

SECOND

BIENNIAL REPORT

of the BANKING DEPARTMENT

OF THE

STATE OF MISSISSIPPI



1916-1917

BIENNIAL REPORT
of the BANKING
DEPARTMENT
OF THE
STATE OF MISSISSIPPI



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Commissioners

W. P. HOLLAND, *Clarksdale*
N. C. HILL, *Hattiesburg*
LEWIS E. CROOK, *Meridian*
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Examiners

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Assistant Examiner

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TO THE LEGISLATURE OF THE STATE OF MISSISSIPPI

In pursuance to Section 56, Chapter 124 of the Laws of 1914, the Board of Bank Examiners of the State of Mississippi beg to submit a full report of the work of the Banking Department, which carries with it a list of Charters issued, a list of the banks that have been liquidated through the Department; and also submit recommendations with reference to certain changes in the law which we consider pertinent.

These suggestions are made after the most careful and mature thought and after applying the laws practically for more than four years, and are suggestions which we believe, if in your wisdom you see fit to enact, will remedy the little defects which exist here and there, and will enable the Banking Department to carry on its work more speedily and more satisfactorily, both to the banks and to the examiners themselves.

At the outset we want to reiterate a statement made to your honorable body in our first annual report, and that is that the Banking Act of 1914 is a splendid piece of legislation, and has stood the most crucial test and criticisms during the four years it has been in practical operation.

We do not deem it wise at this time to suggest any material changes in this Law, which is a most excellent one, but these suggestions which we embody herewith are merely minor and will not in any way materially change the rudiments or fundamental principles upon which the law is built.

On page 9 of this report you will find a list of the banks that have been liquidated by this Department during the years 1916-1917. You will notice that since the Guaranty Law has been in effect only five banks have failed. Most of these were small institutions and their failure is not due to any fault of the law, but was caused by internal divisions or dissensions or other troubles of that nature.

On account of the small assessment, as the Law now provides, on bank deposits the Guaranty Fund has been slow in building up, and to-day the Guaranty Fund amounts to \$80,327.04. We are of the opinion that it will be necessary to use all of this amount and probably more in paying off the balance due depositors of these five banks now in liquidation. Some of these failures

were bad and the resources of the banks are going to be inadequate to take care of the Depositors.

We beg to report, further, that with the exception of the year 1917 only one assessment has been made on bank deposits. In the year 1917 two assessments were made of 1-20 of one per cent each.

As stated in our first report, as time goes on greater confidence is felt in our State Banks and their management and supervision, which is better indicated by the splendid increase in deposits during the past three years. In December, 1915, there were 281 State Banks doing business in Mississippi with a total deposit of \$54,936,519.54. In December, 1917, there were 285 State Banks in Mississippi with a total deposit of \$107,375,767.68. This wonderful increase in deposits can be attributed largely to the new Banking Law and the increased confidence of the public in the banks and bankers throughout the State of Mississippi, which has induced money to come from its hiding and be placed on deposit in our State Banks, thereby furnishing resources which are being used in building up and developing those particular communities.

On page 15 you will find a report in detail of the work done by each Examiner and their Assistant, and the expense incurred by each one.

On page 10 is given a list of the banks that have been authorized to do business by this Department since January 1st, 1916.

In accordance with the law, every bank in the State of Mississippi has been examined twice each year by some one of the Examiners, a change of Examiners being made each time. Besides this the banks have been required to make a detailed statement to the Banking Department, under oath of their officers, at least five times each year as to their condition. These reports have been scrutinized by the Secretary as well as the Examiners, and the banks have been required to comply fully with all the demands of the law. Also a detailed report of the earnings and dividends, as well as an expense account, is required to be made by each bank to this Department under oath of its officers. This last report is very helpful and a wise provision of the law.

The liquidation of the five banks which have been forced to close their doors is progressing fairly well. To handle successfully the estate of a defunct bank is hard and tedious work. These liquidations are in the hands of the best possible men, and we

feel that they are being handled to the best interest of the Banking Department and the Guaranty Fund. As to the final results of the liquidations it is impossible to say at this time. They are necessarily slow, and the law requires that all assets of the bank be disposed of before we can draw on the Guaranty Fund; so as yet the Guaranty Fund is intact, which now has a total of \$80,327.04. It will possibly be another twelve months before we will draw on this fund, or we will know definitely what amount or portion of this fund it is going to be necessary to use in paying the balance due depositors of these defunct institutions.

On page 15 of this report is a detailed list of the financial condition of the Banking Department. This report will show amounts collected from different sources, disbursements, balance of cash on hand at this date, and also the condition of the Guaranty Fund and how the Guaranty Fund has been invested.

Pursuant to this Act, the Bank Examiners have invested all of the idle money belonging to the Guaranty Fund in Government, District and County Bonds, all paying from 4 to 5½ per cent interest.

The constructive work of the Department is considered to be one of the best features of the work. We feel that great good is being done along this line by the examiners. Besides seeing that the banks comply with the provisions of the Banking Law, a great many valuable suggestions are made and are being readily adopted by the banks, thereby improving their conditions, making them better banks, and in a great many instances helping develop the communities.

We suggest that Section 28 of the Banking Law be so amended as to give the Banking Department final power to accept or reject, or discretionary power of approval of the establishment of new State banks in Mississippi. This suggestion is made because of the fact that often times parties undertake to organize a bank in a community other than for business reasons, and in a community where there is not sufficient business to support two banking institutions, or even one bank, which really makes a losing proposition for both banks, and in time proves a loss to the depositors or to the Guaranty Fund.

In our work we have found it necessary at times, where there were two banks in a community, to liquidate one bank through the other, which really can be called a merger, but for the good of the community and the depositors, as well as the stockholders,

it was absolutely necessary to close out one of the banks in this way. We suggest that the law be so amended as to permit or legalize the liquidation of one bank through another, or to merge two banks in a community, with the approval or consent of the Board of Bank Examiners. When conditions require work of this nature it is necessary to act quickly, and in as much as the law is silent on this subject, the Board of Examiners suggest that their acts in such cases be legalized, and these mergers or consolidations can be made in a community and be legal, provided they are approved by the Board of Bank Examiners.

Attorneys: The Examiners have found in the progress of their work that it sometimes becomes their duty, in the liquidation of insolvent banks especially, to prosecute criminally persons who have been instrumental in wrecking these banks, and their experience has been that the District and State attorneys have been so overcrowded with work it has been necessary to employ additional legal assistance in the prosecution of these cases. In such instances the Examiners have been very much embarrassed by the fact that no fund or provision has been made for such purpose; and in most instances the assistance they have received has been offered by attorneys through friendship for the Board, and through their desire to see the Banking Law properly and fully executed. We would suggest that a law be enacted to provide for attorney's fees where such prosecution and other advice is necessary.

Salaries: We respectfully suggest, in order to maintain at all times as bank examiners men of experience and of the highest standing in the banking profession, that a material increase should be made in the salaries of the examiners. This increase should be sufficiently great to attract and hold the best possible men in the banking profession. This suggestion is made at this time on account of the material advance in the cost of living. It has been absolutely necessary in the business world to raise the salaries of officials and office help commensurate with the increased cost of living; and in justice and equity it appears that the Legislature should follow this precedent. We also suggest that on account of the material increase in the volume of business of the banks, thereby imposing more work on the examiners, taking more of their time, that Section 10 of the Banking Law be amended so that all the salaries of the Assistant Examiners

shall be paid out of the maintenance fund of the Department. In this connection we beg to remind your honorable body that all the expenses of this department and the salaries of the examiners and assistants are paid out of funds created by the assessment of banks, and is not a tax upon the people of Mississippi.

Chairman: Under the present Banking Law, the duties of the Chairman of the Board of Examiners are not fully defined or prescribed, and we respectfully recommend that Section 2 of the Banking Law be so amended that the Board of Bank Commissioners shall elect one of the three Bank Examiners as Chairman of the Board of Bank Examiners, whose duties shall be to preside at all meetings of the Board and to have general supervision of the office, giving same the necessary time and attention so that all business of the Department shall be dispatched with promptness and decision.

Guaranty of Public Funds: It is estimated by competent authority that premiums paid on bonds securing public funds in State Depositories of Mississippi aggregate more than \$75,000.00 per annum. From the fact that public funds do not come under the guaranty of bank deposits this premium on such funds is lost to the Guaranty Fund and to the State as well. In this day of conservation of all resources we submit the recommendation and urgently request that the Guaranty Law and Depository Law be so amended in the following provisions as to direct into the Guaranty Fund this stream of premiums that are now lost to the State:

First: That Guaranteed Banks in the State of Mississippi may accept Public or Depository funds without bond to the amount of twice the capital and surplus of the bank, which amount of public funds shall be guaranteed by the Guaranty Fund of the State of Mississippi.

Second: That all guaranteed Public or Depository funds on deposit in Guaranteed Banks of this State shall be assessed for Guaranty Fund at a rate of one half of one per cent, (for one assessment only per annum) upon the funds on deposit during the year.

Third: That Public or Depository funds in excess of twice the Capital and Surplus of any bank receiving such funds shall be protected by a fidelity or depository bond: that under no consideration shall a State Bank secure its public funds by the hypothecation of its own assets.

Fourth: That Sec. 35 of the Banking Law be so amended as to require the Guaranty Fund shall be built up to \$1,000,000.00 instead of \$500,000.00 as is now required.

Clearing Houses: In the conduct of the banking business of the State, in order that the banks may better co-operate in serving the public interests in their communities, to prevent hazardous competition in which they might be prompted to engage, and to assist each other in cases of financial stress, we would recommend to your honorable body that the present laws regarding clearing houses be repealed, and that the laws of Mississippi of 1908 be re-inacted and its operation be placed under supervision of the Banking Department.

Competency of Notaries: In some communities it is very necessary for public convenience that an officer, employee or stockholder of the bank be appointed as Notary Public, and we would urgently recommend that a law be enacted making valid the acts of Notaries in transactions in which the bank is interested.

Saturday Half Holiday: In the present Negotiable Instruments Act there is a provision that Saturday afternoon is a holiday and certain transactions after noon Saturday are invalid. We would suggest that for the public good and convenience this provision be amended so as to legalize certain Bank transactions made afternoon Saturday.

Ninety-Six Hours Bill of Lading Law: Under the present law governing the time of remittance of funds in payment of a sight draft with bill of lading attached, it was the original intent that only the drawee of the draft could stop the remittance of the funds, but there appears to be some ambiguity in the wording of the law. We would suggest that this law be so amended that banks accepting a waiver or release from the drawee of such a draft will be protected in making immediate remittance of the funds.

Uniform Warehouse Receipts: We do not deem it necessary to remind your honorable body of the wisdom of enacting a Uniform Warehouse Receipt law; but urgently recommend that such a law be enacted.

We submit this report, and urgently request for the amendments and laws suggested herein the favorable consideration of your honorable body.

Respectfully,
BOARD OF BANK EXAMINERS.

January 1, 1918.

STATEMENT OF BANKS LIQUIDATED.

Liquidations Completed Since Last Report.

NAME OF BANK	LOCATION	Date put in Liquidation	Percentage of Credits Paid to January 1, 1918
Bank of Boyle	Boyle	Aug. 15, 1914	100%
Greenwood State Bank	Greenwood	Aug. 4, 1914	100%
Bank of Hermanville	Hermanville	Dec. 1, 1914	100%
Peoples Bank	Holly Springs	May 27, 1914	100%
Bank of Commerce	Lexington	Aug. 13, 1914	100%
Peoples State Bank	Ruleville	Mar. 22, 1915	100%
Bank of Tutweiler	Tutweiler	Feb. 3, 1915	100%
West Banking & Trust Co.	West	Sept. 15, 1914	100%

BANKS IN PROCESS OF LIQUIDATION.

NAME OF BANK	LOCATION	Date put in Liquidation	Percentage of Credits Paid to January 1, 1918
*Peoples Bank	Bassfield	May 2, 1914 ✓	45%
*Penny Savings Bank	Columbus	Oct. 10, 1914 X	20%
Covington County Bank	Collins	Feby. 1, 1916	00%
Bank of Commerce	Gulfport	Dec. 14, 1916	00%
*Bank of Commerce	Meridian	Oct. 29, 1915 ✓	90%
*Bank of Mound Bayou	Mound Bayou	Aug. 21, 1914 X	6 1/2%
Bank of Newton	Newton	Feby. 16, 1916	60%
*First State Bank	Pittsboro	Oct. 24, 1914 ✓	00%
Bank of Sallis	Sallis	May 23, 1917	00%
Peoples Bank	Wiggins	Feby. 18, 1916	10%

*Banks thus indicated were not guaranteed.

NEW BANK CHARTERS APPROVED

NAME OF BANK	LOCATION	Date Approved	Capital Stock
Delta Bank & Trust Co.....	Clarksdale.....	Feb. 2, 1916	\$100,000
Potts Camp State Bank.....	Potts Camp	Feb. 25, 1916	10,000
D'Lo Guaranty Bank.....	D'Lo.....	Apr. 11, 1916	15,000
Greenwood Bank and Trust Co...	Greenwood	May 29, 1916	35,000
Chalybeate Bank.....	Walnut.....	Sept. 27, 1916	10,000
Citizens Bank.....	Tunica.....	Oct. 4, 1916	30,000
Peoples Bank.....	Senatobia.....	Oct. 11, 1916	20,000
Bank of Commerce.....	New Albany.....	Nov. 24, 1916	50,000
Bank of Wiggins.....	Wiggins.....	Dec. 4, 1916	10,000
Bank of Olive Branch.....	Olive Branch.....	Jan. 9, 1917	15,000
Peoples Home Bank.....	Ruleville.....	Feb. 14, 1917	10,000
Bank of Drew.....	Drew.....	Feb. 6, 1917	25,000
Planters Bank.....	Shaw.....	Feb. 26, 1917	25,000
Bank of Gulfport.....	Gulfport.....	Mar. 19, 1917	50,000
Citizens Bank.....	Philadelphia.....	June 18, 1917	50,000
Citizens Bank.....	Marks.....	Aug. 6, 1917	25,000
Bank of Crowder.....	Crowder.....	Oct. 17, 1917	10,000
Total.....			\$490,000

STATE BANKING DEPARTMENT

11

SUMMARY OF THE CONDITION OF THE STATE BANKS REPORTING TO THE BOARD OF BANK EXAMINERS OF THE STATE OF MISSISSIPPI.

RESOURCES

	281 Banks Reporting Dec. 31, 1915.	275 Banks Reporting March 7, 1916.	276 Banks Reporting May 1, 1916.
Loans and discounts.....	\$39,696,580.19	\$41,570,659.12	\$42,676,281.65
Overdrafts, secured.....	4,819,284.48	2,341,516.46	2,277,288.13
Overdrafts, unsecured.....	88,791.12	124,786.19	48,690.79
Bonds, securities, etc.....	4,277,699.94	3,933,235.15	4,112,194.36
Guaranty fund State Treasurer.....	228,000.00	224,500.00	226,500.00
Banking house and lot.....	1,174,901.63	1,095,935.71	1,110,998.76
Other real estate.....	1,144,185.72	1,126,583.54	1,157,247.76
Furniture and fixtures.....	395,351.85	386,124.37	371,548.94
Due from other banks.....	16,737,516.74	16,552,646.06	14,315,657.12
Exchanges for clearings.....	266,741.34	189,279.32	198,681.68
Other cash items.....	80,371.48	53,843.36	36,479.62
Paper currency.....	2,113,138.00	1,468,039.00	1,377,731.00
Frac. currency, nickles and cents.....	55,005.39	54,744.64	51,244.70
Gold coin.....	144,960.78	150,130.53	144,688.53
Silver coin.....	490,711.92	447,627.38	382,009.96
Miscellaneous resources.....	1,019,386.08	592,154.69	382,643.10
TOTALS.....	\$72,732,626.66	\$70,311,805.52	\$68,869,886.10

LIABILITIES

Capital stock.....	\$ 9,949,025.00	\$ 9,757,025.00	\$ 9,757,525.00
Surplus.....	2,376,497.20	2,699,417.07	2,723,734.39
Undivided profits.....	1,652,511.08	1,240,923.33	1,481,991.92
Dividends unpaid.....	69,892.58	7,789.17	4,242.17
Individual deposits.....	36,656,857.76	34,658,367.71	31,808,771.08
Savings Accounts.....	8,165,985.85	9,103,972.22	9,177,898.71
Demand certificates of deposits.....	122,953.92	248,477.66	95,544.24
Time certificates of deposit.....	7,828,193.67	8,719,927.64	9,338,070.42
Certified checks.....	23,276.99	30,445.64	42,216.80
Cashiers checks.....	182,891.67	221,074.58	137,816.73
Due to other banks.....	1,956,359.68	1,969,146.57	1,667,063.37
Notes and bills re-discounted.....	209,672.30	61,333.35	197,740.04
Bills payable, including certificates of deposit representing money borrowed....	3,138,000.00	1,193,678.14	2,034,009.81
Reserve for accrued interest.....	61,873.41	68,200.70	90,573.48
Reserved for accrued taxes.....	53,647.91	53,850.76	64,701.61
Miscellaneous liabilities.....	284,987.64	278,175.98	247,986.33
TOTAL.....	\$72,732,626.66	\$70,311,805.52	\$68,869,886.10

SUMMARY OF THE CONDITION OF THE STATE BANKS REPORTING TO THE BOARD OF BANK EXAMINERS OF THE STATE OF MISSISSIPPI

RESOURCES

	276 Banks Reporting June 30, 1916.	277 Banks Reporting Sept. 12, 1916.	280 Banks Reporting Nov. 17, 1916.	281 Banks Reporting Dec. 27, 1916.	284 Banks Reporting March 5, 1917.	284 Banks Reporting May 1, 1917.	285 Banks Reporting June 20, 1917.
Loans and Discounts.....	\$42,748,278.80	\$45,391,255.10	\$47,646,473.00	\$49,257,678.56	\$51,329,794.02	\$52,592,281.74	\$53,376,845.68
Overdrafts, secured.....	1,383,197.90	1,064,293.44	8,133,343.12	7,060,883.72	4,187,825.97	2,802,601.96	2,385,622.22
Overdrafts, unsecured.....	47,068.12	80,552.58	179,747.78	157,072.34	60,631.56	72,051.25	78,833.85
Bonds, securities, etc.....	4,045,782.76	5,637,454.49	6,027,679.12	6,400,116.49	7,028,882.75	7,804,965.21	8,879,198.86
Warrants (State, County, District and Municipal)	426,423.21	517,619.48	892,136.30	1,318,932.28	669,513.50	523,087.43	614,796.21
Guaranty fund with State Treasurer.....	237,000.00	239,500.00	241,500.00	243,000.00	247,000.00	297,000.00	298,000.00
Banking house and lot.....	1,120,701.83	1,160,099.67	1,138,209.48	1,152,762.72	1,123,267.73	1,120,956.24	1,127,062.39
Other real estate owned.....	1,166,483.18	1,142,833.36	1,119,076.98	1,058,006.17	993,462.85	1,006,223.71	1,061,619.09
Furniture and fixtures.....	373,025.90	375,607.07	389,620.39	392,151.98	351,683.82	359,521.39	364,018.57
Due from other Banks.....	13,870,317.58	12,501,524.68	24,469,905.55	26,620,462.24	24,665,948.36	21,446,162.93	19,384,001.02
Exchanges and checks for next day's clearings.....	130,986.84	177,250.85	293,271.72	193,382.85	260,431.18	198,123.76	183,868.25
Other cash items.....	24,536.97	62,764.04	30,952.04	57,939.83	48,365.14	34,076.54	33,394.29
Currency.....	1,410,704.65	1,507,808.00	2,005,667.00	2,509,061.00	1,714,440.00	1,749,951.00	1,629,233.00
Gold Coin.....	134,920.63	144,183.13	144,065.08	1500103.78	153,687.08	158,244.73	161,512.23
Silver coin, Nickels and Cents.....	479,034.11	470,332.24	533,132.62	560,677.91	521,871.41	511,204.86	522,739.80
Miscellaneous.....	417,339.74	132,303.54	280,334.07	237,340.04	238,662.27	270,426.35	159,814.13
TOTAL.....	\$68,015,862.22	\$70,605,381.67	\$93,525,114.25	\$97,369,571.91	\$93,595,467.64	\$90,946,879.10	\$90,260,559.59

LIABILITIES

Capital stock.....	\$ 9,583,025.00	\$ 9,602,925.00	\$ 9,668,225.00	\$ 9,676,925.00	\$ 9,630,025.00	\$ 9,721,025.00	\$ 9,758,825.00
Surplus fund.....	2,770,246.41	2,760,396.38	2,785,207.04	2,793,879.56	3,207,241.90	3,212,841.57	3,237,910.29
Undivided profits, less amount paid for Int. Expenses and taxes.....	1,591,560.23	1,551,279.03	1,864,830.56	2,090,247.24	1,198,043.47	1,513,765.10	1,741,486.36
Dividends unpaid.....	17,198.67	4,424.92	2,979.17	2,614.17	7,765.42	5,537.42	3,650.42
Individual deposits subject to check.....	31,473,752.04	29,966,150.39	46,763,206.73	49,812,905.76	46,503,877.10	42,484,950.03	40,851,659.77
Savings deposits.....	7,563,722.35	9,551,297.64	10,403,728.62	11,027,105.04	11,919,003.39	12,497,365.86	12,852,081.19
Time certificates of deposit.....	9,808,146.10	10,005,499.49	11,794,515.25	12,158,221.71	14,468,247.47	15,152,640.44	15,472,097.77
Bank deposits.....	1,651,329.19	1,854,779.22	4,633,353.80	5,224,121.49	4,208,957.02	3,566,541.98	3,472,400.32
Certified checks.....	28,298.50	17,237.97	21,832.73	38,896.50	35,528.18	40,025.16	23,213.51
Chashier's checks outstanding.....	101,191.31	192,753.92	311,760.94	266,857.69	201,329.12	161,930.80	177,310.02
Notes and bills re-discounted.....	482,256.30	503,326.74	585,864.73	595,619.72	227,210.30	331,149.57	208,241.64
Bills payable, including certificates of deposit representing money borrowed.....	2,395,676.67	4,300,185.42	4,198,066.67	3,266,500.00	1,427,000.00	1,732,500.00	1,881,858.16
Reserved for accrued interest on deposits.....	80,398.44	82,968.41	109,102.48	124,779.33	129,894.41	140,183.18	154,890.92
Reserved for accrued taxes.....	73,926.30	92,550.96	111,567.03	101,225.63	85,249.55	81,413.34	86,015.28
Miscellaneous.....	395,134.71	119,606.18	270,873.50	189,673.07	345,095.31	305,009.65	338,918.94
TOTAL.....	\$68,015,862.22	\$70,605,381.67	\$93,525,114.25	\$97,369,571.91	\$93,595,467.64	\$90,946,879.10	\$90,260,559.59

SUMMARY OF THE CONDITION OF THE STATE BANKS REPORTING TO THE
BOARD OF BANK EXAMINERS OF THE STATE OF MISSISSIPPI.284 Banks
Reporting
Sept. 11, 1917.

Loans and discounts.....	\$56,254,879.10
Overdrafts, secured, \$.....	609,977.92
Overdrafts, unsecured, \$.....	96,131.44
Bonds, securities, etc.....	10,090,011.84
Warrants (State, County and Municipal).....	852,545.01
Guaranty Fund with State Treasurer.....	299,000.00
Banking house and lot.....	1,130,604.58
Other real estate owned.....	1,063,134.09
Furniture and fixtures.....	372,840.04
Due from other Banks.....	18,973,857.52
Exchange and checks for next day's clearings.....	196,461.04
Other cash items.....	44,886.33
Currency.....	1,681,571.00
Gold coin.....	161,613.75
Silver Coin, Nickels and Cents.....	521,782.30
All other items of resources, viz:.....	129,156.63
Total.....	\$92,478,452.59

LIABILITIES

Capital stock.....	9,768,825.00
Surplus fund.....	3,261,447.27
Undivided profits, less amount paid for interest, taxes and current expenses.....	1,739,115.22
Dividends unpaid.....	6,099.92
Individual deposits subject to check.....	41,810,140.15
Savings deposits.....	12,904,687.44
Time certificates of deposit.....	15,220,831.43
Bank deposits.....	3,244,450.40
Certified checks.....	37,840.25
Cashier's checks outstanding.....	213,605.22
Notes and bills re-discounted.....	380,588.57
Bills payable, including certificates of deposit representing money borrowed.....	3,318,218.54
Reserved for accrued interest on deposits.....	124,490.10
Reserved for accrued taxes.....	110,348.54
All other items of liability, viz:.....	337,755.54
TOTAL.....	\$92,478,452.59

SUMMARY OF THE CONDITION OF THE STATE BANKS REPORTING TO THE
BOARD OF BANK EXAMINERS OF THE STATE OF MISSISSIPPI.

	285 Banks Reporting Nov. 20, 1917.
Loans and discounts.....	\$65,248,017.05
Overdrafts, secured, \$.....	9,869,642.77
Overdrafts, unsecured, \$.....	183,996.64
Bonds, securities, etc.....	14,719,106.50
Warrants (State, County and Municipal).....	1,363,349.56
Guaranty Fund with State Treasurer.....	299,500.00
Banking house and lot.....	1,155,566.17
Other real estate owned.....	1,007,897.50
Furniture and fixtures.....	381,354.75
Due from other Banks—for public funds.....	879,296.60
Due from other Banks—commercial or reserve funds.....	30,163,428.12
Exchange and checks for next day's clearings.....	389,097.67
Other cash items.....	62,701.30
Currency.....	2,907,071.00
Gold coin.....	136,614.73
Silver Coin, Nickels and Cents.....	612,733.65
Bonds loaned.....	177,200.00
All other items of resources, viz:.....	809,259.32
TOTAL.....	\$130,365,853.33

LIABILITIES

Capital stock.....	\$ 9,788,825.09
Surplus fund.....	3,301,660.87
Undivided profits, less amount paid for interest, taxes and current expenses.....	2,213,236.05
Dividends unpaid.....	5,653.58
Individual deposits subject to check.....	69,553,750.29
Savings deposits.....	13,908,982.58
Time certificates of deposit.....	15,493,621.78
Bank deposits—other than branches.....	5,567,695.47
Certified checks.....	44,134.30
Cashier's checks outstanding.....	506,445.50
Due Branch Banks.....	921,488.68
Due Banks (Overdrawn accounts).....	459,363.40
Notes and bills re-discounted.....	641,810.01
Bills payable, including certificates of deposit representing money borrowed.....	6,756,417.35
Reserved for accrued interest on deposits.....	170,963.66
Reserved for accrued taxes.....	127,335.25
Bonds borrowed.....	334,500.00
All other items of liability, viz:.....	569,969.56
Total.....	\$130,365,853.33

STATEMENT OF BANKS EXAMINED AND EXPENSE.

NAME OF EXAMINER	No. of Banks Examined	SALARIES	Traveling Expenses
E. F. ANDERSON.....	254	\$6,000.00	\$2,201.00
J. S. LOVE.....	267	6,000.00	2,151.85
S. S. HARRIS.....	267	6,000.00	1,825.86
H. KNOX WALLER..... (Assistant Examiner)	286	2,700.00	2,087.24
TOTALS.....	1074	\$20,700.00	\$8,265.95

MAINTENANCE FUND.

Receipts and Disbursements for 1916-1917.

RECEIPTS.

	1916	1917
Balance shown by report of Jan. 1st, 1916.....	\$ 80.00	
Assessments collected.....	19,169.78	\$25,156.40
Fees for Special Examinations.....	34.97	35.41
Organization Fees.....	280.00	210.00
Certified Copies of Reports sold.....	9.00	38.50
Interest on Deposit.....	184.81	204.73
TOTALS.....	\$19,758.56	\$25,645.04

DISBURSEMENTS.

E. F. Anderson, Examiner—Salary.....	\$ 3,000.00	\$ 3,000.00
J. S. Love, Examiner—Salary.....	3,000.00	3,000.00
S. S. Harris, Examiner—Salary.....	3,000.00	3,000.00
H. Knox Waller, Asst. Examiner—Salary.....	1,350.00	1,350.00
Robert L. Hall, Office Asst.—Salary.....	1,800.00	1,800.00
E. F. Anderson, Examiner—Traveling Expenses.....	1,075.46	1,125.54
J. S. Love, Examiner—Traveling Expenses.....	1,062.78	1,089.07
S. S. Harris, Examiner—Traveling Expenses.....	924.75	901.11
H. Knox Waller, Asst.—Traveling Expenses.....	1,059.16	1,028.08
Office Expense, (Including Telegraph and Telephone Service.....	209.99	244.40
Postage and Stamped Envelopes.....	434.28	690.40
Furniture and Fixtures.....	223.73	425.17
Printing and Stationery.....	793.43	711.04
Premiums on Surety Bonds.....	354.98	500.00
TOTALS.....	\$18,288.56	\$18,864.81

RECAPITULATION.

Receipts 1916.....	\$19,758.56	
Receipts 1917.....	25,645.04	
TOTAL RECEIPTS.....		\$45,403.60
Disbursements 1916.....	\$18,288.56	
Disbursements 1917.....	18,864.81	
TOTAL DISBURSEMENTS.....		\$37,153.37
BALANCE ON HAND.....		\$ 8,250.23

**BANK DEPOSITORS' GUARANTY FUND
OF THE STATE OF MISSISSIPPI.**

Balance shown by Report of Jan. 1st, 1916.....	\$18,951.42	
Receipts 1916.....	15,719.75	
Receipts 1917.....	45,655.87	
TOTAL.....	\$80,327.04	

DISTRIBUTION OF GUARANTY FUND.

Invested, under provision of section 35 of the Mississippi Banking Law, as amended, in bonds as follows:

Indian Creek Drainage District.....	\$15,977.13	
Madison County Road District No. 4.....	10,317.03	
Lincoln County Road District No. 2.....	12,994.11	
Lincoln County Road District No. 4.....	12,989.36	
	\$52,277.63	
Cash in State Depositories.....	28,049.41	
	\$80,327.04	
TOTAL.....	\$80,327.04	
Bonds and Cash in "Guaranty Fund with State Treasurer".....		\$299,500.00

THIRD

BIENNIAL REPORT
OF THE
Banking Department
OF THE
State of Mississippi



1918-1919

BIENNIAL REPORT
OF THE
BANKING DEPARTMENT
OF THE
STATE OF MISSISSIPPI
1918-1919



COMMISSIONERS

LEWIS E. CROOK, *Meridian*
N. C. HILL, *Hattiesburg*
M. G. McNAIR, *Gulfport*
ADDIE B. GREELY, *Secretary*

EXAMINERS

E. F. ANDERSON, *Clinton*
J. S. LOVE, *Hattiesburg*
S. S. HARRIS, *Tupelo*

MISSISSIPPI DEPARTMENT OF ARCHIVES & HISTORY
JACKSON, MISSISSIPPI

TO THE LEGISLATURE OF THE STATE OF MISSISSIPPI.

In keeping with Section 56, Chapter 124 of the Laws of 1914, the Board of Bank Examiners hereby submits a full report of the Banking Department of the State of Mississippi; showing the various work executed and administered by the Board of Bank Examiners and the growth of the banking business of the State, necessitating the enlargement of this Department. Certain recommendations are also submitted with reference to certain legislation which the Board of Bank Examiners considers necessary for the further growth of the banking business of the State and for the successful administration of the Law by this Department.

The banks of Mississippi have enjoyed wonderful prosperity during the last two years, and we are glad indeed to advise that not a failure of a State Bank has occurred since our last report to your Honorable Body. There have been three (3) voluntary liquidations in which the depositors have been paid in full from the assets of the banks. On page 11 will be found the banks liquidated and those in process of liquidation.

On page 12 will be found a list of the banks chartered and opened for business since our last report; there being six (6) banks with a total capital stock of one hundred and thirty thousand (\$130,000.00) dollars in 1918, and nineteen (19) banks with a total capital stock of four hundred and eleven thousand (\$411,000.00) dollars in 1919. Of these new banks chartered two (2) were National banks which surrendered their National charters and converted into State banks.

On page 15 is a statement of the work of the various examiners and assistants, showing the number of examinations made and the salaries and expenses incurred. By examining this report of the work done, it will be found that for more than one reason we have been unable to make the required two examinations each year of all the banks of the State, and are now six months behind with the regular examinations. This

condition is due to the rapid growth of the volume of business in the banks, requiring longer time on the examinations, and to our inability to keep Assistant Examiners on the work because of the insufficient salary paid by the Department. It is impossible to attract efficient men as Assistant Examiners at the present salary paid by the Department. The Law should be amended giving some relief along this line.

Statement of the Maintenance Fund as shown on page 16.

Statement showing the condition of the Depositors' Guaranty Fund is found on page 17. This statement shows that two extra assessments were made in 1918 and three extra assessments in 1919. These extra assessments were made for the purpose of relieving the banks which have been carrying the Guaranty Certificates of the five (5) banks reported in process of liquidation at the last session of the Legislature. These certificates are not cancelled but are held by the Department for the Depositors' Guaranty Fund as a claim on the assets of the banks upon which we have been unable to realize to this date, consisting principally of real estate in localities for which there has been little demand. The assessments made to date, together with bonds owned for the Depositors' Guaranty Fund, with the next regular assessment to be made in January, will be sufficient to purchase all these outstanding certificates and the assets upon which they have claim should bring into the Depositors' Guaranty Fund approximately \$79,000.00.

As far as the fundamental principles and practical operation of the present Banking Law is concerned, we would suggest only a very few changes, but we feel that some very important legislation is necessary for the growth of the banks of the State in handling the ever increasing volume of commercial business, and to permit their affiliation with members of the Federal Reserve System in their work.

Acceptances: In this connection we would suggest that a law be enacted granting authority to State Banks in the issuance of Bank and Trade Acceptances and Letters of Credit. Such a Law would enable the Banks of Mississippi to re-discount their Acceptances with members or branches of the Federal Reserve Bank, and thus facilitate the handling of a much

larger volume of business on the same capital than can be done under the present system. Federal Reserve Banks are refusing to handle Trade Acceptances now for State Banks of Mississippi because the statutes of Mississippi are silent on that point. It is very essential that this be enacted.

Branch Offices: Some of the cities of the State have reached such size that it would facilitate the handling of business and greatly accelerate the growth of banks in these cities if the establishment of branch offices were permitted within the same city or town in which the parent bank is located. We would suggest that a law be enacted permitting the establishment and maintenance of such branch offices in cities having a population of ten thousand or more.

Bonded Officers and Employees: It is the custom among banks that active officers shall furnish fidelity bond for the faithful performance of their duties, and it is the policy of this Department to request that officers be bonded, but some of the banks have questioned the authority of the Board in this matter, as the law is silent, and we request that a law be enacted requiring the furnishing of a fidelity bond by all officials and employees of trust in State Banks of Mississippi.

Guaranty of Public Deposits: The Depository Laws provide that public deposits shall be secured, either by fidelity bond, or by United States, State, County or Municipal bonds. These laws were enacted sometime prior to the enactment of the Banking Law of 1914. The Banking Act written in 1914, provided for the guaranty of commercial and individual deposits and did not supersede or modify the depository laws, nor were they changed to conform to the principle of the guaranty of bank deposits. The inequalities of the guaranty feature of the Banking Act, without amendment of the Depository Laws, evidently were overlooked in the enactment of the Banking Laws of 1914. The results of these inequalities are that PUBLIC DEPOSITS ON DEPOSIT IN A FAILED STATE BANK MAY BE AS DIRECT A LIABILITY ON THE GUARANTY FUND AS ARE THE COMMERCIAL AND INDIVIDUAL DEPOSITS. Three facts are to be borne in mind in proof of this statement:

First—A State Bank, under the provisions of the Depository Laws, as stated above, can receive public funds on deposit on (1) : if secured by fidelity bond or (2) : if secured by pledge of United States, State, County or Municipal bonds directly with the treasurer of the State, County or Municipality depositing such funds.

Second—To procure a fidelity bond it is not an unusual requirement of the bonding company to demand of the bank a pledge of its assets in an amount equal to or for a portion of the amount of the bond written. These bonds pledged to the treasurer or to the bonding company, of course, are the property of the bank pledging them.

Third—That public deposits are exempt from any tax for the support of the Guaranty Fund.

Therefore since the Guaranty Fund is liable for the payment of public funds held on deposit by failed guaranteed banks, the Depository and Banking Laws should be amended so as to provide for the guaranty of public deposits, and it should be a misdemeanor for a State Bank to pledge any of its assets, directly or indirectly to secure public funds. Our recommendations are that relief should be given under the following plans:

First—That State Banks may receive on deposit public funds, without bond, to an amount equal to twice the capital and surplus of any bank bidding, which amount shall be guaranteed. That all guaranteed public deposits shall be assessed for the Guaranty Fund at a rate not to exceed one half of one per cent per annum (For only one assessment per annum) upon the funds on deposit during the year.

Second—That public deposits held in excess of twice the capital and surplus of a State Bank must be secured by a fidelity bond; that none of the assets of a State Bank may be pledged, directly or indirectly, to secure public deposits. That the double liability of stockholders of State Banks shall not be impaired by indemnifying a bonding company for a bond to secure public funds.

Third—That Section 35 of the Banking Act be amended so as to provide that the Guaranty Fund shall be built up to

\$1,000,000.00, instead of \$500,000.00 as originally provided, when assessments shall cease.

Besides this suggested new legislation we submit, after five years of administration of the Banking Law, that a few changes of the present Banking Law are very necessary for its successful execution and the maintenance of this Department:

Salaries: In the beginning of this report we showed that we are six months behind with the regular work of this Department. This condition is due principally to the fact that the business has grown to where it is necessary to have more assistants in the work than was anticipated in the original law, and to the fact that we have been unable to maintain a full force because the salaries paid by the Department are not sufficient to attract men of such ability and qualifications as the law and the execution of the work requires. Under the present law (which standard should be maintained except as to age) one qualified for the work of assistant examiner is able to and does attract higher salaries and positions from the banks of this and other states, and we have been unable to keep men with the Department. Not an assistant examiner at present is employed. We recommend and earnestly request that Section 10 be amended so that the salary to be paid to assistant examiners shall be at the rate of \$2500.00 per annum, payable monthly; and that the qualification be so changed that the age limit for assistant examiners be reduced to twenty-five (25) years instead of thirty (30) years as at present.

The salary paid to the members of the Department is not in keeping with salaries paid to men of similar standing and qualification in the banking and commercial world. Men possessed of ability to fill the office of Bank Examiner of Mississippi are receiving higher salaries than that paid to the members of this Board; and, as a result, two of these Examiners, Messrs. J. S. Love and S. S. Harris, are tendering their resignation because they feel that they owe it to themselves to accept positions which offer higher salaries and better financial opportunities than those offered here. We recommend that Section 7 be amended to read \$5,000.00 per annum.

Under the present law the members of the Board of Bank Commissioners are allowed a per diem of five dollars while in the actual discharge of their duties. We feel that this compensation is not in keeping with the value of their services to this Department nor with the compensation they receive in their professions. We therefore recommend that Section 4 be amended so as to provide that a yearly compensation of \$300.00 be allowed each Commissioner, payable monthly.

The work, volume of correspondence and filing in the office has increased to such proportions that a secretary, or one person, as mentioned in the original law, is unable to handle it, and it is imperative that some relief be given in this respect. The salary paid the office assistant is not in keeping with the ability necessary to handle this work and we recommend that Section 9 be so amended as to make the salary of the office assistant \$2400.00 per annum; and also to provide for a clerk or stenographer in the office at a salary of \$1200.00 per annum.

You will notice from the report of the Maintenance Fund on page 16 that the revenue derived by the Department from the assessment of the banks is sufficient to meet the salaries and expenses outlined in these suggestions.

Directors: Section 50 requires that a director shall be the owner of two hundred dollars par value, unincumbered, of the capital stock of the bank of which he is a director. We suggest that this section be so amended as to require that this stock be kept on file in the securities of the bank for the inspection of the examiners on their regular calls.

Penalties: Sections 18 and 43 provide that banks or bankers violating the requirements of these sections shall be guilty of misdemeanor and subject to certain fines. We suggest and recommend that these sections be amended to provide that the violators of these sections shall be subject to the penalties, mentioned as fines, payable to and for the use of the Maintenance Fund of the Banking Department.

Organization of New Banks: We suggest that Section 28 of the Banking Law be amended so as to give the Board of Bank Examiners discretionary power of approval of the establishment of new State Banks. This suggestion is made owing

to the present prosperous times there is a tendency to overdo in the banking field, especially so far as the necessity may exist for the organization of State Banks in small communities, where such institutions are being promoted almost daily. The result of creation of banks where not needed or the organization of banks to be administered by inexperienced laymen, or by men lacking in positive moral character, would certainly be unsafe and might be disastrous. We feel that the Department created for the administration and supervision of State Banks is best qualified to pass on the several features to be considered, and should have discretionary power of approval of the establishment of new State Banks.

Deposits in Proportion to Capital and Surplus: Owing to abnormal conditions existing, we suggest that Section 43 be amended so that for a period of two years after the passage of the amendment, State Banks will be permitted to accept deposits in excess of ten times the capital and surplus of the bank for twelve months instead of for six months, as now required.

General Legislation: In addition to the amendments to the Banking Laws which we have suggested, there occurs to us the necessity for the passage of the general laws enumerated hereunder, which are strongly recommended by the American Bankers Association, and which have already been made a part of the laws of a majority of the other states. These laws are necessary in making for uniformity in commercial or business transactions and facilitating the same, and will afford very certain protection as well to the public at large:

- (1) Uniform Warehouse Receipt Act
- (2) Uniform Bill of Lading Law
- (3) False statements for credit—a crime to make
- (4) Derogatory statements effecting banks
- (5) Burglary with explosives, fixing penalty
- (6) Fixing liability of bank to its depositor for payment of forged or raised check.
- (7) Limiting liability of bank for non-payment of check through error.

(8) Giving bank right to forward check direct to payer.

(9) Law to amend Section 4852 Code of Mississippi 1906, requiring banks to hold proceeds of draft for 96 hours, so as to read 48 hours, and where consignee or drawee waive to remit immediately.

(10) Fixing heavy penalty upon person who holds up bank.

This report and the suggested amendment and laws mentioned herein are submitted with our urgent request for their favorable consideration by your Honorable Body.

Respectfully,

BOARD OF BANK EXAMINERS

January 1, 1920.

STATEMENT OF BANKS LIQUIDATED
Liquidations Completed Since Last Report

NAME OF BANK	LOCATION	Date Put in Liquidation	Percentage of Credits Paid to Jan. 1, 1920
Bank of Crowder.....	Crowder	Sept. 30, 1918	100%
*Bank of Commerce.....	Meridian	Oct. 29, 1915	100%
*Bank of Mound Bayou....	Mound Bayou..	Aug. 21, 1914	6 1/4%
Hebron Bank.....	Newhebron ..	Oct. 24, 1918	100%
Peoples Bank.....	N. Carrollton.	Sept. 16, 1918	100%

BANKS IN PROCESS OF LIQUIDATION

NAME OF BANK	LOCATION	Date Put in Liquidation	Percentage of Credits Paid to Jan. 1, 1920
*Peoples Bank.....	Bassfield	May 2, 1914	43%
*Penny Savings Bank.....	Columbus	Oct. 10, 1914	30%
Covington County Bank....	Collins	Feby. 1, 1916	00%
Bank of Commerce.....	Gulfport	Dec. 14, 1916	00%
Bank of Newton.....	Newton	Feby. 16, 1916	85%
*First State Bank.....	Pittsboro	Oct. 24, 1914	†100%
Bank of Sallis.....	Sallis	May 23, 1917	9%
Peoples Bank.....	Wiggins	Feby. 19, 1916	15%

*Deposits not Guaranteed.

†Compromised settlement on all public funds.

NEW BANKS CHARTERED AND OPENED FOR BUSINESS

NAME OF BANK	LOCATION	DATE OPENED	CAPITAL STOCK
Guaranty Bank & Trust Co.	Oxford	April 6, 1918	\$ 25,000.00
Silver Creek State Bank	Silver Creek . .	April 15, 1918	10,000.00
*First State Bank	Holly Springs .	April 16, 1918	50,000.00
Newhebron State Bank	Newhebron . . .	Nov. 6, 1918	10,000.00
*Merchants & Farmers Bank	Eeru	Dec. 1, 1918	10,000.00
Peoples Bank & Trust Co.	N. Carrollton .	Dec. 7, 1918	25,000.00
Bank of Duncan	Duncan	Feb. 12, 1919	20,000.00
Bank of Dundee	Dundee	Mar. 5, 1919	10,000.00
Bank of Belmont	Belmont	April 16, 1919	10,000.00
Farmers Bank of Pace	Pace	April 16, 1919	10,000.00
Isola State Bank	Isola	May 27, 1919	25,000.00
Bank of Pass Christian	Pass Christian .	June 9, 1919	15,000.00
Bank of Michigan City	Michigan City .	Aug. 15, 1919	15,000.00
Peoples Bank	Weir	Aug. 12, 1919	10,000.00
Peoples Bank	Union	Aug. 25, 1919	20,000.00
Gloster Bank & Trust Co.	Gloster	Sept. 25, 1919	25,000.00
Washington & Issaquena Bk.	Glen Allen . . .	Oct. 1, 1919	26,000.00
Bank of Prairie	Prairie	Oct. 8, 1919	10,000.00
Citizens Bank	Byhalia	Nov. 4, 1919	25,000.00
Pearl River County Bank	Picayune	Nov. 4, 1919	25,000.00
State Guaranty Bk. & T. C.	Tylertown	Nov. 5, 1919	50,000.00
The Farmers Bank	Pittsboro	Nov. 11, 1919	10,000.00
Citizens State Bank	Moorhead	Nov. 17, 1919	50,000.00
Louisville Home Bank	Louisville	Dec. 30, 1919	20,000.00
Merchants & Farmers Bank . . .	Crenshaw	Nov. 15, 1919	35,000.00
			\$541,000.00

*Formerly a National Bank.

VOLUNTARY LIQUIDATIONS

NAME OF BANK	LOCATION	Date Put in Liquidation	CAPITAL STOCK
Bank of Crowder	Crowder	Sept. 30, 1918	\$ 10,000.00
Peoples Bank	N. Carrollton . .	Sept. 16, 1918	45,000.00
Hebron Bank	Newhebron . . .	Oct. 24, 1918	10,000.00

**SUMMARY OF CONDITION OF THE STATE BANKS REPORTING TO BOARD OF BANK EXAMINERS OF THE STATE OF MISSISSIPPI
RESOURCES**

	286 Banks Reporting Mar. 4, 1918	288 Banks Reporting May 10, 1918	288 Banks Reporting June 29, 1918	287 Banks Reporting Aug. 31, 1918	285 Banks Reporting Nov 1, 1918	288 Banks Reporting Dec., 31, 1918
Loans and discounts -----	\$ 67,471,393.00	\$ 66,664,161.86	\$ 68,736,726.92	\$ 68,884,979.43	\$ 73,719,433.77	\$ 74,274,061.26
Overdrafts, secured -----	8,085,202.29	5,801,241.44	3,417,459.83	3,160,629.72	11,823,388.28	13,261,218.34
Overdrafts, unsecured -----	164,658.95	111,536.25	118,426.56	164,048.41	159,830.15	123,876.45
U. S. Bonds, Certificates of Indebted- ness and War Savings Stamps -----						
Bonds, securities, etc. -----	15,142,749.21	19,127,503.98	16,352,261.18	17,790,258.98	23,997,892.39	21,248,027.96
Warrants, State, County, Municipal -----	897,419.47	573,177.26	577,414.74	533,265.43	583,559.76	607,016.23
Guaranty Fund with State Treasurer -----	379,600.00	395,600.00	394,600.00	402,100.00	400,100.00	401,600.00
Banking house and lot -----	1,216,552.91	1,230,884.45	1,233,339.99	1,232,505.88	1,228,884.59	1,240,278.67
Other real estate owned -----	804,803.84	821,271.45	810,771.38	812,725.08	805,318.38	712,694.33
Furniture and fixtures -----	364,914.17	372,417.28	382,105.65	394,727.91	394,402.83	387,478.99
Due from other Banks—for public funds -----	1,197,484.00	1,621,059.65	959,010.95	638,979.21	819,079.00	495,539.32
Due from other Banks— commercial or reserve funds -----	28,863,073.99	21,386,519.75	22,590,149.87	17,226,146.35	24,991,387.00	29,131,191.70
Exchanges and checks for next day's clearings -----	503,528.49	349,315.66	287,819.94	320,825.32	612,030.65	658,729.38
Other cash items -----	94,440.02	75,202.16	43,189.99	66,182.92	41,582.45	106,607.71
Currency -----	1,938,049.00	2,329,483.00	1,610,033.00	1,618,852.50	3,397,471.68	4,333,996.00
Gold coin -----	133,589.00	143,096.00	133,776.50	124,238.83	102,283.19	98,950.00
Silver coin, Nickles and Cents -----	523,021.82	607,976.63	507,708.58	527,927.89	614,738.31	647,375.88
Bonds borrowed -----	280,600.00	271,500.00		206,800.00	276,600.00	281,300.00
All other items of resources, -----	3,481,309.30	2,541,641.62	1,507,479.33	886,702.49	437,991.98	1,185,112.96
Total -----	\$131,542,389.46	\$124,373,538.44	\$119,662,774.41	\$114,491,896.35	\$144,411,015.31	\$149,198,055.78

LIABILITIES

Capital stock -----	\$ 9,796,625.00	\$ 9,915,125.00	\$ 9,939,125.00	\$ 9,968,625.00	\$ 9,913,625.00	\$ 9,958,625.00
Surplus Fund -----	3,861,221.64	4,189,858.94	4,150,025.94	4,215,022.97	4,214,522.97	4,358,234.61
Undivided profits, less amount paid for interest, taxes & current expenses -----	1,409,280.26	1,835,645.40	1,896,240.15	1,902,458.22	2,264,936.65	1,958,084.19
Dividends -----	14,631.73	6,225.92	88,146.14	9,155.09	9,866.09	172,186.11
Individual deposits subject to check -----	70,960,232.72	63,045,725.18	58,398,791.28	52,592,130.92	76,515,104.34	83,891,325.59
Savings deposits -----	14,749,428.35	14,750,123.79	14,934,581.43	14,305,832.78	14,816,368.99	15,601,823.32
Time certificates of deposit -----	16,858,120.62	17,106,918.54	16,281,065.30	15,532,565.47	15,221,579.29	15,380,958.64
Bank deposits, other than branches -----	4,339,877.80	2,782,537.28	2,513,417.67	2,132,566.30	3,421,515.24	4,086,451.98
Due branch banks -----	32,447.30	45,214.80	27,628.18	23,444.82	33,870.45	21,744.88
Due Banks (overdrawn accounts) -----	320,109.92	593,864.02	280,268.22	230,611.31	408,772.38	831,100.77
Certified checks -----	1,092,441.38	1,195,370.04	899,384.53	1,028,630.36	1,052,886.50	1,173,984.81
Cashier's checks -----	455,271.67	236,792.99	26,143.94	128,157.88	174,592.34	45,087.14
Notes and bills re-discounted -----	650,442.86	776,206.23	1,042,515.79	700,977.20	1,179,938.35	2,674,020.37
Bills payable, including certificates of deposit representing money borrowed -----	4,926,060.44	5,641,713.58	7,208,873.41	10,731,328.10	13,049,946.38	7,037,727.63
Reserved for accrued interest on deposits -----	123,738.02	167,218.68	167,183.38	144,529.73	194,625.48	192,620.83
Reserved for accrued taxes -----	273,651.39	262,096.39	123,046.48	144,334.94	168,485.94	218,293.17
Bonds borrowed -----	324,100.00	271,500.00		206,800.00	276,600.00	281,300.00
All other items of liability -----	1,354,708.36	1,601,396.66	1,736,387.57	444,675.26	1,493,788.92	1,314,386.19
Total -----	\$131,542,389.46	\$124,373,538.44	\$119,662,774.41	\$114,491,896.35	\$144,411,015.31	\$149,198,055.78

**SUMMARY OF CONDITION OF THE STATE BANKS REPORTING TO BOARD OF BANK EXAMINERS OF THE STATE OF MISSISSIPPI
RESOURCES**

	289 Banks Reporting Mar. 4, 1919	291 Banks Reporting May 12, 1919	293 Banks Reporting June 30, 1919	297 Banks Reporting Sept. 12, 1919	306 Banks Reporting Nov. 17, 1919
Loans and discounts	\$ 78,875,613.09	\$ 79,261,395.50	\$ 77,531,407.75	\$ 86,604,605.68	\$106,983,921.95
Overdrafts, secured	7,233,952.93	6,608,163.78	4,920,579.74	2,211,137.12	20,925,383.49
Overdrafts, unsecured	106,650.19	559,462.05	89,633.64	115,713.68	312,117.23
U. S. Bonds, Certificates of Indebtedness, and War Savings Stamps	13,766,411.33	13,779,965.31	14,560,741.60	14,354,114.05	12,772,941.85
Bonds, securities, etc	7,934,347.75	8,265,146.95	9,079,641.19	10,489,722.29	10,797,354.76
Warrants, State, County, Municipal	306,059.94	252,294.62	326,656.71	436,356.60	847,650.87
Guaranty fund with State Treasurer	403,100.00	458,320.00	463,820.00	468,600.00	476,000.00
Banking house and lot	1,225,336.34	1,269,433.56	1,290,090.69	1,372,988.26	1,457,319.49
Other real estate owned	587,158.25	480,106.09	435,206.81	385,773.51	387,500.92
Furniture and fixtures	381,818.06	395,129.40	416,168.07	425,818.28	439,542.97
Due from other Banks—for public funds	534,918.91	865,869.32	528,769.55	741,808.74	551,050.35
Due from other Banks—commercial or reserve funds	28,068,021.89	26,722,457.70	29,682,400.40	21,066,023.81	44,983,860.46
Exchanges and checks for next day's clearings	519,016.77	504,776.00	478,118.62	390,265.67	883,244.59
Other cash items	62,414.97	41,990.22	36,277.41	61,248.20	86,100.50
Currency	2,534,142.00	2,427,836.54	2,332,688.00	2,991,704.68	4,690,563.00
Gold coin	101,001.00	111,670.95	111,442.88	133,156.26	126,818.00
Silver coin, Nickels and Cents	645,576.18	662,791.02	661,169.90	801,803.99	709,347.44
Bonds borrowed	384,200.00	641,250.00	735,250.00	855,150.00	1,318,350.00
All other items of resources	1,122,880.87	920,487.39	872,618.21	261,640.23	1,040,224.06
Total	\$144,792,620.47	\$144,228,546.49	\$144,552,680.67	\$144,167,661.05	\$209,789,301.93
LIABILITIES					
Capital stock	\$ 10,082,725.00	\$ 10,232,075.00	\$ 10,262,175.00	\$ 10,372,675.00	\$ 10,881,175.00
Surplus fund	4,911,277.08	4,998,776.53	5,093,301.73	5,241,329.20	5,380,464.20
Undivided profits, less amount paid for interest, taxes and current expenses	1,487,234.23	2,134,411.31	2,272,254.66	2,366,987.49	2,930,307.94
Dividends	18,437.61	178,533.49	50,589.48	33,793.68	5,586.23
Individual deposits subject to check	80,840,168.62	77,713,214.85	78,303,607.55	73,048,779.73	116,697,808.45
Savings deposits	16,762,259.27	17,832,775.14	18,433,814.14	18,742,434.82	20,570,175.07
Time certificate of deposit	16,850,501.72	17,134,407.76	17,764,270.48	19,981,662.79	22,247,248.27
Bank deposits, other than branches	3,908,212.72	3,913,353.81	3,841,371.89	2,943,369.87	8,256,518.03
Certified checks	32,988.12	39,647.67	23,717.78	64,085.35	111,647.18
Cashier's checks	431,313.50	355,498.82	329,356.18	446,671.13	903,972.67
Due branch banks	1,008,791.39	1,218,696.72	1,146,467.85	1,338,803.86	2,026,022.23
Due banks (overdrawn accounts)	29,355.72	36,901.16	31,772.84	69,291.17	214,671.93
Notes and bills re-discounted	338,520.00	899,900.51	619,194.26	771,876.78	1,428,378.08
Bill payable, including certificates of deposit representing money borrowed	5,831,312.50	4,981,562.50	4,052,975.00	6,854,251.48	18,893,350.00
Reserved for accrued interest on deposits	160,782.69	285,125.71	204,450.86	218,726.43	312,312.54
Reserved for accrued taxes	418,009.29	404,978.98	395,383.13	396,001.08	391,595.26
Bonds borrowed	384,200.00	641,250.00	735,250.00	855,150.00	1,318,350.00
All other items of liability	1,296,531.01	1,227,436.53	992,727.84	421,971.19	2,219,718.83
Total	\$144,792,620.47	\$144,228,546.49	\$144,552,680.67	\$144,167,661.05	\$209,789,301.91

STATEMENT OF BANKS EXAMINED

EXAMINER	NO. BANKS EXAMINED	
	1918	1919
E. F. Anderson	103	46
E. F. Anderson and C. L. Gaston	2	43
C. L. Gaston	54	58
E. F. Anderson, C. L. Gaston and J. B. Salmond	—	3
J. S. Love	35	24
J. S. Love and J. B. Salmond	32	36
J. B. Salmond	72	98
J. S. Love, J. P. Nanney and J. B. Salmond	1	..
J. S. Love and H. K. Waller	1	—
J. B. Salmond and J. K. Armstrong	—	2
S. S. Harris	41	63
S. S. Harris and J. P. Nanney	35	—
S. S. Harris and J. K. Armstrong	—	34
J. P. Nanney	56	—
S. S. Harris and H. K. Waller	5	—
H. K. Waller	15	—
J. K. Armstrong	—	51
S. S. Harris and C. L. Gaston	—	2
S. S. Harris, C. L. Gaston and J. K. Armstrong	—	1
S. S. Harris and J. B. Salmond	—	3
	<hr/> 452	<hr/> 464

MAINTENANCE FUND

Receipts and Disbursements for 1918-1919

RECEIPTS	1918	1919
Assessments collected.....	\$33,563.36	\$37,529.20
Fees for Special Examinations.....	424.92	1,054.51
Organization Fees	130.00	410.00
Fees for certified copies of reports.....	30.00	29.50
Depository interest	571.23	734.58
Refunded premium on Fidelity Bonds.....	108.00	161.11
Fees for special examination for State Bank Examiner		50.00
	<u>\$34,827.51</u>	<u>\$39,968.90</u>

DISBURSEMENTS

E. F. Anderson, Examiner—Salary.....	\$ 3,500.00	\$ 3,600.00
E. F. Anderson, Examiner—Expenses.....	1,344.70	1,538.29
J. S. Love, Examiner—Salary.....	3,500.00	3,000.00
J. S. Love, Examiner—Expenses.....	1,103.61	947.32
S. S. Harris, Examiner—Salary.....	3,500.00	3,600.00
S. S. Harris, Examiner—Expenses.....	1,168.32	1,203.02
H. K. Waller, Ass't. Examiner—Salary....	600.00	
H. K. Waller, Ass't. Examiner—Expenses..	396.19	
C. L. Gaston, Ass't. Examiner—Salary....	1,050.00	1,650.00
C. L. Gaston, Ass't. Examiner—Expenses..	716.44	1,298.22
J. B. Salmond, Ass't. Examiner—Salary...	1,137.10	2,050.00
J. B. Salmond, Ass't. Examiner—Expenses..	846.35	1,564.79
J. P. Nanney, Ass't. Examiner—Salary....	958.05	
J. P. Nanney, Ass't. Examiner—Expenses..	792.98	
J. K. Armstrong, Ass't. Examiner—Salary..		1,090.00
J. K. Armstrong, Ass't. Examiner—Expenses		785.49
R. L. Hall, Secretary	50.00	
J. J. Scarborough, Jr., Secretary.....	810.00	
Addie B. Greely, Secretary.....	900.00	1,800.00
Postage and stamped envelopes.....	543.18	744.86
Printing and stationary	1,016.09	1,096.74
Premium on Fidelity Bonds	900.00	800.00
Other office expenses (including Tel. and Telg. Service)	887.98	1,518.97
	<u>\$25,720.99</u>	<u>\$28,287.70</u>

RECAPITULATION

Balance as shown by report January 1, 1918	\$ 8,250.23	
Receipts 1918.....	34,827.51	
Receipts 1919.....	39,968.90	\$83,046.64
Disbursements 1918.....	\$25,720.99	
Disbursements 1919.....	28,287.70	54,008.69
Balance on hand.....		<u>\$29,037.95</u>

**STATEMENT OF THE DEPOSITORS' GUARANTY FUND
STATE OF MISSISSIPPI**

Balance as shown by report January 1, 1918.....\$28,049.41

RECEIPTS FOR 1918-1919

Regular assessments 1918	\$ 32,599.59	
Two extra assessments 1918.....	64,931.86	
Depository interest	898.49	
Interest on bonds owned	3,983.16	
Sale of bonds	4,500.00	\$106,913.10
<hr/>		
Regular assessments 1919.....	\$ 38,570.15	
Three extra assessments 1919.....	114,839.81	
Depository interest	3,367.62	
Interest on bonds owned	4,604.94	161,282.52
<hr/>		
		\$296,245.03

DISBURSEMENTS FOR 1918-1919

Invested under provision of Section 35 of the Mississippi Banking Law, as amended, in Bonds and Guaranty Certificates, as follows:

U. S. 2nd Liberty Loan Bonds.....	\$ 25,174.05	
Guaranty Certificates of		
Peoples Bank, Wiggins, Miss.....	42,994.99	
Covington County Bank, Collins, Miss.	49,488.58	\$117,657.62
Cash in State Depository.....	178,587.41	
<hr/>		
		\$296,245.03

RECAPITULATION

Total assessments made (1914-1919)....	\$329,104.28	
Interest	12,466.70	\$341,570.98
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Cash in State Depository.....\$178,587.41
Total investments of Depositors' Guaranty Fund as follows:

BONDS:

U. S. 2nd Liberty Loan....	\$25,000.00	
Indian Creek Drainage Dist.	15,000.00	
Lincoln County Road.....	22,500.00	
Madison County Road.....	8,000.00	70,500.00
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GUARANTY CERTIFICATES:

Peoples Bank, Wiggins, Miss.	\$42,994.99	
Covington County Bank, Collins, Miss.....	49,488.58	92,483.57
		\$341,570.98

FOURTH

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BIENNIAL REPORT
 OF THE
 BANKING DEPARTMENT,
 OF THE
 STATE OF MISSISSIPPI,
 1920-1921



COMMISSIONERS

LEWIS E. CROOK, Meridian
 N. C. HILL, Hattiesburg
 M. G. McNAIR, Gulfport

MISS NEELEY M. WARDEN
 Secretary

MRS. L. E. RISHER
 Assistant Secretary

EXAMINERS

E. F. ANDERSON, Clinton
 J. B. SALMOND, Lumberton
 S. W. WARDLAW, Oxford

ASST. EXAMINERS

A. F. McKEE, Jackson
 J. A. TERRAL, Jr., Meridian
 W. S. PETTIS, Ellisville

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STATE LIBRARY OF MASSACHUSETTS

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STATE HOUSE, BOSTON

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1920-21

STATE BANKING DEPARTMENT

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TO THE LEGISLATURE OF THE STATE OF MISSISSIPPI.

This review of the banking situation for the years 1920-1921 covers upon a period of a rigid test of the financial institutions of the country. It covers not only upon the period of the greatest inflation in prices of commodities that this country has ever known, the peak of which was reached before the close of 1920, but also upon a period of the sharpest decline in prices, in the shortest period of time that had ever before occurred. These periods of such sharp contrast in conditions existing within such a short time as twenty-four months, brought the country very near to a financial crash.

However, as the year 1921 comes to a close, there is a safe basis for optimism for material results in the way of recovery have been effected already. The tension is lessening, influenced in a large measure by the courage and indomitable spirit of those in charge of our financial institutions, the country over, and the reconstructive processes are being accomplished with such marked success that it is now evident that the greatest disasters which seemed imminent ten months ago have been averted.

We regard the banking situation in Mississippi as fundamentally sound. We have not passed through this period without some loss, but the loss sustained has fallen so well within any estimate of the minimum which could reasonably have been expected, that we feel happy over the situation. However, we do not mean to say that conditions are satisfactory in the sense that there are no further problems to overcome, for such a condition could not be realized so speedily. We believe, however, that a return to normal will be effected now with the minimum of difficulty.

The actual results showing from this period of drastic shrinkage in values, so far as bank failures in Mississippi are concerned, are gratifying. There have been seven failures in Mississippi in 1920-1921. The banks which have failed during this period, are listed hereunder in the order of their going into liquidation:

The Pelahatchie Bank, on October 14th, 1920.

The Bank of Carrollton, on December 18th, 1920.

The Farmers Bank of Boyle, on January 12th, 1921.

The State Bank of Sunflower, on March 10th, 1921.

The Delta Bank and Trust Co., Clarksdale, on March 15th, 1921.

The Commercial Savings Bank, Greenville, on March 18th, 1921.

The Bank of Goodman, on April 27th, 1921.

Of the above banks, which have been closed in the period under

review, one—the State Bank of Sunflower, is a solvent bank, and material dividends will be paid to the stockholders at the conclusion of the liquidation. Another,—the Commercial Savings Bank of Greenville, has been reconstructed, through the organization of a new bank with a new capital. No liability to depositors is outstanding from this failure, and all other creditors have been adequately provided for. Three banks of the seven—the Pelahatchie Bank, the Farmers Bank of Boyle and the Bank of Goodman, were forced to close, not on account of the condition existing, but on account of improper handling of the funds of the bank, by an active officer of each bank.

There are at the close of this period 328 state banks doing business in Mississippi. Upon the basis of seven failures for this period, there has been one failure for each 47 state banks. But if the actual number of failures is used in this comparison, there has been only one failure for each 66 state banks.

Comparison could be made with the conditions existing in some other states, with reference to the number of bank failures, and it can be shown that as many as fifty and more failures have occurred in some of the states in the last eighteen months, but it does not become necessary to deal in such comparisons, for we take it that those to whose attention these facts will be presented will not have forgotten so soon the terrors of the past eighteen months, and that it will be generally conceded that the results obtained in Mississippi are gratifying.

It is not our purpose to answer the critic who will complain of the losses that have been set upon the guaranty fund in this period. The records show that during the eight years of operation of the banking act the total losses which the guaranty fund has sustained and which it is estimated it is still to sustain from the failures reported above, amount to probably as much as \$1,035,000.00. Of this amount, a little in excess of \$284,000.00 represented losses sustained prior to 1920, and the balance, or \$751,000.00 represents losses sustained in the last eighteen months.

For your information, in this connection and with reference to the amount of loss still to be absorbed by the guaranty fund, we are submitting on page 21 of this report a condensed statement showing our present estimate of this loss. This in a measure is fairly well determined, and where not well determined we have made an effort to place the loss in each instance at what we now regard a maximum.

For your information, with reference to the banking situation from time to time during the past two years, we are printing in this report on page — condensed statement of the banks as of the several calls for 1920 and 1921. These statements show the shrinkage of the different items of assets and liabilities which followed the shrinkage of commodity prices during the period of deflation.

In this connection, or with reference to losses sustained, your attention is called to our report on the condition of the guaranty fund in condensed form on page — of this report, as well as a full report in another booklet given entirely to a report on liquidations of guaranteed banks which have gone into liquidation since the passage of the banking Act in 1914. It will be noted that prior to 1920 there had been five failures, and that since October 14th, 1920 there have been seven failures.

It is apparent that banking supervision and examination have obtained gratifying results in Mississippi. The banking laws have been given an acid test. We are expressing our opinion of the inadequacy of these laws in our recommendations with reference to change or amendments desired. Our legislative program has been put in pamphlet form and has been submitted to you for your consideration. The recommendations with one or two exceptions, you will note, are for the purpose of strengthening the guaranty feature. Generally speaking, the laws are adequate and represent some of the best principles of banking legislation incorporated in the laws of the several states where adequate or up-to-date banking laws have been provided.

Your attention is directed to the several items constituting our legislative program:

1. Uniform Depository Laws written for the purpose of establishing harmony between these laws and the banking laws. The benefits to be obtained will be: (a) A greater degree of protection for public funds, (b) Much less hazard to the bank, and (c) The guaranty fund will be compensated for the greater degree of protection to public funds, and for the reduction of hazard to the bank.

2. Our Bill listed as No. 3 in our pamphlet is a companion bill to our Uniform Depository Laws, amended so as to conform to these laws, which provides for distribution of public funds in state and national banks, and defines the security each character of bank shall furnish.

3. Our Bill No. 4 is written with the purpose of giving the depositors a prior claim on all of the assets of the bank, except under certain conditions. This is necessary with our guaranty feature.

4. Our Bill No. 5 is intended to express what we consider should be the **foundation principle** of our banking laws under our guaranty feature. The assets of the bank, without other exception than as stated, must be held to secure each dollar of deposit on a pro rata basis.

5. Our Bill No. 6 is intended to perfect the principle of the guaranty feature so as to provide for the payment of the depositor of a failed bank promptly upon the closing of the bank, so as to make stable the value of the guaranty certificate or obligation. The bill does not displace any of the existing provisions of the banking act.

6. Our Bill No. 7, so far as administration is concerned, and from every other consideration, is the most important measure we are submitting. There is no other test of adequacy of force other than our experience in the administration of the banking laws. The department has been handicapped from the beginning for lack of men in the field and assistants in the office. We are asking for two other assistant examiners. We really should have three more. With the force at our disposal, of six men, in examinations, it has been impossible to cover the territory as is required by law and by a safe policy of administration. The force is in fact practically reduced to five men in field work, for administrative and relief duties falling upon the chairman consume the major portion of his time.

Attention is called to the fact that on December 31st, the date of the last call for report of condition, there were 328 banks reporting. There is no bank in the state that can be given a careful examination in less than one day. The examination of a great number of banks require as much as from three to ten days time for one examiner. Also considerable time is required after the completion of the examination. A report of the examination must be filed in the office and an analysis of the condition of the bank as revealed in the examination must be made. Further time is consumed in follow-up work and making verifications.

The same status exists, with reference to the number of clerks in the office. The volume of work is daily increasing. Close supervision under the requirement of the law necessitates many office

records and much office work. As many as five and sometime six calls for report of condition are made in one year. The volume of work arising from these reports is heavy. There is a great volume of general correspondence passing through the office and a great amount of work arising from the liquidations of the several banks. The present office force is entirely inadequate.

For the proper safeguarding of the financial interests of the state as represented in the safety of our banks, it is necessary that a sufficient number of examiners be provided so that as many as two or more examinations can be made in each year, and necessary that another clerk be added to the office force. The foregoing statements in the paragraphs immediately above, are made for your information as a basis upon which you may determine upon a force adequate in number to handle the responsible duties of this department.

7. Our Bill No. 8 limits within certain restrictions, the amount a bank may borrow. This principle is a vital one.

8. Our Bills No. 9 and 10 are intended to give the banks relief which we regard as entirely just, and we ask your careful consideration of these measures.

While the above items cover our legislative programme, your attention is called to the uncertainty in the law as to the supervision of building and loan associations, domestic and foreign. Chapter 167, Laws of 1912, in Section 1 thereof, provides "That all building and loan associations now organized, or that may hereafter be organized under the laws of the State of Mississippi, shall be under the supervision of the State Auditor, or Bank Examiner, should such an office be hereafter created." Section 5 of the said chapter requires reports to be made to the "State Auditor or Bank Examiner" on blanks to be furnished by one or the other of these officers and failure to make proper reports may be penalized by the "State Bank Examiner or Auditor." And these officials are again referred to in the alternative in Section 6 of the Act, and in Section 7.

But in Chapter 124 of the Laws of 1914 creating the banking department no mention is made of building and loan associations. And the Act of 1912 seems to contemplate that there may be created the office of State Bank Examiner and upon such officer the duty and power of supervision of building and loan associations will be imposed. However there has been created no single office

of this kind. A board of bank examiners has been created made up of three examiners elected one from each of the three Supreme Court Districts, one of whom has no more power than either of the others. The 1912 act does not provide for the shifting of the supervision from the Auditor to a "Board of Bank Examiners" nor to "State Bank Examiners" but to a "Bank Examiner."

Besides the state banking department is maintained by the banks of the State and the banks are not interested directly in the building and loan associations. It was likely not contemplated that the banks should pay the expense of supervision of building and loan associations. The Act of 1912 probably anticipated the creation of the office of State Bank Examiner to be maintained by the State just as the office of State Auditor is maintained.

If the legislature should see fit to require of the state banking department the duty of supervision of building and loan association the duty will be willingly assumed but additional clerical help and an additional assistant would have to be provided. This assistant would have to be a man acquainted with the building and loan association business. And it would be necessary to provide for the raising of the funds to pay the additional help and expense of supervision, which expense should of course not be borne by the banks. And the legislature should better define the duties and powers of this board in this regard.

Now with reference to administration and field work. The work of the department, although handicapped as stated above, is proceeding smoothly and with a very definite purpose.

The administration or general supervision is assumed by the chairman as required under section 2 of the banking act. He has also had charge of the liquidations of all the banks with the exception of the Bank of Carrollton and the Delta Bank & Trust Company of Clarksdale, which are being handled by Mr. S. W. Wardlaw. Much reconstruction and salvage work that can not be tabulated in any report has been done by the examiners in the past two years.

Each chief examiner directs the examination work of his assistant when making examinations alone or unassisted, and after the report of the examination is placed in the hands of the chief examiner, it is his duty to analyze the condition as shown in the examination, and follow the examination to a satisfactory conclusion.

The work done by each examiner and each assistant in examination of banks is shown on page 14 of this report, and the expenses incurred by each and the amount of compensation received for services rendered is shown on page 14.

Other information with reference to the banking situation is furnished herein. Upon page 14 will be found a report of condition of the Maintenance Fund. On page 10 is furnished a list of those banks which have gone into liquidation within the last two years. On page 11 is a list of banks which have increased capital, and on page 11 is a list of those which have reduced capital in the past two years.

In conclusion, may we not ask a careful consideration of our program for the strengthening of the banking laws as well as a careful study of the accomplishment of this department in the period under review as reported herein.

Very truly yours,

BOARD OF BANK EXAMINERS.

December 31, 1921.

STATE BANKING DEPARTMENT

BANKS IN PROCESS OF LIQUIDATION

NAME OF BANK	LOCATION.	DATE PUT IN LIQUIDATION
Covington County Bank.....	Collins, Miss.....	Feb. 1st, 1916
The Bank of Newton.....	Newton, Miss.....	Feb. 16th, 1916
The Peoples Bank.....	Wiggins, Miss.....	Feb. 19th, 1916.
The Bank of Commerce.....	Gulfport, Miss.....	Dec. 14, 1916.
The Bank of Sallis.....	Sallis, Miss.....	April 23rd, 1917.
Pelahatchie Bank.....	Pelahatchie, Miss	Oct. 14th, 1920.
Bank of Carrollton.....	Carrollton, Miss...	Dec. 20th, 1920.
Farmers Bank.....	Boyle, Miss.....	Jan. 12th, 1921.
State Bank of Sunflower.....	Sunflower, Miss.....	March 12th, 1921
Delta Bank & Trust Co.....	Clarksdale, Miss...	March 15th, 1921
Bank of Goodman.....	Goodman, Miss.....	April 27th, 1921.

NEW BANKS CHARTERED AND OPENED FOR BUSINESS.

NAME OF BANK	LOCATION	DATE OPENED	CAPITAL STOCK
State Guaranty Bk. & Tr. Co....	Tylertown.....	Nov. 8, 1919	\$ 50,000.00
Citizens State Bank.....	Moorhead.....	Nov. 8, 1919	50,000.00
Farmers Bank.....	Pittsboro.....	Nov. 10, 1919	10,000.00
The Citizens Bank.....	Byhalia.....	Nov. 14, 1919	25,000.00
Pearl River County Bank.....	Picayune.....	Nov. 19, 1919	25,000.00
The Louisville Home Bank.....	Louisville.....	Dec. 29, 1919	20,000.00
Houston State Bank.....	Houston.....		25,000.00
Com'l Bank & Tr. Co.....	Okolona.....		25,000.00
Citizens State Bank.....	Heidelberg.....	Feb. 5, 1920	10,000.00
Planters Bank.....	Hollandale.....	Feb. 12, 1920	25,000.00
Bank of Arcola.....	Arcola.....	Feb. 16, 1920	25,000.00
Bolivar County Bank.....	Rosedale.....	Feb. 21, 1920	150,000.00
Bank of Nesbitt.....	Nesbitt.....	Mar. 2, 1920	12,500.00
Madison County Bank.....	Canton.....	Mar. 6, 1920	125,000.00
Commercial Bank.....	Clarksdale.....	Mar. 8, 1920	200,000.00
Merchants & Farmers Bank.....	Scooba.....	Mar. 10, 1920	10,000.00
Com'l Bank & Trust Co.....	Aberdeen.....	Mar. 10, 1920	100,000.00
Bank of Sebastopol.....	Sebastopol.....	Mar. 29, 1920	10,000.00
The Claiborne Bank.....	Hermanville.....	Apr. 26, 1920	15,000.00
Planters Bank & Tr. Co.....	Ruleville.....	Apr. 28, 1920	75,000.00
The Citizens Bank.....	Newton.....	May 4, 1920	25,000.00
Lauderdale State Bank.....	Lauderdale.....	May 12, 1920	12,000.00
Sallis Bank.....	Sallis.....	May 31, 1920	10,000.00
Bank of Stewart.....	Stewart.....	June 12, 1920	10,000.00
Zama State Bank.....	Zama.....	June 22, 1920	10,000.00
Bank of Lambert.....	Lambert.....	July 20, 1920	50,000.00
Merchants & Farmers Bank.....	Durant.....	Aug. 24, 1920	30,000.00
Guaranty Bk. & Tr. Co.....	Kosciusko.....	Sept. 28, 1920	30,000.00
Bank of Avera.....	Avera.....	Sept. 4, 1920	10,000.00
DeSoto County Bank.....	Hernando.....	Oct. 11, 1920	30,000.00
Peoples Bank & Tr. Co.....	Fayette.....	Nov. 24, 1920	50,000.00
Peoples Bank.....	Pelahatchie.....	Dec. 8, 1920	15,000.00
Carthage Bank.....	Carthage.....	Feb. 18, 1921	50,000.00
Bank of Commerce.....	Boyle.....	June 10, 1921	15,000.00
Commercial State Bank.....	Goodman.....	July 23, 1921	15,000.00
Commercial Bank.....	Greenville.....	Aug. 12, 1921	180,000.00
Citizens Bank.....	Sunflower.....	July 2, 1921	15,000.00
McComb Sav. Bk. & Tr. Co....	McComb.....	Aug. 23, 1921	35,000.00
Peoples Bank.....	Calhoun City.....	Oct. 10, 1921	25,000.00
Peoples Bank.....	Shubuta.....	Oct. 10, 1921	20,000.00
			<u>\$1,624,500.00</u>

BANKS INCREASING CAPITAL STOCK BY CHARTER AMENDMENTS.

1920-1921.

NAME	LOCATION		INCREASE
Quitman County Bank.....	Lambert	30 to 50	\$ 20,000.00
State Bank of Sunflower.....	Sunflower	20 to 40	20,000.00
Bank of Collins	Collins	15 to 25	10,000.00
Iuka Guaranty Bank.....	Iuka	15 to 25	10,000.00
Cleveland State Bank	Cleveland	25 to 50	25,000.00
Monroe Banking & Tr. Co.....	Aberdeen	60 to 100	40,000.00
Bank of Sledge.....	Sledge	15 to 40	25,000.00
Bank of Pontotoc.....	Pontotoc	40 to 100	57,000.00
Canton Exchange Bank.....	Canton	50 to 80	30,000.00
Shelby Bank	Shelby.....	37500 to 75	37,500.00
Citizens Bank	Shelby.....	12500 to 100	87,500.00
Bank of West.....	West	10 to 20	10,000.00
Citizens Bank	Tunica	50 to 75	25,000.00
Planters Bank	Tunica	32 to 75	43,000.00
Lamar County Bank.....	Purvis	15 to 30	10,000.00
Valley Bank	Rosedale	25 to 200	175,000.00
Progressive Bank	Summit	25 to 50	25,000.00
Bank of Commerce.....	New Albany...	50 to 100	50,000.00
Bank of New Albany.....	New Albany...	60 to 70	10,000.00
Citizens Bank.....	Marks	25 to 50	25,000.00
Mechanics Bank	McComb	50 to 75	25,000.00
Peoples Bank	Biloxi	30 to 80	50,000.00
Bank of Brooksville.....	Brooksville	50 to 60	10,000.00
Tallahatchie Home Bank.....	Charleston	95,500 to 100	500.00
Cotton Exchange Bank.....	Cleveland	35 to 70	35,000.00
Bank of Gulfport.....	Gulfport	50 to 75	25,000.00
Planters Bank & Tr. Co.....	Ruleville	75 to 100	25,000.00
Peoples Bank & Tr. Co.....	Tupelo	85 to 160	75,000.00
Merchants and Planters Bk....	Waynesboro	25 to 30	5,000.00
Commercial Bank	Woodville.....	25 to 35	10,000.00
Mechanics Bank	McComb	50 to 75	25,000.00
Shelby-Citizens Bank	Shelby	75,000.00 to 175,000.00	100,000.00

BANKS REDUCING CAPITAL STOCK.

1920-1921.

NAME	LOCATION		REDUCTION
Madison County Bank.....	Canton	125 to 62500	62,500.00
Bank of Edwards.....	Edwards	25 to 15	10,000.00
*Valley Bank	Rosedale.....	200 to 50	150,000.00

*Valley Bank, of Rosedale, in reducing Capital Stock, retained a surplus of \$50,000.00.

SUMMARY OF CONDITION OF THE STATE BANKS REPORTING TO BOARD OF BANK EXAMINERS OF THE STATE OF MISS.

	RESOURCES			
	Banks Reporting } Feb. 21, 1921	327 Banks Apr. 28, 1921	324 Banks June 30, 1921	324 Banks Sept. 6, 1921
Loans and discounts	\$ 116,481,287.07	\$ 111,078,376.75	\$ 110,403,972.47	\$ 110,638,438.77
Overdrafts, secured	2,922,439.65	1,707,200.72	1,025,759.98	800,833.48
Overdrafts, unsecured	388,748.38	186,899.32	185,761.05	199,301.15
United States Bonds, Certificates of Indebtedness and War Savings Stamps	7,121,702.42	6,555,582.69	6,124,304.75	5,688,147.40
Stocks, bonds, securities, etc.	12,868,322.60	12,751,333.52	13,108,953.29	13,232,106.30
Warrants (State, County and Municipal)	1,308,206.04	465,209.71	506,978.51	670,399.25
Guaranty fund with State Treasurer	671,640.00	640,690.00	637,100.00	641,600.00
Banking house and lot	2,062,400.56	1,986,247.00	2,034,754.18	2,053,870.30
Other Real Estate owned	320,778.40	415,251.08	448,485.97	477,132.14
Furniture and fixtures	706,463.58	737,070.96	759,593.79	788,739.28
Due from other banks—for public funds	1,327,093.25	1,131,980.42	788,129.37	665,775.23
Due from other banks—commercial or reserve funds	26,676,385.13	20,411,736.81	20,058,009.47	17,946,500.30
Exchange and checks for next day's clearings	456,241.34	326,716.84	275,810.47	547,575.09
Other cash items	59,447.50	95,275.11	50,095.07	43,820.76
Currency	2,468,063.55	2,334,910.50	2,156,938.51	1,980,373.79
Gold coin	143,885.75	155,631.62	160,277.60	164,627.88
Silver coin, nickles and cents	729,848.48	689,507.71	655,359.42	620,746.53
Bonds borrowed	2,312,950.00	2,974,250.00	2,977,550.00	2,938,650.00
All other items of resources, viz:	1,443,650.18	1,321,689.82	1,328,684.85	865,969.59
Total	\$ 180,469,553.88	\$ 165,965,560.58	\$ 163,686,518.75	\$ 160,964,907.24
	LIABILITIES			
Capital stock	13,501,950.00	13,136,250.00	13,367,250.00	13,442,450.00
Surplus fund	7,358,430.73	7,030,709.22	7,081,642.05	7,107,132.46
Undivided profits, less amount paid for interest, taxes and current expenses	1,779,092.51	2,773,062.75	2,757,557.41	2,743,704.57
Dividends	15,135.15	10,327.91	55,751.16	9,609.89
Individual deposits subject to check	58,950,933.86	48,298,110.99	44,336,580.74	42,062,383.19
Savings deposits	20,699,233.00	20,850,830.26	21,436,244.97	21,029,818.05
Time certificates of deposit	22,012,897.06	20,959,631.30	21,297,044.50	21,621,469.22
Public funds	18,760,851.96	19,113,254.34	19,719,997.80	16,349,127.03
Bank deposits—other than branches	4,371,687.77	2,957,750.78	2,824,059.20	2,403,766.64
Certified checks	54,089.00	23,897.63	31,574.14	40,723.97
Cashier's checks	735,804.01	400,955.98	289,984.49	295,900.16
Due branch banks	2,084,543.52	1,525,310.16	1,362,736.87	1,682,001.74
Due banks (overdrawn accounts)	108,856.74	27,277.40	7,153.50	36,372.86
Notes and bills re-discounted	2,930,296.69	4,399,505.22	4,771,690.75	5,045,627.15
Bills payable, including certificates of deposit representing money borrowed	23,183,695.41	20,310,679.25	20,286,732.59	23,167,425.59
Reserve for accrued interest on deposits	158,490.55	165,411.93	141,888.26	157,540.18
Reserve for accrued taxes	191,804.64	611,087.31	220,279.30	214,349.51
Bonds borrowed	2,251,915.55	2,411,400.52	2,913,950.00	2,907,514.01
All other items of liability, viz:	1,319,845.76	960,107.63	784,401.02	647,991.11
Total	\$ 180,469,553.88	\$ 165,965,560.58	\$ 163,686,518.75	\$ 160,964,907.24

SUMMARY OF CONDITION OF THE STATE BANKS REPORTING TO BOARD OF BANK EXAMINERS OF THE STATE OF MISS.

Banks Reporting	RESOURCES				
	312 Banks Feb. 28, 1920	319 Banks May 4, 1920	324 Banks June 30, 1920	326 Banks Sept. 8, 1920	329 Banks Dec. 29, 1920
Loans and Discounts	\$ 134,568,661.02	\$ 139,515,250.57	\$ 134,078,992.75	\$ 135,690,559.87	\$ 119,857,196.76
Overdrafts, secured	9,645,049.20	5,959,052.39	4,793,973.60	3,369,239.50	4,035,275.13
Overdrafts, unsecured.....	464,110.29	245,205.31	172,655.39	374,729.69	376,609.75
United States Bonds, Certificates of In- debtedness and War Savings Stamps.....	13,118,757.36	11,824,569.83	10,223,570.99	9,585,902.26	8,187,389.79
Bonds, securities, etc.....	12,605,489.99	12,798,284.29	12,466,415.22	13,230,311.82	13,065,231.07
Warrants	471,969.40	656,992.82	879,421.04	907,807.51	1,964,702.31
Guaranty Fund with State Treasurer.....	484,600.00	655,100.00	676,600.00	683,600.00	683,960.00
Banking House and lot.....	1,637,311.60	1,742,548.89	1,813,766.44	1,883,183.90	1,972,081.73
Other Real Estate owned.....	327,758.81	232,891.80	221,416.55	209,280.68	240,264.92
Furniture and fixtures	469,967.56	528,444.50	561,367.19	614,037.68	678,188.75
Due from other banks for public funds.....	1,011,730.80	938,897.34	1,509,210.55	1,091,878.31	252,171.35
Due from banks com'l or reserve fund.....	36,264,798.15	28,707,623.94	26,371,284.86	22,976,219.82	24,697,874.19
Exchange and checks for next days clearings	664,829.51	593,895.99	411,708.99	492,056.31	574,688.05
Other cash items	65,641.51	39,500.81	48,470.89	40,199.21	110,900.61
Currency	2,608,317.00	3,101,588.18	2,816,557.00	2,877,507.50	3,385,892.61
Gold Coin	117,528.00	130,406.00	132,095.00	140,059.84	131,954.04
Silver coin, nickles and cents.....	647,331.65	713,083.24	713,545.85	738,678.97	759,998.55
Bonds borrowed	1,375,450.00	1,528,800.00	1,874,000.00	2,300,100.00	2,237,500.00
Other items of resources	471,603.05	617,535.64	774,496.95	580,973.58	1,241,641.99
	\$ 217,020,904.90	\$ 210,529,671.54	\$ 200,539,549.26	\$ 197,786,326.45	\$ 184,453,521.60
	LIABILITIES				
Capital Stock	11,729,250.00	\$ 12,840,750.00	13,205,950.00	13,431,150.00	13,462,150.00
Surplus Fund	7,973,350.23	8,240,978.62	8,412,440.40	8,471,398.67	8,487,339.75
Undivided profits, less amount paid for inter- est, taxes and current expenses.....	2,224,808.86	2,926,167.40	2,806,042.14	2,650,979.67	2,902,531.93
Dividends	21,365.42	12,252.79	60,973.23	7,848.03	5,370.93
Individual deposits subject to check.....	119,481,192.17	102,185,989.90	86,920,742.86	59,851,229.86	61,171,968.68
Savings deposits	22,698,771.66	24,070,992.41	24,270,178.55	23,136,901.26	21,498,942.07
Time certificates of deposit.....	26,743,455.29	28,431,455.86	27,907,535.82	25,424,730.97	22,957,002.22
Public deposits				18,657,830.11	13,323,150.27
Bank deposits—other than branches.....	5,737,354.67	4,226,027.95	3,409,190.38	3,036,610.94	3,560,736.01
Certified checks	52,454.49	46,363.77	74,657.40	59,120.75	59,777.51
Cashier's checks	683,976.24	591,734.07	382,892.73	530,982.20	586,863.84
Due branch banks	1,970,049.97	2,108,860.66	1,911,998.74	2,033,414.06	2,151,427.79
Due banks (overdrawn accounts).....	127,703.01	106,754.25	87,994.95	34,732.49	80,870.39
Notes and bills rediscounted.....	4,282,048.53	2,425,513.44	2,869,989.92	4,435,849.32	1,982,924.96
Bills payable, including certificates of de- posit representing money borrowed.....	11,033,046.76	19,666,471.12	25,468,551.37	31,733,575.54	28,194,914.34
Reserve for interest.....	230,919.11	409,880.36	207,523.28	230,371.05	226,743.60
Reserve for taxes.....	324,091.44	281,004.59	298,256.88	309,883.00	252,739.21
Bonds borrowed	1,375,450.00	1,528,800.00	1,874,000.00	2,300,100.00	2,437,400.00
Other items of Liability.....	331,617.05	429,674.35	370,630.61	1,449,618.53	1,110,668.10
Reserve February 28, 1920—23%	\$ 217,020,904.90	\$ 210,529,671.54	\$ 200,539,549.26	\$ 197,786,326.45	\$ 184,453,521.60

STATE BANKING DEPARTMENT

STATEMENT OF BANKS EXAMINED.

Examiner	No. Banks Examined	
	1920	1921
E. F. Anderson.....	22	21
E. F. Anderson and A. F. McKee.....	23	18
A. F. McKee.....	75	120
J. B. Salmond.....	62	81
J. B. Salmond and J. A. Terral.....	52	58
J. A. Terral.....	60	83
S. W. Wardlaw.....	36	41
S. W. Wardlaw and W. S. Pettis.....	71	15
W. S. Pettis.....	64	131
S. W. Wardlaw and A. F. McKee.....	15	0
J. B. Salmond and S. W. Wardlaw.....	3	0
J. B. Salmond, S. W. Wardlaw and J. A. Terral.....	1	0
E. F. Anderson, S. W. Wardlaw, A. F. McKee and W. S. Pettis.....	0	1
	484	569

MAINTENANCE FUND.

Receipts and Disbursements for 1920-1921.

RECEIPTS	1920		1921	
Assessments collected.....	\$ 56,490.25		\$ 45,138.98	
Fees for special examinations.....	2,890.76		421.58	
Organization Fees.....	1,089.50		355.00	
Fees for certified copies of reports.....	22.00		4.50	
Depository interest.....	1,216.11		1,309.80	
Refund by Bank of Carrollton for printing guaranty Certificates.....			22.15	
	\$ 61,708.62		\$ 47,252.01	

DISBURSEMENTS.

E. F. Anderson, Examiner—Salary.....	\$ 4,050.00	\$ 4,200.00
E. F. Anderson, Examiner—Expenses.....	1,670.59	2,667.96
J. B. Salmond, Examiner—Salary.....	4,050.00	4,200.00
J. B. Salmond, Examiner—Expenses.....	1,542.79	2,015.58
S. W. Wardlaw, Examiner—Salary.....	3,840.00	4,200.00
S. W. Wardlaw, Examiner—Expenses.....	1,743.17	2,237.13
S. S. Harris, Examiner—Salary.....	50.00	
A. F. McKee, Asst. Examiner—Salary.....	2,550.00	3,000.00
A. F. McKee, Asst. Examiner—Expenses.....	1,199.47	1,773.36
J. A. Terral, Asst. Examiner—Salary.....	2,400.00	3,000.00
J. A. Terral, Asst. Examiner—Expenses.....	1,381.85	1,836.45
W. S. Pettis, Asst. Examiner—Salary.....	2,174.93	3,000.00
W. S. Pettis, Asst. Examiner—Expenses.....	1,366.74	1,975.04
Addie B. Greely, Secretary.....	1,950.00	
Neely M. Warden, Secretary.....	1,000.00	2,400.00
Viola James, Asst. Secretary.....	163.48	250.00
Ethel Crosland, Asst. Secretary.....		750.00
L. E. Risher, Asst. Secretary.....		500.00
Postage and stamped envelopes.....	763.00	478.66
Printing and stationery.....	2,589.32	1,809.23
Premium on Fidelity Bonds.....	621.00	643.75
Other office expenses (including telephone and Telegraph service).....	4,647.83	3,727.64
	\$ 39,754.17	\$ 44,664.80

RECAPITULATION.

Balance as shown by report January 1, 1920.....	\$ 29,037.95	
Receipts 1920.....	61,708.62	
Receipts 1921.....	47,252.01	\$ 137,998.58
Disbursements 1920.....	39,754.17	
Disbursements 1921.....	44,664.80	84,418.97
		\$ 53,579.61

STATEMENT OF THE DEPOSITORS' GUARANTY FUND
STATE OF MISSISSIPPI.

Balance as shown by report January 1, 1920.....\$178,587.41

RECEIPTS FOR 1920-1921.

Regular assessment 1920.....	\$ 59,137.38	
Second assessment 1920.....	59,001.49	
Liquidated assets of five failed banks.....	78,206.11	
Depository interest.....	2,934.96	
Bond interest.....	2,622.83	
Sale of Bonds.....	5,000.00	
Loan on Bonds from Merchants Bank and Trust Co.....	60,000.00	\$266,902.77

Regular assessment 1921.....	48,912.63	
Second and third assessments 1921.....	93,852.01	
Fourth and fifth assessments 1921.....	94,914.02	
Liquidated assets of failed banks.....	13,804.42	
Depository interest.....	835.45	
Bond interest.....	2,187.50	
Loan on bonds from Merchants Bank & Trust Co.....	60,000.00	314,506.03

\$759,996.21

DISBURSEMENTS 1920-1921.

By purchase of guaranty certificates 1920	
Bank of Newton.....	\$ 21,834.80
Bank of Sallis.....	59,676.43
Peoples Bank, Wiggins.....	1,051.13
Covington County Bank, Collins.....	4,815.62
Bank of Commerce, Gulfport.....	258,291.24
Paid note and interest to Merchants Bank & Trust Co.....	62,100.00

407,769.22

By purchase of guaranty certificates 1921.

Bank of Wiggins.....	2.68
Pelahatchie Bank.....	210,828.41
Bank of Carrollton.....	50,000.00

260,831.09

Cash in State Depository..... 91,395.90

\$759,996.21

RECAPITULATION.

Balance as shown by report January 1, 1920.....	\$178,587.41	
Receipts 1920.....	266,902.77	
Receipts 1921.....	314,506.03	\$759,996.21
Disbursements 1920.....	407,769.22	
Disbursements 1921.....	260,831.09	668,600.31
Balance on hand.....		\$ 91,395.90

STATE BANKING DEPARTMENT

Losses to be absorbed:

(Note that this analysis of losses still to be absorbed has been arrived at rather definitely with the exception of three banks, these being the Farmers Bank of Boyle, the Delta Bank & Trust Company, Clarksdale, and the Bank of Carrollton. Our estimate of losses from each of these banks is as definite as can be determined at this time.)

(A)—Guaranty obligations outstanding.

1—Peoples Bank, Wiggins	\$ 68.62	
2—Bank of Commerce, Gulfport	3.04	
3—Bank of Sallis	2.14	
4—Pelahatchie Bank	1,178.02	
Pelahatchie Bank, Contingent	6,600.00	
5—Bank of Carrollton	130,969.33	
6—Farmers Bank of Boyle	104,546.78	
7—State Bank of Sunflower	59,474.76	
8—Delta Bank & Tr. Co., Clarksdale.....	555,856.09	
Delta Bank & Tr. Co., Contingent	201,304.72	
9—Bank of Goodman	72,555.23	
Net outstanding		\$1,132,558.73

(B)—Funds to apply.

1—Cash, Pelahatchie Bank	\$ 58,960.59	
2—Cash, Bank of Goodman	30,000.00	
3—Cash, Guaranty Fund.....	91,395.90	180,356.49
Residue after application of cash.....		\$ 952,202.24

(C)—Assets, estimated cash value.

1—Covington County Bank, Collins	\$ 2,000.00	
2—The Bank of Newton	10,624.27	
3—Peoples Bank, Wiggins	4,000.00	
4—Bank of Commerce, Gulfport	45,000.00	
5—Pelahatchie Bank	40,000.00	
6—Bank of Carrollton	70,000.00	
7—Farmers Bank of Boyle	50,000.00	
8—State Bank of Sunflower	59,474.76	
9—Delta Bank & Tr. Co., Clarksdale	300,000.00	
10—Bank of Goodman	32,000.00	
		\$ 613,099.03
Net amount of loss now outstanding.....		\$ 339,103.21

BIENNIAL REPORT
of the BANKING
DEPARTMENT
OF THE
STATE OF MISSISSIPPI



1916-1917

BIENNIAL REPORT
of the BANKING
DEPARTMENT
OF THE
STATE OF MISSISSIPPI



1916-1917

Commissioners

W. P. HOLLAND, *Clarksdale*
N. C. HILL, *Hattiesburg*
LEWIS E. CROOK, *Meridian*
ROBERT L. HALL, *Secretary*

Examiners

E. F. ANDERSON, *Clinton*
J. S. LOVE, *Hattiesburg*
S. S. HARRIS, *Tupelo*
H. KNOX WALLER, *Prentiss,*
Assistant Examiner

TUCKER PRINTING HOUSE JACKSON MISS

TO THE LEGISLATURE OF THE STATE OF MISSISSIPPI

In pursuance to Section 56, Chapter 124 of the Laws of 1914, the Board of Bank Examiners of the State of Mississippi beg to submit a full report of the work of the Banking Department, which carries with it a list of Charters issued, a list of the banks that have been liquidated through the Department; and also submit recommendations with reference to certain changes in the law which we consider pertinent.

These suggestions are made after the most careful and mature thought and after applying the laws practically for more than four years, and are suggestions which we believe, if in your wisdom you see fit to enact, will remedy the little defects which exist here and there, and will enable the Banking Department to carry on its work more speedily and more satisfactorily, both to the banks and to the examiners themselves.

At the outset we want to reiterate a statement made to your honorable body in our first annual report, and that is that the Banking Act of 1914 is a splendid piece of legislation, and has stood the most crucial test and criticisms during the four years it has been in practical operation.

We do not deem it wise at this time to suggest any material changes in this Law, which is a most excellent one, but these suggestions which we embody herewith are merely minor and will not in any way materially change the rudiments or fundamental principles upon which the law is built.

On page 9 of this report you will find a list of the banks that have been liquidated by this Department during the years 1916-1917. You will notice that since the Guaranty Law has been in effect only five banks have failed. Most of these were small institutions and their failure is not due to any fault of the law, but was caused by internal divisions or dissensions or other troubles of that nature.

On account of the small assessment, as the Law now provides, on bank deposits the Guaranty Fund has been slow in building up, and to-day the Guaranty Fund amounts to \$80,327.04. We are of the opinion that it will be necessary to use all of this amount and probably more in paying off the balance due depositors of these five banks now in liquidation. Some of these failures

were bad and the resources of the banks are going to be inadequate to take care of the Depositors.

We beg to report, further, that with the exception of the year 1917 only one assessment has been made on bank deposits. In the year 1917 two assessments were made of 1-20 of one per cent each.

As stated in our first report, as time goes on greater confidence is felt in our State Banks and their management and supervision, which is better indicated by the splendid increase in deposits during the past three years. In December, 1915, there were 281 State Banks doing business in Mississippi with a total deposit of \$54,936,519.54. In December, 1917, there were 285 State Banks in Mississippi with a total deposit of \$107,375,767.68. This wonderful increase in deposits can be attributed largely to the new Banking Law and the increased confidence of the public in the banks and bankers throughout the State of Mississippi, which has induced money to come from its hiding and be placed on deposit in our State Banks, thereby furnishing resources which are being used in building up and developing those particular communities.

On page 15 you will find a report in detail of the work done by each Examiner and their Assistant, and the expense incurred by each one.

On page 10 is given a list of the banks that have been authorized to do business by this Department since January 1st, 1916.

In accordance with the law, every bank in the State of Mississippi has been examined twice each year by some one of the Examiners, a change of Examiners being made each time. Besides this the banks have been required to make a detailed statement to the Banking Department, under oath of their officers, at least five times each year as to their condition. These reports have been scrutinized by the Secretary as well as the Examiners, and the banks have been required to comply fully with all the demands of the law. Also a detailed report of the earnings and dividends, as well as an expense account, is required to be made by each bank to this Department under oath of its officers. This last report is very helpful and a wise provision of the law.

The liquidation of the five banks which have been forced to close their doors is progressing fairly well. To handle successfully the estate of a defunct bank is hard and tedious work. These liquidations are in the hands of the best possible men, and we

feel that they are being handled to the best interest of the Banking Department and the Guaranty Fund. As to the final results of the liquidations it is impossible to say at this time. They are necessarily slow, and the law requires that all assets of the bank be disposed of before we can draw on the Guaranty Fund; so as yet the Guaranty Fund is intact, which now has a total of \$80,327.04. It will possibly be another twelve months before we will draw on this fund, or we will know definitely what amount or portion of this fund it is going to be necessary to use in paying the balance due depositors of these defunct institutions.

On page 15 of this report is a detailed list of the financial condition of the Banking Department. This report will show amounts collected from different sources, disbursements, balance of cash on hand at this date, and also the condition of the Guaranty Fund and how the Guaranty Fund has been invested.

Pursuant to this Act, the Bank Examiners have invested all of the idle money belonging to the Guaranty Fund in Government, District and County Bonds, all paying from 4 to 5½ per cent interest.

The constructive work of the Department is considered to be one of the best features of the work. We feel that great good is being done along this line by the examiners. Besides seeing that the banks comply with the provisions of the Banking Law, a great many valuable suggestions are made and are being readily adopted by the banks, thereby improving their conditions, making them better banks, and in a great many instances helping develop the communities.

We suggest that Section 28 of the Banking Law be so amended as to give the Banking Department final power to accept or reject, or discretionary power of approval of the establishment of new State banks in Mississippi. This suggestion is made because of the fact that often times parties undertake to organize a bank in a community other than for business reasons, and in a community where there is not sufficient business to support two banking institutions, or even one bank, which really makes a losing proposition for both banks, and in time proves a loss to the depositors or to the Guaranty Fund.

In our work we have found it necessary at times, where there were two banks in a community, to liquidate one bank through the other, which really can be called a merger, but for the good of the community and the depositors, as well as the stockholders,

shall be paid out of the maintenance fund of the Department. In this connection we beg to remind your honorable body that all the expenses of this department and the salaries of the examiners and assistants are paid out of funds created by the assessment of banks, and is not a tax upon the people of Mississippi.

Chairman: Under the present Banking Law, the duties of the Chairman of the Board of Examiners are not fully defined or prescribed, and we respectfully recommend that Section 2 of the Banking Law be so amended that the Board of Bank Commissioners shall elect one of the three Bank Examiners as Chairman of the Board of Bank Examiners, whose duties shall be to preside at all meetings of the Board and to have general supervision of the office, giving same the necessary time and attention so that all business of the Department shall be dispatched with promptness and decision.

Guaranty of Public Funds: It is estimated by competent authority that premiums paid on bonds securing public funds in State Depositories of Mississippi aggregate more than \$75,000.00 per annum. From the fact that public funds do not come under the guaranty of bank deposits this premium on such funds is lost to the Guaranty Fund and to the State as well. In this day of conservation of all resources we submit the recommendation and urgently request that the Guaranty Law and Depository Law be so amended in the following provisions as to direct into the Guaranty Fund this stream of premiums that are now lost to the State:

First: That Guaranteed Banks in the State of Mississippi may accept Public or Depository funds without bond to the amount of twice the capital and surplus of the bank, which amount of public funds shall be guaranteed by the Guaranty Fund of the State of Mississippi.

Second: That all guaranteed Public or Depository funds on deposit in Guaranteed Banks of this State shall be assessed for Guaranty Fund at a rate of one half of one per cent, (for one assessment only per annum) upon the funds on deposit during the year.

Third: That Public or Depository funds in excess of twice the Capital and Surplus of any bank receiving such funds shall be protected by a fidelity or depository bond: that under no consideration shall a State Bank secure its public funds by the hypothecation of its own assets.

Fourth: That Sec. 35 of the Banking Law be so amended as to require the Guaranty Fund shall be built up to \$1,000,000.00 instead of \$500,000.00 as is now required.

Clearing Houses: In the conduct of the banking business of the State, in order that the banks may better co-operate in serving the public interests in their communities, to prevent hazardous competition in which they might be prompted to engage, and to assist each other in cases of financial stress, we would recommend to your honorable body that the present laws regarding clearing houses be repealed, and that the laws of Mississippi of 1908 be re-inacted and its operation be placed under supervision of the Banking Department.

Competency of Notaries: In some communities it is very necessary for public convenience that an officer, employee or stockholder of the bank be appointed as Notary Public, and we would urgently recommend that a law be enacted making valid the acts of Notaries in transactions in which the bank is interested.

Saturday Half Holiday: In the present Negotiable Instruments Act there is a provision that Saturday afternoon is a holiday and certain transactions after noon Saturday are invalid. We would suggest that for the public good and convenience this provision be amended so as to legalize certain Bank transactions made afternoon Saturday.

Ninety-Six Hours Bill of Lading Law: Under the present law governing the time of remittance of funds in payment of a sight draft with bill of lading attached, it was the original intent that only the drawee of the draft could stop the remittance of the funds, but there appears to be some ambiguity in the wording of the law. We would suggest that this law be so amended that banks accepting a waiver or release from the drawee of such a draft will be protected in making immediate remittance of the funds.

Uniform Warehouse Receipts: We do not deem it necessary to remind your honorable body of the wisdom of enacting a Uniform Warehouse Receipt law; but urgently recommend that such a law be enacted.

We submit this report, and urgently request for the amendments and laws suggested herein the favorable consideration of your honorable body.

Respectfully,
BOARD OF BANK EXAMINERS.

January 1, 1918.

STATEMENT OF BANKS LIQUIDATED.

Liquidations Completed Since Last Report.

NAME OF BANK	LOCATION	Date put in Liquidation	Percentage of Credits Paid to January 1, 1918
Bank of Boyle.....	Boyle.....	Aug. 15, 1914	100%
Greenwood State Bank.....	Greenwood.....	Aug. 4, 1914	100%
Bank of Hermanville.....	Hermanville.....	Dec. 1, 1914	100%
Peoples Bank.....	Holly Springs.....	May 27, 1914	100%
Bank of Commerce.....	Lexington.....	Aug. 13, 1914	100%
Peoples State Bank.....	Ruleville.....	Mar. 22, 1915	100%
Bank of Tutweiler.....	Tutweiler.....	Feb. 3, 1915	100%
West Banking & Trust Co.....	West.....	Sept. 15, 1914	100%

BANKS IN PROCESS OF LIQUIDATION.

NAME OF BANK	LOCATION	Date put in Liquidation	Percentage of Credits Paid to January 1, 1918
*Peoples Bank.....	Bassfield.....	May 2, 1914	45%
*Penny Savings Bank.....	Columbus.....	Oct. 10, 1914	20%
Covington County Bank.....	Collins.....	Feby. 1, 1916	00%
Bank of Commerce.....	Gulfport.....	Dec. 14, 1916	00%
*Bank of Commerce.....	Meridian.....	Oct. 29, 1915	90%
*Bank of Mound Bayou.....	Mound Bayou.....	Aug. 21, 1914	6 1/4%
Bank of Newton.....	Newton.....	Feby. 16, 1916	60%
*First State Bank.....	Pittsboro.....	Oct. 24, 1914	00%
Bank of Sallis.....	Sallis.....	May 23, 1917	00%
Peoples Bank.....	Wiggins.....	Feby. 18, 1916	10%

*Banks thus indicated were not guaranteed.

STATEMENT OF BANKS EXAMINED AND EXPENSE.

NAME OF EXAMINER	No. of Banks Examined	SALARIES	Traveling Expenses
E. F. ANDERSON	254	\$6,000.00	\$2,201.00
J. S. LOVE	267	6,000.00	2,151.85
S. S. HARRIS	267	6,000.00	1,825.86
H. KNOX WALLER	286	2,700.00	2,087.24
(Assistant Examiner).....			
TOTALS.....	1074	\$20,700.00	\$8,265.95

MAINTENANCE FUND.

Receipts and Disbursements for 1916-1917.

RECEIPTS.

	1916	1917
Balance shown by report of Jan. 1st, 1916.....	\$ 80.00	
Assessments collected.....	19,169.78	\$25,156.40
Fees for Special Examinations.....	34.97	35.41
Organization Fees.....	280.00	210.00
Certified Copies of Reports sold.....	9.00	38.50
Interest on Deposit.....	184.81	204.73
TOTALS.....	\$19,758.56	\$25,645.04

DISBURSEMENTS.

E. F. Anderson, Examiner—Salary.....	\$ 3,000.00	\$ 3,000.00
J. S. Love, Examiner—Salary.....	3,000.00	3,000.00
S. S. Harris, Examiner—Salary.....	3,000.00	3,000.00
H. Knox Waller, Asst. Examiner—Salary.....	1,350.00	1,350.00
Robert L. Hall, Office Asst.—Salary.....	1,800.00	1,800.00
E. F. Anderson, Examiner—Traveling Expenses.....	1,075.46	1,125.54
J. S. Love, Examiner—Traveling Expenses.....	1,062.78	1,089.07
S. S. Harris, Examiner—Traveling Expenses.....	924.75	901.11
H. Knox Waller, Asst.—Traveling Expenses.....	1,059.16	1,028.08
Office Expense, (Including Telegraph and Telephone Service).....	209.99	244.40
Postage and Stamped Envelopes.....	434.28	690.40
Furniture and Fixtures.....	223.73	425.17
Printing and Stationery.....	793.43	711.04
Premiums on Surety Bonds.....	354.98	500.00
TOTALS.....	\$18,288.56	\$18,864.81

RECAPITULATION.

Receipts 1916.....	\$19,758.56	
Receipts 1917.....	25,645.04	
TOTAL RECEIPTS.....		\$45,403.60
Disbursements 1916.....	\$18,288.56	
Disbursements 1917.....	18,864.81	
TOTAL DISBURSEMENTS.....		\$37,153.37
BALANCE ON HAND.....		\$ 8,250.23

**BANK DEPOSITORS' GUARANTY FUND
OF THE STATE OF MISSISSIPPI.**

Balance shown by Report of Jan. 1st, 1916.....	\$18,951.42	
Receipts 1916.....	15,719.75	
Receipts 1917.....	45,655.87	
TOTAL.....		\$80,327.04

DISTRIBUTION OF GUARANTY FUND.

Invested, under provision of section 35 of the Mississippi Banking Law, as amended, in bonds as follows:

Indian Creek Drainage District.....	\$15,977.13	
Madison County Road District No. 4.....	10,317.03	
Lincoln County Road District No. 2.....	12,994.11	
Lincoln County Road District No. 4.....	12,989.36	
		\$52,277.63
Cash in State Depositories.....		28,049.41
		\$80,327.04
TOTAL.....		\$80,327.04
Bonds and Cash in "Guaranty Fund with State Treasurer".....		\$299,500.00

Notes regarding recommendations of Superintendent of Banks in Mississippi - in Biennial reports of Banking Department

First and Fourth Biennial Reports - by Board of Bank Examiners
No copies of these reports have been found in other banks
Second and Third Biennial Reports - see shift of copies in other banks
Fifth Biennial Report - 1922-1923 - by Board of Bank Examiners
No legislative recommendations because of pending change of administrator - (Supt. of Banks took office first Monday in Jan. 1924)

Sixth Biennial Report - 1924-1925 - largely given to review of guaranty fund operations
Contributions to fund sufficient for normal circumstances but not crises - but cannot recommend increase in assessment
Recommendations - (1) some provisions relative to outstanding certificates (2) reduction of interest on certificates (3) increase in maintenance fund (4) elimination of law requiring publishing of charters of proposed banks for three weeks.

Seventh Biennial Report - 1926-1927 - Noted that previous recommendations (2) & (4) had been adopted
Recommendations (1) limitation on bank borrowing (2) minimum capital of 25,000 for new banks (3) reduction of maximum loan to one person from 25 to 15% of capital and surplus (4) Amendment of depositor law (5) specific authority to Supt. to hire special agents, etc. to prevent and crim. prosecute.

Eighth Biennial Report - 1929-1929
Recommendations: (1) Branch banking to be possible in small towns (2) Repeal requirement for issue of guaranty certificates - [i.e. voted repeal of the law except for post deposit]

Ninth Biennial Report covering 1930-1931
Notes 1930 law + recommendations final repeal - not merely suspension - of guaranty

Tenth Biennial Report - covering 1932-1933
Review depression conditions - note FDIC with most of Mississippi banks admitted. No recommendation re legislation.

FEDERAL DEPOSIT INSURANCE CORPORATION
INTER-OFFICE MEMORANDUM

*Have not
Dir Rep
1913-15
1915-17
18-19
20-21*

To Helen Thompson

Room No. 18-19

The Mississippi deposit guaranty law (1914) included the provision:

"The board of bank examiners shall make a full report as required by law of other State officers to the legislature at each biennial session thereof, of the proceedings in and work of the banking department, and of all charters issued and corporations liquidated or dissolved through its agency, and shall submit such recommendations with reference to said department as they may consider appropriate, which report shall, also, show fully and in detail, separately the work done and the expenses incurred by such examiner."

The earliest copy of the Biennial Report of the Banking Department we have been able to find is the fifth such report, for the years 1922-1923. You have, I believe, checked the Library of Congress file, and failed to find an earlier report, at least as a separate document.

When convenient, would you please check the [#]Legislative documents for the period from 1914 to 1923 to see whether ^{first four years} the biennial reports are included among such documents. These should relate ^{to} respectively to the periods 1914-1915, 1916-1917, 1818-1919, and 1920-1921.

From Clark Washburn

Date Jul 21, 1955

MEMORANDUM

TO: Dr. Warburton

FROM: Helen Thompson

SUBJECT: Mississippi biennial reports of the board of bank examiners,
1914-1923

Thorough examination of the Legislative documents and separate volumes of Department Reports, (Mississippi) 1914 - 1923, indicates that reports of the bank examiners were not therein published.

The only material that it was possible to locate at the Library of Congress for the entire period 1914-23 was one separately published report of the examiners for 1914. This report includes individual statements for 296 State banks and 35 National banks; a condensed statement for both State and National banks; and a summary of State banks, 1900 - 1906.

March 3, 1955

April 8, 1955

MEMORANDUM

TO: Dr. Warburton

FROM: Helen Thompson

SUBJECT: Mississippi Auditor's Reports, 1907-1914

The Auditor's Report is published in Mississippi Department Reports for the years 1907 and 1909.

The Report for 1907 contains bank statements for two call dates (March 29 and October 10) in the form of inserts at pages 164 and 196. No bank data are published in the Report for 1909.

For the years 1910-14 the Auditor's Report is not included amongst the documents published in the volumes of Mississippi Department Reports.

V Newspaper articles, etc

Governor's Message Upon Passage of the Kyle Banking Bill
(Mississippi House Journal, 1914)

In his message the Governor brought out that this was a splendid law but thought it might be noteworthy to point out that, "...bank examiners are absolutely czars so far as the bank is concerned and have power to place any bank, solvent or insolvent in liquidation in the State, if they thought it should be done."

He recommended that a separate provision be passed to the effect that "if the bank examiners should undertake to liquidate any bank, and officers should not desire it, they should be permitted to file with the bank examiners a solvent bond for 25 percent greater than all their liabilities and obtain an injunction to prevent their liquidation, as it would be possible for examiners to liquidate a solvent bank."

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Document type: Journal article

**Pages
Removed:**

Author(s): Butts, A. B.

Title: State Regulation of Banking by Guaranty of Deposits

Date: November 1929

Journal: Mississippi Law Journal

Volume:

URL:

Federal Reserve Bank of St. Louis

<https://fraser.stlouisfed.org>

From Quarterly Journal of Economics
Vol. XXIX, No. 2, Feb. 1915

NOTES AND MEMORANDA

DEPOSIT GUARANTY IN MISSISSIPPI

It may seem a far cry from the boll weevil to deposit guaranty. But remembering the relation of the chinch bugs in the Missouri Valley to the free silver movement of the nineties, one realizes that an insect may be a cause of financial legislation proposed or enacted. For several years, in Mississippi south of the 33d parallel, the cotton crop had been almost destroyed by the boll weevil. In a typical county, Pike, the normal crop of 25,000 bales fell to 3,600 bales in 1913. In other sections of the state the crop was injured by the army worm, and in the Delta section by overflows from the Mississippi River. At the same time the state banks were running without supervision. The statutes were not entirely lacking in banking provisions, and some of the provisions were in themselves very good, but there was no bank examination and no verification of reports. "In a word," says a Mississippi legislator, "Mississippi state banks were simply chartered by the state and turned loose to do business just as they would."

It was inevitable that many banks should fail. There is no official list of the failures, but a list privately compiled showed 22 bank failures in 1912 and 1913 and 7 more early in 1914. The deposits were not ascertained in all cases; so far as known, they amounted to \$4,600,000. The number of banks reporting to the state auditor fell from 342 in June, 1911, to 306 in June, 1914. National banks increased in number from 31 to 37. There was an attempt in the legislature of 1912 to enact a banking law. It failed largely because the Senate and House could not agree on the method of selecting the bank examiners. A majority of the Senate

wished the examiners to be appointed, while the House wanted them elected by popular vote.

By 1914, it was evident that something must be done. There was a bank failure just as the legislature met, and failures occurred all through the session. Not satisfied now with a bill for safeguards and supervision, many legislators insisted from the start on the guaranty of bank deposits. The Mississippi Bankers Association, with much the same arguments that had been used before the legislatures of other states,¹ opposed the guaranty sections to the end. It is possible that if the members of the Association had foreseen the ultimate adoption of deposit guaranty, they could have made participation optional with the banks, and could have provided for appointive, instead of elective, bank examiners. After a long struggle a bill was finally passed in March and was signed by the governor March 9th.

More striking even than the deposit guaranty plan is that of electing the three bank examiners. It is not quite without precedent, for in some states bank supervision is committed to an elective officer, — the state treasurer, state auditor, or secretary of state. The need of technical qualifications in a bank examiner is self-evident, and therefore only those citizens may become candidates who have passed an examination to determine their fitness. Examinations are given by a Board of Bank Commissioners, composed of a successful banker and business man appointed by the Governor, an experienced lawyer appointed by the Attorney General, and an experienced accountant appointed by the State Auditor. Examinations will be held in March, preceding the general election in November; special examinations will be given at other times on payment of a \$50.00 fee. Applicants will be examined in accounting, theory and practice of banking and the banking laws of Mississippi, and the federal banking law. Every applicant who makes a grade of 75 per cent, is of good moral character, a practical accountant, and has never been the manager of a banking or other business enterprise which

¹ Quarterly Journal of Economics, vol. xxiv, pp. 85, 327, reprinted in Sen. Doc. no. 649, 61st Cong., 3d Session, Appendix B.

has failed or liquidated below par during his management, will receive a license to become a candidate for state bank examiner. The license is good for four years. One examiner is to be elected from each of the three supreme court districts.

As no general election would occur soon after the passage of the new law, it was provided that the applicant from each district who made the highest grade in the first examination should be a bank examiner until January, 1916. It is reported that the examination was a good one, and as well calculated as an examination could be to test the knowledge of would-be bank examiners. In one of the questions it was asked what a cashier should do if a prospective borrower, on being asked for security, offered to obtain the endorsement of a solvent oil mill company. Almost all of the applicants are said to have favored discounting the note so endorsed. They were apparently unaware that an accommodation endorsement is beyond the powers of a corporation.

There is no head to the Mississippi bank department. All the bank examiners are of equal authority. The three examiners constitute a board, it is true, and there is a chairman, but his special authority is of the slightest. On the request of the board of directors of any bank for a special examination, he must designate one of the examiners to make such examination. In addition to the regular quarterly meetings of the board of bank examiners the chairman may call other meetings if he deems additional meetings necessary. In these two matters only has he authority beyond his colleagues. Apparently the office of the department will usually be in charge of the board's secretary. The examiners are examiners in fact. They go into the field and themselves inspect the banks. For this they receive \$3,000 per annum each and their expenses for railroad fare, livery hire and hotel bills. Incidentals are not allowed. The examiners even have to pay part of the compensation of any assistants who may be necessary. Subject to a limit of \$150 per month each, assistant examiners will receive \$10.00 per day, of which one-fourth must be paid by the three elected bank examiners personally. The experiment of running a state bank depart-

ment without a head and with examiners chosen by popular vote, who are personally out of pocket if they find it necessary to employ assistants, will be followed with interest.

The general administrative features of the law are in the main satisfactory. Banks are to be examined twice a year. The examiners have power to subpoena witnesses, probably a new provision in banking laws. The authority to close banks for violation of law or impairment of condition is adequate. Private banks of deposit are required to incorporate. It will be remembered that a like provision in the Nebraska bank law was the subject of litigation ending only in the Supreme Court of the United States, where the provision was upheld.¹ New banks may be organized only by persons of "good moral and safe business character." The state has wisely not followed the example of Kansas, which gives to its board power to deny a charter merely because the board may doubt the need of a bank at the contemplated location. The right of the citizen to determine for himself the chances of his business venture, so he be a safe man, is preserved. A scale of minimum capital is adopted, ranging from \$10,000 to \$50,000 according to location. This does not apply to existing banks. The limit on single lines of credit is high, 25 per cent of capital and surplus, as in Missouri, South Dakota and Texas. In Mississippi and South Dakota a bank may go further and discount without any limit business paper owned by its customers. The limit on deposits makes it unlawful for any guaranteed bank to receive deposits continuously for six months in excess of ten times its paid up capital and surplus. This is the Kansas law. Mississippi, however, excepts savings banks from its operation.

The law has some anti-trust sections of highly modern purport. "No person shall be permitted to be a director in more than one bank serving the same incorporated town or city." This does not apply, however, "to savings banks and trust companies operated in connection with commercial banks doing business in the same building." Clearing houses must incorporate, and are forbidden to make rules

¹ Quarterly Journal of Economics, vol. xxviii, p. 70.

concerning exchange rates, discount rates, interest on deposits, collection fees, or restricting competition in any other way.

We come now to the guaranty provisions. These closely follow the Kansas law, with the important exception that guaranty, optional with the banks in Kansas, is obligatory for those of Mississippi. A compromise was reached in Mississippi by which banks need not come within the guaranty provisions of the law until May 15, 1915. This interval has proved invaluable, as examiners have already closed some twenty banks, a number sufficient to have been a menace to the success of the whole scheme if their deposits had been guaranteed at once and automatically.

As in Kansas, the banks must be examined before their deposits are guaranteed. Each bank must deposit bonds or cash with the state to the amount of \$500 for every \$100,000 of deposits eligible to guaranty, less the capital and surplus of the bank. The annual assessment for the guaranty fund is one-twentieth of one per cent of deposits, with the same wise deduction for capital and surplus. Four additional assessments of like amount may be made in any year, if required. Assessments are suspended when the fund reaches \$500,000. Following the Kansas rule, the guaranty fund, like other state funds, is kept in state depository banks, whereas in Nebraska all the assessments, and in Texas 75 per cent of them, are left on deposit with the assessed banks until cash is needed. All deposits not otherwise secured are guaranteed, except those bearing more than 4 per cent interest. These provisions all follow the Kansas law exactly, except that Kansas no longer withholds guaranty because of the interest rate. Both states provide that a maximum rate of interest on deposits may be fixed for each county, and that any bank officer who pays a higher rate "shall be deemed to be reckless, and may be removed from office."

Mississippi has followed the Kansas plan of deferring final payment of depositors of failed banks until assets, including the double liability of stockholders, shall have been realized on so far as is possible. In the meantime 6 per cent certificates are to be issued to the depositors, and dividends are to

be paid as collections are made from the assets. The advantage of this plan is that it prevents the exhaustion of the guaranty fund by one or two failures. Oklahoma, Nebraska and Texas provide that depositors are to be paid immediately after a failure, and for some time the effect of this provision in the first named state was to keep insolvent banks in operation because there was not enough money in the guaranty fund to pay the depositors if the banks were closed.¹ If the Mississippi fund is deficient at the winding up of the affairs of a failed bank, the depositors will receive pro rata payments until subsequent assessments for the guaranty fund come in.

The deposits of Mississippi state banks June 30, 1914, were \$47,359,000. The normal assessment of one-twentieth of one per cent would yield about \$24,000, and five assessments, the maximum number in one year, would yield about \$120,000. There are no statistics to show whether such assessments are in keeping with previous loss experience in Mississippi. However that may be, the writer is of the opinion that the success of any insurance plan is jeopardized by making the initial fund so small.² Fortunately there are as yet few large state banks in Mississippi.

A bill similar to the Mississippi guaranty law was before the Louisiana legislature last winter. It was beaten largely by showing that if any one of the large state banks of New Orleans failed, and if its own assets sufficed to pay 75 per cent of the deposits, the mere interest on the certificates issued for the remaining 25 per cent of deposits would absorb almost all of the assessments for the guaranty fund, leaving no hope of ever paying the principal. After this argument the bill was amended by reducing to 3 per cent the rate on certificates issued in case of failure, but the bill was killed by a vote of nearly two to one.

The guaranty of deposits becomes obligatory on all Mississippi banks on May 15, 1915. There is speculation over the probable attitude of the examiners at that time toward banks of whose condition they are not quite certain. If a

¹ Quarterly Journal of Economics, vol. xxviii, p. 77.

² Ibid., vol. xxiv, p. 389, vol. xxviii, p. 99.

bank is closed early in May so that the loss falls on the depositors, when matters might have been smoothed over until the deposits were under guaranty, the examiner who ordered the closing will lose the votes of a certain element of the depositors when he comes up for reëlection. Such a possibility illustrates the unwisdom of electing bank examiners, but it is not likely that examiners will toady to the vote of the depositors of failing banks. The certificate placing deposits under guaranty can be issued only after an examination in which the bank is found to be solvent. A record of failures after such examinations might be as serious a campaign handicap as the displeasure of depositors who thought the examiner ought to have helped them pass on their losses to the guaranty fund. "It seems fairly well understood that not every bank applying for a guaranty certificate has received one."¹

It is, of course, too early to draw conclusions from the operation of the law. When the writer last inquired, only one state bank had nationalized, and only two national banks had applied for state charters. There is no rush to get into or out of the state system, but up to November 10, 1914, 67 banks, including some of the largest in the state, had voluntarily taken advantage of the guaranty provisions.² Some of these believe that the guaranty has brought about a growth of deposits by increasing the confidence of the people. The data are yet too few, however, to warrant any conclusion of the sort. The adoption of a guaranty scheme in Mississippi may tend to substantiate, so far as one example goes, the prediction ventured by the writer a year ago, that from time to time more states would probably supplement their service of bank regulation and supervision by enabling, if not requiring, the banks to effect insurance in a state administered fund for the benefit of depositors.

THORNTON COOKE.

FIDELITY TRUST COMPANY,
KANSAS CITY, MO.

¹ Mississippi Banker, vol. i, no. 5, p. 9.

² Ibid., vol. i, no. 5, p. 11.