

The Commercial & Financial Chronicle

BANKERS AND TRUST SECTION.

CONTAINING REPORT OF THE
CONVENTION OF AMERICAN BANKERS' ASSOCIATION

Held at WASHINGTON, OCT. 10, 11, 12 and 13, 1905

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October 21, 1905.

WILLIAM B. DANA COMPANY, PUBLISHERS.

PINE STREET, CORNER PEARL STREET, NEW YORK.

Chartered 1836

GIRARD TRUST COMPANY

PHILADELPHIA, PA.

CAPITAL, \$2,500,000

SURPLUS, \$7,500,000

Acts as Trustee of Corporation Mortgages,
Registrar and Transfer Agent.

Assumes Entire Charge of Real Estate.

Interest Allowed on Individual and Corpo-
ration Accounts.

Safes to Rent in Burglar-Proof Vaults.

Acts as Executor, Administrator, Trustee,
Assignee and Receiver.

Depository under Plans of Reorganization.

Financial Agent for Individuals or
Corporations.

OFFICERS.

EFFINGHAM B. MORRIS, *President.*

WM. NEWBOLD ELY, *First Vice-President.*

CHARLES JAMES RHOADS, *Third Vice-Prest. and Treas.*

GEORGE H. STUART 3D, *Asst. Treas.*

MINTURN T. WRIGHT, *Real Estate Officer.*

ALBERT ATLEE JACKSON, *Second Vice-President.*

EDW. SYDENHAM PAGE, *Secretary.*

SAMUEL W. MORRIS, *Asst. Sec'y.*

J. SNOWDON RHOADS, *Trust Officer.*

GEORGE TUCKER BISPHAM, *Solicitor.*

MANAGERS.

EFFINGHAM B. MORRIS,
JOHN A. BROWN, JR.,
BENJAMIN W. RICHARDS,
JOHN B. GARRETT,
WILLIAM H. JENKS,

WILLIAM H. GAW,
FRANCIS I. GOWEN,
GEO. H. McFADDEN,
HENRY TATNALL,
ISAAC H. CLOTHIER,

THOS. DeWITT CUYLER,
C. HARTMAN KUHN,
JAMES SPEYER,
RICHARD A. McCURDY,
GEORGE G. HAVEN,

AUGUSTUS D. JUILLIARD,
EDWARD J. BERWIND,
RANDAL MORGAN,
EDWARD T. STOTESBURY,
CHARLES E. INGERSOLL,
B. F. CLYDE.

The American Trust and Savings Bank

Established 1889

Chicago

STATEMENT OF CONDITION, AUGUST 26, 1905

RESOURCES.

Loans and Discounts	- - -	\$17,438,307.43
Bonds	- - - - -	4,599,662.91
Cash and Exchange	- - -	12,062,526.13
		<u>\$34,100,496.47</u>

LIABILITIES.

Capital Stock	- - -	\$3,000,000.00
Surplus and Profits	- - -	2,044,354.86
Deposits	- - - - -	29,056,141.61
		<u>\$34,100,496.47</u>

OFFICERS.

EDWIN A. POTTER, *President.*

T. P. PHILLIPS, *Vice-President.*

JAMES R. CHAPMAN, *Vice-President.*

JOHN JAY ABBOTT, *Vice-President.*

CHARLES S. CASTLE, *Cashier.*

F. J. SCHEIDENHELM, *Assistant Cashier.*

OLIVER C. DECKER, *Assistant Cashier.*

EDWIN L. WAGNER, *Assistant Cashier.*

GEORGE B. CALDWELL, *Mgr. Bond Dept.*

FRANK H. JONES, *Secretary.*

WILLIAM P. KOPF, *Assistant Secretary.*

IRVING J. SHUART, *Assistant Secretary.*

WILSON W. LAMPERT, *Auditor.*

DIRECTORS

JOY MORTON, *Joy Morton & Co.*
E. H. GARY, *Chairman U. S. Steel Corporation.*
E. P. RIPLEY, *President Atchafalaya, T. & Santa Fe Ry.*
THEODORE P. SHONTS, *Chairman Isthmian Canal Commission.*
NORMAN B. REAM, *Capitalist.*
JOHN F. HARRIS, *Harris, Scotten Co.*
T. P. PHILLIPS, *formerly Pres. Federal Trust and Savings Bank.*
W. H. McDOEL, *Prest. Chgo., Indpls. & Louisville R.R.*
CHARLES H. THORNE, *Montgomery Ward & Co.*

E. J. BUFFINGTON, *President Illinois Steel Company.*
WILLIAM KENT, *Kent & Burke.*
V. A. WATKINS, *Capitalist.*
GILBERT B. SHAW, *Lumber.*
BENJAMIN THOMAS, *President Chgo. & Western Ind. R. R.*
CHAS. H. DEERE, *Deere & Co., Moline, Ill.*
JAMES R. CHAPMAN, *Vice-President.*
EDWIN A. POTTER, *President.*

General Banking, Trust, Bond and Savings Departments.

Wm. A. Read & Co.

Bankers

Members of the New York and Boston Stock Exchanges

Investment Securities

Deposits received and Interest allowed on Balances,
subject to draft at sight.

Commission orders executed in all the principal markets.

25 Nassau Street, New York

43 State Street
BOSTON

205 La Salle Street
CHICAGO

Maryland Telephone Building
BALTIMORE

KEAN, VAN CORTLANDT & Co.,

30 Pine Street, New York.

BANKERS.

TRANSACT A GENERAL FOREIGN AND DOMESTIC
BANKING BUSINESS.

DEALERS IN INVESTMENT SECURITIES.

BROWN BROTHERS & CO.,

New York, 59 Wall Street.

Philadelphia, 4th and Chestnut Streets.

Boston, 60 State Street.

— AND —

ALEX. BROWN & SONS,

Baltimore and Calvert Streets, Baltimore.

ALL CONNECTED BY PRIVATE WIRE

MEMBERS OF THE NEW YORK, PHILADELPHIA, BOSTON AND BALTIMORE STOCK EXCHANGES.

Execute Orders on Commission for Purchase and Sale of
Stocks, Bonds, and all Investment Securities.

BILLS OF EXCHANGE BOUGHT AND SOLD.

Arrangements made with Banks and Bankers in the
United States enabling them to Issue their own Drafts on
Foreign Countries.

*Commercial Letters of Credit and Travelers' Letters of Credit
issued, available in all parts of the world.
Also International Cheques.*

*Collections made on all points; Telegraphic Transfers of Money
made between this Country and Europe.*

*Deposit Accounts of American Banks, Bankers, Firms and
Individuals received upon favorable terms.*

*Certificates of Deposit issued payable on demand or at a
stated period.*

BROWN, SHIPLEY & CO.,

FOUNDER'S COURT, LOTHBURY, E. C.,

AND FOR THE CONVENIENCE OF TRAVELERS, 123 PALL MALL, S. W.,

LONDON.

LEE, HIGGINSON & CO.,

Boston, Mass.

INVESTMENT SECURITIES.

LETTERS OF CREDIT,

COMMERCIAL AND TRAVELLERS',
AVAILABLE IN ALL PARTS OF THE WORLD.

FOREIGN EXCHANGE

DRAWN ON

Messrs. N. M. ROTHSCHILD & SONS,

AND

Messrs. COUTTS & COMPANY,

LONDON;

Messrs. MORGAN, HARJES & COMPANY,

PARIS;

Messrs. M. M. WARBURG & COMPANY,

HAMBURG;

Messrs. GEBRUDER SCHICKLER,

BERLIN.

Members New York, Boston, Philadelphia and Chicago Stock Exchanges.

HARVEY FISK & SONS

NEW YORK

62 Cedar St.

BOSTON

35 Congress Street.

MEMBERS OF THE NEW YORK AND BOSTON STOCK EXCHANGES

UNITED STATES BONDS, RAILROAD, MUNICIPAL AND OTHER INVESTMENT SECURITIES

— Representatives in —

PHILADELPHIA
JAMES H. CHAPMAN,
421 Chestnut St.

HARTFORD, CONN.
H. L. WILKINSON,
Conn. Mutual Life Bldg.

CHICAGO
D. K. DRAKE,
Continental Nat'l Bk. Bldg.

OUR LIST OF INVESTMENT SECURITIES SENT ON APPLICATION

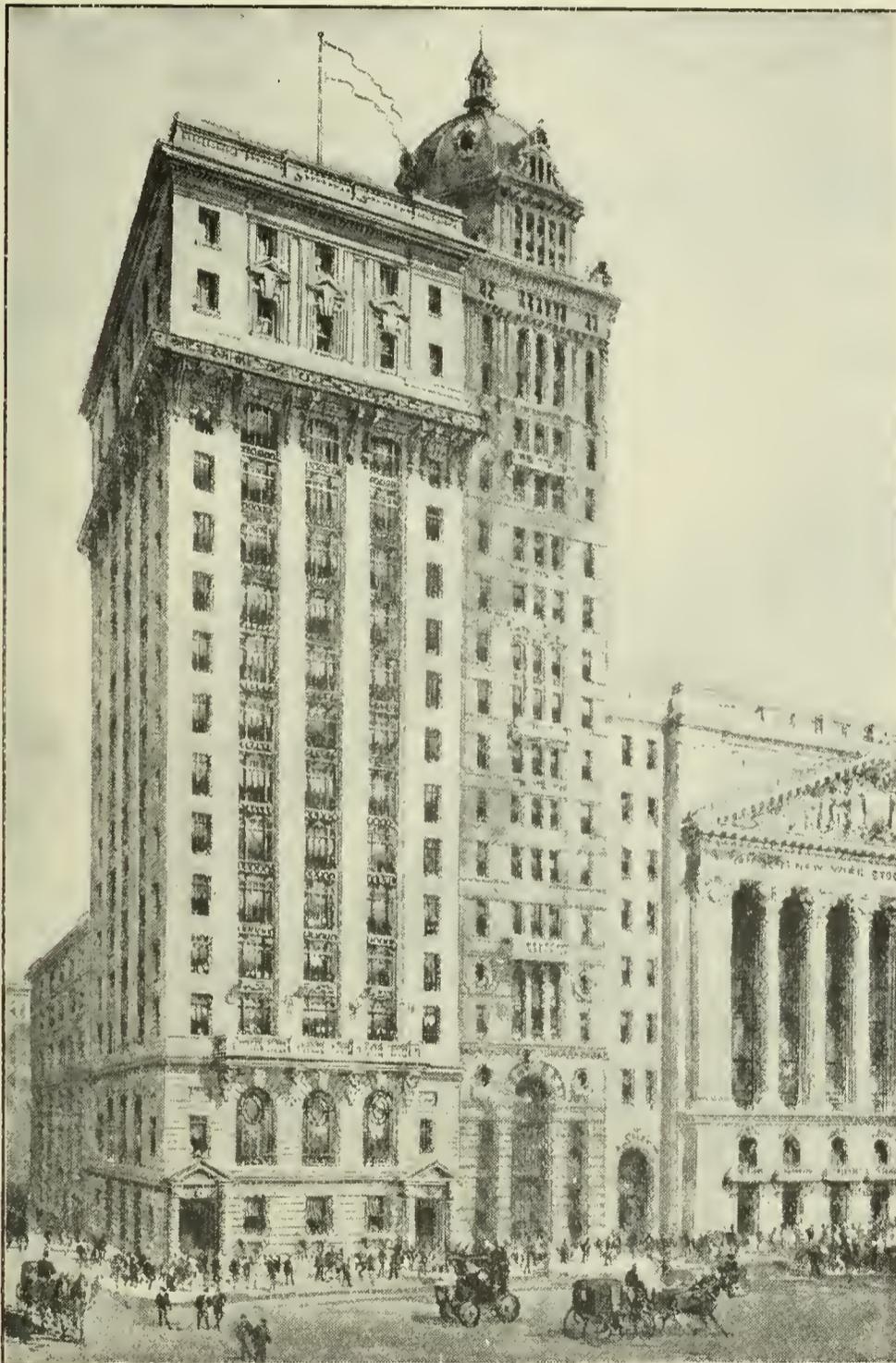
The New York Trust Company

26 BROAD STREET

CAPITAL	-	\$ 3,000,000
SURPLUS and PROFITS	-	9,900,000
DEPOSITS (October 1, 1905),	-	51,383,205

Allows interest on deposits subject to cheque.

Manages estates. Acts as executor, trustee, etc.



Trustees

Charles S. Fairchild, Chairman
Otto T. Bannard
S. Reading Bertron
James A. Blair
Robert W. de Forest
John B. Dennis
Marshall Field
Elbert H. Gary
Charles W. Harkness
James J. Hill
F. N. Hoffstot
Arthur Curtiss James
Frederic B. Jennings
Walter Jennings
Willard V. King
Woodbury Langdon
John A. McCall
Gordon Macdonald
John J. Mitchell
James Parmelee
John S. Phipps
George W. Perkins
E. Parmelee Prentice
Edmund D. Randolph
Norman B. Ream
B. Aymar Sands
John W. Sterling
James Stillman
Myles Tierney
P. A. Valentine

OFFICERS]

OTTO T. BANNARD, President	ALEXANDER S. WEBB, Jr., Vice-President
WILLARD V. KING, Vice-President	MORTIMER N. BUCKNER, Treasurer
HENRY E. AHERN, Secretary	HERBERT W. MORSE, 2nd Asst. Secretary
FREDERICK J. HORNE, Asst. Secretary	

Incorporated 1889

FISK & ROBINSON

BANKERS

Members New York Stock Exchange

35 Cedar Street
NEW YORK

28 State Street
BOSTON

INVESTMENT DEPARTMENT

UNITED STATES BONDS, Guaranteed Stocks and other investment securities bought and sold. List of current offerings suitable for Savings Banks or Trust Funds sent on application. Orders on New York Stock Exchange and in sound and marketable unlisted securities executed on commission for cash.

BANKING DEPARTMENT

DEPOSIT ACCOUNTS of Corporations, Firms, and Individuals received subject to sight draft. Certificates of deposit issued payable on demand or at a stated date. Interest allowed on daily balances and on money deposited pending investment.

FISCAL AGENCY

ACCOUNTS for the payment of bonds, coupons, dividends, etc., and for the transfer and registration of securities received from municipal, railroad, and other corporations.

Plympton, Gardiner & Co.

BANKERS

27 William Street, Corner Exchange Place
New York

Chicago Office
232 La Salle Street

Boston Office
50 Congress Street

Members New York and Chicago Stock Exchanges

Dealers in Government, Municipal
and Railroad Bonds. Guaranteed
Stocks and other Conservative
Investment Securities suitable for
National, State and Savings
Banks, Estates and Individuals.

Lists sent on request.

Correspondence solicited with those desiring to increase or reduce
their holdings of securities.

Accurate Quotations Furnished.

We invite Deposit Accounts subject to cheque and allow interest
on Daily Balances.

**Commission orders for the purchase
or sale of Bonds and Stocks executed
in all markets.**

Dividends and Coupons collected and remitted without charge.

Negotiate Loans and issue Mortgage Bonds of
Railroads and Public Service Corporations.

T. A. McINTYRE & Co.

Members of New York Stock Exchange.

71 Broadway,
New York.

Cable Address, "Tyrewell."

Long Distance Telephone, 117.

BONDS, INVESTMENT SECURITIES, STOCKS.

ORDERS EXECUTED ON COMMISSION FOR PURCHASE
AND SALE OF SECURITIES ON ALL EXCHANGES.

Lists of Selected Bonds and the highest class
of Investment Securities on request

We invite the correspondence of banks and
other financial institutions and of trustees, the
investment of whose funds is restricted. . . .

Deposits Received and
Interest allowed on Balances
Subject to Draft at Sight.

Travelers' Letters of Credit
available in all parts
of the World.

*Full information concerning Stocks and Bonds of Railroads, Public
Service and Industrial Enterprises furnished on application.*

UNLISTED and INACTIVE SECURITIES BOUGHT and SOLD
Descriptive Bond Lists Issued Monthly.

BRANCH OFFICES:

15 Congress Street, Boston. The Rookery, Chicago. 10 South Street, Baltimore.
Kilmer Building, Binghamton, N. Y. White Memorial Building, Syracuse, N. Y.
Ellwanger & Barry Building, Rochester, N. Y., and, Virginia Hot Springs.

New York Life Insurance and Trust Company

CHARTERED IN 1830

52 WALL STREET, NEW YORK

Grants annuities. Accepts Trusts created by Will or otherwise. Manages property as Agent for the owners. Allows interest on deposits payable after ten days' notice. Legal Depository for Executors, Trustees and Money in Suit.

Accepts only Private Trusts and declines all Corporation or other Public Trusts.

HENRY PARISH, President

WALTER KERR, 1st Vice-President

HENRY PARISH, Jr., 2d Vice-President

GEORGE M. CORNING, Secretary

Z. W. van ZELM, Asst. Secretary

IRVING L. ROE, Asst. Secretary

==
TRUSTEES
Charles G. Thompson
Henry Parish
Frederic W. Stevens
Stuyvesant Fish
Edmund L. Baylies
George S. Bowdoin
Henry C. Hulbert
Henry A. C. Taylor
C. O'D. Iselin
W. Emlen Roosevelt
H. Van Rensselaer
Kennedy
Henry I. Barbey
John Jacob Astor
==



==
TRUSTEES
Joseph H. Choate
Samuel Thorne
John L. Cadwalader
Augustus D. Juilliard
Henry Lewis Morris
George G. DeWitt
Cornelius Vanderbilt
John McL. Nash
Philip Schuyler
John Claffin
Cleveland H. Dodge
F. Augustus Schermerhorn
==

CORNER STONE OF THE OLD UNITED STATES BRANCH BANK,
Placed in the Directors' Room of the New York Life Insurance and Trust Company, in 1888.

STATEMENT

At the close of business on June 30, 1905

ASSETS		LIABILITIES	
Real Estate	\$1,751,500.00	Capital	\$1,000,000.00
Bonds and Mortgages	3,006,656.75	Surplus Fund and Undivided Profits	4,342,594.96
Loans on Collaterals	7,721,743.93	DEPOSITES IN TRUST (MARKET VALUE)	33,912,888.39
Bills Receivable	14,168,288.10	Annuity Fund	2,181,137.59
Cash in Company's Vaults	1,425,000.00	Life Insurance Fund	390,792.97
Cash in Bank	2,093,176.38	Interest Due Depositors, Taxes, &c.	727,054.70
Accrued Interest, Rents, Suspense Acc't, &c.	589,063.75		
Bonds and Stocks, Market Value	11,739,039.70		
	<u>\$42,554,468.61</u>		<u>\$42,554,468.61</u>

DONALD MACKAY
Member New York and Boston
Stock Exchanges
LATHAM A. FISH
GEO. D. MACKAY
Member New York Stock Exchange
G. TROWBRIDGE HOLLISTER
F. W. KENDRICK

Comprising the Majority of the
Partners of the Late Firm of
VERMILYE & CO.

MACKAY & CO.

BANKERS

United States Bonds and other Investment Securities bought and sold. Lists of Securities suitable for Savings Banks, National Banks, Trust Funds or Private Investors sent on application. Orders for the purchase or sale of Securities executed on the New York, Boston and Philadelphia Stock Exchanges. Deposit Accounts of Corporations, Firms or Individuals received subject to Draft at Sight. Interest allowed on Daily Balances. Connected by private wire with correspondents, Messrs. Verner & Co., Philadelphia, Messrs. Thos. Branch & Co., Richmond, Messrs. Richter & Co., Hartford, The Charles W. Scranton Co., New Haven. Chicago representative, W. Edwin Stanley, The Rookery.

Nassau and Pine Streets
NEW YORK

13 Congress Street
BOSTON

The Hanover National Bank

of the City of New York

Cor. Nassau and Pine Streets



CAPITAL
\$3,000,000

SURPLUS
and PROFITS
\$7,000,000

Established 1851

OFFICERS

JAS. T. WOODWARD,
President

JAS. M. DONALD,
Vice-President

WM. HALLS, Jr.,
Vice-President

WILLIAM WOODWARD,
Vice-President

ELMER E. WHITTAKER,
Cashier

WM. I. LIGHTHIPE,
Ass't Cashier

HENRY R. CARSE,
Ass't Cashier

ALEXANDER D. CAMBELL,
Ass't Cashier

CHARLES H. HAMPTON,
Ass't Cashier

The Hanover Safe Deposit Co.

Hanover Bank Building, New York

VERNON H. BROWN, President
HENRY R. CARSE, Treasurer

WILLIAM WOODWARD, Vice-President
WILLIAM W. HILL, Sec'y and General Manager

Guaranty Trust Company

OF NEW YORK

MUTUAL LIFE BUILDING, 28 NASSAU STREET

LONDON OFFICE, 33 LOMBARD ST., E. C.

Depository of the Government of the Philippine Islands.

CAPITAL, \$2,000,000

SURPLUS, \$5,500,000

Interest paid on cheque accounts and on Certificates of Deposit.

Accounts of Banks, Bankers and Trust Companies solicited.

List of carefully selected securities for investment mailed upon application.

Acts as registrar and transfer agent for Corporations, and as trustee under corporate mortgages.

OFFICERS.

JOHN W. CASTLES, President.

OSCAR L. GUBELMAN, Vice-President.

ALEXANDER J. HEMPHILL, Vice-President.

MAX MAY, Manager Foreign Dept.

WM. C. EDWARDS, Treasurer.

E. C. HEBBARD, Secretary.

F. C. HARRIMAN, Assistant Treasurer.

R. C. NEWTON, Trust Officer.

DIRECTORS.

WALTER G. OAKMAN, Chairman.

George F. Baker.
George S. Bowdoin.
John W. Castles.
Frederic Cromwell.
Walter R. Gillette.

E. H. Harriman.
G. G. Haven.
Edwin Hawley.
Charles R. Henderson.
Adrian Iselin, Jr.

James N. Jarvie.
Augustus D. Juilliard.
Richard A. McCurdy.
Levi P. Morton.
Oscar G. Murray.

Norman B. Ream.
Daniel G. Reid.
Henry H. Rogers.
James Speyer.
H. McK. Twombly.

Frederick W. Vanderbilt.

Harry Payne Whitney.

Morristown Trust Company

MORRISTOWN, N. J.

Capital \$600,000

Surplus and Profits \$1,590,000

Assets \$10,000,000

Deposits \$7,500,000

Depositors 4600

Pay 3% Interest on Daily Balances of \$100 or over. Subject to check

Accounts may be opened (or closed) at any time in person or by letter on stating usual satisfactory references, and interest will be paid from time opened until closed as long as the balance is \$100 or over.

Loans made on Real Estate, Mortgages and Marketable Collateral Security.

Issues Foreign Drafts and Letters of Credit payable throughout the world.

Receives on deposit, without charge, all Wills in which it is named as Executor, Guardian or Trustee. Executes trusts of every description and takes charge of real and personal estates in absence of owner.

SAMUEL FREEMAN, President.

AURELIUS B. HULL, Vice-Pres.

WILLARD W. CUTLER, 2nd V-Pres.

JNO. H. B. CORIELL, Sec. & Treas.

DIRECTORS

Frederic Cromwell
Charles F. Cutler
Willard W. Cutler
Samuel Freeman
Aurelius B. Hull

Gustav E. Kissel
Luther Kountze
Richard A. McCurdy
H. McK. Twombly
James A. Webb

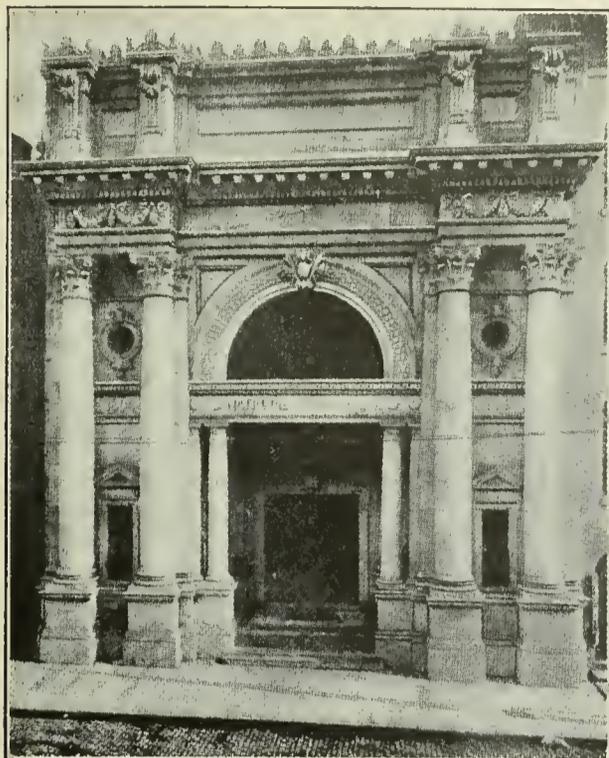
G. G. Frelinghuysen
George G. Haven
D. Willis James
O. H. Kahn
Walter G. Oakman

Henry F. Taylor
Thomas W. Cauldwell
Louis A. Thebaud
John W. Castles

National Union Bank of Maryland

BALTIMORE, -- MARYLAND

3 and 5 E. Fayette Street.



Capital, \$1,000,000
 Surplus and Undivided Profits, 390,000

Accounts and correspondence solicited.
 Send us your business. Collections
 remitted for promptly and on reason-
 able terms.

WILLIAM WINCHESTER,	‡	‡	President
ISAAC H. DIXON,	-	‡	Vice-President
ROBERT A. DIGGS,	‡	‡	Cashier
MILTON B. WILLIAMS,	-	-	Asst. Cashier

DIRECTORS

Isaac H. Dixon,	H. Crawford Black,	Wm. A. Marburg,	R. Brent Keyser,
Robt. K. Waring,	Andrew D. Jones,	Tunstall Smith,	Edwin G. Baetjer
Daniel E. Conklin,	Clarence W. Watson,	William Winchester	

Safe Deposit and Trust Company

OF BALTIMORE

9, 11, 13 SOUTH STREET.

Chartered 1864.

Capital and Surplus, \$1,800,000

Acts as Trustee of Corporation Mortgages, Fiscal Agent for Corporations and Individuals, Transfer Agent and Registrar. Depository under plans of reorganization.

Acts as Executor, Administrator, Guardian, Trustee, Receiver, Attorney and Agent, being especially organized for careful management and settlement of estates of every character.

Fireproof Building with latest and best equipment for safety of contents.

Safes for rent in its large fire and burglar proof vaults, with spacious and well lighted coupon rooms for use of patrons.

Silver and other valuables taken on storage.

DIRECTORS

H. WALTERS	MICHAEL JENKINS	WALDO NEWCOMER
JOHN B. RAMSAY	BLANCHARD RANDALL	NORMAN JAMES
E. H. PERKINS	JOHN W. MARSHALL	SAMUEL M. SHOEMAKER

THE RIGGS NATIONAL BANK OF WASHINGTON, D. C.

Successors to RIGGS & CO.
Organized July 1, 1896



OFFICERS

CHARLES C. GLOVER,
President

THOMAS HYDE
Vice-President

M. E. AILES
Vice-President

ARTHUR T. BRICE
Cashier

WM. J. FLATHER
Assistant Cashier

H. H. FLATHER
Assistant Cashier

DIRECTORS

CHARLES C. GLOVER
THOMAS HYDE
JAMES M. JOHNSTON
ARTHUR T. BRICE
WM. J. FLATHER
R. ROSS PERRY
THOS. F. WALSH
HENRY HURT
JOHN R. McLEAN
JAMES STILLMAN
F. A. VANDERLIP
MILTON E. AILES

CAPITAL, \$1,000,000

SURPLUS, \$1,200,000

Foreign Exchange Bought and Sold. Collections Made Throughout the World.
Cable Transfers. Letters of Credit. Orders for Stocks, Bonds and Investments.

Middendorf, Williams & Co.

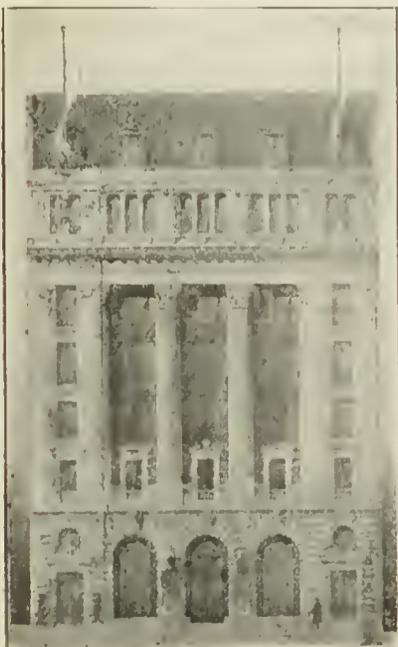
BANKERS and BROKERS

MEMBERS BALTIMORE STOCK EXCHANGE

Direct Wire to New York.

Maryland Casualty Bldg., BALTIMORE, MD.

Stocks and Bonds Bought and Sold on Commission. Special attention given to
Municipal and other Investment Securities. Buyers of Foreign Exchange.



The National Metropolitan Citizens Bank

Washington, D. C.

CAPITAL, SURPLUS
and PROFITS,
\$1,528,000

DEPOSITS,
\$4,183,578

Solicits the business of Banks, Bankers and
Trust Companies throughout the country.

OFFICERS

E. S. PARKER, President
S. W. WOODWARD, Vice-Pres.
J. GALES MOORE, Cashier.
W. W. W. PARKER, Ass't Cashier

Woodbury Blair
Geo. H. Harries
Chas. Jacobsen
Thos. R. Jones
Wm. S. Knox
John B. Larner
David Moore

DIRECTORS

John H. Moore
W. H. Moses
Allison Naylor, Jr.
Myron M. Parker
Jackson H. Ralston
Hugh Rolly
Cuno H. Rudolph
E. Francis Riggs
Geo. Truesdell
John F. Wilkins
Jas. B. Wimer
Wm. A. Wimsatt
S. W. Woodward
E. S. Parker



J. William Henry

William A. Mearns

Chas. P. Williams

LEWIS JOHNSON & CO.

Members New York Stock Exchange

BANKERS

1319 F Street, - Washington, D. C.

Established 1858

Investment Securities
 Foreign Exchange Cable Transfers
 Letters of Credit

FARMERS AND MERCHANTS NATIONAL BANK

BALTIMORE, MD.

N. W. CORNER SOUTH AND LOMBARD STS.

CAPITAL, \$650,000

EARNED SURPLUS, \$325,000

OFFICERS

CHAS. T. CRANE,
 President.

WM. P. HARVEY,
 Vice-President.

CARTER G. OSBURN,
 Cashier.

J. E. MARSHALL,
 Asst. Cashier.

CORRESPONDENCE INVITED.

STEIN BROTHERS

INVESTMENT SECURITIES.

DEPOSITS SOLICITED.

Members Baltimore Stock Exchange.

603-607 Fidelity Bldg., - - - BALTIMORE.

Permanent Location after January 1, 217 E. Baltimore St.

NATIONAL BANK OF VIRGINIA

RICHMOND, VA.

W. M. HABLSTON, President W. M. ADDISON, Cashier O. S. MORTON, Asst. Cashier

Capital, - - \$ 500,000
Surplus and Profits, 180,000
Assets, (over) - 4,000,000

Accounts of Bankers, Merchants and others received on most favorable terms. Collections made and promptly remitted for. Commercial and travelers' credits for use in all parts of the world. Safety deposit vault (nothing superior in the State).
 Boxes three dollars and upward.

PLEASE READ THIS ADVERTISEMENT.

THE NATIONAL MECHANICS BANK

OF BALTIMORE, MARYLAND.

CAPITAL, \$1,000,000.00
 SURPLUS, 1,200,000.00

JOHN B. RAMSAY, President. JAMES SCOTT, Cashier. CHAS. HANN, Ass't Cashier.



DIRECTORS.

Alexander Brown,
 D. D. Mallory,
 Lawrason Riggs,
 John A. Whitridge,
 George C. Jenkins,
 John B. Ramsay,
 John Pleasants,
 Seymour Mandelbaum,
 Jesse Hilles,
 Miles White, Jr.
 Geo. K. McGaw,
 E. B. Hunting.

WRITE US ABOUT YOUR ACCOUNT. WE WANT IT.

FREDERIC WM. SCOTT

GEORGE J. SEAY

SCOTT & STRINGFELLOW

BANKERS AND BROKERS

Members New York Stock Exchange

RICHMOND, VA.

We own and offer for Sale: \$200,000 Colorado & Southern Railway First Mortgage 4 Per Cent. Bonds. Price on application.

ON REQUEST WE WILL SEND COPIES OF OUR CIRCULARS

No. 44 Atlantic Coast Line (with Map)	No. 51 Colorado & Southern
No. 47 Louisville and St. Paul	No. 53 Central of Georgia
No. 48 Canada Southern	No. 54 American Car & Foundry
No. 55 Louisville and Northwest	

The National Bank of Commerce

OF NORFOLK, VIRGINIA

Capital, \$500,000
Surplus, \$300,000



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J. W. HUNTER
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TAZEWELL TAYLOR
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DIRECTORS

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F. E. WILCOX
H. M. KERR
B. W. LEIGH
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N. BEAMAN

THIS BANK is fully equipped to care for the accounts of banks, individuals, firms and corporations. It respectfully invites correspondence or a personal interview with those who contemplate making changes or opening new accounts

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M. C. FEREBEE, Assistant Cashier.

TAZEWELL TAYLOR, Vice-President.
F. A. PORTER, Assistant Cashier.

HUGH M. KERR, Cashier.

The Norfolk National Bank

NORFOLK, VA.

Capital = \$400,000
Surplus = 475,000

CALDWELL HARDY, President.
C. W. GRANDY, Vice-Prest.
A. B. SCHWARZKOPF, Cashier.
W. A. GODWIN, Asst. Cashier.

With Well Established Connections, this Bank has Unsurpassed Facilities in Every Branch of Legitimate Banking.

Accounts of Banks and Bankers received on most Favorable Terms

The Citizens Bank

OF NORFOLK, VA.

Capital \$300,000
Surplus 265,000

W. W. MOSS, President.
J. W. PERRY, Vice-President.
McD. L. WRENN, Vice-President.
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All Profitable Business Solicited

LATHAM, ALEXANDER & CO.

BANKERS

AND

COTTON COMMISSION MERCHANTS.

NOS. 16 AND 18 WALL STREET,
NEW YORK.

Conduct a General Banking Business.

Members of the New York Stock and Cotton Exchanges.

Accounts of Banks, Bankers, Merchants and Individuals received on favorable terms, and Interest allowed on Daily Balances, subject to check at sight.

CONTRACTS FOR COTTON FOR FUTURE DELIVERY BOUGHT AND SOLD ON COMMISSION.

The
LIBERTY
NATIONAL BANK
of New York.

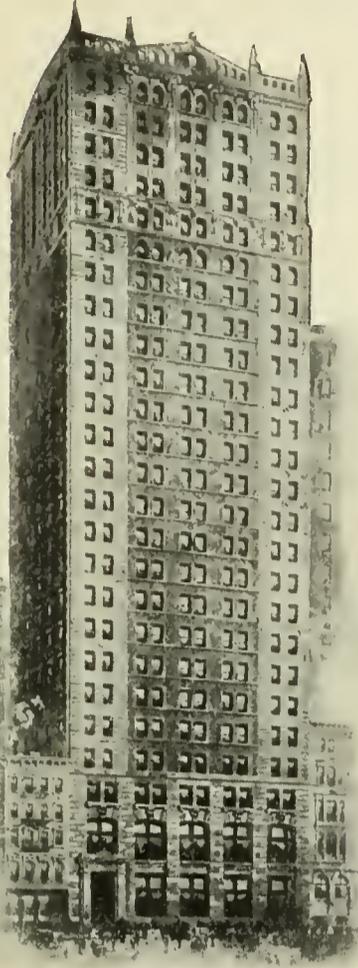
139 Broadway

National Bank of North America

IN NEW YORK

INCORPORATED 1851

Capital, \$2,000,000 Surplus, \$2,000,000
Deposits, \$20,000,000



UNITED STATES, STATE AND
CITY DEPOSITARY

ALFRED H. CURTIS, President

CHARLES W. MORSE, Vice-President EDWARD B. WIRE, Cashier

HENRY CHAPIN, JR., Vice-President J. FREDERICK SWEASY, Assistant Cashier

DIRECTORS

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WARNER VAN NORDEN	OAKLEIGH THORNE
JOHN H. FLAGLER	HENRY CHAPIN, JR.
WILLIAM F. HAVEMEYER	CHARLES T. BARNEY
MAHLON D. THATCHER	HUGH J. CHISHOLM
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ROBERT M. THOMPSON	ALFRED H. CURTIS

Issues Travelers' Letters of Credit

Organized 1803.

MERCHANTS' NATIONAL BANK

OF THE CITY OF NEW YORK

42 Wall Street

Capital, \$2,000,000 Surplus, \$1,400,000

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Elbert A. Brinckerhoff,	-	-	Vice-President.
Samuel S. Campbell,	-	-	Cashier.
Albert S. Cox,	-	-	Asst. Cashier.

DIRECTORS:

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Elbert A. Brinckerhoff,	Capitalist.
Chas. Stewart Smith,	Merchant.
Gustav H. Schwab,	Oelrichs & Co.
Donald Mackay,	Mackay & Co.
Robert M. Gallaway	President.
Charles D. Dickey,	Brown Bros. & Co.
George Sherman,	Vice-Pres. Central Trust Co.
Edward Holbrook,	Pres. Gorham M'fg Co.
Orris K. Eldredge.	Eldredge, Lewis & Co.
Joseph W. Harriman,	Harriman & Co.

Promptness, courtesy and careful attention to the wants of our customers are some of the features of our business policy.

Accounts Invited.

ESTABLISHED 1853

The Oriental Bank

OF NEW YORK

182-184 Broadway

Branch, Bowery and Grand St.

CAPITAL, = = = \$750,000.00

SURPLUS AND PROFITS, \$1,100,000.00

R. W. JONES, Jr., President

NELSON G. AYRES,	1st Vice-President
LUDWIG NISSEN,	} Vice-Presidents
ERSKINE HEWITT,	
CHARLES J. DAY,	
GEO. W. ADAMS,	Cashier
R. B. ESTERBROOK,	Asst. Cashier

Specially Equipped for Handling
the Accounts of Banks and Bankers

The **IRVING** National Bank,

Chambers Street and West Broadway
NEW YORK.

Capital and Surplus,
\$2,000,000

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CHARLES F. MATTLAGE, Vice-Pres't
SAMUEL S. CONOVER, Vice-Pres't
BENJAMIN F. WERNER, Cashier
EUGENE VAN ZANDT, Asst. Cashier

"A Clearing House Bank of proved stability and unquestioned standing."

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66 Broadway,
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358 Fifth Avenue,
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HARRIS A. DUNN, Ass't Treas.

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H. M. De LANOIE, Ass't Trust Officer.

Harlem Branch, **W. F. LEWIS, Manager.**

Bronx Branch, **JOHN BAMBEY, Manager.**

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HARRY B. HOLLINS
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A. H. BARNEY
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CLARENCE MORGAN
JOSEPH T. BROWN
HENRY R. HOYT
GEORGE C. CLARK, Jr.
WILLIAM A. TUCKER
CHAS. F. HOFFMAN
EDGAR J. LEVEY

SEABOARD NATIONAL BANK

NEW YORK, N. Y.

Capital, \$500,000

Surplus (earned), \$1,478,000

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W. K. CLEVERLEY, Assistant Cashier.

S. G. BAYNE, President.

C. C. THOMPSON, Cashier.

J. H. DAVIS, Assistant Cashier.

WE MAKE ESPECIAL EFFORTS TO PLEASE OUT-OF-TOWN CORRESPONDENTS
ACCOUNTS SOLICITED.

COLONIAL TRUST COMPANY

222 BROADWAY, NEW YORK

CAPITAL, SURPLUS and UNDIVIDED PROFITS, \$2,600,000

Transacts a General Trust Business

Takes entire charge of Real Estate. Acts as Trustee for Railroad and other Mortgages. Transacts a General Banking Business and allows interest on daily balances.

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THE WASHINGTON TRUST Co.

OF THE CITY OF NEW YORK

Stewart Building, 280 Broadway

Capital, Surplus and Undivided Profits, \$1,500,000

DAVID M. MORRISON, President

GEORGE AUSTIN MORRISON, P. C. LOUNSBURY,	} Vice-Presidents	FRANCIS H. PAGE, 2d Vice-President M. S. LOTT, Secretary H. F. PRICE, Asst. Secretary
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INTEREST ALLOWED ON DEPOSITS

This Company is especially designated by the **Supreme Court of the State of New York** a legal depository for Court and Trust Funds, and is authorized to do any and all other business usually done by Trust Companies of responsibility and standing.

United States Mortgage and Trust Company,

55 CEDAR STREET, NEW YORK

WEST END OFFICE: 73d STREET AND BROADWAY

CAPITAL, \$2,000,000.00

SURPLUS, \$4,000,000.00

The Company is a designated legal depository for the State of New York, the City of New York, and for Trust and Court funds.

Pays Interest on Deposits subject to Check.

Allows Special Rates on Time Deposits.

Issues Foreign Drafts and Letters of Credit payable throughout the World.

Also issues Domestic Letters of Credit available in all parts of the United States, Canada, Mexico and the West Indies.

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LUTHER KOUNTZE, Vice-President.

EBEN B. THOMAS, Vice-President.

JOHN W. PLATTEN, Vice-President.

CALVERT BREWER, Secretary.

CARL G. RASMUS, Treasurer.

WILLIAM C. IVISON, Asst. Treasurer.

ALEX. PHILLIPS, Mgr. Foreign Dept.

H. L. SERVOSS, Mgr. West End Office.

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WILLIAM B. BOULTON.

DUMONT CLARKE.

C. A. COFFIN.

GEORGE A. COX.

GEORGE M. CUMMING.

C. C. CUYLER.

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WILLIAM P. DIXON.

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CHAS. R. HENDERSON.

GUSTAV E. KISSEL.

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ARTHUR TURNBULL.

CORNELIUS VANDERBILT

COMMERCIAL TRUST COMPANY OF NEW JERSEY

15 EXCHANGE PLACE, JERSEY CITY, N. J.

CAPITAL, \$1,000,000.00

SURPLUS AND PROFITS, \$2,100,000.00

**Safe Deposit Vaults of Best Modern Construction Located at Terminus
of Pennsylvania Railroad Ferries from New York and Brooklyn**

Boxes \$5.00 to \$500.00 per annum.
Pays Interest on regular Check Accounts and on Certificates of Deposit.
Loans money on Bond and Mortgage and approved securities.
Acts as Trustee under Corporate Mortgages and as Registrar and Transfer Agent for Corporations.

Acts as Administrator, Executor, Guardian and Trustee for Individuals.

Special attention given and facilities offered to Corporations organized under the Laws of the State of New Jersey.

Prompt returns made for Collections on all points in the United States.

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JAY S. PERKINS, Assistant Treasurer

J. RICHARD TENNANT, Assistant Secretary

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C. Ledyard Blair
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John J. Voorhees
George W. Young
Augustus Zabriskie

LONG ISLAND LOAN & TRUST COMPANY

BROOKLYN-NEW YORK CITY

Capital, \$1,000,000

Surplus & Profits, \$1,600,000

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Banking, Trust, Safe Deposit, Letters of Credit, Foreign Exchange

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DAVID G. LEGGET, Second Vice-President

CLINTON L. ROSSITER, First Vice-President
FREDERICK T. ALDRIDGE, Secretary
WILLARD P. SCHENCK, Assistant Secretary

MARKET AND FULTON NATIONAL BANK

Of New York.

Capital, - - \$1,000,000
Surplus, - - 1,000,000
Undivided Profits, 350,000

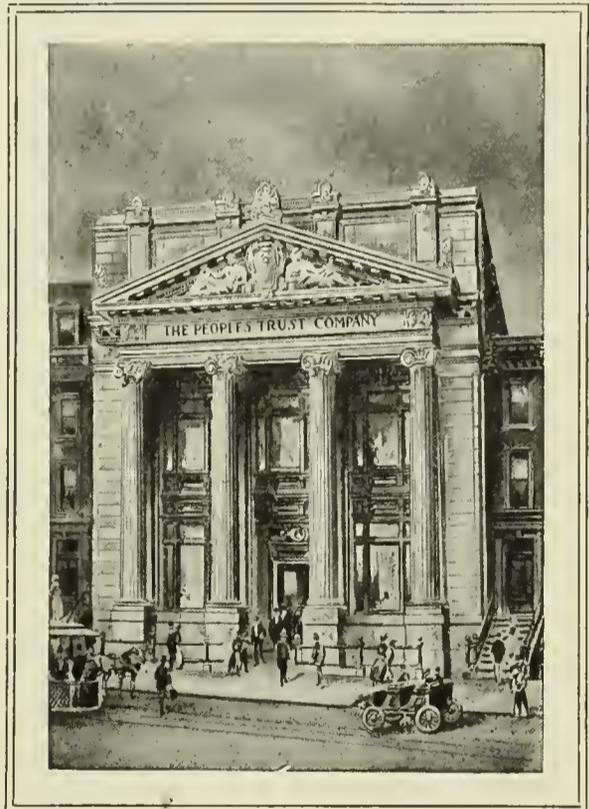
ALEXANDER GILBERT, President.
ROBERT A. PARKER, Vice-President.
THOMAS J. STEVENS, Cashier.
JOHN H. CARR, Ass't Cashier.

Accounts Received on the Most Liberal Terms
Consistent with Sound Banking.

The Peoples Trust Company

172 MONTAGUE STREET
Bedford Branch, cor. Bedford Ave. & Halsey Street
BROOKLYN, NEW YORK

Capital and Surplus, \$2,700,000.00



OFFICERS

EDWARD JOHNSON, President
J. G. DETTMER, } Vice- CHARLES L. SCHENCK, } Assistant
HORACE J. MORSE, } Presidents HENRY M. HEATH, } Secretaries
CHARLES A. BOODY, Secretary WILLIAM A. FISCHER, }



Hamilton Trust Co.

191 Montague St., Brooklyn, New York City.

Statement of Condition at the Close of Business, Oct. 2, 1905.

Resources		Liabilities	
New York City Bonds, (market value)....	\$107,000.00	Capital.....	\$500,000.00
Stocks and Bonds, (market value)....	2,031,922.50	Surplus and Undivided Profits.....	1,127,087.68
Bonds and Mortgages..	655,675.00	Interest due Depositors.....	55,997.86
Loans on Collateral..	4,065,130.49	Account Taxes.....	4,000.00
Bills Purchased.....	516,693.90	Deposits.....	7,126,498.61
Cash on hand.....	741,062.87	Dividends Unpaid....	85.00
Cash in Banks.....	604,829.27		
Real Estate.....	26,407.46		
Interest due Company	64,947.66		
	<u>\$8,813,669.15</u>		<u>\$8,813,669.15</u>

SILAS B. DUTCHER, President
WILLIAM BERRI, 1st Vice-Pres. WALTER C. HUMSTONE, 2nd Vice-Pres.
GEORGE HADDEN, 3rd Vice-Pres. and Sec'y ROBERT S. GIRLING, Asst. Sec'y

CLEMENT & SMITH

BANKERS AND BROKERS

NO. 1 NASSAU STREET (CORNER NASSAU AND WALL)

NEW YORK

MEMBERS NEW YORK STOCK EXCHANGE

CHAS. D. BARNEY & Co.

BANKERS AND BROKERS

Nos. 122 and 124 South Fourth St., - - Philadelphia

BRANCH OFFICE, NORTH AMERICAN BUILDING.

No. 25 Broad Street, New York

Dealers in Investment Securities. Stocks and Bonds Bought and Sold on
Commission and Carried on favorable Terms.

MEMBERS NEW YORK AND PHILADELPHIA STOCK EXCHANGES

W. EUGENE KIMBALL

ESTABLISHED 1865.

LEEDS JOHNSON

R. J. KIMBALL & CO.

Stocks-Bonds

Investment Securities

Members New York Stock Exchange. 7 NASSAU ST., NEW YORK.

KNAUTH, NACHOD & KÜHNE,

15 WILLIAM STREET, - NEW YORK.

BANKERS,

Members New York Stock Exchange. INVESTMENT SECURITIES.

BRITISH GOVERNMENT BONDS; GERMAN GOVERNMENT AND MUNICIPAL BONDS.

**LETTERS OF CREDIT AND INTERNATIONAL
TRAVELERS' CHECKS AVAILABLE EVERYWHERE**

FOREIGN EXCHANGE.

CORRESPONDENTS THROUGHOUT THE WORLD

THE LINCOLN NATIONAL BANK

OF THE CITY OF NEW YORK

Forty-Second St., opp. Grand Central Station

Designated Depository of the United States, State of New York and City of New York

OCTOBER 2nd, 1905.

CAPITAL,	-	-	-	-	-	\$	300,000.00
SURPLUS AND UNDIVIDED PROFITS,							1,444,981.83
DEPOSITS,	-	-	-	-	-		16,500,000.00

OFFICERS

President, **Thomas L. James** Vice-Presidents, **E. V. W. Rossiter, J. D. Layng, William A. Simonson**
 Cashier, **Charles Elliot Warren** Assistant Cashiers, **Talcott C. Van Santvoord, David C. Grant**

DIRECTORS

Thomas L. James, Matthew C. D. Borden, E. V. W. Rossiter, William Rockefeller, Eben E. Olcott
Charles C. Clarke, J. D. Layng, James Stillman, William K. Vanderbilt, Jr., Joseph P. Grace

Accounts of Banks, Bankers, Merchants and Individuals invited. Foreign and Domestic Exchange bought and sold. Telegraphic transfers of money on all points. Letters of Credit issued available in all parts of the world. Correspondence solicited. Burglar proof vaults. Fire proof storage. Safes \$5.00 per year and upwards.

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President.

H. M. HUMPHREY,
Vice-Prest. & Secy.

W. F. H. KOELSCH,
Treasurer.

G. S. MOTT,
Ass't Secretary.

WEBB FLOYD,
Ass't Secretary.

The Mutual Alliance Trust Company

OF NEW YORK

66 BEAVER STREET and 323 GRAND STREET

Capital, Surplus and Undivided Profits, \$1,026,596

Receives deposits subject to check and allows interest on daily balances.

Certificates of Deposits (time and demand) issued. Exceptional facilities for the collection of out-of-town items.

Authorized by law to act as Executor, Administrator, Trustee, Guardian, etc., and is a legal depository for Court and Trust Funds.

Every facility offered merchants for the transaction of their banking business.

EDWARD SWEET & CO.

BANKERS,

17 Nassau Street, - - NEW YORK.

Established
1854.

Members
New York Stock Exchange.

N. W. HALSEY & CO.

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TRANSACTION A GENERAL BANKING BUSINESS. ALLOW INTEREST ON DEPOSIT ACCOUNTS SUBJECT TO CHEQUE. ACT AS FISCAL AGENTS FOR INDIVIDUALS AND INSTITUTIONS. DEAL IN CAREFULLY SELECTED

BONDS FOR CONSERVATIVE INVESTMENT

OF INSTITUTIONAL AND PRIVATE FUNDS

CORRESPONDENCE INVITED

NEW YORK
SAN FRANCISCO

CHICAGO
PHILADELPHIA

BOSTON CORRESPONDENT - MERRILL, OLDHAM & CO.

JAS. H. OLIPHANT & CO.

20 BROAD ST.

BANKERS

NEW YORK

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Our Statistical Department is well equipped with official reports and original data, and is prepared to furnish all obtainable information concerning Railroad and Industrial Corporations. We give particular attention to individual investors, and will furnish upon application a list of desirable investments. Dividends and interest collected and remitted.

Members New York Stock Exchange.

Correspondence Invited.

HODENPYL, WALBRIDGE & CO.

BANKERS

7 WALL STREET, NEW YORK

INVESTMENT BONDS

T. W. STEPHENS & CO.

BANKERS

2 Wall Street, New York

Corporation and Municipal Bonds For Investment

HIGH GRADE RAILROAD BONDS

Suitable for Banks and Bankers

GUARANTEED R. R. STOCKS

(EXEMPT FROM TAX)

Suitable for Executors, Trustees, &c.

Descriptive List of Offerings on Application

A. M. Kidder & Co. 18 WALL STREET, NEW YORK
Members of the New York Stock Exchange

The Fourth Street National Bank of Philadelphia

CAPITAL,	-	-	= \$3,000,000
SURPLUS AND PROFITS,	-	= \$5,100,000	

Accounts of Banks and Bankers Solicited.
Exceptional Collection Facilities.
Foreign Exchange Bought and Sold.

R. H. RUSHTON, President.

F. L. POTTS, Vice-President.
S. F. TYLER, Vice-President.
B. M. FAIRES, Vice-President.

E. F. SHANBACKER, Cashier.
W. Z. McLEAR, Assistant Cashier.
FRANK G. ROGERS, Manager
Foreign Exchange Dept.

ORGANIZED 1807

The Farmers' and Mechanics' National Bank Philadelphia

CAPITAL	-	\$2,000 000
SURPLUS AND PROFITS	-	1,080,000
DIVIDENDS PAID	-	12,307,000

HOWARD W. LEWIS, President.
HENRY B. BARTOW, Cashier. JOHN MASON, Transfer Officer.
OSCAR E. WEISS, Assistant Cashier.

Accounts of Banks and Bankers, Corporations and Mercantile Firms Invited.

Graham & Co.

BANKERS,

435 Chestnut St.

Philadelphia.

INVESTMENT SECURITIES
LETTERS OF CREDIT.

THE PHILADELPHIA NATIONAL BANK

PHILADELPHIA, PA.

ORGANIZED, 1803.

NATIONAL BANK, 1864.

CONDITION AT THE CLOSE OF BUSINESS SEPTEMBER 30, 1905.

RESOURCES.

Loans and Discounts,	- - - - -	\$25,834,928 28
Due from Banks,	- - - - -	4,513,285 15
Exchanges for Clearing House,	- - - - -	\$2,709,875 80
Cash and Reserve,	- - - - -	9,134,716 53
		<u>11,844,592 33</u>

LIABILITIES.

Capital Stock,	- - - - -	\$1,500,000 00
Surplus and Net Profits,	- - - - -	2,605,555 68
Circulation,	- - - - -	1,037,300 00
DEPOSITS { Individual,	- - - - -	\$22,007,559 44
{ Bank,	- - - - -	15,042,390 64
		<u>37,049,950 08</u>
		\$42,192,805 76

OFFICERS.

N. PARKER SHORTRIDGE, President.
 LINCOLN GODFREY, Vice-President.
 HARRY J. KESER, Cashier.
 LEVI L. RUE, Vice-President.
 HORACE FORTESCUE, Assistant Cashier.

DIRECTORS.

N. Parker Shortridge	George Wood	A. J. Cassatt	James F. Hope
Richard Ashhurst	Alfred C. Harrison	Percival Roberts, Jr.	Effingham B. Morris
Lincoln Godfrey	Levi L. Rue	George H. McFadden	Randal Morgan
John H. Converse	George H. Frazier	Edward T. Stotesbury	R. Dale Benson

Accounts of Banks and Bankers Respectfully Invited.

ORGANIZED 1864.		
Capital \$750,000 Surplus and Profits \$2,500,000	<h2>The Central National Bank</h2> <h3>Philadelphia</h3>	THEO. KITCHEN, President WILLIAM POST, Cashier WILLIAM Y. CONRAD, Asst. Cashier
Accounts of Banks, Bankers, Individuals, Firms, Corporations, Trustees and Estates invited on the most Liberal terms consistent with safe banking.		

JAMES CAROTHERS	WILLIAM E. VON BONNHORST
<h1>JAMES CAROTHERS & CO.</h1> <h2>STOCK AND BOND BROKERS.</h2> <p>MEMBERS PITTSBURGH STOCK EXCHANGE.</p>	
305 Fourth Avenue,	PITTSBURGH.
<i>INVESTMENT SECURITIES LOCAL TO PITTSBURGH A SPECIALTY.</i>	

Mellon National Bank

OF PITTSBURGH

Capital and Surplus, \$5,100,000

A complete banking organization,
equipped to serve its customers
along all conservative lines of
modern finance.

Special attention given to the
accounts of Banks and Trust
Companies.

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R. B. MELLON, Vice-President

A. C. KNOX, Vice-President

W. S. MITCHELL, Cashier

B. W. LEWIS, Asst. Cashier

A. W. McELDOWNEY, Asst. Cashier

H. S. ZIMMERMAN, Asst. Cashier

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H. C. McEldowney
B. F. Jones, Jr.
William G. Park
George I. Whitney
Robert Pitcairn
William B. Schiller

Henry C. Frick
Jas. H. Lockhart
Richard B. Mellon
Henry C. Fownes
A. C. Knox
George E. Shaw
J. Marshall Lockhart

P. C. Knox
J. M. Schoonmaker
Henry Phipps
David E. Park
William N. Frew
John B. Finley
Walter S. Mitchell

514 Smithfield St.

409 Fifth Avenue

Oldest Bank West of the Alleghany Mountains

ORGANIZED 1810

The Bank of Pittsburgh

NATIONAL ASSOCIATION



THE BANK THAT HAS GROWN UP WITH PITTSBURGH

CAPITAL, \$2,400,000.00 SURPLUS, \$2,600,000.00

OFFICERS

WILSON A. SHAW, President

JOSEPH R. PAULL, Vice-President

W. F. BICKEL, Cashier

J. M. RUSSELL, First Assistant Cashier

W. L. JACK, Assistant Cashier

J. D. AYRES, Assistant Cashier

GEORGE F. WRIGHT, Auditor

Business Relations With Conservatively Managed Banks Desired

J. L. HALL, President.

HENRY T. BARTLETT, Assistant Cashier.

M. P. LeGRAND, Vice-President.

LOUIS B. FARLEY, Cashier.
R. E. SEIBELS, Assistant Cashier.

The Merchants & Planters-Farley National Bank

MONTGOMERY, ALA.

CAPITAL \$500,000.00

SURPLUS \$150,000.00

UNDIVIDED PROFITS \$112,500.00

Adequate Resources, Conservative Management by Experienced Officers, a Modern Equipment in all Departments, and Direct Banking Connections, enable us to guarantee QUICK AND SAFE RETURNS to all banks sending us Alabama and other Southern Collections at the very LOWEST RATES.

This Bank has the LARGEST CAPITAL, SURPLUS, UNDIVIDED PROFITS AND DEPOSITS of any BANK in this city.

“DROP US A LINE.”

See our Card advertisement in ANY Bankers' Directory.

Organized 1871

Capital
\$225,000

Surplus and Profits
\$100,000

The
First National Bank
of
Montgomery, Ala.

A. M. BALDWIN, President.

A. S. WOOLFOLK, Cashier.

J. C. STRATFORD, Ass't Cashier.

DEPOSITORY FOR THE CITY AND
COUNTY OF MONTGOMERY.

The American National Bank

Louisville, Ky.

Capital,	- - - -	\$800,000
Surplus and Earnings, over	- - - -	200,000
Deposits,	- - - -	5,000,000

Correspondence Invited.

LOGAN C. MURRAY,	- - -	President
J. S. BOCKEE,	- - -	Vice-President
R. F. WARFIELD,	- - -	Cashier
CHAS. C. CARTER,	- - -	Ass't Cashier
FORREST L. MOSELEY	- - -	Ass't Cashier

J. W. WHITING, - - - President.
J. B. DAVIS, - - - Vice-President.

J. W. LITTLE, - - - Cashier.
B. W. PADGETT, - - - Ass't Cashier.

PEOPLES BANK

MOBILE, ALA.

Capital,	- - - -	\$150,000.00
Surplus,	- - - -	525,000.00
Deposits,	- - - -	2,100,000.00

We collect all Alabama, Florida and Mississippi items at actual cost. We solicit your Alabama items especially. We rank 29th out of 342 State Banks on the Roll of Honor of the United States.

BIRMINGHAM TRUST & SAVINGS CO.

BIRMINGHAM, ALA.

CAPITAL, : : \$500,000.00
 SURPLUS, : : 200,000.00

STEADY ADHERENCE TO CONSERVATIVE BANKING IS COUPLED WITH PROMPT
 ATTENTION TO ALL BUSINESS.

COLLECTION ACCOUNTS SOLICITED.

THE FIRST NATIONAL BANK

OF BIRMINGHAM, ALA.

CONDITION, AUGUST 25TH, 1905.

RESOURCES.		LIABILITIES.	
Loans and Discounts	\$3,990,277 76	Capital Stock	\$ 500,000 00
Overdrafts	505 64	Surplus and Profits	354,514 46
U. S. Bonds and Premiums	564,500 00	Circulation	500,000 00
Other Stocks and Bonds	23,700 00	Deposits	5,601,032 94
Real Estate—Old Bank Building	56,000 00		
Cash and Exchange	2,320,564 00		
	<u>\$6,955,547 40</u>		<u>\$6,955,547 40</u>

OFFICERS.

J. H. WOODWARD, Vice-President. W. P. G. HARDING, President. J. H. BARR, Vice-President and Cashier.
 A. R. FORSYTH, Asst. Cashier. THOS. BOWRON, Asst. Cashier. F. S. FOSTER, Asst. Cashier.

We make a Specialty of Collections. Send us your Alabama Items for direct distribution.
 THE CAPITAL STOCK OF THIS BANK WILL BE INCREASED TO \$1,000,000 ON NOV. 1ST.

ESTABLISHED 1868

ISIDORE NEWMAN & SONS

BANKERS AND BROKERS

212 Carondelet Street

NEW ORLEANS

NEW YORK - 25 BROAD STREET.

ESTABLISHED 1872.

PETER HELLWEGE & CO.

BROKERS,

COTTON, STOCKS AND BONDS,
 NEW ORLEANS.

MEMBERS

New Orleans Cotton Exchange.
 New Orleans Stock Exchange.
 New Orleans Board of Trade.
 New York Cotton Exchange.
 Liverpool Cotton Brokers Assn.

PETER HELLWEGE.
 PETER E. HELLWEGE.
 RODOLPH WOESTE.

The HOLSTON NATIONAL BANK

OF KNOXVILLE, TENN.

514 GAY STREET

Capital,	-	-	-	-	\$200,000.00
Surplus and Profits,	-	-	-	-	50,000.00
Deposits,	-	-	-	-	930,000.00

OFFICERS:

Joseph P. Gaut, President
 D. A. Rosenthal, Vice-President
 J. A. Armstrong, Asst. Cashier



H. S. Mizner
 Jno. M. Allen
 J. B. Jones

DIRECTORS:

J. H. Cowan
 Cecil H. Baker
 Hu. L. McClung
 D. A. Rosenthal
 Jos. P. Gaut
 T. R. Price

W. H. GASS, President H. M. JOHNSTON, Cashier
 J.W. HOPE, Vice-Prest. W.O. WHITTLE, Asst. Cashier

ESTABLISHED 1888

The Knoxville Banking Company

Knoxville, Tenn.

17 years of successful
 experience enables us to
 render prompt and satis-
 factory service in our
 Collection Department.

UNITED STATES DEPOSITORY

The

City National Bank

OF

Knoxville, Tenn.

Organized 1888

Capital,	-	-	-	-	\$ 300,000.00
Surplus,	-	-	-	-	227,500.00
Deposits,	-	-	-	-	2,300,000.00

WM. S. SHIELDS, President
 EDWARD HENEGAR, Vice-President
 WM. T. MARFIELD, Cashier
 R. E. MOONEY, Asst. Cashier

Send us your Tennessee Business.

— THE —

FIFTH NATIONAL BANK

Depository United States
and State of Ohio

OF CINCINNATI

OFFICERS

CHARLES A. HINSCH, President
 JAS. M. GLENN, Vice-President
 EDWARD SEITER, Cashier
 MONTE J. GOBLE, Asst. Cashier
 CHAS. H. SHIELDS, Asst. Cashier

Capital	-	-	-	\$600,000.00	} \$1,100,000.00
Surplus and Profits,	-	-	-	500,000.00	
Deposits,	-	-	-	-	\$6,200,000.00

ACCOUNTS of Banks, Corporations, Firms, and Individuals
Solicited and Received upon the Most Favorable Terms.

BONDS High-Grade Investment Bonds
Bought and Sold.

— FOREIGN DEPARTMENT. —

FIRST NATIONAL BANK

NASHVILLE, TENN.

UNITED STATES DEPOSITORY.
 CAPITAL, - \$400,000 DEPOSITS, - \$3,000,000

F. O. WATTS, President. RANDAL CURELL, Cashier.
 D. S. WILLIAMS, Vice-President. R. E. DONNELL, Asst. Cashier.

Tennessee Collections.

We reach 83 per cent. of the banking population of the State direct through our reciprocal bank correspondents and therefore offer the safest and quickest way for handling your collections. Your business is respectfully solicited.

The Fourth National Bank

OF ATLANTA, GEORGIA,

magnificently equipped, and with exceptional facilities for handling Southern business, offers its services to the banking public.

CAPITAL STOCK, - - - - - \$400,000.00
 SURPLUS and UNDIVIDED PROFITS, - - - - - 298,400.00
 DEPOSITS, - - - - - 3,366,424.00

OFFICERS:

JAMES W. ENGLISH, President. JOHN K. OTTLEY, Cashier.
 WALKER P. INMAN, Vice President. CHAS. I. RYAN, Ass't Cashier.

CORRESPONDENCE INVITED.



Bank of Commerce & Trust Company,

MEMPHIS, TENNESSEE.

CAPITAL AND SURPLUS, . . . \$2,000,000.00.

The Memphis Trust Company with a capital and surplus of \$1,300,000, and the National Bank of Commerce with a capital and surplus of \$750,000, have recently consolidated under the name BANK OF COMMERCE AND TRUST COMPANY, and will move into their new modern Banking room the latter part of October.

The merged Company will be one of the largest and strongest financial institutions in the South.

With years of experience in both the Trust and Banking business, the Company offers the public its services in the following departments:

- COMMERCIAL AND GENERAL BANKING; Collection facilities unexcelled.
- TRUST DEPARTMENT; Accepts trusts of every description.
- REAL ESTATE DEPARTMENT; Buys, sells, on commission, rents and appraises real property.
- TITLE GUARANTY DEPARTMENT; Guarantees titles to real estate.
- BOND DEPARTMENT; Buys and sells investment bonds and stocks.
- INSURANCE DEPARTMENT; Writes Fire Insurance and Surety Bonds as Agent.
- SAFE DEPOSIT DEPARTMENT; Rents boxes \$5.00 per year and upwards.

CORRESPONDENCE INVITED.



Mississippi Valley Trust Co.

NORTHWEST CORNER FOURTH AND PINE STREETS, ST. LOUIS

Capital, Surplus and Profits, \$8,400,000

The Business of this Company is conducted in five departments, as follows:

- (1) **FINANCIAL OR MONEY DEPOSIT**—Receives deposits on time, savings and checking accounts and pays interest thereon; loans money on St. Louis city real estate and listed high grade securities; buys and sells domestic and foreign exchange; issues its own letters of credit available everywhere
- (2) **TRUST OR FIDUCIARY**—Executes all manner of trusts; acts, under authority of the law, as executor, administrator, trustee, guardian, curator, register and transfer agent of bonds and stocks, receiver and financial agent for non-residents and others; becomes sole surety on bonds required by law to be given
- (3) **BOND OR INVESTMENT**—Buys and sells selected high grade investment securities. List of bonds for sale mailed on application. Commission orders, at usual rates, executed with promptness
- (4) **REAL ESTATE**—Manages, buys, sells, rents and appraises St. Louis city real estate. Pays taxes, places insurance, collects rents
- (5) **SAFE DEPOSIT OR STORAGE VAULTS**—Rents safe deposit boxes in fire, burglar and mob proof vault at \$5 and upwards per annum; stores, at special rates, trunks and boxes containing silverware and other bulky valuables

CORRESPONDENCE INVITED

ALL BUSINESS STRICTLY CONFIDENTIAL

OFFICERS

JULIUS S. WALSH, President
BRECKINRIDGE JONES, Vice-President and Counsel
JOHN D. DAVIS, Vice-President
SAMUEL E. HOFFMAN, Vice President
JAMES E. BROCK, Secretary
HUGH R. LYLE, Assistant Secretary

HENRY C. IBBOTSON, Assistant Secretary
FREDERICK VIERLING, Trust Officer
HENRY SEMPLE AMES, Assistant Trust Officer
WILLIAM G. LACKEY, Bond Officer
TOM W. BENNETT, Real Estate Officer
WM. MCC. MARTIN, Safe Deposit Officer

DIRECTORS

JOHN I. BEGGS, President } Union Electric Light & Power Co.
 } Laclede Gas Light Co.
 } United Railways Co. of St. Louis
WILBUR F. BOYLE, Boyle & Priest
JAMES E. BROCK, Secretary
MURRAY CARLETON, President Carleton Dry Goods Co.
CHARLES CLARK
HORATIO N. DAVIS, President Smith & Davis Mfg. Co.
JOHN D. DAVIS, Vice-President
HARRISON I. DRUMMOND, President Drummond Realty and
 Investment Co.
AUGUSTE B. EWING
DAVID R. FRANCIS, President D. R. Francis & Bro. Com-
 mission Co.
AUGUST GEHNER, President German-American Bank

GEO. H. GODDARD
S. E. HOFFMAN, Vice-President
CHAS. H. HUFFIG, President Third National Bank
BRECKINRIDGE JONES, Vice-President and Counsel
WM. F. NOLKER, Treasurer St. Louis Brewing Ass'n
SAUNDERS NORVELL, President Norvell-Shapleigh Hard-
 ware Co.
ROBERT J. O'REILLY, M. D.
WM. D. ORTHWEIN, President Wm. D. Orthwein Grain Co.
H. CLAY PIERCE, Chairman Board Waters-Pierce Oil Co.
JOSEPH RAMSEY, JR., President Wabash R. R. Co.
ROBERT H. SPOCKTON, President Majestic Mfg. Co.
JULIUS S. WALSH, President
ROLLA WELLS, Mayor of City of St. Louis

Mercantile Trust Company

Saint Louis

Member St. Louis Clearing House Association

Capital and Surplus, \$9,500,000

Deposits, - - - \$17,500,000

OFFICERS:

	FESTUS J. WADE, President	
CORWIN H. SPENCER, - -	Vice-President	WILLIAM MAFFITT, Ass't Treasurer
LORENZO E. ANDERSON, -	Vice-President	JOHN H. KRUSE, - Ass't Treasurer
GEO. W. WILSON, Vice-President and Treasurer		EDWARD BUDER, - Ass't Treasurer
C. H. McMILLAN, - - -	Secretary	J. B. MOBERLY, - - Ass't Secretary

Unsurpassed facilities for handling the accounts of Trust Companies, Banks and Bankers.

Pays interest on daily balances. Foreign exchange bought and sold. Letters of Credit issued available anywhere in the civilized world. Deals in high-grade investment bonds.

Correspondence Invited

BOOKS OF FIRMS AND CORPORATIONS AUDITED SPECIALLY OR PERIODICALLY.

THE EQUITABLE INTEREST OF PARTNERS OR STOCKHOLDERS DETERMINED UNDER EVERY VARIETY OF COMPLICATION.

LAWRENCE E. BROWN & CO.,

CERTIFIED PUBLIC ACCOUNTANTS,

1522 & 1523 REAL ESTATE TRUST BUILDING

PHILADELPHIA

DERANGED AND DISPUTED ACCOUNTS INVESTIGATED AND ADJUSTED.

ACCOUNTS OF EXECUTORS, ADMINISTRATORS, AND TRUSTEES PREPARED FOR THE ORPHANS' COURT.

LEGAL INVESTIGATIONS AIDED.

INVESTIGATIONS MADE FOR PROSPECTIVE PURCHASERS OR VENDORS.

J. E. STERRETT

CERTIFIED PUBLIC ACCOUNTANT

(PENNSYLVANIA)

60 WALL STREET
NEW YORK

705 PENN MUTUAL BUILDING
PHILADELPHIA

“BANKS AND BANKING”

Case Law and Index Edition compiled in one complete volume upon the *Plan and Method* of *HOWARD ELLIS* of the New York Bar.

THIS valuable book contains condensed reports of ALL FEDERAL, STATE and CANADIAN Banking Decisions from the foundation of the government. Any banker or attorney for a bank can quickly and easily find all the decisions in every State or any question concerning banks, notes, checks, drafts, etc. Quick reference to it when in doubt on any point may save bankers thousands of dollars.

2000 pages 7 x 10 inches { Full Law Sheep, . . . \$10.00
Full Morocco, Gilt, . . . \$12.00

CASE LAW PUBLISHING COMPANY, 220 Broadway, New York City.

LYBRAND, ROSS BROS. & MONTGOMERY

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ACCOUNTANTS**

WALL STREET EXCHANGE BUILDING
NEW YORK

STEPHEN GIRARD BUILDING
PHILADELPHIA

America's Best Product

WHITING PAPERS

*The
Only First Prize
Ever Awarded
to
American Paper*



*Whiting Paper
received the
Grand Prize
at the
Paris Exposition*

For Fine Correspondence or for Business

Use them once, and you will use them always

WHITING PAPER CO.

NEW YORK

CHICAGO

PHILADELPHIA

HOLYOKE

WESTERN

Bank Note and Engraving Company

ENGRAVERS — LITHOGRAPHERS — PRINTERS

Bank Notes — Bonds — Stock Certificates and other documents requiring protection against reproduction.

Drafts, Checks, Bills of Exchange, Letters Credit, etc., of improved styles. Bank, Corporation and Municipal work a specialty.

Modernly constructed fire-proof buildings, containing securities vaults and unequalled equipment, occupied exclusively by this Company.

CHICAGO

BRANCH OFFICES

Equitable Building
Baltimore

Times Building
Pittsburg

Security Building
St. Louis

THE PUBLIC ESTIMATION OF A BANK IS LARGELY SHOWN IN THE RECORD OF NEW BUSINESS ACQUIRED FROM YEAR TO YEAR. AS AN EVIDENCE OF CONSISTENT GROWTH

The Cleveland Trust Company Submits the Following

COMMENCED BUSINESS SEPTEMBER 10th, 1895

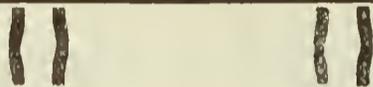
DATE	TIME	NUMBER OF DEPOSITORS	AMOUNT OF DEPOSITS
September 10, 1896	1 year	1,111	\$ 862,087.67
September 10, 1897	2 years	1,772	2,483,129.44
September 10, 1898	3 years	2,835	3,329,880.18
September 10, 1899	4 years	3,840	3,940,784.99
September 10, 1900	5 years	5,068	5,236,514.37
September 10, 1901	6 years	8,180	7,846,741.26
September 10, 1902	7 years	9,177	8,773,839.56
September 10, 1903	8 years	18,061	14,683,748.69
September 10, 1904	9 years	39,462	19,956,600.73
September 10, 1905	10 years	51,110	24,534,900.59
CAPITAL, \$1,750,000		SURPLUS, \$1,100,000	

DEPOSITORY FOR STATE OF OHIO, COUNTY OF CUYAHOGA, CITY OF CLEVELAND

Deposits from Banks, Firms, Corporations and Individuals Solicited. 4 per cent interest paid on savings deposits.

No. 1 EUCLID AVENUE, - - - - - CLEVELAND, OHIO

Municipal and Railway Bonds



Public Service Corporation Bonds



Lists will be mailed to Investors upon request

W. J. HAYES & SONS

Chamber of Commerce
CLEVELAND, O.

State and Devonshire Sts.
BOSTON, MASS.

3rd NATIONAL OF ST. LOUIS BANK

CAPITAL, \$2,000,000 SURPLUS, \$1,900,000
DEPOSITS, \$27,000,000

OFFICERS

C. H. HUTTIG, President G. W. GALBREATH, Cashier J. R. COOKE, Asst. Cashier
W. B. WELLS, Vice-President D'A. P. COOKE, Asst. Cashier

E. F. SWINNEY, President. H. T. ABERNATHY, Cashier.
J. F. RICHARDS, V. President. C. G. HUTCHESON, Asst. Cashier.

FIRST NATIONAL BANK

Kansas City, Mo.

Capital, \$250,000
Surplus and Profits, \$1,000,000
Deposits, \$17,599,751

DIRECTORS

J. F. Richards J. S. Loose E. D. Fisher
B. Corrigan F. F. Harvey H.T. Abernathy
P. E. Havens E. F. Swinney J. A. Prescott
L. M. Miller C. G. Hutcheson

W. S. WOODS, President Chas.H.MOORE, Asst. Cashier
W. H. WINANTS, Vice-Pres. F. H. HEAD, Asst. Cashier
W. A. RULE, Cashier W. H. GLASKIN, Asst. Cashier
PAUL F. COVINGTON, Asst. Cashier

THE
National Bank 1905
1865 **of Commerce**
KANSAS 40
Years Old CITY, MO.

WE HAVE

Employes - - - 240
Depositors - - - 15,000
Capital, Surplus, Profits,
Stockholders' Liability, \$ 3,700,000
Deposits, - - - \$33,000,000

DIRECTORS

J. J. Swofford, J. C. Egelhoff, D. J. Dean,
Hugh C. Ward, W. T. Kemper W. S. Woods,
H. C. Arnold, J. T. Holmes, W. H. Winants,
G. M. Cole, Jos. J. Heim, W. A. Rule,
J. H. Arnold, A. R. Meyer, Chas. H. Moore.

Mechanics-American National Bank, — ST. LOUIS

Successor to

MECHANICS NATIONAL AND AMERICAN EXCHANGE NATIONAL BANKS

REPORT OF CONDITION, AUGUST 25, 1905

RESOURCES		LIABILITIES	
Bills Discounted (time).....	\$12,412,987.90	Capital Stock.....	\$2,000,000.00
Overdrafts.....	20,329.05	Surplus and Profits.....	2,697,760.75
U. S. Bonds and Premium and Redemption Fund.....	1,967,187.50	Circulation.....	1,800,000.00
Other Stocks and Bonds.....	403,021.95	Deposits.....	
Cash.....		Individual.....	\$10,003,158.90
In Vault.....	\$5,266,288.85	Banks.....	12,312,813.70
With Banks.....	4,379,835.44		22,315,972.60
Demand Loans.....	4,364,082.66		
	14,010,206.95		
	<u>\$28,813,733.35</u>		<u>\$28,813,733.35</u>

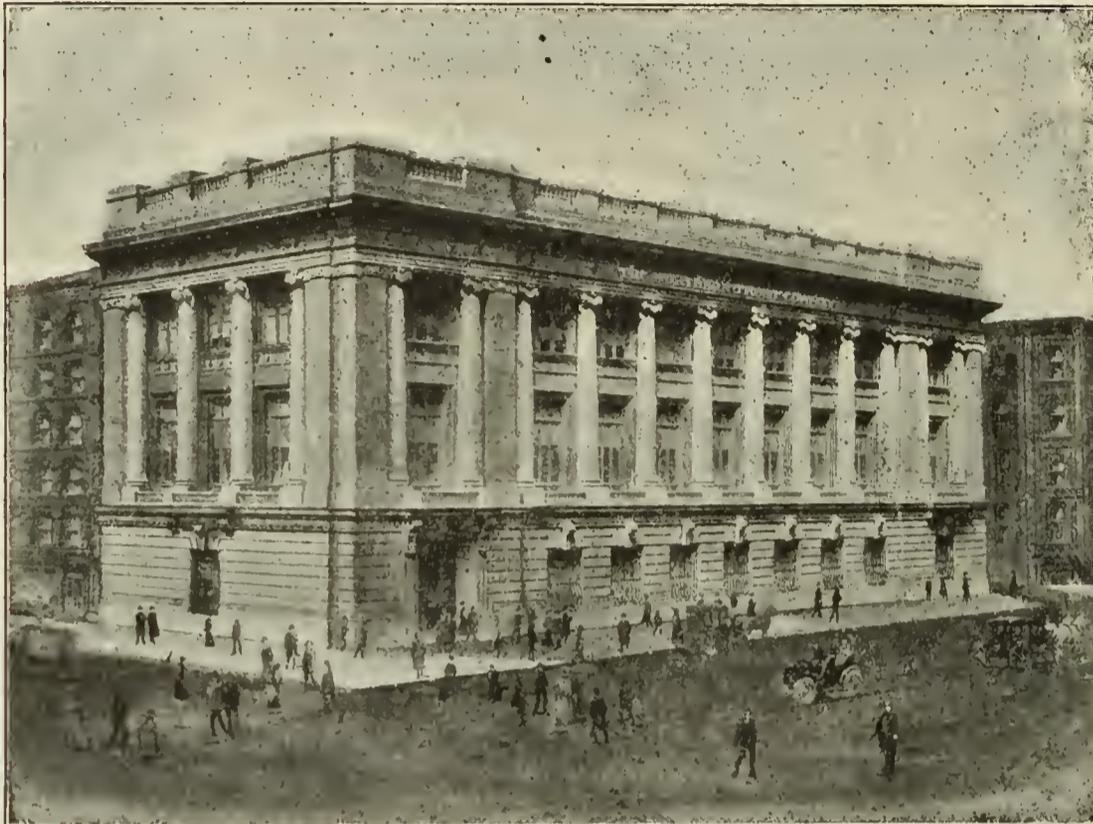
Facilities Unsurpassed

Officers

WALKER HILL, President EPHRON CATLIN, Vice-President G. M. TRUMBO, Ass't Cashier
H. P. HILLIARD, Vice-President L. A. BATAILLE, Cashier C. L. ALLEN, Ass't Cashier
W. J. KINSELLA, Vice-President J. S. CALFEE, Ass't Cashier F. M. GARDNER, Ass't Cashier
J. A. BERNINGHAUS, Ass't Cashier

CAPITAL, - - \$1,500,000.00
 SURPLUS, - - \$1,000,000.00
 UNDIVIDED PROFITS, \$702,468.78

BANKING, [SAVINGS,
 FOREIGN and TRUST
 DEPARTMENTS.



BANK BUILDING OF
THE NORTHERN TRUST COMPANY
 CHICAGO

NOW UNDER CONSTRUCTION
 NORTHWEST CORNER LA SALLE & MONROE STREETS
 190 FEET FRONT ON LA SALLE STREET; 73 FEET ON MONROE STREET
 WILL BE READY FOR OCCUPANCY, 1906

DIRECTORS

A. C. BARTLETT of Hibbard, Spencer, Bartlett & Co.	CHARLES L. HUTCHINSON Vice-Pres. Corn Exchange Nat. Bank
J. HARLEY BRADLEY of David Bradley Mfg. Company	MARTIN A. RYERSON
WILLIAM A. FULLER Retired Manufacturer	ALBERT A. SPRAGUE of Sprague, Warner & Co.
MARVIN HUGHITT President Chicago & N.-W. Ry. Co.	SOLOMON A. SMITH 2d Vice-Pres. The Northern Trust Co.
	BYRON L. SMITH President The Northern Trust Co.

OFFICERS

BYRON L. SMITH,	President
F. L. HANKEY,	Vice-President
SOLOMON A. SMITH,	2d V-President
THOMAS C. KING,	Cashier
ROBERT McLEOD,	Assistant Cashier
G. J. MILLER,	Assistant Cashier
ARTHUR HEURTLEY,	Secretary
HOWARD O. EDMONDS,	Assistant Secretary
HAROLD H. ROCKWELL,	Assistant Secretary
EDWARD C. JARVIS,	Auditor

The Merchants' Loan and Trust Company

OF CHICAGO

Capital and Surplus, \$6,000,000

Established 1857

GENERAL BANKING. FOREIGN EXCHANGE.
TRUSTS. BONDS. SAVINGS.
SAFE DEPOSIT VAULTS.

OFFICERS.

ORSON SMITH, President.
E. D. HULBERT, Vice-President
J. G. ORCHARD, Cashier.
F. N. WILDER, Assistant Cashier.
F. G. NELSON, Assistant Cashier.
P. C. PETERSON, Assistant Cashier,
Mgr. Foreign Exchange Dept.
LEON L. LOEHR, Sec'y Trust Dept.
JOHN E. BLUNT, JR., Manager Bond Department.

DIRECTORS.

MARSHALL FIELD.
ALBERT KEEP.
ERSKINE M. PHELPS.
ENOS M. BARTON.
CLARENCE A. BURLEY.
E. D. HULBERT.
CYRUS H. McCORMICK.
LAMBERT TREE.
MOSES J. WENTWORTH.
THIES J. LEFENS.
E. H. GARY.
CHAUNCEY KEEP.
ORSON SMITH.

REPORT OF THE CONDITION

At the Commencement of Business, August 26, 1905.

RESOURCES

Loans and Discounts,	\$27,755,644.76
Bonds and Stocks,	9,440,824.80
Due from Banks and Bankers, \$12,229,137.64	
Cash and Checks for Clearing House	7,727,134.55
	<u>19,956,272.19</u>
	\$57,152,741.75

LIABILITIES

Capital Stock	\$3,000,000.00
Surplus Fund,	3,000,000.00
Undivided Profits,	651,761.51
Reserved for Accrued Interest,	11,508.20
Deposits,	<u>50,489,472.04</u>
	\$57,152,741.75

SECOND RESERVE

Many Banks throughout the country have adopted the policy of investing a portion of their funds in high grade, readily convertible Railroad Bonds as a *second reserve* for the further protection of depositors and customers.

We offer our facilities for conservative investment to Banks, Trustees and Individuals who believe that safety of principal is the first consideration and are content with a reasonable net return.

Lists and information furnished on request.

Chicago Bank stocks bought and sold.

EVERSZ & COMPANY

BANKERS

220 LA SALLE ST.
CHICAGO

111 BROADWAY
NEW YORK

The
Commercial National Bank
of CHICAGO

Established 1864

CAPITAL,	- - - -	\$ 2,000,000.00
SURPLUS AND UNDIVIDED PROFITS,		\$ 1,700,000.00
DEPOSITS,	- - - -	\$36,000,000.00



NEW HOME OF THE
COMMERCIAL NATIONAL BANK OF CHICAGO
TO BE BUILT AND OWNED BY
Commercial National Safe Deposit Co.

OFFICERS

JAMES H. ECKELS,	President
JOSEPH T. TALBERT,	Vice-President
RALPH VAN VECHTEN,	Second Vice-President
DAVID VERNON,	Third Vice-President
NATHANIEL R. LOSCH,	Cashier
GEORGE B. SMITH,	Assistant Cashier
HARVEY C. VERNON,	Assistant Cashier
H. ERSKINE SMITH,	Ass't Cashier and Auditor
WM. T. BRUCKNER,	Assistant Cashier

DIRECTORS

FRANKLIN MAC VEAGH	PAUL MORTON
WILLIAM J. CHALMERS	DARIUS MILLER
ROBERT T. LINCOLN	CHARLES F. SPALDING
E. H. GARY	JOSEPH T. TALBERT

JAMES H. ECKELS

FOREIGN DEPARTMENT

L. SCHUETZ,	Assistant Manager
-------------	-------------------

We want one good bank as a correspondent in every city and banking town in the West, North, Northwest, South and Southwest.

WM. H. BRINTNALL, President
EDWARD TILDEN, Vice-President

WM. A. TILDEN, Cashier
GEO. M. BENEDICT, Asst. Cashier

Drovers Deposit National Bank

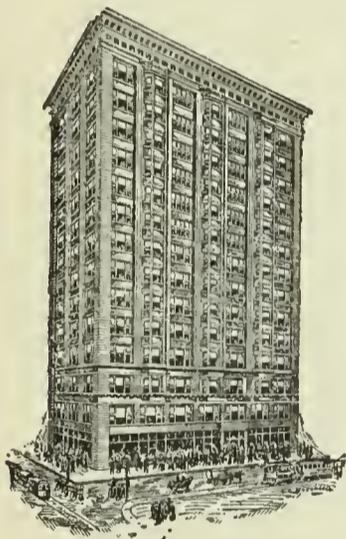
CHICAGO

CAPITAL AND SURPLUS, \$850,000

Accounts of Banks, Corporations, Firms and Individuals Solicited.

CHICAGO SAVINGS BANK

Capital, \$500,000.00



Chicago Savings Bank Building,
State and Madison Streets,
Chicago.

— DIRECTORS —

George H. Webster	Henry J. Evans
Daniel B. Scully	Rudolph Matz
Chas. H. ReQua	Wm. G. Hibbard, Jr.
Walter H. Wilson	John E. Jenkins
Wm. E. O'Neill	Ralph C. Otis
Joseph E. Otis	Lucius Teter

Western Trust & Savings Bank

CHICAGO

Capital One Million Dollars

Transacts a General Banking and Trust Company Business

OFFICERS

JOSEPH E. OTIS	President
WALTER H. WILSON	Vice-President
LAWRENCE NELSON	Vice-President
WILLIAM C. COOK	Cashier
H. WOLLENBERGER	Assistant to the President
W. G. WALLING	Secretary

S. R. FLYNN, President

G. F. EMERY, Ass't Cashier

G. A. RYTHER, Cashier

The National LIVE STOCK Bank OF CHICAGO, ILL.

Capital, Surplus and Profits, - - \$2,300,000

R. H. GOODELL & CO.

Transact a banking and commission business.
Deal in commercial paper. Buy and sell high
grade investment securities. Issue letters of
credit on London and Paris. Execute commis-
sion orders in all markets for Banks, Trust
Companies, Insurance Companies and Estates.

**Continental National Bank Building,
218 La Salle Street,
CHICAGO.**

BRANCH: - 15 Broad Street, - NEW YORK



Jackson Trust & Savings Bank

Nos. 15, 17 and 19 Ground Floor, Railway Exchange

CHICAGO

OFFICERS

WM. H. EAGAN, - President
DAVID DECKER, Vice-Pres't
B. F. DEMUTH, - Vice-Pres't
WM. M. LAWTON, - Cashier

DIRECTORS

Joy Morton Benj. F. DeMuth
D. H. Burnham W. R. Morrison
L. T. Dickason David Decker
Edward Decker Wm. M. Lawton
Chas. O. Austin Wm. H. Eagan

CENTRAL TRUST COMPANY OF ILLINOIS CHICAGO

CHARLES G. DAWES, - President
W. IRVING OSBORNE, - Vice-President
A. UHRLAUB, - Vice-President
WILLIAM R. DAWES, - Cashier

L. D. SKINNER, - Asst. Cashier
H. E. HALLENBECK, - Asst. Cashier
D. H. ROOD, - Asst. Cashier
MALCOLM McDOWELL, - Asst. Secretary

Capital,	-	-	-	-	\$ 2,000,000
Surplus and Undivided Profits,	-	-	-	-	\$ 900,000
Deposits,	-	-	-	-	\$10,000,000

Special attention to accounts of Banks and Bankers. Unexcelled facilities for handling
business in the MIDDLE WEST. Correspondence invited.

Continental National Bank

**CAPITAL
AND SURPLUS**

\$4,250,000

of Chicago

Cor. Adams and La Salle Streets

DEPOSITS

\$55,000,000



Collections
Carefully
Made
and
Promptly
Accounted
For

Accounts
of
Merchants,
Banks
and
Bankers
Solicited

CONTINENTAL NATIONAL BANK BUILDING

A General Foreign Exchange Business Transacted

Travelers' Circular Letters of Credit issued, available in all parts of the World

JOHN C. BLACK	- - - -	PRESIDENT	BENJ. S. MAYER	- - - -	ASSISTANT CASHIER
GEORGE M. REYNOLDS	- - - -	VICE-PRESIDENT	WM. G. SCHROEDER	- - - -	ASSISTANT CASHIER
N. E. BARKER	- - - -	VICE-PRESIDENT	HERMAN WALDECK	- - - -	ASSISTANT CASHIER
IRA P. BOWEN	- - - -	ASSISTANT CASHIER	JOHN McCARTHY	- - - -	ASSISTANT CASHIER

BOARD OF DIRECTORS

JOHN C. BLACK	- - - -	President	EDWARD HINES	- - - -	President Edward Hines Lumber Co.
HENRY BOTSFORD	- - - -	Packer	J. OGDEN ARMOUR	- - - -	President of Armour & Co.
WILLIAM C. SEIPP	- - - -	Capitalist	FRANK HIBBARD, of Hibbard, Spencer, Bartlett & Co.,	- - - -	Wholesale Hardware.
ALBERT J. EARLING, Pres't Chicago, Milwaukee & St. Paul R. R.	- - - -		BERTHOLD LOEWENTHAL	- - - -	Capitalist
P. A. VALENTINE	- - - -	Vice-President Armour & Co.	GEORGE M. REYNOLDS	- - - -	Vice-President
F. WEYERHAEUSER, Lumberman and Pine Land Owner, St. Paul.	- - - -		N. E. BARKER,	- - - -	Vice-President
A. W. THOMPSON	- - - -	President Republic Iron & Steel Co.	B. A. ECKHART	- - - -	President Eckhart & Swan Milling Co.
			ALBERT W. HARRIS	- - - -	of N. W. Harris & Co.

Mason, Lewis & Co.

Bankers

CHICAGO
Monadnock Bldg.

PHILADELPHIA
505 Chestnut St.

BOSTON
60 Devonshire St.

Investment Securities

MUNICIPAL, RAILROAD, STREET RAILWAY, GAS, ELECTRIC
LIGHT AND POWER COMPANY BONDS.

LIST ON APPLICATION.

A. G. BECKER & CO.

(INCORPORATED.)

COMMERCIAL
PAPER :: :: :: ::

SOUTHWEST CORNER LA SALLE
AND MONROE STREETS,
CHICAGO, ILL.

American National Bank Record

No. 1 for organizing Bank *ab initio*,
No. 2 for Conversion of State to National Bank.

Inter-State Corporation Record

For Organizing State Bank and other Corporations.

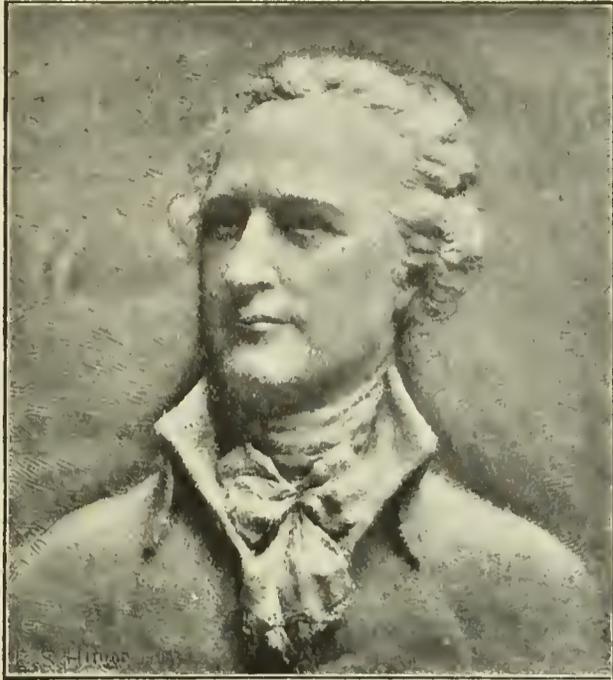
Both books contain proper organization proceedings, including Subscription List, By-Laws, Minutes First Meetings Stock Holders and Directors, Blank Minutes, Stock Register, Transfers, Dividends, Stock Holders' Ledger.

STOCK CERTIFICATES
BONDS

U. S. LOCK SEAL
BANK REGISTERS
ACCOUNT BOOKS

J. W. MIDDLETON & CO.

Publishers and Stationers,
167 Dearborn St., - Chicago.



The Hamilton National Bank OF CHICAGO

Began Business April 21, 1903

Comparative Statement of Deposits Since the Opening Day

April 21, 1903	- - - - -	\$413,401.29
June 9, 1903	- - - - -	861,676.85
September 9, 1903	- - - - -	1,332,358.98
November 17, 1903	- - - - -	1,410,740.56
January 22, 1904	- - - - -	1,506,285.54
March 28, 1904	- - - - -	1,565,972.23
June 9, 1904	- - - - -	1,700,597.90
September 6, 1904	- - - - -	1,739,305.39
November 10, 1904	- - - - -	2,163,286.48
January 11, 1905	- - - - -	2,203,610.48
March 14, 1905	- - - - -	2,516,808.78
May 29, 1905	- - - - -	3,015,304.40
August 25, 1905	- - - - -	3,285,040.22

OFFICERS

CHARLES B. PIKE - - - President
 J. H. CAMERON - Vice President
 HENRY MEYER - - - - - Cashier
 GEO. H. WILSON - Ass't Cashier

The Only National Bank North of Madison Street.

DIRECTORS

WALLACE HECKMAN, Business Manager University of Chicago.
 F. A. DELANO, 1st V. P., Watash Railroad Co.
 LOUIS E. LAFLIN, Manager Estate of Matthew Laflin.
 CHARLES L. BARTLETT, President Orangeine Chemical Co.
 A. A. SPRAGUE, 2nd, of Sprague, Warner & Co.
 T. A. SHAW, JR., of T. A. Shaw & Co.
 HENRY MEYER, Cashier.
 J. H. CAMERON, Vice President.
 FRANK CUNEO, of Garibaldi & Cuneo.
 C. J. ELDRIDGE, of Merrill & Eldredge.
 CHARLES B. PIKE, President.

CHARLES HATHAWAY & CO.

DEALERS IN

COMMERCIAL PAPER,

NEW YORK, BOSTON & CHICAGO.

A. G. EDWARDS & SONS BROKERAGE CO., Agents, ST. LOUIS

BONDS

E. H. ROLLINS & SONS.

238 La Salle St., Chicago

BOSTON

DENVER

SAN FRANCISCO

The First National Bank of Chicago

Capital and Surplus, \$13,000,000
Deposits, 96,000,000

J. B. FORGAN,
President.

D. R. FORGAN,
Vice-Pres.

F. O. WETMORE,
Cashier.

Extends to BANKS and BANKERS the unexcelled facilities afforded by ample capital, large resources, and superior banking connections at home and abroad.



Directors :

SAMUEL W. ALLERTON
GEORGE F. BAKER
JOHN H. BARKER
A. C. BARTLETT
GEO. D. BOULTON
WILLIAM L. BROWN
A. A. CARPENTER, Jr.
D. MARK CUMMINGS
CHARLES DEERING
DAVID R. FORGAN
JAMES B. FORGAN
H. H. HITCHCOCK
JAMES H. HYDE
HAROLD F. McCORMICK
NELSON MORRIS
EUGENE S. PIKE
HENRY H. PORTER, Jr.
NORMAN B. REAM
JOHN A. SPOOR
WM. J. WATSON
OTTO YOUNG

The First Trust and Savings Bank

J. B. FORGAN,
Pres.

D. R. FORGAN,
Vice-Pres.

E. K. BOISOT,
Vice-Pres. and Mgr.

Special attention to all matters of a fiduciary nature.
Choice investment securities. Interest allowed on
special accounts and savings deposits.

Capital, - \$500,000.00

Surplus, - \$500,000.00

Undivided Profits, - \$76,332.47

AMERICAN ESTABLISHED 1892
GUARANTY
OF CHICAGO COMPANY

Assumes four classes of corporate obligations:

- 1st—THE PAYMENT OF THE PRINCIPAL OF BONDS.
- 2d—THE PAYMENT OF INTEREST ON BONDS.
- 3d—THE REDEMPTION OF CORPORATE STOCK.
- 4th—THE PAYMENT OF DIVIDENDS ON REDEEMABLE AND PREFERRED STOCK.

It also performs the following services for its clients, assuming the expense thereof:

FIRST—Secures the services of a reputable trust company to act as trustee for the bondholders and to certify to the genuineness of the bonds.

SECOND—Prepares the necessary deed of trust in conformity with the requirements of the trustee.

THIRD—Has the bonds and coupons engraved or lithographed, laying same before the officers of the corporation ready for execution.

FOURTH—Attends to all the details of an issue of bonds, relieving the officers of the annoyance incidental thereto.

FIFTH—Furnishes engraved or lithographed certificates of stock bearing proper endorsement of guaranty and ready for issuance.

SIXTH—Prepares and submits the form of necessary motions and resolutions to be passed by the stockholders and directors, and otherwise supervises all work in any manner affecting the legality of the issuance of the securities.

**Also Assumes Payment of Insurance Premiums
Issues Endowment Contracts without Insurance**

FREDERICK M. STEELE, President
LEWIS W. PITCHER, Secretary

CHARLES L. FUREY, Vice-President
JAMES L. BIGELOW, Treasurer

Directors

FRED'K M. STEELE, President Standard Forgings Co.

W. F. BARNES, President, { Mrs. Nat'l Bank, Rockford, Ill.
W. F. & Jno. Barnes Mfg. Co.

CHARLES L. FUREY, Vice-President of Company

FRANK M. HEGGIE, Lepman & Heggie, Chicago

JAMES L. BIGELOW, Treasurer of Company

DUNCAN A. HOLADAY, J. S. Brown & Bro., Denver, Colo.

LEWIS W. PITCHER, Secretary of Company

B. M. FELLOWS, { Treas. U. S. Realty & Improvement Co.
" Geo. A. Fuller Co. New York

WILLIAM GEORGE, { Pres. Old Second National Bank,
" " Illinois Bankers Association. Aurora, Ill.

GENERAL OFFICES

171 LA SALLE ST., CHICAGO.

J. B. RUSSELL & Co.

BANKERS

46 Wall Street, - - - New York

DEALERS IN

High Grade Bonds

AND

Investment Securities

SAFETY DEPOSIT VAULTS FOR USE OF CUSTOMERS.

Members { New York Stock Exchange.
Chicago Stock Exchange.

Financial Representatives of the Illinois Tunnel Company } of Chicago.
" " " " Automatic Electric Co. }

OFFICES:

NEW YORK
WILKES-BARRE, PA.
SCRANTON, PA.
CARBONDALE, PA.

CHICAGO
READING, PA.
DAYTON, OHIO
BINGHAMTON, N. Y.

THE NORTHWESTERN NATIONAL BANK

MINNEAPOLIS, MINN.

<i>Capital,</i>	- - -	\$1,000,000
<i>Surplus and Profits,</i>	-	775,000
<i>Deposits,</i>	- - -	10,000,000

WM. H. DUNWOODY, *President*
M. B. KOON, *Vice-President* EDWARD W. DECKER, *Vice-President*
JOSEPH CHAPMAN, Jr., *Cashier*
FRANK E. HOLTON, *Ass't Cashier* CHAS. W. FARWELL, *Ass't Cashier*

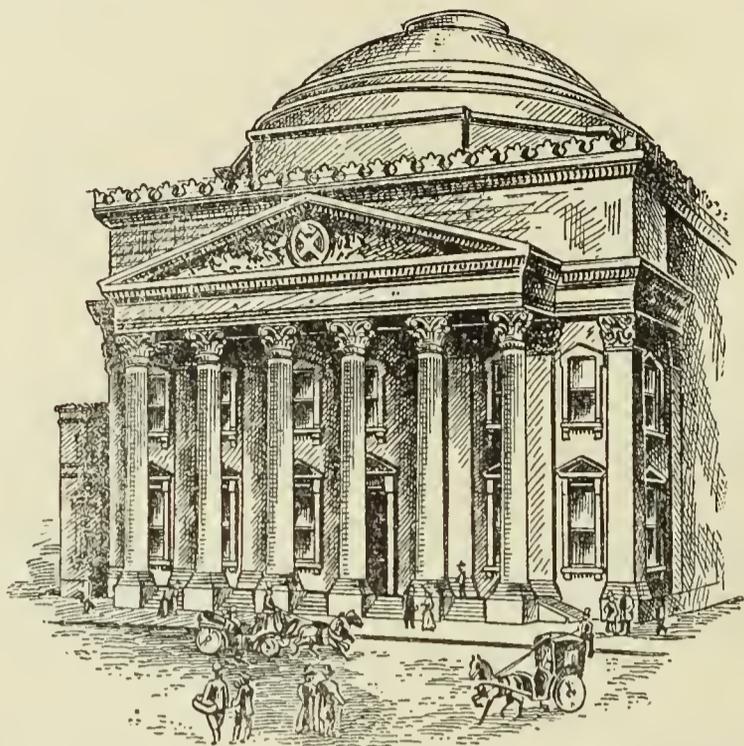
An Average of over 8 per cent. Annual Dividends paid to stockholders since organization in 1872.

Dividends paid since organization, \$2,350,000.

If you contemplate making a change in your banking connections, or think of opening a new account, we would be pleased to confer with you in person or by letter.

Bank of Montreal

Established 1817



HEAD OFFICE, - - - MONTREAL, CANADA

CAPITAL PAID UP,	-	-	\$14,400,000
REST,	-	-	10,000,000
UNDIVIDED PROFITS,	-	-	127,156

Board of Directors.

RT. HON. LORD STRATHCONA AND MOUNT ROYAL, G. C. M. G., President	
HON. SIR GEORGE A. DRUMMOND, K. C. M. G., Vice-President	
A. T. PATERSON, Esq.	R. B. ANGUS, Esq.
E. B. GREENSHIELDS, Esq.	JAMES ROSS, Esq.
SIR WILLIAM C. MACDONALD,	R. G. REID, Esq.
HON. ROBT. MACKAY.	

E. S. CLOUSTON, General Manager

The Bank of Montreal has Branches in the principal Cities and Towns of Canada, from the Atlantic to the Pacific; in St. John's and Birchy Cove, Newfoundland; in New York, Chicago and Spokane, and in London, England.

IT ISSUES COMMERCIAL AND TRAVELLERS' CREDITS AVAILABLE WITH ITS CORRESPONDENTS IN ALL PARTS OF THE WORLD, MAKES COLLECTIONS AT ALL POINTS, AND BUYS AND SELLS STERLING AND CONTINENTAL EXCHANGE AND CABLE TRANSFERS.

NEW YORK OFFICE, Nos. 59 and 61 WALL STREET
R. Y. HEBDEN, Agent

LONDON OFFICE, No. 22 ABCHURCH LANE
ALEXANDER LANG, Manager

THE CANADIAN BANK OF COMMERCE

HEAD OFFICE—TORONTO

Paid-up Capital, \$8,700,000
Reserve Fund, \$3,500,000

HON. GEO. A. COX, *President*

B. E. WALKER, *General Manager*

ALEX. LAIRD, *Asst. Gen. Manager*

NEW YORK AGENCY: 16 Exchange Place

WM. GRAY and H. B. WALKER, *Agents*

BRANCHES OF THE BANK IN CANADA

BRITISH COLUMBIA AND YUKON

Atlin	Fernie	Ladysmith	Nelson	Vancouver (3 offices)
Cranbrook	Greenwood	Nanaimo	Penticton	Victoria
Dawson	Kamloops	New Westminster	Princeton	White Horse

NORTH-WEST PROVINCES

Brandon	Elkhorn	Lloydminster	Neepawa	Regina
Calgary	Gilbert Plains	Macleod	North Battleford	Saskatoon
Carman	Grandview	Medicine Hat	Pincher Creek	Swan River
Claresholm	High River	Melfort	Ponoka	Treherne
Dauphin	Innisfail	Moose Jaw	Portage la Prairie	Vegreville
Edmonton	Kinistino	Moosomin	Prince Albert	Winnipeg (5 offices)
Elgin	Lethbridge	Nanton	Red Deer	

ONTARIO AND QUEBEC

Ayr	Collingwood	London	Port Perry	Toronto (8 offices)
Barrie	Dresden	Montreal	Rainy River	Toronto Junction
Belleville	Dundas	Orangeville	St. Catharines	Walkerton
Berlin	Dunnville	Ottawa	Sarnia	Walkerville
Blenheim	Fort Frances	Paris	Sault Ste. Marie	Waterloo
Brantford	Galt	Parkhill	Seaforth	Warton
Cayuga	Goderich	Parry Sound	Simcoe	Windsor
Chatham	Guelph	Peterboro'	Stratford	Woodstock
Cobalt	Hamilton	Port Arthur	Strathroy	

MARITIME PROVINCES

Amherst	Canning	New Glasgow	St. John	Sydney
Antigonish	Halifax	Parrsboro'	Shelburne	Truro
Barrington	Lunenburg	Sackville	Springhill	Windsor
Bridgewater	Middleton			

IN THE UNITED STATES

NEW YORK PORTLAND, ORE. SAN FRANCISCO. SEATTLE, WASH. SKAGWAY, ALASKA

IN GREAT BRITAIN

LONDON, ENGLAND, 60 Lombard St., E. C.

The large number of branches of this Bank in all parts of Canada enables it to place at the disposal of its correspondents unexcelled facilities for every kind of banking business with Canada, and especially for collections.

The New York Agency and other offices of the Bank issue DRAFTS on Canada and all the principal foreign correspondents of the Bank, and grant COMMERCIAL OR TRAVELERS' LETTERS OF CREDIT for use in all parts of the world.

STERLING and other FOREIGN EXCHANGE bought and sold. Bills collected payable at any place where there is a bank or banker.

A GENERAL BANKING BUSINESS TRANSACTED

BANKERS AND CHIEF CORRESPONDENTS ABROAD

GREAT BRITAIN—The Bank of England The Bank of Scotland Lloyds Bank Limited The Union of London and Smiths Bank, Limited	SOUTH AMERICA—The British Bank of South America, Limited
FRANCE—Crédit Lyonnais, Paris Messrs. Lazard Frères & Cie, Paris	INDIA, CHINA, JAPAN AND THE PHILIPPINE ISLANDS— Chartered Bank of India, Australia and China Hongkong and Shanghai Banking Corporation
GERMANY—Deutsche Bank	SOUTH AFRICA—The Standard Bank of South Africa, Limited The Bank of Africa, Limited
HOLLAND—Disconto Maatschappij, Rotterdam	AUSTRALIA AND NEW ZEALAND— The Union Bank of Australia, Limited The Bank of Australasia The National Bank of Australasia, Limited
BELGIUM—Messrs. J. Matthieu & Fils, Brussels Banque d'Anvers, Antwerp	HONOLULU—First National Bank of Hawaii Bishop & Co.
MEXICO—Banco de Londres y Mexico	
WEST INDIES—Bank of Nova Scotia, Kingston, Jamaica Colonial Bank and Branches National Bank of Cuba and Branches	
BERMUDA—Bank of Bermuda, Limited, Hamilton	

The Sovereign Bank of Canada

Head Office, - - - Toronto
 Chief Executive Office, - Montreal

TOTAL ASSETS, 30th September, 1905, \$13,368,859

D. M. STEWART
 2nd Vice-Pres. and General Manager

W. GRAHAM BROWNE
 Manager of Montreal Office

WITH FIFTY BRANCHES
 throughout Canada we have
 every facility for handling
 your Canadian business

NEW YORK CORRESPONDENTS :
 National Bank of Commerce
 J. P. Morgan & Company
 National Shoe & Leather Bank
 Standard Trust Company

The Bank of British North America

ESTABLISHED IN 1836.

INCORPORATED BY ROYAL CHARTER IN 1840.

Paid-up Capital, £1,000,000 Sterling. Reserve Fund, £420,000 Sterling.

HEAD OFFICE, 5 GRACECHURCH ST., LONDON, E. C.

COURT OF DIRECTORS.

JOHN H. BRODIE, Esq.
 J. J. CATER, Esq.
 HENRY R. FARRER, Esq.

M. G. C. GLYN, Esq.
 RICHARD H. GLYN, Esq.
 EDW. ARTHUR HOARE, Esq.

HENRY J. B. KENDALL, Esq.
 FREDERIC LUBBOCK, Esq.
 GEO. DUNBAR WHATMAN, Esq.

A. G. WALLIS, Secretary.

W. S. GOLDBY, Manager.

Head Office in CANADA, ST. JAMES STREET, MONTREAL.

Gen. Mgr., H. STIKEMAN. Supt. of Branches, JAMES ELMSLY.
 Inspector, J. ANDERSON.

AGENCIES IN THE UNITED STATES.

New York.
 52 Wall Street.
 W. LAWSON AND J. C. WELSH, Agents

San Francisco.
 120 Sansome Street.
 H. M. J. McMICHAEL AND A. S. IRELAND, Agts.

BRANCHES IN CANADA.

Province of Ontario.
 LONDON,
 LONDON, MARKET (Sub. Br.)
 BRANTFORD,
 HAMILTON,
 HAMILTON, BARTON ST. (Sub. Br.)
 " VICTORIA AVE. " "
 TORONTO,
 TORONTO JUNCTION,
 TORONTO STOCK YARDS,
 WESTON (Sub. Br.)
 MIDLAND, FENELON FALLS,
 BOBCAYOEON,
 CAMPBELLFORD,
 KINGSTON, OTTAWA.

Province of Quebec.
 MONTREAL,
 " LONGUEUIL (Sub. Br.)
 " ST. CATHERINE ST.
 QUEBEC,
 " LEVIS (Sub. Br.)
 Province of Nova Scotia.
 HALIFAX.
 Province of New Brunswick.
 ST. JOHN,
 " UNION ST. (Sub. Br.)
 FREDERICTON.
 Yukon District.
 DAWSON.

Province of Manitoba.
 WINNIPEG, BRANDON,
 BELMONT, RESTON.
 OAK RIVER.
 Northwest Territories.
 BATTLEFORD, ESTEVAN,
 CALGARY, ROSTHERN,
 DUCK LAKE, YORKTON.
 Province of British Columbia.
 VICTORIA, TRAIL (Sub. Br.)
 VANCOUVER, GREENWOOD,
 ROSSLAND, KASLO,
 ASHCROFT, HEDLEY.

Drafts on South Africa may be obtained at the Bank's Branches.
 Commercial Credits issued for use in Europe, China, Japan, East and West Indies, Brazil, River Plate, Australia, etc.
 Circular Notes issued in pounds Sterling, available in all parts of the world.
 Agents in Canada for the Colonial Bank, London and the West Indies.

BRANCHES IN CANADA

Toronto (5 Offices).	Elmvale, Ont.	Petrolia, Ont.
Montreal (3 Offices).	Galt, "	Point St. Charles, Que.
Allandale, Ont.	Gananoque, "	Port Hope, Ont.
Barrie, "	Gaspe, Que.	Preston, "
Brantford, "	Keene, Ont.	Rossland, B. C.
Brockville, "	London, "	St. Catharines, Ont.
Cardinal, "	London, E. "	Sarnia, "
Cobourg, "	Maisonneuve, Que.	Stayner, "
Coldwater, "	Millbrook, Ont.	Sudbury, "
Collingwood, "	Oakville, "	Thornbury, "
Copper Cliff, "	Oil Springs, "	Wallaceburg, "
Creemore, "	Omeme, "	Winnipeg, Man.
Dorchester, "	Parry Sound, "	Welland, Ont.
	Peterboro, "	

BANK of TORONTO

TORONTO, CANADA.

CAPITAL,	- - -	\$3,400,000
RESERVE,	- - -	3,700,000
ASSETS,	- - -	30,000,000

INCORPORATED 1955.

W. H. BEATTY,	- - -	PRESIDENT
W. G. GOODERHAM,	- - -	VICE-PRESIDENT
D. COULSON,	- - -	GENERAL MANAGER
J. HENDERSON,	- - -	ASST. GEN. MANAGER

Agents in United States

NEW YORK,	- - -	National Bank of Commerce.
CHICAGO,	- - -	First National Bank.
BUFFALO,	- - -	Manufacturers & Traders National Bank.

Current Accounts opened for business men on favorable terms.
Collection of commercial paper and securities given careful attention.

THE DOMINION BANK

HEAD OFFICE, - TORONTO, CANADA

CAPITAL AUTHORIZED, \$4,000,000. CAPITAL PAID UP, \$3,000,000.
RESERVE FUND and UNDIVIDED PROFITS, \$3,722,000.

EDMUND B. OSLER, M.P., President.

T. G. BROUGH, General Manager.

WILMOT D. MATTHEWS, Vice-President.

Branches and Agencies throughout Canada and United States.

SPECIAL FACILITIES FOR HANDLING COLLECTIONS.

REMITTANCE MADE ON DAY OF PAYMENT.

Agents in London, England, National Bank of Scotland, Ltd.
Drafts and Letters of Credit issued upon all parts of the World.

THE BANK OF OTTAWA

CAPITAL, (Authorized) \$3,000,000 CAPITAL, (Paid up) \$2,500,000
REST, - - \$2,500,000

HEAD OFFICE, - - OTTAWA, ONTARIO.

GEORGE BURN, General Manager.

D. M. FINNIE, Assistant General Manager.

Branches throughout Canada.

Correspondence Invited.

Unexcelled facilities for the handling of collections.

THE STANDARD BANK OF CANADA

Capital (authorized by Act of Parliament)	\$2,000,000
Capital Paid-up	1,000,000
Reserve Fund	1,000,000

DIRECTORS

W. F. COWAN,	-	President
FRED. WYLD,	-	Vice-President
W. F. Allen	A. J. Somerville	F. W. Cowan
W. R. Johnston	W. Francis	

HEAD OFFICE, - TORONTO, ONT.

GEO. P. SCHOLFIELD, General Manager

BRANCHES THROUGHOUT CANADA

BANKERS: NEW YORK—Importers and Traders National Bank. ALL BANKING BUSINESS PROMPTLY ATTENDED TO.
MONTREAL—Molsons Bank, and Imperial Bank. CORRESPONDENCE SOLICITED.
LONDON, ENGLAND—National Bank of Scotland.

The
German-American Bank
of Rochester, N. Y.

Capital,	-	-	\$500,000
Surplus and Profits,			810,000

**Largest Capital and Surplus of any Bank
in Rochester**

YOUR ACCOUNT SOLICITED

EUGENE SATTERLEE, President
EDWARD BAUSCH, Vice-Prest.

ALBRECHT VOGT, Vice-President
WILLIAM B. FARNHAM, Asst. Cashier

Utica Trust and Deposit Co.
UTICA, N. Y.

Capital,	-	-	\$200,000.00
Surplus,			200,000.00
Profits,			140,000.00

Deposits, \$4,500,000.00

JAMES S. SHERMAN, President.

J. FRANCIS DAY, Secretary.

HAROLD W. STEVENS, President.

Established in 1792.

FRANK P. FURLONG, Cashier.

HARTFORD NATIONAL BANK
HARTFORD, CONN.

Capital, \$1,200,000

Accumulated Profits, \$800,000

By virtue of its Capital, its Accumulated Profits, and the Liability
of its Stockholders, this Bank affords greater Security to its Depositors
than any other National Bank in New England, outside Boston.

W. S. BRIDGMAN, 2d Vice-President.

W. S. ANDREWS, Assistant Cashier.

National Commercial Bank

OF ALBANY, N. Y.



Capital
\$500,000

Surplus
\$1,000,000

Deposits
\$14,000,000

OFFICERS

Robert C. Pruyn
President

Grange Sard
Vice-President

Charles H. Sabin
Vice-President

Edward J. Hussey
Cashier

Hugh N. Kirkland
Ass't Cashier

Walter W. Batchelder
Auditor

Our large list of correspondents in New York and adjoining States gives us unexcelled facilities for handling new business from banks and bankers.

NATIONAL EXCHANGE BANK

OF ALBANY, N. Y.

CAPITAL,
\$300,000
SURPLUS AND PROFITS,
\$140,000

C. E. ARGERSINGER,
President.
JOHN J. GALLOGLY,
Vice-President.
CHAS. C. BULLOCK, Jr.,
Cashier.

Collections Receive Prompt and Careful Attention.

THE UNION TRUST COMPANY

OF ALBANY, N. Y.

Capital, \$250,000 Surplus and Profits, \$351,000

Transacts a General Trust and Banking Business

Interest Allowed on Deposits

GRANGE SARD, President

W. B. VAN RENSSELAER, Vice-President

T. I. VAN ANTWERP, Vice-Prest.

JOSEPH R. SWAN, Treasurer

MAC NAUGHTON MILLER, Secretary

ARTHUR L. ANDREWS, General Counsel

The Equipment in Every Department is Thorough, Modern and Efficient.

The Merchants Bank

OF CANADA

ESTABLISHED 1864

Capital Paid-up \$6,000,000

Reserve Fund and Undivided Profits \$3,473,000

HEAD OFFICE, MONTREAL.

NEW YORK OFFICE,
63 Wall St.

T. E. MERRETT } Agents
C. J. CROOKALL }

Board of Directors:

President, SIR H. MONTAGU ALLAN. *Vice-Pres.*, JONATHAN HODGSON, Esq.
Directors, JAMES P. DAWES, Esq., THOS. LONG, Esq.
CHAS. R. HOSMER, Esq., C. F. SMITH, Esq.
HUGH A. ALLAN, Esq., C. M. HAYS, Esq.
ALEX. BARNET, Esq.

E. F. HEBDEN, Acting General Manager

The Bank has 100 BRANCHES or AGENCIES, distributed through Ontario, Quebec, Manitoba and other North-West Provinces.

Branches in Montreal:

205 ST. JAMES STREET 799 ST. CATHERINE STREET
2200 ST. CATHERINE STREET 1086 ST. LAWRENCE STREET
TOWN OF ST. LOUIS

A General Banking Business Transacted

Interest at 3 per cent. per annum allowed on Savings Bank Deposits of \$1.00 and upwards.

Interest added to Principal Half-yearly

Commercial Letters of Credit issued, available in China, Japan, and other Foreign Countries

Letters of Credit issued to Travellers, payable in all Parts of the World

Drafts sold available in any city or banking town in the United Kingdom or United States

AMERICAN NATIONAL BANK PROVIDENCE, R. I.

F. W. CARPENTER,
President
EDWIN MILNER,
Vice President
HORATIO A. HUNT,
Cashier
WALTER G. BROWN,
Assistant Cashier

Capital \$1,000,000.

COLLECTIONS AND CORRESPONDENCE
RECEIVE CAREFUL AND PROMPT
ATTENTION.

— THE —

MERCHANTS NATIONAL BANK

PROVIDENCE, R. I.

Established 1818.

CAPITAL, \$1,000,000. - - SURPLUS EARNINGS, Over \$500,000

ROYAL C. TAFT, President.

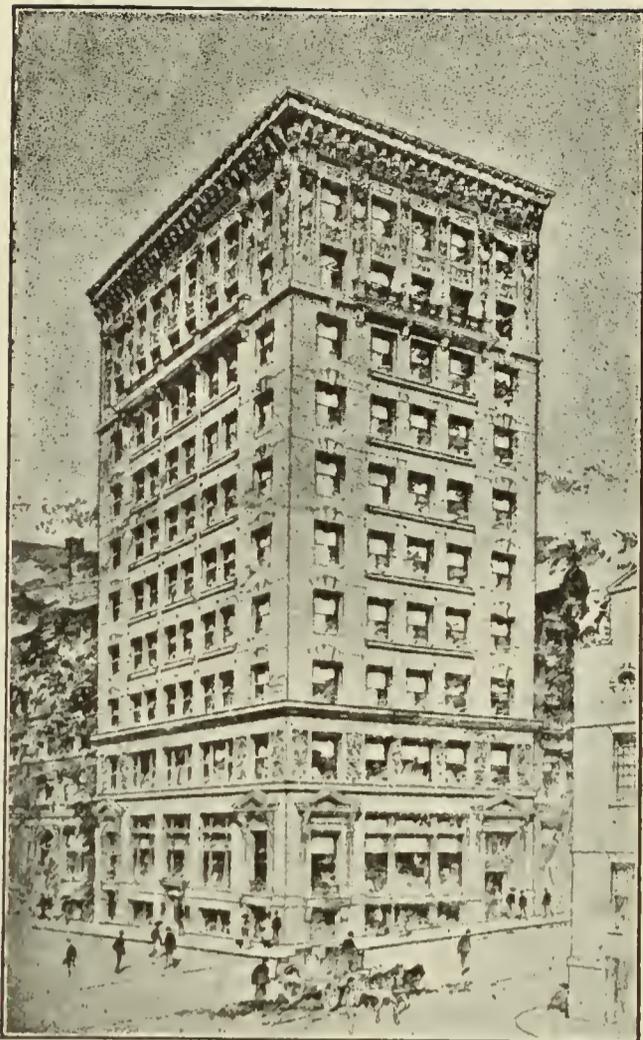
MOSES J. BARBER, Cashier.

SAMUEL R. DORRANCE, Vice-President.

FRANK A. GREENE, Assistant Cashier.

SEND YOUR PROVIDENCE COLLECTIONS TO THIS BANK. THEY WILL RECEIVE CAREFUL ATTENTION AND BE REMITTED FOR PROMPTLY AT A LOW RATE.

UNITED STATES DEPOSITARY.



ESTABROOK & CO.,

BANKERS

Investment Securities

MEMBERS NEW YORK AND BOSTON STOCK
EXCHANGES.

15 State Street, Boston.
24 Broad Street, New York.

Webster & Atlas National Bank OF BOSTON.

Capital,	- - - -	\$1,000,000.
Surplus and Profits,	- - - -	700,000.

JOHN P. LYMAN, President.
JOSEPH L. FOSTER, Cashier.

JOSEPH S. BIGELOW, Vice-President
ROBERT E. HILL, Assistant Cashier.

DIRECTORS.

WALTER HUNNEWELL,
B. RODMAN WELD,
JOSEPH S. BIGELOW,
WILLIAM L. ALLEN,
JOHN P. LYMAN,

WILLIAM J. LADD,
THOMAS MOTLEY,
ALFRED BOWDITCH,
CHARLES B. BARNES, Jr.,

JOHN W. FARWELL,
JOHN REED,
FRANCIS A. PETERS,
ANDREW G. WEBSTER,
GEORGE E. BULLARD.

TUCKER, ANTHONY & Co.

BANKERS AND BROKERS

53 STATE STREET,

BOSTON, MASS.

MEMBERS BOSTON AND NEW YORK
STOCK EXCHANGES.

AMERICAN LOAN AND TRUST COMPANY

BOSTON, MASS.

Capital
\$1,000,000

DIRECTORS

C. F. ADAMS, 2d
F. LOTHROP AMES
HOBART AMES
EDWIN F. ATKINS
CHARLES S. BIRD
GEORGE W. BROWN
SAMUEL CARR
GORDON DEXTER
EUGENE N. FOSS
ELMER P. HOWE

Surplus Earnings
\$1,600,000

DIRECTORS

DAVID P. KIMBALL
N. W. JORDAN
JOHN LAWRENCE
S. E. PEABODY
FRANCIS PEABODY, Jr.
ALBERT A. POPE
N. W. RICE
ROYAL ROBBINS
PHILIP L. SALTONSTALL
CHARLES W. WHITTIER

OFFICERS

N. W. JORDAN, President
E. A. COFFIN, Treasurer
C. H. BOWEN, Secretary
G. W. AURYANSEN, Asst. Sec.

**Acts as Trustee,
Registrar and
Transfer Agent.**

TRANSACTS A GENERAL BANKING AND TRUST COMPANY BUSINESS.

E. H. GAY & Co.

BANKERS

Municipal, Railroad, Street
Railway, Water Power, Gas
and Electric Light Bonds
Bought and Sold.

We solicit offerings of
Bonds on Railroads which
are guaranteed by well-
known lines.

25 Congress Street	-	-	Boston
1 Nassau Street	-	-	New York
421 Chestnut Street	-	-	Philadelphia
157 St. James Street	-	-	Montreal

INVESTMENT SECURITIES

H. W. POOR & CO.

33 Wall St., New York
52 Devonshire St., Boston

LISTS UPON APPLICATION

Boston Safe Deposit & Trust Co.

87 Milk Street, BOSTON

CAPITAL,	-	-	\$1,000,000
SURPLUS,	-	-	\$2,000,000

Transacts a General Trust and Banking Business

OFFICERS

CHARLES E. ROGERSON,	-	President	WM. L. WHITNEY,	-	-	Ass't Treasurer
JAMES LONGLEY,	-	Vice-President	HENRY A. FENN,	Secretary and Mgr. Safe Deposit Department		
WILLIAM C. WILLIAMS,	-	Vice-President	H. D. HEATHFIELD,	-	-	Ass't Secretary
GEORGE E. GOODSPEED,	-	Treasurer	F. J. BURRAGE,	-	-	Ass't Secretary

Safe Deposit Vaults with Safes for rent at from \$10 to \$150 per year

BAKER, AYLING & COMPANY

50 CONGRESS STREET, BOSTON

STEAM RAILROAD }
STREET RAILWAY } **BONDS**

CIRCULARS ON APPLICATION

**Second
Edition...**

International Exchange

ITS TERMS, PARTS, OPERATIONS AND SCOPE A PRACTICAL WORK ON

The Foreign Banking Department AND ITS
Administration by American Bankers

Also of Especial Interest to Brokers, Merchants, Exporters, Importers,
Accountants, Teachers, Educational Institutions, etc., etc.

By **ANTHONY W. MARGRAFF**, Manager Foreign Exchange Department American Express Co., Chicago; Formerly
Manager of the Foreign Department of the Nat'l Bank of the Republic of Chicago.

This book is a practical treatise on International financial and commercial transactions, *having a direct and important bearing on all business interests in this country* and is instructive and interesting to *every* Banker and Merchant, whether, *or not*, actually engaged in foreign business relations.

Head Offices of the Bank of Nova Scotia, Bank of Montreal, and Dominion Bank, have recently furnished their Branch Agencies with copies of "MARGRAFF'S INTERNATIONAL EXCHANGE." *No better endorsement* as to the merits and practical worth of the book could be secured.

Delivered to any address
(expressage prepaid)
on receipt of \$5.00.

Address **INTERNATIONAL EXCHANGE**, Room 124 The National Life Building,
CHICAGO, ILL.

The National Discount Company, LIMITED.

35 Cornhill, London, England

Cable Address, "NATDIS, LONDON."

Subscribed Capital, \$21,166,625

PAID-UP CAPITAL,	-	-	-	\$4,233,325
RESERVE FUND,	-	-	-	2,000,000

In 169,333 Shares of \$125 each, of which \$25 have been paid up. Number of Proprietors, 3,306.

DIRECTORS

LAWRENCE EDMANN CHALMERS FRIEDRICH C. K. FLEISCHMANN FREDERICK WILLIAM GREEN, W. MURRAY GUTHRIE, M. P.,	EDMUND THEODORE DOXAT, Chairman, MANAGER: PHILIP HAROLD WADE. ASS'T SUB-MGR.: FRANCIS GOLDSCHMIDT.	FREDERICK LEVERTON HARRIS, M. P., SIGISMUND FERDINAND MENDEL, JOHN FRANCIS OGILVY, CHARLES DAVID SELIGMAN,
--	--	---

SUB-MGR.: WATKIN W. WILLIAMS. SECY.: CHARLES WOOLLEY.

AUDITORS:
 JOSEPH GURNEY FOWLER, F. C. A. (Price, Waterhouse & Co.)
 FRANCIS WILLIAM PIXLEY, F. C. A. (Jackson, Pixley, Browning, Husey & Co.)

BANKERS:
 BANK OF ENGLAND. THE UNION OF LONDON AND SMITHS BANK, LIMITED.

BALANCE SHEET, 30th JUNE, 1905.

Dr.	\$5 = £1 Sterling.	Gr.
To subscribed capital.....	\$21,166,625	
viz., 169,333 shares of		
\$125 each.		
“ Capital paid up, viz., \$25		
per share.....	\$4,233,325	
“ Reserve fund.....	2,000,000	
“ Deposits and sundry		
balances.....	52,973,471	
“ Bills re-discounted.....	15,271,450	
“ Rebate.....	236,050	
“ Amount at credit of		
profit and loss account	269,040	
	<u>\$74,983,336</u>	
		By Cash at Bankers.....
		\$697,049
		“ Securities — British and
		Indian Govern't, and other
		Trustee Securities, in-
		cluding City of London
		Corporation Bonds.....
		\$10,328,404
		“ Other Securities.....
		1,207,021
		11,535,425
		“ Loans at call, short and
		fixed dates.....
		10,066,399
		“ Bills discounted, etc.....
		52,018,383
		“ Sundry balances and In-
		terest due on investments
		and loans.....
		113,080
		“ Freehold premises.....
		553,000
		<u>\$74,983,336</u>

Dr.	\$5 = £1 Sterling.	Gr.
To Current expenses, includ-		
ing salaries, stationery,		
Income Tax and other		
charges.....	\$50,222	
“ Directors' and auditors'		
remuneration.....	13,250	
“ Rebate of interest on bills		
not due, carried to new		
account.....	236,050	
“ Six months' dividend at the		
rate of ten per cent. per		
annum, free of Income		
Tax.....	\$211,666	
“ Balance carried forward		
to next account.....	57,374	
	<u>269,040</u>	
	<u>\$568,562</u>	
		By Balance brought forward from 31st
		December, 1904.....
		\$55,744
		“ Gross profits during the half year .
		512,818
		<u>\$568,562</u>

In accordance with the provisions of the Companies Act, 1900, we certify that all our requirements as Auditors have been complied with.

We have examined the Securities representing investments of the Company, those held against Loans at call, short and fixed dates, and all Bills discounted in hand. We have also proved the Cash Balances, and verified the Securities and Bills in the hands of depositors. The foregoing Accounts agree with the books, and we are of opinion that the balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs as shown by the books of the Company, except that it does not state the amount of Investments and Bills placed as security against Deposits.

J. GURNEY FOWLER, F. C. A.,
 (Price, Waterhouse & Co.)
 FRANCIS W. PIXLEY, F. C. A.,
 (Jackson, Pixley, Browning, Husey & Co.) } *Auditors*

35 CORNHILL, 5th July, 1905.

Approved Bank and Mercantile Bills Discounted. Loans granted upon approved Negotiable Securities. Money received on Deposit, at rates advertised from time to time, and for fixed periods upon specially agreed terms.

The Union Discount Company OF LONDON, LIMITED.

39, Cornhill, London, E.C.

Cable Address,
"UDISCO, LONDON."

*Capital Subscribed, \$7,500,000, in 150,000 Shares of \$50 Each,
on which \$25 have been paid.*

PAID UP, \$3,750,000.

RESERVE FUND, \$2,100,000.

NUMBER OF SHAREHOLDERS, 2,721.

DIRECTORS.

ROBERT BALFOUR.
WILLIAM THOMAS BRAND.
SIR WILLIAM DUNN, BART., M.P.

ARTHUR JOHN FRASER
SIR THOMAS JACKSON, BART.
ROBERT PETER LAURIE, C.B.

HENRY OPPENHEIM.

MANAGER—CHRISTOPHER R. NUGENT.

ASSISTANTS TO MANAGER—E. C. STEVENSON AND F. NEVILL JACKSON.

SECRETARY—E. MARCH.

DR.	Balance Sheet, 30th June, 1905.		CR.	
To Capital Account, 150,000 Shares of \$50...	\$7,500,000.00		By Cash at Bankers.....	\$2,501,084.94
Amount paid, \$25 per share.....	\$3,750,000.00		" Consols, Exchequer Bonds, Indian Government and other Securities..	14,436,669.27
Reserve Fund.....	2,100,000.00		" Loans on Sundry Securities at call and short dates.....	10,153,657.94
Provident Reserve Fund.....	178,294.12		" Bills Discounted.....	70,880,182.79
" Loans and Deposits, including provision for contingencies.....	74,796,517.15		" Sundry Debit Balances.....	35,413.19
" Bills Re-discounted....	16,647,491.23		" Freehold and Leasehold Premises, Fittings and Furniture.....	538,610.43
	91,444,008.38			
" Rebate on Bills Discounted.....	576,911.50			
Balance at Credit of Profit and Loss for Appropriation.....	496,404.56			
	1,073,316.06			
	<u>\$98,545,618.56</u>			<u>\$98,545,618.56</u>

DR.	Profit and Loss Account for the Six Months ending 30th June, 1905.		CR.	
To Current Expenses, including Salaries, Rent and Taxes, Directors' Fees, and all other charges.....	\$97,399.31		By Balance brought forward from 31st December, 1904.....	\$251,225.19
" Rebate of interest on Bills discounted not due, carried forward to New Account.....	576,911.50		" Gross Profits for the half-year, after making provision for bad and doubtful debts.....	919,490.18
" Provident Reserve Fund.....	\$25,000.00			
" Dividend for the half-year at the rate of 11 per cent. per annum, free of Income Tax....	206,250.00			
" Balance carried forward to next Account.....	265,154.56			
	496,404.56			
	<u>\$1,170,715.37</u>			<u>\$1,170,715.37</u>

E. MARCH,
Secretary.

WILLIAM DUNN,
THOMAS JACKSON, } Directors.

Balance brought down.. \$265,154.56

In accordance with the provisions of the Companies' Act, 1900, we certify that all our requirements, as Auditors, have been complied with.

We have examined the Securities representing investments of the Company, those held against Loans made by the Company at call, short and fixed dates, and all bills discounted in hand. We have also verified the Cash Balances, and vouched the Securities and Bills given as collateral security for Loans, and we have now to report to the Shareholders that the foregoing Accounts agree with the Books, and in our opinion the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs as shown by the books of the Company, except that, whilst it shows the amount of the Bills discounted which have been re-discounted, it does not show the amount of the Bills and other Securities given out against Loans shown on the debit side of the Balance Sheet.

LONDON, E. C.,
10th July, 1905.

A. YOUNG
(TURQUAND, YOUNGS & Co.), } Auditors.
THOMAS A. WELTON
(WELTON, JONES & Co.), }

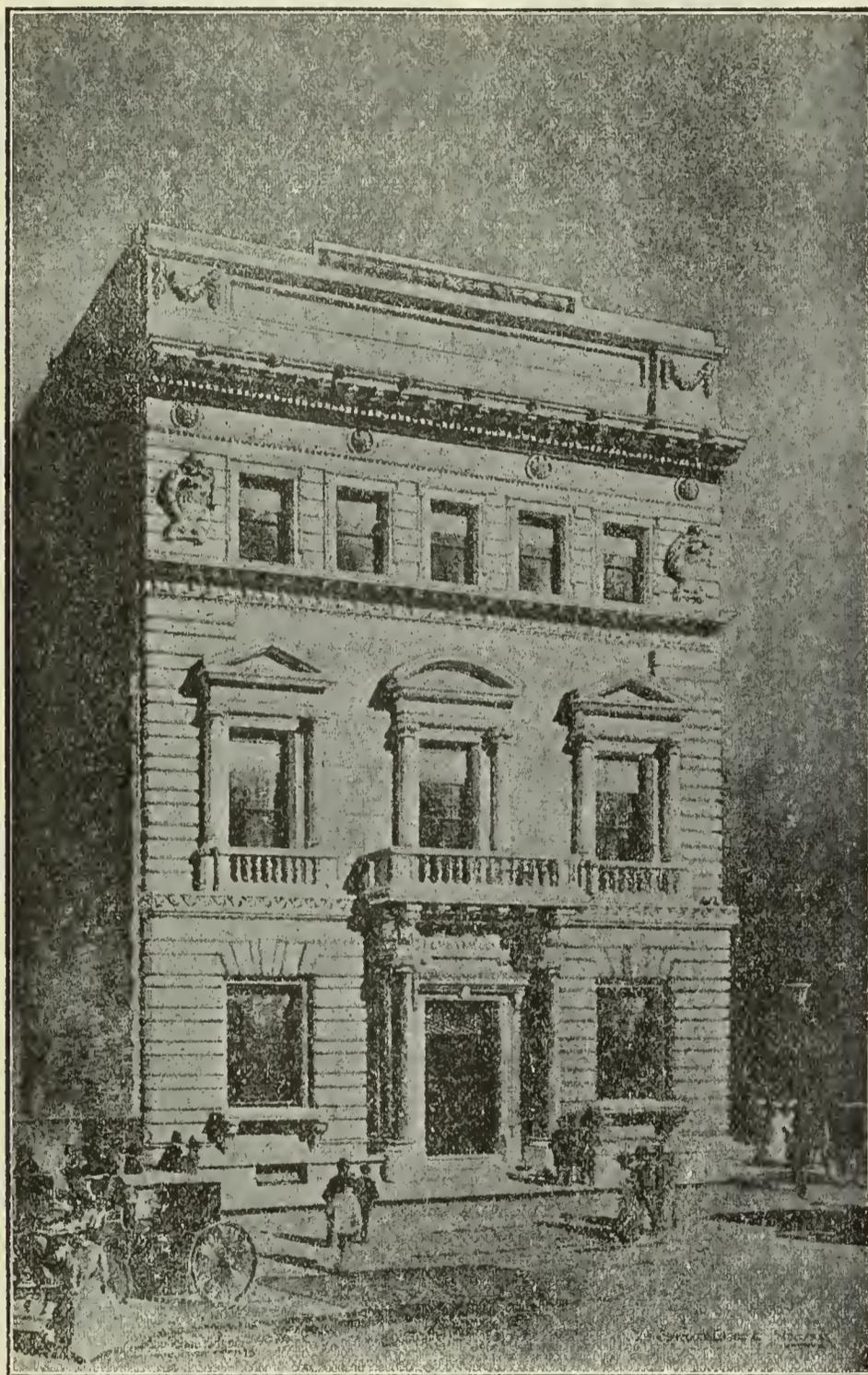
The Company discounts approved bank and mercantile acceptances, receives money on deposit at rates advertised from time to time, and grants loans on approved negotiable securities.

\$5 = £1.

SPEYER & CO.

BANKERS

24-26 Pine Street - - - NEW YORK



AGENTS FOR

Messrs. SPEYER BROTHERS
London

Mr. LAZARD SPEYER-ELLISSEN
Frankfort ↗ main

Messrs. GEBR. TEIXEIRA de MATTOS
Amsterdam

BARING, MAGOUN & CO.

CORNER
WALL AND BROAD STREETS
NEW YORK

FOREIGN EXCHANGE
TRAVELLERS AND COMMERCIAL LETTERS OF CREDIT
INVESTMENT SECURITIES

AGENTS AND ATTORNEYS
FOR
BARING BROTHERS & CO., LTD.
LONDON

Millett, Roe & Hagen,
BANKERS.

Dealers in
HIGH-GRADE BONDS.

Members
New York Stock Exchange.

3 Broad Street, NEW YORK.

INDEPENDENT SUPERVISION

IS THE WATCHWORD OF TODAY.

The value of independent bank and trust company examinations is recognized by depositors, directors and officials.

We are organized to make such examinations in the most thorough and efficient manner.

Write to the oldest and foremost corporation engaged in accounting for particulars.

Address,

DEPARTMENT OF BANK EXAMINING,

The Audit Company of New York

43 Cedar Street.

Chicago Office,

New York Life Building

Philadelphia Office,

Arcade Building

INCORPORATED 1853.

United States Trust Company of New York

45 and 47 WALL STREET.

CAPITAL, - - - \$2,000,000.00
SURPLUS AND UNDIVIDED PROFITS, \$12,723,363.31

LYMAN J. GAGE, President.

D. WILLIS JAMES, Vice-President.

JAMES S. CLARK, Second Vice-President.

HENRY L. THORNELL, Secretary.

LOUIS G. HAMPTON, Assistant Secretary.

JOHN A. STEWART, Chairman of the Board of Trustees.

ESTABLISHED 1829

MERCHANTS' EXCHANGE NATIONAL BANK

Of the City of New York

257 BROADWAY

PHINEAS C. LOUNSBURY, President.

EDWARD V. GAMBIER, Assistant Cashier.

ALLEN S. APGAR, Vice-President and Cashier.

EDWARD K. CHERRILL, Assistant Cashier.

Accounts of Banks, Bankers, Merchants and Manufacturers Solicited.

Fidelity Trust Company

NEWARK, N. J.

Capital, Surplus and Undivided Profits, over \$9,000,000

ALLOWS INTEREST on daily balances of \$1,000 or over, subject to check at sight, and transacts a general banking business.

AUTHORIZED BY LAW to act as Executor, Trustee, Administrator, Guardian, Assignee, Receiver, and in all fiduciary capacities, both under court and personal appointment.

TAKES ENTIRE CHARGE of Real and Personal Estates.

RENTS SAFES and stores valuables in well-guarded Burglar and Fireproof Vaults.

GUARANTEES TITLES of Real Estate throughout New Jersey.

ACTS AS TRUSTEE under mortgage, Registrar and Transfer Agent of Stocks and Bonds of Corporations.

OFFICERS.

UZAL H. McCARTER, President

JOHN F. DRYDEN, Vice-President

FREDERICK W. EGNER, Secretary and Treasurer

JAMES H. SHACKLETON, Ass't Secretary and Ass't Treasurer

SAMUEL W. BELDON, General Counsel

JEROME TAYLOR, Trust Officer

THEODORE HAMPSON, Ass't Trust Officer

MAITLAND, COPPELL & Co.

52 William Street, New York.

ORDERS EXECUTED FOR ALL INVESTMENT SECURITIES. ACT AS AGENTS OF CORPORATIONS AND NEGOTIATE AND ISSUE LOANS.

Bills of Exchange, Telegraphic Transfers, Letters of Credit

ON

Union of London & Smiths Bank, Limited, London,

Messrs. Mallet Freres & Cie., Paris,

Banco Nacional de Mexico,

AND ITS BRANCHES.

Agents for the Bank of Australasia, the British Guiana Bank, Demerara, etc., etc.

TRAVELERS' LETTERS OF CREDIT

AVAILABLE THROUGHOUT THE UNITED STATES.

BANKERS TRUST COMPANY

7 WALL STREET, NEW YORK.

Capital \$1,000,000

Surplus \$500,000

Opened for Business March 30, 1903.

Undivided Profits Sept. 5, 1905, \$ 275,978.

Deposits September 5, 1905, - 25,400,000.

DIRECTORS.

STEPHEN BAKER,
Pres. Bank of the Manhattan Co., New York.

SAMUEL G. BAYNE,
Pres. Seaboard Nat. Bank, New York.

JAMES G. CANNON,
Vice-Pres. Fourth Nat. Bank, New York.

EDMUND C. CONVERSE,
President.

HENRY P. DAVISON,
Vice-Pres. First Nat. Bank, New York.

JAMES H. ECKELS,
Pres. Commercial Nat. Bank, Chicago

WALTER E. FREW,
Vice-Pres. Corn Exchange Bank, New York.

A. BARTON HEPBURN,
Pres. Chase Nat. Bank, New York.

THOMAS W. LAMONT,
2nd Vice-President,

GATES W. M'GARRAH,
Pres. Mechanics' Nat. Bank, New York.

EDGAR L. MARSTON,
Blair & Co., Bankers, New York.

GEORGE W. PERKINS,
J. P. Morgan & Co., Bankers, New York.

WILLIAM H. PORTER,
Pres. Chemical Nat. Bank, New York.

DANIEL G. REID,
Vice-Pres. Liberty Nat. Bank, New York.

FRANCIS H. SKELDING,
President First Nat. Bank, Pittsburgh.

EDWARD F. SWINNEY,
Pres. First Nat. Bank, Kansas City.

JOHN F. THOMPSON,
Vice-President.

GILBERT G. THORNE,
Vice-Pres. National Park Bank, New York.

ALBERT H. WIGGIN,
Vice-Pres. Chase Nat. Bank, New York.

ROBERT WINSOR,
Kidder, Peabody & Co., Bankers, Boston.

SAMUEL WOOLVERTON,
Pres. Gallatin Nat. Bank, New York.

EDWARD F. C. YOUNG,
Pres. First Nat. Bank, Jersey City.

Acts as Executor, Administrator and Guardian; Assignee and Receiver; Registrar, Transfer and Fiscal Agent and as Trustee for individuals and corporations.

ALLOWS INTEREST UPON DEPOSITS.

E. C. CONVERSE,
President.

B. STRONG, JR.,
Secretary.

J. F. THOMPSON,
Vice-President.

H. W. DONOVAN,
Asst. Treasurer.

T. W. LAMONT,
2nd Vice-President.

D. E. POMEROY,
Treasurer.

F. N. B. CLOSE,
Asst. Trust Officer

Chartered 1866.

Brooklyn Trust Company,

Main Office: 177-179 Montague St.
Branch: Bedford Avenue and Fulton St.

Capital, - \$1,000,000.00

Undivided Profits, 2,127,811.90

Francis L. Hine,
Chairman Ex. Com.

Theo. F. Miller, President
Samuel W. Boocock, Vice-President
F. C. Colton, Vice-President
S. W. Husted, Secretary
F. J. W. Diller, Asst. Secretary

Franklin Trust Company

NEW YORK CITY:
140 Broadway, Manhattan
164-166 Montague St., Brooklyn

Deposits Received, Checks Honored and
Any Business Transacted at Either Office

Capital, Surplus and Undivided Profits, over - \$2,800,000

OFFICERS

GEO. H. SOUTHARD, - - - - President CLINTON W. LUDLUM, - - - - Secretary
WM. H. WALLACE, - - - - Vice-President GEO. H. SOUTHARD, JR., - - - - Assistant Secretary
GATES D. FAHNESTOCK, - - - - 2d Vice-President FREDERICK W. RICHT, - - - - Assistant Secretary

WILLIAM I. FROTHINGHAM, Trust Officer

The Farmers' Loan & Trust Co.

CHARTERED 1822.

NOS. 16, 18, 20 AND 22 WILLIAM STREET,
NEW YORK.

CAPITAL, - - - \$1,000,000 00
UNDIVIDED PROFITS, 7,400,226 02

The Company is a legal depository for moneys paid into Court, and is authorized to act as Executor Administrator, Trustee, Guardian, Receiver, and in all other Fiduciary capacities.
Acts as Trustee under Mortgages made by Railroad and other Corporations, and as Transfer Agent and Registrar of Stocks and Bonds.
Receives deposits upon Certificates of Deposit, or subject to check, and allows interest on daily balances.
Manages Real Estate and lends money on bond and mortgage.
Acts as Agent for the transaction of any approved financial business.

EDWIN S. MARSTON, President.

THOMAS J. BARNETT, 2d Vice-President.

SAMUEL SLOAN, Jr., Secretary.

AUGUSTUS V. HEELY, Asst. Secy.

WILLIAM B. CARDOZO, Asst. Secy.

CORNELIUS R. AGNEW, Asst. Secy

BOARD OF DIRECTORS:

SAMUEL SLOAN,
WILLIAM WALDORF ASTOR,
D. O. MILLS,
ROBERT F. BALLANTINE,
FRANKLIN D. LOCKE,
GEORGE F. BAKER,
A. G. AGNEW,
CHARLES A. PEABODY,
HUGH D. AUCHINCLOSS,

JAMES STILLMAN,
HENRY A. C. TAYLOR,
D. H. KING, Jr.,
E. R. HOLDEN,
WILLIAM ROWLAND,
EDWARD R. BACON,
HENRY H. ROGERS,
EDWIN S. MARSTON,
MOSES TAYLOR PYNE,

STEPHEN S. PALMER,
CLEVELAND H. DODGE,
JOHN L. RIKER,
ROBERT C. BOYD,
HENRY HENTZ,
H. VAN RENSSELAER KENNEDY
ARCHIBALD D. RUSSELL,
P. A. VALENTINE

STATEMENT.

Quarterly report at the close of business on the fifth day of September, 1905.

RESOURCES.

United States Bonds, at market value,	- - - - -	\$3,922,457.50
Bonds of the City of New York, at market value,	- - - - -	2,375,015 00
Railroad Bonds and other Bonds and Stocks, at market value,	- - - - -	17,847,086.02
Real Estate,	- - - - -	1,450,000.00
Bonds and Mortgages,	- - - - -	1,468,700.00
Loans,	- - - - -	62,992,113.82
Cash on hand, and in Bank	- - - - -	10,921,264.53
Accrued interest, Rents, etc.,	- - - - -	413,730.74

\$101,390,367.61

LIABILITIES.

Capital Stock,	- - - - -	\$1,000,000.00
Undivided Profits,	- - - - -	7,400,226.02
Deposits,	- - - - -	92,268,767.36
Interest accrued. Taxes, and other Liabilities,	- - - - -	721,374.23

\$101,390,367.61

BANKERS' AND TRUST

SECTION

OF THE

COMMERCIAL & FINANCIAL CHRONICLE.

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The COMMERCIAL AND FINANCIAL CHRONICLE is a weekly newspaper of 72 to 88 pages, published in time for the earliest mail every Saturday morning, with the latest news by telegraph and cable from its own correspondents relating to the various matters within its scope.

The CHRONICLE comprises a number of added Sections, issued periodically, and which form exceedingly valuable adjuncts of the weekly issues.

THE RAILWAY AND INDUSTRIAL SECTION, issued quarterly, is furnished *without extra charge* to every subscriber of the CHRONICLE.

THE STATE AND CITY SECTION, issued semi-annually, is also furnished *without extra charge* to every subscriber of the CHRONICLE.

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THE STREET RAILWAY SECTION, issued three times a year, is also furnished *without extra charge* to every annual subscriber of the COMMERCIAL AND FINANCIAL CHRONICLE.

Besides these Sections, others are published from time to time like the present BANKERS' AND TRUST SECTION.

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WILLIAM B. DANA COMPANY, PUBLISHERS,
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INDEX TO ADVERTISEMENTS.

A complete index to the advertisements appearing in the present issue of the Bankers' and Trust Section will be found on pages 79 and 80.

THE CONVENTION AND THE CURRENCY.

The Bankers' Conventions have in the past served a highly useful purpose in keeping constantly before the public mind questions of reform in our currency methods, which, except for such periodical reminders, might be forgotten in the absorption of public interest in our present prosperous trade. It is a maxim of financial history that reforms which are pressed upon the people and the Government in times of depression, when the evil influence of defects in such a system is most grievously felt, will often be overlooked and postponed at prosperous times. The unfortunate result of such a policy is that the reform which might have been easily carried out in the more prosperous days cannot be so conven-

iently effected in the time of reaction; consequently it is rather apt never to be done at all, save under the pressure of some overwhelming disaster. It would be needless to go into particulars on this point; perhaps it will be enough to point out the ease with which a reform requiring accumulation of additional reserves of gold could be adopted at a time like this as compared with the difficulties which would beset the same undertaking in a period such as 1894.

Mr. Pugsley, Acting Chairman of the Currency Committee of the American Bankers' Association, spoke on this matter to the Convention last week. "It would seem," he said, "the part of wisdom to retire the legal tenders when the country is prosperous rather than in the throes of a panic, when the danger of such a currency and the necessity for its retirement are, possibly, more apparent." Following out this line of argument, Mr. Pugsley indicated concisely and forcibly the reforms which the American bankers ought to urge more vigorously than ever now at a time when there is danger that the people at large may become indifferent to the whole question. Mr. Pugsley proposed four distinct recommendations, in all of which we heartily concur. The first has to do, as was shown by the citation from his speech which we have just made, with retirement of the legal tenders. His argument consisted in bringing back the true conception as to the nature of this currency as a demand obligation of the Government. No popular error is more persistent or more insidious than the belief that the Government note is something different from a promise to pay, on which payment may be demanded at an inconvenient moment. All the bitter experience of 1893 and 1894, when the Treasury's gold reserve was rapidly drained through redemption of legal tender notes in gold which was needed for export purposes and which could be obtained from no other quarter, has done comparatively little to dislodge from the popular mind this misconception of the nature of a Government floating debt. Mr. Pugsley recommends that the legal tenders still out-

standing should be redeemed at the earliest possible moment through issue of the long-time bond, bearing a low rate of interest, which could be used either for bank circulation or as security for public deposits and the issue of which, therefore, though involving the extinction of the legal tenders, would in no respect involve the contraction of the currency.

The second recommendation is that the silver certificates and dollars shall be made distinctly redeemable in gold. Reluctance to agree on such a provision is the last sign that is left of the silver heresy in this country, but it is sufficiently obstructive to open the possibility of awkward consequences at some future time of stress. If the silver currency were to be made thus redeemable, Mr. Pugsley holds that the gold reserve for redemption purposes should be increased from its present minimum of \$150,000,000.

Taking up the question of deposit of Government funds in banks, he recommends, in behalf of the Committee, that such deposits should be secured either by United States bonds, as at present, or by other securities approved by the Secretary of the Treasury, and he holds that no reserve is necessary against such deposits. In this he follows the somewhat arbitrary action of Secretary Shaw in September, 1902, of which action we have frequently remarked that it was open to criticism, not on its merits as an economic move, but because it was done outside the existing provisions of the law. Mr. Pugsley's suggestion may be amplified by reference to the report of the New York Chamber of Commerce on the same question during 1902, in which specific recommendations as to the machinery of such a change were made. The report to the bankers follows the recommendations of the Chamber as regards allowance of interest on such deposits to the Government by the banks. The recommendation in this regard, however, is cautiously made, the report merely proposing such allowance "if practicable." It will be remembered that the Chamber of Commerce's proposition, and the Aldrich bill, which undertook to embody its suggestion in law, encountered bitter opposition from interior banks who believed that the allowance of interest would not make maintenance of such deposits feasible. This is undoubtedly a question which will call for wider discussion.

Repeal of the present limitation of \$3,000,000 per month on retirement of the bank note circulation is again proposed, as it was in the Aldrich bill, and has repeatedly been done on other occasions. We have pointed out on many previous occasions the absurdity into which the existing statute leads our currency. Last year, for instance, at a time when slackening of trade had filled all the channels of circulation with idle currency, and when the New York bank reserve had reached an almost unprecedented height, and when, therefore, there was less need than in

many years for increase in bank note circulation, that circulation actually increased \$39,000,000 in twelve months. It was, in fact, impossible for the larger banks to reduce their outstanding notes in any reasonable ratio to the curtailment of trade. Mr. Pugsley proposes that the limit of monthly contraction should be expanded to six or nine million per month.

The final suggestion embodied in the Committee's report is that of an emergency currency, unsecured by United States bonds, but heavily taxed to insure its retirement when the conditions which made it necessary have passed away. This calls for more cautious consideration. This is the practice followed by the Imperial Bank of Germany, and in that market it has undoubtedly worked well. Whether it would work equally well in this country, especially when the immediate need at a panic crisis is for lawful reserve money rather than increased hand to hand circulation, may be an open question. We consider it, however, altogether a salutary sign of the times that the responsible committee of our associated bankers have not allowed the fact of great prosperity in spite of our present defective currency system to blind them to the need for reform. The note of warning in this regard was sounded by almost every speaker at last week's convention and in a way, we think, which will impress on the public the necessity of action. The trouble in the past has been that too many plans competed for endorsement whenever need of legislation became really urgent. Here is where lies the real value of a concrete, well-matured plan whose discussion by practical experts, even in advance of legislative committee hearings, will clear the air of popular discussion.

FEATURES OF THE CONVENTION'S WORK.

Like everything else in this vast country, the American Bankers' Association in membership and the capital represented by the same is assuming dimensions which but a few years ago could hardly have been deemed within the bounds of early probability. It is true that some of the more recent growth has followed from the extension of the field of membership through the admission of new classes of institutions—first the Trust Companies, and more lately the Savings Banks—but the fact remains that the Association to-day is of larger proportions than ever before in its history. We may go further and say that in magnitude it is really of imposing dimensions.

To state that there is no other bankers' guild like it in the world savors of the commonplace. Figures descriptive of its size will convey a better idea of its unique position in that regard. In the United States we have become accustomed to large totals, and aggregates dealing even with hundreds of millions no longer excite much comment. But according to the Secretary the membership of the Association comprises an aggregate capital, surplus and deposits of \$11,460,875,-

527, the number of members being 7677. Is there any other organized body that can lay title to such an immense combination of resources or of the products of human industry?

With its growth in size the influence of the Association on the course of affairs is, of course, extending. And there is cause for congratulation that those prominent in its councils are not governed by narrow or provincial views. Certain remarks made by the retiring President, Mr. E. F. Swinney, have particularly impressed us in that regard. Mr. Swinney said that time was when banks and bankers were merely thermometers registering the local financial atmosphere of the country, but to-day in the large sphere of business undertakings they largely create that atmosphere. No better illustration of this could be given, he thought, than the attitude of the bankers during the period of the silver craze. To the American bankers more than to any class of business men is due the fact that the country did not go irredeemably astray on the question of the monetary standard. Mr. Swinney stated that he was particularly desirous to disparage the too prevalent notion that the meetings and conventions are merely the assemblages of good fellows for a good time and are not of practical benefit. They are practical and of widespread benefit.

Mr. Walker Hill also gave expression to some suggestive words along the same lines. Mr. Hill combats the notion that the value of membership in the American Bankers' Association consists solely or chiefly in the work of the Protective Committee. That the work of this Committee may be, and often is, of very great pecuniary value to individual members, he thought, was a feature of membership in the Association that all appreciate; but he did not hesitate to say that in the opinion of most of the members if this Committee were abolished and the work that it does altogether abandoned there would still remain important work for the Association to do, and a material advantage in its membership. The lawyers do not maintain Bar Associations to protect themselves against wrongdoers, but to elevate the standards of their profession and compel its members to observe their obligations to clients and their duties to the courts. And so the members of the American Bankers' Association must not consider the sole advantage of membership in it to lie in such protection as it may afford against the criminal classes. The standing committees on "Uniform Laws," "Currency Legislation," "Bankers' Money Orders," and "Education," as well as the "Protective Committee," all do work of pecuniary value to the members of the Association. Mr. Hill also did well to recall the origin and purposes of the Association, pointing out that at the very beginning of its career the Association set before itself a wise and patriotic purpose, and from that day to this it, as a body, and its members, as individuals, have

given freely to the Government valuable assistance in carrying out every financial measure which the Government has undertaken.

Among the addresses delivered before the Convention those by Secretary Shaw and Comptroller Ridgely easily take leading place by reason of the attention they commanded at the Convention and the interest and discussion they have aroused outside. Mr. Ridgely devoted himself to the subject of National Bank Examinations, but Mr. Shaw in speaking with reference to Trade Expansion dealt entirely with the question of the decline of our merchant marine and argued in favor of building it up through Government aid. Obviously the subject is one in which every thoughtful citizen is interested, and yet it is not a distinctively banking or financial topic, but rather a controverted political question, and for this reason its introduction and discussion at this bankers' meeting mark somewhat of a departure. For the same reason the propriety of the action has been questioned in certain quarters. Nothing would be gained by entering into a debate on this point. The fact of the matter is that the question of ship subsidies was brought up before the assemblage and that the Convention declared emphatically in favor of the same. It was, in fact, the only subject of large importance concerning which the Association took a decided stand. Secretary Shaw did not express a preference for any particular method of extending Government aid to the shipping or ship building industry, but urged the adoption of "some policy that will restore our flag to her deserved place on the seas and give to American enterprise its share of the carrying trade of the world."

In truth two elaborate addresses on this subject were delivered before the Convention. Besides the one by Secretary Shaw there was another by H. D. Goulder, of Cleveland, the President of the Merchant Marine League, whose theme was "Our Commerce." On the program both these addresses were set down for the third day of the Convention, Mr. Shaw's following that of Mr. Goulder. There is, however, a remarkable similarity of thought underlying these two addresses and also a close similarity in the argument employed, as may be seen by reference to the same on subsequent pages, and had the program been adhered to in the sequence given Secretary Shaw must have been highly embarrassed, his speech coming after the other. By having Secretary Shaw's address transferred to the first day, as was done, this was avoided, and the deliverance attracted the attention which it merited, more so perhaps than if it had been left over to the third day and there had been no other dissertation on the same subject.

As already stated, the Convention took positive action in favor of ship subsidies. It has been sought to create the impression that the resolution was rushed through in great haste and be-

fore most of the delegates knew what it was about—that hence the action represents a sort of snap judgment. Perusal of our stenographic report of the proceedings on the floor of the Convention will serve to dispel this notion. There was apparently a lively debate on the subject, which excited wide interest, and there were remarks in opposition as well as in favor of the resolution; so the delegates must have voted for its adoption with full understanding. Indeed, candor compels the statement that sentiment seemed overwhelmingly in favor of ship subsidies.

Comptroller Ridgely's address concerning National Bank Examinations was a clear exposition of the limitations as well as the advantages of such examinations. The benefits conferred by the examinations are undoubted. And yet while the Comptroller's office can and does render important services, its work must necessarily always consist largely in discovering and laying bare irregularities and violations rather than in making them impossible. The Comptroller can detect and correct, but he cannot wholly prevent. In most cases the mischief has been done before the examiner appears. In order to obtain the best results, therefore, there must be co-operation between the officials of the bank and the Government.

Mr. Ridgely says that after a careful study of the cases which have come under his observation during the past four years he is firmly convinced that no system of bank examination or supervision from the outside of the bank can absolutely prevent fraudulent bank failures. The more thorough and efficient the supervision the more surely and quickly frauds will be discovered and the mere fear of detection will tend to prevent them, but they cannot be surely and in every case prevented by any practical means outside of the bank.

He is equally convinced, however, that with careful and efficient work on the part of the examiner, aided by intelligent and thorough letters of criticism based on the examiner's reports, any board of bank directors of fair intelligence, with an honest desire to obey the law, can, by co-operating with the examiner and the Comptroller, make the failure of their bank practically, if not absolutely, impossible. Even if the whole board, or a majority of it, are not doing their duty in this respect, a respectable minority, or even one or two determined and honest men, can, if they will, secure for their shareholders and creditors this protection to which they are entitled. With the view to rendering it certain that the Directors of a bank are not left in ignorance of faults of management when discovered, a new practice has been inaugurated in the Comptroller's department, as our readers know. Under the new system every letter which contains any serious criticisms at all closes with a paragraph requesting the Directors to join in a letter saying they have received the letter from the

Comptroller and advising the office that steps will be taken to correct the matters complained of. This is a commendable practice and much good has already resulted from it.

TRUST COMPANY SECTION.

The Trust Company Section in its work is proceeding along the lines mapped out for it in preceding years and which have been found so successful. Very naturally, in view of the recent disclosures in the financial world, there was more or less comment upon the comparative absence of wrongdoing and irregularities among this class of financial institutions. As Mr. Stellwagen (President of the Union Trust Company, of Washington, D. C.) in his address of welcome said, the trust companies in a comparatively few years have entrenched themselves firmly in the confidence of the public. Moreover, they have rapidly broadened the scope of their operations, each year entering upon new fields of enterprise and endeavor, and adding new departments for the simpler and safer administration of the affairs of men. It is also true, as Mr. Stellwagen urged, that notwithstanding the rapid advance in heretofore untried fields of corporate development and the absence in many cases of protective provisions, the record of trust companies for stability, conservatism and integrity in management has on the whole been good and clean and their immunity from disaster and scandal is rightfully a matter for pride and satisfaction. As showing, moreover, the principles and spirit controlling those in charge of the affairs of these institutions, we may refer to the terse declaration made by Mr. Edwin A. Potter, of the American Trust & Savings Bank of Chicago, to the effect that there is no theory about administering affairs of trust companies other than that which applies in every business—namely, administering them upon the broad, deep principles of conservatism, honor and integrity.

The papers read before the Trust Company Section dealt entirely with matters in which trust companies are especially interested. Mr. Edward T. Perine, of the Audit Company of New York, presented a mass of statistics with reference to the growth and present status of trust companies in the United States—statistics at once useful and interesting, and which served to reveal in a graphic way the wonderful growth and development this class of institutions has enjoyed in recent years. Mr. Phillips, Secretary of the Lincoln Trust Company of this city, set out the purposes and scope of the recently-organized Banking Publicity Association of the United States. Mr. Phillips possesses much skill as a writer, and his paper reveals that fact.

He points out that a bank or a trust company needs depositors, customers, clients, patrons, or whatever they may be termed, in the same degree as any other business, and of all means of procuring business the most effective is publicity. He uses the word in the modern sense,

that of making public the merits of an article with a view to creating for it a market. The purpose of the proposed Association is to promote Banking and Trust Company publicity to the end that the institutions included may promote their business. While something has been done in the way of publicity—for publicity is accomplished in divers ways, as by a handsome edifice, reputation for courtesy, a favorable report in the community—he thought that few banking concerns have fully availed themselves of the supreme methods of publicity—printers' ink, both in the form of the newspaper advertisement and advertising literature. The most successful publicity of this kind, he urged, is based upon education. The public is being daily educated to buy this and that brand of breakfast food, shoes, soaps, tooth powder; it is being educated to travel and care for its health by recreative sports; it is being instructed commercially, morally, politically by advertising publicity. Why shall it not, therefore, be liberally educated to the discriminating purchase of the commodities offered by financial institutions—to the use of the facilities of the banks and the services of the trust companies? Hence, the primary object of the Association is the systematic education of the public to the discriminating use of these institutions, and to inform it of the particular advantages of each.

It is hoped to accomplish these ends in part by the interchange of ideas, information and methods of publicity. It is proposed further to have local or district headquarters in each of the large cities, with a manager whose duty it shall be to keep in touch by correspondence with members throughout his district; to procure from them such literature, business forms, advertising matter, samples of soliciting and advertising letters as may be obtainable, together with such statement, comment, remark or information as may prove useful for the guidance of members of the Association; each manager to be required to send to the Secretary one or more copies of all such literature, letters, etc., received by him; requests for information or specimens of such literature, etc., from member institutions to be addressed to the Secretary, and to be answered and, if possible, granted by that officer.

It is pointed out that there has been some misapprehension of the exact purport of the plan. It is not asked that members shall give up any trade secrets or private matters pertaining to the conduct of their business, but merely that they shall look at the plan in a broad way, and part with such of their printed matter, etc., as they believe will be useful for the purpose. Those favoring this Association must, of course, be of the mind that this interchange will not be the giving of something for nothing, but a *quid pro quo*, and that what in this instance is to the benefit of all must be to the benefit of the individual.

In his paper "The Benefit of a Real Estate Department to a Trust Company," Mr. Lorenzo

E. Anderson, the Vice-President of the Mercantile Trust Company of St. Louis, showed the advantages that accrue from having a real estate department. In the management of estates for widows and orphans it frequently happens that the largest portion of such estates consists of real estate. Then it is that the real estate department with its experienced corps of appraisers, salesmen and rent collectors becomes an exceedingly useful adjunct, obviating the necessity of seeking outside assistance in the management of the real property belonging to such an estate. Through the real estate department, also, it is possible for the trust department in most cases to secure the management of such estate. The financial department of a trust company, he argues, is also benefitted in many ways by the real estate department—for instance, in furnishing real estate loans on a conservative basis as an outlet for a surplus of idle cash on hand. And through the medium of the real estate department the financial department often secures new depositors. It is interesting to note that in the case of Mr. Anderson's own company the real estate department is operated as a separate and distinct branch—that is, it pays for all its own advertising, pays the salaries of the officers of the trust company who have charge of the department, as well as of all the employees connected with the department, and defrays all the other expenses incurred in the conduct of the department. It also makes a monthly statement to the company, at the same time turning over to it the net results of the month's business.

THE SAVINGS BANK SECTION.

This newest department of the Bankers' Association is justifying all the claims made for it by those instrumental in calling it into being. It is a natural auxiliary of the parent body, comprising a class of institutions which while possessing none of the characteristics of mercantile banks yet form a related part of our general banking system, made up of banks of loans and discount, of trust companies (which latter are assuming many of the functions of mercantile banks) and of savings institutions. The propriety of joining these three classes of institutions together in a common organization will appear when it is recalled that though here in the East the savings banks exist as separate institutions, in other parts of the country it is not unusual to see the field which they occupy covered by the ordinary commercial banks through the organization of savings departments, the banking and savings functions being thus combined.

Though owning to only three years of life, the Savings Bank Section has attained a degree of vigor and strength that reflects great credit on those in immediate charge of its affairs, and particularly upon the Secretary, Mr. Hanhart, who has been tireless in his efforts on behalf of

this new department. As was well said by Colonel Sprague, the retiring Chairman of the Savings Bank Section, in his speech before the general Convention, urging representation on the Executive Council of the American Bankers' Association for the Savings Bank Section, the work of that Section has been as aggressive as that of any other portion of the Bankers' Association. During the year the Section added 118 to the membership of the general Association through the additions to its own membership, which was reported at the Convention as 734, against 616 a year ago. Since the date of the annual meeting, we learn, 12 more savings institutions have joined the Association, raising the total of the membership of the Savings Bank Section to 746.

Colonel Sprague also made a telling point when he said that except for the work of the Savings Bank Section in securing new members the Association would actually have had a shrinkage in its membership. The statement is entirely correct, for the net addition to the number of members in the Bankers' Association during the year was 114, against a contribution of new members from the Savings Bank Section of 118. Had Colonel Sprague decided to push his request for representation on the Executive Council for the Savings Bank Section, the Convention would doubtless have sustained him. But he merely desired to bring the matter to the attention of the assembled delegates and having accomplished his purpose in that respect he withdrew the name of the nominee suggested on behalf of the Savings Bank Section.

The Savings Bank Section, of course, in its discussions and work confines itself entirely to matters coming directly within the province of savings institutions. One of the important committee reports the present year was that dealing with two-name accounts. Joint accounts in Savings Banks are very common, and to the layman it would seem that the position of the bank with reference to such accounts must be perfectly secure. Yet there have been diverse legal decisions in the different States with reference to certain questions arising in connection with such accounts. Accordingly, not a little anxiety has grown up regarding the matter among Savings Bank officials, and hence the occasion for the present report. The committee making the report was appointed in pursuance to a resolution adopted at last year's meeting of the Savings Bank Section, and its function was to consider the question of a form of uniform law regulating the accounts of depositors opened in two names.

It is noteworthy that the committee, after due consideration and deliberation, advised that

they do not consider that general legislation regulating joint accounts in Savings Bank would be either practicable or desirable. The matter was discussed quite at length on the floor, taking up a large part of the time of the Convention, but only to emphasize that there was great divergence of views as to the best course to pursue. A new committee was finally appointed to take in hand the matter of joint and trust accounts. This committee will endeavor to gather information as to the methods in force in the different States, and perhaps in this way arrive at some solution of the perplexing question.

The subject of securing periodic reports of deposits and withdrawals from the savings institutions throughout the country was also debated at length at the meeting. The result of the discussion was that each member of the Section is to forward, as a beginning, on the 31st of December next a report of the total savings deposits and withdrawals for 1903, 1904 and 1905, also the rate of interest paid and the total amount due depositors and perhaps further information as may be decided upon by the Executive Committee. In reply to a question Secretary Hanhart stated that the Savings Bank Section represents about \$2,250,000,000 of deposits out of the \$3,000,000,000 which the Comptroller of the Currency reported as the total of savings deposits in the whole United States. If these reports prove interesting or valuable, and not too expensive, it is probable that later on returns as to deposits and withdrawals will be called for semi-annually or quarterly, or perhaps, as was first suggested, monthly. It is thought that such returns will afford an indication of the course of business and the welfare of the population, reflecting periods of prosperity or periods of depression, as the case may be.

An interesting feature of the work of the Savings Bank Section, as disclosed at the meeting in Washington, was the display of Printed Forms which had been collected during preceding months. They were on exhibition from Monday morning until Friday night and attracted a great deal of attention and called forth much favorable comment. There was also exhibited a copy of the first savings bank account opened in the United States. This was received from the Philadelphia Saving Fund Society, the oldest Savings Bank in the United States. The account shows a deposit of \$5, December 2, 1816, and another deposit of \$5, April 21, 1817, with a credit of 40 cents interest January 1, 1818; 48 cents January 1, 1819, and 12 cents March 31, 1819, when the whole account, now amounting to \$11, was drawn out.

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BANKING SECTION

AMERICAN BANKERS' ASSOCIATION.

31st Annual Convention, Held at Washington, October 10, 11, 12, 13, 1905

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Trade Expansion

By LESLIE M. SHAW, Secretary of the United States Treasury.

The nations of earth sell to each other \$10,000,000,000 worth of merchandise per annum, one-eighth of which originates in the United States, and one-ninth of this grand aggregate finds our ports for ultimate consumption. Within the last half century the United States has not only assumed importance among commercial countries, but in the last decade she has become the greatest commercial nation of the world. Not only do her exports exceed those of any other country, but her domestic commerce is two and one-half times as large as the aggregate international commerce of the round earth. While the eighty and more commercial countries are selling, the one to the other, merchandise worth \$10,000,000,000, the American people sell to each other merchandise worth practically \$25,000,000,000. These stupendous and incomprehensible figures make some of us proud, some arrogant. They should make us all thoughtful and prevent any of us from becoming recklessly critical.

We point with pride to our export trade of a billion and a half, and with our thumbs in the armpits of our waistcoats we contemplate our skill and foresight and our ability as international merchants. Will I be pardoned if I suggest that this export trade is due in no very large degree to our skill either as international bankers or as international merchants?

We grow three-fourths of the cotton of the world, and there being no other limitless supply the world comes to us for it. It comes willingly and it comes in its own ships.

The world never has six months' food in store. If harvests should cease to follow seedtime for six months the world would starve. Again, the United States is fortunate, for her farms annually yield largely in excess of what eighty million people can consume, and, as in the days of Joseph, a starving world goes to Egypt, or to the United States, or wherever there is an excess of corn or other food, and now, as then, it provides its own conveyances. It requires no international merchant to sell raw cotton to countries which grow none, or food products to people who produce less than they consume.

We produce 400,000 tons of copper per annum—more

than half of the world's aggregate. Of this we consume somewhat over 200,000 tons and export nearly as much. This being the source of greatest supply, the world again comes for our surplus, and comes in its own ships. It requires no international merchant to sell copper.

We produce 73 per cent. of the world's supply of refined petroleum. It would seem to require neither an international merchant nor a merchant marine to market our surplus petroleum. The Standard Oil Company, however, in its international business has found it convenient to provide ships.

Of our aggregate exports about \$1,000,000,000 consists of raw cotton, food products, petroleum products, crude copper, lumber and other raw materials and crude articles, of which we produce a surplus, which the world not only needs but must have.

The time is coming, gentlemen—with our increasing population more largely urban than ever, with factories multiplying more rapidly than farms, with limitless manufacturing resources and matchless aptitude for production—when the United States will need new and important markets. The world may come to us in its own ships for the products of our farms and the raw products of our mines, but it will not come in its own ships for the finished products of our factories. The time is coming when we will need international bankers and international merchants and an international merchant marine.

I am well aware that this is not supposed to be a popular theme, but I did not accept your courteous invitation for the purpose of discussing subjects on which all good men agree. I accepted for the purpose of bringing to your consideration questions which public speakers usually avoid, to the end that you may think them over, talk them over by your firesides and in your places of business, in the hope that we may some time, and as soon as possible, agree upon some course, some policy, that will restore our flag to her deserved place on the seas and give to American enterprise its share of the carrying trade of the world.

I am well aware that there are some, and they are not confined to any one party or to any one locality—

they are prominent in both parties and are found on the shores of New England and on the prairies west of the Mississippi—who urge that we need do nothing more than gracefully surrender a portion of our \$25,000,000,000 of domestic commerce and then, by a logic which I do not understand, we will get so much larger share of the world's \$10,000,000,000 export trade as to fully compensate ourselves, and that in addition we will make the world happy. I quite agree with them that it would make our competitors happy. But I will not discuss that question. I desire to confine my remarks to the importance of a merchant marine.

Over one hundred years ago Congress passed an act giving to the American shipbuilder and the American shipowner a monopoly of our coastwise trade. Since then political parties have passed into forgetfulness and others have come and gone. Administrations have changed again and again, but that old law remains intact. It has been often assailed, but no party has dared to repeal it. It therefore has the stamp of nonpartisan approval. As a result we have the largest and cheapest coastwise trade in the world. The Detroit River floats more tons of American freight than all the foreign commerce that enters London, Liverpool and New York City combined, and under every ton is a ship built of American materials, by American workmen, owned by American capital, operated by American enterprise, and over every pound floats the Stars and Stripes. This country certainly possessed some measure of statesmanship in the days of James Madison, and wisdom did not die with the fathers or the law ere this would have been repealed.

Practically a half century ago the present minority party inaugurated, and the present majority party adopted, a policy of liberality to the promoter. It gave subsidies of money, or subsidies of land, or both money and land, to encourage the construction of trans-State and transcontinental railways. The Union Pacific, the Southern Pacific, and the Northern Pacific railroads each received Government aid. These roads opened an empire of matchless resources, and here our ever-increasing population found ample room and abundant opportunity. They improved farms, developed mines and builded States yielding a commerce which has made these roads in turn self-supporting, so that no country, State or the General Government longer grants aid to new roads. We not only have the largest and best railroad system in the world but the cheapest rates in the world.

Not only has the General Government subsidized domestic commerce by direct appropriations from the public treasury in aid of railroads, but it annually subsidizes commerce, both domestic and foreign, by large appropriations for the improvement of rivers and harbors. No difficulty is ever experienced in passing a river and harbor bill if its benefits are sufficiently distributed.

The Government is now enlarging not only the scope but also the amount of its bounty. It has paid fifty millions for the right to dig a ditch in aid of international commerce, and proposes to pay two hundred millions more, or five hundreds millions more, if necessary, in the construction of that international ditch, other millions in its maintenance, and no end of millions, if necessary, in its defense. Then after all this outlay we are under contract to grant its use, for all time, to all the world, on the same terms as to the people of the United States. At first blush one might expect partisan opposition instead of nonpartisan co-operation. But so manifestly wise is the enterprise, so abundantly able is the Government to bear the expense, and so many are the advantages to be derived therefrom, that throughout the length and breadth of the nation no voice is heard against it.

You may find it necessary to glance at the map before you appreciate that it is about the same distance from the principal ports of Europe to San Francisco via Cape

Horn as from New York to the same port. It is also about the same distance from the principal ports of Europe to San Francisco via the Suez Canal as from New York to the same destination via the Straits of Magellan. Cut the Isthmian Canal and it will be about the same distance from New York to Hongkong via Panama as from Liverpool to Hongkong via Suez. The completion of the canal will move the line of equal distance from the eastern to the western shore of the Pacific. Have no fear, brethren, we will get the worth of our money, provided we place ourselves in position to get our share of the use of the canal.

The markets of South America, South Africa and the adjacent islands are just being developed. The eyes of the world are upon them. The merchant nations of Europe know where they are located and they are establishing banks and warehouses within them, and they have already established regular and fast lines of steamers to them. The United States has neither banks, nor commission houses, nor warehouses in these ports, nor has it means of communication with them, except through old, worn-out, dilapidated ships, sailing under foreign flags and making eight or ten knots an hour.

The United States imports a million dollars' worth per day of tropical and semitropical products. It sends to Europe, in excess of everything we receive from Europe, a million dollars a day in raw materials and food products such as I have described; and Europe in turn sends a million a day to the ports of South America, South Africa and the islands adjacent. I do not need to tell you of the great number of ships that sail the triangle. They start from home with a cargo of finished products which they leave in those Southern ports, then load with coffee, rubber, hemp, sisal, mahogany, dye woods and fruits for the United States; then take a load of our raw materials, cotton, copper, petroleum and food products, back to Europe.

I have been many times taken to task for remarks like these. I have received letters, for instance, from certain commercial associations, the principal officers of which are interested in foreign steamship lines, calling my attention to the fact that means are at hand for carrying to these Southern ports all the merchandise that America sends thither. Gentlemen, I have never taken the position that what goods we ship to South America do not ultimately reach those ports. I have sometimes called attention, however, to the fact that the quickest way to go to South America, or to send mail to South America, or to ship freight to South America, and the most usual way, is to send first to Europe and thence to the ports of destination. A large share of our paltry commerce with those countries does actually go by way of Europe rather than in these old scows owned by the men who take the position that because there are ways in which goods can be sent thence, therefore no occasion exists for improving the means of communication.

Iowa was dotted with settlements long before railroads tapped the Territory. In those days some grain was grown, and the little that was grown was hauled in wagons, frequently a hundred miles and sometimes more. A few cattle were fattened, and they were driven sometimes four hundred miles to market. There were trails even then, and sometimes roads. Some hogs were fattened. These were killed, their carcasses frozen and hauled to market—a process which consumed sometimes weeks and frequently entailed an expense exceeding the value of the freight carried. But in those days Iowa did not contribute very much either to interstate or to international commerce. Not until railroads, encouraged by Government aid, were built did her commerce multiply, and not until these became of the best did she take rank and contribute abundantly.

I am also aware, for my attention has been called thereto repeatedly by letter, and more frequently still by editorial comment, that a representative of the Department of Commerce and Labor, sent to South America

for the purpose of investigating this subject, has reported that there are means of communication between the United States and South America. I have read his reports, and I beg my critic's pardon, for the distinguished college professor does not take the position assumed by the steamship companies, that existing means of communication are satisfactory or that they should not be improved. Permit a few extracts from Professor Hutchinson's report:

Suffice it to say that the service from Europe is carried on by large and fast steamers, thoroughly equipped in every way for freight, passenger and mail business, running on accurate schedule time, and giving regular communication between Brazil and Europe, in each direction, at least six times per month, while the steamers from the United States are small and slow, have only inferior accommodation for passengers, and, with the exception of a single sailing each month, are more or less irregular as to time of departure and arrival. It is thus often possible to get much quicker delivery of an order from England or Europe than from the United States.

After expressing the opinion that this inferiority of American service does not seriously affect large wholesale dealers in standard grades and sizes of goods, because the cables run independently of the mails, he adds:

With smaller dealers and smaller orders, as well as in all larger orders, where full and specific instructions have to be given as to sizes, shapes, weights and grades of goods, the mails must be used, and I have met with many complaints as to the inadequacy of the service. I have heard of instances in which it took twice as long to get such orders from the United States as from Europe.

In speaking of the flag as a means of advertising, he says:

At present our flag is never seen here except on an occasional warship, or private yacht, or an out-of-date sailing vessel. The mass of the people scarcely know that such a country as the United States exists, and those who do know it, most of them, have but the dimmest notion of the vast economic activities of our people. This is a market peculiarly sensitive to notions of fashion and prestige. Most of the population, all except the very few who have traveled in the United States, have exalted ideas as to the greatness of England, France and Germany, and the "fashionableness" of using commodities produced in those countries. There is not the slightest question that these impressions are deepened by visible illustration of the superiority of European merchant marine in Brazilian ports.

These instances are from the one expert quoted by the owners of foreign ships and by the press as having reported that the means of communication with South America are ample for the amount of commerce that now exists.

But suppose that were true, gentlemen. There are no such agents of commerce as the representatives of transportation companies. Senator Proctor once told me that his company had a large Australian trade in marble, but he said it was through no skill or foresight of the company. A line of steamships had begged that instead of going back empty after having brought Southern products to the United States, or of going to Europe for a cargo, they might be permitted to carry some marble to Australia. Thus, through the skill and enterprise of a foreign transportation company, so large a trade in marble was established that the company is now compelled to have representatives down there. I have never heard of any manufactures of cotton goods or of household utensils or of anything else produced in competition with Europe to whom the owners of European steamship lines have offered any special advice or encouragement.

One great difficulty in getting a foothold in these markets is to get our producers interested in the subject. For this purpose the Government goes to great expense in getting consular reports on conditions in these foreign ports. These reports are regularly published in pamphlet form for general distribution. Quantities of them go to Europe, however, and are furnished, not as we furnish them, to whomever asks them, but they are sent direct to the concerns engaged in the trade at the ports whence the report is made. These reports are full of statements to this effect. I quote again from Professor Hutchinson, he being the principal authority

of those who oppose every means for the creation of a merchant marine. He says:

As I came south I found conditions much more encouraging, and here in Rio de Janeiro and in the neighboring State of Sao Paulo I have been deeply impressed with the possibilities which are awaiting development. It is pleasant to note an undercurrent of friendliness toward the United States and a seeming willingness to meet any advances our people may make at least half way. There is a great field awaiting development if our exporters can be made to believe that it is worth while to employ the right methods.

Does any one doubt that an American line of steamships making regular trips to Rio de Janeiro, the Government paying the loss until the trade is established, would knock at the door of every factory in the United States, submit samples of the goods consumed by the people and beg their production and the privilege of carrying them? In the same report Professor Hutchinson says:

New lines established now would have to run at a loss for a very considerable time. Of this there can be no doubt.

In the same trade report in which Professor Hutchinson's oft-quoted article appears is an article by A. T. Wills, who was sent abroad by the New York "Commercial" to inquire into trade conditions, from which I quote:

The Germans are especially aggressive, and many of the German houses are doing the business we ought to be doing. If they see that American goods are in demand they get samples of them, send them home and invite the manufacturers to imitate the articles, even if they are inferior, and thereby get the trade. This is not difficult, for there is no representative of the American interests on the spot to defend our goods.

Does any one doubt that an American line of steamships, in part dependent upon the traffic, would see that our goods were defended? He further says:

Spain has the East India and Egyptian cotton market to draw upon as well as ours, has good shipping facilities, and, more important than all this, turns out goods which the Spanish-speaking people all over the world want. It gets the trade, because its manufacturers turn out goods to meet the requirements, rather than, as we do, try to educate their customers to take what they produce.

The reports are literally full of specific instances where our manufacturers have refused to change their patterns to meet the conditions of South American trade, or where they have abandoned a trade partly established whenever there has been a local demand sufficient to keep their factory employed. Does any one doubt that the representatives of American transportation companies would do much toward correcting these defects?

Possibly some one will say: "Who cares particularly for the American manufacturer? It is his business, not ours." Yes, but it is my business also. I own some farms in Iowa and I want my tenants to feed the men who manufacture for these markets. I am selfish. In fact I am so selfish that I desire every industry under our flag to prosper, and I hope I am wise enough to know that no one class of American people ever did prosper except when all our people prospered. I hope I am wise enough to know that the prosperity of any one class means the prosperity of all.

The United States is the owner of the Philippine Islands, and these possessions, plus the Panama Canal, plus a merchant marine, would insure to the American people somewhat more than their present 10 per cent. of the one thousand millions of trade washed by the shores of the Pacific.

We occupy the best position on the map. We have the safest and the most convenient form of money in the world. We speak the language of commerce. Our farms produce more than the farms of any other country. Our mines yield gold literally by the carload, silver by the trainload, and there is unloaded on the shores of a single Commonwealth more iron ore than any other country produces. Our forests yield one hundred million feet of lumber for every day of the calendar year. Our factories turn out more finished products than all the factories of Great Britain and Germany combined by more than three thousand millions every

twelve months. We transport this matchless product of farm and factory, forest and mine, from the interior to the sea at one-third what similar services cost anywhere else beneath the skies. We carry it from point to point along the coast in better vessels, on quicker time, and at cheaper rates than others. But at our coast line we are brought to an abrupt halt. Here we are no longer independent. Our foreign commerce is four times as large as forty years ago, but we carry in our own ships only one-third as many gross tons as forty years ago. We have protected and encouraged every interest but

our merchant marine, and every protected interest has flourished. We have every facility for international commerce except international merchants, international bankers and an international merchant marine. Shall we not have these? I am not urging ship subsidies. I am speaking of results, not of methods. If we will but take advantage of our opportunities we will send these products of farm and factory under every sky and into every port, and make our financial centers the clearing houses of at least a fraction of the world's trade.

Bank Examination and Supervision.

By WILLIAM BARRET RIDGELY, United States Comptroller of Currency.

After a careful study of the cases which have come under my observation during the past four years, I am firmly convinced that no system of bank examination or supervision from the outside of the bank can absolutely prevent fraudulent bank failures. The more thorough and efficient the supervision, the more surely and quickly frauds will be discovered and the mere fear of detection will tend to prevent them, but they cannot be surely and in every case prevented by any practical means outside of the bank.

I am also equally convinced by the same experience that with careful and efficient work on the part of the examiner, aided by intelligent and thorough letters of criticism based on the examiner's reports, any board of bank directors of fair intelligence, with an honest desire to obey the law, can, by co-operating with the examiner and the Comptroller, make the failure of their bank practically, if not absolutely, impossible. Even if the whole board, or a majority of it, are not doing their duty in this respect, a respectable minority, or even one or two determined and honest men can, if they will, secure for their shareholders and creditors this protection to which they are entitled.

I am sure that in this direction the co-operation between the directors of a bank and the supervising authority lies the best hope of decided and permanent improvement in the supervision of banks and the reduction of bank failures to a minimum.

No outside supervision can supply honesty or brains for the management of a bank, or take the place of either when it is lacking. The best it can do is to discover acts of dishonesty or bad errors of judgment, after they have occurred, and to some extent prevent illegal acts by fear of their discovery and punishment. If bank officers are honestly and in good faith doing their best, though with bad judgment and without ability, the advice of an examiner may often be of great assistance in judging of credits and preventing the increase of loans on weak lines, and the restrictions of any good banking law are of incalculable value to well-meaning though weak or incompetent management. In most banks there is an honest desire to comply with the law and conduct the business safely, and legal restrictions have saved many such banks from trouble, if not failure. When, however, the officers of a bank are reckless, incompetent or dishonest, and sometimes they are all of these, the bank is in great danger of failure, in spite of any supervision which can be given it from the outside. In some such cases, an appeal to the directors may result in a change of officers and policy in time to save a bank, and I have known one good strong man to conduct a campaign almost alone among the stockholders, convince them he was right, and save a bank which had been brought very near to failure.

It is generally the case, however, when one bad man, or a bad crowd, get possession of a bank, and have large ownership of its stock, it sooner or later comes to grief

in spite of everything the examiner and Comptroller's office can do, unless they get honest assistance from some officer or director inside the bank.

An examiner always works under one great and unavoidable disadvantage. He can do little or nothing until after the law has been violated and much, if not all, of the harm is done. If the trouble is a bad, excessive or fraudulent loan, it has been made before he can act. If there is a shortage in the cash, through a defalcation or robbery, the money is gone before he can know it, and often with little or no chance for its recovery. A good examiner does his whole duty in the discovery of such a case. It is not reasonable to ask him to prevent it. Only so far as the fear of discovery deters bank officers from fraudulent acts can any supervision, short of frequent and complete auditing, prevent their occurrence.

A bank does not often fail suddenly. The condition which leads to it is apt to be of comparatively slow growth. Far the most frequent cause of failure is a large line of loans to some concern or group of concerns in which the officers are interested, or to the officers themselves. When the loans are new they look all right, and frequently are good. But if things go wrong and this outside venture loses money, the loans begin to increase, and soon good money begins to go after bad with the inevitable result. It is surprising to see in how few cases men who may have been heretofore honest and square, have the honesty and moral courage to face the failure of their bank when due to bad judgment or incompetency, without resorting to frauds of some kind. It is extremely rare to find a bank has failed without some of the officers committing fraudulent or illegal acts to hide it.

Every examiner, however, has many cases to report which are taken up and corrected, sometimes after they have become very bad. There are a great many such cases where a bank gets into more or less serious trouble and yet is saved, where one goes on to failure. I believe there is seldom a day in the Comptroller's office when we do not have pending a case of a bank which is found, not necessarily from frauds or always violations of law, but from bad banking, in a condition which, if allowed to go on, would lead to serious trouble, but which we are able to have corrected on the examiner's report and advice. We always have a list of those we are watching, and a very large percentage come out all right. They almost invariably do when the management is honest, and tell us the truth. It is very hard to tell when the bank is beyond hope and really is insolvent. The hard cases are where the officers are dishonest and untruthful and perpetrate all kinds of frauds to conceal the condition. A common device is to put forged notes into the bank, ostensibly signed by people of good credit. Another is to fail to cancel and deliver to customers notes which have been paid, and to keep them in the bills receivable.

One can readily see how hard it is for an examiner to discover such frauds, when they are perpetrated by shrewd scoundrels who have every advantage of being in the bank all the time, while the examiner comes only twice a year.

After a bank fails and disclosures of dishonesty are made, it is wondered why such things could go on undiscovered so long. The examiner is blamed and abused, with or without reason. In some cases he is very much to blame, but in those which I have had occasion to investigate, this has not very frequently been found to be true. It must be remembered that these frauds and deceptions are, in most instances, being carried on by men of unusual ability—men who stand very high among their neighbors, not only in business, but also in social, religious and political matters. Almost invariably they deceive the whole community, their business associates, their friends, and even their families. It is frequently an astounding revelation to all of these, that the banker who has failed, defaulted and perhaps absconded, or killed himself, is not a man of wealth as well as the ideal of honor and business integrity. It is only men who establish such reputations that have the opportunity to betray large trusts, and of these, only those with skill and shrewdness, and the peculiar courage it takes to face unflinchingly such situations, can carry them on for any length of time without discovery. However his suspicions may be aroused, the examiner is, as I have said, under the great disadvantage of only being able to act after the crime is committed. He can discover them, but he cannot surely prevent such frauds.

Our system of National Bank examination is much the most extensive which has ever been undertaken by any country or government, and the experience accumulated during the forty-two years of its operation covers almost every conceivable trouble or complication into which the affairs of a bank may be brought, either by dishonesty, incompetency or neglect. The methods of examination, reports and criticisms based on them have, of course, been a gradual growth. In spite of certain defects and weak points, some of them serious and now needing improvement, it has worked very well. In the main the examiners have been faithful, competent men, doing conscientious and good work. The record of the National Banks in regard to failures is better than any banks we have ever had in the United States, or those of any other country, under at all similar conditions.

Of the seven thousand nine hundred and thirty National Banks which have been organized four hundred and thirty-eight have failed, or five and one-half per cent. of the whole number as against about seventeen and one-half per cent. of banks other than National in the same period. The National Banks which have failed have paid their creditors over seventy-eight per cent. of the amount due them, while the other banks have paid only about forty-five per cent. Of the billions and billions of dollars they have had on deposit, the National Banks have lost for their creditors in the whole period of their existence only about thirty million dollars.

These records in favor of the National Banks are mainly, if not entirely, due to the wise provisions and restrictions of the National Bank Act and examination and supervision by the national authority. The examination provided in the Bank Act from the first, and in this it has never been changed, contemplated the examination of a bank by a single man and, except in the large cities, only provided such pay for it as would cover one or two days' fair pay, including expenses. This is not sufficient examination, no matter how efficient and careful the examiner, to infallibly detect, much less prevent fraud and dishonesty. It does detect much of it, perhaps most of it—but not by any means all. I am more often surprised at what is detected by shrewd examiners and upon what slight clues than at what escapes them.

The weakest feature of the present system of examinations is that the examiners are paid by fees instead of

salaries. I believe every Comptroller of the Currency has advised a change in this system; certainly all those of recent years have done so. The examiners as a whole are a fine body of men—faithful, industrious and attentive to their duty. But unfortunately this is not true of each individual, and the circumstances of their work being away from the observation of the office makes it difficult to check them up and see that all the work is well done. The temptation to slight it is sometimes too great, and this should be removed as far as possible by changing the basis of their remuneration. It is not reasonable to expect a complete audit of the books of a bank and the checking up of every department in it for a fee of sometimes only twenty dollars. If one were to employ a professional accountant to do such work, it would cost many times this amount. This, in a large bank, is the work of many days or weeks. Perhaps it is not practicable nor advisable to have such complete service as this by officers of the government. It is more a matter for the directors of a bank. It is now being done very thoroughly by an increasing number of the best banks, and it is a matter that every Board of Directors should give the most careful consideration. No bank should be without a good system of this kind.

The government can, however, and should by all means, improve the service by paying the examiners salaries and greatly increasing their number, so that a man would have time, and take time, to go into matters as thoroughly as is necessary to get at the real condition of the bank. The men ought to be paid good salaries—large enough to attract and hold good men. It is one of the difficulties of the present service that it is hard to keep a good man. Just as an examiner gets to know his district well, and becomes really efficient, he is apt to be hired by some bank looking for an officer. I see no way to altogether prevent this, but the salaries should be enough to keep men fit for the service in it. It is easy enough to get ambitious young men who are thoroughly competent to go into the service for the experience and acquaintance it gives them. It is more difficult and more important to keep them after they have been trained to the work.

As I said in beginning, the direction in which we can look for the greatest improvement in bank supervision is in co-operation between the directors of the banks and the supervising authority. The government supervision can and should be improved, both by change in system and better administration and it can do a great deal to help the directors to realize their responsibilities and do their duty. For some months past there has been a most determined effort on the part of the Comptroller's office to fix the responsibility of bank management on the directors of the National Banks, and especially to see that the directors are properly informed of what the bank examiners find in the condition of the banks which calls for criticism and needs correction. All letters of criticism from the office are addressed to the president of the bank, and are generally answered by the president or cashier. Until recently nothing was done to call these letters to the attention of the directors, except when there was very serious criticism and a bank was in a critical condition. As a result of the former system, banks were often found in a very bad condition, without any effort having been made to advise the Board of Directors of the facts of the case, and it was a common complaint from directors that they had never been notified of things going on in the bank about which the officers had been written repeatedly. Under the new system, every letter which contains any serious criticisms at all closes with a paragraph requesting the directors to join in a letter saying they have received the letter from the Comptroller, and advising the office what steps will be taken to correct the matters complained of. During the short time this plan has been tried its good results are very apparent. It has resulted in many Boards of Directors making inquiries into the business of their institutions and bringing to light transactions

of which they would otherwise never have known, although it was not only their right, but their duty, to know all about them. It has led to some complaint, and has been resented by the officers of some banks who felt that it was in some measure a reflection not only upon their management, but upon their character as well. Careful consideration, however, of the proper relations which should exist between the directors of a bank and its executive officers, and especially their legal and moral responsibility to their shareholders and creditors, should convince any bank officer who desires to conduct the business of his bank as he should that this is a measure looking only to more careful and better administration.

No bank officer who is running his bank properly should have any fear of his directors, and they have a right to know in what respects he is subjecting their business to the criticism of the Comptroller, and, above all, if he has been found violating the law. I feel that this is a most important improvement in the administration of the Comptroller's office, and have perfect confidence that when understood it will meet the approval of every bank officer who wants to run his bank as it should be, and every director who accepts the duties and responsibilities which his oath and the Law wisely and properly place upon him. As long as I am Comptroller, I propose to assume, without evasion, my responsibility and to see, as far as I have power to do so, that the directors of the National Banks and their officers accept theirs.

The bank examiner and the Comptroller's office have certain duties which they must perform and for which they are responsible, and it is no excuse for them to put blame for their failure to do so in any way upon the directors of the bank. On the other hand, the directors also have independent duties which they must bear and which they cannot shift to the examiners. It is no answer to a charge of neglect of these duties to criticise or complain of the bank examiner. The Bank Act provides the "the affairs of each Association shall be managed by not less than five directors," and that "each director, when appointed or elected, shall take an oath that he will, so far as the duty devolves upon him, diligently and honestly administer the affairs of such Association, and will not knowingly violate, or willingly permit to be violated, any of the provisions of this title." No man is fulfilling the obligations assumed in this oath who accepts an election as director of a bank and then allows the officers to manage all its affairs without really letting him know what is going on in the bank at all, as is too often the case.

The duty of a bank director, if he would fulfill the obligation imposed by his oath and protect the interests of the shareholders for whom he is a trustee, and the creditors, to whom he is under even greater moral obligations, requires that he should know positively that the affairs of the bank are being properly managed. Meetings of the directors should be held regularly and frequently, and be well attended by all the members of the Board. At these meetings the officers should be required to make full, complete and intelligent reports in such form and detail as to be easily understood by the directors. All loans and important transactions should be reported and passed upon, and especially all notes and securities should be submitted for the personal inspection of the members of the Board who are not active officers. All loans to officers and directors should be more closely scrutinized and examined than any others, and the amount of their total liabilities clearly understood. In addition to such exhibitions as are made at regular meetings, the directors should have frequent thorough

examinations made by committees of the Board, or experts employed for the purpose. These should be made independently of the active officers of the bank.

Every clerk and every officer of the bank should be examined and checked up as thoroughly as possible, and required to show the Examining Committee or auditor just how the matters in his charge stand. No man who is in a position of trust has any right to resent such an examination, and one who has a proper appreciation of the relation he bears to those who have reposed trust and confidence in him will welcome such an opportunity to show that he has been faithful and efficient. If all the boards of bank directors would do their full duty in the way here outlined, bank failures would almost come to an end. Banks would, of course, make losses, and occasionally one might fail, but it would be rare, and the result of very unusually bad judgment and incapable management. We would very seldom have such sudden and sensational failures of banks, looted from the inside by men who have stood high in their communities, and even thought to be models of honesty and trustworthiness.

The point I wish to emphasize is that the responsibility for bank management is by law placed upon the Board of Directors. By accepting a place on a bank board and taking the oath of office, a man accepts this responsibility and swears he will diligently and honestly administer the affairs of the Association. He is under every moral and legal obligation to perform this duty fully and completely. It is certainly not asking too much of men who accept such trusts that they simply do their plain sworn duty and obey the laws.

This would seem to be a particularly opportune time for a vigorous self-searching among the directors of the banks of the country, as well as all other men who are in places of financial trust and responsibility.

Recent disclosures of the most disgraceful betrayal of trusts by men in the highest positions and the use of these very positions for private gain at the expense of those whom it was their sacred duty to protect, have put the American financier on trial before the country and the world. Not only those who usually are interested in such matters, but all the people of the country are asking: "If these men are not to be trusted, who is?" "If this much is true, how much more must there not be?" It is only a natural inquiry whether in the contest for wealth and power the American financial conscience has become deadened and the old ideals of honor and truth have given way to a newer code.

It is a shame, a disgrace, a national misfortune, that such things could have happened when and where they did, but it is a great good fortune that through a quarrel over the spoils the knavery has been discovered. Unknown, or only suspected, such things are the greatest danger, but their discovery and exposure makes it possible to reform them. The more complete the exposure the more certain the reform. A director or officer of any bank, no matter how small or obscure, holds the same relation to his trust that these men held to theirs, which differ only in size. There is probably not a man here, certainly no member of the American Bankers' Association, who is not the guardian of some trust reposed in him by those who thus depend on his honor and fidelity. We are all responsible in some degree. It is not enough that we cry out for the punishment of those who have been caught in the act. Our duty lies in the faithful discharge of the obligations resting upon us. The upholding of the reputation and character of the banking institutions of the country is in our care and depends on each man doing his full duty.

“The Scotch System of Banking.”

By ROBERT BLYTH, General Manager Union Bank of Scotland, Ltd., Glasgow.

For the proper understanding of the characteristic features of the Scotch system of banking a short historical record is almost essential. It will, in this paper, be condensed within the narrowest limits.

In the beginning of the eighteenth century, when Scotchmen had been provided with their first bank, and had no experience to guide them in its management, the country was not only poor; the population was also small. It probably did not exceed 1,000,000. The city of Glasgow had a population of 12,500. Now it is three-fourths of a million. The trade of the country was insignificant. Money was scarce; it is thought that there was not half a million of coin in the whole country. For the first half of the eighteenth century poverty and lack of enterprise on the part of Scotchmen left some of the chief trade in the hands of foreigners. It was not until after the middle of the century that Scotch industries were developed and the national revenue increased.

Merchants who traded in many kinds of goods sometimes traded also in money; they took it on deposit in limited amounts and for fixed periods at agreed upon rates of interest, and they had customers to whom they lent it at higher rates. This was all that Scotch traders had in the way of bankers up to the close of the seventeenth century. It was in the year 1695 that the Scotch Parliament granted to the Bank of Scotland, which was founded in that year, power to borrow and lend money at interest. Its business was to be restricted solely to dealing in money; it was prohibited from trading in goods. Its right to issue notes was implied rather than expressed. Its charter gave it a monopoly for twenty-one years. Its paid-up capital was only £10,000. The Royal Bank of Scotland, the next bank founded, was incorporated in 1727. During the eighteenth century there was only one other bank incorporated by charter, the British Linen Company; this was in the year 1746. These three banks have made various attempts to establish branches in the provinces, but it was after the middle of the century before they succeeded. There are now ten banks in Scotland. About nine-tenths of the business, however, is done by the seven large banks whose head offices are in Edinburgh and Glasgow.

The chief characteristic feature of the Scotch system of banking is the right of issue of the one pound note. Before the Bank of Scotland was founded there was no paper currency. It began to issue notes forthwith for £100, £50, £20, £10 and £5. Nine years afterwards it issued one pound notes for the first time, but prior to the union of England and Scotland under one Parliament in 1707, the amount of these notes in circulation was not great. The privilege of the right of issue has always been recognized.

One of the outcomes of the great panic of the year 1825 was the abolition in England, in 1826, of the one pound note. But the old note of Scotland was so dear to the people, and their demand for it was so clamant, the Government abandoned its resolution to extend the abolition to Scotland. Sir Walter Scott fiercely attacked the proposal to steal from us our right to our paper currency. To him probably more than to any one, we are indebted for our small note.

The committee of both Houses of Parliament in 1826 appointed to inquire into the matter of the bank failures, of which there had been a long and dreadful catalogue, and which were attributed to the issue of one pound notes by the country bankers in England, reported in favor of the abolition in England, and against the abolition in Scotland. “With respect to Scotland,” said the report of the Lords, “it is to be remarked that during

the period from 1766 to 1797, when no small notes were by law issuable in England, *the portion of the currency of Scotland in which payments under five pounds were made continued to consist almost entirely of notes of £1 or £1 1s., and that no inconvenience is known to have resulted from this difference in the currency of the two countries.* . . . The banks in Scotland have for more than a quarter of a century exhibited a *stability which the committee believe to have been unexampled in the history of banking;* . . . they supported themselves from 1797 to 1812 without any protection from the restriction by which the Bank of England and that of Ireland were relieved from cash payments; there was little demand for gold during the late embarrassments, and the whole period of their establishment there are not more than two or three instances of bankruptcy. As during the whole of this period a long portion of their issues consisted almost entirely of notes not exceeding £1 or £1 1s., there is the strongest reason for concluding that, as far as respects the banks of Scotland, the issue of paper of that description has been compatible with the highest degree of solidity; and that there is not, therefore, while they are conducted upon their present system, sufficient ground for proposing any alteration, with the view of adding to the solidity which has been so long sufficiently established.” The report of the Commons was also adverse to any legislative interference with Scotch banking.

Prior to 1826 the difference between the English and Scotch systems arose mainly out of the comparative wealth and poverty of the two countries, and in the adoption in the poorer country of *the cash credit* substitute for the want of capital. But after 1826 there is a new element of difference. At first sight it is inconceivable that the systems of banking should be as greatly affected as they have been by the abolition of the use of one pound notes in England. It is, nevertheless, a fact that since 1826 the main currency of England has been metallic; in Scotland it has been a paper currency with little gold in circulation.

Our present system of banking, so far as the right of issue is concerned, dates back sixty years. *The act of 1845 continued to Scotland the one pound note, and it provided that the amount of paper note money not represented by coin or bullion should be fixed, and that every note issued above the limit assigned to the existing banks should be represented by coin or bullion.* In England legislation had taken a different course; the note issues of the country banks were rigidly fixed—there was to be no further issue no matter how much coin or bullion was held. This, then, was the difference. *The issue of notes by the Scotch banks was to be without limit, so long as the excess of the authorized limit was represented by bullion, the authorized limit in England was not to be exceeded in any circumstances whatever.* The authorized circulation granted by the act of 1845 to the banks then existing was based on the average circulation for the year ending May 1, 1845. After that no other bank might issue notes. As a check on the true amount in circulation a certified account had to be sent to the Government Commissioners of Stamps and Taxes weekly, distinguishing notes of five pounds and upwards from notes of one pound. The certified account had to include a note of gold and silver coin held. Every four weeks a note must be sent of the *average* circulation, and *average* coin held. The silver coin must not exceed one-fourth of the gold coin. By this act notes for less than 20s. are not negotiable. Our system of note issue has not been altered since 1845. The aggregate circulation de-

depends upon the public demand for this form of paper currency. There is an elasticity in our circulation which the National Banks of America must envy. We have no artificial, objectionable, and, we venture to think, quite unnecessary limits, as to the gross circulation, the proportion of small notes and large, or the withdrawal of circulation. During the last thirty years it has fluctuated between five and eight millions sterling. The note issue is not secured by the purchase of Government bonds, or in any other way. Nor are we compelled, as the Bank of England is, to keep our issue department separate from our banking department. In the event of the bankruptcy of a bank the holders of notes have no priority over ordinary depositors.

The thirty-four private and joint stock banks in England have authorized fixed issues of 1,755,952. The ten joint stock banks in Scotland have authorized issue of 2,676,350. But now comes the striking difference between the two countries. The English banks do not appreciate the value of the right of issue and provincial issues are likely to become extinct; the Scotch banks do. In England the average circulation of notes, exclusive, of course, of Bank of England notes, is only about 590,000; in Scotland it is about 7,500,000. The average circulation in 1904 was 7,643,000, of which about *seventy per cent.* were one pound notes and thirty per cent. were large notes. In England the average circulation is not one-half of the authorized issue; in the case of private banks not one-third. In Scotland, on the other hand, the average circulation is more than three times the amount of the fixed issues. Now, wherein do Scotch banks find the value of the one pound note? Many people say that the mere cost of the paper and the printing of the notes is so small an item in the expenses of the management the banks make a considerable profit from the interest earned on the amount of *notes in circulation*. But this is a mistake. In the first place the cost of the note issued is greater than is supposed. It is merely a matter of paper and printing, there is the Government duty, and there is also the Government license required to be paid in respect of every "place" where bank notes are issued, and there are other charges affecting the circulation. It is in another quarter altogether that the Scotch banks find the value of the one pound note. It is *the unissued notes* in the tills of the branch offices, forming the till money at more than one thousand branches, wherein the real value lies. Without them the banks would require to keep eight or ten millions of gold coin, not as a reserve, but as till money. *It is these one pound notes which have enabled branch offices to be planted in every part of the country.* There is no such network of branch banks in any other country in the world. It is at these offices that we have collected the savings of the country from hundreds of thousands of small depositors. With a metallic currency and Bank of England £5 notes, branches could not have been profitably established in country districts. The cost would have been prohibitive. It is the one-pound note which has enabled the banks to go right down among the masses, and made banking possible to the greatest number. It is the one pound note which has brought the officers to their doors, and tempted them to go in with their savings and deposit them securely and at interest. The aggregate deposits placed with the ten Banks in Scotland now amount to more than £100,000,000 (\$500,000,000). It is not the poor country it was; it has grown rich by saving and the system of planting branches has fostered the saving.

In Scotland, at an early period, the discovery was made that a great number of small accounts formed the basis of a much more valuable business than a small number of large accounts. Branches of banks were opened in small towns and villages, with a view, primarily, to collecting the savings of the people over a wide area, and, secondarily, to assisting small traders and fostering small struggling industries in districts which wealthier England would not have thought important enough for a bank's consideration. The Scotch, I venture to think,

have in this matter been wiser than the English, and wiser than our neighbors on the Continent of Europe. The deposits collected in country places and in the outskirts of cities have quite warranted the existence of the bank's branches.

I have perhaps enlarged over much on the value of the right of issue, but it is to be kept in mind that down to 1826 the issue of notes was regarded as *the* essential characteristic of banking business in Scotland. The amount of notes issued is now only 7½ per cent. of the amount of deposits.

Another chief characteristic feature of the Scotch system of banking is what is known as cash credit accounts. They date back to early in the eighteenth century; they were peculiarly suitable to a poor country, where capital was not available in its ordinary form, such as coin, or tangible and readily convertible securities. The idea at the basis of a cash credit account is this; a trader or a manufacturer has insufficient capital for the profitable conduct of his business; he has friends willing to help him temporarily; they are not required to give this help in the form of coin, or a check, nor are they asked to pay with their securities; they give him the use of their names; they become responsible along with him to the bank for an agreed upon amount; they sign along with him a cash credit bond. As soon as the bond is executed and returned to the bank, the trader or manufacturer or other person who is to have the benefit of the cash credit is entitled to cash checks on the account up to, but not exceeding, the amount stated in the bond. He gets the money from the bank just as he needs it; he is not obliged to take the full amount as a loan and to pay interest on the full amount. It is not a loan, it is an operative account, bearing interest from day to day on the amount drawn from the bank. It is simply an ordinary deposit account reversed; the bank has become the creditor, not the debtor. The customer instead of receiving interest on the daily balance at his credit, pays interest on the daily balance at his debit. And, inasmuch as it is not what is called an overdrawn account, but a *secured account*, the borrower gets the benefit of a reduced rate of interest. This system of lending money to the manufacturing and trading communities was found to work so well it was adopted by all the banks. Their balance sheets showed that their loans upon cash credit bonds formed a large part of their business. No one will deny that the industries of the country would develop by these cash credit arrangements. It needed capital to sink its coal pits, to build its factories and its furnaces, to finance its imports and its exports, to build ships; in a word, to create and develop industries which are now the source of the country's wealth. "Cash credits are applicable to a class of transactions totally different from those which give rise to bills of exchange; one difference being that bills of exchange arise out of the transfer of commodities and are payable in one sum at a fixed date, while cash credits are not issued on the transfer of commodities, or on any previous transactions, and are not repayable in one sum at a fixed date, but are a continuous working account."

There is no doubt that in Scotland the old cash credit account, guaranteed by two or more good names, is not so extensively used now as formerly. It has been to some extent superseded by other forms of credit. And this characteristic feature of our system of banking has also been adopted, in modified forms, by English bankers. I am not aware that it has been adopted, *pure and simple*, by any English bank. The result of my inquiry rather tends to show that in England there are stipulations and conditions and annual charges attached to personally guaranteed accounts, which are wholly unknown in Scotland.

The chief characteristic features of Scotch banking then, are (1) its right of issue, (2) its branch system, made possible by the one pound note, and (3) its mode of making advances on what is known as the Cash Credit account. Owing to there being only ten banks in Scot-

land, they have another distinctive and very important feature; they have a fixed tariff of charges for interest, discount and commission. They agree among themselves to charge uniform rates, which vary with the Bank of England official rate. This the English banks (or American National Banks) from their very number could never do. There are many minor differences between English and Scotch banking.

There are 1136 branch banks in Scotland, for a population of $4\frac{1}{2}$ millions—that is, a bank office established for every 4000 of the population. In England it is a bank for every 7300 of the population. A quarter of a century ago the difference was much greater. The Scotch banks and their many branches are all managed from ten head offices. This has made it possible for them to act together and conduct their general business on similar lines throughout the *whole of Scotland*. The knowledge circulated among the banks by mutual co-operation has been of great value, in checking undue speculation and the discount of fictitious bills.

In Scotch banking there is no special feature, so far as the discounting of bills is concerned, or the granting of advances against security, or the giving of unsecured overdrafts.

It may be well to explain how we provide against a sudden and unexpected withdrawal of deposits, or extraordinary presentation in time of panic of our note issue; in short, a run on the bank. First of all, there are the gold sovereigns in the bank's own safes, which may amount to \$5,000,000, held against the notes in question, but not legally hypothecated. Secondly, the Scotch banks all keep large balances at the Bank of England, and with other London bankers. Thirdly, they lend large amounts to London bill brokers, at call, or at three or four days' notice, and in security of these loans they hold batches of bank bills duly indorsed, or a mixture of bank and trade bills, the latter being *approved*; or, in other

words, the best paper of its kind. Fourthly, the banks lend large sums also to London stock brokers from account to account—that is, for periods of fourteen days—and in security there are held stocks and shares duly transferred to the banks, and greater in value than the amount of the loans.

In addition to these four lines of defense, all the banks have large holdings of British Government and other gilt-edged and immediately realizable securities, realizable on the London market on a day's notice. It may probably be taken as approximately correct to say that the Scotch banks have about 50 per cent. of their whole liabilities covered by the five lines of defense just mentioned. The other half of their deposits, capital and reserve funds, is lent out on bills discounted, cash credits, overdrafts with or without security and loans to customers on Stock Exchange or other securities.

We have seen that the Scotch banks have done much for the development of the industries of the country. They have also done well for their shareholders. Their paid-up capital in 1904 was \$9,302,000; their surplus reserve funds \$8,021,000—that is, 86 per cent. of their capital. After deduction of 4 per cent. interest on capital and reserves, the banks earned a further profit of fully 10 per cent. on their capital, or about 18s. 7d. per cent. on their deposits. In the matter of market values, too, the shares stand relatively high; those of the Scotch banks last year stood, overhead, at 234 per cent., as against English joint stock banks 222 per cent. and Irish banks 196 per cent.

During the last half century there were two bank failures, the Western Bank of Scotland in 1857 and the City of Glasgow Bank in 1878, both owing to reckless departures from the recognized rules of banking. The shareholders suffered very seriously, but the depositors and holders of notes were paid in full.

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Our Commerce.

By HARVEY D. GOULDER, of Goulder, Holding & Masten, Cleveland.

Transportation, its availability on equal terms to every one, its extension by every legitimate means, is one of the great questions. It would be idle to raise wheat or corn or cotton or to mine iron ore and copper, raise cattle or bring forth any of the products of the forest, the farm or the factory, without that exchange which depends primarily, almost absolutely, on transportation. Broadly speaking, commerce is transportation. Within our own country we are solving, and there are signs that as a people we are going on to solve honestly, courageously and for abiding good, those problems of transportation which grow more difficult, require more earnest attention, demand greater courage, as we advance from crude, elemental conditions. We in the Great Lakes region boast cheapest transportation in ships, which bear comparison with any in the world, with credit of being the finest working fleet afloat, and this beyond fair argument has come through direct Government support of the coasting laws and money to so improve our channels that a modern freighter carries in a trip what her prototype carries in an eight months' season of navigation. But this is not all. Our ship is aided by terminal facilities to load her ten or twelve thousand tons in a couple of hours and unload it within five hours, or, speaking of ordinary practice, to load in a few hours and discharge within a day. So has come an output of thirty-five million tons of iron ore, eighty to eighty-five per cent. in the production of the pig iron of the country this year, which will exceed that of England, France and Germany combined; but with this has gone the opening of the great harvest fields, which in thirty-five years, with advantage of freight rates, increased their lake shipment from twelve and one-half to over three hundred million bushels, with corresponding movement of coal and other products. But transportation, commerce, intercommunication, collocation of business have made it so that there can be no partial, local thrift.

While we do these things on the Lakes, the South produces and manufactures from cotton; timber grows throughout the country; wheat in the Northwest is matched by corn in the Southwest; manufactures extend through the land. Our interests so intermingle that even the question of tariff may hardly in any sense now be local in effect; everything bearing on the commercial life of this people is so coming to be of general consequence that a man may no longer expect to be heard with patience on the merits, wants or demands of any section without full regard to its general effect. He is narrow indeed who cannot look out over our common heritage and realize that there could be no such prosperity, none of the good things doing in any part, except the people of a common country, following out their particular opportunities, are doing well.

Great results are seen on other internal waterways to which attention of the people will be directed until equal, or even greater, benefit may be shown. Our railroads, hauling freight at less than half the cost of any other country, are improving their service by reducing grades and, so far as possible, taking out the crookedness of the tracks, and the American people are going forward in determined spirit with President Roosevelt and the Congress to remove, so far as possible, any other crookedness.

We have a home market in which figures go almost beyond understanding, but it is no longer possible to stop at the confines of our own country. While in the beginning we imported manufactured goods and sent out rudimental products, more and more we are using raw

materials in manufacture; thirty-five per cent. of our population is urban, and it is an open prediction that in a few years the United States will not produce food stuffs beyond the needs of our own people; while steadily our more distinctly world-competitive manufactures are increasing in the export list.

We have pacified Cuba; Secretary Taft believes that the Philippines must be a charge for a generation; we are starting to build a world canal at the Isthmus; our President, with general acclaim, has been drawn into the settlement of one of the great wars of history and therein reflected honor and glory upon the nation. We have a great and growing navy, for which the nation can afford to furnish money almost without stint, but are embarrassed in finding officers and men, because while ships can be built to order as money is available, sailors require time in their training. We have come to be a truly great nation, ready, able and, withal, willing, to take first place in the world markets, but deserving and requiring, from a purely economic standpoint, an efficient system of delivering our goods abroad; and yet we remain dependent on rivals in trade to carry our world-competitive goods abroad for introduction and sale, while the overwhelming testimony of business men all over the United States is that this is poor trade policy; that our trade is seriously handicapped, and many producers have abandoned the foreign field because of unreliable and unsatisfactory service and discouragement of American goods.

That satisfactory service will or can come without some form of Government aid cannot longer be claimed with any show of fairness. According to official figures, the carrying capacity of ships in the world between 1890 and 1904 increased from under forty-four million to seventy-six and one-half million tons. In this interim England increased from twenty-four to thirty-eight and a half millions; Germany from three and a third to nearly seven and two-thirds millions; France from two and a quarter to three millions; Norway from two to three and a third millions; Japan from one hundred and fifty thousand to eight hundred and thirty thousand tons. Statistics before me give tonnage in Custom House measurement for the United States, which may be a little more than doubled to get actual carrying capacity. These show that we had (Custom House measurement), in 1861, two and a half millions in foreign trade, which had run down in 1890 to a million tons, and in 1904 to eight hundred and eighty-eight thousand tons. Despite any argument to the contrary, the other countries, aside from the facts of cheaper construction and operation through cheaper labor, have given definite aid in their foreign shipping, and it is incorrect to say that this has been confined to mere mail carriage.

On the other hand, our coasting enrolled tonnage, which has had the support of the coasting laws, has increased from three and a third millions in 1890 to five and a third millions in 1904. To this may be added that of the Great Lakes, where increase of size and draft has been made possible by Government improvement of channels, and the tonnage (Custom House measurement) increased from one million tons in 1890 to two million tons in 1894, and there are now building and under contract for this trade more and better ships than ever before in the United States for any trade. And there is not, and for months has not been a single ship of any size or description building in the United States for foreign trade, where the American people pay nearly two hundred million dollars annual freights against a quarter of that sum on the Great Lakes.

We are so abjectly dependent on foreign rivals in trade that our flag has almost disappeared and is disappearing from the ocean. Only through apathy of our people, unmatched and not rivaled in world history, nourished and lulled into soft acquiescence by specious argument of our opponents in the shipping interest, can it be that, when the United States shall have spent a possible five hundred millions for a commercial canal across the Isthmus, our flag shall go through that canal only on an occasional man-of-war or millionaire's yacht.

Our League opposes this condition and any argument, thoughtless or intentional, tending to such consummation.

In wars between maritime powers an important duty of the navy has been to convoy merchant ships. If we let things go on as they are we certainly will not have enough merchant ships to go around for this purpose.

The fact is that our foreign marine has been strangled nearly out of existence. There are those who in apparent sincerity say that the carrying of a nation's goods and the building up of its merchant marine are matters of price simply, and that it is better to get the work done at the cheapest rate, taking our chances in time of need upon our ability to pay any price exacted. And these advocates point also to the fact that already American capital has been invested and the avenue of investment is open in foreign ships to be operated under a foreign flag with foreign officers and men. This may redound to the advantage of some who have the money to invest, but it is destructive of the entire theory that our Government exists for the whole people. While opponents of an American merchant marine are saying this we see each year that we pay over to foreigners about \$180,000,000 in freights, of which a good share should be circulated in this country, as are the freights paid in the internal land and marine commerce of the United States. Passing through the builder, the operator, the repairer, the furnisher of ships and all the allied branches of industry and their employes, it should go into the commercial strength of the nation, and the ultimate argument of our opponents is that this cannot or should not be done because that involves conditions and wages of American citizens, which are better than those abroad. Even in this they ignore the fact and reasonable hope that with American wages and conditions of living, shown in internal transportation on land and water, we have the cheapest transportation in the world, and may with fair encouragement and a proper start do this again on the seas and so lay forever the ghost of "subsidy."

Humiliating as it is to our national pride, opposing all commercial history, costly as the experience has proven of dependence on the foreign rival for transportation and introduction of our products abroad, there might still remain some shred of argument based on cheapness at expense of progress in trade if the question could with semblance of propriety be permitted to revolve round and turn upon this simple minor element in a complex problem.

This country has not only to admit that, following consistently a system of protection in trade, it has neglected the shipping industry, which should have prospered with the rest of our interests and has been prevented by discrimination, however induced, but that this has been done against the example of free trade nations, who uniformly have selected the shipping interests, for reasons of far-reaching national importance, as the one single interest to be maintained and encouraged at any proper cost by that country which can have a merchant marine and would keep its place on the seas.

Adam Smith in his "Wealth of Nations," said:

"There seems to be, however, two cases in which it will generally be advantageous to lay some burden upon foreign, for the encouragement of domestic, industry. The first is when some particular industry is necessary for the defense of the country. The defense of Great Britain, for example, depends very much upon the number of its sailors and shipping. The act of navigation therefore very properly endeavors to give the sailors and shipping

of Great Britain the monopoly of the trade of their own country, in some cases by absolute prohibitions, and in others by heavy burdens upon the shipping of foreign countries."

John Stuart Mill, another world renowned writer on free trade and economics, says:

"The Navigation Laws were grounded in theory and profession on the necessity of keeping up a 'nursery of seamen' for the navy. On this last subject I at once admit that the object is worth the sacrifice, and that a country exposed to invasion by sea if it cannot otherwise have sufficient ships and sailors of its own to secure the means of manning on an emergency an adequate fleet, is quite right in obtaining those means, even at an economical sacrifice in point of cheapness of transport. When the English Navigation Laws were enacted the Dutch, from their maritime skill and their low rate of profit at home, were able to carry for other nations, England included, at cheaper rates than those nations could carry for themselves, which placed all other countries at a great comparative disadvantage in obtaining experienced seamen for their ships of war. The Navigation Laws by which this deficiency was remedied, and at the same time a blow struck against the maritime power of a nation with which England was then frequently engaged in hostilities, were probably, though economically disadvantageous, politically expedient."

In 1890 there was what the *North American Review* described as a duel between Mr. Gladstone and Mr. Blaine, one for free trade, the other for protection. On page 49 of the January number of that magazine Mr. Blaine uses this language, and I may be pardoned for quoting at some length:

"Mr. Gladstone, however, commits himself to the principle that 'all protection is morally bad.' If this has been his belief ever since he became an advocate of free trade his conscience must have received many and severe wounds, as session after session while Chancellor of the Exchequer he carried through Parliament a bounty—may I not say a direct protection?—of one hundred and eighty thousand pounds sterling to a line of steamers running between England and the United States, a protection that began six years before free trade was proclaimed in England manufactures and continued nearly twenty years after. In the whole period of twenty-five years an aggregate of many millions of dollars was paid out to protect the English line against all competition.

"It may be argued that this sum was paid for carrying the Anglo-American mails, but that argument will not avail a free trader, because steamers of other nationalities stood ready to carry the mails at a far cheaper rate. Nay, a few years ago, possibly when Mr. Gladstone was Premier of England, public bids were asked to carry the Anglo-Indian mails. A French line offered a lower amount than any English line, but the English Government disregarded the French bid and gave the contract to the Peninsular & Oriental Line, owned by a well-known English company. Still later, the German Lloyd Company contracted to carry the Anglo-American mails cheaper than any English line offered and the Germany company actually began to perform the duty, but Englishmen did not want that kind of free trade and they broke the contract with the German Line, and again gave protection to the English ships. Does not this justify the opinion that the English policy of free trade is urged where England can hold the fields against rivals, and that when competition leaves her behind she repudiates free trade and substitutes the most pronounced form of protection?"

I have it from the management of the "North American Review" that Mr. Gladstone never in any manner answered the challenge, but the English nation has responded in the contract provisions for the new Cunard steamers. When metal ship building came in vogue and the United Kingdom could produce more cheaply than elsewhere the free ship policy was adopted in that country. Germany has been going forward in ship build-

ing and operation in a wonderful degree, and it has come to be a question, with the balance somewhat favoring Germany, whether it is cheaper to build the so-called ocean greyhound in Germany or in England. When the British Government, therefore, two years ago entered into a contract with the Cunard Line to furnish thirteen millions of dollars to build two ships and give a subsidy of over a million dollars a year for their operation, the British Government, for the first time in fifty years, stipulated that those ships should be built in the United Kingdom.

An English writer, a member of Parliament, Mr. J. Henniker Heaton, speaking of the British practice, said:

"For many years the American mails (as well as American goods) were carried to Europe almost exclusively in British vessels. Early in the century the British Government adopted the sagacious policy of subsidizing the shipping companies which ran vessels to the colonies and the foreign countries. Infant settlements like those at Port Jackson and Sydney or the Cape could not, of course, supply trade enough to make the voyages remunerative, and now that such settlements have shot up into rich and powerful colonies the subsidies are continued on a more lavish scale on two conditions: First, that the subsidized vessels be constructed so as to be easily converted into cruisers in case of war; second, that they shall carry the mails. This policy of state aid was so brilliantly successful in developing trade and maintaining the supremacy of the British mercantile marine that it was adopted in turn by all the great powers, with the single exception, until quite recently, of the United States. As American ships were not subsidized their vessels could not compete with the Cunard and other companies, the art of shipbuilding languished and the American carrying trade was transferred to foreign bottoms. In 1891 only 13 per cent. of the exports from the United States was carried in American ships, which at one time had engrossed 90 per cent. As a consequence of refusing five millions a year in subsidies during thirty years to native ship owners, or \$150,000,000, the United States had to pay in the same period no less than \$3,000,000,000 for freights, while their mercantile marine dwindled into insignificance. The fact that the country bore this heavy drain upon its earnings so long without feeling it—as if it had been a flea-bite—affords the highest possible proof of its amazing vitality and vigor. At the same time, one is puzzled to understand why the proverbial shrewdness of the American, unfailingly exhibited in his private affairs, was missing for more than a generation in this important section of national business."

Captain Wilmot, of the Royal Navy, writing in 1892, said:

"When we passed from the old irregular method of manning the fleet and adopted the continuous service system (under which seamen enter for ten years, with the option of continuing at its expiration for a further similar period, followed by a pension), coupled with the entry and training of boys, a complete revolution was effected in this portion of the naval service. The delays of manning in peace time disappeared, and all uncertainty in the matter, when hostilities are apprehended, is removed. For a reserve in time of war we rely on 20,000 merchant seamen (now 30,000), who, though they have never served on board a man of war, are annually drilled to guns and small arms at various depots round the coast. How far the comparatively small number of highly trained seamen we maintain together with this somewhat uncertain reserve would supply the requirements of a protracted maritime war it is difficult to say. The waste, from many causes, would be very great if the struggle were severe, but seeing the number of men this country possesses who are, or have been, connected in some way with the sea, and who would be of great assistance when acting with trained seamen, I do not think that in this respect our resources will prove inadequate."

Without stopping to give the expression of American

Presidents and publicists, may I not reproduce the language of an official report of Thomas Jefferson over one hundred years ago, which has lost none of its force:

"Our navigation involves still higher considerations. As a branch of industry it is valuable, but as a resource of defense essential.

"Its value as a branch of industry is enhanced by the attendance of so many other branches on it. In times of general peace it multiplies competitors for employment in transportation, and so keeps that at its proper level; and in times of war—that is to say, when those nations who may be our principal carriers shall be at war with each other—if we have not within ourselves the means of transportation, our produce must be exported in belligerent vessels, at the increased expense of war freight and insurance, and the articles which will not bear that must perish on our hands.

"But it is as a resource of defense that our navigation will admit neither neglect nor forbearance. The position and circumstances of the United States leave them nothing to fear on their land board, and nothing to desire beyond their present rights. But on their seaboard they are open to injury, and they have there, too, a commerce which must be protected. This can only be done by possessing a respectable body of citizen seamen, and of artisans and establishment in readiness for shipbuilding."

A recent consular report gives account of changes in British and German tonnage in the past twenty years, and this succinctly is the record of British companies; One increased from 174,000 to 446,000 gross registered tonnage; another from 58,000 to 388,000; another from 175,000 to 326,000; another increased seven-fold to 312,000 tons; another from 96,000 to 298,000; another from 53,000 to 261,000; another from 51,000 to 254,000; another from 68,000 to 203,000. For the Germans, one line increased from 60,000 to 719,000, and another from 103,000 to 573,000.

From the general experience it may be taken that a foreign merchant marine is an essential element in the rounding out of the affairs of a nation which has a sea-coast and the possibilities of foreign trade. We have a greater navigable seacoast than any other country in the world, and the greatest foreign trade of any country, and a growing necessity for introducing our world-competitive products. We have the humiliating spectacle that while in foreign bottoms we import more products from South America than they sell elsewhere, we have no adequate means of shipping to them the things which we have to sell and should sell in exchange. To the best customer in South America we have to send by way of Europe, and when any of us visit South America convenience requires that we go to Europe and from there to our near neighbor. Let us leave those gentlemen who are either content with this condition of things or think they will remedy themselves in some undefined way.

Now, as to the remedy. It must be understood that in our League there is absolutely no interest in favor of any particular remedy; that our purpose is the finding of a remedy and the best one. So, therefore, we are ready and willing and desire to approach this question of remedy without predilection in favor of particular means, without fear of words or definitions. Many people in this great country shiver and would have the nation hesitate and stutter over the word subsidy. We have gone through a lot of definitions since the Constitution was adopted, and it must, out of the reason of the thing, come to be a mere weakness for any man to say or write that he is opposed to subsidy *per se*. Among the remedies that have been suggested, and perhaps including all, are Free materials for shipbuilding, Free ships, Discriminating duties and Direct aid.

There are afloat in the country to-day those who say that our problem would be solved if the materials for building ships for foreign trade were admitted free and point to ship plate being sold for delivery abroad cheaper than at home, and who invoke the aid of tariff reform without appreciating that for some fifteen years all ma-

terial for building, furnishing and repairing any ship for the trade has been entirely free of any duty. This plan has been thoroughly tried and is exploded. Free ships, the right of going abroad and purchasing a ship wherever it might be built cheapest, does not seem to promise anything. Until foreign countries shall raise their wages and conditions of living or we shall, by some general process, reduce ours it must be that wages and cost of operation of American ships, regardless of the percentage of Americans to be employed, shall be greater. If we can purchase ships abroad cheaper than in this country it is only so far as the labor in their construction costs less abroad. Here let it be said that by reason of the stifling of coast shipbuilding in this country shipyards are not able to standardize and so put into vogue those practices which in other lines of work have enabled us in this country to pay higher wages with better conditions and yet produce more cheaply, as our railroads under our conditions carry freight more cheaply than abroad. There seems no warrant in experience, analogy or acceptable argument for asserting that free ships would solve the problem. But by reason of the assertion the Congressional Commission made special inquiry upon this subject, and the universal testimony of men interested directly in shipping and the operation of ships was against, and overwhelmingly against, the proposition that this could afford relief. Discriminating duties in the beginning of this country doubtless aided very much at a time when we were an importing nation, exporting only food stuffs and raw materials which other countries required to have. Now we have gotten into a position and condition where practically half of all that comes into this country is on the free list. There is no export duty. And when we come to consider South and Central America, our nearest neighbors, barely ten per cent. of what comes to us now in foreign ships pays any duty. To you, who in dealing with general questions of business appreciate the absolute necessity of correct detail, I put the question: How would the plan of discriminating duties work out? In the first place, consider that anything shipped out of this country does not have any duty about it and the plan could not be applied there. In the next place, consider that two ships might load at a foreign port, one largely with dutiable goods, the other largely with goods free of duty; how would it be worked out in such a case? Not to detain you too far with detail, take the further case that in respect of goods which are dutiable one ship hauls 15,000 miles and another ship 1,500 miles; how is this to be worked out? I lay aside the political question of disturbing thirty-two working commercial treaties and ask you gentlemen when you go home to take up the question of discriminating duties as a purely business problem, and see if with no duties on exports, with 90 per cent. of our goods coming in free from South and Central America, half our goods from all over the world coming in free, with the duties laid precisely the same regardless of the distance traveled by the ship, how a system of discriminating duties could be devised which would be workable.

Our League has been in existence nearly a year. It was not formed to support the action of the Congressional Commission. In its first statement, made in advance of any report, we expressly reserved the right to criticize

anything which might be put forward by that Commission. But we find ourselves really in the condition of mind of the majority of the Commission, with perhaps a little more freedom of expression. That Commission went all about the United States, invited expression from every one willing to come before them, sifted it all and reached the conclusion unanimously that we need a merchant marine possibly less for the purpose of introducing trade abroad, important as that is, than for general safety of the country in having a fleet of our own to carry our goods independent of foreign complications, reliable for the continuance of our trade under suitable naval protection in case we might be involved in war and furnishing those adjuncts of the navy which every nation in the history of the world has found to justify all the other expense of a navy, that is to say, auxiliary ships and a sufficient resource for seamen when the test should come.

Time does not permit my going into the details of the bill proposed by the Commission. Your Congressman can furnish you with a copy or you can obtain it otherwise readily. Suffice it to say that the Commission, apparently regardful of the hobgoblin of subsidy, have provided for only a few lines and these only to South America and to the Orient. But they have heeded the cry which went over this country when other projects were before Congress, that what we most need is the delivery wagon style of ship, and provided a general subsidy, and I use the word "subsidy" because it is the familiar term and we should not fear definition but hold to substance.

The question of expense is of greatest importance, but most important as related to probable results. This country is now paying for rural free delivery thirteen millions a year, and for city free delivery twenty-one millions a year. This is for convenience of the people. A fraction of that sum would solve the problem of our foreign marine and supply a conceded necessity. Putting it another way, the price of a single battleship for the navy would more than meet the expense of a thorough experiment in rehabilitating our foreign merchant marine. Compared with the expenses which we are approving in connection with the Philippines, for our navy and army establishments and in the building of the world canal, the cost of a thorough test might be described as a "drop in the bucket."

I wish I might detain you with a discussion of the bill and of every feature of the bill. I would be glad if some one could present a better bill, but the sole point has been to lay this matter before this National body in the hope that you will go home thinking of the subject, believing that it is one of the most important subjects before the American people, and that you, through your large influence upon affairs in your homes, will be willing to aid in bringing the subject forward to help speed that day when our American trade shall go abroad under our Flag, peaceful emblem of excellence, of honesty, of fair dealing in trade and of manful, considerate power when needed, and all in the spirit of the toast,

The union of lakes, rivers and lands.
The union of States none can sever;
The union of hearts, the union of hands,
And the Flag of our Union forever.

Elements of Strength and of Weakness in the Situation.

By FRANK A. VANDERLIP, Vice-President National City Bank, New York City.

With almost unmixed satisfaction the members of the American Bankers' Association may contemplate the progress of financial events during the year which has elapsed since their last meeting. Little short of bewildering is the array of statistics which could be presented to demonstrate the rapid growth, sound development and satisfactory progress made in the commercial, financial and industrial fields. It is safe to assert that never before was our population so fully employed. Never before was the general level of wages so high, never before has the aggregate volume of industry been as great as it is to-day, never was the future of industrial activity so fully assured by advance orders. Never was the measure of commercial activity so large, and never before did such bountiful harvests meet such eager markets.

The total value of the agricultural crop of the United States will this year exceed by \$500,000,000 the average value of that crop during the last ten years. The money value on the farms of this season's crop will reach the staggering total of \$3,000,000,000. You of the West and South are close to the true meaning of these figures. To Eastern bankers such statistics are merely figures. Their aggregate is so vast that it is difficult to comprehend their true import. You who are closer to the fields, the granaries and the cotton presses, you who with your own eyes see the direct results of this flood of wealth, are more competent to comprehend its significance.

Under the influence of harvests less bountiful than this, following one another with providential regularity, in the last half dozen years, you have seen whole communities change in character. People whose only acquaintance with finance was their knowledge of mortgage payments made to absent creditors have been converted into commonwealths with surplus capital and investment capacity.

The whole great Mississippi Valley gives promise that at some day, distant perhaps, it will be another New England for investments. There is a developing bond market there which is of constant astonishment to Eastern dealers. You have seen the farmer in these half dozen years discover the uses of a bank account, deposit his income, pay off his mortgage, accumulate a surplus and actually become an investor in corporate securities. You have seen that sort of thing multiplied and repeated until the aggregate wealth of the Western and Southern States has become astounding, even to you who have taken an active part in its growth.

Now on top of these succeeding years of good harvests, good prices, intelligent liquidation of debts and thrifty accumulation of surplus comes the unprecedented figures of the value of this season's crop yield. Surely America is a country blessed.

The feature of agricultural life in these recent years has been great income, diminishing liabilities and the provision of ample working capital, with all the economies and advantages which ample working capital provides. These conditions have worked marvels in the way of prosperity for the agricultural communities. But prosperity is not confined to the farms. These same influences, large income, diminishing liabilities, and the provision of ample working capital, have been factors in the industrial field as well; we can find as great prosperity under shop roofs as in the fields. The days when industrial competition commonly reached a point of destructive severity are largely past. The days when narrowness of outlook and lack of co-ordination led to the wasteful duplication of plants and a vast unproductive expenditure of capital have given way to more intelli-

gent management. That destructive competition, that duplication of unproductive expenditure, led with unerring economic force to the industrial combinations which marked the last years of the century recently closed. The forces which led to these combinations were so irresistible that some industries were swept together under hastily considered plans. Combinations were made that were properly open to criticism. Heterogeneous elements were united in ways that meant inevitable friction. Diverse interests were brought together but could not in a day be harmonized. For a time there was doubt as to whether or not true wisdom had been shown by the men who formed these great industrial combinations.

Evidence has now accumulated, I believe, to warrant an answer to that question. We anticipated economies when these combinations were made, but we are only just beginning to understand something of the full advantage which may result from the national organization of certain industries. It took a little time to get these organizations running smoothly. It was not easy to find men with the broad economic insight which the management of such great enterprises required. When a nation meets a crisis men seem to be raised up ready for the tasks. When this country faced war we produced great military generals. To-day, when the crisis in the management of vast industrial combinations is upon us, we are producing great captains of industry. These managers are not all great administrators any more than the war officers were all great administrators, but I believe the world has never seen the parallel of the business genius which is coming into the work of organizing some of these great industrial combinations. Economies are being brought about that were not conceived of when these organizations were formed. The co-ordination of a whole field of industry, the organization and distribution of plants so that the industry is working under the least possible disadvantage in respect to transportation charges, the combination into such aggregates that expenditures may be made to effect small savings, or in introducing mechanical aids which would be impossible in small plants, but which on a large scale effect remarkable economies—all these developments are answering the question as to the wisdom of these combinations. The results are beginning to appear in the income accounts and balance sheets. The improvement there foreshadowed is, I believe, but an indication of what may yet come.

With the aid of a wealth of raw material and a genius for mechanical manipulation we developed a few years ago a capacity for industrial competition which startled the world. England, whose supremacy had been of such long standing that she rested in serene assurance, was crowded out of some of the international competitive markets. She was crowded to second place by America and then to third place by Germany. Our exports of manufactures doubled and doubled again and we had to be reckoned with in every international market.

Then came a halt. Europe awoke to the situation. She bought samples of our tools and duplicated them. She sent an army of investigators to study our methods. She arrested us in our commercial conquest. That halt is proving to have been only temporary. Again we are showing unexampled totals in our exports of manufactures. The present figures are substantially exceeding the totals which we made at the time Europe coined the phrase, "a commercial invasion." The reason for this

late improvement, this regaining of ground temporarily lost, this making of new records, lies in the perfection of industrial organization which has been made possible by the great combinations. I believe we are just started on a new "commercial invasion." We have the cheapest raw material, the most efficient labor, a pre-eminent ability in the adoption of mechanical aids, and all that is combined with what I believe to be transcendent genius for economic organization. The combination of these forces will, I conceive, be well nigh irresistible. The logic of this combination spells for us an unexampled development of foreign trade. All we need is intelligently to foster the possibilities. I am not giving rein to imagination. The cold figures of Government statistics show the beginning of this new industrial conquest. Comparisons of manufacturers' cost sheets reveal the possibilities of future successes. Our own homogeneous domestic market, as great as that of half of Europe, contrasts strikingly with the tariff-hampered field of European manufacturers. Our foreign competitors meet at every turn the obstacles of customs restrictions, of racial differences and national jealousies. This great homogeneous market of ours makes a solid foundation upon which our industries can stand while they reach out successfully into competitive fields.

The conquest of foreign markets will not be an easy one, however. We are likely to meet with defeat and failure at some points, caused by our failure to give proper attention to the business—and there are many examples of that in the past—or caused by a combination of obstacles which we cannot overcome. Perhaps we may see an example of the latter situation in the Far East. It is by no means certain that Japan is to stand courteously at the open door of Oriental trade and permit us to enter. We have seen in China what a racial boycott can do in interfering with trade totals. Oriental trade is not something won, but something to be striven for and there will be difficulty, defeat, disappointment and discouragement. Nor is the trade of Europe to be ours for the asking. The obstacles of tariff walls grow higher with every meeting of Continental Parliaments. The ability to compete with us increases as our methods are better comprehended. Germany has gone so far ahead of us in the proper education of the industrial classes that we may lose at times from that cause alone.

I do not mean that advantage is to come to us through disaster to others. We have perhaps more than our just measure of prosperity, but there seems, at the moment, to be good measure throughout the world. The world has withstood the financial strain of a war which cost the combatant nations two billion dollars. It has withstood that strain so easily that one is led to inquire how it has been possible that such a disaster should have produced no more unfortunate results. I believe the answer to that should be looked for in a quarter to which our academic friends have been giving some attention, but which has not as yet come to excite very great interest among practical financiers. It is not alone to the raisers of grain that nature has been bountiful of late. The mines of the world have been yielding treasure as lavishly as have our fields. In every day of this year, nineteen hundred and five, work days and feast days, holidays and Sundays, there will be drawn from the ground a million dollars of new gold. And then when the total is finally cast up there will be a number of odd millions to spare above that average. The mines of the world will produce this year \$375,000,000 of gold. The final figures for the production of gold in 1904 have recently been made and they footed \$347,000,000. We may reasonably look forward in the near future to an annual average output of \$400,000,000 of new gold for at least a considerable number of years. When we remember that in 1885 the production of gold was but \$115,000,000 we begin to get a comprehensive view of the significance of this increase. When we remember further that the entire monetary stock of gold in the world is about \$5,700,000,000 we can calculate that the output from the

mines in the next fourteen years promises to equal a total as great as the present monetary stock of gold. These figures are startling. They perhaps suggest the possibility of a disturbance of values. It does not follow, of course, that with the production of \$400,000,000 of gold per annum the monetary stocks will be increased by that amount. The uses of gold in the domestic arts draw off at least \$75,000,000 a year, but that will leave over \$300,000,000 a year to add to the gold reserves. So eminent an economist as Le Roy Beaulieu has estimated that the monetary stocks of the world will be doubled in twenty-five years. In the light of recent statistics of the output of production I have no doubt that he would modify that estimate and incline to the view that the monetary stocks will be doubled in twenty years.

What is this to mean to the business situation? What is to be its influence upon prices? What effect will it have upon money rates? These are no longer academic questions. They are practical considerations which need to be taken into account by business men. The great increase in gold production which has been in progress since the close of the Boer War has, in my opinion, been a factor in the rapid recovery from the depression of three years ago. At that time, through financial excesses and indiscretions, we had been led into a dangerous position. In Europe also the chilling effect of the great destruction of capital occasioned by that war was everywhere manifest. This new gold production pouring itself into the bank reserves of the world has been an influence in bringing about the quick recovery from depression and in withstanding the shock of the further destruction of capital which the Russo-Japanese War entailed.

The classical economists, Ricardo, Adam Smith and Mill, evolved the quantity theory of money. They held that the prices of things would vary with the quantity of money in existence. If the money stock were doubled, prices would be doubled; if the money stock were halved, prices would be cut in two. That theory has been proved to be inadequate. There are many other interfering circumstances and modifying conditions. Nevertheless there is economic truth and force in it. It is within the intimate knowledge of all of us that if our bank reserves are increased we are moved to increase our loans. A pressure to increase loans tends to reduce interest rates. Lower interest rates enhance the price of incoming paying securities. I think every one will accept, subject to important modifying conditions, the statement that an increase in the monetary supply has a tendency to advance prices. There may be other influences that will counteract in the final result. There can be no doubt, however, that with every million dollars of gold added to the bank reserves of the world there is a disposition to increase credit lines. That increase in credit lines in turn has its influence on the side of advancing prices. As a practical matter, however, I do not believe we are facing any economic revolution as a result of this influx of gold. We must remember that the growth of business may keep pace or even run ahead of the substantial growth in the gold reserve, so that in spite of actual increase the relative percentage of gold reserves to credit demand would leave prices unchanged.

The subject is a fascinating one, but at the outset it must be admitted that it is not one for accurate calculation and definite conclusion. There are a few considerations, however, and some popular misapprehensions in regard to it concerning which it would be well to have clear thinking. For example, it is rather commonly said a great increase in the gold supply will bring us to a permanently lower interest basis. That is a misconception. It is true that the first effect of gold additions to a bank reserve will be to lower the interest rate. That effect, however, is temporary. When the money supply has reached a permanent level, no matter how great the increase in it has been, the interest rate, other things remaining unchanged, will find its regular level. Inter-

est is but a payment in kind. If the value of money depreciates the value of interest payment depreciates as well. We need look for no permanently lower interest basis as a result of an increase in the money stock, but while that increase is in progress the reserves are being constantly augmented and the tendency would be toward lower rates.

There is another consideration which we should have clearly in mind. Disregarding for the moment all other influences, we may lay down the principle that an increase in the supply of money will tend to advance the price of real property, but the price of an obligation repayable in money will not tend to advance. That is to say that real estate and all forms of property, including shares of corporate stock, which represent an ownership in real property, would advance, but bonds, which represent only the right to demand a payment in money, would not advance. All persons having a fixed income would find the purchasing power of that income reduced. The return from mortgages and bonds would have a reduced purchasing power. Persons receiving fixed salaries and wage earners generally would be at a disadvantage, for their incomes would not tend to increase as rapidly as the purchasing power of their wages decreased. Under such a set of circumstances there would be constant pressure from wage earners in order to increase their incomes so as to keep pace with the advanced cost of living. Is not that exactly what we have been seeing and are we not likely to see more of that same pressure to advance wages as the cost of living advances?

These are tendencies which would become sharply manifest if there were not counteracting influences opposing them. That there are sure to be such counteracting influences goes without saying. I recall a conversation which I once had with the great German financier, von Siemens, the creator of the Deutsche Bank. The balances of trade in our favor had been climbing up from \$400,000,000 to \$500,000,000 and then had gone well beyond \$600,000,000, and it looked as if we might drain Europe of her whole monetary stock if that sort of thing was to go on. I asked Herr von Siemens what was to be the outcome for Europe. He replied with a well known German phrase, "A tree never quite grows to heaven." Events soon proved that this tree of favorable trade balances could not quite grow to heaven, although for the moment it did look as though it were likely to. And so with this increased production of gold which gives promise of doubling the monetary stock of the world in the next score of years. We might expect, if the theories of the classical economists held good, that with a doubling of the gold stock would come a doubling of prices. We can, however, be very certain that the theory will not entirely hold good. There will be counteracting influences. While there will undoubtedly be a tendency to advance prices as a result of this influx of gold into the bank reserves of the world, I do not believe the gold production is likely to become a serious menace. I do not believe that it will so disturb those business relations that are based upon the terms of money as to cause any vital derangement of affairs.

What I do believe is that there is likely to follow just what followed in the two former periods of the world's history when there was an extraordinary production of gold added to the monetary stocks. One of these periods followed the discovery of America, when the treasures of Mexico and Peru were exploited. The other was in the years following the discovery of gold in California and Australia. In each case a mighty impulse was given to the exploitation of virgin fields of development. It seems to me not improbable that the next few years will witness the expansion of the field of commercial enterprise into new places. Countries that are commercially and industrially backward will yield to this new influence. It seems to me that one of the direct and important effects of this great production of gold will be to give an impulse to the development and indus-

trial exploitation of South America, Africa, Asia and Eastern Europe. At our own hand is South America on one side and China and Japan on the other. We are rapidly awakening to the commercial possibilities within these countries. If we are to have an influx of gold more than ample to sustain the credit operations for our domestic affairs, that fact will tend to lead our interests into these new fields of exploitation. Then, in turn, a wider use of credit which these new fields will develop and the increased reserves which that wider use of credit will make necessary will probably absorb the increasing gold stock in beneficent uses, preventing it from ever becoming a serious menace to business organization.

The outlook is surely bright. What can hurt us? What dangers are ahead? With bountiful harvests, with lavish mineral production, with increasing financial strength, with wonderfully improved industrial organization, with a sound banking position, and with an impulse already given to every form of commercial activity, what is there to fear in the future? Is it clear sailing? Can we make commitments without fear of the future? Is the whole outlook into a cloudless financial horizon? An optimist might be forgiven for thinking that it ought to be. We have a good many elements of a firm foundation under our feet, but again we might quote the German phrase, "A tree never quite grows to heaven." Sure as we are of many of the substantial foundation stones upon which to rear a structure of prosperity, we may be quite as sure that there are dangers lurking in the situation. Some may be avoided, others will not. Some it is possible to foresee, others we will fail to recognize until we see their evil effects. Among those which we know exist there comes first to mind our illogical and unscientific currency system. We know that this system may at any time breed us trouble. We know that there is not a European financier of broad intelligence who, looking dispassionately from without at this currency system of ours, does not feel that it has in it dynamic possibilities for trouble even if other conditions are favorable. Indeed it is when all other conditions are most favorable that the danger is the greatest. Now, in the very fullness of the prosperity that we have, there might be a pitfall for us in that quarter. A strain is on our currency system. With our usual good luck we may avoid disaster, but it is the sort of time, nevertheless, when we ought clearly to see that we have a system which might endanger our banking position and retard most seriously our commercial development. We know that we are threatened by great social disorders; that the edict of a labor leader might change a cloudless outlook into an uncertain one. We know there is a disregard of law in labor unions and in corporation officers alike which is threatening to our welfare. We can, at the moment, clearly see that however prosperous conditions may appear this prosperity might receive a severe check should a speculative fever begin to rage. Should a stock market speculation start from the present high level of prices in the face of the extraordinary demand for capital and money which crops and business alike are making the result might easily be temporary disaster.

I have been emphasizing some of the bright sides of the picture, but there are shadows. In a gathering like this Jeremiad songs are not pleasant, but there are some that might be sung which would not be out of harmony with true conditions. Never was there a better time to preach conservatism; never perhaps was it easier to be carried away by some of the obvious features of prosperity and to forget some of the dangers which in the end will be quite as potent in shaping the ultimate result. "A tree never quite grows to heaven." Although there may be many favorable features to the outlook, it is no time for prudence to be cast to the wind; no time for speculative commitments which would yield disaster if temporary reverses came; no time for laxness in any of the forms of business prudence and conservatism.

The Benefits of Membership in the American Bankers' Association.

By WALKER HILL, President Mechanics-American National Bank, St. Louis.

In considering the benefits of membership in the American Bankers' Association it is proper to inquire into the origin and purposes of the Association, its daily work and the character of its membership; and there is no more appropriate place to consider the origin and purposes of the American Bankers' Association than the city of Washington, the Federal Capital of the country, for one of the principal purposes had in view in organizing the Association in 1875 was to aid the Federal Government in resuming specie payments, and it is not claiming too much to say that the Association gave most valuable aid to the Government in putting its currency on a gold basis.

Thus at the very beginning of its career this Association set before itself a wise and patriotic purpose, and from that day to this it as a body and its members as individuals have given freely to the Government valuable assistance in carrying out every financial measure which the Government has undertaken. Indeed, the aid which the members of this Association has given to the authorities officially charged with the financial interests of the country has been not only frequent and valuable, but in many instances that assistance has been practically indispensable, for had not the Government's proposals met with the approval of the American Bankers' Association and most of its members those proposals would have been so discredited, both in this country and abroad, that they would have been incapable of execution. This Association, therefore, has not only an honorable origin, but it has ever since taken a creditable part in the financial problems of this country. Indeed, there are few, if any, other similar Associations that have rendered more continuous and valuable services to the Government. Think for a moment how much simpler and more successfully met would have been the problems of that greatest of Treasury Secretaries, Salmon P. Chase, if he could have called to his assistance an organization such as is the American Bankers' Association of to-day. The daily work of this Association is of practical benefit to its members, though it may be impossible to measure that value in dollars and cents. But that the services of the Association in detecting and capturing criminals who prey on banks, and thus deterring crimes against banks, is of substantial pecuniary benefit to the members of this Association must be admitted. Those members who are the victims of some crime and find the cost of running down and prosecuting the criminal borne by this Association have a keen appreciation, which *can* be measured in dollars and cents, of the value of the membership in this Association.

But that those members who are not thus made to realize the value of their membership are nevertheless directly benefited through their membership there can be no question. The report of the "Protective Committee" leaves no doubt of the fact that membership in the American Bankers' Association protects to some extent against the criminal classes.

There may be some members who find in the work of the "Protective Committee" the principal value of their membership; but not all are of this opinion. That the work of this committee may be, and often is, of very

great pecuniary value to individual members is a feature of membership in the Association that all appreciate, but I believe that most of the members feel that if this committee were abolished and the work that it does altogether abandoned by the Association there would still remain important work for it to do and a material advantage in its membership.

Our friends, the lawyers, do not maintain Bar Associations to protect themselves against wrongdoers, but to elevate the standards of their profession and compel its members to observe their obligations to clients and their duties to the courts. And so the members of the American Bankers' Association must not consider the sole advantage of membership in it to lie in such protection as it may afford against the criminal classes. The Standing Committees on "Uniform Laws," "Currency Legislation," "Bankers' Money Orders" and "Education," as well as the "Protective Committee," do work of pecuniary value to the members of the Association.

If the American Bankers' Association had not originated in a patriotic purpose and had no proud past and its day to day work were of no value membership in it would yet be a distinct and positive advantage, for it must be worth a great deal to any man engaged in important work requiring intelligence and broad views to be associated with his successful fellow-workers, for in work of the kind referred to—and banking is of that kind—there is much of importance that can only be learned by association with those of character and ability who are engaged in the same work. And I venture to say that there is no Association in this country of the same general character as the American Bankers' Association whose members stand higher in point of character and ability, and have a better knowledge of their business and the conditions which affect it favorably or unfavorably, or who are actuated by a more patriotic spirit when their work affects the public than the members of the American Bankers' Association. I am equally positive in declaring that mere membership in any body composed of such men must be a distinct, if not a measurable, benefit to each member, and each member of such an Association should realize that he is benefited and should cultivate a feeling of pride in his membership.

The work of the American banker is extending farther and farther every day, and becoming more and more of public importance as the railroads bring all parts of the country closer and closer together and our flag rises here and there in far-away countries, and each day the need of the American banker for a better knowledge of distant peoples and more accurate information as to their ways and commercial needs and the routes of commerce and its laws increases; and membership in the American Bankers' Association will afford a means by which many of these needs can be easily acquired, for its members include many who know most about these things and are doing successfully the banking business of this country. And to whom else could one turn with more likelihood of receiving valuable aid in these matters?

But although you may not feel the need of that protection which the American Bankers' Association undoubtedly affords its members, nor attain through it a broader and a better view of the commerce of the coun-

try, it should give you a proper pride of caste, for when you consider the origin of the Association, the honorable part in the history of our country which bankers have played and the number and character of the members who now compose this Association you may properly feel that banking as conducted in the United States is a creditable calling and worthily represented by the American Bankers' Association, and feeling this, who can

deny you the pride which such reflections justly bring?

For these reasons and because the honorable and important business of banking in the United States should continue to be fittingly represented among the commercial bodies of the world let us maintain the character and importance of the American Bankers' Association, as evidenced by its origin, its history and the character and number of its members.

CHARTERED 1810.

MECHANICS NATIONAL BANK

33 WALL STREET

CAPITAL, - \$3,000,000
SURPLUS, - 3,000,000

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Detailed Report of Proceedings.

THIRTY-FIRST ANNUAL CONVENTION, HELD IN WASHINGTON, OCTOBER 11th, 12th and 13th.

FIRST DAY'S PROCEEDINGS.

Wednesday, October 11, 1905.

New National Theatre.

The Convention was called to order by the President, E. F. Swinney, at 10 o'clock a.m.

Prayer by the Rev. Randolph H. McKim.

Almighty God, we invoke Thy presence and benediction in the exercises of this hour and upon the deliberations of this convention. It is meet and right, O Lord, that we should thank Thee for Thy abundant kindness and Thy gracious providence over us, Thy servants, and over all this people that we represent. Thou hast given us, O Lord, a land which is the glory of all lands, a land of abundance and of plenty, a land out of whose hills we have taken coal and iron and silver and gold, a land whose plains and valleys have poured into our laps the abundance of prosperity. Thou hast given us, O Lord, a great place among the nations of the earth. Thou hast given us liberty and justice and freedom and opportunity in this great land, and Thou hast set us on high among the peoples of the world to execute Thy trust and to do Thy will. Thou hast given us a ruler wise and brave and strong; through his instrumentality this nation has become the peacemaker among the nations of the world, saying to those who are at war one with another, "Sheath the sword and let there be peace and harmony." For all these Thy blessings, Almighty God, we praise and thank Thy holy name. May we never forget that all that we hath has been given us by Thee, and may we use Thy blessings and all these opportunities for the honor and glory of Thy name; and to our thanksgiving, Almighty God, we add the confession of our sin. Many of our people have set at nought Thy laws, they have broken Thy Sabbaths, they have despised Thy Word; righteousness has been in many places set aside, we have seen corruption in municipal life, corruption in commercial life, corruption in political life, corruption in business life; we have seen the rights of the widow and the orphan set aside, set at nought, trampled under foot. For these, our sins, Almighty God, we make our humble confession before Thee, and we supplicate Thy forgiving mercy and grace.

And now we ask for Thy blessing upon this people; may it be a wise and understanding people, recognizing its position and its part and its duty, and fulfilling the trust which Thou has committed unto it. May this great nation seek to understand Thy will and to remember that all its blessings come from Thy hand and all its mercies flow from Thy loving providence. And may it seek not only to be great and strong, but to be wise and humane and generous and gentle among the people of the world. We pray, Almighty God, that there may be high aims and noble endeavors among our people in all classes, in all ranks and all conditions of men. We pray that these people may be bound together not only by a common interest, but by a common noble aim which may lead them like a pillar of cloud by day, a pillar of fire by night, through the ages.

And now, O Lord, in particular we invoke Thy blessing upon this convention here assembled. Grant, we pray Thee, Almighty God, that it may recognize its responsibility, that it may realize its power, that it may see its opportunity, that it may be led on from one height of endeavor to another, ever setting before it the noblest, the highest and the purest aims. May it seek to be the protector of the poor and of the weak, of the widow and of the orphan. May its great power be exercised always for righteousness, for uprightness, for integrity and for the common weal. May its temples of business be also temples wherein righteousness and justice and kindness reign and rule supreme. May all of us, we beseech Thee, Almighty God, live according to Thy will; whether we eat or drink, whether we buy or sell, may we do all to the glory of God. May we serve God not only on Sunday, but on all the days of the week. May we recognize that the spirit of religion must be over all we do, in commercial life, in business life, as well as in our religious life. And so may this great body here assembled be a great power for righteousness, for good and for truth in this land. Grant these things we beseech Thee, Almighty God, and pour out upon us the spirit and wisdom and understanding that all things may be ordered and settled in this land upon the best and purest foundations, so that peace and happiness, truth and justice, religion and piety, may be established among us for all generations.

These things we ask in His name Who has taught us to pray and say, Our Father Who art in Heaven, hallowed be Thy name. Thy kingdom come Thy will be done on earth as it is in Heaven. Give us this day our daily bread, and forgive us our trespasses as we forgive those who trespass against us. And lead us not into temptation, but deliver us from evil, for Thine is the kingdom and the power and the glory forever and forever. Amen.

The President: The bankers of Washington City have been saying to us that they were glad to see us. They will now tell us how glad they are to see us through Mr. John Joy Edson, President of the Bankers' Association of the District of Columbia.

Address of Welcome by John Joy Edson, President Bankers' Association of the District of Columbia.

Mr. President and Members of the American Bankers' Association:

The American Bankers' Association has held thirty annual Conventions since its organization, and this is the first time the City of Washington has been selected as a place of meeting. You have generally selected financial, commercial and manufacturing centers, which, no doubt, have proven attractive and instructive as well as pleasurable.

We of Washington are extremely gratified that this year we have the pleasure of receiving and entertaining the members of the Association at the National Capital.

While you are the special guests of the Bankers' Association of the District of Columbia, the citizens of Washington all unite with us in extending to you an earnest and cordial welcome.

Although commerce and manufacturing will not appeal to you here, there are other features, not existing in other cities, that will attract your attention.

Washington has become a center of art, literature, schools and universities, including all the departments of science, and above all it is the seat of the Government of the greatest republic in the world. Students in the various educational institutions are furnished unsurpassed opportunities to study the science of government—legislative, executive, judicial and diplomatic. Their instructors are largely those holding high positions in all branches of the Government, which fact is a distinctive practical advantage. Moreover, students generally have an excellent opportunity of observing the organization and operation of the Government.

Washington also has become pre-eminently attractive as an ideal residential city. You will find much that is unique and instructive and in which you as citizens of this country have taken a personal interest and pride, not only in what already exists, but in what is further to be promoted, on national lines, as the best and most appropriate for the beauty and dignity of the Nation's Capital.

The Bankers' Association of the District of Columbia was organized June, 1901, and has a membership consisting of twelve National Banks, four Trust Companies, four Savings Banks and five private banking firms—in all numbering twenty-five. We have found the organization productive of great good, not only in banking methods and procedure but in individual association, and in the establishment of cordial intercourse between its members. While we are fair, straightforward rivals, we are all friends. By reason of this Association we entertain for each other a higher respect; we sympathize with each other in mishaps and glory in each other's progress and prosperity. We know that the success of each institution insures for all the highest confidence and the best attainable service for the community.

In 1861 the population of the District of Columbia was 75,000. By the police census taken in April of this year is shown an increase of 248,000 and a total population of 323,000.

The National Currency Act was passed in 1863. In 1866, immediately after the war, there were in this city five National Banks, with a capital of \$1,350,000, deposits of \$1,448,000 and surplus and undivided profits of \$259,000, with resources and liabilities of \$7,131,000. In September, 1905, this year, in the last reports called for by the Comptroller of the Currency, it is shown that we have twelve National Banks and four Trust Companies, with a total capital of \$11,027,000, individual deposits of \$40,000,000, surplus and undivided profits of \$6,500,000,

with resources and liabilities amounting to \$70,000,000. These figures do not include Savings and private Banks, which do not report to the Comptroller of the Currency, and which if taken into account would add to the sum of deposits several millions of dollars.

The first Trust Companies were organized in 1889. There are four now doing business in the District of Columbia. They are the only Trust Companies in the United States organized under the laws of Congress and which are placed under the supervision of the Comptroller of the Currency. Reports are called for not less than five times a year, and two annual examinations are made by Bank Examiners, the same as required for National Banks.

This relation to the National Government is of great advantage to the companies and to the public.

We believe that while a considerable portion of the increase in the volume of deposits is attributable to an increase of population, as shown by the last census, and to the growth of all branches of business, it is certain, from an analysis of the figures given, that it is due also to a large increase in the percentage of population which has acquired a knowledge of and confidence in banking sufficient at least to open accounts and do a checking business. The results attained by the American Bankers' Association have long since proved the wisdom of its foundation. The deliberation and adoption of measures that tend to the best banking methods and involve the highest principles of banking, and lessons learned from addresses and papers by members of the Association and others eminent in finance, have increased public confidence and accuracy in transacting business.

This year some of the subjects on the programme for discussion are "Practical Banking Questions," "The Examination of Banks," "Our Commerce," "The Currency Question," "The Scotch System of Banking," "Accounts Opened by Two Persons," "The Growth and Status of Trust Companies in the United States," "Relations Between Banks and Trust Companies" and "Trust Company Loans and Investments." These subjects illustrate the scope and character of the instructions given to the general public and particularly to those interested in the management of financial institutions.

The meeting of the members and the acquaintance formed at these annual conferences have been also a great factor in establishing and increasing confidence and good banking.

The last report made by the Comptroller shows that over one-sixth of the total individual deposits in National Banks in the United States, including Hawaii and Porto Rico, were held by banks in New York City, and that over one-fifth of total deposits and amounts due to banks and Trust Companies combined were also held in that city.

This statement, among other things which might be mentioned, clearly demonstrates that New York City is the financial center of the country. Its weekly statements of the condition of National Banks in New York is the financial barometer that is regularly looked for and carefully examined throughout the country. It is a good indicator of the general financial situation and a reliable guide.

I deem it also fair to say that there are no abler bankers or more patriotic citizens than the presidents of National Banks in New York.

While of late, unfortunately, wrongdoing has been discovered to some extent in Federal and to a startling degree in municipal affairs, and in corporations in some lines of business, *in banking* there has never been a period in our history, so far as I am aware, when fewer errors and less misconduct have been committed or more universal confidence prevailed. Of course this statement is made taking into full consideration the vast increase in the volume of banking business and in the greater number of men engaged as officers and employes in positions of absolute trust.

As a logical outcome of this favorable banking condition and of the good work of the American Bankers' Association, and the high estimate we place upon the integrity, ability and cautious action of our leading bankers, what twenty-five or forty years ago would inevitably impair confidence and cause a panic would to-day only create a ripple on the financial surface, with no serious consequences. Let us hope that no act of any man or set of men will be done to impair in the least degree this most desirable situation in the banking world.

In closing I wish to assure you, one and all, of the happiness it affords us to welcome you here and to contribute in every way in our power to your entertainment, comfort and pleasure. We hope that every moment may be enjoyable and that you may at the end of your visit have a safe return to your respective homes and share with us in future the pleasant memories of your brief sojourn as our guests in Washington.

The President: We will next have an address of welcome on behalf of the Board of Commissioners of the District of Columbia by its president, Hon. Henry D. McFarland.

Address of Welcome by Hon. Henry B. F. MacFarland, President of the Board of Commissioners of the District of Columbia.

The National Capital most heartily greets you. You are welcome personally and as the representatives of our leaders in material progress. Your indispensable and honorable service to our country, through its financial and commercial interests, entitles you to the hospitality of its political center.

Here at the home of the National Government, in sight of the Treasury Department, the heart of its financial system, you can fittingly survey the splendid record of the bankers in our history. Here it has been recorded in deeds as well as in words, which again and again have sustained the national life in struggles and crises. Here too, has been enacted the financial legislation under which you have done your work, and here is the headquarters of that supervision over the National Banks which has been of inestimable value to them as well as to the public. Here the great waves of financial heresy have broken against the rock of public credit which has been maintained, ever since it was set up by George Washington and Alexander Hamilton, by the best of our statesmen, and always with your support. What if it was self-interest which first prompted that support? Happy are those whose self-interest coincides with the interests of the Republic and whose self-service becomes patriotism. As yet no monument has been raised in the parks of Washington to the men who have saved the country by saving its honor, and the credit without which it could not have lived. Among the soldiers and sailors whose statues abound even near the Treasury Department Alexander Hamilton should stand in enduring bronze, and Robert Morris and John Sherman and others like them of either century should have such honors here. But meanwhile their results speak for them and the intelligence of the nation delights to honor them.

As you go about our beautiful Capital, yours as much as ours, with all its memories of great men and great acts, you will see frequent evidences of what financiers have done for their country, just as you will see here as elsewhere how financiers have contributed with public spirit and philanthropy to the highest interests of the community in which they live. Our Rock Creek Park and our Corcoran Gallery of Art are but two of the visible proofs of the civic service of Washington bankers.

You will all share our desire, the desire of our country, that the National Capital should be made in every respect the most beautiful in the world.

When the Pilgrims set foot on Plymouth Rock modern banking was just beginning. The seed of freedom in three centuries has reached no greater growth than the seed of finance. Those who planted both seeds were men of faith who taught by example that men should walk by faith rather than by sight. They were practical men who know that sentiment rules the world. The mar-

velous commercial organization which is the characteristic feature of our civilization absolutely depends for life upon the sentiment of credit. Its gigantic achievements, undreamed of in the older time, are possible only because of the network of banks, which is the nervous system of commerce and which has knit all peoples together with invisible bonds stronger than any that can be seen. You have taken even invention that quickens communication as well as every form of human ability as your servant in the task of making money, which, consciously or unconsciously, is the task of making the world move forward to greater things. By conservative innovation you have brought the nations to mutual efficiency, mutual acquaintance, and that far toward mutual good will. Wars cannot be made without you and you are recognized as the great peacemakers. International justice is to be established as the substitute for war by you quite as much as by statesmen and jurists. You control an unequalled force in the affairs of men. It is your highest honor that, making all due allowance for exceptional cases and individuals, it can be truthfully said that your mighty power is in general used for the advancement and enrichment of mankind.

Your power and your character and your record naturally suggest that you should have a leading part in that moral renovation in the business world, especially with reference to fiduciary relations, which recent revelations make imperatively necessary. Once more, but in a new way, you must restore impaired confidence to the people, this time by convincing business men of other minds not only that honesty is the best policy, but that integrity is more precious than money, and vital to the Republic. The old-fashioned commercial honor, finer than that of any chivalry, must be re-enthroned and you are the men to do it. In such an effort, as in your patriotic endeavors of every kind and in your zeal by international peace through international justice, for international welfare, you will have the inspiring leadership of the foremost American, the chief pride of the National Capital, Theodore Roosevelt, President of the United States.

Reply of President Swinney to Addresses of Welcome.

On behalf of the American Bankers' Association I beg to make grateful acknowledgment of your cordial welcome to this Capital City. While it is your personal home and its large hospitalities are peculiarly in the keeping of yourself and other residents of the district in the broader sense of our national life, we feel at home in Washington City. To the politician it is the temple of fame that shines afar in his imagination and ambition. It is the Mecca toward which he ever looks with longing eyes. Some of us so-called "men of affairs" doubtless have felt the yearning that our constituents might have the appreciative sense of merit to send us here at the public expense or that the President might have the wisdom to invite some of us to come hither to take charge of the reserve fund in the Treasury. Despairing of that, we have taken advantage of reduced rates and come at our own expense to tell Congress, Secretary Shaw and the Comptroller of the Currency how to run the Treasury and take care of the finances of the nation. If at the conclusion of this Convention the Republic is not safe we will return to our respective homes with the firm conviction that our suggestions have not been heeded.

Of one thing we are glad, and that is that Congress is not in session, as thereby we attract more personal attention and more largely share the unappropriated hospitality of the city and have freer access to its accumulated "refreshments."

We do not crave the freedom of the city or care to have its keys delivered over to us. Where there is too much liberty indulgence may take the place of healthful restraint, and if anything should be missed while we are here it might be attributed to the men who carried the key. We prefer to trust ourselves as guests to the safer guardianship of your well-known discretion in dealing with untamed Congressmen and untrained statesmen.

Annual Address of E. F. Swinney, President American Bankers' Association.

The Conventions of this Association have been held in the cities of the East, West, North and South, but prior to this never before in the Nation's Capital. We have been entertained by the princely hospitality of the world's greatest metropolis and the Golden Gate has swung wide to bid us welcome, but to-day for the first time we meet at the fountain head of this great Government. The heart of every true American swells with justifiable pride when he reflects on the history of this city. A little more than a century ago it was but a barren place; less than a hundred years ago it was sacked and burned in war. To-day no capital in the world is a more potent force for peace and none more feared in war; none more beautiful in its arrangements and architectural adornment. It is the city of our fathers, of ourselves and of our children. Here no narrow sectional lines divide us into parties or factions; no borders of States make us New Yorkers, Kentuckians or Oregonians, but we are all *Americans*. We realize, as never before, that this Government of ours is indeed a *National* Government and not the weakly governmental force of separated and jealous States. We have a common pride in the names of Jefferson and Jackson, of Lincoln and Grant and Lee, and of that splendid galaxy of other distinguished statesmen, soldiers and patriots who have builded these United States on such everlasting foundations.

To bankers is Washington of especial interest. The whole financial history of the country is closely interwoven with it. Here the country's financial laws are enacted and from here enforced. It was the seat of the first great bank of the United States and is to-day the headquarters of the largest banking institution in the country—the Treasury of the United States. The National Banks of the country look to Washington for their legislation and largely for their government. The man of all men who comes nearest being the arbiter of their destinies, the Comptroller of the Currency, issues his orders from here. It is, therefore, more than an ordinary honor and one which any man should be proud of to be called upon to preside over the Thirty-first Convention of the American Bankers' Association in the great City of Washington.

The purposes and objects of our gathering are too well known for me to dwell upon. In the technical sense of the term our Association is not one "organized for pecuniary profit," and yet in a broad sense it leads to that end. By the interchange of ideas, by listening to the speeches and papers, by the meeting of the brightest and best bankers and learning their manner and methods of banking, each of us returns to his place of duty better qualified to conduct his business for the benefit of stockholder and depositor. The day has passed when a successful banker can be a man who rests content to be merely acquainted with the highest interest rates obtainable in his given locality and the financial responsibility of his neighbors. Time was when banks and bankers were merely thermometers registering the local financial atmosphere of the country, but to-day in the larger sphere of business undertakings they largely create that atmosphere. No better illustration of this can be given than the attitude of the bankers during the disastrous silver craze. To the American bankers more than to any class of business men is due the fact that the country did not go irredeemably astray on the question of the monetary standard. Largely by reason of National and State associations the bankers were better acquainted with the question than any other class of men and acted more nearly as a unit in its correct solution. And in the bringing about of such a happy result these meetings have been of tremendous aid. I cannot too much disparage the too prevalent notion that our meetings and conventions are merely the assemblages of good fellows for a good time and are not of practical benefit. They are practical and of wide-spread benefit.

The business of the Association during my term of

office will be given you in detail through the reports of the Secretary, Treasurer and the various committees. When elected President a little more than one year ago I asked and expected the loyal support of every member and officer of the Association. The success or failure of the year's work depended on this. It is a great pleasure at the year's end to state that such support has been faithfully and loyally given. I would bespeak my thanks and those of the other members of the Association to the Secretary and Executive Council for their work so faithfully and conscientiously done, work that will be more fully appreciated when the detailed statements of such work are laid before you.

Since our last Convention death has been among us and there have gone to the great beyond two often honored and now highly revered by this Association—General Charles Parsons, of St. Louis, and Mr. Joseph C. Hendrix, of New York. Mr. Parsons was born in New York State, but hardly before attaining his manhood saw the advantages of the then Far West for a young man with no capital but an honest determination to build for himself a name. He settled in St. Louis in the early sixties and for almost forty years had been at the head of one of the most solid institutions in that place. He was one of the original number of bankers who met at Saratoga and organized the American Bankers' Association, being chosen President of the Association a few years later. He died only a few weeks ago, leaving a name that will be honored so long as history tells of the man who aided in building and maintaining the high standard of men in that great Western city.

Since my boyhood I had known Joseph C. Hendrix. He attained his fame and reaped his honors in the East, but we of the West are proud of him as a Western product, for it was in the West that he was born and spent his early days. When scarcely more than a boy he left his native State of Missouri and sought fortune in the activities of New York. His first work there was as a reporter on one of the leading dailies and it was done so well that he was gradually advanced to the position of night editor. He left his newspaper career to become Secretary of the Brooklyn Bridge Company, then to be Postmaster of the city of Brooklyn. His sphere of usefulness widening, he was elected a member of Congress, where in Washington, as in Brooklyn, he measured up to the full standard of a statesman. Some of the leading financiers of New York saw and appreciated his sound financial ideas and business methods and he was called upon to become the head of the second largest banking institution in America. He was long a member of the Association and its Executive Council and served one term as its President. Without disparagement of any man it can be said that no man ever contributed more materially to the success of our Association than our deceased ex-President. In business he was regarded as a man of cold, calculating facts, but no one could ever have any dealings with him without appreciating his high business ability and his utter contempt at all times for any of the little things so often found, unfortunately, in men holding the highest positions. We all recall with pleasure his ready wit, appropriate anecdotes and forceful talks made at our annual Conventions and at Council dinners. His life and career will spur many a young man on to success and forever give the lie to that false notion so many have that in this age merit is not fully rewarded and no great success can be attained without "influence," for Joseph C. Hendrix attained for and by himself a name and fame that will not soon perish; his own individual efforts and abilities were the only influences he possessed.

I wish I could say such words of praise of another one recently honored with the Presidency of the American Bankers' Association, or could refrain from speaking of him at all. I cannot in justice to the truth do the former and I cannot without a sense of cowardice do the latter. I think I ought to voice the deep sense of chagrin and shame that every member here feels at the disgrace

brought upon the high office of President of the American Bankers' Association, the banking profession in general and good citizenship everywhere by the felony of one who was so honored by us, held in such esteem and now justly occupying a prison cell. By his own voluntary act he stabbed in the back the financial institution of which he was the head and exchanged an honored career for a criminal record.

The lives of the men to whom I have referred serve to "point a moral or adorn a tale"—the former as a model and an incentive; the latter as a warning and an admonition.

We have cause to congratulate ourselves upon the abundant evidence that the past year has been in the main marked by prosperity in all lines of business, and comparatively few bank failures have occurred. All such periods have, however, produced a feeling of overconfidence and led to the floating of unsound industrial enterprises. The few bank failures of the past year are mostly traceable to excess loans made to such enterprises or their promoters. The present statutory provisions of the National Banking Act limiting loans to any one individual, firm or corporation to 10 per cent. of the capital stock of the lending bank seem to be inadequate. I would recommend a change in the banking laws permitting banks to loan one-tenth of their combined capital and surplus to one individual, firm or corporation, and provide suitable penalties for any bank violating the law. At the same time I would recommend that any funds passed to surplus be reported to the Comptroller of the Currency and be not thereafter allowed to be in any way impaired under the same penalties and conditions as now prescribed for impairment of capital stock. These amendments would tend to remove the incentive to excess loans and also provide a larger loaning power to the banks. Similar provisions in State laws could and doubtless would be enacted. A much more serious abuse lies in the not infrequent acts of managing officers of banks making large discounts to themselves out of the banks' funds. It is an observable fact that in a great number of bank failures there have been found among their assets the worthless notes of high officers of the bank for large loans, frequently without any security at all or with "straw" security which proved to be absolutely worthless. This is a most flagrant and reprehensible violation of law, to say nothing of business ethics. It is the essence of personal dishonesty. It is a wanton disregard of the fundamental conceptions that such officers are the chosen guardians of a trust fund. It opens wide the door to speculation and fraud and it is a travesty upon legitimate banking. We should urge Congress to deal rigorously with these abuses by pronouncing them as felonies with extreme pains and penalties; and we should urge this Association and the State Bankers' Associations to take this matter before their respective State Legislatures so as to compel protection where there is wanting official integrity and a proper sense of propriety.

On the ever present question of the country's currency system this Association spoke at San Francisco two years ago. The commendations of the Currency Committee are as applicable to-day as when approved, and this Association should see that these recommendations are carried to speedy success. We all agree that "quality" and not "quantity" comes first. Largely through the influence of our Association, as I have already pointed out, "quality" has been forever assured. No currency in the world rests on a more firm and solid foundation to-day than does ours. On the question of "quantity" your voice will be no less potent and eventually decisive. Financiers differ as to the proper methods of assuring at all times a currency ample but not redundant, elastic but not capable of ulterior manipulation. "Asset currency" and "emergency currency" are terms not yet capable of exact definition. It has been said that "fools often rush in where angels fear to tread." In considering this question let us not emulate the former nor arrogate to ourselves the wisdom of the latter, but as conser-

vative, patriotic business men may we solve the question aright, and having once made up our minds have the courage to enforce our convictions.

In conclusion, gentlemen of the Association, I wish as the most appropriate of words to voice the sentiment which all of you must feel of good will and wishes for the President of the United States, who, in the high office which he fills with distinguished abilities, brings to bear upon questions of public moment a profound sense of patriotism and sincere desire for the nation's and the individual's good. I am sure I utter your thought in hoping for him continued health and strength and unmeasured success in his high endeavors.

We congratulate him upon the happy and successful outcome of his long, wise and patient labors to bring peace to our unhappy and warring neighbors, and we express the hope that our country and our country's power and greatness may ever find its highest field of usefulness in promoting the arts and splendors of unbroken peace.

The President: I believe for the first time in the existence of the American Bankers' Association we have with us the representative of a foreign nation, engaged in the banking business. I would ask Mr. Blythe, manager of the Union Bank of Scotland, to come upon the stage. (Applause.)

PRAISE FOR PRESIDENT ROOSEVELT'S SERVICES IN BRINGING ABOUT PEACE IN THE EAST.

Mr. Pugsley: Mr. President, an event of transcendent importance, not only to humanity, but to the financial and commercial interests of the world, has recently transpired in the little town of Portsmouth. Through the initiative of the President of the United States, through his wisdom, counsel, and splendid efforts, an honorable peace has been secured to Russia and Japan, a peace which means to this nation and to all civilized countries, I believe, a new era of prosperity and commercial advantage and a new incentive for the nations to submit their grievances to arbitration. I believe, Mr. President, that when a man has wrought a great deed in a great way he is deserving of great credit, and I believe it is eminently fitting that this Convention should pause in its deliberations to express its appreciation of the magnificent work of President Roosevelt in the interests of peace. (Applause.)

I move you, therefore, Mr. President, the adoption of the resolution that I am about to read:

Resolved, That the American Bankers' Association, assembled in its thirty-first annual Convention, extends its thanks to the President of the United States for his untiring efforts and eminent services in the interest of humanity and civilization, which were so abundantly crowned with success in the honorable treaty of peace at Portsmouth, and that this Association expresses its appreciation of the President's unselfish action and courage in taking the initiative to restore to Russia and Japan those peaceful relations that must of necessity make for a greater and higher development of civilization and for the betterment of mankind.

Mr. Jennings, of Florida: Mr. President, coming from the far South, I want to reiterate and emphasize the feeling that has been presented in the resolution we have just heard read. Coming as I do from the Southland, we all love peace, and we love the President of the United States. (Applause.) I would not feel satisfied to remain silent here and hear the words of patriotism that thrill all Americans without rising to second the resolution. (Applause.)

The President: You have heard the resolution, and I think in a matter of this kind we should take a rising vote.

The resolution was unanimously adopted by a rising vote.

The President: We will now be favored with an address by Secretary of the Treasury, Honorable Leslie M. Shaw.

"Trade Expansion," by Hon. Leslie M. Shaw,
Secretary of the United States Treasury.

[Secretary Shaw's address in full will be found on pages 81 to 84 of this publication.]

The President: The next is the report of the Secretary.

Report of the Secretary, Mr. James R. Branch.

September 1, 1905.

To the American Bankers' Association.

Gentlemen:—For two years the work of the Protective Committee has been conducted through the Secretary's office with a reduction of expenses. During the past fiscal year, ending August 31, 1905, the Pinkerton National Detective Agency has obtained splendid results toward suppressing crime for the Association. They have captured sixty-two professional bank criminals, thirty-five of whom have been convicted. The total amount of their sentences aggregates eighty-four years. This does not include nine indeterminate terms; and nineteen of those arrested are now awaiting trial. William Rudolph, who, with George Collins, robbed the Bank of Union, Union, Mo., and later on killed Detective Schumacher, was executed May 8, 1905, at Union, Mo. The protective work of the Association last year cost \$26,031.61, while for the year ending August 31, 1904, it cost \$34,282.44, a decrease of \$8,250.83, although the membership is larger now than ever before. The expenses of the Protective Committee and the results of their work for the last five years are as follows:

	Paid members.	Cost per member.	Total expenses.	Arrests.
1901	5,392	\$5.56	\$29,973.20	54
1902	6,204	5.28	32,781.11	56
1903	6,043	5.93	41,145.61	50
1904	7,563	4.53	34,282.44	75
1905	7,677	3.39	26,031.61	62

The committee adopted this year a plan of issuing monthly reports to members and the press of the country, thus calling the attention of criminals to the fact that the committee is relentless in its pursuit of depre-dators who operate against members. The Protective Committee is a secret one, and a large part of the growth, prestige and importance of the Association is due to its labors.

Sincere thanks are due its members for their earnest, painstaking and important work; their names being unknown, the only reward they can receive for difficult and regular labors is the knowledge that their duties are well performed and appreciated by other members of the Association.

EDUCATION.

The Committee on Education has organized thirty-seven chapters, an addition of twelve during the last year. The efforts of this committee have been toward elevating the standard of educational work to even a higher plane than it has occupied. The total membership of the chapters is 5,350, being an increase of over one thousand in twelve months. Fifty-one students have already passed preliminary examination in practical banking, eight in commercial law and thirty-six on political economy. There are 299 applications for preliminary examination in practical banking, 178 in commercial law and 199 in political economy. The promotion in the banks in which they are employed of many clerks who have taken an active interest in the work of these chapters shows that they are not only improving themselves, but that the work of the Committee on Education is being recognized by the banks of the country.

UNIFORM LAWS.

The Committee on Uniform Law has helped toward the adoption of the Negotiable Instruments Law by States which have not already taken it up. Kansas, Michigan, Missouri and Nebraska have adopted it during the past year, making a total of twenty-nine States now having this law on their statutes.

BANK MONEY ORDERS.

Over six hundred members of the American Bankers' Association are now using the form of order adopted a year ago by the Association. One member, The American Bank, Manila, P. I., failed while sixteen money orders, amounting to \$1,175, were in transit. These or-

ders were promptly paid upon presentation by the American Surety Company, which guaranteed them for the profit obtained by selling orders at the rate of \$5 per \$1,000. This company is now selling orders to members of the Association which can be filled in up to an excess amount of \$100 each, where formerly the limit was \$25. During the past year twenty-one State Bankers' Associations have indorsed the order and recommended its use to their members.

THE CIPHER CODE.

The Cipher Code Committee appointed at the last Convention are entitled to the thanks of the Association for their laborious and excellent work in compiling the best secret code yet devised for the use of banks and bankers. The need of the code was recognized by the chairman, Mr. F. F. Blossom; he compiled it and presented the result of his labor to the Association. Under the direction of the committee numbered codes have been issued to every member of the American Bankers' Association; numerous letters received show that the code is filling a long-felt want, and is daily growing in importance.

THE SECTIONS.

The Trust Company Section is still advancing, and its membership has increased from 566 to 632.

The Savings Bank Section during the same period has increased from 616 to 735 members.

ROUTINE WORK.

During the fiscal year ending August 31, 1905, 7,900 special letters and 111,000 circulars and reports have been issued from the Secretary's office.

The membership and resources of the Association have increased as follows:

	Paid membership.	Annual dues.
September 1, 1875.....	1,600	\$11,606
September 1, 1885.....	1,395	10,940
September 1, 1895.....	1,570	12,975
August 31, 1905.....	7,677	127,750
Interest on \$10,000 Government bonds of 1925.		400

Making the total income.....\$128,150

During the past year 1,038 members were lost through failure, liquidation, consolidation and withdrawal from the Association. This reduced the membership September 1, 1904, to 6,525. One thousand one hundred and fifty-two members have joined since that date. More members joined the Association last year than ever before in the history of the organization. Their aggregated capital, surplus and deposits now amount to \$11,460,875,527.

In closing my tenth consecutive terms as your Secretary, I wish to thank most sincerely the officers, active committees, members and the clerical force in my office for their earnest and cheerful co-operation, without which such progress would have been an impossibility.

Respectfully submitted,

JAMES R. BRANCH,
Secretary.

The President: We will now listen to the report of the Treasurer, Mr. Ralph Van Vechten:

Report of the Treasurer, Mr. Ralph Van Vechten.
NEW YORK, September 1, 1905.

RECEIPTS.

Last balance, September 1, 1904.....	\$102,397.74
Interest on \$10,000 4 per cent Government bonds of 1925	400.00
Proceeds sale of four copies of Trust Company forms	48.00
Proceeds sale of Trust Company Section Proceedings, 1896-1903	663.75
Amount paid account Dr. Geo. Marsland.....	58.20
Rebate account bill of Stumpf & Steurer, and stenographer and typewriter.....	591.77
Amount transferred from Northern Trust Co., Chicago, Ill., to National Bank of Commerce in New York.....	45,000.00
Dues from 1152 members, 1904-1905.....	15,851.39
Dues from 1582 old members paid in advance to September 1, 1906.....	27,440.00
5764 bills for membership dues for the ensuing year, deposited with Commercial National Bank, Chicago Ill. (subject to deduction of unpaid bills).	93,675.00
	<u>\$286,125.85</u>

DISBURSEMENTS.

Standing Protective Committee.....	\$26,031.61
Committee on Education.....	8,085.93
Committee on Fidelity Insurance.....	1,082.50
Committee on Bank Money Orders.....	271.17
Committee on Cipher Code.....	2,144.15
Committee on Uniform Laws.....	54.00
Savings Bank Section.....	3,189.97
Trust Company Section.....	4,240.34
Executive Council meeting, New York, May 3, 1905.	2,853.66
Salaries	19,528.32
Expenses of Convention, 1904.....	1,163.10
Proceedings, 1904.....	6,103.89
Distributing Proceedings, 1904.....	1,794.67
Rent	3,099.99
Postage	1,421.00
Printing, stationery, etc.....	709.24
Sundry expenses.....	414.06
New York Telephone Co.....	253.13
20,000 programmes Convention, 1904.....	225.60
Frames and inserts for 1905 and 1906 and pulp board	2,369.52
Typewriter in exchange.....	72.50
Traveling expenses of Secretary.....	252.25
Premium on officers' bonds.....	56.25
Dues returned to two members.....	30.00
Dues paid to 1906 returned to trustee of M. L. Stewart & Co., Owosso, Mich.....	10.00
Petty cash.....	100.00
Amount transferred to Northern Trust Co., Chicago, Ill.	45,000.00
926 drafts charged back account dues 1904-1905....	12,795.00
4 drafts charged back account dues 1905-1906....	100.00
Balance, August 31, 1905.....	142,674.00
	<u>\$286,125.85</u>

The President: I will also ask Mr. Van Vechten to read the report of the Protective Committee.

Mr. Van Vechten: The Standing Protective Committee is a secret committee, and not being a member of it I am requested to submit the report of that committee as follows:

Report of Protective Committee.

The Standing Protective Committee of the American Bankers' Association respectfully submits the following report:

The detailed financial statement of the committee for the year ending September 1, 1905, is as follows:

DETAILED FINANCIAL STATEMENT OF STANDING PROTECTIVE COMMITTEE.

RECEIPTS.

September 1, 1904, by balance.....	\$3,761.64
September 16, 1904, appropriation of Executive Council at New York.....	20,000.00
May 3, 1905, appropriation of Executive Council at New York.....	20,000.00
	<u>\$43,761.64</u>

DISBURSEMENTS.

September 1, 1904, Pinkerton National Detective Agency.....	\$25,871.03
20,000 rules of Protective Committee....	10.00
7,500 pamphlets.....	64.00
Second National Bank, Brownsville, Pa., refund case, forger A. E. Smith.....	86.58
	<u>26,031.61</u>
August 31, 1905, balance..	\$17,730.03

	Paid members	Cost per member.	Total expenses.	Arrests.
1901	5,392	\$5.56	\$29,973.20	54
1902	6,204	5.28	32,781.11	56
1903	6,943	5.93	41,145.61	50
1904	7,563	4.53	34,282.44	75
1905	7,677	3.39	26,031.61	62

The meetings of the committee have been regularly attended by each of its members, and over seven thousand reports and communications have been considered during the past year.

It has been the purpose to conduct its operations at the least possible cost to the Association consistent with accomplishing satisfactory results.

The committee asks the co-operation of the members of the Association in an endeavor to secure an amendment to the Penal Codes of each State providing for the more severe punishment of the "Yegg" burglar, as this class of criminal is the severest menace to the members of the Association distant from the centers of population.

The committee recommends the adoption of the amend-

ment to the constitution prohibiting the compromising of a crime either by the committee or a member of the Association.

Realizing the advantage to the Association of an adequate knowledge on the part of criminal classes of the probability of prosecution for attack on member banks, your committee has endeavored to give the largest possible publicity to the successful results of its operations. We take this occasion to thank the press of the country for its aid, and we ask the co-operation of the members in carrying out this policy.

The committee takes this occasion publicly to acknowledge the conscientious and laborious work of the Secretary in the faithful performance of his arduous duties in connection with the protective work of the Association.

The committee desires to express its appreciation of the untiring efforts and effective work of the Pinkerton National Detective Agency in the interest of the Association. Their report of the details of operations during the past year is submitted in printed form.

Very respectfully,

STANDING PROTECTIVE COMMITTEE.

On motion of Mr. Mulvane the above reports were referred to the Auditing Committee.

The President: The report of the Executive Council will be read by Mr. G. S. Whitson.

Mr. Whitson read the portion of the report relating to proposed changes in the constitution.

Report of Executive Council, by Mr. G. S. Whitson.

[The report of the Executive Council will be found given in the Second Day's Proceedings, on page 106.]

CONSTITUTIONAL AMENDMENTS ADOPTED.

The President: You have heard the report of the Executive Council regarding the proposed changes in the constitution. It takes a two-thirds vote to change the constitution. What shall be done with the recommendation?

On motion the proposed changes were agreed to.

MEMORIAL RESOLUTIONS ON DEATH OF MEMBERS.

The President: A committee, of which Mr. Robert J. Lowry is Chairman, was appointed to draft memorial resolutions on the death of one of our members. I will ask Colonel Lowry, Chairman of the committee, to read that memorial.

Mr. Lowry: I will ask the Secretary to read it.

The Secretary read the following:

[These resolutions will be found in the report of the Executive Council under the Second Day's Proceedings, on page 106.]

On motion the resolutions were agreed to.

The President: The committee of which Mr. Walker Hill is Chairman was appointed to draft resolutions on the death of Mr. Charles Parsons. I will ask Mr. Hill to read those resolutions.

Mr. Hill read as follows:

Whereas, The American Bankers' Association has heard with profound regret of the death, September 15, 1905, of Charles Parsons, President of the State National Bank in St. Louis; therefore, be it

Resolved, That the following tribute to his memory be spread upon the minutes of this Convention, and a copy be engrossed and forwarded to his family:

Charles Parsons was one of the founders of this Association at Saratoga in 1875. He served as President in 1890-1891, and at the time of his death was ex-officio member of the Executive Council.

After an honorable military career during the Civil War Mr. Parsons entered the banking business in St. Louis, where for nearly forty years his name has stood for all that is wisest and best in his chosen field of labor, and his influence and character will be missed by those who held the privilege of his friendship, for it is well known that his record and attainments had achieved for him a national repute, and had he so desired he might have been honored high in the service of his country.

To those who knew him his life will ever be a sacred lesson, as that of one who by his learning, his wisdom, his integrity and his purity has achieved the highest ideal in a vocation which will ever demand the *best* in heart and brain.

WALKER HILL,
JAS. B. FORGAN,
DUMONT CLARKE,
R. H. RUSHTON,
F. P. NEAL,
Committee.

On motion of Mr. Mulvane the resolutions were agreed to.

The President: The reading of the balance of the report of the Executive Council will be postponed until to-morrow. We will now have an address by Mr. Frank A. Vanderlip, Vice-president of the National City Bank of New York.

Mr. Vanderlip delivered the following address.

Problems Connected with Increasing Gold Supply, by Frank A. Vanderlip.

[Mr. Vanderlip's address will be found on pages 94 to 96 of this publication.]

SESSIONS TO BE HELD AT COLUMBIA THEATER.

The President announced that the National Theater would not be available for the subsequent sessions of the Convention, and stated that two places might be secured: one, the large hall on the tenth floor of the Willard Hotel, and the other the Columbia Theater.

On motion the Columbia Theater was chosen for the further sessions of the Convention.

The President: Some of you may not be personally acquainted with the next speaker. National bankers, however, are pretty well acquainted with his signature, attached to communications calling their attention to large overdrafts, past due paper, and section 5200 of the Revised Statutes of the United States. I beg to introduce to you Mr. W. B. Ridgely, Comptroller of the Currency, who will address you upon the subject of examination of banks. (Applause.)

'The Examination of Banks,' by Hon. Wm. B. Ridgely, United States Comptroller of the Currency.

[Mr. Ridgely's address in full will be found on pages 84 to 86 of this publication.]

The President: Before adjournment we will have time to listen to the report of the Committee on Uniform Laws.

The Secretary read the following:

Report of the Committee on Uniform Laws, by Frank E. Tracy.

The Committee on Uniform Laws begs leave to report that during the past year four States have been added to the Roll of Honor of States with the Negotiable Instruments Law on their statute books—namely, Kansas, Michigan, Missouri and Nebraska. In each of these States the history of success is practically the same—a united effort on the part of the State Bankers' Association, together with the strong undivided efforts of a few leading bankers. In other States just as strong efforts were made, and in some the seed has been planted which will unquestionably bear fruit at the next session of the Legislature. In some almost unsurmountable difficulties were encountered, and it will take hard and painstaking work to wear these away. It is sincerely hoped by this committee that the different State Associations will keep hammering away, educating the people and legislatures until the merits of this law will become so clear that in the length and breadth of our beautiful land there can be but one construction of a piece of negotiable paper. In the different States whose legislatures met during the past year, a brief notice of the reports may be of interest.

In New Hampshire it appears the State Association has been disrupted through differences over local matters, and as this committee can only act through State Associations, nothing was done there.

In Indiana a strong effort was made to pass the bill, both by the Bankers' Association and by the Bar Association, but they could not get any intelligent consideration of it.

In Illinois about the same opposition was encountered. The Chairman of this committee was one of a committee which laid the matter before the Governor and Speaker of the House, but in each instance the opposition—more negative than positive—was such that no effort was made to pass it. The feeling of the State Association is such, however, that we know they will not quit until the law is considered on its merits.

In Georgia the State Association carried matters along nicely, and the bill would have unquestionably passed had it been reached on the calendar; there seems no doubt of its passage at the next session.

In Arkansas the State Association made a thorough canvass of the Legislature and found such strong opposition that it was decided best to drop the matter for this session.

In California, South Dakota and Minnesota no efforts whatever have been made.

It is urged by this committee that each State Association should take hold of this matter long in advance of the session of the Legislature, in order that each member may be properly approached.

The following States are now acting under the Negotiable Instrument Law:

Connecticut,	Colorado,
Florida,	New York,
Maryland,	Massachusetts,
Virginia,	North Carolina,
Wisconsin,	District of Columbia,
Tennessee,	Oregon,
Utah,	Washington,
Rhode Island,	North Dakota,
Iowa,	Arizona,
New Jersey,	Ohio,
Montana,	Pennsylvania,
Idaho,	Kentucky,
Kansas,	Louisiana,
Michigan,	Missouri.
Nebraska,	

FRANK E. TRACY, Chairman,
HOMER A. MILLER,
J. D. POWER,

Committee.

ADJOURNMENT.

Thereupon the Convention adjourned until Thursday, October 12, at 10 o'clock a.m., at the Columbia Theater.

SECOND DAY'S PROCEEDINGS.

Thursday, October 12, 1905.

The Convention was called to order at 10 o'clock a.m. by the President, Mr. E. F. Swinney.

PRAYER BY THE REV. T. S. HAMLIN.

Almighty God, we thank Thee for the beauty and glory of the morning, for the rain that Thou didst send to refresh the thirsting ground, and for the sunshine that this morning gladdened our eyes. We thank Thee for the rest of the night, for health, and all the blessings with which the morning is crowned, and we entreat Thy blessing upon these men who have gathered for the business of this day. Grant that all their councils may be overruled by Thee and that they may so deliberate and plan and execute as to promote the interests of those for whom they stand as representatives. We recognize as from Thee that great and permanent measure of integrity and honor that has marked the financial institutions of our country, and while we deplore all lapses from this high standard, we entreat Thee that Thou shalt so instruct and so strengthen the will that men may be able to execute trusts committed to them with perfect fidelity, that those who trust the institutions of the country in which they place their earnings may receive the due return for that which they deposit, and that there may be throughout all our banks and trust companies and institutions of every sort where the financial interests of the nation are placed that complete integrity and high honor which shall safeguard all interests. Be with the families of those who are gathered together here as our city's guests, those who are absent from those whom they love, and grant that upon all this gathering in its remaining here and its departures, and in the homes, in cities and towns of our land and other lands that are represented here there may abide the blessings of our Heavenly Father. Forgive our sins, and receive us into the covenant of His love and mercy in His name who has taught us to pray, Our Father who art in Heaven, hallowed be Thy name. Thy kingdom come, Thy will be done, on earth as it is in Heaven. Give us this day our daily bread, and forgive us our trespasses as we forgive them who trespass against us. And lead us not into temptation, but deliver us from evil; for Thine is the kingdom and the power and the glory for ever and ever. Amen.

The President: We will proceed with the report of the Executive Council, Mr. Whitson, Chairman.

Report of the Executive Council, by the Chairman Mr. G. S. Whitson.

Mr. President and members of the American Bankers' Association: While it has been the custom of my predecessors to make the report to the Association at its annual meeting, it is not my intention to burden you with the details of the work which have been or will be covered by the full reports submitted by the various committees. The

past year has been a most successful one. Each and every committee has not only cheerfully assumed but faithfully carried out the duties imposed upon it, notwithstanding their laborious nature in many instances; and I thank them for it.

The Association has added largely to its roll, and our expenses have increased in consequence thereof, but the net result on the credit side of the ledger is about \$40,000—the largest, I believe, in the history of the Association.

Inasmuch as the Constitution will not permit the names of the Protective Committee being made public, I think it but just that attention should be called to the work that it has accomplished, and notwithstanding the increase in membership and labor in consequence thereof, the amount expended is some \$8000 less than the preceding year. A committee appointed by the Chairman in accordance with the resolution passed September 16, 1904, to revise the Constitution and report at the next meeting of the Council recommends the following changes, which are respectfully submitted:

Article 2, Section 1. Omit the words "those present at any regular meeting," and insert in their place "the Executive Council."

As the Constitution stands at present there is no way to discipline a member or erase his name from the rolls of the Association except by a two-thirds vote of the Convention. The above change would delegate this authority to the Council.

Article 4, Section 3, reads: "Said committee (Protective Committee) is prohibited from compromising or compounding with the parties charged with crime, or with their agents or attorneys."

The committee recommends that same be changed to read as follows:

Said committee, or a member of the American Bankers' Association, is prohibited from compromising or compounding with parties charged with crime, or with their agents or attorneys, a case once committed to the Association which results in the apprehension of the criminal.

There is nothing in the Constitution to prevent members of the Association from making compromises of the above nature, and such action on the part of members on several occasions has seriously interfered with the work of the committee. Would it not be a good thing to insert a clause in the Constitution not only prohibiting the Protective Committee from compromising or compounding with parties charged with crime, but also members of the Association after once having turned a case over to the Protective Committee for its investigation?

MEMORIAL TO JOSEPH C. HENDRIX.

A committee composed of Messrs. Robert J. Lowry, Chairman, and Myron T. Herrick, M. M. White and Logan C. Murray was appointed to draft memorial resolutions relative to the death of the Honorable Joseph C. Hendrix, a former president of this Association. Colonel Lowry, Chairman of the committee, will read the memorial.

Mr. Hill read as follows:

In Memoriam.

Gentlemen of the American Bankers' Association:

We are annually reminded that one or more of our worthy members have passed away and that we will see their faces, shake their hands and listen to their voices and their wise counsel no more.

It is the sad duty devolving on your committee to announce that since our last annual meeting the Grim Reaper has claimed our esteemed friend and co-worker, Honorable Joseph Clifford Hendrix, of New York, of whose death no doubt you have all heard. Your committee, in making this announcement, deem it proper to make mention of some of the principal features of the life of our late distinguished friend, and that proper resolutions of regret be passed by your body.

Honorable Joseph Clifford Hendrix was born in Fayette, Missouri, May 25, 1853, being the third son of Adam Hendrix of that place. He was only in his fifty-third year when he died, but into his active life he had crowded many important things, and aside from being a prominent banker, he had distinguished himself in many ways.

At Fayette, Missouri, where he was born, he attended the Central College and finished his education at Cornell University, Ithaca, New York, his father being quite an advocate of liberal education. As an alumnus of Cornell, Mr. Hendrix afterward became a life trustee of that famous university, and

as such was ever enthusiastic for its welfare and watched its good work with deep interest and modest pride.

Mr. Hendrix developed early in his career a strong desire to enter the field of journalism. In 1873, when he was but twenty years of age, he left the West and went to New York, where he entered journalism. He was soon assigned to Brooklyn as a representative of the New York *Sun* there, and henceforth Brooklyn was his home. His remains now lie in beautiful Greenwood Cemetery, in that city, which had been his home for thirty-one years, and with so many of whose institutions he was permanently identified.

In 1881, Mr. Hendrix became a member of the Brooklyn Board of Education and five or six years later was made its president. His interest in educational matters never lagged, and from the day he entered Cornell University to the day of his death he was the champion of education, first last, and all the time.

Among the important offices he held during his life were Secretary of the Brooklyn Bridge Company, Postmaster of the city of Brooklyn, as well as Congressman from a Brooklyn district. He was also a director of the Fifth Avenue Trust Company and President of the Kings County Trust Company, which latter company he organized.

While the Honorable Mr. Hendrix was a member of Congress, he was offered and accepted the presidency of the National Union Bank of New York. This bank was later consolidated with the National Bank of Commerce, Mr. Hendrix remaining President of the consolidated bank until its consolidation with the Western National Bank of New York, about a year before his death.

In 1895 Mr. Hendrix was elected Chairman of the Executive Council of this Association. In 1896 he was elected Vice-President, and in 1897 he was elevated to the Presidency of the American Bankers' Association, and all of these positions, being the most responsible within the gift of this body, were filled with the ease, grace and dignity as well as the efficiency which characterized his conduct in every office he filled during his life. Not only was he efficient as an officer of this Association, but as a member of the Association he was ever ready to do whatever was assigned to him as duty, and would lend his wise counsel and suggestions at any and all times for the good of the Association and its work. His devotion to the Association was unselfish, his acceptance of its honors was with becoming modesty, and his efforts in its behalf were characterized by an interest scarce surpassed.

Socially it was difficult to find a more genial and courtly gentleman. He was generous to a fault, kindly, courteous, patient and tolerant. He was always attentive, cheerful, bright and interesting. He was a member of quite a number of prominent social organizations both in New York and out at Bath Beach, where he frequently went to take a few days' rest from his strenuous duties, and the noise and traffic of the busy city.

The influence and example of such a man are of inestimable value. Every member of this association who has come in contact with him will bear witness to his unfailing courtesy and watchful kindness. He was perfectly sincere, and his straightforward integrity impressed all who had relations with him, and his high toned truthfulness inspired entire confidence; therefore be it

Resolved, by the American Bankers' Association: 1. That the death of Honorable Joseph Clifford Hendrix has brought to this Association and its members deep sorrow and regret.

2. That our Association has lost one of its most useful and honorable members, and each of us a devoted, loyal and faithful friend.

3. That the purity and excellence of the character of the deceased are an example to the young men of the banking profession worthy of emulation.

4. That the several institutions with which he was connected at the time of his death have suffered great loss in being deprived of his wise counsel and zealous advocacy.

5. That a page of our minutes be set apart for a permanent record of these resolutions as a token of the esteem in which he was held by the members of this Association and that a copy of the preamble and these resolutions be furnished to the family of our deceased member and friend.

Your committee respectfully recommend the adoption of the above.

Respectfully,

ROBERT J. LOWRY, Chairman.
MYRON T. HERRICK,
M. M. WHITE,
LOGAN C. MURRAY,

Committee.

MEMORIAL TO CHARLES PARSONS.

Mr. Whitson (continuing): A committee composed of Mr. Walker Hill, James B. Forgan, Dumont Clarke, R. H. Rushton and F. P. Neal was appointed to draft memorial resolutions relative to the death of the Honorable Charles Parsons, former President of this Association. Mr. Walker Hill, as Chairman of the committee, will read the memorial.

Mr. Hill read as follows:

Whereas, the American Bankers' Association has heard with profound regret of the death, September 15, 1905, of Charles Parsons, President of the State National Bank in St. Louis. Therefore be it

Resolved: That the following tribute to his memory be spread upon the minutes of this Convention and a copy be engrossed and forwarded to his family.

Charles Parsons was one of the founders of this Association at Saratoga in 1875. He served as President in 1890-91 and at the time of his death was an ex-officio member of the Executive Council.

After an honorable military career during the Civil War Mr. Parsons entered the banking business in St. Louis, where for nearly forty years his name has stood for all that is wisest and best in his chosen field of labor, and his influence and character will be missed by those who held the privilege of his friendship, for it is well known that his record and attainments had achieved for him a national repute, and, had he so desired, he might have been honored highly in the service of his country.

To those who knew him his life will ever be a sacred lesson, as that of one who by his learning, his wisdom, his integrity, and his purity, has achieved the highest ideal in a vocation which will ever demand the best in heart and brain.

WALKER HILL, Chairman.
JAMES B. FORGAN,
DUMONT CLARKE,
R. H. RUSHTON,
F. P. NEAL,

Committee.

AUTHORITY TO MAKE REAL ESTATE LOANS.

The Council refers the following communication from Mr. Allen Ozburn, cashier of the First National Bank of Pinkneyville, Illinois, to the Convention, with the recommendation that it be referred to the new Executive Council.

The Secretary read as follows:

PINKNEYVILLE, ILL., October 5, 1905.

The American Bankers' Association, New York.

Gentlemen:—We have a law in the United States Revised Statutes prohibiting National Banks loaning on real estate security. There may have been a time, no doubt was, when such legislation was deemed necessary, in order to protect depositors to that extent who dealt with National Banks. But that time has passed. There is no better security than real estate, neither indeed can there be, and National Banks that are restricted in such a manner are put to a great disadvantage in that their competitors, State and private banks, are not subject to the law. The fact is that ninety-five per cent. (estimated) of the National Banks either evade or violate the law, to the knowledge of the department, which proves the imbecility of the law. We believe all National Banks outside of the reserve cities would hail with delight the repeal of this law, and we feel sure would co-operate to secure this result if your good offices could be secured to champion their cause.

We believe you as an Association are interested in securing legislation favorable to your members and are no doubt just as desirous of having unfavorable legislation repealed. This could be done, we believe, with no injustice to the banks not affected, and we would consider its accomplishment the greatest single service you could render at this time to that class of your members who are under the ban.

We would thank you for your views on the subject, stating the conditions under which you would undertake the task, promising our assistance in arranging any preliminary.

Very truly yours,

ALLEN OZBURN,
Cashier First National Bank.

The President: If there is no objection the communication will be referred to the incoming Council.

PROTECTION FOR BANK DEPOSITORS.

Mr. Whitson (continuing): The Council refers the following communication from Mr. Myron Campbell, Cashier of the South Bend National Bank, South Bend, Indiana, to the Convention, with the recommendation that it be referred to the new Executive Council.

The Secretary read as follows:

SOUTH BEND NATIONAL BANK,
SOUTH BEND, IND., October 3, 1905.

J. R. Branch, Secretary, New York.

DEAR SIR: Referring to my communication of August 29, I feel so certain that the third item, protection for bank depositors, will not meet with general favor that I think it better not to ask the Executive Committee to consider it at this time. I therefore inclose substitute resolution, with this item omitted, which you may, if you please, offer for consideration in place of the original.

Yours very truly,

MYRON CAMPBELL.

Resolved, That Congress be asked to pass in substance the following amendments to the National Bank Act:

1st. Whoever, with intent to defraud, shall by false or incomplete statement of the resources and liabilities, direct and indirect or contingent, of any firm, company or corporation, body politic or individual person or persons, or by color or any false token or writing or any false pretense, obtain from any National Bank Association, either directly or through any commercial agency or broker or dealer in commercial paper, any money or credit, or the transfer of any bond, bill, receipt, promissory note, draft or check, or anything of value, whereby such National Banking Association shall suffer any loss, shall be deemed guilty of a misdemeanor, and on conviction thereof shall be imprisoned for not less than five years nor more than ten years.

2d. It shall be unlawful for any insolvent National Banking Association to receive deposits, and every president or cashier who, knowing such association to be insolvent or who having good cause to know or believe it insolvent, shall with intent to defraud receive a deposit or permit to be received a deposit from any person or persons, firm, company or corporation, or from any agent thereof, not indebted to such association, any money, check, draft, bill of exchange, stocks, bonds or other valuable thing which is transferable by delivery, whereby the deposit so made or any part thereof is lost to the depositor, shall be deemed guilty of a misdemeanor, and on conviction thereof shall be imprisoned not less than five nor more than ten years.

The failure, suspension or involuntary liquidation of any such association within 15 days from and after the time of receiving such deposits shall be *prima facie* evidence of an attempt to defraud on the part of such president or cashier.

3d. So amend Section 5137 that National Banking Associations may accept as security on original loans mortgages or unincumbered real estate.

Mr. Burns of West Virginia: I move that we refer the resolution to the Executive Council.

The motion was seconded and the motion being taken, it was agreed to.

RESTRICTIONS REGARDING LOANS.

Mr. Whitson (continuing): The Council refers to the Convention without recommendation a communication from N. B. Van Slyke, President of the First National Bank of Madison, Wisconsin. As Mr. Van Slyke is attending the Convention we will be pleased to have him read his paper or explain his resolution.

Mr. Van Slyke, President of the First National Bank of Madison, Wisconsin, read as follows:

Mr. President and Gentlemen of the Convention: The purpose of presenting this paper is to secure an expression of the Association in reference to the need of amending an act which since its passage the banking interest has in some respects outgrown, and in order to bring out a free discussion of any objection that appears the following is respectfully offered for consideration:

This thirtieth year of our Association as a National body of bankers has clearly demonstrated the wisdom of organization, of concerted action to secure the success we have in our undertakings, and while very much good has already resulted to the commercial and financial interests of the country through such combined efforts there still remains opportunity for further improvement, both in our methods and laws governing the same. I beg, therefore, to as briefly as possible ask your consideration as to what may be deemed advantageous to adopt.

Whether National, State, Savings or private institutions, banks in the estimation of the general public are classified as one, and whenever a failure occurs, from whatever cause or whatever class, great or small, the cry is raised, "It's another bank failure!" which for a time more or less affects the character of all and touches that important element of banking capital—public confidence—creating distrust, and is harmful to every class. Hence all banks are interested in the passage of restraining laws to protect their own stockholders no less than the security of their patrons; laws admittedly just and reasonable, such as will be enforced when enacted. We have too many laws and too little enforcement, and the popular tendency prevails to restrict, if not prohibit, many lines of perfectly legitimate trade, sometimes in the interest.

Laws unreasonable in their requirements tend to disrespect and consequent disregard; this we too often see in the daily non-observance of municipal, State and Federal acts. When considered of minor importance we are apt to overstep the line between a questionable compliance and open violation, begetting a certain spirit of lawlessness of greater or less consequence.

There should be no occasion for disobedience.

Owing to the lack of uniformity in State banking laws only the National Bank Act will here be referred to as subject to amendment, though the States are conforming their respective laws more and more to the National Act and are alike interested in improvement.

Conditions have materially changed in the past forty years, and what may have been prohibited has become a banking

necessity to now adopt as being especially applicable to the class of country banks now being organized.

OF LOANS ON REAL ESTATE.

In all other cases notes and bonds secured by mortgage on real estate are legally dominated "personal" property, but by implication alone; courts have construed mortgages held by National Banks as real estate.

Section 5137 of the U. S. Revised Statutes—the National Bank Act—says: "A National Banking Association may purchase, hold and convey real estate for the following purposes and for no others, etc.; . . . "such as shall be mortgaged to it in good faith by way of security for debts previously contracted, . . . but no such association shall hold the possession of any real estate under mortgage, or the title and possession of any real estate purchased to secure any debts due it for a period longer than five years." The holding of a mortgage on real estate does not constitute possession of the real estate until purchased. It is difficult to understand the difference between the bond of a railway company secured by mortgage on real estate (which banks are permitted to take) and the land mortgage given by an individual to secure his note or bond; however, such has been the ruling, intended no doubt to guard against too permanent investments in other than strictly commercial paper. This may be well for the large banks in the so-called commercial centers—the redemption points—but for the country bank the law is prejudicial both to the borrower and the lender. There is no better asset for a country bank to hold in a limited proportion than loans secured by real estate mortgage. Country banks, at least, should therefore be privileged to accept mortgage security, say, not to exceed twenty per cent. of their loans, especially so since the only collateral a country borrower can well give is a mortgage.

OF EXCESSIVE LOANS.

Attention is also called to the provisions of Section 5200, U. S. Revised Statutes, so often quoted as limiting a certain class of loans to one-tenth of a bank's capital stock, an unreasonable restriction in many instances and so frequently disregarded that it needs amendment. Were the limitation one-tenth of the actual unimpaired capital employed the law would be respected; now it is not.

As the law stands, and with the disposition of banks to increase their surplus rather than their capitalization, the limit becomes more and more disproportionate to the *bona-fide* capital, between which and its nominal capital stock there often exists such wide difference.

Other corporations are justly measured by their actual capital invested, regardless of their capitalization; why not banks in like manner?

I therefore offer the following:

1. *Resolved*, That this Association earnestly requests Congress to amend Section 5137, U. S. Revised Statutes, so as to enable or permit banks located outside of the so-called redemption cities to accept of real estate mortgage security not to exceed 20 per cent. of its loanable funds.

2. *Resolved*, That to encourage the accumulation of surplus and undivided profits of banks it is the opinion of this American Bankers' Association that Section 5200 of the U. S. Revised Statutes, restricting loans to individuals, firms, and so forth, to one-tenth of the capital stock, should be so amended as to allow such loans to the extent of one-tenth of their actual unimpaired capital employed, irrespective of the nominal capitalization.

Mr. Hamilton: I move that this excellent paper be published and that the resolution be referred to the Committee on Financial Legislation when organized. I think that there is a great deal of good in that paper, and I know that there are other questions of equal importance coming before the Association along the same line which should embodied with that.

The motion was seconded and the question being taken it was agreed to.

Mr. Whitson (continuing): The following communication was received from the Association of American Railway Accounting Officers, and the Council refers it to the Convention for discussion.

UNIFORM STANDARDS FOR DRAFTS.

The Secretary read as follows:

ASSOCIATION OF AMERICAN RAILWAY ACCOUNTING OFFICERS,

CHICAGO, September 19, 1905.

Mr. James R. Branch, Secretary: Dear Sir—Under another cover I am mailing you this day a copy of the twentieth report of this association, and beg respectfully to refer you to page 196 thereof, whereon are set forth two resolutions (No. 1 and No. 2) adopted by this association at its last annual meeting in regard to form of drafts.

Under the terms of resolution 2 you will notice that I am directed to call the attention of the Bankers' Association to the action of this association, and to invite the co-operation of the Bankers' Association in the establishment of uniform standards for drafts.

The previous action taken by this association, and which

was affirmed by resolution 1, is set forth in memorandum attached to this letter.

I shall esteem it a kindness if you will take such action in this matter as will meet the desire of this association as outlined in resolution 2 above referred to."

This is signed by C. G. Phillips, Secretary.

Memorandum. The form of draft recommended as standard by the association embodies the following characteristics:

1. The number shall be in or near the upper right hand corner.

2. The amount in figures shall be at or near the extreme right center, followed on the next line by the amount in words.

3. The name of the bank or individual on whom the draft is drawn shall be in or near the lower left hand corner.

4. The size of the draft shall be eight and a half by three and a half inches.

5. This does not preclude the addition of a statement of accounts within the size named.

The President: If there are no objections the communication will be filed.

There were no objections and the communication was accordingly filed.

Mr. Whitson (continuing): The Council refers to the Convention a communication received from Mr. G. W. Garrels, President of the Franklin Bank of St. Louis, Missouri, and as Mr. Garrels is attending the Convention we will be pleased to have him read his paper.

Mr. Garrels read his paper as follows:

Currency Reform.

Reform of currency is an intricate and delicate question, as currency is the life blood of commerce, the arteries of which are so spread and interwoven with all phases of life in the modern system of exchanges of goods and services that a well regulated currency is one of the causes of general contentment and welfare. History teaches us that erroneous currency laws have caused innocent sufferers untold hardships, unbearable wrongs, and general misery.

In opening a discussion of currency reform, it would be desirable that bankers, professors of political economy, and statesmen should first come to a full understanding and agreement concerning the following cardinal points:

1. The nature of money, its functions, and scientific classification;

2. The duties of the Government in regard to money, and the limitations of the powers of the Government by natural, moral, and commercial laws;

3. What can be considered a modern, practical, and elastic currency system, suitable for an advanced nation opposed to privileged monopoly, without regard to the system now in existence?

After an agreement has been reached on these points, it will be comparatively easy to find ways and means of gradually approaching this desirable currency system.

Our present currency system is an inheritance of the Civil War, and consists of a patchwork of political compromises. For sixteen years during and after the Civil War this system caused the nation to suffer under the curse of irredeemable paper money. The Legal Tender Act was only justified before the Supreme Court of the United States as a desperate war measure, occasioned by a war of such vast proportions and intense energy as to cost for five consecutive years, annually, a ten years' income.

The incorrect principle of endowing due bills of the Government with the function of money showed itself in what followed the excessive issue of such bills. In accordance with the Gresham law, the good money left the country. Gold and even fractional silver coins became articles of trade, and disappeared from circulation. The circulation soon consisted entirely of enormous issues of paper money, based on the credit of the Government. All values fluctuated with the fortunes of war. Defeats of the Union armies influenced public opinion to such a degree that the consideration of the possibility of final repudiation at one time placed a paper dollar at a discount of sixty per cent. as compared with gold. These bills had to be and were redeemed at par. Thus this incorrect policy more than doubled the cost of the war. Had the war been conducted on a gold basis, as was the essence of the advice given by New York bankers, and as was lately done by the Japanese, these enormous losses could have been avoided.

The power of coining money is forbidden by the Constitution of the United States to the States, and is granted to the United States.

The power over tender is forbidden to the States, and not granted to the United States.

The power of Congress to make treasury notes legal tenders has been sustained by the United States Supreme Court on such slim grounds, as that the said power is incidental to the following powers:

1. To declare war;
2. To raise and support armies;
3. To provide and maintain a navy.

When the first legal tender law was enacted Congress promised its abolishment at the close of the war. Forty years have since passed, but this pledge remains unredeemed.

We have in our currency about \$500,000,000 of overvalued silver dollars. This is merely token money. As this is largely in excess of the demand for such coins, representatives of this token money are forced into circulation in the shape of silver certificates calling for forty-five cents value and for fifty-five cents trust. The subtle trick is ridiculous and degrades the dignity of one of the foremost nations of the globe by covering up an indebtedness of nearly \$300,000,000 of the Government. This amount, representing fifty-five per cent. trust, does not appear as debt in the financial statement of the Secretary of

the Treasury. In fact, when the silver was coined, sums aggregating about \$130,000,000 were accounted for as extraordinary income, on the false assumption of seigniorage. The balance of about \$170,000,000 represents the loss in the market value of the silver since it was bought by the Government.

We all know that the National Bank note is a delusion. It is no bank note at all. It does not circulate on the credit of the bank of issue. It does not appear when the trade needs it, and it does not disappear when it has done its duty and is no longer needed. It is simply an artificial way for the General Government to borrow money cheaply. It is forced into circulation, after the Government has been in the market to sell bonds, without regard to a reserve of gold, of which every good paper money is a representative, and in which it must be easily redeemable to remain good. The National Bank note is issued without regard to the needs of trade, for the benefit of which bank notes were invented. It does not go out of circulation until it has done all possible harm by congesting the money market and demoralizing interest rates. Abnormally low interest rates in turn promote non-dividend paying enterprises, inflate prices of securities, cause relaxation of the rules for doing a safe banking business, induce merchants and manufacturers to spread out beyond the safety limit, cause them to allow their assets to become slow and fixed, and promote gambling on the exchanges of the country.

Interest rates are indications of healthy or unhealthy business conditions. Too high rates and too low rates indicate sickness in the commercial, industrial, financial, or political world. Countries with an elastic currency watch with anxiety their stock of gold on which their bank notes are based and protect the same by raising the rate of interest, which in turn is a signal of warning to every intelligent business man to contract his enterprises. The people of the United States have no such tocsin, which is due to their faulty currency system. The Government will need \$200,000,000 or more for the Panama Canal and will issue \$200,000,000 or more in bonds. This will form the basis for \$200,000,000 in bank notes. Forced into circulation, this addition of bank notes will first demoralize the interest rate and then drive out \$200,000,000 in gold in accordance with the Gresham law. If we had a scientific currency law the result would be opposite. The large demand on the loan market would have the tendency to raise the interest rate, which in turn would encourage the importation of gold.

An enterprise like the Panama Canal calls for loanable capital or in other words for the savings and accumulated wealth of the nation. Only a small portion of this loanable capital will consist of the idle money seeking investment. The greater portion will be furnished by the products of our farms and of our mines, by the contents of our elevators, and of our warehouses, and the products of our factories and other forms of our wealth. The money used for this transformation as medium of exchange will be only needed temporarily and under a good currency law would disappear after it has done its service.

Under our present currency law it may happen that our circulation is increased by the full amount of the Panama Canal bonds to be issued. You are aware that Trust Companies and State Banks use National Bank notes without discrimination as reserve for deposits. You are also aware that large deposit accounts are created by loans made to customers. The increase of National Bank notes of say \$200,000,000 may, when digested by the banking mechanism, thus furnish loanable funds to an amount of nearly a billion dollars, and this without any regard to the loanable capital in existence.

Will not this be inflation against which our honorable Secretary of the Treasury has so earnestly cautioned?

All of our currency, excepting gold and gold certificates, is based on the credit of the Government. Hence, when money rates have hardened, in consequence of over speculation, of over trading, and over production, the Government is looked to for help. It is expected to keep the money market easy in order to prevent disasters. It is often blamed for a depression of business, which is only the natural reaction, and often the proper correction, of over trading. In fact, the Government is expected to put every business which is out of joint in good running order by distributing deposits of money amongst the banks. The Government should be relieved of this burden. It should be taken out of the banking business, and the currency out of politics. As long as the Government is a competitor in the banking business there can be no good financial legislation and no good banking.

Other enlightened nations have separated the credit of their Government entirely from their currency, and the time seems favorable for a similar separation of the credit of our Government from our currency system, and the building up of a new elastic currency system comprising gold and representative money readily and automatically redeemable in gold.

MONEY.

Barter has preceded trade.

Purchases and sales came into existence only where communities had singled out a general commodity which served as a common denominator, and as a medium of exchange, by comparison with which the values of other goods, or services, were measured. Cattle, shells, beaver skins, tobacco, iron, copper, tin, silver, gold, etc., have served at different times as such general commodities.

Gold, as the survival of the fittest, is now the standard of value of the civilized nations, and the medium of exchange in which the balances of international commerce are settled. Gold money, which as such a general commodity, completes an exchange fully, and gives value for value, is therefore the only real money, and is the basis of all substitute, representative, or token money.

THE DUTIES OF THE GOVERNMENT.

The Government is properly entrusted with the charge of assaying the gold, of weighing it, and of placing its stamp upon it as a certificate of correctness of the fineness and weight, but it should not make its coinage a source of profit.

There has been hardly a government in existence which has not abused this trust. History shows us how in ancient times, in the middle ages, and in modern times, governments have committed knowingly, and unknowingly, crimes by reducing the weight of coins, or

debasement the alloy. The weight of the Roman as, which was originally twelve ounces, was repeatedly reduced until it was finally equal to five twenty-fourths of an ounce. You all know how little is left of the pound sterling silver and the pennyweight silver in the English pound and the penny of to-day, respectively.

Levying a seigniorage in excess of the actual cost of coinage is immoral, and ought to be below the dignity of the Government. The sovereign prerogative of levying a disguised tax under the designation of seigniorage, which was formerly claimed by the rulers of the different countries, is mere stealing, and the holder who uses the coin in international settlements is the loser. The coinage laws of almost all civilized nations have now recognized this principle.

The issue by the Government of its own paper money with a legal tender quality violates the theory that money is a commodity or its representative. The United States notes are not representative of money, but certificates of indebtedness. A limited amount does circulate at par as long as such notes are redeemed in real money. Lack of redemption and excessive issues soon bring losses to the holders. These notes will then pass at a fraction of their face value only, proportioned to the probability of their final redemption. History teaches us that United States notes declined to forty cents on the dollar during the Civil War, and notes issued by the Continental Congress during the Revolutionary War declined to nothing, although the latter were finally redeemed at 1 per cent. for one hundred cents face value.

Successive bad crops, an extended civil or foreign war, extravagance in appropriations by Congress, may again cause an excessive issue of paper money by the United States, unless our currency system is put on a scientific basis, and is separated entirely from the credit of the Government.

The foremost European nations have left the issue of paper money entirely to banks, because they have found that credit is extremely sensitive, and that in bad times, when redemption of paper money, for which the Government is responsible, is in doubt, the money itself may become the explosive which may eventually shatter the foundations of the Government.

Is it not wise to divorce the money question entirely from politics?

European governments, in chartering National Banks of issue, have created privileged monopolies. That such institutions could permanently exist in the democratic atmosphere of the United States is doubtful. History shows us that the two United States banks were dragged into the whirlpool of party politics and had to go out of existence, probably at the time to the detriment of commerce and of the people of the United States.

Co-operation of corporations created under general laws will give strength without monopoly, and this seems to be the proper solution of this question for the United States.

All paper money ought to be under strict control of the Government, but the burden of its redemption, with the exception of gold certificates, should be entirely removed from the United States Treasury.

As gold money is subject to wear in circulation, it should be the duty of the Government to facilitate and enforce the withdrawal of light weight gold pieces.

It is the duty of the Government to provide subsidiary or token money, coined of less valuable metals, like silver, copper, or nickel, with a limited legal tender quality, for circulation in the home country only. This should be coined in quantities sufficient to satisfy the demand fully, but not in larger quantities. The Government ought to provide for a ready distribution and redemption of subsidiary coins.

A SIMPLE ELASTIC CURRENCY SYSTEM, PROVIDING FOR BANK NOTES REDEEMABLE IN GOLD.

GOLD:

Gold, by its inherent qualities, has become, with all civilized nations, the measure of value, the medium of exchange, and the general commodity in which the balances of all commercial nations are settled. Even in silver-using countries the value of goods which are exportable, and of all merchandise which is imported, is measured by gold, though prices are expressed in silver. But these prices go up and down in sympathy with the price of silver in gold. Gold has gained this position in accordance with the natural law of "the survival of the fittest."

GOLD CERTIFICATES:

The object of gold certificates is:

To make the payment, handling, and carrying of large amounts more convenient;

To save in the expense of shipping and to reduce the shipping risk.

SUBSIDIARY COIN:

Subsidiary coin is made of sundry metals other than gold, and is of limited legal tender quality, intended only for home circulation, and therefore has less intrinsic value than its face calls for. It should not be coined in excess of the home demand for its circulation.

BANK NOTES:

The loss which gold coins suffer by circulation, the inconvenience which the transfer of large amounts occasions, the ease of increasing the circulation whenever the trade demands it, by the use of paper money, has caused all civilized nations to use substitute or representative money in the shape of bank notes.

The essential qualities of good bank notes are:

1. Absolute safety under all circumstances;
2. Ready redeemability in gold;
3. Elasticity.

By elasticity I do not mean merely increase in the amount of bank notes in circulation whenever commerce demands such an increase, but also automatic disappearance from circulation when the representative money has served its purpose. The want of a provision for a contraction of the volume of bank notes after the necessity for their use has ceased brings about a congestion of the money market, which encourages an inflation of values, unreasonable specu-

tion, and an unsafe extension of business, often leading to a financial crash.

HOW BANK NOTES ARE SECURED.

BANK NOTES:

Bank notes are secured:

By a first lien on the assets of the bank of issue;

By a district safety fund and a general guarantee fund, created by taxes on the circulation;

Jointly and severally by the combined capital of all of the associated National Banks of issue of the United States;

By a qualified guarantee of the United States of America, inasmuch as the Treasurer shall receive at par all such bank notes in payment to the Government, and that he shall not pay them to its creditors except with their consent

By a reserve of gold, or gold certificates, to be held by each bank of issue equal to 30 per cent. of its outstanding bank notes, four-fifths of which is to be held with its redemption agent, the said reserve being held exclusively for the redemption of bank notes;

By a prohibition against including bank notes as any part of the legal reserve to be kept by a bank;

By an amount equal to the amount of circulation outstanding of easily convertible bonds, or well secured short notes not running in excess of thirty days.

THE REDEMPTION OF BANK NOTES.

Every reserve city is made a redemption city, and a certain adjoining district is attached to it and forms one banking district. If one such district is too extended, it is subdivided and an additional redemption city is created.

An office of Deputy Comptroller is established in every redemption city. The Deputy Comptroller issues bank notes to the different banks entitled to them in his district upon application; keeps the books for his district; and supervises the redemption of bank notes, and bank examinations of his district.

Every bank of issue in the district designates one bank in its redemption city as its redemption agent. Whenever any bank note reaches the counter of any bank in a redemption city, it ceases to be money. It has to be redeemed.

If the bank note to be withdrawn from circulation originated in the redemption city, it is paid by the bank of issue, canceled and delivered to the Deputy Comptroller for credit on his books. If the bank note to be withdrawn from circulation did not originate in the redemption city, but in the same district, it is redeemed by the redemption agent in gold or through the clearing house. It is charged to the bank of issue by the redemption agent and delivered to the Deputy Comptroller against his receipts.

The redemption agent advises the bank of issue of the denominations and numbers of the notes redeemed. The Deputy Comptroller cancels the notes, credits the bank of issue, and also advises the latter of the denominations and numbers of the notes redeemed.

If the bank note to be redeemed originated in another district, the said bank note is delivered by the receiving bank to the Deputy Comptroller against his draft on the redemption agent of the bank of issue in the redemption city of the district in which the note originated. A schedule of the denominations and numbers of the notes redeemed is delivered in duplicate with the bank notes to the Deputy Comptroller. A third copy of such schedule is attached to the draft, to be finally forwarded by the redemption agent to the bank of issue. An exchange charge is established for the drafts of the Deputy Comptroller, graduated according to the distance between the place of payment and the redemption city. This is allowed to the receiving bank, and is payable by the bank, the bank notes of which have been redeemed. The Deputy Comptroller cancels the bank notes and forwards them, with a copy of the schedule, to the Deputy Comptroller of the district in which the bank notes originated.

The Deputy Comptroller has charge of a sufficient supply of blank bank notes for each bank in his district, and delivers the same upon the application of any bank of issue entitled to them. If the Deputy Comptroller has on hand an application for additional circulation by a bank of issue at the time when clean, serviceable notes come in for redemption, he may reissue such bank notes instead of new ones.

GENERAL GUARANTEE FUND.

Every one of the associated National Banks is entitled to issue bank notes equal to one hundred or one hundred and fifty per cent. of its paid up capital. Each bank pays taxes on its outstanding bank notes at the rate of one-half per cent. on the first forty per cent., one per cent. on the next ten per cent., two per cent. on the next ten per cent., and so on, the rate of tax gradually increasing. The taxes received on circulation are set aside by the Government as a "General Guarantee Fund" until the amount received is equal to five per cent. of the maximum previous circulation. Whenever the income from this source is in excess of five per cent. of any previous maximum circulation, the excess is to go to the Government.

DISTRICT SAFETY FUND.

An assessment of one-half per cent. per annum is collected in each district on outstanding circulation to form a District Safety Fund until the same reaches two per cent. of the maximum previous outstanding circulation of the district. In case of impairment of said fund, or increase of the outstanding circulation, pro rata assessments are made to maintain the fund in the same proportion.

In case of a bank failure, the outstanding bank notes of the bank that failed are at once redeemable out of the General Guarantee Fund, which is later reimbursed as a first preferred creditor out of the assets of the bank that failed up to the full amount of the outstanding bank notes. In case the assets of the bank that failed are not sufficient to cover its circulation, one-quarter of the loss is made good by the District Safety Fund, and three-quarters by the General Guarantee Fund.

The object of the District Safety Fund is simply to promote watchfulness, which can be exercised more easily near by than at a distance.

The Clearing House of the redemption city appoints a committee, which assists the Deputy Comptroller in the supervision of the banks of the district, and has power to examine any member of the asso-

clated banks of issue of the district. If an examination shows a bank to be in a falling condition, it can be closed at once with the assistance of the Deputy Comptroller.

The average circulation under the Suffolk redemption system amounted to about forty per cent. of the maximum circulation allowed, and under the proposed system would probably not exceed this rate. The graduated tax would make a high issue unprofitable, and one-half of the amount of circulation allowed would probably seldom be exceeded, except in times of stringency, when money commands sufficiently high rates of interest to enable the bank of issue to pay the higher rates of taxation.

In the foregoing I have outlined a scheme for a permanently sound and elastic currency system, in which prompt redemption prevents by itself any inflation and which is liberal enough to provide for any emergency.

The emergency circulation suggested by our Honorable Secretary of the Treasury has some good features, but it is only an addition to a currency system built up on wrong principles. The want of publicity taints the whole class of this money to the whole extent of the permissible issue and deprives bankers of an indication on which to base their judgment.

I do not ask you to indorse this scheme, but I do ask you to support me in the following assertions:

1. Our present currency system is faulty;
2. The present time is opportune for considering its improvement;
3. In considering this matter of a sound and elastic currency system, the aim should be to create a scientific currency system which will be free from the faults of the present system, will stand the test of panics, wars and political changes, will stand comparison with the best system in existence, and will be worthy of one of the foremost commercial nations of the world.

RESOLUTION.

Resolved, To appoint a committee to wait upon Congress, or the proper committees, and to ask that a commission be selected of members of Congress, professors of political economy, and practical bankers whose duty it shall be to consider, determine, and report upon:

1. The nature of money, its functions, and scientific classification;
2. The duties of the Government in regard to money, and the limitations of the powers of the Government by natural, moral and commercial laws;
3. What can be considered a modern, practical, and elastic currency system, which will stand the test of panics, wars, and political changes, and is suitable for an advanced commercial nation opposed to privileged monopoly, without regard to the system now in existence.
4. To recommend such laws as will be necessary to change gradually from our present currency system to the one agreed upon by the commission.

STANDING LAW COMMITTEE.

Mr. Whitson (continuing): The following resolution offered by Mr. Lewis E. Pierson of the New York National Exchange Bank is offered for the consideration of the Convention, with the recommendation from the Executive Council that it be adopted.

The Secretary read as follows:

Resolved, That the President appoint a standing Law Committee of five members, to whose attention shall be brought all decisions and laws on banking matters, which are or shall hereafter be at variance in different States.

This committee shall be instructed to provide ways and means to bring about uniformity in all matters of this character, and be authorized to employ necessary counsel to properly prepare and carry through its plans.

Its expense shall be limited to such appropriation as may be made by the Executive Committee, to whom all reports of expense and progress shall be rendered.

On motion of Mr. George the resolution was adopted.

NEW BILL OF LADING.

Mr. Whitson (continuing): The following communication from Mr. Pierson is referred to the Convention without recommendation from the Council.

The Secretary read as follows:

Resolved, that the President appoint a committee of five to confer with the joint committee of shippers and carriers now considering the adoption of a new uniform bill of lading.

A Member: I move the adoption of that resolution.

The motion was seconded, and the question being taken, it was agreed to.

DUPLICATES FOR LOST GOLD CERTIFICATES.

Mr. Whitson (continuing): The following communication from Mr. P. E. Kuhl, Cashier of the Lincoln National Bank of Lincoln, Ill., is referred to the Convention without recommendation from the Council that it be adopted.

The Secretary read as follows:

Whereas, Under the Act of Congress of March 14, 1900, the Treasurer and Assistant Treasurers of the United States are authorized to issue "gold certificates of deposit," payable to order of any bank or banker making deposit of gold, and

Whereas, The convenience of this method of storing gold

is recognized and taken advantage of by banks and bankers all over this country:

Whereas, The Honorable Secretary of the Treasury, under date of June 21, 1905, advised a member of this Association "that there is no authority of law for the issue of duplicates in lieu of lost gold certificates," be it therefore

Resolved, That the attention of Congress be called to this state of facts, and that it be asked to pass such laws as will enable the Secretary of the Treasury, in the event of a gold certificate of deposit becoming lost or destroyed, to issue a duplicate therefor, under the usual restrictions governing the issue of a duplicate for a lost or destroyed United States Registered Bond, and be it therefore further

Resolved, That recognizing the importance of such an act to all banking institutions of this country, the Secretary of this Association is hereby instructed to send copies of the above preamble and resolution to all Congressmen, recommending the passage of a law that will relieve this condition of affairs.

The President: I am sure the members of this Association will concur in this resolution.

On motion the resolution was agreed to.

RESOLUTION IN FAVOR OF SHIP SUBSIDIES.

Mr. Whitson (continuing): The following preamble and resolution offered by Mr. Robert J. Lowry is presented to the Convention without recommendation from the Council.

The Secretary read as follows:

Whereas, The export trade of the people of the United States is annually on the increase, and in the years to come will necessarily increase in a greater ratio than it has in the past; and

Whereas, The percentage of foreign freight carried in our own American ships has decreased until, compared with the gross amount of our exports, it is ridiculously small; and

Whereas, This is to the great disadvantage of the people of the United States from the viewpoint of proper economy in the conduct of business, besides greatly detracting from our National prestige and pride; and

Whereas, The opening of the Panama Canal will be of the greatest importance to the commerce of this country, and will render even more necessary than at present the building of more ships to carry our freight to the Oriental and other markets of the world; and

Whereas, The passage of a ship subsidy measure on the part of this Government would be a substantial encouragement to shipbuilding and be a long stride toward the upbuilding of a strong American merchant marine to carry our freight and mail direct from all our ports to foreign ports; and

Whereas, It is necessary for the maintenance of our National prestige among the civilized nations of the world that we do not allow our flag on merchantmen to become well-nigh extinct upon the seas; and

Whereas, The building of ships, thus encouraged by Government subsidy would mean employment to skilled labor as well as common labor, and would give a healthy impetus to internal trade in the purchase of all supplies necessary for the building of these ships; therefore be it

Resolved, By the American Bankers' Association, in Convention assembled:

1. That the members of this Association are deeply interested in any measure which will promote the interests of the whole country, industrially and commercially, and especially with reference to our foreign commerce.

2. That we favor and most respectfully urge the passage by Congress of some measure to foster and encourage the upbuilding of our merchant marine and give us back the prestige upon the high seas which we once enjoyed.

3. That we favor the ship subsidy measure, which has received consideration at the hands of our Congress, which we think would tend to restore our flag upon the seas and build up our merchant marine to the extent that the necessities of our trade, now and in the future, may demand.

4. That we recommend that our Senators and Congressmen favor some just and equitable measure that will bring about the results and afford the relief above suggested.

5. That through our Legislative Committee we memorialize the Senate and the House of Representatives of the United States with a copy of these resolutions.

Mr. Low, of Maine: As a member of the Association from Bath, Maine, where these ships will be built, I wish to second the motion. (Laughter and applause.)

Mr. Robert J. Lowry, of Atlanta, Ga.: Mr. President, I know of no proposition ever coming before the Association of greater importance than the one just read. Commodore Maury, 'way back in olden times, made a chart, and in his day every ship that plied the ocean sailed by his chart. He was an able officer and we are proud of him. I have been thinking that if those routes

traversed by ships in those days could be filled up by *débris*, or something of the kind, for want of use, they would have been filled up long ago if the keeping of them open depended upon the ships from the United States. Foreign nations' ships are carrying the commerce that ought to be carried by our own ships. When I presented this to the Executive Committee, and they referred it to your body, I expected it to come up yesterday, when the Secretary of the Treasury said so many good things and appropriate things upon the same subject. I do not believe it is worth my while to say another word in behalf of this proposition. I would like to see our flag on a thousand merchantmen carrying our products to every part of the globe, and the only way to do it is to let people understand that if they will build ships we will give them some encouragement. We built railroads across the continent by aid from the Government, and we can take our stuff to the ports now, but we have no ships to carry it from the seaports.

I do believe, gentlemen, that it is our duty to have some act of this kind passed. There are no people anywhere more interested in it than the bankers of America. The commerce of the country is what we make our money out of, and if the country does not prosper we do not prosper, and we should do everything in the world we can on this line, giving prosperity to the whole country, and in that way we reap benefit ourselves.

It is not from a selfish standpoint at all, because I always have held, and I hold now, that the patriotism among bankers is as great as is to be found in any other vocation in the world.

I hardly think it is worth while for me to say anything further, but I do sincerely hope that you will pass this resolution, give it your approval, or give your approval to some other proposition. (Applause.)

Mr. Parker, of Quincy, Ill.: Mr. President, I am glad that Colonel Lowry has had the courage and practical good sense to introduce this resolution in the Convention. I rise to support the resolution, and wish to state a few things in that connection. It was Commodore Perry who opened up the ports of the world under the American flag. In this day our ships have almost disappeared from the seas. Within a few days I have seen in Japan on an inland sea fifteen or twenty ships lying at anchor, illustrating what her commerce is and what war costs in the diversion and waste of commerce.

Some of you are anxious that our navy should be enlarged. Some object to the expense. I wish to make a point here. Some of the best naval officers in the navy have said to me (and this, mind you, after the Spanish War and the use of steamships which were purchased or leased in order to act as scouts), that although we might have subsidy laws passed by Congress, yet the expense of those appropriations would be very considerably held down if we would follow England and Germany and Japan in granting modern subsidies, but at the same time controlling the construction of these fast cruisers. Think for a moment of that great act of Great Britain in transporting to the Cape in a few weeks under such regulations of construction of her mercantile marine hundreds of thousands of men. We have purchased Alaska, but she is isolated. We have annexed the Hawaiian Islands. We have taken possession of the Midway Islands. By war we have acquired the Philippines. Whether or not you think we ought to be a world power, we are a world power, and we cannot help it. Now, in case of war in this country we need those vessels as much as Great Britain and Germany to protect our isolated possessions. It is said that commerce follows the flag. We must make it do so, and Congress can begin by extending by moderate and safe subsidy acts relating to trade with South America and Asia. We are handicapped in this way. We cannot manufacture a ship in competition with Great Britain, Germany or Japan for the reason that we have a high protective tariff and we have to pay so much for our labor. We pay forty or fifty per cent. more. Japan or England or Germany can

put a steamer on the ocean and save twenty to thirty thousand dollars in salaries to officers alone, and when it comes to seamen there is still greater difference. So, I say, we are handicapped in that respect.

Cries of "Question, question!"

Mr. Fletcher, of Little Rock, Ark.: Mr. President I had no idea of saying a word here. I fully indorse everything that Colonel Lowry has said, except one thing, and that is the matter of a subsidy. I am opposed to subsidy for anything. Talk to me about handicap! This great American Republic of ours has more free men, free labor and better wages than any other place on the face of the earth, and I think we are able to compete with the world in everything. I do not admit that any man has more veneration for the flag of this country than I have. And yet I am opposed to subsidies for anything. I come from the Southwest, west of the Mississippi River, where men with strong arms and brave hearts have hewed down the forests and built up a gigantic country. Why should we pay a few shipbuilders to build our ships? We are building a navy to compete with the world; we are building a navy that will whip any country on the face of the earth if necessary. (Applause.) I occupy a peculiar position probably in this Convention. Probably there are not half a dozen other men in this convention that served in the Confederate Army. I did. I do not deny it. But no man has any greater veneration for the Stars and Stripes and the honor and standing of this country than I have. (Applause.) I surrendered with General Johnston in North Carolina. I was met by the Federal Army. They said, "What are you going to do?" "I am going back home where I live." And I went home and pulled off my coat and rolled up my sleeves and went to work, as all of us did, to build up our Southern country. There is no man who fought on the Union side who will do more to build up this country than I will. (Applause.) But I say to you, gentlemen, let us not grant any subsidies. Our men are energetic and able to compete in any line of business, and when capital gets so surfeited in these big markets that they cannot loot any insurance companies any further then they will probably go to shipbuilding or something else that will pay. (Laughter and applause.) I say all this with due respect to my friend Lowry, but I hope that you will vote against the resolution.

Mr. Babcock, sitting in the gallery, said a few words in favor of the resolution of Mr. Lowry.

(Cries of "Question, question!")

The question was taken and the resolution was agreed to.

COMMITTEE ON UNIFORM LAWS.

The President: The next is the report on uniform laws. This report has been printed. The Chairman was not here and he forwarded it, and it was printed in the proceedings of yesterday.

Mr. Finley: I move that there be a committee appointed by the Chair on Uniform Laws.

Mr. George: I second the motion.

The question was taken and the motion was agreed to.

Mr. Evans: I move that discussions on the floor be limited to two minutes.

The motion was seconded, and the question being taken it was agreed to.

The President: The next is the report of the Committee on Bureau of Education, by Mr. Finley.

Report of the Committee on Education.

To the American Bankers' Association:

The efforts of your Committee on Education during the past year in connection with the American Institute of Bank Clerks have been directed toward the elevation of the standard of educational work and the consequent assurance of its permanence rather than to the increase of the number of individual students and Chapter members.

The study courses, consisting of standard text-books and collateral exercises and examinations covering the

subjects of Practical Banking, Commercial Law and Political Economy, have appealed alike to practical educators and employing bankers as well as to ambitious and industrious students in both city and country.

The association of students in Chapters in the larger cities affords opportunity to add lectures and classroom methods to individual study of text-books. In several places where university schools of finance and commerce exist Chapters have organized classes under the direction of experienced professors in which superior educational results are accomplished. It is the purpose of the Institute to extend such university alliances as far as possible.

To show the character of the preparatory work in connection with the study courses in Practical Banking, Commercial Law and Political Economy the preliminary exercises and examination questions are submitted herewith:

PRACTICAL BANKING.

The student who takes up the study of banking must have a threefold purpose: (1) To acquire familiarity with banking methods, forms and accounts as now practiced; (2) to get an understanding of the principles involved in various banking transactions; (3) to get some knowledge of the development of banking institutions in this and other countries. There is no single text-book from which all this knowledge can be obtained. On account of the broad scope of banking interests, a student who would understand the business must know much more than the routine of a banking office. Knowledge of routine is the beginning and not the end of banking education.

The course of study here outlined is intended to give the student a clear idea of the work actually done by a bank, of the risks to be avoided and of the relation of banking to industry in general. The text-books are F. A. Cleveland's "Funds and Their Uses," Horace White's "Money and Banking," C. F. Dunbar's "Theory and History of Banking," either A. R. Barrett's "Modern Banking Methods" or A. K. Fiske's "The Modern Bank." Students should also read with care the articles on banking subjects published in *The Bulletin*.

Answers to all questions in the following preliminary exercise should be worked out by the student, but written answers to only twenty-five of the questions are required to be submitted for purposes of examination. Each candidate should tell briefly what experience he has had in a bank and what books he has read relating to banking and finance. Number answers to correspond with questions.

1. What are the distinctive functions of a bank, a trust company and a savings institution?
2. What are the preliminary steps in the organization of a National Bank?
3. What are the relative advantages and disadvantages of National and State charters?
4. Name and describe the principal provisions of the National Bank Act.
5. What are the reserve requirements under the National Bank Act and under the laws of your State?
6. Describe the different classes of loans made by National Banks and tell why they are restricted from loaning upon real estate.
7. In the calculation of a National Bank's reserve, how are the net deposit liabilities computed? In this computation what is done with the following items: Due from other banks, due to other banks, notes of other banks, certified checks, National Bank notes outstanding, redemption fund, exchanges for clearing house?
8. Make a working plan of any bank with which you are familiar and describe the duties and responsibilities of directors and various officers and employees.
9. What information is essential in accepting the deposit account of an individual, corporation, trustee, executor, administrator or agent?
10. How may an account be analyzed so as to show whether it is profitable or unprofitable to a bank?
11. Name and describe the different books used in any bank with which you are familiar, and suggest improvements.
12. What, in your judgment, is proper identification of persons presenting checks for payment?
13. In connection with negotiable instruments, define drawer, drawee, payer, payee, indorser, indorsee, pledger, pledgee, consignor and consignee.
14. What is restrictive indorsement and indorsement without recourse?
15. What is essential in bank examination to show actual condition?
16. Make a typical report of condition and explain the principal items.
17. Describe effective and legitimate methods of building up the business of a bank.
18. What is the effect of certification?
19. Show that a bank deals in credit rather than in money.
20. Exactly what is the meaning of "money" in the saying that money is tight?
21. A bank receives interest on the notes it issues, whereas a private individual pays interest on his promissory note. How is the exaction of interest by the bank justified?
22. Show that the deposits of a bank may increase as the result of two entirely different transactions.
23. What is meant by the phrase "expansion of bank credits?"

What fixes the limit to which a bank may expand its credit? Illustrate with concrete case.

24. Describe the utility or advantages of bank notes, and show in what respect they are superior to Government notes. (Do not limit your answer to National Bank notes).

25. Explain clearly the following: Exchanges for clearing house, accommodation paper, acceptance, bill of lading, letter of credit, lawful money, certificate of deposit, check, certified check, draft, promissory note, collateral note, bill of exchange, power of attorney, warehouse receipt, cashier's check.

26. What is the "surplus" of a bank? How large a surplus must a National Bank accumulate? To whom does it belong? Why should a bank be required to have a surplus?

27. Explain how settlements are effected at a clearing house. How are balances paid at the New York Clearing House?

28. Discuss the present need for reform of banking laws in the United States.

29. What is a clearing house loan certificate? What use has been made of it in the past? Show that its use in a panic is equivalent to a pooling of bank reserves.

30. With respect to the issue of bank notes distinguish clearly between the "Currency Principle" and the "Banking Principle."

31. What is meant by "elasticity of the currency?" What are its alleged advantages? Why do not checks supply sufficient elasticity?

32. Upon whose recommendation was the first bank of the United States established? What privileges was it granted? Show why it was called the Regulator of the Currency. When did its charter expire, and why was it not renewed?

33. On what grounds did Jackson attack the Second Bank of the United States? How did he cripple it?

34. Describe the Suffolk banking system. Show that the Suffolk was organized solely for the purpose of profit and yet that it performed an excellent service for business interests in New England. Before the Suffolk Bank was organized why were the Boston banks unable to keep their own notes in circulation within the city?

35. Describe the so-called safety-fund system of banking. In what State was it first introduced.

36. When and by what State was the so-called free banking system first adopted? Why did this system fail in the first year of its trial?

37. During the panics of 1857 and 1857 in what city did banks longest maintain specie payments? Why did specie flow toward that city away from other cities?

38. What is meant by wildcat bank notes? Show why the notes of many banks were at a discount before the Civil War.

39. Describe the organization and operations of the State Bank of Indiana and discuss White's statement that it illustrates sound rules of banking.

40. Tell the story of George Smith's "money" and show why it was elastic.

41. Show that the National banking system was adopted in order to provide a market for Government bonds. What legislation was necessary with regard to the issue of notes by State Banks in order to stimulate the organization of National Banks?

42. What part of the capital of National Banks must be invested in Government bonds? Under what conditions may a National Bank issue bank notes? Why did the notes of National Banks increase between 1867 and 1880 and decrease between 1880 and 1890?

43. What are the duties of the Comptroller of the Currency?

44. In a five per cent. market what profit does a National Bank make on its circulation if it succeeds in keeping all its notes outstanding? (Assume that its notes are secured by deposit of Government 2's.)

45. Why should a National Bank not desire to take out more notes than it can keep in circulation?

46. What changes with regard to the issue of notes by National Banks were made by the law of March 14, 1900?

47. With respect to their reserves, into what three classes are National Banks divided?

48. Are the notes of National Banks elastic? Give reasons for your answer.

49. When and why was the Independent Treasury established in the United States? To what extent may it aid or injure the operations of banks?

50. Describe the Bank of Amsterdam and outline its history.

51. What are the principal features and functions of the Bank of France?

52. Describe the Bank of England and its relationship to the Government.

53. Explain the position of the Bank of England as a reserve agent for other banks. How does it seek to attract gold to England or prevent its exportation? Why is its policy often effective?

54. What are the characteristics of the Imperial Bank of Germany and its points of resemblance to the Bank of England?

55. Discuss the Canadian banking system with respect to (a) steps necessary to get a charter, (b) paid up capital, (c) reserve requirements, (d) the issue and the redemption of notes, (e) safety fund.

COMMERCIAL LAW.

The student of Commercial Law is advised to begin with White's "Business Law." At this stage the purpose is simply to get a general view of the nature of law and to add to this general view some knowledge of the more elementary doctrines as to contracts, sales, bills and notes, common carriers, agency, partnership and corporations.

After the student has gained an elementary knowledge of business law he should make a special study of the law of commercial paper. For this purpose he is advised to study carefully either Bigelow on "Bills, Notes and Cheques" or Norton on "Bills and Notes." The Banking Law articles in *The Bulletin* should be carefully followed.

Finally, after the student has studied carefully one of the suggested treatises on commercial paper, he must familiarize himself, by thorough and repeated study, with the statute en-

titled the Negotiable Instruments Law, which has been adopted in many States and can be found near the end of the latest edition of either of the books named in the preceding paragraph.

The following preliminary exercise gives the student, to some extent, the option of pursuing elementary topics, advanced topics, or both. The first part is composed of general questions on elementary business law, divided into groups of five. The second part is composed of practical problems on elementary business law. The third part is composed of general questions on commercial paper, including the Negotiable Instruments Law and is divided into groups of five questions each. The fourth part is composed of practical problems on the topics covered by the third part. The student should master all the questions and problems, but in submitting written answers for examination twenty general questions and five practical problems should be chosen, and no more. For this purpose all the four parts are available, with the restrictions that not more than two of the twenty general questions selected should be taken from the same group of five, and not more than ten from the third part. The answers should be clear, accurate and full, giving history, distinctions and reasons as well as mere statements of rules and of definitions. In other words, the answers should resemble explanations prepared for the instruction of intelligent persons not yet acquainted with the topics discussed.

(FIRST PART: GENERAL QUESTIONS ON ELEMENTARY BUSINESS LAW.)

1. What is municipal law?
2. What are statutes?
3. Explain how law has grown through decisions.
4. What is substantive law?
5. What is a crime?
6. What is a tort?
7. What is a court of equity?
8. What is a contract?
9. What are the essential elements of a contract?
10. Do you know when infancy ceases in your State?
11. What is the effect of an infant's contract?
12. What is the effect of a lunatic's contract?
13. What is meant by a contract under seal?
14. Do you know the effect of sealing a contract in your State?
15. What is delivery in escrow?
16. Describe an official bond.
17. What is the Statute of Frauds?
18. What contracts come within the English Statute of Frauds?
19. Do you know what contracts come within the Statute of Frauds of your State?
20. Distinguish between penalty and liquidated damages.
21. How may a right of action for breach of contract be discharged?
22. Do you know what are the times fixed by the Statute of Limitations in your State?
23. Distinguish between sale and bailment?
24. When does title pass in case of sale?
25. What is a warranty?
26. What is a lien?
27. What is stoppage in transitu?
28. What is a negotiable instrument?
29. What is a promissory note?
30. What is a bill of exchange?
31. What is an acceptance?
32. What is an indorsement?
33. What is a protest?
34. What is acceptance supra protest?
35. What is accommodation paper?
36. How does a check differ from a bill of exchange?
37. What is the responsibility of a common carrier of goods.
38. Who is liable upon a contract made by an agent in behalf of his principal?
39. Who is liable for an agent's torts?
40. Who is liable for an agent's crimes?
41. What is a partnership?
42. To what extent is a partner liable for the firm's debts?
43. To what extent can a partner bind the firm?
44. How is a partnership dissolved?
45. What is a corporation?
46. In your State what are the steps that must be taken in order to form a corporation for business purposes?
47. To what extent is a stockholder liable for corporate debts?
48. Do you know what is a stockholder's liability in your State?
49. Do you know what is the liability of a stockholder in a National Bank?
50. What is the liability of a corporation from ultra vires acts?

(SECOND PART: PRACTICAL PROBLEMS ON ELEMENTARY BUSINESS LAW.)

1. Parsona writes to Bishop: "I offer you 10,000 bushels of wheat for \$7,500, you to pay as much cash down as you choose and the remainder in thirty days, with interest at six per cent." Bishop writes: "I accept." Are the parties bound?
2. I send you an offer by mail, and you send me an acceptance by telegraph, but the acceptance is lost by the messenger. Are we bound?
3. I send you an offer, saying that it will remain open a week. The next day I tell you that I find the property offered has already been sold by one of my agents. The next day you find that I was mistaken, and you accept the offer. Am I bound?
4. Your father promises to pay you \$100 if you will write this exercise successfully and if you receive a promotion in one year. Both events happen. Must your father pay?

5. In your State is it of consequence that the promise described in the preceding problem was signed and that after the signature was placed a wafer?

6. Bishop owes Parsons \$1,000. Bishop, being insolvent, asks Parsons whether he will not accept \$600 in full payment. Parsons assents, receives the \$600, and afterward brings action against Bishop for the other \$400. Who will succeed?

7. Is it of consequence that the debt in the preceding problem was not yet due when the payment was made?

8. In the same problem is it of consequence that, although the debt was due, the agreement for part payment was part of an arrangement whereby three separate creditors of Bishop made the same agreement with him and with one another?

9. I send to a painter an offer of \$100 if he will paint a certain house. He paints the house, but does not tell me that he will do so, and does not communicate with me until six months after the work is finished. Must I pay?

10. Parsons has a claim against Bishop for \$1,000. Parsons calls Bishop's partner, Dane, by telephone, and offers to give Bishop sixty days' longer time if Dane will promise to pay in case Bishop does not. Dane telephones his assent. Is Dane bound?

(THIRD PART: GENERAL QUESTIONS ON COMMERCIAL PAPER.)

1. What is the law merchant?
2. What are some of the peculiarities of the law merchant as distinguished from the common law?
3. What is negotiability?
4. What is the difference between negotiability and assignability?
5. What are the features necessary in order to render paper negotiable?
6. Who are the parties to a promissory note?
7. Who are the parties to a bill of exchange?
8. Discuss delivery.
9. At what time can suit be brought on negotiable paper?
10. What are the essential features of a bill or note, whether negotiable or not negotiable?
11. Discuss the result of designating a payee by a fictitious name.
12. Discuss the negotiability of instruments payable in installments.
13. Discuss the negotiability of instruments payable on or before a certain date.
14. Discuss the negotiability of instruments payable with current exchange.
15. What is legal tender money?
16. Discuss the negotiability of instruments payable in current funds.
17. Discuss the negotiability of instruments payable in foreign money.
18. Discuss the negotiability of instruments containing a power to confess judgment.
19. What is a joint note?
20. What is a joint and several note?
21. What power has the representative of an estate to execute negotiable paper in the name of the estate?
22. As to negotiable paper, what is the liability of an undisclosed principal?
23. What is the result of executing a bill or note without a date?
24. What is grace?
25. What is the effect of inserting or omitting "value received"?
26. Who can accept a bill of exchange?
27. Must an acceptance be unconditional?
28. Can an acceptance be revoked?
29. Must an acceptor receive consideration?
30. May an acceptance be written upon another paper?
31. May an acceptance be oral?
32. What time is allowed a drawee for acceptance?
33. What is an acceptor's liability?
34. Discuss acceptance for honor.
35. Compare acceptance and certification.
36. Compare the drawer of a bill and the maker of a note.
37. What is the liability of a drawer?
38. When is presentment for acceptance necessary?
39. What are the essential features of presentment for acceptance?
40. Must notice of non-acceptance be always given to the drawer?
41. What are the formal requisites of indorsement?
42. What are the liabilities of an indorser who is in the chain of title?
43. What are the liabilities of an indorser who is not in the chain of title?
44. What is the effect of transferring without indorsement paper payable to order?
45. What power has the representative of an estate to indorse commercial paper owned by the estate?
46. What is a special indorsement?
47. What is an indorsement in blank?
48. What is a restrictive indorsement?
49. What is a qualified indorsement?
50. What is a conditional indorsement?
51. Distinguish between presentment and demand.
52. At what place must paper be presented for payment?
53. At what time must paper be presented for payment?
54. In your State what is the law as to grace?
55. How is presentment affected by the loss or destruction of the paper?
56. In what instances is notice of dishonor necessary?
57. At what time must the notice of dishonor be sent?
58. By whom must the notice of dishonor be sent?
59. To whom should the notice of dishonor be sent?
60. Should notices of dishonor be sent by mail?
61. What kind of paper must be protested?
62. By whom may protest be made?
63. What facts excuse presentment, protest or notice?

64. What is the liability of an indorser without recourse?
65. What is the liability of an accommodation party?
66. State some absolute (or real) defenses.
67. State some personal defenses (or equities).
68. How are absolute (or real) defenses affected by estoppel?
69. What is the effect of alteration?
70. Against whom do personal defenses (or equities) prevail?
71. Is a holder for a past consideration a holder for value?
72. To what extent does negligence serve as the equivalent of notice?
73. How is a negotiable instrument discharged?
74. How is a person secondarily liable upon a negotiable instrument discharged?
75. When was the Negotiable Instruments' Law adopted in your State?

(FOURTH PART: PRACTICAL PROBLEMS ON COMMERCIAL PAPER).

1. "500. Albany, N. Y., August 19, 1905. Thirty days after date please pay to Henry Wheaton five hundred dollars out of any money in your hands belonging to me. To Messrs. Peters & Co., New York, N. Y. Joseph Story." Give all arguments tending to show that the above paper is or is not negotiable.

2. "Philadelphia, Pa., Sept. 1, 1905. I. O. U. fifty dollars. Joseph Story." Suppose that on Sept. 1, 1905, the above paper is handed to Henry Peters by Joseph Story and is indorsed by Henry Peters to William J. Wallace for a consideration of fifty dollars. If the above paper was written without consideration, are there any circumstances in which Wallace can sue Story upon the paper? Give all reasons.

3. "Baltimore, Md., Sept. 1, 1905. Three years after date I promise to pay to Williams & Co. one thousand bushels of A No. 1 hard wheat. C. H. Johnson." If Williams & Co. obtained the above note from Johnson by fraudulent representations, and if it reached the hands of an innocent purchaser before due, what reasons can be urged to show that Johnson will or will not have to pay it?

4. Wheaton wrote a note to the order of Peters and locked it in his own desk. Wheaton bribed a clerk to let him have access to the desk and took out the note, and before it was due indorsed it for value to Howard, who knew nothing of the facts. Would Howard be able to hold Wheaton?

5. Wheaton wrote a note payable to bearer and gave it to a boy to play with. The boy dropped it in the street. It was picked up by Peters. Could Peters recover on it? If Peters sold it before maturity to Howard, who knew nothing of the facts, could Howard recover from Wheaton? How would the answer be modified if Howard took the paper after maturity?

6. "Chicago, May 1, 1905. One year after date I promise to pay to the order of Henry Peters one thousand dollars, and if suit be brought hereon I promise to pay a reasonable amount as attorney's fees. Henry Wheaton." If the above note be stolen while indorsed in blank will an innocent purchaser for value before maturity get a good claim against Wheaton?

7. "Chicago, May 1, 1905. Ten years after date we promise to pay to bearer one thousand dollars at Bankers' Trust Co., New York City. At the bearer's option, payment will be made in London. The Wheaton Construction Co., by Henry Wheaton, President." If there were no consideration would a purchaser without notice from a holder of the above paper get a good claim against the makers?

8. "Chicago, May 25, 1905. Due William Peters or order forty dollars. Henry Wheaton." If Peters immediately indorses the above paper to Howard for value, does Howard take a right of action against Wheaton and is it free from all personal defenses?

9. A signs and delivers to B a note to B's order and for B's accommodation. Can B recover from A on the note? If B indorses it for value and before maturity to C, who knows it to be accommodation paper, can C recover from A?

10. A makes a note in favor of B or order. The note is obtained by fraudulent representation. B indorses to C, who pays no consideration and has notice of the fraud. C indorses to D, who pays no consideration and has no notice. D indorses to E, who pays consideration and has notice. E indorses to F, who pays consideration and has no notice. F indorses to G, who pays no consideration and has notice. G indorses to H, who pays no consideration and has no notice. H indorses to K, who pays consideration and has notice. K indorses to L, who pays consideration and has not notice. L indorses back to B, who pays consideration. Suppose that all the indorsements were made before maturity, which of the foregoing parties, if he happened to have been the final holder, would have been able to recover from A, and which unable?

POLITICAL ECONOMY.

The student of Political Economy should first carefully read C. C. Adams' "Commercial Geography." He should lay the foundation of his study of Political Economy by acquiring a knowledge of the general facts of commerce and industry, the climate and geographical factors affecting production, and of the agricultural, manufacturing and transportation industries of the United States and of other countries.

On the basis of these facts and of whatever business experience the student may have acquired he should then study Charles Gide's "Principles of Political Economy." The difficulty of political economy lies in its apparent simplicity. It deals with business methods and problems, it calls for a knowledge of practical business, but, much more fundamentally, it calls for capacity to generalize, with a view of constructing the general principles under which orderly human society organizes itself to satisfy its physical needs. Like every other science, Political Economy has its peculiar terms and distinctions. These must be mastered.

For more advanced work A. T. Hadley's "Economics" is suggested. It should be read with extreme care, with a view to acquiring a proper point of view from which to approach modern economic problems and also to becoming familiar with some of the leading controversies.

The "Report of the Monetary Commission" contains a full treatment of the subjects of Money and Credit. Pages 77-489 should be studied. The text of the money and banking laws (pages 493-543) and the statistics on pages 547-582 should be worked over in connection with each appropriate chapter. Valuable articles on economic subjects will also be found in The Bulletin.

Answers to all questions in the following preliminary exercise should be worked out by the student and be submitted for examination. Answer the questions concisely but fully. Follow the order of questions as given below. Number the answers to correspond with the questions.

(ADAMS' COMMERCIAL GEOGRAPHY).

1. What has determined the position of large cities? Illustrate by reference to the leading cities of America and Europe.
2. Describe the predominant surface forms of the United States.
3. The history of the distribution of the manufacturing industries of the United States.
4. The agricultural resources of Italy.
5. The leading industries of Australia.
6. The climate, products and commerce of Hawaii.
7. (a) The various methods of gold production; (b) the leading gold-producing countries in the order of their importance.
8. (a) The centers of the pig iron industry of the United States; (b) of the iron ore industry (giving their relative importance).
9. (a) Where and under what conditions is hemp produced? (b) where and for what purpose is it consumed?
10. (a) The different kinds of sugar; where are they produced? (b) their methods of production; (c) the relative importance of sugar consumption among various nations.

(GIDE'S POLITICAL ECONOMY).

11. Distinguish between (a) the laws of a nation, (b) the laws of physics, and (c) the laws of political economy.
12. What forms of wealth are capital?
13. The origin of the right of property.
14. Enumerate the various theories of value.
15. Define and illustrate the law of diminishing returns.
16. Discuss Ricardo's theory of rent.
17. Distinguish between (a) the laws of a nation, (b) the laws of profits.
18. The origin of money.
19. The difficulties of co-operative production.
20. The history of protectionism.

(HADLEY'S ECONOMICS).

21. Distinguish between public wealth and private wealth. Illustrate by reference to modern times.
22. The economic advantages of the emancipation of slaves.
23. Describe in detail the operation of competition in establishing prices, and illustrate to show various forces that drive prices up or down.
24. What distinguishes gambling from speculation?
25. Describe the overproduction of machinery and its results.
26. Describe the elasticity of bank deposits and its connection with the currency of the country.
27. Distinguish between commercial rent and economic rent, with illustrations.
28. What is the so-called "wage fund theory?" Show that it is not tenable.
29. Various methods of co-operation between labor and capital, and what are the difficulties of profit sharing?
30. What is a favorable and what is an unfavorable balance of trade?

(REPORT OF THE MONETARY COMMISSION).

31. Describe in detail all the coins of the United States, their origin, size, legal tender and quality, and the means of redeeming them.
32. Distinguish money as a measure of value and as a medium of exchange. What qualities are essential to each?
33. How does token money differ from standard money? Illustrate by reference to existing conditions in the United States.
34. Summarize the experience the United States had with its silver currency from 1878 to 1895.
35. The origin of the National Banking system and Secretary Chase's part in solving it.
36. Describe precisely what is meant by "bank asset currency," the advantages claimed for it, and the arguments of those opposed to such currency.
37. Enumerate the banking systems of the world that have branch banks. What inferences can be drawn from their experience?
38. When was the Resumption Act passed, and what were its provisions, and how and by whom was it carried out?
39. Summarize the effect of paper money issues on the cost of the Civil War.
40. Summarize the effect of paper money issues upon the prices of various commodities and upon wages.

RESULTS AND PROSPECTS.

There are now thirty-seven Chapters of the Institute, with a total membership of 5,350, being an increase of over a thousand during the past year. The number of students outside of Chapters cannot be accurately given, for the reason that there is no way to ascertain who they are until they apply for examination papers. There are at present 299 applications for preliminary examination in Practical Banking, 178 in Commercial Law and 199 in Political Economy. Judging from text-books ordered through the Institute or direct from publishers it is estimated that

there are between 2000 and 3000 students at work on the study courses.

Fifty-one students have already passed the preliminary examinations in Practical Banking, eight in Commercial Law and thirty-six in Political Economy. A record of 75 per cent. is required in passing any preliminary examination. Twenty-six students have attained a percentage of over 90.

Considering the high standard maintained, these results are more than satisfactory, and the first final examinations for certificates arranged to be issued by the American Bankers' Association jointly with the Institute will be held during the coming winter. Such final examinations will be conducted under the supervision of local moderators, who must certify that students examined have written their answers to questions within the specified time and without assistance of any kind. It is expected that a select few will meet requirements.

The only criticism of the educational standard established by the study courses and examinations is that it seems too high, but in view of the fact that the demands of the banking business are for more thoroughly equipped men at the top, rather than more superficially equipped men at the bottom, your committee looks upon such criticism as indirect indorsement and not disparagement. Any lower standard would certainly not be in keeping with the character of the American Bankers' Association.

The contract heretofore existing under which a portion of the work of the Institute was conducted by outside parties has been terminated, and the direct management of every department is now in the hands of the Trustees.

Your committee appreciates the cordial support thus far given to its work by the members of the American Bankers' Association, collectively and individually, and will endeavor, by a judicious combination of enterprise and conservatism, to merit a continuance of your invaluable approbation. Respectfully submitted,

J. B. FINLEY, Chairman.

The President: The next is the report of the Committee on Currency. Mr. James M. Donald, the Chairman, is not here, and Mr. Pugsley will submit the report.

Mr. Pugsley submitted the following report:

Report of the Currency Committee.

To the American Bankers' Association:

The Currency Committee has questioned the advisability of presenting a report, owing to the absence in Europe of the chairman of the committee, Mr. James M. Donald, of New York. Public sentiment, however, as expressed by individuals and through the banking journals of the country, seems to demand that the question of currency reform should be presented at this great convention, especially as it convenes in the capital city, the seat of all Federal legislation.

THE QUESTION OF REFORM.

It is an exceedingly intricate problem and yet one upon which the bankers of the country should be willing to give an expression of opinion. Experience as a member of the Banking and Currency Committee of the House of Representatives has led to the belief that if the bankers of the country could agree upon some definite, sound, practical, sane plan of currency reform, and unitedly and strenuously urge it upon the members of Congress, favorable and desirable legislation might be secured.

RETIREMENT OF UNITED STATES NOTES, OR LEGAL TENDERS.

United States notes, or "legal tenders," should be retired. Borrowing on demand, either by the individual or by the Government, unless there are resources immediately available, is fraught with danger to both Government and individual. It cannot be justified in any country, except in such emergencies as led, possibly, to the original issue of the legal tenders, or "greenbacks." It is obvious that they are debts of the Government payable on demand. A strong, prudent Government should avoid the danger arising from pressure and panic by

providing that all obligations, as far as practicable, should be, not on demand, but on time. It would seem the part of wisdom to retire the legal tenders when the country is prosperous, rather than in the throes of panic, when the danger of such a currency and the necessity for its retirement are, possibly, more apparent. It may be that heroic treatment will be needed, and that a long time bond, payable at the pleasure of the Government, bearing an exceptionally low rate of interest, to be used specifically for bank circulation and public deposits, shall be issued to provide for their retirement. "The way to resume, is to resume." The way to retire, is to retire.

INTERCHANGEABILITY OF SILVER AND GOLD.

It is not even probable that any future Secretary of the Treasury will depart from the policy of his worthy predecessors, who have so ably maintained the parity of all forms of money coined or issued by the Government, although no express statute existed or now exists for the interchangeability. But if the silver certificates, silver dollars or silver coin are to be kept interchangeable with gold under all conditions that may arise, a reserve fund of at least \$150,000,000 should be set aside to provide for the redemption in gold of about \$600,000,000 of silver outstanding. If the silver certificates are not issued in larger denominations than five dollars, it would seem that a reserve fund of \$150,000,000 in gold should be sufficient to protect the Treasury. Provision should be made so that no one could question at any time the value of any dollar issued or coined by the Government of the United States.

SURPLUS FUNDS IN THE UNITED STATES TREASURY.

The Secretary of the Treasury should have discretionary power to deposit in the national banks such portion of the surplus funds in excess of \$50,000,000, whether derived from customs receipts or internal revenue, as he may deem proper, to prevent absorption of money by the Treasury. Such deposits should be guaranteed by United States bonds, or other securities acceptable to the Secretary of the Treasury. No reserve should be required against Government deposits in our banks, as they are secured by the pledge of United States or other bonds. If practical, interest should be allowed the Government upon these deposits.

CONTRACTION AND EXPANSION OF THE CURRENCY.

We complain about the rigidity of our currency system, and yet we have a cast iron rule or law that will not allow national bank circulation to contract or expand, except within the most prescribed limits. There should be an early amendment or repeal of the present limitation of \$3,000,000 per month upon the withdrawal of circulation, and either no limitation should be placed upon the withdrawal or the limit should be increased to \$6,000,000 or \$10,000,000 per month, so that expansion and contraction might, in a measure, be automatic.

SUPPLEMENTARY CURRENCY.

An additional or supplementary currency, other than that secured by United States bonds, might be issued in times of great financial stress along the lines suggested by Secretary Shaw, so as to appear identical with the present national bank note, but heavily taxed to insure its retirement when the conditions which brought it into existence had passed. As the Honorable Secretary has said, we should not inject into our circulating medium any new form of money that might become an element of alarm, neither should we advertise its existence nor our extremity. Such a currency, in consideration of the heavy tax laid upon it, should be guaranteed by the Government, and the usual 5 per cent. fund should be maintained, as provided in the present law. If banks holding 50 per cent. of their capital in Government bonds were allowed to issue a limited amount of supplementary currency it might prove a desirable remedy in time of panic. Its redemption could be accomplished by the individual bank depositing in any sub-treasury an equal amount of lawful money.

It may be questioned whether the time has come in this country for any departure from our present system of national bank circulation, although a supplementary currency might be made perfectly secure and a valuable addition to our system, as suggested by Secretary Shaw.

The enormous output of gold, amounting throughout the world to about \$1,000,000 per day, the major part of which the United States undoubtedly receives from its own mines and trade relations, provides for an increase in the circulating medium, which, while it may not eliminate the necessity for a supplementary currency, may in a measure lessen the demand.

In any discussion of currency reform it should be remembered that the banks are the servants of the people, not the masters, and that reform should not be in the interests of the banks alone, but in the interests of all the people. We should desire and expect the American dollar to be the world's standard of value, and our currency system to equal or surpass that of any other nation on the face of the globe, but only by the most conservative legislation can this be accomplished. Public opinion in this country should be so strongly and so thoroughly grounded in the great foundation truths of finance and currency that we should not only be right but stay right. These problems are well worthy the consideration of this convention, representing so largely the banking, financial and commercial interests of the country. A sound, stable and responsive currency is one of the greatest bulwarks of national greatness, glory and power, and one which will prove of inestimable value to its business interests.

CORNELIUS A. PUGSLEY.

The President: The next is the report of the Committee on Cipher Code.

Mr. Blossom submitted the following report:

Report of Committee on Cipher Code.

Upon the recommendation of the Executive Council the Convention held in New York in 1904 instructed the President of the American Bankers' Association to appoint a committee with power to act on a resolution filed with the Executive Council for presentation to said Convention, having for its object the establishment of a cipher telegraphic code for the exclusive use of the members of this Association. Acting under the authority thus delegated to him the President chosen to office in New York appointed as the members of said committee Mr. James G. Cannon, of New York; Mr. W. T. Fenton, of Chicago, and Mr. Frederick F. Blossom, of Peoria. Immediately upon its appointment the committee began its labors, and after a very careful consideration of the subject arrived unanimously at the conclusion that the creation of a cipher code for the purposes and in the manner set forth in the resolution of record was feasible and desirable and would be beneficial to the American Bankers' Association and to its membership.

The committee then proceeded to construct a code sufficiently broad and comprehensive for the general and probable uses of the Association, omitting such material as was deemed unnecessary for a code of the character and scope contemplated. Having finished the task set for it the committee on February 28, 1905, filed the following statement with the Secretary of the American Bankers' Association, to wit:

We, the undersigned members of the committee, with power to act, appointed by the President of the American Bankers' Association under authority of the annual convention of said Association held in the city of New York September 14 to 18, 1904, do hereby submit the annexed cipher telegraphic code and recommend its distribution to the membership of said Association for the purpose of such use thereof solely as an instrument of convenience and economy, and without responsibility on the part of the said American Bankers' Association, as each member may for itself determine to make under the rules, regulations and restrictions therein contained and hereby made a part thereof; and we further hereby direct and authorize the Secretary of said Association to have ten thousand (10,000) copies of said code printed and bound in suitable form, and also further direct and authorize the said Secretary to furnish a copy of said code as thus printed and bound to each member of the American Bankers' Association in the manner specified in a

certain resolution relative to the preparation of a cipher telegraphic code presented to the Executive Council of the American Bankers' Association at its session in the city of New York Tuesday, September 13, 1904, and we further hereby request and authorize the said Secretary to make certain changes of the key words at such intervals as his judgment may direct, according to the manner specified in certain of the instructions aforesaid accompanying said code which have already been made a part thereof, as above stated.

As the delegates to the Convention are aware, the code has been published and distributed by the Secretary in accordance with the directions of the committee. In concluding its report the committee takes the liberty of emphasizing the following propositions relative to the code—namely:

1. The code is furnished to members by the Association simply as an instrument of economy and convenience and without responsibility on the part of the Association.

2. The code is designed particularly for use between members having no established code connections together, and is not intended in any way to supplant private codes in use between banks and their correspondents.

3. Inasmuch as the code is *standard* as between members having no established relations together, it is to be *assumed* by members receiving cipher messages from other members of this Association with which they have no regular connections that said messages are to be translated in terms of the Association code. Should members, however, occasionally desire to communicate by means of the code with other members of the American Bankers' Association with which they additionally have private code connections the fact that the code of the American Bankers' Association is to be employed in translation in such instance may be particularly designated by the sender of the dispatch in such manner as circumstances may at the moment seem to render most desirable.

In order that confusion may be avoided and that no unnecessary delay may ensue in translation it is hereby suggested in all cases in which members of this Association communicate in any other cipher telegraphic code, except that of this Association, with others members, with whom they have no regularly established code connections, that senders specifically designate the code (Lieber, Western Union, State Association, &c.) used by the employment of some "indicator" (either word or phrase) at the beginning of the message. By means of this "indicator" the receiver of said message can readily determine what code is to be employed for the purpose of translation.

Members of the American Bankers' Association in communicating with one another by means of the official code may likewise employ an "indicator" of their own choosing, if they deem such action desirable.

As already stated, however, the official code of the American Bankers' Association is to be regarded as *standard at all times* as between members having no regularly established connections together, and on that account, after careful consideration of the matter, it has been decided that it is unnecessary, and further, that it would be unwise to create an "indicator" to be employed in connection with messages written in terms of the official code of the American Bankers' Association.

Respectfully submitted,

FREDERICK F. BLOSSOM,
W. T. FENTON,
JAMES G. CANNON,

Committee.

The President: It affords me great pleasure to present to you Mr. Robert Blyth, Manager of the Union Bank of Scotland. (Applause.)

The Scotch System of Banking, by Robert Blyth, Manager of Union Bank of Scotland.

[Mr. Blyth's paper in full will be found on pages 87 to 89 of this publication.]

Mr. Oliver S. Bond of Toledo, Ohio: Mr. President, I move that the thanks of this Association be extended to Mr. Blyth for his most excellent address.

The motion was numerously seconded, and the question being taken it was unanimously agreed to.

Practical Benefits of Membership in the American Bankers' Association, by Mr. Walker Hill, President Mechanics' American National Bank, St. Louis, Missouri.

[Mr. Hill's paper in full will be found on pages 97 to 98 of this publication.]

CALL OF SECTIONS, NORTH, SOUTH, EAST AND WEST.

Mr. Fletcher, of Little Rock, Ark.: Mr. President, I had no idea of saying a word here to-day, but when the South is called I want it distinctly understood that your humble servant is present and always has a good word to say for that section. (Applause.) I hate a man who does not love his own native soil; I hate a man that does not admire his own people. I hail from the South. I had not a moment's notice that I was going to be called on, and if any one else from the South had responded before me I would have had nothing to say.

We live in the land of cotton. We live in a land where God Almighty has given us sunshine and rain, and I can say also reasonable prosperity. We live in peace down there. As you all know, we have had a terrible time there in the last fifty years, but we are now coming to the front. We are progressing now. When people imagine that the negroes of the South are idle and the whites are in turmoil they are mistaken. We live down there in peace with our former slaves; former masters and slaves now work side by side for the upbuilding of that country and the advance and prosperity of this great republic of ours. (Applause.)

Last year we raised over 14,000,000 bales of cotton. In the days of slavery we never raised over 4,000,000 bales. See what free labor is doing for that country! That 14,000,000 bales of cotton was worth over \$700,000,000 in gold. The seed from that cotton was worth more than \$70,000,000. So you see the seed that comes out of the cotton is worth more than the gold that is dug from any State in this Union. As a matter of fact, cotton does more for the human family in the way of giving employment than any other commodity on the face of the earth. From the time that the plow starts in the spring employment is given through the summer, during its cultivation and during picking time, until it is finally ginned and shipped to all the world. It not only gives employment to the workers in the field, but it gives employment to workers on the steamboats and the railroads, and then, later, when the cotton arrives in England, or wherever it is manufactured, it gives employment to the mill workers there. But we are manufacturing cotton goods in the South now. Just think, over 2,000,000 bales of that cotton is now spun in the South, as against 2,000,000 bales of it spun in the North. So in our entire country we spin over 4,000,000 bales of cotton. Sixty-one per cent. of that cotton is shipped abroad. That means \$300,000,000 of money. That attends to our balance of trade and the exchanges between Great Britain and the United States.

The President: The gentleman's time has expired.

Mr. Fletcher (continuing): Gentlemen, my time is up. I have been called down. I did not tell you all I wanted to about the South, but the cotton question is a great question in this country.

The President: The gentleman's time has expired.

Mr. Fletcher (continuing): I simply want to add that the South is in the Union, and she is there to stay. When this country is invaded, remember what I say to-day; you will see the men of the South rallying around the flag as they did in Mexico and at New Orleans.

The President: The gentleman's time has expired.

Mr. Fletcher: I beg your pardon for trespassing, but coming from the South I felt it incumbent to say one word. Let me tell you—

Mr. Bennett of Boston: Mr. President—

The President: Mr. Bennett is recognized.

Mr. Bennett: I have some diffidence in speaking, because I am simply a delegate coming here as a Director in a small sized bank in the city in which I live. Some of the gentlemen here are not accustomed to think, even, in less than millions of dollars, but I felt I must get up and assure you that Boston is still on the map.

Mr. Fletcher: Just one minute. (Laughter.) I have a boy at Harvard College to-day. I am not boasting, but it shows you the feeling we have in the South. We love this

country, because it is our country. I am glad to see my friend from Boston get up. Let me tell you—

The President—The gentleman is out of order.

Mr. Fletcher: Let me tell you (laughter)—anything I can say or add to the comfort and pleasure of this Convention I will do it. (Laughter.) I do not believe in belonging to a crowd that says "Aye" to everything. I did not agree with the gentleman from Georgia in his resolution—

The President: The gentleman's time has expired.

Mr. Fletcher: I am done. I thank you for your kind attention.

The President: The gentleman from Boston is recognized.

Mr. Bennett: I am very glad to listen to the gentleman from Arkansas, and, like most of the speakers here, at some time during the course of his remarks he gets around to Plymouth Rock, or the Pilgrims, or Boston. I am a Director in an institution in Boston, and I had not taken very much interest in it, but since hearing the address of the Comptroller of the Currency yesterday I have concluded to take an interest in it. In fact, my case is very much like that of one of two drummers who met upon the street and one said to the other: "Tom, how is business?" Tom said: "Pretty good, I have an interest in the business now." "I congratulate you," said the other, "when did it happen?" "Yesterday; the boss called me into the office and he said: 'Tom, if you don't take more interest in the business I will discharge you!'" (Laughter.)

Now, when I took some stock in the bank to please a friend I supposed I was purely ornamental, but I find the rugged and wholesome utterances of the Comptroller of the Currency and the bank examiners have put a different interpretation upon it, and I propose to take an interest in it.

Boston does not always get the credit that it deserves. When I first began to know about business matters, about 25 or 30 years ago, there were 52 National Banks in Boston. Now there are but 30 National Banks. But you notice when Mr. Vanderlip was talking yesterday and wished to place the highest encomium upon the Middle States he said that some time or other the Middle States would be as important an investment center as Boston.

In Government reports and printed books the population of Boston is 500,000 or 600,000. As a matter of fact, it is a million and a half. I went to Chicago with some gentlemen once and somebody assured us that our welcome was 120 miles long and 10 miles wide. Boston has not taken in suburbs to that extent. There have been differences of opinion as to the ringing of the curfew bell and as to the issuing of liquor licenses and so on, and so the individuality of the little municipalities around about has been maintained; but in 10 miles around Boston there are a million and half of people, and there is more wealth per capita there than in any other city in the United States.

I am aware that the bank deposits accumulate in New York City, and one of the most amazing things that was told us yesterday by the Secretary of the Treasury was that the commerce passing by Detroit is greater than the commerce of New York, London and Liverpool combined. Another thing which I notice particularly about that is that the commerce *passes by*—it does not stop there. And so with the deposits in New York City as compared with the wealth of Boston.

So, Mr. President, I wish to tell you that Boston is still on the map, and the things which we are particularly proud of are not that it is near Plymouth Rock and Bunker Hill alone, not that it has Harvard College, to which my friend refers with pride as the place where his son is, not that it is the greatest investment center in the United States, but that it is in the same country which contains New York, Chicago, Detroit, Little Rock, Arkansas; the same country which is becoming the greatest nation on the face of the earth. (Applause.)

The President: I hope the members will understand that we are glad to hear from all of them. We are glad to hear from any member present as to the business conditions in their respective sections of the United States.

Mr. Campbell, of Illinois: Mr. President, I come from a State which I feel proud of, a State which gave the nation Lincoln and I live a little south of where Grant lived. John A. Logan also came from our State and many other distinguished men whom you all know of. We are proud of them. They are now dead and gone, but we have about 5,000,000 left. Perhaps the great majority of them are good and sturdy

farmers. While we do not raise cotton, we do raise corn and hay and stock, and we are being heard commercially in that way. I am glad to say that our crops this year are very flourishing and our State generally is in a most flourishing condition. I simply want to give you this report from Illinois. (Applause.)

Mr. Havill, President Merchants' National Bank, St. Cloud, Minn.: Mr. President, from the rolling prairies of her Southern boundaries to the evergreen forests of her Northern line, the hum of the wheels of her manufacturing plant, and the lowing of kine ascend to Heaven, a powerful anthem indicative of the happiness, prosperity and gratitude of the people living in Minnesota, the bread and butter State.

We are a State of diversified industries, a State of no total failures. We will ship products from our State this year ranging from catnip leaves to 21,000,000 tons of iron ore. Cattle bred within our State in competition with the world's captures the first prizes. The Father of Waters rises within our State, and it and other streams turn the wheels of manufacture, furnishing cheap power and creating innumerable industries which, in turn, dispense immense sums to their employes. Our farmers raise and market almost all the products of an American farm. We are a State that is an empire within ourselves, not dependent on any State or country for our maintenance; we can furnish the necessities and most of the luxuries of life, and also confer culture and intellectual development if necessary for a complete existence, from the cradle to the grave. A child born in the State of Minnesota may be nourished upon the purest milk in the world, coming from the product of 2,000,000 dairy cows. As he grows older that child's life will be sustained on edibles produced in the State of Minnesota, from breakfast foods to moose meat; he will be clothed in clothing manufactured from the fleece of Minnesota sheep; he will be educated from our sixteen million dollar public school fund; he may be enrolled in our College of Agriculture and associated there with peoples who come from all over the United States, from Maine to California, and from foreign countries. He may become one of the princes of humanity and care-free, a Minnesota farmer. At our university he may imbibe of any profession which he may choose, or he can enter many successful manufacturing industries now established in the State, which build anything from a fish hook to a whale-back vessel. We can furnish him a helpmeet from among the fairest women of the Union; he can spend his days in a land fanned by the health giving breezes which filter through our pine forests, and when he has passed away we will erect upon his grave a monument of time enduring granite. (Applause.)

The President: The gentleman's time has expired.

Mr. Havill (continuing): In conclusion, I want to say that the demand for mechanics and laborers was never so great or wages so high as now in Minnesota, that a large percentage of the workmen own their own homes. These being facts, it necessarily follows that the banking business is pleasant and profitable. The North Star State sends her sister States a greeting. She hopes you are all enjoying the same prosperity. (Applause.)

Mr. Moses, of Kansas: Mr. President, the West is naturally modest, being composed of the children of the East and South and North sent West to open up that once uninhabited territory, to carve out an empire greater than any in the world. What she has done is a matter of history. Over 24 States and Territories now exist in that section, and in agriculture and minerals and cattle the West is now equalling or exceeding the East.

In my own State, a small part of the "Great American Desert" we have to-day 489 State Banks, 18 Private Banks and 171 National Banks, with a capital of over \$20,000,000. We have deposits over \$118,000,000, with loans over \$89,000,000, an increase in loans of over \$8,000,000 compared with last year, and with over \$47,000,000 in cash—over 39 per cent. of the deposits. Kansas is now in a normal condition, her pulse beats regularly and her people are happy. For the past seven years she has made more progress than in any fourteen years previously. Kansas has always been loyal, it has always been a foremost State in the progress of civilization and the rights of all mankind. She stands to-day as the beacon light and the tower from which springs all of the good, and I might say all of the evil, which in the end is sifted out and is for the betterment of mankind. She contributes liberally to everything for the advancement of the East, not only in insurance, but is willing at all times to give to all of these institutions enough for them to live upon well, but she is opposed to any one hundred thousand

dollar banquet or million dollar summer residence of any presidents of insurance companies. (Applause.)

Mr. Burgwyn of North Carolina: Mr. President, twenty years ago it was my fortune to attend a meeting of the Bankers' Association in North Carolina. It was then in order for the call of sections to be made, as now, and I sat there representing a bank in North Carolina and listened, among other speeches, to a speech from a gentleman from Massachusetts, and heard him say of that State that it really comprised more wealth than was embraced in eight or ten of the Southern States, and I felt, sir, that it was proper for me on that occasion to remain silent. Twenty years from that time, to-day, I feel differently about it. I can say to the delegates present here to-day that our Southern land in the last four years has increased its taxable property \$225,000,000 a year. It is not only our locality and our material progress that we are proud of, but we are proud of the character of our population, of our people down there. We have down there, sir, men who work hard, live quietly and unostentatiously and die poor. But, sir, although they do not leave legacies large in the way of money they leave valuable legacies in the way of character, and that is better than the accumulation of money.

As our friend from Arkansas has said, we of the South are devoted to the Union; no longer is there any North and South, East and West; in spirit we are one people. But I differ from our friend from Arkansas in one thing he said. I am a Democrat, and always have been, but if the question were to come before me I would vote for a subsidy from beginning to end. We have to protect our foreign possessions, and how can we do it without ships and sailors? In case of a foreign war how would you get the men on the Philippine Islands or on Hawaii or our other foreign possessions unless we had the ships? I am in favor of subsidizing them and making us a great country.

A Union of hearts, a Union of hands,
A Union of States no one may sever,
A Union of thought, a Union of men,
The American Union forever.

(Applause.)

Mr. Livingston, of Michigan: Mr. President and gentlemen of the Convention, I am not going to occupy your time at this late hour with a lengthy speech about the wonders of Michigan. You will probably remember what has been said about Michigan, "if you want to see a beautiful peninsula look around you." I will not occupy your time in telling you about our wonderful copper mines which exceed all others in richness and value. What I want to do is to extend an invitation to the American Bankers' Association here assembled to meet in the city of Detroit in 1907. I had hoped to come here and extend an invitation to you to meet with us next year, but, unfortunately, on account of some complications which have arisen in our hotel facilities, a number being under construction, and it not being certain exactly when they will be completed, we have thought it advisable, in order to be absolutely sure to be able to take care of you all, to invite you to meet with us in 1907 rather than next year. I want to extend this invitation as a caveat, to forestall any others that may come in for that particular year.

I assure you that the bankers of the State of Michigan and the city of Detroit, those of us who live there and who think it is the most beautiful city in the United States, will do their best to entertain you and make your stay there pleasant if you honor us with the Convention. We certainly have a hospitable people, and my friend Russel, sitting back here on the platform, at one time said that we have the most beautiful women in the United States. Each and all of us extend to you a most hearty invitation and assure you that all the hospitality for which Michigan is noted will be extended to you in 1907 if you will kindly consider our request to hold your Convention in Detroit at that time.

I thank you very much for your attention. (Applause.)

A Delegate: Mr. President, may I make a response of one minute in behalf of a gentleman from Spokane, Washington?

The President: We will be glad to hear you.

The Delegate (reading): Response by D. W. Twohy, President of the Old National Bank of Spokane.

Washington is the richest State in the Union. We have the most productive soil—which will grow sixty bushels of wheat to the acre—finer fruit than New York, and all agricultural products in abundance. Our fisheries supply a large portion of the country. We have more timber than Michi-

gan, Wisconsin or Minnesota ever had, and are only just beginning to manufacture it. We have more coal than Pennsylvania, more iron than Minnesota, 40 per cent. of the lead produced in the country comes from the Cœur d'Alene district of Idaho, 100 miles from Spokane. In the production of precious metals we will soon outstrip Colorado. We are doubling our population every five years, and hope to do better.

Mr. Thatcher, of Denver, Col.: Mr. President, Colorado is far away from these old States. We have been hearing about their advantages, and I would be glad to make a few remarks in behalf of Colorado. We have had some trouble in our State in the last year or two. We have been cursed with labor troubles and damned by politics, but we are all right now. Our Supreme Court has taken jurisdiction of things; in fact, has taken jurisdiction of everything from a dog fight to an election, and has settled affairs so that we now have peace and prosperity. I want to say a word about our products and resources, something that all bankers want to hear about. You may talk about your cotton and your corn and everything else, but you have to find a market for all of these things, and you overproduce them at times. But you do not overproduce gold, and that is our main product. This year, 1905, will be a banner year with us. We are producing now in three-quarters of the year passed at the rate of over \$30,000,000 of gold per year, to say nothing of other minerals, such as copper and zinc and lead. You observe that I have not mentioned silver, because I do not want to cause a panic in the Convention (laughter), although we produce a little silver, too.

Outside of that, gentlemen, I wish to call your attention particularly to the fact that we are not exclusively a mining country; we are now engaged largely in the production of sugar beets. Less than five years ago there was not a sugar beet planted in the State of Colorado, to-day there are 50,000 acres of beets planted, and our products from sugar beets range from \$12,000,000 to \$14,000,000 this year. From that you can see that we are not entirely a mineral State.

I wish to state to you bankers who occasionally take a vacation when you cannot find anything better to do, that we will be glad to see you in Colorado, we will be glad to have you follow the example of our worthy and honored President and come out and hunt for bears or any other kind of game, and you will find that it is less dangerous than going to Wall Street.

Mr. Cooke, of Hawaii: Mr. President, I want to speak for the Western West, one of the United States' insular possessions, although we did not come into the Union through blood, but by annexation.

We have a country that is only a little larger than the State of Connecticut, about 6000 square miles. We are 2000 miles from the Western coast. We have four banks there that are all members of the American Bankers' Association—that many in Honolulu—and also three banks on other islands. I cannot boast of minerals for Hawaii, I cannot boast of great capital there, but I can boast about one thing, and that is our sugar. Our production of sugar amounts to almost 400,000 tons; it has doubled since annexation took place. Before annexation was a reality our people were loyal. I was not born in Boston or Massachusetts or Connecticut, but my mother came from Massachusetts and my father came from Connecticut. I was born in the islands. My father and mother went out there as missionaries.

The hospitality which Washington has given to us is more probably than I can offer in the Hawaiian Islands, although we would like to have you come out there.

I have been glad that so much has been said about American shipping. I would like to invite the American Bankers' Association to meet in Hawaii, but we will have to postpone that meeting there until you build more ships, because the laws of the United States will not allow you to travel on half a dozen foreign ships, and you could not leave the islands without taking passage on an American ship. We have had some dozen ships carry our sugar and corn, because the Panama Canal is not yet completed. We were obliged to make a contract for American ships to carry our sugar to the ports in Mexico and then cross by railroads, and then on to New York in vessels, the agreement being to deliver it in thirty-five days from the islands. We have been obliged in the past to ship overland in that way, and it is expensive to send our sugar over the land at the rate of \$11.50 a ton. I hope very much that the American Bankers' Association will at some time in the future, however, meet in Honolulu. We can offer you a climate, if we cannot offer you anything else. We can also offer you beautiful scenery.

We may not be able to offer you such hotels and modern improvements as you have here. But we hope to see you there some time. (Applause.)

Mr. Bailey: Mr. President, I wish to extend my sympathy to my friend here who was not born in Massachusetts or New York or Connecticut, and therefore needs to be born again. I come from that region which Lincoln used to call the State of Allegheny. We make the iron mines of our friends from Michigan, that is we make the machinery to develop them, and we develop the gold mines of Colorado. We make electrical equipments used all over the United States, and we build bridges across the rivers of the world; we build the electric roads that run in London. So if you want to find the hub, that is the real center of all these industries that have been mentioned here, come to Pittsburgh. If you come after night you will likely feel very much like the Irishman did who had just come over from the old country. Two Irishmen came to this country, and in the morning one got up a little ahead of the other. There was a fire and the fire engines were going past, and the Irishman says to his friend: "Mike, Mike, get up, they are moving hell, and two loads have already gone by." So that is the way Pittsburgh looks after night. If you want to get to the middle of things, as it were, come down to Allegheny. (Applause.)

The President: The Convention will stand adjourned until to-morrow morning at 10 o'clock.

Accordingly, at 1.30 o'clock p. m. the Convention adjourned until to-morrow, Friday, October 13, 1905, at 10 o'clock a. m.

THIRD DAY'S PROCEEDINGS.

FRIDAY, October 13, 1905.

COLUMBIA THEATRE.

The Convention was called to order at 10 o'clock a. m. by the President, Mr. E. F. Swinney.

PRAYER BY THE REV. DR. D. J. STAFFORD.

Almighty and Everlasting God, we lift our hearts in gratitude to Thee. We thank Thee for that great national prosperity and for all the graces and favors which Thou hast showered down upon us. Protect us in the hour of our triumph as Thou didst in the hour of our danger. Save us from the dangers of riches. Give us the grace to use our great resources and our great wealth for works of humanity, charity and philanthropy, that in all things we may glorify Thee, through Jesus Christ, our Lord. Amen.

INSURING BANK DEPOSITS.

The President: We will now be glad to hear from any delegates present on practical banking questions.

Mr. C. F. Allis:

Mr. President and Gentlemen of the Convention: I appreciate most thoroughly the honor of addressing the National Convention of the American Bankers' Association, an Association that has done so much, directly and indirectly, to establish the present high credit of our National Government.

The subject upon which I wish to say a word is the Insurance or Guaranty of National Bank Deposits.

The suggestion of Insurance when applied to bank deposits has a taint, a suggestion, a presumption, that is not pleasant to any of us. "Our Banks" are solvent, "our Deposits" are as safe as those in the Sub-Treasury, but, on the other hand, we must all recognize the widespread, almost universal, distrust that, whether expressed or not, lies deep down in the hearts of the average depositor. A stranger coming to your town with \$1,000 in his pocket will carry it several days, if not weeks, all the time inquiring which is the safest bank, the strongest and best managed. This distrust should not exist. National Banks, as their name implies, should be as strong as the nation, their solvency should not be questioned.

Our Government has protected the bill holder absolutely, why should she not protect the depositor?

The present generation know nothing of an unsecured currency, it is to them ancient history—but we older bankers recall the time when every five hundred dollars of miscellaneous currency had one or more counterfeit or raised notes in it, or others below par or worthless because the bank had failed.

The National Currency act changed this over forty years ago and not a dollar has been lost since.

Now, I would have the Government go a step farther and make the deposits in all National Banks absolutely secure from loss, and it can be done without any new machinery and at a very small cost. This is no dream, no sentimental theory that would be fine if it were feasible. It is as simple as the insurance on your house or your life. As officers and directors we are all under a great responsibility and I think that we should "reason together" and ask ourselves what legislation can be enacted that will confer the greatest good upon the greatest number.

This is not a new subject to me. In 1897, eight years ago, I addressed our Group Convention upon this question, and believe that this Convention can do no greater service to the country at large than to secure the insurance of National Bank deposits.

From a selfish point of view it would pay. The National Banks would attract deposits that would much more than repay the small tax upon them. The National system would stand out as the only system of banking in the world (as far as I know) where the bill holder and the depositor were protected from loss.

Many bankers object to insurance of deposits, they don't believe in the principle, they say that the strong banks would be called upon to protect the weaker ones. My answer is that some of our strongest banks have been the victims of senseless runs which have taxed their resources for days, even when assisted by directors and friendly competitors. There would be no "runs" if deposits were guaranteed by a fund in the hands of the United States Treasurer.

Others say it would encourage reckless banking. This could not be, for the receiver must collect the assets, and assess the stockholders one hundred per cent. if necessary. The banker loses his bank and his reputation besides, but the deficit comes out of this guarantee fund.

Without further preliminaries let us get down to business. How much money will be required, and what will it cost the banks?

In the last report of the Comptroller we learn that the aggregate of claims proven during the last forty years has been in round numbers \$105,000,000. Upon these claims the receivers themselves have paid 78.11 per cent. The loss therefore to depositors was an average of 21.89 per cent., or about \$575,000 annually. This we all think has been a great loss, an awful loss, and so it is, but let us analyze these forty years:

Forty years ago we had just emerged from a civil war that for four years had taxed the resources of the North, until our National debt exceeded 2000 millions. Business in every line was demoralized by fictitious profits, inflated currency and fabulous prices.

The National Banking system was established that our Government might find a market for her bonds. To-day we pay 103½ for a 2 per cent. bond and get par in currency. Then we paid par or less for a 6 per cent. bond and received 90 per cent. in currency. But the 6 per cent. interest was payable in gold, and the gold we sold for a premium of from 2 or 3 per cent. to nearly 3.00 for one, or 12 to 15 per cent. on the cost of the bond.

I speak of this only to show how attractive the system was, and many an inexperienced group of men organized a National Bank. Under such conditions the losses would of necessity be large and the risks unwarranted.

Then during these forty years we have had four years of heavy losses on account of special depression—1867, 1873, 1892 and 1893. If we deduct the losses of these four years and make an average for thirty-six years we have an average loss of \$440,000 instead of \$575,000.

Now, let us take the last five years. During the years 1900, 1901, 1902, 1903 and 1904 the receivers have in some cases paid the depositors in full and the stockholders a small percentage on their stock, but they have paid the other depositors 97.69 per cent. In other words, the depositors have lost an average of 2.31 per cent. of their money.

Upon this basis (the losses of the last five years) the average loss of forty years would have been only about \$52,000 per annum.

Let us look at the last five years from another point of view. In 1900, while there were only three banks placed in the hands of a receiver the claims proven were over \$4,800,000, but the depositors were all paid by the receiver 100 per cent. and a small dividend to stockholders.

In 1901 four banks failed, but the loss was only 11.41 or \$63,404. In 1902 three banks failed, but the loss was only 13-100 of 1 per cent., \$518.98. In 1903 and 1904, one each year, the receiver paid depositors in full 100 cents. A total loss to depositors in five years of only \$63,922.98.

I have given you an idea in a general way as to the amount of money required. Now, what will it cost?

Mr. James C. Hallock of Brooklyn in a recent article suggests that the tax now paid upon circulating notes shall be used by the United States Treasurer (after paying the expenses of the Comptroller's department) to create a fund which shall be held by the Treasurer as a guaranty of deposits.

This had never occurred to me because I thought it impracticable to ask that the Government do more than act as custodian of the fund, subject to the drafts of the Comptroller after the receiver of a failed bank had exhausted the assets and the stockholders' liability.

Let us see for a moment what \$100 contributed by each bank annually during the last five years would have done in the way of protecting depositors.

In 1900 there were 3,606 banks in active operation. One hundred dollars contributed by each would have amounted to \$360,600, but there was no loss to depositors, the receivers paid them in full. In 1901 there were 3,981. One hundred dollars each would have brought in \$398,100. The losses this year were \$63,404. In 1902 there were 4,337 banks, and \$100 from each would have brought \$433,700, but the losses were only 13-100 of 1 per cent., \$518.98. In 1903 there were 4,756 banks; \$100 from each would have brought \$475,600; but there were no losses. In 1904 there were 5,184 banks; \$100 from each would have brought \$518,400, and there were no losses.

At \$100 from each bank an aggregate of \$2,186,400 would have been contributed, against which we have a loss of \$63,922.98 in the five years, a net gain of \$2,122,477.

An annual assessment of \$250 upon each bank during the last 40 years would have more than paid the average annual loss to depositors.

I believe I have proven to your satisfaction that it is not a difficult matter, this insurance of National Bank deposits, nor would it be an expensive luxury.

I have given this subject quite a little study, and my suggestion is that the National Banks ask of Congress the enactment of a law instructing the Comptroller to assess and collect from every National Bank in January, 1906, the sum of \$100, and every six months thereafter the sum of \$50, the money so collected to be placed in the hands of the United States Treasurer and subject to the drafts of the Comptroller of the Currency.

In case of failure a receiver will be appointed and will realize for the depositors all that is possible out of the assets and from the stockholders, the same as now, but the deficit, if there should be any, would be paid from this fund by the Comptroller.

There would be some delay in payment, but a receiver's certificate would not be much below par, and could be sold.

If these assessments should not be sufficient to pay the losses I would have further authority given the Comptroller to assess and collect a tax of 1-100 of 1 per cent. on the deposits (the average of the preceding six months), not more than two assessments to be made during any calendar year. The aggregate of all deposits in National Banks—individual, due to banks, United States Government, etc.—exceeds \$5,000,000,000, and this small tax, 1-100 of 1 per cent., would yield over \$500,000 each assessment. A bank having a deposit of \$1,000,000 would pay \$100.

The assessment of \$150 upon each bank in 1906 would bring \$863,550, and \$100 in 1907 and thereafter would bring not less than \$575,000.

It would seem therefore that the first assessment suggested, or \$100 per annum for each bank, after 1906 would be more than enough. At least the experience of the past five years would lead us to think that in a few years there would be from three to five millions in this fund and I would have the Comptroller invest practically all of it in Government bonds, with power to sell as needed.

It will be noticed at once that all banks, large and small, pay the same amount—\$100 each, after 1906. Some may object to this, but the insurance is richly worth \$100 to the smallest bank, and the smaller the bank the more valuable this protection is to them.

Statistics show that the smaller banks when placed in the hands of a receiver pay a less percentage of their deposits than the larger banks.

There is one restriction that to my mind must become a part of the proposed amendment and that is, there should be a limit to the rate of interest which National Banks should be allowed to pay on deposits.

Some will consider this an unnecessary interference, a reflection upon our ability to manage our respective institutions, but from my point of view it is a very important provision.

Inexperienced bankers would be inclined to bid higher for deposits than their more conservative neighbors would think profitable or even safe, and we all know what follows the continued payment of too high a rate of interest on deposits.

I would advise that the limit, the maximum rate, should be 3 per cent.

In conclusion I would emphasize the following advantages of the amendment.

1. It would pay a profit above the tax under present conditions, and when fully understood by the people millions of hoarded money would be released and be available for business. Don't forget this.

2. The National Banking system would lead the world in protecting absolutely from loss both the bill holder and the depositor.

3. If the past five years are any guide, the cost distributed among 5,700 banks would not be worth mentioning.

I thank you all for your courteous attention.

Mr. Supplee, of Baltimore, Maryland: Mr. President, I ask to be permitted to add a word to what the gentleman has so well said, showing to the Convention the necessity of action in this matter.

There is now great difficulty in the National Banks and Trust Companies obtaining what is called depository bonds. This was shown after the defalcation in the First National Bank of Milwaukee. Immediately, with due prudence and foresight, the Northwestern Mutual Life Insurance Company desired depository bonds on about \$8,000,000 of its deposits. It was necessary to place a bond of \$1,200,000 in the First National Bank of Milwaukee. That bond was placed with the company I have the honor to represent after some re-insurance, but it was not an easy task, and it has not been an easy task in several other cases that I might mention. There are insurance orders that have \$3,000,000 of depository bonds, and I might go over the list until your patience would be exhausted. It is found in the surety business that with \$25,000,000 sureties the company is now unequal to the task of taking care of the public bonds, and the gentleman's point is exceedingly well taken. He fails to state to you that in the excellent report of Comptroller Ridgely, which he has quoted, the failures of State banks, Trust Companies, &c., are not figured; but I figured them the other day and I found they only pay 50 per cent in liquidation.

If you ask what is the remedy, I will say that the remedy has been suggested by the gentleman, except I differ with him as to an arbitrary and fixed sum for a bank. It was Macbeth who said "I will make assurance doubly

sure and take a bond of fate." Our advice is, do not take a bond of fate, but take a surety company bond if you can get it. (Applause.)

Mr. C. N. Evans, Southern National Bank, Wilmington, North Carolina: Mr. President, I say let us keep the American Bankers' Association out of the insurance business. The gentleman from Erie made some excellent suggestions. At the same time it seems to me this is an individual question. If the bank wishes to absolutely assure to the community that its deposits are safe and sound and available, let that bank pay for its own insurance. Let them go to this company and say, "Gentlemen, we have a line of deposits at five million dollars. We desire a policy protecting our deposits to the sum of \$5,000,000, and we will pay the premium on that." And so let us keep the Bankers' Association out of that business.

It seems to me that the point we want to reach is this: We do not want to go into this business of insuring, and we do not want to trouble the Government in regard to guaranteeing our deposits further than to supervise us, as they are doing now very carefully; but let us go to the men who cause these failures. We have in our section of the country—in the South—some excellent industrial corporations. But despite our vigilance, occasionally we hear of a big crash. We see an assignment has been made way up in the millions of dollars by a concern that stands well, or has stood well, officered by men of high character and reputation—we have their statements, and they look good, but we wake up in the morning and find that there was nothing in that statement but a lot of falsehood. That bank has gone. A few big slumps will materially affect small banks, of course. Let us do this: Let us create a bureau of audit and have this bureau of audit employ the finest expert accountants that can be gotten. Have it understood that any member of this Association can request from this bureau of audit a financial report upon any corporation, firm or individual in which this bank is interested. If such a request is filed and placed with the bureau it then becomes the duty of the bureau to notify this firm, corporation or individual that some one of its members (of course, that would be private) desires a special report or special examination of its affairs. Now, it is up to you, gentlemen, to give this report or not. If you give it, well and good. If you do not give it, the members of the American Bankers' Association will be advised. Now, you say that is a big expense. It costs hundreds of dollars, perhaps a thousand dollars in some cases, to have a corporation examined—maybe more—and who is going to pay it? Let the banks themselves pay it. Let the bank which applies for this report pay its part of it. If they call for another report on this same concern—I mean if some other bank or creditor desires a report—let them pay their proportion of it. It may be that a large corporation borrowing \$500,000 or \$600,000—large to us in our section of the country—may be the subject for an examination, maybe there are ten or a dozen banks interested in that large concern. Then those banks can pay for their proportion of that report. That, it seems to me, is a more practical plan for us to pursue. Go to these industrial corporations and say, "Gentlemen, we do not question you at all, not in the slightest; we think you are honest, but we want the reports you make to us certified as the National Bank reports are certified." (Applause.)

Mr. Campbell, South Bend, Indiana: Mr. President, I presume that there are as many schemes for bank protection as there are States in the Union. I do not care to offer any scheme, but I wish to offer two reasons why I think the gentleman has not suggested a practical scheme.

In the first place, I think that Congress has no power to levy a tax for individual protection. It has the power to levy a tax for Government protection and for Government purposes, but I do not think it could levy a tax on bank capital or bank deposits and enforce the collection of it without an amendment to the Banking Act to which the bank would subscribe. I think to undertake to make an amendment which would apply to banks already in existence would result in not being able to enforce it.

The next objection would be to an unlimited security.

I don't think it practical to say that we will undertake to protect deposits in full. That will enable a \$25,000 or \$50,000 bank to go to a \$100,000 or \$200,000 depositor and say: "Our bank is as safe for you to deposit in as the \$500,000 or the \$1,000,000 bank."

My impression is, if there could be an agreement on a plan by which an assessment would be made, and insure to each depositor, say \$2,000 or \$3,000, in case the bank's reserve had been exhausted, that that would go a long way toward eliminating the danger of panics and runs on banks. If we could say to depositors we will guarantee your deposits up to \$3,000, that would take 95 per cent of the depositors in the rural sections of the country—95 per cent numerically, at least.

I think those are two objections which ought to be considered in connection with what has been suggested here. (Applause.)

Mr. Robinson, President First National Bank, Winfield, Kansas: Mr. President, it seems to me there is no practical way of insuring deposits of our banks, and it occurs to me that we are fooling away our time in discussing a question that so little appeals to us. It occurs to me now that the deposits of the national banks of the United States are today practically safe. There has been but a small loss since the organization of the National Banks, and it occurs to me that if we follow the recommendation of our present Comptroller of the Currency and the recommendations that have heretofore been made to increase the number of bank examiners and let every National Bank—I speak of National Banks because I am more familiar with them—as far as possible adhere to the National banking law, and avoid excess loans, that we will do as much as we can expect to do along this line. I understand that excess loans is the cause of the bulk of our failures. Let us avoid as far as possible excess loans. Let us do our business from this time on as prudently, if not more so, than we have in the past. Let every bank stand upon its own foundation and upon its own reputation. It seems to me that that is all the security that our depositors need and all that they demand. (Applause.)

Mr. Hill, of Bath, Maine: Mr. President, our last speaker has said that you cannot insure your deposits. I wish to say that our bank insures its deposits by putting away a reserve of \$4,000 a year. We can to-day with cash on hand and bonds at 50 cents on the dollar pay every depositor and have our loans intact.

The President: Mr. H. D. Goulder, president of the Merchant Marine League, will address us now, his subject being "Our Commerce."

**Our Commerce, by H. D. Goulder, President
Merchant Marine League.**

[Mr. Goulder's address in full will be found on pages 90 to 93 of this publication.]

The President: The next is unfinished business, and the Chair recognizes Mr. J. D. Powers, of Louisville, Kentucky.

THANKS TO WASHINGTON BANKERS FOR THEIR HOSPITALITY.

Mr. Powers: Mr. President and gentlemen of the Convention, I desire to offer a resolution simple in character but important in giving expression to our personal feelings, as I hope.

Free from all commercialism and without taint of selfishness, the members of the Bankers' Association of the District of Columbia have, without stint, provided for the comfort and pleasure of the American Bankers' Association, its officers and members and visitors, the most delicate, agreeable and delightful reception and entertainment, filling full the measure of expectation and realization during our stay in Washington, our country's great capital city, for which the Association tenders profound and grateful thanks.

I move the adoption of the suggestion as embraced therein.

The motion was seconded, and the question being taken, the resolution was unanimously adopted.

The President: The Chair recognizes Mr. Logan C. Murray.

MEMBERS NOT TO COMPOUND CRIME.

Mr. Logan C. Murray: Mr. President and Gentlemen—There have been constantly in the last twenty years publications made throughout the country in different newspapers who are not familiar, possibly, with this Association, to the effect that the American Bankers' Association pays noted forgers, in some cases, salaries not to commit forgeries. I have here a newspaper extract to the effect that Karl Becker, "the forger most feared by the bankers of America," is said to receive a salary from a number of leading banks on condition that he will commit no more forgeries. For many years we have had trouble with this sort of thing. I desire now to introduce a resolution, that the American bankers of the country will not under any circumstances compound such a thing, and that the newspapers hereafter will not print such stuff as that. It is a libel upon this Association to suggest that any member would make any such compact with a forger. I therefore hope that this Association will vote unanimously now, and strongly say that it will be hereafter understood by every newspaper in the country that this Association under no circumstances, and no honorable member of it, will for one moment have any such compact with any such men. I move that this Association distinctly say this now, so that it may be heard by every newspaper.

The motion was seconded, and the question being taken, was unanimously agreed to.

The President: The incoming Council will meet immediately after adjournment on the tenth floor of the New Willard Hotel. The next in order is the report of the Auditing Committee, from Mr. Mitchell.

Report of Auditing Committee.

The Auditing Committee submitted their report as follows:

Mr. President: The Committee appointed to audit the accounts of the Association beg leave to report that they have verified the expense vouchers with the statements submitted.

The rapid growth of the American Bankers' Association in the past few years has made it practically impossible within the time allotted for the Auditing Committee to make as intelligent and thorough an audit of the affairs of the Association as the volume of business warrants, and we therefore suggest that future audits of the accounts of the Association should be made by a firm of chartered accountants, or an audit company, and their reports submitted to the Executive Council.

Respectfully submitted,
J. R. MITCHELL, Chairman.
LUTHER DRAKE,
C. B. MILLS.

Upon motion the report was received and filed.

NOMINATIONS AND ELECTIONS.

The Nominating Committee submitted their report as follows:

Washington, D. C., October 13, 1905.

Gentlemen of the Convention: The American Bankers' Association tenders you the name of Mr. John L. Hamilton, vice-president Hamilton & Cunningham, Hoopeston, Ill., for President.

For First Vice-President, Mr. G. S. Whitson, vice-president National City Bank, New York City.

For members of the Executive Council for a term of three years:

George M. Reynolds, vice-president Continental National Bank, Chicago, Ill.

Milton E. Ailes, vice-president Riggs National Bank, Washington, D. C.

J. L. Edwards, president Merchants' National Bank, Burlington, Iowa.

H. B. Wilcox, cashier First National Bank, Baltimore, Md.

J. J. Sullivan, president Central National Bank, Cleveland, Ohio.

For Vice-Presidents of the different States:

Alabama—E. J. Buck, president City Bank and Trust Company, Mobile.

Alaska—S. A. Bonifield, president First National Bank, Fairbanks.

Arizona—P. P. Greer, cashier First National Bank, Clifton.

Arkansas—S. S. Faulkner, cashier First National Bank, Helena.

California—P. E. Bowles, president American National Bank, San Francisco.

Colorado—Irving Howbert, vice-president First National Bank, Colorado Springs.

Connecticut—Hon. A. Chamberlain, president Home National Bank, Meriden.

Delaware—John Richardson, Jr., president National Bank of Delaware, Wilmington.

District of Columbia—John Joy Edson, president Washington Loan and Trust Company, Washington.

Florida—E. W. Lane, Atlantic National Bank, Jacksonville.

Georgia—W. F. McCauley, vice-president Savannah Bank and Trust Company, Savannah.

Idaho—M. J. Flohr, cashier First National Bank, Wallace.

Illinois—L. A. Goddard, president Fort Dearborn National Bank, Chicago.

Indiana—W. E. Springer, cashier Farmers' and Merchants' Bank, Elizabethtown.
 Indian Territory—G. W. Barnes, president Commercial National Bank, Muskogee.
 Iowa—D. L. Heinsheimer, president Mills County National Bank, Glenwood.
 Kansas—E. B. Stevens, vice-president and cashier First National Bank, Parsons.
 Kentucky—Owen Tyler, president Third National Bank, Louisville.
 Louisiana—H. H. Youree, vice-president Commercial National Bank, Shreveport.
 Maine—S. C. Parcher, York National Bank, Saco.
 Maryland—Nathan H. Baile, cashier First National Bank, New Windsor.
 Massachusetts—H. M. Batchelder, president Merchants' National Bank, Salem.
 Michigan—Daniel McCoy, president State Bank of Michigan, Grand Rapids.
 Minnesota—O. H. Havill, president Merchants' National Bank, St. Cloud.
 Mississippi—B. W. Griffith, president First National Bank, Vicksburg.
 Missouri—F. W. Hixson, assistant cashier, Hannibal National Bank, Hannibal.
 Montana—A. B. Clements, cashier Aetna Banking and Trust Company, Butte.
 Nebraska—George B. Bell, president Grand Island Banking Company, Grand Island.
 Nevada—G. S. Nixon, president First National Bank, Winnemucca.
 New Hampshire—Arthur M. Heard, president Amoskeag National Bank, Manchester.
 New Jersey—William Scheerer, president Union National Bank, Newark.
 New Mexico—Joshua S. Reynolds, president First National Bank, Albuquerque.
 New York—Ledyard Cogswell, vice-president New York State National Bank, Albany.
 North Carolina—A. G. Brenizer, cashier Commercial National Bank, Charlotte.
 North Dakota—L. A. Batcheller, vice-president First National Bank, Fingal.
 Ohio—E. R. Sharp, president State Savings Bank and Trust Company, Columbus.
 Oklahoma—M. L. Turner, president Western National Bank, Oklahoma City.
 Oregon—Benjamin I. Coheu, president Portland Trust Company, Portland.
 Pennsylvania—F. G. Hobson, treasurer Norristown Trust Company, Norristown.
 Rhode Island—Edward P. Metcalf, president Old National Bank, Providence.
 South Carolina—W. J. Montgomery, president Farmers' and Merchants' Bank, Marlon.
 South Dakota—F. M. Brooder, cashier Black Hills Trust and Savings Bank, Deadwood.
 Tennessee—Joseph H. Smith, cashier People's Savings Bank, Nashville.
 Texas—J. W. Spencer, president Farmers' and Mechanics' National Bank, Fort Worth.
 Utah—W. S. McCornick, president McCornick & Co., Salt Lake.
 Vermont—Edward Wells, president Burlington Trust Company, Burlington.
 Virginia—W. M. Hablston, president National Bank of Virginia, Richmond.
 Washington—Levi Ankeny, president First National Bank, Walla Walla.
 West Virginia—Walton Miller, cashier Bank of Fairmont, Fairmont.
 Wisconsin—George W. Strohmeier, president Milwaukee National Bank, Milwaukee.
 Wyoming—J. Clay, Jr., president Stockgrowers' National Bank, Cheyenne.
 Cuba—E. G. Vaughan, president Banco National de Cuba, Havana.
 Hawaii—Charles M. Cooke, president Bank of Hawaii, Limited, Honolulu.
 E. J. BUCK, Chairman.

During the reading of the foregoing report, the following occurred:

Mr. Evans, of North Carolina: I move that the Secretary be directed to cast the vote of the Association for Mr. John J. Hamilton as President.

The motion was seconded by several delegates.

The President: It is moved that the Secretary be directed to cast the vote of the Association for Mr. John L. Hamilton for President. Is there objection?

There was no objection, and the Secretary accordingly was directed to cast the ballot of the Convention for Mr. Hamilton for President.

The Secretary: I take pleasure in casting the ballot of the Convention for Mr. Hamilton for President.

Mr. Mulvane, of Kansas: Mr. President, I move that the Secretary be directed to cast the vote of the Association for Mr. Whitson for First Vice-President.

The motion was numerously seconded.

The President: Is there objection? (After a pause.) The Chair hears none, and the Secretary is directed to cast the vote of the Association for Mr. Whitson for First Vice-President.

The Secretary: The Secretary takes pleasure in casting the vote of the Association for First Vice-President.

Mr. Sprague (at the conclusion of the reading of the nominations for members of the Executive Council for a term of three years): Mr. President, I believe that while not very usual, nominations other than those of the Nominating Committee are in order under our rules. Am I right?

The President: Yes, sir.

CANDIDATE TO REPRESENT SAVINGS BANK SECTION.

Mr. Sprague: Those nominations before you are doubtless of worthy and estimable candidates, but I feel it my duty, not merely as a delegate, but as a representative of 734 of the members of this Association, to place in nomination for election as a member of the Executive Council a distinguished representative of our Section, Mr. Edward E. Duff, of Pittsburg, Vice-President of the People's Savings Bank, a gentleman eminently qualified by ability, by character and by attainments to fill the position, and a gentleman whose qualifications have been attested by our electing him day before yesterday as Chairman of the Savings Bank Section. And I will state the reasons, Mr. Chairman, which have compelled me, reluctantly, to violate the usual ease and harmony with which our elections have been conducted by introducing a nomination out of the regular order of things.

The Savings Bank Section, as you know, is an important Section. I venture to say that its work has been as aggressive as that of any other portion of the Bankers' Association. During the last year it has added 118 members to this Association through its direct work. By that you will see that except for the work of the Savings Bank Section in the way of securing new members we would almost have had a shrinkage in our membership. We feel, therefore, that the committee, unintentionally probably, has committed a grievous oversight in neglecting to give us a direct representative on this Council. The Savings Banks, we feel, are pre-eminently entitled to a representative on the Council. We pay our dues exactly like any other members. But, gentlemen, so far as we are Savings Bank men we are not bankers—we are, on the other hand, among your largest customers; we are not your rivals. But here we find ourselves subjected to, at least, neglect; some of our members go so far as to call it slight. However that may be, the fact remains that we have not been given one representative, although we were led to believe that we would be allowed one. For some reason or other we have not been favored. We have not in the past, and we do not in the future, intend to obtain representation on this Council by means of lobbying, by soliciting votes or by canvassing. (Applause.) We shall not use any such means as that. We shall with manly dignity present our claim, and that is the reason I am presenting the name of this gentleman to-day—because I feel that the membership of this Association at large will support us, and that the Executive Council—the two classes now remaining in power will also support us, that all right minded men, whether they are bankers, Savings Bank men or Trust Company men, will support us, that they will see that our cause is just, and, to say the least, we have not been treated with that respect which an organized section of this Association should be treated.

These are the reasons, gentlemen, why I feel it incumbent upon me as a duty, a disagreeable duty, to make a counter nomination, instead of acquiescing in the usual perfunctory ballot. Gentlemen, it is unpleasant, for more reasons than one, but it is necessary, for us to select one of the names on the ticket presented to be displaced by our representative; the task is an unwelcome one. Far be it from us to desire that any one there should be displaced, but that is the only effective way—to withdraw one of those names. We can do it, we have the votes in this house so that if I name the person who is to be excluded in favor of our man, we can carry the election. I do not wish to do anything of the sort. I merely wish to bring before you our rights and our wrongs, lest it be said that we submitted tamely to neglect and oversight and sat still and allowed people to walk upon us without making a move.

Gentlemen, having accomplished the purpose of this nomination, I now withdraw it. (Applause.)

The President: I believe Mr. Sprague's speech is for the good of the Association. While it may be out of place for me to say so, it seems to me that we are getting to have too much politics in the affairs of the Convention. (Applause.)

What shall be done with the nominations for members of the Executive Council?

Mr. Mulvane, of Kansas: I move that the Secretary be directed to cast the ballot of the Convention in favor of the gentlemen whose names we have heard read.

Mr. Sprague: I second the motion.

There was no objection, and the Secretary was accordingly directed to cast the ballot of the Association for the gentlemen whose names were read, as members of the Executive Council.

The Secretary: I take pleasure in casting the ballot of the Association for Mr. George M. Reynolds, Mr. Milton E. Ailes, Mr. J. L. Edwards, Mr. H. B. Wilcox and Mr. J. J. Sullivan for members of the Executive Council for three years.

(The reading of the report of the Nominating Committee was then concluded, as hereinbefore set forth in full).

On motion of Mr. Mulvane the Secretary was directed to cast the ballot of the Association for the gentlemen named by the Nominating Committee as Vice-Presidents.

The Secretary cast the ballot for the gentlemen named in accordance with his instructions.

The Secretary: Here is an additional report from the Nominating Committee:

Washington, D. C., October 12, 1905.

To the Chairman and Members, American Bankers' Association: The Nominating Committee, composed of delegates from the several State Associations, desires to present the names of the following gentlemen for membership in the Executive Council of the American Bankers' Association:

Lewis E. Plerson, President, New York National Exchange Bank, New York, N. Y.; A. G. Lupton, Cashier, Blackford County Bank, Hartford City, Ind.; Joseph Chapman, Jr., Cashier, Northwestern National Bank, Minneapolis, Minn.; J. G. Brown, President, Citizens' National Bank, Raleigh, N. C.; H. P. Hilliard, Vice-President, Mechanics' National Bank, St. Louis, Mo.

GEORGE F. ORDE, Secretary.

Mr. Evans: I move that the Secretary be instructed to cast the ballot of the Association for the gentlemen named.

There was no objection, and the Secretary accordingly cast the vote of the Convention for the gentlemen named as members of the Executive Council of the American Bankers' Association.

The President: The Chair recognizes in the rear of this room a bashful young man, and he would like to have him come forward. I call for Mr. John L. Hamilton, of Hoopston, Illinois. (Applause.)

Mr. Hamilton came forward.

The President: Mr. Hamilton, the American Bankers' Association has been very fortunate in selecting you as their President. It has been to a certain extent an idea among the members of this Association that no one could be elected to this place unless he lived in a large city and represented a large bank. You do not come from a large city and do not represent a large bank, comparatively speaking; but you do represent a large majority of the members of this Association, and now they cannot say that this office must go to a large city. I congratulate you and wish you great success in your administration of the office of President. (Applause.)

Mr. Hamilton: (Taking the chair.) Ladies and gentlemen of the Convention, I think I voice the sentiment of this Convention when I say that it is unfortunate that our worthy President cannot be continued another year under the constitution. I realize that this is the greatest honor that can be given to any man at your hands. I realize that the American Bankers' Association is the strongest financial institution in the world. It has a grand mission to perform, and I think it is the duty of this Association to labor for the promotion of the welfare of this great country regardless of any individual interests. This Association has several important standing committees that are doing excellent work. They have one or two committees that are dead. I am opposed to any man accepting a position on any committee in connection with this Association who is not willing to work for the interest of this Association. (Applause.)

We have long since passed the stage in our work where we need ornaments. I think that there are many important features that can be pushed forward by your aid, and when the individual member receives what appears to be a circular letter, remember that it is really an individual communication from the committee sending it, hoping to

get an expression from you, so that they may be able to formulate a report in accordance with the wish of the members of this Association.

It shall be my endeavor in fulfilling the duties of this position to put forth my best efforts in your behalf. Gentlemen, I thank you for this great honor. (Applause.)

The President (Mr. Hamilton): Is Mr. Whitson present? If so, I will ask him to please come forward.

Mr. Whitson came forward.

The President: Mr. Whitson, you have been selected for the distinguished office of Vice-President of the American Bankers' Association. It is an honorable position that is extended to you on account of your work and merit, and in appreciation of the work you have done for the Association. I now present you with your badge. Gentlemen, your Vice-President, Mr. Whitson. (Applause.)

Mr. Whitson: Mr. President and members of the American Bankers' Association: We are told that brevity is the soul of wit. I am certain that you are weary of speech-making. Consequently I believe that I will carry out your views in making my remarks brief. I appreciate the honor which you have conferred upon me, and ask your assistance and co-operation in carrying out the duties pertaining to the office to which you have elected me. (Applause.)

The Secretary: There is a telegram which has been received from the Sturdivant Bank, which I will read:

The Secretary read as follows:

Cape Girardeau, Mo., October 11, 1905.

E. F. Swinney, President American Bankers' Association, Washington, D. C.

Colonel Robert Sturdivant, the pioneer banker of Southern Missouri, died at Tallapoosa, Ga., yesterday morning, aged 88 years.

The President: I understand that Mr. Hill, of St. Louis, has something to present to the Convention.

PUNCH BOWL TO RETIRING PRESIDENT.

Mr. Hill: (Coming forward and placing a large silver bowl on the President's table.) Mr. President and gentlemen of the Convention: I have been selected to present to Mr. Swinney, the retiring President, a little pig in the bag. (Laughter.) Why I have been selected for this pleasant duty I do not know, unless it is that Mr. Swinney and your humble servant were both born in that State which feeds on peanuts and past recollections—recollections that can only be appreciated by men who have left the grand old Commonwealth of Virginia. We have both gone to that State which has the reputation that before any one can get into their hearts there, and into their pockets, he has to "show them." (Laughter.) Mr. Swinney went to that State, and by perseverance and pluck won his way, and he, as President of the American Bankers' Association, has shown you the greatest year in the history of the Association. (Applause.) If you come West you will find on the western border of Missouri a bank which has been built up by him and him alone, as far as we know, and that has no superior for strength and conservatism in this country. (Applause.) He will show to any one who comes there who does not know him—and to those who know him it is not necessary—that he is a man and a gentleman, and when you say a gentleman that is all you can say of any one.

I wish to say in the name of the Association, "Well done, good and faithful servant." Instead of taking the cake, take the bowl. (Applause.)

Mr. Swinney: I wish I had words capable of expressing my appreciation of this token of regard. I will take this bowl with me to my Western home and ever keep it and point to it with the greatest pride as a token of having been honored by the greatest financial association in the world. (Applause.)

In closing my official career with you I want to again thank this Convention for the many acts of kindness shown me, and will close by saying that—"In future years, should thou perchance to other scenes cast a glance, think kindly of me, as I ever shall of thee. (Applause.)

COMMITTEE ON BANK LEGISLATION CREATED.

The President: Is there any further business to be brought before the Convention?

Mr. Reynolds: In pursuance of the resolutions heretofore adopted, I move that a committee of five be appointed

by the Chair, of which the President shall be one, to act as a Committee on Bank Legislation.

The question was taken and the action was agreed to.

PRESENTATION OF PUNCH BOWL TO SECRETARY.

Mr. Russel, of Detroit: Mr. Chairman, ladies and gentlemen, a self constituted committee has placed upon me the very pleasing duty of making another well deserved presentation. This self constituted committee really consists of the Old Guard, and I might sum it down to almost one member of the Guard, in the message that was conveyed to me. Walker Hill has just told you that he was selected to make the other presentation speech.

Now, gentlemen, I want to give you a little inside information. Mr. Hill came to me last night and said: "Russel, if you will select me to make a presentation to the President I will select you to make a presentation to the Secretary." (Laughter.)

Gentlemen, this token of our regard for our most efficient Secretary is made upon the anniversary of his ten years' service. It happens to be an anniversary to me also. Ten years ago I first joined your Association at Atlanta, and I had there one of the pleasantest times of my life. At that first meeting I had the distinguished honor of being elected to the Council, and have served continuously ever since. In the 11 conventions that have been held, beginning with that one, and ending with this most delightful Convention, I have been present nine times; I was prevented from being present the one time I was absent on account of my health.

A reviewal from me of the growth of the Association in these ten years seems to be in place. We then had a membership of barely fifteen hundred, and Colonel Branch was chosen Secretary. Another curious fact in connection with that Convention, which I now recall, is the fact that at a little table in a room off the reception room at Atlanta, our old friend Bob Lowry gathered promiscuously from an attendance of several hundred six gentlemen to dine with him. Of course, he had the most beautiful ladies of the State of Georgia there also. You would expect that, naturally. As it so happens, five of those six gentlemen that sat at that table successively became President of your Association:—Mr. Pullen, of sainted memory, I might say, because he was a grand old man; Bob Lowry, whom we will always have with us; Hendrix, than whose record none is brighter; the less said about Russel the better; and Hill, the ubiquitous and always talking. Now, this looks like a put up job, but, gentlemen, politics then had not crept into the Association, I assure you. We could have planned for five years ahead, while under a better constitution we can only set up the job for three years. But I am getting off the subject. I am dwelling on my own recollections and not doing my duty here.

It is my pleasant duty to present to Mr. Branch from the Association a little token of regard and esteem and appreciation of his services during the past year. Presidents have come and gone, but Jim runs on forever. Our membership of fifteen hundred, which is what it was ten years ago, has been increased to seventy-seven hundred, over five

times the number we had ten years ago. And we must allow that this increase in membership is largely due to our Secretary. (Applause.) He has worked indefatigably, and in the last two years there has been more accomplished than ever. So that in his services, experience and education, we have a Secretary who is more than ever fit to perform these duties for another decade. Jim is a good fellow, but not entirely without—I will not say without enemies, but people who think they could fill his place better. There are always such men in the world. But we do not want to make any more experiments in that line. A little story occurs to me which has been told to me since I reached this stage, of a gentleman presiding over a very large church, a minister. There was a little growing disaffection among some of the congregation, and one of them hinted it to the sexton. "Yes. I know that is what some of you think, but then," he says, "remember the past experience of this church. Reverend So and So has been with us now for ten years, and the church work depends largely upon its revenue. Are not the pews full? Has not our membership increased satisfactorily, and are not things running smoothly?" I think that speaks for itself."

We give to our Secretary a bowl. What uses it may be put to I cannot tell. (Laughter.) We have not made it large enough for him to get into (laughter), but it is of capacious size, and I am sure that in his big, generous heart he will ask you in other meetings of this Convention to take from it, not forgetting himself. Gentlemen, I am sure that I speak for the whole Convention in conveying to Colonel Branch this token of your esteem and appreciation. (Applause.)

Mr. Branch: Mr. Russel, and members of the Association, this is one of the proudest moments of my life. I have served for ten years as your Secretary, and, through the assistance and hearty support that I have always received from every one upon whom I have called, the Association has grown to its present size. No one man on earth could have accomplished any such growth. It has been the result of active committee work. It has been the support of numerous officers who have come and gone. The Secretary has been able to call the attention of bankers all over the country to the good work being done by the Association, and they have come in by tens and hundreds and to-day we have an organization representing more wealth than any other organization on earth.

I have given you my best efforts. I fear in the opinions of a good many that my best has not been as good as it might have been. I can only say to you, gentlemen, that I have done my best, and any errors made have been from the head and not from the heart. I thank you sincerely, for your continued confidence, as shown by re-election nine times, and I trust if in the future I serve as your Secretary I can, when I step out of office, feel as I do now, that I have never intentionally neglected any duties imposed on me. (Applause.)

THANKS TO WASHINGTON NEWSPAPERS.

Upon motion the thanks of the Convention were extended to the newspapers of Washington.

The President: Mr. Whitson has requested me to announce that the Executive Council will meet immediately after the adjournment on the tenth floor of the New Willard Hotel.

[Joshua D. Powers, President of the United States Trust Company, of Louisville, was chosen Chairman of the Executive Council.]

I now declare the thirty-first annual convention of the American Bankers' Association adjourned.

**THE FOURTH NATIONAL
BANK OF THE CITY OF
NEW YORK OFFERS TO DE-
POSITORS EVERY FACILITY
WHICH THEIR BALANCES,
BUSINESS AND RESPONSIB-
ILITY WARRANT.**

TRUST COMPANY SECTION

AMERICAN BANKERS' ASSOCIATION,

Ninth Annual Meeting, Held in Washington, D. C., October 10, 1905

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Statement of the Growth and Present Status of Trust Companies in the United States.

By EDWARD T. PERINE, General Manager, The Audit Company, New York.

Comprehensive statistics regarding Trust Companies throughout any number of States do not appear to have been assembled earlier than December, 1875, when, in the Annual Report of the Comptroller of the Currency of the United States, a tabulation was presented with reference to 35 companies. These were located in four entire States, and reports from Philadelphia companies were also included.

These Trust Companies of thirty years ago comprised:

	No. of Companies.	Total Resources.
New York.....	12	69 millions.
Massachusetts	5	9 "
Rhode Island.....	1	6 "
Connecticut	10	5 "
Philadelphia	7	31 "
A total for the.....	35	122 "

The principal items of resources were 65 millions of dollars of loans and discounts, 39 millions of securities, 3 millions of real estate, and 9 millions of cash. Among the liabilities, capital stock aggregated 21 millions, surplus funds and undivided profits 7 millions, and deposits 85 millions.

The New York State companies, having, as has been shown, 69 millions out of 122 millions of dollars of total resources, led, then as now, the other States in respect of Trust Company wealth. Philadelphia's 7 companies, however, with their 31 millions of resources, are worthy of notice, particularly when it is seen that the two groups taken together at this early date comprised over 100 millions of aggregate resources.

An interesting note accompanied this tabulation of the Comptroller, containing the unofficial fact that the "Chicago Tribune" had reported as of June 30, 1875, 5 Trust Companies in the city of Chicago having capital \$2,500,000; surplus, \$725,000, and deposits of between 5 and 6 millions.

It is not to be understood that the Comptroller's tabulations in this or in later years could have been made to cover Trust Companies everywhere, but a steady growth is apparent year by year from about 1879. In that year reports were tabulated from 32 companies, with 111 millions of resources, and during the next few years, while there was no great increase in the number of companies, their resources were largely added

to. In 1884 the tabulation showed 35 companies, with 239 millions of resources. Of these 13 New York State companies had 155 millions.

By 1889 the number of companies reporting had increased to 120, and their total resources were 441 millions. At this time, and it should be remembered that it was but sixteen years ago, the total resources were less than one-eighth of the present volume of Trust Company resources, and the number of companies only about one-tenth of the total number of our present companies.

Before considering current figures, however, it will be of interest to look at some details of the Comptroller's tabulation for 1889. In

State	No. of Companies	Total Resources
Maine	6	2 millions
New Hampshire	4	3 "
Massachusetts	13	63 "
Rhode Island	2	12 "
Connecticut	8	5 "
New York	25	236 "
Illinois	6	17 "
Pennsylvania	17	69 "
Iowa	7	9 "
Minnesota	5	4 "
Missouri	6	10 "
Kansas	11	4 "
Nebraska	6	5 "
Dakota	4	1 "

The figures from the smaller States were given as being unofficial, but would appear to have been gathered with considerable care, and the noticeable facts at this point—sixteen years ago, as stated—are the continued growth of New York companies' resources to the sum of 236 millions, the substantial amount reported for Pennsylvania companies, over 69 millions, and the closely equivalent showing of Massachusetts, with its 63 millions. After these, no one State, not even Illinois, Rhode Island or Missouri, had as much as 20 millions of total resources, while the other States reporting in no one case had as much as 10 millions of resources.

In the early nineties began the real growth in numbers of Trust Companies, the Comptroller's report for 1894 showing 224 companies, with 705 millions of total resources, while according to another summary, made by the author of this present paper, upon the basis of total resources one year later, or in 1895—gathering the figures from certain State reports, and in other cases from details contained in the "American Bank Reporter"

of November, 1895—it appears that the Trust Companies of ten years ago this fall numbered 569, or about one-half the present number. For some of these no figures were available, but as to 533 companies, located in 42 different States and Territories and in the District of Columbia, the total resources were approximately 962 millions of dollars. At this time there were 16 companies in California, 12 in Connecticut, 18 in Georgia, 26 in Illinois, 29 in Iowa, 16 in Kansas, 16 in Kentucky, 20 in Maine, 35 in Massachusetts, 15 in Missouri, 15 in Nebraska, 23 in New Jersey, 38 in New York, 14 in Ohio, 83 in Pennsylvania, 19 in Tennessee, 18 in Vermont, 16 in Virginia, and 15 in the State of Washington, while in each of the other States and in the District of Columbia there were less than 10 companies.

Closely succeeding years saw a phenomenal growth among Trust Companies, both in number and in wealth. The fact of this growth during the closing years of the nineteenth century is well recognized, but becomes more apparent when it is stated that during the five years from 1899 to 1903 inclusive the popularity of Trust Companies was marked by the organization of practically five hundred new companies, or as many as had been formed during the entire preceding three-quarters of a century.

As of June 30, 1903, recognizing the need of more adequate statistics than had been previously available, the company with which the speaker then had the honor of being identified, namely, the United States Mortgage and Trust Company, of New York City, prepared a list of Trust Companies everywhere in the United States and sent out requests for their statements of condition, which, when received were arranged alphabetically by States to the number of 912 companies. These statements, comprising a more comprehensive collection of Trust Company facts than had ever been previously gathered in a single volume, were issued in 1903, and were collected again last year and this. These collections have been valuable as books of constant reference for those interested in Trust Company matters, and have also afforded a basis for certain tabulations of Trust Company resources and liabilities throughout the entire country, the nature of which, as relating to current conditions, and in particular to the growth of the past three years, are now briefly presented.

The 912 companies whose statements were published under date of June 30, 1903, had total resources and liabilities of 2 billions 910 millions of dollars; their loans aggregated 1 billion 463 millions; their stocks and bonds 627 millions; their cash on hand and in bank 435 millions; their mortgages 173 millions; the aggregate value of their real estate and banking houses, 74 millions. Offsetting these, their capital stock amounted to 317 millions; the surplus funds and undivided profits, 362 millions; their deposits, including amounts due banks and bankers, 2 billions 183 millions.

By June 30, 1904, 82 other companies had been added to the previous total, and the resources and liabilities of the 994 companies reporting reached an aggregate of 3 billions 140 millions. A tabulation of the principal liabilities of these companies of one year ago shows that their capital stock amounted to 330 millions; their surplus and undivided profits to 379 millions; their deposits, general and in trust, to the sum of 2 billions 315 millions; their outstanding certifications, 10 millions; their balances due banks and bankers, 55 millions. An interesting fact because of the smallness of the item is that re-discounts as reported by the entire 994 companies amounted to less than 2 millions of dollars.

The Trust Companies having thus passed the three billion dollar mark in 1904, a remarkable result was next secured by tabulating the number of companies reporting, and their liabilities, as of June 30, 1905. The totals are, 1,115 companies, having capital stock 349 millions; surplus funds and undivided profits, 425 millions; de-

posits, 2 billions 847 millions; certified checks, 15 millions; due to banks and bankers, 107 millions; re-discounts, two and one-half millions; the present total of liabilities and corresponding resources amounting to the remarkable sum of 3 billions 802 millions of dollars.

Even in this total are not included the figures of some 344 companies not reporting on June 30 last, which with 88 new incorporations since that date bring the entire number of American Trust Companies up to 1,547.

With reference, however, to the 1,115 statements which have been tabulated, it appears that in each of eight States there are upwards of 100 millions of resources, these eight being:

Rhode Island.....	9 companies,	113 millions.
Missouri	27 "	141 "
New Jersey.....	60 "	162 "
Ohio	47 "	173 "
Massachusetts	42 "	220 "
Illinois	49 "	353 "
Pennsylvania	237 "	621 "
New York.....	78 "	1 billion 510 "

This last aggregate may be best interpreted by the fact that the growth in New York State for the first six months of this year has been over 100 millions of dollars and that in ten years it has been approximately 1 billion of dollars.

Much might be said regarding the strength of companies in other States as well as New York, particularly with reference to the amounts and proportions of aggregate capital stock as compared with aggregate surplus and undivided profits.

In New York State 62 millions of capital stock accounts show 160 millions of paid in and earned surplus and undivided profits.

In Pennsylvania 92 millions of capital stock accounts show 110 millions of surplus and profits.

In New Jersey 12 millions of capital show 20 millions of surplus and profits.

In Missouri 21 millions of capital show 25 millions of surplus and profits.

In Rhode Island 6 millions of capital show 9 millions of surplus and profits, it being a fact that in each of these States, and in several others, the book value of Trust Company shares is in excess of 200 per cent. of par, while the average for the entire country is an approximate book value of 221 per cent.

Referring again to New York State's 1 billion 510 millions of total resources, it may be of interest to present the fact that as late as October in the year 1870 the total resources of 1,615 National Banks throughout the entire United States did not exceed this sum. As compared with the present Trust Company aggregate for the entire United States, 3 billions 802 millions, it appears that not until the year 1897 did the country's 3,607 National Banks hold the equivalent in total resources of the amount of total resources now held by our 1,115 Trust Companies.

It should be remembered that to-day there are 5,757 National Banks, with no less than 7 billions 472 millions of dollars of total resources; but it is also interesting to calculate that this sum is only about twice the amount of the 1,115 Trust Companies' present 3 billions 802 millions of resources; also that the averages obtained by dividing the number of National Banks and the number of Trust Companies into these respective aggregates, show that the average resources of each National Bank are a shade under 1 million 300 thousand dollars, while the average per Trust Company is slightly in excess of 3 millions 400 thousand dollars.

What the true meaning is of such a sum as these 3 billions 802 millions of Trust Company resources may be best appreciated by a contrast or two, based upon some large aggregates found in other recent statistics.

The total assets of active life insurance companies in the United States at the beginning of the present year were less than two and one-half billions of dollars, or 1 billion 300 millions less than the resources of American

Trust companies. The total currency in the United States on July 1, last, was 2 billions 885 millions, practically 1 billion dollars less than the amount of total resources of the Trust Companies. The estimate of the Comptroller of the Currency for last year, regarding Savings Banks, was that 1,157 of these institutions had 3 billions 175 millions of total resources, or practically 600 millions less than those of the Trust Companies. According to Census Bulletin Number 21, which has just been issued, the commercial value of steam railways in the United States is given as eleven and one-quarter billions of dollars, a sum only about three times the total resources of our Trust Companies; it being a fact that in point of steam railway wealth the four leading States, Pennsylvania, New York, Illinois and Ohio, appear as having 3 billions 814 millions of commercial value, an amount almost exactly equivalent to the aggregate assets of our 1,115 Trust Companies.

A single illustration more. The Comptroller of the Currency estimated last year that the banking power

of the world—that is, bank liabilities, excepting balances due other banks—consisted of:

Banking power of the United States and Island possessions.....	13 billions	826 millions.
Banking power of foreign countries.....	19	" 781 "
— — —		
A total estimate throughout the world of.....	33	" 607 "

Will you, in conclusion and with thanks for your kind attention to all of these remarks upon the growth and status of American Trust Companies, permit, as a final thought regarding these 33 billions of banking power, that our Trust Companies, with their present liabilities of over three and three-quarters of billions of dollars—comparatively little of which is of the nature of moneys due other banks—offer as their contribution to the vast total of banking power a volume of credits which may be fairly said to constitute one-tenth, and even upwards of one-tenth, of the aggregate banking power of this and other countries, the world over.

Banking Publicity.

By FREDERICK PHILLIPS, Secretary Lincoln Trust Company, New York.

The economic, political and social development of our country has been necessarily accompanied by many changes in the forms of business and in the methods of conducting business. So rapid, however, has been the development during the past twelve or fifteen years and so radical have been the changes in that time that a comparison of old with new methods would seem to show a revolution. Question the merchant, the manufacturer, the lawyer, the doctor along these lines if you require testimony, although none realize these changed and still changing conditions in every field of business, in every walk of professional life, more thoroughly than the moneyed institutions. We are, then, at the present time working under conditions in business not only not known to the fathers of the younger generation, but unfamiliar to any of us a few years back. I venture to suggest that the chief factor in these changes has been modern scientific competition. However that may be, it is beyond question that these new economic conditions have created an imperative demand for new facilities in banking, for the fiduciary services of Trust Companies, for the privileges afforded by the Savings Banks, for the insurance issued by surety and casualty companies, for the investments offered by banking firms.

Now these facilities and services are as truly merchandise commodities as are corn, coal or dry goods. The banks sell credits; the Trust Companies sell services. We are on the same plane with the merchant in his warehouse.

Conceding, then, if you will, that the business of the moneyed institutions is commerce in every sense, although along highly developed lines, conceding that we all have our stock in trade as any business has, you must also concede that we can successfully avail ourselves of honorable and appropriate commercial methods of procuring business. In other words, a bank or a Trust Company needs depositors, customers, clients, patrons, whatever you please to term them, in the same degree as any other business, and of all means of procuring business the most effective is publicity. I use the word in its most modern sense, that of making public the merits of an article with a view to creating for it a market.

The purpose of this proposed Association, then, is to promote Banking and Trust Company publicity to the end that we may promote our business; and while we are all doing something in the way of publicity—for publicity is accomplished in divers ways, as by a handsome

edifice, a reputation for courtesy, a favorable report in the community—but few of us have fully availed ourselves of the supreme methods of publicity—printers' ink, both in the form of the newspaper advertisement and advertising literature.

The most successful publicity of this kind, and this kind of publicity is the most successful, is based upon education. The public is being daily educated to buy this and that brand of breakfast food, shoes, soaps, tooth powder; it is being educated to travel and care for its health by recreative sports; it is being instructed commercially, morally, politically by advertising publicity. Why shall it not, therefore, be liberally educated to the discriminating purchase of our commodities—to the use of the facilities of our banks, and the services of our Trust Companies?

But let us go farther, mark you, for while making public our own excellence, let us seek to teach the public to eschew all practices opposed to conservative banking; to avoid all financial traps, pitfalls and schemes; and to divest itself of all the risks and responsibilities attaching to personal and individual administration of fiduciary offices, the care of estates and the investment of funds. Our public is already a highly educated one, in that it knows a little something of everything, but if there are any things of which it possesses less real, serviceable and valuable knowledge than of anything else, it is of the business of banking, and the services of the Trust Company and the benefits and advantages of the various classes of moneyed institutions.

It was many years before the public learned to use the savings banks, and even to-day the savings banks are not understood as they should be for the welfare of the vast wage-earning class. On the other hand, our savings banks, I refer particularly to the mutual savings banks, carry many millions of money, such against their will, if I understand the matter rightly, money which they would prefer elsewhere than in their own institutions. So with the Trust Companies. How little are these admirably organized and thoroughly equipped institutions understood, although it is gratifying to note that day by day the public is more fully employing their powers. In short it is a fact that what the National, State and Savings Banks and Trust Companies can do to-day for the public, and how they do it, is far beyond the public's knowledge.

As stated, then, the primary object of this Association

is the systematic education of the public to the discriminating use of these institutions, and to inform it of the particular advantages of each.

It is hoped to accomplish these ends in part by the interchange of ideas, information and methods of publicity. It is proposed further to have local or district headquarters in each of the large cities, with a manager whose duty it shall be to keep in touch by correspondence with members throughout his district; to procure from them such literature, business forms, advertising matter, samples of soliciting and advertising letters, as may be obtainable, together with such statement, comment, remark or information as may prove useful for the guidance of members of the Association; each manager to be required to send to the Secretary one or more copies of all such literature, letters, etc., received by him; requests for information or specimens of such literature, etc., from member institutions to be addressed to the Secretary and to be answered and, if possible, granted by that officer.

There has been some misapprehension of the exact purport of this paragraph. It is not asked that members shall give up any trade secrets or private matters pertaining to the conduct of their business, but merely that they shall look at the plan in a broad way, and part with such of their printed matter, etc., as they believe will be useful for the purpose. Those favoring this Association must of course be of the mind that this interchange will not be the giving of something for nothing, but a *quid pro quo*, and that what in this instance is to the benefit of all must be to the benefit of the individual.

Finally it must be that the coming together from time to time of the members of this Association must be productive of good. At all events, such an Association as this, once organized and prepared for activity, will prove a useful instrument in proper hands and a power for good to the community in general and the banking world in particular in ways and along lines that may not yet have occurred even to us.

At a meeting held in Washington on October 10 in conjunction with the American Bankers' Association, the Banking Publicity Association of the United States was formally organized, by-laws adopted and the following officers duly elected:

PRESIDENT, Harold A. Davidson, Secretary Home Trust Company of New York, Brooklyn; FIRST VICE-PRESIDENT, D. C. Willis, cashier Diamond National Bank, Pittsburgh. VICE-PRESIDENTS, Pierre Jay, Vice-President Old Colony Trust Company, Boston; James E. Brock, Secretary Mississippi Valley Trust Company, St. Louis; E. G. Tillotson, Treasurer Cleveland Trust Com-

pany, Cleveland; Herbert P. Wenig, Auditor Windsor Trust Company, New York; C. E. Woodside, Manager Bond Department, Los Angeles Trust Company, Los Angeles, Cal.; Charles Moore, Secretary Union Trust Company, Detroit; C. J. Craft, Secretary Central Trust and Savings Company, Philadelphia; C. G. Ellsworth, First National Bank, Chicago; Stephen Appleby, Assistant Cashier Pacific National Bank, Tacoma; Robert J. Lowry, President Lowry National Bank, Atlanta; George W. White, Cashier Commercial National Bank, Washington, D. C.; TREASURER, Edward F. Feickert, Assistant Treasurer Plainfield Trust Company, Plainfield, N. J.; SECRETARY, Frederick Phillips, Secretary Lincoln Trust Company, New York.

The following institutions have expressed their approval of the purpose of the Association:

Lincoln Trust Co., New York.	Citizens Bank, Greenville, Miss.
Van Norden Trust Co., New York.	Trust Co. of Dallas, Texas.
Windsor Trust Co., New York.	Malden Trust Co., Malden, Mass.
Redmond & Co., New York.	Traders National Bank, Lowell, Mass.
Guardian Trust Co., New York.	The First National Bank, Birmingham, Ala.
Home Trust Co., of New York, Brooklyn.	York Trust Co., York, Pa.
Plainfield Trust Co., Plainfield.	Citizens National Bank, Spencer, Ia.
Old Colony Trust Co., Boston.	The Peoples Bank, Humboldt, Ia.
National Bank of the Republic, Chicago.	F. G. Farrell & Co., Bankers, Jacksonville, Fla.
Northern Trust Co., Chicago.	State National Bank, Bloomington, Ill.
The West Side Trust and Savings Bank, Chicago.	Security Storage & Trust Co., Baltimore.
Mississippi Valley Trust Co., St. Louis.	Third National Bank, St. Louis.
Cleveland Trust Co., Cleveland.	Easton National Bank, Easton, Pa.
Los Angeles Trust Co., Los Angeles.	Guarantee Trust Co., Atlantic City.
Union Trust Co., Detroit.	Dominick & Dominick, New York.
First National Bank, Oswego.	Equitable Trust Co., Chicago.
Diamond National Bank, Pittsburgh.	Real Estate Trust Co., Philadelphia.
Central Trust and Savings Co., Philadelphia.	The Royal Trust Co., Chicago.
First National Bank, Chicago.	Commercial National Bank, Washington, D. C.
State Bank of Chicago, Chicago.	Commonwealth Trust Co., St. Louis.
American Security & Trust Co., Washington.	Iron City Trust Co., Pittsburgh.
Union Trust Co., Philadelphia.	Union Savings & Trust Co., Cincinnati.
Mercantile Trust Co., St. Louis.	Interstate Trust & Banking Co., New Orleans.
Citizens Bank, Henderson, N. C.	Long Island Loan & Trust Co., Brooklyn.
National Underwriting & Bond Co., San Francisco.	American Trust Co., South Bend, Ind.
State Savings Bank, Detroit.	Security Trust Co., Wheeling, W. Va.
The People's Savings Bank, Detroit.	Portland Trust Co., Portland, Ore.
New Castle Savings & Trust Co., New Castle, Pa.	Guarantee Title & Trust Co., Pittsburgh.
Toga County Savings & Trust Co., Wellsboro, Pa.	Barre Savings Bank & Trust Co., Barre, Vt.
The Security Trust Co., St. Paul.	Granite Savings & Trust Co., Barre, Vt.
Chemung Canal Trust Co., Elmira, N. Y.	Title Guarantee & Trust Co., Atlanta.
Spokane & Eastern Trust Co., Spokane, Wash.	
Pacific National Bank, Tacoma, Wash.	
Merchants National Bank, Nashville, Tenn.	
Humboldt Savings Bank, San Francisco.	

The Benefit of a Real Estate Department to a Trust Company.

By LORENZO E. ANDERSON, Vice-President of the Mercantile Trust Company of St. Louis.

The Trust Company, in many States of the Union, on account of its liberal charter, is authorized not only to do a general banking business, but also to do everything or anything else where bonds, stocks, mortgages or real estate enter into or are part of the transaction, and from my observation very few transactions of any magnitude are negotiated without real estate being one of its important factors. Take one of the most important departments of a Trust Company—namely, the trust department. I say "most important" because it is the department where trust in its truest sense should be exemplified, as it has the management of estates for widows and orphans, and it frequently happens that the largest portion of such estates consists of real estate. Then it is that the real estate department is of inestimable value to the Trust Company, as every well equipped real estate department should have experienced appraisers, salesmen

and rent collectors, of whose integrity and ability there is no question and the company thus avoids the necessity of seeking outside assistance in the management of the real property belonging to such an estate.

And it is through the real estate department, in a majority of cases, that it is possible for the trust department to secure the management of such estates, because when a person makes his will, and is possessed of considerable means, his first consideration is to name as executor of his estate some individual or corporation in whom he has the greatest confidence, and the fact that the Trust Company has managed his real estate affairs satisfactorily and successfully during his lifetime, and is thoroughly familiar with all the details of his property, influences him to a great extent in selecting such company to handle his estate after his death.

The financial department of the Trust Company is

benefited in many ways by the real estate department. For instance, when money is easy and the financial department has a surplus of idle cash on hand, the real estate department can be called on to procure for it investments in the form of real estate loans, and as these loans are made only on a conservative basis, after the property has been inspected by men experienced in that line and approved by the officer in charge of the real estate department, they can again be disposed of through that department without any difficulty in case it becomes necessary or desirable to do so.

The real estate department is also the medium through which the financial department secures a number of depositors. Take the case of an individual whose property is sold through the real estate department. He comes into the office to close up the transaction and the consideration is paid to him in cash, or part cash, and the remainder by deed of trust and notes. It is frequently only necessary to make the suggestion to him that he open an account with the company with the proceeds of the transaction, and it is very seldom that one will leave the office without doing so. It is not an uncommon occurrence in the real estate department for a buyer to make the cash payment on a real estate deal by a check drawn on the company and for the seller to open an account with the company by depositing the same check, the company thereby making a commission on the sale of the real estate and securing a new depositor on the same transaction.

If, however, the person desires to convert the proceeds of a real estate sale into an investment other than real estate he is referred to the bond department, where he will undoubtedly invest the money in securities which that department offers. Thus the bond department is provided with a new client, who, if it were not for his dealings with the real estate department, might never have transacted business of any character with the company. The deposits of a successful real estate department are in themselves a considerable item, if it has a large rent roll.

In 90 per cent. of all real estate transactions only a part of the consideration is actually paid in cash, the balance being secured by deed of trust and notes on the property sold. The seller, therefore, after the sale has been consummated, has on hand a number of valuable papers, which he will desire to place in a safe repository, and as the safe deposit department of the company is so convenient, he is certain to rent a safe deposit box from that department. As the notes become due they are placed with the collection department and the proceeds deposited to his account. In this manner the customer is enabled to transact all the details of a real estate deal with one company, making it convenient for him and profitable for the company.

Then again a large number of people have occasion to visit the real estate department. Some of them come in to rent a house, others to pay rent or purchase property and some to inquire about real estate. Many of them may not transact any business at the time, but there is a possibility of each person becoming a customer at a later date, by reason of their remembering the former visit. Again, if one takes into consideration its value from an advertising standpoint, he can readily see how beneficial it is to an institution to have a great many people constantly entering and leaving its building.

It also benefits the Trust Company from an advertising standpoint, by continually keeping the name of the company before the public, through the medium of the newspapers, sign boards and rent bills which are scattered throughout the city. In the case of the Mercantile Trust Company (I mention this company because of my knowledge of its affairs), one cannot visit any portion of the city of St. Louis without seeing its name on some sign announcing property for sale or lease, and every day in the year its name will be found in the newspaper for a like purpose. It is needless for me to comment on the ad-

vantages of such extensive publicity, as it brings the company in touch with every man, woman and child in the community who may some time have occasion to transact business with a Trust Company.

It may not be out of place here to say that the real estate department, besides being advantageous to the company of which it is a part, contributes in a manner to the prosperity of the city in which it is located, by promoting syndicates for the conducting of large real estate enterprises. The real estate department of the company with which I am connected has organized corporations and promoted deals aggregating millions of dollars. For all of these corporations it simply acted as agent, not being interested in any of them as a stockholder. In other words, in the promotion of the syndicates the real estate department, or the Trust Company, had no direct interest whatever in the corporations, apart from acting as agent for the sale of property owned by them for collecting rents on same, or performing the duties of manager of construction of office buildings or commercial structures being erected by the syndicate, for which services it receives commissions and fees. In addition to this it has the placing of insurance, letting of repairs and payment of taxes on all such buildings, making it necessary to handle large sums of money and transact business with a great many people, and as a result of these dealings a large portion of these individuals subsequently become regular patrons of the institution.

In the affairs of a community, the real estate agent ranks next in business importance to the banker. Real estate from time immemorial has been the foundation of all values and has furnished more business for different lines of trade than any other commodity. The iron foundries, brick manufacturers, lumber merchants, certain professions and all mechanics are prosperous when the real estate business is good. The real estate agent is the herald of progress, the maker of villages, towns and cities, and his efforts mark the advancement and progress of municipalities, and any Trust Company is indeed fortunate to have among its departments a well equipped and properly conducted real estate department.

In order to be valuable, a real estate department must be progressive, must be competent to cope with and carry to successful issue enterprises and deals of any magnitude. To do this it must necessarily attract capitalists and capital seeking this avenue of investment, and it is a well-known fact that many of the most prosperous citizens of large cities invest only in real estate. Real estate is the investment which is sought by many who have made their money in other channels and who, desiring to convert their funds into an investment which they know to be safe and which will net them a good return, naturally turn their thoughts to real estate. The Trust Company, by reason of its prominence and reliability, having attracted their attention, it is through it that they make investments of this character, if the company has a real estate department, and it thus secures a class of investors it would not otherwise have obtained.

In summing up the advantages accruing to the Trust Company from a real estate department, I would say that it not only benefits all other departments, but is in itself profitable. As an individual department, the real estate department of the Mercantile Trust Company is operated as a separate and distinct branch—that is, it pays for all its own advertising, pays the salaries of the officers of the Trust Company who have charge of the department, as well as of all the employes connected with the department, and defrays all the other expenses incurred in the conduct of the department. It also makes a monthly statement to the company, at the same time turning over to it the net results of the month's business, which, in the case of the institution with which I am associated, has always been of such a satisfactory nature that I am inclined to believe that the real estate department is one of its most valuable assets, as it is not only unnecessary for the company to invest any of its capital

in any of the transactions of that department, but that it is self sustaining and profitable. In my opinion no Trust Company is complete without a real estate department, because the object of a Trust Company should be to take care of everything that comes its way. In other words, it should let nothing escape that may result in a

commission or a fee, and it is my firm belief that a company is not in a position to do this unless it has a real estate department as one of its departments. Therefore, I unhesitatingly say that every Trust Company should have a real estate department if for no other reason than that it will pay, if properly conducted.

KIDDER, PEABODY & CO.

BOSTON

Investment Securities

Foreign Exchange

Letters of Credit

Detailed Report of Proceedings.

Ninth Annual Meeting TRUST COMPANY SECTION, Held at Washington, D. C.,
October 10, 1905.

New Willard Hotel.

The meeting was called to order by the President, Mr. E. A. Potter, President of the American Trust & Savings Bank, Chicago, at 10:30 o'clock a. m.

Prayer by Reverend Robert M. Moore.

The President: I take great pleasure in introducing Mr. Stellwagen, of Washington.

Address of Welcome by Edward J. Stellwagen, President of the Union Trust Company, Washington, D. C.

Mr. Chairman and Gentlemen:

Hospitality, it seems to me, should impress itself by deeds rather than by words, and a true and heartfelt welcome needs no formal phrasing.

Assuredly "it goes without saying" that an association of men brought together to consider questions affecting the advancement, direction and security of the great financial institutions of the country is welcome, thrice welcome, to the Nation's Capital.

It is your right to be here, and it is, it seems to me, our right to have you. Because the Capital is here and because here at the Capital is, and must always remain, the inspiration, direction and control of our great National System of Finance, Washington should, in my opinion, be the permanent place for the annual meetings of the American Bankers' Association; but however this may be, the fact that you are with us for this ninth annual meeting of the Trust Section is a source of exceeding pleasure and gratification, not only to those of us who are connected with local financial institutions, but to all of our people, in whose name it is my privilege to bid you welcome.

May I detain you long enough to express the hope that among the useful subjects to be considered by our Trust Company Section the question of protective laws and measures may receive positive and particular consideration, and by protective laws and measures I mean those which are at once protective to the companies and to their clients and depositors.

The growth and successful development of Trust Companies in this country is almost marvelous.

In a comparatively few years they have intrenched themselves firmly in the confidence of the public and its favor. They have rapidly broadened the scope of their operations, each year entering upon new fields of enterprise and endeavor, and adding new departments for the simpler and safer administration of the affairs of men.

With this rapid growth and development in number, in scope, in favor, in influence and in wealth has come a corresponding increase in responsibilities, in temptations and in dangers, which are so unfortunately emphasized in recent disclosures of corrupt and corrupting practices connected with some corporate institutions and their management.

Notwithstanding the rapid advancement in heretofore untried fields of corporate development, the ease with which charters may in some localities be obtained, the small capital required and the some time absence of protective provisions, the record of Trust Companies for stability, conservatism and integrity in management is good and clean, and their immunity from disaster and scandal is rightfully a matter for pride and congratulation. But, gentlemen, we must not rest content with that record, excellent though it be; our increasing success and development creates new conditions, which bring with them new dangers, and these require better methods, stronger safeguards and stricter scrutiny and care.

Let us, then, by raising our standards, safeguarding our investments, favoring charter requirements and restrictions (perhaps along the lines of the provisions of the National

Banking Act), endeavor earnestly to make it impossible for disaster born of carelessness, fraud or corruption to overtake Trust Companies.

I had intended calling attention to some of the provisions of the Trust Company Act under which the corporations of the District of Columbia operate which seem to us of peculiar force and value, but I have already, I fear, trespassed too long upon your time and patience and will leave the further discussion of the important subjects to be considered by our Section to my more experienced associates.

Again, gentlemen, I bid you welcome to our beautiful city of Washington—our city, which is your city, for none of you shall be as strangers within our gates.

Reply to Address of Welcome, by Edwin A. Potter.

For many years the American Bankers' Association has held its conventions in one of the great industrial cities of the country, where commercial strife, enterprise and business activity have been the predominating influences and spirit of the locality. And while appreciating the place which Washington holds in the business world, it is a special pleasure to us to assemble on this occasion in this, the beautiful Capital of the Nation, a centre of art, literature and politics. Every citizen of the United States feels a certain sense of proprietorship and pride in Washington, which is admitted to be the most beautiful city in America, and will be still further beautified when the plans which the District Commissioners have in hand are fully developed and carried out.

Washington is rich in historical interest; her galleries and public buildings contain the portraits and her parks the statues of illustrious statesmen, soldiers and sailors who have been such important factors in shaping our past history; and, while justly proud of those great men and of their achievements, we have reason to congratulate the country, and, in view of more recent events, the whole world, upon the personnel of our present Administration, whose executive head is a man endowed not alone with remarkable physical force and courage, but that higher attribute, great moral courage—a man of a mentality so virile, distinctive and illuminating that its influence is felt not only in this country, but throughout the world; a man of strong convictions, with the courage of his convictions, quick to see the right and prompt to act without fear or favor, making new precedents whenever occasion demands, enjoying to an eminent degree the confidence of the whole people irrespective of party, with the result that, as a nation, we are harmonious and prosperous at home and respected abroad.

The material development of this country is the wonder of the age. Her fields, her factories and her natural resources are putting forth their products in such quantities as to excite the admiration of the world. Along with this development must, and has naturally, come a more extensive development of our financial necessities and institutions, and in no direction has this been more marked than in the Trust Companies, whose rapid growth has brought them prominently into public notice. Much has been said and written of late about placing the Trust Companies under Federal supervision. The Honorable Secretary of the Treasury, in his last report to Congress, recommended legislation that would enable Trust Companies to incorporate under Federal laws. While I do not at this time care to express an opinion on this subject, I do want to go on record as advocating frequent and rigid official examinations, whether State or Federal.

There should be no theory about administering affairs of Trust Companies other than that which applies to every

business—namely, administering them upon the broad, deep principles of conservatism, honor and integrity.

The citizens of Washington have demonstrated their faith and confidence in Trust Companies to a greater degree than have those of any other city in the entire country, for, according to the report of the Comptroller of the Currency, the deposits of the Trust Companies of Washington exceed those of her National Banks by about 70 per cent. Surely the members of the Trust Company Section of the American Bankers' Association have fallen among friends, and on their behalf I thank you and those you represent for your most cordial, hospitable and gracious welcome.

Upon motion the report of the Secretary was received and filed.

Report of Secretary.

New York, September 1, 1905.

To the Members of the Trust Company Section:

RECEIPTS.

By balance, September 1, 1904.....	\$812.05
By appropriation of Executive Council, September 16.	1,000.00
By appropriation of Executive Council, May 3, 1905..	1,500.00
By sale of four Trust Company Forms at \$12.....	48.00
By sale of Trust Company Section Proceedings, 1896-1903	663.75
By debit balance.....	216.54

\$4,240.34

DISBURSEMENTS.

Proceedings, 1904	\$574.75
Proceedings, 1896-1903	1,273.51
Expenses Executive Committee meeting, New York, May 2, 1905.....	884.30
Salary	837.50
Stationery, printing and postage.....	580.08
Expenses of Convention in New York.....	90.00

\$4,240.34

To debit balance, September 1, 1905..... 216.54

At the close of the fiscal year, August 31, 1904, 566 members had paid their dues, but, owing to withdrawals and liquidations, sixty-eight were dropped from membership, leaving 498. One hundred and forty having been added to the rolls since September 1, 1904, the present membership is 638, the largest in the history of the Section.

Respectfully submitted,

JAS. R. BRANCH,
Secretary.

Report of the Executive Committee. Report by the Chairman, Festus J. Wade,

The Executive Committee of the Trust Company Section of the American Bankers' Association respectfully submits the following report:

The membership in the Section during the past year as reported by the Secretary shows a gratifying increase.

The continued organization of new Trust Companies in the different States justifies the belief that our membership may still be largely added to, and the influences of the Section strengthened, particularly through the work of our Vice-Presidents, by bringing to the attention of these newly organized companies the advantages of membership in the Section.

To this end each Vice-President will be given a list of the Trust Companies in his State not members of the Association, and during the coming year it is hoped that by direct effort on the part of these officers the membership in the Section may be largely increased.

The regular meeting of your Executive Committee was held in New York on May 2, at which there were thirteen members in attendance. At this meeting the Committee on Protective Laws made its report, a synopsis of which it was requested to present at this meeting of the Section.

The Committee on "The Classification of Legal Decisions Relating to Safe Deposit Companies; Duty and Liability to Box-Holders, and a Compilation of the Rules and Forms of Typical Companies" also made its report, and, by vote of the committee, was requested to submit the same, together with the report of last year, in printed form at this meeting of the Section.

Pursuant to the action taken at the last meeting of the Section, the address delivered at that meeting by Mr. Jordan J. Rollins on "The Protection of Trust Companies Acting as Transfer Agents and Registrars" was printed in

pamphlet form and sent to every Trust Company in the country.

In accordance with the further action of the Section, the Executive Committee referred to a sub-committee the general subject of the protection of Trust Companies acting in these capacities, with the suggestion that proper forms for the use of Trust Companies in the registration and transfer of securities and as trustee under corporate mortgages be submitted to the Section at its coming meeting. This sub-committee was also charged with the duty of ascertaining the average fees for the performance of these services. The report of this sub-committee is given in full.

The undersigned, as a sub-committee appointed by the Executive Committee of the Trust Company Section of the American Bankers' Association to consider the recommendations contained in a paper upon transfer agent and registrar read at the last meeting of the Trust Company Section, and to make report thereon to the Executive Committee, do hereby respectfully report:

1. That while the Trust Companies do not admit that in acting as transfer agent or registrar they assume any such measure of responsibility as that suggested by articles read before the Convention at various times, it would be desirable to eliminate absolutely the opportunity for any claim that the Trust Company serving in either capacity is liable save as an ordinary agent. Obviously, there are but two ways in which liability can be defined in advance: either by agreement between the principal and agent or by legislation. The latter was recommended in the article under consideration, since a statute would as clearly affect the investing public as the company issuing the stocks transferred or registered. The form proposed for New York was as follows:

"Section 156. Powers of Corporation. Upon the filing of any such certificate of authorization of a trust company, the persons named therein and their successors shall thereupon and thereby become a corporation which, in addition to the powers conferred by the General and Stock Corporation Laws, shall have power,

"1. To transfer, register and countersign certificates of stocks, bonds and other evidences of indebtedness of corporations, with liability to such corporations and to the owners or holders of such certificates of stock, bonds or other evidences of indebtedness solely for the negligence or willful misconduct of its officers in reference to such certificates of stock, bonds or other evidences of indebtedness, or in the appointment, or employment of its agents, clerks or employes dealing therewith.

"2. To act as the fiscal or transfer agent of any State, municipality or body politic."

It was suggested, also, that there should be some statutory provision making the limitation of liability apply to Trust Companies existing at the time of the adoption of the statute, whether incorporated under general laws or special acts. Thereby Trust Companies would be precluded from undertaking on any terms a form of contingent liability, which is more properly an insurance risk.

2. If in any State it shall not be possible or convenient to obtain legislation of the character indicated, then such protection as may be afforded by the adoption of appropriate indorsements is recommended.

As regards the transfer agent, the form employed may be:

"Countersigned:

.....Trust Company, as Trustee.

By.....Secretary."

"Registered this.....day of.....

.....Trust Company.

As Registry Agent."

"Registered this.....day of.....

.....Trust Company,

As Registration Agent."

In the form now commonly employed the signature of the Trust Company is followed simply by the word "Registrar," but this form does not as clearly show that the registrar is an agent as do the other forms suggested.

3. As regards bonds, the committee recommends the adoption of the following indorsements:

"It is hereby certified that this bond is one of the series

of bonds mentioned and described in the mortgage or deed of trust within referred to.

....., Trust Company, as Trustee.
By, Secretary.

There also may be inserted in the mortgage some such protective provision as the following:

"As a condition precedent to the acceptance of the said trust by the Trustee it is further stipulated and agreed by and between the parties hereto and all present, or future holders of bonds secured by these presents, that the Trustee shall not be answerable for any act, default, neglect or misconduct of any of its agents, representatives or employes, by it appointed or employed in connection with the execution of any of the said trusts, nor in any other manner answerable or accountable under any circumstances whatsoever, except for gross negligence or bad faith; that the recitals contained herein, or in the bonds as to priority of lien, due authorization or any other matter whatsoever, are made by and on the part of the Company, and the Trustee assumes no responsibility for the correctness of the same; also, that it shall be no part of the duty of the Trustee to file or record this indenture, mortgage, deed of trust, assignment or other instrument whatsoever that may be delivered to it under the terms of this instrument as a mortgage, deed of trust or conveyance of real estate, or as a chattel mortgage or conveyance of personal property, or to renew such deed of trust or mortgage, real or personal, or to procure any further, other or additional instrument of further assurance, or to do any other act which may be suitable and proper to be done for the continuance of the lien or charge hereof, or for giving notice of the existence of such lien or charge, or for extending or supplementing the same; nor shall it be any part of its duty to effect insurance against fire or other damage on any portion of the premises or property hereby mortgaged, or to renew any policies of insurance, or to keep itself informed as to the payment of any taxes or assessments, or to require such payment to be made; but the Trustee may do any or all of these things.

"The Trustee shall not be compelled to take any action as Trustee under this mortgage unless first properly indemnified to its full satisfaction, nor shall it be chargeable with notice of any default on the part of the Company except upon delivery to it of a distinct specification in writing of such default by some person or persons interested in the trust, whose interest, if the Trustee shall require, must be proved to the reasonable satisfaction of the Trustee.

"In case at any time it shall be necessary and proper for the Trustee to make any investigation respecting any fact or facts preparatory to taking or refraining from taking any action, or doing or not doing anything, as such Trustee, the certificate of the Company under its corporate seal, attested by the signature of its President or Secretary, or the affidavit of one or more directors, shall be conclusive evidence of such facts to protect the Trustee in any action or position that it may take or assume by reason of the supposed existence of such facts.

"It is further covenanted and agreed that the Trustee under this deed of trust is, and shall be, entitled to reasonable compensation for all services rendered hereinunder, or in connection with the trust, which compensation, together with any and all necessary and reasonable expenses, charges, counsel fees and other disbursements incurred by the Trustee in the discharge of his duties as such, shall be paid by the Company or out of the trust estate upon which they are hereby made a lien and charge superior and prior to those of the bonds secured hereby.

"The Trustee shall be protected in acting upon any resolution, notice, request, consent, certificate, affidavit, voucher, bond or other paper or document believed by it to be genuine and to have been passed or signed by the proper party.

"Every Trustee hereunder may at any time resign from the trust by mailing, at least sixty days before such resignation shall take effect, a duly addressed notice in writing to that effect to the Company, and to all bondholders who may be known to the Trustee to be such, and whose addresses shall likewise be known to it."

The committee, however, does not intend to suggest that the inclusion of such a protective provision as that quoted above would do away with the necessity for the employment of counsel by a Trust Company in accepting a corporate mortgage trusteeship.

As to fees, the Chairman of your Executive Committee, in carrying out the wishes of the last Convention, addressed a letter to many Trust Companies in various parts of the country, and the replies thereto point to a practical unanimity on this subject. Charges for acting as Trustee under corporate mortgages are based on so much per bond, usually \$1.00 each for small issues, the term "small" being relative, conditions, localities and legal and other services to be taken into consideration and charged accordingly. The larger companies, in paying coupons, make no charge when the money is deposited with them at least ten to thirty

days in advance of payment, otherwise a charge of $\frac{1}{4}$ or $\frac{1}{8}$ per cent is proper, except as to the general principle that a transfer agent should be paid twice as much as a registry agent. It is difficult to formulate any definite rate for these services, charges depending upon the capitalization and activity of the stock to be transferred and registered, as well as various other considerations which will occur to every one. Your committee can only point out that the charge made for such services should not by any means cover the entire profits to the Trust Company in rendering these various services. Establishing friendly relations with a corporation as its trustee, transfer agent or registrar, should lead to closer relations in the various lines of Trust Company activities, and the profits resulting therefrom must be kept in mind in considering the initial charge.

The committee desires to express its appreciation of the valuable assistance of Mr. Jordan J. Rollins in connection with the legal questions involved in its work.

Respectfully submitted,

PHILIP C. BABCOCK,

FESTUS J. WADE,

CLARK WILLIAMS,

Committee.

As the dangers to the legitimate financial and fiduciary institutions are involved by the improper use of other descriptive terms in corporate titles beside the word "Trust," such as "Bank," "Saving," "Security," etc., the Executive Committee by resolution has instructed the representatives of the Trust Company Section to lay the matter of the enactment of General Protective Laws before the Executive Council of the American Bankers' Association, with the suggestion that the proper legal committee co-operate with the Section in the future.

The committee calls attention to the fact that the proceedings of the Trust Company Section from its inception, including 1903, have been published in one volume, and it is believed that the addresses, papers and discussions contained therein will be of great value to the Trust Companies throughout the country. This book is on sale in the registration room at a price to cover the cost of its publication by the Section, and may be had on application to the Secretary of the Association.

The members are also reminded that a number of typical Trust Companies in different parts of the country have furnished blank forms of all characters used in their different departments, which are lodged with the Secretary at No. 11 Pine Street, New York City, for the use of members of the Section.

Your committee is of the opinion that the largest benefit of these meetings is derived from the discussion of practical subjects and the interchange of views upon matters of vital importance to Trust Companies of the country. The members are therefore particularly invited to participate in such discussions.

Respectfully submitted,

EXECUTIVE COMMITTEE.

FESTUS J. WADE, Chairman.

On motion the report of the Executive Committee was received and filed.

The President: The next order of business is the report of the Committee on Protective Laws.

Report of the Committee on Protective Laws.

To the Members of the Trust Company Section of the American Bankers' Association:

Your Committee on Protective Laws respectfully reports as follows:

As the result of the action taken at the last meeting of the Section a standing committee of three was appointed, to be known as "The Committee on Protective Laws," and was charged with the duty of accomplishing two specific objects:

1st. To determine the present condition in the different States as to the supervision of Trust Companies by the proper State officials, and to endeavor to secure where necessary the enactment of laws providing for such State supervision.

2d. To endeavor to secure in the different States the

enactment of laws prohibiting the use of the word "TRUST" in corporate title of any corporation not a moneyed corporation and chartered to do a Trust Company business.

As the work possible of accomplishment in one year was necessarily limited, it seemed wise to your committee to direct its attention to the States having the larger number of Trust Companies. On the basis of the last accurate list of the Trust Companies of the country as of July 1, 1904, there were twenty-five States having more than ten Trust Companies. Of these States the following have laws providing for supervision which, with but few exceptions, is thorough and satisfactory:

State.	State.
Alabama,	Massachusetts,
California,	Missouri,
Connecticut,	New Jersey,
Georgia,	New York,
Illinois,	North Carolina,
Indiana,	Pennsylvania,
Iowa,	Rhode Island,
Kentucky,	Vermont,
Louisiana,	West Virginia,
Maine,	Texas.
Maryland,	

In the following States there is no supervision of Trust Companies, although in several cases periodical reports must be made to the State:

State.	State.
Arkansas,	Tennessee,
Ohio.	Virginia.

On the basis of the last accurate list of Trust Companies above referred to, in the twenty-one States having laws providing for State supervision, there were 751 Trust Companies, and of these 452 are members of the Section. In the four States having no supervision there are 112 Trust Companies, and 67 members of the Section. Seventy-six per cent of the Trust Companies of the country were under State supervision.

As to the restriction of the use of the word "TRUST," the following States now have laws providing for such restriction:

State.	State.
Indiana,	Maine,
Massachusetts,	Rhode Island,
New Jersey,	Texas,
New York,	West Virginia.
California,	

In the case of the five States last mentioned this law was passed at the recent meetings of their respective legislatures.

There were 316 Trust Companies in these 9 States, of which 207 are members of the Section.

The laws enacted, in almost every instance, have been along the lines suggested, and in several cases the exact wording of the bill recommended by your Committee has been used.

The co-operation of the Vice-Presidents of the Section in the different States has been of the greatest advantage in accomplishing definite results. In many States in which there were no meetings of the legislative body during the past year, the interest of the Vice-Presidents may be relied upon in securing the enactment of the desired laws during the coming meetings of the several legislatures.

The Committee is of the opinion that only by continued effort from year to year can the ends desired by the Section be accomplished, and its members bespeak for their successors in the work the hearty co-operation of all concerned.

Respectfully submitted,

E. A. POTTER,
FESTUS J. WADE,
CLARK WILLIAMS.

On motion the report was received and placed on file.

The President: The next is the report of the Committee on Classification of Legal Decisions Relating to Safe Deposit Companies, Audit and Liability to Box-Holders, and a Compilation of the Rules and Forms of Typical Companies.

We have not received this report.

The next is an address, "Benefit of a Real Estate Department to a Trust Company," by L. E. Anderson, Vice-President of the Mercantile Trust Company of St. Louis.

Benefit of a Real Estate Department to a Trust Company, by L. E. Anderson.

[Mr. Anderson's paper in full will be found on pages 130 to 132 of this publication.]

The President: The next is a statement of the "Growth and Present Status of Trust Companies in the United States," by Mr. Edward T. Perine, General Manager of The Audit Company of New York.

Growth and Present Status of Trust Companies in the United States, by Edward T. Perine.

[Mr. Perine's paper in full will be found on pages 127 to 129 of this publication.]

The President: I think the excellent paper which we have just heard ought to impress upon us the importance of the business we have in hand, and that the Trust Company Section should become a homogeneous body and work to a uniform system. I won't say the same as the National Bank system, but certainly a uniform system, with protective laws in every State.

The next is a statement of the "Purposes and Scope of the Banking Publicity Association of the United States," by Frederick Phillips, Secretary of the Lincoln Trust Company of New York.

Banking Publicity, by Frederick Phillips, Secretary Lincoln Trust Company, New York.

[Mr. Phillips' paper in full will be found on pages 129 to 130 of this publication.]

Discussions.

RELATIONS BETWEEN BANKS AND TRUST COMPANIES.

The President (after a pause): It is certain those relations ought to be of the most friendly character, and perhaps there is nothing more to be said on the subject. In New York City they are certainly very close. If there is nothing to be said on the subject we will pass to the second topic.

VALUE OF A BOND DEPARTMENT TO THE TRUST COMPANY.

Mr. Caldwell, of the American Trust and Savings Bank of Chicago: Mr. President, I do think this subject ought not to go by without the Section hearing from some representatives present who are conducting bond departments in connection with Trust Companies. I know I came into the Section this morning hoping to hear something on the subject. As I came in I asked the President if I might have a seat with the other delegates, and he said "Yes." I said, "I am interested in the value of a bond department in connection with the Trust Company." He said: "I can answer that the value is in the profit you are able to turn in." That answer is not inconsistent with the man or with the spirit of the Trust Company business. As I take it, that is not the whole value of a bond department to any well organized Trust Company, however. It is now common in the West and Central West for nearly all the Trust Companies, at least in the larger States, to have an organized bond department. I presume most of them have been organized to supply a demand that has grown up with the growth of those companies by reason of the fact that people come to the officers of those companies with annoying questions in regard to investments that they desire in the form of bonds. I believe that if you undertake to become the custodian of the money of widows and orphans, and also to become the custodian of diverse and sundry bonds without the knowledge, the technical knowledge necessary to possess in the investment of money in bonds, you are liable to make a serious mistake. Therefore, a well regulated bond department is of material value to the Trust Department.

To the financial department of the Trust Company there is no more profitable way of investing your surplus money than through the medium of a bond department. Again, in the financial department there is no better way to replenish your cash, your reserve, if you please, than through the medium of a well regulated bond department, by selling the bonds at a time when money is most active, to be loaned out to your customers. Every private individual invests his surplus either in real estate or in stocks or bonds. Every well regulated Bank invests in bonds, every Trust Company is bound to do the same thing; and where the Trust Company can afford it, whether it be small or large, they should have a bond department equipped with all the

knowledge that is to be acquired, so that when they become executor or administrator of an estate they are capable of handling that business without going outside the door.

There are so many things that I will think of to-morrow that I would like to tell you about the bond department, and which I cannot now recall; but I would like to hear the question discussed generously here. Many of us are a thousand miles or two thousand miles from home, and if these propositions are suggested and not discussed there is hardly any use of our coming here. (Applause.)

Mr. H. C. Harvey, Cashier American Bank & Trust Company, Huntington, West Virginia: Mr. President, in our section of the country, and I suppose all over the country, one of the functions of a Trust Company is to register and certify bond issues, thereby putting a safeguard around them that will prevent forgeries. The best article I have read upon this subject appeared in the American Bankers' Magazine from the pen of that able writer, Clark Williams, of the United States Mortgage and Trust Company, New York, on March 25th, of this year. I would like to see this Association appoint a committee of not less than three to compile literature, as the gentleman from Oregon has just said, literature which is to the point, and to educate the people, especially in the municipalities and in our counties, upon the necessity of having bond issues registered and certified by a reputable Trust Company before they are offered to the public. That literature ought also to be disseminated through the banks of this country.

I find, gentlemen, that National Bankers are not posted on the bond question as they ought to be. A bank in my neighborhood took a county bond as collateral security that was not registered and certified by a Trust Company; they took that as collateral security, and it was renewed time after time, and they carried it for three years on renewals. At the end of three years they found that it was a forged bond and not worth the paper it was written on. The article written by Mr. Clark Williams will show you how those forged bonds have reached your own city of New York. One bank there was caught for \$145,000, money loaned on an issue of \$155,000 of forged bonds.

Every safeguard ought to be placed around these bonds if possible to prevent forgeries. If a bond is registered and certified by a Trust Company, we placing our certificate upon the back of the bond, under the seal of our corporation, and cutting the end of that bond with the protectograph the size of the bond to prevent it from being raised, we throw a safeguard around it that helps to prevent it being forged. Not only that, but the income from registering and certifying bonds is quite an income to the Trust Company. I would like to see this Association take the matter in hand to try to educate the people up, the municipalities, and so forth, to having their bonds registered and certified by a Trust Company.

In one of the municipalities in our locality not long ago one of these so-called bankers came out and called upon the Mayor and clerk, and told them that it was not necessary to have them register and certify the bonds and pay the little fee required for that work, but stated that he would take those bonds without being registered and certified and would give them as much as anybody else would give. Who knows but what they may have ten times the amount necessary printed upon that plate, and with the signatures of the Mayor and clerk? And so I would like to see you take some steps to throw a safeguard around the bond issues. (Applause.)

EDUCATIONAL WORK TO DEMONSTRATE THE SUPERIORITY OF THE TRUST COMPANY IN FIDUCIARY CAPACITIES.

Mr. Benjamin I. Cohen, President of the Portland Trust Company of Oregon: This subject, gentlemen, is one which is very dear to my heart, and I will have to allude to my own institution in order to show the work we have done. Up to this time in this direction we are a small concern, with total assets of about a million and a quarter. We have no laws authorizing us to act as executors or administrators, and so our trusts are private agreements; in

cases where people wish to make us testamentary trustees, which is allowable, we usually have one of our officers appointed temporarily to act in any capacity necessary, doing all the work, however, through the machinery of the Trust Company. Now, I recognized in the first instance that in order to educate the public we had to attract the personal attention of the individual. I therefore, being somewhat fond of literary work, wrote two little books, one about three years ago, which we call our Book of Illustrations, and the other very recently, entitled "What Is a Trust Company?" They are small and can be read in ten minutes. They are neatly printed and nicely put together. The Book of Illustrations we desire to attract money, the idea being by attracting money we would be in a position to conduct trusts, and, as some speaker has said, if a man puts his money in with you he generally wishes you to conduct other business for him. The Book of Illustrations, therefore, was written in what I call the telegraphic style; it is short and pithy, and each illustration is to the point. We advertised in the paper three times a week, making our advertisement short and direct, usually with some catchy heading, and always ending by saying "Please call or send for our Book of Illustrations." Then when it is sent for it is accompanied with a pleasant little note, and we are pretty sure he is going to read every word of it. If he calls at the bank he is received courteously by one of the officials, and if his business seems to be of sufficient importance he is shown into my room, and if he comes into my room his door is sealed; my rule is not to let him get away with any more money than is necessary to pay his carfare home. (Laughter.) The particular branch of our business which this book illustrates has grown enormously in three years. Less than three years ago we had deposited in the department to which that book refers about \$85,000; to-day we have about \$550,000. We have gotten no end of business for every department of our company besides that and in connection with that, and the little booklet has paid for itself a thousand times over.

In doing this work, in directing the attention of the public, we were frequently approached with the question, "What is a Trust Company?" A friend of mine once remarked to me, "There are millions of people who never heard of Pears' soap," and there are untold millions of people who have never heard of a Trust Company. So I looked around for a book that told what a Trust Company was. The best kind of a little book of that kind I found was one issued by the Union Trust Company of Detroit, but the trouble with that was that it was too elaborate; their book was one for a student rather than for a business man. The next best to that I found was a book by Mr. Harris, of the Mercantile Trust Company of St. Louis, used by the students of the Missouri University, I think, which is admirable; but it lacked facts in reference to the State of Oregon, and so I wrote this little book, "What Is a Trust Company?" It is not intended for general distribution. I do not think it would do any good to send it out broadcast as we would a leaflet or anything like that, but it is meant to answer the ordinary questions which the average man wants to know. For instance, we state exactly that the Trust Company has nothing to do with trusts like the Standard Oil and such. We also state something like this: I say, in regard to just plain, everyday honesty, no glittering array of assets, no high sounding names, will avail unless the public has learned by long years of attention that the Trust Company can be trusted and, like Cæsar's wife, not only be above reproach, but the Trust Company must be above suspicion. It is my idea to adopt the same course with this second booklet that we did with the first, to try to induce the individual man on the street to ask for a copy and adopt what the old Romans called the *argumentum ad hominem*. Never mind whether he does not give you business to-day or to-morrow; it will come, if not this year, then next year; it will come eventually. I have tried to make this second little booklet different from the first, with no attempt at fine writing in it, but conversational in tone, a plain talk, a heart to heart talk, and it is astonishing the good that it is doing. It has only been out a couple of months, and we are getting returns already.

Therefore I suggest that this plan can be adopted with profit by Trust Companies generally; if they would have their booklet describing their departments of work, and then use newspaper advertising to induce people to apply for those booklets, I think the money expended would show better results than money expended in almost any way for advertising. The public can be reached in this way better than in any other way I know of. That is my experience, lasting over eighteen years in this work. I thank you, gentlemen. (Applause.)

Mr. F. G. Hobson, Norristown, Pennsylvania: Mr. President, the question we are discussing is educational work to demonstrate the superiority of the Trust Company in fiduciary capacities. That is, especially in relation to trusts, as executor, guardian, administrator, etc. I take it that the best way to educate the public in this way is to compel the public themselves to be your bankers.

One or two homely illustrations may explain what I mean. In several accounts that our Trust Company has recently filed in our Orphans' Court as guardian of minor children we have demonstrated that not only did the wards receive interest on their money, but every time there was sufficient amount of interest we reinvested that as a new principal. So that the Orphans' Court of our county and our Judge in the adjudication of those accounts has commended the work of our company. (Applause.) Now, we see that those opinions are printed throughout the county, and the judge of our Orphans' Court is our best advertiser, because he has said that our Trust Company is doing the very best for the ward under our care.

No one ever heard of an account being filed by an individual in which compound interest was allowed to the ward. The Trust Companies do that work and we want to let the public know it.

Another illustration: A short time ago our company was appointed the executor of a man who was conducting a mercantile business for a long time in our city, a man who was extremely honest but very careless in collecting his bills, and there came into the hands of the executors many bills and notes, many of which were outlawed, according to the statute. One of the wealthy men of our town was appointed as the appraiser of that estate, and, after going over the list of claims and notes very carefully, he presented to the court the list of the claims that were supposed to be good, certain sums. He came in and said to me, "I have often heard of Trust Companies, and I want to see whether they can settle an estate as well as an individual; I have put down here what ought to be collected, what I consider good, and I want to see whether you will fall below that. If you do I do not think you are doing your full duty, and I will believe you cannot do as well as an individual. If you collect more than that I will have great faith in Trust Companies."

I am very anxious when that good man cashes in his checks that he will also make the Norristown Trust Company his executor, and he has put us on our mettle to do our best. We have already passed the mark as to what he considered were good claims. Therefore I say the best way we can give publicity to the fact that fiduciary relations can be better conducted by Trust Companies than individuals is to prove in individual cases that the Trust Company can do better than the individual, that it does better than the individual, that it is a saving in money over the individual trusteeship, and that in all ways we can do better work and more cheaply and to the better advantage of the estate, and then let us see that we are not too modest to let the public know of such individual cases. (Applause.)

TRUST COMPANY LOANS AND INVESTMENTS.

The President (after a pause): As there seems to be no one who desires to speak on this topic, the next topic is

INSTITUTIONS AND PRACTICES WITHIN THE TRUST COMPANIES IN THE INTERESTS OF EMPLOYEES.

I will ask Mr. Tillotson, of the Cleveland Trust Company, of Ohio, that he tell us something of interest on the subject.

Mr. Tillotson: Our company has not done very much

yet along this line. We have on our pay-roll 139 employes, men and women; we have made no provisions yet for pensions. We have had several on back pay, men who were retired for illness (in one case for old age), and after death we have continued half pay to their widows.

We have a little monthly publication, a paper that is edited by 139 editors; in other words, every one of the employes is supposed to be one of the editors. The publication would be of no interest to any one except the employees of the Union Trust Company, because, as you would readily understand, it contains principally personal allusions. But the real editors, our advertising manager and our assistant secretary, are endeavoring to elevate the tone of the publication a little, and have asked various men among our directors, and outsiders, to write serious articles in order that the paper may be of actual benefit to the employes. We have had one very interesting article from one of the Directors who spent the summer in Europe, who gave us an article on the Branch Bank system, as he had seen it over there.

We have dinners once a month, where the President and other officers meet with them, and we discuss informally the progress of the company and put the different departments on a competitive basis. We also offer prizes based on increase of business, percentage of increase of business. This year our prizes will aggregate about \$3,500, and it is quite possible for some of the employees to win about \$500 in prizes.

There are other companies represented here that have done so much more for their employes that I feel somewhat embarrassed to be called on for this discussion. But we have found by experience that this prize money and all we do for our employes is money well expended. It creates a loyalty and enthusiasm, and to emphasize this I will tell you that for three periods of six months past one of the prize winners has been a porter in our employ, earning \$60 a month, and has won prizes for bringing in new business. Of course his acquaintances are among workingmen, but in his enthusiasm he has been able to win one of the prizes for three periods of six months each. We have had another fellow, an employe who gets higher wages, who has confined his work almost exclusively among the Germans (he speaks German), and the interest, the ratio of profit figured out at one and a quarter per cent., of the accounts that man has brought in in the last two years has more than paid his salary and the prize money.

So you see it is actually money well invested, better than a great many forms of advertising, and, better than all, it gives them an opportunity to participate in the profits, if you please, and to show them that their efforts are appreciated; it has also called to the attention of the Board of Directors men who have merit in them, men who ought to be promoted, and who may be officers some day. And it looks to me that they are going to make, a good many of them, better officers than some we have now.

I think all of you can be of great help to your companies if you adopt some plan that will make your employes feel that they are just as much a part of the company as the officers themselves. You will be surprised to find how some of the most lowly employes, so to speak, can bring you a great deal of business if they are properly encouraged. (Applause.)

Mr. Edmund D. Fisher, Flatbush Trust Company, of Brooklyn: Mr. President, there is a very simple device which I found to be of great value, which I want to refer to under the head of "Practices Within the Trust Companies in the Interests of Employes." We have a small company, but it is growing rapidly, and there have been recently quite a number of young clerks put on, with the result that I found a short time ago a greater number of errors than was desirable, and I instituted a little schedule, which I put in charge of what I called the officer of the day (the company being small, a chief clerk was hardly practical, but the officer of the day, one of our five most experienced men, followed the next day by the second, and so on to the fifth, making one man, practically, a week, responsible, and not burdening him too much), and this man would take this

schedule. I have jotted it down in memorandum form, because I thought it might be of benefit in the managing department of small banks or Trust Companies. For instance we open at eight o'clock. We do not want a time arrangement exactly, as the manufacturing establishment has, as the clerks would probably resent it. So the first item, clerks arriving after 8 o'clock a. m.; clerks absent, and the reason; the reading of the time of striking, and, of course, the signature of the officer reading the time. Time that the exchanges were received. The number of differences or errors, and the clerks making the same. And, by the way, a prize is offered to be given the first of January to the clerk that made the fewest errors, and the clerk that made the greatest progress in errors; in other words, the clerk that now makes the most errors will probably win that prize the next time. Then the time of striking, the time of the operation and the differences, if any.

In the bookkeeping department, the schedule of the number of ledgers and the difference, if any; the number of passbooks received during the day, the number of passbooks balanced, the number of passbooks held over one day. Our theory is that a passbook should not remain longer than the following day after it is received. When I started this, sixty passbooks were on hand. My schedule yesterday showed one passbook held for some reason over one day. The final reading and the time of the clerks, and the signature of the clerk or officer reading it. The comparison of the reading in the morning and the reading in the afternoon by the officer of the day, thus catching any error, making three men really involved in the reading of the time clerk. The vault closed, and the time, and the reply from Police Headquarters. The officer of the day signs it with his signature and it is presented to me the next morning. So I have an automatic and very simple way of taking the entire work of the institution.

Of course, it is applicable to ourselves. A similar schedule, amplified or reduced, as might be necessary, would be, I think, very useful to all, except where there is a chief clerk actually in charge of this every day in the week—although I really believe that an officer of the day, a man changing from day to day, having only one day a week of it, is a better man than to have a chief clerk in charge of it all the time. What is the result of this? The day before this was instituted there were fourteen errors in exchanges and in checks and credits, aggregating probably a thousand items altogether. The day following they struck the first time; of course each clerk took care; he went over his additions before submitting it for the final proof. During the last six weeks I do not think it has exceeded three errors, and as a rule the tellers and the credit men prove the first time; but of course the bookkeeping department, with a thousand items a day, involves a good deal of work, and, as I say, frequently young boys are on the blotters there, and there is a big chance for error.

Further than that, we get the clerks to come once a month to the financial library that is primarily supposed to be for the benefit of the outsiders, for our customers to come and look over financial literature, but really the chief benefit derived is by the clerks. We have the leading banking magazines there, and we recommend to them special articles that we think will be of interest and value to them. They come once a month, as I say, and talk over these various matters, with the result that it tends to a greater efficiency of our force.

There is another plan I have in mind for our next meeting, which was suggested by a little schedule, I think in the September number of "Success." It suggested a card on which was to be written what you would call a man's personality, taking a man's character and analyzing it. I propose to use that in my next lecture—personal neatness, pleasantness, if you will, many things that will stimulate the clerk to improve his efficiency and his personality. This simple schedule, I think you will recognize, will be of some value if put into effect.

The day following this we saved one hour and a half in the time of proving, and consequently in the time of the clerk in his active service in the bank. (Applause.)

The President: The next and last item on our program is suggestions of members as to the work of the Section.

The President (after a pause): As nobody seems to be prepared or ready to give suggestions along this line, I would like to speak of an experience, which is not new, but which after all seems to be the important thing that Trust Companies have to deal with. As we have seen from Mr. Perine's figures, the assets of the Trust Companies of the United States are almost \$4,000,000,000—four thousand million dollars. Now, that is easy to say, but it is a vast sum of money, and the growth of the Trust Companies has been such that while this Section, which began a few years ago, as I remember, in a very small room, and with very few persons present, has grown to its present proportions, if the growth of Trust Companies continues in the future at anything like the ratio it has been in the past it will not be many years before the aggregate figures will outstrip those of the National Banks. The National Banks are, as we all know, controlled by the Federal Government and have a uniform system and a rigid and exacting system of examinations. Trust Companies in some of the States—and I am happy to say in the State in which I live—have equally as good a system. We are there accountable to and examined by the officials of the Auditor of Public Accounts, and I believe our examinations are as thorough and as rigid and the exactions as great as those of the Government. We are also required by the rules of our clearing house to carry a very adequate reserve. But there are many States, as I understand it, where Trust Companies have no accountability, or practically no accountability, to the public in the way of examinations and reports. Now, we are all interested in the reputation and good character and the high standing of our fraternity, and a mishap to one means perhaps disaster to many, and I think that you gentlemen here, gathered from the different parts of the country, can do your business and the business of Trust Companies no greater service than to work with your legislature for the enactment of such laws as will safeguard your companies to the greatest possible degree. I want to impress that upon you, and I think a model law has been suggested at some previous meeting of this Association and Section. (Applause.)

Mr. Wade: We have within our company an organization which I regard as being most valuable to promote the institution and to protect the integrity of every man or woman employed in that organization, and at the same time benefit the employes. It is a corporation organized under the laws of the State of Missouri, known as the Employes' Association of the Mercantile Trust Company. The employes are invited to join after they have been with the company three months. The invitation is extended to them as a privilege. There is nothing whatever compulsory about it, and they are told that it matters not the slightest whether they go into that organization or not. They are asked to contribute if they join, and they must contribute if they join, five per cent. of their salary, no more and no less, no matter what the salary may be. The elective officers, the executive officers, cannot be members of the organization, and if an employe be elevated from what we call employes to executive officer he must sell his stock in that organization and cease to benefit by its operation. This organization has its Board of Directors, consisting mainly of employes. They have absolute control over their own funds, except they cannot buy anything in the way of investment without the written approval of the company. That is put there for the purpose of eliminating speculation, and the officer is prohibited from participating in the employes' association because his purpose is supposed to encourage the organization in every way possible. Whenever we are fortunate in making a substantial sum of money at the end of three or four or five or six months, as the case may be, the executive officer of our establishment will recommend a donation to the Employes' Association. If we receive an underwriting of two or three million bonds below the market, for instance, as in the case of Japanese bonds, we will set aside \$15,000 or \$20,000 of that underwriting for the Employes' Association.

tion. They invest their money in it. The result has been that out of the 175 employes we have in our establishment there is not one man or woman who is not a member of the Association, and I am happy to say that they have made 30 per cent. per annum for five years on their investments. When they get a surplus for investment they invest it in the stock of the corporation. It makes every man and woman in the employ of that company a check upon his fellow employes, a check upon his officer, because if I, as an officer of that organization, should do something irregular I not only strike the pocketbook of the depositor and stockholder, but I strike the pocketbook of that individual employe.

Again, along the line that our President has so aptly suggested, we go probably to extremes in the matter of examinations of our Company. We claim the strength of our organization is the confidence of our stockholders, and the confidence of our directors and depositors. Therefore we undergo a State examination twice a year. It is compulsory. We undergo an expert accountant examination once a year by certified public accountants. And then we have, in addition to all of that, a flying auditor, a man who has an order that he can go into any cage or any department in any hour of the day or night, take possession and make examination and report the result to the executive of the establishment. Those are the things that will make a Trust Company. The Trust Companies are bound to supersede the national banking system of the United States of America if the gentleman belonging to this Section will look after his Trust Company as he would look after his private fortune or his family. (Applause.)

The President: Gentlemen, the entire program has been finished, and unless some member on the floor has some topic or anything pertaining to the business of the Section to suggest, we will proceed to the nomination and election of officers. I would be very glad if any gentlemen present have anything to present to the meeting to hear them.

Mr. Tillotson: May I say another word? It occurs to me that one of the weaknesses of this Section is the unwillingness of the members to speak. You can all see, of course, in about half a minute, that I am not accustomed to talking in public, but there are men all around me that could discuss these subjects with the greatest advantage to all of us. One man here I see is president of two national banks and president of a Trust Company. Is there anybody better able to discuss the questions before us? There are gentlemen here from Cincinnati and Chicago who could discuss the value of a bond department to a Trust Company. I could not say anything, because we haven't got a bond department in our company, but there are many here who could say much of interest and value to us all.

The educational work could have been discussed by all of you. There are attorneys here who have given the matter great consideration, not only from a legal standpoint, but from a Trust Company standpoint.

The trouble is we all get in here and most of us keep quiet and don't say anything. We don't get acquainted. We all know Mr. Wade and we know Mr. Williams and Mr. Gibson and the members of the Executive Council, and we are very glad to have them and hope to have them again, and will vote for them, but there are a lot more members here who are brim full of wisdom and enthusiasm, and we would all be benefited and delighted if they would get up and say something. There is a man I see now from Cleveland, a man right in front of me, a man who knows more about the Trust Company business in a minute than I do in a year, and he has not said a thing. (Applause.)

Mr. Gibson, of Denver: Mr. President, I am very glad Mr. Tillotson has made the remark that he has made. There are only two of us present at this meeting to-day, I think, who were present at the organization of the Section—Mr. Holliday and myself. This Section was organized nine years ago. We did a great deal in the old days, we read papers and so on, and we think it is time now for some of us to take back seats and hear from some of the new members.

If I may be allowed to make this suggestion, it seems to me it would be well to have our programs given out some

considerable time before the meetings. I dare say that few of us would desire to get up and discuss any of these important subjects without having given some thought to them beforehand. Although I am a member of the Executive Committee, I did not happen to receive my copy of the program until en route to the Convention, in Chicago, and naturally I am not prepared to give any light on any of these questions. I merely offer that as a suggestion, so some of us will be better prepared at the next meeting to talk about these subjects that are suggested here. (Applause.)

Mr. Ralph W. Cutler, president of the Hartford Trust Company, Hartford, Conn.: Mr. President, I have been extremely interested in what Mr. Wade has said in regard to the interior workings of his Trust Company. I am not chock full of wisdom and have not very much to say, but I do want to say just this. That it seems to me we all want to engage the attention of our employes in the work in which they are engaged, and that there are two ways in which to do it. The first is to persuade the young man to become a member of the American Institute of Bank Clerks, which it seems to me is a very valuable organization, and in our case every single employe of the Hartford Trust Company is a member of that institution. And the other thing is to give the young man a capital interest in the stock of the concern itself. We encourage our young men to buy one or two or five shares of the stock of our corporation, and it works wonders, I assure you. We do not carry out so elaborate a system as Mr. Wade has explained, but the executive officers of the institution can sleep nights more securely because those young men are our stockholders. (Applause.)

NOMINATIONS AND ELECTIONS.

Upon motion a nominating committee of five was appointed by the President, as follows:

John Skelton Williams, of Richmond, Virginia; E. G. Tillotson, Cleveland, Ohio; L. E. Anderson, of St. Louis; A. G. Hemphill, of New York; F. B. Gibson, of Denver.

The President: I would suggest that while this committee is out the members, the delegates from the various States which are eligible to have a Vice-President, should have a little caucus. We will therefore take a little informal recess for a few moments, in order to enable them to make nominations for Vice-Presidents.

In order that you may know what States are eligible, I will state the by-laws provide that every State which has ten Trust Companies, members of this Section, is eligible to have a Vice-President. They are as follows: Alabama, Arkansas, California, Connecticut, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Missouri, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, Tennessee, Vermont, Virginia and West Virginia.

I believe the custom is in the case of the President and Vice-President, for nominations to be made from the floor. I would like to have some gentleman who was present last year enlighten me if I am not correct.

A Voice: That is correct.

(Thereupon an informal recess was taken for five minutes.)

The Nominating Committee made their report as follows:

The committee has unanimously agreed upon the following names, which we desire to present to your consideration for election to office for the ensuing year:

For President of the Section, Mr. Clark Williams, of New York City. (Applause.)

For Vice-President, Mr. Festus J. Wade, president of the Mercantile Trust Company, of St. Louis. (Applause.)

For the five members of the Executive Committee, the following names: W. L. McDonald, vice-president of the Commonwealth Trust Company, of St. Louis; H. P. McIntosh, of the Guardian Savings and Trust Company, Cleveland, Ohio; Joseph E. Otis, president of the Western Trust and Savings Bank, Chicago; Mr. Lynn H. Dinkins, of the Interstate Trust and Banking Company, New Orleans, and Mr. J. F. Thompson, vice-president of the Bankers' Trust Company of New York City.

Upon motion the Secretary was directed to cast the ballot of the Section for the officers named.

The Secretary accordingly cast the ballot of the Section for the gentlemen named.

The President: I will appoint Mr. Jay, of Boston, and Mr. Gibson as a committee to find Mr. Williams and bring him to the rostrum. I will appoint as a committee Mr. Hart and Mr. Cohen to find Mr. Wade and bring him forward.

The President: Nominations for the office of Vice-President are now in order.

The following gentlemen were nominated for Vice-Presidents from their several States:

Alabama—A. C. Danner, president of the Central Trust Company, of Mobile, Alabama.

California—J. C. Drake, president of the Los Angeles Trust Company.

Connecticut—Ralph W. Cutler, president of the Hartford Trust Company of Connecticut.

Illinois—H. O. Edmonds, assistant secretary of the Northern Trust Company, of Chicago.

Indiana—John H. Holliday, president of the Union Trust Company, of Indianapolis.

Massachusetts—N. W. Jordan, president of the American Loan and Trust Company.

New Jersey—Alexander C. Wood, president of the Camden Safe Deposit and Trust Company, of Camden, New Jersey.

New York—Gates D. Fahnestock, vice-president of the Franklin Trust Company, of Brooklyn.

North Carolina—George Stephens, president of the Southern States Trust Company, of Charlotte, North Carolina.

Ohio—E. G. Tillotson, vice-president and manager of the Cleveland Trust Company, of Cleveland, Ohio.

Pennsylvania—David McKinney Lloyd, president of the Safe Deposit and Trust Company, of Pittsburgh.

Vermont—H. L. Ward, treasurer of the Burlington Trust Company, Burlington, Vermont.

West Virginia—F. M. Staunton, vice-president of the Kanawha Banking and Trust Company, of Charleston, West Virginia.

On motion, the Secretary was directed to cast the ballot of the Association for the Vice-Presidents so nominated.

The Secretary cast the ballot accordingly, and the gentlemen named were announced elected.

The President: I want to thank this Section of the American Bankers' Association for having honored me by election to the office of President. I was not present at the meeting in New York last year in which I was elected. I am informed that this was the largest meeting that the Section has ever held. This, I think, is the next largest. As I have said very early in the meeting, I think the importance of the Trust Company men of this country getting together, becoming a homogeneous body and working under uniform laws and uniform customs and practices is most important, and I predict that the day is not far distant when the Trust Companies of this country will, many of them, if not all, be under the supervision of the Federal Government. I think it is as inevitable as that the sun rises and sets. And before that time we can do much for

our cause by coming under uniform laws and getting our house in order. I thank you most cordially, gentlemen, and on my own behalf I want to thank the bankers and citizens of Washington for the hospitality which they have so generously extended to us and which we are enjoying to the full. (Applause.)

Mr. Williams, it is with peculiar pleasure that I transfer from my breast to yours this badge, as President of the Trust Company Section. You, sir, have done more than any other member of this Association, more effective work than any other member I know, and you richly deserve this honor, and I know you will fill the place with credit to yourself and gratification to all. (Applause.)

Mr. Williams (upon taking the gavel as President): There is nothing which I can say which will adequately express my deep appreciation of the honor you confer upon me. I feel that only an expression of this kind is necessary at the present time. You must look to me for such good works as I am able to contribute during the coming year for the benefit of the Trust Company Section as your presiding officer. Before we adjourn, however, I would suggest a motion be formally made by the floor telling of the sentiments which have been so well expressed by Mr. Potter, thanking the generous Trust Company officials of the City of Washington for the entertainment they have provided for us.

Mr. Fahnestock: Mr. President, I take great pleasure in moving that the thanks of this Section be extended to the Trust Company officials of Washington, who have so handsomely and generously entertained us while here.

The motion was numerously seconded, and the question being taken, was unanimously agreed to.

The President: May I ask the Vice-President just elected to come to the platform.

Mr. Wade came forward.

The President: It gives to me the greatest pleasure to present to you the emblem which represents the confidence which this Section has in your ability to carry on its affairs. I take great pleasure in pinning on you the emblem of First Vice-President of the Trust Company Section. (Applause.)

Mr. Wade: Mr. President and gentlemen, this is indeed a delightful honor, particularly because you have a President who will do all the work, and I expect to draw all the honors and the salary for the balance of the year. I thank you for this evidence of good will and confidence, and I will do all I can in my power to aid the Trust Company Section and the Trust Company business in the United States of America. (Applause.)

The President: Before adjourning, I would state that the Executive Committee has the power to fill vacancies in the offices of Vice-President from States entitled to them where they have not been filled by nomination from the floor.

Thereupon, at 1:25 p. m., the Section adjourned.

ORGANIZED IN 1878.

The Security Bank of Minnesota

MINNEAPOLIS.

Capital,	-	-	-	\$ 1,000,000
Surplus,	-	-	-	600,000
Deposits,	-	-	-	10,400,000

Increase in Deposits During Past Year, - \$1,500,000

NEW BUSINESS DESIRED.

SAVINGS BANK SECTION

AMERICAN BANKERS' ASSOCIATION

Fourth Annual Meeting, Held in Washington, D.C., October 10, 1905

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Proposed Bank Legislation in Ohio.

By N. HENCHMAN DAVIS, President Central Trust & Safe Deposit Company, Cincinnati.

Mr. Chairman and Gentlemen:

The general condition of the laws of Ohio in relation to financial institutions, which has led to the present movement in favor of an entire revision and codification of the laws relating to all classes of banks, and to the work of the committees of the Ohio Bankers' Association, the Ohio State Board of Commerce and other leading conservative representatives of the various banking interests of the State, including Commercial Banks, both private and corporate; Savings Banks, Safe Deposit Companies, Trust Companies, etc., can be very briefly stated.

You will not be interested in the details of the present situation and therefore it will suffice to state that the laws of Ohio relating to these institutions are in a decidedly unsatisfactory and rather uncertain condition, which has arisen from the fact that no uniform system of laws for the creation, limitation, regulation and government of these institutions has ever, except within the past two or three years, been carefully considered or formulated. The many statutes governing these financial institutions have been enacted from time to time through a period of many years as occasion and special needs have arisen or the exigencies of business or the desires of groups of individuals have made additional powers or changes in the laws seem desirable. In fact, various laws, sometimes inconsistent and usually lacking in completeness, are now scattered through the volumes of the Revised Statutes of Ohio, often in the appendix, and these laws have never been brought together and separately arranged and indexed until the publication this month of the pamphlet entitled "The Laws Relating to Banks, Banking, Savings and Loan Associations, Savings Banks and Safe Deposit Trust Companies, in Force July 1, 1905," which has just been arranged and compiled under the direction of the Ohio State Board of Commerce and the Ohio Bankers' Association, by Drausin Wulsin, Esq., of Cincinnati, counsel to the committee.

The confusion mentioned above has been intensified by some recent decisions of the Supreme Court of Ohio holding that some of the laws heretofore enacted are invalid as being "special legislation" that is confined to cities and towns of certain grades and classes and not general in application.

The present laws do not provide for any State examination for any of these institutions nor for any practical regulation by the State.

The bill which has just been prepared under the

direction of the subcommittee of the Joint Committees of the Ohio Bankers' Association and the Ohio State Board of Commerce is entitled "A Bill to Regulate Commercial Banks, Savings Banks, Savings Societies, Societies for Savings, Savings Loan Associations, Safe Deposit Companies, Trust Companies and Savings and Trust Companies," practically all financial institutions in the State receiving money on deposit except Building Associations.

You will be interested only in the salient features of this bill and the changes in existing laws and not in details regarding the steps of organization, usual powers, etc.

The bill provides for a State Superintendent of Banks, to be appointed by the Governor, who is charged with the execution of the law in relation to all those institutions and is provided with suitable assistants. It is provided that these institutions shall not make less than five reports of their condition under oath each year to the Superintendent, at such times as the Superintendent shall require, which reports shall also be published in a newspaper, and that the Superintendent, his assistant or an examiner appointed for that purpose shall thoroughly examine at least once each year every such institution now doing business in the State or that may hereafter be organized under this law. The Superintendent and his assistant are put under bond and are bound by oath under severe penalties to keep secret all facts and information obtained in the course of such examination, except in so far as the public duty of such officers requires report upon the same or official action taken in regard thereto. In addition to the examination by the Superintendent of Banks it is provided that a thorough examination shall be made of each institution each year by a committee of three of its directors or stockholders, who shall be appointed annually by the Board of Directors, and shall report the result of their examination to the board. The provision requiring five reports each year to the Superintendent of Banks will have the effect of keeping these institutions well in line under the law, and it is also expected that the Superintendent will call for these reports at the same time reports are called for from the National Banks. If this is done the actual condition of finances in the State will be more accurately shown.

Although members of the committee having in charge the drafting of this new law were in favor of somewhat

more radical and conservative clause—for example, in relation to the minimum limitation of capital of certain institutions, the powers and combinations of some of the classes of banks created, the restriction of the use of the words “Bank,” “Bankers,” “Savings Banks,” “Trust Company,” etc.—than now appear in the draft of the bill, it was thought advisable to allow rather liberal provisions because of the many small banks, Trust Companies and Savings Banks already organized throughout the State and the necessary limitations to the advantageous use of their funds caused by their location in small towns; also because of the number of excellent and long established private banks.

The draft of the bill provides that “every corporation or association” receiving money on deposit shall be subject to the examination and regulation provided for in the bill, but does not otherwise affect existing institutions. Firms and individuals are not specifically mentioned. It provides, however, that all existing institutions may under certain simple proceedings come under the operation and obtain the advantages offered by the new law. And it is believed that the confusion existing in the old laws and the many advantages offered by the proposed new laws, including the higher standing credit and stability, will induce every banking institution, private and corporate, to voluntarily come under its provisions as soon as some prejudices are overcome and the advantages are thoroughly understood and appreciated. It is also believed that the measure will be decidedly “popular” in the community at large, not only because of the confusion that has heretofore existed, but also because of the recent serious troubles and failures of banks in various parts of the State brought about through laxity of methods, and especially because of the entire absence of any State examination or regulation. The proposed new law requires all companies (banks, etc.) incorporated thereunder to use the word “Incorporated” on all letter-heads, drafts, certificates of deposits and passbooks.

The proposed new law permits the organization of Commercial Banks having a capital of not less than \$25,000, of Savings Banks having a capital of not less than \$50,000, of Safe Deposit Companies having a capital of not less than \$25,000 and of Trust Companies having a capital of not less than \$100,000. It also permits under certain conditions the combination of any or all of these institutions, provided the capital of a combined Commercial Bank and Safe Deposit Company shall not be less than \$25,000, of a combined Commercial Bank and Savings Bank not less than \$50,000, of a combined Savings Bank, Commercial Bank and Safe Deposit Company not less than \$50,000; of a combined Trust Company and Safe Deposit Company not less than \$100,000; of a combined Trust Company and Savings Bank not less than \$150,000 and of a combined Trust Company, Savings Bank, Commercial Bank and Safe Deposit Company not less than \$150,000. Trust Companies are also required to deposit \$100,000 with the Treasurer of State.

The bill further provides, however, that in case of any of these combinations the funds and accounts of each Department—that is, Commercial, Savings, Trust, etc.—shall be kept separate and apart from the funds of any other department of the combination.

Provision is also made for the creation of a surplus of not less than 20 per cent. of the capital in all cases.

Before any of these institutions can commence business the entire capital stock of the corporations has to be subscribed and at least 50 per cent. thereof paid in, and the remainder of the capital stock must be paid in in monthly installments of at least 10 per cent each. The approval and authorization of the Superintendent of Banks have also to be obtained.

Loans can be made under certain conditions up to 20 per cent. of the paid in capital and surplus to one individual or company, and loans upon real estate can be made up to 60 per cent. of capital stock, surplus and

deposits, provided a resolution authorizing the same be adopted by a vote of two-thirds of the Board of Directors, such loans not to exceed 60 per cent. of the actual value of such real estate, including improvements, which must be insured. The provisions governing loans are somewhat similar regarding all classes of financial institutions mentioned in the bill, but the necessary brevity of this paper will not permit of entering into these details. Clauses provide at length for the investment of the funds of these various institutions, and Savings Banks and Trust Companies are permitted to make certain loans and investments when the same are authorized by an affirmative vote of not less than two-thirds of the entire Board of Directors. For example, Trust Companies in addition to the investments usually recited are authorized to invest in certain other “stocks and bonds” when the same are authorized by an affirmative vote of not less than two-thirds of the entire Board of Directors of such company, “and the promissory notes of individuals, firms or corporations when secured by a pledge of any of the aforesaid securities”; also to invest in ground rents, provided such investment is authorized by the unanimous vote of the Board of Directors. Savings Banks and Trust Companies are not permitted to invest more than 20 per cent. of the capital and surplus in one security or loan, except in providing a suitable building. Commercial Banks are given more general and extensive powers relating to commercial paper, business and loans, Savings Banks and Trust Companies are given the usual powers, and the funds held by the latter in trust shall not be liable for any general liability of the company, nor shall such funds be mingled with the investments of the capital stock or other moneys or property belonging to the company.

The provision of the National Banking Act prohibiting overcertification of checks is incorporated in the bill.

All these institutions, except Trust Companies, are permitted to make loans to their officers and members of their Board of Directors. Trust Companies are prohibited, both under existing laws and in the proposed new law, from making loans to officers, directors or employes, and it is thought by members of the committee that this prohibition should also extend to Savings Banks.

In addition to the restriction upon loans and investments, referred to in a general way above, each institution is required to have an Executive Committee, to consist of at least three members of its Board of Directors; that that committee shall meet at least once each week and shall pass upon all loans and investments; that minutes shall be kept of the meetings of such Executive Committee, including records of all loans and investments, and be submitted to the Board of Directors for approval at each meeting of the board.

The reserves to be maintained by each of these institutions or by any combination thereof, are as follows: “At least 20 per cent. of their total demand deposits and 15 per cent. of the total of their time deposits. At least 5 per cent. of such demand and time deposits shall be kept on hand in cash in the vaults of such banks; the balance of such reserve, which may not be kept on hand in cash, shall be kept subject to demand in National Banks of the United States, or any banks, Savings Banks, Trust Companies, or other banking institutions in States where such institutions are subject to State supervision and to examination by a Superintendent of Banks or Bank Examiners provided for in such States.”

This is a very brief summary of a draft of a very long bill, which has required an amount of detail work and an expenditure of time that cannot be realized by any one who has not actively engaged in a similar task. Almost all details have here been omitted, and it is more than possible that many matters of special interest have not been mentioned regarding which some of you may desire information. A copy of the bill is here and it will be a pleasure to answer any questions.

The committee having the drafting of this bill in

charge fully realize the magnitude and importance of the work undertaken and the imperfections that doubtless exist in the measure they have prepared, but it is the sincere desire of every member of the committee to have the State of Ohio enact laws governing all its financial institutions that will place these institutions and their credit and the financial standing of the State as represented by them upon the very highest plane.

The committee recognize, however, that many prejudices have to be overcome, and though agreed that in some respects the bill could be improved from a conservative point of view, believe that the enactment of the bill into law would be a very long step in the right direction, an improvement of almost incalculable value upon the existing conditions, and will, by accustoming the financial institutions of the State to supervision, examination and regulation, lead to further improvement in the law, while a more stringent measure might encounter serious opposition.

The draft of the bill as now prepared has been ap-

proved unanimously by the subcommittee of the Ohio Bankers' Association and the State Board of Commerce and will be presented for approval at the meeting of the Ohio Bankers' Association to be held on September 27. When it has received the approval of the Ohio Bankers' Association copies of the bill will be forwarded to every member of the Ohio State Board of Commerce, which is thoroughly representative of the business interests of Ohio, having a very large membership extending into every county in the State. So it is expected that when the final draft of the bill is presented to the Legislature for enactment into law it will have received the approval of not only the banking interests but also of practically the entire business community.

NAT'L HENCHMAN DAVIS,

Member of Committee;

President Ohio State Board of Commerce,

President Central Trust & Safe Deposit Company,
Cincinnati.

The Mercantile National Bank

of the City of New York

CAPITAL
\$3,000,000

SURPLUS
\$3,000,000

FREDERICK B. SCHENCK, President
MILES M. O'BRIEN, Vice-President WILLIAM H. TAYLOR, Vice-President
JAMES V. LOTT, Cashier
EMIL KLEIN, Asst. Cashier ALFRED W. DAY, Asst. Cashier

Accounts in Two Names

Report by the Committee Appointed for the Purpose.

Report of committee appointed in pursuance of the following resolution adopted at the Convention of the Savings Bank Section of the American Bankers' Association in New York, September 13, 1904:

Resolved, That the Chairman appoint a committee of three to consider the question of a form of uniform law regulating the accounts of depositors opened in two names, and report at the next meeting.

The committee will preface their report with the following communication from Mr. Thomas B. Paton, honorary counsel to the Section, received in reply to a request that, for their information, he should draw up a tentative form of statute in regard to two-name accounts:

NEW YORK, April 6, 1905.

Mr. WILLIAM HANHART, Secretary Committee on "Two-name" Accounts,
Savings Bank Section,
American Bankers' Association,
New York, N. Y.

MY DEAR SIR:

In pursuance of your request, following the action of the Convention of the Savings Bank Section last September, that I draw up a tentative form of statute to apply to the joint and trust accounts and which could be adopted in all the States of the Union, for submission to the Committee on "Two-name" Accounts, would say:

I have given the subject due consideration and have prepared two forms of statutes, which I send you herewith.

The object of the proposed act conferring upon a depositor the power to nominate another to whom the balance, or any portion thereof, due by the bank at the time of his death, shall belong and be payable, is to enable a depositor, while retaining full ownership and control during his life, to prearrange a disposition of the same when he dies. It has the same effect as if he made a will bequeathing the amount to the nominee or nominees, and obviates the preliminary trouble and expense of will making and the subsequent probate proceedings. In the case of a multitude of small depositors their savings bank accounts are substantially their all, and by legalizing this method of testamentary disposition it confers a real benefit upon a numerous body of depositors who otherwise would not take the precaution of making a will and who often, by attempting to make a testamentary disposition by some form of trust or joint account, have their intention frustrated by some legal ruling that what was plainly their own property, owned and controlled by them during their life, cannot be disposed of at their death in such manner.

Concerning the other act as to joint accounts, or accounts which are put in two names and often made payable to either or the survivor, it does not seem advisable that legislation should attempt to regulate titles during lifetime of the parties by providing that ownership vests in the two parties jointly. Sometimes when these accounts are created both parties have property rights therein; more often one owns the account and puts it in a joint form that the other, generally a relative in whom he has confidence, may have the power also to withdraw during his lifetime should occasion arise, and shall take by survivorship in case he dies first. In such cases the original owner practically retains control. Legislation which would give the other party property rights in the account, when none was intended during the lifetime of the original owner, would in many cases frustrate the design of such accounts and be unjust. The limit to which legislation may appropriately go, it would seem, would be to provide for or regulate payment by the bank of such accounts during the lifetime of the parties and where they are made payable to the survivor protect the bank in paying the latter.

The form of act submitted regulates payments of these accounts during lifetime of the parties and further, where there is a "survivor" provision, provides that upon the death of one the money shall be payable to the survivor. This will protect the bank in making payment to a survivor as against representatives of a decedent who may claim he never parted with ownership during life. It is doubtful whether legislation should go further and ordain that the term "survivor" should carry the property to the latter. Doubtless it is the intention in the large majority of savings accounts payable to A or B or the survivor that, upon the death of one, the survivor shall become sole owner; but there are cases where such is not the intent. The act as submitted is tentative and designed to bring up this question for full consideration. If thought best that

the term "survivor" should at death have property-conveying force, the act could be changed to read "Upon the death of one the moneys due upon such account shall *belong and* be payable to the survivor."

The proposed legislation has been drafted in two separate acts, regulating respectively accounts having nominees and joint accounts. If thought desirable both might be incorporated in a single act. They are submitted for consideration of the committee.

Very truly yours,
(Signed) THOMAS B. PATON.

An act to confer upon depositors in Savings Banks power to nominate the person or persons to whom any sum due by the bank at the death of the depositor shall belong and be payable.

Be It enacted, etc.:

1. Any depositor in a Savings Bank may by writing, executed as provided in this act, delivered at or sent to the office of the bank, nominate a person or persons to whom any moneys due by the bank to such depositor at his or her decease or any portion thereof, shall belong and be payable; and may from time to time revoke or vary such nomination by writing similarly executed and delivered.

2. Such nomination shall be subscribed by the depositor in the presence of a witness, who must be some person other than the nominee, but may be an officer or employe of the bank; and such witness must also sign in that capacity and add his or her address to the signature.

3. It shall be the duty of the bank to which a nomination, as above, is delivered, to preserve the same and make such entries on its books or records as are requisite to clearly evidence the fact of such nomination. And upon delivery to it of a revocation of such nomination, or of a new nomination in change or variance of a former nomination, the bank shall preserve the same and make entries or records accordingly.

4. Any such nomination, or any revocation thereof, shall take effect from the time of its delivery to the bank. The effect of an unrevoked nomination shall be that upon the death of the depositor making it the moneys due by the bank to such depositor, or such amount thereof as is specified in the nomination, or where the entire amount due by the bank is less than the amount stated in the nomination, then such entire amount shall immediately be and become the property of the nominee or nominees therein specified, and payable by the bank to such nominee or nominees upon satisfactory proof of death and evidence of identification. But money acquired by nomination shall be subject, in the hands of the nominee, to the lawful claims of creditors of the depositor, and to inheritance tax, where the same is imposed by the law of the State.

5. A nomination is revoked by the following acts or events:

- (1) Delivery of revocations as above provided;
- (2) Delivery of a new nomination in change or variance of a former nomination;
- (3) By the death of the nominee in the lifetime of the depositor, save when the nominee is the child or other issue of the depositor, and dies leaving issue, and any such issue is living at the death of the depositor. In such case the nomination takes effect as if the death of the nominee had taken place immediately after that of the depositor, unless a contrary intention appears by the nomination.

The making of a will by, or subsequent marriage of, a depositor does not revoke a nomination; nor is a nomination revocable in any other manner than as above prescribed.

6. The following are appropriate forms of nomination and of revocation, but these forms are not exclusive of any other forms which substantially comply with the provisions of this act:

FORM OF NOMINATION.

(Address of bank.)

I hereby nominate
of to receive at my decease the whole
(or any designated amount) of the amount then due me by (name of
bank) upon deposit account No. (or any other sufficient de-
scription of the account or accounts).

Dated

(Signature of depositor.)

In presence of

(Signature and address of witness.)

FORM OF REVOCATION OF NOMINATION.

(Address of bank.)

I hereby revoke the above nomination.

(Dated, signed and witnessed in same manner as above.)

FORM OF REVOCATION ON SEPARATE SHEET.

(Address of bank.)

I hereby revoke nomination executed by me on (insert date and de-
scription of nomination) which was delivered to (name of bank) on
(Dated, signed and witnessed in same manner as above.)

7. Where a nomination or revocation is executed in any other State or country the witness must be an officer qualified to take the acknowledgment or proof of a deed of real property situated in this State.

8. Wherever a depositor making a nomination cannot write, the witness must sign the following certificate:

"I certify that the foregoing nomination has, before being made by the depositor, been first audibly, clearly and distinctly read over to him (or her) in my presence and hearing, when the depositor appeared perfectly to understand the same and made his (or her) mark thereto in my presence."

(Signature and address of witness.)

This act shall take effect.....

An act concerning the payment of joint accounts in Savings Banks.

Be It enacted:

When an account in a Savings Bank is opened in the names of two persons jointly, or an existing account in a single name is changed to the names of two persons jointly, without in terms being made payable to either, such account shall be paid only upon the joint order of such persons. If to such account is added the words "or the survivor," upon the death of one, the moneys due upon such account shall be payable to the survivor.

When an account is opened in a Savings Bank to the credit of two persons, or to an existing account in a single name is added the name of another person, and the account is, by its terms, made payable to either or the survivor, the bank may, during the life of both persons, pay either, and upon the death of one the moneys due upon such account shall be payable to the survivor.

Joint accounts in Savings Banks are usually opened for the convenience of customers who desire that during the lifetime of two depositors either one may draw the funds on presentation of the pass book, and that at the death of either the balance standing to the credit of the account shall be paid to or be subject to the order of the survivor without the cost and formalities of probating a will, or applying for letters of administration. The effect of these accounts is that the survivor takes, and that in the meantime either of the two parties may withdraw part or the whole of the amount. The real ownership of the money when first deposited; or of any subsequent deposit, is never inquired about or questioned by the bank; the property is held in joint tenancy, the survivor taking.

Some Savings Banks accept these accounts without asking any questions and require no declaration or agreement, it being understood with the depositors that the bank will pay either of them on presentation of the book.

The majority of Savings Banks, however, require the depositors to sign some form of declaration reciting that the account is held for both of them and authorizing the bank to pay either of them or the survivor of them. This declaration, when signed by both depositors on opening the account, is called a simultaneous declaration. It varies considerably in form, but practically all have the above matter embodied in them.

We have carefully considered the proposed statute suggested by Mr. Paton as a means to effect the purpose intended by these accounts.

At first glance it certainly would appear to be very desirable to have such a law provide for a legal form to be compiled with in opening an account in two names or in adding a name to an existing account, and then having that action on the part of the depositor or depositors decisive and not capable of review by the courts, except of course on the legal grounds upon which any legal instrument can be attacked. We must, however, consider this question in all its bearings; it is really twofold.

1. Is such general legislation practicable and is it capable of adoption in all the States?

2. Admitting such legislation to be feasible, would it be really desirable and would it accomplish the desired results?

Answering the first question, this committee entertain strong doubts as to the practicability of obtaining general legislation on the subject that could be passed and enforced in all the States; for any legislation to attempt to regulate such property rights, which of their nature are very diverse and complicated, would, we believe, be hardly possible, and we also fear that in many instances, such legislation would defeat the intent of these accounts as they are now opened; moreover, the judicial decisions in the several States regarding these accounts are so very conflicting that even if a general statute could be devised and adopted it would, after all, in many instances, be re-

viewed by the courts according to the special conditions existing in the different cases, and this would often defeat their purpose.

In addition we would say that the conditions are so different in the several States, both with regard to existing laws and to the character of the institutions, that in our judgment no satisfactory statute of this character would have any prospect of passage; aside from that, a very large expense would be involved for which the return, even if the efforts were successful, would be entirely disproportionate.

We have now to consider whether such legislation would be desirable at all, and we have no hesitation in answering this question in the negative for the following reasons:

It must first be admitted that the actual property rights involved in the joint accounts of Savings Banks are practically far beyond the knowledge of the banks. We take it that a bank, willing as it is to accommodate its depositors by opening joint accounts, must, as a paramount condition, consider its own safety, as well as protect its customers in making payments. If this safety and protection can be secured, not by general legislation, which will at all times be reviewable by the courts and give endless trouble both to the depositors and to the bank, but by the adoption of some standard form or declaration to be signed by the depositors when opening the account or by the original depositor when adding a name to his account, the object will be realized in a greater measure and in more satisfactory way. It appears to us to be possible to devise such forms of declaration as would make the matter plain to the depositors, secure the bank in paying either or the survivor of them, and at the same time not attempt the impossible task of regulating present and ultimate property rights of which the bank really knows nothing and desires to know nothing.

To show how difficult this matter is becoming we would mention that an amended Inheritance or Transfer Tax Law, lately passed by the New York Legislature, compels the banks, under a penalty of \$1000, to give the State Controller ten days' notice of intention to pay or transfer to the legal representatives of the decedent, or to the survivor, any deposits standing in the joint names of a decedent and one or more persons. This dangerous statute disregards the fact that a Savings Bank in most cases has no means of knowing whether one of the parties named in a joint account is dead or not, but, according to the law, the penalty could be enforced just the same.

Under this law, although as a matter of fact in at least 75 per cent. of all cases arising there is no contention that any tax could really be assessed, the bank must notify in each case or suffer the penalty. It is incumbent upon the bank to know, whenever an attempt is made to withdraw a two-name account, whether both the persons named are still living, which it can be readily seen would be an absolute impossibility in any bank having a large number of depositors scattered all over the country. If this law is to be strictly enforced, and its repeal cannot be secured, the ultimate result will be the abandonment of two-name accounts in New York State Savings Banks. These accounts were used in one form or another long before there was any thought of a succession tax and were intended to enable the account to continue and be withdrawn without any formality in the event of the death of one of the persons named in the account, and as incident to this form of account, though not its only intent, the cumbersome and expensive proceedings of administration were avoided.

The committee believe that two-name accounts meet a great need, particularly with depositors of limited means, and should be encouraged whenever they are not made impossible by adverse legislation such as above mentioned.

After due consideration and deliberation this committee reports that they do not consider that general legislation regulating joint accounts in Savings Banks is either

practicable or desirable, and believe that the ends desired can be more easily and effectually accomplished by the adoption of suitable forms for all two-name accounts, and suitable blanks to be used by Savings Banks. Owing to the differences in the practice of Savings Banks in the several States, and also the varying decisions of the courts, the committee believes it unwise at the present time to suggest any uniform form for use by all the Savings Banks.

In conclusion this committee beg to state that they do not consider they have a right to go behind the

strict letter of the resolution in pursuance of which they were appointed, and therefore they have not considered the matter of trust accounts referred to in Mr. Paton's communication, especially as their inclusion would tend greatly to complicate a matter already sufficiently confused.

Respectfully submitted,

BENJ. W. JOHNSON, Chairman;

J. H. JOHNSON,

W. W. CLOUD,

Committee.

THE NATIONAL BANK OF COMMERCE

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Detailed Report of Proceedings.

Fourth Annual Meeting SAVINGS BANK SECTION, Held at Washington, Oct. 10, 1905

MORNING SESSION.

Tuesday, October 10, 1905.

The Savings Bank Section of the American Bankers' Association met in annual Convention in the Banquet Hall of the Shoreham Hotel, Washington, D. C., Tuesday, October 10, 1905, and was called to order at 10.30 a.m. by the President, Charles E. Sprague, Esq., of New York City.

Reverend J. M. Schick, pastor of Grace Reformed Church, Washington, D. C., offered the following prayer:

Almighty and Everlasting God, by whose blessing all our doings must be sanctified, and unless Thou build the house they labor in vain that build it, we implore Thy presence and Thy benediction with us at this time, so that in all our works, begun, continued and ended in Thee, we may glorify Thy holy name. With a realizing sense of our responsibility to Thee, enable us to enter upon the transactions of this meeting knowing that every right work is Thine and every right cause is of Thine appointing. We praise Thee for that Thou has used us so largely concerning the gathering of these who otherwise would have been unable so to do, in guiding the savings of the weaker and the poorer, turning them to good account, using us thus in Thy service; for every service that helps our fellow men is, when rightly understood, Thy service. Therefore we lift our hearts unto Thee in grateful recognition of the blessings Thou hast bestowed and the mercies Thou hast showed and the favors Thou hast imparted to the institutions which we represent, to the institutions here gathered together in this Association. And we humbly pray Thee further to continue Thy blessing unto each and all, and to this Association collectively, so that with an eye single to Thy glory, in full consciousness of the responsibility resting upon us, we may have continually the Divine presence in all our work.

Shield us from the temptations to selfishness which are so abundant. Deliver us from the evils that at times may be so near, and before which so many have fallen; and make us conquerors over self and selfishness and the world, and enable us, in that right altruistic principle of life which marks the deed of every right man, to use the opportunities Thou art giving us in such a way as to be helpful to those for whom we act and with whom we serve Thee to the end that, strengthened with Thy might, made more prosperous with Thy blessing, we may ourselves, having been blessed, prove a blessing to others as Thou hast blessed us. And unto Thy name shall be given the praise, through Jesus Christ our Lord. Amen.

The President: An opportunity will now be given to you, gentlemen, to hear from Mr. B. F. Saul, Chairman of the local Committee on Arrangements of the Savings Bank Department of the Washington Bankers' Association. (Applause.)

Address of Welcome, by B. F. Saul.

Mr. Saul: On behalf of the Savings Bank Committee of the Washington Bankers' Association I extend to you all a hearty welcome. The Savings Banks of Washington welcome you not only to this city but to their institutions, and hope that you will visit them during your stay here.

I presume those delegates from the larger cities, where the strongest Savings Banks are located, will be surprised to find that the Savings Banks of Washington are small institutions, but most of the large Savings Banks of the country are old institutions, a great many being more than fifty years old, while the oldest Savings Bank in our city was organized in 1891, only fourteen years ago.

Ten years ago the total assets of the Savings Banks of Washington were less than \$250,000. Five years ago they had increased to \$1,000,000, and to-day the total assets of the Savings Banks are more than \$4,000,000. In the past the persons who would ordinarily be Savings Bank depositors have had to place their savings with the Trust Companies and the building associations. From the above figures it can be readily seen that the age of the banks is the principal reason they are not among Washington's larger financial institutions.

But there is another reason, and that is that we have

no Savings Bank Law or supervision in this District, but we hope before another winter passes that Congress will enact a law which will place the Savings Banks of this city under the supervision of the Comptroller of the Currency, as the Trust Companies have always been, and we hope at this meeting to have your co-operation by recommending to Congress such legislation. However, we are proud of our young and growing institutions, and I am sure if you find time to visit them you will be pleased at the results we have attained, but, of course, the most interesting bank in Washington to you will no doubt be our National Treasury.

Washington is not a commercial city, and the points of greatest interest will probably be the public buildings.

The members of this committee desire to place themselves at the disposal of the delegates and will be pleased to render them any possible service during their stay in this city.

And in conclusion I again extend to you a most cordial welcome and hope this meeting may prove the most successful in the history of the Savings Bank Section.

Reply to Address of Welcome and Annual Address, by Charles E. Sprague.

The President: The Savings Bank Section of the American Bankers' Association accepts with cordial appreciation your efforts and your generous hospitality. We already know that you have made the most lavish preparations for our entertainment. We all of us have emerged from the tenth story of the New Willard Hotel staggering under a double weight of pasteboard and of grateful obligations. We are to be your guests by land and by sea, in peace and in war. Our patriotism will be evoked by a visit to Mt. Vernon. We shall, perhaps, have our envy excited by a trip through the United States Treasury and by the sight of the vast amount of funds therein which we cannot have under our control. You have provided for us in every possible way. The well-known hospitality of the sunny South, added to the metropolitan spirit which pervades the National Capital, has caused you to more than outdo yourselves, and we only hope that the prosperity of your institutions, to which you have alluded may continue, and that we in our various small ways, in the remote haunts of men from which we hail, may be able to recompense you at some time by giving you in our own peculiar way the kind of good time which we are able to give you. We thank you. (Applause.)

It now becomes my very pleasant and most honorable duty to open the proceedings of the fourth annual Convention of the Savings Bank Section of the American Bankers' Association. In future times we or our successors will look back to this as one of the early meetings, one of the beginnings of great things. When in future years this organization has fulfilled the promise which its vigorous youth gives forth those who follow after us will look back to this old society with grateful spirits as having inaugurated a movement of great advantage and benefit to the country and to its industrial classes and to the general welfare. On an occasion like this it is customary to make a retrospect and a prospect, to look over the work of the past and to consider what it is best to undertake for the future. In other words, we inquire in the first place, in the classical phraseology which, I believe, is used in this section, "Where are we at?" Secondly, we inquire why are we here; and, thirdly, what we are going to do about it. Where we are at is satisfactorily answered by the large number of attentive and interested listeners who are present. Why we

are here is a little more difficult of comprehension. Why is it thought necessary for those of the American Bankers' Association who are particularly interested in savings to create a separate department? Why have they taken the trouble to start at least 24 hours ahead of the time which otherwise would have been necessary in order to attend this meeting as well as the proceedings of the Association proper? It is not for protection of your valuables against fraud or deceit. That is amply cared for by the parent Association. It is not to consider the future of the currency of the country. It is not to consider the advantages of adopting systems of money orders or discussing State and National supervision of State and National banks. Nearly all these subjects are covered by the American Bankers' Association. Why do we have a Savings Bank Section and why do we need it? As bankers we do not, but I hold that we are something different, something distinct, or at least distinguishable, from bankers; that those who are purely and simply bankers have not honored us with their presence to any great degree. We are something else. Although organized under a great diversity of laws and customs, organized in almost as many different ways as there are States in the Union, and unorganized in some of the States, we all have one common purpose, which is the safe keeping of the economies of the industrial classes of society, of those who, as will always probably be the case, are obliged by the circumstances in which they live to sell their services, whether it be as a university professor or as a day laborer, to some one who can contract for and pay an appropriate stipend. The only safety for those classes is to have some depository which they can absolutely trust, and the only hope for their old age is in present self-denial, which in future will soothe and alleviate the distress of their declining years.

I take it that the purpose of banking proper is the facilitation of business. The business man does not accumulate his money by putting it into any kind of bank and letting it increase. Very likely as his business itself increases his cash account may safely be lessened. He desires to make his real investment in the machinery of the business in which he is engaged. His cash account, which is practically his bank account in these modern times, is simply a facilitation, simply a buffer for the purpose of smoothing over the interval between production and collection, and also the machinery for the purpose of liquidating at the least possible expense what is owed by him. But the accumulator, the Savings Bank depositor, has no such purpose to look forward to. His object is not to do with as little cash balance as possible, but to increase that cash balance while it shall be in a form not only realizable in cash upon proper procedure but shall by its increase measure his prosperity. The point of view therefore is quite different. The banker employs the money of himself and his several fellow shareholders so as to give the greatest returns. It is true he looks after the welfare of his depositors, but his primary duty is to his shareholders. He is amenable to them. The depositor is a customer who may come and go, but the shareholder is not a creditor, properly speaking; he is a proprietor and he is entitled to the proper use of his money in such a way as shall be profitable, and the attitude toward the depositor is secondary.

With us who are not so much bankers as savings keepers the attitude is reversed. Our primary duty is to those who cannot look out for themselves. We set ourselves up in that capacity. We hold ourselves forth to the world as being ready to safeguard the surplus which economy and self-denial accumulates among those classes who are properly intended to confide in our care. We therefore must hold and we must remember in our discussion here that we are something other than bankers. It is true that the bankers allow us in their ranks. Some of us are bankers and savings keepers and some of us are savings keepers and bankers. Some of us are solely keepers of savings and not in any proper

sense bankers. It is true that the Bankers' Association allow us to participate on equal terms and even allow us to contribute the usual dues, just as if we were money making institutions. This is kind on their part, but they should recollect in fixing those dues that we are not bankers, but are the bankers' most stupendous depositors. Savings Banks taken collectively deposit more money in the National and State Banks than probably any other one class of institutions, unless it be the gigantic industrial corporations.

This is a great country for experimentation. Having the great number of Commonwealths that we have, united under one great Commonwealth, there is an opportunity for testing methods in every walk of life. Now in the Savings Banks, as I said, there are a large number of diverse methods of organization. Other methods have been tried in Europe and perhaps will be tried here. None of us, to speak in homely fashion, know it all. Each of us can learn something from his neighbor, and I myself do not admire the Pharisaic attitude that would impel people in one State in our walk in life to say of those of another State: "They are not Savings Banks at all; put them aside; they are not to be mentioned in the same paragraph with ourselves; we are the elect." I do not believe in anything of the sort. I believe that we should come together, and if you can convince us that your method, allowing for the difference in our environment and our situations, is superior to ours, we should give you the floor and let you prove it to us. And you, on the other hand, should allow us to prove to you if we can that our methods are worthy of commendation and emulation.

Now there has been the Governmental Savings Bank, an institution carried on by the Government or by the municipality. I believe our advocates of municipal ownership have not yet reached that stage. Then there is the semi-Governmental, or Postal, Savings Bank, carried on by a Department which was organized for a totally different purpose and not for banking, which it does through money orders, which I consider inappropriate for a Government Department. And although I am open to conviction, I consider the carrying on of a Savings Bank by a Department of the Government to be equally inappropriate. Then there is a type of Savings Bank which is a capitalized concern and which has stockholders. Doubtless in those localities where it has grown up that may be the best. We are glad to be instructed as to that point. We are glad to know what the difficulties are, glad to know whether there is that temptation to deviate from altruistic principles which we heard referred to this morning, whether there is not a temptation to set the stockholder up as superior to the depositor instead of second to him, as he should be. We must consider that. We are open to conviction on all these points. There are also those, generally the same kind, who not only are capitalized as savings keepers, but also bankers in the same building and over the same counter. Whether there is practically any danger from temptation to vary from altruism is another point that we will ultimately discuss.

Then there are in the older parts of the Union the old-fashioned, original so-called Mutual Savings Banks, which have no shareholders. The history of these Savings Banks has been reasonably prosperous, I believe, and we number very many of the oldest, soundest and most reputable institutions of that kind in our ranks. I am sorry to hear sometimes of that spirit which I have ventured to call Pharisaical, which would endeavor to separate institutions of this kind into a province of their own and will not admit that anything can be learned by them.

But we have not come yet to the time for considering these broader questions of organization. We have commenced in the right way. We have not begun with words of ten syllables, but we have commenced with the alphabet of the Savings Bank business. We have commenced by endeavoring to ascertain the best methods

as to the details of business and in those branches where we come in contact with the depositors. We shall reserve for a future time consideration of those broad questions of whether we shall be capitalized, whether we shall be purely Savings Banks, whether we shall be mutual. We will defer those questions. We do not propose to take them all up at present. We have commenced with some comparatively minor but really vital questions. During the past year we have commenced the collection of a complete and thoroughly classified set of forms by which the business of a Savings Bank is conducted. The hard and skillful work in making this collection has been done by our efficient Secretary, Mr. Hanhart. A set of forms will give you almost a photographic view of the methods and purposes and general trend of the business of the Savings Bank. By examining the collection which is now on view at the Willard Hotel every one of us, I think, will find something that he has not thought of before, something which he can with advantage either avoid or adopt. If we find anything worthy of adoption it will interest and help us. If we find anything to avoid it is a simple matter to avoid it, and it may remind us of some of the dangers of which we should beware. A large part of the work of this Section—and this is a working Section—has been devoted to the compilation of these forms. We have, however, several other questions in reserve which will hereafter be presented. One of these, rather a minor point, but one which seems to have acquired a good deal of importance, is the question of the treatment of certain accounts wherein proprietorship would seem under various laws and conditions to be somewhat doubtful, the so-called two-name accounts that on their face purport to be the property of more than one person. This is an intensely practical question. We propose to begin with intensely practical questions and from them gradually build up to the broader questions, such as the methods of organization, the question of supervision, how far and in what way should the State or National Government intervene for the public good; how far should paternalism be extended so as to interfere, or intervene, rather, more or less in the conduct of these corporations.

Then we have been considering another question which will also be a subject of discussion to-day, probably; that is the formulation and possibly the adoption of a plan by which statistics of the savings of the country may be more accurately ascertained than they ever have been. It is well known that the published statistics of this kind are very unreliable and not based on actual figures. This Section is representative. It does not contain by any means all of the Savings Banks of the United States, but it is so representative in its character, its members are so scattered from Maine to California, it embraces institutions of almost every kind and class which can be brought under this act, that a report given out anonymously as to institutions, and solely by aggregates as to States and sections, would be exceedingly representative. The question has been before our Executive Committee as to whether we ought not to have such statistics as those filed and circulated among our own members only, in order that we may learn the trend of things, in order that from the reasoning developed from these figures we may improve on past history. Those are among the subjects that are before us to-day.

We also are to listen to several gentlemen who will address us or read papers on various subjects.

Having said a very few words, and having minimized the annual address of the President, to which I know members on occasions of this kind always look forward with fear and apprehension, I will pronounce the Fourth Session of the Savings Bank Section of the American Bankers' Association open for business. (Applause.)

I will explain to the session that through the unfortunate circumstance of a Cabinet meeting being called at this hour Honorable Leslie M. Shaw, Secretary of the Treasury, will probably be unable to address you to-day, as he had expected. But another eminent gentleman who

is on our programme has arrived and we shall take great pleasure in listening to him. I now introduce to you Honorable W. B. Ridgely, Comptroller of the Currency of the United States.

Address of Hon. W. B. Ridgely.

Mr. Chairman, Ladies and Gentlemen: I was not fortunate enough to be here at the beginning of your President's remarks, to hear all that he said, but I was greatly interested in what I did hear, and especially in his conclusions in regard to Governmental regulation of banks, and to the very apt distinction which he made between interference and intervention. I do not believe in interference with banks, but I do think it is to the interest of the banks as well as to the interest of the depositors and the general public, that there be some Governmental intervention.

No one will question the desirability if not necessity of laws regulating the organization and operation of banks.

If we are to have such laws it is the most logical consequence that the law should not only regulate their methods of operation, but provide a system of examination and supervision to see that the creations of the law observe its provisions during their life as well as at their birth. It will also be found necessary to follow them after death and to provide for the administration of banks which fail to go into liquidation. In fact, the administration of insolvent banks is a very important part of any system of State regulation and one in which the difference between good and bad or indifferent administration is very serious in its consequences.

If the State gives a charter to a certain number of men authorizing them to establish the business of banking, and makes certain conditions as to the paying in of capital in cash and the other ordinary requirements of such an organization, it thereby assumes a responsibility for the parentage of the new corporation. It has given it life and power and a certain standing and dignity by reason of its State charter. It is only its plainly logical duty to continue its cares and supervision throughout the life of the institution, not only for the protection of the bank itself, but the people who transact important business with it, by virtue of this law-given life and power. This is no invasion of the rights of the incorporators or shareholders; it is only what they should expect and a most reasonable concession for the privileges which are granted to them by law. They have no natural right to incorporate. It is all given them by statute. In return for the franchise given them they should willingly submit to any reasonable regulation and supervision which the law imposes to safeguard and protect the public.

Probably a very large majority of the people who organize banks and those who are given charge of their management are acting in perfect honesty and good faith. My experience and observation lead me to believe that most banks are honestly managed, and most of these are also conducted with good judgment and ability. It may be and doubtless is true that such banks do not need any outside supervision. The officers and directors of any bank can, if they will, make far better examinations and exercise much more efficient supervision over the affairs of their bank than any official of the Government possibly can. Unfortunately the directors and managers of all banks do not fully discharge their duty in these respects. Some of them do not know how to conduct or supervise the business. Some who do know how neglect their duties, and others have neither the honesty nor intelligence needed. It is such banks as these that need State examination and supervision. No one is more interested in seeing that this is thoroughly given them than the people who are managing their banks honestly and well, strictly in accordance with the law. It is greatly to the interest of the man who is so conducting his business to see that his competitor is, as far as possible, compelled to do the same. Not only does it make the com-

petition more fair and give him a better chance for the business, but it reduces the risk to him from the failure of his neighbor, which may so upset the business of his whole community that there is danger to all its banks, no matter how well and prudently conducted.

I believe that what I have just said is especially true of Savings Banks. The record of American Savings Banks for honesty of management will certainly compare favorably with that of any other class of banks, especially in those States which have Mutual Savings Bank laws and real Savings Banks. From the nature of the business, the character of your investments and the people you have for depositors there is more to be feared from anything which destroys the confidence of your people. This makes it more necessary for you to see that you are not placed in competition with banks less ably and less honestly conducted.

Over no other banks has there been for so long a period such a complete and thorough supervision as has been given the National Banks of the United States. The Bank Act itself contains many severe restrictions. The examinations and reports of conditions are frequent and comprehensive. The good results shown by the National Banks are largely due to this supervision. During the more than forty years' operation of the law the failures of the National Banks have been much smaller in proportion to the whole number in operation than those of the banks other than National. The National Banks have paid their creditors a far larger percentage of their claims, and the cost of liquidation per one thousand dollars collected has been very much less.

The system of examination can be and should be improved by paying the examiners salaries instead of fees and in some other ways, but on the whole it has worked well—certainly well enough to demonstrate that it pays and is much better than no supervision.

Some of the States have very good banking laws, especially in regard to Savings Banks, and good State supervision. Some have fair laws and some poor laws, with little or no supervision.

It certainly will be an improvement if something like uniformity could be brought about, and especially if the States with no system of supervision would adopt some good plan for bank regulation. A State which creates a banking corporation and gives it authority to conduct the business of banking, whether it be commercial banking, a Savings Bank or a Loan and Trust Company, owes it to its people to see to it, as far as supervision will do so, that such a bank conducts its business honestly and according to law, and it owes it to the banks which are well and ably managed to protect them from the dangers and competition of those which are run in violation of law by men who are lacking in honesty or ability, or both.

GOVERNMENT SUPERVISION OF SAVINGS BANKS IN DISTRICT OF COLUMBIA.

Mr. Latimer: Mr. President, I offer the following:

Inasmuch as there is now no law in the District of Columbia giving any Government officer supervision over Savings Banks, it is hereby declared the sense of this meeting of the Savings Bank Section of the American Bankers' Convention, assembled at its annual Convention in Washington, that such a law should be introduced in Congress and passed at the earliest opportunity giving such supervision, preferably to the Comptroller of the Currency, and the Savings Bank Section hereby pledges all its aid and influence toward the passage of such a law.

The President: Gentlemen, you have heard the motion. It seems especially appropriate at this time that we should take action on this question, after the remarks to which we have listened.

The motion was seconded.

Mr. Rother: Mr. President, we are acting here in the eyes of the whole country. What impression will such a resolution, applying to the District of Columbia, make upon the country if we ignore those States that have no laws? Or is it considered that because this is the seat of Government and under the control of the Congress of the United States that we are at liberty to make an ex-

ception? It seems to me it is well to consider whether such is the case. We have a number of States that have no Savings Bank laws, as we all know. Maryland, the State from which I come, is one of those States. Now, I repeat, what impression will an action of this kind by this session make on the States that have no laws when we consider only the case of the District of Columbia?

Mr. Smith, of Washington, D. C.: Mr. President, this is a subject which very appropriately comes before us now for two or three reasons. First, we have struggled through a term of fifteen years since the first Savings Bank began here, not only without any supervision, but without any Savings Bank law. At the time of the organization of the Union Savings Bank, with which I am connected here, we absolutely had no law under which we could get a charter. We had to go either into Virginia, across the river, or up into West Virginia, or to Delaware or New Jersey to get a charter at all, and the Union Savings Bank operates to-day under the laws of West Virginia. That is certainly an anomalous situation, that a Savings Bank chartered by another State should have its home office here. Yet that is the existing situation. And while we have to-day a law, which was passed as a part of a very minor chapter in the code, under which we might incorporate, we do not dare incorporate here because of the provisions of that law, or, rather, the lack of provisions of the present law. It is always difficult to get any local proposition through Congress. We need all the help we can get to put through the law which is going to be introduced this winter. Comptroller Ridgely has been very much interested in this matter and has prepared a bill which he is going to introduce, and we are all going to try to help him get it through. I think it is not only entirely appropriate but very desirable that that law should receive the sanction of the Savings Bank Section of the American Bankers' Association.

Mr. Rother: I do not want to be understood as opposing this proposition. I simply desire to call attention to the weight that it may have all over the country if we simply take up the District of Columbia and take no action with reference to the various States that now have no laws on this subject.

Mr. Creer: Mr. President, it is a fact that the Bankers' Associations of the State of Ohio have for several years past been trying to get together on the subject of an adequate banking bill looking to State supervision and examination. They have been unable to agree, and on the occasion of the recent State convention in Cleveland a bill that had been prepared with great care was tabled in the latter part of the session. It would be very neighborly and kind if the Savings Bank Section of this Association would lend any possible aid in its power to our good friends of the District of Columbia to further such legislation as they desire; but if the bankers of Ohio cannot agree as to what they desire in the way of bank legislation, and if some other States are in the same predicament, as I believe they are, I think this Association will be going rather beyond its power and arrogating to itself duties which are rather inconsistent to place itself on record as to what the bankers of the District of Columbia ought to have.

Mr. Smith, of Washington, D. C.: I think the resolution offered contains merely a suggestion that it meets with the approval of the Savings Bank Section that there should be some supervision, and that is all it says, adding the further paragraph that it is hoped Congress will give us a law. Perhaps all objection could be removed if it was stated that this resolution was introduced at the request of the local element here and that we want to aid them.

The President: I should like to ask for the information of the Section whether this proposed enactment has or has not received the unanimous approval of the local bankers' association. Some gentleman from the District of Columbia can no doubt answer that question.

Mr. Smith: I think it has received the sanction of

the local bankers, as far as it goes. We hoped it would go further.

Mr. Mills: Mr. President, if it is in order I should like to know how far this proposed law intends to go. I come from Maryland, the same as Mr. Rother, and we should like to know the scope of the law.

Mr. Griswold: Mr. President, perhaps it would save the time of the Convention if you would include the other States that have no laws on the subject but which desire that the Convention should take action in that direction.

The President: Replying to the next to the last speaker, as the Chair understands the purpose of the resolution it is merely to put on record the sentiments of this Section on the general subject, without regard to particular ways and means, and in reply to the last gentleman the Chair thinks such an amendment would not be germane to the present question, which relates solely to the District of Columbia, which is the one spot on this habitable earth with reference to which this Savings Bank Section of the whole United States has any right to express an opinion. We are all in one sense residents of the District of Columbia. It is our property; but it seems to me that it would be foreign to the purpose of this occasion to censure or praise the State of Maryland for having no Savings Bank Law, which I know her Savings Bank officers desire. While perhaps the embracing of the different States would not be positively out of order, yet it would not be germane to the present discussion. The question is, Do we or do we not approve of this resolution, which we have heard read, and upon which we have heard very able remarks?

Mr. Creer: Mr. President, perhaps it would be well to have the resolution read again.

The resolution was again read by the Secretary.

The question being called for, the resolution was agreed to.

The President: The next in order is the report of the Chairman of the Executive Committee of the Section, Mr. Latimer.

Mr. Latimer read the following report of the Chairman of the Executive Committee:

Report of Chairman of Executive Committee.

Your Executive Committee has held four meetings since the last Convention—September 13th, 14th, December 20th, 1904, and May 2d, 1905.

At the September meetings but little important business was transacted besides organizing.

At the meeting held December 20th the matter of printed forms was discussed and resulted in a call being made for forms in use by all the Savings Banks throughout the United States, the result of which is the compilation of forms on exhibition here to-day. In collecting these forms much time and some expense has been incurred, which, of course, will not happen again; but for the benefits to be derived from this collection we felt justified in going to the expense. Perhaps some action might be taken whereby a reproduction of these forms may be made and offered for sale to our members only, and in that way we may be reimbursed for the cost of production. Owing to the vast amount of time required of our Secretary in this work your committee has recommended a small salary to be paid him for his services.

The meeting of May 2d, 1905, was attended by nearly all the members, as well as by the only two *ex-officio* members of the committee, the Hon. Myron T. Herrick, Governor of Ohio, and Mr. A. C. Tuttle, of the Naugatuck Savings Bank.

At this meeting the question of the interchange of monthly reports of the deposits and withdrawals was discussed and received the commendation of the committee, and resulted in having the question brought before this Convention for action.

Our membership has materially increased since our last Convention, a report of which will be given in full by our Secretary.

The work of some of the State delegates has been most gratifying and has resulted largely in accomplishing this increase, and I think the appointment of State delegates to look after our interest in legislation as well as the increase in our membership ought to be continued.

Our expenses have been somewhat larger the past term than usual, owing to the collection of forms and the large amount of circularization done. Most of this it will not be necessary to duplicate.

Any appropriation asked for our use has been cheerfully granted by the Executive Council, and we have a small balance to our credit at this time.

Contrary to the original intention of having our officers (except the Secretary) act for one year only, I have been elected

for the past three years as Chairman of the Executive Committee. This was thought best at the time, owing to the many things in connection with the organization of the Section, and now that we are thoroughly and successfully organized and I am to retire I want to thank those of you who have given me their assistance and hope that the same pleasant relations existing between the members and myself will be cheerfully accorded to my successor.

(Signed) G. BYRON LATIMER.

The President: Gentlemen, you have heard the report of the committee. What is your pleasure?

On motion the report was accepted.

THANKS TO COMPTROLLER RIDGELY.

Mr. Rhodes: Mr. President, the distinguished Comptroller of the Currency, Mr. Ridgely, has delivered an admirable address on a subject which is of great interest to each and every one of us, and the recommendation he has made that all the Savings Banks of the country be put under his care certainly means much for the good of the system throughout the country. We should always try to obtain the very best we can get in the way of legislation in every district and State. We have adopted a resolution recommending the passage of such legislation for the District of Columbia, the Capital of this nation, and now, Mr. President, I rise to move that the thanks of this Savings Bank Section be and are hereby extended to Mr. Ridgely for his able address. (Applause.)

The motion was seconded and was unanimously agreed to.

The President: Mr. Ridgely, it becomes my pleasant duty to convey to you the thanks of this Association, and we compliment you on the style of your paper. In its admirable epigrammatic brevity it is a little classic, which contains much in small compass. The thanks of this Section are hereby conveyed to you. (Applause.)

The next thing in order is the report of our Secretary, Mr. Hanhart.

The Secretary read the following report.

Report of Secretary,

Mr. Chairman and Gentlemen of the Savings Bank Section:

I am pleased to report a substantial gain in the membership of this Section since our last Convention in New York in October, 1904. We then had 616 members, while our membership at this date is 734. I take this occasion to thank many of the State delegates, who have unselfishly given considerable time in their endeavors to increase our membership.

The amount of our expenses of this year is heavier than usual, one of the reasons being that some of the items, such as rent, etc., include expenses incurred prior to the beginning of the present fiscal year, but not paid then; they also include expenses incident to the collecting, arranging and casing of the printed forms, which you have all seen on exhibition at our headquarters.

Stationery, printing and binding.....	\$412.13
Postage stamps.....	188.00
Typewriting and stenography.....	446.00
Rent and telephone (two years).....	607.54
Expenses of Executive Committee meeting in May last.	133.81
Convention expenses (badges, programmes, etc.).....	89.00
Salary of Secretary.....	400.00
Expenses of Proceedings, etc., of last Convention sent to members and paid by Secretary Branch.....	606.46
Sundries	138.65
1,500 copies of Convention Proceedings, sent to non-members	168.38

Total

In explanation of the item of \$168.38 for Convention Proceedings, I will say that it was decided last year, as an inducement to the non-member Savings Banks to join the Association, to send them a complete report of the proceedings of our last Convention. This expense, of course, will not be incurred again, being now unnecessary, as our Section is well known throughout the country.

Respectfully submitted,

WM. HANHART, Secretary.

On motion it was ordered that the report be accepted and placed on file.

The President: It is appropriate for me to say again, as I have already said, that the vast amount of work performed by our able Secretary, to which he has modestly made no reference in his formal report, is work of a kind and amount which none of us can realize except those few of us who have been at work near him and in touch with him and have witnessed his faithful and

unsparing diligence and attention to business. (Applause.)

You will observe that on our programme there is an address on a very interesting subject, "Proposed Bank Legislation in Ohio," which was to have been read by N. Henchman Davis, Esq., President of the Central Trust & Safe Deposit Company of Cincinnati, Ohio. Although the State of Ohio has not such a busy Banking Law as we would like it to have, yet Mr. Davis lives in a very busy State. He has found it impossible to be with us in person, but he has sent to us a very carefully prepared essay on this subject, which I am sure will be listened to with great interest, as the eyes of the civilized world are very largely on Ohio, a place from which our great men are very apt to come, and then after they have come from it to stay away from it. (Laughter.)

I will ask the Secretary to be kind enough to read this essay of Mr. Davis, and I am sure he will do full justice in the reading of it.

The Secretary then read the following paper:

"Proposed Bank Legislation in Ohio," by N. Henchman Davis.

[Mr. Davis' address in full will be found on pages 142 to 144 of this publication.]

The President: Gentlemen, you have listened to this very interesting paper, which will take the usual course and be printed in our transactions. A question has occurred to me which perhaps our Secretary can answer, which may be of interest to others. That is as to what will become of the few noncapitalized savings institutions now existing in the State of Ohio in the event of the passage of this proposed legislation.

The Secretary: There are, as I understand it, four Savings Banks in Ohio that are mutual and were organized long previous to the present legislation. As I understand it they will not be interfered with, with the exception that five times a year, like all financial institutions, they will have to make reports to the Superintendent of Banks. They are not interfered with otherwise. Their investments and organization will remain the same as at present.

The President: But they will come under the examination of the Bank Superintendent?

The Secretary: Yes.

Thereupon the Section adjourned until 2 o'clock p.m.

AFTERNOON SESSION.

The President: At the time of the adjournment we were considering the address of Mr. N. Henchman Davis, of Ohio, on the subject of "Proposed Legislation" in that State. Is it proposed that any action be taken or is any debate or interrogation desired on that subject before passing to the next order of business? We wish everything to be as fully discussed as possible, but if no one has anything to say we will pass on. The essay is a very exhaustive one and doubtless has placed the matter in as good a shape as it can be at present.

The next order of business is the report of our special Committee on Accounts Opened in Two Names. That committee consists of Mr. B. W. Johnson, of Albany; Mr. J. H. Johnson, of Detroit, and Mr. W. W. Cloud, of Baltimore. The Chairman of that committee being absent, I will call upon Mr. J. H. Johnson, of Detroit, to read the report.

Mr. Johnson: Mr. President, the committee having made a complete report and copies of it having been furnished to all the members of the Section I would suggest that the reading of the report be waived.

The President: And that it be accepted as printed and laid before us?

Mr. Johnson: Yes.

The President: You have heard the motion, gentlemen. Is it seconded?

The motion was seconded.

Accounts Opened in Two Names.

[This report in full will be found on pages 145 to 147 of this publication.]

The President: A number of gentlemen desire to be heard on this question, and it seems appropriate that the discussion should be opened by the counsel of the Executive Committee, who has studied this subject more thoroughly than any one else. I should like to hear from Mr. Paton, of New York.

Mr. Paton: Mr. President and Members: Gibbon in his admirable history of the decline and fall of the Roman Empire tells us that after five centuries the number and weight of the laws became so numerous that the proposer of any new law stood among the people with a cord around his neck, and if the law was rejected he was immediately strangled. Now, gentlemen, having been the counsel who drafted the proposed laws which are rejected, so to speak, by the committee, I am very glad indeed that we do not live under any such conditions.

The origin of this matter of the regulation of two-name accounts began in a discussion at the last meeting. The proceedings of that meeting are a matter of record and there is no necessity of going into detail as to them. It is sufficient to say that a committee was appointed with the request that they consider the framing of a uniform law to regulate the subject of two-name accounts. That committee honored me with the request that I draft such laws. I drafted two laws, one covering trust accounts, the idea being a law which would supplant the attempts of people to make a will by putting money in trust for another by a form of declaration, or nomination, rather. It is fully set forth in this report, and you have all read it doubtless. The other law which I drafted was a proposed law to protect the banks in paying joint accounts to the survivors. The committee have absolutely excluded from consideration the Trust Law as being beyond their province and have confined their report to the law regulating joint accounts. In their report they reached the conclusion that it regulates property rights. It was not intended to do any such thing, and I do not think a reading of the law will so indicate. It simply protects the banks in paying to the survivor. The committee in their report say that legislation regulating joint accounts is neither practicable nor desirable, and they recommend a standard form of declaration, uniform terms to be adopted by the banks for the regulation of these accounts. Now we all know that joint accounts are in a great variety of forms. It will not do to say that they are numberless, for even the hairs of our heads are all numbered, and I have heard some gentlemen say that they wish they had a few of the back numbers. (Laughter.)

But your industrious Secretary has collected a large number of these forms which have been devised doubtless by attorneys for the banks in different States in an endeavor to conform to conditions as developed by decisions of the courts in those States. We all know that the decisions governing those joint accounts are conflicting in the different States and that they will continue to conflict. Now the problem which this report of the committee presents to us to-day is this: You evidently are dissatisfied with existing conditions. You want some method of regulation. The question is, Will you adopt legislation protecting the banks in paying joint accounts to the survivors or will you adopt a standard form of joint accounts, or will you leave things as they are? It seems to me that it will be impracticable to adopt any standard form of joint account as recommended by the committee, with all due respect to that committee, unless it is backed up by legislation. Take any form that may be submitted. Will the banks in that State adopt it knowing that the courts in that State may differ in their construction? It seems not. It seems as if the only practical way to regulate that subject at all is to adopt a statute which will protect the bank in paying to the survivor. Of course this is simply my individual opinion. You all may differ with me. This proposed statute will protect the bank, so that it will not be put in the dilemma, as it often is, of interceding between the parties or paying when it is unsafe to do so. Why is not such a

statute practicable? We recollect that banks, with reference to a form of account in trust, felt unsafe in paying to the beneficiary on the death of the trustee and statutes have been enacted in at least a dozen States permitting the trustee, in the absence of notice of any other conditions of the trust, to pay to the beneficiary. That statute does not regulate the title, but it protects the banks. Now, why cannot the same thing be done, and why is it not the best thing? It is for you to discuss the enactment of such a statute. Now, the proposed Ohio legislation that was made the subject of an address this morning, in Section 33, contains just such a provision. It is brief and I will read it. "Whenever a joint deposit is made to the account of two or more persons, with an agreement that such deposit is to be subject to the check of either party, and that it shall continue so notwithstanding the death of any one or more of the persons making such joint deposit, such account shall continue to be payable on the check of the survivor, and death of any one or more of the persons making such joint account shall not revoke the power of the survivors or survivor to check on such account; and no recovery shall be had against such company for amounts so paid on the checks of such survivors or survivor and charged to such account."

That is simply in another form of language providing as is provided in this proposed act.

When an account is opened in the Savings Banks by two persons, or to an existing account in a single name is added the name of another person, and the account is by its terms made payable to either or the survivor, the bank may during the life of both persons pay to either, and upon the death of one the moneys due upon such account shall be payable to the survivor.

I do not understand that the words "shall be payable" regulate any property rights. If there is any question about it change them, and let it read "may be paid to the survivor." That is as far as legislation should go, and it seems to me that it is much the better and wiser and simpler and more practicable way of regulating the subject of joint accounts than to adopt any standard form which will not be adopted in all the States in view of the conflicting constructions which the courts in the future will put upon it. Those are my views with reference to joint accounts, and the other subject not being within the province of the committee, according to its report, I will not assume to discuss that now.

The President: Gentlemen, I wish to call attention to what seems to me to be one misapprehension on the part of the committee. Only one member of the committee was present at the meeting of last year, and he was not the Chairman of the committee. It was distinctly understood then that two-name accounts included trust accounts, because the trust account of necessity has at least two names on it, one the trustee, and the other the cestui que trust. I raised that question myself, not thinking at first that the expression "two-name" was susceptible of that interpretation, but immediately it was definitely stated that two-name accounts were intended to include the trust accounts. Therefore I should rule that the discussion on trust accounts is perfectly proper under this report, although the committee has been under a misapprehension in believing that this was not intended to be part of their sphere. I shall be glad to hear any other remarks on the general subject.

Mr. Johnson, of Detroit: This is a rather difficult subject to take up, and I have found that the more I attempted to learn the less I knew. I think you will have to divide the subject, with all due regard to the President. I think we shall have to keep the subject of the joint accounts separately from the trust accounts, because I think the legal propositions are different. I am not an attorney, but it occurs to me that they are. The conflicting laws of the various States and the different conditions make it extremely difficult to pass any law that could be used generally, as I have been told by several prominent attorneys, and they told me, too, that a simple form of declaration in the making of the deposits would cover the banks fully. If you are careful to avoid any reference or condition which indicates that either party draws by virtue of a power of attorney, then the bank is fully protected by this simple form of declaration. I have looked over the various forms of contracts which are signed and executed and made a part of the deposits, but unfortunately I have not had an opportunity to consult with our

Chairman, and have consulted for only a few moments with the other members of our committee. It is only my individual opinion that the simplest and best form I have found in the various two dozen or more that the Secretary has selected for us is the simple declaration "payable to both or either, or the survivor," and stop right there.

Now, I have here the legal opinion of our attorneys on the subject and they rule against Mr. Paton and his proposed draft of a law. I also have the opinion of a very prominent firm of attorneys in our city holding that the law is not necessary, but that such a simple clause as I have suggested will fully protect the banks. If you have the time later I shall be glad to read those letters to you, but I do not want to occupy your time unless you are so disposed.

Mr. Rother: Mr. Chairman, I believe this question of two-name accounts has been a trouble to the Savings Banks ever since they were in existence, and I do not believe more trouble has been caused in any State than in Maryland by this question. On last Saturday a case came to my notice where a gentleman deposited \$3,000 in his own name and the name of a lady, subject to the order of either and the survivor. We have any number of decisions in the State of Maryland that if the bank knows of the death of either of the parties it pays the money at its peril. In this case to which I refer the bank book was given to the lady after the deposit was made. After the death of the gentleman she went to the bank and withdrew the account and deposited it in her own name. The attorney for the heirs learning of the deposit has entered suit against the administrator. I have consulted with three different attorneys, and each one of them tells me that the heirs will get the money. This shows that the proposition made by Mr. Johnson does not cover the case, because the intention of the depositor is that the money shall go to the survivor and not to the heirs. Now ten years ago, in order to bridge over this difficulty, the attorneys in Baltimore of all the Savings Banks had a consultation on this point, and they devised a form which has been adopted as far as I know by all except two of the Savings Banks and which has stood the test of the courts—that is, creating a trust—John Jones in trust for himself and Mary Jones, subject to the order of either, the balance at the death of either to belong to the survivor. That is a form that I understand will hold in Maryland. Why should not that also hold in other States? The decisions of the courts in the State of Maryland have held unanimously that the placing of additional names in a Savings Bank book is not a gift, because it can be revoked. It is a gift with a string to it, and in the eyes of the law no gift at all. That is why at the death of either of the parties the money goes to the estate, whereas by creating a trust, in the manner I have suggested, it is out of the reach of the administrator. That is the practice in Maryland. I believe that would apply to other States. Of course, not being a lawyer I cannot tell certainly, but it does hold good in Maryland.

Now, coming back to Mr. Paton's proposition, by the act that he proposes, if it were adopted by the Legislatures of our various States, I see no reason why it should not control, certainly to the satisfaction of the banks, because it would give the banks a complete discharge. According to my opinion it would also comply with the desires of the depositors, because that is what we want. We know from experience that the desire of the depositor is to have his money go to the other depositor named in the bank book, and to avoid the expense and trouble of proceedings in the Orphan's Court. Besides that it may be a special fund which had been intended for a certain party, as was the fact in a case that came to my notice last Saturday. This woman had boarded an old gentleman for five or six years at about ten dollars a month, and he told her "I have \$3,000 in the Savings Bank, and that is deposited in your name with the provision that when I die that money will belong to you." Now, here is a case where under ordinary circumstances we would recognize the fact that that money belonged to that woman, but under the form as proposed here by Mr. Johnson it would go to the estate. It appears to me that the trust account is the only one to overcome the difficulty, if that is good in other States.

The President: I would like to have the gentleman who has just spoken give us the literal words of that declaration, as it is very important that we should know exactly the words used.

Mr. Rother: I can give the exact wording of it: "John Jones, in trust for himself and Mary Jones, joint owners, subject to the order of either, the balance at the death of either to belong to the survivor."

Mr. Niemeyer: I would like to ask the gentleman a question in the case. Is the administrator in possession of the money?

Mr. Rother: The bank has the money.

Mr. Niemeyer: The bank has not paid it out yet?

Mr. Rother: The money is in the bank.

Mr. Niemeyer: I thought the bank had paid it out.

Mr. Rother: No, sir. It was transferred to another account, but it was still in the bank. If they had paid it out there would have been no redress against the bank in Maryland, but as the money was left with the bank in the name of the devisee it can be traced.

Mr. Hanhart: Mr. President, with your kind permission I will say a few words in relation to accounts opened in Savings Banks by one person in trust for another. The Committee on Two-name Accounts in their reports have confined themselves to the question of joint accounts, and have come to the conclusion that, in their opinion, general legislation for such accounts is neither practicable nor desirable, in which opinion I heartily join; although I believe that a general form of declaration to be signed by both parties at the time of opening these accounts could be devised and successfully adopted by Savings Banks in all the States of the Union; but for the present I will confine my remarks to the question of trust accounts as considered in Mr. Paton's communication.

It is with considerable diffidence that I venture to differ with the honorable counsel of this Section, and before stating my views I will say that I take off my hat to lawyer Paton, than whom no better man exists to clearly and understandingly state the different points relating to any legal question affecting banks. He is an honor to our Section and my very good friend.

Mr. Rother: If our Secretary will permit me to interrupt him, I wish to say that this declaration was made in one instance, and signed by the depositor, and yet the courts decided that it did not hold good. The only way in which it could hold good would be if it had two witnesses, taking the place of a will, and then it would have to go through the Orphan's Court. A declaration such as you speak of, signed by a depositor, stating "I desire that at my death this money be paid to Mary Jones," that statement being signed by him, the Court said that notwithstanding that it belonged to the estate.

Mr. Hanhart: I am trying to cover this point, if you will have patience with me for just a few moments. Of course my views are from a banker's standpoint. I am no lawyer. I am only a layman.

I am, of course, quite willing to take Mr. Paton's statement of the law itself, but after all I think that, being in business, we should do business in a businesslike way, with the sole view of furthering and increasing this business, not forgetting that we are dealing with depositors, many of whom are uneducated. We must endeavor to make our transactions with them as plain and easy as is consistent with safety.

The statute proposed by Mr. Paton is very thorough, and it seems to cover the ground entirely, but my first objection to it is that I doubt if such statute would be universally adopted by the legislatures of the several States without being amended here and there, and it would thus lose much of its usefulness. In my opinion it is too particular and too minute. Apart from this general objection there are several others that strike me very forcibly. The first and the greatest is that it attempts to make people nominate their beneficiaries by a special instrument in writing, instead of merely opening an account in the old fashioned way, which for years has been used by hundreds and thousands of depositors in the East, and which I understand is also generally used in the West; and that is, for a depositor when depositing his or her money to state that it is in trust for a certain beneficiary.

This proposal of nomination would also complicate matters materially, in so far that not only would a nomination in each case have to be signed and witnessed according to a given form, but when made outside of the State it would have to be certified by a person authorized to take acknowledgments relating to real estate. Many deposits are nowadays received by mail, and should the depositor reside without the State it would be an additional expense to him when opening the account and also whenever he would change his beneficiary.

This proposed, so-called, nomination is copied from the English custom, where it worked very well, but the conditions are very different as between England and the United States. In England the Government is supreme, and having

once adopted this system of nomination it could enforce it without trouble. In this country I fear that these nominations would frequently be set aside by the courts as clashing with the statute of wills; aside from this consideration, why, may I ask, is it necessary to adopt this English system of nomination? When a woman deposits \$100, stating that she would like to have her son Johnny's name added to the account, so that at her death it would go to him, why is this not sufficient, or could it not be made sufficient by a short statute legalizing this trust, declaring the account to be a tentative trust, to become legal and valid only at her death?

Similar legislation exists in several States of the Union, among others my own State of New York, where the statute permits payment of such accounts in Savings Banks to the beneficiary at the death of the trustee. An objection to this, however, seems to be that the statute is merely permissive, and while it safeguards the bank in making such payment it does not declare that the balance on hand at the death of the trustee belongs to the named beneficiary—it merely permits payment to him, but does not settle the ownership.

Taking it altogether, I must say that I am not in favor of such a radical change as the one proposed, and consider that a short form of statute following along the lines that we have always been used to and merely legalizing this matter would be more satisfactory to the bank as well as to the depositor. Savings Banks are recognized as among the most conservative forces in our financial system, and should be loath to introduce new systems as long as the old ones are fairly satisfactory or could be made so by a short enactment.

I now beg leave to offer you the following form of statute, based on a recent decision of the Court of Appeals of the State of New York, and which statute I believe could be adopted in every State of the Union:

A deposit in a Savings Bank by one person of his own money, in his own name, as trustee for another, is a tentative trust only, revocable at will; at the death of the depositor before the beneficiary, and without revocation, an absolute trust is then created as to the balance on hand, which shall immediately become the property of the beneficiary and payable to him by the bank.

Being only a layman, I quite realize that the phraseology of this proposed statute may be considerably improved and therefore I merely offer it to this Convention as a suggestion of what would, I think, thoroughly cover the ground relating to trust accounts, legalize the whole matter and at the same time make no change whatever in the usual methods of handling these accounts.

It would merely confirm what is the general use and make it plainer, safer and legal.

A Member: How about the property rights of creditors under that proposed statute?

Mr. Hanhart: This proposed legislation would put the property rights of the creditor out of the question. It would make it a tentative trust, becoming legal at the death of the trustee, and creditors would have no interest in it. They may have an interest in it until the trustee dies, but at his death it turns the account into a legal and valid trust.

Mr. Rother: Mr. President, is not that an entirely and distinct thing from the proposition of Mr. Paton? Mr. Paton's proposition for an enactment covered accounts that had not been made trust accounts, while Mr. Hanhart's proposition covers accounts that have been made trust accounts. I believe if we want to cover the ground it would be necessary to recommend that both forms of account be recommended to the Section for consideration. I would like to have the views of Mr. Paton on that.

Mr. Paton: Mr. Chairman, I beg pardon for appearing twice, but in my former remarks I simply confined myself to joint accounts, as that was the only subject taken up by the committee. In drawing these two forms of laws, one the nomination law, which Mr. Hanhart confines himself to exclusively in his paper, and the other the joint account law, I had in mind the regulation of the two subjects. In the trust law, or nomination law, my object was to make a will to regulate title. In the joint account law my object was simply to protect the bank. Now, we all know that the numerous forms of deposit, A, in trust for B, have been construed differently in the different States. The decision to which Mr. Hanhart refers settle the law in the State of New York, and if that law was universal in every State we would have no further trouble. Under that judicial law in New York you can make a will by putting an account in trust for another. The Court of Appeals declares that it is a tentative trust. It is revocable at will. It is a will or it is not

a will, you have it or you do not have it, until you die, and then what is left goes absolutely to the beneficiary. That is nothing more nor less than judicial legislation, and if the courts of the other States were to adopt the same view the matter would be regulated; but no later than last July the Court of Chancery of New Jersey had the same kind of a case before it, of a deposit by one person in trust for another and nothing appearing as to the intention of the depositor. The depositor died and the contest before the court was between the beneficiary and the estate of the depositor. Under the decision of the Court of Appeals of New York the beneficiary would have been entitled to that. The New Jersey Court of Chancery in a voluminous decision criticised the Court of Appeals of New York and declared it to be judicial legislation, holding that it is against all established legal principle, that such matter is for the legislature and not for the courts, and that is the law in New Jersey, that the money under those circumstances belongs to the estate. Now see the conflict of authority. In New Jersey in order to effectuate the intention of the depositor it is necessary to make a will, because under the law of wills if property is to go in a different channel from what the law provides on the death of a person it must be according to the law of wills, with witnesses and all the formalities connected with the making of a will, including the probating of the will.

Now, it is universally recognized that it is desirable, in the interest of the small army of Savings Bank depositors, to simplify that matter in the case of small accounts. The amounts might be limited. Therefore it would seem that legislation in this direction is desirable. The courts in their opinions admit that. The question is, what form of legislation shall we have. I looked at the English legislation, and saw that there they have a system of nomination by which persons desiring to own their money in the Savings Bank as long as they live, but desiring it to go to another specified person upon their death, could by writing in several forms say, "I nominate So-and-So to take the whole or any part of the amount due me by the bank at my decease." That would be in reality a will. The form which your honorable Secretary suggests is to enact a statute in conformity with the decision of the New York Court of Appeals, to the effect that when a deposit is made in trust for another, and no other declaration is made, it is a tentative trust, revocable at will, and at death the balance remaining shall go to the beneficiary. Now, that would be very nice and very simple. Such a form of legislation would cover accounts not intended to be made wills. You know better than I do whether there are not many accounts put in trust for another where there is no intention of making a will, where there is no intention of the money going to the beneficiary, but for convenience, to evade some rule of the bank, or for some other purpose where the depositor expects the money will go to his heirs on his decease. Now, such a form of statute as that would confer the title upon the beneficiary contrary to the intention of the depositor, and it in reality is not a trust at all. When a man puts money in trust for another, but intending to have it as long as he lives, and to take it out and use it if he likes, it is not a trust. A revocable trust is no trust at all. He does not hold the title in trust, but holds it for himself. It is really the making of a will, and it seems to me that the transaction which conforms most nearly to the actual intention is this one of nomination. That is the way it occurs to me. Others may think differently. Now, you may punch a lot of holes in this statute. I am not sure myself but what I could improve it. It was drawn just tentatively, to be brought up for discussion. I refer to this nomination statute. It may well be that it ought to be limited in amount. There have been suggestions made that it does not sufficiently provide for the claims of creditors of the deceased, that the money might be paid over to the nominee and the nominee might spend it before the creditor knew that his debtor had died. Well, is not that done now by the trust accounts in New York? Where does the creditor come in in that case? A makes a deposit in trust for B. A dies and B gets the money. It is the same thing. Of course in a regular form of will, the probating of the will is notice to the creditors and they are protected, but it is otherwise with these trust accounts in New York at the present time under this decision of the Court of Appeals, where the beneficiary gets the money without any such formality or without any such provision for creditors. Very often in a joint account where money goes to the survivor, the survivor gets it under the decisions where it appears that the intention was to give him the money, and it was given during life, and that joint account was created. This nomination statute, as I say, may be subject to criticism and it may be improved, but it strikes me that the general principle is the right one with reference to the trust accounts.

Now, with reference to the joint accounts, I think that subject has been pretty nearly all covered by what I said before. The gentleman from Baltimore (Mr. Rother) shows us very conclusively why the form of declaration, payable to A or B, or the survivor, would not do for a standard form of declaration for this Association. I recall that the Supreme Court of Rhode Island recently had a case where A gave the bank book to B before he died, and the Court held that the survivor took the money. There was another case before the same Court where A never gave the book to B and B knew nothing about it, and in that case the survivor did not get the money, but it went to the heirs of the estate. In every State you will find the courts so conflicting in their views as to the effect of the account of A for B or the survivor, or any similar form of account. For that reason it seems to me that some simple form of statute, not regulating property rights, but protecting the bank in paying to the survivor, would cover the case, and the statute itself would make one uniform form.

The President: Before Mr. Paton takes his seat I should like to have him enlighten us upon one point in the project of Mr. Hanhart. In his draft of a proposed law, as I remember it, the expression is used, "a deposit in a Savings Bank by one person of his own money." Now, I should like to know whether in your opinion that is a dangerous phrase to introduce, and upon whom the burden of proof would rest of its having been the depositor's own money.

Mr. Paton: Would you read that over again?

Mr. Hanhart: I am no lawyer, and I said the phraseology might be improved. The language I used was:

A deposit in a Savings Bank by one person of his own money, in his own name, as trustee for another, is a tentative trust only, revocable at will; at the death of the depositor before the beneficiary and without revocation an absolute trust is then created as to the balance on hand, which shall immediately become the property of the beneficiary and payable to him by the bank.

Mr. Paton: Would a person deposit any except his own money?

The President: He might deposit the money of a *cestui que trust*. How are we going to know which it is?

Mr. Paton: Suppose I go to the bank and deposit money in my name in trust for John Smith, and I do not know John Smith, and I intend that the money shall be mine, but it is done for convenience. Is not that very frequently done?

The President: Frequently.

Mr. Paton: Under that very statute would not that money go to John Smith instead of going to my heirs?

The President: But suppose it was your son's money, derived from some other source, for instance from his grandmother, and you wished to put the money in the bank, your son being too young to transact the business, or not a proper person. What would be the effect of that statute in that case?

Mr. Paton: It might change the effect so that instead of his getting it at 21, when he was entitled to it, he would not get it until I died. That might be. I cannot answer these questions offhand, without thought and reflection.

The President: Would not the bank have to inquire into the question whether this was his own money under such a statute?

Mr. Paton: I think it would. I think it would be necessary to confine the deposits in that form to money belonging absolutely to the depositor, concerning which he intended to make a will, and would exclude all other classes of deposits, or exclude the use of that form for all other classes of deposits.

Mr. Hanhart: I fail to see where the question of a will comes in. If a short statute is adopted, declaring the conditions of certain trusts—that is, for instance, these trust accounts in a Savings Bank—why should it clash with the statute of wills? It is a trust. You are not leaving your money by will, but you are starting a trust, which under the statute would be declared a tentative trust only, revocable at will; also under the statute it is declared that it only becomes a legal and valid trust at the death of the trustee. It seems to me you are making no will, that it does not clash with the statute of wills, and that it is simply a form of regulating a certain kind of trust, and that is this very form of trust in a Savings Bank. I admit that they are very peculiar forms, but these accounts have been opened by thousands, and you might say by millions, of depositors in the East. They have given a little trouble once in a while. Once in a while there is a contest after the death of the trustee. The legal representatives of the trustee will try to get the money from the bank; but if you legalize the way we have always been accustomed to, which is to pay the bene-

fiary at the death of the trustee, I think you will be rendering a service to thousands of depositors in the Savings Banks of this country. You are legalizing these semi-tentative trusts. You are putting them under the protection of the law. The law will declare that they are only tentative, that you can revoke the trust at any time while you are alive, but that the very moment you die the balance on hand goes as a legal and valid trust fund and belongs to and is payable to the beneficiary. We must try not only to protect the banks in these trust accounts. The bank is fairly protected to-day. Under the statutes of many of the States of the North and East the banks may pay the beneficiary at the death of the trustee. The bank may pay. That is the language of the law, the banks may pay the beneficiary at the death of the trustee; but if it is desirable to regulate the matter I say that a short form of statute would probably legalize it better, and also cover that point which is not covered, as I understand, in any of the statutes now in force—that is, the question of the ownership of the funds on the death of the trustee. It is not only that the banks may pay the beneficiary, but the statute will declare that it becomes a legal and valid trust and that the money belongs to the beneficiary, and therefore that the banks may pay.

Mr. Rother: I must apologize for rising again.

The President: We are very glad to hear from you.

Mr. Rother: As Mr. Hanhart proposes to have a law passed regulating the trust declaration, what objection has he to having a similar law passed regulating the joint account? The one is as important as the other, and I do not believe I am at all wrong when I say that there are more Savings Bank joint accounts than there are trust accounts. That is my experience of 30 years behind a Savings Bank counter. So I believe it is just as important to regulate the one as the other. I heartily approve of the suggestion made by Mr. Hanhart, but I also approve of the suggestion of Mr. Paton that both should be regulated by law and not give the courts an excuse to say that that is something for the legislature to regulate and not the courts. Our object is to avoid trouble, to create as little trouble as possible for the depositor and also to protect the banks. Now, how do we arrive at that? By the enactment of these propositions, the one by Mr. Paton and the other by Mr. Hanhart. Perhaps the phraseology should be changed, but undoubtedly that is the cleanest way to arrive at that point. How far we will succeed in having it enacted by the various legislatures, of course, is a question to be determined by the future. We cannot prophesy as to that, but I do not think we ought to come back here and simply accept the report of the committee and let the matter stand where it is now. If we do we will be exactly where we were ten years ago. I believe the report of the committee ought to be rejected and that the propositions of Mr. Paton and Mr. Hanhart ought to be adopted.

Mr. Hanhart: The gentleman asks why I believe that the law should not interfere with joint accounts. I think that question can be answered easily. The trust account legalized by law by a short statute and carried on in the way we have always done is all right. The joint account is a very different thing. I do not see how any law will ever decide the question of ownership of joint accounts. That involves property rights that we cannot enter into. In the case of a joint account, on the death of one of the parties the question is, to whom does that money belong, and I do not believe any agreement entered into beforehand will settle the ownership of the deposit. It may relieve the bank of liability in paying, but a joint account is a very different thing from a trust account. It involves property rights that I do not think we can enter into, and I do not believe you will ever get a statute passed to settle the status of a joint account. Neither the bank nor any one else can determine beforehand the relative rights of the joint depositors. We do not know whose money it is. Does it belong to one man or does it belong to the other or does it belong jointly? Does half belong to one man and half of it to the other? We can never settle that question. The question of trust accounts is a very much easier one than the question of joint accounts.

Mr. Rother: I am not prepared to say whether this can be legally enacted, but if we look at the desire of the depositor we will have it enacted. We know what the depositor wants when he deposits the money. We know that he wants it to go to the survivor, because he tells us so. Why can we not have laws passed to make that good? Of course if it cannot be done that ends it, but it appears to me that if we can do the one thing we can do the other, and that one is as necessary as the other and that they can be

reached by similar legislation, because the intent of the depositor is exactly the same in each case. We create trust estates because we advise the depositor to do it. We know that the other will not hold under the law of Maryland and that is why we advise them to create trust estates. It seems to me we ought to cover both points.

Mr. Smith, of Washington, D. C.: While you are on this subject I wish to say that at the last meeting of the Executive Committee there was a suggestion made by Governor Herrick, of Ohio, as to how this matter of joint accounts is handled in the Cleveland Savings Society. He said that whenever an account was opened, a two-name account, the teller was directed to hand to the depositor a short form, four or five lines, of a will, and he was asked whether it was not his intention that after his death this money was to go to the second party absolutely, and if so that he sign the will; and with all their joint accounts practically they have what is in effect a legal will under the laws of the State of Ohio. Under such a method as that, of course, the bank settles the matter without any necessity for any statute.

Mr. Rother: Does this deposit go through the Orphan's Court or has the Savings Bank the right to pay it to the nominee?

Mr. Smith: They have the right to pay it to the nominee.

Mr. Creer: I beg pardon, the gentleman is in error.

Mr. Rother: That would not go in the State of Maryland.

Mr. Creer: It seems to me we are drifting from the original intent of this discussion, and that the treasurers and secretaries and presidents of the various savings institutions represented here are not so much interested in the form of an enactment as in some method, whether it be by agreement or by statute, which will enable their institutions to pay money upon deposit without entailing any liability thereafter. I beg to differ with the report of the committee. Such an agreement would not hold in the State of Ohio for a moment. You could drive a six-mule team through it. The will referred to by the gentleman from Washington (Mr. Smith) in the Society of Savings in Cleveland must become a matter of record in our Probate Court. The law in each State defines certain methods by which property may pass from one to another, and when you come to make legislation for the passage of money you are making legislation for the passage of property from one to another, and there are already basic laws which affect that. Take it, for instance, in our State; we have an inheritance tax. The passage of any such law as Mr. Hanhart suggests could drive around the law of the inheritance tax. We are also blessed or cursed with a tax inquisition in Ohio. My friend here had a run on his institution a while ago, which served as a good advertisement for the strength of the Savings Banks. One man had some money on deposit there, and after loafing around the corridor half of the forenoon he was called into the bank and requested to take out his book. The book was taken and he was given the money for his account, and told that thereafter he must deposit his money somewhere else. He went out on the street and thought it was something wonderful that they should call him in and force their money on him. The tax inquisition got hold of it and it cost him \$325 for back taxes on his \$2250 that he had on deposit. Another case in point. The Vice-President of the institution with which I have the honor to be connected was appointed administrator of an estate of a man who was very careful of his personal affairs, who did not even divulge to his wife the amount of his estate. I happened to be one of the appraisers of that estate. He had more than \$50,000 on deposit in various Savings Banks, besides \$50,000 in his commercial account. My friend was very careful to make a settlement with the tax authorities before he filed that inventory, and he was very glad to pay a fee of \$5000 for a receipt in full of all taxes that had not been paid for five years previous. Now you can see, gentlemen, what will be the effect of this proposed action. Not so much the effect of legislation, because that would be threshed out, and in some way or other a method will be made clear by which we can pay the money; but such an agreement as is here suggested is one of great peril in a majority of the States. New York is the most liberal in her construction of this law. A recent decision says that the gift of a bank book, the mere turning over of a bank book to another person, is an evidence of gift, and that the money belongs to that person. The State of Massachusetts, to which we look for safe and conservative laws both in banking and in insurance, holds the reverse on that subject, diametrically opposed to that ruling of the New York Court. Now let us out of this matter of agreement

and legislation find something that will enable us to pay an account without subsequent risk. We realize that if a man draws a check on his commercial account and he dies before that check is presented and knowledge of the fact of his death comes to the bank the check will not be honored. Now, the man had the money on deposit, he drew the check, he intended that the money should go to the person in whose favor the check was drawn, but the bank pays it out at its peril if it pays the check after notice of the man's death. Now, I cannot conceive that the form of agreement suggested here by our committee can change the law with reference to these trust accounts. I hold that the only safe way is that which Mr. Paton has laid the lines for. It may not be in just the most desirable form. Mr. Hanhart and Mr. Paton are a unit in their intention and the only difference is in the question of phraseology. I think the only safe way is along that line.

Mr. Wilcox: Mr. President, I do not think we can agree upon a form of phraseology which can be made effectual in the same sense in every State. In the first place, we should have to agree upon the form of phraseology, and then we should have to make sure that the interpretation of the words we agreed upon would be the same in all the courts of the different States. We see how the courts have construed the ordinary trust account differently in different States. I think the most that can be accomplished is perhaps a resolution that each one shall try to have enacted in his own State exactly what he is advised can be put into effect in that State. I do not think we can get any uniform action. Perhaps in this connection a little experience will elucidate the subject. The Philadelphia Saving Fund Society, chartered in 1819, has to-day 249,000 open accounts on its books. In its charter there is a provision for a book of appointments, which the court has upheld as perfectly valid, and yet to-day it is practically out of use. We have had no occasion to use it. The trust accounts have taken its place. In Pennsylvania an ordinary trust account. A B in trust for C D is held as a revocable trust during the lifetime of the trustee, and the fund is payable to the *cestui que trust* on the death of the trustee. Of course, that is a very simple matter, but you cannot get the courts in the different States to construe it in the same way. Neither can you get the courts to construe any form of language which may be adopted here so as to meet every requirement of the savings institutions or of the depositors in the same way in the different States.

As to the joint account, of course we have found it advisable in our business to discourage that as much as possible. At the same time we find that it is necessary to use those accounts, and we have used the simplest form that we could find, which is an account in the name of A and B subject to the order of either—that is, either to draw—and to the survivor. The courts have upheld that as being perfectly valid, only in the event of the death of one, while the survivor can withdraw it, it falls upon the court finally to determine the ownership of the fund. The survivor can withdraw it, but he has no right to say that it belongs to him. That must be determined by the court. That protects the bank. Of course the bank wants to be protected, but we want to accommodate the depositor as much as we can. But that raised the question at least how far we ought to go outside of the ordinary forms of law in trying to accommodate depositors. The first thing is to see that the bank is protected. The second thing is to see that the depositor is accommodated in so far as he can be accommodated without loading down the bank with too much responsibility or surrounding the matter with too much difficulty. I have very grave doubt whether the form suggested by the gentleman from Maryland, Mr. Rother, would be practicable in Pennsylvania, or would be upheld, because that is just a trust which is not a trust. It is a trust fund in the name of somebody or his trustee, subject to the withdrawal of either the *cestui que trust* or the trustee. I do not believe our courts would uphold that for a minute. I do not think it would be either flesh, fish, fowl or good red herring. It would not be anything. So my conclusion from this discussion is that we are surrounded by too many limitations as to the construction that should be placed upon the words that we would adopt to obtain a uniform form in the different States. I think we must make up our minds to that conclusion.

The President: This is all instructive, and tends to teach us gradually the methods of protecting ourselves, and what I believe to be of equal importance, the protecting of our depositors, and arranging that upon the death of a depositor

that shall be done with the funds which he wished to have done. We shall be glad to hear from other gentlemen from other parts of the country on this subject.

Mr. Mitchell, of Richmond, Virginia: I have been trying to ascertain whether the intention of the gentleman who drafted that resolution was to free this deposit from any liability for the debts of the deceased. I listened to the gentleman from Baltimore (Mr. Rother), and I was very much interested in what he said. To some extent the law of Maryland is the same as the law of Virginia, and your distinguished Secretary, Mr. Hanhart, has absolutely covered this question when he says that there can be no legislation that will interfere with property rights. You would have to repeal the statutes of Virginia in order to make effective any such nomination as that specified in that form there. It would not be worth the paper on which it was written, and while, as was said, in his State you could drive a six mule team through the law, in Virginia you could drive a twelve mule team through it. (Laughter.) It would upset everything, and it is utterly impossible for you to fix up any form of agreement that would enable you to pay a joint account in the way suggested without doing so at your own risk. We know very well that where there are millionaires you cannot draw a will that will hold. It seems utterly impossible in some States at least to make a valid will where you have anything to will away. (Laughter.) Now, in Virginia the law will hold, but it does not hold against your creditors. If you owe a man anything, you may leave what you please to your wife or your heir, and all your wife or your heir will inherit will be what is left after the creditors get through shooting at it and taking slices out of it. Now, in Virginia when you have a joint account, the question as to who put the money in the bank is a secondary question. The first question is, to whom does the money belong, whose money is it? And then if you can trace the money that was deposited in a bank to ownership in any person, if you can prove that that money belongs to that person, even though the bank was not so informed, the court of equity will set aside the deposit and pay the money where it belongs, and will give the person who really ought to receive the money the benefit of the deposit. So I say it is utterly impossible in the State of Virginia to pass such a proposition as that. It is very much like the case which was referred to here by the gentleman who spoke a few moments ago, when he said that if the bank paid a dollar of money it paid it at its own risk, and the heirs would come in, and before the heirs came in the creditors would come in. The creditors are God's chosen people in the State of Virginia. (Laughter.)

To give you a case in point, I hope you will pardon a little digression. A case occurred where they had a chance to grab after a man's life insurance money. I will tell you how it occurred. In our State the law requires two or more witnesses to a will, provided the person does not write the will himself; but if you can prove by testimony that the entire will is written in the handwriting of the deceased then it is a legal and valid will, regardless of the legal form and the cumbersome propositions of the attorney. Now here was a case in which there was insurance. You can will your insurance money to any of your heirs and it is free of any incumbrances. I mean to say by that if you insure your life for \$10,000 you may owe a million dollars, but not one dollar of that insurance money will go to pay your creditors unless you should happen to lose your wife to whom you will this money and get a new wife. Then if you attempted to will this insurance policy to your new wife, if you owed any money between the time that you lost your one wife and got a new one, the court would rule that the insurance money in that case would go not to the new wife but to the creditors. They would step in and wipe out your insurance money. Now that is a technical way of ruling, and of course these are legal technicalities; and when I see you business gentlemen staggering around on legal questions, and when I even see lawyers disagreeing on it, it is a source of amusement to me. (Laughter and applause.) I suggest that you follow what we have found to be a very safe rule, which we always follow down in our country. That is, when you don't know what to do, do nothing.

NEW COMMITTEE TO CONSIDER TWO-NAME ACCOUNTS.

Mr. Teter: I suggest that the only thing we can do is to do what our brother from Virginia has suggested, and that is that we do nothing this afternoon on this proposition. We have had a very beneficial discussion on this question, but it seems to me we have too much before us to attempt to settle it to-day, and I was going to suggest—and perhaps I may as well put it in the form of a motion—that we con-

tinue this committee or have a new committee, perhaps on broader lines, to go on with this work. I will make the motion that the Chairman appoint a committee to continue the work of reaching a satisfactory solution of the trust and joint account questions, and that the principal duty of this committee be to confer with members in the different States in assisting them and in urging them to bring about such legislation in their respective States as will be satisfactory, and to come before this Section next year and report the States that have made progress. Let us keep this up until we have it all satisfactorily adjusted. New York seems to be all right and Philadelphia reports progress. Perhaps some of the rest of us can do something in the next year.

The President: There was a previous motion upon accepting the report of the committee. Perhaps the more proper motion would be to receive it and place it on file, and then the motion of Mr. Teter would be in order.

Mr. Creer: I make that motion, to receive it and place it on file.

The motion was agreed to.

Mr. Teter: I now renew my motion.

The President: It has been moved that the Chairman appoint a committee of three, whose duty it shall be to collect information during the coming year as to practical methods of remedying the defects in existing laws in the different States on this question.

Mr. Rother: I suggest that the committee be composed of five members instead of three.

The President: Is that acceptable to the movers?

Mr. Teter: And is it understood that it includes both trust accounts and joint accounts?

The President: Both trust and joint accounts.

Mr. Teter: A committee of five is satisfactory to me if it is to the seconder of my motion.

The President: Then the question is on the appointing of a committee of five, having within its scope both joint and trust accounts.

Mr. Hanhart: Before adopting this motion I would like to say that a committee of five would probably consist of members from different States at a great distance from each other, which would make the meetings of the committee a difficult proposition to handle. Would it not be wiser to appoint a committee of three? My experience in these matters is that it is very difficult to secure a meeting of a larger committee.

Mr. Rother: That is satisfactory to me and I believe that objection is a valid one.

The President: Our experience in this organization is that a small committee is more desirable. Of course that is subject to the views of the Section.

Mr. Teter: I made the original motion because my experience was in the same direction, but I always defer to the views of others. I now renew my original motion for a committee of three.

The President: If there is no objection it will be understood by unanimous consent that the motion is for the appointment of a committee of three. The Chair will suggest that it is impracticable to select a committee offhand, and doubtless it will be acceptable to the incoming Chairman, under whose administration this committee will perform its duties, to designate the committee. Are you ready for the motion?

The motion was agreed to.

SAVINGS BANKS PRINTED FORMS.

The President: Another subject which we have on our programme this afternoon is that of Savings Banks Printed Forms. As I have before stated, our Secretary has been most industrious and efficient in the collection of these printed forms and he will make a statement in reference to them.

The Secretary: This collection which you have all seen at our headquarters is not complete by any means. We have received reports from about three hundred and fifty Savings Banks, or less than one-half of our members, but these forms, I think, may be considered fairly representative in their character. I would ask those of you who have not sent your printed forms to send them to me without delay. I have tried to get some estimate as to the cost of reproducing these forms and I find it impracticable to reproduce them, because it would cost too much money and probably would not be quite satisfactory in return for the outlay. But I would suggest this to you, that you name a committee to pass upon these forms and to select from them, say, two or three of each kind relating to each subject matter, and that these selections be then reproduced and printed in a book, and

that book be for sale to our members and to others if you choose. In that way, I think, you will get the best of those forms by printing two or three or four or five of each kind. The Trust Company Section some five years ago prepared a book of that kind of forms which they sold to their members, and this publication, I think, has been very satisfactory. We have a great many more forms than the Trust Companies had then or even have now. Still, I think after the committee have made their selection the forms which they would select could be printed at a cost that would probably allow us to sell the book to our members for perhaps \$12. It is very hard to say exactly what the cost would be, but I think such a price as that ought to cover the cost. I have prepared a short form of resolution, and perhaps you would like me to submit it to you to bring this matter into concrete form.

Mr. Duff: I move that this matter be placed in the hands of a committee of three to make a selection from the forms submitted, to select such forms as in their opinion are good ones and to devise some means of getting them before the members of the Section.

Mr. Flack: I second that motion, and I should like to see Mr. Hanhart, our Secretary, made the Chairman of that committee.

Mr. Duff: I would make that a part of the motion that Mr. Hanhart be made Chairman of the committee.

Mr. Hanhart: I thank the gentlemen very much, but will you permit me to offer my resolution as an amendment or a substitute for this? I will read the resolution as I have written it. Of course, you can change it:

Resolved, That the matter of reproduction of a selection of the best printed forms of Savings Banks included in the collection now on exhibition at this Convention for sale to our members and others be referred to the Executive Committee with power.

If you leave the matter to the Executive Committee they will see to the naming of the committee. You see this question of the naming of the committee is a little difficult. You cannot name a committee the members of which are too far apart. The committee has to meet, and if the members reside a thousand miles apart, that will not do. I think the Executive Committee can handle this matter very satisfactorily, and it will carry out Mr. Duff's idea if the whole matter is referred to that committee with power. Then they can arrange such details as to ways and means as may be necessary. It will require some thought and consideration on their part.

Mr. Duff: That motion will be acceptable, except that I thought it might be advisable to have some of the members who are not on the Executive Committee taken into this matter in order to get the benefit of their views. The Executive Committee could work with them. I would like to leave it to the sense of the meeting. If they think the Executive Committee is the proper committee to handle the question I am perfectly satisfied.

Mr. Hanhart: I would also say to Mr. Duff that the Executive Committee might turn it over to a committee composed of other members, as he suggests—gentlemen who are not members of the committee, but who would be willing to undertake this work. I will tell you frankly that it is a work of considerable magnitude and will require considerable time.

Mr. Duff: That will be acceptable.

Mr. Hanhart: Then my motion covers the question practically, as I understand it.

Mr. Duff: Yes.

The Chairman: If Mr. Hanhart's version of the motion is acceptable to the mover and seconder that will be the question before the house. I have no doubt that the words "with power," being as broad as they are, would include the delegation of power, the appointing of a committee from the general body if that was found convenient. That will be the interpretation of it unless the Section desires otherwise. You have heard the motion, which is to refer the matter of the printed forms to the Executive Committee with power. Are there any other remarks?

Mr. Teter: There is just one disadvantage always in referring matters that come up in a general way to a committee—those who have to do with the Executive Committee are deprived possibly of the benefit of so much in the way of suggestions that we might get from other members. At the same time I do think it would be a splendid thing for us to have at least a few words from several of the members with reference to their ideas about these forms. I believe that the collection of forms which has been exhibited here has been one of the most attractive things in connection with this meeting of our Section. We hear of it on

all sides, and I believe it would be a good thing to hear a few words about these forms and some suggestions from the different members as to the best way to handle them.

The President: That would be perfectly in order and very desirable. Are there any remarks from any of the members present as to these forms which are before you? I would be very glad to hear from every one who desires to speak on the subject.

Mr. Flack: I wish to say that I have received considerable benefit from an inspection of these forms, and I would like to see them printed, or such of the best ones as the committee may select.

The President: I would suggest that perhaps Mr. Flack means the most typical forms, because it is very hard to say which are the best. There are so many requirements from the different environments, owing to the difference in laws and so forth, that I should think it would be a better guide for the committee to select those which they consider most typical of the different methods of business. To say which of the forms are best would be rather invidious.

Mr. McKay: I beg to offer a suggestion, and that is that the excellent work done by our Secretary in connection with these general forms might also be extended to the different forms of declarations in the different States, for joint and trust accounts.

The President: I think we are particularly rich in that matter.

Mr. McKay: The suggestion was that that collection be placed at the disposal of this committee that is to be appointed, together with such legal information as can be gathered from the several States regarding the validity of the different forms there used.

The President: That is an excellent suggestion. I believe our friend from Virginia, Mr. Mitchell, has not filed any declaration. Yet he apparently is in a state of despair as to the situation there in the Old Dominion, where a man's life, his property, and even his wife seem to be in great peril from any attempt at legal forms. If he devises a satisfactory form I hope he will favor us with it, as well as any others. The question is on referring this matter to the Executive Committee with power. Are you ready for the question?

The motion was agreed to.

MONTHLY REPORT OF DEPOSITS AND WITHDRAWALS.

The President: There is another subject on the programme to-day, and that is the question of Monthly Reports of Deposits and Withdrawals by all the Savings Banks of our Section, it being believed that if all could unite in this, at some little expense, which probably would be cheerfully borne, the results being tabulated by States but anonymous as to the banks, and no separate amount being given out as to banks, the statistics thus obtained would be a valuable indication of tendencies throughout the country, which would be important for all the members to possess. I do not say that is so, but that is the opinion of many members of the Association. In canvassing the matter we did not receive by any means unanimous support for the project. The question is whether that project shall be taken up for discussion, whether it shall be put into effect in some partial and experimental form, or whether we shall decide that the time is not yet ripe and that we will await further developments. That question is before you for any motion, and by unanimous consent for any remarks if no motion is made. It would be appropriate to hear first from those gentlemen who favor this plan and who can state some of the advantages of it. Perhaps Mr. Hanhart will state to us more precisely than I have stated what in general the plan is, as it has not been discussed in the open Section.

Mr. Hanhart: I do not want to detain you, gentlemen, but if you will give me a few minutes I will tell you what the proposition consists of. We propose to call for reports of cash deposits received and cash withdrawals made each month, these reports to be sent to the Secretary, who is to collate them, not giving the amounts for any one bank, but merely tabulating the total. This is to be sent back before the 10th of each month to every member of this Association, so that in this way we can watch the trend of prosperity or otherwise in the United States. It involves an enormous amount of work every month. The Secretary will receive some fifteen hundred reports, collate them and send them forward. This proposal, if carried into effect, will necessitate a great deal of work. I am sorry that the proposer is not here, but he was unable to come. He seems to think very

highly of the plan. There is no question that it is advisable that it be done in some shape.

Regarding the value of statistics, I would like to tell you of an incident that happened a few years ago in my own city. At the time our worthy and beloved Executive, Theodore Roosevelt, was Commissioner of Police in New York he made a strong attempt to enforce the Sunday closing law relating to saloons; this attempt was successfully carried out for a limited period.

At about that time a reporter called on the President of a large Savings Bank and asked him if he had not observed an increase in the deposits on Monday mornings since the enforcement of the closing law. The President, who is a very bright and observant man, replied, "No, I have not remarked anything of the kind." The reporter, however, insisted, and asked him to make a comparison with the amount of Monday deposits as compared with the other Mondays previous to this period. The President therefore had a statement made up making such comparison, and found that ever since the enforcement of the Sunday closing law the deposits on Monday mornings—a large proportion of these being from the wage-earning classes—had shown a very decided increase as compared with the previous Mondays, fairly good proof that many of the wage earners deposited that part of their wages which otherwise would have been spent in the saloons and drinking shops.

I think there is often a lesson to be learned from statistics, and I believe if some man should come to you and would say, "What will you give me if I supply you on the 10th of every month with accurate figures as to the total receipts and withdrawals in all the savings banks of the United States for the past month?" That you would give some of your good money for it. The matter is before you, gentlemen, if you would like to try it. Or you might, for instance, collate on the first of January next the total receipts and withdrawals for the past year and send them to us, and we might try it for one year. To-day we have no accurate knowledge as to how much money is deposited in the Savings Banks in the United States during the year. You get such figures in a few States, but you do not know how much is deposited in all the United States.

Mr. Woodruff: Can you tell me what proportion of the Savings Banks of the United States are represented in this Section?

Mr. Hanhart: The Comptroller of the Currency estimates the total savings in the United States at a little over three thousand million dollars. I have computed the total deposits in the banks that are members of our Section and make the amount within a few millions, I think, of \$2,250,000,000. Therefore we may say that we represent about 70 per cent. of the total deposits.

A Member: When you sent out your circular on this question how general a response did you receive? What proportion of the membership seemed willing to furnish these reports?

Mr. Hanhart: The proportion was about two-thirds who were in favor of it and a third were either not in favor of it or a few actually opposed to it. One banker told me that the counsel of his bank told him they had no right to give these figures except to the Bank Superintendent. As long as this thing is not unanimous here we cannot carry it out. The reports should be from all of them.

The cost of this would not be great. It would amount practically only to the postage, or only a few hundred dollars.

Mr. Hammond: Is it not true that there is a constantly increasing proportion of Savings Bank deposits in the United States which are going into Trust Companies and into the savings departments of the National Banks which would not be reached by any such inquiry?

Mr. Hanhart: We have in our membership 153 banks that are Trust Companies and Savings Banks also, and they would report to us only their savings deposits in those banks. I would ask them to give the figures of the savings department only and not of their general commercial business.

Mr. Hammond: In Michigan a great many National Banks are putting in savings departments and we would get no report of that.

Mr. McKay: Inasmuch as two-thirds of the members of the Section seem to have expressed an interest in this matter, I move that the Secretary be instructed to put this plan into operation in an experimental way, and that if after the experiment has been tried to reasonable extent it does not seem to be successful it then be dropped.

Mr. Flack: I would like to second that motion.

The President: I would like to have the gentleman supply one blank in his proposition. Is this experiment which is proposed to be monthly or quarterly or annually?

Mr. McKay: My idea was for monthly reports. I have been considering whether the quarterly reports might not answer the requirements fairly well. Still, I am inclined to think monthly reports would be better.

The President: Of course the information would be fresher.

Mr. Parker: It seems to me it would be well, if the project is carried out, that you should go back and include the deposits and withdrawals for the past year month by month. I can see that the statistics would be of value in this regard, that they would prove the movement of money in and out of Savings Banks during years of prosperity and in the time of financial crises and in years subsequent to a monetary revulsion. Our panics are more frequent, expensive and disastrous than those in any other country under the sun, and these statistics would prove, at least to some extent, the cost to the small depositor, then out of work, and also prove the accumulation under prosperous conditions.

Mr. Creer: In order to make the tabulated statement as valuable as possible I wish to suggest that there be included in it not only the deposits and the withdrawals by the month, but the total deposits of the institution at that time and the number of accounts, thus giving us the amount deposited, the amount withdrawn, the total amount on deposit at that time and the number of depositors, and therefore giving us the amount deposited per capita in each of the States.

The President: This suggestion will doubtless be utilized by the committee which has the project in charge.

Mr. Fowler: I do not think you will find very many people who will doubt the value of these statistics. When we stop to consider the great amount of money that the Government expends in getting up weather reports and crop reports and various statistics of this kind, it is certainly more essential that we should know the condition of things that produce the crops and how they grow. In reference to the time when these reports should be published it might be wise to start out with quarterly reports, and then if members contribute liberally to the support of the project, and if the information is found to be thoroughly desirable, then there could be monthly reports. It would be more in the nature of an experiment the first three months possibly, and then it might be made monthly afterward.

Mr. Latimer: I offer the following:

Resolved, That the Secretary be instructed to forward to each member of the Section in December next a printed blank form asking for the following information from their bank: total deposits and total withdrawals for the years 1903, 1904 and 1905; amount of deposits held by the bank on the 31st of December of these years; rate of interest paid depositors, and such other information as the Executive Committee may deem appropriate. These figures to be collated by the Secretary in totals for each State, groups of States and total for the United States, and forwarded to the members for their information, the Executive Committee to have power to require such statements at intervals as they may deem advisable.

Mr. Creer: Are we to understand that the motion of Mr. Latimer is a substitute?

The President: It is a motion in the nature of an amendment.

Mr. Hammond: Is this to be confined to members of this Section?

The President: I think the understanding is that it is to be confined to them, that the information is to be communicated to them.

Mr. Hammond: Would it not be better to ask for information from other Savings Banks or from Trust Companies that receive savings deposits and from National Banks that receive savings deposits?

The President: If they are members of this Section they will be reached and they will receive the information; but if they have not interest enough to do that, then we doubt whether we could ever interest them in this project. No doubt some of them will join for the very purpose of getting these statistics, and that will be desirable.

Mr. Woodruff: Several institutions have been spoken of which are both Savings Banks and Trust Companies. I should like to inquire whether those are to be included or

whether those only are included which have straight savings accounts.

The President: I think that would be left to the discretion of the institution to decide what proportion of their accounts were *bona fide* savings accounts.

Mr. Taylor: In some States a bank can be organized under the Trust Company laws to do a Savings Banks business also, and in that case the savings accounts are savings accounts pure and simple and have nothing to do with the Trust Company accounts, being kept entirely separate.

The President: The question is on the substitute offered by Mr. Latimer.

The substitute was agreed to.

The President: The question now is on adopting the resolution which has been substituted, or, in other words, on the proposition as amended.

The motion as amended by the substitute of Mr. Latimer was agreed to.

The President: Is there any other business to come before the Section previous to the election of officers?

THANKS TO OFFICERS.

Mr. Burns: I offer the following:

Resolved, That the thanks of this Convention be extended to the officers of the Section for the efficient and faithful way in which they have discharged their duties.

The President: Will Mr. Burns please put that motion.

The motion was seconded, and the question being put by Mr. Burns it was unanimously agreed to.

THANKS TO WASHINGTON BANKERS.

Mr. Taylor: I offer the following:

Resolved, That the thanks of this Convention be tendered to the Washington bankers for their very courteous reception and entertainment.

The motion was unanimously agreed to.

NOMINATIONS AND ELECTIONS.

Mr. Hoyt: Mr. President, I offer the following nominations for the ensuing year:

For Chairman: Edward E. Duff, Vice-President People's Savings Bank, Pittsburg, Pennsylvania.

For Vice-Chairman: G. Byron Latimer, Secretary Irving Savings Institution, New York.

For three members of Executive Committee to serve three years:

1. C. Colesbury Purves, President Philadelphia Saving Fund Society, Philadelphia, Pennsylvania.

2. John E. Flack, President City Savings Bank, Omaha, Nebraska.

3. J. H. Johnson, Cashier Peninsular Savings Bank, Detroit, Michigan.

The President: You have heard these nominations. The newspaper reporters have heard that there was going to be a fierce contest for the offices of this Association. I will explain the absence of the name of your present Chairman from the list by saying it is simply because he could not be elected. (Laughter.) It is not because of any lack of ambition or desire on his part. Our constitution makes your present Chairman ineligible as a candidate, and I beg to thank you for the provision of the constitution which relieves me from the cares of this office for the following year. What is your pleasure as to these nominations? Shall the nominations be closed and a ballot be taken?

Mr. Hulbert: I move that the Secretary be instructed to cast one ballot for the officers nominated.

The President: That motion requires a unanimous vote. One negative vote will make it necessary to take a ballot.

The motion was unanimously agreed to and the Secretary cast the ballot as directed.

The President: Gentlemen, I take pleasure in introducing to you Mr. Duff, your President-elect, who I am sure will

fill the office with great credit to himself and benefit to the Section. (Applause.)

President Duff: Members of the Savings Bank Section, I am not going to make a speech. I simply want to thank you for the honor conferred upon me, which I consider a very great one; although I have a good many gray hairs, I think that an older member of the Association in point of years should have been honored with the office. I will, however, endeavor to perform the duties of the office to the best of my ability with the assistance of the other members and our able

Secretary. (Applause.) Is there any other business to come before the Association? My Secretary, have you any other business to present?

The Secretary: No, Mr. President, the Secretary knows of no other business to present.

The President: We have been requested to pose for a photograph of the members of this Section immediately after its adjournment. If there is no other business we are ready for a motion to adjourn.

On motion at 4.15 p.m. adjourned.

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Accounts of Banks, Bankers, Corporations, Firms and Individuals Invited.

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OF THE CITY OF NEW YORK

CLEARING HOUSE BUILDING

Capital	-	-	-	(AUGUST 25, 1905.)	\$1,000,000
Surplus and Profits (Earned)	-	-	-		4,643,582
Deposits	-	-	-		62,948,975

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ORGANIZED 1856

Capital,	-	-	-	\$3,000,000.00
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Deposits, August 25, 1905	-	-	-	98,562,483.20

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ORIGINAL CHARTER 1829

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REPORT OF THE CONDITION OF THE GRAND RAPIDS NATIONAL BANK, Grand Rapids, Michigan

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RESOURCES	
Loans.....	\$2,331,401 10
U. S. Bonds	350,000 00
Premiums Paid.....	17,500 00
Furniture and Fixtures.....	28,500 00
Due from Banks.....	589,748 52
Cash.....	151,064 83
Redemption Fund.....	17,500 00
	<hr/>
	\$3,485,714 45

LIABILITIES	
Capital Stock paid in.....	\$500,000 00
Surplus and Undivided Profits.....	134,538 10
Circulation.....	342,000 00
Deposits.....	2,509,176 35
	<hr/>
	\$3,485,714 45

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Surplus and Undivided Profits, 140,000.00
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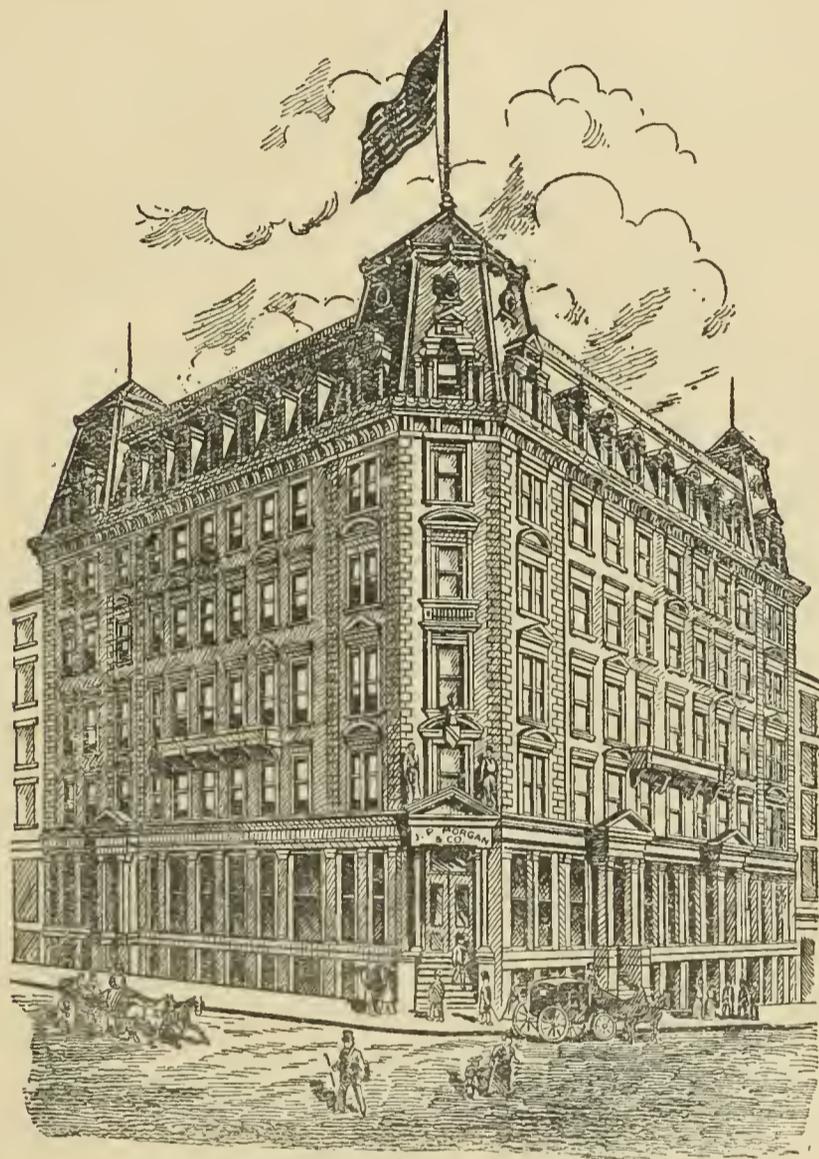
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