

Deposit Guaranty in Nebraska, 1911-1930 Part II

MATERIALS REGARDING DEPOSIT
GUARANTY IN NEBRASKA, 1911-1930

II

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II

Newspaper articles etc.

Correspondence

Statistical data - coverage

Statistical data - failures

Statistical data - operation of fund

Report prepared in 1945 & summary 1936

X Newspaper articles, etc.

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STATE GUARANTY OF BANK DEPOSITS IN NEBRASKA

ONE of the amendments to the Currency Bill, proposed by the Owen Committee in the Senate, provided for the setting aside of one-fourth of the earnings above six per cent of the Federal Reserve banks, for the purpose of paying the depositors of failed national banks. In debating this plan, its advocates, especially Senators Hitchcock, Bristow and Reed, cited freely the state guaranty systems of Oklahoma, Nebraska, Kansas and Texas, asserting that these had proved entirely satisfactory and drawing the inference that national bank guaranty would be equally practicable.

After the Currency Act was passed, without the guaranty clause, the three Senators referred to were appointed as a Subcommittee on the Guaranty of Bank Deposits, in order that they might continue their efforts for the protection of national bank depositors. Senator Hitchcock, as chairman of this subcommittee, presented on June 23 last a *History of Guaranty of Bank Deposits*, by George H. Shibley, in which, after reviewing statements by the bank commissioners of the states having the guaranty, quoting their various statutes, and drawing liberally from the articles by Mr. Thornton Cooke in this Journal,¹ Mr. Shibley drew the rather unequivocal conclusion that "the guaranty of bank deposits has now become a demonstrated success, taken as a whole."

Considering that the state systems have been legally in effect only three years and a half; that the Oklahoma fund in that time ran \$375,000 behind its assessments, tho the latter averaged four-fifths of one per cent a year of the total deposits; and that in the other three states, crops and financial conditions have been so favorable that only about a half-dozen small failures have occurred in all, it would seem that the champions of national bank guaranty are using the argu-

¹ See vol. xxiv, "The Insurance of Bank Deposits in the West," and vol. xxviii, "Four Years More of Deposit Guaranty."

ment from example almost before the example exists. The experience of the states which are trying the guaranty system will certainly be of the greatest worth in demonstrating which method, or combination of methods — for the various systems differ considerably in detail — will be the fittest to survive; but the term "survivor" can hardly be applied to any of them until they have met the tests of short crop years, industrial depressions, and serious financial crises.

The course of guaranty in Nebraska, where agitation for it was begun long before the issue came into national prominence, shows what may be expected of such a system while it is new, working under favorable conditions. A brief sketch will here be given of the conditions which led to the law of 1909, as well as its effects, so far as they are apparent, and of the details of the method by which depositors are paid.

Banking in Nebraska, from territorial times in the '50's up to the first state supervision in 1886, was a good deal of the kind called "wild-cat," yet failures were not so very numerous. In the "hard time" years of 1892 to 1896, however, came short crops and a nation-wide financial depression; and this produced a contraction of credits which swept 101 of the 650 state and national banks into insolvency. The claims against these institutions aggregated over \$5,000,000, on which it is estimated about \$2,000,000 were finally paid. The total deposits fell off from \$49,000,000 to \$27,000,000 in that six-year period.

It was the bitter experience in these years which led to the first agitation in the state for the guaranty of deposits. It is said that the president of the largest failed bank was the first man to suggest it, writing a letter to the newspapers outlining a plan, from the jail where he was awaiting trial for wrecking his bank. Secretary W. J. Bryan, then Congressman from the First District, introduced a bill for national bank guaranty into Congress in 1893. Guaranty bills were brought up in the Nebraska legislatures of 1897, 1899, 1905 and 1907, all of them crude and unscientific measures, with

no limit to the amount a bank might be assessed within one year. They were all opposed, of course, by the bankers, who saw from the record of '91 to '96 what an unlimited guaranty might cost them if a repetition of those hard times should occur.

The panic of 1907, however, and the adoption of the Oklahoma law which followed, added so much impetus to the movement that, altho no banks had failed in Nebraska on account of the panic, Mr. Bryan and the Democratic state leaders in 1908 were able to arouse enthusiasm over the guaranty plank in their platform. It is difficult to say what the result of the election would have been if the issue between Democrats and Republicans had been really on that plank. Probably the chief reason why a Democratic majority was sent to the legislature that year was the personal strength of Mr. Bryan at the head of the ticket. He lent his support to the measure after election, as did also the governor, and the party redeemed its pledge by enacting it into law. The law was enjoined from operation by the Federal Court until January, 1911, when the Supreme Court of the United States upheld its constitutionality in common with the guaranty laws of Oklahoma and Kansas. Its general provisions, as slightly amended by the legislature of 1911, are as follows.

The Depositors' Guaranty Fund of Nebraska is to accumulate up to one and one-half per cent of the average daily deposits for the whole state, at the rate of one-half of one per cent for each of the first two years, then one-tenth of one per cent until the limit is reached, at which time assessments are to stop. No money is actually paid out by any bank except its proportionate share of losses arising from failures; the assessments are simply charged off from its profits and entered to the credit of the Depositors' Guaranty Fund, which can be drawn upon by the State Banking Board. In case the fund becomes exhausted, emergency assessments may be made by the Board up to one per cent in any one year. Depositors in a failed bank are to be paid out of the fund as soon as the district court in charge of the receivership determines, from the claims filed, the amount of cash necessary, in

addition to that on hand in the bank itself. The fund is then reimbursed, so far as possible, by the sale of the failed institution's assets.

The effects of the law from 1909 to the beginning of 1914 were based chiefly on bankers' and depositors' guesses as to what the final results would be. During the first year bankers seemed, on the whole, to consider the business-getting qualities of the guaranty more than worth the premiums involved, for fifty-five new state banks were chartered, and only five former state banks became national to escape the law. Depositors were not much affected, one way or the other, for the deposits in both classes of banks, which had been exceptionally low in 1908 on account of the panic the year before, increased greatly in 1909, with little advantage to either.¹ In 1910, while the constitutionality of the law was still in doubt, the number and deposits of national banks grew considerably; 28 new state banks were chartered, but 8 of the old ones nationalized, and their aggregate deposits fell off over a million dollars. The law was upheld by the Supreme Court in January, 1911, and that year 24 state banks were chartered, 11 nationalized, and the national banks gained a million more deposits than the state. A number of state banks had also gone out of business by other processes than nationalizing, so that at the close of 1911 the state banks, as compared with their position two years before, were ahead in number only 7, in aggregate capital

¹ Items from statements of state and national banks at the end of years mentioned (taken from reports of the Secretary of the State Banking Board):

STATE BANKS

At End of Year	Number of	Capital	Loans	Individual Deposits
1908	628	\$10.9	\$53.7	\$65.4
1909	662	12.0	66.0	71.7
1910	666	12.5	67.9	70.4
1911	669	12.8	67.5	72.2
1912	694	13.8	78.2	80.7
1913	714	14.4	84.9	89.3

NATIONAL BANKS

At End of Year	Number of	Capital	Loans	Individual Deposits
1908	214	\$13.5	\$75.9	\$73.0
1909	220	14.4	89.8	83.8
1910	238	15.4	92.1	86.4
1911	247	16.2	95.0	89.0
1912	243	16.2	103.6	93.4
1913	241	16.27	102.9	94.6

The figures for capital, loans, deposits signify millions of dollars, e.g., \$10.9 = \$10,900,000.

only \$800,000, and in deposits \$500,000; while their national competitors had added 27 banks, nearly \$2,000,000 capital, and more than \$5,000,000 of individual deposits.

In 1912, 1913, and the first half of 1914, however, the drift was steady and rapid in favor of the state banks, indicating that these were becoming more popular with depositors, and that bankers were finding this system a little more advantageous than the other. The number of state banks increased about 70 in that period, while the total number of nationals fell off 17. Between January, 1911, when the guaranty law went into effect, and the middle of 1914, the individual deposits of state banks increased about 19 millions, or 27 per cent; as compared with a 7 million gain for the nationals, which is about 8 per cent.

The almost equal confidence in which both classes of banks were held, during this period, by the people, was due in a large measure to the fact that no failures whatever had taken place within the state for six years. In the past ten years there had been but three small state bank crashes, which did not attract much attention, and no national bank had become insolvent in fifteen years. During the first half of 1914, however, the movement of business toward state banks was greatly accelerated by two circumstances: the first case of immediate payment of depositors in a failed state bank presented a striking contrast to the delay and uncertainty of two national liquidations, one of the latter in the same town; and the Federal Reserve Act was passed, containing provisions so distasteful to several Nebraska nationals that they converted into state banks.

The First National Bank of Sutton, with about \$180,000 deposits, was the first to fail, in November, 1913. Two months later the First National of Superior was closed, having over \$300,000 deposits. The former seems to have suffered from the criminal actions of some of its officers, the latter from a policy of injudicious extension of credit. The First State Savings Bank of Superior, under practically the same ownership as the national, was able to survive the shock only three months, and was taken charge of by the State Banking

Board on March 9, 1914. Its deposits amounted then to about \$122,000.

When the state banks heard of this latter failure, they grasped its advertising value to themselves, and instead of being reluctant to contribute their share of what would be required from the guaranty fund, many of them wrote to the Secretary's office urging that the depositors be paid in full as soon as possible from the guaranty fund, so that they could point with pride to this example of how the state banks' customers were protected from loss. But there was no way by which the Banking Department could hasten matters. The law requires that at least three weeks be allowed for the filing of claims, and that an order of court be secured before the fund is drawn upon; so depositors cannot, ordinarily, expect to get their money within six weeks to two months.

In this case, however, a development occurred by which the depositors of the Superior state bank were paid as fast as they presented their claims, without even a day's delay. During the interval between the two failures, the other national in Superior converted into a state bank. When the receiver of the insolvent bank took charge and it was found that no cash could be had from the guaranty fund for a month or so, this newly reorganized State Bank of Superior offered to supply whatever cash was needed, in addition to the \$23,000 that was on hand when the savings bank closed, to pay all depositors who needed their money. Their claims were assigned to the new state bank, so that it could collect them in the regular way from the receiver as soon as the money from the fund was sent to him. This was of course a considerable accommodation, and the result was that the enterprising institution secured the larger portion of the business which had formerly gone to the savings bank. People from neighboring towns were a little anxious, but the patrons living in the vicinity of Superior made very little effort to draw out their money. Many of them had not presented their claims more than two months after the closing.

The likelihood of other banks accepting the claims without discount, because of the certainty of their being paid out of

the fund, was apparently not anticipated by the early advocates of the plan; but so strong is the inducement to people to leave their money on deposit with the bank which accepts their claims, that a similar action may probably be looked for in the future. If the practice does become general, the disturbance by failures to local business will be greatly lessened, which will be no small achievement for the guaranty system.

As soon as the receiver found that a trifle over \$54,500 would be required, in addition to what cash there was on hand in the bank, he called on the State Banking Board for this amount out of the guaranty fund. The Board had his report approved by the District Court in charge of the receivership, and then proceeded to draw upon every state bank in Nebraska for its proportionate share of the sum needed, which was .06241 of its credit to the guaranty fund. The accountant in the Secretary's office was overwhelmed with all these decimal calculations, until he finally discovered a machine with which he could grind out the assessments by turning a crank. The seven hundred-odd drafts were sent, about fifty days after the failure, to the receiver, who turned them over to the State Bank of Superior in return for the claims of like amount which it had bought up. It is expected that the sale of assets and assessment on stockholders will be sufficient finally to reimburse the fund.

In contrast to this tranquil experience for depositors in the state savings bank, is the misfortune of depositors in the First National of Superior, and of the national at Sutton. The latter bank has paid a dividend of ten per cent, the Superior national has so far (July 23) paid nothing. Consequently their creditors are still waiting for returns on some \$360,000 which they had delivered over to these banks in hard cash, and they may count themselves very fortunate if they get seventy-five per cent of it after several long years of waiting. It is easy to believe the following statement by one of the officers of the State Bank of Superior, the reorganized national:

"The feeling down here is all state bank now, and the last national in the county changed over to a state bank last week. . . . It

does n't make so much difference in the city, where you deal entirely with business men, but where your dealings are mostly with farmers, it's another proposition. There was n't a bank in the state that had the confidence of the people that the First National of Superior had. This confidence has been shattered, and now the cry is 'Money guaranteed' or nothing."¹

Several other banks in that section of the state thought best to make the same concession to the preferences of their patrons as did those of the above (Nuckolls) county. The City National of Holdrege, a fairly large country bank in a town at some distance from Superior, changed to a state charter, and sent out an advertising circular saying:

"This step has been taken in response to an increasing demand on the part of patrons of Nebraska banks for protection under the provisions of the guaranty law. This security cannot be furnished by a national bank, the guaranty feature having been purposely omitted in the new currency law."²

Fourteen nationals, in all, have converted into state banks since the first failure, last November. Some give as a reason their dissatisfaction with the new Federal Reserve Bank law, so that the effect of the guaranty system in this movement is obscured; yet there is little doubt that its influence is the stronger of the two.

That the new deposits coming to the state banks are in the nature of savings rather than commercial deposits is shown by the fact that almost \$11,000,000 of their \$19,000,000 gain, in three and a half years, is in time certificates of deposit,³ while the total number of depositors increased nearly 75,000. It is probable that much of the money now invested in state bank certificates of deposit at about four per cent has been brought out of hoarding, as was predicted by the early advocates of the guaranty system and claimed among its chief

¹ Letter to the writer, dated May 26, 1914.

² Omaha World-Herald.

Year	Time Certificates of Deposit	Total Deposits	Number of Depositors
1909	\$24.8	\$71.7	224,632
1910	26.4	70.4	230,067
1911	27.2	72.2	243,333
1912	32.9	80.7	266,669
1913	37.2	89.3	296,505

The figures for deposits signify millions of dollars; e. g., \$24.8 = \$24,800,000.

advantages. The national bankers, however, consider this large proportion of time deposits a menace, for they say that such depositors are the most timorous of all, and are likely to want their money at the first talk of danger.

In opposition to the state bankers' argument that the guaranty will produce such a feeling of security among the depositors that runs on guaranteed banks will not occur, the national bankers contend that in Nebraska, where no bank ever failed on account of a run, there is no real danger in this direction. Sooner or later, they say, a series of failures among all banks will come, the fund will be exhausted, and the state banks will be worse discredited in the public eye than if no attempt had been made to secure their deposits. The fund is already large enough to take care of the failures of normal times, — \$870,000, a little less than one per cent of the deposits. But the limit of one and one-half per cent is probably too low; two or three failures at the same time among the larger institutions would sweep the whole away. Then, if failures come one on the heels of another, as they do in a crisis, the fund must be bolstered up by special assessments that can be met only with the greatest difficulty by the sound banks, already having a strenuous struggle to meet their other obligations. If the one per cent beyond which assessments cannot be levied is not sufficient, some hastily devised system of deferred payment will be adopted. But meanwhile the frightened time depositors will have been drawing out their money; and between such withdrawals and the burdensome special assessments, the state bank system will be shaken through and through.

Both these sources of danger, the probable strain on the resources of many solvent banks, and the chance of a discreditable failure of the guaranty to meet depositors' expectations, could be removed by the establishment of a larger limit to the fund, and by specific provision for ultimate payment (after as much as possible had been paid from assets of the bank and assessment on stockholders) ¹ in the form of

¹ Mr. Cooke makes both these recommendations (see this Journal, vol. xxviii, p. 104), saying that the failure of the Oklahoma plan was due to the immediate payment provision as much as to any one cause.

interest-bearing warrants against the guaranty fund. In this way the assessments would be continued at the same rate in good times and bad, building up a large surplus before the crisis and gradually paying off the bonded indebtedness of the fund afterwards. If the state banks of Nebraska had been compelled to guarantee each other's losses from 1892 to 1896 by special assessments, these would have averaged one and one-half per cent of their deposits each year; but in the twenty years from 1892 to 1912 the losses averaged but two-tenths of one per cent of the total deposits.¹ Experience in the future will doubtless show that a successful guaranty system must devise means of creating its reserve by maintaining payments through the prosperous years, when it is easiest for the banks to pay, rather than by depending on special assessments to provide the money when it is needed.

As to the policy of leaving on deposit with the banks the full amount of their assessments, which Mr. Cooke regards as unwise,² the only alternative would be to collect the money and then re-deposit it. To minimize the risk, the board would undoubtedly divide it among several banks, so perhaps the safest way would be to distribute it all over the state. That is precisely what the present system amounts to. The fund can hardly be invested in mortgages or bonds, so long as we have the system of immediate payment, because it is of prime importance that the money be constantly available for immediate use. If the plan of ultimate payment were adopted, as in Kansas, our Board might invest the assessments in gilt-edged bonds, which it could sell in time to meet demand on the fund. The bankers, however, have been skeptical as to the safety of a large amount of money administered by the "politicians in the state house," because of the defalcations of several state officials in the past. One advantage in the present method, therefore, is that it reduces the antagonism of the contributors to the fund.

¹ Reports, Secretary of the State Banking Board, 1892 to 1912.

² "This is an arrangement that might easily lead to trouble. Insurance premiums, for that is what these assessments are, should be paid over to the insurer, not held by the insured, subject to all sorts of claims and processes if the insured happens to think his insurance is proving too expensive." — In this Journal, vol. xxiv, p. 356.

Nebraska's experience seems to confirm the prophecy which was made, that a guaranty system would compel the experienced and legitimate bankers to protect themselves against the operations of rascals and incompetents within the system, and thus protect the public. The united efforts of our bankers have been transferred from fighting regulation and guaranty, as was often done until 1909, to demanding stringent regulation for the prevention of dangerous and speculative methods of business. The same act which created the fund also contained various provisions designed to make banking less hazardous to the depositor.¹ The other states have had the same experience. The excellent banking department, to which Nebraska owes much for the high standard of its state banks, will doubtless find its hands upheld more and more by the bankers, who have a new incentive for helping to prevent failures.

To conclude: Nebraska's experience indicates that in a system of efficiently organized banks, under fairly normal conditions, state guaranty is feasible and not unfair to the bankers. Whether it will survive under conditions of adversity, such as must be expected sooner or later to come, remains to be seen. If it does survive, it will facilitate considerably the commerce of the state and will relieve an important cause of individual distress.

Z. CLARK DICKINSON.

UNIVERSITY OF NEBRASKA.

¹ For example, the five per cent limit on interest paid on time deposits, limit of loans to ten per cent of deposits, criminal penalties for failure to comply with any part of the law, Secretary's discretion as to need of new banks.

Pamphlet entitled "Beginnings"
by J. F. McLain, Director of Banking
of Nebraska, published by Nebraska Bankers
Association, 1952. contains some
early history of Nebraska banking and
material re the deposit guaranty system.

Copy is in 781C library.

ORIGIN AND ENACTMENT OF DEPOSIT GUARANTY LEGISLATION IN NEBRASKA

The following account of the origin and enactment of deposit guaranty legislation in Nebraska is taken from Z. Clark Dickinson, Bank Deposit Guaranty in Nebraska, Bulletin No. 6, Nebraska Legislative Reference Bureau, November 1, 1914.

I. Growth of the Idea

Banking in Nebraska, from territorial times in the fifties up to the first state supervision in 1886, was partly of a "wild-cat" nature. No records are available as to failures until 1892, when the State Banking Board was created with a regularly employed secretary, but since all that was needed in the preceding forty years to start a bank was a sign and a counter,^{1/} and as every banker regarded as his chief function the borrowing of money from the east to lend to the struggling settlers of his neighborhood, it is safe to say that failures were not uncommon. Although the aggregate deposits were never very large in those days, the sweeping away of the small savings of what depositors there were in such wrecked banks must have meant great hardships to the indigent frontiersmen.

In the early '90's, when the state banks were first subject to inspection, came a series of "hard time" years, when crops were short and a financial depression swept the entire nation.....Within six years the creditors of Nebraska banks had over five million dollars tied up in 101 failed banks, of which sum creditors of the nationals finally recovered less than a million, and creditors of state banks an unknown sum perhaps something over a million. It is seen that the total number of banks in Nebraska fell from 650 in 1892 to 527 in 1896; and the aggregate deposits declined in the same time from \$48,920,000 to \$27,284,000.

The largest failure was of the Capital National, in Lincoln, whose claims amounted to \$1,500,000. Only about \$250,000 was finally realized from its assets. The distress occasioned by this million-dollar loss to depositors was a tremendous object-lesson to the members of the legislature of 1898, which was then in session. Though no bill was introduced into the legislature for deposit guaranty until four years later, apparently it began to be talked of at this time, as a practical scheme. C. W. Mosher, president of the Capital National, is credited with having written an article advocating a guaranty plan while in jail awaiting

^{1/} Dr. P. L. Hall, Proceedings Nebraska Bankers' Association, 1906: 105

trial for criminal action in wrecking his bank.^{1/} If he did so, it would appear that Mosher was the originator of the idea in Nebraska.

It was also in 1893 that W. J. Bryan, then representative from the First District of Nebraska in Congress, introduced a bill into the House^{2/} providing for the payment of depositors of insolvent national banks by an insurance fund administered by the Comptroller of the Currency. His action was inspired, some Nebraskans say,^{3/} by C. O. Whedon, who was for many years a consistent advocate of national bank deposit insurance.

These early suggestions of a method of mitigating the calamity of failures by mutual bank insurance, and the record of failures from 1891 to 1896, culminating in the fall of thirty-six banks with over a million dollars deposits in 1896, give a hint as to the circumstances which influenced the author of a bill in the legislature of 1897 enacting a yearly tax of $\frac{1}{2}$ of 1 per cent on the average daily deposits of state banks, to be collected with other taxes and held by the State Treasurer in a separate fund for the payment of the depositors of such banks as might become insolvent.^{4/} No emergency assessment was provided for, in case the fund should be exhausted. The levy of $\frac{1}{2}$ of 1 per cent was apparently thought to be sufficient, a supposition quite in harmony with the tentative and haphazard drafting of the bill. The measure was referred to the Committee on Banking and Currency, where the bankers, assisted by Dr. Hall, Secretary of the State Banking Board, promptly killed it.

In the legislature of 1899 Mr. I. D. Evans of Kenesaw introduced a bill requiring state banks to keep on deposit with the State Treasurer 5 per cent of their average daily deposits as a surety-fund for the payment of creditors of failed banks. They were allowed to count this deposit as part of their legal reserve, and the Treasurer was to loan the fund out to state banks at 2 $\frac{1}{2}$ per cent interest. The income thus collected was to form a separate fund for the payment of losses so that no further deposit would be required unless the drains were too heavy.^{5/} Mr. Evans says that the bankers of the state at once began active efforts to defeat his bill, writing numerous letters to their representatives in the legislature asking them to vote against it,^{6/} and this is not surprising, considering that under it each bank was required to guarantee all other banks up to 5 per cent of its deposits, and the experience of the past few years had taught them that they might expect to participate in the payment of an ag-

^{1/} Conversation with Dr. P. L. Hall, President Central National Bank, Lincoln.

^{2/} H. R. 3378, Cong. Record vol. 25.

^{3/} F. A. Harrison and W. L. Locke of Lincoln.

^{4/} S. F. 100, intr. by E. C. Watson of Friend. Dr. Hall says the real author was Judge Beall of Hastings, who spent a great deal of time studying the problem before the legislature convened, and appeared in defense of the bill before the committee. I have not been able to verify this statement.

^{5/} H. R. 70, 1899.

^{6/} Letter of March 14, 1913 to the writer.

gregate loss of from 1 per cent to 10 per cent of their total deposits. A number of bankers and bank attorneys were sitting in the legislature at the time. Mr. A. C. Shallenberger of Alma and Dr. P. L. Hall were prominent in the opposition which resulted in the defeat of the bill in committee, though both of them were very influential in securing the passage of the present guaranty law.

Dr. Hall now says that the reason he opposed the Watson and Evans bills was because they provided for immediate payment of depositors -- payment as soon as claims have been proven -- that he believed then, as he does now, in ultimate payment -- that is, payment out of the guaranty fund only after all the assets of the failed bank have been disposed of and as much as possible collected from the stockholders.^{1/} Nevertheless his comment on the bills above mentioned, in his report as secretary of the State Banking Board in 1899, seems to indicate that he was wholly unfavorable to the principle of deposit guaranty:

"Efforts were made at the last two sessions of the legislature to amend the banking act by providing for a reserve fund to be collected from the banks for the protection of depositors of a failed bank. While protection to the depositors is a matter of the greatest importance, and protection along the lines attempted as above indicated meets the approval of many experienced bankers whose opinion I highly prize, yet I have never been able to bring myself to see that such a plan would be equitable."^{2/}

It is interesting to note that there were at this time "many experienced bankers" who approved of deposit guaranty, even though they were evidently in the minority.

In 1900 the late C. O. Whedon of Lincoln prepared a bill relating to national banks which he sent, it is stated,^{3/} to then Congressman E. J. Burkett of the First District for introduction into Congress. This bill, which was published and recommended editorially in the Nebraska State Journal on December 15, proposed to set aside half the tax now paid by national banks on their circulation for the formation of a guaranty fund to protect depositors. He had worked out statistical data which showed, he believed, that this fund would be sufficient to meet the demands, and that the other half of this tax would reimburse the Federal Government

^{1/} Conversation, November, 1913.

^{2/} Report, Sec'y. State Bkg. Bd., 1899, p. 20.

^{3/} Conversation with Jas. A. Brown of Lincoln, former secretary to Mr. Whedon.

for its expenses on the national banks' circulation. Mr. Whedon later assisted the Attorney-General of Nebraska in upholding the state law of 1909 in the Supreme Court of the United States.

At a bankers' meeting in Fremont in April, 1903, Dr. P. L. Hall, then cashier of the Columbia National of Lincoln, read a paper called "A Tax on Banks to Protect Deposits," in which he proposed a method of guaranteeing very similar to that which has since become law. He presented a table showing the deposits in failed state banks compared with the total deposits in all state banks for the ten years from 1892 to 1901. Assuming that 80 per cent of these deposits had been recovered in dividends, he estimated that the losses for the period named had been nearly 1 per cent a year on the average daily deposits. Using the national banking average of 75 per cent dividends, however, the loss had been about .38 of 1 per cent, and, considering the extraordinary conditions prevailing in that decade, he expressed his opinion that an annual assessment of 1-10 of 1 per cent on the average deposits would be enough to pay all losses which would occur in the future, under the present banking laws and inspection. He worked out a system in considerable detail, advising especially that the fund be not collected and entrusted to the politicians who temporarily held office at the State House, but be left with the banks, to remain intact until drawn upon by the State Banking Board to pay receiver's certificates issued to the depositors of any failed bank. Following is an extract from his paper:

"If the principle of a guaranty fund is right, and the results produced would be what is claimed, it would be money well invested. That a sufficient guaranty fund would inspire confidence, and in time of panic allay the fears of depositors, there can be but little doubt. That it would bring to the banks increased deposits I think may be fairly assumed. That such a fund can be maintained without oppressive taxation to the banks is a problem whose demonstration depends on many varying conditions, such as the rise and fall of values and prices, the inflation and contraction of credits, and all the well-known influences that materially affect and influence the solvency of banks and their ability to meet the demands made upon them."¹

This language seems to us so temperate and conservative that we can hardly realize how radical it appeared to the convention. No discussion was made of it at this meeting, but when Dr. Hall read the same article before another group at Falls City in July of the same year, the record states:

"Mr. Morehead requested that the members who were not in favor of such sentiment rise. There was unanimous sentiment against it."²

Two years later (January, 1905), Frank Jouvenat, then of

¹ Proceedings Neb. Bankers' Ass'n., 1903, p. 353.

² Ibid., p. 281

Petersburg, introduced a guaranty bill into the House which he, being chairman of the Banking and Currency Committee, managed to get before the Committee of the Whole, where it was defeated. This bill originally set aside $\frac{1}{2}$ of 1 per cent of the average non-interest-bearing deposits every six months, to be drawn upon by the State Treasurer pro rata when necessary to pay losses. In committee the assessment was amended to 1-10 of 1 per cent.^{1/} This was the most carefully drawn bill thus far introduced because Dr. Hall's actuarial figures had demonstrated that an assessment of 1-10 of 1 per cent would probably be ample to meet prospective losses. As Mr. Jouvenat did not return to the next legislature, J. O. Milligan of Wakefield introduced a bill into the House on February 8, 1907, which was identical with the one introduced by Jouvenat in the preceding session, as amended by the committee.^{2/} This bill also got past the Banking committee but met defeat in Committee of the Whole.

The bankers of the state were now beginning to admit, in their conventions, that the public had a right to expect something more than "due diligence" in the safeguarding of its savings, and to the topic of guaranty was devoted a good deal of discussion. At a meeting of the Nebraska Bankers' Association in 1906, Henry W. Yates, president of the Nebraska National Bank of Omaha, contributed a paper on "Protection for Bank Depositors."

"The difficulty of providing or enforcing any system which will prevent bank failures has led to the advancement of schemes for guaranteeing bank deposits * * * This idea has merit, and deserves consideration. In the banking of the future, when our widely extended system of independent banks shall assume greater coherency and stability, something of this kind may be welcomed and adopted but we are far from that suitable condition at present, and to my mind the objections to the scheme are now insurmountable."^{3/}

All banks would be on the same footing, he predicted, and "the glibest talker and largest promiser would have an equal chance with the oldest and most experienced banker." "All would go well for a time," he added darkly, "but in the end if continued so far, the business would be destroyed, for good bankers would give up the contest and seek other means of livelihood." He therefore recommended turning away from this blind alley, and the trying of other means to secure greater safety such as more rigid examinations, more severe penalties for irregularities, and the introduction of bookkeeping methods which would make individual defalcations impossible.

^{1/} H. R. 133, 1905.

^{2/} H. R. 28, 1907.

^{3/} Proceedings, Nebraska Bankers' Assoc., Nov. 22, 1906, p. 101.

Postal savings banks then began to be talked of as providing the desired safety for individual deposits, and the bankers became alarmed at the prospect of so much money being taken out of the state. In a meeting of Group One of the Nebraska Bankers' Association in June, 1907, a resolution was introduced as follows:

"WHEREAS, A general movement is being made to secure the passage of a law establishing a system of postal savings banks, be it

"RESOLVED, That it would be better for the banks of Nebraska to provide a guaranty fund to protect depositors than to concede the establishment of government postal banks."^{1/}

In other words, said the author, we are between the devil and the deep sea, but have a slight preference for the deep sea of bank guaranty. C. B. Anderson, Vice-President of the Crete State Bank, who had been prominent as chairman of the Resolutions Committee of the Republican State Convention of 1906, opposed the resolution, believing guaranty neither necessary, fair nor feasible. John R. Cain, Jr., of Stella, is also mentioned as being unfavorable to it. C. L. Hurlburt of Utica, and E. R. Gurney of Fremont spoke in behalf of the plan, but it was finally laid on the table, and no action was taken by these bankers to forward the movement.

In October came the panic of 1907. The banks of the reserve cities all over the country suspended cash payments, and Nebraska banks became fearful of paying out too much of their coin and currency without being able to get more from their correspondents. So they formed clearing-house associations and issued certificates in convenient denominations, secured by deposits of commercial paper. These, along with their cashier's checks, they put into circulation as much as possible instead of cash. Bankers of the other states adopted the same methods, except in Oklahoma. There, as has been stated, the situation was unusually precarious because of the large number of weak institutions, especially in the old Indian Territory, whose solvency was questionable. On the out-break of the panic, the Governor declared a legal holiday of a week, while the Executive Committee of the Oklahoma Bankers' Association met to devise a way out. This committee recommended guaranty of state banks by the state, and of national banks by the nation. Within a few weeks after this Oklahoma became a state, and the first legislature met at once. The Banking Board introduced a bill for the guaranty of deposits of state banks by a 1 per cent annual assessment on the average deposits, with unlimited special assessments in case of emergency. This bill became law December 17, 1907. National banks

^{1/} Nebraska State Journal, June 21, 1907.

were invited to participate in the system, but were forbidden to do so by the Comptroller of the Currency.^{1/} The law was immediately contested by one of the banks affected, and was by the state courts upheld.^{2/}

In Nebraska the panic caused no failures, because the very efficient State Banking Board had succeeded in bringing the banking business of the state into an excellent condition; but as soon as people were able to get their money out of the banks many of them did so. The deposits of state, private and savings banks dropped from \$71,539,000 on August 31, 1907 to \$64,434,000 on November 30, a falling off of seven millions, or about one-tenth, in those three months.^{3/} It is true that the August deposits are usually two to three millions heavy, on account of marketing of crops, but that the confidence of many people in banks generally was shaken by the panic is certain, one evidence being that the next year in August the deposits were six millions below August, 1907.

It became clear to the bankers that a recurrence of the conditions which had just come about must, if possible, be prevented. State guaranty of deposits naturally came into notice at once as a possible solution. Dr. Hall read a paper in January, 1908, before the Candle Light Club of Lincoln, in which he recommended a system of insurance similar to that which he proposed in 1903, above referred to.^{4/} The Oklahoma experiment was watched with keen interest. Reports of its progress were often printed in the papers, with varying opinions as to whether or not it was proving successful. The Democratic national convention, meeting July 7, 1908, was dominated by Mr. Bryan, and he was able to get a plank into the platform favoring national bank guaranty. This action called the attention of the entire country to the subject, enlivened by a spirited controversy between Mr. Bryan and Mr. Taft as to the merits of the Democratic doctrine. When the Democratic state convention met September 22 in Nebraska, Mr. Bryan insisted on the following plank:

"(We favor) A law under which the state banks shall be required to establish a guaranty fund, under state supervision and control, under an equitable system, which shall also be available to all national banking institutions of this state wishing to take advantage of it."^{5/}

The Democratic candidate for governor, Mr. Shallenberger, who, as has been stated, is credited with having been active in defeating the

^{1/} Thornton Cooke, Quarterly Journal of Economics, XXIV, 85.

^{2/} Noble State Bank vs. St. Bkg. Bd., 97 Pac. 590.

^{3/} Report of Sec'y State Bkng. Bd. 1907, p. xv.

^{4/} The Commoner, Sept. 18, 1908.

^{5/} Nebraska State Journal, Sept. 23, 1908.

Evans bill in committee in 1899, also urged the adoption of the above plank by the convention.

In the Republican state convention, which met the same day as the Democratic, a determined effort was made by Governor Sheldon, candidate for reelection, and M. L. Fries of Arcadia, member of the resolutions committee, to have a guaranty plank adopted. All other members of the resolutions committee were either bankers or bank attorneys,^{1/} so there was no second to Fries' motion. He therefore offered it from the floor of the convention. Governor Sheldon seconded and spoke in its favor, as did also C. C. Whedon, but the convention voted it down, 48 to 15.^{2/} Twenty-six members of the convention, according to F. A. Harrison, editor of the Nebraska State Capital, were financially interested in banking institutions.^{3/} The Democrats used their guaranty promise to good advantage during the campaign, and although Mr. Bryan's personal popularity in this state was one of the most important of his party's assets, yet the prospect of safer bank deposits was undoubtedly of great force in the election of Mr. Shallenberger and a majority of the Democratic candidates to the legislature.

II. Enactment and Establishment of the Law

When the legislature met January 5, 1909, Governor Shallenberger read his message, of which nearly two-thirds was devoted to bank deposit guaranty. He recommended that an assessment of $\frac{1}{2}$ of 1 per cent of each bank's average daily deposits for the preceding six months be levied the first of July, 1909, and $\frac{1}{2}$ of 1 per cent at intervals of six months up to January 1, 1911; then an annual assessment of 1-10 of 1 per cent. If the fund should be exhausted, he would allow an emergency assessment up to 2 per cent in any one year. He advised that the fund be left on deposit with the banks themselves, subject to draft by the State Banking Board.^{4/}

A Committee on Banking, with Charles Graff of Bancroft as chairman, was appointed in the House to draft the bill. This committee hired I. L. Albert of Columbus as special counsel, paying him \$500 for his services.^{5/} On March 1 H. R. 423 was reported, embodying most of the Governor's suggestions, and bearing the stamp of Mr. Bryan's approval.

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- ^{1/} Nebraska State Capital, Sept. 25, 1908.
 - ^{2/} Nebraska State Journal, September 23, 1908.
 - ^{3/} Nebraska State Capital, Sept. 25, 1908.
 - ^{4/} Governor's message Senate Journal 1909 p. 127.
 - ^{5/} Neb. State Capital, Feb. 12, 1909.

Dr. Hall and others urged Mr. Bryan to stand for an ultimate payment form of bill,^{1/} because of the greater safety to the fund; but the enthusiasts who wanted the most popular measure possible gained the ascendancy over him, and he consented to payment of depositors as soon as the district court having charge of a receivership determines the amount of cash necessary above that held in the bank, making a period of about sixty days. The fund is then to be reimbursed by the sale of the bank's assets. Amendments were made in committee, limiting the emergency assessments to 1 per cent in any one year and providing that the fund be kept at 1 per cent of the aggregate deposits. To discourage reckless bidding for deposits, more than 4 per cent interest on time deposits was forbidden. The bill in this form was passed by the House March 9, 72 to 23. But one Democrat opposed it, and only 7 Republicans voted for it. Six members who voted No explained, however, that they favored real bank guaranty, but did not think this bill would provide it.

When sent to the Senate H. R. 423 came in conflict with a bill^{2/} introduced by a Republican from the western part of the state, E. L. Myers. This produced a partisan division, but H. R. 423 was finally passed, 19 to 12, only one Republican voting for it and but one Democrat against it. The Governor added his signature April 25, completing the fulfillment of the Democrats' first platform pledge.

V. E. Wilson of Stromsburg also introduced a bill which was passed, allowing national banks to reorganize as state banks and participate in the guaranty system.^{3/}

Then followed a long period of litigation to establish the constitutionality of the law and put it into operation. One requirement of the act was that all institutions doing a banking business within the state must be incorporated; if not nationally, then under state law. This compelled the private banks, numbering about twenty, to either incorporate or go out of business. The First State Bank of Holstein, probably a tributary of the First National of Hastings,^{4/} brought suit in the United States District Court against Governor Shallenberger and the other state officials to prevent them from putting the guaranty law into operation. The national bankers of the state, it is claimed, combined to finance this as a test case. The late C. O. Whedon assisted as legal counsel for the state, his long study of the matter, extensive legal

^{1/} Conversation with P. L. Hall.

^{2/} S. F. 230.

^{3/} H. R. 533.

^{4/} A. L. Clarke, of the latter bank, was its president.

knowledge and earnest interest in the cause making his services extremely valuable. In July, 1909, he prepared an 80-page brief, which was submitted to the court, and of which extracts were published in the papers.^{1/} The complainants contended that the guaranty law was unconstitutional because it discriminated against private banks, in forcing them to either incorporate or dissolve, and also in compelling solvent banks to pay the debts of insolvent institutions. This contention was upheld by the court in its decision on October 16. The opinion, written by Judge T. C. Munger, was in part as follows:

"It is entirely clear that this act of the legislature does deprive the citizen of his right to engage in a lawful business except upon the terms that the state will take of his property, without his consent, for the private use of others, and without due process of law. This is not accomplished by requiring that A shall pay directly to B, or to B's creditors, but the same result is effected through a process akin to taxation * * * *

The act not only attempts to exclude individuals from engaging in the banking business, unless they do so through the agency of a corporation, but also attempts to impose upon them, as a condition to their engaging in that business even in that form, a duty to make good the obligations of all other bankers in the state to their depositors * * * * We are of the opinion that this cannot be done consistently with the 14th Amendment to the National Constitution or with Section 3 of Article 1 of the State Constitution, and that this act is therefore void."^{2/}

By this decision the guaranty law was made inoperative. A storm of protest went up from advocates of the law. Mr. Whedon, in a letter published in the Nebraska State Capital of October 22, criticised the Federal Court's decision severely. It ignored entirely, he said, the principle laid down repeatedly by the Supreme Court of the United States that the Fourteenth Amendment was not intended to interfere with the police power of a State, which includes any laws a State may pass to provide for the general well-being of its inhabitants.

The state officials appealed the case December 10, 1909, to the United States Supreme Court, Mr. Whedon still assisting as counsel. At this time the other state bank guaranty laws were also in the Supreme Court on appeal, so the high tribunal lumped them all together for purposes of argument. On January 3, 1911, Justice Oliver Wendell Holmes decided that the Oklahoma law was valid, and that as the same principles were

^{1/} Nebraska State Capital, July 23, 1909.

^{2/} Quoted in Nebraska State Journal, Oct. 17, 1909. Case reported in 172 Fed. 999.

involved in the Nebraska case, the Nebraska law was also valid and the decision of the District Court should be reversed.

The following is an extract from his opinion:

"The levy and collection, under a state statute, from every bank existing under the state laws, of an assessment based upon average daily deposits, for the purpose of creating a depositors' guaranty fund to secure the full repayment of deposits in case any such bank becomes insolvent, is a valid exercise of the police power, and cannot be regarded as depriving a solvent bank of its liberty or property without due process of law * * * * The police power of a state extends to the regulation of the banking business, and even to its prohibition, except on such conditions as the state may prescribe."^{1/}

Justice Holmes proceeds to examine the arguments advanced by the bankers, which were endorsed by the District Court, and then says:

"Nevertheless, notwithstanding the logical form of the objection, there are more powerful considerations on the other side. In the first place it is established by a series of cases that an ulterior public advantage may justify a comparatively insignificant taking of private property for what in its immediate purpose is a private use * * * * It may be said in a general way that the police power extends to all the great public needs * * * * Among matters of that sort, probably few would doubt that both usage and preponderant opinion give their sanction to enforcing the primary conditions of successful commerce. One of these conditions at the present time is the possibility of payment by checks drawn against bank deposits, to such an extent do checks replace currency in daily business. If, then, the legislature of the state thinks that the public welfare requires the measure under consideration, analogy and principle are in favor of the power to enact it."

He curtly answers the reductio ad absurdum of the law's opponents:

"It is asked whether the state could require all corporations or all grocers to help to guarantee each other's solvency,

^{1/} Noble State Bank vs. Haskell, 219 U. S. 104.

and where we are going to draw the line, but the last is a futile question, and we will answer the others when they arise."

The Nebraska case was disposed of by a single sentence:

"This case is governed by the decision in *Noble State Bank v. Haskell*."^{1/}

A motion for rehearing was denied. This notable decision establishes, in remarkably lucid language, a state's right to protect depositors in its banks, even to the extent of compelling mutual insurance of the institutions it has chartered.

The legislature of 1911 proceeded to bring the 1908 law down to date, and to patch up a few of its weak spots. Senator J. B. McGrew of Bloomington introduced a bill on February 7, 1911, repealing fourteen of the sixty-six sections of the preceding act, and substituting amendments therefor.^{2/} The dates for paying the first 1 per cent assessment in four semi-annual installments were shoved up two years, but it was provided that no bank which should have nationalized after the assessments were originally due, from July 1, 1909 on, be released from the obligation for these payments. As originally reported from the Banking Committee, the bill reduced the interest rate to be paid on deposits from 4 per cent to 3 per cent, limited the guaranty fund to \$1,000,000, and contained a clause allowing banks voluntarily liquidating to get back from 50 per cent to 90 per cent of their assessments not drawn upon. It was amended in committee of the whole to permit 5 per cent interest on time deposits, to establish an outside limit of 1½ per cent of the aggregate deposits of the banks to the guaranty fund, and the refund clause was stricken out. It was also more definitely stated that no further security than the Depositors' Guaranty Fund should be required for public deposits. In this form the bill was passed unanimously and signed by the governor.

The law now contains no direction as to what shall become of any bank's share of the guaranty fund when it closes its business up voluntarily. The secretary of the State Banking Board recommended in his report for 1912 that a law be enacted to clear up this ambiguity, and a bill was introduced^{3/} allowing such a bank to retain half its fund, the other half to go to the State Banking Board to create a fund to be first drawn upon in case of loss. This bill, with others relating to the guaranty law, was not passed. A decision will doubtless be made by the courts as soon as a bank liquidates and brings suit against the Board for its share of the fund.

^{1/} A. C. Shallenberger et. al. v. First St. Bk. of Holstein, 219, U. S. 114

^{2/} S. F. 213.

^{3/} S. F. 219.

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THE NEBRASKA DEPOSIT GUARANTY FUND

from

THE QUARTERLY JOURNAL OF ECONOMICS

November, 1921 - pp. 162-166

Perhaps it is a healthful sign that in states where deposits are guaranteed failures bring criticism of the state departments of banking. Insolencies cost the sound banks money, for they mean assessments to replenish the guaranty fund. In Nebraska, for instance, where nineteen banks have closed last year and this, there has been effort to throw the blame on the Bureau of Banking. State supervision is always the better for watchfulness and criticism on the part of the banks; but Mr. J. E. Hart, Secretary of the Department of Trade and Commerce and head of the Bureau, says that the statistics of failures and assessments have sometimes been very unfairly used. Correspondence with a number of well informed bankers in Nebraska has, in fact, brought to the writer no evidence of inefficiency in the Bureau.

It is to be remembered, as Mr. J. B. Forgan has said, that examination is always a process after the event. A crook can hide his stealings a long while even from a competent examiner, and sometimes can loot a bank between examinations. In such cases all the supervising authority can do is to close banks as soon as it learns they are insolvent. It appears that in Nebraska this is done, so avoiding the errors of some years ago in Oklahoma, where insolvent banks were allowed to run because there was no money in the guaranty fund and the banking board hoped that the wrecked concerns would get into better condition. They got worse, and eventually cost the fund more than if they had been closed at once. Kansas had a like experience when a former Bank Commissioner delayed closing a bank at Salina, hoping that he could restore it to solvency and thus avoid having to levy upon the guaranty fund. The shrinkage of assets and the loss to the fund continued. Finally, the bank was closed, but the cashier has not been apprehended. Ouster proceedings against the Commissioner were, however, unsuccessful.

The condition of the Nebraska banks as a whole on August 6, 1921, was as follows (000 omitted).

Loans and discounts.....	\$212,643
Overdrafts.....	1,307
Bonds, securities, etc.....	10,001
Banking house, fixtures, etc.....	7,148
Other real estate.....	1,106
Current expenses.....	6,248
Cash items.....	159
Due from other banks.....	37,545
Cash.....	9,104
	<hr/>
	\$285,261

Capital stock.....	\$25,871
Surplus.....	8,157
Undivided profits.....	7,786
Dividends unpaid.....	147
Individual deposits.....	103,467
Certificates of deposit.....	121,034
Due to banks.....	6,799
Bills payable.....	9,904
Depositors' guaranty fund.....	2,095
	<hr/>
	\$285,260

The following items are computed from an abstract from the Bureau of Banking covering the affairs of sixteen of the banks closed in 1920 and 1921:

Deposits on dates of closing.....	\$4,055
Drafts on guaranty fund.....	1,006
Cash in hands of receivers.....	336
Unpaid claims for deposits.....	2,669
Assets, good.....	736
Assets, unclassified.....	534
Assets, doubtful.....	910
Assets, worthless.....	748

Three other failures were so recent that like data were not to be had when these figures were assembled. The deposits of the three in November, 1920, were \$1,128,000.

After the figures on which the second table is based were made up, and before September 8 this year, \$1,626,000 more was paid out of the guaranty fund on account of banks covered by the table. This makes \$2,632,778 paid out of the guaranty fund - say three-fourths of one percent of deposits - during 1920 and the first eight months of 1921. This is a sum more than there was in the fund at the date of any report in these two years, except the very first report, which showed it to be \$2,809,000. The largest single payment was about \$700,000, for a bank at Blair; the next in size \$300,000 for a bank at Omaha. It is expected that much of this year's payments will be recovered out of the assets of the failed banks.

All these figures have been obtained from the Nebraska Bureau of Banking, through the courtesy of Professor George O. Virtue of the University of Nebraska and of Nebraska bank friends of the writer. In advance of detailed official reports, they are the best yet available. They do not synchronize, but it would appear that the guaranty fund, which on August 6 was \$2,095,000, must now have been reduced to \$469,000. By the same computation, unpaid claims would amount to \$1,043,000 plus the deposits of the last three banks to close, probably less than \$1,000,000. Cash in the fund, plus assets classed as good, would not cover the claims.

Considering, however, that the fund can be replenished by emergency assessments equal to one percent of deposits each year, it will remain solvent. Much wreckage is probably still to be cleared away, and that will be expensive; but the ability to levy two and a quarter millions per annum will, at the worst, take care of all conceivable losses in a very few years.

It will help to tide matters over if Mr. Hart, head of the Bureau of Banking, succeeds in obtaining legislation he is seeking for the postponement of payment of depositors until after the final liquidation of closed banks, giving to depositors in the meantime interest-bearing certificates. Kansas was the first state to adopt this method, and to the writer it has always seemed wise. It leaves at least a little incentive to be careful in picking one's bank; and if the depositors have got only certificates and not cash, the bank wrecker is not made a hero when he comes back to town. The point is not to be overemphasized, of course, for unquestionably the fact that no depositor ultimately loses deadens public opinion. Certain proceedings in the Salina, Kansas, case illustrate this. The chief benefit of the new legislation will be to let assessments catch up to the liabilities of the fund while the receivers are collecting the realizable assets of the closed institutions.

The writer has said before, in these columns,^{1/} that in every state where deposits are guaranteed the fund accumulated in cash is too small, and that too much dependence is placed in the fact that assessments can be levied to meet failures after they occur. Nebraska's experience seems to sustain this view. The law contemplates the maintenance of the fund at one percent of deposits. Now, a reserve of \$2,000,000 is not sufficient insurance for \$200,000,000 of deposits, even if another \$2,000,000 can be levied next year. The fund might easily have become insolvent this year. Bank failures have been fewer and smaller than could have been expected with wheat dropping from \$3.00 to \$1.00, corn from \$2.50 to 50 cents, and cattle from \$20.00 per cwt. to \$8.50. Nebraska should have a cash fund of at least two and one-half percent, and it would not hurt the Nebraska banks to raise it. They would have to charge it off as an expense, it is true; but under the Nebraska law they would simply set it aside on their books and have the use of it until called for. Thus they would make just as much money on the fund as if it were still their own property.

This is the more necessary because state-administered insurance - that is what deposit guaranty is - cannot, like private underwriting, avoid concentration of risk. Over \$10,000,000 of deposits are at the risk of the fund in Omaha alone, and more than twice the fund, as it stood in August, is at risk in a single bank. The bank referred to is one of standing; but such underwriting is unscientific and might - not in this case, but somewhere, sometime - jeopardize the whole fund. The fund, therefore, should be increased.

It must be borne in mind that insurance of deposits is not the cause now leading to bank failures in Nebraska. In the neighboring state of Missouri, where supervision is excellent but deposits are not guaranteed, twenty-two state banks have closed so far in 1921. Fortunately all but one were small, with \$50,000 capital or less.

^{1/} See the issue for November, 1913, p. 113.

Several more states have established deposit insurance since the writer last contributed to these pages.^{2/} Now and then even a national banker expresses favor of the plan. The usual objection, discussed before and still heard, is that deposit guaranty requires the honest and competent bankers to make good to depositors the losses of dishonest and incapable competitors. Like objections are inherent in all insurance, and the reader will favor or oppose deposit insurance according to his estimate of its net social utility. The writer is convinced that still more states will be led by the present bank casualties to adopt the plan.

THORNTON COOKE.

Columbia National Bank,
Kansas City, Missouri.

^{2/} See this Journal for November, 1909, "Insurance of Bank Deposits in the West"; November, 1913, "Four Years more of Bank Guarantee"; February, 1915, "Deposit Guarantee in Mississippi."

A good survey of the subject at large is in the recently published book of Professor T. B. Robb, The Guaranty of Bank Deposits (1921).

Nebraska State banks which were not shown in January 1929 Rand McNally Banker's Directory as being operated by Guaranty Fund Commission, but which were taken over by the Commission after that time and were later reported as suspended (turned over to the Dept. of Trade and Commerce for liquidation through receivership)

<u>City</u>	<u>Name of Bank</u>	<u>Date of Suspension</u>
Ainsworth	Citizens State Bank	5-2-29
Bloomfield	Far. & Mer. " "	5-2-29
Bloomfield	Nebraska " "	5-2-29
Dalton	Farmers " "	5-2-29
Havens	State Bank of Havens	5-2-29
Humboldt	Nebraska State Bank	5-2-29
Inman	Inman State Bank	5-2-29
Lyman	Lyman State Bank	5-2-29
Mason City	Mason City Banking Co.	5-2-29
Minatare	State Bank of Minatare	5-2-29
Raeville	Farmers State Bank	5-2-29
Surprise	State Bank of Surprise	5-2-29
Stromberg	Farmers State Bank	5-2-29
Sutton	City State Bank	5-2-29

DIVISION OF BANK OPERATIONS
June 20, 1929.

LIST OF NEBRASKA BANKS OPERATING UNDER "GUARANTY FUND COMMISSION" AT
THE BEGINNING OF THE YEAR 1928 - Rand McNally Banker's Directory,
January 1928

<u>City</u>	<u>Name of Bank</u>	<u>Date of Suspension</u>
*Altona	Farmers State Bank	1-18-29
Ansley	State Bank of Ansley	5-26-28
Bassett	State Bank of Bassett	3- 5-28
Belden	Farmers State Bank	3-10-28
Belgrade	Bank of Belgrade	3-29-28
Bennington	Bennington State Bank	11- 2-28
Bennington	Mangold & Glandt Bank	1-25-28
Boelus	Farmers State Bank	12-18-28
*Broken Bow	Custer State Bank	2-13-29
Brunswick	Farmers State Bank	3- 3-28
*Burchard	Bank of Burchard	5- 2-29
Cedar Rapids	S. S. Hadley Co. Bankers	4-25-28
Clearwater	State Bank of Clearwater	2-14-28
Cornlea	Cornlea State Bank	4- 4-28
Crofton	Farmers State Bank	4-13-28
Danneborg	Danneborg State Bank	3-20-28
Danneborg	First State Bank	10-24-28
*Dixon	Dixon State Bank	5- 2-29
Doniphan	Commercial Exchange Bank	4-13-28
Dunbar	Dunbar State Bank	4-30-28
Eagle	Farmers State Bank	4-30-28
Elgin	Elgin State Bank	3-27-28
Enola	Enola State Bank	3-10-28
*Fairfield	Citizens Bank	3- 6-29
Fairfield	Farmers & Merchants Bank	3- 2-28
*Fullerton	Farmers State Bank	5- 2-29
Geneva	Citizens State Bank	12-15-28
*Gibbon	Commercial Bank	1-30-29
Giltner	Citizens Bank	3-29-28
*Greeley	Greeley State Bank	3- 2-29
*Greenwood	Farmers State Bank	5- 2-29
Gretna	Farmers & Merchants Bank	11-11-28
Hazard	Farmers State Bank	11-19-28
Jackson	Jackson State Bank	10- 3-28
*Laurel	State Bank of Laurel	5- 2-29
#Lindsay	Lindsay State Bank	5- 2-29
Magnet	Magnet State Bank	4-13-28
*Malcolm	Malcolm State Bank	10-24-28
Meadow Grove	Meadow Grove State Bank	2-22-28
*Mitchell	Mitchell State Bank	5- 2-29
Mount Clare	Mount Clare State Bank	11-24-28
#Murphy	First State Bank	3-26-29
Newcastle	Farmers State Bank	12- 5-28

<u>City</u>	<u>Name of Bank</u>	<u>Date of Suspension</u>
Newport	Rock County State Bank	1-18-28
*North Bend	First State Bank	2- 4-29
Oakdale	Antelope County Bank	10-22-28
Oakdale	Oakdale Bank	10-22-28
Osceola	Osceola Bank	3-11-28
Petersburg	Citizens State Bank	10-13-28
Petersburg	Farmers State Bank	10-13-28
*Plainview	Citizens State Bank	5- 2-29
*Plainview	Security State Bank	3-25-29
#Scottsbluff	American State Bank	1- 8-29
*Scribner	Scribner State Bank	5- 2-29
*Shelton	Weisner State Bank	5-16-29
Springranch	Blue Valley State Bank	4- 7-28
#Sterling	Farmers & Merchants Bank	1-17-29
*Strang	Strang State Bank	1-22-29
Thurston	Liberty State Bank	3- 6-28
*Thurston	Thurston State Bank	5- 2-29
Tilden	State Bank	12- 5-28
Ulysses	Farmers & Merchants Bank	4- 3-28
Ulysses	First Bank of Ulysses	3-13-28
Verdel	Farmers State Bank	2-20-28
*Vesta	Vesta State Bank	2-12-29
Wahoo	Far. & Mer. State Bank	3-15-28
*Wakefield	Security State Bank	5- 2-29
Western	Western State Bank	3-20-28
*Winnetoon	First State Bank	1-23-29
*Wolbach	State Bank of Wolbach	3- 2-29
York	Farmers State Bank	5-11-28

*Shown also in January 1929 directory as operating under G. F. Comm.
 #Shown in January 1929 directory as "closed".

DIVISION OF BANK OPERATIONS
 June 20, 1929

LIST OF NEBRASKA BANKS OPERATING UNDER "GUARANTY FUND COMMISSION" AT THE
BEGINNING OF THE YEAR 1929 - Rand McNally Bankers' Directory
January 1929

<u>City</u>	<u>Name of Bank</u>	<u>Date of Suspension</u>
Allen	Allen State Bank	5-2-29
*Altona	Farmers State Bank	1-18-29
Beemer	Beemer State Bank	5- 2-29
Benkelman	Citizens State Bank	5- 2-29
Big Spring	American State Bank	5- 2-29
Bloomington	Farmers State Bank	5- 2-29
Boone	Boone State Bank	5- 2-29
Bradish	Farmers State Bank	5- 2-29
Brady	Brady State Bank	5- 2-29
Breslau	Breslau State Bank	5- 2-29
Bridgeport	Nebraska State Bank	5- 2-29
*Broken Bow	Custer State Bank	2-13-29
Brownlee	Brownlee State Bank	5- 2-29
Burton	Burton State Bank	5- 2-29
*Burchard	Bank of Burchard	5- 2-29
Butte	Citizens State Bank	5- 2-29
Champion	State Bank of Champion	5- 2-29
Clarks	State Bank of Clarks	5- 2-29
Crab Orchard	Bank of Crab Orchard	5- 2-29
Creighton	Security Bank	5- 2-29
Deweese	State Bank of Deweese	3-18-29
*Dixon	Dixon State Bank	5- 2-29
Dodge	Dodge State Bank	5- 2-29
*Fairfield	Citizens Bank	3- 6-29
*Fullerton	Farmers State Bank	5- 2-29
Genoa	Farmers State Bank	5- 2-29
*Gibbon	Commercial Bank	1-30-29
Gilead	State Bank of Gilead	5- 2-29
**Glenrock	Community State Bank	
Grainton	Perkins County State Bank	5- 2-29
Grant	Commercial Bank	5- 2-29
*Greeley	Greeley State Bank	3- 2-29
*Greenwood	Farmers State Bank	5- 2-29
Haigler	State Bank of Haigler	5- 2-29
Humboldt	State Bank of Humboldt	5- 2-29
Humphrey	Bank of Otis and Murphy	5- 2-29
Jackson	Bank of Dakota County	5- 2-29
Johnstown	Citizens Bank	5- 2-29
Lamar	Lamar State Bank	5- 2-29

<u>City</u>	<u>Name of Bank</u>	<u>Date of suspension</u>
*Laurel	State Bank of Laurel	5- 2-29
Litchfield	State Bank of Litchfield	5- 2-29
#Madrid	Madrid Exchange Bank	
*Malcolm	Malcolm State Bank	10-24-28
Martinsburg	Citizens State Bank	5- 2-29
Martinsburg	Martinsburg State Bank	5- 2-29
Maxwell	Maxwell State Bank	5- 2-29
*Mitchell	Mitchell State Bank	5- 2-29
*North Bend	First State Bank	2- 4-29
Overton	Overton State Bank	5- 2-29
Panama	Farmers State Bank	5- 2-29
Paxton	Commercial State Bank	2-22-29
Pierce	Pierce State Bank	5-2-29
*Plainview	Citizens State Bank	5-2-29
*Plainview	Security State Bank	3-25-29
#Plymouth	Farmers State Bank	
Polk	Farmers State Bank	5- 2-29
Ponca	Security Bank	5- 2-29
Ralston	Ralston State Bank	5- 2-29
Republican City	Nebraska State Bank	5- 2-29
Rohrs	Farmers Security State Bk.	5- 2-29
Scotia	Farmers State Bank	5- 2-29
*Scribner	Scribner State Bank	5- 2-29
*Shelton	Meisner State Bank	3-16-29
St. Edward	Farmers State Bank	5- 2-29
Stockville	Frontier County Bank	2-27-29
*Strang	Strang State Bank	1-22-29
Superior	Citizens State Bank	5- 2-29
*Thurston	Thurston State Bank	5- 2-29
*Vesta	Vesta State Bank	2-12-29
*Wakefield	Security State Bank	5- 2-29
*Winnetoon	First State Bank	1-23-29
*Wolbach	State Bank of Wolbach	3- 2-29

*Shown also in 1928 directory as operating under G. F. Comm.

** Gone into voluntary liquidation according to July 1928 directory.

#Not yet reported as closed or suspended or transferred by G. F. Comm. to State Banking Department.

DIVISION OF BANK OPERATIONS
June 20, 1929

Notes on THE NORTHWESTERN BANKER. Items referring to deposit guaranty in Nebraska.

Vol. 10, May 1905, pp. 1-8. Describes proposals, from which following quotations and ~~notes~~ summaries are taken.

"Some years ago the idea was advanced to provide a guaranty fund by a tax on banks for the protection of depositors in failed banks. Bills to establish reserve funds for protection of depositors were introduced in the sessions of our legislature for 1897 and 1899. House Roll 133 was a bill introduced in our last legislature by Mr. Jouvenat, a banker of Petersburg. Its title was 'A Bill to Secure to Depositors of State the Payment of Non-interest Bearing Deposits in the Event of the Failure or Insolvency of any such Bank.' All of the above bills applied only to state banks.....

The features of the bill are:

1st. A Guarantee Fund. 2nd. An annual tax of one-tenth of 1 per cent. 3rd. Non-interest bearing deposits protected. 4th. State and price banks protected.

Is the principle of the bill sound in theory and will it prove successful in practice? It is urged in its favor: 1st. That a guarantee fund will protect non-interest bearing deposits and will make runs on the bank protected a thing of the past. 2nd. That it will largely increase deposits and the resulting profits will more than pay the tax." (pp. 5-6)

Article proceeds to review statistical basis, noting first that rate is based on experience of national banks for 1865 to 1902, for which losses in failed banks were 0.083 of 1 percent of total deposits. Then reviews the record of Nebraska for 1892 to 1903, showing that tax would have provided only about two-thirds enough to meet losses on non-interest bearing deposits (with assumptions that such were half of total deposits, and proportion of losses to deposits in the failed banks were the same as in national). Even for the three good years of 1901-1903 the tax would not have been quite sufficient. Concludes that the fund would not be entirely satisfactory to timid depositors, and could not be depended on to stop all runs.

Then argues that fund would encourage bank failures. "The tendency of such a law is to widen the field of incompetent and dishonest bankers. ... Naturally the weaker banks, the small ones and the new ones, would offer inducements to depositors which experienced and conservative banks could not and would not. The result would be an increase of deposits in the less worthy hands. (p. 7) An inviting field would be opened to adventurers, speculators and unscrupulous men. I cannot doubt that it would be used" (p. 7).

Concludes that if any guaranty fund is desired, it should be by private companies, organized for the purpose, open to all, obligatory on none.

Vol. 11, December 1906. President's address at annual convention of Nebraska Bankers Association urges examination of all banks members of the association by the association, predicting that if something of this sort is not done a deposit guaranty law will be forced upon the banks. Recognizes that theory of deposit insurance is sound, but argues that banks should not all be placed on the same "footing in their relations to the public." Notes that such a bill was introduced in previous session of legislature, and is likely to be again in the next. (pp. 7-8)

Talk by Henry W. Yates, President Nebraska National Bank, Omaha, Recognizes that idea of deposit insurance has merit and should be considered, but argues that rate based on past experience will prove insufficient and thinks system would fail in the end. (p. 13)

Vol. 12, June 1907, pp. 8-10. Paper by W.S. Weston, Pres. First National Bank of Hartington, Neb. before Nebraska Bankers Convention. Urges deposit insurance fund placed in hands of committee of the Association, with premium of p percent of deposits first year, $\frac{1}{2}$ percent second year and $\frac{1}{4}$ percent third year. Refers to mutual plan of the Whitham banks of Georgia. Suggests limit of guaranty to 90 per cent of deposits.

Vol. 12, October 1907, address at Nebraska Bankers Convention by E. F. Gurney, Vice-President First National Bank of Fremont, on "The Guaranty of Deposits." pp. 35-37. In favor of such a plan, administered by government or bankers' association. Thinks that "an insurance system for the protection of depositors, managed under the strong arm of the Government, will prove itself a strong ally of good banking, and not an incentive to recklessness." (p. 37). Opposition largely due to misconception of function and effect of all insurance.

Vol. 13. Not available from Library of Congress (in too poor condition)

Vol. 14, Jan. 1909, pp. 45-46. Quotes from The Lincoln Journal regarding prospective legislation in Nebraska, noting the opposition to a law like that of Oklahoma, and likelihood that law with fixed assessment will be passed.

Feb. 1909, pp. 29-31. Gives text of a proposed act providing for voluntary organization of deposit insurance companies, with banks authorized to be stockholders, and the company authorized to examine an insured bank at any time.

June 1909, p. 39. Brief article describing a conference of bankers arranging for a suit to test the deposit guaranty law.

August 1909, pp. 16-18. Describes argument of bankers that law was unconstitutional, and granting of temporary injunction.

October 1909, pp. 27 and 30-33. President's address at bankers convention. Refers to operation of law being in abeyance until Federal court acts. States his own opposition to deposit guaranty - without describing reasons in much detail.

November 1909, p. 29. Reports bankers happy after decision of Federal circuit court that law was unconstitutional. See ^{typed copy} ~~photostat~~ (gives VanDeventer's decision)

Pp. 35-36. Quotes from report of ABA legislative committee report at convention in Chicago, re deposit guaranty, recommending resolution as follows:

"Resolved, That the American Bankers Association is unalterably opposed to any arbitrary plan looking to the mutual guaranty of deposits either by a state or the nation for the following reasons:

1. It is a function outside of state or national government.
2. It is unsound in principle.
3. It is impractical and misleading.
4. It is revolutionary in character.
5. It is subversive of sound economics.
6. It will lower the standard of our present banking system.
7. It is productive of and encourages bad banking.
8. It is a delusion that a tax upon the strong will prevent failures of the weak.
9. It discredits honesty, ability and conservatism.
10. A loss suffered by one bank jeopardizes all banks.
11. The public must eventually pay the tax.
12. It will cause and not avert panics.

Vol. 15, Feb. 1910, p. 47. Quotes letter from Governor of Oklahoma to governor of Nebraska, asserting that law is a complete success, despite the attacks in the press

April 1910, pp. 39-40. Quotes from a Denver Post editorial, and from letter to the chairman of the Colorado Bankers Association from an Oklahoma banker--opposing the law and its operation, on usual grounds and way Columbia Bank & Trust Co was handled.

This item should be on notes re proposals for US & European banks.

Also noted in notes re 1910

Notes on The Northwestern Banker. References to deposit guaranty in Nebraska -

Vol. 16. February 1911, pp. 7-9. "Supreme Court Sustains Guaranty Law." Article describing and summarizing decision of Justice Holmes, and summarizing the Nebraska law.

May 1911, pp. 18-19. "The Guarantee Law in Nebraska", quoting from an editorial in the Lincoln Star. Discusses proposed McGrew Bill, which would greatly weaken the law and practically destroy it.

Same issue, p. 48, and June 1911 issue, p. 79, brief notes regarding the number of banks that have applied for national charters, (total of ten).

September 1911, pp. 15-16. "Nebraska Banks Have Some Fun With the Guarantee Law." Refers to suits to collect the initial assessment of 1 percent (payable in installments) from banks that have nationalized.

October 1911, p. 50. Short article noting that some Nebraska banks are issuing misleading advertisements, ~~xx~~ a national banks, e.g. saying that "The nation guards the money in the national banks."

Vol. 17, May 1912, p. 50. Brief note that as public funds are sharing in protection of guaranty, and provision of law that other security is not required, the state board of educational lands and funds has officially released all state banks that are depositories.

August 1912, p. 39. Quotes Lincoln Star which refers to the McGrew Act passed by the last legislature, and decision of the state attorney-general that under its provisions state banks are not required to provide security bonds for public funds. Notes that deposits of such funds aggregating over \$5,590,000 were held on July 1st when first assessment was made for guaranty fund but were not included in the amount taxed, board acting on provision that tax is computed on "deposits not otherwise secured." Because of withdrawal of bonds, tax should have ~~been~~ collected \$13,832.28 on the state funds that escaped assessment. Next assessment on Jan. 1, 1912, will cover them.

p. 47.
September 1912, Brief note that deposits in State banks in Nebraska increased ten million in a year under the bank guarantee law, without decreasing deposits in national banks.

November 1912, pp. 709. "State Bank Guarantee Law in Nebraska," talk by C. G. Hurlburt, of Merchants Bank of Utica, Neb. before Nebraska Bankers Convention. Says evident guaranty law has come to stay. Urges amendment to limit interest paid on ^{guaranteed} time deposits to lowest amount paid by any bank in state instead of the 5% in the law, because of the tendency for banks in low-rate areas to shift to those paying 5%. Suggests that it might be limited to rate paid on postal savings. Also urges limitation of guarantee to unsecured and non-interest bearing deposits as in Texas.

Vol. 19, various issues, 1914. Nebraska notes list various newly chartered State banks that succeeded national banks. Also several references to the large increase in deposits, attributed largely or in part to the guaranty law.

May 1914, p. 48. "The first case to come before the state banking board for application of the bank guarantee fund is the State Bank of Superior, Neb., which failed recently. The board will make good about \$11,000 to depositors out of the state bank guarantee fund which will take about 8½ per cent of the funds available at present. This will be a land mark case in the banking history of Nebraska."

July 1914, p. 32. "The state guaranty fund has reached about \$850,000." Same page lists ten banks changed from national to State charter.

Notes on The Northwestern Banker. References to deposit guaranty in Nebraska -

Vol. 19
August 1914, p. 48. "Nebraska's bank guaranty fund will show an increase for the past six months when the semi-annual assessments of July 1st are added to it, in spite of the fact that \$54,526 was withdrawn from the fund on April 29th to pay depositors in the First Savings Bank of Superior."

Vol. 20. February 1915, p. 39. Comments that there were only two failures in Nebraska in ten years: one in 1907 (Citizens Bank Firth, \$88,470) "not a real failure because depositors received about 94 per cent; the other, first Savings Bank of Superior in March 1914, deposits paid by guaranty fund."

March 1915, p. 32. Reports that Secretary E. Royse of the State Banking Board has recommended that board be allowed by law to limit number of state banks in any city or village. Also that guaranty law be amended to be sure that ownership of a bank's portion of fund would belong to the bank if liquidated.

Same issue, p. 35, among list of bills introduced one in senate to to return 90 percent of assessment to a bank liquidating or becoming national, and one in house that liquidating bank would pay to banking board all guarantee funds held (latter killed).

Vol. 21
May 1916, p. 46. Refers to new ruling adopted for purpose of limiting banks to needs of communities, and mentions refusal of one application for charter. Later issues note a few more refused, but mention many more granted.

Vol. 26, June 1921, p. 145. Briefly summarizes bill providing for organization of co-operative banks.

July 1921, pp. 32 and 127. Summarizes new law requiring officers in state banks to be licensed. modifying minimum capital requirements, and reserves, and handling of banks taken possession of by the department of trade and commerce through the bureau of banking.

Vol. 27, March 1922, p. 76. Reports meeting of about 400 bankers at which the Governor said he would be guided by wishes of the bankers in regard to any changes in the guarantee law. Following resolution was adopted by the bankers.

"The present depositors' guarantee law has been in operation for eleven years, during which time not a single dollar has been lost to a single depositor in a state bank in Nebraska.

"The law has established and maintained the confidence of the people of our state.

"It has successfully met and been tested by the severest price declines and business disturbances ever experienced in this state.

"It has enabled the depositors in the failed banks to receive in cash over \$3,000,000 which otherwise would have been lost to them.

"It has provided by means of assessments on solvent banks with \$80,000,000 capital stock, for the constant recouping of the guaranty fund.

"As a result of this process and after the payment of \$3,000,000 out of this fund, it now contains \$2,250,000 in cash on deposit in solvent banks; it owns approximately \$5,000,000 in notes and mortgages taken over from failed banks and now possesses the largest resources the fund has ever retained in any period of history.

"It has stabilized banking and business conditions throughout our state. It commands the confidence and hearty support of the bankers themselves who have organized a great corporation to help make the law function more efficiently and to promote higher standards of banking in this state; therefore be it

"Resolved by the State Bankers of Nebraska, in convention assembled, that

"We favor and approve the present guarantee law of this state and that we are opposed to the enactment of any amendments or changes in the law by the coming special session of the Nebraska legislature."

Vol. 27, November 1922, pp. 71-72 and 83-84. Address before 1922 ~~Nebraska~~ convention of Nebraska Bankers Association by C. H. Randall, retiring president, "Facts and Fallacies on the Guaranty Law." Following are excerpts.

"The present condition in the banking business was brought about largely by the fact that some men who were not properly trained for the banking business, but who had a little financial responsibility and no particularly black mark on their reputation, could obtain a charter and open up a bank.

"With the guaranty fund in existence, depositors did not inquire whether the banker was experienced or not. The borrower was glad to take advantage of the inexperience and lack of ability of the banker. The natural result was the over-extending of loans by the banks to an extent which has cost the conservative bankers of the state an enormous sum of money, and has brought ruin upon many of the borrowers who would have weathered the storm had they had advice from a banker trained in his profession and anxious to do his duty by his customers.

"The so-called license law passed by the legislature of 1921, has done much to remedy the situation. Prior to that time the department had no authority to remove a bank official. The only remedy was to close the bank if it could be shown to be insolvent. With this licensing law the department can, and has in many instances, removed an executive officer of a bank who was not properly qualified to perform his duties." (p. 72).

"The fact that Nebraska is one of the states which has the guaranty fund is an added reason why the people of this state must give especial attention to keeping rogues and incompetents out of the banking business. There can be no doubt that the guaranty fund has been a great blessing to the state of Nebraska. The bankers, as a whole, were bitterly opposed to the enactment of the law in the first place. However, as shown at the meeting in Omaha last winter, they are now almost unanimously in favor of the guaranteeing of bank deposits in the state banks. However, the guaranty law has not been an unmixed blessing. At the time the law was passed the bankers opposed it with the argument that it would permit incompetent and dishonest men to get into the profession. This argument was answered by the proponents of the measure with the statement that if the bankers had to pay the depositors in banks which failed, they, the bankers themselves, would see to it that the banks were properly conducted and that incompetent men would be kept out of the business.

"The argument which the banker used against the bill at that time, has to a considerable extent, come true. The failures which we have had in Nebraska in the past two or three years show this: With the guaranty fund in operation, the depositor does not select with care and prudence the bank with which to place his deposit. Men who were disposed to speculate in banks or who wanted to use the bank for the purpose of securing money to promote private ventures, have, in certain cases, got into the business and a large percentage of the losses which have been paid by the guaranty fund are the direct result of the inability to keep such men out." (pp. 83-84)

"The question of whether or not the guaranty of bank deposits is wise or unwise is not open for debate in Nebraska... The bankers of the state are not asking for its repeal.

"However, something must be done to bring about the results which the advocates of the guaranty of bank deposits originally predicted would follow. That is, that the bankers themselves would see that incompetent or dishonest men were not permitted to conduct banks." (p. 84).

Vol. 28, June 1923, p. 101. Reports seven bankers named by the Governor as members of the state guaranty fund commission, each representing a state bankers group--law providing that banking groups hold elections in May or June, choosing three men from each group, from which governor shall pick one man. Head of the state banking department to be chairman of the commission. Re duties of commission. "It acts in an advisory capacity to the banking head, and is especially created to be called in when any bank gets into a tight place. It may help by using part of a special conservation fund to make a deposit, and may also take over and run the bank. It is designed to not only prevent banks from failing, where their condition is such that intelligent and selfish help will save them, but also to take over any that go under."

Vol. 28, August 1923, p. 59. Lists the seven appointees by the governor to the permanent bank guaranty fund commission.

September 1923, p. 59. "Fifty receiverships of state banks in Nebraska have already been taken over by the Guaranty Fund Commission, there remaining yet three or four to be taken over. The governor is soon to make a statement of saving in expense of handling these receiverships through the Guaranty Fund Commission."

December 1923, pp. 75-76. Reports guaranty fund commission approves statement made by its chairman, Deputy Secretary Knudson of the department of trade and commerce for statement made before convention of the Nebraska Bankers Association at Omaha. Recommendations include making banking department a department by itself, and be nonpartisan; that banking fees be turned into banking department directly for use of department instead of into genral fund. ^{tions} and endorses recommenda

Vol. 29, July 1924, p. 73. Reports a group meeting of the state bankers association which passed resolution: "The working of the guaranty fund commission law has fully proved its worth, but the present law would be more efficient if all applicants for state bank charters were examined by the commission."

November 1924, p. 17, brief summary of talk on "The Guarantee Fund Commission," by Van E. Peterson, secretary. "Mr. Peterson analyzed the word of the commission from three standpoints: First, what the commission is; second, how it works; and third, what its results have been. He pointed out how two separate departments, one for 'going' banks, and one for 'closed' banks, have been organized, and showed how the commission has saved Nebraska banks thousands of dollars in the economical handling of the closed banks."

Same issue, pp. 22-23, "Nebraska Convention Resolutions"/ printed. Refer to the operation and administration of the Guaranty Fund Commission law as very beneficial, and need for amendments indicated by experience of commission - recommending therefore that Bureau of Banking be separated from the Department of Trade and Commerce, that appointment of a Secretary of the Department of Banking be made from a list of qualified bankers nominated by the Guaranty Fund Commission, that funds from bank examination fees be used specifically for expenses of the Banking Department, that when Guaranty Fund Commission takes charge of a bank double liability of stockholders be immediately determined and a lien placed on their property, that Guaranty Fund law be amended to define specifically the character and nature of all deposits protected and not protected by the law, and that receiverships of all failed banks be concentrated in hands of one receiver appointed by the Guaranty Fund Commission.

Vol. 30. January 1925, p. 62. "Guaranty Fund Report/" Excerpts follow.

"In the last twelve months, Nebraska has emerged from a four-year period of business and agricultural adversity with a guaranty fund of \$8,000,000 more or less, in total. It looks now as though the end of this long and rocky road for the banking institutions of the state is in sight.

"The immense losses which the guaranty fund has sustained were made good by a series of special assessments levied upon the state banks each year, in addition to the regular semi-annual assessments. Solvent banks were thus compelled to carry a heavy load besides overcoming the unfavorable circumstances which surrounded their business. But they have weathered the storm and are now sailing in smoother waters."

"There is over \$2,000,000 now on hand in the guaranty fund. The appended summary shows about how much there will be January 1st:

Now in fund	\$2,006,000
Refunds to be made	203,000
Readjustments	500,000
Regular assessment	125,000
Total	\$2,834,000

(Notes

→ i.e. reimbursements from failed banks
→ that to restore fund to 170% - see page 7.
→ regular semi-annual Jan 1 1925 (1 percent).

"The readjustments in the foregoing tabulation are, to all intents and purposes, a special assessment on the banks, which will average $1/5$ of 1 percent. It is occasioned by the fact that the guaranty reserve of most banks has been depleted below 1 percent of deposits by previous drafts to pay depositors in failed banks.

"Nebraska's bank guaranty system has proven the most successful one in the United States. Oklahoma, where the plan originated twenty years ago, defaulted its payments to depositors after a series of disastrous failures. This is the only state in the union where every bona fide deposit in failed state banks has been paid during the past twelve years."

(QUERY. What about Texas. ~~False~~ Accurate because

~~Terms guaranty did not cover all deposits.~~

Vol. 30, March 1925, p. 10 and 27. Reports several changes being proposed in the Guaranty Fund Commission law: that 'deposits otherwise secured' be withdrawn from protection of fund and not subject to the guarantee assessment. Argues that sole effect of protecting secured deposits has been that bond companies recover from the Guaranty Fund the deposits they were paid a premium to protect.

April 1925, p. 55. Quotes from a banker, unnamed, who for three years had assisted in the "salvaging work of the Guaranty Fund Commission," as follows:

"There is available in the guaranty fund at the present time approximately \$2,225,000. The book value of the assets of banks now operated by the guaranty fund commission is about ten million dollars. Of this sum, even under the most favorable conditions and under careful management, not over a tenth, or approximately \$1,000,000 will be collected. Thus, the sum total of present and future assets of the fund is approximately \$3,225,000.

"On the other hand, the guaranty fund Commission has in charge about twenty banks, whose estimated losses will probably total about \$4,000,000, to be borne by the guaranty fund. In all probability there will be twenty more Nebraska banks yet to be taken over, with a loss of around \$2,000,000. In addition, the conservation fund will total approximately \$1,000,000. Receivers' certificates total about \$1,500,000. These estimated figures, added, total \$8,500,000, which in my opinion, is a conservative estimate of the loss side of the ledger.

"Subtracting we find that Nebraska banks will have on their hands a loss of \$4,275,000 that must be absorbed by the state guaranty fund."

p. 23,
November 1925, in report on Nebraska bankers' convention, states resolution passed opposing Governor Adam McMullen's policy re the guaranty fund commission. Governor wanted a \$4 million issue of guaranty fund certificates, and winding up of affairs of the banks, with certificates to be paid from future assessments. This was opposed by Van Peterson, member and paid secretary of the commission, on ground that loss would be greater than through continued operation of the banks.

Same issue, p. 25, reports talk by Van E. Peterson to bankers convention. "The basis of Mr. Peterson's plea was for a long time liquidation of failed bank assets. He opposed the McMullen policy of a quick and speedy realization."

"Mr. Peterson said the commission has under way liquidation of 122 banks with obligations totaling 20 million dollars. Thirty-two banks are being operated as going concerns. One hundred fifty employees take care of the work. The commission has title to about 750 pieces of real estate. It has fifteen hundred cases in the law courts.

"Mr. Peterson said the commission is saving \$2,194.18 a day, as compared to expense under the old system where separate receivers were appointed for each failed bank, and its affairs administered separately."

Same issue, p. 24. Reports attack on guaranty fund commission, following Peterson's address, by Kirk Griggs, state banking department head (appointee of Governor McMullen), maintaining that the insolvent banks could be cleared up in two years. Thinks commission should get rid of its real estate.

Vol. 31, September 1926, pp. 10-11. Editorial re series of articles beginning in this issue, "Both Sides of the Story No Other State Can Tell." Results of a questionnaire to all state and national banks in Nebraska. Says since law went into effect there have been 154 failures costing Nebraska banks \$14,000,000. Quotes from several replies to questionnaire opposing it.

September 1926, pp. 14-17 and 101-108. "Both Sides of the 'Story No Other State Can Tell'", by R. W. Moorhead, Editor, The Northwestern Banker. Divided into three parts: Editor's Note; Facts About the Nebraska Law; and "How Nebraska Bankers View the Law."

From the Editor's Note:

"In every state, excepting Nebraska, that has adopted a guaranty law, it has proved a gigantic failure. Why, then, has the Nebraska law outlived the others?

First of all the Nebraska law is very little different, either in principle or operation, from the law that has failed in other states, except that the Nebraska legislature went a little farther in its provisions, giving the banking department broader powers, setting up a special 'Guarantee Fund Commission' and similar provisions. In actual operation, it has gone a great deal farther, primarily because Nebraska state bankers have put their shoulders to the wheel and done everything in their power to make the law a success! They have planned and sacrificed, fought and bled to make the plan work, regardless of their feelings toward the justice or injustice of the law, and no one can talk with the average Nebraska state banker without gaining a feeling of admiration for his determination to make succeed a plan that has failed in every other state where tried!

All in all, it would seem that those who say the Nebraska plan is a complete success, are just as far wrong as those who say it is a dismal failure... The sane observer might well conclude that the Nebraska plan is neither a success nor a failure. With several years of fat crops, the situation may work out splendidly. With a few lean years, the whole law could collapse. Some state bankers say the Guaranty Fund is now hopelessly insolvent. Others believe it will completely straighten out Nebraska's financial situation in three years or less." (p. 14)

Section on Facts About the Nebraska Law briefly sketches the original law and the amendments of 1923, then the status of the fund. Of the 154 failures since law went into effect, commission is operating 37, having liquidated and taken the loss in 117, with every depositor paid in full. Average loss per bank has been \$130,000, with collections of about \$14 million (about the same as the direct assessments). Fund will have to absorb losses in the 37 banks, and 10 or 15 more will have to be closed. Mr. Kirk Griggs, the Secretary of Trade and Commerce and chairman of the guaranty commission, thinks loss in these 50 or so banks will be about \$5,500,000, ~~not~~ ^{while} the maximum assessment on active banks for three years will be over \$5,000,000 and about \$1,500,000 will be collected from the assets of ~~the~~ defunct banks remaining with the commission. Also referring to Griggs' attitude:

"He concedes that from an economic standpoint, the law might be improved, but that in the present emergency, it is actually stabilizing Nebraska business conditions, although a severe drain on the state banks, of course. He says the demand from state banks for receivers' certificates issued against the guarantee fund as secondary reserve, has always enabled the fund to pay cash to depositors. The receivers' certificates mature in one year or less and bear 6 per cent. Thus far, every receivers' certificate has been paid before its maturity date. He says that while stabilizing Nebraska conditions, the assessments levied have caused Nebraska bankers to economize in every possible way--in order that every Nebraska depositor shall be paid in full!" (P. 15) Continues to say that when asked about recommending such a law for other states, Mr. Griggs said at least two years would be needed to build up a proper reserve, for banking structure would not stand immediate drain on its resources in most states. (p. 16) Also that fines and penalties might be levied, for benefit of the fund, for violations of law and banking "sins." (p. 16)

Vol. 31, September 1926, article by Moorhead - continued - re bankers' views
 This section of article (pp. 16-17 and 101-108) summarizes results of questionnaire sent by The Northwestern Banker to the state and national bankers of Nebraska, and quotes from some of them (without identification). 180 state banks and 1 national bank favor law. Of state bankers, 55 percent oppose, 45 percent favor, on basis of returns from about half the bankers. Replies have many suggestions-- particularly urging more stringent examinations and better examiners. Other suggestions: reduction of interest on time and savings deposits from 4 to 3 percent, which would meet a large part of the assessments, ^{or make banks charge the cost to their depositors} but secretaries of Trade and Commerce and of the Commission under civil service, and give them authority to stop bad banking practices at their inception, and limit chartering of new banks, refusing them in localities that already have sufficient banking facilities. (p. 17). Bankers opposing the law say it encourages incompetent and even dishonest banking, makes for reckless banking, and encourages the starting of too many banks, and has cost banks very heavily relative to their capital and surplus. (pp 101-103).

In reply to question about probable future of the fund, three-fourths of bankers favoring think it will work out favorably in a few years and will continue. Almost all bankers opposing predict its complete collapse in near future (pp. 103-106). In reply to question about advising other states to adopt it, majority oppose, and those favoring say law should be improved. On fourth question, as to how the Guaranty Law has affected the community, a number of comments from bankers are printed. (p. 107).

In same issue, "These Bankers Are For the Law," pp. 18 and 71-73 gives quotations from ^{nine} ~~eight~~ replies to the questionnaires. These are headed, respectively; ~~xx~~ from phrases in the replies or summing their chief idea: the law a blessing; a fine balance wheel; cheap insurance; has stood the test; benefits everyone; the only practical plan; a good law; has stabilized business; plan is good. Arguments do not differ from those summarized in Moorhead's article.

Also in same issue, "These Bankers are Against the Law", p. 19, 49, and 84, consisting of quotations from nine replies, headed, respectively: the law a curse; unwise and dangerous; principles wrong; a political panacea; principles wrong; burden unjust; makes public careless; increases competition; takes all our earnings. Arguments do not differ from those summarized in Moorhead's article.

September 1926, p. 90. Report of meeting of state bankers' committee.

"Nebraska state bankers will ask further legislation to complete the divorcement of the state banks and the state guaranty fund commission from the power of politics, representatives of all parts of the state decided at a meeting in Omaha, August 19th. Resolutions were adopted calling for severe restrictions upon the chartering of banks, for the appropriation of all fees collected for examining banks to the guaranty fund body for use in employing better and more experienced examiners at higher pay, for lengthening the term of office of examiners, and for expediting the payment of depositors in failed banks, from the guaranty fund."

October 1926, "Both Sides of the 'Story No Other State Can Tell'" - continuation of quotations from ^{state} bankers opposing and favoring the guaranty law. From those opposed (pages 13-15) headed, respectively: is a hardship on the conservative banker; no incentive for honest banking; will repeal law in five or six years; no other state should adopt similar law; "robbing Peter to pay Paul". From those favoring (pages 15 and 58-61) headed, respectively: need better methods of examination; protection should be optional; is a mutual insurance proposition; reduce interest on deposits; remove operations from politics; plan needs several amendments.

October

Vol. 31, ~~September~~ 1926, pp. 16-17 and 37-38. "National Bankers Say Guaranty Law is Complete Failure." Quotations from replies of national bankers, headed, respectively, as follows: law is a miserable failure; principles dishonest, unsound and unjust; fooling Nebraska depositors; urges Iowa to avoid such a law; Nebraska prospers despite deposit guaranty law; plan will eventually fail; fine in theory but bad in practice; fine law for the inefficient banker. No additional factual material except following stated to be based on statement of fund for last June 30:

In the Guaranty Fund.....	\$820,320.86
Less conservation fund	629,516.22
Balance	\$190,774.64
Unpaid and outstanding Receiver's Certificates	\$1,000,000.00
What remains?.....	A deficit

October 1926, p. 14. Quotes letter from Secretary, South Dakota Bankers Association, to an Omaha paper, correcting report that a committee of that Association that had visited Nebraska and talked with bankers had recommended "substitution of the Nebraska plan for that which has been working out badly in their home state."

October 1926, p. 73. Cites report of Van E. Peterson, that 155 banks have closed and deposits of more than \$25 million paid in full. State banks have contributed \$11,500,000, under maximum assessment of .6 of 1 percent of average daily deposits per year.

November 1926, p. 71. Quotes from talk by Kirk Griggs, re fund during his 22 months in office. Figures: on deposit \$957,267, to be received from special 1/4 of 1 % assessment \$690,000; and from sale of assets \$150,000 - making \$1,797,250. Outstanding receivers' certificates \$2,559,000, of which \$1,200,000, covering all which will mature April 15, 1927, will be paid after special assessment is paid.

November 1926, p. 77. Reports meeting of bankers representing 55 counties of the State, pledging faith in guaranty law and suggesting more limitation on charters, better tenure and salaries for examiners and selection from list of approved applicants and more action when banks violate laws especially re capital.

December 1926, p. 9. Editorial, again opposing guaranty, and taking view that if retained should be voluntary on part of depositor, with depositor paying premium.

Vol. 32, February 1927, p. 38. Reports state bankers executive committee meeting, with state bankers interested in more power with less political control for the guaranty fund commission, and more examiners with better pay and tenure.

March 1927, p. 77. Reports talk by Kirk Griggs, recently retired as secretary of trade and commerce, saying experience of law good. Since law went into effect, 173 failures, with deposits of \$39 million, of which \$30 million paid, costing the bankers about \$14 million; with 1/4 of the 173 banks being operated by the commission. Situation should be cleared up in about two years.

July 1927, p. 107. Reports Governor McMullen's appointments to the guaranty fund commission. (appointments were for three year term)

August 1927, p. 81 Reports Governor's talk, pointing out that guaranty fund certificates have always been paid before maturity, and none now outstanding before Oct.

September 1927, p. 81 Reports that part of increase of \$25,000 in appropriations for state banking bureau will be used for more pay and more examiners.

Same issue, p. 83. Summarizes annual report of Van Peterson, Secretary of Nebraska Guaranty Commission. In past year \$7.5 million paid deposits, re \$5 million from sale of assets, \$2.5 million from guaranty fund. Deposited 57 banks on June 30, 1926, of which 31 have closed since the past year.

Vol. 33, February 1928, p. 89. Reports an article inserted as paid ad in the Fremont Tribune by Dan Stephens, president of Fremont State Bank. Refers to a book of instructions sent by the guaranty fund commission to its agents describing its procedure to be used in closing the bank operated by the commission--to sell liquid assets at once and pay as large a dividend as possible (in each case), then to sell other assets as quickly as feasible and pay another receivers' dividend, with remaining deposits paid by the guaranty fund commission. Thinks fund is not "busted."

March 1928, pp. 17-18 and 144-146. Article, "How I Would Change Nebraska's Guarantee Law," by C. M. Skiles, general counsel of the Guaranty Fund Commission. Reviews original law and amendments of 1923. Reports 72 banks being operated by commission and 138 in receivership. Estimates collections ^{from assets} in both groups will be about \$10,550,000 leaving about \$10,000,000 to be paid from the guaranty fund. Notes that interest cost is less by liquidating bank while being operated by the commission. In receivership cases a claim against the guaranty fund allowed becomes a judgment and bears interest at 7%, and if this were to occur in all cases, the interest of about \$700,000 a year would absorb half the assessment for the guaranty fund. In banks operated by the commission, no old deposits are paid and no time certificates renewed. When most of them are sold, a dividend on the old deposits is paid and bank placed in receivership. Thinks tax by state to maintain fund would be constitutional and desirable. Also urges change of law to limit interest to 3% on insured deposits, and that eventually "each bank should furnish its own protection to depositors."

April 1928, p. 24. Reports report of a group of bankers urging a constitutional amendment requiring the state to stand behind the guaranty fund to the extent of \$10,000,000 until 1932. The bankers think the state would not need to raise any money by taxation to meet the liabilities of the fund. The state guaranty would provide a market for the receivers' certificates, for which there is now no demand because of uncertainty regarding time of repayment and thus enable ^{payment to be made to the} ~~the banks themselves, through~~ ~~the continuous assessments to pay off depositors~~ depositors, with the banks eventually retiring the receivers' certificates (which would be bought by the bank themselves if they had the state guaranty).

May 1928, p. 9. In editorial describing briefly the plan of a group of bankers described in the April issue and also a suggestion by Albert L. Schantz, who thinks no interest should be paid on receivers' certificates and urges law to permit payment of depositors in such certificates which would be paid off by the guaranty fund as rapidly as possible and at less expense than under present law.

July 1928, pp. 18 and 61-64. "How I Would Change our Guaranty Law," by Claude F. Anderson, assistant to the president, State Bank of Omaha (address before Nebraska group meetings). Does not think the plan described in April issue is feasible, and not in favor of any plan that contemplates issuance of receivers' certificates bearing any interest. Thinks law did not contemplate such interest, but bad precedent was set with first failure, and legislative action is now required. Also urges banking department be put under some kind of civil service, exemption of surplus of all banks from taxation.

September 1928, p. 84. Reports statement by Van E. Peterson, secretary of guaranty fund commission that fund is in better condition than at any time since the numerous failures began about eight years ago.

October 1928, p. 87. Describes new plan adopted by state guaranty fund commission several months ago, speeding up process of liquidation of banks operating by the commission, with gradual return to the bankers contributing of the "conservation fund" used to make deposits in such banks. In current failures, banks are taken over with a moratorium on deposits, so no withdrawals, but not otherwise operated except to liquidate assets, but with no issue of receivers' certificates and no drawing on the guaranty fund, now depleted to a low point in paying off receivers' certificates due.

Vol. 33, December 1928, p. 26 and 79. Reports circular letter sent to bankers asking support in an injunction suit to prevent special assessments. Also reports that a Chicago auditing company has estimated cost of a complete audit of the fund and the banks in receivership--with 79 banks still being operated, 117 in receivership placed in hands of commission since its creation, and 48 other receiverships taken over from former receivers when commission was organized in 1923.

Vol. 34, January 1929, p. 34. Reprints same report as in December issue.

February 1929, p. 92. Reports one plan under consideration is sale of lands owned by guaranty fund commission ^{or in assets of failed banks} to the state, the value of the lands being estimated at far more than the book value. Land to be paid for a small annual tax,

Same issue. ^{and page} Reports Douglas county officials requiring state banks to provide bonds for public deposits because of suit filed re guaranty fund law.

Same issue, pp. 93-94. Reports guaranty fund commission's recommendations for change in banking laws: stockholders' liability to be due and immediately payable upon closing of a bank; guaranty fund not to be liable for any interest on judgments; guaranty to be dropped from 100 percent to 75 percent of deposits; supervision and control of banks to be vested in a secretary and his staff responsible to the governor; banking board of seven members appointed by governor, one from each bankers group, to ~~present~~ approve all granting of charters and appointment of examiners by the secretary; appointment of assistant attorney general for the banking department; payment of greater part of present deficit of fund by the state through some form of equitable taxation.

May 1929, pp. 89-90. Reports appropriation for an investigation of the operations of the guaranty law, under direction of an examiner appointed by the governor. Also reports decision by District Judge Lincoln Frost, of Lincoln, granting injunction to the 539 statebanks that had sued to prevent collection of the special guaranty fund assessments. Decision referred to Holmes 1911 decision, but said that times have changed, that fund now offers no benefit to depositors.

June 1929. Reports suit filed by Van E. Peterson, secretary of guaranty fund commission for ~~order~~ order to dispose of \$82,136 cash and \$4,577,827 of assets of the commission in his hands, as result of House Roll No. 249, enacted by legislature, which abolished the commission and designated state department of trade and commerce as successor of the commission, claiming that law did not provide any method of transferring the money and assets and proper receipting of same.

Vol. 35, January 1930, p. 75. Under title, "Supreme Court Decision Surprises State Bankers" reports reversal by state supreme court of District Judge in case of Abie State Bank. Article notes that State bankers had not paid the special assessment in December 1928 ($\frac{1}{4}$ of 1%) nor ^{Jan.} that of 1929 ($\frac{1}{2}$ of 1%) nor the regular assessment of 1/10 of 1% in 1929 though the last was not attacked in the suit.

Feb. 1930, p. 13. Editorial "Banks Oppose Further Assessments", reports banks have asked for a rehearing by the State Supreme Court, brief by attorneys citing nine points

Mar. 1930, pp. 64-66. Article regarding proposal for repeal, thought certain to pass at special session of legislature, to meet in March. Quotes at length from Governor Weaver's message to legislature in the middle of February. Reports estimated deficit at \$20 million, that neither State nor banks have an enforceable legal obligation to pay this deficit, but there both have some moral obligation: state because banks were operated under its legislation and supervision and many depositors thought state was liable for deposits; banks because they proclaimed the results as beneficial and pledged their loyalty and collective responsibility. Assessments collected from 1911 ~~total~~ \$19,926,530, including \$2,912,327 uncollected.

pp. 72-73.
Vol. 35, April 1930. Article, "Abandon Nebraskas Guaranty Law" reporting features of new banking law adopted at special session of legislature which adjourned Mar. 15.

May 1930, p. 9. Editorial outlining more briefly the March law.

July 1930, p. 64. Brief note regarding proposed constitutional amendment authorizing appropriation to help pay deficit of guaranty fund.

Sept. 1930, p. 71. Summary of final report of audit of the guaranty fund and commission.

Vol. 36, February 1931, p. 58. Reports inaugural message of the new governor Bryan, recommending, 1st, re-enactment of original bank guaranty law, Or 2nd that banks be required to put up securities for their deposits as is required of insurance companies, or 3rd, that state banks be established to operate similar to postal savings banks.

March 1931, p. 80. Reports decision of United States Supreme Court sustaining decision of State Supreme Court in Abie State Bank case, re collections of 1928 and 1929 assessments.

April 1931, p. 54. Reports banks have lost in attempt to obtain a rehearing of their suit re assessments of 1928-29 before the State Supreme Court.

May 1931, p. 50. Reports filing of two suits by banks reorganized under statute of two years ago to prevent payments to depositors final settlement fund, contending that such payments should be made by the stockholders. Suits filed by William G. Barber on behalf of depositors of the Bank of Florence of Omaha, and by William F. Kuhr on behalf of depositors of Home State Bank of Kennard.

Vol. 37, May 1932, p. 39. Reports argument before State Supreme Court on constitutionality of assessments on the State banks under the 1930 law

August 1932, p. 35. Reports decision of State Supreme Court, through Justice Day, regarding portion of law re depositors' final settlement fund requiring remaining assets of old guaranty fund to be divided among depositors of all failed States banks. Declares this cannot be done, that old guaranty fund was a trust fund for which law provided order of priority, and that such assets must be disposed of in according with the conditions of the trust, i.e., the old law, and cannot be transferred to the final settlement fund. Legislature had right to repeal guaranty law, but "was without power to transfer or impair the rights vested on the depositors by virtue of these judgments." (preferred claims being a judgment under receivership proceedings).

NOTE. This decision needs to be looked up for revision of paragraph at end of draft on Nebraska re settlement.

Vol. 39, August 1934, p. 42. Brief article, "Finis", reporting the final closing of the guaranty fund.

"It (state banking department) wrote checks for \$115,934 against the final settlement fund to pay depositors of the closed Royal State Bank in full, including 7 per cent interest, and made ready to pay the \$18,074 remainder of the fund to cover \$4,595 in claims against the First State Bank of Bazile Mills, plus interest, and as much as possible of the \$110,224 claims against the Farmers State Bank of Rosalie.

The money is being distributed in this manner under court order, instead of on a pro rata basis among depositors of all the banks that failed before further assessments for the fund were declared unconstitutional."

Rest of article briefly reviews history of the fund and principal court cases.

Nebraska Bankers are Happy. Guaranty Law Declared Invalid.

...
Circuit Judge Willis Van Deventer and District Court Judge Thomas C. Munger filed the degree, holding the law unconstitutional, being in violation of the constitution of the United States and of the state of Nebraska.

This seems a hard slap, right in Mr. Bryan's state, too, but so it is. The decision rendered is as follows:

1. Constitutional Law. Due Process of Law. Banking. Restricting Business to Corporations. Guaranty Fund.

The Nebraska Act of March 25, 1909 (Laws Neb., 1909, ch. 10, p. 68), which prohibits individuals from engaging in the banking business, unless they do so through the agency of a corporation, and which also conditions the right to engage in that business in that form upon the making of enforced contributions from time to time to a depositors' guaranty fund to be employed in the payment of the depositors of any bank which shall become insolvent, is in conflict with section 1 of the fourteenth amendment to the constitution of the United States, which provides:

"No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any state deprive any person of life, liberty or property without due process of law," and is in conflict with section 3 of article 1 of the constitution of Nebraska, which declares: "No person shall be deprived of life, liberty or property without due process of law," and therefore is void.

2. Same. Void provision, when inducement to passage of act, renders entire act invalid.

The provisions of the Nebraska act of March 25, 1909, supra, which prohibit individuals from engaging in the banking business, unless they do so through the agency of a corporation, and also condition the right to engage in that business in that form upon the making of enforced contributions from time to time to a depositors' guaranty fund to be employed in the payment of the claims of depositors of any bank which shall become insolvent, were the inducement to the passage of that act, and as those provisions, so coupled together, are void, the entire act is hereby rendered invalid.

Notes on Mid-Continent Banker - re deposit guaranty in Nebraska
and The Commerce Monthly

The Commerce Monthly - Vols. 2-4, 1906-1908. See notes re proposals for US
and various States. But no references noted for Nebraska.

Vol. 5, July 1909, p. 8. Brief report of injunction by Judges Vandeventer and
Munger restraining banking board from putting act, which was to become effective
July 2, into effect.

Nov. 1909, p. 44. Decision of ^{same} Judges holding guaranty law invalid and making their
temporary injunction permanent.

Vol. 6, August 1910, p. 13. Editorial commenting on efforts of Nebraska bankers to
foster strengthening of banking laws and head off law re guaranty of deposits at
next session of legislature.

Vols. 7, 8, 9, 10, 11, 12, 13 Nothing noted

Vols. 14-22. Not received from Library of Congress.

Vols. 23-25, for 1927-1929. Nothing noted.

"The Nebraska Guaranty Law Decision"

Despite a decision by the Nebraska Supreme Court early in December upholding the state guaranty of deposits law the case seems destined to reach the Supreme Court of the United States for a final determination. Attorneys for the banks in the case have announced their intention to seek a rehearing as preliminary to getting the matter before the Supreme Court.

A rehearing is sought on the ground that the principal questions at issue were not passed upon in the decision of the Nebraska Supreme Court. Counsel for the banks contend that the court did not pass upon the following questions:

First. Whether or not the special assessments provided by the guaranty law are confiscatory.

Second. Whether or not at the present time such assessments protect depositors in going banks.

Third. Whether or not the law is constitutional under present conditions.

The Nebraska court held that the banks cannot raise the question of whether or not the law is constitutional, but the opinion did not say whether this is because the former decision of the Supreme Court of the United States is considered to have finally settled the question, or whether it is because the banks have operated under the law or whether it is because of estoppel or waiver on the part of the banks.

Also it is felt that the court has not determined the question of whether the banks could waive their rights to raise the question of the constitutionality of the Nebraska law.

Counsel for the Nebraska banks feel that nearly every question raised in their brief was ignored and that the decision apparently was based upon an opinion of the Supreme Court of the United States rendered twenty years ago when conditions were different from those of today.

NEBRASKA'S GUARANTY LAW

Nebraska's governor, a candidate for re-election, has come out in favor of a constitutional amendment under which the taxpayers of the state would assume eight million dollars of the heavy losses to depositors of state banks of that state which have failed.

The governor sees in the unpaid losses to depositors, "a great wrong to which the state was a party." The state legislature wrestled with the problem of the guaranty law muddle in a special session and went on record for the unconditional repeal of the law. The guaranty fund is, and has been for many months, in a hopeless state of insolvency.

Many states have tried various forms of bank guaranty laws. Nebraska's law was much boasted about as the one model law of all. State banks thrived in Nebraska and depositors from other states, some misled in the belief that all the resources of the state of Nebraska guaranteed the security of their funds, flocked to Nebraska banks. And great was the fall thereof.

To quote Governor Weaver, as told by a United Press dispatch:

"The bank guaranty law comprises the saddest chapter in the history of Nebraska, the governor declared. Had the original bank guaranty law granted discretion to the banking department in issuance of charters and the licensing of bankers the guaranty law might have been alive and in full vigor today, Weaver hazarded. It was the issuance of approximately 400 unnecessary, unwarranted bank charters that helped destroy not only many of these 'mishroom' banks, but many other which would have survived in a fair and legitimate banking field, he charged. The result has been not only an economic loss in the state, but tragedies in banking houses, business houses and homes of the people."

--Report from the Sterling Advocate, Sterling, Colo.

The Nebraska Supreme Court, after reversing a decision of the District Court, stated in advice to the Chicago Journal of Commerce:

"The action is one wherein 559 State banks sought a permanent injunction against the levying and collection of any further assessments, as provided for in the law, limited to a half of 1% of average daily deposits. At the present time this means a contribution of \$1,000,000 a year to the fund. The action is ordered dismissed.

"

"

"Much is made in the decision of the advertising campaigns in which the State banks participated and in pamphlets issued by the Guaranty Fund Commission in which the protection accorded to depositors by the law was stressed and an effort made to capitalize it for the purpose of increasing deposits.

"The Court finds on this point:

"From the evidence it clearly appears that a majority of the state banks throughout Nebraska, and many others as well counted the bank depositors guaranty fund, in its inception, a valuable asset and many predicted that this plan would add greatly to the stability of the State banks and so advertised among those with money to deposit."

"The Court also cited the evidence of bankers to the effect that the epidemic of failures of State banks was due to the general economic conditions existing prior to 1928, and that instead of the assessments being a contributory factor the law had a steadying influence on the deposits of all state banks. Testimony was also cited to show that the law was believed to have added \$100,000,000 to deposits in State banks."

NEBRASKA BANKING LAW DESCRIBED AS EFFECTIVE BY STATE COMMISSIONER

"Before Group I of the Nebraska Bankers' Association at Lincoln, Neb., May 18, George W. Woods, Bank Commissioner of the State of Nebraska, is reported in the "United States Daily" as saying:

"Bank supervision to be effective must be timely. It must be preventive instead of curative.

"A supervision which permits banks to operate as going institutions until their accumulated losses exceed their capital stocks by 400 to 600 %, can not be defended. It must be replaced by something better if Nebraska is to maintain a system of State banks.

"

"The banking department has been charged with suddenly shifting from one extreme policy of slackness in its supervision, to an opposite extreme of rigid severity. This charge is not denied but it should also be kept in mind that the banking department is bound at all times by statutes and that the banking laws of Nebraska have likewise been changed from excessive slackness to rigid severity.

"The Department attempted to restrict the issuance of charters as early as 1914 and 1915 but its efforts were thwarted by the law as interpreted by the State Supreme Court.

"No one will question but that a sound, well -considered policy of supervision, firmly and unswervingly adhered to, would have given much better results; but such policy in Nebraska was not possible from 1911 to April, 1929, regardless of what man or men might have been in charge of the banking department. During that period Nebraska was experimenting with banking and Government ideas, some of them fundamentally conflicting in their nature, and thus rendering impossible a continuous and consistent supervision of banks.

"I say this in fairness to my predecessors in office who were forced to work under handicaps, the difficulties of which have not, I think, been sufficiently recognized and understood by our citizens generally. I say this also because I do not seek to set up an alibi for myself.

"Since April 1929, the banking laws of Nebraska, with respect to supervision have been adequate, practicable and effective.

" but their defects are not of such consequence as to hamper effective supervision.

" The quality and effectiveness of State bank supervision in Nebraska under present laws will depend more than ever on the energy, alertness, ability and fidelity of the personnel of the banking department.

GUARANTY OF BANK DEPOSITS - NEBRASKA

From Federal Reserve Bulletin, September 1925

NEBRASKA EXPERIENCE

In Nebraska, as in other guaranty States, assessments on account of failed banks have in recent years imposed heavy burdens upon participating banks. During the guaranty period to the end of 1924 assessments (less refunds) and amounts paid to depositors in failed banks have been in the following amounts:

	Assessments	Paid to depositors
1911-1919.....	\$2,367,280	\$239,390
1920-1924.....	7,694,042	8,730,645

Assessments levied in the single year 1921 excluded total assessments during the nine years 1911-1919, and amounts paid to depositors in this year totaled \$2,741,719. Assessments and payments continued in large amounts in 1922 and 1923. Fifty-seven State banks failed in the three years ended June 30, 1923, and it appears that approximately that number of other banks were known to be on the verge of failure. Under these conditions State bankers became interested in the administration of receiverships, and in ways and means of tiding over weakened banks into a condition of assured solvency. In recognition of their interests, a law which became effective April 7, 1923, created a guaranty fund commission composed of State bankers, and authorized an assessment, not to exceed one-fourth of 1 per cent of deposits in any one year, to be paid into a bankers' conservation fund. Banks found to be in a weakened condition were to be turned over to the new commission which, utilizing the conservation fund, was authorized in its discretion to operate such institutions as going concerns, without regard to their solvency. Some 57 receiverships, with liabilities aggregating approximately \$10,000,000, were taken over by the new commission, and as a result of putting "good collectors" in the

banks and of adopting improved methods it is asserted that material savings have been effected by which the guaranty fund has benefited. In an address before Nebraska State bankers in April, 1924, the secretary of the commission stated that assets in the hands of the commission included "everything from a 20-ton safe down to pen points," every article being "for sale at the right price." Among other assets the commission had in hand "around 200 farms to sell," and it was also extensively engaged in litigation, with "about 1,500 cases in the courts."

It is stated in reply to inquiries submitted to State authorities that depositors in failed banks have been paid in full, and that in May of the present year there were no outstanding liabilities of the fund to depositors. Deposit credits to the account of the guaranty fund carried in the 922 participating banks totaled \$2,689,340, and guaranteed deposits in those banks exceeded \$250,000,000. Certificates issued on the security of the assets of failed banks were outstanding at 6 and 7 per cent interest, in the amount of \$1,705,699, but the fund was sufficient to pay these certificates in full and leave a balance of \$1,000,000 in the fund. Assets in failed banks not yet liquidated, however, at this time totaled \$11,000,000, and it will be apparent that the cost of deposit guaranty in Nebraska to date will be determined largely by the amount of recoveries realized under the administration of the Bankers' Conservation Commission on this large volume of unliquidated assets.

NEBRASKA

[Compiled Statutes of Nebraska, 1922]

Sec. (7995). Reports—Approval—Certificates.

"Every corporation hereafter organized for transacting a banking business under the laws of this State shall file with the department of trade and commerce a full, complete, and detailed report of its condition, as provided in section 7996 of this article, and the department, upon examination of the report and approval of the same, if satisfied that such corporation has complied with the requirements of this article, shall issue to said banking corporation a certificate stating that said banking corporation has complied with the laws of this State for the protection of bank depositors, and that its depositors are protected by the depositors' guaranty fund of the State of Nebraska. Every banking corporation receiving such certificate shall conspicuously display the same in its place of business and said banking corporation may print or engrave upon its stationery words to the effect that its depositors are protected by the depositors' guaranty fund of the State of Nebraska. The printing or engraving by any bank or a false statement advertising such guaranty is hereby declared to be a violation of the provisions of this article."

Sec. (7996). Preliminary statement.

"Every corporation organized for and desiring to transact a banking business shall before commencing such business, make under oath, and transmit to the department of trade and commerce a complete detailed statement of:

- "First, the name of the proposed bank;
- "Second, a certified copy of the articles of incorporation;
- "Third, the names of the stockholders;
- "Fourth, the county, city, or village in which the said proposed bank is located;
- "Fifth, the nature of the proposed banking business, whether commercial, cooperative, or saving;
- "Sixth, the amount of paid-up capital stock, the items of money and property included in said amount."

Sec. (8024). Guaranty fund.

"For the purpose of providing a guaranty fund for the protection of depositors in banks, every corporation engaged in the business of banking under the laws of this State shall be subject to assessment to be levied, kept, collected, and applied as hereinafter provided. Provided, such guaranty fund assessed against co-

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Institutions included.—Every corporation engaged in the business of banking.

Participation.—Compulsory.

Character of deposits guaranteed.—The guaranty fund is for the protection of depositors, but no money deposited in any bank upon any collateral agreement other than an agreement for length of time to maturity and rate of interest shall be guaranteed by the depositors' guaranty fund. No claim of priority in the assets of a failed bank shall be allowed which is based on evidence of indebtedness in the hands of or issued to a stockholder, officer, or employee of a failed bank which represents money obtained by such stockholder, officer, or employee for the purpose of effecting a loan to such failed bank.

Basis and rate of (a) regular and (b) special assessments.—Banks organized since April 4, 1919, are assessed 4 per cent of their capital stock and thereafter are subject to the same assessments as banks organized after the enactment of the act. Banks organized after the passage of the act are required to pay 4 per cent of their capital and this payment together with the first two semiannual assessments must equal at least 1 per cent of the average daily deposits of such banks as shown by their first two semiannual statements. (a) All banks which have completed their initial payment of not less than 1 per cent shall be assessed $\frac{1}{2}$ per cent of their average daily deposits exclusive of public money otherwise secured, semiannually, until the guaranty fund reaches the sum of $1\frac{1}{2}$ per cent of such deposits. When the fund is depleted below 1 per cent of said deposits the necessary assessments may again be levied. (b) If the guaranty fund is reduced to less than 1 per cent of such deposits the department of trade and commerce shall levy a special assessment of not exceeding 1 per cent of said deposits for 1923 and thereafter not exceeding $\frac{1}{2}$ per cent of such deposits in any one year.

Method of payment of depositors.—Upon proof shall be paid immediately out of available cash in hands of receiver, and if the sum in the hands of the receiver is insufficient the amount needed shall be certified to the department of trade and commerce and drawn by it from the guaranty fund and forwarded to the receiver for payment to depositors and holders of exchange.

Powers of State board or commissioner.—A guaranty fund commission is created for the purpose of assisting in conserving and administering the guaranty fund and providing a more complete supervision of State banks. The act provides in detail for the taking over and managing of banks in an unsafe condition and for the winding up of the affairs of such banks as it is impossible to save. The court in which a receivership is pending may authorize the receiver to issue and sell receivers' certificates in amount not exceeding the amount required to supply the deficiency for the payment of depositors in the failed bank.

Disposition of guaranty fund.—Banking corporations against which levies are made shall set apart, keep, and maintain in such banks the amounts levied against them payable to the department of trade and commerce.

Rate of interest on outstanding warrants or certificates of indebtedness.—Rate of interest shall be fixed by the court.

operative banks shall be kept separate and apart from that assessed against commercial and savings banks, and shall be known and referred to as 'cooperative bank protective fund' and shall be applied solely to the benefit of the depositors in cooperative banks who shall be limited to the benefits of such guaranty fund which shall be levied and applied in all respects and manner as the guaranty fund required of commercial and savings banks. The term guaranty fund or depositors guaranty fund as used in this article shall, when having reference to cooperative banks, be designated, called, and construed to mean 'cooperative bank protective fund.' "

Sec. (8025). Same—Assessment.

"On the first day of June and December of each year every corporation engaged in banking under the provisions of this article shall make and file with the department of trade and commerce a statement in writing verified by the oath of its president, vice president, or cashier showing the average daily deposits in its bank for the preceding six months exclusive of public money otherwise secured. Any bank commencing business and receiving deposits less than six months prior to the date when the statement referred to in this section is required to be made and filed, shall show the average daily deposits for that portion of the said semiannual period during which it has been engaged in business and receiving deposits. Any person making oath to any of the statements herein required, knowing the same to be false, shall be deemed guilty of a felony, and be punished by a fine of not less than \$100 nor more than \$1,000, or be imprisoned in the penitentiary for a term of not less than one nor more than five years, or both."

Sec. (8026). Credit fund—Assessments.

"Any bank organized subsequent to the date when this article takes effect shall pay into the depositors' guaranty fund an amount equal to 4 per cent of the amount of the capital stock, when such bank opens for business, which amount shall constitute a credit fund, subject to adjustment on the basis of said bank's average daily deposits, as shown by the first two semiannual statements required by section 8025 of this article. The department of trade and commerce is authorized and empowered to make such an adjustment of the rates of assessments to be paid by any bank which engages in the banking business subsequent to the time when this article takes effect, as shall require such bank to contribute to the depositors' guaranty fund a just and equitable sum, and the department of trade and commerce shall adjust assessments of such bank so that the first two assessments, together with the credit of an amount equal to 4 per cent of the capital stock paid in by said bank when it begins business shall at least equal 1 per cent of the average daily deposits of said bank as shown by the first two semiannual statements required by section (8025) of this article. Such payment shall not be required of new banks formed by the reorganization or consolidation of banks which have, prior thereto, complied with the law with reference to the payment of assessments. When any bank hereafter organized shall acquire the business and resources of any national banking association, such bank shall pay into the depositors' guaranty fund not less than 1 per cent of said national banking association's average daily deposits as shown by the report to the Comptroller of the Currency for the preceding year. On the first day of July and January of each

year the department shall levy on all banks then engaged in banking under this article, which have completed their initial payments of not less than 1 per cent of their average daily deposits as provided in this section, one-twentieth of 1 per cent of the average daily deposits as shown by the statements required to be made and filed next preceding such assessments.

"Every corporation to which a charter has been granted since April 4, 1919, to conduct the banking business shall pay into the guaranty fund an amount equal to 4 per cent of its capital stock within 30 days after the taking effect of this act and thereafter shall be subject to assessment in the same manner as banks hereafter established."

Sec. (8027). Assessment—Levy—Notification.

"As soon as said assessments are respectively levied the banking corporations against which the same are levied shall be notified of the amount of such assessment levied against them respectively by the department of trade and commerce, and said banking corporations shall thereupon set apart, keep, and maintain in their said banks the amount thus levied against them, and the amounts thus levied, kept, and maintained shall be and constitute what shall be designated as a depositors' guaranty fund, payable to the department of trade and commerce on demand for the uses and purposes hereinafter provided. When the depositors' guaranty fund reaches the total sum of $1\frac{1}{2}$ per cent of the average daily deposits, said assessments against the deposits of said banks shall cease until such time as the guaranty fund is depleted below 1 per cent of the average daily deposits, when the necessary assessments may again be levied. No bank which has complied in full with all of the provisions of this article shall be required to give any further security or bond for the purpose of becoming a depository for any public funds, but depository funds shall be secured in the same manner that private funds are secured."

Sec. (8035). Reimbursement of guaranty fund.

"To the extent of the amount paid from said guaranty fund to satisfy the claims of creditors, the department of trade and commerce, for the use and benefit of said fund, shall be subrogated to all the right of the creditors thus paid, to participate in the assets of such bank, and the same shall be enforced and collected by the receiver accordingly, and when collected shall be placed in said fund and deposited by the department of trade and commerce in the solvent banks subject to the provisions of the depositors' guaranty fund, proportionate to the several deposits to the assessments levied against each of said banks."

SESSION LAWS OF 1923, HOUSE RULE NO. 272

Sec. 1. Guaranty fund commission.

"There is hereby created the guaranty fund commission for the purpose of assisting in conserving and administering the depositors' guaranty fund of the State of Nebraska, and providing a more thorough and complete supervision of State banks. The guaranty fund commission shall be selected in the following manner:

Sec. 2. State divided into banking groups.

For the purpose of the act the State is divided into seven banking groups. The act describes in detail the counties of Nebraska which shall compose each of these groups.

Sec. 3. Governor to appoint commission.

"Within 10 days after this act becomes a law the governor, by and with the advice and consent of the senate, shall appoint the guaranty fund commission, which shall consist of one executive officer of a State bank from each of the banking groups mentioned in section 2 of this act, who has been for not less than five years preceding the date of his appointment an active executive officer of a State bank in the State of Nebraska. Such members shall serve until their successors are elected and have qualified. The secretary of the department of trade and commerce shall be ex officio a member of the guaranty fund commission and chairman thereof."

Sec. 4. Members—Who and how chosen.

The act provides in detail for the election by each of the bank groups as provided under section 2 above of three persons eligible for membership on the guaranty fund commission, and the governor shall, within 10 days after such election, appoint from each group one of the persons so selected as a member of the guaranty fund commission. Upon the termination of the term of office of such members new members shall be elected in a similar manner. The term of office of the members of the guaranty fund commission is provided for at length, and each such member shall be required to give bond for \$25,000 running to the department of trade and commerce.

Sec. 5. Permission—Organization—Meetings.

The act provides in detail for the organization of the guaranty fund commission and selection of officers, and the date of holding and manner of calling meetings of such commission.

Sec. 6. Vacancies—How filled.

Vacancies in the guaranty fund commission caused other than by the expiration of the term of a member shall be filled by appointment by the governor, such appointee holding office until the first annual election thereafter, at which time the successor shall be selected in the manner provided above.

Sec. 7. Employees—Selection—Rules and regulations.

"The commission shall have power to engage and discharge employees and make all rules and regulations necessary for the conduct of the business of the commission and the government of its employees. The guaranty fund commission shall at all times during business hours have access to any part of the records in the bureau of banking in the department of trade and commerce relating to receiverships. The secretary of the department of trade and commerce shall lay before the guaranty fund commission at the earliest opportunity all examiners' reports showing any of the conditions enumerated in section 11 of this act upon the failure of such bank to comply with the law or to remedy such conditions within 60 days from the date of the report, and such other matters as he may deem proper to lay before the commission: *Provided*, The guaranty fund commission shall have no jurisdiction over, nor be permitted to examine, nor have access to the records of, nor concerning co-operative banks, but such banks shall be governed by the law existing prior to the passage of this act. The secretary of the department of trade and commerce shall at all times during business hours have access to any part of the records of the guaranty fund commission. This section shall not be construed as depriving the department of trade and commerce of

any power or authority over banks, and the guaranty fund commission shall have no jurisdiction over going banks except in an advisory capacity."

Sec. 9. Administrative fund.

The guaranty fund commission may, unless an appropriation is provided by law, make an estimate of the amount necessary for the proper functioning of said commission not to exceed \$15,000 in any one year, certify said amount to the secretary of the department of trade and commerce, and such secretary shall thereupon levy and collect an assessment on all State banks for the amount due from each. Such levy will be based on the average daily deposits as shown by the last semiannual statement of such banks.

Sec. 10. Compensation of commission.

"Each member of the commission shall receive an amount to be fixed by the commission at not more than \$10 per working day and his expenses actually incurred in the performance of his duties as a member of the commission."

Sec. 11. Impaired capital, failure to make reports.

"Whenever it shall appear to the department of trade and commerce, from any examination or report provided for by this article, that the capital of any corporation transacting a banking business under this article is impaired, that such corporation is conducting its business in an unsafe or unauthorized manner, or is endangering the interests of its depositors, or upon the failure of such corporation to make any of the reports or statements required by the provisions of this article, or if the officers or employees of any such bank shall refuse to submit its books, papers, and affairs to the inspection of any examiner, or if any officer thereof shall refuse to be examined upon oath touching the affairs of any such bank, or if from any examination or report provided for by law the department of trade and commerce shall have reason to conclude that such bank is in an unsafe or unsound condition to transact the business for which it is organized, or that it is unsafe and inexpedient for it to continue business, or if any such bank shall neglect or refuse to observe any order of the department of trade and commerce, such department shall forthwith take possession of the property and business of such bank, and retain possession of all money, rights, credits, assets, and property of every description belonging to such bank, as against any mesne or final process issued by any court against such bank or corporation whose property has been taken, and may retain such possession for a sufficient time to make an examination of its affairs, and dispose thereof as provided by law. Any attachment lien against such property acquired within 30 days next preceding the taking of such possession shall be thereby released and dissolved."

Sec. 12. Payments to State treasurer by commission or receiver.

"For each day the department of trade and commerce or the guaranty fund commission shall so hold possession, such bank shall pay to the State treasurer for account of the general fund a fee of \$10, and for each day a receiver shall so hold possession, such bank shall pay such receiver such compensation for his services as may be fixed by the department of trade and commerce, subject to the approval of the guaranty fund commission, and in each case, in addition to said amount, the necessary clerk hire and attorneys' fees, to be determined in the same manner."

Sec. 17. Inventory of assets and liabilities required.

"Upon taking possession of the property and assets of any bank, the department of trade and commerce shall immediately notify the secretary of the guaranty fund commission and make an inventory of the assets of such bank, in duplicate, one to be filed in the office of the secretary of the guaranty fund commission, and one in the office of the department of trade and commerce; such inventory to consist of a list of all assets and liabilities of the institution so far as they can be ascertained."

Sec. 18. Management by guaranty fund commission—Liquidation.

"Upon taking possession of the property and business of any bank the department of trade and commerce shall place such bank in charge of the guaranty fund commission to ascertain if such bank may be maintained as a going concern, such commission may thereupon, with the consent and assignment of the owners of a majority of the capital stock of said bank take charge and control of the property and business with such bank and open it and manage it as a going concern, without regard to its solvency, and through employees perform all duties and acts of the officers and directors of such bank while managing the same, and all salaries and expenses in connection therewith shall be paid by the bank. If any such stockholders shall abscond or conceal themselves for the purpose of evading service of process upon them, or any of them, then they shall be deemed to have consented to the assignment of their stock. The assignment of the stock to the guaranty fund commission shall in no manner relieve or diminish the obligations of the stockholders under the laws of this State or in any manner absolve the owners of such stock or the officers or directors of any liability under the civil or criminal laws of the State. If the stockholders of such bank decline to assign such stock and refuse to place the property and business of such bank in the hands of the guaranty fund commission, and if the guaranty fund commission shall determine that it is impossible to preserve such institution as a going concern, then the department of trade and commerce shall proceed to liquidate such bank as by law provided."

Sec. 19. Bond of receiver or agent.

The secretary of the department of trade and commerce shall require every receiver or agent of the guaranty fund commission placed in charge of a bank to give a bond in a reasonable amount subject to the approval of such secretary before the assets of such bank are surrendered. Such bond shall be for the benefit of all creditors and stockholders of the bank.

Sec. 20. Procedure for liquidation.

If at any time the guaranty fund commission or the department of trade and commerce shall determine that it is impossible to preserve as a going concern any bank of which the guaranty fund commission has taken charge, then the department of trade and commerce shall communicate the facts to the attorney general who shall cause an application to be made to the proper district court for an order directing the department of trade and commerce to take charge of the business assets and property of every kind of such bank and to wind up its affairs. If, after a hearing, the court shall find that such bank is insolvent or that it has violated any of the provisions of law authorizing the department of trade and commerce to take possession of the affairs of such bank then the court shall direct the guaranty fund commission to proceed to

liquidate the affairs of such bank through a receiver to be named by such commission: *Provided, however,* The court may authorize the guaranty fund commission to continue such bank as a going concern under the provisions of section 18 of the act.

Secs. 21, 22, 23. Limit for filing claims—Listing and classification of claims—Hearing of claims.

The act provides in detail for limiting the time in which claims may be filed with the receiver or clerk of the court and for the listing and classification of claims by the receiver and presentation to the court, and the hearing by the court of claims so filed by the receiver.

Sec. 24. Priority of claims—Payment by depositors' guaranty fund.

"The claims of depositors for deposits, and claims of holders of exchange, shall have priority over all other claims, except Federal, State, county, and municipal taxes, and, subject to such taxes, shall at the time of the closing of a bank be a first lien on all the assets of the banking corporation from which they are due and thus under receivership, including the liability of stockholders, and, upon proof thereof, they shall be paid immediately out of the available cash in the hands of the receiver. If the cash in the hands of the receiver available for such purposes be insufficient to pay the claims of depositors, and holders of exchange, not given for a previously existing debt of the bank other than a deposit, the court in which the receivership is pending, or a judge thereof, upon the hearing shall determine the amount required to supply the deficiency and cause the same to be certified to the department of trade and commerce, which shall thereupon draw against the depositors' guaranty fund in the amount required to supply such deficiency and shall forthwith transmit the same to the receiver, to be applied on the said claims of depositors and holders of such exchange: *Provided,* Holders of certificates of deposit shall not be entitled to payment until their maturity, according to their terms. No part of the depositors' guaranty fund shall be used to supply the deficiency that may accrue by the failure of any bank now transacting business, or which may be hereafter organized, which bank has not filed the report provided for in section 7996 of the Compiled Statutes of Nebraska for 1922, and received the certificate provided for in section 7995 of the Compiled Statutes of Nebraska for 1922. Such drafts against the depositors' guaranty fund shall be prorated, as nearly as may be, among the several solvent banks wherein the same is as aforesaid kept and maintained, in accordance with the amounts thereof held by such banks respectively. No claim to priority shall be allowed which is based upon any evidence of indebtedness in the hands of or originally issued to any stockholder, officer, or employee of such bank, which represents money obtained by such stockholder, officer or employee, from himself or some other person, firm, corporation, or bank in lieu of or for the purpose of effecting a loan of funds to such failed bank."

Sec. 25. Bankers' conservation fund.

"For the purpose of preventing the closing of banks and conserving the guaranty fund, the bankers conservation fund is hereby created. The bankers conservation fund shall at all times belong to the banks contributing thereto, subject to the provisions of this act, and the assessments therefor shall not exceed one-fourth of 1 per cent of the average daily deposits of said bank during any one year and said fund shall never

exceed one-third of 1 per cent of the average daily deposits of said bank at any time, based upon the last report of average daily deposits filed before making such levy. Whenever, under the law, it shall be proper to assemble and use any part of the bankers' conservation fund the secretary of the department of trade and commerce shall make an assessment on each of the solvent banks in the State for its proportion of the amount needed, based on the average daily deposits of such banks as shown by the last semiannual statement thereof, filed with the department of trade and commerce, by drawing a draft for such amount and transmitting the same as provided by law. The banks may carry the amount remitted on such draft on their books as an asset, debited to the 'bankers' conservation fund,' until such time as it may be repaid to said bank or charged off against the profits of the bank not needed for any purpose other than the payment of dividends."

Sec. 26. Depletion of depositors' guaranty fund.—Special assessment.

"If the depositors' guaranty fund shall, from any cause, be depleted or reduced to any amount less than 1 per cent of the average daily deposits as shown by the last semiannual assessment statement thereof filed, the department of trade and commerce shall levy a special assessment against the capital stock of the corporations governed by the provisions of this article, to cover such deficiency, which special assessment shall be based on the said average daily deposits, and, when required for the purpose of immediate payment to depositors, said special assessment may be for any amount not exceeding 1 per cent of said average daily deposits for the year 1923 and thereafter not exceeding one-half of 1 per cent of said average daily deposits in any one year."

Sec. 27. Assessment on and repayment to bankers' conservation fund.

"Whenever any bank shall have been placed by the department of trade and commerce in the hands of the guaranty fund commission, under the provisions of section 18 of this act, said guaranty fund commission may at any time certify to the department of trade and commerce an amount of money which it desires to use in conducting the affairs of such bank which has been so taken over under the provisions hereof, and the department of trade and commerce shall immediately levy an assessment and draw upon the bankers' conservation fund for such amount and transmit the same to the agent or representative of the guaranty fund commission in charge of such bank to be used by him as a deposit and for no other purpose. Provided, however, such receiver may, with the consent of the department of trade and commerce, borrow any part of said amount for the use of such bank and repay said borrowed money when the money is received from the department of trade and commerce. The department of trade and commerce or the guaranty fund commission may close said bank at any time for the purpose of liquidation as provided by law, or may return the management of its affairs to its proper officers whenever such deposit, with interest at the rate of 5 per cent per annum, has been fully paid to the bankers' conservation fund, and the reason for retaining the management and control thereof no longer exists."

Sec. 32. Sale of assets—Publication—Refund.

"The department of trade and commerce may at any time apply to any court in which a receivership for a bank is pending at the time this act takes effect for

an order directing the receiver to sell all or any part of the assets of every kind and description in his possession, or under his control. Notice of the hearing on said petition shall be given to all parties interested by publication once each week for two weeks in a newspaper designated by the court, which notice shall state the fact of such petition being filed, and the date of hearing thereon. At such hearing, if it shall appear to the court from the evidence offered that the assets in such receivership available for the payment of creditors of such bank are insufficient to pay the claims of depositors if unpaid, or to reimburse the depositors' guaranty fund for the amount drawn therefrom for the payment of the claims of depositors for deposits, then the court shall enter an order directing the receiver to sell all of such assets at public sale, and shall fix the time of such sale and the notice which shall be given thereof. Such sale shall be held on the date so fixed by the court, or at such other time as the same may be adjourned to by the receiver, which shall not be more than 10 days from the date fixed by the court. At such sale the secretary of the department of trade and commerce, or his representative, may bid on such assets, and if such bid shall be the highest bid offered for the assets, the receiver shall deliver to such secretary or his representatives, all of such assets and take a proper receipt therefor, which shall be filed in the office of the clerk of the district court in the files of such receivership. The delivery of such receipt shall constitute payment in full to the receiver for such assets. If the money in the hands of the receiver after the sale of such assets to the department of trade and commerce shall be insufficient to pay the costs and expenses of such receivership remaining unpaid, then the court or a judge thereof shall fix the amount of such unpaid costs and expenses, certify the same to the department of trade and commerce, and the department of trade and commerce shall refund to such receiver such amount out of the proceeds of the assets of such receivership, or shall draw against the depositors' guaranty fund for such amount and transmit the same to the receiver for the payment of such claims. The department of trade and commerce, upon receiving the assets of such receivership, shall transfer the same to the guaranty fund commission, which shall place a representative in charge thereof and cause the same to be liquidated for the benefit of the guaranty fund, and after paying the expenses of such liquidation, shall place the balance in the depositors' guaranty fund in the several banks in the same proportion as it was drawn therefrom."

Sec. 35. Records—Secrecy.

No one connected with the guaranty fund commission shall in any instance disclose the name of any depositor or debtor of any bank of the amount of his deposit or debt to anyone except in so far as may be necessary in the performance of his official duty.

Sec. 39. Deposits not guaranteed—Certificates non-negotiable.

"No State bank shall receive any deposit upon any collateral agreement or condition other than an agreement for length of time to maturity and rate of interest, and no money deposited in any such bank, upon any such collateral agreement or condition shall be guaranteed by the depositors' guaranty fund. On or after July 1, 1923, certificates of deposit shall be nonnegotiable and drawn payable to the depositor or assigns, and every certificate shall bear on its face in prominent type 'nonnegotiable.'"

Sec. 41. Court may authorize receiver to borrow on receiver's certificate.

"The court in which a receivership of a State bank is pending, or any judge thereof, may, upon the application of the receiver, in open court or sitting at chambers anywhere within his district, without notice or upon such notice as he may direct, authorize and direct such receiver to borrow money and for that purpose, to issue and sell, assign, or hypothecate one or more receivers' certificates in an aggregate amount not exceeding the amount required to supply the deficiency for the payment of depositors in any failed bank. Such receivers' certificates may be authorized and negotiated either before or after the amount shall have been drawn from the depositors' guaranty fund and from banks heretofore in receivership. If authorized after the draft on the guaranty fund, the amount shall not be greater than the market value of the assets remaining in the receivership. The rate of interest shall be fixed by the court. Such receivers' certificates, with the interest thereon, shall be subrogated to all the rights of the depositors thus paid or to the rights of the department of trade and commerce, to participate in the assets of such bank, and shall be a first lien on all the assets in the hands of the receiver and on the rights of the depositors in the depositors' guaranty fund and shall be enforced and collected by the receiver accordingly. All money derived from the sale or transfer of such receivers' certificates shall be used for the payment of depositors if such receivers' certificates are sold prior to the drawing of the money from the guaranty fund, and shall be used to reimburse the guaranty fund if sold after the drawing of the money and payment of the depositors from such guaranty fund."

Sec. 42. Cash to pay receiver's certificate.

"If the cash in the hands of the receiver be insufficient to pay such receivers' certificates with interest thereon, as fixed by the court, when the same become due, the court, or a judge thereof, shall determine the amount necessary to pay the face value of such receivers' certificates with interest thereon to the date of payment and cause the same to be certified to the department of trade and commerce, which shall thereupon draw against the guaranty fund in the amount required to supply the deficiency, and shall forthwith transmit the same to the receiver to be applied on the payment of such receivers' certificates. Provided a new issue of certificates may be authorized by the court if application is made therefor."

Sec. 43. Registration of receivers' certificate.

"Receivers' certificates issued under this act shall be presented to the secretary of the department of trade and commerce and he shall certify thereon that such certificates are payable out of the depositors' guaranty fund of the State of Nebraska, and register them in a book to be provided therefor in his office. The secretary of the department of trade and commerce shall prescribe the form of receivers' certificates and shall fix the due date of each issue thereof, and they shall be paid in the order of registration."

Sec. 48. Annual statement of funds.

"The secretary of the department of trade and commerce shall in the month of July of each year prepare and mail to each State bank a report pertaining to the guaranty fund, the bankers' conservation fund, and the bankers' administrative fund showing the following data: (1) Names of drawee banks; (2) average deposits on basis of which each assessment was made for the benefit of each bank; (3) amount of such assess-

ment on each bank for each bank for benefit of guaranty fund; (4) average deposits on basis of which each assessment was made for benefit of bankers' conservation fund; (5) amount of each assessment on each bank for each bank for benefit of bankers' conservation fund; (6) amount of average deposits on basis of which each assessment was made for benefit of bankers' administrative fund; (7) amount of such assessment on each bank for benefit of bankers' administrative fund; (8) amount reimbursed to each bank from each bank for benefit of guaranty fund; (9) amount reimbursed from each bank to each bank for benefit of bankers' conservation fund; (10) disbursements of bankers' administrative fund; (11) statement of assets and liabilities of each bank, as shown by last statement published before such bank's coming into the hands of the guaranty fund commission; (12) detailed expense account of each bank operated by the guaranty fund commission; (13) amount realized from sale of real estate and furniture and fixtures of each bank in hands of guaranty fund commission; (14) amount realized from other assets of each bank in hands of guaranty fund commission, listing same in detail. In addition to the foregoing such report shall contain such other data as the guaranty fund commission and the secretary of the department of trade and commerce may deem proper."

SESSION LAWS OF 1923—HOUSE RULE NO. 237

Sec. 28. Sale of assets by guaranty fund commission.

"Whenever a receiver or representative shall be in charge of a bank or receivership under the direction of the guaranty fund commission, and such receiver or representative can procure lawful purchasers for the assets and capital stock of such bank, then such receiver or representative may, with the approval of the guaranty fund commission, and the secretary of the department of trade and commerce, petition the district court of the county in which said bank or receivership is located for an order decreeing such bank to be insolvent, if a going bank, and directing the sale of all the property and corporate rights of such corporation upon such terms and conditions as to the court may seem proper. Notice of such hearing shall be in the same manner as for the appointment of a receiver under this act. If the court, upon the hearing thereof, shall find that such bank is insolvent, or in receivership, and it is for the best interest of all creditors of such corporation, then the court shall issue an order directing the receiver or representative in charge, as receiver, to sell such banking corporation and its assets as prayed. The court shall determine at such hearing the rights of the creditors, including depositors, as nearly as possible, and shall direct the notice to be given and the pleadings to be filed for the determination of the rights of creditors whose claims are not allowed at such hearing. The court shall authorize and direct the receiver to issue from the stock book of such corporation, certificates of stock to the purchasers thereof, and upon the delivery thereof and the compliance with the terms of such sale; such purchasers shall be and become the only lawfully constituted stockholders of such corporation, and as such shall proceed to organize with the proper officers and directors for conducting a banking business. The department of trade and commerce shall require the officers to file the report provided for in section 7996, Compiled Statutes for 1922, and if upon examination the department finds that such corporation has complied with all of the requirements of law it shall issue

to such corporation the certificate provided for in section 7995, Compiled Statutes of Nebraska for 1922, and shall return the charter of such bank to the corporation herein provided for: *Provided*, no sale shall be ordered if the owners of the majority of the capital stock whose acts do not show criminal liability, shall object and show to the court that there is a reasonable probability of the bank becoming solvent by restoration of its assets and of the former owners regaining possession thereof within one year from the date of taking over the bank by the department of trade and commerce."

DEPOSIT GUARANTY IN NEBRASKA

(From Federal Reserve Board Files)

MEMORANDUM - Mr. Van Fossen

April 29, 1926.

NEBRASKA: Law was passed on March 25, 1909, but did not go into effect until July 1, 1911, having been in litigation for nearly two years.

Sixty-five banks failed since adoption of guaranty law were liquidated at a loss of \$9,000,000. It is anticipated that 60 more banks are apt to come into hands of commission and cause an additional loss of about \$6,000,000. There is now in the fund \$1,700,000 and about an equal amount of receivers' certificates outstanding against the same. From assets of \$11,000,000 there should be realized \$3,000,000 and 2 years' assessments will bring in \$3,000,000 or sufficient to cover anticipated loss. Contributions have totaled \$12,000,000 during 14 years, an amount equal nearly to 1/2 of the capital of state banks today.

The Nebraska law provides that the department of trade and commerce shall forthwith take possession of the property and business of any bank when it has reason to conclude that it is unsafe and inexpedient for it to continue business, or under certain other conditions. Such banks are to be placed in charge of the guaranty fund commission to ascertain if such bank may be maintained as a going concern. With the consent of the owners of a majority of the stock such a bank may be opened and managed as a going concern by the commission without regard to its solvency. For this purpose a "Bankers' conservation fund" was created, assessments of not more than 1/4 of 1 per cent of the average daily deposits of each bank being authorized for the purpose, such funds to constitute a loan by the bank assessed and not to exceed 1/3 of 1 per cent of a bank's average daily deposits at any time. The Governor of the state now advocates a plan to take out the bad paper of banks in the hands of the commission, substitute receivers' certificates therefor and sell the banks with a time guaranty on the remaining paper and is quoted as saying that the banks should sell for much more than par.

The consolidated statement of condition of state banks as of December 31, 1925, shows: "Bankers' conservation fund" as an asset item - \$628,945.08; and as a liability "Depositors' guarantee fund" - \$1,238,402.19.

Memorandum - Mr. Van Fossen

January 31, 1927.

Nebraska: 151 banks have come into the hands of the guaranty fund commission since 1911, of which 38 are now being operated as going concerns regardless of their insolvency. Depositors in all closed banks have been paid in full. The cost to the solvent banks up to June, 1926 in assessments has been \$14,000,000, while the loss yet to be sustained in banks now being operated and those which may yet come into the hands of the commission, may eventually amount to \$6,000,000 more. The annual assessment of \$1,700,000 at the maximum rate of 6/10 of 1 per cent of average daily deposits amounts to 7 per cent of the total capital of state banks on June 30, 1925. (See Commercial West, September 25, 1926).

WALL STREET JOURNAL - FEBRUARY 27, 1928.

WALL STREET JOURNAL - Feb 27, 1928

NEBRASKA DEPOSIT GUARANTEES BREAKDOWN

Legislative Action May Be Necessary for State Wide Levy to Maintain False Economic System

LINCOLN -- The State Guaranty Fund Commission, which handles the funds of the State Deposit Guaranty System, has abandoned its long followed method of paying off depositors in failed state banks as soon as their claims were proved to the court in receivership proceedings. It is now allowing these to go to judgment, which attaches a 7% interest rate.

This has been necessary, says C. M. Skiles, general counsel for the commission, because of inability to keep on floating receivers' certificates fast enough to take up the claims as they go to judgment. There are \$1,000,000 of these certificates outstanding, bearing 7%, and the new plan merely makes the depositor hold them in the form of a judgment instead of the banks that have been investing in these certificates.

Claims of depositors approved and not paid total \$4,500,000, and there is a contingent liability of \$13,000,000 more from the 72 banks now operated by the commission as going concerns.

The fund has about \$10,000,000 of collectible paper and real estate that will be available, when turned into cash, to meet these liabilities. The fund also has the power to levy a maximum yearly assessment of \$1,500,000 on solvent banks.

Mr. Skiles says legislative aid will be necessary to guarantee the fund against an eventual breakdown. It will be necessary to stop interest on depositors' claims gone to judgment, he says. There also is presented to the legislature the alternative either of cleaning up the deficit by a state-wide levy -- which Mr. Skiles justifies on the ground that most depositors have believed the state was an actual guarantor -- or pledging the state credit to a sufficient issue of 4% receivers' certificates to insure prompt payment of depositors when their claims are approved in court.

NEBRASKA GUARANTY LAW IS KILLED

Lincoln, Nebraska -- The bank deposit guaranty fund law of Nebraska has gone by the board as have those of several other states of the Union which tried the theory and found it would not fit into the economic structure of banking and business.

The Nebraska law was wiped off the statutes of the state by special legislative action this week, the bill annulling the law having been signed by Governor W. J. Weaver on Tuesday.

The only other state of the original nine which adopted bank deposit guaranty laws and which has not rescinded them, or in which they are not effective, is Mississippi.

Abandonment of the old depositors protective law was effected in a substitute measure adopted by a special Nebraska banking legislature called to iron out the ills of 65,000 depositors who were awaiting restitution from the guaranty fund which had amassed a \$20,000,000 deficit before it was repealed.

The governor's acceptance of the new law, one he believes a compromise for depositors and bankers alike, relieves all state banking institutions of special and regular assessments with the exception of a two-tenths of 1 per cent levy to continue for ten years.

This assessment, the governor believes, will produce \$3,000,000 in the decade and this added to another \$3,000,000 in levies forthcoming before the law was removed from the statutes, will refill the empty purses of the depositors.

A constitutional amendment to be voted on this fall will add another \$8,000,000 by state appropriation for the depositors if the plan is accepted at the polls.

The Nebraska law, similiar in detail to a banking theory once tried by eight other states but now effective in only one -- Mississippi -- has experienced a trying existence in the past five years, Governor Weaver said.

Complications incident to post-war deflation, former Governor A. C. Shallenberger, Democrat, who signed the original act, told the Senate last week, spelled its defeat.

The substitute bill signed this week, with emergency clause annexed, bolsters up the bank situation in that it provides a surplus fund based on yearly net profits -- a fund that must be invested in securities approved by the state bank department.

A summary of the reports of condition of state banks of Nebraska, as of December 31, last, made public by the state banking department, shows a decrease in assets during the quarter from \$248,000,000 to \$222,000,000, and in deposits from \$217,000,000 to \$191,000,000. A corresponding reduction in capital, surplus, undivided profits and loans and discounts is noted.

While a decrease in the number of banks through failures and nationalization is in part responsible for the drop in deposits, withdrawals from banks due to the confused situation arising out of the large guaranty fund deficit have accelerated the movement.

Governor Weaver, reporting to the special session of the legislature upon the experiment conducted for a period of six years, ending in 1929, of operation of failed banks, kept open by the guaranty fund commission and managed by its agents, showed that the net loss was \$1,322,728. Total operating costs of the 167 banks involved were \$3,467,416, made up of general expenses, \$1,625,529; legal \$179,517; interest paid \$1,150,000; real estate \$512,370. Revenues were Income, Interest and Exchange, \$1,743,000; real estate, \$401,890; total \$2,144,890...

Former Congressman Shallenberger, in charge of the audit of failed banks of the state, says that the worst is over in the banking situation in Nebraska and that conditions are improving. He pointed out that as of December 31, last, the banks were carrying a total reserve of 37 per cent, nearly double the legal requirement, of which 20 per cent is in cash and 17 per cent in bonds.

NEBRASKA GUARANTY FUND

Number of state banks in Nebraska arranging to enter national bank system owing to danger of facing \$8,000,000 deficit in the Nebraska Guaranty Fund end of year.

In 16 years of operation the fund has paid depositors of failed banks some \$38,000,000, of which about \$15,000,000 was paid out of Fund from assessments on solvent banks.

C. M. Skiles, General counsel for Commission, says law was forced on bankers and as consequence three-fourths of solvent state banks have been unable to pay dividends for several years. Many banks have paid into fund amounts equal to their capital stock.

Solvent banks must be assessed about \$10,000,000 to pay depositors of 138 banks in hands of Commission (not all at once). When depositor's claim is allowed against Guaranty fund, it becomes a judgment and bears 7 per cent interest per annum, so if \$10,000,000 claims are allowed, interest alone amounts to \$700,000, or about 1/2 amount collectible by assessments each year.

General feeling that law is uneconomic and should be repealed, or some method other than assessing solvent banks should be found for raising necessary funds. Entire State bank system in danger when assessments cause suspension of dividends and in some cases make solvent banks insolvent - "for surely it is much better to be a compulsory member of the Federal Reserve System with its fancied ills than to be in a Guaranty Fund system with its known evils."

"The straw which is likely to "break the back of the camel" is the failure of the Beemer State Bank of Beemer, which it is said has \$1,000,000 of fraudulent notes in its portfolio, with the president, Paul Nupper, a fugitive from justice. He apparently took the capital, surplus and deposits of the bank and left spurious notes from which there will be no "salvage."

Not surprising many banks seek national bank charters, when under the law, which is compulsory in so far as membership of state banks in the fund is concerned, solvent state banks are expected to pay all the depositors.

"As has been pointed out in these columns many times during the past twenty years, any law which makes an honest banker responsible for the debts of a dishonest or careless banker, when the former has no check on the latter, will fall by its own weight, and it is only a matter of time when all of these chimerical schemes will be wiped off of the statute books."

Briefed from article The Financial Age,
Vol. LVIII, No. 16
October 13, 1928.

MEMORANDUM - Mr. Foster.

REMARKS

Oct. 1, 1929.

<u>State</u>	<u>Date effective</u>	<u>Voluntary or compulsory</u>	<u>Remarks</u>
Nebraska	1911	Compulsory	Injunction granted by District Court against special assessments puts Guaranty Law on non-operative basis. Legislation for repeal passed both houses in May, 1929, but failed to receive Governor's approval.

MEMORANDUM - Mr. Foster

Oct. 2, 1929.

Present Status of the Guaranty Fund Law.

States in which Guaranty Law is partially operative.

Nebraska - At the end of the year, 1928, Nebraska reported a total of 47 bank failures, an increase of 25 failures over the 1927 figure. The condition of the Guaranty Fund in a table prepared by the Commission on December 31, 1928, shows a deficit of about 16 million dollars in unpaid claims due to depositors of failed banks. Despite the burden and expense thrust upon the shoulders of solvent member banks and repeated attempts towards repeal by taxpayers, bankers and legislators, the law still remains on the statute books.

The Financial Age, March 30, 1929, tells of the introduction of an individual guaranty system by which each State bank shall pay annually one-fourth of one per cent of its average daily deposits into a fund to be held in trust by the State Treasurer and invested by him until such a time when it equals the capital stock and surplus of a bank. Thereafter the bank, as long as it remains solvent, will receive the earnings of this trust fund, and on liquidation shall get it back. If it fails, the money is immediately paid over to the banking department, which uses it along with the money it gets from the liquidation of assets and the collection of stockholders' liability to pay off depositors, as far as this can be done. Any surplus is returned to the stockholders.

Although the Governor of Nebraska failed to ratify the resolution for the repeal of the Guaranty Fund Commission, approved by both houses of the State Legislature, its death knell was sounded during the first week of May, 1929. In the District Court, Judge Lincoln Frost granted the application of more than 500 State banks to prevent the collection of further special assessments on them. (Decision is subject to the approval of further higher courts). These assessments were one-half of one per cent on average daily deposits, while the regular assessments, not affected by the court injunction,

amounts to one-tenth of one per cent. This is so small that it will do little more than pay operating expenses of the fund.

Memorandum - Mr. Foster

December 23, 1929

Subject: Nebraskan Courts clash on Guaranty ruling.

Two states, Nebraska and Mississippi, have recently taken new stands in their attitude toward the bank deposit guaranty law. Nebraska state bankers, after having almost succeeded in rendering the guaranty fund null and void, finds to their dismay that the Supreme Court of the State has reversed the District ruling and declared the burdensome act to be in full force and effect.

The action taken by the Supreme Court of Nebraska is one of precedence and marks, perhaps, the first departure from the usual interpretation of courts in making decisions. In the early part of May of this year 559 State banks sought a permanent injunction against the levying and collection of the special assessment which, at the rate one-half per cent of average daily deposits, meant a contribution of \$1,000,000 a year to the fund. The court upheld their claims that the assessments had become so burdensome as to be confiscatory and thus endanger the entire state banking system. Judge Frost, therefore, granted the bankers an injunction which restrained the Guaranty Fund Commission from the collection of the special assessments. Decision in the suit did not affect the regular assessment of one-tenth per cent, but the proceeds from that levy are so small as to be negligible for paying depositors in failed banks. Moreover, the regular assessment will do little more than pay operating expenses of the fund.

The findings of the Supreme Court defend the right of the State to regulate within reason the banking business as carried on under a State charter. Such business is quasi-public and, for the protection of the public and its interests, is subject to reasonable State regulation. It is held that no court shall annul a legislative enactment unless its provisions so clearly contravene a provision of the fundamental law or are so clearly against public policy that no other resort remains. Further, where a State bank has accepted benefits arising from deposits of money pursuant to the terms of the bank depositors' guaranty law, such a bank cannot be heard to make complaint against special assessments upon such deposits which have been levied for the benefit of the guaranty fund. Evidence is taken from the advertising campaign, supported by State banks and the Guaranty Fund Commission, to show that many of the banks made an effort to capitalize on the "protective elements of the law" for the purpose of increasing deposits. It is obvious, the Supreme Court holds, that the special assessment does not constitute the taking of private property without due process. As a final resort, the Supreme Court says that "it may be observed that the bank guaranty fund law has been held by the highest court in the land to be a constitutional act and well within the meaning of the Federal constitution." (U. S. Supreme Court decision was handed down by Justice Holmes)

Memorandum - Mr. Foster

April 1, 1930.

Nebraska: The guaranty law, compulsory as to membership, was passed in 1909. It was promptly contested by the state bankers who carried their suit to the U. S. Supreme Court to test its constitutionality. Decision was rendered in favor of Nebraska State. The law became operative on July 1, 1911. Bankers have paid into the fund over \$16,500,000, which is slightly less than the capital stock of all banks now operating. Between 360 and 370 state banks have failed, and the guaranty fund deficit has climbed to \$20,000,000. Interest on the deficit at 7 per cent amounted to \$1,400,000, as compared to the maximum assessment, about \$1,300,000, annually. In May, 1929, Judge Lincoln Frost of the District Court answered the cry of 500 state bankers by granting a permanent injunction against the collection of further special assessments, which at the rate of 1/2 of 1 per cent brought in \$1,240,000 annually. That decision was reversed by the Nebraska Supreme Court on December 8, 1929, and the law went again into full force and effect.

In February, 1930, Governor Weaver announced that a special session of legislature would convene early in March to consider the repeal of the guaranty law and to adopt a modified plan of deposit protection. Under this plan all state banking institution would be relieved of special and regular assessments with the exception of a 2/10 of 1 per cent levy to continue for ten years. This measure, if enacted, would produce \$3,000,000, which would be added to a second \$3,000,000 in levies due from state banks before the official adoption of the new plan. A constitutional amendment, to be voted on in the fall of 1930, would add another \$8,000,000, if voters agree to shoulder a part of the guaranty fund deficit.

The "blanket" guaranty law was formally repealed on March 18, 1930.

III. NEBRASKA

Impressed by the outward appearance of success presented by the Oklahoma guaranty scheme during the first years of its operations, three other states passed some form of guaranty law in 1909. The plan adopted in Nebraska was the only one of these three that was fully compulsory upon all banks under state charter as in the case of Oklahoma. Its opera-

tion was delayed for two years by a federal suit to test its constitutionality, which was upheld, and it did not become effective until July, 1911.

Under this law the Depositors' Guarantee Fund of the State of Nebraska, as it was called, was created by semi-annual assessments on all state banks equivalent to $1/20$ of 1 per cent of their average daily deposits until the fund should reach $1\frac{1}{2}$ per cent of deposits. New banks were assessed 4 per cent of their capital stock, which was credited to their subsequent pro rata obligations to the fund as established institutions. Special assessments, not exceeding 1 per cent, reduced in 1923 to $\frac{1}{2}$ of 1 per cent, of daily deposits in any one year, were collectible whenever the fund should fall below 1 per cent of deposits. The maximum total assessments collectible in any year, after the reduction of the special assessment limit, were $3/5$ of 1 per cent.

In operation each member bank was allowed to set up on its own books the amount of its assessments as a cumulative liability designated "Depositors' Guarantee Fund." If a member failed, a judgment for approved claims, which covered only unsecured individual deposits, was obtained against the fund, and each member was drawn on ratably for enough to pay in full the guaranteed deposits in the insolvent institution, whose assets were taken over by the state, liquidated and the proceeds paid back to the fund.

Nebraska was another state in which the banking department had no discretionary power with respect to issuing new bank charters, and from 1911 until 1923, when discretion was granted to it, state banks increased rapidly.

The Boom in State Charters

When this law became operative in Nebraska in 1911 there were 647 state banks with deposits of \$53,200,000, and 231 national banks with deposits of \$56,800,000. The first nine years, that is, up to the depression that began in 1920, were normal in banking and the plan in Nebraska as in Oklahoma acquired the outward appearance of success. Under it state banking expanded and national banking in the state suffered by comparison. The number of state banks increased every year, reaching 1,008 by June 1920, an increase in nine years of 361 units of this class, or over 55 per cent. Their deposits grew to \$291,100,000, an increase of \$237,900,000 or 447 per cent. A large part was money attracted to Nebraska state banks from other states by the fancied security of the guaranty plan. In the nation, state banks increased but 33 per cent in number and deposits expanded only 126 per cent in this period.

During this same period the number of national banks in Nebraska fell to 175, a loss of 56 or 24 per cent, and their deposits rose to \$98,800,000, or by \$42,000,000, which was less than 74 per cent, as compared with 447 per cent for the state banks.

The effect of these changes on the total banking structure of the state was to increase the aggregate number of both classes of institutions from 878 in 1911 to 1,183 in 1920, a gain of 305 or almost 35 per cent, while combined deposits rose from \$110,000,000 to \$389,900,000, a gain of \$279,900,000 or more than 254 per cent. In this altered picture, the ratio of the number of national banks in the state fell from 26 per cent to less than 15 per cent, while their proportion of the aggregate deposits dropped precipitately from over 51 per cent to only 25 per cent. Abnormally rapid expansion in state bank deposits caused a marked increase in average deposits per bank of both classes from \$125,000 to \$329,000. In this period, the number of persons per bank in the state decreased from 1,360 to 1,090.

Summarized, these changes meant a great increase in state banks and in the number of banking institutions in the state all told, a disproportionate increase in the deposits in the banks under guaranty as compared with the increase that occurred in the non-guaranty banks and fewer persons per bank in the state as a whole.

During this economically peaceful nine year opening period of the Nebraska guaranty plan there were relatively few bank failures in this state. The decade was largely dominated by the booms, inflation and easy financial prosperity of the World War era, which brought large demands for livestock and agricultural products to the West, with inevitable over-expansion and speculative stimulation, along with soundly based economic activity. From June 1911 to June 1920 only five very small state banks with aggregate liabilities of \$235,000, were suspended and but two national banks.

Bank Failures Under the Guaranty Plan

The collapse of the war inflation, however, brought a disastrous test. In the depression year ending June 1921, 16 state banks suspended and in 1922 there were 23 more suspensions. The direct cause of these failures was the disastrous fall in agricultural prices that occurred in these as in the ensuing years. In 1923, 18 state banks closed, 19 in 1924, 11 in 1925, 23 in 1926, 19 in 1927, 44 in 1928 and in 1929 there were 106 state bank failures with total liabilities in excess of \$30,000,000. In 1930 there were 50 more with liabilities of \$13,000,000 and in this year, following several years of desperate efforts to reorganize the guaranty fund, it was abandoned through repeal.

The foregoing record shows in the period 1921 through 1930 a total of 329 state bank failures in Nebraska, with total liabilities of \$88,700,000. That is, against a yearly average number of 855 state banks in these years, an average of 33, or 3.8 per cent, failed. In the same ten year period 31 national banks failed in the state, or an annual ratio against the average total of 158 of banks of this class in operation of 1.9 per cent.

Obviously, this comparison between the guaranty state banks and the non-guaranty national banks is not to be taken as a measure solely of the ill effects of the guaranty of deposits plan. There were numerous other factors causing the inferior showing of the state banks in Nebraska as compared with the national banks.

Other Causes of Weakness

One of these factors was the matter of under capitalization. When the guaranty plan went into effect in 1911 the banking code placed the minimum capital with which a bank could open at \$10,000 in hamlets of less than 100 inhabitants, at \$15,000 for towns of between 100 and 500 inhabitants, and on a rising scale for larger places. There were also in operation a number of state banks chartered previously to this law with but \$5,000 capital. About 65 per cent of all the state banks had capital of \$20,000 or less and the great majority were in small towns. The minimum for national banks since 1900 has been \$25,000 and a greater ratio of them was situated in larger places. Of 337 state banks suspended during 1920-1931, 89 had capital of \$15,000 or less, and 141, or nearly 42 per cent, had capital of \$20,000 or less.

Although these factors would doubtless have given the state banks a worse record than the national banks in Nebraska even without the guaranty law, the testimony of bankers who lived through the period of the operation of the scheme is that it greatly contributed to the amount of small, weak and irresponsible state banking. A general atmosphere of false security, confidence in all state banks and lack of discrimination between good and bad banking was engendered by the mistaken idea that no one would lose his deposits since they were guaranteed by a supposedly trouble-proof banking structure. As a result, greater numbers than ever of under-capitalized, ill-situated banks, as well as of persons wholly unfitted as to training, character or methods to be allowed to conduct banks, were able to command public trust and patronage and to attract large deposits to their institutions through high interest rates and trading on faith in the guaranty plan. This is reflected in the tremendous expansion in state bank deposits between 1911 and 1921 as brought out above.

Therefore, although the guaranty plan cannot be held wholly responsible for the bank failures that occurred during its regime, nevertheless it doubtless was mainly to blame since it fostered the excessive development of those other weaknesses which produced the unusual severity of the state banking disaster. This in turn destroyed the ability of the fund itself to meet its obligations.

In drawing the foregoing comparisons reference is had specifically and solely to state and national banking in Nebraska during 1911 to 1931. It is not in any sense implied that they have any parallel application else-

where or constitute an argument in favor of national as against state banking under normal conditions, for these aspects are not considered here. There is no inherent reason why, under sound banking codes and well conceived standards of supervision, state banking should not be as successful as national banking.

Financial History of the Plan

The financial history of the plan was a reflection of the foregoing statistical history. During the first nine years there was the semblance of success, with assessments creating a fund of \$2,367,000, against which draughts of only \$239,330 were required to pay depositors in failed banks.

However, the sudden rise of failures that began in 1920 brought it to the point of insolvency by 1922. The state bankers undertook steps to save the plan through forming a State Agricultural Loan Association which sold stock and notes to member banks in the amount of \$2,000,000. Its funds were applied to paying depositors in failed banks whose assets were taken over by the association. The guaranty plan assessments on state banks in 1921 were \$2,320,000, in 1922, \$1,970,000 and in 1923, \$2,050,000. Yet by 1923 the losses through added failures were so large that these combined efforts were unable to meet the situation. Then the state legislature created the Guaranty Fund Commission with power to decide whether crippled banks should be operated in an endeavor either to rehabilitate them or postpone their liquidation so as to cut down current claims on the fund, or whether they should be placed in receivership for liquidation at once.

By 1926 the banking crisis in the state showed signs of abating and it was hoped the guaranty plan might pull through. At this point, the state banks had paid assessments of about \$12,500,000 to the fund in 15 years and every depositor in every closed bank had been paid in full. On the other hand the Guaranty Fund Commission was operating 38 banks, which were being carried along as going institutions instead of being closed, and the possible postponed losses were estimated at another \$6,000,000. The maximum annual assessments collectible from the state banks on the basis of the then existing average daily volume of deposits, about \$265,000,000, would be about \$1,600,000, and it was felt by the supporters of the plan that this prospective income, together with sums it was hoped could be realized from assets in the hands of the commission, would restore the financial equilibrium of the plan within three years.

This close-drawn hope was based on the assumption that the assessable volume of deposits would not diminish and that there would be no additional bank failure to throw added losses on the fund. Neither of these basic expectations was realized. During the year ending in June 1926, 23

more banks failed and 19 more in 1927, while deposits steadily shrank. Also, solvent banks were expected to purchase the receivers' certificates, which were issued under the authority of the commission against the assets of failed banks, in order to create immediate funds with which to cover current deficiencies in the sums available for payment of depositors' claims, but they lost confidence in the value of those certificates and declined to purchase them further.

The Financial Breakdown of the Plan

Disintegration of the plan was rapid. In 1928, 44 more banks were suspended and in the year ending June 1929 another 106. This startling figure of 106 included the banks that were being carried along by the Guaranty Fund Commission but which were now ordered to be closed. In January 1929, 135 banks were on the hands of the Guaranty Fund Commission, with unpaid deposits of about \$25,000,000. Sixty-one of these banks were in receivership and 74 were being operated by the commission.

In 1928 bankers started court action to have the guaranty law declared confiscatory and unconstitutional. This suit was decided by the District Court in favor of the banks but later the decision was reversed by the State Supreme Court. Following this decision state banks began to nationalize in large numbers. The uneasiness of depositors in the situation resulted in heavy withdrawals from state banks and increased failures. This development prompted the calling of a special session of the Legislature to repeal the law in March 1930.

The Governor of the state indicated that the then apparent deficit of the guaranty fund was from sixteen to twenty million dollars, that the interest on the depositors' claims represented in this deficit would likely absorb virtually all the prospective income from assessments and that nothing would be available to pay against the principal of the deficit. He ended his statement with the assertion that under such a situation the guaranty fund could not afford protection to then existing deposits against any future losses.

This signaled the virtual suspension of the guaranty law as an operating plan. A few months later the Guaranty Fund Commission, created in 1923 with power to operate or liquidate crippled banks in its discretion, was abolished. The 69 banks it was then operating were ordered closed and a new department of bank examination and supervision was set up. It was given powers to bring about sounder banking methods and to work out with the depositors the settlement of the affairs of such banks as subsequently failed or became weakened on a plan of composition or rehabilitation applicable to each case individually entirely outside the guaranty plan.

Litigation and Confusion

As to that plan itself, the rest of its history deals with the steps taken to remove it from the statute books and the methods and litigation involved in the attempt made to date to wind up its confused and bankrupt affairs. When the law was repealed in March 1930 the deficit was estimated at \$20,000,000.

The terms of the repeal relieved all state banks of further special and regular assessments to guarantee existing or future deposits and substituted a levy of $\frac{2}{10}$ of 1 per cent on their average daily deposits, to continue for a period of ten years, the proceeds to be applied wholly against the old deficit through what was designated as the Depositors' Final Settlement Fund. This assessment was expected to produce \$3,000,000 during its life. Also, all monies due under old assessments levied before the repeal, expected to yield another \$3,000,000, were to be similarly applied, as were the proceeds of the liquidation of the assets under the control of the formerly abolished Guaranty Fund Commission, consisting chiefly of the wreckage of the banks that had been closed or operated under its auspices.

Finally it was decided to submit a constitutional amendment to the people to permit a state bond issue of \$8,000,000 whose proceeds should be appropriated to the settlement fund. This proposal was based on the theory that certain state policies, such as the operation of banks known to be insolvent by the Guaranty Fund Commission, the permitting of certain depositors to withdraw funds from these insolvent institutions, and also former chartering conditions which had permitted many undesirable banks to start operations, had all contributed to the burden of insolvency and that, in equity, it should therefore not fall solely upon the well conducted banks.

Remedial Plans Also Collapse

This plan collapsed. The bond issue project to meet part of the deficit with general state funds was defeated. Also, the banks resisted through joint litigation the collection of the old and new assessments as provided for in the law. The Supreme Court of Nebraska upheld their contentions.

It found that the intended public purposes of the guaranty plan, namely, to stabilize business and create confidence in the banks, were under radically changed conditions, wholly lacking in the final settlement fund plan which, it declared, would in practical effect have results opposite to those anticipated. The new assessments, it held in substance, would take money from one class of persons not protected by the guaranty plan to pay to another special class of persons who had been protected, and this it held to be unconstitutional.

Also, the court held, the collection of the old assessments from solvent banks was confiscatory under the changed conditions that had come into

existence, since they had operated at a loss during the period these assessments covered and payment could be made only through an impairment of their capital. Such actions as these, it declared, could serve no public purpose, would weaken solvent state banks, destroy public confidence in them and tend to disrupt commerce. In such terms did the highest court of the state indict and condemn, if not the original guaranty plan itself, the only steps short of actual repudiation of its obligations that seemed feasible for meeting the difficulties it had caused.

The Net Results

Seventeen years' operation of the Nebraska Guaranty Plan cost the state banks there \$17,700,000 in assessments. During the first nine years these imposts averaged 1.3 per cent of their aggregate capital, surplus and undivided profits. During the last eight years they were equivalent to an average of 4.16 per cent. The burden was highly uneven as among the contributing banks, some with a high ratio of deposits to capital funds paying as much as 15 per cent.

Even these ruinous expropriations of the legitimate earnings of blameless institutions to make good the shortcomings of others were far from sufficient to serve the supposed public purposes for which they were taken. Weaker instead of stronger banking resulted and depositors were only partly protected. It would appear that, under the conditions that were allowed to go on under the public banking policies that were followed, the creation of sufficient funds to constitute an actual guaranty against any loss by depositors would have consumed the earnings of good, well managed banks to so great an extent as to drive investment capital away from them entirely and render the maintenance of a state banking structure impossible.

In addition to this expropriation of \$17,700,000 through guaranty assessments from the fair earnings of persons who had invested in bank capital, the depositing public was left with a loss through unpaid deposits and interest of \$22,000,000, as measured by the latest estimates of the deficit left by the guaranty fund. There seems little doubt, in view of the history of banking under the distortions of the guaranty plan, that this combined sum of \$39,700,000 mulcted from the public by bank failures was greatly augmented by the type of banking fostered by the very plan set up to prevent such losses.

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VI Correspondence

December 5, 1955

MEMORANDUM

TO: Dr. Cramer

FROM: Clark Warburton

SUBJECT: Report of work for week ended December 2

Reports of work of the staff of the Banking and Business Section are attached. Miss Morton was on annual leave all week; Mrs. Shea was on annual leave Monday-Wednesday; Miss Karp was on sick leave Tuesday.

Economic developments and banking history

Spent Monday and Tuesday at the offices of the Nebraska Department of Banking in Lincoln. Talked with J. Floyd McLain, Director, C. R. Haines, Deputy Director and Harold Johnson, Assistant Director. They had not been with the Department during the time the guaranty fund was in operation, and had only a limited knowledge of the operations of the fund and the handling of insolvent banks during that time. They informed me that Mr. Luikart continued to handle these receiverships after the handling of failed banks was changed from a judicial to an administrative process in 1933, that his offices and records had been moved from the capitol building, and (as we had been previously informed) some of the remaining records had been transferred to the University library. At the Department, however, Mr. Haines had a set of schedules relating to insolvent banks, including many of those that failed during 1927-1929, the period for which our previous information was negligible, giving percentage payments by the Guaranty Fund Commission while operated by the Commission (for many of those so operated), and percentage payments by receivers. They had also made a computation of depositors' dividends, but Mr. Haines recognized this data as probably inaccurate in many cases and it does not appear to me to be usable.

Tuesday morning I visited the University of Nebraska library, where Mr. Miller showed me the receivership records and I ascertained that, for many of the banks, statements of final results of receivership -- both for percentage and amount of dividends paid -- were given, and that, for other banks, partial data was available from which a reasonable estimate could be made. Spent Wednesday and Thursday transcribing these data. While they were not available for as many of the banks as in the banking department schedules, they confirmed the percentage dividends shown on those schedules. Altogether it will be possible to prepare quite good estimates of the losses on deposits classified by year of failure of the banks.

Friday forenoon I spent at the University library, the State library, and the library of the Nebraska State Historical Society, looking for other material on the deposit guaranty system and its operation. Found very little, except for a few reports of the Guaranty Fund Commission which we had not located at the Library of Congress. We will be able to borrow these through inter-library loan, and I considered that preferable to taking time on the trip to look them over and take off data.

A heavy snowstorm, perhaps with snow lasting several days, was forecast at Lincoln to begin Friday night. So we drove to Topeka Friday afternoon, instead of Saturday morning.

Thursday afternoon I wrote to the Bank Commissioner of Kansas that I expected to call at his office Monday forenoon.

November 21, 1955

Librarian
University of Nebraska
Lincoln, Nebraska

Dear Sir:

In connection with a study of State experience with the guaranty of bank deposits, our research staff is interested in reviewing records of the Nebraska bank depositors' guaranty fund and of the results of liquidation of the banks that failed while it was in operation.

Mr. J. F. McLain, Director of Banking, has informed me that records of banks in receivership prior to May 9, 1933, are not available in the Department of Banking but may be located in the University library.

Mr. Clark Warburton, a member of our research staff, plans to be in Lincoln on approximately November 28 and will stop in the University library to see if these records are available for review. Any assistance you may be able to extend to Mr. Warburton in his efforts to fill in certain gaps in our study of the Nebraska fund would be very much appreciated.

Very truly yours,

Edison H. Cramer, Chief
Division of Research and Statistics



State of Nebraska

VICTOR E. ANDERSON, [REDACTED] GOVERNOR

LINCOLN 9

November 15, 1955

Mr. Edison H. Cramer, Chief,
Division of Research and Statistics,
Federal Deposit Insurance Corporation,
Washington 25, D. C.

Dear Mr. Cramer:

We appreciate receiving a copy of your report having to do with deposit guaranty in Nebraska which was enclosed with your letter of November 7. It is observed that you are particularly interested to revise and amplify the data as reflected in Table 10, Page 45, of the report and you inquire if we have in storage, information that will enable you to supplement this data.

You may recall that prior to May 9, 1933, all banks were handled through a judicialship procedure. Mr. E. H. Luikhart (now deceased) was superintendent of banks during the period when a great many banks were closed. When he left this Department, he continued to handle these receiverships and all records pertaining to these insolvent banks were removed from the State House. It is our understanding that a portion of these records are now under the control of the Nebraska State University and we believe that you may obtain permission to review these records.

Following May 9, 1933, the Department of Banking was authorized as an Administrative Receiver and all banks that were closed following that date are available for review.

We are not lending encouragement to the idea that you will be able to obtain the information which you desire but your Mr. Warburton is welcome to any information that we have and we shall be pleased to

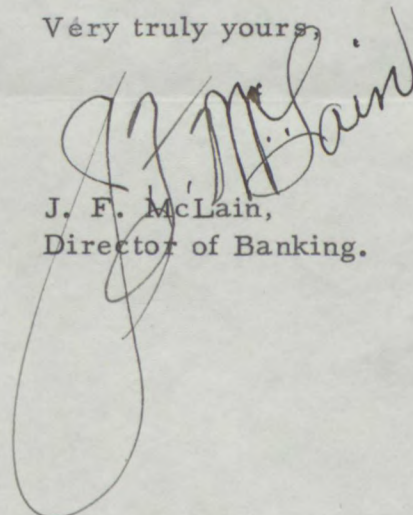
- 2 -

Mr. Edison H. Cramer,
Washington, D. C.

November 15, 1955

co-operate with him to this end.

Very truly yours,

A large, stylized handwritten signature in dark ink, appearing to read "J. F. McLain". The signature is written over the typed name and title.

J. F. McLain,
Director of Banking.

JFMCL:mr

November 7, 1955

Mr. J. F. McLain
Director of Banking
Lincoln 9, Nebraska

Dear Mr. McLain:

Soon after the beginning of Federal deposit insurance, we began to collect information on the experience of various States with deposit guaranty. Our studies of these State systems were not brought to completion at that time. They have recently been resumed, and we are now preparing reports on each of them which we plan to complete for publication.

In the case of Nebraska, a report prepared by Clark Warburton, of our staff, was typed but has not been circulated. A copy of this report is enclosed. We are particularly anxious to revise and amplify the annual data in Table 10, page 45.

We are writing to ask whether records of the guaranty fund and of the results of liquidation of the failed banks, particularly subsequent to the period covered by Mr. Shallenberger's report in 1930, which we presume may now be in storage or dead files, would be available for the use of a member of our staff? If records are available, and the time is convenient, Mr. Warburton will plan to be in Lincoln on November 28 to spend a day or a few days amplifying and correcting our worksheets dealing with this material.

We shall be very grateful to you for any material that can be made available, and also for any criticisms or other comments on the report as typed.

Very truly yours,

Edison H. Cramer, Chief
Division of Research and Statistics

NORTHWESTERN Banker

CLIFFORD DE PUY
PUBLISHER
306 FIFTEENTH STREET
DES MOINES 9, IOWA

September 14, 1955

Edison H. Cramer, Chief
Division of Research and Statistics
Federal Deposit Insurance Corporation
Washington 25, D. C.

Dear Mr. Cramer:

Please forgive my delay in acknowledging your recent letter. I was away from the office for a time and then was buried under getting our two magazines out.

The NORTHWESTERN BANKER has been published since 1895 and we have file copies in our office. This of course, covers the period from 1905 through 1929 in which you are particularly interested. We cannot send these files out of our office, but anyone from your staff is welcome to look through them here in our office.

With best wishes, I am,

Cordially yours,

Ben Haller, Jr.

Ben Haller, Jr., Editor
NORTHWESTERN BANKER

BH/z

*Note. Volumes loaned for Library of Congress
for period 1905-1934.*

C
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P
Y

October 18, 1939

Mr. B. N. Saunders,
Superintendent of Banks,
Lincoln, Nebraska.

Dear Mr. Saunders:

Five years ago this Division collected some material relating to guaranty of bank deposits in the various States, prior to the creation of the Federal Deposit Insurance Corporation. It was impossible to complete our study at that time and we are now attempting to obtain further information regarding the various State funds.

The material which we obtained regarding the operations of the guaranty fund in Nebraska includes the report of the Banking Investigation of 1930, the report on the Depositors' Guaranty Fund made by Mr. R. H. Walker, for the Banking Investigation, the report of the House Subcommittee on Guarantee Fund Commission to the Legislature in 1929, and the Report of the Banking Investigation Committee authorized by the 1935 Legislature.

Would it be possible for us to obtain the following information in addition to that contained in the foregoing reports? We shall be glad to supply clerical or stenographic assistance or to reimburse you for expenses incurred in compiling the data for us.

1. A statement of the annual receipts and disbursements of the fund showing the ~~the~~ amounts received from the various sources (assessments, receivers of closed banks, liquidation of sale trust assets, interest, etc.) and disbursements for various purposes (payments on depositors' claims, purchase of assets from failed banks, expenses, etc.).

2. A statement showing payments from the guaranty fund to failed banks since January 2, 1930, so that we may modify Exhibit C, in Mr. Walker's report to Mr. Shallenberger, to take account of payments made in the final disposition of the guaranty fund.

3. A statement showing for each bank paid off by the guaranty fund the total amount refunded by receivers or received from the disposition of assets purchased by the fund. This can be given us either in the form of a total figure for each bank up to date, or in the form of receipts since January 2, 1930, which we can add to the amounts shown in Mr. Walker's report to Mr. Shallenberger.

✓ 1935 report has very little additional data.

Mr. Saunders - page two

4. A list of banks which failed during the period the guaranty law was in force the deposits of which were not paid off by the fund, with the following information for each bank:

- a. Total deposits at date of failure;
- b. Deposits which should have been paid by the guaranty fund, that is, amount of draft on guaranty fund, had the fund been able to meet it;
- c. Deposits repaid from proceeds of liquidation of assets of the bank;
- d. Deposits remaining unpaid.

Very truly yours,

Donald S. Thompson, Chief,
Division of Research and Statistics.

Mr. F. H. Luikart,
Supt. of Banks,
State of Nebraska,
Lincoln, Nebraska.

Mr. Luikart: The campaign of President Roosevelt was being carried on, when I called in about six C. P. A.'s and asked them to take their time to figure out what happened and why it happened. They arrived at certain conclusions.

Anybody who asked for a state bank charter could get it. So there was 1,200 state banks in Nebraska. Now there are 345.

Our Guaranty of Deposits Law was passed in 1909.

So first, we know it is necessary to keep down your banks by placing limitations on the issuance of charters.

Should not insured time deposits. Might as well insure mortgages, or any other investment. Then time deposits will pile up. So the banker goes out and makes loans. Poor loans, becomes careless. So you should not insured time deposits.

Mrs. Bastedo: Did politics have quite a part in your law?

Mr. Luikart: It always does.

Mrs. Bastedo: What started it out there?

Mr. Luikart: William Jennings Bryan; Senator Wm. V. Allen.

Mrs. Bastedo: Was Mr. Bryan primarily interested in national, rather than state, law?

Wasn't he advocating a national law?

Mr. Luikart: Mr. Bryan and Senator Allen called together a number of bankers and also invited me to join them. At that time I was State Bank Examiner. I debated with Mr. Bryan regarding charters. Bryan said everyone should be treated alike. He said otherwise there would be a monopoly. They fought this out, and with Mr. Bryan's oratory he hooked us on that. Mr. Bryan was for unlimited charters.

The next thing to find out was, even though we had poor laws, what changes could we make other than:

1. Limiting charters; and
2. Time Savings Deposits.

They checked up the total of all their losses and discovered that had we insured 85% on the \$1.00 they would be going yet today!

Let us say there are 2 banks in one town. Under insurance, both of them. In one bank there is a popular fellow, but a poor business man. In the other bank there is a sore-head but probably a good banker.

Under insurance, you can go across to the popular fellow -- it doesn't make any difference whether his bank is safe or not as your deposit is insured.

(Mr. Luikart is receiver for all state banks, as well as in charge of all going banks. 305 closed banks in his state.)

(Mr. F. C. Radke is his counsel.)

(Mr. Luikart went to his counsel, Mr. Radke, and asked him to draw up for him the kind of a law which he thought should be put up for insurance of deposits.)

(They determined that we should either insure a stated sum, i. e. limited amount - say insure only 75% of the deposits. Like fire insurance on your home. You get a fire insurance policy in an amount equal to about 75% of the value of your home, and you carry the other 25% coverage yourself.

They decided that to insure only 75% of the deposits would be the thing to do.

If you have two bankers in your town, you still have some decision to make and you would go to the conservative one. That would mean the good banker in your town would get your business.

Mrs. Bastedo: There were no requirements as to who could go into the banking business?

Later you passed a law requiring banks to be licensed. Wasn't that repealed?

Mr. Luikart: No. It still stands on the books, but that comes under Rules and Regulations of the Department. The law giving the Department the discretion in the matter.

If a banker won't do what we want, we call him in and have a hearing and if we cannot get him to do the proper thing we just cancel his license.

This is not done often. Having that power makes it unnecessary to do it often.

In 4 years, I have cancelled three licenses.

Another theory:

Do you know any insurance you get that you don't have to pay for?

Mr. Luikart: Mr. Radke, my counsel, drafted a law which made it necessary for the depositor to pay 2/5ths and the bank 3/5ths. Of course the depositor pays it anyhow in the end. You raise the interest or the service charge. You can't give him that insurance for nothing! So it is passed on to the customer.

But we thought it better that the customer pay outright 2/5ths and the banker 3/5ths so the customer will value more what he is getting. If the cost creeps up then the depositor, as well as the banker, would know it and would know why the banker was objecting and know why the banker was wanting to have some new law, etc.

With these things in mind, in my judgment, you could have an Insurance Law that would stand up.

Mr. Luikart: You wouldn't stop collecting premiums now, in other insurance, because times are good. A reserve is absolutely necessary.

Mrs. Bastedo: In your opinion would the bankers be willing to pay a reasonable assessment for the purpose of building up a reserve? This provided all other things are equal.

(Following this Mr. Luikart asked Mrs. Bastedo for an explanation of the present law.)

Mr. Luikart: I think they would and whether they would or not - they should.

I was in the insurance business for 10 years. I was in the Bonding and Surety business. Was very successful too. Each year I went down to New York City and Baltimore and studied underwriting and learned the principles of insurance. This is the something.

Our difficulties come in period of every 25 years. We are, therefore, insuring for the fatality i. e. when we get another reaction.

Mrs. Bastedo: You worked up and got up this information. Is it possible to get hold of the statistics you compiled, or the work sheets - - and could you get them for us - - if we would promise to return them to you in good order?

Wouldn't those work sheets of yours give us the figures we want?

Mr. Luikart: The figures alone wouldn't be sufficient

Mrs. Bastedo: You submitted this to somebody?

Mr. Luikart: In the Receivership Department I have Mr. C. G. Stoll. I called him in and his assistant, Mr. Dowling, and Judge Radke, my counsel, and the assistant superintendent of banks, Merle Foster. We then took these worksheets and the accountants told us "this is this and this is that".

However, I think I can have Mr. Stoll write up a brief resume and

get it to you. The work sheet of figures wouldn't be much good to you without this.

Mrs. Bastedo: The records here in our library are not complete.

Did the failure in any particular industry or crop have anything to do with the failure of your banks?

Mr. Luikart: We are strictly an agricultural state.

Our industries don't amount to anything!

Here is the difficulty of having state insurance - - - anybody could have the best law that could be drawn up and yet we could have a failure because we have just one thing on which to base our banking business - agriculture. When agriculture fails, everything goes.

In an industrial center, like Pennsylvania, where you have such industries as shipping, transportation and agriculture, you may have no crop at all and still go along.

But with us one thing goes and all goes along!

Mrs. Bastedo: Did your banks invest in bonds - or was it mortgages and loans?

Mr. Luikart: Since 1917 we bought bonds, under pressure - - industrial bonds, public utilities and had tremendous losses on bonds! That will never happen again in my life time.

Mrs. Bastedo: How about farm loans?

Mr. Luikart: The losses on them were not serious. They are slow loans, but in the final analysis there were no great losses.

Mrs. Bastedo: How about crops?

Mr. Luikart: Generally speaking, no great loss on crops. *I take that back* We did have heavy losses on cattle and sheep feeding. There were 4 years in a row where we lost everything on our feeding operations.

If they had left bonds alone and stuck closely to agricultural and stock loans, we wouldn't have had 1/5ths of the loss.

Our loss comes largely through the purchase of bonds and the loaning of money to men who speculated in stocks and to some extent in land.

Mrs. Bastedo: Did the national banks oppose the Guaranty Law?

Mr. Luikart: You mean the state law?

Indeed they did. And a great number of the state bankers opposed it too.

Mrs. Bastedo: Didn't it give the state bankers any advantage?

Did the national banks continue to oppose the law?

Mr. Luikart: Yes.

Mrs. Bastedo: When did the bank failures start?

Mr. Luikart: Serious ones in 1921 -

Mrs. Bastedo: I meant to ask - - what brought about the failure of your banks?

Mr. Luikart: The very heavy decline of farm products and land in '21.

The Guaranty Law did build up the confidence of the people. Tremendously. Of course, there is no question about that!

Mrs. Bastedo: How do the people react to the FDIC law?

Mr. Luikart: Very favorably. It brought out millions of dollars - - money in hiding.

If some modifications can be made, which will make it more practical, it will bring in more banks and bring in more accounts from the people too.

(into the FDIC)

Mrs. Bastedo: Do the state banks think it practical for them to come into the Federal Reserve System?

Mr. Luikart: They do not. For the reason that it doesn't have enough to offer them of value.

Its disadvantages:

(1). You are on a par list. You cannot charge exchange. With a little bank that is one of their largest items.

(2). If you belong to the Federal Reserve System, they supervise you - - so you have duplication of supervision. They have four now to annoy:

F. D. I. C. examiner;
State authority;
Federal Reserve authority; and
R. F. C., if they have a loan there.

(3). It is expensive and takes their time. People seeing someone in the bank, checking all the time, begin to think it isn't good.

With requirements for chartering, the amount limited, the reserves built up and better supervision - the Insurance Law will succeed.

HISTORY OF THE NEBRASKA STATE BANK GUARANTEE FUND

In an interview with Mr. Earhart, of the Omaha branch of the Federal Reserve Bank, and George Woods, Vice-President of the Council Bluffs, Iowa, First National Bank, and past Commissioner of Banking for the State of Nebraska, a brief history of the failure of another deposit guarantee fund is available.

In 1911, a law passed in 1909 in Nebraska, became effective making it mandatory for all State banks in Nebraska to participate in the guarantee of bank deposits. The operation of the law called for the payment of two regular assessments yearly on May 31 and November 30, of $1/20$ of 1% or $1/10$ of 1% per year--with additional assessments, if required, up to 1% of all deposits. The fund guaranteed deposits in full, regardless of amount, no minimum being set as in the case of the present \$5,000 Federal Deposit Insurance Corporation insurance. From 1911 to 1920 no losses resulted, and the fund had grown to \$5,000,000.00.

At the outset, and for nine years, this law was the most popular with bankers and the public that had ever been put on the statute books of Nebraska.

As a result of its popularity, banks grew up like mushrooms, and charters were promiscuously and freely granted, so that the number of banks grew from 660 to 1,120--a regular free-for-all.

In 1920 the fund began to crack. From 1920 to 1928 there were 263 bank failures in Nebraska.

While the fund was cracking deposits actually increased and there was not a single run on a State bank. W. J. Bryan was the father of this law and a strong advocate of it during his lifetime, his theory and that of all its sponsors being that it would forever prevent bank runs. It did just that.

The assessments, during the bank-failure period, became so heavy that many State banks changed to National banks to prevent further drainage through assessments. One bank, the Lincoln State Bank of Lincoln, Nebraska, had deposits of \$100,000 and \$50,000 surplus, and actually paid out \$51,000 in assessments in three years, finally being compelled to change over to a national bank. Such examples were numerous.

Many makeshift measures were taken during these trying times which kept the fund from collapsing in 1921-22. In 1923 the Legislature gave the banking department the right to restrict charters, also reducing the special assessments from $1\frac{1}{10}$ to $\frac{6}{10}$ of 1% . This only helped to prolong

Note: These ~~must~~ ^{was} maximum of special and regular taken together

the agony and kept State banks from changing to nationals. Other measures of a makeshift nature kept the fund operating until 1927.

During the "bank-busting" period politics prevented the promiscuous closing of banks. The depositors in banks that were completely depleted by embezzlement, etc. received their insurance at once, but banks that were in fairly good shape carried on and in these banks the depositors lost their all. The constitutionality of the law had been frequently attacked, but it was so popular that it wasn't until 1930 that it was finally repealed.

During the progress of the fund, it is said that bank examinations were very perfunctory, examiners examining two banks a day in a very loose manner. In 1929 strict examinations were started, but too late to cure the evil that had been done.

Recommendations regarding Federal Deposit Insurance Corporation made by one of the bankers who served during the Nebraska episode, are:

1. Eliminate politically appointed examiners, choosing men of standing and unqualified ability;
2. Guarantee all deposits, regardless of amount;
3. Institute a unified system to insure stability;
4. Limit the number of banks to do away with destructive competition.

The observance of these principles, the banker declares, would prevent the occurrence of the difficulties experienced by Nebraska during the operation of its fund.

Respectfully submitted,

(Signed) A. O. Hurja

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THE UNIVERSITY OF NEBRASKA
College of Business
Administration
Lincoln

Department of
Business Research

Sept. 24, 1934

Mortimer J. Fox, Chief Statistician
Federal Deposit Insurance Corporation
Washington, D. C.

My dear Mr. Fox:

Your letter addressed to the Nebraska History and Political Science Seminars regarding the operation of the Nebraska law guaranteeing bank deposits has been referred to me for answer. My own interest in the guarantee of bank deposits dates back to the preparation of a book on this subject which was published in 1921, and various articles since then. In volume two of the Encyclopaedia of the Social Sciences I have a short article on this subject which summarizes the situation in the various states, and in the last January issue of the Annals of the American Academy I have an article on the same subject.

Coming more directly to an answer of your questions the story of the bank guarantee law in this state can be stated in very few words. The law went into operation in 1911 and the decade that followed was one of rising prices. Bank failures were almost unknown, and the guarantee a complete success. The period since 1921 was quite different. The shrinkage in values resulting from the collapse of war prices caused about 600 banks to fail in this state. This concentration of loss soon wiped out the guarantee fund and built up such a deficit that the thing became hopeless. A special session of the legislature in 1930 repealed the law. At the time it was repealed the guarantee fund was probably from 20 to 25 million dollars in debt. Since then approximately 200 additional banks have failed. Most of these banks are in the process of liquidation, and it will be years before we know what the total losses will be.

If you wish a statement of the assailant features of the Nebraska law you will find it in my book above mentioned. And what I have just given shows briefly what happened after 1920. I will be glad of course to assemble any material regarding the Nebraska situation you may wish.

My own feeling has always been that the guarantee bank deposits is essentially a matter of insurance, and this insurance enterprise broke down because of the concentration of loss in the depression phase of the business cycle. Consequently I always felt

that a study of the guarantee question centers in a study of the hazard; namely, bank failures. If bank deposits are to be successfully insured, the hazard must be understood and measured as carefully as in other fields of underwriting. All the state guarantee laws failed because this was not done.

Under separate cover I am sending you a copy of two of our business research bulletins of bank failures in Nebraska. The first bulletin published in 1931 dealt with failure of national banks, and the second one deals with state bank failures and gives the situation up to May 1, 1934. If you should wish additional copies of either of these two bulletins we will gladly furnish them free of charge.

Very truly yours,

(s) T. Bruce Robb

Chairman, Department of
Business Research

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Department of
Business Research

THE UNIVERSITY OF NEBRASKA
College of Business
Administration
Lincoln

October 10, 1934

Mr. Mortimer J. Fox, Jr., Chief Statistician
Federal Deposit Insurance Corporation
Washington, D. C.

Dear Mr. Fox:

I have your letter of October 1, asking for copies of our bibliographies, and for suggestion regarding persons for actuarial work. Under separate cover I am sending a copy of the bibliographies, but they have been long out of date and I am afraid you will not find them of much value.

After consultation with others I might suggest the names of H. F. Schwenker of the Lincoln Liberty Life, Lincoln, Nebr., and E. Forrest Estes, assistant actuary of the Bankers Life, Lincoln, Nebr. These men are both good actuaries, but I think their experience has been chiefly in the field of life insurance. It occurs to me that an actuary drawn from the field of casualty insurance would be nearer what you want.

In fact I am not certain but that an economist whose interest has been in banking would be your best bet for such a task. I am more and more impressed with the fact that with a system of decentralized unit banks there must be a high degree of uncertainty regarding the hazard in bank deposit insurance. No one can possibly know what the future holds as to the chartering of superfluous banks in long periods of rising prices and inflation. And no one can possibly know the amount of wreckage that will come with future periods of deflation. In the past these price upheavals have usually come out of great wars, but for the future it is probable we will see experiments with the political control of prices, and whether this will result in a greater degree of stability or more violent fluctuations no mortal can possibly tell. And I wonder if the mathematician is not greatly handicapped in dealing with such a problem. Taking American banking experience up to 1920 it would have been quite easy to formulate what seemed like reliable mortality tables for losses growing out of bank failures. But surely the events since that date would have made such a mortality table look pretty foolish. In my early study of the guaranty of bank deposits I thought the hazard was one that could be insured rather easily, but since then I have become more interested in the strictly insurance phases of such an enterprise. More and more I am convinced that with banking as it has been conducted in this country up to the present time the final outcome of any scheme to insure bank deposits must be highly uncertain.

It seems to me that any such experiment may run along for years with relatively few losses and seem to be a great success. But there is no way of telling when such a fair weather test may be upset by upheavals caused by great wars or something else as bad. In Nebraska over 600 out of a total of 1,000 banks failed after 1920, and what the final losses will be no one has the temerity to even try to guess. If in 1918 anyone would have suggested the possibility of such a debacle it would have been considered nothing short of madness, yet it came. And who has any right to say this experience will not be repeated? The more I consider the matter the more convinced I become that bank deposit insurance with banking as we have had it in this country can never have the degree of certainty that is found, for instance, in life and property insurance. If you succeed in discovering an actuary who at the same time is endowed with the necessary power of divination, you will certainly be fortunate indeed.

Very truly yours,

(s) T. Bruce Robb

Chairman, Department of
Business Research

FEDERAL DEPOSIT INSURANCE CORPORATION

Supervising Examiner
Federal Deposit Insurance Corporation
Room 902, Federal Reserve Bank Bldg.
Kansas City, Missouri

October 17,
1 9 3 4.

Federal Deposit Insurance Corporation,
Washington, D. C.

Attention: Mortimer J. Fox, Jr.

Dear Mr. Fox:

We have taken up with Mr. E. H. Luikart, Superintendent of Banks for the State of Nebraska, the matter referred to in your letter of October 10th and herewith enclose signed copy of letter received from Mr. Merle N. Foster, Deputy Superintendent of Banks for the State of Nebraska, under date of October 16, 1934.

From his letter, which is self explanatory, it is observed that they believe the furnishing of this information will entail so great an amount of work and research that they are unable to supply you with the information you requested. However, they will be pleased to turn their books over to this Corporation, should you desire to send an auditor to Lincoln for the purpose of obtaining this information. This office could furnish an auditor with assistance at least during part of the time he would be engaged in obtaining the information desired by you.

Respectfully,

(s) G. F. Roetzel

G. F. ROETZEL,
Supervising Examiner.

Ashton C. Shallenberger

Committee on
Ways and Means

Home Address:
Alma, Nebraska

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WASHINGTON, D.C.

Alma, Nebraska, October 8, 1934

Mr. Mortimer J. Fox, Jr., Chief Statistician,
Federal Deposit Insurance Corporation,
Washington, D. C.

My dear Mr. Fox:

I have your letter of October 1 in which you ask me for a copy of the preliminary report which I made to the Governor of Nebraska as chief examiner of the banking investigation submitted March 3, 1930, and also the final report of later date.

I am enclosing you copy of the final report and I am writing to the Banking Department at Lincoln for a copy of the preliminary report. If available, I will forward it to you as soon as received.

The exhibits referred to in the final report which you ask for are the previous reports made by the Guarantee Fund Commission and are contained in a document which I am sending you also.

I am very glad if you find the records my investigation developed are of material assistance in your work for the Federal Deposit Insurance Corporation. If I can help you in any further manner do not hesitate to command me.

Sincerely,

C
O
P
Petrus Peterson

Robert W. Devoe

Offices of
PETERSON & DEVOE
Lawyers
Bankers Life Building
Lincoln, Nebraska

September 17, 1934

Mr. Mortimer J. Fox, Jr.,
Chief Statistician
Federal Deposit Insurance Cor-
poration,
Washington, D. C.

Dear Sir:

I have your letter of September 11th requesting
information as to the case of Hubbell vs. Bryan.

We have a limited supply of our brief in this case
filed with the Supreme Court of the State of Nebraska,
which I think fully states the issues and the facts
involved. We do not have copies sufficient, however,
to enable us to part permanently with the same. We
would be glad to have a copy of our brief examined by
anyone you may wish to submit it to, or if you desire a
copy forwarded to your office you may supply us with
postage or a franked envelope for that purpose, with
an agreement on your part to return the same when you
have examined it.

Yours truly,

(s) Peterson & Devoe

CPP:EC

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Ashton C. Shallenberger

Committee on
Ways and Means

Home Address:
Alma, Nebraska

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WASHINGTON, D. C.

Alma, Nebraska, October 23, 1934

Mr. Mortimer J. Fox, Jr., Chief Statistician
Federal Deposit Insurance Corporation
Washington, D. C.

My dear Mr. Fox:

Replying further to your letter of October 1, I am
sending you a copy of my "Preliminary Report as Chief
Examiner of the Banking Investigation" submitted March 3,
1930.

If I can be of further assistance, do not hesitate
to call upon me.

Sincerely yours,

(s) A. C. Shallenberger

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STATE OF NEBRASKA
Receivership Division
LINCOLN

November 6th, 1934.

Mortimer J. Fox, Jr.
Chief, Statistician,
Federal Deposit Insurance Corporation,
Washington, D. C.

Dear Sir:

Referring to your letters of July 12th and August 7th, asking for certain information, we have been unable to compile the data called for with reference to deposits in banks suspended from January 1st, 1911 to December 31st, 1929.

We are having prepared a copy of the data made by certified public accountants under the administration of A. C. Shallenberger and as soon as this copy is completed we will forward it to you.

As to the rule for determining the average deposits to be used as a basis for levying assessments against state banks for the benefit of the Depositors' Guaranty Fund, there was no rule except that as provided by statute. The statutory provision is as follows:

"On the first day of June and December of each year every corporation engaged in banking under the provisions of this article shall make and file with the department of trade and commerce a statement in writing verified by the oath of its president, vice-president or cashier, showing the average daily deposits in its bank for the preceding six months exclusive of public money otherwise secured. Any bank commencing business and receiving deposits less than six months prior to the date when the statement referred to in this section is required to be made and filed, shall show the average daily deposits for that portion of the said semi-annual period during which it has been engaged in business and receiving deposits."

The Department of Banking furnished each bank a blank upon which to make a report of its average daily deposits ~~by months~~ every six months. This report showed the average deposits by months. The banks were required to compute their average deposits every month, taking the total deposits

Mortimer J. Fox

- 2 -

11-6-34

of each day and dividing them by the number of business days in that month. Then the average of the six months period was computed by taking the average of the deposits for the six months.

Regretting the delay in furnishing you the information called for, but assuring you that we will furnish you with a copy of the Shallenberger report on the Depositors' Guaranty Fund within a short time, we are

Very truly yours,

(s) C. G. Stall (F.A.)

Chief Receivership Division.

CGS/FA

October 20, 1934

Mr. William B. Hughes, Secretary,
Nebraska Bankers Association,
American Bankers Association Convention,
Willard Hotel,
Washington, D. C.

Dear Mr. Hughes:

In connection with our studies of the banking laws and their operation in the states which have in the past had deposit insurance or guaranty laws, it would be of valuable assistance if one of the members of this Division could have a personal interview with you while you are in Washington.

Your firsthand knowledge of the situation in Nebraska would shed light on how the various parts of the law operated.

The offices of the Federal Deposit Insurance Corporation are located in the National Press Building, which is just across the street from the Willard Hotel. Our room number is 433 and our telephone number is District 1240, Extension 112.

We would appreciate your granting us an interview and advising us when and where it may be had.

Very truly yours,

(Signed) M. J. Fox, Jr.

Mortimer J. Fox, Jr.,
Chief Statistician.

C
O
P
Y
C. A. Sorensen
Homer L. Kyle
L. Ross Newkirk
Clifford L. Rein

Law Offices
SORENSEN, KYLE, NEWKIRK AND REIN
310 Barkley Building
Phone B-3434
Lincoln, Nebraska

September 17, 1934.

Mr. Mortimer J. Fox, Jr.,
Chief Statistician,
Federal Deposit Insurance Corp.,
Washington, D. C.

Dear Sir:

Your letter of September 10th at hand.

In December, 1928, the Abie State Bank, of Abie, (282 US 765) Nebraska, on behalf of itself and all other state banks, filed a suit in the District Court of Lancaster County to enjoin the Department of Trade and Commerce of the State of Nebraska from collecting the guaranty fund assessments under the state guaranty fund law. The District Court granted the injunction. As Attorney General I took an appeal to the Supreme Court of Nebraska, which court overruled the injunction and sustained the law. The banks then took an appeal to the Supreme Court of the United States. We argued the case there in February, 1931. The United States Supreme Court in an opinion by Chief Justice Hughes sustained the Nebraska law. In our briefs we presented an exhaustive analysis of the working of the guaranty fund law in Nebraska. I take it that you can obtain a copy from the Clerk of the United States Supreme Court. If not we can send you our office copy.

The Nebraska law failed for three reasons:

1. No limitation on bank charters.
2. No adequate examination and supervision of the banks.
3. No reserve built up during good years for the payment of depositors in failed banks during periods of depression.

I became convinced that if at the time that Nebraska adopted the principle of guaranteeing bank deposits it had also provided for the limitation of bank charters, stringent examination and supervision, and the building up of a reserve during prosperous times, the guaranty fund experiment would not have failed.

Sincerely yours,

(s). C. A. Sorensen

CAS-DG

Abie State Bank v. Bryan
51 Sup. Ct. 252
75 L. Ed. 690
282 US 765

July 12, 1934

Hon. E. H. Luikart
Superintendent State Banking Department
Lincoln, Nebraska

Dear Mr. Luikart:

In making a study of the deposit insurance laws and their operation in the states which have tried it, we find it difficult to set up any comparative tables or charts for Nebraska because there are no copies of the report of the State Banking Board on the shelves of any of our libraries here from 1900 to 1911, and for the years 1917, 1923, 1924, and 1926. We assume that no copies of the reports for these years were sent out.

Would it be possible for you to furnish us with the amount of deposit liability of each state bank suspended beginning with 1911, through 1929?

Was there any ruling by the Banking Board or Commission which regulated how the "average daily deposit" was to be obtained?

What was the amount in the guaranty fund each year, and what was the amount assessed by years?

Any suggestions you may make regarding source material, or any side lights you may give us on the operation of the law, will be appreciated.

Very truly yours,

Mortimer J. Fox, Jr.
Chief Statistician.

October 18, 1934

Hon. E. H. Luikart, Superintendent,
Nebraska Department of Banking,
c/o National Conference of State
Supervising Officials,
Lord Baltimore Hotel,
Baltimore, Maryland.

Dear Mr. Luikart:

In connection with our studies of the banking laws and their operation in the states which have in the past had deposit insurance or guaranty laws, it would be of valuable assistance if one of the members of this Division could have a personal interview with you while you are in this neighborhood.

Your firsthand knowledge of the situation in Nebraska would shed light on how the various parts of the law operated.

Will you please advise us as to when and where this interview may be had, either here in Washington or in Baltimore. As the time is so short a telegram sent collect to the Statistical Division, Federal Deposit Insurance Corporation, Washington, D. C. would be appreciated.

Very truly yours,

(Signed) M. J. Fox, Jr.

Mortimer J. Fox, Jr.,
Chief Statistician.

November 14, 1934

Nebraska Legislative Reference Bureau,
University of Nebraska,
Lincoln, Nebraska.

Gentlemen:

If still available, will you
please send me a copy of Mr. Z. Clark Dickinson's
"Bank Deposit Guaranty In Nebraska", published
as Bulletin No. 6 in the Nebraska History and
Political Science Series.

Very truly yours,

Clark Warburton.

*Reply dated Nov. 16. Report received
shortly thereafter.*

July 12, 1934

Nebraska History and Political Science Seminars
University of Nebraska
Lincoln, Nebraska

Gentlemen:

In making a study of the state deposit insurance laws and their operation we are searching for information that will enable us to set up charts and tables which will give us a picture of what really happened.

In going through the available material covering the state of Nebraska we found a bulletin (No. 6) by Z. Clark Dickinson entitled "Bank Deposit Guaranty in Nebraska." This particular work seems to give a good picture of the situation which brought about the law. What we need now is to know what happened between 1920 and 1930 in Nebraska, the rulings of the Banking Board and Guaranty Fund Commission with regard to the deposit guaranty law, etc.

Any information you may be able to give us, or any information as to available sources on this subject will be greatly appreciated.

Very truly yours,

(Signed) M. J. Fox, Jr.

Mortimer J. Fox
Chief Statistician.

September 11, 1934.

Mr. C. Petrus Petersen,
Attorney at Law,
Lincoln, Nebraska.

Dear Mr. Petersen:

The Federal Deposit Insurance Corporation is making a study of state laws of the Guaranty of Bank Deposits and their operation. We are trying to get some information about the Nebraska experiences with regard to its law.

Mr. R. M. Cordill, one of the Federal Deposit Insurance Corporation examiners has suggested that you would be in a position to give us some very valuable information on this subject because of your experience as attorney in the case of Hubbel Bank vs. Bryan.

We would appreciate very much any information you would care to give us or any comments on the Nebraska law and the experiences with deposit guaranty in the state.

Very truly yours,

(Signed) M. J. Fox, Jr.

Mortimer J. Fox, Jr.,
Chief Statistician.

September 24, 1934.

Mr. C. Petrus Peterson,
Attorney at Law,
Lincoln, Nebraska.

Dear Mr. Peterson:

The information contained in your letter of September 17 will be of help to us in our study of the Guaranty of Bank Deposits. We have been able to secure in Washington copies of the case of Hubbel Bank vs. Bryan.

Thank you for offering to lend us your copies of this case.

Very truly yours,

(Signed) M. J. Fox, Jr.

Mortimer J. Fox, Jr.,
Chief Statistician.

October 1, 1934

Dear Mr. Shallenberger:

Our Corporation is making a study of the state experience in the guaranty of bank deposits. We would like to have copies both of your "Preliminary Report as Chief Examiner of the Banking Investigation" submitted March 3, 1930, and of the "Final Report" of later date. This Final Report refers to four exhibits giving details of the Nebraska experience. These exhibits appear to contain information which would be of great value to us in our study. Would it be possible for us to obtain copies of these? We have been using a borrowed copy of your Final Report and have found the material of great interest.

We would be glad to receive such further information as you can send to us.

Yours very truly,

Mortimer J. Fox, Jr.,
Chief Statistician.

Hon. A. C. Shallenberger,
Alma, Nebraska.

October 11, 1934

Honorable Ashton C. Shallenberger,
Alma, Nebraska.

Dear Congressman Shallenberger:

"Final Report of the Banking Investigation"
in Nebraska and the "Report of House Sub-Committee on
Guarantee Fund Commission" of 1929 have been received.
Thank you very much for your prompt attention to our re-
quest.

We appreciate your assistance in this
matter.

Very truly yours,

Mortimer J. Fox, Jr.,
Chief Statistician.

October 29, 1934.

Mr. Ashton C. Shallenberger,
Alma, Nebraska.

Dear Mr. Shallenberger:

Your copy of the "Preliminary Report as Chief Examiner of the Banking Investigation" submitted March 3, 1930 has been received by us.

We appreciate very much the assistance which you have given us in this study and we are looking forward to the time when you will return to Washington. In a personal conversation with you we hope to be able to see more clearly the political and economic forces which lay behind the Nebraska experiment.

Very truly yours,

(Signed) M. J. Fox, Jr.

Mortimer J. Fox, Jr.,
Chief Statistician.

October 20, 1934

Mr. E. E. Placek, President,
Nebraska Bankers' Association
American Bankers Association Convention,
Willard Hotel,
Washington, D. C.

Dear Mr. Placek:

In connection with our studies of the banking laws and their operation in the states which have in the past had deposit insurance or guaranty laws, it would be of valuable assistance if one of the members of this division could have a personal interview with you while you are in Washington.

Your firsthand knowledge of the situation in Nebraska would shed light on how the various parts of the law operated.

The offices of the Federal Deposit Insurance Corporation are located in the National Press Building, which is just across the street from the Willard Hotel. Our room number is 433 and our telephone number is District 1240, Extension 112.

We would appreciate your granting us an interview and advising us when and where it may be had.

Very truly yours,

(Signed) M. J. Fox, Jr.

Mortimer J. Fox, Jr.,
Chief Statistician.

October 16, 1934.

Mr. G. F. Roetzel,
Federal Deposit Insurance Corporation,
Kansas City, Missouri.

Dear Mr. Roetzel:

This will acknowledge receipt of your letter of October 13th in which you enclosed a copy of the letters of M. J. Fox, Jr., to Mr. Luikart under dates of July 12th and August the 7th.

I referred these letters to Mr. Luikart, who advised me that little attention was given them due to the amount of work and research that would be necessary to supply the information requested. The time of our employees is limited and our appropriation is such that additional help cannot be obtained for this purpose but if they wish to obtain the services of an auditor to compile this information, the books are available for that purpose and possibly your examiners could be of assistance to the auditor in obtaining this information.

Yours very truly,

DEPARTMENT OF BANKING

Merle N. Foster
Deputy Superintendent.

MNF-1K

October 25, 1934

Mr. T. Bruce Robb, Chairman,
Department of Business Research,
College of Business Administration,
The University of Nebraska,
Lincoln, Nebraska.

Dear Mr. Robb:

Thank you very much for your
informative letter of October 10th. I was
most interested in reading your opinion on
deposit insurance and most appreciative of
the information you convey with regard to
actuaries.

Very truly yours,

(Signed) M. J. Fox, Jr.

Mortimer J. Fox, Jr.,
Chief Statistician.

October 1, 1934

Mr. T. Bruce Robb, Chairman
Department of Business Research,
University of Nebraska,
Lincoln, Nebraska.

Dear Mr. Robb:

Thank you very much for the two studies concerning banking failures in Nebraska, and for the information concerning other sources of material relating to guaranty of deposits.

We would like to have your bibliography on "What To Read On Banking" and "What to Read On Insurance".

Can you suggest any person who combines a theoretical knowledge of insurance with experience in actuarial work? We desire to make some studies concerning assessments that would be necessary to place bank deposit insurance on a firm basis.

Any recommendations you can make which will put us in touch with an individual of this type we will be very glad to receive.

Yours very truly,

Mortimer J. Fox, Jr.,
Chief Statistician.

September 10, 1954

Mr. A. C. Sorenson,
Lincoln, Nebraska.

Dear Mr. Sorenson:

The Federal Deposit Insurance Corporation is making a study of State laws on the Guaranty of Bank Deposits and their operation. We are trying to get some information about the Nebraska experiences with regard to its law.

Mr. R. M. Cordill, one of the Federal Deposit Insurance Corporation examiners, has suggested that you would be in a position to give us some very valuable information on this subject because of your experience as Attorney-General of the State during the recent Guaranty Fund litigation.

We would appreciate very much any information you would care to give us or any comments on the Nebraska law and the experience with deposit guaranty in the State.

Very truly yours,

(Signed) M. J. Fox, Jr.

Mortimer J. Fox, Jr.,
Chief Statistician.

September 24, 1934.

Mr. A. C. Sorensen,
Attorney at Law,
Lincoln, Nebraska.

Dear Mr. Sorenson:

Thank you for the information given
us concerning the reasons for the failure of the Bank
Deposit Guaranty law in Nebraska.

We have been able to secure in
Washington the full record of the case of the Abie
State Bank, therefore, it will not be necessary for
us to ask for your office copy.

Very truly yours,

(Signed) M. J. Fox, Jr.

Mortimer J. Fox, Jr.,
Chief Statistician.

November 12, 1934.

Mr. C. G. Stoll,
Chief Receivership Division,
State of Nebraska,
Lincoln, Nebraska.

Dear Mr. Stoll:

The information contained in your letter of November 6 relating to the method of calculating average daily deposits has been received.

We will be very glad to have the data relating to the depositors' guaranty fund as soon as it is possible for you to send it to us.

Thank you for your cooperation in this matter.

Very truly yours,

(Signed) M. J. Fox, Jr.

Mortimer J. Fox, Jr.,
Chief Statistician.

November 16, 1934.

Mr. C. G. Stoll,
Chief Receivership Division,
State of Nebraska,
Lincoln, Nebraska.

Dear Mr. Stoll:

Your letter of November 12 with the enclosed copy of the report has been received. The information contained in this report will be of material assistance to us in our study of the state deposit insurance experiences.

We are assuming that the report sent is the one of which Mr. Luikart spoke when we talked with him here in Washington. If this is the case, please express to him our appreciation.

The cooperation of yourself and the department is most appreciated.

Very truly yours,

(Signed) M. J. Fox, Jr.

Mortimer J. Fox, Jr.,
Chief Statistician.

VII Statistical data
operating banks and
coverage

NEBRASKA - Banks with no Depositors Guaranty Fund in statement

		Nov. 13, 1920	Sept 30, 1920
		Deposits	Deposits
1.	Allam Farmers State Bank	185985.91	
2.	Alliance Guardian State Bank	125412.00	
3.	Battle Creek The Farmers Bank	115914.31	
4.	Beatrice Security Savings Bank	6436.06	
5.	Blair Farmers State Bank	90830.16	
6.	Colar Rapids Farmers State Bank	115535.56	
7.	Champion The State Bank of Champion	36879.64	
8.	Chappell The Chappell State Bank		
9.	Cumbe Farmers' State Bank	50009.08	
9. 10.	Dix Citizens' State Bank	51989.83	
10.	Dixon Farmers' State Bank	26818.99	
11.	Elgin Farmers & Merchants Bank	148130.01	
12.	Falls City Nebraska State Bank	233100.52	
13.	Hoodwin Hoodwin State Bank	57825.53	
14.	Grand Island People's State Bank	193436.38	
15. 16.	Havelock Commercial State Bank	95446.80	
16.	Hazard Farmers' State Bank	53877.41	
17. 18.	Huntman Huntman State Bank	27815.99	
18.	Kilgore Farmers' State Bank	54354.99	
19. 20.	Lebanon Farmers & Merchants Bank	157152.74	
20.	Lincoln Normal State Bank	41724.16	
21.	Lorenzo Lorenzo State Bank	73710.06	
22.	McCook Farmers & Merchants State Bank	74316.22	
23.	McGrew Security State Bank	138588.93	
24.	Mary Mary State Bank	48230.18	
25.	Murdock Farmers & Merchants Bank	44623.75	
26.	North Platte Union State Bank	123621.13	
27.	Ogallala Farmers' State Bank	74468.88	
28.	Richfield First State Bank	29038.56	
29.	Rockford Rockford State Bank	46318.27	
30.	Rockwell Farmers' State Bank	54628.20	
31.	Seward Farmers' State Bank of Seward County	105219.11	
32.	Sioux City Nebraska State Bank	76475.55	
33.	Spalding Farmers' State Bank	76306.96	
34.	Stromberg Farmers' State Bank	93085.61	
35.	Unadilla Farmers State Bank	70811.35	
36.	Valparaiso Nebraska State Bank	125723.75	
37.	Verango Farmers State Bank	62177.53	

No banks listed without the
Depositors Guaranty Fund

Nebraska - Banks with no depositors guaranty fund
in statement - p. 2

		Nov. 13, 1920 deposits	Sept. 30, 1922 deposits
38. Wayside	Wayside State Bank	18566.54	
39. Winslow	Farmers State Bank	65743.99	
40. Wood River	Farmers State Bank	65411.19	
Total -- 40 banks		3,335,741.83	

Law enacted March 25, 1909. Effective Jan 3, 1911 (date of U.S. Supreme Court decision)
 Law repealed 1932. Prospective 1930 (i.e., not applicable to future failures)

STATISTICAL DATA REGARDING DEPOSIT GUARANTY FUND IN Nebraska
 I. COVERAGE AND ASSESSMENTS

All ^{state} banks in State (June 30)				All ^{state} banks in State (State reports)				Banks members of guaranty fund ^(all banks in state)				Assessments		
Year	(Reports of Comptroller of Currency)			Number	Total ^{Call date nearest Jan 31}		Number	Averages of all call dates during year			Deposits on which assessments were based	Rate of assessment percent of deposits	Amount of assessments levied	
	Number (including loan & trust companies)	Total capital account ^{Date}	Total deposits		Total capital account	Total deposits		Insured deposits						
1911	658	June 7	71,904	666	11-10-10	71676	658	669	17751	73881				
1912	681	June 14	82,835	669	12-5-11	73890	671	694	18931	82850				
1913	700	June 20	87,591	694	11-26-12	82528	698	714	20253	90009				
1914	737	May 16	91,963	728	2-12-14	92747	728	760	22151	93669				
1915	777	Apr. 21	103,829	765	2-9-15	100812	765	803	24079	107484				
1916	826	May 29	141,557	803	12-9-15	114488	815	839	26624	147267				
1917	856	May 7	208,310	839	11-17-16	165528	846	920	29744	212074				
1918	929	May 10	246,088	920	11-20-17	223499	929	934	33466	245804				
1919	957	May 3	268,233	942	1-28-19	259875	942	999	37710	271453				
1920	1008	May 15	290,232	999	11-15-19	278769	1009		42195	281406				
1921	998	May 23	227,814	1009	11-13-20	255067	986	1009	42036	222638				
1922	970	June 30	233,285	986	12-31-21	216478	955	978	40817	234346				
1923	944	June 30	248,625	955	12-30-22	238754	938	949	38105	246157				
1924	925	July 1	254,522	938	12-31-23	239985	924	929	33253	261131				
1925	914	June 30	254,511	928	12-31-24	271529	903	922	32626	284835				
1926	893	June 30	287,778	903	12-31-25	281547	883	898	32195	282090				
1927	872	June 30	284,148	883	12-31-26	275552	855	880	31882	278183				
1928	746	June 30	275,161	855	12-31-27	274525	726	777	28325	263178				
1929	688	June 30	261,088	726	12-31-28	252460	647	711	27061	220192				
1930	602	June 30	224,449	647	12-31-29	190709	580	614	24004	157432				
			258,935											

The law ^{in a sense} became effective as to this date; However, the original 1909 law provided that the guaranty would not apply to any bank until it had paid its first assessment; and under the 1911 amendment, the first assessment was as of July 1, 1911, so that was the date the guaranty itself became effective.

Deposits in Nebraska, ^{active} State Banks during Operation of the State
 Guarantee Fund, as of June 30th, or specified date each year

(Deposits in thousands of dollars)

Year		Total		(State Commercial)		Stock Savings	
		Number	Deposits	Number	Deposits	Number	Deposits
1911	June 7	658	71182	639	68793	19	2389 ^{o.k.}
1912		681	82778	662	79926	19	2852 ✓
1913	June 4	700	87591	679	84390	21	3201 ✓
1914		747	91190	747 ²⁾	91190		
1915		777	108111	756	104665	21	3446 ✓
1916	May 29	826	141559	805	137757	21	3802 ✓
1917	May 7	856	203799	837	199289	19	4511 ✓
1918	May 10	929	246088	910	241730	19	4358 ✓
p. 173-74 1919		957	268233	957 ³⁾	268233	3)	
1920		1008	290232 ✓				
p. 156-7 1921		998 ⁴⁾	227814 ✓				
1922		970	233285 ✓				
1923		944	248625 ✓				
1924		925	254511 ✓				
1925		915	287778 ✓	900 ✓	283427 ✓	15	4351 ✓
1926		893	284148 ✓	878 ✓	279823 ✓	15	4325 ✓
1927		872	275161 ✓	857 ✓	270575 ✓	15	4586 ✓
1928		746	261088 ✓	733	256881 ✓	13	4207 ✓

- 1) From the Report of the Comptroller of the Currency for each year. Includes - Due to Banks, Dividends unpaid, Individual Deposits, U.S. Deposits, Deposits of U.S. Disbursing offices
- 2) Includes 7 trust companies
- 3) " stock savings banks with state banks
- 4) Includes all banks other than national

Table 1. Number of operating banks in Nebraska participating and not participating in the deposit guaranty system, 1912-1930, by years
[see below]

DO NOT TYPE	Call date nearest January, ¹	All banks operating in Nebraska	Participating in deposit guaranty ²	Not participating in deposit guaranty ³	Percentage participating
	1911	903	666	237	73.75
	1912	916	669	247	73.03
	1913	935	694	241	74.22
	1914	965	728	237	75.44
	1915	983	765	218	77.88
	1916	1007	803	204	79.74
	1917	1031	839	192	81.38
	1918	1110	920	190	82.88
	1919	1133	942	191	83.14
	1920	1188	999	189	84.09
	1921	1196	1009	187	84.36
	1922	1170	986	184	84.27
	1923	1137	955	182	83.99
	1924	1118	938	180	83.90
	1925	1101	928	173	84.29
	1926	1072	903	169	84.24
	1927	1043	883	160	84.66
	1928	1012	855	157	84.49
	1929	882	726	156	82.31
	1930	804	647	157	80.47
	1911-1930 aggregate	20706	16855	3851	81.42 ^{omit}

- ¹ Call dates for State and national banks are not identical in several years.
- ² All State banks, from annual ^{or biennial} reports of the state bank supervising authority.
- ³ National banks, from annual reports of the Comptroller of the Currency.

*Typist
round these
to whole
percentages*

- 20 -
 Table 2. Deposits in operating banks in Nebraska participating and not participating in the deposit guaranty system, 1912-1930, by years
 (In thousands of dollars) (see below)

Call date nearest January 1 ¹	All banks operating in Nebraska	Banks participating in deposit guaranty ²	Banks not participating in deposit guaranty ³	Percentage of deposits in all banks held by participating banks
DO NOT TYPE 1911	179 657	71 676	107 981	39.90
1912	193 591	73 890	119 701	41.12
1913	204 925	82 528	122 397	40.27
1914	213 726	92 747	120 979	43.40
1915	216 796	100 812	115 984	46.50
1916	240 870	114 488	126 382	47.53
1917	342 671	165 528	177 143	48.31
1918	419 232	223 499	195 733	53.31
1919	477 761	259 875	217 886	54.39
1920	513 211	278 769	234 442	54.32
1921	432 113	255 067	177 046	59.03
1922	387 641	216 478	171 163	55.84
1923	433 992	238 754	195 238	55.01
1924	430 220	239 985	190 235	55.78
1925	484 897	271 529	213 368	56.00
1926	487 291	281 547	205 744	57.78
1927	470 090	285 552	194 538	58.62
1928	474 300	274 525	199 775	57.88
1929	461 646	252 460	209 186	54.69
1930	406 850	191 658	215 192	47.11
1911-1930 aggregate	7 471 480	3 961 367	3 510 113	53.02

omit

¹ Call dates for State and national banks are not identical in several years.

² Deposits in all State banks, data from annual or biennial reports of the State bank supervisory authority. Includes dividends unpaid.

³ Deposits in national banks, data from annual reports of the Comptroller of the Currency.

Typical
 numbers
 to whole
 percentages

-22-

Table 3. Number and deposits of State banks in Nebraska,
October 31, 1914, and June 30, 1927

	Number of banks	Amount of deposits (thousands of dollars)	Percentage of number of banks	Percentage of aggregate deposits
<i>All State banks, October 31, 1914</i>	<u>760</u>	<u>93420</u>	<u>100.0</u>	<u>100.0</u>
<i>Banks with deposits of-</i>				
<i>\$100,000 or less</i>	387	22684	50.91	24.28
<i>\$100,000 to \$250,000</i>	303	45783	39.87	49.01
<i>\$250,000 to \$500,000</i>	64	20451	8.42	21.87
<i>\$500,000 to \$1,000,000</i>	5	3479	.76	3.72
<i>\$1,000,000 to \$2,000,000</i>	1	1023	.13	1.10
<i>Largest bank</i>		1023		1.10
<i>Largest 5 banks</i>		3991		4.27
<i>Largest 10 banks</i>		6418		6.87
<i>All State banks June 30 1927</i>	<u>872</u>	<u>275038</u>	<u>100.0</u>	<u>100.0</u>
<i>Banks with deposits of-</i>				
<i>\$100,000 or less</i>	100	7380	11.47	2.68
<i>\$100,000 to \$250,000</i>	348	60511	39.91	22.04
<i>\$250,000 to \$500,000</i>	300	102826	34.40	37.48
<i>\$500,000 to \$1,000,000</i>	102	65362	11.76	23.76
<i>\$1,000,000 to \$2,000,000</i>	17	22301	1.95	8.12
<i>\$2,000,000 to \$5,000,000</i>	4	10398	.56	3.78
<i>Over \$5,000,000</i>	1	6260	.11	2.28
<i>Largest bank</i>		6260		2.28
<i>Largest 5 banks</i>		16658		6.06
<i>Largest 10 banks</i>		24853		9.04

*Typist. Round
these to me
please*

Nebraska

	State Bank Converted to National Banks sold or Merged	Changed State	Nat. Banks Converted to State
1893	-	3	
94	-	-	
95	-	-	
96	-	-	
97	-	-	
98	-	-	
99	1	2	
1900	-	10	
01	-	4	
02	1	3	
03	2	9	
04	-	10	
05	3	6	
06	11	5	
07	1	9	
08	5	7	
09	5	5	
10	8	8	
11	1	11	
12	1	0	
13	-	-	
14	1	-	21
15	-	-	11
16	-	-	12
17	-	-	-
18	-	-	1
19	-	-	1
20	-	-	-
21	-	-	-
22	1	1	-
23	-	2	-
24	-	-	-
25	2	-	2
26	1	-	-
27	6	-	-
28	5	-	-
29	3	-	-
30	18	-	2
31	2	-	1
32	1	-	-
33			
34			

Report of the Department of Banking Nebraska 1933

Table 13. NUMBER AND DEPOSITS OF STATE BANKS IN NEBRASKA, 1912-1929

Banks grouped by amount of deposits

	Nov. 26 1912	Oct. 31 1914	Nov. 17 1916	Nov. 1 1918	Nov. 13 1920	Sept. 30 1922	June 30 1925	June 30 1927	June 29 1929
<u>Number of banks</u> - total	694	760	839 ^{1/}	934	1,009	963	913	872	688
<u>Banks with deposits of--</u>									
\$100,000 or less	372	387	203 ^{1/}	163	193	195	113	100	73
\$100,000 to \$250,000	262	303	439	415	445	445	364	348	275
\$250,000 to \$500,000	56	64	168	273	281	247	306	300	234
\$500,000 to \$1,000,000	4	5	25	73	78	61	112	102	85
\$1,000,000 to \$2,000,000		1	3	9	10	11	13	17	17
\$2,000,000 to \$5,000,000			1	1	2	4	4	4	3
\$5,000,000 and over							1	1	1
<u>Deposits</u> —total (thousands of dollars)	82,537	93,420	165,410	239,601	255,243	237,943	285,928	275,038	224,378
<u>In banks with deposits of--</u>									
\$100,000 or less	21,665	22,684	13,280	10,863	12,956	13,552	8,235	7,380	5,241
\$100,000 to \$250,000	39,868	45,783	73,243	73,458	76,438	75,826	64,813	60,511	47,870
\$250,000 to \$500,000	18,084	20,451	55,582	94,145	95,577	83,751	107,283	102,826	81,822
\$500,000 to \$1,000,000	2,920	3,479	16,178	47,265	52,015	39,547	72,824	65,362	55,323
\$1,000,000 to \$2,000,000		1,023	3,850	10,406	11,848	14,190	16,321	22,301	21,641
\$2,000,000 to \$5,000,000			3,277	3,464	6,409	11,077	9,960	10,398	7,293
\$5,000,000 and over							6,492	6,260	5,188

Includes one
^{1/} bank without deposits.

Table 14. NUMBER AND DEPOSITS OF NATIONAL BANKS IN NEBRASKA, 1912-1929

Banks grouped by amount of deposits

	Sept. 4 1912	Sept. 12 1914	Sept. 12 1916	Aug. 31 1918	Sept. 8 1920	Sept. 15 1922	Sept. 28 1925	Oct. 10 1927	Dec. 31 1929
<u>Number of banks - total</u>	245	220	193	191	188	182	170	154	157
<u>Banks with deposits of--</u>									
\$100,000 or less	22	20	1	2	1	3	5	2	2
\$100,000 to \$250,000	122	105	69	25	26	43	29	34	33
\$250,000 to \$500,000	79	72	85	78	74	72	70	55	53
\$500,000 to \$1,000,000	8	9	23	64	64	45	45	41	37
\$1,000,000 to \$2,000,000	7	8	6	12	13	7	7	8	19
\$2,000,000 to \$5,000,000	4	2	5	6	6	8	9	10	5
\$5,000,000 and over	3	4	4	4	4	4	5	4	8
<u>Deposits--total (thousands of dollars)</u>	98,096	87,812	151,051	155,009	159,221	151,056	155,974	152,237	215,156 ^{1/}
<u>In banks with deposits of--</u>									
\$100,000 or less	1,551	1,567	90	178	93	245	403	177	149
\$100,000 to \$250,000	21,378	18,207	12,537	4,859	5,170	8,117	5,841	6,725	6,416
\$250,000 to \$500,000	26,597	23,952	30,401	30,534	27,578	26,088	26,218	21,078	19,387
\$500,000 to \$1,000,000	5,384	5,742	14,453	42,156	42,585	29,843	31,089	29,010	24,599
\$1,000,000 to \$2,000,000	9,953	10,115	9,369	16,091	18,321	10,515	9,237	10,078	24,605
\$2,000,000 to \$5,000,000	13,226	5,497	14,298	17,538	18,825	23,280	24,106	25,088	14,984
\$5,000,000 and over	20,007	22,732	33,901	43,653	46,649	52,968	59,080	60,081	125,016

^{1/} These figures contain Due to Banks.

TABLE--

NATIONAL BANKS IN

Nebraska

GROUPED BY AMOUNT OF DEPOSITS

	9-1-1911	9-4-1912	8-9-1913	9-12-1914	9-2-1915	9-12-1916	9-11-1917	8-31-1918	9-12-1919	9-8-1920	9-6-1921	9-15-1922	9-15-23	10-10-24	9-28-25	12-31-1926	10-10-27	12-31-28	12-31-29
NUMBER OF BANKS -- total	246	245	241	220	208	193	191	191	189	188	185	182	182+1	175	170		154		157
Grouped by amount of deposits																			
100 000 to or less	29	22	23	20	11	1	1	2	1	1	3	3	2+1	5	5		2		2
100 000 to 250 000	120	122	121	105	94	69	30	25	19	20	53	43	41	33	29		34		33
250 000 to 500 000	75	79	74	72	78	85	87	78	67	74	66	72	70	66	70		55		53
500 000 to 1 000 000	10	8	9	9	11	23	53	64	75	64	44	45	48	50	45		41		37
1 000 000 to 2 000 000	5	7	7	8	8	6	11	12	16	13	8	7	9	8	7		8		19
2 000 000 to 5 000 000	4	4	4	2	2	5	5	7	7	6	8	8	6	8	9		10		5
5 000 000 and over.	3	3	3	4	4	4	4	4	4	4	3	4	5	5	5		4		8
DEPOSITS -- total	91253	98096	94920	87812	93128	151051	141570	155009	184579	159221	140090	151056	155829	155722	155974		152237		215156 ^{a)}
Grouped by amount of deposits																			
100 000 or less	2208	1551	1701	1567	964	90	58	178	61	93	159	245	168	412	403		177		149
100 000 to 250 000	20254	21378	21537	18207	16023	12537	5604	4859	3627	5170	10626	8117	8025	6574	5841		6725		6416
250 000 to 500 000	25158	26597	25626	23952	26844	30401	32796	30534	25294	29578	24584	26088	26370	24420	26218		21078		19387
500 000 to 1 000 000	6939	5384	5942	5742	7276	14453	33366	42156	49417	42585	28835	29843	33183	33932	31089		29010		24599
1 000 000 to 2 000 000	6758	9953	8863	10115	11296	9369	16319	16091	21996	18321	10914	10515	13384	11426	9237		10078		24605
2 000 000 to 5 000 000	11586	13226	12191	5497	5331	14298	15182	17538	22961	18825	28916	23280	16137	20326	24106		25088		14984
5 000 000 and over.	18850	20007	19060	22732	25444	33901	38245	43653	61723	46649	36056	52968	58562	58582	59080		60081		125016

a) These figures contain
due to Banks:

Nebraska -

National Banks of Nebraska

1911 - to 1914 - Individual Deposits & U.S. deposits.
1914 to 1917 - Demand & Time dep (U.S. incl. demand)
1917 to 1928 - Demand - Time, U.S., Postal savg, Cert. of dep.
1929 - total of all deposits. Including due to Banks.

Table 13. NUMBER AND DEPOSITS OF STATE BANKS IN NEBRASKA, 1912-1929

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<u>Number of banks - total</u>	694	760	839 <u>1/</u>	934	1,009	963	913	872	688
<u>Banks with deposits of—</u>									
\$100,000 or less	372	387	203 <u>1/</u>	163	193	195	113	100	73
\$100,000 to \$250,000	262	303	439	415	445	445	364	348	275
\$250,000 to \$500,000	56	64	168	273	281	247	306	300	234
\$500,000 to \$1,000,000	4	5	25	73	78	61	112	102	85
\$1,000,000 to \$2,000,000		1	3	9	10	11	13	17	17
\$2,000,000 to \$5,000,000			1	1	2	4	4	4	3
\$5,000,000 and over							1	1	1
<u>Deposits—total (thousands of dollars)</u>	82,537	93,420	165,410	239,601	255,243	237,943	285,928	275,038	224,378
<u>In banks with deposits of—</u>									
\$100,000 or less	21,665	22,684	13,280	10,863	12,956	13,552	8,235	7,380	5,241
\$100,000 to \$250,000	39,868	45,783	73,243	73,458	76,438	75,826	64,813	60,511	47,870
\$250,000 to \$500,000	18,084	20,451	55,582	94,145	95,577	83,751	107,283	102,826	81,822
\$500,000 to \$1,000,000	2,920	3,479	16,178	47,265	52,015	39,547	72,824	65,362	55,323
\$1,000,000 to \$2,000,000		1,023	3,850	10,406	11,848	14,190	16,321	22,301	21,641
\$2,000,000 to \$5,000,000			3,277	3,464	6,409	11,077	9,960	10,398	7,293
\$5,000,000 and over							6,492	6,260	5,188

Includes one
1/ bank without deposits.

Table 14. NUMBER AND DEPOSITS OF NATIONAL BANKS IN NEBRASKA, 1912-1929

Banks grouped by amount of deposits

	Sept. 4 1912	Sept. 12 1914	Sept. 12 1916	Aug. 31 1918	Sept. 8 1920	Sept. 15 1922	Sept. 28 1925	Oct. 10 1927	Dec. 31 1929
<u>Number of banks - total</u>	245	220	193	191	188	182	170	154	157
<u>Banks with deposits of--</u>									
\$100,000 or less	22	20	1	2	1	3	5	2	2
\$100,000 to \$250,000	122	105	69	25	26	43	29	34	33
\$250,000 to \$500,000	79	72	85	78	74	72	70	55	53
\$500,000 to \$1,000,000	8	9	23	64	64	45	45	41	37
\$1,000,000 to \$2,000,000	7	8	6	12	13	7	7	8	19
\$2,000,000 to \$5,000,000	4	2	5	6	6	8	9	10	5
\$5,000,000 and over	3	4	4	4	4	4	5	4	8
<u>Deposits--total (thousands of dollars)</u>	98,096	87,812	151,051	155,009	159,221	151,056	155,974	152,237	215,156 ^{1/}
<u>In banks with deposits of--</u>									
\$100,000 or less	1,551	1,567	90	178	93	245	403	177	149
\$100,000 to \$250,000	21,378	18,207	12,537	4,859	5,170	8,117	5,841	6,725	6,416
\$250,000 to \$500,000	26,597	23,952	30,401	30,534	27,578	26,088	26,218	21,078	19,387
\$500,000 to \$1,000,000	5,384	5,742	14,453	42,156	42,585	29,843	31,089	29,010	24,599
\$1,000,000 to \$2,000,000	9,953	10,115	9,369	16,091	18,321	10,515	9,237	10,078	24,605
\$2,000,000 to \$5,000,000	13,226	5,497	14,298	17,538	18,825	23,280	24,106	25,088	14,984
\$5,000,000 and over	20,007	22,732	33,901	43,653	46,649	52,968	59,080	60,081	125,016

^{1/} These figures contain Due to Banks.

VIII Statistical data -
failures

NEBRASKA -

Liabilities of failed banks, 1911-1920

(from Annual Reports of the Secretary of the Banking Board)

Report page	3-10-1914 Superior 1914, p. xvi + p. xv	6-13-1916 Decorah 1916 p. xxv 1921-22, p. 28	1- -20 Halsey 1922, p. 28	1-13-20 Valparaiso	5-10-20 Aurora	7-23-20 Page
Capital funds	16806.08					
Home certificates	1364.66					
Bank accounts	120656.02	110243.57				
Charged off	500.00					
Depositors guaranty f.	372.38					

Total 139699.14

Total in 1920 report 949944.49
Added total 1044538.49

Expt. Superior Annual report 1921-22, p. 28	Total deposits at closing	122418.18	111051.04	41177.18	565575.30	203036.80	235049.21
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Annual report of 1919-20 pg 34-36	Proved claims (to 12-31-20)	122020.68	111051.04	41177.18	396506.19	219365.95	235049.21
	Offsets allowed (to 12-31-20)	-	-	-	-	3252.80	2038.33
	Deposits paid "	122020.68	99937.83	41177.18	396506.19	194014.34	235049.21
	To " " { 20 deposits paid }	100	100	100	100	not shown	100
	Collected from depositors paid	54526.17	79051.81	37206.52	338386.74	153311.04	206722.35

Report of 1921-22 p. 28	Drift in guaranty fund	not listed in record	"Receivables closed 15 days cert. signed Aug 1, 1922"	37206.52	338386.74	153311.04	206722.35
Report of 1919-20 p. 36	Returned to "		"Have returned 30 percent, or \$23715.55 to guaranty fund."	26044.63	not shown	not shown	not shown

11-30-20 2-3-21
Verdon Cassaco

1921-22 Report p. 28	Deposits at closing	75600.95	387023.11
	Drift in guaranty fund	none shown	150122.84
	Returned to guaranty fund	" "	not shown

NEBRASKA - Failed banks closed while guaranty fund was in operation

Banks not reopened or taken over

Banks reopened or taken over

Total number failed after	Year	Number of banks	Total deposits at closing	Guaranteed deposits	Percent guaranteed	Receivable payments listed on insured deposits	Number of banks	Total deposits at closing	Total failed banks	
									Number of	Deposits
	1911	—							—	
	1912	—							—	
	1913	—							—	
1	1914	1	122,418	122,021	99.7	67,495			1	122,418
	1915	—							—	
1	1916	1	110,244	111,051	100.7	32,023			1	110,244
	1917	—							—	
	1918	—							—	
	1919	—							—	
5	1920	5	1,025,595	967,699	94.4	230,079			5	1,025,595
26	1921	25	6,041,416	6,303,409	104.3	307,624	1	48,621	26	6,090,037
23	1922	22	4,757,562	4,916,188	103.3	128,295	1	200,344	23	4,957,906
15	1923	15	2,417,549	2,648,370	109.5	40,450	—	—	15	2,417,549
14	1924	13	1,545,812	1,470,497	95.1	27,639	1	1,975,19	14	1,749,331
20	1925	20	5,153,851	5,004,559	97.1	188,179	—	—	20	5,153,851
22	1926	22	5,847,080	5,963,027	101.9	294,251	—	—	22	5,847,080
22	1927	22	5,629,226	5,940,839	105.5	105,548	—	—	22	5,629,226
50	1928	46	7,724,723	7,873,634	101.9	148,247	4	823,472	50	8,548,195
175	1929	116	19,835,384	19,306,863	97.3	704,518	33	9,044,876	149	28,880,260
11	1930	9	1,278,245	1,162,011	90.9	64,454	2	372,966	11	1,651,211
	Total	317	61,489,105	61,790,168	100.5	1,942,161	42	10,687,798	359	72,176,903

Bank added to 1929

11948

10,699,746

1927	3	398,157							3	398,157
Total	19	5,231,069							19	5,231,069

For 1911-1920, and first failure in 1921, total deposits, for 1921-1930 (except first failure in 1921), prepared claims as reported on schedules prepared for Federal Reserve Committee on Branch, Group and Chain Banking. For 1911-1920 include banks reopened or taken over if there was a payment from the guaranty fund.

For period 1911-1927 cases reopened or taken over with no draft on guaranty fund.

Note, In final revision one bank was added to the reopened group.

NOTE: Data used in 1956 FDIC Annual Report, Revised for report in
 TABLE 7. NUMBER AND DEPOSITS OF STATE BANKS IN NEBRASKA CLOSED BECAUSE OF
 FINANCIAL DIFFICULTIES, JULY 1, 1911, TO MARCH 18, 1930, BY YEARS *Johnson*

Year	Total number of failed banks	Reopened with no obligation on the fund	Failed banks entailing obligations on the fund			
			Number	Deposits (in dollars)	Number suspended per 100 active banks	Deposits in closed banks per \$100 of deposits in active banks
1911	--	--	--	--	--	--
1912	--	--	--	--	--	--
1913	--	--	--	--	--	--
1914	1	1	1	122,418	.13	\$0.13
1915	--	--	--	--	--	--
1916	1	1	1	110,244	.12	.10
1917	--	--	--	--	--	--
1918	--	--	--	--	--	--
1919	--	--	--	--	--	--
1920	5	5	5	1,025,595	.54	.37
1921	26	25	25	6,041,416	2.5-	2.37
1922	23	22	22	4,757,562	2.2	2.20
1923	15	15	15	2,417,549	1.6	1.01
1924	14	13	13	1,545,812	1.4	.64
1925	20	20	20	5,153,851	2.2	1.90
1926	22	22	22	5,847,080	2.4	2.08
1927	22	22	22	5,629,226	2.5-	2.04
1928	50	46	46	7,724,723	5.4	2.81
1929	149	116	116	19,835,384	16.0	7.86
1930	11	9	9	1,278,245	6.6	3.16
TOTAL	359	317	317	61,489,105	2.1	1.66

SUBTOTALS

July 1, 1911 to

June 30, 1927

July 1, 1927 to

April 30, 1929

May 1, 1929 to

March 18, 1930

1/ On annual basis with 365 days as yearly base.

2/ No failures occurred in 1911-1913, 1915, & 1917-1919.

From in computing
 subtotals

1927 - first half to Apr 30

1927 - second half after Apr 30

3

398.157

~~7~~

~~1,316,517~~

5,231,069

~~13~~

~~4,312,709~~

Table 6. SIZE DISTRIBUTION OF FAILED BANKS IN NEBRASKA COMPARED WITH
AVERAGE SIZE DISTRIBUTION OF OPERATING BANKS, 1921 - 1929.

1911-1930

	Number of banks		Deposits		
	Average Number operating	Number Failed per 100 operating	Average in oper- ating (thousands of dollars)	In failed banks (thousands of dollars)	In failed banks per \$100 in operating banks
<u>TOTAL</u>	<u>359</u>	<u>852</u>	<u>206,611</u>	<u>61,490</u>	<u>1.59</u>
Banks with deposits of—					
\$100,000 or less	100 200	102 99	12,873	6,084	2.52
\$100,000 to \$250,000	366 152	143 4	61,979	22,971	1.98
\$250,000 to \$500,000	214 68	57 25	73,280	19,386	1.42
\$500,000 to \$1,000,000	90 61	21 17	39,435	11,533	1.56
\$1,000,000 to \$2,000,000	15 19	1 4	11,287	1,516	.72
\$2,000,000 or more	2 2	.. ..	7,757	—	—

1/ These rates are for the 9-year period. Approximate annual rates can be obtained by dividing the figures by the number of years (9).

1/ average annual rate

For revision - failure rates to be placed on annual basis in this table and text

Table 6. SIZE DISTRIBUTION OF FAILED BANKS IN NEBRASKA COMPARED WITH
AVERAGE SIZE DISTRIBUTION OF OPERATING BANKS, 1921 - 1929.

1911-1930

	Number of banks			Deposits		
	Average Number Failed per 100 operating	Number Failed per 100 operating	Average in operating banks (thousands of dollars)	Average in failed banks (thousands of dollars)	In failed banks per \$100 in operating banks	In failed banks per \$100 in operating banks
<u>TOTAL</u>	<u>339</u>	<u>252</u>	<u>244,317</u>	<u>40,200</u>	<u>255,322</u>	<u>10,517</u>
<u>Banks with deposits of—</u>						
\$100,000 or less	300 300	100 99	85 2.6	8,602	6,315	73
\$100,000 to \$250,000	352 342	152 143	40 2.1	62,255	25,028	40
\$250,000 to \$500,000	272 214	68 57	25 1.4	93,921	22,976	24
\$500,000 to \$1,000,000	98 61	21 17	23 1.5	58,264	13,682	24
\$1,000,000 to \$2,000,000	25 19	1 1	7 .6	18,613	1,516	8
\$2,000,000 or more	2 3	.. ..	.. ..	14,167	..	..

1921-1929

1/ These rates are for the 9-year period. Approximate annual rates can be obtained by dividing the figures by the number of years (9).

1/ Average annual rate

For revision - failure rates to be placed on annual basis in this table and text

General distribution prepared in Apr 1907

Nebraska - Suspended banks - Size Distribution

Revised total 74,260
317 banks - \$74,262

1 - \$1,627

74 - \$4,769
99 - \$6,084
48 - \$1,883
46 - \$2,886

142 - \$23,462
143 - \$22,971
585 - \$14,419
57 - \$9,043

57 - \$19,386
48 - \$16,614
25 - \$8,436
\$250,000 - \$500,000

17 - \$11,533
20 - \$14,162
27 - \$19,354
\$500,000 - \$1,000,000
\$1,000,000 to \$2,000,000

✓ 41.	10.	80	<u>92</u>	68.	182	102	¹⁸² <u>122</u>	225 <u>220</u>	239 <u>143</u> ²³⁹ <u>171</u>	246 ✓ <u>384</u> <u>381</u>	400.	471	566	<u>1516</u> <u>162</u>
✓ 76.	91	48	92.	96.	183	¹⁵⁹ <u>110</u>	201 <u>195</u>	164 <u>124</u> <u>242</u>	124.	✓ 290.	272 <u>356</u>	440	847	847
48	44	95	99	83.	135	²¹⁴ <u>205</u>	164	130 <u>103</u> <u>123</u> ¹³¹	100.	✓ 339.	325 <u>391</u>	426	✓ <u>731</u>	881
48	51.	23.	56.	176	✓ 235.		<u>100</u>	104 <u>104</u> <u>136</u> ²⁰³	221.	440	250 <u>341</u>	253	✓ <u>920</u>	652
✓ 20.	62	24	44.	68.	243	✓ 139.	<u>135</u>	238 <u>140</u> <u>231</u>	161.	440	392 <u>474</u>	312	812 <u>577</u>	588
48	43.	48.	55.	133	110	139	186 <u>193</u>	198 <u>140</u> <u>154</u>	123.	✓ 427.	321 <u>408</u>	<u>322</u>	<u>517</u>	667
48	44	12	96	86.	153	139	125 <u>117</u>	157 <u>106</u> <u>169</u> ¹⁸⁶	198.	277	413 <u>370</u>	294	<u>880</u>	854
48	40.	54	26.	91.	121	<u>117</u>	155	237 <u>171</u> <u>156</u>	165.	✓ 316.	312 <u>495</u>	330	860 <u>789</u>	625
48	86.	96.	86.	156	139	194 <u>194</u>	210 <u>137</u> <u>234</u>	234 <u>236</u> ²¹⁴	✓ 422.	285	321	967 <u>427</u>	569	
✓ 68.	60.	85	66	98.	111	214	<u>110</u>	217 <u>137</u> <u>188</u> ²¹⁴	157.	✓ 290.	381	308	583 <u>543</u>	528
✓ 76.	19.	28	27	58.	217	✓ 222.	<u>182</u>	237 <u>187</u>	165.	316	431	290	582 <u>580</u>	622
48	43.	68	42.	none	208	✓ 131.	223 <u>124</u>	110 <u>149</u>	118.	✓ 322.	311 <u>446</u>	368	729 <u>572</u>	577
48	78.	49	47.		139	106	197 <u>214</u>	228 <u>108</u> ¹¹⁷	151.	260.	345 <u>494</u>	356	843 <u>569</u>	
48	83.	48	30	68	178	104	139	231	241 <u>134</u> ¹⁷³	192.	258.	302 <u>308</u>	399	701 <u>603</u>
✓ 87.	91.	12.	89	134	246	✓ 195.	<u>134</u>	<u>134</u>	102.	<u>123</u>	<u>300</u>	<u>437</u> <u>415</u>	305	842 <u>824</u>
✓ 32.	55	55.	85	92	130	147	180 <u>155</u>	<u>153</u> <u>160</u>	193 <u>187</u>	171.	<u>147</u>	295 <u>295</u>	418.	680 <u>543</u>
48	96.	22.	87	123	106	139	<u>160</u> <u>155</u>	175 <u>147</u> <u>109</u> ¹¹¹	210.	464 <u>477</u>	345 <u>466</u>	275	<u>515</u>	
94.	42	48	57.	87	128	105	✓ 189.	<u>212</u> <u>162</u>	230 <u>113</u>	101.	276.	278 <u>336</u>	295	<u>782</u>
14.	68.	96	69.	46	147	139	<u>110</u>	197 <u>167</u> <u>134</u> ¹⁸⁶	186.	257 <u>284</u>	299 <u>448</u>	267		
	71.	93	91.	79	101	139	<u>208</u> <u>132</u>	209 <u>122</u> <u>203</u>	189.	<u>343</u> <u>411</u>	259.	307		
36.	59	54	77.	88	117	139	<u>184</u> <u>176</u>	<u>122</u> <u>117</u> <u>174</u>		387.	<u>377</u>	285		
79	48.	85.	71	58	118	✓ 219.	<u>140</u> <u>121</u>	247 <u>117</u> ²³⁴	146.	359 <u>336</u>	<u>275</u>	323		
7.	59	44.	39.		210	203	<u>163</u> <u>248</u> <u>151</u>	<u>113</u> <u>117</u> <u>122</u> ¹⁵⁶	120.	459.	<u>377</u>	271		
36.	98.	61			109	131	<u>129</u> <u>245</u> <u>234</u>	214 <u>129</u> ¹⁸⁶		254 <u>295</u>	<u>335</u>	303		
92.	59.	66	64		193	132	<u>143</u> <u>163</u>	196 <u>215</u> ²⁰⁹		244 <u>301</u>	273.	252		
75.	71	48.	50	5.	120	102.	<u>179</u>	204 <u>105</u> ¹⁴⁰		<u>314</u> <u>341</u>	<u>292</u>	297		
49	43.	84.	54.		186	209	<u>214</u> <u>133</u> <u>112</u>	167 <u>113</u> ¹⁹⁴		<u>338</u> <u>361</u>		281		
45.	83.	67	62		147	155	<u>158</u> <u>164</u>	209 <u>187</u>		<u>408</u>		323		
89	23.	68.	97.		145	125	<u>113</u> <u>202</u>	145 <u>111</u>		<u>393</u>		290		
60.	65.				150	142	<u>120</u> <u>238</u> <u>151</u>	<u>154</u>		<u>312</u>				

Size distribution of failed banks in Nebraska compared
with average size distribution of operating banks.
Period of operation of deposit guaranty Fund.

July 1, 1911 to
Mar 18, 1930
18 ²⁶⁰/₃₆₅ year
= 18.71

	NUMBER OF BANKS		Failed per 100	Deposits of Banks			
	Average number operating	number failed		Average deposit in operating banks (in thousands of dollars)	Deposits in in failed banks	In failed banks per 100 operating banks	
<u>Guaranteed Banks</u>							
TOTAL	852	357	x 41.90	224 206 611	72 199	x 34.94	1.87
<u>Banks with Deposit of</u>							
100 000 or less	200	104	51.5	2.75 12 873	6 504	50.52	2.70
100 000 to 250 000	366	162	x 44.26	2.37 61 979	26 654	43.00	2.30
250 500	214	69	x 32.24	1.72 73 280	23 277	x 31.76	1.70
500 1000	61	21	34.3	1.84 39 435	14 248	36.13	1.93
1000 000 2000 000	9	1	11.11	.59 11 287	1516	13.43	.72
More than 2000 000	2			7757			

9-year period
1921-1929

Total	859	344	40.05	4.45-255 822	69 517	3.02	27.17
With deposits of							
\$100,000 or less	120	102	85.00	9.44 8602	6315	8.16	73.41
\$100,000 to \$250,000	358	152	42.46	4.72 62 255	25 028	4.47	40.20
\$250,000 to \$500,000	272	68	25.00	2.78 93 921	22 976	2.72	24.46
\$500,000 to \$1,000,000	90	21	23.33	2.59 58 264	13 682	2.61	23.48
\$1,000,000 to \$2,000,000	15	1	6.67	.74 18 613	1516	.90	8.14
\$2,000,000 or more	4	—	—	14 167	—	—	—

10-year period
1920-1929
Total

Bank failure rates in Nebraska and contiguous States 1912-1929

18

Aggregate Number of Banks	Aggregate Deposits of Operating Banks	Average number of operating banks	Number of failed banks	Failed per 100 operating banks	Deposits (in thousands) Average in operating banks	In failed banks	In failed banks per \$100 in operating banks
<u>State and national banks</u>							
18999 Nebraska	6,884,973	1055	379	1.994	35,921.995	382,499	1.40
96317 Six contiguous States - total	47,701,374	5351	1681	1.75	265,007.6	438,107.92	1.65
10823 South Dakota	3,031,845	601	418	3.86	69,533.86	1,057,603.49	3.49
27628 Iowa	13,386,114	1535	540	1.95	35,181.95	743,673	1.38
27345 Missouri	18,991,653	1519	310	1.13	20,411.13	1,055,092	.31
22264 Kansas	6,640,443	1237	240	1.08	19,401.08	368,913	.70
6157 Colorado	4,653,541	342	108	1.75	31,581.75	258,530	.54
2100 Wyoming	997,778	117	65	3.095	55,553.09	55,432	1.72
Entire United States		28269	6584	23.29	1,293,457.000	1,883,733	.30
<u>State banks</u>							
15542 Nebraska	3,698,033	863	349	2.25	40,442.25	2,044,46	1.93
78446 Six contiguous States - total	26,818,569	4358	1484	1.89	34,051.89	1,489,921	1.29
8733 South Dakota	1,887,185	485	365	4.18	75,264.18	1,048,44	4.48
21571 Iowa	8,770,673	1198	449	2.07	37,312.07	487,260	1.63
24947 Missouri	10,810,333	1386	303	1.21	21,861.21	600,574	.52
17924 Kansas	3,760,477	996	227	1.27	22,791.27	205,582	1.13
3816 Colorado	1,299,453	212	88	2.31	41,502.31	72,192	.95
1455 Wyoming	350,448	81	54	3.71	66,673.70	19,469	2.27
Entire United States		20471	5740	28.04	1,561,890.000	1,463,322	.43
<u>National banks</u>							
3457 Nebraska	3,186,940	192	30	.87	15,638.7	1,770,52	.41
17871 Six contiguous States - total	20,882,805	993	197	1.10	19,841.10	1,160,156	.44
2090 South Dakota	1,144,660	116	53	2.54	45,692.54	63,592	1.86
6057 Iowa	4,615,441	337	93	1.55	27,601.53	256,413	.92
2398 Missouri	8,181,320	133	7	.292	5,262.92	454,518	.292
4340 Kansas	2,939,966	241	13	.299	539.299	163,331	.15
2341 Colorado	3,354,088	130	20	.85	15,388.5	186,338	.38
645 Wyoming	647,330	36	11	1.705	30,561.697	35,963	1.41
Entire United States		7798	844	10.82	1,601,567.000	1,420,411	.15

Revised annual rates computed from aggregates.

Revised figure for State banks in Nebraska due to use of deposits at date taken over by Federal Reserve Bank of St. Louis.

DEPOSITS OF FAILED BANKS IN STATES CONTIGUOUS WITH
NEBRASKA, 1912-1929
In thousands of dollars

State banks	Nebraska Total 6 States	Kansas	Colorado 2177R [68% = 1487]	Wyoming 591R [68% = 402]	South Dakota 1190R [68% = 809]	Iowa 468L [90% = 421] 207R [68% = 141]	Missouri 2186R [65% = 1421]
Total		41935	12317	7960	84517	142823	56628
1912		-	104R	-	161R	-	225R
1913		349	418R	-	244R	350L	599R
1914		186	48R	-	785R	118L	53R
1915		72	177R	-	-	-	991R
1916		-	109R	-	32	-	-
1917		-	-	-	-	-	-
1918		72	222R	-	-	-	182R
1919		993	1019R	-	141	1620R	524
1920		641	424	591R	527	458R	136R
1921		2989	777	598	313	5835	2536
1922		4618	751	342	1985	1360	5158
1923		10119	4689	1241	10164	8811	6466
1924		3221	520	4314	28889	31078	9782
1925		2815	1455	266	11036	24398	6124
1926		5849	1378	213	23590	39009	13277
1927		5132	318	164	4169	14099	5407
1928		3536	764	-	1240	10710	3354
1929		1343	760	420	1622	5689	2513

National banks	Total	13150	4538	12898	9154	21243	42259	1835
1912	-	-	-	-	-	-	-	-
1913	186	195	475	-	-	-	-	-
1914	235	263	-	-	-	232	-	-
1915	-	-	1502	-	289	-	-	-
1916	-	-	-	-	-	-	-	-
1917	-	-	-	-	-	-	-	-
1918	-	-	-	-	-	-	-	-
1919	-	-	-	-	-	-	-	-
1920	-	-	-	-	823	-	-	-
1921	2042	-	187	-	384	631	-	-
1922	701	-	635	-	560	277	-	-
1923	613	685	-	272	1774	99	150	-
1924	3177	1459	1286	8882	7598	3887	-	-
1925	597	-	7607	-	4474	8512	255	-
1926	1020	281	790	-	4108	14278	274	-
1927	2660	275	-	-	533	9218	251	-
1928	1230	874	-	-	700	2825	551	-
1929	689	506	416	-	-	3300	354	-

NUMBER OF FAILED BANKS IN STATES CONTIGUOUS
WITH NEBRASKA, 1912-1929

<u>State banks</u>	<u>Nebraska</u>	<u>Total 6 States</u>	<u>Kansas</u>	<u>Colorado</u>	<u>Wyoming</u>	<u>South Dakota</u>	<u>Iowa</u>	<u>Missouri</u>
<u>Total</u>			<u>227</u>	<u>88</u>	<u>54</u>	<u>365</u>	<u>447</u>	<u>303</u>
1912			-	1	-	3	-	3
1913			5	4	-	6	2	2
1914			2	1	-	8	1	3
1915			2	2	-	-	-	2
1916			-	1	-	1	-	-
1917			-	-	-	-	-	-
1918			2	1	-	-	1	3
1919			3	1	-	1	3	1
1920			4	4	3	1	1	3
1921			11	11	7	1	21	16
1922			20	7	4	9	10	11
1923			33	18	7	39	34	21
1924			13	6	24	99	79	43
1925			19	8	3	51	70	43
1926			45	10	3	103	103	56
1927			35	4	2	25	51	45
1928			22	3	-	5	45	31
1929			11	4	1	13	26	22

National Banks

<u>Total</u>	<u>30</u>	<u>13</u>	<u>20</u>	<u>11</u>	<u>53</u>	<u>93</u>	<u>7</u>
1912	-	-	-	-	-	-	-
1913	1	1	2	-	-	-	-
1914	1	1	-	-	-	1	-
1915	-	-	1	-	1	-	-
1916	-	-	-	-	-	-	-
1917	-	-	-	-	-	-	-
1918	-	-	-	-	-	-	-
1919	-	-	-	-	-	-	-
1920	-	-	-	-	1	-	-
1921	4	-	1	-	2	3	-
1922	1	-	1	-	2	2	-
1923	2	1	-	2	5	1	1
1924	8	3	3	9	14	4	-
1925	1	-	7	-	12	16	1
1926	3	1	4	-	12	31	2
1927	3	1	-	-	2	21	1
1928	3	4	-	-	2	6	1
1929	3	1	1	-	-	8	1

NUMBER OF ACTIVE BANKS IN STATES CONTIGUOUS WITH NEBRASKA, 1912-1929

Call date nearest Jan 1	Total 6 States	Kansas	Colorado	Wyoming	South Dakota	Iowa	Missouri
<u>State banks</u>	4356	995.97	214.00	40.93	485.17	1198.39	1350.94
1912	3880	897	190	58 ⁶⁻¹¹⁻¹²	526 ⁶⁻¹¹⁻¹²	1016	1193
1913	4008	903	197	64 ⁶⁻¹¹⁻¹³	516 ⁶⁻¹¹⁻¹³	1068	1260
1914	4164	930	209	72 ⁶⁻¹¹⁻¹⁴	531 ⁶⁻¹¹⁻¹⁴	1114	1308
1915	4241	939	204	76 ⁶⁻¹¹⁻¹⁵	536 ⁶⁻¹¹⁻¹⁵	1134	1352
1916	4349	967	209	79 ⁶⁻¹¹⁻¹⁶	530 ⁶⁻¹¹⁻¹⁶	1190	1374
1917	4431	997	225	89 ⁶⁻¹¹⁻¹⁷	503 ⁶⁻¹¹⁻¹⁷	1235	1382
1918	4540	1020	232	91 ⁶⁻¹¹⁻¹⁸	514 ⁶⁻¹¹⁻¹⁸	1285	1398
1919	4640	1054	240	106 ⁶⁻¹¹⁻¹⁹	521 ⁶⁻¹¹⁻¹⁹	1311	1408
1920	4726	1092	256	118 ⁶⁻¹¹⁻²⁰	543 ⁶⁻¹¹⁻²⁰	1233	1484
1921	4931	1109	262	104 ⁶⁻¹¹⁻²¹	566 ⁶⁻¹¹⁻²¹	1355	1535
1922	4894	1108	250	102 ⁶⁻¹¹⁻²²	566 ⁶⁻¹¹⁻²²	1345	1523
1923	4804	1084	235	97 ⁶⁻¹¹⁻²³	561 ⁶⁻¹¹⁻²³	1329	1498
1924	4711	1057	214	87 ⁶⁻¹¹⁻²⁴	535 ⁶⁻¹¹⁻²⁴	1312	1506
1925	4451	1040	200	72 ⁶⁻¹¹⁻²⁵	438 ⁶⁻¹¹⁻²⁵	1238	1463
1926	4252	1010	189	63 ⁶⁻¹¹⁻²⁶	385 ⁶⁻¹¹⁻²⁶	1189	1416
1927	3989	967	177	59 ⁶⁻¹¹⁻²⁷	329 ⁶⁻¹¹⁻²⁷	1112	1345
1928	3795	896	168	58 ⁶⁻¹¹⁻²⁸	319 ⁶⁻¹¹⁻²⁸	1074	1280
1929	3640	854	159	60 ⁶⁻¹¹⁻²⁹	314 ⁶⁻¹¹⁻²⁹	1031	1222
	78,446	17,924	3816	1455	8733	21576	24,949
<u>National banks</u>							
2-5-1911 1912	433	210	129	29	103	329	133
11-26-12 1913	942	210	127	30	104	338	133
1-13-1914	941	211 ✓	124 ✓	30	104	340	132
12-31-14 1915	950	214	124 ✓	32	108	342	130
12-31-15 1916	988	219	120 ✓	33	118	366	132
12-27-16 1917	990	223	122 ✓	36	125	352	132
12-31-17 1918	997	230	122 ✓	37	125	351	132
12-31-18 1919	1013	237	125 ✓	39	126	354	132
12-31-19 1920	1044	246	132 ✓	45	130	354	137
12-29-20 1921	1080	265	142 ✓	47	136	357	133
12-31-21 1922	1078	267	143 ✓	47	136	352	133
12-29-22 1923	1070	265	143 ✓	46	131	351	134
12-31-23 1924	1060	266	143 ✓	43	127	348	133
12-31-24 1925	1018	257	140	32	114	344	131
12-31-25 1926	996	259	131	32	110	329	135
12-31-26 1927	951	256	127 ✓	32	100	300	136
12-31-27 1928	924	257	124 ✓	29	97	281	136
12-31-28 1929	896	248	123 ✓	26	96	269	134
	17,871	4340	2341	645	2090	6057	3398
	993	24111	130,06	35,83	116,11	336,5	133,22

DEPOSITS OF ACTIVE BANKS IN STATES CONTIGUOUS WITH
NEBRASKA, 1912-1929
In thousands of dollars

Call date nearest Jan	Total	Kansas	Colorado	Wyoming	South Dakota	Iowa	Missouri
State banks	1,469,920.5	205,584.0	72,191.8	19,469.3	104,543.6	487,259.6	600,574.1
1912	784,766	100,374	36,009	5,878	47,930	278,762	315,813
1913	852,028	105,570	40,623	6,963	54,023	304,795	340,054
1914	886,473	107,234	43,352	8,040	58,729	314,129	354,989
1915	869,842	118,692	45,547	8,238	54,885	308,111	334,369
1916	960,332	134,674	51,648	11,089	63,315	329,634	369,972
1917	1,179,474	183,469	67,728	16,189	83,472	384,484	444,132
1918	1,423,158	225,321	83,800	16,739	122,204	455,656	519,438
1919	1,595,060	249,788	86,216	26,729	150,103	500,793	581,431
1920	1,939,842	292,721	103,622	26,943	183,147	654,254	679,155
1921	1,803,794	271,578	106,719	27,603	144,413	597,919	655,626
1922	1,704,098	246,004	93,123	24,897	133,829	532,159	674,086
1923	1,928,553	241,511	96,908	23,254	149,425	576,922	840,533
1924	1,879,519	231,666	86,879	24,407	151,206	625,914	759,447
1925	1,922,829	270,599	79,106	22,455	122,220	617,519	810,930
1926	1,868,711	247,909	71,837	22,311	105,863	595,883	824,908
1927	1,737,767	233,497	70,672	22,507	86,070	565,376	759,645
1928	1,731,372	217,126	68,441	26,298	84,401	564,497	770,609
1929	1,750,947	222,804	67,223	29,908	91,950	563,866	775,196
	26,818,569	3,700,477	1,299,453	350,448	1,787,185	8,770,673	10,810,333
National banks							
12-5-11 1912	681,275	79,185	110,390	14,389	30,965	146,367	299,979
11-26-12 1913	724,318	83,165	113,227	16,119	34,197	162,778	314,832
1-13-1914	701,695	83,556	105,640	16,030	35,489	161,887	299,093
12-31-14 1915	700,546	96,430	105,836	16,091	38,518	169,951	273,720
12-31-15 1916	800,216	98,678	124,845	19,284	48,187	189,327	319,895
1917	1,053,161	146,721	161,309	29,006	57,081	211,758	447,286
1918	1,204,320	174,655	175,286	39,170	73,468	261,778	480,963
1919	1,225,000	178,036	171,064	41,114	87,944	287,761	459,081
1920	1,516,105	194,252	207,550	54,596	96,875	342,449	620,383
1921	1,242,286	175,104	198,256	51,718	73,436	276,691	467,081
1922	1,112,900	164,928	181,789	47,250	67,538	253,150	398,245
1923	1,283,345	185,051	207,618	50,311	72,808	282,644	484,913
1924	1,279,046	178,953	218,189	52,794	75,116	303,908	450,086
1925	1,492,047	214,782	255,034	40,010	76,820	332,957	572,444
1926	1,453,793	209,070	249,191	39,539	72,901	324,005	559,087
1927	1,428,287	217,114	255,189	40,618	64,311	300,954	550,101
1928	1,483,504	225,838	253,220	38,724	66,953	300,743	598,026
1929	1,500,961	234,448	260,455	40,567	72,053	307,333	586,105
	20,882,805	2,939,966	3,354,088	647,330	1,144,660	4,615,441	8,181,320
	1,160,155.8	163,331.4	196,338.2	35,962.8	63,592.2	256,413.4	454,517.9

DATA FOR BANK FAILURE RATES IN THE UNITED STATES, 1912-1929
 Also Failure rates in Nebraska and contiguous states

Enter United States

	All commercial banks		National banks		Banks other than national	
	Active	Failed	Active	Failed	Active	Failed
<u>Number of banks</u>						
1912-1928 aggregate	482907	5925	132843	780	351064	5145
1929	24943	659	7530	64	17413	595
1912-1929 aggregate	508850	6584	140373	844	368477	5740
1912-1929 average	28269		7798		20471	
<u>Deposits</u>	(millions)	(thousands)	(millions)	(thousands)	(millions)	(thousands)
1912-1928 aggregate	572024	1653090	259868	378797	312156	1274293
1929	50398	230643	22287	41614	28111	189029
1912-1929 aggregate	622422	1883733	282155	420411	340267	1463322
1912-1929 average	34579		15675		18904	

↓ Totaled from figures by years on worksheet in Kansas deposit guaranty binder.

2/ From same sources.

<u>1912-1929</u>						
Failed per 100 active	23.3		10.8		28.0	
Annual " " " "	1.29		.60		1.56	
Deposits in failed banks per \$100 in active banks	\$5.45		\$2.68		\$7.74	
Annual " " "	\$.30		\$.15		\$.43	
<u>NEBRASKA</u>						
Number-1912-1929 aggregate	18999	379	3457	30	15542	349
1912-1929 average	1056		192		863	
Failed per 100 active	35.9		15.6		40.4	
Annual " " "	1.99		.87		2.25	
Deposits-1912-1929 aggregate	6884923	96459	3186940	13150	3698033	83309
1912-1929 average	382499		17705.2		205446	
In failed per \$100 in active	\$21.97		\$7.43		\$34.50	
Annual " " "	\$ 1.40		.41		\$ 2.25+	

NEBRASKA

Banks operated by Guaranty Fund Commission

(number in circle)

NOTE: Not final tabulation

Number placed in receivership is reported in -

Taken over by	1923	1924	1925	1926	1927	1928	1929
Guaranty Fund Commission in -	Total	1st half	2nd half	1st half	2nd half	1st half	2nd half
1923-1st half	1						
1923-2nd half	94	2	4	1	①		
1924 1st half	4			2		2	
1924 2nd half	5			1	1	3	
1925 1st half	24			2	②	3	5
1925 2nd half	7			1		2	4
1926 1st half	15					3	1
1926 2nd half	14				1		13
1927 1st half	21					5	2
1927 2nd half	19						3
1928 1st half	41						①
1928 2nd half	15						15
1929 1st half	15						②
(to many)							③

Note: 1929 first half includes 1 taken over and placed in receivership not in FR suspension list nor State report receivership list

Tabulation below incorrect because some "going concern" banks?

Changes by years if above were classified as "failed" in year taken over

<u>Add to</u>		<u>Subtracted from</u>						<u>Net change</u>	<u>Present Total</u>	<u>Y removed</u>
		<u>1924</u>	<u>1925</u>	<u>1926</u>	<u>1927</u>	<u>1928</u>	<u>1929</u>			
1923	7	5	2					1923 +7	15	22
1924	9		4	3	2			1924 +4	14	18
1925	24			11	9	4		1925 +18	20	38
1926	25				4	21		1926 +11	22	33
1927	34					17	17	1927 +19	22	41
1928	55						55	1928 +13	50	63
		<u>5</u>	<u>6</u>	<u>14</u>	<u>15</u>	<u>42</u>	<u>72</u>	1929 -72	149	97

NEBRASKA - Dendards paid from

Depositors' Final Settlement Fund

(from bank worksheet)
Cases included in Department schedule

Other cases with
dendards included
to Final Settlement Fund

Bank closed in	Percent shown on schedule in Department Banker's	Estimated percent in paying cases	Bank	Amount
1927			1927	
Elba Oak	4%	6301 FR	Elba	1517 FR
Andley	5	8856 FR		
Royal	8	4 6739 FR		
Harlie	8	4 9585 FR		
Lupton	1	4 6356 est		
Emm - P.	6	14047 FR		
Emm - E.	8	13173 FR		
Kennard	8	13866 FR	1928	
1928				
Wright	8	8951 FR	Magret	2352 FR
Bohmyer	4	3898 FR	Elgin	30413 FR
Madison Lane	8	12358 FR	Edin Rapids	4875 FR
Vickell	5	12189 FR	Jackson	4440 FR
Brunswick	8	8108 FR	Dakdale	3725 FR
Cassett	8	8269 FR		
Wysor	5	14580 FR		
Wester	2	1322 FR		
Thurston	8	5994 FR		
Carmila	4	5461 FR		
Springink	8	7161 FR		
Dandroy	8	20065 FR		
1929			1929	
Jelustin	8	4 10729 est	Winnieton	8478 FR
Thurston	8	4 5372 est	Elbow	8546 FR
Edmond	2	4 3841 est		

Total - all cases 31 banks 271372

→ Compare with 243995

of which not tabulated

shown in Final Report

100 75F per 6 42622

M Bank Insolvency (p. 16)

Balance 25 228750

to 6/30/30

as tabulated on bank by 25 228748

by bank worksheet

1 In red pencil on old bank-by-bank worksheet

2 Amounts as shown on FR schedule or estimated from percentages and amount of preferred claims

3 Other banks with rechartering dates after Apr 30, 1927, with payments from guaranty fund shown on FR schedule

4 1st tabulated as from 75F on second bank-by-bank worksheet with total ascertained to guaranty fund on dendards

NEBRASKA

Deposits of banks operated by Guarantee Fund Commission
and later placed in receivership with obligations on the guaranty fund

Year taken over by GFC Location	Deposits when placed in receivership (FR schedule)	At beginning of operation by GFC, for banks placed in receivership in	1925	1926	1927	1928	1929
1923		In 1923					
Eddyville	129358	130649					
Bushnell	142606	132154					
Neligh	571461	512123					
		In 1924					
Waverly	213848	208700					
Patterson	157829	155227					
Dix	113179	124875					
Cullerton	120001	141869					
Dickerson	219549	224560					
Monowi	145487	200955					
Birchton	154536		160101				
Halliege	342918		411120(R)				
1924							
Cullerton	120001	141869					
Naponee	119406		125156				
Taylor	110015		132624				
Clair	311520		807			880700	
Kennard	179056					321818	
Selway	789226		859750				
Orchard	123977			166506			
Hastings	726729			966687			
Lynch	386670			381200			
Valentine	193461		186382				
1925							
Carroll	294757		294800				
Chadron	464065		477247				
Macy	78472		79299				
Pera	98779		106099				
Ralston	213606			196527			
Cotterhill	24103			61779			
Wallach	154883			180431			
Seneca	40196			46275			
Lyons	162321			212066			
Omaha South	1515504			1626649			
Omaha Commercial	86446			104119			
Craig	253934			294567			
Silver Creek	132148				208100		
Bridgeport	407580				651773		
Evans-Pineau	233841				236372		

Year taken over by GFC and location	Deposits when placed in receivership (FR schedule)	Deposits at beginning of operation by GFC for banks placed in receivership in	1923 or 1924	1925	1926	1927	1928	1929
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1925 (continued)

Ewing- ^{S.B.} State	163478					203427		
Pawnee City	373163					588003		
South Sioux City	399685					667358		
Snyder	164410						293853	
Bennington	95560						246450	
Clearwater	202080						329713	
Newport	112309						133392	
Rosalie	91209					147020		
McLean	193663	78 signed & returned	193663					
Analay	176475					187160		
Nichols	256527			284344				
Royal	83428					106252		
Meadow Grove ^{S.B.}	150990						247808	
Vardell	239064						320566	
Ulysses	272186						356246	
Thurston	70780						104750	

1926

Crownville ^{S.B.}	42689				49131			
Harvard	572708				583195			
Stratton	159691				153061			
Ericson	78188					90692		
Basile Mills	314259					340590		
Elba	120841					140002		
Omaha (Ramon)	508706					843114		
Fairfield	124055						223388	
Wahoo	140163						198338	
Western	67861						146949	
Elgin	603255						700853	
Danvers ^{S.B.}	250415						341310	
Brunswick	103212						129679	
Bassett	103909						104000	
Beldon	169800						238416	
Papillion	359317				336116			
Enola	65858						101015	
Hiltner	106164						157475	
Ulysses	170672						245510	

Personnel with payment from guaranty fund

Year taken over by GFC and location	Deposits when placed in receivership (FR schedule)	Deposits at beginning of operation by GFC for banks placed in receivership in	1923 or 1924	1925	1926	1927	1928	1929
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1926 (continued)

Cornlea S.B.	137256						209603	
Magnet	57122						116901	
Crofton	324887						391293	
Spring ranch	84910						118013	
Osceola	236778						307989	
Doniphan	110163						149893	
Cedar Rapids	241329						270313	
York	133507						172537	
Ansley (S.B. of)	186709						367872	
Belgrade	137415						216748	

3 ~~Humboldt~~

Taken over by GFC 1926

1927

Nelson S.B.	276847	✓			300592			
Jackson S.B.	147040	✓					175133	
North Platte	591882	✓			729033			
Superior S.B.	580326	✓			582227			
Harvard	337583				361234			
Lakeside S.B.	54712				55200			
Minatore S.B.	151177	✓			227863			
Dunbar S.B.	227877	✓					356473	
Eagle	43802	✓					58994	
Petersburg S.B.	230265	✓					399484	
Peterburg City of S.B.	98442	✓					209797	
Oakdale S.B.	197063	✓					304563	
Oakdale S.B.	121827	✓					182143	
Malcolm S.B.	121891	✓					209351	
Danvers S.B.	249053	✓					341600	
Hazard	59334						108724	
Mount Clare S.B.	48233						71070	
Gretna	214164						274790	
Newcastle	391627						474222	
Bennington	110802	✓					295041	
Burchard	none							192801

Year taken over by GFC and loca- tion	Deposits when placed in receiver- ship (FR schedule)	Deposits at beginning of operation by GFC for banks placed in receivership in	1923 or 1924	1925	1926	1927	1928	1929
1927 (continued)								
Geneva	320896						407860	
Scottsbluff	412826							854332
Tilden ^{S.B.}	195725						267402	
Boelus	83890						119523	
Sterling	68312							186011
Winnemuccia	203553							306933
Strang ^{S.B.}	65383							147400
Gibbon	166794							285048
Wolbach	209405							322984
Vesta ^{S.B.}	92050							144565
Broken Bow	144640							270894
Greeley ^{S.B.}	242107							370249
Fairfield	135709							202817
Shelton	285286							625119
Murphy	23117							88783
Plainview	231263							302387
Laurel	44476							252239
Wakefield	381476							569007
Dixon	48105							148918
1928								
Altona	23021							138775
Fullerton	148707							297150
Greenwood	102426							181571
Lindsay ^{S.B.}	168709							280617
Mitchell ^{S.B.}	345161							494335
North Bend	311564							495483
Plainview	431209							528401
Scribner ^{S.B.}	187119							621712
Thurston ^{S.B.}	85628							95677
Paxton	172550							238623
Stockville	92376							80401
Johnstown	122968							130798
Deweese ^{S.B. of}	98813							178452
Butte	95504							134132

Year taken over by GFC and loca- tion	Deposits when placed in receiver- ship (FR schedule)	Deposits at beginning of operation by GFC for banks placed in receivership in					1929
		1923 or 1924	1925	1926	1927	1928	
1928 (continued)							
Dodge S.B.	234306						245240
Humphrey	311414						445830
St. Edward	187878						213965
Genoa	107827						117145
Lyman S.B.	117486						121076
Bridgeport	147194						233606
Brownlee	11544						43682
Jackson	128541						186398
Martinsburg S.B.	70987						84701
Republican City	39494						47763
Bloomington	68735						96128
Ponca	302365						308363
Pierce S.B.	438682						414590
Creighton	418321						576586
Overton S.B.	573010						680239
Brady S.B.	38870						129929
Maxwell S.B.	104573						140097
Lamar S.B.	64381						66231
Champion	24735						49870
Madrid	112917						193918
Bankelman	374617						466262
Strang S.B. of							
Humboldt	154040						322782
Rohrer	42187						68102
Panama	26423						54271
Scotia	90546						92552
Yamou S.B.	162949						
Boone S.B.	29800						47908
Orchard	66292						85364
Bradish	48849						49200
Clark	155740						289931
Ralston S.B.	171394						236992
Polk	169149						182793
Breslau	122054						156331
Martinsburg S.B.	21578						122929
Litchfield	57896						70940
Big Springs	60907						127680

~~Revised~~
10/8/28

Year taken over by GFC and location	Deposits when placed in receiver-ship (FR schedule)	Deposits at beginning of operation by GFC for banks placed in receivership in	1923 or 1924	1925	1926	1927	1928	1929
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1928 (continued)

Haigler ^{S.B.}	186791							193473
Drainon	57086							58869
Superior	298632							448381
Allen ^{S.B.}	278258							335996
Beemer ^{S.B.}	824062							842025

1929

Benton ^{SB}	62337							66518
Hiload	133990							185946
Acme	201534							?
Blount	320819							?
Bloomfield	599414							?
Dalton	110867							112827
Havens	26918							28082
Humboldt ^{neg. S.B.}	215360							209200
Inman ^{S.B.}	98707							95466
Marion City	291513							?
Minatare ^{S.B.}	202965							214231
Racine	125445							?
Lincoln	106152							?
Strawberry	108695							110646
South	108695							?

Summary of deposits

When placed in receivership
classified by yearOf receivership taken over
by Commission

1923 3 843425 10 2,240771

1924 6 1,019893 10 3,060061

1925 12 3,095825 31 7,225535

1926 15 4,822674 29 5,711839

1927 21 5,586104 40 7,608940

1928 46 7,724723 54 9,125316

1929 79 12,839657 8 959839

Total 182 35,932301 182 35,932301

When taken over by Commission
classified by yearTaken over by Commission
Of receivership

10 2,560464 31,074926

10 4,162692 6,056186

31 9,186108 12,3310585

29 7,443996 15,358309

40 11,782806 21,7868530

54 12,544285 46,1197043

8 1,022916 79,8337688

48,703267 48,703267

NEBRASKA - Banks operated by Guarantee Fund Commission

Eddyville	- Security State Bank	2	7-5-23	9-17-23
Neligh	- Atlas Bank	6	5-23-23	11-21-23
Burdett	- Farmers State Bank	2	9-14-23	11-8-23

Location	Name		Date taken over	Date placed in receivership					
				1924	1925	1926	1927	1928	1929
over 5	Harvey - Bank of Waverly	12	12-31-23	1-23-24	4/12/24	6/12/24	8/12/24	10/12/24	12/12/24
(STR)	Patterson - Citizens State Bank	2	12-17-23	2-11-24	30/30	30/30	30/30	30/30	30/30
	Pine - Farmers State Bank	3	12-14-23	2-16-24	7-20-24				
	Deckerison - First State Bank	7	7-28-23	7-10-24					
	Monowi - Monowi State Bank	9	9-5-23	6-13-24					
	Perinton - Republican Valley Bank	18 1/2	11-17-23		6-2-25				
	Holdrege - Citizens State Bank	27	10-3-23		12-14-23				
	Naponee - Republican Valley Bank	17	2-8-24		7-1-25				
	Taylor - Old Gold Bank	17	2-26-24		7-19-25				
	Clear - State Bank	42-43	6-3-24						
	Harvard - Farmers & Merchants Bank	42	6-24-24 SK						
	Selby - American Bank	15 1/2	6-20-24 SK						
	Orchard - Orchard State Bank	15	8-9-24		11-23-25				
	Hastings - Bank of Commerce	15	9-29-24			1-6-26			
	Lynch - Security State Bank	16	10-19-24			2-1-26			
	Valentine - Valentine State Bank	16	11-11-24			3-16-26			
(over)	McLean - McLean State Bank	6	8-22-24		2-11-25				
Subtotal			6-11-24		9-21-25				
	Carroll - Citizens State Bank	2	3-20-25		5-21-25				
	Chadron - Citizens State Bank	4	3-9-25		7-17-25				
	Mary - Mary State Bank	1	6-6-25		7-9-25				
	Peru - Peru State Bank	6	5-11-25		11-6-25				
	Ralston - Citizens State Bank	12	2-4-25			1-28-26			
	Citizens - Farmers State Bank	10	6-18-25			4-19-26			
	Walbach - Farmers State Bank	16	2-11-25			6-9-26			
	Seneca - Seneca State Bank	14	5-12-25			7-17-26			
	Lyons - Citizens State Bank	16	4-10-25			8-12-26			
	Omaha - Security State Bank	18	3-14-25			9-9-26			
	Omaha - Commercial State Bank	19	5-5-25			12-1-26			
	Craig - Farmers State Bank	21	3-14-25			12-15-26			
	Silver Creek - Silver Creek SB	14	3-26-25				5-19-27		
	Bridgeport - Bridgeport Bank	28	5-16-25 SK				9-8-27		
	Elm - Pioneer SB	28	5-15-25 SK				10-3-27		
	Ewing - Ewing State Bank	28	5-22-25 SK				9-30-27		
	Pawnee City - Pawnee City First SB	33	2-9-25 SK				11-7-27		
	South Sioux City - Bank of South Sioux City	34	3-7-25 SK				12-24-27		
	Snyder - Snyder State Bank	34	3-20-25 SK				1-19-28		
	Berwinton - Mangold & Glindt Bank	33	5-4-25 SK				2-8-28		
	Clearwater - State Bank of Clearwater	32	5-2-25 SK				2-14-28		
	Yorkport - York County State Bank	33	6-24-25 SK				2-11-28		
	Wesley - Farmers State Bank	23 to 29	5-20-25 SK				5-23-27		
	McLean - McLean State Bank	3	6-11-25						

✓ These two banks entailed payment from the guaranty fund.

NOTE. The 1927 report of the Bureau of Banking, pp. XXVII-XXVIII, lists the banks operated by the Guaranty Fund Commission as of June 30, 1927, with the date taken over by the Commission. ^(57 banks) These banks are also included with operating banks for which asset and liability statements are given as of 6-30-27, with a notation "Operated by Guaranty Fund Commission". The 1925 report of the Bureau of Banking also includes ~~the~~ individual statements of banks operated by the Commission with similar notation, but no information on dates taken over. ^(33 banks) The checks in green for these dates are those listed in the State reports as operated by the Commission on 6-30-25 and 6-30-27 respectively. Of the 33 listed in the 1925 report three (Cenaly, Nickerson & Vandel) are given July dates for date taken over in the 1927 report.

The Report of House Sub-Committee on Guaranty Fund Commission (Legislature of Nebraska, 45th Session, 1929), pp. 16-17, lists the banks operated by the Commission as of Feb. 5, 1929 (without dates taken over) - 69 banks. These are also checked in green.

The block period checks for 6-30 and 12-31 of 1925, 1926, 1927, and 1928 indicate the banks listed in Rand McNally directories for the July and January. While these generally pertain to midyear and year-end dates, though some changes in July or January are also taken into account.

For cases with red check - after 4/5/29 - see back of p. 5 of this list

+ Bushnell

Re Edgworth & Nely. Report of Bureau of Banking shows receivers appointed as of the earlier dates, but records at the Department show these as dates of beginning of operation by Guaranty Fund Commission. It is assumed that the FR dates are the actual receivership dates. ~~It is assumed that the FR dates are the actual receivership dates.~~

Re Waverly, Pitts & Dix. For these also the earlier dates (though shown in the Bureau of Banking published report as receivership dates) appear to have been the dates of beginning of operation by Guaranty Fund Commission, and FR date is assumed to be actual receivership date.

Re McLean. FR date also taken to be date taken over by Guaranty Fund Commission.

NEBRASKA - Banks operated by Guaranty Fund Commission - page 2

		Number of months operated	Date taken over	Date placed in receivership					
				1924	1925	1926	1927	1928	1929
Anselmy	Farmer's State Bank	22	7-8-25	✓	✓	✓	✓	5-20-27	
Nebraska	Nebraska Valley Bank	2	7-18-25	✓	✓	✓	✓	9-21-25	
Royal	Royal State Bank	20	10-9-25				not listed	6-1-27	
Meadow Grove	Meadow Grove State Bank	27	11-24-25			✓	✓	✓	2-23-28
Verdel	Farmer's SB	31	11-27-25	✓	✓	✓	✓	✓	2-14-28
Ulysses	First Bank of Ulysses	29	9-14-25 SK		✓	✓	✓	✓	2-14-28
Thurston	Lebanon State Bank	29	9-29-25 SK		✓	✓	✓	✓	3-10-28
Brownville	Brownville SB	3	2-8-26			✓	✓	5-6-26	
Harvard	Union State B	.1	5-8-26			✓	✓	5-11-26	
Stratton	Citizens State Bank	.17	5-1-26			✓	✓	5-22-26	
Erison	Farmer's State B	12	1-25-26			✓	✓	2-2-27	
Bazile Mills	First State B	17	1-1-26			✓	✓	6-2-27	
Elba	Farmer's State B	12	6-1-26			✓	✓	6-6-27	
Omaha (Benson)	Bank of Benson	21	1-13-26 SK			✓	✓	10-21-27	
Fairfield	Farmer's Merchants B	26	1-4-26 SK			✓	✓	✓	3-2-28
Wahoo	Farmer's Merchants SB	25	2-24-26 SK			✓	✓	✓	3-13-28
Western	Western State Bank	25	2-27-26 SK			✓	✓	✓	3-26-28
Elgin	Elgin SB	23	6-1-26 SK			✓	✓	✓	4-16-28
Donnell	Donnell SB	22	5-19-26 SK			✓	✓	✓	3-26-28
Burns	Farmer SB	24	5-20-26 SK			✓	✓	✓	3-17-28
Bassett	State Bank of Bassett	25	2-26-26 SK			✓	✓	✓	3-17-28
Beldoni	Farmer's State Bank	24	3-15-26 SK			✓	✓	✓	3-17-28
Papillion	State Bank of Papillion	2	7-5-26			✓	✓	8-31-26	
Enola	Enola State Bank	15	11-15-26 SK			✓	✓	✓	2-2-28
Beltner	Citizens Bank	20	8-4-26 SK			✓	✓	✓	4-3-28
Ulysses	Farmer's Merchants Bank	18	8-3-26 SK			✓	✓	✓	4-3-28
Cornlea	Cornlea State Bank	18	10-7-26 SK			✓	✓	✓	4-5-28
Magnet	Magnet State Bank	18	10-5-26 SK			✓	✓	✓	4-13-28
Alton	Farmer's State Bank	18	11-4-26 SK			✓	✓	✓	4-4-28
Spring Park	Blue Valley SB	20	9-27-26 SK			✓	✓	✓	4-7-28
Oscar	Oscar Bank	15	8-14-26 SK			✓	✓	✓	2-11-28
Omaha	Commercial Exchange Bank	17	9-15-26 SK			✓	✓	✓	4-13-28
Cedar Rapids	S.S. Hadley Co.	17	11-4-26 SK			✓	✓	✓	4-25-28
York	Farmer's SB	17	11-5-26 SK			✓	✓	✓	5-11-28
Anselmy	State Bank of Anselmy	17	12-16-26 SK			✓	✓	✓	5-17-28
Belgrade	Bank of Belgrade	20	12-10-26 SK			✓	✓	✓	3-29-28
Humboldt	Nebraska State Bank		7-31-26 SK			✓	✓	✓	

OMIT - new

6-3-29

Re Humboldt - This may have been operated by Commission ^{for} a short time in the latter part of 1926 and early 1927. It ^{is} must have been returned to owners. Then taken over by Commission again in April 1929 (see page 5 of this list).

Re Analey, Mohrman, and Verdel. These are marked in the 1925 State report - above the statements as of June 30 - as operated by the Bureau of 7 and Commission. However, the report is dated 10/1/25 in the transmitted letter, and in the Verdel case the date taken over is given as 7/15 in the 1927 report. Therefore, the other two cases also shown with July dates in the work sheet giving dates from records in the State Department office are also to be tabulated as of those dates.

NEBRASKA - Banks operated by Guarantee Fund Commission - page 3

	Number months operating	Date taken over	Date placed in receivership					
			1924	1925	1926	1927	1928	1929
Jackson State Bank	2	2-27-27				4-27-27		
Jackson Jackson SB	21	1-17-27 SK				✓ 10-3-28		
North Platte State Valley SB	8	1-14-27 SK				✓ 4-7-27		
Superior State Bank of Superior	2	4-23-27 SK				✓ 7-7-27		
Harvard Nebraska State Bank	3	5-9-27 SK				✓ 7-28-27		
Lakeside Lakeside State B	2	6-3-27 SK				✓ 8-6-27		
Winetona Winetona SB	5 1/2	3-23-27 SK				✓ 4-4-27		
Dunbar Dunbar State Bank	13	4-4-27 SK				✓ 4-21-28		
Eagle Farmers SB	16	1-12-27 SK				✓ 5-5-28		
Petersburg Farmers SB	19	3-12-27 SK				✓ 10-13-28		
Petersburg Citizens State B	19	3-16-27 SK				✓ 10-13-28		
Oakdale Oakdale Bank	19	3-26-27 SK				✓ 10-22-28		
Oakdale Antelope County Bank	19	3-28-27				✓ 10-22-28		
Malcolm Malcolm State Bank	19	3-29-27 SK				✓ 10-24-28		
Donnebrook First SB	18	4-14-27 SK				✓ 11-20-28		
Hazard Farmers SB	17	6-18-27 SK				✓ 11-24-28		
Mount Clare Mount Clare SB	18	6-3-27 SK				✓ 11-27-28		
Gretna Farmers & Merchants Bank	18	6-8-27 SK				✓ 12-3-28		
Ypresville Farmers SB	17	6-23-27 SK				✓ 11-8-28		
Bennington Bennington SB	18	4-28-27 SK				✓ 4-20-29		
Burchard Bank of Burchard	29	5-4-27 SK						
Lincoln Citizens State Bank	17	7-12-27				✓ 12-10-28		
Scottsbluff American SB	12-18	not given record				✓ 1-8-29		
Tilden State Bank	17	7-8-27				✓ 12-5-28		
Boehma Farmers State Bank	17	7-13-27				✓ 12-18-28		
Stirling Farmers & Merchants B	18	7-25-27				✓ 1-17-29		
Winnetoon First State Bank	18	8-3-27				✓ 1-21-29		
Stram Stram SB	18	8-4-27				✓ 1-24-29		
Libdon The Commercial B	18	8-5-27				✓ 1-31-29		
Walbach State Bank of Walbach	18	8-11-27				✓ 2-23-29		
Vesta Vesta SB	18	8-16-27				✓ 2-13-29		
Broken Bow Custer SB	17	9-26-27				✓ 2-13-29		
Greeley Greeley SB	18	8-22-27				✓ 2-23-29		
Fairfield Citizens Bank	18	9-12-27				✓ 3-6-29		
Shelton Melaner SB	18	9-28-27				✓ 3-16-29		
Murphy First SB	17	10-28-27				✓ 3-26-29		
Blanchard Security SB	17 1/2	10-12-27				✓ 3-25-29		
Laurel State Bank of Laurel	15	12-28-27				✓ 4-6-29		
Wakefield Security State Bank	17	11-21-27				✓ 4-6-29		
Dixon Dixon State Bank	16	12-13-27				✓ 4-6-29		

✓ Re Lakeville. 1927 State report shows taken over by Commission 6-3-27 and reported by Commission as of 6-30-27. 1929 report shows in receivership 6-3-27. But FR date is Aug. 6, which is used here on assumption that date in 1929 report must be in error. Rand McNally shows closed 6-4-27.

Re Sterling. Shown in RM as taken over by Bankers' Department 7-25-27

NEBRASKA - Banks operated by Guarantee Fund Commission - page 4

		Number of months operated	Date Taken over	Date placed in receivership		
				1927 12/31	1928 6/30 12/31	1929 7/5
Altona	Farmers State Bank	12	Assume Jan 1928	✓	✓	✓ 1-8-29
Fullerton	Farmers SB	16	1-13-28	✓	✓	✓ 5-24-29
Greenwood	Farmers SB	17	1-11-28	✓	✓	✓ 5-27-29
Lindsay	Lindsay SB	16	1-17-28	✓	✓	✓ 5-24-29
Mitchell	Mitchell State Bank	17	1-9-28	✓	✓	✓ 5-31-29
North Bend	First SB	13	1-10-28	✓	✓	✓ 2-14-29
Plainsboro	Citizens State Bank	14	1-25-28	✓	✓	✓ 4-6-29
Scribner	Scribner SB	16	1-16-28	✓	✓	✓ 5-24-29
Thurston	Thurston SB	15	1-13-28	✓	✓	✓ 4-6-29
Paxton	Commercial State Bank	11	3-17-28		✓	✓ 2-25-29
Stockville	Frontier County Bank	10	5-1-28		✓	✓ 2-27-29
Johnston	The Citizens Bank	13	3-28-28		✓	✓ 4-27-29
Pewee	State Bank of Pewee	13	2-29-28		✓	✓ 3-18-29
Butte	Citizen SB	15	1-23-28	✓	✓	✓ 4-27-29
Dodge	Dodge SB	11	6-18-28		✓	✓ 5-24-29
Humphrey	Bank of Ottumwa & Humphrey	15 1/2	2-8-28		✓	✓ 5-24-29
St Edward	Farmers SB	12	5-24-28		✓	✓ 5-24-29
Genoa	Farmers SB	14	3-28-28		✓	✓ 5-24-29
Lyman	Lyman SB	13	4-24-28		✓	✓ 5-31-29
Bridgeport	Nebraska SB	12 1/2	5-17-28		✓	✓ 5-31-29
Bromley	Bromley SB	15	2-28-28		✓	✓ 6-1-29
Jackson	Bank of Dakota County	14	4-16-28		✓	✓ 6-4-29
Martinsburg	Martinsburg SB	13	5-3-28		✓	✓ 6-4-29
Republican City	Nebraska SB	12	6-18-28		✓	✓ 6-6-29
Wilmington	Farmers SB	13	5-15-28		✓	✓ 6-2-29
Poncha	Security &	13	5-3-28		✓	✓ 6-4-29
Pierce	Pierce SB	15	3-3-28		✓	✓ 6-4-29
Creighton	The Security Bank	12	5-22-28		✓	✓ 6-4-29
Oreston	Oreston SB	14	4-10-28		✓	✓ 6-7-29
Brady	Brady SB	14	4-13-28		✓	✓ 6-7-29
Maxwell	Maxwell SB	15	3-23-28		✓	✓ 6-7-29
Lamar	Lamar SB	13	4-28-28		✓	✓ 6-11-29
Champion	State Bank of Champion	14	4-19-28		✓	✓ 6-11-29
Madrid	Madrid Exchange Bank	15	3-21-28		✓	✓ 6-11-29
Donkman	Citizen SB	15	3-1-28		✓	✓ 6-11-29
Grant	Commercial Bank	15	Assume 4-18-28 (over)	✓	✓	✓ 6-11-29
Humboldt	State Bank of Humboldt	12	6-4-28		✓	✓ 5-23-29
Polina	Farmers Security SB	11	6-30-28		✓	✓ 5-23-29
Panama	Farmers SB	14	3-24-28		✓	✓ 5-27-29
Sector	Farmers SB	11-17	Assume in 1st half Date not in list		✓	✓ 6-6-29
Verano	Verano SB	5 1/2	4-24-28		✓	✓ 6-10-28

Re Altura - Worksheet (from list at Department) shows closing date 1-28-29 (later than receivership on 1-18) - and same is shown in RM Jan 1928, is assumed to have been in Jan 1928 (might be around latter half of 1927)

Re Grant Commercial Bank. ^(under same name 7/24/29) This bank is on FR list as suspended 7/13/28 and reopened. Not on list of receivership banks in the 1929 report of the Bureau of Banking, but is on list of banks reorganized in the 1931 report, pass, with the same closing and reopening dates as given by FR.

Re Venango. ^{as closed 4-24-28 and reopened 10-8-28, but not} On FR suspension ~~was on receivership list in 1929 report~~ Is listed as operating bank in State report as of June 30, 1927, 1929 and 1931. Is shown in 1929 State report as reorganized, with same closing and reopening dates as FR.

Grant + Venango - classified with suspended banks not entailing obligation with guaranty fund [along with 2 not taken over by Commission]

NEBRASKA - Banks operated by Guarantee Fund Commission - page 5

		Number of months operated	Date taken over	Date placed in receivership	
				1928 9/30	1929 1/31
Borne	Borne SB	10	7-16-28	✓	✓ 5-24-29
Cook Orchard	Bank of Cook Orchard	5 1/2	12-10-28	✓	✓ 5-23-29
Dardish	Farmers State B	8	9-23-28	✓	✓ 5-24-29
Clark	State Bank of Clark	6	11-19-28	✓	✓ 5-24-29
Kabston	Kabston SB	5	12-15-28	✓	✓ 5-27-29
Polk	Farmers SB	8	10-30-28	✓	✓ 6-28-29
Breslau	Breslau SB	10	7-24-28	✓	✓ 6-4-29
Martinsburg	Citizens SB	10	7-28-28	✓	✓ 6-4-29
Litchfield	State Bank of Litchfield	11	10-26-28	✓	✓ 6-7-29
Big Springs	American State Bank	8	10-17-28	✓	✓ 8-7-29
Hayler	State Bank of Hayler	6	12-5-28	✓	✓ 6-11-29
Granton	Perkins County SB	6	12-6-28	✓	✓ 6-11-29
Sagehen	Citizens SB	5	12-24-28	✓	✓ 5-28-29
Allen	Allen SB	6-12	Assume list 1/1/28 not in list in 1928	✓	✓ 6-22-29
Beemer	Beemer SB	5-11	Assume list 1/1/28 not in list in 1928	✓	✓ 6-4-29
Glenn	Community SB	5	not in 4 R. survey list not in 7 R. survey list not in state receiver list	✓	✓ 5-29-29
Plymouth	Farmers SB		omit		omit
Barton	Barton SB	6	1-7-29	✓	✓ 6-13-29
Gilead	State Bank of Gilead	4	1-26-29	✓	✓ 5-28-29
Ainsworth	Citizens State Bank	5	2-20-29	7 R. + state report closing date	Reported 7-26-29
Bloomfield	Farmers + Merchants SB	6	2-8-29	" "	Reported 8-10-29
Bloomfield	Nebraska SB	2	2-25-29	" "	Reported 5-18-29
Dalton	Farmers SB	4	3-9-29		6-26-29
Havens	State Bank of Havens	3	3-7-29		5-24-29
Humboldt	Nebraska State Bank	1	4-25-29		6-3-29
Lyman	Lyman State Bank	3	2-28-29		6-13-29
Lyman	Lyman State Bank	OMIT	Dist of Department shows 4-24-28 (see page 4)		
Mason City	Mason City Banking Co.	1 1/2	4-29-29	7 R. + state report closing date	Reported 6-14-29
Minatare	State Bank of Minatare	5	Assume list 1/1/28 not shown in list		5-31-29
Kearney	Farmers SB	2	3-27-29	7 R. + state report closing date	Reported 5-24-29
Surprise	State Bank of Surprise	2 1/2	3-11-29	" "	Reported 5-28-29
Stromberg	Farmers State Bank	2	4-12-29		5-28-29
Sutton	Sutton State Bank	2	4-8-29	7 R. + state report closing date	Reported 5-31-29

note re
Glenn
& report
only

Re Glenrock. Rand McNally (July 1929 edition) lists as Receiver appointed May 23, 1929. But this bank tabulated with the 7 reported as not involving obligation on the guaranty fund I along with 26 not taken over by Commission

Re banks with red check. These are on a typed list from the FH Division of Bank Operations dated June 20, 1929, as banks not closed in Jan. 1929 Rm as being operated by the Guaranty Fund Commission but taken over by the Commission after that time and later reported as suspended (turned over to Dept. of Trade & Commerce). These banks are also not on the House Sub-Committee list as operated by Commission on Feb. 5, 1929.

all taken over
as of 5-17-29.



No. T5210 WIRE BOUND
No. 5210 PADDED

Nebraska -- Frequency distribution -- Number of months banks operated by Guarantee Fund Commission

Page Number of Bank										
		Page 1-44	Page 2-36	Page 3-40	Page 4-41	Page 5-31	Total			
1	44	Less than 6 months	|||||	|||||	i	|||||	38			1
2	36	6-11	|||||	i	|||||	|||||	24			2
3	40	12-17	|||||	|||||	|||||	|||||	71			3
4	41	18-23	|||||	|||||	|||||	|||||	35			4
5	31	24-29	|||||	|||||	i		15			5
6	192	30-35	|||||	i			7			6
7		36-41					-			7
8		42-47	ii				2			8
9							192			9
10										10
11										11
12										12
13										13
14										14
15										15
16										16
17										17
18										18
19										19
20										20
21										21
22										22
23										23
24										24
25										25
26										26
27										27
28										28
29										29

NEBRASKA - Banks closed because of financial difficulties,
 1923-1929 and placed directly in receivership, or reorganized,
 without being taken over by Guaranty Fund Commission - over
 and (see page 2) operated by Commission and reorganized with no draft on guaranty fund

Year and Location	Deposits (FR schedule)	Year and Location	Deposits (FR schedule)
1923 Receiverships (incl. reorganized with fund obligation) (12 banks)		1926 Receiverships (7 banks) (include taken over)	
Creston	259,519	Randolph	230,998
Maxwell	163,169	Bostwick	133,643
Henry	98,258	Santee	11,548
Elma	93,912	Ord	45,905.2
Kearney	258,151	Richfield	109,829
Waynesdale	14,409	Cryston	60,035
McCook	300,483	Sudewater	19,301
Burdett	164,032		1,024,406
Dixon	35,697		
Overstock	101,650		
Royal	78,179	1927 Receiverships (1 bank)	
Springview	6,665	Angus	43,122
	1,574,124		

1924 Receiverships (incl. taken over with fund obligation) (7 banks)	
Tram	35,648
Thedford	91,949
McNew	75,285
Bartley	43,478
Clinton	100,045
Crawford	134,514
Greenhall	45,000
	525,919

1924 taken over (no fund obligation)	
Collegewill	197,519

1925 Receiverships (8 banks)	
Ames	22,568
Angora	59,790
Adams	69,609
Hopewell	516,799
Delph - Delph St	276,352
Stallion	181,816
Blomfield	879,882
Derby	51,210
	2,058,026

1928 Reorganized (no fund obligation)	
Meadow Grove	22,523
Chioma Security Bank	152,000
2 Commission created (1912)	381,503
Total - 4 banks	447,969
1929 Receiverships (37 banks)	
Nacora	113,074
Stella	76,988
Hardock	154,088
Human Grove Farmers St	258,970
Auburn	377,035
Human Grove Human Grove St	275,360
Enetta	68,160
Edvidere	170,827
Richfield	123,981
Chapman	95,988
Julian	83,103
Valparaiso	100,304
Edgemo	55,532
Welford	221,235
Marion	67,590
Kearney	377,293
Sprague	54,588
Polk	160,867
Scotchbluff	334,844
Ona	123,173

Note.

These are the banks tabulated as receiverships in the negative
years on large worksheets - other than those placed on the list
of banks operated by the Guaranty Fund Commission.

NEBRASKA - Banks closed because of financial difficulties, 1923-1929, (page 2)
and placed in receivership or reorganized, without operation by the
Guaranty Fund Commission and operated by Commission and reorganized
with no obligation on fund

Year and
Location Deposits
(FR schedule)

1929 Receiverships - continued

Ashton	198137
Tamora	63995
Bethany (Lincoln)	164676
Chadron	514841
Cody	234207
Lucas	90691
Belgrade	156939
Loup City	272986
Lincoln	85513
Stanton	164986
Wadsworth	117616
Omaha	150895
Ashland	192429
Bayard	292229
Odell	97747
Hallam	122851
Allamore	781989
	<u>6,995,727</u>

1929 Reopened (no fund obligation) - 26 banks

Emery	59128
Morse	167908
Shelby	258197
Elgin	299882
Kenard	112465
Bozard	639710
Sutton Sutton SB	287117
Bozard Bozard SB	95769
Bertrand	308001
Abie	129168
Lexington	652233
St. Libory	194573
Kearney	499091
Walbach	279208
Brunswick	219237
Collegeview (Lincoln)	195277
Edison	230748
Charles	183769
Eagle	220991

Year and
Location Deposit
(FR schedule)

1929 Reopened (no fund obligation) cont.

Delight	384685
Clearwater	141218
York	773438
Canro - Farmers SB	174270
Canro - Canro SB	145829
Harrison	341197
Bellevue	181593
	<u>7,176,902</u>
8 Commission operated see below	<u>1879,922</u>
Total 34 banks	<u>9,056,824</u>

Banks operated by Commission
and reopened without establishing
preferred claims and therefore with
no obligation on guaranty fund

Deposits
(FR schedule)

1928

Grant	279020
Verango	162949
	<u>441,969</u>

1929

Bloomfield FM	320819
Ainsworth	201554
Bloomfield Neb SB	599414
Surprise	106152
Radiell	125445
Sutton City SB	223077
Mason City	291513
Blumrock	11948
	<u>1,879,922</u>

✓ No information in Department records
re deposits at time taken over by
Commission.

LIST OF NEBRASKA BANKS OPERATING UNDER "GUARANTY FUND COMMISSION" AT THE
BEGINNING OF THE YEAR 1929 - Rand McNally Bankers' Directory
January 1929

*Operated on
Feb. 5, 1929
List in House
Sub Committee
Report*

City

Name of Bank

Date of Suspension

✓ Allen ✓	Allen State Bank	5-2-29
✓ *Altona	Farmers State Bank	1-18-29 ✓
✓ Beemer ✓	Beemer State Bank	5- 2-29
✓ Benkelman ✓	Citizens State Bank	5- 2-29
✓ Big Spring ✓	American State Bank	5- 2-29
✓ Bloomington ✓	Farmers State Bank	5- 2-29
✓ Boone ✓	Boone State Bank	5- 2-29
✓ Bradish ✓	Farmers State Bank	5- 2-29
✓ Brady ✓	Brady State Bank	5- 2-29
✓ Breslau ✓	Breslau State Bank	5- 2-29
✓ Bridgeport ✓	Nebraska State Bank	5- 2-29
✓ *Broken Bow ✓	Custer State Bank	2-13-29
✓ Brownlee ✓	Brownlee State Bank	5- 2-29
✓ Burton ✓	Burton State Bank	5- 2-29
✓ *Burchard ✓	Bank of Burchard	5- 2-29
✓ Butte ✓	Citizens State Bank	5- 2-29
✓ Champion ✓	State Bank of Champion	5- 2-29
✓ Clarks ✓	State Bank of Clarks	5- 2-29
✓ Crab Orchard ✓	Bank of Crab Orchard	5- 2-29
✓ Creighton ✓	Security Bank	5- 2-29
✓ Deweese ✓	State Bank of Deweese	3-18-29
✓ *Dixon ✓	Dixon State Bank	5- 2-29
✓ Dodge ✓	Dodge State Bank	5- 2-29
✓ *Fairfield ✓	Citizens Bank	3- 6-29
✓ *Fullerton ✓	Farmers State Bank	5- 2-29
✓ Genoa ✓	Farmers State Bank	5- 2-29
✓ *Gibbon ✓	Commercial Bank	1-30-29 ✓
✓ Gilead ✓	State Bank of Gilead	5- 2-29
✓ **Glenrock ✓	Community State Bank	
✓ Grainton ✓	Perkins County State Bank	5- 2-29
✓ Grant ✓	Commercial Bank	5- 2-29
✓ *Greeley ✓	Greeley State Bank	3- 2-29
✓ *Greenwood ✓	Farmers State Bank	5- 2-29
✓ Haigler ✓	State Bank of Haigler	5- 2-29
✓ Humboldt ✓	State Bank of Humboldt	5- 2-29
✓ Humphrey ✓	Bank of Otis and Murphy	5- 2-29
✓ Jackson ✓	Bank of Dakota County	5- 2-29
✓ Johnstown ✓	Citizens Bank	5- 2-29
✓ Lamar ✓	Lamar State Bank	5- 2-29

<u>City</u>	<u>Name of Bank</u>	<u>Date of suspension</u>
✓ *Laurel ✓	State Bank of Laurel	5- 2-29
✓ Litchfield ✓	State Bank of Litchfield	5- 2-29
✓ #Madrid ✓	Madrid Exchange Bank	
✓ *Malcolm	Malcolm State Bank	10-24-28 —
✓ Martinsburg ✓	Citizens State Bank	5- 2-29
✓ Martinsburg ✓	Martinsburg State Bank	5- 2-29
✓ Maxwell ✓	Maxwell State Bank	5- 2-29
✓ *Mitchell ✓	Mitchell State Bank	5- 2-29
✓ *North Bend ✓	First State Bank	2- 4-29
✓ Overton ✓	Overton State Bank	5- 2-29
✓ Panama ✓	Farmers State Bank	5- 2-29
✓ Paxton ✓	Commercial State Bank	2-22-29
✓ Pierce ✓	Pierce State Bank	5-2-29
✓ *Plainview ✓	Citizens State Bank	5-2-29
✓ *Plainview ✓	Security State Bank	3-25-29
✓ #Plymouth	Farmers State Bank	
✓ Polk ✓	Farmers State Bank	5- 2-29
✓ Ponca ✓	Security Bank	5- 2-29
✓ Ralston ✓	Ralston State Bank	5- 2-29
✓ Republican City ✓	Nebraska State Bank	5- 2-29
✓ Rohrs ✓	Farmers Security State Bk.	5- 2-29
✓ Scotia ✓	Farmers State Bank	5- 2-29
✓ *Scribner ✓	Scribner State Bank	5- 2-29
✓ *Shelton ✓	Meisner State Bank	3-16-29
✓ St. Edward ✓	Farmers State Bank	5- 2-29
✓ Stockville ✓	Frontier County Bank	2-27-29
✓ *Strang	Strang State Bank	1-22-29 ✓
✓ Superior ✓	Citizens State Bank	5- 2-29
✓ *Thurston ✓	Thurston State Bank	5- 2-29
✓ *Vesta ✓	Vesta State Bank	2-12-29
✓ *Wakefield ✓	Security State Bank	5- 2-29
✓ *Winnetoon ✓	First State Bank	1-23-29 ✓
✓ *Wolbach ✓	State Bank of Wolbach	3- 2-29

Ben August 2-5-29
Lindsay
Lynn
Ampley

Reading State Bank
Lynn State Bank
First

*Shown also in 1928 directory as operating under G. F. Comm.
 ** Gone into voluntary liquidation according to July 1928 directory.
 #Not yet reported as closed or suspended or transferred by G. F.
 Comm. to State Banking Department.

DIVISION OF BANK OPERATIONS
 June 20, 1929

LIST OF NEBRASKA BANKS OPERATING UNDER "GUARANTY FUND COMMISSION" AT
THE BEGINNING OF THE YEAR 1928 - Rand McNally Banker's Directory,
January 1928

<u>City</u>	<u>Name of Bank</u>	<u>Date of Suspension</u>
*Altona ✓	Farmers State Bank	1-18-29
Ansley ✓	State Bank of Ansley	5-26-28
Bassett ✓	State Bank of Bassett	3- 5-28
Belden ✓	Farmers State Bank	3-10-28
Belgrade ✓	Bank of Belgrade	3-29-28
Bennington ✓	Bennington State Bank	11- 2-28
Bennington ✓	Mangold & Glandt Bank	1-25-28
Boelus ✓	Farmers State Bank	12-18-28
*Broken Bow ✓	Custer State Bank	2-13-29
Brunswick ✓	Farmers State Bank	3- 3-28
*Burchard ✓	Bank of Burchard	5- 2-29
Cedar Rapids ✓	S. S. Hadley Co. Bankers	4-25-28
Clearwater ✓	State Bank of Clearwater	2-14-28
Cornlea ✓	Cornlea State Bank	4- 4-28
Crofton ✓	Farmers State Bank	4-13-28
Danneborg ✓	Danneborg State Bank	3-20-28
Danneborg ✓	First State Bank	10-24-28
*Dixon ✓	Dixon State Bank	5- 2-29
Doniphan ✓	Commercial Exchange Bank	4-13-28
Dunbar ✓	Dunbar State Bank	4-30-28
Eagle ✓	Farmers State Bank	4-30-28
Elgin ✓	Elgin State Bank	3-27-28
Enola ✓	Enola State Bank	3-10-28
*Fairfield ✓	Citizens Bank	3- 6-29
Fairfield ✓	Farmers & Merchants Bank	3- 2-28
*Fullerton ✓	Farmers State Bank	5- 2-29
Geneva ✓	Citizens State Bank	12-15-28
*Gibbon ✓	Commercial Bank	1-30-29
Giltner ✓	Citizens Bank	3-29-28
*Greeley ✓	Greeley State Bank	3- 2-29
*Greenwood ✓	Farmers State Bank	5- 2-29
Gretna ✓	Farmers & Merchants Bank	11-11-28
Hazard ✓	Farmers State Bank	11-19-28
Jackson ✓	Jackson State Bank	10- 3-28
*Laurel ✓	State Bank of Laurel	5- 2-29
#Lindsay ✓	Lindsay State Bank	5- 2-29
Magnet ✓	Magnet State Bank	4-13-28
*Malcolm ✓	Malcolm State Bank	10-24-28
Meadow Grove ✓	Meadow Grove State Bank	2-22-28
*Mitchell ✓	Mitchell State Bank	5- 2-29
Mount Clare ✓	Mount Clare State Bank	11-24-28
#Murphy ✓	First State Bank	3-26-29
Newcastle ✓	Farmers State Bank	12- 5-28

<u>City</u>	<u>Name of Bank</u>	<u>Date of Suspension</u>
Newport ✓	Rock County State Bank	1-18-28
*North Bend ✓	First State Bank	2- 4-29
Oakdale ✓	Antelope County Bank	10-22-28
Oakdale ✓	Oakdale Bank	10-22-28
Osceola ✓	Osceola Bank	3-11-28
Petersburg ✓	Citizens State Bank	10-13-28
Petersburg ✓	Farmers State Bank	10-13-28
*Plainview ✓	Citizens State Bank	5- 2-29
*Plainview ✓	Security State Bank	3-25-29
#Scottsbluff ✓	American State Bank	1- 8-29
*Scribner ✓	Scribner State Bank	5- 2-29
*Shelton ✓	Meisner State Bank	5-16-29
Springranch ✓	Blue Valley State Bank	4- 7-28
#Sterling ✓	Farmers & Merchants Bank	1-17-29
*Strang ✓	Strang State Bank	1-22-29
Thurston ✓	Liberty State Bank	3- 6-28
*Thurston ✓	Thurston State Bank	5- 2-29
Tilden ✓	State Bank	12- 5-28
Ulysses ✓	Farmers & Merchants Bank	4- 3-28
Ulysses ✓	First Bank of Ulysses	3-13-28
Verdel ✓	Farmers State Bank	2-20-28
*Vesta ✓	Vesta State Bank	2-12-29
Wahoo ✓	Far. & Mer. State Bank	3-15-28
*Wakefield ✓	Security State Bank	5- 2-29
Western ✓	Western State Bank	3-20-28
*Winnetoon ✓	First State Bank	1-23-29
*Wolbach ✓	State Bank of Wolbach	3- 2-29
York ✓	Farmers State Bank	5-11-28

*Shown also in January 1929 directory as operating under G. F. Comm.

#Shown in January 1929 directory as "closed".

subsequent to 1-1-29

Remaining 44 banks - operate under G. F. Comm. 1-1-28 but not 1-1-29 are shown above as suspended in 1928.

DIVISION OF BANK OPERATIONS

June 20, 1929

Nebraska State banks which were not shown in January 1929 Rand McNally Banker's Directory as being operated by Guaranty Fund Commission, but which were taken over by the Commission after that time and were later reported as suspended (turned over to the Dept. of Trade and Commerce for liquidation through receivership)

<u>City</u>	<u>Name of Bank</u>	<u>Date of Suspension</u>
Ainsworth	Citizens State Bank	5-2-29
Bloomfield	Far. & Mer." "	5-2-29
Bloomfield	Nebraska " "	5-2-29
Dalton	Farmers " "	5-2-29
Havens	State Bank of Havens	5-2-29
Humboldt	Nebraska State Bank	5-2-29
Inman	Inman State Bank	5-2-29
Lyman	Lyman State Bank	5-2-29
Mason City	Mason City Banking Co.	5-2-29
Minatare	State Bank of Minatare	5-2-29
Raeville	Farmers State Bank	5-2-29
Surprise	State Bank of Surprise	5-2-29
Stromberg	Farmers State Bank	5-2-29
Sutton	City State Bank	5-2-29

DIVISION OF BANK OPERATIONS
June 20, 1929.

NUMBER OF FAILED BANKS IN NEBRASKA

Year ended June 30	Report of House Sub Committee 1929	From Federal Reserve Committee list adjusted	Liabilities House Sub Committee	Deposits FR Committee
1914	1	1	1	
1916	1	1	1	
1920	3		3	
1921	16	2+14	16	
1922	18	12+9	21	
1923	23	14+6	20	
1924	25	10+11	21	
1925	35	3+9	12	
1926	29	11+12	23	
1927	40	11+9	20	
1928	62	13+33	46	
July 1-1928 to Jan 1, 1929	16	17	17	
Jan 1 to Feb 5, 1929	4	8	8	
Total to Feb 5 1929	273	209		
Less concerns	69			
Total, excluding those operated by Commission	204	209		

NEBRASKA - Deposits in national banks

Jan 31, 1910
222 banks

803703
3684865
127569
8294
23132
49774518
22000
18017

1536077
1892723
91440
5
4449919
43752
8222

10452737
7291539
177080
1101
24755529
429110
540031

2613313
1911393
100092
416
4944173
2000

Jan 7, 1911
237 banks

488991
2426882
105744
7266
48483
48545001
40909
20979

1201398
1390442
105463
204
4388802
32890
15321

8360186
5203300
82431
6233
25932824
626407
320186

2097496
1650593
69925
825
4809324
2000

10792505

Dec 31, 1911
247 banks

625668
3355756
167559
457
2084
52247163
43786
63358

1330641
1793713
208305
312
4310664
35278
23180

10875521
6758908
250929
426
26521244
555616
440284

2360415
1766229
12497
15
5949994
1000

113701002

Jan 4, 1913
241 banks

587855
3234931
236730
30941
31853
53460823
45821
363

1142982
1687298
111718
718
4922624
50278
3539

10825781
7002390
169385
869
27176129
944763
51011

2385204
1909792
76535
122
6305193
1000

122396655

115703750

Jan 10, 1914 - 237 banks

510728
2743312
204323
8636
45878
52707395
117413
73651
34198

10023387
6249229
219232
10784
28171513
1138928
186178
231886

2107917
1897830
109797
560
6637507
120338
20934

1052551
1649641
91063
807
4474496
108358
18939
11457

120978873

Dec 31, 1914
218 banks

41278
4257205
86866
30360560
19436888
3456174
31562
4508289
261707

16834414
27715
23203516
4122585
751
3674721
42477
4121696
1515816

115984280

Dec 31, 1915
204 banks

7532
14
3963
74
31646
20190
8
3250
32
5388
152
4

24270
110
31377
5829
75

133914
-7532
126382

NEBRASKA - deposits in national banks

Dec 27, 1916

192 banks

8277
8
38702
25785
1
6973
6745
104
45296
70
38288
6814
77

177145H

Dec 29, 1920

187 banks

502
3670
59
558
41724
33854
42
4
871
3253
10
141
7298
872
16
10718
13675
283
1066
46948
11086
386
9

177046H

Dec 31, 1917

190 banks

17
902
7179
48938
32195
603
3
1494
4344
7819
625
428

17247
21798
43238
6533
2288
82

195733H

Dec 31, 1921

184 banks

462
3769
41
679
36869
29462
46
5
809
3317
7
273
8114
694
9
10073
16767
313
802
46804
11532
310
6

171153H

Dec 31, 1918

191 banks

795
7388
52510
33713
871
2
1420
4490
7362
686
338

23494
23670
50769
6224
3932
62

217886H

Dec 29, 1922

182 banks

664
4783
23
702
40880
31318
214
2
1430
4686
36
105
8319
1033
118
12556
19303
321
1448
55443
10956
881
17

195238H

Dec 31, 1919

189 banks

653
6155
55
926
58073
36877
205
6

1460
4301
15
383
9096
929
97

18032
23016
521
2739
60275
7916
2707
5

234432H

Dec 31, 1923

180 banks

430
4087
34
635
38812
35343
51
4
1271
3939
26
187
10203
3824
31
10691
16198
147
1272
42131
13705
204
10

190235H

NEBRASKA - deposits in national banks			
Dec. 31, 1924 173 banks	Dec. 31, 1925 169 banks	Dec. 31, 1926 160 banks	Dec. 31, 1927 157 banks
1	610	585	555
639	4964	4088	4474
6214	26	66	35
84	575	611	703
730	40661	39339	52
40299	34681	33920	39571
34849	117	72	33115
57	8	1	88
1			3
2255	1785	1595	1676
6648	5345	4960	5746
30	40	33	28
143	190	125	158
11034	12114	11274	36
3720	3977	4076	11464
22	67	51	4062
6	10	10	17
17077	13953	13458	7
22896	20233	17665	12366
169	113	256	20032
1699	1289	1133	107
52187	52916	49325	890
12222	11192	12607	72
437	854	280	49625
9	30	8	13827
			1057
			9
213368	205744	194538	199775
Dec. 31, 1928 156 banks	Dec. 31, 1929 157 banks		
5,021	84454:		
43,595	28,131:		
34,306	102,607:		
200	:		
83,222	215,192		
83,222:	:		
23,460:	:		
102,504:	:		
209,086	:		

WINCOLN

Continental
Bank
6-30-29

Continental
State
12-31-28

Harbine
State

Capitals	419,590	450,500	163,500
Deposits	5,593,250	3,804,970	2,208,000
Other	11,500	1000	—

450,500
163,500

613,500
419,590

193,910

FRANKFORD

First
National

First
Nat
12-31-29

Harbine
Bank

Capitals	199,680	169,300	210,000
Deposits	1,968,730	1,921,320	2,254,000
Other	120,410	153,910	—

NOTE. These figures indicate that the Harbine Bank was in bad condition. Capital deposits of the absorbing bank were affected hardly at all, though it was the only remaining bank in the town.

Dec 14 1493 in Jan 1921

Banks larger than Security State

1929		
5188	State Bank Omaha	6492
	- Failed Aug 10, 1931	
2314	Union State Bank, Omaha	1966
	- Failed Aug 14, 1931	
2389	Harbison Bank Fairbury	2274
	Consolidated with First National Bank June 6, 1930	
	Continental State Bank Lincoln	3261
	Same Continental National Bank (Pres & June 30) 1929	
	Nebraska State Bank Lincoln	2282
	Consolidated with Continental State Bank 1929	
2391	Nebraska State Bank Norfolk	2143
	- Failed Aug 7, 1930	

Out by 6-30-29
What happened to it 1931

TABLE--

State
Suspended BANKS IN Nebraska

GROUPED BY AMOUNT OF DEPOSITS

	19 14	19 16	19 20	19 21	19 22	19 23	19 24	19 25	19 26	19 27	19 28	19 29	19 30	Total 1921-1929	Total 1924-1930
NUMBER OF BANKS -- total	1	1	5	28	23	15	14	20	12	22	19	24	8	344	351
Grouped by amount of deposits															
100 000 to or less			2	7	7	6	6	6	7	5	11	45	1	101	103
100 000 to 250 000	1	1	2	11	9	5	8	6	7	7	32	65	6	152	162
250 000 to 500 000				6	6	3		5	4	7	5	31	1	68	69
500 000 to 1 000 000			1	2	1	1		3	2	3	1	7		21	21
1 000 000 to 2 000 000									1					1	1
2 000 000 to 5 000 000															
5 000 000 and over.															
DEPOSITS -- total	122	111	1121	6090	4955	2417	1744	5155	5849	5629	7550	24128	1328	69517	72199
Grouped by amount of deposits															
100 000 or less			117	492	470	327	391	381	284	350	778	2842	72	6315	6504
100 000 to 250 000	122	111	438	1711	1650	701	1353	953	1059	1156	548	10634	955	25028	26271
250 000 to 500 000				1922	1915	818		1635	1110	2442	1589	10582	301	22976	23277
500 000 to 1 000 000			566	1578	920	571		2186	1300	1681	603	4843		13682	14248
1 000 000 to 2 000 000									1516					1516	1516
2 000 000 to 5 000 000															
5 000 000 and over.															

Nebraska. ^{State}
Suspended Banks in Nebraska 1914-1930.

By years.
By amount of deposit.

Source: 1914-1920- 1921- 1930- Federal Reserve

List of other causes of bank failures reported on Nebraska State bank schedules collected by Federal Reserve Committee on Branch, Group and Chain Banking

Items written in under "other causes" or (if marked D) failure of other dollar		Tally - marked for each case	
		Principal cause of failure	Contributing cause of failure
✓ Lack supervision by Bureau of Banking or lax enforcement of State Banking Laws	11	### ### ### ### ### ### ###	11
✓ Inadequate operating income, or insufficient operating income	1	### ###	1
✓ Decline in value of farm products, or Deflation of agricultural prices	### ### ### ###	11	### ### ### ### ### ###
✓ Misuse of bank funds, or Improper use of bank funds	### ### ### ### ###	11	### ###
✓ Overlending, or excess loans			### ### ### ###
✓ General deflation or general depression	### ### ### ### ###	111	### ### ###
✓ Violation of State Bank Laws			111
✓ Failure of another bank in same town	1		1
✓ Cost of operation excessive operating cost			11
✓ Cash reserve exhausted	11		
✓ Lack of business opportunities for bank business } Too small business to be profitable }	### ### ### ###	1	1111
✓ Depressed livestock values } Depreciation in value of wheat } Deflation of wheat prices }	1		11
✓ Officers' irregularities, or improper transactions by cashier			11
✓ Idle gossip	1		1
✓ Excessive and illegal loans			1
✓ D - Failure of another bank } D - Colonial Bank & Trust Co }	1		
✓ Excessive real estate holdings			1
✓ Long term loans on real estate	1		
✓ Death of President	1		
✓ Accommodation loans	1		
✓ Inside bank robbery	1		
✓ Dishonesty of financial management			1
✓ Loans to stockholders + relatives			1
✓ Loans made out of banks treasury			1

34
*86

Table 8. CAUSES OF SUBPENSIONS OF STATE BANKS
1921-1930 AS REPORTED ON SCHEDULES PREPARED BY
SECRETARY OF TRADE AND COMMERCE IN NEBRASKA FOR
THE FEDERAL RESERVE COMMITTEE ON BRANCH, GROUP,
AND CHAIN BANKING

	Primary Cause	Contributing Cause
<u>Total number of suspensions, 1921-1930</u>	<u>380</u>	
Dishonesty of officers or employees:		
✓ Defalcation	38	13
Excessive loans to management and collapse of speculative booms:	0	0
Regional economic disaster or adverse conditions in specific industries:		
✓ Losses due to unforeseen agricultural or industrial disaster, such as flood, drought drought, boll weevil, etc.	4	36
✓ Decline in real estate values	30	143
Managerial incompetence, inadequate earnings, and excessive competition:		
✓ Incompetent management	264	40
✓ Insufficient diversification	16	14
Causes not readily classified above:		
✓ Heavy withdrawals	40	27
✓ Failure of affiliated institutions or correspondent	10	4
Other causes	113	144

NOTE. The schedules should be known again
from Federal Reserve and a table prepared similar
to the one in the Kansas report.

Table 8. CAUSES OF BANK FAILURES IN NEBRASKA, 1921-1930, REPORTED ON SCHEDULES PREPARED FOR THE ~~COMMITTEES~~ FEDERAL RESERVE COMMITTEE ON BRANCH, GROUP AND CHAIN BANKING

Item ¹¹	Number of cases	
	Primary cause	Contributing cause
<u>Dishonesty of officers - total</u>	<u>39</u>	<u>17</u>
Defalcation	38	13
Officer's irregularities or shortages	..	3
Inside bank robbery	1	..
Dishonesty of former management	..	1
<u>Misuse of bank funds, excessive loans, irregularities - total</u>	<u>29</u>	<u>37</u>
Misuse or misapplication of bank funds	27	11
Excess loans, or overloaning	..	21
Violation of State banking laws	..	3
Excessive and illegal loans	..	1
Loans to stockholders and relatives	..	1
Failure of large debtor	2	..
<u>Reversal of prosperous conditions, decline in values - total</u>	<u>85</u>	<u>227</u>
Unforeseen agricultural or industrial disaster, such as flood, drought, etc	4	36
Decline in value of farm products, or deflation of agricultural prices	22 23	28 32
Decline in grain prices, or in livestock values	1	4
Excessive real estate holdings	28	16
General deflation, or general depression	30	143
Decline in real estate values	30	143
<u>Incompetent or poor management - total</u>	<u>281</u>	<u>57</u>
Excessive operating cost	..	2
Incompetent management	264	40
Insufficient diversification	16	14
Long-term loans on real estate	1	..
<u>Other causes - total</u>	<u>91</u>	<u>96</u>
Heavy withdrawals ^{other banking}	40	27
Failure of affiliated institutions or correspondent	11	4
Failure of another bank in same town	10	4
Failure of another bank in same town	1	..
Merger with another bank	..	1
Insufficient operating income	1	11
Depletion of cash reserve	2	..
Lack of business	21	4
Idle gossip	1	..
Death of President	2	..
Accommodation loans	1	..
Loans made out of bank's territory	..	1
Law enforcement of State banking laws	2	37
Miscellaneous	6	3

11 Typist Same as footnote to similar Table (Table 9) in Kansas report, Page 44

IX. Statistical data -
operation of fund

NEBRASKA

After census made in May 1957 of
 tables for Annual Report — one possible
 census still remains.

This is to assume the entire 57% dividend
 paid by receiver in Basil's case from guaranty
 fund instead of 47% from assets
 10% for fund.

If revised figure for loss to fund comes out
 less than assessments perhaps make
 this change

But in union & expense table the ^{estimated} interest
 in Royal + Bazille Mills should be added

40437
1603
<hr/> 42040

This presents adjusting with 1957 fund estimate of
 payments from fund come out larger than receipts

+ 444.15
 (w/2)

NEBRASKA

Guaranty fund payments to three banks participating in the final distribution of the fund in 1934

Estimated total payment by fund (from data below)

82236
Rogal
Rogal State Bank
(Paid in full with interest at 7% in 1934)

301880
Bazile Mills
First State Bank
(Paid in full with interest at 7% in 1934)

21462
Fossali
Famous State Bank
(Paid in part in 1934)

Total preferred claims (FR Committee schedules)

Paid directly from assets (estimated from schedule data)

Paid by guaranty fund to 6-30-30 (FR schedules)

Balance unpaid 6-30-30 (FR Committee schedules)

Assumed paid on principal in 1934 (Rogal)

Total paid in 1934 (Rogal) (Northwestern Bank Aug. 1934)

Estimated interest (excess over balance 6-30-30)

Interest as % of principal amount

Paid on principal in 1934
Bazile Mills (Northwestern Bank Aug 1934)

Estimated interest - at 3 1/2%
" total payment Bazile Mills

Total balance in fund to be paid in three banks
(Northwestern Bank Aug 1934)

Paid in Rogal & Bazile Mills

Balance assumed paid on principal in Fossali

84282

2046

6739

75497

75497

115934

40437

34.88%

325,547

21476

297285

6786

4595

1603

6198

119917

108

19585.40

110224

115934
6198
122132

2191
21476
23667
23667 payment from bank

Balance 2191
Should this be assumed paid between 1930 and 1934 by fund or bank?

98348
Assumed loss to depositors
1) Fossali bank

Total dividends from Dept record 8375F (= the 9585 above) and 57% of 35% which amounts to 4197

So probably assume as follows in Rosalie
Balance unpaid 6-30-30 (FR schedule - over)

110,224 (see below)

Divided by bank receiver between 6-30-30 and
1934 (57% total in Dept schedule - red figure
in our worksheet - less 10% assumed to
have been from final settlement of
guaranty fund), assumed to be 47%

56,361
53,862
11,876
41,987

Final payment from liquidation dividend of
guaranty fund - estimated over
Loss to depositors (preferred claims) →
" " " " @ 35% 119,917 - 41,971

The 47% above 56,361
Plus early payment demands 107
Total from assets
directly + deposits 56,468

Re balance - This figure of 110,224 is also given in the Northwestern
Bankers as the balance unpaid in 1934 toward which the remainder
of the fund (after paying depositors of the Royal and Bazile Mills banks)
was to be applied. This would suggest either (1) that the
entire 57% receivers divided came from the fund at the final
settlement, or (2) that ~~the portion from liquidation assets was~~
not received until a subsequent date. If the former, ~~the most~~ ^{most} of
(incl about 47%) could not have come from balance distributed in 1934,
for only 48,074 remained for the Bazile Mills & Rosalie cases,
with Bazile Mills taking at least a third of this. ~~Perhaps the~~
fund received some dividends from banks failed earlier - after
1934 and this was able to make a later payment to the Rosalie
depositors. But if so, such fund receipts - and in fact any
fund receipts from dividends paid by receivers between 6-30-30 and
1934 - are omitted from our tabulations - as we have no
receiverships or fund data pertaining to failures with ^{preferred} deposits paid
in full by fund that are later than 6-30-30.

INFORMATION ON FINANCIAL STATUS OF DEPOSIT GUARANTY FUND IN NEBRASKA IN
THE NORTHWESTERN BANKER (Annual data are not available in banking reports)

Date	Rate and amount of assessment collected	Balance of fund	Issue and page
			Vol "Date" Pg
"now"		\$358,000 <i>approx</i>	17 Feb 1912, p 49.
7/1/1913	1 1/2% about \$200,000	560,000 <i>" before this assessment"</i>	18 Jan 1913, p 50
Recently 20/11%	41,568.08	760,000 <i>" after"</i>	18 Sept 1913, p. 37
		811,924.76 <i>after this assess.</i>	
		850,000 <i>" has reached about"</i>	19 July 1914, p 32
		<i>"will show an increase when July assessment is paid"</i>	19 Aug " p 48
	more than 900,000	<i>possible 900,000 - over \$90,000 probably present</i>	20 Feb 1915, p. 37
	nearly 1,000,000	<i>"nearly a million dollars to start the new year"</i>	20 Feb 1915, p. 57
Reported in Special assessment to be made on most of the banks. (Jan. 1916)	Find up to 1% of the banks average deposits for the last 6 months about \$6,000	1,200,000 <i>after special assessment</i>	2 Dec 1916, p 50.
Jan 1917	Regular semi-annual		
Dec. 1921		2193,328	
Mar 16, 1922		1990,218	27 June 1922, p 147
1922	Report of audit by Nebraska Committee	426,000	27 Aug 1922, p 87
Dec 15, 1922	Special assessment of 1 1/4%		
Dec 20, 1923	Special assessment of 1 1/2% on average deposits - will average about 1 1/2 percent		29 Jan 1924, p 71
Jan 1, 1924	Report 20/1 percent will yield about \$120,000		" " "
Previous special assessments terminated			" " "
Dec. 15, 1922	yielding \$1,444,909		" " "
Apr 16, 1923	" 1,134,423		" " "
about Sept 1924		1937,947 <i>"one year ago"</i>	30 Sept 1925, p 73
about Dec. 1924		2006,000	30 Jan 1925, p 62
about Jan 1, 1925		2834,000 <i>(estimated will be)</i>	30 " " "
Mar 31, 1925		1755,924	30 Sept 1925, p 73
June 30, 1925		1043331	30 " " "
1926 opened 1/4 of 1% yielded about \$690,000.		957,267 <i>(before special levy)</i>	31 Nov 1926, p 71
Dec 31, 1926		621,954 <i>on deposit - from 283 reports banks</i>	32 Mar 1927, p 33

NEBRASKA

Depositors Guaranty Fund held by the participating banks.

Date	Depositors guaranty fund (in absolute condition of all commercial and savings banks)	Fund from test of business report	Date	Depositors guaranty fund (health, etc.)	Bankers Conservation Fund (asset item)	Date	Fund
Aug 31, 1911	172 141.90		2-14-20	2809462.89		3-12-29	18812.24
Dec 5, 1911	176645.64		5-15-20	2519975.24		6-24-29	46002.59
3-16-12	359445.42		8-16-20	2433245.91		9-24-29	106253.22
6-14-12	367081.82		11-13-20	2230768.74		12-31-29	135851.22
11-26-12	573275.34	About Dec 31, 1911 774414.58 1912, p. iii Note must be after 1-1-13 has been met	2-16-21	2662613.10		3-31-30	189094.44
7-4-12	554470.34		5-23-21	2604651.37		6-30-30	158246.13
2-15-13	774621.35		8-6-21	2095477.30		9-6-30	153590.09
5-20-13	779602.62		12-31-21	1990817.97		12-31-30	193278.36
8-26-13	811686.30		3-25-22	2193328.49		4-11-31	235284.79
10-21-13	814227.92		6-30-22	2189864.47		6-30-31	2594414.66
2-12-14	868735.65		9-30-22	2070930.43		11-28-31	2114434.64
5-16-14	828867.55		12-30-22	2015586.80		12-31-31	2089008.54
9-21-14	886352.66		3-28-23	1189865.58		4-16-32	2110673.42
10-31-14	889551.86		6-30-23	1672405.38	7877605	6-30-32	2167683.76
2-9-15	945087.00		10-4-23	1754230.37	341214.91	9-3-32	2194722.12
4-21-15	944172.87		12-31-23	2082915.29	533392.67	12-31-32	2060711.02
8-20-15	1004649.41		4-10-24	2086835.94	536013.85	3-3-33	1970763.37
12-9-15	1020104.38		7-21-24	1937947.44	548205.17	6-30-33	not listed
2-24-16	1086282.97		10-7-24	1971512.23	551218.81		
5-29-16	1103626.74		12-31-24	2529729.29	374590.81		
8-10-16	1183332.76	Jan 1, 1917	3-31-25	1755924.38	375662.36	3-12-29	Bankers Conservation fund 431833.65
11-17-16	1193924.48	1193924.48	6-30-25	1043331.47	375613.07	6-29-29	not listed
2-13-17	1383341.58	1918, p. 3.	9-28-25	1333102.60	371639.32		
5-7-17	1421992.59		12-31-25	1238402.19	628945.08		
8-21-17	1577920.87		3-29-26	1491686.70	627872.22		
11-20-17	1601375.22		6-30-26	820320.86	629546.22		
2-25-18	1730790.93		9-27-26	951363.99	641822.81		
5-10-18	1758652.40		12-31-26	621954.32	639472.75		
8-1-18	1880562.58	Jan 1, 1919	3-28-27	745389.68	639599.31		
11-1-18	1841125.32	1883697.42	6-30-27	204237.76	634009.02		
1-28-19	2057843.99	1918, p. 3.	9-30-27	334911.09	626945.37		
5-3-19	2031227.92		12-31-27	201814.09	613656.28		
7-1-19	2166345.91		3-10-28	251281.12	559439.90		
11-15-19	2174256.58		6-30-28	84220.13	541046.36		
			9-20-28	2287.54	536461.69		
			12-31-28	30426.99	442386.67		

3 Beginning June 30, 1931, described

as Contingent Reserve Depositors Fund Settlement

4 and 12 Beginning with March 31, 1930, described as Depositors Fund Settlement Fund

11 From annual reports of Secretary of the State Banking Board (1911-1918) and later biennial reports of Bureau of Banking etc

NEBRASKA

Depositors Guaranty Fund held by State Treasurer as "Public Trust Fund"
 From Biennial Reports of the Auditor of Public Accounts

Page report	Date	Balance	To next year Receipts	Disbursements Warrants paid
	11-30-18	none	259.70	-
02-23	11-30-20	259.70	965.17	
	6-30-21	1224.87	964.90	158.26
	7-1-22	22031.51	25103.81	7737.91
	7-1-23	19397.41	1133.65	4325.77
	7-1-24	16205.29	-	13973.73
	6-30-25	2231.56	4446.09	5422.24
	6-30-26	1255.41		
	27			
	7-1-28	none	195.96	195.96
	29	none	not listed	
	6-30-30	not listed		

Total (if none in 1927) 32873.32

✓ No item for Depositors Guaranty Fund in reports prior to that for 1918-20

NEBRASKA - Assessments collected *Note. This estimate was used in the 1956 Annual Report of FRB but the adjustments were later found to be in error. Blocker's figures - and not the Federal Reserve Bulletin table - agreed with the data submitted in the Supreme Court case re constitutionality of the 1927 and subsequent assessments*

	Assessment rate (percent) ✓	Estimated assessments collected	From Blocker assessments paid
1911	.25	176873	176863
1912	.50	406858	406858
1913	.30	271807	271807
1914	.15	140647	140647
1915	.15	144685	144685
1916	.15	182295	1911-19 421472
1917	.15	219904	7K 2367280 219904
1918	.15	318029	Blocker 318029
1919	.20	506182	2902742 802477
1920	.20	639244	(639244
1921	.95	2317808	Total 1920-1924 2317808
1922	.90	1971580	7999812 1971580
1923	.85	2046320	2046320
1924	.40	1004860	(FRB shows 7694047 1004860
1925	.60	1616330	for 1920-24 1616330
1926	.60	1672339	1672339
1927	.60	1653207	1653207
1928	.30	885413	885413
1929	.05	309028	
Total		16483409	

Initial assessments of 1/4 of 1 percent each were due on July 1, 1911; Jan 1 and July 1, 1912; and Jan 1, 1913. Regular rate was then 1/2 of 1 percent on each July 1 and Jan 1. Special assessments for 1913-1924 were for purpose of rearing fund to 1 percent of deposits in operating bank. For 1925-1928 included the regular 1/2 of 1 percent and the maximum special assessments of 1/2 of 1 percent. Rates shown for 1914-1923 are ~~an~~ approximations based on the amount of assessments collected from Blocker. The Guaranty of State Bank Deposits, p. 37, adjusted so that total for 1911-1919 equals sum given in Federal Reserve Bulletin, with the adjustments being made in 1916 (estimated by interpolation between previous and following year) and 1919 (amount to make up FR total). 1929, difference between total for previous years and total for entire period, which is from the final report on the Bankers' Investigation, p. 17, and is to Jan 2, 1930. It is assumed that no further payments were made, in view of the Supreme Court decision.

Note. Annual data on deposit guaranty fund not available in banking reports and not located in records at Dept. of Banking. A few scattered items re special assessments to bring fund to 1% of deposits (in December of 1916, 1922, 1923, 1924, 1925) mentioned in banking journals. It appears that the regular 1/2 semiannually, and for 1919-1923 an annual special assessment to bring fund to 1% were levied. From 1923 on special assessment maximum was 1/2 to make 1/2 percent maximum with regular - which

was levied each year. The banking journals provide very little information on amounts collected - yields, special or regular assessments for a very few dates only (see page of notes in divider).

Consequently, it appears to be necessary to use Blocker's data for annual collections, modified to conform with totals in Federal Reserve Bulletin for 1911-1919, and total to Jan 3, 1930 in the Shallenbarger Final Report on Banking Investigation and supplementary typed material.

It appears probable that the rate for the special assessment was not uniform for the various banks, i. e. that it consisted of (a) 1% of the increase in deposits over the preceding years (after the initial 1 percent had been paid in during 1911-13); and (b) an amount sufficient (up to the 1923 change of law) to recoup the fund for payments in closed banks. The latter would have been levied only on account of 1 failure in 1914, 1 in 1916, and three in 1920, 1921, and 1922, and probably ^{but not likely} part of those in 1923.

NOTE: Regular assessments were payable Jan 1 + July 1. The special assessments appear to have been levied as of Dec 15, or for some years in two parts, about April 15 and Dec. 15. The court decision in Haffelblum, which declared assessments in Dec 1928 and subsequently unconstitutional described such assessments as special assessments Dec. 15, 1928, Apr 15, 1929, and Jan 2, 1930, and regular assessments July 1, 1929 and Jan 1, 1930.

Average annual assessment necessary to have
 met all losses in failed banks in Nebraska
 June 30, 1911 to June 30, 1930

millions
 dollars

Losses in State banks

During guaranty fund (i.e. to, Mar 18, 1930) - Table 2
 Mar 14, 1930 - June 30, 1930

41.1

1.7

{ 17 banks with deposits
 of \$3,031,500 - from
 suspension list - loss
 amount to be 56.770

Losses in national banks

5.8

Total

58.6

Aggregate deposits for 19 years

Total State banks (Table 2)

" national " (Table 2)

3889.7

3402.1

7291.8

$$\frac{58.6}{7291.8} = \frac{80.4}{100.0} \text{ of 1 percent per year}$$

Notes on Nebraska Estimates

Interest on Receivers' Certificates has not been included in Liabilities of Fund (A2). See Report of Guarantee Fund Commission for 1927, pp. 30, for amount of interest paid that year, and p. 44 for discussion of certificates.

The amount given in C1 as having been paid on depositors' claims apparently includes some interest on receivers' certificates. Could this be assumed to be the difference between \$18,694,669, paid to receivers etc from fund, and \$12,553,810 (Final report, p. 12) given as due depositors' fund from receiverships? Hardly possible, but a part of the difference probably interest.

Total Liabilities (A4) is too low by amount of interest on receivers' certificates, etc. Such interest, however, actually paid from guarantee fund, is included in Total Disbursements (C4). The difference between these, or liabilities unpaid (D3) is therefore too small by amount of interest paid. This probably explains the difference between D3 and ~~balance~~ allowed claims to depositors unpaid (E1)

Is there any way of estimating interest?

Expenses of operation of Fund includes some expenses of liquidating banks. This should be eliminated from A, B and C to provide comparability with other states. Minor errors - found by committee of investigation - not allowed for in estimates. Possibly certain items should be revised on this account.

(over)

Was Nebraska law declared unconstitutional by U.S. Supreme Court in 1930 or later? See The American Banker, p. 3. Or was only law setting up Depositors Final Settlement Fund declared unconstitutional?

Were balances held by fund with banks (i.e. assessments made but payment refused by banks when drawn upon by draft) declared illegal by Supreme Court decision? If so, should not his amount be deducted from total assessments in estimate of net receipts (B2)?

SUMMARY OF TOTAL PAYMENTS BY AND NET LOSS TO
NEBRASKA BANK DEPOSITORS' GUARANTY FUND

Year of Failure		Number of banks				Total payments by guaranty fund				
		Total	A	B	C	Total	List A	List B	List C	List E
<u>Total</u>	128	13	46	66	3	18716022	1405451	8076012	8928099	306460
1914	1	1				54527	54527			
1916	1	1				79048	79048			
1920	5	3	2			737620	243929	493691		
1921	25	4	21			4227170	441520	3785650		
1922	22	3	19			3633234	465427	3167807		
1923	15	4	10	1		2243890		628864	1499251	115775
1924	13		13			1183247			1183247	
1925	20		19	1		3122764			3015701	107063
1926	22	1	20	1		3020738	121000		2816116	83622
1927	4		4			413784			413784	

						Net loss to guaranty fund				
		Total	List A	List B	List C	List E				
<u>Total</u>	128	13	46	66	3	16506547	1038509	6690942	8470636	306460
1914	1	1				18976	18976			
1916	1	1				43929	43929			
1920	5	3	2			649364	187182	462182		
1921	25	4	21			3044995	281243	2763752		
1922	22	3	19			3546449	391779	3154670		
1923	15	4	10	1		1804041		310338	1377928	115775
1924	13		13			117828			117828	
1925	20		19	1		2899993			2792930	107063
1926	22	1	20	1		2967188	115400		2768166	83622
1927	4		4			413784			413784	

No of banks	Total deposits of banks paid by guaranty fund (thous. dol)	Ratio		No of banks not paid	Deposits of failed banks not paid by fund	Estimated loss to depositors (59 7/10 % deposits)	Year
		Loss to fund to total deposits (percent)					
<u>128</u>	<u>27829</u>	<u>59.3</u>					
1	122	15.6	—				1914
1	111	39.6	—				1916
5	11.21	57.9	—				1920
25	6041	50.4	1	49	none (reopened)		1921
22	4755	74.6	1	200	none "		1922
15	2417	74.6	—	—			1923
13	1546	74.5	1	198	none "		1924
20	5155	56.3	—				1925
22	5849	50.9	—				1926
4	712	58.1	18	4917	2901		1927
			50	8550	5045		1928
			150	29128	17186		1929
			8	1328	784		1930

Adjusted totals (omitting 1914
and 1916 and including the three
banks reopened with no loss)
for above three columns

Total for 1927-1930

129	28043	58.6	226	43923
-----	-------	------	-----	-------

Adjusted total (including three
reopened) and all paid by fund

131	28296
-----	-------

129	28043
226	43923
2	233
<u>357</u>	<u>72199</u>

128	27829
3	447
226	43923
<u>357</u>	<u>72199</u>

NEBRASKA - GUARANTEED BANKS FAILED

List A. Banks failed prior to February 5, 1929, not included among old or new receiverships in report of House Subcommittee on Guaranty Fund Commission, 1929 (13 banks)
(Excluding banks reopened or taken over - see List E)

Location and name (SB = State Bank)	Date in receiver- ship	Deposits (from FR schedules)	Deposits (from reports of Bureau of Banking)	Total payment by guaranty fund	Net loss to guaranty fund	Total loss in deposits (estimated from data on FR Com. schedules)
<i>1914</i> Superior: The First State Savings Bank	Mar. 10, 1914		122,021	54,526.17	18,976.08	
<i>1916</i> Decatur: Farmers SB	June 13, 1916		111,051	79,048.14	43,929.45	
<i>1920</i> Halsey: Farmers SB	Jan. 1920		41,177	37,206.62	6,131.81	
Page: Farmers Bank	July 23, 1920		235,049	206,722.35	181,050.12	
Verdon: Farmers and Merchants Bank	Nov. 30, 1920		75,601	none	none	
<i>1921</i> Pleasanton: Farmers SB	Jun. 2, 1921	139,000	138,893	135,960.65	88,317.14	91
Hoskins: Farmers SB	Apr. 30, 1921	101	103,881	91,334.39	83,666.38	
Anselmo: The Peoples SB	June 6 "	135	135,310	117,202.21	107,777.61	107
Hadar: Farmers SB	May 28 "	176	184,443	97,022.48	1,481.83	
<i>1922</i> Fairbury: The Goodrich Bros. Banking Co.	Jan. 3, 1922	190	194,781	50,035.23	12,949.21	14
Shelton: Shelton SB	July 20, 1922	2312	309,810	275,522.75	238,961.59	255
Benedict: Farmers SB	Sept. 16, "	111	110,629	139,868.68	139,868.68	151
<i>1926</i> Bostwick: Bostwick SB	Mar. 13, 1926	134		121,000.00	115,400.00	

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For most of these banks three figures are available for the total payment made by the guaranty fund: (1) as published in the annual reports of the Bureau of Banking; (2) as given in the auditor's report to the chief examiner of the special banking investigation, derived from the books of the guaranty fund as of January 2, 1930; and (3) as given in the same auditor's report, derived from the books of the receivers as of January 2, 1930. The differences between the three figures are small. Data from the first source are available for only part of the banks paid by the guaranty fund. The figures shown on these lists are those derived from the books of the guaranty fund as of January 2, 1930.

2/ Data regarding the net loss to the guaranty fund (or net payments to specified dates) are available from four sources as follows: (1) Report of the House Sub-Committee on the Guaranty Fund Commission, showing amount due to the guaranty fund February 9, 1929; (2) auditor's report to the chief examiner of the special banking investigation, derived from the books of the guaranty fund (total payments minus refunds from receiverships and sale assets) as of January 2, 1930; (3) same auditor's report, derived from the books of the receivers; and (4) schedules prepared for the Federal Reserve Committee on Branch, Group and Chain Banking, showing net payments as of June 30, 1930. The figures shown on these lists are those derived from the books of the guaranty fund commission as of Jan. 2, 1930.

As the whole, these figures apparently reflect the cost to the guaranty fund more accurately than the figures on the Federal Reserve schedules, for the reason that the figures in the FR schedules are taken from the receiver's records, and in the case of receiverships, reflect the bid price for such assets rather than the amount realized by the guaranty fund from the disposition of such assets.

4/ See footnote 4 on List C.

NEBRASKA - GUARANTEED BANKS FAILED
List B. Banks listed as "old receiverships" in House Subcommittee Report
on Guaranty Fund Commission, 1929 (46 banks)

Location and name (SB = State Bank) <i>Penet - year of failure</i>	Date in receiver- ship	Deposits (from FR schedule)	Deposits (from reports of Bureau of Banking)	Total payment by guaranty fund	Net loss to guaranty fund	Total loss on deposits (estimated from data on FR com schedule) ⁴⁵
<i>1920</i> Valparaiso: Valparaiso SB	Jan. 13, 1920		565,575	338,37974	311,87144	
Aurora: American SB	May 10, 1920		203,037	155,31104	150,31104	
<i>1921</i> Ceresco: The SB of Ceresco	Feb. 3, 1921		387,023	150,12284	108,79323	
Merriman: American SB	Feb. 1, 1921	68 <i>000</i>	70,180	74,25159	28,45600	
Clair: Banking House of A. Eastetter	Mar. 15, 1921	547	819,423	698,78602	603,00000	
Long Pine: Brown County Bk	Apr. 18, "	290	289,888	231,96539	177,77761	
Belvidere: The Farmers SB	June 3, "	89	84900	20,21607	20,21607	
Allen: Farmers SB	May 10 "	183	178,384	195,50785	145,30816	
Holdrege: Holdrege SB	May 23 "	339		<i>none</i>	<i>none</i>	
Oshkosh: First SB	May 5 "	243	243,589	89,81804	43,25887	
Omaha: Pioneer SB	June 6 "	440	440,000	300,76132	165,42983	
Lincoln: Midland SB <i>same</i>	July 1 "	20	19,512	<i>none</i>	<i>none</i>	
Lincoln: The American SB	July 16 "	731	731,442	550,59425	243,23587	
Table Rock: Community SB	Oct. 1 "	92	94,520	82,05180	75,00000	
Sidney: Nebraska SB	Aug. 25	222	222,254	170,28038	144,51774	
Octavia: Octavia SB	Sept. 7 "	131	130,992	112,20730	108,76096	
Obert: Obert SB	Nov. 6 "	110	84,094	108,26918	107,26918	106
Kilgore: Kilgore SB	Oct. 27 "	153	154,978	154,10269	154,10269	
Springfield: Farmers SB	Dec. 3 "	87	86,384	65,02665	57,52399	
Dunning: Home SB	Jan. 10, 1922	118	113,070	93,81576	85,65869	110
Winside: Farmers SB	Dec. 10, 1921	426	426,392	365,72142	261,39570	213
Gurley: Gurley SB	Nov. 30 "	87	87,518	82,27032	67,00000	67
<i>1922</i> Plattsmouth: The Bank of Cass County	Dec. 13 "	427	427,119	239,88070	167,04692	
Bayard: The Farmers SB	Jan. 3, 1922	155	155,467	145,14708	143,14708	
Ogallala: Exchange Bank	Feb. 7, "	253	261,122	116,66349	70,99994	
Homer: Homer SB	Feb. 17 "	316	316,474	233,13071	190,00000	
Walton: Farmers & Merchants Bank	Apr. 14 "	68	67,774	47,20000	47,20000	
Newcastle: Newcastle SB	May 5 "	422	422,350	395,00907	376,50000	375
Long Pine: The American SB	June 12 "	290	290,362	296,16217	284,66217	
Waterloo: Bank of Waterloo	July 26 "	76	76,215	69,17666	39,70000	
Milligan: The Nebraska SB	July 19 "	156	175,000	81,17972	77,17972	76
Endicott: Endicott SB	Aug. 3 "	40	30,315	29,96416	23,00000	
Morrill: Farmers & Merchants Bank	Sept. 19 "	189		193,25928	173,00000	
Sholes: Wayne County Bank	Sept. 2 "	79	74,441	93,17360	88,67360	87
Waco: Waco State Bank	Sept. 27 "	88	85,688	19,20000	15,00000	
Hemingford: First SB	Sept. 19 "	217	202,862	207,07568	148,19480	
Gering: SB of Gering	Sept. 28 "	208	207,961	214,89359	214,89359	
Bennett: Farmers Bank	Dec. 15 "	87		82,92005	71,00000	
Chamber: South Fork SB	Jan. 11, 1923	32		29,67070	28,67070	
Kimball: Citizens SB	Dec. 11, 1922	322		305,12417	300,70000	

Location and name (SB = State Bank)	Date in receiver- ship	Deposits (from FR schedules)	Deposits (from reports of Bankers Banking)	Total payment by guaranty fund	Net loss to guaranty fund
1922 - continued Omaha: American SB	Dec. 4, 1922	920		400,03902	371,99980
Berwyn: Berwyn SB	Jan. 17, 1923	219		208,81768	186,58968
1923 Bristow: American ^{Exchange} SB	Jan. 11, 1923	260		303,55884	303,55884
Maskell: Maskell SB	Feb. 30 "	163		130,83757	130,83757
Henry: Henry SB	Feb. 24 "	98		110,88947	97,50000
Gross: Gross SB	Feb 28 "	94		83,57780	82,00000

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1 See footnote on list A

4 See footnote 4 on list C

NEBRASKA - GUARANTEED BANKS FAILED

List C. Banks listed as "new receiverships" in House Subcommittee Report
on Guaranty Fund Commission, 1929 (137 banks)

Location and name (SB = State Bank) <i>Period - year of failure</i>	Date of receiver- ship	Deposits (from FR schedules) (in thousands of dollars)	Liabilities pay- able or paid from the guaranty fund B	Total payment by guaranty fund C	Net loss to guaranty fund C	Total loss on deposits (estimated from data on FR Com. schedules) H
<u>1923</u> Wayside: Wayside SB	June 8, 1923	14	11,544	12,20000	11,20000	
McCook: Citizens SB	July 24 "	300	120500	206,57617	120,50010	
Broadwater: Broadwater (SB)	July 10 "	164	141875	145,44517	142,00000	
Dixon: Farmers SB	Sept 14 "	36	21684	21,56106	21,56106	
Eddyville: Security SB	July 5 "	129	99300	98,00000	98,00000	
Bushnell: Farmers SB	Sept 14 "	143	103568	107,31186	107,31186	
Crookston: Bank of Crookston	May 21 "	102	64090	74,93657	72,83450	
Neligh: Atlas Bank	May 21 "	571	780945	809,34889	782,34889	
Royal: Citizens SB	Nov. 14 "	78		19,87138	18,17138	28
Springview: Springview SB	Dec. 12	7		4,00000	4,00000	4
<u>1924</u> Lorenzo: Lorenzo SB	Jan. 19, 1924	36		20,40272	16,75000	
Waverly: Bank of Waverly	Dec. 31, 1923	214		222,53725	217,03725	
Potter: Citizens SB	Dec. 17 "	158		105,10147	92,60147	
Dix: Farmers SB	Dec. 14 "	113		54,00000	38,00000	
Theadford: Theadford (SB)	Feb. 25, 1924	92		74,65000	74,65000	
McGrew: Security SB	Mar 28 "	75		65,00000	46,00000	
Culbertson: Farmers SB	Apr. 30 "	120		92,91676	90,90000	
Bartley: Farmers SB	May 2 "	43		20,00000	18,50000	
Nickerson: First SB of N.	July 10 "	220		208,94017	205,69017	
Monowi: Monowi SB	June 13 "	195		148,46641	148,46641	
Clinton: Clinton SB	Aug. 26 "	100		78,15985	78,15985	
Crawford: Farmers Bank	Dec. 16, "	135		90,00000	89,00000	
Trumbull: Trumbull SB	Oct. 24, "	45 {sum}		3,07250	2,07250	
<u>1925</u> Valentine: Valentine SB	Feb. 11, 1925	193		125,50000	121,00000	
Ames: Farmers SB	Mar. 5, "	23		14,00000	7,25000	
Angora: Angora SB	Mar. 30, "	60		39,33866	39,33866	
Carroll: Citizens SB	May 21, "	295		151,63215	141,83215	
Naponee: Republican VB	July 1, "	119		80,00000	73,50000	
Riverton: " VB	June 2, "	155		66,00000	59,50000	
Adams: Farmers SB	July 19, "	70		55,79000	53,20000	
Hooper: Dodge Cnty. B.	June 23, "	517		59,89850	59,89850	
Taylor: Old Gold Bank	July 19, "	110		90,69000	90,69000	
Chadron: Citizens SB	July 17, "	464		401,50727	377,50727	
Macy: Macy SB	July 9, "	78		64,90916	64,90916	
Neligh: Neligh SB	Oct. 2, "	276		200,00000	149,15435	
Niobrara: Niobrara VB	Sept. 21, "	257		202,50000	189,10000	
Stapleton: Farmers Bank	Oct. 14, "	182		18,00000	17,00000	
Bloomfield: Citizens SB	Nov. 11, "	880		716,25000	692,25000	
Peru: Peru SB	Nov. 6, "	99		63,00000	59,00000	
Beverly: Beverly SB	Nov. 21, "	51		24,50000	18,05000	
Reynolds: American Bank	Nov. 23, "	789		415,00000	356,75000	

NEBRASKA - GUARANTEED BANKS FAILED

List C. Banks listed as "new receiverships" in House Subcommittee Report
on Guaranty Fund Commission, 1929 (137 banks)-continued

-Page 2-

Location and name (SB = State Bank)	Date of receiver- ship	Deposits (from F.R. schedules)	Total payment by guaranty fund	Net loss to guaranty fund
<i>1925 - continued</i> Holdrege: Citizens SB	<i>Reopened</i> ✓	343	227,18574	222,999 99
<i>1926</i> Orchard: Orchard SB	Jan. 6, 1926	124	125,00000	123,000 00
Ralston: Citizens SB	Jan. 28, "	214	161,09773	161,097 73
Hastings: Bank of Commerce	Feb. 1, "	727	358,75000	338,000 00
Randolph: Farmers SB	Feb. 24, "	231	36,48401	33,784 01
Lynch: Security SB	Mar. 16, "	387	302,48102	294,481 02
Cotesfield: Farmers SB	Apr. 19, "	24	19,22833	19,228 33
Brownville: Brownville SB	May 6, "	43	21,85802	14,858 02
Harvard: Union SB	May 11, "	573	102,42000	102,420 00
Stratton: Citizens SB	May 22, "	160	77,00000	76,000 00
Wolbach: Farmers SB	June 9, "	155	133,36649	133,366 49
Santee: Santee SB	May 3, "	12	10,00000	8,500 00
Seneca: Seneca SB	July 17, "	40	38,50000	34,500 00
Lyons: Citizens SB	Aug. 12, "	162	141,31000	140,310 00
Papillion: The SB of Papil.	" 31, "	359	421,00000	421,000 00
Omaha: Security SB	Sept. 9, "	1516	438,11350	438,113 50
Richfield: First SB	" 29, "	110	35,50000	35,500 00
Omaha: Commercial SB	Dec. 1, "	86	80,00000	80,000 00
Craig: Farmers SB	" 15, "	254	256,00000	256,000 00
Brayton: Brayton SB	Feb. 7, 1927	60	42,00676	42,006 76
<i>1927</i> Sweetwater: Sweetwater SB	Dec. 24, 1926	19	16,00000	16,000 00
Angus: Bank of Angus	Feb. 8, 1927	43	9,00000	9,000 00
Ericson: Farmers SB	Feb. 2, "	78	78,49910	78,499 10
Nelson: SB	Apr. 27, "	277	29,00000	29,000 00
Silver Creek: S.C. SB	May 19, "	132	<i>When these two banks paid off between 1930 and 1934 Paid in full by fund in 1934 Paid in full by fund in 1934 Paid by fund ? Paid in part by fund in 1934</i>	
Ansley: Farmers SB	May 20, "	176		
Royal: Royal SB	Jun. 1, "	83		
Bazile Mills: First SB	June 2, "	314		
Elba: Farmers SB	June 6, "	121	297,28499	297,284 99
Rosalie: Farmers SB	May 23, "	91		
Superior: SB of Superior	July 7, "	580		
Harvard: Nebraska SB	July 28, "	338		
Lakeside: Lakeside SB	June 3, "	55		
Bridgeport: Bridgeport B.	Sept. 8, "	408		
North Platte: PV SB	Sept. 7, "	592		
Minatave SB	Sept. 4, "	151		
Ewing: Pioneer Bank	Oct. 3, "	234		
Ewing: Ewing SB	Sept. 30, "	163		
Benson: Bank of Benson	Oct. 21, "	509		
Pawnee City: First SB	Nov. 7, "	393		
Ida: Farmers & Mer. Bk	Dec. 17, "	179		

NEBRASKA - GUARANTEED BANKS FAILED

List C. Banks listed as "new receiverships" in House Subcommittee Report
on Guaranty Fund Commission, 1929 (137 banks)-continued

-Page 4-

Location and name (SB=State Bank)	Date of receiver- ship	Deposits (from F.R. schedules)
Bennington: Bennington SB	Nov..8,1928	111
Hazard: Farmers SB	Nov. 20, "	59
Mt. Clare: MC SB	" 24, "	48
Gretna: Far. & Mer. Bank	" 27, "	214
Newcastle: Far. SB	Dec. 3, "	392
Tilden: SB	" 5, "	196
Geneva: Citizens SB	" 15, "	321
Boelus: Far. SB	" 15, "	84
Ohio ^{Wa} : Nebraska SB	" 29, "	
Scottsbluff: American SB	Jan. 8,1929	413
Altona: Farmers SB	" 18, "	23
Sterling: Far. & Mer. Bk.	" 17, "	68
Winnetoon: First SB	" 21, "	204
Strang: Strang SB	" 24, "	65
Gibbon: The Commer. Bk.	" 31, "	167

1/ See footnote 1 on List A.

2/ See footnote 2 on list A

3/ From House Subcommittee report on Guaranty Fund Commission.

4/ Estimated from claims allowed and dividends paid as shown on Federal Reserve committee schedules. Whether the difference between the figures shown here is due to errors in data or in interpretation of the data shown on the schedules, or due to losses on deposit claims ^{not covered by} ~~disallowed as~~ the guaranty fund (i.e., considered by receiver to be a loan, or to carry excessive interest, or disallowed) has not been ascertained.

NEBRASKA - guaranteed banks failed.

List D. Banks placed in receivership Feb. 5, 1929, to March 18, 1930 (116 banks)

Banks starred * were operated by the Guaranty Fund Commission

Location and name (SB = State Bank)	Date in receivership	Data from F.R. Comm. schedules	
		Deposits	Total pfd. & general claims
Wolbach: SB of Wolbach *	Feb. 23, 1929	209	
Vesta: Vesta SB *	Feb. 13 "	92	
Broken Bow: Custer SB *	Feb. 13 "	145	
North Bend: First SB *	Feb. 14 "	312	
Paxton: Commercial SB *	Feb. 25 "	173	
Greeley: Greeley SB *	Feb. 23 "	242	
Stockville: Frontier SB *	Feb. 27 "	92	
Johnstown: Citizens Bank *	Apr. 27 "	123	
Fairfield: Citizens Bank *	Mar. 6 "	136	
DeWeese: SB of Deweese *	Mar. 18 "	99	
Shelton: Meisner SB *	Mar. 16 "	285	
Murphy: First SB *	Mar. 26 "	23	
Plainview: Security SB *	Mar. 25 "	231	
Laurel: SB of Laurel *	Apr. 6 "	44	
Wakefield: Security SB *	Apr. 6 "	381	
Plainview: Citizens SB *	Apr. 6 "	431	
Dixon: Dixon SB *	Apr. 6 "	48	
Thurston: Thurston SB *	Apr. 6 "	86	
Butte: Citizens SB *	Apr. 27 "	96	
Panama: Farmers SB *	May 27 "	26	
Crab Orchard: Bank of CO *	May 23 } June 28 }	66	
Humboldt: SB of Humboldt *	May 23 "	154	
Havens: State Bank of Havens *	May 24, "	27	
Rohrs: Farmers Security SB *	May 23 "	42	
Bradish: Farmers SB *	May 24 "	49	
Boone: Boone SB *	May 24 "	30	
Lindsay: Lindsay SB *	May 24 "	169	
Clarks: SB of Clarks *	May 23 "	156	
Dodge: Dodge SB *	May 24 "	234	
Humphrey: Bank of Otis and Murphy *	May 24 "	311	
St. Edward: Farmers SB *	May 24 "	188	
Scribner: Scribner SB *	May 24 "	187	
Fullerton: Farmers SB *	May 24 "	149	
Genoa: Farmers S.B. *	May 24 "	108	
Gilead: SB of Gilead *	May 28 "	134	
Greenwood: Farmers SB *	May 27 "	102	
Ralston: Ralston S B *	May 27 "	171	
Stromsburg: Farmers SB *	May 28 "	109	
Nacora: First SB *	June 4 "	113	

NEBRASKA - GUARANTEED BANKS FAILED

List D. Banks placed in receivership Feb. 2, 1929, to March 18, 1930 -continued
Banks starred * were operated by the Guaranty Fund Commission page 2

Location and name (SR = State Bank)	Date in receivership	Data from F.R. Comm. schedules	
		Deposits	Total pfd & general claims
Polk: Farmers SR *	Jun. 28, 1929	169	
Minatare: SB of Minatare	May 31 "	203	
Lyman: Lyman SB *	May 31 "	117	
Bridgeport: Nebraska SB *	May 31 "	147	
Mitchell: Mitchell SB *	May 31 "	345	
Breslau: Breslau SB *	June 4 "	122	
Brownlee: Brownlee SB *	June 1 "	12	
Jackson: Bank of Dakota County *	June 4 "	129	
Martinsburg: Martinsburg SB "	" 4 "	71	
Martinsburg: Citizens SB *	June 4 "	22	
Republican City: Nebraska SB *	June 6 "	39	
Bloomington: Farmers SB *	June 2 "	69	
Scotia: Farmers SB *	June 6 "	91	
Ponca: Security Bank *	June 4 "	302	
Pierce: Pierce SB *	June 4 "	439	
Stella: Farmers SB	June 18 "	77	
Humboldt: Nebraska S.B.	June 3 "	215	
Beemer: Beemer SB *	June 6 "	824	
Creighton: The Security Bank *	June 6 "	418	
Overton: Overton S B *	June 7 "	573	
Litchfield: SB of Litch- field *	June 7 "	58	
Brady: Brady SB *	June 7 "	39	
Maxwell: Maxwell SB *	June 7 "	105	
Big Springs: American SB *	June 7 "	61	
Lamar: Lamar SB *	June 11 "	64	
Champion: Bank of Champion	June 11 "	25	
Madrid: Madrid Exchange *	June 11 "	113	
Haigler: State Bank of Haigler *	June 11 "	187	
Grainton: Perkins County SB *	June 11 "	57	
Burton: Burton SB *	June 13 "	62	
Inman: Inman SB	June 13 "	99	
Benkelman: Citizens SB *	June 11 "	375	
Allen: Allen SB *	June 22 "	298	
Dalton: Farmers SB	June 26 "	111	
Superior: Citizens SB *	May 28 "	299	
Havelock: Farmers and Mechanics Bank	1/	154	
Newman Grove: Farmers SB	Aug. 22 "	259	
Auburn: Nemaha County Bank	Aug. 12 "	377	
Newman Grove: Newman Grove SB	Aug. 22 "	275	
Loretto: Loretto SB	Apr. 4, 1930	68	

NEBRASKA - GUARANTEED BANKS FAILED
List D. Banks placed in receivership Feb. 2, 1929 to March 18, 1930 - continued page 3

Banks starred * were operated by the Guaranty Fund Commission

Location and name (SR = State Bank)	Date in	Data from	FR. Comm. schedules
	receivership	Deposits	Total pfd & general claims
Burchard: Bank of Burchard	* 1929 Sept. 20,		
Belvidere: SB of Belvidere	2/Apr. 12, 1930	171	
Richfield: Richfield SB	Sept. 28, 1929	124	
Chapman: Farmers SB	Nov. 13 "	96	
Julian: Bank of Julian	Mar. 18, 1930	83	
Valparaiso: Nebraska SB	Oct. 25 1929	100	
Gadams: Gadams SB	Jan. 14, 1930	56	
Milford: Nebraska SB	Jan. 25 "	221	
Marion: Marion SB	Nov. 16, 1929	68	
Reverna: Citizens SB	Jan. 7, 1930	377	
Sprague: Bank of Sprague	Jan. 4, 1930	55	
Polk: Bank of Polk	Kan. 15 "	161	
Scottsbluff: Irrigators Bank	Nov. 23, 1929	335	
Ong: Bank of Commerce	Nov. 25, 1929	123	
Ashton: Bank of Ashton	Jan. 3, 1930	198	
Tamora: Farmers Exchange Bank	1/	64	
Lincoln: First SB	Jan. 2, 1930	165	
Chadron: Chadron SB	Feb. 5, "	515	
Cody: Ranchers SB	Jan. 22 "	234	
Gurley: Farmers SB	Dec. 16, 1929	91	
Belgrade: Farmers SB	Dec. 7 "	157	
Loup City: Loup City SB	Dec. 12 "	273	
Loomis: Farmers SB	Feb. 18, 1930	86	
Stanton: Elkhorn Valley SB	Dec. 13, 1929	165	
Meadow Grove: Security Bank	" 14, "	118	
Overton: Farmers SB	Dec. 16 "	151	
Ashland: Ashland SB	Dec. 31 "	192	
Bayard: Bank of Bayard	Feb. 6, 1930	292	
Odell: Hinds State Bank	Feb. 15 "	98	
Hallam: Farmers SB	Jan. 7 "	123	
Alliance: First SB	Feb. 8 "	782	
Beatrice: Security Savings Bank	1/	147	
Utica: Merchants Bank	Feb. 18, 1930	210	
Miller: The First Bank of Miller	Feb. 24, "	101	
O'Neill: Nebraska SB	Mar. 6 "	134	
Mitchell: American Bank	Mar 8 "	189	
Wymore: Farmers & Merchants Bank	" 15 "	174	

1/ On FR committee suspension list but not on receivership list of Bureau of Banking.

SER On FR committee list as suspension prior to repeal of guaranty law on March 18, 1930.

NEBRASKA - GUARANTEED BANKS FAILED

List E: Banks on Federal Reserve Committee Suspension List but not placed in receivership: i.e. reopened or taken over (45 banks)

Location and name (SB=State Bank)	Date of reopening	Deposits (from FR schedules) (in thousands)	Estimated loss to depositors (from FR schedules) (in thousands)	Total payment by guaranty fund	Net loss to guaranty fund
Brownville: Brownville SB	Apr. 13, 1921	49	—		
Crawford: Farm. Bk. of C.	Jun. 9, 1922	200	—		
Kennsaw: First SB	May 22, 1923	258	—	115,77500	115,77500
McLean: McLean SB	Sept. 1, 1925	194	—	107,06281	107,06281
Ord: Ord SB	Oct. 4, 1926	459	84	83,62233	83,62233
Grant: Commercial Bank	July 24, 1929	279	—		
Venango: Venango SB	Oct. 8, 1928	163	—		
Meadow Grove: MG Sec. Bk.	Dec. 12, 1928	230	—		
Chillico: Chillico SB					
Emerald: Emerald SB	Jan. 23, 1929	59	—		
Monroe: Bank of Monroe	May 19, 1930	168			
Bloomfield: Far. & Mer. Bk.	Aug. 10, 1929	321	106		
Shelby: Shelby SB	Feb. 23, 1929	258	—		
Ainsworth: Citizens SB	July 26, 1929	202	133		
Bloomfield: Neb. SB	May 8, 1929	599	104		
Elgin: Far. & Mer. Bk.	Mar. 16, 1929	300	3		
Surprise: SB of Surprise	May 29, 1929	106	26		
Raeville: Farmers SB	May 25, 1929	125	14		
Sutton: City SB	May 31, 1929	223	62		
Mason City: MC B'ing Co.	May 14, 1929	292	108		
Kenhard: Home SB	June 22, 1929	112	30		
Cozad: Far. SB	July 3, 1929	640	172		
Sutton: Sutton SB	Aug. 17, 1929	287	80		
Rosalie: Rosalie SB	July 22, 1929	96	7		
Bertrand: First SB	Oct. 9, 1929	308	46		
Abie: Abie SB	Aug. 10, 1929	129	21		
Lexington: Dawson Cnty SB	July 26, 1929	652	—		
St. Libory: St. L. SB	Sept. 5, 1929	195	52		
Kearney: Amer. SB	Dec. 2, 1929	499			
Wolbach: Peoples SB	Jan. 11, 1930	279	103		
Brunswick: The B'wick SB	June 21, 1930	219			
Lincoln		195	58		
College View: Farmers SB	Dec. 16, 1929				
Edison: Farmers & Mer. Bk.	Oct. 21, 1929	231	27		
Clarks: Farmers SB	Oct. 28, 1929	184	55		
Eagle: Bank of Eagle	Feb. 8, 1930	221	85		
Neligh: Antelope SB	Mar. 15, 1930	385	96		
Clearwater: Citizens SB	May 24, 1930	141			
York: American SB	Mar. 3, 1930	773	238		
Cairo: Farmers SB	Feb. 6, 1930	174	7		
Cairo SB	Feb. 6, 1930	148	9		

5 12 See footnote on List A.

Total Preferred claims unpaid June 30, 1930, in Nebraska guaranteed banks ^{possibly reorganizing} ~~about~~ prior to June 30, 1927

Note. Preferred claims are those payable by the depositors guaranty fund

Year of
Failure

Amount

Banks paid off by fund prior to Jan 21, 1930		
1925	Angora - Angora State Bank	5060
	Chadron - Chadron State Bank	389
	Perru - Perru State Bank	495
1926	Brayton - Brayton State Bank	10
	Swatowater - Swatowater State Bank	4
1927	Enison - Farmers State Bank	525
	Bazile Mills - First State Bank	6786
		<hr/> 3269

Banks not paid off by fund
prior to Jan 2, 1930, but
presumably paid prior to
or at final closing of fund
in 1934

Date
closed

1927	Silver Creek - Silver Creek State Bank	May 19, 1927	144337
	Ansley - Farmers State Bank	" 20, "	162958
	Royal - Royal State Bank	June 1, "	75497
	Rosalie - Farmers State Bank	" 14, "	110224
	Elba - Farmers State Bank	June 6, "	<hr/> 493016
			3269

mentioned in reorganization
" " " "

496285
→ 139570

635855

✓ Paid by fund in part (American Bankers July 18, 1934). Total final payment of
\$134,000 minus \$82.00 for remaining claim in Bazile Mills & Royal Banks \$52.00
estimated paid to depositors in Rosalie Bank.

ESTIMATED LOSSES IN NATIONAL BANKS FAILED IN NEBRASKA
DURING PERIOD OF OPERATION OF DEPOSIT GUARANTY

Year	No of banks placed in receivership	Receivership number	Estimated loss (thousands)
1913	1	532	189
1914	1	540	234
1921	4	602	375
"		617	139
"		619	77
"		629	none
1922	1	654	532
1923	2	699	352
"		718	84
1924	7	758	207
"		774	186
"		782	36
"		791	37
"		804	160
"		814	241
"		854	none
1925	1	931	301
1926	3	1002	56
"		1075	132
"		1077	66
1927	5	1138	856
"		1139	302
"		1160	none
"		1166	none
"		1184	41
1928	4	1195	none
"		1227	141
"		1238	148
"		1241	69
1929	3	1257	11
"		1271	none
"		1321	175
1930 (To June 30)	2	1330	51
		1363	560
Total	34 banks		5758

} Claims proved minus dividends paid.
Report of Comptroller of Currency, 1931, pp 552 and 554
From worksheets for 1865-1940 study - all banks in
receivership 1921-1930

Nebraska - Recoveries & Losses

Year	No. Insured of deposits (preferred claims)	Guaranteed Total pay- ment by guaranty fund	Deposits paid Directly from assets	Recovery by fund (including that on balance sheet)	Total re-covery from assets	Loss to guaranty fund	Insured deposits unpaid	Sum of last three columns
1914	1 122,021	54,526	67,495	35870	103365	18656	—	122021
1916	1 111,051	79,048	32003	35131	67134	43917	—	111051
1920	5 967,699	737,620	230079	88255	318334	649365	—	967699
1921	25 6,303,409	4,227,168	2,076,241	1,244,204	3,320,445	2,982,964	—	6,303,409
1922	22 4,916,188	3,633,235	1,282,953	412,244	1,695,197	3,220,991	—	4,916,188
1923	15 2,648,370	2,243,890	404,480	175,838	580,318	2,068,052	—	2,648,370
1924	13 1,470,497	1,194,155	276,342	72,883	349,225	1,121,272	—	1,470,497
1925	20 5,004,559	3,122,765	1,881,794	295,127	2,176,921	2,827,638	—	5,004,559
1926	22 5,963,027	3,020,738	2,942,289	83,562	3,025,791	2,937,236	—	5,963,027
1927	22 5,940,839	579,836	1,054,547	12,535	1,067,082	567,301	4,306,456	5,940,839
1928	46 7,873,634	153,964	1,482,471	—	1,482,471	153,964	6,237,199	7,873,634
1929	116 19,306,863	17,024	7,045,188	—	7,045,188	17,024	12,244,651	19,306,863
1930	9 1,162,011	—	644,545	—	644,545	—	517,466	1,162,011
Total	317 61,790,168	19,063,969	19,420,427	2,455,589	21,876,016	16,608,380	23,305,772	61,790,168

NEBRASKA - Losses and recoveries in failed banks closed while
guaranty fund was in operation.

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DATA FOR THE NEBRASKA DEPOSITORS GUARANTY FUND FOR 1922

Reported in Commercial West, Jan. 13, 1923, p. 5, and attributed to Secretary J.E. Hart of the state department of trade and commerce.

Drawn from the state banks during 1922 to pay depositors in failed banks		\$2,164,000
	(June, \$558,853	
Two special assessments were made, totalling Dec. 1, 1922	2,053,762	
Two regular assessments amounted to	229,683	
last		
In January (presumable 1922), fund stood at	2,298,477	
After December regular assessment, fund stood at	2,417,568	
Average deposits in December were		230,361,079

[Note. Above figures for assessments differ a little from those obtained from court records.

Report prepared in 1943
authenticity 1936
Absolute

Prepared in 1936
as part of a report
on banking in
Nebraska

GUARANTY OF BANK DEPOSITS, 1911-28

The legislature of Nebraska passed a law on March 25, 1909, providing for the guaranty of deposits of banks operating in the State. The law did not go into effect until January 3, 1911, on account of litigation regarding its constitutionality. All banks chartered by the State were required to join the guaranty system, and provision was made for the admission of national banks. The Comptroller of the Currency, however, ruled that national banks could not legally enter a State deposit guaranty plan.

A summary of the conditions leading to the passage of this law, and information regarding the persons who were influential in securing its passage, written by Z. Clark Dickenson, is given on pages

Assessments. The law provided for four semi-annual assessments of $1/4$ of 1 per cent of average daily deposits, and regular semi-annual assessments of $1/20$ of 1 per cent thereafter. Special assessments of not more than 1 per cent in any one year were authorized if necessary to maintain the fund equal to 1 per cent of total deposits. New banks were required to pay 4 per cent of their capital stock to the fund, subject to adjustment to a "just and equitable sum."

An amendment in 1911 set a maximum limit to the fund at $1\frac{1}{2}$ per cent of aggregate deposits, and provided for cessation of assessments when the fund reached that amount, to be renewed upon depletion to 1 per cent of aggregate deposits. It was also provided that no further security than the fund should be required for public deposits. The maximum special assessment in any one year was reduced to $1/2$ of 1 per cent in 1923, effective the following year.

Coverage. Under the plan all deposits were guaranteed by the fund, except money deposited upon collateral agreement, or upon condition other than an agreement for length of time to maturity and rate of interest. Under the amendment of 1911 interest on deposits was limited to 5 per cent. This was reduced in 1925 (effective April 1, 1926) to 4 per cent.

Administration and custody of guaranty fund. The assessments were not collected at the time they were made, but were retained in the custody of the banks paying them subject to the call of the State Banking Board. The State Banking Board, consisting of the Governor, auditor of public accounts and attorney-general, and having as its executive officer a secretary appointed by the Governor, was required to draw upon the fund upon receipt of a certification of a receiver of a closed bank of the amount required to meet the claims of depositors. The fund was subrogated to the rights of the creditors thus paid, and amounts collected from the assets of closed banks were deposited in the solvent banks in proportion to the assessments levied upon them. In 1919 the powers of the State Banking Board were transferred to the Department

of Trade and Commerce and a Bureau of Banking, with the Secretary of the Department as its executive officer, was organized in the Department.

In 1923 extensive changes were made in the operation of the deposit guaranty system and in the handling of insolvent banks. The administration of the deposit guaranty law was transferred to a newly created Guaranty Fund Commission. The administration expenses of the Commission were met by an assessment for this purpose, levied upon all State banks, of not more than \$15,000 in any one year and by assessments upon banks in receivership.

Handling of closed banks. Prior to 1923 the State Banking Board, or its successor, the Department of Trade and Commerce, was authorized to take possession of a bank found insolvent. If the credit of the bank was repaired, and its reserves restored, it was turned back to its officers and stockholders. If it could not be reopened, it was liquidated by a receiver appointed by the local court.

In 1923 the Guaranty Fund Commission became a centralized agency for handling all closed banks. This was accomplished by providing that the Commission should take charge of a bank, and act for its stockholders when directed to do so by the Department of Trade and Commerce, and by providing that a court might direct the Commission to liquidate a bank through a receiver named by the Commission. The law provided that the Commission might purchase the assets of a closed bank at a public sale, thus terminating the receivership and placing the assets of the closed bank in the hands of the Commission for liquidation for the benefit of the guaranty fund. The Commission was also authorized to take possession of banks not in a satisfactory condition, and operate them without regard to their solvency. To meet the expenses of such operation a "bankers' conservation fund" was established, the Department of Trade and Commerce being authorized to assess banks for this purpose.

Assessments levied and deposits in failed banks. The regular assessments were levied from 1911 to 1929, when litigation prevented further collections. Special assessments to bring the fund up to 1 per cent of total deposits were levied each year from 1919 to 1929, the rates being in most years the maximum permitted (1 per cent to 1923, $\frac{1}{2}$ per cent thereafter).

These assessments were adequate during the first decade of operation of the fund. With the large number of bank failures which occurred in 1921 and the following years, it was insufficient to meet the claims of depositors of the banks closed.

In the following table there are given the total amount of assessments levied each year (including both regular and special assessments), the ratio of assessments to total deposits at the middle of the year, and the deposits of banks closed each year. The apparent deficit in the guaranty fund, indicated by the excess of deposits in failed banks over assessments, is somewhat larger than the actual deficit. Figures on the amount of recoveries made by the fund each year from collections on its claims against failed banks are not available, so that the amount of the deficit at the close of each year cannot be ascertained.

GUARANTY FUND ASSESSMENTS, AND BANK SUSPENSIONS
IN NEBRASKA 1911-28

Year	Amount of deposits ^{1/}	Total assessments for guaranty fund ^{2/}	Assessment for each \$100 of deposits	Bank failures ^{3/}	
				Number	Deposits
1911	71,883	176,863	.25	-	-
1912	82,835	406,858	.49	-	-
1913	87,591	271,807	.31	-	-
1914	91,963	140,647	.15	1	122
1915	103,829	144,685	.14	-	-
1916	141,557	421,472	.30	1	111
1917	208,310	219,904	.11	-	-
1918	246,088	318,029	.13	-	-
1919	268,233	802,477	.30	-	-
1920	290,231	639,244	.22	5	1,120
1921	227,815	2,317,308	1.02	24	5,703
1922	233,285	1,971,580	.85	23	4,955
1923	248,625	2,046,320	.82	15	2,417
1924	254,522	1,004,860	.39	13	1,699
1925	287,778	1,616,330	.56	20	5,155
1926	284,148	1,672,539	.59	22	5,849
1927	275,161	1,653,207	.60	22	5,629
1928	261,087	885,413	.34	49	8,396
Total	3,664,941	16,709,843		195	41,156
Average			.46		

^{1/} June 20, or nearest available date. Figures include private, stock savings and commercial banks. From reports of State Banking Board, 1911-33.

^{2/} John G. Blocker, Bureau of Business Research, University of Kansas, The Guaranty of State Bank Deposits, p. 37.

^{3/} Years 1911-20, Reports of the Bureau of Banking, State of Nebraska, 1919, p. 21, and 1920, p. 36. Figures for the banks failing in 1914 and 1916 are proved claims. Years 1921-28, Annual Report of the Federal Reserve Board, 1933, pp. 216, 219.

Handling of insolvent banks by Guaranty Fund Commission. The Guaranty Fund Commission published no annual reports. Information regarding its operations with respect to insolvent banks is available only in the reports of special investigations, particularly the report of a House Sub-committee of the Legislature of Nebraska in 1929, and that of the banking investigation of 1929-30.

The report of the legislative sub-committee in 1929 showed that on February 5 of that year, there were 522 insolvent bank trusts under the control of the Guaranty Fund Commission. There were four types of trusts, as follows:

- 46 receiverships of banks which had closed prior to the establishment of the Commission in 1923;
- 137 receiverships of banks which had closed after the establishment of the Commission in 1923;
- 70 trusts representing the assets of banks which had been bought at public sale and were being liquidated for the benefit of the guaranty fund;
- 69 insolvent banks operated as going concerns.

A consolidated balance sheet of these trusts indicated that liabilities amounting approximately to 42 million dollars remained unpaid. Of this amount 26 millions were due to creditors of the bank on deposits and other claims guaranteed by the fund, 15 millions were due to the guaranty fund, and the remaining million consisted chiefly of general claims and bills payable not guaranteed by the fund and of claims in dispute. Losses of approximately 10 million dollars had already been taken on assets sold, and assets with a book value of 51 millions had not been disposed of.

Depositors' losses in all banks closing, 1911-1928. The report of the House sub-committee in 1929 also presented a summary of the liabilities of all banks closed from the time the guaranty fund law went into operation early in 1911 to February 5, 1929. During this period 273 banks had been closed (excluding insolvent banks operated as going concerns by the Guaranty Fund Commission), with aggregate liabilities amounting to slightly more than 77 million dollars. Of these liabilities

- 34 million dollars, or 45 per cent, had been paid from the liquidation of the assets of the closed banks;
- 16½ million dollars, or 21 per cent, had been paid from the guaranty fund; and
- 26½ million dollars, or 34 per cent, remained unpaid.

The book value of the assets still unliquidated amounted to 40 million dollars. It was estimated at that time that the cash value of these

assets was approximately 10 million dollars. It is understood, however, that less than half of this amount has since been realized. The depositors have thus recovered a total of about 70 per cent of their claims.

Effect of deposit guaranty upon depositors' losses. The total recoveries from the liquidation of the banks which failed in Nebraska during the operation of the deposit guaranty fund (1911-28) have amounted, roughly, to half of the liabilities of the banks. The depositors would thus have lost approximately 50 per cent of their claims without deposit guaranty. They recovered an additional 20 per cent, approximately, from the guaranty fund, thus reducing their losses to about 30 per cent.

The average rate of assessment actually levied during the years 1911-28 amounted approximately to $\frac{4}{10}$ of 1 per cent. Since the amounts collected from assessments were sufficient to pay only two-fifths of the depositors' claims not recovered from liquidation, it would have taken a rate of approximately 1 per cent a year during this period to have paid all losses to depositors.

Closing of the guaranty system. It was apparent by 1928 that the guaranty fund was hopelessly insolvent, and that it would be necessary to abandon or greatly modify the system. Public sentiment at that time was probably in favor of abandonment. The closing of the fund was, however, a long process, complicated by the difficulties associated with the liquidation of failed banks, by political maneuvers and continued pressure for the retention of the principle of deposit guaranty, and by controversies over the method of handling obligations already incurred by the fund.

The legislature of Nebraska made an attempt in 1929 to repeal the guaranty law and to close the guaranty fund, but the repeal act failed to receive the Governor's approval. Later in the year an injunction was granted by a District Court prohibiting collection of the special assessments, which made the law temporarily inoperative. When the injunction suit was brought before the State Supreme Court, however, the guaranty law was held constitutional, and the injunction dissolved. This decision, rendered late in 1929, was confirmed by the United States Supreme Court in 1931. ^{1/}

In the meantime, an extraordinary session of the legislature in 1930 had repealed the guaranty law insofar as it provided for benefits to depositors in banks closed in the future. To aid in paying existing claims, the same act established a Depositors' Final Settlement Fund, con-

^{1/} Abie State Bank vs. Bryan, 262 U. S. 765.

sisting of the remaining balances of the guaranty fund and of receipts from annual assessments upon the banks for ten years of two-tenths of 1 per cent of average daily deposits. An appropriation had already been made by the legislature for the reimbursement of deposits lost in the banks which had been operated by the Guaranty Fund Commission, and a constitutional amendment submitted to the people providing for an appropriation of \$8,000,000 to discharge the obligations of the Depositors' Guaranty Fund. It was hoped that the collection of the assessments for 1928 and 1929, held by the injunction suit, the appropriation under the constitutional amendment, and the assessments under the Depositors' Final Settlement Fund law, would be sufficient to pay all claims in full.

These plans all failed. The State Supreme Court held that the appropriation for the reimbursement of deposits lost in the banks, which had been operated by the Guaranty Fund Commission, was unconstitutional, and the proposed constitutional amendment authorizing an appropriation for payment of the general obligations of the fund was rejected at the polls. Further, the constitutionality of the Act of 1930 was challenged, and a renewed attempt made to declare the original act unconstitutional. This suit was heard by the court in 1932. The State Supreme Court decided that the part of the Act repealing the guaranty fund law was constitutional but that the part of the act establishing the Depositors' Final Settlement Fund lacked the public purpose necessary to support it as an exercise of the police power, and that it took the property of one person and gave it to another and thus deprived the one of his property without due process of law.

The State Supreme Court also held that on account of the changed conditions the original act had become unconstitutional, and that the assessments levied in December 1928, and 1929 and 1930, were confiscatory and therefore unconstitutional. Further legal delays were encountered in disposing of the small accumulation of the fund, so that final disposition was not completed until 1934. At that time payment was made in full to the depositors in one bank and in part to those in another bank, nothing being available for the remainder.

CONSTITUTIONALITY OF DEPOSIT GUARANTY LEGISLATION

The deposit guaranty law in Nebraska, like that passed in Oklahoma two years earlier, was attacked immediately after its passage on the claim that it violated the Constitution of the United States. The Nebraska law was held unconstitutional by the State Supreme Court, and its operation held in abeyance for two years. Arguments on the two cases were heard together by the United States Supreme Court. The decision was rendered in the Oklahoma case January 3, 1911, and applied to Nebraska also.

The principal point in the controversy was the contention that the deposit guaranty law took private property of one bank for the private use of another bank without compensation. That this might be the case was admitted, but it was pointed out by the court that such a transfer of property is constitutional if there is sufficient public purpose and necessity.

...It is established by a series of cases that an ulterior public advantage may justify a comparatively insignificant taking of public property for what, in its immediate purpose, is a private use...There may be other cases besides the everyday one of taxation, in which the share to each party in the benefit of a scheme of mutual protection is sufficient compensation for the correlative burden that it is compelled to assume. At least, if we have a case within the reasonable exercise of the police power as above explained, no more need be said.^{1/}

The Court discussed the application of police power to the guaranty of bank deposits as follows:

The levy and collection, under a state statute, from every bank existing under the state laws, of an assessment based upon average daily deposits, for the purpose of creating a depositors' guaranty fund to secure the full repayment of deposits in case any such bank becomes insolvent, is a valid exercise of the police power, and cannot be regarded as depriving a solvent bank of its liberty or property without due process of law... the police power of a state extends to the regulation of the banking business, and even to its prohibition, except on such conditions as the state may prescribe.

It may be said in a general way that the police power extends to all the great public needs. It may be put forth in aid of what is sanctioned by usage, or held by the prevailing morality or

^{1/} Noble State Bank vs. Haskell, 219 U. S. 112.

strong and preponderant opinion to be greatly and immediately necessary to the public welfare. Among matters of that sort probably few would doubt that both usage and preponderant opinion give their sanction to enforcing the primary conditions of successful commerce. One of those conditions at the present time is the possibility of payment by checks drawn against bank deposits, to such an extent do checks replace currency in daily business. If then the legislature of the State thinks that the public welfare requires the measure under consideration, analogy and principle are in favor of the power to enact it. Even the primary object of the required assessment is not a private benefit as it was in the cases above cited of a ditch for irrigation or a railway to a mine, but it is to make the currency of checks secure, and by the same stroke to make safe the almost compulsory resort of depositors to banks as the only available means for keeping money on hand.^{1/}

This decision is notable not only because it affirmed the constitutionality of the deposit guaranty legislation, but also because of the grounds on which that affirmation was made. The decision is based on the ground that safety of payments made by check is one of the primary conditions of successful commerce, that the police power is one that covers any regulations necessary to "make the currency of checks secure," and to make safe the money kept on hand by depositors in the form of bank deposits. The decision thus rests wholly on the idea that the purpose of the legislation is the protection of the circulating media. The court neither asserted nor implied that assessments upon one bank for the purpose of protecting investments of an individual in the form of interest-bearing deposits in another bank are constitutional, except as such protection may be involved in protecting deposits constituting circulating media. The problem of the constitutionality of a deposit insurance plan designed primarily to protect the invested savings of people of small income, or other persons, was given no attention by the court.

In 1928, after seventeen years of operation, bankers in Nebraska renewed their claim that the guaranty law was unconstitutional. Their complaint was dismissed by the State Supreme Court, and the dismissal affirmed by the United States Supreme Court. In the course of its opinion, however, the United States Supreme Court remarked:

A decision of the Supreme Court of the United States in a suit brought immediately upon the enactment of a bank guaranty law, holding such law to be constitutional, does not preclude a

^{1/} Noble State Bank vs. Haskell, 219 U. S. 104, 111-12.

subsequent suit for the purpose of testing, in the light of later actual experience, the validity of assessments made thereunder, alleged to be unreasonable and confiscatory, and hence repugnant to the due process clause of the Fourteenth Amendment.^{1/}

In the light of this expression of opinion, another suit was brought before the Nebraska State Supreme Court in 1932, on the contention that changed conditions made the assessments confiscatory and the act unconstitutional.^{2/} Extracts from the decision in this case are as follows:

The public purpose sufficient to support the constitutionality of the depositors' guaranty fund was the stabilization of commerce and the creation of public confidence in the banks. It had a public purpose. It was within the reasonable exercise of the police power...

...State banks also challenge the constitutionality of the assessment levied under the provisions of the depositors' guaranty fund law beginning with the special assessment of December 15, 1928....for that by reason of changed conditions the regulatory act in its operation has become confiscatory....

If under the facts it is confiscatory, it is violative of the Fourteenth Amendment to the Federal Constitution. If it is confiscatory, then it can no longer be sustained as a constitutional legislative enactment under the police power for a public purpose. If confiscatory, the public advantage does not justify taking of private property for what, in its purpose, is a private use.

In addition to the changed condition relating to changed statutory enactments, there are facts and circumstances inherent in the conditions of the banking business in this state since December, 1928. These facts are established by the record. It was a fact determined in 1928 that, due to the unprecedented number of failures of state banks, the depositors' guaranty fund was faced with a deficit of millions, and that it was impossible to restore the solvency of the fund. The comparatively small and regular assessments had been levied and collected. In addition, the larger and more oppressive special assessments have been

^{1/} Abie State Bank vs. Bryan, 282 U. S. 765.

^{2/} The discussion here refers only to the decision of the court with respect to the original deposit guaranty act. An Act of 1930, setting up a depositors' final settlement fund, was also involved in the same case. This has been discussed above in connection with the closing of the guaranty funds.

levied regularly for years, in the vain hope of restoring the solvency of the fund. The banks were faced with an indefinite continuance of these regular and special assessments. At the same time, the public purpose which this legislation undoubtedly had in the beginning was no longer served. From the condition of the fund itself, instead of a stabilizer of the state banks, it became a menace and a threat, sufficient to cause a great loss of public confidence in the banks with subsequent loss of business and earning power....

From any viewpoint with which we consider these assessments, it is apparent that all public purpose has been abandoned in relation thereto and that it now amounts to taking the property of one class of citizens to pay another class in contravention of the constitutional rights of the plaintiffs.^{1/}

In brief, the plan was constitutional as long as depositors were protected; it was unconstitutional when it had been clearly demonstrated that this public purpose was not fulfilled. This decision has not been specifically confirmed by the United States Supreme Court. However, in view of that fact that the Court refused to review the case, and of its comments in the 1928 case, the decision has had its implied approval.^{1/}

^{1/} Hubbell Bank et al. vs. Charles W. Bryan, Governor, et al, 124 Neb. 55-67.

OBSOLETE

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DEPOSIT GUARANTY IN NEBRASKA

by

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FOREWORD

This report on deposit guaranty in Nebraska, 1911-1930, prepared by Clark Warburton, is the third of a projected group of reports on the character and operation of deposit guaranty systems in various States prior to the adoption of Federal deposit insurance. A study of the previous systems of deposit guaranty in the United States was undertaken in the belief that a knowledge of the character and operation of those systems would be helpful in the formulation of policies contributing to the success of deposit insurance.

In collecting data for the report, Mr. Warburton has been assisted by Mrs. Ethel Bastedo and other members of the clerical and statistical staff of the Division. He has also had the advice and criticism of other members of the Staff of the Division in the preparation of the report.

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DEPOSIT GUARANTY IN NEBRASKA

The Nebraska law for guaranty of bank deposits was enacted April 25, 1909. At the time of its enactment deposit insurance was in operation in one State, Oklahoma; and in one other State, Kansas, a deposit insurance law had been enacted. The effective date of the act in Nebraska was postponed for nearly two years pending litigation regarding its constitutionality. An amending act in 1911 provided that assessments were to begin on July 1 of that year.^{1/}

The guaranty law in Nebraska continued in operation for 19 years. By 1930 the liabilities of the guaranty fund far exceeded the amounts which were available to the fund, and on March 18 of that year applicability of the guaranty to future failures was repealed. Provisions regarding assessments were continued until 1932, when the entire law was repealed. However, under a State Supreme Court decision all assessments subsequent to 1928 were declared confiscatory and hence unconstitutional.

CHARACTER OF THE GUARANTY LEGISLATION

Admission of banks. Participation in the deposit guaranty plan in Nebraska was made compulsory for all State banks. No special examination was required for admission to the guaranty plan. At the time the law went into effect approximately 650 banks were operating under State law and became participants in the guaranty system.

Provision was made for a separate fund, to be known as the "co-operative bank protective fund," for co-operative banks. However, no such

^{1/} An account of the origin of deposit guaranty legislation in Nebraska, more complete than is available for any other State, is given by Z. Clark Dickenson, in Bank Deposit Guaranty in Nebraska, Bulletin No. 6, Nebraska Legislative Reference Bureau (1914).

banks appear to have been in existence, since no mention is made of them or of the "co-operative bank protective fund" in reports of the State bank supervisory authority and of investigations of the depositors' guaranty fund.

Deposits guaranteed. The guaranty covered all deposits. Receipt of deposits by a bank upon any collateral agreement or condition other than an agreement for rate of interest and length of time to maturity was prohibited, and any money deposited under such an agreement was excluded from guaranty. No special provision was made in the original law regarding public funds, but the amendments of 1911 provided that no security other than the guaranty was necessary for such funds, thus repealing the previous requirement that depository banks furnish bonds covering deposits of public funds.

In connection with the payment of deposits of failed banks, several cases arose of interpretation of the law regarding insurance coverage. Where a county treasurer had deposited funds in excess of the amount permitted in a single bank (50 percent of the paid-up capital of the bank), the court held that the entire deposit was protected by the guaranty fund. The court also held that a surety company which had bonded the bank and paid the liability on the bond, taking an assignment of the rights and remedies of the treasurer, was entitled to file claim for payment out of the guaranty fund. ^{1/}

^{1/} State ex rel Davis, Atty. Gen. v. Peoples State Bank of Anselmo (1926) 198 NW 1018, 206 NW 758.

Money purporting to be a deposit at the maximum rate of interest permitted by the law on guaranteed deposits, but with a bonus of 1 percent above the interest rate, was held to be excluded from guaranty. ^{1/}

Assessments. Assessments for meeting the cost of deposit guaranty were levied upon the banks on the basis of total average daily deposits. The first four semi-annual assessments were at the rate of 1/4 of 1 percent and regular semi-annual assessments after the

^{1/} Imas v. Farmers State Bank of Decatur (1917) 101 Neb. 778, 165 NW 145.

first four were to be at the rate of $1/20$ of 1 percent.^{3/} New banks were to pay 4 percent of their capital stock into a credit fund, together with a further assessment to a "just and equitable sum", arranged so that the total assessment after one year's operation would amount to not less than 1 percent of average daily deposits. The 1911 amendments provided that the regular semi-annual assessments of $1/20$ of 1 percent of the average daily deposits should cease when the fund reached $1\frac{1}{2}$ percent of such deposits, ~~was~~ to be renewed when the fund became depleted below 1 percent.

Special assessments were authorized if the fund should be reduced below 1 percent of total average daily deposits (one-half of 1 percent during the first year of operation of the fund). The special assessments were not to exceed 1 percent of average daily deposits in any one year. In 1923 an amendment provided that special assessments subsequent to that year should not exceed $1/2$ of 1 percent of average daily deposits in any one year. No provision was made for the deposit of bonds or other security as a guaranty for the payment of assessments.

Bankers conservation fund. The amendments in 1923 also provided for a "bankers conservation fund" for use in preventing the closing of banks and conserving the guaranty fund. Assessments for this fund were authorized at not more than one-fourth of 1 percent of average daily deposits in any year with a maximum at any time of one-third of 1 percent of average daily deposits. The bankers' conservation fund was used as a "deposit" or loan to banks in bad condition which had been placed in the hands of the Guarantee Fund Commission and were operated by the Commission.

3. Due to the delay in putting the law in operation, the application of the initial rate was modified in 1911 to cover the first four semi-annual assessments beginning that year.

Administration and custody of the fund. The administration of the guaranty fund was placed in the hands of a State Banking Board, composed of the Governor as chairman, the Auditor of Public Accounts, and the Attorney General. The examination of banks and other aspects of bank supervision were also placed in charge of the State Banking Board. In 1919 a Department of Trade and Commerce was organized, with a Secretary appointed by the Governor, and the administration of the guaranty fund was placed in this department.

Dissatisfaction with the administration of the guaranty fund resulted in the creation in 1923 of a Guarantee Fund Commission, composed of the Secretary of the Department of Trade and Commerce as ex officio chairman, and seven other members appointed by the Governor from among panels of three persons each, recommended by representatives of the banks in seven regions of the State. Each person nominated on the panels was required to have been an executive officer of a State bank for five years. Another change in the administration of the fund was made in 1929 when the Guarantee Fund Commission was abolished, administration of the fund reverted to the Department of Trade and Commerce, and the position of Bank Commissioner was created.

No part of the assessments was collected at the time they were levied. The assessments were kept in the banks assessed and credited to the account of the Secretary of the State Banking Board (in 1919, the Department of Trade and Commerce; and in 1923, the Guarantee Fund Commission) in the form of deposits subject to call by draft. The law also provided that funds received by the State Banking Board (or Department of Trade and Commerce or Guarantee Fund Commission) from the liquidation of banks which

had failed and the deposit liabilities of which had been paid by the guaranty fund should be deposited in solvent banks in proportion to the guaranty fund assessments levied on those banks.

Banks going into voluntary liquidation or changing to a national bank charter were required to pay to the Secretary of the State Banking Board any assessments which had been levied upon them but had not been called for by the Board. These funds could be deposited in any bank designated by the Secretary of the State Banking Board. In 1919 such funds were ordered held in a special reserve of the guaranty fund which could not be used until the fund itself was depleted but were to be used before a special assessment was levied; and the State Treasurer was authorized to invest the special reserve in certain types of bonds, the interest being added to the special reserve. Two years later an amendment provided that the special reserve should be drawn against along with calls upon the operating banks for payments from their parts of the guaranty fund, with any balance remaining after three years from date of surrender of authority to transact a banking business to be refunded to the stockholders of the bank or their representatives.

Indebtedness of the guaranty fund. The original law contained no provision against the contingency that the regular and special assessments authorized by the law might be inadequate to pay all of the deposits in closed banks. In 1923 an indirect method was devised by which funds could be borrowed. The receiver of a failed bank could borrow money on a "receiver's certificate" at a rate of interest to be fixed by the court supervising the receivership. In the case of a failed

bank the depositors of which had been paid from the proceeds of a draft on the guaranty fund, the amount of the receiver's certificate could not exceed the estimated market value of the assets remaining in the receivership and the money thus borrowed was paid over to the guaranty fund. In the case of a failed bank the depositors of which had not yet been paid by the guaranty fund, the amount of the receiver's certificate could not exceed the amount needed (in addition to available cash) to pay the depositors. In either case the debt thus incurred was to be paid so far as possible from the proceeds of liquidation of the assets of the bank, and the guaranty fund was responsible for the payment of any such certificates still unpaid upon completion of liquidation of the banks. All receiver's certificates were to be registered by the Secretary of the Department of Trade and Commerce and were required to be paid by the guaranty fund in the order of registration.

Method of paying depositors and of liquidating failed banks.

Under the Nebraska deposit guaranty plan the depositors in a failed bank were to be paid promptly by the guaranty fund. The amount necessary to pay the depositors, in addition to available cash in the hands of the receiver, was determined by the court having jurisdiction over the receivership, collected from the guaranteed banks by the State Banking Board (or Department of Trade and Commerce or Guaranty Fund Commission), and paid to the receiver of the failed bank for distribution to depositors.

The guaranty law provided that depositors' claims in a failed bank were to have priority over all other claims, except taxes, and that the guaranty fund was to be subrogated to the rights of depositors paid from the fund. After 1923 receivers' certificates, representing borrowings by the receiver underwritten by the guaranty fund, had priority over the guaranty fund with respect to payments from the proceeds of liquidation of the assets of the bank.

The State Banking Board was authorized to order a bank examiner to take possession of any bank for a sufficient length of time to make a thorough examination of its affairs, and if found insolvent, until a receiver was appointed. The insolvency of a bank was reported by the State Banking Board to the Attorney General, who applied to the district court of the county in which the bank was located for appointment of a receiver or, in the absence of judge or judges thereof, to any judge of the State Supreme Court. The district court held jurisdiction over the receivership.

Stockholders of an insolvent bank had the right, while a bank was in charge of an examiner or of a receiver, to restore the bank's credit, capital and reserves, to repay any advances made by the guaranty fund, and to reopen the bank. In 1923 an amendment to the law provided that the officers, stockholders, or owners of an insolvent bank could furnish to the Department of Trade and Commerce a bond sufficient to assure

full settlement of all the liabilities of the bank withⁱⁿ a stated time, and then proceed with the liquidation of the bank. This made it possible for the owners to reduce the cost of a receivership and thus to reduce the amount of assessment on account of double liability, in cases where collection of double liability from stockholders provided sufficient funds to pay all of the liabilities of the bank.

The 1923 amendments also provided alternative methods of handling closed banks, designed to permit prompt reopening and to keep as many banks operating as possible. One of these alternatives was sale by the receiver of all the assets of the bank to new stockholders, with the approval of the Guarantee Fund Commission and under the direction of the court, with the receiver authorized to draw on the guaranty fund to meet any deficiency after the sale to meet claims payable from the guaranty fund. This procedure was prohibited in case the majority owners of the capital stock, whose acts do not show criminal liability, objected and showed the court that the bank could be made solvent within one year. In 1925, sale of assets in this manner to new stockholders was permitted without actual payment of the deficiency by the guaranty fund by permitting the reorganized bank to hold receivers certificates as bills receivable in an amount approved by the Department of Trade and Commerce.

The second method for handling closed banks, adopted in 1923, was a provision that the Department of Trade and Commerce, after taking possession of a bank, could turn it over to the Guarantee Fund Commission to operate, with the consent and assignment of the owners of a majority of the capital stock. The money obtained from the Bankers Conservation Fund, mentioned above, was used as a loan to these banks to permit their

continued operation. A bank operated by the Guarantee Fund Commission could be closed at any time either by the Commission or ^{by} the Department of Trade and Commerce.

The liquidation of closed banks which could not be reopened in any of these ways was placed in the hands of the Department of Trade and Commerce, by providing that the Attorney General should apply to the District Court for an order directing the Department to take charge of the bank and wind up its affairs in the place of a request for appointment of a receiver. The same act provided that all receiverships pending at the time the act became effective should be taken over by the Department of Trade and Commerce.

One more provision of the 1923 amendments designed to provide more efficient liquidation should be noted. At the request of the Department of Trade and Commerce, the court with jurisdiction over the liquidation could order all or part of the assets to be sold, with the Department of Trade and Commerce permitted to bid. In case the Department was the highest bidder, the assets of the bank were turned over to the Guarantee Fund Commission for liquidation, the proceeds thereof being used to reimburse the guaranty fund for the payments it made to the depositors. This procedure made it possible to eliminate the maintenance of liquidating agents for each of the various closed banks until all assets were disposed of, and enabled the Guarantee Fund Commission to consolidate ^{the} process ^{of} ~~the~~ disposition of the assets of the various closed banks.

Expenses of administration. No provision was made in the original deposit guaranty law regarding the expense of administering the law. Such expenses were part of the cost of administering the general

banking code by the State Banking Board, and were met by appropriations from the general fund of the State. However, operating banks were assessed examination fees designed to meet the cost of bank supervision.

In 1923, when the Guaranty Fund Commission was created, provision was made for an administrative fund not exceeding \$15,000 in any one year, to be collected by an assessment on all State banks on the basis of average daily deposits at the time of the last semi-annual statement of the banks. This assessment for the administrative fund was collected through drafts drawn on the banks by the Secretary of the Department of Trade and Commerce, and was then transmitted to the Secretary of the Guaranty Fund Commission. Also closed banks were assessed by the Guaranty Fund Commission (Department of Trade and Commerce after abolition of the Commission) to meet the cost of receivership.

CONSTITUTIONALITY OF THE DEPOSIT GUARANTY LAW

The deposit guaranty law was attacked immediately after its enactment in 1909 on the claim that it was unconstitutional. The basis for claiming that deposit guaranty was unconstitutional was essentially the same as in Oklahoma and in Kansas. ^{1/}

Decision of the State Supreme Court. A few days before the Nebraska deposit guaranty law was to go into effect a temporary injunction was granted by members of the State Supreme Court restraining the State Banking Board from putting the law into operation. Shortly afterward the court declared the law to be unconstitutional and made the injunction

^{1/} For summaries of the arguments that the deposit guaranty laws in Oklahoma and in Kansas were unconstitutional, see the reports Deposit Guaranty in Oklahoma and Deposit Guaranty in Kansas.

permanent. The decision of the State Supreme Court was based on the contention that the law appropriated the assets of one bank to meet the obligations of another bank, so that this resulted in taking the property of one person without compensation to pay the debts of another, and thus was contrary to the Fourteenth Amendment to the Constitution of the United States, and ~~with~~ article 1 of the Constitution of Nebraska.^{1/}

Decision of the United States Supreme Court. The decision of the State Supreme Court made the deposit guaranty law in Nebraska ineffective pending appeal to the United States Supreme Court. In Oklahoma and Kansas, where deposit guaranty laws had also been challenged, the State courts ~~had~~ upheld the constitutionality of the legislation, and the laws were therefore placed in operation pending the results of appeal to the United States Supreme Court.

Arguments regarding the constitutionality of the deposit guaranty laws in the three States were heard by the United States Supreme Court at its fall term in 1909. On January 3, 1911, the United States Supreme Court rendered a unanimous decision upholding the constitutionality of the Oklahoma law, and made the same decision applicable to the Kansas and Nebraska laws.^{2/}

Later decisions of the Nebraska Supreme Court and of the United States Supreme Court. In 1928, after the Nebraska deposit guaranty law had been in operation for 17 years, bankers renewed their

1. First State Bank of Holstein, Neb. et al v. Shallenberger, Governor, et al (1909) 172 Federal Reporter 999.
2. Noble State Bank v. Haskell (1911) 219 U. S. 112; and Shallenberger, Governor, v. First State Bank of Holstein (1911) 219 U.S. 117. The decision of the United States Supreme Court is described in more detail in the report Deposit Guaranty in Oklahoma.

claim that the law was unconstitutional and asked for a review and reversal of the decision made in 1911. The complaint of the bankers was dismissed by the State Supreme Court, and this dismissal was affirmed by the United States Supreme Court. ^{1/} However, in the course of its opinion, the United States Supreme Court remarked:

"....A decision of the Supreme Court of the United States in a suit brought immediately upon the enactment of a bank guaranty law, holding such law to be constitutional, does not preclude a subsequent suit for the purpose of testing, in the light of later actual experience, the validity of assessments made thereunder, alleged to be unreasonable and confiscatory, and hence repugnant to the due process clause of the Fourteenth Amendment." ^{2/}

In the light of this expression of opinion by the United States Supreme Court, the bankers in Nebraska brought another suit regarding constitutionality of the guaranty law before the Nebraska State Supreme Court in 1932, on the contention that changed conditions made the assessments confiscatory and the act unconstitutional. Extracts from the decision in this case are given below. ^{3/}

The public purpose sufficient to support the constitutionality of the depositors' guaranty fund was the

^{1/} Abie State Bank et al v. Weaver, Governor, et al (1930) 119 Neb. 153; and Abie State Bank v. Bryan (1931) 282 U. S. 765.

^{2/} Abie State Bank v. Bryan (1931) 282 U. S. 765. It is perhaps worthy of note that Willis Van deVanter, who was one of the judges of the State Supreme Court which declared the original Nebraska law unconstitutional, was a Justice of the United States Supreme Court at the time of this decision, having been appointed to the United States Court immediately after the original decision of that court upholding the constitutionality of deposit guaranty laws in Oklahoma, Kansas, and Nebraska.

^{3/} The quotation given here refers only to the decision of the court with respect to the original deposit guaranty act. An act of 1930, setting up a depositors' final settlement fund, was also involved in the same case. For the decision of the court regarding this fund see the section of this report dealing with the closing of the guaranty funds (page 58).

stabilization of commerce and the creation of public confidence in the banks. It had a public purpose. It was within the reasonable exercise of the police power.....

...State banks also challenge the constitutionality of the assessments levied under the provisions of the depositors' guaranty fund law beginning with the special assessment of December 15, 1928....for that by reason of changed conditions the regulatory act in its operation has become confiscatory.....

If under the facts it is confiscatory, it is violative of the Fourteenth Amendment to the Federal Constitution. If it is confiscatory, then it can no longer be sustained as a constitutional legislative enactment under the police power for a public purpose. If confiscatory, the public advantage does not justify taking of private property for what, in its purpose, is a private use.

In addition to the changed condition relating to changed statutory enactments, there are facts and circumstances inherent in the conditions of the banking business in this state since December, 1928. These facts are established by the record. It was a fact determined in 1928 that, due to the unprecedented number of failures of state banks, the depositors' guaranty fund was faced with a deficit of millions, and that it was impossible to restore the solvency of the fund. The comparatively small and regular assessments had been levied and collected. In addition, the larger and more oppressive special assessments have been levied regularly for years, in the vain hope of restoring the solvency of the fund. The banks were faced with an indefinite continuance of these regular and special assessments. At the same time, the public purpose which this legislation undoubtedly had in the beginning was no longer served. From the condition of the fund itself, instead of a stabilizer of the state banks, it became a menace and a threat, sufficient to cause a great loss of public confidence in the banks with subsequent loss of business and earning power.

From any viewpoint with which we consider these assessments, it is apparent that all public purpose has been abandoned in relation thereto and that it now amounts to taking the property of one class of citizens to pay another class in contravention of the constitutional rights of the plaintiffs. 1/

1. Hubbell Bank et al. v. Charles W. Bryan, Governor, et al., 124 Neb. 51-67; 245 NW 20-27.

This decision stated in effect that the deposit guaranty plan was constitutional as long as depositors were protected. It became unconstitutional when it had been clearly demonstrated that this public purpose was not fulfilled. This decision has not been specifically confirmed by the United States Supreme Court, but has had the implied approval of that Court by the refusal of the Court to review the case and by its comments in the 1928 case.

SUPERVISION AND REGULATION OF GUARANTEED BANKS

State banks in Nebraska had been operating under the supervision of the State Banking Board and a State Bank Examiner for approximately twenty years prior to the enactment of the deposit guaranty law. At the time of enactment of the deposit guaranty law the banking code relating to supervision was revised.

Supervisory authority. The new banking code provided for administration of the banking law by a State Banking Board composed of the Governor as ex officio chairman, the Auditor of Public Accounts, and the Attorney General. Under the law the Governor appointed a Secretary of the State Banking Board, who must have had at least three years' practical experience in actual banking, at a salary of \$3,000. A suitable number of bank examiners, who were also required to have three years' experience in banking, were also appointed by the Governor. No member of the examining force was permitted to examine the affairs of a bank in which he had a personal interest, or of which he had been an officer or employee within one year of his appointment as examiner.

In 1919 the supervision of banks was transferred to the Department of Trade and Commerce, with a Secretary appointed by the Governor as executive officer of the Department. Examination and supervision of operating banks remained directly in charge of the Secretary of the Department of Trade and Commerce until 1929, when the office of Bank Commissioner was created. The Bank Commissioner, under the executive direction of the Secretary of the Department, was placed in charge of administration of the banking laws.

The Guarantee Fund Commission, which was created in 1923 and abolished in 1929, had no duties with respect to examination and supervision of regularly operating banks. The duties of the Guarantee Fund Commission were confined to handling the guaranty fund, operation of banks taken over by the Commission, and liquidation of assets of failed banks coming into possession of the guaranty fund.

Supervisory powers. The supervisory powers of the State Banking Board, at the time of adoption of deposit guaranty, related chiefly to bank examinations, and to requests for appointment of a receiver. Two examinations each year were required, and additional examinations could be made at any time. Fees for examinations were specified in the law, ranging from \$15 to \$50 for each examination, payable into the general fund of the State.^{1/}

No bank could open without the authorization of the State Banking Board, but the Board was required to issue such authorization if the bank had been organized in the prescribed manner. The State Banking Board was

1. Small increases in fees, except for banks with less than \$25,000 total reserves, were made in 1919.

authorized to require any bank to restore impaired capital or reserves; and was required to approve the reduction or cancellation of capital stock of a bank. The Board was not given power to order removal of undesirable or illegal assets, or the removal of officers, employees, or directors. Special reports, in addition to those required, could be called for at any time.

The State Banking Board was authorized to request the appointment of a receiver if a bank failed to make good any impairment of capital or reserves upon order of the State Banking Board, if a bank conducted its business in an unsafe or unauthorized manner or endangered the interest of its depositors, or if a bank failed to make required reports or otherwise failed to comply with the banking law. The State Banking Board could order any examiner to take possession of a bank for a thorough examination. If the bank was found insolvent, conducting business in an unsafe or unauthorized manner, or endangering the interest of its depositors, the examiner retained possession until a receiver was appointed.

Substantial additional powers were conferred on the supervisory authority in 1921. In that year the Department of Trade and Commerce was authorized to grant a charter for the organization of a bank if the parties requesting it are of integrity and responsibility, and public necessity, convenience, and advantage will be promoted. In the same year all executive officers of banks were required to be licensed by the Department of Trade and Commerce. Such officers were required to be of good moral character, known integrity, business experience and responsibility, and capable of conducting a bank on sound banking principles.

Bank officers at the time this provision went into effect were deemed to have a three months' license subject to revocation by the Department.

In 1923 the Department of Trade and Commerce was placed in charge of all pending receiverships, and the District Courts were authorized to place a bank in the hands of the Department of Trade and Commerce for liquidation rather than to appoint a receiver for this purpose. The Department was also authorized to bid on the assets of a failed bank, at a public sale under supervision of the court, and to turn such assets over to the Guarantee Fund Commission for liquidation and reimbursement for the deposits paid by the Commission. Several items were added to the list of conditions for which a bank could be placed in receivership: refusal of permission to inspect the bank's books, papers or affairs; refusal of officers to observe any order of the Department; or if the Department concluded, from the results of any examination or report provided for by law, that it was unsafe or inexpedient for the bank to continue business.

Statutory limitations on bank operations. The principal statutory limitations on banking operations, under the banking law at the time the guaranty law went into operation, and during the period of its operation, are summarized below.

Responsibility of officers,
directors, and stockholders:

Losses resulting from loans
made in violation of legal
limitations

No provision until 1921, when any
director knowingly participating
in approval of such loans was
made directly liable for damages.

Liability of stockholders

Usual double liability

Bonding of active officers
and employees

Optional with directors of each bank.

Meeting of directors

At least twice each year.

Examinations by directors

At least twice each year.

Limitations on loans and investments:

Loans to officers and employees

Prohibited. In 1925, loan to a corporation of which an officer of the bank is a member required to be approved by Board of Directors.

Loans to directors

Must be approved by Board of Directors.

Loans to stockholders

Aggregate amount limited to 50 percent of paid-up capital and surplus.

Maximum to single borrower

Twenty percent of paid-up capital and surplus.

Maximum secured by real estate

No provision.

When reserve is deficient

New loans prohibited.

Maximum total loans and investments

Eight times capital and surplus; ^{1/2}/₂ in 1913 ten times capital and surplus; in 1919 fifteen times capital and surplus.

Limitations on ownership of property:

Maximum value of banking house and fixtures

One-third of paid-up capital, amended in 1919 to 1/2 of paid-up capital.

Ownership of other real estate

Prohibited.

Ownership of corporate stocks

Prohibited, except to prevent loss on debt previously contracted, with maximum of 10 percent of paid up capital. ^{of stock} Ownership in Federal Reserve Banks permitted in 1915.

1. These provisions were not applicable to savings banks.
2. These provisions are included in the banking code in force March 30, 1911, published in the Twentieth Annual Report of the Secretary of the State Banking Board, with a note that the repealing clause, but not the title or text of the 1911 act purported to repeal them. In the same report the Secretary recommended modification of the limitation on loans and investments.

Time limit on ownership of
assets acquired by collec-
tion of debt

Five years for real estate, with
maximum amount limited to 50
percent of paid-up capital (75
percent after 1919)¹; six months
for corporate stock.

Limitations relating to deposits:

Maximum amount of deposits

No provision.

Maximum rate of interest
on deposits

Five percent; in 1925 (effective
April 1, 1926), 4 percent.

Receipt of deposits when
insolvent

Prohibited.

Preference

No specific provision.

Limitations on borrowings:

Maximum

Two-thirds of paid-up capital (modi-
fied in 1915 to full amount of
paid-up capital and surplus) except
borrowing for payment of depositors.
Additional borrowing permitted after
1923 with written consent of Secre-
tary of Department of Trade and
Commerce.

Power of supervising authority
to require reduction

No provision.

Maximum value of assets which
may be pledged for borrowings

No provision until 1923. After that
date limited to 1 1/2 times amount
of obligation except with consent
of Secretary of Department of Trade
and Commerce.

Limitations on payment of dividends:

Percentage of net profits to
be carried to surplus prior
to dividend

One-fifth of earnings until surplus
reaches 20 percent of capital stock.

When losses exceed or equal
undivided profits

Prohibited.

When reserve is impaired

Prohibited.

When capital is impaired

Prohibited.

1. These provisions were not applicable to savings banks.

Required reserves:

Total amount:

Banks other than savings	Fifteen percent for banks in places under 25,000 population; 20 percent for banks in places over 25,000 population, and banks that are depositors or reserve agents for other banks. After 1919, banks members of the Federal Reserve system authorized to disregard these provisions.
Savings banks	Five percent, amended in 1921 to apply also to savings accounts in other banks.
Proportion to be held in actual cash ^{1/}	1911, 1/3 for banks with 15 percent total reserve, 2/5 for banks with 20 percent total reserve; 1913, 1/3; 1919, 1/5; 1925, 4/15.
Permissible character of remainder	1911, balances due from other solvent banks.

Required fully-paid capital:^{2/}

In places with	
100 inhabitants or less	\$10,000; in 1921, \$25,000. ^{3/}
100 to 500 inhabitants	15,000)
500 to 1,000 inhabitants	20,000)
1,000 to 2,000 inhabitants	25,000)
2,000 to 5,000 inhabitants	35,000
5,000 to 25,000 inhabitants	50,000
25,000 to 100,000 inhabitants	100,000
100,000 or more inhabitants	200,000

Required reports:

Resources and liabilities	At least four each year.
Earnings and dividends	No provision.
Deposits	Each six months, average daily deposits.

1. In 1919, two-fifths of this cash was permitted to be in Liberty or other United States Government bonds, reduced in 1925 to one-fifth.
2. These requirements relate to banks other than savings banks. Minimum capital required for savings banks was \$15,000 in places less than 50,000 inhabitants; \$35,000 in places with from 50,000 to 100,000 inhabitants; and \$75,000 in places with 100,000 inhabitants or more.
3. In 1923, in places of less than 1,000 inhabitants, if no other bank was available, \$15,000.

NUMBER AND DEPOSITS OF GUARANTEED BANKS

Number of participating banks. The number of State banks in Nebraska, all of which participated in the deposit guaranty system, and the number of national banks in the State, which did not participate, are given in Table 1 for each year of operation of the deposit guaranty fund.

At the time the guaranty law went into effect, about 73 percent of the banks operating in the State were operating under State law and therefore became participants in the guaranty system. During the next eight years, this proportion steadily increased, due primarily to the conversion of national banks to State banks, and reached 84 percent in 1920. This percentage remained stable for the next eight years. During the remaining two years of the guaranty system, the proportion operating under State law declined, falling to 80 percent of the total number of operating banks at the beginning of 1930.

Deposits of participating and non-participating banks. The proportion of total deposits in all operating banks held by the State banks was much smaller, throughout the period of deposit guaranty, than the percentage of number of banks. The national banks were, on the average, considerably larger banks than the State banks.

At the beginning of deposit guaranty, about 40 percent of the bank deposits in the State were held by State banks. For a number of years this percentage increased, reaching 59 percent in 1921, and remaining between 55 and 59 percent until 1928. During the last two

years of deposit guaranty, the deposits in State banks declined relative to those in national banks, so that by 1930 only 47 percent of the deposits in the State were in banks participating in the deposit guaranty system.

Table 1. NUMBER OF OPERATING BANKS IN NEBRASKA PARTICIPATING AND NOT PARTICIPATING IN THE DEPOSIT GUARANTY SYSTEM, 1912-1930, BY YEARS.

Call date nearest January 1 ^{1/}	All banks operating in Nebraska	Participating in deposit guaranty ^{2/}	Not partici- pating in de- posit guaranty ^{3/}	Percentage Participating
1912	916	669	247	74
1913	935	694	241	74
1914	965	728	237	75
1915	983	765	218	78
1916	1,007	803	204	80
1917	1,031	839	192	81
1918	1,110	920	190	83
1919	1,133	942	191	83
1920	1,188	999	189	84
1921	1,196	1,009	187	84
1922	1,170	986	184	84
1923	1,137	955	182	84
1924	1,118	938	180	84
1925	1,101	928	173	84
1926	1,072	903	169	84
1927	1,043	883	160	85
1928	1,012	855	157	84
1929	882	726	156	82
1930	804	647	157	80

^{1/} Call dates for State and national banks are not identical in several years.

^{2/} All State banks, from annual or biennial reports of the State bank supervisory authority.

^{3/} National banks, from annual reports of the Comptroller of the Currency.

Table 2. DEPOSITS IN OPERATING BANKS IN NEBRASKA PARTICIPATING AND NOT PARTICIPATING IN THE DEPOSIT GUARANTY SYSTEM, 1912-1930, BY YEARS.
(In thousands of dollars)

Call date nearest January 1 ^{1/}	All banks operating in Nebraska	Banks partici- pating in deposit guaranty ^{2/}	Banks not participating in deposit guaranty ^{3/}	Percentage of deposits in all banks held by participating banks
1912	193,591	73,890	119,701	41
1913	204,925	82,528	122,397	40
1914	213,726	92,747	120,979	43
1915	216,796	100,812	115,984	47
1916	240,870	114,488	126,382	48
1917	342,671	165,528	177,143	48
1918	419,232	223,499	195,733	53
1919	477,761	259,875	217,886	54
1920	513,211	278,769	234,442	54
1921	432,113	255,067	177,046	59
1922	387,641	216,478	171,163	56
1923	433,992	238,754	195,238	55
1924	430,220	239,985	190,235	56
1925	484,897	271,529	213,368	56
1926	487,291	281,547	205,744	58
1927	470,090	275,552	194,538	59
1928	474,300	274,525	199,775	58
1929	461,646	252,460	209,186	55
1930	406,850	191,658	215,192	47

1/ Call dates for State and national banks are not identical in several years.

2/ Deposits in all State banks, data from annual or biennial reports of the State bank supervisory authority. Includes dividends unpaid.

3/ Deposits in national banks, data from annual reports of the Comptroller of the Currency.

Concentration of bank deposits. Table 3 shows the amounts of deposits held on October 31, 1914, and June 30, 1927, by the State banks in Nebraska grouped according to their deposits.^{1/} These years are chosen as representative of the earlier and later parts of the period during which the deposit guaranty system was in operation.

In 1914 the largest State bank in Nebraska held 1.1 percent, and in 1927 the largest bank held 2.3 percent, of the deposits in all State banks. The largest 10 banks held, on these dates, respectively, 7 and 9 percent of the deposits in all State banks. The concentration of deposits in a few of the largest banks was not so great in Nebraska as in Kansas and in Oklahoma during periods of operation of guaranty deposit plans.

^{1/} Similar figures for State banks for various years during the period of operation of deposit guaranty are given in Table 13, page 60, and for national banks in Table 14, page 61.

Table 3. NUMBER AND DEPOSITS OF STATE BANKS IN NEBRASKA, OCTOBER 31, 1914, AND JUNE 30, 1927.

	Number of banks	Amount of deposits (thousands of dollars)	Percentage of number of banks	Percentage of aggregate deposits
<u>All State banks, October 31, 1914</u>				
	760	93,420	100.0	100.0
<u>Banks with deposits of -</u>				
\$100,000 or less	387	22,684	50.9	24.3
\$100,000 to \$250,000	303	45,783	39.9	49.0
\$250,000 to \$500,000	64	20,451	8.4	21.9
\$500,000 to \$1,000,000	5	3,479	.7	3.7
\$1,000,000 to \$2,000,000	1	1,023	.1	1.1
Largest bank		1,023		1.1
Largest 5 banks		3,991		4.3
Largest 10 banks		6,418		6.9
<u>All State banks, June 30, 1927</u>				
	872	275,038	100.0	100.0
<u>Banks with deposits of -</u>				
\$100,000 or less	100	7,380	11.5	2.7
\$100,000 to \$250,000	343	60,511	39.9	22.0
\$250,000 to \$500,000	300	102,826	34.4	37.4
\$500,000 to \$1,000,000	102	65,362	11.7	23.7
\$1,000,000 to \$2,000,000	17	22,301	1.9	8.1
\$2,000,000 to \$5,000,000	4	10,398	4.5	3.9
Over \$5,000,000	1	6,260	.1	2.3
Largest bank		6,260		2.3
Largest 5 banks		16,653		6.1
Largest 10 banks		24,853		9.0

BANK FAILURES

Number and deposits of failed banks. During the 19 years of operation of the deposit guaranty system in Nebraska, 357 participating banks closed because of financial difficulties. Only seven of these failures occurred during the first half of the period of operation of the fund. One of the banks which closed was a bank which had previously suspended and had been reopened.

The deposits in the guaranteed banks closed because of financial difficulties amounted to \$72,199,000. The largest bank among the failures was the Security State Bank, Omaha, with deposits of approximately \$1,500,000. No other bank with deposits of more than \$1,000,000 failed during the life of the guaranty fund. The Security State Bank was the seventh largest bank operating under State law. Deposits of this bank constituted 2 percent of the deposits of all guaranteed banks which failed prior to repeal of the applicability of the law. Concentration of risk in large banks, and failure of these banks, does not appear to have been an important factor in the insolvency of the Nebraska guaranty fund.^{1/} The distribution of the closed banks, and of their deposits, with the banks grouped by size, are given in Table 4.

1. However, there is abundant evidence that the majority of the large banks in the fund were not in good condition. Of the six banks larger than the Security State Bank, Omaha, three failed within eighteen months after the repeal of the guaranty provisions of the law, and one was absorbed prior to the close of deposit guaranty under conditions indicating that the bank was about to fail. The other two consolidated and converted to a national bank at about the time the guaranty law was repealed.

Table 4. NUMBER AND DEPOSITS OF STATE BANKS IN NEBRASKA CLOSED BECAUSE OF FINANCIAL DIFFICULTIES, JULY 1, 1911 TO MARCH 18, 1930.

Banks grouped by amount of deposits.

	Number of Deposits banks (in thousands of dollars)		Percentage of total	
			Number	Deposits
<u>TOTAL</u>	<u>357</u>	<u>72,199</u>	<u>100.0</u>	<u>100.0</u>
Banks with deposits of				
\$100,000 or less	104	6,504	29.1	9.0
\$100,000 to \$250,000	162	26,654	45.4	36.9
\$250,000 to \$500,000	69	23,277	19.3	32.2
\$500,000 to \$1,000,000	21	14,248	5.9	19.7
Over \$1,000,000	1	1,516	.3	2.1

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Table 5. NUMBER AND DEPOSITS OF STATE BANKS IN NEBRASKA CLOSED BECAUSE OF FINANCIAL DIFFICULTIES, JULY 1, 1911, TO MARCH 18, 1930, BY YEARS.

Year ^{1/}	Closed banks ^{2/}		Number failed per 100 operating banks	Deposits in closed banks per \$100 in operating banks
	Number of banks	Deposits (In thousands of dollars)		
TOTAL	357	72,199	2.2	\$ 1.92
1914	1	122	.1	.14
1916	1	111	.1	.97
1920	5	1,121	.4	.40
1921	26	6,090	2.6	2.39
1922	23	4,955	2.3	2.29
1923	15	2,417	1.6	1.01
1924	14	1,744	1.5	.73
1925	20	5,155	2.2	1.89
1926	22	5,849	2.4	2.08
1927	22	5,629	2.5	2.04
1928 ^{3/}	50	8,550	5.9	3.11
1929 ^{4/}	150	29,128	20.7	11.53
1930 (to March 18)	8	1,328	1.2	.69
SUBTOTALS				
July 1, 1911 to June 30, 1927 ^{5/}	136	28,879		
July 1, 1927 to April 30, 1929 ^{6/}	146	27,613		
May 1, 1929 to March 18, 1930 ^{7/}	75	15,707		

^{1/} No State bank failed during years omitted.

^{2/} Data obtained from reports of the State Bank supervisory authority, or schedules collected by the Federal Reserve Committee on Branch, Group, and Chain Banking.

^{3/} Figures for 1928 include 44 banks which had been placed in the hands of the Guarantee Fund Commission in prior years, and were being operated by the Commission as going concerns at the beginning of 1928.

^{4/} Figures for 1929 include 73 banks which had been placed in the hands of the Guarantee Fund Commission in prior years, and were being operated by the Commission as going concerns at the beginning of 1929.

^{5/} Banks in which depositors' claims were met by the guaranty fund. These 136 banks include:

125 banks in which payments had been made by the Guaranty fund by January 2, 1930 (report of the Banking Investigation);

3 other banks which closed prior to the date of closing of the bank with depositors' claims paid in part by the guaranty fund (it is assumed that depositors' claims in these three banks were paid by

the guaranty fund between January 2, 1930, and the date of final settlement of the fund);

6 banks which reopened or were liquidated without payments from the guaranty fund;

2 banks in which depositors' claims were met (in full in one bank, in part in the other) by the guaranty fund at time of settlement in 1934 (The American Banker, July 13, 1934).

6/ Banks with depositors not paid by the guaranty fund, which closed prior to the date when the Guarantee Fund Commission was abolished, or which were operated by the Guarantee Fund Commission on that date.

7/ Banks failed from date of abolition of Guarantee Fund Commission to date of repeal of the law, excluding banks operated by Guarantee Fund Commission which were placed in receivership subsequent to abolition of the Commission.

The number and deposits of the banks closed each year, with ratios to the number and deposits of operating banks at the beginning of ~~the~~ year, are given in Table 5. The average annual rate of failure, computed at the number of banks which failed per 100 operating at the beginning of each year, was 2.2. However, as has been mentioned, nearly all of the failures occurred during the latter half of the period of operation of the fund. For the 9-year period, 1921-1929, the average annual rate of failure was 4.2 per 100 banks. The deposits of the closed banks, for this period, averaged \$3.01 per year for each \$100 of deposits in operating banks. The latter rate, for the entire period of operation of the fund, was \$1.92 per year for each \$100 in operating banks.

Failures by size of bank. In Table 6, the size distribution of banks which failed during the 9-year period, 1921-1929, is compared with the average size distribution of operating banks. Figures are given for this period rather than for the entire period during which the fund was in operation because nearly all of the failures occurred during this period.

During the 9-year period, bank failures were negatively correlated with size of bank. The smallest banks had the highest, and the largest banks the lowest, failure rate. Failures among banks with less than \$100,000 of deposits were more than four-fifths of the average number of operating banks, while failures among banks with more than \$1,000,000 of deposits were only one-twentieth of the average number of such banks in operation.

1. This correlation is the reverse of the situation in Oklahoma during the operation of the guaranty fund in that State, ~~since~~ in Oklahoma the failure rate among the larger banks was much higher than among the smaller banks.

Table 6. SIZE DISTRIBUTION OF FAILED BANKS IN NEBRASKA COMPARED WITH
AVERAGE SIZE DISTRIBUTION OF OPERATING BANKS, 1921 - 1929.

	Number of banks			Deposits		
	Average Number operating	Number Failed per 100 operating	Failed operating	Average in oper- ating banks (thousands of dollars)	In failed banks (thousands of dollars)	In failed banks per \$100 in operating banks ^{1/}
<u>Total</u>	<u>359</u>	<u>344</u>	<u>40</u>	<u>255,822</u>	<u>69,517</u>	<u>\$27</u>
Banks with deposits of						
\$100,000 or less	120	102	85	8,602	6,315	73
\$100,000 to \$250,000	358	152	42	62,255	25,028	40
\$250,000 to \$500,000	272	68	25	93,921	22,976	24
\$500,000 to \$1,000,000	90	21	23	58,264	13,682	24
\$1,000,000 to \$2,000,000	15	1	7	18,613	1,516	8
\$2,000,000 or more	4	..	..	14,167	..	..

^{1/} These rates are for the 9-year period. Approximate annual rates can be obtained by dividing the figures by the number of years (9).

Table 7. BANK FAILURE RATES IN NEBRASKA, 1912-1929, COMPARED WITH RATES
IN CONTIGUOUS STATES AND IN THE UNITED STATES ^{1/}

	Failures per 100 operating banks			Deposits in failed banks per \$100 in operating banks		
	State and nat'l banks	State banks	National banks	State and nat'l banks	State banks	National banks
<u>Nebraska</u>	36	40	16	\$22	\$35	\$ 7
<u>Six contiguous States</u>	<u>31</u>	<u>34</u>	<u>20</u>	<u>17</u>	<u>23</u>	<u>8</u>
South Dakota	70	75	46	63	81	33
Iowa	35	37	28	25	29	16
Missouri	20	22	5	6	9	40
Kansas	19	23	5	13	20	3
Colorado	32	42	15	10	17	7
Wyoming	56	67	31	31	41	25
<u>Entire United States</u>	<u>23</u>	<u>28</u>	<u>11</u>	<u>5</u>	<u>8</u>	<u>3</u>

^{1/} Tabulated from data from the following sources: reports of bank commissioners in the various States; Willis, Banking Inquiry of 1925; annual reports of the Comptroller of the Currency; Federal Reserve Committee on Branch, Chain and Group Banking, "Changes in the Number and Size of Banks in the United States, 1934-1941;" and Federal Reserve Bulletin, September, 1937 and November, 1937.

Note. These rates are for the entire period. Approximate average annual rates can be obtained by dividing the figures by the number of years (18).

Causes of bank failures. The legislature of Nebraska ordered in 1930 a special investigation and audit of failed banks in that State. The report of this investigation, which was directed by Mr. A. C. Shallenberger, contains a discussion of the causes of failure without making an attempt to estimate the number due to specific causes.^{1/} An analysis of the evidence collected by this investigation which was made by Mr. T. Bruce Robb for the Department of Business Research of the University of Nebraska is also without an estimate of the number of failures due to the various causes mentioned.^{2/} Some further evidence regarding causes of bank failures in Nebraska is given in the schedules collected by the Federal Reserve Committee on Branch, Group and Chain Banking.^{3/}

Relatively little is said in the report of the Banking Investigation about theft, embezzlement, or defalcation on the part of bank officials. Such overt acts were apparently not regarded as a major cause of failure in many of the banks which failed during the period of operation of the guaranty fund. More attention is given to dishonesty by the study of the Department of Business Research of the University of Nebraska. A number of cases are cited of dishonesty on the part of bank officials, shortages due to the abstractions of cashiers, forged notes, and loans obtained on worthless paper, to which the following statement is added:

^{1/} A. C. Shallenberger, Final Report of the Banking Investigation, to the Governor and Legislature of Nebraska, 1930, pp. 6-9.

^{2/} T. Bruce Robb, State Bank Failures in Nebraska, Nebraska Studies in Business No. 35 (The University of Nebraska, 1934), pp. 27-28.

^{3/} Schedules prepared in 1931 in the office of the Bureau of Banking of Nebraska, for the Federal Reserve Committee on Branch, Group and Chain Banking. The schedules have been made available through the courtesy of the Board of Governors of the Federal Reserve System.

If space permitted the recital of such sordid banking transactions, it would unfortunately be greatly extended. The first impression one gets from this record is the complete lack of any feeling of public responsibility for their actions on the part of these bank managers.

Both the banking investigation and the Department of Business Research placed great stress on speculation, loans to interests with which bank officials were associated, and loans in excess of the legal limits. The report of the Banking Investigation described the influence of these elements as follows:

The World War inflated prices, both of land and other property, to such an extent that a business boom developed which swept many bankers, business men and even farmers into a maelstrom of speculation. Standards of values and normal basis of credit were completely lost sight of and sound business principles were forgotten....Land speculation, a most dangerous economic disease for bankers to contract, became epidemic either through loans on lands or by indirect purchases by bank officers....

Millions of dollars of worthless loans encumbered the note cases of the banks audited by this office. Very often more than half of the notes in failed banks were found worthless because the officers making them were speculators, not bankers.

The same aspect of the situation was described by Mr. Robb, in the report of the Department of Business Research, as follows:

One of the great weaknesses of a decentralized system of unit banks as developed in this country is the opportunity it affords to men of affairs to enter the banking business and use the community's deposits to lubricate their private ventures. No man can successfully serve two masters, and the spectacle of a banker in the role of a credit man making loans to his own enterprises is grotesque. The period of rapid growth in the number of banks was especially productive of this type of banker. It was a period of rising prices and speculative excesses, and the banking business was disgraced by bankers who were using their institutions to finance their own mercantile operations, or the tenants on their own farms, or as a dumping ground for the paper collected by their automobile agencies or that growing out of their cattle transactions. Almost without exception, the losses following in the train of this kind of banking were appalling.

An excessive number of banks, inadequate earnings and management by incompetent officials are also emphasized as important joint factors in the widespread collapse of banks in Nebraska. Incompetence may wreck a bank with good earning power. However, incompetent management appears most frequently when new banks are opened freely, and an excessive number of banks in a locality in relation to the volume of business available in the locality is a major factor in inadequate earnings. The report of the Banking Investigation describes the influence of these factors in Nebraska as follows:

...hundreds of banks were chartered for which there was no economic use and men permitted to operate them who, for want of ability and honesty, have disgraced the business of banking. Too many banks and too few bankers bred bankruptcy in the banking business.

...The unsafe and unnecessary expansion in banking during the boom period because of no limiting of charters led to an extraordinary and dangerous increase in loans and credits. Where too many banks make competition ruinous, bad loans become common because there are not enough safe borrowers to absorb the funds that must be loaned to make a show of profit.

Mr. Robb, in reviewing the evidence collected by the banking investigation, makes similar statements regarding incompetent management and an excessive number of banks.

It is not our purpose...in this section to consider cases where, more often than not, bank officers were honest and well meaning, but where either through indolence or stark ignorance of sound banking practice they showed themselves grossly incompetent to operate a bank. It would only be expected that where banks were organized with such feverish haste as occurred between 1910 and 1920, many cases would come to light of men permitted to operate banks who were utterly unfit to receive and loan other people's money.

Economic circumstances and rapid economic changes, particularly the sharp reversal in prices of agricultural products after the close of the World War and the renewed decline in those prices which set in about

1926, were also important elements in the large number of bank failures in Nebraska. Nevertheless, the report of the banking investigation and the analysis by the Department of Business Research of the University of Nebraska give only a moderate stress to the decline in agricultural prices. This decline is considered to be the occasion for bank failures, but speculation, loans to bank officials and their interests, incompetent management, and an excessive number of banks are emphasized as more fundamental causes.

A similar emphasis is indicated in the causes of failure of banks which closed during the period 1921-1930, as reported in the schedules collected by the Federal Reserve Committee on Branch, Group and Chain Banking. Out of 380 failures for which a primary cause of failure is mentioned, only 34 are attributed to the decline in real estate values or to losses due to unforeseen agricultural or industrial disaster, while 38 are attributed to defalcation and 264 to incompetent management. However, land values and agricultural conditions are stressed as an important contributing factor in a great majority of the failures. A classification of the primary and contributing causes of failure reported on these schedules is given in Table 8.

Table 8. CAUSES OF BANK FAILURES IN NEBRASKA, 1921-1930, REPORTED ON
SCHEDULES PREPARED FOR THE FEDERAL RESERVE COMMITTEE ON
BRANCH, GROUP AND CHAIN BANKING

Item ^{1/}	Number of cases	
	Primary cause	Contributing cause
<u>Dishonesty of officers--total</u>	<u>39</u>	<u>17</u>
Defalcation	38	13
Officer's irregularities or shortages	..	3
Inside bank robbery	1	..
Dishonesty of former management	..	1
<u>Misuse of bank funds, excessive loans, irregularities--total</u>	<u>29</u>	<u>37</u>
Misuse or misapplication of bank funds	27	11
Excess loans, or overloaning	..	21
Excessive and illegal loans	..	1
Loans to stockholders and relatives	..	1
Failure of large debtor	2	..
Violation of State banking laws	..	3
<u>Reversal of prosperous conditions, decline in values--total</u>	<u>85</u>	<u>227</u>
Unforeseen agricultural or industrial disaster, such as flood, drought, etc.	4	36
General deflation, or general depression	28	16
Decline in value of farm products, or deflation of agricultural prices	23	32
Decline in real estate values	30	143
<u>Incompetent or poor management--total</u>	<u>281</u>	<u>56</u>
Incompetent management	264	40
Insufficient diversification	16	14
Long-term loans on real estate	1	..
Excessive operating cost	..	2
<u>Other causes--total</u>	<u>81</u>	<u>86</u>
Heavy withdrawals	40	27
Failure of other banking institutions	11	4
Insufficient operating income	1	11
Lack of business	21	4
Lax enforcement of State banking laws	2	37
Miscellaneous	6	3

^{1/} Specific items are from schedules collected by the Federal Reserve Committee on Branch, Group and Chain Banking, the grouping by the author of this report. The tabulation was made by the author of this report from the schedules, which were made available through the courtesy of the Board of Governors of the Federal Reserve System.

FINANCIAL HISTORY OF THE GUARANTY FUND

Sources and adequacy of information. Information regarding the operation of the Nebraska depositors' guaranty fund is extensive and fairly complete up to 1930. The financial history of the fund while deposit guaranty was in force, and its status at the time of repeal of the guaranty provisions in 1930, are thus available. However, information is not at hand regarding the subsequent liquidation of assets held by the fund and for this reason only a crude estimate can be made of the final results of the operation of the fund.

The periodic reports of the Bureau of Banking, during the period when the fund was fully operative, contain^{only} a limited amount of information regarding the operation of the depositors' guaranty fund. The great bulk of the available information regarding the financial history of the guaranty fund is the outcome of special investigations ordered by the Nebraska legislature. In January 1929, the House of Representatives requested its Banks and Banking Committee to make a thorough investigation of the books and records of the Guarantee Fund Commission. The results of this investigation, which were published as a document of the Legislature, give statements of the guaranty fund, and of each closed bank, as of February 5, 1929.^{1/} In April of the same year, the Legislature ordered an examination and audit of failed banks and of

^{1/} Legislature of Nebraska, forty-fifth session, 1929, Report of House Sub-Committee on Guarantee Fund Commission.

the departments charged with responsibility for the banking laws. This study of the deposit guaranty fund was conducted from May 1929 to July 1930 by A. C. Shallenberger, who was appointed by the Governor as Chief Examiner for this purpose.^{1/} Official reports on the disposition, subsequent to 1930, of the remaining assets of the fund and of the final payments to depositors in failed banks, are not available.

Some additional information is available from sources other than these official reports. Payments by the guaranty fund in the case of guaranteed banks which failed subsequent to January 1, 1921, are given in the schedules prepared in 1931 for the Federal Reserve Committee on Branch, Group and Chain Banking, but these figures differ only slightly from those given in the reports of the special investigation of the previous year. Information regarding the Nebraska fund published in special surveys of deposit guaranty systems in operation in various States pertains only to the early years of the system or is based on the reports of the special investigation.^{2/} The final payment by the guaranty fund

^{1/} The results of this investigation are given in three documents, as follows: (1) The Associated Certified Public Accountants of Nebraska, "Report on Depositors' Guaranty Fund," submitted to Mr. Shallenberger, dated August 1, 1930; (2) A. C. Shallenberger, "Report of Bank Investigation," dated March 3, 1930 (preliminary report submitted to the Governor); and (3) A. C. Shallenberger, Chief Examiner, Final Report of the Banking Investigation.

^{2/} Surveys of deposit guaranty systems in various States, which give some information regarding the Nebraska system, include T. Bruce Robb, The Guaranty of Bank Deposits (Houghton Mifflin Company, 1921); Thornton Cooke, articles in the Quarterly Journal of Economics, November 1913 and November 1923; article and legislative summary in the Federal Reserve Bulletin, September 1925; and Blocker, The Guaranty of Bank Deposits (The School of Business, University of Kansas, 1929).

Very little information regarding the financial operation of the Nebraska deposit guaranty fund is given in the historical pamphlets by Z. Clark Dickinson and B. Frank Watson entitled, respectively, Bank Deposit Guaranty in Nebraska (Bulletin No. 6, Nebraska Legislative Reference Bureau, 1914) and A History of the Nebraska Bank Guaranty Law. However, the latter discusses the attitude of bankers toward deposit guaranty and the causes of the failure of the system.

to depositors in failed banks was reported in newspaper articles in 1934.^{1/}

Income and obligations of the guaranty fund. A summary statement of the income and obligations of the Nebraska depositors' guaranty fund, for the entire period of its existence, is given in Table 9. The figures take into account receipts and disbursements subsequent to the repeal of the applicability of the guaranty to future failures, including the final disposition of the fund in 1934. The estimates in this table exclude indirect borrowings of the fund (in the form of receivers' certificates) which were eventually repaid. Payments to depositors in failed banks which were made directly by receivers from the cash and immediately available assets of the banks are also excluded.

The total receipts of the guaranty fund, after allowance is made for assessments declared unconstitutional by the State Supreme Court, are estimated at \$19.4 million, of which \$16.5 million was derived from assessments and \$2.9 million from the liquidation of the banks in which depositors' claims were paid by the guaranty fund. The total obligations incurred by the guaranty fund are estimated at \$49 million to the date of repeal of the law, of which \$38 million are estimated to have been incurred prior to May 1, 1929, when the Guarantee Fund Commission was abolished. Assessments levied subsequent to that date were later refunded under the decision of the State Supreme Court that they had become confiscatory and therefore unconstitutional.

The final deficit of the fund, after allowance for the estimated recoveries by depositors from the liquidation of the assets of the failed banks, is estimated at approximately \$16 million as of the date of abolition of the Guarantee Fund Commission, and at \$25 billion as of the date of repeal of the law.

^{1/} Chicago Daily Tribune, July 12, 1934; The American Banker, July 18, 1934.

Table 9. ESTIMATED OBLIGATIONS, INCOME, AND DEFICIT OF
THE NEBRASKA DEPOSITORS' GUARANTY FUND

	Millions of dollars
<u>Obligations</u>	
In banks with depositors paid by guaranty fund ^{1/}	19.4
In banks with depositors not paid by guaranty fund ^{2/}	
Closed prior to May 1, 1929, when Guarantee Fund Commission was abolished	18.5
Closed from May 1, 1929, to March 18, 1930	<u>10.5</u>
<u>Total obligations</u>	48.4
<u>Income</u>	
Assessments on guaranteed banks ^{3/}	19.8
<u>Less</u> Revoked by decision of State Supreme Court ^{4/}	3.0
Unpaid - due from closed banks ^{2/}	<u>.3</u>
Total assessments collected ^{6/}	16.5
Recoveries from receivers of closed banks on depositors' claims paid by the guaranty fund:	
To January 2, 1930 ^{7/}	2.2
Subsequent to January 2, 1930 ^{8/}	<u>.7</u>
<u>Total income</u>	19.4
<u>Deficit</u>	
Obligations not paid by guaranty fund ^{9/}	29.0
<u>Less</u> estimated depositors' recoveries ^{10/}	<u>4.4</u>
<u>Final deficit to date of repeal</u> ^{11/}	24.6

NOTE. Treatment of interest on receivers' certificates is obscure. Whether the interest is included in the depositors' claims paid in each bank in which they had been issued, or whether the interest was paid by the receivers and charged to the expenses of receivership, is not known.

^{1/} Total payments by guaranty fund to January 2, 1930, amounting to \$18,716,020, from auditor's report, Banking Investigation, plus preferred claims unpaid on June 30, 1930, in banks which closed prior to June 30, 1927, amounting to \$635,855, reported on schedules prepared for the Federal Reserve Committee on Branch, Chain and Group Banking. (For number and deposits of these banks, see Table 5, ~~footnote~~ 5.) This figure for

Table 9, Footnotes (continued)

obligations of the guaranty fund is 67 percent of the total deposits of the banks at time of failure, as reported in the annual report of the Nebraska Bureau of Banking, or in schedules prepared for the Federal Reserve Committee on Branch, Group, and Chain Banking. This difference is due to several factors, chiefly: (a) banks reopened or liquidated with no payments from the guaranty fund; (b) deposits paid by receivers of closed banks from the cash and other immediately available assets of the banks; and (c) differences between the books of the banks at time of closing and deposit claims proved and allowed by receivers.

2/ Estimated at 67 percent of deposits, on the basis of the relationship for banks closed prior to June 30, 1927. For number and deposits of these banks, see Table 5.

3/ Final Report of the Banking Investigation, pp. 17 and 27. This is the latest official figure available and includes assessments later declared unconstitutional by the State Supreme Court (see footnote 4).

4/ The actual amount of the assessments revoked by the Supreme Court decision is unknown. The figure given here is the amount of unpaid assessments in going banks on January 2, 1930 (from Final Report of Banking Investigation, p. 17), which is assumed to be approximately the amount revoked. The assessments revoked include the regular assessments of July 1, 1929, and January 1, 1930, and special assessments levied December 15, 1928, April 17, 1909, and January 2, 1930.

5/ Final Report of Banking Investigation, p. 17.

6/ This figure differs from that given by a report of the Economic Policy Commission, American Bankers Association, The Guaranty of Bank Deposits (1933) p. 21. The figure given in that report is \$17,700,000.

7/ Final Report of Banking Investigation, pp. 17 and 27.

8/ Estimated from difference between obligations paid by the guaranty fund and the income of fund to January 2, 1930, after allowance for assessments revoked. Of this amount \$244,000 was paid from the Depositors' Final Settlement Fund in May, 1930, (Final Report of Banking Investigation, p. 16), and \$134,000 was the final payment in 1934.

9/ This is a gross figure for the final deficit of the fund and is the estimated amount for which the fund was legally responsible at date of repeal of the guaranty fund (for method of estimate, see footnote 2).

10/ Estimate based on the assumption that such recoveries were similar to recoveries by the depositors' guaranty fund on deposits paid by the fund: i.e., 15 percent. Of this amount, \$2.8 million relates to banks which failed prior to May 1, 1929, when the Guarantee Fund Commission was abolished, or which were operated by the Commission, and \$1.6 relates to banks which failed between May 1, 1929, and the repeal of the law on March 18, 1930.

Table 9, Footnotes (continued)

11/ Of this amount, \$15.7 million is attributed to banks which closed prior to May 1, 1929, or were operated by the Guarantee Fund Commission, and \$8.9 million to banks which closed between May 1, 1929, and March 18, 1930.

Annual assessments and losses in failed banks. The annual rates of assessment, estimated amounts of assessment, and estimates of the eventual losses in the banks which failed each year, are given in Table 10. During the first nine years after the guaranty law went into effect, only a few bank failures occurred in the State, and depositors' claims in these banks were met without seriously depleting the guaranty fund or retarding its growth. Beginning in 1921, bank failures were numerous. In that year a special assessment amounting nearly to the maximum of 1 percent was necessary to restore the fund to that amount. This was repeated in 1922 and 1923.

With the modification of the law in 1923, the combined regular and special assessments were limited to six-tenths of 1 percent per year, and this amount was levied each year, (except 1924,) until the decision of the Supreme Court declaring that the assessments had become confiscatory and therefore unconstitutional. These assessments were not sufficient to meet the claims of depositors of failed banks, and it was necessary to make use of the indirect borrowing procedure authorized in 1923. Also, approximately 130 banks in financial difficulties were taken over and operated by the Guarantee Fund Commission.

By 1927 difficulties were encountered in marketing the receivers' certificates, which were guaranteed by the Guarantee Fund Commission, because of the likelihood of insolvency of the guaranty fund, and the bankers renewed their attempt to have the law repealed or declared unconstitutional. The date on which borrowing through receivers' certificates ceased is unknown, but it is believed that those issued were eventually paid, and that the loss on depositors' claims in the banks which failed subsequent to June 30, 1927, was borne entirely by depositors.

Table 10. COLLECTIONS FROM ASSESSMENTS, AND ESTIMATED LOSSES FROM BANK FAILURES,
NEBRASKA DEPOSIT GUARANTY FUND, BY YEARS
(Amounts of assessments, losses, and deposits in thousands of dollars)

Year	Rate of assessment (percent of deposits)		Amount of assessments ^{3/}	Losses in failed banks		Deposits in failed banks ^{6/}	Average deposits in operating banks, call dates during assessment period ^{7/}
	Rate levied ^{1/}	Computed ^{2/}		Paid by guaranty fund (net loss to fund) ^{4/}	Borne by depositors (estimated) ^{5/}		
1911	0.25	0.24	177	..	..	..	73,710
1912	.50	.54	407	..	..	..	75,432
1913	.30	.32	272	..	..	..	85,021
1914	.10	.15	141	19	..	122	92,674
1915	.10	.15	145	..	..	..	98,652
1916	.10	.15	183	44	..	111	124,429
1917	.10	.12	220	..	..	..	179,138
1918	.10	.13	318	..	..	..	236,246
1919	.10	.20	504	..	..	..	253,684
1920	8/	.22	639	649	..	1,121	286,615
1921	8/	.95	2,318	3,045	..	6,090	244,872
1922	8/	.88	1,972	3,546	..	4,955	225,022
1923	8/	.85	2,046	1,804	..	2,417	240,122
1924	8/	.41	1,005	1,118	..	1,744	245,840
1925	8/	.60	1,616	2,900	..	5,155	270,438
1926	8/	.59	1,672	2,967	..	5,849	284,711
1927	8/	.59	1,653	1,024	2,446	5,629	280,594
1928	8/	.31	885	..	4,848	8,550	285,869
1929	.05	.05	132	..	16,515	29,128	264,918
1930	2/	..	..	..	753	1,328	..
Total			16,305	17,116	24,562	72,199	

Adjustment: estimated recovery by guaranty fund
subsequent to January 3, 1930

-700

Estimated net losses paid by guaranty fund

16,416

Table 10. Footnotes.

1/ 1911-1919, initial and regular assessments; 1929, regular assessment for January 1.

2/ Estimated from average deposits reported on call dates during the base period for the assessments paid in each calendar year.

3/ 1911-1928 from John G. Blocker, The Guaranty of State Bank Deposits, p.37, with figures for two years adjusted to make the total for the period 1911-1919 equal \$2,367,000, a figure given by Blocker (p.30) and also in the Federal Reserve Bulletin, September 1925, p. 634. The adjustment is made for 1916 and 1919 because the amounts shown by Blocker for these years appear erroneous in view of the absence of special assessments prior to 1921. The figure for 1916 is interpolated from the preceding and succeeding years; that for 1919 is the residual to obtain the 1911-1919 total. The figure for 1929 is the estimated proceeds of one regular assessment, based on deposits reported at call dates during the base period.

4/ Figures for years 1911-1926 are total payments by the guaranty fund minus refunds from receiverships and sale assets to January 3, 1930, from the auditor's report to the chief examiner of the Banking Investigation. The figure for 1927 is from the same source for four banks, plus an estimate of payments in five other banks, in which payments by the guaranty fund were made subsequent to January 3, 1930, based on preferred claims unpaid on June 30, 1930, shown on schedules submitted to the Federal Reserve Committee on Branch, Group and Chain Banking.

5/ Estimated at 56.7 percent of deposits reported on schedules prepared for the Federal Reserve Committee on Branch, Group and Chain Banking, on the basis of the ratio of losses to deposits in the banks with depositors' claims paid by the guaranty fund. Some of this loss may possibly have been borne by holders of receivers' certificates rather than by depositors.

6/ From Table 5. The figure for 1927 includes deposits of \$1,315,000 in banks with depositors' claims met by the guaranty fund, and deposits of \$4,314,000 in banks not paid by the guaranty fund.

7/ Average of deposits reported on call dates during the 12-month period ended May 30. The semi-annual assessments due on January 1 and July 1 of each year were based respectively on average daily deposits for the six-months' period ended the preceding November 30 and May 30.

8/ Not available. The rates of the special assessments levied in these years to restore the fund to 1 percent of deposits are unknown.

9/ Assessments in 1929 and 1930, except the regular assessment paid January 1, 1929, were declared unconstitutional by the State Supreme Court.

Bankers' conservation fund. No statement is available of the Bankers' Conservation Fund, authorized by the 1923 amendments to the deposit guaranty law. Proceeds of assessments for this fund, which were limited to a maximum of $1/3$ of 1 percent of deposits in operating banks, were used as "deposits" or loans to the banks operated by the Guarantee Fund Commission. In the case of liquidation of one of these banks with a loan or "deposit" from the Bankers' Conservation Fund, such deposit had no preference but was given the same status as other deposits. It appears likely, therefore, that a part of these deposits in the banks closed in 1927, 1928, and 1929, which had been operated by the Guarantee Fund Commission, were lost. Such losses were a cost of the guaranty system to the State banks in Nebraska in addition to the assessments levied for the guaranty fund. The only available clue to the extent of such losses consists of entries, on the schedules prepared for the Federal Reserve Committee on Branch, Group and Chain Banking, of dividends paid on depositors' claims from the deposit guaranty fund for a number of banks which were placed in receivership subsequent to June 30, 1927. Since deposits in these banks were not paid by the depositors' guaranty fund, it is probable that these entries represent unpaid "deposits" of money from the Bankers' Conservation Fund. These figures are shown in the case of 21 banks which failed subsequent to June 30, 1927, and amount to a total of \$210,000.

Administrative cost of the depositors' guaranty fund. The administrative cost of the depositors' guaranty fund is also excluded from the figures of the fund given in Tables 9 and 10. From the beginning of deposit guaranty to the creation of the Guarantee Fund Commission in 1923,

the fund was administered by the State Banking Board, and the cost of its operation was not segregated from other expenses of the Board. The expenses of the State Banking Board were met by legislative appropriations, but the State Treasury received the proceeds of the examination fees levied on State banks.

From 1923 to 1930, approximately \$700,000 of expenses was incurred by the Guarantee Fund Commission, the receivership division of the Department of Trade and Commerce, and the Banking Investigation. Of this sum, approximately \$168,000 was obtained from assessments on operating banks in addition to the guaranty fund assessments, \$300,000 from assessments on closed banks, \$200,000 from legislative appropriations, and \$10,000 from interest and miscellaneous sources. The receipts of the various agencies connected with the fund, and the unexpended balances in 1930, are shown in Table 11.

Adequacy of the guaranty fund. The extent to which depositors in banks which failed during the period of operation of the Nebraska deposit guaranty plan were repaid is shown in Table 12. It is estimated that 43 percent of the deposits in these banks was eventually repaid from liquidation of the assets of the banks. Guaranty fund assessments provided 23 percent of the deposits. The remaining 34 percent was lost to the depositors.

These estimates indicate that aggregate assessments of \$41.5 million would have been necessary to have met all of the losses to depositors and administrative expenses associated with the guaranty fund up to the date of repeal of the guaranty law. The assessments collected provided two-fifths of this amount. An average annual assessment of 1.1 percent

Table 11. RECEIPTS FOR ADMINISTRATIVE PURPOSES, NEBRASKA
DEPOSITORS' GUARANTY FUND, June 30, 1911, to June 30, 1930^{1/}

Source of receipts	Total	Guarantee Fund Commission May 4, 1923 to April 30, 1929	Department of Trade and Commerce Receivership Division May 1, 1929 to June 30, 1930	Banking and investigation 1929-1930 ^{2/}
Assessments on operating banks	\$168,751	\$168,751	..	..
Assessments on closed banks	318,567	212,039	106,528	..
Legislative appropriations	339,623	89,628 ^{3/}	100,000	150,000
Interest and miscellaneous	<u>10,159</u>	<u>7,547</u>	<u>2,612</u>	<u>..</u>
Total	\$837,105	\$477,965	\$209,140	\$150,000
Unexpended funds, June 30, 1930	148,583	..	97,611 ^{4/}	50,972 ^{5/}
Administrative expense to June 30, 1930	\$688,522	\$477,965	\$111,529	\$99,028

^{1/} From Final Report of Banking Investigation.

^{2/} Cost of investigation in 1929 by sub-committee of the Banks and Banking Committee of the House of Representatives is not available.

^{3/} Excluding small amounts returned out of appropriations totalling \$30,000.

^{4/} Includes \$90,010 unexpended legislature appropriation, and \$7,601 unexpended other receipts.

^{5/} Unexpended August 1, 1930.

Table 12. DEPOSITS IN FAILED STATE BANKS IN NEBRASKA DURING PERIOD OF OPERATION OF DEPOSITORS' GUARANTY FUND, PAID AND UNPAID, WITH SOURCES OF FUNDS USED IN PAYMENT.

	Amount (in millions of dollars)	Percentage of total deposits
<u>Total deposits</u>	<u>72.2</u>	<u>100</u>
Deposits paid from:		
Liquidation of assets of failed banks: [#]		
Paid directly to depositors ^{1/}	28.2]	43
Paid to guaranty fund on subrogated claims	2.9]	
Depositors' guaranty fund	16.5	23
Loss to depositors	24.6	34

^{1/} Estimated as the difference between total deposits and the sum of deposits paid by the guaranty fund and losses to depositors. Data are not available for a direct estimate of payments by receivers of failed banks to depositors.

would have been necessary to provide this sum. The average collected, up to the date as of which they were revoked by decision of the State Supreme Court, was a little more than two-fifths of 1 percent per year.

The maximum annual assessment, under the original law, was 1.1 percent; or just enough to have covered the full cost of deposit guaranty during the period the law was on the statute books, had it been possible to have levied this maximum each year through the period. This was not possible during the first half of the period because failures were few, and only the initial assessment and the very small regular assessment could be levied. It was possible during the latter part of the period because of the reduction in the maximum assessment to six-tenths of 1 percent which was made in 1923.

The burden of assessments. Assessments during the first few years of the fund, at the regular rate of one-twentieth of 1 percent per year, were comparatively light, and bankers do not appear to have protested that the assessments were a financial burden upon the banks. When it became probable, in the early 1920's, that future assessments at the maximum rate would be necessary for several years, the banks felt that the assessments would be a heavy drain on their earnings and were successful in having the law amended to reduce the maximum rate. There does not appear to have been any significant tendency prior to 1929 for State banks to attempt to escape the burden of assessments by taking out national bank charters. At that time, when it was obvious that the guaranty fund was insolvent, and assessments at the reduced maximum rate would not be sufficient for many years, some conversions to national banks occurred.

Information is not available regarding the earnings and expenses of Nebraska banks during the period of deposit guaranty. As in other States, bankers declared that the assessments absorbed a large proportion of the profits

which otherwise would have been available for stockholders. During the three years, 1921-1923, when assessments close to the maximum under the original law were levied, the assessments collected averaged more than 5 percent on the total capital accounts of the banks; and during 1925-1927, when the maximum assessments under the reduced rates were levied, the assessments collected equalled 5 percent on the total capital accounts of the banks.^{1/}

Whether a new item of expense, such as an assessment for meeting losses in failed banks, comes out of profits can never be definitely determined. If the expense is one that is borne by all or a large majority of the operating banks in the area, it is probable that other items of income or expense may be affected more than the profits of the banks. In Nebraska, the maximum rate of interest that banks could pay on deposits was fixed, at the time of adoption of deposit guaranty, at five percent, and in 1925 was reduced to four percent, but it is not known how large a proportion of deposits bore the maximum rate nor how much the imposition of this maximum reduced the interest paid by banks to their depositors. With the high rate of interest that was paid on deposits by Nebraska banks prior to deposit guaranty, in comparison with those paid in some other parts of the Nation, it is conceivable that sufficient adjustment could have been made in this item alone to have thrown the full cost of deposit guaranty on depositors, who are the chief beneficiaries of a successful system of deposit insurance. However, the presence of national banks, excluded from the guaranty system, though they constituted only 15 percent of the banks operating in Nebraska

^{1/} The banks had less capital relative to deposits in 1925-1927 than in 1921-1923, which is the reason why the reduced rate on deposits during the later period was nearly the same proportion of total capital accounts.

during most of the period of deposit guaranty, probably made it difficult for this kind of adjustment in the income and expense items of the banks to ~~have~~ be~~en~~ made.

Had deposit guaranty embraced all banks operating in the State, the total losses which the guaranty fund would have been called upon to meet during the period from June 30, 1911, to June 30, 1930, would have been approximately \$59 million. The assessment rate upon all banks operating in the State, which would have been necessary to meet this loss, was four-fifths of 1 percent per year.

EFFECTIVENESS OF BANK SUPERVISION

The high rate of assessment which would have been necessary to have prevented insolvency of the Nebraska depositors' guaranty fund, in comparison with the rate necessary to have operated a similar fund on a national scale during the same period of time, is a direct reflection of the relatively high frequency rate of bank failures in the State. This abnormally high failure rate, as has been noted above, is attributed to investigators in the State familiar with the situation primarily to speculation, loans to bank officials and their interests, incompetent management, and an excessive number of banks. The question may be asked whether the failure rate might have been substantially reduced by effective supervision over banking operations.

Ineffective or inadequate banking supervision may be due to insufficient powers, or to inadequate use of powers possessed by supervisory officials. Inadequate powers were important in Nebraska to 1921. Prior to that time the State Banking Board was not able to check the tendency toward overbanking, nor to eliminate obviously incompetent banking

officials. Also, a number of the statutory limitations on loans which have been found helpful in other States were not a part of the banking code in Nebraska. While loans to officers and employees were prohibited, until 1925, no provisions covered loans to corporations controlled by officers or employees. No maximum limit was placed on loans secured by real estate. In general, penalties and sanctions other than closing of a bank were not available to the State Banking Board; and as in other States, resort to this drastic procedure was used sparingly.

The excessive number of banks operating in Nebraska is indicated by the fact that in 1920 a bank was in operation for each 1,100 of the population. The average clientele, assuming that every family in the State had a bank account, was thus about 275 families. Since a considerable proportion of the banks must have had fewer customers than the average, it is apparent that some of the banks were dependent for their business upon a relatively small number of families in agricultural areas populated by people in the low and medium income groups. The inability of the State Banking Board to check the birthrate of banks was thus a serious deficiency in supervisory powers. The excessive number of banks was also doubtless one of the conditions conducive to the making of illegal or unduly risky loans, and to the low general level of competency among bankers. A thousand good bankers cannot be found as readily as a third of that number.

The actual conduct of the bank supervisory office has not been a part of the present study of the operation of the depositors' guaranty fund in Nebraska. Nor has an attempt been made to determine whether bank examinations and other aspects of bank supervision were hampered by lack of funds. That the people and legislature were not satisfied with the

bank supervisory situation during the first decade of operation of the depositors' guaranty fund is evidenced by the drastic changes in the powers and administrative organization of the bank supervisory office in 1921 and in 1923. Information has not been collected to make possible in this study an expression of opinion on the question to what extent the large number of failures during the next few years were basically due to conditions which had developed prior to 1923, and which the supervisory officials were unable to rectify, and to what extent they were due to conditions which could have been mitigated by reasonably effective supervision. However, the following quotations from the report of the Banking Investigation in 1930 are significant:

Three sound banking principles were essential to the success, of the Guaranty Law, if the insurance plan was to prove sound and safe.

First--Limitation of bank charters to the requirements of business and safe credit of the community served.

Second--Bank earnings of sufficient amount to insure a fair return and the charging out of losses that come in periods of business depression. No bank that can honestly show a fair profit ever fails.

Third--Competent and efficient supervision and examination by the department in charge of the administration of banking laws and requiring from all officers and managers of banks a state license certifying as to their honesty, ability and character. Failure to observe and enforce these essentials undermined and wrecked the Guaranty Fund.

The Guaranty Law brought prosperity and strength to the state banks and saved depositors from losses of millions of dollars. It has been discredited and destroyed by those who should have been its staunchest defenders. Betrayal of their trust by faithless bankers and inefficient supervision nullified the law and destroyed the confidence it had established.

The Department of Banking Administration is required by law to close banks shown insolvent by its examiners. It is a felony for officers of a bank to receive deposits after it is insolvent. If an insolvent bank is permitted to operate, the depositor is grossly deceived and his supposed security becomes a state swindle. In case of failure stockholders are liable for an additional amount equal to their capital investment. Under careful supervision the double liability should insure liquidation with little loss to depositors.

A former Governor stated in a message to the Legislature that early in his administration his Banking Commissioner reported to him that there were 125 State banks hopelessly insolvent. A Banking Commissioner of another administration stated to me that a few months after he took office he made a written report that 150 banks were at that date insolvent. Permitting broken banks to run only delayed the deluge. Lax law enforcement did not save the banks. It did cost depositors large losses and piled up a mountain of bank failures when conditions could no longer be concealed. The greatest blot on our State and national governments is failure to enforce laws enacted for the protection of property and the punishment of crime.^{1/}

Mr. T. Bruce Robb, Chairman, Committee on Business Research, University of Nebraska, has made the following comments on the facts revealed by the banking investigation:

Probably the most bitter complaint made by the auditors in connection with the bank examination was that relating to the enforcement of the banking laws. In practically every bank audited the accountants went out of their way to emphasize how the depositors' money had been put in jeopardy through the lack of enforcement of the banking laws. In preceding sections it was pointed out how bank officers used the bank's funds to finance their own private ventures, how the law in respect to excess loans and excess real estate was flagrantly violated, and how the embezzlement of bank funds by officers was extensive and carried on over long periods of time. Throughout this sordid story surely the reader must have wondered about the matter of law enforcement.

In this section, however, a different aspect of this question will be considered. Banks were examined periodically. It has often been assumed that the weak place in the supervision of State banks was in the matter of bank examinations. The mushroom growth of the State banking system in the decade preceding the banking debacle naturally placed a heavy strain on the machinery for examining banks. Bank examiners were poorly paid, and as soon as a young examiner of promise acquired proficiency he usually left the service and went into banking. But a careful study of the audits of the failed banks indicates that the trouble was not primarily with the examinations. No doubt bank examinations were too infrequent and often made by men with little experience, yet the fact remains that if the information disclosed by bank examinations had been acted upon aggressively much loss to depositors would have been avoided.^{2/}

^{1/} Final Report of the Banking Investigation, pp. 8-9.

^{2/} T. Bruce Robb, State Bank Failures in Nebraska, pp. 42-43.

CLOSING OF THE GUARANTY FUND

In 1929 the Legislature of Nebraska voted to repeal the deposit guaranty law and to close the guaranty fund, but the repeal act failed to receive the Governor's approval. Later in the year an injunction was granted by a district court prohibiting collection of the special assessments, and this made the law temporarily inoperative. When the injunction suit was brought before the State Supreme Court the guaranty law was held constitutional and the injunction dissolved. This decision was rendered late in 1929, and was confirmed by the United States Supreme Court in 1931.^{1/}

In the Spring of 1930 an extraordinary session of the Legislature was held to deal with the guaranty fund. A preliminary report of the banking investigation was prepared and submitted by the Governor in his message to the special session. On March 18, 1930, the legislature repealed the law so far as it related to future failures. To aid in paying existing claims against the fund, the same act established a Depositors' ^{Final} Settlement Fund consisting of the remaining balance of the guaranty fund and of receipts from annual assessments upon the banks for ten years of one-fifth of 1 percent of average daily deposits. An appropriation was made by the Legislature for the reimbursement of deposits lost in the banks which had been operated by the Guarantee Fund Commission, and a constitutional amendment was submitted to the people providing for an appropriation of \$8,000,000 to discharge the obligations of the deposit guaranty fund. It was hoped that the collection of the regular and special assessments for 1928 and 1929 which had been held up by the injunction, the appropriation to be authorized ~~under~~ by constitutional

^{1/} Able State Bank v. Charles W. Bryan, Governor, et al (1931), 282 U. S. 765, 51 Sup. ct. 252, 75 NW 690.

amendment, and the assessments to be levied for the Depositors' Final Settlement Fund would be sufficient to pay all claims in full.

These plans for meeting claims upon the deposit guaranty fund failed. The State Supreme Court held that the appropriation for the reimbursement of deposits lost in banks which had been operated by the Guarantee Fund Commission was unconstitutional. The proposed constitutional amendment authorizing an appropriation for payment of the general obligations of the fund was rejected at the polls. Further, as has been noted in discussing the constitutionality of the law, a renewed attempt was made to declare the original act unconstitutional, and the constitutionality of the act of 1930 was challenged. This suit was heard by the State Supreme Court in 1932. The Court held that on account of the changed conditions the original act had become unconstitutional, and that the assessments levied in December, 1928, and in 1929 and 1930 were confiscatory and therefore unconstitutional:

.....From any viewpoint from which we consider these assessments it is apparent that all public purpose has been abandoned in relation thereto, and that it now amounts to taking the property of one class of citizens to pay another class in contravention of the constitutional rights of the plaintiffs.

In regard to the act of 1930, the State Supreme Court decided that the part of the act repealing the guaranty fund law was constitutional, but that the part of the act establishing the Depositors' Final Settlement Fund lacked the public purpose necessary to support it as an exercise of the police power, and that it took the property of one person and gave it to another, thus depriving the one of his property without due process of law.^{1/}

^{1/} Hubbell Bank et al. vs. Charles W. Bryan, Governor, et al. (1932) 124 Neb. 51, 245 NW 20.

After the Supreme Court decision in 1932 the Department of Trade and Commerce proceeded to wind up the affairs of the fund. Further delays were encountered in disposing of the small balance in the fund, and final disposition was not completed until 1934. At that time payment was made in full on remaining claims of depositors in two banks which had closed early in June 1927, and depositors' claims in a bank closed about the middle of the same month were paid in part.^{1/} Nothing was available for the depositors of banks which failed subsequent to June 1927.

^{1/}Chicago Daily Tribune, July 12, 1934, and The American Banker, July 18, 1934.

Table 13. NUMBER AND DEPOSITS OF STATE BANKS IN NEBRASKA, 1912-1929

Banks grouped by amount of deposits

	Nov. 26 1912	Oct. 31 1914	Nov. 17 1916	Nov. 1 1918	Nov. 13 1920	Sept. 30 1922	June 30 1925	June 30 1927	June 29 1929
<u>Number of banks - total</u>	694	760	839 $\frac{1}{2}$	934	1,009	963	913	872	688
<u>Banks with deposits of--</u>									
\$100,000 or less	372	387	203 $\frac{1}{2}$	163	193	195	113	100	73
\$100,000 to \$250,000	262	303	439	415	445	445	364	348	275
\$250,000 to \$500,000	56	64	168	273	281	247	306	300	234
\$500,000 to \$1,000,000	4	5	25	73	78	61	112	102	85
\$1,000,000 to \$2,000,000		1	3	9	10	11	13	17	17
\$2,000,000 to \$5,000,000			1	1	2	4	4	4	3
\$5,000,000 and over							1	1	1
<u>Deposits--total (thousands of dollars)</u>	82,537	93,420	165,410	239,601	255,243	237,943	285,928	275,038	224,378
<u>In banks with deposits of--</u>									
\$100,000 or less	21,665	22,684	13,280	10,863	12,956	13,552	8,235	7,380	5,241
\$100,000 to \$250,000	39,868	45,783	73,243	73,458	76,438	75,826	64,813	60,511	47,870
\$250,000 to \$500,000	18,084	20,451	55,582	94,145	95,577	83,751	107,283	102,826	81,822
\$500,000 to \$1,000,000	2,920	3,479	16,178	47,265	52,015	39,547	72,824	65,362	55,323
\$1,000,000 to \$2,000,000		1,023	3,850	10,406	11,848	14,190	16,321	22,301	21,641
\$2,000,000 to \$5,000,000			3,277	3,464	6,409	11,077	9,960	10,398	7,293
\$5,000,000 and over							6,492	6,260	5,188

Includes one
 $\frac{1}{2}$ bank without deposits.

Table 14. NUMBER AND DEPOSITS OF NATIONAL BANKS IN NEBRASKA, 1912-1929

Banks grouped by amount of deposits

	Sept. 4 1912	Sept. 12 1914	Sept. 12 1916	Aug. 31 1918	Sept. 8 1920	Sept. 15 1922	Sept. 28 1925	Oct. 10 1927	Dec. 31 1929
<u>Number of banks - total</u>	245	220	193	191	188	182	170	154	157
<u>Banks with deposits of--</u>									
\$100,000 or less	22	20	1	2	1	3	5	2	2
\$100,000 to \$250,000	122	105	69	25	26	43	29	34	33
\$250,000 to \$500,000	79	72	85	78	74	72	70	55	53
\$500,000 to \$1,000,000	8	9	23	64	64	45	45	41	37
\$1,000,000 to \$2,000,000	7	8	6	12	13	7	7	8	19
\$2,000,000 to \$5,000,000	4	2	5	6	6	8	9	10	5
\$5,000,000 and over	3	4	4	4	4	4	5	4	8
<u>Deposits--total (thousands of dollars)</u>	98,096	87,812	151,051	155,009	159,221	151,056	155,974	152,237	215,156 ^{1/}
<u>In banks with deposits of--</u>									
\$100,000 or less	1,551	1,567	90	178	93	245	403	177	149
\$100,000 to \$250,000	21,378	18,207	12,537	4,859	5,170	8,117	5,841	6,725	6,416
\$250,000 to \$500,000	26,597	23,952	30,401	30,534	27,578	26,088	26,218	21,078	19,387
\$500,000 to \$1,000,000	5,384	5,742	14,453	42,156	42,585	29,843	31,089	29,010	24,599
\$1,000,000 to \$2,000,000	9,953	10,115	9,369	16,091	18,321	10,515	9,237	10,078	24,605
\$2,000,000 to \$5,000,000	13,226	5,497	14,298	17,538	18,825	23,280	24,106	25,088	14,984
\$5,000,000 and over	20,007	22,732	33,901	43,653	46,649	52,968	59,080	60,081	125,016

^{1/} These figures contain Due to Banks.