them over the member banks and the business of the country. Heretofore, the present generation of Americans have been exempt from the conflicts arising out of the concentration of credit under political direction. They are now to witness this experiment, and will watch with interest and concern the course of events. Reference to the financial history of the country will show that the two previous attempts to make such concentration on a much less ambitious scale and under a different method of control proved disastrous in one case and lacked the element of permanence in the other. Does this latest concentration of credit, publicly controlled, avoid the errors that were fatal in the instances cited, and has the spirit of intelligent coöperation supplanted the narrow spirit of envy that proved destructive to the two previous attempts in the United States to set up centralized organs of credit?

These are the questions now to be decided, not in the academic arena of debate but in the field of practical operation where theories are put to the stern test that will insure their retention or rejection.

WHAT IS IT?

NOT a simple question to answer by any means. But here's our guess at it:

A central bank under control of seven men appointed by the President of the United States. Head office of the central bank (Federal Reserve Board) at Washington, D. C., with eight to twelve branches located at cities not yet designated.

This definition is not affected by the fact that the capital will be employed at the Federal Reserve Banks instead of by the Federal Reserve Board, for this is true of all large centralized banking concerns; that is, the capital is not at the head office, but at the branches. Nor is our definition any the less accurate because the central bank has eight (or twelve branches), for central banks usually have branches; the Bank of England has only a few; the Bank of France has many.

The fact that there will probably not be a preponderating institution at New York does, however, somewhat differentiate the Federal Reserve Board from the type of central banks existing in most other countries.

In the judgment of many bankers, this constitutes the most serious weakness in the new system; but, on the other hand, the framers of the measure regard it as being the one thing destined to free the country from what they characterize as "Wall Street domination."

THE OTHER VIEW

BUT the friends of the new system do not like to have it called a central bank, for they realize that such an institution is politically unpopular. They prefer to claim that what has been done is the creation of a series of more or less independent "regional reserve" banks, but if one studies section eleven of the new law carefully he will see that this independence does not exist; the Federal Reserve Board is supreme.

We are not imputing this as a fault to the new system. It may turn out to be one of its chief advantages. Many bankers believe that if we are to have a centralized credit system of any kind the more narrowly it is centralized the better. The bankers of the country very generally favored four reserve banks instead of eight, while not a few of them would have preferred but one.

Whichever the new system may be—a central bank with

branches or a group of "regional reserve" banks—does not practically matter much now. The terms of the act, however, admit of but one interpretation; that is, that the Federal Reserve Banks, whatever their number, will be under the control of the Federal Reserve Board.

WHERE THE MONEY COMES FROM TO GET THE THING GOING

MOST of the capital for the Federal Reserve Banks (minimum for each bank \$4,000,000) will be supplied by the existing national banks, these being compelled under penalty of forfeiture of their charters to contribute six per cent. of their paid-up capital and surplus as a subscription to the stock of the Federal Reserve Banks. State banks and trust companies may, under certain regulations, also become subscribers. In the event of the bank subscriptions being insufficient, subscriptions may be asked for from the public, and should these prove inadequate, an amount of the stock may be allotted to the Government. These provisions for subscriptions by the public and the Government are of course intended to assure a subscription large enough to get the new Federal Reserve Banks going should the banks fail to subscribe the necessary capital. This failure hardly seems probable, especially as the subscription is compulsory so far as the national banks are concerned.

We shall thus have eight or twelve Federal Reserve Banks owned principally by other banks, and chiefly by the national institutions. The earnings on the stock of the Federal Reserve Banks will go six per cent. to subscribers to the stock, and the remainder to the United States as a franchise tax, except that one-half of the net earnings shall be paid into a surplus fund until it equals forty per cent. of the capital of the bank.

THE FEDERAL RESERVE BOARD

AS a governing body for the new banking system, Congress has created a Federal Reserve Board, composed of seven members, all of whom are named by the President of the United States. The Secretary of the Treasury and the Comptroller of the Currency (who are named by the President) are *ex-officio* members of the Board, and the other five members are nominated directly by the President.

The powers of the Board are very great. They are fully set forth in the text of the act as published in the January issue of this MAGAZINE. Can these enormous powers be exercised with reasonable satisfaction to all interests and to all sections of the country? Upon the reply to this question as evidenced in practical form will hang the fate of the new system.

Although the salary of \$12,000 a year is not large enough of itself to command the services of men of first-rate ability in the banking and business world, the honor of being selected for a post of this kind may prove tempting to those who have already accumulated fortunes.

It is quite within the bounds of moderation to say that the composition of the first Federal Reserve Board will be of vast weight in determining the attitude which bankers and business men generally will assume toward the new system.

FEDERAL RESERVE DISTRICTS

ONE of the first duties of the Reserve Bank Organization Committee provided for in the Federal Reserve Act was the division of the continental United States into districts and the designation within each of such districts of a Federal Reserve City, to be the location of a Federal Reserve Bank. This committee is made up of the Secretary of the Treasury, the Secretary of Agriculture and the Comptroller of the Currency. These gentlemen began their labors some time ago, and had not yet finished them when this was written.

In apportioning these districts, due regard was to be given to convenience and the customary course of business, and the districts need not necessarily be coterminous with any State or States.

Where banking is allowed to follow its natural course, it seeks the most advantageous place as naturally as water runs down hill; but when the banking centre of any given district comes to be arbitrarily assigned by any body of men, however wise and conscientious, practical difficulties arise.

The National Banking Act leaves the matter of the designation of reserve cities with the banks of the respective cities, and it has happened that several of the smaller cities have availed themselves of the real or supposed advantage that accrues to the banks from being located in a reserve city, while other cities much larger have been indifferent to this advantage.

It has always seemed somewhat of an anomaly that St. Louis and Chicago, being so near each other, should both be central re-

serve cities. True enough, the territory they serve is not the same. But it seems even stranger that these two cities and New York are the only central reserve cities in the country. One would suppose that a central reserve city would have been desirable on the Pacific Coast.

But these anomalies, and others that might be pointed out, will probably not retain their interest much longer, for the reserve cities and central reserve cities are soon to lose their distinctions as such, and may be entirely shorn of the designations they now bear. If the act works out satisfactorily, in the course of a few years the Federal Reserve Cities may take the place altogether of the reserve and central reserve cities in carrying the redeposited bank reserves of the country. This may have considerable influence on commerce and industry in various localities, but its influence might easily be exaggerated. For instance, there are several small cities that do not seem to have grown very rapidly as a result of being raised to the dignity of reserve cities, while places like Rochester and Buffalo in the State of New York have grown to be points of great importance without such help.

The artificial designation of a city as a place where bank reserves are to be kept has comparatively little influence in building up that place. A city's prosperity depends upon its location and its commerce, and if a certain amount of bank reserves should be arbitrarily taken away its prosperity need not be perceptibly curtailed.

FEDERAL RESERVE BANKS

HERE we have a new kind of bank, with a minimum capital of four million dollars, contributed by other banks. This makes the new institution a bankers' bank. Its special character is further emphasized by the fact that it does not transact business with the general public, but only with member banks and with other Reserve Banks.

These new banks will be note-issuing institutions, will discount the paper of member banks, and in certain instances one Reserve Bank will rediscount the paper of another Reserve Bank. They will be managed by a board of nine directors, six being chosen by the member banks and three by the Federal Reserve Board. The Federal Reserve Board has the power to suspend or remove any officer or director of a Federal Reserve Bank.

As custodians of banking reserves the Federal Reserve Banks will supplant the existing central reserve and reserve city banks, they will gradually take over the note-issuing functions now per-

formed by the national banks, and may in time come to perform clearing-house operations. They will also hold a considerable portion of the public funds, although the law still permits the use of the national banks as Government depositories. While the number of Federal Reserve Banks is at present limited to twelve, an unlimited number of branches may be opened under the terms of the law.

THE NOTE ISSUES

WHILE for a time at least the circulation secured by United States bonds may be continued, the principle of basing note issues upon gold and commercial paper is recognized in the new law.

The new notes are obligations of the United States. They are not a legal tender, but are receivable by all national and member banks and by Federal Reserve Banks, and for all taxes, customs and other public dues. They shall be redeemed in gold on demand at the Treasury Department in Washington, or in gold or lawful money at any Federal Reserve Bank. The Federal Reserve Banks are required to hold a reserve of not less than thirty-five per cent. in gold or lawful money against deposits and of not less than forty per cent. in gold against Federal Reserve notes in actual circulation; but the Federal Reserve Board may make certain suspensions of the reserve requirements, the fall in reserve against note circulation to be subject to a graduated tax.

When notes of one Federal Reserve Bank are received by another Federal Reserve Bank, they are not to be paid out, but are to be promptly returned, for credit or redemption, to the Federal Reserve Bank through which they were originally issued.

The notes are obtained, virtually, of the Government, the Federal Reserve Banks putting up collateral for them in the shape of notes, drafts and bills of exchange issued or drawn for agricultural, industrial and commercial purposes.

It will be seen that while the notes are obligations of the Government, they are emitted only upon the setting aside of a forty per cent. gold reserve by the Federal Reserve Banks, and are further secured by adequate collateral. In addition the Federal Reserve Banks must maintain with the Treasury a deposit of gold adequate for the redemption of their notes.

The notes come to a bank customer in a roundabout way.

(1) A Federal Reserve Bank applies to a Federal Reserve Agent for notes.

(2) This application goes to the Federal Reserve Board, which grants the request or denies it.

(3) If the request is acted on favorably, the notes are received by the Federal Reserve Bank.

(4) The Federal Reserve Bank can then lend the notes to member banks, and these in turn can lend them to depositors.

It may be, of course, that the depositor applying for a loan in the shape of notes will not require them by the time this roundabout process is gone through with, or he may be dead; but possibly, if neither dead nor exhausted by waiting and his business affairs have not shifted while waiting for the loan, so that he no longer needs it, he may finally get what he wants.

But this roundabout process, with its delays, will not only cause a loss of time, but it's going to be costly in other ways.

(1) A Federal Reserve Board of five new members at \$12,000 a year (\$7,000 added to the salary of the Comptroller of the Currency); expenses of these members.

(2) Salaries of officers and directors of the Federal Reserve banks.

(3) High gold reserves specifically held against notes.

(4) Special redemption fund held in the Treasury.

(5) A heavy "franchise" tax taken out of the earnings on the capital contributed by member banks.

(6) A graduated tax, possibly on the circulation.

(7) A discount rate which member banks must pay to Federal Reserve Banks for notes of the latter, when the member banks might just as well issue the notes themselves directly to their customers.

All the costs incident to these delays, taxes and discounts will come out of the pockets of the farmers, merchants, manufacturers and wage-earners, in the aggregate representing a huge price which must be paid for that ignorance and prejudice about banking which are clearly to be seen in many sections of the Federal Reserve Act.

But though these notes are not automatically issued by the banks as they should be, and the method of putting them in circulation is costly and cumbersome, they do represent a step in advance, for they are primarily based upon commercial paper and are backed by a strong gold reserve. They have some correspondence to business demands, which the present bond-secured national bank notes have not.

Some time Congress will realize the simple truth that in making bank-note issues more difficult and costly than the issue of bank-book credits against which checks may be drawn, a discrimination is made against the farmer, the small merchant and manufacturer and in favor of the big dealer, because the latter nearly always

wants to use credit in the form of checks while the former generally require credit in a form that will circulate from hand to hand—that is, bank notes (legal tender money, of course, being more costly than the notes).

CHANGES IN RESERVES

NOT only are the reserve requirements for the national banks considerably reduced, but by making a distinction between “time” and “demand” deposits the banks may find it possible to still further lessen the amounts they must hold against their liabilities to the public.

This reduction of reserves will largely offset the losses which the banks of the central reserve and reserve cities will sustain through having the reserves of other banks which they have been holding taken away from them.

The most important change made by the new act, however, does not consist in the moderate reduction in reserves which the banks are required to hold, but in the shifting of the location of a large portion of these reserves from the vaults of the central reserve and reserve city banks to the new Federal Reserve Banks. This implies also that the management of these reserves will be taken away from the national banks acting as reserve agents and placed under the control of a limited number of Federal Reserve Banks, which in turn are largely controlled by a Federal Reserve Board composed of members appointed by the President. This looks very much like the substitution of political control of the bank reserves in place of banking control. Whether or not this shall prove to be the case will depend largely upon the character of the men appointed to membership on the Federal Reserve Board and how they discharge their duties. It is only fair to assume that the appointees will be men of high character and that they will endeavor to discharge their duties in a manner beneficial to all interests and all sections.

The change in location of reserves will be more or less artificial and arbitrary, the redeposited bank reserves not going as heretofore to the localities and to the banks that offered the most advantages, but to the places and to the Federal Reserve Banks selected by law. It may be doubted whether, for a long time at least, the management of the bank reserves will be improved by this change, though the principle of concentration, wisely applied, promises ultimately good results.

STATE BANKS AS MEMBERS

PROVISION is made in the Federal Reserve Act for entrance of State banks and trust companies into the new system. As these institutions greatly exceed the national banks in number, their action will be watched with much interest. While if they remain outside the new system they cannot obtain the direct advantages which accrue to member banks, they will no doubt be able to find means of benefiting indirectly.

While there are some 7,000 national banks in the United States, there are two or three times that many institutions operating under State charters, and any law that would succeed in uniting all these banks in one homogeneous system would perform a service of great value to the business interests of the country. Membership in the Federal Reserve Banks is compulsory so far as national banks are concerned, but Congress has no power to coerce the State banks, and these may find sufficient reasons for maintaining their present form of charter. On the other hand, once the new system gets in full operation and if it shall be seen to possess great advantages to its members, the State banks and trust companies may come in.

Soon after the National Bank Act went into effect it was thought by imposing a prohibitory tax on the circulating notes of the State banks these institutions would be forced into the national system. But while this tax drove the State bank note out of existence it was not effectual in compelling these institutions to give up their State charters and come into the national banking system. On the contrary, despite the loss of the circulation privilege the State banks continued to thrive and have far outstripped the national banks.

It is too soon to predict what effect the new law will have on the State banks, but it would seem that until the advantages of the Federal Reserve Act are fully demonstrated in practice, the great majority of the State banks will be reluctant to avail themselves of its provisions.

TRUST COMPANY FUNCTIONS FOR NATIONAL BANKS

AMONG the numerous broad powers conferred upon the Federal Reserve Board the following is of great importance:

“To grant by special permit to national banks applying therefor, when not in contravention of State or local law, the right

to act as trustee, executor, administrator, or registrar of stocks and bonds under such rules and regulations as the said board may prescribe."

While this does not confer trust company powers on the national banks, it does take a considerable step in that direction. The provision is merely permissive, and seems to be drawn in a way that gives the States power to exclude other than State-chartered institutions from the assumption of trust company functions.

If the national banks generally should apply for and receive the privileges mentioned in the section of the new law quoted above, this might go far toward unifying the banking system of the country, for the powers of the national banks would then be broader than those of the trust companies formed under State laws, and the national bank would seem to offer the more profitable form of organization.

It is always hazardous to prophesy how a new statute will work out in practice. The provision under consideration, if widely availed of by the national banks, might be of tremendous importance in tending to concentrate banking in the hands of institutions chartered by the Federal Government. If the law directly conferred full trust company powers on all national banks, it would probably have that effect in time; but the half-hearted permissive way in which the new measure goes about endowing the national banks with trust company privileges, rather warrants the conclusion that this section of the law may become a dead letter, or at least of moderate importance only.

ACT OF MAY 30, 1908, EXTENDED FOR ONE YEAR

THE act of May 30, 1908, commonly known as the Aldrich-Vreeland Law, and which would have expired by limitation June 30, 1914, is extended to June 30, 1915, by the Federal Reserve Act, and the tax on emergency bank-note circulation, secured otherwise than by the bonds of the United States, provided for in the Aldrich-Vreeland Law, is reduced from five per cent. per annum for the first month and afterwards an additional tax of one per cent. per annum for each month until a tax of ten per cent. per annum is reached to three per cent. per annum for the first three months and afterwards an additional tax of one-half of one per cent. per annum for each month until a tax of six per cent. per annum is reached.

This reduction of taxation on emergency circulation will render such circulation available for use should there be any scarcity of

currency in certain localities while the change is taking place from the old system to the new. As this change is to take place gradually, the likelihood of its causing any serious monetary stringency does not seem very great.

LOANS ON FARM LANDS

NATIONAL banks outside of central reserve cities are authorized to make loans on farm lands. These loans shall not be made for a longer time than five years, nor for an amount exceeding fifty per cent. of the actual value of the property offered as security. They are further limited to twenty-five per cent. of the capital and surplus of the bank or to one-third of its time deposits.

The contention between those who favor real estate loans by commercial banks and those who oppose such extension of credits is an old one and the grounds of the arguments presented by each side are familiar. No one claims that a farm loan, under proper conditions, is not a good form of security; but it is claimed by many that such loans do not possess the ready availability that the documents of a commercial bank whose deposits are largely payable on demand should have. But many bankers, speaking from experience, contend that in time of stringency money can be more readily obtained on farm loans as collateral than on anything else. This view, of course, does not affect the validity of the contention of the opponents of this theory so far as it refers to the remoteness of the date of maturity of long-time farm mortgages compared with commercial paper maturing at short intervals.

With State banks; trust companies; insurance companies and national banks all making loans on farms, and with new State and Federal rural credit systems either in operation or contemplated, the farmer promises to be better provided with credit facilities than any other class in the community. To even things up it may become necessary to make special provision for the organization of industrial, railway and financial banks.

FOREIGN BRANCHES

NATIONAL banks with a capital of one million dollars and more may file application with the Federal Reserve Board for authority to establish branches in foreign countries or dependencies of the United States for the furtherance of the foreign

commerce of the United States and, if required, to act as fiscal agents of the Government.

The general principle of permitting the national banks of the United States to go into the field of foreign banking if they wish is undoubtedly commendable, but it is not so clear that the minimum capital of banks desiring to do a foreign business is large enough. If the extension of the national banks into foreign countries were confined to banks of \$5,000,000 or even \$10,000,000 the results might be better. The capital of banks in most foreign countries is, as a rule, much greater than \$1,000,000; and besides our banks that have no larger capital than this would probably be weakened rather than strengthened by opening foreign branches.

The granting of permission to establish foreign branches rests with the Federal Reserve Board, which may reject such applications if the capital proposed to be set aside for the conduct of foreign business is inadequate, or if for other reasons the granting of such application is deemed inexpedient.

With this restriction the establishment of branch banks abroad may be kept within safe limits, and perhaps the wisest policy would be to permit such extension of banking operations to take place slowly and cautiously. Many of our national banks that have \$1,000,000 capital, and are in this respect qualified to enter the foreign field, lack the general equipment, the knowledge and experience, that would fit them successfully to engage in foreign banking.

Undoubtedly, however, the larger banks may safely establish branches abroad, and perhaps at first it would be wise to confine the privilege to the big banks.

Would it not have been still better—if we are not to have an International American Bank with a capital of at least \$100,000,000—to have permitted the Federal Reserve Banks only to establish foreign branches, such branches to engage in general banking?

It has never been quite clear why Congress was so reluctant to provide for the extension of American banking into foreign countries. The beginning in this direction marks a disappearance of that legislative indifference to our banking institutions which has so long prevailed. Whether this innovation works out successfully or not will depend largely upon the way the special provision of the law is applied. A cautious policy, in this instance, can hardly fail of being the wisest.

GENERAL ADVANTAGES OF THE NEW LAW.

SOME of the difficulties the new law will encounter have been indicated already. It remains to point out some of its principal advantages. These are:

(1) A linking of the banks of the country together through the Federal Reserve Banks for the common defense of the country's banking, commerce and industry.

(2) A note issue whose volume will depend upon the country's commercial activity. The notes are uniformly good beyond question.

(3) A rediscount system whereby banks may better supply ordinary commercial needs and that will practically prevent the suspension of any solvent bank.

There are, of course, many other advantages, such as the handling of the public funds in a more sensible manner, etc., but the three points stated above are sufficient to entitle the new system to a fair trial, for if it meets these requirements it will be of incalculable benefit to the country. Whether it shall succeed in these fundamental respects or not will depend upon the hearty coöperation of the banks and the public (already apparently assured) and the character and wisdom of the Federal Reserve Board. Indeed, it is hardly too much to say that the success or failure of the new system will rest in the Board's hands. While its members will have an extremely difficult task—almost an impossible one in fact—they may, if men of wide experience and sound judgment, get the new system working smoothly and defend it from effective political assault for some time, and if after trial it proves well adapted to the country's needs, with such amendments as experience suggests, it may become a permanent part of the country's banking system.

THE FIFTH WHEEL

ONE of the curious provisions of the law is that providing for a Federal Advisory Council, to have as many members as there are Federal Reserve districts. This council is to meet four times a year in Washington, and may meet oftener in Washington or elsewhere. It has power to confer with the Federal Reserve Board, to call for information and to make

recommendations. What will be done if these "calls" and "recommendations" are unheeded, the law fails to state.

The members of the Advisory Council are selected by the directors of the respective Federal Reserve Banks, and they shall receive such compensation and allowances as may be fixed by such directors, subject to the approval of the Federal Reserve Board.

REFUNDING PROVISIONS

AFTER two years from the passage of the act, and at any time during a period of twenty years thereafter, member banks desiring to retire the whole or any part of their circulating notes may apply to the Treasurer of the United States to sell for their account at par and accrued interest United States bonds securing the circulation to be retired. Federal Reserve Banks purchasing such bonds shall be permitted to take out an amount of circulating notes equal to the par value of such bonds. It is further provided that the Secretary of the Treasury may issue in exchange for United States two per cent. bonds bearing the circulation privilege, but against which no circulation is outstanding, one-year gold notes of the United States for one-half the bonds tendered for exchange and thirty-year three per cent. gold bonds without the circulation privilege for the remainder. But the Federal Reserve Banks at the time of making such exchange must enter into an obligation to purchase at the maturity of such notes an amount thereof equal to those delivered in exchange for bonds, and the obligation to purchase such notes at maturity shall continue in force for a period not to exceed thirty years. Three per cent. bonds may be issued in exchange for the one-year gold notes.

The net earnings derived by the United States from Federal Reserve Banks shall, in the discretion of the Secretary of the Treasury, be used to supplement the gold reserve held against outstanding United States notes or shall be applied to the reduction of the outstanding bonded indebtedness.

The act of March 14, 1900, providing for the maintenance of all forms of money at a parity is expressly reaffirmed, and no part of such act is repealed.

“TO be conscious that you are ignorant is a great step to knowledge.”—DISRAELI.

The New Banking Law—How Bankers Look At It

**James B. Forgan, President First
National Bank, Chicago, Ill.**

WHILE in some respects the measure as finally enacted into law might, in my opinion, be greatly improved, I have no doubt a banking system may be developed under it which will prove practical and beneficial.

The power to accomplish this lies with the Federal Reserve Board, whose authority to interpret and administer the law as well as to organize and regulate the Federal Reserve Banks is quite broad and comprehensive. The success or failure of the system will, therefore, depend on the intelligence and ability with which that Board exercises its prerogatives of interpretation, administration, organization and regulation; hence the great importance attached to the personnel of the Board, which forms the paramount issue at the present time.

As the new system develops and its practical working becomes better understood anything in the law tending to retard its progress along sound and satisfactory lines will doubtless be remedied by Congressional amendments. With the Government in control of the system Congress will undoubtedly give due weight to such recommendations as may from time to time be made by the Federal Reserve Board for such amendments in the law as their experience in the management of the system may suggest as necessary or desirable.

I, therefore, unconditionally recommend the acceptance by this bank of the terms and provisions of the Federal Reserve Act and that it should be the intention of this Board to subscribe, on behalf of this bank to the capital stock

of the Federal Reserve Bank to be organized in the district in which this bank will be located after the geographical limits to be served by such Federal Reserve Bank have been fixed by the organization committee.

In thus entering the new system, we should do so with the avowed intention of cooperating to the fullest possible extent in making the system a success.



**E. L. Meyer, President First
National Bank, Hutchinson,
Kansas**

THE foundation of the new currency system is sound and safe and as secure as any of the currency systems of Europe. This currency is secured by gold deposit, guaranteed by the Government, and will expand and contract to meet the demands of commerce. The reserve money of all the national banks will be deposited with the Federal banks and the Government will deposit its funds there and check it out like any other depositor. The money of all the banks and the Government will be mobilized as in a great reservoir. It was formerly locked up in Sub-Treasuries and bank safes, and was no more use to the people than so much lead bullion, a buried treasure.

The greatest boon to our banking system is the rediscounting of prime commercial paper and bills of exchange, for which the regional Federal Reserve Banks will furnish cash to the member banks. The ability of our banks to meet sudden demands for currency is of supreme importance.

It will prevent commercial panics by enabling the banks to respond promptly to the demands of the agricultural, in-

dustrial and commercial industries of the country. Under the new currency system, banks will buy and sell these commercial bills, acceptable to the Federal Reserve Banks, so that the surplus funds of one State will be available in some other State where the crop movement requires the money. When Texas is moving her cotton, Iowa, or some other State, has surplus cash which would be available for this crop movement. When the cotton crop is marketed, this surplus cash would again be available to the banks of Iowa to move their corn crop.



Some Terse Opinions Obtained by the "New York Times"

GEORGE M. REYNOLDS, President Continental and Commercial National Bank, Chicago—"Says the Federal Reserve Act provides elasticity and that a more scientific method of issuing currency has never been devised."



J. W. PERRY, President Southwest National Bank of Commerce, Kansas City—"The currency bill was well received by public and bankers generally."



F. M. PRINCE, President First National Bank, Minneapolis—"Sentiment among bankers is strong toward a desire to aid in getting the currency bill in active working condition with the hope that it can be made and will prove the best measure possible. If conservatively operated they believe it will help banking and all other lines of business."



D. S. CULVER, President Merchants National Bank, St. Paul—"As to the currency law, I believe banks in this section are going to accept the act and use utmost endeavors to make it a success, feeling that any weak points in the law, when tested, will be amended by Congress."

WILLIAM H. CROCKER, President Crocker National Bank, San Francisco—"The effect of the currency bill will depend in great measure upon whom the President appoints to the Federal Reserve Board."



N. H. LATIMER, President Dexter Horton National Bank, Seattle—"The currency bill, as finally passed, should prove helpful to the banking interests. Business men generally feel that the enactment of the law has removed an element of uncertainty."



E. W. ANDREWS, President Seattle National Bank, Seattle—"With most local conditions favorable and the banking, commercial and industrial interests now holding the belief that the currency law is fundamentally sound and will be helpful, we cannot but feel that after allowing time for readjustment under the new system the coming year gives promise of much improvement and that legitimate business should prosper."



SOL WEXLER, Vice-President Whitney Central National Bank, New Orleans—"The currency bill will have a favorable effect upon banking and business in this section, and a generally hopeful view prevails."



New Comptroller of the Currency Named

ON January 13 the President sent to the Senate the name of John Skelton Williams of Virginia for Comptroller of the Currency. Mr. Williams at the time of his nomination was Assistant Secretary of the Treasury. Under the provisions of the new Federal Reserve Act the Comptroller of the Currency will be ex officio a member of the Federal Reserve Board.

Bank Men Take a Hand in Settling the High Cost of Living

Coöperation Proving a Financial Success

By RONALD L. BIRCH, Secretary The Coöperative Society of Bank Men, Boston, Mass.

To bank men as well as to others the increase in the cost of living is an important problem. After due consideration some of those connected with banks in Boston determined to try coöperation as a remedy. The Coöperative Society of Bank Men was formed with \$25,000 capital, shares being placed at \$10, which cost includes the membership and one share of stock with perpetual discount privileges to members on goods bought. An annual membership was also provided for at a cost of one dollar. The ordinary necessities are sold for cash and at a substantial discount to members. How the experiment is working is interestingly told below by the secretary of the organization.—EDITOR BANKERS MAGAZINE.

NO bank man to-day needs to be told what coöperation is. Much has been written about it by well-meaning but misguided philanthropists, and hours wasted in rambling expositions of coöperative theory by milk-toast philosophers. We all know what our English neighbors are doing in this line, and we who are inclined to patronize "John Bull" frequently wonder why we, too, can't make good. That we are not generally successful in this line is proved by the bankruptcy records. But coöperative success is, nevertheless, possible.



THIS is what one Boston bank man thought two years ago. He conceived the idea that a coöperative society could be formed and successfully operated among the bank clerks of Boston. By an article in a local financial paper he gathered together a group of men who were interested in such a project. The Coöperative Society of Bank Men was formed in September, 1912,

with an authorized capital of \$25,000, in shares of \$10 each.

Then began a campaign to raise funds. The first thousand dollars came fairly easily; but when about three thousand dollars had been raised, it became apparent that a store must be opened before more capital would be available. Conversely, more capital must be raised before a store could be opened. The directors, after having given much valuable time to the project, were discouraged, and only their sense of obligation to the men who had already invested prevented them from giving up entirely.



KNOWING that it was necessary to open a store in order to gain more funds, the directors set about securing a location. Here another difficulty was experienced. The large chain store owners influenced real estate dealers against the society, so that it was almost impossible to obtain desirable quarters. Moreover, no one wanted

to risk granting a lease to a coöperative store, for the financial record of coöperative ventures in New England is none too savory.

However, a small five-story building was finally secured, after one of the directors had guaranteed the lease. The building was in such poor condition that the owner was forced entirely to rebuild it before it was fit for any tenant. After many delays, a coöperative market was opened on the first floor early in September.



IN order to overcome the prejudice against coöperative credit, the Devonshire Market was organized as a separate corporation in which the Coöperative Society of Bank Men held preferred stock. After the market was well started, the common stock was purchased by the society, thus preserving the separate identity and the consequent good will of the trade.

The society now offered its stockholders substantial and unquestioned discounts at leading houses in all lines throughout the city, an arbitrary quarterly rebate of five per cent. on purchases, a probable five per cent. on their investment, besides a share in such future enterprises as might be undertaken.



IN order to secure a large volume of trade at the outset, it was decided to offer all the privileges of stockholders except a voice in the control of the society to non-stockholders for a fee of one dollar per year, this fee to be used for the current expenses of the society. This plan was an immediate success, and several hundred new members were added in this manner.



TO summarize the condition of the society. There are now upwards of 650 stockholders and members, and many more are being added

daily. All are pleased with the prices, quality and sanitary condition of the market, and are advertising it among their friends. The store is already making money, and since it is on two market thoroughfares it is getting an ever-increasing volume of transient trade.

It is probable that the dollar membership plan will be discontinued in the near future, since the membership is now large enough to insist upon an initial investment of ten dollars for a share of stock, either at once or in instalments.



TO the officers and directors of the Coöperative Society of Bank Men the secrets of success in coöperative merchandising are these: First, control and management to be vested entirely in business men; second, legitimate competition must always be met; third, the privilege of purchasing stock must not be confined to any especial class of people; fourth, the location must admit of transient trade, and the transient trade must be taken care of; fifth, unremitting diligence must be exercised by the officers.

Coöperation is no get-rich-quick scheme, but it does offer more real opportunities to save money than any other plan of action, and if managed the same as any other well-organized business, it is bound to be successful.



Short Term Securities

UNDER the title of "Short Term Securities," the Guaranty Trust Company, New York, has compiled and issued through its bond department a book giving the important feature of each issue, arranged for convenient reference. The growth in recent years of the practice of raising capital by means of short term notes makes a compilation of this character especially useful to bankers and investors.

Some Suggestions to a Young Man Who Aspires to be a Banker

THE following letter to the Editor of *THE BANKERS MAGAZINE* suggests an interesting line of thought:

MARION, Ohio, Dec. 29, 1913.

Editor Bankers Magazine:

SIR: Will you kindly answer the following questions regarding banking:

What are the average salaries paid bank clerks from the messenger to cashier?

Would you advise me to take a course in banking such as taught by the International Correspondence School or the American School of Banking? After taking such a course would it be necessary to start in as messenger or would one get a higher position?

Is promotion very rapid?

Would you advise a young man who expected to become moderately rich to follow banking as a profession through which he could attain this end?

Are the opportunities good or poor for a man without money but who has the training?

Thanking you in advance for your advice, I remain

Yours truly,
W. A., Jr.



THE BANK MAN'S WAGE

THE writer is evidently a young man whose ambition is to become "moderately rich"; not an unworthy motive, but broadly speaking, quite unlikely of achievement for the average man who chooses, or drifts into, banking as a career.

The banker is usually a leading citizen, well housed, well groomed, and well fed. Some are wealthy; but the most that can be hoped for by the simon-pure banker is a good position, a comfortable salary, with reasonable assurance that it will continue quite indefinitely. As a matter of fact, if a census were taken, it would doubtless

show that the "moderately rich" banker has made his money in some other line, and because of his wealth and standing has been given a bank officership; or, by virtue of his stock holdings, has been elected to such an office by processes well known to the fraternity.

No doubt banking offers exceptional opportunities for making money. The banker's name stands for something; his support lends weight to an enterprise. Therefore he is "let in" on a great many projects and by virtue of his financial training becomes a good judge of investments and is able to distinguish between good risks and bad. He sometimes fails to distinguish between the two, speculates with his own and the bank's funds and the old story follows.

Banking is a dignified profession and worthy of any man. It is a field of exceeding usefulness; and the banker imbued with high motives and a kindly heart can do as much good in a quiet, unostentatious way as the average preacher. But the man who enters banking "for the money that's in it" will either fail to realize his ambition or miss the chief charm of the job; for success here cannot be measured by the dollar standard.

Banking is not a bed of roses, and the banking world is full of disappointed and dissatisfied men. There are, perhaps, more disgruntled men than contented. The officers seem to have such an easy time; they receive callers; write letters; attend meetings; examine statements; draw fat salaries; attend conventions; play golf. And all would, therefore, be officers! But many a grumbling clerk forgets that some men are paid not for doing things, but for knowing how. Even the gentle art of shaking hands is an asset to their bank, and likewise the gentler art of saying

"no"—and not all men are artists at shaking hands and saying "no."



WE cannot, therefore, advise our correspondent to follow banking if he would become "moderately rich," for promotion is not rapid, the work often trying and the financial rewards not, as a rule, highly remunerative. Given two boys of the same talents and the same determination; put one in a large railroad, a corporation or department store and the other in a bank. The chances are that the one in the mercantile calling will be making ten thousand to the other's three in the same length of time, chiefly because of the broader field and larger opportunities afforded him.

The average messenger in a large bank receives, as a beginner, about \$25 per month. From this he will be advanced as he progresses until he receives about \$1,000 a year (or less) to run a ledger. Tellers in New York receive from \$1,800 to \$4,000, depending upon the bank, the length of service, the size and "spirit" of the institution. Twenty-five hundred would, perhaps, be a fair average. In country towns ten to twelve hundred dollars is a good salary for tellers and bookkeepers, and from two to three thousand is considered good pay for officials. The president frequently gets nothing but honor; but in large places he is the highest paid official, and will receive from five to twenty-five thousand, a few in very large banks passing this figure, but the number is small.



TWO SCHOOLS OF BANKING

BANKERS may be divided into two schools, those who believe experience is the great (and only) teacher, and those who believe in a combination of experience and book learning. The former must go through an experience

before they can profit by it; must have law suits in order to learn the law, and losses in order to learn how to invest. They will point with pride to the fact that they never had a loss and turn around and make a wrongful payment that a little book knowledge would have prevented. They will rule on legal questions according to a decision discarded by the courts years ago. They will cite law that is not law because it is bad, and law is never bad—although legislation may be. They must burn their fingers to prove that fire is hot. They do things a certain (foolish) way for no better reason than that they have always done them that way, and become old in the service before they learn that books are men's experiences, and through the experience of others we can avoid the pitfalls ourselves.

The other school says: "Give us books—good books; all the literature that pertains to our profession. Tell us what other men have done and gotten into trouble, that we may be on guard against the same things. History repeats itself. What happened in one bank may happen in another; therefore, show us the law—not that we would be lawyers—but just good bankers, and, therefore, keep out of court. Teach us economics that we may understand the trend of events and discern the signs of the times; grammar that we may write good letters; credits that we may make safe loans; the theory of money that we may understand currency problems, and history, that we may judge the present in the light of the past."

And you do well, young man, if you decide to take up this calling, to join the latter school, for these are the men whose future is before and not behind them—the optimists who know how to say "good morning!" By all means take the course of study furnished by the American Institute of Banking, which has done and is doing more to educate the bankers of to-day, along practical lines, than any other institution.

Of necessity you will, as a rule, have to start at the bottom. Let your experience go hand in hand with your studies. You will better understand what you read about if you are doing the very things, than if you attempt to get the theory without the practice. And if you get into a good bank, work hard, keep your eyes and ears open and

your mouth shut; spend your spare time along definite, constructive lines, such as the American Institute of Banking will suggest, it may be that you will get to the top, for the top is never crowded, and in time become "moderately rich," whatever that term may mean. You can at least become immoderately useful.

Bank Letters That Pull and Hold Business

By W. R. MOREHOUSE, Assistant Cashier German American Trust and Savings Bank, Los Angeles, Cal.

THE specimen letters shown in this article are now being used with great effectiveness in connection with business getting and conserving. In the opinion of the writer, letters should only be used where a personal call is not practicable. And, notwithstanding the personal solicitation of accounts is recommended as being more effective, our subject is of great importance, and deserving of the consideration of every aggressive banker.

The degree of success to be attained by the plan discussed in this article will depend very much on the construction of the letters, and whether they are first typewritten copy, carefully signed, or multigraphed letters, with a carelessly stamped signature affixed thereto. It is to be hoped that banks which now use multigraphed letters will soon discard them, and use only first copy typewritten. Multigraphed, or what might be called imitation letters, are properly used in connection with the sale of toilet soaps and baking powders, but are a discredit to the bank that uses them in its correspondence. In fact, the counterfeit appearance so prominent in

nearly all multigraphed letters detracts very largely from their general effectiveness, notwithstanding they may be well constructed.

Imitation letters may deceive many ignorant people, but that they are spurious the keen business man will know at first glance. When the cost of first typewritten copy is compared with the important work which the letter is expected to accomplish, it no longer appears logical that banks should continue to use imitations. The cost is made even more insignificant when compared with the real value of the business at stake.

Every bank using letters in its business-getting plans should have a series of well-constructed form letters; and where special letters are necessary in specific cases, one of these forms can readily be changed to meet the requirements.

In each of the following cases, a personal interview was not practicable. A Record Card similar to that shown herewith should be kept in every New Account Department. That it is necessary is no longer questioned.

What does Form Letter No. 1 accomplish? It informs Mr. Richardson that the bank has not overlooked the opening of his account, and that it is the aim of the officers to cultivate ideal relations with him. He is urged to avail himself of the efficient service rendered by the bank. The second paragraph, although appearing to be to the depositor's interest, is in reality a direct appeal for Mr. Richardson's savings account. In closing, the letter conveys the thanks of the bank for the account, and leaves Mr. Richardson anticipating the pleasure to come in transacting his business with the bank.

The effect of this letter, coming as it would generally do unexpectedly to the new depositor, is certain to leave a lasting impression on his mind. To him the opening of his account with the bank may have been a very commonplace thing, but to the bank its importance deserved recognition. This letter is sure to increase a regard for the bank and its officers. It will stimulate a desire to commend the bank to all who are dissatisfied with their banking connections elsewhere. It will make Mr. Richardson feel that the bank is his friend, and that it is interested in his success.

The question that a banker should ask in this connection, is: "Can we afford not to use such a letter as this in our plans for business-getting?"

In writing to Mr. Howard Brown, the old depositor who introduced Mr. Richardson, the bank will use Form Letter No. 2.

FORM LETTER NO. 2.

Los Angeles, Cal., May 15, 1913.

Mr. Howard Brown, Los Angeles, Cal.

Dear Sir:—We note with pleasure your introduction of Mr. John H. Richardson to our new account tellers. It is our constant aim to maintain a high standard of efficiency, and we trust that Mr. Richardson will find it to his advantage to transact his banking business with us.

We feel indebted to you for your kindness in this connection, and trust that you will not hesitate to use this bank whenever we can be of any service to you.

In the event that it might inconvenience you at any time to call in person with your

friends, we would be glad to have you use the enclosed cards, which will receive the best of our attention upon their presentation.

Thanking you for this evidence of your support, we remain

Yours very truly,
WRM/L Cashier.

As in the former case, it would be advisable to enclose a statement of the bank's resources and liabilities, but without referring to it. With this letter there should also be enclosed a book of detachable blank introduction cards.

What does this letter accomplish? In the first place, it emphasizes the fact that the bank appreciates the favor conferred by Mr. Brown. It further assures him that the bank will give Mr. Richardson the best of attention. It acknowledges the bank's indebtedness to Mr. Brown and asks for an opportunity to reciprocate the favor. It also carries with it an appeal for more business.

The introduction cards will make it easy for Mr. Brown to send his friends unattended, when it would inconvenience him to accompany them. This will tend to make him more free in recommending the bank, for if he thought it necessary to accompany them, he might hesitate. The letter will thus act as a stimulant, in that it will encourage renewed efforts along the same lines.

Again the question arises which the aggressive banker must answer: "Can I afford not to use such a letter in my plan for business-getting?"

Had Mr. Brown sent Mr. Richardson to the bank to open the account instead of personally introducing him, the following letter would be necessary:

FORM LETTER NO. 3.

Los Angeles, Cal., May 15, 1913.

Mr. Howard Brown, Los Angeles, Cal.

Dear Sir:—We have just had the pleasure of meeting Mr. John H. Richardson, and are gratified to know that you commended this bank to him. Our constant aim is to maintain at all times a high standard of efficiency, and we trust that Mr. Richardson will find it a pleasure to transact his business with us.

We feel indebted to you for your kindness

in this connection, and hope that you will not hesitate to call upon us for any favor we can render.

In order to make it more convenient for you in the future, we enclose a book of detachable introduction cards, which will insure your friends our best attention when presented by them.

Assuring you of our appreciation of this evidence of your support, we remain

Yours very truly,
WRM/L Cashier.

This letter is similar to Form No. 2, and for this reason no explanation is necessary.

In order to cover the Savings Bank Section, let us suppose that Mr. Richardson opened a savings account instead of a checking account. Form Letter No. 4 will fit this case.

FORM LETTER NO. 4.

Mr. John H. Richardson, Los Angeles, Cal.
Los Angeles, Cal., May 15, 1913.

Dear Sir:—We note with pleasure that you have favored us with your savings account. Our constant aim is to maintain at all times a high standard of efficiency, and to sustain as nearly as possible ideal relations with our customers. We ask that you do not hesitate to use this bank whenever we can be of service to you.

We enclose herewith our descriptive booklet, and especially ask your attention to that portion covering our commercial department. If at any time you should have need of checking privileges, we will gladly open a checking account for you in any amount. In this department we provide for the requirements of those in active business, individuals, firms, and corporations; and can assure you of our ability to meet your needs along commercial lines.

We thank you for your savings account, and trust that you will find it a pleasure to transact your banking business with us.

Yours very truly,
WRM/L Cashier.

Note that Form No. 1 and No. 4 are similar. The chief point of difference is in the departments referred to. The reason for this is that nearly all depositors have need of both a checking and a savings account. Many transact their savings business with a savings bank or trust company and their checking or commercial business with a State or national bank. In principle this may be proper enough, but where so many of our banks do both commercial and

savings and trust business, it is more convenient and desirable for a depositor to do business in a single institution. Furthermore, if he does all of his business with one bank it is much easier to know what he is rightfully entitled to in the way of credit. The intent of Form Letters No. 1 and No. 4 is to encourage a consolidation into one bank of the depositor's business.



BANK LETTERS HAVE BEEN USED EFFECTIVELY FOR REGAINING DEPOSITORS

THE net growth of a bank depends more on the number of accounts closed and amount thus withdrawn than on the number of new accounts secured. It has been estimated that one old depositor is worth fully as much as two new ones. Consequently it is a blow to any bank to have severed the ideal relations which have been long established with old depositors. The Record of Closed Accounts shown herewith has been effectively used for furnishing all the necessary facts concerning the withdrawal of accounts. Where a personal interview was found impracticable a well written letter has many times proven very effective.

This new account tellers' record for June 2nd, as shown, discloses the fact that Mr. John H. Richardson, who opened his account on May 15th, 1913, has withdrawn the same for the purpose of buying a lot. In his case, we would suggest Form Letter No. 5. In the case of Charles H. Randall, shown as the last account withdrawn, we would use Form Letter No. 6, and if he did not reopen his account within six months, we would use Form No. 7 at that time.

From the paying teller's daily report, as shown by this record of the accounts closed, it appears that John H. Richardson, who but recently opened a checking account, has withdrawn the same. He gave as his reasons in doing

so that he was buying a lot, and as we have no evidence to the contrary we must accept the statement. Inasmuch, therefore, as his was a checking account, Form Letter No. 5 will exactly fit his case.

FORM LETTER NO. 5.

Los Angeles, Cal., June 2, 1913.

Mr. John H. Richardson, Los Angeles, Cal.

Dear Sir:—We regret that you have closed your checking account, and hope that it was not due to any inattention or lack of appreciation on our part. In any event, we will still consider you one of our valued customers, and trust that you will continue to use the conveniences of our complete equipment as freely as heretofore.

It is our constant aim to maintain a high standard of efficiency, and we hope that you have found it a pleasure to transact your banking business with us.

We invite you to avail yourself again of the advantages of our commercial department, and also place at your disposal the facilities of our savings, trust and safe deposit departments for any service you may require along these lines.

Anticipating the pleasure of again serving you, we are,

Yours very truly,
Cashier.

WRM/L

This letter ought to fully convince Mr. Richardson that the bank has appreciated his business, and that it hopes to have him reopen his account. The bank goes beyond this, by inviting him to use all its conveniences notwithstanding he has withdrawn his support. This proposition alone ought to make him feel under obligation to reopen his account.



A LETTER TO SAVINGS DEPOSITORS WITH A FOLLOW-UP LETTER

THE last account shown closed on the Record of Closed Accounts is that of Mr. C. H. Randall, who has withdrawn \$1,240.60, closing out his savings account. No reason is given for this withdrawal. In this case, Form Letter No. 6 can be used, and then if he does not reopen the account within six months, let Form Letter No. 7 follow, with the expectation that it will cause him to re-avail himself of the advantages offered by such an account.

RECORD OF CLOSED ACCOUNTS				
<u>W. B. Johnson</u> TELLER		<u>June 2nd '13</u> DATE		
NAME AND ADDRESS	AMOUNT WITH-DRAWN	WHEN OPENED	INCREASING OR DECREASING ✓ X	REASON FOR CLOSING ACCOUNT
John H. Richardson 675 So 7 th Maple Ave City	CH AC \$740.00	May 15 1913	✓	Bot. a lot
Mrs. Henry Jenkins 1410 Oak Vermont	CH AC \$5.00	Jan 14 th 1903	X	Going to Texas
Star Realty Co Leads & Main St	CH AC \$422.30	Feb 10 1912	✓	no reason given Closed through clearing demand
Henry Freeman 1015 Kelle St	CH AC \$509.50	Nov 5 1911	✓	Preparing a general business
Chas H Randall 1213 Bennett Drive	Jan 4 Co \$1240.60	Mar 10 1910	✓	no reason given

FORM LETTER NO. 6.

Los Angeles, Cal., June 2, 1913.

Mr. C. H. Randall, Los Angeles, Cal.

Dear Sir:—We regret that you have closed your savings account, and hope that you have not entirely given up the desirable plan of maintaining such an account with us. In any event, we will still consider you a valued customer, and trust that you will continue to use the conveniences of our complete equipment as freely as heretofore.

It is our constant aim to maintain a high standard of efficiency, and we hope you have found it a pleasure to transact your banking business with us. We invite you to again avail yourself of the advantages of our savings department, and also place at your disposal the facilities of our commercial, trust and safe deposit departments, for any service you may require along these lines.

Anticipating the pleasure of again serving you, we are,
Yours very truly,
WRM/L Cashier.

This letter, like some of the other forms, assures Mr. Randall that his business has been fully appreciated; and it also urges him to cling to the idea of maintaining a savings account. Notwithstanding he has withdrawn his support, he is urged to continue to use the conveniences of the bank, and this proposition ought to cause him to give consideration to the reopening of his account. He is impressed with the idea that the officers of the bank are anticipating the pleasure of doing business with him in the near future.



A LETTER THAT IS USED SIX MONTHS AFTER AN ACCOUNT HAS BEEN CLOSED

If the records show that Mr. Randall has not reopened his account within the next six months Form Letter No. 7 is used, with the expectation that it will accomplish this end.

FORM LETTER NO. 7.

Los Angeles, Cal., Dec. 2, 1913.

Mr. C. H. Randall, Los Angeles, Cal.

Dear Sir:—We regret to note that your savings account which was withdrawn June

2 has not been reopened. We are writing you at this time to assure you that we place a high valuation upon your patronage, and that the facilities of this bank are as ever at your disposal.

We are still maintaining a high standard of efficiency, and cordially invite you to re-avail yourself of the advantages of our savings department at any time in the near future. It is not necessary for you to accumulate any large amount of money for reopening this account, as we give the same careful consideration to deposits of one dollar as to larger amounts.

We thank you for the business with which you favored us in the past, and assure you that we would appreciate having your account again.

Yours very truly,

WRM/L

Cashier.

Should this letter prove unsuccessful, a personal interview is necessary if this depositor is to be reached.



A LETTER THAT WILL RENT SAFE DEPOSIT BOXES

THE complaint of "too many unrented boxes" is largely due to indifference on the part of the managers. In many instances, no effort is being made to encourage the use of safe deposit boxes, and until this is called to the attention of the people, little change in the situation can be expected.

Where personal solicitation is not practicable, a well written letter to depositors who are not renters of deposit boxes, to borrowers who are neither depositors or renters of boxes, to prominent citizens, especially professional men and women, and to all merchants, will be found very effective.

Form Letter No. 8 will answer the requirements for the first letter.

FORM LETTER NO. 8.

Los Angeles, Cal., May 15, 1913.

Mr. John H. Richardson, Los Angeles, Cal.

Dear Sir:—The enclosed booklet describes our complete safe deposit department, and we especially urge that you avail yourself of the absolute protection it affords against theft and fire for valuables and jewelry.

Our safe deposit boxes are not only amply protected by heavy steel plate, but

are incased in a heavy steel protected vault three feet thick, which is in turn guarded by an electric alarm system. Boxes adaptable for any ordinary purpose may be rented for \$2.50 a year, while packages and trunks may be stored at similar reasonable rates.

It is our aim to maintain in this department the same high standard of efficiency to be found in our savings, commercial, and trust departments, and know that you will find it a pleasure as well as a convenience to transact business with this department.

Anticipating the pleasure of registering your name among the patrons of our safe deposit department, we remain,

Yours very truly,

WRM/L

Cashier.

A letter along the lines suggested will open the way and make easier a personal interview. An invitation to Mr. Richardson to call and inspect the safe deposit plant will sometimes bring the prospective renter in.



A LETTER ON WILLS

A TRUST DEPARTMENT is operated at a profit when it secures a volume of new business. Chief among the functions performed by this department is the handling of estates. In order to induce persons contemplating making a will to name the bank as trustee, many of our trust companies advertise that they draw up wills gratuitously. In many cases, a letter similar to Form No. 9 has been found very helpful in securing estates to handle.

FORM LETTER NO. 9.

Los Angeles, Cal., May 15, 1913.

Mr. John H. Richardson, Los Angeles, Cal.

Dear Sir:—We sincerely hope that you will be interested in reading the enclosed booklet on "Your Will, and How to Make It." As a careful reader of the daily newspaper, you have been impressed by the fact that serious difficulties and injustices arise in nearly every case where there is no will.

The prevalence of this condition has caused our trust department not only to issue the booklet referred to, but also to place at your disposal competent trust officers who will make your will gratuitously. We have prepared for this purpose exclusive rooms, where you may meet these officers, and there discuss in confidence any phase of this important subject on which

you are in doubt. Or, on request, one of our trust officers will call on you.

Wills drawn carelessly are a menace to the interest of those concerned, and for this reason you should know beyond a doubt that your wishes will be carried out without exception after your death. Whether your estate be large or small, we urge you to avail yourself of our offer, and thereby receive the benefit of our experience in this particular line. Anticipating hearing from you at an early date, we remain,

Yours very truly,

WRM/L

Cashier.

In letter writing, as in all other plans, there must be system; a record should be made of every letter sent, which can be very easily done by the use of such a record card as the one indicated previously in this article, and by using the form number of each letter when referring to it.

That letter writing can be made very profitable there is no doubt, for it has been well tried and found highly effective. To banks that want to secure new business as well as hold that already secured—use a well written letter when a personal interview is impossible or inadvisable, but always do something, for it will pay you well.



Income Tax on Bank Deposits

THE following ruling has been promulgated by the Commissioner of Internal Revenue:

"Banks, bankers, trust companies and other banking institutions receiving deposits of money are not required, under the Treasury regulations (part 2), approved October 31, 1913, to withhold at the source the normal income tax of one per cent. on the interest paid, or accrued or accruing to depositors, whether on open accounts or on certificates of deposit; but all such interest, whether paid, or accrued and not paid must be included in his tax return by the person or persons entitled to receive such interest, whether on open account or on the certificate of deposit."

A Success in Coöperative Marketing*

TO insure the profitableness of agriculture, aggressive salesmanship, based upon a constant and comprehensive knowledge of general market conditions and reinforced by the control of at least a considerable part of the output of a given producing section, is just as essential as scientific methods of cultivation. Obviously, these factors are beyond the reach of the individual small farmer; the logical way to secure them is through the coöperation in the marketing of their products of a number of small producers. And though the stiff-necked individualism of the American farmer has resulted in the failure of a great majority of the efforts at agricultural coöperation, the remarkable success of at least a few farmers' coöperative marketing associations demonstrates beyond question the essential soundness and the great potentialities of the principle.

Of these successful farmers' associations, one of the most striking is the Eastern Shore of Virginia Produce Exchange, which operates throughout the Virginia peninsula lying between Chesapeake Bay and the Atlantic Ocean—a thickly settled, intensively cultivated peninsula of fertile alluvial soil, devoted entirely to truck farming and mainly to the production of Irish and sweet potatoes.



THIS association now markets the products of some three thousand farmers, comprising about two-thirds of the entire output of the peninsula, and through the effect of its activities in

maintaining generally a fair level of market prices constitutes the chief bulwark against marketing disaster for the constantly dwindling remainder that still refuse it their support. During this, its fourteenth, season, it has marketed over eight thousand cars of Irish and more than four thousand cars of sweet potatoes, with enough of its other products to make a total of about thirteen thousand carloads or two and a half million barrels of food products. These goods it has sold to a customer list of more than a thousand wholesale dealers, in some four hundred cities and towns of forty-one different States and Canadian provinces; and for these goods it has collected and paid over to its members, less the five per cent. commission out of which all the expenses of the business are paid, a total of about four and a half million dollars. Moreover, during the fourteen years covered by its activities, the peninsula's total production of farm products has been trebled, farm land values have risen from thirty-five or fifty dollars an acre to from one to two hundred dollars, and there has been an advance which baffles estimate in the general prosperity and material standards of living of the people.



THE membership of the Exchange, including all persons entitled to have their products marketed by it, comprise stockholders, tenants of stockholders, and holders of "certificates of shipping privilege," purchasable for the nominal sum of one dollar. Its entire membership and territory are divided into thirty-six "local divisions," each centering around one or more of its forty-five loading points and each electing separately a member of its board of directors. The general officers of the association, who are in

*Condensed from an address delivered by N. P. Wescott, of the Sales Department of the Eastern Shore of Virginia Produce Exchange, before the Corn Exchange National Bank Agricultural Conference, Philadelphia, Dec. 6, 1913.

charge of its central office and to whom the regular daily conduct of its office is entrusted, are, of course, elected at its annual shareholders' meetings. In addition, each shipping point has a "local agent," locally chosen, who receives and manifests all produce delivered by the members and keeps the general office constantly informed as to his loading and through whom accounts are kept and frequent settlements made with the individual growers.

On account of the perishable nature and wide fluctuations in market value of the association's products, all sales are made by wire, although the annual cost of this telegraphic correspondence, in spite of the constant use of a comprehensive private code system, now reaches twenty thousand dollars. From a private telephone switchboard in the general office, five trunk lines radiate to all parts of the peninsula, giving continual touch with every agency; and since constant telegraphic information is also available from the association's connections and outside salesmen as to the state of every important market in the country and from friendly associations and dealers as to the current loading in other producing sections, each day's sales-campaign is planned and carried out in the light of a very full knowledge of the two important factors of supply and demand.



THE astonishing success of this association in revolutionizing the industry of its entire section of Virginia has been derived broadly from the constant embodiment in its activities of certain basic working principles, which are susceptible of application with equal benefits in a great number of other communities, and which may be briefly indicated as follows:

1. In its strictly local relationships and activities, the association has been, from the outset, strongly militant. Its original and avowed purpose was to supplant the previously existent (and

for the farmers disastrously inefficient) agencies of distribution and itself to market the great bulk, at least, of the peninsula's product. This, of course, has earned for it the uncompromising antagonism of the local buyers of produce, solicitors for commission houses and other exponents of the old methods of marketing and has imposed upon it the necessity of waging a constant campaign of propaganda—of stimulating loyalty within the ranks and of enlisting new recruits. From the outset, the cardinal and almost only obligation of membership has been continued loyalty; and the very moment a member sells a barrel of produce "outside the exchange" he forfeits all rights of membership and can make no further shipments through the association until the next year.

2. The exchange differs radically from the ordinary corporation in that its purpose is not the making of profits for its stockholders. Its activities have been consistently shaped with a view single to its original purpose of so marketing the farm products of the peninsula as to insure the farmers the utmost potential market value of their goods; the payment of dividends, though regular and rather liberal, has always been subordinated to this purpose. In fact, the entire capital stock is only about forty-two thousand dollars, divided into five dollar shares, which it has been the constant and reasonably successful effort of the directors to keep widely distributed in small holdings. To this a surplus of about a hundred thousand has been gradually added; and it is now a provision of the by-laws that whatever net profits may remain after payment of a dividend not exceeding ten per cent. shall be divided in half, one part going to surplus and the other being distributed among all loyal shippers in proportion to their respective contributions of produce.

3. With respect to its external activities, the exchange aims first and foremost at aggressive salesmanship. In place of the old method of "con-

signing" produce for sale on commission, it sells f. o. b. shipping point ninety per cent. of its entire output, the remainder being mainly odd lots and off grade goods. To provide a more direct and personal means of communication with its trade, this farmers' association now sends out each year from its general office and maintains throughout the selling season resident salesmen upon the markets of Boston, Buffalo, Toronto, Detroit, Pittsburg, Chicago, Cincinnati, Kansas City and other cities.

4. The association stands for the standardization of farm products. It maintains a force of local inspectors, one at every shipping point, directed and controlled by a travelling general inspector. All goods submitted for sale must pass the scrutiny of these men, and standards of quality, grading, filling of packages, etc., are insisted on. Only goods measuring up to these re-

quirements are permitted to bear the exchange's official stamp of approval—the now famous Red Star Brand.

5. Finally, and more comprehensively, the exchange aims at, and has in a large measure secured, first through the natural economy of operating on a large scale, and secondly, through the elimination of useless middlemen and the simplifying of unnecessarily slow and complicated marketing processes, the lowest possible cost of distribution. It gets for the farmer a larger number of pennies from the ultimate consumer's dollar, not by increasing the size of that dollar, but by reducing the number absorbed in the tolls and wastes of unintelligent, haphazard methods of distribution. It thus performs a service not only to the farmers for whom and by whom it was established, but in a broadly economic, but very real sense, to the country at large.

Complying With the Federal Reserve Act

FROM the office of the Secretary of the Treasury have been received the accompanying regulations and forms of resolution for indicating acceptance or non-acceptance of the new Federal Reserve Act:

REGULATION, No. 1, OF THE RESERVE BANK ORGANIZATION COMMITTEE—

That every national bank shall submit to its board of directors alternative resolutions accepting or rejecting the provisions of the Federal Reserve Act, and shall file with this committee, within the sixty days prescribed by said act, the resolution adopted by said board as the method of signifying the intention of said bank in the premises. All other banks eligible to membership may use substantially similar form of resolution

of acceptance and intention to subscribe to the capital stock of Federal Reserve banks to be organized.

RESOLUTION OF ACCEPTANCE

At a meeting of the board of directors of the National Bank of, duly called and held on day of, 19.., the following resolution was offered, seconded and duly adopted:

Whereas, under Section 2 of the Federal Reserve Act, passed by the Congress of the United States on the 23rd day of December, 1913, it is provided that:

"Under regulations to be prescribed by the organization committee every national banking association in the United States is hereby required and every eligible bank in the United States and every trust company within the District of Columbia is hereby authorized to signify in writing

within sixty days after the passage of this act, its acceptance of the terms and provisions thereof, and,

Whereas, after due consideration of the terms and provisions of said act it is the opinion of this board that said terms and provisions shall be accepted.

Now, therefore be it resolved, that the cashier of this bank be, and he hereby is, authorized, empowered and directed to notify the Reserve Bank Organization Committee of the acceptance of this association of the terms and provisions of the Federal Reserve Act and of the intention of this Board to subscribe on behalf of this bank to the capital stock of the Federal Reserve Bank to be organized in the district in which this bank will be located after the geographical limits to be served by such Federal Reserve Bank have been fixed by the Organization Committee.

I hereby certify that the foregoing is a true and correct copy of a resolution passed by the board of directors of this association on the date specified and pursuant thereto I hereby notify the Reserve Bank Organization Committee of the action of said board and intention of this association in the premises.

.....Cashier
.....National Bank of.....

To the Reserve Bank Organization Committee, Washington, D. C.

RESOLUTION OF NONACCEPTANCE

At a meeting of the board of directors of the
.....National Bank of.....
duly called and held onday of
....., 191 , the following resolution was offered, seconded, and duly adopted:

Whereas, under section 2 of the Act of Congress known as the Federal Reserve Act, approved on the 23d day of December, 1913, it is provided that: "Under regulations to be prescribed by the organization committee every national banking association in the United States is hereby required, and every eligible bank in the United States and every trust company within the District of Columbia is hereby authorized to signify in writing within sixty days after the passage of this act, its acceptance of the terms and provisions thereof;" and,

Whereas, after due consideration of the terms and provisions of said act it is the opinion of this board that such terms and provisions shall not be accepted.

Now, therefore, be it resolved, that the cashier of this bank be, and he hereby is,

authorized, empowered, and directed to notify the Reserve Bank Organization Committee of the nonacceptance by this association of the terms and provisions of said Federal Reserve Act and of the intention of this board not to subscribe on behalf of this bank to the capital stock of the Federal Reserve Bank to be organized in the district in which this bank will be located after the geographical limits to be served by such Federal Reserve Bank have been fixed by the Organization Committee.

I hereby certify that the foregoing is a true and correct copy of a resolution passed by the board of directors of this association on the date specified, and pursuant thereto I hereby notify the Reserve Bank Organization Committee of the action of said board and intention of this association in the premises.

.....Cashier
.....National Bank of.....
To the Reserve Bank Organization Committee, Washington, D. C.

REGULATION No. 2.—The Federal Reserve Act provides for membership of banks operating under State charters as well as membership of national banks. No new charter is contemplated in either case. Eligible banks become members by becoming stockholders in Federal Reserve Banks, when their applications have been properly approved and stock has been allotted to them. Such subscription to the capital stock of the Federal Reserve Bank appears to be a matter within the province of the board of directors of the subscribing bank. The organization committee therefore deems it unnecessary to require as a condition precedent to membership that the stockholders should take any formal action.

Inasmuch, however, as the stockholders of a bank have the legal right, by necessary vote, to force a solvent bank to liquidate, and if dissatisfied with the action of the board in becoming members might exercise this prerogative, banks desiring to take the precautionary measure of canvassing the sentiment of the stockholders may, by resolution of their boards, submit the question to the stockholders either at the next regular meeting or at a specially called meeting. This course is, however, not insisted upon by the Organization Committee.

Those national banks passing resolutions of nonacceptance on or before February 22, 1914, should, as soon thereafter as convenient, and before the expiration of the twelve months prescribed in the Federal Reserve Act, submit their action to the stockholders for confirmation, since nonacceptance of the provisions of the Federal Reserve Act will ultimately involve the liquidation of such national bank.

Banking and Commercial Law

CASE COMMENT AND REVIEW

Wall Street Loans

AS between buyer and seller, Wall Street does not deal on credit. Stocks and bonds must be paid for when delivered. Your credit may be good elsewhere, but here it stops with the physical possession of the property, other than for examination. Nor do checks pass current as in other channels of business. Certification is, perhaps, more common here than anywhere else, and runs into the millions daily; it being estimated that in 1901 the Stock Exchange certifications were nearly fourteen billion dollars, or about \$45,000,000 a day. Brokers handling millions in the course of a short time cannot, as a rule, maintain bank balances large enough to "clear" the transactions, unless the firm capital be unusually large. Therefore the great Wall Street banks become the important factors in stock exchange transactions, since they furnish the credit facilities that make large-scale operations possible.



Two Methods of Lending in Wall Street

TWO methods are in vogue in making Wall Street loans, namely, over-certification and what is known as "clearance loans." Over-certification is in effect a temporary loan—an overdraft, and not only illegal but against good banking principles, but until recently quite a common practice. The failure of the Seventh National Bank in 1901 was partly due to this evil.

Where the house is well established, well known, and in high credit, there may be no danger in the practice and trouble from this source is rare; yet the weight of opinion is against it, and this form of lending is quite, if not altogether, obsolete. By obtaining a "clearance loan," the broker has at his command a bank balance sufficient to do business and, technically, over-certification is avoided, although in substance it amounts to the same thing. The results may be the same in either instance, but under the latter plan no law is broken.



The Clearance Loan

BY clearance loan is meant a one-day loan, made in the morning on a promissory note, the proceeds of which are credited to borrower's account, checks against it certified or paid, deposits made during the day as transactions are completed, and securities deposited at the close of business as collateral if such should be required, the loan paid by check and the day ends as it began, with a balance to the credit of the depositor.

Perhaps such a course of business could be arranged, or a contract might be entered into between the parties that would give the bank a lien on the loan or its proceeds until the obligation was cancelled by payment; but the whole transaction is closed in a few hours, and the question whether such lien has been created has therefore seldom arisen, but is the main issue in the cases referred to below. Much of the bank litigation arises through failure of either the

bank or depositor. As long as the course of business runs smoothly no question arises. The bank and its clients are both receiving that for which they bargained, and both are satisfied. But once the doors of either are closed, then the courts get busy to determine their respective rights.

A bank thus making clearance loans would naturally, upon receipt of information that its borrower was in difficulty, immediately seek to protect itself, first by ceasing to honor checks against the deposit-loan, and then by obtaining collateral security.



Two Cases in Point

TWO cases, but slightly different in their details, have recently been decided by the United States Supreme Court, and well illustrate Wall Street loan methods and the dangers attending such transactions.

In one, a loan of \$500,000 was made at ten o'clock for the purpose of clearing the day's operations, the sum being credited to borrower's account, making the balance \$554,819.98, out of which was paid checks aggregating \$535,920.74. The firm suspended at about noon, and a bankruptcy petition was filed at 4.10. There was due upon the loan, presumably at the time of suspension, \$166,166.69. Officers of the bank, noticing a drop in the stock during the day, demanded payment, or securities to make good the obligation, and were told of the suspension; but securities to cover the balance were nevertheless delivered between two and four o'clock. Some of the securities bore no relation to the loan; others may have been released by the money so obtained.

In the other case, a large deposit was made and securities deposited *after* the bank had heard rumors concerning difficulties in the firm, which was at the time insolvent. Payment of checks was stopped and security demanded as soon

as the bank had knowledge of the firm's condition.

The question arises, what right had the banks to the securities obtained after the firms had suspended? Did the payments (for such they technically became) constitute preferences, unfair to the other creditors and therefore voidable? Decision was against the bank in both cases.



Two Name Accounts

CONSIDERING the magnitude of the business, the number of depositors (three million), and the complexity of interests necessarily involved in dealing with so many people, the savings banks of New York State have been singularly free from litigation. The reported cases for the past forty years would scarcely number four hundred, if so many. The reason may lie in the fact that many bank officials dread the notoriety attending law suits, as gratuitous advertising of the wrong sort, and settle rather than fight.

More litigation has arisen through joint and trust accounts than any one feature of the business, thirty-eight out of one hundred and forty-two cases involving what is commonly called the "two-name account." Wrongful payment is the next most fruitful source of trouble; but the amount due the depositor seldom, if ever, is the point in dispute, at least in New York. It is the ownership rather than the amount that raises the issue.

In joint accounts, it is usually sought to show a gift, implied or consummated, while in the trust account the claimant seeks, generally, to show a completed trust or a gift. The outcome is a matter largely of intent as shown by the evidence. And whether a gift or a trust follows the act of opening such an account depends upon the circumstances attending the transaction and subsequent acts or conversations.

The Law and The Courts Recognize Two-Name Accounts

RECOGNIZING the usefulness and serviceableness of such accounts, many States (at least twenty-seven) have enacted statutes governing them, and the courts have likewise recognized the value of joint and trust deposits in savings bank affairs, as affording a convenience during the life of the parties and a speedy and inexpensive (in reality costless) method of transferring personal property in form of bank deposits at death, and have ruled accordingly.

As a matter of fact, the man of moderate means, whose wealth consists largely of bank balances and real estate, may, by the joint or trust form of the former, and the joint-tenancy form of the latter, so arrange his affairs that a will or administration will not be necessary to effectually dispose of his estate.

On account of the complications likely to arise, some banks will not accept these two-name deposits, some ruling out the joint form and some the trust; but those who believe, as many do, that the bank can serve its depositors in death as well as in life are willing to "take a chance" for the sake of the good attending, and freely accept both forms.



Joint Tenancy Defined

JOINT tenants are those who hold property, which they acquired by purchase at the same time, in virtue of the same title, interest and possession, and without anything to create a difference in their respective interests or possession. (Abbott's Law Dictionary).

One of the incidents of an estate in joint tenancy is survivorship. Where one of the joint tenants dies the entire estate belongs to the survivor, and the heirs of the deceased joint tenant do not take any interest or share in the estate. Deposits in two names have occasionally been given the effect of

creating joint tenancy. (Bank Deposits, Brady, p. 44).



A Case In Point

WHEN Joseph and Mary Guilfoyle went to the Cohoes (N. Y.) Savings Institution and opened a joint account "payable to either or the survivor of either," they created such a joint tenancy. The fact that Mary took the book and without the knowledge or consent of her husband had the fund transferred to herself individually, did not destroy the joint ownership of the property, and the making of her will bequeathing the money otherwise did not avail—the character of the fund as first given followed the transfer and the husband sued her estate and obtained judgment. (See O'Connor vs. Dunnigan, which is subject, of course, to reversal on appeal).

In the light of this decision it would seem that a new element enters into the joint account, for the court holds, in substance, that having given the character of joint tenancy to this deposit, the nature of the fund as at first established continued wherever it went; and whatever the co-depositor may do with the fund after being empowered to draw, he is accountable to the joint owner for that part which belonged to said co-depositor. Absolute title to the whole fund vests only at death, prior to which consent is necessary, although as the court says, "as between the bank and Mary Guilfoyle, she had the right with the possession of the book to withdraw the moneys from the bank." But to quote the court again, "It would be preposterous to claim that an appropriation of personal property by one joint owner to his personal use could divest the interest of the other joint owner, or could in any way be presumed to have been by the consent of his co-owner. In order to change the joint ownership which presumptively existed, defendant was required to show that

the ownership of Joseph Guilfoyle has been voluntarily surrendered."

The practical suggestion, therefore, is: In making such transfers during the lifetime of both parties, the signature of the co-depositor in joint accounts and that of the beneficiary in trust-accounts should be obtained. This is the rule in some banks—and a good one it is. If such consent cannot be obtained pay over the money to the one presenting the book and authorized to draw, for this is generally the contract; but make no transfers. The bank can better afford to lose the account than take the chances involved in a transfer; for such is generally made as the result of differences between the parties, in the settlement of which the bank need not become a factor if the above suggestions are followed. If this ruling becomes law, the joint account will lose its popularity—and many bank men wish it would.



Tax on Bank Stock

BY the Revised Statutes of the United States (Section 5219) the Legislature of each State has the power

of determining the manner and place of taxing all shares of national banking associations within their jurisdiction, subject only to the conditions that the rate shall not be greater than is assessed against other moneyed capital in the hands of individual citizens, and that shares owned by non-residents of the State shall be taxed in the city or town where the bank is located.

Constituting, as they do, a convenient form of taxable property, and the tax levied thereon being impossible to avoid, bank stock becomes an important factor in tax rolls and the tax a considerable item in the bank's expense account.

It is but natural that a bank, like other taxable corporations and individuals, should desire to pay only that which the law contemplates and claim any exemption that can lawfully be read into the statute.

Whether or not the New York statute is in harmony with the laws of the United States on this question, the purpose of the National Banking Act, and the meaning of "moneyed capital" are clearly set forth in the case of *People of the State of New York vs. Purdy*, one of the leading cases of the month, which will be found on a subsequent page.

Leading Cases of the Month

Clearance Loan

U. S. SUPREME COURT.

Creation of Lien on "Clearance Loan" or its proceeds—Bankruptcy—Voidable Preference.

United States Supreme Court, November 3, 1913.

NATIONAL CITY BANK (N. Y.) vs. HOTCHKISS.

A bank which credits to the general deposit account of a firm of stock brokers the amount of a clearance loan made with

the understanding that it was to be used solely to clear securities, and was to be repaid later in the day, and which does not require the securities released to be kept separate, or that any separate account be kept of money received from deliveries of stock so leased, obtains a preference voidable by the brokers' trustee in bankruptcy, where, after the brokers' suspension, it demanded and received from them securities without regard to their source, to make good the brokers' obligation to the bank, with notice in terms that it was thereby receiving a preference and that the brokers were going into bankruptcy.

A trustee in bankruptcy who has sued

in equity to recover certain securities alleged to have been transferred to the defendant by way of preference cannot claim the right to elect damages instead of a return of such securities, where they have depreciated in value, because defendant, who was authorized by a stipulation between the parties to sell the securities in its discretion, at the best price obtainable, and hold the proceeds in lieu thereof, exercised its judgment not to sell.



CCROSS APPEALS from the United States Circuit Court of Appeals for the Second Circuit to review a decree which affirmed a decree of the District Court for the Southern District of New York, in favor of a trustee in bankruptcy in a suit to recover an alleged preference. Affirmed.



STATEMENT OF FACT

THIS is a suit by a trustee in bankruptcy to recover certain securities alleged to have been transferred to the defendant bank by way of preference. The plaintiff had a judgment in the District Court and in the Circuit Court of Appeals. Both parties appeal; the plaintiff, upon a subordinate question as to its right to elect damages instead of a return of the securities.

The case arose upon what is known in New York as a clearance loan. Brokers need large sums to clear or pay for the stocks that they receive in the course of the day, and as the stocks must be paid for before they are received and can be pledged to raise the necessary funds, these sums are advanced by the banks. They are returned later on the same day by making deposits to the borrower's account and drawing a check to the order of the bank. Perhaps such a general course of dealing might be arranged so as to give a lien on the loan or its proceeds until payment, but the question whether such a lien has been created rarely, if ever, has arisen, the whole business be-

ing finished in a few hours. It is, however, the main issue in this case.

The bankrupts were brokers in partnership, and at ten o'clock on January 19, 1910, had assets exceeding their liabilities by nearly half a million dollars. These assets consisted largely in the stock of a coal and iron company in which there was a pool. Before 12, there was a break in the market, the stock went down, and at about noon the suspension of the firm was announced. A petition in involuntary bankruptcy was filed at ten minutes after four on the same day. At about ten the bank made a clearance loan to the bankrupts of \$500,000 in the usual way, to enable them to meet their current obligations and to get the stocks deliverable on that day, the bank receiving demand notes, and both parties acting in good faith. The sum was credited in the deposit account of the firm, in addition to \$54,819.98 already there, and soon after the bank certified and subsequently paid checks amounting to \$585,920.74. During the day the firm made deposits which are not in question, but there remained due upon the loan \$166,166.69. Officers of the bank, noticing the drop in the stock, went to the firm, demanded payment or securities to make good the obligations to the bank, and were told of the suspension and that a petition in bankruptcy would be filed. After two hours' discussion the securities in question were delivered between two and three p. m., but the officers were told that the delivery was a preference. Some of the securities bore no relation to the loan; others, and it may be assumed for purposes of argument, most, had been released by the money thus obtained.



OPINION OF THE COURT

HOLMES, J.: In dealing with transactions of this kind we may go far in giving them any form that will carry out the mutually understood intent. *Sexton vs. Kessler*

& Co. 225 U. S. 90. But if the intent was doubtful or inconsistent with the legal effect of dominant facts, it must fail. For instance, apart from possible exceptions, a man cannot retain a domicile in one place when he has moved to another, and intends to reside there for the rest of his life, by any wish, declaration, or intent inconsistent with the dominant facts of where he actually lives and what he actually means to do. (*Dickinson vs. Brookline*, 181 Mass. 195.) In the present case it is agreed that it was expected and understood that no portion of the clearance loan was to be used for any purpose other than to clear securities. But, on the other hand, by consent of the bank, as it seems, the loan was put into the general deposit account, which was drawn upon for general purposes; at least, to the extent of the balance above the loan; the securities released were not kept separate, but were used like any other; and no separate account was kept of money received from deliveries of stock so released. What happened as between these parties was simply that all moneys received in the course of the day, from whatever source, went into the firm's deposit account with the bank. So that, even if we take it, as a corollary of what was understood, that the use of the clearance loan was expected to enable the firm to repay the loan, it does not appear to have been expected that the proceeds should be appropriated specifically to that end, but simply that the addition of such proceeds to the general funds of the firm would enable the latter to pay within the time allowed. This is the view of the facts taken by the master and both of the courts below. They also found that an attempt to give the matter a different complexion by custom had failed; and if we went behind their findings we should take the same view.

A trust cannot be established in an aliquot share of a man's whole property, as distinguished from a particular fund, by showing that trust moneys have gone into it. On similar principles

a lien cannot be asserted upon a fund in a borrower's hands, which, at an earlier stage, might have been subject to it, if by consent of the claimant, it has become a part of the borrower's general estate. But that was the result of the dealings between these parties, and it cannot be done away with by a wish or intention, if such there was, that alongside of this permitted freedom of dealing on the part of the bankrupts, the security of the bank should persist. It is not like the case of property wrongfully mingled with general funds and afterwards traced. All that the parties agreed, either expressly or by implication, was that the debt incurred at ten o'clock should be paid by three. Some banks seem to have required the dealing to be conducted on the footing of a fund identified and subject to a trust at every step; but between these parties there was no attempt to follow a specific fund through a series of changes until it was returned. See *Dillon vs. Barnard*, 21 Wall. 480.

As all trace of the bank's money was lost when it entered the stream of the firm's general property, there can be no right of subrogation*. Neither can a claim be upheld on the ground that there was no diminution of the bankrupt's assets, or that the transaction should be regarded as instantaneous and one. The consent to become a general creditor for an hour, that was imported, even if not intended to have that effect, by the liberty allowed to the firm, broke the continuity and established the loan as part of the assets. No doubt many general creditors have increased a bankrupt's estate by their advances, but they have lost the right to take them back. Time sometimes can be disregarded when it is insignificant. But in this case half the time between the loan and the transfer of securities sufficed to change the position of the borrowers from a fortune of half a million to a deficit of double that amount.

In both *Gorman vs. Littlefield*, 229

*See definition in "Legal Terms." elsewhere in this issue.

U. S. 19, and *Richardson vs. Shaw*, 209 U. S. 365, in addition to the personalty of the holder there was also a specific stock, which identified the fund relied upon and separated it from the general mass of the estate. *Hurley vs. Atchison, T. & S. F. R. Co.* 218, U. S. 126, stood on the peculiar facts of the case, which were held to point to an identified *res* and give an immediate claim against it. The case established no general proposition contrary to what we now decide.

The suggestions that it does not appear that the bankrupts intended to give a preference, or that the bank had reasonable cause to believe that it was obtaining one, hardly need answer. The bank did not confine its demand to proceeds of the loan, but asked for and obtained securities without regard to their source. It was notified in terms that it was receiving a preference and that the firm was going into bankruptcy. If this was not sufficient notice, it is hard to imagine what would be enough.

The cross appeal depends upon the frame of the bill and effect of an agreement between the parties. On April 5, 1910, it was agreed that the securities in question might be sold by the bank "at the best price obtainable, at such times as may seem best to the officers of" the bank; that the rights of both parties "shall attach to the proceeds realized from the sale," and "the amount realized from the sale of the said securities shall stand in lieu of the securities, and shall represent the amount of the liability" of the bank to the trustee in bankruptcy in case of judgment against it. "The making of this stipulation shall not alter the rights or claims of any of the parties, nor change the jurisdiction of any court * * * it being the intention of the stipulation that the securities in the possession of the National City Bank shall be converted into money at the best prices obtainable, and that all rights of the parties shall remain as against the proceeds of the sale of the said securities the same as they existed against the securities themselves at the time of making the stipulation."

It seems that no sale took place. The decree was for a delivery of the securities with all interest and dividends thereon received, and in default thereof for \$161,740.62, with interest from the date of the master's report. But as the securities have declined a good deal below their value at the time of conversion, and again below their value at the date of the foregoing agreement, the trustee claims the right to take the sum named, with corrections. This was answered sufficiently by Judge Hand in the district court. As he observed, the suit was in equity to recover the securities *in specie*. After the agreement the bank was authorized to hold them until it thought it wise to sell. If it had sold, there can be no doubt that the plaintiff's claim would have been limited to the proceeds, by the words of the contract. Its judgment not to sell, exercised for the benefit of both parties, cannot have been intended to put it in a worse position. Such an understanding would have deprived the plaintiff of the judgment of the bank.

Decree affirmed.

(34 Sup. Ct. Rep. 20.)



Tax on Bank Stock

U. S. SUPREME COURT

Deduction for Indebtedness—The Tax Law of New York Construed—Purpose of the National Banking Act—“Moneyed Capital.”

United States Supreme Court, December 1, 1913.

PEOPLE OF THE STATE OF NEW YORK VS. PURDY ET AL.

The scheme adopted by the State of New York for taxing shares in national banks does not violate section 5219 of the Revised Statutes of the United States, which commits to the legislature of each State the power of directing and determining the manner and place of taxing all shares of national banking associations located within its jurisdiction, subject only to two restrictions: (a) that the taxation shall not be at a greater rate than is assessed upon

other money capital in the hands of individual citizens of such State, and (b) that the shares of any such association owned by non-residents of any State shall be taxed in the city or town where the bank is located, and not elsewhere.

The State is not obliged to apply the same system to the taxation of national banks that it uses in the taxation of other property provided no injustice, inequality or unfriendly discrimination is inflicted upon them.

Section 24 of the Tax Law of New York (in obedience to Sec. 5219 R. S. supra) provides that "the assessment and taxation shall not be at a greater rate than is made or assessed upon other moneyed capital in the hands of individual citizens of this State;" that a fixed rate of tax equal to one per centum upon the value ascertained by dividing the amount of capital, surplus and undivided profits by the number of shares is imposed without deduction because of the personal indebtedness of the owners. A tax levied in accordance therewith is not contrary to the restriction contained in Section 5219 R. S.

There are other considerations to be weighed in determining the actual burden of the tax, one of which is the mode of valuing bank shares—by adopting "bank values"—which may be more or less favorable than the method adopted in valuing other kinds of personal property. As against the owner of bank shares who, by alleging discrimination, assumes the burden of proving it, and who fails to show that the method of valuation is unfavorable to him, it may be assumed to be advantageous.

The language of the statute clearly prohibits discrimination against shareholders in national banks and in favor of shareholders in competing institutions, but it does not require that the scheme of taxation shall be so arranged that the burden shall fall upon each and every shareholder alike, without distinction arising from circumstances personal to the individual.

The tax is not, therefore, invalid because made without allowing any deduction for relators' debts, as alleged to be allowed by the laws of New York, in the case of other moneyed capital in the hands of individual citizens of that State; even though it is insisted that the debts of relator exceeded the valuation of the bank shares.

termination of Commissioners of Taxes and Assessments of New York city, denying application to cancel assessment upon the ground that it was entitled to have its indebtedness deducted from the assessed valuation of the bank shares. Judgment affirmed.



STATEMENT OF FACT

THE question presented is the validity of certain taxes imposed in the year 1908 by the taxing officers of New York City upon some shares of stock in certain national banking associations located in that city, which shares were owned by the relator, the Amoskeag Savings Bank, a New Hampshire corporation doing business in its home State. The taxable value of the shares was ascertained by the Commissioners of Taxes and Assessments, in accordance with the provisions of the law of the State of New York, by adding together the capital, surplus and undivided profits of each bank and dividing the amount by the number of outstanding shares. It is admitted that at the time of the making of this assessment the relator owed just debts exceeding the value of its gross personal estate, including its bank shares, after deducting therefrom the value of its property taxable elsewhere and the value of its property not taxable anywhere; that no portion of such debts had been deducted from the assessment of any of its personal property, other than the bank shares; and that no portion of the indebtedness was contracted in the purchase of non-taxable property or securities or for the purpose of evading taxation. The case comes before the United States Supreme Court by writ of error under sec. 709 R. S., (Judicial Code, sec. 237,) upon the ground that the taxation imposed is in violation of the rights of the relator under sec. 5219 R. S.



APPEAL from a decision of the Court of Appeals of New York, affirming order of Appellate Division affirming the dismissal by the Special Term of the Supreme Court, of certiorari* proceedings taken to review de-

*See definition under "Legal terms used in this issue defined."

OPINION OF THE COURT (IN
PART)

PITNEY, J.: The contention of the plaintiff in error, made in the State tribunals and reiterated here, is that the taxes are invalid because made without allowing any deduction for relator's debts, as alleged to be allowed by the laws of New York in the case of other moneyed capital in the hands of individual citizens of that State; it being insisted that inasmuch as the debts of relator exceeded the valuation of the bank shares, the assessment should be wholly canceled.

The taxing laws in force at the time the assessment was made were in the following year consolidated and re-enacted as the "Tax Law." (L. 1909, chap. 62; in effect February 17, 1909; Cons. Laws, chap. 60.)

Sec. 21 provides for the preparation of the assessment rate and requires that it shall contain separate columns * *

"4. In the fourth column the full value of all the taxable personal property owned by each respectively after deducting the just debts owing by him." This provision is held to apply equally to corporation and individuals (*People ex rel. Cornell Steamboat Co. vs. Dedrick*, 161 N. Y. 195), and has the effect of allowing a deduction of the amount of the debts of the taxpayer from the valuation of his general personal estate, not however including bank shares, which are dealt with in other sections. Sec. 23 requires the chief fiscal officer of every bank or banking association organized under the laws of the State or of the United States to furnish annually, on or before July 1st, to the assessors of the tax district in which its principal office is located, a sworn statement of the condition of the bank on the first day of June next preceding, stating the amount of its capital stock, surplus and undivided profits, the number of shares, and the names and residences of the stockholders, with the number of shares

held by each. Sections 13 and 24 relate to the taxation of these shares, stockholders in state and in national banks being treated alike.** It will be observed that Section 24 declares (in obedience to Section 5219 R. S.) that "the assessment and taxation shall not be at a greater rate than is made or assessed upon other moneyed capital in the hands of individual citizens of this State;" that the valuation of the shares of going concerns is to be ascertained by dividing the amount of capital stock, surplus, and undivided profits by the number of shares; the valuation, in the case of banks in liquidation, to be fixed by dividing the actual assets by the number of shares; that a fixed rate of tax equal to one per centum upon the value thus ascertained is imposed without deduction because of the personal indebtedness of the owners, or for any other reason; that the tax is in lieu of all other State taxation upon the choses in action and personal property held by the bank whose value enters into the valuation of its shares of stock; that this section is not to be construed as an exemption of the real estate of the banks from taxation; and that no share of stock of such banks, by whomsoever held, is to be exempt from the tax imposed. In construing Section 24 the Court of Appeals of New York has held (*People ex rel. Bridgeport Savings Bank vs. Feitner*, 191 N. Y., 88, 96) that the effect of introducing into the section the limitation prescribed by Section 5219 R. S. is such that if any bank is located in a tax district where the rate is less than one per centum, its stockholders are entitled to a reduction to conform to the local rate.

Respecting other moneyed capital, trust companies, by Section 188, are subjected to an annual franchise tax "equal to one per centum on the amount of its capital stock, surplus, and undivided profits." The practical burden of such a tax (which of course falls eventually upon the stockholder) is presumably not materially different from the burden of a tax at the same rate imposed upon the individual stockholder

on a valuation of his shares arrived at by taking into consideration the same elements of capital stock, surplus, and undivided profits. And of course the stockholder has no relief from such a franchise tax because of his individual debts. By Section 189 savings banks are subjected to a franchise tax of one per centum on the par value of the surplus and undivided earnings. These institutions are thus apparently taxed upon the basis of what they possess over and above what they owe to their depositors. The individual banker, by Sections 14 and 25, is taxed at the place where his business is located upon the "amount of capital invested in his banking business."

It is not insisted that this tax law discriminates against national banks or the stockholders thereof as compared particularly with individual bankers, trust companies, or savings banks. The ground of complaint is that Section 24, in providing that owners of bank stock (State or National) shall not be entitled to deduction from the taxable value of their shares because of their personal indebtedness, is contrary to the restriction contained in Section 5219 R. S., that the shares of national banks shall not be taxed "at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens of such State," because under Section 21 of the Tax Law all persons are permitted to deduct their debts from their other taxable personal property in general, including, as is claimed, other moneyed capital.

Plaintiff in error relies chiefly upon the decision of this Court in *People vs. Weaver*, 100 U. S. 539. * * * The question was as to the validity of an assessment and taxation of national bank shares in the City of Albany under the State law of April 23, 1866 (N. Y. Laws 1866, p. 1647), without deduction because of the indebtedness of the taxpayer, in view of the fact that under other laws the owners of other kinds of personal property were entitled to have the amount of their debts deducted from the valuation for the purposes of

taxation. The State court in the *Dolan* case had justified the method adopted in taxing the bank shares, upon reasoning that assumed "that while Congress limited the State authorities in reference to the ratio or percentage levied on the value of its shares, which could not be greater than on other moneyed capital invested in the State, it left the matter of the relative valuation of the shares and of other moneyed capital wholly to the control of State regulation." This court held that the clause in Section 5219 — "that the taxation shall not be at a greater rate than is assessed upon other moneyed capital," etc., meant that the taxation upon shares should not be greater than on other moneyed capital, taking into consideration both the rate of assessment and the valuation. In other words, that the restriction contained in the Act of Congress had to do with the actual incidence and practical burden of the tax upon the taxpayer.

This decision was followed by several others to the same effect. * * *

But the pertinent statutes in the *Weaver* case differed from those now before us, and the authority of that decision is not controlling. In that case it was not disputed—"that the effect of the State law is to permit a citizen of New York, who has money capital invested otherwise than in banks to deduct from that capital the sum of all his debts, leaving the remainder alone subject to taxation, while he whose money is invested in shares of bank stocks can make no such deduction. Nor, inasmuch as nearly all the banks in that State and in all others are national banks, can it be denied that the owner of such shares who owes debts is subjected to a heavier tax on account of those shares than the owner of moneyed capital otherwise invested, who is also in debt, because the latter can diminish the amount of his tax by the amount of his indebtedness, while the former cannot. That this works a discrimination against the national bank shares as subjects of taxation, unfavor-

able to the owners of such shares, is also free from doubt."

The Tax Law of New York now in question is materially different. As already shown, moneyed capital is dealt with for the purposes of taxation upon lines different from those upon which the taxation of other personal property proceeds. By sections 18 and 24 State bank shares and national bank shares are both dealt with, and they are treated alike, being assessed not upon the basis of market values, but upon a valuation determined by a consideration of the capital stock, surplus, and undivided profits, (yielding what is commonly known as "book value,") and leaving out of consideration other elements, such as good will and the like, which enter into the determination of the actual market value of such shares. On the other hand, personal property in general is by Section 21 to be assessed at its full value, which presumably means market value. Section 24, instead of subjecting the owners of bank shares to taxation at the rate locally obtaining for other personal property, imposes a "flat rate" of one per centum upon the valuation, with the proviso, as held in the Feitner case, *supra*, that if the local rate be less than one per centum, the owners of shares in the bank have the benefit of it.

Enough has been said to show that the decision in the Weaver case, which had to do with a tax assessed upon bank stock on the basis of the same method of valuation and the same rate of assessment as personal property in general, including other moneyed capital, but without allowance for the indebtedness of the taxpayer, although such allowance was made to the owners of personal property in general, including other moneyed capital, is not to be deemed conclusive upon the present controversy, in view of the differences in the taxing laws.

The Weaver case, however, and others that followed it, did establish that the question whether an owner of national bank shares has been subjected to a State tax in excess of the limitation

imposed by Section 5219 R. S. is a practical question, to be determined by considering whether he is actually discriminated against in favor of other moneyed capital in the hands of individual citizens of the State. And the meaning of the term "other moneyed capital" has been elucidated by several decisions, of which the leading one is *Mercantile Bank vs. New York*, 121 U. S. 138.

This was a suit brought by a national bank to restrain the collection of taxes assessed upon its stockholders under New York Laws 1882, ch. 409, sec. 312, an enactment that followed the general lines of the Act of 1866, dealt with in the Weaver case and quoted in the opinion of the court therein, except that in obedience to that decision the Act of 1882 required that—"in the assessment of said shares, each stockholder shall be allowed all the deductions and exceptions allowed by law in assessing the value of other taxable personal property owned by individual citizens of this State." The contention was that the State had not complied with the condition contained in Section 5219 of the Revised Statutes, because it had by its legislation expressly exempted from all taxes in the hands of individual citizens numerous species of moneyed capital, while subjecting national bank shares and state bank shares in the hands of individual holders to taxation upon their full actual value, less only a proportionate amount of the real estate owned by the bank. The court expounded the true intent and meaning of Section 5219 of the Revised Statutes as follows:

It follows that "moneyed capital in the hands of individual citizens" does not necessarily embrace shares of stock held by them in all corporations whose capital is employed, according to their respective corporate powers and privileges, in business carried on for the pecuniary profit of shareholders, although shares in some corporations, according to the nature of their business, may be such moneyed capital. The key to the proper interpretation of the act of Congress is its policy and purpose. The object of the law was to establish a system of national banking institutions, in

order to provide a uniform and secure currency for the people, and to facilitate the operations of the Treasury of the United States.

The capital of each of the banks in this system was to be furnished entirely by private individuals; but, for the protection of the government and the people, it was required that this capital, so far as it was the security for its circulating notes, should be invested in the bonds of the United States. These bonds were not subjects of taxation; and neither the banks themselves, nor their capital, however invested, nor the shares of stock therein held by individuals, could be taxed by the States in which they were located without the consent of Congress, being exempted from the power of the States in this respect, because these banks were means and agencies established by Congress in execution of the powers of the government of the United States.

It was deemed consistent, however, with these national uses, and otherwise expedient, to grant to the States the authority to tax them within the limits of a rule prescribed by the law. In fixing those limits it became necessary to prohibit the States from imposing such a burden as would prevent the capital of individuals from freely seeking investment in institutions which it was the express object of the law to establish and promote.

The business of banking, including all the operations which distinguish it, might be carried on under State laws, either by corporations or private persons, and capital in the form of money might be invested and employed by individual citizens in many single and separate operations forming substantial parts of the business of banking. A tax upon the money of individuals, invested in the form of shares of stock in national banks, would diminish their value as an investment and drive the capital so invested from this employment, if at the same time similar investments and similar employments under the authority of State laws were exempt from an equal burden.

The main purpose, therefore, of Congress, in fixing limits to State taxation on investments in the shares of national banks, was to render it impossible for the State, in levying such a tax, to create and foster an unequal and unfriendly competition, by favoring institutions or individuals carrying on a similar business and operations and investments of a like character. The language of the act of Congress is to be read in the light of this policy.

And again: The terms of the act of Congress, therefore, include shares of stock or other interests owned by individuals in all enterprises in which the capital employed in carrying on its business is money, where the object of the business is the making of profit by its use as money. The moneyed capital thus employed is invested for that purpose in securities by way of loan, dis-

count or otherwise, which are from time to time, according to the rules of the business, reduced again to money and reinvested. It includes money in the hands of individuals employed in a similar way, invested in loans, or in securities for the payment of money, either as an investment of a permanent character or temporarily with a view to sale or repayment and reinvestment. In this way the moneyed capital in the hands of individuals is distinguished from what is known generally as personal property.

Accordingly, it was said in *Evansville Bank vs. Britton*, 105 U. S. 322: "The act of Congress does not make the tax on personal property the measure of the tax on the bank shares in the State, but the tax on moneyed capital in the hands of the individual citizens. Credits, money loaned at interest, and demands against persons or corporations are more purely representative of moneyed capital than personal property, so far as they can be said to differ. Undoubtedly there may be said to be much personal property exempt from taxation without giving bank shares a right to similar exemption, because personal property is not necessarily moneyed capital. But the rights, credits, demands and money at interest mentioned in the Indiana statute, from which *bona fide* debts may be deducted, all mean moneyed capital invested in that way." This definition of moneyed capital in the hands of individuals seems to us to be the idea of the law, and ample enough to embrace and secure its whole purpose and policy.

The rule of construction thus laid down has been since consistently adhered to by this court; *Palmer vs. McMahon*, 133 U. S. 660, 667; *Aberdeen Bank vs. Chehalis County*, 166 U. S. 440, 454; *National Bank of Wellington vs. Chapman*, 173 U. S. 205, 214; *Commercial Bank vs. Chambers*, 182 U. S. 556, 560; *Jenkins vs. Neff*, 186 U. S. 230.

According to this practical test, it seems to us that the scheme adopted by the State of New York for taxing shares in national banks cannot upon this record be denounced as violative of the limitations prescribed by Section 5219, Rev. Stat. The holders of shares in state banks are subjected to precisely the same taxation, and with respect to other competitive institutions, such as trust companies, the franchise taxes imposed upon them apparently result in a substantially similar burden upon the shareholder. Nor is there any discrimination in favor of savings banks. With respect to individual bankers, there is

a difference, they being apparently subject to the local rate of taxation and entitled to the privilege of deduction for personal debts; but as they are taxable upon the amount of the capital invested in the banking business, which is normally only such as remains after the deduction of debts, it is not plain that they possess any valuable privilege of reducing the tax assessment by deducting debts. Foreign bankers are separately treated for reasons sufficiently obvious; but no criticism is made of this. If there be other forms of "moneyed capital in the hands of individual citizens" of the State employed in a banking or quasi-banking business in competition with the national banks, and which are subjected to a more favorable rule of taxation, our attention is not called to them. Moreover, we agree with what was said by the Court of Appeals of New York in the Feitner case (191 N. Y. 88) that "The State is not obliged to apply the same system to the taxation of national banks that it uses in the taxation of other property, provided no injustice, inequality, or unfriendly discrimination is inflicted upon them."

The court there took note of the fact that the flat rate of one per centum assessed upon National bank shares was more favorable to the relator than the general tax rate for the same year in the Borough of Manhattan where the banks were located. That local rate (for the year 1901) was 2.21733 per centum. In the present case it is stipulated that the general tax rate locally applicable for the year 1908 to personal property, not including bank shares, was 1.61407 per centum. There are other considerations to be weighed in determining the actual burden of the tax, one of which is the mode of valuing bank shares—by adopting "book values"—which may be more or less favorable than the method adopted in valuing other kinds of personal property. As against the owner of bank shares who, by alleging discrimination, assumes the burden of proving it, and who fails to show that the method of

valuation is unfavorable to him, it may be assumed to be advantageous. * * *

Nor can we say that the taxing scheme contravenes the limits prescribed by sec. 5219 R. S. merely because in individual cases it may result that an owner of shares of national bank stock, who is indebted, may sustain a heavier tax than another, likewise indebted, who has invested his money otherwise. Such is, in effect, the objection urged by plaintiff in error to the position taken by the Court of Appeals of New York. In other words, it is insisted that sec. 5219 deals with the burden of the tax upon the individual shareholder, rather than upon shareholders as a class. We think this argument is sufficiently answered by reference to the language of sec. 5219. The declaration is that "the taxation shall not be at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens of such State." And this restriction is imposed upon a grant of authority to tax "all the shares of national banking associations located within the State." The language clearly prohibits discrimination against shareholders in national banks and in favor of the shareholders of competing institutions, but it does not require that the scheme of taxation shall be so arranged that the burden shall fall upon each and every shareholder alike, without distinction arising from circumstances personal to the individual.

Judgment affirmed.



Forged Bill of Lading

UNITED STATES COURT

Money Paid Out Under Mistake of Fact—The English Bills of Exchange Act—Judicial Cognizance of Foreign Laws

United States Circuit Court of Appeals,
Second District.

HANNAY & CO. VS. GUARANTY TRUST CO.

Where a contract for the sale and purchase of cotton, and all the transactions re-

lating to the presentation for acceptance and payment of a bill of exchange drawn to cover a shipment of the same, and all alleged false representations and warranty were made in England, the law of England, as the place where the contract of acceptance was made and was to be performed, must govern and determine the rights and liabilities of the respective parties. Where the evidence establishes the fact that such a bill is an unconditional bill of exchange under the law of England; that its acceptance is unconditional; that the presenter of the bill to drawee for acceptance does not under the law of England impliedly warrant the genuineness of the accompanying document or attached bill of lading; that the duty to investigate and determine to the satisfaction of the party ultimately liable, the genuineness of the documents accompanying the bill of exchange, rests upon the person who authorized the acceptance, the acceptor cannot, under the law of England, recover the amount paid by it, in suit against the payee, or in suit against the original presenter, on the theory of money paid under mistake of fact or upon any other theory known to the laws of England.

Under the English law A cannot recover from B money paid under a mutual mistake, where the mistake made related to a fact which, as between A and B, the law made it the duty of A to know.

The insertion, in a draft, of the words
 "Charge the same to account of ¹⁰⁰ _____
 R S M I
 bales of cotton," do not change the unconditional character of the order to pay.



THIS case comes up on writ of error to review a judgment rendered in the District Court for the Southern District of New York. Reversed and new trial ordered.



STATEMENT OF FACT

PLAINIFFS are British subjects and are engaged in business in Liverpool, England. The defendant is engaged in banking in the city of New York, and in the year 1912 handled foreign bills of exchange amounting to \$236,000,000.

Knight, Yancey & Company, at the time, a mercantile firm of Alabama en-

gaged in the business of buying and selling cotton, entered into an agreement with the plaintiff on February 1, 1910, to sell them one thousand bales of cotton. In accordance with this agreement they drew a bill of exchange for £1464-9-0 at sixty days sight on the Bank of Liverpool—admitted to be the plaintiffs' agent. * * *

This bill was for 100 of the 1,000 bales of cotton which the plaintiff had sold, and there was attached to the bill an instrument purporting to be a bill of lading of the 100 bales of cotton and to be signed by the agent of the Louisville & Nashville Railroad Company of 100 bales of cotton marked R S M I for shipment to Liverpool, England. This bill was in due course of business purchased by the defendant and with the bill of lading attached was sent by it to the Bank of Liverpool for acceptance and payment. On its receipt the bank notified the plaintiffs and asked that they call and inspect the documents and advise it concerning acceptance. After inspection by their representatives the plaintiffs authorized the acceptance of the bill and it was accepted and in due time paid to the defendants. * * *

It subsequently became known that the instrument purporting to be a bill of lading was a forgery. But the spurious character of the document was not known to the defendant when it presented the bill nor was it known to the plaintiffs when they accepted it, although at the time it was paid rumors that possibly it might be a forgery had been brought to the attention of the plaintiffs and of the Bank of Liverpool.

The action is brought to recover money paid under a mutual mistake of fact.



OPINION OF THE COURT

ROGERS, C. J.: The question presented to this court involves the right of the drawee of a bill of ex-

change to recover from an innocent payee the money paid if it subsequently turns out that the bill of lading attached to the bill at the time of its acceptance and payment was forged.

The original transaction took place at Liverpool, England. It was there the contract for the sale and purchase of the cotton was made. The contract expressly provided that a bill of exchange should be drawn on the Bank of Liverpool. All the transactions relating to its presentation for acceptance, its acceptance and payment took place in England. It was there that what are alleged to be the false representations and warranty were made and acted upon which are relied upon as the basis of this action. The defendant has an office and carries on a large part of its business in England and the action against it might have been brought in that country had the plaintiffs been so disposed. As all the transactions took place in England there is no doubt but that the law of England, as the place where the contract of acceptance was made and was to be performed, must govern and determine the rights and liabilities of the respective parties. * * *

The trial judge felt bound by the decision on demurrer, *Hannay vs. Guaranty Trust Company*, 187 Fed. 686, to direct a verdict for the plaintiffs. But the facts as developed at the trial were essentially different and the case was materially changed. The law of England was not before the court on the hearing of the demurrer because not pleaded and no proof of that law had been presented. The complaint under which the trial took place was an amended complaint and not the one which was before the court on demurrer and the material difference in the state of the pleadings differentiated the case at trial from the case upon demurrer.

Courts do not take judicial notice either of the written or unwritten law of a foreign country. But the defendant in its answer to the amended complaint pleaded the English Bills of Exchange Act of 1882, and averred

that there was and still is a uniform general and well known custom or usage among bankers and cotton dealers in the United States and in England, to the effect that when bills of exchange are drawn against cotton goods sold for shipment to foreign ports, and words are inserted in said bills similar to those in the bill in question ("Charge the same to account of 100/R S M I bales of cotton"), such words do not change the unconditional character of the order to pay. It also averred that this usage is a part of the Law Merchant both of the United States and of England.

The Supreme Court of the United States in *Ennis vs. Smith*, 14 Howard 399, 425, said: "The written foreign law may be proved, by a copy of the law properly authenticated. The unwritten must be by the parol testimony of experts." And lawyers who are practicing in the foreign jurisdiction are competent as experts to prove it. * * *

The defendant established the law of England on the subject involved in this case by the testimony of an English barrister of forty years standing and experience, who was also a K. C. since 1902, and appears to have been exceptionally well qualified to testify as an expert concerning the true meaning and effect of the English Bills of Exchange Act and on the law of England. He was the only lawyer who as legal expert testified as to the law of England. No testimony was introduced which contradicted or qualified his positive testimony. In the *Asiatic Prince*, 108 Fed. 287, 289, this court said: "The law of a foreign country and its commercial usages are proved here by calling its lawyers and merchants and interrogating them. That has been done in this case, with a result which certainly warrants the conclusion that the proof is overwhelmingly the one way." The same statement can be made in the present case. The proof in this case also "is overwhelmingly the one way." The plaintiffs have failed to contradict the defendant's ex-

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part as to what the law of England is and they have made no application to take further proofs. The testimony establishes that the instrument in suit is an unconditional bill of exchange under the law of England; that its acceptance by the Bank of Liverpool was absolutely unconditional; that the presenter of a bill of exchange to the drawee for acceptance does not under the law of England impliedly warrant the genuineness of an accompanying document or attached bill of lading; that the duty to investigate and determine to the satisfaction of the party ultimately liable the genuineness of documents accompanying the bill of exchange (in this case the bill of lading), rests upon the person who authorizes the acceptance, in the case before us the plaintiffs herein; that under the law of England the Bank of Liverpool could not recover the amount paid by it in suit against the payee, or in a suit against the original presenter, on the theory of money paid under a mistake of fact, or upon any other theory known to the law of England. The expert supported his testimony by references to the cases decided in the English courts and among them was the famous case of *Price vs. Neal*, 3 Burr 1854, decided in 1762, and which he stated was in principle the law of England to-day, and the case of *Leather vs. Simpson*, 40, L. J. Ch. 177, S. C., L. R. 11 Eq. 898, which he declared had been the law of England for forty years.

In *Price vs. Neal*, *supra*, it was decided that when one accepted and paid a forged bill of exchange, upon discovering the forgery he could not recover the money from the innocent indorsee to whom he had paid it. The court held it was incumbent upon the acceptor to be satisfied that the bill drawn on him "was the drawer's hand" before he accepted, and that it was not incumbent on the indorsee to make the inquiry. If there was any negligence it was in the acceptor, not in the payee, and "there is no reason to throw off the loss from one innocent man upon

another innocent man." In *Leather vs. Simpson*, *supra*, an attempt was made by the acceptor who has paid the money on the bill of exchange to recover back the money so paid on discovering that the accompanying bill of lading was a forgery. The bill was dismissed on the ground that the plaintiff had no equity to recover back the money.

One cannot destroy the effect of the uncontradicted testimony of a qualified expert in foreign law by the mere criticism of that testimony by counsel or by references to foreign statutes and foreign decisions. Foreign law cannot be proved by the citation of statutes and decisions made by counsel. If that can be done then the statement that courts cannot take judicial notice of the foreign law is without meaning or significance. But in this case it was expressly stipulated between the parties that "Any printed decision of any court in England material to the issues herein may be received in evidence at the trial upon reference to the title of the cause in which such decision was made and to the volume of reports in which it is reported, without further authentication and without calling any expert to testify as to the law of England." Still, no decision was introduced in evidence under this agreement which has convinced us that the testimony of the English barrister was mistaken as to the law of that country on the question involved in this case.

Counsel laid emphasis upon the character of the action and that the plaintiffs are simply seeking to recover back money paid under a mutual mistake. But they have introduced no evidence to show that under English law A can recover back from B money which has been paid under a mutual mistake where the mistake made related to a fact which, as between A and B, the law made it the duty of A to know.

The judgment is reversed and a new trial ordered.



Two-Name Account

NEW YORK

Gift—Joint Tenancy—“Either or Survivor” Account—Right of Survivorship

New York Supreme Court, Appellate Division, Third Department, Sept. 10, 1913.

O'CONNOR VS. DUNNIGAN.

Money deposited in a savings bank in form A or B, “pay to either or the survivor of either,” indicates an intent to create joint ownership with the right of survivorship. Hence, where the depositors are joint owners of a bank deposit, a withdrawal by one without the consent of the other and re-depositing in the individual name, does not divest the interest of the other.



APPEAL from Trial Term, Rensselaer County, directing judgment in favor of defendant. Reversed and judgment directed in favor of plaintiff.



STATEMENT OF FACT

JOSEPH GUILFOYLE and his wife, Mary, had an account in the Cohoes Savings Institution, running to Mary Guilfoyle or Joseph Guilfoyle, “Pay to either or the survivor of either,” in the sum of \$3,000.

Four days before the death of Mary Guilfoyle in the absence of Joseph Guilfoyle, she went to the bank, drew the money, and deposited it to an account in her own name. The next day she made a will purporting to dispose of the same. Under this will the defendant executrix claims title to the property.

Action was brought by Joseph Guilfoyle against the Cohoes Savings Institution, and defendant, as executrix of the last will and testament of Mary Guilfoyle, was impleaded. Joseph Guilfoyle died thereafter and plaintiff is substituted as his representative.

OPINION OF THE COURT

SMITH, P. J.: In *Kelly vs. Beers*, 194 N. Y. 49, one Kate V. Beers deposited in a savings bank moneys in an account which read as follows:

“In account with Kate V. Beers or Sarah E. Kelly, her daughter (the claimant), or the survivor of them.”

It was held that this language imported joint ownership by the decedent and claimant with final ownership in the survivor. It was further held in that case that it might be shown by other evidence that it was not the purpose in making the deposit in this form to create a joint ownership of the fund. In the case at bar the original deposit of these moneys was substantially in the same form as in the case cited. It cannot matter whether the moneys originally came from Joseph Guilfoyle or Mary Guilfoyle. The form of the deposit indicated an intent thereby to create a joint ownership with the right of survivorship. There is no evidence in the case which in any way would qualify such intent as is the natural import of the language used. As between the bank and Mary Guilfoyle, she had the right with the possession of the book to withdraw the moneys from the account. Her change of the moneys, however, from this account to another in her individual name, in the absence of and as far as appears without the consent of Joseph Guilfoyle, could not divest Joseph Guilfoyle of his joint ownership in the property.

It would be preposterous to claim that an appropriation of personal property by one joint owner to his personal use could divest the interest of the other joint owner or could in any way be presumed to have been by the consent of his co-owner. In order to change the joint ownership which presumptively existed, defendant was required to show that the ownership of Joseph Guilfoyle has been voluntarily surrendered. Of this there is no attempted proof.

My recommendation, therefore, is that the judgment appealed from be

reversed and that judgment be entered awarding the moneys in dispute to the plaintiff, with costs in this court and in the court below. The conclusion of fact of which this court disapproves being the conclusion that Mary Norton Guilfoyle was at the time of her death the owner of the moneys in question, and this court finds that at all times after the original deposit Joseph Guilfoyle and Mary Guilfoyle were joint owners with the right of survivorship of the deposit in question.

Judgment reversed on law and facts, and judgment directed awarding the moneys in dispute to the plaintiff, with costs in this court and in the court below. The finding of fact of which the court disapproves being the finding that Mary Norton Guilfoyle was at the time of her death the owner of the moneys in question, and this court finds that at all times after the original deposit Joseph Guilfoyle and Mary Guilfoyle were joint owners with the right of survivorship of the deposit in question. Woodward, J., dissents in opinion.

(143 New York Supp. 378.)

Legal Terms Used In This Number Defined

Aliquot—Something contained in something else an exact number of times; a part or division, as six is an aliquot part of twelve, eighteen, etc.

Allegation—A positive statement of facts in pleading, without argument or inference to be proved, setting forth by separate statement the facts that constitute a distinct ground of complaint or of defence. (Standard Dictionary.) The assertion of the party of what he can prove. (Bouvier.)

Aver—To state as a fact; affirm; to assert formally. Same as allege.

Bona Fide—In good faith; without deceit, as bona fide transactions. Bona

fide debts: those founded on valuable consideration without taint of fraud or collusion.

Certiorari—A writ issued by a superior to an inferior court of record, requiring the latter to send in to the former some proceeding therein pending, or the records and proceedings in some cause already terminated in cases where the procedure is not according to the course of common law. The office of writs of certiorari and mandamus is often much the same. * * * The two remedies are, when addressed to an inferior court of record from a superior court, requiring the return of a record much the same. But where the diminution of the record is suggested in the inferior court, and the purpose is to obtain a more perfect record, and not merely a more perfect copy or transcript, it is believed that the writ of mandamus is the appropriate remedy. (Bouvier.)

Res—Things.

Subrogate—To substitute another in an assignment of rights. To put one person (as a surety) who has paid the debt of another in the place of the creditor to whom he has paid it, so that he may use for his own indemnification all the rights and remedies that the creditor possessed as against the debtor. (Standard.) That change which puts another in the place of the creditor, and which makes the right or the security which the creditor has pass to the person who is subrogated to him; that is to say, who enters into his right. (Bouvier.)

Supra (*Above*)—Meaning a reference to a case already cited, and referred to by name without giving book number and page. Thus the Feitner case (*supra*) means: People, ex. rel. Bridgeport Savings Bank vs. Feitner, 191 N. Y. 88, "as above cited"; obviously a convenient manner of avoiding repetition.

Investments

Conducted by

FRANKLIN ESCHER

How to Judge the Value of a Stock

By FRANKLIN ESCHER.

A Representative Chapter from Mr.
Escher's New Book, "Practical
Investing"

JUDGING the value of a stock is a very different proposition from judging the value of a bond. A bond is a promise to pay money, a definite obligation due at a certain time, and, in most cases, backed up by security the value of which it is perfectly possible to ascertain. A stock is very different—far less tangible and definite, and, consequently, far more difficult to appraise in value. There is no maturity to a stock, no time when you can depend upon getting money for it, except as you may find someone willing to take it off your hands. It is an equity, pure and simple, a statement that the holder owns such-and-such a proportion of the company's assets. There is no way of getting at those assets unless the business be wound up and the bonds paid off. Then, if there is anything left, it goes to the shareholders.

Difficult as it may seem, the value of

a stock can, nevertheless, be figured and with a good deal of definiteness. Whatever its market value, it is possible, by application of the four great principles which govern, to tell pretty closely what a stock is worth.

I

The first of these four principles, as in the case of bonds, is the character of the business. Is it stable and established—railroading, manufacturing, the furnishing of heat and light—or is it a business dependent upon the whim of the public—the production, perhaps, of some patented specialty? In the valuation of a stock that is the very first thing to consider. Shares in companies engaged in new and untried forms of enterprise in many cases turn out to be exceedingly valuable, but, from an investment standpoint, must be valued entirely differently from shares in the established forms of business.

Whatever the nature of the enterprise, the great question is always, What is the chance of this company's not only holding its own but of increasing its business and keeping pace with its competitors? If it is a railroad, how about the territory in which it is located—is it a growing country, able to originate a constantly increasing volume

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NEW YORK

of business, or is it a territory which has already reached the maximum of its development? If it is a manufacturing concern, does it make an article for which there is a constant market; are its production methods up-to-date; is it free from the danger that some similar concern may be established which will put it out of business? All these things, and the many more which they suggest to the perceptive mind, are even more important in figuring the value of a stock than in figuring the value of a bond. The business itself—is it a good, safe, conservative *kind* of enterprise and run by people who know how to run it?

Furthermore, is it a business in which there is room for expansion, greater profits and greater dividends to shareholders? If not, that must be taken into account in judging the value of the shares. Take, for instance, the case of a public service corporation which has already had trouble over the price it charges for gas or electricity and against which there exists a strong feeling in the community which it serves. What is the chance of such a company's being allowed largely to increase its earnings or to raise its dividend? Take the case of a railroad on which, for one reason or another, passenger and freight-rates are high. Small, indeed, in these days of close government supervision, is the chance of such a road's being able appreciably to increase its earnings.

That does not by any means say that no public service or railroad stocks are

suitable for investment, but it does strongly suggest the need of caution in buying shares of this kind. Obviously, if the dividend a stock can pay is practically limited to a certain set figure, and if greater earnings simply mean that some public commission will step in and order rates lowered, that stock has not the same intrinsic value as if it were free to earn and pay what it could. To buy such a stock at a low price may be all very well and an excellent way of investing money. But to pay such a price that the income yield, with the dividend at the highest point to which it can go, is small, is to make a very great mistake. Only just so far can these "limited dividend" stocks go up in price, and to buy them at anywhere near that figure is to buy something which can really move in only one direction—down.

II

The second great consideration affecting the value of a stock is the amount of bonds coming ahead of it. However small the stock issue may be if the amount of bonds outstanding is large, the shares are not a desirable investment. Bonds mean fixed charges and fixed charges have to be met before there can be any question of dividends. A great amount of bonds outstanding means, too, that in the event of the company's affairs being liquidated, by the time the bonds had been paid off there would be nothing left for the stock.

What is a "great amount of bonds"



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Total Resources 2,249,000.00

J. W. SEFTON, Jr., Pres.

I. ISAAC IRWIN, Vice-Pres. L. J. RICE, Asst. Cashier

C. L. WILLIAMS, Cashier T. C. HAMMOND, Asst. Cashier

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.

coming ahead of the stock? The only answer is by comparison with other companies operating in the same territory and under similar conditions. Take the case of the St. Louis & San Francisco which went into receivers' hands in the summer of 1913. Had the shareholders in that property taken the trouble to compare the bonded indebtedness of their road with that of the other roads operating around them, they would have found it to be several times as great. Such a condition is always fraught with danger. The bondholders and not the shareholders, indeed, are, in such cases, the real owners of the property.

Among American railroads there are many having a top-heavy bonded capitalization. The law of many States prohibiting the sale of stock at less than par, financing in only too many cases has had to be done through the sale of bonds at a heavy discount. By their constant need for money many roads have thus been driven to saddle themselves with big issues of bonds, many of them bearing a ruinously high rate of interest and all of them, of course, coming ahead of the stock. Take, for example, the roads which have authorized "blanket mortgage" issues, amounting, in some instances, to several hundred millions of dollars. Not all the bonds are issued at once, of course, and there is always a provision that new bonds under the authorization are only to be issued for value. But even at that the fact remains that the stockholders have got to stand by and see the con-

stant creation of mortgage indebtedness on which interest has got to be paid before there can be anything for *them*. Stocks of that class, unless there exist the strictest provisions as to the purposes for which the bonds authorized can be issued, are hardly desirable from an investment standpoint.

III

The third thing that determines the value of a stock is the record of its earnings. How much has been earned on this stock during each, of say, the past five years?—by the answer to that question the value of any given security can be largely determined. By the amount "earned on a stock" is meant the amount left after the deduction of all running expenses, bond interest, taxes, and, if there is any preferred stock ahead of the issue in question, of the dividends on that. If it is said, for example, that fifteen per cent. was earned on Union Pacific common in 1913, it means that after all charges (including the four per cent. dividend on the preferred) were taken care of, there remained an amount equal to fifteen per cent. of the par value of the total common stock outstanding.

This item "earned on the stock" needs to be very carefully figured. In the case of a railroad, where the Interstate Commerce Commission prescribes exactly how the accounts are to be kept, there is not much chance to go wrong; but in the case of an industrial company, it will be readily seen, the amount

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

shown earned on the stock can be made larger or smaller according as too little or too much is charged off for depreciation. Before the buyer accepts the statement that so-and-so much was earned on the stock last year, he wants to be sure that a sufficient amount was charged off for depreciation of the plant. How can he, a layman, tell what is a sufficient amount? Principally by comparison with what has been charged off in previous years and with what other concerns engaged in the same line of business make a practice of charging off. As a general rule, if an industrial concern has gone along several years without charging off a substantial amount to depreciation, its securities are hardly safe to buy. In many lines of business, allowance has to be made for renewal of the entire plant at least once in every ten years.

What percentage is earned on any stock depends, of course, on the size of the issue—the bigger the slice of bread, the thinner must be spread the butter. A company earns on its common stock, of which there is \$10,000,000 outstanding, say, \$1,000,000. That is ten per cent. on the stock. Had the total of common stock been \$100,000,000 instead of \$10,000,000, earnings "on the stock" would have been but one per cent. In the ability to pay dividends, therefore, the amount of the stock issue is principally the determining factor. A road like Lackawanna can pay high dividends because there is so little stock outstanding. A road like Erie, on the other hand, even though it earns a large amount on its common stock, cannot pay anything because the number of shares entitled to share in the distribution is so very great.

There are, of course, new shares of excellent quality being all the time issued and sold, in which case there are

no earnings records to go by. In such instances, however, the buyer should be very careful to get statements showing what the company has actually earned during the past five years and should carefully figure out what would have been earned on the stock had it been outstanding during that period. Because a concern has earned so-and-so-much in the past, it is by no means proved that it is going to earn that much in the future. Fundamental conditions remaining unchanged, however, there is no better way of estimating what a company's earnings are going to be than by what they have actually been.

IV

The fourth great criterion of a stock's value is its dividend-record and the kind of a market it enjoys. By many shrewd appraisers of security values, the former consideration is given more weight than almost anything else. Just as actions speak louder than words, so dividends actually paid speak more forcibly for the value of a stock than earnings statements or anything else. Take a stock which during the past ten years, through good times and bad, has been able to maintain its dividend at a fixed rate. That, in itself, while it proves nothing, is a strong presumption that the company can go on paying that amount.

To judge the value of a stock solely by its dividend record would, however, be a very great mistake—there are too many cases like New Haven and Missouri Pacific and Denver & Rio Grande where long, unbroken dividend records have, as far as investors are concerned, had a sad ending. For the investor to say to himself, "Here, this stock has paid six per cent. for the past ten years; it'll pay six for the next ten;

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This house is the leader in an extension of the conservative investment field, which, just being opened up, is already producing tremendous results of far-reaching benefit. To thrifty investors, large and small, it offers special and exceptional advantages. It now desires to be represented in other cities by well rated business men or men with spotless records who are worth at least \$5,000 in personal property. If you are a man of this substance and character—if you like to mingle with and talk to your fellows and are able to make them see an opportunity which is to their advantage—we will select you for our sole representative in your city, provided you are willing to wait for your pay until you produce results. It is a connection that will add to your prestige and give you a thorough training in sound finance, and we can promise to add from \$2,000 to \$7,500 to your yearly income, as you are willing to work. If you are not looking for easy money, but good money for honest effort, address Sales Manager, T. B. LYON, 21 Exchange Place, New York City.

I'll let it go at that"—would be foolish, indeed. Important in judging the value of a stock its dividend record certainly is, but a safe thing to go by only when taken in connection with the other measures of value.

In the preceding chapter the importance, as a measure of a bond's value, of the kind of a market it has, was pointed out. The same thing is true of stocks to an even greater degree. A bond, at least, has a definite maturity, and if the holder finds it impossible to sell it at a satisfactory price he can hold it till it comes due and get back his money. In the case of a stock there is no such provision. Having once bought a stock the only way in which you can ever get back your money is by finding someone willing to take it off your hands. The "market" in any stock you buy is, therefore, a consideration of great importance.

It does not follow, by any means, that the only kind of stocks that should be bought for investment are stocks which have a market in which they can be bought and sold at close quotations. It does follow, however, that stocks that have such a market, all other things being equal, are more valuable than stocks that haven't. A man may have put his money into some stock with the idea of holding it as a permanent investment, but the ability, should occasion arise, quickly to realize on his

holdings, is worth something even to him. To others it may be worth so much that for one stock having a steady and active market they may be willing to pay as much as thirty or forty points more than for some other stock not one bit better, but having no market in which it can be disposed of.

Again, price fluctuation must be taken into account in judging shares from an investment standpoint. A stock like Reading, for example, or Union Pacific, is all very well for the speculative buyer, but much less well suited to the needs of the genuine investor than are stocks like Pennsylvania or Steel preferred. Some fluctuation is, of course, to be expected in any stock, but shares which habitually swing up and down over a wide range suffer in their investment standing thereby. There is, of course, the chance of catching the stock on the up-swing and thus profiting greatly, but along with that chance there comes inevitably the danger of a big decline in price which is apt to leave the buyer "hung up" with his purchase and unable to get out of it perhaps for years. For investment purposes, stocks whose past records show that they do not move through too wide a range are decidedly preferable.



Investment and Miscellaneous Securities

Quoted by J. K. Rice, Jr., & Co., Brokers and Dealers in Miscellaneous Securities, 36 Wall St., New York.

	Bid	Asked
Adams Express	90	98
American Bank Note Com.	39	42
American Bank Note Pfd.	50	52
American Brass	133	138
American Chicle Com.	198	203
American Chicle Pfd.	35	100
American Dist. Tel. of N. J.	51	55
American Express	102	105
Atlas Portland Cement Com.	35	45
Atlas Powder Co.	108	113
Autosales Gum & Chocolate	17	20
Babcock & Wilcox	97½	99½
Bordens Condensed Milk Com.	115½	117
Bordens Condensed Milk Pfd.	105½	107½
Bush Terminal	45	55
Celluloid Company	126	130
Childs Restaurant Co. Com.	123	130
Childs Restaurant Co. Pfd.	100	101½
Computing-Tabulating-Recording	34	37
Conn. Railway & Light Com.	60	65
Del., Lack. & Western Coal	248	265
E. I. du Pont Powder Com.	130	135
E. I. du Pont Powder Pfd.	88	91
General Baking Co. Com.	15	15
General Baking Co. Pfd.	47	51

	Bid	Asked		Bid	Asked
Hercules Powder Co.	112	118	Pope Manufacturing Com.	1	4
Hudson Companies Pfd.	10	14	Pope Manufacturing Pfd.	..	15
Hudson & Manhattan Com.	2	5	Remington Typewriter Com.	25	30
Hudson & Manhattan Pfd.	5	11	Remington Typewriter 1st Pfd.	94	98
International Nickel Com.	115	116	Remington Typewriter 2nd Pfd.	93	97
International Nickel Pfd.	103	105	Royal Baking Powder Com.	185	195
International Silver Pfd.	108	118	Royal Baking Powder Pfd.	106	108
Kings Co. E. L. & P.	120	122	Safety Car Heating & Lighting.	104	105 1/2
Maxwell Motor Com.	4 1/2	5	Sen Sen Chiclet	100	105
Maxwell Motor 1st Pfd.	28	29	Singer Manufacturing	292	296
Maxwell Motor 2nd Pfd.	8 1/2	9 1/2	Standard Coupler Com.	..	32
New Jersey Zinc	540	580	Union Ferry	28	..
New York Railways	23	26	U. S. Express	53	57
Otis Elevator Com.	70	72	Virginian Railway	16	19
Otis Elevator Pfd.	94	96	Wells Fargo Express	82	85
Phelps, Dodge & Co.	205	215	Western Pacific	6 1/2	7 1/2

Depositing Employees' Wages

Well-Known Eastern Firm Successfully Adopts This Plan

A PLAN for depositing a portion of employees' wages each week with a local bank has been in successful practice for some time at the publishing house of Doubleday, Page & Company, Garden City, Long Island, New York. It is simple enough, and is perhaps clearly explained by the two blank forms given herewith.

.....1914.

TO CASHIER,

DOUBLEDAY, PAGE & COMPANY.

Will you please takeDollars, (\$) from my pay envelope each week until further notice and deposit to my account at the Nassau County Trust Company, Mineola, L. I.

.....

.....1914

To.....

In compliance with your request, we have retained \$..... of salary due you for week

ending to be deposited to your account at the Nassau County Trust Company.

DOUBLEDAY, PAGE & COMPANY.

.....Cashier

Employees making deposits not only get the customary rate of interest allowed by the bank, but an equal amount of interest contributed by the firm.

The direct value of an arrangement of this kind to a bank is obvious enough, for undoubtedly it would tend to increase deposits. That an establishment would gain by stimulating the saving habit among its employees need not be argued; for the bank depositor, and especially the saver, has something in the fiber of his character for which intelligent employers are always searching.



“LIFE is not so short but that there is always time enough for courtesy.”

—EMERSON.

Safe Deposit

Soliciting Safe-Deposit Business

ELSEWHERE in this issue of the **MAGAZINE** will be found some practical suggestions for obtaining safe-deposit business by means of carefully-prepared letters sent out to prospective patrons.

It is probable that the field for obtaining additional business of this kind has not as yet been thoroughly worked, but that it is capable of yielding much greater results than those already obtained.

Whatever validity there may be in the objections to the direct solicitation of bank accounts, there can be no sound reason why a safe-deposit concern should not ask for business.



Indirect Losses Through Failure to Use Safe-Deposit Facilities

MUCH has been said and written about the losses directly sustained by persons who have failed to avail themselves of safe-deposit facilities. These losses commonly occur through fire, theft or merely a case of losing valuable documents by misplacing or dropping them where they may not be found, or if found may not be returned to the owner.

Losses from less direct causes are not so frequent, but sometimes they are quite as serious.

Far-reaching consequences have arisen from entrusting valuable papers to a friend for safe-keeping.

It may well be doubted whether anyone should require of friendship so much as to become a service as is implied by

becoming custodian of securities of great value. Not only are misunderstandings likely, and losses possible, but cases have been known where the recipients of such friendly trusts have found them a temptation and have hypothecated valuable securities entrusted to them, entailing not only great losses upon the owners of the securities but bringing a train of disasters almost beyond conception in their destructive effects.

When there are facilities close at hand offering much greater security and free from all the inconvenient and disastrous consequences referred to above, there would seem to be no good reason why a friend should be asked to perform such service.



Charges for Safe-Deposit Service

HERE is a scale of charges for the rental of safe-deposit boxes by Ladd & Bush, bankers, Salem, Oregon:
RENT AND SIZE OF SAFE DEPOSIT BOXES.

Rent per Year.	Length.	Height.	Width.
\$ 3.00	22 inches	2 inches	5 inches
\$ 4.00	22 inches	3 inches	5 inches
\$ 6.00	22 inches	5 inches	5 inches
\$ 7.50	22 inches	3 inches	10 inches
\$ 9.00	22 inches	5 inches	10 inches
\$12.00	22 inches	10 inches	10 inches



Identifying Prospective Customers

THE identity of prospective customers of the safe-deposit department should be established with

care. When the applicant is an entire stranger, some companies send to persons named as references a printed letter reading as follows:

Dear Sir:—

Mr. of, whose signature is attached, has mentioned you as a reference. If you consider as an honorable and reliable person, will you kindly affix your signature and return to us at your earliest convenience? It is understood and agreed by us that this will in no way make you liable for any damages.

Yours very truly,

.....

Manager.

Sign here

Signature of

Whatever the method used for the purpose, the company should satisfy itself that every applicant for a box in the vaults is the person he claims to be. Should he rent a box under an assumed name, in case of his death the company might be put to considerable expense and certainly would be put to some trouble, in determining to whom the box should be surrendered. It is also important that the customers of this department—as of all depart-

ments, for that matter—be known to be persons of ordinary honesty; for while every precaution is taken to conduct the business with care, the possible presence in the vaults of a designing and dishonest person involves too much risk for the company.



Visitors' Register

THIS is a book used to record the arrival and departure of boxholders, and it is often found useful. For example, a customer may leave an article in the coupon room after examining his box. Before another person is admitted to the coupon room it is examined and if any articles are found reference to the visitors' register will show to whom they belong. The book is ruled with space at the left for date, followed by place for the visitors' names, arrival, departure, remarks, and the number of box and room.

A Pleasing Picture

By CHARLES W. ELIOT, President Emeritus of Harvard University

THE last fifty years have witnessed more progress toward the realization of the brotherhood of man than all the preceding centuries of the Christian era. This progress is seen in the widespread interest in all the means of improving the moral and physical health of all classes of the community, in the better distribution of the products of faithful industry, in the ethics of all business, large and small, productive and distributive, and

in the purpose to give the entire people a sound and effective education.

A sympathetic, merciful and disinterested regard for the less fortunate members of the race, carried into action and affecting politics, government and industries, has characterized all the progressive peoples in Europe and America during the last fifty years, whatever their form of government, and promises to bring in a new era of peace and good will.

Book Reviews

GOLD, PRICES AND WAGES; With an examination of the quantity theory. By J. A. Hobson. London: Methuen & Company, Ltd.; New York: George H. Doran Company (\$1.25 net).

AT no recent time in the world's history, perhaps, has the course of prices been so much discussed. Mr. Hobson, in a treatise of brief compass, makes a very thorough examination of some of the factors of this attractive problem. He lays stress on the contention that the real basis of credit, under the operations of the modern financial system, is not gold but vendible goods, and that, therefore, the supply of gold as a factor in the creation of credit and of increasing prices is less important than has been commonly assumed. He finds that the rise in the interest rate has followed an almost world-wide demand for more and more capital.

Those who believe in the diminishing importance of gold both as a price factor and as an element in bank transactions will find strong support in Mr. Hobson's treatise.



CAPITALIZATION: A BOOK ON CORPORATION FINANCE. By W. H. Lyon, Attorney-at-Law and Professor of Finance in the Amos Tuck School of Administration and Finance, Dartmouth College (\$2.00).

WRITING from the standpoint of a number of years' experience in association with banking-houses engaged in the business of buying and selling corporation securities, and as a lawyer occupied in working out the financial arrangements of corporations, Mr. Lyon deals with the various instruments of corporation finance, and pre-

sents an interesting discussion of such topics as "trading on the equity," "watered stock," "financing an expansion," "amortization," "form," "the market and the price," and "capitalization and the State."

The problems of corporate finance are intricate, and many of them new. For their correct understanding they need all the light that can be thrown upon them by men of training and judgment. Mr. Lyon's treatise on "Capitalization" clearly belongs in the class of helpful financial publications, and may be read with profit by all who are concerned with the subjects with which it deals.



THE CREDIT SYSTEM. By W. G. Langworthy Taylor, Emeritus Professor of Political Economy in the University of Nebraska. New York: The Macmillan Company (\$2.25).

IT is the purpose of this volume to explain what credit is, what it does and how it works. After a general statement of first principles, "capital," "high and low prices," "the lesson of history," and "credit and society" are considered extensively in the more than four hundred pages which the book contains.



TRUST COMPANIES OF THE UNITED STATES, 1918. New York: United States Mortgage and Trust Company.

THE annual compilation of the trust companies of the country made by the United States Mortgage and Trust Company of New York contains a great deal of valuable information regarding these institutions. A statement of condition of each company is given, accompanied by a list of officers and di-

rectors and other facts that help one to gain an accurate knowledge of these useful and important financial corporations. A recapitulation of condition of trust companies for various years and by States enables one to see how these companies are growing and how their growth is distributed.

The book is well arranged for convenient reference, is thoroughly indexed, and, upon the whole, constitutes a remarkably valuable compendium of facts about trust companies in the United States.



A MANUAL FOR WRITERS. By John Matthew Manly, head of the Department of English, University of Chicago, and John Arthur Powell of the University of Chicago. Chicago: University of Chicago Press (\$1.85).

IN this book the authors have endeavored to present the fundamentals of writing as a craft by covering in a concise and helpful manner English composition, grammatical usages, spelling, capitalization, punctuation, letter writing, preparation of manuscript for the printer, illustrations, proofreading, and typographical practices and terms, etc.



THE EVOLUTION OF GERMAN BANKING. By Leopold Joseph. London: Charles & Edwin Layton. (3s. 6d. net).

THIS volume comprises four lectures delivered at the London School of Economics and Political Science (London University) by Leopold Joseph, Manager of the Swiss Bankverein, London, and it treats most interestingly of the wonderful industrial advancement recently made by the German Empire. The first chapter makes a rapid but comprehensive survey of the economic development of Germany since 1800 and subsequent chapters treat of land banks mortgage banks, coöperative societies and savings banks, the Reichsbank, the Seehandlung and

the money market, the big banks and their relation to commerce and industry.

While that part of the volume dealing with the banks is especially valuable and interesting, practical instruction may be gained by studying the experience of Germany in regulating the activities of the stock exchange and in controlling big business. Mr. Joseph handles his topics from the standpoint of first-hand familiarity with them, and has made an interesting contribution to the financial literature of the time.



THE BRITANNIC QUESTION. By Richard Jebb. London: Longmans, Green & Company.

THIS book deals with imperial questions of to-day, particularly those having to do with economics and military and naval programmes. It raises inquiries about food taxes, a new Imperial Parliament and other matters of concern to the British Empire.



PRINCIPLES OF SOCIAL DEVELOPMENT; OR, UNIVERSAL IDEALS AND RELIGION. By Francis Channing Welles. Published by F. C. Welles, The Hall, Mursley, Bucks.

WE have here a collection of the views of the great thinkers of the world relating to those principles which govern social progress, interspersed with occasional comments by the author.



GENERAL INTEREST TABLES. By Henry Rutter. London: Effingham Wilson (10s. 6d. net).

THESE interest tables are adapted to all currencies. Interest from one day to 1,022 days is given, the rate advancing from one per cent to seven per cent., by quarters, and from seven per cent. to twelve per cent., by halves.

The arrangement of the book is excellent and particularly adapted to the needs of the accountant who has to figure so-and-so many days' interest at such-and-such a rate.



PUBLIC UTILITIES: THEIR COST NEW AND DEPRECIATION. By Hammond V. Hayes, Ph. D., Consulting Engineer. New York: D. Van Nostrand Company (\$2.00 net).

PERHAPS no treatise on this subject has set forth with so much completeness and care the various factors affecting the values of public utilities properties. It is a work of genuine worth.



EARTH HUNGER AND OTHER ESSAYS.

By the late William Graham Sumner, LL. D., Professor of Political and Social Sciences, Yale University; edited by Albert Galloway Keller, Ph. D., Professor of the Science of Society, Yale University. New Haven, Ct.: The Yale University Press (\$2.25 net).

WHILE the essay on "Earth Hunger" heads this collection, it is only one of a number of important papers on matters of vital concern at the present time. Professor Sumner's views on "The Power of Capital" and on "Sociological Fallacies" might well be read by everyone who thinks himself divinely commissioned to reform the

world by destroying one of the most beneficent instruments which civilization has evolved. In these essays the highest value is placed on the industrial virtues as a means of human advancement, and among these industrial virtues the habit of saving is given this high place:

"Returning, then, to the industrial virtues, I repeat that they are our only moral resource for winning success in the battle of life. * * * *

"It is not easy for us to form estimates of each other's virtues, especially when we look at each other in classes, but the savings bank depositor, as a type, gives the surest and most concrete evidence of the industrial virtues. He must be industrious, frugal, prudent and temperate. He is a capitalist; he is getting in hand that power which, as I have said, has created and now upholds all civilization. He is winning a share in its power. He is getting the upper hand of the tasks of life. He is fortifying himself against bad luck and disaster. He is developing his own character by the self-denial and the persistent pursuit of a selected purpose which he is obliged to practise. You find nowhere else such guarantees of sound judgment, sober reason and moderate temper as are offered by the fact of saving. There is no other guarantee of good citizenship which is so simple and positive, and at the same time so far-reaching, as the possession of savings."

And then Professor Sumner says: "I never saw a poem about the savings bank depositor," which prompts the inquiry if he himself has not written such a poem.



**"TOMORROW I will live, the fool does say:
Today itself's too late; the wise lived yesterday."**

Banking Publicity

Conducted by

T. D. MACGREGOR

The Bank "House Organ"

The Advertising Value of Such Periodicals.

AN increasing number of banks issue a monthly, bi-monthly or quarterly magazine or paper to send out to a mailing list of customers, actual and prospective.

Some bankers edit their own papers, but most of those who publish house organs use a syndicated publication with several pages especially prepared for their institution.

A house organ of which the writer of this article is editor is furnished to banks in such a manner that it bears every evidence of being especially prepared for each bank that makes it a part of its educational work.

In such a publication there are pages devoted to the commercial, safe deposit and other departments of the bank, as well as short stories of thrift, suggestions for investing, pointing out the pitfalls, and exploiting the wonderful magic of compound interest.

Trust companies using it have pages with articles explaining all trust functions.

Such a paper is supplied at a fraction of the cost of gathering and writing the matter, making the cuts and setting the type, because many banks in different localities use it.

The bank house organ succeeds because it fills a genuine need.

Because there are millions of people who would become consistent money savers and investors, depositors and users of banks, if inspired to do so and shown how.

Because the masses do not understand banks or believe that they would

be welcome there with their little savings.

Because there is little published that can be placed in the hands of school children, young wage earners and others learning to make their way in the world, which will stir their ambitions and vitalize their success impulses.

Because banks expend large sums annually on advertising, and require the most effective means for making their expenditures count for something.

Because few bankers have the time or specialized training for preparing matter of this kind themselves.

And because a banker can use a good syndicated house organ at less cost than if he wrote the matter himself and had the printing done locally.

Following is a sample of the educational articles that appear in these house organs, the specimen being from a magazine used by a trust company:

SET YOUR HOUSE IN ORDER.

The making of a will should be considered nothing less than an absolute duty by every person with property to distribute.

Some persons seem to have the impression that will making is important only for those who expect to have a large estate to leave.

Such is by no means the case. If your property is not extensive, there is all the more reason for you to see to it that the proper precautions are taken to insure its being conserved and distributed as you would have it in case of your demise.

A will can be quite a simple thing. Here are two of the main provisions of a simple will recently placed in our hands as executor:

(1) After payment of my just debts and funeral expenses, I give, devise and bequeath all the rest of my property, both real and personal, and wheresoever situate, to my wife,, her heirs and assigns, absolutely and forever.

(2) I hereby nominate and appoint



"A Tower of Strength"

A veritable "TOWER OF FINANCIAL STRENGTH" in this community—the California Savings Bank.

The Conservatism of this institution is a guarantee to business and financial circles. All funds deposited here are absolutely safe and secure.

Yet withal this is a most Progressive Bank—a Bank where the ultimate prosperity of every customer is the chief aim. Associate yourself with the "Tower of Strength"—a daily journal of this helpful service now.

- 4% Time Savings Deposits—most attractive rates for deposits for 30 days or more.
- 3% Checking Accounts—most liberal rates for deposits for 30 days or more.

Capital paid up \$1,000,000.00
Reserve fund \$1,000,000.00
Total assets \$2,000,000.00

California Savings Bank

Spring and Fourth Streets

Want an Extra \$100.

Of Course YOU DO!

☞ This Progressive Bank has devised a plan that offers you a winning incentive to accumulate One Hundred Dollars.

Call or write for interesting details about the "Fifty-Payment Five Dollars Certificate" issued by this Bank.

Here's a plan that you can depend for YOU—then it is your advantage.

California Savings Bank

Spring and Fourth Streets
"A Tower of Strength"

UNUSUAL

the Oak Park Trust & Savings Bank sole executor of this, my last will and testament.

A will like the above, while it is short and simple, expresses clearly the maker's judgment and intentions, and that, in a few words, is the reason why there should be no procrastination, no putting off the drawing of the will until sickness impairs the faculties and puts the testator into an improper physical and mental condition to provide carefully for the disposition of his estate in the exact way he may desire.

C. F. Hamsher, cashier of the First National Bank of Los Gatos, California, in his salutatory for Vol. 1, No. 1, of "Bank Service," last fall, said:

The cashier of the First National Bank of Los Gatos was one of the first bank officials to adopt the newer and more advanced monthly bank paper.

Going to South San Francisco, San Mateo County, at the beginning of the panic of 1907, into a community which had not yet begun to appreciate the facilities to be offered by a bank, the bank there being only past two years old, he began the publication of a four-page monthly paper similar in size to that which you are now perusing. Editions were also published in Italian and Greek, there being a number of inhabitants of those nationalities living there. This publication was continued until the summer of 1910, when he went to one of the larger banks of San Francisco.

Within a few months after his connection with this latter bank he was instrumental in publishing another monthly magazine, this being of twenty-four pages and cover.

When he made his arrangements to purchase a large block of the stock of the First National, and also a home, centering all of his interests in Los Gatos, he immediately began planning methods of publicity for acquainting residents of Los Gatos and tributary territory with the merits, qualifications and facilities of the bank, and without any hesitation he determined to again publish a monthly paper to be called "Bank Service," and this is the initial number.

Among the attractive Christmas numbers of bank house organs which came to our desk were: "The Marble Bank Monthly" of the Union Trust and Savings Bank, Spokane, Wash.; a pointsettia-covered one called "Progress" issued by the Guaranty Trust and Savings Bank, Jacksonville, Fla.; and the "Nebraska State Bank Journal" of Ord, Neb. We suggest that readers who are interested send postage to

these banks for samples of these house organs and then get busy on their own account.



A Hint to Trust Companies

THE Northwestern Trust Company of Grand Forks, N. D., in a newspaper advertisement reprinted this article from a Chicago financial publication:

AN ENTIRE ESTATE SQUANDERED.

The published bulletin of the Chicago Y. M. C. A. gives official evidence of the total failure of a private trusteeship in an important instance. John L. Davis, a retired lake captain, left one-half of his \$100,000 estate to charity and the other one-half to a favorite nephew, who was made the executor of the estate without bond. Three important and deserving charities were to receive \$17,500 each. They were the Y. M. C. A., Divinity House at Chicago University and the Home for Destitute and Crippled Children. Had the ship captain

named any of the well-known trust companies of this city, the three deserving charities would have benefited over \$50,000. Further, the favorite nephew might have been living and in enjoyment of the income from a like \$50,000 left to him. Not one dollar was paid to any of the three charities. The nephew, finding himself in command of \$100,000 in money, decided to "double it" and dived into the grain market and dived wrong. He lost it all, and was so chagrined that he promptly committed suicide. Thus the savings of a lifetime of good old Captain Davis were dissipated, and a life sacrificed because he appointed an inexperienced young man without bond to administer his estate.

A corporate trustee would have carried out the captain's smallest wish with fidelity and care. The charities would have each received the \$17,500 provided in the captain's legacy and the income on the remaining \$50,000 would have been insured to the foolish and inexperienced nephew. He would not have disgraced his family name nor have been compelled to sacrifice his life to atone for his mistakes. No stronger evidence of the advantages of trust companies as administrators for estates has come to public notice in the middle west than the case of Captain Davis and his favorite nephew.

Do you want your boy to go to College?
Bank your money and he can.

American National Bank
1217 F St. N.W., Washington, D.C.

Saving to Self-Protection

Security Savings & Commercial Bank
10th and G Streets

Interest Paid on Deposits Subject to Check

The Washington Loan and Trust Co.,
10th and N. W.

We Offer You Security and Service

Security Savings & Commercial Bank
North and G Streets

Tomorrow We Celebrate the Dignity of Labor

Home Savings Bank
7th St. and Mass. Ave. N.W.
Branches: 8th and H Sts. N.E., 436 Seventh St. S.W.

Absolute Safety and 3% Compound Interest

Home Savings Bank
7th St. and Mass. Ave. N.W.
Branches: 8th and H Sts. N.E., 436 Seventh St. S.W.

Government Employees

National Savings and Trust Company

A Liberal Bank Advertiser

HORACE ANDERSON, an officer of the Title Guarantee and Trust Company, New York, says:

"I represent a company that has been a liberal advertiser for twenty-five years, and during the last ten years we have spent \$50,000 each year in advertising. When business is good and we have more than we can do, we keep on advertising, because our advertising friends have taught us that there is danger of some of our clients getting away from us. When business is poor we are usually convinced that the real estate market is dead and there is no business.

"Nevertheless, we keep on advertising because our advertising friends again have taught us that when people are not busy they have time to read advertisements, and we are preparing the way for better times to come."



Holiday Matters

NATURALLY the first of the year brought to our desk a large number of holiday greetings, calendars, etc., from banks everywhere. We can only briefly mention some of the best as received from: The National Bank of Commerce, Williamson, W. Va.; The Federal Title and Trust Company, Beaver Falls, Pa.; the Union Bank and Trust Company of Montana, Helena, Mont.; the National City Bank, New Rochelle, N. Y.; the Safe Deposit and Trust Company, Pittsburgh, Pa.; the Bank of British North America, Quebec; the United States Mortgage and Trust Company, New York; the Irving National Bank, New York; the National Shawmut Bank, Boston; the German American Trust and Savings Bank, Los Angeles; the Pioneer Trust and Savings Bank, Basin, Wyo., and the American Trust and Savings Bank, Birmingham, Ala.

To accompany its calendar the National Bank of Commerce, Williamson, W. Va., sent a message, of which this is a part:

ROBINSON CRUSOE

as you remember, lost track of time on his desert island, because he had no calendar.

He found it necessary to devise a rude one of his own, cutting notches, one for each day, on a post.

Perhaps we also should be obliged to resort to some such device if the modern calendar did not exist, for we all need calendars. People will stop using calendars when they stop using clocks—that will be only when time is no longer of any importance.

We are pleased to present our friends with something so universally useful, as an expression of our appreciation of the support they have given us in the past, and a daily reminder that we expect to keep on improving.



How Banks Are Advertising

Note and Comment on Current
Financial Publicity

"TRUST COMPANY SERVICE" is the title of two different booklets issued by the Capital Trust Company of St. Paul, Minn., and the Security Savings Bank of Cedar Rapids, Iowa. They are not at all alike and they are both excellent outlines of the subject indicated by the title. Fred P. Fellows, secretary, is author of the St. Paul booklet.



The Commercial Bank of Midway, Ky., offered \$55 in prizes for the best samples of tobacco grown within a radius of seven miles of Midway.



The Sacramento Bank of Sacramento, Cal., the first to be incorporated under the California general savings bank law of 1867, in a booklet recently issued reproduces a clipping from a local paper of March 19, 1867, containing the news item about the incorporation of the bank. The same bank in another booklet reproduces a "write-up" in the "Mercantile and Financial Times" of New York, printing on the cover of the booklet "What Easterners Think of Our Bank."



Referring to the puzzle shown herewith, L. P. Hillyer, vice-president of

FINISH	39	34	43	1	99	2	66	8	98	2	47	67	74	6	99	2	33	11	95	18	55	1	99	2	27	18	94	36	36	33
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	38	49	8	98	89	5	16	38	3	9	95	49	5	86	8	97	36	73	3	95	22	87	5	69	57	88	3	32	23	97
	18	2	97	1	41	95	29	2	99	1	35	61	18	42	76	18	93	2	99	1	76	9	43	17	37	2	98	1	67	39
	57	75	8	46	27	9	39	71	6	87	72	19	3	57	29	39	81	80	6	49	66	98	3	18	79	47	6	67	55	68
	37	6	68	93	2	77	82	69	5	19	81	2	97	1	53	79	68	77	5	83	30	2	97	1	49	76	96	81	38	49
	73	18	99	16	79	2	47	38	11	98	38	37	39	15	52	61	50	2	87	47	98	13	61	59	79	28	37	2	73	46
	66	67	13	16	33	49	88	51	77	79	63	25	13	82	15	49	17	60	79	87	1	35	49	47	39	87	66	14	49	73
	98	19	46	87	13	80	17	73	61	2	37	72	69	63	2	18	78	22	96	48	79	99	16	68	87	25	5	64	38	2
	57	13	25	67	77	3	5	21	98	33	20	81	77	73	49	67	3	71	66	17	38	25	88	3	63	70	77	13	47	1
	59	96	87	14	18	99	49	83	1	16	48	3	5	25	18	55	23	99	13	30	77	89	11	69	48	29	26	99	3	27
	17	2	46	87	19	69	13	62	7	49	17	90	24	63	67	88	2	88	6	79	63	1	49	2	87	19	33	87	13	77
	START																													

This Illustrates How to Work It

The first section in the chain in the adjoining chart begins at number thirty-nine (39) in the upper left-hand side of the chart and ends at sixty-six (66) in the lower left-hand side.

Beginning at thirty-nine, the first section consists of five circles, the second four, the third three, the fourth three, the fifth four, and so on.

Added together, the numbers in circles total 5576.

The purpose of the adjoining chart is to furnish an example how to form the chain of circles. Any combination under the above conditions is permissible.

A NEWSPAPER PUZZLE CONTEST USED BY A BANK TO ADVERTISE ITS SAVINGS DEPARTMENT

the American National Bank of Macon, Ga., writes:

In regard to the enclosed puzzle, I will say that "The Macon Telegraph" got out a puzzle some days ago for the purpose of increasing their subscription list and it occurred to us that it might be a good thing to give a prize of \$50 to the winner, provided the winner was a depositor in our savings department, and we gave them up to a certain date in which to become a depositor. It was also understood that no matter what amount the winner had to his credit, \$50 would be given, but for each additional \$10 deposited after the first announcement was made, an additional \$1 would be paid. The deposits were limited to \$1,000. This made it possible for the bank to pay out as much as \$150 to the winner, provided he had \$1,000 on deposit. It brought us a great deal of good advertising, and there is no doubt about it, our

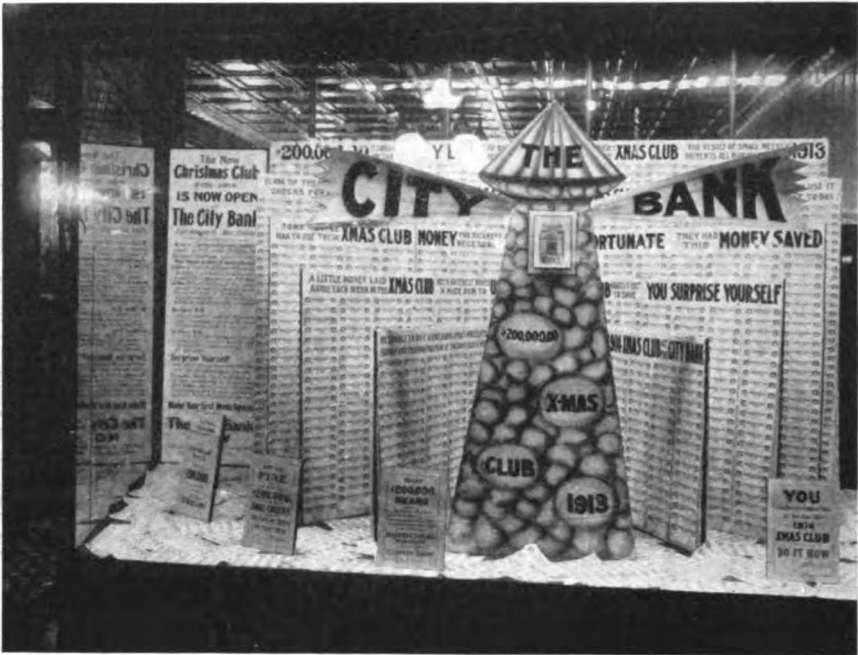
savings deposits increased considerably by reason of this scheme.

⊙

The German American Trust and Savings Bank of Los Angeles used a novel mailing folder in the form of a "cut-out" representing its fine building, a mortise in the front providing space for the address. The booklet thus required no envelope.

⊙

The Wachovia Bank and Trust Company of Winston-Salem N. C. gives out a red pocket-sized envelope telling people to "keep this red envelope in your pocket as a reminder and use it as a receptacle for surplus dollars or loose change for which you have no



A SYRACUSE BANK WINDOW DISPLAY

immediate need. Then, when you have a dollar or two, mail it or bring it into the bank and get a savings pass-book."

⊙

Referring to the Christmas savings club ideas reproduced herewith, E. S. Kellogg, vice-president of the City Bank, Syracuse, N. Y., writes:

"I am sending the photograph of the display of Christmas Club checks, and also photograph of the sign outside the bank. These were both used to draw attention to the money being paid out at the close of the Christmas Club period, to have its effect on the general community and to announce at the same time the opening of the new

club for the next year. The general effect was excellent."

⊙

Last month we referred to a California bank being proud of its 86,000 depositors. Now comes the Cleveland (Ohio) Trust Company with an ad. calling attention to its 95,207 depositors. Is there any "next"?

⊙

"The Entire Building to Our Own Use" is a booklet describing the home of the New Netherland Bank of New York which has had a very satisfactory growth under the presidency of J.

SOMEONE
WOULD BE
HAPPIER
IF YOU HAD A
CITY BANK
XMAS CLUB
CHECK
THIS YEAR
FULL INFORMATION
AT THE
XMAS CLUB WINDOW
INSIDE

\$ 200,000.00

CITY BANK XMAS FUND

IS TO BE PAID TO THE 1913 XMAS CLUB MEMBERS
THE RESULT OF THEIR SMALL WEEKLY DEPOSITS ALL YEAR PLUS INTEREST
"IT TAKES OVER A MILE OF CITY BANK CHECKS
TO PAY THE 7363 MEMBERS OF THE 1913 XMAS CLUB"

NOW OPEN
NEW
1914
XMAS CLUB
JOIN NOW

MAKE FIRST WEEKS PAYMENT
AND GET YOUR
MEMBERSHIP CARD
WITH EXPLANATION, RULES, ETC.

ANYONE MAY JOIN
FROM OUT OF TOWN
SEND STAMPS
OR POST OFFICE ORDER

PLACARD USED IN BANK WINDOW

Adams Brown. As a suggestion to others similarly situated, we reproduce the form letter sent out by the New Netherland Bank in this connection:

Dear Sirs:—

The banking room and building of the New Netherland Bank are now undergoing great changes, due to the growth of the business. Last year was the most successful year we have had. Our deposits and loaning accounts were greatly increased. Our general banking business is now so large that we cannot take care of next year's increase unless something is done.

We have accordingly set about to revamp the entire building and turn it into our own use. The three upper floors were formerly leased, the bank utilizing only the main floor and the basement for safe deposit vaults. These additional floors will more than double our floor area and give ample space to each department to properly conduct its affairs.

While there may be some inconvenience to depositors during these changes, it will not be in the nature of interruption of service. The only disagreeable feature perhaps may be an unfinished picture to the eye, and even this will be for a comparatively short time.

The inclosed leaflet gives some idea of the extensive improvements now under way. We trust it will interest you and remind you that with greatly increased facilities we will be able to serve more efficiently. We will sincerely appreciate a word of recommendation from you.

Yours very truly,
J. Adams Brown.

⊙

When you return your depositors' cancelled vouchers with their monthly statement, why not enclose with them a little printed folder—a different one every month—calling special attention to some feature of your service? You get a good circulation in this way without cost for envelopes, addressing or postage.

⊙

The Kemmerer Savings Bank and Trust Company, Kemmerer, Wyo., uses an "explained" statement folder which is very effective.

⊙

The Pittsburgh Bank for Savings stimulates an interest in saving by advertising a booklet entitled "Table Savings." It tells how to buy food economically and how to prepare it to best advantage. The book can be ob-

tained only by signing the newspaper coupon and presenting it at the bank. This feature brings prospective depositors into the bank and makes them more familiar with the institution.

⊙

The First National Bank of Peoria, Ill., on its recent fiftieth birthday published a big newspaper ad. in which it published a copy of its original organization certificate, giving the names of the original shareholders.

⊙

A new idea in savings bank advertising has been adopted by The Central Trust Company of Illinois in Chicago. All boys and girls between nine and sixteen years of age, who came to the bank and opened a savings account during December or January with \$5 or more earned and saved by themselves, received free the 128-page picture-book, "Oh, Skin-nay!" by Briggs, a Chicago fun artist. This book has been advertised in the magazines and newspapers so extensively that the bank is able to "cash-in" on the publicity which the publishers of the book have already published.

⊙

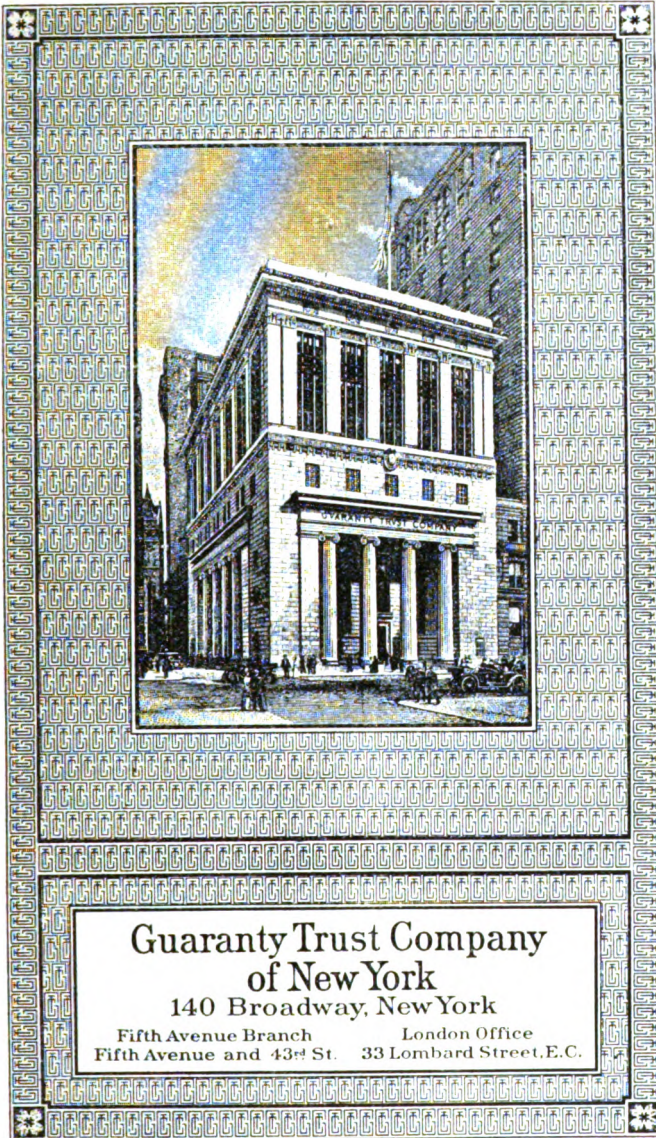
The new Farley National Bank, of Montgomery, Ala., on its seventh anniversary ran a large newspaper advertisement showing that it had deposits of over a million dollars. Alongside of the ad. was a news article concerning the growth of the bank and telling about its personnel.

⊙

Referring to the group of newspaper bank advertisements from various cities we comment as follows:

The Wisconsin National Bank (Milwaukee): The headline of this advertisement rightfully takes up about half the space as it tells its own story.

The Commercial National Bank (Bradford, Pa.): These two ads. are part of a bullseye series. They tell a quick message for the busy reader. They don't say much, but what they do say is to the point.



Guaranty Trust Company
of New York
 140 Broadway, New York
 Fifth Avenue Branch London Office
 Fifth Avenue and 43rd St. 33 Lombard Street, E.C.

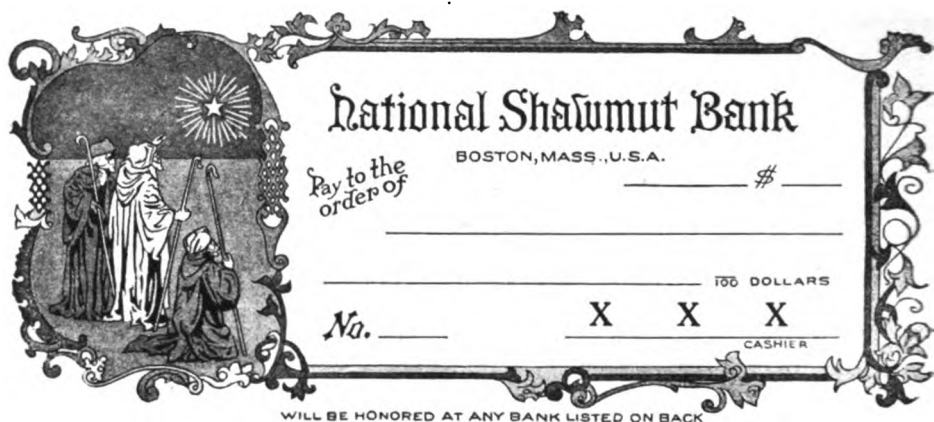
DIGNIFIED AND ATTRACTIVE STATEMENT

sign which, of course, gives little idea of the really beautiful lithography of the original.



The above neat and attractive design and illustration appear on a folder which the Guaranty Trust Company of New York sends out, containing the most recent statement of the company's

condition. It is a good sample of some of the effective publicity work which Fred W. Ellsworth is doing for the Guaranty Company. Incidentally, it may be remarked that the statement is a strong one, showing \$10,000,000 capital, \$20,000,000 surplus, \$3,827,178 undivided profits and \$149,456,284 deposits, with the total of the balance-sheet above \$208,000,000.



A GOOD CHRISTMAS IDEA FOR NEXT SEASON

Recently we showed one of the full newspaper savings advertisements of the Heard National Bank of Jacksonville, Fla. That exploited locomotive engineers. Here is part of the copy of two other ads. in that series, addressed to bookkeepers and clerks, respectively:

THE BOOKKEEPER.

John D. Rockefeller began his business career as a bookkeeper—saved his money and struck out for himself. You may not admire all of Mr. Rockefeller's policies, but surely his foresight, determination and generalship must commend themselves to you.

Bookkeeping teaches exactness, and gives the intelligent and thoughtful worker the opportunity to study the exact operation of business. No other employee can know a business as intimately as the bookkeeper. He knows the value of economy, studies it, sees how profits and expenses average out—something many employees never learn. The bookkeeper knows that systematic and careful saving brings success, and that's probably why more people of his type—more "office" people—actually have savings than any other class. Such people are the backbone of the saving class in every community. Sometimes they earn less than their fellow workers—but they buy and own their own homes—they know what a bank balance means. Fifteen years from now, how many of the "inside men" will be owners of a business?

Earnings are simply "gross profits." Savings are the "net profits." The "net profits" are what every man, and woman too, should strive for. Then start today, and before long a bookkeeper will work for you.

THE CLERK.

"Judson, who would you suggest for the position of chief clerk, now open?" asked

the senior member of the firm. "I would unhesitatingly name young Sawyer," replied Judson, manager of the house, and when asked his reason for nominating this young man for the position, Judson explained that "he was a clean-cut young fellow, steady in his habits, systematic in his work, and had a bank account, which is significant of his character and purpose in life—"TO MAKE GOOD."

Young man, you perhaps may think so, but the "boss" is not asleep on HIS job. He is as anxious to have you make good as you are yourself, because when YOU make good you help HIM make good. The initial step in this direction is to form systematic habits, and the "Habit of Saving" is the father of them all. Just offhand, think of ten young fellows holding similar positions to your own, drawing the same salary, and with the same prospects of promotion. From that number select the fellows who have bank accounts, size up their prospects with the ones who do not save anything, and you will very soon find that the fellows who "put something away" are the ones who are "in good with the boss." WHY? Because the "boss" knows the steady, dependable clerk from the others, and has more confidence in him and his work.

The "Old Man" has been a young fellow himself; he has been "through the ropes," and you can't fool him. He clerked the same as you are now doing. He may have saved something—the chances are that he did, or else he would not be in business today. But suppose he did not, it is positively certain he knows HE SHOULD HAVE DONE SO, and if you asked his opinion about it, he would be surprised to know that you are not saving something.

Don't be a spendthrift, Young Man! When a sum of money comes into your hand, do you figure on how to spend it, or how to "put it away" to earn more money for you? Or have it some day when

you will need it most to go into business for yourself? On which side of the desk will you sit ten years from today? Will you "call" at the desk for your "pay check," or will you do the "calling" yourself? No one in the office "has anything on you," except the fellow who has the bank account.

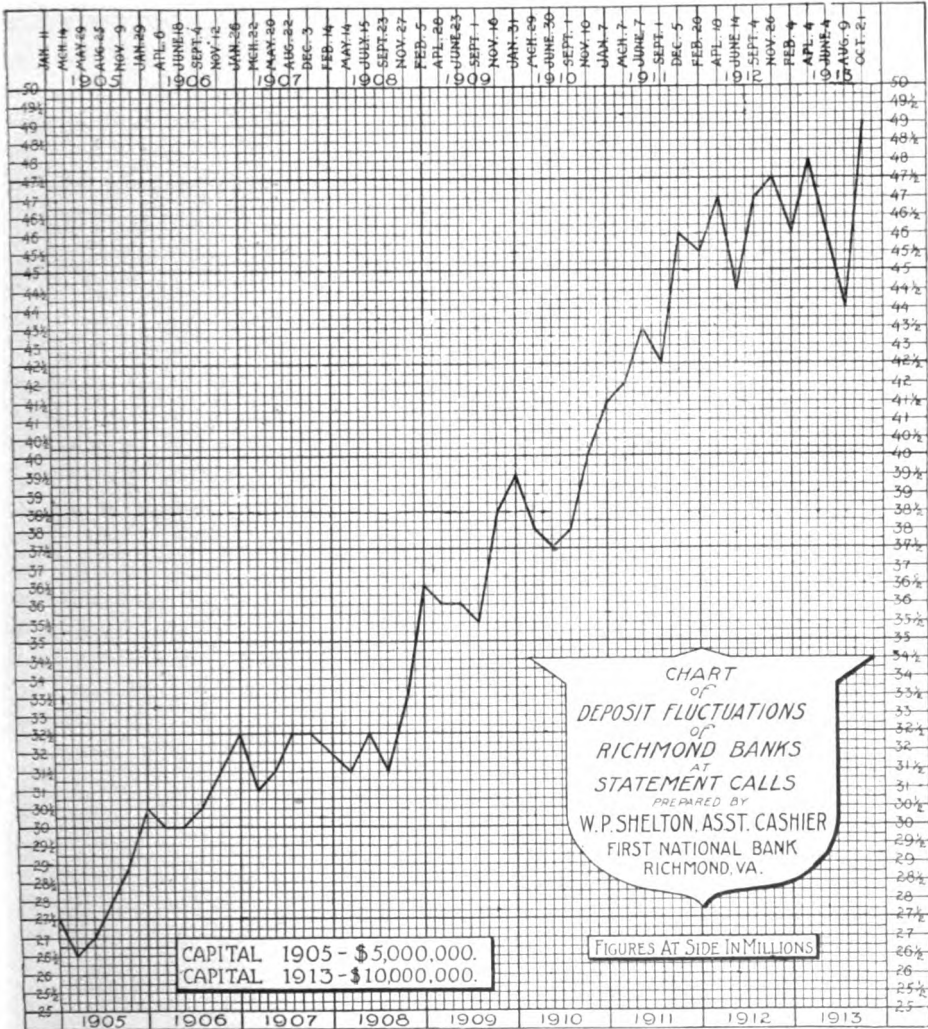
"The great secret of success in life is to be ready when your opportunity comes."—Disraeli.

Your opportunity may come today—tomorrow. The "boss" may want you to "go

on the road," or take the management of the firm's new branch house, or your opportunity may come to go into business for yourself. The "boss" is going to select the reliable, conscientious fellow for the "job" and not the clerk who doesn't help himself.

A dollar has started many Heard National Bank savers on the road to future success. Earnings are just gross profits—savings are the net profits. Find out your net value! Make it real! Strike off a trial balance on your career. How profitable

INDICATING RICHMOND'S BUSINESS GROWTH



A GRAPHIC REPRESENTATION OF THE GROWTH OF RICHMOND, VA., AS A BANKING AND BUSINESS CENTRE

have you been to yourself? To prove what a good clerk you are, start a savings account today—don't wait until pay-day.



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 other changes.

- F. R. Adams, Will Co. National Bank, Joliet, Ill.
 A. F. Bader, Pub. Mgr., City National Bank, Evansville, Ind.
 C. W. Bailey, cashier, First National Bank, Clarksville, Tenn.
 The Bankers Magazine, New York
 H. C. Berger, Marathon County Bank, Wausau, Wis.
 C. J. Bevan, cashier, Exchange Bank, Genoa, Ill.
 W. O. Boozer, treasurer, American Trust Co., Jacksonville, Fla.
 Jesse E. Brannen, cashier, First National Bank, Westwood, N. J.
 E. M. Baugher, president, The Home Building Association Co., Newark, Ohio.
 C. W. Eberbower, National Exchange Bank, Roanoke, Va.
 H. C. Bollman, assistant cashier, First National Bank, Collinsville, Okla.
 T. J. Brooks, cashier, The Guaranty Trust & Savings Bank, Jacksonville, Fla.
 J. A. Buchanan, Guaranty Trust Co., Lancaster, Pa.
 F. B. Bunch, cashier, Merchants & Farmers Bank, Statesville, N. C.
 A. Bush, Jr., Ladd & Bush, bankers, Salem, Oregon.
 Commercial Bank, Midway, Kentucky.
 B. S. Cooban, Chicago City Bank and Trust Co., Chicago, Ill.
 Commercial Trust & Savings Bank, Prescott, Ariz.
 H. Reed Copp, Asst. Adv. Mgr., Old Colony Trust Co., Boston, Mass.
 Arthur S. Cory, Chehalls National Bank, Chehalls, Wash.
 H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.
 Dexter Horton National Bank, Seattle, Wash.
 J. T. Donnellan, publicity manager, Security Trust & Savings Bank, Los Angeles, Cal.
 T. R. Durham, assistant cashier, Chattanooga Savings Bank, Chattanooga, Tenn.
 W. R. Dysart, assistant cashier, First National Bank, Ripon, Wis.
 J. C. Eherapracher, assistant cashier, First National Bank, Shelbyville, Ill.
 A. A. Ekirch, secretary, North Side Savings Bank, New York City.
 F. W. Ellsworth, Publicity Manager, Guaranty Trust Co., New York.
 The Franklin Society, 38 Park Row, N. Y.
 E. W. Finch, assistant cashier, Birmingham Trust & Savings Co., Birmingham, Ala.
 First National Bank, Lead, S. D.
 Horatio Ford, secretary, Garfield Savings Bank Co., Cleveland, Ohio.
 Jas. P. Gardner, Montclair, N. J.
 Germantown Ave. Bank, Philadelphia, Pa.
 C. L. Glenn, advertising manager, Wachovia Bank & Trust Co., Winston-Salem, N. C.
 B. P. Gooden, adv. mgr., New Netherland Bank, New York.
 C. F. Hamsher, First National Bank, Los Gatos, Cal.
 Victor F. Hann, Mgr. Publicity Dept., The Fifth Avenue Bank, New York City.
 J. W. Hansen, cashier, Citizens State Bank, Sheboygan, Wis.
 E. A. Hatton, cashier, First National Bank, Del Rio, Texas.
 F. W. Hausmann, assistant cashier, North West State Bank, Chicago, Ill.
 John R. Hill, Barnett National Bank, Jacksonville, Fla.
 J. G. Hoagland, Continental and Commercial Trust and Savings Bank, Chicago.
 N. M. Hokanson, State Bank of Chicago, Chicago, Ill.
 Frank K. Houston, assistant cashier, Third National Bank, St. Louis, Mo.
 W. L. Jenkins, Farmers & Mechanics Trust Co., West Chester, Pa.
 N. W. Johnston, President, Illinois Trust & Savings Bank, Champaign, Ill.
 W. P. Jones, assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.
 W. R. Kay, Jr., advertising manager, Sacramento Bank, Sacramento, Cal.
 C. B. Keller, Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.
 Geo. D. Kelley, Jr., treasurer, Newark Trust & Safe Deposit Company, Newark, Del.
 Edward W. Klein, advertising manager, Cleveland Trust Co., Cleveland, Ohio.
 W. J. Kommers, cashier, Union Trust & Savings Bank, Spokane, Wash.
 Henry M. Lester, National City Bank, New Rochelle, N. Y.
 L. W. Lovell, assistant cashier, The Lovell State Bank, Monticello, Iowa.
 R. H. Mann, The Bridgeport Trust Co., Bridgeport, Conn.
 H. Warner Martin, assistant cashier, Lowry National Bank, Atlanta, Ga.
 Charles S. Marvel, The First-Second National Bank, Akron, Ohio.
 H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago.
 Tom C. McCorvey, Jr., assistant cashier, City Bank & Trust Company, Mobile, Ala.
 J. C. McDonald, advertising manager, The City National Bank, Spur Spring, Texas.
 Frank J. Merrill, advertising manager, The Northwestern National Bank, Minneapolis, Minn.
 E. R. Mulcock, Commercial National Bank, Syracuse, N. Y.
 Nebraska State Bank, Ord, Neb.
 J. A. Overton, cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.
 R. B. Parrish, cashier, National Bank of Commerce, Williamson, W. Va.
 A. E. Potter, president, Broadway National Bank, Nashville, Tenn.
 W. W. Potts, treasurer, The Federal Title & Trust Co., Beaver Falls, Pa.
 Felix Robinson, advertising manager, First National Bank, Montgomery, Ala.
 C. W. Rowley, manager, Canadian Bank of Commerce, Winnipeg, Can.
 Wm. J. Ruff, cashier, Luzerne County National Bank, Wilkes-Barre, Pa.
 George J. Schaller, cashier, Citizens Bank, Storm Lake, Iowa.
 Almont Schlenker, assistant cashier, First National Bank, Brenham, Tex.
 Paul T. Schulze, assistant cashier, State Bank of La Crosse, La Crosse, Wis.
 E. P. Simpson, Jr., assistant cashier, First National Bank, Toccoa, Ga.
 J. G. Spangler, cashier, The Mesa City Bank, Mesa, Ariz.
 W. R. Stackhouse, City National Bank Bldg., Utica, N. Y.
 T. H. Stoner, cashier, The Peoples National Bank, Waynesboro, Pa.
 C. E. Taylor, Jr., president, Wilmington Savings & Trust Co., Wilmington, N. C.
 A. C. Tomselme, cashier, City Bank & Trust Co., Mobile, Ala.
 Union Trust Co. of the D. C., Washington, D. C.
 Wersels Van Blarcom, assistant cashier, Second National Bank, Paterson, N. J.
 John W. Wadden, Lake County Bank, Madison, S. D.
 Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.
 E. I. Zoernig, Sedalia Trust Co., Sedalia, Mo.

NEW NAMES THIS MONTH

- E. L. Bickford, cashier, First National Bank, Napa, Cal.
 Le Baron M. Huntington, manager publicity department, Registrar & Transfer Co., New York City.
 Paul E. Zimmerman, cashier, Oak Park Trust & Savings Bank, Oak Park, Ill.



CAROLINA NATIONAL BANK, COLUMBIA, S. C.

The Carolina National Bank of Columbia, South Carolina

One of the South's Historic and Successful Banks

THE Carolina National Bank of Columbia, Number 1680 in the National Bank Series, was organized on the fourteenth day of March, 1868, with a capital of \$200,000.00. Col. Lysander D. Childs was the first president of the bank, and held that responsible position until the time of his death in 1879.

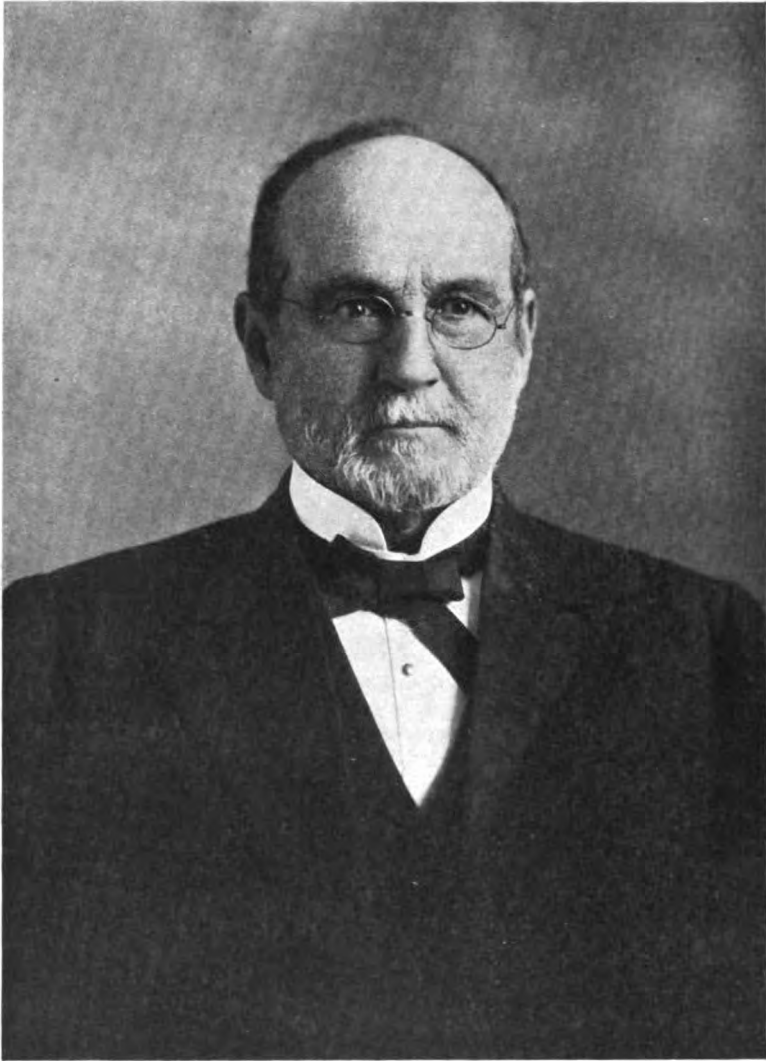
By looking at the history of the State of South Carolina it will be seen that this bank was organized during the very troublous times of the reconstruction period; and shortly after its organization encountered the still more embarrassing times of the 1873 panic. There were at that time in the city of Columbia six banks; two national (the

Carolina and the Central); all others were State banks. As a result of the panic the four State banks in time passed out of existence and the Central National was subsequently merged into another, so that of the six banks doing business in the city at the time of the panic of 1873, the Carolina National alone remains.



DEATH OF THE FIRST PRESIDENT

COL. CHILDS, the first president, died in 1879. During the succeeding three years, the office of president was not permanently filled. In Janu-

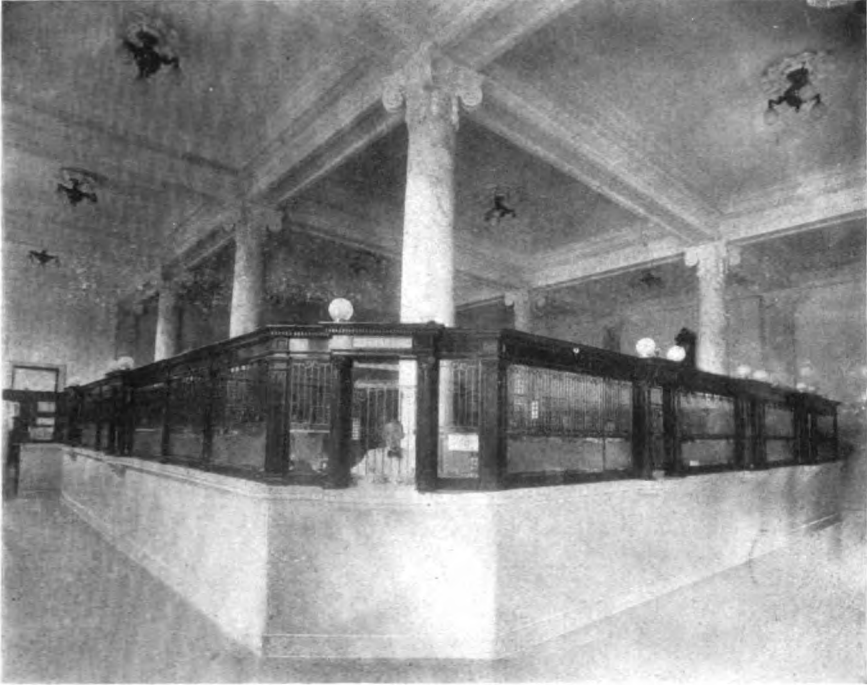


MR. W. A. CLARK
PRESIDENT CAROLINA NATIONAL BANK, COLUMBIA, S. C.

ary, 1881, the statement of the bank showed \$200,000.00 capital with \$30,000.00 surplus. Under the adverse circumstances through which the country had passed, the deposits had been reduced to but little in excess of \$100,000.00. So that for the three or four years preceding, the bank had not earned operating expenses; and no dividends had been paid to the stockhold-

posits about \$125,000.00. This heroic treatment and self-sacrificing conduct on the part of the stockholders proved the salvation of the bank, and under the light of its subsequent career showed the propriety of their action.

In January, 1881, Mr. W. A. Clark, then one of the prominent members of the Columbia Bar, was elected president of the bank to carry out the policy

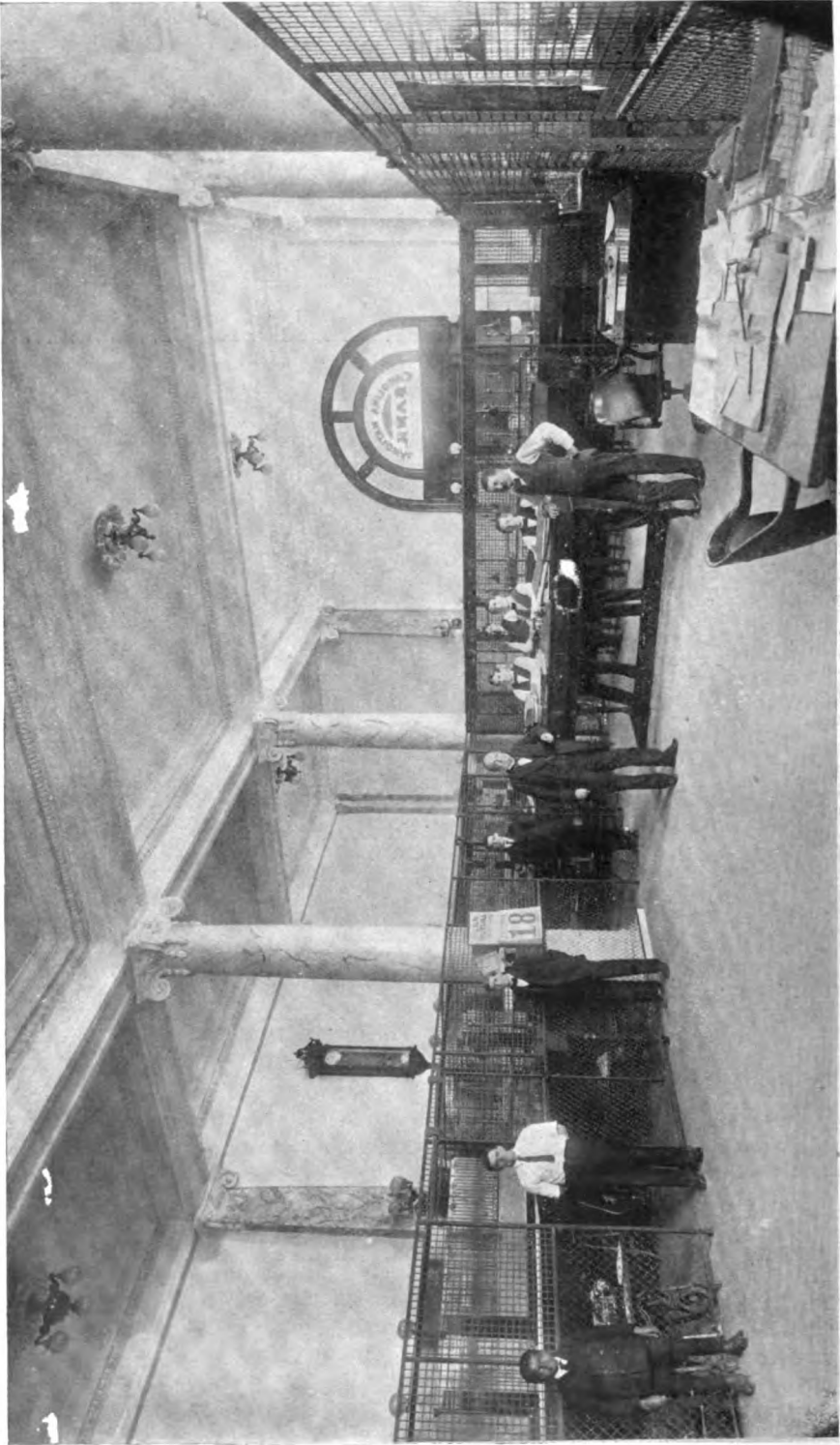


SECTION OF MAIN BANKING ROOM
CAROLINA NATIONAL BANK, COLUMBIA, S. C.

ers. During this period of adversity there had accumulated a large volume of inactive and worthless assets and so the stockholders determined in January, 1881, to put in the pruning-knife and reorganize the affairs of the bank. In order to rid the bank of these worthless assets, it was found necessary to use one-half of its capital and the entire surplus—or about the sum of \$130,000.00. This was done and in January, 1881, the bank started upon a new career with a capital stock of \$100,000.00; with no surplus and de-

thus adopted by the stockholders; and by March first the bank was rid of these worthless assets by the use of \$100,000.00 of the stock and \$30,000.00 of the surplus. The subsequent career of the bank proved the wisdom of this action on the part of the stockholders, and by July, 1881, the earnings sufficed to pay out to the stockholders a dividend of three and one-half per cent. for the preceding six months, the same being the first dividend paid in four years.

Since that time the career of the



INSIDE VIEW OF WORKING SPACE
CAROLINA NATIONAL BANK, COLUMBIA, S. C.

bank has been one of unbroken prosperity, and dividends have been regularly paid, quarterly or semi-annually.



PROSPEROUS HISTORY OF THE BANK

UPON the \$100,000.00 of capital stock with which it started in January, 1881, the bank has earned and paid out to its stockholders during the succeeding thirty-three years, dividends amounting to \$650,000.00. Of these dividends, two of \$100,000.00 each were in the form of special dividends whereby the stock has been increased from \$100,000.00 to \$300,000.00. In addition to the dividends thus paid, a surplus of \$100,000.00 has been accumulated and undivided profits in excess of \$60,000.00; so that the net earnings for the past thirty-three years have been in excess of \$800,000.00, or an average of twenty-four

per cent. per annum upon the original stock.

In his annual report to the stockholders in January, 1884, the president called to the attention of the stockholders the want of a savings bank, in order to afford to the people a place for storing their earnings, there being at that time no savings bank in the State outside of the city of Charleston. Upon the recommendation of the president and with the approval of the Comptroller of the Currency, this bank at that time established a savings department which was operated in connection with the general business of the bank and has proved helpful to the community and a profitable source of income to the bank.

It is believed that the Carolina National was the first of all national banks to establish a savings department in connection with its commercial business. This feature has since been adopted in various forms by many of the national banks and is now deemed



THE VAULT



DIRECTORS' ROOM
CAROLINA NATIONAL BANK, COLUMBIA, S. C.

(At the end of the table, on the wall, is shown a portrait of the bank's first president; over the fireplace is a portrait of John C. Calhoun.)

an almost necessary adjunct to any bank. In fact, the public is so much impressed with the idea that it was made a feature of the Currency bill by Congress.



BANK AN IMPORTANT FACTOR IN CITY'S GROWTH

DURING the past quarter century the city of Columbia has grown from a small country town of 10,000 population to a manufacturing and commercial city of 50,000 population. During that period several large manufacturing industries have grown up. Included among these are a number of large cotton mills, fertilizer factories and cotton-seed oil mills. It has also grown to be quite a railroad centre and is the centre of three great railroad systems: the Southern, the Atlantic Coast Line, and the Seaboard Air Line. Other industries have also developed and to many of these, in their experimental stage, the Carolina National Bank has proved an important factor by extending necessary financial aid and in otherwise promoting the industrial interests of the city.

In 1907 the bank erected upon one of the most valuable corners in Columbia the commodious and handsome building of which the accompanying cuts are fair illustrations.

The vault, a commodious one, is thoroughly fireproof and protected against burglars by the Duplex Electric System.

The charter of the bank, which was the first granted to a bank in South Carolina outside the city of Charleston, has been twice extended, the last extension being in 1908.



CIVIL SERVICE SYSTEM OF PROMOTION

MANY years ago the board of directors adopted a system of promotion in filling offices very much after the manner of the Civil Service Sys-

tem; and so at the present time every position in the bank, that of president only excepted, is filled by one who has risen by gradual promotion. This applies to the cashier, assistant cashier and all subordinate offices. This system has proved quite efficient, for each officer is thus familiar with the working in every department through which he has passed. It gives a very efficient working force and holds out at all times to the employees the promise of promotion based upon merit alone.



PUBLIC CONFIDENCE GAINED AND KEPT

THE bank is well entrenched in the confidence of the community and so enjoys the title of "The Old Reliable."

At present the statement of the bank shows the following items, viz.: Capital stock, \$300,000.00; surplus profits, \$165,000.00; circulation, \$200,000.00; deposits, \$1,400,000.00, with gross assets amounting to \$2,200,000.00.

Mr. Clark is now serving his thirty-third year as president of the bank and for the past twenty years has found it necessary to retire from the active practice of the law and devote his entire attention to the bank. Under his management the capital of the bank has been increased from \$100,000.00 to \$300,000.00, such increase having been made from the profits of the bank, and to this has been also added a surplus amounting to \$165,000.00. The deposits have grown from \$100,000.00 to \$1,400,000.00.

There are now in active operation in Columbia ten banks, all, with the exception of the Carolina, having been organized within the past twenty years. Among them four national banks, two of which have a capital of \$500,000.00, and all doing a successful and profitable business. It will thus appear that the financial field in Columbia has been fully occupied, and the growth and success of the Carolina has been in

spite of the most active competition.

The banks are all associated in a clearing-house, through which clearings are daily made—and through the medium of which the associated banks, in the panic of 1907, issued and put in circulation clearing-house certificates, which for the time supplied the place of currency which had been hoarded; and thus relieved the situation until returns could be had from shipments of cotton—and so the panic was but little felt in Columbia.



DIRECTORS AND OFFICERS

THE board of directors of the Carolina National Bank is composed of some of the most substantial busi-

ness men in the city. At present the officers of the bank are:

W. A. Clark, president; T. S. Bryan, vice-president; Jos. M. Bell, cashier; Jno. D. Bell, assistant cashier; Washington Clark, solicitor.

Board of directors: W. A. Clark, president; Julian B. Friday, merchant; Thos. S. Bryan, president Bryan Book Company; R. S. DesPortes, capitalist; Jos. M. Bell, cashier; Iredell Jones, Jr., treasurer and general manager Palmetto Guano Corporation; J. H. Bollin, real estate and insurance; W. B. Lowrance, cotton broker; Robt. Moorman, president Realty Company of Columbia; Washington Clark, attorney-at-law; J. F. Walker, clerk of Circuit Court; B. B. Kirkland, president Kirkland Distributing Company.



Gold and Silver Mining in 1913

THE gold-mining industry of the United States was again generally normal in 1913, according to H. D. McCaskey of the United States Geological Survey, but early figures indicate the smallest output since 1905, when it was \$88,180,700. In 1906 the production increased to \$94,373,800, in 1907 it dropped to \$90,435,700, in 1908 it rose to \$94,560,000, in 1909 it reached the high-water mark of \$99,673,400, in 1910 it fell to \$96,269,100, in 1911 it rose to \$96,890,000, and in 1912 it fell again to \$93,451,500. For 1913 the preliminary estimates of the Geological Survey and Bureau of the Mint indicate a domestic gold production of \$88,301,023, a decrease of \$5,150,477 from the final figures for 1912.

The preliminary estimates of the United States Geological Survey and Bureau of the Mint indicate a domes-

tic silver production in 1913 of 67,601,111 fine ounces, valued at \$40,864,871. This was the greatest output (though not the greatest value) since domestic silver production began, according to Mr. McCaskey. It was the greatest value of domestic silver output since 1893. The final figures for 1912 (63,766,800 fine ounces of silver, valued at \$39,197,500) showed the output of that year to be the greatest in quantity up to that time, but the yield for 1913 gives an increase of 3,834,311 ounces over that of 1912. The highest market value of the domestic silver produced in any one year was reached in 1891, when it was \$57,630,000 for 58,330,000 ounces, the average market price being, therefore, 98.8 cents a fine ounce. In 1912 the average price was 61.5 cents an ounce, and in 1913 it was 60.5 cents.

A Patriotic Creed



WE BELIEVE in our country—the United States of America. We believe in her Constitution, her laws, her institutions, and the principles for which she stands. We believe in her future—the past is secure. We believe in her vast resources, her great possibilities—yes, more, her wonderful certainties.

WE BELIEVE in the American people, their genius, their brain, and their brawn. We believe in their honesty, their integrity and dependability. We believe that nothing can stand in the way of their commercial advancement and prosperity.

WE BELIEVE that what are termed “times of business depression” are but periods of preparation for greater and more pronounced commercial successes.

AND WE BELIEVE that in our country are being worked out great problems, the solution of which will be for the benefit of all mankind.

*From a Card Recently Sent Out by
the Chase National Bank of New York*

Modern Financial Institutions and Their Equipment



MAIN ENTRANCE
BOISE CITY NATIONAL BANK, BOISE, IDAHO

Boise City National Bank, Boise, Idaho

AS an expression of the management's regard for the security, convenience and comfort of its patrons—as well as evidencing a proper concern for those who are carrying on its own work—a

modern bank structure must be considered one of the most productive forms of investing a bank's capital. That this statement is not an exaggeration the history of nearly every bank that has put up a new building or



F. R. COFFIN
PRESIDENT



TIMOTHY REGAN
VICE-PRESIDENT



J. E. CLINTON
VICE-PRESIDENT



F. F. JOHNSON
CASHIER

OFFICERS BOISE CITY NATIONAL BANK, BOISE, IDAHO



PORTION OF MAIN LOBBY



SECTION OF LADIES' WAITING ROOM



VIEW OF BOOKKEEPING DEPARTMENT

BOISE CITY NATIONAL BANK, BOISE, IDAHO

thoroughly remodeled an old one, fully bears out. More business and added profits generally justify the outlay.

But even were this not the case, a bank with a large surplus account can well afford to put some of its earnings into improvements of this character, thus declaring, in substance, a special and practically continuous dividend to its patrons and employees.

the essentials of convenience, comfort and security.

Entrance to the bank is through bronze doors, set in a large arch of Romanesque design. The vestibule is on grade level. It is finished in Tavernelle Italian marble of a rich hue. From it lead broad, easy steps to the banking room, and also to the safety deposit department below. Passing through this impressive entrance, one comes



Glimpse of Officers' Quarters

BOISE CITY NATIONAL BANK, BOISE, IDAHO

Prompted by the spirit of these observations, the officers and directors of the Boise City National Bank, Boise, Idaho, have shown their progressiveness by thoroughly overhauling and remodeling the banking rooms of that institution.



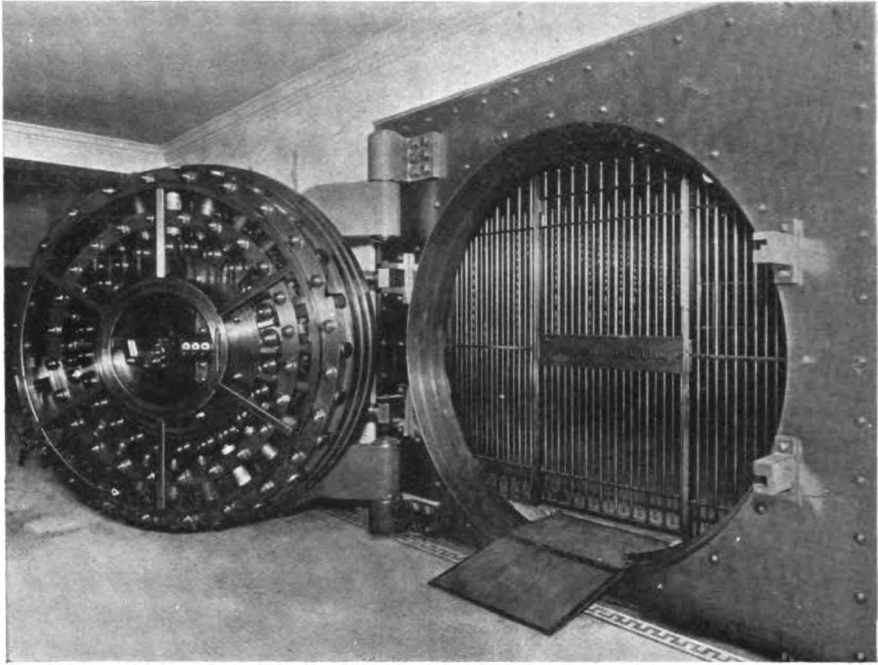
THE bank occupies its own massive stone bank and office building, using the entire ground floor and the basement. In the overhauling of the premises a considerable expenditure of money was incurred, marble, bronze, and fine woods being freely employed, while the vault construction and the equipment of the various departments all contribute to make a thoroughly modern banking home, embodying

into the main banking room, with its solid marble floor, marble columns, check desks, and counter screen, finely wrought top screen, and its beautiful southern Mexican mahogany wood, all skilfully blended and combined.

Three kinds of marble are used in this room—all imported French and Italian. Occupying a commanding position at the rear, is a large clock, with bronze dial and figures.

On the left as one enters the room are the commodious quarters of the bank's officers. These quarters are finished in solid mahogany with furniture to match. A consultation room is provided in connection with them for use of customers and bankers from outside the city.

Passing on around the room, one comes in succession to the cages of the note teller, collection teller, two receiving tellers, pay-



THE VAULT—MAIN DOOR AND VESTIBULE
BOISE CITY NATIONAL BANK, BOISE, IDAHO

ing teller, statement teller, auditor and exchange, and ladies' teller. Over each wicket is an illuminated number by which the cage is known to the employees.

Between the paying teller and statement teller is the office of the assistant cashier in charge of the working force. All departments are connected with a complete telephone system.



LADIES' ROOM

ON the right as one enters is the ladies' waiting room, with its own teller's window, and suitably equipped and furnished. This room is finished in solid circassian walnut, and is one of the most beautiful features of the bank.

Nearly all the space on two sides of the room is occupied with fine, large windows. In addition, there is a splendid semi-indirect lighting system of cast bronze reflectors, suspended from the ceiling.

Descending to the lower floor, one enters on the left the directors' room, simply finished and furnished in fumed oak. Passing on, one is confronted by a massive grill work, guarding the inner office of the safety deposit vaults.

The most modern methods known are used in making the great vault proof against mobs, burglars, fire and water. Tons of

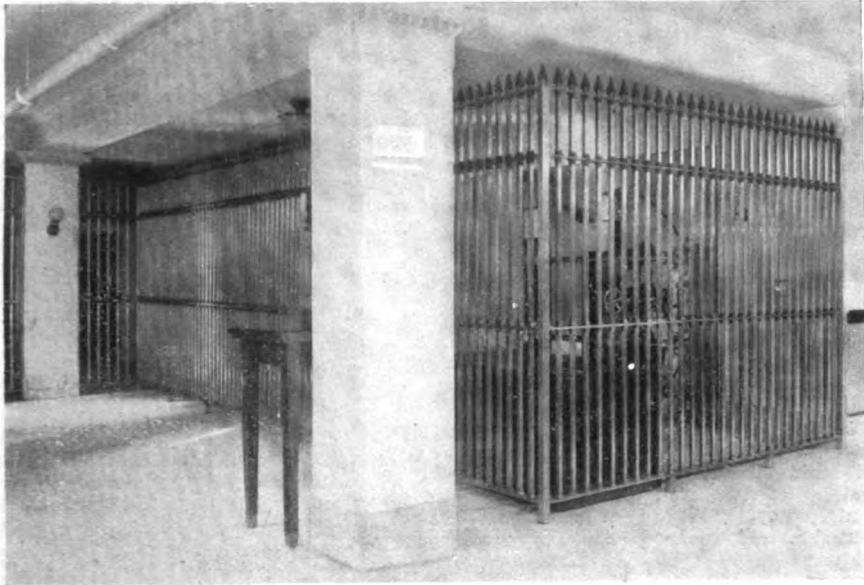
steel plates of the best it is possible to produce are used in its construction. There are three layers of such plates in the vault shell, reinforced by two feet of the finest concrete, thickly interlaced with steel bars.

There are two entrances to the vault, one at each end. They are guarded by doors constructed of the best tested steel, ground and milled to such precision that when shut they are absolutely air and liquid proof.

The larger one, a round door, with its case, weighs eighteen tons; the smaller weighs ten tons. They are so accurately and perfectly hung that, despite their great weight, a child could easily close either of them. The locking devices are of the most modern type, being operated automatically and governed by time locks with four movements each. The same vault that guards the safety deposit boxes contains the cash boxes of the bank, so that the rental space is as closely guarded as the vaults of the bank itself.

The locks on the safe deposit vaults are unique. The new feature is this—a lock on any of the boxes may be quickly adjusted to open with any key selected by the renter, and no other. When the box is surrendered, that key is destroyed. No two keys are alike.

Possession of the key gives the bearer no right to enter the vault. A careful system of identification is used, and only with the



SCREEN PROTECTING SAFETY VAULTS

assistance of the guard can one unlock his own safe deposit box.

The great vault is the acme of security. It occupies a considerable area in the basement, but in addition there are commodious quarters for the public. Coupon booths are provided into which the holder of a deposit box may go to examine his papers or documents in private.

In addition to the cash vault there is a large fireproof book vault in which the books and other documents of the institution are locked at the close of each day. A special elevator is provided for lowering the cases of books and papers.

The employes of the institution have not been forgotten, and every convenience is supplied for their use.

The general character of the whole interior is dignified and without display of any kind, being rich but not gaudy.

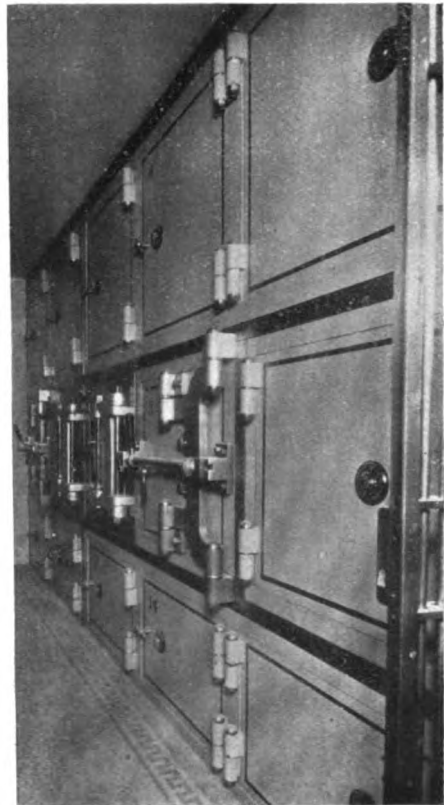


SUMMARY OF BANK'S HISTORY

THE Boise City National Bank, now the leading financial institution of the State, was established in April, 1886, as attested by the following reprint from "The Statesman" of April 6, 1886:

"The advertisement of the new bank, the Boise City National, will be found in another column of this issue.

"The stockholders and directors are: H. Wadsworth, treasurer of Wells Fargo & Co., San Francisco; E. A. Hawley of Hawley Bros. Hardware Co., San Francisco, and H. B. Eastman, A. H. Boomer,



INDIVIDUAL TELLERS' CHESTS IN VAULT

Joseph Perrault and Alfred Eoff of this city."

Mr. Wadsworth was president and Mr. Eoff cashier.

With the exception of Mr. Perrault, who resigned in 1887 and was succeeded by Walter S. Bruce, the officers mentioned served the bank until 1904, when Mr. Wadsworth retired.

In July, 1906, Frank R. Coffin was elected president, Timothy Regan was re-elected vice-president, James E. Clinton, cashier, and Fred Brown (now national bank examiner for the district) and B. W. Walker, assistant cashiers. In January, 1911, Mr. Clinton was elected a vice-president and F. F. Johnson made cashier. C. H. Coffin and W. V. Regan were elected assistant cashiers.

The first home of the bank was in the building at the southeast corner of Seventh and Main streets, and the working force consisted of two men, as compared with twenty today. The present banking home at Eighth and Idaho streets was erected and occupied in 1892. At that time the office, vault and safe equipment was one of the best in the Northwest, but the very gratifying growth of business has rendered larger and more modern quarters desirable.

The management has at all times been characterized by a safe forwardness, and during the severe panic of 1893 the bank

never refused payment of a deposit, even paying unmaturred time deposits on demand.

The present officers and directors of the bank are:

Officers: F. R. Coffin, president; Timothy Regan, vice-president; J. E. Clinton, vice-president; F. F. Johnson, cashier; B. W. Walker, assistant cashier; W. V. Regan, assistant cashier; C. H. Coffin, assistant cashier; C. S. Crawford, auditor.

Directors: F. R. Coffin, Timothy Regan, Andrew Little, F. F. Johnson, C. H. Coffin, E. H. Davis, J. E. Clinton, W. V. Regan, E. M. Hoover, Leo J. Falk, Thos. McMillan.

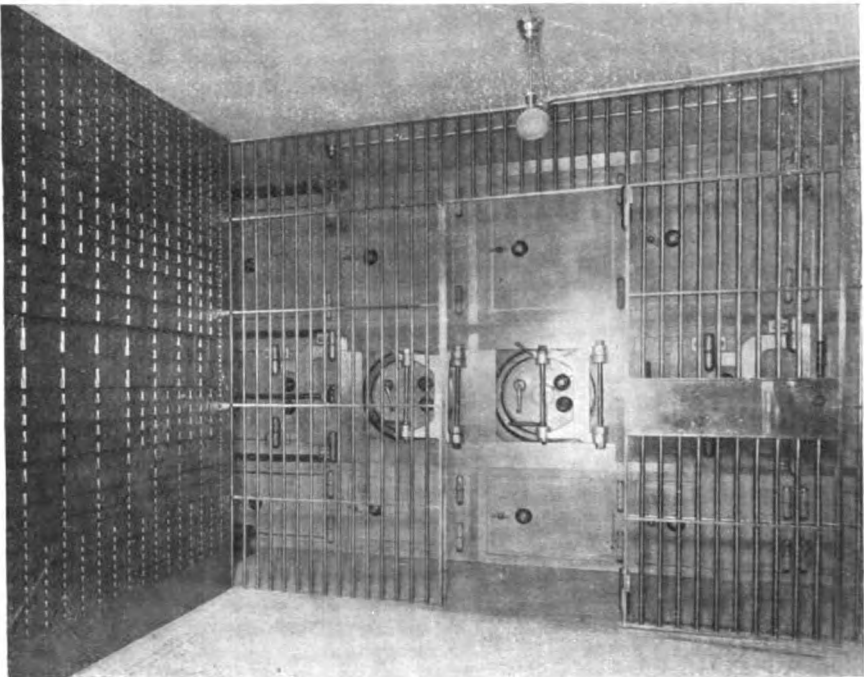


HOW THE BANK HAS GROWN

SINCE the establishment of the Boise City National Bank in 1886, the total resources at five-year periods as shown by reports to the Comptroller of the Currency have been:

Established	1886	.....
October 3	1893	\$506,864.40
December 1	1898	753,119.56
June 9	1903	1,190,705.23
September 23	1908	2,237,287.30
October 21	1913	3,262,979.84

As per the statement of October 21, 1913, the total resources were \$3,262,979.84; capital, \$250,000, and the surplus and undivided profits, \$266,252.52.

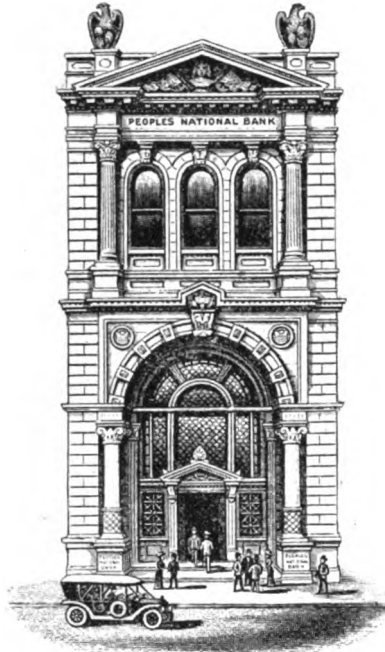


INTERIOR OF VAULT

BOISE CITY NATIONAL BANK, BOISE, IDAHO

The Peoples National Bank

ORGANIZED 1864



409-411 Wood Street

Pittsburgh
Pennsylvania

AN EFFECTIVE COVER USED ON STATEMENT FOLDER



The Prophet of Despair

TH**E**RE are persons who constantly clamor. They complain of oppression, speculation and pernicious influence of accumulated wealth. They cry out loudly against all banks and corporations and all means by which small capitalists become united in order to produce important and beneficial results. They carry on mad hostility against all established institutions. They would choke the fountain of industry and dry all streams.

In a country of unbounded liberty, they clamor against oppression. In a country of perfect equality they would move heaven and earth against privilege and monopoly. In a country where property is more evenly divided than anywhere else, they rend the air shouting about agrarian doctrines. In a country where wages of labor are high beyond parallel, they would teach the laborer that he is but an oppressed slave.—Daniel Webster.

Foreign Banking and Finance

European

THE OLD LADY IN THREAD-NEEDLE STREET.

Many Functions of the Bank of England.

DRUMMOND FRASER, Honorary Lecturer on Banking at the Manchester University, lectured recently on "Some Modern Phases of British Banking." He spoke of the exceptional position of the Bank of England. It is impossible, he said, to exaggerate the importance to the London money market of the fact that the Bank of England acts as banker for the Government. He described the history of the bank from the time onward since the Act of 1694 which incorporated the Bank of England. The bank immediately began to issue notes and sealed bills for cash. The sealed bills were obligations under seal to pay certain specified sums of money with interest. The notes were given in exchange for bills discounted and advances. A writer of the period said: "It would be for the general good of trade if the bank were restrained from allowing interest, for the ease of having three or five per cent. without trouble must be a continual bar to industry." Mr. Drummond Fraser mentioned this particularly, as it had the strange quality of being the very antithesis of present day banking. On looking back, one of the most striking features, he thought, was the fact that the Bank of England had long since rivalled all the great European banks, of which it was the last to be established.

The Government, in 1708, in order to protect the bank and in return for a good price, granted the Bank of England the monopoly of joint stock banking by not allowing any banking part-

nership, exceeding six persons, to issue notes. The fatal consequence of this monopoly extended until, first, 1826, when joint stock banks of issue of unlimited liability were allowed in the country; secondly, 1833, when joint stock banks of deposit of unlimited liability were allowed in London. The legal existence of the Bank of England had been continuously prolonged by a succession of statutes down to the famous Bank Act of 1844. The end Sir Robert Peel had in view in 1844 was an issue of bank notes on a foundation of gold. He therefore limited the issue against securities. In 1819 by his currency bill he placed the monetary system of the country on an honest foundation by fixing the mint price of gold at £3 17s. 10d. per ounce, and in 1844 he secured the means for maintaining that honest foundation, by a note issue redeemable on demand. At that time the note issue for currency purposes was of paramount importance; to-day the cheque, for all practical purposes, supplies our currency. It must be remembered that a proportion of the deposits held by our bankers consists of money, created by the advances which the bankers make against various kinds of securities.



ONE OF ITS MOST IMPORTANT FUNCTIONS.

ALARGE part, therefore, of the money that modern industry handles consists of cheques drawn against an actual advance of the right to overdraw. This is one of the most important functions of the banker, and great care must be taken that its legitimate performance is not hampered by any legal restrictions or obligations. Good banking grows out of experience.

Legislative enactments have never developed sound banking. Then, in addition to the function of a note issue and the ordinary function of a banking body, the Bank of England is the banker of the Government and the banker of other banks. The terms of carrying on the Government business are subject to revision by private arrangement between the bank and the Government. As the banker of the other banks, the Bank of England has assumed the heavy responsibility of maintaining the ultimate cash reserve. The bank is divided into two departments—the Issue Department and the Banking Department.



THE ISSUE DEPARTMENT.

THE duties of the Issue Department were clearly and distinctly laid down. As a bank of issue the bank issues notes in exchange for securities to the value of £18,450,000 and gold to any extent. Everyone has the right to take gold to the bank in exchange for notes at the rate of £3 17s. 9d. per ounce, as against getting £3 17s. 10½d. from the mint direct. On the other hand, the Bank of England must pay gold for notes. The bank, for all practical purposes, holds our ultimate reserve of gold. But in addition to the gold bullion in the Issue Department, the bank and the other banks of the United Kingdom, according to the Royal Mint census, hold in gold coin £60,000,000, to which must be added the large amount of gold coin in active circulation. There can be no manner of doubt that we are particularly fortunate in having so much gold coin in

general use for payment of wages, etc. It is accessible to all, and lays the foundation of the public confidence for cheques, etc. It acts as a great bulwark to our ultimate gold reserve at the Bank of England and the gold held by the other banks.



THE BANKING DEPARTMENT.

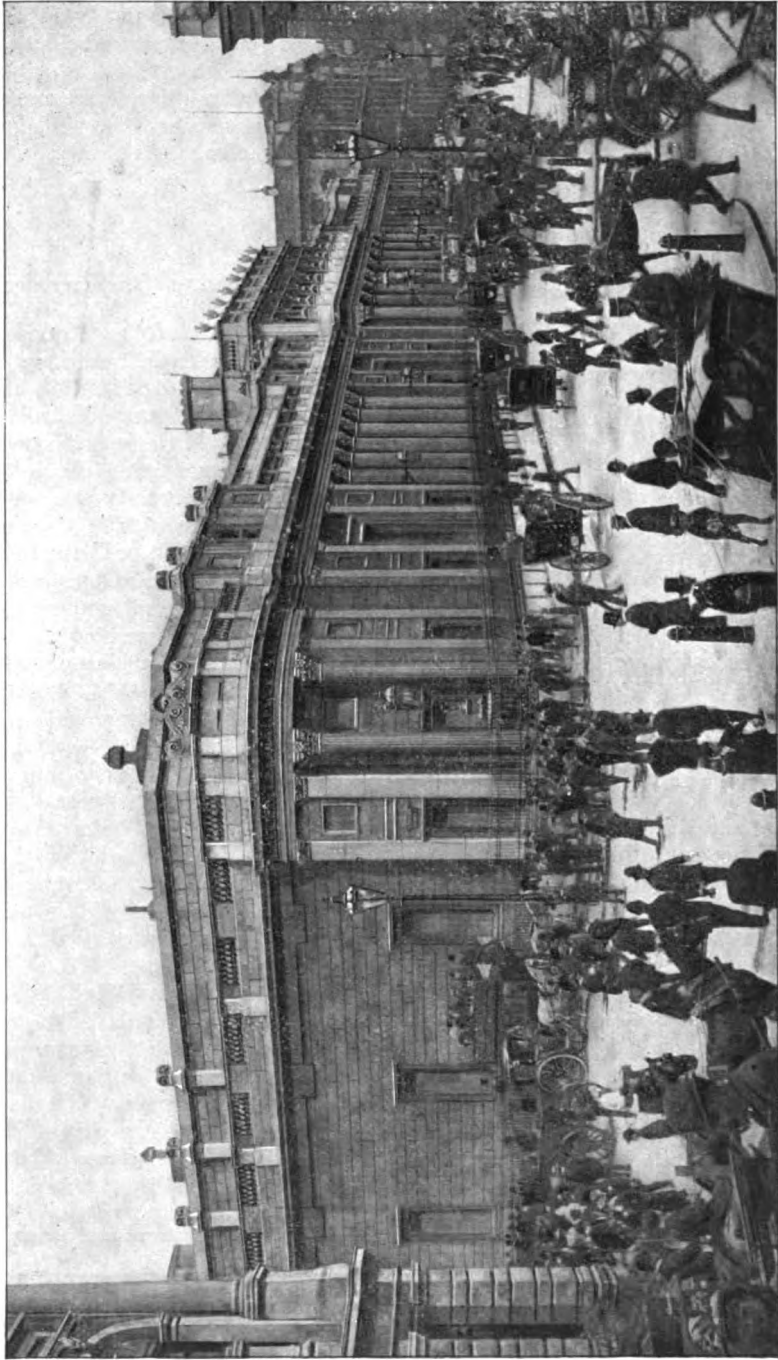
THE functions of the Banking Department were left severely alone. Sir Robert Peel stated: "With respect to the banking business of the bank, I propose that it should be governed precisely on the same principle as would regulate any other body dealing with Bank of England notes." On the left hand or liability side we have the divisions of (1) proprietors' capital, (2) rest. The strength of and undoubted confidence in the bank is no doubt largely due to the huge amount of capital—plus rest—over £17,500,000. And if the value of the bank premises, three acres in the centre of London, and eleven branches, all freehold, are added, the capital in round figures exceeds £20,000,000. (3) Public deposits. This represents the bank's liabilities in connection with the Government accounts. The bank also manages the national debt, including the issue of all Government loans and payment of dividends, the issue and withdrawal of Exchequer bonds and Treasury bills. The "public deposits" show the active nature of the connection between the bank and the Government. The gain which the bank derives from having the custody of the Government balances must be very considerable. (4) Other deposits. Al-

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THE BANK OF ENGLAND

though no interest is allowed these balances have increased to a large extent in recent years. These are sometimes called bankers' balances, because the greater portion are the balances of the other banks in this country.



THE ASSETS SIDE.

ON the assets side we have four divisions: (1) Government securities, investments in Consols, advances on "ways and means," or "deficiency bills." Temporary accommodation is granted to the Government. Thus this represents the other side of the Government accounts. The total of the Government borrowing must be laid before Parliament each year. (2) Other securities. This item represents the indebtedness of the customers to the bank, but chiefly consists of bill brokers, money brokers and others who have to go to the bank to borrow when they fail to obtain their requirements from the other banks. The Governor recently stated that the securities were of a high order. The losses from the quality of the securities proving inferior had been extremely small. (3) Notes. (4) Gold and silver coin. These two represent the ultimate cash reserve, and on this account are perhaps of the greatest importance. The cash reserve may be said to be the vital figures of the weekly return. The branch banks look to their head offices (the head office situated outside of London relies upon the London agents or London office), and both head offices, situated in London, London agents, and London offices keep a portion of their cash reserve with the Bank of England. Upon the Bank of England, therefore, rests the responsibility of keeping the ultimate cash reserve. On it depends the safety of the country's trade and the security of the country's credit. The object of the cash reserve is to safeguard the "deposits." The system of banking rests upon the assumption, based upon expe-

rience, that only, comparatively speaking, a small proportion of cash reserve is required to safeguard the deposits. Thus the banker is in a strong position. The strength lies in the confidence of the public, in the cash reserves of the banker, and the Bank of England. The Bank of England may be said to be the pivot of a highly organized and efficient banking system, although not in immediate and direct touch with the trading community. The inspiring and unbounded confidence in the Bank of England has been of incalculable benefit to the trade and commerce of the nation.



THE BANK OF ITALY AND OTHER ISSUING BANKS

TOWARDS the end of the sixteenth century, says the London "Statist," private philanthropists, desirous to check usury, which was very prevalent and very mischievous in Naples at the time, established seven pawn banks, the greater part of the profits of which were used in works of charity in Naples—that is to say, in making loans without interest to the very needy, in giving dowries to poor girls, in freeing people imprisoned for debt, in ransoming Christians who had been captured by infidels, and generally in aiding the city of Naples in its needs. In 1794, that is when Revolutionary France was threatening all her neighbors, a royal edict united these seven pawn banks in order to provide funds for the Government and its favorites. Even in 1794 the bank had been authorized to put in circulation inconvertible certificates for thirty-five million ducats. After Napoleon was deposed and the Bourbons were restored in Naples the bank was restored and divided into two departments, one for the service of the Treasury and municipalities, the other to give banking facilities to the public. In 1868, after Naples had been united with North Italy, the Bank of Naples was authorized to issue notes and cash

orders. The Bank of Sicily was created in 1843, after the pattern of the Bank of Naples, and the Bourbon Government borrowed largely from the Bank of Sicily, as it previously had done from the Bank of Naples.



NATIONAL BANK OF ITALY ESTABLISHED

IN the forties of last century, when the Kingdom of Sardinia was setting an example to the rest of Italy, and was rapidly becoming the leader of the Italian movement, two banks, one in Turin, the other in Genoa, were united to form what was styled the National Bank. The Banks of Naples and of Sicily referred to above had no shareholders. They paid no dividends, therefore, and though they were closely connected with the Court and

had to lend most of their resources to the Government, yet they did not entirely divest themselves of their charitable character. The National Bank was altogether different. It was an amalgamation of two commercial North Italian banks which were well managed, and its district was one of the most progressive in the whole of the Peninsula. In 1860, after the unification of Italy, excepting, of course, Venetia and the Papal States, the Bank of Parma and the Bank of Bologna were amalgamated with the National Bank. Shortly afterwards the capital of that institution was raised to 100 million lire, or four millions sterling nominal.

In 1859, it will be recollected, France, in alliance with Sardinia, defeated Austria and compelled her to cede Lombardy to Sardinia. Garibaldi, at the head of a few volunteers, deposed the Neapolitan Bourbons, and,

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with the exception of the Papal States, the remaining independent portions of Italy all joined Sardinia to form the Kingdom of Italy. In this time of revolution, war, and anxiety the Government had to spend immense sums, which it obtained where and how it could. Amongst other things, it borrowed 450 million lire, or eighteen millions sterling, from the National Bank, the latter, in consequence, being authorized to issue notes amounting to 800 million lire, or thirty-two millions sterling. A little subsequently the bank had to lend, first, a further forty million lire to the Government, secondly, another 150 million lire, and, later, 300 million lire, making together 490 million lire, or £19,600,000. Ultimately the National Bank annexed two Tuscan banks. Lastly, it may be well to mention that Pope Pius the Ninth in 1850 by decree founded the Banca Romana, giving it a monopoly in the Papal States of banking operations and of the issue of bank-notes. In 1874, while the Bank of Naples and the Bank of Sicily were retained pretty much as they had been before, the other small banks mentioned, with the exception of the Banca Romana, were amalgamated with the National Bank, and the *consorzio* was bound to furnish the Government with a thousand million lire, or forty millions sterling. It was stipulated that the notes which were to be handed over by the *consorzio* to the Government should be forced currency, but that the notes issued by the banks themselves should have only legal currency, and should be redeemed on demand either in the notes issued for the Government or in metallic money. The maximum circulation was fixed at three times the paid-up capital of the *consorzio* banks and three times the free capital of the Banks of Naples and Sicily, with the proviso that the notes in circulation must also not exceed three times the metallic reserve. It took away from all other banks the right of issue. Furthermore, authority was given to increase the circulation in emergencies on condition that the dis-

count rate was raised and that the emergency currency must not exceed forty per cent. of the paid-up and free capital of the several banks of issue. In 1881 a law was passed to get rid of inconvertible paper money. The *consorzio* was dissolved, the notes issued by it for account of the State were declared a direct debt of the latter, and arrangements were made for the calling in of State Rentes, which, having been given as guarantee for loans made by the National Bank, had been transferred later to guarantee the notes of the *consorzio*. A loan was raised, amounting in Rentes to 729,745,000 lire (£29,189,800), bearing interest amounting annually to 36,487,250 lire, or £1,459,490. Of the proceeds of the loan forty-four million lire, or £1,760,000, in gold were applied to pay the National Bank for the loan made by it to purchase the Government Tobacco Monopoly, 116 million lire, or £4,640,000, were laid out in foreign payments on account of the Treasury, and the remaining 484 million lire, or £19,860,000, were received in gold and silver. In place of the 116 million lire, or £4,640,000, spent abroad an equivalent amount of gold received from the customs duties was substituted.



ESTABLISHMENT OF A CREDIT FONCIER

THERE followed a period of extraordinary development and speculation in Italy. The National Bank established a *Crédit Foncier*, which it, unfortunately, did not separate from itself. All the banks lent lavishly on mortgage, especially on houses in Rome, to which the capital of Italy had not long before been removed, and, therefore, building was going on very actively. One consequence of all this was the winding up of the Banca Romana. As a result of this crisis the two Tuscan banks were amalgamated with the National Bank, under the name of the Bank of Italy. The Banca Romana, as already said, was wound up, and

the Bank of Italy was given the right to issue notes throughout the whole of the kingdom. At the same time the Banks of Naples and Sicily were not amalgamated and were not deprived of the right of issue.



LAWS REGULATING THE NOTE ISSUE

THE capital of the Bank of Italy was, in 1893, when amalgamation took place, fixed at 300 million lire, or twelve millions sterling nominal, of which 210 million lire, or £8,400,000 were paid up. The maximum amount of notes which the Bank of Italy and the Banks of Sicily and Naples could keep in circulation was, at the end of fourteen years, not to exceed 864 million lire, or £34,560,000. Each bank was bound to accept the notes of the other banks in the cities in which they had legal currency. The metallic reserve was to be increased within a year to forty per cent. of the notes in circulation, thirty-three per cent. of which was to consist of coin or bullion, in the ratio of at least three-quarters in gold and one-quarter partly in silver coin. The remaining seven per cent. might be composed of foreign bills of exchange on firms of the first order. Mortgage operations were forbidden. The Bank of Naples was authorized to continue its pawn operations. The banks were allowed to assume the office of provincial receivers of the direct taxes. The Bank of Italy undertook, at its own risk, the liquidation of the Banca Romana. The Bank, further, assumed the Treasury service of the State in all the provinces of the kingdom from February 1, 1895, until the end of 1912. The amount of statutory loans to be made by the bank to the Treasury was fixed at 100 million lire. In consequence of the Adowa disaster and the general over-expenditure of the Government the position of the Bank of Naples became endangered and the Government found it necessary once more to deal with the banking situation. Because of urgency the changes

were at first made by royal decree, which was definitely sanctioned by the law of March, 1898. To ensure a guarantee for the redemption of notes it was ordered that the Bank of Italy should accumulate an irreducible minimum reserve of 300 million lire, or twelve million sterling, the Bank of Naples ninety and one-half million lire, or £3,620,000, and the Bank of Sicily twenty-one million lire, or £840,000. For any notes not actually covered by the reserve the holders had a claim on all gold and silver belonging to the banks. At the same time the law authorizing the State to issue notes against 200 million lire, or eight millions sterling, of metallic reserve was repealed. After the crisis of 1907 no very important changes were made in the banking law. The maximum circulation was slightly increased. There was also ordered to be some increase in the irreducible metallic reserve held against notes. It was also provided that to give somewhat greater elasticity the banks should be allowed to issue more in times of emergency. The amount in the case of the Bank of Italy was raised from forty-five to fifty million lire, in the case of the Bank of Naples from fourteen to fifteen million lire, and in that of the Bank of Sicily from three and a half to four million lire. But in every case the payment of a tax equal to one-third of the discount rate was to be exacted. If, however, the occasion seemed to require it the three banks were authorized to issue double the amounts just specified, on condition that they paid a tax equal to two-thirds of the discount rate. Any increase in the circulation above these limits would involve the payment of a tax of seven and one-half per cent.



COMMERCIAL BANK OF SCOTLAND

THE annual general meeting of the shareholders of this bank was held in the head office at Edinburgh, December 19. After making the customary

provisions the net profit for the year was reported at £240,569, which added to the balance of profit brought forward from previous year gave a total of £261,074. The dividend rate is twenty per cent. per annum. Total assets of the bank October 31, 1913, £21,768,102.



ROYAL BANK OF SCOTLAND

FROM the report by the court of directors of the Royal Bank of Scotland to the annual general court of proprietors held November 26 at the head office in Edinburgh, it is learned that the net profits of the year, after providing for all bad and doubtful debts, amounted to £275,981, which added to the balance of rest October 12, 1912, gives £1,227,496.

There remained after paying semi-annual dividends at the rate of ten per cent. per annum, making provision for bonus and depreciation, a balance of £960,629 at credit of rest.

As per abstract of the state of the bank's affairs on October 11, 1913, deposits were £16,654,481; notes in circulation, £1,041,019; capital, £2,000,000; rest, £960,629; total of assets, £21,669,117.

The Royal Bank of Scotland was incorporated by royal charter in 1727. Its present officers are: Governor, His Grace the Duke of Buccleuch and Queensberry, K. G., K. T.; deputy-governor, The Right Hon. the Earl of Elgin and Kincardine, K. G.; cashier and general manager, Adam Tait; secretary, A. K. Wright.



NEW BANK OF ALBANIA

A CONCESSION has been granted for sixty years for the proposed new National Bank of Albania, to be located in whatever town may be designated as the capital of Albania. It is stated that the bank is being organized by a syndicate headed by representa-

tives of the Wiener Bank and the Italian Commercial Bank.

The new bank is to be a bank of issue, will act as Government fiscal agent, and have a capital of 10,500,000 Italian lire.



BRITISH BANKING PROFITS IN 1913

ACCORDING to the London "Statist," the last half of the past year was one of the most profitable periods ever experienced by British bankers, and it is declared that 1913 will undoubtedly rank as a banner year, and that profits have been considerable higher than for 1912. The "Statist" says that the yields afforded by bank shares at the current level of prices are substantial. Even Bank of England stock now gives a yield of £4 2s. 8d. per cent., while the shares of some of the joint-stock banks give yields of over five and one-half per cent. If account be had of the large amount of hidden profit the banks now possess in their securities written down to current prices, and the great advantage that bankers will derive from the investment of surplus profits in securities at the existing low level, it will be realized that the income of bankers in future, even in periods of very easy money, will be maintained at a much higher level than in former periods of cheap money, when bankers obtained a relatively low rate of interest upon the securities they held for investment.



CAPITAL ISSUES IN GREAT BRITAIN, 1913

THE total amount of money publicly raised in Great Britain in 1913 was £196,537,000—a sum that is about £14,000,000 smaller than the 1912 total, and £5,000,000 larger than that of 1911. In five years the capital issues have amounted to £1,049,000,000—an

average of £210,000,000 per annum—so that last year's total was well below the recent average.



ANOTHER BANK ABSORBED

ANNOUNCEMENT is made of the absorption by Parr's Bank, London, of the business of Crompton and Evans' Union Bank, Limited.

The Crompton and Evans' Union Bank, which was established in 1877, has its head office at Derby, and some fifty branches in the surrounding districts. The total liabilities June 30, 1913, were £6,095,093, and deposits amounted to £5,612,729. Net profits have averaged about £52,000 for the last five years, and a dividend of eighteen and three-quarters per cent. has been paid.

Parr's Bank, says "The Statist,"

ranks among the big amalgamating banks in the country. It was established to acquire the business of Messrs. Parr & Company, of Warrington, and even in the first report it was announced that the business of Messrs. Thomas Firth & Son, of Northwich, had been acquired. Other private institutions were taken over, and in 1883 the business of the National Bank of Liverpool was absorbed. A very important step was taken in 1891, when the private business of Messrs. Fuller, Banbury, Nix & Company, of London, was secured, thereby obtaining for the country institution a seat in the clearing-house. Since that time the progress has been of a very rapid character, and it now ranks amongst the largest of the joint-stock banks of the country. During the twenty years from 1891, no fewer than eleven important businesses were acquired by the company. The first of these was the Alliance

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Mexican Companies Organized

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Bank, which was taken over in 1892, thus securing an important Stock Exchange connection for Parr's, and giving it an outlet for any surplus funds. The opportunities in this direction were increased in 1896, the acquisition of the business of the Consolidated Bank largely adding to its Stock Exchange connection.

One of the most important of recent acquisitions was the business of the old-established West-country concern of Stuckey's Banking Company.

The net result of the absorption of so many businesses is a rapid increase in the number of branches. In 1870 there were only eleven offices, and in 1890 the number was only forty-three, but by 1900 the number had risen to 136, and by the end of 1912 the number rose to 274. Adding the forty-eight branches of the Crompton and Evans' Bank, a total of 322 offices is brought about. On November 20 last, the current and deposit accounts amounted to £41,857,755. If to this be added the deposits of the Crompton Bank at June 30 last, the total is brought up to about £47,500,000. The increase does not make any difference in the relative position of Parr's, as compared with other big banks, as judged by the amount of the deposits, as may be seen from the accompanying list, which sets out the deposits of the twelve largest banks of the United Kingdom.

	Deposits and Current Accounts
London, City and Midland	£92,875,723
Lloyds	92,219,042
London County & Westminster	84,509,929
National Provincial	65,667,923
Barclay & Company	57,333,314
Parr's	*47,469,000
Bank of England	47,428,812
Union of London & Smiths	41,213,940
Capital and Counties	39,065,599
London Joint Stock	34,865,094
Manchester & Liverpool Dist.	23,758,411
London & South Western	21,397,744
Bank of Scotland	20,484,262

*Includes the deposits and current accounts of Crompton & Evans'.

Banco de Established
July 15, 1895,

Guatemala

Guatemala
C. A.

Directors

ADOLFO STAHL, D. B. HODGSDON
J. R. CAMACHO
C. GALLUSSER, Manager

Authorized Capital \$10,000,000.00
Capital subscribed and paid up 2,500,000.00
Reserve Fund 5,564,262.76
Contingency Fund 1,600,000.00

Foreign Correspondents

New York: Messrs. G. Amslack & Co.; Messrs. J. & W. Sellgman & Co.; The National City Bank of New York. **San Francisco, Cal.:** The Anglo & London Paris National Bank of San Francisco. **New Orleans:** The Whitney-Central National Bank. **Mexico:** Banco Nacional de Mexico. **Paris:** Messrs. de Neuffize & Cie. **London:** Deutsche Bank (Berlin), London Agency; Messrs. A. Ruffer & Sons. **Hamburg:** Deutsche Bank Filiale. **Hamburg:** Messrs. L. Behrens & Sohne; Messrs. Schroder, Gebruder & Co.; Mr. Carlo Z. Thomsen. **Madrid:** Messrs. Garcia-Calamarte & Cia. **Barcelona:** Messrs. Garcia-Calamarte & Cia.; Banco Hispano Americano. **Milano:** Credito Italiano.

Agencies in Guatemala

Antigua	Livingston	Mazatenango
Jutiapa	Puerto Barrios	Salama
Pochuta	Zacapa	Escuintla
Coatepeque	Coban	Ocos
	Retalhuleu	

General Banking Business, Special Attention Paid to Collections from Abroad and Letters of Credit.

THE MANAGER OF LLOYDS BANK

ON an accompanying page is presented a portrait of Mr. Henry Bell, general manager of Lloyds Bank, London. He was born in Liverpool in 1858, and when a youth of seventeen he became connected with Messrs. Leyland & Bullins, a private banking firm of that city. In 1880 he left to join the Liverpool Union Bank. This bank was absorbed by Lloyds Bank in 1900, and about that time Mr. Bell was manager of the Liverpool Exchange branch of the bank. He next went to Birmingham, then the head office of the bank, where he filled the post of assistant country manager, and in 1903 was appointed city manager in London. In 1911 he was appointed deputy general manager, and in 1918 one of the general managers, with Mr. Duff. On the



HENRY BELL

GENERAL MANAGER OF LLOYD'S BANK, LTD., LONDON

retirement of that gentleman November 1 last he became sole general manager.



SIR FELIX SCHUSTER'S VIEWS

AT the annual meeting of the Union of London and Smith's Bank, January 21, Sir Felix Schuster, Governor of the bank, in his address to the shareholders, said that the tariff the Federal Reserve Act, passed

by the United States Congress last year, were events of great importance to the commercial world. Both measures, he said, must have far-reaching consequences, for both have made the United States a more formidable competitor than ever before, not only as regards international commerce, but as regards London's position as the centre of international banking.

Sir Felix said he had no doubt commerce would be stimulated by these enactments, and Great Britain's trade

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Cashier, MR. ENRIQUE MIGUEL

Accountant, MR. F. M. de la GARZA

Buys and Sells Domestic and Foreign Drafts. Issues Letters of Credit.

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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.

with the United States would be increased, to the advantage of both nations.

Sir Felix Schuster added: "If, as appears probable, the differences between the United States Government and the large trading corporations which have been weighing so heavily on enterprise for some years past, can be adjusted in an equitable manner, a new era of progress and development seems to be in store for the United States, which cannot fail to be of vast importance to British markets and to the money markets of Europe."



THE GREAT FRENCH BANKS

THE big Paris banks, says "The Economist," may be distinguished, although the distinction does not always correspond quite closely to the facts, as deposit and commercial banks. Thanks to the volume of business done, the mass of deposits held, the services rendered in the circulation of paper credit, and their activity as investment agencies, they now enjoy tremendous power. The capital passing through their hands gives them an altogether exceptional position.

Their power is so great, indeed, that it is often described as amounting to a practical monopoly and a complete control over the market. This is an ex-

aggeration, just as it is an exaggeration to suggest that the local banks have disappeared under the competition of the branches of the big Parisian houses. In the same way there are establishments which certainly rank among the greatest banks in Paris, but which, being marked by special features, should be placed in a peculiar category. These are first, the Banque de France, and then the Crédit Foncier. Although the funds of the Banque de France come from the shareholders, it is a State institution, in so far as its Conseil Général includes a governor and two sub-governors, nominated by the President, whereas the shareholders only elect the fifteen régents and the three censeurs, and with hardly any exception, the régents and censeurs, although belonging to the world of finance, are officials or heads of big industrial concerns, not bankers. The discounting operations of the Banque de France, its monopoly of note issue, give it a peculiar position. It receives deposit and current accounts, for which it pays no interest, and it is under an express obligation to take up Rentes when issued; but not only is it subject to a larger measure of Government control even than the Crédit Foncier; it does not seek, like most of the big Paris houses, to make profits by getting this or that class of security taken up by its clients. The Crédit

Foncier, though a public limited company, is strictly subject to State control, the governor and the two sub-governors being its nominees. It is mainly concerned with issuing loans on mortgage, loans to departments, communes, and public offices. Its annual balance-sheet shows deposits and current accounts, but no commercial assets, which proves that the *Crédit Foncier* has, strictly speaking, no direct relation to the banks properly so called.



THE big Paris banking houses, whether deposit banks or commercial—many combine both functions—are absolutely free from State control. Generally speaking, their directorates are quite distinct; the same names do not appear on several boards. This is true of the *Crédit Lyonnais*, the *Comptoir National d'Escompte*, the *Société Générale* (for the development of commerce and industry), the *Crédit Industriel et Commercial*, and the *Banque de Paris et des Pays Bas*, to take only the most outstanding of the big banks. At the same time, these different houses, while competing for very much of the same class of business, are sometimes found working together instead of indulging in an abortive and expensive competition. Their internal mutual relations are, of course, concealed from the public eye, but it is clear that in the case of many important issues there have been understandings between them. In the case of the Russian loan, for example, the different houses formed a sort of *syndicat de garantie*, and took up the shares in an agreed ratio. It is generally believed that the *Banque de Paris et des Pays Bas*, unlike the others, does not place securities for its clients.



THERE are certain exceptions, too, as regards the independence of the directorates. For instance, in the *Cros-*

nier case, where the *Société Générale* was involved to the extent of several millions, and likely to be very much hampered thereby, the *Banque de Paris* came to its aid. Whether or no a mutual relation of protection on the one hand and gratitude on the other was thus established, the *Société Générale* certainly showed itself active in placing the securities in which the *Banque de Paris* was interested, as it could do to a great effect owing to the very large number of its branches. Anyhow, among the directors of the *Société Générale* there are two—one being the chairman—who are also on the board of the *Banque de Paris et des Pays Bas*, a fact which, however, can hardly amount to anything like control. It is said that the *Société Générale* is now acting quite independently. Certainly the rapid and equal expansion of the banks seems to suggest that they are independent; many of them are in open competition, opening new branches in a locality as soon as another bank has opened one. The *Banque de France* is a serious rival to the other big houses, especially as a commercial discounting centre. It has 139 branch establishments, sixty-seven official centres, and 363 *villes rattachées*. In a year its profit-bearing transactions amount to close on thirty-six milliards of francs, including nineteen milliards of discounts, five and one-half milliards of advances, and 345 millions of deposits and current accounts. The deposits of the *Crédit Foncier* total but eighty-four millions, and hardly vary from year to year, but its real position is not gauged by this, but by the 2,368 millions of mortgage and the 2,295 millions of communal loans. The progress of the other big banks is the more striking from their comparative youth.

The earliest, the *Comptoir d'Escompte de Paris*, dates from 1850; it was reconstituted in 1889 as the *Comptoir National d'Escompte*. The *Crédit Industriel et Commercial* was founded in 1859; the *Crédit Lyonnais* in 1863; the *Société Générale* in 1864; the *Banque de Paris et des Pays Bas* in

Pan-American Title Insurance Company, S. A.

Head Office: Apartado 39
CITY OF MEXICO

BRANCHES: Tampico, Mexico; London, England, 25 Victoria St., S. W.

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Chartered and equipped for all branches of title insurance and trust work

1872. Even the Banque d'Union Parisienne, founded as late as 1904, has rapidly risen to a good position. In 1897 the Comptoir National d'Escompte had but 318 millions of deposits, 259 millions of commercial assets, 106 millions of reserve, advances and expenses, and 146 millions of current accounts. In 1909 the corresponding totals were 654, 876, 245 and 448 million francs, and according to the latest published accounts the deposits are over 709 millions, commercial assets 1038 millions, reserve, advances and expenses 258 millions and current accounts 648 millions. The Crédit Industriel's deposits in the same period have risen from fifty-six to 119 millions; assets from fifty-seven to 148 millions; reserve, etc., from thirty-three to seventy-six millions. The deposits of the Crédit Lyonnais amounted to 447 millions in 1897, and have now risen to 883 millions; assets have risen from 564 to 1,500 millions, current accounts from 525 to over 1,265 millions. In the Société Générale deposits have risen between 1893 and 1913 from 287 to 625 millions; commercial assets from 208 to 904 millions; current accounts from 192 to 994 millions. The figures for the Banque de Paris are not strictly comparable. Most of these banks carry on Bourse as well as banking operations, and the carry-over is more and more in their hands.

Many banks, *e. g.*, the Banque de Paris et des Pays Bas and the Banque de l'Union Parisienne, aim at encouraging industry and supplying capital to

new undertakings. The Crédit Lyonnais, on the other hand, does this less and less, and herein lies the distinction between a purely deposit bank and a commercial bank, though the latter's commercial and industrial activities do not prevent it carrying on ordinary banking business. Sometimes, as in the case of the Banque de Paris, they find it advantageous to act with a purely credit bank with which they can place their paper. It has acquired a controlling interest in a bank at Lyons, which, though formerly of secondary rank, is rising into importance, and spreading all over France a network of branches which will bring it into limited but effective competition with the multiple agencies of the big credit houses.

The scope of the credit establishments which do not engage in commercial affairs was defined by M. Germain, former director of the Crédit Lyonnais, who, in a statement issued in 1882, limited it, to some people's surprise, to deposits and discounting, and excluded any share in limited joint-stock companies and industrial undertakings. Into this category there fall the Crédit Lyonnais itself, the Comptoir National d'Escompte, the Société Générale de Commerce and the Société de Crédit Industriel et Commercial. The last named has a large number of branches in Paris, but none outside; all the others have hundreds of branches. That they are of immense service to the trade, etc., of the country goes without saying. As their

clients tend to come to them for advice on investments, their influence where a loan is issued is very powerful, even if not directly exercised.



Africa

AFRICAN BANKING OUTLOOK

PRESIDING at the general meeting of the African Banking Corporation, Ltd., in London, on January 14, J. D. Alexander said the liabilities remained at £400,000, and the bank had been able to add £25,000 to its reserve, making it £210,000, or more than half the capital.

During the past year, he said, there had been a strong demand for money all over South Africa, and fresh capital was urgently required if the ordinary development of the country was to be carried on. With the high rates for money he saw little prospect at the moment of any fresh influx of capital to South Africa. For the nine months ended September 30 last the trade of South Africa showed considerable improvement, and as regarded the banking position he considered the outlook was fairly satisfactory, and he saw no reason to anticipate that profits would not be maintained.



BANKING FACILITIES IN TRIPOLI

THE recent opening of a branch of the Banco di Napoli in Tripoli is of interest to American exporters desiring direct trade relations with this port, in that there is a branch or agency of the same institution in New York, which will be equipped to give information concerning the credit of firms, to collect drafts, and to perform other banking operations without an intermediary. Other branches of Italian banks in Tripoli are the Banca d'Italia,

Banco di Sicilia (both of which, as well as the Banco di Napoli, are authorized to issue paper currency under strict and well-guarded regulations), the Banca di Roma, and an agency of the Banca Commerciale Italiana.

Soon after the Italian occupation the Ufficio Economico was intrusted with the liquidation of the Ottoman Agricultural Bank, which had for several years assisted Arab farmers with small loans at favorable rates of interest, said money being transferred from Constantinople through the intermediary of the Banque Imperiale Ottomane, the branch of which at Tripoli was closed about six months ago. Later with the organization of the branches of the Banca d'Italia and the Banco di Sicilia, this task was assigned by the Government to them, with instructions that whatever balance was on hand should constitute a fund for agricultural credit. The same banks were also granted the privilege of loaning to farmers to the extent of 250,000 lire (\$48,250) under a special credit account, or in all the sum of \$97,800 at a rate not greater than five per cent. There has not been much of a demand for money for agricultural purposes this year on account of the assistance of the Italian Government to the Arabs in providing seed for sowing the barley crop, which has been planted under extremely auspicious conditions. It is conceded by all observers of the economic conditions of these new colonies that it will be necessary to grant extensive assistance to the agricultural interests to obtain a proper development of the undoubtedly promising lands of Libya. It is, therefore, proposed that an agricultural credit bank be established to meet this need and the funds will, to a large extent, be furnished by the banks above named.

To facilitate commercial transactions by extending credit to legitimate enterprises, the three banks of issue will construct warehouses where goods may be kept at a small expense until required. The development of the new port provides for filling in a large area

Banco Comercial de Costa Rica

San Jose, Costa Rica, Central America

(Founded 1st June, 1905)

Capital, \$1,750,000.00

Reserves, \$546,238.41

Managing Director, THOMAS SCOTT

Collections for Foreign Houses promptly attended to. Deposits are received in American Money repayable at maturity by sight draft on New York, New Orleans or San Francisco. The rates of interest at present allowed are:

On deposit for 6 months : : : : 6 per cent. per annum
On deposit for 12 months : : : : 7 per cent. per annum

DEPOSITS

31st of March, 1910	: : :	\$1,270,087.74	31st of March, 1912	: : :	\$3,397,658.26
31st of March, 1911	: : :	1,690,795.28	31st of December, 1912	: : :	4,414,218.57

between the custom house and the castle, and the warehouses will probably be located in that section of the port where goods can be unloaded from steamers and stored at the smallest cost. A company will be organized to administer this special branch of the bank's activities.

Following the decision of the Government to appoint the Banca d'Italia its depositary for the colonies, an agency of the bank was opened in Benghazi, a branch established in Asmara, the residential seat of the governor of the Province of Eritrea, and an agency provided for in Massowah, the principal port in Eritrea.

A site has been selected on the principal street of Tripoli where the bank will erect a fine building, which will have in addition to the offices for banking purposes commodious quarters for its employees.



Asia

CHINESE CURRENCY SITUATION

FROM United States Consul-General George E. Anderson of Hongkong comes the information under date of December 2 that the trade situation as affected by the status of Chinese paper currency in various parts of China and particularly in the trade districts tributary to Hongkong is likely to be improved materially in the immediate fu-

ture. In Canton the currency situation has been brought to a head by the announcement that the central Government intended not to accept the provincial notes now current as money in payment of salt taxes. This announcement resulted in representations on the part of commercial circles in South China to the Government at Peking, which has led the central Government not only to accept the provincial notes in payment of all taxes, but has also influenced it to make provision for the substitution of notes of the central Government for the provincial notes and arrangements to that end are now in progress.

Arrangements are also being made for the redemption of a portion of the outstanding provincial notes with silver twenty-cent pieces to the value of \$5,400,000 local currency coined by the provincial mint some time ago. The provincial Government also is preparing to raise a loan of about \$10,000,000 local currency, pledging certain public property, such as the Government interest in the cement works, the electric light company, the water works company, and similar property somewhat exceeding in value the amount to be raised. The proceeds of any such loan are to be devoted to the adjustment of the currency and to reorganizing the finances of the provincial Government.

That some action as to the currency situation in China is necessary is becoming more and more evident. All over South China and, according to northern newspapers in the north and in

the Yangtze Valley as well, export commodities are piling up in warehouses while imports are slack and business in some lines is almost at a standstill. The currency is the chief element in this dangerous situation. There is little doubt that a considerable supply of foreign goods must be imported and put into consumption yet this year in spite of the situation, and it is manifested as well that the goods manufactured for export must be exported sooner or later at whatever price they will bring. Unless the trade can be carried on profitably, however, the ultimate effects of the forced exchange will be very unsatisfactory. Credits and money generally are still very tight, but there is a slight improvement in South China in this respect in the closing months of the year which may permit of some important movement.



Australasia

BANKING RETURNS

THE returns for the September quarter of the banks transacting business in Australia and New Zealand are published in a recent number of "The Economist," London. The figures, it may be explained, are the averages of thirteen weekly statements, compiled every Monday morning by the banks, but not published. Delay occurs in completing them in Western Australia and Queensland, where branches of the banks are found in remote places, with which communication

is slow. The amounts of the leading items for Australia and New Zealand are compared with those for the corresponding quarter of 1912.

The movements for the twelve months include a decrease of £2,926,000 in deposits not bearing interest (traders' balances), a decrease of nearly £7,688,000 in advances, etc., and an increase of over £4,691,000 in the cash assets. The reduction in advances, etc., has placed the banks in a stronger position than that at a year ago. The increase in specie reserves is attributable to the small gold shipments. A favorable feature of the table is the maintenance of fixed deposits at a full volume, for a large portion of the business of the banks demands the sound basis of ample funds that cannot be immediately withdrawn. On the whole, the banking position is a healthy one.

The financial position in Australia generally continues to become easier. There is a good deal of private money available for investment, and procurable for mortgage purposes at five per cent.



BANK OF NEW SOUTH WALES

WHILE a slight decrease in the deposits of this bank was shown by the September half-yearly report, due to some withdrawals by the State and Commonwealth governments, the total balance-sheet is but slightly altered compared with a year ago. It has been the policy of the bank to add to the volume of its readily negotiable securities, and the report

	September Quarter, 1912	September Quarter, 1913
Australia		
Current accounts (deposits not bearing interest).....	£61,806,770	£58,880,008
Fixed deposits	82,834,089	83,059,165
Advances and other assets.....	124,919,462	117,231,806
Coin and bullion and Australian notes.....	32,932,634	37,624,275
New Zealand.		
Current accounts	13,369,886	13,090,091
Fixed deposits	11,811,405	12,462,745
Advances and other assets.....	24,240,530	23,876,004
Coin and bullion.....	5,446,780	5,334,423

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

K. M. VAN ZANDT, Jr., Vice-Pres. & Mgr.

H. C. HEAD, Cashier

SHUR WELCH, Assistant Cashier.

A General Banking Business Transacted

Foreign Exchange Bought and Sold

Telegraphic Transfers

Letters of Credit

Unsurpassed collection facilities. Correspondence solicited. Accounts of Banks, Bankers, Merchants and Individuals solicited.

made at the half-yearly meeting also showed that in the past year the capital had been increased by £500,000, bringing the total paid up to £3,500,000. As the reserve fund and profit and loss now amount to about £2,420,000, depositors and other creditors have a margin of protection running up to about £5,920,000.

The report states that the net profits for the half-year to September 30, 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 £251,852, to which is to be added undivided balance from last half-year, £87,503, giving for distribution £339,355.



A FIFTIETH ANNIVERSARY

TO commemorate the fifty years which J. Russell French has served the Bank of New South Wales, of which he is now general manager, the officers of that institution recently asked him to accept, on behalf of his wife, a handsome service of silver plate, and for himself four large paintings by Australian artists, a life-size oil portrait of himself and an address bearing the signatures of between 1,500 and 1,600 officers of the bank.

MANAGER AUSTRALIAN BANK OF COMMERCE

ANNOUNCEMENT is made in "The Review" of Melbourne and Sydney that A. P. Stewart, who for the past six years has been general manager of the Australian Bank of Commerce, has decided to retire, and that his successor will be Charles McAlister Campbell Shannon.

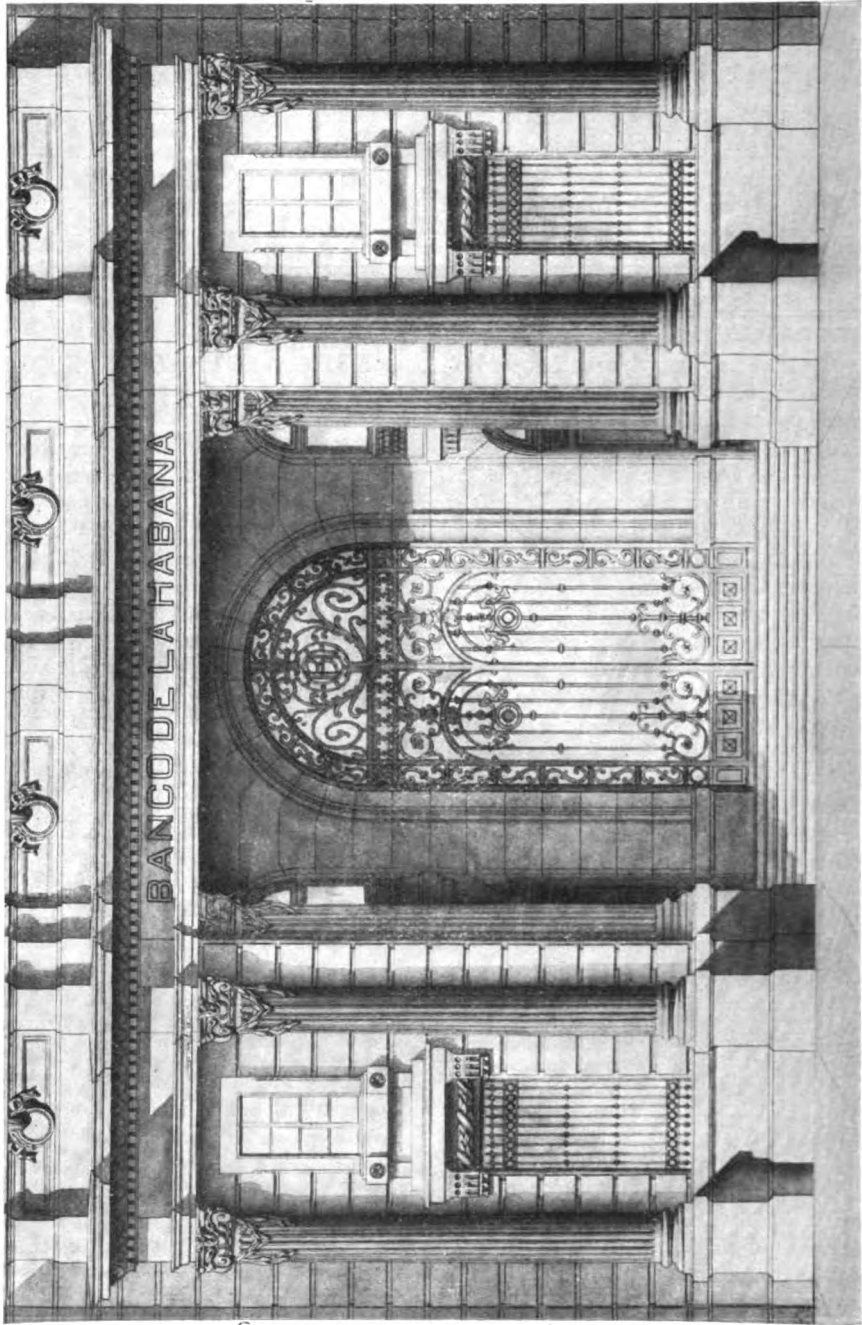


Latin-America

LIMITED USE OF CHECKS IN BRAZIL.

WRITING to the London "Economist" from Rio, a correspondent says that Brazil is suffering not only from the financial crisis, and the consequent restriction of credit, but also from the shortage of circulating medium, the printing of notes and the coining of nickel having been considerably reduced of late for reasons of economy. This shortage is not so noticeable in Rio, but in many of the States it is particularly acute, and one is at times hard put to it to obtain small change for daily needs.

A curious thing, says the correspondent, is that Brazil, with all its immense foreign and interstate commerce, has not adopted the use of the check to any extent, the old custom of paying in specie, or, rather, its paper equivalent



FACADE HEAD OFFICE BUILDING, BANK OF HAVANA, NOW IN COURSE OF CONSTRUCTION IN HAVANA

Banco de Nuevo Leon

MONTEREY, N. L., MEXICO

ESTABLISHED OCT. 1, 1892

Capital paid up, \$2,000,000

Reserves, \$860,876.00

Deposits, \$3,602,738.00

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-mers und Disconto Bank; MADRID, Banco Hispano Americano, Banco de Castilla; HABANA, Banco de la Habana.

BODOLFO M. GARZA, Manager

ANTONIO MANRIQUE, Accountant

AMADOR PAZ, Cashier

lent, being still observed. Recently the Government issued a decree removing some of the restrictions operating against the more general use of checks, notably by abolishing the stamp tax. But the "life" of a check is still very short, as, if drawn locally, it must be presented within five days, and if on another city, within eight days. Brazil being a country of immense distances and poor means of communication, it follows that, under these conditions, checks are practically useless for inter-State or even local circulation. The consequence is that merchants, as well as private individuals, have to keep relatively large sums of money in their safes or desks to attend to payments which in other countries are effected safely and readily by check.

Some of the leading foreign banks in Rio put additional difficulties in the way by objecting to cash checks drawn for less than a canto of reis (nearly £70).



TRUST COMPANY OF CUBA

THIS institution reports an addition of \$50,000 to reserve, and \$7,700 carried over in profit account after paying the usual six per cent. dividend.

The company now has \$500,000 capital, \$200,000 surplus, \$4,919,547 deposits, and total resources above \$6,000,000.

Officers of the company are: President, Norman H. Davis; vice-president,

Claudio G. Mendoza; treasurer, J. M. Hopgood; secretary, Rogelio Carbajal; manager real estate department, W. M. Whitner.

Recently the Trust Company of



HEAD OFFICE TRUST COMPANY OF CUBA,
HAVANA

Cuba succeeded in negotiating through Messrs. J. P. Morgan & Co. of New York a loan of \$10,000,000 for the Cuban Government.



FINANCIAL CONDITIONS IN URUGUAY

THE gold reserve of the Bank of the Republic has been increasing of late and at the close of November amounted to forty-one per cent. of the outstanding circulation, or one per cent. above the legal minimum percentage of the metallic reserve. It is ex-

**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.

Mmanuel Elguero, *Manager.*

BANKING

This department finances the other two departments and does all kinds of business in relation to banking.

M. Garcia Fravasi, *Manager.*

—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

pected that the bank will continue to gain gold from now on, as the exports of wool and other products of the livestock industry will not only settle the balances due aboard, but leave a surplus which will add to the stock of gold of the country, including that of the Bank of the Republic.

In banking and business circles, as in public life, retrenchment has been the order of the day. The country's obligations abroad have been discharged with scrupulous promptness, as usual. Owing to these and other factors, the pessimism noticeable during recent months is gradually giving way to a feeling of confidence.



**ECONOMIC CONDITIONS IN
BOLIVIA**

THE first number of a new weekly "La Bolivie Economique," published in La Paz, written in French, and devoted to making known to Europe "the richest and least known nation of Southern America," contains some interesting information as to economic and financial conditions in Bolivia. The new Banking Law will do much to raise the credit position of the country, and enable it to profit, as it has not done hitherto owing to economic disorganization, from great natural wealth. The law, a Government measure, was finally passed after

lengthy discussion. Previously every bank founded in the country enjoyed the right of note issue up to 150 per cent. of its capital. By the new law the right of issuing notes is confined for twenty-five years to the Banque de la Nation, which is laid under the obligation of converting its notes at sight. In return for this privilege a tax is levied on its liquid assets, and a further tax of one-half per cent. for the first three years on the notes in active circulation, rising to one per cent. for the next six years, and after that to one and one-half per cent.

Among other features of interest dealt with in the first number of the new weekly are the codified mining laws now being prepared by a distinguished lawyer for the Government. The schedules of the existing export tariff on animal, vegetable, and mineral products are also given. The present eight per cent. ad valorem duty on exported rubber, it should be noted, has been considerably modified; a sliding scale has been set up, by which the duty varies, in accordance with the price of rubber, from two to six per cent.



TRADE OF ECUADOR

ECUADOR'S foreign trade in 1912 was \$24,370,727, imports being \$10,652,843 and exports \$13,717,884. Cocoa is the chief article of export from Ecuador. The value of this ar-

ticle exported during 1912 amounted to \$7,653,505, or about sixty per cent. of the entire exports of the country. The cocoa crop of 1912 fell short of that of the previous year by about 1,275,000 pounds, with a consequent loss of about \$125,000 to the country.

It is claimed that more than fifty per cent. of the Ecuadorian cocoa finds its way ultimately to the United States markets.

The Panama hat is easily second in importance among the exports of Ecuador. The quantity exported in 1912 amounted to 319,697 pounds, valued at \$1,372,051, against 314,831 pounds, worth \$1,404,501, in 1911. More hats were exported in 1912 by 4866 pounds than in 1911, but with a difference in value of \$32,450 in favor of the former year, owing to the lower prices prevailing abroad during 1912.



American Real Estate Company, New York

THE twenty-sixth annual statement of the American Real Estate Company reflects the growth of that company in its more than a quarter of a century of operations.

In comparison with its statement of a year ago, the company shows a reduction in its mortgage obligations and a substantial increase in its capital and surplus, no overdue current obligations and a large cash balance.

The balance sheet of the company shows total assets of \$28,668,004.19, of which \$26,009,010.74 is real estate. Deducting the mortgages thereon leaves

the net assets \$17,341,294.19, with capital and surplus of \$3,247,789.13. The form in which the statement is rendered shows more clearly than ever before the standing of the company and the sound character of its obligations. Appraisers of well-known reputation certify that the actual value of the company's real estate is substantially greater than the amount at which it is carried on the books. All taxes, assessments and interest due on mortgages payable are paid to date, and there is a wide margin of cash over current liabilities.



Mutual Benefit Life Insurance Company of Newark, N. J.

THE sixty-ninth annual statement of this company, issued January 1, 1914, shows total assets \$167,864,567.93, including over \$43,000,000 in United States and other bonds and more than \$80,000,000 first bonds and mortgages on real estate. There was an increase of \$9,460,742.51 in mar-

ket value (ninety-six per cent. of par value) of assets in the course of the year, while in the same time the company's total receipts increased \$1,777,228.15 and its outstanding insurance \$43,421,380, the total insurance in force December 31, 1913, being \$677,991,660.



Quiet Assured

The little chap was playing bank,
 Along with other boys;
 And as they romped around the house,
 They made a lot of noise.

"Keep that bank quiet," mother said.
 The little chap was wise.
 "All right," quoth he, "We'll just pretend
 That banks don't advertise."

Banking and Financial Notes



The Branch
Our first President

Merchants National Bank

RICHMOND, VA.

Capital \$200,000
Surplus and Profits over 1,000,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

EASTERN STATES

New York City

—In deference to what is regarded as a change in public sentiment, several members of the firm of J. P. Morgan & Co. resigned recently as directors in a number of railway and industrial corporations, accompanying the action with the following statement from the firm:

"The necessity of attending many board meetings has been so serious a burden upon our time that we have long wished to withdraw from the directorates of many corporations.

"Most of these directorships we have accepted with reluctance, and because we felt constrained to keep in touch with properties which we had reorganized or whose securi-

ties we had recommended to the public, both here and abroad.

"An apparent change in public sentiment in regard to directorships seems now to warrant us in seeking to resign from some of these connections. Indeed, it may be, in view of the change in sentiment on the subject, that we shall be in a better position to serve such properties and their security holders if we are not directors.

"We have already resigned from the companies mentioned, and we expect from time to time to withdraw from other boards upon which we feel there is no special obligation to remain."

Then follows a list of corporations from which the members of the firm have retired.

—With an especially strong official staff and board of directors, the Seaboard National Bank continues its history of sound and steady growth, the statement of January 13 showing \$1,000,000 capital, \$2,555,695 surplus and profits, earned; \$34,463,702 deposits, and total resources, \$38,420,541.78. Samuel G. Bayne is president; Stuart G. Nelson, C. C. Thompson and B. L. Gill, vice-presidents; W. K. Cleverley, cashier, and L. N. Devausney, J. C. Emory and O. M. Jeffords, assistant cashiers.

—At a meeting of the directors of the Guaranty Trust Company, January 7, John A. Spoor of the Union Stock Yards and Transit Company of Chicago, and John S. Runnells, president of the Pullman Company, were elected to the board to succeed H. P. Davison and William H. Porter.

—Arthur Iselin succeeds Henry P. Davison as a director of the Chemical National Bank.

—William H. Griffiths succeeds the late Timothy L. Woodruff as a director of the Merchants Exchange National Bank.

—Arrangements have been practically concluded for the absorption of the Washington Trust Company by the Corn Exchange Bank. This merger will add about \$10,000,000 to the \$68,000,000 resources of the Corn Exchange Bank. The office of the Washington Trust Company, at 253 Broadway, will become the Washington branch of the bank.

—Stockholders of the National Nassau Bank have confirmed the election of Newton D. Alling and Marshall Stern as directors of that bank.

(8-28)

1869



1914

Mellon National Bank

PITTSBURGH, PA.

Invites the RESERVE accounts of Banks, Bankers and Trust Companies, on which INTEREST at the rate of 3% will be paid.

WRITE FOR PARTICULARS

A. W. MELLON, *President*
 R. B. MELLON, *Vice-President* A. C. KNOX, *Vice-President*
 W. S. MITCHELL, *Cashier*
 B. W. LEWIS, *Asst. Cashier* A. W. MCELLOWNEY, *Asst. Cashier*
 H. S. ZIMMERMAN, *Asst. Cashier*

Resources Over 65 Millions

—Vice-President Garrard Comly was elected a director of the Citizens Central National Bank at the recent annual meeting.

—To fill vacancies, George B. Connley and Otto E. Drefus have been elected to the board of the Union Exchange National Bank.

—Ormond G. Smith is a new director of the New York County National Bank.

—William Barclay Parsons, the well-known engineer, has been elected a director of the International Bank.

—P. A. S. Franklin is a new director of the American Exchange National Bank.

—John J. Riker has been added to the board of the Hanover National Bank.

—George F. Baker, chairman of the board of directors of the First National Bank, recently resigned as a director of the Chase National Bank, the vacancy left by his resignation being filled by the election of John J. Mitchell, president of the Illinois Trust and Savings Bank, Chicago. Francis L. Hine, president of the First National Bank of New York, and George F. Baker, Jr., remain on the board of the Chase National Bank. Mr. Mitchell retires from the board of the First National.

—Redmond & Co. recently closed a contract for the purchase of the building and site now occupied by the firm at 31 to 33 Pine street. The property was formerly owned by Henry S. Redmond, now deceased, and passed into the hands of his executors, from whom it is now to be bought by the firm.

—It is understood that several of the larger national banks are looking over the foreign field with a view to establishing branches, as authorized in the new banking law. Probably the first branches will be opened in England. While there are some undoubted advantages to American banks in locating branches in the chief foreign centres, this policy is not without some drawbacks, for it will tend to break established relations with foreign banks that are not only of great importance, but that are in the main mutually satisfactory.

—Daniel V. B. Hegeman was recently elected president of the Nassau National Bank of Brooklyn to succeed Edgar McDonald, who after long service retires from the presidency to become chairman of the board. Mr. Hegeman at the time of his promotion was vice-president.

—Samuel Armstrong is a new assistant secretary of the Equitable Trust Company.

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

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.

GATES W. McGARRAH, President
H. H. POND, Vice-President
JOSEPH S. HOUSE, Cashier
ROBERT U. GRAFF, Asst. Cashier
JOHN ROBINSON, Asst. Cashier
CHARLES E. MILLER, Asst. Cashier

—William Sherer, manager of the New York Clearing-House Association, was recently presented with a piece of silver plate to commemorate his twenty-five years of service with the association. He became assistant manager in 1888 and manager in 1892.

—Space has been leased for a branch of the Security Bank in the new building to be erected at 2 to 16 West Thirty-third street. The branch of the bank is at present located in East Thirty-fourth street, between Third and Lexington avenues.

—Beverly Chew, heretofore second vice-president of the Metropolitan Trust Company, succeeds A. A. Raven as first vice-president and Edwin P. Rorebeck succeeds Mr. Chew as second vice-president.

—J. L. Williams and A. E. Van Doren are new assistant cashiers of the Irving National Bank.

—A branch of the Public Bank was recently established at Broadway and Twenty-sixth street. It will remain open evenings until eight o'clock. Edward S. Rothchild is now president of the Public Bank

—An important indication of the change of the Treasury policy in regard to making deposit of public funds in the New York banks is given in a recent article by Prof. E. M. Patterson of the University of Pennsylvania. The article appears in the January number of the "Journal of Political Economy."

In 1899 the New York banks held forty-two per cent. of the total of public funds deposited with all banks in the United States, and never until 1904 was the percentage below twenty-five. Since 1906 the decline has been marked, except temporarily in 1907, when the government made some special efforts to relieve the New York money market.

In 1913 New York's banks held only three per cent. of the public funds in depository banks.

—Much interest attaches to the relations between country banks and their city correspondents under the provisions of the Federal Reserve Act. The Chase National Bank of this city has sent out a letter stating that it will be in a position to render the same service in the future as in the past to all its patrons, both State and national.

—Speakers at the annual banquet of New York Chapter, American Institute of Banking, at the Hotel Astor on the evening of February 7 were Governor Glynn, Hon. Julius M. Mayer, Judge U. S. District Court; Hon. William A. Prendergast, Comptroller of the city of New York, and Rev. S. Parkes Cadman, pastor Central Congregational Church, Brooklyn.

THE GARFIELD NATIONAL BANK

Fifth Avenue Building
Corner Fifth Ave. and Twenty-Third Street
NEW YORK

CAPITAL SURPLUS
\$1,000,000 **\$1,000,000**

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Ruel W. Poor Thomas B. Adams
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A SPECIAL INCOME TAX RECORD

The Baker-Vawter Standard Stock Form *COUPON RECORD* is designed with the view to creating a complete segregated record of all coupons handled.

Provision is made for correcting entries where the tax was deducted, when it should not have been—or where the tax was not deducted, when it should have been.

Adapted for use in all Banks and Trust Companies handling coupons.

BAKER-VAWTER COMPANY

Bank Accounting Systems

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Offices in all principal cities—salesmen everywhere

Philadelphia

—The North Penn Bank, which has been in business only about three years, but has grown to an extent requiring new quarters, moved recently into its own building, constructed at a cost of about \$60,000. This bank has a capital of \$150,000 and about 3500 depositors.

—Joseph Moore, Jr., president of the National Bank of Northern Liberties, was chosen president of the Philadelphia Clearing-House Association on January 12.

—Philadelphia Chapter of the American Institute of Banking, held the annual banquet at the Bellevue-Stratford on the evening of February 14. The membership of the chapter is now nearly 1000.

—Old No. 1—the First National—reported \$24,450,374.62 deposits at the close of business January 13; also, capital, \$1,500,000; surplus and profits, \$1,773,686; cash and reserve, due from banks and exchanges for clearing-house, \$10,638,740. "Personal service" is the motto of this bank.



Pittsburgh

—Reviewing conditions, the People's National Bank says in its monthly letter that in view of the good commercial results accomplished in 1913—a year beginning with revolution in national politics, accompanied by floods and drought, and ending with important new tariff and currency and banking laws on the statute books—financial and commercial interests should enter the new year with a spirit of courage and hopefulness.

The concluding part of the letter contains these valuable reflections on the trend of affairs:

In approaching the problems of the future the solution may be more easily

reached and justly applied if the individual will "take stock" of social ethics and legislative developments as of January 1, 1914. The first thing to recognize is that education is more general to-day than ever before. People read more, the subject-matter of their reading is more varied, its presentation is more frank, and conclusions are more or less loosely drawn. The effect, however, is destructive to tradition. The rights which a half-century ago were regarded as inviolable, and practices which a quarter-century ago were regarded as unquestionable, are now found to be changeable by statute, hence reverence for tradition and respect for authority are not so strong among the mass of the reading public as formerly, when education and leisure for reading were less general, and when the principle of *laissez-faire* was strongly entrenched. For illustration one need go no farther afield than the recent revolution in the land laws and taxes in England; the organization last month of the French cabinet by an avowed Socialist; the defiance of military supremacy by German civilians; the control of billions of dollars' worth of railroad property by the Interstate Commerce Commission, or the restraints laid by the Sherman law upon commercial and industrial operations. The results of education and reading are to put more generally into practice the theory that we are our "brother's keeper." In a word, social ethics are not static;—there is constant conflict between social ethics and social statics, with the inevitable uplifting of the mass to a generally higher plane. Every proposed change affecting business methods in the past has been viewed with more or less fear of consequences, and, as every experienced man can testify, most apprehensions were over troubles that never happened.

—Bank exchanges in Pittsburgh last year, as reported by Manager W. W. McCandless of the Pittsburgh Clearing-House Association, reached a total of \$2,932,402,512, which was not only a gain over 1912, but a record figure.



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 1,672,273.65

Accounts of Banks,
Bankers, Corpora-
tions, Firms and In-
dividuals cordially
invited.
WRITE

The three largest banks maintained their former relative positions, indicated by the volume of business handled, but the Peoples National moved up from the sixth position into fourth place, and the Columbia National from seventh to fifth, the Union National from eighth to sixth, the Diamond National from tenth to seventh and the Commercial National from thirteenth to eighth. The Keystone and the Lincoln National each moved up three positions.

The First and Second National banks were merged April 26, 1913, and the First-Second National closed July 5. The Federal National went into voluntary liquidation December 17, 1913.

The present membership of the clearing house embraces seventeen banks, against twenty banks in the previous year.

—The banking and commercial interests of this city are making a vigorous campaign for the location of a Federal Reserve Bank in Pittsburgh.

—Last year's dividends of the Union Trust Company footed up 106 per cent.



—January 11 was the centennial anniversary of the National Metropolitan Bank of Washington, and on that date the officers and directors issued an invitation to the public to call and inspect "the oldest national bank in the District of Columbia." The event was further commemorated by the issuance of a book giving a concise history of the institution, with suitable illustrations.

This institution was organized as the Bank of the Metropolis, January 11, 1814, and entered the national banking system as the National Metropolitan Bank of Washington in 1865. In October, 1904, the business of the Citizens' National Bank was taken over, and the name changed to National Metropolitan-Citizens Bank, a new capital of \$800,000; but in 1906 sent title was resumed.

The National Metropolitan Bank in its hundred years of existence has survived three wars, seven panics, four incorporations and numerous other vicissitudes. Of all the District banks incorporated in 1814-17 only two others have survived.

During its hundred years the bank has had eight presidents. George W. White, the present head of the bank, was elected on January 13, 1909. He was born in Washington February 11, 1870, and finished his education in that city.

He began his banking education as a clerk in the bank on June 29, 1885; and subsequently became cashier and vice-president, successively, of the Commercial National Bank.



GEORGE W. WHITE
PRESIDENT NATIONAL METROPOLITAN BANK,
WASHINGTON, D. C.

Mississippi Valley Trust Co.

St. Louis

Complete Service

Our Six Departments offer every service of a complete modern trust company. Your inquiry regarding any financial or fiduciary matter, if addressed to us, is sure of prompt and satisfactory attention.

Capital, Surplus & Profits, \$8,500,000

At the annual election in January, 1909, Mr. White was chosen president of the National Metropolitan Bank; and by his able and efficient management has brought the bank to its present sound and substantial condition, with largely increased earnings and deposits.

—Pennsylvania has 475 State banks, savings banks and trust companies with total resources of \$1,251,308,562. There are over 2,000,000 depositors and \$892,000,000 of deposits.

—On January 16 the National Bank of Port Jervis, N. Y., took possession of its new building, which is constructed of brick and terra cotta and is described by the Port Jervis "Gazette" as one of the most beautiful and most imposing buildings in Port Jervis. The public space in the banking room is forty-five feet six inches long by twelve feet ten inches wide. The bank is equipped in modern style throughout and is a very beautiful, commodious and substantial banking home. This bank dates its organization back to March, 1853. Its present officers are: Dr. W. L. Cuddepack, president; Jeremiah B. Thorpe, vice-president; Eugene F. Mapes, cashier.

—Directors of the Dover (N. J.) Trust Company have decided to begin the erection of a new building about May 1. It will be fireproof and constructed either of white granite or white marble.

—Asbury Park, N. J., now has a local chapter of the American Institute of Banking, with these officers: President, Loughlin R. Hetrick, Asbury Park and Ocean Grove Bank; vice-president, Taulman A. Miller, Ocean Grove National Bank; secretary, William C. Rogers, Asbury Park Trust Company; treasurer, Robert G. Poole, First National Bank, Belmar.

—James W. Pittenger, the new assistant cashier of the National Newark Banking Company, Newark, N. J., was first em-

ployed in the Manufacturers National Bank of Newark for about four years. He entered the employ of the National Newark Banking Company July 8, 1895, serving as a clerk in various departments up to discount clerk, where he remained for several years. He had been engaged on credit department work during the past year, and on December 22, 1913, was appointed assistant cashier.



JAMES W. PITTENGER

ASSISTANT CASHIER NATIONAL NEWARK BANKING CO., NEWARK, N. J.

The Union National Bank

CAPITAL
\$1,600,000.00

Cleveland, O.

SURPLUS AND PROFITS
\$1,000,000.00

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

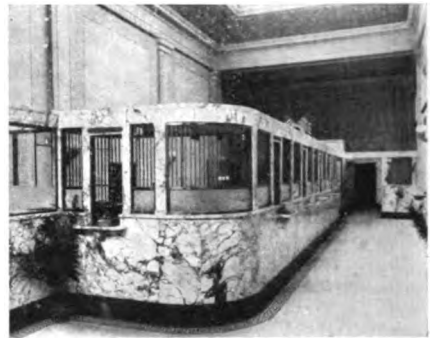
Since 1884 we have responded to the needs of a constantly increasing number of customers. We aim to dispatch business promptly. Our facilities are offered to those who, appreciating good service, will maintain adequate balances.

—An increase from \$200,000 to \$500,000 in the capital of the Union Trust Company, Rochester, N. Y., is contemplated. Frederick W. Zoller, secretary of the company, was recently elected president to succeed Frank W. Taylor, who declined re-election on account of the state of his health, but who remains with the company as chairman of the board. B. S. Raplee was elected secretary to succeed M. Zoller.

—Herewith are presented, through the courtesy of the Bankers Building Bureau of New York, some illustrations of the new building of the Citizens Bank of Freeland, Pa. The new building is of granite, brick, steel and concrete and is fireproof. It has steel counters, desks, etc., and the partitions, doors and window frames are also of steel, with a beautiful circassian walnut

finish, with tile floors, marble wainscoting and marble base. By day the building is lighted through three large panel art-glass ceiling lights, and by night over 200 tungsten electric lamps make the building almost as light as by day.

The Citizens Bank was organized in 1890,



CITIZENS BANK, FREELAND, PA.



CITIZENS BANK, FREELAND, PA.

and has \$100,000 capital, \$100,000 surplus and profits, and deposits from \$75,000 to \$750,000. Its officers are: President, H. C. Koons; first vice-president, Wm. Birkbeck; second vice-president, R. B. Davis; cashier, W. E. Kahler; assistant cashier, Geo. A. Shigo.

—The Marine National Bank, Buffalo, N. Y., now occupies its splendid new building, an illustration of which has already been presented in this MAGAZINE.

—A merger of the National City Bank of Baltimore with the First National Bank is being arranged with prospects favorable to its consummation.

—That the present period is one of the most prosperous in the history of the First National Bank of Cooperstown, New York, is evidenced by the action of its board of

Capital - \$2,500,000.00



Deposits, \$37,000,000.00

CLEVELAND, OHIO

Surplus and Profits - \$1,859,000.00

ACCOUNTS SOLICITED

Correspondence Invited

Collections a Specialty

directors in setting aside \$6,000 from the net earnings as a dividend which was payable February 1 at the rate of eight per cent. Previous dividends have been at the rate of six per cent. The capital stock of the bank is \$150,000 and its surplus and profits, as shown by last report, \$129,733.47.

The officers of the bank are: President, Lynn J. Arnold; vice-president, Charles A. Scott; cashier, George H. White; assistant cashiers, Frank Hale and W. P. K. Fuller.

—Charles C. Henderson, formerly vice-president of the Citizens Deposit and Trust Company, Sharpsburg, Pa., has been elected president to succeed the late S. J. Saint, and W. J. T. Saint has been chosen vice-president.

—Hartwell Morse, cashier of the City National Bank, Binghamton, N. Y., recently completed a half-century of service with that institution. He was born in Eaton, N. Y., in 1843, and went to Binghamton in 1864, entering the City National Bank as a messenger on January 7 of that year. He was promoted through the various grades of work until in 1878 he became cashier.

—Toward the close of 1913 the deposits of the banks of York County, Pa., were \$20,896,000, compared with \$19,757,000 at about the same period in 1912.

—Following a pleasant custom which it inaugurated four years ago, the City Bank

of Syracuse, N. Y., gave its annual banquet to stockholders and guests on the evening of December 1 at the Onondaga Hotel. Elliott C. McDougal, president of the Bank of Buffalo and former vice-president of the New York State Bankers Association, was the principal speaker, his theme being the currency bill then pending in Congress.



NEW ENGLAND

Boston

—It was announced on January 26 that a consolidation had been arranged between the Lincoln Trust Company and the International Trust Company. By the terms of the consolidation the Lincoln Trust Company will liquidate and its present quarters will be utilized as a branch of the International Trust Company.

John M. Graham, for more than thirty years president of the International, will retire from that office, but will remain as a director, and Charles G. Bancroft, president of the Lincoln Trust Company, will become president of the International Trust Company. Henry I. Jewett, now secretary and treasurer, will become vice-president and Clifford B. Whitney, treasurer of the Lincoln Trust Company, will become treasurer of the International Trust Company.

The capital of the International Trust Company under the new administration will be \$1,000,000, with a surplus of \$1,000,000, with combined deposits of \$10,000,000 and total assets of about \$14,000,000.

—The First National Bank has voted to enter the Federal Reserve Bank system, regarding the advantages of the new law as far outweighing its defects. Good administration of the new system is relied on to lessen its imperfections.

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



THE OLD NATIONAL BANK OF SPOKANE

INVITES all banks desiring a prompt clearance of items drawn on points in the Pacific Northwest to avail themselves of its facilities.

DIRECT connection with practically every banking point in its territory renders its transit service singularly efficient.

D. W. TWOHY, Pres.
T. J. HUMBIRD, Vice-Pres.
W. D. VINCENT, Vice-Pres.
J. A. YEOMANS, Cashier
W. J. SMITHSON
G. H. GREENWOOD
J. W. BRADLEY
Assistant Cashiers

CAPITAL
ONE MILLION DOLLARS

—The annual banquet of the Massachusetts Bankers Association was held at the Copley-Plaza Hotel on the evening of January 8, a large number of bankers from all parts of the State being present. The new Federal Reserve Act was the principal topic discussed.

—P. Robert Greene has been added to the board of directors of the Puritan Trust Company. The stockholders of the company at their annual meeting voted to let the directors decide on entering the new Federal Reserve system.

—Warren E. Locke and others have filed a petition for permission to incorporate the Tremont Trust Company.

—Incorporators of the Industrial Trust Company decided to change the name to the Massachusetts Trust Company—a change made possible through the courtesy of the Old Colony Trust Company, which had acquired the right to use the word "Massachusetts" through absorption some years since of the Massachusetts Loan and Trust Co.

The new company recently completed its organization by the election of these officers: President, General Edgar R. Champlin; vice-president, Elmer A. Stevens, State Treasurer of Massachusetts; treasurer, Charles D. Buckner.

—Boston Chapter American Institute of Banking had its fourth annual banquet on the evening of February 11, with President Robert H. Bean in the chair. The speakers were Deputy Comptroller Fisher of New York, Dr. Chas. B. Meding of New York and H. J. Dreher of Milwaukee, president of the American Institute of Banking.

This annual banquet of Boston Chapter is a pleasant variation in an educational programme representing a vast amount of hard work bestowed upon the study of practical bank matters.

—At the annual meeting of the stockholders of the Old Colony Trust Company on January 27, Cameron Forbes, former Governor of the Philippine Islands, was elected a director in place of Chas. S. Mellen. The other directors and officers were reelected. Directors were authorized to use their discretion about joining the Federal Reserve system.



—At the recent annual meeting of the Northampton (Mass.) Institution for Savings it was voted to put up a new building the coming season, to be used exclusively for banking purposes.

—Extensive improvements are being made in the building of the Salem (Mass.) Five Cents Savings Bank. When these improvements are completed, the bank will have the entire first floor and the banking rooms will be especially fine.

—The Taunton (Mass.) Savings Bank now occupies its new building, which in materials, construction and equipment conforms to the best standards of savings bank building and furnishing. It is purely a bank structure, devoted entirely to the business of the savings institution.

—Some time ago the Executive Council of the Massachusetts Bankers Association voted to propose to the other State bankers associations of New England that a joint summer meeting be held, and the Massachusetts Association voted, through its executive council, in favor of such a plan. Acting on this vote, invitations were sent by the Massachusetts Association's officers to officers of other State associations, and at a meeting in Boston the proposal was discussed, the opinions elicited being generally favorable.

The interests of the bankers of the various New England States are identical in many respects and considerable enthusiasm on the "getting together" proposition has been raised.

There is no intention of submerging the identity of the various State organizations, as each will hold its separate business meeting, but the plan is to draw all of the New England bankers together for the promotion of friendship and closer and clearer understanding of their common cause in the promotion of the welfare of New England.

At this summer meeting the best speakers on modern banking subjects will be procured and an effort will be made to enlist the coöperation of all the banks in the "Boost New England" movement, which is slowly but steadily gathering headway. The leaders of the movement are not ready as yet to announce the proposed place of meeting or the date, although both have been carefully and thoroughly discussed, as it is felt that the whole subject should first receive the endorsement of the various associations.

It is hoped to make this joint meeting an annual affair, but much will depend on the success of the first meeting.

—The National Bank of Commerce, Providence, R. I., is now installed in its new banking rooms in the Turk's Head Building, giving the bank the advantage of a more central location and much more room. New furniture has been added and the equipment modernized throughout. This bank was organized in 1851 and three years later moved into the building which it recently vacated for the new quarters. From the

Planters National Bank

RICHMOND, VIRGINIA



Capital

\$300,000

Surplus and Profits

\$1,500,000

Total Resources

\$8,700,000

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

D. V. MORTON
Assistant Cashier

**Unsurpassed Facilities
for collecting Items
on Virginia and
the Carolinas**

SOUTHERN STATES

—Mention was made in the January Magazine (page 126) of the new building now under construction for the Hibernia Bank, Savannah, Ga. Herewith is an illustration of the building, giving a fair idea



HIBERNIA BANK, SAVANNAH, GA.

of how it will appear when completed. The new bank is to occupy the site of the old Board of Trade Building, and will have an exterior of white granite, a steel frame and cost about \$100,000.

—L. L. Henderson and C. B. Gillespie are reported to be organizing a trust company at Dallas, Texas, with a capitalization of not less than \$200,000, and to open early in March.

—An increase from \$150,000 to \$300,000 in the capital of the Traders National Bank, Birmingham, Ala., is reported.

—The Texarkana (Texas-Arkansas) National Bank has moved its quarters on the first floor of the new steel building at Broad street and State Line avenue.

—For the purpose of transacting a general trust business, not including banking, the Fidelity Trust Company has been incorporated at Houston, Texas, by James L. Autry and others, to have \$100,000 capital and \$25,000 surplus at the start.

—Desiring to retire from active business life, W. B. Chew declined reelection as president of the South Texas Commercial National Bank of Houston and was succeeded by James A. Barker at the annual meeting of the shareholders of the bank on January 13. Mr. Chew had been in business for forty-eight years, and for thirty years of this time in Houston.

In 1836 the Commercial National Bank of Houston was organized and he was elected one of the directors. In January, 1889, he was elected to the vice-presidency and in January, 1890, was elected to the presidency, continuing in that position until the consolidation of the Commercial National Bank and the South Texas National Bank on March 2, 1912, being elected president of the consolidated bank. Mr. Chew's resignation as president does not indicate that he relinquishes his interest in the bank, for he remains a member of the board of directors.

Captain James A. Barker, who succeeds Mr. Chew as president of the South Texas Commercial National Bank, is one of the eminent lawyers of the Southwest. He was for many years vice-president of the Commercial National Bank, and when the merger was effected he became a vice-president of the South Texas Commercial National.

—Confidence is expressed in the location of a Federal Reserve Bank in the southeastern section of the country, probably at Atlanta. Naturally, bankers and business men in the sections where these institutions are to be established are looking about for suitable men to serve as directors of the Reserve Banks, for under the terms of the

KINGS COUNTY TRUST COMPANY

City of New York, Borough of Brooklyn
Capital, Surplus and Undivided Profits Over \$2,840,000

OFFICERS

JULIAN D. FAIRCHILD, President
 JULIAN P. FAIRCHILD,
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 LLEWELLYN A. WRAY
 JOHN J. WILLIAMS

ACCOUNTS INVITED. INTEREST ALLOWED ON DEPOSITS



L. P. HILLYER
VICE-PRESIDENT AMERICAN NATIONAL BANK,
MACON, GEORGIA

law this will be a position of great responsibility, requiring men of proved banking ability, wide experience and acquaintance.

For the southeastern Reserve Bank, Mr. L. P. Hillyer, vice-president of the American National Bank, Macon, Ga., and president of the Georgia Bankers Association, is mentioned as being well qualified for the position of director.

—Secretary G. R. De Saussure writes that the annual convention of the Florida Bankers Association will be held at Lakeland, Fla., April 24 and 25.

—Several changes in the directorate and one in the personnel of officers was made at the annual election of directors and officers of the Freeport, Texas, National Bank. Judge A. E. Masterson of Angleton, Tex., W. Joel Bryan of Freeport, and

R. E. L. Stringfellow of Velasco, Tex., were elected to fill vacancies on the board of directors, caused by the resignation of E. C. Hastings of Kansas City, Frank Hastings of Stamford, Tex., and Judge W. T. Andrews of Stamford, Tex. The other members of the board reelected were S. M. Swenson of New York, and C. A. Jones and George C. Morris of Freeport.

C. A. Jones was elected vice-president to succeed E. P. Swenson of New York. The other officers of the bank for the ensuing year are S. M. Swenson, president, and George C. Morris, cashier. The latter made a report to the board and stockholders which showed that the business done by the bank during the first five months of the bank's existence has been gratifying. The Freeport National Bank is the only Federal bank in Brazoria county.

—Thomas B. McAdams, heretofore cashier of the Merchants National Bank, Richmond, Va., was elected vice-president at the annual meeting on January 13, his title now being vice-president and cashier. John C. White was elected assistant cashier.

This institution might be called the bank



THOMAS B. McADAMS
VICE-PRESIDENT AND CASHIER MERCHANTS NATIONAL BANK, RICHMOND, VA.

with the big surplus—five times the capital. Specifically, it has \$200,000 capital, \$1,000,000 earned surplus, \$190,705 undivided profits, and \$7,377,008 deposits.

—The Louisville (Ky.) National Banking Company, of which Col. John H. Leathers is president, now occupies its newly-renovated banking rooms, which are pronounced by the Louisville "Post" to be among the most beautiful in that city.

—Clarence Crowson, who for the past year was connected with the Wachovia Bank and Trust Company, Winston-Salem, North Carolina, and who is a capable and well-liked banker, was recently elected cashier of the Home Banking Company of Hight Point, N. C.

—The Citizens Bank and Trust Company of Tampa, Florida, which is one of the large and progressive banks of that prosperous city, reported on December 31: capital, \$250,000; surplus (earned) \$350,000;

Utah Savings & Trust Company Salt Lake City, Utah

Commercial—Savings—Trust—Bonding

Capital . . . \$300,000
Surplus & Profits, 100,000

OFFICERS:

- W. S. McCornick, President
- E. A. Wall, Vice-President
- W. Mont Ferry, Vice-President
- Frank B. Cook, Cashier
- N. G. Hall, Asst. Cashier

Facilities for thorough banking service. Expedient and intelligent handling of collections throughout this inter-mountain country.

25 Years Old

Title Certificates Title Insurance

undivided profits, \$146,397; deposits, \$1,862,110.

Its officers are: John Trice, president;



CITIZENS BANK AND TRUST COMPANY,
TAMPA, FLA.

J-M Transite Asbestos Shingles

**Last as Long
as the Building---
Never Need Attention**

In durability J-M Transite Asbestos Shingles are not equalled by any other form of shingle manufactured. They are composed of pure Asbestos and the best grade of Portland cement—two fireproof materials. And as these shingles harden and improve with age, they will last as long as the building on which they are placed.

They are fireproof and practically waterproof, and require no attention after being laid. Furnished $\frac{1}{8}$ inch thick with smooth edges, in colors of gray, Indian red and slate; and $\frac{1}{4}$ -inch thick, with rough edges, in gray and Indian red.

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H. W. JOHNS-MANVILLE CO.

Manufacturers of Bank Lighting Systems; Asbestos Shingles; Stucco; Pipe Coverings; Refrigerating Machines; Cork Tiling; etc.

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Baltimore	Cincinnati	Indianapolis	Milwaukee	Omaha	Seattle
Boston	Cleveland	Kansas City	Minneapolis	Philadelphia	St. Louis 1549
Buffalo	Dallas	Los Angeles	New Orleans	Pittsburgh	Syracuse

The Canadian H. W. Johns-Manville Co., Ltd., Toronto, Montreal, Winnipeg, Vancouver.



Residence of Mrs. Kircher, Lancaster, Pa.
Covered with J-M Transite Asbestos
Shingles.

C. E. Allen, E. M. Hendry and L. A. Bize, vice-presidents; W. W. Trice, cashier; D. H. Laney and W. W. Blount, assistant cashiers.

—It is reported that the Anderson (S. C.) Banking and Trust Company will merge with the Citizens National Bank. Each had a capital of \$100,000, but the Citizens National will hereafter have \$150,000 capital.

—Texas State banks, according to Bank Commissioner Collier, are eligible, under the law of that State, to membership in the Federal Reserve Bank system.



WESTERN STATES

Chicago

—John J. Arnold is a new vice-president of the First National Bank, retaining his position and title as manager of the foreign exchange department of the bank.

Thomas E. Wilson, president of Morris & Co., is a new director of the bank, succeeding Edward Morris, deceased.

At the directors' meeting it was voted to

make application for membership in the Federal Reserve Bank.

Combined deposits of the First National Bank and the First Trust and Savings Bank are now over \$177,700,000.

—Deposits of the Union Trust Company on January 14 were \$20,782,188, to which point they have grown from \$8,370,501 in 1904. This company has \$1,200,000 capital, \$1,600,000 surplus and \$101,720 undivided earnings. Its total resources are \$23,683,909. Established in 1869 as the Union Insurance and Trust Company, the title was changed in 1873 to the Union Trust Company. For forty years it has been doing business at the same location and practically under the same management.

At the annual election, January 13, Frank C. Caldwell and Howard Elling were elected additional directors. The officers of the company were reelected and C. B. Hazlewood, formerly assistant secretary, was elected assistant to the president, and John S. Gleason was elected an additional assistant cashier.

—Savings deposits aggregating \$242,892,917, as reported by the banks of Chicago under date of January 14, are the highest on record. The increase of \$9,509,446 since the local institutions reported on October 22 preceding also is the largest gain made



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in these accounts between official calls. Compared with a year ago savings show an increase of nearly \$18,000,000.

—In its monthly letter for January the National City Bank has this tart comment on the outlook for 1914:

The outlook for the new year depends very largely on the attitude of the federal government toward the great industrial and business interests, which during the last six months have undergone a period of exceptional strife, unrest and misgiving. During a considerable period of 1913 conditions were such as to make it impossible for business men to attempt constructive work of any kind. Uncertainty over the tariff, over the currency bill, over politics, and over criminal and civil prosecutions under the Sherman Anti-Trust law was such as to make it difficult for the country to show much headway. It is of the highest importance, therefore, that these elements of uncertainty should be eliminated as soon as possible, for business men must be encouraged and investors must be reassured if the story of the new year is to be different from that of 1913—and the whole country is hoping that it will be. Nineteen hundred and thirteen was long on politics and short on confidence; now, if the country is given half a chance the process of recovery will be swift and certain.

—The Madison-Kedzie State Bank has taken title to its new building at 3131 West Madison street. The land fronts forty-one feet and has a depth of ninety-nine feet. The building is a three-story structure of Bedford stone with white marble pillars. The interior is finished in marble and bronze. The building is said to have cost, including equipment, \$69,753, while the cost of the land was \$11,100. H. H. Baum is president of the bank and Benjamin Kulp vice-president. The building has just been finished, the bank having moved in only recently.

—Vice-President W. T. Fenton of the National Bank of the Republic was one of the first banks in this city to make application for membership in the Federal Reserve system.

The disposition among the national banks seems to be practically unanimous in accepting the new system and some of the State institutions are going in also.

—Some of the advantages to a State bank in entering the new Federal Reserve system are thus stated in a letter which Charles G. Dawes, president of the Central Trust Company of Illinois, has addressed to the shareholders of that institution:

By becoming a member of the Federal Reserve banking system the Central Trust

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Profits

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Resources

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Company of Illinois will not lose any essential powers now possessed under State laws, and will have the following advantages:

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3. The opportunity to secure Federal Reserve bank notes by rediscounts, if desirable.
4. The supervision and examination of the National Government, in addition to that of the State of Illinois.



St. Louis

—Festus J. Wade, president of the Mercantile Trust Company and the Mercantile National Bank of St. Louis, and a member of the Currency Commission of the American Bankers Association, has issued a statement setting forth the advantages which State banks and trust companies will obtain by entering the new Federal Reserve system. He points out that these institutions will gain most of the advantages of national banks, that they will come under the supervision of the Federal Government in addition to that of the State, and that they will also become part of a homogeneous banking system.

—The Laclede Trust Company, which opened on December 15 at 6 South Jefferson avenue, received \$80,000 in deposits on its first day. William G. Mueller is president of the company. Other officers are Fred Heger and John C. Rodenberg, vice-presidents, and H. W. Kroeger, secretary and treasurer.

—North St. Louis business men are reported as organizing the Water Tower Bank, a State institution, with \$100,000 capital.

—Corn contests, which are a new thing with banks in some parts of the country, are an old story with the Old Citizens National Bank, Zanesville, Ohio. H. A. Sharpe, cashier, writes the MAGAZINE that the bank closed its ninth annual corn contest in December last.

A description of one of these contests was published in THE BANKERS MAGAZINE for March, 1912, and brought to the Old Citizens National Bank many inquiries from all parts of the country for information about conducting these contests—information which the bank was glad to supply.

—Kansas State and private banks and trust companies, as per reports to the Bank Commissioner December 4, have total deposits of \$107,233,988, an increase of \$1,663,674, compared with December 4, 1912. Their capital stock aggregates \$18,987,800, and surplus and profits over \$11,000,000. They have \$354,030 on deposit with the State Treasurer as a guaranty fund, and their legal reserve, on the date of the report, was twenty-nine per cent.

—W. A. Miller and F. A. Nienhauser, former officials of the First National Bank of St. Paul, Minn., have organized in that city the National Bank of Commerce with \$400,000 capital and \$100,000 surplus. The new bank selected for its location the old quarters of the Merchants National Bank.

—December 15 marked the fiftieth anniversary of the First National Bank of Galesburg, Ill., it having been incorporated December 15, 1863, with a capital of \$100,000. During its half century it has had but three presidents and five cashiers, and has paid out in dividends considerably over one million dollars. Present capital, \$150,000; surplus and profits, \$277,500. Its officers are: President, L. F. Wertman; cashier, Frank L. Conger.

—In the last three months covered by the reports of the State banks of Wisconsin those institutions increased their re-

sources over \$6,000,000, to an aggregate of more than \$230,000,000, and the number of banks grew from 629 to 642.

—Deposits of the St. Paul, Minn., banks toward the end of last year were \$75,000,000, against \$61,000,000 in 1912. Clearings were \$60,000,000 greater than in the year preceding.

—A bill has been prepared for introduction in the Ohio Legislature authorizing State banks to subscribe for stock in the Federal Reserve Banks.

—Kansas State banks may take advantage of the provisions of the new currency law and take stock in the federal regional reserve banks, according to an opinion written by John S. Dawson, Attorney-General, for Charles M. Sawyer, State Bank Commissioner.

In his written opinion Attorney-General Dawson said, in part:

"In my opinion, the section quoted from the Kansas banking law prohibits the banks of Kansas from investing their funds in ordinary banks and ordinary corporations. The legislature at the time of the passage of that law had no other banks nor corporations in mind and did not contemplate the existence of a federal bank or intend to restrict the State banks of Kansas from participating in the benefits of a federal law, having as its purpose the providing of an absolutely safe investment upon a reasonable rate of interest and a means of discounting its commercial paper and receiving in exchange therefor circulating notes backed by the Federal government.

"In my opinion, there is good reason for holding at this time that the section of the Kansas banking law has no application to and does not restrict the State banks from becoming holders of stock in the new Federal Reserve Bank that may be organized in the district that will include the State of Kansas."

A similar view is taken by the Bank Commissioner of Missouri, but the State banking authorities of California and Michigan are of a different opinion.

—Since its opening last spring the North Harrison Trust and Savings Bank, Davenport, Iowa, has occupied temporary quarters, but on January 3 the bank received the visits of many friends in its new building and added very substantial sums to its commercial and savings deposits. Prizes of \$10, \$5 and \$2.50 were given for the first, second and third largest deposits.

—The Grand Rapids (Mich.) Savings Bank is planning a twelve-story building on its present site.

—An imposing five-story bank, store and office building has been completed for the First National Bank, Virginia, Minn. The bank has fitted up its new rooms with the latest equipment, including three vaults.

—Early last month the Peoples National Bank of Steubenville, Ohio, took possession of its new fireproof building. The inside size of the building is thirty-four by sixty feet. The architecture is Greek-Corinthian. The front is a massive structure, rising forty feet above the pavement in the center, and buttressed by large granite columns three feet in diameter.

In size, arrangement and fitting the new banking rooms are models, a large modern vault being a prominent feature of the equipment.

—A six-story bank and office building will be erected by the Broadway Bank, Denver, Colo., at the corner of Broadway and First avenue, in the center of South Denver's business section.



PACIFIC STATES

—Some changes in the officers of the Old National Bank of Spokane, Washington, were made at the recent annual election. W. D. Vincent, who has been cashier since 1895, was advanced to the position of vice-president on account of his long and highly valued service to the bank. J. A. Yeomans, heretofore assistant cashier, was elected cashier; W. J. Smithson remains an assistant cashier and George H. Greenwood, acting auditor, and Joseph W. Bradley, manager of the collection department, were elected assistant cashiers. W. J. Kommers, vice-president of the Union Trust and Savings Bank, was elected a director of the Old National Bank.

W. D. Vincent, the new vice-president, assisted in securing the charter of the Old National in 1891, was acting cashier in 1894, and has been cashier since 1895. He has been in the banking business twenty-eight years, his first employment being in the First National Bank of Macon, Mo., in 1885. He has resided in Spokane since 1891. He has served as manager of the Spokane Clearing House Association for a term of years, as president of the Washington Bankers Association, and at present is a member of the executive council of the A. B. A., of the agricultural commission of the same association, and of the executive committee of its clearing-house section.

—California bankers will hold the next annual convention of their State association at Oakland, May 27, 28 and 29.

—The January 13 statement of the Crocker National Bank of San Francisco showed deposits of \$20,321,328.17.

—Plans have been made for a five-story bank and hotel building at Logan, Utah, Thatcher Bros. Banking Co. to occupy a portion of the ground floor.

—At San Diego, Cal., the Union Trust Company has been organized with a present subscribed capital of \$100,000 and \$500,000 authorized, but no more being offered now.

Officers and directors of the new company are: President, John F. Forward; first vice-president, John F. Forward, Jr.; second vice-president, A. H. Sweet; secretary and treasurer, James D. Forward and M. F. Heller; counsel, A. H. Sweet and R. C. Springer; trust officer, W. H. Talbot.

It is the intention to do a trust company business and not to accept banking deposits.



CANADIAN NOTES

—Lord Strathcona and Mount Royal, High Commissioner of Canada, and Honorary President of the Bank of Montreal, died in London January 21. He had reached a great age, having been born in Scotland in 1820. His services in many departments of activity were eminent and he had long been one of the notable figures of the British Empire.

—During the twelve months ending November 30, 1913, says the "Financial Post of Canada," the Canadian chartered banks made a net gain of 203 in the number of branches.

At the end of November the banks had a total of 3,028 branches doing business throughout the Dominion. Of these over a third were located in the Province of Ontario. Quebec was the second province in point of numbers, having 542, or about half the number of Ontario. Saskatchewan led Alberta by considerably over a hundred and was ahead of British Columbia by even more than that. Nova Scotia had thirty-five more branches than New Brunswick and Prince Edward Island had the smallest number.

The Bank of Commerce led the banks in number of branches doing business, having 374, as compared with 363 branches of the Royal, the nearest competitor. The Union Bank is particularly strong in number of branches, being third to the above-named banks with 314. In point of distribution of branches the Commerce led again, having branches more generally distributed throughout the Dominion than any bank. The Nationale had more branches in Ontario than any other bank has in any

province, namely 121. The Royal is second with 121 in Ontario.

—A branch of the Bank of British North America has been opened at Kandahar, Saskatchewan.

—Bath, N. B., has a new branch of the Canadian Bank of Commerce, with a sub-agency at Bristol, N. B., both under the supervision of the Fredericton manager.

—For 1913 the Canadian Bank of Commerce granted a ten per cent. bonus to employees compared with seven and one-half per cent. the preceding year. This bank has more than 3,000 employees.

—E. C. Pratt, formerly assistant manager of Molson's Bank, has been elected manager to succeed the late James Elliott.

—W. G. Spencer of the Cobalt branch of the Canadian Bank of Commerce has been transferred to Toronto.

—H. Brooks is in charge of the branch of the Bank of Montreal, recently opened at the corner of Main and Prior streets, Vancouver.

—A correspondent of the "Financial Post" reports these bank improvements in Winnipeg:

The Quebec Bank is erecting in Winnipeg a four-story building on Portage avenue on the site formerly occupied by the Street Railway Company's offices. The building will not be completed until next year, much of the summer having been consumed in driving the concrete caissons to a firm foundation on rock. Exclusive of the cost of the site, the Quebec Bank will cost a quarter of a million. It has a frontage on Portage avenue of 62 feet and a depth of 108 feet. As the frontage is worth at least \$5,000 a foot, the property itself is worth well over \$300,000.

The Merchants' Bank of Canada is building two new buildings, one being an entirely new branch, while the other is virtually an extension of their present main office in the city. In the latter case the bank bought the property immediately adjoining their building, this lot having a narrow frontage on Main street. A seven-story building conforming in architecture to the main building has been erected, which will give the bank a large amount of additional space. The new branch, which is on Main street north, is costing \$40,000, and occupies a prominent corner, being a two-story building, with the bank on the ground floor and living quarters above.

The Bank of Ottawa is spending \$100,000 in additions and alterations to its office on Main street, these alterations comprising an

entirely new front and a two-story addition at the rear.

In addition to these the Canadian Bank of Commerce has also spent \$15,000 in improvements and changes to its branch office on Main street north.

—A branch of the Metropolitan Bank has been opened at King street and Sherman avenue, Hamilton.

—The capital of the Montreal Trust Company is to be increased to \$1,000,000.

—The new building being constructed in Toronto for the Dominion Bank will be ready for occupancy September 1.

—At the forty-fifth annual meeting of the shareholders of the Royal Bank of Canada, at the head office in Montreal, Mr. E. L. Pease, the vice-president, who presided in the absence of President Holt, after giving a satisfactory account of the bank's progress in the past year said:

"With the object of rendering available for commercial requirements a portion of the funds invested in bank premises, the bank has during the past year sold certain of its properties to the Globe Realty Corporation, Limited, a company organized and controlled by the bank. The value of these properties was fixed by independent appraisal. Sixty per cent. of the appraised value has been paid to the bank in first mortgage bonds, secured upon the same properties, and the remaining forty per cent. in shares of the company, which shares have been entirely written off. The bonds

will be sold without any liability, direct or indirect, on the part of the bank.

"The properties sold will continue to be occupied by the bank under lease from the company, and the rentals, which are not higher than we have charged the branches in the past, will provide for the interest on the bonds and a sinking fund sufficient to retire them at maturity in twenty-five years, when the bank will become the virtual owner of the properties as owning and controlling all the shares of the company. Important buildings required in the future will be constructed by the company, provision being made for the cost by the sale of bonds and shares, as already described.

"The course, which is followed by leading banks in other countries and by some in Canada, is believed by your directors to serve the best interests of the public, as well as those of the bank."

—James McKinnon, manager of the Eastern branch of the Canadian Bank of Commerce, was elected Mayor of Sherbrooke, by acclamation, January 12.

—H. H. Cowley, for the last three years manager at Ottawa of the Union Bank of Canada, has been appointed manager of the bank's chief office at Vancouver, B. C.

—Profits of the Quebec Bank for the last year, after making the usual deductions, were \$309,228.14, to be added to \$56,962.50 premium on new capital. After making allotments for dividends, pensions, depreciation, etc., \$56,962.50 was transferred to rest account and \$25,004.62 carried forward.

President John T. Ross read the directors' report at the ninety-sixth annual meeting of the bank in Quebec December 1. The general statement as of October 31 showed: Capital, \$2,727,850; rest, \$1,306,962.50; deposits, \$14,504,692.16; total assets, \$21,948,198.10.

—At the annual meeting of shareholders of the Canadian Bank of Commerce, held at the head office in Toronto, January 13, the general manager stated that the result of the last year's business made the best record in the bank's history. Net profits were \$2,992,951.10, which added to the amount brought forward from last year gave a total of \$3,764,529.98. After providing for dividends, etc., \$1,000,000 was added to the rest account and \$384,529.98 carried forward.

In the course of his address the general manager referred to plans under consideration for altering the present head office building, or possibly erecting a new building.

On November 29 the statement of the Canadian Bank of Commerce showed a balance sheet of \$260,030,720.57.

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THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-EIGHTH YEAR

MARCH 1914

VOLUME LXXXVIII, NO. 3

Woodrow Wilson's First Year in the Presidency

ONE year ago this month WOODROW WILSON was inaugurated President of the United States. His qualifications for this eminent and responsible position consisted in the ability to make clear and striking presentation of facts, an evident honesty of purpose, high ideals, the intelligent outlook gained through long official association with Princeton University, the temperament and training of an American gentleman, but with only the political experience obtained as Governor of the State of New Jersey.

Whatever may be the differences of opinion respecting the probable results of the President's policies, there can be no doubt that he has conscientiously devoted himself during this first year to the fulfillment of those pledges which himself and party made in the campaign preceding his elevation to the Presidency. He regarded these pledges as binding, and has endeavored in good faith to carry them out.

It is entirely too soon for an accurate measurement of the character of President WILSON's first Administration, but it is not without interest and may not be unprofitable to take some notice of what has been proposed and accomplished in the short space of one year.

The first part of the legislative programme, properly enough, related to the tariff. After consideration a law was enacted which no doubt fairly represented the views of the majority respecting tariff reduction. This law has not been in operation a sufficient length of time to permit of an appraisal of its value in reducing the cost of living, checking the aggressions of the trusts, or in developing our foreign trade. The one perceptible effect of the tariff legislation has been the unsettling of business while the measure

was pending, which again emphasizes the fact that the commerce and industries of the country are liable at every quadrennial period in our history to be subjected to the uncertainties of radical changes in the tariff. These changes are made less with the view of benefiting anybody than for the purpose of carrying out somebody's hobby about free trade or protection, an income tax, or some other pet theory. The industries of the country would be conducted on a more certain basis, and the people be equally benefited, were it possible to shape our tariff policy on a purely scientific business basis. Out of a few more centuries of disastrous experiences we may finally evolve a policy of dealing with the tariff through an expert commission, as a pure business problem, devoid of all political ingredients.

While the new tariff law may ultimately work out to the general advantage, up to the present moment it has failed to reveal its beneficial aspects. Whether the almost unprecedented lack of employment at this time is due to the tariff or to other causes, does not alter the obvious fact that the uncertainty due to the tariff has been a contributing cause. Now that this uncertainty has passed away, however, business may go ahead on the new basis, at least for another three years.

Following the readjustment of the tariff (with its puzzling income tax adjunct) we have had an almost complete recasting of our banking system. Successive Republican Administrations from MCKINLEY to TAFT had listened to the complaints about our antiquated banking system, but had lent no willing ear to plans for its betterment. But it became evident very early in the Administration of President WILSON that he meant that Congress should seriously address itself to the problem of banking reform. For this purpose he held Congress in continuous session for a long period, and finally a comprehensive banking measure was enacted. Not since President CLEVELAND in 1893 wrung a repeal of the silver-purchase clause of the Sherman law of 1890 from an unwilling Congress has any President performed an act of such importance to the country's banking and finance.

But while the greatest credit must be given the President for this display of constructive statesmanship of the highest order, it is the same as with the tariff as to its ultimate effect upon the country's prosperity. We cannot yet predict with any degree of certainty what the final result will be. It may be said, however, that it represents a serious attempt to create an orderly system of banking, of greater safety and flexibility than the country has ever had.

Of the President's policy toward the perplexing Mexican problem it can merely be said that he has unquestionably acted from the highest motives and has exercised great patience and self-

restraint. But here again the outcome is uncertain. Will the policy of "watchful waiting" win in the end or not?

In this brief glance at the President's policies we now come to what is perhaps the most serious matter of all—the attitude toward business.

The beginning of the enforcement of the Sherman anti-trust law dates from the accession of THEODORE ROOSEVELT to the Presidency. One of the characteristics of this gentleman's official career has been a fondness for enforcing laws which had been presumably enacted as an expression of the community's high moral sense, but whose enforcement was winked at by other officials who did not regard such laws very seriously. When ROOSEVELT was police commissioner in New York he found that there was a law in existence providing for shutting up the saloons on Sunday. His predecessors in authority had not paid much attention to the law, but Mr. ROOSEVELT vigorously and effectively enforced it. Upon his accession to the Presidency, he discovered the Sherman anti-trust law and at once began to study its possibilities for making things interesting. Everybody, almost, on the platform, in the press, and through all the customary channels of public discussion, had been solemnly condemning monopoly and the trusts. The Sherman law had been enacted as the consequence of this clamor. Once the law was enacted everybody seemed satisfied, and no one thought seriously of enforcing it. The law was merely an outlet, in statutory form, of the righteous frenzy against monopoly which had been excited by the frantic appeals of demagogic politicians. Mr. ROOSEVELT did not choose to regard the law in that light, and he set about its enforcement in dead earnest. "The Abyssinian treatment" was administered and "big business" realized that its operations must henceforth be carried on under the watchful eye of the Federal Government. That Mr. ROOSEVELT tried in good faith to apply the Sherman anti-trust act cannot be doubted; but that the method of trying to break up big business combinations by a series of lawsuits was futile, he himself has admitted. His course in enforcing the law, however, did have one excellent result—it brought home to the great captains of industry a fact which some of them seem to have forgotten, namely, that the Federal Government represented a power greater than themselves, and one which they dare not in the future disregard.

The attitude of Mr. ROOSEVELT toward the trusts no doubt represented a phase of that practical idealism which has characterized his public career.

Mr. TAFT succeeded ROOSEVELT as President, and continued to bring lawsuits against combinations believed to be guilty of violations of the anti-trust law. As a lawyer and judge, Mr. TAFT

probably regarded the problem chiefly in its legal aspects. His policy toward the illegal trusts consisted in enforcing the legislation which Congress had devised for their extermination, and while this policy did, in a number of cases, result in victorious suits by the Government and a dissolution of some of the combinations, it did not afford any permanent or satisfactory solution of the problem itself.

Mr. WILSON entered upon his Presidential term imbued with the belief that powerful combinations were not only stifling competition and destroying the opportunities of the smaller business concerns but that they had the entire country in their grip. From this hateful thralldom it was his mission to free the people of the United States. His programme for effecting this righteous purpose consists of a series of bills designed largely to explain what the Sherman anti-trust law means and to make its enforcement more certain. It is also proposed to cure the evils that have developed through interlocking directorates.

We do not propose to examine the details of these measures. They have not yet been enacted into law. What their effect will be can be judged only in the light of experience.

This review of the first year of President WILSON's Administration reveals him to the country as a man of high ideals, of firm purpose, of earnestness, power and self-restraint. The success of his policies remains to be demonstrated, and upon the test of time depends his reputation for wise, practical statesmanship.

BIG BUSINESS AND THE GOVERNMENT

HACKNEYED as this topic has become through endless discussion, it nevertheless remains one of the most important and practical problems of the times. Heretofore the matter has been dealt with from the standpoint of morals, and the reformer and the idealist have found it a theme upon which they could dwell in eloquent and well-rounded sentences sure to win the applause of the multitude. But scant attention has been given to a scientific study of the real question at issue, namely, whether large business units are efficient or the reverse. The moral obliquity of some of them has obscured the real advantages of others, and the Government has been so intent upon punishing the few wrongdoers that it has had no time to inquire whether these evils are due to individuals or whether they are an indispensable attribute of big business itself.

We know how business of all kinds was looked upon by the an-

cient philosophers. PLATO ("The Republic," ii. 377) after making some general lamentations about trade and riches, says: "And so at last, instead of loving contention and glory, men become lovers of trade and money." And CICERO ("De Officiis") denounces as mean all labor not involving some art and all retail business. But while he thought merchandising on a small scale contemptible, it was not so despicable if carried on more ambitiously. He had a high opinion of the agriculturist. "For of all gainful professions," he says, "nothing is better, nothing more pleasing, nothing more delightful, nothing better becomes a well-bred man than agriculture." The eloquent Roman was evidently bidding for the farmer vote, just as some eloquent politicians have done in more recent times in our own land. In English fiction of the time of TROLLOPE and THACKERAY, to have been "in trade" was regarded as at least as heinous an offence as sheep stealing would be in these days.

The fact remains that the warrior—sometimes an unconventional bandit—the philosophers, statesmen, idealists, poets and dreamers, in all ages, have affected to despise commerce and industry. Demagogues arise and shed tears for humanity oppressed and ground down beneath the iron heels of capital, industry and commerce; and yet humanity's advance out of the darkness of barbarism has been precisely in proportion to its wise conservation of capital and the just apportionment of the fruit of industry and commerce to its producers. CICERO not only held the small merchant in contempt, but he despised the laborer. He says ("De Officiis"): "All mechanical laborers are by their profession mean. For a workshop can contain nothing befitting a gentleman." Most of the laborers of his time were slaves, and his vision was too limited for him to foresee the dignity to which labor would attain in modern times.

The contempt with which business was long regarded was equally short-sighted. This contempt has given way, in the public mind at least, to a better appreciation of the importance of business as a minister to our economic needs, and as the handmaid of philanthropy as well. But there are idealists whose minds seem yet tinged with the outworn theories of the ancients which looked upon trade as demoralizing. This belief is apparently at the bottom of much of the agitation of the present day, ostensibly aimed at big business and its real or supposed iniquities, but actually founded upon the exploded maxims of the ancients, that business of all kinds is immoral. Examine the careers of those who are foremost in agitating against business to-day. Are they men who through the necessities of hard circumstances have worked their way up to eminence after a stern conflict with the rough realities of life? Have they had that experience as business men which alone would entitle

them to speak with the assurance that characterizes their every utterance regarding the relations of Government toward business? A deliberate and solemn consideration of these inquiries may astonish American business men as to the extent to which they have been as tenderly led by the nose as asses are, by men born to lives of ease and who have never engaged in any industry or business save that of instructing the public as to how the affairs of the universe should be governed.

It will be said, of course, that these questions belong in the domain of morals, not of business. But has the professional agitator and politician a monopoly of the field of morals? Are the men who direct the commerce and industry of the United States—with the obligation of scrupulous fidelity as an indispensable element of success—less trustworthy as moral guides than those whose sole business consists in the chicanery and subterfuges of politics?

This is not a partisan matter, for in substance the position of a Democratic Administration is the same as that of the two preceding Republican Administrations. The crusade has passed beyond the aim of suppressing wrongful business acts—an aim all honest business men cordially approve—and has taken on the characteristics of a general onslaught upon large commercial, industrial and financial undertakings.

We have heard *ad nauseam* from the professional reformer, the politician, the self-appointed expert; is it not time that some heed shall be paid to the men who by a wise direction of our business, commerce and industry have helped in making this country powerful and prosperous? If this be treason—make the most of it!

SOLVING A FLOOD PROBLEM FOR CHINA

WHAT promises to be an undertaking of great importance has received the formal sanction of the Chinese Government. The project contemplates the reclamation of an area of about 17,000 square miles annually subject to overflow by the Huai River, involving a loss of thousands of lives and millions of dollars.

The work will require approximately six years to complete, and employment will be given to about 100,000 men. The project will involve dredging to deepen the channel of the river and the Grand Canal; also the construction of dams and reservoirs to keep the Huai in its proper course, and to impound its surplus water and divert the streams flowing into the Huai, which, at the time of floods, greatly increase its overflow. The Huai River, for the

greater part of its length, flows between banks that are elevated above the surrounding country, and in times past the river, in overflowing its banks, has changed the geography of an entire province overnight. During one of the flood periods, the Yellow River, which is a tributary to the Huai, switched the location of its mouth a distance of about 700 miles. Government records show that floods in this district have reduced the average number of crops from two in one year to two in five years.

To carry out this vast enterprise an issue of \$20,000,000 bonds has been authorized. It is the plan of the Chinese Government to pay the principal and interest of the proposed bond issue from taxes to be levied on the lands that will be benefited in the flood district, and also from rentals and the sale of about one million acres of land, which, it is estimated, will be reclaimed.

The predominance of the humanitarian feature of the undertaking enabled the Chinese Government to entrust the American Red Cross with a supervising interest. The engineering problems have been entrusted to the J. G. White Engineering Corporation.

PROGRESS IN FORMING THE NEW BANKING SYSTEM

PROMPTLY after the passage of the Federal Reserve Act, the Secretary of the Treasury and the Secretary of Agriculture set out upon a tour of the United States for the purpose of ascertaining the proper location for the eight or twelve Federal Reserve Banks which the new law authorizes. At the time this is written the officials named have not completed their task, which has proved a somewhat difficult one owing to the conflicting claims of various localities desiring to have a regional reserve bank. Considerable difference of opinion developed as to the propriety of placing Reserve Banks in Philadelphia and Boston—not, indeed, because either of these cities is lacking in commercial, industrial and financial importance—but because it was regarded by many that the splitting up of the northern Atlantic seaboard into several sections would deprive New York of having a Reserve Bank of a size commensurate with the city's magnitude as a banking center.

Going West, it seems to be conceded that both Chicago and St. Louis are to have Reserve Banks, but less certain as to Minneapolis—St. Paul and Kansas City, though each of these cities has strong and just claims to recognition.

On the Pacific Coast, while considerable opinion developed in

favor of a Reserve Bank at Seattle or Portland, sentiment tended also to show the advantage of one large strong Reserve Bank on the Coast, Los Angeles waiving its claims in favor of San Francisco.

In the South the contest appeared to lie between Atlanta and New Orleans, although many strong arguments were advanced on behalf of Richmond.

Many of the cities failing in their efforts to get Reserve Banks will find some consolation in being chosen as locations for branches of these institutions.

The organization committee which must take the responsibility of designating the cities where Reserve Banks are to be located will no doubt, after full and careful investigation and deliberation, make such selections as seem, in the judgment of the committee, best calculated to carry out the spirit of the new law.

Some feeling exists that the Reserve Bank established at New York may not be sufficiently large to have the control over domestic and foreign banking transactions that such an institution should have. If New York is to continue as the chief banking center of the United States, the Federal Reserve Bank located in that city would necessarily have to be much larger than those elsewhere. Probably as a result of the new law New York will lose some of its financial prestige, though it requires no argument to show that the importance of any city is not dependent upon its being the custodian of the reserves of other banks. If all the State banks and trust companies of New York finally decide to come into the new system, the size of New York's Federal Reserve Bank will of course be powerfully augmented. The savings banks are debarred from membership because they have no capital stock. Were they permitted to subscribe for the stock of the Federal Reserve Banks to the extent of a very moderate fraction of their deposits, the system would be greatly strengthened and the savings banks themselves would gain some advantages in thus having a direct connection with a banking system that could render valuable service to the savings banks in time of need.

FEDERAL CONTROL OF BANKING

ASSUMPTIONS to the effect that some banks are not entering the new Federal Reserve system in good faith, and that they intend once the system gets under way to so hamper its operation as to discredit the law and thus secure its repeal or amendment, probably rest upon an imperfect study of the new law. It has been stated that "banks which enter the new system

will, of course, control the district reserve institutions to which they are assigned and will have to operate them." This is not the case. True enough, the member banks will elect a majority of the directors of the Federal Reserve Banks, and these directors will appoint the officers; but the Federal Reserve Board has the power to remove any director of a Federal Reserve Bank, thus assuring that the management of these institutions shall be a reflection of the will of the Federal Reserve Board. A careful examination of the law will also show that in the making of "discounts, advancements and accommodations" to member banks the latter will not only be subject to the provisions of law but to the Federal Reserve Board.

If there are any banks remaining under the illusion that as stockholders of the Federal Reserve Banks they are going to be able to control those institutions, the sooner they disabuse their minds of that idea the better, for even a casual reading of the new law will show that the control of the Federal Reserve Banks will be vested absolutely in the Federal Reserve Board appointed by the President.

We are not inclined to credit the assertion that any bank will enter the new system except in entire good faith and with the purpose of loyally cooperating with the Government in making the system a success. Such national banks as do not feel justified in subscribing to the stock of the Federal Reserve Banks may reorganize as State institutions, which would be the fair and honorable method of showing their disapproval of the new law.

It is very doubtful if a single bank will enter the new system with concealed hostility toward it, and there can be no doubt whatever that substantially all the national banks in the country have accepted the law in absolute good faith, and that they are going to help make it a success.

INTERLOCKING BANK DIRECTORATES AND INTERLOCKING JANITORSHIPS

THERE is pending in Congress a bill "To prohibit certain persons from becoming directors, officers or employees of national banks, or of certain corporations. Sections two and three of this bill are applicable to banks. They read as follows:

SEC. 2. That from and after two years from the date of approval of this act, no person shall at the same time be a director or other officer or employee in two or more Federal Reserve Banks, national banks, or banking associations, or other banks or trust companies, which are members of any reserve bank, and are operating

under the provisions of the act approved December twenty-third, nineteen hundred and thirteen, entitled "An act providing for the establishment of Federal Reserve Banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes," and a private banker, and a person who is a director in any State bank or trust company, not operating under the provisions of the said act, shall not be eligible to be a director in any bank or banking association or trust company operating under the provisions of the aforesaid act.

SEC. 3. That any person who shall violate section one or section two hereof shall be guilty of a misdemeanor, and shall be punished by a fine of \$100 a day for each day of the continuance of such violation or by imprisonment for such period as the court may designate, not exceeding one year, or by both, in the discretion of the court.

Let's see how this piece of profound Congressional wisdom would work out. Upstairs we find the Tenth National Bank. Downstairs the Tenth Trust and Savings Bank; both join the Federal Reserve system. One man does the janitor work for both banks; penalty, a fine of \$100 a day, or imprisonment for not more than one year!

Or take another case. Here is a man who has a factory at Plainfield, New Jersey. He is a director of a national bank there. He has his salesrooms in New York. He is a director in a national bank in New York. Both banks are members of the Federal Reserve system. But fine or imprisonment will be the punishment unless one of these connections is given up. The manufacturer will take his services and his money away from Plainfield and transfer them to New York.

A man can, if he chooses to do so, readily evade the law. He can resign and put a dummy in his place. Some financial gentlemen, instead of going on a number of boards, have found it more convenient "to use the telephone"; instead of the annoyance of attending a number of board meetings, they can 'phone their instructions.

From the system of interlocking directorates some evils have probably developed, but to correct these trifling irregularities—not trifling in individual cases, but clearly so in relation to the whole business of the country—is there any necessity whatever for such foolish and sweeping legislation as this bill proposes? Why not punish the evil itself and preserve the undisputed good which results from capable business men serving on the boards of more than one bank? For the evil in this case does not lie in the principle itself but in the application of it.

TREASURY DEPOSITS IN NEW YORK BANKS

AN instructive analysis of the Treasury policy with regard to depositing the public funds in banks appeared in the January number of the "Journal of Political Economy" from the pen of Professor E. M. PATTERSON, of the University of Pennsylvania. It shows not only a startling decline in the amount of such funds deposited with the New York banks, but what is of far greater importance, an almost continuous and marked decline in the proportion of such deposits allotted to New York. From 1889 to 1903 the New York banks never had less than twenty-five per cent. of the public funds deposited with the banks of the country, but since 1908 the percentage has been steadily declining, and last year it fell to three per cent. of the total. Professor PATTERSON has compiled a table showing this decline. He says the table shows a persistent policy on the part of the Treasury Department.

It may be, however, that this falling off in public deposits in New York has not been due wholly to the policy of the Treasury Department. We have seen that the New York banks refused to avail themselves of the permission to carry such deposits without holding any reserve against them. They probably also found out that there was little profit in handling these deposits, when the New York Clearing-House rule required a reserve against them, while the Treasury Department and perhaps the banks of some smaller cities made no such requirement. As these deposits were also liable to sudden call in large amounts they became rather an uncertain quantity to deal with; and in more recent years, when they were made interest-bearing, the indifference of the New York banks toward them increased. Probably the growth of other centers has also accounted for some of this withdrawal of public funds from the banks of New York.

But no doubt the leading factor in causing this diminution is the "persistent policy on the part of the Treasury Department" to which Professor PATTERSON refers. We remember that last summer when Secretary McADOO was parcelling out money for crop-moving he was very careful to keep any of it away from the wicked environs of Wall Street. He probably knew—as he is an experienced financier—that the real effectiveness of the money for crop-moving purposes would have been multiplied several times by placing the funds chiefly in New York, Chicago and St. Louis, but this would have looked like favoring the banks of the big cities.

Where the Government assumes the despotic power over banking that is exercised in this country, it behooves the bankers to be

on the alert to see that their interests are not harmed by the politicians temporarily clothed with official power. It ought not to be the part of any public official either to reward or punish big or little banks. As a considerable part of the public funds will soon pass into the custody of the Federal Reserve Banks, some of the inconsistencies that have heretofore marked the disposal of these funds may disappear.

LOANS TO SMALL BORROWERS AT FAIR RATES

AT last the man of character who may temporarily need financial accommodation, not to such an extent as to be a matter that a bank would care to handle, is to have his wants supplied without having recourse to his friends, to the pawnbroker or the loan sharks.

The Industrial Finance Corporation was recently incorporated at Richmond, Va., to supply loans in small amounts to borrowers, at fair rates and without the pledge of collateral. These loans will be chiefly made with character as the basis, the applicant being of course required to establish his trustworthiness.

Among the incorporators are such well-known men as Dr. E. R. L. Gould, Theo. P. Shonts, Vincent Astor and Professor Jeremiah W. Jenks of New York, and bankers like Charles H. Sabin of New York and Oliver J. Sands of Richmond and J. R. McAllister of Philadelphia.

This enterprise is certainly a laudable one, and backed up by men of capital and successful business experience, it is reasonably certain to accomplish the ends for which it is designed. The aim will be not only to furnish loans as above stated but also to provide an avenue for the investment of small savings on a plan carefully worked out and whose success has been amply demonstrated in practice.

A suggestion looking to the establishment of an institution of this kind was made at the Denver convention of the American Bankers Association in 1908, but no action was taken on this suggestion. This *MAGAZINE* has repeatedly called attention to the need for an organization of this kind. Its establishment, under the auspices of the gentlemen whose names are mentioned in connection with the enterprise, assures success, and we congratulate these men on the public spirit they have shown in coöperating in launching an enterprise that can hardly fail to be of great service to men and women who have character, integrity and industry, but whose means are limited.

We are rapidly building up a financial and banking system in this country—the Federal Reserve Banks, land credit banks and the loan association just referred to all constitute important links of the chain.

OUR CREDIT SYSTEM PRAISED

EVERYBODY—including some ambitious financiers who knew little about banking—has been telling us how very superior is the foreign credit system to our own. It is comforting to be told by that dean of American bankers, Mr. J. B. FORGAN, president of the First National Bank of Chicago, that our own system is best after all. Mr. FORGAN was recently before the committee charged with organizing the new Federal Reserve Banks, and here is what he said:

“The Monetary Commission that prepared the Aldrich bill had more difficulty with the subject of defining a standard of commercial paper than with almost any other. I think that the committees of the House and Senate that prepared the bill also ran up against the same difficulties. The fact of the matter is that in wording both the old Aldrich bill and this one they have taken foreign ideas, ideas that I consider absolutely foreign, such as when I was a foreigner I used to do business under, but which do not exist in this country.

“Commercial paper or a commercial note used to be a note given by a firm or corporation that bought goods from another firm or corporation. This note was discounted by the firm that got it, with their indorsement. The manufacturers gave credit to the jobbers and the jobbers gave credit to the retailers. The jobber paid the manufacturer by note and the retailer paid the jobber by a note. This was extended all through our commercial life.

“That practice still prevails in England. A large concern like Marshall Field & Company, except that they never give anything but checks, I believe, but any firm in their line doing business in the old way, instead of going to their bank and borrowing money on their own note, would go to the manufacturer and would arrange that he should draw on them at sixty or ninety days. The draft would be made when the goods were shipped and the firm would accept it. If the firm's credit were not sufficiently strong for its paper to go into the market it would go to its bank and get it to accept for it.

“Eventually we developed away from that. To-day any job-

bing house or manufacturer or pretty nearly any respectable retail house that has not credit of its own sufficient to go to its bank and discount its own paper and pay cash for its bills is on a black list.

“The poorest paper we have—and we have very little of it in Chicago—is the paper given by the purchaser of goods for the goods. There are a few lines of business where the old system is kept up, but these are very few.

“The best paper we have is the paper of the strongest houses who have credit of their own, who make their own paper, go direct to their own banks with it or to a broker, place it on the market, get the cash and use the cash discount.

“The system of cash discounts has produced this. The best thing the wholesale houses and manufacturing concerns, in the exchange of credit information among them, can say about their customers is that they always take the cash discount. If they have anything to say against the customer it is that the latter does not take the cash discount.

“This system has created an entirely different kind of commercial paper. The Federal Reserve Board in the last analysis cannot do anything but make a rule which will apply to business as it is. You cannot upset all these credit arrangements. It would be folly to attempt it. It is much better, much more conservative, to have it as it is than to adopt the old way.

“You can easily see that the expansion is not nearly so great. If the concern that takes the ore out of the ground is going to sell the ore to the furnace on credit and take the furnace’s note for it, and if the furnace is going to sell its iron production to the manufacturer and take his note, and if the manufacturer is going to sell to the iron jobber and take his note, and the iron jobber sell to the retailer and take his note, you have five or six notes afloat at the same time representing the same goods. If you reduce all that business to a cash basis and have the ore producer, the furnace man and so on only borrowing what he requires at his own bank to carry on his business, there is much less flotation and expansion of credit than in the other way.

“They carry this expansion to such an extent in England that a tailor does not expect to be paid by anybody inside of a year. We do not have such a credit system as that. We pay our bills. We are much nearer a cash basis than any foreign country. This will have to be recognized. The paper that is issued for commercial purposes must be understood to be used for commercial purposes. If a concern like the International Harvester Company places its paper on the market and uses the money in its business it is used for commercial purposes and it will have to be construed

in that liberal line. If not, the Federal Reserve Board will not get the best paper that is to be had.

"Foreign bankers will hold up their hands at us in astonishment that we will lend our customers money on their own names. Such a thing is not known over there. They always want more than one name, and if a customer goes to a bank he has to give a bond sometimes with two or three names on it to get money.

"I believe it is better to leave the definition of the power of the Federal Reserve Board in this respect in a broad way instead of making arbitrary limitations. Its power can be construed to include this new system of commercial paper. I think it is covered when the bill speaks of paper that can be used for commercial purposes."

Mr. FORGAN deals with actualities, and is very frank to say that instead of imitating the European credit system we should avoid it. Nations develop business practices along different lines, and when these are once established it is difficult to change them. Notwithstanding the oceans of advice to the contrary from the admirers of foreign credit systems, it seems that in this case it would be harmful to make such change. Mr. FORGAN'S warning is patriotic, timely and sound.

"BLUE-SKY" LAWS OBSCURED BY A JUDICIAL CLOUD

JUDICIAL officers and judicial decisions, in these progressive times, frequently come in for a great deal of criticism whose justness it is none of our province to determine. But that the courts have not lost all sense of proportion, that they realize that honest men still have the right to do business, even though that business may consist in the selling of stocks and bonds, is evidenced by a recent decision which declares the Michigan "blue-sky" law unconstitutional.

At the time this measure was enacted we characterized it as a ridiculous and wholly unnecessary infringement on the rights of legitimate business. Some of the provisions of the law were absurd, and we do not wonder that the court has upset the law. It is said that this decision will nullify similar acts passed in a number of other States.

Where the object of these laws is the actual protection of investors, and not the securing of fees to enrich State officials, that object is laudable, but if we are to have forty-eight States passing

drastic enactments of this kind, the result will be confusing to the legitimate dealer in securities.

Would not every reasonable purpose of such laws be fulfilled if we had a clear, simple Federal enactment prescribing regulations under which those offering stocks and bonds for sale might be admitted to the use of the mails, and that condition complied with, the right to do business in any State would follow of itself?

TAKING OFF THE LIMIT ON POSTAL SAVINGS

A BILL for taking off the limit on the sums of money that may be deposited in the postal savings banks has passed the House of Representatives and is pending in the Senate. The bill limits the amount on which interest may be paid to \$1,000, but permits the deposit of any amount without interest.

A provision of this character might operate, in time of panic, in a very mischievous manner, by making it possible for frightened depositors to withdraw their money from other banks and put it in the postal savings banks. Of course, the latter could redeposit the money thus withdrawn in the ordinary banks, but probably not rapidly enough to prevent great harm being done. And some banks could not get the money back at all. For example, the mutual savings banks of the country which hold over three and one-half billions of deposits, are not allowed to become members of the new Federal Reserve system, for the reason that the mutual savings banks have no capital stock and are therefore ineligible to membership. By a provision of the Federal Reserve Act, the deposit of postal savings funds in banks not members of the Federal Reserve system is prohibited.

It will thus be seen that the Government would have no way of getting back into the mutual savings banks any funds temporarily withdrawn from these institutions and deposited in the postal savings banks.

The invasion of the savings bank field by the Federal Government does not seem to have worked out very satisfactorily thus far. The savings that have been accumulated have not been sufficient to permit of their being handled at a margin above the interest paid and the expenses incurred. In other words, the people of the country—a good many of them having no deposits in banks of any kind—have been taxed for the purpose of having the Government try an experiment in the conduct of savings banks. It has not only cost the people something on account of this deficit, but it has been far more costly to those who have entrusted their money to the

postal savings banks, for they have received but two per cent. interest on their deposits when they might just as well have had three or four. Of course, the "foreigner" for whose "benefit" these institutions were chiefly devised is supposedly ignorant of that fact; but the remedy for that was education, and it would have been somewhat less costly and a great deal more honest to have provided education rather than to establish a postal savings bank, which under the guise of protecting the unlettered "foreigner" really deprives him of the rate of interest on his savings to which he is fairly entitled, and the rate which other carefully-managed savings banks find no difficulty in paying.

BANK DEPOSIT GUARANTY IN TEXAS

WHILE the plans for guaranteeing deposits in banks have aroused much criticism from bankers, and unquestionably some of the legislative attempts to carry out these plans have not been brilliantly successful, they have not all been failures. The last report of W. W. COLLIER, Commissioner of Banking and Insurance for the State of Texas, says with reference to the operation of the deposit guaranty law in that State:

"At the close of the fiscal year the guaranty fund totaled \$778,824, of which \$194,720 is with the State Treasurer and \$584,104 is a demand deposit with the banks participating. The fund increased \$199,507 during the year. The annual payments, based on average deposits, continue to increase, showing that the State banks are growing. There were 679 State banks participating in 1912 against 759 this year.

"The guaranty fund was not touched during 1913, though three State banks closed and liquidated. One failure was due to 'gross mismanagement and incompetency of its officers'; another due to 'irregular transactions and serious defalcations of its cashier' and the third because of suits filed on drafts it had indorsed on which payment was refused and the drawer could not pay. All depositors were paid in full without calling upon the guaranty fund.

"On September 1, 1909, when the guaranty plan was first inaugurated, there were 541 State banks participating with a fund of \$431,534. At the present ratio the number of banks and the fund will soon have doubled.

"In three State banks which have failed and the guaranty fund called upon to make good a total of \$133,313 was advanced to depositors. One failed bank cashed its assets at ten per cent. of the

guaranty fund assessment, another fifty per cent. and the third sixty-five per cent. A little more may be added. A total of 58.45 per cent. has been repaid to the guaranty fund, leaving 41.55 per cent. as a probable loss to the members of the guaranty fund plan. Considering the period of four years that this system has been in operation, and the large number of banks, with an aggregate capital and surplus of over \$38,000,000, it may be said that the banks suffered very slight loss.

“During this fiscal year of 1913 the necessity of using the depositor’s guaranty fund has several times been narrowly avoided through timely action of the Commissioner. As the guaranty fund plan is an entirely new feature in the banking business, something for which no model has hitherto existed, this four years’ operation has proven it a success. In making a comparison with another State what is especially to be noted is that there it was a very expensive system to the banks, while in Texas it so far has not proven a burden.”

From this it appears that the success of the law, in this instance, consisted chiefly in the fact that the Texas banks observed sound banking principles and were efficiently supervised as well as carefully managed.



Bank Credits

SPEAKING on this subject recently, Mr. J. B. McCargar, assistant cashier of the Crocker National Bank, San Francisco, said:

“The money and credit that a bank has to loan are not entirely owned by the bank, but are mostly owned by individuals, firms and corporations, who entrust their funds to the banker. To properly safeguard this trust, the banker must see, in extending credit, that the security is liquid. In order for the securities to be liquid, the loan must not go into fixed assets, such as real estate, plant or machinery, but must be represented by a proper proportion of cash, notes and accounts receivable and merchandise. The notes and accounts

receivable should represent sales of the commodity dealt in, of recent enough date to be considered good. They should not represent subscriptions for capital stock or overdrafts of officers and employees. It is not the function of a commercial bank to loan to or supply capital for an untried project or other than a going concern. The depositor does not exist who wants the bank to take a chance with his money; and the first duty of the bank is to the depositor. To properly perform that duty, the bank should direct its attention to the legitimate lines, and should not hamper those by withholding credit that they deserve in order to make loans of a speculative nature.”

The Ink Spots on the Ledger

By ONE WHO HAS MADE THEM

This interesting comment on an ink spot is from the pen of "one who has made them," and he represents, from the standpoint of experience, what other young men in banks doubtless have felt. We must express the hope, however, that this feeling of despondency, of lack of appreciation, is neither universal nor common among bank clerks, for nothing could be more fatal to their progress than for them to get the idea firmly lodged in their minds that they are the victims of oppression. But there is truth—and much of it, too—in the view set forth, and by a careful reading of what follows many bankers will not only avoid the injustice complained of, but in so doing will contribute greatly to the profit of their own institutions. As will be seen, the writer of the article realizes that all the blame may not attach to the banker, though disposed to award him the larger share of it—a disposition not unusual among those of us who wish to transfer to others' shoulders the responsibility for failures properly chargeable to ourselves. Upon this subject it may be instructive to quote from Abraham Lincoln. In a letter written to W. H. Herndon Mr. Lincoln said: "Do you suppose that I should ever have got into notice if I had waited to be hunted up and pushed forward by other men?"

"The way for a young man to rise is to improve himself every way he can, never suspecting that anybody wishes to hinder him.

"Allow me to assure you that suspicion and jealousy never did help any man in any situation.

"There may sometimes be ungenerous attempts to keep a young man down; and they will succeed, too, if he allows his mind to be diverted from its true channel to brood over the attempted injury. Cast about, and see if this feeling has not injured every person you have ever known to fall into it."—EDITOR BANKERS MAGAZINE.

THERE is a story current in banking circles of a voucher check returned to the drawer by a Western bank, with an ink spot on it, which resulted in the resignation of several officials and ultimately the establishment of a rival institution.

Just how the blot got there, or what the wrathful and irritated depositor did to cause the upheaval, is not public property; but the fact remains; the incident caused a tempest in a teapot and the pot boiled over.

Perhaps the blot was inadvertently made, as many are, and could not be erased. Perhaps it was carelessness on the part of some clerk. It may have

been due to an antiquated inkwell, full of dust and clotted ink. It may have been a scratchy pen; it may have been spite.

Those who have seen George Monroe as Patricia O'Brien in Lew Field's travesty on woman suffrage, the "Never-Homes," will remember that Patricia, after having tried to run a fire department, and a court, gets down to the laundry business (where she belongs); and every shirt of every man who has courted but not married her, and every skirt of every woman who has married what she has courted, gets badly damaged before Patricia delivers the wash.

Ink spots on the ledgers, or floors, or desks, or checks, may sometimes be due to the same emotions. But whatever the cause, they exist.



INK spots are often "don't-care-spots"; and for the don't care, there may be a reason. Take a live, energetic bank man, full of vim and vigor, willing to work his head off to get somewhere; hungry for recognition and success; anxious to please the powers that be; spending his spare time in self-improvement; take such a fellow and nag him constantly; criticize everything he does; praise nothing he accomplishes; belittle his learning (which may be greater than his critics); drive him in a corner and break his spirit with a bale-stick of abuse, and like the high-spirited horse that has had the bale-stick applied, he may mind you thereafter with fear and trembling, but his best work cannot be done under such conditions.

Perhaps he has worked hard and faithfully and loyally, believing that merit would find its reward; and, believing in himself and in his job, has fitted himself for larger and better things, and knows he can rise to the occasion and make good when the opportunity arrives. It comes. With eager anticipation he awaits the outcome, only to find some favored son of some favored sire in the job he should have had, and the ink spot is one of hate.

Perhaps familiarity has bred contempt; and knowing him from a little boy up, the administration has forgotten that little boys sometimes grow up to be men. His accomplishments and his talents may be underestimated, or forgotten, or seen at too close range to get the proper perspective, and in looking for a man, he is out of the running.

Perhaps some jealous mortal in the same institution has concluded that danger lies ahead of him (or her) if this aspiring youngster climbs up, and

by skillful maneuvering convinces the judge and jury that it is for the best interests of the bank that no clerk shall ever get out of the underling class. In some banks, therefore, a Chinese wall, unscaled and unscalable by any in the ranks, separates the office from the force. "Abandon hope all ye who enter here" might well be written over the back door of such institutions, and the ink spots on their ledgers are ink spots of despair.



DO you wonder that men do careless work when their manhood is trampled on, their initiative killed, their hope gone? Do you wonder that men learn to hate, when hatred is in the air? Do you wonder that men become anarchists when the only door of hope seems through a little hole in the ground in a quiet churchyard, which cures many ills? And if wishes were horses, the procession would soon start!

Do you wonder that under conditions such as are suggested above (and they do exist) the men should not care?

Why should they care, when no one cares for them? Like begets like. Some men cannot be driven; most men can be won. A spirit of kindness and good-will will do more by far to generate a spirit of loyalty than all the bale-sticks in the world. Loyalty comes from love and not from fear.



A CERTAIN bank in New York took on a new clerk. The president came in. "Good morning, Mr. President," said the youngster, with boldness and courage.

"No one here says 'good morning' to me, and don't you begin it," was the tart reply.

The messenger quit his job, and the president should have quit his.

Not long ago there died a man of the opposite stamp. He was a member of one of the big Wall Street firms. He was on friendly terms with every man

in the office. He had a cheery smile and a greeting for everyone from the porter up. And when he died they had a memorial dinner with a vacant chair, and more than one eye was moist as they remembered the man—for he was a man. Did it pay? Ask the head of the firm!



IMAGINE, if you can, the spirit that animates the institution whose president put in a set of bowling alleys for the boys, and bowls with them! Or the atmosphere of another where several boxes of chocolates are kept in a cupboard where the boys may help themselves at a cent apiece, the profits going to charity. Contrast this with the institution whose executive officer (a big man in his own estimation) goes around with note-book in hand and huge specs on his nose, seeking whom he may devour by "getting one" on an unwary clerk. Or another where the spirit of espionage is so cruel that a false motion of a teller is likely to be taken for theft. Out of such conditions bankmen-anarchists are made, whose only hope seems in a few well-chosen funerals, the selection of which they would gladly make, and furnish the flowers!

Ink spots on the ledgers? No, first, ink spots on the hearts and hopes and ambitions of men; then ink blots on their work.

"Cut deep enough," said Napoleon to his surgeon. "and you'll find the Emperor." Cut deep enough, Mr. Banker, and in every clerk you'll find a man. And to get the best out of him you must recognize his aim (if he has any—and if he hasn't any, give him one) and encourage his ambition, engender hope and create an atmosphere of good-will. To the good man whose work avails naught there comes despair, deep and bitter. He may be to blame: you may be to blame. But when he concludes that good work gets him nothing, and poor work can do him no more harm, he is apt to say, "Well, what's the use—and this is the begin-

ning of the ink-spot period of life, where work is a grind and life a dull, desultory thing.

For the man who is careless, there is no excuse. Gentle admonition first, then warning, then a vacant stool. But the fault as often lies without the man as within. And the man higher up is frequently so perfect in his own estimation, so infallible in his judgment, so unerring in his conclusions, and so kind withal, that to hold up a mirror and show him what sort of a chap he really is, is to invite the bale-stick, and bale-sticks break men as well as horses.



BUT there's another side to the question. The fault with this maker of ink spots may not lie with his superiors, but with himself, that he is an underling. He may not have seen his opportunity. He may be so close to himself that he cannot see himself. His eyes may have been on the calendar and clock instead of on his work. When pay-day takes a man by surprise, some day he'll be surprised on pay-day. Good bankmen are not paid by the hour, but by the job. Perhaps our disgruntled friend has been frittering his time away dabbling in a thousand and one things outside his institution. For while every man should have a wholesome hobby and be a man among men, and have an interest in all that goes to make life worth while, still his job should be *the* thing of his life. He may be working on the false theory that he has a mortgage on the job ahead just because he has a life lease on the job behind. The job ahead does not always go to the man behind, for the man behind the man behind may be so much better qualified that he jumps the job ahead into the job ahead of the job ahead. Then again he might be so puffed up over himself that to give him any more honor or responsibility would simply burst the boiler of self-conceit. Two bank officers in New York openly boast that they know so much that they don't need books! And

their very boast is the measure of the men. When a wise man gets into the company of his superiors, he keeps quiet, listens and learns—the fool talks too much and forgets what little he thinks he knows. It may be that Mr. Wiseman has talked too much and the officers took his measure.

Self-judgment is a bad thing. It is biased. It is unfair. Our man may have analyzed his desire to get up for ability to make good. His longing for notoriety may simply be mistaken for ambition. The despair he sometimes feels may be due to bad digestion, bad disposition, cigarettes, drink, laziness. What he needs may not be a raise, but a long walk. Not all failures are due to official misjudgment, however much the rank and file may disagree with the executives in their conclusions.

But granting that banking is full of heartaches and heart breaks, some just

and others imaginary, nevertheless the man who can do good work under adverse conditions, and keep sweet and wholesome, is bound to win. If he can't do his best under the conditions that surround him, he owes it to himself to get another job. Round men never fit into square holes. But the man who can smile when it hurts, and keep sweet when others are sour, hold himself in check when others let go, and do good work when the temptation is to be careless, indifferent and cross, has in him some of the elements, at least, that make for success. Faithfulness, loyalty, efficiency and length of service count for much in banking; and while the few can sit before the roll-top and pass on loans, all can help keeping the machine running smoothly and efficiently, doing its best work, for out of efficient service come salaries, dividends and promotions.

Canadian Banking and Commerce— Annual Review

By H. M. P. ECKARDT

IN reviewing Canadian banking conditions in 1912 it was mentioned that the expansive movement in deposits slowed down very perceptibly in the second half of the year. While the net gain for the whole year 1912 was \$102,000,000 the most of the gain was scored in the first half. The net gain for the June half-year was \$86,000,000 as against a gain of only \$16,000,000 in the December half. Taking deposits on the whole the aggregate amount at the end of 1913 is seen to be \$1,150,047,654 as against \$1,147,063,456 at the end of 1912—the in-

crease for 1913 being \$8,000,000. Although the total at the close of 1913 stood practically at the same level as on December 31, 1912, it cannot be said that the item remained stationary in the period. The past year began with an abnormally large drop in January—\$82,000,000—and up to the end of September the January decrease had not been recovered. However, the expansion of business consequent upon the moving of the crops in the fall served to push the total of deposits slightly above the figures as reported on December 31, 1913; and at the end

of the year the seasonal recession had not yet carried it below the figures of the preceding year.



IT is to be noted that the bank reports in Canada were importantly affected in 1913 by two circumstances of an extraordinary nature. The western wheat crop of 1913 was moved with unprecedented dispatch. Owing to the monetary pressure the farmers were disposed to ship and sell their grain at the earliest possible moment. And, thanks to the falling off in general trade, the railways had ample facilities available at all shipping points. So, although the wheat crop of the western provinces was a little less than that of 1912, the amount shipped out, up to the close of lake navigation on December 1, was nearly double the amount shipped in the fall of 1912. This heavy movement of grain served to greatly increase the current account balances also the bank-note circulation in the fall. The tide was receding in December, and the movement of recession always continues throughout January.

The other circumstance particularly affecting the deposits was the Canadian Pacific Railway issue of \$60,000,000 common stock at 175. There were numerous other issues of Canadian securities in London in 1913; but the Canadian Pacific issue just mentioned was the most important and it is possible to trace its effects quite easily.

It is estimated that eighty per cent. of the Canadian Pacific stock is held in Europe. Thus something like \$84,500,000 cash would be paid to the company's bankers in London—the Bank of Montreal. The installments were due in February, April, June, August and October; and every one of those months saw a substantial increase in the “deposits elsewhere than Canada” reported by the Bank of Montreal. Taking all the Canadian banks the item “deposits elsewhere than Canada” as at December 31, 1913, stood \$16,-

000,000 higher than at the end of December, 1912. It is understood that the C. P. R. balances in London at the end of 1913 would still be swollen to unusual proportions by the unexpended proceeds of the stock issue. One may readily see, then, that but for this stock issue the aggregate of deposits of the Canadian banks as at December 31, 1913, would have been well below the aggregate as at the end of 1912.



WITH reference to the effect of the phenomenal grain movement upon the bank-note circulation, it should be said that the bank issues expanded \$20,300,000 between July 31 and November 30; and in December the contraction shown was about \$11,000,000, followed by another large contraction in January.

In connection with the note issues the year 1913 is remarkable in that it saw the inauguration of the new plan of bank-note issues against gold deposited in a central reserve. The Bank Act of 1913 gives the chartered banks power to issue ad libitum in excess of paid-up capital, on depositing gold, or Dominion notes (based on gold) equal to the excess—with the trustees of the central reserves—such issues to be free of tax.

The new Bank Act went into effect on July 1, 1913, and a little time was required to perfect the machinery. A beginning was made with the excess issues against gold in September. Sundry banks deposited \$3,350,000 in the central reserve and had outstanding at the end of the month \$1,164,709 excess notes thereagainst; at the end of October the deposits in the reserve were \$7,273,977, the issues thereagainst, \$4,396,961; at the end of November deposits were \$8,100,000, issues, \$5,554,634; and at the end of December deposits, \$7,597,066, issues \$1,807,598.

It is to be remembered that the issues here referred to are those in excess of paid up capital—the issues up to paid-up capital are the normal or ordinary

issues. Judging by the experience of 1913 the strong banks apparently prefer to issue excess currency based on gold to issuing unsecured excess notes subject to tax. During the crop-moving season they have their choice of the two methods.

brighten up considerably if the United States in the course of 1914 should enter upon an important expansive era.



THE movement of the loan account in 1913 reflects the liquidation that occurred in general business. The loan expansion in 1912 amounted to \$106,000,000 and represented a "record" increase. From 1909 to 1912 the increases of the loan account were large. In 1911 the increase was \$97,000,000; in 1910, \$85,000,000; and in 1909, \$81,000,000. A reactionary movement was experienced in the past year. Taking the item current loans and discounts in Canada, gener-

THERE has been an improvement in the position of the banks as regards immediately available reserves. During the second half of 1912 the percentage of available reserve fell from 26.20 as at June 30 to 22.08 as at December 31. Throughout 1913 it ranged within very narrow limits—from 20.63 per cent. of liabilities to 22.81 per cent.—until the end of October. Then the percentage jumped to 24.84 per cent. as a result of liquidation of special loans.

The accompanying table shows the composition of the available reserves as at the end of 1912 and 1913:

IMMEDIATELY AVAILABLE RESERVE

	Dec. 31, 1913		Per Cent. of Whole	
	Dec. 31, 1913	Dec. 31, 1912	1913	1912
Specie	\$45,423,463	\$33,780,333	15	13
Dominion notes	104,778,358	94,584,444	36	36
Surplus in central reserves.....	5,789,473	.....	2	..
Net foreign bank balances.....	22,103,362	25,243,396	8	10
Foreign call loans.....	115,984,680	105,952,101	39	41
Total	\$294,079,336	\$259,560,314	100	100

ally supposed to represent commercial loans and discounts, the total stood at \$881,331,981 on December 31, 1912, and at \$822,887,975 on December 31, 1913. Allowance must be made, however, for the change in form of the bank statement, necessitated by the new Bank Act. The current loans as at December 31, 1912, included loans to municipalities, whereas on December 31, 1913, the municipal loans are stated separately—amounting to \$30,518,573. Thus the real reduction for 1913 amounted to \$28,500,000.

It should be said that contraction is still going on; and quite possibly the general aggregate of loans will show a declining tendency during the first half of 1914. That is what is expected in conservative banking circles; but business in Canada would probably

Besides increasing their percentage of reserves from 22.08 to 24.55 in 1913 the banks increased the proportionate amount of specie and Dominion notes. The surplus in central reserves consists of specie and Dominion notes and should be counted in the total. At the end of 1913 the actual cash represented fifty-three per cent. of the total reserve, as against forty-nine per cent. at the end of the preceding year. The full statement of bank position with comparison as at December 31, 1912, is given herewith.

In comparing the amount of capital paid as appearing in the table with the total shown at the end of the preceding year, it would appear that the capital remained entirely stationary in 1913. That would, however, be an inaccurate conclusion, since the total of paid capi-

tal as at December 31, 1912, included the \$3,000,000 capital of the Sovereign Bank of Canada (in liquidation for five years); and this bank was dropped from the list as given on December 31, 1913. Thus, in case of the active or going banks there was an increase of \$3,000,000 in paid-up capital last year. That increase compares with one of \$7,000,000 in 1912 and \$8,300,000 in 1911. As the surpluses have been quite largely augmented through reservation of the premium on new stock issues, it follows naturally that when the new

capital issues dwindle the additions to surplus are not so extensive. Surplus increased \$5,000,000 in 1913, the increase comparing with one of \$10,000,000 in 1912, and \$18,000,000 in 1911. However, the balance of undivided profits increased nearly \$4,000,000 last year, as against an increase of a little over a million in the preceding year.

With reference to the capital and surplus it can now be said that taking in combination all the chartered banks of the country—twenty-four in number

LIABILITIES

	Dec. 31, 1913	Dec. 31, 1912
Note circulation	\$108,646,425	\$110,048,357
Dominion Government deposits.....	9,473,367	15,354,196
Provincial Government deposits.....	22,836,323	24,258,460
Deposits of the public (demand).....	381,875,509	379,777,219
Deposits of the public (notice).....	624,692,326	632,641,340
Deposits elsewhere than Canada.....	103,403,085	87,050,132
Deposits of other banks in Canada.....	7,792,336	6,640,203
Due to banks in Great Britain.....	12,810,721	8,312,049
Deposits of banks in foreign countries.....	8,267,044	7,982,109
Bills payable	16,537,284	.....
Acceptances under letters of credit.....	8,556,210	.....
Other liabilities	3,866,152	20,387,004
	<hr/> *\$1,308,756,866	<hr/> *\$1,292,451,137
Capital paid	114,809,297	114,881,914
Rest or surplus	112,118,016	106,840,007
Profit and loss balance.....	15,579,253	11,908,100
	<hr/> \$1,551,263,432	<hr/> \$1,526,081,158

ASSETS

Specie	\$45,423,463	\$33,780,333
Dominion notes	104,778,358	94,584,484
Circulation redemption fund.....	6,650,995	6,410,103
Deposits in central gold reserves.....	7,597,066	.....
Notes and checks, other banks.....	75,675,413	81,684,415
Loans to other banks.....	129,175	138,900
Deposits in other banks, Canada.....	4,813,890	9,217,009
Due by banks in Great Britain.....	9,312,932	10,119,957
Due by banks in foreign countries.....	25,601,151	23,435,488
Dominion and provincial securities.....	10,950,292	9,872,892
Canadian municipal, etc., securities.....	22,339,628	23,427,430
Railway and other bonds.....	71,108,182	68,840,249
Call loans, Canada.....	72,862,971	70,655,661
Call loans, elsewhere	115,984,680	105,952,101
Current loans, Canada.....	822,387,975	881,331,981
Current loans elsewhere.....	58,305,388	40,990,126
Loans to Provincial governments.....	3,827,862	5,134,491
Loans to municipalities.....	30,518,573	.....
Overdue debts	4,538,089	3,927,213
Real estate other than premises.....	2,048,860	1,472,059
Mortgages on real estate.....	1,670,192	2,132,279
Bank premises	41,756,221	37,023,299
Liabilities of customers (letters of credit).....	8,555,535	.....
Other assets	4,426,365	15,950,802
	<hr/> *\$1,551,263,432	<hr/> *\$1,526,081,158

Total assets

*Difference in addition due to omission of cents.

—the surplus has been built to an equality with the capital; in other words, the capital account has been duplicated by means of reservation of surplus earnings and of premiums on new stock issues. In no other country is it the case that the total surplus or reserve funds of all banks combined approaches anywhere near the total capital of all banks combined. The circumstance shows how conservative is the banking policy of the Dominion. In the next table the profits and dividends in 1913 and 1912 are given.

The increase of profits, according to the table, was roundly \$700,000. But actually the increase was about double that figure, since one of the large banks—the Merchants Bank of Canada appears in the 1913 column with net profits for five months only—\$533,-

653—while the nominal earnings of the bank for a full year are about \$1,300,000. However, in any event the 1913 total represents a new high record; and a glance at the dividend percentages shows that the tendency there has been upwards—in the cases of six banks the rate paid in the fiscal year is greater than in the preceding year. It is generally expected that the annual reports published in 1914 will reflect some diminution of earning power.



BANKING HISTORY.

AT the beginning of 1913 two amalgamations went into effect. The Bank of Nova Scotia absorbed the Bank of New Brunswick, and the

NET EARNINGS OF CANADIAN BANKS

Bank	Year ended	—Net Profits—		—Div. Paid—	
		1913	1912	1913	1912
Bank of Montreal.....	Oct. 31	\$2,648,403	\$2,518,408	12%	12%
¹ Quebec Bank.....	Oct. 31	288,889	284,084	7	7
² Bank of Nova Scotia.....	Dec. 31	1,210,774	970,544	14	14
³ Bank of British No. America.....	May 31	747,485	622,444	8	8
Bank of Toronto.....	Nov. 30	850,694	835,787	12	12
⁴ Molsons Bank.....	Sep. 30	669,373	661,538	11	11
Banque Nationale.....	Apr. 30	302,305	293,564	8	7
⁵ Merchants Bank of Canada.....	Apr. 30	533,653	1,338,844	10	10
⁶ Banque Provinciale.....	Dec. 31	180,781	185,162	6	6
Union Bank of Canada.....	Nov. 30	750,096	706,832	9	8
Canadian Bank of Commerce.....	Nov. 30	2,992,951	2,811,806	12	11
⁷ Royal Bank of Canada.....	Nov. 30	2,142,100	1,527,324	12	12
Dominion Bank.....	Dec. 31	950,402	901,529	14	14
Bank of Hamilton.....	Nov. 30	498,273	495,860	12	11
Standard Bank of Canada.....	Jan. 31	462,080	381,601	13	12½
Banque d'Hochelega.....	Nov. 30	534,700	481,616	9	9
Bank of Ottawa.....	Nov. 30	706,740	640,220	12	11½
Imperial Bank of Canada.....	Apr. 30	1,125,971	1,004,340	12	12
Metropolitan Bank.....	Dec. 31	165,659	168,842	10	10
Home Bank of Canada.....	May 31	167,126	140,030	7	6½
⁸ Northern Crown Bank.....	Nov. 30	281,167	291,094	6	6
Sterling Bank of Canada.....	Apr. 30	113,400	107,876	5	5
⁹ Bank of Vancouver.....	Nov. 30	.....	40,395	Nil	Nil
¹⁰ Weyburn Security Bank.....	Dec. 31	.....	60,549	5	5
¹¹ Bank of New Brunswick.....	Dec. 31	.....	150,804	..	13
		<u>\$18,323,022</u>	<u>\$17,621,093</u>		

1. Quebec Bank net profits, 1913, for eleven months only, also profits 1913 and 1912, less taxes.

2. Bank of Nova Scotia absorbed Bank of New Brunswick February 1, 1913, and therefore had the benefit of the absorbed bank's earning power for eleven months in 1913.

3. Bank of British North America net profits, 1912, for eleven months only.

4. Molsons Bank profits, 1913 and 1912, exclusive of taxes.

5. Merchants Bank of Canada profits, 1913, for five months only.

6. Banque Provincial profits, 1913 and 1912, exclusive of taxes.

7. Royal Bank of Canada profits, 1912, for eleven months only.

8. Northern Crown Bank, profits, 1912, for eleven months only.

9. Bank of Vancouver, undergoing reorganization, 1913 report not yet available at time of writing.

10. Weyburn Security Bank, 1913 report not yet published at date of writing.

11. Bank of New Brunswick absorbed during 1913.

Home Bank of Canada absorbed La Banque Internationale. Both of these transactions were arranged in the latter part of 1912. In 1913 there were no mergers arranged, and the bankers appear to be respecting the wish of the public, as expressed in the House of Commons and the daily papers, in regard to further concentration of banking power. The whole matter was threshed out during the inquiry conducted in the spring of 1913 by the banking and commerce committee of the Ottawa Parliament. It was there stated time and again that as the number of banks in operation has grown so small it is advisable to confine amalgamations in the future to cases wherein it is necessary to take a weak or troubled bank into cover. So in deference to this supposed attitude of the general public the banks have abandoned, for the time at any rate, any plans which may have been afoot for acquisition of other institutions.

The popular objection to amalgamation does not, however, apply to transactions in which a Canadian bank acquires the business and property of an outside or foreign bank. Obviously in such a transaction there is not the same presumption of diminished competition as would be the case if two Canadian banks joined forces. There was in 1913 an amalgamation arranged in the consummation of which the Bank of British Guiana with headquarters at Demerara passed into the possession of the Royal Bank of Canada. This entry of the Royal into the mainland of South America represents another stage in the southward progress of the Canadian banks. They are now established in Newfoundland, London, England, several parts of the United States, in Mexico, Cuba, Porto Rico, British West Indies, British Honduras and British Guiana. It would not be at all surprising to see them established eventually at Rio de Janeiro, Buenos Ayres and Sao Paulo.

LAST year's review stated that the parliamentary act renewing the bank charters to July 1, 1923, was introduced at Ottawa in 1912. The measure had, however, a stormy reception. Unfortunately, it happened that the decennial renewal of the charters on this occasion coincided with the period of tight money or financial pressure which is always seen towards the end of a trade and industrial boom. Because they had found it necessary to put a check on borrowers and refuse credits wanted for expansive or speculative purposes, the banks were apparently decidedly unpopular at this time. Newspaper editors and members of Parliament, in search of cheap popularity, opposed the banks at every turn and many radical propositions founded on the arguments used in the money trust agitation in the United States were put forward. Under the circumstances it was found necessary to let the renewal of the charters go over to 1913. In the spring of that year a general inquiry was held by the banking and commerce committee of the House of Commons, and many witnesses were called. The final result was the passage of an act which did not make any radical changes of system or practice.



PRODUCTION AND TRADE

ON the whole, Canada's production in 1913 was satisfactory. In Eastern Canada fairly good crops were secured and the three Western provinces also made a good record. Herewith are the figures for the past seven years of the estimated yields of wheat, oats and barley for the three provinces of Manitoba, Saskatchewan and Alberta.

	Wheat. Bushels.	Oats. Bushels.	Barley. Bushels.
1907...	70,922,584	74,513,000	19,187,000
1908...	96,863,689	103,987,000	24,050,000
1909...	119,200,000	163,998,000	30,542,000
1910...	101,236,000	108,301,000	7,130,000
1911...	169,725,000	183,570,000	33,300,000
1912...	196,000,000	224,500,000	49,600,000
1913...	188,878,000	208,308,000	35,432,000

Prices realized in 1913 were lower

than in 1912, but on the other hand the quality of the grain, wheat particularly, was excellent—it is said that there never has been a year in which the quality of the wheat was so uniformly excellent. It is understood that the proceeds of the harvest went largely to wipe out debts instead of into expansive or speculative projects.

The Ontario crops are estimated to have been as shown herewith.

	1913 bushels	1912 bushels	1911 bushels
Wheat	18,012,000	13,650,000	22,327,000
Barley,	18,255,000	13,195,000	19,103,000
Oats,	98,427,000	95,670,000	102,084,000



GOLD AND SILVER MINING

IN the last two years the gold mines in the Province of Ontario have been giving a better account of themselves. Prior to 1912 the production was entirely negligible, but with the development of the Porcupine field an improvement was effected. Ontario's record for the past three years in gold production was: 1911, \$42,687; 1912, \$2,114,086; and 1913 (estimated), \$5,000,000. The experts say that Porcupine should produce at least \$7,000,000 in 1914. In 1913 the Ontario gold mines were not far behind the British Columbia mines in the matter of output. British Columbia produced \$6,048,000 in 1913 as against \$5,877,942 in 1912.

Although there has been much said about the Cobalt silver mines being in the declining stage, the production there has not as yet fallen off to any alarming extent as the figures in the next table show.

COBALT OUTPUT OF SILVER.

Year.	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
1912	21,509	17,690,000
1913	20,943	17,600,000

IMMIGRATION

TAKING the whole year the immigration movement is seen to be slightly larger than in 1912. Herewith are the figures for recent years.

1907.....	268,337
1908.....	143,734
1909.....	182,670
1910.....	325,000
1911.....	351,395
1912.....	395,000
1913.....	417,000

It has been noted that in the closing months of the year the movement has been running under the figures of the corresponding months of the preceding year. At the time of writing, the number of unemployed workmen in Toronto, Montreal, Winnipeg, Vancouver and other centres is unusually large. This is due to the slackening of construction work by railways and other corporations and to the trade and industrial reaction. Therefore, it is not to be expected that foreign workmen will emigrate to Canada in large numbers, as in the past few years, until work is more plentiful. Thus a falling off in immigration is indicated for 1914. It is said, too, that the movement of American farmers into Saskatchewan and Alberta has been on a smaller scale than in past years.



GENERAL TRADE

IN many directions the news is of curtailed activity. Failures in 1913 were much more numerous than in 1912, particularly in the Western provinces. In the four provinces west of Lake Superior commercial failures were twice as numerous as in 1912. Bank clearings, railway earnings and the other indices point to a quiet year in 1914. It is likely that the Canadian borrowings in London will be on a smaller scale also. The bankers and other experts consider that one year, or possibly two years of comparative quiet or dullness will be experienced before business again becomes very active.

Checking and Savings Accounts

An Efficient System for Handling the Details of These Accounts

By C. W. BEERBOWER

WITH the ever increasing number of savings and of checking accounts, many of the latter with balances so small as to be unprofitable, it has become a perplexing problem how to handle these departments of financial institutions with the minimum labor and expense.

Many checking and savings accounting systems have been devised, some of them patented. The majority of them have proved inefficient in practice. The methods described in this article have been tested and found efficient for large as well as small accounts, both active and inactive, and may be used with equal success by banks in towns as well as cities. No expensive or patented binders, ledgers or sheets are required; in fact, any standard make of loose-leaf ledgers may be used, and although it may be necessary to have the sheets made to order, the ruling is simple and all requirements may be supplied by any stationery or printing house with facilities for machine ruling and punching. This permits of the system being installed and maintained with a minimum expense.



TWO DIVISIONS OF THIS SYSTEM

THERE are, of course, two divisions of this system one for savings and one for checking accounts, either of which may be used independently of the other. The distinctive feature is the individual loose leaf for the account of each customer. Thus each account becomes a separate unit. The entire account may be found in one

place (in either the current ledger or in the transfer binder) and is readily accessible. New accounts may be added to the ledger and closed ones removed to the transfer binder without affecting the exact alphabetical arrangement of other accounts. Searching for entries in dispute, figuring interest and average balances, balancing pass-books or making statements, etc., may be done in a fraction of the time required were the old style bound ledgers of the one-time popular Boston daily balance ledgers used. A distinct savings in desk and vault space is experienced and the cost of new ledger bindings at stated times is eliminated; as the loose leaf ledger is perpetual, there is no occasion for rewriting index and opening new ledgers.

The most approved method of indexing this system is known as the lexicon method; the accounts are grouped in alphabetical order behind alphabetical tabbed sheets with sub-divisions in proportion to the number of accounts in the ledger, usually about one tab for every ten or fifteen accounts. This plan makes the ledger self-indexing, and affords quick and direct reference to the accounts, thus saving at least twenty-five per cent. in posting time over the old-style bound ledgers divided with the written index.



THE CHECKING SYSTEM IN DETAIL

AS a result of careful experiments it has been found that when the total number of checking accounts exceeds one thousand, it is of advantage

ACCT. NO. SHEET NO.	NAME		ADDRESS		REMARKS					
	Date	Checks in Detail	Total Checks	Deposits	Balance	Date	Checks in Detail	Total Checks	Deposits	Balance

FORM 1. LEDGER SHEET FOR CHECKING ACCOUNTS

ADDRESS	AGE	OCCUPATION	NAME		REMARKS		ACCT. NO.	HOME BANK NO.
			Date	Withdrawn	Interest	Deposits			Balance

FORM 5. LEDGER SHEET FOR SAVINGS ACCOUNTS

for efficiently handling the work to separate the accounts into active and inactive, using separate ledgers for each class. Form 1 is a reproduction of a ledger sheet for use with this system, the details of which have been carefully worked out. The columns are ruled in distinctive colors to aid the eye in correct posting; the unit lines are of sufficient width for rapid work; buff paper is used to lessen the eye strain and it will also show finger prints less. Separate columns are provided for dates, checks in detail, total checks, deposits and the balance, and the sheet is divided into two sections.

For active accounts the sheets should be 18³/₄ by 16³/₄ inches; for inactive accounts the size should be 9¹/₄ by 14 inches and when active and inactive accounts are kept in the same ledgers, the size should be 11³/₄ by 13⁷/₈ inches. All these sizes are standard. The same style of ruling and wording is used for all sizes; the only difference is in the capacity of the sheets.

Form 2 is a combined journal and proof sheet. It should be 10x17 inches, if used with adding machines with narrow carriages or in banks with comparatively few transactions. For larger banks and those having duplex machines or machines with standard carriages these sheets should be 12x19 inches. Either of these sizes will cut without waste from any standard make of inexpensive bond paper. They should be punched with round holes to fit transfer binder, as the usual style of punching will tear out in the machine.

Each ledger should have one or more of these journal and proof sheets for the day's transactions. There are two methods of using these sheets, depending to a certain extent whether or not it is the policy of the bank to post direct from the checks to the ledger or whether or not they are first journalized and entered as totals from the sheet. If the latter method is used, the debits and credits should be proven or called back, then they may be assorted in alphabetical order; the items for each account are then listed on Form

BOOKKEEPERS STOP PAYMENT MEMO.	
	Check of.....
	Dated.....No.....\$.....
	Payable to.....
	Duplicates Issued { Yes No Rec'd..... 191.....
	Memo.....

FORM 3.—STOP PAYMENT NOTICE

other or the taking out of any sheet with an open account.

Stop-payments may be kept track of by the use of Form 3, a small red tissue sheet, two and one-half by five inches. It is placed in the ledger at the account, and serves as a danger signal for stop-payments.

Many banks have discontinued the practice of balancing pass-books and in lieu thereof render statements monthly or at stated intervals. This individual loose leaf ledger system is ideal for use with the statement system. When used with this system it is not necessary even to prove the work of the day on the ledgers by listing the old and new balances and comparing with difference in totals of debits and credits. The statements are written up by hand or by means of a special statement machine, which automatically, so to speak, adds the deposits to the previous day's balance, deducts the checks and extends the resulting balance. If this work is done at the close of each day or the following morning, the balances of the statements may be called against the ledger and thus an absolute proof is secured, without the labor of listing and proving each day the balances on the ledger. This process should show any entries posted to the wrong account as well as errors in

extensions, etc. When the statement work is handled by clerks other than those working on the ledgers, the best check on the work it is possible to devise is secured.



SAVINGS ACCOUNTS

THE following method of handling savings accounts is a modification of the system used with checking accounts. Each depositor is required to present the pass-book with deposits and withdrawals. In the bank in which this system is in use it is a rule that no checking will be allowed on savings accounts; that is, withdrawals will be honored only when written on a special withdrawal form, provided by the savings teller. These forms, may, when O. K.'d by the teller, be exchanged for a cashier's check. This method is also used for sending withdrawals to out-of-town depositors.

In making deposits no ticket is required, as is the case with commercial accounts. The savings teller enters the deposit, with the depositor's name and account number, on Form 4. This is a loose-sheet journal or cash-book, a current supply of which may be conveniently held in a ring bookbinder, thus

Total	Checks	L. F.	Names	No.	L. F.	Deposits.	Total

FORM 4. SAVINGS JOURNAL OR CASH SHEET

giving a perfectly flat writing surface and ease in turning the sheets. Each sheet or sheets should be divided into as many sections as there are savings ledgers, as this will permit of each ledger being balanced independently of the other. For 1000 accounts or less these journal sheets should be 14 by 8½ inches; for a greater number of accounts sheets 20 by 8½ inches will be found more satisfactory.

When a withdrawal is made the teller makes out the slip, secures the depositor's signature and then enters the amount on the journal sheet with the proper explanation or description. Both deposits and withdrawals are also entered on the pass-book and the resulting balance extended by the teller at the time of the transaction. After the withdrawals slip is O. K.'d it is cashed by one of the regular paying tellers of the commercial department or exchanged at another department for a cashier's check. The savings teller does not pay out money. It is believed the practice of having the teller make out the withdrawal slips and make all the other entries will be found the most accurate method. Many savings depositors are children; in some localities the majority are foreigners, and not infrequently, if American born, unlearned, and, therefore, as a rule they need assistance to enable them to understand their banking transactions.

Form 5 shows a ledger sheet for savings accounts, the most convenient size of which is nine and one-quarter by fourteen inches. The size is the same as for inactive checking accounts and likewise the ruling is identical; the only difference is in the headings of

the columns, etc. By using a uniform size when sheets are bought the supply for both departments may be punched and ruled, and part printed for savings and the balance for checking accounts, thus securing a lower price on these supplies. The ledgers are posted direct from the journal sheets and unless the transactions are numerous, it will hardly be necessary to use the system of daily proof of the balances as a reasonably accurate bookkeeper should experience but little trouble in balancing the ledgers once a month. The balances, of course, are extended on the ledgers after each transaction.



THE handling of interest periods is easily accomplished by entering the interest for each account on a separate set of journal sheets, designating each amount by its proper account name and number. The total for each ledger is credited to the ledger total on general ledger and each account has credit by the same, entering it in the interest column on the ledger. From time to time as the pass-books are presented for interest they are written up directly from the interest journal, as this is quicker than to look up the amount as entered on the accounts.

This individual loose-sheet system for savings accounts and the corresponding system for checking accounts will be found to have numerous advantages over the systems for handling this important work, which are in daily use in many banks, for with these systems the maximum efficiency is secured with the minimum expense and labor.

Useful Blanks

HEREWITH are two forms that may be found serviceable to banks, the first being suitable to those desiring to open accounts by mail and the second a general form of inquiry:

OTHERS USE THIS FORM—WHY NOT YOU?

Date.....191....

WACHOVIA BANK & TRUST COMPANY,
WINSTON-SALEM, N. C.

Gentlemen:

Find enclosed
(Check, Money Order, Cash.)

for \$..... with which I wish to open a.....
(Checking, Savings or Certificate)

account with your institution.

Kindly send book (or Certificate) to the following address:

Name

R. F. D. No.....

Postoffice

State

SEND WHAT YOU HAVE. Money deposited here is protected by our Capital of \$1,250,000.00—your guarantee. If our plan or service fail to please, you have but to call or write for your money.

FORM 1.—BANKING BY MAIL

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 Accounts [] Savings Accounts [,]

Trust Department [] Bond Department []

Certificates of Deposit..... [] Banking by Mail []

Name

R. F. D. No.....

Postoffice

State

Date.....191.....

FORM 2.—GENERAL INQUIRY



Registered Bank Books

THE Chelsea Savings Bank of Chelsea, Massachusetts, has evolved a simple yet effective method of removing all inconvenience to depositors who wish to withdraw their dividends at regular intervals.

It is a method of registering bank books.

A permanent order is filed with the treasurer for the payment of such dividends; the proper record is made on the ledger and pass-book, and there is

no further necessity for presenting the pass-book unless a portion of the principal is to be withdrawn or the order revoked.

On each dividend day checks are mailed to those who have orders on file.

As can be seen at once, this benefits the bank's office force, those having business at the bank on dividend days and those who receive their dividends by mail.

Banking and Commercial Law

CASE COMMENT AND REVIEW

Taxation of Deposits

LEGISLATORS are constantly seeking new ways and means to secure public revenue. Having taxed real estate until the burden has become oppressive, other forms of taxation have been devised, such as recording tax on mortgages (falling on the borrower and indirectly on real estate); inheritance taxes, licenses to sell liquor, run automobiles, etc.

Money in banks becomes an easy target, such tax being easy to collect and difficult to avoid, for such funds must be kept somewhere. Savings banks in some States are taxed on their deposits (a tax paid indirectly by the depositor) and on their surplus in others, particularly New York. Deposits in banks of discount have likewise been subject to tax; as for instance, in Vermont, prior to 1906, all such depositors were taxed in the districts in which they resided, whether the deposit bore interest or not.

Depositors in savings banks and trust companies were exempt from taxation on their deposits to a specified amount, but the bank was subject to a tax on the average amount of its deposits. Depositors having on deposit more than the law exempted were taxed locally.

The Legislature then levied a tax on all deposits in national banks bearing more than two per cent. interest, collectible, not from the bank as a franchise tax, but from the depositors therein; but provided that the bank could elect to pay the State and deduct from depositors' accounts, if desired.

Realizing in this provision a good advertising feature, some banks agreed to pay the tax without deduction and so advertised, and evidently found it prof-

itable. But one thus agreed to pay the tax and failed to do so, and therefore arose the case of *Clement National Bank vs. State of Vermont*, reported in this number as one of the leading cases of the month.



Depositors That Are Not Depositors

IT is an easy matter to put money in a bank and generally quite as easy to get it out; but occasionally a depositor will open account under such conditions that when the facts become known the depositor finds it difficult to obtain his money and the bank finds it dangerous to pay. As a result the court is asked to settle the matter, the bank being as willing to pay as the depositor is anxious to draw, provided the risk is eliminated.

Such a condition arose in the case of *Roughan vs. Chenango Valley Savings Bank of Binghamton, N. Y.*, reported in this number.

Thirty-five years ago Anna Roughan, a thrifty and hard-working Irish girl, in order to provide for her mother, who lived in Ireland, opened account in the above-named bank in the mother's name, "Bridget W. Roughan, Binghamton," for \$370, representing that to be her name, and without advising the mother of the fact.

In 1896 she deposited \$500 in the name of James W. R. Kelley, a crippled nephew, under similar conditions. Both died in ignorance of the deposits. Anna kept the books.

In 1908 she lost the books and gave notice of loss to the bank, which for the first time knew the peculiar circum-

stances surrounding the deposits, and asked bond of indemnity as a condition of payment. This the plaintiff refused, and the bank offered to pay to the personal representatives of the deceased depositors. The court was asked to settle the matter and decided that the bank having no by-law requiring bond of indemnity for lost pass-books, could not insist upon it.

Nor would it require administration, for the decedents left no property, and by the testimony of the daughter had no interest whatever in the accounts, and to administer on these funds would be to admit that such was their property, and, therefore, distributable according to law. Every essential element of a gift was lacking, there being neither intent to give, delivery of the thing given, nor acceptance on the part of donees. Neither was a trust created as there was lacking the declaration that is essential to a trust. In short, the Court said: "Anna has proved to our satisfaction that this money is hers, and always was; the mother and nephew never had any interest in or title to the funds. Pay them to her and this decision shall be your warrant."



Dr. Jekyll and Mr. Hyde

CAN Boesel, the manager of a bank, forget what Boesel, the man, all the while knew? Can a bank man be a Dr. Jekyll and a Mr. Hyde? Can Dr. Jekyll acquire a note tainted with fraud and therefore bad, and, by buying it as Mr. Hyde, an officer of a bank and for his bank, make it good because in the hands of a third party for value? Is the bank an *innocent* third party? Does the fact that the *man* knew of the fraud charge the *bank* with notice of the fraud also? Is the old doctrine of law "what I do by my agent I do by myself" still applicable? These are the interesting questions suggested by the case of *First Nat. Bank of New Bremen vs. Burns* in this issue of *THE BANKERS MAGAZINE*.

A corporation can act only through its officers and agents, and inasmuch as the cases all agree on the elementary proposition that the acts of the agent within the scope of his authority are at once the acts of his principal, obviously the knowledge of such agent becomes the knowledge of his principal. This general rule, admitted and adopted by practically all the courts, if applicable to this case, will hold that a note bad in the hands of Boesel the *man* does not become good by being passed over to Boesel the *banker*, for "to hold otherwise would open the widest possible door for all sorts of fraud." As a clear-cut and concise exposition of the law of agency the case merits reading. See *First Nat. Bank of New Bremen vs. Burns*.



Gifts Causa Mortis

A GIFT is the voluntary transfer of property by the owner without consideration or compensation, or without any other consideration than love and affection, or a nominal consideration, or both. The law recognizes two kinds of gifts: gifts *inter vivos* (between the living) and gifts *causa mortis* (in contemplation of death), and any person of sound mind may make a gift of any or all of his property, provided he does not thereby infringe the rights of creditors.

To make a completed gift *inter vivos* there must be, on the part of the donor, the *intent* to give, and a *delivery* of the thing given to or for the donee in pursuance of such intent, and on the part of the donee acceptance. The subject of the gift may be chattels, choses in action, or any form of personal property. What constitutes delivery depends upon the nature and situation of the thing given. The delivery may be symbolical or actual, that is, by transferring the manual custody to the donee, or by giving him the symbol which represents the gift. The acceptance also may be implied, but the essential factors are intent and delivery.

The donor cannot give and still keep. He must relinquish all dominion and control over the property. Intent without delivery accomplishes nothing; and delivery without the intent defeats the gift. Moreover, the gift must take effect immediately.

Bank accounts are frequently the subject of gifts, the delivery being symbolized by transfer of possession of the pass-book, the intent being a matter of evidence.

Both parties being alive in gifts *inter vivos*, the circumstances attending such gifts are not difficult to ascertain; but in gifts *causa mortis* more difficulties arise, the donor being dead and the donee a prejudiced witness.

The essentials of a gift *causa mortis* are simple: The gift must be made in the immediate apprehension of death, subject to the condition, expressed or implied, that if the donor should not die as expected, or if the donee should die first, or the donor should revoke the gift before death, the transfer is void.

Technically speaking, all gifts are between the living, whether made in anticipation of death or not; but in gifts *causa mortis* there must not only be the intent to give; delivery of the thing given (implied or actual), but two additional factors, namely, the gift must be made in view of the donor's death, and he must die of the impending disorder.

The effectiveness and simplicity of this form of gift will quickly be seen by a review of a leading case, involving the sum of forty thousand dollars. In 1888, one Edwards, about to go to a hospital for an operation, gave a tin box containing savings bank books to one Ridden, saying that he was apprehensive of death and if he did not return, the box and contents (sixteen savings bank books representing about \$40,000) were his. Edwards left a note to the effect that if he died, Ridden was to take charge of his body, bury it, and have "full charge of all my personal effects of every kind, to have and to hold unto yourself." The operation was successful, but eleven days

thereafter Edwards died of heart disease with which he was afflicted when he went to the hospital, but in which he was still a patient. A fine point is here raised. Edwards feared death from the operation; he died from heart trouble. But the court concluded that "no medical skill could ordinarily tell that the donor would have succumbed to the disease feared if the other diseases had not been present. And who could tell that death would have ensued from heart disease at that particular time but for the operation?" The gift was sustained.

In the case of *Baker vs. Moran*, reported in this issue, the alleged gift *causa mortis* involved two bank drafts for \$2,000 each, given under apprehension of death and under circumstances indicating an intent to give, the actual delivery of the thing given, and the donor died of the disease, from which he suffered at the time, and all the elements of a valid gift *causa mortis* being present, the gift was sustained.



Check Given "In Full to Date"

IN the disputes that are bound to arise in business matters, it frequently happens that where the amount due is the point at issue, the debtor will draw his check for a sum which he claims to be the true amount, but which is less than that claimed by the creditor, endorsing it either on the face or back, "in full to date," "settlement in full," or words to this effect. The thought in mind is to force a settlement, either by a trick or by appealing to the creditor's need for funds.

The creditor has one of three courses open: (a) To return the check—the only safe course; (b) To cross out the endorsement, making it an altered instrument which subsequent endorsers should refuse, and which the drawee bank, as paying agent of the depositor, should also refuse, on the ground that such alteration would nullify the check.

The drawer could refuse to allow the altered item charged to his account as a voucher inasmuch as such payment was not as authorized and, therefore, unwarranted. Even a letter of disclaimer, to the effect that while the check was credited on account, it was not settlement in full, would be of little avail; (c) To collect the instrument, credit proceeds, notify drawer of the credit on account and sue for the balance. The question hinges on whether or not the amount is in dispute. The term "accord and satisfaction" as used in law regarding negotiable instruments is defined by Tompkins in "Law of Commercial Paper" as follows: "Accord is a mutual agreement as to terms; satisfaction is the payment as agreed upon. Agreement without satisfaction amounts to nothing."

In cases where the amount owing is definite and undisputed, the payment of a smaller sum than is due will not satisfy the claim, even though words be used as above given. Where the amount is in dispute or unliquidated, an agreement to accept a smaller sum than that demanded is an accord, and the payment thereof, a satisfaction. As above stated the crux of the matter is whether or not the amount is in dispute. Suppose A owes B \$50, the agreed price of a watch, sold to A. B presses A for payment, receiving a check from A for \$85 endorsed "in full for watch sold me by B." A writes a letter to B to the effect that the check is in full. B may keep the check and sue for balance. But if there is a controversy over the amount, the acceptance by B of \$85 for a \$50 debt will bar a recovery.

Such a case is that of Kirby Planning Mill Company vs. Titus, reported in this issue, where the balance was disputed and a check sent in payment endorsed "in full settlement as per contract." The check was retained, endorsed and deposited by

the son, and for this reason only, the case was given a new trial; but had the payee endorsed the item in person, it would have, under the rule above stated, constituted an accord and satisfaction.



A Practical Application of Case Law by a Banker

A DEPOSITOR in a Brooklyn, N. Y., savings bank died, leaving a substantial balance, but no relatives or other estate. On his death bed, before witnesses, he handed his bank-book to a friend and said: "This is yours." He died two days later.

The donee asked payment. The bank had no authority to pay, but knew the circumstances to be as claimed. Having at hand a volume issued for such purposes*, the cashier ran down "gifts *causa mortis* until he found a similar case, from the highest court in the State. The court pointed out just what constitutes such a gift, namely, (a) the donor must be ill, and contemplate death; (b) he must die of the disease then existing; (c) he must pass the book over to the donee intending to make the gift; (d) the transaction must be supported by evidence, and not revoked.

All these elements being present the bank man advised friendly suit, for the bank's protection, suggesting to the claimant that the case referred to be cited as authority for the position taken, and promising not to contest the case. The case will be tried along these lines; the man will get his money; the bank will get its protection, simply because the bank man paid heed to the practical value of applied case law to the everyday work of a bank. May his tribe increase!

* New York Savings Bank Cases: Bankers Publishing Co. Sample case sent on request.

Leading Cases of the Month

Tax on Interest-Bearing Deposits in National Banks

UNITED STATES SUPREME COURT

Right of a National Bank to Agree with the State to Pay the Tax Imposed Upon Depositors of Interest-bearing Accounts.

United States Supreme Court, November 10, 1913.

CLEMENT NATIONAL BANK VS. STATE OF VERMONT.

A national bank in Vermont may agree to pay the semi-annual tax imposed by law upon its interest-bearing accounts, based upon the average amount of deposits, and charge the same to its depositors.

Such a tax does not unfairly discriminate against national banks, where State banks, under State regulation, pay a franchise tax based upon the average amount of deposits, and at substantially the same rate, after deducting the deposits in excess of \$2,000 upon which depositors are taxed locally.

Such an agreement between a national bank and the State is not *ultra vires*, even though the average amount may not be the same as the amount upon which the depositors individually would be liable and no charge is actually made to said accounts of the tax paid by the bank.



IN error to the Supreme Court of the State of Vermont to review a judgment which, reversing in part a judgment of the Rutland County Court, rendered judgment in favor of the state upon an agreement by a national bank to pay the taxes assessed upon interest-bearing deposits. Affirmed.



STATEMENT OF FACT

FOR several years the Clement National Bank of Rutland, Vermont, maintained a "savings department,"

allowing depositors interest at the rate of two per cent., payable semi-annually January 1 and July 1. Certain other depositors received certificates of deposit bearing interest at the rate of three per cent. for each calendar month.

Prior to 1906 depositors in national banks in Vermont, whether or not their deposits bore interest, were taxed at the local tax rate, in the districts in which they resided. Depositors in savings banks and trust companies organized under the laws of the State, had long been exempt from all taxation on their deposits to a specified extent (at first \$1,500, and later \$2,000 in any one institution), these organizations being subject to a State tax of seven-tenths of one per cent. per annum computed upon the average amount of deposits; in this computation, deposits in excess of the above stated limit were deducted, and upon these the depositors were taxed locally.

This system being continued as to the State institutions and the depositors therein, the general assembly passed the statute in question which provides for a State tax on interest-bearing deposits in national banks (where the interest exceeds two per cent. per annum) of seven-twentieths of one per cent. semi-annually. Persons having deposits of this sort, unless specially excepted, are required to report them at specified periods, and to pay the tax without deduction on account of any exemption. No other tax is to "be assessed on such deposits in national banks, nor against the depositors on account thereof."

It is further provided that, if a national bank so elects, it may pay to the State all the prescribed taxes, and deduct them from the interest or deposits of the persons from whom they became due. On such election, the bank is, semi-annually, to file with the State commissioner a stipulation to that effect;

no depositor is required to make returns for the period covered by the stipulation; the State commissioner is to issue to the bank a certificate showing that it has been filed; and the statute provides that upon such filing the bank shall "become liable to the State for the amount of such tax of seven-twentieths of one per cent. of the average amount of such deposits" held by the bank during the six months to which the stipulation refers.

This suit was brought by the State upon a stipulation, which was filed by the plaintiff in error, on October 1, 1908, by which the bank agreed with the State to make returns of all its deposits bearing over two per cent. interest; and to pay the tax of seven-twentieths of one per cent. thereon, the returns and payment therein specified not having been made.

It appeared that the state commissioner issued to the bank his certificate, which was conspicuously posted in its banking room, that the stipulation had been filed, and that therefore depositors having deposits upon which the rate of interest exceeded two per cent. per annum would not be required to make returns. In consequence, none of the depositors' reports were made, and there was no valuation of the individual deposits by any official during the period covered by the stipulation.

It was also set forth that, under the bank's method of allowing interest on deposits, it was impossible for it to determine, at the time it was required to make its semi-annual returns under the stipulation, upon what deposits interest exceeding two per cent. per annum would actually be allowed. Thus, deposits might be withdrawn prior to January 1st or July 1st, the dates on which interest was credited on amounts then in bank. In practice, in former periods for which the plaintiff in error had made payments under similar stipulations, it had included all deposits belonging to the class upon which interest was allowable in excess of two per cent. per annum, in arriving at the average amount of deposits, whether or

not interest was in fact paid. The monthly averages were ascertained by averaging the aggregate deposits held at the close of each day, and the average for the six months was taken by averaging the monthly averages. * * * The net average for the six months was \$578,669.19, upon which the State sought to recover \$2,025.33.

The State also declared upon a similar stipulation filed by the bank on April 1, 1909, covering the ensuing six months. The court of first instance rendered judgment in favor of the State for the full amount demanded. This was reversed by the Supreme Court of the State, which held that the statute did not apply to non-residents, and that the amount of recovery should be determined by a computation based on the credits of resident depositors. Final judgment was then entered against the bank, covering the two periods, in the sum of \$3,989.85. 84 Vt. 167.



OPINION OF THE COURT (IN PART)

HUGHES, J.: It is contended that the statute imposed a tax upon the franchises of national banks, and hence exceeded the State power. *Owensboro Nat. Bank vs. Owensboro*, 173 U. S. 664.

But it is apparent that, whatever other objections may lie, the tax complained of is not laid upon the national bank itself, its property or franchises. It is imposed upon the depositors; they alone are required to pay it. If they fail to make returns, as provided by the statute, they are subject to penalty; and both tax and penalty are recoverable by suit against them in the name of the State. If they escape the tax, it is because of the bank's stipulation. If the bank becomes liable, it is by virtue of its agreement, and not otherwise. The statute was so interpreted by the supreme court of the State, which said: "The transaction which makes the money the property of the bank gives

the depositor a credit of equal amount, and the term 'deposit' may be used to indicate the money deposited or the credit which the depositor receives for it. The last must be taken to be the meaning here, for the statute lays the tax upon the depositor in so many words." 84 Vt. 167.

There is no difficulty in the interpretation of the statute as to the prescribed incidence of the tax, and, aside from that, the decision of the State court is controlling as to the persons upon whom the statute fixed responsibility. It was the province of that court to determine what the terms of the statute authorized, commanded, or forbade and it is for this court to say whether, in view of its operation, thus delimited, it conflicts with the Federal law. * * *

It is not urged that the legislation of Congress relating to national banks, either expressly or by implication, withdraws from the reach of the taxing power of the State the credits belonging to depositors, whether or not interest-bearing. "No one contends," says the plaintiff in error, that a State "has not the right to include in its taxation of a person's property the amount which he may have on deposit in the savings department of a national bank." It must also be recognized that in exercising its authority to tax property within its jurisdiction, the State is not limited to one method. It has a broad range of discretion in classifying subjects of taxation and in employing different methods for different sorts of property. * * * The objection made by the bank to the State's plan must rest not upon the mere fact that the depositors in national banks are taxed upon their credits, or that they are taken out of the system of local taxation, but upon the ground that the measure adopted is essentially inimical to national banks, frustrating the purpose of the national legislation, or impairing their efficiency as Federal agencies. *Davis vs. Elmira Savings Bank*, 161 U. S. 275. And that, in substance, is the position taken.

To be open to such an objection, it

must appear that the scheme of taxation constitutes an injurious discrimination. Even in the case of shares of the capital stock of national banks, which cannot be taxed save with the consent of Congress (*New York vs. Weaver*, 100 U. S. 539), taxation by the State is expressly permitted if it is not at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens. * * *

The object is to prevent hostile discrimination, and for this purpose a standard is fixed. *Mercantile Nat. Bank vs. New York*, 121 U. S. 138. With respect to the taxation of depositors' credits, the Federal statute does not prescribe a rule; and, the property being normally subject to the State's taxing power, there is no warrant for implying a restriction which would extend beyond the requirements of protection from the prejudicial effect of such exactions as would be unjustly discriminatory.

It follows that the comparison must have regard to business and property which may be deemed to have, generally speaking, a similar character; and, in the present case, there is no basis for the contention that the statute unfairly discriminates against national banks unless it may be found in the method of dealing with deposits in banking institutions organized under the State law. The institutions thus brought to our attention are savings banks and trust companies.**

These State organizations, as it has already been observed, for many years had been subject to a special State tax upon the average amount of deposits, after certain deductions. This has been held to be a franchise tax (*State vs. Bradford Saving Bank & T. Co.* 71 Vt. 234. *State vs. Franklin County Savings Bank & T. Co.* 74 Vt. 246. Having laid this tax, the State exempted the depositors in these savings banks and trust companies from taxation upon their respective credits not exceeding \$2,000 in any one institution. Individual deposits over this amount, as we have seen, were to be deducted in com-

puting the tax to be paid by the State banks and trust companies, and were to be listed by the depositors for local taxation at their places of residence. The situation then was, with respect to the State institutions, that they paid the tax of seven-tenths of one per cent. per annum upon average deposits, and the deposits were exempted from taxation upon those deposits which entered into the calculation of this average. National banks did not pay, and could not be compelled to pay, a franchise tax, or other tax upon their deposits, and their depositors having credits bearing interest at a rate exceeding two per cent. per annum were required by the statute in question to pay upon such credits a tax of seven-twentieths of one per cent. semi-annually. Or, if any national bank desired to do so, it could agree to pay an amount computed at the same rate upon the average amount of deposits of the described class, and thus save its depositors both from the tax and the inconvenience of making returns.

With respect to those interest-bearing deposits of the described class which did not exceed severally the sum of \$2,000, it is evident that there was no hostile discrimination against the national banks by reason of the rate of the tax imposed upon their depositors. True, in the one case the depositor was exempted to the specified amount, and in the other the depositor was taxed. But the depositor in the State bank was relieved because the bank paid. The amount received by the State was substantially the same in each case, that is, at the rate of seven-tenths of one per cent. a year. The State banks transacted their business under this charge.

As to national banks, the State could not follow the course taken with the State institutions, and lay a tax upon the bank, computed upon the amount of its deposits, with a corresponding exemption to the depositors. Nor was the State bound to extend its exemption to cases where the reason for it did not exist. But the national bank, not being subject to the tax which the State

banks had to pay, had the opportunity to give its depositors, if it chose, an equivalent benefit in interest rates. So far as the amount of the tax upon these deposits was concerned, the national bank was not put at a disadvantage as compared with the State banks.

Then, as to deposits in excess of \$2,000, for which depositors in the State institutions were taxable locally, it does not appear that the difference in method was to the prejudice of national banks. The depositors in the latter, with respect to the interest-bearing deposits in question, had a low, flat rate, and were free from what the State court properly called "the greater burden and uncertain demands of local taxation." The agreed statement of facts sets forth that the average local rate throughout the State for the year beginning April 1, 1908, was \$16.70 per \$1,000 of taxable property set in the grand list; the minimum being \$7.50 per \$1,000, and the maximum being \$89.80 per \$1,000. While deduction for debts was allowed in the ascertainment of the amount of personal estate subject to the local tax, and this was laid only once a year, the allowance of a much lower rate on deposits to any amount in a national bank might well be regarded as a compensatory, if not a greater, advantage in its general operation. It is said that no such publicity was required of the other taxpayers regarding their personal property as was demanded of depositors in national banks. This argument refers to the requirement that the latter should report the amount of their deposits and the names of the banks in which they were kept. But, in the case of local taxes, a "full statement of all taxable property" was required from each taxpayer, who was obliged to make oath that his inventory was "a full, true, and correct list and description." * * *

What difference there may be in the form of the two statements is plainly not important. The requirements in the case of the depositors in national banks went no further than to secure the payment of the tax, and the returns were

subject to official inspection only.

It was in these circumstances that the legislature adopted the provision that, if the national bank agreed to pay an amount which might fairly be regarded as equivalent to the sum demanded of the depositors, the latter should be free from the necessity of making any returns. In no proper sense could this be deemed to place the bank under duress. It may well be that the State desired, by substituting the flat exclusive rate in place of local taxation, to facilitate the appearance in larger amount of a class of property which easily escapes taxation. 84 Vt. 167. But the exaction it imposed upon the depositors was not relatively unfair, and in providing that the bank might, if it saw fit, make the returns and payment stipulated, the State left no possible ground for objection on the score of inconvenience in practical administration. That the plaintiff in error, in the conduct of its savings department, did not fail to perceive the business advantages of the State's plan, is apparent from the excerpts from the advertisements it published during the period covered by the stipulation in suit and prior thereto.

We find no basis for the charge of injurious discrimination.

With this view of the scheme of the statute, we come to the question of the validity of the stipulation in suit. The bank contends that it was *ultra vires*. There is no suggestion that the bank did not have the power to allow interest upon deposits, or to conduct its savings department. Neither party questions the bank's authority in that respect. The practice of maintaining savings departments seems to have become extensive in recent years, without challenge by the Government. (Report of the Comptroller of the Currency; Treasury Reports, 1912, p. 361.) The position of the plaintiff in error is that, assuming its right to transact business of this sort, still it could not lawfully enter into the agreement which the State seeks to enforce.

The applicable principles are not in dispute. The Federal statutes relative

to national banks constitute the measure of the authority of such corporations, and they cannot rightfully exercise any powers except those expressly granted or which are incidental to carrying on the business for which they are established. * * * California Nat. Bank vs. Kennedy, 167 U. S. 362. Logan County Nat. Bank vs. Townsend, 189 U. S. 67. These incidental powers are such "as are required to meet all the legitimate demands of the authorized business, and to enable a bank to conduct its affairs, within the general scope of its charter, safely and prudently." First Nat. Bank vs. National Exch. Bank, 92 U. S. 122. Western Nat. Bank vs. Armstrong, 152 U. S. 346. The bank was authorized to receive deposits. Arising from these deposits were credits to the depositors, forming part of their property, and subject to the taxing power of the State. It cannot be doubted that the property being taxable, the State could provide, in order to secure the collection of a valid tax upon such credits, for garnishment or trustee process against the bank, or in effect constitute the bank its agent to collect the tax from the individual depositors. First Nat. Bank vs. Kentucky, 9 Wall. 358. Merchants' Mfr. Nat. Bank vs Pennsylvania, 167 U. S. 461. Further, it would seem to be highly appropriate that, the credits of depositors being taxable by the State, the bank should be free to make reasonable agreements, and thus promote the convenience of its business, with respect to the making of returns and the payment of such amounts as the State might lawfully require of its depositors. Provision for such agreements, instead of constituting an interference with a federal instrumentality, would aid it in performing its functions, and would remove unnecessary obstacles to the successful prosecution of its business.

The contention, however, is that in this case the bank, under the statute, stipulated to pay at the specified rate upon an average amount of deposits, and it is insisted that this amount did

not correspond precisely to the amounts upon which interest was actually paid to the depositors, and upon which accordingly they would have been taxable. * * * But we are of the opinion that this lack of an exact correspondence between the amount upon which the depositors would have been taxed and the average amount upon which the bank agreed to pay cannot be said to furnish a ground for holding the agreement to be invalid. There was, and in the ordinary course of business there naturally would be, a substantial equivalency. The arrangement to make the computation upon the average amount of deposits of the class was a simple and convenient method which could fairly be said to offset in its advantages such risks as might be incident to the fluctuations. It is further said that the agreement did not contemplate a charge against the depositors' accounts of the amount paid by the bank. The bank, however, was free to adjust its interest rates accordingly. We find no ground for sustaining the contention that the agreement was beyond the bank's power.

But it is also insisted that the agreement cannot be enforced for the reason that it was without valid consideration. The proposition is that the tax, considered as one upon the depositors, would, if enforced, constitute a denial of the equal protection of the laws, and would take the property of the depositors without due process of law.

What has already been said with respect to the charge of discrimination against the bank is applicable here, and need not be repeated. * * *

In support of the contention that the tax would deprive the depositors of their property without due process of law, it is said, (1), that there was no valid assessment, and none was provided for; and (2), that the tax was assessed, if at all, without proper notice to the depositors. The statute laid the tax at a specified rate upon bank credits; no other assessment than that made by the statute itself was necessary; and no other notice to the depositor than that

thus given by law was required. The tax was recoverable by suit in which the depositor would have full opportunity to resist any illegal demand. *Dollar Sav. Bank vs. United States*, 19 Wall. 227; *King vs. United States*, 99 U. S. 229; *United States vs. Erie R. Co.* 107 U. S. 1; *United States vs. Chamberlin*, 219 U. S. 250.

Further objection is made that the statute interfered with existing contracts between the bank and its depositors, impairing their obligation. But this is clearly untenable. The statute did not act upon such contracts; it imposed a tax upon the property of depositors in the exercise of a power subject to which the deposits were made. *North Missouri R. Co. vs. Maguire*, 20 Wall. 46.

The judgment is affirmed.
34 Sup. Ct., Rep. 31.



Stockholder's Double Liability

MAINE

Deceased Stockholder's Liability for Debts of an Insolvent Trust Company.

Supreme Judicial Court of Maine, October 29, 1913.

Every person who voluntarily becomes a shareholder in a corporation thereby agrees to the terms of its charter and assumes those obligations which the laws of the State creating the corporation impose upon such shareholders.

The obligation which such shareholder assumes by becoming a member of the corporation is contractual in its nature and does not abate at his death, but survives, and his estate becomes chargeable therefor.



ACTION by Charles F. Johnson and others, receivers of the Waterville Trust Company, against Helen M. Libby. Reported on an agreed statements of facts. Judgment for plaintiffs.

STATEMENT OF FACT

JULY 1, 1909, the Waterville Trust Company, of Waterville, Me., by decree of the Supreme Judicial Court of Maine, was enjoined from further prosecuting business, and the plaintiffs were then appointed its receivers and duly qualified.

At that time Bertha L. Libby, of Pittsfield, Me., was the owner of record of five shares of the capital stock of said trust company of the par value of \$100 each. April 3, 1910, she died intestate, leaving a surviving husband and the defendant, Helen M. Libby, as her sole heir. Her estate was settled by her husband, who was appointed as administrator in April, 1910, and he settled his final account in October, 1911, showing a balance of the estate of \$3,592.95, which was distributed, one-third to the surviving husband, and two-thirds to the defendant.

Thereafter, April 29, 1912, upon the petition of the receivers against the corporation, and after notice and hearing, it was adjudged and decreed by a justice of the Supreme Judicial Court that there was due the depositors of said trust company the sum of \$107,058.90 in excess of the amount that could be realized from all its assets, and:

"That an assessment of 100 per cent. upon the whole capital stock of said Waterville Trust Company, amounting to \$100,000, is necessary to be made to meet the claims of said depositors.

"And that the said Charles F. Johnson and Harry L. Holmes, in their said capacity as receivers of said Waterville Trust Company, be hereby authorized and directed to collect from each owner of record of the stock of said Waterville Trust Company on the first day of July, 1909, the date when the receivers were appointed by this court, a sum equal to the par value of his stock to be used in payment of the claims of said depositors when ordered by the court.

"And that the said Charles F. Johnson and Harry L. Holmes,** be author-

ized and directed to institute all necessary proceedings in law or equity to collect the same and enforce this decree."

This action was begun September 27, 1912, to collect of Helen M. Libby the sum of \$500 as the assessment of 100 per cent. on the five shares of said stock owned by Bertha L. Libby at the time of her death.

The plaintiffs base their right to recover on these propositions: That, at the time of the death of Bertha L. Libby, there was a contingent liability resting upon her as a shareholder in said trust company to pay a sum equal to the par value of her shares if required for the payment of the debts and engagements of the corporation; that that obligation was contractual in its nature and survived her death and became a contingent obligation against her estate; that by the decree of the court of April 29, 1912, that obligation became an absolute liability for a specific amount which then became due and payable from her estate; that her estate having been previously settled and a distributive part thereof received by the defendant, as the only heir of said Bertha L. Libby, in excess of the amount due under that obligation, the defendant became liable therefor; and that the receivers are authorized and empowered to enforce the defendant's liability in this action.



OPINION OF THE COURT (IN PART)

KING. J.: Bertha L. Libby, as a shareholder in the Waterville Trust Company, became liable for the debts and engagements of the corporation to an amount equal to the par value of her shares in addition to the amount invested in those shares. Such an additional liability was expressly provided for in the charter of the corporation. Section 6, c. 401, Private & Special Laws 1889. It was also imposed by statute, section 86, c. 48, R. S., before

its amendment in 1905, was as follows: "The shareholders in a trust and banking company shall be individually responsible, equally and ratably, and not one for the other, for all contracts, debts and engagements of such corporation, to a sum equal to the amount of the par value of the shares owned by each in addition to the amount invested in said shares." This section was amended by chapter 19, P. L. 1905, by adding thereto the following: "Whenever in liquidating the affairs of such a corporation it appears that its assets are not sufficient to pay its indebtedness the receiver thereof, under proper orders of the court, shall proceed to enforce such individual liability of shareholders in any appropriate action at law or in equity, in his own name or in the name of the corporation for the benefit of the creditors."

Every person who voluntarily becomes a shareholder in a corporation thereby agrees to the terms of its charter and assumes those obligations which the laws of the State creating the corporation impose upon such shareholders. *Pulsifer vs. Greene*, 96 Me. 488, and cases cited.

It does not appear whether Bertha L. Libby became the owner of the five shares of the stock of said trust company before or after the amendment of 1905. But that is immaterial, because, if she was a shareholder before, by continuing as such thereafter she thereby accepted the effect of the amendment so far as it applied to her liability as a shareholder. *Flynn vs. Banking & Trust Co.*, 104 Me. 141, 145. Moreover, if she was a shareholder before the amendment, it in no manner increased her liability as such. Its only purpose and effect was to provide a different remedy, a different course of procedure, by which the shareholders' liability could be enforced. The Legislature has power to modify or change a remedy, provided no substantial right is thereby impaired. And a shareholder in a corporation has no vested right in a particular remedy by which his liability as such may be en-

forced against him. A change of remedy, whereby no substantial right is affected, is not obnoxious to the fundamental law which forbids the impairment of contracts.

It may be regarded as well settled that the obligation which the shareholder assumes by becoming a member of the corporation is contractual in its nature and does not abate at his death but survives, and his estate becomes chargeable therefor. This court in *Pulsifer vs. Greene*, *supra*, speaking of such liability, said: "The obligation which he thereby assumed, though statutory in its origin, was contractual in its nature, and as such not local but transitory. It goes with him wherever he goes and is enforceable in any court of competent jurisdiction."

In *Cook on Corporations* (5th Ed.) vol. 1, § 248, it is said: "The estate of a deceased person is liable upon stock held and owned by the decedent in the same way and to the same extent that the stockholder was liable in his lifetime. Accordingly an executor or administrator of the estate of a deceased stockholder is chargeable upon the shares of the decedent to the extent of the property that comes into his hands as the personal representative of the deceased. The cause of action against a stockholder arising from his statutory liability is not defeated by his death. The action may proceed against his estate." See, also, *Richmond vs. Irons*, 121 U. S. 27. *Fidelity Ins. Trust & S. D. Co. vs. Mechanics' Sav. Bank*, 97 Fed. 297. *Douglass vs. Loftus*, 85 Kan. 720. In § 8825, the author says: "Where the estate of the deceased shareholder is fully administered, and distribution made by the personal representative, the heirs or next of kin are assessable to the extent of the assets which they have received from the ancestor's estate for the payment of calls subsequently made upon shares of stock belonging to his estate." But conceding the liability of Bertha L. Libby, as claimed, to an assessment on the shares owned by her, and that the defendant, as her heir and a dis-

tributee of her estate, might have been made liable therefor, it is contended that the necessary proceedings were not taken to make an assessment which is binding upon her, and that no sufficient order of court was made authorizing the receivers to bring this suit against her. We think these contentions in behalf of the defendant are not sustainable. * * *

It has been repeatedly held that when, in proceedings for the liquidation of the affairs of a corporation and for the payment of its debts and engagements, an assessment is necessary to be made upon unpaid stock subscriptions and upon the additional liability which its shareholders have assumed by becoming members of the corporation as shareholders, the court may make such assessment in proceedings therefor against the corporation without the presence of or personal service upon the individual shareholders. In such proceedings the representation which a shareholder has by virtue of his membership in the corporation is all that he is entitled to. *Bernheimer vs. Converse*, 206 U. S. 516; *Howarth vs. Lombard*, 175 Mass. 370; *Converse vs. Spargo* (C. C.) 184 Fed. 824, and *Spargo vs. Converse*, 191 Fed. 828. * * *

It has already been noted that it is the accepted theory that, in proceedings for liquidating the affairs of a corporation, the shareholders are sufficiently represented by the corporation itself. Its presence in theory carries with it the presence of its shareholders. Prior to the death of Bertha L. Libby the Waterville Trust Company had become insolvent and proceedings had been begun against it under the statute to liquidate its affairs. Her liability as a shareholder in that corporation, under the terms of its charter and the laws of the State, became fixed by those proceedings which were binding upon her. She was then liable to pay such assessment, not exceeding the par value of her shares, as the court should determine to be necessary to satisfy the debts and engagements of the corporation. The assessment itself was but

the determination by the court in those proceedings, commenced in the lifetime of the shareholder, of the deficiency in the assets of the corporation, and hence the amount to be apportioned to each share of stock as the additional sum to be paid by those legally liable therefor. Had Bertha L. Libby been living at the time that part of the proceedings was had to determine the amount of the assessment, she would have been bound thereby without previous personal notice. And as her liability to pay such an assessment as should be made against her shares in those proceedings survived her death and became a liability of her estate we perceive no reason why her personal representative or heirs are not likewise bound by the assessment made subsequent to her death without previous notice to them. * * *

It is provided by statute in this State (R. S. c. 89, §§ 16, 17, 18) that, when an action on a contract or covenant does not accrue within the eighteen months provided for the presentation of claims against an estate, the claimant may file his demand within that time in the probate office, and thereupon the judge of probate shall direct that sufficient assets, if such there be, shall be retained by the executor or administrator, unless the heirs or devisees give bond to pay whatever is found due on said claim. And the statute further provides (section 18) that "When such claim has not been filed in the probate office within said eighteen months the claimant may have remedy against the heirs or devisees of the estate within one year after it becomes due, and not against the executor or administrator."

The liability of Bertha L. Libby at the time of her death to an assessment, as a shareholder in the trust company, did not accrue until April 29, 1912, when the court decreed that a resort to the statutory liability of the shareholders was necessary and fixed the amount thereof. *Flynn vs. Banking & Trust Company*, supra. That was after the expiration of the eighteen months during which claims could

have been presented against the estate of Bertha L. Libby. Nor was any demand, under said contingent liability, filed in the probate office within said eighteen months. But this action is brought, as provided for in said section 18, c. 89, against the heir of Bertha L. Libby within one year after the decree of April 29, 1912, fixing the amount of the assessment.

Finally the defendant says that the decree of the court of April 29, 1912, authorized the receivers to collect the assessment of those persons only who were owners of stock of record on the first day of July, 1909, and therefore that the receivers have no authority to maintain this action against her, notwithstanding her liability for such assessment as the heir and distributee of her mother's estate.

We think such a construction of the decree is too narrow and limited. To sustain it would require a holding that the decree did not impose an assessment upon the whole capital stock of the trust company, for, if by the decree the whole capital stock was assessed, then this suit is abundantly authorized by the last paragraph of the decree wherein the receivers were authorized and directed "to institute all necessary proceedings in law or in equity to collect the same and enforce this decree."

But we have already stated the opinion of the court to be that this decree reasonably construed, giving effect to all its parts, did impose an assessment upon the whole capital stock of the trust company. And we need here only add that it appears from the decree itself that, in the proceedings to liquidate the affairs of this banking corporation, the court was called upon to determine the necessity for and the amount of an assessment upon the capital stock of the corporation to pay the claims of its depositors, and that it did judicially ascertain and expressly decree that "an assessment of 100 per cent. upon the whole capital stock * * * is necessary to be made to meet the claims of said depositors." Such determination and decree, we think,

may reasonably be construed to be in effect such an assessment. No other construction would be consistent with the adjudged necessity in the premises and the manifest purpose of the decree. It was clearly so intended by the justice who signed it.

Moreover, it is expressly provided by section 96, c. 48, R. S., amended by chapter 19, P. L. 1905, as hereinbefore quoted, that whenever, in liquidating the affairs of a trust and banking company, "it appears" that its assets are not sufficient to pay its indebtedness, "the receiver thereof, under proper orders of the court, shall proceed to enforce such individual liability of shareholders in any appropriate action at law or in equity, in his own name or in the name of the corporation for the benefit of the creditors." Under the provisions of this section the receivers in the case at bar were not only authorized but commanded to enforce the defendant's liability, under proper orders of the court, in any appropriate action at law or in equity. Considering the provisions of this State in connection with the decree of April 29, 1912, it seems a reasonable conclusion that the receivers of the Waterville Trust Company were authorized to bring this action against the defendant.

Accordingly it is the opinion of the court that the plaintiffs are entitled to judgment against the defendant for \$500, with interest from the date of the writ.

So ordered.

88 Atlantic Rep. 647.



Gift Causa Mortis

OREGON.

Indorsement—Evidence

Supreme Court of Oregon, November 11, 1913.

BAKER VS. MORAN.

To constitute a valid gift *causa mortis*, the gift must be made in view of donor's death. It must be conditioned upon taking

effect only at his death or by reason of an existing illness. There must be actual delivery of the thing given.

Where, under apprehension of death, two bank drafts for \$2,000 each were given and the donor died shortly afterward, there was a valid gift *causa mortis*. Where such gift is made, indorsement of the instruments is not necessary to pass title.



STATEMENT OF FACT

THIS is a suit, the practical effect of which is to determine the validity of an alleged gift *causa mortis*, made by one Andrew Manser to plaintiff, of two drafts for \$2,000 each. Manser was an unmarried man, a miner by occupation, and at the time of the alleged gift the owner of money and property of the value of from \$13,000 to \$15,000. He was somewhat penurious in his habits and not on very kindly terms with his relatives. He became acquainted with plaintiff in Baker City in 1907. They were both members of the same lodge of Odd Fellows and became very intimate friends. In 1909 Baker had an attack of typhoid fever, which left him in somewhat impaired health, and in December of that year Manser became sick with tuberculosis. At his request Baker visited him and thereafter called on him frequently. They discussed the condition of their health and finally planned a trip to California. Manser went by way of Salt Lake, while Baker went by way of Portland, reaching San Diego, which was the agreed meeting place, about New Year's, 1910. The time of Manser's arrival is not disclosed by the testimony, but he probably arrived some time between the first and fifteenth of January, 1910. Being asked by one McRae if he wanted a nurse or needed help, he answered that there was a man down there by the name of Baker who was a very dear friend of his and requested McRae to find him, as he wished him to come and take care of him. McRae had previously met Baker in the Odd Fellows Lodge and found him and accompanied him to Manser's room, and

when Manser saw Baker, he said: "Billy, for God's sake, never leave me now until I am either croaked or get better."

From that time on Baker remained with Manser, in attendance upon him, until Manser's death, on the nineteenth day of February, 1910. Subsequent to this time, and on or about the thirteenth day of February, 1910, Manser suffered a very severe hemorrhage, necessitating the calling in of a doctor, and he asked the doctor, after the doctor had made his examination, whether or not he had any chance to recover. The doctor told Manser that he would not be able to stand many more hemorrhages and that unless they were stopped he might pass away at any time. After the doctor left, Manser sat on the couch in the room with his head in his hands for several minutes and finally said to Baker, "That is an awful bad verdict." He thought a few minutes longer and then pulled out the two drafts in question, handed them over to Baker, and said: "Whatever we do—whatever may happen, they are for you to use for yourself. They are for you. I want you to have them to use for your own use. They are yours. I want you to have these, anyway." He also told Baker he was to have whatever money there remained on deposit to his credit in the bank at Dillon at his (Manser's) death. Baker then took the drafts, placed them in an envelope, and, putting them in his pocket, kept them in his possession and control until after he had been appointed as the executor of the will, when he went to Montana and exchanged the two drafts for certificates of deposit, which were turned over by him to the clerk upon the order of the county judge. At the time the drafts were given to Baker by Manser, Baker asked Manser if he did not want to indorse them. Manser replied: "It isn't necessary. I will write a letter and have it fixed so you are sure of getting the money. If anyone should steal them now without any indorsement they can't cash them." A letter was subsequently dictated by Manser and written by

Claude Woolman to the Dillon State Bank at Dillon, Mont., as follows:

San Diego, California, Feb. 14, 1910. Mr. A. L. Stone, Cashier Dillon State Bank, Dillon, Montana—Dear Sir: This day I have made out and signed my last and only will, and have named one Mr. William Baker as executor without bonds. * * * After my death I desire Mr. William Baker to, upon demand, withdraw any portion of the money credited to my account, and on deposit in the Dillon State Bank. Herewith you will find signature of Mr. William Baker, witnessed by myself and two residents of the city of San Diego, members of the I. O. O. F. Andrew A. Manser (Wm. Baker). Witness: Claude Woolman, Councilman, San Diego, Cal.

Before writing this letter Manser had executed a will, by which he had made specific bequests to certain of his relatives of an amount about sufficient to cover the residue of his estate, exclusive of the drafts claimed by Baker. There was no residuary clause in the will. The will was probated in Baker county, and plaintiff was appointed as executor. Later he was removed, and defendant Moran was appointed in his stead. Baker brought this suit to compel Moran to deliver to him certain certificates of deposit which had been substituted for the drafts originally placed in his possession by Manser and obtained a decree, from which defendants appeal.



OPINION OF THE COURT (IN PART)

MCBRIDE, C. J.: At the outset it may be stated that it is clearly established that Manser intended that Baker should be his beneficiary to the extent of the drafts claimed by him. This fact is established by the testimony of the plaintiff and is corroborated by the testimony of McRae, who testifies that Baker showed him the drafts in Manser's presence and told him that Manser had given them to him, to which statement Manser made no objection. It is true that the witness would not say positively that Manser heard the conversation, but the evidence

shows that it took place in the room in which Manser was lying and under circumstances that rendered it improbable that he failed to hear what was said.

At all events, this testimony dispels any doubt which might be raised that Baker was acting secretly or in an underhand manner in respect to the alleged gift of the drafts. Had such been his intention, he would not have stated that Manser had given him the drafts when Manser was in a position where he was likely to hear the declaration and, if false, deny it. The evidence also discloses such an intimacy between the two men as renders such a disposition of the property reasonable. There can be no doubt that this friendship was remarkably close. * * * They had planned the trip to California for the mutual benefit of their health, and, when the Noble Grand of the Odd Fellows Lodge suggested a nurse, Manser stated that he had a very dear friend named Baker, whom he desired to take care of him. And later, when the same witness asked if the lodge at San Diego should pay for nursing him in his sickness and send the bill to Manser's lodge, he stated that he would pay Baker fully himself.

Again, in conversing with this witness about his property, he said: "His relatives never treated him very good, and he did not think they were entitled to very much of his money, but he said that outsiders were kinder to him than even his own relatives, and he said that he ought to reward those that were good to him in his illness rather than his relatives." This expression could refer to no one but plaintiff, who had been more than a brother to Manser, waiting upon him in his sickness, answering every demand upon his strength, and ministering to his every want. As before remarked, the intent of Manser to give Baker these drafts is beyond peradventure; and, unless there is some technical objection to the manner of the gift that renders that intention fruitless, we ought to effectuate it.

Let us now consider the language

used by Manser in making the gift, as told by Baker: "He thought a few minutes longer and then he pulled out the two drafts and handed them to me and said: 'Whatever we do—whatever may happen, they are for you to use for yourself. They are for you. I want you to have them to use for your own use. They are yours. I want you to have these, anyway.'" Standing alone here is the language of a complete gift, and, coupled with a delivery of possession, it passed the present title as a gift *inter vivos*. Taken in connection with other circumstances it was sufficient to constitute a complete gift *causa mortis*. So for the purposes of this case the distinction would seem immaterial. After the drafts were so delivered, Baker suggested an indorsement, but Manser told him it was unnecessary; that if anyone should steal them without an indorsement they would be unable to cash them; and that he would write a letter and have it fixed so that Baker could get the money. The failure of Manser to indorse the drafts is the principal argument urged by defendants' counsel in favor of the theory that there was no intention to make an absolute gift of the drafts to plaintiff, but that the delivery was conditional in character and therefore testamentary in its nature, and, not being executed in a manner sufficient to constitute a valid will, it is void. As before stated, the language used was sufficient to constitute a gift either *inter vivos* or *causa mortis*, but taken in connection with all the circumstances it is fair to assume that it was a gift *causa mortis*, and that if by any miracle Manser had recovered from his illness he would have expected and demanded the return of the drafts; the contingency upon which they were given having failed to come to pass. It is, therefore, proper to consider what constitutes a valid gift *causa mortis*.

"A gift *causa mortis* is defined to be a gift of personal property made by a person in expectation of death then imminent and upon an essential condition that the property shall belong fully

to the donee, in case the donor dies as anticipated, leaving the donee surviving him, and the gift is not in the meantime revoked, but not otherwise." 20 Cyc. 1228.

"A donation *mortis causa* is that which is made to meet the case of death, as when anything is given upon condition that, if any final accident befalls the donor, the person to whom it is given shall have it as his own; but if the donor should survive, or if he should repent of having made the gift, or if the person to whom it has been given should die before the donor, then the donor should receive back the thing given." 20 Cyc. supra.

From these definitions it appears that, to constitute a valid gift *causa mortis*, three things must concur: (1) The gift must be made with a view to the donor's death; (2) it must be conditioned to take effect only on the owner's death or by reason of an existing illness; (3) there must be an actual delivery of the possession of the thing given to the donee. The only difference between a gift *causa mortis* and a gift *inter vivos* is that in the first the donor retains the power of revocation, and the death of the donee occurring before that of the donor works revocation, while in the latter the whole title passes irrevocably with delivery of possession.

Now let us apply these elementary propositions to the case at bar. The words of the gift were absolute: "Whatever happens I want you to have these, anyway. These are yours to use for your own use." The delivery was complete, and Manser's declining to indorse them was not put upon the ground that he wished to retain any further dominion over them, but because such indorsement was unnecessary and because he thought a letter to the bank would be safer and avoid the danger of an indorsed draft falling into wrong hands.


There is nothing to indicate that he used the pretext of writing a letter to defeat or defer the gift, but rather to effectuate and render more convenient

and safe the execution of it. He was right in saying that the indorsement was unnecessary, for it has frequently been held that the gift or sale of a negotiable instrument accompanied by an actual transfer of possession passes the title. *First National Bank vs. McCullough*, 50 Or. 508; *Bates vs. Kempton*, 73 Mass. (7 Gray) 382; *Turpin vs. Thompson*, 2 Metc. (Ky.) 420; *Westerlo vs. De Witt*, 86 N. Y. 340; *Brown vs. Brown*, 18 Conn. 410.

It is impractical to discuss at length all the authorities upon this branch of the subject. In our judgment the true criteria by which to judge the validity of a gift *causa mortis* is to be found in the case of *Leyson vs. Davis*, 17 Mont. 220, which is a most exhaustive and learned review of the whole subject, and in the case of *Johnson vs. Colley*, 101 Va. 414.

The fact that after making his will the deceased caused the letter quoted to be written, and that he kept it in his possession with the intent that it should be forwarded after his death, in our judgment does not in any way bear upon his intent in delivering the drafts to plaintiff. It is to be remembered that Manser had other money in the bank besides that represented by these drafts, and this seems to have been the principal matter referred to in the letter. It is probable that he intended to include in its terms the money due on the drafts, but, if so, that intention is very imperfectly expressed. There is nothing in the letter or in the fact of his retaining possession of it that indicates an intention of limiting the rights conveyed by the delivery of the drafts or the words accompanying their delivery. It is true that claims of gifts *causa mortis* should be closely scrutinized with a view to preventing fraud; but, when the intention of the donor is clear, mere formal and technical objections should not be allowed to defeat such intent.

The decree of the circuit court is affirmed.

 Pacific Rep. 80.

Officer Acting in Dual Capacity

OHIO

Innocent Holder for Value—Corporations—Acts of Officers—Notice of Defects—Consideration—Agency—Fraud

Supreme Court of Ohio, October 7, 1913.

FIRST NATIONAL BANK OF NEW BREMEN VS. BURNS ET AL.

The knowledge of officers and agents of corporations of matters within the scope of their authority becomes the knowledge of the corporation whether such knowledge be imparted to the principal or not.

An officer of a bank acting for himself as an individual in the purchase of a note tainted with fraud, cannot, as a bank official by purchasing the note of himself, for the bank, make the instrument good. His knowledge as a man is equally his knowledge as a banker.



ACTION by the First National Bank of New Bremen against one Burns and others. Judgment for plaintiff by the Court of Common Pleas was reversed by the Circuit Court, and plaintiff brings error. Affirmed.



STATEMENT OF FACT

ON or about the fifteenth day of September, 1910, the First National Bank of New Bremen, Ohio, brought suit against the Burnses on three several promissory notes which said Burnses had executed and delivered to one Julius Boesel, on July 10, 1908. Said banking corporation alleged that it had purchased from said Julius Boesel, the payee, certain notes for value and before maturity. The answers of said defendants alleged want of consideration; that they were induced and procured to sign said promissory notes by the fraud of said Boesel, the payee; that said Boesel was at the times in question the president and one of the active managers of said bank; and that

the bank had full notice and knowledge of such fraud and want of consideration at the time said notes were transferred and indorsed by said Boesel to said bank. The bank by reply denied all the averments of said answers charging fraud and want of consideration, and claimed the rights of an innocent purchaser for value in due course and before maturity.

Upon these issues the case was brought to trial in the common pleas court before a jury, and the plaintiff, at the close of the evidence, moved the court to arrest the case from the jury and for judgment on the ground that there was no evidence tending to show that plaintiff was not an innocent holder of said promissory notes in due course, for value and before maturity. It was, however, admitted at the time, and the bill of exceptions taken so certifies, that there was some evidence offered by the defendants tending to support all the averments of their answers as to fraud and want of consideration, and the only question raised by the motion was whether or not there was any evidence tending to show notice and knowledge of the bank as to fraud and want of consideration in procuring the Burnses to execute and deliver said notes to said Boesel.

It was admitted at the time that the only knowledge that the bank had in this behalf was the knowledge of Boesel, so that the question then before the court upon that motion was in short this: Was the knowledge of Boesel acquired in connection with the making of the notes in question such knowledge as should be in law charged upon the First National Bank of New Bremen? If this question is answered in the affirmative, the motion should have been overruled and the case submitted to the jury.

If, upon the other hand, it is answered in the negative, the court as a matter of law should have sustained the motion and rendered judgment in favor of the bank. The court of common pleas did sustain said motion and rendered judgment accordingly. The circuit court

reversed said judgment and remanded the case to the court of common pleas for further proceedings according to law. These proceedings in error are now before this court to reverse the judgment of the circuit court and affirm the judgment of the court of common pleas.



OPINION OF THE COURT (IN PART)

WANAMAKER, J.: It is agreed by the parties that the sole question in this case is: Was the knowledge of Boesel as an individual the knowledge of Boesel as president and manager of the bank?

Counsel for the bank put the question very clearly in their brief, to wit: "The record discloses that it is conceded that the plaintiff was a national bank; that Julius Boesel, the payee of the notes, was its president and active manager; that he sold and discounted the notes to the bank, and that in so doing he acted for himself personally as indorsee and also for the bank as its president and manager; that no other officer or person connected with the bank had anything to do with the purchase of said notes and did not know thereof and had no notice or knowledge of any facts that would invalidate said notes in the hands of said Boesel; and further that the bank purchased said notes for value and before maturity, and was an innocent holder in due course, *unless the knowledge of Boesel was in law to be imputed to the bank.* The record discloses that the bank did not concede the fraud or want of consideration alleged; only that the evidence offered by defendants tended to support the allegation of the answer on these issues"—and therefore made such issues a matter for determination by the jury, unless the knowledge of Boesel could not be imputed to the bank when the bank purchased the notes of said Boesel.

Counsel on both sides have been more than usually diligent in searching

the cases more or less analogous to the case at bar. The results of their inquiry, together with the research of the court, disclose a rather wide diversity of opinion. As to cases of this character it is unnecessary, as it probably is impossible, to attempt to reconcile all the numerous decisions. The question is largely a new one in Ohio.

A corporation can act only through its officers and agents, and the cases all agree on the elementary proposition that the acts of the agent within the scope of his agency are at once the acts of his principal, and obviously the knowledge of such agent in the doing of such act becomes the knowledge of his principal.

This general rule is admitted and adopted by practically all the courts, and, if it shall apply in this case, the acts and knowledge of Boesel, as president and active manager of the bank and hence its agent in purchasing said notes from Boesel the individual, become and are the acts and knowledge of the bank.

It is claimed, however, by plaintiff in error that this rule is no more generally recognized than certain well-known exceptions to the rule coming under a peculiar state of facts which plaintiff in error contends are identical with the state of facts in this case, to wit, that notice or knowledge on the part of the agent will not be imputed to the principal where the agent's relations to the subject-matter, his previous conduct, or his adverse interests render it certain that he will not disclose such knowledge. In such cases the presumption is that the agent will conceal any fact which might be detrimental to his own interest. This doctrine is sustained in *Mechem on Agency*, § 721 et seq.; *Koehler vs. Dodge*, 81 Neb. 328; *Buffalo County Nat. Bank vs. Sharpe*, 40 Neb. 123; *Benton vs. German-American Nat. Bank*, 122 Mo. 332; *Merchants Nat. Bank vs. Lovitt*, 114 Mo. 519; *Bank of Overton vs. Thompson*, 118 Fed. 800; and numerous other cases cited in the notes.

The doctrine of this exception was

very aptly and fully stated in one of the leading cases (*Innerness vs. Merchants Nat. Bank*, 139 Mass. 332) as follows: "While the knowledge of an agent is ordinarily to be imputed to the principal, it would appear now to be well established that there is an exception to the construction or imputation of notice from the agent to the principal in case of such conduct by the agent as raises a clear presumption that he would not communicate the facts in controversy, as where the communication of such a fact would necessarily prevent the consummation of a fraudulent scheme which the agent was engaged in perpetrating."

Mechem, in his excellent work on *Agency*, lays down the rule in the following apt and accurate language: "It is a general rule, settled by an unbroken current of authority, that notice to an agent while acting within the scope of his authority and in reference to a matter over which his authority extends is notice to the principal. In respect to this rule two important elements will be noticed. The first of these is that the notice or knowledge, which will affect the principal, is that only which is possessed by the agent while he is agent, and while he is acting within the scope of his authority. * * *

"The second element is 'that the notice or knowledge, which shall be imputed to the principal, is that only which relates to the subject-matter of that agent's authority, or in other words, is that only which relates to the business or transaction in reference to which that agent is authorized to act by and for the principal.

"Two general theories prevail as to the foundation upon which this rule is based, and the results of these respective theories are not entirely alike. The first finds the reason of the rule in the *legal identity of the agent with the principal*, in the fact that the agent, while keeping within the scope of his authority, is, as to the matter embraced within it, for the time being the principal himself, or, at all events, the alter ego of the principal—the principal's other self. *Whatever notice or knowl-*

*edge, then, reaches the agent under these circumstances, in law reaches the principal. * * **

"The other theory is based upon the rule that it is the duty of the agent to disclose to his principal all notice or knowledge which he may possess and which is necessary for the principal's protection or guidance. This duty the law presumes the agent to have performed, and, according to the view now being considered, imputes to the principal whatever notice or knowledge the agent then possessed, whether he has in fact disclosed it or not." Mechem goes on to say: "The theory based upon the legal identity of the parties, and limiting the application of the rule to such notice or knowledge as was acquired during the agency, was at first adopted in the English courts, and has since been followed by the courts of many of the United States. The other theory, however, based upon the duty of the agent to disclose to his principal all knowledge and information possessed by the agent in relation to the subject-matter of the agency, and therefore charging the principal with it, has since been firmly established by the English courts, and has been adopted by the Supreme Court of the United States, and by many of the States."

In determining the rule of law that shall apply in this case, in the interest of sound morals, the public welfare, and honest business, this court has a most important duty to perform.

To-day probably ninety per cent. of the country's business is conducted or controlled by the corporation. It is not only a business convenience, but a business necessity. Its business cannot be conducted by the invisible, intangible, incorporeal body known in the law, but must be conducted by its officers and agents as known to the public. The agent when duly authorized to act stands in the shoes of his principal for the purposes of the corporation as the principal must be held to stand in the shoes of the agent for the protection of the public. There is a full and complete merger of identity, a oneness in

action and knowledge, of principal and agent.

If there be that legal identity as to the act of the agent in behalf of his principal, it must follow by a parity of reason and right that there be that same legal identity as to the agent's acquired knowledge in the doing of the principal's act, and, if so, why should there be either occasion or duty on the part of the agent to communicate the knowledge to his principal—which knowledge by virtue of said identity between the agent and principal the principal must be conclusively presumed to have? Or, as Mechem has said: "Whatever notice or knowledge, then, reaches the agent under these circumstances [matters within the scope of his authority], in law reaches the principal." *Boesel as manager of the bank cannot unknow what Boesel the man all the while knew.*

This case is distinguishable from many of those cited in the plaintiff in error's brief, for several reasons. The agency of Boesel as president and active manager of the bank is admitted; second, what he did as such agent was fully authorized by the bank. This is conclusively established by the fact that the bank at no time repudiated the transaction or questioned the agent's authority, but, on the contrary, continued to hold said notes, brought suit upon them, and is now prosecuting error for a reversal of the judgment below. Again, in this case it is admitted not only that Boesel as president and active manager of the bank was fully authorized as such to purchase the notes, but that no other person, officer, committee, or board of directors needed to take any action whatsoever to complete such purchase. Again, this is a case in contract, whereas, many of the cases cited are those of tort. * * *

In the Innerarity Case, *supra*, largely relied on by plaintiff in error, B was merely a director of the bank. The loan in question was not made by B. He had no authority to make it, but it was passed upon and approved by a board of directors, who, as such board,

it was claimed had no knowledge of the fraud, though B was present as a member of such board. In an action for tort or wrongful conversion, the knowledge of B was not imputed to the bank. So that this case may be distinguished by these two facts: First, B was not fully authorized in and of himself to make the loan; second, the action was one in tort. * * *

Manifestly, in a case sounding in tort there would be no presumption in law that the wrongful act of the agent was the act of the principal unless actual authority to do the act was proven or a subsequent ratification after all the facts and circumstances of the act were known. No man is presumed to do wrong. There is in fact, in law, and in good morals a reason for the distinction that there may not be that legal identity between principal and agent in a case of tort that there is in a case of contract.

In a case of contract, as in the case at bar, there is no need of communicating knowledge, because the principal in law is already conclusively presumed to have that knowledge. The principal's liability does not depend upon the agent's duty to communicate, or the likelihood that he will communicate, his knowledge to the principal, but upon the fact that the agent is the alter ego of the principal, acting for the principal, and knows that his acts and knowledge *ipso facto* become the knowledge and acts of the principal.

This doctrine of liability based upon the legal identity of the parties is in the main sustained by a number of cases. *Messick & Company et al. vs. Roxbury & Wilcox*, 1 Handy, 190, 191; *Cragie et al. vs. Hadley*, 99 N. Y. 181, in which the following is a part of the opinion: "Notice to an agent of a bank intrusted with the management of its business is notice to the corporation in transactions conducted by such agent acting for the corporation, in the scope of his authority, whether the knowledge of the agent was acquired in the course of the particular dealing or on some prior occasion."

In *Holden vs. New York & Erie*

Bank, 72 N. Y. 286, the court in speaking of the duties of the chief managing officer of a bank say: "As a matter of fact, whatever knowledge, information, or notice Ganson had in either of these capacities [managing officer of the bank, individual, or executor], he carried with him into his exercise of the other. As agent of the bank, he owed it a duty in every transaction in which the bank took a part, under his observation. Hence, as a matter of law, whatever notice of facts he had in any capacity, which were material in the performance by him of the part of the bank in any transaction, became notice to the bank, his principal; as it was his duty to give it notice thereof in that matter. It is the rule that the knowledge of the agent is the knowledge of his principal, and notice to the agent of the existence of material facts is notice thereof to the principal, who is taken to know everything about a transaction which his agent in it knows."

National Security Bank vs. Cushman, 121 Mass. 490: "If a director of a bank, who acts for the bank in discounting a note, has knowledge that the note was procured by fraud, the bank is affected with his knowledge."

Even in the *Innerarity Case*, *supra*, the court in its opinion uses this language: "A bank or other corporation can act only through agents, and it is generally true that if a director who has knowledge of the fraud or illegality of the transaction acts for the bank, as in discounting a note, his act is that of the bank, and it is affected by his knowledge."

In *First National Bank vs. Blake* (C. C.) 60 Fed. 78: "A large number of cases are cited in support of this view, and it is well settled that an officer or agent, dealing with a corporation or his principal on his own account, is not presumed to communicate knowledge which it would be to his interest to conceal, and the corporation or principal is not chargeable with such knowledge. But there is no room for the application of this principle where the agent is the sole representative of

both parties in the transaction." * * *

To hold otherwise would open the widest possible door for all sorts of fraud; the more atrocious and aggravated the fraud, the less the likelihood of fixing the liability upon the principal. Why? Because the agent would be the less likely to communicate the fact to the principal. Such a holding has no place in sound business or good morals and ought not to be encouraged by our courts.

There was clear error in the trial court sustaining the motion, and the judgment of the circuit court reversing the judgment of the court of common pleas is hereby affirmed, and the cause remanded to the court of common pleas for a new trial and for such other and further proceedings as are agreeable to law.

Judgment affirmed.

103 N. E. Rep. 93.



Deposit in Assumed Name

NEW YORK

*Lost Pass-Book—Bond of Indemnity—
Gift-Trust—Administration*

Supreme Court, New York, Appellate Division, Fourth Department, Nov. 12, 1913.

ROUGHAN VS. CHENANGO VALLEY SAVINGS BANK.

A savings bank having adopted no rule or by-law authorizing it to require bond of indemnity as a condition of payment of deposits where pass book is lost, cannot insist upon such bond as a condition of payment.

Where plaintiff made deposits of her own money in names of mother and nephew, but without their knowledge, with the intention that the funds should go to them in case they survived her, and lost the pass books, upon the death of mother and nephew she was entitled to draw the deposits without giving the bank bond of indemnity or administering decedents estates, they having no property. Under sections 2476 and 2662 of the Code of Civil Procedure no administration can be had where decedent left no property.

Under such conditions no gift is made and no trust created.

ACTION by Anna Roughan against the Chenango Valley Savings Bank. From a judgment for defendant, plaintiff appeals. Reversed, and new trial granted.



STATEMENT OF FACT

THIS action is to recover of the defendant bank the sum of \$1,256.95, with interest thereon at the rate prescribed by defendant, being the proceeds of deposits made by plaintiff in the defendant bank in two separate accounts under the following unusual circumstances. On December 9, 1878, the plaintiff, Anna Roughan, a stranger to the defendant and its officials, and without disclosing her real name, deposited therein the sum of \$370 in the name of Bridget W. Roughan; plaintiff at the time representing that she was Bridget W. Roughan. She then signed the usual identification card, "Bridget W. Roughan, Binghamton," and defendant issued to her in the name of Bridget W. Roughan its pass-book numbered 9,096.

In 1895, the defendant bank, under an order of the Supreme Court, was permitted to settle with its depositors, by scaling down the several deposits, including plaintiff's, fifteen per cent., and thereupon the plaintiff surrendered her pass-book No. 9,096, and there was issued to her a new pass-book, also in the name of Bridget W. Roughan, for the balance, said new pass-book being numbered 2,402, and plaintiff receipting therefor as "Bridget Roughan."

On April 11, 1896, the plaintiff made a second deposit of \$500 in the name of a James W. R. Kelley, who was a nephew of the depositor, and who was then represented by the depositor to be absent in the country, receiving pass-book No. 6,492. The nephew in whose name said deposit was made was a son of plaintiff's sister. He was a cripple, and plaintiff had reared and cared for him upon his mother's death and for some years thereafter. There has

never been any withdrawal from the last-mentioned account, and only \$87.90 has been withdrawn from the first deposit account, plaintiff still using the name "Bridget W. Roughan."

Bridget W. Roughan was the mother of the plaintiff and always resided in Ireland. The plaintiff had been accustomed to contribute to the support of her aged mother in Ireland, and testified upon the trial that her purpose in making the deposit in the name of her mother was so the mother would be able to get it if anything happened to the plaintiff. That the money so deposited by plaintiff was hers and in the accumulation of which the mother had no hand is beyond dispute. Nor did the mother in Ireland ever have any knowledge or information of the act of the daughter in thus providing a fund for her in case she outlived her daughter. Bridget W. Roughan was never a party to the transaction and died in ignorance of the generous act of the daughter. The same is equally true as to the deposit account made by the plaintiff in the name of her nephew, James W. R. Kelley. Neither of the persons whose interest in the funds deposited depended upon their surviving the depositor ever knew of plaintiff's action for their benefit. Bridget W. Roughan died about the year 1896, in Ireland, never having visited America. The nephew, James W. R. Kelley, died some time prior to the commencement of this action.

Both pass-books were retained by plaintiff; she carrying them constantly upon her person. In October, 1908, plaintiff lost both books and has never recovered either. Immediately upon discovering her loss, plaintiff notified defendant thereof, and demanded the balance of said deposits with accumulated interest. Then for the first time defendant learned of the peculiar circumstances of the deposits. The defendant declined to pay unless plaintiff would give defendant a bond to indemnify it against loss. The defendant has also signified its willingness to pay the amounts of the deposits, with accrued

interest, in each case, to the personal representatives, when appointed, of the persons in whose names the deposits were made.

However, the evidence seems to indicate that this last offer to pay to personal representatives was not made at the time of the demands made by plaintiff when she made known to the bank the loss of the pass-books. The sole condition which then seems to have been imposed by defendant was the giving of a bond to indemnify it against the claims of persons who might later produce the pass-books and demand payment of the moneys represented thereby. The defendant produced upon the trial its form of indemnity bond and showed its offer to fill it out for execution by plaintiff and surety. The plaintiff disclaims ability to furnish the required bond.



OPINION OF THE COURT

MERRILL, J.: I do not think the defendant is in a position to insist upon plaintiff's producing such bond. It has adopted no rule or by-law authorizing it to impose such a condition upon its payment of deposits when pass-books are lost. In the absence of such a provision of its by-laws, defendant is not justified in resisting plaintiff's claim on that ground. *Mierke vs. Jefferson County Savings Bank*, 208 N. Y. 847.

Nor do I think, under the circumstances, the plaintiff should be compelled to administer the estates of her deceased mother and nephew in order to obtain the moneys which she thus deposited. So far as the evidence discloses, the facts are not sufficient to confer jurisdiction upon any court to appoint personal representatives of the deceased persons. The mother of plaintiff was never a resident of this country, nor is it shown that either she or the nephew had any property here or elsewhere, and, unless plaintiff should concede that the deceased persons had some interest in the funds in question

which upon their decease passed to and formed their estates, it is difficult to see how administration could be obtained. Code Civ. Proc. §§ 2476, 2662; In re Jones' Estate, 70 Misc. Rep. 154; In re McCabe, 84 App. Div. 145; Evans vs. Schoonmaker, 2 Dem. 249; Taylor vs. Public Administrator, 6 Dem. 158.

Nor do I think the plaintiff open to criticism for declining to concede that the deposits belonged to her mother and nephew respectively, for the purpose of laying foundation for the appointment of personal representatives of the deceased persons. From her standpoint neither had any interest in their respective funds unless they survived her. And besides, such a position on her part might involve dangerous complications upon final distribution of the estates, and when she might encounter embarrassment in explaining the true situation to creditors or next of kin of the deceased persons. The defendant professes entire willingness to pay over the amounts of the said accounts at such time as it can do so with safety. While the situation is not without its embarrassments, it seems to me that the defendant can safely pay over these moneys to plaintiff. What is the real status of plaintiff with reference to these funds? There is little or no dispute as to the essential facts. The money deposited by plaintiff was her own. She says she intended the deposits to go to her mother and nephew, respectively, upon her death. Until then they had no interest therein. Title to the moneys in controversy in any one save the plaintiff must be upon one of two theories: Either plaintiff, in making the deposits, intended them as outright gifts to the mother and nephew, respectively; or it was her intention to create tentative trusts for their benefits. It seems to me she did neither.

Under elementary principles of law governing gifts, it cannot be seriously claimed that the moneys so deposited by plaintiff passed to the mother and nephews as gifts. Neither of them was privy to plaintiff's acts. Every essential requisite to a valid gift is wanting.

There was no intent to give on the part of plaintiff, express or implied. There was no delivery of the things given to or for the donees in pursuance of such intent, and no acceptance by the donees. They never knew of their relative's acts in their respective behalves. Surely there was no gift. *Beaver vs. Beaver*, 117 N. Y. 421; *Sullivan vs. Sullivan*, 161 N. Y. 554; *McMahon vs. Cronin*, 143 App. Div. 842; *Beaver vs. Beaver*, 137 N. Y. 59.

The moneys were deposited with defendant under some theory on plaintiff's part that if her mother and nephew should survive her the moneys so deposited would go to each respectively upon plaintiff's death. It is clear to me that she had no intention to convey to either of her said relatives any present title or interest in the moneys so deposited, and that unless they survived her it was her intention that they would have no interest therein. Not alone by her testimony is such intention borne out, but it clearly appears from the manner in which she made the deposits, her withholding the knowledge thereof from her mother and nephew, her occasional withdrawals from one of the accounts, and her retention of the passbooks.

It seems to me that under the evidence the moneys were plaintiff's. They represented the fruits of her toil and frugality. In their accumulation neither the mother nor the nephew had contributed. She had a right to deposit them where she saw fit and in those names she saw fit and to withhold the evidence thereof as she did. *Washington vs. Bank for Savings*, 171 N. Y. 166.

So far as parting with title to the moneys so placed by her, the case is no different in principle than had she made provisions in her will for her mother and nephew, to become effective upon her decease. Such testamentary provisions would convey no title to the bequests unless the beneficiaries survived the testatrix, and could be revoked by her at any time prior to her death. So with these deposits. They

were to become effective only upon the mother and nephew surviving plaintiff. They having died, it seems to me she had a clear right to revoke her action, and indeed the deaths of the mother and nephew prior to that of plaintiff ipso facto worked a revocation of plaintiff's acts in making the deposits in their respective names, so far as any interest which they might have had in case they had survived her may be concerned.

Moreover, I think plaintiff's acts fell far short of creating trusts in favor of her mother and nephew, either absolute or tentative. There certainly was no declaration of trust when either deposit was made, nor at any time thereafter. No trust can be implied simply by a deposit by one person in the name of another. As was said by Judge Andrews in *Beaver vs. Beaver*, 117 N. Y. 421:

"To constitute a trust there must be either an explicit declaration of trust, or circumstances which show beyond reasonable doubt that a trust was intended to be created."

Plaintiff, in making the deposits shown in the case at bar with the intention that those whom she desired to aid should only receive her bounty upon her death, passed no title to said funds. The plaintiff parted with no title to the moneys deposited. * * *

I am therefore of the opinion that the evidence establishes conclusively that the plaintiff is the only person entitled to the moneys in question. The passbooks are lost, and satisfactory proof of such loss has been presented to the bank. It would seem that plaintiff has met every reasonable requirement that defendant could make. Its insistence upon the appointment of legal representatives of the mother and nephew is apparently based upon the erroneous assumption that they were the depositors, within the terms of section 26 of defendant's by-laws. The plaintiff was the depositor. Defendant has no right to impose as a condition of payment of the moneys in question that personal representatives of the mother

and nephew be named and that payment be made to them.

It therefore seems to me that plaintiff is entitled to recover of defendant the balance due her upon said deposits, with accrued interest, and that the judgment of the court below should be reversed, and a new trial granted, with costs to appellant to abide event. All concur.

144 New York Supp. 508.



Payment by Check

GEORGIA

What Constitutes Payment—Garnishment—Check "in Full Settlement"—Alteration

Court of Appeals of Georgia, November 25, 1913.

KIRBY PLANING MILL COMPANY VS. TITUS.

A bank check is not payment until it is paid, unless the payee accepts it as such; nor does a bank check drawn in the ordinary form operate as an assignment of any part of the fund standing to the credit of the drawer until it has been accepted by the drawee.

Where a debtor delivers to his creditor a bank check drawn in the ordinary form and upon which is a notation that the check is to be accepted in full payment of the indebtedness and the creditor declines so to accept the check and erases from it the condition contained thereon, the mere retention by the creditor of the check in this altered condition will not prevent one of his creditors from attaching the debt by service of garnishment upon the original debtor.



ACTION by Theodore Titus against the Kirby Planing Mill Company and Tallahassee Saw Mill Company, garnishee. Judgment for plaintiff, and the garnishee brings error. Affirmed.



STATEMENT OF FACT

THEODORE TITUS had obtained a judgment against the Tallahassee Saw Mill Company for \$1,500

and on July 23, 1912, caused summons of garnishment to be served upon the Kirby Planing Mill Company. That company admitted that it was indebted to the principal defendant in the sum of \$248.11, but claimed that the debt could not be reached by garnishment process for the following reasons: The Tallahassee Saw Mill Company had claimed an indebtedness against the Kirby Planing Mill Company of some \$1,800. On June 7, 1910, the garnishee drew its check payable to the order of the Tallahassee Saw Mill Company for \$248.11, indorsing thereon the statement that the check was in full settlement of all indebtedness due by the garnishee to the Tallahassee Saw Mill Company. That company received the check, drew a line through the indorsement that the check was to be in full settlement, and in this altered condition presented it to the bank for payment. The bank refused payment and the check was protested on June 13, 1910. Subsequently suit was brought by the Tallahassee Saw Mill Company against the Kirby Planing Mill Company for about \$1,800 on account for which the check had been given in settlement. The defendant filed an answer admitting an indebtedness to the plaintiff of \$248.11 and averred that this amount had been tendered to and declined by the plaintiff. This suit was dismissed by the plaintiff at the trial term and has never been renewed.

After the service of the summons of garnishment, the check was again presented to the bank, with the entry of acceptance in full settlement rewritten on the back of the check. The check was paid in this condition on November 16, 1910. It does not appear when the above-mentioned entry was made on the check. After the check was drawn by the garnishee, it never again received possession of it until it was returned by the bank as a paid voucher. The check was finally paid by the bank under instruction from the garnishee. Titus, the garnishing creditor, testified that, shortly

after the garnishment was served, he stated to the officer of the garnishee in charge of its business that the purpose of the garnishment was to impound the balance of \$248.11 owing by the garnishee to the principal defendant. The attorney for the Tallahassee Saw Mill Company testified that, in November after the garnishment was served, an officer of that company came into his office and asked for the file in the case of Tallahassee Saw Mill Company vs. Kirby Planing Mill Company, that the file was delivered to this officer, and the attorney supposed the check was in the file as it had been with the other papers all the while. At that time this officer stated to the attorney that he would not accept the check in full settlement. It does not appear from the evidence just what day in November this conversation took place, but it evidently occurred before the check was paid on November 16th. Upon this state of facts the judge directed a verdict against the garnishee, and it excepted.



OPINION OF THE COURT

POTTLE, J.: If, at the time of the service of the summons of garnishment, the garnishee was indebted to the principal defendant, and if payment of the debt to the garnishing creditor would result in no injury to the garnishee, by subjecting it to further liability, the direction of the verdict in plaintiff's favor was proper. It was undisputed that, at the time of the service of the summons of garnishment, the garnishee owed the principal defendant \$248.11. It is insisted, however, that because the garnishee had some two years before given a check to its creditor and this check had not been returned at the time the summons was served but was still in the possession, custody, and control of the creditor, the garnishee was not bound to countermand the check or instruct the bank not to pay it but could successfully de-

send by showing the drawing and delivery of the check.

The plaintiff in error relies upon the cases of *Parker-Fain Grocery Company vs. Orr*, 1 Ga. App. 628, and *Watt-Harley-Holmes Hardware Company vs. Day*, 1 Ga. App. 646. Without undertaking to discuss all of the propositions announced in the opinions in these two cases, it is sufficient to say that neither of the cases is upon its facts parallel with the instant case.***

Some of the language of the opinion in the case of *Watt-Harley-Holmes Hardware Company vs. Day*, supra, does furnish at least colorable ground for the contention of the plaintiff in error, but it was held, under the facts of that case, that the garnishee was liable; it appearing that the summons of garnishment had been served on the sender of the check before the check had left the post office where it was mailed and at a time when the sender had a right to withdraw the check from the post office. It is true that in discussing the case the Chief Judge said that, if the creditor had requested the check to be sent by mail, the sender of the check could not have withdrawn it, and the title to the check would have vested in the payee when the check was mailed according to his instructions. Further language of the opinion indicates that, after delivery of the check to the payee, the debt represented by the check would not be subject to garnishment process. All this, however, was obiter, and upon further reflection we are not prepared to hold that there are no circumstances under which a debt can be reached by process of garnishment merely because a check for the amount of the indebtedness has been previously delivered to the creditor but has neither been collected nor accepted by the creditor in payment. "Bank checks and promissory notes are not payment until themselves paid." Civil Code, § 4814. *Butler vs. Barnes*, 8 Ga. App. 513; *Holland vs. Mutual Fertilizer Company*, 8 Ga. App. 714.

A check which has not been accepted by the drawee and which does not de-

scribe any particular fund or use words of transfer of the whole or any part of any amount standing to the credit of the drawer is neither a legal nor an equitable assignment of the money standing to the credit of the drawer. In such a case the payee would have no right of action against the drawee until after acceptance by the latter. *Reviere vs. Chambliss*, 120 Ga. 714.

The check delivered by the garnishee in the present case not having been accepted as payment and not constituting an assignment of any part of a fund standing to the garnishee's credit in the bank, the garnishee was indebted to the creditor until the check was either paid or accepted as payment. Neither had been done at the time of the service of the summons of garnishment. The garnishee answered that it was not indebted, and the undisputed evidence showed that it was indebted. Moreover, the evidence not only failed to show that the check had been accepted as payment but affirmatively showed that the garnishee's creditor had refused to accept the check at all upon the terms which it was tendered. The condition noted upon the check was stricken, and, in this altered state, payment of the check was refused by the bank. Thereafter suit was brought by the creditor against the garnishee for the full amount claimed to be due. This suit was dismissed at the trial term, but it was not until after the summons of garnishment was served that the creditor indicated its willingness to accept the check in full payment.

It is fairly inferable from the testimony of Mr. Luke, who was of counsel for the Tallahassee Saw Mill Company, that the decision of that company to accept the check in full settlement was not reached until after the summons of garnishment had been served. We are referred to the statement of the law in 20 Cyc. 1008, to the effect that, where a check is made payable upon a condition, it cannot be reached by garnishment process prior to the fulfillment of the condition. This principle has no application here. The

citations in support of the text indicate its meaning to be merely that a check which is not due absolutely, but upon a condition or contingency, is not to be regarded as evidence of an indebtedness until the fulfillment of the condition or the happening of the contingency. See *Greenway vs. Wilmarth*, 12 Metc. (Mass.) 12; *Burke vs. Whitcomb*, 18 Vt. 421. If this rule has any application at all in the present case, it operates against the contention of the plaintiff in error, because under no view of it could the debt due by the garnishee be regarded as satisfied until the check had been accepted by its creditor upon the condition upon which it was delivered. There was no denial by the garnishee that it owed the principal defendant at least the amount of \$218.11, and the only issue between these parties was as to whether the garnishee owed any larger amount.

Judgment affirmed.

80 S. E. Rep. 18.

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.

CHECK — SUBSTITUTION OF NAME OF BANK

LOUISVILLE, KY., Dec. 5, 1913.

Editor Bankers Magazine:

Sir: Will you please give your opinion as to whether it is safe to pay a check where the name of the bank is crossed out and another substituted? We frequently have such checks presented.

CASHIER.

Answer: It might be "safe" in banking, but unsafe in law to pay such a check, depending upon the circumstances. It frequently becomes necessary in business to draw checks where no proper blanks are at hand and a "made to order" check follows. To pay such a check might be good banking, but poor law, for it is an altered

instrument and any material alteration without the assent of all parties liable thereon voids the instrument except as against the party who made, authorized or assented to the alteration, and subsequent endorsers. (Neg. Inst. Law.) And by the same law, a change in the time or place of payment is a material alteration.

Cases are on record where a check has been issued, and for one reason or another the drawer has removed his account to another bank before the check was presented and the holder, discovering the change, has altered the check, making it payable at the new depository, obviously a material alteration without the consent of the drawer. This happened in the case of *Morris vs. Beaumont Nat. Bank*, 83 S. W. Rep. 36, a Texas case, and the bank was held liable. Particularly would this be true if the alteration were in another handwriting, thus carrying prima facie evidence of the change. The alteration being a forgery could not bind the maker, for he had not ordered the bank to pay as the altered check presumed to do, and therefore his account could not be charged with the amount, although the signature might be genuine. Presuming the alteration to be made by the drawer, the question of damages arises, in case the drawee bank should refuse payment. A Kansas decision (*First State Bank of Scott City vs. Vogeli*, 96 Pac. Rep. 490) holds that it was not negligence for a bank to pay such a check, unless there was something to excite suspicion, or some fact known which would put the bank upon inquiry. The court holds further that the mere fact that the handwriting of the body of the check differs from that of the maker is not a matter of suspicion. Therefore in the light of these two decisions, the question would be: to pay or not to pay.

If the maker were known to have but one bank account, it would ordinarily be perfectly safe to pay; but caution would suggest that in a day of quick communication some effort should

be made to verify the alteration without causing undue delay in payment or annoyance to the holder. The amount, drawer of the check and party presenting would be controlling factors.

In cases where no proper check is at hand, a draft would be the safer thing; or even a "home made" check in the drawer's handwriting; but it is a condition and not a theory that your question presents, and the above would seem to suggest the proper course, depending upon circumstances as to how to proceed.



CHECK DRAWN ON SAVINGS ACCOUNT—IMPORTANCE OF DATE IN NEGOTIABLE INSTRUMENT — CANADIAN BANKING PRACTICES

WINNIPEG, MANITOBA, JAN. 23, 1914.

Editor Bankers Magazine:

SIR: As a subscriber, could I solicit the aid of your legal department to advise me regarding the two following questions which I have seen answered in some past number of your MAGAZINE:

Could you refer me to the case, or a case, where a bank is bound to pay a customer's check, irrespective of departments? For instance, a man has a savings account in funds and draws an ordinary current account check; the bank must protect the check, and a refusal leaves them open to damages. Contention: Money in any form or department of a bank is subject to ordinary check.

I also wish to establish that a banker has nothing whatever to do with the dating on a check. I contend the date is a private memorandum of the customer, and the fact of the check having been drawn makes it negotiable and payable at the bank when presented, even if it were dated ahead.

Thanking you for any information along these lines you may give me, I am,

MANAGER.

Answer: Prior to 1885 it was the custom in Canada to issue "deposit receipts" or certificates of deposit for interest-bearing accounts. Special conditions attached to such deposits, as for instance, that the receipt must be surrendered upon payment, and that the funds must be left a certain length of

time to receive interest. Such a receipt was the cause of litigation in the case of McDonald vs. McDonald, reported in Vol. 66 BANKERS MAGAZINE, p. 200. At about that time the savings bank pass-book came into use and is now quite generally in vogue.

These books contain the name of the bank and the branch issuing it. The depositor's name does not generally appear on the pass-book, the number only being used. Rules and regulations governing the deposits are usually contained therein. Notice of withdrawal is not generally required, but permissible. The practice of allowing checking against savings accounts is growing. Some banks limit the number of checks per month, and bankers generally are not friendly to the practice, but are forced to permit it through stress of competition.

Assuming that your bank follows the general custom of issuing savings bank books with rules, these rules regulate the withdrawal of funds; and if checking privileges are allowed, it is a courtesy and not a matter of compulsion.

The pass-book is a contract and the by-laws usually contain therein the conditions of the contract; among which are usually: (a) that the pass-book must accompany all withdrawal orders, and (b) that the bank reserves the right to demand notice of withdrawal. (This we understand, is seldom, if ever, required by Canadian banks.)

In Appleby vs. Erie County Savings Bank (62 N. Y. 12,) the court said: "It is necessary and proper that rules and regulations should be prescribed for the payment of money deposited in savings banks, and for the protection of banks in making payments; and if such rules are within the restrictions of the act and are reasonable, they should be upheld. They constitute, if properly communicated and assented to by the depositor, the contract between the parties." And again, in Allen vs. Williamsburgh Savings Bank (69 N. Y. 314) the court said: "When it (the savings bank) has prescribed rules,

and its depositor has assented to them, they are the agreement, and each party must keep it to preserve the rights against the other."

Presuming the relation of your savings department, and its customers to be thus contractual, and your depositor draws a check at variance with the agreement, you would be perfectly justified in refusing payment, although by the Canadian Bills of Exchange Act (Sec. 165) a check is "a bill of exchange drawn on a bank, payable on demand," and unless, for some good reason as above suggested, payment was refused, liability would follow if the drawer was good for the amount. A bank is liable for damages where it dishonors a depositor's check without just cause. *Wiley vs. Bunker Hill Nat. Bank*, 183 Mass. 495; *Davis vs. Standard Nat. Bank* 50 N. Y. App. Div. 210. No damages could follow if the conditions of deposit were not fulfilled, inasmuch as the depositor himself was the cause of the refusal in that he did not keep his part of the agreement.

If, however, the deposit was evidenced by another instrument, such as a certificate of deposit, it would not be subject to check under any condition, the surrender of the instrument and payment in full being the express or implied agreement. And if it was a time deposit, payment could not be demanded until the time expired.

If a non-trading depositor in a savings department of a bank has made his deposit subject to special terms, he may, on the wrongful refusal of the bank to pay to him personally the amount of the deposit, recover as damages only the interest and the money. *Henderson vs. Bank of Hamilton*, 25 O. R. 641, 22 A. R. 414.

It is the right of the depositor to receive payment upon demand, unless the agreement to that effect which is otherwise implied, is varied by special agreement. Sometimes, however, the implied agreement may be varied by the issue by the bank to the depositor of a certificate of deposit making the entire amount payable either on de-

mand or at a designated time, to the depositor or to his order. In this case the amount due is payable only upon surrender of the certificate to the bank, and *the deposit is not subject to check.* (Tiffany, *Banks and Banking*, p. 14 and authorities cited.)

The second question bears upon the importance of the date in a negotiable instrument. Section 146 of the Canadian Bills of Exchange Act provides that "any alteration of the date is a material alteration," and voids the bill except as against the party who has himself made, authorized or assented to the alteration, and subsequent endorsers." Section 25 of the Negotiable Instruments Law (N. Y.) provides that "the validity and negotiable character of an instrument are not affected by the fact that it is not dated. Where the instrument is not dated, it will be considered to be dated as of the time it was issued. (Section 36). Even if the date is omitted in such instruments, the instrument is not unnegotiable, as the holder has the right to fill up the blank, with the date of issue thereon; or if not possible to secure that, then the date when he received it. (Tompkins *Commercial Paper*, p. 51, citing *Negotiable Inst. Law*, Sec. 17. *Knisely vs. Sampson*, 100 Ill. 573; *Mehlberg vs. Fisher*, 24 Wis. 607; *Richardson vs. Ellett*, 10 Tex. 191.)

If the date were a "mere memorandum of the customer" as our correspondent claims, the changing thereof would not constitute a "material alteration," which, if done without the consent of all parties liable thereon, voids the instrument except as against a party who has himself made, authorized or assented to the alteration and subsequent indorsers. *Negotiable Inst. Law*, Sec. 205 (N. Y.). In the hands of a holder in due course, not a party to the alteration, payment may, however, be enforced according to the original tenor. (Sec. 205.) A post-dated check cannot, as suggested, be paid by the bank "when presented, even if it were dated ahead," for the reason that the bank, in law, impliedly

contracts with the depositor (in ordinary account) to pay *when*, and to whom, and in the amount authorized by the drawer, and prior to the designated date and presentment the drawer can revoke the order. When a check is issued post-dated, it contains all the elements of a contract, but payment upon it can only be demanded *upon the day of its date*, or some succeeding day. *Frazier vs. Trow, etc., Co.*, 24 Hun. (N. Y.) 281. A post-dated check should not be paid by the bank on which it is drawn until the time of its date arrives; (*Smith vs. Maddax-Rucker Banking Co.*, 8 Ga. App. 288) for, being a "bill of exchange drawn on a bank, payable on demand," the date is important as indicating *when* the demand may be made. The date, therefore, becomes an important part of the instrument, as specifying the *time* of payment, and cannot be disregarded with impunity by the bank. Checks may be antedated, post-dated and undated; but the chief source of trouble is the post-dated, and such should neither be paid nor certified. (See *Schoen vs. Security Bank*, January, 1914, *BANKERS MAGAZINE*, page 42.)

Legal Terms Used In This Number Defined

Accord and Satisfaction—*Accord* is a mutual agreement as to terms; *satisfaction* is the payment as agreed upon. (*Tonpkins, Commercial Paper*, p. 151.) An agreement between two persons for the acceptance and delivery of a stipulated thing or amount in settlement of a debt or damages for a wrong. (*Standard Dictionary*.) When completed, accord and satisfaction has two effects; it is a payment of a debt; and it is a species of sale of the thing given by the debtor to the creditor in satisfaction; but it differs from it in this, that it is not valid until the delivery of the article, and

there is no warranty of the thing thus sold, except, perhaps, the title, for in regard to this it cannot be doubted that if a debtor gave on an accord and satisfaction the goods of another, there would be no satisfaction. The intention of the parties is of the utmost consequence, as the debtor will be required only to execute the new contract to the point whence it was to operate a satisfaction of the preëxisting liability. (*Bouvier's Law Dictionary*.)

Garnish—To warn a debtor not to pay or deliver to his creditor money or property in his possession due the creditor; to attach. A person holding property or money so attached is bound to keep the same in his hands, to answer the plaintiff's claim, until the attachment is dissolved or he is otherwise discharged.

Ipsa facto—By the fact itself. Needing nothing more to make the act complete.

Obiter—Not in necessary connection with the issue to be determined. In regard to the authorities, it may be confessed that by far the greater part are *obiter*, and some of them quite uncalled for. (*Parsons on Contracts*.)

Obiter dictum—An opinion expressed by a court, but which, not being necessarily involved in the case, lacks the force of adjudication. (*Bouvier*.)

Tort—A wrongful act, a neglect or default whereby legal damage is caused to the person, property or reputation of another; a private or civil wrong, as by assault, trespass or libel. An *action in tort* is an action for damages for a wrong, as distinguished from an action founded on contract. (*Standard*.)

Ultra vires—Beyond the lawful capacity or powers. Used especially in connection with corporations or their officials as to contracts or acts not within the scope of the powers conferred upon them.

The Cleveland Foundation

A Plan for the Better Utilization of Bequests for Social Welfare

BELEIVING that many people of moderate fortune would like to make bequests for public purposes were there in existence a reliable means of administering such gifts, Mr. F. H. Goff, president of the Cleveland (Ohio) Trust Company, has established the Cleveland Foundation to meet this need. Regarding it, he says:

"Confident that there are many who would welcome an opportunity of trust-teeing the residuum of their estate to be used in furtherance of educational and social welfare work in this city, some months ago I recommended to the board of directors of the Cleveland

Trust Company that by the adoption of a proper resolution definitely establishing the purposes, powers and duties, they authorize the acceptance of charitable trusts, large or small, created for the benefit of the inhabitants of the city of Cleveland, the individual trusts together to constitute a community trust to be known as The Cleveland Foundation. I am pleased to announce that after having given the matter careful consideration and after having taken the opinion of many interested in welfare work, the directors of our company have adopted resolution authorizing the acceptance of such trusts."



Suggestions to Young Cashiers

IN this MAGAZINE for January, 1852, there appears, on the first page, a premium essay written for THE BANKERS MAGAZINE by Lorenzo Sabine of Framingham, Mass., on the topic, "Suggestions to Young Cashiers of the Duty of Their Profession." From this essay the following is quoted as being not inapplicable to these times:

Economy is the parent of honesty, of freedom, and of mental ease and quiet. Poverty can never enter your abode if content with satisfying your real wants; while you will never enjoy independence if you live in accordance with the world's caprice. If you possess an in-

ordinate craving for great wealth, or a desire to indulge in luxuries and amusements such as men of fortune alone can afford, you have mistaken your profession, and should abandon it. For your life, if you remain in it, will be a perpetual struggle against your natural inclinations; and the danger is that, finally yielding to them, you will involve yourself in irretrievable woe.

The road to disgrace is short. Persons who have traced the footsteps of more than one unhappy bank officer that has trodden it have found that extravagance and defalcation were but a few strides apart.



The Vice of Extravagance

LET us as bankers see to it that our national character is cleared of this vice of extravagance which, it is a matter of history, will ruin any country if persisted in long enough; and by preaching continually the homely gospel that "every little bit added to what

you've got makes just a little bit more," gradually build up a bulwark made of the thrift of the people behind which the old Union may weather any storm.
—E. G. McWILLIAM, *Secretary Savings Bank Section American Bankers Association.*

Investments

Conducted by

FRANKLIN ESCHER

The Railways and the Government

BY HOWARD ELLIOTT

CHAIRMAN OF THE NEW ENGLAND
LINES

THERE is indisputable evidence that that expansion of our railways which has contributed so much to the country's prosperity has, by reason of the conditions now imposed upon them, reached a point of practical suspension. There is hardly any new construction being undertaken, and improvements are being postponed wherever practicable, because of lack of funds. This is due, in part, to the great increase in the cost of labor and materials, in part to the elaborate and luxurious facilities which the people demand, and in part to the rise in the rates of interest, all of which is reflected in the loss in net earnings shown by recent statements of the railways; and this despite an increase in gross earnings maintained until very recently, though there are signs to-day of a falling off even in gross.

I think that all candid and thoughtful persons will admit that the situation as reflected is a serious one, not only as affecting the railways them-

selves, but the entire business of this country. Indeed, with railway credit impaired, it would seem difficult for the railways to extricate themselves from the present situation unless a change occurs in public sentiment and in the treatment they receive from the people, as expressed through their various governmental agencies. Undoubtedly, various causes have contributed to bring this situation about. Some of these have been economic and some social, and the railway has suffered from both, perhaps, more than any other industry in that the price of its service is no longer within its own control, and the same may be said of its great payroll.

Is it not incumbent upon all thoughtful men who wish to see this country continue to prosper to stop and ask themselves what can be done in this emergency? Is this trouble a socialistic one, due to new currents of thought and feeling in the minds of a majority of our citizens, fostered possibly by ideas of government brought here by many of our new citizens from the Old World, who influence many others with whom they come in contact? And if the trouble is socialistic, does it not behoove every citizen who does not believe in this kind of doctrine applied to business to speak out?

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PRESENT TENDENCIES

MANY of us have hazy ideas about socialism, but the principle underlying the proposed socialistic state, as expressed by many socialists, is that from every one shall be expected according to his ability, and that to every one shall be given in accordance with his needs. The socialistic ideal thus expressed, is that every man shall do his utmost, but that he is not to be paid in proportion to the amount of work that he does, or in proportion to its value, but, on the contrary, he is to be paid in accordance with his needs. The tendency of the people of the United States, however, seems to be not to extend to the railways even that treatment which is expressed by this socialistic ideal. Under that ideal, the railways would be expected to do all that they can, and would be allowed to receive all that they need, but is it not true to-day that the railways are expected to do more than they can, and, at the same time, are not permitted to receive what they need?

While the railways should be held directly to account for maintaining roadbed, track, and other facilities in proper condition, the fact should not be lost sight of that safety in operation, as the people look upon it to-day, means equipment of steel or steel underframe in the passenger service, and other heavy expenditures in consequence. To demand that such improvements be made within any short

period of time, in advance of the ability of the railways to pay for them, is to demand of the railways more than they can accomplish. And to hold them down, and so to impair their credit that they cannot obtain funds for such improvements is certainly not to accord to them that which they need. Again, in insisting that they serve the end of efficiency from the standpoint of economical operation, and, at the same time, meet the requirements for fast and frequent service, the people demand of the railways more than they can do. If they desire such service without allowing the railways the compensation that justifies it, they are not according the railways what they need.



COMPETITION VERSUS COMBINATION

THERE is another respect in which the people of this country are dealing at cross purposes with the railways, and this is a question of transcendent importance, not only in the field of transportation, but throughout industry and commerce. This is a question of competition versus combination. The New Haven road is a consolidation of 189 companies—the Boston & Maine and Maine Central of 200 companies. Before the consolidation of these lines, when it was desired to move a carload of freight from one end of New England to another, separate arrangements



The American National Bank

SAN DIEGO, CAL.

Capital \$200,000.00
Surplus and Undivided Profits 177,000.00
Total Resources 2,249,000.00

J. W. SEFTON, Jr., Pres.

I. ISAAC IRWIN, Vice-Pres. L. J. RICE, Asst. Cashier
C. L. WILLIAMS, Cashier T. C. HAMMOND, Asst. Cashier

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.

had to be made and varying instructions issued for each railway and endless bargaining and higgling over rates and schedules, as well as the expense of many separate organizations. In this combination of separate railways in one organic whole, there is the possibility of efficiency, under proper management, both from the standpoint of economical operation of the railways and from the public's standpoint of improved service. Because of practices incident to the great construction period of American development and not confined to railways, the people created the Interstate Commerce Commission, which has pretty effectually not only restrained competition, but stifled it so far as rates are concerned. As the commission has the power to prevent the railroads from charging unreasonable rates and to prevent unjust discrimination, it is a grave question whether it is not an economical error to object to combinations of railways which, under suitable management, can be made to serve the ends of efficiency by more economical operation and better service. Here again we find an inconsistency on the part of the people, who insist that the railways shall practise the greatest economy and efficiency in operation, but who, at the same time, object to principles that will further such economy. If the railways are not supported by the people they cannot render service to the people. The very expression "The Railroads and the people" indicates a distinction, a separation of interests, that the pros-

perity or the adversity of the railways is a matter of indifference to the people, and vice versa. Such a feeling occasionally finds expression in such an utterance as was made recently in the New Orleans Picayune, which editorially called upon the voters to oppose any candidate who was not "fully competent and willing to place the peoples' interests above those of the railroads and transportation lines under all circumstances," when, as a matter of fact, their interests are identical. One reason, I believe, for this attitude, is that our people do not realize that railroad-making is business just as much as rail making or producing paint is business, and that railways are as much a part of every-day life as any other business.



MULTIPLICITY OF LAWS

THERE are State legislatures which pass laws concerning the railways within their state and the laws of one state sometimes conflict with those of another, and sometimes with those of the national government. The effect of this multiform and heterogeneous regulation is to compel the railroads to serve forty-nine masters, although the impossibility of serving even two masters has been crystalized in a proverb. The effect of this multiplicity of laws also has been to undermine the confidence of investors, whose money is needed for the extension and the improvement of the railroads. It has

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

been estimated that near one billion dollars will be required within the next year to improve the railways so that they may meet the demands of growing business and safer and more luxurious service. How can this money be raised? How can this condition be remedied? Must it not come from coöperation of the people with the railways and from the conviction in the public mind that railways are rendering to the people not only an essential but a vital service?

If the people, by reason of new tendencies of thought, are exacting more of the railways and allowing them less in return for service rendered, are the people following the same rule with respect to the great machine of government which they themselves have created, and in whose management they have a potent voice? There has been criticism of lack of efficiency in railway administration, and some of it is just, because railway officers and men are human and imperfect, but as a class they are doing better year by year. As a class they are high-minded, patriotic gentlemen, dealing with a problem that at times is very discouraging. They believe in frank and honorable business methods. They are doing the very best they can and they should receive help and commendation from the public instead of hindrance and hostile criticism.



STANDARDS OF CONDUCT

THERE has been a gradual and desirable change in the standards of business in the past twenty years, and particularly in the past ten. Practices that a few years ago were considered proper in financial, commercial, manufacturing, and transportation business

are contrary to the ideas of the public to-day.

In this business uplift, I think the great railway systems of the country, taken as a whole, are in the front rank in trying to do their work on a high plane and in trying to observe the complicated laws of the land. And the larger and more complicated the business, the more rigid is the carrying out of the maxim that "Honesty is the best policy."

Some people are still ready to ask for the rebate, the pass, and the special privilege. Because of some glaring failures here and there the press and the public sometimes are too prone to condemn all. But every man in modern industrial business life knows how insistent the majority of men charged with the responsibility of management is for honesty, good morals, industry, and avoidance of sharp practice, and of trying to get something for nothing.

The moral effect of this policy on the young man in business must be good, because whether he likes it or not, he must behave or be thrown into the discard. What kind of an example does the United States Government set before the youth of the land in its treatment of the great transportation lines? The Government should surely be as scrupulously honest and high-minded in dealing with the railways as it expects the railways to be in dealing with the people, but is it?



RAILWAY MAIL PAY

LOOK at the mail and parcels post situation for a moment. The Government pays the railways for transporting the mail on the basis of weights ob-

tained in the autumn of 1912 for four years beginning July 1, 1918, although there is always some increase in weight each year. In January, 1918, the Parcels Post began with a weight limit of eleven pounds, then increased it to twenty, and it is now, in some cases, to be fifty pounds. The Parcels Post takes business away from the express business of the railway and reduces earnings in that way, but the Government pays nothing for the extra weight carried, as the test weighing was before the Parcels Post began. So for four years the railways must carry the increasing weight of the ordinary mail and the rapidly growing Parcels Post freight for nothing, unless the Government takes steps to pay for service already performed and to be performed, which, so far, it seems disinclined to do.

With all our troubles, however, I still feel that we will come out all right, but—and this a great big *but*—care must be taken in working out these problems, and the public must be told the truth, or harm will be done that will take years to cure, and the best results will be delayed. It is foolish, in this country, to admit that all railway improvement must be given up. These things must go on; public opinion will not tolerate a deterioration of the railways. It will insist upon their being able to furnish the service re-

quired by growing business and by the very logic of the situation the public will provide the means for them so to do. But it is most important not to delay too long.

There are some rifts in the clouds. Signs indeed are multiplying of a readjustment of ideas in the public mind, which ought to find a reflection in the attitude of governmental agencies. The miasma which has arisen from the misrepresentation of the past is disappearing, and the public mind is clearing in consequence. That a constructive rather than a destructive sentiment is growing is apparent. This drift in public sentiment is clearly beginning to make itself felt, as shown in some recent expressions of a friendly nature coming from those in Government offices. Such, for example, was the statement made only a short time before his death by Interstate Commerce Commissioner Marble: "We are seeking to bring about a condition that will be fair and equitable and that will make the railroads successful under present ownership." In the newspapers this drift is finding expression in a rebuke of continued criticism and intemperate denunciation of former practices, and a general realization that such a course can only produce widespread business atrophy.



CURING THE PATIENT

NATIONAL need of terminal and other railway facilities having been thoroughly impressed upon the public mind, shippers and editors generally convinced that larger net railway returns should be permitted, what are the reasons and perplexities which prevent the people from giving effect to a policy that will cure the trouble, making it unanimous? Even if there is only a vigorous minority opposed to such policy, candid consideration of their objections is due them.

It is claimed that the management of some roads has not been honest—that

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

insiders have profited when they should not. The morals of all kinds of business have improved year by year, and things have been done in railway and other business in the development of the country that were probably not right then and that certainly are frowned upon now by law and public opinion. Such things ought never to have been done. Owners of railways should root out dishonesty if it exists, and if they will not, public authority will do it. But is there anything in the situation that warrants calling a halt on the development of the continent? Every time a clergyman, a doctor, a senator, or a cashier is punished, are we forthwith to abolish all clergymen, all doctors, all senators, and all cashiers, while we unfrock that particular clergyman, convict that particular doctor, expel that particular senator, or jail that particular cashier?

Others say that some railways are over-capitalized. Whether they are or not, and certainly American roads have led the world in refraining from it, no more capitalization ought to be created than is necessary in order to serve the public. If too much was issued by some roads in the past, this is to be regretted, but no workable method has been suggested by which securities issued legally and bought in good faith can be taken from their owners without failures and receiverships that harm many more people than the owners of the securities. As for the future, every railway of importance runs through one or more states which regulate security issues. And apart from that, those responsible for railway management realize, as they never did before, the absolute necessity of sound business principles in issuing securities, law or no law. The present problem is not to restrict the issues of securities but to find people willing to buy them.

Another says that if securities were sold over the counter the bankers' commission would be saved. Perhaps, some day, if confidence can be restored, part of such commissions might be saved, but a railroad must have finan-

cial experts, as well as engineering experts, and pay a fair price for services rendered. If the commissions can be saved, they ought to be. But not even city, state and federal governments, whose credit is based on the taxing power, have been able at all times to float even moderately large popular loans without the aid of bankers.

Others object because they say the new revenue would go to increased dividends. So some of it would and must. The dividend which a stockholder receives is not all that he would like or that his managers want to pay, but is an amount needed to induce him and others to buy more stock or bonds when an enlarged plant is necessary in order to meet the desires and absolute necessities of the public.



EFFECT OF ECONOMIES

IT is said that the increased income needed could be had by economies. It is true that economies have been introduced, and there is room for more of them. Railroad managers, as a whole, are pushing hard every day to improve men, methods, and facilities. Many economies, however, can only be adopted by throwing away old appliances and buying new ones, which is the case in mills and factories as well as in railroads. And if the railroads have no money with which to get the new tools, they must do the best they can with the old ones. No effort in

THE BANKERS DIRECTORY

"THE RED BOOK"

In its thirtieth year and
BETTER THAN EVER

this direction should be neglected, and no other industry is, or in the nature of things can be, so thoroughly organized nation-wide as the railways to cooperate in studying, experimenting, and standardizing their progress. But, in view of the wonderful savings already accomplished, both major and minor, in the past few years, and in spite of the larger percentages of gross earnings absorbed by expenses and taxes, it is doubtful if the people should depend on such measures to offset the apparently irresistible rise in wages and in the price of materials, the higher cost of capital, and the demands for more elaborate facilities and luxurious service.

Are any of these obstacles sufficiently important to delay such revision of rate schedules as will meet this anomalous situation of increasing gross earnings, but declining net earnings, and still more rapidly declining net corporate income after payment of fixed charges?

The railway managers of the country want to know where to improve. They welcome just criticism based on a real knowledge of all the actual facts. It is their purpose to profit by it. To serve the public adequately, on the other hand, is also their purpose, and it is their duty to seek diligently from the appropriate authorities the sanction and help necessary if the railway is to do what the people want and must have if the country is to grow. So it would seem as if it was to the interest of the people to be patient with a railway which has practically no control over the price of what it

has to sell—transportation—and very little control over the price of labor needed to produce that transportation.



Investment and Miscellaneous Securities

Quoted by J. K. Rice, Jr., & Co., brokers and Dealers in Miscellaneous Securities, 36 Wall St., New York.

	Bid	Asked
Adams Express.....	89	93
American Bank Note Com.....	44	46
American Bank Note Pfd.....	51	53
American Brass.....	136	140
American Chiclet Com.....	200	204
American Chiclet Pfd.....	97	101
American Dist. Tel. of N. J.....	58	61
American Express.....	102	107
Atlas Portland Cement Com.....	38	45
Atlas Powder Co.....	114	117
Autosales Gum & Chocolate.....	15	20
Babcock & Wilcox.....	97	99
Bordens Condensed Milk Com.....	113 1/2	116
Bordens Condensed Milk Pfd.....	107	108 1/2
Bush Terminal.....	45	55
Celluloid Company.....	128	132
Childs Restaurant Co. Com.....	134	142
Childs Restaurant Co. Pfd.....	103	105
Computing-Tabulating-Recording.....	34	37
Conn. Railway & Light Com.....	60	65
Del. Lack. & Western Coal.....	260	275
E. I. du Pont Powder Com.....	132	135
E. I. du Pont Powder Pfd.....	88	90
General Baking Co. Com.....	12	17
General Baking Co. Pfd.....	52	57
Hercules Powder Co.....	119	123
Hudson Companies Pfd.....	13	18
Hudson & Manhattan Com.....	6	8
Hudson & Manhattan Pfd.....	11	16
International Nickel Com.....	117	118
International Nickel Pfd.....	105	106
International Silver Pfd.....	115	122
Kings Co. E. L. & P.....	120	123
Maxwell Motor Com.....	5	6
Maxwell Motor 1st Pfd.....	27	28 1/2
Maxwell Motor 2d Pfd.....	8	9
New Jersey Zinc.....	530	580
New York Railways.....	24	27
Otis Elevator Com.....	75	77
Otis Elevator Pfd.....	95	97
Pelphs Dodge & Co.....	210	215
Pope Manufacturing Com.....	5	11
Pope Manufacturing Pfd.....	5	11
Remington Typewriter Com.....	28	32
Remington Typewriter 1st Pfd.....	98	100
Remington Typewriter 2d Pfd.....	95	97
Royal Baking Powder Com.....	184	189
Royal Baking Powder Pfd.....	106	108
Safety Car Heating & Lighting.....	109	111
Sen Sen Chiclet.....	100	104
Singer Manufacturing.....	309	314
Standard Coupler Com.....	28	33
Union Ferry.....	30	35
U. S. Express.....	56	59
Virginian Railway.....	18	22
Wells Fargo Express.....	83	87
Western Pacific.....	5	6 1/2



“TRULY there is a tide in the affairs of men; but there is no gulf-stream setting forever in one direction.”

—LOWELL.

Banking Publicity

Conducted by

T. D. MacGREGOR

Using the "Movies"

A Minneapolis Bank Makes Good Use of a New Idea.

WE are indebted to Frank Merrill of the Information and Publicity Department of the Northwestern National Bank of Minneapolis for data concerning the use of moving picture advertisements by that big bank.

The idea is best explained in a form letter sent out by the bank to country banks in its territory, which reads:

GENTLEMEN:

Enclosed is the copy of a press clipping concerning this bank. We think that it will be of some interest to you.

Moving pictures of a bank are something new. Besides being new, they are proving to be decidedly attractive to the general public. The newspaper story will give you an idea of the features of the film that are making a strong appeal. As for yourselves, a stronger appeal will perhaps be found in the scenes showing various bank departments in action. These department pictures were taken at fast moments on a heavy day.

If you wish to see the views we would suggest that you make a request for them at your leading picture theatre. The film may be obtained by your theatre manager from the Gopher Film Manufacturing Company, 252 First avenue North, Minneapolis. The pictures are called "A Busy Day in the Northwest's Largest Bank," and are a part of the Gopher Interstate Review No. 6.

It may be stated parenthetically that this reference to our size—the Northwest's largest bank—is not an overstatement. Our resources at present are about \$37,000,000;



The
FEDERAL
NATIONAL BANK

UNUSUALLY APPROPRIATE EMBLEM AND CLEAR AND ATTRACTIVE NAMEPLATE
OF THE FEDERAL NATIONAL BANK OF WASHINGTON, D. C.

combined with those of the affiliated Minnesota Loan and Trust Company, they are over \$41,000,000.

We believe that the pictures will be of sufficient interest to you to warrant the trouble of procuring them.

©

The newspaper article referred to follows:

And now the movies have invaded the Northwestern National Bank and taken everything in sight, including President E. W. Decker's massive dome of thought; Joseph Chapman's vocal organs and Aleck Ostrom's sunshiny visage.

The bank's insides and outsides, the public that fills the lobby and the money that fills the vaults, have all been put on the reels and the films are already being shown at the Unique, the Miles and other theatres along with other dramas that may be more exciting, but no more thrilling.

All the operations of the big, busy bank are well portrayed. One thrilling chapter is the arrival at the bank of the daily deposit of the street railway company, carried in bulky bags upon the shoulders of husky men, while armed guards walk alongside. Another section of breathless interest is the modest display of a little matter of a million dollars in the compact form of \$10,000 bills. These bills, by the way, are real currency, but the worst thing that could happen to you would be find one and try to spend it. You couldn't do it, for \$10,000 bills can be broken only as you sign your name and identify yourself down to the mole on your neck.

Then there is the chapter entitled "Alone with \$3,000,000," wherein the hero, posed by a modest cashier, opens the compartments in the big vault, displaying chunks of money packed in like bricks in a wall.

The adding machine expert, one of the fastest in the land, lends action to the bank reel. When the film was shown, some of the bank people protested to Manager Bryson of the Gopher Film Company that it was speeded up too fast. "Gee," said the man who had made the pictures, "that wasn't speeded up; that fellow went that fast."

The reel shows the three signature verifiers at their work of watching for forgeries, the processes by which money is sent out to the rural banks for crop moving, and all the parts of the wonderful system by which the complicated organization of the big institution is made to operate like clockwork.

Bankers throughout the Northwest who desire to give their clients a film view of hordes of money and an object lesson in organization at the same time may secure the film for their local "movie" houses by communicating with the Northwestern National.

Newspaper Cooperation

Bank News and Bank Advertising

THE advertisement and editorial reproduced from the "Spokeman-Review" of Spokane, Wash., appeared on the same page of that newspaper one day a few weeks ago, whether by accident or design, we don't know, but the result was a very happy one.

Once in a while you strike a newspaper "make-up" man who has a real genius for the eternal fitness of things. For example, a furniture store in St. Paul had a big fire sale recently and ran a half-page ad. announcing it, the advertisement containing a half-tone re-

SETTLING DOWN AND SAVING MONEY.

The advertisement of a local bank contains these words:

Are you one of the many who intend to settle down in a year or so and save money? Consider how much you will be ahead in a year if you begin now to make pay-day savings deposits.

About those folks who "intend to settle down in a year or so and save money"—they never do, mostly.

That time when they are going to get squared around and lay aside a bit for a rainy day and get a bank deposit is like tomorrow—IT NEVER COMES.

The time to begin saving is NOW. The present moment is the only moment in all time and eternity which you are master. It's gone, never to return on the knees present.

EDITORIAL IN A DULUTH NEWSPAPER

production of a photograph of the firemen at work on the blaze which really did some damage. Well, along comes the make-up man of the "Pioneer-Press" and slaps this Capital Trust Company ad. right up against the fire picture:

BETTER SECURITY FOR YOUR PAPERS.

A tin box, a desk or bureau drawer or an iron safe may keep your papers in ordinary security, but they offer scant protection against destructive or evil agencies.

Your papers demand the quality of absolute protection which you can secure in the Safe Deposit Vaults of the Capital Trust Company. Box rentals as low as four dollars a year.

The Spokesman-Review

ESTABLISHED MAY 16, 1892.
Published Daily at
SPOKANE, WASH.

4%
FOUR PER CENT AND SAFETY

NO INTEREST
is paid **YOU** on money you spent foolishly; it is the "other fellow" who gets it by depositing your hard-earned cash to **HIS** credit in the bank.

Without Principal
you will never enjoy the wonderful earning power of money. But you can build up capital by saving systematically and depositing regularly in a good dependable bank like the Union Trust & Savings Bank.

Then you will get both principal and interest.

UNION TRUST & SAVINGS BANK
CAPITAL \$500,000

THE MARBLE BANK BUILDING SPOKANE WASHINGTON

Savings at Compound Interest Roll Up Rapidly.

For all-around productiveness and safety the owner of a modest sum of money can find few, if any, investments equivalent to an account in the savings bank. An instance at Lowell, Mass., demonstrates the truth of the statement.

On September 18, 1885, some person deposited \$100 in the Carney bank and on July 16, 1889, another \$100. These were the sole deposits ever made. On October 17, 1896, the account, let alone for 28 years, had grown through interest to \$1314. Two years later the savings had become \$1400.

The depositor then drew \$100 and a week later \$400 more. He thus took out twice as much as he ever put in and still had \$1000 on deposit to his credit.

This sum was allowed to remain, and by November of 1911 it had become \$1562. In June of 1913 the account was finally closed and the amount drawn was \$1624. The depositor had put in only \$200, but he received it back and nearly \$1900 more.

His money always was ready for him. It could any day be paid in full. It was at work for its owner day and night, month after month, year upon year, and growing for nearly two generations. Without risk worth mentioning it had multiplied itself over nine times. It earned interest upon its interest. The rate of increase at first was of the slightest, but nothing grows much faster than interest compounded, and after 10 years the rate of growth, though the annual rate of interest was low, increased at geometrical ratio.

It is easy to find fairly safe securities yielding five per cent, sometimes even seven, but such investments face the risk of encountering great fluctuations. A seven or eight per cent stock costs more than par at the purchase, and panics may come that may compel the holder to sell at heavy loss. The savings account runs almost no similar risk.

"AD." AND "ED." ON THE SAME PAGE—A HAPPY JUXTAPOSITION

The Duluth "Evening Herald" used a savings advertisement of the First National Bank of that city as a text for an editorial on "Settling Down and Saving Money." It started off:

"The advertisement of a local bank contained these words:

Are you one of the many who intend to settle down in a year or so and save money? Consider how much you will be ahead in a year if you begin now to make pay-day savings deposits.

"About those folks who 'intend to settle down in a year or so and save money'—they never do, mostly.

"The time when they are going to get squared around and lay aside a bit for a rainy day and get a bank deposit is like tomorrow—IT NEVER COMES."

On its seventh anniversary, the New Farley National Bank of Montgomery, Ala., ran a five-column by fifteen-inch advertisement in the "Advertiser" of that city, and right alongside was a twelve-inch write-up, headed:

NEW FARLEY BANK GROWING STEADILY

Most Recent Statement Shows Local Financial Institution to Be in Most Prosperous Condition.

An effort to get a little life into State bank statement advertising is being made by the Chicago "News." On January 17th last it assembled nineteen of these announcements on one

page and ran this article at the top of the page:

A GREAT PROSPECT FOR THESE STATE BANKS IN 1914 AS REFLECTED IN THESE STATEMENTS.

More than anything else the fluctuations in the business world, the varying conditions of commercial life, teach us the lesson of more conservative living and impel us to strive for a loftier height in the matter of thrift.

The year just past has wrought many changes and the great governmental questions of the day have been paramount agencies in influencing commercial activities.

The perspective for the year 1914 is most encouraging. Large financial industries and men whose names stand out prominently in the commercial and financial world predict

a year of unprecedented progress. There is a reassuring feeling among all classes of people and the time has come when every one looks with pride to the stability of the fundamental principles which underlie our industrial welfare.

By the same token there is a growing tendency to look to the banks whose management and whose enterprise reflect the reassuring qualities that are predominant in the great world of commerce. These State banks represented on this page, whose statements are to-day issued, have steadily grown in power and strength in their respective communities. The statements presented give an adequate conception of what the real strength is of these banks. The government, both national and State, make it compulsory that certain conditions be complied with in the management of these banks. One of the conditions required is that a call of the gov-

BALTIMORE AMERICAN WEDNESDAY, JANUARY 14, 1914

**FORTUNES,—like Charity,
—“begin at Home.”**

THINK this over carefully. Serve out of every one fortunes have been founded upon “Savings.” And, the “Savings” habit, like the habits of Kindness, Courtesy or Good-nature, can best be established by practice.

Every good Mother and Father should realize this, for their Children's sake, as well as their own.

The best months of the year for Saving are June, Christmas or before you see the January 1st bills. The summer vacation is seven months off. Why not take advantage of the opportunity and begin to Save now? And the reasons for opening your account in The Munsey Trust Co. are many. Let us mention some of them:

- 1. **SAVINGS ACCOUNTS**—Money that is earned is hoarded or kept here 4% interest on daily balances.
 - 2. **PAID ON DAILY BALANCE** if withdrawn prior to the expiration of the following period.
 - 3. **INTEREST PAID ON DAILY BALANCE** on all checking accounts of \$100 and over.
 - 4. **ANNUATION CHECKING AND SAVINGS ACCOUNT**, if you prefer, which will interest you.
 - 5. **A LOCATION**, which for convenience to you, can be excellent.
- Continued and intelligent treatment always extended to you by all officers and employees. May we not expect a call from you today?

The MUNSEY TRUST CO.
Capital—One Million Dollars—fully paid in
TELEPHONE, ST. PAUL 3366 COR. FAYETTE AND CALVERT STS.

Banking on Human Interests and Principles

The Central Trust Company of Illinois believes that banking service is more than a matter of mere cold principal and interest—
That true service is based on human interests and principles—
Let us apply it.
A new father starts a savings account here for his son.
To the boy at first representing only a mere money fund.
As time goes on he learns that this bank means more to him than a place for his savings.
He gets the banking habit, often in contact with bank officers who take an interest in him, forms a bank relationship—for even this is more important.
He becomes loyal to the bank.
Savings time. He opens a checking account. Business or professional opportunities come. He works this bank's advice. It is a steady grower and good grower.

Remember that character, individuality, personality, or whatever else you may wish to call it, is a most important asset that he can bank on, one that will be of real help to him in his business.
In the opening of his investment he consults with our real estate loan department, or our bond department. Here again this bank's interest and advice are valuable.
Later on he does his will, makes the Executive of his estate, knowing that our charge account is higher than that of any other property, correct, economical.
For this is no bank. The bank knows Munsey has to do all matters financial, just as his family physician addresses him on matters of health, stand on the intimate knowledge of him and his needs.
To get the best out of your bank, choose it not for its strength, activity, and service, say with it and grow with it—
The Bank.

CENTRAL TRUST COMPANY OF ILLINOIS
113 West Monroe Street, Chicago
A BANK
Capital, \$4,500,000 Surplus & Profits, \$2,000,000

Your Credit Is What You Make It

Such a small beginning as a well kept checking account has to every a man's business success.
For it has been the means of establishing credit with his banker.
Four per cent is a handsome rate. It is worth far more to you when the time comes than a variety of substantial letters of introduction presented by you as a stranger.

We seek accounts of promise —of worthy young men about to start or just starting in business —men who will tend to increase and credit from time to time —and who will come to regard this bank's service as a great factor in their success.
Join yourself with this institution, and help give together. Do it now. The earlier you start the better.

CENTRAL TRUST COMPANY OF ILLINOIS
113 West Monroe Street, Chicago
A BANK
The Trust Company of Illinois is a member of the Federal Reserve System.
Member of the Chicago Trust Association

\$3,484,061³²
Interest
Paid Depositors in Ten Years

IN the past decade, the German American Trust and Savings Bank has paid its Depositors nearly Three and One-half Million Dollars interest. The exact figure, from January 1, 1904, to January 1, 1914, is \$3,484,061.32. This enormous sum, amounting to more than one-third of the Bank's present total Resources, has been distributed in semi-annual payments, to thousands of men, women and children.

The earning power of money, when systematically saved, is strikingly illustrated by this enormous Aggregate.

Money deposited here is not only a profitable but a SAFE investment. The figure above indicates that thousands of persons realize this.

Opportunities to invest money are innumerable, but the safest, surest and most reliable course is to deposit your Savings in the German American investment market.

We invite you to open an account.

Savings—Commercial—Trust

Four per cent interest paid on "Term" Savings Accounts. Five per cent on "Savings Certificates." Six per cent on "Commercial" deposits—maintaining a daily balance of \$1000 or over.

Safe Deposits facilities of the most modern type. \$25 per year, regardless of amount. \$100 per year, regardless of amount. Free storage of bulky parcels.

Membership degree in organization, furnishing protection to our part of the world.

German American Trust and Savings Bank
SPRING & SEVENTH STS. LOS ANGELES

ernment for a statement at the close of business at the end of three or four days in the year be responded to, without discrimination.

This is compulsory advertising. It gives the world an authenticated review of the condition of the institutions that safeguard their moneys and securities. It is one of the great fundamentals in the broad plan to create banks that are safe and sound.

Herewith are presented a class of banks that merit your confidence.

It is along these lines that many banks and newspapers are finding the "Talks on Thrift" of the Savings Bank Section of the American Bankers Association helpful.



For the Youngster

How Two Western Banks Drop Saving Hints to Parents.

THE Sacramento (Cal.) Bank advertises:

START AN ACCOUNT FOR THE BABY

Only one dollar is required for a start. After that add to it regularly—small amounts if need be—but always put by something for him. Set him the good example of thrift and teach him the way to save. Then, mothers and fathers, when it comes time for him to take part in the big battle for existence, he will be doubly prepared for the fray.

One dollar deposited for the baby now, and added to at the rate of one dollar monthly, will amount to hundreds by the time he reaches man's estate.

Remember, we pay four per cent. interest, compounded every six months.



The Iowa Trust and Savings Bank, Des Moines, sent out this form letter:

DEAR SIR AND MADAM:

We noticed that you are the proud parents of a baby boy. Allow us to congratulate you upon the arrival of this addition to your family. We trust that the child's pathway in life may be a continuation of successes and that reverses may be few, that he may grow up to manhood an honor and an inspiration to his parents and a credit to his community.

We are sure that you are anxious that your child should grow up to manhood respected by all, and the most essential qualities necessary to command such respect are

thrift and frugality. This fact no one will deny. There is an old saying that the Building of Character "Begins at the Cradle and Ends at the Grave," and this we believe is true. At any rate, it is never too early to begin a good work. Your child should have a Bank Account, for nothing will so inculcate thrift and frugality upon the child's mind as a Bank Account. When a child once comes into our bank it always wants to come back, for we make it a special point to notice and to speak to children. With this they are pleased, and in this way they receive early in life the benefit of our years of experience.

We encourage Thrift and Frugality and give especial attention to the accounts of children, because in a short time they will be the men and women of future affairs.

We earnestly solicit your boy's account and will give him a dollar upon the following conditions:

1. The child or its parents must deposit \$1 at the time we give \$1.
2. The child or its parents must deposit during each year for five years, dollars equal in number to the number of years the child is old.
3. We pay four per cent. semi-annual compound interest upon all you save.
4. You may withdraw your child's money at any time you so desire the same as other savings accounts.

Trusting that this plan will appeal to you and that you will avail yourselves of the excellent facilities which our bank offers, and again congratulating you, we are,



The New Currency Law

How Banks Referred to It in Advertising.

NATURALLY the going into effect of the new currency measure afforded a good text for advertisements by banks joining the Federal Reserve system.

In many cities the passage of the law was the signal for the starting of a merry rush among banks to raise their interest rates on savings deposits. That is, many that were paying three per cent. moved up to three and one-half per cent., and some that had been paying three and one-half per cent. sent their rate up to four per cent.

Following are extracts from various advertisements along this line:

THE NEW BANK ACT

Is believed by the Northwestern National Bank to be one of the most important bills ever signed by a President of the United

The New Banking System

A large number of national and state banks are enrolling themselves under the system provided by the new currency law.

The First National Bank was one of the first in the state to signify its intention of becoming part of the new and better system, because it believes that the law as passed has in it the principles of scientific banking.

FIRST NATIONAL BANK
SYRACUSE, N.Y.
ESTABLISHED 1863

ⓈIGNIFIED ANNOUNCEMENT

States. It directly affects the welfare of every American. This bank believes that the first benefit should go to the general public, and it announces that, as the first advantage, three and one-half per cent. interest will now be paid on savings.—*Northwestern National Bank, Minneapolis, Minn.*

⊙

THE CURRENCY BILL.

At last the currency measure has been passed by both Houses and signed by the President.

If it does what is hoped by its framers, panics in the United States should be a thing of the past.

It certainly forges another link in the chain that makes a National Bank a most satisfactory custodian for a depositor's money.—*First National Bank, Los Gatos, Cal.*

⊙

This bank has made application for membership in the Federal Reserve Association and will accept the provisions of that act.—*From a full-page newspaper ad. of the Commercial National Bank, Cedar Rapids, Iowa.*

⊙

THE NEW CURRENCY BILL IS NOW
A LAW.

The banks of the country for several years past have appealed to Congress for legislation that would give the country an elastic currency. There is no denying the fact that the bankers themselves are responsible for having developed a sentiment antagonistic to our old banking system, and the result is the measure which has now become a law. So far as we are concerned we accept the verdict as the best one that could be obtained under the circumstances, and we have promptly signified our intention of joining the system of Federal Reserve Banks. The law as passed has in it the principles of scientific banking.—*The National Bank of the Republic, Chicago, Ill.*

⊙

BETTER TIMES.

The whole country is feeling the impulse to business given by the new Currency Law. Better times are looked for.

It should be remembered, however, that legal enactments can never take the place of individuality in business management.

*COFFMAN, DOBSON & CO., Bankers,
Chehakis, Wash.* ..

⊙

Other forms suggested by the editor of this department:

THE NEW CURRENCY LAW

Is going to help all kinds of banks and will prove an excellent thing for business generally, because it is thoroughly workable and well suited to the requirements of the people at large.

Its operation undoubtedly will greatly facilitate the general movement of credit and result in more efficient banking service all around.—(For non-member banks.)



THIS BANK WILL BE PART OF THE NEW BANKING SYSTEM.

A large number of national and State banks are hastening to enroll themselves under the system provided by the new currency law. More than 200 applied for membership the day following the signing of the bill. It is not believed that many banks of importance will remain outside the Federal reserve system.

The Merchants National Bank was one of the first in the State to signify its intention of becoming part of the new and better system, because it believes that the law as passed has in it the principles of scientific banking.



THE BUSINESS OUTLOOK.

The Merchants National Bank takes a hopeful view of the business and financial outlook.

We believe that the new currency law is a long step in advance towards placing our currency and banking system on the soundest economic basis.

Its operation eventually will greatly facilitate the general movement of credit and work for the general prosperity, and that is why this bank has accepted the provisions of the new act.



A DIRECT BENEFIT OF THE NEW BANK ACT.

The directors of the Northwestern National Bank unanimously voted on January 13 to join the Federal Reserve Bank which will serve this district.

Believing that the first great benefit made possible by the new act should most fittingly be given to the general public, this bank announces that its savings feature will be greatly enlarged and that three and one-half per cent. will now be paid on all monies deposited in the bank's savings department.

The new rate will go into effect at once.

Comment on Reproductions

THE MERCHANTS LOAN AND TRUST COMPANY—An unusually good example of a drawn advertisement. The points it brings out are: Age, size, location, conservative policy, personnel, emblem and several facts about savings.



SECOND NATIONAL BANK—A good type of the "point with pride" bank advertisement. It is much better than the "view with alarm" variety.



DES MOINES NATIONAL BANK—A "double display" ad. that tells a quick story. Written by the editor of this department. The circle border gives a bullseye effect that draws attention strongly.



FARMERS AND MECHANICS SAVINGS BANK—All we can say for this is "Three cheers for Jennie!"



IOWA LOAN AND TRUST COMPANY—This is almost a perfect trust company advertisement, but a border design, a trade-mark and the name of the city would improve it.



The Proper Attitude

A PIECE of bank advertising copy is often turned down by the powers that be because the president or chairman of the board says: "It doesn't appeal to me."

Sometimes we believe bank officers lose sight of the real purpose of bank advertising. It is not to please the vanity or satisfy the personal prejudices of the officers and directors of the bank themselves. *It is to get business for the institution.*

When you are advertising for savings depositors you do not expect to line up a lot of bank presidents or directors at your savings department window. You

Safety First!

For more than half a century
the Watchword of the
Oldest Bank in Chicago

The Merchants Loan and Trust Company
112 West Adams Street

ADAMS ST.

All Savings Deposits made
with this Bank on or before
Tuesday, January-13th
will draw 3% interest
from January 1st

Board of Directors

Frank H. Armstrong	Elbert H. Gary	Edward L. Ryerson
Enos M. Barton	Edmund D. Hulbert	John G. Shedd
Clarence A. Burley	Chauncey Keep	Orson Smith
Henry P. Crowell	Cyrus H. McCormick	Albert A. Sprague II.
William A. Gardner	Seymour Morris	Moses J. Wentworth
	John S. Runnels	

Capital and Surplus \$10,000,000

SIXTH AND WALNUT

Thrifty People
are happy people because their thrift brings them
wealth and content.

The savings bank is the greatest single agency
of thrift in this country. So, if you want to be
numbered among the

Happy People
start and keep up a savings account in the Des
Moines National Bank.

A savings pass-book is a badge of honor for any
citizen.

Des Moines National Bank.
4% CAPITAL \$ 750,000.00 4%
DES MOINES, IOWA

INTEREST ON SAVINGS ACCOUNTS

JENNIE

She walked in one day last week with her hair
in the other. Her hair was cut and she appeared
and 2000, gave me a drive. There is a book written in the
the water was being used. Mother gave me the
for helping her need in the morning and every time I
to give her another one. I'm saving it to buy an
with a "Thank you" she walked out. I'm
love her.

Dear little Jennie! She is learning
business methods besides using the
her trousers, or perhaps the
Parents, we invite you to follow the
and long of your children's

**Farmers and Mechanics
Savings Bank**
Grand Forks .. North Dakota

For Your Savings

We offer the protection of the
"strongest bank in North-
western Ohio."

This bank started business on
May 2, 1864, as the great civil
war was closing.

By its clean and honorable
record and its faithfulness to
its depositors during these
troublesome times and by its
conduct through the panics of
1873, 1894, 1895 and 1907 it
has clearly demonstrated its
strength.

It points with pride to its 49
years' of achievement as your
best guarantee of its future
conduct.

If you can not come yourself
send someone. Our interest is
payable May 1st. There
will never be a better time to
start than NOW.

We Have a Hook for You. Come in.

**Second
National Bank**

"Strongest Bank in Northwestern Ohio."
Saves Depository Dividends 2 to 5.

The Business of a Trust Company

A trust company is concerned daily
with the investment of funds, the care
of property and the protection of the
financial interests of widows and
orphans. Its staff specializes on this
work.

With what better results, therefore
can the Iowa Loan & Trust Company
safeguard the interest of your heirs
than could any individual whom you
might appoint, whose experience is
along other lines?

Iowa Loan & Trust Co.
Established 1872
Capital, Surplus and Undivided Profits,
\$1,200,000.

A VARIETY OF STYLES

want and you will get laborers, wage-
earners and smaller salaried persons
largely, and it is quite likely that the
of argument or the ideas in an ad-

vertisement that does not quite strike
your fancy may be just what will ap-
peal to the average person of the class
you are trying to reach.

So before you write "nix" on the next savings ad. that is submitted to you and does not meet with your approval at first glance, Mr. Bank President, stop a minute and put yourself in the "other fellow's" place for the nonce, and perhaps you will "O. K." the advertisement instead of consigning it to oblivion.



How Banks Are Advertising

Note and Comment on Current
Financial Publicity

THE Syracuse Trust Company helped along a good movement by devoting its advertising space for a day or two to the local "Go to Church Sunday" campaign.



The Chase National Bank, New York, sent out a clear type edition of the new Federal Reserve Bank law, and also its customary "Patriotic Creed" card.



The American Exchange Bank of Superior, Wis., in a newspaper ad., copied the Chase's "Patriotic Creed" and added:

We believe this and then some.

We would add Superior and the American Exchange Bank—then it would be, in our opinion, a perfect creed. We would have all Superior people adopt this creed. It will bring you profit.



The Broad and Market National Bank of Newark, N. J., ran this little ad. in the local newspapers:

THE MAN WITH A MILLION

Needs a clean, strong, progressive bank. The man with a hundred cannot afford to do business with any other kind. This bank is seeking your business in millions or hundreds.

An interesting question arises as to whether "The Man With a Hundred" wouldn't have been a better heading, as

there are so many more persons with a hundred than there are with a million. Still, everybody wishes he had a million, so maybe people would be curious enough to read an ad. with that heading. Perhaps a solution would be to use both displays on the plan of the Des Moines ad. shown in the group reproduced elsewhere in this department.



In the latter part of last year the Palisades Trust and Guaranty Company of Englewood, N. J., advertised:

If you contemplate transferring your securities from New York to New Jersey, or if you desire a safe deposit box on and after January 1, 1914—call and select one now. No charge will be made until January, 1914.



The Metropolitan National Bank of Minneapolis, when it had just ninety-



AND TO THE BANK MONDAY



A striking series of advertisements in the form of lithographed blotters in different colors, sent out by the Bank of British North America. Each of the designs is the same, the wording being changed as shown herewith :

ONE DOLLAR OPENS AN ACCOUNT
IN OUR SAVINGS DEPARTMENT



SAVE YOUR MONEY
A DOLLAR SAVED IS A DOLLAR EARNED



START SAVING FOR YOUR CHILDREN
AND OPEN AN ACCOUNT IN OUR
SAVINGS DEPARTMENT
NOW

SAVINGS ACCOUNTS MAY BE OPENED IN
TWO NAMES AND MONEY MAY BE
WITHDRAWN BY EITHER, OR
THE SURVIVOR



MONEY ORDERS ISSUED AT
ALL BRANCHES
THIS IS THE SAFEST, CHEAPEST AND MOST
CONVENIENT WAY OF SENDING SMALL
SUMS OF MONEY TO POINTS IN
CANADA AND THE UNITED
STATES

seven vacant boxes left, advertised
"Two Years' Box Rent for the Price
of One Year."



The Sacramento Bank, Sacramento,
Cal., advertised that in the last six
months of 1913 it paid dividends of
\$153,678.41 to its depositors.



The Hibernian Savings Bank of Los
Angeles, makes a virtue of being loca-
ted on the second floor by advertising
thus:

This bank enjoys the unique distinction
of being the only bank in the State of Cali-

fornia with its banking rooms on the second
floor.

By reason of our low rental and other
economies in administration—including a
very nominal investment in furniture and
fixtures—we are enabled to pay five per cent.
compound interest on term savings deposits
of any amount from \$1 to \$5,000—and four
per cent. on additional sums.



The Mercantile Trust Company of
St. Louis got out a folder for its Trust
Department, drawing some cogent con-
clusions from the story going the
rounds of the financial press concern-
ing the squandering of a \$100,000
Chicago estate by a private trusteeship.

The Union Trust and Savings Bank of Spokane gives a new slant on trust company service in this advertisement:

AS EXECUTOR'S AGENT.

Executors under will who contemplate absence from the city or who lack facilities for handling the details of estate under their charge—

May delegate some of their responsibilities, temporarily or otherwise, to the Union Trust and Savings Bank, and thus command facilities which will render additional safeguards to legatees.



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 other changes.

F. R. Adams, Will Co. National Bank, Joliet, Ill.

Carl W. Art, manager Publicity Department, Union Trust & Savings Bank, Spokane, Wash.
A. F. Bader, Pub. Mgr., City National Bank, Evansville, Ind.

C. W. Bailey, cashier, First National Bank, Clarksville, Tenn.

The Bankers Magazine, New York
H. C. Berger, Marathon County Bank, Wausau, Wis.

C. J. Bevan, cashier, Exchange Bank, Genoa, Ill.

E. L. Bickford, cashier, First National Bank, Napa, Cal.

W. O. Boozer, treasurer, American Trust Co., Jacksonville, Fla.

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

E. M. Baugher, president, The Home Building Association Co., Newark, Ohio.

C. W. Beerbower, National Exchange Bank, Roanoke, Va.

H. C. Bollman, assistant cashier, First National Bank, Collinsville, Okla.

T. J. Brooks, cashier, The Guaranty Trust & Savings Bank, Jacksonville, Fla.

J. A. Buchanan, Guaranty Trust Co., Lancaster, Pa.

F. B. Bunch, cashier, Merchants & Farmers Bank, Stateville, N. C.

A. Bush, Jr., Ladd & Bush, bankers, Salem, Oregon.

Commercial Bank, Midway, Kentucky.
B. S. Cooban, Chicago City Bank and Trust Co., Chicago, Ill.

Commercial Trust & Savings Bank, Prescott, Ariz.

H. Reed Copp, Asst. Adv. Mgr., Old Colony Trust Co., Boston, Mass.

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

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

Dexter Horton National Bank, Seattle, Wash.
J. T. Donnellan, publicity manager, Security Trust & Savings Bank, Los Angeles, Cal.

T. R. Durham, assistant cashier, Chattanooga Savings Bank, Chattanooga, Tenn.

W. R. Dysart, assistant cashier, First National Bank, Ripon, Wis.

J. C. Eberspracher, assistant cashier, First National Bank, Shelbyville, Ill.

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

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

The Franklin Society, 38 Park Row, N. Y.
E. W. Finch, assistant cashier, Birmingham Trust & Savings Co., Birmingham, Ala.

First National Bank, Lead, S. D.
Horatio Ford, secretary, Garfield Savings Bank Co., Cleveland, Ohio.

Jas. P. Gardner, Montclair, N. J.
Germantown Ave. Bank, Philadelphia, Pa.

C. L. Glenn, advertising manager, Wachovia Bank & Trust Co., Winston-Salem, N. C.

B. P. Gooden, adv. mgr., New Netherland Bank, New York.

C. F. Hamsher, First National Bank, Los Gatos, Cal.

Victor F. Hann, Mgr. Publicity Dept., The Fifth Avenue Bank, New York City.

J. W. Hansen, cashier, Citizens State Bank, Sheboygan, Wis.

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

F. W. Hausmann, assistant cashier, North West State Bank, Chicago, Ill.

John R. Hill, Barnett National Bank, Jacksonville, Fla.

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

N. M. Hokanson, State Bank of Chicago, Chicago, Ill.

Frank K. Houston, assistant cashier, Third National Bank, St. Louis, Mo.

W. L. Jenkins, Farmers & Mechanics Trust Co., West Chester, Pa.

N. W. Johnston, President, Illinois Trust & Savings Bank, Champaign, Ill.

W. P. Jones, assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.

W. R. Kay, Jr., advertising manager, Sacramento Bank, Sacramento, Cal.

C. B. Keller, Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.

Geo. D. Kelley, Jr., treasurer, Newark Trust & Safe Deposit Company, Newark, Del.

Edward W. Klein, advertising manager, Cleveland Trust Co., Cleveland, Ohio.

Le Baron M. Huntington, manager publicity department, Registrar & Transfer Co., New York City.

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

L. W. Lovell, assistant cashier, The Lovell State Bank, Monticello, Iowa.

R. H. Mann, The Bridgeport Trust Co., Bridgeport, Conn.

H. Warner Martin, assistant cashier, Lowry National Bank, Atlanta, Ga.

Charles S. Marvel, The First-Second National Bank, Akron, Ohio.

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

Tom C. McCorvey, Jr., assistant cashier, City Bank & Trust Company, Mobile, Ala.

J. C. McDonald, advertising manager, The City National Bank, Sulphur Springs, Texas.

Frank Merrill, advertising manager, The Northwestern National Bank, Minneapolis, Minn.

E. R. Mulcock, Commercial National Bank, Syracuse, N. Y.

Nebraska State Bank, Ord, Neb.
J. A. Overton, cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

R. B. Parrish, cashier, National Bank of Commerce, Williamson, W. Va.

A. E. Potter, president, Broadway National Bank, Nashville, Tenn.

W. W. Potts, treasurer, The Federal Title & Trust Co., Beaver Falls, Pa.

Felix Robinson, advertising manager, First National Bank, Montgomery, Ala.

C. W. Rowley, manager, Canadian Bank of Commerce, Winnipeg, Can.

Wm. J. Ruff, cashier, Luzerne County National Bank, Wilkes-Barre, Pa.

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

Almot Schlenker, assistant cashier, First National Bank, Brenham, Tex.

Paul T. Schulze, assistant cashier, State Bank of La Crosse, La Crosse, Wis.

E. P. Simpson, Jr., assistant cashier, First National Bank, Toccoa, Ga.

J. G. Spangler, cashier, The Mesa City Bank, Mesa, Ariz.

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

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

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

A. C. Tonsmeire, Cashier, City Bank & Trust Co., Mobile, Ala.

Union Trust Co. of the D. C., Washington, D. C.

Wessels Van Blarcom, assistant cashier, Second National Bank, Paterson, N. J.

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

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

Paul E. Zimmerman, cashier, Oak Park Trust & Savings Bank, Oak Park, Ill.

E. L. Zoernig, Sedalia Trust Co., Sedalia, Mo.

NEW NAMES THIS MONTH

M. R. Knauff, assistant cashier, Merchants National Bank, St. Paul, Minn.

George L. Kreeck, treasurer, Farmers State Savings Bank & Trust Co., Lawrence, Kans.

Old State National Bank, Evansville, Ind.

T. K. Smith, Jr., manager, Gimbel Brothers, Bankers, New York City.



Language and Personality

By GEORGE E. ALLEN,

Educational Director American Institute of Banking

IF you are or even hope to be anybody in particular you must be able to talk in public and write for publication.

The object of speaking and writing should be to say something and say it exactly. This is no easy task although at first it may seem so. Try it. Ask yourself if the words that you use express your exact meaning appropriately and clearly. Is there no word that can be replaced by another expressing more accurately the idea you have in mind? Are the thoughts and words so clearly associated that neither can be changed without affecting the other? Can you translate the sentence into simple terms without injury to the meaning? This last is one of the crucial tests of composition. Another crucial test of composition is brevity. The creation of the world is described in the Bible in less than 600 words. Only more important matters merit greater elaboration.

Effective expression, however, is something more than artistic arrangement of words. It is the outflow of the soul. "Of the abundance of the heart," says the Bible, "the mouth speaketh."

Persuasive writers and speakers are

those who believe what they say. Their inspiration may be love, or it may be hate, but it must be truth or some conception of truth. No hypocrite can be a Demosthenes. No liar can be a Lincoln.

In writing or speaking remember that the golden rule is no abstract idealism. It is the most practical thing in the practical life of this practical age. Whether your object be religious conversion, political persuasion, or commercial exchange, consider the welfare of your fellows and they will consider yours. Talk to people in their own language and on their own plane. They will not tolerate talking down from above nor talking up from below. They will not put confidence in anybody who does not put confidence in them. Neither will they submit to leadership which does not appeal to their hearts as well as to their heads. Never patronize. Never plead. Be yourself and be as worthy as you can, but do not pretend to be any better or any worse than other people.

The spirit of brotherhood, the human touch, is the magnet that attracts mankind.—*Journal of the A. B. A.*

Organization of National Banks

SINCE the approval of the Federal reserve act on December 23, 1913, there have been received 100 requests from State or private banks for blank applications either for conversion to the national system or for the purpose of the organization of national banks to succeed such banks, as well as fifty requests from individuals who are not connected with State or private banks, but desire to organize national banks. Application blanks were furnished to those requesting, and during the month of January 25 formal applications for conversions of State banks or reorganizations of State or private banks were filed and twelve formal applications to organize national banks by individuals not connected with existing State or private banks.

There are now 131 applications pending, thirty-four of which have been approved, but the organizations have not been completed. There are ninety-seven cases where the applications are

still awaiting the approval of the examiner.

During the month of January ten banks, with total capital of \$725,000, were authorized to begin business, of which number 8, with capital of \$225,000, had individual capital of less than \$50,000, and 2, with capital of \$500,000, had individual capital of \$50,000 or over.

On January 31, 1914, the total number of national banks organized was 10,482, of which 2981 had discontinued business, leaving in existence 7501 banks, with authorized capital of \$1,069,684,675, and circulation outstanding, secured by bonds, \$736,194,233. The total amount of national-bank circulation outstanding was \$754,022,766, of which \$17,828,533 was covered by lawful money of a like amount deposited with the Treasurer of the United States on account of liquidating and insolvent national banks and associations which had reduced their circulation.



Helping the Individual to Get the Most Out of Life

THAT, in the opinion of "The Commercial West" (Minneapolis) is what we are doing in this country. Here, it is said, we see a great and growing nation, not spending its time to build gigantic structures to astonish posterity, or lavishing all its wealth on some mighty rulers, or trying through war and conquest to control the world, but spending its time and money to build fifteen million homes and provide the greatest possible comfort and luxury in them.

If we wonder that we have not the grand temples of Egypt, the beautiful cathedrals of Europe or the exquisite

sculpture of ancient Greece, it is simply that we went after something else. That something else we have worked for, and acquired in a large degree, is the prosperity of the individual. America is to-day the nation of comfortable homes and prosperous home-builders. We have established and are building a great nation upon a different basis than has yet been attempted in all the world's history. For the first time in history a civilization is forming with wide freedom of action that permits the individual to make the most of himself and get the most out of this life.

Modern Financial Institutions and Their Equipment



MILLS B. LANE
PRESIDENT THE CITIZENS SOUTHERN BANK

The Citizens and Southern Bank, Augusta, Georgia

IN the April, 1909, number of THE BANKERS MAGAZINE appeared an illustrated description of the fine structure which had then been recently built for the Citizens and Southern

Bank of Savannah, Ga., and now there has been erected a very handsome home for the Augusta, Ga., branch of this enterprising and prosperous Southern institution, a brief description following.



AUGUSTA OFFICE

THE new building recently finished for the exclusive use of the Augusta branch was planned after the officials had made a careful study of

the best banking houses of the United States, and no effort was spared to embody the most desirable features of them all.

The style of architecture of the front is of the Greek Doric period, in which the predominating feature is several large Mt. Airy white granite columns, and a wide entrance porch, all strictly classic in design and execution.

The windows are made more beautiful by being covered with heavy bronze

On the left of the main entrance is a large room devoted to the use of junior officers and to committees of the directors and to various civic and charitable bodies.

The ladies' room is located on the same side of the entrance way and is well appointed in all respects.



MAIN LOBBY, AUGUSTA OFFICE

grille work, of design to harmonize with the severe Greek treatment of the facade.

Entering from the Broad street end of the structure, to the right of the visitor is found a handsomely-finished private room, given over as private business office of the vice-president of the bank.

The room is trimmed in the finest mahogany, with furniture to match, and while a work of art, is still quite simple and businesslike in its treatment.

The rug on the floor is of heavy pattern and harmonizes with the ceiling decorations, the furniture and the upholstery.

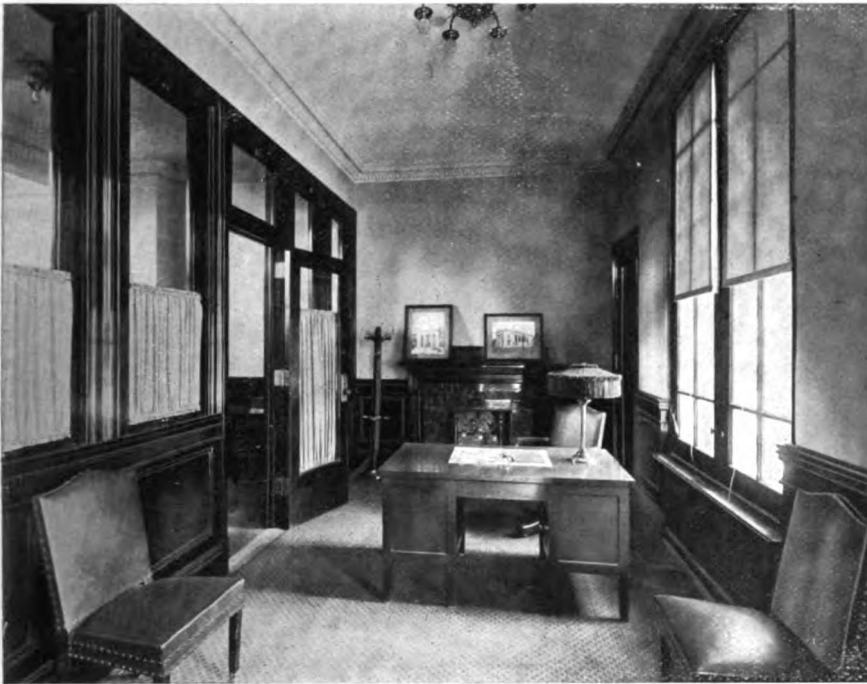
A stately marble and bronze stairway leads the visitor from the first to the second floor on the southerly end of the building, where is found an exceptionally fine directors' room, artistically finished in mahogany. From this room a full view of the main banking room is obtained, through a large glass partition. The directors' room is wainscoted four feet above the floor, with panelling, and also furnished with a beautiful carved mantelpiece, and a heavy rug of classic design.

Adjacent to the directors' room is a well-appointed toilet room and occupying the remainder of this floor is a large book-storage room.

The main or banking portion of the building is one of the most complete rooms in the country, with a maximum of daylight owing to the arrangement of the skylight, the roof being constructed almost entirely of glass. Directly beneath the roof is a flat skylight, glazed with opalite glass, diffus-

most improved product, and every attention has been given to the planning, so that the tellers will be in constant communication with the public, and with the bookkeepers, with easy access to the officers.

The tellers' cages are especially well protected against burglarious attacks,



PRESIDENT'S ROOM, AUGUSTA OFFICE

ing the light, which is abundant.

This banking room has a ceiling height of forty feet and its side walls are plastered with the finest grade of French Caen stone cement, arranged with ornamental pilasters, capitals, and the ceiling with heavy girders.

On the right hand side of the lobby of the main floor are located the business rooms of the officers of the institution, also the numerous cages for the tellers, bookkeepers, and other clerks. The fittings of these rooms are of the finest grade of Tavernelle Claire Italian marble, United States standard bronze, and San Jago mahogany cabinet work. All the fittings are of the

and include every facility known to improved banking architecture.

On the left hand side of the lobby is found a most completely equipped safe deposit vault.

Located at the center of this space is one of the largest safe deposit vaults in the State, over the vault door of which is an electric clock.

The vault is of the most improved construction of the safe builder's art, impervious to fire or water by reason of the massive materials used in its construction, and it is absolutely proof against drill, sledge or explosive.

This great safe deposit vault, which is one of the heaviest and strongest in

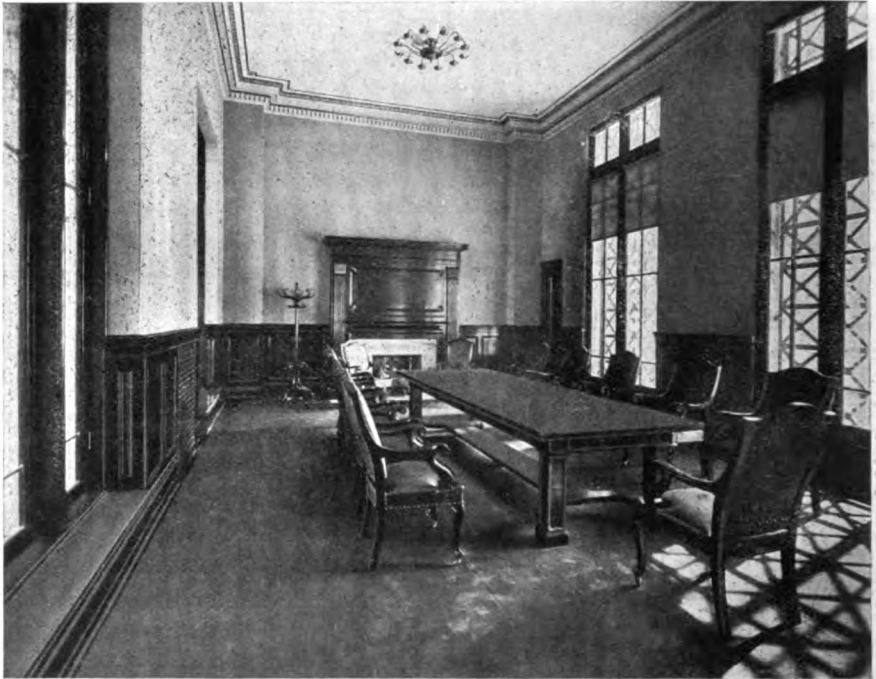
the State, is built entirely clear of the walls of the building, and so arranged that a view of all of its surrounding walls can be obtained at all times of the night and day, insuring against undermining.

The vault itself is enclosed by heavy fireproof masonry walls and consists of

tire vault weighing over forty tons.

In this large safe deposit vault are placed several hundred safe deposit boxes of various sizes for the storage of valuable papers, jewelry, etc., and these boxes are for rental at attractive rates.

The cash and security compartment



DIRECTORS' ROOM, AUGUSTA OFFICE

an interlining of many plates of chrome steel, which run crosswise to each other, and are secured by hardened and tempered chrome steel screws.

Entrance to the vault is obtained in the daytime by means of a self-closing steel day gate and at night by a massive chrome steel door, twelve inches in thickness, with an inner door three inches in thickness, both of which are secured by heavy bolts and operated by quadruple time locks and other automatic devices.

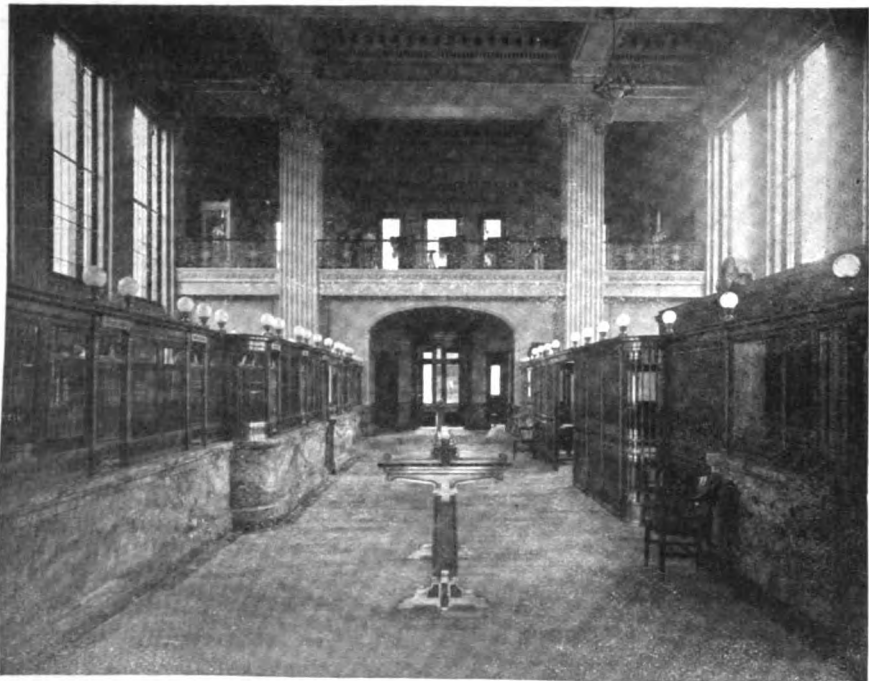
The combined thickness of these vault doors, including the thickness of the vestibule, is over sixteen inches, and their weight over eighteen tons, the en-

which contains the funds and securities of the bank, is located in one end of the safe deposit vault, so as to be within easy access to the officers and tellers of the institution, and contains strong chrome steel burglar-proof chests for the storage of the specie, securities, etc., of the bank, and these chests are further protected by heavy chrome steel doors, secured by combination locks and other automatic devices.

There is also provided, alongside of the safe deposit vault, a large steel-lined, fireproof vault, the interior containing metal book shelves and filing cases for the books, documents, etc.



SAVANNAH OFFICE



MAIN LOBBY, SAVANNAH OFFICE

The basement is occupied by the extensive heating plant, and other necessary rooms, such as are usually found in buildings of similar nature.

The entire building is built of the best fireproof materials known; there is not a full carload of lumber used in the entire structure, and that only where necessary, and being of such nature as to be almost absolutely fireproof in character.

In short, the greatest care has been exercised in planning every detail that the maximum of convenience and attractiveness should be secured for the bank's patrons.

The officers and directors are justly proud of the beauty and solidity of the new building and specially because it affords enlarged convenience and facilities to the people of Augusta and vicinity.



IN February, 1906, the Citizens and Southern Bank came into existence through the consolidation of the Citizens Bank and the Southern Bank of the State of Georgia. To get a proper historical view of the present bank's past, we must begin with the organization of the Southern Bank in the year 1870.

The Southern Bank was chartered with a capital stock of \$500,000, and during the decade which followed the Civil War, when capital was so urgently needed, it became an important factor in the development of Savannah and the South.

The Citizens Bank was chartered in 1887 with a capital stock of \$200,000, and in 1890 the bank's capital was increased to \$500,000.

In 1906 the Citizens Bank absorbed the Southern Bank of the State of Georgia, which at that time was one of the oldest and strongest banking institutions in the South, and the bank's name was changed to the Citizens and Southern Bank, and the capital increased to \$700,000.

In June, 1912, the Citizens and

Southern Bank bought the controlling interest in the National Bank of Augusta, which was the old Bank of Augusta nationalized under the National Banking Act. On July 1, 1912, the Citizens and Southern Bank liquidated the National Bank of Augusta and opened a branch bank on Broad street, Augusta.

The officers and directors of the bank, deeming it desirable to further enlarge the facilities of the bank, on October 1, 1912, increased its capital stock to \$1,000,000, but sold the stock at par to each and every stockholder in proportion to his holdings in the bank at the time, and to-day the bank has a capital of \$1,000,000 with surplus and undivided profits of considerably more than that amount.

Shortly after the bank opened for business in Augusta it found it did not have sufficient space to meet the growing business and immediately gave a contract to erect a modern new bank building on the site of the old building of the National Bank of Augusta, and to-day the Citizens and Southern Bank has one of the most modern and up-to-date banking rooms in the country, and is prepared to give to its customers unexcelled facilities in handling their business. Both the head office at Savannah and the Augusta branch are fine types of modern bank buildings and are indicative of the solid and permanent character of this institution and the progressiveness of its management, at the head of which is Mr. Mills B. Lane, who went to Savannah in 1891 as the active vice-president and manager of the Citizens Bank. He had had sound training under his father's direction in the Merchants Bank of Valdosta that fitted him for larger duties. His efforts were influential in bringing about the consolidation of the Citizens and Southern banks, and the success of the merged institutions has been greatly aided by his unselfish devotion to his duties.

If service be the watchword of modern business, it is essential to be equipped at all points for rendering

service. It will be seen that in respect of its architectural provision for the safety, convenience and comfort of those who deal with it the Citizens and Southern Bank will compare most favorably with the enterprising banks of the country. But its buildings are also a reflection of abundant capital, of modern equipment throughout and an official staff animated by a desire to render faithful and efficient banking service.



The First National Bank of Los Angeles, California

IN the extraordinary growth of Los Angeles in population and wealth—a growth remarkable no less for its staying powers than for its rapidity—the banks of that city have had a full share. They have done what is not easy in times of rapid development—provided the banking facilities adequate to the astonishing progress of commerce and industry, and have maintained sound banking traditions and practices. As the city has grown the banks have increased their business to an extent that has rendered larger and better banking establishments essential. One of the latest of the Los Angeles banks to make adequate provision for its growing business is the First National, whose splendid new quarters are described and illustrated below.

The First National Bank of Los Angeles, California, moved into its new banking room in the I. N. Van Nuys Building, at the southwest corner of Spring and Seventh streets, on February 22, 1913. The building was designed by Messrs. Morgan, Walls and Morgan, and its erection was the crowning achievement of Mr. I. N. Van Nuys, who, unfortunately, did not live to see its completion. It is a class "A" building of the highest type. The first three stories are in granite and the

superstructure in white terra-cotta. The building fronts 155 feet on Seventh street and 170 feet on Spring street, and the bank, to protect its possible needs, controls the entire first floor, the space at present occupied as a banking room being 100 by 170 feet, with the entire basement and a large mezzanine at the rear. The area of the floor space now in use is approximately 40,000 square feet.

The interior of the banking room and



THE I. N. VAN NUYS BUILDING, SEVENTH AND SPRING STREETS—NEW HOME OF THE FIRST NATIONAL BANK OF LOS ANGELES

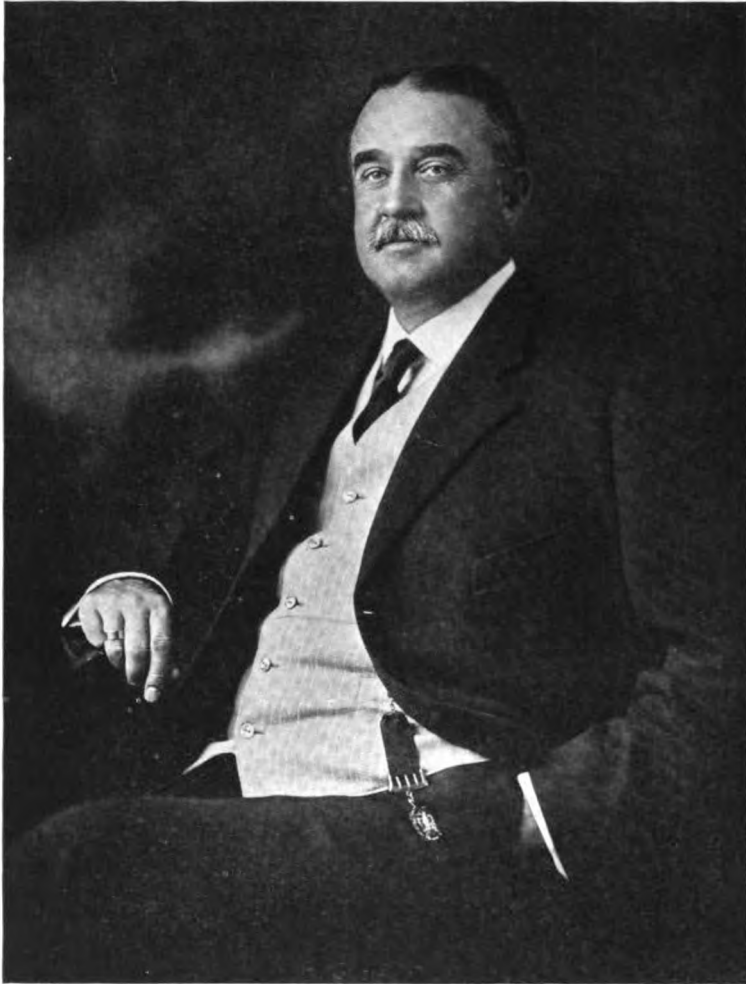
the equipment was designed and executed by the Weary and Alford Company of Chicago, who maintain a branch office at Los Angeles. It is one of their largest undertakings, and the designing and installation covered a period of two years and involved a large amount of technical work and detail.

The design of the interior is original and of a distinctive character. The lobby frontage accommodates forty-

three wickets, officers' platforms with private offices for the principal officers, and commodious ladies' reception and retiring rooms.

The bank has adopted, and in fact, was the originator of the Unit System,

in addition there are three lady tellers who serve in the ladies' department and a chief teller's cage for handling pay-rolls and coin shipments. Back of each cage bookkeepers keep the records of the accounts in that particular cage.



STODDARD JESS

VICE-PRESIDENT FIRST NATIONAL BANK, LOS ANGELES, CAL.

combining the duties of paying and receiving tellers. The accounts of depositors are divided into eight alphabetical units and the paying and receiving are handled in each of the eight cages by a teller and his assistant. In

With this system the work is rapidly handled and all congestion in the lobby is avoided.

The bank ceiling is twenty-five feet high. The lobby, 120 feet long by fifty-six feet wide, is very impressive.



GENERAL VIEW IN LOBBY
FIRST NATIONAL BANK, LOS ANGELES

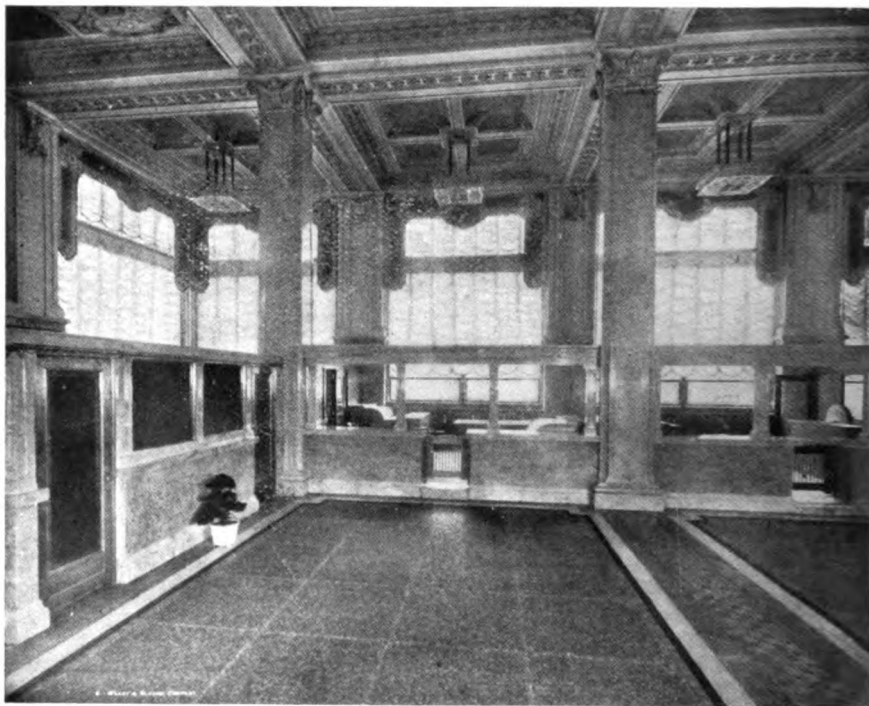
In the center is a rockery of marble some fifteen feet in diameter, in which is maintained a display of tropical plants, typical of Southern California. In the lobby there are seven marble endorsing desks with all modern appliances, and two imposing double seats executed in marble, also an information desk with an attendant, who, with the aid of the uniformed officers on the floor, attends to the wants of customers and visitors.

The equipment of the cages is of the most modern type, comprising numerous appliances which are essential in expediting the work. The entire construction is of enameled steel and bronze with counter tops of imported linoleum with bronze edges. The subdividing partitions of these cages are of enameled steel and plate glass. There is no obstruction whatever above the lower line of the glass from one end of the cage system to the other and it is a remarkable fact that an ob-

ject no larger than a lead pencil can readily be seen in looking through twelve of these cages. The cages are thoroughly ventilated, and are provided with telephones, sliding signature cases, etc., for the use of the tellers and bookkeepers. The cash in use in each cage is in the custody, and under the control, of the teller. Each cage has its own omnibus, in which the funds, at the close of the day's business, are securely locked, and taken by private elevator to the cash vault in the basement.

The pavement of the entire counting and clearing-house room is of cork tile, one-half inch thick, laid in cement, and is noiseless and restful. The officers' spaces are overlaid with carpet, and the private offices with Austrian rugs. The pavement in the lobby is composed of inset panels of vitreous mosaic from Europe, rich in color, and with borders of imported marble.

The interior of the banking room is



GENERAL OFFICES
FIRST NATIONAL BANK, LOS ANGELES

composed largely of marble. The columns, twenty-one in number, are of Tavernelle, and this same marble is employed in the treatment of the exterior walls of the room as well as the vestibules, the top screen of the counter line, the endorsing desks, seats and other features of the lobby. The front of the counters, balustrades, and other parts, are of Jaune Fleuri, a French marble, and all of the bases are of Escalettes.

All of the metal work in connection with the counter proper, including all sign plates, tablets, etc., is of cast bronze, plated with Gorham's standard gold plate. While quite expensive it is regarded as a good investment for the reason that it is always beautiful in color, and requires no attention. The modeling of this work is most exquisite. It is carefully hand chased and is, in fact, a piece of jewelry work throughout. The check receptacles, calendar cases, etc., for the endorsing desks are

also of gold and are most interesting in design and in modeling.

The woodwork in the banking room proper is of quartered white oak fumed to a nut brown shade and finished in flat wax.

The private offices are in genuine English oak, rich in figure and worked out in design with cross banding and inlay work.

The directors' room is in fumed oak and is located in the southwest corner of the banking room.

The furniture of the various rooms is of special design, and is inlaid with canary wood and ebony.

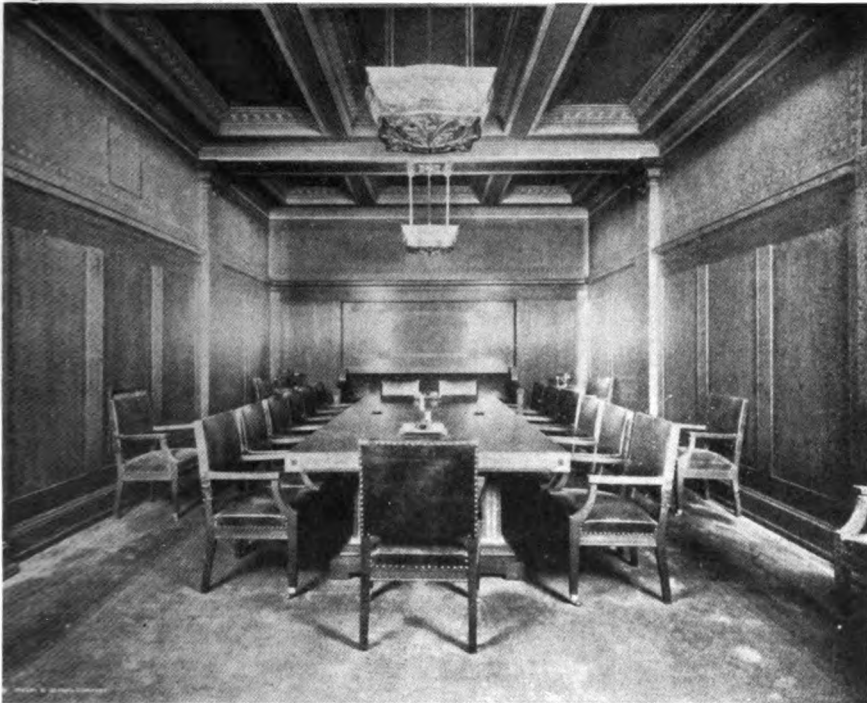
The entrances to the bank are commodious, those from Spring street and Seventh street having double sets of bronze doors. There is also a set of doors from the elevator corridor for the convenience of tenants of the building.

The Seventh street vestibule is executed in Rookwood tiles of special design and coloring, the panels being in-

laid with mosaic with gold embellishments.

The entire basement is devoted to the use of the bank and is equipped in a thorough manner. The woodwork is of selected mahogany, the floors of tile and marble. The safe deposit department, executed in marble and mosaic, is connected with the lobby above by a hand-

library, janitor's room, stencil room, coin counting room, and a room for waste paper. The waste for each day is put into a steel bin and held intact for thirty days so that if anything is lost it can be readily recovered. After thirty days the waste is baled and incinerated. The stationery and supply room is thirty-six by forty-six feet,



THE BOARD ROOM
FIRST NATIONAL BANK, LOS ANGELES

some marble stairway. This department has a series of coupon rooms, committee rooms, etc., for the use of the patrons of the bank.

The basement, including the sidewalk area, is 108 by 180 feet, and there is a liberal allotment of space for the various uses of the bank. The corridors are roomy, the men's locker room and toilet rooms are commodious and absolutely sanitary. There is in the basement a large lunch room and kitchen operated by the bank for the use of its employees, a large assembly room,

equipped with steel shelving and is in charge of an attendant.



VAULTS

THIS bank has followed the progressive idea of locating its vaults in the basement where they are readily accessible by means of electric elevators and marble stairs. The cash and security vault, sixteen feet six inches square inside measurement, stands in a



THE PRESIDENT'S OFFICE
FIRST NATIONAL BANK, LOS ANGELES

double rows of steel rods and railroad iron and lined with alternate layers of chrome and Bessemer steel. The walls of these vaults are electrically protected by a system of lead covered cables imbedded in the cement, which with the electrical protection of the vault doors makes the system complete, and affords adequate protection against every known method practised by burglars. This system devised and installed by W. D. Hammond of Los Angeles, is connected with the office of the chief and any tampering with the

doors sounds the alarm headquarters, as well as at the coin vault has three compartments, one for reserve cash, one for bonds and securities, and a large compartment for the tellers' omnibuses containing their current funds. All of the equipment of these vaults is hand drawn filed finish.

A new feature has been introduced in the construction of the door. The emergency door, which is usually to be found in one end of a vault, is incorporated in the door proper, economizing space and eliminating a point of weakness in construction. Both doors are operated by separate time locks and are of the very highest type of construction.

The book vault is unusually large, the extreme dimensions being forty-two by forty-six feet. It is equipped with all of the modern filing devices and shelv-



LADIES' QUARTERS
FIRST NATIONAL BANK, LOS ANGELES

ing to properly contain the past files as well as the current and future files of the bank.

All of these vaults have tile floors.



MECHANICAL PLANT

THE mechanical plant, located in the basement, has been equipped with every practical appliance for the comfort and welfare of the employees and customers.

The forced draft ventilating and heating system is most complete. The fresh air comes from the top of the building through an intake shaft six by nine feet: is forced through a water veil at a high velocity which eliminates all the dirt; is then bombarded against bafflers, eliminating the moisture and reducing the temperature of the air to seventy-two degrees. It is then forced

into the room through ornamental registers located nine feet above the floor. In cold weather the air passes over steam coils to bring it to the required degree of temperature. Another system exhausts the air at the floor line, passing through tunnels under the basement floor and discharging it at the top of the building. Some of these tunnels are large enough to drive a span of horses through and there is a complete change of all the air in the banking room every ten minutes.

There is a pneumatic carrier system by means of which items are transmitted to all parts of the bank. A water cooling and circulating system distributes ice water to drinking fountains located in various parts of the lobby and counting room.

Telephones are provided for the use of all of the clerks and customers. A complete signal service, and everything modern in the way of adding machines,



THE ROCKERY
FIRST NATIONAL BANK, LOS ANGELES

comptometers, billing, statement and cancelling machines are provided and in use in transacting the business of the bank.

The elevators are of the automatic type. There is also a pneumatic cleaning service extending to various points in the banking room.

The bank is about to undertake a unique departure from the ordinary methods of securing the description of drafts, checks and other items sent through the mails, by the use of photography, instead of relying on the imperfect description retained of such items by recording in remittance registers. Photographic apparatus is being installed, devised by two young men in the bank's employ, by which, through the use of mirrors, photographs of the front and back of twenty drafts and checks, etc., can be taken at one time and one exposure.

The process, which is very simple, not only provide the bank with a file of the items to be retained

in its files, but it will be more expeditious and economical than by present methods. Two young men, not expert photographers, should be able to handle from 1,000 to 1,200 items an hour, with practically no more expense than the cost of the sensitized paper.

If results fulfill indications, photography will eventually supplant present methods in securing descriptions of all items passing through banks.

The indirect lighting system is employed in the bank, the light emanating from diffusers suspended from the ceiling, and electric lamps are concealed in the construction of the cage work. There is not one electric lamp in sight, the diffusion of light is strong, even, and without shadows. This is the modern system of lighting, worked out on scientific principles, and is restful to the eyes.

The decorative work, draperies, etc., were executed by a well-known Chicago firm. Much study was given to the color scheme, and the results attained add materially to the harmony and effectiveness of the entire scheme, making the interior of the First National Bank one of the interesting sights of Los Angeles. The bank welcomes visitors and takes pleasure in showing them every attention.



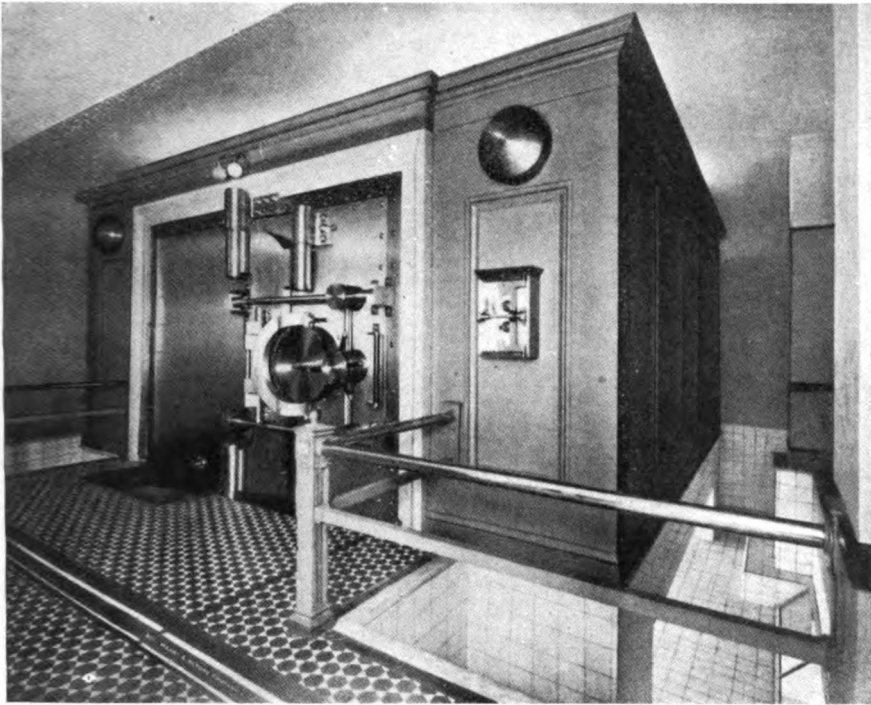
HISTORICAL

THE First National Bank of Los Angeles was granted its charter, No. 2491, in August, 1880, taking over at that time the business of the Commercial Bank, which was established in 1875 by E. F. Spence, Hiram Mabury and J. E. Hollenbeck, who, with others, continued in the ownership and control of the national institution. The capital was \$100,000 and the reserve \$50,000, with deposits of \$900,000.

Los Angeles City in 1880 had about 11,000 inhabitants and by 1890 it had grown to 50,000. With this growth the bank steadily kept pace, and from time to time increased its capital stock and

also its reserve and undivided profits. In 1901 the old location of the bank on Main street, opposite Temple, proving too small, the office was removed to the corner of Second and Spring streets, the capital was increased to \$500,000 with surplus and profits of \$350,000 and with deposits of about \$3,000,000. The good judgment of the move was

trusts, mortgage loans and estates of its friends and customers, an arrangement was made whereby the officers of the First National Bank, as trustees, for its stockholders, acquired all of the stock of the Los Angeles Trust Company and the Metropolitan Bank and Trust Company, these institutions being later consolidated and the name



SECURITY VAULT

FIRST NATIONAL BANK, LOS ANGELES

evident. for by September, 1905, the deposits had increased to \$7,750,000.

At the last date it was determined by the stockholders of the First National Bank, the Los Angeles National and the Southwestern National Banks to consolidate the business of the three banks under the name and charter of the First National Bank of Los Angeles. To do this the capital was increased to \$1,250,000, the surplus and profits to \$2,860,000, the deposits aggregating \$13,680,000.

Feeling the advisability of having a connected institution to take care of the

changed to the Los Angeles Trust and Savings Bank. In September, 1910, when the stock of the bank was increased to \$1,500,000, the capital of the affiliated institution was raised to the same figure, and at the present time each owner of stock in the First National Bank has the same number of shares of the Los Angeles Trust and Savings Bank held in trust for him by the officers of the First National Bank. The quoted market price of the stock of the national institution includes an equal interest in the stock of the Los Angeles Trust and Savings Bank,



JOHN TRICE
PRESIDENT CITIZENS BANK AND TRUST COMPANY, TAMPA, FLA.

which interest cannot be sold or transferred otherwise than by transfer of the stock of the First National Bank.

The first president of the bank was J. E. Hollenbeck, whose name has been associated by his widow with that great beneficence, the Hollenbeck Home. This gentleman retired a short time before his death and was succeeded by the late E. F. Spence, who presided over the bank until his death in 1892. The present president, J. M. Elliott, entered the service of the bank in 1881, was elected cashier in 1885 and served in that capacity until 1892, when he succeeded Mr. Spence as president, which office he has continuously filled for a period of more than twenty years.

Stoddard Jess, identified with banking interests in Southern California since 1886, allied himself with the bank in 1904 as first vice-president, which office he still holds.

W. C. Patterson, who was the president of the Los Angeles National Bank, filled the office of second vice-president from the date of the consolidation to the date of his death, May 1, 1918. John P. Burke, the third vice-president, has been with the bank since 1910.

W. T. S. Hammond, who has been in the bank as teller and assistant cashier since 1886, has served as cashier since 1904. The junior officers of the bank are four assistant cashiers, an assistant to the cashier and an auditor.



EFFICIENT EQUIPMENT AND MANAGEMENT

THE uninterrupted prosperity of the First National Bank over a long period establishes the sound and alert character of the management. With such management, and the modern facilities furnished by the new building, the First National Bank of Los Angeles and its allied institution, the Los Angeles Trust and Savings Bank, make a most safe and efficient medium for the transaction of all kinds of legitimate banking in the Pacific Southwest.

The Citizens Bank and Trust Company, Tampa, Florida

BANK buildings as well as banks themselves are expressions in concrete form of the energy and ability of those who make banking their profession. Viewed in this light, the new building of the Citizens Bank and Trust Company, Tampa, Fla., solidly witnesses the worth of those most prominent in the bank's control. For even in these days of fine bank homes, it is a structure calling for especial commendation. In point of



C. E. ALLEN

VICE-PRESIDENT CITIZENS BANK AND TRUST
COMPANY, TAMPA, FLA.



CITIZENS BANK & TRUST COMPANY BUILDING, TAMPA, FLA.

materials, design and construction it embodies the latest and best results of modern architectural skill.

As will be seen from the illustration of the exterior of the building, the general effect combines solidity with simplicity. It is, in short, a fitting home for the large and successful bank whose name it bears, affording besides a very large area of office space for rental.

In deciding on the new bank home the factors given first consideration were safety, convenience and comfort as ap-

plicable to the patrons of the bank and to its officers and employees. The external forces against which banks must protect themselves were given careful thought and every tested provision for assuring as near absolute safety as possible was adopted.

"Safety first" was the motto, and concrete, marble and steel were combined in the most approved methods to carry out this aim. That achieved, much care was bestowed on making the banking quarters commodious and quietly inviting, offering the public the greatest attainable conven-

iences for the transaction of business amidst pleasant surrounding. Attractive quarters have been provided for the officers, and the clerks of the bank now work under conditions assuring their comfort and a maximum of efficiency. Every department of the bank is installed in a division of the banking rooms furnished with everything necessary to the safe and convenient dispatch of business.



THE MAN BEHIND THE BANK.

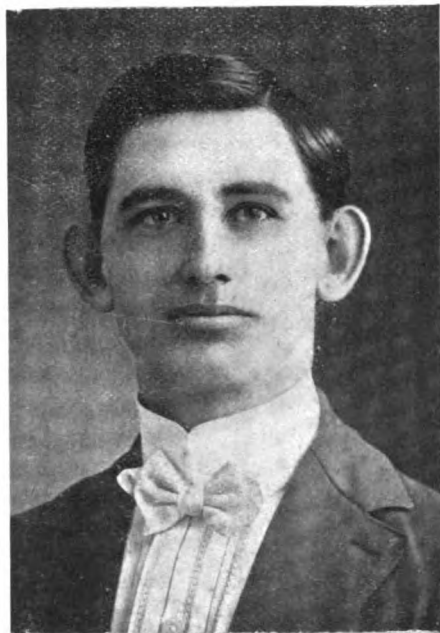
IT has been said above that a bank is an expression of the energy and ability of the banker. In this case that is especially true, for the Citizens Bank and Trust Company owes a very large share of its success to the persistent energy and the proved financial judgment of its president, Colonel John Trice. He began his business life as clerk in a store, "made good" right from the start, and at the end of two years had saved enough money to begin business for himself. He succeeded at once and continuously, and was forming plans to go into



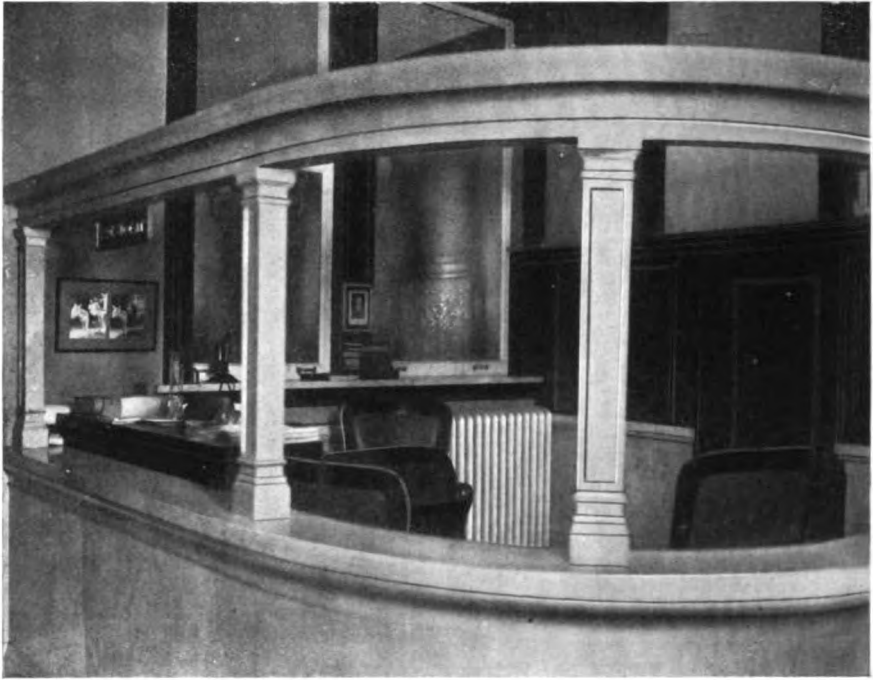
W. W. TRICE
CASHIER CITIZENS BANK AND TRUST COMPANY,
TAMPA, FLA.



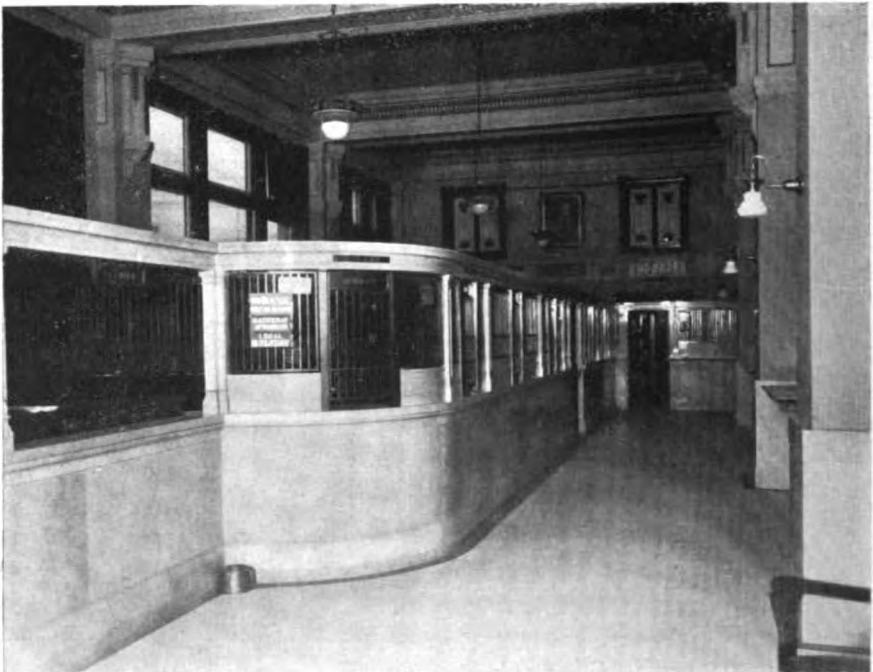
D. H. LANEY
ASSISTANT CASHIER CITIZENS BANK AND TRUST
COMPANY, TAMPA, FLA.



W. W. BLOUNT
ASSISTANT CASHIER CITIZENS BANK AND TRUST
COMPANY, TAMPA, FLA.



PRESIDENT'S OFFICE



LOBBY

CITIZENS BANK AND TRUST COMPANY, TAMPA, FLA.



OFFICES OF VICE-PRESIDENT AND CASHIER

the wholesale grocery business at Memphis, when an opportunity came for establishing a bank at Okolona, Miss., where he had made his success as a merchant, and he de-

ecided to go into banking, which he did with a profitable outcome.

His wife's health making a change of climate desirable, Colonel Trice removed to



DIRECTORS' ROOM

CITIZENS BANK AND TRUST COMPANY, TAMPA, FLA.



ANNA MARIA BEACH, FLORIDA—PIER AND UNIQUE HOME OF JOHN TRICE, PRESIDENT CITIZENS BANK AND TRUST COMPANY OF TAMPA

Tampa, Florida, in 1894, and not long after organized the Citizens' Bank and Trust Company.



STORY OF THE BANK'S PROGRESS.

THE success of the bank has been extraordinary. It was started with a capital stock of \$100,000, has paid a stock dividend of \$150,000, has earned a surplus of \$500,000 and has also paid its stockholders over \$200,000 in cash dividends. This bank also owns the controlling stock in the Bank of Ybor City and the Bank of Fort Myers, both of which are phenomenally successful institutions. The Bank of Ybor City started with \$50,000 capital, now has \$100,000 capital and \$125,000 surplus and undivided profits, besides paying ten per cent. cash dividends.

The Bank of Fort Myers started with \$50,000 capital and now has \$70,000 surplus and undivided profits, besides paying ten per cent. cash dividends.

The Citizens Bank and Trust Company was the original savings bank of its territory and it has been a strong factor in inculcating the habit of saving among the people. Since its organization this department of the bank has paid out in interest to depositors over \$225,000. Colonel Trice has other important business interests in the community, all of them being profitable.

The Citizens Bank and Trust Company's statement of December 31, 1913, showed \$250,000 capital, \$350,000 earned surplus and \$146,000 undivided profits—figures which represent an unusual degree of banking strength. Total resources exceed \$3,000,000. Its officers are: President, John Trice; vice-presidents, C. E. Allen, E. M. Hendry and Dr. L. A. Bize; cashier, W. W. Trice; assistant cashiers, D. H. Laney and W. W. Blount.

Strongly officered, having a record of profitable business, and installed in a thoroughly modern building, the Citizens Bank and Trust Company may well feel that its past history and its equipment establish a basis of sound confidence in its future.



RESULT OF TWO HOURS' TROLLING NEAR ABOVE PIER

Security Trust and Savings Bank, Los Angeles, Cal.

A Record of Twenty-Five Years of Progress and Success

A QUARTER of a century ago in a little storeroom in the then slowly-growing town of Los Angeles a small savings bank was launched. It had a capital of \$29,000, and was backed by a handful of early settlers. At that time the future of Los Angeles, with its 50,000 persons, did not look especially bright to the casual observer, for the town possessed little or nothing to suggest that it would some day become a metropolis, except possibly climate. But evidently some of the men who were behind the small savings bank caught a glimpse of the future of Los Angeles, for they hung on persistently during the first few years of slow progress awaiting the arrival of better days.

And better days came. Twenty-five years have made a great difference in this little savings bank, which has now become one of the most prosperous institutions in one of the most progressive cities of the West. Its capital exceeds \$3,500,000, and its resources are a little over \$45,000,000, and its depositors number close to 90,000, or nearly twice the population of Los Angeles at the time of the bank's birth.

Such, in a nutshell, is the remarkable record of growth of the Security Trust and Savings Bank, which during the past month celebrated its silver anniversary. Its expansion in the twenty-five year period has been like that of many other western institutions, like the great West itself, the spirit of which the Security embodies in its progressive methods of doing business.

Through all the years of its career the Security has had the good fortune to retain as its chief executive, first in the office of cashier and then as president, the same enterprising banking genius, principally concerned in its organization, namely J. F. Sartori, who

is eminent to-day among the bankers of the West. To this fact may be attributed in large portion the bank's noteworthy success.

At the time Mr. Sartori and his associates conceived the idea of organizing the Security Savings Bank and Trust Company, as it was called in earlier years, they were interested in a small loan and trust company, and



SECURITY BUILDING, HOME OF THE SECURITY TRUST AND SAVINGS BANK

chiefly from this unpretentious concern they built up their project for an institution with wider scope. Mr. Sartori was also cashier of the First National Bank of Monrovia, and his experience with that institution was about the first he had in the banking business. Previous to coming to California he was engaged in the practice of law at La Mars, Iowa. The remarkable success of the Security, under his management viewed in the light of his brief experience beforehand, is a strong evidence of the innate talent which he possessed for financial enterprise.



J. F. SARTORI, PRESIDENT
SECURITY TRUST AND SAVINGS BANK, LOS ANGELES, CAL.



FIFTH STREET LOBBY
SECURITY TRUST AND SAVINGS BANK, LOS ANGELES, CAL.

THE BANK'S BEGINNINGS

THE Security Bank and Trust Company opened for business February 11, 1889, in a small and humble storeroom in the Weil Building at 148 South Main street—a very decided contrast to the bank's present magnificent home in the Security Building at the thronged business centre of Spring and Fifth streets. The directorate of

the old institution included such early-day figures as Isaias W. Hellman, O. W. Childs, S. A. Fleming, John H. Bartel and George W. Perkins.

Mr. Sartori, as cashier, attended to the needs of customers during the day and kept the bank's books at night. Matters went on in this fashion for some time. The second year of the bank's existence witnessed the accession of W. D. Longyear to the office of as-



M. S. HELLMAN
VICE-PRESIDENT



W. D. LONGYEAR
CASHIER AND SECRETARY

sistant cashier. He has been one of Mr. Sartori's ablest aides in leading the Security toward success.

Mr. Longyear came to Los Angeles from Kalamazoo, Michigan. In his old home he had certain experience in banking, which qualified him to assist in an able manner in putting the young Los Angeles banking institution securely on its feet.

In 1893, the year of the panic, T. L. Duque, of pioneer family, who is still a director of the Security, became its president. He held this position until 1895. In that year Mr. Sartori was finally elected to guide the destiny of the bank as president. W. D. Longyear logically became cashier, while M. S. Hellman, a native of Los Angeles and a member of a family famed in the banking business of California, became vice-president. These three men have ever since retained their respective positions, and to their rare ability, faith and foresight is to be ascribed in great

measure the wonderful success of the bank.

At the time this personnel took charge, the Security's capital had been increased to \$132,496.31, or nearly double that of four years previous, when the bank was two years old. The resources and deposits, which suffered contraction on account of the financial stringency of 1893, had shown but little increase in four years. The former amounted to nearly \$675,000.00 and the latter to a little over \$550,000.

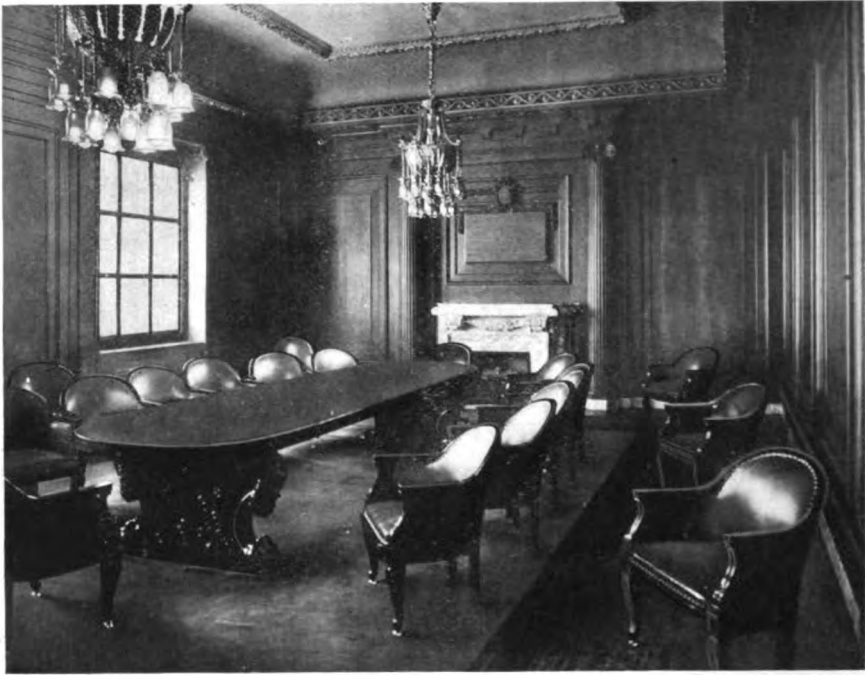
A year after the reorganization, the Security Savings Bank, which name it bore at the time, moved to the then very active corner of Main and Second streets. The growth which occurred in the bank's business immediately after 1895 was emphasized by the fact that it became necessary to enlarge the new quarters two years after they were entered. From this time on a steady although not too rapid expansion ensued until the opening of the twentieth cen-



MAIN BANKING ROOM



OFFICE OF VICE-PRESIDENT, CASHIER AND TRUST OFFICER
SECURITY TRUST AND SAVINGS BANK, LOS ANGELES, CAL.



DIRECTORS' ROOM



WEST LOBBY OF SAFE DEPOSIT VAULTS
SECURITY TRUST AND SAVINGS BANK, LOS ANGELES, CAL.

ture, when the wave of tremendous progress by which the entire West has profited began. At the end of 1900 the bank's capital stood at \$166,943.73; its resources were \$2,455,091.09 and its deposits \$2,288,147.18. In two years deposits and resources had nearly doubled and in two years more they had quadrupled, totaling over \$10,000,000. The capital had been increased to over

Savings Bank was absorbed. This institution had been founded in 1887 by L. C. Goodwin and Isaias W. Hellman.

In the latter part of 1907, a time marked by strained finances, the Security achieved the absorption of the Savings Bank of Southern California, a large institution established in 1885 by E. F. Spence and J. M. Elliott. This deal was followed by the removal of



SOUTH LOBBY OF SAFE DEPOSIT VAULTS
SECURITY TRUST AND SAVINGS BANK, LOS ANGELES, CAL.

\$500,000. By the first of 1907 another increase of about fifty per cent. had occurred.



CHANGE OF LOCATION

MEANWHILE, however, important events in the history of the Security had occurred. The Main Street Savings Bank was acquired in the spring of 1904. It is interesting to note that this bank, which was founded by J. B. Lankershim, had been started in the same year as the Security.

A change of location to more pretentious quarters in the H. W. Hellman Building was also effected in June of 1904. In November, the Los Angeles

the Security in December to still larger quarters than those in the H. W. Hellman Building. The southeast corner of Spring and Fifth streets had been chosen as the most suitable location in the city, on account of its central situation. This change of location has been the last made by the bank, which still occupies the handsome and commodious quarters which it entered during the panic year.



PRESENT QUARTERS

THE great banking room of the Security Trust and Savings Bank combines the elements of massive sta-



WOMEN'S WAITING ROOM
SECURITY TRUST AND SAVINGS BANK, LOS ANGELES, CAL.

bility with fine aesthetic taste. The scheme of decoration includes the use of exquisite white marble for the walls and costly red Numidian marble as bases for the bronze grille work and plate glass, enclosing the working force. Shaded lamps beneath the twenty-five foot ceiling distribute light evenly over the large interior.

The atmosphere of luxuriant appointment is still further carried out in the elegant furniture provided outside the counters for the use of patrons. The women's department in particular is beautiful in the style of its lounging seats, desks and tables, with convenient telephones. For general use there are, throughout the bank, a number of standing desks of marble, lighted, as are the counters, by massive wrought-bronze electric torches.

Two large vaults are on the main floor, one used for money, the other for valuable books and documents. A person has only to glance at these ponder-

ous treasure-boxes to understand how effectively they protect their contents against robbery, fire and other destructive forces. In the basement are the great safe-deposit vaults, containing over 25,000 boxes. This portion of the building is reached by an elevator or broad marble stairway, easy of descent. Here also is the directors' meeting place, as well as private rooms for safe-deposit box holders. The appointment throughout the basement is likewise elegant in marble and mahogany.



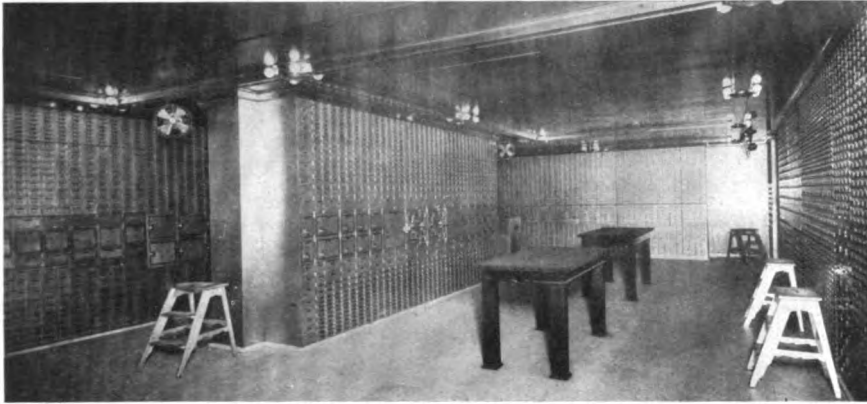
CONTINUED GROWTH

TO follow the later steps of progress of the Security is to witness a banking growth of commanding interest. By the first of 1909, a year after the new quarters were entered, the capital and surplus had increased to \$1,375,000, while the resources were in

excess of \$20,000,000 and the deposits nearly that amount, about double what they were in 1905, while a small army of depositors, numbering 48,000 had gathered.

Steadily the expansion has continued during the past five years. In January, 1912, the Security effected what

plus and undivided profits total \$3,578,967 while its resources and deposits—about double what they were five years ago—are respectively \$45,042,808 and \$41,468,841. The total deposits and resources are each respectively nearly one-fourth the aggregate for the city itself. Herewith is



INTERIOR OF SAFE DEPOSIT VAULTS
SECURITY TRUST AND SAVINGS BANK, LOS ANGELES, CAL.

was probably its most important acquisition, in taking over the Equitable Savings Bank of Spring and First streets, the founders of which were W. J. Washburn and Willis Booth. The Security still maintains the Equitable as a branch for its own business in the northern part of the city.

In February of this same year another vital transaction occurred in the absorption of the Southern Trust Company, which was established by I. W. Hellman and J. A. Graves. By virtue of this deal the Security acquired its trust charter, so that the plan which the organizers had when they gave the bank its original name of Security Savings Bank and Trust Company, nearly twenty-four years before, was at last fulfilled.

Strengthened in a measure by these recent acquisitions, but chiefly by the natural growth of the banking business, the Security to-day occupies a unique position among the financial institutions of Los Angeles. Its capital sur-

plus and undivided profits total \$3,578,967 while its resources and deposits—about double what they were five years ago—are respectively \$45,042,808 and \$41,468,841. The total deposits and resources are each respectively nearly one-fourth the aggregate for the city itself. Herewith is

RESOURCES.

Loans	\$29,146,975.79
Bonds	7,525,503.37
Real estate	44,395.18
Bank premises	690,000.00
Furniture and fixtures.....	178,192.74
Safe deposit department and vaults	202,472.90
Cash and sight exchange.....	7,254,768.21
Total	\$45,042,308.19

LIABILITIES.

Capital	\$1,794,600.00
Surplus	1,100,000.00
Undivided profits	679,367.38
Deposits	41,468,340.81
Total	\$45,042,308.19

The officers and directors are as follows:

Officers: J. F. Sartori, president;

M. S. Hellman, vice-president; John E. Plater, vice-president; Charles H. Toll, vice-president; W. H. Booth, vice-president; W. D. Longyear, cashier and secretary; T. Q. Hall, assistant cashier; R. B. Hardacre, assistant cashier; W. M. Caswell, assistant secretary; J. H. Griffin, assistant secretary; C. W. Wilson, assistant secretary; W. A. Ellis, trust officer; L. H. Roseberry, trust attorney.

Directors: James H. Adams, Wm. H. Allen, Jr., W. Jarvis Barlow, W. H. Booth, T. L. Duque, J. A. Graves, W. L. Graves, Isaias W. Hellman, M. S. Hellman, Henderson Hayward, W. H. Holliday, Joseph Kurtz, R. H. Lacy, W. D. Longyear, T. E. Newlin, H. W. O'Melveny, John E. Plater, J. H. Shankland, J. F. Sartori, James Slau-son, Charles H. Toll, W. L. Valentine, W. J. Washburn and W. D. Woolwine.

SECURITY NATIONAL BANK

ABOUT a year ago an important movement was accomplished by stockholders of the Security, in merging their interests with those of stockholders in the Central National Bank. This institution is now affiliated with the savings bank and is known as the Security National Bank. It has a capital and surplus of \$500,000, resources of \$3,693,989, and deposits of \$3,041,167, according to the last annual statement.

It is a significant fact that of the thirteen banks which were in existence at the time the Security began its career, only three have survived. The big savings institution has weathered all the storms and vicissitudes which it encountered in the early years of its career, and later in the process of its extraordinary growth absorbed many of its contemporaneous institutions.



INTERIOR VIEW OF NEW BRANCH OF THE NEW JERSEY TITLE GUARANTEE AND TRUST COMPANY, JERSEY CITY, N. J.

Photograph furnished by Geo. W. Cobb, Jr., Designer and Contractor, New York.

German American Trust and Savings Bank

SAVINGS - COMMERCIAL - TRUST

CAPITAL AND RESERVE \$2,000,000.00

W. H. AVERY, President
W. E. JONES, Vice President
J. F. ANDREWS, Vice President
R. P. MILLER, Cashier and Secretary
W. B. BARKLEY, Assistant Cashier
W. B. BARKLEY, Chairman of the Board
W. B. BARKLEY, Assistant Cashier
W. B. BARKLEY, Assistant Cashier
W. B. BARKLEY, Assistant Cashier

Los Angeles, California

Feb. 16, 1914.

Mr. Elmer H. Youngman,
Editor, Bankers Magazine,
New York, N. Y.

Dear Mr. Youngman:-

I have just received a request from the Union Savings Bank of Pittsburgh, Pa. asking for information concerning our Business-getting Contest, and I wish to request you to send to Mr. E. V. Hays, Cashier of the above bank, a copy of the July 1912 number of the BANKERS MAGAZINE which contains an article on the contest.

I have from time to time since the publication of that article received requests from various banks for additional information. Not long ago the Merchants National Bank of Richmond, Virginia, came forth with a letter of inquiry, and it seems that the matter has now become an almost endless chain.

Yours very truly,

W. B. Barkley
Assistant Cashier.

WRM-P

Canadian Banker Likes Our New Banking Law

COMMENTING on the situation in the United States, Vice-President Pease of the Royal Bank of Canada in his recent annual address to the bank's shareholders, said:

"The banking and currency law recently enacted in the United States is of prime importance to Canada. The new measure is generally expected to render credit more elastic and greatly accelerate trade. It will equalize money rates of interest throughout the country, and set free for business purposes a portion of the enormous gold hoardings in the Treasury. On the princi-

ple that economic conditions in the United States, good or bad, are soon reflected in Canada, we are likely to benefit from the measure.

"It is a pleasing sign that upward of \$25,000,000 of Canadian municipal debentures were marketed in the United States in the past twelve months, most of which were sold during the latter portion of the year. As foreign investments are exempt from the recently imposed income tax, a considerable volume of American capital will doubtless find its way to Canada in future for investment in our securities."

Safe Deposit

Vault Statistics

FROM a compilation of statistics made by E. S. Gilmour, it is seen that the Guaranty Trust Company of New York is doing some business in the vault department. The figures include the period from April 7, 1913, to December 31, 1913:

Average opening time.....	8:53 a. m.
Average closing time.....	6:04 p. m.
Par value securities passed through vault	\$1,273,465,675.50
Ditto, daily av'ge.....	19,077,949.44
Ditto, largest day.....	324,110,871.89
Ditto, smallest day.....	228,100.00



“Less Than a Cent a Day”

FOR this modest sum—so a Western bank announces—one may have the services of a safe-deposit box affording absolute security. Surely this is a small price to pay for freedom from the worry and anxiety attendant upon keeping valuable papers about one's house or office, even if there were no greater benefit in the actual prevention of serious losses.

With a service so cheap and efficient, the field of possible business is undoubtedly a large one.



Rules and Regulations

WHEN giving receipts for the rental of boxes or safes it is usual to have printed on the back of the receipt the rules and regulations which the renter, by acceptance of the receipt, agrees to abide by; but it is sometimes preferable not to have these rules printed on the receipt, but merely to have in the receipt the words, “Subject to the rules and regulations made by this company.” This is in-

tended to include not only the present rules and regulations, but also any the company may see fit to make in the future.



Hours for Opening and Closing

THESE, if invariably made to correspond with the customary banking hours, may often cause inconvenience to patrons. It frequently happens that customers will wish to place securities in their boxes after the banks have closed for the day. On the other hand, they may also wish to have access to their boxes early in the morning to take out securities they may wish to use during the day.

The appropriate hours for opening and closing the safe-deposit department should therefore be made to correspond as closely as possible with the convenience of those who patronize them, for it is, of course, only by affording the best service that the maximum of profit may be realized.



Identification of Renters

OF course, the mere possession of a key is no more an identification of the box-renter than is the possession of a savings bank pass-book an identification of a depositor. In some safe-deposit departments reliance is placed on personal peculiarities; but as these frequently change, they are not always to be depended upon, though they are undoubtedly helpful. Pass-words are also servicable, but unless used frequently they are liable to be forgotten.

The surest protection is to have on record the same information that savings banks ordinarily require when opening accounts—date and place of

birth, father's name and mother's maiden name. These facts, with the other usual precautions, will generally make it impossible for any but the rightful lessees to obtain admission to safes.

Where renters visit their boxes at short intervals, there is little difficulty in identifying them, but there are a great many box-renters who visit their boxes only at long intervals, and it is impossible for the custodians of the vaults to depend upon their memories for identification.

Those who rent boxes might be required to leave their photographs or finger-prints. but while serious consequences may arise from permitting wrongful access to boxes, these consequences may be averted by less drastic means.



Executive Council of the American Bankers Association

Spring Meeting at Hot Springs, Va.

IT has been decided to hold the spring meeting of the Executive Council of the American Bankers Association at Hot Springs, Va., April 30 and May 1 and 2.



American Bankers Association

Fortieth Annual Convention at Richmond, Va., October 12 to 16.

THE Richmond committee has selected the week of October 12, 1914, for the fortieth annual convention of the American Bankers Association.

The committee and executive council meetings will be held on Monday, October 12; section meetings, convention and entertainment on October 13 to 16—the details of which have not yet been arranged by the administrative committee.

At the time of the year selected, Richmond will be at its best as to climate.

As has already been announced the Hotel Jefferson will be the convention headquarters.



New York State Bankers Association

Date and Place of Next Annual Convention

THE twenty-first annual convention of the New York State Bankers Association will be held Thursday and Friday, June 11 and 12, 1914, at Eastern Point (New London), Conn. The Griswold will be headquarters.

The rapid growth of the association and the increasing number of those attending the annual conventions have rendered difficult the problems of choosing a suitable meeting place. In consequence, the council of administration decided to put the matter to vote of the members, with the result that of four available places suggested, namely, New York city, Saratoga, Atlantic City and Eastern Point, the last named was decided upon.



New Counterfeit \$10 United States Note

SERIES 1901; J. C. Napier, Register of the Treasury; Lee McClung, Treasurer of the United States; check letter "C"; plate number 633; back plate number 268; number of specimen at hand D46792035.

This note is a photomechanical reproduction printed on two pieces of paper, pasted together. The silk fiber of the genuine note is imitated by pen-and-ink marks.

This is a note of fairly good appearance, but should not deceive the ordinarily careful handler of money.

Foreign Banking and Finance

European

GROWTH OF A LONDON BANK

IN his annual address to the shareholders of the London City and Midland Bank, Ltd., Sir Edward Holden, Bart., chairman of the board, gave the following concise account of the bank's growth:

"It is now thirty-two years since I joined this bank, and I regret to say there is only one director here to-day who was with the bank at that time. We came to London in 1891, when our deposit and current accounts amounted to about six millions sterling. In 1898, when this item had increased to about twenty-two millions, we were joined by the City Bank, after which amalgamation we began to take our position in London. The following table shows the total of our deposit and current accounts every five years since 1881, and at December 31 last:

Deposit and Current Accounts.

1881.....	about	£2,000,000
1886.....	"	2,600,000
1891.....	"	8,100,000
1896.....	"	15,700,000
1901.....	"	44,700,000
1906.....	"	52,200,000
1911.....	"	77,700,000
1913.....	"	93,800,000

BARCLAY & COMPANY, LIMITED

OUT of the earnings for the last half year, Barclay & Company, Limited (London), declared an interim dividend at the rate of ten per cent. on the "A" shares and seventeen and one-half per cent. on the "B" shares. In view of the satisfactory results for the half year the directors set aside out of the profits the sum of £23,000 for distribution amongst the members of the staff by way of bonus addition to their salaries.

The capital of Barclay & Company is £3,600,000, and reserve fund £1,600,000; deposits and current accounts, £60,805,753.



LONDON JOINT-STOCK BANK, LIMITED

FOR the year ending December 31 the net profit, after making the usual reductions in premises account and providing for all bad and doubtful debts, was £582,076, of which there was carried forward to next account £62,326. The dividend was at the rate of eleven per cent. per annum. Capital

Banco Agrícola Comercial

Established 1895

SAN SALVADOR, REPUBLIC OF SALVADOR, C. A.

Authorized Capital,	\$5,000,000.00	Paid-up Capital,	\$1,000,000.00
Reserve Fund,	100,000.00	Special Reserve Fund,	352,707.23

DIRECTORS

J. MAURICIO DUKE	MIGUEL YUDICE	FRANCISCO DUEÑAS
J. MAURICIO DUKE h.	RAFAEL GUIROLA D.	Manager, F. DREWS

CORRESPONDENTS

London: The Anglo-South American Bank, Ltd., with which is incorporated The London Bank of Mexico & South America, Limited. **Paris:** Comptoir National d'Escompte de Paris; Perier & Cie. **Hamburg:** Deutsche Bank Filiale Hamburg; Conrad Hinrich Donner; Carlo Z. Thomsen; The Anglo-South American Bank, Ltd. **Barcelona:** Banco Espanol del Rio de la Plata; Garcia—Calamarte & Cia. **New York:** G. Amsinck & Co.; Bloom Bros. **San Francisco:** The Anglo & London Paris National Bank. **Mexico:** Banco de Londres & Mexico. **Guatemala:** Banco Internacional.

issued is £2,970,000, and reserve fund £1,125,000; due on deposit and other current accounts £87,583,287.



EMERGENCY CURRENCY FOR GREAT BRITAIN

FROM the address of Sir Edward Holden to the shareholders of the London City and Midland Bank, the following is taken respecting the establishment of some form of emergency currency for Great Britain:

"The third subject which might engage the attention of the commission is the construction of some scheme for the issue of emergency currency should a breakdown in credit ever occur in this country. I have already pointed out to you that notes are issued by the Continental State banks on the basis of metal and bills of exchange, and in the case of Germany metal must be held against about one-third of the notes issued, and bills of exchange against the balance. In the case of the Bank of England the notes are issued against about one-third of securities and two-thirds of gold. If the joint stock banks held six per cent. of their liabilities in gold and showed that gold in their balance-sheets, it would increase confidence.

"An amendment to the Act of 1844 might then be passed empowering the joint-stock banks, in the case of a breakdown in credit, to send into the issue department of the Bank of England twenty millions sterling of gold and forty millions sterling of bills of exchange, the same proportions as in the Reichsbank, and to take out sixty

millions sterling of bank notes, such proportion of these notes as might be considered necessary could then be placed to the credit of the accounts of the banks in the banking department of the Bank of England, and the balance of the notes, together with the remaining portion of their gold, would be retained in the vaults of the various banks. The operation of such a scheme would effectually prevent the development of a crisis. When the trouble had passed, the bills of exchange would be retired by an equivalent amount of notes, which would thereby be cancelled. The balance of the notes could then be presented at the issue department of the Bank of England and the gold retransferred to the vaults of the joint-stock banks."



BANK CAPITAL INCREASED

THE shareholders of the London City and Midland Bank, of which Sir Edward Holden is the chairman, have agreed to resolutions for increasing the capital of the bank, and also for splitting the shares. The capital of the company is to be increased to £28,200,000 by the creation of 100,000 new shares of £60 nominal value each, and in respect of each of these shares the sum of £35 shall not be capable of being called up, except in the event of the company being wound up.

In 1908 the directors were authorized to create 100,000 new shares, and these have been employed in payment for business taken over, that is to say, in absorbing other banks. The proposal further to increase the capital indicates the possibility of further amalgamations.

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

It is also agreed that each of the £60 shares of the company shall be divided into five shares of £12 nominal value each, of which £2½ is paid up, and of which £7 per share shall only be capable of being called up in the event of the winding up the bank. The purpose of splitting the shares is to make them more easily marketable, and at the same time the arrangement, which limits the probability of the whole of the uncalled capital being called up, is calculated to benefit the shares in the market.



BANK ABSORBED

THE absorption of Morris, Prevost & Company, merchants and foreign bankers, by Messrs. Baring Bros. & Company, London, was recently announced.

Morris, Prevost & Company were established early in the last century and the late head of the firm, Sir Augustus Prevost, was a director of the Bank of England for many years, having been Governor of the Bank ten years ago. His death was announced only a short time since.



AFRICAN BANKING CORPORATION, LIMITED

THIS institution's head office is at London, but it maintains numerous branches in South Africa, and has also an agency in New York and Hamburg. The issued capital is £400,000, and the reserve £210,000; current accounts and deposits, £5,196,807.

For the year ended September 30, 1913, the gross profit was £247,684, including £17,760 brought forward from

There is a demand for "SPECIALTIES" in cigars.

**The finest cigars, which
can be produced in HAVANA**

CUBA

(NOT the regular trade goods,
but "Specialties.")

**We are supplying this demand under
our "Specialty" brand:**

**"SOL-
Seleccion Especial"**

Correspondence
solicited

BEHRENS & CO.

CONSULADO STR. 91-93
HAVANA, CUBA

last account. The usual provisions were made, a dividend at the rate of eight per cent. per annum declared, and £21,193 carried forward.



SLOT-MACHINE SAVINGS BANKS

ABOUT three years ago a bank in Budapest began the establishment of a series of slot-machine savings banks. The machines are arranged for the receipt of two coins, the crown (\$0.208) and the 20-fillér piece (\$0.04). They return a ticket for each coin deposited and these tickets bear interest from the date of their issuance. The rate paid varies with the current bank rate and ranges from three to four per cent.; 110 tickets may be exchanged for a bank book. The machine is so constructed that if counter-

feit coins are deposited, the numbers of the tickets issued for them can be ascertained; it can be arranged to take coins of other sizes and weights than the crown and 20-fillér pieces.

The first slot-machine savings bank was placed in front of a branch of the bank in the immediate vicinity of the central railway station, and the receipts of this machine have always been larger than those in other localities. At present there are fourteen machines in operation in Budapest, six of which are located in front of different branches of the bank, six in front of public markets, and two in front of a large factory. It is noteworthy that the receipts of the two latter machines have always been less than any others. The use of the slot-machine savings banks has increased every year, and the bank states that it intends to extend the service. The total deposits in 1912 amounted to 65,000 crowns (\$13,195).

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

NEW YORK OFFICE: - - - 25 BROAD STREET

Banco de Guatemala C. A.	Established July 15, 1895	
	Guatemala	
<i>Directors</i>		
ADOLFO STAHL, D. B. HODGSDON J. R. CAMACHO C. GALLUSSEER, Manager		
Authorized Capital \$10,000,000.00		
Capital subscribed and paid up 2,500,000.00		
Reserve Fund 5,564,282.76		
Contingency Fund 1,600,000.00		
<i>Foreign Correspondents</i>		
New York: Messrs. G. Amsinck & Co.; Messrs. J. & W. Sellman & Co.; The National City Bank of New York. San Francisco, Cal.: The Anglo & London Paris National Bank of San Francisco. New Orleans: The Whitney-Central National Bank. Mexico: Banco Nacional de Mexico. Paris: Messrs. de Neuffize & Cie. London: Deutsche Bank (Berlin), London Agency; Messrs. A. Ruffer & Sons. Hamburg: Deutsche Bank Filiale Hamburg; Messrs. L. Behrens & Sohne; Messrs. Schroder, Gebruder & Co.; Mr. Carlo Z. Thomsen. Madrid: Messrs. Garcia-Calamarte & Cia. Barcelona: Messrs. Garcia-Calamarte & Cia.; Banco Hispano Americano. Milano: Credito Italiano.		
<i>Agencies in Guatemala</i>		
Antigua	Livingston	Mazatenango
Jutlapa	Puerto Barrios	Salama
Pochuta	Zacapa	Escuintla
Coatepeque	Coban	Ocos
	Retalhuleu	
General Banking Business, Special Attention Paid to Collections from Abroad and Letters of Credit.		

Bank of Elberfeld, Rhenish-Westphalia. It is also hinted that further absorptions with corresponding increases of capital by the Deutsche Bank will be made in respect of the Schlesische Bankverein and the Hannoversche Bank.

By these transactions the Deutsche Bank will greatly enhance its prestige among German banks. At the end of October last its capital and reserves amounted to 313,000,000 marks, and its deposits and current accounts totaled 1,920,000,000 marks.

The Bergisch-Markische Bank was originally founded by the Deutsche Bank, but has been run as a separate institution. It is now understood that the Deutsche Bank owns about one-half of the capital of its subsidiary, and by completing the absorption it will acquire about thirty-five branch offices. This would indicate a change of policy in regard to branch banks, as, so far, the Deutsche Bank has only ten branches, and has made no extensions apart from its three branch offices abroad. It is also rumored that the Deutsche Bank directors intend to form a big gold reserve.

The bank's actual profit in operating these machines is small, but there is an advertising value in them, and they also put the bank into business relations with a class of people which it would be difficult to reach in any other way, besides performing a social service in the inducement and opportunity for saving which they offer.

The owner of the patent for the slot-machine savings bank is the director of the Hermes Bank, Budapest, who states that the price of a machine is 500 crowns (\$101.50) f. o. b. Hamburg.

DEUTSCHE BANK EXTENSIONS

IT is understood that the Deutsche Bank of Berlin is about to raise its capital from 200,000,000 marks to 250,000,000 marks for the purpose of absorbing the Bergisch-Markische

OPENING FOR AN AMERICAN BANK IN HOLLAND

WITHOUT disparagement to the banks or banking methods of Amsterdam, there is undoubtedly a fine opening in that city for an American bank, either independent of or connected with one of the large banks of New York. The institution should, however, be owned and managed by Americans and conducted along the up-to-date business methods which banks in the United States observe.

Although a survey of the banking conditions here might indicate that the banking business in this city is well looked after, there is still reason to believe that a characteristically American bank would find this a profitable field. The millions of dollars of commercial

Banco Comercial de Costa Rica

San Jose, Costa Rica, Central America

(Founded 1st June, 1905)

Capital, \$1,750,00.00

Reserves, \$546,238.41

Managing Director, THOMAS SCOTT

Collections for Foreign Houses promptly attended to. Deposits are received in American Money repayable at maturity by sight draft on New York, New Orleans or San Francisco. The rates of interest at present allowed are:

On deposit for 6 months : : : : 6 per cent. per annum
On deposit for 12 months : : : : 7 per cent. per annum

DEPOSITS

31st of March, 1910	: : :	\$1,270,987.74	31st of March, 1912	: : :	\$3,397,658.26
31st of March, 1911	: : :	1,690,785.28	31st of December, 1912	: : :	4,414,218.57

business annually transacted between Holland and the United States—much of which would naturally flow to an American bank if started here—the tremendous issues of American securities sold and held in the Netherlands, and the payment of dividend and interest coupons incident thereto, and the millions of dollars of American farm mortgages held by the Hollanders, all indicate clearly that an American bank with a large capital, located in that city, would do well.

The foregoing views are those of the American Vice-Consul at Amsterdam and should interest American bankers.



OPERATIONS OF A FRENCH SAVINGS BANK

THE official report of the Savings Bank of Havre (Caisse d'Epargne du Havre) shows that there was due to depositors on December 31, 1913, \$3,717,494, an increase in the twelve months of \$140,308. As soon as an account exceeds in capital and accrued interest 1,500 francs (\$289.50) the depositor must decrease the deposit, or there will be purchased for him a French Government bond yielding twenty francs (\$3.86) per annum. The accounts existing in the bank on December 31, 1913, numbered 77,195, a net increase of 1,803 for the year.

The authorities responsible for the operation of this savings bank express

gratification at the striking increase in deposits and new accounts, notwithstanding the high cost of living to the classes that resort to the institution. In fact, the uninterrupted development of the transactions of the savings bank is an impressive proof that the French workman and employee are able to triumph over formidable difficulties and to continue their customary economies in the face of discouragement.

All authorities agree that never has the purchasing power of the franc been so small in Havre as regards the absolute necessities of life, notably food and fuel. The growth of the business of the local savings bank is therefore a splendid tribute to the thrift of the French nation.



BRANCHES OF FOREIGN BANKS IN LONDON

SPEAKING on this subject at the annual meeting of the shareholders of the London City and Midland Bank, Sir Edward H. Holden, Bart., chairman of the board, said:

"A branch of an English joint-stock bank cannot be established in France without the whole of the bank's capital being subject to taxation; nor in Russia, owing to the prohibitive nature of the rules and regulations to which it would have to conform; nor in New York, because it would not be allowed either to take deposits or to carry on a discount business. While these restric-

tions practically render it impossible for a branch of an English joint-stock bank to be established abroad to assist our international trade, foreign banks can open branches in London without any restriction at all. In my opinion, as the latter can and do accept deposits in this country, they should each be compelled to publish a balance sheet showing the liabilities and assets of their English branch and showing separately the amount of gold they hold against their liabilities in this country."



DEATH OF A PROMINENT BANKER

JOHN H. HARJES, who for many years was a partner in the banking-house of Morgan, Harjes & Company, Paris, died February 15. Mr. Harjes retired from active business in 1908.



THE "OLD LADY'S" RIVAL

ACCORDING to a recent London dispatch keen interest has been taken in well-informed quarters in the issue by the Corporation of London of £1,000,000 through the banking firm of M. Samuel & Company. Hitherto, it is said, the Corporation of London has issued its loans through the Bank of England and nobody has dared to come into competition with the Old Lady of Threadneedle Street.



GERMAN PROGRESS

FROM the American Vice-Consul at Berlin, General De Witt C. Poole, comes some interesting information about the German Empire, a portion of his report being given below:

The enormous increase in the purchasing power of the people of Germany that has taken place since the

present Emperor began his reign in 1888 is strikingly depicted by Dr. Karl Helfferich in a monograph published in German at the time of the Emperor's silver jubilee in June, 1913, and now brought out in English by the Deutsche Bank, of which Dr. Helfferich is a director, under the title "Germany's Economic Progress and National Wealth, 1888-1913."

Dr. Helfferich sketches in outline the development in Germany since 1888 of the three chief elements of productive capacity—population, economic technique, and economic organization; the resulting expansion in production itself and the concomitant phenomena of traffic and consumption; and, finally, endeavors to estimate the national income and the amount of accumulated surplus of income over consumption, or national wealth. He places the present gross income of the nation at \$10,000,000,000, as compared with \$5,500,000,000 to \$6,000,000,000 about 1895. He estimates that of this about \$2,000,000,000, which the automatic increase of existing property values raises to \$2,500,000,000, is saved annually, as compared with \$1,150,000,000 to \$1,200,000,000 fifteen years ago, and that Germany's national wealth as thus accumulated amounts today to more than \$75,000,000,000, as compared with about \$50,000,000,000 about the year 1895. These figures, based on income and property tax returns and statistics of fire insurance, checked by earlier estimates of Schmoller and other economists, are brought forward to show the Germans how their country has progressed in a material way under its present ruler. To the American they are almost equally instructive as disclosing the rich potentialities of the German market for American products able to survive the keen competition that such conditions have produced.

Dr. Helfferich's estimate of \$75,000,000,000 as the present sum of the accumulated wealth of Germany gives an average per capita wealth of \$1,168 for the population of the country.

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The latest systematic estimate for France (that of Edmond Thery), says Dr. Helfferich, gave a total of about \$57,600,000,000 for 1908, as compared with about \$48,600,000,000 for 1892. The average per capita property of the French people would therefore be \$1,460 for 1908. Germany has therefore considerably outdistanced France since the nineties as regards the total sum of the national wealth. On the other hand, France is still in advance in per capita wealth. For England the estimates run between about \$55,000,000,000 and \$62,000,000,000—\$1,214 to \$1,380 per capita. For the United States the Bureau of the Census estimates the national wealth at about \$120,000,000,000—\$1,309 per capita.

During the twenty-five years from 1888 to 1913 the population of Germany has increased from 48,000,000 to 66,000,000.

As to the manufacturing industries, Dr. Helfferich estimates that their producing capacity has been increased at least threefold in the last twenty-five years.



Australasia

BANK OF NORTH QUEENSLAND, LIMITED

AT the ordinary general meeting of shareholders of this bank, held at Brisbane, January 19, a report was presented showing net profits for the half-year of £8,406. A dividend at the rate

of seven per cent. per annum was paid and £2,763 carried forward.

For the first time the deposits have reached one million pounds. Recently the bank opened a branch in Melbourne under the management of P. H. Grout.



BANKER HONORED

MENTION has been made in this MAGAZINE already of the recognition given Mr. J. Russell French by the staff of the Bank of New South Wales on his reaching the fiftieth anniversary of service with that institution, of which he has been general manager for nearly twenty years.

In his reply to the address and presentations in commemoration of his long service with the bank, Mr. French, after thanking the bank's staff for the kindness shown him, made the following interesting remarks:

"Both Mr. Alford and Sir Charles Mackellar have referred approvingly to my initial efforts in the service of the bank, but I suppose no more unsophisticated youngster ever entered the doors of any bank than I was when I entered these doors in 1863. It was intended that I should follow quite a different line of life.

"It is true, as Sir Charles has told you, that earlier members of my family devoted themselves to the Army, to the Navy, and to the Church, but unexpected events pointed to the need of my

taking up a profession with more immediate prospects of satisfactory remuneration, and an opening for a junior in the Bank of New South Wales provided that opportunity.

"I cordially agree with Sir Charles Mackellar in regarding banking as one of the professions, not a mere occupation. I so regarded it fifty years ago, for I immediately set to work on all the banking lore then obtainable and though I soon discovered that there was much to be done for which the study of theoretic banking in no way prepared or fitted me, I had no intention of trying to be a banker without learning all I could learn of its science.

"But the duties of a junior in those days—when there were no typewriters to rattle through the correspondence, no adding machines to produce unerring results as if by magic, no telephones to minimize the physical drudgery of internal and external communication and no clearing-house to economize the peripatetic needs of exchange work—the duties of a junior in those days left him no time for study during business hours, and but little inclination for it when the long day closed.

"My move to Wagga, however, which Sir Charles has just told you, proved a turning-point in my early career, afforded me the necessary time for studying the profession on its scientific side, and I am thankful that I was led to make good use of it.

"I patiently learned all I could from Adam Smith, Ricardo, Mill, Macleod, Gilbert and others, yet I soon learned that much more was required than these men could tell me, especially in a young country like this with conditions so utterly different from those obtaining in the old world.

"A banker who would fit himself for the manifold responsibilities that any leading position must cast upon him must exercise the quality of observation, and so train himself in the various phases of cause and effect as to stimulate the development of that indispensable factor of success—business intuition. He must have a clear per-

ception of the inner meaning of the things that come before him in the daily execution of his duties.

"Undoubtedly, the attributes that have best helped me to such success as I may have achieved are the power of concentration on the matter in hand, to the exclusion, for the time being of everything else, and an uncommonly good memory, which has helped me to retain at instant command important facts connected with my duties and profession generally. These qualities may be encouraged and cultivated, and I would commend their cultivation by all young men who would rise above the dull level of mediocrity."



Asiatic

SUMITOMO BANK, LIMITED

THIS institution, whose head office is at Osaka, Japan, reported net profit for the last half-year, 505,667 yen, to be added to 216,579 yen brought forward from the preceding half-year. Appropriations were: To reserve fund, 250,000 yen; dividends, 150,000 yen; reserved for doubtful debts, 30,000 yen; bonus, 38,800 yen; balance carried forward, 280,147.

Deposits of this institution (December 31, 1913) are 59,215,962 yen; capital paid up, 7,500,000 yen; reserve fund, 550,000 yen, and total assets, 73,059,317 yen.



A PECULIAR KIND OF BANKING

WHAT must be regarded as an exceptional kind of banking in India, where there are a number of large, strong and well-conducted banks, is thus described by the London "Economist":

Some really astonishing evidence of the conditions under which native banks have been formed in India came out at the examination of Mr. Jaffer

Banco de Nuevo Leon

MONTEREY, N. L., MEXICO

ESTABLISHED OCT. 1, 1892

Capital paid up, \$2,000,000

Reserves, \$860,876.00

Deposits, \$3,602,738.00

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, Commerc and Disconto Bank; MADRID, Banco Hispano Americano, Banco de Castilla; HABANA, Banco de la Habana.

RODOLFO M. GARZA, Manager

ANTUÑO MANRIQUE, Accountant

AMADOR PAZ, Cashier

Joosab, manager of the Credit Bank of India, which closed its doors on October 3rd last. The bank was started in December, 1909, by Mr. Joosab and his three brothers, and, according to the report of evidence in the "Times of India" of November 15 last, Mr. Joosab admitted that none of them had any capital. Between them these four brothers owned 23,000 or 24,000 shares, in addition to which 8,400 shares stood in the names of their sons. These shares were purchased by means of loans from the bank itself*. The shares were of Rs. 50, of which Rs. 10 was called up. On the security of the shares themselves the bank advanced in some cases Rs. 8, and in others Rs. 9, the balance being paid in some cases by cash and in others by further loans from the bank, apparently on very little beyond personal "security."

The financing of the syndicate with which the bank was concerned resulted in a loss of about eight lakhs of rupces. Between the brothers and their sons Mr. Joosab admitted that the bank will sustain a net loss of about ten lakhs in addition to the liability of Rs. 40 per share on about 25,000 shares in their names, making another ten lakhs for which the brothers are liable. Against these sums Mr. Jaffer Joosab admitted

that he and his brothers possessed practically no money or property. The total liabilities of the bank when it closed its doors were about forty lakhs.

It is often urged that one of the difficulties of Indian finance is the habit of hoarding by the natives, but the growth of the deposits of banks like the People's Bank, the Credit Bank, and the Amritsar Bank proves that there is a very real demand for deposit banks, and that it is the system or the absence of any system which is at fault. Credit in the Bombay area must have been sadly impaired by the revelations connected with these native banks. The Indian Government is supposed to be custodian of the interests of its vast native population, and now that the mischief is done there will no doubt follow legislation to prevent the promiscuous formation of banks with no resources other than the deposits they can attract, and to safeguard the deposits of the people in those banks now in existence.



Latin-America

BANCO COLOMBIANO, GUATEMALA, C. A.

FOUNDED in 1878, this institution now has \$2,036,000 paid-up capital and \$1,460,361.42 reserve fund. The report presented to the general meeting of shareholders February 2 showed net earnings for the second half of

*It is rather remarkable that the American House of Representatives recently passed a banking measure providing for launching banks by borrowing from them the capital on which they were to be started. By calling attention to the unsoundness of this principle, the Bankers Magazine was instrumental in having the measure amended in the Senate so that the capital of the new Federal Reserve Banks is required to be paid in money.—Editor Bankers Magazine.

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, \$363,000.00

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.

1913 \$1,010,619.29. After applying \$183,350 to dividends, and sums to several other purposes, \$298,544.80 was passed to the reserve fund.



SOUTH AMERICAN BANKING

THE London and River Plate Bank is the leading banking institution under British control operating in South America. Gross profits in the twelve months ended September 30 amounted to £868,793, as compared with £892,660 in the preceding twelve months. A considerable reduction is thus shown, but it should be remembered that in the year ended September 30, 1911, the gross profits were no more than £780,238, so that, on the whole, progress is shown. After deduction of working expenses and charges, the net profit was £422,227, as compared with £477,778 in the previous year. The directors transfer £20,000 to pension and benevolent fund, write £10,000 off premises, and declare dividends amounting to twenty per cent. for the year on the shares, carrying forward £306,188.

For the preceding year the dividend was the same. £30,000 was added to pension and benevolent fund, £10,000 written off premises, and £80,000 devoted to paying a special bonus

to the shareholders, after which £273,961 was carried forward. The bank is again in the happy condition of finding that its capital employed in South America showed no depreciation at the rates of exchange now ruling. The reduction in profits is probably due to the Argentine business, where for some time past there has been a certain amount of contraction, partly owing to the dry condition in some parts of the country, and partly to a decline in the value of certain real estate.



EUROPEAN BANKS IN SOUTH AMERICA

IN South America foreign capital has increased and foreign banking has developed slowly but steadily. Unstable political conditions and business depression in one country have generally been counterbalanced by prosperity in other countries of the continent. Of late years capital has been attracted to South America by increasingly stable conditions, rising values, and relatively large dividends.

The Anglo-South American Bank paid a dividend of eleven per cent. in 1911 and twelve per cent. in 1912 and in 1913. The British Bank of South America paid a dividend of twelve and a bonus of five per cent. in 1912, and

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Capital, \$500,000.00

Surplus, \$100,000.00

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the same total, seventeen per cent., in 1913. The London and Brazilian Bank, which paid twelve per cent., plus a bonus of five per cent. in 1911, declared a dividend of twelve per cent. and a special jubilee bonus of ten per cent. in 1912. Its total dividend in 1913 was twenty per cent. The London and River Plate has for some years paid a regular dividend of twenty per cent., which in 1912 was increased by a special bonus of ten shillings (\$2.43) per share.

The British Bank of South America maintains branches at Bahia, Rio de Janeiro, Sao Paulo, Montevideo (two), Rosario de Santa Fe, and Buenos Ayres (six).



BANKING CONDITIONS IN MEXICO

THE following account of banking conditions in Mexico is furnished by a correspondent of the London "Times," and recently reprinted in the New York "Journal of Commerce and Commercial Bulletin":

When, in the middle of December last, the American press commenced to propagate alarming rumors as to the stability of the State banks of the country, a great feeling of inquietude and unrest seized the Mexican public, which immediately refused to accept or retain notes of those institutions, and the Central Bank, acting as clearing-house for them, was besieged day after day by

excited crowds of people, who demanded bills of the National Bank of Mexico and of the Bank of London and Mexico in exchange for State bank notes. After the first day the Central Bank exchanged but twenty-five per cent. of the face value of each bill presented, but later it issued a notice advising the public that the notes of all State banks would be redeemed by them for their full value as long as the respective banks had funds deposited with the Central Bank to guarantee their bills, and that as soon as these deposits were absorbed no further redemption would be made until fresh funds from the mother institutions arrived. In the third week of December the fact became public property that the Bank of London and Mexico was in trouble at the clearing-house, upon which a serious and continual run took place upon that institution and enormous sums were withdrawn by depositors. On Monday, the 22d, the bank did not open until noon, and then announced its intention of limiting payments to \$200 on each check.

On that same day a Presidential decree was published declaring a moratorium for all banking institutions which cared to avail themselves thereof, from the preceding Saturday, December 20, to January 2. In spite of this decree, all the banks remained open for business as usual, the London and Mexico alone adhering to its check limit of \$200. As anticipated, this bank holiday was extended by the President of the Republic to January 15, apparently for

**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.

Mmanuel Elguero, *Manager.*

BANKING

This department finances the other two departments and does all kinds of business in relation to banking.

M. Garcia Fravel, *Manager.*

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

the sole benefit again of the London and Mexico Bank. On January 7 last, the President issued a further decree making the paper currency of the State banks legal tender throughout the Republic, subject to the following conditions: 1. The interested banks to conserve in their vaults the metallic reserves provided for in their concessions. 2. Creation of a special fund, to be known as the "Guaranty Fund of the Fiduciary Circulation," to be established to guarantee redemption of bills in coin in case of any institutions being unable to meet their responsibilities. This fund to be formed by each bank paying in coin an annual assessment of three-quarters of one per cent. of their authorized emission of notes, up to \$5,000,000; one-half of one per cent. of any amount exceeding \$5,000,000, and less than \$10,000,000; one-quarter of one per cent. for amounts more than \$10,000,000 and less than \$20,000,000; and one-eighth of one per cent. for sums beyond that amount. Payments to be made in advance during the first three business days of the months of January and July. 3. Guarantee fund to be supervised by four unremunerated commissioners, two elected by the State banks, one by the clearing-house of the capital, and one by the Government. It is further stipulated that the guarantee fund shall be deposited in secret with the National Bank, or with any other banking institution designated by the Government Finance Department. Ten days were

allowed the State banks to make the first deposit, and on January 13 thirteen had conformed therewith, it being further expected that others would enter the pool before the 17th. On January 7 the President published still another decree authorizing banks to issue notes for three times the value of their cash in hand instead of double the value, as was generally the case hitherto.

The general lack of confidence which the foregoing events naturally created is undoubtedly responsible for the scarcity of gold and silver (especially of small values) in circulation, brought about by the public storing up these metals with a view to meeting future emergencies. Perhaps, also, speculators were not altogether irresponsible for the actual state of affairs in this direction, especially when one bears in mind that a premium of up to fifteen per cent. on gold and up to five per cent. on silver pesos had been offered and paid. It was generally believed that on February 15 the banking moratorium would be extended for perhaps ninety days exclusively in favor of the London and Mexico Bank, and granted this respite, or with pecuniary help from London, it stood a good chance of extracting itself from its embarrassments. The "Diario Oficial" of January 7, 1914, published a statement pertaining to the National Bank, the figures given in which quite justify the unshaken confidence of the public in that institution. As regards the

twenty-two State banks, no doubt most of them have suffered greatly in consequence of the civil dissensions which have ravaged different parts of the Republic since 1910; still, their position is by no means entirely desperate, as they hold good, although for the moment unrealizable, collateral and their earnings are considerable, owing to the high rates of interest obtainable on their operations. The banks that have suffered most are those of Coahuila, Durango, Chihuahua, Sonora, Sinaloa, Morelos, and Guerrero, the principal seats of the revolutionary activity; but fortunately, even these establishments have been able to save a great deal of their funds and valuables by remitting them to the United States or Mexico City.



REASONS FOR SUCCESS OF FOREIGN BANKS

IT may be stated that the success of the foreign banks established in Uruguay has been due to the following causes:

- (1) Absence of competition from native banks.
- (2) Advantages of a system of branch banks, widely scattered, each of which does business on a comparatively small capital. Practically all of the Montevideo banks have small branches throughout the Republic, as well as in other countries of South America.
- (3) The immense advantage accruing from the opportunity to participate in the profits of commissions, exchanges, etc., of the nation from which the capital of the bank has been subscribed, and to negotiate the business of the railroads, steamship lines, factories, hotels, street car companies, insurance agencies, etc., already established by English, German and French capitalists.
- (4) Coöperation with banking interests in the country from which the capital of the bank is derived.
- (5) Efficient personnel composed of men who have been stationed for

long periods in the country where branches are located and who speak the language and understand the customs and laws of the people. Most of these banks encourage faithful service by bonuses, pensions, etc.

(6) The profit upon handling through London, Paris or Berlin, rather than New York, the drafts, bills of exchange, letters of credit, etc., of American business men who are gradually securing a foothold in South America.

(7) Increased business for the French banks, because most of the country's foreign loans have come from French sources.

While it is patent that banks follow rather than anticipate development in new fields of business and industry, it would appear that the recent extension of American interests in South America would warrant the establishment of branches in these countries.



BANCO AGRICOLA COMERCIAL, SAN SALVADOR, C. A.

SINCE publication of an illustrated article about this institution in the January number of *THE BANKERS MAGAZINE* the general balance-sheet for December 31, 1913, has been received, showing the following, among other items: Paid-up capital, \$1,000,000; reserve funds, \$825,473; deposits and current accounts, \$1,282,571; total assets, \$3,769,292.62.

At the general meeting of shareholders, January 12, 1914, a report of earnings for the second half of 1913

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showed net earnings of \$79,234, of which \$50,000 was applied to a dividend of \$5 per share, and the remainder transferred to the reserve fund.



Cuba

EL BANCO ESPANOL DE LA ISLA DE CUBA

ON December 31 the Spanish Bank of the Island of Cuba (El Banco Español de la Isla de Cuba) reported

in its balance-sheet: Capital, \$8,000,000 (Spanish gold); reserve, \$400,000; undivided profits, \$396,171; deposits, \$20,494,367; total assets, \$38,361,761.72.

This institution, whose head office is at Havana, has several branches in that city and numerous branches throughout the Island of Cuba as well as correspondents in all the principal foreign countries. Its officers are: President, José Marimón; vice-presidents, José Gómez Gómez; F. Sonderhof; Manuel A. Suárez Cordovés; Armando Godoy; manager, José Sentenat; sub-director, A. A. Brown.

Banking and Financial Notes

EASTERN STATES

New York City

—On March 2 deposits of the Guaranty Trust Company were \$203,922,452, making this the largest trust company in the United States in point of deposits.

—It is proposed to reduce the capital of the Fourth National Bank from \$5,000,000 to \$3,000,000. Regarding this action a circular sent out by the bank says:

“In November, 1909, this bank, by a vote of its shareholders, increased its capital stock from \$3,000,000 (having at that time a surplus of \$3,000,000) to the amount of \$5,000,000 of capital stock, with a surplus of an equal amount besides its undivided profits. This increase was made through the issue, at a price of \$200 per share, of \$2,000,000 of increased capital stock. Since this increase of stock the business of the bank has largely expanded and the bank has earned and continued its dividends at the former rate of eight per cent. The board of directors is now, however, of the opinion that present conditions no longer require so large a capital and surplus, and that the bank can do its full duty towards its customers and as readily increase its business with a more moderate capital and surplus than is now the case. Therefore the members of the board believe that it is to the interest of the shareholders of the bank



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Our first President

Merchants National Bank

RICHMOND, VA.

Capital \$200,000
Surplus and Profits over 1,000,000

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1914

Mellon National Bank

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R. B. MELLON, *Vice-President*

A. C. KNOX, *Vice-President*

W. S. MITCHELL, *Cashier*

B. W. LEWIS, *Asst. Cashier*

A. W. MCELLOWNEY, *Asst. Cashier*

H. S. ZIMMERMAN, *Asst. Cashier*

Resources Over 65 Millions

that the amount of the bank's capital and surplus represented by its increased \$2,000,000 of capital stock should now be returned to its shareholders pro rata, and that this can be done without detriment to the interests of the customers of the bank.

"The board of directors accordingly, at its meeting held on the fourth instant, by resolution recommended to the bank's shareholders that the capital stock of the bank should be reduced to the amount of \$3,000,000, and that upon such reduction the bank should distribute to each of its shareholders upon the surrender for cancellation of forty per centum of the stock held by each shareholder, the amount of \$200 per share for each share so surrendered—that being the rate at which its increased shares were issued in 1909; thus leaving the bank with capital assets in excess of \$6,000,000 represented by \$3,000,000 of capital stock and \$3,000,000 of surplus, besides undivided profits.

"When the proposed reduction shall have been approved by a vote of the holders of two-thirds of the bank's shares and also by the Comptroller of the Currency and the Federal Reserve Board or the Organization Committee, it is proposed that the same shall be carried into effect on April 1, 1914, when the usual quarterly dividend is payable; and on or after that date the shareholders will be required to surrender forty

per cent. of their holdings of the bank's shares for cancellation upon receiving the amount of \$200 for each share so surrendered."

--Deposits of city money in banks are hereafter to be made upon a basis of scientific computation. After the general standing of the depository banks is ascertained from information derived from all available sources, these rules, as given by the City Chamberlain, are applied:

"First, the solidarity of the bank is established.

"Second, we determine the bank's percentage of cash on hand, reserve, etc., to deposits, and, if it is rather low, city bonds are required as security for the deposits. Other reasons help to determine the question of requiring security.

"Third, we take the sum of the capital, surplus and undivided profits, and agree that the city deposits may equal ten per cent. of that total. If the bank will pay more than two per cent. interest we give an additional two and one-half per cent. of deposits for every one-quarter per cent. of interest the bank will pay. A bank paying the city three per cent. interest may get deposits equal to twenty per cent. of its capital, surplus and undivided profits. The law states that city deposits must not exceed fifty per cent. of a bank's capital and sur-

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

ALEXANDER E. ORR, Vice-President	GATES W. McGARRAH, President
NICHOLAS F. PALMER, Vice-President	H. H. POND, Vice-President
FREDERIC W. ALLEN, Vice-President	JOSEPH S. HOUSE, Cashier
FRANK O. ROE, Vice-President	ROBERT U. GRAFF, Asst. Cashier
WALTER F. ALBERTSEN, Vice-Pres.	JOHN ROBINSON, Asst. Cashier
	CHARLES E. MILLER, Asst. Cashier

plus. We arbitrarily rule that no deposits shall exceed twenty per cent.

"If a bank's ratio of deposits to the total of capital, surplus and undivided profits is more than \$5 to \$1, we reduce the allotment of deposits one-half per cent. for each dollar or unit of increased ratio. That is, if the ratio is eight to one, we reduce the amount of deposits one and one-half per cent. computed again on the total of capital, surplus and undivided profits."

Here is a specimen example of how the amount of city money to be deposited in a bank is figured out:

Capital, \$1,000,000; surplus, \$500,000; undivided profits, \$42,000; total, \$1,542,000. Deposits, \$11,862,759.

Ratio of deposits to capital, surplus and undivided profits (approximately), \$8 to \$1.

Deposit, ten per cent. of capital, surplus and undivided profits, \$154,000.

Added deposit because of one per cent. increased interest, \$154,000.

Total, \$308,000.

Deduct one and one-half per cent. of capital, etc., because of variation in ratio, \$23,000.

Net city deposits to be allowed bank, \$285,000.

This plan refers entirely to so-called inactive accounts. Active accounts will be dealt with in another plan.

—A liberal pension policy has been put in force by the Guaranty Trust Company for the benefit of its employees. The plan provides that the pensions to be paid shall be computed at two per cent. of the average annual salary paid to employees for the last three years of their services, multiplied by the number of years of service; provided, however, that in no case shall a pension be greater than either thirty-five fiftieths of such average salary or \$5,000 per year, or less than \$300 per year.

—At a recent meeting of the shareholders of the Merchants' Exchange National Bank, it was voted to increase the capital stock from \$600,000 to \$1,000,000. Kountze Bros. are to acquire a substantial interest in the stock of the bank and to become identified with the present administration in the management of its affairs.

The Merchants' Exchange National Bank was originally a State bank in 1829, when it was known as the Merchants' Exchange Bank. It became a national bank under the national bank act in 1865, and it will become identified with the new Federal reserve system.

—What the ambitious clerk in a savings bank can attain by keeping the goal of promotion before him and constantly striving to reach it by unceasing effort and untiring vigilance is illustrated by the career of

**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
CHARLES T. WILLS, Vice-Pres.
WM. L. DOUGLASS, 2d Vice-Pres.
ARTHUR W. SNOW, Cashier
R. T. THORN, Asst. Cash.

DIRECTORS

James McCutcheon	William H. Gelshenen
Charles T. Wills	Morgan J. O'Brien
Ruel W. Poor	Thomas D. Adams
Samuel Adams	Daniel S. McElroy
	Robert J. Horner

A SPECIAL INCOME TAX RECORD

The Baker-Vawter Standard Stock Form *COUPON RECORD* is designed with the view to creating a complete segregated record of all coupons handled.

Provision is made for correcting entries where the tax was deducted, when it should not have been—or where the tax was not deducted, when it should have been.

Adapted for use in all Banks and Trust Companies handling coupons.

BAKER-VAWTER COMPANY

Bank Accounting Systems

Steel Filing Sections

BENTON HARBOR, MICHIGAN

HOLYOKE, MASS.

Offices in all principal cities—salesmen everywhere

George W. Wright, now head bookkeeper of the Bowery Savings Bank, New York.

Advancement in a large institution like the Bowery Savings Bank is necessarily slow, but no institution to-day is so large or great that its officers need not be constantly watching for the employee who strives and succeeds in doing things a little better than the other.

"Recognition follows individual merit." The phenomenal expansion in the volume of business done by the savings banks of New York year by year requires new methods of accounting and quick handling of depositors' money, particularly where transactions run into hundreds of thousands. To the man who studies, devises and perfects ways and means to cope with such contingencies comes the sure reward of advancement.

Less than twenty years ago Mr. Wright started in as junior clerk in the Bowery Savings Bank, and plodded along in the probationary ranks and eventually reached a position at the draft desk, continuing at work there until the bank, then under the presidency of the late William H. S. Wood, decided to enter the banking-by-mail field, when he was given the entire charge of that branch of the bank's business. The rapid development and growth of this department required no little resourcefulness and new methods had to be devised to meet the almost world-wide patronage that followed the introduction of the advantages the bank offered by the transaction of business by mail.

It was in this way that Mr. Wright proved his ability and put himself in line for further promotion.

A few months ago, President Schenck appointed him head bookkeeper and results have justified the selection.

Mr. Wright immediately began to apply progressive methods in expediting the work of his assistants and saving the time and patience of depositors. With "care and absolute accuracy" the dominating spirit inside the rail, and practical continuous moving of the line of patrons on the other side, it was no easy problem that Mr. Wright

had to solve, but he accomplished it to the entire satisfaction of all concerned—the bank and the depositors.

Mr. Wright possesses in a marked degree the happy faculty of promoting harmony in all departments and hearty co-operation of all his fellow associates—they working hand in hand—and therein lies a large part of his success.

The test the new system had to meet can be judged by the fact that over 17,000 separate transactions were made during the first



GEORGE W. WRIGHT

HEAD BOOKKEEPER BOWERY SAVINGS BANK,
NEW YORK



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 1,672,273.65

Bankers should seek
STRENGTH
when selecting a
Reserve Agent
or
Correspondent

Accounts of Banks,
Bankers, Corporations,
Firms and Individuals
cordially invited.
WRITE

eight working days of this year, aggregating close to four and one-half million dollars.

President Schenck and Comptroller Knox commended the success attending the introduction of the new system by issuing the following on the bank's bulletin board:

NOTICE.

The president and other officers of the bank are very much pleased with the new system of making payments to depositors, put in force to-day, and greatly appreciate the hearty co-operation and support of each employee in making the system a success.

(Signed) **W. E. Knox,**
Comptroller.

January 2, 1914.

Mr. Wright's success in his new position as head bookkeeper has already been marked and the methods he has devised will help the old Bowery Savings Bank to reach even a much higher record. The watchword of this institution is, "Progressiveness, Accuracy and Courtesy, with Modern Ideas." This policy, combined with sound management, has made this one of the largest and most successful savings banks in the world.

—All the national banks of this city have now applied for membership in the Federal reserve bank system.



—Profit-sharing is not to be monopolized by the prosperous automobile manufacturer. Many banks of the country have been dividing their profits with employees for a long while. In the last year the Mechanics National Bank of Trenton, N. J., following its policy of sharing earnings with employees, paid out a substantial sum to those in its service, the smallest amount any one received being \$27.75, and the largest, \$271.

—It is expected that the new Central City Bank Company of Syracuse, N. Y., will begin business about April 1 with \$300,000

capital and \$300,000 paid-in surplus. George M. Barnes has been elected president.

—Directors of the First National Bank of Glens Falls, N. Y., have under consideration the erection of a new building.

—Preparations are being made by the Citizens Trust Company of Utica, N. Y., for putting up a new building, work to commence about April 1.

—Herewith appears an illustration of the new building of the Amsterdam (N. Y.) Savings Bank, recently completed and occupied by the bank. This institution was in-



NEW BUILDING OF THE AMSTERDAM (N. Y.) SAVINGS BANK.

corporated in 1886 and now has \$5,416,963 (January 1) due 14,454 depositors. The new building is modern throughout, a vault weighing about fifty-five tons being a prominent part of the equipment.

Mississippi Valley Trust Co.

S. Louis

Complete Service

Our Six Departments offer every service of a complete modern trust company. Your inquiry regarding any financial or fiduciary matter, if addressed to us, is sure of prompt and satisfactory attention.

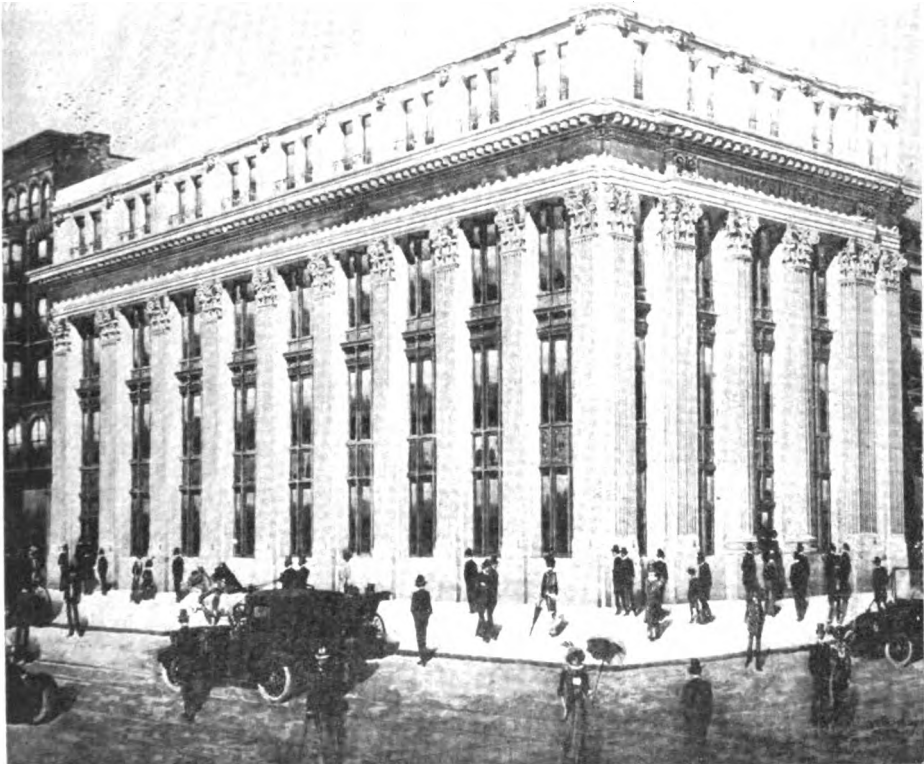
Capital, Surplus & Profits, \$8,500,000

—Scranton, Pa., is to have another fine bank building, put up by the Union National Bank.

—The first National Bank of Syracuse, N. Y., will soon break ground for its new \$300,000 granite building on the site of the old Vanderbilt Hotel, at the corner of

South Warren and East Washington streets.

The institution has long since outgrown the present quarters on Warren street, and recently acquired the Vanderbilt Hotel property, on which will be erected a four-story building of the Corinthian order. Messrs. Mowbray & Uffinger, the architects, have been instructed to provide foundations



FIRST NATIONAL BANK BUILDING, SYRACUSE, NEW YORK

(Illustration by courtesy of Mowbray & Uffinger, Architects, New York)

The Union National Bank

CAPITAL
\$1,600,000.00

Cleveland, O.

SURPLUS AND PROFITS
\$1,000,000.00

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

Since 1884 we have responded to the needs of a constantly increasing number of customers. We aim to dispatch business promptly. Our facilities are offered to those who, appreciating good service, will maintain adequate balances.

and structural steel of sufficient strength to admit of the addition of eight or ten stories of office floors at a later date.

The interior of the building promises to be in keeping with the exterior as shown on the preceding page.

—Here is the story of the Starr Savings Bank of Philadelphia, as told by the Philadelphia "Telegraph":

"The accumulative value of the proverbial 'penny for a rainy day' has seldom been so well demonstrated as in the history of the Starr Savings Bank, which has earned a place as one of the unique financial institutions of Philadelphia. Originating in the personal efforts of the cashier of a working-

men's club to promote thrift by receiving the weekly savings of its members, it has grown into a regularly incorporated savings society, which has deposits of over \$300,000 and over 29,000 depositors.

"The Starr Savings Bank is located at 520-522 South Ninth street. It was founded by Theodore Starr in 1879 in the Progressive Workingmen's Club, with himself as cashier. He encouraged persons in the neighborhood to save up to \$5 and then referred them to a regular savings society. Mr. Starr furnished a bond for security and received deposits on Saturday evenings. When he died in 1884 there were over 1200 depositors in the fund, which totalled only \$625, from which may be seen the emphasis placed upon even the smallest beginnings of a savings account. An unincorporated association of Mr. Starr's friends kept the savings fund in existence for awhile after his death, but in 1889 a charter was obtained and the bank became a regularly incorporated savings institution. The deposits were thereafter retained instead of sending them to one of the large savings societies and they began to increase rapidly.

"In 1896 the deposits amounted to \$18,600, in 1900 to \$104,825, and the latest statement, November 1, 1913, showed deposits of \$301,849. The number of depositors whose names are on the books is 14,800, but it is estimated by the officers of the institution that this represents not more than half the total list, as fully as many more are believed to be interested in a stamp deposit system conducted by the bank. This would put the total above 29,000 depositors.

"The stamp deposit plan consists of the sale of special savings stamps in denominations from one cent to \$1, which are pasted on cards supplied by the bank. When a card has \$1 or more stamps attached it may be brought to the bank and will be either cashed or the amount credited to the account of the depositor. About sixty or seventy different places have been provided throughout the city where these stamps are sold, and encouragement is given to the saving of money for such purposes as buying a



STARR SAVINGS BANK, PHILADELPHIA, PA.

Capital - \$2,500,000.00



Deposits, \$37,000,000.00

CLEVELAND, OHIO

Surplus and Profits - \$1,859,000.00

ACCOUNTS SOLICITED

Correspondence Invited

Collections a Specialty

ton of coal, getting new clothes or other of the more important living expenditures besides the accumulation of capital for the future. Many of the users of the savings stamps form habits of thrift and become regular depositors at the bank.

"Most of the funds of the institution are invested in first mortgages on Philadelphia real estate. The bank moved about a year ago into its own modern banking building. The management of the bank is in the hands of a board of trustees made up of bankers, professional and business men, who serve without remuneration, only the employees being paid salaries."

—From the report of George M. LaMonte, State Commissioner of Banking and Insurance, presented on February 17, it is shown that, compared with a year ago, the 350 financial institutions in New Jersey (national banks, State banks, savings banks and trust companies) have increased their combined resources by over \$10,000,000 to a total of \$722,252,338, and combined deposits have increased by \$12,000,000 to an aggregate of \$550,057,023.

—That was a good showing made by the First National Bank of Paterson, N. J., at the end of 1913, when the statement revealed capital, \$500,000; surplus, \$600,000, and undivided profits, \$105,000, and deposits, \$3,454,881.59.

This bank has now been doing business for more than fifty years, its charter dating from February 23, 1864. During this period the net income has been \$2,754,500. Last year the net earnings were the largest in the bank's history.

—Pittsburgh is to have a new trust company—the Manufacturers' Savings and Trust Company—capital, \$125,000.

—A banking bill recently introduced into the New York Legislature provides for the regulation of private banking, authorizes a land bank and defines certain regulations for building up a guaranty fund for de-

positors in savings banks. This bill is intended to carry out the recommendations of a commission that has been at work for some time in codifying and revising the New York banking laws.

—About July 1 the Commercial State Bank of Frederick, Md., will open with \$80,000 capital and \$20,000 paid-in surplus. Casper E. Cline will be president; Richard S. J. Dutrow, cashier, and Hammond Clary, assistant cashier.



NEW ENGLAND

Boston

—Horace S. Ford, who has been assistant cashier of the Old Colony Trust Company, has resigned that position to become bursar of the Massachusetts Institute of Technology. Mr. Ford is a graduate of the American Institute of Banking and an active member of Boston Chapter; and though he retires from banking, he will retain this membership.

—Charles H. Marston was recently appointed assistant to the president of the Exchange Trust Company. He was auditor of the National Shawmut Bank and formerly president of the Boston Bank Officers' Association. He has also served as general secretary of the American Institute of Banking.



—Important improvements have been made in the building of the Franklin (Mass.) National Bank, the interior being thoroughly modernized, and a burglar-proof vault, with adequate safe-deposit boxes, installed.

This bank, says the Franklin "Sentinel," was originally organized in Blackstone about 1850 as the Worcester County Bank,



Northwest Items

HAVING direct connections with practically every banking point throughout the "Inland Empire," the Old National Bank is able to handle your Pacific Northwest items with exceptional promptness and dispatch.

CORRESPONDENCE INVITED

The Old National Bank of Spokane

D. W. TWOHY, President
T. J. HUMBIRD, Vice-President
W. D. VINCENT, Vice-President
J. A. YEOMANS, Cashier

W. J. SMITHSON
G. H. GREENWOOD J. W. BRADLEY
Assistant Cashiers

RESOURCES : \$12,000,000



under State laws, and was one of the old State banks.

On the enactment of the National Bank Act in 1864 it went into the national system as the Worcester County National Bank, its charter dating from 1863. In 1871 the late Messrs. James P. and Joseph G. Ray and associates purchased a controlling interest, and by a special act of Congress, approved July 17, 1871, were authorized to change the name to the Franklin National Bank and move it to Franklin. This was accomplished during the year 1871, its safe and other effects being moved from Blackstone to Franklin by an ox team. Its first place of business was in the house at the corner of Main street and Dean avenue, now occupied by Dr. C. E. Richardson, the piazza and a hole being cut through the side of the house to admit of access to the safe from the inside. It conducted business in this house but a short time, until the quarters on the second floor of the Ray block were prepared. Here it has served the business interests of Franklin and vicinity for a period of over forty years, gaining a reputation for sound and conservative banking second to none.

—Directors of the Worcester (Mass.) Trust Company have confirmed the action of the executive committee in acquiring property on which is to be erected a new building for the use of the City Hall branch of the company and for office purposes.

—The Springvale (Me.) National Bank recently completed a three-story brick and concrete building—one-half of the first floor being occupied by the post office and the other half by the bank, offices taking up the second floor and the top floor being occupied as a lodge room. The bank's new quarters are large and well furnished. This institution was organized in October, 1905, and its deposits have grown steadily, until they now amount to over \$647,000. Present officers of the Springvale National Bank are: President, George W. Hanson; vice-president, Roy N. Stiles; cashier, Hiram B. Rowe; assistant cashiers, William P. Ferguson and Mrs. Ella S. Philpot.

—Ralph H. Mann and others are reported to be organizing a trust company at Beverly, Mass., to have \$200,000 capital and \$25,000 surplus.

—Plans have been accepted by the directors of the Haverhill (Mass.) National Bank for the construction of a seven-story bank and office building of light brick, with trimmings of Indiana limestone or terra cotta.

—Lynedon P. Noble of Portland has been appointed as Deputy Bank Examiner of the State of Maine.

—George W. Gardiner has been chosen vice-president of the Union Trust Company of Providence, R. I. He has served as Collector of the Port for eight years.

—New Hampshire banks held the mid-winter meeting of their State association recently at Manchester, with President Arthur M. Heard in the chair. Addresses were made by Governor Samuel D. Felker, Mayor Hayes of Manchester and Howard Elliot of the New York, New Haven and Hartford Railway. Regarding the new currency and banking law, President Heard said:

"I firmly believe that the new currency law, administered by a Federal Reserve Board of great power, will prove beneficial to the agricultural, commercial and manufacturing interests of this country through the centralization of reserves and the provision for an elastic currency, based on credits and sufficiently protected by a gold reserve, which shall be responsive to the legitimate demands of business."

Vice-President Charles P. Blinn, Jr., of the National Union Bank, Boston, clearly explained the various provisions of the new law.

The New Hampshire Bankers Association was reorganized last June and its officers now are: President, Arthur M. Heard, Manchester; vice-presidents, John D. Annis, Colebrook; Harry E. Boynton, Portsmouth; Harry P. Brown, Conway; William P. Fiske, Concord; Frank H. Foster, Claremont; Charles C. Goss, Dover; Arthur H. Hale, Manchester; Edmund Little, Laconia; Wallace L. Mason, Keene; H. E. Richardson, Littleton; secretary, Charles W. Brewster, Concord; treasurer, Harry H. Dudley, Concord; executive committee, Perley R. Bugbee, Hanover; Frederick W. Sawyer, Milford; Lester F. Thurber, Nashua; Manchester entertainment committee, Harry L. Additon, Frank P. Carpenter, Arthur H. Hale, Walter M. Parker and William Parker Straw.



SOUTHERN STATES

—From C. C. Barksdale, Chief Examiner of the Banking Division, State of Virginia, it is learned that the Virginia Bankers Association has framed a banking bill to be presented to the Legislature. From the examiner's recent report these extracts are made:

"On September 30, 1912, this office issued a circular letter requesting every State bank to set aside at the end of each month a reserve for accrued interest on deposits and on certificates of deposit; also when interest on deposits and on certificates of deposits was paid, that the amount so paid be deducted from the reserve. It was deemed

Planters National Bank

RICHMOND, VIRGINIA



Capital

\$300,000

Surplus and Profits

\$1,500,000

Total Resources

\$8,700,000

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

D. V. MORTON
Assistant Cashier

**Unsurpassed Facilities
for collecting Items
on Virginia and
the Carolinas**



IF intelligent handling of items and low rates appeal to you send us your BUFFALO BUSINESS

Capital and Surplus, \$1,200,000.00

A. D. BISSELL, President
C. K. HUNTLEY, Vice-President
E. H. HUTCHINSON, Vice-President
E. J. NEWELL, Vice-President
HOWARD BISSELL, Cashier
C. G. FEIL, Asst. Cashier
A. J. ALLARD, Assistant Cashier
G. H. BANGERT, Assistant Cashier

advisable to take this action, as section 1168 of the code seemed to imply it and also that a bank could, at the end of each month, be in a position to know its true financial condition with a greater degree of accuracy than is possible without the reserves being set aside monthly. On October 21, 1913, the 263 State banks had set aside for accrued interest on deposits, \$264,917.70, and for accrued interest on certificates of deposit, \$214,672.40.

"We have recently had so many requests from the banks for our opinion as to the best form to be used in certain of their books, and finding it difficult to satisfactorily describe the form and ruling of such books by letter, we have had printed a small supply of sample sheets showing our recommendation for a general ledger, individual and savings ledgers, cash book, teller's cash settlement book and daily trial balance book, and upon a request from any bank, furnish it with these sample sheets. Of course, we do not insist on the particular form furnished by this office, but merely recommend it. No objection is made to any form which provides for a complete record."

—It has been the intention of the Lynchburg (Va.) National Bank to enlarge its present building, but this plan has now been abandoned and a site bought, upon which will be put up a modern building solely for the bank's use.

—South Carolina banks are specifically authorized to join the new Federal Reserve system by the following bill recently introduced into the Legislature of that State:

"Be it enacted by the General Assembly of the State of South Carolina:

"Section 1. That all banks authorized under the laws of this State, having the requisite capital stock, shall have the right to subscribe and pay for and hold stock in the Federal Reserve banks provided for in the Federal Reserve act, and to do all things necessary

to comply with and take advantage of the provisions of the said Federal Reserve act."

—A. S. Hatch, president of the Merchants Bank, Augusta, Ga., was recently elected vice-president of the new Merchants and Manufacturers' Association of that city and also permanent chairman of the ways and means committee of the association.

—Capital of the State Bank and Trust Company, San Antonio, Texas, will be raised from \$200,000 to \$500,000. George D. Campbell has been elected vice-president of the company and Thomas E. Mathis, cashier.

—Julien H. Hill, cashier of the National State and City Bank, Richmond, and treas-

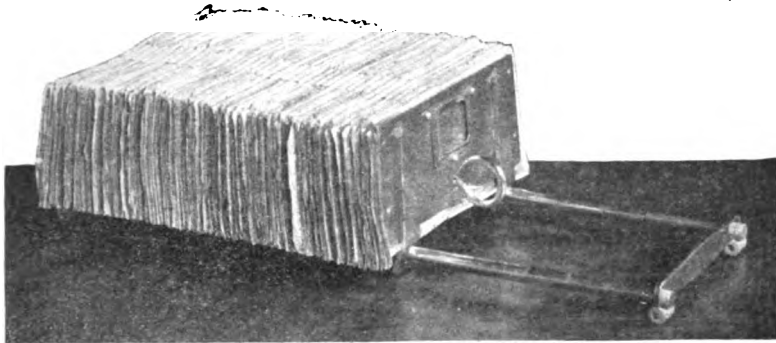


COLONEL JULIEN H. HILL
 CASHIER NATIONAL STATE AND CITY BANK,
 RICHMOND, VA.

urer of the Virginia Bankers Association, has been appointed chief of the personal staff of Governor Stuart of Virginia.

—It is reported that the People's National Bank, Ennis, Texas, has been combined with the First Guaranty State Bank and Trust Company.

—After six years of business the Citizens' National Bank of Macon, Ga., reports earnings, \$75,000; gain in deposits from \$165-

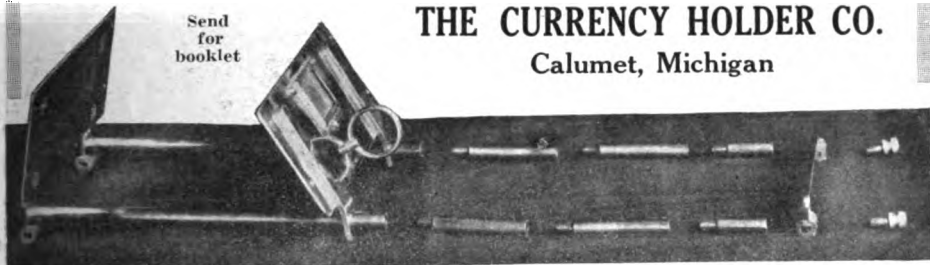


THE KOHLHAAS CURRENCY FILE.

The one way to handle paper money in bulk without the use of rubber bands or tapes. The currency holder for every bank teller's cage.

The holder that minimizes space, and prevents bills from wrinkling.

The KOHLHAAS CURRENCY HOLDER is elastic, and will fit the money chest of any safe.



Send
for
booklet

THE CURRENCY HOLDER CO.

Calumet, Michigan

608.80 to \$1,201,217.08, and an increase in capital from \$182,550 to \$250,000, and \$105,-\$261.86 surplus and profits. This bank will soon begin the construction of a twelve-story bank and office building.

—Henry S. Fox, heretofore active vice-president of the Houston (Texas) National Exchange Bank, was recently elected president, to succeed Joseph F. Meyer, retired. M. P. Geiselman was elected a vice-president, and Aug. De Zalva, active vice-president. F. F. Dearing was promoted from the office of assistant cashier to the vice-presidency and Melvin Rouff was elected assistant cashier.

—An important bank merger has taken place at Fort Worth, Texas, by which the consolidation of the Fort Worth National, the State National and the Waggoner Bank and Trust Company is effected, the succeeding institution being the Fort Worth National Bank, but the Waggoner Bank and Trust Company will still be operated as a separate institution, occupying the building of the State National Bank.

—It is reported that a consolidation of the American Bank & Trust Company of San Antonio, Texas, has been made with the West Texas Bank & Trust Company of that city. This will give the West Texas Bank & Trust Company total resources of

\$3,500,000, its capital remaining at the previous figure, \$250,000. N. S. Graham, president of the American Bank & Trust Company, has become vice-president of the West Texas Bank & Trust Company, the other officers of the latter company remaining as heretofore.

—Mississippi bankers will hold the next annual convention of their State association at Vicksburg, May 5 and 6.

—Louisiana bankers will hold their annual convention at Shreveport, April 9 and 10.



WESTERN STATES

St. Louis

—Missouri bankers will hold the annual convention of their association in this city, May 19 and 20. This association has a membership of 1477, there being but eleven banks in the State outside the organization.

—St. Louis bankers, particularly the younger element—have formed the Bankers' Investment Association. Those eligible to membership in the new association include members of the Bank Clerks' Association of

Missouri, the St. Louis Chapter of the American Institute of Banking and the officers and employees of any St. Louis bank or trust company. The members are permitted to contribute from \$5 to \$100 a month to the investment fund, which is managed by an investment committee composed of bankers chosen by an advisory board, this board itself being made up of well-known bankers.

Byron W. Moser of the St. Louis Union Trust Co., is president of the association.

—Membership in the new Federal Reserve system has been approved by stockholders of both the Mercantile Trust Company and the St. Louis Union Trust Company.

—Christopher Knackstadt, manager of the foreign department of the International Bank, was recently presented with a silver service by the directors, commemorating his twenty-five years of service with the bank.

—It is reported that the Lafayette Bank will raise its capital from \$100,000 to \$200,000, the increase being taken from the surplus of \$1,020,000.



Chicago

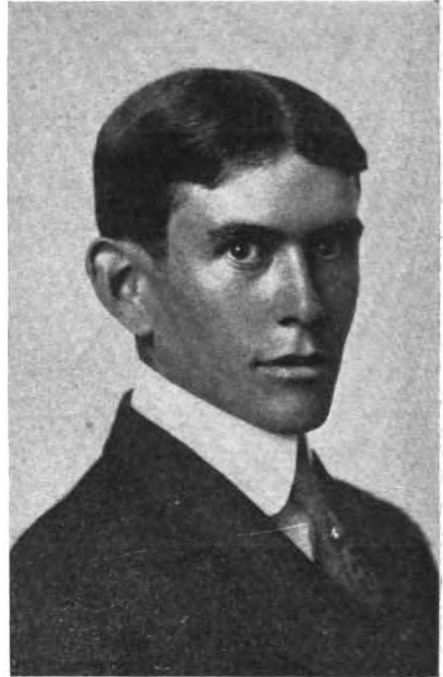
—Greenebaum Sons' Bank and Trust Company will occupy, when completed, the second floor of the Lumbermen's Exchange Building.

—William L. McKee is a new assistant cashier of the Fort Dearborn National Bank. He had been for some years previous to his appointment to this position a traveling representative of the bank.

John Fletcher, heretofore vice-president of the Drovers' National Bank and widely

known as a progressive bank official, is now president of that institution, whose success in its special field has been continuous and pronounced.

Mr. Fletcher came to Chicago from Iowa



JOHN FLETCHER

PRESIDENT DROVERS NATIONAL BANK, CHICAGO

in 1907. His ability is indicated by the fact that he has attained to the presidency of an important bank at the age of thirty-four.

Merrill W. Tilden succeeds Mr. Fletcher as vice-president.

KINGS COUNTY TRUST COMPANY

City of New York, Borough of Brooklyn

Capital, Surplus and Undivided Profits Over \$2,890,000

JULIAN D. FAIRCHILD, President
 JULIAN P. FAIRCHILD,
 WILLIAM HARKNESS,
 D. W. McWILLIAMS,
 WILLIAM J. WASON, JR.,

OFFICERS

THOMAS BLAKE, Secretary
 HOWARD D. JOOST, Asst. Sec'y
 J. NORMAN CARPENTER, Trust Officer
 GEORGE V. BROWER, Counsel

TRUSTEES

WALTER E. BEDELL
 EDWARD C. BLUM
 GRO. V. BROWER
 FREDERICK L. CRANFORD
 ROBERT A. DRYSDALE
 JULIAN D. FAIRCHILD
 JULIAN P. FAIRCHILD
 JOSEPH P. GRACE

WILLIAM HARKNESS
 JOSEPH HUBER
 WHITMAN W. KENYON
 JOHN McNAMEE
 D. W. McWILLIAMS
 HENRY A. MEYER
 CHARLES A. O'DONOHUE
 CHARLES E. PERKINS

DICK S. RAMSAY
 H. B. SCHARMANN
 JOHN F. SCHMADEKE
 OSWALD W. UHL
 JOHN T. UNDERWOOD
 W. M. VAN ANDEN
 LEWELLYN A. WRAY
 JOHN J. WILLIAMS

ACCOUNTS INVITED. INTEREST ALLOWED ON DEPOSITS

—John R. Washburn was recently advanced to the position of first assistant cashier of the Continental and Commercial National Bank.

Mr. Washburn was born in Marion, Williamson county, Illinois, April 27, 1877. In the year 1895 he entered the employ of the Bank of Marion (now the Marion State Savings Bank) and in March, 1896, came

—Compared with a year ago the 455 State banks and six trust companies of Michigan have increased their deposits \$19,572,135.48.

—Kansas promises to give a good account of itself agriculturally in harvest-time this year. E. L. Meyer, president of the First National Bank of Hutchinson, an important



JOHN R. WASHBURN
ASST. CASHIER CONTINENTAL AND COMMERCIAL
NATIONAL BANK, CHICAGO, ILLINOIS

to Chicago to enter the service of the Fort Dearborn National Bank as a messenger. He was advanced in position during the year and on the first of January, 1897, entered the clearing-house department of the Continental National Bank, and was elected assistant cashier of that bank on January 8, 1907, and has continued with that institution and its successor, the Continental and Commercial National Bank, up to the present time.



—A reorganization of the Commerce Trust Company of Toledo, Ohio, has been effected under the title of the Guardian Trust and Savings Bank and with Edward H. Cady as president.

commercial point near the centre of the State, writes to this MAGAZINE:

"I want to assure you that Kansas has one of the greatest prospects for a good crop, and behind it an enormous acreage, so you will surely hear from us in 1914."

—The Farmers State Savings Bank and Trust Company, Lawrence, Kansas, advertises as "the strongest safeguards for customers and depositors" its twelve-ton armor plate door, with steel concrete vault, and this by-law, "No loans to officers."

—Minnesota banks are prospering. Hon. Kelsey S. Chase, superintendent of the Banking Department, calls attention to the fact that the recent report of the banks under his supervision shows a gratifying in-

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View of Main Banking Room, Bankers' Trust Bldg., New York, lighted with Frink Reflectors

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crease in deposits and a reduction in the items "other real estate" and "bills payable." Herewith is a table showing the figures in detail:

—Minnesota bankers will hold their next annual convention at Minneapolis, June 23 and 24. Membership of the association now exceeds one thousand.

Comparative abstract showing the condition of State banks of discount and deposit in Minnesota, at the close of business on dates named, as compiled by the Department of Banking, Kelsey S. Chase, Superintendent of Banks.

	779 State Banks		823 State Banks		Increase.	Decrease
	Feb. 4, 1913.	Jan. 13, 1914	Jan. 13, 1914	Feb. 4, 1913.		
RESOURCES.						
Loans and discounts	\$116,309,866.03	\$134,091,155.22	\$17,781,289.19			
Overdrafts	354,468.31	426,517.91	72,049.60			
U. S. bonds	74,028.90	71,581.25				\$2,467.65
Other bonds and securities	4,563,438.18	4,824,183.29	260,745.11			
Banking house, furniture and fixtures	4,437,674.81	4,762,475.20	324,800.39			
Other real estate	1,000,407.69	926,698.09				73,709.60
Due from banks	18,267,492.37	19,601,529.47	1,334,037.10			
Checks and cash items	688,495.97	728,071.43	39,575.46			
Cash on hand	5,355,073.56	6,365,314.49	1,010,240.93			
Paid out in excess of earnings	62,686.81	35,929.81				26,757.00
Total	\$131,113,632.63	\$171,833,436.16	\$20,822,737.78			\$102,934.25
LIABILITIES.						
Capital stock	\$15,038,500.00	\$15,838,500.00	\$800,000.00			
Surplus	4,560,989.96	5,234,610.39	673,620.43			
Undivided profits, net	1,845,616.00	1,901,371.72	555,765.72			
Bills payable	909,873.13	922,063.06				\$77,911.07
Time Certificates	79,639,976.98	89,535,260.20	9,895,283.22			
Dividends unpaid	48,175.01	109,129.37	60,964.36			
Deposits subject to check	36,630,456.68	42,678,352.51	5,987,895.83			
Demand certificates	550,038.99	543,913.18				6,095.81
Certified checks	60,236.29	32,363.18				7,373.11
Cashier's checks	1,637,727.58	1,894,719.01	256,981.43			
Due to banks	2,811,909.94	2,993,673.92	181,763.98			
Savings deposits	7,537,837.62	9,898,412.79	2,360,575.17			
Other liabilities	192,194.45	231,037.83	38,843.38			
Total	\$151,113,632.63	\$171,833,436.16	\$20,811,683.52			\$91,979.99
Net increase in total footings, \$20,719,803.53; to						tal increase in deposits, \$18,668,530.71.

—There died at Minneapolis on February 8, William H. Danwoody, one of that city's foremost men in industry, banking and civic life. He was active and prominent in business for a long period and identified with all the wisely-directed movements for advancing the welfare of his city. He was chairman of the board of directors of the Northwestern National Bank at the time of his death.

—George F. Orde, Charles B. Mills and associates have organized the National City Bank at Minneapolis with \$500,000 capital and \$100,000 surplus, and will take over the business of the Commercial National Bank.

Mr. Orde had until recently been vice-president of the First National Bank of Minneapolis and Mr. Mills is vice-president of the People's Trust and Savings Bank, Clinton, Iowa, but has lived in Minneapolis for more than a year past.

Officers of the National City Bank are: President, H. R. Lyon, vice-president, Russell-Miller Milling Co.; vice-presidents, George F. Orde and Charles B. Mills. Upon the board of directors are the names of a number of men representative of large and successful enterprises.

Mr. Orde and Mr. Mills are both widely known to the bankers of the country through official connection with the American Bankers Association.

—The City Trust and Savings Bank of Grand Rapids, Mich., is building a new branch office, which it is expected will be ready for occupancy about July 1. It is located at Division avenue and Wealthy street and will be eighty-five by forty-two feet.

—Missouri has 133 national banks and 1308 State banks and trust companies, a total of 1441—the largest of any State with the exception of Iowa.

—Dubuque, Iowa, according to report, is to have a new institution—the National Deposit and Trust Company, with \$100,000 capital.

—The Nebraska State Banking Board has granted permission to the State banks of Nebraska to enter the Federal Reserve system. This action was taken despite a re-

Utah Savings & Trust Company Salt Lako City, Utah

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Capital . . . \$300,000

Surplus & Profits, 100,000

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Title Certificates

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cent ruling of Attorney-General Martin that the State banks were prohibited from doing so by statute.

—The Kraft State Bank, Menomonie, Wis., took possession of its new building March 15.

—Kansas bankers will hold the annual convention of their State association at Wichita, May 21 and 22. There are 929 State banks in Kansas and 213 national banks, their combined resources being \$257,603,564.27.

—Bankers from organizations representing twelve States met at Minneapolis, February 23 and 24, to consider the new Federal Reserve system and other matters of interest to bankers.

—State banks and trust companies of North Dakota, on January 13, numbered 603, an increase of twenty-two, compared with the report of February 4, 1913. They have increased their footings by about \$5,000,000 in the last year, the aggregate now being over \$65,000,000.

—Iowa bankers will hold their annual convention at Clinton on June 4 and 6.

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SOLE AGENTS

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—E. E. Drach succeeds E. W. Pfeiffer as Bank Commissioner for the State of Colorado.

—Believing that the first benefit of the new Federal Reserve act should go to the public, the Northwestern National Bank of Minneapolis announces that hereafter three and one-half per cent. will be paid on all deposits in its savings department.

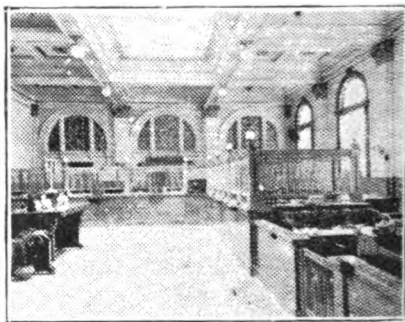
—The Lomax Banking Company of Lomax, Henderson county, Illinois, the first and only banking company in that new model city, has a capital of \$10,000, is one year old, and in 1913, the first year of its existence, had an exchange business with outside banks totaling \$304,266, a checking account totaling \$506,906.43, and an equally healthy business in all branches.

F. A. Strickler & Co. are the proprietors, with a unique motto: "Start an account and watch us grow together."

—As will be seen from the accompanying illustrations, the Packers' National Bank of South Omaha, Nebraska, is very comfort-



ably housed. The bank serves the packing interests of Omaha and has a capital of \$200,000; surplus and profits, \$115,468, and



\$2,156,743 deposits. Its officers are: President, J. F. Coad; vice-president, W. J. Coad; cashier, H. C. Nicholson; assistant cashier, T. J. Shanahan.

—The Guardian Savings and Trust Company of Cleveland, Ohio, has acquired the New England Building, which later on will be made the home of the bank.

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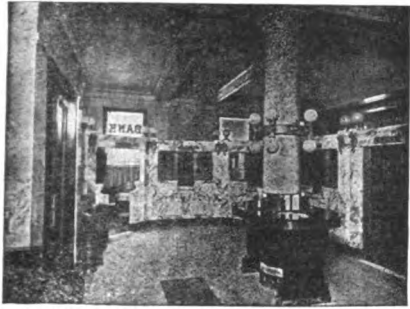
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PACIFIC STATES

—S. E. Slade and Clarence M. Smith are new directors of the American National Bank, San Francisco. C. H. Crocker is a new vice-president, succeeding Francis Cutting, deceased, and George M. Bowles a new assistant cashier.

—W. F. Paull, who has been conducting a private bank at West Seattle, Washington, has incorporated as the West Seattle State Bank, with \$100,000 capital. W. F. Paull is president; J. G. Price and A. L. Stewart, vice-presidents, and E. B. Ansley, cashier. Mr. Paull has had considerable experience in banking, having been officially connected with the Northwest Trust and Safe Deposit Company, Seattle, and the United States National Bank of Aberdeen.

—Reference was made in the January number of the MAGAZINE (page 132) to the organization of the Bankers Trust and Savings Bank of Los Angeles, Cal. It is expected that the new bank will begin business about April 15, occupying the first floor and basement of the Marsh-Strong Building, a twelve-story million dollar structure now nearing completion at the intersection of Main and Spring streets at Ninth street. The capital of the new bank will be \$2,000,000 and it will have when it

opens at least twenty per cent. surplus in addition to the full par value of stock subscribed.

Departments of the new institution in-



MARSH & STRONG BUILDING

(Home of the new Bankers Trust and Savings Bank, Los Angeles, Cal.)



ROYAL BANK OF CANADA
NEW BUILDING IN COURSE OF CONSTRUCTION AT TORONTO

clude commercial and savings, trust, bond department, steamship ticket department, custom-house brokerage and safety vault.

It is the belief of those who organized the bank that the rapid growth in the population and wealth of Los Angeles and the surrounding territory affords ample business for a new institution of this kind.

Officers of the Bankers Trust and Savings Bank are: Chairman of the board of directors, Col. E. S. Ormsby; president, Warren Gillelen; vice-presidents, C. K. Berg, F. H. Brodin and H. O. Griffith; attorney and counselor, John W. Kemp; cashier, S. S. Meservey; assistant cashiers, O. C. Spence and M. J. Johnson. Savings department, Charles B. Smith, cashier; F. A. Moeller, assistant. Trust department, P. W. Lacy, trust officer and general auditor; C. R. Abernathy, cashier; Harold B. Smith, attorney.

—At the recent annual meeting of the San Francisco Clearing-House Association these officers were elected: President, James K. Lynch, vice-president First National Bank; vice-president, James J. Fagan, vice-president Crocker National Bank; secretary, Russell Lowry, vice-president American National Bank.

Manager Sleeper's annual report showed that the clearings for 1913 were \$2,624,-428,824.74.

—Absorption of the Northwest Loan and Trust Company, Spokane, Wash., is reported, the absorbing institution being the Spokane and Eastern Trust Company. This merger makes the Spokane and Eastern a more important factor than ever in the Northwestern financial field, giving it capital, surplus and profits of \$750,000 and resources of about nine and one-half millions. Julius Galland, former president of the Northwest Loan and Trust Company, becomes a director of the Spokane and Eastern, and Samuel Galland, cashier of the absorbed institution, becomes a vice-president and director.

—The latest statement of the State Bank Comptroller shows that Arizona's State banks, forty-two in number, have total resources of \$24,258,801, an increase for a year of nearly \$3,000,000. The thirteen national banks show a total of \$15,174,004, a gain of \$2,157,046. In the lead is the Valley Bank of Phoenix, \$3,554,163, followed by the Gila Valley Bank and Trust Company of Morencie and other towns, \$2,586,233; the Phoenix National Bank, \$2,520,058; the National Bank of Arizona, Phoenix, \$2,154,341, and the Bank of Bisbee, \$2,089,415. Ten banks follow in the \$1,000,000 class.

—At the annual meeting of the Salt Lake City (Utah) Clearing-House Association, Charles S. Burton, managing director of

the Utah State National, was elected president; Frank Knox, president of the National Bank of the Republic, vice-president; Frank Cook, cashier of the Utah Savings and Trust Company, secretary-treasurer.

—Long Beach, Cal., is to have a new bank—the Security Savings and Commercial Bank.

—California's banking law has been amended so as to enable State banks to join the Federal Reserve system. Following is the permissive clause:

Section 56. Any bank organized and existing under the laws of this State is hereby authorized and empowered to join or associate itself with any "national reserve association of the United States" or branch thereof, or any plan now or hereafter created or established by act of Congress, whether such banking or currency association or plan be created by Congress under the above or any other name. Nothing in this act shall prohibit any such bank from joining or associating itself with any such association or plan or branch thereof, nor from investing any part of its capital or surplus in the stock of such association, plan or branch thereof in accordance with the terms and provisions of such act of Congress; provided, however, that such investment shall in no case exceed the minimum amount required to join or associate itself with such association, plan or branch thereof. Any bank joining or associating itself with such association, plan or branch thereof shall be permitted to conform to and transact its business in accordance with the terms and provisions of such act of Congress creating the same and the rules and regulations of such association, plan or branch thereof, anything in this act to the contrary notwithstanding.



CANADIAN NOTES

—The Royal Bank Building which is now being erected in Toronto, will, when completed by October 1, 1914, be the tallest building in the British Empire. The site it occupies at the corner of King and Yonge streets, Toronto, is acknowledged to be one of the most valuable centres in Canada, being the centre of the financial and business districts of Toronto.

The edifice will be twenty stories high and of fireproof construction. The façades will be of gray granite, Indiana limestone and terra cotta. The interior of the building will be finished throughout with solid mahogany and equipped with an efficient elevator service. Special attention has been paid to the electric lighting, plumbing and telephone systems, and everything is being

done to make it the finest and most desirable office building in this country.

The building was designed by Messrs. Ross & Macdonald, architects for the Chateau Laurier, Ottawa; Fort Garry Hotel, Winnipeg; Transportation Building, Montreal, and is being built by the George A. Fuller Company, New York, builders of the Pennsylvania station, Plaza Hotel and Whitehall Building.

The building will be owned and operated by the Guardian Realty Company, Ltd., of which L. M. Wood of J. & L. M. Wood, Toronto and Montreal, is president.

With its head office at Toronto, the Royal Bank has many branches in Canada and elsewhere. Its capital, paid up, is \$11,560,000; reserve fund, \$12,560,000; undivided profits, \$1,015,119; deposits, \$133,271,965, and total assets, \$174,485,789.

—Beaudry Leman has been appointed general manager of the Hochelaga Bank, to fill the vacancy caused by the death of J. A. Prendergast. F. G. Leduc is now manager at the head office.

—Stockholders of the Bank of Toronto met at the new banking house in Toronto,

January 14, it being the fifty-eighth annual meeting. Duncan F. Coulson, president of the bank, occupied the chair. General Manager Thomas F. How, acting as secretary, presented the accompanying report:

The balance at credit of profit and loss, on November 30, 1912.....	\$176,578.24
The net profits for the year, after making full provision for all bad and doubtful debts, and deducting expenses, interest accrued on deposits and rebate on current discounts, amounted to the sum of...	550,652.85
Received from debts recovered previously written off	200,000.00
	\$1,227,272.09

This sum has been appropriated as follows:

Dividends at eleven per cent.	\$550,000.00
Bonus, one per cent., making a total distribution of twelve per cent.	50,000.00
	\$600,000.00
Transferred to officers' pension fund	20,000.00
Written off bank premises	300,000.00
Carried forward to next year....	307,272.09
	\$1,227,272.09

Deposits of the bank on November 30 were \$43,306,595, and total assets, \$60,925,164.

—At the date of the fifty-eighth annual general meeting of shareholders of The Molsons Bank (head office, Montreal), net profits for the year, after customary deductions, were reported at \$694,356, to be added to \$161,828 brought forward from the preceding year. Profits were apportioned as follows:

Dividends	\$440,000.00
Expenditure on bank premises at branches	47,269.45
Business taxes	21,882.40
Contribution to officers' pension fund	10,000.00
Reserved for additional rebate on current loans	52,000.00
Reserved for depreciation of bonds and securities	100,000.00
Transferred to reserve fund	100,000.00
	\$774,255.25

Leaving at credit of profit and loss account, September 30, 1912.....

The capital stock paid in is \$4,000,000; reserve fund, \$4,800,000; deposits in excess of \$36,000,000, and the total assets, \$50,384,268.90.

Report of the affairs of the Standard Bank of Canada at the close of its thirtieth year, ending January 31, shows substantial growth. Net profits for the past year, after the usual deductions, represent 21.16 per cent. on the average paid-up capital, or 9.47 per cent. on capital, reserve and undivided profits. From the profits \$200,000 was transferred to the reserve fund and there was added to the same fund \$430,965 received from premium on new stock. Deposits of this bank now exceed \$35,000,000.

Stock Prices

Factors in Their Rise and Fall

By Frederic Drew Bond

This new book, by a well-known authority, gives a full and scientific description of the general and technical factors influencing the movement of stock prices on the New York Stock Exchange, explaining the great BULL and BEAR movements; how the trend of the market is made; the mistakes which cause unsuccessful commitments; short selling, manipulation, and all the technique of the market.

This work is now in its second edition. It has been adopted as a text book at Lehigh and Cornell Universities.

CONTENTS

I—The Distribution of Securities; 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; VII—Manipulation; VIII—Rising and Falling Markets; IX—The Distribution of Profit and Loss in the Market; X—The Psychology of Speculation.

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LOS ANGELES

The Bank Which Has Grown Up With Los Angeles

1889-1914

THE growth and progress of the city of Los Angeles and the Security Trust & Savings Bank for the past twenty-five years, have gone hand in hand.

February 11th, 1889—a quarter of a century ago—the Security began business with a capital of \$29,000. The city then had a population of less than 50,000. Today, Los Angeles is a metropolis of 450,000 inhabitants. The Security has kept pace with it. The bank's capital is now \$1,794,600, with a surplus of \$1,100,000, and undivided profits, \$790,000.

One year after the bank started business it had \$247,648 deposits. Today its deposits are well in excess of \$41,000,000. During its entire history the Security has been under practically the same management.

	Capital	Total Resources	Number of Depositors	Deposits
1889 (Feb. 11)	\$29,000.00			
1890 (Jan. 1)	68,100.00	\$231,386.00	359	\$154,007.00
1894	100,000.00	723,692.00	1,880	592,375.00
1899	100,000.00	1,877,195.00	4,079	1,721,614.00
1904	300,000.00	7,685,330.00	15,608	7,153,503.00
1909	850,000.00	23,980,670.00	54,930	22,549,128.00
1914	1,794,600.00	45,042,308.19	87,906	41,468,340.81

SECURITY TRUST & SAVINGS BANK

Oldest and Largest Savings Bank in the Southwest

SECURITY BUILDING
Fifth and Spring

EQUITABLE BRANCH
First and Spring

LOS ANGELES

—At a recent meeting of the board of directors of the Royal Trust Company in Montreal, H. V. Meredith, the former vice-president, was elected president in place of the late Lord Strathcona and Mount Royal, who was president of the company since 1899, when it was organized. Sir William C. Van Horne, K. C. M. G., was elected vice-president, succeeding Mr. Meredith. The resignation of A. Macnider, who is leaving Canada to reside in England, was accepted, and Sir Frederick Williams Taylor, general manager of the Bank of Montreal, was elected to his seat on the board and executive committee.

—A meeting was held in Toronto recently to consider the organization of the Associated Bank Clerks of Canada.

—A branch of the Quebec Bank has been opened at Ottawa, corner of Dalhousie and York streets, to be known as Market Branch, with L. DeG. Garand manager.

—Yorkton, Sask., has a new branch of the Bank of Montreal, with W. H. Tennant acting manager.

—Net profits of the Bank of Nova Scotia for last year were \$1,210,774. Dividends at the rate of fourteen per cent. a year absorbed \$814,504.60. After making other provisions the sum of \$110,000 was transferred to the reserve fund, which now amounts to \$11,000,000. Deposits of the Bank of Nova Scotia on December 31 last were \$55,976,385, and total resources, \$80,151,829.99. The capital is \$6,000,000 and reserve fund, \$11,000,000.

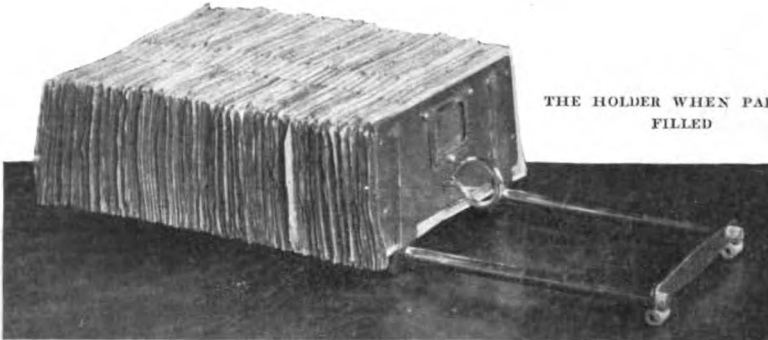
—At the last annual meeting of the shareholders of the Bank of Hamilton, James Turnbull, president and manager, resigned, having reached his sixty-fifth year. The board of directors presented him with an honorarium of \$20,000. Mr. Turnbull will remain a member of the board. John Percival Bell was elected general manager of the bank.

With Bankers Magazine Advertisers

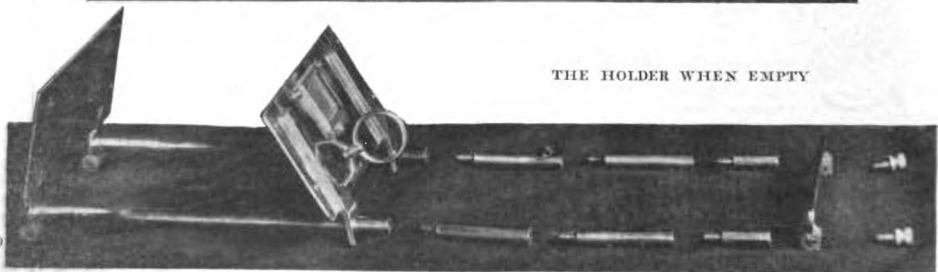
The Bankers Currency Holder

AS will be seen from the accompanying illustrations this is a very simple device, but banks that have tried it have found it a useful one. It is made of steel

and there is but one movable part. It holds bills, notes and checks safely and compactly, obviating the use of rubber bands, tape, etc., and compressing bills into small compass.



THE HOLDER WHEN PARTLY FILLED



THE HOLDER WHEN EMPTY

THE KERS MAGAZINE

ELMER H. YOUNGMAN, Editor

APRIL 1914

VOLUME LXXXVIII, NO. 4

The Burden of War Preparation

SCARCELY less costly than war itself has become the enormous burden of expenditure for military and naval preparation which modern nations find it incumbent to impose upon themselves for their protection against the possible assaults of rivals which may never materialize. This constantly growing outlay to ward off the evils of war constitutes a considerable burden under which the race must march in its struggle for economic advancement.

Some figures dealing with this subject were presented a short time ago in the monthly letter of the People's National Bank of Pittsburgh, from which we quote:

"In connection with the cost of militarism a letter addressed to the president of the People's National Bank by Col. SAMUEL HARDEN CHURCH, of the Pennsylvania system, has a direct bearing. Col. CHURCH, after referring to a paragraph in the January letter of this bank, states that while in Europe last summer he made the somewhat startling discovery that articles frequently purchased in Parisian shops can be bought to better advantage as regards quality, attractive models and price, in New York than in Paris. He learned upon inquiry of Frenchmen of high position the reason for high prices abroad. 'They replied,' he says, 'without hesitation, that the rise in prices, not only in Paris, but throughout Europe, was due to the extra war taxes prevailing everywhere. For example, every soul in the population of France, young and old, and both sexes included, is required to pay on the average \$7 a year for the maintenance of the army and navy, and this does not include pensions.'

"Col. CHURCH recently made a special study of this subject, and he has favored the People's National Bank with some figures, showing the cost of war preparation for each of the ten principal nations,

without including pensions or the destruction caused by past wars. A portion of Col. Church's statements is tabulated as follows:

PROPORTION OF TOTAL MILITARY CHARGES TO TOTAL EXPENDITURES OF TEN NATIONS

Country.	Total Expenditures.	Cost of Army and Navy.	Per Cent.	Cost per unit of population.
Austria-Hungary	\$890,356,000	\$87,244,000	09.8	\$1.70
France	877,292,000	270,918,000	30.9	7.00
Germany	781,286,000	318,446,000	43.5	4.90
Great Britain	997,410,000	341,820,000	34.3	7.60
Italy	500,595,000	120,676,000	24.1	3.45
Japan	284,454,000	92,601,000	32.5	1.79
Russia	1,360,054,000	319,770,000	23.5	2.00
Spain	224,526,000	51,367,000	22.9	2.55
Turkey	154,038,000	48,294,000	31.4	2.18
United States	654,138,000	283,086,000	43.3	3.07
Totals	\$6,674,442,000	\$1,934,222,000	29.0	\$3.33

"The foregoing figures are for the fiscal year 1911, and as stated, do not include past war pensions. Since 1911 the Balkan war has changed the map of Europe in some important respects, and European nations have greatly increased financial burdens in preparation for problematical future wars. Altogether apart from the ethical side of the question, it must be obvious to all thinking persons that such huge burdens impair the economic efficiency of nations; and, if effect is carefully traced back to cause, will be found largely responsible for the social unrest in Europe."

It will be seen that in the percentage of military and naval outlay to total expenditures only one nation in the list—Germany—surpasses the United States.

Interesting observations are made in a recent issue of "The Statist" (London) on "The Burden of Armaments," the view being expressed that while the huge military outlays are deplorable, they have not yet reached a point where they seriously threaten the prosperity of the leading nations.

"Readers," says "The Statist," "whose memories go back to the Franco-German war will remember how often since then the cry against the burden of armaments has been raised; how little it has effected; and how soon it has usually subsided. Immediately after that great struggle the Continental nations began to adopt one after another the German plan of universal liability to military service. In consequence, it was generally held in this country that such extravagant preparations for war must lead to the impoverish-



ment, if not to the pauperization, of the competing nations. After the South African war Germany began to build a great navy. That led to a very considerable increase in our own naval armaments; and again the cry was raised that it must lead to bankruptcy. Instead, the period since the Franco-German war has, in fact, witnessed the greatest expansion of trade and the most remarkable increase in wealth the world has ever seen. Moreover, strange to say, Germany, the country which began the system of universal liability to military service, and which, at a later date, began the competition in naval armaments, has of all European countries made the greatest progress economically.

“Our readers, then, will do well not to attach overmuch importance to the predictions that are now being so readily indulged in. At the same time, the competition in armaments which is going on is most deplorable. It is wasting money in preparations for mutual slaughter which ought to be laid out in making the world better than the present generation found it; and it is encouraging the inventive to turn the great talents with which Nature has endowed them away from the pursuit of what is good and beneficial to the rendering more deadly weapons of war. No man of ordinary human feelings will, then, dispute that the present outlay upon the means of destroying life is disgraceful to our generation and injurious to humanity. But mere outcry against the competition in armaments will do little. As we have just been pointing out, such an outcry has been raised again and again, and has died out rapidly because it was helpless in the matter. Those, then, who really desire to lead the nations into a better course ought to ask themselves, firstly, what are the causes which are turning the nations of Europe at present into so many armed camps? and are there any practicable means of putting a stop to a madness which, though it does not stop progress, is clearly inimical to it?”

First among the causes for this mad rush for armaments, “The Statist” places the antagonism between Germany and France, but sees no practicable way of diminishing this. Finally, this admonition is given those who condemn the large expenditures for war preparations:

“Those who are impatient of the costliness of the preparations that are going on, and who are crying out for a course of conduct which would be much more likely to increase than to lessen the dangers, should, in the first place, address themselves to the removal of some at least of the perils, oppressions, and grievances which are making the nations feel that any sacrifice is better than invasion, partition, and possibly servitude. Can the evils which the peoples are endeavoring to safeguard themselves from by means of armaments be got rid of by any less costly course of action?”

“There is no use appealing to high morality. The Sermon on the Mount has been before the world for two thousand years, and there is just as little sign now as there was when it was first preached of the ending of war. Appeals to men’s better nature have been made in all ages and countries, and have always proved futile. Is there any practical way of assuring the man of business and the man of affairs that a snare is not being laid for them? If such can be found it is not wholly improbable that both may be persuaded to try a new experiment. If we cannot find any such device we may cry ourselves hoarse, but we shall make no impression upon the practical man.”

The search for the remedy will go on, of course. Addressing the New York State Bankers Association in annual convention at Ottawa last summer, Hon. GEORGE E. ROBERTS, Director of the Mint, found an inspiring example in the relations of Canada and the United States. He said:

“It is often said of those of us who are optimistic about peace that we fail to take account of human nature and that human nature is just the same as it has been in the past. It may be that in some respects human nature has changed but little, but I am sure the human kind has been learning something as the years have passed, and that in this day of schools, newspapers, and free speech the people cannot be buncoed into war for glory, and somebody else’s glory, as easily as in the past. It used to be that war was the common business of mankind, but the energies of men have been turned into another channel. This is the Economic Age, the age of Industry and Commerce, an age of hope and ambition for the common man, when every man is striving to better his condition and make the condition of his children better than his own. The conditions are not the same as of old; the interests are not the same. It makes a lot of difference with human nature if when you are mad enough to burn down a man’s house you find that you own stock in the insurance company.

“Wars are out of date when good will has become a commercial asset. Why, in the orchard country out West, and I believe in Ontario, they won’t allow a man to pack his own apples for shipment, so anxious are they that the distant stranger shall have a square deal. If a sale of American securities is made to a friendly people with disappointing results the loss to America far exceeds any possible gain. We simply cannot afford to injure another people, by hook or by crook.

“Men have learned that as a plain commercial proposition there is more to gain by trading with a neighbor than by killing him, or

even by governing him; and for proof of the last proposition see the experience of England with her North American colonies.

“And so the most preposterous thing in Christendom to-day is the spectacle of the so-called civilized nations spending more than one-half of all their revenues in preparation for defense against each other, each protesting, and I believe honestly, that it will never make an attack. Germany, in addition to her regular appropriations for military purposes, now calls for a special contribution from capital of \$250,000,000, every dollar needed by her industries, to be expended upon fortresses and equipment, and France, spurred on by the action of Germany, levies new taxes and floats new loans to maintain the equilibrium.

“At this opportune time Canada and the United States hold up an inspiring example to the world. Four thousand miles of common frontier without a fortress or a gun; 100 years of peace, with every disagreement settled by diplomacy or arbitration, and without a dollar expended in preparation for war with each other. It is worthy of celebration! We ought to begin a year in advance and make it a memorable year for our children and for all the burdened children of men.”

“It seems to me to be very appropriate that of all people the bankers should be foremost in a celebration of peace. The banker knows better than anyone else how many are the ties of interest that bind the modern nations together. He knows better than anyone else that war is not only barbarous in its cruelties, but barbarous in its ignorance of common interests.

“One of the most persuasive books of recent years is entitled ‘The Great Illusion,’ and the illusion of which it treats is the idea that any people can possibly benefit itself by conquering, impoverishing or even annexing, forcibly, another people. The author shows that if it were possible for a German army to capture London there is nothing it could do to disturb the activities or prosperity of its inhabitants that would not react disastrously upon the people of Germany. It might be able to loot the Bank of England, but if the Bank of England was looted there would be a panic throughout the world, and nowhere greater than in Berlin. An illustration of this was afforded two years ago when a German warship steamed into a port of Morocco, with a remotely implied threat of war with France, with the result that so much French money was withdrawn from Germany that the Imperial Bank was obliged to expand its loans by \$200,000,000 within thirty days, and meantime the Berlin Stock Exchange was in panic and German industries lost hundreds of millions more. No nation liveth to itself alone in the twentieth century. The wealth of the world is now a common fund. There is a reservoir in London, another in New

York, another in Montreal, and others elsewhere, but they are all connected. You can't draw down the supply of capital in one without affecting the supply in all. You cannot burn up, confiscate or destroy property anywhere that the whole civilized world does not suffer loss."

As nations virtually approach nearer one another through multiplication of the means of communication, the consciousness of their economic interdependence becomes clearer. And when one nation comes to understand that in attempting to subjugate and humiliate another nation it is really harming itself, it may tend to restrain the eagerness for war. Perhaps a realization of this economic factor, from the standpoint of enlightened selfishness, may operate more powerfully to prevent war than sentimental longings for the day when the swords shall be beaten into plowshares and the spears into pruning-hooks.

THE BANKS AND THE PUBLIC

THIS topic does not imply that the banks are entities existing distinct from the public, for such is not the case. The banks are owned by the public largely, and are sustained wholly by the public as depositors and borrowers. Nearly 500,000 people are owners of national bank shares, while there are many more shareholders of State banks, which greatly outnumber the national institutions. Of course the number of depositors runs into the millions. The banks are, like practically every other form of large and successful business enterprise, not dependent upon a small class of rich patrons, but derive their support from the services rendered to the great masses of the community. Their business consists less in creating credits than in examining, testing, assuring and circulating them. They inspect credit and certify to it, thus giving it currency.

For the services which the banks render the community their shareholders receive on the average in the shape of dividends a little over six and one-half per cent. on the capital and surplus employed. This is for the national banks, and the return on State bank stocks is probably approximately the same. If the total business transactions of the banks were taken as the basis of computation, it would be found that the percentage of return would be much lessened; or, again, if the percentage were computed on the funds employed other than capital—that is, the deposits—the percentage of return would be much smaller than above quoted.

The fact is that the banks of the country, considering the services they render, receive only a very moderate profit. While there are some special risks inseparable from the business of even the best-managed banks, no well-conducted bank engages in speculation in the ordinary sense.

A better knowledge of the organization of banks, their management, methods of doing business and the intimate relations they bear to every line of production and trade would make for the mutual advantage of the banks and the public. It is reported that some \$129,000,000 was lost last year through "investments" made with the "get-rich-quick" speculators. Much of this might have been saved had the advice of bankers been taken before "investing". Our people should be gradually trained to do their investing through the bankers, as is the custom in some European countries.

In New York recently there was a "run" on one of the oldest and strongest savings banks, simply through ignorance. Doubtless most of the frightened depositors who withdrew their money did not know that there was much difference, if any, in point of organization and management, between a bank of this character and one of the so-called "foreign banks" which collect money from the confiding and run away with it almost as soon as obtained. And the savings banks of New York have done little or nothing to inform them of the difference.

The people should be informed how the banks are organized, what legal safeguards are thrown around them, how they are managed, and above all the vast and indispensable services they render to industry, trade and labor.

It was reported (we hope incorrectly) not long ago that the labor unions of a certain western city were going to withdraw \$6,000,000 from the banks in order to punish the manufacturers of that city for following a policy the labor leaders did not like. Punishment of this kind would no doubt be effectual, but at what frightful cost to labor itself!

Who can deny that many sections of the new banking law represent a prejudice against banks based upon a lack of understanding of what the banks are really doing for the country's welfare? Yet the fault is not so much with Congress as with the banks, so busily engrossed in their own affairs as to leave them no time to tell the public that they are not the baneful institutions they are proclaimed to be by the demagogues.

Prejudices against banks find their way into restrictive statutes, increased taxes and other acts aimed to hamper the conduct of banking. Were the people more fully informed as to the real nature of the banks and their services, we should find in time a legislative attitude toward these institutions that would be very helpful in adding to their efficient service to the people.

THINGS NOT WHAT THEY SEEM

COMMENTING on the new Federal Reserve Act, "The Statist" (London) says:

"It will be seen that Congress has been anxious to guard against inflation, and, at the same time, to prevent such a breakdown of the banking system as occurred in 1907. Consequently, for the first time since the great Civil War the United States will be in possession of what ought to be an elastic currency.

"Whether the means adopted to secure this are the wisest and most scientific is an entirely different question. We ourselves believe that free trade is good in banking as in all other departments of business. Therefore, we venture to think that bankers ought to be trusted to a much greater extent than they are trusted by the law of almost any country at present.

"In the United States, however, the new measure is clearly inspired by the belief that great masses of capital in the hands of a comparatively small number of persons are inevitably liable to be used to the injury of the community; and, therefore, that stringent regulation is indispensable if such a result is to be prevented.

"We do not answer this argument with *a priori* reasoning, which, frankly, we think of absolutely no value. We point, on the contrary, to the history of the Bank of France. It is not bound to keep reserves. Nor is it fined if it draws upon its reserves more than a Government official might think advisable. And yet there is not in the whole world a great bank conducted with more skill and success than the Bank of France.

"American legislators, though they will not admit our conclusion, are practically acting upon it, for while they lay down in the most solemn manner rules as to the reserves which must be kept, they turn about in the same breath and authorize their Reserve Board to dispense with all these rules and allow the banks to draw upon their reserves to any extent so long as the banks pay the Government for the privilege. Practically, then, what we see is a repetition of what has been going on upon the Continent for so long—a make-believe stringency of regulation, and a real laxity in enforcing the regulations when an emergency arises."

"The Statist" might have gone further and pointed out that while the new act pretends to authorize a Government currency it actually provides for bank notes, secured by the banks' collateral in the form of commercial paper and gold. If to this should be added the further charge that a central bank is established under the guise

of a system of reserve banks, it would look like a charge of insincerity on the part of Congress in dealing with this important subject. Actually, these little discrepancies represent the concessions that our banking legislation must make to political prejudice. A central bank, purely as such, is unpopular; but call it a system of reserve banks, and it is accepted by everybody. So with bank notes, they are unpopular as such, but are all right if you call them Government notes.

BANKING RECIPROCITY

CONGRESS in legislating for the establishment of branches of the national banks in foreign countries probably gave little consideration to two important elements of the problem.

To establish a branch of an American national bank in a foreign country requires something more than a mere enabling act by the American Congress. It requires affirmative action on the part of the banks, and it also presupposes the permission of the foreign government whose territory our banks propose to invade. We hear a great deal, for example, about establishing American banks (that is, United States banks) in Latin America, but nothing as to whether the Latin-American countries will permit our banks to do business there. Presumably they will, inasmuch as in most of those countries the banks of other foreign countries are already represented. But as a rule the representation is not by a branch, but by a bank organized for the specific purpose of carrying on business in that part of the world. Another plan is to acquire a controlling interest in some bank already well established—a plan much less likely to incur hostility on the part of the government, the existing banks and the business interests generally than where the branch of some American bank is sought to be set up.

There is another very important aspect of this question.

Several of the New York banks are already proceeding on the assumption that there will be no obstacles to the establishment of branches of these institutions in London, and perhaps in other European capitals. Probably this assumption may be well founded, but it would not be surprising if in some countries considerable opposition to this banking invasion is encountered.

It may be pointed out also that certain members of the American Union of States have not been very hospitable to foreign banks seeking to establish themselves here. The laws of New York, for example, not only require legitimate banks to comply with requirements primarily intended to keep out banking crooks, but also nar-

rowly restrict the business which these banks may transact. They cannot receive deposits, although there seems no good reason why the New York branches of some of the great and strong foreign banks should be thus restricted.

As American banks gradually extend their operations into foreign countries, the necessity of adopting a policy of reciprocity in banking may become apparent to our legislative bodies, that is if we expect to see our banks given a fair field abroad. For it is apparent that if we continue to circumscribe the operation of foreign branch banks here, other nations may pursue a like policy toward our banks established in their dominions.

LAND-BANK SCHEMES

THESSE are cropping out in Congress and in the various States at a rate which certainly assures "easy money" to the farmers of the country.

With the general purpose of these schemes, that is the furnishing of needed funds to the farmers of the country on the best terms that the business of supplying such funds will warrant—with this aim we are in hearty sympathy.

We cannot see that there is any lack of offering of funds to the farmer. Whether the rates demanded, all things considered, generally exceed a just amount—that question is at least debatable.

It seems to us that substantial advantages would accrue to the farmers of the country if there were in existence a central credit organization of some kind that would, in so far as possible, standardize farm loans. This would assure the buyer of these mortgages, or of the bonds based thereon, that every farm loan negotiated through this central agency conforms to certain requirements as to inspection and appraisal of land and buildings, and that all the factors entering into the security for such loan had been carefully considered.

We are inclined to the belief that the banks and loan organizations already handling this business can care for it more efficiently than any newly-created agency can, for they are familiar with the business by experience. If these banks and organizations could in some way be affiliated in a central body, however, that would act as a testing instrumentality, the farm mortgage might be standardized and given greater currency in the investment markets, thus assuring the American farmer an abundant supply of funds at fair rates.

But the proposal that seems to meet most favor in Congress does not contemplate any strong central credit organization like that above suggested. On the contrary, it contemplates the creation of a series of small land banks, with a capital as low as \$10,000, these institutions to issue bonds against mortgages, relending the proceeds to the extent of fifteen times their capital. They may also receive deposits to be lent out on farm mortgages and do a limited commercial banking business.

This we regard as an exceedingly lame attempt to help the farmer. It is difficult to escape the conclusion that the borrower will have to pay the cost of keeping up these numerous new concerns. Moreover their number is so great, and the capital of each institution so small, that they will be totally ineffective in giving the American farm loan the one thing it needs—a certain degree of standardizing that would give it a wider market at home and perhaps abroad.

MORE CAUTION NEEDED

NEWSPAPERS in exulting over the selection of their home towns as sites of Federal Reserve Banks ought to be a trifle more discreet than the Philadelphia "Inquirer" was in the following, taken from the issue of February 11:

"New influences have been brought to bear which will result in the establishment of a regional bank in this city, according to Congressman A. MITCHELL PALMER, President Wilson's legislative lieutenant and candidate for the Democratic nomination for United States Senator.

"Following a conference yesterday with VANCE McCORMICK, candidate for the Democratic nomination for Governor, ROLAND S. MORRIS and other leaders of the State party, Congressman PALMER emphatically declared that Philadelphia is assured of one of the new Government financial institutions.

"'Philadelphia was given a new Federal judge in Washington on Monday,' said Mr. PALMER, before leaving this city for Easton. 'The next thing you will receive will be a regional bank. It is a safe wager that a bank will be located here, as new influences have been put to work to bring it about.'"

Philadelphia, on account of its importance as a manufacturing and commercial centre, and because of the size, number and strength of its banks, is fairly entitled to a Federal Reserve Bank. What amazes us is that "new influences" should be necessary to secure

the location of a Federal Reserve Bank there. By coupling the statement quoted with the assertion that "President WILSON's legislative lieutenant" gave the information, it may be inferred that these new influences are of a political character. Doubtless the "Inquirer's" jubilant spirit caused it to be somewhat indiscreet in giving vent to its satisfaction over the alluring prospect of having a Federal Reserve Bank in Philadelphia.

Nothing could be more unfortunate for the new Reserve system than for it to fall under the just imputation that its course, at this early stage, is being shaped by political influence.

THE MORGAN FIRM AND THE NEW HAVEN PROPERTIES

THE dignified and effective reply made by Messrs. J. P. Morgan & Co. to the letter of inquiry addressed to the firm by HOWARD ELLIOTT, president of the New York, New Haven and Hartford Railroad, in regard to the financial relations between the banking house and the road should go far toward silencing the criticisms so freely indulged in respecting these relations. It turns out that the Morgan firm instead of deriving enormous profits from financing the New Haven properties has profited to the exact extent of \$350,265.12. This was derived from transactions totaling \$332,082,803, extending over a period of twenty years, and represents an annual profit of about \$17,500.

Great banking-houses in New York are popularly supposed to be the embodiment of that malign and mysterious force which the politician conjures up to frighten the public. They are believed to be "the money power," executing sinister designs against the people and making enormous profits from these operations. Assertions to this effect are frequently made. They travel far and wide and are received as true statements by the majority of mankind who are ever ready to credit evil reports about banks and capitalists. The clear and definite statement made by Messrs. J. P. Morgan & Co. will perhaps receive less attention than the sensational reports that brought it forth, for the truth is always leaden-footed while lies speed on the wings of the wind. But the reply of the firm to the rumors so freely circulated will nevertheless have an excellent effect among thinking people, and it should serve to hearten other bankers and large business establishments that have shown reluctance in repelling unjust attacks made upon them.

As a rule the politicians and newspapers that thrive on arousing

popular clamor against capital and its real or supposed representatives confine themselves to general denunciations of "Wall Street" and "the money power," and it is not easy to make reply to these generalities. But when, as in this instance, specific assertions are made it is comparatively easy to show their falsity.

This incident should serve to call attention to the fact that great railway and industrial enterprises must continue to employ the services of large banking-houses of established reputation and power. Even governments cannot wholly dispense with such services, for there are times when "popular" loans fail to interest the public in sufficient numbers to meet urgent needs. Much less can railway or industrial enterprises afford to dispense with the help of large banking-houses having an established reputation and the connections that enable them quickly to market a very large issue of securities. Were they to try to get along without such assistance they might find themselves at critical moments in a very unpleasant situation and unable promptly to obtain funds at a time when most needed.

The fact is that these large financial houses really perform an important and almost indispensable service to the great railways and industries, to investors and to the public. Considering the extent of this service, there appears no substantial evidence that it is overpaid. The Morgan statement clearly indicates the contrary. Certainly a frank detailed exhibition of the relations of this firm with the New Haven properties ought to serve a good purpose in removing any real ground for criticism of these relations and also tend to cause newspapers and others to be more careful hereafter in making assertions unsupported by facts.

LEGISLATING AGAINST THE NEW YORK BANKS.

FROM two widely different sources come statements to the effect that the new banking and currency law was aimed at the banks of New York. Under the heading, "Palmer Hits New York Banks," there was recently printed this newspaper dispatch from Pittsburgh:

"Representative A. MITCHELL PALMER, member of the House Ways and Means Committee, to-night discussed recent legislation before the Pittsburgh Chapter, American Institute of Banking, and praised the new currency law. He said:

"The enactment of the banking and currency law will result more directly in enlarging opportunities of individuals in the busi-

ARE THE CLEARING-HOUSES TO BE SUPPLANTED BY THE FEDERAL RESERVE BANKS?

ONE of the features of the new Federal Reserve Act regarded with some apprehension by bankers is the following provision, found in section 16:

“The Federal Reserve Board shall make and promulgate from time to time regulations governing the transfer of funds and charges therefor among Federal Reserve Banks and their branches, and may at its discretion exercise the functions of a clearing-house for such Federal Reserve Banks or may designate a Federal Reserve Bank to exercise such functions, and may also require each such bank to exercise the functions of a clearing-house for its member banks.”

This would seem to contemplate not only that each Federal Reserve Bank may exercise clearing-house functions for its immediate members, but that the Federal Reserve Board may perform a similar service for other Reserve Banks or for all of them.

Should this permissive provision of the Federal Reserve Act become operative, the effect would be, in time, to supplant the existing clearing-houses with the Federal Reserve Banks or the Federal Reserve Board, thus displacing the clearing-house, one of the most effective pieces of financial machinery evolved by American banking experience.

Of course, there is no question as to the possibility of devising another piece of mechanism to do the work now done by the clearing-houses of the country, but it is a question whether any new mechanism can, for a long time at least, perform this service as efficiently as it is now being performed.

Clearing-houses have grown out of the needs of the banks and are purely the product of experience. They have developed to a high degree of efficiency, not only in performing exchange functions but in other respects as well. Gradually they have assumed supervisory powers over the banks and have through the scrutiny exercised over their members contributed to throwing greater safeguards around banking operations. This extension of clearing-house functions exhibited a phase of the tendency among banks to devise methods for conducting their business as developed out of the needs which experience has brought to light. In fact, when the Federal Reserve Act was passed no careful student of Ameri-

can banking could have failed to observe the obvious fact that the clearing-house was gradually extending its activities in a manner that promised an early and complete remedy for the shortcomings in our banking system, so far as these were due to the banking mechanism. This development threatens to be arrested and possibly superseded altogether by the activities of the Federal Reserve Banks and the Federal Reserve Board.

It remains to be seen whether the intervention of Government into the direction of the banking machinery will be as efficient as the instrumentalities the bank themselves had developed out of their own experiences.

RAILWAY PRESIDENT SPEAKS UP FOR HIS COMPANY

AT the annual shareholders' meeting of the Pennsylvania Railroad Company, held in Philadelphia, March 10, President SAMUEL REA in his address to the shareholders took occasion to deny most vigorously the charge that this company had attempted to mislead the public and the Interstate Commerce Commission in regard to the company's net earnings. He further said:

"No serious public consideration is at present being given to the investors who have furnished the capital for all the railroads, and thereby provided the most substantial foundations for the past and present progress of the country, and without the prosperity of the railroads the country cannot prosper.

"What is the present situation? The railroads are prevented from charging reasonable rates; they have sustained a serious loss in revenue; they are prevented from furnishing facilities so as to be prepared to meet the reasonable transportation needs; every occasion is being used to publicly discredit them; and the result is that there must be enforced economies.

"If large numbers of railroad men and others depending on railroads for every character of supplies and work are out of employment, and a general loss of confidence exists, and suspicion has been engendered, no attempt must be made to place this responsibility upon the railroad management. They have issued warnings and made petition for fair dealing, but without effect. The time has come when all fair-minded men, and investors as a whole, must individually and collectively insist on their State and Federal Senators, Representatives and Government, that they are a part of the nation, entitled to at least fair consideration.

“This statement is not made to predict calamity, but it is made to prevent calamity, and because, heretofore, we have used our efforts to influence investors from asserting their rights, but we will no longer occupy that position while every other interest in this country petitions for their own special welfare, and are having the benefits of legislative protection.”

For so long “efficiency experts,” “statesmen,” “publicists,” “people’s champions” and others having like profound knowledge of railroading have gone on criticising the railroads without rebuke, that it is refreshing to hear from a practical railroad man like President REA a spirited defense of his own well-managed property and of other railroads as well.

Although the business of the country has slackened somewhat, the falling off in the net earnings of the railways is out of proportion to this lessened activity. For while in many instances gross earnings are higher, the ratio of net shows a tendency to steady and marked decline. Prices of the shares of even the best of the railway properties have gone down to the low point of depression periods.

Already there is much talk, in Congress and elsewhere, favorable to ownership and operation of the railways by the Government. Many of the present conditions indicate that there will either have to be a considerable reversal in the legislative attitude toward the railroads or that Government ownership is inevitable. This is a long leap, and one in which the experience of other nations hardly affords a satisfactory guide. By many of our people public ownership and operation of the railways is regarded as an undesirable innovation. But unless there is some readjustment of present conditions that will enable the railways to establish a more satisfactory relation between income and outgo, the railways themselves may in time come to regard this change—startling as it would be—as a welcome relief from existing uncertainties.

EXPRESS COMPANY TO QUIT BUSINESS

FRRIENDS of Government antagonism to business enterprise will no doubt find much satisfaction in the announcement that the United States Express Company is to retire from business and go into liquidation, on the ground that the company can no longer successfully compete for business with the extended parcels post system.

No doubt some of the express companies have made large profits on small capital and their treatment of the public left a great

deal to be desired. These facts tended to make the demand for a parcels post system irresistible. And the express companies, finding themselves hard hit by the intervention of the Government into their field, are not receiving much sympathy. It is contended by the express companies that the Government is not paying the railroads anything like the rate they are and that this enables the Government unfairly to bid for business.

Now that the express companies are under the jurisdiction of the Interstate Commerce Commission, this would seem to afford the public the necessary protection both with regard to rates and service.

Unquestionably the Government can absorb this branch of the carrying trade and put the express companies out of business: but the fact remains that before doing this it might be well to ascertain whether these companies do not render a special service which the Government is unable to supply.

Complying With The New Banking Law*

Probable Operation of Reserve Section During First Year

HEREWITH is a computation showing the probable practical operation of the bank reserve section provisions of the new Federal Reserve Act during the first year of the formation of the proposed Federal Reserve Banks. It is based on a formula prepared for the New York "Times" by Representative Robert J. Bulkley of Ohio, who is a member of the House Banking and Currency Committee.

On December 26 the "Times" printed an explanation by Mr. Bulkley of the probable operation of the bank reserve provision of the new law at the expiration of the first three years of the actual operation of the new banking system. That computation was based

on the thirty-six month period, because after that time the reserve requirements will have reached a permanent basis.

The present computation takes in the first twelve months following the official announcement by the Secretary of the Treasury of the establishment of a Federal Reserve Bank, because that is the period on which banks entering the system will first focus their interest and attention. Should Secretary McAdoo be able to make his "official announcement" of "the establishment of a Federal Reserve Bank" as early as June 15 next the period covered by the computation would be that running from June 15, 1914, to June 15, 1915. To be more exact, the computation by Mr. Bulkley would cover the second half of

*From the New York "Times."

the period, because it assumes that the banks subscribe half of their required stock in the Federal Reserve Banks. and, under the terms of the Federal Reserve Act, the banks are allowed six months, after they are notified, to pay in one-half of their total stock subscriptions.

The computation shows in a general but most illuminating way what the result of the reserve shifting might be during the first year of making the readjustment. Accurate predictions are, in the nature of the case, impossible. In the December computation it was predicted that practically all of the national banks would enter the new system and that few State banks would enter it at once. This forecast has been verified by the fact that up to February 23, when all national banks were required to have their applications for membership in the new system on file, all but twenty-eight of the grand total of 7,493 national banks of the country had agreed to enter the Federal Reserve banking system. These banks represent 99.75 per cent. of the total national banking capital of the country. The twenty-eight which either refused or failed to enter were small banks, with a total of not more than \$2,500,000 for all of the twenty-eight.



ALL BANKS IN COMPUTATION

WITH the known fact that 7,465 national banks have decided to enter the system the computation can be made more accurately than in December. It is impossible to eliminate the twenty-eight banks that have not come into the system, and the computation assumes that all national banks, including these twenty-eight, have entered. This was done because the elimination of the twenty-eight would not appreciably affect the general result, and because otherwise it would have been impossible to obtain exact figures as to the condition of the banks at this time as a basis for the computation.

Another added element of accuracy is that there is now available the national bank call showing abstract of national bank conditions on January 13, based on returns filed by all these banks after the law was actually in effect, whereas the computation of December, printed in the "Times," had to be based on a previous bank call. There are several assumptions in the computation that will be explained in this analysis, but some assumptions had to be made before any computation could be obtained.

Mr. Bulkeley was asked to prepare this computation because he had special supervision over the computations that were made for the use of the Conference Committee of the Senate and the House that finally whipped the Federal Reserve Act into the law as it stands to-day, and because he was the bank reserve expert of the House Banking and Currency Committee.

The Bulkeley computation herewith presented indicates that during the first year of the readjustment the shifting of reserves that will be required by the law ought to be made with comparative ease. It indicates that neither of the three classes of national banks—the country banks, the reserve city banks or the central reserve city banks—will have to do any rediscounting in order to make their subscriptions to stock in the Federal Reserve Banks, to maintain the required reserves, or to submit to a transfer of Government deposits from their own vaults into those of the Federal reserve banks. It indicates that there will be a relatively large amount of funds in possession of the country banks, as compared with the central reserve city banks, for expansion of loans. The computation indicates what the situation would be at the end of the first year after the changes, required to be made during the first twelve-month period, have been accomplished. According to the showing the country banks would within that time contribute \$29,821,000 of capital to the Federal Reserve banks; the reserve city banks would put in \$13,435,000 of capital, and the central reserve city banks

SUMMARY OF THE PROBABLE RESULTS OF THE OPERATIONS OF NEW
CURRENCY ACT.

COUNTRY BANKS.

Commercial deposits January 13, 1914.....	\$2,982,076,000	
Reserve required against same, 12 per cent.....		\$357,849,000
Savings deposits	755,914,000	
Reserve required against same, 5 per cent.....		37,795,000
Total reserve required		\$395,644,000
Deposit in Federal Reserve banks, 2-12ths of required reserve.....		65,940,000
Capital and surplus January 13, 1914, \$994,066,000; 3 per cent. subscription.....		29,821,000
United States deposits January 13, 1914.....		34,264,000
		\$130,025,000
Withdrawals would be:		
2-5th from Central Reserve City Banks		\$52,010,000
3-5th from Reserve City Banks		78,015,000
		\$130,025,000
Present balance with reserve agents		\$524,688,000
Withdrawals		130,025,000
Leaving balance of		\$394,663,000

RESERVE CITY BANKS.

Commercial deposits	\$1,808,770,000	
Less country bank withdrawals	78,015,000	
	\$1,730,755,000	
Reserve required against same, 15 per cent.....		\$259,613,000
Savings deposits	\$98,696,000	
Reserve required against same, 5 per cent.....		4,934,000
Total reserve required		\$264,547,000
Deposit in Federal Reserve Banks; 3-15th of required reserve.....		\$52,909,000
Capital and surplus, \$447,856,000; 3 per cent. subscription.....		13,435,000
United States deposits		33,626,000
Payment account of Reserve Banks.....		\$99,970,000
Payment account of country banks.....		78,015,000
Total payments		\$177,985,000
Present cash holdings		\$268,681,000
New requirements, 6-15ths of required reserve.....		105,818,000
Release		\$162,863,000
Payment made:		
Cash		\$162,863,000
From reserve agents		15,122,000
Total		\$177,985,000
Present balances with central reserve agents.....		\$278,098,000
Withdrawals		15,122,000
Leaving balance of		\$262,976,000

CENTRAL RESERVE CITY BANKS.

Commercial deposits January 13, 1914.....	\$1,579,645,000	
Withdrawals		
Country Bank	\$52,010,000	
City Bank	15,122,000	
Total withdrawals		67,132,000
Leaving	\$1,512,513,000	
Reserve required against same, 18 per cent.....		\$272,252,000
Savings deposits	1,244,000	
Reserve required against same, 5 per cent.....		
Total reserve required		\$272,314,000
Deposit in Federal Reserve Banks; 7-18ths of required reserve.....		\$105,896,000
Capital and surplus, \$348,195,000; 3 per cent. subscription.....		10,445,000
United States deposits		8,925,000
Payment required for own account.....		\$125,266,000
Payment required for account of Reserve Banks.....		15,122,000
Payment required for account of Country Banks.....		52,010,000
Total		\$192,398,000
Present cash holdings January 13, 1914.....		\$429,198,000
New requirement; 11-18ths of required reserve.....		166,418,000
Release		\$262,780,000
Total payments required		192,398,000
Free balance		\$70,382,000

RECAPITULATION.

Banks.	Capital.	Reserve.	U. S. Deposits.	Total Payments.
Country	\$29,821,000	\$65,940,000	\$34,264,000	\$130,025,000
Reserve	13,435,000	52,909,000	33,626,000	99,970,000
Central Reserve	10,445,000	105,896,000	8,925,000	125,266,000
Total	\$53,701,000	\$224,745,000	\$76,815,000	\$355,261,000

HOW PAID.

Banks.	Cash Payment.	By Draft on Reserve Banks.	By Draft on Central Reserve Banks.
Country	None	\$78,015,000	\$52,010,000
Reserve	\$162,863,000		15,122,000
Central Reserve	192,398,000		
Total	\$355,261,000	\$78,015,000	\$67,132,000

would put in \$10,445,000 of capital, making a total of \$53,701,000 capital. Under the law no Federal Reserve Bank can be formed with less than \$4,000,000 capital. This total of \$53,701,000 is probably sufficient to provide for the creation of eleven or twelve Federal Reserve Banks at the very start.

The country banks would have to place with the Federal Reserve Banks approximately \$65,940,000 of reserves, the reserve city banks would put up \$52,909,000 of reserves with the Federal Reserve Banks, while the central reserve city banks would contribute \$105,896,000 to the new Federal Re-

serve City Banks, making a total of \$224,745,000 of reserves put up with the Federal Reserve Banks by the national banks of the country.

On account of numerical superiority the country banks would furnish more than half the capital put into the Federal Reserve Banks during the first twelve-month period. During the same period, the computation indicates, the national banks of the three central reserve cities of New York, Chicago and St. Louis would contribute more than half of the reserves required to be maintained by the national banks in the Federal Reserve Banks.



DEPOSITS BY THE GOVERNMENT

THERE are now \$76,815,000 of Government deposits in the national banks on the showing of the last bank call. If these deposits are shifted by the Secretary of the Treasury from the national banks into the new Federal Reserve Banks the total payment from the national banks to the Federal Reserve Banks would approximate \$355,261,000 in subscriptions, reserves and Government deposits.

The computation indicates that the country banks would pay no cash, but that they would make their total payment of \$130,025,000 to the Federal Reserve Banks by making drafts on the reserve city banks for \$78,015,000, and by making drafts also on the central reserve city banks for \$52,010,000. But, according to the showing of the computation, the reserve city banks would put up in cash \$162,863,000, they would not rediscount any and they would draw on the central reserve city banks for \$15,122,000. However, the actual payment by the reserve city banks on "their own account" to the Federal Reserve Banks, will amount to only \$99,970,000.

The central reserve city banks of New York, Chicago and St. Louis, according to the showing of the computa-

tion, would put up in cash \$192,398,000, of which \$125,266,000 would represent the payment on their own account to the Federal Reserve Banks, while the balance of \$67,132,000 would represent their payments on account of withdrawals by country banks to the extent of \$52,010,000 and withdrawals by the reserve city banks to the extent of \$15,122,000.

Assuming that \$120,000,000 were withdrawn from the United States Treasury and put into the new Federal Reserve Banks, this being less than the approximate amount now carried from day to day in the Treasury that might under the new plan be deposited in the Federal Reserve Banks, the balance statement of the Federal Reserve Banks, under the showing of the Bulkley computation, would be:

Cash	\$475,261,000
Loans	None
Total	\$475,261,000
Capital	\$53,701,000
Deposits	421,560,000
Total	\$475,261,000

This would show a very large cash reserve against deposits, permitting not only all of the present loans now existing in the country to stand exactly as they are, but also allowing a very large expansion of credit, because the reserve which the Federal Reserve Banks themselves are required to hold and maintain is to be only thirty-five per cent. of their deposits.

On this showing the country banks would have in their own vaults about \$120,000,000 more than required by law, and they would have balances with their reserve agents of \$230,000,000 in excess of what they need to count as reserves. The reserve city banks would not have any excess cash, but they would have a deposit with reserve agents of about \$157,000,000 more than they could count as reserves, while the central reserve city banks would have a free balance of \$70,000,000.

This indicates a considerable margin of lending power in the hands of the

banks without any resort to rediscount. Should the country banks, or the reserve city banks, expand their loans they would have a greater demand for cash and would be obliged to set up bigger balances than those here shown for the Federal Reserve Banks. This operation would probably cause a heavier draft against the national banks in the central reserve cities of New York, Chicago and St. Louis and would therefore reduce their free balance. If it went to any considerable extent it might even compel some rediscounting. The banks would be in much easier shape and the requirements would be stiffer for the reserve city banks.



RESULTS OF PRACTICAL OPERATIONS

THE computation, showing the probable practical operation of the bank reserve section and transfers of funds, necessitated by the new banking law during the first twelve-month period, is contained in the accompanying tables.

The country banks on January 13, the date of the last national bank call, had net deposits subject to reserve requirements amounting to \$3,788,090,000. The Federal Reserve Act requires country banks to hold and maintain reserves equal to twelve per cent. of the aggregate amount of their demand deposits and five per cent. of their time deposits. The demand, or commercial deposits, on January 13, aggregated \$2,982,076,000 and twelve per cent. of this was \$357,849,000. The savings deposits in country banks was \$755,914,000, and five per cent. of this was \$37,795,000. The total reserve, therefore, required of the country banks, on the basis of the deposits' showing of January 13 would be \$395,644,000.

The Federal Reserve Act requires the country banks, for a period of twelve months after the Secretary of the Treasury shall have officially announced

the establishment of a Federal Reserve Bank in any district, to establish and maintain two-twelfths of their required reserve in the Federal Reserve Banks. This two-twelfths amounts to \$65,940,000.

The capital and surplus of the country banks on January 13 was \$994,066,000, of which they would be required by the Federal Reserve Act to make six per cent. subscriptions to the stock of the Federal Reserve Banks, of which they would have to pay one-half, or three per cent., within six months after the Reserve Bank Organization Committee issues its subscription call, following its designation of the cities in which the Federal Reserve Banks are to be organized and its fixing of the limits of the reserve banking districts. The payment by the country banks on account of their subscriptions to stock in the Federal Reserve Banks would, on the showing of the January 13 bank call, amount to about \$29,821,000.

The Federal Reserve Act does not require, but leaves optional with the Secretary of the Treasury, the withdrawal or retention of Government deposits in the national banks. In his discretion the Secretary of the Treasury may draw out all or part of the Government deposits from the national banks and place them in the new Federal Reserve Banks.

Assuming that the Secretary of the Treasury might transfer all these Government deposits from the national banks into the Federal Reserve Banks, the country banks would have to make a payment of the total amount of Government deposits they would have at the time of such transfer. On January 13 the country banks had Government deposits aggregating \$34,264,000. Some of this was money deposited by the Government to assist the banks in aiding the movement of the crops. Before the first of the Federal Reserve Banks are organized much of this will be paid into the Treasury. But if the country banks were required to turn over all their deposits, on the basis of the January bank call, they might turn

over such deposits aggregating \$84,264,000.

While it is not known whether the Secretary of the Treasury will require these deposits to be shifted into the Federal Reserve Banks, the computation assumes that this will be done, for the purpose of ascertaining just what would be the showing under the severest possible conditions. On this basis the total payment to the Federal Reserve Banks by country banks—in deposits of two-twelfths of their required reserve, capital stock subscription, and Government deposits—would be approximately \$180,025,000.

The present balances, on the basis of the January bank call, of all the country banks with the reserve agents, amounted to \$524,688,000. This shows that they could make all of the payments which the computation assumes would be required by the Federal Reserve Act by drawing against their reserve agents for \$180,025,000, and still allow \$394,663,000, or more than three-fourths of their total balances, to remain on deposit with their agents.

Records in the office of the Comptroller of the Currency for a period of years show that the balances carried by the country banks with reserve agents generally are about two-fifths in the central reserve banks in Chicago, New York and St. Louis, and three-fifths in the reserve banks in the other forty-seven reserve cities. On this basis about \$52,010,000 would be withdrawn by the country banks from the central reserve and \$78,015,000 would be withdrawn by the country banks from the reserve city banks. The country banks would be required to do no rediscounting in order to meet the requirements of the Federal Reserve Act.

The showing for the requirements imposed upon the national banks in the forty-seven reserve cities is also remarkably interesting. Like the country banks they would also not be required to ask for any rediscounting to meet the requirements of the Federal Reserve Act regarding reserves, capital subscriptions, or transfer of Government

deposits from the reserve city banks to the new Federal Reserve Banks.

The commercial deposits of the reserve city banks on the January 13 bank call aggregated \$1,808,770,000, and if \$78,015,000 were withdrawn by the country banks that would leave so much less (in the reserve city banks) subject to reserve requirements. Therefore, the reserve city banks would have approximately only \$1,730,755,000 in commercial deposits, against which they would have to maintain a reserve of fifteen per cent., or \$259,613,000. On January 13 the national banks in the forty-seven reserve cities had savings deposits aggregating \$98,696,000, against which they would have to maintain a reserve of five per cent., or \$4,934,000. So the total reserve—against both commercial and savings deposits—to be required of the reserve city banks under the Federal Reserve Act would be \$264,547,000.



THE RESERVE CITY BANKS

THE Federal Reserve Act would require the reserve city banks to deposit at least three-fifteenths of this required reserve in the Federal Reserve Banks for a period of twelve months, or \$52,909,000 of the required reserve would be deposited in the Federal Reserve Banks. The capital and surplus of the reserve city banks on January 13 was \$447,856,000, of which they would have to pay in three per cent., or \$13,435,000, as stock subscription to the Federal Reserve Banks. Assuming that the reserve city banks might also be required to give up their United States deposits, aggregating \$38,926,000, under the January bank call, it would mean a payment of \$99,970,000 on account of the reserve city banks to the Federal Reserve Banks.

Since the country banks would have withdrawn approximately \$78,015,000 from the reserve city banks, this added to the \$99,970,000, which the reserve city banks would have to pay on their

own account to the Federal Reserve Banks, would make a total of \$177,985,000 the reserve city banks would have to pay over to the Federal Reserve banks for themselves and on account of withdrawals by their country bank correspondents to enable the latter to meet their own payments to the Federal Reserve Banks.

The present cash holdings of the reserve city banks on the basis of the January 13 bank call aggregate \$268,681,000. The Federal Reserve Act would require these banks to hold and maintain six-fifteenths of the required reserve in their own vaults for a period of thirty-six months. The new six-fifteenths cash reserve requirement would be \$105,818,000, releasing \$162,863,000 of money which the reserve city banks now hold in their own vaults. This cash release is \$15,122,000 less than the total payments of \$177,985,000 to be made by the reserve city banks. On this showing the reserve city banks might draw upon their agents in the three central reserve cities of New York, Chicago and St. Louis for approximately \$15,122,000.

The present balances of the reserve city banks, on the basis of the January bank call, with their central reserve agents, amounts to \$278,098,000, and if \$15,122,000 were withdrawn from these central reserve agents, by the reserve city banks, to enable the latter to meet their aggregate payment of \$177,985,000, the computation indicates that the reserve city banks would still have a balance of about \$262,976,000 remaining with their central reserve agents. They would not be required to rediscount in order to meet the requirements of the Federal Reserve Act during the first twelve-month period.

The central reserve city banks on January 13 had commercial deposits of \$1,579,645,000, from which the withdrawals by country banks and by reserve city banks would have to be deducted. The computation shows that the country banks would withdraw approximately \$52,010,000 and that the reserve city banks would withdraw ap-

proximately \$15,122,000, making a total of \$67,132,000 in withdrawals, on the part of correspondent banks, leaving \$1,512,513,000 of commercial deposits.



CENTRAL BANKS' RESERVES

A GAINST these commercial deposits the central reserve city banks would be required by the new law to maintain a reserve of eighteen per cent., or \$272,252,000. The central reserve city banks likewise have savings deposits of \$1,244,000 that will be subject to a requirement of five per cent. under the new law, and this five per cent. would amount to \$62,000, so that the total reserve required to be kept by the central reserve city banks against both commercial and savings deposits would aggregate \$272,314,000.

The Federal Reserve Act would require the central reserve city banks to deposit seven-eighteenths of this required reserve in the Federal Reserve Banks. Such deposits of reserve in the Federal Reserve Banks would approximate \$105,896,000 on the showing of the last bank call. Besides, the central reserve city banks had a capital and surplus of \$348,195,000 on January 13. Three per cent. of this, representing one-half of their subscription to stock in the Federal Reserve Banks, would be \$10,445,000. Assuming that the central reserve city banks would give up their Government deposits, which were \$8,925,000 on January 13, the total payment required to be made by the central reserve city banks on their own account to the new Federal Reserve Banks would approximate a total of \$125,266,000.

The payments which the reserve city banks would require them to make would be approximately \$15,122,000, and the country banks would draw against the central reserve city banks for \$52,010,000, which, with \$125,266,000 that the central reserve city banks would probably pay on their own account, would give \$192,398,000 as the

total payment to be made by the central reserve city banks of New York, Chicago and St. Louis.

The cash holdings of the central reserve city banks under the bank call of January 13 amounted to \$429,198,000, and the amount of reserve required under the new law, if the central reserve city banks deposit seven-eighths of their reserve in the Federal Reserve Banks, would be eleven-eighths of their required reserve which they would carry in their own vaults, say \$166,-

418,000. Subtracting this from their cash holdings of \$429,198,000 would release \$262,780,000 of cash.

The central reserve city banks could, therefore, pay \$192,398,000 to the Federal Reserve Banks for their own account and for the account of the reserve city banks and for the country banks, and have a free balance of \$70,382,000 left. This is the showing of the computation without the requirement of any rediscounting by the central reserve city banks.

Commercial Paper Under The Federal Reserve Act

AS the time approaches for putting the Federal Reserve Banks in operation it becomes necessary to get an idea of just what is meant by the term "commercial paper" as used in the new law. The banking theorist who has familiarized himself with European banking practices can give a glib definition at any time offhand, and it would seem that this theoretical definition was accepted by the framers of the new bill. They apparently had the notion that statutes do not define customs but establish them.

Now that the time approaches for

operating the new banks it is seen that some note must be taken, after all, of established business customs, which are not to be upset in a day without causing great confusion and business disturbance.

In defining the "commercial paper" eligible for discounting by member banks and for rediscounting by Federal Reserve Banks the opinions of bankers are necessarily of much weight. The views of the New York and Philadelphia Clearing-House Associations are set forth below.



New York Clearing-House Views

ALBERT H. WIGGIN, president of the Chase National Bank, made public recently the reply of the New York Clearing-House Association to the communication of the Reserve Bank Organization Committee, requesting definitions of commercial

paper eligible for rediscount under provisions of the new currency law. Mr. Wiggin is chairman of the clearing-house committee, which has been considering the question. It is suggested that the old practice on the part of merchants of using promissory notes

should not be replaced too abruptly by the proposed acceptance system; and with the view of encouraging the use of the latter kind of paper, it is recommended that the Reserve Board establish a difference in discount rates, favoring such paper.

The letter of Mr. Wiggin argues against the exercise of clearing-house functions by the Federal Reserve Banks, and points to the necessity of the retention of existing local clearing-houses, particularly inasmuch as many of the State institutions have not, and may not, become members of the Federal reserve system.

"The attitude of the New York Clearing-House Association," said Mr. Wiggin, "is to assist in every way in making the new currency law a success, and to so define commercial paper that the intent of the bill to make the new circulation both safe and elastic may be carried out, and at the same time that present customs and use of notes in commercial business will be recognized, and the upsetting of present business methods avoided."



FULL TEXT OF LETTER

FOLLOWING is the full text of Mr. Wiggin's letter, addressed to M. C. Elliott, secretary of the Reserve Bank Organization Committee:

"Dear Sir:—

"Your letter of the sixth instant, addressed to the president of the New York Clearing-House Association, was submitted by him to the clearing-house committee for their attention.

"We have given careful consideration to the inquiries put by the Reserve Bank Organization Committee as set forth in your letter, and duly appreciate the importance of arriving at such definition of the character of paper eligible for discount by the Federal Reserve Banks as shall meet the requirements of the business of the country in respect of providing an elastic and stable currency, and, at the same time,

provide a definite measure of security.

"It is obvious that what the Organization Committee desires is not so much a technical, however accurate, definition of 'commercial paper,' or 'commercial transactions,' or 'commercial purposes,' as the same may be understood in the general sense by bankers or lawyers, but an expression of views as to how the Federal Reserve Board, acting within the powers conferred upon it by the Federal Reserve Act, shall 'determine or define what shall be treated as commercial paper,' eligible to discount, in order to carry out the true purpose of the act.

"The terms 'commercial transactions' and 'commercial purposes,' in their broadest sense, would cover any transaction and any purpose connected with commerce. Commerce is not confined to the buying, selling or bartering of commodities, but is a term of large significance and, as was said by Mr. Justice Harlan, of the United States Supreme Court, 'comprehends traffic, intercourse, trade, navigation, communication, the transit of persons and the transmission of messages by telegraph—indeed every species of commercial intercourse which is carried on between man and man.'



PURPOSE OF THE FEDERAL RESERVE ACT

"THE purpose of the Federal Reserve Act is primarily 'to furnish an elastic currency, to afford means of rediscounting commercial paper.' That it was not intended that all paper that might by strict construction come within the general definition of commercial paper should be eligible for discount at a Federal Reserve Bank is made clear by the provisions of section thirteen of the act, and especially by the clause excluding 'notes, drafts or bills covering merely investments, or issued or drawn for the purpose of carrying or trading in stocks, bonds or other investment securities, except bonds and notes of the Government of the United States.'

"It is unnecessary, therefore, to attempt to define commercial paper in its broadest sense. A fundamental requirement is that the paper shall be used not only in connection with the commerce of the country, but that it shall be either directly used in the purchase of commodities or that the proceeds shall be intended to be so used, so that it will have the presumptive security of the commodities, or the avails of a resale thereof, back of it.

"The custom in this country of sellers of commodities granting discounts for what are known as cash payments has resulted in the practical abandonment of former trade methods whereby the purchaser gave his note to the order of the seller in completion of the transaction, and in the establishment of the practice of bank borrowings by purchasers for the procurement of funds with which to discount their bills.

"Although such practice could not well be discontinued abruptly, nevertheless we deem it a matter of the utmost importance that there should be a general restoration of the former conditions in this respect.

"The use of acceptances abroad is a prime factor in the open discount market and a similar system should prevail in this country. The purpose of issue of that class of paper is apparent on its face; and as it retires itself automatically it is an efficient aid in making an elastic circulation. It is evident from the language of the Federal Reserve Act that the advantages of this system were appreciated, and we urge that every legitimate effort be made to encourage its general adoption. One aid to that end that suggests itself is the establishment of a difference in rates by the Federal Reserve Banks which would favor commercial paper of the class referred to.

"In the meantime, we realize that existing conditions must govern in the determination by the Federal Reserve Board of the character of paper that shall be eligible to discount by the Federal Reserve Banks. Having in mind the essential requirement of approxi-

mately liquid, or quickly marketable assets, presumptively back of the paper, and the limitations expressed in the act and its general purposes, we would suggest that promissory notes of each of the above mentioned classes, to be so eligible for discount, may be defined as follows:

(a). A written instrument, negotiable in form, made by a merchant or manufacturer, or a corporation engaged in either of such occupations, whereby the maker contracts to pay, at some fixed or determinable future time, a definite sum of money stated therein, for the procurement of funds to be used in payment for goods, wares or merchandise intended for resale in some form, but not in the form of real property, and not merely for investment; and which shall bear the endorsement of the payee; and which has not been issued for the purpose of carrying or trading in stocks, bonds or other investment securities; and which shall have a maturity in conformity with the requirements of the Federal reserve act.

(b). A written instrument, negotiable in form, whereby the maker contracts to pay, at some fixed or determinable future time, to the order of some merchant, manufacturer, farmer, dealer in live stock or agricultural products, or mine owner, or a corporation engaged in any such occupation, a definite sum of money stated therein, representing in whole or in part the purchase price of goods, wares or merchandise purchased by the maker from the payee and intended for resale in some form, but not in the form of real property, and not merely for investment; and which shall bear the endorsement of the payee; and which shall not have been issued for the purpose of carrying or trading in stocks, bonds or other investment securities; and which shall have a maturity in conformity with the requirements of the Federal reserve act.

(c). A draft or bill of exchange for the purpose of the act, may be defined as:

An unconditional order in writing addressed by the merchant, manufacturer, farmer, dealer in live stock or agricultural products, or a mine owner, or a corporation engaged in any such occupation, to another person or corporation, signed by the person or corporation giving it, requiring the person or corporation to whom it is addressed to pay, at a fixed or determinable future time, a sum certain in money to order, and which shall have been accepted by the drawee, and shall have been drawn for the purchase price of goods, wares or merchandise sold by the drawer to the drawee and intended for resale in some form, but not in the form of real property, and not merely for investment; and shall not have been issued, drawn or accepted for the purpose of carrying or trading in stocks, bonds

or other investment securities; and which shall have a maturity in conformity with the requirements of the Federal reserve act.

(d). The usual and customary form of notes, drafts and bills of exchange which are directly secured by staple agricultural products, or other goods, wares or merchandise; and such as have been issued or drawn for the purpose of purchasing or of carrying or trading in bonds or notes of the Government of the United States, and which shall have a maturity in conformity with the requirements of the Federal reserve act.

“The next question to consider is as to how the banker is to determine the qualifications of the maker of the note, or the drawer of the draft or bill of exchange, and as to whether or not the paper is to be used for the purposes hereinabove specified. Although the requirement of endorsement by member banks seeking rediscount carries with it a contingent liability measured by the amount loaned thereon by the Federal Reserve Bank, nevertheless it would obviously be placing too great a burden upon the member banks to require them to assume any other responsibility for all of these facts. We suggest, therefore, that a standard form of promissory note and draft or bill of exchange should be prepared which will contain representations on the part of the maker, and in some cases also of the payee, of the note, and of the drawer of the draft or bill of exchange, to cover these requirements, and that some penalty shall be provided by law for any false statement in these particulars.



FORMS SUGGESTED

“WE would suggest, merely by way of illustration, the following forms:

FORM NO. 1.

\$. New York, 191.
 after date, the undersigned, for value received, promise to pay to
 or order, at dollars. The undersigned represents that (he, she or it) is a (merchant or manufacturer, as the case may be) and that this promissory note is given for the procurement of funds to be used in payment for goods, wares or

merchandise intended for resale in some form, but not in the form of real property, and not for investment nor for the purpose of carrying or trading in stocks, bonds or other investment securities.

FORM NO. 2.

\$. New York, 191.
 after date, the undersigned, for value received, promise to pay to
 or order, at dollars. The undersigned and the above-named payee each represents that the said payee is a (merchant or manufacturer or farmer, etc., as the case may be) and that this promissory note is given for goods, wares or merchandise purchased by the maker from the payee, and intended for resale in some form, but not in the form of real property, and not for investment nor for the purpose of carrying or trading in stocks, bonds or other investment securities.

FORM NO. 3.

\$. New York, 191.
 days after pay to the order of dollars, value received, and charge the same to the account of the undersigned, who represents that (he, she or it) is a (merchant or manufacturer or farmer, etc., as the case may be) and that this bill of exchange has been drawn for the purchase price of goods, wares or merchandise sold by the drawer to the drawee and intended for resale in some form, but not in the form of real property, and not for investment nor for the purpose of carrying or trading in stocks, bonds or other investment securities.

To Messrs.

“It may be urged that borrowers mingle their funds and ought not to be held accountable, therefore, for the strict application to the purpose specified of the particular moneys borrowed upon paper of the character designated. There are three answers to this: One that the provision for penalties may be directed towards the intent at the time of the issuance of the paper; two, that inasmuch as it is necessary, in order to carry out the true purposes of the law, that commodities or their avails should actually be back of the rediscounted paper, merchants, manufacturers, etc., should be required to limit their use of paper of this character to the strict application to the purposes therein set forth, and should make a division of their funds and accounts accordingly;

because, three, they can borrow for other legitimate purposes without making the representations required.



CLEARING-HOUSE FUNCTIONS

“THE subject of the exercise by the Federal Reserve Board of the functions of a clearing-house for Federal Reserve Banks, and the exercise of like functions by the Federal Reserve Banks for their member banks, is one requiring careful study. The practical questions that enter its solution are

manifold. The necessity for prompt notice of dishonor of repudiated items in order that the parties interested may not suffer by delay, the tremendous amount of business cleared every day, and the fact that many State institutions are not and may never become members of the Federal Reserve system, point to the necessity of the retention of the existing local clearing houses. Whether or not in the future conditions should so change that these institutions could be made departments of the Federal Reserve Banks is something that must await developments for its determination.”



Views of the Philadelphia Clearing-House

FROM a report on the same subject, prepared by a committee of the Philadelphia Clearing-House, we quote:

“It would seem that the framers of the Federal Reserve Act when writing section thirteen, wherein provision is made for ‘the discount by a Federal Reserve Bank of notes, drafts and bills of exchange arising out of commercial transactions’ had in mind notes, drafts and acceptances given or taken in settlement for goods or merchandise sold and delivered. Paper of this kind existed in large quantities some years ago when business was done largely on what was known as ‘trade paper,’ that is, the giving of notes by the buyer to the seller.

“In Europe settlements between the buyer and seller are made largely by the use of acceptances, but in the general evolution of business methods in this country, ‘trade paper’ has given place to ‘book accounts,’ and accommodations are now chiefly extended by banks to business concerns by discounting the promissory notes of the borrower.

“Firms and corporations doing a large business have found it desirable at times to avail themselves of the broad market for commercial paper

through note brokers, and with the proceeds derived from the sale of their obligations through these channels are enabled to enlarge their business operations and anticipate their bills for merchandise, thus securing trade discounts, which not only is profitable to them, but also maintains and improves their credit. A large amount of paper created for these purposes is now held by banks throughout the United States, having been discounted directly for their customers or purchased through note brokers. Some of this paper, particularly in the case of corporate notes, bears personal indorsements, but whether bearing such indorsement or not, is generally known as single name paper.

“A comparatively small amount of paper of the description which a strict interpretation of the law might be construed to define is available in this country to-day. Generally such paper is not of the best, for the reason that business firms and corporations of the highest standard will not give a note in settlement of an account, but prefer, by the use of their own credit, to take advantage of trade discounts, and the seller who to-day exacts settlement by note or draft cannot command the best trade.

"It is doubtful if the business interests of this country can be made to change the method which has so long prevailed in the selling of merchandise on open accounts, and go back to that of their fathers of exacting a note or draft in settlement of the sale of their merchandise or products. In any event, should this change take place, it will require considerable time to make it general in its operation. It would, therefore, seem desirable and necessary for the Federal Reserve Board to give a broad interpretation to the term 'commercial paper,' especially during the period that the banks and business community are adjusting themselves to the new conditions created by the Federal Reserve Act.

"One of the strong claims of the advocates of commercial paper as security against an issue of notes, has been the fluidity of commercial paper, the idea being that by the time the note issued has matured, the merchandise which it represented would have been sold and the proceeds thus obtained would liquidate the note. The experience of banks buying single name commercial paper has shown that a very small percentage indeed of such paper is not paid at maturity. It has therefore been demonstrated that such paper, wisely selected, possesses the necessary fluidity to serve as security against a note issue, particularly when endorsed by a member bank, and therefore should be acceptable to the Federal Reserve Board. Great care, however, should be exercised by the Federal Reserve Board in not permitting too free an issue of currency against single name paper, which might be issued not against a legitimate commercial transaction, or the proceeds of which have not been used or will not be used for such purposes. If this care is not exercised there is grave danger of inflation.

"In order to place a check upon too free an issue of single name commercial paper and its rediscount to obtain notes from the Federal Reserve Bank the Federal Reserve Board might require that all single name paper, to be eligi-

ble for rediscount, must be registered at the Federal Reserve Bank or branch in the district where the drawer's business is located, and be accompanied by an affidavit of the drawer that the paper offered for registration had been 'issued or drawn for agricultural, industrial or commercial purposes, or the proceeds or which have been used, or are to be used, for such purposes,' together with a statement giving such details of their condition as may be required by the Federal Reserve Board.

"Any Federal Reserve Bank or branch should be permitted to decline to register any paper presented to it for that purpose, provided that in the opinion of the management the firm or corporation offering it have registered already as large an amount of paper as they are entitled to in view of the statement which they submit. Each branch of a Federal Reserve Bank should be required to send a daily transcript to the parent bank of the name, amount and maturity of all paper registered by it, but such Federal Reserve Bank should likewise be required to submit daily a transcript to every other Federal Reserve Bank of all paper which it or its branches had registered, and likewise notify its branches of advices of such paper, which it has received from other Federal Reserve Banks.

"If a system of such daily reports is established every Federal Reserve Bank and its branches which have registered single name paper offered for discount, would be informed as to the amount of such paper outstanding. If this requirement of registration was placed upon single name paper in order to make it eligible for discount, it would ultimately result in most of the paper of this description being so registered, which would be a great advantage, not only to the Federal Reserve Banks but to the member banks, and place a wholesome restraint upon the issue of paper of this description."

It will be interesting to compare the views set forth on this important matter by the clearing-houses of New

York and Philadelphia. When reports come in from western and southern clearing-houses it will probably be found that the difficulty of making any sudden change in present practices will be fully shown.

The last report of the Comptroller of the Currency showed that the national

banks had time loans on single-name paper without other security amounting to \$773,791,174, and if all the single-name paper were included the amount would be considerably larger. Probably the State banks hold an even greater proportion of their loans in this class of paper.

Banking and Commercial Law

CASE COMMENT AND REVIEW

“Blue-Sky” Legislation

IN their endeavor to right the many wrongs from which the body politic suffers, well intending but misguided legislators frequently defeat their own ends. They legislate first and reason afterward. The illness seems so severe that drastic medicine is needed, and an overdose results.

One of the crying evils of the day is the bogus investment. Humanity is weak when it sees “easy money.” Because one man struck oil, all would strike oil; the discovery of one rich mine cheers multitudes who would make a like discovery. And if one cannot be the chief, then a place in the ranks suffices, and stock ownership follows.

Probably seven out of every ten estates show worthless securities in the inventory. The pictures and prospectuses and promised profits are so alluringly persuasive that the man who can least afford to venture plunges in where angels would fear to tread, and disappointment follows. To curb the evils of unwise investment, and save the people from themselves, lawmakers in many States have decreed that all securities offered in the commonwealth must pass the test of a censorship—a very

commendable plan. By some accident of fate the nomenclature of “Blue Sky Laws” has been given such endeavors, the scheme originating in Kansas, followed by like legislation in Michigan, Arkansas, Oregon, the Dakotas, West Virginia, Missouri and Vermont, and in modified form in Ohio.

The trouble was (as often obtains in such attempts) that the lawmakers went too far and embraced everything that looked like a bond or stock, and put the good, the bad and the doubtful under the ban of such unconstitutional restrictions as to nullify their own acts.

Bond dealers and banks operating bond departments quickly realized the importance of these laws and through the Investment Bankers Association challenged the constitutionality of these laws, and a decision in the District Court of the United States for the Eastern District of Michigan, rendered January 28, 1914, puts a few clouds in the “blue sky” that promise ill for the entire scheme; for the court holds the act, so far as Michigan goes, is unconstitutional and void as to its entirety. The opening paragraph of the decision is a forceful criticism of the well-intended but unwisely wrought “blue sky” legislation.

And unless the laws of other States are very much different from that of Michigan, all the "blue sky" legislation will have to be gone over again and passed in a much modified form if it is to stand the test of the courts. This decision is the severest blow such lawmaking has had; and it is both a court ruling and a warning to all who would cure financial ills by law.

Leading Case of the Month

The Michigan "Blue-Sky Law" Unconstitutional

UNITED STATES COURT

District Court of the United States for
Eastern District of Michigan,
January 28, 1914.

ALABAMA AND NEW ORLEANS TRANSPORTATION COMPANY, CONTINENTAL AND COMMERCIAL TRUST AND SAVINGS BANK, N. W. HALSEY & CO., H. L. HIGGINSON ET AL, A. B. LEACH ET AL VS. EDWARD H. DOYLE, JOHN W. HAARER, GRANT FELLOWS (MEMBERS MICHIGAN SECURITIES COMMISSION).

ON motion for preliminary injunction against the members of the Michigan Securities Commission, to prevent the execution of Michigan Public Act No. 143, of 1913 (the Blue Sky Law).

Heard before Denison, Circuit Judge, and Sessions, and Tuttle, District Judges, under § 266 of the Judicial Code, as amended March 4, 1913.



OPINION OF THE COURT (IN PART)

PER CURIAM: We take judicial notice of the common understanding that this "Blue Sky Law" was intended to stop the sale of stock in fly-by-night concerns, visionary oil wells, distant gold mines and other like fraudulent exploitations." If just this intent had been carried into effect by the act as passed, these cases would not be

here; but scrutiny of the law discloses additional and very different effects. It is not confined to corporations, but covers partnership issuing, and individuals dealing in, securities; it does not relate alone to stocks, but as well to bonds, mortgages and promissory notes; it is not limited to investment companies, as that term would ordinarily be defined, but extends the definition so that it may include most of the private corporations and partnerships in the United States; it does not cover fraudulent securities merely, but reaches and prohibits the sale of securities that are honest, valid and safe; it does not simply protect the unwary citizen against fraudulent misleading, but it prevents the experienced investor from deliberately assisting an enterprise which he thinks gives sufficient promise of gain to offset the risk of loss, or which, from motives of pride, sympathy or charity, he is willing to aid notwithstanding a probability that his investment will prove unprofitable.

Of course, not all of these results always follow; but they always may, and sometimes will. Take concrete instances. A merchandizing partnership cannot borrow additional capital from its home bankers on long time notes (over nine months) unless the commission approves. If a timber company is insolvent, no one can deal in its first mortgage or underlying bonds, though these bonds are perfectly good, are not in default and not likely to be; nor can the commission permit such dealing if it would. A successful automobile or furniture company may not increase and sell its capital stock, save by the commission's approval, and if such a company has not been successful and the commission thinks it is not likely to be, the company must liquidate—it will not be permitted to get new capital.

If a company is organized to make and sell a new invention, and if the commission thinks the enterprise will not succeed, the stock may not be sold, even to skilled bankers who have investigated thoroughly and still desire

to buy. If, through local pride or in the effort to save an existing investment or for any indirect benefit to come, the citizens of a town wish to take stock or bonds in a local company, though knowing they are likely to lose their investment and being willing to take the chance, yet they may not; this law forbids.

With the economic wisdom of such a law, this court has nothing to do; all such considerations are for the legislature (*McLean vs. Arkansas*, 211 U. S., 539; *C. B. & Q. R. Company vs. McGuire*, 219 U. S., 549). The generally laudable and remedial purposes of the act are to be granted; but in endeavoring to make it so all-embracing as they thought wise, its draftsmen, as we are forced to conclude, disregarded fundamental limitations imposed by the Federal constitution. We reach this result fully recognizing the rule that a court must not make such a decision on any evenly balanced or doubtful considerations, but must be clearly satisfied of the law's invalidity; and we proceed to state the reasons which compel our conclusions.

It is necessary, first, to recite the substance of the law. By its title it purports to

"Define and provide for the regulation and supervision of foreign and domestic investment companies, their agents and other persons, corporations and associations, selling the stocks, bonds or other securities issued by such investment companies; to protect the purchasers of the stocks, bonds or other securities issued by such investment companies; and to prevent fraud in the sale thereof; to create a commission to administer the provisions of this law; and to provide penalties for the violation thereof."

"It then defines an investment company, foreign or domestic, as including every corporation, co-partnership, company or association, which shall, either by itself, or through others, sell or negotiate for the sale, in Michigan, of any stocks, bonds or other securities issued by it. Excepted from this definition of investment companies are: municipal corporations, banks, trust companies, building and loan associations and corporations not for profit. Exempted from the 'stock, bonds or other securities' affected by the act are: commercial paper running less than nine months; the securities of quasi-public corporations, the issue of which is regulated by any public ser-

vice commission; and real estate mortgages where the entire mortgage is sold with the notes secured thereby (ordinary trust mortgage bonds remaining within the act). The State Banking Commissioner, the State Treasurer and the Attorney General are constituted a 'Securities Commission.'

"No investment company shall offer to sell any of its securities until more than thirty days after it has filed with the Commission full data regarding itself and its securities, and paid to the Commission one-tenth of one per cent. (with a maximum of \$100) upon the face value of the securities for the sale of which permission is sought.

* * * If the Commission finds that the investment company is not solvent, or that its organization or plan of business is not fair, or that its proposed contracts or other securities are fraudulent or of such a nature that their sale would, in all probability, work a fraud upon the purchaser, or finds that such securities are of such a nature and character as would, in all probability, result in loss to the purchaser, then the sale thereof is to be permanently prohibited

* * * A 'dealer' is defined as any person, firm, co-partnership, corporation or association, not the issuer, who shall sell or offer for sale any of the securities issued by any foreign or domestic investment company within the act, or who shall profess or engage in the business of such selling; but the definition does not include the owner of such securities who is not the issuer, but who, for his own account, sells them, but the owner so selling is excluded from the class of 'dealers' only if 'such sale is not made in the course of continued and successive transactions of a similar nature.'

"Dealers must be registered with the Commission, pay a registration fee of \$50, furnish all requested information and file and maintain lists of their authorized agents (at \$3 each). No dealer shall offer for sale any securities unless the issuing investment company has complied with the law, or unless the dealer himself furnishes the information which would have been required from the investment company. In no case can any issue and sale be made of the stocks, bonds, contracts or commercial paper covered by the act until thirty days have elapsed after the application and data are filed with the Commission, after which time, lacking objection by the Commission, the prohibition expires, and the sale is (tacitly) approved." * * *

This law is now attacked in five cases which, for the purpose of this motion, have been consolidated. * * *

The objections urged against the act are: (1) that it deprives plaintiffs of their property in violation of the Fourteenth Amendment; (2) that it deprives plaintiffs of the equal protection of the

laws in violation of the same amendment; (3) that it directly burdens interstate commerce; (4) that it delegates to the commission legislative power and judicial power in violation of the Michigan constitution; (5) that the title of the act is not confined to one object and does not express that object, as required by the Michigan constitution. * * *

Are plaintiffs deprived of their property or liberty without due process of law?

That this act does deprive plaintiffs of property, as well as of liberty, is clear. Their right to issue and sell, or to buy and sell securities, is "property" and "liberty" under the familiar definitions adopted by the Supreme Court of the United States as well as by the Supreme Court of Michigan.

"The liberty mentioned in that amendment means not only the right of the citizen to be free from the mere physical restraint of his person, as by incarceration, but the term is deemed to embrace the right of the citizen to be free in the enjoyment of all his faculties; to be free to use them in all lawful ways; to live and work where he will; to earn his livelihood by any lawful calling; to pursue any livelihood or vocation, and for that purpose to enter into all contracts which may be proper, necessary and essential to his carrying to a successful conclusion the purposes above mentioned." *Allgeyer vs. Louisiana*, 165 U. S., 578, 589; *Lochner vs. New York*, 198 U. S., 45; *Adair vs. United States*, 208 U. S., 161.

Indeed, we do not understand the Attorney General to question that the statute does operate to deprive plaintiffs of their liberty and property. He relies, rather, upon the principles stated by the Circuit Court of Appeals of this Circuit, speaking by Judge Cechran, in this language:

"In the first place, it is to be noted that a statute or ordinance depriving one of his liberty or property is not in violation of said amendment merely because of such deprivation. Either of three things is essential to bring the deprivation within the amendment. It must have no real or substantial relation to the public welfare, or the deprivation it provides for must be a deprivation without due process or law, or it must amount to a denial of the equal protection of the laws. If the statute or ordinance has a real and substantial relation to the

public welfare, if it provides for a deprivation by due process of law, and if it affords an equal protection of the laws, it is valid, notwithstanding its enforcement will deprive a person subject thereto of his liberty or property." *Grainger vs. Douglass Park Club*, 148 Fed. Rep., 513, 523.

The first vital question, then, must be whether the provisions of the statute have "real or substantial relation to the public welfare." * * * We take it as intended to be definitive of the police power: and so the extent of that power is the real question. * * * It is enough, now, to remember that the prohibition in question has to do with transactions predominantly private, and not with those which are affected by a public interest, which arise from public grant or which exist by public sufferance. * * * The issuing of commercial paper, stocks or bonds by a private company to get money for its own business, no one can suppose is a public or quasi-public enterprise; the business of buying and selling stocks and bonds and other securities is no more "affected by a public interest" than is the business of buying and selling groceries. When we thus recall that the prohibition applies to a private business, the question at once presents itself whether frauds and opportunities for fraud sufficiently characterize the business to justify its entire prohibition save under drastic restrictions. We cannot shut our eyes to the fact which all men know that, as compared with the total dealings in securities covered and contingently prohibited by this act, those which may fairly be suspected to be of a fraudulent character are a very trifling proportion; and there is no reason to suppose that the percentage of fraud is any greater than in each of the ordinary business and professional occupations. * * *

However, there are some features of the statute which are not even within the shadow of the police power. The first of these is the provision that no promissory note, bond, stock, contract or other security shall be sold within the State unless the commission thinks it is worth the price which is asked.

The act does not put it quite so baldly, but the language can mean nothing else. If the commission finds that the "sale will, in all probability, result in loss to the purchasers," the sale is prohibited. Unless the security is worth the price asked, the "sale will, in all probability, result in loss to the purchaser." This is the plain meaning of the words.

In that event, the commission has no power to permit the sale; and if, after such a finding, the property is sold to a careful purchaser—who is in no way misled, but buys just what he wants and pays what he thinks it is worth—the seller may be imprisoned for five years; and it would be quite immaterial that the commission was wrong and that the security sold was, in fact, worth the price. The element of fraud is wholly eliminated from this part of the statute, and all the dependent police power to protect the citizen against fraud must, concurrently, disappear. No definition of the public power, which we have seen or which the industry of counsel has found, is broad enough to cover such a prohibition, and we are aware of no consideration which even plausibly supports its validity.

Of like effect and subject to like infirmity is the provision forbidding the sale of securities, if the commission thinks that the company's organization or proposed plan of business is not "fair." Broader and vaguer language could not be chosen. It subjects to the practically uncontrolled discretion of the commission every issue or general sale of stocks, bonds or securities hereafter to be made in Michigan. For this and the provision regarding probable loss, we heard upon the argument and we find in the briefs no claim of justification on grounds of public welfare; and we know of none. They deprive plaintiffs of property and they do not carry the semblance of "due process of law."

It may be assumed that the officials who constitute the commission are more experienced and wiser than two citizens who desire to buy and sell

property, with which they are familiar, at the price they have agreed upon; it may be assumed that these officials can foresee the coming events which will bring loss or profit on a proposed investment: but it has never yet been supposed by any court or any text writer that it was within the police power of a State to decide for its citizens the financial advisability of their investments—so long as the investors were not misled or deceived.

Still another limitation which we think wholly beyond the authority of the police power is this: During the period of thirty days after the application is made and data filed with the commission, there can be no sale of the securities. The commission is powerless to permit; any company which issues and sells or any dealer who sells is guilty of felony. This is the law, without regard to the character of the securities. They may be of the highest quality in every respect; the emergency requiring immediate sale may be extreme; these considerations cut no figure; the law proclaims a thirty-day paralysis. If a company, perfectly solvent, but in need immediately of ready money, arranges a bond issue and has people ready to purchase the bonds, nothing can be done for thirty days; in the meantime, things must stop and the company perhaps, must lose its credit and fail. Such a provision is an arbitrary and oppressive interference with the right of contract; it bears no "reasonable relation" to the public health or the public morals—or even to the "public welfare," in the broadest conceivable sense of that phrase.

Does the act deprive plaintiffs of the equal protection of the laws?

This is the second question stated by Judge Cochran; and the answer depends on whether the classifications adopted by the statute are justified by the rules of classification which have been considered in many cases by the Supreme Court of the United States. Plaintiffs, under this head, urge many detailed objections. They say that such distinctions as are attempted can-

not lawfully be made between partnerships and individuals, between long time and short time paper, between ordinary mortgages and trust mortgages securing a bond issue, between the owner and the dealer, between stock subscriptions and stock sales, and in other particulars which we need not specify. * * * Some are hypercritical; some are at least serious. For example, it is difficult to see why one rule should be applied to an individual who gives a trust mortgage upon his property securing a series of his notes and bonds, and a different rule to a partnership which does the same thing. However, we pass these objections by, as other grounds are clearer.

Another reason urged why plaintiffs are deprived of equal protection of the laws is that the statutory penalties are so excessive that persons interested dare not make a test case in the ordinary way. Such terrorizing penalties furnish a reason why a court of equity may have jurisdiction to enjoin the enforcement of the law temporarily, till its validity can be determined (*Ex Parte Young*, 209 U. S., 123); but where the penalties are separable as they are hereby, their possible invalidity may be a defense against their direct enforcement, but does not furnish ground for pronouncing the whole law invalid * * * (Citing cases).

Do the provisions of the act constitute a direct and substantial burden on interstate commerce?

It must be conceded that, if such burden is created, the act is, so far, void.

We cannot doubt that stocks and bonds are now the subject of interstate commerce, and that shipments and sales of them, between the States, are interstate commerce. * * *

As to stocks, some distinctions from the Lottery Cases (188 U. S., 321) can be drawn, because the certificates, in part, represent rights of membership; but we cannot appreciate the force of any considerations whereby it might follow that, although lottery tickets are the subject of interstate commerce,

bonds and commercial paper are not. They pass freely from hand to hand, title to many of them passing by delivery; they are subject to State taxation; they are protected by State statutes against larceny; in an increasing volume from year to year, they have come to take a most important place in the business and commerce of the country. They satisfy in every respect, the essentials of the definition of the Lottery Cases; indeed, they satisfy the more limited definition contended for in the minority opinion in that case.

If bonds and commercial paper and (probably) stocks are the subject of interstate commerce, are interstate dealings in them directly burdened by this law? Dealings wholly by mail, in which the non-resident vendor only sends letters into the State, and, upon the end of the negotiations, sends the securities into the State to be there paid for, might escape the statute—not because its general language does not cover them, but because its operation might be limited to avoid the clear invalidity which would otherwise result. However, we know that the great mass of business of this kind is done by traveling agents or solicitors for foreign investment bankers, brokers and issuing corporations. These solicitors and salesmen travel through the State and negotiate and close sales. They may carry with them the stock certificates or bonds, or they may, on closing a sale, telegraph or write to the home office and have the securities sent over, either directly to the purchaser or to themselves, for delivery by them. If the home office is at (e. g.,) Chicago, the delay is for only a few hours. The distinction between these two methods (personal carrying by salesmen and sending home) are shadowy in principle and often negligible in practice. We think the statute is clearly intended to be applied to this kind of business, by either method. The law says, in § 18:

“It shall be unlawful for any corporation, co-partnership, association, company, firm, person or agent to sell or offer for sale, or attempt to sell at any place within this State, or to any person within this State,

stocks, bonds or other securities, unless, etc. * * *. No investment company or dealer shall sell or offer for sale at any place or to any person within this State any stocks, bonds or other securities payable to any investment company, unless, etc."

This brings us to the inquiry whether the burden is direct and so forbidden, or indirect and so permitted. It is established by many familiar cases, that although certain exercises of the police power (of which ordinary licensing laws and food inspection laws are the most familiar examples) do burden interstate traffic in legitimate articles of commerce, yet, because the law is within the police power, the burden is considered not sufficiently substantial and direct to make the law invalid. * * * We may assume, for the purpose of this opinion, that this inquiry—whether the burden is "direct"—is only another form of the question whether the act is within the police power.

Is this a mere licensing law? So far as it affects the investment company, we see no similitude. Engaging in a business is not regulated or permitted; it is the proposed individual transaction which is the subject of scrutiny. The investment company receives no license, in substance or in form. If it fully complies with the law, and the issue and sale of stocks and bonds are approved, and if the next year or the next month it wishes to make another issue which may be substantially similar, it is forbidden to do so until there is another submission and another tacit approval. To call such provisions the licensing of an occupation or business is a misnomer.

As to dealers, there is more of the form of license. They are required to register and pay a registration fee and are subject to some general provisions and regulations. For this reason, we said above that some parts of the act used the nomenclature of a license law. However, if this is a license to the dealers, it avails them nothing. They cannot do one item of business, until that item has passed scrutiny; hence it is

clear that the dominant purpose is not to license and supervise individuals in the following of an occupation or business, but to regulate, to the point of prohibition, the business itself. * * *

We rest our conclusion here on the proposition that this statute, in the respects which we have pointed out, finds no support in the police power, and accordingly, that its restraint of interstate commerce is not merely indirect or incidental.

Another reason, if it were necessary, for holding that the restraint upon this interstate commerce is direct, is found in the fact, already discussed, that for thirty days, there is an absolute prohibition of any dealing on any terms. When we observe that a non-resident, owning stocks or bonds of the highest quality and upon which no criticism can or has been made, and who desired to sell them in Michigan to someone who there desires to buy, is totally forbidden to do so for a period of thirty days on penalty of being guilty of a felony, and that there is no machinery of the law by which he can get permission or approval until the thirty-first day, it is clear enough that the restraint is substantial and direct. * * *

There remains only one question. We have found that the power given the commissioners to forbid the sale of securities at less than what they think the proper price is a taking of property and is not within the police power, and that the act directly and substantially burdens interstate commerce. Can it be said that these features can be eliminated and still, that the law, generally, may stand? * * * It cannot be that if the unconstitutional portions are so interwoven with the whole purpose and operation of the statute that they are not fairly separable, the act may, nevertheless, be enforced in a form in which it was not passed and in which it might not be recognized by its framers. The provisions that the commission shall pass on the probability of loss (as distinct from fraud) and on the "fairness" of the plan, form an integral part of each section creating

the commission's powers. They are bound to modify and characterize the commission's whole action. It is not improbable that these provisions were inserted in the belief that without them the statute would be practically unworkable. They form an inherent part of the unitary statutory scheme to save citizens from probable financial loss. Certainly, the difference between a fraudulent enterprise and an unprofitable one is vital. The criterion of "probable loss" is broader and more inclusive than the criterion of "fraud"; it is not consistent to destroy the inclusive and preserve the included. * * *

So, too, the direct restraint on interstate commerce is an inherent part of many different sections. To enforce the law against the citizens of Michigan and not enforce it against non-residents would, doubtless, be a result most surprising to the legislature. It is an essential part of the scheme of the law that all persons, residents and non-residents, shall be prohibited from selling, in Michigan, securities which will probably result in loss to the purchaser; and the excision of this feature leaves the law without vitality.

Further, after the thirty-day provision is eliminated, nothing operative remains. * * *

Furthermore, as regards foreign corporate dealers, like two of the present plaintiffs, whose business constitutes partly, if not mainly, interstate commerce, the act, to be sustained, must be separable with reference to their interstate and intrastate transactions; and this is upon the well-established principle that States have no power to prohibit or to fetter by conditions the right of corporations to carry on interstate trade in legitimate articles of commerce. (*International Text Book Company vs. Pigg*, 217 U. S., 91). * * *

The preliminary injunction must be granted. The District Judge for the Eastern District of Michigan will settle the terms of the order and will allow an appeal, if one is desired. The Court, as now constituted, has no jurisdiction beyond the motion for injunction.

Opinion by courtesy of Caldwell, Masslich and Reed, of counsel for Investment Bankers Association.



Corporation Check for Personal Debt

RHODE ISLAND

Payment of Individual Debt by Corporation Check — Facts Putting Holder on Inquiry—Authority of Maker's Agent

Supreme Court, Rhode Island, November 19, 1913.

SHEER VS. HALL & LYON COMPANY.

A corporation is not liable on its check issued by an employee, without authority, for a personal debt. The payee or endorsee taking such check for a personal debt is bound to inquire if it has been issued by the corporation for the purpose for which it is to be used.

Exceptions from Superior Court, Providence and Bristol Counties.

ASSUMPSIT by Hyman Sheer against the Hall & Lyons Company. Judgment for defendant, and plaintiff excepts. Exceptions overruled, and case remitted to the Superior Court, with direction to enter judgment for defendant on the decision.



STATEMENT OF FACT

IT appears from the evidence at the trial in the Superior Court that one Frank Fisher was an employee of the defendant company. It was his duty to take charge of defendant's invoices, to fill out checks in payment thereof, secure the signature of the proper officers to such checks, and turn them over to the stenographer for mailing. Fisher purchased from the plaintiff an overcoat for his personal use, and in payment therefor delivered to the plain-

tiff a check of the defendant corporation which he, Fisher, had filled out to the plaintiff's order, and upon which he had obtained the signature of the defendant's treasurer. This was the first business transaction between Fisher and the plaintiff. The plaintiff knew that Fisher was employed by the Hall & Lyon Company, and that the bill for which the defendant's check was tendered to him was the personal bill of Fisher. After receiving the check the plaintiff sent it to the office of the defendant company to be cashed, where payment was refused for lack of the plaintiff's indorsement. Later it was discovered by the defendant company that Fisher had given the company's check for his personal bill without any authority, and without the knowledge of the company's officers, whereupon the defendant company stopped the payment of the check. This being the situation the plaintiff brought his action in assumpsit in the Superior Court to recover the amount of the check. The general issue was pleaded by the defendant, jury trial was waived, and the case was tried before the presiding justice of the Superior Court. A decision was rendered for the defendant on the ground that the check was given to the plaintiff to pay the personal debt of an employee of the defendant company without any authority from said company, and was accepted by the plaintiff without inquiry. To this decision the plaintiff excepted, and the case is now before the court upon such exceptions.



OPINION OF THE COURT

VINCENT, J.: It is claimed by the defendant company: (1) That there was no delivery of the check sufficient to satisfy the requirements of the Negotiable Instrument Law; and (2) that the acceptance of the defendant's check in payment of the personal bill of Fisher, without inquiry, precludes a recovery by the plaintiff, the check having been issued without au-

thority and without any knowledge, on the part of the defendant, of the purpose for which it was to be used. We think that the plaintiff's exceptions must be overruled. Fisher had no authority to fill out checks and procure the signature of the proper officers of the defendant thereto except as such checks were required in the payment of the invoices with which he was intrusted, and therefore the issuance of this check payable to the order of the plaintiff for his own personal bill, without the knowledge of the company, was beyond the powers or authority with which he was invested. Fisher procured the delivery of the coat, which the plaintiff had made for him, by means of this check. The check was made out to the order of the plaintiff, and therefore it must have been apparent to him that Fisher was using the check of the defendant company in the payment of his personal bill. Being so advised, it devolved upon the plaintiff to make such inquiry as might be necessary to ascertain whether or not Fisher was authorized to make use of the defendant's check for his personal benefit.

It is a well settled rule that a person who takes the check or note of a corporation, knowing that it is being given in payment of the personal debt of an employee of the company, is bound to inquire and to ascertain if it has been issued by the company with the knowledge of the purpose to which it is to be applied. *Randall vs. R. I. Lumber Co.*, 20 R. I. 625. It is not claimed in the present case that the plaintiff made any inquiry before the acceptance of the check and the delivery of the coat. There was some testimony that the check was subsequently taken to the office of the defendant, where the assistant treasurer, or some other employee of the defendant, pronounced it to be all right, except that it required the indorsement of the payee. If any such statement was made by an employee of the defendant, it does not appear that, at the time of making it such employee was familiar with or had any knowledge of the history of the check.

It does not seem reasonable that any one in authority in the Hall & Lyon Company would have made any statement designed to ratify the check, knowing it to have been drawn by Fisher in payment of his personal bill.

We think the decision of the Superior Court was right. The plaintiff's exceptions are overruled, and the case is remitted to the Superior Court, with direction to enter judgment for the defendant on the decision.

88 Atlantic Rep. 801.



Check Marked "In Full Payment"

NEW YORK

*Accord and Satisfaction — Contract —
Alteration of Terms*

Supreme Court, New York, Appellate Term, First Department, Nov. 13, 1913.

MARK VS. WHITE COMPANY.

A check marked "in full settlement as per contract," when deposited and used, where the amount was in dispute, was an accord and satisfaction, although the check was indorsed by plaintiff's son, who had authority to indorse checks for deposit only.

APPEAL from City Court of New York, Trial terms from a judgment for plaintiff. Reversed and new trial granted.



STATEMENT OF FACT

THIS action was brought to recover for the price of twenty automobile bodies. It appears, without contradiction, that after a prolonged dispute as to the amount due from defendant to plaintiff, defendant wrote:

"We enclose our check for \$132.59,

together with statement showing our entire indebtedness to you on the Gimbel bodies. This statement is in accordance with the contract." * * *

The check was endorsed:

"In full settlement as per contract."

The check was deposited and used by plaintiff, and two days later plaintiff wrote defendant:

"Your check for \$132.59 received, for which we will credit your account." * * *



OPINION OF THE COURT

BYUR, J.: One decisive point in the case requires a reversal of the judgment. There can be no doubt that this would have constituted an accord and satisfaction as pleaded, were it not for the point raised by plaintiff — respondent to the effect that he never saw the check, but that it was indorsed by his son, who had authority "to indorse for him," and who was authorized "to sign for him," and who was his bookkeeper. He also said of his son: "He has only a right to endorse checks for deposit; that's all."

Even if the authority of the son was not so extensive that plaintiff was bound by his acceptance of the check with the qualifying endorsement, the accompanying letter which the plaintiff received sufficiently indicated that the check was in settlement of the account after a dispute. On familiar principles, an accord and satisfaction was thus established.

Respondents further claim that he is, at all events, entitled to recover for a further sum for "extra work" is disposed of by the conceded fact that the so-called "extra work" was only a modification of the contract, changing the character of some of the work to be done, and that such modification was made before the contract was accepted. Judgment reversed and new trial granted. All concur.

143 New York Supp. 1036.

Agency

SOUTH CAROLINA

Right of Bank to Obey Instructions of Agent When Acting Within the Apparent Scope of His Authority

Supreme Court of South Carolina, October 29, 1913.

HILLER VS. BANK OF COLUMBIA.

A principal is responsible for the acts of his agent done within the scope of his authority, real or apparent. An agent is clothed in law with all the authority which his principal holds him out as having, or knowingly allows him to hold himself out as having.

If, therefore, a depositor by a course of dealing with a bank through an agent, holds him out as having the authority exercised, or knowingly allows him to exercise such authority and acquiesces in it; and if a reasonably prudent person would have concluded therefrom that he had such authority, the bank is justified in obeying his directions.

When a general agency is shown, the burden is upon the principal who would escape liability for the acts of his agent done within the apparent scope of the agency, on the ground that the agent's authority was limited, to prove the limitation and notice thereof to the other party.

APPEAL from Common Pleas Circuit Court of Richland County:

Action by Nannie E. Hiller against the Bank of Columbia. From a judgment for plaintiff, defendant appeals. Reversed.



STATEMENT OF FACT

A SHORT time after her husband's death, in 1904, plaintiff collected a policy of insurance on his life, which was payable to her and deposited the money in the defendant bank to her credit as "Nannie E. Hiller, Adm'x." Her husband left a will of which she was executrix, and, after his death, she continued a mercantile business in which he had been engaged, though she was not authorized to do so by the will. Her brother-in-law, John G. Hiller, was her agent in the management of the business. He made deposits to her

credit on her said account at bank and, in doing so, signed her name in the indorsement of checks payable to her order and signed her name to checks on said account. She also drew checks on said account. She testified that at first she drew all the checks herself, but later she gave him authority to sign her name to checks. She also said that, in signing her name, he tried to imitate her signature, and the testimony showed that it was difficult for even an expert in handwriting to distinguish them.

On April 19, 1910, plaintiff deposited \$200 in the defendant bank to her credit as "Nannie E. Hiller." without "Adm'x" added. Some time in June thereafter a number of checks were presented at the bank, signed "Nannie E. Hiller, Adm'x," payment of which would have overdrawn that account. The bank was about to return them unpaid, when John G. Hiller happened to go into the bank, and, on his attention having been called to the matter, he directed the bank to charge them to Mrs. Hiller's personal account, saying that it was all hers—her business. This was done, and the amount to plaintiff's credit was thereby exhausted, except thirteen cents, about which there is no controversy. The bank having refused, on demand, to pay Mrs. Hiller the \$200 so deposited by her, she brought this action to recover said sum. The defense was that the money had been paid out on checks drawn by her or her authorized agent. The defendant attempted to show that the checks which had been charged to her personal account were signed by the plaintiff herself, and the evidence was conflicting as to whether she or John G. Hiller signed them. She admitted that she signed one for \$55.20, which paid for a bale of cotton bought at the store, but denied signing the others. The one she admitted signing did not have "Adm'x" after her signature. The others did. A number of handwriting experts testified that, in their opinion, she signed most, if not all, of them. The bank contended fur-

ther that the course of dealing between it and plaintiff and John G. Hiller, with the knowledge and acquiescence of plaintiff, had been such that it was justified in obeying his directions to charge the checks to her personal account. In support of that contention, besides the other testimony showing the general course of dealing, it introduced testimony to the effect that on a former occasion plaintiff had two accounts at the bank, and John G. Hiller was allowed to draw checks on both. * * *



OPINION OF THE COURT (IN PART)

HYDRICK, J.: The rule is that the principal is responsible for the acts of his agent done within the scope of his authority, real or apparent. An agent is clothed in law with all the authority which his principal holds him out as having, or knowingly allows him to hold himself out as having. Therefore if the plaintiff, by her course of dealing with the bank, through Hiller, held him out as having the authority which he exercised, or knowingly allowed him to exercise such authority and acquiesced in it, and if the circumstances were such that a reasonably prudent person would have concluded therefrom that he had such authority, the bank was justified in obeying his directions, and its defense should be sustained. *Welch vs. Clifton*, 55 S. C. 568. *Howers vs. Railway*, 74 S. C. 221. The testimony, especially that which tended to show that, on a previous occasion, two accounts had been kept, and Hiller drew on both, with the knowledge and acquiescence of plaintiff, made an issue of fact whether the bank was justified in its course, and the court invaded the province of the jury in charging that it had no right to do what it did, under the facts stated in the hypothesis. *Buist Co. vs. Mercantile Co.*, 73 S. C. 48.

The court erred in stating the bank's contention to the jury, saying: "The bank contends that these ten checks

(the "Adm'x" checks which had been charged to plaintiff's personal account) were on this account called individual account, not to be drawn on by John G. Hiller at all, but by Nannie E. Hiller." The bank's contention was not that said checks were drawn on the personal account but that, notwithstanding they were drawn on the "Adm'x" account, they were drawn by Mrs. Hiller herself; and, as there was not enough money to her credit in that account to pay them, she must be held to have intended that they should be paid out of the other account. With one exception, the checks showed on their face that they were drawn on the "Adm'x" account. The bank further contended that it was within its rights in obeying Hiller's direction to charge the checks to plaintiff's personal account. This error would not, however, be ground for reversal of the judgment, because it was the duty of defendant's attorney to pay attention to the charge and to call attention of the court to the error in stating his contentions. We have frequently held that if counsel sit by and allow the court to misstate the issues or their contentions, without calling attention to it and asking that it be corrected, they will not be allowed to take advantage of it on appeal.

But the instruction was further erroneous in that it involved a charge on the facts, in so far as the court said of the individual account, that it was "not to be drawn (on) by John G. Hiller at all but by Nannie E. Hiller." Whether John G. Hiller had authority to draw on that account was, as we have seen, an issue of fact which was exclusively for the jury.

We think also that his honor narrowed the issue too much when he told the jury that the bank must prove that "the ten checks in issue drawn upon it (the individual account) were drawn rightly, to wit, drawn by Nannie E. Hiller." This instruction left out of view this very material feature of the defense that, even if the checks were drawn by John G. Hiller, still if he had authority, real or apparent, to direct the bank

to charge them to Mrs. Hiller's personal account, the bank had the right to do so. His authority to draw the checks on the "Adm'x" account was admitted, and they were so drawn, so that the question whether the plaintiff drew those checks herself was not the sole question at issue, nor was a finding that she did draw them herself conclusive of the bank's defense.

Appellant contends that his honor erred in charging that, when plaintiff proved that she put the money in the bank, the burden was upon the bank to show that it was rightly paid out. As a general proposition that was a correct statement of the law, and from the context it appears that the court had in mind only the general rule in such cases. It is true, as contended by appellant, that, when a general agency is shown, the burden is upon the principal who would escape liability for the acts of his agent done within the apparent scope of the agency, on the ground that the agent's authority was limited, to prove the limitation and notice thereof to the other party. *Whaley vs. Duncan*, 47 S. C. 147. *Lowry vs. Railroad Co.*, 92 S. C. 43. But, as the principle for which appellant contends arose out of a special phase of the case, it should have been brought to the attention of the court by a request to charge.

Judgment reversed. 79 S. E. Rep. 899.

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.*

OVERDRAFT—CHARGING BACK

MORRISVILLE, VT., March 2, 1914.

Editor Bankers Magazine:

SIR: Some time ago one of our customers deposited a check at the teller's window for several hundred dollars and was credited with same upon his pass book that day.

The next morning, in the regular course of business the check went to the bookkeeper, and before the item was charged up, which would have caused an overdraft, my attention was called to the matter and I immediately notified the depositor that the check was not good and that we would take it for collection.

I have always understood in a case of this kind that the check could be charged back at any time, but our customer does not think so.

I would be glad to know your opinion and other decisions in regard to this matter.

TREASURER.

Answer: Where a check drawn upon a bank is presented to it by the holder for deposit to his credit, and the amount is credited to the holder, the legal effect is precisely the same thing as though the money were first paid out to him and then by him deposited in the bank. It is the right of the bank to refuse to pay it, or it may reject it conditionally. But if it accepts the check as valid and pays out the money (or what, as some authorities hold, is the same thing, credits it to the holder's account), it cannot at any time thereafter, even on the same day, return the check on discovering that there were no funds to meet it, and cancel the transaction, for the collection is then treated as accomplished.

But if the check holder merely requested the check to be placed to his account, and the bank does not debit the drawer or credit the holder with the amount, or cancel the check, it may return the check on discovering that it was an overdraft, provided it does so in time to give the holder due notice of dishonor. (*Daniel on Negotiable Instruments*, p. 651.)

Where the paper deposited is a check on the depository bank, the transaction is in effect a presentment for payment. If the bank honors the check, it charges the amount to the account of the drawer, and credits the amount to the account of the depositor, and the transaction is then closed. The bank owes the depositor the amount credited, as upon a general deposit of so much cash. The legal effect is the same as if the money were first paid out and then

deposited. The bank may, however, credit the depositor's account conditionally, that is, upon condition that if upon examination the check on drawer's account be not found good, the check shall be charged back to the depositor; and in that case the transaction is not closed until after the expiration of the time within which the bank has reserved the right to charge back the amount credited without exercise of such right. This right is often reserved by notice printed in the pass-book that checks upon the depository will be credited conditionally, and if not found good at the close of business will be charged back to the depositors, and the latter notified of the fact.

If there is no agreement that the credit is conditional, however, there being no fraud, and the check being genuine, it is generally held the transaction is closed as fully as if the bank had paid over the counter the amount called for by the check, and that the bank cannot charge back the amount because the account of the drawer turns out to be overdrawn. A bank has always the means of knowing the state of the account of the drawer, and if it elects to pay the paper it voluntarily takes upon itself the risk of securing itself out of drawer's account or otherwise. (Tiffany on Banks and Banking, p. 38, and authorities cited.)

Oddie vs. National City Bank of New York, holds that under circumstances similar to the above question, the bank became liable to the depositor for the amount of the check although on the same day, and before the close of banking hours, but after it had paid other checks of the drawer presented later, it returned the check to the depositor as not good, and although the account of the drawer was overdrawn at the time of the deposit. (45 N. Y. 735.)

Where a drawee bank charges a check to the account of drawer, and credits the amount to the bank forwarding the check, the transaction is closed and the bank cannot revoke the

credit as given. (*Consolidated Nat. Bank vs. First Nat. Bank*, 129 N. Y. App. Div. 538.)

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CHANGING FROM STATE TO NATIONAL BANK — CONSENT OF STOCKHOLDERS

MINNEAPOLIS, MINN., February 28, 1914.

Editor Bankers Magazine:

SIR: I hold some stock in a New York State bank which contemplates going into the national banking system. Is the consent of all stockholders necessary or will I have to abide by the will of the majority? How is the book value of bank stock obtained?

SUBSCRIBER.

Answer: In such a move a tentative plan is usually submitted to the stockholders for ratification. Section 78 of the New York Banking Law reads as follows:

* * Whenever stockholders owning two-thirds of the stock of such bank shall have voted to become such corporation (meaning to change from a State to a national bank) or have executed a written consent authorizing its directors to make the certificate required therefor by the laws of the United States. * * *

Therefore, any plan which receives the consent of two-thirds of the stockholders will be binding upon all unless legal proceedings are taken to restrain the consummation of the plan. All stockholders must, of course, be treated alike and the plan submitted must, therefore, be acceptable or it will not receive the required consent.

The book value of bank stock is obtained by dividing the capital, surplus and undivided profits by the number of shares. This does not mean that they will pay you that amount, but this would be the value of the stock if the bank were liquidated and all assets converted into cash at their listed value. The conversion value of the stock is determined by the board of directors and in such changes, the stockholders are usually offered new stock in exchange for the old at a stipulated fig-

ure, or cash in the same sum or lesser amount. The minority stockholders have certain rights, which can only be enforced by legal proceedings.

All the stock must be taken care of in one form or another, so that the old corporation is out of existence, except for certain purposes named in the law, and you will have to consent to whatever plan is agreed upon by the majority unless it be so entirely unfair as to warrant legal proceedings to restrain.

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DEPOSIT SLIPS IN SAVINGS BANKS

RICHFIELD SPRINGS, N. Y., Feb. 10, 1914.

Editor Bankers Magazine:

SIR: In some article in THE BANKERS MAGAZINE, some time in the past two or three years, I have read that it is not customary for savings banks to require depositors to fill out deposit slips. Can you refer me to this article? CASHIER.

Answer: The article mentioned is now part of "The Savings Bank and Its Practical Work," by W. H. Kniffin, Jr., and appears on page 227.

Savings banks as a rule do not require their depositors to make out their own deposit tickets. This is especially true of the smaller banks. A few of the large banks are educating their depositors up to this point and insist that, so far as possible, the depositor fill out the ticket. Those unable to write are assisted by the usher; but owing to the fact that the savings bank clientele is now composed of a large number of foreigners, such compulsion or even assistance is often difficult.

There can be no doubt that in case of dispute it is safer banking to have a voucher, in the handwriting of the depositor, stating the amount of the deposit; but to require it in every case would be impossible. As an alternative, many, if not all banks, that make out their own tickets require the depositor to state the amount of the deposit, or assent to the amount named. In one large bank in New York, the usher goes along the line with pads of deposit slips

and indelible pencils requesting the depositors to make out the ticket, and assisting them when necessary. The practice should be encouraged as much as possible as a matter of precaution.

Legal Term Defined in this Issue

Assumpsit—An obligation not under seal; a form of action at common law to enforce an obligation not under seal. (Standard.) An undertaking, either express or implied, to perform a parol agreement. *Express assumpsit* is an undertaking made orally or by writing not under seal, or by matter of record, to perform an act or to pay a sum of money to another. *Implied assumpsit* is an undertaking presumed in law to have been made by a party from his conduct, although he has not made any express promise. (Bouvier.)



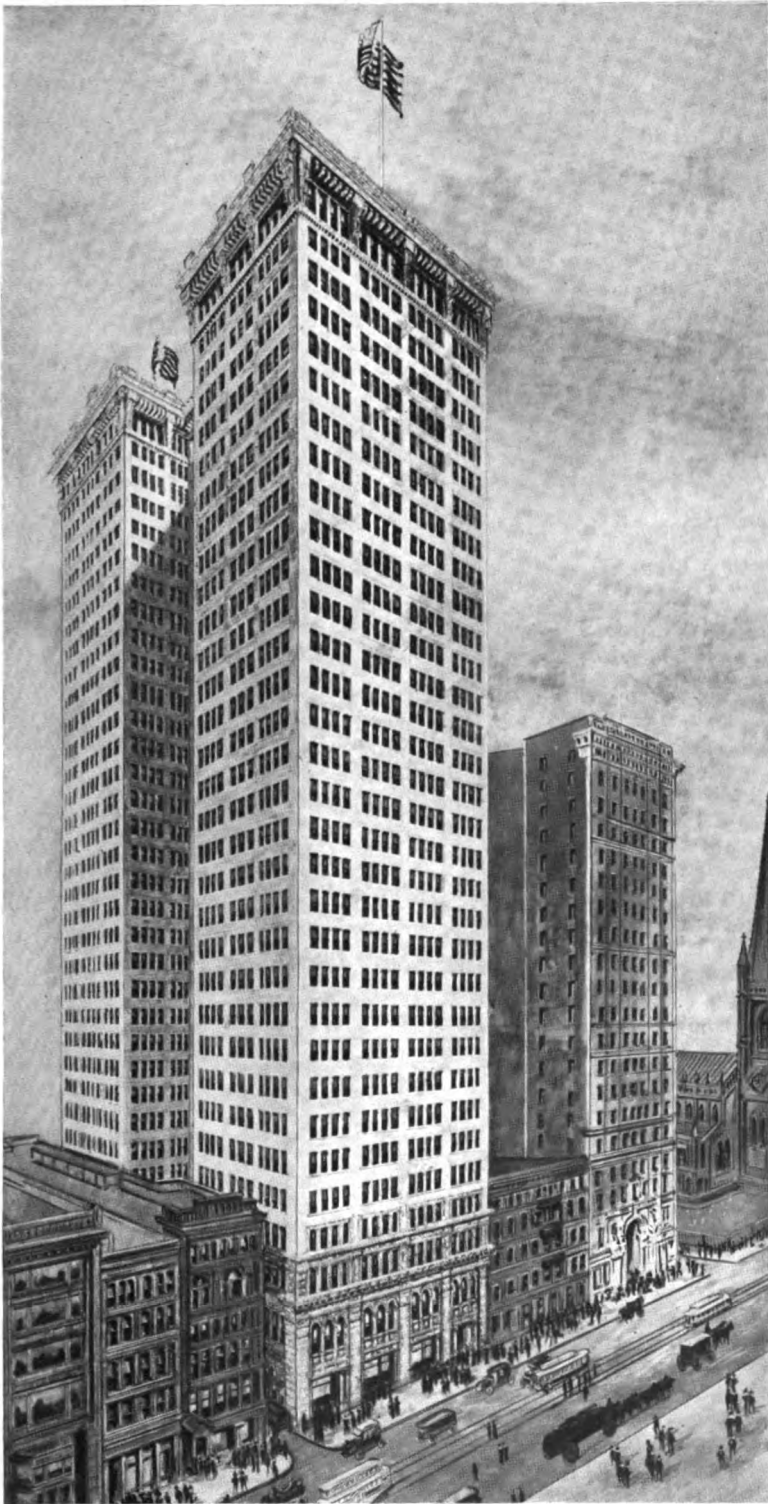
Annual Trust Company Banquet

To Be Held in New York May 4

AS the meeting of the executive council of the American Bankers Association, to be held at Hot Springs, Va., ends on May 2, the officers of the Trust Company Section have arranged to hold the fourth annual trust company banquet on the evening of Monday, May 4, at the Waldorf-Astoria Hotel in New York city.

This date was selected in order that members of the council, who it is hoped will attend this dinner as in the past, might have ample time to reach New York and yet not find it necessary to remain several days waiting over for the banquet.

Arrangements are being perfected to make this banquet equally as notable as the preceding ones, which have been conceded to be the most important dinners of the sort held during the year.



**NEW HOME OF THE CHASE NATIONAL BANK
ADAMS BUILDING, BROADWAY, NEW YORK**

Total Debt, Funds and Investments for all States in the United States, June 30, 1913

PRELIMINARY figures from the forthcoming bulletin pertaining to national and State indebtedness and funds and investments have been given out by Director W. J. Harris of the Bureau of the Census, Department of Commerce. The bulletin carries information for the United States and for each State in the United States. The data were compiled under the supervision of John Lee Coulter, expert special agent, in charge of Wealth, Debt and Taxation.

On June 30, 1913 (or the close of the fiscal year falling within the twelve months preceding that date), the total debt of the forty-eight States in the United States amounted to \$419,157,000. Of this total about \$19,000,000 represented floating debt, and nearly \$400,000,000 represented funded debt. Of the funded debt about \$359,000,000 is represented by bonds, and \$41,000,000 special debt obligations to public trust funds.

As an offsetting item against the total debt, the forty-eight States reported \$77,082,000 in sinking fund assets, leaving the net debt \$342,251,000.

A study of the per capita debt shows that in Iowa the debt (less sinking fund assets) amounts to only three cents per capita, and in Oregon, four cents per capita. In Arkansas, Florida, Illinois, Indiana, Iowa, Kansas, Minnesota, Nebraska, New Jersey, Oregon, Pennsylvania, South Dakota, Texas,

West Virginia, Wisconsin and Wyoming the per capita debt (less sinking fund assets) is less than \$1.00.

According to the report of ten years ago, the indebtedness (less sinking fund assets) for the forty-eight States amounted to \$234,909,000 as compared with \$342,251,000 shown in the report now being prepared. This is an increase in ten years of \$107,342,000, or nearly fifty per cent., in contrast with an increase of slightly more than twenty per cent. in the population of the country. Ten years before that, in 1890, the indebtedness (less sinking fund assets) for the States and Territories of the United States amounted to \$211,210,000; while in 1880 it amounted to \$274,746,000. Thus between 1880 and 1902 the per capita indebtedness (less sinking fund assets) for the forty-eight States combined gradually decreased, while during the last ten years there has been a very noticeable increase. In 1880 the per capita indebtedness (less sinking fund assets) amounted to \$5.48; in 1890 it had been reduced to \$3.37, due to the increase in population and decrease in debt; in 1902 it amounted to \$2.99, due to the rapid increase in population and very slight increase in debt; in 1913 the per capita debt had again increased to \$3.52, the increase being due to a very rapid increase in debt in contrast with a much slower increase in population.



THE amount of wealth is not defined by the valuation of the census, but by habit and mode of life; not to be greedy is wealth; not to be extravagant is revenue. —CICERO.

Investments

Conducted by

FRANKLIN ESCHER

Investment and Common Sense

BY FRANKLIN ESCHER.

IN the choice of an investment as in the choice of a house or a suit of clothes or an automobile or anything else, the primary consideration is suitability. A six-cylinder touring car that can make a hundred miles an hour and climb up the side of a house is all very well, but far less suited to the needs, for instance, of a country doctor, than is a little runabout costing perhaps one-fifth as much. Just so, in investments, different securities suit different requirements—what for one man would be an ideal investment might be totally unsuited to another's needs. What are my particular requirements?—that, in the investment of any sum of money, is the very first thing to be considered. Only after it *has* been considered can intelligent selection be made.

What his particular requirements are, each investor must settle for himself. Is he well along in years, dependent on the income from his investments?—in that case, absolute safety of principal is the primary consideration. Is he, on the other hand, engaged in some profitable business which yields him considerably more income than he needs?—

in that case he can afford to take more of a chance. Is the investment being made for his own account or is he acting as a trustee?—obviously these are considerations to which due weight must be given. Individual circumstances must govern, and what these individual circumstances are, no one can tell better than the investor himself. Determining one's investment requirements is not a matter of finance at all, but of plain, everyday common sense. Filling them satisfactorily is what calls for a knowledge of the principles of scientific investment.



AN art, indeed, is the proper investment of money in securities. There is nothing hit or miss about it. The country doctor can cover his rounds in a big, high-powered touring car that cost him two or three times what it ought to run, and the successful business man can invest his surplus in three per cent. Government bonds at par, but in both cases there is a really shocking degree of waste. Scientific management in investment, like scientific management in anything else, aims to eliminate waste. What are my needs and what is the maximum amount of income I can get out of securities filling those needs?

J. K. RICE, Jr., & CO., BUY AND SELL

Singer Manufacturing Stock
Autosales Gum & Chocolate Stock
American Meter Stock
Atlantic Fruit & S. S. Stock
Bordens Milk. Com. & Pfd. Stock
Childs (Rest.) Com. & Pfd. Stock

Computing-Tabulating Rcdg. Stock
DuPont Powder, Com. & Pfd. Stock
International Nickel, Com. & Pfd. Stock
Lackawanna R. R. of N. J. Stock
Mohawk Valley Stock
National Lt., Ht. & Power, Com. & Pfd. Stock

Phones 7460 to 7466 Hanover **J. K. RICE, Jr., & CO.** 36 Wall Street, New York

MEGARGEL & Co.

BANKERS

Dealers in High Grade Railroad Bonds

35 PINE STREET

NEW YORK

—that is the problem with which everyone having surplus funds is faced and which only a knowledge of the principles of scientific investment can solve.

A big subject is investment and yet one of which a working understanding is not difficult to acquire. Knowledge of the different kinds of securities and their main attributes—that is, of course, the very first thing. After that, appreciation of the main investment principles—of the desirability, for example, of diversifying an investment, and of the relative importance of such qualities as marketability, price stability and chance of appreciation in value. Thirdly, at least a general idea of what makes security prices go up and down—of the bearing, on bonds and shares, of business and money-market conditions and the other main influencing factors. Informed along these three lines, and using a reasonable amount of common sense, the man or woman with money to invest is not going far wrong.



GREAT is the value of investment counsel, but only in proportion as the investor knows enough to seek such counsel as fits his particular case. A man desiring to purchase an automobile, but not knowing one kind from another, would, in all probability, were he to step in at the first great showroom upon which he chanced, acquire the kind of car sold there whether or not it were particularly suited to his needs. Exactly so with the investor having, no

clear idea of his needs or how to fill them. If he went to a banker making a specialty of steam railroad bonds the chances are that he would buy that kind of a security. A house specializing in public utilities would easily convince him that bonds of *that* type were the only thing to buy. What he would get, in other words, as the result of a random visit to some investment banker, would be not so much what he needed as what the banker happened to want to sell him. Informed as to the various types of securities and with something of an idea of what ones fit his particular requirements, the investor is in an entirely different position. Wanting to make a selection of steam railway shares and bonds, he does not blunder into a house handling only public utilities. The advice he gets is along the line he wants. His requirements call for steam railroad securities, in which class of security the banker who is advising him is a specialist and thoroughly in touch with market conditions. For the prospective investor to know exactly what he wants may not be necessary, but what he *does* need to know is to whom to go for advice. As much better will be the results as if, having a toothache, he should go to a dentist instead of an ear specialist.



WITH regard to knowledge of the conditions affecting security values, very much the same thing is true. Is this a time to buy bonds?—ask that



The American National Bank

SAN DIEGO, CAL.

Capital \$200,000.00
Surplus and Undivided Profits 177,000.00
Total Resources 2,270,000.00

J. W. SEFTON, Jr., Pres.

I. ISAAC IRWIN, Vice-Pres. L. J. RICE, Asst. Cashier
C. L. WILLIAMS, Cashier T. C. HAMMOND, Asst. Cashier

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.

question of a bond dealer at any time or under any conditions and note how many times you get anything but an affirmative reply. What is the answer? Don't go for advice as to whether it is time to buy a thing to the man who has that thing to sell. Figure it out yourself; it is far less difficult than it seems. Not the fluctuations of the stock market—that is something neither you nor any banker or broker or anyone else to whom you appeal can know anything about—but the great, broad movement of security prices. Right now, are prices high or low? A working knowledge of the factors that govern values supplemented by an ordinary amount of business sense makes it possible to answer that question and answer it correctly.



TWENTY years ago it was impossible for the average investor to tell anything about security values—the necessary information was simply not to be had. Individual companies made reports then as they do now, but not with anything like the same degree of honesty or fullness. Tabulation of the figures, moreover, on anything like the present scale or in the present scientific way, was unknown, except for private purposes. Pick up any financial paper to-day and you expect to find in it a most complete tabulation of statistics as to earnings, metal production, bank condition and the other things that go to make up the business barometer. All that is a development of the past few

years. Two decades ago, one decade ago, the figures were simply not to be had. Such of them as were compiled were kept strictly for the compilers' own use.

Where the investor only a comparatively few years ago had little to go by, to-day he has everything. From a hundred different sources there is available the very fullest possible information not only as to the affairs of individual properties but as to all the great tendencies in finance and trade. Obtainable at trifling cost the information puts the man who knows how to use it in a position to judge. For him to grope, to rely blindly on the opinion of others is no longer necessary. You have some money to invest and are wondering whether this is the time to buy? Very well, here is the whole story; here are all the figures reflective of those conditions which make prices go up and down. No need to guess, to take a chance. Here's the whole thing, in black and white. It's *your* money that's going to be invested. Take the figures and settle to *your* satisfaction the question as to whether it is a time to buy or a time to hold off.



TO conservative people who understand the principles of scientific investment aim to increase their principal as well as to obtain a full rate of income? They certainly do, and, in accomplishing their purpose they are, moreover, about ten times as success-

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

ful as those who use their money for speculation instead of for investment. No sudden fortunes, except in cases where some commitment happens to turn out particularly well, but a gradual appreciation in the value of the security purchased—that is the natural course of scientific investment. Increase in price, slow, perhaps, but like the grinding of the mills of the gods, exceeding sure—that is what, in the case of money invested with understanding of how money ought to be invested, may reasonably be expected.

There are cases, of course—the investment of trust funds is a notable example—where absolute safety of principal is of such paramount importance that the investment is necessarily limited to securities almost non-fluctuating, but even here there is a chance through the exercise of wise judgment to make something on the principal. Take the case of a fund of money which is to be invested in gilt-edged, first mortgage railroad bonds. Even in this class of security there is room for discriminating judgment. One bond, purchased now, in five years will be exactly where it is to-day. An-

other, just as safe to buy, may be selling three or four points higher. That is not much money to make in five years, but it does add materially to the amount of income received during that time.



BUT, it is objected, if there is a chance for a security to increase in value, is there not the same chance for it to go down? Not necessarily. Some active stock bought midway between its high and low of recent years on a legitimate prospect of price appreciation may, of course, go the wrong way—in such a case there is bound to be a certain amount of risk. But take the case of some absolutely good bond which happened to be down in price because, perhaps, the syndicate bringing it out has just been dissolved, or because, being new, not much of a market for it has yet been established. By competent judges of values securities like that are being all the time bought with the practical certainty that in the long run they will appreciate in price. Good judgment in the beginning and then patience—time will do the rest.



Political Demagogues Worse Than the Trusts

THIS is what the New York "Times" recently declared in the following editorial paragraph:

"Mr. J. J. Hill said the other day that this is a big country and it takes a good many men to hold it down. There are men in Washington, many men, who are doing their best to hold

it down, who are to the extent of their abilities and their recklessness obstructing the return of prosperity. The harm inflicted upon the working class, upon the common people, by the agitators and demagogues of politics is and has been immeasurably greater than any injury due to the extortions of the trusts."

Safe Deposit

The Safe Deposit Company's Place in Our Financial Scheme

BANKING as a broad profession divides itself with more or less readiness into eight departments of activity.

(a) The issue of money. This is the chief purpose of some, and an important function of all the leading banks of the world. In this country the note issue privilege is confined to the national banks, but is ultimately to be taken over by the new National Reserve Association.

(b) The lending of money (or credit) and the discount of bills and notes.

(c) The collection and payment of checks, notes, foreign and domestic bills of exchange and other negotiable instruments, and the transmission of funds from place to place.

(d) The receipt of money for deposit.

(e) The administration of property, corporate and private, under wills and trust instruments; the registration of securities; transfer of the same; trusteeship in corporate undertakings, such as mortgage of corporation property, etc.

(f) Coöperative saving for purposes of home ownership, through such corporations as building and loan associations.

(g) Coöperative investment through corporations known as savings banks, but more appropriately termed savings societies or institutions.

(h) The safekeeping of valuables.

Some institutions, particularly trust companies operate in all these fields, except that of note issue; while others, such as savings banks and safe-deposit companies confine their operations to

one particular phase. National banks at the present time cannot act in a trust capacity, but may rent (as many banks of discount do) safe-deposit boxes as an incidental feature of the business; but deposits made in their "savings" or "interest department" are in no sense for the purpose of coöperative investment, as obtains in the case of savings banks.



Relation of Bank and Depositor

THE idea is quite common that money deposited in a bank, irrespective of the latter's character, is lodged for safe-keeping; and in the presentation of a check the depositor assumes to say to the bank, "pay me back *my* money"; while *in law* he says, "pay the debt you owe me."

The relation of a bank of discount and its depositor is, therefore, that of debtor and creditor, and the moment the funds are passed to the credit of the depositor (unless agreed otherwise) that moment title to the same passes from the depositor to the bank, and the latter becomes debtor to the amount, and the former, creditor, with the right to ask payment on demand.

The savings bank, on the other hand, merely agrees to invest the funds according to law, and repay the same according to the agreement, the depositor assuming the risk of loss, in case of insufficiency of assets. The relationship is one of trust.

Obviously these functional duties overlap, and just where one department ends and the other begins is not always easy to ascertain in those corporations doing a many-sided business. In the safe-deposit business, however, an en-

tirely different relationship is established.

As regards the property placed in its keeping in general storage, such as silver, trunks, etc., the articles being placed in the storage vaults, the relationship is that of bailor and bailee. Of this there can be no question for the law of bailments clearly applies; but as regards the contents of the boxes, over which it has no control whatever; knows nothing of the character or value of the same, the law of landlord and tenant would seem to apply, for as will in due course be shown, the various duties and responsibilities that attend landlordship, particularly in apartments and tenements, devolve upon safe-deposit institutions. This relationship will be discussed in a subsequent number.



Bailments

A BAIEMENT (from the French *bailler*, to deliver) is the delivery of goods for some purpose, upon a contract, express or implied, that after the purpose has been fulfilled they shall be redelivered to the bailor, or otherwise dealt with according to his directions, or kept till he reclaims them. (Am. and Eng. Encyclopedia of Law, 2nd Ed., Vol. 8, p. 733.) It is frequently difficult to distinguish a bailment from a sale; but in safe deposit transactions, there is no doubt but that the pure element of bailment exists, and no principle of a sale can be read into the contract.



Degree of Care Required

THE bailment is one for hire, and, therefore, the element of *due care* arises. There are degrees of diligence as well as degrees of negligence, from the slightest momentary thought to the most vigilant anxiety and solicitude. The diligence required in bailments lies between these two extremes, ordinary, extraordinary and slight, depending

upon the nature of the bailment. Ordinary diligence is that used by men of common prudence in their own affairs; extraordinary, that care used by very prudent persons; slight, that used by persons of less than ordinary prudence in their own concerns.

Where the bailment is for the reciprocal benefit of both parties, the bailee is charged with ordinary diligence only, and is answerable for ordinary neglect. But the ordinary diligence required in the case of safe-deposit operations would be closely akin to extraordinary diligence, inasmuch as such diligence would be used by the man of good judgment in the safekeeping of his own valuable property. The greater the value the greater the care.

Inasmuch as the safe-deposit bailor undertakes to safeguard millions of valuable and easily negotiable property, not to speak of precious stones, money and gold and silver plate, the very nature of the risk requires extraordinary care, as a matter of good business as well as good law. The same legal situation arises when a traveller checks his grip at the station package office, or when furniture is placed in storage; but by the very nature of the property, less care is necessary to safeguard such a risk than obtains in the case of safe-deposit operations. Yet the same general principle applies in the event of loss. Has the bailee used ordinary care? Has he surrounded the property with the same safeguards which an ordinarily prudent man would use in the care of his own property of the same character?



Safe-Deposit Litigation Rare

OWING to the extreme care generally used in such operations, cases involving safe-deposit transactions are rare; but if a case were to be judicially decided, it would no doubt hold the bailor to the exercise of extreme care, first, because it charged for its facilities; second, because it held itself out as affording ample protection; and thirdly, it had knowledge of the char-

acter (but not the *amount*) of the property entrusted to its keeping. The risk in the aggregate is not that of burglary; for the nature of the vault construction is such as to make this risk nil; nor is the risk of mob or war a vital element, although this is a possibility; but the chief peril is that of wrongful entry into the box, either through lack of care or unwarranted legal proceedings.



The Mission of the Safe Deposit

THE chief and only mission of the safe-deposit department, or safe-deposit company is, therefore, to *keep safely* those things which are entrusted to its care; to protect from burglars, invaders, fire and decay; to prevent access to those not authorized and freely admit those entitled to enter. This service is as necessary in our financial scheme as any of the functions mentioned; for there must be a place of safe lodgment for the valuable things of life if ownership is to be free from anxiety. The bank can afford its fire and burglar-proof vault; and moreover has use for it. The great corporations can likewise afford such equipment; but the average business concern, housed in rented quarters, while needing the protection of steel and concrete for some of its valuable papers and records, can be adequately protected from fire at a small outlay, and needs the more expensive safeguards only to a limited extent. But the householder has little or no protection at hand for jewels and plate; the investor no place to keep stocks and bonds; the lawyer no proper protection for valuable papers, wills, etc.; the author no place for his laboriously-produced manuscript. For a few dollars a year protection costing thousands and adequate to safeguard hundreds of millions may be had—the security of the little five-dollar box being precisely

the same as thrown around the contents as a whole.

Where operated in connection with a bank or trust company, the safe-deposit feature is a distinct advantage to the depositors of the institution. Bonds and stocks may be purchased through the bond department, if such is operated; otherwise through an official; paid for by check on the banking department, and lodged in the safe deposit without leaving the building; and reversing the process, coupons may be clipped and deposited—a decided convenience.

As an adjunct to ordinary banking, therefore, the safe-deposit department is a valuable addition, profitable to the bank and convenient to its patrons. As a distinct field of activity, it has a worthy place in the financial scheme, remunerative to the proprietors, useful to the public and as necessary as it is desirable; for here at least is one place this side the Eternal City where neither moth nor rust doth corrupt, nor thieves break through and steal.



Impractical Banking

Q.—Will you please print that if a man sees a piece of counterfeit money on the walk and does not pick it up as he goes by, he can't be arrested for "passing bad money"?

A.—No, I will not.

Q.—Do you think every man should save up enough to buy himself a good farm?

A.—We asked an old farmer and he said the man should—and then do something else with the money.

Q.—Why is money called dough?

A.—Because you need it so often.

Q.—A controversy has arisen in our bank—who should clip the coupons?

A.—The cash-shear.

Q.—Do you think the average bank clerk can be trusted with secrets?

A.—Not if he is a good teller.—
Bank Notes.

The Mad Rush to Throttle Enterprise or Success*

“ Other Governments Encourage Great Undertakings—
Ours Throttles Them ”

TIME was when constructive legislation was commended. Professor Woodrow Wilson advocated it in his Princeton lectures and college text books. The least interference by legislation with industries and individual enterprise, the smallest number of Government officials, the largest freedom to business, were the examples offered by the United States to the bureaucratic administration of France and Germany. The results were an enormous growth of manufactures, of great railroads and of every kind of development of the whole country and all its great resources.

In a few short years a silent revolution through destructive legislation has worked an entire change in both theory and practice. The United States and the separate States have rivaled one another in creating commissions and other agencies with an enormous army of irresponsible and inexpert officials. Trade and industries of all kinds have been crippled and their business threatened by the ukases issued by all kinds of boards and bureaus, with contradictory and unintelligible rules. Railroads managed with care and skill and success, the admiration of the world, were subject to rules laid down by commissions named by theorists without practical knowledge or experience. An endless flood of new rules and regulations and returns put the railroads to an enormous expense, without any substantial benefit.

Because some railroad companies had made financial mistakes or worse, all were branded as unsafe. The issue of

new securities was hampered, so that railroads could no longer buy equipment needs for their proper growth and the increase of business. Thus, in turn, the great locomotive and car builders saw their business reduced. The unintelligent rules prescribed for manufacturers of all kinds hampered their production of staple articles.

The pseudo-philanthropy invoked for hours of labor and the number of train hands, put another burden on industry and worked hardship alike to employers and employed.

The crusade against trusts, large and small, broke up the great enterprises that were fast capturing the markets of the world, and a new tariff opened those of this country to the articles made in countries where the Governments encourage and are partners in the trusts.



WHATEVER the shortcomings of trusts and railroads, the remedies prescribed by the recent legislation and applied through the newly created bureaus and commissions, and other devices for administering these new laws, are so much worse than the faults that need correction that the suffering public is most seriously affected. Labor and capital, individual and corporate enterprise, are hit at every turn of the legislative wheel and by the ignorance of the thousands of newly employed set to work to turn it. The delicate relations of capital and credit are broken by men who never had either, and are totally ignorant as to dealing with them.

The simple, direct and equal taxa-

*From the Philadelphia "Public Ledger."

tion prescribed by the great economists is set aside for a complicated, confused and unequal and unfair income tax that no one can master. A burden is laid on banks and trust companies and railroads to help enforce the income tax law, that is not honest on the part of the Government.

After sacrificing a large part of the revenue from the tariff, and thus ruining promising industries in all parts of the country, Congress has enacted an income tax, and the Administration is trying to enforce it, without anything more than a guess as to its return to the Treasury.

Instead of the democratic simplicity preached by Mr. Wilson as a college professor and in his books, there is a vast and lavish expenditure of public money and a persistent destruction of the great sources of national prosperity, individual and corporate enterprise. Nation and States alike are legislating into existence an army of new officials, armed with inquisitorial power and with penalties to enforce it, until the honest dealer or manufacturer or railroad is unable to pursue his business in safety. Legitimate enterprise is made to suffer beyond endurance, and the country is in danger of being impoverished by the burden of new and destructive legislation.

No man can carry on business without coming in conflict with some of the new laws, passed at the suggestion of some theorist utterly ignorant of the real business with which he is interfering. Men who have failed in every undertaking are put in office to supervise those who have built up large and successful business by real ability, skill and industry.



OTHER Governments encourage great undertakings—ours throttles them. Labor is paralyzed as the result

of laws intended to help it. Capital is deprived of its fair return, and heavy, burdensome and irritating taxes are levied on both.

The old rule that that country is best governed which is least governed is forgotten in the present belief that everything that is wrong can be corrected by a new law. The legislative mill grinds out ill-considered and badly drawn laws on every possible subject, until the country is covered with a network of inconsistent laws, under which an army of officials, appointed without regard to training or efficiency, are let loose like locusts to devour the harvests of industry. In their zeal to do something, bureaus are quarreling as to their power and duties, and the poor manufacturer or corporation finds little comfort or redress in an appeal to the newly created courts and commissions, themselves all at sea as to the real meaning of the contradictory laws of Congress or States, and confusion worse confounded injures all business.

The delicate web of credit grows best when left alone, but roughly handled it is soon broken. With time it may be restored by industry, but every new attack makes it weaker, and at last it disappears, to seek shelter in safer surroundings. In this country credit has grown to enormous proportions, largely owing to the wholesome neglect of the Government. Now that destructive legislation has attacked it under the pretense of regulating it, credit will shrink in every quarter, and will thus cripple trade and industry. Ignorant of the practical value of credit as a factor in all industries, our unwise and inexperienced legislators, and the Administration that drives them with the bribe of offices, will wonder at the wretched results of their interference with the inexorable laws of supply and demand, and of credit and sound finance.



Export Trade of the United States, 1903-1913

EXPORTS of merchandise from the United States made a greater advance during the last ten years than in the thirty years from 1873 to 1903. In 1873 the total exports were valued at 568 million dollars; in 1903, 1,485 million; and in 1913, 2,484 million—a gain of 917 million in the thirty years from 1873 to 1903, and of approximately one billion dollars in the ten years ended with December last.

To this gain of practically one billion dollars in foreign sales of American products during the decade ended with December, raw cotton and miscellaneous manufactures, chiefly of iron and steel, copper, wood and mineral oil, were the largest contributors, the five classes named representing about one-half of the total increase during the period named.

The ten leading classes of articles exported from the United States in 1913, arranged in order of magnitude and stated in millions of dollars, are reported by the Bureau of Foreign and Domestic Commerce, Department of Commerce, as follows: Raw cotton, 575; iron and steel, 294; breadstuffs, 203; meat and dairy products, 161; mineral oils, 149; copper, 145; wood manufactures, 110; coal and coke, seventy-one; leather and leather goods, sixty; and tobacco, raw and manufactured, sixty. When to this group are added cars and carriages, fifty-eight million dollars; cotton goods, fifty-six; agricultural implements and machinery, thirty-five; fruits and nuts, thirty-four; electrical machinery and appliances, twenty-eight; chemicals, drugs and medicines, twenty-seven; naval stores, twenty-two; vegetable oils, twenty-one; paper and manufactures thereof, twenty-one; india rubber manufactures, fourteen, and fertilizers, twelve million

dollars, about ninety per cent. of the aggregate exportation of the year has been accounted for.

Raw cotton easily maintained its leading position in the list of American exports. On the other hand, breadstuffs fell from second position in 1903 to third in 1913; and meat and dairy products from third position to fourth, each of these groups having been passed meantime by iron and steel, which advanced from fourth to second place during the decade.

Comparing the figures of 1913 with those of 1903, raw cotton exports gained 196 million dollars, or fifty-two per cent., this being a natural result of the world's increasing consumption of cotton goods, for the manufacture of which the United States supplies over two-thirds of the raw material. Iron and steel manufactures gained 195 million dollars, or about 200 per cent., machinery and engines being the largest factors. Mineral oils made an advance of seventy-six million dollars, or over 100 per cent.; copper manufactures, 101 million, or 200 per cent.; and wood and manufactures thereof, fifty-two million dollars, or about ninety per cent. Breadstuffs barely held their own in value of exports during the decade, with a gain of three million dollars; and but for the marked advance in barley, oats and rice would have actually declined, since the exports of corn fell from ninety-five to forty-seven million, and those of wheat from 160 to 155 million bushels during the decade. Meat and dairy products fell in value of exports from 181 to 161 million dollars during the period under review, and cattle from thirty-eight to one million dollars. There was no corresponding decrease in production of

breadstuffs and food animals, and the smaller exportations are, therefore, due, in large measure, to the increasing proportion of the population engaged in manufacture, transportation and the non-productive industries, thus leaving a smaller proportion available for agricultural pursuits.

Increased exports are common to all branches of American manufactures. One of the largest gains occurred in cars and carriages, which quintupled during the decade, chiefly due to the rapid development of the automobile industry during the last ten years. Electrical machinery trebled, cotton goods doubled, leather and manufactures thereof practically doubled, and agricultural implements, paper manufactures and naval stores each increased about fifty per cent. India rubber man-

ufactures are two and a half times as great as in 1908; fruits and nuts, about seventy per cent. more than a decade ago; and proprietary medicines are being exported in constantly increasing quantities.

Europe is the primary destination of about three-fifths of our total exports. The total to that grand division in 1913 was one and one-half billion dollars, and to all other parts of the world, about one billion. To North America the exports aggregated 601 million dollars, of which two-thirds went to Canada; to South America, 147 million, chiefly to Argentina and Brazil; to Asia, 126 million, of which one-half went to Japan and one-fifth to China; to Oceania, eighty-two millions, chiefly to Australia and the Philippines; and to Africa, twenty-nine million dollars.



Government Regulation of Railway Financing

By SETH LOW, President National Civic Federation

IT is hard to speak with moderation of the financial abuses connected with railroad management which have done so much to create and to strengthen the demand for the public ownership and operation of railroads.

The public has seen railroads loaded with charges for the profit of individuals responsible for the conduct of the roads, charges which add permanently to the cost of transportation.

Increases of value, largely created by the public, have been absorbed entirely for private benefit; and all of this has gone on upon so great a scale and for so long a time as to have cost railroad management, to a great extent, but often unjustly, both the respect and the confidence of the people. It is a case where the innocent suffer with and for the guilty.

If Government regulation can suc-

cessfully put an end to these evils no doubt private ownership and operation of railroads may long continue in the United States; but, if Government regulation falls short of being as effective in these directions as it has fortunately been in the ending of rebates, the tendency toward Government operation, despite all its difficulties and dangers, is not unlikely to grow, unchecked.

If the railroads wish to escape public ownership they must consent to the public regulation, for the future, of the issue of stocks and bonds; and it is greatly to be hoped that instead of placing every imaginable difficulty in the way of such legislation, they will cordially cooperate to see that effective and fair legislation to prevent the repetition of the abuses of the past is quickly made a part of the law of the land.

Financial Relations of the Firm of J. P. Morgan & Co. with the N. Y., N. H. & H. R. R. Co.

HOWARD ELLIOTT, chairman of the New York, New Haven and Hartford Railroad Company, recently addressed a letter to Messrs. J. P. Morgan & Company, asking them certain questions as to their fiscal relations with the New Haven companies, covering the last twenty years, and as to their profits in the sale of New Haven and allied company securities during the same period. Believing that Chairman Elliott's inquiries and their answers thereto may be of interest to the public, as well as to the directors and stockholders of the New Haven, Messrs. Morgan & Company decided, with the consent of the New Haven Company, to give out for publication the entire correspondence, setting forth in detail the information requested. The correspondence follows:

[Copy]

NEW YORK, NEW HAVEN & HARTFORD RAILROAD COMPANY

Office of the Chairman

Boston, February 21st, 1914.

Messrs. J. P. Morgan & Co.

GENTLEMEN: I have been asked questions by our directors and by others about the transactions between your firm and this company, both before and since the fiscal agency contract, which was in effect from December 19, 1910 to December 4, 1913, and which was terminated by notice from your firm.

An examination of the books of the New Haven Company will, of course, show these transactions, but as there are a number of subordinate companies and inter-company entries it would be a convenience to me, and would save some time, if I could obtain from you a complete, statement of all transactions of the New Haven road and its allied companies, involving the placing of its securities or the purchase of securities for it, in which your firm or its predecessors, Messrs. Drexel, Morgan &

Co. have taken part since January 1, 1894.

In addition to furnishing this information it would assist me greatly, although I have no technical right to the information, if you would be willing to furnish me a statement showing the profits realized by your firm from the sale of securities purchased from the New Haven Company or from any of its subordinate companies.

I should also be glad to have a statement from you as to whether your firm or any of its members ever had any interest in any properties acquired by the New Haven Company, such as the Westchester, the steam railways, the trolley lines or the steamship companies.

I am also asked certain questions about the Millbrook Company, and I should be glad if you would inform me about the following:

1. The total amount of advances made by your firm to Mr. Oakleigh Thorne or to the Millbrook Company.

2. Whether your firm had any transactions with the Millbrook Company other than for the account and by the order of The New York, New Haven and Hartford Railroad Company.

3. Whether there was any profit or commission to your firm, or any member of it, in these transactions, and if so, the extent of such profit or commission.

4. Whether your firm, or any member of it, had any interest in any of the securities purchased by the Millbrook Company.

If you are willing to give me the information suggested in this letter it will assist me greatly in answering numerous inquiries that are made, and I shall be under obligations, particularly if you can send the information in the near future.

Yours very truly,

(Signed) HOWARD ELLIOTT, *Chairman*.

[Copy]

Office of J. P. Morgan & Co.

New York, March 4, 1914.

Howard Elliott, Esq., Chairman,

The New York, New Haven & Hartford Railroad Company, Boston, Mass.

DEAR SIR: We are in receipt of your letter of February 21st, asking for certain information covering our relations with the

New York, New Haven & Hartford Railroad Company and its allied companies. In compliance with your request and, in the comparatively brief time available, we have had thorough examination made of all our books, the results of which we present herewith in the form of various statements, embracing all our transactions with the New Haven Road and its subsidiaries during the past twenty years.

Our relations with the New Haven have been of the following character: from 1894 to 1910 the New Haven generally disposed of its securities by selling them outright, sometimes to us, sometimes to other houses. The securities thus purchased were afterwards sold by the purchasers for their own account, they taking the risk of profit or loss thereon. From December 19, 1910, until December 4, 1913, we acted, under contract, as the fiscal agent of the companies. In the course of these twenty years, from 1894 to 1914, we took part in the handling of New Haven and subsidiary company securities of the par value of \$333,000,000, from which our firm realized a total net profit of approximately \$350,000, all of the foregoing being set forth below, in detail. All our calculations have included any participations by our Philadelphia, London or Paris houses. The transactions are grouped under two headings, viz:

SCHEDULE I. All securities purchased by us either alone or in participation with others.

This total profit of \$350,265.12 (being at the average rate of \$17,500 per year) is, as aforesaid, the net result to our firms of all our transactions with the New Haven and its allied companies during the twenty year period just ended. We have not received from the New Haven or from the companies affiliated with it, any compensation or profit in any form, or on any other account, than those herewith described.

Answering your specific inquiry, we beg to state that none of our firms, nor any member of them, ever had any interest in any properties, such as the Westchester, the steam railways, the trolley lines or the steamship companies acquired by the New Haven Company or any of its subsidiary companies. This broad statement has only one exception, the details of which are as follows:

Mr. J. P. Morgan, Senior, inherited 1,222 shares of the stock of the South Bay Wharf and Terminal Company, (being somewhat less than one-tenth of the whole), from his father, in 1890. Seventeen years later, in January, 1907, he was asked to exchange this stock for 814 shares of New Haven stock, and complied with the request. You may be interested in reading copy herewith of a letter under date of January 27th, 1906, addressed to him by Mr. J. C. Cobb, explaining the method proposed for arriving, through outside appraisal, at a fair price to the New Haven in the matter. From this you will note that not only was

SUMMARY OF SCHEDULE I.

Total security purchases in which we participated	\$131,724,000.00
Amount of our participation in such purchases.....	78,165,667.00
Losses realized by us on certain of such purchases	\$738,524.56
Total profits accrued to us from all the remainder of such purchases	555,164.42
Net loss to our firm from the total of such purchases	\$183,360.14

SCHEDULE 11.

Section A. Transactions in which prior to the fiscal agency contract, we acted as agent for the company: the total of securities involved in such transactions being a par value of	\$58,851,803.00
On these transactions total commissions paid by the company were	\$158,561.13
Being an average commission of less than 3-10th of one per cent.	
Of this commission, the amount retained by us was	\$148,645.25
The balance being paid to others interested with us in the transactions.	
Section B. All transactions under fiscal agency contract (entered into on December 19, 1910, and terminated on December 4, 1913), for all companies (including Boston & Maine), showing a total of	\$142,507,000.00
Of securities sold for account of the companies.	
Upon which they paid total commissions of	\$837,605.00
or approximately 5-8 of one per cent. for selling.	
Of this commission the amount retained by us was	\$384,980.01
The balance being paid to others interested with us in the transactions.	

SUMMARY OF SCHEDULES I. AND II.

Schedule I.—Amount of companies' outright sale of securities	\$131,724,000.00
Schedule II.—Amount of companies' securities handled on commission	201,358,803.00
In all	\$333,082,803.00
Total amount of commissions paid by companies	\$996,166.13
Being a little less than one-half of one per cent.	
Total amount of such commissions retained by us	\$533,625.26
Net losses realized by us in the outright purchases (see Schedule I.)	183,360.14
Difference, representing total profit to us.....	\$350,265.12

Mr. Morgan's interest small, but that the transaction was carried through without participation by him.

MILLBROOK COMPANY. We are glad to make specific replies to your questions in regard to this company.

(1) We hand you herewith statements of accounts from our books showing that from October, 1906, to September, 1907, we advanced Mr. Oakleigh Thorne, and afterwards the Millbrook Company, various sums aggregating \$11,155,000. All these advances were made by order, and for account, of the New Haven Railroad Company. We enclose copy of an official letter to us from the New Haven Company, dated April 2, 1907, and received about that date, in which reference is made to an agreement dated December 4, 1906, between the New Haven Company and the Millbrook Company, and to our advances on account of that contract. This letter confirms our understanding that all such transactions have been and are "for the account and benefit of the New Haven Road" and furthermore that "that road is and will be responsible therefor." We hand to you also a list of the securities against which advances were made, such securities having been finally turned over to the Millbrook Company under instructions of the New Haven Company.

(2) None of our firms, nor any member of them, had any transactions with the Millbrook Company other than those for the account, and by the order of, the New Haven Company, as set forth in the statements of accounts furnished you herewith.

(3) In none of these transactions was there any profit or commission to our firms or to any member of them. The New

Haven Company opened with us an account which was designated as its "Account No. 2". In this account the company deposited from time to time (over \$8,000,000 of the total prior to February, 1907) moneys to reimburse us for our advances for its account to the Millbrook Company. We enclose statement of that account, showing that any interest paid by Mr. Thorne was credited to the New Haven Company's "Account No. 2"; and that we received no interest upon advances made.

(4) The securities thus purchased by the Millbrook Company represented the ownership of those enterprises which afterwards became what is known as the New York, Westchester & Boston Railroad Company. None of our firms, nor any member of them, had any interest in the Millbrook Company, or in any of the securities or property purchased by the Millbrook Company, or received any advantage from such purchases. Nor had we any interest of any kind in any of the enterprises or properties which in any way became a part of the New York, Westchester and Boston.

DEPOSITS. From the year 1903, when the first deposit account was opened with us, the companies have had with us total balances averaging for the eleven years, about \$1,415,000 (subject to draft) on which we have paid interest at two per cent.

We believe the foregoing covers all the points as to which you ask us. Should any point not be clear to you, or should you desire more detailed information on any point, we shall be very glad to give you explanation or further information you desire.

Yours very truly,
(Signed) J. P. MORGAN & Co.



Commends THE BANKERS MAGAZINE

WRITING under date of February 26, John Burianek, Jr., president of the Peoples Savings Bank, Cedar Rapids, Iowa, says:

"I am very much interested in what appears in your MAGAZINE. Your February issue contains a good article by Mr. Morehouse of the German-American Trust and Savings Bank of Los Angeles.

"I agree with Mr. Morehouse that it is a splendid thing to go after closed accounts, as when you once get the name on your ledger you really have

something to work on, and we maintain quite a campaign in this direction.

* * * * *

"Cedar Rapids can boast of having a larger percentage of people with savings bank accounts in proportion to its population than any other city of its size. Aside from this the school children are saving their money with the result that at least fifty per cent. of the children have bank accounts.

"I find your publication of more interest each time I get a new issue."

Modern Financial Institutions and Their Equipment



MAIN STAIRWAY IN THE WOOLWORTH BUILDING, NEW YORK—HOME OF THE IRVING NATIONAL BANK

IN constructing a banking building, as a general rule the matter of first importance is not the securing of revenue by providing office space for

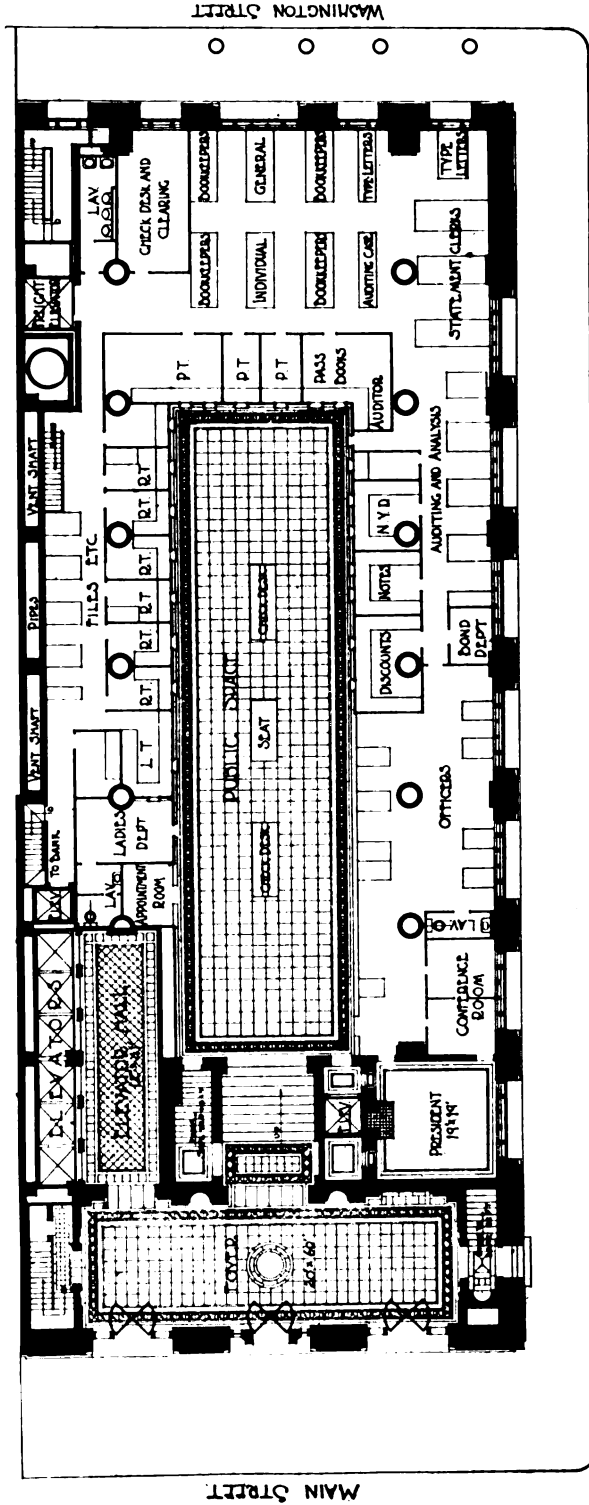
rental, but to furnish adequate and properly-arranged space for the bank itself. Whatever quantity of space may be available, unless properly



DIRECTORS' ROOM

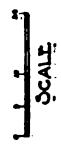


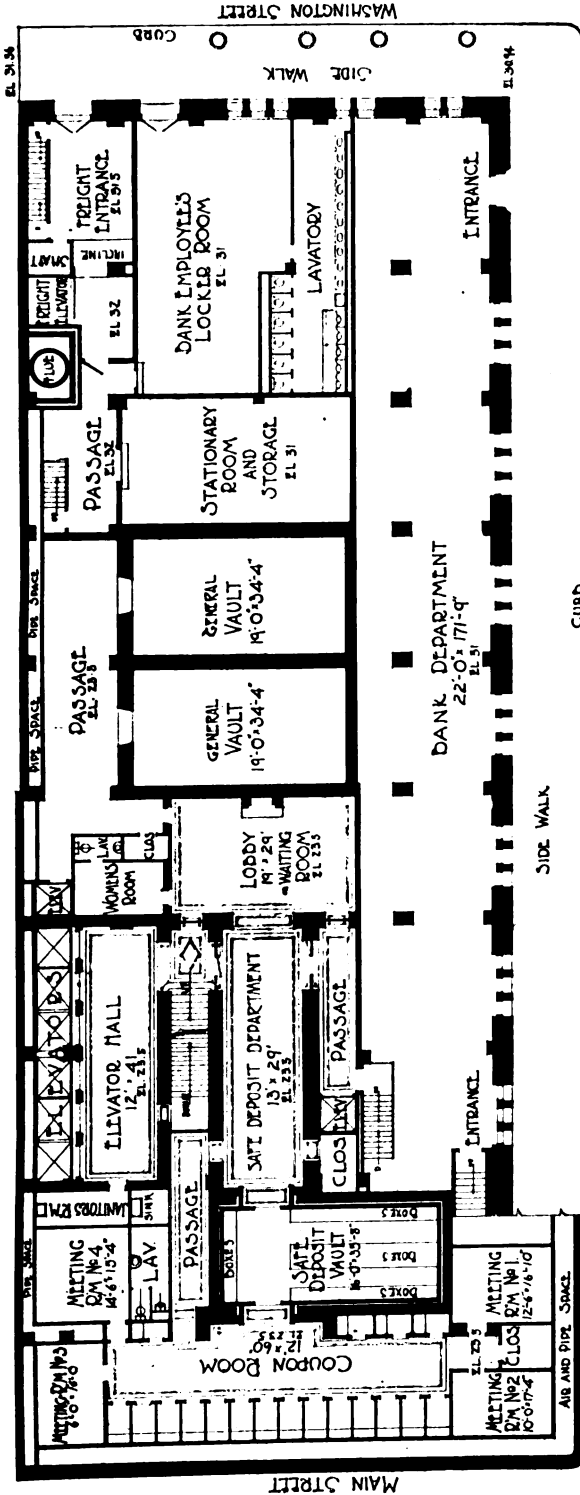
FOREIGN EXCHANGE DEPARTMENT
IRVING NATIONAL BANK, NEW YORK



SENECA STREET
BANK FLOOR PLAN
 MARINE NATIONAL BANK
 BUFFALO, N.Y.

GREEN GWICKS - ARCHITECTS
 BUFFALO, N.Y.





GREEN & WICKS ARCHITECTS
BUFFALO, N.Y.

BASEMENT PLAN
MARINE NATIONAL BANK
BUFFALO, N.Y.



SENECA STREET

CURB

SIDE WALK

BANK DEPARTMENT
22'-0" x 177'-9"
EL. 31

ENTRANCE

ENTRANCE

MAIN STREET

WASHINGTON STREET

SIDE WALK

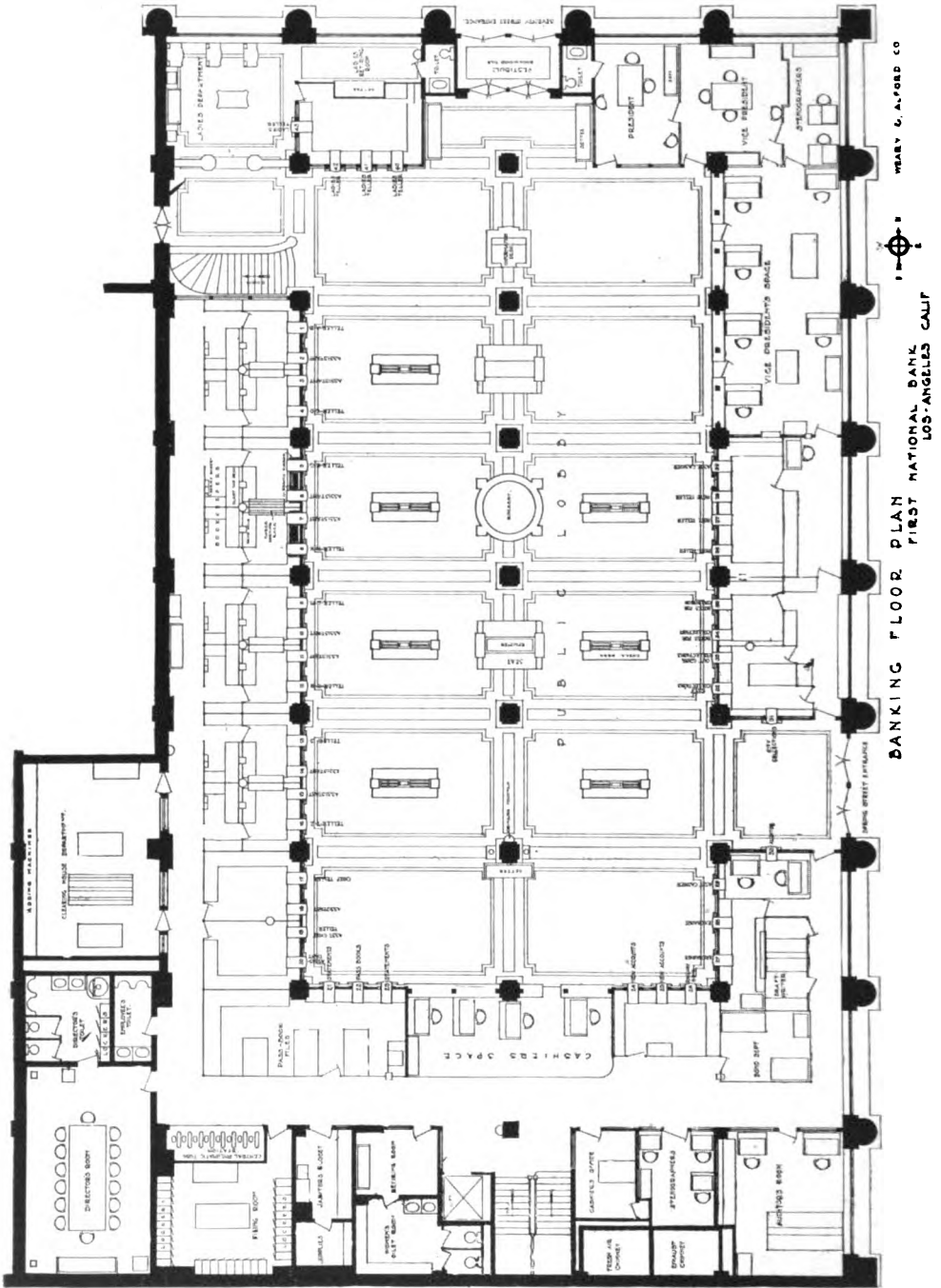
CURB

EL. 31.54

EL. 31.44

EL. 31.51

EL. 31.53



utilized the result will be disappointing. The problem is not one for the bank architect alone, though undoubtedly he

can be of great assistance. But it is sometimes complicated by considerations with which the interested bank

alone is conversant. Coöperation between the bank's officers—not forgetting the employees—and the architect will generally assure the best results. There are banks having large numbers of savings depositors who frequently throng the building, particularly at the "interest periods," and this requires a large public space. On the other hand there are banks doing an equally large business, but of an entirely different character, where but little public space is

necessary. These are matters for individual treatment.

Some particularly good bank floor plans are shown on accompanying pages. Both the bank floor and the basement of the new Marine National Bank of Buffalo, N. Y., are given, and the floor plan of the main banking room of the First National Bank, Los Angeles, Cal., in the new Van Nuys Building are shown. The latter was fully described in this department in the March number, page 363.



Federal Reserve Act a Great Step Forward

DISCUSSING the new Federal Reserve Act before the Commonwealth Club of California at San Francisco, Mr. F. L. Lipman, vice-president of the Wells Fargo Nevada National Bank of San Francisco, said:

"The act must command all the support that can be given it by bankers and business men. The Federal Reserve Board and the directors of the local Federal Reserve Bank are to be upheld, conservatism to be encouraged, and the act not expected to solve the problems of each individual citizen. The act is a great step forward in American finance.

It provides a coöperation in banking as to matters of the common good without destroying that immediate competition which tends to improve service and to work towards constructive progress. It is not a charitable organization, although it should confer benefits directly and indirectly upon all. This it will do, however, in accordance with the true office of banking, by helping the efficient, who are carrying on the successful activities of our economic life and who, in turn, necessarily share their advantages with all the rest of us."



Why He Favors Deposit Insurance

ONE of the notable figures in the United States Senate is Hon. Knute Nelson of Minnesota. Speaking in the Senate recently on the banking and currency bill, he gave these reasons in support of the proposal to insure bank deposits:

Perhaps I am influenced in favor of the proposed plan of insurance because of an early experience I had in these matters. I cannot help telling it to my colleagues on this floor. When I was a law student, after returning from the army, I managed to save up \$500. I got that much ahead. I had an old rickety buggy, an old horse that would balk at times; I had a cow, and I

had a wife and a child. Those were all my possessions. There was a bank in the city of Madison, where my friend, one of the Senators from Wisconsin lives, called the Farmers' Bank. To me all banks were alike; a bank was a bank; but to me, especially, as I was a farmer boy fresh from the country, the idea of a farmer's bank was something grand, and it appealed to me, so I put my \$500 in that bank. But, Mr. President, in three months all I had left was my wife, my baby, the old balky horse, the buggy and the cow. [Laughter.] Ever since that experience, Mr. President, I have always felt that depositors should be protected, and I have labored for years in the direction of bringing about legislation for the protection of depositors.

Banking Publicity

Conducted by

T. D. MACGREGOR

Pertinent Points

Advertising Suggestions for Banks
Seeking New Business

GETTING STEADY SAVINGS DEPOSITORS—Securing the initial savings deposit is not more than half the battle. When you get the account opened try to keep it an active and growing one. Bend your energies toward getting a large number of weekly depositors.

Accessibility of Officers—If the National City Bank of New York, the largest bank in the country, has its officers' quarters out in plain sight from the lobby and makes it easy for anybody to see them who has any legitimate business to do so, we think any other bank can profitably do likewise.

A Bank House Organ—A little monthly paper or magazine issued by the bank is a splendid advertising idea as it affords a freedom and continuity of interest which it is difficult to obtain in any other way. As a rule, it is not advisable for a bank to try to get out its own paper. You can get a better and cheaper "house organ" of this character by obtaining the exclusive privilege of using in your community a good syndicate magazine.

Window Displays—In our opinion, most banks are overlooking a good opportunity to get new business by not making more use of their bank windows for appropriate placards or displays. If you use street car advertising, have one of the car cards displayed in the window. Have your bank emblem on the pane. Have an occasional exhibit of currency, old coin, etc. Show some booklets you are giving away. There are scores of dignified but effec-

tive ideas which will occur to you if you give this matter a thought.

Monthly Statement Enclosures—When you return your depositors' canceled vouchers with their monthly statement, why not enclose with them a little printed folder—a different one every month—calling special attention to some feature of your service? You get a good circulation in this way without cost for envelopes, addressing or postage.

Prize Offers to Savings Depositors—Newspapers frequently conduct puzzle contests or other schemes to increase their circulation. When a newspaper in your community conducts such a contest why not offer an additional prize of, say, \$25.00 in case the winner of the newspaper contest is a savings depositor in your bank, and give contestants until a day or two before the newspaper contest closes to become depositors if their names are not already on your books?

A Success Habit

There is nothing new in the statement that man is a creature of habit, but have you ever thought of this in connection with saving?

Start the habit of withholding a part of every item of income you receive and deposit it at 4 per cent compound interest in the Merchants National Bank and you will find yourself going to the bank with your weekly deposit almost as automatically as you put the same shoe on first every morning.

The
Merchants National Bank
Capital and Surplus \$500,000.00
United States Depository.
Open Saturday Evenings

HARD TO CRITICIZE IN ANY RESPECT

PENN

NATIONAL BANK

AN OPPORTUNITY AWAITS YOU

as a business man at this time to meet the changing conditions of business and to have your banking connection in accord to meet that change. The new banking system is being set in shape; and if you have not considered your many advantages, stop in and the officers of "Penn" will gladly welcome you.

MARKET AT SEVENTH

PENN

NATIONAL BANK

THOROUGHLY ALERT AND ALIVE

to the development of the present age will give you a distinct advantage over your competitor who adheres to a system which has served its purpose. Business Banking on a business basis, nationalized under the new currency laws to meet a new condition arising through changes in our moral and business life. Penn wants the accounts of men who are awake to the new condition.

MARKET AT SEVENTH

OUT OF THE ORDINARY

Coöperation of Employees—Are you sure that all of the working force of your institution are familiar with the advertising you are doing and are they ready to back up the advertising by helping you to fulfill the promises of service you are making to the public? This is important if you want the best results from your advertising.

Number of Deposits—If you are particularly proud of the number of your depositors, occasionally publish an advertisement stating the number and if you are making a good monthly net gain in the number of accounts state that, too, unless you don't want competing banks to know.

For Household Accounts—If you care especially for this class of business, why not enter in the pass-books of all private accounts—household and all other accounts not of a commercial character—a detailed statement of checks drawn each month. The books would thus show at a glance not only how much money has been withdrawn, but on what date each payment by check was made, to whom, and for what amount. In a word, you become your depositor's bookkeeper.

A Bulletin Board Idea—A country bank might well put up a blackboard or bulletin board in its lobby and invite farmers to use it as a "Farmers' Exchange," that is, let them post notices there of articles for sale or exchange. It would tend to make the bank more than ever the farmers' town headquarters. City banks can use the bulletin board for the posting of such notices as would be of interest to depositors, of which there would be many.

Newspaper Coöperation—Get some extra advertising value out of your local newspaper whenever you can. We know a case where the editor took a paragraph from a bank advertisement and used it as a text for an editorial on thrift. The Dexter Horton Trust and Savings Bank, Seattle, got into the news columns favorably by cutting down an exorbitant undertaker's charge against an estate of which it was ad-

ministrator, the reduction being upheld by the court after a suit. When you have an anniversary, move into new quarters, or for any reason publish an unusually large advertisement, it is a good idea to let the newspapers give you a little free write-up. In most cities the newspapers are glad to do this on the merits of the case without consideration of the advertising involved. Just give the reporter or editor the necessary coöperation. By the way, is one of your local newspapers using the weekly free "Talks on Thrift" editorials prepared by the editor of this department and sent out by the Savings Bank Section of the American Bankers Association?

Bargain Day on Safe Deposit Boxes—If you have more vacant safe deposit boxes than you ought to have, why not occasionally do as your local merchants do and have something like a bargain sale? We know one bank that got good results by advertising to rent a limited number of boxes "for two years at the price of one year," looking to long continued renewals to make up the initial loss. However, the bank really had everything to gain and nothing to lose, as the boxes were empty, anyway.

Agricultural Contests—Consider the plan of conducting some kind of a prize contest to encourage intensive agriculture in your section. Corn growing, tobacco growing, potato growing contests—all have proved good advertising for banks which have conducted them.

Getting the First Dollar—A cheap and effective way to help prospective savings depositors is to provide them with a strong envelope suitably printed and carrying some such suggestion as this: "Place a dollar in this envelope, write your name and address on the back, enclose and seal it in another envelope properly directed and mail it to this bank. We will place the dollar to your credit, opening an account for you and giving you a pass-book as soon as you come in personally."

A Letter to New Parents—When a new baby comes to town write to its parents and suggest the advisability of

starting a savings account for the child, taking pains to explain that compound interest will double the money by the time the child is old enough to go away to school or start in business..

Developing Present Customers—Your present customers are, or ought to be, your best friends. Do something to develop them. Encourage them to use more of your facilities. Stimulate dormant accounts. Rent safe deposit boxes to depositors. A good series of letters or booklets will have a wonderful effect along this line.

Special Suggestion—Make an annual appropriation for your bank's advertising, plan a consistent campaign, and having put your hand to the plow, don't turn back.



Article by Mr. Wilson

MR. EDWIN BIRD WILSON, manager advertising department of the Bankers Trust Company, New York, had a thorough and interesting article in a recent issue of *Printers' Ink*, entitled: "Progress of Advertisers Who Must Be Cautious to Win."



Advertising That Paid

A REPORTER for a Cedar Rapids, Ia., paper interviewed the cashier of the Central State Bank of that city concerning its advertising success manifested by the fact that at the end of three months of business the bank had over 1,000 depositors and deposits of \$250,000. The cashier said:

"We started in to advertise heavily two days after Christmas, and every dollar that we have spent on advertising has brought us back two. If anyone ever told me that advertising was a big scheme to get the money, I would reply that he would have to show some figures better than the ones that I have."

He went on to state that he believed

that over 600 of the accounts which had been opened during the previous month were brought as a direct result of advertising, and that when the bank opened its doors, he had planned on having about \$150,000.00 in deposits at the time of which he spoke, but that advertising had brought results up to \$250,000.00. These accounts include both savings accounts and checking accounts.



Lawyers and the Trust Company

Efforts at Coöperation Between Them

ONE way for a trust company to get the help of attorneys is shown by the Chicago newspaper advertisement reproduced herewith.

The Union Trust and Savings Bank of Spokane, Wash., issued a handsome booklet, "The Attorney and the Union

MUCH of our trust business comes from attorneys who do not care to assume the financial responsibility of handling an estate, or feel that a trust company is better equipped to do so. We suggest that you see your own attorney about making a will and naming this company executor and trustee

THE NORTHERN TRUST COMPANY
NORTHWEST CORNER LA SALLE & MONROE STREETS

COÖPERATION WITH LAWYERS

Trust," and sent it out with an envelope filled with blank cards of introduction to the officers of the bank, and this letter:

DEAR SIR:

Desiring to leave no further doubt as to our attitude in dealings with attorneys who direct business to this institution, or who recommend its appointment as executor, trustee or in any fiduciary capacity, we have prepared a little brochure setting forth our position in this respect. For your information, we are pleased to enclose a copy.

Besides placing ourselves squarely on record as to policy, this brochure points out, furthermore, a few of the many ways in which a good Trust Company can directly benefit the lawyer and how reciprocal coöperation of the two may be fostered with mutual benefit.

Anticipating that you may have occasion from time to time to refer to us some of your clients in need of our service in one or another of our trust capacities, we are enclosing a few introductory cards for your desk, and the management will esteem it a favor if you will be kind enough to make use of these as opportunity offers.

Anyone presenting one of these cards signed by yourself will, we assure you, receive special courtesy and attention, and any legal business resulting will be handled through your office.

Yours very truly,

W. J. Kommers, Vice-President.



A New Idea

"A Safe Keeping" Instead of a "Safe Deposit" Department

THE National Shawmut Bank of Boston for some time has had as part of its equipment a Safe Keeping Department which takes entire charge of the securities of its depositors. Under this system dividends and coupons are credited to the various accounts as well as the principal of bonds when called for the sinking funds.

With the passing of the income tax law this department has assumed additional duties. The necessary certificates of ownership for coupons on bonds held in safe keeping are filled out and sent to each depositor for signature, so that no annoyance or delay is occa-

sioned. The bank may also be appointed the agent of the depositor, making it unnecessary under the Treasury regulations for the depositor to do anything at the interest periods. All forms are automatically filled and coupons credited. Although this does not obviate the necessity of filing certificates of ownership with the coupons it makes the bank rather than the individual responsible for these details.

The security of the bank's vaults is afforded to everything so left in its charge, and the confidential nature of the business involved is protected through the character of its bonded clerks. Where the bank balance of the customer bears a proper ratio to the work involved no charge is made.



Keeping the Public in Mind

By E. S. Kellogg, Cashier The City Bank, Syracuse, N. Y.

OUR Secretary of State, Mr. Bryan, who is the owner of "The Commoner," Lincoln, Neb., once said in connection with newspaper advertising, "A business concern that does not advertise is like a fellow who throws his girl a kiss in the dark. She knows he is there, but she does not know what he is doing."

Probably the fellow would rather have it dark. He may not then have wished to advertise what he was doing.

Mr. Bryan evidently did not think of this, for he is a born advertiser, both commercially and personally. As a personal advertiser he is perhaps second only to Theodore Roosevelt.

In writing advertising the advertiser is constantly appealing to the public, and thus necessarily keeps the public vividly in mind. He strives to see his business from the public standpoint. At the same time he cannot help but see himself also from the public standpoint and feel that in putting his personality into his advertising he is exposing himself to public examination.

Washington's Birthday
 First Class Money—Legal Tendency

LISTEN the United States, whose government is made up of representatives from every part of the country, is proud to have THE CITY BANK, which by doing Washington's bidding, has the honor of being the largest bank in the world.

THE CITY BANK
 Assets Over Two and One-half Billion

ONE OF MR. KELLOGG'S ADS

In the consideration of advertising mediums I wish to state positively my belief that general messages to the public should be given through the newspapers or other mediums which reach the public at large rather than through matter sent by mail. On the other hand, mail advertising has its own field, in my opinion; namely, that of sending a direct personal message where, through acquaintance or special interest of the person addressed, the message is to fall on particularly fertile ground.



The Smaller Bank

It Has Advertising Talking Points Not to Be Overlooked

A SMALLER bank sometimes feels at a disadvantage in advertising. But it has talking points because there seems to be more or less truth in the statement made by Roger W. Babson in a recent article in the "Saturday Evening Post" to the effect that a younger institution often offers a much better opportunity to the young business man for getting accommodation than the old institutions that have been established a great many years, on the principle that it is better for the beginner in business likely to want ac-

commodation to seek a bank long of funds and short of friends rather than one short of funds and long of friends.

©

How to handle this situation in an advertisement is shown by the Puget Sound State Bank, of Tacoma, Wash., which advertises:

IT IS LOGICAL

that a fast growing, medium sized bank with ample capital and firm foundation would be in position to give your business the best attention.

This bank pays 4 per cent. on savings and never refuses to accommodate customers on right basis.

©

The American Exchange Bank of Superior, Wis., goes at it like this:

This is not the oldest bank in Superior.

It is, however, old enough and has passed through sufficient financial storms to prove the wisdom of its management and its absolute safety.

It may not be the strongest bank in Superior, but no bank is stronger.

It is not the largest bank in Superior, but it is large enough and strong enough to amply care for the wants of its customers.

We make no claim to being better than some of our neighbors—we are, however, proud of the history of the American Exchange Bank—a history which demonstrates that it has followed a wise and sane course and proves its strength and its safety which has always been coupled with a liberal and sensible policy.

Its growth has not been phenomenal—it has been continuous, steady, legitimate and satisfactory.

Many are inspecting our new quarters and our modern safes and vaults.

We shall be pleased to see YOU.

©

The way a big bank combats the ideas just advanced is shown by this advertisement of a Toledo bank:

A MISTAKEN IDEA.

Because this is a "big" bank, handling tens of thousands of dollars every day, some people think we do not want to be bothered with their "small" accounts.

This is distinctly a mistaken idea. We will welcome your account, however small, and will give it as careful attention as the largest on our books. Bring in whatever

you have and make the start to-day. You will soon be convinced of the frank friendliness and helpful coöperation existing between this bank and its thousands of depositors.

SECOND NATIONAL BANK,

The Strongest in Northwestern Ohio.

Capital, Surplus and Undivided Profits,
\$2,600,000.00.



Some Good Points

Ideas Brought Out In Letters of Correspondents

JOHN A. RAUP, cashier of the City Bank of Portage, Portage, Wis., writes:

"I have spent considerable time in the last two weeks with your book, 'Pushing Your Business,' and I am very much pleased with it.

"There is only one point that I did not find covered, and that is the following up of closed accounts—either checking or savings. I find that, if we do not follow up these very closely here, there is many a checking and savings account that we would lose, for the reason that the people become enthusiastic and start saving, and then through some little mishap or misunderstanding, they close their account, and I have always found that a two-cent stamp spent in writing these people a very nice letter, expressing our regrets at seeing them close their account and showing our willingness to explain anything that they did not quite understand, usually had the desired effect of bringing them back into line. We are thus able to make our advertising show a much more steady growth, and I believe every bank should do this, for the reason that everyone of these accounts has cost good, hard money spent for advertising, and the loss of an account is certainly the loss of some money, as I have usually found, no matter how small they are, that they are a good asset. I am always glad to nurse them along and have them come to the bank with their small sav-

ings, for in the course of a little time they work along to a point where they are good accounts to have."

W. W. Cook, cashier of the Peoples Trust and Savings Bank, Clinton, Iowa, writes:

"Your letter of February 7th is received and has been carefully read. The writer is glad to know that in a general way my criticisms have some foundation from your standpoint, which leads me to believe that I am getting at least a little knowledge in bank advertising.

"I fully agree with you that most people are susceptible to at least a little flattery, although I think that a strong point expressed in simple language is most effective.

"I believe the mistake of most bank advertisers is that they make a strong effort to put in too much matter. This practice, I believe, is of little avail, for there is always a limit to the amount that persons will read in any advertisement, therefore the short one is read and digested really before they know it.

"It may be possible that I did not make my meaning entirely clear regarding the giving of general advice. My exception to your wording was owing to the fact that you stated that some action on the part of humanity was their own fault. This, of course, is most true, but as a rule people dislike to have their attention called to their own shortcomings."



"Advertising and Selling"

An Excellent New Book on Advertising

"**A**DVERTISING AND SELLING," by Harry L. Hollingworth, instructor in psychology in Columbia University, is in reality a combination of scientific experiment and business experience, as it is published by the Advertising Men's League of New York city, which coöperated in its preparation.

Thus as the book has resulted from the coöperative attempt on the part of a group of practical business men and one or two individuals whose interests were scientific, to formulate and systematize those facts and laws which relate to the processes of appeal and response in the selling and advertising of goods, and to undertake new investigations which might result in the discovery of new facts and principles with both practical and scientific interest, it has a special interest to bank advertisers.

The book renders serviceable the accepted facts, laws and methods resulting from a wide study of human nature and human behavior. The volume contains a mass of suggestive material carefully worked out with a view to producing actual results when put to practical use.

Price by mail, \$2.16. D. Appleton & Company, publishers, or can be obtained of the Bankers Publishing Co., New York.



How Banks Are Advertising

Note and Comment on Current Financial Publicity

THE German American Trust and Savings Bank of Los Angeles recently published in the newspapers a very striking advertisement of its safe deposit department. It was illustrated with a cut of the gigantic door of its vault and the headline was the statement, "5,647 Admissions to our Safe Deposit Vaults Last Month."



The Peoples Savings Bank and Trust Company of Moline, Ill., advertises on mile posts around that city.



The State Bank of Evanston, Ill., is advertising that it will open a savings account with a one-dollar deposit for every baby born inside the town limits.

Single Men Ought To Save

because the expenditures which most unmarried men make for the real substantial necessities of life do not use up more than half of the wages or salaries they receive, after they have established themselves and proved their value in any line of employment

If you are in this class and don't save and deposit in a good bank like the Illinois National Bank, it is your own fault.

The Illinois National Bank

OF PEORIA.

W. C. WHITE, President.
A. S. OAKFORD, Vice President
and Chairman of Board.
FRANK FISCHER, Cashier.

C. A. ANICKER, Cashier.
C. J. RECHMAER, Asst. Cashier.
T. M. FUCHS, Asst. Cashier.



Married Men Ought to Save Money



Because they must make provision for others as well as themselves, at a time when their earning capacity will be less than at present.

Inasmuch as the cost of living advances in close ratio to the individual's increase in income, it is only the part of wisdom to open a savings account at the NORTHERN STATE BANK and figure depositing a certain amount at certain periods an obligation to be met without fail.

We Allow Four Per Cent compounded quarterly.

Northern  State Bank
Grand Forks

LET NO GUILTY MAN ESCAPE

The suggestion is also made to the parents of each baby that an amount corresponding to the age of the baby be deposited on each birthday. The Merchants National Bank of St. Paul, Minn., the City Bank of Portage, Wis., and the Security State Bank of Chehalis, Wash., are among many other banks that are trying similar plans. The Federal Title and Trust Company of Beaver Falls, Pa., got out a "Mother Book."

⊙

"Americans" is the name of an excellent little monthly house organ now issued by the American Trust and Savings Bank, Birmingham, Ala. "How's the Family?" is a good thumbnail booklet for the Savings Department.

⊙

The Fort Snelling State Bank of St. Paul, Minn., has a plan to furnish industrial concerns in its vicinity with special interest-bearing certificates of deposit to be put into pay envelopes as part of the wages, wherever the workman agrees to such an arrangement.

⊙

The Wood, Putnam & Wood Company have prepared an especially interesting and effective series of advertisements for the American Trust Com-

pany of Boston, on "How to Read a Bank Report." They ran in the Boston newspapers and caused considerable favorable comment on account of their strength and clearness.

⊙

"'Bill,' the Story of a Busy Life," by Irvin S. Cobb, is a witty autobiography of a dollar bill and it is being sent out in booklet form by the East Brooklyn Savings Bank of New York.

⊙

The First National Bank of Brenham, Texas, is conducting its second annual corn contest, offering \$57.50 in five prizes.

⊙

A full newspaper page of solid ten-point type made up an impressive advertisement of the Federal Title and Trust Company of Beaver Falls, Pa., a few weeks ago. It dealt principally with the Savings Department.

⊙

The Corn Exchange Bank of New York city, for its Foreign Exchange Department, issued a folder printed on a long narrow strip and ornamented with cuts of ocean liners. It gave dates of proposed sailings of ocean steamships from New York, covering a period of several months.

A new variant of the pay envelope idea is being used by some city banks. In the larger centers quite a business has grown up in the resharpening of safety razor blades, despite the admonitions of the manufacturers who want to get as much out of the public as possible that their blades are "not to be resharpened." In any event, the blades are resharpened and returned to the owner through some convenient drug store or cigar stand, enclosed in small manila envelopes. Enter the advertising bank which agrees to furnish the envelopes for this purpose provided they carry the advertisement of the bank.

◎

The Union Trust and Savings Bank, Spokane, Wash., Carl W. Art, publicity manager, gives away a real estate ownership map of the city. It advertises it by sending out postcards with this message, in imitation handwriting:

The 1914 "Ownership Map" is ready. It shows actual owners of downtown property as of January 1st. Kindly call at the mortgage window for your copy—or we will deliver it if you wish.

UNION TRUST AND SAVINGS BANK

◎

The "A. B. A." cheques are attractively advertised in a large catalogue issued by the Bankers Trust Company of New York. All the advertising for the year is outlined, and E. B. Wilson, manager advertising department, writes:

The "A. B. A." Cheques will be advertised extensively during 1914 in leading magazines of large national—and international—circulation. The best people in your own town or city buy these magazines and will read our advertisements, which attractively set forth the advantages of "A. B. A." Cheques and always urge the reader to "Get Them At Your Bank."

You can profitably connect your bank with this big publicity campaign, by doing a little advertising of "A. B. A." Cheques in your own way—locally. To help you do this, the Bankers Trust Company has had prepared attractive signs and hangers for your banking room; beautiful colored lantern slides for advertising in "The Movies," handsome post cards and booklets, and—

perhaps most important—newspaper cuts for advertising in the local papers.

This catalogue is intended to set before you in handy, readable form, what Bankers Trust Company is doing by general publicity to popularize the "A. B. A." Cheques and what it stands ready and willing to do by way of coöperating in your local advertising.

Whenever we can serve you, by supplying the aids to sales mentioned in this catalogue, or by offering suggestions in regard to advertising the "A. B. A." Cheques in your community, please call on us.

◎

"Bank Loans to Manufacturers" and "Have You Made Your Will?" are two good booklets written by Frank C. Mortimer, cashier the First National Bank, Berkeley, Cal. The former was issued by the Oakland Chamber of Commerce and the latter by the Berkeley Bank of Savings and Trust Company.

◎

Samuel M. Jackson, manager of the Bank of California, N. A., Tacoma, Wash., sends us a gold-embossed booklet containing a brief history of the discovery of gold in California, and the organization and growth of the Bank of California.

◎

E. L. Bickford, cashier of the First National Bank, Napa, Cal., writes:

In my old bank (then a private bank) about twelve years ago I put the first bank advertisement (outside of stereotyped cards) ever printed in this town. We were working hard then to get our first \$100,000 in deposits. Our banks (national and savings) which have grown out of this business now have nearly \$1,500,000 in deposits.

◎

The Cleveland Trust Company, Cleveland, Ohio, under the heading "Safety First," published a series of safety rules numbered consecutively. Among the safety rules are: "Continuous daily audit," "Joint control of securities and cash," "Same policies for main office and branches," "Prohibiting loans to its own directors and officers."

It is a very unusual plan, to say the least, which the Salt Lake Security and Trust Company advertises thus:

\$5 FREE TO SCHOOL CHILDREN.

Every tenth boy or girl under the age of twenty years opening a savings account of \$1 or more with this institution up to and including March 30, will receive an extra credit of five dollars on such account.

We pay four per cent. interest on savings and compound the interest twice a year.



The Durant, Iowa, Savings Bank carried out a similar plan on opening its new building, advertising as follows:

WE WILL GIVE AWAY \$17.50 ABSOLUTELY FREE ON OPENING DAY.

The person making the largest deposit on that day will receive \$10 in gold; the second largest, \$5, and the third, \$2.50.

Music from 1 p. m. to 4 p. m. Flowers for ladies, cigars for gentlemen, souvenirs for all.



L. W. Lovell, assistant cashier the Lovell State Bank, Monticello, Iowa, writes:

The enclosed letter, accompanied by a statement of the condition of the bank, was recently sent by us to our customers, and we would appreciate your criticism of same.

Our idea in sending this letter, aside from informing our patrons of the bank's condition and thanking them for their patronage, was to influence them to bring checks drawn on other banks here to be cashed. Do you think the letter accomplished its purpose?

The form letter follows:

DEAR SIR:

A few words fitly spoken by a customer of this bank to a friend who may be hesitating as to where to deposit his money, has more weight than many advertisements.

We feel that the satisfactory volume of business, which has given this bank its present excellent condition, is largely due to your coöperation and patronage. We take this opportunity to again thank you for your influence and good will. We are proud of our splendid list of customers, and want you to feel the same interest in us.

There is a matter to which we wish to call your attention at this time, in regard to the cashing of checks. It makes no difference from what source you receive your check, where it is drawn or where it is



THE COAT OF ARMS OF CUBA HAS BEEN ADOPTED BY THE BANCO ESPANOL DE LA ISLA DE CUBA, HAVANA, AS ITS EMBLEM IN PLACE OF THE OLD SPANISH COAT OF ARMS FORMERLY USED

payable, you can bring or send it to this bank to be cashed or placed to your credit. We are glad to handle the checks you receive drawn on other towns or States, as well as those drawn on any local bank.

You will find us ready at all times to serve your best interests and those of your friends as well.

With kindest regards, we are,
Very truly yours,

L. W. LOVELL,
Assistant Cashier.

We think it *should* have accomplished its purpose, for it is a good letter. Probably by this time Mr. Lovell knows whether it did or not.



The National Bank of Commerce, Williamson, W. Va., had a blue-print chart prepared showing the satisfactory growth of its deposits last year by means of a line which shows almost a steady upward climb during the year. The total increase in deposits for the twelve months was over \$80,000.



J. W. Harrison of the Bond Department of the Anglo and London: Paris National Bank, San Francisco, writes:

I am to-day forwarding you under separate cover several of a series of advertisements running in local papers for the benefit of our bond department, also two general bank advertisements.

It has been our custom to use space each Sunday on the commercial page, opposite the financial section, for bond advertisements, and alternating them about every other Sunday with special offerings. This

copy and method has been producing very satisfactory results during a difficult period, therefore I would like your opinion on the matter and makeup.

I find your entire set of books very helpful and hope to continue our advertising on a larger scale. I realize that the large bank advertisement is entirely too crowded, but would like your views on the nature of the matter used, particularly on account of the changes now taking place in the financial methods of the country at large, also in our currency plan.

There is excellent matter in Mr. Harrison's ads., but, in our opinion, he is giving it to his public in too large doses, as there is a great deal of reading matter for the space. All the investment ads. have this good slogan: "First Choose Your Banker and Then the Bond."



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 other changes.

F. R. Adams, Will Co. National Bank, Joliet, Ill.

Carl W. Art, manager publicity department, Union Trust & Savings Bank, Spokane, Wash.

A. F. Bader, publicity manager, City National Bank, Evansville, Ind.

C. W. Balley, cashier, First National Bank, Clarksville, Tenn.

The Bankers Magazine, New York.

H. C. Berger, Marathon County Bank, Wausau, Wis.

C. J. Bevan, cashier, Exchange Bank, Genoa, Ill.

E. L. Bickford, cashier, First National Bank, Napa, Cal.

W. O. Boozer, treasurer, American Trust Co., Jacksonville, Fla.

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

E. M. Baugher, president, The Home Building Association Co., Newark, Ohio.

C. W. Beerbower, National Exchange Bank, Roanoke, Va.

H. C. Bollman, assistant cashier, First National Bank, Collinsville, Okla.

T. J. Brooks, cashier, The Guaranty Trust & Savings Bank, Jacksonville, Fla.

J. A. Buchanan, Guaranty Trust Co., Lancaster, Pa.

F. B. Bunch, cashier, Merchants & Farmers Bank, Statesville, N. C.

A. Bush, Jr., Ladd & Bush, bankers, Salem, Oregon.

Commercial Bank, Midway, Kentucky.

B. S. Cooban, Chicago City Bank and Trust Co., Chicago, Ill.

Commercial Trust & Savings Bank, Prescott, Ariz.

H. Reed Copp, assistant advertising manager, Old Colony Trust Co., Boston, Mass.

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

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

Dexter Horton National Bank, Seattle, Wash.

J. T. Donnellan, publicity manager, Security Trust & Savings Bank, Los Angeles, Cal.

T. R. Durham, assistant cashier, Chattanooga Savings Bank, Chattanooga, Tenn.

W. R. Dysart, assistant cashier, First National Bank, Ripon, Wis.

J. C. Eberspracher, assistant cashier, First National Bank, Shelbyville, Ill.

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

F. W. Ellsworth, publicity manager, Guaranty Trust Co., New York.

The Franklin Society, 38 Park Row, N. Y.

E. W. Finch, assistant cashier, Birmingham Trust & Savings Co., Birmingham, Ala.

First National Bank, Lead, S. D.

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

Jas. P. Gardner, Montclair, N. J.

Germantown Ave. Bank, Philadelphia, Pa.

C. L. Glenn, advertising manager, Wachovia Bank & Trust Co., Winston-Salem, N. C.

B. P. Goeden, advertising manager, New Netherland Bank, New York.

C. F. Hamsher, First National Bank, Los Gatos, Cal.

Victor F. Hann, manager publicity department, The Fifth Avenue Bank, New York City.

J. W. Hansen, cashier, Citizens State Bank, Sheboygan, Wis.

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

F. W. Hausmann, assistant cashier, North West State Bank, Chicago, Ill.

John R. Hill, Barnett National Bank, Jacksonville, Fla.

N. M. Hokanson, State Bank of Chicago, Chicago, Ill.

Frank K. Houston, assistant cashier, Third National Bank, St. Louis, Mo.

Le Baron M. Huntington, manager publicity department, Registrar & Transfer Co., New York City.

W. L. Jenkins, Farmers & Mechanics Trust Co., West Chester, Pa.

N. W. Johnston, president, Illinois Trust & Savings Bank, Champaign, Ill.

W. P. Jones, assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.

W. R. Kay, Jr., advertising manager, Sacramento Bank, Sacramento, Cal.

C. B. Keller, Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.

Geo. D. Kelley, Jr., treasurer, Newark Trust & Safe Deposit Company, Newark, Del.

Edward W. Klein, advertising manager, Cleveland Trust Co., Cleveland, Ohio.

M. E. Knauff, assistant cashier, Merchants National Bank, St. Paul, Minn.

George L. Kreeck, treasurer, Farmers State Savings Bank & Trust Co., Lawrence, Kans.

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

L. W. Lovell, assistant cashier, The Lovell State Bank, Monticello, Iowa.

H. Warner Martin, assistant cashier, Lowry National Bank, Atlanta, Ga.

Charles S. Marvel, The First-Second National Bank, Akron, Ohio.

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

Tom C. McCorvey, Jr., assistant cashier, City Bank & Trust Company, Mobile, Ala.

J. C. McDonald, advertising manager, The City National Bank, Sulphur Springs, Texas.

Frank Merrill, advertising manager, The Northwestern National Bank, Minneapolis, Minn.

E. R. Mulcock, Commercial National Bank, Syracuse, N. Y.

Nebraska State Bank, Ord., Neb.

Old State National Bank, Evansville, Ind.

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

R. B. Parrish, cashier, National Bank of Commerce, Williamson, W. Va.

A. E. Potter, president, Broadway National Bank, Nashville, Tenn.

W. W. Potts, treasurer, The Federal Title & Trust Co., Beaver Falls, Pa.

Felix Robinson, advertising manager, First National Bank, Montgomery, Ala.

C. W. Rowley, manager, Canadian Bank of Commerce, Winnipeg, Can.

Wm. J. Ruff, cashier, Luzerne County National Bank, Wilkes-Barre, Pa.

George J. Schaller, cashier, Citizens Bank, Storm Lake, Iowa.
 Almot Schlenker, assistant cashier, First National Bank, Brenham, Tex.
 Paul T. Schulze, assistant cashier, State Bank of La. Crosse, La. Crosse, Wis.
 E. P. Simpson, Jr., assistant cashier, First National Bank, Toccoa, Ga.
 T. K. Smith, Jr., manager, Gimbel Brothers, Bankers, New York City.
 J. G. Spangler cashier, The Mesa City Bank, Mesa, Ariz.
 W. R. Stackhouse, City National Bank, Bldg., Utica, N. Y.
 T. H. Stoner, cashier, The Peoples National Bank, Waynesboro, Pa.
 C. E. Taylor, Jr., president, Wilmington Savings & Trust Co., Wilmington, N. C.
 A. C. Tonsmeire, cashier, City Bank & Trust Co., Mobile, Ala.
 Union Trust Co. of the D. C., Washington, D. C.
 Wessels Van Blarcom, assistant cashier, Second National Bank, Patterson, N. J.

John W. Wadden, Lake County Bank, Madison, S. D.
 Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.
 Paul E. Zimmerman, cashier, Oak Park Trust and Savings Bank, Oak Park, Ill.
 E. L. Zoernig, Sedalia Trust Co., Sedalia, Mo.

NEW NAMES THIS MONTH

American National Bank, Richmond, Va.
 Citizens National Bank, Oconto, Wis.
 L. M. Howard, vice-president, Continental Bank & Trust Co., Shreveport, La.
 Kennett Trust Co., Kennett Square, Pa.
 Grover Keyton, New Farley National Bank, Montgomery, Ala.
 Will E. Morris, assistant cashier, Farmers & Merchants Bank, Stockton, Cal.
 C. C. Willson, care of Continental & Commercial Trust & Savings Bank, Chicago, Ill.
 Eugene E. Culbreth, Commercial National Bank, Raleigh, N. C.



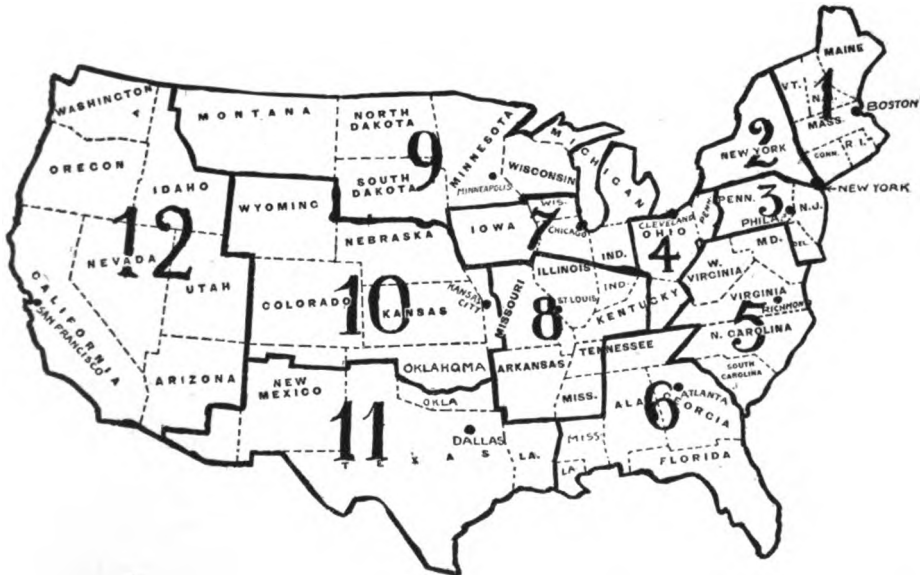
Federal Reserve Districts Designated

Location of Federal Reserve Banks Fixed

ON April 2 the Organization Committee provided for in the new Federal Reserve Act, and composed of the Secretary of the Treasury, Secretary of Agriculture and Comptroller of the Currency, finished

the work of dividing the continental United States into reserve districts and designated the cities where Federal Reserve Banks are to be located.

Twelve districts are established, their boundaries being shown in the accom-



LOCATION OF RESERVE BANKS AND BOUNDARIES OF THE DISTRICTS

panying map, which also indicates the cities that are to have Federal Reserve Banks. These cities are: Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Kansas City, Dallas, Minneapolis and San Francisco.

A table presented herewith shows the

area and population of the various districts, number of banks, capital and surplus, and the amount of six per cent. subscriptions based on capital and surplus. These figures are, of course, subject to change as State banks and trust companies come into the new system.

Dist. No.	Reserve City	Area	Population	No. of Banks	Capital & Surplus	Six per cent. Subscription
1—	Boston	66,465	6,557,841	446	\$165,529,010	\$9,931,740
2—	New York	40,170	9,113,279	478	343,693,437	20,621,606
3—	Philadelphia	39,865	8,110,217	800	216,340,213	12,980,412
4—	Cleveland	183,995	7,961,022	724	192,147,258	11,528,883
5—	Richmond	173,818	8,519,313	475	105,064,483	6,303,868
6—	Atlanta	233,860	6,695,341	372	77,356,913	4,641,415
7—	Chicago	176,940	12,630,383	984	211,068,338	12,661,100
8—	St. Louis	146,474	6,726,611	434	80,717,981	4,843,079
9—	Minneapolis	437,930	5,724,893	687	78,381,081	4,702,864
10—	Kansas City	509,649	6,306,850	835	93,065,912	5,583,955
11—	Dallas	404,826	5,310,561	726	92,003,123	5,520,187
12—	San Francisco	693,658	5,389,303	514	130,423,422	7,825,305
Total		3,016,650	89,045,616	7,475	\$1,785,791,171	\$107,147,470

Foreign Banking and Finance

European

RUSSIAN BANK FOR FOREIGN TRADE

THIS institution was incorporated in 1871, and increased its capital in 1907, 1910 and 1911, and is now making a further increase to 60,000,000 roubles (about \$80,000,000).



BANK OF ENGLAND DIVIDEND INCREASED

AT the recent half-yearly court held at the Bank of England, the Governor, Mr. Walter Cunliffe, announced that it had been decided to increase the distribution on bank stock from the rate of nine per cent. to ten per cent. Hith-

erto dividends on the stock have been paid free of income tax, but in order to bring bank stock, which is a trustee investment, into line with other trustee stocks, the present and future dividends will be paid less income tax. The dividend of £5 for the half-year now declared, less income tax, means an actual distribution of £4 14s. 2d. per cent., against £4 10s. per cent., or at the rate of £9 8s. 4d. per cent., against the £9 per cent., paid for the past ten and one-half years.

The increase in the dividend is a result, in part at any rate, of the recent recovery in the prices of high-class securities. At the end of February the price of consols was seventy-six, whereas at the end of September last it was seventy-three and one-half. In recent years the bank has necessarily been compelled to write down its investments

by large sums in consequence of the constant fall in the prices of trustee securities. As a result of this policy it now holds a large amount of securities at the low level of prices to which they were written down last autumn; and now that the period of depreciating prices is passed it is evident that the bank will be able to pay higher dividends than for many years. The average return on its large investments is at least one per cent. higher than it used to be, and consequently stockholders may look forward not only to the maintenance of the dividend at the rate of ten per cent., but to the possibility of a still higher distribution. The price of Bank of England stock is now 242½, and the ten per cent. dividend gives a yield of £4 2s. 6d.



NEW DIRECTOR OF THE BANK OF ENGLAND

AT the recent court of the Bank of England Robert M. Kindersley of the well-known house of Lazard Bros., was elected a director in place of the late Sir Augustus Prevost.



ANGLO-RUSSIAN TRUST COMPANY

THE Russian Corporation has been formed in London with \$10,000,000 capital.

It is intended that the corporation shall interest itself chiefly in Russian Government guaranteed and municipal loans and in the financing of railways, harbor works, tramways, light and power concessions, and public works of all kinds. The directorate and management of the corporation are closely connected with certain Russian banks of which the combined paid-up capitals amount to over £20,000,000, with reserves of over £12,000,000.

There will be five directors resident in Russia and five in Great Britain, the

chairman in Great Britain being Andrew Wilson Tait.



BRITISH PEOPLE'S BANK

REPORTS are current of the establishment in London of a People's Trust Company, which is said to be backed by four leading British banks. Its founders and their friends, who are well known financiers of the highest standing, have subscribed £100,000 (\$500,000) share capital, and are about to invite subscriptions of £1,000,000 (\$5,000,000) from the people for debentures. The debentures will be irredeemable and entitled to a fixed interest of four per cent., free of income tax, and to a share of any surplus profits.



BUSINESS OF THE BANK OF FRANCE

THE Bank of France handled far more commercial paper during the year 1918 than in any previous year of its history. The exact figures of its discounts—in the central office in Paris and the 582 branches scattered throughout France—were 80,041,247 bills, drafts, warrants and other pieces of commercial paper, representing a face value of 20,005,642,400 francs; that is, more than four thousand million (four American billion) dollars. This was nearly 2,000,000 more pieces of paper discounted than during the preceding year and more than \$137,000,000 increase in money value.

The bank authorities attribute this increase partly to the year's particular needs of credit, but chiefly to the general development of discount business in France. Fifteen years before, in 1898, the year's discounts of the Bank of France were, in round numbers, only 15,000,000 to last year's 80,000,000, with a money value of only \$2,200,000,000 as compared with \$4,000,000,000 in 1918.

	1898.	1913.
No. of accounts	31,486	127,963
Grand total of operations (francs).....	16,000,000,000	38,000,000,000
Bills and documents discounted:		
Number	15,000,000	30,000,000
Aggregate amount (francs)	11,000,000,000	20,000,000,000
Advances on securities:		
No. of securities	1,500,000	4,500,000
Amounts advanced (francs)	1,500,000,000	6,000,000,000
Deposits of securities (number).....	8,000,000	13,000,000
Bourse orders (total value in francs).....	234,000,000	565,000,000
Turner-over of receipts and payments (francs).....	134,000,000,000	381,000,000,000

The accompanying summary of the growth of the Bank of France, from the "Market World and Chronicle," will be found of interest.



ANTWERP BANKS INCREASE CAPITAL

INCREASING business development has necessitated an increase in the capital of two of the Antwerp banks.

The Banque Generale Belge is issuing new shares for the purpose of increasing its capital from 15,000,000 francs to 25,000,000 francs. The Banque de Credit Commercial has also just decided to increase its capital of 3,000,000 francs, which will now attain 15,000,000 francs.



Latin-America

TRADE OF THE UNITED STATES WITH ARGENTINA, 1913

POPULAR interest in the trade and industry of Argentina, which has recently been aroused by reason of its increasing contributions to our food supply, is heightened by the announcement that the American mission to Buenos Ayres is to be raised from the rank of a ministry to that of an embassy.

Argentina is the foremost South American country as a market for the products of the United States, our sales thereto in the last calendar year having been fifty-five million dollars in value, compared with forty million to Brazil and fifty-two million to the remaining twelve countries of that continent.

Our trade with Argentina shows constant and rapid expansion, exports thereto having grown from five million dollars in 1893 to fourteen million in 1903 and fifty-five million in 1913; while imports therefrom rose from five million in 1893 to nine million in 1903 and twenty-seven million in 1913. Thus exports to Argentina quadrupled and

FOUNDED 1844

G. LAWTON CHILDS & CO., Ltd.

AMERICAN BANKERS

HAVANA CUBA

Transact a general domestic and foreign banking business. All banking matters entrusted to us handled promptly and with care.

Special attention paid to collections in Havana and all parts of Cuba.

Principal Correspondents

NEW YORK CITY :
National Bank of Commerce
in New York

LONDON :
Baring Bros. & Co., Limited

PARIS :
Morgan, Hrcjes & Co.

BERLIN :
L. Behrens & Soehne

MADRID :
Garcia, Calamarie y C.

imports therefrom trebled during the last ten years.

American manufactures have long been popular in Argentina and constitute an important part of the growing exports to that country. Sales to that country during the last fiscal year, as shown by statements recently prepared by the Bureau of Foreign and Domestic Commerce, Department of Commerce, included many articles of wide use in an agricultural and rapidly developing country, such as farming implements, six and one-third million dollars; twine, two million; traction and stationary engines, one million; and windmills, a half million. Automobiles were exported to the extent of one and one-quarter million dollars' worth; other cars and carriages, three million; sewing machines, 880 thousand dollars' worth; typewriters, 355 thousand; cash registers, 261 thousand; and miscellaneous machinery, one and three-quarters mil-

lion dollars. Other articles exported in large quantities included boards and planks, five and two-thirds million dollars; shooks, two and one-third million; furniture and other wood manufactures, one million; gasoline and naphthas, two and one-third million; illuminating oil, two and one-quarter million; cotton-seed oil, one million; leather manufactures, including boots and shoes, two and one-half million; chemicals, drugs and medicines, one and one-quarter million; and cotton goods and electrical appliances, each about a half million dollars. Musical instruments, clocks and watches, glassware, wheelbarrows, soap, blacking, firearms and scales and balances are among the numerous other items illustrative of the wide range covered by the exports from the United States to Argentina.

Argentina's sales to the United States are chiefly of hides and skins, wool, chemicals, and, in recent months,

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

NEW YORK OFFICE: - - - 25 BROAD STREET

Banco de Guatemala Established July 15, 1895
 Guatemala C. A.

Directors
ADOLFO STAHL, D. B. HODGSDON
J. R. CAMACHO
C. GALLUSSER, Manager

Authorized Capital \$10,000,000.00
Capital subscribed and paid up 2,500,000.00
Reserve Fund 5,564,282.76
Contingency Fund 1,600,000.00

Foreign Correspondents
New York: Messrs. G. Amsinck & Co.; Messrs. J. & W. Seligman & Co.; The National City Bank of New York. **San Francisco, Cal.:** The Anglo & London Paris National Bank of San Francisco. **New Orleans:** The Whitney-Central National Bank. **Mexico:** Banco Nacional de Mexico. **Paris:** Messrs. de Neufilze & Cie. **London:** Deutsche Bank (Berlin), London Agency; Messrs. A. Ruffer & Sons. **Hamburg:** Deutsche Bank Filiale Hamburg; Messrs. L. Behrens & Sohne; Messrs. Schroder, Gebruder & Co.; Mr. Carlo Z. Thomsen. **Madrid:** Messrs. Garcia-Calamarte & Cia. **Barcelona:** Messrs. Garcia-Calamarte & Cia.; Banco Hispano Americano. **Milano:** Credito Italiano.

Agencias in Guatemala
Antigua Livingston Mazatenango
Jutiapa Puerto Barrios Salama
Pochuta Zacapa Escuintla
Coatepeque Coban Ocos
Retalhuleu

General Banking Business, Special Attention Paid to Collections from Abroad and Letters of Credit.

Argentine goat skins during the year amounted to four and one-quarter million pounds, valued at one and one-half million dollars.

ARGENTINE SOCIAL MUSEUM

THIS institution, located at Buenos Ayres, aims to collect and disseminate general information relating to Argentina and other nations.

ARGENTINE LOANS

THE Argentine Government has obtained a temporary loan of £3,000,000 negotiated by Messrs. Tornquist and Company with London bankers. The rate of interest is five per cent. and a commission of one per cent. is to cover all expenses; the loan is to be repaid on December 31 next. The money was needed for sanitary works which are to be extended to the boundaries of the municipality of the capital. A portion of the loan (\$12,000,000 m/n. equal to about £1,048,035) will be paid to the Bank of the Nation, which advanced that sum for the works; the \$18,000,000 m/n which the Treasury paid to the Board of Sanitary Works will not be reimbursed until the loan of \$80,000,000 gold authorized by law for completing the works has been

corn and beef. Imports of cattle hides in the last fiscal year aggregated sixty-seven million pounds, valued at twelve and one-half million dollars; the last six months, however, being only about half as much as those of the corresponding months of 1912. Imports of

Banco Agricola Comercial

Established 1895

SAN SALVADOR, REPUBLIC OF SALVADOR, C. A.

Authorized Capital, \$5,000,000.00 **Paid-up Capital, \$1,000,000.00**
Reserve Fund, 100,000.00 **Special Reserve Fund, 352,707.23**

DIRECTORS

J. MAURICIO DUKE **MIGUEL YUDICE** **FRANCISCO DUEÑAS**
J. MAURICIO DUKE h. **RAFAEL GUIROLA D.** **Manager, F. DREWS**

CORRESPONDENTS

London: The Anglo-South American Bank, Ltd., with which is incorporated The London Bank of Mexico & South America, Limited. **Paris:** Comptoir National d'Escompte de Paris; Perler & Cie. **Hamburg:** Deutsche Bank Filiale Hamburg; Conrad Hinrich Donner; Carlo Z. Thomsen; The Anglo-South American Bank, Ltd. **Barcelona:** Banco Espanol del Rio de la Plata; Garcia-Calamarte & Cia. **New York:** G. Amsinck & Co.; Bloom Bros. **San Francisco:** The Anglo & London Paris National Bank. **Mexico:** Banco de Londres & Mexico. **Guatemala:** Banco Internacional.

Banco de Nuevo Leon

MONTEREY, N. L., MEXICO

ESTABLISHED OCT. 1, 1892

Capital paid up, \$2,000,000

Reserves, \$860,876.00

Deposits, \$3,602,738.00

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, Oom-mers und Disconto Bank; MADRID, Banco Hispano Americano, Banco de Castilla; HABANA, Banco de la Habana.

RODOLFO M. GARZA, Manager

ANTONIO MANRIQUE, Accountant

AMADOR FAZ, Cashier

negotiated. The Government has received offers from the representatives of several banks to place this larger loan, and the Minister of Finance has announced that a loan of \$50,000,000 gold will be accepted. The remaining \$30,000,000 will be negotiated later in the year.



PROFITS OF THE BRITISH BANK OF SOUTH AMERICA

PROFITS of the British Bank of South America show a decline for the year 1913 as compared with 1912, which is not surprising in view of the unsatisfactory conditions in some of the countries in which the bank does business. Gross profits in 1913 came to £412,799, as against £466,051 in 1912, but this last total was exceptional, and the profit for 1911 was only £400,972. The net profit for last year, after paying all expenses, was £193,715, to which had to be added £83,785 brought forward. This allows the directors to declare dividends amounting to seventeen per cent. for the year, to

transfer £10,000 to pensions, £4,500 in reduction of investments and £8,500 in a bonus to the staff.



Australasian

NEW BANK BUILDING

THE Bank of New South Wales, situated next to the Stock Exchange in Collins street, Melbourne, is to be demolished to make room for larger premises. The present building was erected in 1858, at a cost of £88,000, on land which cost £6,000, and, suggesting in its style some fine specimens of architecture on the Grand Canal, Venice, is considered one of the handsomest buildings in Melbourne. The architects for the new building are anxious to use the material of the old building as far as possible in the new one.



BANKING CHANGES

SEVERAL changes are taking place in the Sydney, N. S. W., banking world, according to the Australasian "Insurance and Banking Record." A. P. Stewart is relinquishing his position as general manager of the Australian Bank of Commerce, I.t.d. Owen C. Williams, manager of the Bank of Australasia, is taking long leave of absence prior to retirement under the bank's pension scheme, and George

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Banco Comercial de Costa Rica

San Jose, Costa Rica, Central America

(Founded 1st June, 1905)

Capital, \$1,750,00.00

Reserves, \$546,238.41

Managing Director, THOMAS SCOTT

Collections for Foreign Houses promptly attended to. Deposits are received in American Money repayable at maturity by sight draft on New York, New Orleans or San Francisco. The rates of interest at present allowed are:

On deposit for 6 months : : : 6 per cent. per annum
On deposit for 12 months : : : 7 per cent. per annum

DEPOSITS

31st of March, 1910	: : :	\$1,270,087.74	31st of March, 1912	: : :	\$3,397,658.26
31st of March, 1911	: : :	1,690,705.28	31st of December, 1912	: : :	4,414,218.57

Turnbull, so many years manager of the National Bank of Australasia, Limited, in Sydney, has retired in consequence of a breakdown in health. H. H. Scarr, manager of the City Bank of Sydney, and A. J. Hooper, inspector of the English, Scottish and Australian Bank, Limited, are both about to take extended leave for the purpose of visiting the Old Country. Mr. Hooper's visit will be an official one, to meet the London board of the bank.

In respect to premises, the Bank of New South Wales is taking steps to build a new building on their present excellent site. The Bank of New Zealand will make a new Sydney home upon the opposite corner of Wynyard street and George street, while excellent premises are in course of erection in George street—facing Bridge street—for the Bank of North Queensland, and the building of the head office of the Commonwealth Bank of Australia is under way at the corner of Pitt and Moore streets.



RECORD PROFITS

BANK profits in Australia and New Zealand for the year 1913 were £3,212,676, compared with £2,954,914

Net profits reported during the last fifteen years.....	£30,793,661
Dividends (including bonus) declared—	
Amount	18,439,629
Proportion	59.88 per cent.
Appropriated for other purposes—	
Amount	£12,354,032
Proportion	40.12 per cent.

in 1912, the figures for 1913 being the highest total ever reported. For the last fifteen years the aggregates of net profits, and the uses to which they have been put are shown below.



Asiatic

HONG KONG AND SHANGHAI BANK

THE Hong Kong and Shanghai Banking Corporation which is at the head of the Chinese Five Power banking syndicate reports a substantial increase in profits for the last half-year, but the dividend is unchanged. For the twelve months the net profit was \$3,324,438, as compared with \$3,071,146 in 1912, and with the balance brought forward of \$2,052,483, the available total was \$5,376,921. Out of this the directors place \$200,000 to the silver reserve fund, or the same as a year ago, but they write \$800,000 off premises account, against \$200,000, the increase in the allocation for this purpose being probably due to the recent expansion in the total of that item.

A year ago it amounted to \$5,360,-

Pan-American Title Insurance Company, S. A.

Head Office: Apartado 39

CITY OF MEXICO

BRANCHES: Tampico, Mexico; London, England, 25 Victoria St., S. W.

ROOMS 310-312, NO. 2 RECTOR ST., NEW YORK
SUITE 859 MONADNOCK BUILDING, SAN FRANCISCO, CAL.

Chartered and equipped for all branches of title insurance and trust work

638, but owing to the further portion of the cost of the bank's fine new premises in London, which has been added, the figure has been increased to \$6,799,388 in the balance sheet. After making these appropriations the directors recommended a dividend of £2 per share, with a bonus of five shillings per share, and carry forward \$2,067,311.



BANK OF TAIWAN, LIMITED

OUT of its earnings at the close of 1913 this institution added 180,000 yen to reserve funds, applied 32,000 yen as a bonus, paid a ten per cent. dividend (375,000 yen) and carried forward 239,743 yen to next account.

The Bank of Taiwan, Limited, has its head office at Taipeh, Formosa (Taiwan), and has branches and agencies in many important Eastern cities, as well as in other parts of the world. Its capital is 10,000,000 yen (about \$5,000,000), reserve funds 3,430,000 yen, and deposits and current accounts 43,286,968 yen, the total of the balance-sheet exceeding 91,000,000 yen.



INDUSTRIAL BANK OF JAPAN

THE twenty-fourth report of this institution was presented to the shareholders at the half-yearly ordinary general meeting held at the head

office in Tokyo, February 5. Net profits for the preceding half-year were 676,668 yen. The total of the balance-sheet of this institution is now 98,910,920 yen.



BANK OF JAPAN

THE annual report of the Bank of Japan shows the total operations of the bank in 1913 to have amounted to 38,528,907,804 yen, an increase of more than thirty-five million yen over the figures of 1912. Net profits for 1913 were 5,884,034 yen, a gain of 16,772 yen over the preceding year.



OPPORTUNITY FOR AMERICAN BANK

THE American consul at Aleppo, Turkey, calls attention to the opportunity for establishing an American bank in that city.

The city of Aleppo, with about 250,000 inhabitants, situated, by its topographical position, in the center of northern Syria, serves as an outlet and receiving point for all of the cities as well as the Provinces of the interior, and the greater part of Mesopotamia and northern Syria. All of the merchandise exported, as also that imported from Europe and America and destined for the interior places above indicated, passes in transit through Aleppo, or the dealings in connection

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

K. M. VAN ZANDT, Jr., Vice-Pres. & Mgr.

H. C. HEAD, Cashier

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.

therewith are treated in the Aleppo banks. It will therefore be seen that the local banks profit greatly from the exchange therefrom.

There are at present only two banks at Aleppo, the Imperial Ottoman Bank, established in 1888, and the Deutsche Orientbank, dating since 1909. The sales and purchases of exchange of these two banks vary from \$110,000 to \$132,000 each weekly during the period of normal business and amount to \$220,000 and more per week during the short season of the new crops.

Aleppo is 100 miles from Alexandretta, its principal port, and 250 miles from Beirut and Damascus, with which it is connected by railway with trains running daily. The new German railway line now in construction, and which will connect it directly with Constantinople and Europe, Bagdad, Basra and India, will proportionately increase the commercial importance of Aleppo and the business of the banks and other financial establishments.



Cuba

MR. VAUGHAN RESIGNS AS
CASHIER OF THE NATIONAL
BANK OF CUBA

ON the first of April W. A. M. Vaughan terminated his relationship as cashier of the National Bank of Cuba, Havana. He took this course

on account of personal business affairs requiring attention and for the further reason that he wished to return to the United States to educate his children.

Mr. Vaughan will retain his interest in the bank and other financial institutions in Havana. He has been associated with the National Bank of Cuba for the past twelve years, and has been



W. A. M. VAUGHAN
FORMER CASHIER NATIONAL BANK OF CUBA,
HAVANA

cashier for some years. He was actively instrumental, with his brother, Edmund G. Vaughan, in making the bank what it is to-day—an institution of great size and strength.



Colonial

SUCCESS OF AGRICULTURAL BANK IN THE PHILIPPINES

CONSUL-GENERAL ANDERSON

of Hong-Kong says that the increasing usefulness of the Agricultural Bank in the Philippines is illustrated by the fact that the institution placed over \$500,000 in loans to planters in the last six months of 1913, which was as much as was loaned during the entire previous fiscal year. The loans are well scattered all over the archipelago. There is a limit of \$17,500 placed for any one loan and several loans have been placed up to this limit. All except about four per cent. of the loans have been made to native Filipinos, while Americans and other foreigners took up the balance. The bank has had no losses on loans so far placed. Its work is greatly restricted by the un-

certain land titles which are to be found all over the islands. The original amount of money set aside as capital for the bank by the Government was 1,000,000 pesos, or \$500,000, so that the capital was used up long ago. Additional funds have been obtained by utilizing thirty-five per cent. of the deposits of provincial funds in all banks, normally amounting to about \$3,000,000 gold.



Africa

STANDARD BANK OF SOUTH AFRICA

FOR the last half-year this institution paid a dividend at the rate of ten per cent. per annum, with a bonus at the rate of four per cent. per annum. The directors also appropriate £15,000 to the writing down of bank premises, £25,000 to write down investments to cover the depreciation in market value, to add £10,000 to the reserve fund and £10,000 to the officers' pension fund, carrying forward a balance of about £52,000. By the allocation thus made the reserve fund will be raised to £2,000,000, as compared with a paid-up capital of £1,548,525.



Production and Commerce in Russia

THE Russian Empire, covering one-seventh of the land area of the globe and only sparsely settled in spite of its nearly 170,000,000 inhabitants, offers an interesting subject for study for both business men and economists. This country to-day presents a picture of economic development comparable with that of the United States of three or four generations ago, in that Russia is now chiefly a producer of raw materials derived from nature, such as grain, timber, hides and minerals, and is just beginning to develop manufacturing industries of importance. Its exports are almost entirely foodstuffs and

raw and semi-manufactured products, while it imports nearly all of the higher grades of manufactures which its people require.

The total value of the foreign trade of European Russia, in 1912, according to official figures, was more than \$1,200,000,000, in which the United States participated to the extent of only \$53,000,000. However, the indirect trade between the two countries passing through foreign middlemen brings the value of the sales of American products to Russia to \$80,000,000, and the exports from Russia to the United States to \$80,000,000.

MERCANTILE BANKING COMPANY

Avenida San Francisco No. 1

CITY OF MEX

Capital, \$500,000.00

Surplus

Members of the American Banker

GEO. J. McCARTY, President

K. M. V.

H. C. HEAD, Cashier

SHUR

A General Banking Business Transacted
Telegraphic Transfers

Unsurpassed collection facilities. Correspondents, Merchants and Individuals solicited.

Building in Cedar street.

will afford the bank about

ent space. Although the

occupied by the bank is about

that which was necessary when

quarters were leased, it has now

too small to accommodate the en-

tered business.

The Chase National Bank began business at 117 Broadway, September 20, 1877, with a capital of \$300,000. In 1879 it removed to 104 Broadway, where it remained until 1886, when it removed to the Clearing-House Building, then at the corner of Pine and Nassau streets. In the latter part of 1895 the bank followed the clearing-house to its new building at 79-83 Cedar street, its present location. At that time the bank's capital was \$500,000; surplus, \$1,307,000, and deposits, \$22,600,000. In its statement to the Comptroller of the Currency on March 4, 1914, the bank reported capital of \$5,000,000; surplus, \$10,153,000, and deposits, \$149,000,000. When the bank entered the new Clearing-House Building its quarters were ample for its requirements, but the growth of the business soon made it necessary to provide more space, and at the present time it occupies three floors of 60, 62 and 64 Liberty street.

This remarkable and continuous increase in business has been a natural development unassisted by the absorption of any other bank.

An illustration of the bank's new home is presented in another part of this issue of the MAGAZINE.

—In a list of ten of the largest banking institutions in the United States, according to their recent published statements, on the basis of gross deposits, this city has eight, the list being as shown below:

Bank	Deposits
National City Bank, New York	\$255,808,375
Guaranty Trust Co. of New York	203,922,452
Continental and Commercial National Bank, Chicago	199,034,331
National Bank of Commerce, New York	163,731,347
Bankers Trust Company, New York	148,150,709
Chase National Bank, New York	143,668,641
First National Bank, Chicago	132,164,174
First National Bank, New York	126,860,038
National Park Bank, New York	124,044,976
Hanover National Bank, New York	121,579,598

The deposits of most of these institutions, as reported, above, are at their high mark. It will be observed that eight of these are national banks and two are trust compan-

therewith are treated in the banks. It will therefore be the local banks profit great exchange therefrom.

There are at present

at Aleppo, the I.

Bank, established

Deutsche Orient

1909. The sale

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Merchants National Bank
RICHMOND, VA.
Capital \$200,000
Surplus and Profits over 1,000,000
The Gateway to and Collection Center for Southeastern States
Send Us Your Items
"ON TO RICHMOND"

EASTERN STATES

New York City

—Shareholders of the Fourth National Bank have approved the reduction of the capital stock from \$5,000,000 to \$3,000,000. The reduction became effective on April 1, stockholders surrendering forty per cent. of their holdings, for which they will receive \$200 per share. This leaves the bank with \$3,000,000 capital and \$3,000,000 surplus. The action is subject to approval by the Comptroller of the Currency and the Federal Reserve Board.

—About August or September the Chase National Bank will move into the Adams Building at 61 Broadway, giving the quarters it has long occupied in

A SPECIAL INCOME TAX RECORD

The Baker-Vawter Standard Stock Form *COUPON RECORD* is designed with the view to creating a complete segregated record of all coupons handled.

Provision is made for correcting entries where the tax was deducted, when it should not have been—or where the tax was *not* deducted, when it should have been.

Adapted for use in all Banks and Trust Companies handling coupons.

BAKER-VAWTER COMPANY

Bank Accounting Systems

Steel Filing Sections

BENTON HARBOR, MICHIGAN

HOLYOKE, MASS.

Offices in all principal cities—salesmen everywhere

ies. One of the latter, the Guaranty Trust Company of New York, has deposits of over \$200,000,000, which are the largest ever reported by any trust company.

—Already having branches in London and Paris, the Farmers Loan and Trust Company of New York will establish a branch in Berlin.

—The deposits of the Guaranty Trust Company of New York, as reported to the Superintendent of Banks on March 22, were \$303,922,452.40, a gain of over \$25,000,000 since the report of one year ago. This is the largest amount of deposits ever reported by any trust company in this country. The total resources of this institution now exceed \$265,000,000.

—An interesting story of the origin, history and progress of the Bank of the Manhattan Company is told in a pamphlet issued by that institution. As is well known, the bank obtained its charter as a water company in the days when bank charters were hard to get; but as other privileges were conferred along with the right to furnish the city pure water, the company carried on banking, though it also acted as a purveyor of water until about 1842. The Manhattan Company was chartered in 1799, and is one of nine banks now existing whose history reaches back into the eighteenth century.

In 1808 the Legislature, in enacting certain amendments to the charter of the Manhattan Company, reserved for the State the right to take 1000 shares of its capital stock. This right was exercised and the capital stock was increased for the purpose from \$2,000,000 to \$2,050,000. Both the State and the city of New York are still stockholders, this being the only bank stock which the State holds.

Payment of dividends was begun by the Manhattan Company in July, 1800, and up to January, 1913, a total of \$19,726,000 had been paid.

—March 12 marked the tenth anniversary of the merger of the Citizens' National Bank and the Central National Bank, under the title of the Citizens' Central National Bank. Since 1904 the surplus has increased from \$459,000 to \$1,500,000—the capital remaining at \$2,550,000—and over \$700,000 added to undivided profits. Net earnings have been



EDWIN S. SCHENCK

PRESIDENT CITIZENS' CENTRAL NATIONAL BANK,
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

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.

GATES W. McGARRAH, President
H. H. POND, Vice-President
JOSEPH S. HOUSE, Cashier
ROBERT U. GRAFF, Asst. Cashier
JOHN ROBINSON, Asst. Cashier
CHARLES E. MILLER, Asst. Cashier

so satisfactory that after making ample provision for the surplus and undivided profits it was found possible to raise the dividend rate last year from six to eight per cent.

—The Commercial High Schools of New York city, under an arrangement which has been made with the New York Chamber of Commerce, have added to their regular courses a series of lectures by business men, the idea being to give students first-hand information as to what will be required of them on entering a business house. These talks are along practical lines and enable students to pursue their studies more intelligently. Recently the Chamber of Commerce has undertaken to supply speakers on banking subjects, and appealed to New

York Chapter of the American Institute of Banking. A short series of talks was prepared by the president of the chapter and these addresses will be given by the following speakers: "Financial Institutions in General and Nature of Their Work," by O. Howard Wolfe, secretary Clearing-House Section, American Bankers Association; "Commercial Banks: National and State," by Raymond B. Cox, assistant cashier Fourth National Bank, New York; "Trust Companies," by Charles F. Minor, manager Bronx branch Columbia-Knickerbocker Trust Company, New York; "Savings Banks," by E. G. McWilliam, secretary Savings Bank Section, American Bankers Association, New York; "Private Banks and International Banking Houses," by Jason A. Neilson of Brown Bros. & Co., bankers, New York; "Stock Exchange Bankers and Brokers," by Wellington E. Bull, member of firm of Swartout & Appenzelar, New York; "Clearing-Houses," by O. Howard Wolfe, secretary Clearing-House Section American Bankers Association, New York.

—The National Bank of Commerce in New York has put in force a pension plan for officers and employees, the entire expense being borne by the bank. The plan not only includes the pension feature, but life insurance and provision for disability.

As to pension, the plan provides that all officers and clerical employees may, with the consent of the board of directors, upon attaining the age of sixty years, retire from service or may be required to retire, and shall retire upon attaining the age of sixty-five years, unless formally requested by the board of directors to remain longer in the service. Upon such retirement officers and clerical employees become eligible to an annual pension at the rate of two per cent. of aggregate salary received while in the continuous service of the bank, but the maximum annual amount to be paid shall in no case exceed the sum of \$5,000.

Life insurance is provided for all officers and clerical employees in the service of the

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
CHARLES T. WILLS, Vice-Pres.
WM. L. DOUGLASS, 2d Vice-Pres.
ARTHUR W. SNOW, Cashier
R. T. THORN, Asst. Cash.

DIRECTORS

James McCutcheon William H. Gelshenen
Charles T. Wills Morgan J. O'Brien
Ruel W. Poor Thomas D. Adams
Samuel Adams Daniel S. McElroy
Robert J. Horner



NATIONAL BANK OF COMMERCE IN NEW YORK
(This bank has just celebrated its seventy-fifth anniversary.)



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 1,644,562.63

Bankers should seek
STRENGTH
when selecting a
Reserve Agent
or
Correspondent

Accounts of Banks,
Bankers, Corpora-
tions, Firms and In-
dividuals cordially
invited.

WRITE

bank at the time of the adoption of the plan, without physical examination, and all officers and clerical employees who may thereafter be employed and are found to be physically eligible for such insurance. The insurance in each case to be the amount of one year's salary at the time of the insured's death, but not to exceed the sum of \$5,000 in the case of any one person.

The disability insurance is one of the attractive features of the plan; provision being made for all such present and future officers and clerical employees of the bank as may be found physically eligible. The amount of disability insurance in the case of each officer and clerical employee is to be payable monthly at the rate, during the first year of total disability, of eighty per cent. of the annual salary received by the insured at the time of disability and thereafter to be at the rate of sixty per cent. of such annual salary for life and so long as the total disability shall continue, payments for such disability to commence after the first month, the bank itself to pay the full salary of the insured during the first month of disability.

—Here are a few items from the fourth of March statement of the Hanover National Bank which briefly tell an interesting story: Deposits, \$121,514,270; surplus and profits, \$15,003,103.72; specie, \$26,431,570; total resources, \$139,745,020.51. You get in these few figures a concrete expression of what the bank is doing and what it has done.

—On April 3 the National Bank of Commerce reached its seventy-fifth birthday. It was organized in 1839 as a State bank, with \$5,000,000 capital. In 1856 the capital was increased to \$10,000,000. In 1864 the bank entered the national system under a special provision exempting its shareholders from the double liability feature—an exemption which, however, has been surrendered under the new Federal Reserve Act. In 1903 the capital was increased to \$25,000,000. Quite recently the bank in-

duced a very liberal pension system for officers and employees (referred to elsewhere in these columns).

The National Bank of Commerce is one of the largest and strongest banks in the United States, its resources on March 4 being \$216,000,000.



Philadelphia

—James B. Gillies is president of the new Broad Street Bank, which recently opened at Broad and Diamond streets. W. C. Mitchell and A. L. Skilton are vice-presidents and E. Leslie Allison, cashier.

—Edward E. Shields, recently elected an assistant cashier of the Franklin National Bank, has retired as secretary of Group 2 of the Pennsylvania Bankers' Association. His retirement was marked by the presentation of a chest of silver to him by the officers of the group. Mr. Shields was formerly assistant cashier of the First National Bank of West Chester, Pa., and was connected with that bank for twenty-five years.

—At the annual convention of the American Institute of Banking, to be held at Dallas, Texas, in September, Philadelphia Chapter will present the name of William S. Evans as its candidate for president of the Institute. While Philadelphia ranks fourth in its membership and third in the number of its certificate holders, it has never had any office in the Institute. This fact, combined with the special fitness of Mr. Evans for the presidency, will, it is believed, give him a strong lead for the place at the Dallas convention.

The members of Philadelphia Chapter, at their recent regular meeting, unanimously adopted the following preamble and resolutions in support of Mr. Evans:

Whereas, The American Institute of Banking was organized in 1900 and now

Completeness Counts

It pays to confide any kind of financial or fiduciary business to an Institution able to care for every kind.

By using the Mississippi Valley Trust Co., you command facilities, resources and men organized for complete Trust Company service.

INQUIRIES INVITED

Mississippi Valley Trust Company
St. Louis

has sixty-three chapters, with approximately 15,000 members; has had twelve elected presidents who have directed its affairs wisely and well, being selected from the following chapters: New York, two; Chicago, two; St. Louis, three; Minneapolis, one; Baltimore, two; Pittsburgh, one; Milwaukee, one; and

Whereas, The Philadelphia Chapter has approximately 900 members, is the fourth largest in the Institute and ranks third in the number of its certificate holders, but has never held any office in the Institute; and

Whereas, William S. Evans was an active member of our board of governors for seven years, from 1906 to 1913; served as a member or chairman of nearly all the committees into which the work of the chapter is divided, a member of the speakers' committee continuously since 1906, president of our chapter in 1911, a member of the executive council of the Institute from 1909 to 1912, has attended every national convention from 1907 to 1913, a certificate holder and a firm believer in and an ardent supporter of the purpose for which the Institute was organized; therefore, be it

Resolved, That it is the unanimous opinion of our chapter that we are entitled to official recognition from the Institute, and that we unanimously decide to place the name of William S. Evans before the Dallas convention as our candidate for president of the American Institute of Banking; and be it further

Resolved, That the president of the Philadelphia Chapter be empowered to appoint a committee of ten members and that they use every honorable means to secure the election of Mr. Evans.

Mr. Evans has been in the banking business for sixteen years and is well known to bankers all over the United States. He is a member of the Philadelphia bar and entitled to practice law in all the State and county courts, but prefers to confine himself to the banking business, and is asso-

ciated with the firm of Henry & West, private bankers.

In soliciting the support of the delegates to the convention at Dallas, the members of Philadelphia Chapter are confident that



WILLIAM S. EVANS

PHILADELPHIA'S CHOICE FOR CHAIRMAN OF THE
AMERICAN INSTITUTE OF BANKING

if elected, Mr. Evans would bring to the council of the Institute the same helpful judgment and energetic effort that has characterized his work in the councils of Philadelphia Chapter.

The Union National Bank

CAPITAL
\$1,600,000.00

Cleveland, O.

SURPLUS AND PROFITS
\$1,000,000.00

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

Since 1884 we have responded to the needs of a constantly increasing number of customers. We aim to dispatch business promptly. Our facilities are offered to those who, appreciating good service, will maintain adequate balances.



FRANCIS B. REEVES

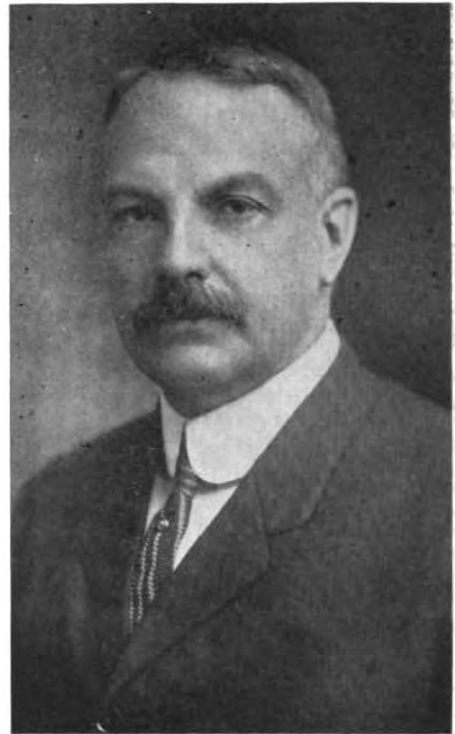
RETIRING PRESIDENT GIRARD NATIONAL BANK,
PHILADELPHIA

(CHAIRMAN BOARD OF DIRECTORS)

—Francis B. Reeves, president of the Girard National Bank and whose association with that bank began sixty years ago, resigned the presidency recently and became chairman of the board of directors.

Mr. Reeves, who is in his seventy-eighth year, entered the bank March 9, 1854. Four years, later, when assistant teller, he left the bank to enter the office of a wholesale firm.

In 1881 he was elected a director of the Girard National; in 1896, vice-president, and president in 1899. A minute adopted by the board of directors on the occasion of the resignation of Mr. Reeves, states the bank's capital and surplus increased from 1899 to this date, \$4,857,000. Of this increase, \$2,125,000 was received from the sale of new stock. The remainder, \$2,732,000, together with \$3,220,000 paid in divi-



R. L. AUSTIN

NEWLY-ELECTED PRESIDENT GIRARD NATIONAL
BANK, PHILADELPHIA, PA.

Capital - \$2,500,000.00

FIRST
NATIONAL
BANK

Deposits, \$37,000,000.00

CLEVELAND, OHIO

Surplus and Profits - \$1,929,000.00

ACCOUNTS SOLICITED

Correspondence Invited

Collections a Specialty

dends to shareholders, shows the net earnings for the fifteen years to have been \$5,952,000. Deposits in 1899 were a little more than \$10,000,000; now they exceed \$45,000,000.

Besides being a successful banker, Mr. Reeves has rendered distinguished service to his State and city in important official capacities, and was also for some time president of the Philadelphia Clearing-House Association.

Richard L. Austin, heretofore vice-president, succeeds Mr. Reeves as president of the Girard National Bank. He became a director of the bank and first vice-president

in 1901, since which time he has been active in the management.



Pittsburgh

—This historic institution made a very interesting showing in its March 4 statement to the Comptroller. Deposits were \$26,777,488, and total resources, \$34,614,566. The capital is \$2,400,000; surplus, \$2,400,000, and undivided profits, \$865,630—constituting an exceptionally strong capital equipment. That



BANK OF PITTSBURGH NATIONAL ASSOCIATION



Northwest Items

HAVING direct connections with practically every banking point throughout the "Inland Empire," the Old National Bank is able to handle your Pacific Northwest items with exceptional promptness and dispatch.

CORRESPONDENCE INVITED

The Old National Bank of Spokane

D. W. TWOHY, President
T. J. HUMBIRD, Vice-President
W. D. VINCENT, Vice-President
J. A. YEOMANS, Cashier
W. J. SMITHSON
G. H. GREENWOOD J. W. BRADLEY
Assistant Cashiers

RESOURCES : \$12,000,000



the Bank of Pittsburgh is growing is amply evidenced by an increase of nearly \$6,000,000 in deposits in the last year.

—Under the title "How You Can Use a Trust Company," the Fidelity Title and Trust Company of Pittsburgh has issued a booklet that gives some very plain and helpful suggestions to persons who need the facilities of a trust company. Here is a sentence from the booklet that may set some bankers thinking along a new line: "If every American did business through a bank, this would be not only the richest, but the most economical nation in the world."

—A trust company is to be formed by interests representing the Farmers' Deposit National Bank.

—Deposits of the People's National Bank on March 4 were \$17,122,760, compared with \$14,992,027 on February 21. It is the custom of this bank to have its statements frequently verified by well-known certified accountants, whose certificate accompanies the published statements.

—Combined assets of the Diamond National Bank and the Diamond Savings Bank now exceed \$12,000,000 and the deposits are \$9,289,014.02—a very material increase over the previous official report. The Diamond National Bank has \$600,000 capital and



DIAMOND NATIONAL BANK OF PITTSBURGH

\$1,631,781.55 surplus and profits. William Price is president; D. C. Wills, cashier, and W. O. Phillips, assistant cashier.

—With deposits of \$54,000,000—or about one-fourth of the deposits held by all Pittsburgh national banks—the Mellon National Bank justly takes pride in the record made since it was chartered as a national bank in 1902, with deposits of \$8,500,000. This remarkable growth, achieved in less than twelve years, certainly speaks most forcibly for the quality of “Mellon Bank Service.” The total resources of this strong institution on March 4 were \$67,608,093.81.

—At the recent annual meeting of Group 8 of the Pennsylvania Bankers' Association, held here, these officers were chosen: J. D. Ayers, vice-president the Bank of Pittsburgh, N. A., chairman; Joseph E. Barnett, cashier Citizens' National Bank of Latrobe, Pa., vice-chairman; J. S. M. Phillips, cashier Merchants' Bank, Pittsburgh, secretary; O. C. Camp, cashier National Bank of Tarentum, treasurer.

—The April review of the Peoples National Bank of Pittsburgh, covering local conditions in a most interesting way, cites two incidents of the past month which lend themselves to favorable deductions and testify to the faith in the future of Pittsburgh's commercial and industrial expansion. One was the completion and formal opening of an entirely new department store located in a comparatively new retail shopping district of Pittsburgh. The site covers approximately one-fourth of an entire city block, the building is twelve stories, in construction and equipment is comparable with the best in the country, and the enterprise is backed by men of long experience and great financial success in Pittsburgh's mercantile trade. The other development was the closing of the purchase of a site in the center of Pittsburgh's enlarged “triangle” of retail trade for a new hotel that is intended to rank with the largest and best between New York and Chicago. In the same locality an additional place of theatrical amusement is projected, and these additions it is intended to complete within the present year.



—The Waynesboro (Pa.) Trust Company is being organized, with an authorized capital of \$200,000, of which \$125,000 is to be issued at present.

—Henry M. Rowling was recently unanimously elected president of the Onondaga County Savings Bank, Syracuse, N. Y., to succeed the late Clinto C. Rose. Mr. Rowling has been a trustee of the bank for

Planters National Bank

RICHMOND, VIRGINIA



Capital

\$300,000

Surplus and Profits

\$1,500,000

Total Resources

\$8,700,000

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

D. V. MORTON
Assistant Cashier

**Unsurpassed Facilities
for collecting Items
on Virginia and
the Carolinas**



IF intelligent handling of items and low rates appeal to you send us your BUFFALO BUSINESS

Capital and Surplus, \$1,200,000.00

A. D. BISSELL, President
C. R. HUNTLEY, Vice-President
E. H. HUTCHINSON, Vice-President
E. J. NEWELL, Vice-President
HOWARD BISSELL, Cashier
C. G. FEIL, Asst. Cashier
A. J. ALLARD, Assistant Cashier
G. H. BANGERT, Assistant Cash

twenty years and for the last seven years its secretary. He is succeeded in the last-named position by Charles A. Hudson.

—Washington, D. C., is to have a new bank—the Franklin National—with \$200,000 capital.

--Frankly stating that it wants all the sound legitimate business that it can get, the Bank of Buffalo accompanies a comparative statement with these observations:

You will notice that the enclosed statement shows continued substantial growth. A large part of our extraordinary growth during the past year has been due to special conditions and to the foresight of our board of directors in anticipating and providing for such special conditions by recommending to our stockholders the doubling of our capital and surplus.

COMPARISON OF STATEMENTS.

	Resources.	
	March 7, 1913	March 2, 1914
Loans	\$6,341,373.35	\$9,660,497.71
Overdrafts	108.50	223.43
Cash and bonds	4,154,842.85	5,412,716.24
Accrued interest ...	26,716.12	31,467.50
Banking house and lot	200,000.00	200,000.00
	\$10,723,040.82	\$15,304,904.88
	Liabilities.	
Capital	\$500,000.00	\$1,000,000.00
Surplus	500,000.00	1,000,000.00
Profits	319,993.10	530,774.70
Reserved for taxes..	4,711.71	8,000.00
Reserved for interest	29,742.29	34,798.68
Deposits	9,268,593.72	12,731,331.50
	\$10,723,040.82	\$15,304,904.88

—Charles F. Minor, ex-president of New York Chapter of the American Institute of Banking, and manager of the Bronx branch of the Columbia-Knickerbocker Trust Company, New York, addressed the Bankers' Club of Westfield, N. J., Tuesday evening,

March 10, on "The Trust Company and the Community." Mr. Minor explained in a very clear and interesting way the variety of functions performed by the modern trust company and showed how the community is efficiently served by this twentieth century form of financial institution.

—Darrel D. Scully succeeds Frank H. Hamlin as president of the Genesee Valley Trust Company, Rochester, N. Y. Mr. Hamlin, who has been president since 1901, retires on account of impaired health.

—Sale of a controlling interest in the Hoyt & Ellis State Bank of Antwerp, N. Y., is reported to parties who will convert the institution into a national bank. President Albert Hoyt, the oldest banker in the county, both in years and service, will retire. He is seventy-seven years of age and has been connected with the bank for forty-two years, having long been its president.



NEW ENGLAND

Boston

—The annual dinner of the Bank Officers' Association was held at the Hotel Somerset on the evening of March 19, President B. D. Blaisdell presiding. There were about seven hundred members and guests present and a number of interesting addresses were made by bankers of Boston and other cities.

—It is reported that the United States Trust Company will put up a large bank and office building on the site of its present quarters at Court street and Court square.



—Vermont bankers held the annual convention of their association at Bellows Falls March 3. Senator John W. Weeks of Massachusetts made the principal address, his subject being "The New Currency Law." Charles P. Smith, president of the Burlington Savings Bank, read his address as president of the association. Speaking of farm loans, he said:

"Our banks are frequently confronted with the very difficult question of loaning upon what are known as our 'back hill farms,' often larger amounts than the security will warrant. Their value is so dependent upon wise and intelligent management that the security in many cases is uncertain. The note is not only a slow asset, but if the bank finds it necessary to take the security, it invariably means a loss. Every

bank should take particular pains not only to examine carefully the security, but to know the ability of the farmer; and wherever possible should loan to the limit of safety in assisting the development of all our agricultural interests."

New officers were elected as follows: President, Henry F. Field of Rutland, president Rutland County National Bank; vice-president, H. M. McFarland of Hyde Park, vice-president Lamoille County National Bank; secretary, C. S. Webster of Barton, treasurer Barton Savings Bank and Trust Company; treasurer, D. L. Wells of Orwell, cashier First National Bank. Members of the executive council for two years, A. H. Chandler, treasurer Bellows Falls Trust Company; George H. Bickford of Hardwick, treasurer Hardwick Savings Bank and Trust Company; D. W. Davis of Derby Line, cashier National Bank of Derby Line.

—On March 23 the Phoenix National Bank of Hartford, Conn., entered its remodelled quarters. New fixtures, including a massive steel safe-deposit vault, were installed and an appropriately furnished ladies' room provided.

—Berkshire (Mass.) bankers held their annual banquet at Pittsfield on the evening of March 2, and were addressed by Charles A. Conant, the well-known New York financial authority, who spoke on the Federal Reserve Act. He expressed the opinion that the danger of inflation under the new law was remote.

—Consolidation of the Fitchburg (Mass.) National Bank and the Fitchburg Safe Deposit and Trust Company is announced, the new title being Fitchburg Bank and Trust Company.

—Officials of Maine trust companies met at Augusta recently and formed a perma-

nent organization with these officers: President, Morrill H. Drew of Portland; secretary, C. H. Sturtevant of Livermore Falls; executive committee, E. P. Winslow of Portland, Harry Stetson of Lewiston, Harry W. Cushman of Bangor, George E. Macomber of Augusta, R. H. Baxter of Bath. The meeting was then adjourned, subject to the call of the executive committee.

—The Cape Cod National Bank and the Cape Cod Five Cents Savings Bank of Harwich, Mass., now occupy their attractive and substantial new building. These institutions are both old established and successful, their organization dating back to 1855.

—Important improvements have been made in the banking rooms of the People's National Bank, Bellows Falls, Vt.

—On April 2 the deposits of the Mechanics National Bank of Providence reached high-water mark—\$3,900,000.

—Col. Frank W. Matteson has been elected president of the Blackstone Canal National Bank of Providence, to succeed the late Gen. William Ames, who died March 8 in his seventy-second year.



SOUTHERN STATES

—In the March number of the MAGAZINE reference was made to several promotions and other changes in the officers of the Houston (Texas) National Exchange Bank. Herewith are presented portraits of the officers and a brief mention of their banking experience:

Henry S. Fox, Jr., who succeeded to the

KINGS COUNTY TRUST COMPANY

City of New York, Borough of Brooklyn

Capital, Surplus and Undivided Profits Over \$2,890,000

<p>JULIAN D. FAIRCHILD, President JULIAN P. FAIRCHILD, WILLIAM HARKNESS, D. W. McWILLIAMS WILLIAM J. WASON, JR.,</p>	<p style="text-align: center;">OFFICERS</p> <p>THOMAS BLAKE, Secretary HOWARD D. JOOST, Asst. Sec'y J. NORMAN CARPENTER, Trust Officer GEORGE V. BROWER, Counsel</p>
<p>WALTER E. BEDELL EDWARD C. BLUM GEO. V. BROWER FREDERICK L. CRANFORD ROBERT A. DRYSDALE JULIAN D. FAIRCHILD JULIAN P. FAIRCHILD JOSEPH P. GRACE</p>	<p style="text-align: center;">TRUSTEES</p> <p>WILLIAM HARKNESS JOSEPH HUBER WHITMAN W. KENYON JOHN McNAMEE D. W. McWILLIAMS HENRY A. MEYER CHARLES A. O'DONOHUE CHARLES E. PERKINS</p>
<p>DICK S. RAMSAY H. B. SCHARMANN JOHN F. SCHMADEKE OSWALD W. UHL JOHN T. UNDERWOOD W. M. VAN ANDEN LLEWELLYN A. WRAY JOHN J. WILLIAMS</p>	

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SOLE AGENTS

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presidency of the Houston National Exchange Bank upon Joseph F. Meyer's retirement, has been identified with that institution scarcely less a period of years than his predecessor, having entered in 1891. His promotion to the highest office in the bank is the final step in a career begun on the bottom rung of the banking profession and which was marked by continued advancement in recognition of his ability.

From the position of ordinary runner he advanced until he became general bookkeeper in 1900 and shortly after became assistant cashier. In 1904 he was made active vice-president and director, which office he has since held.

Mr. Fox was born and raised in Houston. He is interested in a number of local con-

cerns and is ever ready to assist in the upbuilding of his city.

F. (Fount) F. Dearing is a native Tennessean, who moved to Houston in 1900, where he entered the Houston National Exchange Bank as runner. He has served faithfully in each department of the Houston National and was gradually advanced. He was elected assistant cashier in 1908 and was added to the directorate in 1912, succeeding the late Henry S. Fox, Sr. The first of this year he was elected active vice-president. He is also secretary of District No. 1, Texas Bankers' Association.

Mr. Dearing is one of the most popular of the younger bankers in the State. His affable and uniform courtesy has won him a host of friends.



HENRY S. FOX, JR.

PRESIDENT HOUSTON NATIONAL EXCHANGE BANK



E. F. DEARING

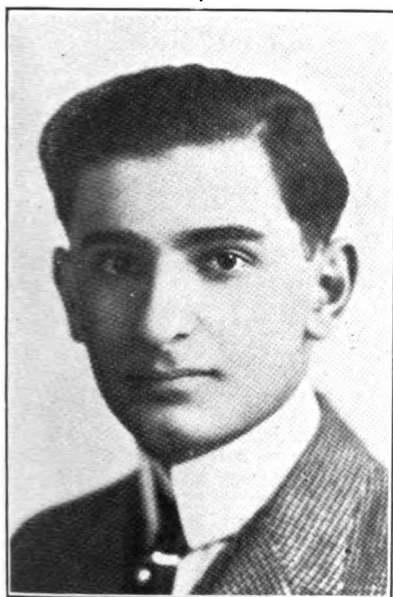
VICE-PRESIDENT HOUSTON NATIONAL EXCHANGE BANK



AUG. DE ZAVALA

ACTIVE VICE-PRESIDENT HOUSTON NATIONAL EXCHANGE BANK

Mr De Zavala is thirty-three years of age and practically half of his life has been spent in banking. He started in at the bottom, entering the service of the City National Bank of San Antonio in 1898 as a runner, and gradually working his way to the position of cashier. After remaining



MELVIN ROUFF

ASSISTANT CASHIER HOUSTON NATIONAL EXCHANGE BANK

Utah Savings & Trust Company Salt Lake City, Utah

Commercial—Savings—Trust—Bonding

Capital . . . \$300,000
Surplus & Profits, 100,000

OFFICERS:

W. S. McCornick, President
E. A. Wall, Vice-President
W. Mont Ferry, Vice-President
Frank B. Cook, Cashier
N. G. Hall, Asst. Cashier

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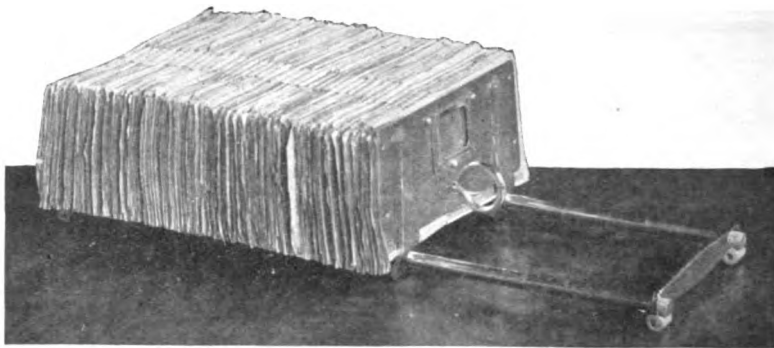
Title Insurance

with that institution for nine years he was designated as State bank examiner, which position he held for three years. In July, 1910, Mr. De Zavala entered the South Texas Commercial Bank at Houston as assistant cashier.

Mr. De Zavala is a native Texan, having been born at San Antonio. His family history is closely linked with the development of Texas, his grandfather, Lorenzo De Zavala, having been the first vice-president of the Republic of Texas. He enlisted as a volunteer during the Spanish-American war, serving under Colonel C. A. Dwyer of the United States army.

As early as 1906, Melvin Rouff began his banking career as office boy in one of the local institutions, working during the summer vacations. Each vacation he returned to the same bank, always taking a step forward. He graduated in 1910 and accepted a permanent position. He has steadily worked his way up through each department and is also familiar with trust company work, having served an apprenticeship in one of the large local trust companies.

He entered the Houston National Exchange Bank in 1912 as stenographer and confidential secretary and was promoted



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from that position to note teller, from whence he was elected to assistant cashier.

His keen observation, determination to master details and quick comprehension won an early recognition for him. He is a close student of modern financial problems. Mr. Rouff is probably the youngest assistant cashier in a reserve city bank in the United States (having not quite reached his majority), but his ability cannot be discounted because of his age. He has an aptitude for publicity which is well cultivated and he has prepared some good copy for the Houston National Exchange Bank, which has brought them excellent results. His acquaintance with interior bankers is remarkable for so young a man.

The Houston National Exchange Bank was established in 1909 and has \$200,000 capital, \$300,000 surplus and profits and over \$4,500,000 total resources.

—According to a statement compiled February 14 by the State Department of Banking, there has been an exceedingly small loss in Texas State banks since the law came into existence in 1905, says the "Texas Bankers' Record."

The statement also shows that the losses in State banks in Texas have all occurred since bank guaranty went into effect, thus no depositor in a Texas State bank has ever lost a penny of his deposit.

The average per cent. of loss upon the approximate average daily deposits for the entire time was .0126 per cent. The losses occurred in 1911 and 1912 and deposits were protected by bank guaranty. The detailed statement as prepared by the banking department displays an unusually successful showing for the State banking system. The statement in full appears herewith:

Year	Approximate average deposits	Total losses	Per cent. of loss per year
1906.....	\$8,433,187	None	None
1907.....	19,766,746	None	None
1908.....	22,323,385	None	None
1909.....	39,987,887	None	None
1910.....	48,722,348	None	None
1911.....	58,216,105	\$39,065	.0671
1912.....	71,247,733	16,328	.0229
1913.....	90,593,797	None	None

—The National Bank of Kentucky, Louisville, recently gave a dinner to officers and employees in commemoration of the bank's eightieth anniversary. This is one of the oldest and best-known banking institutions in its section of the country, and throughout its long career has maintained the soundest banking traditions.

—Consolidation of the Commercial National Bank and the Commercial Germania Trust and Savings Bank of New Orleans is

Cut Noise From Your Payroll!

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Your request will cost you nothing, involve or obligate you in no way. Address our nearest Branch.

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Buffalo	Dallas	Los Angeles	New Orleans	Pittsburgh	Syracuse 2333

The Canadian H. W. Johns-Manville Co., Ltd.: Toronto, Montreal, Winnipeg, Vancouver.

reported to have been arranged for, the succeeding institution to operate under a State charter. Combined resources will be about \$20,000,000.

—The April letter on trade conditions and business forecast of the Birmingham Trust & Savings Company of Birmingham, Ala., gives a very comprehensive idea of conditions and the outlook throughout the country. “A general condition of business,” it says, “which would be satisfactory to every line of trade and every industry as well as to the financial interests of the country is probably an impossible thing. This is a world of give and take and a condition which makes money for one interest sometimes loses money for the other. Until recently money was scarce enough to make it difficult to finance new operations or to sell standard stocks and bonds. Those who had money were holding on to it or using it where it would bring unusual rates of interest for a short period. Now what money has become somewhat easier, and easier money is largely due to a slackening in business operations, standard stocks and bonds and other investments do not look good to the man with the money because prospects for earning dividends and interest are not so good. The sum of it is that, if business were more active, money for in-

vestment would be scarcer and, while business is somewhat quiet, people do not care to invest because of such quietude.”

—The Palmetto National Bank of Columbia, S. C., has increased its capital from \$250,000 to \$500,000, with \$250,000 surplus and profits. Deposits of this institution on March 4 were \$3,380,343.

—Texas State banks with a capital of \$25,000 and upward may subscribe to stock in the new Federal Reserve Banks, according to the Attorney-General of that State; so may trust companies, but savings banks are held to be debarred from making such subscriptions.

—Formal opening of the new home of the Augusta office of the Citizens' and Southern Bank of Savannah took place on February 23, several hundred people taking advantage of the opportunity of inspecting the handsome structure. Useful and attractive souvenirs were presented to all visitors.

The new building was illustrated and described in the March number of the MAGAZINE.

—North Carolina bankers will hold their annual meeting at Raleigh, May 12-14.



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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.

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106 East 19th Street . . . New York

WESTERN STATES

Chicago

—John G. Orchard, who was for forty years identified with Chicago banking institutions, died March 15, at White Springs, Florida. Mr. Orchard for nearly twenty years was cashier of the Merchants' Loan and Trust Company Bank, holding that position until last June, when he retired on account of impaired health.

Mr. Orchard was born at Insch, Aberdeenshire, Scotland, March 9, 1845. He began his banking career in his native country and after a five years' apprenticeship joined the Royal Bank of Scotland, in Edinburgh, in 1864. He became connected with the Bank of British North America, in London, in 1865. He joined the Canadian Bank of Commerce in 1874 and came to Chicago to open a branch of that institution. In 1883 he became connected with the Merchants' Loan and Trust Company Bank, where he put his principal efforts in the work of developing the foreign business of the bank. In 1895 he was appointed its cashier.

Mr. Orchard has been vice-president of the Illinois St. Andrew Society. He was a member of the Evanston Country Club and

the Chicago Stock Exchange. He is survived by a widow, three sons and three daughters.

—Rather a unique tribute was paid to the late Bryon L. Smith, president of the Northern Trust Company, by the banks of this city on the day of Mr. Smith's funeral, March 24. All the banks stopped business for ten minutes, beginning at two o'clock.

—Recently the aggregate of the deposits of the banks in this city went beyond the half billion mark for the first time, and the deposits of a number of the banks also made new high records. The Continental and Commercial National led with \$199,034,000 on March 4, and while this was the highest ever reported in an official statement, the figures were somewhat above \$200,000,000 a few days before the official call.

The combined deposits of the Continental and Commercial National Bank, the Continental and Commercial Trust and Savings Bank and the Hibernian Banking Association—all affiliated institutions—are now \$222,480,029.

—Mention was made in last month's MAGAZINE of the election of William L. McKee as an assistant cashier of the Fort Dearborn National Bank of Chicago. Here-

with is presented a portrait of Mr. McKee. He is of Irish birth, coming to this country in 1873. He has traveled extensively for



WILLIAM L. MCKEE

ASSISTANT CASHIER FORT DEARBORN NATIONAL BANK, CHICAGO

the Fort Dearborn National Bank for several years and has attended many bankers' conventions in all parts of the country.

—Combined deposits of the First National Bank and the First Trust and Savings Bank were \$187,218,453.31 on March 4.

—The National Bank of the Republic recently opened a savings department.

—At a recent meeting of the directors of the National City Bank of Chicago it was decided to increase the surplus account to three-quarters of a million dollars, by transferring \$250,000 from the undivided profits account. This gives the bank, using the figures of March 4, 1914, capital of \$2,000,000, surplus \$750,000, undivided profits \$80,627.50, and deposits of \$31,283,201.31. The total assets on that date were \$34,607,028.31.

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St. Louis

—Deposits of the Third National Bank on March 4 passed the thirty-four million dollar mark, and total resources were \$40,366,113.46—representing a substantial gain over the statement of January 13.

—Cashier J. A. Lewis may well be proud of the statement of condition of the National Bank of Commerce on March 4, and which is published in the local papers over his signature. It shows total resources of \$69,391,633.59. Deposits are \$48,187,729.94.

—Although the building of the Boatmen's Bank—the oldest bank in Missouri—was seriously damaged by fire on March 9, the bank opened for business at the usual hour the following morning in temporary quarters at Fourth and Pine streets. President Edwards Whitaker and the other officers and staff of the bank, by prompt and energetic action, were able to re-establish operations without delay or inconvenience to the bank's patrons. The cash and securities were found to be intact, and the bank suffers no loss in this respect.

SAINT LOUIS CLEARING HOUSE ASS'N
March 9th, 1914.

Mr Edwards Whitaker, President,
Boatmen's Bank,
St. Louis Mo

Dear Sir—

The undersigned, being all the members of the Saint Louis Clearing House Association, extend to you sincere sympathy at the inconvenience to which you will be subjected on account of the disastrous fire of this morning

If there is any way in which we can be of assistance to you—by placing at your disposal the services of our officers and assistants—please command us

Until you can rescue your resources from the fire wreck, we shall be pleased to have you call upon us for any amount of money you may need.

Respectfully yours,

American Trust Company,
Central National Bank,
Commonwealth Trust Company
Franklin Bank,
German-American Bank,
German Savings Institution,
St. Louis Union Trust Co.,
International Bank,
Merchants-Laclede National Bank,
Mercantile National Bank,
Mercantile Trust Co.,
Mississippi Valley Trust Co.,
National Bank of Commerce,
South Side Bank,
State National Bank,
Third National Bank,
Mechanics-American National Bank.

BOATMEN'S BANK,

S. E. Cor 4th and Pine Sta.,

St. Louis, Mo., March 9, 1914.

Festus J Wade, President,
St. Louis Clearing House Assn.,
St. Louis

Dear Sir—

Your letter, signed by all the Banks and Trust Companies, members of the St. Louis Clearing House Association, tendering the services of their officers and institutions during the temporary inconvenience caused by the fire of this morning, and conveying expressions of sympathy and offers of any material assistance that we may need, is acknowledged.

Your communication arrived at the time our Board of Directors were in session, and I wish to express to you on behalf of the Board and myself our grateful appreciation.

We are happy to say that our cash and securities in our vaults have not been damaged and that Bank will suffer no loss.

We opened for business, as usual, this morning at temporary headquarters, 4th and Pine Streets.

With renewed expressions of appreciation, I remain,

Very truly yours,
EDWARDS WHITAKER,
President.

The Boatmen's Bank will sustain no loss as the result of the fire of March 9th, 1914.

The vaults of the Bank are not damaged.

The Bank opened for business at the usual hour, March 9th, at *S. E. Cor. 4th and Pine Streets*, where its patrons will be served without any delay or inconvenience.

Signed,
Edwards Whitaker, President.
E. M. Hubbard, Cashier.

A FINE TRIBUTE TO THE STRENGTH OF THE OLDEST BANK IN ST. LOUIS, TESTED BY TIME
AND RECENTLY BY FIRE



This Clock Advertises Your Bank A Block Away

In a Sense it Gives You the
Frontage of a City Block

The Best and Most Permanent
Bank Ad. That Money will Buy

WRITE FOR PARTICULARS

Brown Street Clock Co.

MONESSEN, PA.

On an accompanying page appears a very striking evidence of the confidence reposed in this old institution by the members of the St. Louis Clearing-House Association.

—Resources of the Mechanics-American National Bank went above \$41,000,000 in the March 4 statement. Cash in banks and on hand footed up \$18,473,088. Other important items were: Capital, \$2,000,000; surplus and profits, \$2,795,520, and deposits, \$35,494,105. President Walker Hill, former president of the American Bankers' Association, aided by an efficient official staff and a board of directors representative of the city's business interests, keeps the Mechanics-American National up to the high standard of strength and service which has long characterized the typical St. Louis banks

—Combined deposits of the Mercantile National Bank and the Mercantile Trust Company, on March 4, were \$35,255,569.31, and the combined resources, \$50,051,331.38. Deposits of the Mercantile Trust Company were \$27,826,551.37, and of the Mercantile National Bank, \$7,429,017.94. President Festus J. Wade, in the growth of these two institutions, has fully established his reputation as one of the country's successful bankers.

—A record-breaking attendance is looked for at the annual convention of the Missouri State Bankers' Association, to be held here May 19 and 20. In addition to an interesting programme, embodying features of present practical concern to the bankers, the pageant and masque of St. Louis, following the convention, will be well worth seeing.



—Bankers of Southwestern Missouri and Arkansas met at Springfield, Mo., March 19, and took action looking to closer cooperation between bankers and farmers in the development of the Ozark section.

—Minnesota State banks may subscribe for stock in the Federal Reserve Banks, in the opinion of the Attorney-General of that State.

—Since the completion of the Federal census of 1910 the population of Tulsa, Oklahoma, has more than doubled, as is evidenced by the result of a census just completed, taken under the supervision of the State Board of Education, for the purpose of establishing a basis for apportioning the State school money, by which the present population of Tulsa is placed at 41,000.

Tulsa has eight banks, the combined de-

The Success of the International Correspondence Schools

For the first time in the history of the world an educational institution has solved the problem of providing a thorough training for any one, anywhere, in more than two hundred subjects. The methods created for this phenomenal enterprise were necessarily so new that they have been misunderstood sometimes by those who have not taken the trouble to look into them carefully. They have also aroused the suspicion and even animosity of such men as are always jealous of the success of others. But after twenty-two years of continuous and beneficial educational work, the International Correspondence Schools are no longer an experiment. They have proved themselves to be so valid and effective in disseminating instruction and providing training that many unscrupulous persons have tried to gain profit by similar enterprises which lacked either a legitimate financial basis or a sound educational foundation.

The newspapers of the country have recently given wide publicity to the efforts of a group of former employees of the International Correspondence Schools to discredit the financial management of the institution. A bill was introduced into the Massachusetts General Assembly purporting to regulate the activities of Correspondence Schools in that Commonwealth. The International Correspondence Schools have no objection to this measure, nor to similar ones in other States. Fully conscious of doing a perfectly legitimate business, they are anxious that the public should be protected from bogus enterprises designed solely to market stock or to furnish inferior instruction.

But at a public hearing upon the bill held in Boston, March thirteenth, it was obvious that the measure was introduced simply to give certain men an opportunity to discredit and depress the financial standing of the International Correspondence Schools. This was proved by the fact that those who urged the passage of the bill were former employees of the Schools who are at present engaged in trading in the securities of the International Correspondence Schools on their own account. Their purpose in attacking the institution is personal profit. We are, therefore, taking every possible precaution to protect those who are interested financially or educationally in the work of the International Correspondence Schools.

For this purpose we lay before the public the following facts:

The International Correspondence Schools had their birth in a humanitarian impulse. The first course of instruction was in coal mining, designed to safeguard the lives of miners by educating mine-foremen and superintendents. That course was quickly followed by others, until now there are 275 courses of study.

During the past twenty-two years no fewer than 1,651,765 students have been enrolled in the United States and Canada, and enrollments are now being made at the rate of 100,000 a year.

The preparation of the textbooks written by the Schools for the use of students, has cost more than \$2,000,000. These texts are prepared solely for the work of instruction by correspondence and form the most up-to-date library of their kind in the world. Their value is attested by the fact that they have been purchased and are being used for classroom work or for reference purposes in 487 universities, colleges, institutes of technology and other well-known institutions of learning. The University of California has just discarded its textbooks dealing with the strength of materials. It has had the I. C. S. instruction papers on that subject bound into volumes, and has adopted them for the use of its students. The United States Navy Department is using 15,000 textbooks in the new naval shipboard schools, and this is about one-fifth of what will be required when these schools are in full operation.

The International Correspondence Schools are now the greatest teaching institution in the world. They have become a powerful factor in enhancing industrial efficiency. They have increased the earning power of hundreds of thousands of men and women, and, more than all, they have become a great social and moral influence by creating ambition, stimulating hope and preaching self-reliance to their student body.

In Scranton, the International Correspondence Schools transact their business in buildings valued at \$1,159,280.29, while their copyrights and patents are conservatively estimated as worth \$1,864,404, after a liberal annual allowance has been made for depreciation.

Every effort is being made to keep the students at their studies, in order that they may receive the full benefit of their courses. During the year 1913 no fewer than 805,079 individual letters were sent out to students with no other purpose than to encourage and inspire them in their work. Besides these, 205,813 special letters were mailed to students dealing with particular difficulties encountered in the progress of their studies. The International Corre-

The International Correspondence Schools are not interested in their work of providing education for the people.

They are free from entanglements that might weaken or injure their educational efficiency and they gladly court the inspection or investigation of all proper authorities. Their sole purpose is to give special training to all who cannot acquire it by any other means, and in doing this they place their costly plant and their valuable facilities at the disposal of the Government, the industrial corporation or the individual who desires to profit therefrom.

spondence Schools are faithfully, earnestly and persistently trying to convey instruction and create efficiency by every possible method, and that they are succeeding is attested by the multitudes of students who have risen to positions of power, affluence and honor as the result of their training.

One feature, not always understood by the public, is the energetic manner in which the Correspondence Schools enroll their students. Hundreds of agents or representatives go into the homes, mills, factories and shops to persuade men that they can be benefited by a course of instruction. These agents create ambition and stimulate a desire for education. They tell men, and they prove their point by innumerable examples, that they can make themselves more efficient in their present occupation or qualify themselves for other and more congenial and more remunerative occupations, by a course of study at home in their spare time. The cost of establishing these agencies has been very great, but the results have amply justified the investment from every standpoint. Up to the present the International Correspondence Schools have spent \$1,703,965 in agency establishment. More than one million dollars of capital now in the Treasury of the Company will be used to develop still further the facilities for offering education to the people. Hitherto the largest part of the work of the I. C. S. has been in the cities and towns, but the rural districts of America are to be opened immediately by establishing automobile and motorcycle routes.

It will be seen at a glance that the \$5,500,000 capitalization of the International Textbook Company, which operates the International Correspondence Schools, is really modest when the cost of creating the institution, carrying on the business, and widening the facilities for education, are considered. If the institution had not been upon a sound financial basis, under careful and expert business management, and furnishing bona fide education and technical training, it would have broken down long ago. Twenty-two years of ever-widening business, until the Schools now have 5000 persons in their employment, are sufficient evidence of the validity and permanence of the institution. Since their foundation the Schools have done a gross business amounting to \$85,753,140 and have distributed cash dividends amounting to \$7,025,372 and stock dividends of \$1,875,000.

that is not organically connected with their educational efficiency and they gladly court the inspection or investigation of all who cannot acquire it by any other means, and in doing this they place their costly plant and their valuable facilities at the disposal of the Government, the industrial corporation or the individual who desires to profit therefrom.

Scranton, Penn., March 16, 1914.



posits of which, under the Comptroller's call as of March 4, 1914, were \$10,050,000, the two largest banks in the State being located here.

The bank clearings for 1913 were \$60,511,840, an increase of fifty-seven per cent. over 1912. For January, 1914, they were \$7,222,455, an increase of 74.4 per cent. over the corresponding month of 1913. For February, 1914, they were \$6,381,277, an increase of 61.5 per cent. over the corresponding month of 1913. For the week ending March 12, 1914, they were \$1,813,041, an increase of 93.1 per cent. over corresponding week of 1913.

Reports from the post office and from the building inspector's office show the same remarkable growth, the per cent. of increase in each case being phenomenal.

—Consolidation of the Old Detroit National Bank and the First National Bank of Detroit, Mich., has been arranged, the succeeding institution to be the First and Old National Bank. Each of these banks is more than fifty years old, and each had deposits around twenty-five or thirty millions, so that the consolidation means a bank of upwards of fifty millions of deposits.

—One of the old and successful farm loan companies of the West, the Iowa Loan and Trust Company of Des Moines, is now located in its new quarters in the Hippee Building.

—North Dakota bankers will hold the twelfth annual convention at Williston, July 1 and 2, concluding with an excursion to Glacier National Park.

—Though the First National Bank of St. Paul, Minn., now has a very fine bank home of the classic type, it is soon to have a still finer one in the new building which James J. Hill will erect for the bank, the Great Northern and other railways. Work on the new structure is already under way.

—Between January, 1907, and January, 1910, the deposits of the People's Savings Bank, Cedar Rapids, Iowa, have grown from \$462,060 to \$910,328. This institution in its published statements analyzes each of the items for the better information of the public.

—A very attractive fireproof building has been completed and occupied by the First National Bank of Mankato, Minn.

—Capital of the First National Bank, Sioux City, Iowa, was recently increased to \$800,000—an addition of \$200,000.

—For the use of the Grand Rapids (Mich.) National City Bank and the City

Trust and Savings Bank there is to be erected a four-story building that will embody the latest ideas in bank architecture and equipment. It is expected that about a year will be required to finish the new building.

—It is the intention of the new National Bank of Commerce, St. Paul, Minn., to put up a new building to cost about \$40,000, and which will be ready for occupancy the coming summer.

—L. J. Yaggy, cashier of the First National Bank, Davenport, Iowa—the first national bank to get into operation under the national banking system—was recently elected manager of the Davenport Clearing-House Association.

—Private concerns are not to be allowed to compete with Wisconsin banks according to the "Wisconsin Banker," which says:

"As mentioned in last month's 'Wisconsin Banker,' the Cudahy Packing Company was restrained from receiving deposits from employees and others for safe keeping. Several other Milwaukee firms are understood to be receiving deposits from employees and Bank Commissioner Kuolt this month secured an opinion from Attorney-General Owen relative to the Wisconsin Bridge and Iron Company, North Milwaukee, which has been allowing employees and others to leave savings with the company giving them a receipt in the following form: 'We have credited your account with _____ dollars due you for wages during the week ending _____. This amount bears interest at the rate of 6 per cent. per annum computed in accordance with our established rules and, if desired by us, is subject to thirty days' notice before withdrawn.' Signed, Wisconsin Bridge and Iron Company.

"Attorney General Owen in his opinion refers to Section 2024-78M of the Wisconsin Statutes wherein it is made unlawful 'for any person, co-partnership, association or corporation to do a banking business without having been regularly organized and chartered as a national bank, State bank, mutual savings bank or trust company bank.' Section 2034-78L defines 'the banking business' as 'the soliciting, receiving or accepting of money or its equivalent on deposit as a regular business whether such a deposit is made subject to check or is evidenced by a certificate of deposit, a pass book, a note, a receipt or other writing.'

"The right of the State to enact these provisions has been affirmed by our Supreme Court in the case of Weed vs. Burgh, 141 Wisconsin—569 and MacLaren vs. State, 141 Wisconsin—577.

"The MacLaren case was what is known as Gimbel's Department Store Case wherein

that firm were estopped from receiving deposits payable on demand with interest.

"In this case the Supreme Court said 'the main purpose of regulating the banking business as that business is now carried on is to insure the safety of deposits and the necessity for the regulation of establishments carrying on this kind of business is very apparent.'

"Attorney-General Owen is of the opinion that under the ruling by the Supreme Court the Wisconsin Bridge and Iron Company is 'doing a banking business' when the definition thereof given in Section 2024-78L is that money is left with the company for safe keeping payable on demand and the Attorney-General is of the opinion that the banking law as interpreted by the Supreme Court prohibits the Wisconsin Bridge and Iron Company from doing the business under consideration."

—Hon. Kelsey S. Chase, Superintendent of Banks of the State of Minnesota, has completed a statement showing the condition of State banks of discount and deposit on March 4. It gives the number of banks as 827, compared with 787 on April 4, 1913; total footings have increased from \$158,458,936.88 to \$180,234,602.52—a gain of \$21,775,665.64.

—The Iowa National Bank of Davenport celebrated its twenty-fifth anniversary March 9, making the event the occasion of paying a special dividend of five per cent. Its capital of \$150,000 is matched by a like amount of surplus, with \$106,485 of undivided profits. Chas. Shuler is president and Frank B. Yetter, cashier.

—A recent report of the Auditor of State for the State of Iowa contains a consolidated statement from 780 savings banks, 299 State banks and 16 trust companies, and makes the following showing:

Capital stock	\$38,932,800.00
Due depositors	316,362,059.43
Due banks and others	4,283,619.55
Debentures	4,835,556.57
Surplus	10,316,837.96
Undivided profits	7,350,131.79
Total	\$382,081,005.30

From February 5, 1913, to January 28, 1914, there was a gain of forty-four in the number of banks.



PACIFIC STATES

—Mention was made in the February number of the MAGAZINE (page 266) of the promotion of W. D. Vincent from the position of cashier of the Old National Bank, Spokane, Washington, to that of vice-president, the election of J. A.

Yeomans as cashier to succeed Mr. Vincent, and the appointment of Geo. H. Greenwood and J. W. Bradley as assistant cashiers. The portraits of these gentlemen, together



W. D. VINCENT
VICE-PRESIDENT OLD NATIONAL BANK,
SPOKANE, WASHINGTON

with that of Assistant Cashier W. J. Smithson, are presented herewith.

The Old National Bank is one of the well-known and successful banking institutions of the Northwest, dating its organization from 1891. Its capital is \$1,000,000, surplus and profits \$472,923, deposits \$9,883,723, and total resources \$12,356,646.

—Deposits of the Crocker National, San Francisco, were \$18,960,220 on March 4.

—Los Angeles county, California, took the first rank as regards value of crops of all the 2,950 counties of the United States, according to the final report on the census of agriculture, 1910, by Director William J. Harris of the Bureau of the Census, Department of Commerce. Lancaster county, Pennsylvania, ranked second as regards value of the production of crops; McLean county, Illinois, was third; Whitman county, Washington, fourth; Livingston county, Illinois, fifth; Iroquois county, Illinois, sixth; La Salle county, Illinois, seventh; and Aroostook county, Maine, eighth.

The valuation (at the farm) of the crops



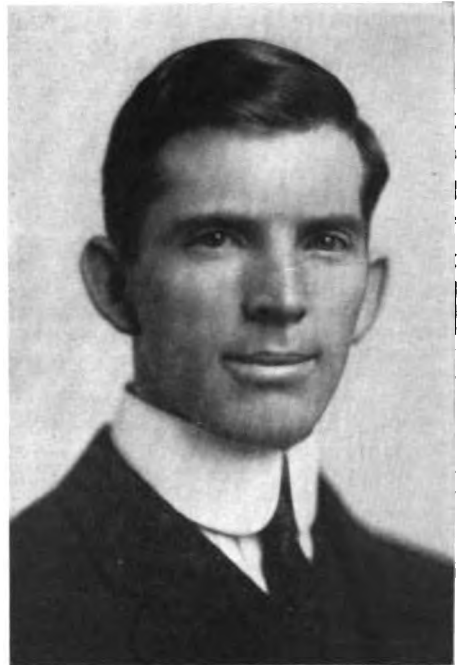
J. A. YEOMANS
CASHIER OLD NATIONAL BANK, SPOKANE,
WASHINGTON



G. H. GREENWOOD
ASSISTANT CASHIER OLD NATIONAL BANK,
SPOKANE, WASHINGTON



W. J. SMITHSON
ASSISTANT CASHIER OLD NATIONAL BANK,
SPOKANE, WASHINGTON



J. W. BRADLEY
ASSISTANT CASHIER OLD NATIONAL BANK,
SPOKANE, WASHINGTON

raised in Los Angeles county, California, according to the census, was \$14,720,900; Lancaster county, Pennsylvania, \$13,059,600; McLean county, Illinois, \$12,811,500; Whitman county, Washington, \$12,540,700; Livingston county, Illinois, \$11,377,300; Iroquois county, Illinois, \$10,607,800; La Salle county, Illinois, \$10,222,200; and Aroostook county, Maine, \$10,151,000. The total valuation of the crops raised in these eight counties was \$95,491,000, or about two per cent. of the total valuation of all crops raised in the United States, which was \$5,487,161,000.

The principal crops raised in Los Angeles county in the order of their value were fruits, etc., hay and forage, live stock, dairy products, etc., and vegetables; of Lancaster county, Pennsylvania, corn, wheat and oats, and live stock and dairy products; of McLean county, Illinois; Whitman county, Washington; Livingston county, Illinois; and La Salle county, Illinois; corn, wheat, oats and cereals; and of Aroostook county, Maine, potatoes and vegetables. The principal crops of the United States, in the order of their value, were the cereals, corn, wheat, oats, etc., hay and forage; and cotton.

Some interesting data are presented by the figures for the value per acre and per capita of the crops raised in these eight banner counties of the United States. The figures for Los Angeles county show that the total value of the crops raised there averaged \$35 per acre and \$29 per capita (the city of Los Angeles with a population of 320,000, being within Los Angeles county, is the chief reason for the low rate per capita); for Lancaster county, Pennsylvania, \$28 per acre and \$78 per capita; for McLean county, Illinois, \$18 per acre, and \$188 per capita; Whitman county, Washington, \$14 per acre, and \$377 per capita; Livingston county, Illinois, \$18 per acre and \$281 per capita; Iroquois county, Illinois, \$16 per acre and \$298 per capita; La Salle county, Illinois, \$17 per acre and \$113 per capita, and Aroostook county, Maine, \$23 per acre and \$136 per capita. The corresponding crop value figures (at the farm) for the United States for the same year were \$16 per acre and \$60 per capita.

—An invitation will be extended to the American Bankers Association on behalf of the Seattle Clearing-House Association to hold the 1915 convention in Seattle—a city that for enterprise, beautiful situation and excellent hotel accommodations certainly offers abundant attractions. Should the 1915 convention be held at Seattle it is the determination of the bankers to give the visitors a royal welcome.

—Rapid progress is being made in connection with the Panama-Pacific Interna-

tional Exposition, which is to open at San Francisco on February 20, 1915. The work of preparing the buildings and grounds is being pushed forward by an army of men, and it is officially announced that all the large exhibit palaces will be ready for occupancy July 1, leaving more than seven months for the installation of the exhibits. Thirty-four foreign nations, as well as most of the commonwealths of the United States, have accepted the invitation to participate in the Exposition.

—In its "Financial Letter" of March 25, the American National Bank of San Francisco says:

"The agricultural outlook, both national and local, is exceptionally good. More than half of the grain-producing area of the United States was covered with a blanket of snow during the latter part of the winter, and the soil is in the best possible condition. March was a dry month in California, but rain is not yet urgently needed, and the promise of bountiful harvests of grain and fruits is still reported from nearly all sections. Shipment of citrus fruits from the State this season to March 17 were 17,228 carloads, as compared with 9,598 cars to the same date a year ago. Owing to the rather low prices prevailing, much of the fruit is being held back for later shipment. The total output for the year will be large. Harvesting of asparagus and celery is in progress in the delta of the San Joaquin River, with excellent returns to the growers. From the Imperial valley comes the report of a 5000-car crop of canteloupes which will begin to move to Eastern markets before the end of May.

"With a generous harvest in prospect, finances in comfortable shape, population steadily and rapidly increasing, many large projects under way or in preparation which will provide work for thousands, and the promise of early completion of the Panama Canal, it is fairly certain that California and the whole Pacific Coast will experience a year of good times, limited only by the adverse influences, if any, of general conditions throughout the country and the world."

—James K. Moffit, vice-president of the First National Bank of San Francisco, has been appointed cashier, in addition to his duties as vice-president, to fill the vacancy caused by the resignation of J. H. Skinner.

—Seattle, Washington, Clearing-House banks have adopted these resolutions:

"Whereas, The provisions of the new currency law render time paper necessary in order that members may derive the full benefit of discount privileges, and

"Whereas, Under the provisions of the currency law interest on paper presented for discount must be paid in advance, and

"Whereas, It is already in most parts of

the country the prevailing practice to discount customer's paper; Now, therefore, be it

"Resolved, That the undersigned agree that on and after April 1st, they will, in so far as possible, discount their customer's commercial paper instead of collecting interest on same at maturity, as is now the prevailing local custom; and the undersigned further agree that in case it is found necessary to draw any notes on demand, interest on same will, in so far as possible, be collected monthly."

—Oregon bankers will hold their next annual convention at Medford June 15 and 16.

—Deposits of the German-American Bank of Seattle, Washington, on March 4, 1914, were \$673,389.91—a gain of \$201,613.16, or fifty per cent., in the last year. The German-American Bank has \$100,000 capital. Officers are: President, Ernest Carstens; vice-president, Thos. B. Minahan; cashier, I. J. Riley; assistant cashier, H. C. Coffin.

—The banks of Tacoma have fixed upon a minimum rate of 15 cents for the handling of all collections, regular rates to govern when the collections are made. The Credit Men's Association here heartily indorse the idea, as it is a well-known fact that this function of banks have been shamefully abused for years, most of them

losing money in the handling of collections. The custom should soon become universal, so as to put that department on a fairly paying basis.

—On March 15 the Montana Trust and Savings Bank opened at Helena with \$150,000 capital and \$30,000 surplus. Thos. A. Marlow, president of the National Bank of Montana, is president; Albert L. Smith, vice-president of the same bank, vice-president, and Trevor O. Hammond, formerly with the First National Bank of Chicago, cashier.



CANADIAN NOTES

—It is reported that negotiations looking to the absorption of the Bank of Vancouver by another institution have been given up and that the capital of the Bank of Vancouver will be reduced to \$500,000.

—Sir Frederick William Taylor has been elected vice-president of the Canadian Bankers Association in place of H. V. Meredith, president of the Bank of Montreal, who resigned.

—Legislation looking to the closer regulation of trust companies is pending in the Dominion Parliament.



A Word To Directors

UNDER date of February 4, Hon. Charles M. Sawyer, Bank Commissioner of the State of Kansas, addressed the following letter to the bank directors of that State:

"The management of the State banks under the law devolves upon the board of directors. The directors are, therefore, the trustees of the deposits and should always keep this fact in mind. The directors who give their depositors the fullest protection, give their shareholders the best service. Some of the directors of State banks have not been discharging the duties as such directors in the manner contemplated by the law and good morals, and as the administrator of the law, I must

insist upon every director giving to his institution sufficient time and attention to enable him to have a complete knowledge of its affairs. Not only is he legally and morally bound to do this, but financially as well, for the courts have held that damages can be recovered for a neglect of duty, and a plea of lack of knowledge of the bank's affairs is not a good defense.

"I trust that the Banking Department will have no cause to criticise your fidelity in discharging the duties you assumed when you accepted the responsibilities of a bank director, and urge that monthly meetings of the board be held so that you can keep in close touch with the affairs of your bank."

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-EIGHTH YEAR

MAY 1914

VOLUME LXXXVIII, NO. 5

First Experience With Governmental Banking

IT should not be lost sight of, in criticising the action of the Organization Committee in designating the boundaries of Federal Reserve Districts and fixing the location of Federal Reserve Banks, that the Federal Reserve Act is a revolutionary innovation marking for the first time in our history the assumption of Governmental control of the banking business of the country, or at least of that part of it which is embraced by the banks operating under national charters.

Due consideration of this fact ought measurably to temper the criticisms launched so freely against the Organization Committee.

Heretofore, so far as their reserve arrangements were concerned, the banks have had a pretty free hand. They were required to keep a certain percentage of reserve; but after fixing a minimum to be held in their own vaults, they could do about as they pleased with the remainder, except that the reserve city banks deposited in the central reserve cities; but the "country banks" could deposit either in the central reserve cities or in the reserve cities, as they chose, and were free to send their reserves to any part of the country. Furthermore, the designation of central reserve and reserve cities really was in the hands of the banks. There were a good many cities which sought the honors and whatever profits may accrue from being reserve cities, but only New York, Chicago and St. Louis became central reserve cities.

This is all changed by the Federal Reserve Act, under which the Government fixes the boundaries of Reserve Districts and establishes therein Reserve Banks in which the banks of the district must place their reserves. This substitutes for the voluntary action of the banks the arbitrary control of the Federal Government.

This startling change could not take place without irritation. Because, when you come to think of it, the freedom of the banks has been taken away from them respecting a very important matter, and the bankers accustomed to using their own judgment in disposing of their reserves must now quietly sit by and see them disposed of by the Government—or, as some would say, by politicians. It is galling, but as it represents the “new freedom” in banking and other things for which the country overwhelmingly voted in 1912, what is there to be done except for the bankers to take their medicine with smiling faces?

When men sit down with a map of the United States, and by drawing a lot of arbitrary circles and putting within the boundaries so fixed the banks of a certain territory and requiring them to transact even a portion of their business at a designated point, these men are presuming on the artificial exercise of a function that should automatically be determined by those immediately concerned.

Our position is, of course, one not held by those who shaped this recent bit of banking legislation. They do not believe that banking should flow in its natural channels, but that its course should be artificially prescribed by the Government. We are now to test the practical operation of this theory. The first step, as might have been expected in a departure so radical, has caused some dissatisfaction, which may cool down and perhaps completely disappear altogether in the light of further reflection.

We do not think any body of men, however composed, could have given complete satisfaction in this matter. As was recently said in the Senate by Senator Williams of Mississippi:

“If the Apostles themselves came down and were appointed a board to select the reserve cities we would have protests from cities not chosen and indignation meetings charging the Apostles with wrong doing.”

Does not this lead to the conclusion that if even “the Apostles” could not make a selection free from the charge of prejudice, that ordinary mortals ought not to have made the attempt?

Why not let the banks and the people themselves decide where they want to do their banking business?

The attempt of the Government to delimit spheres of banking, and to prescribe the kind and amount of credit the people shall use, is bound to fail in the long run.

To those who are trying to do these impracticable things we feel like repeating what we have so often said in these pages:

Don't attempt to draw any circles showing your idea as to the limits in which banking operations should be circumscribed, and fixing the center for such operations.

If banking, over a long period, has automatically selected its own channels and chosen its own centers, do not interfere with that process, for it represents a course of natural evolution above the wisdom of any man or any board.

If the Almighty has made of New York—for illustration—a natural center of commerce, do not try to correct the supposed “errors” of Omnipotence.

Had these plain truths been adequately considered by the gentlemen who framed the act of December 23, 1913, they might have avoided some serious errors—provided they had likewise devoted some ten or fifteen minutes to the study of banking principles and to the exemplification of those principles as illustrated in the banking history of the United States.

WILL NEW YORK DECLINE IN BANKING IMPORTANCE?

ONE of the principal aims of the Federal Reserve Act was to despoil New York of its power as a banking and financial center.

For a decade the banks and business of the country have been brandeised, untermьерed, pujoed and tomlawsoned until a storm of hysterical fury has been aroused against Wall Street. The drastic anti-trust bills and the Federal Reserve Act are some of the fruits of this hysteria. If people had been less excited they might have been made to see that what may properly be termed “Wall Street” is but a small part of New York banking, and even that a very large share of the transactions of the New York Stock Exchange are non-speculative and of actual benefit to the country. But the public mind was cunningly inflamed against “Wall Street,” and it was made to appear that the centralization of bank reserves in New York, under the control of bankers, was the main support of the “money power.” Legislation was devised to take these bank reserves away from New York and out of the hands of bankers and to scatter them throughout a number of newly-created Government-controlled banking institutions.

This is one phase of the recent history of banking legislation in this country. But perhaps there is another side.

New York will lose some of its relative banking importance by the withdrawal of country bank reserves in pursuance of the new law, and because of prejudice against Wall Street. But the real reason for a threatened decline of New York’s banking power lies deeper.

It consists in the dilatoriness of the New York Clearing-House in putting into operation regulations designed to assist in the efficiency and safety of banking operations, and above all is it due to the fact that the banks of New York twice suspended payments within a period of less than fifteen years.

If the New York Clearing-House banks had acted with a little more celerity in providing efficient clearing-house examination of the banks, it is hardly conceivable that the deplorable conditions which culminated in the 1907 panic would have been allowed to continue so long unchecked and to produce their harvest of ruin and failure.

Again, had the New York Clearing-House been more ready to devise a system of clearing country checks, much of the irritation which gradually developed against the banks of that city would have been avoided.

But these delays—which, of course, may be explained on the theory that large bodies move slowly—are insignificant compared with the breaking down of the banks and the suspension of payments in 1893 and 1907.

The banks of New York had taken upon themselves the obligations of acting as the central custodian of the banking reserves of the country, and twice in the hour of trial they failed to live up to the obligations they had assumed.

It will, of course, be said that they did a great deal—which is true—and that their breakdown was due to the faults of the banking system.

But these faults, whatever they were, did not arise suddenly; they were well known and had been of long standing. Preparation for meeting the emergency should have been made in advance.

The fact is that nowhere in the United States have bankers shown greater skill in building up their individual institutions than has been the case in New York, which has the shrewdest bankers in the country. There are more big banks in New York than in any other city, and they are unsurpassed in safety and in the ability with which they are managed.

But the banks of New York, collectively, have moved slowly in putting into effect measures for the general safety which other cities of less importance were prompt to adopt, although the New York banks, on account of their responsibility as the ultimate custodians of the country's banking reserve, were under peculiar obligations to leave nothing undone to safeguard the general banking situation.

The demagogic cry against "Wall Street" and the "Money power" which was so potent in shaping the Federal Reserve Act was extremely foolish, but the criticisms of the breaking down of

the reserve system were founded upon fact, and New York as the country's principal banking center had to bear the brunt of the blame, although the difficulty was more or less general.

But the loss of a few millions of country bank deposits will probably have little appreciable effect upon New York as a banking center. In fact, although there will be in the next two or three years a considerable withdrawal of out-of-town bank reserves from New York, it by no means follows that in the long run that city will really lose any out-of-town bank deposits, because under the new law, with its rediscounting features, many banks may provide for their reserves through rediscounting operations, making little change in their New York balances.

In what has been said above it has been sought to show some of the reasons why New York has been reduced in importance as a banking reserve center so far as this can be done by legislation, and a careful study of these facts may not be without some benefit.

But it would be far from correct to conclude that New York will lose any of its real banking power under the Federal Reserve Act. In fact, the law is just as likely as not to have precisely the opposite effect, whatever may have been the intention of its framers.

IS A REAL RESERVE BANK NEEDED IN NEW YORK?

ENOUGH is already known regarding the Federal Reserve Bank to be located in New York to make it evident that, relatively at least, this will be one of the smallest and weakest banks in the system, and inferior in point of capitalization to several of the existing banks. The Organization Committee, in confining New York's Reserve District to New York State alone, and taking away even some of the suburban districts in New Jersey and Connecticut, has evidently carried out a chief purpose of the Federal Reserve Act, which was the despoilment of New York of a part of its financial power. Indeed, the only surprise is that New York itself was not annexed to Boston or Philadelphia.

The thought that Germany would be benefited by reducing the financial power of Berlin, that Great Britain is impoverished because of the fact that London is the world's chief financial center, or that France is the poorer because of the financial primacy of Paris—these are considerations to which European statesmen have given scant attention. Instead of taking away any of the financial

powers of these great capitals, it seems to be the legislative policy of the countries named to enhance them wherever possible.

Mr. Glass and Mr. Owen, who designed our new banking law, allowed their minds to be inflamed with hatred of New York. They did not see that a certain degree of concentration of funds here operated to the benefit of the whole country, simply because the banking machinery and management had been most highly developed in New York, as it has been in London, Paris and Berlin.

They seem to think that a man would be wiser were his brains partly in his shoes and promiscuously scattered through other parts of the body, instead of being concentrated in the head, according to the Creator's plan:

They would not allow the credits and currency of the country—its lifeblood—to flow through the financial heart of the country that its effective service to all parts might be kept at a maximum, but with their arbitrary schemes they would reverse natural laws of finance and trade and cause the currents of credit to flow at their bidding.

It is unfortunate for the orderly conduct of banking in this country that the chief commercial and banking center has been singled out for legislative attack. The truth is that no city or section of the United States stands alone—all are bound up together, and the prosperity of one is the concern of all.

But now that we know just what proportions the New York Federal Reserve Bank will assume, and that it will be so small and weak as to make it pitifully contemptible as the central reserve institution of the country—and much weaker if we consider the important relation which New York sustains financially and commercially to the world at large—the question arises whether it would not be advisable to establish in New York a single bank commensurate with the city's commercial and financial standing.

In the near future a marked revival of trade is looked for, and expectations of an extension of our banking operations into the neighboring American countries is confidently predicted. There seems little doubt that an institution of \$50,000,000 or \$100,000,000 capital could render more efficient service, both at home and abroad, than can a number of smaller banks. As the Federal Reserve Bank at New York—and the same thing is true of all the Federal Reserve Banks—is going to be too insignificant to assume the responsibilities incident either to domestic or foreign financial leadership, and the advantages of such leadership being so obvious, it would seem to be a natural consequence of the failure of the Federal Reserve Act to provide for such a bank to have it established by private initiative. If this is ever done it will doubtless be effected by consolidating some of the larger banks and trust

companies and forming a single institution, not only greater than the Federal Reserve Bank in New York, but greater than all of the Federal Reserve Banks combined.

Such an institution, of course, would not be started with the idea of antagonizing the Federal Reserve Banks, but for the purpose of supplying the deficiency in our financial machinery which the new law has failed to provide for; indeed, it might be that a bank of this character would prove a useful adjunct to the Federal Reserve Bank system. At all events, it would act as a conservator and monitor of the general banking situation, thus helping to maintain confidence in our banking system, both at home and abroad.

It must be already evident to careful observers that this service cannot be expected of the Federal Reserve system with its numerous small scattered reserve banks all under direct Governmental control.

The time would, therefore, seem opportune for the creation of a bank of very large resources if New York is to continue to sustain that relationship to the finances of the country and of the world to which its commerce, population, wealth and banking resources fairly entitle it.

While regret may be felt that such an institution as is here proposed would be somewhat hampered in its operations by the lack of authority to issue circulating notes in the form of the bank's own credit obligations, it must be remembered that substantially the Bank of England lacks this power also, for in reality its "note issues" are essentially gold certificates; and yet the Bank of England performs services of immense value as a regulator of the English money market and a conservator of English banking.

THE FEDERAL RESERVE DISTRICTS

MUCH consideration was given when the Federal Reserve Bill was pending in Congress to the matter of dividing the country into Reserve Districts. Bankers generally favored either a single reserve institution, or at most four. Even when the measure became a law, they hoped that the minimum number of eight districts would be established instead of the maximum of twelve. But the Organization Committee took the opposite view and created the full number of districts which the law permits.

In discussing the action of the committee it ought to be borne in mind that Congress rejected the plan of the National Monetary Commission for a single National Reserve Association. It likewise rejected the plan widely favored by bankers of creating a maximum of four reserve districts. A minimum of eight districts and

a maximum of twelve gave the Organization Committee precisely the latitude it has exercised. Whether the wisest selection possible has been made is another question.

Dismissing the creation of a single central reserve institution, much might be said in favor of three, or at the most four, reserve cities—New York, Chicago, San Francisco and possibly New Orleans. If that plan was not to be followed, it seems that all the principal centers should have been included, so that cities like Pittsburgh, Detroit, Baltimore, Omaha, Denver and other important places might not have been left out. But even had this plan been adopted, it is by no means sure that the dissatisfaction would have been any less, for each swelling "metropolis" would have been insistent on presenting its claims.

To those who reflect carefully on the difficulties presented by an arbitrary attempt of the Government to delimit banking spheres, instead of permitting those spheres to form themselves as they see fit, the causes of the present criticisms of the Organization Committee's selections will be apparent.

After the plan is worked out practically, the whole matter may prove much less important than it now appears. The action of the committee is subject to review by the Federal Reserve Board, and even the law itself is not like the laws of the Medes and Persians.

BRANCHES OF FEDERAL RESERVE BANKS.

THE discomfiture felt by a number of cities expecting to be designated as locations for Reserve Banks may be lessened by the reflection that they will at least get a branch of a reserve bank. These branches will, presumably, transact the same business practically as the parent banks, and may in some cases become more important than the latter; for if the city having a branch bank should be more important commercially and from a banking standpoint than the Federal Reserve City itself, the branch bank may do the larger business. This on the assumption that the reserves of the banks are technically but not necessarily actually to be kept in the Reserve City, but may be placed in the branch bank.

The placing of Louisville in the St. Louis district and Cincinnati in the Cleveland district, for example, has been criticised on the ground that the business of Louisville does not flow toward St. Louis nor that of Cincinnati toward Cleveland. But does the fact that the city last named has been made the custodian of the banking reserves of Cincinnati mean that the banks around Cincinnati must actually keep their reserves at Cleveland? Why may they not keep

them in the branch which presumably will be established at Cincinnati?

And may not the banks around Louisville, instead of keeping their reserves at St. Louis, keep them in the branch at Louisville?

Until the new system gets fairly into operation, and especially until the Federal Reserve Board has been appointed and has established the rules which are to govern the new system, harsh criticism may well be postponed.

A POLITICAL FINANCIAL PLUTOCRACY

AGAINST the horrors of the "money power," the "banking plutocracy" and all those woful things, the champions of the people have solemnly and tearfully warned us. But alas! are we to jump out of the frying-pan of the one kind of plutocracy into the fire of a politico-financial plutocracy? Has the charybdis of a banking oligarchy been safely avoided only that we may be engulfed in the scylla of a politico-financial combination?

We are led to ask these questions from the following resolutions adopted at a mass meeting of citizens of New Orleans, "violently and unanimously" protesting against the work of the Reserve Organization Committee in dividing the country up into financial districts:

"Now, therefore, be it resolved, that the confidence of this community in the entire proposed banking system as a system founded on an earnest effort to meet the needs of the whole people, without regard to geographical location or political affiliation, and if administered by impartial heads without bias or partisanship, is rocked and rent to its very foundation stones; this community sees in a money power thus utilized in its inception to pay political debts and forge political fetters a menace to this republic far more overwhelming than that which threatened the United States of Andrew Jackson and caused the dissolution of the Bank of the United States.

"This community foresees the upbuilding in this country of ours of a plutocracy having at its command the vast financial resources of the Government, using those resources to increase its power and to maintain its sway, a plutocracy deaf to reason, blind to justice, scornful of right, that this citizenship now rises to crush in its infancy such an octopus and demands without delay a Congressional investigation of the methods used and of the influences brought to bear upon the Reserve Bank Organization Committee and a relocation of the reserve districts and cities in accordance with

the just requirements of business of the country and provisions of the currency act.

“That this community demands in no uncertain terms that the Reserve Bank Organization Committee be taught once and for all time that they serve and do not dominate, that their law is the welfare of the State, not the welfare of their personal friends and political allies; that they are an instrument, not an autocrat; that they are not greater than, but subservient to, the people who created them.”

We are going to be rude enough to inquire how much of the above virtuous indignation would have been shown if New Orleans had been designated as a location for a Federal Reserve Bank? Is it the system itself that is under denunciation, or merely the omission of New Orleans from a share of the spoils?

And yet we believe that there is solid ground for these somewhat fervid resolutions. They rest upon historical precedents which President Wilson and his coadjutors in Congress seem to have ignored in passing the Reserve Act which provides for a combination of banking and politics.

We have repeatedly and plainly pointed out in these pages the difficulty of forming a combination of this kind in the United States. It has been attempted before and it has failed.

The resolutions at New Orleans are but the first mutterings of a storm that will grow in volume when the Reserve Act gets into full operation.

Government supervision of banking is entirely practicable, but Government control of banking seems fraught with grave perils. We are sorry that the United States has embarked upon such a dangerous experiment, despite the warnings of the past.

A TEMPERATE JUDGMENT OF THE ORGANIZATION COMMITTEE'S WORK

AS was to be expected, the action of the Organization Committee in dividing the country into Federal Reserve Districts has been subjected to much harsh criticism. But the following comment by Senator John W. Weeks of Massachusetts represents a temperate judgment of the committee's action:

“It is not difficult for anyone to criticise the sub-division of the country into districts or the location of the reserve banks. In fact, it is almost impossible to make an arrangement that someone will not criticise. But I may fairly question the propriety of locating

two banks in the home State of one of the members and one in each of the home States of the other members, and especially when in two, if not three, of these cases they are not the natural location for reserve banks.

“The apparent and confessed attempt to limit the business which naturally goes to New York may properly be criticised, not only because it is unfair, but it is so unscientific that in the end it will not be effective. What would be thought of an English commission trying to reduce the importance of London as a financial world center, or a financial commission trying the same course in the case of Paris, or a German commission trying to belittle Berlin in such arbitrary fashion?”

Senator Weeks is not, of course, voicing any personal disappointment as New England was placed in a single district with Boston as its center. Nor is he an opponent of the Reserve Act itself since he voted for it, though not approving all its provisions. He rather favored a strong, large Reserve Bank on the Atlantic seaboard, and would have waived any claims Boston might have had in favor of New York. It will therefore be seen that his criticisms of the committee's action is entirely impartial.

HIGH COST OF “EFFICIENCY EXPERTS”

TIME was in this country when it was the custom to allow the railways to be controlled by railway men and the banks by bankers. But we have reformed all that. Now the self-constituted “efficiency expert”—a new and picturesque personage in our national make-up—has kindly taken over the management of the railways, the banks and all kinds of business. The cost of this new departure, so far as it relates to the railways, was recently summarized in the subjoined remarks by Newman Erb, a well-known railway man:

“Any great catastrophe that would wipe out the assessed valuation of the property of a single State would shock humanity the world over, and yet the shrinkage in the market value of railroad securities since 1906, when the Interstate Commerce Commission was vested with authority to fix rates, now aggregates upward of \$3,000,000,000, an amount greater than the assessed valuation of real and personal property, including public service corporations, in the States of Mississippi, Alabama, Louisiana, Florida, Georgia and South Carolina combined; more than the assessed valuation of all kinds of property within the States of Minnesota, North Dakota

and South Dakota, and greater than the assessed valuation of all forms of property in the States of Montana, Nebraska, Nevada, New Mexico, Utah, Wyoming, Idaho, Arizona and Colorado combined.

“This almost unthinkable loss has fallen upon investors, principally of this country, and the public fails to realize its important bearing upon our prosperity and further progress.

“The loss in the aggregate exceeds the entire circulating medium in gold and currency of the country; if distributed it would amount to more than \$30 per capita of our population.

“A loss so enormous must necessarily be world-wide in its effect and we must not expect to recover from its serious influence for years to come. If the conditions which produced it are not fundamentally corrected, it will be irreparable in its consequences. Its influence upon the commercial and industrial interests is just beginning to be felt and the application for the increase of rates, now pending before the Interstate Commerce Commission, if granted, can only in a very small degree repair the injury and damage which has been done.”

A favorite trick of the “efficiency expert” is to show how much the railroads might save annually by installing some minor economies. But these “experts” overlook the far greater losses inflicted on the railroads through the attempt to impose upon them this pseudo-expert control through Government commissions or otherwise.

Already the Government has a strangle-hold on the railroads, and is preparing to take even a firmer grip on the banking and credit machinery of the country. What the outcome of the first policy is we partially know, but the outcome of the more recent innovation no one can foretell.

PINNING FAITH TO THE FEDERAL RESERVE BOARD

THOSE who are dissatisfied with the division of the country into reserve banking districts as made by the Federal Reserve Organization Committee, are endeavoring to console themselves with the reflection that the committee's action is subject to revision by the Federal Reserve Board, whose members are not appointed at the time this is written.

Probably those who expect help from this source will be disappointed, for the Secretary of the Treasury and the Comptroller of

the Currency, who were both members of the Organization Committee, are also ex-officio members of the Federal Reserve Board, and will no doubt have a potent voice in its councils.

Perhaps expectations in regard to the Federal Reserve Board generally have been raised to too high a pitch. It has been intimated that this body would probably command a degree of public confidence approximating that reposed in the Supreme Court of the United States. But there is really little analogy between the Board and the Court. The latter is one of the coördinate branches of the Government established by the Federal Constitution. True enough, its members, like the members of the Reserve Board, are appointed by the President. But there the analogy ends.

It cannot be doubted that in naming the members of the Federal Reserve Board, the President will be guided by a high sense of public duty and a full realization of the important functions the Board will be called on to perform in relation to banking and credit in the United States; nor is it to be expected that the members of the Board will be partisans, in the ordinary sense. But according to the terms of the Federal Reserve Act, the Secretary of the Treasury and the Comptroller of the Currency are to be members of the Board. These officials will almost certainly exercise a very powerful influence in shaping the Board's decisions even if they do not control them absolutely. If this prognostication turns out true, the Administration in power will always dominate the Federal Reserve Board. This would not necessarily mean that the Board would be partisan in character, though no surprise need be felt should its actions generally be tinged with the views of whatever Administration may happen to be in power.

One distinguishing feature of the Federal Reserve Act is that it takes the management of the country's deposited bank reserves out of the hands of bankers and places it in the hands of men appointed by the President of the United States. In other words, the management of these reserves is transferred from bankers to the hands of appointees of the President, presumably on the theory that the bankers have failed to handle these reserves as efficiently as they can be handled by men chosen by the President.

Only time can demonstrate the correctness of this view.

If the Federal Reserve Board should turn out to be in a sense an Administration machine, and therefore open to criticism on political grounds, the fault probably would be less because the President had not exercised due care in making appointments than because the Federal Reserve Act itself virtually seeks to combine politics and banking—things that in themselves are immiscible, in this country at least.

It should go without saying that whatever truth there may be

in these observations will apply equally to a Republican as to a Democratic Administration; but the Administration now in power will be held responsible for this defect in the law, should it prove a defect. On the other hand, should these views prove groundless, and the new law develop none of these supposed shortcomings, the present Administration will justly get the benefit of the law's smooth and efficient working.

Building a Bank's Business*

IN discussing the question of building the business of the bank, I am going to take the liberty to-day of dividing the subject arbitrarily into two parts.

I heard of a minister one time who always divided his sermon into three parts: First, he told his congregation what he was going to say; then he said what he was going to say; and then he told them what he had said.

It is not my purpose to divide our subject like the minister divided his sermon, for I shall try not to repeat.

In the first place, I am going to assume that all of the methods employed by banks for the purpose of developing their business are nothing more nor less than advertising; and because there are still a considerable number of banking institutions throughout the country who persistently refuse to advertise I am going to try to convince you that bank advertising is ethically and economically correct and right.

In the second place, basing my remarks on some little personal experience in this line and also on the experience of others, I will endeavor to outline some plans whereby the bank may

advertise and not only expect but actually obtain results.

In other words, then, to state the two sub-heads of our subject briefly, we will consider these questions: "Why Advertise?" and "How Advertise?"



WHY ADVERTISE?

I SUPPOSE there is no problem common to banking institutions which receives more careful and constant study than this very subject of new business. No man who has red blood in his veins is content to have his business remain at a standstill. And especially is this true of the banker. It was only relatively a few years ago when practically all bankers honestly believed that it was unethical to advertise. It was considered the height of treason to the established traditions of the business for a banker to express or display in any way whatsoever a desire for business. To-day, however, the average progressive banker has set aside precedent and tradition and believes in making known to his neighbors the advantages and facilities which he has to offer. And did you ever stop to think that in so doing he helps not only himself but his neighbor also?

Let us, for instance, take up a con-

* Address at Annual Convention of Louisiana Bankers Association at Shreveport, La., April 14, 1914, by Fred W. Ellsworth, Manager, Department of New Business, Guaranty Trust Company of New York.



FRED W. ELLSWORTH

MANAGER PUBLICITY DEPARTMENT, GUARANTY TRUST COMPANY, NEW YORK

For several years Mr. Ellsworth has been in charge of the department of new business for the Guaranty Trust Company of New York. Before coming to New York he occupied a like position with the First National Bank of Chicago. His work in behalf of effective bank publicity has made him well known throughout the United States and has brought numerous invitations to address conventions of bankers. His views on bank advertising and on other subjects of practical concern to bankers indicate careful study and observation, coupled with sound judgment, humor, and much of the homely quality ordinarily called common sense.

crete case. Here is a bank, located of course on the main street of the town. It has a thoroughly equipped office, a commodious building, efficient officers and clerks, ample capital, large resources, a clean history and a strong board of directors. The bank is capable of handling household accounts for the people of the town, issuing can-

celled vouchers once a month which, as you all know, constitute an automatic receipt for every bill paid; it has the facilities for keeping an accurate record of business accounts for merchants and manufacturers; it issues travelers' checks for those who intend to make business or pleasure trips; is prepared to make loans to those who desire them

and are entitled to credit. In a word, it is prepared to render a service to the community which is a necessary service and which can be obtained only at a bank. Some of its facilities are absolutely unknown to the average man. Is there any earthly reason why this information should be concealed? On the other hand, are there not numberless reasons why the bank should tell the people of the town just exactly what it has and what it can do for them?

As I have said, a large percentage of the people in any community are more or less unacquainted with the modus operandi of a banking institution. This lack of knowledge naturally creates a feeling of diffidence to such a degree that it is difficult to persuade such persons to enter a bank for the first time. They have that feeling of bashfulness and embarrassment that inevitably accompanies unfamiliarity. Every bank performs a multitude of functions, most of which are necessary at one time or another to practically any person of means. If everybody was acquainted with these functions there would not be the same necessity for advertising as now exists; but since the people do not know of them, isn't it logical that the banks should in some way tell the people about them? I honestly believe that it is the duty of the bank to advertise. And when I say duty I mean just exactly what I say, for 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.

There are other reasons why bank advertising is not only necessary but right. All national banks and most State banks are required by law to advertise their exact condition four or five times a year. The primary purpose of this advertising is not, of course, that of adding to the business of the bank, but the average banker is perfectly willing to make use of the opportunity to advertise his strong condition. And many institutions that at

other times religiously refrain from advertising, spread themselves when the bank call comes and use that occasion as an excuse for doing that thing which at other times they claim is unethical. If it is orthodox to advertise when compelled by law to do so, why is it unorthodox to advertise voluntarily at other times?



HOW TO ADVERTISE

NOW, having decided that banks shall advertise, we come bang up against that everlasting question: "How?"

I suppose that we can all agree that the best advertisement is by word of mouth. As a rule the best accounts that are on your books to-day have come to you because you, as the president of your institution, or your cashier, or a director, or possibly a customer of your bank, have brought it in. It is manifestly impossible, however, for the bank officers to divert very much of their time from their regular duties, and so in order that the bank may continue to grow it is necessary to find substitutes for personal work. And these substitutes all of them are known as advertising.

The first of these, of course, is the personal letter. And the more personal and human the letter can be made, other things being equal, the better will be the results obtained. But here again there is a limitation to the number of people that can be reached and so a substitute for the personal letter must be secured. Thus we come naturally to a consideration of general advertising, which includes the use of newspapers, magazines, trade papers, street cards, bill boards, and so on.

I am not going to take your time to-day to consider all of these forms, but will merely discuss with you the subject of newspaper publicity, which is commonly accepted as the most effective when properly employed. In considering newspaper advertisements

there are three essentials to bear in mind: composition, dress and position.

To begin with, too much thought cannot be given to the message which the advertisement is to convey. It costs money to advertise in newspapers nowadays and manifestly, therefore, to say the least, it is economically incorrect to waste space. By all means avoid as a regular thing the stilted, old-fashioned word which announces the name of the bank, its capital and surplus and officers, and then for a bottom line solemnly informs a waiting world that "this bank transacts a general banking business." This explanatory line states a fact which is so perfectly obvious that I have often wondered why it is added. I have heard it suggested that it is because the bank is afraid the institution will be mistaken for a harness shop or a tonsorial studio instead of a financial emporium.

The bank card says nothing of special interest to the average newspaper reader and is so painfully erect and proper that it does not and cannot accomplish much in the way of results.

An advertisement should say something—that is what it is for. Nobody is going to read, nor digest, nor act on a message that stops with the announcement of the title.

I suppose an ideal bank advertisement is one which states briefly in easily understood English just exactly why it will be to the advantage of the reader to do business with the bank which is advertising. There are literally scores—indeed hundreds—of good arguments which may be used to induce the non-customer to become a customer, and so a bank has no excuse for confining its advertising to uninteresting cards. The subject matter of newspaper advertisements should be of interest to the other fellow—should be written from the standpoint of the man to whom the advertisement is addressed and not from the standpoint of the bank.

After it has been decided what is to be said in the advertisement, it is very important that serious consideration be given to display. A knowledge of type faces is of an inestimable value, for it

enables one to select the best and most appropriate styles. Many an advertisement which is ideal in composition has been rendered of no avail by the use of poor type display. Most periodicals will set up an advertisement and submit a proof so that the exact appearance may be seen before it appears in print, and when the proof is finally O. K'd. matrices may be made for use in other papers so that it will appear in each periodical just as it is wanted. It is wise for a bank that contemplates any considerable amount of periodical advertising to settle on some distinctive style of type and use that in every ad.

Theoretically, every advertisement should be a matter of news. By the same token an advertisement which follows the style of a news item can more successfully compete with the news columns. The heading or catch line of an advertisement should be such as will attract the attention of the reader and excite his interest, and this catch line should be set in a good display face. The body of the advertisement should be set in ordinary newspaper type and the name of the company advertising should appear at the bottom as a sort of signature. The entire advertisement, in order to be attractive and symmetrical, should appear in the center of the space, with an ample margin of white space on all sides as a definite frame. This frame will throw it away from adjoining advertising or reading matter and cause the advertisement to stand out prominently, as it should.

The appearance or dress taken care of, the third important consideration is position. The best position in the newspaper ordinarily is what is known as an island position on the first page, surrounded by reading matter. With many papers this is an impossibility. The next best position, however, is top of column next to reading matter and it should not be difficult for the average bank, by making a special arrangement for regular advertising, to secure such a position continuously. It is always well to watch one's advertising day by day in order to be assured of continued good position, for in the rush

of making up the average newspaper the advertiser who never makes any complaint will soon become known in the "make-up" room as "easy" and is apt to be gradually forced into an out-of-the-way place on the page.



AN ADVERTISING PLAN

NOW, all that I have said thus far has been theoretical. Suppose we apply these theories to a concrete case. Here is a bank, we will say, with \$50,000 capital in a town of ten thousand population. The town has two weekly papers. There are three banks in the town. One of the banks decides to start an advertising campaign. In the first place a card list is made of practically every adult in the town and surrounding country. We will say that this list altogether comprises 4,000 names—1,500 of these are already customers of the bank. This leaves 2,500 to work on. The bank's net earnings last year were twenty per cent. of the capital, or \$10,000, and it is decided that for the first year the advertising expenditure will be limited to \$500. The card record which has been compiled was taken from the city directory and from the telephone directory, from the directories of local churches, from the roster of local clubs, lodges and other organizations. The cards printed and ruled cost approximately \$10, and the work was done at odd times. It is decided to reach the 2,500 prospects either by personal letters, circular letters, or some form of printed matter at least three times during the year. The postage on this will cost \$150, assuming that two-cent stamps are used, while the cost of the literature can be kept easily within \$50. This leaves us with \$300 for our newspaper advertising. Each of the newspapers charges twenty-five cents an inch for advertising on contract. The bank decides to run an ad. each week for a year in each of the papers, to occupy five inches double column or ten inches for each ad. The cost of this advertising for the year will be \$260, leaving a balance

of \$40 for miscellaneous publicity such as an occasional quarter-page in the newspaper or special folders or booklets to be handed out over the counter.

The success of a modest campaign like this, of course, will depend very largely on the nature of the copy used in the newspaper advertising. This would have to be prepared week by week in advance by an officer or employee of the institution.

There should be change of copy each time an ad. appears, and there need be no fear as to a scarcity of subjects, for contrary to popular notion a bank furnishes an almost endless variety of topics for consistent and continuous newspaper publicity. A writer on the subject of bank advertising has compiled a book entitled "2,000 Points for Bank Advertisers," and by no means has he exhausted the list. I have in mind a bank in the Middle West that conducted a savings bank campaign for nearly two years, running two ads. a week in each of a hundred periodicals, making a total of approximately two hundred ads. and no two were alike.

There are several good books on the subject of bank advertising which can be of considerable assistance to the banker who desires to write his own advertising. One of these is entitled "Financial Advertising," by E. St. Elmo Lewis. Another is "Pushing Your Business," by T. D. MacGregor. But even without such books the average banker should have little difficulty in talking to the people of his town through the columns of the newspaper practically the same as he does when he talks with them face to face, and if he does this and continues it from week to week and from year to year. experience has proved time and again that his bank will grow and continue to grow.



CONCLUSION OF THE WHOLE MATTER

ONE of the most highly organized implements with which man is privileged to work is the human hand. The

fingers taken individually are not very powerful, and even taken altogether could not produce much damage, but when doubled up and bound together by the thumb into an aggressive fist they become formidable. Likewise the various features of a bank, if taken individually and if kept in concealment, cannot secure for the institution as much in the way of results as when they are bound together by the thumb of "advertising" into an aggressive whole.

If a bank possesses the fundamentals of strength and character and has adequate facilities for taking care of its customers, isn't that bank making a mistake if it does not make known these

facts to the people whom it desires to have as its customers?

There are comparatively few banks in our country to-day that do not possess strength and character. A portion of these banks are advertising to the public and are experiencing more or less development and growth. Such of the others as are concealing their good qualities will not begin to attain their maximum growth until they start to use the modern business getter known as "Intelligent Publicity." When they have done this they will have fortified themselves against commercial mildew and will have prepared themselves for successful aggressive action in building the business of the bank.

Banking With a Pull

Plaint of a bank subordinate who has learned that "a real pull isn't a fine position, it isn't big money; it's just a darned good chance to make good—which it has taken just five long years to get through my head. It's been a tough lesson, but I think I've learned it at last."

"But just you wait till about 1930 when I'm cashier, and the present cashier's son—Princeton, 1929—comes sauntering in with a carnation in his buttonhole, all ready to take 'the place that's waiting for him.' 'My boy,' I'll say, 'you've got a great future here. You'll be advanced just as fast as your work merits it. I want to do for you just what your father did for me.' And, believe me, I'll do it, too."

"BANKING," I dashed in proudly opposite "What business or profession do you propose to pursue after leaving college?" on the statistical blank of the Princeton class of 1908.

Yes, I had a "pull"; there was a "position waiting for me"; and I was "to be advanced just as fast as my work merited it" in the big New York bank where my father had been cashier for twenty years.

"I want to do for you what your father did for me," the present cashier

had said, with a hearty slap on the back.

He may have been sincere, after all.

You see, I didn't realize then that my father had been one of the strictest, most conservative bank men in New York city. I had an idea I was to be sort of an Understudy Extraordinary to the president.

Well, I've been in the bank five years now and I haven't noticed that a single officer has had to involuntarily resign to make room for me.

And it's not because my work hasn't

merited it, either. I'm really good, but the bank doesn't know it. In fact, the bank takes pains not to know it. If it did, it might feel obliged to pay me as much as I'd get if I were driving a coal team.

"What kind of a job's Greyson got?" I overheard one old classmate ask another in the club the other night.

"Oh, shoveling dirt in a bank," was the quick reply.

And a bank's the only place in the world where there's gold to right of you and gold to left of you; but, shovel as hard as you will, you never stand a chance of striking it rich. The young fellow who does strike it suddenly rich in a bank usually spends the rest of his life in a potato-bug suit working for the State.



AS a matter of fact, I'm a stenographer in the credit department of one of our big uptown banks.

No, I don't spend my life in a cage, as so many people delight in asking me. There are a number of fairly observant persons still at large who imagine that there are only two men employed in a bank—the president, who oversees the work, and the cashier, who pays checks when anyone wants to cash one, and occasionally gets his name in the paper by eloping with the till or cash-drawer or whatever he keeps the money in.

These same people also think "it must be grand to work in a bank, the hours are so easy."

I get to work at 8.30 every morning. At the door stands an unsympathetic looking individual with a watch. If I arrive at 8.29 he never seems to see me. If I come in at 8.31 he glances up and then jots down something on a piece of paper. However, he's never there *when I leave*, I notice. I suppose occasionally he wants to spend a little time at home with his family. No, that's an exaggeration. I usually finish by six o'clock, but around the first or middle of the month it's likely to be anywhere from seven to eleven-thirty before I get through.

If I'm there after seven I get seventy-five cents for dinner.

Needless to say, I'm oftenest through at six fifty-five, as we have an economical chief clerk who is a loyal worker for his bank's interest.



AN UNSYMPATHETIC LOOKING INDIVIDUAL
WITH A WATCH

Of course, it's a little hard on the men who live way out of town and don't get home to eat till eight or eight-thirty; but why don't they quit if they don't like it?

That's what I've asked myself time and again.

The answer in my own case is easy enough. A wife and two babies and a little house where a building loan association payment comes due the first of every month. I can't *afford* to start in at the bottom anywhere else.

I suppose that's the way with lots of the others, too. No wonder the bank is glad to have them marry. It's as good as a life contract. Besides, you mustn't forget my "pull"—I have a "future before me"—in about the sense that anyone has, if he doesn't shuffle off this mortal, I guess.



WELL, as I started to say, we punch the time-clock at eight-thirty, but we sneak out unnoticed when our work's done. And the paper

of our friend at the door, with its sad columns of incriminating 8.31's, 8.32's, gets in its deadly work when that *rara avis*, a "raise-list," goes up on the bank's bulletin-board, and there is no saving 8.31 or 8.32 p. m.'s to counter-balance.

However, punctuality is certainly necessary with a large force of men, and I'm not saying, mind you—I'm not saying that when I'm cashier (*when*, you notice, not *if*) I won't enforce exactly the same rules which are in force now. In fact, I can think of a few which might be tightened up a bit with advantage. (There I go—I *must* be careful.) That's why I'm writing this now, to get it all down before I lose the employee's viewpoint. Already I find myself mentally acquiescing where I used to kick like a steer. I almost miss the dear old grievances, but it's no use, things *will* seem reasonable. Sometimes I wonder if it isn't because of this gradual change of viewpoint, aside from anything else, that it's so essential for a man to put in a few of the "best" years of his life at hack work, on small pay. What he loses in "pep" he gains in common sense. Then he can safely be trusted with a responsible position, because the officers know he'll "carry out the traditional policy" of the bank to the letter. Why, he'll do it out of spite if nothing else. It's the same trait of "old Adam" which made it so difficult to eradicate hazing in colleges. A man hates to see another man escape what he got.

At any rate, it makes for conservatism in business policy.

A business run solely in the interest of its employees has never yet paid fat dividends.



I SAID that I was a stenographer in the credit department.

When they handed me my diploma at the business college where I spent a scant three months after leaving college, my kindly old-maid shorthand instructor said, "I suppose you will be secretary to one of the bank officers?"

"Something of the sort," I replied grandly.

Well, I wasn't—I'm not, yet.

I don't know whether I'd like to be.

I used to be sore because they took in another fellow after me and made him the president's secretary at a hundred a month.

I don't feel that way now—he knows all the president's friends by name, but



THE KINDLY OLD-MAID SHORTHAND INSTRUCTOR
HANDING OUT A DIPLOMA

mighty little about practical banking.

In the credit department is exercised what little discretion and initiative banking permits anyone but the officers. Of course, there is the usual glut of detail and routine work, but behind it all is the big business of investing the bank's money.

Our credit department is presided over by a hard-headed young man who has spent a dozen years working up to his present proud eminence from the job of messenger.

In those dozen years he has acquired enough information about the various departments of the bank and the peculiarities of this particular bank, to atone for what I used to consider his unpardonable lack of a college education. He splits infinitives and balance-sheets with the same dogged force.

To this head of ours comes the morning mail each day, with its inquiries

concerning the credit standing of our depositors, and the replies to our own letters of inquiry to other banks. I collect the data on the first class and hand them back for reply.

Inquiries from New York city banks we always answer by telephone. Don't ask me why. It isn't much easier for us, and it makes lots of trouble for the other people—but we always *have* done it.

It may be that there is so much less chance of having something "hung" on us, where there is only the spoken word.

Soon after this, our chief leaves his desk for a series of interviews with the officers, to take up whatever matters have come up since the day previous. If the option expires that day on any of our purchases of outside notes, or "commercial paper," the fate of these notes is decided at this time. If the investment has "looked up well"—been found practically flawless—the note is kept for our investment portfolio; but if any reports reach us of "slow pay," "big debt," etc.—back it goes to the unhappy broker. We take no illegitimate risks—and very few "legitimate" ones.

By the time this business is concluded, we have heard the result of our morning's transaction with the clearing-house, and it has been decided whether or not we will place any surplus funds with our Stock Exchange friends, in the shape of demand or "call" loans. No sooner is this done, by the credit man himself or his assistant, than the renewal rate for such loans is established, and if it is a change from the day before, this change must be confirmed on our score or more of loans by separate telephone conversation with each broker.

I believe some brilliant individual has fathered a scheme for an official call-loan rate which shall be accepted by all brokers and banks without confirmation.

It would certainly save a lot of time and trouble; but I doubt if it will ever be done—it is too simple to be quite conservative.

Of course, we stenographers have had no share in all this bustle. We have been typing quietly away at the results of the previous afternoon's investigation by the department's assistant. Every day after lunch he dons hat and coat, and followed by our envious glances—we eat in the bank and never sniff fresh air from eight thirty to five—saunters forth to glean pearls of credit wisdom, if you don't mind the metaphor, from the lips of gruff old worthies down in the Street, or in the wholesale districts of the city. A "leather name" may take him to the "Swamp"—that odorous section by the old Bridge; or he may invade the haunts of the wholesale grocery trade on the trail of a foodstuff merchant. After such an afternoon he returns with his wallet bulging with notes, and dictates page after page to us stenographers, all of which goes into our files for future ages to base credit judgments upon.

(I have always contended that the ends of efficiency would be better served if an intelligent stenographer—like myself, for instance—made these investigations and typed the results, without any intermediate fuss of dictation; but here again I have been unable to convert the bank to my way of thinking.)



BESIDES our commercial paper files, where we keep information on the various concerns whose notes the bank thinks good enough to buy, we have a big steel cabinet where are kept the thousands and thousands of little blue cardboard pockets containing the customers' information. I don't believe any other bank in the universe has such an accurate line on its depositors as ours. If a customer happens to come into the bank on a rainy day without his rubbers, or is seen riding in an automobile, down goes the fact, for better or worse, on his information. The Recording Angel has nothing on us.

And woe betide the unfortunate depositor who tries to negotiate a loan

when an unsatisfied judgment has been taken out against him years before! He gets the surprise of his life, and unless he can put up a fine line of talk he goes away, not with a check in his pocket, but with a flea in his ear.

Of course, all this accuracy sometimes degenerates into an irritating meticulousness. If one of us stenographers happens to type an "e" for an "a" on some of the bank's own information, back it comes from our superiors to be corrected—they wouldn't dream of taking up their fountain pens and making the change themselves.

My whole being used to revolt at this, until I reflected that these same "superiors" were probably doing it only because they were afraid of a call-down from one of the assistant cashiers, and that I'd do the same thing in their place.

When I came into the bank I got \$66.66 a month. I figure I'm at least three times as valuable to the bank, and I'm getting \$91.66.

When you've spent five years gleaning credit crumbs from those above you, you sometimes wonder by what law of mental development you aren't considered competent enough to tell a twelve-year old boy from a department store that Mrs. Astorbilt keeps a very nice account—but that's the case. Only the credit men are allowed to give references.

Besides my ordinary stenographic work, I am sometimes allowed the privilege of helping other departments—chiefly the unfortunate "corresponding," whenever their work swamps them, or someone thinks it ought to. Around the first of the month, when our mail deposits come in by hundreds, such deposits must be acknowledged by an "advice," and these are turned out, with machinelike regularity by a little band under the leadership of the usual correspondence clerk. All my fellow typists do this, and the edifying spectacle is presented of a group of hundred-dollar men dulling the edge of their efficiency at fifty-dollar tasks.

But I can't think of a better plan—for the bank.



A WHILE ago, I went to the cashier and asked him for a raise. It was a mistake.

First, it was unprecedented, which in this particular bank means unthinkable.

Second, my job isn't worth any more money, and I got a curt refusal for my pains.

I remember I couldn't see it then. I do now—more proof of the changing viewpoint.

So I waited a little, went to him again, and asked him for a new job.

"What job do you want?" he inquired, with his eyes fixed non-committally on some point about 7,000,000 miles away.

"Assistant Credit Man." (Ask me something harder.)

"And what'll I do with Thompson?" (the present incumbent.)

"Why—why—" I stammered.

"You hadn't thought of him, had you?" he went on, pleasantly. "So I might as well tell you I'm not going to take his job away from him and give it to you. Hold your horses, is my advice to you, my boy. Don't 'crowd the mourners' and you'll get there in time. We don't pay very big salaries here, you know (Good Lord, yes, I certainly did know), and this man Thompson has been with us eight years. Let me see, you've been here—how long?"

"Four." (Of course, I could have said, "But how about advancement when my work merited it?" etc., etc., but as I didn't have any other job I could step right into, I thought I wouldn't. Besides, I remember distinctly, it was raining outdoors and I didn't have my raincoat with me.)

"Well, he's been doing good, faithful work for eight years," the cashier went on. "You've been doing good work, too. I don't say you couldn't fill his position—perhaps a little better than he does—but it's more or less routine, and he's adequate, and I don't intend to lose him. It wouldn't do. (Of course,

he didn't want to lose him.) You see, if a man's faithful here, we never kick him out. We pay him small money, give him no responsibility and practically assure him of a steady job for the rest of his life. You can't come up back of him and kick him out, and neither—mark this, you may be glad of it some day—neither can any other man come up back of *you* and kick *you* out. He may go past you, but he can't go *through* you.

"But brace up, my boy, you have a future here, if you'll stick it out. Be patient.

"I went to your father years ago this very same way, and that's the identical advice he gave me."



I'M still stenographer in the credit department. I'm still getting \$91.66 per month. Incidentally, I'm working like a horse, too. I've got a certificate away from our bank clerks' institute in return for two years' work, and I compete for every prize that's offered anywhere for an essay on any phase of bank work, just so as to have some incentive to thoroughly inform myself on the different departments. I've even had the luck to have one or two published.

Yes, I'm just where I was five years ago in everything but "bank sense."

But that's what counts.

And that is what my pull has got me an opportunity to acquire.

Real pull isn't a "fine" position, it

isn't big money; it's just a darned good chance to make good—which it's taken just five long years to get through my head.

It's been a tough lesson, but I think I've learned it at last.

But just you wait till about 1930.



WHEN THE PRESENT CASHIER'S SON COMES SAUNTERING IN

when I'm cashier and the present cashier's son, Princeton, 1929—comes sauntering in with a carnation in his buttonhole, all ready to take "the place that's waiting for him."

"My boy," I'll say, "you've got a great future here. You'll be advanced just as fast as your work merits it. I want to do for you just what your father did for me."

And, believe me, I'll do it, too.



ASKED what he gained from philosophy, he answered, "To do without being commanded what others do from fear of the laws."

—DIOGENES LAERTIUS

Banking and Commercial Law

CASE COMMENT AND REVIEW

Savings Departments in National Banks

IN the competition for business that has characterized banking in all parts of the country, banks of discount have quite generally opened "savings departments," "interest accounts," or "special" deposits, by which ever term the interest-bearing deposit might be designated. These deposits are, as a rule, evidenced by pass-books, in form similar to those issued by savings banks, and containing rules regulating the deposit. These rules are very much like those governing savings bank deposits, particularly in reference to notice of withdrawal and presentation of the book.

While no specific provision is made in the National Bank Act for such departments, the Comptrollers of the Currency have acquiesced in this departure.

The New York courts have ruled that doing business in a manner similar to that of a savings bank, is not doing business *as* a savings bank, and, therefore, such departments are not in violation of the New York statute which forbids corporations other than savings banks holding themselves out as such institutions (*People vs. Binghamton Trust Company, New York Sav. Bank Cases, p. 15*).

Such rules when properly brought to the attention of the depositor and consented to, by agreement or implication, are binding upon both the bank and the depositor.

It frequently happens that a depositor having on deposit in his checking account more than present needs require, will transfer such overplus to an interest-bearing account, and reverse

the process when occasion demands. No doubt such a transfer obtained in the accounts of one Charles Hagen with the First Nat. Bank of Middletown, N. Y. Several notes of his came due and checks to meet them were deposited on his ordinary account, but never collected, owing to loss in the mails.

The adjustment was delayed a long time and the drawer failed before the matter was settled. The bank having charged the notes against the said check deposits, rescinded the transaction and charged the notes to the special interest account.

The court held the bank negligent, in the first instance, for sending the items drawn on Riverhead, L. I., to Philadelphia; and, in the second place, held that while the bank might waive the production of the pass-book, when paying a draft drawn against the interest account, it had no right to pay money out of this account without the order of the depositor. See *Heinrich vs. First Nat. Bank of Middletown* on a subsequent page.



Conditional Acceptances

THE holder of a bill of exchange is entitled to have a general acceptance, i. e., a promise to pay according to the tenor of the instrument, to the parties, in the amount, at the place, and in the currency set forth in the bill. If such acceptance is refused he may treat the bill as dishonored and have it protested for non-acceptance.

It sometimes happens that the drawee will accept the bill with conditions attached, changing the time, the place, the amount, or the parties. This is called a "qualified acceptance"; and

if the holder elects to take such an acceptance, he thereby discharges the drawer and all prior endorsers, unless they, upon due notice, assent thereto. (Tompkins Law of Commercial Paper, p. 65, and authorities cited.)

We report such a case in this number. The order required the drawee to pay a certain amount named. When presented, the latter agreed to pay it out of "anything they owed the drawer, or out of what might be due the drawer by them." The judge charged the jury that if the drawee accepted the order unconditionally he was bound to pay whether he owed drawer anything or not; but if he accepted the order conditionally upon owing the drawer anything and they found at the time of acceptance there was money due the drawer to the amount named, or that he owed drawer an amount after the day of acceptance, he was liable to the extent of the indebtedness. In other words, if drawee owed drawer the amount, he was liable in full; if he owed him a lesser sum, then only to that extent, plus the accrued interest. But such an acceptance would, as above stated, release the prior endorsers and maker unless they consented to the conditional acceptance. See *Craig and Wilson vs. Stewart and Jones* in this number.



Poker and Remorse

IT is infrequent that a stop payment is attended with headaches and heartaches and midnight and before-dawn-trips to the home of the cashier of the bank upon which the check is drawn, by both maker and payee, one attempting to secure the funds to himself and the other to prevent their payment, by this unusual course. But such a case, full of human interest and imaginative details, is reviewed in this number under the title of *Kellog vs. Citizen's Bank of Ava*.

It was a Sunday evening poker party in a country grocery store. One of the players went short of funds. To continue in the game he drew four checks ag-

gregating \$180 to the order of the storekeeper in whose place the game occurred. The drawer of the checks lost, and went home with nothing but remorse and experience for his money. The holder of the checks, doubtless having had some experience with poker players who draw checks and lose, lost no time, and "swifter than arrow from Tartar's bow" (to quote the court) hastened to the house of the cashier of the bank, and at about one o'clock got the said official out of his warm bed to offer the checks for deposit.

About four o'clock, when "Aurora had but newly chased the night and purpled o'er the sky with blushing light" (to quote the court again), the drawer, having suffered agonies of conscience during the night, also awakened the cashier, and told him the tale of woe and asked him not to pay the checks when presented; only to be informed that the checks had already been offered him for deposit and were in his possession. But to make sure that the bank would not pay, the drawer employed an attorney to protect his interests, and said attorney notified the assistant cashier, before the cashier arrived at the bank, not to pay the checks. At about nine o'clock the cashier arrived and immediately placed the checks to the drawee's credit, but scenting danger in the peculiar facts in the case never paid the amount, preferring to hold the funds until the court could pass upon the transaction.

The decision was that the drawer had a perfect right to stop payment at any time before the checks were actually paid or certified, and this he had effectually done.

Just what the storekeeper got for his money and trouble, is not a matter of record. He, too, at least, got experience



CLEARING-HOUSE RULES

CLEARING-HOUSES exist for the very laudable purpose of expediting the payment of checks and notes. At a stated hour each day all checks drawn on members and those

clearing through members are presented in bulk, bank against bank, and the differences adjusted by the clearing-house managers. The saving of time and money is enormous.

Instead of a bank making fifty presentations of fifty checks in different parts of the city, practically one presentation suffices; and in such a manner that the debtor has no time nor opportunity to examine the items presented to determine whether or not payment is justified. Payment is made first and questions asked afterward.

It follows that instead of each paying the other the amount due, only the difference is paid the creditor. In such a process, obviously many bogus and irregular checks drawn against insufficient funds are paid. Without some right of recourse, the purposes of the clearing-house would be nullified and its chief end defeated. Therefore it is provided in the articles of agreement that all banks shall have a certain time in which to adjust such differences—not through the agency of the clearing-house, but directly between the interested parties. For instance, a check being irregular, would have to be returned to the bank from which it came by three o'clock or the right of recourse would cease and the item treated as having been accepted and paid.

In the event of the drawer failing during business hours, such checks as were presented to the bank "over the counter" would take precedence over the clearing-house items, for the former could not be refused if the drawer was in funds, thus throwing the burden upon the cleared checks, which could be returned and the clearing-house payment recalled.

While such a system must of necessity work harm at times, its benefits are so far reaching that they greatly outweigh the occasional hardships that follow.

Judicial cognizance is generally taken of such rules and regulations and their practicability recognized. See *Hentz vs. National City Bank* in this issue.

Savings Accounts

NEW YORK.

Right of Bank Operating a Savings Department to Charge Note Payable at its Office to Savings Account of Maker Where His General Account is Insufficient to pay the same—Collections.

New York Supreme Court, Trial Term, Orange County, January 19, 1914.

HEINRICH VS. FIRST NATIONAL BANK OF MIDDLETOWN.

Where a bank maintains a savings department, deposits in which are subject to special rules, these rules constitute part of the contract, equally binding on the bank and the depositor; and under such conditions a bank has no authority to charge against the savings account certain notes made by the depositor to a third person, and payable at its office.



ACTION by Elisa Heinrich, as executrix of Jacob Heinrich, deceased, against the First National Bank of Middletown. Verdict for plaintiff.



STATEMENT OF FACT

THE plaintiff's testator was the assignee of one Charles Hagen, who, prior to October, 1911, had a general check account with the defendant, First National Bank of Middletown, N. Y. In October, 1911, the said Hagen opened another account with the defendant in its "interest department," and deposited therein \$4,000, which was entered in a special pass-book No. 335, and which account was in the nature of a savings account, paying interest, and subject to the rules and regulations printed in the pass-book, and not to be checked out as are ordinary check accounts. This second account was in a special interest department of the bank, and was governed by rules

entirely distinct and separate from those that controlled the general check accounts.

On December 22 and 23, 1911, the said Hagen made three promissory notes to the order of Gouverneur E. Smith & Company, for \$1,000 each, payable at the said First National Bank of Middletown, N. Y., four months after their respective dates. These notes were never owned by the defendant, but came to it from other banks for collection, on or before they became due.

On the twenty-first or twenty-second day of April, the defendant bank received from Gouverneur E. Smith, the payee of said notes, two checks, drawn on the Suffolk County National Bank of Riverhead, Long Island, aggregating \$3,003. for deposit in Hagen's general check account, for the purpose of making that account good for the payment of the said three promissory notes. The bank, instead of receiving the said checks for collection, immediately gave Hagen credit for them in his check account, thereby providing sufficient funds in said account to meet and pay the said three promissory notes, and the bank thereupon charged the said notes against Hagen's said check account, and canceled them by means of a perforated stamp. * * *

On April 23d the defendant, instead of sending these two Smith & Company checks direct to the Suffolk County National Bank at Riverhead, Long Island, for collection, sent them to its correspondent, the Market Street National Bank, of Philadelphia; but they were never received by that bank, and concededly were lost in transit, and were not found until February, 1913. Hagen did not have notice that they had been lost until May 8, 1912. On June 5, 1912 Smith & Company, the maker of the said checks, went into bankruptcy, and the checks were never paid. On the next day, June 6, 1912, the defendant, without Hagen's knowledge or consent, charged the amounts due upon said three promissory notes to Hagen's savings and interest account No. 335, in which account there was

more than enough money to meet said notes.

It is not disputed that Smith & Company, up to about June 5, 1912, when the concern went into bankruptcy, had sufficient moneys on deposit in the Riverhead Bank to meet the checks, had they been presented for payment. After it was known that the Smith & Company checks were lost, the bank requested Smith & Company to stop the payment of said checks, which was done, and the defendant never presented the said checks for payment, and never proved their loss, or offered to Smith & Co., or the Riverhead Bank, a bond or undertaking indemnifying them from loss by reason of the mis-carriage of said checks.

On June 6, 1912, when the defendant bank learned of the insolvency of Smith & Company, it wrote to Hagen as follows:

"According to information received from you, the checks of G. E. Smith & Co. to pay on your notes in the amount of \$3,000 came duly to hand. These checks were credited to your account and the amount of notes charged to same. The checks, as you know, were lost in the mail and we applied to you to make good this amount, and have asked G. E. Smith & Co. to send duplicates, but we have been unable to get the duplicates of them and this account properly adjusted by either you or Smith & Co. We were acting as your agent in the premises and have therefore charged your special account with the amount of your notes."

Upon receipt of this letter, Hagen disclaimed liability, and protested against the threatened action of the bank, and gave notice that he would hold the bank liable for the balance in his savings or special account, and refused to allow the bank to enter in his pass-book No. 335 as a charge against the balance to his credit in said account, the amount due on said promissory notes. Thereafter said Hagen duly assigned the said special account to the said Jacob Heinrich, the plaintiff's testator, and on September 14th he demanded of the defendant the balance to the credit of said special account, which was refused, and thereupon this action was commenced, after

which the said Jacob Heinrich died, and his executrix substituted as plaintiff herein.



OPINION OF THE COURT

TOMPKINS, J.: The defendant attempts to justify its appropriation of Hagen's special savings and interest-bearing account, and the payment therefrom of the said promissory notes, nearly a month and a half after they had become due, and had been charged to Hagen's general check account, and been canceled and marked upon the books of the bank as paid, upon the theory that Hagen, on June 6, 1912, when the charge was made against his special savings account, was a debtor of the bank to the amount of the aggregate of said notes.

This claim, it seems to me, is not sound. The notes were charged up to Hagen's general account on the days they became due, and at times when there was sufficient on deposit to the credit of said account to pay said notes in full, and they were thereupon marked paid and canceled. Thereafter, the bank's only claim against Hagen was by reason of his indorsement of the Smith & Company checks, which had been deposited to the credit of his general check account, but no claim is made against the plaintiff's assignor, Hagen, in this action, by reason of his indorsement of said checks, and no counterclaim has been asserted against the plaintiff on that account, and it is doubtful whether such a claim could have been successfully made against Hagen, for the reason that the defendant was negligent in sending said checks by the roundabout way of Philadelphia, instead of sending them direct to the Riverhead Bank, or through a nearby bank for collection, and in failing to collect said checks during the month and a half that intervened between its receipt of them and the failure of the maker, Smith & Company.

But whether the bank had a right, on June 6, 1912, to treat Hagen as its creditor to the amount of said notes or

not, I am convinced that it had no right, without Hagen's consent, to appropriate money from his savings account, and pay said notes therewith. This was a special account, evidenced by a pass-book, on the outside cover of which is printed the following statement:

"Interest Department.

"Read this Book carefully. If you lose or mislay it, give immediate notice to the Bank."

"Drawing Money.

"In all cases where money is withdrawn, this Book must be presented at this Bank to have payment entered."

"Form of Draft.

"Interest Department.

"The First National Bank:

....., 191..

"Pay to the order of..... Dollars, \$....and charge to Book No...."

On the first account page of the pass-book is printed the following statement:

"This account is opened subject to the rules printed on first page."

On the first inside cover is printed the following statements:

"Rules Governing Depositors in Interest Department.

"Deposits in the Special Interest Department of This Bank are made and received on the following terms."

Then follow rules as to the payment of interest, payment of drafts against the account, banking hours, force of these rules and manner of altering them, among which is the following rule:

"And in each instance, in withdrawing moneys, the passbook must accompany the draft or check."

These rules constitute a contract between the bank and the depositor, equally binding on each. These rules are similar to the rules adopted by all savings banks in this State, and the same is true as to the form of draft suggested. The bank might waive the production of the pass-book when paying a draft drawn against account No. 335, but it had no right to pay any money out of this account without the order of Hagen. *Munger vs. Albany City National Bank*. 85 N. Y. 580; *Duncan*

vs. Brennan, 83 N. Y. 487; Wyckoff vs. Anthony, 90 N. Y. 442.

Both Hagen and the defendant treated these two as separate and distinct accounts, as they were in fact. The two Smith & Company checks were deposited in the general account for the very purpose of being used to pay the notes, and the defendant immediately so used them. It could have refused to do so until after they were collected, but it treated them as cash, and so referred to them in its note to the Market Street Bank of Philadelphia, asking why it was not credited with the inclosures in its letter of April 23d.

My conclusions are that on June 6th, when the defendant bank charged these promissory notes to Hagen's savings account, he was not the bank's debtor by reason of said notes, and that, even had the bank been his creditor by reason of the loss and non-payment of said checks, it had no authority, without Hagen's consent, to pay these out of the special savings account. The defendant waived its right to thirty days' notice of the plaintiff's assignor's intention to withdraw account No. 335, by its absolute refusal to pay, and by its unlawful use of the moneys on deposit in said account. Wyckoff vs. Anthony, 90 N. Y. 442.

As the plaintiff's claim is on the pass-book of account No. 335, and not in conversion, she is entitled to judgment for the full sum of \$3,279.94, which includes interest computed according to the rules set forth in the pass-book, and a verdict is therefore directed in favor of the plaintiff and against the defendant for a said sum of \$3,279.94.

145 N. Y. Supp. 342.



Conditional Acceptance

NORTH CAROLINA.

*Acceptance to Pay "Out of Anything Owed," or "What Might be Due"—
—Negotiability—Consideration.*

Supreme Court of North Carolina, November 19, 1913.

CRAIG & WILSON VS. STEWART & JONES.

An unconditional acceptance binds the acceptor whether the drawee owes drawer anything or not. If it is accepted conditionally as payable out of any money due from drawee to drawer, drawee is bound to the extent of the amount due, not exceeding the amount of the order and accrued interest.



ACTION by Craig & Wilson against Stewart & Jones. From judgment for plaintiffs, defendants appeal. New trial.



STATEMENT OF FACT

THIS action was brought to recover an amount of money alleged to be due the plaintiffs on an order given by one N. I. Lancaster to them, and addressed to defendants, who, it is claimed, were indebted to Lancaster for work and labor done. The order is not set out in the record, but it is gathered from the evidence that it required or requested defendants to pay the amount named in the order to plaintiffs. When the order was presented to defendants, they agreed to pay it "out of anything they owed Lancaster," or "out of what might be due Lancaster by them," and this expression, in substance at least, runs through the whole of the evidence. The jury returned this verdict: "(1) Are the defendants indebted to the plaintiffs? Answer: Yes. (2) If so, in what amount? Answer: \$61.50." The judge charged the jury that, if the acceptance of the order by the defendants was unconditional, the defendants were bound to pay it, whether they owed Lancaster anything or not, and, if they so found, their answer to the first issue should be, "Yes," and to the second issue, "\$61.50"; or, if they found that it was accepted conditionally, that is, upon condition that defendants would pay it "out of any money that is due Lancaster by them," and they further find that, at the time they accepted the or-

der, there was money due Lancaster to that amount, or that they owed Lancaster the amount after the day on which the order was presented, they should answer the first issue, "Yes," and the second issue, "\$61.50"; but, if they found that defendants owed him nothing and the acceptance was conditional, their answer would be, "No," to the first issue. Exceptions were duly taken to these instructions, and a motion for a new trial based upon them, and each of them, as erroneous, was overruled. Judgment and appeal by defendants.



OPINION OF THE COURT (IN PART)

WALKER, J. (After stating the facts as above): There was error in the charge to the jury. After a careful examination of the evidence, we can find none which tends to prove that the acceptance of the order was unconditional. The testimony of the witnesses on both sides was to the effect that defendants agreed to pay the order, if they owed Lancaster, or whatever amount they owed him. As there was no evidence to support the first branch of the instruction as to the unconditional character of the acceptance, the judge should not have submitted that, as a phase of the case, to the jury. *Worley vs. Logging Co.*, 157 N. C. 490. The trial judge should not charge the jury upon an aspect of the case which is not supported by the evidence. *Stewart vs. Carpet Co.*, 188 N. C. 60, *Jones vs. Insurance Co.*, 153 N. C. 388, and authorities therein cited.

If defendants accepted the order upon the condition that they would pay it if they were indebted to Lancaster in that amount, or that they would pay any amount owing to him, and it turned out that they did not owe him, there would, of course, be no liability to plaintiff; but if they did owe him, and the order was presented to them, or they were notified of it, and especially if they promised to pay it out of any money due Lancaster, they would be

liable to the extent of the indebtedness, not exceeding, though, the amount of the order and accrued interest. *Brem vs. Covington*, 104 N. C. 589, 10 S. E. 706. In that case it was held that the order, when duly brought to the notice of the defendant, was in effect an equitable assignment of the amount ordered to be paid, if so much was in the hands of the person upon whom it was drawn.

Plaintiff can recover also upon the acceptance of the order, not treated as an equitable assignment, if the defendants owed Lancaster, as the acceptance would constitute a promise to pay, founded upon a sufficient consideration, viz., the release of Lancaster, and the fact that they owed him which would also support the promise to pay the amount thereof to the plaintiffs, instead of to Lancaster. *Brem vs. Covington*, supra; *Mason vs. Wilson*, 84 N. C. 51. If defendants owed Lancaster, plaintiffs will be entitled to recover, in addition to the principal amount, interest from the date on which the order was presented, if the debt to Lancaster was then due. *Brem vs. Covington*, supra.

The jury were further instructed that, if defendants "promised to pay it and accepted it, then they are bound, and the plaintiff's would be entitled to recover." This is erroneous, as there was no evidence to show an absolute promise, but only a conditional one, and, besides, it is objectionable in form, as not addressed to any particular issue. *Farrell vs. Railroad*, 102 N. C. 390.

There was also evidence in this case that defendants owed Lancaster nothing at the time the order was presented or afterwards. They paid him \$250, "in compromise and settlement," to get rid of him and in this way buy their peace, as he had threatened them with a lawsuit. We need not consider the question whether an unconditional parol acceptance would be binding, as founded upon a sufficient consideration and not affected by the statute of frauds, as there is no evidence now of such a promise. We have referred to *Mason vs. Wilson*, where it is held that, if the drawee has money belonging to the

drawer, the latter's promise to pay the debt of the former to a third person, who is his creditor, is an original and independent one, based upon a new consideration and binding upon the promisor, and not being, therefore, within the statute of frauds. * * *

For the error in the charge, the case must be tried again.

New trial.

79 S. E. Rep. 1100.



Stop Payment

MISSOURI.

Check Given for Gambling Purposes.

Springfield Court of Appeals, Missouri,
January 7, 1914.

KELLOGG VS. CITIZENS BANK OF AVA.

The drawer of a check may stop payment on the same at any time before the instrument is paid or certified. The giving of a check is not (in Missouri) an assignment of the fund.



ACTION by M. Kellogg against the Citizens' Bank of Ava. There was a judgment for plaintiff, and defendant brings error. Affirmed.



STATEMENT OF FACT

ON Sunday night, April 26, 1912, plaintiff and John Wash Singleton and Willis Holt and Nath Wright met in the storeroom of the J. W. Singleton Grocery Company, in Ava, and engaged in a game of poker. During the game it became necessary for plaintiff to have more funds, and to meet this necessity plaintiff executed four checks payable to the J. W. Singleton Grocery Company, three for \$50 each and one for \$30; all being drawn on the defendant bank. The game continued until after midnight, and when it was over plaintiff had nothing to show for his \$180 but experience and remorse.

It appears that he went to his broth-

er's home, but soon hastened back to Ava and at about dawn called at the residence of A. P. Miller, the cashier of the bank on which the four checks had been drawn, and informed Miller, according to plaintiff's testimony, that he had been intoxicated the night before and was robbed of the amount of money represented by the checks, and the uncontroverted evidence is that he then and there notified Miller not to pay the checks.

Miller at the time told him he was probably a little late for the reason that he already had the checks, showing them. It appears that, when the game closed, John Wash Singleton took the checks out of the cash drawer of the grocery company and handed them to Willis Holt, and the latter, representing Singleton or the grocery company, as the case might be, took them to Miller's residence, aroused him, and told him that he wanted credit for the \$180, delivering over the checks. This had occurred about one o'clock in the morning, at which time Miller had informed Holt that plaintiff had enough money in the bank to meet the checks and that he would give Holt credit for them when the bank opened.

Holt told Miller that the reason he presented the checks at such an hour was because he expected to go home and would not be in town to cash them when the bank opened. The evidence shows that, after plaintiff made his visit to Miller and notified him not to pay the checks, he called on an attorney of Ava, who went to the bank before it opened for business and notified an assistant in the bank, not to pay these checks.

At about 9 o'clock, Miller, the cashier, came to the bank. He testified that he immediately made out a deposit slip to Holt for the amount of these checks and charged it against the account of the plaintiff, but that he did not pay Holt the amount for the reason that he did not know but that he might also be compelled to pay the same to plaintiff.

On May 1st thereafter the plaintiff drew a check for his supposed balance

of \$180 on the defendant bank in favor of the Bank of Ava, which was not honored when presented for payment. Defendant bank refused to pay the \$180 to Holt or to plaintiff and holds the fund subject to such disposition as shall be made of it in this action.



OPINION OF THE COURT

FARRINGTON, J.: The case made by the plaintiff is that he gave certain checks payable to the J. W. Singleton Grocery Company during the night of April 26, 1912; that before said checks were paid, and before any certification of acceptance, he notified the cashier of the defendant bank, on which they were drawn, as well as an assistant in said bank, that he countermanded them, and that, having done this, the fund deposited theretofore by him with the defendant was still subject to his check, and that having demanded that the amount so deposited be turned over to him, which was refused, he is entitled to maintain this action. The defendant bank contends that, since its cashier received the checks in his possession from Holt, the holder of the checks, soon after midnight, this effectually transferred the fund in the bank to Holt and made the bank liable to Holt for the amount. In this defendant misconceives the law.

Much is said in the briefs concerning the validity or invalidity of the checks because of the use to which the money was put that was advanced as the consideration for them. This has nothing to do with the question before us, and it is unnecessary for us to decide whether the money or the checks were played off at the game and whether the checks were tainted with illegality.

One thing is very apparent in this record, which is that both the giver and receiver of the checks acted with unusual diligence in attempting to protect such rights as might have accrued. The holder of the checks, "swifter than arrow from the Tartar's bow," caused the checks to be presented to

the awakened cashier, and "Aurora had but newly chased the night, and purpled o'er the sky with blushing light," when plaintiff disturbed the accommodating cashier and notified him not to honor the checks.

It has long been the settled law of this State that the giving of a check is not an assignment of the fund to the payee and that the drawer may countermand its payment at any time before payment is actually made or written acceptance given by the drawee. A check in the hands of a payee is nothing more than an order given by the party having a right to make disposition of a fund in the hands of his debtor, and if, before such order is acted upon either by payment or by written acceptance, a subsequent order is given to dishonor the original order, the subsequent order controls.

It is admitted in this case that so far as the cashier doing anything effectual is concerned, no steps were taken until after the bank opened for business on Monday morning, at which time the cashier merely charged the amount to plaintiff's account and gave the credit to Holt's account. Several hours before, the bank, through its authorized agents, received notice to dishonor the checks, and this is not denied.

The law governing the question before us is well declared in the case of *Albers vs. Commercial Bank*, 85 Mo. 173, where it is held that the drawer of a check on a bank can countermand its payment before the payment is made; he being liable for the consequences of his act in doing so. See, also, *Dickinson vs. Coates*, 79 Mo. 250; *Coates vs. Doran*, 83 Mo. 337; *Bank of Springfield vs. First National Bank*, 30 Mo. App. 271.

The defendant bank makes the point that, because its cashier retained the checks and thus deprived Holt of the possession of the same, it became liable to him. The cashier retained the checks from about one o'clock in the morning until about nine o'clock the same morning, at which time he did everything he could do to transfer the title to this fund to Holt.

There is no showing that if Holt had had possession of the checks during that time, or at any time afterward, he would have been in any better position, so far as collecting the money is concerned. And even though the act of the cashier should bind the bank to Holt, that would be no defense to plaintiff's cause of action because, as has been shown, before the checks were actually paid or accepted in writing (section 10102, R S. 1909), plaintiff had the right to countermand their payment, and any act of the bank, working a detriment to Holt or misleading him to his damage, would not be an act that would make the plaintiff's account liable for such act.

The judgment of the circuit court is in full accord with the law and is, therefore, affirmed.

162 S. W. Rep. 648.



Payment Through Clearing-House

NEW YORK.

Right of a Bank to Rescind Payment Made Through Clearing-House—Clearing-House Rules.

New York Supreme Court, Appellate Division, First Department, December 31, 1913.

HENTZ VS. NATIONAL CITY BANK.

The payee of a check which has not been accepted by the bank upon which it is drawn cannot maintain an action against the bank, even though the maker has on deposit sufficient funds to pay it.

A payment made through a clearing house is in no sense a payment binding upon the bank upon which it is drawn, where under the rules of the clearing house association a check or draft thus received may be returned to the bank from which it was received at any time before three o'clock that day.

The payment of a clearing house balance is not a payment of any particular check and does not become so until the time within which the check may be returned has expired.

ACTION by Henry Hentz et al. against the National City Bank of New York. From an order overruling a demurrer to the complaint on the ground that it did not state facts sufficient to constitute a cause of action, defendant appeals. Reversed, and demurrer sustained, with leave to serve amended complaint on condition.



STATEMENT OF FACT

ON the eighteenth of January, 1910, Lathrop, Haskins & Company had on deposit with the defendant a sum in excess of \$25,000. On that day they drew their check for \$25,000 payable to the order of the plaintiffs, to whom the same was delivered. The plaintiffs indorsed the check and deposited it with the Mechanics' National Bank, which, on the nineteenth of January, presented it to the defendant for payment through the New York Clearing-House. At the time the check was presented Lathrop, Haskins & Company had a credit with the defendant of \$54,819.98. After the check had been paid through the clearing-house it was taken by the defendant to its banking house, and there remained until two o'clock on that day, when it was returned to the Mechanics' National Bank on the ground that the maker had made an assignment. The Mechanics' National Bank thereupon, acting in pursuance of the universal custom prevailing among clearing-house banks in the city of New York, immediately repaid the amount of the check to the defendant, leaving the matter of the merits of the claim to be thereafter adjusted.

After the check was received from the clearing-house, the defendant continued to receive deposits from Lathrop, Haskins & Company, and to accept and pay their checks until such firm made a general assignment for the benefit of creditors, which occurred about 12.30 o'clock on that day. Deposits received from such firm on the nineteenth, prior to the general assign-

ment, amounted to \$491,845.80, which, with the balance remaining to its credit the night before, made a total of \$546,165.78, against which defendant had paid or certified checks presented directly to it, to the amount of \$525,963.47, which left a balance of only \$20,202.31 to pay the check in question.



OPINION OF THE COURT

MCLAUGHLIN, J.: I am of the opinion that the judgment appealed from should be reversed and the demurrer sustained. The payee of a check which has not been accepted by the bank upon which it is drawn cannot maintain an action against the bank, even though the maker has on deposit sufficient funds to pay it. Negotiable Instruments Law (Consol. Laws 1909, c. 38) § 325.

The defendant therefore is not liable to the plaintiff upon the check in question unless it be held that its presentation and acceptance through the clearing-house is sufficient to bind it. It is not alleged, nor was it claimed upon the argument of the appeal, that the defendant paid any of the other checks of Lathrop, Haskins & Co. received from the clearing-house on the nineteenth.

I do not think what occurred at the clearing-house in any way obligated the defendant to pay the amount of the check. The New York Clearing-House is a voluntary association of banking institutions, having for its object the common exchange of checks, drafts or other obligations payable on demand, held by each member of the association against every other member, and a settlement of the differences. The rules of the clearing-house are not set out in the complaint, and while it is possible we might take judicial notice of them (*Agawam Bank vs. Strever*, 18 N. Y. 502; *Merchants' National Bank vs. Hall*, 83 N. Y. 338; *Hutchinson vs. Manhattan Co.*, 150 N. Y. 250; *Louisville Trust Co. vs. Louisville Ry. Company*, 174 U. S. 688) nevertheless it is

unnecessary to go to that extent, because the learned counsel for the respondent conceded upon the argument that we might do so, since the decision of the question involved was desired upon the merits rather than upon a technicality.

Taking into consideration the rules of the clearing-house, which, so far as affects the question here presented, are set forth in *Mt. Morris Bank vs. Twenty-Third Ward Bank*, 172 N. Y. 244, and *Citizens' Central National Bank vs. New Amsterdam National Bank*, 128 App. Div. 554, affirmed 198 N. Y. 520, it at once becomes apparent, as it seems to me that the conclusion reached by the court at Special Term is erroneous.

A payment through the clearing-house and a payment over the counters of a bank upon which a check is drawn are entirely different. The clearing-house is simply a representative of all the banks who are members of it. Its purpose is to enable these banks to go to the clearing-house each day and there present checks drawn on other clearing-house banks received the day before and receive from the clearing house checks drawn on the presenting bank which have been sent in by some other member. The clearing-house then balances the checks sent by a bank against those sent to it, and later in the day a bank either pays or receives the balance due to or owing by it; in other words, it is an adjustment of balances, solely for the convenience of the banks who are members of the association. It is in no sense a payment binding upon the bank upon which it is drawn, so far as the payee named therein is concerned, since under one of the rules of the clearing-house association a check or draft thus received may be returned to the bank from which it is received at any time that day before three o'clock in the afternoon.

The payment of a clearing-house balance is not a payment of any particular check and does not become so until the time within which the check may be returned has expired. *Daniel on Negotiable Instruments*, § 1622A; *Stuyve-*

sant Bank vs. National Mechanics' Banking Association, 7 Lans. 197; Merchants' National Bank vs. Bank of the Commonwealth, 139 Mass. 513. This would seem to follow from the necessity of each case, because a bank upon which a check is drawn has no opportunity to examine it until after it has been received from the clearing-house. Among the checks presented at the clearing-house may be forged checks, checks drawn against insufficient funds, and checks upon which payment has been stopped; but, irrespective of their validity, all of them must, in making payment through the clearing-house, be charged against the bank upon which they are drawn in order to ascertain and adjust the balance; and, if a check be thus paid, then the bank can protect itself under the rules by returning it to the bank from which it was received, within the time specified. This is precisely what the defendant did.

Columbia-Knickerbocker Trust Company vs. Miller, 156 App. Div. 810, recently decided by this court, is, as it seems to me, decisive of the question here presented. There, a check was drawn by Lathrop, Haskins & Company on the same day as the one in question. It was payable to the order of one Miller. He deposited it with the Columbia-Knickerbocker Trust Company, which, in turn, presented it to this defendant National City Bank, through the New York Clearing-House on January 19th. After its receipt from the clearing-house, it was returned by the National City Bank in the same way as the check here, and the same was repaid by the trust company. In the meantime the trust company had given Miller credit for the amount of it, but he refused to pay back the money which he had received, whereupon an action was brought against him to recover the same. The principal defense relied upon was that the trust company had been paid through the clearing-house. The court held that the trust company had an absolute right to return the check, and payment through the clearing-house was not payment of any par-

ticular check until the time had expired within which it might be returned.

The order appealed from, therefore, should be reversed, with \$10 costs and disbursements, and the demurrer sustained, with \$10 costs, with leave to serve an amended complaint on payment of the costs in this court and in the court below. All concur.

144 N. Y. Supp. 979.

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.

INDORSING WITHOUT RECOURSE

NEW YORK, March 30, 1914.

Editor Bankers Magazine:

SIR: In your legal department the statement was recently made that an indorser could relieve himself of responsibility by indorsing "without recourse." I hold that even though he so indorse, he assumes certain obligations regarding the instrument, the exact nature of which I do not fully understand. Can you advise me in this respect? J. A. G.

Answer: The endorser "without recourse" especially declines to assume any responsibility as a party to the bill or note, but by the very act of transferring it, he engages that it is what it purports to be—the valid obligation of those whose names are on it. The holder may recover against the endorser without recourse: (a) if any of the prior parties' signatures were not genuine; (b) if the note was invalid between original parties because of want of or illegality of the consideration; (c) if any prior party was incompetent; or (d) the indorser was without title. An indorsement without recourse, or at the indorsee's own risk, renders the indorser a mere assignor of the title to the instrument, and relieves him of all responsibility for its payment, though

not from the liabilities above named. (Daniel on Negotiable Instruments, pp. 670 and 705.)



PAYMENTS UPON FORGED ORDERS

BOSTON, MASS., March 10, 1914.

Editor Bankers Magazine:

SIR: Can you refer us to any numbers of your MAGAZINE in which cases are cited as to decisions, etc., in regard to payments of savings bank accounts upon forged orders, especially when all due care was taken to protect the depositor by signature on file, etc. If so, will you please give us the volume and page number, as we have your MAGAZINE on file for several years back.

TRASURER.

Answer: The relation of a savings bank to its depositors is contractual in its nature, the terms of the contract being embodied in the by-laws, to which the depositor either actually or impliedly consents. The bank usually agrees to pay on presentation of the pass-book, but sometimes covenants in addition to use "due care," "all reasonable precaution to prevent fraud," or words to this effect. As soon as the court is asked to pass upon a transaction between the bank and the depositor, it will immediately look into the by-laws to see what the contract was, and construe the transaction in the light of the terms used. As a general proposition of law a savings bank is required to use due care in the payment of money, and if the court is satisfied that due care has been used, will hold the bank harmless. Due care would seem to consist of: (a) Possession of the pass-book; (b) signature that will pass inspection of an ordinarily careful teller; (c) there must be nothing to excite suspicion; (d) the test questions must be fully answered. The rules prescribed by a savings bank for its protection in the payment of deposits do not dispense with the exercise of ordinary care upon the part of its officers, and if by a custom or regulation adopted by it, designed to prevent fraud, a

fact is brought to the knowledge of such officers, calculated to excite suspicion and inquiry on the part of an ordinarily careful person, a failure to institute such inquiry is negligence for which the bank is liable. But to be evidence of negligence the dissimilarity of signature must be so marked and apparent that it would be readily discoverable by a person competent to hold the position of teller, and not one as to which competent persons might honestly differ. (Appleby vs. Erie County Savings Bank, 62 N. Y. 12.) Where a savings bank is bound by its rules to exercise its best care to prevent fraud, it is not protected by a clause in such rules that a payment to one producing a deposit book shall be deemed good and valid, in case of payment made by it, merely upon the production of a depositor's book, to one who has wrongfully obtained possession of and produces it under circumstances such as would necessarily excite suspicion and inquiry; as where the person who presents the book is of a different sex from the depositor. In the absence of any rules assented to by its customers, a savings bank is to be governed by the same legal principles which apply to other moneyed institutions. Where it has prescribed rules to which a depositor has assented, they are the agreement between them, and each must conform to them to preserve rights against the other. (Allen vs. Williamsburgh Sav. Bank, 69 N. Y. 314.) In the case of Kelly vs. Buffalo Savings Bank the court said: "In view of what has been said concerning the relations of savings banks and their depositors towards each other, it becomes obvious that any general rule that would require savings banks to act in such circumstances at their peril, without regard to the degree of care exercised, would ultimately cast as great burden upon depositors and their legal representatives as upon the banks, and would disastrously affect the beneficent work which such institutions are designed to accomplish. If it were the duty of the savings banks to establish at all hazards the identity of every person presenting a depositor's

bank book and draft, it would be quite as impossible for them to continue business as it would be for some persons to avail themselves of the best-known and most generally understood method of investing and accumulating the fruits of frugal and patient economy. The same would be true of any other rule so onerous in its operation that such institutions could not do business without

great inconvenience both to them and their depositors. Upon reflection it becomes obvious, therefore, that the only practicable general rule to which savings banks can be safely held in such dealings is the rule of ordinary care, leaving it to be applied in the light of the special circumstances that characterize each separate case." (Kelly vs. Buffalo Sav. Bank, 160 N. Y. 171.)

Investments

Conducted by

FRANKLIN ESCHER

Farm Loans as Investments

THE population of our country is growing at an enormous rate, "Bonds and Mortgages" points out, yet the percentage of increase is at a much less ratio than the increasing demand of the population for the necessities of life. The acreage of tillable and arable land in first and second hands is rapidly being cut down, so that the proposition of great holdings of land for speculation is fast passing away.

The farm mortgage offered to the investing public is usually upon the personal domain, the kingdom, as you might say, of the borrower; the farm is his home, upon which, in a majority of cases, he has expended years of anxious thought and much manual labor. The acreage under the plow is his workshop, to which he becomes attached by constant and daily travel, to and fro, over its fertile soil. In his home reside his wife and children, in whom he has great pride and hope; his wife is a co-laborer in every move to make the home attractive, comfortable and productive; and last, over-reaching all, is the great desire that the

home may eventually be theirs free of incumbrance. The children, as soon as they are able to learn, are taught the usefulness of household economy, the profitableness of their co-labor with their father and mother on the farm; and, a little later, they are working side by side with the father and mother, with the same hope and desire and determination to pay off the mortgage, and to be able to say, "This is our home, the product of our labor, where we can enjoy the remainder of our days in peace, quietude, contentment and freedom from strife and worry."



THE farmer is the most independent worker in the realms of life's activities. His labor is continuous, unaffected by strife between labor and capital, labor unions, or the ramifications of business competition. His ground rightly worked, his seed properly sown, his harvest judiciously gathered, his products are his own, returning him increment manifold over that of a man's investment of capital in business. The value of his farm is

MEGARGEL & Co.

BANKERS

Dealers in High Grade Railroad Bonds

35 PINE STREET

NEW YORK

unaffected in the long run by the ups and downs of finance. His business or profession is recognized as honest; it calls for as wide a range of reading, and as high a degree of intelligence, and his vocation ranks as a peer with any of the mental or physical activities of men, and the increasing value of his land makes him richer and richer every year. These are some of the fundamental reasons why a farm mortgage is the ideal investment. The critical and careful investor, whether he lives in the cities of the East or the farming regions of our country, appreciates the value of a farm mortgage.



IN late years notable revival has taken place in the interest shown in farm mortgages by conservative investors. Many years ago when the Middle and Far West were undergoing their early development, the interest rates on these mortgages were so high as to make conservative investors shy of them. Since then intrinsic values having increased so much and the supply of money having increased, a reduction in interest rates has taken place. These circumstances have combined to make this form of investment very attractive. Farm mortgages now belong among investments in which, when carefully made, one's principal may be regarded as practically safe and the security beyond dislodgement.

The New Thrift

A Nation-Wide Movement Towards
Greater Individual Economy as an
Offset to the High Cost of
Living

By T. D. MacGREGOR.

THE continued rise in the cost of living unaccompanied to any great extent by a corresponding increase of individual incomes, is making many an American family right-about-face in the matter of personal and domestic economy.

Perhaps the new tariff will reduce the cost of living eventually, but it hasn't yet. Possibly Governmental investigating commissions may lead to that consummation, but there are no signs of it yet. And no other panacea has been found for it. Apparently, therefore, for the present at least, there is no hope of abating the steady rise in the price of everyday necessities, and, so far, no way has been found to beat the high cost of living except to stop living so high.

Confronted by a situation approximating that hypothetical one which may arise if the conjunction of an irresistible force and an immovable body ever takes place, the average householder is coming to the conclusion that while the force may be irresistible, the body is not immovable.

In other words, an increasing number of persons in this country are making a determined effort to meet the greater demands upon the family ex-



The American National Bank

SAN DIEGO, CAL.

Capital	\$200,000.00
Surplus and Undivided Profits	177,000.00
Total Resources	2,270,000.00

J. W. SEFTON, Jr., Pres.

I. ISAAC IRWIN, Vice-Pres.

L. J. RICE, Asst. Cashier

C. L. WILLIAMS, Cashier

T. C. HAMMOND, Asst. Cashier

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.

chequer by earning more and by saving more. They have come to believe in the idea succinctly expressed by this slogan which one Western newspaper has nailed to its masthead: "Demand causes high prices. Individual retrenchment is the only effectual individual defense."

So that the present upward movement of prices, at any rate, is likely to have this beneficial effect that it will tend to bring about a salutary change in the popular attitude toward the whole idea of thrift and saving. Mr. "Common People" of the cartoons gets the worst of it, as a rule, but he has his own ideas and usually they are right. Just now he is making up his mind that if it is not possible to maintain a proper margin of safety between income and outgo, otherwise at least he can practise greater economy and make ends meet, if not lap a little, by a more systematic handling of personal income and expenses.



A REALIZATION of this fact is by no means general. It is going to take time for the leaven of the new economy to work, but a significant thing is that there are many distinct movements looking toward the curtailment of extravagance and the promotion of genuine thrift throughout the nation. These are entirely aside from any efforts to lower prices such as the recent egg boycott of the Housewives' Leagues—the more or less effective

means used by Mrs. "Common People" to make herself heard and her influence felt in these parlous times.

One of the most striking indications that we are becoming convinced of the folly of wasting our substance by carelessness if not in riotous living, is the so-called conservation movement. It is only in recent years that we have heard much of that. To-day the great political parties deem the idea of sufficient importance to incorporate it in their platforms and legislative action is urged to save our natural riches from waste and dissipation.

There are Governmental bureaus of standards, efficiency and economy commissions, and other agencies working to save the money of the people as a whole. But the individual citizen is having his chance to learn genuine economy, too. For something over a year now, the Savings Bank Section of the American Bankers Association has been conducting a campaign of popular education along the line of thrift, showing the people, by free public lectures and by articles in the newspapers, the necessity and advantages of saving, and giving concrete examples of the ways and means employed by successful savers. Lest the reader discount the significance of this effort on the part of savings bank men, let it be understood that some of the biggest savings banks in the country are "mutual" institutions conducted solely for the benefit of their depositors, who receive in the form of interest all profits over and above necessary expenses and a moderate part of the profits set aside

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

in a surplus fund to provide for unexpected losses or expenses.



THE rapid extension of the school savings bank idea is another manifestation of the virility of the new thrift movement. Late statistics show that there are almost 200,000 depositors in school savings banks and the total deposits are well over \$1,000,000. The Women's Christian Temperance Union, as well as the bankers' association, is interested in the effort to train the young to save in a sensible manner. The Young Women's Christian Associations in practical ways are encouraging their members to save.

Then there are the out and out advertising efforts of the banks, which in the past few years have become very powerful appeals for genuine thrift and wise investment of savings. And under this head must be classed the Postal Savings Bank because the Postoffice Department is now urging the postmasters to advertise the Postal Savings Bank as much as possible for the good of the people at large. So that the Postal Savings Bank is no small element in the new thrift which is making itself felt. A feature of the advertising of the savings departments of many national banks, trust companies and other financial institutions lately has been the organization of Thrift or Savings Clubs in which the enthusiasm of numbers and a common purpose adds strength to the individual instinct of saving.

An "American Society for Thrift" has been organized in Chicago with the avowed purpose of "promoting nationally the individual thrift which is the basis of good citizenship and community prosperity." Men of prominence, including Governors of several States,

are back of this movement, which, like all of the other similar efforts referred to in this article, aims to advocate a broad and sensible view of economy, pointing out to the people that, as a great English statesman said, "Thrift is not meanness, but management."

Is it not quite possible that in good, old-fashioned thrift may be found the solution of the difficult problem of living up to modern standards under modern conditions?



Investment and Miscellaneous Securities

Quoted by J. K. Rice, Jr., & Co., Brokers and Dealers in Miscellaneous Securities, 36 Wall St., New York.

	Bid	Asked
Adams Express	96	100
American Bank Note Com.	38	41
American Bank Note Pfd.	50	52
American Brass	142	145
American Chiclet Com.	193	198
American Chiclet Pfd.	96	99
American Dist. Tel. of N. J.	59 1/4	61 1/2
American Express	100	103
Atlas Portland Cement Com.	38	41
Atlas Powder Co.	115	118
Autosales Gum & Chocolate	21	24
Babcock & Wilcox	98	100
Bordens Condensed Milk Com.	111	113
Bordens Condensed Milk Pfd.	105	106 1/2
Bush Terminal	50	50
Celluloid Company	128	130 1/2
Childs Restaurant Co. Com.	130	137
Childs Restaurant Co. Pfd.	102 1/2	104 1/2
Computing-Tabulating-Recording	32	34
Connecticut Railway & Light Com.	60	65
Del., Lack & Western Coal	275	285
E. I. du Pont Powder Com.	125	130
E. I. du Pont Powder Pfd.	87	89
General Baking Co. Com.	10	15
General Baking Co. Pfd.	48	53
Hercules Powder Co. Com.	125	130
International Nickel Com.	120	122
International Nickel Pfd.	105 1/2	107
International Silver Pfd.	110	113
King's Co. E. L. & P.	120	122
New Jersey Zinc	550	600
New York Railways	24	27
Otis Elevator Com.	75	77
Otis Elevator Pfd.	94	97
Phelps, Dodge & Co.	210	220
Remington Typewriter Com.	24	26
Remington Typewriter 1st Pfd.	96	98
Remington Typewriter 2nd Pfd.	88 1/2	90 1/2
Royal Baking Powder Com.	182	188
Royal Baking Powder Pfd.	106	107 1/2
Safety Car Heating & Lighting	105	107
Sen Sen Chiclet	93	98
Singer Manufacturing	314	319
Standard Coupler Com.	28	33
Union Ferry	30	35
U. S. Express	72	76
Virginian Railway	20	23
Wells Fargo Express	89	92
Western Pacific	3 1/4	4 1/4

Safe Deposit

Safe Deposit Companies Are Landlords Not Bailees

By Milton W. Harrison,

Brooklyn Savings Bank, Brooklyn,
N. Y.

THE relation of landlord and tenant exists whenever the person in possession of lands or tenements occupies them in subordination of the title of another, and with his assent expressed or implied. The holding must be with permission of the landlord, and without this permission the relationship cannot exist. Mere possession does not of itself establish a tenancy. The chief difference between a tenancy and a license is that the tenant has possession and control, which he can maintain against all the world, while a licensee has no interest in the land, and the license can be revoked at the pleasure of the landlord.

The landlord never has any general right to enter upon the premises leased by him, but he may enter for the purpose of demanding rent; to repair; to prevent waste, or to remove an obstruction; but as a general rule he has no right to enter for any other purpose without the consent of the tenant unless such right has been reserved by him in the lease. Except as outlined above, a landlord has no more right than a stranger to disturb the tenant in his quiet and peaceable possession of the premises during the term of the lease.

The principal right which the tenant has, not only against the landlord but against all the world, is the right of possession. He has the absolute right to the peaceable and quiet possession of the premises. The landlord is, however, under obligation to protect his tenant and assure him quiet and peaceful enjoyment of the premises so let.

A recent case in the New York courts has thrown the decisions on the sub-

ject of bailments as applied to the safe deposit company into a state of confusion, which may ultimately bring about a more just and equitable relationship between such depositary and depositor.

The decisions up to *People vs. Mercantile Safe Deposit Company* (148 New York Supplement at page 849), recently unanimously decided by the Appellate Division of the New York Supreme Court, have held that the safe deposit company was a bailee for hire for all property deposited in their deposit boxes or safes. Where the depositary received "upon deposit as bailee for safe keeping and storage, jewelry, plate, etc.," for which a receipt is given, it is not contended that there exists any other relationship than that of bailor and bailee; but the question considered is whether "*to let out vaults, safes and other receptacles*" constitutes a relation of landlord and tenant.



BAILMENT DEFINED

A BAILMENT is defined by Beal as "a delivery of goods on a condition, express or implied, that they shall be restored by the bailee to the bailor, or according to his direction, as soon as the purpose for which they were bailed shall be answered." And further "Schouler on Bailees" states: "To constitute a person a bailee of property he must have a full and complete possession of it, as to exclude for the time of the bailment the possession of the owner." All of the authorities agree that possession must be in the bailee in order to constitute a bailment, which, as will be shown, is conspicuously absent in the leasing of a certain space to a renter of a safe by a safe deposit company.

A person goes into the office of a safe deposit company intent upon renting a safe for the keeping of his valuables. A few questions are asked, a short

lease filled out and signed, and there is rented to him the desired box or safe. The transaction is then closed and the party is a bona fide customer of the safe deposit company. He is given two keys, which are the only keys of identical construction in existence, and he then proceeds to the opening of the box or safe in question.

In the possession of the depositary there is what is known as a master key, which must first be inserted before either of the two keys given the depositor will open the safe. Each lock contains six tumblers, one of which is lifted by the master key, leaving five tumblers to be lifted by the renter's key, which opens the safe. It is just as impossible to open the safe with the master key unsupplemented by the key of the renter, as it is with the renter's key without first inserting the master key. Access to the safe is only in the renter, the depositary having absolutely no way of getting into the safe except by forcing it.



ERROR OF THE COURTS

THAT the courts have been in error in the application of the law of bailments to safe deposit companies in this respect is shown in the case of *Lockwood vs. The Manhattan Warehouse Company* (50 New York Supplement at page 976), where the defendant's attorney tried to prove that the relationship was not one of bailor and bailee on account of the possession not being in the bailee. Van Brunt, J., in rendering the opinion of the court, stated:

"It is urged upon the part of the defendant that it was not the bailee because it was not in possession of the plaintiff's property. If it was not, it is difficult to know who was. Certainly the plaintiff was not, because she could not obtain access to the property without the consent and active participation of the defendant. She could not go into her safe unless the defendant used its key first, and then allowed her to open the box with her own key, thus,

absolutely controlling the access of the plaintiff to that which she had deposited within the safe. The vault was the defendant's and was in its custody, and its contents were under the same conditions."

From this it is quite evident that the honorable judge had not recognized the reason for the master key and renter's key. A safe deposit company holds itself out in the capacity of one affording a safe means for keeping valuable property and an undisturbed possession for its customers. It can readily be seen that the protection of the property is greatly increased by making it necessary, before a customer can get into his safe deposit box, that a key controlled by the depositary be first installed. In fact, the safe deposit company owns the safe, but has not the possession of the articles in it. The company leases the safe to the depositor, and he can do just as he pleases with the interior of it. The only right the depositary has over the control of the safe, is to have it opened and the contents taken out after a period of two years and thirty days, in the event of the depositor not paying his rent, which plainly resolves itself into a right of reentry on the part of the depositary. "Possession means exercise of power over a corporate thing, at pleasure, to the exclusion of all others." In the light of this argument, to assume possession in the depositary, is entirely false and unreasonable.



THE INCONSISTENCY OF THE RELATION

TO say that such depositary is held to a duty of ordinary care, and is liable for ordinary negligence for property the depositor misses from the safe and which the depositary never sees, is inconsistent. If this were the case it would be liable in the case of a certain absent-minded depositor who claimed that he had ten \$1,000 railroad bonds in his safe at a certain time, and subsequently, having occasion

to look into his box found only nine. A few months thereafter he is informed by the transfer office of the railroad company that the missing coupon bond has been paid, and traces it to his book-keeper, who had had money to invest and bought this bond from the depositor. Or in the case of the elderly lady, who reported to the safe deposit company the loss of an \$800 diamond brooch out of her safe and immediately accused the depository. She was finally induced, after great effort, to again look into her safe and there at the bottom of it, wrapped neatly in a piece of ancient newspaper, was found the valuable.

In *Roberts vs. Stuyvesant Safe Deposit Company* (128 N. Y. 60), the plaintiff placed in the safe rented to her by the Stuyvesant Safe Deposit Company a certain sum of money, some United States bonds and other securities. It appeared that a number of United States bonds had been stolen from a bank in Baltimore. The plaintiff's bonds in her safe were under suspicion. The Recorder of the city of New York consequently issued a search warrant, which was put into the hands of a police captain, who called at the safe deposit company and demanded entry into the safe. The safe deposit company refused, but made no resistance and pointed out the safe to the officer, who broke it open and removed all the property, worth approximately \$43,000, and delivered it to the district attorney.

Plaintiff brought an action against the safe deposit company on the ground that it did not use the care which an ordinarily prudent and cautious man would under similar circumstances. And further, that this liability is based upon the fact that the safe deposit company is a bailee for hire. The court held that a duty was incumbent upon the defendant to inquire into the search warrant and ascertain the contents. Inasmuch as the warrant merely demanded the United States bonds, the depository was liable to the plaintiff for the loss occasioned by what was taken out of the safe, other than the bonds, en-

tirely basing its conclusions on the fact that the defendant was a bailee. The relation indeed suggests great hardship on the Stuyvesant Safe Deposit Company. Here it is charged, entirely, with a liability which it was impossible for it to measure. Mrs. Roberts could have had a brick or a million dollars in securities in the safe, and her right of recovery against the depository would have been the same. Obviously the courts have taken but one point of view in the question at issue.

If the property placed in the safes could first go through the hands of the depository, it would seem another matter: the possession would most certainly be in the depository, as in the case of the ordinary warehouseman where valuables are deposited and a receipt given therefor.

(Concluded in the June Number.)



The Value of Gold

WORCESTER, MASS., March 14, 1914.

Editor Bankers Magazine:

SIR—Your answer to the following questions will be appreciated:

- (1) Does gold have a fixed value that does not fluctuate according to production?
- (2) Is it the same now as it was ten or thirty years ago?
- (3) If not, what is the difference in value and the present price?

These inquiries were referred to Hon. George E. Roberts, Director of the United States Mint, who makes the following reply:

"Gold has a fixed value in our money because the latter is based on gold. The term 'dollar' is distinctly applied by law to 25.8 grains of gold nine-tenths fine, or 23.22 grains of pure gold. It is evident, therefore, that so long as the law remains unchanged the 'price' of gold in our money is fixed. It has not been changed since the coinage act of January 18, 1837."

Banking Publicity

Conducted by

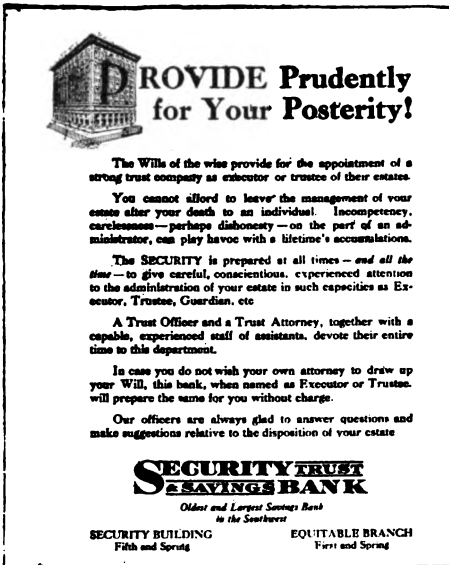
T. D. MacGREGOR

How Banks Are Advertising Note and Comment on Current Financial Publicity

IT'S a little late to mention 1914 calendars, but the American Trust Company of Boston has an artistic one, the different pages of which are illustrated with views of typical fire-places of old houses of New England.

In regard to it and some good safe deposit advertising, A. M. Horne, Advertising Manager, writes:

"This calendar is a second of a series following a set of twelve fine old colonial doorways which was issued in 1918. The photographs were collected by the writer and the design of the frame was taken from a fine old mirror. The subjects are particularly in-



**PROVIDE Prudently
for Your Posterity!**

The Wills of the wise provide for the appointment of a strong trust company as executor or trustee of their estates.

You cannot afford to leave the management of your estate after your death to an individual. Incompetency, carelessness—perhaps dishonesty—on the part of an administrator, can play havoc with a lifetime's accumulations.

The SECURITY is prepared at all times—and all the time—to give careful, conscientious, experienced attention to the administration of your estate in such capacities as Executor, Trustee, Guardian, etc.

A Trust Officer and a Trust Attorney, together with a capable, experienced staff of assistants, devote their entire time to this department.

In case you do not wish your own attorney to draw up your Will, this bank, when named as Executor or Trustee, will prepare the same for you without charge.

Our officers are always glad to answer questions and make suggestions relative to the disposition of your estate

**SECURITY TRUST
SAVINGS BANK**

*Oldest and Largest Savings Bank
in the Southeast*

SECURITY BUILDING EQUITABLE BRANCH
Fifth and Spruce First and Spring

**How We
Invest Trust Funds**

In selected farm mortgages, in loans upon improved city real estate and high grade bonds. These earn at high a rate of income as can be had with proper security. The income varies, of course, with rates of interest prevailing at the time funds are invested.

Whatever conditions may arise in the financial market, beneficiaries can depend upon the best net income which wide investing experience and vigilant care can procure. This is an advantage which few individual trustees are in a position to afford.

**THE NORTHERN
TRUST COMPANY**

Headquarters Corner La Salle and Monroe Streets
Capital \$1,500,000 Surplus \$1,500,000

DIRECTORS
G. C. BASTYEN, President, Chicago, Ill.
WILLIAM A. HULL, Vice-President, Chicago, Ill.
ALBERT W. BROWN, Vice-President, Chicago, Ill.
WILLIAM H. WELLS, Vice-President, Chicago, Ill.
WILLIAM H. WELLS, Vice-President, Chicago, Ill.
WILLIAM H. WELLS, Vice-President, Chicago, Ill.
WILLIAM H. WELLS, Vice-President, Chicago, Ill.

The Fangs of the Wolf

By your own hand you lay the imminent risk of poverty upon the shoulders of your family, when you fail to leave a clear will. Will you talk with our Trust Officer? He will tell you how you protect your loved ones when you appoint this strong, responsible Company your executor.

**THE UNION TRUST COMPANY
OF PITTSBURGH PENNSYLVANIA**

Capital and Surplus
THIRTY TWO MILLIONS

Don't Miss This
Chance to Secure
5%
FIRST Mortgage
Coupon Certificates.

We will have for sale a number of such certificates which can be had on very liberal terms—ranging from \$250 upward.


Principal and interest fully secured on high class real estate.

Call, write or inquire for further details concerning these desirable securities.

**REAL ESTATE
TRUST COMPANY**
1421 1/2 Chicago, Ill.

**As Registrar of
stock issues, the
Union Trust &
Savings Bank safe-
guard company
and shareholders**

No. 22



Each of us
in this service
holds up a
different
phase of
our service



STRICTLY A COMMERCIAL BANK
IN NEW YORK'S BUSINESS CENTER

IRVING NATIONAL BANK

NEW YORK

WOOLWORTH BUILDING

Underhill
© N. Y. 1934

A RECENT STRIKING EXAMPLE OF THE PUBLICITY WORK BEING DONE FOR THE IRVING NATIONAL BANK OF NEW YORK BY ASSISTANT
CASHIER R. J. FAUST, JR.

teresting to Bostonians, and our calendars have created a great deal of interest.

"I enclose herewith a safe deposit circular from which we have had very good results. As you may know, some time in the seventies Boston had a most disastrous fire which no one has forgotten. A short distance from our offices is the market and wharf district where the buildings are old and the fire risk great."

©

The "Handbook on Economy" is the latest offspring of the prolific advertising department of the Wachovia Bank and Trust Company, Winston-Salem, N. C. It contains a forty-six-question catechism on financial matters and many quotations and other matters on thrift.

©

"Before Making a Journey" is a side-indexed booklet issued by the Fifth Avenue Bank of New York containing a mine of valuable information for prospective travelers abroad.

©

The Home Savings Bank of Washington, D. C., advertises that gas and electric light bills can be paid at its

main office and two branches. The Cedar Rapids (Iowa) Savings Bank asks people to pay their taxes at the bank.

©

A new wrinkle in newspaper copy is seen in this advertisement of the Federal National Bank of Washington,

Federal Finance
By JOHN POOLE

**Preparing for
Business Responsibilities**

During the next few years hundreds of Washington young men will have opportunities to buy into growing concerns or to establish new business ventures.

In order to be prepared for opportunity they should take pains to cultivate, meanwhile, close relations with the right bank.

The Federal National Bank takes special pleasure in assisting young men in a business way, and invites them to maintain accounts here with future plans in view.

Our depositors receive on the first day of each month a complete "statement" of their account for the preceding month, with the return of all canceled checks.

As this statement is mailed, you are saved the inconvenience of presenting and calling for your passbook.

FEDERAL NATIONAL BANK
Southeast Corner 14th and G
Open Daily at 8:30 A.M.

A SIGNED ADVERTISEMENT

D. C. The only criticism of it is that it does not appear from the ad. who John Poole is, though probably everybody in Washington knows he is president of the bank.

©

The First National Bank of Toccoa, Ga., carries out the "Safety First" idea well in a booklet bearing that title.

©

Elroy H. Westbrook, cashier of the Laurel State Bank, Laurel, Mont., writes us: "We hand you herewith a folder that we have just sent out to the railroad men and think that perhaps it



**CANTON
HEAL**

GOOD ADVERTISING EMBLEM

Northern Pacific Railway Company.

Office of the Mechanical Superintendent.

H. H. QUINCY,
Mechanical Superintendent

W. A. GIBSON,
Mechanical Engineer

St. Paul, Minn. December 27, 1913.

NO. 3499
FILE NO. 3499

Personal Records,
Mr. Robert H. Carr

Mr. Hugh Shields,
Assistant Cashier,
Laurel State Bank,
Laurel, Montana.

Dear Sir:

Replying to your letter of December 24, I beg to advise that the oldest engineer in the employ of the Northern Pacific is Robert H. Carr. Mr. Carr was employed as a fireman October 1, 1871, and was promoted to the position of engineer, June 1, 1875, and has been in continuous service since, and is now in passenger service and resides at Brainerd, Minnesota, and it gives me considerable pleasure to incidentally mention that Mr. Carr's record is absolutely clear.

Yours truly,

H. H. Quincy
Mechanical Superintendent.

1-4



FROM A FOLDER APPEALING TO RAILROAD MEN

might be of interest to your department, 'How Banks are Advertising.' We reproduce the engine and double emblem cut and also the mechanical superintendent's letter. The folder contained this invitation to railroad men:

From the day of its opening, October 3, 1906, down to the present time, the business of the Laurel State Bank has gone forward without interruption. But never before has it been so well prepared to meet and satisfy the needs of its customers as now. It extends to all railroad men a very cordial invitation to become one of its patrons.



The State Savings Bank and Trust Company of Moline, Ill., gives people this good advice:

Always ask your banker's advice before investing your savings in any enterprise. The lifetime savings of many people are lost in unwise ventures when the banker's advice would have shown the investor the folly of speculation. Money in this bank is safe. The interest it earns is sure.



In its house organ, "Americans," the American Trust & Savings Bank of Birmingham, Ala., ran a novel and effective feature. It was a fac-simile reproduction of the signatures of the fifty-three officers and employees of the institution—from the chairman of the board down to the telephone operator. The introductory paragraph was:

YOU ARE INVITED BY A COMMITTEE OF FIFTY-THREE.

These fifty-three "Americans" invite you to more prosperity through the services they can render as officers and employees of the American Trust and Savings Bank.



The People's Savings Bank of Seattle, Wash., got a free write-up in the "Post-Intelligencer" of that city, a portion of which follows:

The People's Savings Bank is distributing to its depositors and all others who ask

for it the "Every-Day Almanac" and "Home Helps."

This is supplemental to their publicity plans for 1914, the first of a series of announcements to run every day in the year on the financial page of the Post-Intelligencer appearing in this issue.



Comment on Reproductions

FIRST NATIONAL BANK, Duluth
Strong, short, telling heading and snappy, well displayed copy.

HOME SAVINGS BANK, Toledo—Heading and border design well linked up. Copy used by bank not entering Federal Reserve Association.

FIRST NATIONAL BANK, Miami, Fla.—Good use of apt quotation and bank building as trade-mark.

MERCHANTS NATIONAL BANK, St. Paul—A good point well brought out.

THE CITY BANK, Syracuse—"Open all day Saturday," a very unusual banking service.

PEOPLE'S SAVINGS BANK & TRUST COMPANY, Moline, Ill.—Very distinctive design and compelling copy.



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 other changes.

- F. R. Adams, Will Co. National Bank, Joliet, Ill.
- American National Bank, Richmond, Va.
- Carl W. Art, manager, publicity department, Union Trust & Savings Bank, Spokane, Wash.
- A. F. Bader, publicity manager, City National Bank, Evansville, Ind.
- C. W. Bailey, cashier, First National Bank, Clarksville, Tenn.
- The Bankers Magazine, New York.
- H. C. Berger, Marathon County Bank, Wausau, Wis.
- C. J. Bevan, cashier, Exchange Bank, Genoa, Ill.
- E. L. Bickford, cashier, First National Bank, Napa, Cal.
- W. O. Boozer, treasurer, American Trust Co., Jacksonville, Fla.
- Jesse E. Brannen, cashier, First National Bank, Westwood, N. J.
- E. M. Baugher, president, The Home Building Association Co., Newark, Ohio.

WEALTH

is obtained by labor, it is preserved by saving; it is increased by diligence and perseverance.

A 3% savings account in the First National Bank will help you save and increase your savings.

The First National Bank of Duluth

A Chain No Stronger Than Its Weakest Link

The new Currency measure is a good one, but its successful working out will depend upon the character and ability of the men operating the banks that make up the system.

All banks will be helped by the new measure in so much as it increases confidence and helps all business.

We consider the high character and dependable ability and experience of the men back of the Home Savings Bank Company an asset of unsurpassed quality for the institution and a guarantee of perfect safety to its depositors.

THE HOME SAVINGS BANK
 MADEIRA AVE. & BROADWAY ST.
 TOLEDO, OHIO
 ESTABLISHED 1862 INCORPORATED 1906

The men who control the banks of a nation have more power for good or evil than all the rulers thereof. All reforms to be lasting and worth while must be worked out through economic channels, and the most powerful and far-reaching channel for this work is each community in the local bank.

—Eugene W. Nelson.

Few Large Deposits

are made in the Savings Department of this or any other bank. Nearly all money is done in SMALL sums.

Start an account in the Merchants National Bank even if you have but a small amount to begin with and our deposits will grow. Small but regular deposits make big balances with the aid of 3% per cent compound interest.

MERCHANTS NATIONAL BANK
 ESTABLISHED 1872
 6th & Minnesota Sts.
 SAINT PAUL
 THE BANK OF FINANCIAL SERVICE

Saturday Afternoons and Evenings

Whether your Bank account is large or small, you'll find the City Bank can and will render you exceptional service; many times it is most convenient and even essential to have the assistance of a Bank for making deposits, cashing checks, or drafts, or any number of other conveniences rendered by the City Bank.

THE CITY BANK

Open All Day Saturdays
 9 A. M. to 9 P. M.

of the People
 for the People
 Independent of the Political of Street

SUPPLEMENT YOUR OWN EFFORTS

With the knowledge and experience of a strong old financial institution like the Peoples Savings Bank & Trust Co. it will shorten the time it takes you to "arrive" at the business goal you have set before you.

This has been the experience on many successful men in Moline. Why not follow their example!

PEOPLES SAVINGS BANK & TRUST CO.
 ESTABLISHED BY YEARS

EACH UNUSUAL IN ITS WAY

- C. W. Beerbower, National Exchange Bank, Roanoke, Va.
- H. C. Bollman, assistant cashier, First National Bank, Collinsville, Okla.
- T. J. Brooks, cashier, The Guaranty Trust & Savings Bank, Jacksonsville, Fla.
- J. A. Buchanan, Guaranty Trust Co., Lancaster, Pa.
- F. B. Bunch, cashier, Merchants & Farmers Bank, Statesville, N. C.
- A. Bush, Jr., Ladd & Bush, bankers, Salem, Oregon.
- Citizens National Bank, Oconto, Wis.
- Commercial Bank, Midway, Kentucky.
- B. S. Cooban, Chicago City Bank and Trust Co., Chicago, Ill.
- Commercial Trust & Savings Bank, Prescott, Ariz.
- H. Reed Copp, assistant advertising manager, Old Colony Trust Co., Boston, Mass.
- Arthur S. Cory, Chehalis National Bank, Chehalis, Wash.
- Eugene E. Culbreth, Commercial National Bank, Raleigh, N. C.
- H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.
- Dexter Horton National Bank, Seattle, Wash.
- J. T. Donnellan, publicity manager, Security Trust & Savings Bank, Los Angeles, Cal.
- T. R. Durham, assistant cashier, Chattanooga Savings Bank, Chattanooga, Tenn.
- W. R. Dysart, assistant cashier, First National Bank, Ripon, Wis.
- J. C. Eherspracher, assistant cashier, First National Bank, Shelbyville, Ill.
- A. A. Ekin, secretary, North Side Savings Bank, New York City.
- F. W. Ellsworth, publicity manager, Guaranty Trust Co., New York.
- The Franklin Society, 38 Park Row, N. Y.
- E. W. Finch, assistant cashier, Birmingham Trust & Savings Co., Birmingham, Ala.
- First National Bank, Lead, S. D.
- Horatio Ford, secretary, Garfield Savings Bank Co., Cleveland, Ohio.
- Jas. P. Gardner, Montclair, N. J.
- Germantown Ave. Bank, Philadelphia, Pa.
- C. L. Glenn, advertising manager, Wachovia Bank & Trust Co., Winston-Salem, N. C.
- B. P. Gooden, advertising manager, New Netherland Bank New York.
- C. F. Hamsher, First National Bank, Los Gatos, Cal.
- Victor F. Hann, manager publicity department, The Fifth Avenue Bank, New York City.
- J. W. Hansen, cashier, Citizens State Bank, Sheboygan, Wis.
- E. A. Hatton, cashier, First National Bank, Del Rio, Texas.
- F. W. Hausmann, assistant cashier, North West State Bank, Chicago, Ill.
- John R. Hill, Barnett National Bank, Jacksonsville, Fla.
- N. M. Hokanson, State Bank of Chicago, Chicago, Ill.
- Frank K. Houston, assistant cashier, Third National Bank, St. Louis, Mo.
- L. M. Howard, vice-president, Continental Bank & Trust Co., Shreveport, La.
- Le Baron M. Huntington, manager publicity department, Registrar & Transfer Co., New York City.
- W. L. Jenkins, Farmers & Mechanics Trust Co., West Chester, Pa.
- N. W. Johnston, president, Illinois Trust & Savings Bank, Champaign, Ill.
- W. P. Jones, assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.

W. R. Kay, Jr., advertising manager, Sacramento Bank, Sacramento, Cal.
 C. B. Keller, Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.
 Geo. D. Kelley, Jr., treasurer, Newark Trust & Safe Deposit Company, Newark, Del.
 Kennett Trust Co., Kennett Square, Pa.
 Grover Keyton, New Farley National Bank, Montgomery, Ala.
 Edward W. Klein, advertising manager, Cleveland Trust Co., Cleveland, Ohio.
 M. R. Knauft, assistant cashier, Merchants National Bank, St. Paul, Minn.
 George L. Kreeck, treasurer, Farmers State Savings Bank & Trust Co., Lawrence, Kans.
 Henry M. Lester, National City Bank, New Rochelle, N. Y.
 L. W. Lovell, assistant cashier, The Lovell State Bank, Monticello, Iowa.
 H. Warner Martin, assistant cashier, Lowry National Bank, Atlanta, Ga.
 Charles S. Marvel, The First-Second National Bank, Akron, Ohio.
 H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago, Ill.
 Tom C. McCorvey, Jr., assistant cashier, City Bank & Trust Company, Mobile, Ala.
 J. C. McDonald, advertising manager, The City National Bank, Sulphur Springs, Texas.
 Frank Merrill, advertising manager, The Northwestern National Bank, Minneapolis, Minn.
 Will E. Morris, assistant cashier, Farmers & Merchants Bank, Stockton, Cal.
 E. R. Mulcock, Commercial National Bank, Syracuse, N. Y.
 Nebraska State Bank, Ord., Neb.
 Old State National Bank, Evansville, Ind.
 J. A. Overton, cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.
 R. B. Parrish, cashier, National Bank of Commerce, Williamston, W. Va.
 A. E. Potter, president, Broadway National Bank, Nashville, Tenn.
 W. W. Potts, treasurer, The Federal Title & Trust Co., Beaver Falls, Pa.

Felix Robinson, advertising manager, First National Bank, Montgomery, Ala.
 C. W. Rowley, manager, Canadian Bank of Commerce, Winnipeg, Can.
 Wm. J. Ruff, cashier, Luzerne County National Bank, Wilkes-Barre, Pa.
 George J. Schaller, cashier, Citizens Bank, Storm Lake, Iowa.
 Almot Schlenker, assistant cashier, First National Bank, Brenham, Tex.
 Paul T. Schulze, assistant cashier, State Bank of La Crosse, La Crosse, Wis.
 E. P. Simpson, Jr., assistant cashier, First National Bank, Toccoa, Ga.
 T. K. Smith, Jr., manager, Gimbel Brothers, Bankers, New York City.
 J. G. Spangler, cashier, The Mesa City Bank, Mesa, Ariz.
 W. R. Stackhouse, City National Bank, Bldg., Utica, N. Y.
 T. H. Stoner, cashier, The Peoples National Bank, Waynesboro, Pa.
 C. E. Taylor, Jr., president, Wilmington Savings & Trust Co., Wilmington, N. C.
 A. C. Tonsmeire, cashier, City Bank & Trust Co., Mobile, Ala.
 Union Trust Co. of the D. C., Washington, D. C.
 John W. Wadden, Lake County Bank, Madison, S. D.
 Wessels Van Blarcom, assistant cashier, Second National Bank, Patterson, N. J.
 C. C. Willson, care of Continental & Commercial Trust & Savings Bank, Chicago, Ill.
 Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.
 Paul E. Zimmerman, cashier, Oak Park Trust and Savings Bank, Oak Park, Ill.
 E. L. Zoernig, Sedalia Trust Co., Sedalia, Mo.

NEW NAMES THIS MONTH

David Craig, Tradesmens National Bank, Philadelphia, Pa.



Our Statesmen Looking Backward

SPEAKING at a Lincoln Day dinner in New York, George W. Perkins declared that our statesmen are facing the wrong way. He also regarded the outcry against the trusts as arising from adherence to outworn precedents.

"Not one single commission has been appointed and not one dollar has been appropriated to study the economic side of the industrial development of the age; not a dollar to find out whether any of these large interstate concerns have found a way to improve the relations existing between capital and labor, to improve the conditions under which men and women work, to increase wages, to economize in output, to save the waste; not a dollar has been appropriated to find out what other countries are doing along similar lines. Not a voice is heard in any legislature or in our national Congress to the effect that

possibly there may be some good to our people in our large industrial units. The political cry is constant that the 'trust,' so-called, must go; that dissolution must be persisted in, right or wrong, because there is no precedent for anything else and because old laws, written before the deluge of steam and electricity, proclaim against it.

"For twenty years our statesmen have been bending every energy to finding out what the Sherman law means, and endeavoring to enforce it regardless of the law of evolution; while the statesmen of other countries during the same period have been bending every energy to finding out what the law of evolution means and endeavoring to conform to it. Our statesmen have their faces turned towards the past; the statesmen of other nations have their faces turned toward the future."

Book Reviews

BANKS AND PEOPLE. By Thomas Farrow. London: Chapman & Hall.

JUST now, when there is so much discussion in this country about land banks, people's credit banks, etc., Mr. Farrow's book will be found of exceptional interest, for it clearly describes the various forms of people's banks successfully operated in Germany, Italy and other European Continental States. Mr. Farrow is himself at the head of Farrow's Bank, Limited, London, which has demonstrated in practice the correctness of the principles of popular banks.

But to our thinking the most interesting part of the volume is that relating to the Scotch bank notes, which were mistakenly destroyed by Sir Robert Peel in 1844. Mr. Farrow realizes what tremendous service these circulating credit instruments rendered to the people of Scotland and what a blunder was made in suppressing them. He rightly discerns that the decline in the cash credit system in Scotland was due to the suppression of these cheap and good circulating credits.

We have yet to learn the lesson in this country that paper coin certificates or Government obligations employed as a circulating medium are costly and mischievous, and that their use tends, as Mr. Farrow points out, to hamper the humblest classes from reaping the benefits which a free circulating credit would confer.



A THEORY OF INTEREST. By Clarence Gilbert Hoag, A. M. New York: The Macmillan Company. (Price, \$1.50.)

THE declared purpose of this book "is not to give a history of the problem of interest, but to try to solve it correctly." It is believed by the

author that much of the conflict between capital and labor would be removed by a better understanding of the subject of interest. In the preface he says:

"Though inclined by my natural sympathies, on undertaking the study of interest, to take sides with the poor rather than with the rich if I could do so with intellectual sincerity, I was concerned, above all things, to discover the truth. And my conclusion is that, provided only a person's capital is equitably his own, his title to the interest accruing from it is as good as his title to the earnings of his hands."



HEATON'S ANNUAL, THE COMMERCIAL HANDBOOK OF CANADA. Toronto: Heaton's Agency. (Price, \$1.00, postage, 12 cents.)

THE 1914 edition of Heaton's Annual has come to hand. With this issue, the Annual arrives at the end of its first decade. The first edition was compiled in 1904 for the Department of Commerce of the Dominion Government, to meet the requirements of British firms doing business with Canada.

Year by year the book has been gradually developed with special regard to its original purpose, and to meet the requirements of those who want a book of easy reference to answer questions regarding the Dominion.

No pains have been spared to maintain the reputation of the book as the standard authority on the customs tariff and regulations. The Shippers' Guide, giving population, banking accommodation, and railway connections in every banking town in the Dominion, is a new feature.

The second half of the book contains a concise description of all the towns in Canada of any commercial impor-

tance, including the leading hotels in order of merit, the existing industries, and special opportunities for new industries. To this is added a section covering such subjects as agriculture, fur-farming, commerce, education, finance, fisheries, forests, immigration, mining, population, professions, railways, game laws, water powers, etc.



THE OPERATION OF THE NEW BANK ACT. By Thomas Conway, Jr., Assistant Professor of Finance, and Ernest M. Patterson, Ph. D., Instructor in Finance, Wharton School of Finance and Commerce, University of Pennsylvania. Philadelphia: J. B. Lippincott Company. (480 pp., 12 mo. cloth, postpaid, \$2.14.)

IT is really amazing what a mass of information has been put together so carefully and well by the authors in the comparatively brief period between the passage of the Federal Reserve Act and the publication of this book. And it is information that will be found of great interest to all the banks of the country and especially to those becoming members of the Federal Reserve System. The various practical problems to which the new law gives rise are carefully and comprehensively considered and an especially valuable feature of the book is the attention given

to the changed reserve situation. Computations are given indicating very clearly what the position of the banks will be after the law goes into operation.

The Federal Reserve Act is the most important and comprehensive piece of banking legislation ever enacted in this country, vitally affecting the operations of the banks. Bankers who desire to study the act will find in this volume a most helpful aid to a better understanding of the measure. It is the most thorough exposition of the new law yet published and is most timely and valuable.



MODERN BUSINESS ROUTINE. (Volume I., Home Trade.) By R. S. Osborne, F. S. S. London: Effingham Wilson.

ON exceedingly practical volume dealing with such matters as letter writing, filing systems, checks, notes, bills of exchange, purchase and sale of goods, the London Stock Exchange, etc. The numerous commercial terms are explained and the documents used in commerce are shown in facsimile. While the book is based upon English practice, many of the principles involved are of general application. A second volume is in preparation dealing with foreign trade. This series ought to prove of real service to banks and commercial houses.



Elements of Success

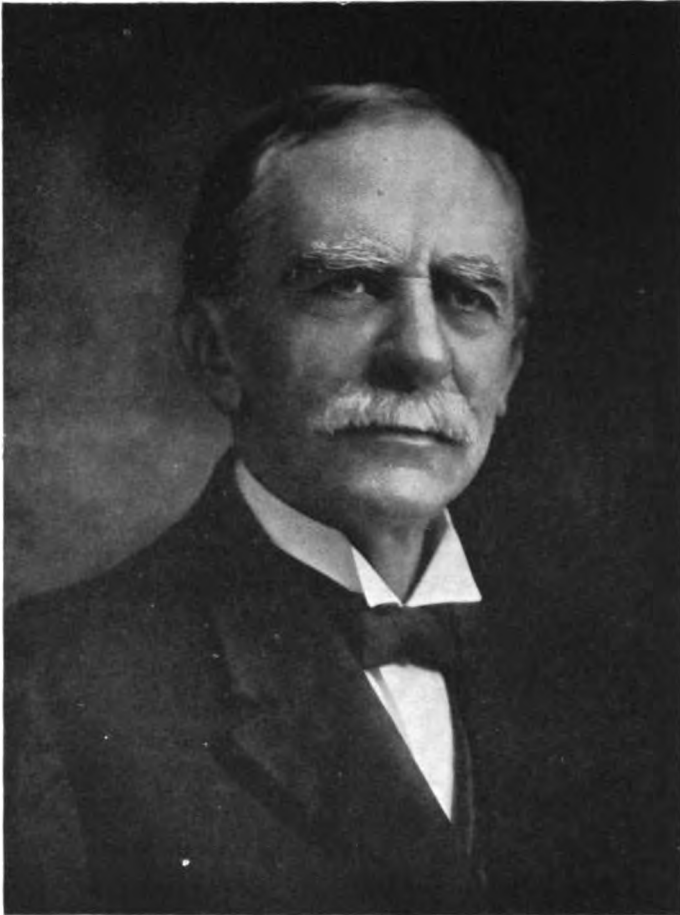
THERE died in California recently Samuel W. Allerton, a successful business man, one of the organizers of the First National Bank of Chicago. Here is the way he got started in business:

"I got my start," he once said, "by following the advice of an elder brother, who was a cripple. He said to me:

"When you go out into the world you will find many sharp, tricky, crooked men, but you will find that they always die poor.

"If you can form a character and establish your credit, there will be no question about your ultimate success. Most failures in life are due to a deficiency of character and a consequent lack of credit."

Completing Half-a-Century as a Banker



HENRY REIS
PRESIDENT OLD STATE NATIONAL BANK, EVANSVILLE, IND.

TO have spent a half-century in banking, and more than forty years of that time as a bank officer is the honorable distinction belonging to Henry Reis, president of the Old State National Bank, Evansville, Indiana. And in that time, starting only with the advantages of good health and a common school education, he has advanced to a position of leadership and

success. Two years after his birth in Germany his parents settled in Indiana, the father dying when the boy was nine years old, and with but six years of common schooling he started out to make his own way in the world. He began in a drug store, employing his evenings in adding to his education by a course at a commercial college. It was in 1865 that he started in banking

—so that strictly speaking he attains his half-century as a banker in 1915—his first experience being in a minor capacity with the W. J. Lowery & Company Bank. But he was attentive to duty, and when in 1872 he entered the Evansville National Bank he was already prepared by experience for the position of assistant cashier to which he was elected the following year.

Possessed of natural aptitude for banking, intense application to the business in hand, and unflinching courtesy, he continued to advance, rising to the post of cashier in 1875 and to that of vice-president and cashier in 1902. Six years later he reached the highest honor the bank could confer—that of president—a position that he still actively retains. The confidence of his fellow bankers was expressed by election to the vice-presidency of the Evansville Clearing-House Association. Not only has Mr. Reis reached a high position as a banker, but he has fulfilled his duties as a citizen, giving liberally of time and money for the advancement of worthy objects.

Mr. Reis was married in 1869 to Miss Caroline Blass. Mr. and Mrs.

Reis have five living children—Mrs. Graham F. Denby and Mrs. Owen H. Jean of Evansville; Mrs. Sidney B. Mitchell of New Orleans; Henry Reis of St. Louis, and Alvin C. Reis, a lecturer for the extension service of the Wisconsin State University.

The bank over which Mr. Reis presides is a direct successor of one of the members of the very best examples of good banking this country has ever afforded. It was the Evansville branch of the State Bank of Indiana, chartered in 1834, and whose president, Hugh McCulloch, was the first Comptroller of the Currency and twice Secretary of the Treasury, as well as one of the most capable bankers this country has produced.

Students of American banking who wish to find a practical exemplification of sound management, and especially of a sound and safe credit bank note, can find it in the history of the State Bank of Indiana. It is to these honored traditions that the Old State National Bank has succeeded, and it is the pride of Mr. Reis and his associates that they have been strictly maintained.



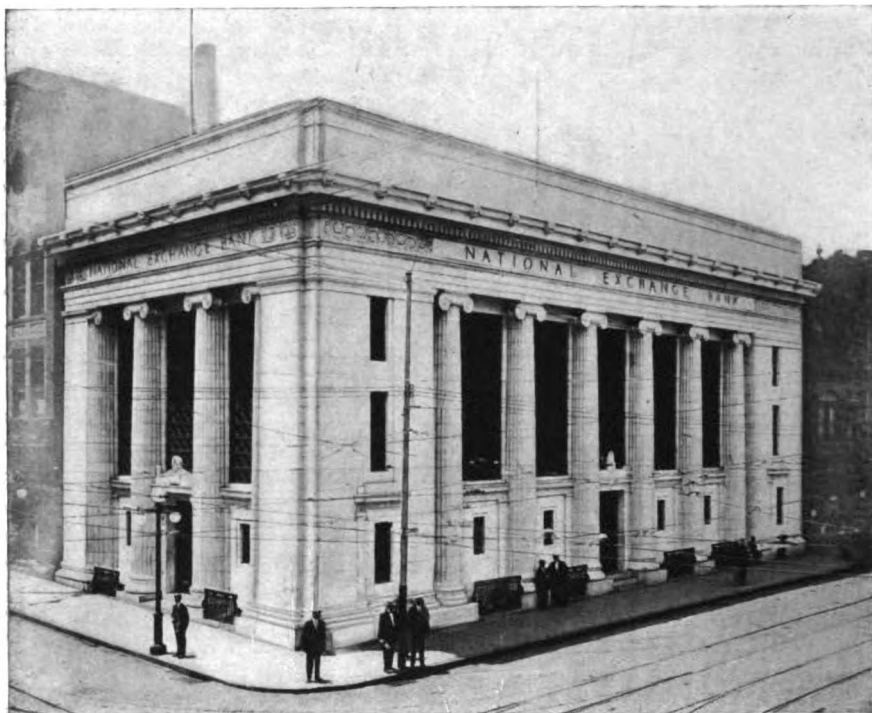
Business Should Be Helped, Not Harassed

THIS is the view expressed in the opening paragraph of the March "Financial Letter" of the National City Bank of Chicago:

"If the country is spared radical legislation of the kind calculated to unsettle business and restrict the activities of the great industrial enterprises, there is reason to expect a further revival in trade; but a point has been reached where it will be necessary for legislators to keep their hands off and to aid rather than hamper the upbuilding of business in the United States. This is not a question of politics, but of plain common sense, as the people are beginning to realize. Corporations

of heavy capitalization are to-day public institutions in the sense that their ownership is widely scattered through the distribution of stock among the largest number of individual shareholders whose fortunes were ever similarly joined in such undertakings. For that reason it is a matter of great importance that the unrest of a year ago should not be repeated and that an aroused public sentiment should demand that the prominent industrial corporations of this country should not be harassed by restrictive legislation, but, on the contrary, should be helped in every way possible to make up for the serious losses sustained during 1913."

Modern Financial Institutions and Their Equipment



THE NEW BUILDING OF THE NATIONAL EXCHANGE BANK, ROANOKE, VA.

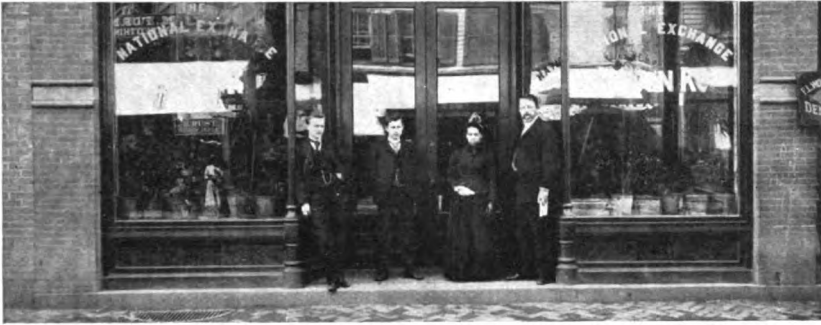
National Exchange Bank, Roanoke, Virginia

Twenty-fifth Anniversary, May 7, 1914

BY the character of the buildings occupied from its organization to the present time, and the steady climb in deposit totals, the successful record made by this institution may be clearly traced. And if further convincing testimony is wanted it may be had in the increase of capital from \$100,000 to \$300,000, and the gradual

growth of the surplus fund to \$800,000 and the undivided profits to over \$150,000. These figures speak not merely of a multiplication of size, but of a commensurate addition to the strength of the bank—a determination to keep soundness in view as well as magnitude.

The growth of the National Exchange Bank of Roanoke has, of course, been due in large part to the prosperous conditions of its city and section—conditions of which the bank's management have made a wise use. The bank, by its discrimination in aiding sound business enterprise, has been an impor-



THE FIRST BUILDING

tant factor in the solid progress of the community.

And so, after twenty-five years, the bank's management may look back upon a period of prosperous achievement and may look ahead with confidence to an even more fruitful era of development based upon the sure foundation of past success.



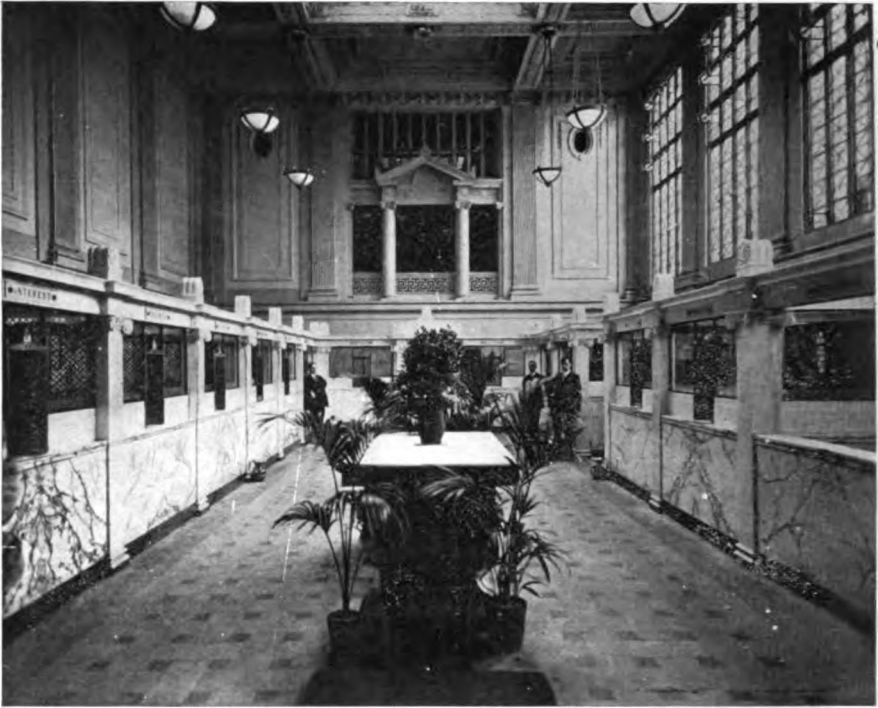
THE THIRD BUILDING



THE SECOND BUILDING

HISTORY AND PROGRESS

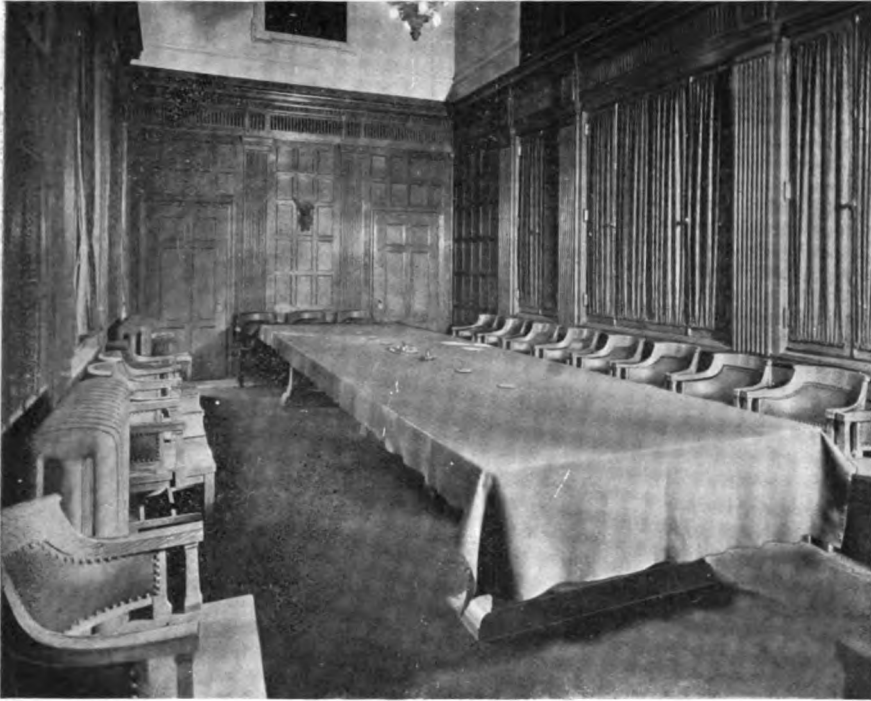
THE National Exchange Bank was organized April 18, 1889, and opened for business May 7 with \$100,000 capital and these officers and directors: Officers—T. T. Fishburne, president; Jos. T. Engleby, vice-president; J. B. Fishburn, cashier. Directors—T. T. Fishburne, J. M. Harris, Jos. T. Engleby, J. B. Andrews, W. P. Moomaw, T. E. Murrell, Jno. W. Woods, R. H. Fishburne, Lee H. Simmons, Thos. Engleby, J. P. Bell.



THE MAIN LOBBY



THE PRESIDENT'S OFFICE
THE NATIONAL EXCHANGE BANK, ROANOKE, VA.



THE DIRECTORS' ROOM



THE LIBRARY
THE NATIONAL EXCHANGE BANK, ROANOKE, VA.



THE VICE-PRESIDENT'S OFFICE

An accompanying illustration shows the building first occupied by the bank.

In July, 1890, the bank moved to another building on the corner of Salem avenue and Jefferson street, and occupied this for nine years.

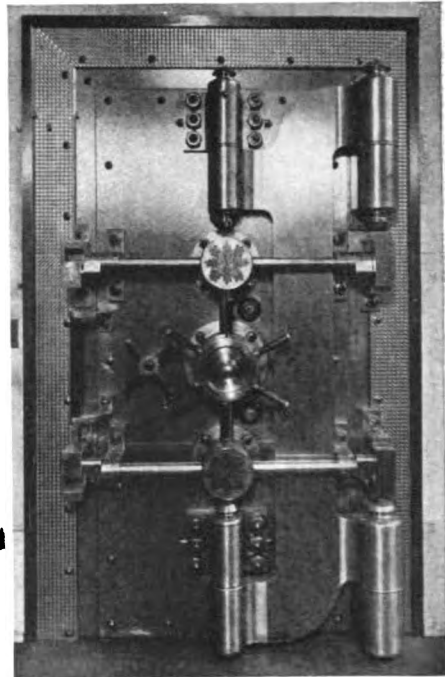
In July, 1899, the removal was made to the Terry Building, corner of Campbell avenue and Jefferson street, which property the bank purchased in 1904, and occupied until March, 1918.

In November, 1910, the officers and directors realized that it was necessary to seek larger and more commodious quarters, and contracted to purchase the lot on the southwest corner of Jefferson street and Campbell avenue, on which the bank's present home was erected.

These changes witness the growth of the bank in public confidence, as they were influenced by the necessity of seeking larger and better quarters as a result of increased business.

DESCRIPTION OF THE NEW BUILDING

THE exterior is of Georgia white marble, on a North Carolina granite base, and the inside walls are



VAULT DOOR

of brick with steel framework. The basement and floors are reinforced concrete, everything being fireproof. The



MAIN DINING ROOM

interior is finished in Italian Pavonazzo, English vein, French, Pennsylvania Green, Tennessee and Vermont marbles, the different grades being distributed to best advantage.

All outside windows are covered by bronze grill work, and outside doors are of heavy bronze. Entrances from both Campbell avenue and Jefferson street are protected, one with revolving doors, and the other with double swinging doors.

The lighting effects are known as the Frink system, giving a soft light for employees to work by.

The management, after a considerable amount of investigation, adopted the unit system, combining the duties of paying and receiving tellers. The bookkeepers are located directly behind the tellers' cages, where the records of the accounts in that particular cage are kept.

The statement system of handling individual accounts was also installed, using for this work two Burroughs

statement machines, every account in the bank being written up each day.

The building is equipped with the pneumatic tube system and a private telephone exchange, with inter-communicating 'phones on the desks of all officers and employees.

The directors' room is finished in English silver-gray oak, the effect being very dignified and pleasing.

Floors, back of the screen or working space, are of cork tile, one-half inch thick, laid in cement, and are noiseless and restful.

Vaults are of heavy brick and concrete construction reinforced with railroad iron and lined with alternate layers of chrome and Bessemer steel, with lock-box departments, and a separate vault for the bookkeepers. In the basement there are three large storage vaults for old papers and records, and two storage vaults for the storing of silverware and other valuables.

The atmosphere in all the offices and



OFFICERS' DINING ROOM

departments of the bank is regulated by a cooling fan in the basement.

The bank has a well supplied library for the use of its officers and employees, its own dining-rooms for the officers and employees, where lunch is served every business day free of charge.

On the top floor, in rear, is a light, roomy kitchen, fitted with every modern appliance, an immense gas range for cooking, large refrigerator built in the wall, supply pantry, etc. This department of the bank is presided over by



THE KITCHEN

Aunt Mary Willis, a well-known colored cateress from the Blue Ridge Mountains of Virginia, whose epicurean art in the preparation of tempting Virginia dishes is known throughout this section. She prepares and serves a mid-day lunch to the officers and employees every business day of the year.

For the convenience of the employees there are well furnished bedrooms with shower bath and toilet attached.



HOW THE BANK HAS GROWN

REFERENCE has been made above to the increase in the bank's capital from \$100,000 to \$800,000, the building up of the surplus to an amount

equal to the capital and undivided profits to half as much. A further idea of the remarkable growth of the bank appears from the accompanying statement of deposits, as shown in each of the Comptroller's calls at the date nearest the bank's anniversary for the last ten years.

Comparative Statement of Deposits, Government Calls Nearest the Bank's Anniversary for Last Ten Years

June 9, 1904.....	\$916,437.20
May 29, 1905.....	1,196,785.68
Apr. 6, 1906.....	1,866,963.51
May 20, 1907.....	1,927,216.92
May 14, 1908.....	1,971,204.02
Apr. 28, 1909.....	2,037,258.56
Mar. 29, 1910.....	2,217,541.79
June 7, 1911.....	2,523,708.90
Apr. 18, 1912.....	2,754,088.34
June 4, 1913.....	3,149,683.37
Mar. 4, 1914.....	3,449,225.56



THE MANAGEMENT

NOTHING speaks more conclusively of the management of a bank than the results obtained, and surely the record of progress presented above is one easily read and understood. It is a plain and unembellished account of successful banking, won by a combination of energy and carefulness.

T. T. Fishburne was elected president of the bank at the time of its organization, April 18, 1889, serving continuously in that capacity until April, 1905, when he resigned the active presidency, desiring to be relieved of the heavy duties in connection therewith, and was elected vice-president and chairman of the board of directors, which position he has filled continuously since.

J. B. Fishburne was elected cashier at the time the bank was organized, and served in that capacity until elected president on the resignation of that position by T. T. Fishburne. J. B. Fishburne has served as president since April, 1905.

A complete list of the present officers and directors follows:

Officers—T. T. Fishburne, chairman



BED ROOM

THE NATIONAL EXCHANGE BANK, ROANOKE, VA.

board of directors; J. B. Fishburn, president; Lucian H. Cocke, vice-president; Edward L. Stone, vice-president; E. B. Spencer, cashier; T. L. Engleby, assistant cashier; A. H. Dudley, assistant cashier; C. W. Beerbower, auditor; Miss J. B. Ellwood, manager savings department. Directors—J. B. Andrews, W. K. Andrews, James C. Caswell, Lucian H. Cocke, J. B. Fishburn, R. H. Fishburne, T. T. Fishburne, F. E. Foster, T. W. Goodwin, L. E. Johnson, Joseph Keys, A. E. King, W. H. Lewis, I. J. Meals, Jno. B. Newton, S. B. Pace, E. B. Spencer, Edward L. Stone, F. B. Thomas, J. L. Vaughan, J. R. Weaver, E. Wile, W. C. Stephenson, James P. Woods.



Tompkins County National Bank, Ithaca, N. Y.

THERE are three respects at least in which this institution is deserving of interested attention—it was one of the last banks in the State of New York organized under a special charter prior to the enactment of the general banking law; its present president, Mr. Robert H. Treman, is

president of the New York State Bankers Association, and lastly the bank has recently completely remodelled and refitted its building.

The first meeting of the stockholders of the Tompkins County Bank was held in September, 1836, and directors elected. Shortly afterwards the directors elected these officers: President, Herman Camp; cashier, Seth H. Mann. In 1838 a committee was appointed to choose a suitable location on which to put up a building for the bank.

Originally the bank's capital was \$250,000, but a reduction to \$150,000 was made in 1887 and to \$100,000—the present figure—in 1901. But while the capital stock has been reduced, the surplus has been growing, and now stands at \$150,000, with \$25,000 of undivided profits.



THE REMODELLED BUILDING

SOME two or three years ago it became evident that the increasing business of the bank demanded enlarged banking quarters. On account of the very handsome front of the old building, it was decided to retain this, and to obtain the additional space by reconstruction. By following this plan

practically a new building was obtained and yet the classic beauty of the old structure was preserved.

Under the direction of the Bankers Building Bureau of New York, the interior was fitted up in accordance with the most modern standards of bank furnishing, while the electrical work, safes and vaults, and the equipment generally, combine convenience, safety and beauty of appearance. In all respects

At the right of the entrance is an enclosed room set aside for the use of the women customers and another consulting room for the men is next to it.

The cashier has an attractive office commanding a view of the lobby and also of the banking room where the employees are located, and one of the noticeable features in the arrangement of the desks, counters, cages, etc., is the effect of careful study to the detail



the new home of the Tompkins County National Bank conforms to a high standard of bank construction and equipment.

The banking room has been refitted with marble floors, wainscoting and counters. The interior woodwork is of mahogany with bronzed grille work, tellers' windows, etc. The skylight is filled with opaque glass which distributes the light evenly throughout the banking room, it being planned to have the employees work by natural light throughout the banking hours. The heating and ventilating of the banking room is one of its most successful features.

work of the bank so as to economize space and time. The tellers handling the money each have a separate space enclosed by bronzed grille work.

In the banking room the old vault has been utilized as a book vault for the bank's books, and next to it has been installed the latest pattern of burglar-proof steel safety deposit vault with money and coin safes, with safe-deposit boxes, etc., all protected by a burglar-proof door weighing about ten tons, which is a marvel of mechanical genius and skill, and the vault is considered to be one of the best protected vaults in this part of New York State.



ROBERT H. TREMAN

PRESIDENT TOMPKINS COUNTY NATIONAL BANK,
ITHACA, NEW YORK; PRESIDENT NEW YORK
STATE BANKERS ASSOCIATION



ALBERT G. STONE

CASHIER TOMPKINS COUNTY NATIONAL BANK,
ITHACA, NEW YORK

At the end of the lobby is located the president's room, commanding a view of the lobby. This room has mahogany wainscoting and ceiling and is very attractive.

At the rear of the building are rooms for the use of the employees, also several rooms for the use of customers who rent the safe-deposit boxes.

In the second floor there is fitted up a large light room, finished in oak, for the use of the directors at their meetings, and on this floor are also a large consulting room for customers, toilets and retiring room.

In the basement the bank has fitted up rooms for the storage of bulky valuables, such as silver plate, etc., and also has shelving arranged so as to provide space for the arranging of the books in historical order, as the bank has its books of entry and minutes of the directors, and other interesting documents, from the beginning of the bank in 1836 up to the present time.

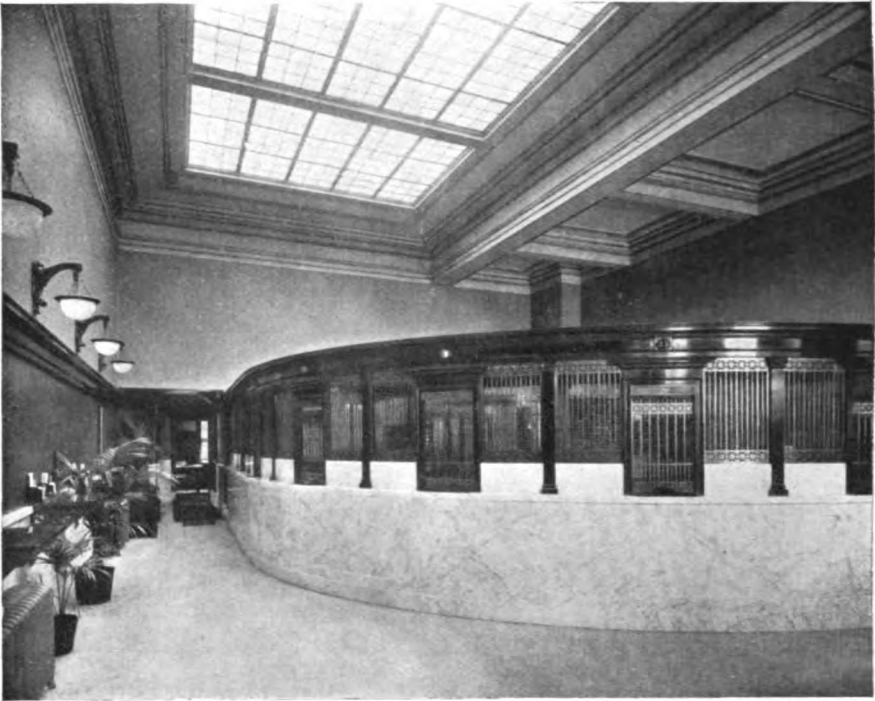
The bank is fitted with the latest design of inter-communicating telephone system so that the employees can reach the officers without leaving their stations. The electric lights are of the most modern design, so as to give a diffused light throughout the room, a new heating plant has been installed, and a very efficient ventilating system.

The building is practically fireproof, as all of the old woodwork, floors, etc., were removed, simply leaving the exterior walls and roof and the front remaining of the original building.



THE MANAGEMENT

FROM its organization to the present, the Tompkins County National Bank has had five presidents. Robert H. Treman, who now holds that office and who is also president of the New York State Bankers Association, be-

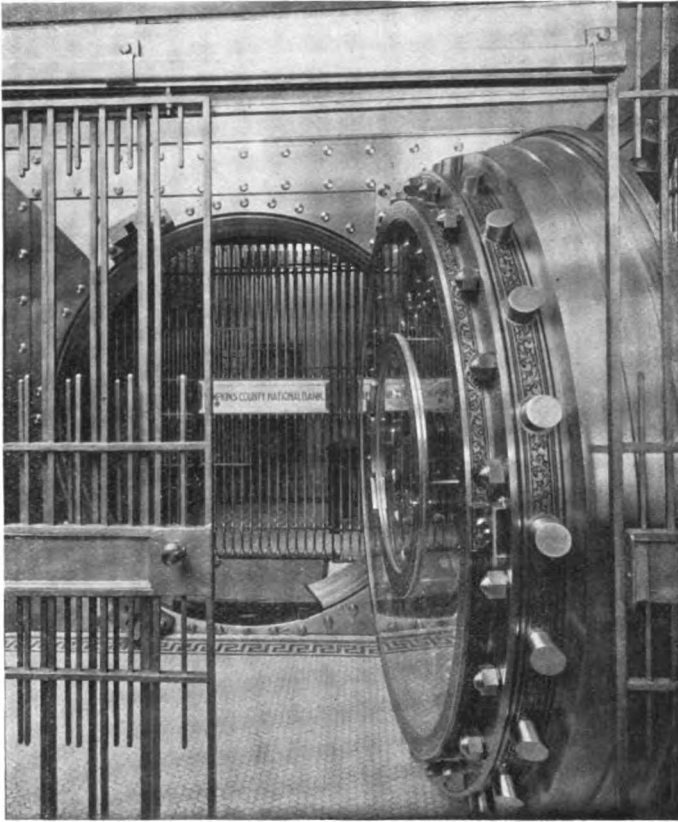


MAIN BANKING ROOM



THE BOARD ROOM

TOMPKINS COUNTY NATIONAL BANK, ITHACA, N. Y.



THE VAULT

came president of the bank June 12, 1900, succeeding his uncle, Lafayette L. Treman.

The cashier, Albert G. Stone, has held that position since January 8, 1907. He had four predecessors.

As the bank was organized in 1836, it will be seen that there have been comparatively few official changes.



A LONG AND HONORABLE RECORD

IN the seventy-eight years since the bank was organized it has withstood many severe panics, coming out unscathed. When the Civil War came on the bank tendered to the State of New York a loan of \$25,000 to aid in sustaining the State and the Government in that trying time. From 1836

until June, 1865, the Tompkins County Bank operated under the excellent banking laws of the State of New York, entering the national banking system on the date last named.

This bank has always been carefully conducted and has continued to grow in public confidence. In the last ten years its deposits have increased in a three-fold ratio.



The National Bank of Com- merce, Providence, R. I.

SOLID evidence of the progress of the National Bank of Commerce of Providence, Rhode Island, is afforded by the handsome banking quarters of which the institution took possession early in the present year.



HOME OF THE NATIONAL BANK OF COMMERCE, PROVIDENCE

The 16-story Turks Head Building, recently erected at the junction of Westminster and Weybosset streets, is the finest business structure in Providence and furnishes ideal banking rooms.

The new quarters are in the Turks Head Building, one of the latest and most modern business structures of Providence, and having an admirable location.

While The National Bank of Commerce dates its origin back to the summer of 1851, it is not content to rest

ness policy are more concerned about protecting the public who deposit with the bank than they are about paying out large profits to the shareholders, for the earnings have not all been paid out, but have been allowed to accumulate until they now almost equal the capital. And although the bank may



MAIN BANKING ROOM, NATIONAL BANK OF COMMERCE, PROVIDENCE.
THE BANKING ROOMS ARE FINISHED IN MARBLE AND BRONZE AND PROVIDED WITH EVERY FACILITY FOR THE CONVENIENCE OF DEPOSITORS.

upon the laurels of its more than three score years, but keeps in line with the best requirements of wise banking progress.

If one would learn something of a prime requisite of banking safety, it will be found in the recent statement of this bank, embodying these three items: Capital, \$850,000; surplus, \$650,000; undivided profits, \$144,482.

What do these figures mean? They mean a great deal. As has been said, they illustrate a principle of prime importance in bank management, namely, that those who control the bank's busi-

ness have no emblem upon which are engraved the words, "Safety first," that policy is nevertheless plainly inscribed upon the character of the management.

While the earnings on the capital stock have been large—as shown by the amount laid aside for the protection of depositors—the dividends have been at a modest rate. From 1880 to 1893 they were at the rate of six per cent., 1894, five and one-half per cent.; 1895 to 1897, four per cent.; 1898 to 1899, two per cent.; 1900 to 1911, five per cent.; 1911 to 1914, six per cent. The policy of paying only moderate dividends in

the face of large earnings has, of course, made the bank's stock very valuable.



SUMMARY OF THE BANK'S HISTORY

THIS bank was chartered as the Bank of Commerce by the State of Rhode Island in May, 1851.

The first meeting of the subscribers for the formation of the Bank of Commerce in Providence was held at the office of the American Insurance Company, June 2, 1851, called by the Commissioners, Nathan Porter and George H. Brown, for organization. Orray Taft was appointed chairman and Jabez C. Knight secretary, the first directors being Amos D. Smith, William Foster, William Comstock, Byron Sprague, Robert L. Lippitt, Walter Manton, Robert W. Watson, Edward A. Greene, Jabez C. Knight. Amos D. Smith was the first president and Joseph Bourne the first cashier.

A meeting of the directors was held June 20, 1851, at the office of Walter Manton, at which a committee of three was appointed, consisting of Edward A. Greene, Robert L. Lippitt and the cashier, to make arrangements for procuring the southeast room in the second story of the What Cheer Building, as banking quarters. The lease was signed by the president December 5, 1851.

At a meeting of the directors held September 20, 1852, it was voted that the Bank of Commerce unite with the People's Savings Bank in taking a joint lease of land on the north side of Market Square, known as the Coffee House estate, from Francis W. Upham and Elizabeth B. Upham, his wife, for a term of ninety-five years.

On February 18, 1854, the bank removed from its location in the What Cheer Building to its new bank building on Market Square. Edward A. Greene was elected president, succeeding Amos D. Smith, January 29, 1877, and Robert Knight, his successor, was elected January 8, 1884.

In 1835 the bank entered the national banking system as The National Bank of Commerce. Appropriately enough, the business of the bank has been from the first purely that of commercial banking.

The statement of The National Bank of Commerce, as made to the Comptroller of the Currency March 4, 1914, is as shown herewith:

RESOURCES.

Loans and discounts.....	\$2,855,942.14
U. S. bonds	300,000.00
Stocks, bonds and investments.	302,143.46
Due from banks	444,954.84
Due from U. S. Treasury.....	21,000.00
Cash and exchanges.....	177,583.59
Total	\$4,101,624.03

LIABILITIES.

Capital	\$850,000.00
Surplus	650,000.00
Undivided profits	144,482.88
Circulation	288,000.00
Deposits	2,167,675.80
Reserved for taxes.....	1,465.35
Total	\$4,101,624.03

The present head of the bank, C. Prescott Knight, was elected January 14, 1913, succeeding his father, Robert Knight, who served the bank as president for twenty-eight years.

Henry L. Wilcox, the present cashier, was elected February 14, 1910, having been connected with the bank since September 19, 1892, having entered the bank first as a messenger, then assistant teller, teller and finally cashier. Edward B. Fessenden came to the bank as clerk in February, 1888, and was made assistant cashier August 25, 1913.

Directors are Dutee Wilcox, C. Prescott Knight, Edward Aborn Greene, John R. Freeman, Walter S. Hackney, John K. H. Nightingale, A. Lockwood Danielson and Henry L. Wilcox.

Following the careful policy outlined above, and inviting patronage on the basis of safety, convenience and courtesy, The National Bank of Commerce has gradually added to its business. In new quarters, and with modern equipment, the bank is in a better position than ever to take care of the requirements of its depositors.

Greater Uniformity of State Laws

THAT the diverse State laws are a source of much annoyance and inconvenience to business is the opinion of Charles Thaddeus Terry, president of the Conference of Commissioners on Uniform State Laws. He thus states his views in a recent issue of the New York "Journal of Commerce and Commercial Bulletin":

"Suppose you had a railroad in New York—the New York Central Railroad—running on rails of a gauge of four feet, and suppose all the railroads in Pennsylvania were of a gauge of four feet four inches, and all the rails in Maryland were a little short of four feet, and all the rails in Maine were five feet, what a chaotic condition of business there would be. You couldn't start anything in New York or Maine which would go into the interior part of the country. Freight would not go and passengers could not go. You would be absolutely limited in your intercommunication and your interstate business by the fact that at a certain point there was an imaginary geographical line, arising from the different gauges of the railroads.

"But that would be no more ridiculous than to have a law in New York affecting any vital interest and another law with a different aspect defining different rights and duties in the adjoining State of Pennsylvania and the distant State of California. The one would be as sensible as the other, and one of them should not be allowed to exist any more than the other.

"This is a nation. We are one people. Hence what we regard to be the vital necessity of constant, everlasting, patient, conservative, deliberate work is to unify the laws not only with respect to social improvements, but with respect also, and perhaps of equal importance, to industrial matters. What's the use in this nation of having a statute governing a domestic relation, a sociological relation in one State, if it

isn't uniform throughout all the States? Fairness demands it. Fairness to business, fairness to society, and it would seem to be the proposition that common sense alike defines it.

"It's a difficult proposition to unify the laws of the various States, I anticipate. There are a great many of them, and one runs constantly against the stone wall of what people are pleased to call 'State's rights.' Why do you come to us and say that because the State of New Jersey, for instance, has a certain statute we should pass it? 'We are independent, we are self-respecting, we have views of our own,' say the inhabitants of another State.

"Well, of course, all you have there is a misnomer. That isn't an insistence on State's rights; that's an insistence on State's wrongs. Because if any State so far forgets its relations to all other States; if the people of any State so far forget that they cannot live unto themselves alone, as to insist that they shall maintain among their institutions laws which are against the tendency of human feeling or sentiment on any subject; if they choose to be arbitrary and attempt to live within their own particular geographical lines, then so far do they accentuate the tendency which is so much deplored in those very States, of a centralized government.

"It's the only alternative. If the States will not make their laws uniform so far as affects the general welfare of all the States, then they are simply giving encouragement to a centralized government. If the States won't do it the central government is going to do it. That's inevitable. And we are going to have uniform laws one way or the other, because uniform laws are common sense.

"I think we must come to the conclusion that State uniformity of law is the thing which must in the end be the foundation of business no less than of society."

Foreign Banking and Finance

European

LLOYDS BANK, LIMITED

Its Rise and Progress

[Adapted from articles in the London "Bankers' Magazine."]

THIS bank, one of the largest in the United Kingdom, and the representative of some of the oldest private banks in the country, was established as a joint-stock bank in 1865. Its remarkable rise and progress has, indeed, been effected within a shorter period than the ordinary span of business activity in a man's life, a circumstance which is emphasized by the fact that one of the directors on the board at its foundation, the Rt. Hon. Joseph Chamberlain, is alive at the present day.

The bank as a joint-stock company must be considered as a direct outcome of the passing of the Limited Liability Act of 1862. Following upon the enactment of that statute a number of banks were formed under its provisions, some of which have grown strong and powerful, some have been absorbed by other institutions, and some have shrivelled into impotence or have disappeared. The great majority of these institutions were new corporations pure and simple, called into being by the incentive to business enterprise supplied by the act; but a certain number owed their origin to the conversion of private banking businesses into the new form of joint-stock corporations. Amongst this latter category Lloyds Bank must be placed.

The two firms, Messrs. Lloyds & Company and Messrs. Moilliet & Sons, which were to form the foundation for the new business, had a high reputation, but in view of the new conditions under which the corporation was to be operated, it was thought advisable to form a provisional committee, which was composed of many of the leading

and most enterprising business men in the Midlands. The prospectus met with a ready response from the public, and thus Lloyds Banking Company, Limited, as it was then called, came into existence, its importance being increased by the addition, some three months after its formation, of the business of the private banking firm of Messrs. P. & H. Williams of Wednesbury. It is a remarkable proof of the foresight of those who drafted the prospectus that, whilst taking thus early advantage of the working of the new Limited Liability act, one of the clauses in the prospectus actually anticipated an important reform that was not to be put upon the statute book until some fifteen years later. In other words, the provision that the aggregate amount of calls should not exceed £12 10s. a share, whilst the remaining £37 10s. a share should be available only for the ultimate liabilities of the company, was a complete anticipation of the important principle of reserve liability. As a matter of fact, the right to call capital has not been exercised to the extent of more than £8 per share.

The first report of the bank was made up to December 31st, 1865, and herewith will be found the balance-sheet.

LIABILITIES.

Amount of capital paid up	£143,415	0	0
Amount due on deposits, current and other accts..	1,166,160	6	7
Reserve fund	18,415	0	0
Profit and loss.....	18,323	2	9
	£1,346,313	9	4

ASSETS.

Cash in hand and at agents	£126,170	16	7
Bills of exchange.....	655,435	19	2
Advances on current accts., loans on stock, purchase acct. and other securities	556,115	17	4
Bank premises, furniture, fittings, etc.	8,054	18	0
Preliminary expenses (less amount written off).....	535	18	3
	£1,346,313	9	4

The figures set forth in the balance-sheet show that the conversion of the business into joint-stock form had been welcomed by the public, and the report gave a good indication of the policy that was to be pursued in after years by its announcement that arrangements had been made for the absorption of the business of another private bank. Even with this addition to the business the offices of the bank only numbered fourteen, its staff fifty, and its shareholders 865. The offices consisted of the head office in High street, Birmingham, which remains much as it was at that date, but has long since been given up as a head office, one branch in Birmingham and one branch each in Stafford. Lichfield. Wednesbury, Oldbury and Tamworth, and seven sub-branches and agencies distributed in smaller towns. Later in the same year the Warwick and Leamington Banking Company was absorbed, and between 1866 and 1890 the businesses of Messrs. A. Butlin & Company, Rugby Old Bank, Messrs. R. and W. F. Fryer, Wolverhampton Old Bank, the Shropshire Banking Company, the Coventry and Warwickshire Banking Company, and Messrs. Beck & Company, Shrewsbury, and Welshpool Old Bank, were brought into the combination. By these accessions Lloyds Banking Company had spread its business well over that part of the Midlands which has the counties of Warwickshire, Staffordshire and Shropshire as a centre. The bank had grown greatly in importance, and at the end of 1883 the offices numbered forty-eight, the staff 300, and the shareholders about 1,750. Its business in other respects exhibited great expansion, and the balance-sheet showed that the deposit and current accounts had increased nearly sixfold in the eighteen years of the bank's existence.

At this time the banking business of the country was still very much localized, and only three important banks having both London and provincial offices were in existence. Of these, one had only been in London about six years, but the other two had been work-

ing for many years under this form, and, thanks to the wide range of their operations, had developed very important businesses. Their example was evidently firmly impressed upon the minds of the guiding spirits of Lloyds



LLOYDS BANK, LONDON
(LOMBARD STREET ENTRANCE)

Banking Company, for in 1884 it was announced that the businesses of Messrs. Barnett, Hoares & Company and Messrs. Bosanquet, Salt & Company, of London, had been incorporated. Both these firms had offices in Lombard street, and both were connected by family ties and business relations of long standing with the Birmingham bank. The absorption only meant the addition of two offices to the bank, one of which was subsequently given up, as the bank did not then need two offices in the same street; but the accession to its business was very considerable, whilst its status and powers of expansion were strengthened to an incalculable extent by the step.

At one stride it became endowed with the forces and capabilities of a bank with offices both in London and the provinces, and its managers did not fail to take full advantage of this change in conditions. After a period of rest for about four years, during which the combination of country and town business was solidified, the bank in 1888 recommenced the process of absorption, and hardly a year has passed since then which has not brought with it the announcement that Lloyds had absorbed one or more of the private or joint-stock banks of the country. To make the record complete, the following full list is given of the institutions which go to make up the large business now represented by Lloyds Bank, arranged in chronological order according to the date of their absorption:

In 1865, Lloyds & Co., Birmingham Old Bank (established 1765).

In 1865, Moilliet & Sons, Birmingham.
 In 1865, P. & H. Williams, Wednesbury Old Bank.
 In 1866, Stevenson, Salt & Co., Stafford Old Bank (established 1737).
 In 1866, Warwick and Leamington Banking Company.
 In 1868, A. Butlin & Son, Rugby Old Bank (established 1791).
 In 1872, R. & W. F. Fryer, Wolverhampton Old Bank.
 In 1874, Shropshire Banking Company.
 In 1879, Coventry and Warwickshire Banking Company.
 In 1880, Beek & Co., Shrewsbury and Welshpool Old Bank.
 In 1884, Barnetts, Hoares & Co., London (established about 1677).
 In 1884, Bosanquet, Salt & Co., London (established 1796).
 In 1888, Pritchard, Gordon & Co., Broseley and Bridgnorth.
 In 1889, Birmingham Joint Stock Bank Limited.
 In 1889, Worcester City and County Banking Company Limited.
 In 1890, Wilkins & Co., Old Bank, Brecon, Cardiff, etc. (established 1778).
 In 1890, Beechings & Co., Tunbridge, Old Bank, Tunbridge Wells, Hastings, etc.
 In 1891, Praeds & Co., London (established 1802).
 In 1891, Cobb & Co., Margate, etc. (established 1785).
 In 1891, Hart, Fellows & Co., Nottingham (established 1808).
 In 1892, Bristol and West of England Bank Limited.
 In 1892, R. Twining & Co., London (established 1824).
 In 1893, Curteis, Pomfret & Co., Rye (established 1790).
 In 1893, Herries, Farquhar & Co., London (established 1770).
 In 1894, Bromage & Co., Old Bank, Monmouth (established 1819).
 In 1895, Paget & Co., Leicester Bank (established 1825).
 In 1897, County of Gloucester Bank Limited.
 In 1897, Williams & Co., Old Bank, Chester, etc. (established 1792).
 In 1898, Jenner & Co., Sandgate and Shorncliffe Bank.
 In 1899, Stephens, Blandy & Co., Reading, etc. (established 1790).
 In 1899, Burton Union Bank Limited.
 In 1900, Liverpool Union Bank Limited.
 In 1900, Cunliffes, Brooks & Co., Manchester, etc. (established 1792).
 In 1900, Brooks & Co., London (established 1864).
 In 1900, William Williams Brown & Co. Leeds (established 1813).
 In 1900, Brown, Janson & Co., London (established 1813).
 In 1900, Vivian, Kitson & Co., Torquay Bank (established 1832).

FOUNDED 1844

G. LAWTON CHILDS & CO., Ltd.

AMERICAN BANKERS

HAVANA

CUBA

Transact a general domestic and foreign banking business. All banking matters entrusted to us handled promptly and with care.

Special attention paid to collections in Havana and all parts of Cuba.

Principal Correspondents

NEW YORK CITY :

**National Bank of Commerce
in New York**

LONDON :

Baring Bros. & Co., Limited

PARIS :

Morgan, Harjes & Co.

BERLIN :

L. Behrens & Soehne

MADRID :

Garcia, Calamarie y C.

In 1902, Bucks and Oxon Union Bank Limited.

In 1902, Pomfret, Burra & Co., Ashford Bank (established 1791).

In 1903, Hodgkin, Barnett & Co., Newcastle-upon-Tyne, etc.

In 1903, Grant & Maddison's Union Banking Co. Limited.

In 1905, Hedges, Wells & Co., Wallingford Bank (established 1797).

In 1906, Devon and Cornwall Banking Company Limited.

In 1908, Lambton & Co., Newcastle-upon-Tyne, etc. (established 1788).

In 1909, David Jones & Co., Llandoverly, etc. (established 1800).

In 1911, Hill & Sons, West Smithfield, E. C., etc. (established 1825).

In 1912, Peacock, Wilson & Co., Sleaford, etc. (established 1792).

From the list it will be seen that, out of forty-seven businesses absorbed in the forty-seven years, no fewer than

After the amalgamation with the two Lombard street firms, the bank was known for a few years as Lloyds, Barnetts and Bosanquets Bank, Limited, but in 1889 this somewhat lengthy name was cut down to the crisp title of Lloyds Bank, Limited.

Whilst it had taken about twenty years to bring the total of the deposit and current accounts up to nine and one-half millions, the twenty years between 1884 and 1904 saw their total rise to over fifty-six and one-half millions. Each year since has shown a considerable increase, until at the end of 1918 the figure reached the enormous aggregate of £91,947,967. The leading items in various balance-sheets are set forth in the following table:

Year	Capital paid up	Reserve fund	Deposit and Current Accounts	Cash in hand with Bank of England, at call and short notice	Investments	Advances	Net Profit for year	Dividend
	£	£	£	£	£	£	£	%
1865.....	143,415	18,415	1,166,160	126,170	.....	556,115	£18,323	10
1874.....	327,060	125,000	4,940,875	867,688	.....	*2,697,518	88,130	20
1884.....	750,000	360,000	9,524,803	2,215,349	2,414,833	4,051,518	130,337	20
1889.....	1,300,000	780,000	16,671,157	4,066,305	3,772,397	7,891,636	269,779	16¼
1891.....	1,448,000	850,000	21,053,193	5,139,974	4,736,881	10,560,525	270,116	17½
1898.....	2,040,000	1,200,000	37,773,885	8,620,184	7,983,650	19,573,359	444,473	18¾
1900.....	2,848,000	1,900,000	51,366,695	12,169,723	10,230,912	26,548,749	685,443	18¾
1904.....	3,548,000	2,600,000	56,553,926	14,427,010	10,154,112	29,586,942	705,386	18½
1908.....	4,171,600	3,000,000	74,272,695	20,734,523	11,823,553	36,654,624	843,038	18½
1913.....	4,208,672	3,000,000	91,947,967	24,794,190	10,392,696	50,871,240	1,240,428	18½

* Including Investments. † Eight months.

thirty-five have been those of private bankers. The bank now has offices in forty-five of the fifty-two counties.

The old head office in High street, Birmingham, proved inadequate for the purpose, and in 1870 a new office was erected in Colmore Row, with, later, an entrance also in Edmund street. Here the internal administration of the bank was carried on for many years, until, for convenience sake, it was moved to London. The London head office has grown from a modest house in Lombard street to a huge building which now runs right through into Cornhill, having one facade in Lombard street—the street for bankers—and the other facade practically looking upon the Bank of England.

All through the history of the bank there has been a considerable increase in its resources from natural growth, but of course the absorptions have played a very great part in producing the figures given above. Amongst the most important of these amalgamations during the middle period of the bank's history were the Birmingham Joint Stock, the Worcester City and County, Messrs. Praeds & Company, the Bristol and West of England, Messrs. Herries, Farquhar & Company, and the County of Gloucester Bank. But the importance of the institutions absorbed since 1899 quite eclipsed the operations of previous years. Prominent amongst these were the Burton Union, the Liverpool Union, Messrs. Cunliffe, Brooks

& Company of Manchester, Messrs. William Williams Brown & Company of Leeds, Messrs. Hodgkin, Barnett & Company and Messrs. Lambton & Company of Newcastle-on-Tyne, the Devon and Cornwall and Grant & Maddison's Union Bank, etc.; and the balance-sheet for 1913 read as follows, the total reaching a hundred millions for the second time:

the business of bank amalgamation can appreciate the labor involved in the operations.

For the past nine years the dividend paid by the bank has been at the rate of eighteen and one-eighth per cent., with the exception of 1909, when it was sixteen and one-quarter per cent. The reserve fund has reached £3,000,000, and it would no doubt have

LIABILITIES.

Current, deposit and other accounts.....	91,947,967	16	3
Bills accepted or endorsed	7,462,308	15	5
Liabilities in respect of customers' loans to brokers, fully secured	£447,300		
Capital paid up, viz., 526,084 shares of £50 each, £8 per share paid....	4,208,672	0	0
Reserve fund	3,000,000	0	0
	£106,618,948	11	8

ASSETS.

Cash in hand and with the Bank of England.....	£16,176,860	4	6
Cash at call and short notice.....	8,617,330	7	0
Bills of exchange	10,829,873	18	9
Consols and other British Government securities.....	4,863,281	2	9
Indian and Colonial Government securities, corporation stocks, English railway debenture and preference stocks and other investments....	5,529,415	7	5
	46,016,761	0	8
Lloyds Bank (France) Limited, viz.:—			
7,983 shares of £50 each, £8 paid.....	63,864	0	0
Advances to customers and other securities.....	50,871,240	10	6
Liabilities of customers for bills accepted or endorsed by the company	7,462,308	15	5
Bank premises	2,204,774	5	1
	£106,618,948	11	8

The growth in the figures in the balance-sheet was, of course, accompanied by an increase in the staff and the offices. In the following table is given an outline of the growth in this respect:

	No. of Offices.	No. of Staff.	No. of Share-holders.
1865	13	50	865
1880	44	275	1,625
1884	50	400	2,500
1901	315	1,850	12,000
1903	408	2,250	13,750
1908	562	2,775	19,500
1913	679	3,500	24,000

To have carried out successfully the welding and moulding into one great bank of the business of the forty-seven independent institutions mentioned is an achievement of the highest importance, and only those who are conversant with

been still higher but for the fact that, owing to the heavy depreciation in gilt-edged securities, very large sums have had to be applied out of profits during the past seven years in writing down the bank's investments. The profits have on more than one occasion exceeded a million, and it is calculated that the bank has paid during its existence over fourteen millions in dividends.

Two important additions to the business of the bank have recently been made. In 1910 a clause was added to the memorandum of association of the company by which it was enabled to undertake the duties of executor and trustee of wills, trustee of settlements, etc. This department is making satisfactory progress, a large number of trusts having been accepted already. In 1911 the memorandum of association was further

recast and modernized, and an auxiliary company under the title of Lloyds Bank (France), Limited, was formed in July of that year, for the purpose of taking over the business of Messrs. Armstrong & Company of 19 Rue Scribe, Paris, and Havre. The nominal capital of the new company was originally £250,000, but it has since been increased to £400,000, and the business has so developed as to necessitate a removal into larger premises at 26, Avenue de l'Opéra.

Many able men have assisted at the work of constructing and consolidating the bank, but the institution would scarcely have attained its present importance had it not been for the work of Mr. Sampson S. Lloyd and Mr. Howard Lloyd. The first named was a partner in the private banking firm of Lloyds & Company at the time of the formation of the joint-stock company, of which he was appointed managing director. Three years later he became chairman, which position he retained for seventeen years more, until 1885, when, shortly after the bank secured its foothold in London, he retired from the chairmanship, but remained on the board until his death in 1899.

Sir Thomas Salt, as chairman for the twelve years subsequent to the resignation of Mr. Sampson S. Lloyd, also did a great deal to promote the progress and extension of the bank; but no small measure of its remarkable progress in recent years must be attributed to the labors of the late J. Spencer Phillips, who was chairman from 1898 till 1909, having previously served as deputy chairman for eight years. On his death, it was felt that the banking community in general, and Lloyds Bank in particular, had suffered a loss of no ordinary magnitude. It has, however, been evident for some time past to those who have come most closely into touch with the present chairman, that in Mr. Richard Vassar Vassar-Smith the directors have found a worthy successor to the chairmen who have so successfully directed and controlled the operations of the bank. Mr. Vassar-

Smith's connection with the directorate of Lloyds Bank extends over twenty-five years; but previous to that he was for some years on the board of the Worcester City and County Bank, Limited, which it will be remembered was amalgamated in 1889 with Lloyds Bank. Throughout these years it may



MR. RICHARD VASSAR VASSAR-SMITH
CHAIRMAN LLOYDS BANK, LIMITED

be said that Mr. Vassar-Smith has given almost as much direct attention to the affairs of banking as to those of his own business, and his appointment to the chairmanship on the occasion of Mr. Phillips' death came in the natural sequence of events.

Mr. Howard Lloyd, who was cousin to Mr. Sampson S. Lloyd, has served the bank for a very long period, for, becoming its first secretary in 1865 (he had, in fact, been secretary to the private firm of Lloyds & Co. for some years previously), he remained at that post until 1871, when he was appointed general manager, retaining that office

until 1902, when he retired and was appointed a member of the board. Whilst much of the work of the frequent amalgamations fell upon the board of directors, the general manager had to face the task of grafting the newly-acquired businesses into the system of Lloyds Bank, and so admirably was it done that no single hitch in the arrangements ever occurred.

Mr. E. Alexander Duff, who had been deputy general manager for four years, became general manager on Mr. Howard Lloyd's retirement, and filled the post with conspicuous success for eleven years, retiring in 1913 on appointment to the board. Mr. Henry Bell, after holding important positions in the bank at Liverpool and Birmingham, became its city office manager in 1903, deputy general manager in 1910, and general manager in 1918.



AMERICAN BANKS IN BELGIUM

AS the new Federal Reserve Act permits American national banks having a capital of \$1,000,000 and upwards to establish branches in foreign countries, the following from Fred M. Dearing, secretary of legation at Brussels, will no doubt be of interest. It relates to the opportunity for establishing an American bank in Belgium:

"While for a time the opinion generally prevailed that the establishment

in Belgium of an American bank for commercial business between this Kingdom and the United States and the flotation of American securities would be of great value, the situation with regard to the flotation of securities has recently been altered by the new Belgian military and tax laws. As all banks, with the exception of the National Bank of Belgium, are established, organized and operated according to the provisions of the Belgian laws governing corporations, foreign banks can be established without meeting greater difficulties than those of corporations. But these new military and tax laws make success doubtful in the establishment of American branches for the flotation of American securities.

"With regard to financing commercial business between Belgium and the United States the following information has been furnished to Mr. Dearing:

"Trade between Belgium and overseas countries is generally carried on by means of drafts. This is done in the case of Belgian purchases of grain from Argentina, Brazil and Australia. It is customary to draw these drafts on banking houses in Antwerp, or on private importers, who accept these papers against presentation of consular invoices and insurance policies. A similar method is followed for liquidating importations of American cotton into Belgium, producers drawing generally upon Ghent at sixty or ninety days' sight. These drafts are accepted (as

Banco Comercial de Costa Rica

San Jose, Costa Rica, Central America

(Founded 1st June, 1905)

Capital, \$1,750,00.00

Reserves, \$546,238.41

Managing Director, THOMAS SCOTT

Collections for Foreign Houses promptly attended to. Deposits are received in American Money repayable at maturity by sight draft on New York, New Orleans or San Francisco. The rates of interest at present allowed are:

On deposit for 6 months : : : : 6 per cent. per annum
On deposit for 12 months : : : : 7 per cent. per annum

DEPOSITS

31st of March, 1910	: : :	\$1,270,087.74	31st of March, 1912	: : :	\$3,397,458.26
31st of March, 1911	: : :	1,690,705.28	31st of December, 1912	: : :	4,414,218.57

in the case of South American or Australian grain shipments to Antwerp) against presentation of consular invoices and the original or duplicate insurance policy. It seems, however, that this mode of liquidation is not so common for transactions between Belgium and the United States in other commodities, shippers in the United States preferring to be paid by check, as they thus avoid loss by discount. Sometimes, but rarely, three days' sight drafts find their way into the Belgian market.

"Payments to Belgium by Americans are generally covered by check, while for other countries Belgium ordinarily draws three months' drafts. In transactions with the United States this latter mode of payment cannot be used to advantage because it is not customary in the United States to accept drafts, and non-accepted drafts are negotiated in Belgium with more difficulty and at a much higher rate.

"For example, at the present time

accepted drafts may be easily negotiated here at the rate of four and one-quarter per cent., while non-accepted drafts can be negotiated only at one to two per cent above the official rate, that is to say, at the present moment, at five and one-quarter per cent.

"When money is dear in America and cheap here, we find here the "financial drafts." These are in nowise the result of commercial transactions of any sort, but are issued for the sole purpose of securing funds at an advantageous rate. For example, if money is tight in the United States, as in 1907, New York banks draw at three months on Belgium. When the first draft falls due it is renewed, if the operation still seems to be advantageous. Negotiations of this sort are now becoming more difficult, since the National Bank of Belgium refuses to discount financial paper, i. e., drafts drawn by one bank upon another.

"The lack of proper banking facili-

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

NEW YORK OFFICE: - - - 25 BROAD STREET

ties at Antwerp is felt more by stock brokers and investors than by importers or exporters. Commercial houses at Antwerp importing from the United States pay for their goods through an Antwerp bank upon presentation of the shipping documents. In many instances credits are granted against acceptance of drafts with interest for accommodation, but probably the bulk of the American business is done, as elsewhere, for cash against shipping documents. The bank holds the money so collected subject to the order of the corresponding bank in the United States, which gives instructions as to its disposition. It may be remitted to New York in dollars or in sterling, or it may be remitted to Berlin or to Paris in marks or francs; in other words, the disposal of the money is entirely at the option of the original shipper or of his bank.

"It is absolutely impossible to state any definite rule governing the disposal of such moneys, but the consensus of opinion is that American merchants and manufacturers themselves prefer to be paid in sterling, as they almost invariably find more profit in the exchange on London than on New York."



SWISS POSTAL CHECK ARRANGEMENT WITH ITALY

THE Swiss postal authorities have entered into an agreement with the Banca Commerciale Italiana in Milan, which agreement went into effect on January 2, 1914, and according to which anyone having a postal check or postal giro account in Switzerland can make payments—which for the present shall be limited in amount to 10,000 francs (\$1,930) in one day—to the credit of anyone having an account current with the Banca Commerciale Italiana; and, vice versa, any holder of an account current with this bank can make payments to any holder of a postal check account in Switzerland. This arrangement applies to all Swiss postal check postoffices and to the head

bank of the Banca Commerciale Italiana in Milan as well as to all of its branch banks, which are located in some fifty of the principal cities of Italy.

The fees for payments from Switzerland to the account of parties in Italy are twenty-five centimes (4.8 cents) for amounts up to 500 francs (\$96.50), and five centimes (one cent) additional for each additional 100 francs (\$19.30) or fraction thereof. These fees are charged to the postal check account of the party making the payments. A similar fee is charged by the Banca Commerciale Italiana for payments to parties in Switzerland.



BANK MERGER IN PROSPECT

IT is rumored that Lloyds Bank is about to absorb the Wilts and Dorset Banking Company. If this amalgamation is carried out it will restore Lloyds Bank to the top of the list of banks in England, and, in fact, in the world.

At the present time the biggest bank is the London City and Midland, whose "current deposit and other accounts" amounted at the end of March to about £94,000,000, as compared with Lloyds Bank's total of about £91,000,000. The total deposits of the Wilts and Dorset Bank are about £12,000,000, and if the reported merger is effected it will raise the amount of Lloyds Bank's deposits to well over £100,000,000. No other bank in the world, not even the Credit Lyonnais, can approach that total at present.



THE WOMAN'S BANK IN BERLIN

THE Woman's Bank in Berlin, or, according to its German style, the Frauenbank, is a limited-liability company which was organized a few years ago as the Independent Women's Banking Association; later the present name was adopted, and the concern was reg-

istered as an ordinary liability company. Thus far the institution has not taken a place among the large financial organizations of Germany, although it appears to be doing a successful and growing business. It does a general banking business and, in addition, furnishes advice in regard to estates, taxes and the renting of property. Legal advice of all kinds is furnished free of charge; stockholders are represented before the German authorities, and the bank's own notary prepares the various legal papers which may be required by members.

More than a year ago the Frauenbank had over 1,000 members, and it is understood that this number has increased substantially since that time. The shares have a nominal value of 100 marks (28.80) and in 1912 paid a dividend of five per cent. The liability of each shareholder is for 200 marks per share in addition to the cost of the share itself. Membership is limited to women.

In the banking department interest on deposits is paid as follows: On open accounts with daily notice, three and one-half per cent.; with four weeks' notice, three and three-quarters per cent.; with three months' notice, four per cent.; with six months' notice, four and one-half per cent.; with one year's notice, five per cent. At the close of the business year, December 31, 1912, the total assets reported amounted to \$61,089, and the liabilities

included deposits to the total amount of \$24,169; of the total deposits, \$19,478 was subject to one year's notice and paid five per cent. interest.



Australasian

COMMONWEALTH BANK OF AUSTRALIA

THROUGH the courtesy of Mr. Denison Miller, Governor of the Commonwealth Bank of Australia, the third aggregate balance-sheet of that institution has been received. It shows a footing of £6,558,975. Profits for the last half-year were £1,547, which were added to £46,636 from last account.

This is a Government bank, with head office at Sydney, N. S. W., branches at several important points in Australia and agents and correspondents throughout the world. Its report shows deposits of £2,887,521 and in the savings department £3,782,818.



AUSTRALIAN COMMERCE IN 1918

THE course of the over-sea trade of the Commonwealth in 1918, says the "Insurance and Banking Record," proved as the year advanced to be

Banco Agricola Comercial

Established 1895

SAN SALVADOR, REPUBLIC OF SALVADOR, C. A.

Authorized Capital,	\$5,000,000.00	Paid-up Capital,	\$1,000,000.00
Reserve Fund,	100,000.00	Special Reserve Fund,	352,707.23

DIRECTORS

J. MAURICIO DUKE	MIGUEL YUDICE	FRANCISCO DUEÑAS
J. MAURICIO DUKE h.	RAFAEL GUIROLA D.	Manager, F. DREWS

CORRESPONDENTS

London: The Anglo-South American Bank Ltd., with which is incorporated The London Bank of Mexico & South America, Limited. **Paris:** Comptoir National d'Escompte de Paris; Parier & Cie. **Hamburg:** Deutsche Bank Filiale Hamburg; Conrad Hinrich Donner; Carlo Z. Thomsen; The Anglo-South American Bank, Ltd. **Barcelona:** Banco Espanol del Rio de la Plata; Garcia-Calamarte & Cia. **New York:** G. Amsinck & Co.; Bloom Bros. **San Francisco:** The Anglo & London Paris National Bank. **Mexico:** Banco de Londres & Mexico. **Guatemala:** Banco Internacional.

rather more favorable than was at one time anticipated. The volume of importation shows no growth, but it has continued to be on an extremely liberal scale. On the other hand, exports of merchandise show a large increase, due chiefly to the pastoral and wheat-growing industries. The slight excess of gross exports (inclusive of gold and specie) over imports (about a million and a quarter sterling) was not, however, by any means sufficient to cover the obligations of the Commonwealth to the Mother Country for interest, etc., the amount of which may now be put at fifteen to sixteen millions sterling per annum. The balance has been redressed by the exchange furnished by the large borrowings of the Australian Governments in London, any necessity to export gold on a liberal scale thus being escaped.

The gross values of imports and exports for the year are compared with those for the two previous years in the accompanying table.

	1911	1912	1913
Exports—			
Gold and specie (net, imports being deducted) . . .	£10,077,505	£10,786,360	£2,989,734
Merchandise	67,435,172	66,634,490	73,958,762
Total	77,493,162	77,420,850	76,948,496
Imports—			
Merchandise	64,997,907	76,483,360	*75,663,841
Excess of exports over imports	12,495,255	937,490	1,284,655

*War vessels for the Commonwealth, valued at £2,495,000, not included.

The excess of exports over imports for 1911 was nearly twelve and one-half millions sterling, but for 1912 it was less than a million, and for 1913 rather over a million and a quarter.

Excluding gold and specie the figures for the last three years are as stated herewith.

	1911	1912	1913
Exports of merchandise	£67,435,172	£66,634,490	£73,958,762
Imports	64,997,907	76,483,360	75,663,841
Excess of exports	2,437,265	.....	.....
Excess of imports . . . . .	.....	9,848,870	1,705,079

The large excess of imports of merchandise for 1912 has not been maintained, but the 1913 position was not

satisfactory from the "balance of trade" point of view, Australia being heavily indebted to London. Importation in 1913 continued, however, to be freely encouraged by the profuse Government expenditure, which not only necessitated large imports of constructional material, but added considerably to the spending power of the people generally.



NEW MANAGER OF THE BANK OF AUSTRALASIA

AFTER long service with the Bank of Australasia, Mr. O. C. Williams, manager of the principal office in Sydney, N. S. W., retired and was succeeded by J. P. Doyle, heretofore sub-manager at Sydney. The retirement of Mr. Williams was made the occasion of presentation of addresses and testimonials on the part of the bank's staff and of the people of Sydney. Mr. Wil-

liams has had some fifty years of banking experience, and about forty years of this time has been with the Bank of Australasia. His retirement is owing to the fact that he is long past the customary age of withdrawal from active service.

Mr. Doyle, who succeeds Mr. Williams

as manager of the Sydney office, has been many years associated with the bank as manager at various points, and

as sub-inspector, and for some five years sub-manager at Sydney.

The head office of the Bank of Australasia is at 4 Threadneedle street, London.



**BANK-NOTE CIRCULATION DIS-
APPEARING**

GRADUALLY the place of the Australian bank-note is being taken by the Commonwealth issues. At the end of December last the total bank-note circulation outstanding was only £2,001,882.



Asiatic

BANK OF CHOSEN

FORMERLY this institution was the Bank of Korea. Its head office is at Seoul. The subscribed capital is 10,000,000 yen, of which 7,500,000 yen is paid up. The report for the half-year ended December 31—which has just come to hand—shows that during the past year of operation branches were opened at Mukden, Dairen and Chang-chun, Manchuria. Net profits for the half-year were 247,392 yen. Total assets of the Bank of Chosen, December 31, 1913, were 62,155,042 yen.



Latin-America

**BANKING WITH SOUTH
AMERICA**

ATENTION is already being directed to South America as a promising field for the extension of our banking operations. The following on this subject was prepared by Richard S. Hawes, vice-president of the Third National Bank, St. Louis, and was first published in "The Coast Banker" of San Francisco:

The interest now manifested in the Latin-American countries, especially those countries located in South Amer-

Banco de Established
July 15, 1895

Guatemala

Guatemala
C. A.

Directors
ADOLFO STAHL. D. B. HODGSDON
J. R. CAMACHO
C. GALLUSSER, Manager

Authorized Capital \$10,000,000.00
Capital subscribed and paid up 2,500,000.00
Reserve Fund 5,564,262.76
Contingency Fund 1,600,000.00

Foreign Correspondents

New York: Messrs. G. Amsinck & Co.; Messrs. J. & W. Seligman & Co.; The National City Bank of New York. **San Francisco, Cal.:** The Anglo & London Paris National Bank of San Francisco. **New Orleans:** The Whitney-Central National Bank. **Mexico:** Banco Nacional de Mexico. **Paris:** Messrs. de Neuville & Cie. **London:** Deutsche Bank (Berlin), London Agency; Messrs. A. Ruffer & Sons. **Hamburg:** Deutsche Bank Filiale Hamburg; Messrs. L. Behrens & Sohne; Messrs. Schroder, Gebruder & Co.; Mr. Carlo Z. Thomsen. **Madrid:** Messrs. Garcia-Calamarte & Cia. **Barcelona:** Messrs. Garcia-Calamarte & Cia.; Banco Hispano Americano. **Milano:** Credito Italiano.

Agencies in Guatemala

Antigua	Livingston	Mazatenango
Jutiapa	Puerto Barrios	Salama
Pochuta	Zacapa	Escuintla
Coatepeque	Coban	Ocos
	Retalhuleu	

General Banking Business, Special Attention Paid to Collections from Abroad and Letters of Credit.

ica, brings to our attention section twenty-five of the act establishing Federal Reserve Banks, which reads as follows:

"Any national banking association possessing a capital and surplus of one million dollars or more may file application with the Federal Reserve Board upon such conditions and such requirements as may be prescribed by said board for the purpose of securing authority to establish branches in foreign countries or dependencies of the United States for the furtherance of the foreign commerce of the United States, and to act, if required to do so, as fiscal agents of the United States."

This provision of the act empowers member banks of large capital to establish branches in foreign countries, where the natural trade of the United States requires and necessitates the encouragement of financial operations.

At the present time our business in

South America is conducted in an indirect and rather unsatisfactory way to the profit of the French, German and Italian bankers, and to the corresponding loss of our exporting firms. All business of this character which originates in St. Louis, is handled by New York banks, and by them through the various branches of the large banks in the countries referred to.

A bill of goods is sold by one of our merchants and a draft drawn with the bills of lading attached. This draft is naturally executed in dollars and cents, and upon its arrival in New York the bank at that point handling the transaction receives a commission, and it is then forwarded to private bankers at the center upon which it is drawn, who in turn settle on the current money basis at the lowest possible rate. The private banker then remits to the New York correspondent and the draft is again converted into United States money at the highest rate, indicating a "shaving process" both ways on the proceeds of the sale by the St. Louis merchant.

It is further the custom and practice of St. Louis exporters to sell their goods to large consumers only, and many of these gentlemen are directors of the branch banks of England, Germany or France. These directors do not hesitate to convey to their branches the trade secrets of the American exporter, and through the branches this information is transmitted to the ex-

porters of the Fatherland. By these methods, you will see, frequent advantage is taken of our American goods.

It is currently reported that a number of the largest banks in New York are investigating conditions in South America, having in mind the establishing of branch banks as provided for in the section quoted. Since the New York banks are working toward that end, should not the St. Louis institutions become active along the same lines for the advantages accruing to our merchants would be manifold.

If, for instance, one of our large exporters had sold a bill of goods in Rio de Janeiro, he could at once deposit draft with the St. Louis bank, which in turn would send same direct to its branch there—the full transaction being carried out in American money at the lowest discount, and without delay. Further, this branch bank could place at the disposal of our merchants avenues for obtaining correct information with regard to the credit situation of the various importers of South America.

Take the reverse side of the question: We will assume that one of our large importers purchases some raw material. To handle this transaction now he is compelled to transmit the cash to South America, where it must be changed into the moneys of the export country; thus the transaction is twice taxed, as above indicated. If a branch bank were established there the

Banco de Nuevo Leon

MONTEREY, N. L., MEXICO

ESTABLISHED OCT. 1, 1892

Capital paid up, \$2,000,000

Reserves, \$898,482.76

Deposits, \$3,394,046.60

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

ANTONIO MANRIQUE, Accountant

AMADOR PAZ, Cashier

importer would step into his St. Louis bank, request them to transmit these funds, either by cable or letter; the branch bank in South America would pay the funds to the exporter there, with the least possible friction, and at the lowest cost.

The development of South American trade has been very slow from the United States, and it is generally assumed that one of the reasons for this is the fact that the banking facilities are largely in the hands of foreigners, and that we have no financial representation in those countries.

The wonderful resources of South America are hardly appreciated. When we consider the enormous area and the dense population of that continent, the steady and wonderful development of its cities and resources, it must impress us with the fact that as our productions steadily increase a quick and convenient avenue for the placing of these must be found, and with the continent at our door awaiting our friendly invasion there could be no more opportune time than the present.

Coincident with the establishing of branch banks in foreign lands, it might be well at this time to give consideration to the commercial methods pursued outside of our own country of issuing drafts upon which acceptance is made by bankers, and for which an immediate discount market is always ready—commonly termed a “bill of exchange.”

A law should be passed in the United

States which would authorize the establishing of what might be known as a “court of bills of exchange and negotiable instruments,” similar to those in operation in England, where prompt action can be had upon bills of exchange or notes, the payment of which has not been immediately made.

The creation of such a court would at once establish on a firm footing a discount market.



DUTCH BANK FOR SOUTH AMERICA

THE increasing investment of Dutch capital in South American States, including land credit institutions, has led to the formation in Amsterdam of the Banco Holandès de la America del Sud (Hollandsche Bank voor Zuid-Amerika) for the purpose of conducting banking operations in South America. Among the promoters are the Rotterdam Bank Vereeniging of Amsterdam, two private banking firms of The Hague and Rotterdam, respectively, and representatives of the Royal Dutch Lloyd Company and the Banque Hypothécaire Hollandaise del Rio de la Plata. The capital of the bank, which is the first Dutch institution to devote itself exclusively to banking af-

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.



EL BANCO DE GUATEMALA, GUATEMALA, C. A.

(The building of the Bank of Guatemala is shown at the left.)

fairs in South America, has been fixed at 10,000,000 florins (\$1,020,000), of which 4,000,000 florins (\$1,206,000) have been taken up by the promoters. The headquarters of the bank will be at Amsterdam, and the first branch is to be opened at Buenos Ayres.

THE BANK OF GUATEMALA

THIS institution, located at Guatemala, Central America, has \$2,500,000 paid-up capital, \$4,910,581 reserve fund and \$1,300,000 special reserve fund.

It has agencies in the important

Pan-American Title Insurance Company, S. A.

Head Office: Apartado 39

CITY OF MEXICO

BRANCHES: Tampico, Mexico; London, England, 25 Victoria St., S. W.

ROOMS 310-312, NO. 2 RECTOR ST., NEW YORK

SUITE 859 MONADNOCK BUILDING, SAN FRANCISCO, CAL.

Chartered and equipped for all branches of title insurance and trust work

cities of the Republic of Guatemala, and correspondents throughout the leading foreign countries.



Cuba

NATIONAL BANK OF CUBA

ALTHOUGH, on account of the low price of sugar, business conditions were less satisfactory than usual in Cuba for the year 1913, the National Bank of Cuba increased its deposits from \$23,714,338.98 on December 31, 1912, to \$25,495,490.40 on December 31, 1913. Deposits in the savings department also increased in number and amount. The amount handled in the

collection department aggregated in 1913, \$285,000,000, an increase of \$18,000,000 over the preceding year.

The regular eight per cent. dividend was paid and the surplus increased to \$1,800,000, leaving \$75,076 in the undivided profits account.

During the year three stories were added to the last extension of the head office, making the entire building of a uniform height of five stories. A new bank building at Manzanillo was completed in September. New branches were established at Guanajay and Guira de Melena.

As per the statement of December 31 last, the capital, surplus and profits of the National Bank of Cuba were \$6,575,076; deposits, \$25,495,400, and total resources, \$40,551,441.



Federal Reserve Board

ON May 4 it was announced from Washington that President Wilson had asked the following-named gentlemen to accept appointments as members of the Federal Reserve Board provided for in the new Federal Reserve Act:

GOVERNOR.

RICHARD OLNEY of Boston, lawyer, formerly Secretary of State.

MEMBERS.

ADOLPH CASPAR MILLER of Berkeley, Cal., educator and economist, now assistant to the Secretary of the Interior.

PAUL M. WARBURG of New York, banker, member of the firm of Kuhn, Loeb & Co.

W. P. G. HARDING of Birmingham, Ala., banker, president First National Bank of Birmingham.

HARRY A. WHEELER of Chicago, banker, former president of the Chamber of Commerce of the United States and former president of the Chicago Association of Commerce, vice-president Union Trust Company, Chicago.

Should these five accept the Federal Reserve Board will be composed in addition of the following:

MEMBERS EX-OFFICIO.

WILLIAM G. McADOO of New York, Secretary of the Treasury and chairman ex-officio of the board.

JOHN SKELTON WILLIAMS of Richmond, Comptroller of the Currency and member ex-officio of the board.



NEVER esteem anything as of advantage to thee that shall make thee break thy word or lose thy self-respect.

MARCUS AURELIUS.

Banking and Financial Notes



The Branch
Our first President

Merchants National Bank

RICHMOND, VA.

Capital \$200,000
Surplus and Profits over 1,000,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

EASTERN STATES

New York City

—At the date of going to press with this issue of *THE BANKERS MAGAZINE*, two important bank mergers are reported as pending—the National Nassau Bank with the Irving National, and the Fourth National with the Mechanics and Metals National. These reports had not been confirmed at the time this was written.

—A. K. De Guiscard recently completed fifty years of service with the American Exchange National Bank. The event was marked by a banquet, given at the instance of Lewis L. Clarke, president of the bank. Mr. Guiscard began his service with the

bank on April 20, 1864, and was successively promoted through various responsible positions to the office of assistant cashier.

At the banquet there were present the clerks and officers of the bank. It was noted that six of the officers, in addition to Mr. Guiscard, had been with the bank for periods from twenty-one to forty-nine years.

Mr. Guiscard was presented with a handsome gold watch as an evidence of the esteem in which he is held by his associates.

—The Lincoln Trust Company now occupies its new home at 204 Fifth avenue, the building being devoted entirely to the company's use.

—In connection with the recent announcement of the Federal Reserve Organization Committee, it is interesting to compare the probable size of these new banks with some of the large New York banks and trust companies.

For instance, the capital of the Federal Reserve Bank of New York city, which will be the largest of all the Federal Reserve Banks, will, on the basis of the six per cent. subscription from the member banks, be a little over \$20,000,000, while the capital, surplus and undivided profits of several New York institutions are considerably in excess of these figures. The National City Bank, for example, has a total of \$58,000,000, and the National Bank of Commerce, \$42,000,000. The Bankers Trust Company, the second largest trust company in the city, has a capital, surplus and undivided profits of \$24,800,000, and the Guaranty Trust Company, the largest of this class of institutions in the United States, has over \$33,000,000, or more than \$13,000,000 larger than the Federal Reserve institution. If but fifty per cent. of the capitalization of the Federal Reserve Bank is called for, as provided for in the act, the difference between these institutions will, of course, be even greater, the Federal Reserve Bank of New York in that event having a paid-in capital of only \$10,000,000.

—The Nassau National Bank of Brooklyn now occupies its new banking rooms in the Terminal Building, recently completed, at the corner of Court and Joralemon streets.

—A map of the country, showing the boundaries of Reserve Districts and location of Federal Reserve Banks, has been prepared and sent out by the Fourth National Bank of this city.

A SPECIAL INCOME TAX RECORD

The Baker-Vawter Standard Stock Form *COUPON RECORD* is designed with the view to creating a complete segregated record of all coupons handled.

Provision is made for correcting entries where the tax was deducted, when it should not have been—or where the tax was *not* deducted, when it should have been.

Adapted for use in all Banks and Trust Companies handling coupons.

BAKER-VAWTER COMPANY

Bank Accounting Systems

Steel Filing Sections

BENTON HARBOR, MICHIGAN

HOLYOKE, MASS.

Offices in all principal cities—salesmen everywhere

—George C. Van Tuyl, Jr., who recently resigned as superintendent of the New York State Banking Department, has been elected president of the Metropolitan Trust Company. Mr. Van Tuyl has had wide and important experience as a banker. At the time of his appointment as Bank Superintendent he was president of the Albany Trust Company and a director of the First National Bank of Albany, as well as of other banks and financial corporations.

—The Guaranty Trust Company on April 7 completed its first year in its new building at 140 Broadway, having removed from its former location at 28 Nassau street on April 7, 1913.

During the year this company has experienced a remarkable growth. Its deposits one year ago were \$161,000,000 and now they are approximately \$200,000,000, while the total assets in the same period have grown from \$220,000,000 to \$265,000,000.



Philadelphia

—Charles H. Harding is a new vice-president of the Bank of North America.

—Charles S. Calwell, president of the Corn Exchange National Bank, has been elected a member of the Philadelphia Clearing-House Committee, succeeding Francis B. Reeves, resigned.



Pittsburgh

—On April 27 the First-Second National Bank, which has been closed for some time, reopened for business. The statement shows \$4,000,000 capital, \$950,000 surplus, \$16,111,366 of demand deposits and \$5,171,676 of

one year's time deposits, and \$28,641,840 of assets, of which \$13,705,155 is in cash.

Officers of the reorganized bank are: Chairman of board, J. B. Finley; president, Lawrence E. Sands; vice-president and cashier, Frank F. Brooks; assistant cashier, Clyde C. Taylor; assistants to president, James M. Young and Thomas C. Griggs; manager foreign department, William F. Benkiser; assistant manager foreign department, W. J. Frank.

—Stockholders of the Union National Bank are to vote on May 25 on a proposal to increase the capital of the bank from \$600,000 to \$2,000,000.



—President McCarter of the Fidelity Trust Company, Newark, N. J., recently announced that employees of that company would be presented with an insurance policy equal to one year's salary, payable at death of the beneficiary, the insurance to continue in force during the time the employee remains with the company, the premium to be paid by the company.

—Eugene Lamb Richards, Jr., has been appointed superintendent of the New York State Banking Department, to succeed George C. Van Tuyl, resigned. Mr. Richards is a graduate of Yale University and has served as Deputy Attorney-General of the State of New York.

—Washington, D. C., will have a larger banking house than any of the many costly structures which it already has in the financial district when the new home of the National Savings and Trust Company is erected upon the bank's present site at Fifteenth street and New York avenue northwest. William H. Walker, Walter C. Clephane and Frank W. Stone, constituting the building committee, have awarded the construction contract for the new building, which will be five stories and will cost

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.

H. H. POND, Vice-President
JOSEPH S. HOUSE, Cashier
ROBERT U. GRAFF, Asst. Cashier
JOHN ROBINSON, Asst. Cashier
CHARLES E. MILLER, Asst. Cashier

\$300,000. Its construction will be begun immediately.

—Bankers of Essex County, N. J., met at Newark recently and formed the Essex County Bankers' Association. Resolutions were adopted in regard to pending legislation respecting regulation of interlocking directorates, and condemning the action of the Federal Reserve Organization Committee in placing the Essex county banks in the Philadelphia Federal Reserve District. They desire to be a part of the New York district, on account of greater convenience and present business relations.

—Rochester (N. Y.) Chapter of the American Institute of Banking held its annual meeting in the Hotel Rochester, April 21. The following officers were elected:

President, Fred D. Whitney; vice-president, Harry H. Edgerton; secretary, Fay E. Wright, and treasurer, Edwin G. Kaelber. The executive committee is Arthur H. Lauterbach and William H. Stackel. Fred D. Whitney was appointed delegate to the national convention to be held in Dallas, Texas, with Charles W. Covell as alternate.

William J. Simmers' illustrated talk on check raising was a feature of the evening. Following the business meeting luncheon was served.

—An opinion has been given by the Attorney-General of New York to the effect that trust companies in that State are not authorized to establish branches in places other than those included in the certificate of incorporation or charter.



NEW ENGLAND

Boston

—John R. McVey has been elected president of the Old South Trust Company; Francis L. Daly and Sidney S. Conrad, vice-presidents, and Robert H. Bean of the National Union Bank and president of the Boston Chapter, American Institute of Banking, has been elected treasurer.

—The Merchants National Bank is now fully installed in its new ten-story building at 28 State street, occupying the first floor, mezzanine, part of the second floor and the entire basement, the remainder of the building being devoted to offices.

—Consolidation of the National Bank of Commerce with the Merchants National Bank was recently announced. This will at present result in no change in the capital of the Merchants National, but the deposits will be materially increased—the total being around \$44,000,000.

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
CHARLES T. WILLS, Vice-Pres.
WM. L. DOUGLASS, 2d Vice-Pres.
ARTHUR W. SNOW, Cashier
R. T. THORN, Asst. Cash.

DIRECTORS

James McCutcheon William H. Gelshenen
Charles T. Wills Morgan J. O'Brien
Ruel W. Poor Thomas D. Adams
Samuel Adams Daniel S. McElroy
Robert J. Horner



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 1,644,562.63

Accounts of Banks,
Bankers, Corpora-
tions, Firms and In-
dividuals cordially
invited.

WRITE

—About 100 merchants gave a banquet at the Algonquin Club recently, to mark the opening of the new Merchants National Bank building, Eugene V. R. Thayer, president of the bank, being the guest of honor. Hon. George von L. Meyer was toastmaster. The guests included a number of city bankers and other bank officers from out of town.

—Max Mitchell succeeds Silas Pierce as president of the Cosmopolitan Trust Company, Mr. Pierce becoming chairman of the executive committee.

—The handsome new bank building of the First Ward National Bank of East Boston is now open and being used by the institution. It is located at the corner of Meridian and Maverick streets. Colonel George W. Moses, who is president, has received many congratulations on the fine new home of the bank.

—At the annual meeting of the Boston Clearing-House Association, April 13, Manager C. A. Ruggles presented a report showing that the exchanges for the past year were \$7,953,641,114—a slight loss compared with the preceding year, which was a record year. These officers were re-elected: President, Thomas P. Beal, president Second National; secretary, Charles P. Blinn, Jr., vice-president National Union Bank. The clearing-house committee will consist of Chairman Alfred L. Ripley, vice-president Merchants National; William A. Gaston, president National Shawmut; Daniel G. Wing, president First National; Philip Stockton, president Old Colony Trust Company; Thomas P. Beal, president Second National.



—Stockholders of the Stoughton (Mass.) Trust Company had a banquet at the City Club, Boston, on the evening of April 13. President Guy A. Ham, reciting the story of the company's three years' progress, said

that at the time of organization he was told that the company might consider itself fortunate if it succeeded in getting \$100,000 of deposits. On September 1, 1911, the deposits were \$63,538, and April 7 last, \$579,117. In the same time the number of accounts in the savings department has increased from 130 to 1,153 and in the commercial department from seventy-six to 593.

—Plans have been completed for the new eight-story building for the First-Bridgeport National Bank, Bridgeport, Conn.

—Last month the Amoskeag National Bank and the Amoskeag Savings Bank of Manchester, N. H., moved into the Amoskeag Bank Building, which is modern and thoroughly equipped for the safe, comfortable and convenient handling of the large business of these two institutions.

—Howard Pepper of the Industrial Trust Company, Providence, R. I., has been re-elected president of the Bank Clerks' Mutual Benefit Association of that city. During the year the association paid out death benefits of \$1,800, and the assets were shown to be \$66,939.62, a gain of \$5,270.09 for the year.

—Friends of the Malden (Mass.) Trust Company inspected the fine new building of that institution on the evening of April 3. The exterior construction is of granite, marble and brick, the land, building and equipment representing an outlay of about \$75,000. The Malden Trust Company was incorporated in 1896. Its capital is \$100,000; surplus and profits, \$163,318, and deposits, \$2,494,541. Elmore E. Locke is president.

—The State Trust Company, Augusta, Me., is now in its new quarters in the Allen Building. In the main banking room, the directors' room and the large vault are seen evidences of modern ideas in bank construction.

The State Trust Company opened for

The Union National Bank

CAPITAL
\$1,600,000.00

Cleveland, O.

SURPLUS AND PROFITS
\$1,000,000.00

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

Since 1884 we have responded to the needs of a constantly increasing number of customers. We aim to dispatch business promptly. Our facilities are offered to those who, appreciating good service, will maintain adequate balances.

business August 11, 1906, with the late Hon. John F. Hill as its first president, and since that time has enjoyed a steady growth, until it is now rated with the most substantial in the State. The present officers are: President, Thomas J. Lynch; vice-presidents, John E. Liggett and George W. Vickery; treasurer, George C. Libby; assistant treasurer, Thomas H. Bodge.

—Not only does the Athol (Mass.) National Bank gain a modern and complete banking home by its removal on April 18 into the bank's new building, but it likewise comes into a more central business location, the centre of the town having changed since the bank was established. The new building is attractive, affording ample space for the public and for the bank's staff, besides a woman's room, directors' room, safe deposit vaults and consultation room—all embodying approved ideas in regard to taste, convenience and safety.

Thomas H. Goodspeed has been president of the bank since its organization. Percy F. Spencer is cashier.



SOUTHERN STATES

—President W. P. G. Harding of the First National Bank of Birmingham, Ala., recently sent out a card announcing the thirtieth anniversary of that institution.

—Consolidation of the Bank of Norfolk, Va., with the Seaboard National Bank of Norfolk is reported, the capital of the last-named bank being increased from \$200,000 to \$300,000.

—At a recent meeting of the Correspondence Chapter of the American Institute of Banking, in New York, C. W. Beerbower, auditor of the National Exchange Bank, Roanoke, Va., and a well-known authority on practical banking subjects, was elected a vice-president and director of the chapter.

—More business makes it expedient for the First National Bank, Miami, Florida, to reconstruct its building, a modern burglar-proof vault constituting an important feature of the improvement.

—It is announced that the People's Bank, Miami, Florida, will put up a five or six-story concrete building, to cost about \$100,000.

—The practical interest which bankers are showing in matters relating to the marketing of farm products is well illustrated by the following from the Mercedes, Texas, correspondence of the Houston "Chronicle" under date of April 10:

"An enthusiastic meeting of the Rio Grande Valley Bankers' Association and representatives of the Progressive League of Southwest Texas was held in this city, in the Hidalgo County directors' room.

"The meeting was called for the purpose of considering the proposition of a unit marketing system for the products of farmers, as advocated through the press of the valley recently by Colonel Alba Heywood of San Benito, who was so pleased with the results of a mass meeting held several weeks ago, attended by farmers, bankers and business men from all points of the valley and at which the principal shippers of cabbage and other truck agreed to work together to the end that the farmer would get better prices for his truck, that he is not only convinced that the unit marketing system means the salvation of truck growers of the valley, but also that such a system can be established at this time.

"The valley bankers were instrumental in getting the three principal selling agencies together on the cabbage proposition and realize the necessity of a unit marketing system, which will take care of principal selling agencies now operating in the valley and at the same time give the farmers an organization through which their products can be marketed at much better advantage.

"At the meeting resolutions were passed unanimously indorsing the unit marketing

Capital - \$2,500,000.00



Deposits, \$37,000,000.00

CLEVELAND, OHIO

Surplus and Profits - \$1,929,000.00

ACCOUNTS SOLICITED

Correspondence Invited

Collections a Specialty

system and circulars will be sent to every farmer, merchant and business man in the valley within the next few days preparatory to calling mass meetings, at which the matter will be discussed and preparations for the organization made."

—At a cost of over \$60,000 the People's Bank, Savannah, Ga., has enlarged and otherwise improved its building.

—The branch of the Citizens and Southern Bank of Savannah, Ga., located at Liberty and Montgomery streets, in that city, will be improved by constructing an addition with thirty feet frontage and will be six stories—the same as the present building. This enlargement follows upon an exceedingly prosperous record made by the branch bank.

—At the recent convention of Group 3 of the Georgia Bankers' Association, held in Atlanta, T. J. Simpson, vice-president of the Exchange National Bank of Rome, was elected president, and it was decided to hold next year's convention of the group at Rome.

—Friends of Captain John H. Leathers, president of the Louisville National Banking Company, gave him a banquet at the Galt House on the evening of April 27, in commemoration of his seventy-third birthday.

—Atlanta, Ga., and Richmond, Va., which have been designated as points at which Federal Reserve Banks are to be located, were recently added also to the list of national bank reserve cities.

—An enlargement in the quarters of the Bank of Commerce and Trusts, Richmond, has been made by acquiring an adjoining building.

—Louisiana bankers, at the convention of their State association on April 14 and 15, adopted resolutions favoring the designa-

tion of New Orleans as a Federal Reserve city. Officers were elected as follows: President, Andrew Querbes, Shreveport; vice-president, L. M. Pool, New Orleans; secretary, L. O. Broussard, Abbeville; treasurer, A. T. Kahn, Shreveport.

—George W. Rogers, cashier of the Bank of Commerce, Little Rock, was elected president of the Arkansas Bankers' Association, at the recent convention. Robert E. Waite was re-elected secretary.

—Richmond, Va., banks are preparing to celebrate in an appropriate manner the opening of the Federal Reserve Bank in that city.

—The First National Bank of Commerce of Hattiesburg, Miss., gives this illustration of its gain in deposits:

March 31, 1889	\$165,310.24
March 31, 1904	726,724.62
March 31, 1909	1,313,822.66
March 31, 1914	1,952,853.93

F. W. Foote, active vice-president of this bank, was recently endorsed by the Sixth District Mississippi Bankers' Association as a director of the Federal Reserve Bank.

—The Birmingham (Ala.) Trust and Savings Bank now reports \$600,000 earned surplus on its capital of \$500,000 and \$85,551 undivided profits. Deposits on April 14 were \$5,915,413

**THE BANKERS
DIRECTORY**

"THE RED BOOK"

**In its thirtieth year and
BETTER THAN EVER**

Mississippi Valley Trust Co.

St. Louis

Thoroughly Equipped

Through its Financial, Trust, Bond, Real Estate, Safe Deposit and Savings Departments, the Mississippi Valley Trust Company is equipped to serve your every need in St. Louis and the Southwest.

Capital, Surplus & Profits, \$8,500,000

—Some changes have taken place lately in the officers of the First National Bank of Key West, Florida. George L. Lowe, cashier, died recently and was succeeded by R. H. Kemp. Charles A. Collins, assistant cashier, resigned. The present official staff consists of: George W. Allen, president; G. Bowne Patterson, vice-president; R. H. Kemp, cashier; J. F. Uhrbach, assistant cashier.



WESTERN STATES

Chicago

—The new building of the Continental and Commercial National Bank has opened its doors to office tenants. Later the bank named, the Continental Trust and Savings Bank and the Hibernian Banking Association will all be housed in this magnificent structure, which was described and illustrated in this MAGAZINE several months ago.

—Five hundred thousand dollars has been transferred from the undivided profits to the surplus account of the Harris Trust and Savings Bank, making the surplus, \$2,000,000.

—Solon A. Smith succeeds his father, the late Byron L. Smith, as president of the Northern Trust Company. He was elected assistant cashier in 1901 and second vice-president in 1905.

—Directors of the National City Bank voted recently to transfer \$250,000 from undivided profits to surplus account, making the latter \$750,000.

—The State Commercial and Savings Bank has been granted permission to organize with \$200,000 capital.

—William G. Schroeder has resigned as vice-president of the Continental and Com-

mmercial National Bank and will make his home in Southern California. Mr. Schroeder was seriously hurt in a railway accident several years ago, since which time his health has been somewhat impaired.

—The Celtic Trust and Savings Bank, capital, \$1,000,000, and surplus, \$250,000, is in process of organization here.

—Removal of the La Salle Street Trust and Savings Bank was made April 20 to the new quarters in the bank's own building at La Salle and Quincy streets.

The new building was purchased by the bank at a cost of \$500,000 from the Farwell Trust Company. The new quarters of the bank, which have been fitted up at a large additional cost, include the ground floor, where the main part of the bank is established; the second floor, where the trust department and clerical forces are located, and the basement, where large safe deposit vaults have been installed.

The La Salle Street Trust and Savings Bank, formerly a national bank, but changed to a State institution over a year ago, has shown marked growth in the last couple of years, its deposits doubling, and in the last report to the State Auditor, under date of April 4, that item showed \$5,390,000. The bank's capital is \$1,000,000 and its surplus and undivided profits around \$350,000.

As a mark of recent success the directors began the payment of dividends on the stock by declaring the first quarterly payment of one and one-quarter per cent., thus placing the shares on a five per cent. annual basis.

—The Guarantee Bank and Trust Company, a new State bank to be located in the loop district, has been authorized by the State Auditor. The organizers of the bank are William B. Austin, former president of the Hamilton Club; Medill McCormick, western manager for the Progressive party in the last national campaign; Albert J. Hopkins, former Republican Senator; Rudolph C. Keller, vice-president and former

cashier of the Colonial Trust and Savings Company; John A. Gauger, lumberman, and George T. Buckingham, lawyer.

M. B. Orde, treasurer of the Chicago City Railways Company, and representatives of State street and stockyards interests, will be members of the board of directors with the organizers, according to Mr. Austin. Mr. Keller will be president and Mr. Austin vice-president and chairman of the board of directors.

In addition to the capital stock of \$750,000 there will be a surplus of \$250,000.



St. Louis


—The Guardian Trust Company, with a capital of \$1,000,000, has been organized here, taking over the business of the Commonwealth Trust Company.

—Edward B. Pryor, prominent in railway and other corporation affairs, succeeds the late John H. McCluney as president of the State National Bank.

—Two vice-presidents and an assistant bond officer were elected by the Mississippi Valley Trust Company at the board meet-



WILLIAM McC. MARTIN
VICE-PRESIDENT MISSISSIPPI VALLEY TRUST CO.



THE PEOPLES BANK OF BUFFALO, N.Y.

IF intelligent handling of items and low rates appeal to you send us your BUFFALO BUSINESS

Capital and Surplus, \$1,200,000.00

A. D. BISSELL, President
C. R. HUNTLEY, Vice-President
E. H. HUTCHINSON, Vice-President
E. J. NEWELL, Vice-President
HOWARD BISSELL, Cashier
C. G. FELL, Asst. Cashier
A. J. ALLARD, Assistant Cashier
G. H. BANGERT, Assistant Cashier



FREDERICK VIERLING
VICE-PRESIDENT AND TRUST OFFICER MISSISSIPPI VALLEY TRUST CO.

ing, April 22. Frederick Vierling, who will also retain his present title of trust officer, and William McChesney Martin, formerly assistant trust officer, become vice-presidents. Both have been connected with the institution for many years. John R. Longmire, who was elected assistant bond officer, has been with the company's bond department since 1908. All three are lawyers.

Mr. Vierling was born and educated in St. Louis and has served the Mississippi



Northwest Items

HAVING direct connections with practically every banking point throughout the "Inland Empire," the Old National Bank is able to handle your Pacific Northwest items with exceptional promptness and dispatch.

CORRESPONDENCE INVITED

The Old National Bank of Spokane

D. W. TWOHY, President
T. J. HUMBIRD, Vice-President
W. D. VINCENT, Vice-President
J. A. YEOMANS, Cashier
W. J. SMITHSON
G. H. GREENWOOD J. W. BRADLEY
Assistant Cashiers

RESOURCES : \$12,000,000



Valley Trust Company since 1891, the year following its organization. He is an A. B. of the Benton College of Law, a Mason and a member of the St. Louis and American Bar Association.

Mr. Martin is known as an authority on banking law and banking practice. He has been with the Mississippi Valley Trust Company for fourteen years and has been secretary to the president, safe deposit officer, assistant bond officer and assistant trust officer.

Mr. Longmire is a native of Hicksville, New York. He came to St. Louis in 1904 and is a graduate of the St. Louis University Law School.

—Missouri bankers hold their twenty-fourth annual convention in this city, beginning May 18. Festus J. Wade, president of the Mercantile Trust Company and of the St. Louis Clearing-House Association, will welcome the visiting bankers.

—Following are some of the banks that have recently had the Third National Bank of St. Louis designated as reserve agent: First National Bank, Huntsville, Ark.; First National Bank, Nebo, Ill.; First National Bank, Ottumwa, Iowa; First National Bank, Collins, Miss.; First National Bank, Corinth, Miss.; Citizens National Bank, Corinth, Miss.; First National Bank, Canton, Ohio; Farmers National Bank, Beggs, Okla.; First National Bank, Ripley, Tenn.; First National Bank, Selmer, Tenn.; Colorado National Bank, Colorado City, Texas.



—On March 23, 1864, the First National Bank of Canton, Ill., was organized, and the semi-centennial of this event was observed by the publication of a full-page advertisement in the Canton "Daily Register," illustrated with exterior and interior views of the bank, and showing the institution's history in a brief and striking form. The bank has had a steady growth, and since 1900, especially, has added largely to its deposit totals.

—Preparatory to the construction of its new bank and office building, the First National Bank of Minneapolis, Minn., removed into temporary quarters, in the course of its journey carrying tons of gold and silver coin and a "cord" of notes and bills, besides "bales" of valuable securities.

The old building is already being torn down to make way for the new structure—which is to be a skyscraper.

—The banks of Ardmore, Oklahoma, are actively entering into a campaign for the location of a branch of the Federal Reserve Bank of Dallas, Texas. Ardmore is located in the centre of the great cotton and grain

growing and live stock section of the State. Quite recently an oil field has opened up to the west of Ardmore, which gives promise of being one of the greatest pools in the country. The banks of Ardmore are now enjoying great prosperity and the bank deposits have increased over a half million dollars as a direct result of the oil development.

—How the average size of the State banks of Minnesota has grown since 1911 is interestingly shown in the accompanying letter and statements from Hon. Kelsey S. Chase, superintendent of the Banking Department of that State:

“On January 7, 1911, there were 696 State banks, and the average bank statement has been ascertained by dividing each item in the tabulated statement compiled from all of the bank reports of that day, by the number of banks.

“On March 4, 1914, there were 827 banks, and the average statement is ascertained in the same way.

“You will, of course, know that although the number of banks has increased 131, still the size of the banks has also increased and the average deposit in the State banks is

Planters National Bank

RICHMOND, VIRGINIA

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

Capital
\$300,000

Surplus and Profits
\$1,500,000

Total Resources
\$8,700,000

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

D. V. MORTON
Assistant Cashier

Unsurpassed Facilities
for collecting Items
on Virginia and
the Carolinas

Safety First

THE United States Steel Corporation,
Standard Oil Co., Western Electric Co.
and leaders in banking and business every-
where have put safety first by protecting
their checks with the Peerless Check
Writer.

THIRTY FIVE DOLLARS TEN CENTS
Reduced Facsimile

THE Peerless Check Writer makes the old tried and safe protective imprint exact to the cent, and places it in the amount line of the check. Combines work, and saves time.

Saves time, too, by writing a word at a stroke faster than a typewriter.

THE \$65.00 Peerless is the writer for big checking business. The new \$35.00 Peerless Junior has every one of the Peerless advantages for the smaller output of checks.

Write for full information or, better, a free trial

Peerless Check Protecting Co.
Rochester, New York

now over \$189,000, as compared with approximately \$150,000 of a little over three years ago. Cash assets have likewise increased approximately thirty-five per cent. and overdrafts have decreased about thirty-five per cent.

"The holdings of bonds and securities have increased and the investment in banking house, furniture and fixtures is slightly more for average banks than it was, in spite of the fact that the investment in furniture and fixtures has been constantly charged down by most banks during the past three years. This indicates clearly that the State banks are investing in more substantial banking houses. It is gratifying to know that the holdings of other real estate by the banks is only about two-thirds of what it was three years ago.

"Although many of the banks which have been organized during the past three years were capitalized at \$10,000, still the average capital stock is a larger amount than it was in 1911. The surplus fund is substantially greater. The undivided profits account in January, 1911, you will notice, is somewhat larger than the same account in March, 1914, but this is accounted for by the fact that the statement of January 7, 1911, was made before many banks had declared dividends. As a matter of fact, the undivided profits account in the State banks of Minnesota actually runs larger today than it did three years ago."

Statement of the condition of the average State bank in Minnesota at close of business on January 7, 1911:

RESOURCES.

Loans and discounts	\$137,239.44	
Overdrafts	984.42	
Bonds and securities	4,522.77	
Banking house, furniture and fixtures	5,461.49	
Other real estate	1,654.43	
Due from banks	\$19,986.76	
Cash on hand	7,069.87	
Total cash assets	\$27,056.63	27,056.63
Checks and cash items	1,022.52	
Total		\$177,954.70

LIABILITIES.

Capital stock	\$19,293.82	
Surplus fund	4,752.06	
Undivided profits, net	2,131.38	
Notes rediscounted and bills payable (including certificates for money borrowed)	1,424.57	
Dividends unpaid	\$143.76	
Deposits subject to check	50,078.48	
Demand certificates	1,158.87	
Certified checks	50.63	
Cashier's checks	2,218.17	
Due to banks	3,158.43	
Total immediate liabilities	\$56,808.34	
Time certificates	93,365.57	
Total deposits	\$150,173.91	150,173.91
Other liabilities	178.96	
Total		\$177,954.70

Statement of the condition of the average State bank in Minnesota at close of business on March 4, 1914:

RESOURCES.

Loans and discounts	\$164,907.94	
Overdrafts	619.76	
Bonds and securities	6,058.74	
Banking house, furniture and fixtures	5,778.10	
Other real estate	1,137.66	
Due from banks	\$31,062.07	
Cash on hand	7,116.97	
Total cash assets	\$38,179.04	38,179.04
Checks and cash items	1,117.22	
Total		\$217,798.46

LIABILITIES.

Capital stock	\$19,351.87	
Surplus fund	6,392.65	
Undivided profits, net	1,453.23	
Notes rediscounted and bills payable (including certificates for money borrowed)	919.91	
Dividends unpaid	\$28.03	
Deposits subject to check	57,110.37	
Demand certificates	821.19	
Certified checks	125.23	
Cashier's checks	3,088.10	
Due to banks	4,545.13	
Total immediate liabilities	\$65,718.05	
Savings deposits	12,539.77	
Time certificates	111,199.18	
Total deposits	\$189,457.00	189,457.00
Other liabilities	253.80	
Total		\$217,798.46

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ACCOUNTS INVITED. INTEREST ALLOWED ON DEPOSITS

—Hon. Kelsey Chase has resigned as superintendent of the Minnesota State Banking Department to become president of the new People's Bank of St. Paul.

—Wyoming bankers will hold their sixth annual convention at Thermopolis, August 12 and 13.

—At Topeka, Kansas, the Central Trust Company has been chartered with \$100,000 capital. It will be located in the building with the Central National Bank and will be under the same management as that institution.

—Wisconsin bankers are arranging to organize a company for handling mortgages based on the farm lands of that State.

—The Iowa Loan and Trust Company of Des Moines—which is one of the old and successful farm loan companies of the West—recently moved into new rooms in the Hippee Building.

—A ten-story building is being put up by the American Trust and Savings Bank, Cedar Rapids, Iowa.

—Kansas has 927 State and private banks and trust companies, with deposits of \$107,960,201. Their legal reserve is 31.3 per cent.

—The Farmers and Merchants Bank of Leeds, North Dakota, reported to the State Bank Examiner on March 4: Capital, \$25,000; surplus, \$12,500; deposits, \$219,417.35.

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—Montana bankers will hold the annual convention of their association at Butte, August 20, 21 and 22.

—Prosperity in the business of the Silver Bow National Bank of Butte, Mont., has caused that bank to begin the remodeling of its banking rooms, the improvements including a new front of granite and terra cotta, stronger vaults and a general rearrangement of the interior.

—Reports to the Denver "Times" from bankers in several sections of Colorado indicate that the crop outlook is unusually promising. An increased acreage of the principal crops is reported, and as the snowfall during the winter afforded plenty of protection and moisture, the crop prospects are excellent.

—The People's State Bank of Detroit, which recently increased its capital and now has \$2,000,000 capital, \$2,000,000 surplus and more than \$1,000,000 undivided

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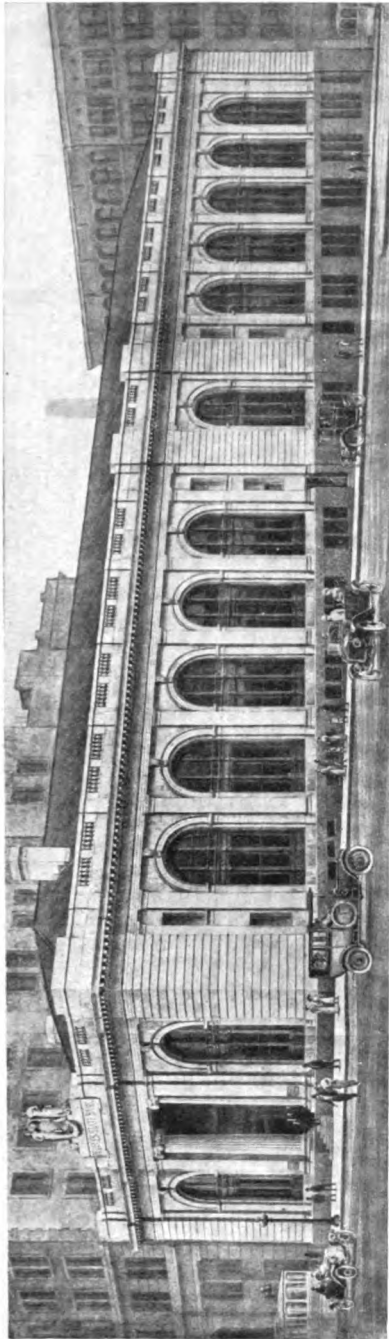
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PEOPLE'S STATE BANK, DETROIT, AS IT WILL APPEAR WHEN ADDITION IS COMPLETED

profits, and which operates twelve branches and has more than \$45,000,000 total resources, will make an important addition soon to its beautiful building, the result being shown in the accompanying illustra-

tion. George H. Russel, one of the popular ex-presidents of the American Bankers' Association, is president of this bank.

—From the "Wisconsin Banker" is taken the following concise story of the growth of the State banks of Wisconsin, the information being gleaned from the Bank Commissioner's report:

Year	Number of banks	Total assets
1903.....	374	\$90,164,209
1904.....	372	90,459,989
1905.....	390	99,629,048
1906.....	406	114,308,381
1907.....	429	124,323,751
1908.....	450	124,845,425
1909.....	473	140,155,455
1910.....	510	162,125,649
1911.....	573	186,003,546
1912.....	607	209,037,498
1913.....	642	230,073,789
1914.....	650	233,699,232

—An important bank merger recently occurred at Kansas City, Mo., the National Bank of the Republic uniting with the National Reserve Bank. William Huttig, heretofore president of the National Bank of the Republic, becomes president of the National Reserve Bank, and J. T. Johnston goes from the presidency of the National Reserve to chairmanship of the board of directors. The National Reserve Bank takes possession of the new building completed a short time ago by the National Bank of the Republic; capital will be \$1,200,000; surplus, \$200,000, and deposits about \$12,000,000.

—The Merchants Bank of Denver, Col., has moved into new quarters in the E. & C. Building.

—The First National Bank of Pueblo, Col., recently removed into its fine new banking home at the corner of Fifth and Main streets. Some four or five thousand visitors inspected the handsome new quarters on the evening of April 11.

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—North Dakota bankers will hold their twelfth annual convention at Williston, July 1 and 2, and will discuss "Good Roads," "Bank Advertising," "Dairying and Stock Raising" and "Guaranty of Bank Deposits."

—Construction has been begun on the new building at Rock Island, Ill., for the Central Trust and Savings Bank and the Rock Island National Bank. Besides providing ample room for these institutions, four floors will be given over to offices.

—On May 1 the Commercial National Bank succeeded the Commercial Trust and Savings Bank at Great Falls, Montana, the capital being raised from \$150,000 to \$200,000. L. H. Hamilton is president; H. J. Skinner, vice-president; M. Skinner, cashier, and R. L. Henderson, assistant cashier.

—Albert H. Turritin, a banker of ability and experience, has been appointed State Banking Superintendent, succeeding Kelsey Chase, who resigned to become president of the new People's Bank of St. Paul.

—Late in March the annual convention of the Reserve City Bankers' Association was held at Cincinnati. After discussing the new Federal Reserve act resolutions were adopted commending the new law and pledging support to it.

Edward A. Seiter, vice-president of the Fifth-Third National Bank of Cincinnati, was chosen president of the association. Thomas Hildt, cashier National Bank of

Commerce, Baltimore, was elected vice-president.

Next year's convention will be held at Louisville.



PACIFIC STATES

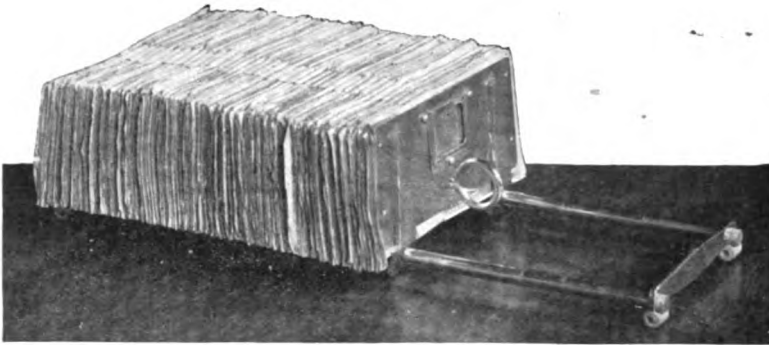
—Bankers from a number of Pacific States and other portions of the country were recently the guests of the Spokane Clearing-House Association at a banquet in



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the noted Davenport restaurant. T. H. Brewer, president of the Spokane Clearing-House Association, was toastmaster, and Joseph Chapman, vice-president of the Northwestern National Bank, Minneapolis, was the guest of honor. Here are some of the things he said, as reported in "The Commercial West":

"There are more cranks and 'half-bakes' in the country to-day than ever before. They are continually talking of their rights, but doing absolutely nothing about their duty.

"Rights are something you can get up on a platform and talk about. Duty is something you have to do, and there is no hand to applaud. What the West needs is more men and more bankers to do their duty. It will not do for a banker to live in such a way that when he dies people will say: 'There goes another old moneybags. God rest his soul! He never did anything for this community.'

"The territory from Minnesota to Puget Sound has one-fifth the land area of the United States and one-sixth the tillable land, but we are still a young country west of the Mississippi River. In the last twenty years we have seen some wonderful things. We have seen farm values increase 348 per cent. and the population from 2,400,000 to 5,000,000. Our bank deposits are now \$818,-

000,000. We are a young giant and are just starting our growth. We are not yet out of short pants.

"How are we going to take advantage of this growth? Is it to be a case of rights or duties? What are you going to do in your own community? Intelligent interest is essential on the part of the banker. Under the new currency system, which makes credit easier, our condition will be worse than it is now if there is not intelligence in its operation. The money must go to the development of the communities in which we live.

"We must do our duty in the way of vocational training in the schools and the employment of county agents. This is no longer a fad. It is the real work. The banker must interest himself in something outside the interest rate.

"We must stop boasting the cities and do something for the country. We must have the country around us prosperous if we are to be prosperous. Help make your customers prosperous and prosperity will come to you. It is the only way to make money. Bankers throughout the country are finding the keenest enjoyment in this work.

"In 1880 Washington was a mineral State. The permanent prosperity of Washington will not come from its mines. It will have to come from its farms. In parts of Min-

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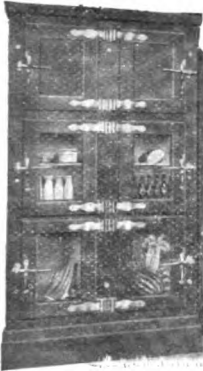
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nesota a farmer cannot get credit if he has no cow-manure on his boots. The wheat farmers there are bankrupting themselves and everybody else.

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"Encourage your county farm agents and counsel with them. Get together on these questions. The farmers are anxious to learn. Your city growth will take care of itself if you give your minds to the growth of the country surrounding your city."

—Stockholders of the Spokane and Eastern Trust Company have voted to increase the capital from \$300,000 to \$500,000.

—Washington bankers will hold their next annual convention at Walla Walla, June 4, 5 and 6. There will be a joint debate between Spokane and Seattle chapters of the American Institute of Banking and a trip through the wheat fields of the Walla Walla Valley. These topics will be dis-

cussed by the speakers named: "The History and Industrial Development of the Walla Walla Section," Allen H. Reynolds, Walla Walla; "Corporations, Their Relation to the People," H. P. Hilliard, president Central National Bank, St. Louis; "New Problems in Law and Finance," Charles O. Richardson, president Pacific Cold Storage Company, Tacoma.

—Santa Monica, Cal., bankers have organized a clearing-house association, with E. J. Vawter, Jr., president.

—A new bank and office building will be put up at Long Beach, Cal., for the Marine Commercial and Savings Bank.

—Referring to the new Federal Reserve Bank at San Francisco, the "Financial Letter" of the American National Bank of that city says:

"The selection of San Francisco as the Federal Bank city for District Number Twelve was the fulfillment of expectation, and occasioned no surprise. The territory to be served by the San Francisco Reserve Bank comprises California, Washington, Oregon, Idaho, Nevada, Utah and all of Arizona except the counties of Pima, Gra-

ham, Greenlee, Cochise and Santa Cruz. In extent this is the largest of the twelve districts, having an area of 603,658 square miles. In population, however, it is the smallest, with one exception. The reserve bank at San Francisco will start with a capital of \$8,115,000 and a membership of 514 national banks. In point of capital strength the bank will be outranked only by the reserve banks in New York, Chicago, Philadelphia, Cleveland and Boston, in the order named. It may be noted, however, that San Francisco has now two national banks with larger capital equipment than the Federal Bank here will have at its beginning."

—P. C. Kauffman, former treasurer of the American Bankers' Association, and until recently vice-president of the Fidelity Trust Company, Tacoma, died April 9. At the time of his death he was secretary of the Washington Bankers' Association, a position he had held for a number of years. Mr. Kauffman was widely known among the bankers of the country and was very popular.

—One of the live banking institutions of Spokane is the Union Trust and Savings Bank, of which James C. Cunningham is vice-president and manager.

Mr. Cunningham was born in Prince Edward county, Ontario, March 10, 1864. At the age of seventeen he removed to South Dakota, where he attended the Dakota Agricultural College at Brookings, and afterwards studied law in the office of Judge Glass in Watertown.

Mr. Cunningham went to Spokane in 1889 and embarked actively in the real estate and fire insurance business. While engaged in these capacities, he traveled extensively over the States of Washington, Oregon, Idaho, Utah and Montana, and became thoroughly acquainted with the territory comprising these five States.

Meantime he became interested on a considerable scale in farm lands in Eastern Washington and Northern Idaho and in property development and financial undertakings. He was one of the first to risk his means and devote his energies to practical irrigation work in the Spokane Valley, and was instrumental in the construction of the first canals in that valley. He was president of the Spokane Valley Land and Water Company, which he afterwards sold to D. C. Corbin.

In 1906, Mr. Cunningham resigned his connection with the various insurance companies which he had so long represented and assisted in the organization of the Union Trust Company of Spokane, of which he was elected secretary-treasurer and manager, and which institution is now known as the Union Trust and Savings Bank, having

also become interested in a number of other banks in the Inland Empire.

In the year 1912 he was elected to the office of vice-president and manager of the Union Trust and Savings Bank. He established the Trustee Company of Spokane in 1905 and was president of that company until after assuming charge of the Union



JAMES C. CUNNINGHAM
VICE-PRESIDENT AND MANAGER UNION TRUST
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Trust Company, and is still one of its directors. He was also organizer of the Spokane Title Company and was its president until the consolidation of the company with the Title Guaranty Company of Spokane, at which time it became necessary, on account of his connection with the Union Trust and Savings Bank, to resign his position as president of the Title Company, and he now acts in the capacity of director for that company.

Mr. Cunningham is treasurer of the Spokane Interstate Fair Association and is also known as a citizen of public spirit and use-



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fulness. For some years he was a member of the Board of Education of Spokane. In 1912 he was appointed a member of the Board of Regents of the State College of Washington by Governor M. E. Hay, and was elected vice-president of the board in April, 1913. He is actively identified with the work of the Spokane Chamber of Commerce and was one of the founders of Spokane's Young Men's Christian Association and has since served that institution as a member of the board of directors and chairman of the finance committee.

He is also connected with fraternal organizations, including the Odd Fellows and all the Masonic bodies, and is a member of the Spokane Club, Country Club and University Club of Spokane.

He has resided in Spokane for the past twenty-four years, during all of which time he has been untiring and successful in his effort, which he has exerted in the upbuilding of the country known as the Inland Empire.

Mr. Cunningham is married and has three children, two sons and a daughter.

—The Astoria (Oregon) Savings Bank reports a deposit of \$20 made in that bank twenty-two years ago and left until this time, and which now amounts, with interest compounded at four per cent., to \$61.50.

CANADIAN NOTES

—It is stated that the Bank of Toronto building, at St. James and McGill streets, Montreal, will be taken down and a ten-story bank and office building erected on the same site, the lower floor to be used for the bank and the other floors for offices.

—The Bank of Toronto has opened a branch in its building at 37 James street, South, Hamilton. The building is in the centre of the business and financial district and has been entirely remodeled and handsomely equipped.

The new branch will be under the management of John Stephen, who has had extensive banking experience at Toronto, Vancouver and Hamilton, to which latter city he now returns.

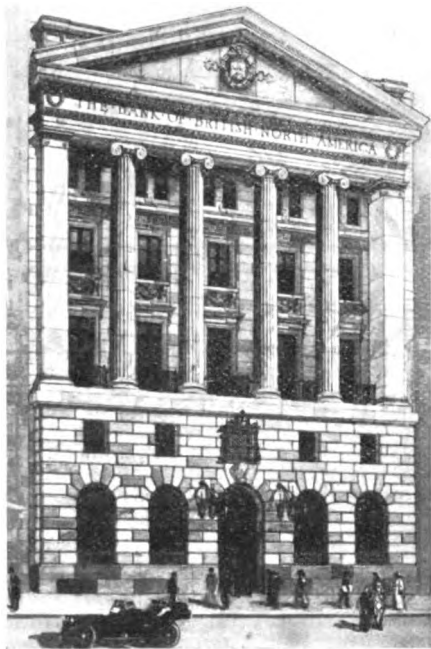
—R. Wishart is the manager of the new branch of the Bank of British North America at Bromhead, Sask.

—Sub-agencies of the St. Romuald branch of the Quebec Bank have been opened at St. Jean Chrysostome, Que., and at St. Nicholas, Que., with D. A. Bisson in charge.

—The seventy-eighth general yearly meeting of the proprietors of the Bank of Brit-

ish North America was held at the head office of the bank, 5 Gracechurch street, E. C., London, March 3, Mr. E. A. Hoare presiding. In the course of his address to the proprietors, Mr. Hoare said:

"You have already seen, both from the report and the balance-sheet, the proposed distribution of the profits, \$389,333.33 goes in the payment of the dividends, \$97,333.33 to the reserve fund, \$97,333.33 to the bank premises account, and \$36,500 in the payment of a bonus of five per cent. to the staff. You have, in the past, always so generously sanctioned the payment of the bonus to the staff that we are encouraged to ask you to do so once more, and we couple this request with the assurance that it is



MONTREAL OFFICE, BANK OF BRITISH NORTH AMERICA

deserved, for I cannot speak too highly of the loyalty and the energy displayed by all ranks of the service in their duty to the bank. We have also made the usual appropriations for the officers' widows' and orphans' fund, the pension fund and the life insurance fund, of which I feel confident that you will approve. The pension fund inevitably increases with the constant growth of the staff and the retirement of the senior members, but it is impossible to over-estimate the value of it, apart altogether from the fact that it is our manifest duty to make provision for those who have

spent a lifetime in the service of the bank."

Deposits of the Bank of British North America are around \$38,000,000 and the total of the balance-sheet is over \$62,000,000.



Federal Reserve Act

THIS important measure has been issued in pamphlet form, with marginal headings, convenient for reference, by the Merchants' Loan and Trust Company of Chicago.

The value of the publication in this form is greatly enhanced by a handsomely colored map of the United States showing the boundaries of the New Federal Reserve Districts and the location of the Federal Reserve Banks.



A Word for Single-Name Paper

THE National City Bank of Chicago, in its recent "Monthly Letter," speaks thus emphatically in favor of single-name paper:

"There has been considerable discussion as to the rulings which the Federal Board will make regarding the form of commercial paper which will be available for rediscount by banks. High grade commercial paper represents the best possible security for a bank to lend money upon, and under the provisions of the new currency system paper of that class will be more available for the banks than ever before in the history of our banking system. It seems to us that single-name paper, which at present forms most of the paper held by the banks, will not be discriminated against by the Federal Reserve Board, in spite of all that has been said of the benefits which would accrue were the merchants of the United States to return once more to the system of borrowing on double-name paper. The country has so long done business on the present basis as to make a forced abandonment of single-name paper not only hazardous but foolish in the extreme."

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-EIGHTH YEAR

JUNE 1914

VOLUME LXXXVIII, NO. 6

The Federal Reserve Board

WHILE Mr. Olney has declined the presidency of the Federal Reserve Board, tendered him by President Wilson, it seems probable that the new Board will be composed of Mr. Warburg of New York, Mr. Wheeler of Chicago, Mr. Harding of Birmingham, Mr. Miller of California, and one other member not selected at the time this is written. The Secretary of the Treasury and Comptroller of the Currency will be ex-officio members.

It is no disrespect to the gentlemen composing the Board—who are all, so far as we know, men of ability—to say that the great names in American banking, commerce, transportation and industry are not found in the list given. Perhaps this was inevitable, since one aim of the new law is to punish success, it would be anomalous to place on the Federal Reserve Board men who have become conspicuously successful in any of the lines above mentioned.

Mr. Warburg is the most important name on the list. He has been identified with international banking operations at New York. He was born abroad, but has lived in the United States, we believe, for some twelve years. His appointment satisfies that part of the community known as “Wall Street.” He understands banking as it is conducted in other countries and has been persistent in his efforts to introduce some of the foreign methods into our banking system. It may be fairly questioned whether his knowledge or sympathy with American banking is such as to make him the most desirable member of the Federal Reserve Board that could have been selected, although he possesses an experience in certain phases of banking which will be of undoubted value to the Reserve Board.

Probably the Board will be dominated by Mr. Warburg and Mr. McAdoo. It is, of course, only fair to Mr. Warburg to say that he will divest himself of all his banking interests before assum-

ing his new duties. The predilections gained by his banking experience, however, will not be so easily discarded.

Sponsors of the Federal Reserve Act claimed that its purpose was to decentralize credit and to free it from Wall Street domination. Actually, the new law concentrates the credit of the country to an extent never before witnessed, and places control of it largely in the hands of two men whose business antecedents are not far removed from Wall Street. This seems a queer way of doing a thing; but Mr. McAdoo and Mr. Warburg are men of great ability, and assuming that their patriotism equals their shrewdness, they may, in the current phrase of the day, "get by" with the big job they have undertaken.

Since the foregoing was written, Mr. Wheeler has declined to serve as a member of the Board.

WASTING MONEY FOR USELESS PUBLICITY

THE April number of the "Banking Law Journal" contains an article severely criticising the policy of the American Bankers Association in continuing the publication of the "Journal-Bulletin" as the official organ of that association, against the protest of a number of publishers of financial periodicals. These publishers contend that the "Journal-Bulletin" represents an unfair form of competition, as it is a subsidized publication. To this contention the reply has been made that the "Journal-Bulletin" does not compete with the regular banking papers and magazines, since it does not accept paid advertising. On this phase of the subject the "Banking Law Journal's" article says:

"When bankers purchase advertising space in the independent periodicals, they do it believing the periodicals to be well circulated among the banking fraternity; but when members find such information in the house-organ of the association as will serve their purpose, regardless of whether it be in editorials supporting the interests of the business or technical articles useful to them, they assume it is not necessary to continue their subscription. Their discontinuance works to the publishers' disadvantage in two ways, first by the loss of the subscription itself, and secondly by a reduction in the value of the publication as an advertising medium."

Now, subscriptions to the "Journal-Bulletin" are "thrown in" with the cost of membership, and there are doubtless no inconsiderable number of members who argue that if they get this publication "free," why should they pay for the regular banking periodicals? At any rate, the gratuitous circulation of the "Journal-

Bulletin" places on the banker's desk, without cost, an additional publication devoted to banking, and it is, therefore, one more competitor that must be met.

The continuance of such competition is, in our judgment, neither wise nor just, and it ought to be stopped.

But aside from the injustice of the association in continuing the publication referred to, it would seem that the expenditure of \$25,000 a year is a questionable use of the association's money, especially when the other financial publications would doubtless be glad to publish—and many of them do publish already—substantially the same information without cost to the American Bankers Association.

Surely, there is no lack of mediums through which to disseminate information to bankers as to what the association is doing, and to furnish literary pabulum of all sorts to the banker.

If the American Bankers Association has \$25,000 to expend on publicity, instead of using this money to compete unfairly with its friends, as is now being done, and loading the banker with information he already has in an indigestible volume, would it not be a fairer policy and wiser from every point of view to use this sum—or a fair proportion of it—in spreading among the people generally some of the information that would acquaint the people more fully as to the intimate relations the banks sustain to their prosperity, and thus tend to mitigate that legislative hostility which has in many cases unjustly hampered the freedom of banking in this country? In short, to use this fund in establishing a publicity bureau of the American Bankers Association, that would distribute sound and true information about banks among the masses of the people where it would be read with interest and with benefit both to the people and to the banks, instead of flooding the bankers themselves with more literature about their own business—a form of mental food with which they are already surfeited.

THE PEOPLE'S MONEY

DEFENDING the new Federal Reserve Act from some criticisms of ex-Congressman Lowden of Illinois, Senator Stone of Missouri, addressing the United States Senate on May 6, said:

"The complaint of Mr. Lowden, that the new currency 'is not to be issued by the banks, as it should be, but by the Government,' will meet with the hearty concurrence of every Wall Street financier, but will not get a favorable response from the great masses of

the American people. The President voiced the will of an overwhelming majority of the people of this country when in the course of his message he suggested that—

“The control of the system of banking and of issue which our new laws are to set up must be public, not private, must be vested in the Government itself, so that banks may be the instruments, not the masters, of business and of individual enterprise and initiative.”

“Deep-rooted in the American mind is the idea that control of the currency is a function of sovereignty, not to be surrendered to banks or private interests; that the people’s money ought to be issued and controlled by the people’s Government. Inasmuch as all business and industry are dependent for success upon the volume and circulation of currency, its issuance should be controlled by the Government for the public good, not by large individual banks, whose policy would be directed by their own profit and interests. Such great power should be exercised for the benefit of all the people and not for the enrichment of a few. It is only through accredited Government officers that the people can act in this matter, and it is far preferable to intrust this power to representatives of the people than to private individuals, who have no public responsibility and hence no obligation to work for the public betterment in preference to their own selfish interests.”

But suppose, Senator, that the currency were not issued “by large individual banks,” but by the ordinary banks, taking them as they come, big and little, is it not likely that they should be able to determine and to supply the demand for currency, just as they do in regard to credit in other forms? Have not these banks, in close personal touch with the actual daily business of every nook and corner of the country, better means of knowing the currency needs of their respective localities than “accredited Government officers.” at Washington or elsewhere? And unless we believe that the banks are intent upon destroying the business of those who deal with them, it must be assumed that they would be just as prompt to meet the demands for currency as any “accredited Government officers” could be.

The belief that “the people’s money ought to be issued and controlled by the people’s Government” has been the direful spring of unnumbered woes, and it is pitiful to relate that this monstrous fallacy is perpetuated in the latest piece of Federal financial legislation.

The volume of currency, under a proper system, would not be controlled by the banks or by the Government, but substantially by the fellow who wants the currency. As upon the banks would fall the responsibility of turning this currency into gold on demand, it would be incumbent upon them to see that those applying for cur-

rency—just as those applying for other bank credits—should present such security as would assure the conversion of the currency into coin. Does Senator Stone believe that this machinery for testing credits can be supplied better by the Government than by the banks all over the country?

BARRING THE PEOPLE OUT OF BANKERS' CONVENTIONS

RECENTLY there was held in a Western city a meeting of bankers representing several States. According to a report of the meeting, "one matter which came up was the limiting of attendance at conventions to bankers and such others as have a legitimate reason for being invited." The report did not state what action was taken on this question. It is hoped that the bankers concluded to allow the public to witness their deliberations.

There are, of course, some matters of organization detail in connection with bankers' associations which the bankers may wish to consider in executive session, but there seems no good reason for excluding the public from sharing in whatever benefits may flow from these meetings. Indeed, there is every reason why the conventions should be freely open to the people so that it may be seen how the bankers are working in behalf of the public interest.

There is an excellent organization of the savings banks in New York State. Some years ago, inquiry developed the fact that only members were admitted to the meetings of this organization. A few months ago there was a run on one of the oldest of the New York savings banks—and one whose strength is unquestionable. Was this to any extent due to the fact that the banks in question, both as individuals and as an organization, have tried to conceal from the people the facts about the excellent savings banks of the State of New York? Would it be to arouse distrust of these institutions had the organizations referred to invited the people to the meetings and explained to them what were the careful, numerous and stringent safeguards thrown around the savings bank business of the State of New York?

Even at the conventions of the American Bankers Association an officious individual is placed at the doors of the convention hall and those who seek to enter its sacred and mysterious portals are required to exhibit a badge or some insignia of rank, banking connection or whatever other mystic talisman may gain the great boon of witnessing the bankers in solemn conclave.

Take down the bars and let every man and woman who chooses see what an ordinary lot of mortals the bankers are.

In the conduct of their business, in their social relations in their several communities, the bankers of the country stand shoulder to shoulder with their fellow men. There could be no more serious or foolish mistake than for the bankers when they assemble in convention to set themselves up as a class above or apart from the ordinary run of human beings.

SOBRIETY AS AN ELEMENT OF BANKING EFFICIENCY

ONE of the marked tendencies of the times is to be found in the action of prominent railway and industrial corporations in demanding that their employees shall not only be men of temperate habits, but that they shall abstain entirely from the use of alcoholic drinks. Recently a large Western corporation announced that only such of its employees as were total abstainers would be eligible for promotion, and furthermore that those who were not abstainers would be dismissed from the company's service.

I will ask him for my place again;
He shall tell me I am a drunkard!
Had I as many mouths as Hydra,
Such an answer would stop them all.

Possibly, with most kinds of business there will be many who think a rule so drastic as that above referred to goes beyond the bounds of reason or justice, in that it puts a pretty severe restraint on the individual's liberty. But so far as relates to railway employees there can hardly be two opinions as to the reasonableness of the rule, and probably in all employments the use of intoxicants contributes toward inefficiency. Of course, it may be pointed out that the nations where total abstinence prevails are those economically weakest; but the illustration lacks convincing power until it is shown that this weakness is in some way the result of their failure to consume a certain quantity of liquor per capita. Nor has it yet been shown that the marvellous prosperity of Germany, for example, is the result of the liking of the German workman for beer. Indeed, the German Emperor, one of the shrewdest of reigning monarchs, seems to deplore the consumption of so much of this beverage among the army and the workmen.

Quite lately the Secretary of the American Navy has promulgated a rule banishing grog from American vessels of war. The

State Department, for over a year, has been running on a grape-juice basis. Scoffers who do not like Mr. Bryan's diplomacy have yet to show that any of its shortcomings are due to the Secretary's abstemious habits.

In the conduct of banking, sobriety is an indispensable element, for as no one wishes to entrust his life to a drunken railway locomotive engineer, so no one cares to hand over his money to a banker who is not careful in his use of liquid stimulants.

At the bankers' conventions not many years ago, champagne and other liquid refreshments flowed quite freely. It seemed to be the prevailing method of showing hospitality. But in recent years, the conventions, while not exactly a counterpart of Sahara, have been marked by less liberality in this respect. In consequence there has certainly been no diminution of hospitality, which has taken other and perhaps safer forms.

When the bankers at their conventions set an example of moderation to the younger men in their profession they are much less apt to be criticised than where they take the contrary course.

Perhaps, as a class, no men in the community are more careful in regard to the use of intoxicants than are the bankers of the United States, which is one reason why they are bankers.

A GREEK GOVERNMENT LOAN

FRESH impetus to "the glory that was Greece" will be added by a Greek Government loan of £19,850,000 recently offered in Paris, London, New York, Athens and Egypt. An intimation that the ancient seat of civilization has lost some of its power is implied in this stipulation accompanying the tender of the loan:

"The loan is under the direct control of the International Financial Commission which, duly authorized to this effect by the six great powers, has accepted the definite and irrevocable order to retain from all revenues which it encashes and particularly from its collection of customs revenues, the amounts necessary for the payment of interest and amortization of the loans placed under its control."

It is related that Solon, Phidias, Pericles and other well-known citizens of Athens were able to replenish their exchequers without the necessity of putting either their revenues or valuables in pawn. But times have changed, and the thrifty modern bankers are not running any risks.

Although the stipulation referred to is an indication that

Greece is far from being financially independent, and must be galling to the pride of those of its inhabitants who yet retain respect for its ancient glory, the nation is steadily rising to a position of strength and independence. That its national sovereignty has been reëstablished and so long maintained against serious odds emphasizes the persistence of sentiment and ideals in the world's history. Of course, the international bankers who negotiated this loan were probably not influenced by any such considerations. The stipulation quoted marks them for a hard-headed lot. But back of this transaction, and the determination which it shows on the part of Greece to "keep a place in the sun" lies a long history of a struggle against allowing a once mighty nation to be swallowed up in an alien civilization or to relapse into a barbaric state.

An Inspiring Message

These are times when it is the fashion to complain, to criticise and to despair. It is, therefore, refreshing to turn from the prophets of gloom to one who brings us out of a long and active life a message of courage and of hope. Such is the message contained in an address delivered recently before the Hartford Chapter, American Institute of Banking, by E. J. Cattell, City Statistician of Philadelphia.—EDITOR BANKERS MAGAZINE.

THE speaker began by saying that life is well worth living, and that he found it growing better every day. He advised his hearers to get into close personal touch with others and to do something that would help make life happier for them. "There are so many people," he said, "who are going to do so much good when they get to heaven that they do not get time to do it here where it will do some good to others and bring a measure of happiness to themselves." He continued:

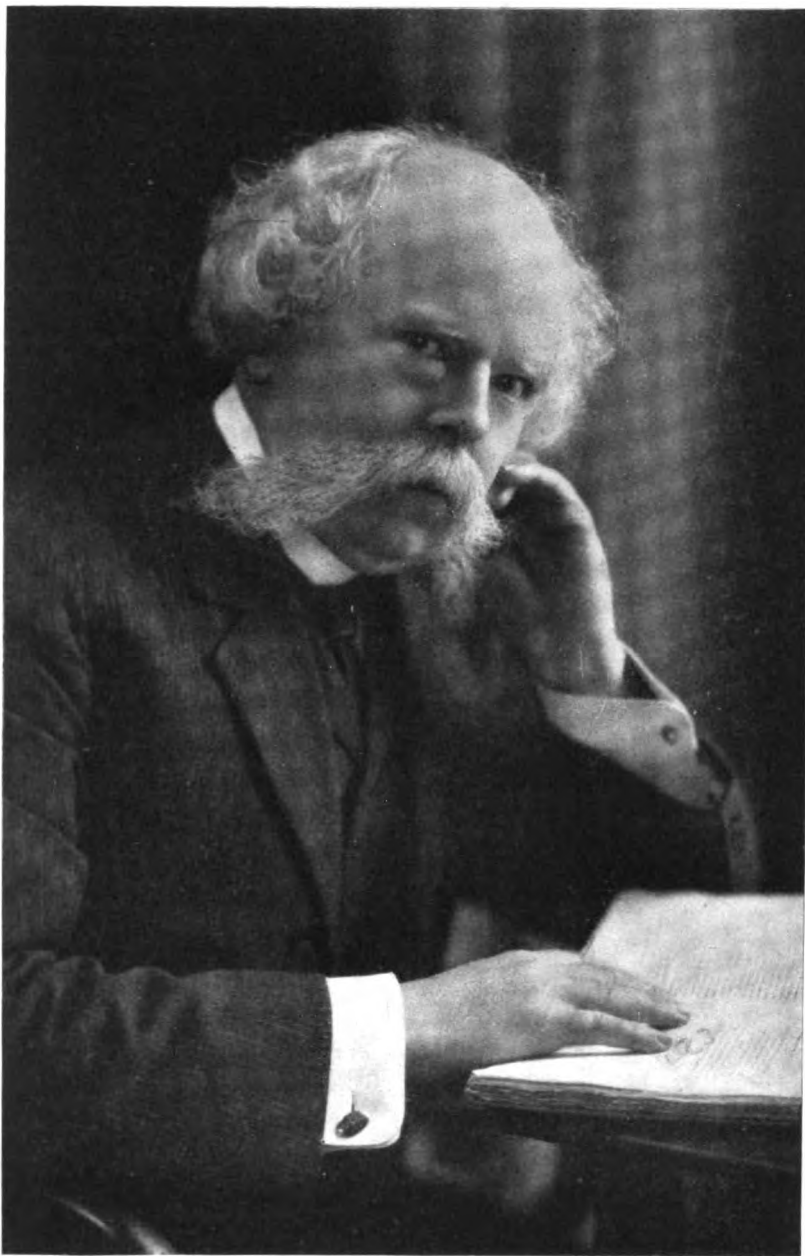
"We have here in the United States the hope of the world. I am not a bit afraid to trust the 90,000,000 people of this country. With our educational facilities we are building up a great nation under our democratic form of

government. The big institutions of the country are going to push ahead.

"I'm an optimist, and I hate a pessimist.

"Move something, do something; don't lose so much energy through worry.

"Two months ago I addressed 1,000 boys in the court yard of our great \$25,000,000 city hall. These boys had come to Philadelphia in four large Pullman trains from the State of Ohio. Each boy received the trip as a prize for increasing the outgrowth of corn, per acre, in his district. The least successful boy had increased this product from thirty-nine bushels an acre to eighty-nine; the most successful from thirty-nine to 390 bushels. Our present crop, on the basis of about twenty-



HON. EDWARD JAMES CATTELL
CITY STATISTICIAN, PHILADELPHIA

Mr. Cattell was formerly connected with the Corn Exchange National Bank of Philadelphia, but is now City Statistician. He is an earnest, impressive and eloquent speaker—and one whose messages are always hopeful and inspiring.

six bushels per acre, represents a gift, each year, from the living God of \$1,000,000,000 of new wealth. When the increased production foreshadowed by the work of these boys is realized, we should receive, each year, in this one crop, a sum of new wealth equal to the total capitalization of all the railroads in the United States. This is but one of the many examples of our marvelous producing power. Practically, through our great industrial machine, or manufacturing plant, we create a new millionaire every thirty seconds night and day.



WHAT ONE CITY IS DOING INDUSTRIALLY

IN Philadelphia we have \$5,000 worth of manufactured goods to sell each minute that did not exist the minute before. At one establishment we make a file or saw, or knife every second. At another, a felt hat, from the absolute raw material, or fur, to the finished hat, every two and one-half seconds. We make a pair of lace curtains every three and one-half seconds, build a trolley car every nine hours and a locomotive every two and one-half hours; and we stand for only one community in this vast nation. It is impossible for any man, looking at facts squarely in the face, to be a pessimist when he goes beneath the surface and looks at what we have done and are doing. Beyond and above all is the staggering fact that despite our tremendous activity during the many years we have worked as a people, only a little more than one-fourth of our area is to-day being utilized.

"I believe the law-abiding spirit is increasing; I believe the spirit of thrift is increasing despite the fact that certain noisy and showy classes, representing a distinct minority, seem to be running to an extravagant habit of life. We have, in Philadelphia, a certain percentage of this extravagant element, but on the other hand, we have a saving fund account for every fourth man, woman and child, one institution alone

having 286,000 separate accounts with a credit of nearly \$113,000,000—nearly all the money of wage earners, the institution in question having paid to its depositors, in interest, since its organization over \$52,000,000.

"Our building associations, in thirteen weeks, loaned \$7,000,000 to small home owners, and we have, within the limits of our old home city to-day, over 352,000 separate homes, nearly 300,000 of these homes being equipped with a modern bath tub and modern plumbing, many rented as low as \$15 a month.

"These are hard prosaic facts, but they are, I submit, proof that my position is well founded; proof, also, that while I am a dreamer of dreams, I am also a student of facts.



THE FINANCIAL SITUATION.

ONE word about the present financial situation. No country can change its banking and currency system coincident with a radical change in its tariff system without passing through a period of far-reaching readjustment. We, in Philadelphia, face the future without fear; we have an able body of bankers; we have ample banking capital; we have a splendidly-developed machinery of discount and exchange. There is a determination everywhere to take the question wholly out of politics, to ignore minor issues and to combine in intelligent, energetic, patriotic effort to make the new system a great success. We recognize the importance of the work ahead of us and we feel that the call has come to Philadelphia to maintain the old traditions.

"In the War of Independence our citizen, Robert Morris, gave his all that the country might live. In 1812 Stephen Girard placed his fortune at risk to support national credit. In 1845, F. W. Clark, another citizen, financed the Mexican war at a critical time. In 1861-'4 my old friend, Jay Cooke, put all he had in the world at

risk to float the Government loans. I believe some man of equal ability and equal patriotism will arise at this time to lead our own banking element and to assist, acting with other leaders of other cities, in carrying the country through the present period of doubt into an era of unexampled prosperity.

"This is the message I bring to you

from the Philadelphia bankers. I am sure you will give me an equally patriotic message to carry home to them from the bankers of New England.

"We are on the eve of the greatest era of prosperity in this country that was ever known—in this country or any other country. You can't stop us—we're going ahead."

How to Become a Successful Banker

This is something the ambitious clerk or junior officer wishes to know. It is believed that the following address, which Mr. Henry C. Winsor recently delivered before a meeting of the Asbury Park and Ocean Grove, N. J., Chapter of the American Institute of Banking, contains helpful suggestions for achieving success in banking.—EDITOR BANKERS MAGAZINE.

FOR the purpose of giving you a word of encouragement I have come to speak to you to-night.

What I shall say will be commonplace, little things that enter into your daily life, things that you all know. First of all, I want to thank you young people for organizing this chapter, and I want to publicly thank Mr. Laughlin Hetrick, who, as I understand, first conceived the idea and was the first to make a move for its organization.

You appreciate what this course of study can do for you, but I doubt if you fully appreciate what it can do. The study of commercial and banking law may be somewhat uninteresting; but do not give it up, for no matter what position you may hold in life, a knowledge of business law is almost indispensable.

Next year's course will be more interesting, as that will treat of active banking transactions.

Read and study this course thoroughly, and let it be only the beginning of a wider range of reading of

all the important books and papers on banking. Then extend your reading still further by taking up history, biographies and sketches of the lives of prominent men and women.



THE PRICE OF SUCCESS

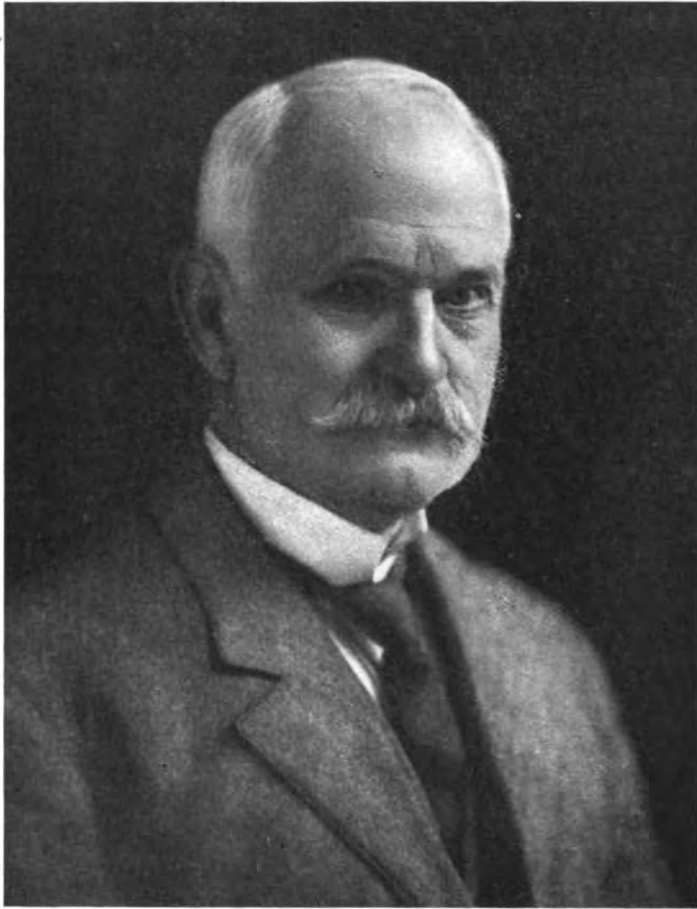
NOW, about the thing you are all deeply interested in. It is not this study of banking. It is not your working in a bank to-day. That is only an incident in your life. Human happiness is the human problem of life. That is your main object. You work in the bank. You study this course because it will help you obtain your object.

It is a grand thing to be living in America to-day. The privileges and opportunities of the young man and woman are greater than ever in the history of the race. Everyone present can have success in life if willing to pay the price.

You say, what is the price of suc-

cess? First of all, you are to be men and women at your best. Full of energy, industry, tact, skill, concentration, efficiency and power. I do not mean that you shall be keyed up all the time to such a tension that your

college education, you should put on a little more power and by systematic course of careful reading you will be benefited. Remember, our great merchants, Marshall Field, A. T. Stewart and Wanamaker, were not college men.



HENRY C. WINSOR

PRESIDENT ASBURY PARK AND OCEAN GROVE BANK, ASBURY PARK, N. J. ;
VICE-PRESIDENT AMERICAN BANKERS ASSOCIATION FOR
THE STATE OF NEW JERSEY

nerves are on the verge of breaking. Take your vacation regularly.

If possible, have a little vacation every day, when there is an entire relaxation from effort.

You may think the other man has some advantage over you because he is a college graduate. Do not fear that; if you have not been favored with a

Lincoln was not a college graduate, neither was Washington. Graham Bell was. He gave us the Bell telephone. He stands very high, but alongside of him and towering above him stands Edison who scarcely had a common school education. At twelve years of age selling newspapers on the Erie, listening all the while to the click of

the telegraph, longing to get hold of the key which he did a year or two later. He made a good operator, but was more than that. He was investigating the subtle power of electricity, and later the duplex telegraph was brought about. Then the incandescent light and one hundred other valuable inventions.

The biographies of Morgan, Baker, Vanderlip and Reynolds are interesting and inspiring.

Vanderlip, a farmer's boy, father dead, mother and sister depending on him for support, working in a foundry for \$3.50 a week. Then a reporter on a Chicago financial paper. Lyman Gage, Secretary of the Treasury, took him to Washington. He helped to make the Spanish War loan a success.

James Stillman was attracted by his push and so he became the head of the greatest bank in America, the National City Bank of New York. He pushed his way to the front and is one of the foremost financiers of the nation to-day.

The story of Reynolds of Chicago and the bankers of Philadelphia, Boston and all the money centers of the United States, are much the same.

You may not have the opportunity they had, but you have your opportunity. Make the best of it.

Study the words tact and efficiency and add to them industry, perseverance, honesty and kindliness. The world thoroughly hates an intensely selfish man.

Avoid selfishness: be kind and liberal. Give and enjoy and lay aside twenty per cent. of your income for capital. This will increase, so that later in life, should you desire not to work so hard, you will have an income sufficient to keep you.



VALUE OF CHARACTER

NOW, confidentially, I want to tell you that I do not think any of you will become millionaires. But you can accumulate a fortune, be it large

or small. I am glad to say that in these days of commercialism and materialism, the opinion of the majority of the people is that the gaining of great wealth is not the supreme object of life.

One of the wise patriarchs, two or three thousand years ago, let loose a sentence that has come ringing down through the centuries: "A good name is rather to be chosen than great riches." Eighteen months ago there was flashed over the wires from Washington a word that made the thinking people take notice.

It was not a new word—everyone knew it; but it was the man who spoke it and the conditions under which it was uttered. The man was the greatest American banker of his day, J. Pierpont Morgan. He was before the Pujo committee, investigating the so-called money trust, the existence of which has not been proven.

A question something like this was asked: "Mr. Morgan, would you not lend money to any man if he offered Government bonds or other securities of undoubted value as collateral?"

Mr. Morgan very quickly replied: "No, not unless the man had good character."

Now, that's the word—character. Get the full meaning of that word. It means a great deal to all of you. One of the things it means is self-respect. Never lose that. Later it means the respect of the community in which you reside.

Now, I want to give you two words that will be easily remembered. These words come from an eminent banker across the sea. He was a member of a family of eminent bankers. His name was Baron Rothschild. He died a few years ago. He knew the conditions of young men in all the money centers of the world. He laid down some rules for young men who desired to become eminent in banking. I want to give you his first rule, the number one of his code. It is only two words—Shun Liquor. It is bad form for a banker to drink.

Human happiness is the problem of

human life. How shall you be happy? Live as Nature made you. Do not try to imitate anybody. Be yourself. Be natural. Senator Beveridge says that a young man whose arm is not strong enough to protect a wife and whose shoulders are not broad enough to carry his children in glee does not count. In fact, he rather intimates that a bachelor's life is a selfish one and that when the nation takes account of its assets the bachelor does not count. That is rather hard on the bachelor, but that is what the Senator says.



HOME BUILDING

BUILD a home. Have good pictures, good books, music and flowers. Make it to you and your family the happiest place on earth. Someone has said, "Keep your eyes and ears

open and your mouth shut." The business of banking is confidential. Do not say anything about the business of a customer. Do not say anything against a rival bank.

There is room enough for all. You are the architect of your fortune. Draw up the plans and specifications carefully and build accordingly. Do not be in a hurry with your building, but with tireless energy, concentration, fair dealing, push to the front.

Rely on yourself. Oh, the young man loses so much when he has a problem to solve and allows a friend to do it for him. Work out your own problems. Have perfect command of yourself.

"In the battle of life,
In the struggle for power,
In the scramble for pelf,
In love or in war, it is ever the same—;
Let this be your motto,
Rely on yourself."



Bankers in Close Touch With the People

SPEAKING of the closer relations now existing between the bankers and the public, Samuel Reyburn, president of the Union Trust Company, Little Rock, said:

"Bankers, at their conventions, are finding useful topics to discuss, matters which bring them into closer touch with the producers of the wealth of the country, the farmers, the cattle growers, the packers, the manufacturers, the men who produce the raw products and the men who multiply the raw products' commercial value. The bankers have come to appreciate more fully the close relation of these industries to the banks. They are the only source of real, tangible wealth—not the wealth of mere figures on paper. In the crops and manufactures are the prosperity of

the country and, incidentally, the prosperity of the banks. And so we find our national and State bankers' association with agricultural development and educational departments. At the bankers' meetings not only are financial laws and problems discussed, but much time is given to such topics as intensive agriculture, cattle raising and packing, good roads, boys' and girls' cotton, corn and canning club contests. The bankers have come down to earth. They are one with the people. They understand the farmer, the cattle grower and the business man. The cattle grower and the public understand the banker and banking methods. There is no longer mystery about the banking game, but mutual confidence where once there was to an appreciable degree a certain aloofness."

Banking and Commercial Law

CASE COMMENT AND REVIEW

New York's New Banking Law

NEXT to the passage of the Federal Reserve Act, the revision of the New York banking law is perhaps one of the most important pieces of financial legislation of a decade. It not only codifies and harmonizes the old statutes and eliminates superfluous matter, but confers new powers on the Superintendent of Banks and adds much that is new to the law. It brings under his control the private banks of the State, which, owing to the importance of these houses in New York, are a factor of large consequence in the financial affairs of the State and nation.

The act aims to bring all persons and corporations that do a banking business in the State under surveillance, curb the irresponsible private bankers who flourish in all large cities, and settles controversies of long standing.

Such legislation was particularly needed at this time in order to permit New York State banks to become members of the Federal Reserve System (an alliance they have as yet not been inclined to make), and to reconcile the differences in reserve requirements between national and State banks and trust companies due to the provisions of the Reserve Act.

The deplorable state of affairs disclosed by the failure of the Siegel and Vogel enterprises in various cities, particularly in regard to their banking operations in New York, was, in a large measure, responsible for the demand on the part of the public that such banking be hereafter made impossible. The results of these failures were simply the fulfillment of predictions made time

and again by those who could see the possibilities of fraud in department store banking.



RESERVE REQUIREMENTS

THE principal change that materially affects banks of discount and trust companies is in the reserves, which are now required as follows:

	Total Reserve Per cent.	On hand Per cent.
STATE BANKS.		
Population		
2,000,000 and over.....	18	12
1,000,000-2,000,000.....	15	10
Elsewhere.....	12	4
TRUST COMPANIES.		
2,000,000 and over.....	15	10
1,000,000-2,000,000.....	13	8
Cities of 1st and 2nd class	10	4
Cities of 3rd class, villages	10	3
PRIVATE BANKERS.		
Cities of first class.....	15	1½
Other cities.....	10	1



ACCEPTANCES

A DISTINCT departure from the prevailing custom is the permission given by the law to a State bank or trust company "to accept for payment at a future date drafts drawn upon it by its customers, and to issue letters of credit authorizing the holders thereof to draw drafts upon it or its correspondents at sight or on time not exceeding one year. This, in other words, authorizes the banks and trust companies to make 'acceptances'—a feature also embodied in the Federal Reserve Act; but the advantage to the State institutions lies in the fact that there is no limit to their total acceptances, while members of the Reserve system are limited to one-half the capital and sur-

plus. Banks are also authorized to hold stock in the Federal Reserve Banks."



PRIVATE BANKERS

THE most drastic change which the law brings about is the supervision of private bankers, of which there are many in the State, some very large and powerful, and averse to supervisory inspection. There are exceptions, however, as will presently be noted.

The term "private banker" includes all who make use of any sign bearing the word "banker," "bank," "banking," or any derivative or compound thereof, or any foreign word meaning bank or banker, or any sign indicating to the public that the person is engaged in private banking; or, who pay or credit interest, give any bonus or gratuity or anything of value, except on certificates of deposit outstanding when the act took effect, to depositors, on a balance of less than \$500 in cities of the first class; \$300 in cities of the second class, and \$200 in cities of the third class; or, who receive for safekeeping or transmission, sums, the average of the separate deposits so received since April 1, 1914, or during any twelve months' period, exclusive of dividend checks, coupons and other small collection items, is less than \$500 in cities of 1,000,000 population and over; \$300 in any other city of the first class; \$200 in second-class cities; less than \$100 in third-class cities.

Such bankers must forthwith file with the Superintendent of Banks, full details of their business, such as the individuals composing the firm; amount of permanent capital invested in the business; amount of balances drawing interest; average of separate deposits since April 1, 1914, etc.

All investments representing capital investments and investments of deposits must be kept separate and apart from private property, and all such instruments as deeds, contracts, assignments, etc., must stand in his name as "private banker." Depositors and those de-

livering money for transmission are preferred creditors as to the banker's assets arising from investment of deposits, and capital.

Capital and deposits may, however, be invested in such real and personal securities as the banker may elect.

Annual reports must be made of deposits of \$50 or over, remaining unclaimed five years.



EXEMPTIONS

A BANKER claiming the right to engage in business may submit a statement setting forth the fact (a) that in cities of the third class he has a capital of at least \$25,000 over and above his liabilities; in cities of second class, \$50,000; in cities of first class, with a population of one million, \$100,000; and at least \$75,000 elsewhere; (b) that he will not pay, or credit, or advertise to do so, interest or any bonus, etc., on balances of less than \$500 in cities over a million; or less than \$300 elsewhere; (c) that the average deposits since April 1, 1914, or for twelve months preceding such affidavit, for safekeeping or transmission is \$300 or more in cities of a million population; or \$200 elsewhere; after which, and until January 1st next succeeding, parts of the act shall not apply; but nevertheless, such bankers shall be subject to the general authority granted the Superintendent of Banks. This statement must be filed annually.

Bankers not exempt as above set forth, must lodge with the Superintendent registered securities legal for savings banks, equal to ten per cent. of the total deposits, and in any event to the extent of \$5,000.

A private banker cannot appropriate or lend to associates, or a partnership of which he is a member, or to corporations in which he holds twenty-five per cent. or more of the stock, any part of the permanent capital or deposits.

All realty holdings of the banker acquired with his capital or deposits, except the office building where located, must be sold within five years after tak-

ing title thereto. Present holdings must also be sold within five years. Real estate, mortgages and registered securities purchased from capital or deposits, now held, must be sold within one year, or registered or recorded in the name of the "private banker" as such. Purchases of real estate subject to mortgage; second mortgage loans where the amount due on prior liens exceeds ten per cent. of the banker's capital, or if the total amount of liens exceeds two-thirds the value, are forbidden. Reserves of fifteen per cent. against deposits are required in cities of the first class; ten per cent. in other cities. One-tenth of the reserve must be in cash, the balance on deposit in banks and trust companies.

Conditions as to the receipt and transmission of money are carefully laid down and penalties provided for laxness. Statement of loans and purchases and sales of property are required to be made to the Banking Department monthly. Reports of condition are also to be furnished at least once in three months, as prescribed by the Superintendent of Banks.

Altogether New York would seem to have made a good beginning toward the regulation of a business that has long been a weak spot in the State's financial scheme, and which at times has been subject to much criticism as abuses have demonstrated the possible evils; but as every reform is preceded by a manifest evil, it is hoped the cure for this is now at hand.



Deposit of Funds for Payment of Note

MASSACHUSETTS.

Character of Transaction When Depositor Whose Note is Payable at His Bank Brings Funds to Note Teller to Pay the Same—Custom of Boston Banks.

Supreme Judicial Court of Massachusetts,
January 8, 1914.

BROWN ET AL VS. FIRST NATIONAL BANK OF
BOSTON

ACTION by Joseph E. Brown and others against the First National Bank of Boston. There was a pro forma judgment for defendant, and the case was reported. Judgment entered for defendant.



STATEMENT OF FACT

THIS is an action growing out of the frauds of F. V. Felker while treasurer of the city of Newburyport. One of the devices resorted to by Felker to carry out or cover up his thefts was to issue duplicate notes under votes of the city council to borrow money in anticipation of taxes. The proceeds of one set of these notes went in payment of the city's obligations, while the proceeds of the duplicate set were used by Felker for his own benefit. To meet such a note for \$80,000, due April 13, 1906, fraudulently issued by him as a note of the city, Felker, just before April 13, 1906, arranged for the discount by the plaintiffs of five notes of the city amounting to \$80,000. For convenience these notes are spoken of as notes of the city. To carry this arrangement into effect Felker, on April 13, 1906, delivered to the plaintiffs the five notes of the city aggregating \$80,000. One of these five notes was the note on which the plaintiffs in this action unsuccessfully sought to recover from the city of Newburyport in *Brown vs. Newburyport*, 209 Mass. 259.

On delivery of the five notes to them Felker received from the plaintiffs a check payable to the city of Newburyport, in the sum of \$78,133.55 (the net proceeds of the discount of the five notes), dated on that day (April 13, 1906), drawn by them on the National Bank of Commerce and certified by that bank.

The city of Newburyport for many years had had an account with the First National Bank of Boston (the defendant in this action) and it had been the custom of the city to make notes which it had put on the market payable at that bank. The \$80,000 note fraudulently issued by Felker, due April 13,

1906, by its terms was payable at the defendant bank.

After receiving from the plaintiffs the check for \$78,133.55, Felker went to the banking rooms of the defendant bank and delivered to its note teller the plaintiffs' check for \$78,133.55 indorsed (in the proper form) by the city of Newburyport by Felker as treasurer. At the same time he delivered to the note teller a check for \$1,866.45, drawn on the city of Newburyport's account with the defendant, which was less than the amount then to the credit of that account. On delivering these checks to him Felker told the note teller "that there was a note of the city of Newburyport for \$80,000 payable that day at" the defendant bank, "and that he had come to take care of said note." The note teller "knew him [Felker] as the city treasurer of Newburyport and through whom [him] said Felker had previously paid notes of said city made payable at said First National Bank."

Later on the same day the fraudulent note for \$80,000 was presented for payment by the National Bank of the Republic in which it had been deposited for collection, and was paid by a cashier's check of the defendant bank for \$80,000 payable to the Bank of the Republic. Afterward on the same day the \$80,000 note was mailed to Felker. On the next day the plaintiffs' check for \$78,133.55 and the cashier's check for \$80,000 were paid through the clearing-house.

After it was decided by this court in *Brown vs. Newburyport*, supra, that the note there sued on (being one of the five, all of like tenor, sold by Felker to the plaintiffs) was void on its face, this action was brought by the plaintiffs on the ground that their check for \$78,133.55, payable to the city of Newburyport, never had reached the payee; that as a result of that (1) it remained their property, and (2) that the defendant bank in collecting it had converted it to its own use, or, if not thereby guilty of a conversion, that it had received the \$78,133.55 so collected as money had and received to the plaintiffs' use.

The plaintiffs' main argument in support of this contention is that when the defendant bank, on April 14, 1906, collected through the clearing-house the plaintiffs' check for \$78,133.55, it collected it not for the account of the city of Newburyport, but on its own account; that it collected it on its own account because it had undertaken to lend the amount of the check to the city the day before; and that it is settled that a town or city treasurer has no authority by virtue of his office to borrow money on behalf of the town or city of which he is treasurer, as to which see *Railroad National Bank vs. Lowell*, 109 Mass. 214.



OPINION OF THE COURT (IN PART)

LORING, J.: It may be conceded that this contention is correct if the defendant bank lent the city of Newburyport the \$78,133.55 which it paid out on its account on April 13th. But we are of opinion that it did not do so.

It appears from the agreed facts that the defendant bank paid out the face amount of the check, namely, \$78,133.55; that is to say, nothing was deducted by way of discount nor charged by way of interest. Further it is stated in the agreed facts that it is not the practice of the defendant bank, nor is it the custom of banks in Boston generally, to enter on the deposit account of their customers "funds" brought to the note teller to be used in payment of depositors' notes made payable by them at the bank. If that had been the practice of the defendant bank, or the custom of other banks in Boston, it would have helped to give color to the plaintiffs' argument that in the case at bar the defendant bank had lent the city of Newburyport the face of the plaintiffs' check for \$78,133.55.

But the practice of the defendant bank and the custom of Boston banks generally in this connection is not an accident. It results from the true

character of the transaction which takes place when a depositor who has made his note payable at his bank brings "funds" to the note teller of the bank to provide for the payment of the note. The reason why "funds" brought to a bank to be used in payment of a depositor's note there made payable were not formerly and are not now entered on the depositor's account is because such "funds" are handed to the bank not as the funds of the depositor, but as the "funds" of the bank.

If such "funds," when brought to the bank, had been put to the credit of the depositor (before the enactment of the Negotiable Instruments Act, now R. L. c. 73, § 104, about which a word will be said later on), the depositor would have had to draw his check in favor of the bank to make them "funds" of the bank which it could use in paying the depositor's note. *National Exchange Bank vs. National Bank of North America*, 132, 152. See, however, in this connection *Elliott vs. Worcester Trust Company*, 189 Mass. 512, 545. It was because "funds" brought to a bank to be used in paying a depositor's note made payable at the bank had to be the "funds" of the bank and not "funds" of the depositor that such "funds" were not entered to the credit of the depositor.

The Negotiable Instruments Act has changed the rule of law which originally gave rise to the practice of the defendant bank and the custom of Boston banks in general not to enter on the depositor's account payments made to it to enable it to pay its depositor's notes made payable there. By R. L. c. 73, § 104, the act of making a note payable at a bank is of itself an order on the bank to pay it out of the maker's funds on deposit in the bank. That being so, the transaction which takes place when money is brought to a bank by a depositor to be used by the bank in paying the depositor's note there made payable, can now be carried out in either one of two ways: First, the money so paid can be put to the maker's deposit account and then used to pay the note under R. L. c. 73, § 104; or,

second, the former method of carrying through the transaction can still be adopted, namely, to accept the payment as a payment to the bank of funds to be used by it in making the payment for the maker of the note.

It appears from the statement as to the matter made in the agreed facts that it is the practice and custom in Boston, since the enactment of the Negotiable Instruments Act, to carry through the transaction as it was carried through before that statute was enacted. That is to say, it is still the practice of the defendant bank and the custom of banks in Boston generally to treat funds brought to a bank to be used by it in paying a note made payable there as a payment to it (the bank) of funds to be used by it in paying the maker's note made payable there in place of treating those funds as funds of the depositor which the bank can use in payment of the depositor's note by force of R. L. c. 73, § 104.

It follows that the check for \$78,133.55 was delivered to and accepted by the defendant bank as a payment to it of the funds necessary to enable it to pay the note for \$80,000 payable on the same day at the defendant bank. The check was delivered to the defendant bank as a payment to it of "funds" to the amount of the face of the check.

In business transactions debts are not paid by the delivery of coin or bills which are legal tender. Where small amounts are due, bank bills not legal tender or the bare check of the debtor are often given and accepted in payment. In larger transactions certified checks, or cashier's checks and sometimes certificates of deposit are used. See in this connection *Pierce vs. State National Bank*, 215 Mass. 18, 19. In the case at bar the certified check for \$78,133.55 was delivered to the defendant bank not to be discounted, but as a payment to it of so much cash to enable it to pay out of the funds so provided the \$80,000 note, and it was accepted by the defendant as the equivalent of cash.

It follows that the argument made

by the plaintiffs in support of their contention is not well taken.

For the reasons already stated we are of the opinion that it is within the power of a town or city treasurer to indorse to the bank at which a note of the town or city is made payable a certified check made payable to the town or city, in order to provide the bank with the funds necessary to pay the note. In the case at bar the defendant as well as the plaintiffs acted in good faith on the supposition that Felker was acting honestly and the validity of the indorsement here in question depends upon the extent of Felker's apparent authority as treasurer of the city.

It follows that the check for \$78,183.55, having been indorsed by one who had apparent authority to indorse it, and for a purpose within his apparent authority, ceased to be the property of the plaintiffs who drew it; and by the terms of the report judgment must be entered for the defendant.

It is so ordered.

103 N. E. Rep. 780.



Payment of Bogus Note by Bank

MASSACHUSETTS.

Duty of Paying Bank to Inquire Into the Validity of Note Made Payable at its Office Before Making Payment.

Supreme Judicial Court of Massachusetts,
January 8, 1914.

CITY OF NEWBURYPORT VS. FIRST NATIONAL
BANK OF BOSTON

When municipal or other public securities are made payable at a bank, that bank is not put on inquiry as to their validity by the same facts that put an intending purchaser of them on inquiry.



ACTION by the City of Newburyport against the First National Bank of Boston. On report. Judgment for defendant.

STATEMENT OF FACT AND OPINION

LORING, J.: This is an action in which the city of Newburyport seeks to charge the defendant bank with the sum of \$80,000, paid to it by the plaintiff city in the two sums of \$78,183.55 and \$1,866.45, and paid out by it in retiring the void note for \$80,000 paid by it on April 13, 1906, as more fully set forth in *Brown vs. First National Bank of Boston*, 103 N. E. 780 (above).

The \$80,000 note was paid by the defendant bank pursuant to a verbal order given to it by the treasurer of the plaintiff city. The note here in question was in the same form as the note which was held invalid by this court in *Brown vs. Newburyport*, 209 Mass. 259, 95 N. E. 504, Ann. Cas. 1912B, 495.

The plaintiff's argument in effect is that when municipal or other public securities are made payable at a bank, that bank in paying them is put on inquiry as to their validity by the same facts that put an intended purchaser of them on inquiry.

The contention is without foundation. A banker having no interest in the matter, who pays out money on deposit on the fraudulent order of the person who by the terms of the deposit had the right to draw on the account, is liable only when he is privy to the depositor's fraud. It was so held in *Allen vs. Puritan Trust Company*, 211 Mass. 409.

Where (as was the case so far as a part of the checks in *Allen vs. Puritan Trust Company* were concerned) the banker has a pecuniary interest in the money paid out by him, he will be put on inquiry by facts which do not put him on inquiry where he has no pecuniary interest, as was held in *Allen vs. Puritan Trust Company*, *ubi supra*, with respect to the payment of checks paid by the defendant in that case, in which it had no pecuniary interest.

We are of opinion that the same rule applies in case of an order given by the treasurer of a city to pay what purports to be a note of the city. In

the case at bar the defendant had no pecuniary interest in the payment complained of. To make it liable to the plaintiff for damages suffered by the plaintiff because of its having followed the order of the plaintiff's treasurer to pay the note, the burden is on the plaintiff to prove the fact that the defendant bank was privy to Felker's fraud. The only way in which the plaintiff has undertaken to make out that fact is by pointing out that it was held in *Brown vs. Newburyport*, ubi supra, that a purchaser of a city note under these circumstances is put on inquiry. Under these circumstances a purchaser is put on inquiry because he has a pecuniary interest in the matter as one who intends to buy the note. A buyer of an obligation to be paid by taxes levied on the public is charged with inquiring whether the laws which authorize the borrowing of money to be paid for by taxes levied on the public have been complied with. As we already have said, the defendant bank had no pecuniary interest in the payment of the note, and for that reason was not on the same footing as a purchaser of it in the matter of making inquiry.

In the case at bar the defendant was not in fact privy to Felker's fraud; having no pecuniary interest in the matter it was not put on inquiry as to the validity of the note; and under the decision in *Allen vs. Puritan Trust Co.*, ubi supra, as to the checks paid by it in which it had no pecuniary interest, it is not liable.

In accordance with the terms of the report the entry must be:

Judgment for the defendant.
103 N. E. Rep. 782.



Collections

TENNESSEE

Collection of Drafts—Garnishment—Agreement to Charge Back Uncollected Items—Intention of Parties—Bill of Lading—Conditional Sale of Paper

Supreme Court of Tennessee, November 15, 1913.

W. J. BARTON SEED, FEED AND IMPLEMENT CO.
VS. MERCANTILE NATIONAL BANK ET AL.

Whether a bank in accepting on deposit and for collection, drafts and checks on various points subject to check as cash deposits, but subject also to agreement that uncollected items shall be charged back, the bank becomes absolute owner of the paper or merely collecting agent, is to be determined by the intention of the parties as evidenced by their acts. The agreement to charge back uncollected items is a controlling consideration and irreconcilable with absolute ownership on the part of the bank. The transaction amounts to a loan of credit by the bank on the face value of the paper as security therefor, to be paid out of the collection when made; if not made, the paper to be returned and the indebtedness to stand in favor of the bank, to be made good otherwise by the customer.

Such a draft is subject to garnishment for the debts of the customer, to the extent of the customer's interest at the time the garnishment notice is served. The bank holding the paper substantially in pledge for the credit extended, must show the extent of its interest when a creditor of the pledgor seeks to subject it as the property of the pledgor.

A bill of lading attached to such a draft is merely a security for the draft, only to be delivered to the consignee on payment of the same. This is true whether the bill of lading is made out to consignee directly or to the shipper's order.



ACTION by the W. J. Barton Seed, Feed & Implement Company against the Mercantile National Bank and others. From a judgment for plaintiff, defendants appeal. Affirmed.



STATEMENT OF FACT

DURING the latter part of 1911, Toberman, Mackey & Co., dealers in hay and other provender in St. Louis, Mo., sold a lot of hay to Baldwin Feed & Implement Company of Johnson City, Tenn., at the price of \$318.50. On the 4th of January, 1912, they drew a draft on Baldwin Feed & Implement Company for this sum, in favor of Mercantile National Bank, of St. Louis, with bill of lading for the goods attached thereto. This draft was

deposited in the bank, a credit therefor was entered on its books for the full face value in favor of Toberman, Mackey & Co., and also on the pass-book of the latter, subject to check at the will of the depositor, in the usual way. At the same time numerous other items were deposited, aggregating, with that in question, the sum of \$1,943.84. The transaction, however, affecting the draft now before us was consummated pursuant to the following course of business that had been current between the parties for three years or more: That is to say, Toberman, Mackey & Co. deposited with the bank, from time to time, drafts and checks on various points, for which they were given credit at face value, subject to check like cash deposited, with the agreement that if any of these papers should be returned at any time not collected, the bank had the right to charge back such items.

The Mercantile National Bank forwarded the draft and bill of lading to the Unaka National Bank at Johnson City, Tenn., for collection. The collection was made, but before the collecting bank could forward the money, it was attached in the hands of that bank, by garnishment process, as the property of Toberman, Mackey & Co., to enforce payment of a demand of about \$295 asserted against that firm by the plaintiff, W. J. Barton Seed, Feed & Implement Company, of Johnson City, Tenn.

Such proceedings were had in the trial court as that the plaintiff recovered a personal judgment against Toberman, Mackey & Co., that firm having entered its personal appearance, for the sum of \$200, but relief against the money attached was denied; that court adjudging that the money belonged to the Mercantile National Bank, which had intervened. The case was then appealed to the Court of Civil Appeals, where the judgment in favor of the Mercantile National Bank was reversed, and judgment rendered in favor of the plaintiff, subjecting the money attached to the satisfaction of plaintiff's debt and costs against Toberman, Mackey

& Co. The case was then brought to this court on the writ of certiorari.

It was not shown that Toberman, Mackey & Co. had ever drawn on this deposit, or that the sum to their credit in the bank was ever at any time less than \$318.50.



OPINION OF THE COURT (IN PART)

NEIL, C. J.: The question for decision is whether the Mercantile National Bank became the absolute owner of the draft, or whether the draft was received by it only for collection.

This is to be determined by the intention of the parties, as evidenced by their acts. We are of the opinion that the agreement to charge back in case the paper should be returned is a controlling consideration. It is irreconcilable with absolute ownership on the part of the bank. An agreement in advance to charge back on failure of collection imports necessarily only a limited ownership, as in case of a bailment. Under the most extreme view, the drawing of the draft in favor of the bank, under the facts stated, could amount only to an agreement for a conditional sale of the paper; that is, that the property should belong to the bank in case collection should be made, but in case it should not be made, then the paper should revert to the drawer. At last this would be but an indirect way of stating a collection contract, when considered in connection with the deposit of the face amount of the draft, and the right accorded by the bank to check on the deposit. The substance of the transaction would be a loan of credit by the bank for the face value of the paper, based on the paper as security therefor, to be paid out of the collection when made; if not made, the paper to be returned, and the indebtedness to stand in favor of the bank, to be made good otherwise by the customer.

Some important consequences flow from this situation.

The paper is subject to garnishment for the debts of the customer, to the extent of the customer's interest at the time the garnishment notice is served. His interest is measured by the extent to which he has drawn on the deposit based on faith of the paper. If at any time there is to his credit on the books of the bank a sum less than that of the deposit, his beneficial interest in the paper is, to that extent, decreased. If at the date of the garnishment he has wholly drawn the amount to his credit, he has no beneficial interest in the paper or its proceeds, and the garnishing creditor of the customer obtains nothing. It is the duty of the bank to show how the account stands, to the end that the extent of its beneficial interest in the paper may be known. The information is within its keeping, and it must make the facts appear. In brief, the bank holds the paper substantially in pledge for the credit extended, and it must show the extent of its interest when a creditor of the pledgor seeks to subject it as the property of the latter.

In the present case the bank has not shown that anything had been drawn from the deposit at the time the garnishment notice was served on the Unaka National Bank. It must therefore be held that the fund collected on the draft was subject to garnishment as the property of Toberman, Mackey & Co.; the bank having under its control the amount credited to that firm, and having the right to protect itself therein.

It is insisted that when the collection was made the right of the bank in any event at that moment became absolute, and the right to charge back ceased. The right to charge back, however, at the inception of the contract, in connection with the credit then entered, determined the nature of the bank's interest. If at the date of such collection by a correspondent of the bank, and before coming to the hands of the bank, a garnishment notice is served, and the bank has paid out nothing on the deposit, it owes the customer the amount

of the deposit, which it must yet pay to him or to his creditors. It should be paid to his creditors in preference to himself, if they fasten their rights upon it in due and legal form. It is immaterial to the bank whether the deposit be garnished, or the fund which has been collected to cover that deposit. All that the bank can justly claim is that it be fully protected against loss. This protection is accomplished under the principles above stated. There may be some annoyance, and trouble to the bank, arising out of such a situation, but not more than such as may be consequent upon the creation of any pledge, and the advancing of money on the faith thereof. The bank can avoid every perplexity that may arise out of such a status by making an out and out purchase of the draft, bill, or note.

The parties have submitted extensive arguments on the relation of the bill of lading to the controversy. We see no occasion for this. The bill of lading was merely a security for the draft, only to be delivered to the consignee on payment of the draft. This is true whether the bill of lading be made out to the consignee directly, or to the shipper's order. In the first case, the bill of lading being attached to the draft, the consignee could obtain it only on payment of the draft. In the second case the drawee would, even upon payment of the draft, only be able to gain complete ownership of the property and rights represented by the bill of lading by having it indorsed or assigned to him by the shipper. In this latter case, it is not even necessary that a draft should accompany the bill of lading in order to protect the shipper's rights. It is subject to shipper's order, and the purchaser cannot obtain it from the carrier except upon his order. In the first case, the coupling of the bill of lading and the draft makes the sale of the goods and their delivery conditional upon payment of the draft. Under either form the rights of the seller, or of the assignee of the draft are fully protected. * * *

The Court of Civil Appeals reached

the same result we have reached, but by a different line of reasoning. That court based its conclusion on the fact Toberman, Mackey & Co. had shown great solicitude in the management of the matter in Johnson City, with a view to enabling the Mercantile National Bank to hold the funds collected on the draft. * * *

On the grounds stated herein, we are of the opinion that the result reached by the Court of Civil Appeals was correct, and that its judgment should be affirmed.

160 S. W. Rep. 848.

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.

STATUTE OF LIMITATIONS— CONFLICT OF LAWS

OAKVILLE, ILL., May 6, 1914.

Editor Bankers Magazine:

SIR: AS a subscriber of THE BANKERS MAGAZINE I take the liberty of asking you a question I would like to have answered.

The statute of limitations in Illinois is ten years on negotiable instruments. A maker of a note lived in Illinois at the time of the making, later moved to another State, and lived there over ten years without making a payment on the note. Does the statute of limitations of Illinois apply to a case of this kind?

Thanking you in advance for your reply, I am

F. M., *Cashier.*

Answer: The above proposition presents a most interesting question. The State laws do conflict and are in a hopeless state of confusion. It is, therefore, most fitting that rules be laid down to harmonize such a condition, and effectuate justice and equity.

The case of Garrigue vs. Kellar, 164 Indiana Supreme Court, 679, was an action on three promissory notes, made and executed in Illinois by a husband as principal, and his wife as surety, and payable in Indiana. The Illinois

statute declares a married woman incapacitated to act as surety, while the Indiana statute states "a married woman shall not enter into any contract of suretyship, whether as endorser, guarantor or in any other manner; and such contract, as to her, shall be void." This case resolves the law applicable to promissory notes executed in one State and payable in another, having conflicting laws, into three rules:

Rule 1.—All matters bearing upon the execution, the interpretation and validity of the note, including the capacity of the parties to contract, are to be determined by the law of the place where the contract is made.

Rule 2.—All matters connected with the payment, including presentation, notice, demand, protest and damages for non-payment, are to be regulated by the law of the place, where, by its terms, the note is to be paid.

Rule 3.—All matters respecting the remedy to be pursued, including the bringing of suits, service of process and admissibility of evidence, depend upon the law of the place where the action is brought.

The court held, according to Rule 1, that the law of Illinois be applied, allowing the wife to act as surety.

An application of the second rule is found in the case of Scudder vs. Union National Bank, 91 U. S. Sup. Ct. 406. A bill of exchange was drawn by a party in Chicago upon a firm in St. Louis, and verbally accepted by a member of the St. Louis firm, then present in Chicago. Under the law of Missouri, acceptances were required to be in writing, but under the law of Illinois a parol acceptance was valid. The bill of exchange, as we have seen, was drawn in Chicago, Ill., and, therefore, all matters pertaining to its execution, interpretation and validity had to be determined by the laws of that State. It was made payable in St. Louis, Mo., and ordinarily the law of that State would control with reference to acceptance and performance, but a member of the firm in that State was present in Chicago, and he there accepted the bill

of exchange without waiting for it to be sent on to St. Louis to his firm in that city. It was, therefore, held to be an Illinois acceptance.

Then, too, if a note be usurious, the law of the State in which it is made payable determines. (*Connor vs. Donnell*, 55 Texas Supreme Court Reports 173.)

The third rule above stated, under which this question arises, is well applied in the case of *National Bank of Denison, Texas, vs. Danahy* (89 Illinois Appellate Court Reports, 92) which construes the Illinois statute limiting the time for bringing an action on a promissory note.

This was an action brought some five years after maturity of two promissory notes made by a partnership. The notes were executed in the State of Texas, while the maker-defendant resided at all times in Illinois, and the plaintiff-payee in Texas. The defendant, Danahy, relied upon the statute of limitations of Texas, in order to clear himself of the debt. The statute is as follows:

"What Action Barred in Four Years.—There shall be commenced and prosecuted within four years after the cause of action shall have accrued and not afterward, all actions or suits in court of the following description: Actions for debt where the indebtedness is evidenced by or founded upon any contract or writing."

This court held that the lower tribunal erred in admitting the Texas statute in evidence on the ground that "It is a well-settled rule that personal contracts are to be interpreted by the law of the place where they are made, and it is a rule equally well settled that remedies on contracts are to be regulated and pursued according to the law of the place where the action is instituted and not by the law of the place of the contract. The reason of this rule, according to Judge Story, is obvious: 'Courts of law,' say he, 'are instituted by every nation for its own convenience and benefit. * * * As a rule, statutes of limitation are to be considered to fall within

these remarks. In cases, therefore (except where provision is otherwise made by statute), where an action is brought in one country or State, upon a contract made in another, a plea of the statute of limitations existing in the place of contract is not a good bar; but a plea of the statute existing in the country or State where the action is brought is. This rule is in conformity with the universal rule that as the statute operates merely upon the remedy, the law of the forum controls.' "

Section 20 of the Illinois statute provides, "When a cause of action has arisen in a State or Territory out of this State, or in a foreign country, and, by the laws thereof, an action thereon cannot be maintained by reason of the lapse of time, an action thereon shall not be maintained in this State." It also limits the time for the bringing of an action to ten years. Upon this section depended the bank's right of recovery, and the entire meaning of it hinges upon what is meant by the phrase, "When a cause of action has arisen."

In the case of *Great Western Telegraph Co. vs. Stubbs*, 55 Illinois Appellate 210, the court said: "A cause of action arises against a party where he is."

It would appear, therefore, that inasmuch as Danahy was living in Illinois at the time of the maturity of the note (when the cause of action arose) it is quite conclusive the Illinois statute would apply.



CERTIFICATION BY TELEPHONE OR TELEGRAPH

MORRISVILLE, VERMONT, May 8, 1914.

Editor Bankers Magazine:

SIR: Will you kindly inform me whether a check can be certified by telephone or by telegraph? I have always held that a bank would have no right to charge the amount of a customer's check to his account for that purpose until the check is actually presented for payment, but some of our bankers in this locality hold differently.

Please accept thanks in advance for the favor your reply will confer.

TREASURER.

Answer: By the Negotiable Instruments Law, which is in effect in Vermont, a check is declared to be "a bill of exchange, drawn on a bank, and payable on demand." By the same act, certification is declared to be equivalent to an acceptance. This acceptance, to be binding, must be in writing, and signed by the drawee. If on paper, other than the bill itself, it does not bind the acceptor except in favor of a person to whom it is shown and who, on the faith thereof, receives the bill for value.

Plainly, therefore, an acceptance by telephone cannot bind the bank, where the Negotiable Instruments Law is in force; and unless the statute provides that oral acceptances are good (as formerly obtained in some States) such a certification is of no effect. It was so held in *Nat. State Bank of Camden vs. Lindeman*, 161 Pa. St. 199; *Risley vs. Phenix Bank*, 83 N. Y. 318; *Van Buskirk vs. State Bank of Rocky Ford*, 85 Col. 142.

In the case of *Gruenther vs. Bank of Monroe*, 133 N. W. Rep. 402, a bank advised the payee of a check by 'phone that the check would be paid on presentment, and the drawer withdrew his deposit, leaving enough to pay the check and so instructed the bank. The bank was held liable, although there was no written certification.

The difference between a telephone and a telegraphic certification lies in the fact that in the former there is no written promise, while in the latter there is a writing sufficient to satisfy the law. The binding force of a telegram depends, however, in a large measure, upon the terms used. Clearly it is on a separate paper and only binds the acceptor in favor of those to whom it is shown and who, on the faith thereof, receive the instrument for value.

Banks have repeatedly been held liable on telegraphic certifications; but there must be a clearly worded telegram importing a promise to pay and not merely a statement of the drawer's account.

In *Bank vs. Garretson*, 51 Fed. 168,

the telegram of inquiry read: "Will you pay James Tate's check of twenty-two hundred? Ans." The reply was: "James Tate is good; send on your paper." The court held the bank liable.

In *Coffman vs. Campbell*, 87 Ill. 98, the bank wired: "Will pay A. Harper draft twenty-three hundred for stock." The court held this an absolute acceptance.

But not all telegrams are acceptances. Thus: "Is J. F. Donald's check on you for \$350 good?" was answered: "J. F. Donald's check is good for sum named." This was held not binding as an acceptance. (*First Nat. Bank vs. Commercial Savings Bank*, 87 Pac. Rep. 746.)

Another: "Are M. A. Walton's checks for \$2,000 good?" Answer: "Yes, sir." This was held not binding. (*Kahn vs. Walton*, 46 Ohio St. 195.)

In the light of the above, it is needful that banks carefully word their telegrams relating to such inquiries; and in paying on such occasions, use due care in scrutinizing the telegram to ascertain whether or not the answer contains a promise, absolute and unconditional, to pay. If it does, the bank is bound to those who act on the strength thereof; if not, it is no acceptance.



A Waste of Time

HERE is a bit of sound admonition from Fred W. Ellsworth:

"It is my candid opinion that too much time is given nowadays to the reading of ephemeral and superficial literature which appears in the multitude of newspapers and magazines and between the covers of so-called popular novels. It is a waste of time to read most of this trash; it impairs the memory by clogging the mind with useless and often harmful stuff; it spoils one's taste for really good literature and consumes valuable time that might better be spent in reading the works of a standard writer, whose books have lived through the generations."

Real Estate Loans by National Banks

LOANS by national banks on real estate security are specifically authorized by the Federal Reserve Act. A circular letter relating to the matter has been prepared by the Comptroller of the Currency, embodying the following:

"You are advised that section 24 of the Federal Reserve Act provides that—

"Any national banking association not situated in a central reserve city may make loans secured by improved and unencumbered farm land, situated within its Federal Reserve District, but no such loan shall be made for a longer time than five years, nor for an amount exceeding fifty per centum of the actual value of the property offered as security. Any such bank may make such loans in an aggregate sum equal to twenty-five per centum of its capital and surplus or to one-third of its time deposits and such banks may continue hereafter as heretofore to receive time deposits and to pay interest on the same."

"National banks may, therefore, now legally make loans secured by real estate provided they conform to the requirements of the law, including the following: Real estate security must be farm land; it must be improved; there must be no prior lien; property must be located in the same Federal Reserve District as the bank making the loan; the amount of the loan must not exceed fifty per cent. of the actual value of the property upon which it is secured; the loan must not be for a period longer than five years; the total of such loans by any bank must not exceed one-third of its time deposits, and must in no case exceed one-fourth of the capital and surplus of the bank.

"In order that the examiner may readily classify real estate loans held by a bank at the date of his examination, a statement signed by the officers making the loan, and having knowledge of the facts upon which it is based, must be attached to each note, certifying in detail, as of the date of the loan, that the requirements of law have been duly observed."



New Counterfeit National Bank Notes

FIVE dollar note on the National Bank of Tulare, Cal.; series 1902-1908; check letter "D"; charter number 10201; bank number 699; Treasury number K364949K; J. C. Napier, Register of the Treasury; Lee McClung, Treasurer of the United States; portrait of Benjamin Harrison.

This counterfeit is printed from photographic plates on two pieces of paper between which silk threads have been distributed. The most noticeable defect on the face of the bill is the seal, which is very dark blue, almost black, and looks as though it might have been cut out with a pen-knife. The back of the bill is blue instead of green. As a whole, the counterfeit is so poor it should not deceive.

Ten-dollar issue of the Union Na-

tional Bank of Chandler, Okla.; series 1902-1908; check letter "F"; charter number 6269; bank number 8535; Treasury number H858580A; W. T. Vernon, Register of the Treasury; Charles H. Treat, Treasurer of the United States; portrait of William McKinley.

This counterfeit is printed from poorly etched plates on two or more pieces of thin paper with silk threads distributed between. These threads show plainly on the surface of the paper. The portrait of McKinley is very poor and bears but little resemblance to the genuine. The back of the bill is better than the face, but the poor lathe work should easily identify it as counterfeit.

Investments

Conducted by

FRANKLIN ESCHER

Stocks—As They Are

BY FRANKLIN ESCHER

WHAT are the different kinds of stocks available for investment?—answer to that cannot, as in the case of bonds, be by reference to underlying security or conditions attending issue. The best classification, indeed, seems the rather free-and-easy one herewith presented. From a strictly academic standpoint, perhaps, such a classification might not hold water, but as a list of the shares available to the man who has money to invest (which is what it aims to be) it seems to fill the bill. Take any stock in which you happen to be interested and you will have no trouble in finding its place on the list.

Dividend-paying railroad preferred shares of American railroads rank among the very best investments there are—so highly esteemed are they, indeed, that they sell at a price to yield the buyer a lower rate of income than many high-grade bonds. Take, for example, a preferred issue like that of the Union Pacific or the Northwest or the Atchison, followed by a large

amount of common stock having a long and unbroken dividend-record. What safer security could be desired? A protracted period of hard times, it is true, might conceivably affect the dividend on the common; but when it is considered that in most cases preferred dividends have been uninterruptedly earned a number of times over for a long series of years, it will be apparent how secure these preferred dividends are. Very materially could the earning power of most American railroads be reduced without the dividends on their preferred shares being in the least endangered.

Of the dividend-paying railroad common stocks it is necessary to say little more in this place than that they constitute the largest and most important class of share investment—and also the most misused. Highly suitable, in spite of their fluctuation, for certain kinds of investment, they are the last thing in the world that a great many people ought to buy. More money, probably, has been made and lost in railroad common stocks of the dividend-paying class than in any other kind of security. Subject as they are to a

CLASSIFICATION OF STOCKS.

Railroad	}	Dividend-paying preferred shares.
		Dividend-paying common shares.
		Dividend-paying shares having important equities.
		Guaranteed shares.
		Uncertain dividend payers.
		Non-dividend-paying preferred shares.
		Non-dividend-paying common shares.
Industrial and Miscellaneous	}	Seasoned dividend-paying preferred shares.
		Seasoned dividend-paying common shares.
		Newly created preferred and common shares.
		Uncertain dividend-payers.
		Non-dividend-paying preferred and common shares.
		Dividend-paying shares having important equities.
		Shares in "Prospects."
	}	Seasoned dividend-payers.
		Dividend-paying shares in newly created companies.
		Non-dividend-payers.

MEGARGEL & Co.

BANKERS

Dealers in High Grade Railroad Bonds

35 PINE STREET

NEW YORK

great variety of influences, the price-range of these securities, even of the most stable ones, is very great. Pennsylvania, for example, which is regarded as one of the very best and steadiest of the railroad dividend-payers, has fluctuated in price, during the past ten years, all the way from 170 down to about par. New York Central's fluctuations have been through about the same range.

Railroad stocks having important equities, as, for instance, Canadian Pacific, in the lands owned by the company, and Reading in the company's great holdings of coal, almost invariably fluctuate over a wide range. The shares having an intrinsic value greater than that given them by the dividends they are able to pay, and there being always the chance of an extra distribution "out of assets," high prices are apt to be registered whenever the cutting of a melon seems really imminent. For this reason stocks of this class, except on those rare occasions when they happen to be selling down somewhere near where they would be entitled to sell on a straight investment basis, are exceedingly risky to buy.



GUARANTEED railroad stocks, like guaranteed bonds, depend for their value largely upon the strength of the guarantor. The guarantee of a dividend by a company which itself has an unbroken record is, it is plain, about as great assurance as could be desired

that the dividend will continue to be paid. By nothing short of the insolvency of the guarantor company can it be threatened.

Among the uncertain dividend-payers (railroad) there must be included those many common and preferred issues which are paying a dividend now, but whose broken dividend-record suggests that the next period of falling earnings will see the disbursement lowered or discontinued altogether. Needless to say, shares of this class are at all times a risky purchase and should never be touched except by those in a position to form an intelligent judgment as to conditions, as well as to take a risk with their money. Indiscriminate purchase of securities of this kind is almost a sure losing proposition. Actual knowledge of conditions, on the other hand, combined with sound investment sense, frequently results in the purchase of these "uncertain" dividend-payers at prices far below their intrinsic value.

Non-dividend-paying railway preferred and common stocks, like the class last spoken of, are suitable for the investment of the funds only of those really in a position to judge values. Have I really any definite and dependable knowledge as to what this stock is worth?—that is a question which everyone is bound to ask himself before he buys "securities" of this kind. Even then, purchases are best restricted to the preferred issues, which, for one reason or another may not be paying dividends, but which

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

seem normally to belong in the dividend-paying class. There are instances to be found, it is true, of railroad stocks which have knocked around in the twenties and thirties for years eventually asserting their investment value and becoming dividend-payers of class. But they are few and far between. For every such instance there are to be found a dozen others where particular low-priced stocks, "touted" for years as being future dividend-payers, have sunk lower and lower, both in value and price.

The seasoned dividend-paying industrial preferred shares constitute a class of securities which offer the buyer a high income at a minimum of risk. Origin of most of these stocks dates back twelve or fifteen years to the time when the big industrial combinations were being formed. Whatever may be said about the common stocks created at that time being "water," the preferred shares, it cannot be denied, have in most cases given an excellent account of themselves. Glance back over the list of the preferred issues of this sort brought out during the five-year period following 1898, and it will be seen how few of them have failed to maintain a record of dividends unbroken, and, in the majority of cases, earned by a considerable margin. These seasoned industrial preferred stocks, it can be said without hesitation, constitute a most attractive form of investment.



THE seasoned dividend-paying industrial common stocks, too, while they cannot pretend to the standing of the preferred issues, are, in the majority of cases, securities of a good deal of investment merit. Times

change, of course, and industrial conditions undergo readjustment, but where a stock over a series of years has always been able to earn its dividend by a fair margin there is good reason to believe that it will be able to continue doing so.

It is true, nevertheless, that even stocks like General Electric and Pullman fluctuate largely in price and so are suitable for the investment of the funds only of those in a position not to mind a fall in the market value of their holdings. For the investment of the business man's surplus the shares in this class are all very well, but where there exists a possibility that the money may at any time be needed they should never be bought.

The newly created industrial shares—that is to say, the many issues put on the market in 1911 and 1912—offer some attractive opportunities, but should be bought only with the greatest caution. In the case of these securities it is impossible to apply that most important of all tests—What has been this stock's dividend-record? That makes it hard satisfactorily to judge the value of these new shares. By the banking house issuing them, a statement of earnings covering the past year or two is likely to be given out, but such a statement cannot take the place of a record of earnings actually achieved and of dividends paid.

In the purchase of securities of this class, indeed, the main thing the buyer has to go by is the standing of the banking house which brings out the issue. Presumably, before it agrees to distribute the shares, the banking house has made a thorough investigation and satisfied itself as to the soundness of the proposition. But even at that there is always the chance that the banker himself may not be able to get at the

true state of affairs. It is of great importance, therefore, that the bankers bringing out the new stock be not only honest but capable. In only too many cases has it happened that the bankers themselves have been deceived, with the result that they as well as their clients have suffered. Experience and a record of other issues successfully floated, is the greatest safeguard.

The uncertain industrial dividend-payers—stocks which a year or two ago may have been paying nothing and today be earning their dividends by but a scant margin—lend themselves much more to speculation than investment, and yet, intelligently bought, have a certain investment value. Definite and dependable information as to conditions in the industry—having that, many a man has made money out of the purchase of stocks of this sort and at no very great risk to himself. One of these stocks, we will say, has passed its dividend and is selling at a very low price. Conditions in that particular line, it is learned, are on the mend, and all indications are that within a few months or a year the company will be earning enough to warrant the putting of its shares back on a dividend basis. To make a purchase of the stock under such circumstances is legitimate investment enough. What differentiates it from speculation is that in this case the buyer is supposed to have definite first-hand knowledge of conditions, not only as they actually are but as they are likely to shape themselves.

Non-dividend-paying industrials — What is said in the paragraph immediately preceding applies to some extent to the preferred issues in this class, but of the non-dividend-paying common shares it can be said without hesitation that in only the fewest cases is their purchase anything but a rank speculation.

Here and there one of these "cats and dogs," as they call them in Wall Street, develops appreciable earning power, but in the great majority of cases stocks of this class do not represent even the capitalization of "good-

will," being "water," pure and simple. To those who want to control the company, stocks of this sort have a value because of the voting power they carry, but to the outside investor they are practically worthless. To buy them is simply to tie up money unproductively in anticipation of something which it is foreordained shall not happen.

Industrial stocks having important equities are a very different sort of a proposition—constitute, in fact, a class all by themselves. Take, for instance, the subsidiary stocks of the old Standard Oil Company or of American Tobacco. Obtainable at relatively low prices immediately after the dissolution of the Oil and Tobacco Companies for the simple reason that the investment public had not the faintest idea of their equity value, these shares proved immensely profitable to those who bought them. As dividend-payers none of these shares were worth what they were selling for even before the big rise began. It was simply that the insiders knew that each share carried with it an equity in undisturbed assets of immense value that made them willing to buy all the stock offered and at fast rising prices.



OF shares in industrial "prospects"—mines, for example, not yet on a producing basis—it need only be said that in this kind of security the element of speculation so largely overshadows that of investment as to make it almost negligible. There are occasions, it is true, when the opportunity legitimately to invest money in a non-producing property presents itself, but they are few and far between. In ninety-nine cases out of a hundred if a mine or a manufacturing plant or whatever the proposition happens to be has not yet reached the productive stage, it cannot be classed as an investment at all, however good the prospects may be.

Seasoned dividend-paying public utility stocks, whether preferred or common, rank high among investments.



The American National Bank

SAN DIEGO, CAL.

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 Surplus and Undivided Profits 177,000.00
 Total Resources 2,270,000.00

J. W. SEFTON, Jr., Pres.

I. ISAAC IRWIN, Vice-Pres. L. J. RICE, Asst. Cashier
 C. L. WILLIAMS, Cashier T. C. HAMMOND, Asst. Cashier

☐ 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.

Where, over a series of years, the shares have always regularly paid their dividends, they acquire an investment standing, indeed, inferior to that of no other class of stocks. The affairs of corporations of this kind are, to a large degree, public—it is possible for the investor to keep closer track of earnings than in the case of an industrial company or even a steam railway. Conditions affecting the business and the company's earning power are, moreover, being constantly discussed and brought before the public in such a way that if any shareholder does not know what is going on, he has only his own inattention to blame.

Dividend-paying shares in newly created utility companies have many of the same characteristics, but because there is no record of earnings or dividends to fall back upon, should be bought only with considerable caution. Most of these shares have come into existence as the result of the combination of several companies, the earning power of which new units is necessarily uncertain. It must be remembered, too, that the chance of material appreciation in an investment of this sort is limited by the fact that it is quasi-public security and that the State Commission will not stand for more than a certain percentage of earnings.

Non-dividend-paying utility shares, being subject to the same influence, are even less desirable from an investment standpoint. Among the shares of this class there are, without doubt, to be found some which have a good chance of working into a stronger

position and of eventually getting on a dividend-basis. But in the great majority of cases there is always present this great drawback, the public's unwillingness to see a utility company make any real money. Interest on its bonds, yes, and perhaps a moderate dividend on the preferred. But as to a dividend for the common, particularly where there is a large amount of common and the newspapers have put the community under the impression that it is all or largely water—that is a hard proposition. Earnings sufficient to warrant such a distribution are only too likely to be used as an argument to make the company reduce the price of the service it renders.



Investment and Miscellaneous Securities

Quoted by J. K. Rice, Jr., & Co., Brokers and Dealers in Miscellaneous Securities, 36 Wall St., New York.

	Bid	Asked
Adams Express	100	103
American Bank Note Com.	38	40
American Bank Note Pfd.	50 1/2	52
American Brass	138	142
American Cattle Com.	158 1/2	162 1/2
American Cattle Pfd.	96	99
American Dist. Tel. of N. J.	60	62
American Express	103	104
Atlas Portland Cement Com.	38	41
Atlas Powder Co.	114	117
Autosales Gum & Chocolate	16	21
Babeock & Wilcox	98 1/2	100 1/2
Bordens Condensed Milk Com.	111 1/2	113 1/2
Bordens Condensed Milk Pfd.	104	106
Bush Terminal	50	53
Chubbolt Co.	129 1/2	131 1/2
Childs Restaurant Co. Com.	127	137
Childs Restaurant Co. Pfd.	102 1/2	104
Competing Tabulating-Recording	31 1/2	34 1/2
Connecticut Railway & Light Com.	62	65
Dell Lack & Western Coal	265	287
E. I. du Pont Powder Com.	124	128
E. I. du Pont Powder Pfd.	53	56

	Bid	Asked
General Baking Co. Com.	8	14
General Baking Co. Pfd.	47	50
Hercules Powder Co. Com.	124	129
International Nickel Com.	117ex	118½
International Nickel Pfd.	104½	106½
International Silver Pfd.	105	112
Kings Co. E. L. & P.	122¼	123¼
New Jersey Zinc	550	600
New York Railways	24	27
Otis Elevator Com.	75	78
Otis Elevator Pfd.	86	98
Phelps, Dodge & Co.	205	215
Remington Typewriter Com.	20	24

	Bid	Asked
Remington Typewriter 1st Pfd.	96	98
Remington Typewriter 2nd Pfd.	88	91
Royal Baking Powder Com.	180	184
Royal Baking Powder Pfd.	105	107
Safety Car Heating & Lighting	103½	105½
Sen Sen Chiclet	87	94
Singer Manufacturing	330	335
Standard Coupler Com.	29	34
Union Ferry	30	35
U. S. Express	71	76
Virginian Railway	21	24
Wells Fargo Express	86¼	89
Western Pacific	3¼	4¼

Distribution of Surplus Incomes

WRITING on this topic in the "American Review of Reviews," Hon. George E. Roberts, Director of the United States Mint, says:

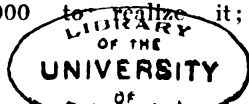
"Apparently, an assumption prevails, even among intelligent and reflective people, that the only way an individual can dispose of a surplus income so that its benefits will be distributed to the public is by giving it away. They imagine that surplus income—income available for investment—has passed into the exclusive possession of the owner and is lost to the rest of the community. This is so vital an error that it is well worth while to examine the distribution that occurs when surplus incomes are invested upon ordinary business principles.

"We are all prone to think of surrounding social and industrial conditions as fixed, and to judge of present distribution by immediate results. We instinctively condemn an annual income of \$10,000,000, because we say it is more than one person can possibly use for his own good, and we have a vague idea that the surplus, if not wasted, is buried, hoarded, or somehow withheld from use. If the fact could be brought home to everybody that this surplus is actually put to public use a new light would fall upon the existing order.

"And this is the truth about surplus incomes. It is agreed that \$10,000,000

is more than one man can use for his own benefit. This is evident; there can be no argument over it. However the surplus may be disposed of, the owner will have none of it in any personal sense. If he invests it for profit he may derive satisfaction from having the title in his own name and from seeing the principal grow, but that satisfaction will consume nothing, and cost the rest of us nothing. His ownership does not diminish the sum total by one iota. The surplus is all available for investment, and with all its proceeds for reinvestment, and the question at the moment is whether society will be best served by having the owner invest it and manage it and increase it, or by having him dissipate it by gratuitous distribution, as in the case at hand.

"It is often said that the rich hold their wealth as trustees, but few realize how literally true the saying is. However miserly and grasping the owners may be, they cannot invest their wealth in profitable industry except for the satisfaction of public wants, and where it is never withdrawn and the proceeds are likewise invested it is practically dedicated to public use. The owners may not realize it; the constitution of society is such that individual selfishness has often advanced the common good. But the owners are coming to realize it; ignorant selfishness



changes to enlightened selfishness, enlightened selfishness leads to a knowledge of mutual interests, and mutual interests develop the sense of mutual obligations. All the higher life of the race has been developed by responsibilities and obligations at first unappreciated and then slowly discerned.

"When the true relations of wealth to social progress and the essential unity of society are understood there

will be vastly less of suspicion, ill-feeling and strife, and a corresponding increase of efficiency and of production. When we know the public value of all wealth we will be less indifferent to waste, both public and private, more concerned that all our productive forces shall be fully used, and wake up to the world's stupendous folly in sinking \$2,000,000,000 annually in military and naval establishments."

Safe Deposit

Safe Deposit Companies Are Landlords Not Bailees

By Milton W. Harrison,

Brooklyn Savings Bank, Brooklyn,
N. Y.

[Concluded from the May number.]

THE ELEMENTS OF A BAILMENT MUST EXIST

IT is quite certain that in order to constitute a bailment the elements of a bailment must exist; and the question is: Is there possession, or even the power of redelivery in the bailee? These two most vital elements are indeed not in the bailee, ostensibly or otherwise. The depositor is the only one who has access to the property in the safe, and surely the vault man is not called to take the papers out of the safe and hand them to the depositor. As already explained, the purpose of the vault man's master key is only a safety device thrown around the opening of the safe itself.

Inasmuch as the law has construed out of whole cloth a relationship of bailor and bailee, it has also endeavored to "tack on" to the duties of the safe deposit company actual possession,

redelivery and inaccessibility to the depositor or rightful owner. It appears to be, conclusively, a mere fiction of law.



THE MERCANTILE SAFE DEPOSIT COMPANY CASE

THE case of *People vs. Mercantile Safe Deposit Company* well illustrates the point in mind. In April, 1897, the defendant rented a safe to "Russell Sage or Charles W. Osborne," either to have access to the same, the death of Sage not hindering Osborne's right of access. After Sage's death, Osborne continued, uninterruptedly, the use of the safe, and nothing was done by the depositary to prevent him from carrying away any valuables contained therein, nor did the depositary give any notice to the State Comptroller. While the defendant had no knowledge of what the safe contained, yet, in fact, there were securities belonging individually to Sage, Osborne and other persons who had pledged them to Sage as collateral for loans made by him. Subsequent to the death of Sage, Osborne, as executor, continued to look after his loans, using the safe in connection with

this purpose, but as to Sage's personal securities they were left intact.

Previous to the fixing and collecting of the transfer tax on the Sage estate, at an appointed time, the representative of the State Comptroller and a representative of the Sage estate inspected the contents belonging to Sage which were deposited in the safe in question.

The action was brought to recover a penalty for not complying with Section 227 of the New York State tax law, which is as follows:

"No safe deposit company * * * having in possession or under control securities, deposits or other assets belonging to or standing in the name of a decedent * * * including the shares of the capital stock of or other interests in the safe deposit company * * * making the delivery or transfer herein provided, shall deliver or transfer the same to the executors * * * of said decedent or to the survivor or survivors when held in joint names of a decedent and one or more persons, or upon their order and request, unless notice of the time and place of such intended delivery shall personally be served upon the State Comptroller at least ten days prior to such delivery or transfer, or shall any such safe deposit company * * * deliver or transfer any securities, deposits or other assets belonging to or standing in the name of a decedent * * * without retaining a sufficient portion or amount thereof to pay any tax and interest which may be assessed on account of the delivery or transfer of such securities, deposits or other assets. * * * And it shall be lawful for said State Comptroller personally or by representative, to examine said securities, deposits or assets at the time of such delivery or transfer."

In case the safe deposit company fails to serve a notice or allow an examination, as provided, or neglects to retain sufficient amount to pay the tax, it is liable for the full amount of the tax, with interest, "and in addition thereto, a penalty of not less than five

or more than twenty-five thousand dollars."

Mr. Justice Hotchkiss, in rendering the opinion of the court, stated:

"In no legal sense can the defendant be said to have had 'possession' or 'control' of any of Sage's securities. In a limited sense, it had the custody of such securities, but because of the relation which it occupied to the safe in which they were contained, having neither 'possession' nor 'control' of the securities, the statute imposed no duty whatsoever upon the defendant, nor could it have obeyed the statute without invading the legal rights of its customer.

"The relation between the defendant and its customer, whether in this case be regarded as Osborne and Sage jointly or severally, may have *some* elements comparable to those in a case of bailment, but, the legal status of the parties seems to me to bear a closer analogy to that arising from the relation which exists between tenants of a general office building and the landlord thereof, who keeps within his control and under his care and protection the common means of access to the building and to the suites of offices therein, but as to which, subject to any regulations that may have been established by the landlord, the rights of the tenants are exclusive.

"So far as I can see, the defendant in this case had no more 'possession' or 'control' over the securities contained in the box in question, than such a landlord has over securities contained in a safe belonging to one of his tenants and contained in the private office of the latter.

"The situation of the defendant with respect to securities contained in safes or other receptacles of deposit, rented to its customers, was manifestly different from the relation which it occupied toward those who made physical deposit of valuables with defendant for which a receipt was issued. In every such case, the defendant was clearly a bailee, having physical custody of the articles with power to control the delivery thereof "

LANDLORD AND TENANT—THE
PRACTICAL CONSTRUCTION
OF THE RELATION-
SHIP

IT is obvious, when we take the decisions ending with the one just quoted, that the courts in construing the relationship have gradually come to a consideration of the practical side of the safe deposit company, or as stated in the argument of the plaintiff, in a case lately decided by the Supreme Court of the United States (*National Safe Deposit Company of Chicago vs. Attorney-General of the State of Illinois et al.*):

"It is not even so much a bailment as in one of those cases adverted to by Mr. Justice Holmes in *Union Trust Company vs. Wilson* in which the exclusive power of the so-called bailee gradually tapers away until we reach those in which the courts have held, as a matter of law, that there was no adequate bailment."

It is manifestly erroneous to assume that where a safe is leased, individually, or jointly and severally, from a safe deposit company, the right to the control over or possession of the safe and its contents is in the depositor and depositary at the same time, which to say the least, is most inconsistent with the established understanding of a bailment.

As stated by Mr. Justice Hotchkiss in the case above alluded to, "the relation which exists between tenants of a general office building and the landlord thereof, who keeps within his control and under his care and protection the means of access to the building and to the suites of offices therein, but as to which, subject to any regulations that may have been established by the landlord, the rights of the tenants are exclusive."

This view seems to convey the proper interpretation of the law in its application to the renting of a safe or deposit box. It would conclusively establish the construction of the unambiguous section 317 of the new banking law of New York, which states:

"Every safe deposit company shall * * * have the power: 1. To receive as depositary for hire or as bailee for safe keeping and storage, money or any other valuable personal property; and to guarantee the safety of any property so deposited with it. 2. To let vaults, safes and other receptacles upon premises occupied by such safe deposit company."



WRONGFUL ENTRY UNDER
PROCESS OF LAW

THE *Stuyvesant Safe-Deposit Company* rented one of its safes to one *Lydia J. Roberts*. By its rules, printed on the back of the rental receipt, its responsibility was limited to the diligence and faithful performance of their duty by its officers and attendants, and it was provided that no one would be allowed inside the vaults for the purpose of opening any safe therein except the renter or his substitute, and that two persons would not be allowed to enter the vault at the same time, unless personally known to one of the company's officers.

The renter of the safe placed in her safe a sum of money, certain United States bonds and other securities. A police captain having a search warrant reciting that theft had been made of certain United States bonds, and that said property was concealed in certain boxes in the company's vaults, one of which was plaintiff's (*Roberts*), and accompanied by three other persons prepared to break into the safe. They appeared at the company's office and demanded access to the said box, which was refused. The officers made no material resistance, but pointed out the box. The officers broke it open and removed the property.

There was nothing in the box which corresponded with the property described in the warrant except the bonds, and as to those in the warrant there was nothing that would identify the bonds by number, date, issue or otherwise, as the stolen property. No in-

vestigation was made to ascertain if the property carried away was stolen, nor was any attempt made to notify the owner of the box, although she lived but a short distance away and the company had her address.

In an action to recover the value of the property, it was held that the company failed to exercise the care required by the contract and the relations it had assumed toward the renter. While the officers were bound to recognize the authority of law, there was no justification in the removal of property not described in the warrant; and that as to the other property not described therein it was the duty of the attendants to use such means to prevent its removal as would appear justifiable in case the same parties had attempted to remove it without legal process.

Under such conditions the company will be responsible if the property so removed is lost. (*Roberts vs. Stuyvesant Safe Deposit Company*, 128 N. Y. 57 [1890].)

It becomes of utmost importance, therefore, that only the owner or his authorized representative shall have access to the box.

The question of contributory negligence might possibly arise if the owner of the box were to leave the key and other identifying data, such as password, etc., where a thief could get them.

It would seem a comparatively easy matter to prove the deposit of certain articles; their subsequent absence from the box, and consequently the negligence of the company; and as a defense it would be easy to show that no one but the owner or his representative *could* or did have access. Of course, where the boxes are opened by company employees, as a matter of courtesy, such abstractions might occur; but the precautionary way is to allow no one but the owner or his representative to open the box or handle the contents—not even the inside box, locked.

Some companies keep an autographic list of all those who visit the vaults, and could prove the box had not been opened; or if opened, by whom. In any event, it would be a case for the jury. Boxes may be rented by corporations, in which case the safe-deposit company must deal through a recognized and duly appointed agent; by partnerships, in which case either or both may have access; by joint owners, where either may enter. In all of these cases, endless complications may arise; attachments may be levied and injunctions served; but the paramount question is as to whom the contents shall be delivered and not the ownership thereof.



The Modern Bank

SOME tendencies of the modern bank, perhaps a trifle highly colored, are thus set forth by J. A. Price in "The Bank Man," Chicago:

The modern bank is an institution which teases money out of the dear public. Fifteen years ago you had to have a three page bill of particulars about yourself to get past the front door. The modern bank has a "come on" man stationed directly at the entrance. Once upon a time they would throw you out if you didn't carry a thousand dollar balance. Now they send a man to take the pennies off the kids before they

reach the candy store. The "nothing doing" sign used to be tacked upon all advertising stunts. The taste now runs to circus posters and brass bands. An interview with a cashier of the old school recalls the story of Daniel entering the lion's den. The "welcome to our city" sign now adorns the desks of all officials. Gray hair, a high hat, and a cold stare were at one time considered prime requisites of a successful bank official. Slip around the corner tomorrow at four o'clock and you can see the junior clerk beat the assistant cashier at pool. And so it goes. Is it pertinent to wonder what the next generation will think of our methods?

Banking Publicity

Conducted by

T. D. MACGREGOR

British Bank Advertising

Farrow's Bank, Ltd., a Leading Exponent of Modern Methods in England

WE self-complacent Americans are sometimes prone to think that "we are the people and wisdom shall die with us" on the subject of advertising, among other things.

As a corrective for any such idea as touching bank advertising, we are pleased to reproduce herewith some ad-

vertising matter of Farrow's Bank, London, England.

In sending us these specimens, some of which are from magazines and some from newspapers, Arthur Hyams, the well-known London advertising agent, wrote:

"It was with interest that I looked through the columns of your magazine, and what appealed to me was your articles on 'Banking Publicity.' On this side, such a thing never appears, and, in fact, I believe I am in the unique position of being the only

FARROW'S BANK LTD.

Incorporated under the Joint Stock Companies Acts

Authorized Capital	£500,000
Shares Issued	500,000
Reserve Liability	£236,757

Chairman and Managing Director: Mr. THOMAS FARROW

EVERY DESCRIPTION OF JOINT STOCK BANKING TRANSACTED.

CURRENT ACCOUNTS.
Accounts are opened and interest allowed when credit balances of £10 and upwards are maintained for six months.

DEPOSIT ACCOUNTS.
Interest from 3 per cent. to 4 per cent. according to nature of deposits.

STOCKS AND SHARES
The Bank transacts the Sale and Purchase of Stocks and Shares and all connected business.

Call on us for our Illustrated Booklet.

HEAD OFFICE:
1, CHEAPSIDE, LONDON, E.C.

AN IMPRESSIVE FULL PAGE

דורך דער שטארקער פערזענלעכער
פון ביזנעס פון
פערדא'ס בענק,
לימיטעד.

(אנזשערט פאר דעם 15טן יאנואר 1912)
אוסגעצויגען פון
£1,000,000
עקוויטע און פארזיכערונג
פאר דעם 15טן יאנואר 1912.
סר. פראמאט פערדא.
הויז פון:
פשיפסיד. לאנדאן א. ס.
וועט א' בערזעהן זייער אים לאנדאנער
בראנשע
פון 253 וויסטלעק רוי א סטיי נוקינגטון פילן
2 מיל ענד רידד. א.
און ביזנעס וועט געלייזט פון דעם 15טן פעברואר זון וויסט.
זייער עקוויטע און פארזיכערונג פון
קעגן אירע קליינטן און פארזיכערונג געבן.

FARROW'S BANK, Ltd., Head Office: 1 Cheapside, E.C.
East London Branch: 2, HILE END ROAD, E.

FARROW'S BANK
LIMITED
AS
PIONEERS

- 1. HOME SAVINGS BANKS**
for Home Banking. Sums adapted by the Post Office and
Trustee Savings Banks.
- 2. LAND BANKS**
for Farmers and Smallholders. Sums recognized by the
Government.
- 3. MOTOR BANKS**
for remote Country Districts. Sums adapted by other In-
stitutions.
- 4. WOMEN'S BANKS**
for Women, managed by Women. Chief Office: 42, Kings-
bridge, S.W. Sums adapted by other Countries.
- 5. POPULAR BANKING**
for providing Banking facilities for all classes.

Apply for Illustrated Booklet, Annual Report and
Balance Sheet, etc., to

Farrow's Bank Limited
1, CHEAPSIDE, LONDON, E.C.
Branches throughout the United Kingdom

A.B.C.

FARROW'S BANK, LTD.
INCORPORATED UNDER THE JOINT STOCK COMPANIES ACT
AUTHORISED SHARE CAPITAL, £500,000
SHARES ISSUED, 411,909 RESERVE LIABILITY, £192,712
Chairman and Managing Director, Mr. Thomas Farrow

EVERY DESCRIPTION OF JOINT-STOCK BANKING TRANSACTED

CURRENT ACCOUNTS
STOCKS AND SHARES BOUGHT AND SOLD

FARROW'S BANK, THE FORERUNNER OF THE BANK FOR WOMEN.
FARROW'S BANK, THE PIONEER OF THE MOTOR BANK.

See Illustrated Booklet Post Free on application to
HEAD OFFICE:
1, CHEAPSIDE, LONDON, E.C.

FARROW'S BANK
LIMITED

AUTHORISED CAPITAL £1,000,000
SHARES ISSUED 700,000
Chairman and Managing Director, Mr. Thomas Farrow

EVERY DESCRIPTION OF JOINT STOCK BANKING TRANSACTED.

CURRENT ACCOUNTS opened and managed wherever approved Credit Balances are maintained for a period of six months.
DEPOSIT ACCOUNTS.—1) 4 per cent. per annum interest allowed on Deposits according to nature of withdrawal.
STOCKS AND SHARES.—The Bank offers the purchase and sale of Stocks, Shares and Securities on behalf of its customers.

Call or write for illustrated booklet
HEAD OFFICE:
1, CHEAPSIDE, LONDON, E.C.
Branches throughout the Kingdom

VARIETY OF COPY—WOULD IT NOT BE GIVEN UNITY BY A STANDARD TRADEMARK EMBLEM ?

man who does advertising of a general nature on behalf of a bank, namely, Farrow's Bank, which is practically the only bank in this country that advertises generally.

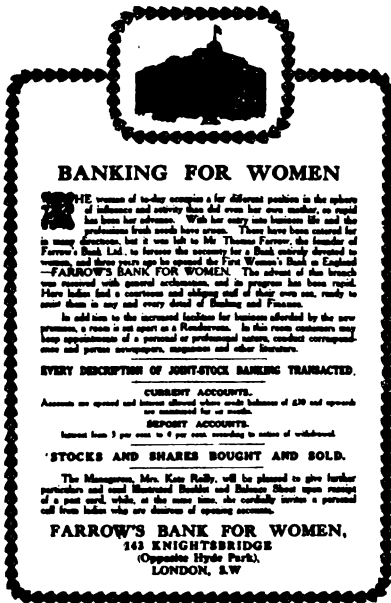
"That these lines of effort have been

successful proves itself in the fact that the bank was established nine years ago with a nominal capital of £25,000 and one small branch. To-day they have over seventy branches throughout the United Kingdom with agencies all over

the world, and a nominal capital of £1,000,000, and still going strong.

"I enclose you a copy of their house organ, a few specimen advertisements, and also a copy of Mr. Farrow's latest book. Probably they will interest you."

We think the most interesting of the advertisements reproduced is that of Farrow's Bank for Women. Many banks in the United States have Women's Departments, but, so far as we know, there is no bank or branch



BANKING FOR WOMEN

THE **WOMAN** of to-day occupies a far different position in the sphere of influence and activity than did ever her own mother, or a grand mother. She has her address. With her every one business life and the possibilities for it have grown. There have been changes in many directions, but it was left to Mr. Thomas Farrow, the founder of Farrow's Bank Ltd., to foresee the necessity for a bank entirely devoted to women, and three years ago he created the first Women's Bank in England—**FARROW'S BANK FOR WOMEN**. The advent of this branch has received wide general acknowledgment, and its progress has been rapid. Here ladies find a courteous and efficient staff of their own sex, ready to assist them in any and every detail of Banking and Finance.

In addition to the increased facilities for business afforded by the new premises, a room is set apart as a Reading Room. In this room customers may keep appointments of a personal or professional nature, conduct correspondence and peruse newspapers, magazines and other literature.

EVERY DESCRIPTION OF JOINT-STOCK BANKING TRANSACTIONS.

CURRENT ACCOUNTS.

Accounts are opened and interest allowed when credit balances of £50 and upwards are maintained for six months.

DEPOSIT ACCOUNTS.

Interest from 3 per cent to 4 per cent according to nature of withdrawal.

STOCKS AND SHARES BOUGHT AND SOLD.

The Managers, Mrs. Kate Kelly, will be pleased to give further particulars and send Illustrated Booklet and Balance Sheet upon receipt of a post card, which, at the same time, she cordially invites a personal call from ladies who are desirous of opening accounts.

FARROW'S BANK FOR WOMEN,
143 KNIGHTSBRIDGE
(Opposite Hyde Park).
LONDON, S.W.

BANKS FOR WOMEN, IF NOT VOTES

bank entirely for the banking business of the fair sex.

"Farrow's Bank Gazette" is a "quite sizable" sheet and contains a good deal of interesting matter including some good-natured digs at things American. One which probably is deserved is entitled "American Flat Traps," and reads as follows:

The expression, "flat trap," is perhaps not pitched in the highest aesthetic key; but it is forcefully expressive. When Dr. Woodrow Wilson has done with the Currency Trust and other obvious financial abuses, he might usefully turn his attention to what is a notorious canker, all the

more pernicious because of its subterranean working among smaller investors—we mean the misleading circular appeals for capital which radiate from leading American cities.

The Canadian Press has lately been "flaying" literature of the kind; it would be very desirable if our Press here were as openly critical and condemnatory. From the particular circular referred to—inviting subscriptions for stock in a candy factory—we cull the following gems:—

"We are doing a slashing business, and we need only a few thousand dollars more to reach the big dividend goal. . . . I am making you this special offer at \$8 per share, and want you to snap it up, even if you think it a rank speculation . . . I really can't understand why you did not answer my other letter. I even enclosed a stamped envelope for your reply. . . . If you will go over our plant and see the tons of candies shipped every day, you will want to mortgage your house to buy this stock while it can be had at \$10 per share. Other successful business men here in the East have borrowed money to buy this stock . . . etc."

The italics are ours, and reveal an amusing combination of cunning, cajolery, and obtuseness. Unfortunately, only too many confiding investors are still found swallowing such arrant trash, and, of course, losing every farthing invested.

"A Romance in Banking" is the title of a folder reprinting an article from the "Daily Chronicle" on the rise and progress of Farrow's Bank. It is truly a romantic history, and is well told.



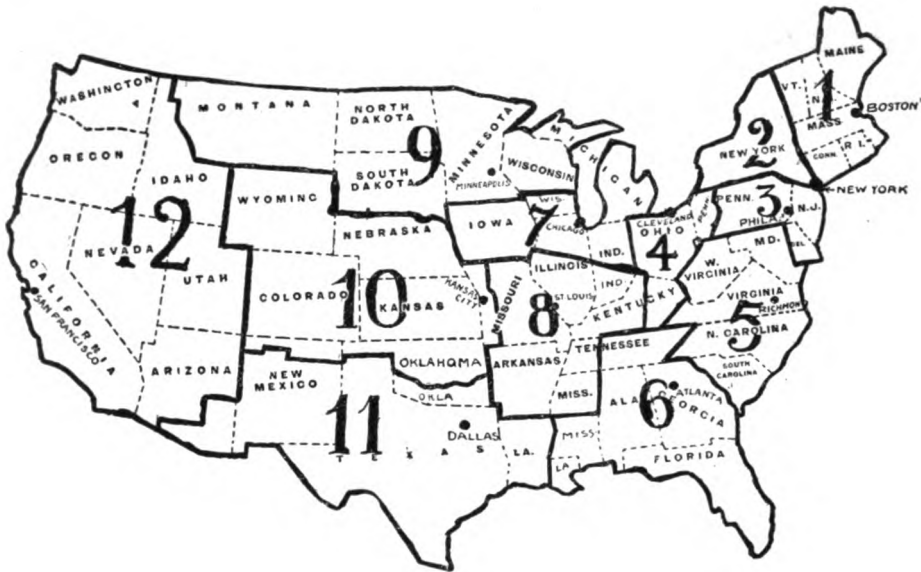
Helping A Good Movement

A Cleveland Bank Encourages the City Beautiful Idea and Helps People Save Money by Raising Vegetables

THE Guardian Savings and Trust Company of Cleveland, Ohio, is coöperating with the Forestry Division of the city of Cleveland in the local Vacant Lot and Home Garden Movement.

F. D. Conner, manager of the Publicity Department, writes:

I have just received through the Bankers Publishing Company, your book "Bank Advertising Plans." I have not had the time to go through it, but am very sure



DISTRICT NUMBER 1	DISTRICT NUMBER 2	DISTRICT NUMBER 3	DISTRICT NUMBER 4
Location of Reserve Bank . . . Boston Capital at Organization . . . \$5,843,760 National Banks in District . . . 446 Area of District (square miles) . . . 68,468 Population of District . . . 6,897,841 Territory: Maine, New Hampshire, Vermont, Massachusetts, Rhode Island and Connecticut.	Location of Reserve Bank . . . New York Capital at Organization . . . \$98,807,850 National Banks in District . . . 478 Area of District (square miles) . . . 69,170 Population of District . . . 8,113,379 Territory: The State of New York.	Location of Reserve Bank . . . Philadelphia Capital at Organization . . . \$13,998,012 National Banks in District . . . 800 Area of District (square miles) . . . 28,868 Population of District . . . 6,156,517 Territory: New Jersey, Delaware and all Pennsylvania east of western boundary of McKean, Elk, Clearfield, Cameron and Bedford Counties.	Location of Reserve Bank . . . Cleveland Capital at Organization . . . \$11,821,828 National Banks in District . . . 794 Area of District (square miles) . . . 125,198 Population of District . . . 7,881,688 Territory: Ohio; all Pennsylvania not in District 2, the Counties of Marshall, Ohio, Brooke and Hancock in West Virginia and all Kentucky east of western boundary of Boone, Grant, Boone, Woodford, Jessamine, Garrard, Lincoln, Pulaski and McCrory Counties.
DISTRICT NUMBER 5	DISTRICT NUMBER 6	DISTRICT NUMBER 7	DISTRICT NUMBER 8
Location of Reserve Bank . . . Richmond Capital at Organization . . . \$6,843,381 National Banks in District . . . 678 Area of District (square miles) . . . 173,218 Population of District . . . 6,819,243 Territory: District of Columbia, Maryland, Virginia, North Carolina, South Carolina and all West Virginia not in District 4.	Location of Reserve Bank . . . Atlanta Capital at Organization . . . \$4,708,780 National Banks in District . . . 578 Area of District (square miles) . . . 228,860 Population of District . . . 6,894,941 Territory: Alabama, Georgia, Florida, all Tennessee east of western boundary of Sevier, Houston, Wayne, Humphrey and Perry Counties, all Mississippi south of northern boundary of Ison, Sumner, Sharkey, Vason, Kemper, Madison, Leake and Neshoba Counties; all the southeastern part of Louisiana east of western boundary of Rapides, Calcasieu, Assumption and Terre Bonne Counties.	Location of Reserve Bank . . . Chicago Capital at Organization . . . \$13,181,858 National Banks in District . . . 804 Area of District (square miles) . . . 178,948 Population of District . . . 13,528,882 Territory: Iowa, all Wisconsin south of northern boundary of Vernon, Keokuk, Calhoun, Taylor, Washington and Cassin Counties; all the southern peninsula of Michigan, all of Illinois, north of southern boundary of Hancock, Schuyler, Cass, Sangamon, Christian, Shelby, Cumberland and Clark Counties; all Indiana north of southern boundary of Vigo, Clay, Owen, Monroe, Brown, Bartholomew, Jennings, Ripley and Ohio Counties.	Location of Reserve Bank . . . St. Louis Capital at Organization . . . \$8,219,383 National Banks in District . . . 624 Area of District (square miles) . . . 166,674 Population of District . . . 6,798,611 Territory: Arkansas, all Missouri east of western boundary of Harrison, Linn, Cass, Caldwell, Ray, Lafayette, Johnson, Perry, St. Clair, Cedar, DeKalb, Lawrence and Barry Counties; all Illinois not in District 7; all Indiana not in District 7; all Tennessee not in District 6 and all Mississippi not in District 6.
DISTRICT NUMBER 9	DISTRICT NUMBER 10	DISTRICT NUMBER 11	DISTRICT NUMBER 12
Location of Reserve Bank . . . Minneapolis Capital at Organization . . . \$4,708,864 National Banks in District . . . 697 Area of District (square miles) . . . 437,890 Population of District . . . 6,734,898 Territory: Montana, North Dakota, South Dakota, Minnesota, all Wisconsin not in District 7, and all Michigan not in District 7.	Location of Reserve Bank . . . Kansas City Capital at Organization . . . \$6,804,816 National Banks in District . . . 628 Area of District (square miles) . . . 208,660 Population of District . . . 6,303,690 Territory: Kansas, Nebraska, Colorado, Wyoming, all Missouri not in District 7; all Oklahoma north of southern boundary of Ellis, Dewey, Blaine, Canadian, Cleveland, Pottawatomie, Beulah, Oklahoma, McClain, Muskogee, and Sequoyah Counties; all New Mexico south of southern boundary of McKinley, Sandoval, Santa Fe, San Miguel, and Union Counties.	Location of Reserve Bank . . . Dallas Capital at Organization . . . \$6,894,091 National Banks in District . . . 726 Area of District (square miles) . . . 404,288 Population of District . . . 6,312,681 Territory: Texas, all New Mexico not in District 10, all Oklahoma not in District 6, and the Counties of Pima, Graham, Greenlee, Cochise, and Pinal in Arizona.	Location of Reserve Bank . . . San Francisco Capital at Organization . . . \$8,118,864 National Banks in District . . . 514 Area of District (square miles) . . . 281,688 Population of District . . . 6,288,303 Territory: California, Washington, Oregon, Idaho, Nevada, and Utah and all Arizona not in District 11.

MAP OF THE FEDERAL RESERVE DISTRICT. PREPARED AND PUBLISHED BY THE MERCHANTS LOAN AND TRUST COMPANY, CHICAGO

(The original map is in colors.)

that it will contain much of interest and general information for me.

Under separate cover, I am mailing you three marked copies of the "Cleveland Plain Dealer" of different dates, which will give you the introduction and opening of a

special campaign which we have inaugurated this year.

There are many angles which will aid in keeping the proposition alive during the whole growing season.

Under another cover I am sending the

Prevent Waste

There is a constant battle against waste in government, agriculture and business.

There ought to be a similar fight in the matter of each individual's personal expenses. An interest-earning savings account in a good bank like the Union Bank & Trust Company is a great aid and money accumulated therein will prove a fortress of strength in the time of need.

Union Bank & Trust Co.
HELENA, MONTANA

A BULLSEYE AD.

completed booklet which gives general and full information.

You will see at a glance that the whole proposition is coupled up in a three cornered deal, the Cleveland City Forestry Department, the Cleveland Plain Dealer and The Guardian Savings and Trust Company, each "boosting" the other.

The "Plain Dealer" has been publishing weekly an interesting article on the subject and since that campaign has opened, they have continued to publish daily a special article together with the coupon.

The interest in this proposition will continue throughout the summer and will end with the Fall Festival on September 4th and 5th.

This is the time when the brass band plays, speeches are made and our advertising is nailed down tight.

You will note by reading the booklet that we have the endorsement of the Mayor, and last year's proposition was thought so much of that the Ohio Horticultural Society has also written a letter commending the plan.

It has force and is well under way, and you will readily see it is a proposition that will naturally grow and be kept alive from now until the Festival.

Your comments will be appreciated.

The bank's advertisement of the booklet reads:

OFFICIAL VACANT LOT AND HOME GARDEN HAND BOOK.

This publication is the official booklet of the Vacant Lot and Home Garden Contest, as conducted by the Forestry Division of the City of Cleveland, and personally supervised by Mr. John Boddy, City Forester.

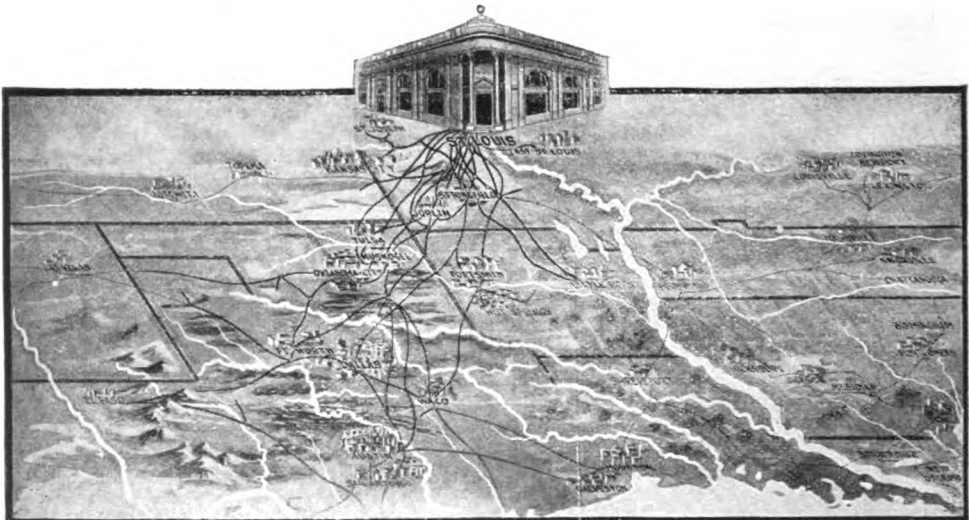
Those who enter the contest must have this booklet because it contains the official rules and regulations.

All others interested in vegetable gardening should have a copy, for it gives valuable hints on the preparation of gardens and the culture of vegetables.

It is free. Call or write for a copy.

THE GUARDIAN SAVINGS AND TRUST CO.

Guardian Bldg., 322 Euclid Ave.,
Cleveland, O.



TYPOGRAPHICAL MAP—SAMPLE OF THE EFFECTIVE PUBLICITY WORK OF G. PRATHER KNAPP, MANAGER PUBLICITY DEPARTMENT MISSISSIPPI VALLEY TRUST COMPANY, ST. LOUIS



VERY INGENIOUS AND EFFECTIVE EMBLEM,
DAVENPORT, IOWA

The free ad. the bank got consisted of a front page illustration including the \$1,000 check and a news article, the headlines of which were as follows:

GUARDIAN WILL AID VACANT LOT PLANS

Bank Gives \$1,000 in Prizes as Plain Dealer Move Enters on Second Year

Mayor and Other Officials Back Home Garden Project.

CITY FORESTER IN CHARGE

John Boddy Again Will Direct Plans for Contest—Guardian Will Defray Expense of Issuing 50,000 Booklets Explaining Move and Giving Rules and Regulations—Garden Spectacle, Similar to One in Wade Park Last Year, Planned on Larger Scale Than Ever.

The only comment necessary is that this is a good scheme which helps the community, the bank and the newspapers. It serves to emphasize the bank's position as a semi-public institution.



A Few Suggestions

COÖPERATION WITH LAWYERS—Trust companies do well to realize that attorneys can be very helpful to them. In some cases, a considerable part of the trust business has come through the recommendation of lawyers who have directed their clients to the trust company.

SALE AND EXCHANGE BULLETIN—If yours is a farming community why not set up in your lobby a "Farm Produce Sale and Exchange Board," on which would be posted, without charge, an

itemized list of produce, stock, etc., which any farmer wishes to dispose of in the local market?

CERTIFICATES IN PAY ENVELOPES—A plan which a St. Paul bank is trying out is the use of a special interest-bearing certificate of deposit as part of the contents of pay envelopes. The consent of both employer and employee is obtained and a certain agreed upon proportion of the weekly wage is in the form of a certificate of deposit, the employer depositing that much at the bank to the credit of the workman.

FOLLOWING UP QUITTERS—It has been estimated that an old depositor is worth two new ones. So don't let your depositors get away from you if you can help it. Treating them right is the first essential. Then if they close their



THIS sketch shows a portion of the women's new banking room. The entire second floor is devoted exclusively to women and their requirements in banking. A woman manager is in constant attendance and extends full courtesies to women depositors.

The elevator from the ground floor takes but an instant to ascend.

NEW NETHERLAND BANK
41 West 34th Street, New York

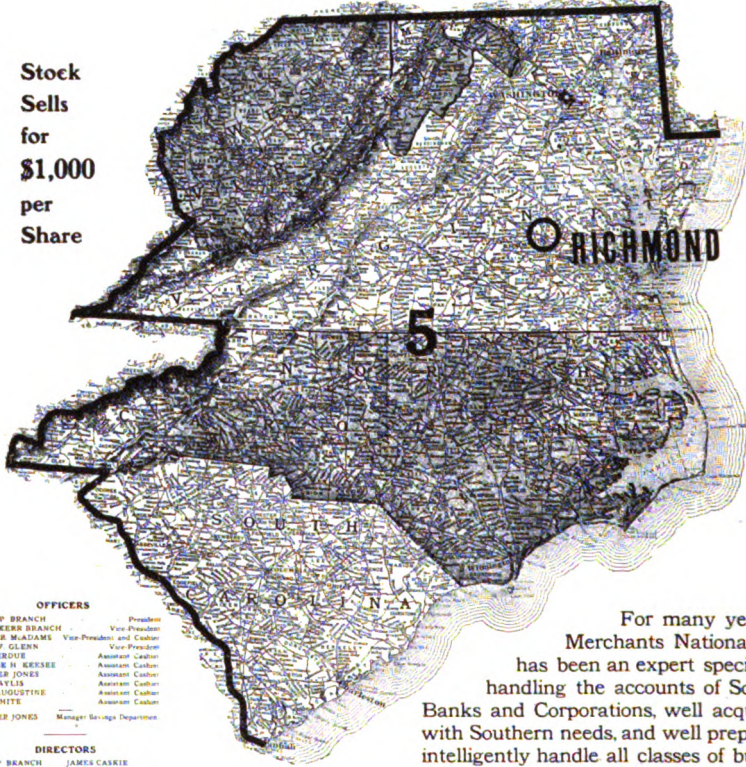
THE FEMININE TOUCH

FIFTH FEDERAL RESERVE DISTRICT Merchants National Bank, Richmond

Capital, \$200,000 Surplus and Profits, \$1,320,000 Deposits, \$7,500,000

STRENGTH CONSERVATISM INTELLIGENT SERVICE

Stock
Sells
for
\$1,000
per
Share



OFFICERS
 JOHN F. BRANCH, President
 JOHN KEAR BRANCH, Vice-President
 THOS. B. MADDAMS, Vice-President and Cashier
 J. B. PERDUE, Assistant Cashier
 GEORGE W. KEESSEE, Assistant Cashier
 G. JETER JONES, Assistant Cashier
 A. C. BAYLIS, Assistant Cashier
 W. F. AUGUSTINE, Assistant Cashier
 J. C. WHITE, Manager Savings Department

DIRECTORS
 JOHN F. BRANCH, JAMES CASSE
 JOHN KEAR BRANCH, BLYTHE W. BRANCH
 THOS. B. SCOTT, MILTON S. MARCUSE
 ALEX. HAMILTON, JAS. H. DOOLEY
 S. T. MORGAN, H. C. BRANCH
 W. H. WHITE, LEON S. PAGE
 FRED W. SCOTT, THOS. B. MADDAMS

For many years the
Merchants National Bank
has been an expert specialist in
handling the accounts of Southern
Banks and Corporations, well acquainted
with Southern needs, and well prepared to
intelligently handle all classes of business.

CORRESPONDENCE INVITED. INQUIRIES SOLICITED.

THE ABOVE MAP, SENT OUT BY THE MERCHANTS NATIONAL BANK OF RICHMOND, CONTAINED ON THE REVERSE SIDE A COMPLETE LIST OF NATIONAL AND STATE BANKS IN THE FIFTH FEDERAL RESERVE DISTRICT, EACH CLASS OF BANKS BEING ARRANGED SEPARATELY AND ALPHABETICALLY

accounts, find out why and get after them. Write, asking them to reopen their account, and in the meantime, offer the use of your convenience just the same as formerly. Develop your present savings depositors into regular weekly savers.

GETTING NEW NAMES FOR MAILING LIST—If you are in the habit of giving away souvenirs or presents of any kind, get the most good out of this questionable method of advertising by obtaining

the names and addresses of the recipients. Send out cards reading like this:

The presentation of this card at The First National Bank (Paying Teller's window) will entitle the undersigned depositor to receive a Souvenir Pencil as a memento of the good will the "First National" has for its patrons and friends.

Name
Address Date

ESPRIT DE CORPS—There are various ways to stimulate the hearty interest

in the success of the bank. To make being connected with a bank a matter of pride. Occasion your newspaper advertisements run the names of your employees in their position, mentioning the following, for instance: Note Teller, Collection Teller, General Bookkeeper, Individual Bookkeeper, Transit Department, Receiving Teller, Manager Transit Department, Stenographer, Telephone Operator, Paying Teller, Savings Department, Transit Department, Information Clerk.



A Special Service

IN The Savings Journal—the “house organ” of a prominent Philadelphia trust company—we note the following bit of news under the heading, “Quick Service at the Teller’s Window”:

Our paying tellers have new notes of convenient denominations in packages of \$10, \$15, \$20, \$25, \$50, \$75, \$100, ready to cash customers’ checks.

There is no time lost waiting at the window while the amount you wish is being counted and recounted.

Our busy depositors appreciate this service. Try it—make out your check for an even amount and ask us for a package.



Window Displays

THE PEOPLES’ STOCK YARDS STATE BANK, Chicago, Ill., has two large street windows with a sign in each. One of the signs displayed signature cards bearing finger prints. Beneath the cards appeared this notice:

“Finger prints of persons unable to write who have recently opened savings accounts here. Souvenir cards with your finger prints thereon given for the asking.”

Many of the depositors of this bank are foreigners who have not learned to write their names.

On the other sign there was a crisp,

new one-dollar bill inserted in the last line of the announcement:

“We open more savings accounts in January than in any other month of the year. It is a good time to start. Three per cent. interest paid on deposits of (\$1 bill placed here) or more.”

The signs are of the kind that can be changed at will. They measure 2½x3 feet, have neat gilt frames and are covered by glass. There has been a decided increase in the number of new accounts due to the signs.



How Banks Are Advertising

Note and Comment on Current Financial Publicity

NOT all the comments in this column are “by request.” We reserve the right to go out into the highways and by-ways of bank advertising and gather material from all sources, and we serve warning in the words of Bobbie Burns: “There’s a chiel amang ye takin’ notes, and, faith he’ll prent it.”



There’s a handshake in that ad. of the Merchants’ Bank of Salt Lake City. Notice also the fine display and the good short words in the heading.

**We Want You to Know
Every Man in This Bank**

We want you to know that we are offering the best service to our customers. We have the most complete and up-to-date facilities for the convenience of our patrons. Our business is conducted on a strictly cash basis. We are prepared to handle all your banking needs. We are located at the corner of Main and Third South. We are open from 10:00 A.M. to 4:00 P.M. daily. We are ready to serve you.

MERCHANTS BANK

Capital \$250,000.00

JOHN PINGREE, Pres. CHAS. E. KAISER, Vice-Pres.
V. H. BEADBY, Cashier

176 Main and Third South SALT LAKE CITY

CORDIAL

A Little Local Pride

Spring Display Week

Is something new to the Syracuse public. It is novel, attractive and promises splendid things and wonderful opportunities.

This institution has no display other than its beautiful building and banking offices. This it invites you to see or become a part of any time your inclination leads you.

In its civic pride this institution feels kindly disposed towards any movement for the commercial and in-



dustrial advancement of Syracuse. With its thousands of depositors in Syracuse and surrounding territory, it feels its great responsibilities, and tries to keep abreast of the times, and with its enterprise and power works for the betterment of all.

The Onondaga County Savings Bank is not a thing of a week. It is an institution of almost a century and stands safe, sure and sound, while its history will still be written over many years to come. Join its army of saving people and you, likewise, can be useful and worth while.

Onondaga County Savings Bank

A CONSERVATIVE OLD BANK BEGINS TO ADVERTISE

We have often noticed that when one or more of the banks in a community begin to advertise in a modern way it stimulates all the rest of the banks there to go and do likewise. We don't know whether or not that was what brought out this excellent advertisement of the Onondaga County Savings Bank of Syracuse, N. Y., but we do know that for this strong old bank to run a big display ad. was as much of a shock for the people of Chancellor Day's little Old Lady of Threadneedle

Street" should begin to advertise in "The Times" for savings depositors.

And we also know that some of the other banks in Syracuse have been doing some good newspaper advertising.

©

A good savings form letter of the Luzerne County National Bank of Wilkes-Barre, Pa., reads:

Dear Sir:

It is a true and time-tried saying: "Take care of your money and it will take care

of you." Every person should give careful thought to the important truth contained in this sterling old proverb.

The desire to spend money with more or less freedom is unquestionably a natural one. But it is certainly the part of wisdom to look into the future, for the time inevitably comes to everyone when a surplus of ready cash is an absolute necessity. And the only way to make certain that this surplus will be on hand is to begin at once to set aside a fixed sum from current earnings.

Every dollar saved makes the next one easier to save—and when deposited with the Luzerne County National Bank is a silent partner working for you day and night. It does not take holidays, it works twenty-four hours every day in the year and a substantial fund can be accumulated in a surprisingly short time.

In the Luzerne County National Bank one dollar opens a savings account drawing three per cent. compound interest. You will always receive prompt and courteous service whenever you come to the bank, no matter whether you have a large or small sum to deposit.

We trust we may soon see you at the bank. Our offices are located at 27 Public Square "In the Heart of the City."

Yours very truly,

Wm. J. Ruff, Cashier



A remarkably clear and beautiful type effect is obtained in the ads of the Berkeley Bank of Savings and Trust Company and the First National Bank of Berkeley, Cal., by means of special border designs, and we imagine also by the purchase and use of an exclusive font of type.

"Safety First" is getting to be a little hackneyed now, but the Commercial National Bank of Raleigh, N. C., issued a good safe-deposit booklet with that title, enclosing with it a view of the big door of its vault.



"A Little Story of a Colorado Treasure House" is the name of an unusually handsome and effective safe-deposit booklet issued by the International Trust Company of Denver. Embossed on the front cover is a representation of a steel grill door, while in the center of the booklet is a fine picture of the entrance to the vault, with the caption, "Behind this massive steel doorway is safely kept millions of dollars' worth of valuables."



There is nothing quite so good as definite suggestions in an advertisement. The Union Trust and Savings Bank of Spokane, Wash., says in an ad.:

THESE THINGS NEED SAFE DEPOSIT PROTECTION.

Leases and deeds, abstracts, bonds and mortgages, contracts, partnership agreements, receipts, naturalization papers, heirlooms, stock certificates, jewelry, insurance policies, bank books.

The loss of any one of these articles might be more costly than safe deposit box rent for a good many years.



EVERY MORNING

when the doors of this strong bank open—there opens a way to independence and wealth for every man, woman and child who comes in and opens a savings account—if it is only with a single dollar.

We welcome small accounts—Department 19.

ASSOCIATED WITH THE FIRST NATIONAL BANK

BERKELEY BANK OF SAVINGS
and TRUST COMPANY



A Checking Account

brings your financial affairs under control by systematizing payments.

It is one of the conveniences of modern business. You are invited to avail yourself of this part of our service.

New Checking Accounts: Department 3

FIRST NATIONAL BANK
BERKELEY, CALIFORNIA

VERY NEAT AND TO THE POINT

GOVERNMENT SUPERVISION

The recent failure of the private bank at Auburn with its attendant loss to depositors and the revealing of the poor banking methods used in the conduct of the business, is another proof of the need of strict legislative enactment concerning the conduct of banking institutions. The press states that this private bank had loaned over half its deposits to a mill company in which the officers were financially interested.

The Chehalis National Bank is opposed to such methods. It believes that the state and government should see that such conditions are no longer possible. Such failures not alone mean a loss to the depositors, but it shakes the confidence of the public toward all honestly well-conducted banks.

The Chehalis National Bank operates under the strict laws and regulations of the United States Government. We have no loan to any individual, firm or corporation in excess of five thousand dollars.

Another thing: Our officers are not borrowers of our Bank. Mr. A. E. Rice, Chairman of our Board; Mr. D. W. Noble, our President; Mr. Wm. Brunswick and Mr. C. O. Gingrich, our Vice-Presidents; Mr. Arthur S. Cory, our Cashier—not one of them owes our Bank a single dollar.

Our aim is to provide an absolutely safe and sound depository for the funds of our customers, and in turn to grant them every loan accommodation their credit entitles them to, not in excess of \$5000.

If this kind of a Bank appeals to you, your account will be appreciated by

Chehalis National Bank

STRONG DISPLAY

You cannot afford to be without this absolute protection, when its low cost and your great need for it are considered.

©

We think that the heading of the Chehalis National Bank ad.—“Government Supervision”—is better than the

first paragraph. Is that not too negative and too suggestive of distrust in banks and banking generally?

©

In a full newspaper page advertisement upon the occasion of its twenty-

I Am the Bank Account

Born of Toil and Self-denial, my father is Industry, my mother, Thrift.

Fostered by Foresight, I grow faster and faster, and the prosperity of men and women, of farms and factories, of towns and nations grows with me.

I am the Father of Riches and Credit is my Son.

From me spring all great undertakings; with my help trade flourishes, homes are built, schools maintained; without me hospitals and churches could not do their work.

I hold the Dogs of War in leash, and ever further the Arts of Peace.

Ease and Increase are my fellows; Harmony and Happiness follow in my train.

I am the Bank Account.

T. D. MACGREGOR.

fifth anniversary, the Security Savings Bank of Cedar Rapids, Ia., ran its first and latest statements and also a history of the bank told in the yearly figures of capital, surplus, deposits, loans, resources, interest and dividends paid, taxes paid and the number of depositors, the latter having grown from nine to 20,822.

©

W. L. Walker of Fitchburg, Mass., wrote an advertisement for the Safety Fund National Bank of that city which conveys the same message as the Chelalis, Wash., ad., but in a positive rather than negative manner. It reads:

GOVERNMENT.

Our charter issued by the national government places us under Federal authority, which has designated us as a Depository of the United States. Our service meets every requirement of the public and includes new departments offering special advantages to our patrons.

Referring to the advertisement of the Farmers' Deposit Savings Bank, we have received this letter from a Pittsburgh reader:

While seated in Carnegie Library last Sunday afternoon, I read your magazine for March, 1914, and found it both interesting and instructive, particularly the page on bankers advertising.

I think we have a bank here in Pittsburgh that beats them all in up-to-date advertising. I enclose one of their ads., which I clipped from "The Pittsburgh Post."

The dog in the picture is the bank's trade-mark. They use his head on the souvenirs they give their depositors—watch fobs, stickpins and coat chains for men, belt-buckles, brooches and hat pins for women.

The dog's head is white, on dark blue enamel, same design on all articles. The combination is so attractive that everybody who gets one is proud to wear it.

I would suggest that you write them for one of these souvenirs and maybe they will send it to you.

W. E. Holmes.



SECURITY

is assured when you are protected by a faithful guardian. You feel confident of safety.

The FARMERS DEPOSIT SAVINGS BANK was created by the laws of the State of Pennsylvania to protect and safeguard your money. Over 46,000 people have opened savings accounts with us, to enjoy the feeling of security and receive their share of the safe and sure return of

4% COMPOUND INTEREST

\$1.00 is all you need to start

Come in today



Farmers Deposit Savings Bank

**Fifth Avenue and Wood Street,
PITTSBURGH, PA.**

Open Saturdays all day from 9 A. M. until 9 P. M.

You may save with positive security by "Banking by Mail." Write at once for free book "S" containing complete information.

THE WATCHDOG OF THE TREASURY

Yes, it is a good ad., although the young lady doesn't seem to be in a very dangerous locality, even if she didn't

have "Prince" to defend her. However, the point of security is well brought out. Referring to page 198 of

THE READING EAGLE, WEDNESDAY, JANUARY 18, 1916

The Saving Habit Brings Sure Reward
Ease, Contentment and Happiness in Old Age

are attained only by cultivating the saving habit early in life. You can command comfort, pleasure and rest from toil only if you have money—and you are bound to have money if you save. Putting off making the start keeps hosts of people poor all their lives. Don't be cheated out of your deserved rest and independence when you are old, by present self-indulgence which not only mortgages your future happiness, but which you will also miss all the more when you no longer can afford needless luxuries.

Start an account in the First National Bank of Reading—now—and add something to it each week or month. Saving will go refreshingly easier if you deposit your money in bank—and we will help you by paying 3% interest per annum on savings deposits. You can begin with as little as \$1.00—and your business will be welcomed.

Capital and Surplus, \$500,000.00

FIRST NATIONAL BANK



ESTABLISHED 1863
CHARTER No. 128





First National Bank

540 Penn. St.
Reading
The Bank With the Chime Clock

A HALF CENTURY OF FAITHFUL SERVICE

In the people of this community—stands united to the credit and honor of this old bank. The First National Bank of Reading, was organized in 1863—during the stirring days of the organization it has withstood the storms of panic and wars of science and national affairs ever since without once discharging its responsibility to its patrons. The First National Bank has been a mainstay of the city of Reading and since its organization it has served in that capacity ever since. It is a banking institution in which you can rely, being managed by efficient officers and directed by a board of men who are well-known and successful business men of this community, who not only understand the affairs and needs of its depositors, but who show a disposition to extend their services in full in the interests of conservative banking prudence. Accounts of firms, corporations and individuals are invited.

REAL HUMAN INTEREST IN A BANK ADVERTISEMENT

“Bank Advertising Plans” we find that “The original ‘Prince’ was the property of Mr. T. H. Given, president of the bank.”

The First National Bank of Traverse City, Mich., has this special message to Grand Army men:

G. A. R. PENSIONERS

The full page newspaper advertisement of the First National Bank of Reading, Pa., is the most artistic one of its kind we have ever seen—and one of the most effective from the advertising and human interest standpoints.

When you receive your Pension Check you are sometimes apt to forget to bring your certificate with you. Our vault is equipped to care for valuable papers in safety. We have a special file in which we are caring for pension certificates so that they may be left here. You will always know where to find them when your check arrives. You will never have to make a

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trip back home in order to get the money on it. We make no charge for this service.

Safety and Service
FIRST NATIONAL BANK
United States Depository

This same bank aided the American Steel & Wire Company to distribute posters giving scientific pointers on potato growing. The aid of country school teachers was enlisted in securing a widespread distribution through Grand Traverse County.

⊙

The Second National Bank of Paterson, N. J., postcards:

"It is better to be safe than sorry."

Summer vacations—Going away?

Place your valuable papers, jewelry and silverware in our Fire and Burglar Proof Vault.

"Behind the Round Door."

We invite you to come in and let us show you the mechanism of this impregnable vault.

Satchels and Trunks stored.

Terms Reasonable.

⊙

Manager Irving P. Rexford of the Crown Trust Company, Montreal, writes:

We have pleasure in enclosing a copy of booklet which we have just received from the printers entitled "A Talk About Wills."

We are much interested, from time to time, in reading your articles on "Banking Publicity" and would be interested in seeing a reference to our booklet, if you can see your way to make such a reference.

This is a complete and interesting exposition of the subject of wills from the Canadian standpoint. It contains several forms of wills, and one page of the booklet is devoted to an explanation of the services of the Crown Trust Company.

⊙

Davenport Galbraith, president of the Eric Trust Company, Erie, Pa., writes:

"It is, of course, pretty difficult to say what good our advertising may have done us, but our deposits have

gone up from the lowest to the highest in the city, and I believe it is largely due to our advertising. We have spread our advertising out rather widely, using the newspapers, theatre programmes, road signs, etc."

⊙

The Federal Title and Trust Company of Beaver Falls, Pa., at Easter time gave away packages of flower seeds. On the envelope were these sentiments:

"Part of the joy of living is to watch living things grow."—Locke.

A bank account may be compared to a plant or tree. One dollar planted as seed will grow to large and healthy proportions if watched and nourished.

⊙

The Home Savings Bank of Brooklyn distributes at public schools blotters with this message:

A BANK ACCOUNT FOR A DIME

For School Children Only.

Have You One?

Start Saving To-day.

Go to Window Marked "School Accounts"



A PERPETUAL CALENDAR AS A PERPETUAL REMINDER

Book Reviews

OTHER PEOPLE'S MONEY AND HOW THE BANKERS USE IT. By Louis D. Brandeis. New York: Frederick A. Stokes Company. (Price, \$1.00.)

A PROPER review of this epoch-making book requires that we begin at the beginning, which in this case is the preface written by Norman Hapgood, and from which we quote: "Florence Kelley once said: 'No man since Lincoln has understood the common people as Louis Brandeis does.'" This spelling of the name we take to be accidental, of course, for in the mild pronouncements of this great interpreter of the common people there is nothing approaching the fiery character that this orthography would imply. Before plunging further into the enlightening preface, or opening the leaves of the sacred volume itself, let us pause long enough to inquire of Miss Kelley and Mr. Hapgood if they have forgotten that other great prototype of Lincoln, now or lately wandering in the Amazonian wilds?

Let us not be delayed in the gathering of pearls.

"It is seldom," says Mr. Hapgood, "that one man puts one idea, not to say many ideas, effectively before the world, but it is no exaggeration to say that Mr. Brandeis is responsible for the now widespread recognition of the inherent weakness of great size."

"An inherent weakness" to which the Creator of the Universe seemed indifferent when He fashioned the earth of such mighty bulk instead of compressing it into a thimble, and when He strewed the starry spaces with planets vast and innumerable.

But who can gainsay this stupendous discovery? Is not the mouse of greater strength than the elephant? Does not the world tremble at the edicts of the Prince of Monaco and laugh when the British lion shakes its mane? And

is not the humming-bird stronger than the eagle? And the might of the locomotive puny compared with the sewing-machine?

Now, at last, we get to Chapter I., which starts with a quotation from President Wilson who, when Governor, declared in 1911:

"A great industrial nation is controlled by its system of credit. Our system of credit is concentrated."

But if it was concentrated in 1911, what shall be said of it now when by Mr. Wilson's urging over 7,000 banks with their billions of credit have been consolidated into a system controlled by men appointed by Mr. Wilson himself? Shall we infer that centralization was not the objectionable feature of our credit system, but that Mr. Wilson was favorable to even greater concentration if the control were given to him?

"The promise of the New Freedom," says the author, "was joyously proclaimed in 1913." A subsidence of this joy may be noted by the keen observer.

We are now started in hot pursuit of that malign monster the Money Trust. "The dominant element in our financial oligarchy," it is declared, "is the investment banker. * * * If the New Freedom is to be attained every proper means of lessening that power must be availed of."

Yet Mr. Brandeis admits that the investment banker is not wholly useless, and he proceeds to define just within what limits he may be of service. But he thinks States, municipalities and some corporations could sell their obligations without the investment banker's help.

The real complaint is lodged against the great banking-houses engaged in corporate financing. By their combinations they are able to make inordinate profits and practically to dispense credit at their own pleasure.

The statements in regard to these matters are based largely upon the investigation of the Pujo committee. It would be short of the truth to say that this investigation revealed nothing requiring correction, though "Other People's Money" obviously exaggerates these evils.

Some of the things recommended by Mr. Brandeis—such as publishing more fully the details regarding the issue of securities—are undoubtedly good in principle.

But the author's programme is inconsistent. We have seen how Mr. Wilson inveighs against concentration of credit—in the hands of the other fellow—and how calmly he proceeds to concentrate credit to an extent heretofore unknown, placing the control in his own hands, and so Mr. Brandeis condemns the curse of big business, only to fall finally, in his last chapter, into a panegyric on a phase of big business in England—the Coöperative Wholesale Society whose "annual turnover is now about \$150,000,000—an amount exceeded by the sales of only a few American industrials; an amount larger than the gross receipts of any American railroad, except the Pennsylvania and the New York Central systems. Its business * * * includes that of wholesale dealer, of manufacturer, of grower, of miner, of banker, insurer and of carrier. It operates the biggest shoe factory in all Great Britain. It manufactures woolen cloths, all kinds of men's, women's and children's clothing,

a dozen kinds of prepared foods, and as many household articles. It operates creameries. It carries on every branch of the printing business. It is now buying even coal lands. It has a bacon factory in Denmark, and a tallow and oil factory in Australia. It grows tea in Ceylon. * * * It has buyers and warehouses in the United States, Canada, Australia, Spain, Denmark and Sweden. It owns steamers plying between Continental and English ports. It has an important banking department; it insures the property and persons of its members."

And is all this vast aggregation condemned? No; on the contrary it is referred to as follows:

"England, too, has big business. But her big business is the Coöperative Wholesale Society with a wonderful story of fifty years of beneficent growth."

We have seen that Mr. Wilson is not actually opposed to concentration of credit, but that what he really wants is to get control away from the other fellow.

We now see that Mr. Brandeis does not hate big business per se, but that he believes the bankers are getting an undue share of its earnings.

But in all this laudation of the "wonderful story of fifty years of beneficent growth" of the concern described above, what becomes of the discoverer of the "inherent weakness of great size"?



REMEMBER that to change thy mind and to follow him that sets thee right, is to be none the less the free agent that thou wast before.

—MARCUS AURELIUS.

State Membership in Federal Reserve Banks

AS many State banks are considering the propriety of joining the new Federal Reserve system, the subjoined letter on the subject from the State Bank Commissioner of Colorado, addressed "to all banks under State supervision," will be found of interest. While the Bank Commissioner bases his views chiefly on certain provisions of the Colorado banking law which are evidently in conflict with the Federal Reserve Act, he is of the opinion that at least until the new system is shown to be practicable, the State banks of Colorado should refrain from entering it. The letter follows:

To All Banks Under State Supervision in Colorado:

Dear Sirs: Since the Federal Reserve Act has been enacted into law by the Sixty-Third Congress of the United States, many inquiries have come to the State Bank Commissioner's office asking for information and an opinion concerning the effect of this law upon all Colorado banking institutions now operating under State law, both as to the right of such banks to become members of a Federal Reserve Bank, and as to the bearing this law will have upon the future welfare of all banks that will not or cannot acquire stock and become members of Reserve Banks under the Federal Reserve Act.

Answer has been deferred for the purpose of gathering data and for the further purpose of securing opinions, if possible, from the legal department of the State as well as from the Reserve Bank Organization Committee, so that the information and any opinion which might be given would as nearly as possible be in conformity with the facts and the law, thus serving as of some assistance to the banker in determining his true interests as well as rights with reference to this Federal Reserve Act.

By reason of a seeming conflict in the Federal Act and the State Banking Act, the Attorney General of this State has been loth to give an official opinion upon the proposition of banks other than national banks in this State being eligible for

membership in a Federal Reserve Bank, preferring to confine himself to a belief based upon public policy that banks operating under the State law should, and probably could, be permitted to purchase stock and become members of a Federal Reserve Bank, provided no conflict would be created by federal authority through its recognition and literal interpretation of section 29 of the Colorado Banking Act of 1913, now the banking law of this State.

A communication received from the secretary of the Reserve Bank Organization Committee would seem to indicate that banks other than national banks will only be admitted to Federal Reserve Bank membership when not in contravention of State laws, stating, however, that as yet this question had not been passed upon officially.

Correspondence has passed between the Attorney General of this State and the Reserve Bank Organization Committee at Washington relative to this matter, Attorney General Farrar taking the position that, while the State Banking Act prohibits banks incorporated under the law of this State from becoming stockholders in other corporations, except where it is necessary to secure or satisfy an existing debt, nevertheless this law was passed having in contemplation only the then known existing corporations, and that, inasmuch as there has since been created by act of Congress a new institution known as the Reserve Bank, which is designed to be of benefit to the banking and financial interests of the country, public policy would require that the Colorado act be construed to permit State banks to take stock in the Reserve Banks, provided no conflict of jurisdiction arises from other sources. In answer to this position we have not yet received the official ruling from the Reserve Bank Organization Committee.

Section 9 of the Federal Reserve Act grants to banks incorporated by special law or organized under the general laws of any State the right to apply for stock subscription, and consequent membership, in the Federal Reserve Bank organized in the district where such applying bank is located; but section 29 of the Colorado Banking Act of 1913, which is now the law, recites that "No bank shall purchase its own stock, nor the stock of any other corporation, except such as it may necessarily acquire in the protection or satisfaction of

previously existing loans made in good faith." So that, by reason of the fact that a Federal Reserve Bank is a corporation, the State banking law, if construed literally, denies the privilege of such membership to banks under its authority, even though such privilege under other specified requirements is not denied by the national law.

The conflict between the Federal Reserve Act and the State Banking Act being clearly apparent, the question naturally arises: Which of the two laws is the governing authority over all banks other than national banks in Colorado? And the logical answer would seem to be that, since national banks are indisputably the creation of, as well as under the exclusive supervision of, national authority, so also are all banks other than national banks the creation of, and under the exclusive supervision of, State authority; and, hence, all banking institutions now operating under and by virtue of the State banking law are primarily subject to regulation by State law, the authoritative source or foundation of their existence.

Assuming, however, for the purpose of illustration, that there would be nothing prohibitive of such membership to be found in the present State bank law, the requirements imposing federal regulations under the Federal Reserve Act would subject a member State bank to a compliance with many duties and regulations similar to those which are required under the State law but in conflict therewith as to detail, and which conflict could only be reconciled through compliance in each instance with the greater restriction as imposed either by national or State law; as, for illustration, the legal limit imposed by State law in loaning money to any one person is 20 per cent. of the capital and surplus of the bank, while under the federal law such legal limit is 10 per cent., which, in this instance, being the greater restriction, would have to be complied with. In addition, the liability to a double supervision through two governing heads—to wit, the Federal Reserve Board and the State Bank Commissioner—the necessity for double reports as to condition, dividends paid, etc., varying in form, double examination, double custody in the event of trouble, and subject also to the penalties imposed by national, as well as State law, for a violation of both laws, as well as for a nonconformity with duties imposed, thereby creating a possibility of a double penalty upon State banks, their officers and directors, all of which, together with the probability of additional regulation which may at any time be created by the Federal Reserve Board, justifies, at this time, a very grave doubt as to the advisability of any bank in Colorado, other

than a national bank, seeking membership in a Federal Reserve Bank.

This, however, is not all; for, while a national bank can withdraw from membership in the Federal Reserve Bank at any time it so desires, by simply taking out a State charter and changing from a national to a State bank, there seems to be no method for a State bank, once it has secured membership, to withdraw from such membership except by liquidation, or by noncompliance with regulations (thereby incurring liability to punishment), or by consent of the Federal Reserve Board, which may or may not be granted, it depending upon the necessities of the Federal Reserve Bank from which such withdrawal of membership is desired.

It is quite probable that the discretionary power lodged in the Federal Reserve Board will enable it to remedy some of the difficulties mentioned; for there is no reason to doubt the sincerity of purpose of the framers of the Federal Reserve Act to create, as nearly as could be, a generally available, as well as highly protective, beneficial auxiliary to all banking institutions of whatever nature. While this highly commendable purpose is believed to have been fully accomplished, it is as yet too early to determine the degree of practical strength the Regional Bank Act will bring to the banking business of the country. Should there be a possibility of this law not working out in a practical way to the expectations of its framers, the thought naturally follows: How much better, and manifestly more advantageous, the position of all banks other than national banks when it is remembered that these national banks, by reason of compulsory law, are compelled to enter in and try out this system, while the others may await proof of such efficiency, and then enter at their leisure and at a time when there is no longer a risk or a doubt of the practical benefits accruing from such membership.

The question as to how the Regional Reserve Act will affect the welfare of banks outside of the system can at this time not be answered. Its effect can no more be accurately foretold than one can foretell the degree of beneficial effect it will have upon a member bank, but it is reasonably safe to predict that the business interests of banks, either without or within the system, will not be disturbed to any appreciable extent for a considerable time in the future. During the absence of any disturbance, banking interests in Colorado outside of the Federal Reserve system can remain content in doing as banks similarly conditioned in all parts of the country are doing, and that is to await further developments.

The interpretation of the Colorado banking law by the State Bank Commissioner's department is that no bank, except a na-

tional bank, in Colorado may become a member of a Federal Reserve Bank, and believes, also, that the Federal Reserve Board will so hold and recognize its authority; but believing, also, that the present State banking law, had it been enacted subsequently to the Federal Reserve Act, would, by reason of public policy, have been modified to an extent that Federal Reserve membership by State banks would have been made permissible, this department may possibly be justified in assuming a passive attitude, thus leaving it to the Federal Reserve Board to determine as to the eligibility of our State banks for membership in a Federal Reserve Bank. Whatever that determination may be, non-member banks can rest assured that they will be fully as well, if not better protected, through an intimate knowledge of

their needs on the part of a State department, composed of Colorado people, than they would be in subjecting themselves to national authority administered by a Federal Reserve Board, which non-resident governing head having power to dictate the policy of every Federal Reserve Bank in its relation with other banks, will hardly be possessed of the opportunities given the State Department to know general business conditions, securities, property values, the bankers and the people who do business with them, all of which is necessary to implant a full knowledge and proper sympathy, and without which, in times of monetary stress, the strongest financial institution may experience a feeling of concern.

Very respectfully yours,

E. E. DRACH,

State Bank Commissioner.



New Counterfeit Ten-Dollar National Bank Note

SERIES 1902-1908; check letter not discernible; W. T. Vernon, Register of the Treasury; Charles H. Treat, Treasurer of the United States; charter number 3555; Treasury number N482639A; bank No. 36577.

This is the second edition of the counterfeit on the ten-dollar national bank note on the Crocker National Bank of San Francisco, Cal.; the first was issued on October 10, 1911.

This counterfeit is printed from

photo-etched plates of very poor workmanship. The Treasury number, the bank number, the charter number, and the seal are printed with a dark green ink instead of blue ink, as in the genuine. The back of the note is printed with a very pale green ink and is very blotchy.

A further description of this note is unnecessary, as it should only deceive inexperienced handlers of money.



Novel Way of Stopping a Bank Run

BUT in Denver a short while ago there was a pretty heavy demand on one of the local savings banks and it gradually developed into a "run." The president of the institution, apparently a good-natured German, having plenty of money on hand, was not

at all disturbed by the large number of depositors waiting for their money. They were paid as fast as possible, and those in line were supplied with newspapers, camp-stools and an abundance of sandwiches.

previously existing loans faith." So that, by reason that a Federal Reserve Bank, the State banking commission, literally, denies the partnership to banks un- though such privilege requirements is no law.

The conflict between the Act and the clearly appearing arises: Which is the governing authority? national or logical and national provision of. all by creat' visic ban an' p' l' c

Modern Financial Institutions and Their Equipment

The Nassau National Bank of Brooklyn, Brooklyn, N. Y.

THE addition to the population, wealth and commerce of Brooklyn constantly going on call for an enlargement and improvement of the banking facilities—a demand that was instrumental in causing the Nassau National Bank of Brooklyn to seek

and increasing volume of transactions. In fact, the move was made purely for the soundest reasons—there was more business to be done and more room needed in which to do it.

The new quarters, which are held under a twenty-year lease, are ample in size, conveniently arranged for the accommodation of the bank's staff and the public, and present an exceptionally attractive appearance.

The banking room occupies a space of 5,000 square feet on the ground floor and 1,100 square feet on the mezzanine floor with 600 square feet in basement. Entrance to the bank is from Court street into a spacious lobby, with the officers' quarters on the right, occupying the front corner of the main banking-room.

Pleasing and dignified effects have been obtained in the finishings, decorations and furniture. Marble and bronze have been liberally used in the interior finish, and the decorative scheme is tasteful. Rich mahogany furniture has been placed in the officers' quarters. For the working force of the bank an arrangement has been made which affords the maximum of light to each department. Practical ideals have dominated in this arrangement, and thoughtful provision has been made for the future growth of the bank. While the new rooms permit the bank's staff to work under the most favorable conditions, the wants of the public have also been carefully provided for, and those who deal with the Nassau National Bank of Brooklyn will now find the equipment of a character to facilitate the transaction of their business.

It may be remarked that this is practically the first move the bank has ever made from its original location at No. 8 Court street, although it did temporarily occupy quarters at the corner of



TERMINAL BUILDING, BROOKLYN, N. Y.—NEW HOME OF THE NASSAU NATIONAL BANK OF BROOKLYN

for larger and better quarters than those it has so long occupied. A suitable location was found in the new Terminal Building, recently completed at the corner of Court and Joralemon streets, in the center of the financial and business district of Brooklyn. Into the handsomely fitted banking rooms on the ground floor of this modern building moved on April 24, and now continues in keeping with its large



EDGAR McDONALD

CHAIRMAN OF BOARD NASSAU NATIONAL BANK OF BROOKLYN,
BROOKLYN, N. Y.

Boerum place and Fulton street while the Garfield Building was under construction, into which the bank moved in the latter part of 1882, occupying the second floor until the recent removal into its new home.



THE VAULT

THE new vault is the strongest in Brooklyn and has few equals in the world. Its design embodies the most up-to-date features in the ultimate

practical protection against burglars, mobs and fire and water.

Inside it measures twelve feet deep by ten feet wide by ten feet high. Its walls are two feet in thickness, combining three inches of drill and shock-proof steel surrounded with the strongest rock concrete embedding double rows of heavy section steel rails locked together and further reinforced with welded angles and tie rods.

The vault is located on the banking room floor and is open to observation on all sides. It rests upon massive foun-



D. V. B. HEGEMAN

PRESIDENT NASSAU NATIONAL BANK OF BROOKLYN,
BROOKLYN, N. Y.

dation walls, which form a book vault and afford space for observing the bottom.

The construction differs from the older standards in that the metal to a large extent has been distributed throughout the concrete walls, which are designed to provide absolute fire protection, to cushion extreme shock, and, particularly, to prevent the successful application of the oxy-acetylene cutter burner, now so generally used throughout the world, an instrument

which cuts even battleship armor as readily as a saw cuts wood.

The entrance is guarded by a single door two feet thick, of composite construction, proof against shock of all kinds, the use of steel tools and the oxy-acetylene burner. It is locked with holding bolts four and one-quarter inches in diameter, which are dogged by a quadruple Yale time lock located upon the door and combination locks located upon the jamb.

These two sets of locks are inde-



G. FOSTER SMITH

CASHIER NASSAU NATIONAL BANK OF BROOKLYN,
BROOKLYN, N. Y.

pendent and make it necessary to penetrate both the door and the jamb in order to reach the dogging devices. This arrangement doubles the protection of the ordinary locking system and provides a door, solid, without spindle holes.

An additional protective feature consists in the covering of the bolt-throwing mechanism and the combination dogging devices with steel plates upon the inside of the vault, obviating an almost universally weak condition in standard bolt-work, where a small hole

through the vault walls ordinarily provides direct access to the locking connections and reduces the otherwise logical strength of the construction at least seventy-five per cent.

The interior is provided with an equipment of security safes and closets subdivided to meet the requirements of the bank. Cork tile has been used for the floor and carried through to the banking room upon a sectional inclined foot bridge. The vault is electrically lighted and equipped with emergency alarms.



H. P. SCHOENBERNER
ASSISTANT CASHIER



ANDREW J. RYDER
ASSISTANT CASHIER

NASSAU NATIONAL BANK OF BROOKLYN, BROOKLYN, N. Y.

The entire exterior is covered with electric sheathing protected with steel panels, forming one of the most complete systems ever installed by the Holmes Electric Protective Company.

The design and construction as a whole represents the last word in the art.

The vault was built by the Remington & Sherman Company, upon the design and under the superintendence of Frederick S. Holmes, vault engineer, New York.



SKETCH OF THE BANK'S HISTORY

THIS bank was organized under the New York banking laws in 1859, with a capital of \$800,000. In 1864 it entered the national banking system as No. 658. From time to time the capital has been increased with the growth of business and the gain in deposits un-

til it now amounts to \$1,000,000. A substantial witness to the prudent management of the bank is the \$1,000,000 of accumulated surplus, earned and set aside for the protection of depositors. In addition to this there is the comfortable sum of \$171,488.75 in the undivided profits account (March 4, 1914). The bank has not only thus afforded ample protection to its depositors, but has also been profitable to its shareholders, paying a ten per cent. dividend annually.

It should be noted that the Nassau National Bank of Brooklyn is a commercial bank exclusively, making loans to merchants, manufacturers and other business men. The bank does not deal in real estate nor make loans on mortgages.

Officers of the bank have been selected from those who have worked their way up through the different departments. The first president, at the date of the organization, was Isaac H.

Frothingham; the second, Crawford C. Smith. In 1890 Thomas T. Barr was elected president, serving until 1911, when he was succeeded by Edgar McDonald, who had entered the bank as an office boy in 1863. He had served the bank for fifty years, on October 1, 1913, and was congratulated by the board of directors on his long and faithful record. He continued as president until January 1, 1914, when he became chairman of the board of directors, and was succeeded in the presidency by D. V. B. Hegeman. Mr. McDonald, besides being chairman of the board of directors of the Nassau National Bank of Brooklyn, is largely interested in philanthropic work, being treasurer and trustee of the Brooklyn Children's Aid Society, Sea Side Home, Herriman Home, Sea Side Hospital, American Humane Association, Gates Avenue Homeopathic Dispensary, and treasurer of the Brooklyn Church Society. He is also a director of the Nassau and Dutchess Fire Insurance Company, Long Island Safe Deposit Company, trustee of the South Brooklyn Savings Institution, Brooklyn Eye and Ear Hospital, and the American Bible Society.

Daniel V. B. Hegeman, who succeeded Mr. McDonald as president on January 1, 1914, was born in Brooklyn in 1869 and educated at the Polytechnic Institute, Brooklyn. He began work in the Nassau National Bank of Brooklyn at the age of sixteen as a runner and was successively promoted through every department; was made assistant cashier in 1897, cashier in 1906, vice-president in 1911, and president, as already stated, January 1, 1914. In these various important positions, Mr. Hegeman has demonstrated exceptional judgment and ability. His personality inspires respect and commands confidence, while his courtesy has made many friends for the bank.

G. Foster Smith, the cashier, is a native of Michigan. He was for a time a student at the Michigan University, and later graduated at the Uni-



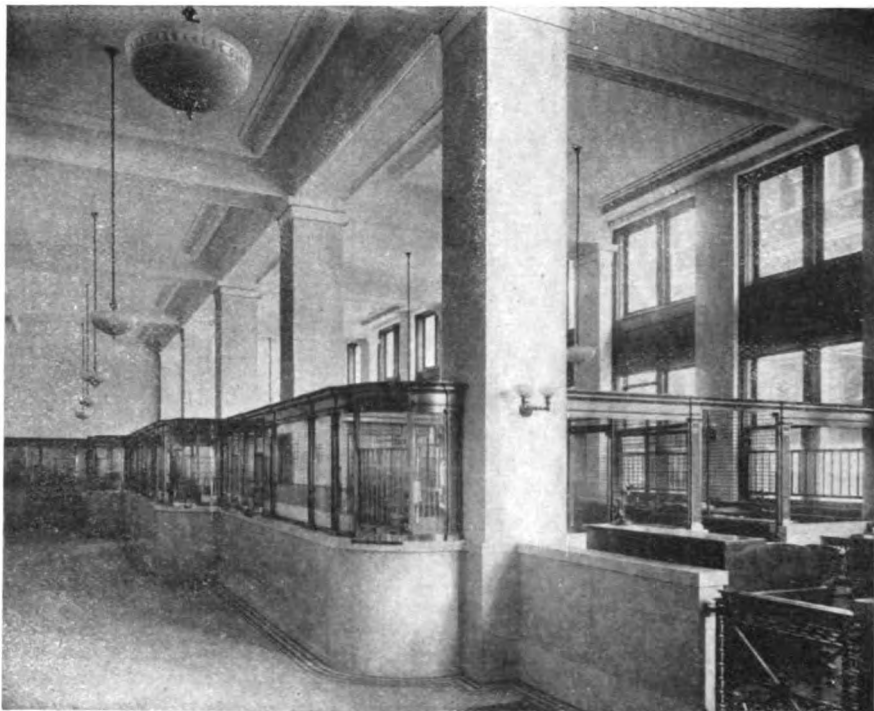
T. SCHENCK REMSEN
ASSISTANT CASHIER
NASSAU NATIONAL BANK OF BROOKLYN,
BROOKLYN, N. Y.

versity of Minnesota, supplementing his university studies by a course at the New York Law School. He lived for a time in the South. His connection with the Nassau National Bank of Brooklyn began fourteen years ago, when he became assistant note teller, then note teller, assistant cashier in 1906 and cashier in 1911, earning each promotion by the most scrupulous attention to duty and by the display of exceptional ability as a banker.

The assistant cashiers, Messrs. Schoenberner, Ryder and Remsen, are men of banking experience, and of excellent personal qualities—in fact, the official staff of the Nassau National Bank of Brooklyn is almost like a family, working with perfect unanimity for the success of the institution.

A complete list of officers and directors follows:

President, Daniel V. B. Hegeman; vice-president, Robert B. Woodward; chairman of board of directors, Edgar



OFFICE OF THE CHAIRMAN OF THE BOARD
NASSAU NATIONAL BANK OF BROOKLYN, BROOKLYN, N. Y.



PRESIDENT'S OFFICE

McDonald; cashier, G. Foster Smith; assistant cashiers, Henry P. Schoenberner, Andrew J. Ryder and T. Schenck Remsen.

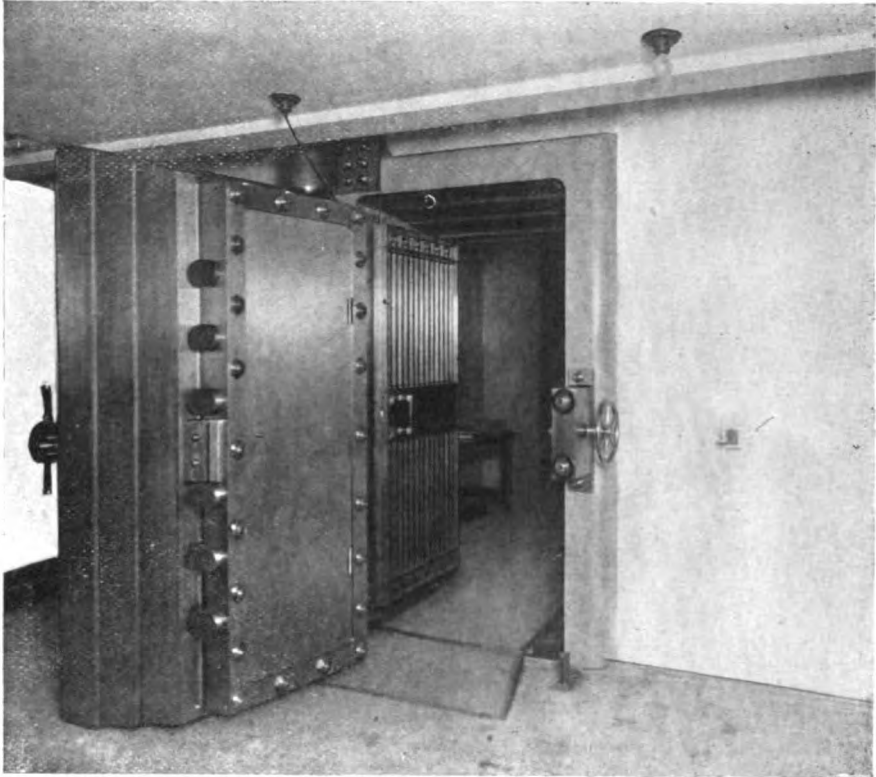
Directors—Edgar McDonald, chairman; Robert B. Woodward, special

partner Hathaway, Smith, Folds & Company; Frank Bailey, vice-president Title Guarantees and Trust Company; Crowell Hadden, president Brooklyn Savings Bank; Frank Lyman, trustee United States Trust Company; Alexan-



DIRECTORS' ROOM

NASSAU NATIONAL BANK OF BROOKLYN, BROOKLYN, N. Y.



THE VAULT

NASSAU NATIONAL BANK OF BROOKLYN, BROOKLYN, N. Y.

der M. White, White, Weld & Company; Charles A. Schieren, Charles A. Schieren Company; Walter V. Cranford, president Cranford Company; George S. Ingraham, lawyer; Howard W. Maxwell, vice-president Atlas Portland Cement Company; Edwin P. Maynard, president Brooklyn Trust Company; Darwin R. James, Jr., president Pyrene Manufacturing Company; A. Augustus Healy, A. Healy & Sons; Daniel V. B. Hegeman, president.



Citizens National Bank, Raleigh, N. C.

FROM its organization this institution has steadily deserved and held the public confidence, and as a result has become one of the strong and prosperous banks of the South.

The new building, described and illustrated below, while an evidence of the bank's progressive policy, was in fact made necessary by the normal growth of business. As is well known, the last few years have witnessed a rapid development throughout the Southern States in practically all lines of productive industry and commerce, and in this solid advancement the State of North Carolina and the city of Raleigh have had their full share. The Citizens National Bank has been an important factor in the building up of enterprise in its territory and by sound and careful management has added to its own resources and profits.



THE NEW BUILDING

THIS new structure, which represents the latest type of modern bank and office architecture, stands on

west corner of Fayetteville
Martin streets with a frontage of
fifty feet on Fayetteville street
and eighty feet on Martin street. It has
a basement under the entire area, and
eleven stories and mezzanine above
ground, giving a height above sidewalk
to top of cornice of 153 feet seven
inches.

The exterior is of Renaissance design
with a base composed of three-quarter
engaged Ionic columns flanked by
simple piers at the corners, and sup-
porting a cornice at level of third floor.
The base and cornice are executed in
Mt. Airy, N. C. granite and the en-
tablature is inscribed with the name of
the bank. The window treatment in
the bays between the columns is exe-
cuted in copper.

From the third floor to the tenth
floor the exterior is of impervious
cream-colored brick and the facing of
the tenth and eleventh stories is of
cream brick with the ornamental details
and cornice executed in terra cotta,
matching the granite base in color and
texture. The iron balconies at the third
story and all window frames are fin-
ished in light olive green.

The building is of fireproof construc-
tion throughout, the only inflammable
materials used consisting of the inter-
ior window and door architraves and
the wood floors in the offices, these
floors being imbedded in the concrete.

The floors and roof are supported
by steel beams carried on steel columns
which rest upon a foundation of rein-
forced concrete. The floor arches and
all interior partitions are of fireproof
terra cotta. All windows opening into
the stairway and elevator enclosures are
of hollow steel glazed with wired glass.
All wires for electric lighting and other
purposes are run in steel ducts which
are concealed in the walls and floor
construction.

The stairways throughout are of
steel and marble, and the enclosures to
the elevator shafts are of hollow steel
as are likewise the doors between stair
enclosures and corridors in each story.

In the front portion of the basement,
approached by the front stairway and

elevators, is a spacious room having an
area of thirty-two feet by forty-two
feet. This room extends under the
sidewalk on Fayetteville and Martin
streets, and is amply lighted by vault
lights placed in the ceiling.

In the central part of the basement



CITIZENS NATIONAL BANK BUILDING,
RALEIGH, N. C.

are located the boiler and fuel rooms,
which extend under the sidewalk on
Martin street. In the boiler room are
located the two boilers used for heating
the building and an individual heater
for the hot water circulating system
which supplies hot water throughout
the building, the vacuum cleaner pumps
from which the dust and dirt are
drawn from the building through pipes
having an outlet with hose attachment
conveniently located in each story, and
the electric transformers which reduce
the electric service current to the volt-
age required for the lighting of the



JOSEPH G. BROWN

PRESIDENT CITIZENS NATIONAL BANK, RALEIGH, N. C.

building and the operation of pumps and elevator machines.

The coal is dropped into the fuel room through a coal chute in the sidewalk on Martin street, and the ashes from the boilers and dust from the vacuum cleaner are taken from the boiler room by an elevator extending to the Martin street sidewalk.

In the boiler room is also located the main electric switchboard which controls the numerous electric circuits for lighting and for the operation of the vacuum cleaner, elevators and the pumps which carry water from the city

mains to the storage tank located on the roof from which pipes supply water under equalized pressure to the numerous plumbing fixtures throughout the building. This tank also supplies water to the two fire lines which have openings on each floor to which is attached fire hose hung on fire hose racks ready for use in case of interior fires.

The rear portion of the basement is devoted to the filing rooms and vault room of the bank. In the rear of the vault room is located a fire and burglar-proof vault, constructed of reinforced concrete and lined with burglar-proof



HENRY J. YOUNG
VICE-PRESIDENT CITIZENS NATIONAL BANK,
RALEIGH, N. C.



GRAHAM H. ANDREWS
CASHIER CITIZENS NATIONAL BANK, RALEIGH,
N. C.

steel. This vault is divided into two parts; one contains steel compartments for specie and the other compartment contains safety deposit boxes of numerous sizes for the use of patrons of the bank. Opposite the vault are three coupon booths for the use of the bank's customers in clipping coupons and examining papers kept in the safety deposit boxes. Adjoining the vault room is a file room for the bank's records and a room for storage of stationery. From the vault room a passenger elevator extends to the main banking room and the bank's working space on the mezzanine floor. This elevator is used for carrying books, stationery, specie, and for the convenience of customers who wish access to the safety deposit boxes. The vault room has a floor and wainscoting of marble and walls finished in light grey stone.

A wide stairway of marble extends from the vault room to the public space in the banking room which is lo-

cated on the first or ground floor. From the top of this stairway a view may be had of the massive burglar-proof vault door which is twelve inches in thickness, seven feet in diameter, of cylindrical form and constructed of burglar-proof steel. This door is provided with time-lock and all other devices known to science for the prevention of burglary.

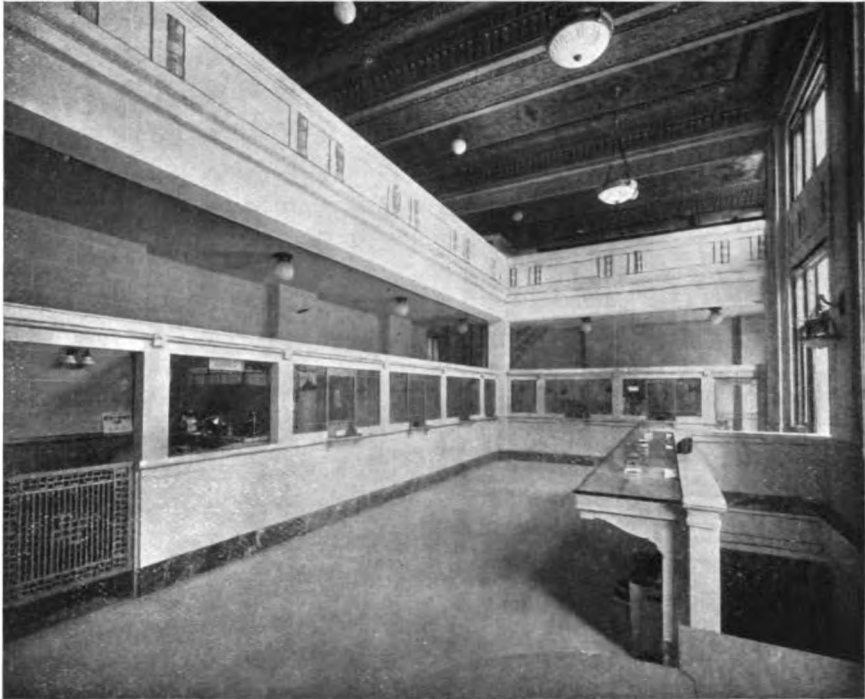
On the Fayetteville street front is located the main entrance lobby which is entered from both Fayetteville and Martin streets. This lobby has a floor and walls of grey marble and vaulted ceiling of grey stone. On the left of the lobby is located the stairway to the upper stories and to front basement and the two passenger elevators.

The main banking room is located in the rear of the entrance lobby and extends in height through two stories, having mezzanine or gallery for the accommodation of the general and individual bookkeepers and working space

for the bank. On the main floor of the banking room are located the offices of the president and cashier with private consultation rooms, paying and receiving tellers, discount clerk, note teller and collector, the tellers being placed behind a screen facing the public space, eighteen by thirty-six feet, from which a staircase leads to the vault room below.

are supplied with an intercommunicating telephone system and all other known conveniences.

In the rear of the banking room, with an entrance from Martin street, is located the ladies' department into which opens one of the tellers' cages for the convenience of ladies in transacting their banking business. The furnishings of this department and through-



MAIN BANKING ROOM
CITIZENS NATIONAL BANK, RALEIGH, N. C.

The interior of the banking room is of French Renaissance design. The floors and stairway to vault room are of grey Tennessee marble, the wainscoting of Botticini marble and the banking screen of Botticini marble and mercury gold bronze. The walls are of stone, and the ceiling—which is divided into four panels by heavy drop beams—has rich Renaissance decorations in shades of blue, ivory and gold. The lighting fixtures are also of mercury gold.

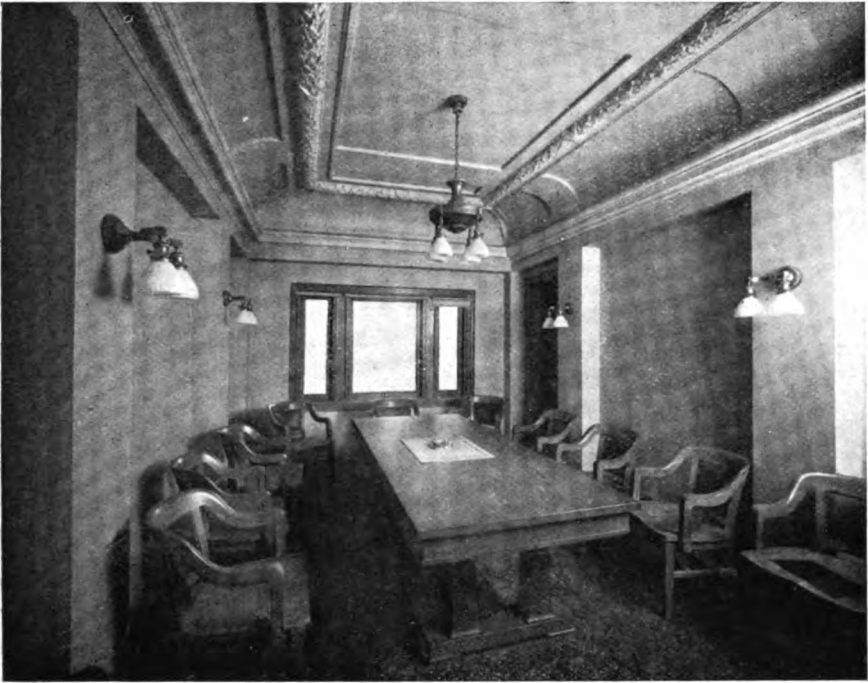
The several departments of the bank

out the banking room are of fumed grey oak which in color harmonizes with the decorative scheme.

In front of the mezzanine are located the toilets for the bank's working force, the directors' room and directors' private lavatory. The directors' room is handsomely furnished and finished in grey fumed oak.

Above the mezzanine story each floor is divided into offices, numbering 107.

The corridors throughout have floors of grey Cuban tile with Tennessee marble base.



BOARD ROOM
CITIZENS NATIONAL BANK, RALEIGH, N. C.

The offices are finished throughout with antique oak and are supplied with lavatories, telephone connections and messenger service connections.

The hardware and electric lighting fixtures throughout are finished in statuary bronze and the side walls and ceilings are painted in pleasing shades of buff, ivory and green.

The toilet rooms are finished throughout in grey Tennessee marble and equipped with the most modern porcelain fixtures.



SOMETHING ABOUT THE BANK ITSELF

WHEN the Citizens National Bank was organized in 1871—eight years after the beginning of the national banking system—there were not two thousand national banks in existence, the number of this bank being 1766. Its capital at the time of organization was \$100,000. Colonel William

F. Anderson was president, Dr. William J. Hawkins vice-president, and P. A. Wiley cashier. Besides these officers there were among the first directors Colonel A. B. Andrews and Hon. Kemp P. Battle.

In 1883 Mr. Wiley resigned as cashier, and in his place was elected Joseph G. Brown, who had been connected with the bank since 1875, when he became runner, having served in every department, and being a teller at the time of his election as cashier. Colonel Anderson was president until 1889, when he died at his desk in the bank. Dr. William J. Hawkins was then elected president, Colonel A. B. Andrews vice-president and Joseph G. Brown cashier.

Dr. Hawkins served as president until his death in 1894, when Joseph Brown was made president and Henry E. Litchford cashier. Like Mr. Brown, Mr. Litchford had entered the bank as runner, and through all the departments came to the cashiership. Colonel

Andrews remains as vice-president, never caring for an active official position, but being the largest stockholder of the bank and always interested in its prosperity and in the welfare of its patrons. The Colonel has given his life to his chosen work, and is widely and favorably known throughout the country as the first vice-president of the Southern Railway, and one of its most

Mr. Jerman, now president of the Commercial National Bank, got his first experience in the Citizens National, as did also Mr. Dangerfield, who organized the Henderson Bank. W. W. Robards was for many years a trusted and efficient officer in the Citizens, and resigned to accept a responsible position in the Planters National Bank of Richmond, Va.



VAULT
CITIZENS NATIONAL BANK, RALEIGH, N. C.

active and best-posted officials. He has done much for the upbuilding, not only of his own State, but of the entire South.

In 1914, Mr. Litchford, after long and active service, resigned as cashier and became active vice-president of the Old Dominion Trust Company, a million-dollar corporation of Richmond, Va. At that time Graham H. Andrews became cashier and Henry J. Young was made active vice-president. Both of these gentlemen followed the wise custom that has always prevailed in this bank of beginning at the bot-

The Citizens National Bank has always enjoyed the fullest confidence of the public, and it has used its large resources and influence for the upbuilding of its section. It has paid to stockholders nearly three-quarters of a million dollars in dividends, and its stock is worth \$160 per share.

About two years ago it increased its capital stock from \$100,000 to \$300,000, with a surplus of \$160,000. At that time it gave to its stockholders a special cash dividend of \$150,000. After this increase had been made, having no savings department, the Citizens declared another special dividend of

\$105,666, and through trustees bought on behalf of its stockholders every share of stock of the Raleigh Savings Bank and Trust Company, and made it practically the savings department of the Citizens National, although continuing to operate it as a State institution, under its original charter. This has proven a happy arrangement, as while to all intents and purposes the two banks are one institution, yet they are able to handle every class of business. Many owners of homes in Raleigh have bought them through the aid of the Raleigh Savings Bank. The character, prestige and financial strength of this bank, added to that of the Citizens, have made an institution of unusual strength.

For many years John T. Pullen was the honored president of the Raleigh Savings Bank. At his death, less than a year ago, Joseph G. Brown was made president, Colonel A. B. Andrews vice-president, and Charles Root remained as cashier.

The combined deposits of these institutions range around two and one-half million dollars, and their resources amount to more than three million dollars. The location of both banks is ideal. The Raleigh Savings occupies the corner of the handsome Masonic Temple Building, and the Citizens now occupies its new home in the splendid twelve-story building on its old site, corner of Fayetteville and Martin streets, the very center of the business life of the Capital City.

The officers and employees of the Citizens Bank are now as follows: Joseph G. Brown, president; Colonel A. B. Andrews, vice-president; H. J. Young, vice-president; G. H. Andrews, cashier; Robert A. Brown, receiving teller; A. T. Bowler, paying teller; F. P. Haywood, individual bookkeeper; W. T. Dixon, individual bookkeeper; D. I. Fort, general bookkeeper; T. H. Watson, transit clerk; Miss Kate Hervey, transit clerk; Haywood White, Jr., collector; Mrs. Grace B. Winkler, stenographer.

The officers and employees of the Raleigh Savings Bank are: Joseph G.

Brown, president; Charles Root, cashier; Colonel A. B. Andrews, vice-president; Dwight Botts, teller; L. R. Norris, bookkeeper.



Peoples National Bank, Lynchburg, Va.



THE MAIN ENTRANCE
PEOPLES NATIONAL BANK, LYNCHBURG, VA.

THE new eleven-story modern bank and office building of the People's National Bank of Lynchburg, Va., was completed and occupied by the bank on Washington's Birthday of the present year. As will be seen from the illustrations it presents an imposing appearance from the exterior, while the banking rooms are equipped in accordance with the most approved requirements of present-day banking.



BRIEF DESCRIPTION OF THE STRUCTURE

THE building is the "last word" in fireproof construction, sanitary equipment, commercial convenience and

comfort for those employed in the bank and those who do business with it. The light has been studied so as not to tire or strain the eyes of the bookkeepers, the ventilation of the windows, high above the line of draughts, is controlled by a simple device within easy



THE NEW BUILDING
PEOPLES NATIONAL BANK, LYNCHBURG, VA.

reach of all, silken curtains modify the sunlight, cork tile flooring prevents that "tired feeling" to the feet, refreshing shower baths, with hot and cold water, are at the disposal of all the employees; there is an ironclad locker for the clothing of each, and many other comforts and conveniences.

The lobby itself is as classic as the entrance to a Grecian temple of many centuries ago and discloses to the vis-

itor a superb hall of Botticini marble, thirty feet high, with ceiling of exquisite device lighted by gorgeous chandeliers. The walls above the wainscoting are of Caen stone blocks, but the pillars are of cream marble and the architecture throughout is chaste and beautiful though not ornate.

As one enters, on the right will be seen the quarters for President John Victor and Vice-President Garland E. Vaughan, whose desks have the appearance of mahogany, but are in reality of metal throughout. Fronting on Main street is a consultation room in which these officers can be interviewed privately. Next to this department are the bronze "cages" for the paying and receiving tellers, and convenient to them little buttons to press which summon a policeman or a squad of police in a hurry from headquarters, so that hold-ups such as occur in old-time banks may be avoided. Continuing along this side of the room are the



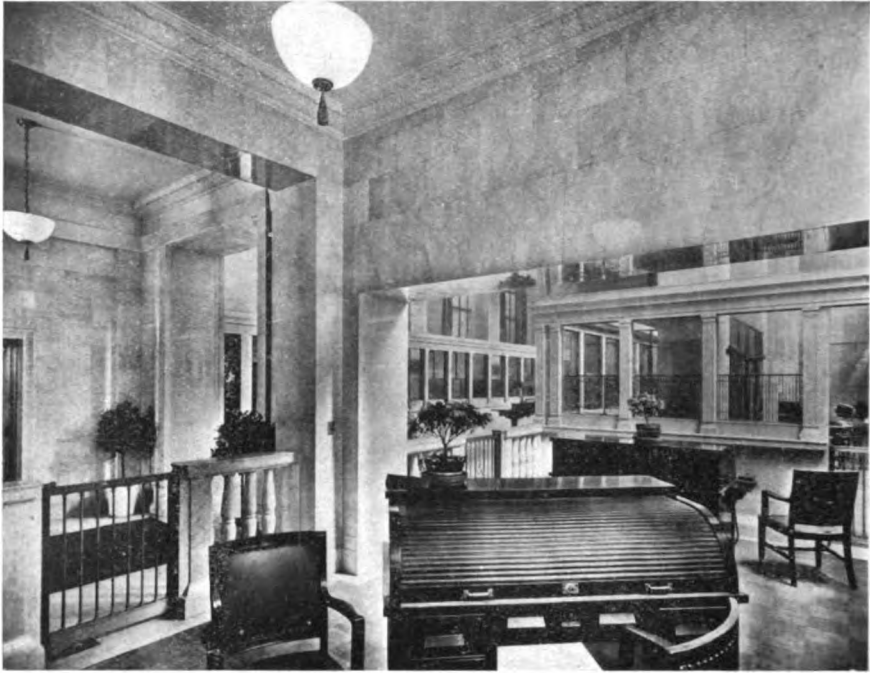
JOHN VICTOR
PRESIDENT
PEOPLES NATIONAL BANK, LYNCHBURG, VA.



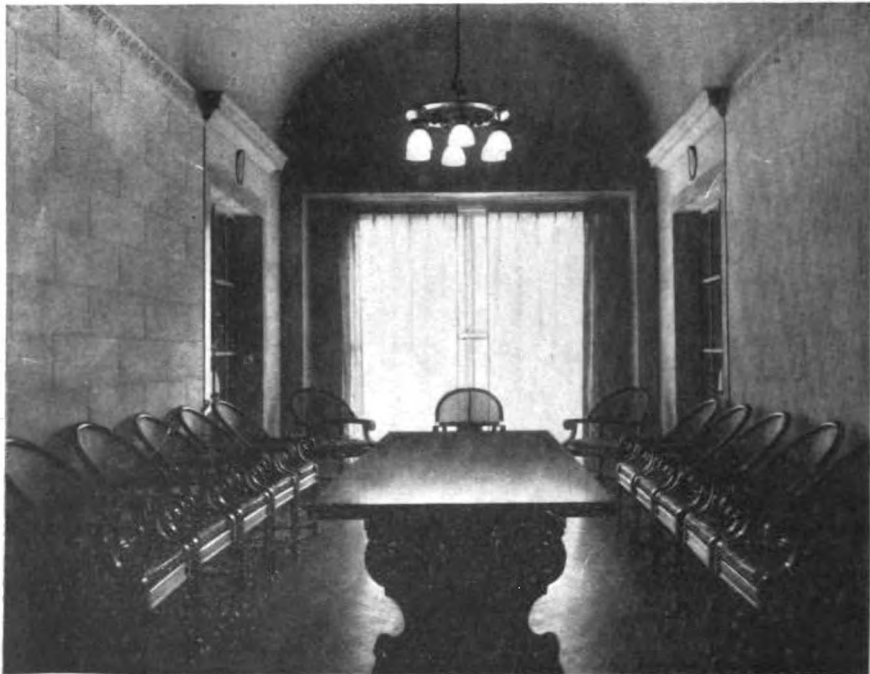
LOBBY, LOOKING TO REAR



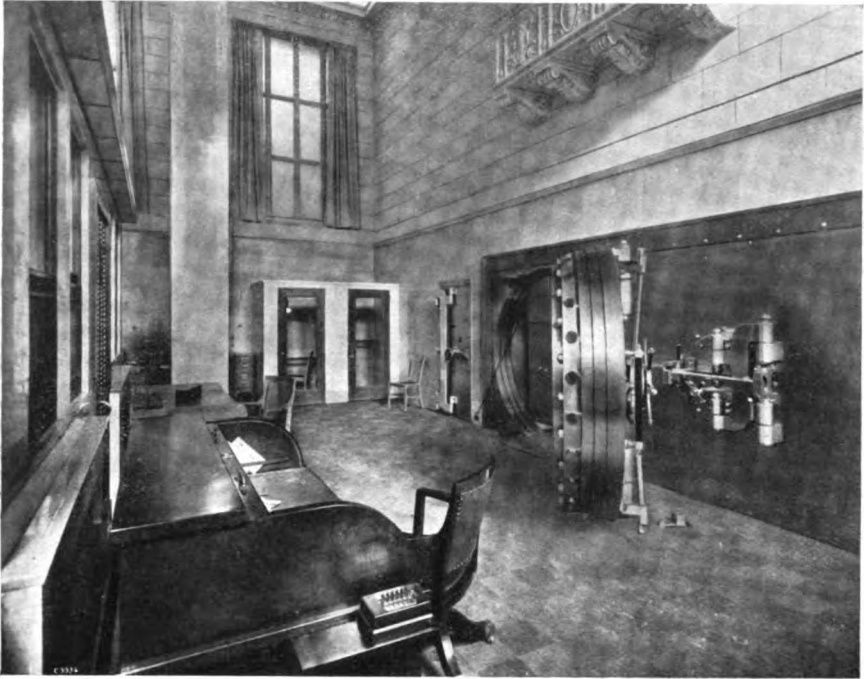
SECTION OF WORKING SPACE
PEOPLES NATIONAL BANK, LYNCHBURG, VA.



OFFICERS' QUARTERS



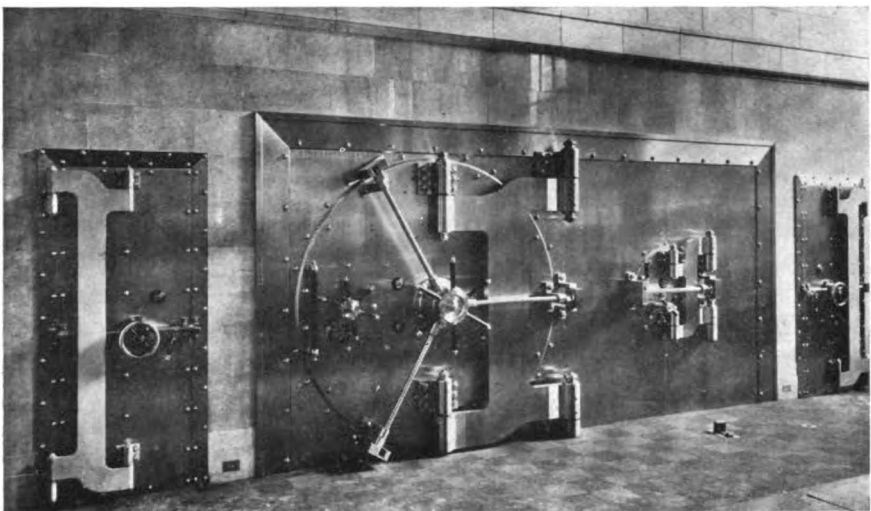
DIRECTORS' ROOM
PEOPLES NATIONAL BANK, LYNCHBURG, VA.



VAULT LOBBY

desks for the individual bookkeepers, with arrangements for an increase of desk room whenever it may be needed. At the lower end of the room is the desk for Cashier W. W. Dickerson.

In the rear of this desk is the heart of the entire institution, the great steel vault with its 319 safe-deposit boxes, independent and separate from the vault used by the bank for its own



VAULTS CLOSED

PEOPLES NATIONAL BANK, LYNCHBURG, VA.



HON. CARTER GLASS
 DIRECTOR; CHAIRMAN BANKING AND CURRENCY COMMITTEE HOUSE OF REPRESENTATIVES

business. The door to this vault is circular and weighs fifteen tons, with two distinct combinations, and with an emergency door, also with two combinations, so that nothing can prevent the bank's access to its strong room. Both these doors will be locked and unlocked daily to insure their being in working order. In the basement immediately under the main vault is another steel fireproof, burglar-proof vault, in which the bank will keep its old records, books and silver bullion.

Above the vault on a mezzanine floor, overlooking the bank department, is the directors' room, adjoining which are toilet rooms, coat racks and other conveniences.

Throughout the entire bank is a series of office telephones operated from a central system in the bank so that instant communication can be had between every officer. On the left as one enters is the ladies' room with toilet and telephone rooms and furnished after the Jacobean style. In



WALKER PETTYJOHN
 VICE-PRESIDENT PEOPLES NATIONAL BANK,
 LYNCHBURG, VA.



G. E. VAUGHAN
 VICE-PRESIDENT PEOPLES NATIONAL BANK,
 LYNCHBURG, VA.

the adjoining sections are the offices of the note teller and savings department, desks for general bookkeepers, correspondence clerks, stenographers and the telephone exchange, adjoining which are two coupon booths, fitted up in marble, glass and bronze in the most luxurious fashion.

In the basement besides the huge furnaces which keep up the steam heating for the entire building there are toilet and bath rooms, vaults and fire-proof rooms which at present are not needed, but which in keeping with the general plan have been put there for the increase of business which must surely follow this progressive and almost lavish expenditure for the convenience and accommodation of the bank's patrons.

The architects of the building were Messrs. Stern & Fellheimer of New York, and the contractors Messrs. Metzger & Wells of Philadelphia. Both these firms did their work to the credit of themselves and the absolute satisfaction of the bank. The architects showed remarkable skill, taste and completeness in devising plans and the contractors were thoroughly conscientious and painstaking.



HISTORICAL SKETCH

THE old People's Savings Bank of Lynchburg, the predecessor of the People's National Bank of Lynchburg, began its career in the year 1868 with the following officers: John D. Langhorne, president; Charles M. Blackford, vice-president, and Capt. M. W. Davenport, cashier.

The institution, although having its birth during the period of financial disturbances, gradually increased its resources under the able guidance of its founders. In 1874 the officers were: Capt. Charles M. Blackford, president; R. W. Crenshaw, vice-president, and J. W. Ivey, cashier, the latter succeeding Mr. Davenport in 1878.

During this régime, in 1882, the in-

stitution received its national charter under the name of the People's National Bank of Lynchburg. At the time of this change and thereafter for the noteworthy period of nearly twenty years the official roster remained un-



W. W. DICKERSON

CASHIER PEOPLES NATIONAL BANK, LYNCHBURG, VA.

changed until the death of Mr. Crenshaw in 1902, at which time John D. Langhorne was elected vice-president. Owing to the lamented death, in the following year, of Capt. Blackford, the honored president for many years, J. W. Ivey was promoted to the office of president, and John Victor was elected cashier.

Mr. Ivey, in January, 1909, voluntarily retired from the active duties of president, and assumed the less arduous position of vice-president, at which time John Victor was made president, G. E. Vaughan, cashier, and W. W. Dickerson, assistant cashier.

Walker Pettyjohn was elected vice-president on January 1, 1910, and on

January 1, 1914. G. E. Vaughan was made an active vice-president, with W. W. Dickerson as cashier.

This bank was among the first to apply for membership in the new Federal Reserve System, and it is expected that the Secretary of the Treasury will

THE BANK'S STRONG POSITION

ON March 4, 1914, the official statement of this bank showed total resources of over \$3,100,000; deposits, \$1,655,002.62. The capital on this date was \$500,000; surplus fund,

FORMER PRESIDENTS

PEOPLES NATIONAL BANK, LYNCHBURG, VA.



JOHN D. LANGHORNE
1868-1874



CAPT. CHAS. M. BLACKFORD
1874-1903



J. W. IVEY
1903-1909

designate this bank as No. 1 of the Federal Reserve System, as a compliment to the Hon. Carter Glass, chairman of the Banking and Currency Committee of the House of Representatives, who is a native and resident of Lynchburg, and who is a co-author of the Federal Reserve Act, and one of the directors of this bank.

\$500,000, and undivided profits, \$62,536—certainly an evidence of remarkable banking strength. With this efficient capital equipment, and the better facilities afforded by the new building, the People's National Bank of Lynchburg is in a position to render a high degree of banking service to its city and community.



New Counterfeit Ten-Dollar Gold Certificate

SERIES 1907: check letter "D"; Gabe E. Parker, Register of the Treasury; John Burke, Treasurer of the United States; portrait of Hillegas.

This counterfeit is poorly printed from photomechanical plates of fair workmanship. The number of the specimen at hand is E1022888. The note is

about a quarter of an inch shorter than the genuine and while the back of the note is more deceptive than the face the printing is so poor that the counterfeit should be readily detected. There is no silk or imitation of it in the paper.

Incorporators of the Federal Reserve Banks

FOLLOWING is the complete list of banks which will sign the organization certificates of the Federal Reserve Banks in the twelve districts:

District No. 1—Federal Reserve Bank of Boston.

CONNECTICUT—Bridgeport National Bank, Bridgeport.

MAINE—Casco National Bank, Portland.

MASSACHUSETTS—National Shawmut Bank, Boston.

NEW HAMPSHIRE—First National Bank, Concord.

RHODE ISLAND—National Bank of Commerce, Providence.

District No. 2—Federal Reserve Bank of New York.

NEW YORK—Irving National Bank, New York; National Park Bank, New York; National Commercial Bank, Albany; Marine National Bank, Buffalo; First National Bank, Syracuse.

District No. 3—Federal Reserve Bank of Philadelphia.

DELAWARE—Union National Bank, Wilmington.

NEW JERSEY—First National Bank, Jersey City; Essex County National Bank, Newark.

PENNSYLVANIA—Philadelphia National Bank, Philadelphia; Bank of North America, Philadelphia.

District No. 4—Federal Reserve Bank of Cleveland.

KENTUCKY—Phoenix & Third National Bank, Lexington.

OHIO—First National Bank, Cincinnati; First National Bank, Cleveland; New First National Bank, Columbus.

PENNSYLVANIA—Bank of Pittsburgh, N. B. A., Pittsburgh.

District No. 5—Federal Reserve Bank of Richmond.

MARYLAND—Merchants' Mechanics' National Bank, Baltimore.

NORTH CAROLINA—Murchison National Bank, Wilmington.

SOUTH CAROLINA—Palmetto National Bank, Columbia.

VIRGINIA—First National Bank, Roanoke.

WEST VIRGINIA—Citizens' National Bank, Charleston.

District No. 6—Federal Reserve Bank of Atlanta.

ALABAMA—First National Bank, Montgomery.

FLORIDA—Exchange National Bank, Tampa.

LOUISIANA—Hibernia National Bank, New Orleans.

MISSISSIPPI—First National Bank, Jackson.

TENNESSEE—First National Bank, Chattanooga.

District No. 7—Federal Reserve Bank of Chicago.

ILLINOIS—Continental and Commercial National Bank, Chicago.

INDIANA—National City Bank of Indianapolis, Indianapolis.

IOWA—First National Bank, Sioux City.

MICHIGAN—First and Old Detroit National Bank, Detroit.

WISCONSIN—Wisconsin National Bank, Milwaukee.

District No. 8—Federal Reserve Bank of St. Louis.

ARKANSAS—German National Bank, Little Rock.

ILLINOIS—Ayers National Bank, Jacksonville.

INDIANA—Second National Bank, New Albany.

KENTUCKY—National Bank of Kentucky, Louisville.

TENNESSEE—First National Bank of Memphis, Memphis.

District No. 9—Federal Reserve Bank of Minneapolis.

MINNESOTA—Capital National Bank, St. Paul.

MONTANA—Merchants' National Bank, Billings.

NORTH DAKOTA—First National Bank, Grand Forks.

SOUTH DAKOTA—First National Bank, Lead.

WISCONSIN—Commercial National Bank, Oshkosh.

District No. 10—Federal Reserve Bank of Kansas City.

COLORADO—Denver National Bank, Denver.

NEBRASKA—Central National Bank, Lincoln; United States National Bank, Omaha.

OKLAHOMA—First National Bank, Muskogee.

WYOMING—Rawlins National Bank, Rawlins.

District No. 11—Federal Reserve Bank of Dallas.

LOUISIANA—First National Bank, Shreveport.

OKLAHOMA—Durant National Bank, Durant.

TEXAS—First National Bank, El Paso; Union Bank, Houston; Frost National Bank, San Antonio.

District No. 12—Federal Reserve Bank of San Francisco.

ARIZONA—Phoenix National Bank, Phoenix.
CALIFORNIA—First National Bank, San Francisco.

OREGON—First National Bank, Portland.
UTAH—Deseret National Bank, Salt Lake City.

WASHINGTON—National Bank of Commerce, Seattle.

Foreign Banking and Finance

European

NEW MEMBER OF LONDON BANKERS' CLEARING-HOUSE

THE members of the London Bankers' Clearing-House have unanimously elected the London and Provincial Bank as a member. Hitherto all checks on the London and Provincial Bank have been cleared through Glyns Bank.

By the inclusion of the London and Provincial Bank the list of clearing banks is raised to seventeen, not including the Bank of England, which clears on the charge side only. The privilege of membership is jealously guarded and there was no sound reason for the exclusion of the London and Provincial Bank from direct membership except the fact that the Clearing-House is a close corporation. The current, deposit and other accounts of the London and Provincial Bank on December 31 last totalled £20,246,000.



SOCIETE GENERALE

THE report presented to the shareholders of the Société Générale, at the recent meeting in Paris, showed that the profits in 1918 amounted to

24,621,580 francs, allowing the distribution of a dividend of twenty francs net per share, as against 19.25 francs for the previous year. The directors record their appreciation of attaining such a result just at the time when the fiftieth anniversary of the foundation of the institution will be celebrated. On this occasion the board proposes to distribute among the staff an extraordinary bonus.

Before putting the resolutions to the vote of the meeting the president (Baron Hely d'Oïssel) announced his intention to relinquish the presidency on account of his advanced age, but he would remain a director. The board proposes to offer the post to M. Dorizon, the present vice-president, who as director-general had worked hard for the bank's prosperity. The transfer of powers, however, would only take place after the celebration of the fiftieth anniversary of the Société Générale.



GERMAN BANK MERGER

FROM Berlin comes the announcement of the absorption by the Disconto-Gesellschaft of the A. Schaaffhausen'scher Bankverein.

The bank was formed as far back as 1848, and had a paid-up share cap-

ital of 145,000,000 marks, a reserve fund of 24,868,000 marks, and deposit and current accounts exceeding 344,000,000 marks. It was, therefore, one of the largest of the banks in Germany, and its control by the Disconto-Gesellschaft should make that institution more important than ever. It is the intention of that management to increase the paid-up share capital to 300,000,000 marks, which will make it the largest bank in Germany in regard to paid-up capital, but the Deutsche Bank will still stand first in size of deposit and current accounts.



INTERESTING FINANCIAL AND OTHER NOTES FROM GREECE

THE storekeepers of Kalamata do not look with favor upon the cash register. Apparently there is only one in the city, and though of a standard American make and in good condition it remains unused. Table drawers, wooden boxes, and other handy places serve as temporary receptacles. In most of the shops the proprietor himself is ever present and watchful of the sales and cash. In the coffee houses and at bars where raki (liqueur) is sold, each sale amounts to only five or ten leptas (one or two cents) and it would no doubt be considered a waste of time to record every one.

Copper and nickel coins of many foreign countries circulate freely. The English penny and halfpenny and the French five and ten-centime pieces are frequently seen and pass without question for the Greek coins of the same size. Servian and Bulgarian nickel coins are also accepted, though they have little resemblance to the Greek money, and there are many Argentine coppers in local use. An American cent, nearly as large as a half dollar, bearing the date 1822 and showing comparatively little wear, was recently received for a ten-lepta piece, the size being about the same.

The delivery of the Athens morning papers, which reach Kalamata the same evening, give the Greek boys a good opportunity to keep up their traditional reputation as runners. There is great rivalry between two factions to be the first to place the papers in the hands of their customers at the main square of the town, nearly half a mile from the railway station, where the newspapers are received. Two relay teams are trained up to the task and the papers are carried a short distance and then passed from hand to hand. In this way the delivery is accomplished in two or three minutes. The race is as eagerly watched and commented on as is the latest news.



Australasian

BANKS INCREASING CAPITAL

COMPARISON of the returns of Australian banks for the year ending December 31, 1913, with reports of the previous year indicate that the banks have added £2,785,760 to capital and reserve funds, while liabilities to the public increased only £592,891.



NEW BRANCHES OF COMMON- WEALTH BANK

BRANCHES OF the Commonwealth Bank (head office Sydney) have been established at the following points in New South Wales: Newcastle, Broken Hill and Dubbo.



Asiatic

AN AMERICAN-JAPANESE BANK

ACCORDING to Japanese papers, a bank is proposed in Tokyo, to be known as the Nichi-Bei Tsusho Ginko (Japan-American Commercial Bank), the promoters including Mr. B.

Banco de Guatemala

Established
July 15, 1895

Guatemala
C. A.

Directors

ADOLFO STAHL, D. B. HODGSDON
J. R. CAMACHO
C. GALLUSSER, Manager

Authorized Capital \$10,000,000.00
Capital subscribed and paid up 2,500,000.00
Reserve Fund 5,564,262.76
Contingency Fund 1,600,000.00

Foreign Correspondents

New York: Messrs. G. Amsinck & Co.; Messrs. J. & W. Selligman & Co.; The National City Bank of New York. San Francisco, Cal.: The Anglo & London Paris National Bank of San Francisco. New Orleans: The Whitney-Central National Bank. Mexico: Banco Nacional de Mexico. Paris: Messrs. de Neufilze & Cie. London: Deutsche Bank (Berlin), London Agency; Messrs. A. Ruffer & Sons. Hamburg: Deutsche Bank Filiale Hamburg; Messrs. L. Behrens & Sohn; Messrs. Schroder, Gebruder & Co.; Mr. Carlo Z. Thomsen. Madrid: Messrs. Garcia-Calamarie & Cia. Barcelona: Messrs. Garcia-Calamarie & Cia.; Banco Hispano Americano. Milano: Credito Italiano.

Agencias in Guatemala

Antigua	Livingston	Mazatenango
Jutiapa	Puerto Barrios	Salama
Pochuta	Zacapa	Escuintla
Coatepeque	Coban	Ocos
	Retalhuleu	

General Banking Business, Special Attention Paid to Collections from Abroad and Letters of Credit.

FOUNDED 1844

G. LAWTON CHILDS & CO., Ltd. AMERICAN BANKERS

HAVANA

CUBA

Transact a general domestic and foreign banking business. All banking matters entrusted to us handled promptly and with care.

Special attention paid to collections in Havana and all parts of Cuba.

Principal Correspondents

NEW YORK CITY :

National Bank of Commerce
in New York

LONDON :

Baring Bros. & Co., Limited

PARIS :

Morgan, Hrjes & Co.

BERLIN :

L. Behrens & Soehne

MADRID :

Garcia, Calamarie y C.

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

NEW YORK OFFICE: - - - 25 BROAD STREET

Banco Comercial de Costa Rica

San Jose, Costa Rica, Central America

(Founded 1st June, 1905)

Capital, \$1,750,00.00

Reserves, \$546,238.41

Managing Director, THOMAS SCOTT

Collections for Foreign Houses promptly attended to. Deposits are received in American Money repayable at maturity by sight draft on New York, New Orleans or San Francisco. The rates of interest at present allowed are:

On deposit for 6 months : : : 6 per cent. per annum
On deposit for 12 months : : : 7 per cent. per annum

DEPOSITS

31st of March, 1910	: : :	\$1,270,087.74	31st of March, 1912	: : :	\$3,397,658.26
31st of March, 1911	: : :	1,690,705.28	31st of December, 1912	: : :	4,414,218.57

Nakano, president of the Tokyo Chamber of Commerce, and Mr. S. Asano, president of the Toyo Kisen Kaisha.



DAIREN CURRENCY EXCHANGE PROJECTED

AN application was filed recently with the Dalny civil administration, in the joint names of the chairman and vice chairman of the local Chinese guild, for the establishment at Dalny of a currency exchange like one maintained at the Chinese guild in Changchun. The indorsement of the local manager of the Chenglung Bank and twenty-three local Chinese merchants is said to have been secured.

According to the articles of association, the objects of the exchange

are to facilitate the circulation of currencies of different standards and nationalities and also to facilitate the exchange of one kind of currency into another. The exchange is to be organized on the membership system, entitling its members to deal on the exchange. Admission to membership is subject to the approval of a general meeting and also of the civil administration.



YOKOHAMA SPECIE BANK

AT the half-yearly general meeting of shareholders of the Yokohama Specie Bank, held at the head office, Yokohama, March 10, gross profits for the last half-year were, including the amount brought forward from last account, 28,446,476 yen. After making

Banco Agricola Comercial

Established 1895

SAN SALVADOR, REPUBLIC OF SALVADOR, C. A.

Authorized Capital,	\$5,000,000.00	Paid-up Capital,	\$1,000,000.00
Reserve Fund,	100,000.00	Special Reserve Fund,	352,707.23

DIRECTORS

J. MAURICIO DUKE	MIGUEL YUDICE	FRANCISCO DUEÑAS
J. MAURICIO DUKE h.	RAFAEL GUIROLA D.	Manager, F. DREWS

CORRESPONDENTS

London: The Anglo-South American Bank, Ltd., with which is incorporated The London Bank of Mexico & South America, Limited. Paris: Comptoir National d'Escompte de Paris; Perler & Cie. Hamburg: Deutsche Bank Filiale Hamburg; Conrad Hinrich Donner; Carlo Z. Thomsen; The Anglo-South American Bank, Ltd. Barcelona: Banco Espanol del Rio de la Plata; Garcia—Calamarte & Cia. New York: G. Amsinck & Co.; Bloom Bros. San Francisco: The Anglo & London Paris National Bank. Mexico: Banco de Londres & Mexico. Guatemala: Banco Internacional.

Banco de Nuevo Leon

MONTEREY, N. L., MEXICO

ESTABLISHED OCT. 1, 1892

Capital paid up, \$2,000,000 Reserves, \$898,482.76 Deposits, \$3,394,046.60

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 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

customary appropriations, including a dividend at the rate of twelve per cent., 350,000 yen was added to the reserve fund, and 1,267,488 yen carried forward to credit of next account.

The Yokohama Specie Bank has a capital of 80,000,000 yen, reserve fund 18,550,000 yen and a total balance-sheet (December 31, 1918) 423,856,859 yen.



Latin-America

FINANCIAL CONDITIONS IN BRAZIL.

AT the forty-third annual meeting of the shareholders of the London and Brazilian Bank, held in London recently, John Beaton, chairman

of the bank's board, had the following to say respecting conditions in Brazil:

"The financial position of Brazil has attracted considerable public attention of late, and, according to the Rio correspondent of 'The Times' it has been chiefly caused by overspending and overtrading. The large increase of £3,740,000 in the imports last year, with a considerable shrinking in the exports, is certainly suggestive of overtrading. Those profits, however, it is evident, must have been based upon the trade results of the previous year, when exports showed an excess over imports of £11,000,000. As regards the overspending, it appears to me to have originated a few years ago in an eruption of concession hunters, when schemes of improvements, railways and other costly works were set on foot, the aggregate cost of which must

Pan-American Title Insurance Company, S. A.

Head Office: Apartado 39

CITY OF MEXICO

BRANCHES: Tampico, Mexico; London, England, 25 Victoria St., S. W.

ROOMS 310-312, NO. 2 RECTOR ST., NEW YORK

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Chartered and equipped for all branches of title insurance and trust work

have represented a very large sum. The money for all these was found far too readily on this side, chiefly on the Continent, and it is doubtless the payment on account of this large addition to its foreign indebtedness that the country is now finding so burdensome. Unfortunately, owing to lower prices last year for the two chief exports, coffee and rubber, they showed a reduction in value of £11,500,000. However, there was a satisfactory increase of £1,600,000 in other exports, making their total receipts £13,600,000, against £12,000,000 in the preceding year. It is quite apparent that agricultural produce represents the present wealth of Brazil, and this being so, surely every effort should be made to further its development. At the same time legislation could facilitate its successful competition in consuming markets. It is very important, and I am sure very satisfactory, to know that the President-elect is pledged to this and other developments of the resources of his country, which ought to be sufficient to make Brazil independent of foreign loans."



BRITISH INVESTMENTS IN MEXICO

ACCORDING to a recent issue of "The Statist" (London), British capital invested in Mexico at the end

THE BANKERS DIRECTORY

"THE RED BOOK"

In its thirty-first year and
BETTER THAN EVER

of 1918, exclusive of a large amount of private capital, aggregated \$481,875,950, distributed among the various classes of securities as follows: Government stocks, \$39,151,000; municipal stocks, \$7,908,200; railways, 274,665,250; banks, \$7,669,600; commercial, industrial, etc., \$12,686,975; electric light and power, \$15,723,650; financial, land, and investment, \$36,089,950; mines, \$42,640,275; oil, \$17,042,475; rubber, \$8,190,325; and tramways, 20,113,250. Compared with British investments in Mexico in 1912, as presented by Consul Marion Letcher of Chihuahua in "Daily Consular and Trade Reports" for July 17 of that year, "The Statist's" total for 1918 shows an increase of \$160,573,150. It should be noted, however, that the two sets of figures are derived from different sources and are made up of somewhat different categories, hence not wholly comparable.

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

K. M. VAN ZANDT, Vice-Pres. & Mgr.

H. C. HEAD, Cashier

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.

Banking and Financial Notes



The Branch
Our first President

Merchants National Bank

RICHMOND, VA.

Capital \$200,000
Surplus and Profits over 1,000,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

Hudson, vice-president, and E. S. Tefft, cashier.

—W. A. Nash, chairman of the board of directors of the Corn Exchange Bank, succeeds the late Wm. H. Pearson as president of the New York Produce Exchange Safe Deposit and Storage Company. Samuel G. Bayne, president of the Seaboard National Bank, has been elected vice-president of the company.

—Edward Burns, vice-president of the American Exchange National Bank, died on May 18 of heart disease while on duty at his desk. Mr. Burns was sixty-six years of age, and had been with the bank nearly forty-nine years. He started as a clerk in the correspondence department on June 1, 1865. He became assistant cashier on December 23, 1881, cashier on May 6, 1887, a director on January 14, 1908, and vice-president on January 11, 1910. He was born in Brooklyn on January 23, 1848, and was educated in the public schools. He was active in the affairs of St. Augustine's Roman Catholic Church of Brooklyn and had been treasurer of the Apollo Club for a number of years. He was also a member of the St. Francis Xavier Society, the Chamber of Commerce, the Montauk Club, the Dyker Meadow Golf Club, the Recess, the Academy of Political Science, the Botanical Society and the Brooklyn Institute of Arts and Sciences.

Mr. Burns had been a widower for about a year and a half, and is survived by eight children. His home was in Brooklyn.

—Charles G. Balmanno succeeds Geo. W. Chauncey as president of the Mechanics Bank of Brooklyn, Mr. Chauncey becoming chairman of the board—a position created so that the bank might retain his services. Mr. Balmanno has been associated with the bank since boyhood, and for many years has been vice-president and cashier. Walther Wolf has been appointed comptroller of the bank.

—Employees of the Corn Exchange Bank are not only to have an annual vacation, but each single man starting on his outing is to be handed \$50 and each married man \$100.

—Growth of business in the city's principal shopping district has made it expedient for the New Netherlands Bank to take entire possession of its building in West

EASTERN STATES

New York City

—A certificate of organization of the Federal Reserve Bank of New York was signed on May 18 by the following-named banks as incorporators:

Albany—National Commercial Bank, James H. Perkins, president, and W. W. Batchelder, cashier.

Buffalo—Marine National Bank, L. H. Gethoefer, vice-president, and N. P. Clement, cashier.

New York—Irving National Bank, R. P. Grant, president, and H. E. Ward, cashier; National Park Bank, Richard Delafield, president, and M. H. Ewer, cashier.

Syracuse—First National Bank, A. W.

A SPECIAL INCOME TAX RECORD

The Baker-Vawter Standard Stock Form *COUPON RECORD* is designed with the view to creating a complete segregated record of all coupons handled.

Provision is made for correcting entries where the tax was deducted, when it should not have been—or where the tax was not deducted, when it should have been.

Adapted for use in all Banks and Trust Companies handling coupons.

BAKER-VAWTER COMPANY

Bank Accounting Systems

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BENTON HARBOR, MICHIGAN

HOLYOKE, MASS.

Offices in all principal cities—salesmen everywhere

Thirty-fourth street, and to fit up rooms especially to meet the requirements of women, who constitute a large percentage of the patrons of the many shops in the neighborhood.

—A merger of the business of the Fourth National Bank into that of the Mechanics and Metals National Bank has been completed, giving the latter institution net deposits of about \$90,000,000.

The board of directors of the Mechanics and Metals National Bank will be increased by the addition of James G. Cannon, Cornelius N. Bliss, T. Frank Manville, L. F. Loree and others. The business of the two institutions will be carried on at the Mechanics and Metals National Bank building, 50 Wall street. Samuel S. Campbell, vice-president, and several other officers and all of the clerical force of the Fourth National Bank will be merged with that of the Mechanics and Metals National Bank.

By the statement of March 7 last, the net deposits of the Mechanics and Metals Bank were \$58,433,000, and the Fourth National reported \$33,408,000 deposits. The former had a capital stock and surplus of \$12,000,000, and the latter \$6,000,000.

—Removal of the New York city office of the State Banking Department took place on May 9, a change being made from 60 Broadway to the new Adams Building, 61 Broadway. This removal was occasioned by a demand for more room consequent upon the enlarged duties of the office under the new banking law.

—A conference representing bankers and others interested in the farm loan business was held at the Hotel Astor, New York, May 7, and the Farm Mortgage Bankers Association of America was formed. F. W. Thompson, manager of the farm loan department of the Merchants Loan and Trust Company, Chicago, was elected president, and a permanent organization effected. In outlining the purposes of the new association, President Thompson said:

"I think this association ought to make it clear at the outset that we want to be

advocates of such proper reforms as may be proposed in our branch of the investment business. I take it that we want to meet changing conditions, and to go ahead, not stand still. I believe as a body we want to work with lawmaking bodies and not to stand opposed to reform measures."

—Messrs. Kidder, Peabody & Company of Boston and New York announce the removal of the New York office to new and larger quarters in the Wilks Building at No. 17 Wall street, at the southwest corner of Wall and Broad streets, adjoining the New York Stock Exchange.

Kidder, Peabody & Company have for years been one of the prominent international banking firms of the country. The firm is the representative in this country of Baring Brothers & Company, Ltd., of London, and has long been known for the extent of its foreign relations and for its importance in the field of investment securities and foreign exchange.

—The annual banquet of the Trust Company Section of the American Bankers Association was held at the Waldorf-Astoria on the evening of May 2. Addresses were made by James A. Garfield, ex-Secretary of the Interior; Newton D. Baker, mayor of Cleveland, and F. H. Goff, president of the Trust Company Section of the American Bankers Association, and president of the Cleveland Trust Company, of Cleveland, Ohio, who presided at the banquet.

—Officers and directors of the Irving National Bank recently presented Abraham C. Hardy, an employee, with a purse of gold and Mr. Hardy's associates gave him a gold watch in honor of his fiftieth anniversary as a member of the staff. Mr. Hardy entered the bank on May 4, 1864, at \$100 a year. There was then no bank north of Thirty-fifth street.

—As reported to the Superintendent of Banks on March 2, the Fulton Trust Company had \$500,000 capital, \$250,000 surplus, \$491,831.60 undivided profits (on the

**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
CHARLES T. WILLS, Vice-Pres.
WM. L. DOUGLASS, 2d Vice-Pres.
ARTHUR W. SNOW, Cashier
R. T. THORN, Asst. Cash.

DIRECTORS

James McCutcheon	William H. Gelshenen
Charles T. Wills	Morgan J. O'Brien
Ruel W. Poor	Thomas D. Adams
Samuel Adams	Daniel S. McElroy
Robert J. Horner	

market value of securities), and \$8,782,841.72 deposits.

—At the annual meeting May 14 of Group 8 of the New York State Bankers Association, composed of the bankers of New York city, Joseph B. Martindale, president of the Chemical National Bank, was elected chairman to succeed James S. Alexander, president of the National Bank of Commerce. Thomas Cochran, Jr., vice-president of the Astor Trust Company, was chosen secretary and treasurer, to take the place of Charles Eliot Warren, president of the Lincoln National Bank. In addition to these men, the newly elected executive committee consists of Mr. Warren, Benjamin Strong, Jr., president of the Bankers Trust Company; Stephen Baker, president of the Bank of the Manhattan Company; H. R. Eldridge, vice-president of the National City Bank; Louis G. Kaufman, president of the Chatham and Phenix National Bank, and Joseph Byrne, vice-president of the Merchants' National Bank.

—On May 6 announcement was made that the National Nassau Bank had been consolidated with the Irving National Bank.

Both banks have been identified with commercial interests solely, and the policy of the consolidated bank will be to continue along strictly commercial lines as an independent mercantile institution.

A recent statement of condition of the Irving National Bank shows deposits of \$48,381,678, total assets of \$58,619,013 and capital and surplus of \$7,000,000.

The deposits of the National Nassau, ac-

ording to its last statement, were about \$14,000,000, and total assets were over \$15,000,000. These combined assets of over \$70,000,000 will place the Irving in a prominent position among the country's commercial banks.

Edward Earl, former president of the Nassau National Bank, has been elected vice-president of the Irving National; and Newton D. Alling, former vice-president, and Arthur W. Gilbert, cashier of the National Nassau, become assistant cashiers of the Irving.

—New officers of New York Chapter, American Institute of Banking, for 1914-1915 are: President, O. Howard Wolfe, American Bankers Association; first vice-president, J. A. Seaborg, Bankers Trust Company; second vice-president, N. W. Harrison, Brooklyn Savings Bank; treasurer, L. H. Ohlroge, National Park Bank; secretary, H. S. Schultz, New York Chapter; librarian, G. A. Kinney, Hamilton Trust Company; chief consul, I. H. Meehan, Farmers Loan & Trust Company; secretary to board of consuls, A. F. Johnson, Irving National Bank.

Governors—Term expiring 1916-1917: B. P. Gooden, New Netherland Bank; C. F.

Safety First

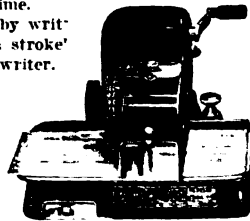
THE United States Steel Corporation, Standard Oil Co., Western Electric Co. and leaders in banking and business everywhere have put safety first by protecting their checks with the Peerless Check Writer.

 **THIRTY FIVE DOLLARS TEN CENTS**

Reduced Facsimile

THE Peerless Check Writer makes the old tried and safe protective imprint exact to the cent, and places it in the amount line of the check. Combines work, and saves time. Saves time, too, by writing a word at a stroke' faster than a typewriter.

THE \$65.00 Peerless is the writer for big checking business. The new \$35.00 Peerless Junior has every one of the Peerless advantages for the smaller output of checks.



Write for full information or, better, a free trial

Peerless Check Protecting Co.
Rochester, New York

DIAMOND NATIONAL BANK

PITTSBURGH. PA.

Bankers should seek
STRENGTH
when selecting a
Reserve Agent
or
Correspondent

OFFICERS
WILLIAM PRICE, President
D. G. WILLS, Cashier W. O. PHILLIPS, Asst. Cashier
Capital - - \$600,000.00
Surplus and Undivided Profits 1,644,562.63

Accounts of Banks,
Bankers, Corpora-
tions, Firms and In-
dividuals cordially
invited.
WRITE

Manchon, Union Exchange National Bank; B. S. Miller, Chemical National Bank; William Clements, Dry Dock Savings Bank; T. F. Costello, Empire Trust Company; J. B. Birmingham, Citizens Central National Bank; G. P. Kennedy, Century Bank; C. C. Putnam, Brooklyn Savings Bank; C. C. Seifert, Fourth National Bank; L. A. Mershon, U. S. Mortgage & Trust Company.

—An illustrated sketch of the “Historic Buildings Now Standing in New York Which Were Erected Prior to 1800” has been issued by the Bank of the Manhattan Company.



Philadelphia

—Through the initiative of Charles S. Calwell, president of the Corn Exchange National Bank, a permanent bureau has been established in this city to aid in establishing relations of mutual advantage between the farmers and the markets of Philadelphia. It will be known as the Philadelphia Agricultural Service Bureau, and will have offices in the Corn Exchange National Bank Building.

—Freas Brown Snyder, assistant cashier of the First National Bank, was recently elected president of the Philadelphia Association of Credit Men. Mr. Snyder, who is the youngest man thus far elected to this important position, is an authority on the subject of credits.

—Philadelphia's Federal Reserve Bank was formally organized on May 18. Those who signed the organization certificate were: Philadelphia National Bank, Levi L. Rue, president, and Harry J. Keser, vice-president; Bank of North America, Harry G. Michener, president, and Samuel D. Jordan, vice-president; First National Bank of Jersey City, George T. Smith, president, and E. T. Edwards, cashier; Essex County National Bank of Newark, N. J., D. L.

Fanrell, president, and A. F. R. Martin, cashier; Union National Bank of Wilmington, Del., John H. Dabney, president, and J. Chester Gibson, cashier.

Charles J. Rhoads, vice-president and treasurer of the Girard Trust Company, has been recommended by the Philadelphia Clearing-House Association as president of the new bank.

—Edward T. Stotesbury, of the banking firm of Drexel & Company, has been elected president of the Philadelphia and Reading Railroad Co., succeeding the late Geo. F. Baer.



—A seven-story fireproof bank and office building will be erected by the First National Bank, Olean, N. Y.

—On May 1 the Central City Deposit Company, of Syracuse, N. Y., opened for business in the University block. The offices have been entirely remodeled and furnished for the company's use.

—Orange, N. J., banks are to have a local clearing house, the Orange National Bank acting in that capacity.

—A branch of the Union Trust Company of Jersey City has been opened at Bayonne, N. J.

—Henry C. Winsor of Asbury Park, president of the Asbury Park and Ocean Grove Bank, has been elected New Jersey vice-president of the American Bankers Association.

—New Jersey bankers held their eleventh annual convention at Atlantic City May 8 and 9, and discussed bank stock taxation, the new Federal Reserve Act and other things, and elected these officers: President, I. Snowden Haines, president and cashier Mechanics National Bank, Burlington; vice-president, Edward S. Pierson, president Greenville Banking and Trust Co., Jersey City; secretary, William J. Field, secretary and treasurer Commercial Trust Co., of

The Union National Bank

CAPITAL
\$1,600,000.00

Cleveland, O.

SURPLUS AND PROFITS
\$1,000,000.00

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

Since 1884 we have responded to the needs of a constantly increasing number of customers. We aim to dispatch business promptly. Our facilities are offered to those who, appreciating good service, will maintain adequate balances.

New Jersey, Jersey City; treasurer, John D. Everitt, president Orange National Bank, Orange.



NEW ENGLAND

Boston

—Frank W. Bryant of the Second National Bank was elected president of the Boston Chapter of the American Institute



FRANK W. BRYANT
PRESIDENT BOSTON CHAPTER AMERICAN INSTITUTE OF BANKING

of Banking, at the recent annual meeting of the chapter. George E. Musselman of Lee, Higginson & Co. was elected first vice-president; Charles A. Rouillard of the National Shawmut Bank, second vice-president, and Charles W. Stevens of the Old Colony Trust Company, secretary and treasurer.

—Savings banks of this city now hold over \$281,000,000 of deposits—a high record, and an increase of nearly \$8,000,000 in the past six months. None of the Massachusetts savings banks now pay less than 3½ per cent. in dividends annually, while most of them are paying four per cent.

—As the result of a new law, providing that after a certain time the stock of other trust companies which any trust company may hold shall be limited to ten per cent. of the capital of the company whose stock is acquired, several of the Boston trust companies will have to dispose of their shares in other companies.

—At the recent annual meeting of the Hibernia Savings Bank, Mayor Timothy W. Good of Cambridge declined reelection as president and was succeeded by Patrick O'Hearn. The bank will shortly move to quarters in the Sears Building, in the heart of the financial district.

—Fred L. Oaks, cashier of the Framingham National Bank, was elected president of the National Bank Cashiers' Association of Massachusetts, at its annual meeting and dinner at Young's Hotel, Boston, on the evening of May 12.

Mr. Oaks has previously served the association, twice as a vice-president and several years as treasurer.

Hon. Samuel W. McCall was the principal speaker of the evening. President Charles C. Blinn of the Massachusetts Bankers' Association gave a short talk on "Some Features of the Federal Reserve Act."

Capital - \$2,500,000.00



Deposits, \$37,000,000.00

CLEVELAND, OHIO

Surplus and Profits - \$1,929,000.00

ACCOUNTS SOLICITED

Correspondence Invited

Collections a Specialty

Other officers elected included H. C. Robinson of Greenfield and John F. Tufts of Watertown, vice-presidents; F. B. Wheeler of Cambridge, treasurer; B. W. Guernsey of Wellesley, secretary; C. S. Putnam of Worcester, J. E. Varney of Lawrence and F. W. Dutton of Pittsfield, executive committee.



—Directors of the Merchants National Bank, Worcester, Mass., have had plans drawn for a new building, which will probably be eleven stories, and will be completed about the first of January, 1916.

—The post office building at Windsor, Conn., has been bought for the use of the Windsor Trust and Safe Deposit Company.

—On the site of the old "flat-iron" property at Lynn, Mass., the Security Trust Company will put up a modern eight-story building, the lower floor and basement to be occupied by the company named and the upper floors rented for commercial purposes.

—After careful consideration by a committee composed of representatives from all the New England States it has been decided to hold a joint meeting of all of the bankers' associations of the various New England States at the Hotel Wentworth, New Castle, N. H., on June 26 and 27. The gathering will open with a formal banquet on the 26th and the following morning the different associations will hold their separate business meetings, elect officers, etc. Later, all will come together for a joint meeting, at which banking subjects of general interest will be discussed and speakers of national prominence will be heard. The afternoon of the second day will be given over to an attractive programme of enter-

tainment, the details of which are now being worked out.

—On June 8 the First National Bank of Haverhill, Mass., took possession of its remodeled banking rooms. The improvements represent an outlay of more than \$100,000, and the result is such as gives the bank thoroughly modern quarters.

—The State Savings Bank, Hartford, Conn., has removed into the former offices of the American National Bank.

—The National Bank of Commerce, Providence, R. I., was designated as one of the incorporators of the new Federal Reserve Bank to be located at Boston.

—Following the proposed merger of the National New Haven Bank, the New Haven County National Bank and the City Bank of New Haven, a new institution will be formed—the New Haven Bank National Banking Association—and a new bank building erected; the carrying out of these plans, of course, being dependent upon the ratification by all concerned of the arrangement for consolidation.

—Connecticut bankers will hold their annual convention at Eastern Point, June 9 and 10, which is only a day or so ahead of the time for holding the convention of the New York State Bankers' Association, which meets at the same place.

—The foundations are in for the new building of the Haverhill National Bank, at Haverhill, Mass. The building will be a seven-story, steel frame, fireproof structure, and will be of limestone and brick. The entire first floor will be occupied by the bank. Hutchins & French, 6 Beacon street, Boston, are the architects.

SOUTHERN STATES



Northwest Items

HAVING direct connections with practically every banking point throughout the "Inland Empire," the Old National Bank is able to handle your Pacific Northwest items with exceptional promptness and dispatch.

CORRESPONDENCE INVITED

The Old National Bank of Spokane

D. W. TWOHY, President

T. J. HUMBIRD, Vice-President

W. D. VINCENT, Vice-President

J. A. YEOMANS, Cashier

W. J. SMITHSON

G. H. GREENWOOD J. W. BRADLEY

Assistant Cashiers

RESOURCES : \$12,000,000



—Richmond is at work busily preparing for the convention of the American Bankers' Association, to be held in that city in October. Members of the committee on entertainments and arrangements met on May 15 and considered the details of plans for making the convention a success from the local standpoint.

—The Chattanooga (Tenn.) Savings Bank celebrated its twenty-fifth anniversary on May 17.

—It is announced that the Farmers Bank and Trust Company, Jacksonville, Fla., will rebuild its home on the corner of Clematis avenue and Olive street, during the present summer.

—"The Progressive Banker," published in the interests of the City Bank and Trust Company, Mobile, contains the following account of the important additions recently made to the bank's building:

"The \$300,000 addition to the City Bank building is now practically completed, giving the City Bank and Trust Company one of the handsomest banking rooms in the South. The new addition means fifty feet added frontage on the Royal street side of its already handsome building. This part of the building is eight stories, an additional two stories having been added to the Royal street portion of the main building, giving a complete eight-story structure, with a frontage of seventy-five feet on Royal street.

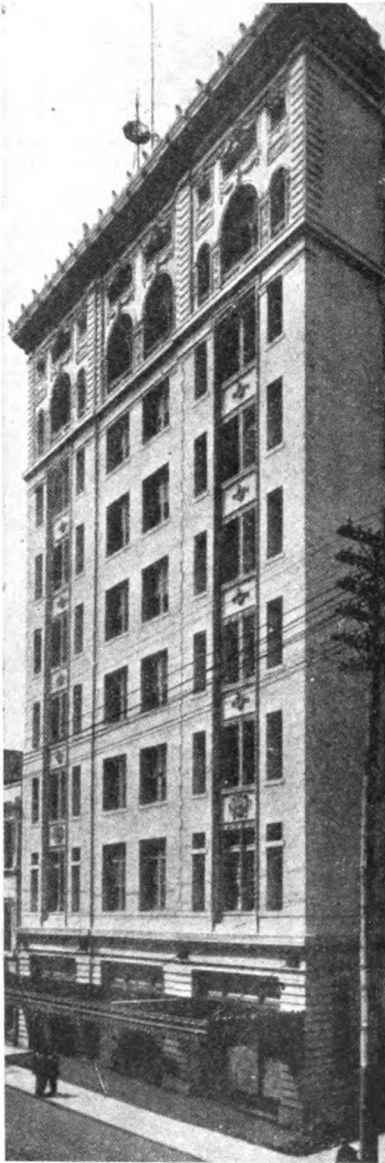
"In 1889, when the City National Bank was organized, they purchased and occupied the three-story building at 17 North Royal street, which was found, after about four years, to be too small for the business which the bank was handling. The new banking room, in the building erected, was soon found to be inadequate for the large amount of business which was rapidly increasing, and it was then decided to make quite an extensive improvement to the same by erecting the \$300,000 addition.

"The bank will continue to occupy that portion of the building as heretofore, that is, from Royal street to St. Joseph street, and in addition, taking twenty-five feet of the ground floor of the new addition. No pains have been spared in making the City Bank and Trust Company's new banking rooms the most convenient and up-to-date, with every modern convenience for our customers as well as for the handling of their business.

"Among the up-to-date attractions is the inter-communicating telephone system, the finest of its kind ever established here. The bank fixtures are of Georgia marble and of mahogany, and it is also noted that a great portion of the work on the building as well

as a large portion of material is furnished by local contractors.

"The addition to the building means an increase in the number of offices from 97 to 230, being the largest office building in this



ENLARGED BUILDING OF THE CITY BANK AND TRUST COMPANY, MOBILE, ALA.

vicinity, there being two new elevators added to the previous number, making a total of four elevators, of the highest type, with all up-to-date attachments, such as

Planters National Bank

RICHMOND, VIRGINIA



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

Capital

\$300,000

Surplus and Profits

\$1,500,000

Total Resources

\$8,700,000

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

D. V. MORTON
Assistant Cashier

***Unsurpassed Facilities
for collecting Items
on Virginia and
the Carolinas***

Mississippi Valley Trust Co.

St. Louis

Thoroughly Equipped

Through its Financial, Trust, Bond, Real Estate, Safe Deposit and Savings Departments, the Mississippi Valley Trust Company is equipped to serve your every need in St. Louis and the Southwest.

Capital, Surplus & Profits, \$8,500,000

signals, etc. It has been found necessary to make this addition to the City Bank Building owing to the continuous growth of the bank, its business having been more than doubled in the past few years. The number of depositors now having reached more than 17,000.

"Among the conveniences and new arrangements will be a ladies' department, with a lady teller to further assist any lady patrons the bank has, as well as to make banking for ladies here still more convenient.

"The building is a credit not only to the city, but to the South as well."

—The recent death of George A. Tonsmeire, vice-president of the City Bank and Trust Company, Mobile, Ala., deprives that institution of a most capable and efficient officer and the community of a valued citizen.

When the bank was organized he was its first bookkeeper and general clerk. In January, 1906, Mr. Tonsmeire was elected assistant cashier; in January, 1908, was elected cashier, and in January, 1912, he was elected active vice-president, in which office he served with success until the date of his death, March 31, 1914.

—Lexington will be the place and September 22 and 23 the time for the next annual meeting of the Kentucky Bankers' Association.

—Texas bankers held the annual convention of their association at Fort Worth, May 5, 6 and 7. Secretary Hoopes presented a report showing a present membership of 1388. J. R. Pondrom of Texarkana was elected president. Next year's convention will be held at Waco.

—The Jefferson County Savings Bank of Birmingham, Ala., now occupies its new twenty-seven story building, which is one of the finest banking and commercial structures of the South. This bank began business in 1885 with \$50,000 capital. At pres-

ent it has capital and surplus of \$780,717 and over \$3,000,000 of resources.



NEW BUILDING OF THE JEFFERSON COUNTY SAVINGS BANK, BIRMINGHAM, ALA.

—The Georgia State Bankers Association, in session at Atlanta May 9, endorsed L. P. Hillyer of Macon, Class A, and Captain F. D. Bloodworth of Savannah, Class C, directors of the regional bank at Atlanta. Both of these men are among the most prominent bankers in the State.

The officers of the association for the ensuing year are:

President, L. G. Council, president Planters' Bank, Americus.

First vice-president, F. S. Ethridge, president Jackson Banking Company, Jackson.

Second vice-president, Charles P. Lewis, vice-president Fourth National Bank, Macon.

Third vice-president, Rufus H. Brown, cashier Georgia Railway Bank, Augusta.

Fourth vice-president, Joseph W. Hefferman, vice-president and cashier Germania Bank, Savannah.

Fifth vice-president, O. B. Bishop, cashier Bank of Adamsville.

Secretary, Haynes McFadden, secretary the Southern Banker, Atlanta.

Treasurer, E. C. Smith, vice-president and cashier Griffin Banking Company.

General counsel, Orville A. Park, Macon. Z. H. Clark of Moultrie was elected vice-president for Georgia of the American Bankers Association; C. H. Lewis of Atlanta, chairman of the nominating committee for this association, and F. T. Hardwick of Dalton, alternate.

M. B. Lane, president of the Citizens' and Southern Bank of Savannah, gave a dinner at the Capital City Club to the ex-presidents of the Georgia Bankers' Association. Mr. Lane organized the association in 1892 and since that time there have been twenty-three presidents. Many of them were present, together with other distinguished bankers from Georgia and from other States. The dinner was a beautiful one and Mr. Lane was enthusiastically toasted as the father of the organization.

—The North Carolina Bankers' Convention met at Raleigh, May 12, 13 and 14. A splendid welcome was given the visitors. Resolutions were adopted protesting against the prohibition of "interlocking bank directorates" where the banks concerned had a capital of less than \$5,000,000. These officers were chosen: T. E. Cooper of Wilmington, president; J. L. Armfield of Thomasville, W. S. Blakeley of Monroe and W. B. Drake of Raleigh, vice-presidents; W. A. Hunt of Oxford, secretary.

—The Citizens National Bank of Macon, Ga., is going in for a new thirteen-story building.

—It is expected that about November 1 work will be begun on the new building of the Lynchburg (Va.) National Bank, on the site recently purchased, with a forty-

Utah Savings & Trust Company Salt Lake City, Utah

Commercial—Savings—Trust—Bonding

Capital . . . \$300,000

Surplus & Profits, 100,000

OFFICERS:

W. S. McCornick,
President

E. A. Wall,
Vice-President

W. Mont Ferry,
Vice-President

Frank B. Cook,
Cashier

N. G. Hall,
Asst. Cashier

Facilities for thorough banking service.

Expeditions and intelligent handling of collections throughout this inter-mountain country.

25 Years Old

Title Certificates


Title Insurance

two foot frontage on Main street and a depth of 132 feet on Ninth street. Alfred Bossom, the well-known New York bank architect, will draw the plans.

—A newspaper dispatch from Bristol, Virginia-Tennessee, gives this interesting bit of news: This is a city divided within itself by the Federal Reserve Bank districting. The Tennessee half of the city goes under the Atlanta Reserve Bank, while the Virginia half goes under the Richmond bank. The Bristol, Tenn., banks asked to be placed in the Richmond district, but the request was denied. Bristol is said to be the only city in the United States that is similarly situated with reference to the reserve banks.

—Under the leadership of President Oliver J. Sands, the American National Bank of Richmond is doing some excellent work in behalf of better agricultural development of the South. The bank recently printed a leaflet containing an extract from the "Wall Street Journal" relating to stock raising in the South, and to this extract the bank adds the following:

"The statistics printed in this leaflet can-



IF intelligent handling of items and low rates appeal to you send us your **BUFFALO BUSINESS**

Capital and Surplus, \$1,200,000.00

A. D. BISSELL, President
C. K. HUNTLEY, Vice President
E. H. HUTCHINSON, Vice-President
E. J. NEWELL, Vice-President
HOWARD BISSELL, Cashier
C. G. FEIL, Asst. Cashier
A. J. ALLARD, Assistant Cashier
G. H. RANGERT, Assistant Cashier

not fail to impress the thoughtful reader with the possibilities of meat production in the South.

"All parts of the country have awakened to the value of the South as the section capable of producing the best crops and well adapted to the raising of meat. It remains only for the people to realize the golden opportunity which is at their door, and the sooner they take advantage of it the better it will be for the country at large. The South, with the large amount of idle land, which if properly taken care of, would make ideal pastures for cattle and sheep, is unconsciously losing thousands of dollars each year. Let the farmers and those who own country lands begin the raising of stock and the cultivation of corn upon a scientific basis, and always selecting the best seeds for planting, the financial result will be highly satisfactory to the producer, and the land will be brought to a greater state of fertility.

"The American National Bank of Richmond Va., is constantly gathering such information for the benefit of the public, be-

cause we believe that in the development of the farm lands of the South lies a large portion of the nation's wealth."

—About July 1 the Quarter Savings Bank of Wheeling, W. Va., will begin the work of reconstructing the Senate Hotel property, recently purchased for the use of the bank, and which it is expected will be ready for occupancy by May 1, 1915.

The Quarter Savings Bank has been established for about ten years and has prospered remarkably under the capable administration of Cashier J. F. Ebeling, ranking to-day among the foremost banking institutions in the State.

—On April 29 the Peoples Bank and Trust Company of Norfolk, Va., moved into its new and well-appointed banking rooms in the handsome eight-story building of the Southern Produce Company at Commercial place and Water street.

—Maryland bankers are to hold their nineteenth annual convention at Cape May, N. J., June 16, 17 and 18. Speakers at the convention will be Hon. Carter Glass, chairman of the Banking and Currency Committee, House of Representatives; C. H. Gray, president Western Maryland Railway; Mayor Preston; O. P. Austin, secretary National Geographical Society, Washington; Claude Gilbert, national bank examiner for the State of Maryland; Prof. Nicholas Schmitz of the Maryland Agricultural College, and O. E. Weller, chairman Maryland State Roads Commission.

—The National Bank of West Virginia, at Wheeling, has absorbed the City Bank of Wheeling. The succeeding institution will have \$900,000 capital and about \$7,000,000 of resources. A new bank and office building will be erected.

KINGS COUNTY TRUST COMPANY

City of New York, Borough of Brooklyn

Capital, Surplus and Undivided Profits Over \$2,890,000

ULIAN D. FAIRCHILD, President
ULIAN P. FAIRCHILD,
WILLIAM HARKNESS,
D. W. McWILLIAMS
WILLIAM J. WASON, JR., } Vice-Presidents

OFFICERS

THOMAS BLAKE, Secretary
HOWARD D. JOOST, Asst. Sec'y
J. NORMAN CARPENTER, Trust Officer
GEORGE V. BROWER, Counsel

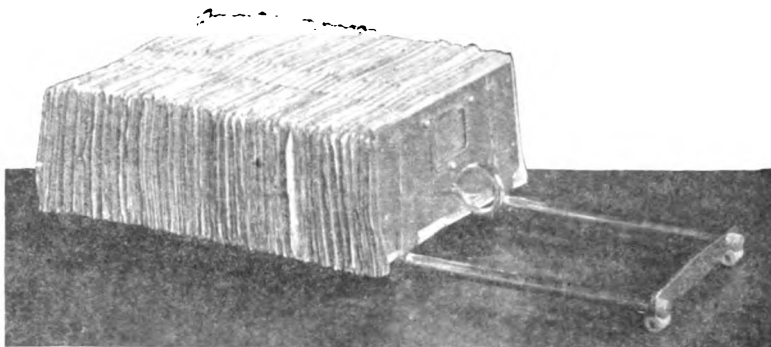
TRUSTEES

WALTER E. BEDELL
EDWARD C. BLUM
GEO. V. BROWER
FREDERICK L. CRANFORD
ROBERT A. DRYSDALE
JULIAN D. FAIRCHILD
JULIAN P. FAIRCHILD
JOSEPH P. GRACE

WILLIAM HARKNESS
JOSEPH HUBER
WHITMAN W. KENYON
JOHN McNAMEE
D. W. McWILLIAMS
HENRY A. MEYER
CHARLES A. O'DONOHUE
CHARLES E. PERKINS

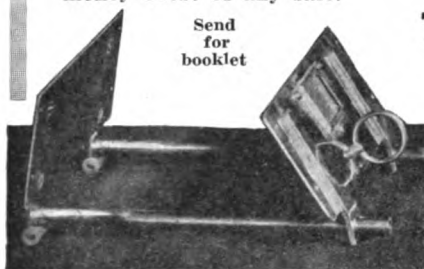
DICK S. RAMSAY
H. B. SCHARMANN
JOHN F. SCHMADEKE
OSWALD W. UHL
JOHN T. UNDERWOOD
W. M. VAN ANDEN
LLEWELLYN A. WRAY
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ACCOUNTS INVITED. INTEREST ALLOWED ON DEPOSITS



THE KOHLHAAS CURRENCY FILE.

The one way to handle paper money in bulk without the use of rubber bands or tapes. The currency holder for every bank teller's cage. The holder that minimizes space, and prevents bills from wrinkling. The **KOHLHAAS CURRENCY HOLDER** is elastic, and will fit the money chest of any safe.



Send
for
booklet

THE CURRENCY HOLDER CO.

Calumet, Michigan

—Banks that are to become affiliated with the Federal Reserve Bank at Richmond sent representatives to a meeting in that city, May 18, to take the necessary steps for organizing the new bank. John M. Miller, Jr., vice-president of the First National Bank of Richmond, acting as chairman of the local member banks, called the meeting to order. R. G. Rhett, president of the People's National Bank of Charleston, S. C., was elected permanent chairman, and J. S. Hill, cashier National City Bank, Charleston, W. Va., secretary. The following were recommended for directors of the Federal Reserve Bank:

Group 1, Class A.—Waldo Newcomer, president National Exchange Bank of Baltimore.

Group 1, Class B.—George J. Seay, business man of Richmond.

Group 2, Class A.—Col. John F. Bruton, president First National Bank of Wilson, N. C.

Group 2, Class B.—D. R. Coker, merchant and farmer of Hartsville, S. C.

Group 3, Class A.—Edwin Mann, president First National Bank of Bluefield, W. Va.

Group 3, Class B.—James F. Oyster, wholesale produce dealer of Washington, D. C.

—Bankers met at Dallas, Texas, May 18 and organized the Federal Reserve Bank for District No. 11. Signers of the incorporation certificate represented banks in Shreveport, La., Durant, Okla.; El Paso, Houston and San Antonio.

—On May 4 the Bank of Tidewater, Norfolk, Va., occupied its new home at High and Middle streets. The new building is spacious and attractive and well fitted up for the safe and convenient handling of business.

—The new Central State Bank and Trust Company, Dallas, Texas, opened for business April 27 with \$200,000 capital and these officers: L. L. Henderson, president; C. B. Gillespie, active vice-president; H. M. Hardie, cashier, and Fred Kelly, assistant cashier.

—New quarters of the Victoria (Tex.) National Bank have been fitted up in the Welder Building and are now occupied by the bank.

—J. L. Sutton resigned recently as Superintendent of Banks for the State of Tennessee, to accept the presidency of the new Mercantile National Bank of Memphis.

It is interesting to note that a successor to Mr. Sutton will be chosen by the Govern-

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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

F. W. ANDERSON & COMPANY

34 Beekman Street, New York

nor from a list of five names submitted by the executive council of the Tennessee Bankers' Association.

—Hon. Thomas R. Marshall, Vice-President of the United States, addressed the Florida Bankers' Association, in convention at Lakeland, on the evening of April 25.



WESTERN STATES

Chicago

—An interesting compilation has been issued by the Central Trust Company of Illinois showing the growth and changes in the various classes of banks in Chicago from 1896 to 1913, inclusive. A somewhat striking feature is the consolidations shown in a number of cases. The compilation is valuable not only for its presentation in detail of the remarkable growth of the Chicago banks, but for giving a great deal of banking history in a concise form.

—A classification of the national banks in the Chicago Federal Reserve District has been made by the First National Bank, showing the number and capitalization of banks in each of the three groups.



St. Louis

—Contemplating the probability of installing a savings department, which would require additional space, the Third National Bank has purchased the property on Broadway immediately adjoining the present building.

—The Fidelity Trust Company of Indianapolis announces the purchase of the five-story building and site at 142 to 148 East Market st. The ground has a frontage of thirty-nine feet in Market street and a depth of 110 feet. The building was occupied for years by the Security Trust Company, and the last two years by the Home Insurance Agency and the Marion County State Bank.

The building will be used as the home of the Fidelity Trust Company, which has been at 156 and 158 East Market st (a few doors east of the new purchase) for the last five years. The officers of the trust company do not expect to move into the new home for several months. They propose to work out plans for the erection of a new twelve-story building.

—Miss Jessie Gillett, daughter of the late J. Gillett, a wealthy citizen of Logan county, Ill., has been elected president of the First National Bank of Lincoln, Ill.

—At the annual convention of the North Dakota Bankers' Association, to be held at Williston, N. D., July 1 and 2, formal addresses will be delivered as follows:

"Good Roads," by William G. Edens, assistant secretary of the Central Trust Co. of Illinois, Chicago; "Some Thoughts on Liquidation," by E. R. Gurney, vice-president of the First National Bank of Fremont, Neb.; "Live Stock and Dairying," by Charles L. Hill, Rosendale, Wis., president of the Guernsey Breeders' Association of the United States; "Guarantee of Deposits," by L. E. Phillips, cashier of the Bartlesville (Okla.) National Bank.

—Bankers of Federal Reserve District No. 9 met at St. Paul, April 24, to take action looking to the organization of the Federal Reserve Bank which is to be located at Minneapolis.

At the meeting, Joseph W. Selden of Michigan, Joseph Chapman of Minnesota, A. C. Johnson of Montana, L. F. Crawford of North Dakota, N. E. Franklin of South

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Dakota and F. W. Humphrey of Wisconsin were named to form the committee by each selecting five additional representatives from his State. Mr. Chapman has chosen N. F. Barnfield of Austin, D. S. Culver of St. Paul, C. T. Jaffray of Minneapolis, W. E. Hegardt of Duluth and W. W. Smith of Sleepy Eye to act with him.

—Extensive improvements are being made in the building of the Alexander County National Bank, Cairo, Ill. The interior will be rebuilt and the vault space largely increased.

—An interesting story relating to the new Federal Deposit and Trust Company of Dubuque, Iowa, is told by the "Times-Journal" of that city.

The corner stone was laid December 10, 1913, and the building was finished March 10, 1914.

A short time ago representatives of the "Times-Journal" made a canvas of Dubuque with a view of ascertaining the number of families not having savings accounts. It was learned that over four thousand local families were without funds in any savings institution, which means that as many as twelve thousand of our inhabitants failed to provide for "the rainy day." The organization of the Federal Bank, as it is popularly called, suggested the idea of a

campaign throughout the city and county, to encourage the people to open a bank account. The "Times-Journal" was able to make satisfactory arrangements with the directors of the new bank, who gave their hearty approval to the plan, with the result that the Federal Bank becomes the depository for all the people in Dubuque county.

The new bank is the outgrowth of a natural demand locally for a trust company, the first in northeastern Iowa. Not only will this institution handle savings accounts and pay interest on deposits, but it will have departments to handle insurance of all kinds, purchase and sell local corporation stocks for clients, manage local real estate as well as collect rents, pay taxes and attend to repairs.

The popular response to the efforts of the "Times-Journal" indicates the campaign will be one of the most important in the history of the county.

—The First National Bank of Milwaukee, Wis., now occupies its splendid building recently completed and representing an outlay of \$3,000,000. It is sixteen stories high and one of the fine business structures of the Northwest.

—At a cost of some \$200,000, the Dime Savings Bank of Toledo, Ohio, will put up a new building, the contract for which has



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been awarded already. Construction will be of steel, with a light terra cotta exterior.

—Parties interested in other Minnesota banks have organized the Farmers and Merchants State Bank of Carlton, Minn., with \$10,000 capital and \$2,000 surplus. C. W. Garden is president; C. P. Osburn, vice-president, and J. A. Gillespie, cashier. It is the intention to put up a new building for the use of the bank.

—An expenditure of some \$50,000 is contemplated by the Citizens National Bank

of Des Moines, Iowa, in remodeling its present building.

—The Miners and Mechanics Savings and Trust Company of Steubenville, Ohio, is now installed in its new home.

—Here are the banks named to organize the Minneapolis Federal Reserve Bank: Capital National Bank, St. Paul; Merchants National Bank, Billings, Mont.; First National Bank, Grand Forks, N. D.; First National Bank, Lead, S. D.; Commercial National Bank, Oshkosh, Wis.



PACIFIC STATES

—Commemorating the twenty-fifth anniversary of the service of Robert S. Lamotte with the Crocker National Bank of San Francisco and the retirement of Alfred B. Ford, a dinner was given the bank's foreign department in honor of these gentlemen on the evening of April 16, at Solaris, the officers and staff of the bank participating. Through the courtesy of John Clausen, manager of the foreign department of the Crocker National Bank, THE BANKERS MAGAZINE has received a copy of the

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Francisco, and has been connected with that institution continuously for more than thirty years. He was secretary of the California Bankers Association from



ROBERT M. WELCH

THE NEW PRESIDENT OF THE CALIFORNIA BANKERS ASSOCIATION

—Long Beach, Cal., impatient at the delay in placing a bond issue, is agitating the establishment of a municipal bank.

—At the annual convention of the California Banker's Association, held at Oakland, May 27, 28 and 28, Robert M. Welch was elected president. Mr. Welch is vice-president and director of the Savings Union Bank and Trust Company, San

1893 to 1911, and was elected vice-president in May, 1913.

Mr. Welch is a native of Maryland. He went to California in 1874.

—Negotiations are reported under way for the consolidation of the Security Trust and Savings Bank, Portland, Oregon, with the First National Bank. This will give the First National a savings department,

and the trust work will still be carried on by the Security Trust and Savings Bank.

—J. B. Coulston, president of the Crown City National Bank, Pasadena, Cal., has purchased a majority of stock in the National Bank of Commerce and will either merge the bank with the Crown City National or else with its savings department. For the purpose of making it possible to do a trust business, in addition to its regular commercial and savings departments, the Crown City Savings and Trust Company has increased its capital to \$250,000.



CANADIAN NOTES

—The Canadian Bank of Commerce has a new Toronto branch under the management of S. H. Falkner.

—The annual statement of the Imperial Bank for the year ending April 30 last shows that the net profits for the twelve months, after deducting all charges of management and allowing for bad debts, amounted to \$1,236,984. Along with the balance of \$1,003,988 brought forward and premiums on new stock to the amount of \$211,830 there was the sum of \$2,452,804 available for distribution. Dividends to the amount of \$834,783, being at the rate of twelve per cent., were paid. The sum of

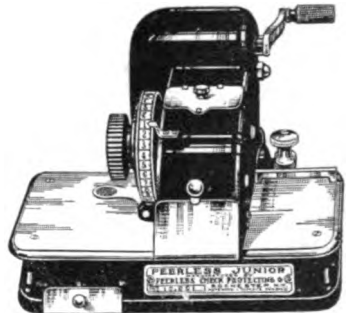
\$27,590 was placed to the credit of officers' pension fund and \$250,000 was set aside for depreciation of securities. Bank premises were written down by the amount of \$74,601 and \$1,265,919 was carried forward.

These figures constitute a record in the history of this bank. The profits when compared with the average capital employed during the year amount to 17.8 per cent., as compared with 17.3 per cent. in the last fiscal year, and with 17.4 per cent. in 1905-6. In point of amount these earnings are also a record, being \$111,000 in excess of last year's record.

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